

PSNH's Proposed Customer Engagement Pilot Program

March 5, 2012



**Public Service
of New Hampshire**

A Northeast Utilities Company





Agenda

- ✓ **General Overview**
 - ✓ What is customer engagement?
 - ✓ What are the typical customer engagement program services?
 - ✓ What are the reported program benefits?
- ✓ **Recent Experience of CL&P and WMECO**
- ✓ **Key Findings From Two Other Program Evaluations (NGRID & SMUD)**
- ✓ **PSNH's Proposed Pilot Program**
- ✓ **Discussion**



What is Customer Engagement?

- ✓ A new way of communicating with our residential customers that encourages them to use energy more efficiently
- ✓ Customers receive personalized energy usage reports
- ✓ Customers change their behavior and use less energy, thereby saving money on their energy bills



What are the Typical Customer Engagement Program Services?

- ✓ Customers Receive Print and/or Electronic Energy Savings Reports
 - ✓ The reports contain personalized information about their energy usage and tailored energy savings tips
- ✓ Customers Have Access to a Program Website
 - ✓ Program participants receive additional targeted feedback on energy savings and have the option of setting goals and tracking their progress
 - ✓ Emails are sent to participating customers tracking their progress



What are the Typical Customer Engagement Program Services?

- ✓ Customers can Collaborate Within Their Community or Within an Organization to Save Energy
 - ✓ Participating communities or organizations can create teams that track participation and energy savings
 - ✓ Utility representatives are utilized in some programs to contact local communities and organizations to spur interest in the program (“ground mobilization”)
- ✓ At Least 60 Utilities are Currently Offering a Customer Engagement Program



What are the Typical Customer Engagement Program Approaches?

- ✓ Utilize One of Two Behavioral Approaches:
 - ✓ Rewards: Customers receive reward points for saving energy that can be redeemed at local merchants
 - ✓ Normative: Customers are compared to and ranked against their “neighbors” to stimulate energy savings
- ✓ Utilize One of Two Enrollment Approaches:
 - ✓ Opt-out: Customers are automatically enrolled in the program and must contact the utility to be removed from the program
 - ✓ Opt-in: Customers must contact the utility to enroll in the program



What are the Reported Program Benefits?

The energy savings reports and related program websites and incentives generate...

Between 1.2% and 2.9% in energy savings

Continued savings after first year



Increased energy efficiency awareness



CL&P

Pilot Program Design

- ✓ Normative-based, opt-out program
- ✓ Printed reports with website access
- ✓ Duration: 13 months (January 31, 2011 – February 28, 2012)
- ✓ Program design allows CL&P to determine:
 - ✓ if the frequency of customer contact impacts energy savings
 - ✓ if energy savings continue after contact stops
- ✓ Target Group: 24,000 high use residential customers
 - ✓ 10,000 customers received printed reports monthly / access to website
 - ✓ 10,000 customers received printed reports quarterly / access to website
 - ✓ 4,000 customers received 8 monthly printed reports / access to website
- ✓ Marketing outreach: press release announcing pilot program



CL&P

Key Findings

● Preliminary Results:

- Estimated kWh savings of 1.7% from target group
- 1% participant opt-out

● Lessons Learned:

- Review sample to ensure it is representative
- Incorporate quality control checks to verify report information
- Be aware of some negative behavioral feedback regarding normative comparison model
- Require vendor to obtain a minimum level of demographic data for each customer





CL&P Future Plans

- ✔ Offer New Pilot Program in 2012
- ✔ Target residential customers of both CL&P and Yankee Gas
- ✔ Utilize a rewards-based, opt-in approach
- ✔ Offer web-based program (customers may opt for printed reports)
- ✔ Require at least 3 demographic fields be completed for 80% of the enrolled customers
 - ✔ Key to providing applicable energy savings tips
 - ✔ Possibly utilize a brief on-line survey during enrollment to collect pertinent demographic data





WMECO

Pilot Program Design

- ✓ Rewards-based, opt-in program
- ✓ Web-based program
- ✓ Duration: 14 months (November 2010 – December 2011)
- ✓ Program design allows WMECO to determine:
 - ✓ if ground mobilization impacts enrollment and energy savings
- ✓ Target Group: 12,500 randomly selected residential customers from 4 communities
 - ✓ used ground mobilization in these communities, in addition to marketing mailers to promote enrollment
 - ✓ any community reaching a 3% energy savings goal receives an award (solar panel)



WMECO

Pilot Program Design

- ✓ Control Group: 12,500 randomly selected customers from 4 different communities
 - ✓ Utilized marketing mailers to promote enrollment
 - ✓ Ground mobilization was not utilized
- ✓ First Quarter: Both groups received a marketing mailer announcing the program and directing them to the program website to enroll
- ✓ Second & Third Quarter: The non-enrolled customers from both groups received marketing mailers
- ✓ Fourth Quarter: 100,000 customers received a direct marketing mailer (8 original communities plus others)



WMECO

Pilot Program Design

- ✓ Tested the impact messaging has on enrollment and energy savings
 - ✓ rewards
 - ✓ neighbor comparisons
 - ✓ energy savings
- ✓ Marketing outreach: bill inserts, press releases, from WMECO website, article placed in WMECO energy efficiency product catalogue



WMECO

Key Findings

✓ Preliminary Results:

- ✓ Achieved a 7% participation rate (7,000 customers)
- ✓ Estimated kWh savings of 2.7% from opt-in participants

✓ Lessons Learned:

- ✓ Ground mobilization did not have a significant impact on enrollment results
- ✓ Rewards messaging invoked the greatest enrollment response
- ✓ Neighbor comparisons resulted in negative/argumentative calls from customers
- ✓ Direct mail results in higher enrollment response (avoid junk mail appearance)





WMECO Future Plans



- ✓ Moving to a full program offering in 2012
- ✓ Utilize a rewards-based, opt-in approach
- ✓ Web-based program offering
- ✓ Goal:
 - ✓ Send marketing mailers to 25,000 additional customers
- ✓ Plan to target e-bill customers
- ✓ No ground mobilization



Key Findings From Two Program Evaluations (NGRID & SMUD)

- ✓ Overview of programs:
 - ✓ National Grid (12 months) and Sacramento Municipal Utility District (29 months) programs
 - ✓ Similar residential engagement programs that utilize:
 - ✓ Normative, opt-out approach
 - ✓ Printed reports with website access
 - ✓ Target (receive reports) and control groups (do not receive reports) comparison
 - ✓ NGRID targeted high energy use
 - ✓ SMUD utilized random selection in their pilot program
 - ✓ Both programs are ongoing



Key Findings From Two Program Evaluations (NGRID & SMUD)

- ✓ Key results:
 - ✓ Average annual electric savings between 1.2% to 2.9%
 - ✓ Savings were higher in seasons of higher electricity usage
 - ✓ Persistent savings in year 2 with program continuation
 - ✓ Sustained or increased savings depending on level of usage
 - ✓ High energy users saved more than low energy users
 - ✓ Majority of savings are obtained through the program versus participating in other energy efficiency programs
 - ✓ Participants report installing or purchasing more energy efficient measures such as high efficiency electronics and building envelope measures than the control group



Key Findings From Two Program Evaluations (NGRID & SMUD)

- ✓ Participants did not report an overall change in conservation behaviors, such as turning lights off when leaving a room than the control group
- ✓ Over 94% of participants read at least some of the reports they received
 - ✓ focused on neighbor comparisons on the front page of the report
 - ✓ often overlooked energy savings tips on back of report
- ✓ Only 1% of participants visited the program website
 - ✓ many participants could not find the web link on the report



Key Findings From Two Program Evaluations (NGRID & SMUD)

- ✓ Customers who made commitments (goals) saved more
- ✓ Participants are interested in positive affirmations of their progress
 - ✓ “Congratulations, you have used less energy this heating season than last heating season!”
- ✓ Themes from positive customer feedback:
 - ✓ Appreciated proactively sharing the information
 - ✓ Increased interest in energy efficiency
- ✓ Themes from negative customer feedback:
 - ✓ Comparison is unfair because it doesn't take lifestyle differences into account
 - ✓ Some recipients did not like the repeated negative feedback
 - ✓ Reports are an invasion of privacy



PSNH's Proposed Pilot Program Primary Objectives

Program Effectiveness

- ✓ **To measure the program effectiveness on...**
 - ✓ energy savings
 - ✓ enrollment in other energy efficiency programs
 - ✓ customer satisfaction (do they like the program?)

Successful Messaging

- ✓ **To test the effect of messaging on energy savings**

Scalable Results

- ✓ **To design the pilot program so energy savings and costs are scalable to the residential population**

Cost Effectiveness

- ✓ **To implement a cost effective program**



PSNH's Proposed Pilot Program Design

- ✓ Target market: 25,000 randomly selected residential customers
- ✓ Personalized, printed energy savings reports with website access
- ✓ Opt-out program
- ✓ Normative comparison and rewards-based
 - ✓ Personal comparison common to both approaches
- ✓ 12-Month Program



PSNH's Proposed Pilot Program Design

- ✔ Include a marketing outreach effort to create awareness in the pilot program: bill inserts, press releases, social media
- ✔ Incorporate quality control checks
 - ✔ Review samples for representativeness
 - ✔ Review a sample of the reports to ensure accuracy
- ✔ Require at least 3 demographic fields be completed for 80% of the enrolled participants
 - ✔ Heat fuel type
 - ✔ Residence type (i.e., single family house, condo, etc.)
 - ✔ Square footage



PSNH's Proposed Pilot Program Design

- ✔ Require an independent third party perform the program evaluation
 - ✔ What are the energy savings impacts (excluding impacts from other energy efficiency programs)?
 - ✔ Which program messaging leads to greater energy savings?
 - ✔ What specific actions were taken by the program participants?
 - ✔ Does the program lead to additional participation in other energy efficiency programs?
 - ✔ What is the level of participant satisfaction with the program?
 - ✔ Are there ways to improve the program?
 - ✔ What are the barriers to participation and behavioral changes?



Timeline

By March
31, 2012

May
1

May
29

June
19

September
4

August
31, 2013

December
31



Proposal
Submission

Issue
RFP

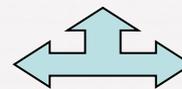
RFP
Due

Choose
Vendor

Start of
Program

End of
Program

Program
Evaluation



Program Development

