

4 DSM Strategies Your CCO Will Love



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The service-centric wave has been building over the last few years, and now the customer is the heart of the utility world—your world.

You understand this. You realize the customer is the nucleus of the next-gen utility business model. And you know you need to get your customer more emotionally involved—with energy use and with your utility brand, too. But, let's be honest, you've got questions—namely the big one: How?

Like most utilities, you're in that transitional phase. You've definitely left the "ratepayer" phrase far behind, but getting to that true customer-driven, consumer-adaptable vision still seems an almost impossible leap across an almost infinite crevasse.

Industry analysis from [E Source](#)¹ and [Accenture](#)² suggests building on programs you have in place. Demand-side management programs are a logical starting point for becoming your customers' trusted energy advisor and moving beyond a transactional bill/pay relationship. You can, in fact, expand demand-side management (DSM) into a true customer engagement tool.

While thinking about that expansion, we wanted to give you something more tangible, more practical. So, here are four solid strategies to get you moving past the pondering phase—across that crevasse and on to really reaching your bigger, broader, bolder customer goals.

1. E Source. [From DSM to CSM](#).

2. Accenture. [The New Energy Consumer: Architecting for the Future](#).

TARGET CUSTOMERS WITH PROACTIVE & PERSONALIZED INTERACTIONS

You may call them touch points or even engagements.

We call them “moments that matter”(Fig. 1) because every moment that you interact with a customer is an opportunity—**an opportunity for improved satisfaction**. You should know every moment that occurs and every moment that should occur and isn’t. One customer may want to save money. One may want to save the world. Each will take a different message, even to get them into the same program.

Answer these questions:

- » Where are your moments that matter, and how are they handled?
- » What moments are you missing that need to be addressed?
- » What are your top three customer categories, and what are their major wants and needs?
- » Which of your programs will appeal the most to each segment? Why?
- » Where do overlaps exist, and how can you utilize those overlaps?

Take this path:

- » Expand your reach to more moments that matter.
- » Layer communications with digital to lower the cost of acquisition for DSM.
- » Leverage your technology and vendor relationships to personalize program offerings by customer category and related wants and needs.
- » Make selective offers: Get the right info to the right customer at the right time.

Get these results:



More and varied moments: In the end, every project you do—say a smart meter pilot—and every issue you’re dealing with—such as peak day problems—should involve a customer moment. Take every opportunity to talk with your customers.



Integrated strategies: The more you can figure out moments that matter across various programs, the better value those moments will offer your customers—and the more value you will get across your channels. A high usage alert might be the right moment to open the door to an efficiency program, for example.

ComEd found that in sending alerts to customers who also received home energy reports (HERs), there was an incremental positive impact on savings (0.3%). They also saw an **email open rate 3 times greater than the industry average** using a combination of HERs and increased digital communication.



Reduced customer fatigue: Too much information overwhelms. Focused segmentation and personalization can help customers make choices faster and easier—choices to participate. [Accenture’s research](#)³ validates this as well, showing that 92% of consumers are happier with a personalized experience.

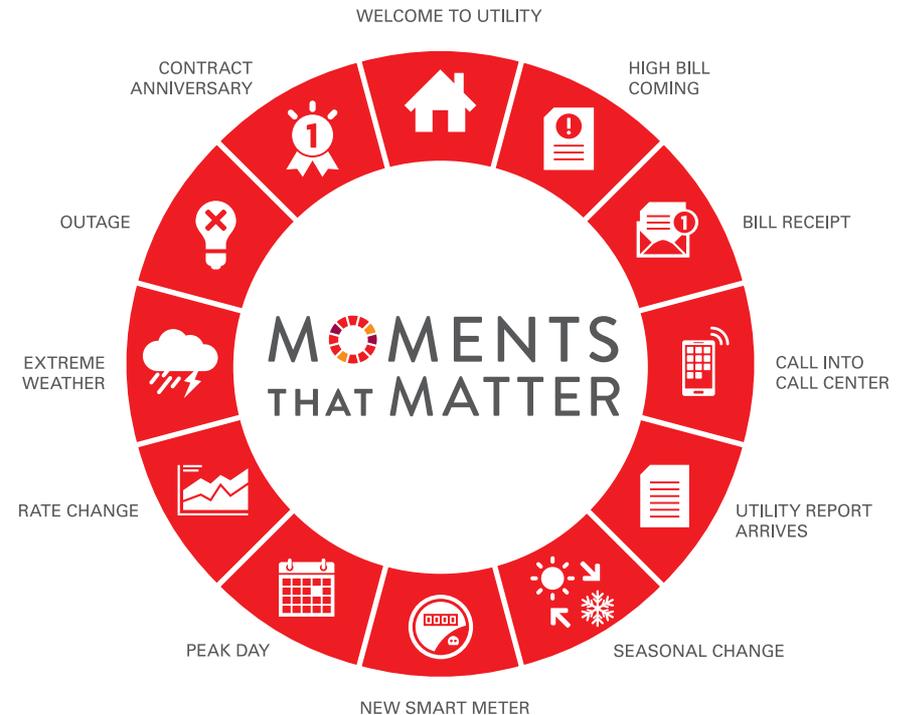


Fig. 1: [The Moments that Matter](#)

3. Accenture. [The New Energy Consumer: Thriving in the Energy Ecosystem](#).

GET MORE MILEAGE OUT OF EVERY MOMENT

Don't lose sight of the bottom line: **That it's all about the customer.** Build your goals with that in mind. Build your segments with that in mind. Build your strategy with that in mind. Never let the customer stray far from your thinking, and circle any and every move back to that new industry nucleus. In the end, your DSM programs are bigger than your energy efficiency targets—or at least they can be. If you change your mindset to see DSM as a foundation of your overall customer relationships, you'll get more mileage out of your programs to expand into customer engagement goals.

Answer these questions:

- » What are your customer-facing initiatives, and what are their current goals?
- » Do your goals reveal customer desires as well as your business needs?
- » Do you know how many parts of your organization are contacting the customer and what they are offering?

Take this path:

- » Get an executive sponsor from the customer care side to join this push.
- » Employ existing channels and customer touch points, such as home energy reports, as marketing engines.
- » Combine offers together rather than each part of your organization reaching out separately. (And explain how those offers work together for the customer.)

Get these results:



Demolished silos: Well, you may not find that your organizational silos are completely leveled, but focusing on cross-channel work can be the beginning of the end for those old verticals.



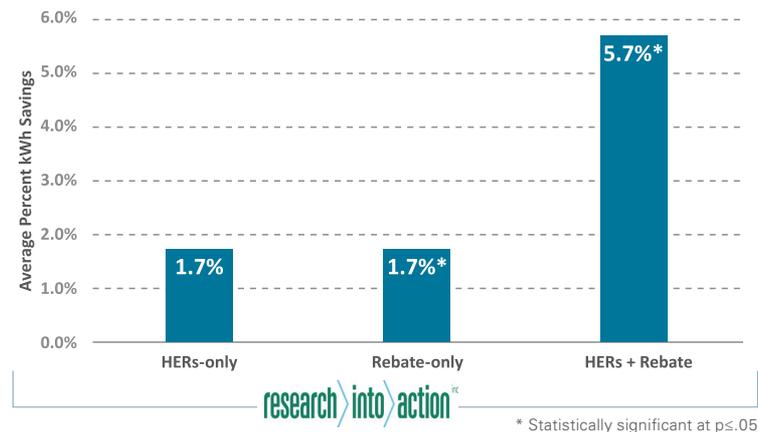
Savings benefits bumped: [Research into Action](#)⁴ found in Avista's DSM program a correlation between a home energy report/rebate program combination and increased savings from that cross-program approach. Those who had both items (got a home energy report and submitted a rebate) saw **nearly 6% in savings**. Alone, each item brought in about **2%**.



Benefits beyond savings: Home energy reports (HER) can be valuable in a lot of ways, including making acquisition costs for each program cheaper. [Independent evaluations](#)⁵ have consistently demonstrated the ability of HER programs to drive participation lift. The participation lift effect can be further increased through the targeted promotion of portfolio programs through the HER. In one study⁶, the effect more than doubles to a 28% increase at an East Coast investor-owned utility. HER programs can create clear energy savings and customer acquisition benefits that should be considered during portfolio planning.

» **More satisfied customers and regulators:** Home energy reports increase customer joy by approximately five percent⁷, which can be a deciding number in competitive markets (or if your J.D. Power satisfaction scores are putting you at the bottom of your regional list). Additionally, regulators clearly also like HERs, as a new [regulation](#)⁸ in California now requires utilities to send HERs to low-income customers in 2017-2020. Why? [Independent evaluations](#) show that low-income customers are two times more likely to take action from HERs than non-low-income customers. (Bonus: There's often also a bump in acceptance of smart meters across all customers, sometimes an increase of 15%.)

Promoted Program Savings Between HER Participants & Nonparticipants⁴



4. Mersiha S. McClaren "[Home Energy Report and Program Rebate: A Quantitative Assessment of Customer Engagement](#)". 2016 ACEEE Summer Study on Energy Efficiency in Buildings

5. DNV GL - Energy. [Energy. 2013 SCE Home Energy Reports Program](#).

6. Alex Lopez. "What Is the Impact of Home Energy Report Programs on Participation in Other Energy Efficiency Programs?" April 2015.

7. Result of 47K+ Customer Engagement Tracker surveys from 41 utilities. June 2015.

8. California PUC. [Decision 16-11-022](#).

BENCHMARK. BENCHMARK. BENCHMARK.

(AND SHARE BEST PRACTICES)

While you're doing all this work expanding goals, redefining segments and building cross-promotional marketing communication, don't forget to ask yourself the hard question: **Do I live up to my peers?** Look around and do some hard comparisons. After all, you're not working in a vacuum here. Other utilities are facing the same need to refocus around the customer nucleus, and they may be better at it. So look at your results, keep tracking them, keep comparing them (internally and externally). This helps you understand your own forward momentum as well as how you fit into the changing utility landscape.

Answer these questions:

- » Do our best numbers outrank our peers'?
- » What are they doing better than us?
- » What are we doing better than them?
- » What's been the cause for deviation or changes?

Take this path:

- » Set up DSM to include program design and forecasting. Consider experimental design (such as the recommended methodology for measuring savings, Randomized Control Trials).
- » Evaluate your demand-side management programs against other top performing portfolios at a utility of similar size (and dealing with a similar regulatory environment).
- » Let the numbers guide you. (If your measurements tell you a program isn't working, listen. If they tell you it's really working, figure out why and cross-apply.)
- » Research case studies, articles and association data that give examples you can reference. (For example: [ACEEE](#)⁹ examined 14 top performing program administrators and saw diverse EE programming, but all included residential behavioral programs.)
- » Attend conferences and webinars to hear about best practices and share your success with regulators, peers and customers (and use it for marketing, too).

Get these results:



A better understanding: You'll have a better grasp of your place in the utility industry when it comes to efficiency, demand-side management and customer engagement. And knowing that information should help greatly with planning and strategy efforts internally.

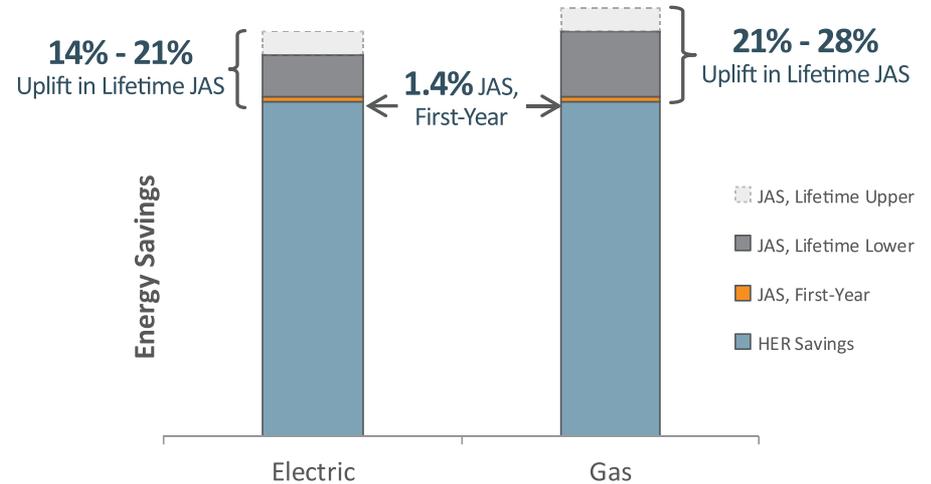


More confidence: You've tackled it. You now know more about your customer, and you're now on the path of that new utility business model that revolves around the customer.



Better peer relationships: Yes, you're comparing yourself to others, but no one says it needs to be contentious. You can learn from your peers, and they can learn from you.

Lifetime Analysis of Jointly Attributable Saving (JAS)⁶

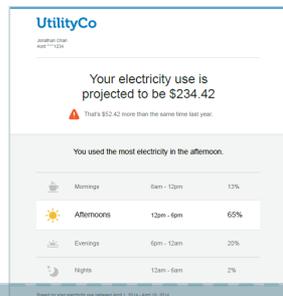


Source: Oracle meta-analysis of 30+ independent evaluations of Oracle HER programs.

For every home energy report you send out, you could see additional jointly attributable savings. (In one example, there was as much as **21-28% savings for gas utilities.**) With HER as a marketing platform, you can build elevated results across your portfolio.

PREPARE FOR A NEW UTILITY BUSINESS MODEL

And so we circle back to the beginning of our discussion with this last note. The utility business model is changing, and the newest evolution puts the customer right at the core. Use these energy efficiency and demand-side management lessons to **get ahead of the changes and stay relevant for your customers.**



A brighter way to save energy

The Nest Thermostat programs itself and automatically helps save energy when you're away. Control it from anywhere using your phone, tablet, or computer. Nest makes saving energy simple.

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[FIND OUT MORE](#)

Answer these questions:

- » How can you expand your programs to keep pace with growing demand for new products and services?
- » How can you further segment and tailor your programs to anticipate customer desires?
- » Is there a program area that needs to shrink (based on your tracking stats) to make room for a new focus?

Take this path:

- » Build extensibility and flexibility into your energy efficiency (EE) programs to address changes.
- » Use successful programs to upsell. (For example, Con Edison uses their home energy reports program to promote solar. See graphic.)
- » Reevaluate your strategy constantly.
- » Allow for innovation, especially in program design and management.

Get these results:



Revenue: Customer engagement doesn't need to stop at J.D. Power scores.

Con Edison is strategically targeting specific customers with SunPower solar panel offers within the utility's print and digital HERs. In the first few months, this program has generated more than 300 qualified leads and led to five solar installations. In addition to **earning revenue through lead generation of third-party products and services**, Con Edison is engaging its customers through an online marketplace, which has sold over **800 thermostats, LEDs, and power strips to date.**



A real plan: Many utilities have visions, but getting to the actual planning stage (with measurable results you can look to for guidance) is essential to navigate the current utility business environment. ([Accenture's "Technology Vision Research"](#)¹⁰ notes that 82% of utilities realize they must evolve or they will be forced to evolve through disruption.)

10. Accenture. [Utilities Technology Vision Research](#).



Self-awareness: Every single time you use this "how to" guide, the process will get easier. It will become more natural. You'll get into the groove of program management and need it a little less. But, it's always here for support. Stash it away somewhere and come back to it as often as you need to, and always start with that first note: Identify customer touch points and personalize each interaction. Do that, and you'll stay ahead of that feared disruption.

Your Home Energy Report
Account number: [redacted]
Reference number: [redacted]
Report period: 07/03/16-08/31/16

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If you have any questions about these reports, you can contact us at 1-212-462-4738 or energyreports@ced.com.

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Con Edison - Home Energy Report
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Last 2 Months Neighbor Comparison | You used 38% more electricity than your efficient neighbors.

Category	Usage (kWh)
Efficient Neighbors	1,263
YOU	1,735
All Neighbors	1,807

How you're doing: **GOOD** (Average)

*Based on 100 kWh bulb-savings for 10 hours each 1 month-hour.

Who are your Neighbors?

- All Neighbors: Approximately 100 occupied nearby homes that are similar in size to yours. Only 100 kWh or less have responded and returned gas service.
- Efficient Neighbors: The most efficient 20 percent from the "All Neighbors" group.

Be the next to go solar.

Many of your neighbors are reaping the benefits of solar. You can join them! Solar panels from our partner, SunPower, are the most efficient panels you can own—and can give your home even more curb appeal.

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