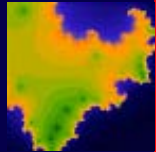


SMUD's Compact With the Customer



Alice Perez
Manager Customer Strategy
Sacramento Municipal Utility
District





SMUD: An Overview

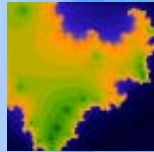


- ◆ About SMUD



- ◆ 5th largest electric utility in California

- ◆ 6th largest municipal utility in U.S., 2nd in California



- ◆ 900 square mile service area covering Sacramento County and a portion of Placer County



- ◆ 590,000 customers within a 1.4 million service area population



Industry Challenges



Board's Strategic Objectives



AMI



- SB1
- AB 2021
- SB 1368
- AB 32



Workforce Changes

Meeting the Challenges: General Manager Initiatives

Sustainable Power Supply



Compact with the Customer



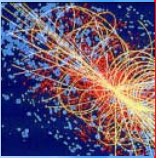
Changing Workforce



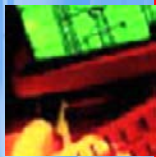
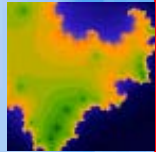
The District's New Vision



Empower customers with solutions and options that:



- ◆ Increase energy efficiency
- ◆ Protect the environment
- ◆ Reduce global warming
- ◆ Lower the cost to serve our region



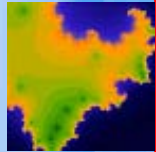
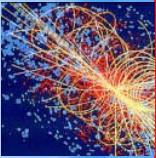


“Customer Compact” Teams Formed

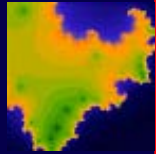
- ◆ Energy Efficiency
- ◆ Demand Response
- ◆ Rate Design
- ◆ Advanced Metering Technologies
- ◆ Renewable Resources
- ◆ Community Engagement
- ◆ Integrated Marketing

The Paradigm has shifted

- ◆ The District's "compact with the customer" concept will give customers choices of how they participate, not whether they participate



Engaging the Customer





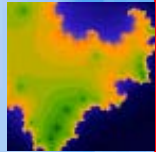
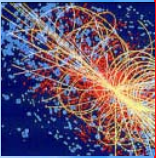
Community Engagement

Principles

- Partner with customers and the community to achieve customer compact goals
- Open new lines of communication for customer input
- Place a concentrated focus on ethnic, business and community based organizations
- Engage key leaders and organizations to support customer compact goals
- Engage more employees in building relationships in the community

Program Designs

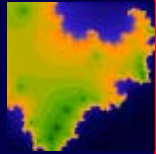
- Coordinate a monthly working group to strategically enhance and integrate community outreach efforts
- Provide guidance and support for achieving the Compact with the Customer
- Utilize tools (i.e. database) to gain efficiencies and synergy with customer engagement
- Engage SMUD employees to take SMUD's message to the community.
- Engage key groups and leadership to embrace SMUD's new goals



Education Plan

- ◆ Creation of strategic marketing, advertising and media plan designed to update SMUD brand around the new vision
- ◆ Launch of "Green Portal" to raise customer awareness and action
- ◆ Community education through newly formed Community Engagement group

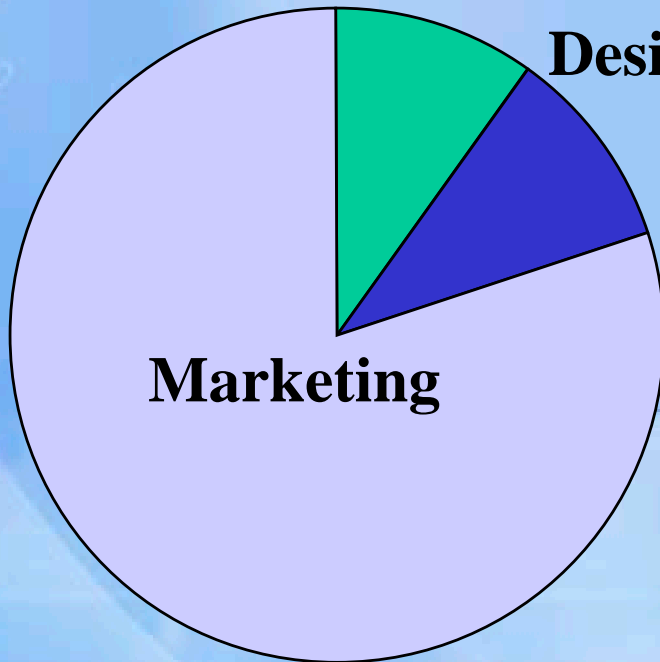
Focusing on the Consumer



How do we connect?

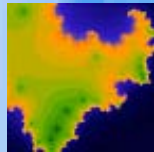
Technology

**Research
and
Design**

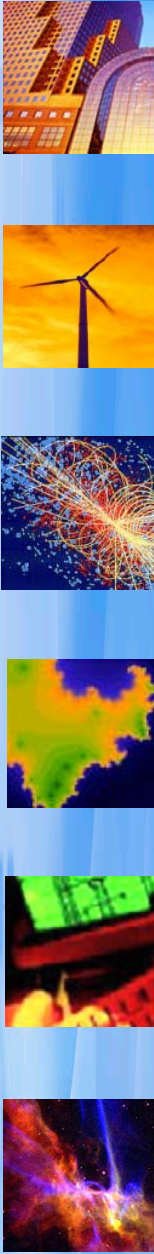
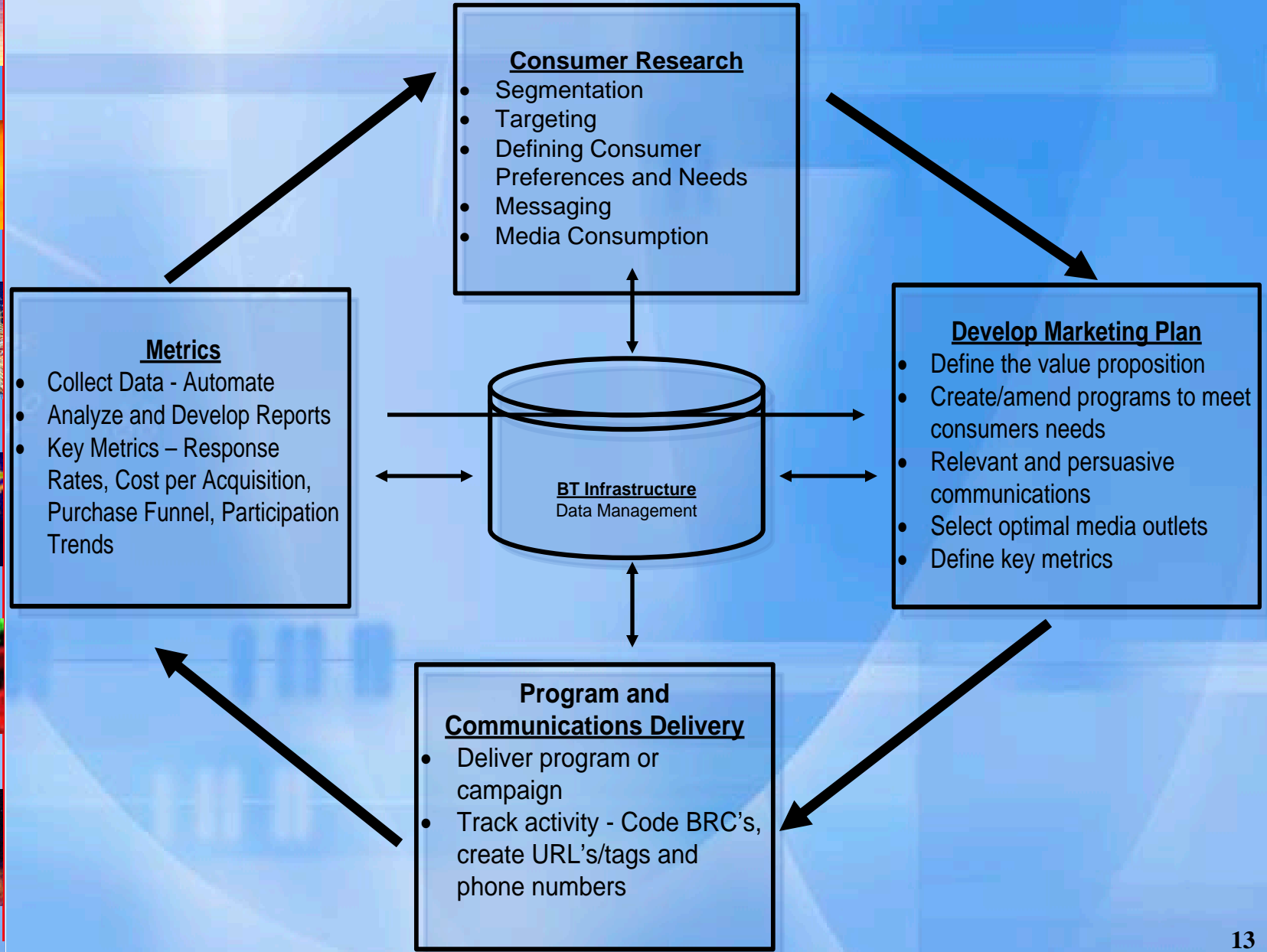


◆ Marketing Elements

- ❖ Advertising
- ❖ Market Research
- ❖ Media Planning
- ❖ Public Relations
- ❖ Product Pricing
- ❖ Distribution
- ❖ Customer Support
- ❖ Sales Strategy
- ❖ Community Involvement



VOICE OF THE CUSTOMER

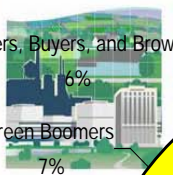


Segmentation Tools



Urban

- Mega-Cities
- 85-99 Density
- 18.7% of USA



Boomers, Buyers, and Browsers
6%

Green Boomers
7%

Big Toys, Big Spenders
4%

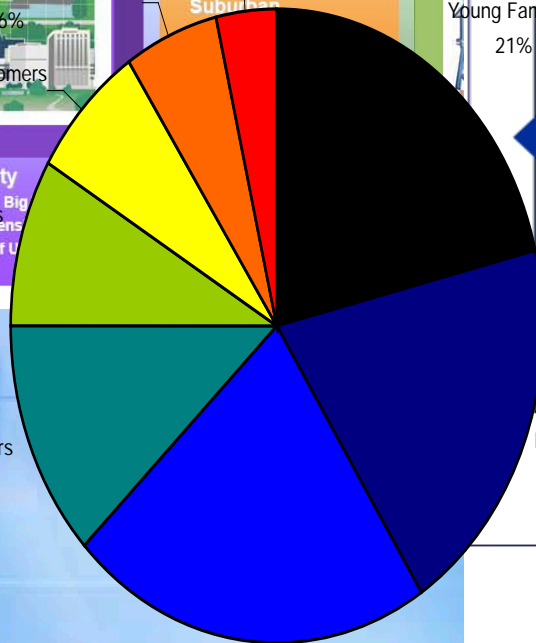


Suburban

Second City

- Cities & Big
- 40-85 Dens
- 9% 3% of U

Senior Savers



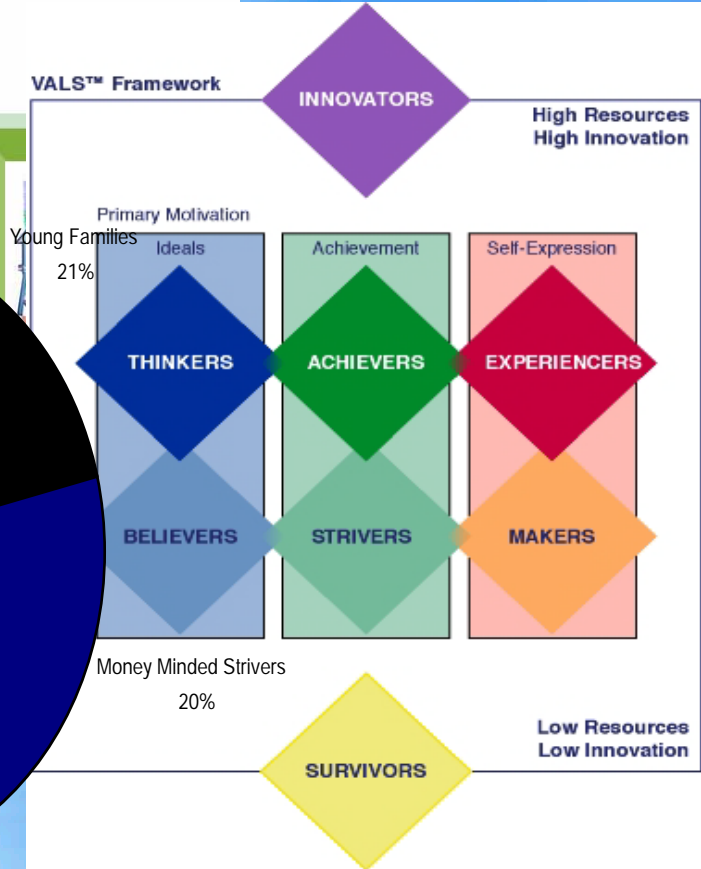
PRIZM

Uninvolved Achievers
12%

Green Echoes
21%

SMUD

VALS™ Framework



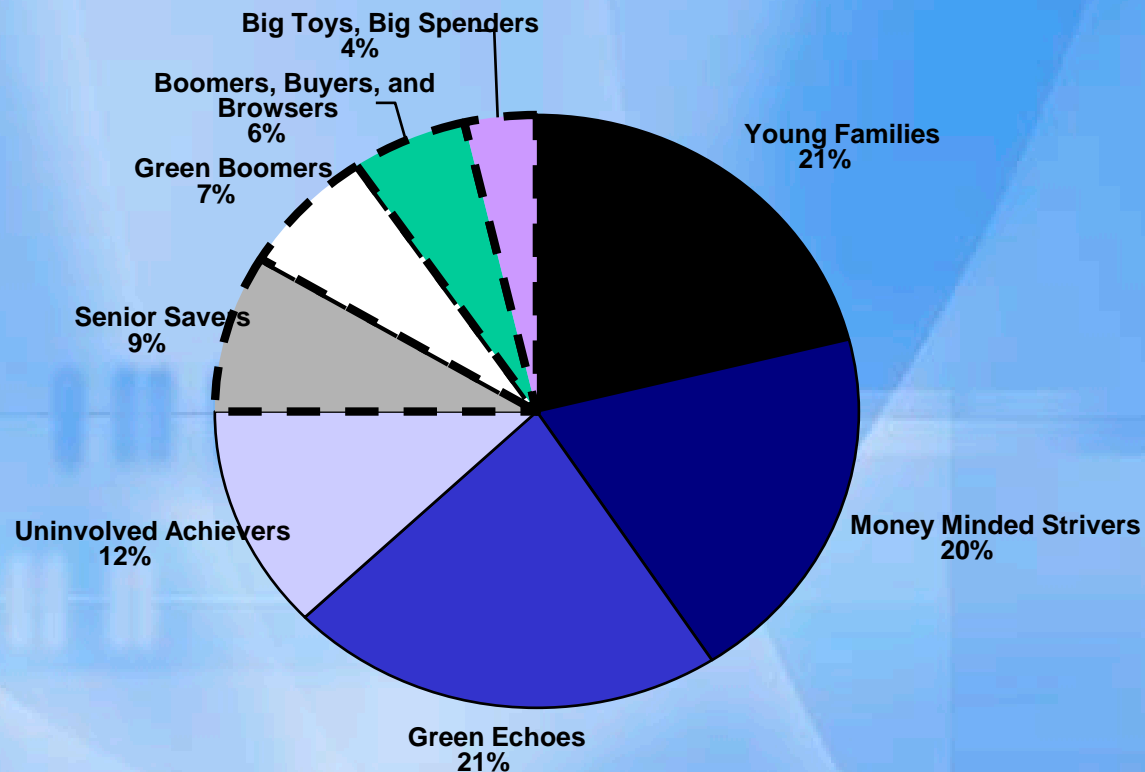
VALS

Residential Segment Size

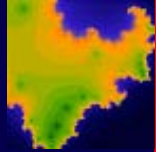


Business typically comes from a relatively small, core audience

- ❖ SMUD currently does well with approximately 30% of the customer base, but this is not sufficient to reach our goals (15% reduction over 10 years)
- ❖ The segmentation can help us penetrate our current core and identify opportunities to connect with new consumers



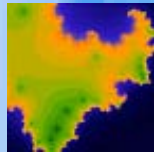
Creative Research



Creative Development

Research Strategy:

- ◆ Integrate the “voice of the customer” into SMUD’s creative strategy
- ◆ Online surveys – Tested nine concepts. 670 residential customers identified top three concepts (rated overall appeal, imagery, attention, motivation to change energy behavior, emotional appeal, message/execution recall, and SMUD brand identity).
- ◆ Focus groups – Refined top three concepts down to one (6 residential and 4 commercial focus groups).



Perception Tracker

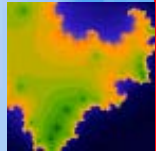
Phone surveys - measure campaign impact:

- ❖ SMUD brand – customer perceptions
- ❖ Program awareness, familiarity, consideration, participation, and satisfaction
- ❖ Timeline:
 - ❖ Baseline – mid-June
 - ❖ Peak Campaign – September
 - ❖ Energy Efficiency Campaign - December



Media Campaign

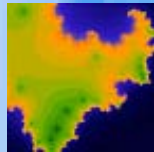
"Save Today, Save Tomorrow"





Billboard (Peak Message-July/August)





Program Ad

Energy Efficiency Rebates-

bill insert

Save Today. Save Tomorrow.

Saving today starts at home. As your customer-owned electric utility, we can help you save money on your bill while improving your home's comfort, and protecting the environment.

Before you purchase or replace equipment, appliances or electronics for your home, check with SMUD first for information and rebates on qualified ENERGY STAR® products.

Ask for ENERGY STAR to keep energy costs low and help build a cleaner, healthier environment for tomorrow.

How will you save today?

smud.org/savetoday



Savings

Get \$35 from SMUD when you recycle your old, operating inefficient refrigerator or freezer. Call 1-800-299-7573.



Community

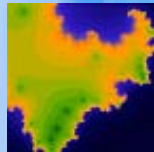
Run appliances before 4 p.m. or after 7 p.m. The more we reduce our energy use during the peak hours, the fewer power plants we'll need to build.



Environment

Products with the ENERGY STAR label meet strict energy efficiency guidelines set by the US Department of Energy and EPA.

Web Advertising



**Save Today.
Save Tomorrow.**

Use less energy between 4 - 7 p.m.



Save today for a cleaner,
healthier environment
tomorrow.

[CLICK TO LEARN MORE.](#)



SACRAMENTO MUNICIPAL UTILITY DISTRICT
The Power To Do More.®

**Save Today.
Save Tomorrow.**

Use less energy
between 4 - 7 p.m.

Save today for a
cleaner, healthier
environment
tomorrow.



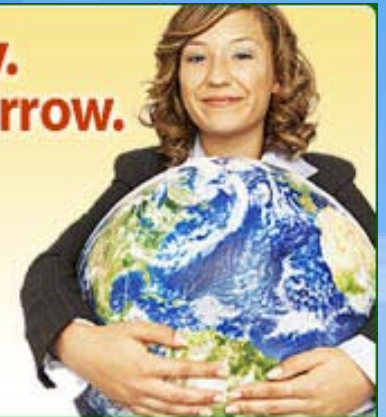
SACRAMENTO MUNICIPAL UTILITY DISTRICT
The Power To Do More.®

[CLICK TO
LEARN
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**Save Today.
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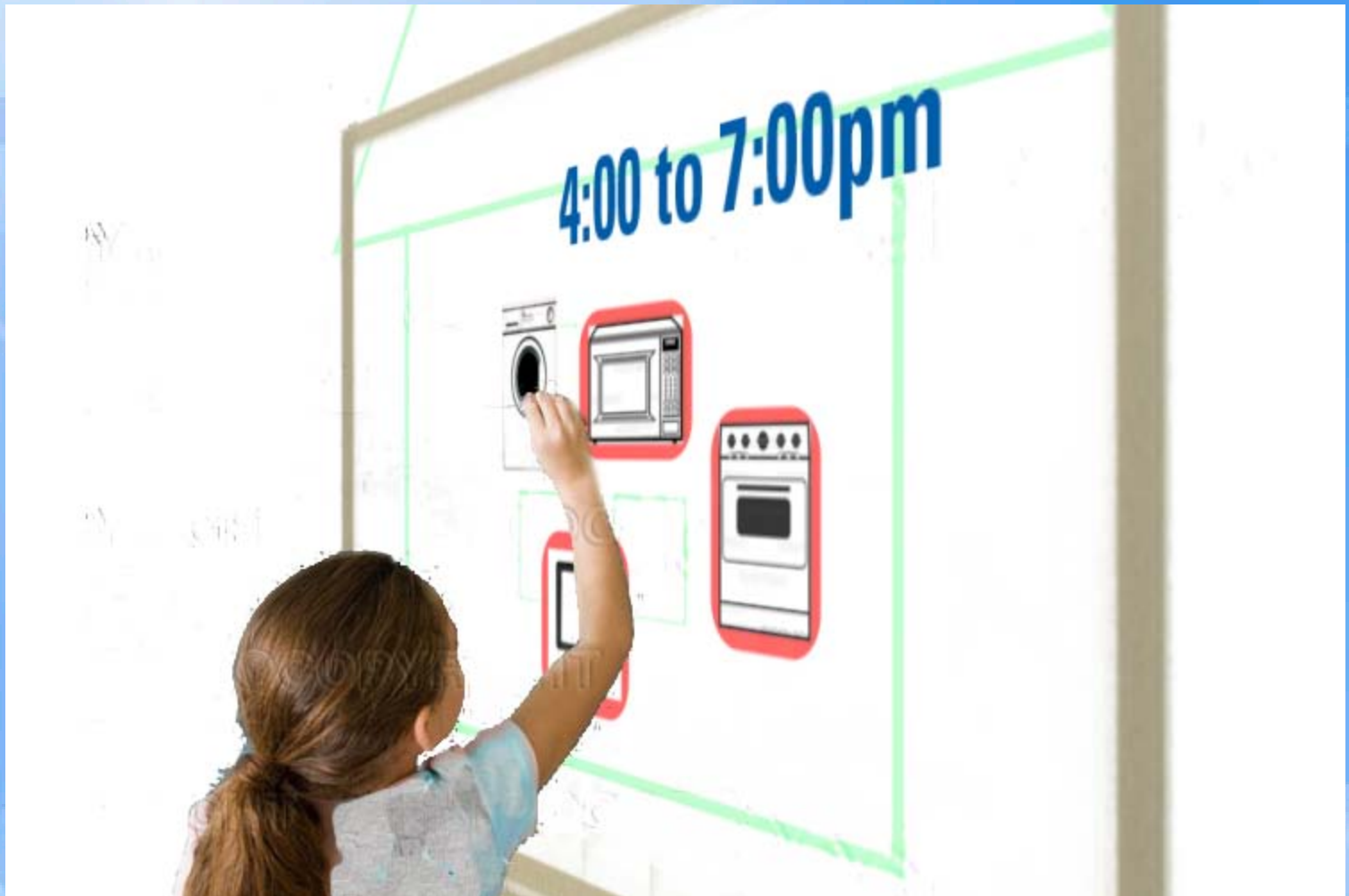
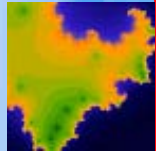
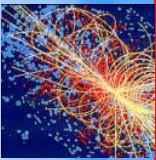
SACRAMENTO MUNICIPAL UTILITY DISTRICT
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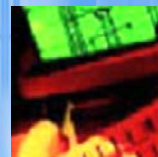
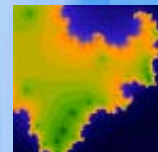
TV Commercial - Peak Message



This is simple.

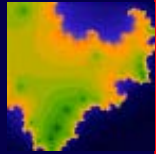


This summer we can all help by using less energy during the peak hours...4 to 7pm....



...and turning our thermostats to 78 degrees.

Home Energy Report Pilot



Pilot Overview

Objectives:

- **2% overall energy savings**
- **Lead generation for other programs**
- **Customer satisfaction**
- **Customer awareness of energy use, knowledge of ways to save**
- **Identify best target segments for potential wider rollout**

Design:



Duration	12 months
Target Audience	35,000 select customers
Control Audience	50,000 like customers
Frequency	Monthly and quarterly
Report Style	Graphic and text weighted
Envelop Type	Regular SMUD and larger with test

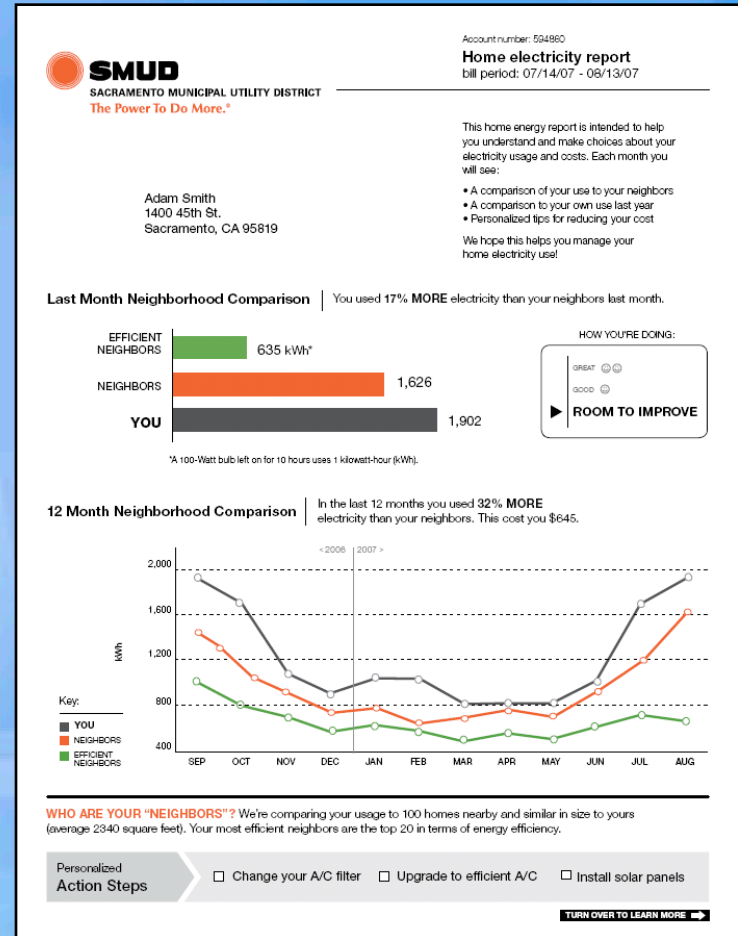


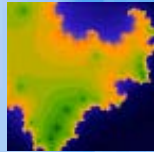
Report Description

- Each report is customized to the home receiving it
- Reports include detailed energy consumption information and personal comparisons
- Reports also include a neighborhood comparison to 100 like neighbors and the top 20% efficient neighbors
- Messaging, symbols and graphics were employed based on the results of other utility behavior studies
- Each household is targeted with appropriate recommendations based on housing, usage and demographic data
 - ❖ Homes with pools are encouraged to buy efficient pumps
 - ❖ Homes with high summer use are encouraged to change thermostat settings

Report Overview

- ◆ Includes monthly energy consumption information and personal comparisons
- ◆ Shows neighborhood comparison to 100 like neighbors and the top 20% "efficient" neighbors
- ◆ Employs messaging, symbols and graphics based on the results behavior studies and customer interviews
- ◆ Provides customized energy savings recommendations based on housing, usage and demographic data





June Update

- Changes to the Report based on customer negative feedback
 - ❖ Removing the Frowning Face from the Narrative Report
 - ❖ Changes to Neighbor Description
 - ❖ Changes to Introductory Paragraph
 - ❖ Changes to How You're Doing
 - ❖ Including a URL For FAQs

Home Electricity Report Statistics

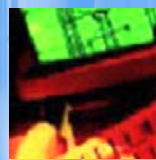
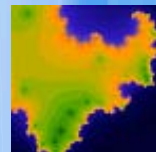
Customers in Pilot	35,000
Reports Mailed	67,425
Calls Received	386
Calls to Discuss	116
Calls for Capers DVD	110
Calls to Opt Out	104
Calls Forwarded to BISs	48
Calls Forwarded to ESs	8
Call Rate (out of 67K)	0.6%
Emails Received	49
Emails to Opt Out	22
Emails Thank You	14
Emails Info	13
Opt Out Rate (out of 35K)	0.4%



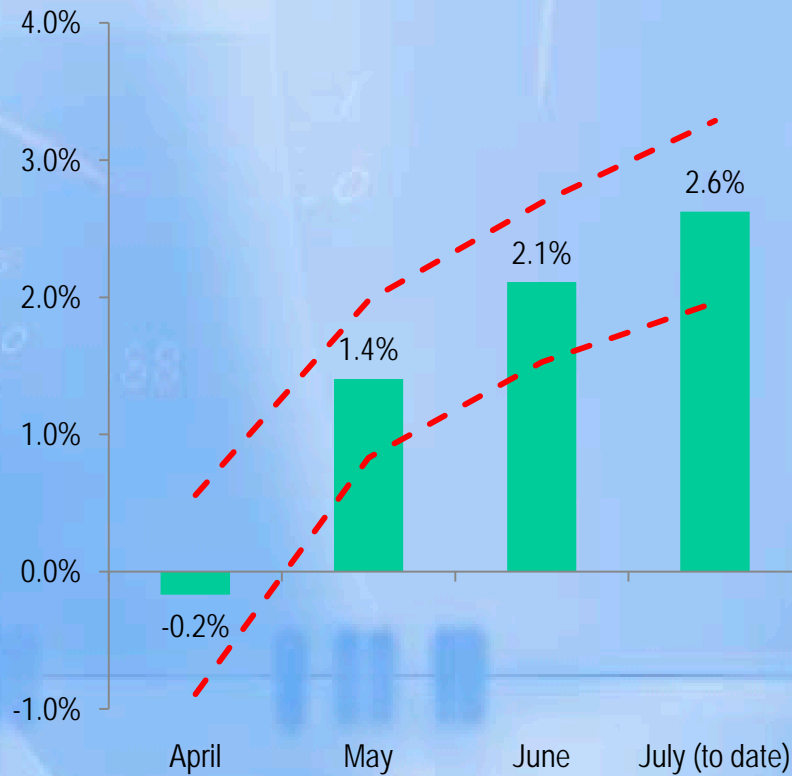
Results of SMUD Impact Evaluation (October, 2008)

Percent of kWh savings attributed to Home Energy Reports, May through September, 2008

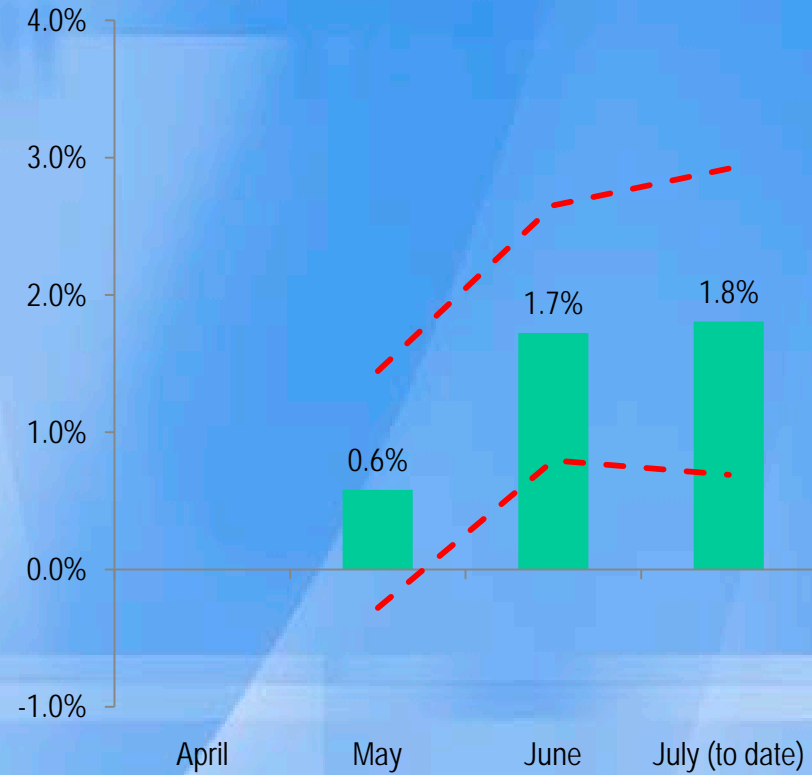
	SMUD's	Positive Energy
Monthly	1.95%	2.58%
Quarterly	0.76%	1.76%
Overall	1.75%	2.35%



Monthly report impact by month

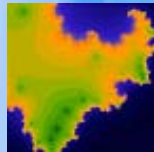


Quarterly report impact by month

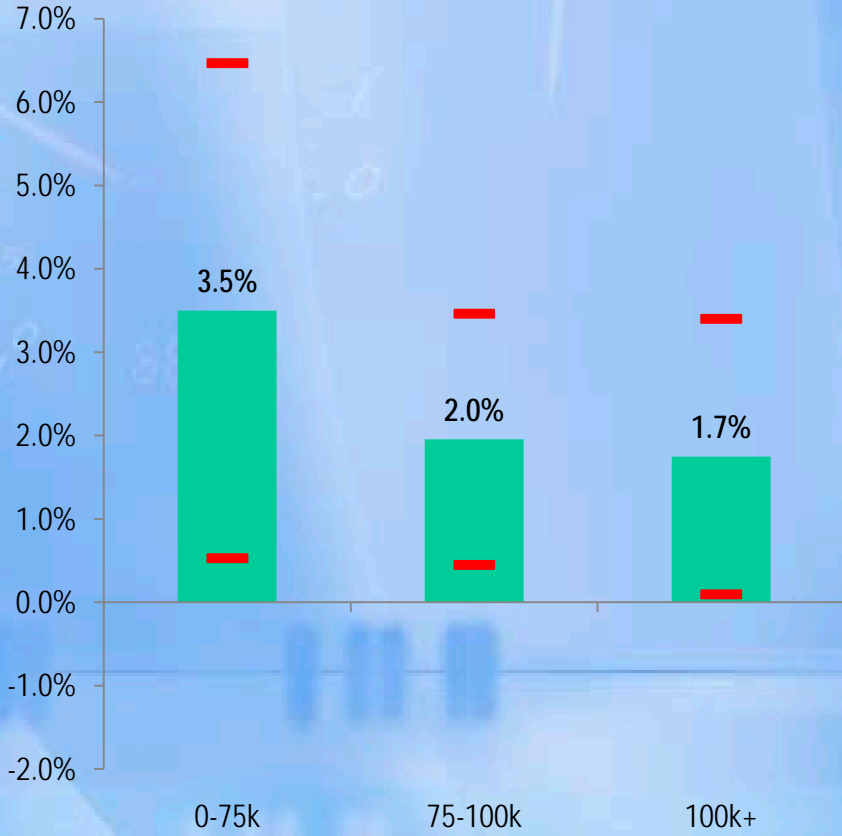


- **Internal savings estimates are lower**
- **The purpose of this slide is to show that savings increased over time, for the first few months**

Monthly reports were triggered by bills after 3/15/08
Quarterly reports were triggered by bills after 4/1/08



Impact by household income



Impact by age of resident

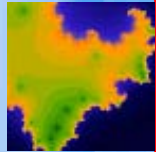
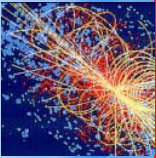


- **Internal savings estimates are lower**
- **Low income customers may be a future target since energy savings also save the District in EAPR rate subsidy dollars**

Monthly reports only; excludes 1st post-report bill for all households

Savings Estimates

- The average savings for all participants during the months of May – Sept. are 1.75% or 16.83 kWhs/month/participant.
- The average savings for participants who received monthly reports during May – Sept. are 1.95% or 22.26 kWhs/month/participant.
- The average savings for participants who received quarterly reports during May – Sept. are 0.76% or 3.9 kWhs/month/participant (this number needs validation).
- The average total kWh savings for all participants during the months of May through Sept. 2008 calculated at the 1.75% savings rate is approximately 3GWhs.
- Energy savings cannot be extrapolated through the rest of the year because winter and shoulder months may have different savings rates due to seasonal energy usage.

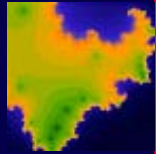




Conclusions

- It will be important to determine where the savings are coming from—behavior changes or the implementation of measures from other SMUD programs—so that we don't count savings twice.
 - We will conduct a survey and a program participation analysis in April 2009 to help determine this.
- It is unclear how long savings from behavior will persist.
 - Continued measurement can help us plan.
- The savings are significant, almost 2% for a randomly selected population. Targeting will likely increase that number.
- At 2%, the cost is around 4 cents per kWh which puts it at the average EE portfolio cost/kWh, despite sending the reports to randomly-selected customers rather than to the ideal targets.
- There are some customer types that don't like being compared. We will analyze this group to determine who they are (and if they actually saved despite their criticisms).

Leveraging Stumulas Funding



Objectives of the Sacramento Regional

Energy Alliance

(Federal Stimulus Proposal)

- ◆ Ensure all agencies' efforts are aligned, complementary and supportive

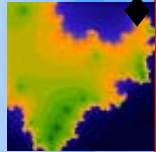
- ◆ Leverage existing efforts and delivery infrastructure

- ◆ Maximize energy savings throughout the region

- ◆ Create sustainable jobs and business models with a promotional ladder to higher-paid jobs and higher-profit businesses

- ◆ Set the Sacramento regional economy on a path capable of meeting AB32 goals (and to profit in a carbon-constrained future)

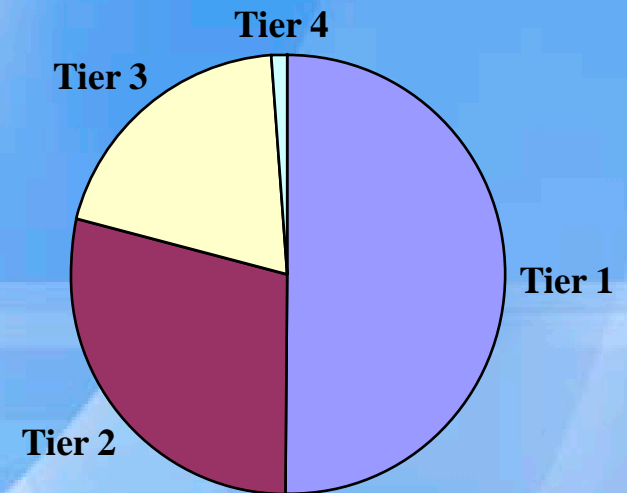
- ◆ Provide opportunities for all customers and businesses to participate (and make it easy)



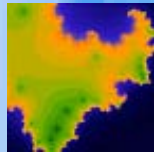
Residential Approach

- ◆ There are a wide range of opportunities in existing homes
- ◆ Occupant interest and willingness varies widely as well
- ◆ Provide options ranging from self audits to “whole house performance” audits

Tier	Savings	Costs
1	0-15%	0-\$500
2	10-30%	\$500-\$8,000
3	20-50%	\$4,000-\$30,000
4	75%+	\$20,000+



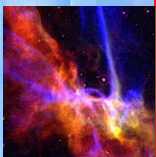
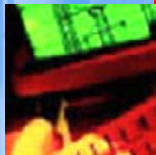
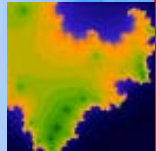
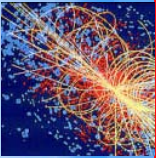
Possible Distribution of Participants at Various Levels of Efficiency Improvement



Residential Sector - Tier 1

0-15% Savings, Improvement cost: \$0-\$500

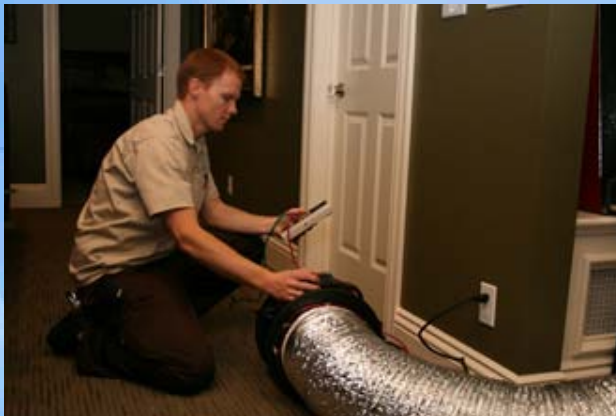
- ◆ Develop simple checklist audit tool
- ◆ Train workers/volunteers to perform observations & recommendations using checklist
- ◆ Promote Tier 2 and Tier 3 actions to encourage further energy efficiency



Residential Sector – Tier 2

10-30% savings Improvement cost: \$500-\$8,000

- ◆ Home energy rating by trained HERS II rater/auditor
 - ❖ Guarantee that evaluation will identify worthwhile improvements
 - ❖ Incentives for implementing comprehensive improvements
 - ❖ Ultimately, incorporate HERS II rating scores into regional MLS listings
- ◆ Develop neighborhood/subdivision prescriptive contractor program



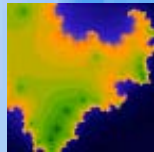
Residential Sector – Tier 3

20-50% savings

Improvement cost: \$4,000-30,000

❖ Home Performance with ENERGY STAR

- ◆ Trained building science contractor performs diagnostics, recommends and installs measures
- ◆ Provide direct weatherization through Community Resource Project (higher cost projects)

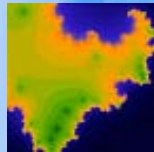
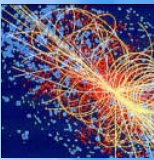


Residential Sector – Tier 4

5 homes Improvement cost \$25,000+

(customer cost share)

- ◆ 75%-90% saving
- ◆ Deep energy efficiency improvements plus solar PV and solar hot water
- ◆ Demonstration homes show what is possible, generate buzz
- ◆ SMUD grants cover half of the cost of improvements to selected qualifying homes





Commercial Sector – Task 1

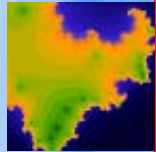
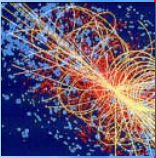
- ◆ Improve Existing Commercial Buildings
 - ❖ Benchmark medium/large commercial buildings with ENERGY STAR Portfolio Manager
 - ❖ Checklist for small commercial
 - ❖ Incentive for rating improvement
 - ❖ Apply rebates and existing SMUD financing
 - ❖ Target high energy users and special needs buildings
 - ❖ Streamline permitting process & charges

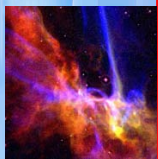
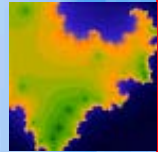


General Approach



1. **Educate Customers and Workforce.** Combination of regional marketing, training, and community outreach to best candidates.
2. **Assess Opportunities.** Expert identifies and recommends optimal efficiency improvements to install.
3. **Implement improvements.** Contractor installs energy efficiency measures with costs covered by rebates, tax credits, SMUD financing and AB 811 financing.
4. **Track & monitor.** Common reporting framework
5. **Evaluate Results.** SMUD will coordinate impact evaluation study





Questions?

Alice Perez

(916) 732-6671

aperez1@smud.org