

KEY POLICY ISSUES FACING UTILITIES



SmartGrid
consumer
collaborative

listen, educate, collaborate

Utility Energy Forum

May 14, 2014



Why Change is Coming: Megatrends

▶ *Always-on near instant access to information*

▶ *Affordable telecom has empowered consumers across the socio-economic spectrum with new expectations*

▶ *Changes in utility business model and value streams*

▶ *Monolithic “ratepayer” becomes “valued customer”*

What do consumers say they most want from the electric grid?

 You may respond at PollEv.com/sgcc14 when the presenter pushes this poll

 Text a **CODE** to **22333**

A cleaner utility energy portfolio **467418**

More new services like rooftop solar, HEMS etc. **467443**

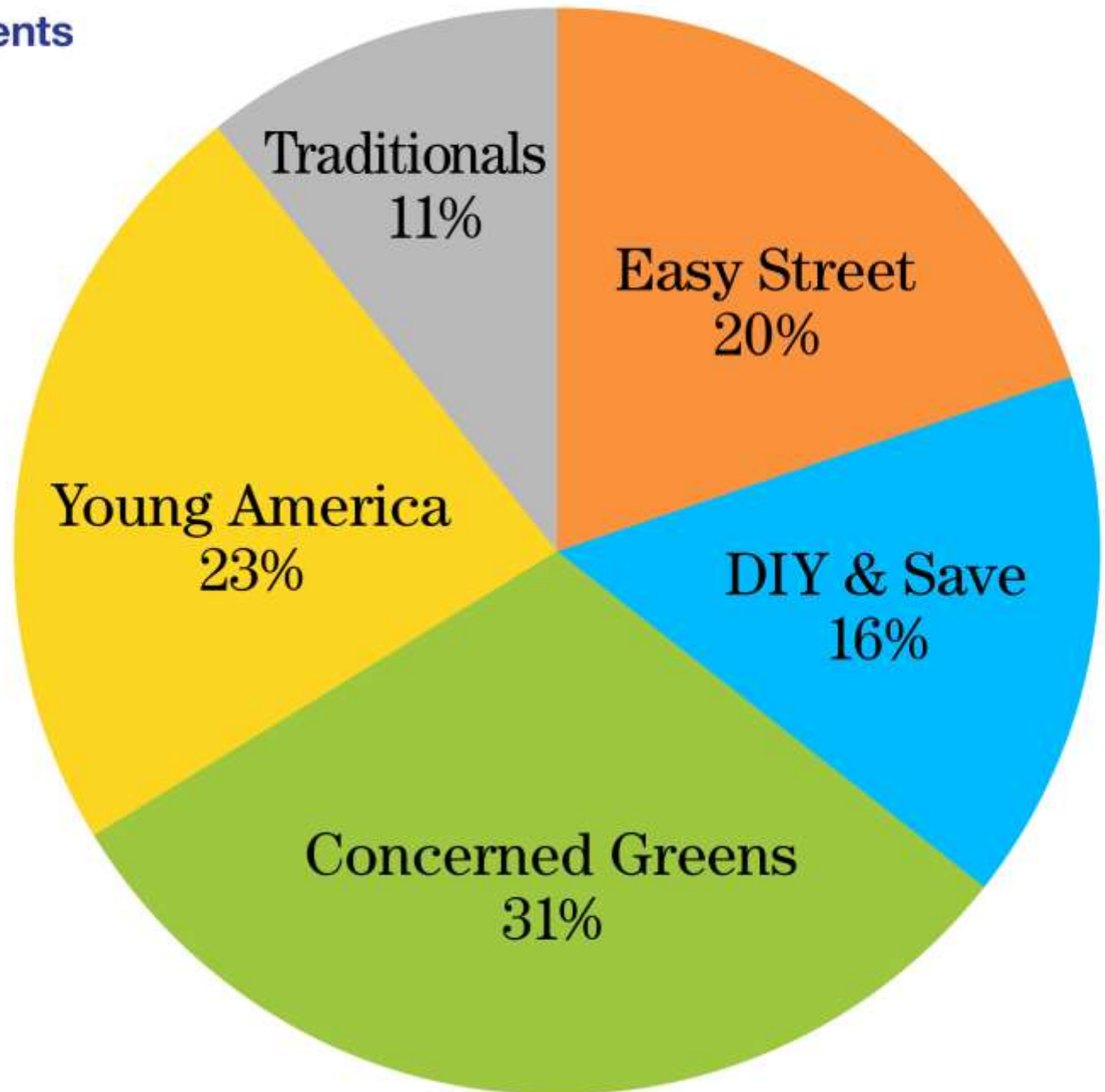
New ways to save money through pricing plans or programs **467457**

Nothing - data shows they want no changes, just a cheap bill **467458**

Total Results: 0

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The Five Segments





“We can afford to pay for electricity. The cost isn’t that much on our budget.”

CONSUMER SEGMENT:

Easy Street *20% of Population*

Key Characteristics

- High levels of education
- Highest income of any segment — 28% above \$100K
- Fairly diverse: 15% Hispanic, 13% African American



“Energy efficiency and Smart Grid program sound appealing, because they would help us save money.”

CONSUMER SEGMENT:

DIY & Save *16% of Population*

Key Characteristics

- Middle-income, average levels of education
- Conservative politics
- Largely White, 12% Hispanic



“Smart Grid and Smart Meters will help protect the environment.”

CONSUMER SEGMENT:

Concerned Greens

31% of Population

Key Characteristics

- High income — 23% above \$100K
- Moderate/liberal politics
- Largely White, 14% Hispanic



“We wish someone would tell us how Smart Grid can help us save money and help the environment.”

CONSUMER SEGMENT:

Young America *23% of Population*

Key Characteristics

- Lowest levels of education and income
- Likely to live in apartments, condos or mobile homes
- Youngest and most ethnically diverse segment



“Frankly, we’re not at all sure Smart Grid is needed.”

CONSUMER SEGMENT:

Traditionals

11% of Population

Key Characteristics

- Relatively low levels of education, average income
- The most politically conservative and religious segment
- Mostly White

Low Awareness Of Smart Grid/Meter Term Or Concept

Current Level of Knowledge

Smart Grid

Smart Meter

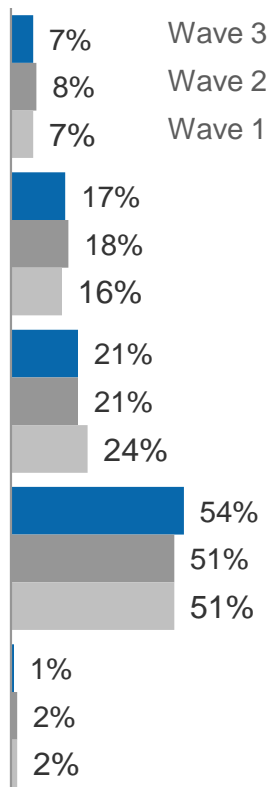
I have a fairly complete understanding of what it is, how it would work, and how it would affect homes and businesses

I have a basic understanding of what it is and how it would work

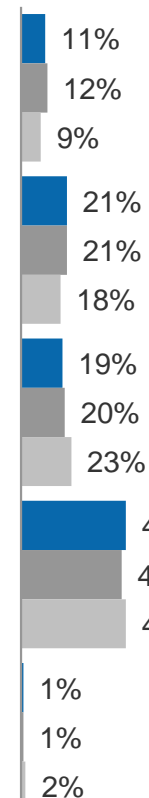
I've heard the term, but don't know much about what it means

I have not heard that term

Don't know



W3:45%
W2:47%
W1:47%



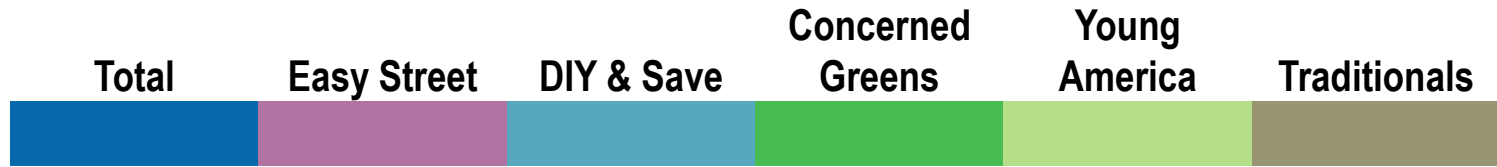
W3:51%
W2:53%
W1:50%

A1. Which of the following statements comes closest to describing your current level of knowledge about smart grid?
Base: Total Consumers, n= W1, 1,234; W2, 1,003; W3; 1,089

A2. Which of the following statements comes closest to describing your current level of knowledge about smart meter?
Base: Total Consumers, n= W1, 1,234; W2, 1,003; W3; 1,089

Many Smart Grid Benefits Resonate

77% to 85% report each benefit is important



	Total	Easy Street	DIY & Save	Concerned Greens	Young America	Traditionals
Makes it easier to connect renewable energy sources	77%	85%	77%	85%	77%	85%
Prevents some outages and reduces the length of others	77%	85%	77%	85%	77%	85%

Important and Willing to Pay For

B1–B7. I’m going to read a series of short statements about the potential benefits of smart grid and smart meters and ask you to tell me how important each one is to you personally. Please use a three-point scale, where 1 means you do not feel the potential benefit has any importance, 2 means it is important to you, but only if it can be provided to you at no additional cost, and 3 means it is important enough to you that it would help justify a total extra cost of \$3-\$4 on your monthly electric bill to implement smart grid and smart meter improvements.

Interest In Programs Varies By Segment.



Likelihood to Participate: Time-of-Use Pricing

Total Would

Participate **46%** **0%** **48%** **99%** **57%** **14%**

(5 pt. scale Definitely Probably/Would)

Likelihood to Participate: Critical Peak Pricing

Total Would

Participate **59%** **40%** **64%** **84%** **74%** **22%**

(5 pt. scale Definitely Probably/Would)

Likelihood to Participate: Energy Monitoring Service

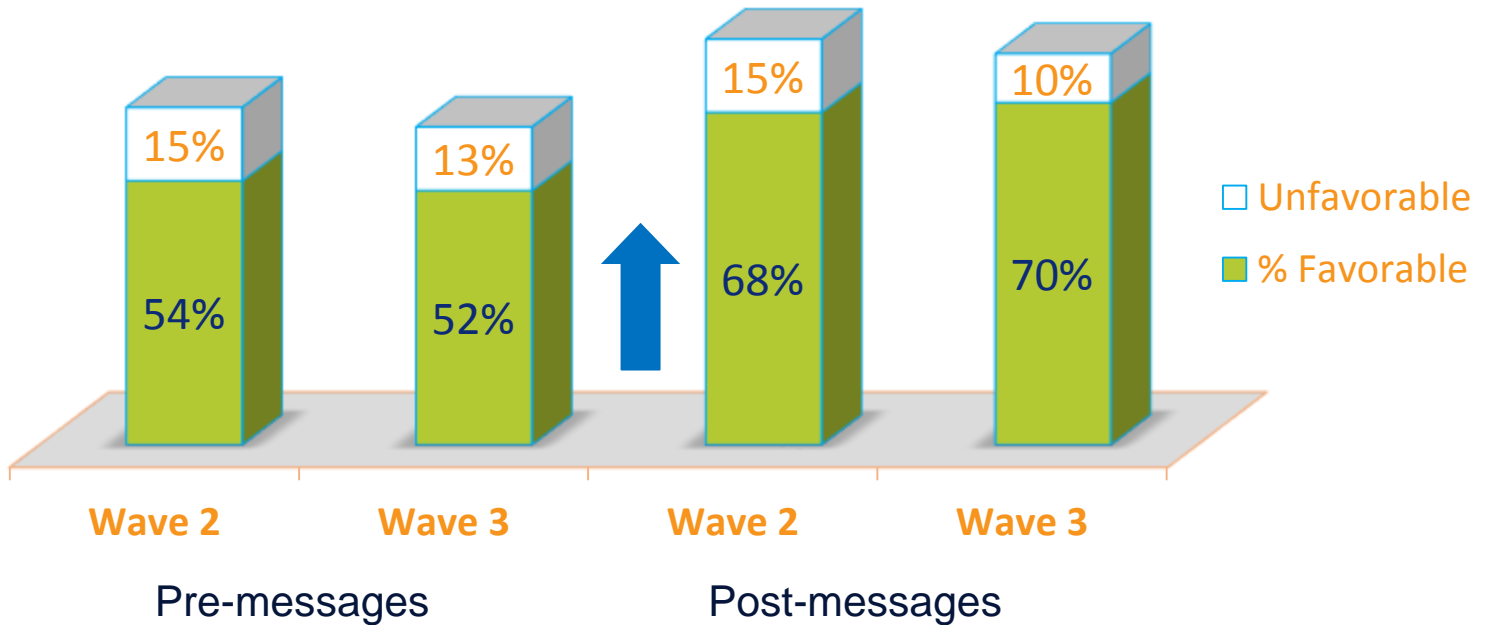
Total Would

Participate **46%** **32%** **50%** **68%** **50%** **25%**

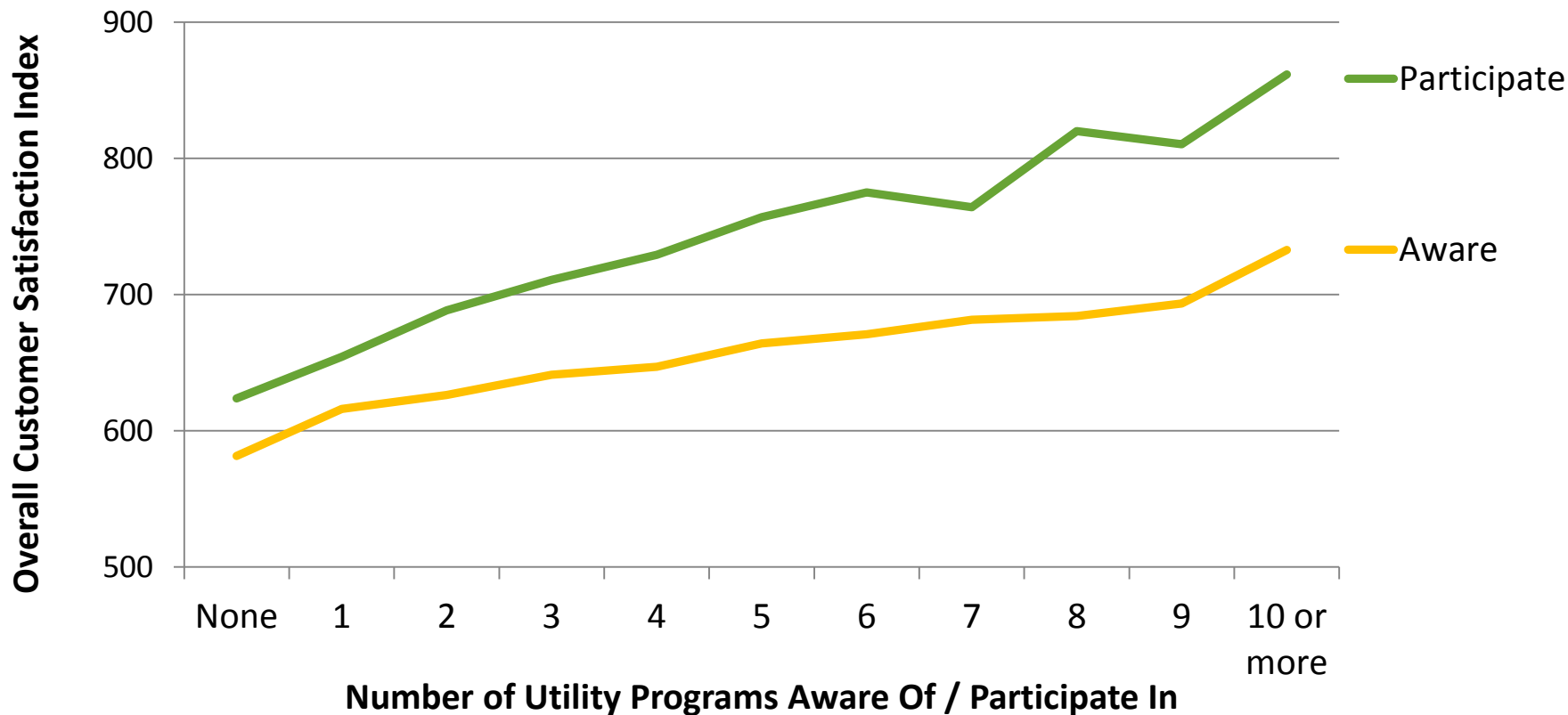
(5 pt. scale Definitely/ Probably Would)

The More Consumers Know, The More They Like

Smart Grid Favorability



Engagement Boosts Customer Satisfaction



2013 J.D. Power Consumer Engagement Study

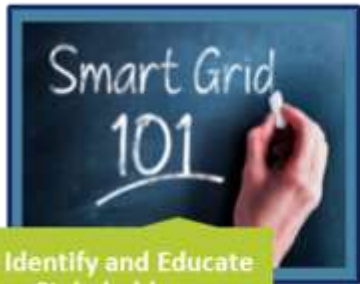
Satisfaction climbs as awareness of utility offerings broadens and as participation grows



FOUNDATIONAL RESEARCH



Best Practices in Consumer Engagement



1. Identify and Educate Stakeholders



2. Segment Customers and Stakeholders



3. Articulate & deliver consumer benefits



4. Utilize multiple communication channels



5. Customer-Centric Messaging



6. Proactively address customer concerns



7. Message important as messenger



8. 1:1 conversations extremely effective



9. Showcase customer successes

What is the biggest driver for the changing utility business model?

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Distributed Energy costs are coming down

467477

Reliability concerns from increased storms

467478

Customer choices now possible through technology

467546

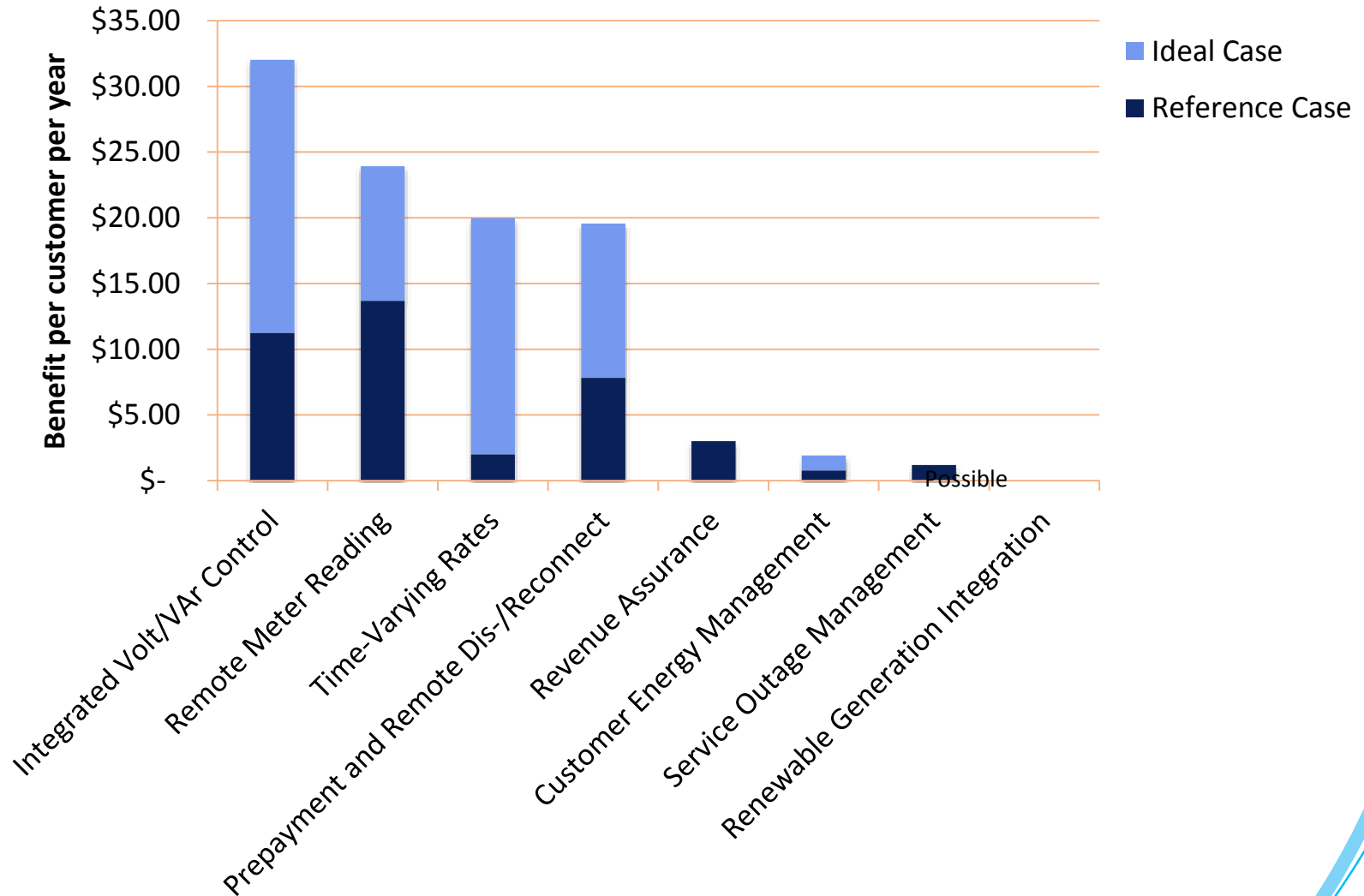
Rapidly increasing utility load growth

467548

Total Results: 0

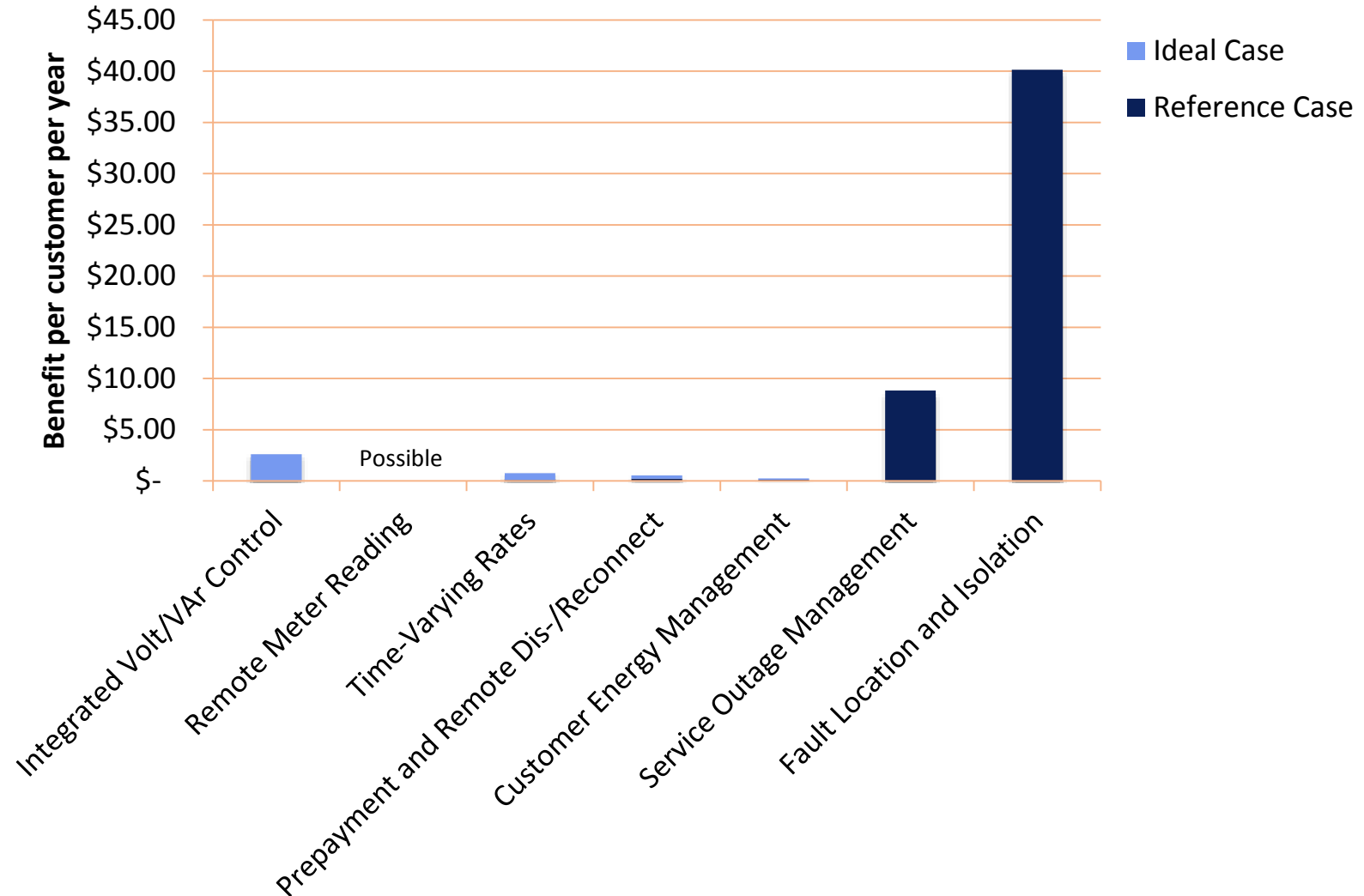
Findings: Direct Economic Benefits

Total direct benefits from Smart Grid are \$39.69-101.57 per customer per year



Findings: Indirect Economic Benefits

Total indirect benefits from Smart Grid are \$49.67-53.08 per customer per year



REV Policy Discussion

What key policy changes need to take place?

You may respond at PollEv.com/sgcc14 when the presenter pushes this poll
Text a **CODE** to 22333

Utilities can reduce reliability and cost **467724**

Utilities can create e-mobility packages **467744**

Utilities can segment and market to consumers **467751**

Utilities can manage distributed generation platforms **467795**

Utilities can empower consumers to manage consumption **467796**

Total Results: 0

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