

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 22, 2017

Advice Letter 5141

Ronald van der Leeden
Director, Regulatory Affairs
Southern California Gas
555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011

Subject: AB 793 Joint IOU Marketing Plan Pursuant to Resolution E-4820

Dear Mr. van der Leeden:

Advice Letter 5141 is effective as of June 21, 2017.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph
Director, Energy Division



Ronald van der Leeden

Director

Regulatory Affairs

555 W. Fifth Street, GT14D6

Los Angeles, CA 90013-1011

Tel: 213.244.2009

Fax: 213.244.4957

RvanderLeeden@semprautilities.com

May 22, 2017

Advice No. 5141

(Southern California Gas Company – U 904 G)

Advice No. 3081-E/2580-G

(San Diego Gas & Electric Company – U 902 M)

Advice No. 3606-E

(Southern California Edison Company – U 338 E)

Advice No. 3842-G/5074-E

(Pacific Gas and Electric Company – ID U 39 M)

Public Utilities Commission of the State of California

Subject: Assembly Bill (AB) 793 Joint IOU Marketing Plan Pursuant to Resolution E-4820

Purpose

Southern California Gas Company (SoCalGas), on behalf of itself, San Diego Gas & Electric Company (SDG&E), Pacific Gas and Electric Company (PG&E), and Southern California Edison Company (SCE) (collectively, the “Investor-Owned Utilities” or “IOUs”), request approval by the California Public Utilities Commission (Commission) of revised Assembly Bill (AB) 793 Joint IOU Marketing Plan consistent with Resolution (Res.) E-4820, issued on April 6, 2017.

Ordering Paragraph (OP) 2 of Res. E-4820 directs the IOUs to refile marketing plans as Tier 2 ALs 45 days after the approval of Res. E-4820 to update the plans to include new product offerings, and timelines directed in Res. E-4820. This Advice Letter (AL) demonstrates compliance with the Res. E-4820 requirement to include strategies to market EMTs to the communities with the highest disconnection rates in the IOUs’ service territories or in disadvantaged communities.

Background

On October 8, 2015, the Governor enacted AB 793, which amended Section 2790 and added Section 717, to the Public Utilities Code (Pub. Util. Code). Subsection 717(a)(1) requires the IOUs to develop a program no later than January 1, 2017, within the electrical or gas corporation's demand-side management programs authorized by the Commission, to provide incentives to a residential or small or medium business customer to acquire energy management technology (EMT) for use in the customer's home or place of business.¹ In addition, subsection 717(a)(2) requires the IOUs to develop a plan by September 30, 2016 to educate residential and small and medium business customers about the incentive program developed pursuant to paragraph (1). The Commission may require that the plan be integrated into, or coordinated with, any education campaign required by the Commission.² Lastly, section 2790 was amended to include EMT to the home weatherization services for low-income customers.

In response to AB 793's directives, on June 10, 2016, Administrative Law Judges Hymes and Fitch issued Joint Administrative Law Judge's Ruling Providing Guidance on Compliance with Assembly Bill 793 Activities (Ruling). The Ruling was "intended to provide more comprehensive direction on the content expected for IOU proposals and process for the implementation of the Legislative mandates."³ Additionally, the Ruling included the process in which Utilities shall submit their AB 793 implementation plans as Tier 2 ALs.⁴

Furthermore, the Ruling directed that each AL include a Joint marketing and education plan that is consistent across the IOUs.⁵ On August 4, 2016, Energy Division Staff directed the IOUs to file the AB 793 Joint IOU Marketing Plan in a Tier 2 AL separate from their respective AB 793 Implementation Plans.

The Joint IOUs filed AL 5012 et al. on August 11, 2016, in compliance with the Joint Ruling. On August 24, 2016, the Commission's Energy Division requested that the IOUs file a supplemental AL in early to mid-September, to correct deficiencies it had identified in the Joint IOU AL pertaining to metrics, strategies, and specific activities. Additionally, the IOUs were directed to submit a more robust and detailed Joint Marketing, Education & Outreach (ME&O) proposal.

On April 6, 2017, the Commission issued Res. E-4820 which approved with modifications the IOUs AB 793 AL filings and marketing AB 793 AL filings, and required each of the IOUs to file Tier 2 ALs to demonstrate compliance with the Commission directed modifications within 45 days of the approval of Res. E-4820.

¹ Pub Util. Code § 717 (a) (1).

² Pub Util. Code § 717 (a)(2).

³ Ruling at p. 5.

⁴ Ruling at p. 8.

⁵ *I.d.*

Overview of the AB 793 Joint IOU Marketing Plan

The Joint IOU Marketing Plan is a collaborative effort providing a robust two-year marketing plan for EMT. The Joint IOU Marketing Plan's successful vision is to incorporate all the mentioned elements and to properly assess the effectiveness of the strategies and tactics. The Joint IOU Plan thus broadly defines the necessary metrics to evaluate the robust two-year plan.

In addition, target market segments within residential, small to medium business, and low-income customers have been identified and will be further examined. As directed by Res. E-4820, specific strategies to market EMTs to the communities with the highest disconnection rates in their service territories or in disadvantaged communities are also included. Furthermore, each IOUs' proposed EMT marketing activities will be coordinated and integrated into existing statewide marketing programs. Further details of all these elements are presented in Attachment A of this AL.

Protests

Anyone may protest this AL to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date of this AL, which is June 11, 2017. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attn: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest should also be sent via both e-mail and facsimile to the addresses shown below on the same date it is mailed or delivered to the Commission.

For SoCalGas:
Attn: Ray B. Ortiz
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No.: (213) 244-4957
E-mail: ROrtiz@SempraUtilities.com

For SDG&E:

Attn: Megan Caulson
Tariff Manager - CP31F
8330 Century Park Court
San Diego, CA 92123-1530
Facsimile No.: (858) 654-1879
E-mail: MCaulson@semprautilities.com

For SCE:

Russell G. Worden
Managing Director, State Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, CA 91770
Facsimile No.: (626) 302-6396
E-mail: AdviceTariffManager@sce.com

Laura Genao
Managing Director, State Regulatory Affairs
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, CA 94102
Facsimile No.: (415) 929-5544
E-mail: Karyn.Gansecki@sce.com

For PG&E:

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
Facsimile No.: (415) 973-7226
E-mail: PGETariffs@pge.com

Effective Date

This AL is classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. This filing is in compliance with OP 2 of Res. E-4820. Therefore, the IOUs respectfully request that this AL be made effective on June 21, 2017, which is 30 calendar days after the date filed.

Notice

A copy of this AL is being sent to the SoCalGas' GO 96-B service list and the Commission's service lists for R.13-11-005 and R.13-09-011. Address change requests to the GO 96-B should be directed by electronic mail to tariffs@socalgas.com or call 213-244-2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Ronald van der Leeden
Director – Regulatory Affairs

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904G)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Ray B. Ortiz

Phone #: (213) 244-3837

E-mail: ROrtiz@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 5141, et al.

Subject of AL: Assembly Bill (AB) 793 Joint IOU Marketing Plan Pursuant to Resolution E-4820

Keywords (choose from CPUC listing): Energy Efficiency

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Resolution E-4820

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 6/21/17

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

EDTariffUnit@cpuc.ca.gov

Southern California Gas Company

Attention: Ray B. Ortiz

555 West 5th Street, GT14D6

Los Angeles, CA 90013-1011

ROrtiz@semprautilities.com

Tariffs@socalgas.com

¹ Discuss in AL if more space is needed.

Attachment A

AB 793 Joint Investor-Owned Utilities Marketing, Education, and Outreach Plan

Table of Contents

- I. Executive Summary..... 3
- II. Background..... 3
 - A. Evolving Energy Management Technology Industry 4
 - B. Market Barriers to Energy Management Technology 5
- III. Joint IOU Marketing Plan..... 7
 - A. Energy Management Technology Defined 7
 - B. Overarching Approach..... 7
 - C. Marketing Approach, Goals, and Objectives..... 8
 - D. Target Market Segments 10
 - 1. Residential – General Population & Low Income11
 - 2. Small and Medium Business (SMB) customers.....12
 - E. Integration with Other Marketing Efforts 14
 - 1. Coordination with Statewide ME&O14
 - 2. Coordination with Residential Rate Reform15
 - 3. Local Plan Integration16
 - F. Metrics and Key Performance Indicators 16

I. Executive Summary

The Joint Investor Owned Utility (IOU)¹ Marketing Plan demonstrates the planned collaboration for marketing energy management technologies (EMTs) across IOU territories. Assembly Bill (AB) 793 directed the IOUs to develop a plan by September 30, 2016, to educate residential customers and small and medium business customers about the incentive programs that promote EMTs in accordance with the bill. California Public Utilities Commission (Commission) Resolution E-4820 directs the IOUs to update this plan to include specific outreach activities and updated timelines. Each IOUs proposed local EMT marketing activities will be coordinated and integrated, where possible, into existing Statewide Marketing Education & Outreach (ME&O) efforts.

The Joint IOU Marketing Plan's vision is to align marketing approaches on a statewide basis, where feasible, and determine common metrics to assess the effectiveness of the strategies and tactics. The Joint IOU Marketing Plan broadly defines the necessary metrics to evaluate the robust two year plans, as local marketing approaches may differ based on local variances in implementation of AB 793 programs.

In addition to the Joint IOU Marketing Plan, each IOU is including in their respective AB 793 Implementation filings local outreach plans with specific strategies to be used within their respective service territories to promote specific AB 793 offerings. Geographical considerations, customer base differences, local media landscape, and varied AB 793 product roadmap offerings across the IOU service territories require that local strategies be implemented and represent a key component to the implementation of the overall intent of the AB 793 education directives.

II. Background

On October 8, 2015, the Legislature enacted AB 793 which amended Section 2790 and added Section 717 of the Public Utilities (PU) Code. The amended bill directs the Commission to require California's IOUs to develop programs no later than January 1, 2017 that would provide incentives to residential and small or medium commercial customers so that they may acquire energy management technologies for use in their home or place of business and authorizes low-

¹ The Joint IOUs consists of: Southern California Gas Company, San Diego Gas & Electric Company, Pacific Gas and Electric Company, and Southern California Edison Company.

income home weatherization services to include EMT. In addition, to assist in achieving the goal of integration of EMT, AB 793 directs the IOUs to develop a plan by September 30, 2016 to educate residential and small or medium business customers about the incentive programs developed.

On June 14, 2016, Joint Administrative Law Judges (ALJ) issued a Ruling providing guidance on compliance with AB 793 activities for the IOUs and established the necessary framework for addressing AB 793 implementation. In addition, the ALJ Ruling directed the IOUs to include in their filings a Joint IOU Marketing Plan which would describe a two-year plan for promoting energy management technologies, that includes strategies to be employed, metrics and targets, partnerships, and integration with other marketing efforts.

Commission staff and the IOUs have met regularly since AB 793 was enacted to review strategies for the marketing plan and the incentive program components. Commission staff has provided informal feedback and direction to the IOUs on their initial ideas for implementation and on the marketing plan to educate customers as directed by AB 793. Based on this input and ongoing IOU collaboration, this Joint IOU Marketing Plan has been developed to incorporate both the intent of AB 793 and the objectives of the ALJ Ruling. The Joint IOU Marketing Plan has also been updated to include information about targeting marketing to communities with the highest disconnection rates or in disadvantaged communities, as a result of Commission Resolution E-4820.

A. Evolving Energy Management Technology Industry

Home energy management technologies have advanced significantly in recent years due to ongoing technology trends, including decreased sensor, computation, and display costs, and more pervasive integration of device-level information processing capability and networking/communications. There is considerable market potential for EMT due to an increased interest in electric demand response and the roll-out of utility smart meters. To take advantage of those opportunities, a growing number of new EMT products and companies have emerged over the past decade, ranging from basic energy displays to whole home control systems and smart phone apps. The great diversity of EMT product features and types is indicative of the emerging state of the EMT industry that currently has relatively low market penetration. For example, Greentech Media (2011) estimated that approximately 6 million U.S.

households will have some type of EMT device by 2015; this equals about 5 percent of households.²

Some EMT products strive to increase communication between the utility and the consumer. The directionality and sophistication of such communication, however, still varies among products. Many products that seek to provide real-time feedback on electricity and gas consumption send information to the consumer only. The growing trend, rather, is to develop two-way EMT products that can connect to a home network and control different devices in the home; such is the case with current home automation and demand response (DR) efforts.

For any EMT products to achieve mass-market penetration, the industry must overcome challenges to increase awareness regarding availability of EMT, convey how EMTs fit into and enhance their everyday life, as well as enable consumers to easily purchase, install, manage, and secure EMT solutions.

B. Market Barriers to Energy Management Technology

EMT, though widely available, appears to be a yet nascent category for the average customer. Few believe it has a prominent role in their lives today, but expect it to become increasingly evident in the future. A survey led by Harris Poll[®] in 2015 cited 78 percent of Americans expect newly built homes to include smart home technology within the next five years. Yet, there are several barriers to customer adoption of these technologies.

First, part of the low adoption and interest may be due to consumers' limited understanding of smart home technology. While knowledge in the U.S. about the latest smartphone and computer technology is relatively high, The Harris Poll[®] found that nearly two-thirds of consumers do not know much about smart home technology. Additionally, consumers appear to misunderstand the semantics of smart home technology. As an example, Nielson's Connected Life Report (a 2015 bi-annual study of consumer needs, preferences, attitudes, and behaviors around new and emerging technologies related to connected cars, homes, and wearables) found that only 7 percent of Americans own a smart home technology.³ However, when presented with

² Green Tech Media. *Smart Grid HAN Strategy Report 2011: Technologies, Market Forecast, and Leading Players*. January 2011.

³ Allyssa Birth. *The Harris Poll*, September 10, 2015.

specific list of smart home category devices, nearly five times as many (34 percent) indicated they have at least one in their home.

Second, price remains a pivotal factor in driving adoption of energy-related programs and services, which are considered a nice-to-have. The Harris Poll® notes 88 percent of Americans believe these devices are too expensive, and when probed on when they will be likely to consider purchasing such technology, 37 percent say they will consider purchasing when the price drops to a reasonable amount. Notably, two in ten Americans (21 percent) are not sure at what point they would consider purchasing this kind of technology – further signaling confusion in this still-new market segment.

Additionally, seven in ten Americans believe smart home technology makes it easier to steal personal information/data (71 percent) and wonder whether smart home devices will perform basic functions as well as their traditional counterparts do (70 percent).⁴

For some customers, the technology is not seamless. About 9 percent of those surveyed indicated that they will wait until the “bugs” have been worked out. Customers have come to expect ease-of-use and quality through their smartphones. With smart home devices struggling to replicate that sense of simplicity and a lack of standardization, gadgets of different manufacturers cannot communicate with each other. The smartphone, the link between the customer and smart home device, has raised consumers’ expectations, explains Jamie Siminoff, the founder of Ring, a startup that makes a doorbell that can be answered remotely.⁵

Regardless of the barriers, a majority of Americans recognize the benefits for homeowners in smart home technology, with over six in ten (61 percent) saying household devices that can connect to the Internet are good for homeowners. The vast majority of adults feel it is important that smart home technology saves money (91 percent), conserves energy (90 percent), helps keep them and/or their family safe (89 percent), and protects property from theft/vandalism (88 percent).⁶

⁴ *Id.*

⁵ The Economist. *Where the smart is*. June 11, 2016.

⁶ Allyssa Birth. *The Harris Poll*, September 10, 2015.

III. Joint IOU Marketing Plan

A. Energy Management Technology Defined

For the purposes of this plan, AB 793 defines EMTs as software, products or services that help utility customers manage and control their energy use. EMTs: 1) closely track electric, water or gas use at specific times of the day or night; 2) provide information and feedback that educates utility customers on how their homes or buildings use various forms of energy; 3) allow utility customers to make more informed choices on when they should use or curtail use of certain products, appliances and/or equipment; and 4) may give utility customers remote access to control certain products or equipment.

B. Overarching Approach

The IOUs Joint AB 793 Marketing, Education & Outreach Plan consists of two components including a Joint IOU Marketing Plan and individualized local IOU plans set to begin upon approval and continue through the end of 2018. The Joint IOU Marketing Plan aligns the IOUs with common approaches, metrics, customer segments, and coordination with marketing efforts of the Energy Upgrade California (EUC) Statewide campaign.⁷ The IOUs will build upon awareness provided by the EUC Statewide campaign on what EMT is and why it should matter to Californians and act on leads generated by the statewide campaign in which interested consumers are directed to local IOU channels (e.g. website, call centers) to take advantage of EMT incentives. The local IOU plans will utilize a multi-touch, multi-channel strategy to promote adoption of EMTs and incentives available to customers based each IOU's roadmap of AB 793 offerings. This Joint Marketing Plan presents common approaches and metrics that each IOU will utilize to engage customers and move them through their energy management journey by increasing their awareness and ultimately their adoption of EMTs.

⁷ Cross-promotion opportunities will be identified once the EUC Strategic Roadmap and Joint Action Plan are developed in early 2017.

C. Marketing Approach, Goals, and Objectives

The overarching marketing objective for AB 793 is to increase awareness and understanding of EMTs through the delivery of an optimized, consistent and compelling marketing plan. This plan will be utilized to foster engagement and encouraging consideration and adoption through a comprehensive and integrated approach among key target market segments.

A primary objective is to generate awareness and to educate customers about EMTs as a category/class of technology along with the associated benefits. With this objective, the Joint IOUs will create visibility to the various technologies available in the market and better understanding on the financial and environmental benefits they contain in regards to energy usage.

Each IOU will tailor their marketing and outreach based on their customer base, geographic considerations, and specific program implementation plans filed for their service territories.

However, many common approaches will be utilized across IOUs and may include:

- Direct marketing – may include the sending letters, postcards or other promotional materials with EMT programs or available incentives to customers.
- Email marketing – may include the use of electronic mail as communication delivery method to deliver EMT programs or available incentives to customers.
- Digital advertisements – marketing of EMT products, services, or incentives using various forms of digital media to reach consumers.
- Print – marketing of EMT products, services, or incentives using various newspapers, magazines, or collateral pieces.
- Retail activities – partner with retailers and third parties for point of sale awareness.
- Bill inserts – may include helpful information sheets with EMT information and incentives sent in the bill package along with a customer’s monthly energy statement.

While the primary goal of customer education through AB 793 is to raise awareness of EMT and its benefits, the second objective is to foster customer engagement in IOU incentive programs based on awareness of EMT offerings. The awareness of various EMT and the associated benefits will help to ensure there is enough visibility to encourage significant lead generation for the adoption of EMT through IOU programs and incentives as they develop over the two-year period.

Once marketing plans are approved, the IOUs will launch their education and outreach efforts by leveraging existing, local marketing channels. Once new AB 793 programs are implemented, statewide coordination on marketing approaches will expand. The IOU’s local marketing efforts are not being developed in silos: the Joint IOU Marketing team will hold monthly meetings to discuss proposed approaches to raise EMT awareness and allow for consistent messaging strategies across service territories relating to available incentives, to the extent that program offerings are aligned. In addition, integration with the EUC campaign will also take place in 2017 and Energy Management Technology has been identified as a high priority topic within the Five Year Strategic Roadmap and 2017 Annual Joint Action Plan that the implementer, DDB San Francisco, filed on April 5, 2017 as part of the SW ME&O proceeding. DDB envisions first educating consumers and small business on the value of investing in EMT and later on encouraging consumers to change behaviors as a result of using this technology. The Joint IOUs will produce an annual report on AB 793 ME&O for the CPUC, which will detail best practices, lessons learned, and marketing successes and challenges, as well as information on how targeted marketing in disadvantaged communities impacted customer uptake of EMTs. Figure 1 below shows the proposed timeline for statewide coordination of AB 793 education efforts.

Figure 1. Statewide Marketing, Education and Outreach Coordination Schedule

	2Q17	3Q17	4Q17	2018
CPUC Program Approvals				
Local IOU marketing				
Monthly IOU ME&O Coordination Meetings				
Incorporate EMT into Statewide ME&O Joint Action Plan and Strategic Roadmap				
Coordinate with SW ME&O Implementer				
Annual report on AB 793 ME&O				

D. Target Market Segments

AB 793 directs California IOUs to incentivize EMTs through the existing demand side management portfolio and educate both residential and small/medium business customers about available offers and incentives for new and existing products, services and software.⁸ Within the broader residential customer categories, low-income customers may also be targeted through participation in the home weatherization program if approved by the Commission. Also, as directed in Resolution E-4820 dated April 6, 2017, the IOUs were ordered to include “specific strategies on how they plan to market EMTs to the communities with the highest disconnection rates in their service territories or in disadvantaged communities.”

An important part of the targeting strategy will be to identify those customers who are more inclined to adopt technology in general, but also to make these offerings more accessible and reduce possible barriers for less tech-savvy customers or customers that have limited ability to adopt EMT solutions that may require a financial investment. The IOUs will rely on their customer segmentation models, additional customer data that is available, as well as leverage any relevant primary and secondary research findings to help focus efforts and resources on the best targets within each group. For example, initial targeting may rely on specific demographic characteristics like single-family homeowners with higher energy use, warmer inland climate zones, customers who are more likely to have Wi-Fi or central air conditioning, and have an interest in technology. Disadvantaged customers, those facing disconnection, and otherwise vulnerable customer groups will be targeted with offers that are appropriate to their situation (i.e. no cost/low-cost solutions like bill forecast alerts and energy use surveys and online tools). As the campaign expands and evolves, and resources permit, the IOUs will target increasingly broader subsets of customers with their EMT marketing and outreach efforts.

Furthermore, each IOU will take into account the various psychographic factors that may influence a customer’s willingness, ability and/or motivations to adopt energy management technology. A 2016 study by the Smart Grid Consumer Collaborative (SGCC) Empowered Consumer Report noted consumer awareness of and interest in smart grid-enabled services and technologies are better aligned with customer segmentation (social and lifestyle characteristics)

⁸ AB 793, Section. 717.

which suggests that overall awareness and interest depends, at least in part, on the personal characteristics and motivations of customers.⁹

1. Residential – General Population & Low Income

As technology continues to change and evolve, the personalized characteristics of customer segments will remain at the core of their preferences and behaviors toward EMT offerings. In today's world where customization is commonplace, customers are increasingly looking to their utility provider to offer solutions unique to their needs. Understanding that today's customers evaluate products, services, and software through a lens that blends their unique perspective on technology with their experience, ease of use, and perceived cost, further debunks the idea that one size still fits all.

To borrow an example from industry research, Accenture¹⁰ identified nine consumer characteristics that shape how energy providers address and serve their customers, based on key findings from five years of end-consumer research (2014):

1. **Energy Perspective** – addressing a spectrum of consumer mindsets, from energy literate to agnostic
2. **Omnipresent** – supporting seamless virtual interaction anytime, anywhere
3. **Individualized** – personalizing the energy experience to address unique needs and preferences
4. **Social Centric** – creating a gathering place for ideas, conversations, and collaboration
5. **Prosumer** – buying and selling energy via a variety of business partners
6. **Tech Savvy** – providing set-and-forget technologies that deliver financial savings, convenience, and individual control
7. **Interconnected** – developing bundled solutions that combine energy with other products and services for the home and business
8. **Pay It Forward** – offering a range of prepaid energy solutions to meet a variety of lifestyle needs

⁹ SmartGrid Consumer Collaborative. *SGCC's 2016 Empowered Consumer Report*. May 31, 2016.

¹⁰ Accenture. *The New Energy Consumer Architecting for the Future Report*. 2014.

9. **Energy Diverse** – adopting a range of nontraditional energy options, including distributed generation, net metering, and microgrids

Targeted offerings and educational campaigns based on relevant customer segmentation may offer these opportunities. Using segmentation data allows for a more personalized experience and preferences while providing more tailored solutions through customized messaging and channel integration. What’s important to customers is what they value. Providing the right offers to the appropriate customer at the right point in time of their energy management journey and in the right way for the particular customer segment to be most likely to respond is key, be it through email, direct mail, mobile and/or social media. Additionally, the defining characteristics of each audience may be leveraged to further tailor specific messaging and shape communications to engage an increasingly diverse customer base with the appropriate tone and imagery.

To target communities with the highest disconnection rates or those in disadvantaged communities, the IOUs will overlay their own segmentation and customer disconnection data with Athens Research findings (CARE eligible populations) to leverage ME&O efforts to customers living in zip codes that are also considered high poverty (household income at or below 100% of the Federal Poverty Level). Disconnections are identified/flagged in IOU customer information systems and “Disadvantaged Communities” are designated using the California Communities Environmental Health Screening tool (“CalEnviroScreen”) to identify vulnerable communities most burdened by pollution from multiples sources, socioeconomic characteristics and underlying health status. The IOUs can identify customers at higher risk of being disconnected by evaluating socioeconomic status at an individual level using a combination of data, enrollment in assistance programs (e.g. CARE) and propensity modeling to ensure that disadvantaged and vulnerable customers are also provided with relevant EMT offerings.

2. Small and Medium Business (SMB) customers

While energy management is important, making it a priority in the SMB’s day-to-day operations is often challenging. Thus, SMBs look to utility companies to provide them with solutions that are most meaningful to them. Similar to the residential market, the solutions can

be varied for these businesses as their needs differ across industries and levels of energy usage. When dealing with diverse segments, a one-size solution often does not fit all. Targeted EMT solutions and communications must be developed to address specific concerns and opportunities that are available by business type and geography.

Targeted Industry/Sectors may include:

- Retail
- Food Service
- Financial Institutions
- Schools
- Small office spaces
- Small industrial or warehouses

Providing these segments with custom support tools that allow the businesses to be more efficient when managing their energy is the type of value-added service these businesses rely on. Again, for the SMBs, recognizing relevant programs and solutions that apply to their industry type and usage is critical as is understanding that each business operates and makes decisions differently. Similar to residential customers, they also have varying levels of comfort and affinity for EMT solutions, so engaging them through the right channels is important. For some, third-party partners like trade professionals can be a great, cost-effective resource, while others may operate independently and require a Do-It-Yourself (DIY) approach that is easy to use and understand. The diversity of these business segments means providing personalized solutions based on their needs and providing value customers expect, as well. Using layered marketing to provide the right offers to the right customer at the right time and in the right way will increase value and deepen relationships in business organizations and will strengthen participation in energy savings.

The IOUs will take these residential and SMB segment considerations and develop specific education and outreach approaches as part of their individual marketing plans.

E. Integration with Other Marketing Efforts

1. Coordination with Statewide ME&O

The local IOU ME&O leads will continue to work with Statewide ME&O IOU leads and other Statewide ME&O stakeholders, such as the Commission and the Statewide Implementer of EUC, to recommend that EMT be included as a priority program area. The Statewide implementer has listed EMTs as a high priority for integration in the Five Year Roadmap¹¹ and in the Joint Consumer Action Plan for 2017 and 2018.¹²

In accordance with the post-2016 Statewide ME&O Decision (D.) 16-03-029, Commission staff will develop a preliminary prioritization of areas to be pursued on an annual basis, and will provide it to stakeholders for comments and suggestions prior to the Statewide Implementer's finalization and filing of the plan as a Tier 1 advice letter.¹³ When the IOUs are asked for feedback on the proposed topics to be covered, Statewide IOU ME&O leads will recommend adding "customer education on EMTs," if such education is not included in the proposed topic list.

The IOUs will make recommendations to work with EUC to educate customers on the general topic of EMT by explaining what EMT is, providing examples of products and services that fall under the EMT umbrella, and demonstrating how EMTs may help customers better understand and manage their energy use. The EUC statewide campaign should also inform customers that EMT incentives are available from energy service providers, and encourage customers to take advantage of those incentives by directing them to providers with available EMT incentives.

¹¹ Five-Year Marketing, Education, and Outreach (ME&O) Strategic Roadmap. DDB San Francisco. April 5, 2017. Pg. 28

¹² 2017-2018 Joint Consumer Action Plan. DDB San Francisco. April 5, 2017. Pg 6.

¹³ D.16-03-029 Decision on Phase 3 issues: Post 2016 Statewide Marketing, Education, and Outreach Activities, p. 67. The decision sets the following process for the Annual Joint Consumer Action Plan: a. Commission staff shall develop a preliminary proposal which prioritizes program areas on an annual basis. b. The preliminary staff proposal will then go to stakeholders for their comments and suggestions. c. The statewide administrator shall revise and finalize the proposal and file the resulting Joint Consumer Action Plan as a Tier 1 Advice Letter. d. The Commission's Energy Division will review and approve the Advice Letter. e. Topics that are ranked as a high priority through this process will be the subject of a one-year "Joint Consumer Action Plan" similar to the approach described by CSE in its opening comments: Each "Plan" would include the goals and objectives, target audiences, high level approaches and strategies, metrics, and implementation roles and responsibilities for each strategy."

Emphasis will be placed on coordination among EMT-related Statewide and local ME&O activities on matters such as consistency in overarching messaging and timing. Per the post-2016 Statewide ME&O decision,¹⁴ EUC's role will be valuable in engaging Californians on the importance of energy efficiency and their opportunity to act and aligns well with Energy Management Technology and serving as a lead generator for local and regional EMT programs.

2. Coordination with Residential Rate Reform

D. 15-07-001, issued in 2015, reforms the current tiered rate structure for residential electricity customers. This decision also includes a process under which time-of-use (TOU) will become the default residential electricity pricing structure in 2019. TOU pricing is a significant departure from the way residential customers are currently charged for electricity, and an extensive education and outreach campaign is warranted so that customers "can understand and respond appropriately to their electricity rates."¹⁵

In the Decision the IOUs were directed to form an ME&O Working Group and issue a Request for Proposal (RFP) to select a professional services firm to develop an ME&O blueprint. Greenberg, Inc. was selected on March 14, 2016 and delivered the ME&O blueprint on August 19, 2016. The IOUs developed and filed specific ME&O plans on November 1, 2016 that align with recommendations from the ME&O blueprint in an Advice Letter.¹⁶

The working group and Greenberg Inc. conversations have identified the need for a consistent messaging campaign across California to encourage residential customers to change their relationship with energy. At the time of this initial filing, it is not yet fully determined how the statewide message will be aligned and carried out as a part of rate reform. The IOUs will coordinate with Residential Rate Reform campaign efforts to ensure that energy management technologies are represented and integrated, as appropriate, within IOU rate reform local plans to help customers mitigate any negative rate change impact.

¹⁴ D.16-03-029 on Phase 3 issues: All Californians will be engaged as partners in the state's energy efficiency, demand-side management and clean energy efforts by becoming fully informed of the importance of energy efficiency and their opportunities to act. Statewide marketing, education, and outreach should serve as a lead generator for local and regional programs and drive consumers to directly take actions to reduce or manage energy use in other ways.

¹⁵ D.15-07-001, p.255.

¹⁶ PG&E Advice Letter 4949-E, SCE Advice Letter 3500-E, SDG&E Advice Letter 2992-E.

3. Local Plan Integration

Each of the IOUs local plans will integrate AB 793 EMT programs with other marketing efforts planned for execution during 2017 and 2018. Each IOU will assess its target markets, as well as where its customers are in their energy management journeys, to determine the most appropriate opportunities for building awareness around EMT. The individual plans filed by each IOU provide descriptions of the local IOU approaches to integrating AB 793 in their marketing programs. Local plans will also describe outreach efforts to customers who complain about their bills, customers who are behind on their bills, and customers who have been contacted about disconnection or have been placed on a payment plan, to provide information about potential EMT solutions.

The IOUs will build upon the education and outreach that the EUC campaign is undertaking at the statewide level by providing information about specific EMT “products, services, and software”¹⁷ from which customers may benefit, and by offering incentives to encourage customers to implement those EMT offerings which will help them better understand and manage their energy use.

F. Metrics and Key Performance Indicators

To gauge effectiveness of the described approaches to ME&O, the IOUs propose to use a combination of metrics, derived from both mass and direct to consumer outreach methods, as described in Section C above. Taking an integrated approach to customer education and engagement (not a “one-size” or “one-tactic fits-all” approach) means using channels and tactics tailored to local audiences, and may include tactics such as bill inserts, direct mail, email, community or business outreach, digital media, and social media. The Joint IOUs will evaluate campaign success through metrics associated with those activities, as described below:

¹⁷ “For purposes of this section, ‘energy management technology’ may include a product, service, or software that allows a customer to better understand and manage electricity or gas use in the customer’s home or place of business.” Assembly Bill No. 793, p. 2.

Table 1. AB 793 ME&O Metrics

Activity	Metrics
Digital media	Track total impressions served and traffic to the website from the vanity URL, click-throughs, path tracking
Social media	Social media responses: likes, shares, mentions, re-tweets, etc.
Bill inserts	Quantity sent, enrollments from bill inserts (where tracking is available)
Email	Open rates, click-through rates to landing pages
Radio	Impressions, total spots
Print	Circulation, readership
Paid Search	Impressions, click-throughs
Automated/Interactive Voice Recordings (IVR)	Number of responses to the IVR prompts
Television	Total impressions served and traffic to the website from the vanity URL

* A metric is referred to as a numeric value used to assess performance of goals and KPIs are directional, tactical measure against the goal.

Assessing and evaluating ME&O strategies and tactics on an on-going basis will allow the IOUs to course-correct over the duration of the campaign, and share best practices for successful tactics to get the most customer awareness. The first few months of data will help the IOUs establish baselines metrics from which to improve and expand marketing efforts. Marketing success is continuously monitored and optimized as the campaigns are in market, with an analysis of year-over-year results. Success is monitored against both utility industry benchmarks and IOU historical benchmarks in order to understand how tactics are performing and allow for continuous optimization to improve results.

The primary objective of the education campaigns is to raise awareness and understanding of EMT and its benefits, and will be measured using metrics detailed in Table 1. All metrics are designed to measure the effectiveness of each IOU's education campaigns, and coordinate efforts across service territories, where applicable. The secondary objective is to foster engagement and participation in IOU AB 793 incentive programs, which will be measured through volume of rebates processed, as well as the energy savings that result, however program participation will not be tied to specific marketing tactics. For evaluating participation in rebate programs, products using work papers will be tracked through IOU tracking databases on a quarterly basis.

Each IOU will report savings data at the end of every year data is collected, for each of their programs.

In addition to the aforementioned metrics for measuring awareness and participation, the IOUs will measure how marketing efforts impacted customer uptake of EMTs. This impact will be measured through web reporting analytics on traffic and origin source (page views, time spent on page, source of visit for vanity URLs, etc.) for any landing page or microsite developed by each of the IOUs to act as the main portal for the EMT offering information. All marketing activities listed in Table 1 will drive to landing pages/microsites that will include information on EMT programs/products/services with the aim of promoting EMT awareness, steering interested customers towards the technology which meets their needs, enrolling in a service/program through the IOU or continuing to the Energy Technology marketplace to access additional product information. Through marketplace reporting, customer participation will be measured (products purchased/rebates applied for) and available geographic information will also be captured. The IOUs have the capability to also track uptake and participation of customers residing in targeted disadvantaged communities as described in Section D.1 above through zip code mapping to rebate applications. Identifying these targeted areas will enable the IOUs to further gauge the effectiveness of the marketing efforts in these communities.

For services/programs that are provided by the IOU, enrollments will be reported and can be compared to previous year benchmarks (for already existing services/programs) to gauge effectiveness of supplemental marketing efforts during in-market periods. Please note that Year 1 will have to be established as a benchmark/baseline year for any offerings that are launched as a result of AB 793 since no previous participation information would be available. One year after this plan is approved, the IOUs will file a report to the Energy Division on how the marketing in these parts of the state impacted customer uptake of EMTs, as available.