

SMB Customer Engagement Through DSM

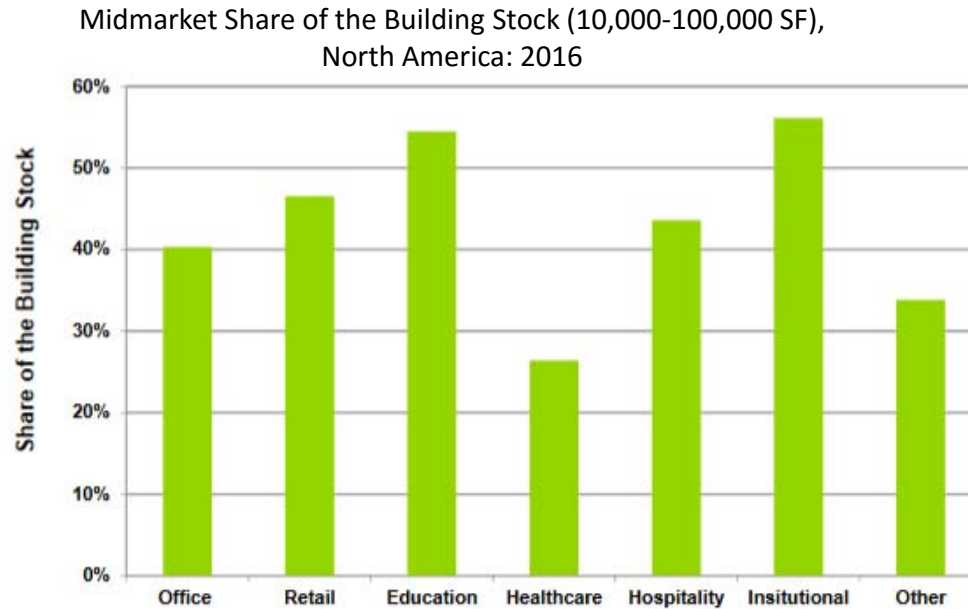
Brett Feldman

Navigant

Spring 2017 PLMA Conference

What is SMB?

- Navigant Research defines midmarket as encompassing building between 10,000 SF and 100,000 SF



(Source: Navigant Research)

SMB Definitions in California

- California Commercial Energy Use Survey Report defines building sizes by annual electric usage

Small and Medium Building Definitions by Annual kWh

Building Type	Cutpoints (Annual kWh)	
	Small	Medium
1. Small Office	< 15,000	15,000 to 100,000
2. Large Office	< 2,000,000	2,000,000 to 4,750,000
3. Restaurant	< 90,000	90,000 to 315,000
4. Retail Store	< 80,000	80,000 to 900,000
5. Food/Liquor	< 190,000	190,000 to 1,600,000
6. Unrefrigerated Warehouse	< 85,000	85,000 to 1,000,000
7. School	< 250,000	250,000 to 1,000,000
8. College	< 400,000	400,000 to 3,750,000
9. Health Care	< 450,000	450,000 to 3,000,000
10. Hotel	< 300,000	300,000 to 2,200,000
11. Misc	< 30,000	30,000 to 500,000
25. Refrigerated Warehouse	< 500,000	500,000 to 3,000,000

(Source: CCEUS)

SMB has been challenging for utilities to serve

- Too numerous for dedicated account managers, but too unique for standard mass-market outreach.

Utility DSM executives have told us:



(Source: EnergySavvy)

PG&E: SMB account for 78% of customers, but only 32% of energy savings and 33% of incentives

Segment	Approximate Number of Customers	Approximate Number of Program Participants	% Program Participants	Average Reported Savings per Participant (kWh)	Average Reported Savings per Participant (Therms)
Healthcare	39,800	2,300	6%	24,300	1,800
High Tech	48,600	1,600	3%	93,400	2,100
Hospitality	73,000	12,100	17%	9,800	280
Offices	162,300	10,000	6%	15,300	250
Retail	115,000	17,000	15%	21,100	140
Other	101,600	3,300	3%	6,100	130
Grand Total	540,300	46,300	9% (average)	18,400 (average)	350 (average)

Note 1: Red represents lowest in segment, whereas green represents the highest in segment.

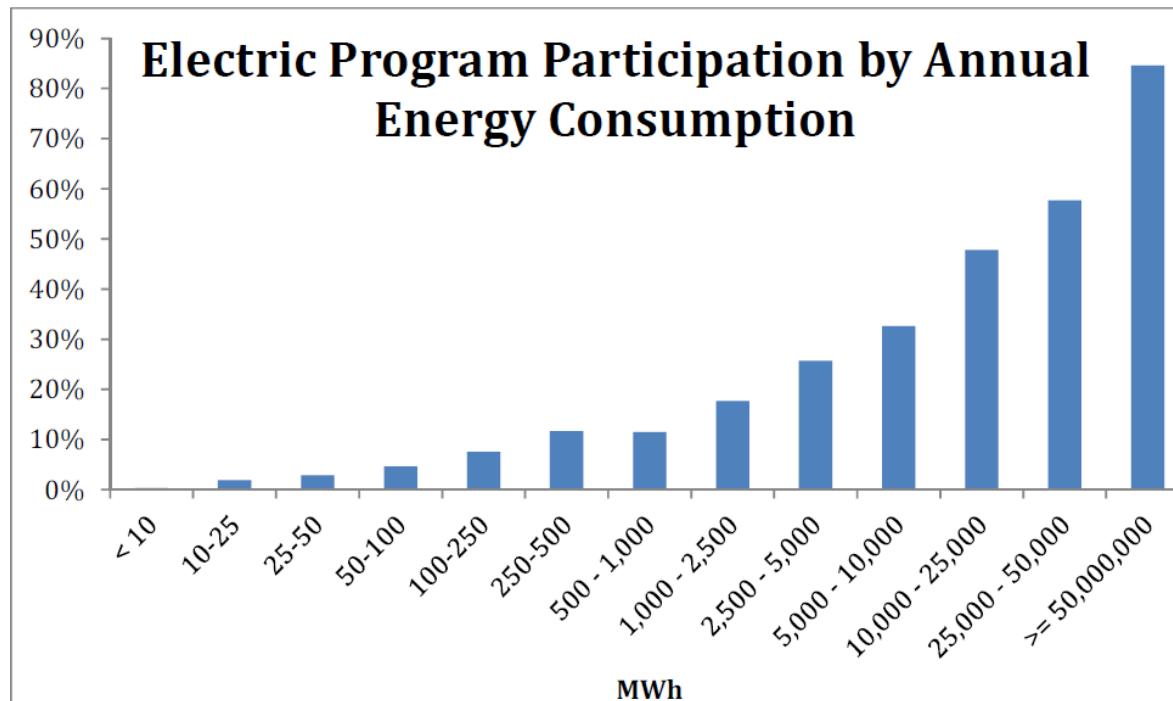
Note 2: "Other" predominantly consists of small and medium sized customers.

- Other segment consists of SMB customers, which have a low program participation rate (3%) and savings rate

(Source: PG&E)

In Massachusetts, 1.4% of eligible customers participated in the small Direct Install program

- Small customers not receiving attention comparable to customers closer to 300 kW cut off

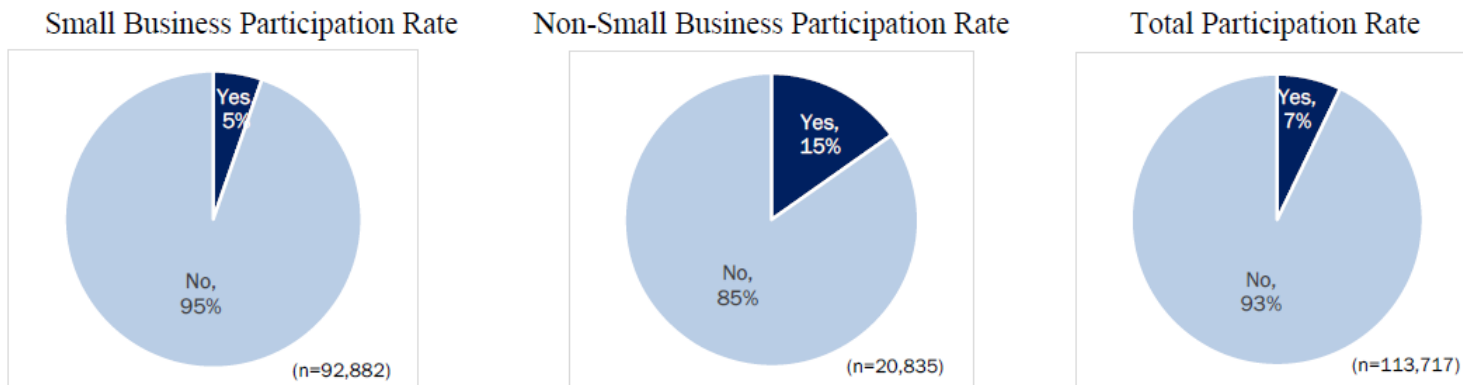


(Source: MA Energy Efficiency Advisory Council)

SMB customers are underserved by PSEG LI's EE programs

- Participation rate among SMB is three times lower than among non-small business customers (5% vs. 15%)

Figure 1. Participation Rate Comparison



(Source: ACEEE)

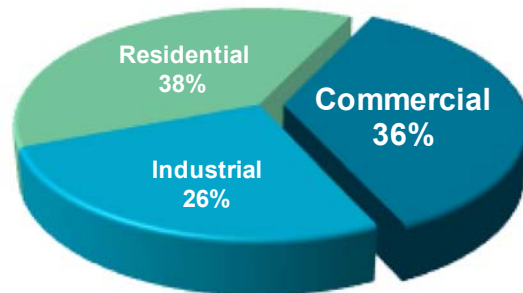
Small Business Best Practices in DR/EE

Shane Fay

Vice President Converge

The SMB Landscape

- 256 Utilities in the US have Commercial / SMB Demand Management programs
- 58% have fewer than 100 participants
- Represents 36% of load in the U.S.



Source: Market Penetration National 2014 EIA Demand Response Index.

SMB Segment is Unique

Operational Considerations	Residential	SMB	C&I
Daytime on Premises	Sometimes	Yes	Yes
Concern for Comfort	Only if present	Yes (For customers and Employees)	Yes (For Workers)
Equipment on Premises	Simple/Common	Varies	Complex/Interlinked
Building Management Equipment	No	Manual	Automatic
Technical Knowledge	Low to No	Low to No (Uses HVACS)	In-house Experts

Marketing			
Segmentation Data	Available	Unavailable	Unavailable
Primary Channel	Mass Market	Face-to-Face	Face-to-Face

Challenges Addressing the SMB Segment

- Channel limitations
 - Traditional approaches alone are largely ineffective
 - **Solution:** Face to face with decision makers
- Competing priorities
 - Revenue means more than savings
 - **Solution:** Benefits must impact the bottom line
- Complexity
 - Demand management is esoteric
 - **Solution:** Design easy, 'no-brainer' offers
- Diversity
 - Multi-lingual and multi-cultural
 - **Solution:** Identify ethnic communities and tailor to specific needs

Best Practices to Engage SMB Segment

- Change mindset from “marketing” to “consumer education” and “customer centric”
- Build solutions based relationship
 - Combine EE and DR offerings
 - Cross promote with value add offerings
 - Optimize relationships with high-touch, value add interactions
- Segment and leverage data
 - SMBs respond to programs clearly tailored to their business models

Best Practices to Engage SMB Segment

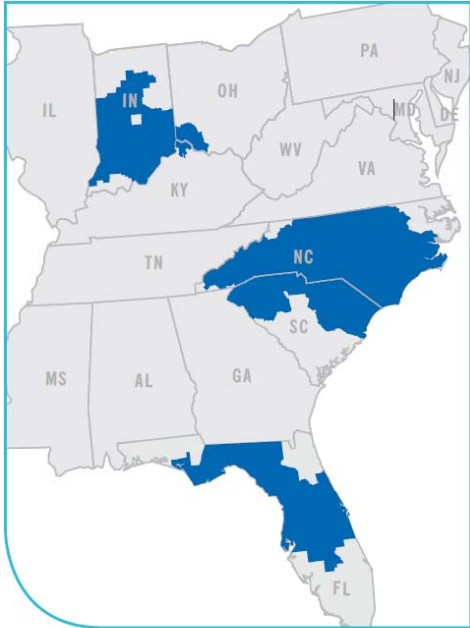
- Design customer centric program
 - Offer choice (with default option)
 - Offer easy to understand, business enhancing product / service
- Communicate face to face
- Partner with PR team and develop communities
- Appeal to communities
- Appeal to “green” values

Duke Energy Small Business Demand Response

By: Jeremy Morrison
Program Manager
April 2017

About Duke Energy

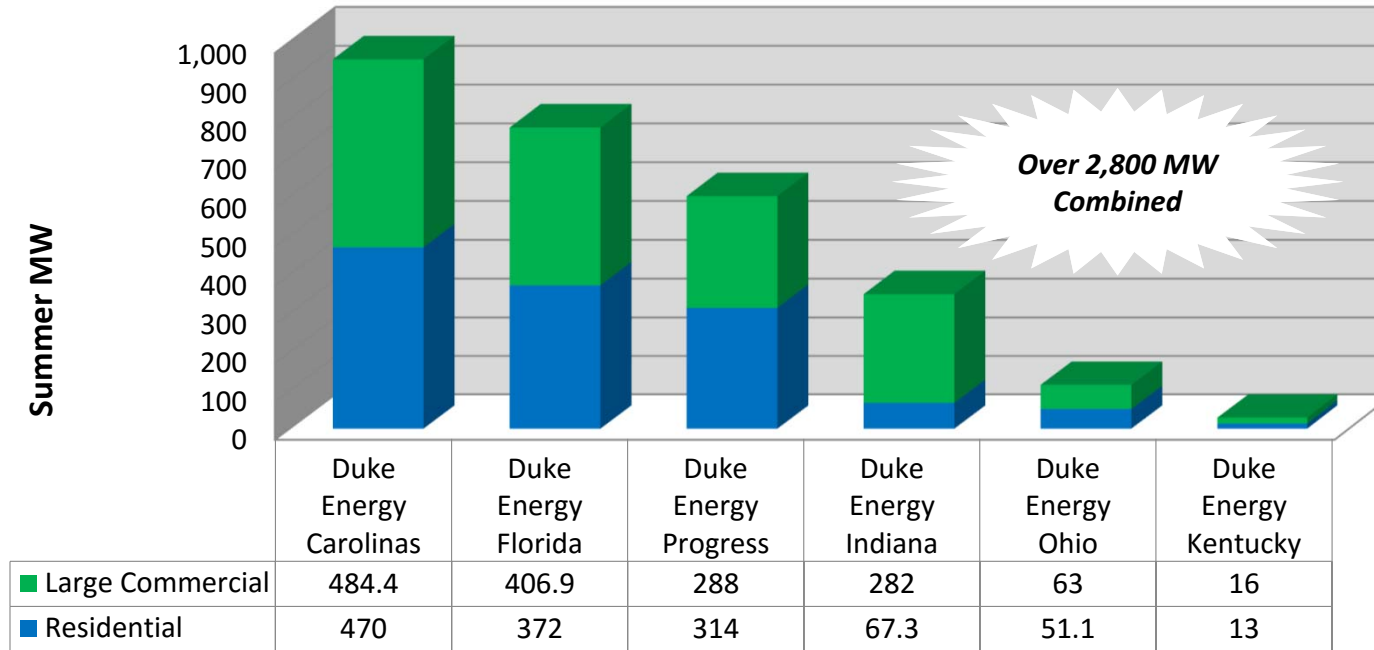
Regulated Utilities	
States Served	NC, SC, IN, OH, KY, FL
Size of Service Territory	104,000 sq. miles
Total Generation Capacity (owned capacity)*	49,626 MW
Total Electric Retail Customers	7.2 million
North Carolina	3.2 million
South Carolina	720,000
Ohio	690,000
Indiana	800,000
Kentucky	140,000
Florida	1.7 million



Duke Energy Service Territory – Regulated Utilities

Six regulated operating companies: Duke Energy Carolinas, Duke Energy Progress, Duke Energy Florida, Duke Energy Indiana, Duke Energy Ohio, Duke Energy Kentucky

Duke Energy Portfolio of DR

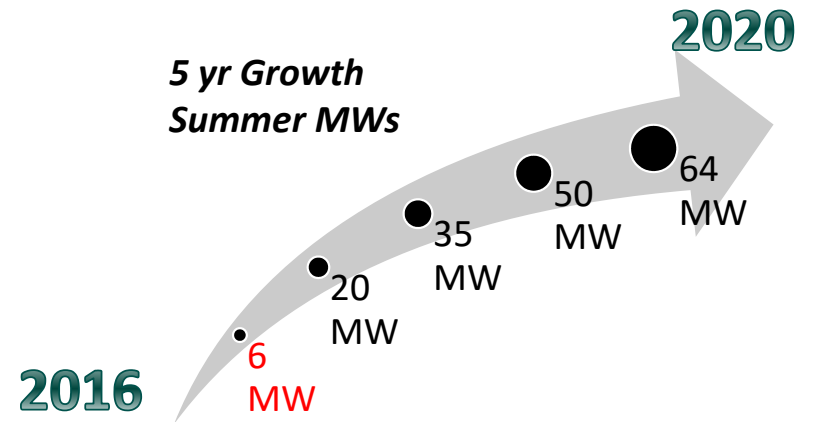


- Large Commercial DR programs require 75 to 100 KW to participate
- 1,000,000 Small and Medium accounts not eligible to participate in any DR program

Small Business Demand Response

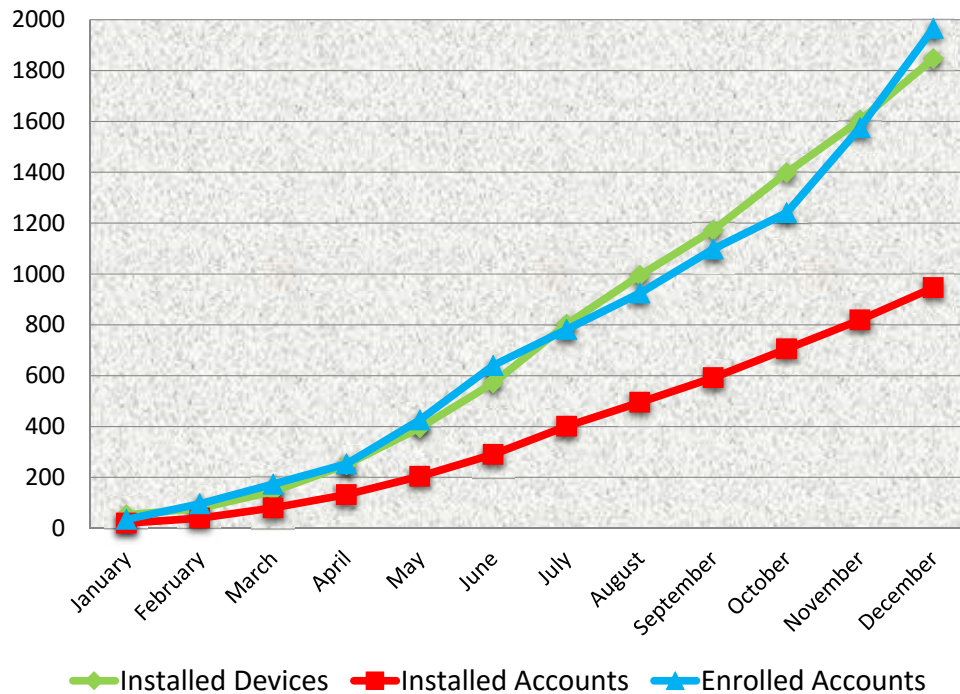
- Flexible Integrated DR & EE Program
 - 2-Way Wi-Fi Thermostat or Wi-Fi/Cellular Switch
 - Web-based Customer Portal for Tstat customers
 - PC, Tablet, Mobile Phone
 - Advanced Control & Scheduling Options
- Multiple AC Cycling Levels for DR
 - Customer choice of 30%, 50%, or 75% AC cycling
 - Winter control option for heat pump participants
- Program Assumptions

<ul style="list-style-type: none"> • Average Customer • 10,000 ft² • 9.5 tons of AC • Has 1.3 AC units 	<ul style="list-style-type: none"> • 60% of customer want Tstat and 40% switch • 50% of customers on 30% • 30% of customer on 50% • 20% of customer on 75%
---	--



2016 Results

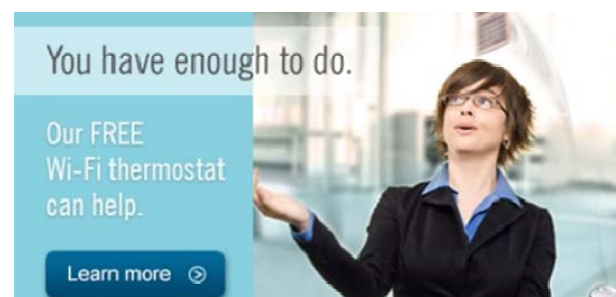
2016 Summary



- 1966 accounts enrolled (537 open)
- 946 accounts installed
- 483 accounts turndown
- 1847 devices installed
- 1.95 devices per account
- Average AC unit 4.29 tons
- Participation level
 - 64% on 30% cycling
 - 22% on 50% cycling
 - 14% on 75% cycling

Marketing

- Start of 2016
 - Web page and cross promotion on website
 - Cross promotion by other programs
 - Emails
- Early Spring
 - Added outbound calling
 - Bill insert
- Mid Year
 - Added Door to Door canvassing
 - Added additional areas and increased number of canvassers in November



- Outbound calling results
 - 25,000 calls completed
 - 1,400 leads generated
 - 297 enrollments
 - Enrollment percentage – 21%
- Door to Door canvassing
 - 1,400 leads generated
 - 678 enrollments
 - Enrollment percentage – 48%

Observations and Lessons Learned

- Things to think about during program design. Weigh the positives and negatives of each.
 - Accounts or devices
 - Incentives
 - Claimed savings (kW and kWh)
 - Reporting
 - Program Assumptions
 - Average size of AC units
 - Number of units
 - Program Options
 - Cycling levels
 - Event overrides
 - Emergency events
 - Number and length of events
- Hitting the marketing target
 - Customer size
 - Decision maker
 - Customer complexity
 - Chain Stores
 - National Accounts
 - Franchises
 - Mom and Pop

