



The Edison Foundation

INSTITUTE for
ELECTRIC INNOVATION

IEI Key Issues Dialogue

Creating a Seamless Residential Customer Experience

Key Takeaways
March 2020

IEI Key Issues Dialogue: Creating a Seamless Residential Customer Experience

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KEY TAKEAWAYS

20 senior executives from 13 electric companies and 6 technology companies gathered in Washington, DC to discuss IEI's continued focus on residential customer services and solutions. The dialogue ranged among rethinking energy efficiency programs, to identifying trends in energy management & clean energy solutions, to achieving excellence in customer service. The following takeaways are the result of these discussions.

Rethinking Energy Efficiency: A Strategic Path Forward

This discussion focused on reframing electric company customer funded energy efficiency programs to align within the context of climate and technology enabled solutions and to continue a focus on customer centricity, maximizing energy savings potential despite challenges ahead.

- There is not one cookie cutter solution for reframing EE programs across all electric companies. Major inhibitors to high yielding customer funded energy efficiency programs include state regulatory frameworks and low cost of services.
- Opportunities for reframing energy efficiency programs are ripe for states with **(1)** AMI data for next generation market potential studies and customer marketing approaches, **(2)** decoupling and performance incentives that enable fair opportunities to gain RoE, and **(3)** strong regulatory commitment to a carbon neutral economy.
 1. Major improvements in EE savings are sometimes found in small pools of customers. Micro segmentation is required to have high yielding marketing campaigns with reduced program costs, shifting away from macro-level market potential studies and program surveys.
 1. Many customers are either uneducated or disinterested in energy usage. Energy efficiency programs can have more success by targeting customers in terms they are familiar with (# of lightbulbs instead of kW). Using technology to educate customers and get customers more interested in home-energy usage can significantly increase energy savings potential.
 1. Technology is not the limiting factor for reframing EE. Motivating customers to take an action resulting in energy efficiency savings is. Short-term customer behavioral programs are key to grabbing the attention of a customer that ultimately increases the chance of a customer action. There must be some sort of “coolness” factor to keep customers interested for continued action (Tesla, Nest, Apple Health App, etc).
 2. Decoupling and performance incentives are the best feasible solution for aligning EE programs with IOU incentives, although the devil is in the details of these mechanisms

- often wasting time, money, and savings potential. Would a simpler solution for regulators be to allow flat fee monthly charges with demand charges at the residential level? Small chance of approval for IOUs, but there are some examples of this rate structure among Co-Op territories.
 - 2. For territories with regulatory inhibitors, reframing EE programs will require trust built over long periods of time with regulators. Some of the most successful electric companies have taken on undesirable EE programs for years before gaining trust and getting regulations to align with electric company metrics. Electric companies may need to restructure organization and invest entire teams to work daily with state regulators for years to align regulation for EE opportunities.
 - 3. Shifting energy efficiency program targets to carbon/BTU metrics may help gain attraction from customers who either never had interest in EE or have lost interest after hearing repetitive information over the past 20 years.
 - 3. Shifting from an EE program to a DR/location/time-based program while using the same kWh measurements can lead to lots of confusion for rate approvals and for customer understanding. Can shifting the metric for measuring program success when reframing an EE program avoid regulatory and customer confusion?
 - 3. There is not only a need to reduce carbon over a long period of time for deep decarbonization, but also a need to reduce carbon in the short term. Long term savings are more stable investments, but a ton of carbon saved today is more valuable than a ton of carbon saved tomorrow.
 - 3. There are examples already in NY and MA to evaluate programs on a MMBtu basis, rather than a kWh basis, allowing electric companies to focus both on electrification and energy efficiency.
- A new version of EE will most likely be a blend of EE/DR/Electrification teams that are normally siloed in electric company organizations. Not only will there be a challenge to break down silos, but also many of these programs which are currently a backbone for stable earnings revenue may be tough to get approval for adjustments.

About the Institute for Electric Innovation

The Institute for Electric Innovation focuses on advancing the adoption and application of new technologies that will strengthen and transform the energy grid. IEI's members are the investor-owned electric companies that represent about 70 percent of the U.S. electric power industry. The membership is committed to an affordable, reliable, secure, and clean energy future.

IEI promotes the sharing of information, ideas, and experiences among regulators, policymakers, technology companies, thought leaders, and the electric power industry. IEI also identifies policies that support the business case for the adoption of cost-effective technologies.

IEI is governed by a Management Committee of electric industry Chief Executive Officers. In addition, IEI has a select group of technology companies on its Technology Partner Roundtable.

About the Edison Foundation

The Edison Foundation is a 501(c)(3) charitable organization dedicated to bringing the benefits of electricity to families, businesses, and industries worldwide. Furthering Thomas Alva Edison's spirit of invention, the Foundation works to encourage a greater understanding of the production, delivery, and use of electric power to foster economic progress; to ensure a safe and clean environment; and to improve the quality of life for all people. The Edison Foundation provides knowledge, insight, and leadership to achieve its goals through research, conferences, grants, and other outreach activities.



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