



Exploring New Models for Energy Efficiency in the Retail Channel

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Presented by:

Laura Wilson, Business Development Manager
Puget Sound Energy



POS Models - Agenda

- Puget Sound region appliance rebate programs
- Why POS models for appliances
- Retailer capabilities and participation
- POS model types
- Helpful tools

PSE Appliance Programs



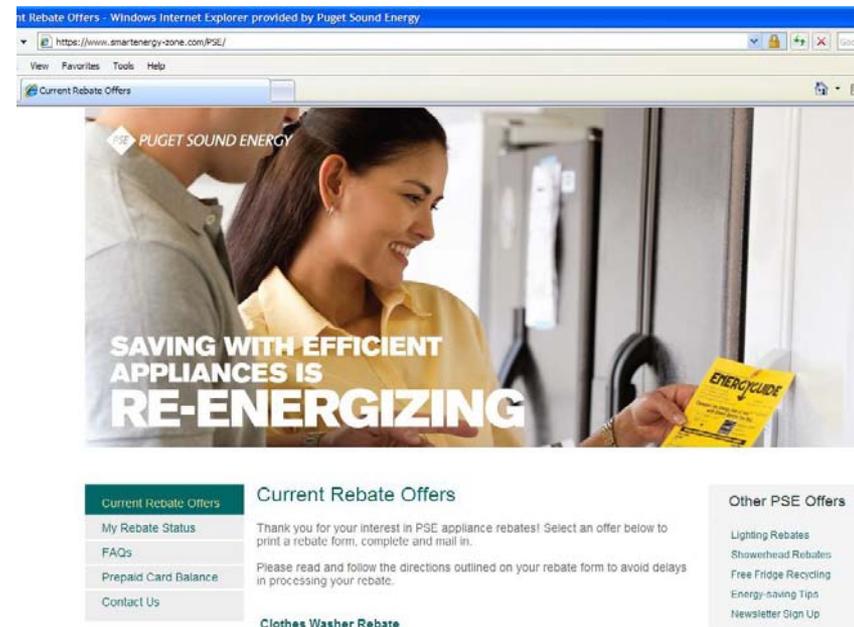
- Clothes washers – Mail-in
 - WashWise Tier 1 (\geq MEF 2.2, \leq WF 4.5) = \$50
 - WashWise Tier 2 (\geq MEF 2.46, \leq WF 4.0) = \$100
- Refrigerators – Mail-in and *POS
 - CEE Tier 2 and 3 = \$35
- Freezers – *POS
 - Energy Star = \$20
- Decomm – Direct and *POS
 - Free haul-away, recycling, and \$20



*Sears only

Enhancements to Mail-in

- Rebate form
 - 1 page and 30 day deadline
- Online registration
 - Zero participation
- Online rebate status
 - Used (web clicks)
- Visa cash cards
 - No complaints recorded



Mail-in vs POS: Customer Experience

Mail-in

- See rebate POP on products
- Hear about rebate from SA
- Purchase, receive mail-in rebate application, & go home to fill it out:
 - Utility acct #
 - Mailing address
 - Purchase & install dates
 - MFG & Model #
 - Copy of receipt, electric bill, & application
 - Prepare envelope, stamp, & mail
- Customers forget = 35%

POS

- See rebate POP on products
- Hear about rebate from SA
- Purchase & receive instant rebate
 - Lowers upfront cost of purchase

Mail-in vs POS: Utility Experience

Mail-in

- Receive individual applications
 - Enter all info into data system
- Verify:
 - Missing info (contact customer)
 - Against QPL
 - Verify customer (oddity, contact utility)
- Report & invoice (customer, store, & product)
- Issue check (longer) or visa debit card (shorter) per application

POS

- Receive monthly POS report w/ customer info from retailer
- Verify:
 - Against QPL
 - Verify customer (oddity, contact utility)
- Report & invoice (customer, store, & product)
- Issue one payment to retailer

Mail-in vs POS: Utility Costs

Mail-in

- Processing (multiple)
- Call center
- Payment issuance (multiple)
- Overall: low admin per unit cost
 - Depending on processing volume, can be \$8-20/unit

POS

- Processing (one)
- Payment issuance (one)
- Overall: low admin per unit cost
 - Depending on processing volume, can be <\$8/unit

Appliance Category Challenges

- Market transformation
 - Increase product efficiency = Increase tiers of efficiency
 - Higher baseline = Decrease savings
- High ticket items
 - Meaningful rebate amount?
 - Are we leaving behind lower income shoppers?
- Water and electric utilities adjusting to their business
 - Decrease rebate amounts
 - Decrease admin costs
 - Varying utility program offerings in cross-stores

Retailer Capabilities Snapshot

- Evolving stages varies
 - Old POS systems
 - Utility world silos
 - Administration time and upfront cost justification
 - Rebate amounts and sales volume
 - Sales associate commission
 - Cash accounting performance



Sears POS Model Pilot

- Activate stores
 - >75% PSE shoppers
 - 8 out of 10 stores
- Activate quarterly QPL to utility rebate barcode
- Sales associates:
 - Verify customer verbally
 - Collect customer info & enters into data system
 - Scans barcode with qualified purchase

\$35 INSTANT REBATE
 FROM PSE ON THIS QUALIFIED REFRIGERATOR

See a sales associate for details.

PUGET SOUND ENERGY For more ways to save, visit: PSE.COM/ReENERGIZE

For limited time in select locations. In order to participate in the Rebate Program, Sears Holdings Corp. will share your purchase information with the participating utility.

\$35 INSTANT REBATE

\$20 INSTANT REBATE
 FROM PSE ON THIS QUALIFIED FREEZER

See a sales associate for details.

PUGET SOUND ENERGY For more ways to save, visit: PSE.COM/ReENERGIZE

For limited time in select locations. In order to participate in the Rebate Program, Sears Holdings Corp. will share your purchase information with the participating utility.

\$20 INSTANT REBATE

Sears POS Model - Pilot

Sales Check #	Sales Date	Division Number	Item Number	Product Description	Coupon Number	Customer Name	Address	Customer City	Customer State	Customer Zip	Sales Price	Discount Provided to Customer	Store Number
13101127689	10/1/2011	46	12345	Refrigerator	7289056	Smith John	1212 Main ST	Skokie	IL	60203	8475551212	(-30.00)	1310
13241261456	10/2/2011	46	9834	Refrigerator	7289056	Thompson Sara	1118 1st Ave	Nowhere	IL	60076	8155555555	(-30.00)	1324

- Sears provides monthly POS report
 - Specific purchase to customer
- Utility's rebate processor verify customer & pays on valid matches
- Sears keeps track on activated store performance

Sears POS Model - Tools

- Western Regional Utility Collaboration
- 3 subcommittees: Lighting POP, Appliance, and POS
- POS subcommittee (Lead: Kari Binley, PG&E):
 - Guide
 - Implementation checklist

Western Utility Summit-Working Document: 01/23/2012 Rev:

Point-of-Sale Instant Rebate: Retailer Requirements

Establishing and Managing Benchmarks: The POS program was created to help retail partners sell more energy efficient products as well as to increase the number of UTILITY customers who qualify for the rebates, to actually receive the rebates. It is the expectation of UTILITY that the retail partner will actively manage the program to achieve our mutually agreed upon goals.

Breakage:

- 60 days after the launch of the program, the retailer will provide UTILITY with a report measuring breakage by store (Total Sales net Returns vs. rebates submitted) to be used as a baseline.
- UTILITY will provide a maximum program breakage calculation by store to establish by-store breakage expectations.
- Retailer and UTILITY establish an agreed upon breakage goal
- Retailer provides UTILITY with a plan to manage store procedures and personnel to achieve the agreed upon goal.
- Retailer provides UTILITY with reporting on under-performing stores for UTILITY to deploy Field Team for additional training.

Non-Qualifying Customers:
In addition to breakage, UTILITY will monitor retailer data in order to verify that rebates to non-qualifying UTILITY customers are kept to a minimum (Less than 5%). If the retailer exceeds the 5% threshold, UTILITY and retailer will work together to create an improvement plan specifically to address this issue.

	Utility	Processor	Retailer
	x		
	x		
Store List			x
Product List			x
Specific Information, Qualifying Information, (requires sales date)	x		
System (eg, for MDSS, Date Service Group,	x		x
and Invoice	x	x	
olutions, set them up		x	x

Attribution	File set-up for batch uploads		
	Create POP	x	x
	Approve POP		
Sales Process	Initiate "Thank You Letter" or other "customer post-sale outreach" process	x	x
	Create Training for In-store Process		x
Inspection Process	Create and disseminate Barcode (where applicable)		
	Deploy Field Team	x	
Breakage Reduction Process	Establish inspection process	x	x
	Define and agree on reduction goals	x	x
Non-Utility Customer Participation Reduction Process	Share sales and rebate data at the store level	x	x
	Develop and implement reduction strategy. Monitor and fine tune.	x	
Participation Reduction Process	Establish process to track Non-Utility Customer Participation	x	x
	Develop and implement plan to reduce Non-Utility Customer Participation. Monitor and fine tune.	x	

Other POS Models

- Home Depot zip code
 - POS report: specific purchase to zip code
 - Activate 12 out of 18 stores: $\geq 97\%$ PSE shoppers
 - Low rebate amount: refrigerators and freezers

- Retailer after purchase rebate mailed
 - POS report: specific purchase to customer
 - Verify customer & qualified product purchase
 - Issues rebates to each valid customer/purchase

Contact

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Exploring New Models for Energy Efficiency in the Retail Channel

Presented by:

Matt Braman, Residential Program Manager
Energy Trust of Oregon

Market Lift

- Pay for performance design
 - Incentives for sales above baseline
- Use of sales data to:
 - Set baseline and track progress
 - Pay incentives
- Use of comparison region/stores
- Retailer commitment to increase category sales

Market Lift Pilot

- **Goal #1 - Test market lift in Northwest**
- **Goal #2 – Obtain EISA baseline data**
- **Success = a measurable increase in efficient lighting market share**
- Collaborators - Energy Trust, BPA, D&R International, PECl, and Fluid
- Target Market – General purpose CFLs
- Participating Stores – 2 Big Box retailers

Timeline

- Planning/development (April-June)
- Field Test (July-December)
- Report results (Q1 2013)
- Leverages Simple Steps Infrastructure
 - Enhanced field services
 - Observation

Lighting Categories

- Participating Group 1
 - 100+watt eq. – 1,490 to 2,600 lumens
- Participating Group 2
 - 75 watt eq. 1,050 to 1,489 lumens
 - 60 watt eq. 750 to 1,049 lumens
 - 40 watt eq. 310 to 749 lumens
- Non-participating Group

Incentive Structures

- Volume
- Market Share

Market Share “example”

Region	Category	Baseline	Target Tier 1	Target Tier 2	Target Tier 3
Lift 1	Efficient	20%	22%	24%	26%
	Non-Efficient	80%	78%	76%	74%
	Incentive	\$0.00/lamp	\$0.50/lamp	\$1.00/lamp	\$1.50/lamp

Benefits/Advantages

- Potential to expand to other measures
- Hedge against negative impacts from EISA or rare earth metal shortage
- Low transaction costs
- Receive complete lighting data
- Leverages Simple Steps infrastructure
- Enhanced retailer relationships
- Customer service
- Low risk

WECC Lessons Learned

- Early and regular observation needed
- Increased duration
 - Longer lead time
- Require retailers to submit strategy plan

Role of Field Support

- Provide focused field support to retailer
 - Sales associate training/engagement
 - In store event staffing/coordination
 - Development of promotional displays
 - Weekly visits to observe and record activities

- Hands-off retailer visits (observational only)
 - Allow the retailer to use their merchandizing/promotion expertise to move product
 - Weekly visits to observe and record activities (only)

Risks

- Difficult to measure influence
 - Changing market conditions
- Comparison stores see similar market change
- Non-participating retailers, or those that sell mostly CFLs see this as unfair

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Retail Promotions: A Planning and Evaluation Perspective

Presented by:

Carrie Cobb, Planning/Research Specialist
BPA Energy Efficiency

Overview

- Leveraging opportunities for data
- Benefits of getting data
- Free-ridership/Non-programmatic savings

Opportunities for data

- Retail Partnerships:
 - Opportunity to request sales data outside of your direct incentives
 - Other stores outside of the promotion
 - Other products
 - For instance, if you run a fridge promotion, ask for sales data on clothes washers and lighting too
 - BPA's market lift partnership with ETO is giving us access to EISA baseline data AND white goods sales data

Benefits of Sales Data

- Assist in clever program design
- Claim non-programmatic or market transformation savings
- Assist in evaluation and planning
- Excellent baseline information

Evaluation Data

- Consider evaluation at the beginning:
 - Negotiate access to:
 - “Control” stores
 - Pre- and post- years of sales data
 - Evaluation can help determine:
 - Free-ridership
 - Quantify non-programmatic savings

Investing to move the market

- Free-ridership: Rebates require end-user effort to submit, instant rebates do not
 - Don't pay for savings that would happen anyhow!
 - The Council methodology allows savings to be tracked non-programmatically or through market transformation
 - Caveat: BPA has claimed non-programmatic savings to the Council, but unclear what utilities can claim under I-937.

Point of Sale

- Two models:
 - Incenting at higher tiers
 - Intent is to move the market to the highest efficiency
 - Lower tiers will likely have the highest rate of free-riders
 - Incenting all eligible units
 - Free-ridership highest

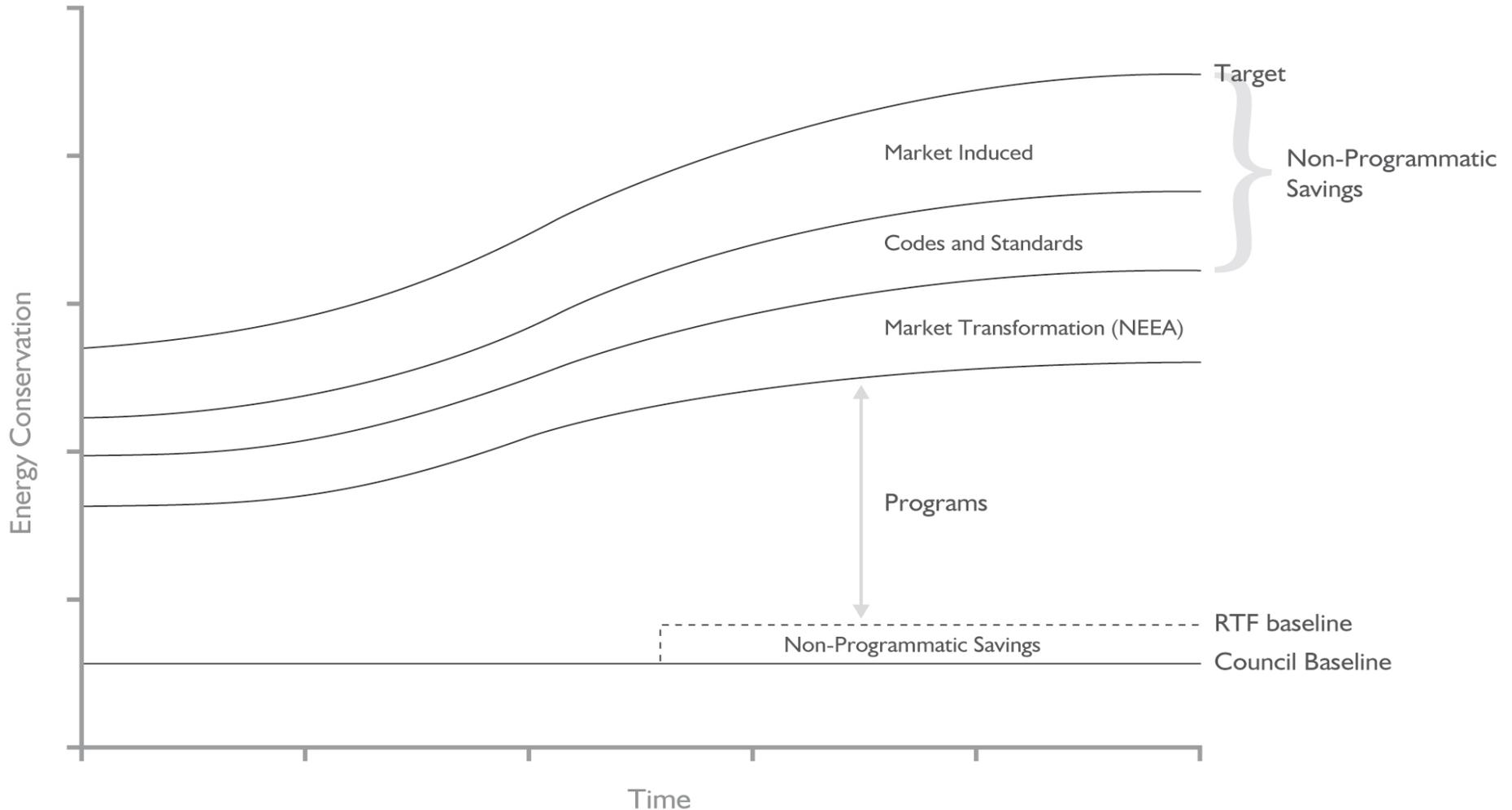
Market Lift

- Sets a baseline for a store
- Incentivizes achievement that pushes the store to a higher efficiency level than its historic performance
- Program can claim all eligible sales towards goals
- Designed to minimize free-ridership, and maximize savings

All energy efficiency is a resource

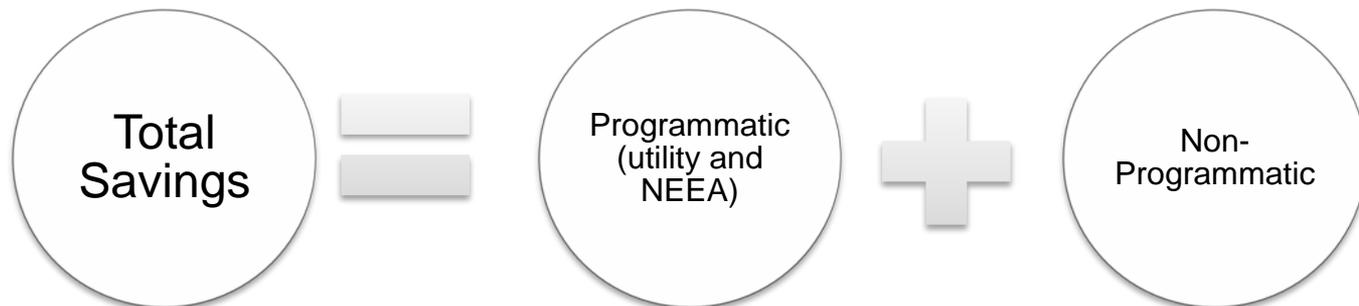
- BPA's targets are based on the Northwest Power and Conservation Council's Regional Sixth Power Plan
 - Treats energy efficiency as a power resource
 - Penetration rate includes all cost-effective and achievable conservation
 - Agnostic to who pays for the conservation or why it occurs
- Council method is very different than the California approach of estimating net-to-gross savings

Savings as a Power Resource



Non-programmatic Savings

- Non-programmatic savings are reductions in utility load that are not paid/tracked/reported through utility or NEEA market transformation programs
- Sales Data is a great way to track these savings



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