

Reforming the Energy Vision

Demonstration Project Q2 2016 Report

Community Energy Coordination

Table of Contents

- 1.0 Executive Summary 3
- 2.0 Demonstration Highlights Since the Previous Quarter 4
 - 2.1 Activities Overview, Major Tasks Completed, and Milestones Progress 4
 - 2.1.1 Activity: Service Provider Engagement..... 5
 - 2.1.2 Activity: Platform Development 7
 - 2.1.3 Activity: Marketing Plan Development 8
 - 2.1.4 Community Engagement..... 9
 - 2.2 Checkpoints 9
 - 2.3 Issues 10
- 3.0 Work Plan 11
 - 3.1 Budget Review 11
 - 3.2 Updated Work Plan 12
 - 3.3 Next Quarter Planned Activities 13
- 4.0 Conclusion 14

1.0 Executive Summary

The Community Energy Coordination (CEC) demonstration project seeks to reduce customer barriers to the adoption of distributed energy resources (DER). The project team has hypothesized that NYSEG can reduce the cost and support increased adoption of DER by taking on various roles within the DER value chain including:

- Facilitating community input to ensure solutions are in support of community energy goals and that synergies are identified with existing clean energy initiatives;
- Acting as a sales agent for DER service providers to leverage NYSEG's connection with customers; and
- Acting as a market coordinator to ensure customers are connected with DER service providers and other relevant information in a manner that supports an efficient DER market.

Through the CEC project NYSEG will market three different DER's; residential solar, community solar, and energy efficiency services, directly to its customers. Customers will be directed to go to an online services marketplace where they will be able to gather information about participating service provider offerings.

Since the project launched in February 2016 the project team has gathered input from community stakeholders through more than forty meetings, has explored how to create value for service providers through a formal request for information and additional service provider discussions, and has scoped a web platform for connecting customers with service providers.

This report provides an overview of the activity, progress, and results during the second quarter or 2016. The report also provides an updated project plan based on the first and second quarter activity.

2.0 Demonstration Highlights Since the Previous Quarter

During the second quarter of 2016 the Community Energy Coordination demonstration project continued making progress toward the project plan. Key highlights from the second quarter include:

- Created and issued service provider request for information
- Received letters of interest from fourteen service providers representing twenty service offerings
- Continued web platform development
- Created scope for market research
- Continued community engagement

2.1 Activities Overview, Major Tasks Completed, and Milestones Progress

Table 1: Implementation Plan Milestones by Project Task

Project Task	Milestone for Task Completion	IP Target	Status
Community Stakeholder Engagement	Key lessons learned from community stakeholder engagement	Q1 2016	Complete
Create Updated Project Scope	Updated project scope filed in Q1 2016 report	Q1 2016	Complete
Service Provider Engagement	Issue Service Provider RFP	Q3 2016	In Progress
Service Provider Engagement	Contract with service providers	Q4 2016	In Progress
Platform Development	Begin Platform Development	Q2 2016	In Progress
Platform Development	Platform ready for go-live	Q4 2016	In Progress
Refine project metrics	Update business models with revenue projections	Q3 2016	In Progress
Marketing Plan Development	Marketing plan completed	Q4 2016	In Progress
Active Marketing	Awareness and response targets met	Q2 2017	In Progress
Sales Completion	Sales targets met	Q3 2017	In Progress
Project Evaluation	Revenue and stakeholder satisfaction targets met	Q4 2017	In Progress

2.1.1 Activity: Service Provider Engagement

Created and issued service provider request for information

During the second quarter a Community Energy Coordination request for information (RFI) was issued. The RFI covered each of the resource offerings being considered in this project, including residential solar, community solar, and residential energy efficiency services. The document was sent to sixty one companies and twenty four community organizations and municipalities. The sixty one companies included NY-SUN qualified solar installers and NYSERDA qualified Home Performance Program contractors.

The RFI provided an overview of the CEC project including background information, design concepts, and the envisioned value for service providers. The RFI requested that those that would like to be considered for participation in the CEC project respond with a letter of interest. It was requested that the letter of interest include the following components:

For Residential Solar

- Qualifications and experience as a NY-SUN contractor
- Solar PV products and services currently offered to Tompkins County residents
- Financing options offered, including standard/typical terms for a PPA
- Willingness and ability to participate in the activities described in the RFI
- Suggestions or concerns that might help the project be successful

For Community Solar

- Intention and qualifications to finance, build, operate, own, and/or manage administration of Community Solar
- Possible location(s) and size of community solar arrays
- Financing and/or ownership options anticipated
- Target members (number of members, demographics etc.)
- Willingness and ability to participate in the activities described in the RFI
- Suggestions or concerns that might help the project be successful

For Residential Energy Efficiency Services

- Qualifications and experience as a NYSERDA Home Performance Program contractor
- Energy efficiency products and services currently offered to Tompkins County residents
- Willingness and ability to participate in the activities described in the RFI
- Suggestions or concerns that might help the project be successful

Letter of interest were received from fourteen companies representing twenty DER service offerings. These included nine companies interested in residential solar, seven companies interested in community solar, and five companies interested in residential energy efficiency

services. The interested companies are diverse with four having primary offices in Tompkins County, nine having primary offices elsewhere in New York state, and one having primary offices outside of New York state.

Residential Solar Responses

The nine companies that expressed interest in residential solar are all qualified with significant experience installing residential solar in New York. The companies currently offer a range of financing options ranging from \$0 down low interest loans, Green Jobs Green New York loans, and Purchase Power Agreements.

One respondent recommended that the project should include multiple offerings through a tiered approach that could provide solutions for both price conscious consumers and value conscious consumers. Related to that, another respondent recommended that enough contractor information should be provided to allow consumers to differentiate between contractors. Finally, another respondent recommended that based on experience with solarize campaigns, the project should limit participation to no more than three contractors in order to make the experience clear, easy, and straight forward for consumers.

Community Solar Responses

The seven companies that expressed interest in community solar are all qualified with experience installing commercial solar in New York. A few of the companies are actively promoting and signing contracts for community solar and the others are cautiously optimistic about the prospects for community solar in the near future. One respondent recommended that the marketing and communications for this project should clearly differentiate different models of community solar ownership and/or participation that will be presented to different groups of consumers. This might include a month to month billing option for low to moderate income consumers, an ownership model for those who might benefit from available tax credits, and a long term purchase power agreement for those who require long term stability.

Residential Energy Efficiency Services Responses

The five companies that expressed interest in residential energy efficiency services are all qualified and are currently participating in NYSERDA's Home Performance program. The companies range from some who focus specifically on insulation and air sealing to others who offer a complete line of heating, ventilation, and air conditioning products and services. One company expressed interest in being a provider of finance for residential energy efficiency services. This opportunity will be explored further in the coming weeks and will be reviewed with the potential service provider participants.

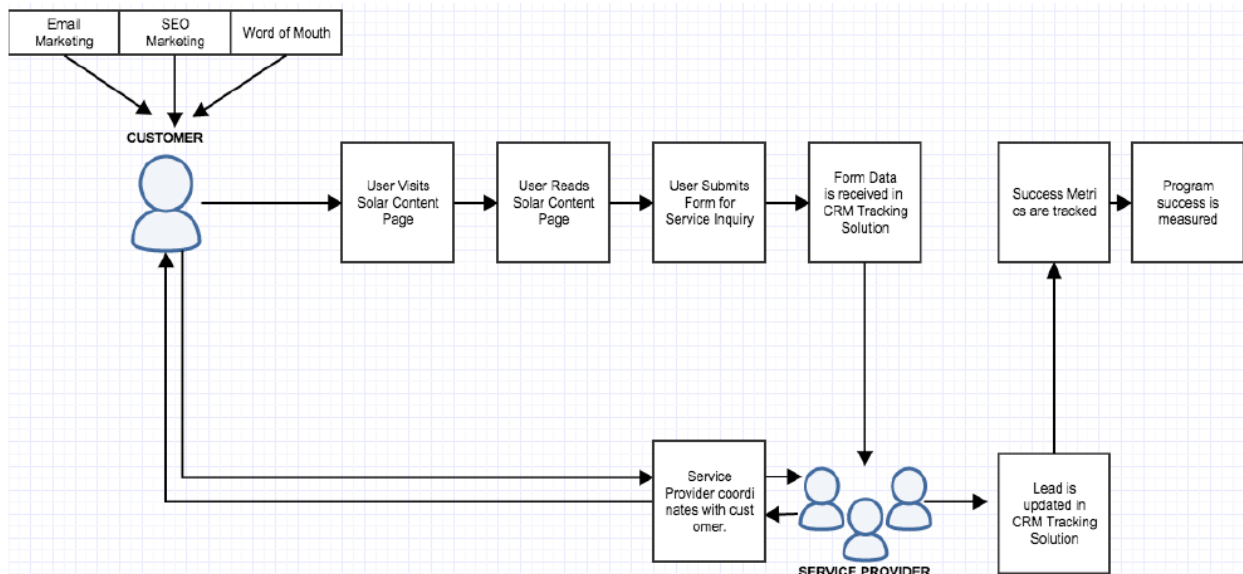
2.1.2 Activity: Platform Development

Define platform scope and specifications

The Community Energy Coordination marketplace website, hosted by Simple Energy, will educate customers on residential solar, community solar, and energy efficiency service offers as well as the associated incentives and eligibility criteria for program offers. It will also include lightweight qualification tools, such as a calculator that will allow customers to estimate their energy generation, installation costs, and expected bill impact.

The site will enable customers to take action by connecting them to the right solutions and contractors. It will provide the functionality for interested customers to either sign up or request more information about the services so that the contractors can streamline the project scoping and transaction process. The site will have some lightweight validation questions that check residency and other requirements.

Figure 1: Potential Lead Generation Workflow



Site design and functionality will be further defined based on upcoming workshop sessions with participating service providers. These workshop sessions will allow NYSEG and Simple Energy to better understand service providers existing workflows and customer journey and to recognize how the site should function in order to provide the most value for them and their customers. A prototype of the site will be available by the end of the third quarter to share with participating service providers and will be ready for launch by the first quarter of 2017.

2.1.3 Activity: Marketing Plan Development

NYSEG has scoped an initial customer survey that will identify customer baseline levels of awareness, attitudes, and interest in both residential energy efficiency and local energy generation options. The survey will assess customer perceptions about NYSEG's role within the energy services value chain and will begin exploring the factors that will drive action toward adoption of the energy services that will be offered through this project. The survey will identify residential customer segment profiles and quantify numbers of residents within those profiles.

The survey will be conducted through a mixture of web based and telephone based inquires and will obtain information, awareness, attitudes, and interest related to the following:

- A. Demographics
- B. Household characteristics
- C. Energy efficiency attitudes and behaviors
 - Actions previously taken to save energy
 - Previous participation in energy efficiency programs
 - Motivations for saving energy
 - Perceived obstacles to saving energy
 - Knowledge of energy saving measures
- D. Willingness to take action and change behaviors related to saving energy
 - Motivations for taking action
 - Motivations for changing behavior
 - Values that drive energy saving decisions
- E. Perception of residential, premise-based solar and community solar
 - Benefits
 - Concerns
- F. Perception of NYSEG as a trusted partner
- G. Willingness to engage with NYSEG
 - For energy efficiency support
 - For residential premise-based solar support
 - For community solar support
- H. Willingness to participate in a NYSEG program to match customers with:
 - Energy efficiency service providers
 - Residential, premise-based solar
 - Community solar
- I. Willingness to share energy consumption data with NYSEG approved service providers
- J. Awareness of community energy goals for Tompkins County or other jurisdictions

This survey will be further developed and issued during Q3 2016 with results expected late Q3 or early Q4 2016.

2.1.4 Community Engagement

During the second quarter of 2016 the project team continued engaging with the community through the established Community Advisory Board. The advisory board has met regularly and members have developed a thorough understanding of the project scope. Members have been highly engaged and open to sharing their perspectives regarding multiple elements of the project including project design, how we work with service providers, and insight on how other community energy initiatives might relate to the CEC project. In addition to regular meetings with the Community Advisory Board, the project team has continued to explore opportunities to learn from and collaborate with other related initiatives including Solar Tompkins and Heat Smart Tompkins.

2.2 Checkpoints

Table 2: Completed checkpoints

Check Point	Completed
Defined Product Offering	Included in Q1 2016 status report

Table 3: Check Points

Check Point	Description
Community Stakeholder Support of Project	Measure: Community stakeholders support the project How: Community Advisory Board expresses satisfaction with the project When: Q2 2017 (changed from Q2 2016)
Program Design	Measure: Detailed product offering with defined roles, schedule, and deliverables for each participating company How: Detailed operational plan When: Q4 2016 (changed from Q2 2016)
Identify Target Customers	Measure: List of customers who will be targeted for the project offerings How: Using test population methodology When: Q4 2016 (changed from Q3 2016)
Customer Response	Measure: Eligible customers response to project communications How: Customer contact tracking Target: 8% response rate When: Q2 2017
Customer Adoption	Measure: Eligible customers commitment to project offerings How: Customer sales Target: (will refine with input from service providers) When: Q3 2017

Revenue Generation	Measure: Lead fees generated How: Documented total lead fees paid by participating service providers Target: \$240 per lead When: Q4 2017
Program Efficiency	Measure: Customer acquisition costs are lower than business as usual How: Documented CEC acquisition cost per # of enrolled customer Target: =< participating service provider benchmark When: Q4: 2017 (changed from Q3 2017)
Service Provider Satisfaction	Measure: Participating service providers are satisfied with the CEC project How: Survey of participating service providers Target: >85% satisfaction with the project When: Q4 2017

2.3 Issues

As the project moves forward, we will be addressing the following issues:

Complexity and diversity of the consumer energy landscape

There are a multitude of energy programs already shaping customer perceptions and the evolving role of the utility can be confusing. The project team recognized that a robust marketing and communications plan will be needed in order to fully connect with customers and drive them to action. Communications with customers will be delivered through multiple channels and will seek to leverage existing networks for trusted advisors, community leaders, affiliate groups and grassroots organizations.

Community Distributed Generation is new in New York and project development may be slow and complex at this early stage

Many service providers have expressed cautious optimism regarding community distributed generation (CDG). At least one service provider is currently constructing a CDG solar array with one other taking pre-subscriptions. It is not entirely certain that there will be a robust asset pool that will be available to be marketed as CDG within this project. The project team will work with potential service provider participants to better understand how the CEC project can best serve and create value for CGD developers.

3.0 Work Plan

3.1 Budget Review

The current positive variance is expected to be utilized within the next six months on platform development and marketing.

Table 3: Budget Review

	2015	2016	
	Q4	Q1	Q2
Project Budget	\$10,000	\$85,000	\$75,000
Actual Spend	\$2,336	\$22,116	\$29,795
Variance	\$7,664	\$62,884	\$45,205

3.2 Updated Work Plan

Below is the updated project plan based on the outcome of the Phase 1 activities and lessons learned from Q2 progress:

Figure 2: CEC Project Plan

	Ownership	2015		2016				2017			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Phase 0: Project Development											
Activity 0.1: Regulatory Implementation Plan Milestone : Regulatory Approval	NYSEG										
Activity 0.2: Service Agreement and Contract with Partner Milestone: Contract Signed	NYSEG			x							
Phase 1: Planning & Community Engagement											
Activity 1.1: Community Stakeholder Engagement Establish Community Advisory Board & Socialize Project Goals Identify key community stakeholders (approx 5 to 7 groups) Hold introductory meetings with key stakeholder groups Hold follow up meetings to gather key interested stakeholder input Hold information gathering meetings with various potential service providers Milestone: Key lessons learned from community stakeholder engagement	NYSEG / Taitem NYSEG / Taitem NYSEG / Taitem Taitem Taitem Taitem										
Activity 1.2: Create Updated Project Scope Identify project scope based on stakeholder input Communicate project scope to stakeholders (iterate where needed) Engage with potential service providers Create updated product / service scope Milestone: Updated Scope Filed in Quarterly Report	NYSEG / Taitem NYSEG / Taitem NYSEG / Taitem NYSEG / Taitem NYSEG										
Phase 2: Project Planning and Market Solicitation											
Activity 2.1: Service Provider Engagement Issue service provider RFI's Benchmark two successful community-based programs to ID best practices Identify and engage with potential residential solar service providers Identify and engage with potential sponsors of Community Solar arrays Identify and engage with potential energy efficiency service providers Milestone: Issue Service Provider RFP Review proposals and develop terms Provide offers to service providers for participation Collaborate with selected service providers on program details Milestone: Contracts With Service Providers	NYSEG / Taitem NYSEG Taitem Taitem Taitem NYSEG / Taitem NYSEG NYSEG / Taitem										
Activity 2.2: Platform Development Define initial platform scope and specifications Milestone: Begin Platform Development Facilitate service provider requirements workshop Build platform Test platform Milestone: Platform Ready for Go-Live	NYSEG / Simple NYSEG NYSEG / Simple Simple Energy NYSEG / Simple										
Activity 2.3 Refine Project Metrics Draft Business Models for each DER Milestone: Update Business Models with revenue projections	NYSEG / Taitem NYSEG / Taitem										
Phase 3: Customer Solicitation											
Activity 3.1: Marketing Plan Development Market research Create Marketing Materials Establish co-marketing with stakeholders Milestone: Marketing Plan Completed	NYSEG / Taitem NYSEG / Taitem NYSEG / Taitem NYSEG / Taitem										
Activity 3.2: Active Marketing Targeted marketing Public awareness campaign through multiple channels Milestone: Awareness and Response Targets Met	NYSEG / Taitem NYSEG NYSEG / Taitem										
Phase 4: Market Animation											
Activity 4.1: Sales Completion Work with DER service providers to optimize results Work with NYSEERDA to share data Measure customer satisfaction Milestone: Sales Target Met	NYSEG / Taitem Taitem NYSEG / Taitem NYSEG / Taitem										
Phase 5: Evaluation											
Activity 5.1: Project Evaluation Evaluation, measurement, and verification of results Milestone 1: Revenue Targets Met Milestone 2: Stakeholder Satisfaction Targets Met	NYSEG / Taitem NYSEG / Taitem										

3.3 Next Quarter Planned Activities

Activity in the third quarter of 2016 will focus on five areas.

1. Service provider engagement
2. RFP development
3. Platform development
4. Customer research
5. Marketing plan development

Service provider engagement

The CEC project will host two informational webinars for interested service providers in July. The webinars will provide the service providers with an overview of the project design, an overview of Simple Energy, and a demonstration of Simple Energy's web platform. Also, the CEC project will host in-person service provider workshops in July that will be focused on gathering input to better understand the customer experience from the service providers perspective and to identify how the project and the platform can most effectively create value for them and their customers.

RFP development

A formal request for participation will be issued during Q3 2016. This request will ask service providers to document their qualifications, identify price points for their service offerings, and identify the willingness to pay lead generation fees. The CEC project will make a consistent offer to selected service providers to pay uniform lead generation fees for similar services.

Platform development

Simple Energy will continue to gather input from the project team and from potential service providers in order to develop appropriate website functionality.

Customer research

The CEC team will create and issue a customer survey during Q3 2016. The team will also develop and host focus groups in order to better understand customer and stakeholder perspectives.

Marketing plan development

The CEC team will be analyzing data and performing initial segmentation. The team will also begin developing marketing themes and key messages.

4.0 Conclusion

The CEC project is breaking new ground by facilitating an efficient and competitive market for distributed energy resources. The project will issue communications directly to those customers who could benefit the most from participation, will offer a web platform that will streamline the information gathering process for customers, will encourage high quality and competitive services from participating service providers, and will broaden the market for those service providers by connecting them with a broader customer base.

As a demonstration project the team will continue to be highly flexible and will embrace a certain “learn-as-you-go” mentality. The team is continuously learning from community stakeholders, service providers, customers, market research, and research of other similar projects. This learning will continuously be incorporated in the project scope in order to make the demonstration as fruitful as possible.