

Q3 2016 Report

Contents

1.0	Executive Summary.....	1
1.1	Cybersecurity and Personally-Identifiable Information Protection.....	2
2.0	Demonstration Highlights	2
2.1	Major Tasks Completed	2
2.2	Activities Overview	2
3.0	Key Metrics.....	4
3.1	Demand Response Metrics	5
4.0	Fourth Quarter Planned Activities	5
5.0	Checkpoints/Milestone Progress	6
5.1	Expected Changes	6
5.2	Issues.....	7
6.0	Work Plan & Budget Review.....	7
6.1	Phase Review	7
6.2	Updated Work Plan.....	8
6.3	Updated Budget.....	8
6.4	Lessons Learned.....	8
6.5	Recommendations	9
7.0	Appendices.....	9
	Appendix A: Marketing Email Samples.....	10
	Appendix B: Limited Time Offering Email Samples	11
	Appendix C: Facebook LTO Retargeting Ad Sample & ORU.com LTO Banner Ad.....	12
	Appendix D: My ORU Store Bill Insert Sample	13
	Appendix E: Future Seasonal Marketing Email Samples.....	14
	Appendix F: Holiday Shopping Guide	15

Updated: October 31, 2016

Q3 2016 Report

1.0 Executive Summary

Orange and Rockland Utilities, Inc. (O&R or Company) submits this quarterly report on the progress of the demonstration project it is implementing as part of the Reforming the Energy Vision (REV) proceeding, as required by the Order Adopting Regulatory Policy Framework and Implementation Plan, issued by the New York State Public Service Commission (NYPSC or the Commission) on February 26, 2015.

This demonstration project, known as the Customer Engagement Marketplace Platform (CEMP) was designed to build partnerships with a network of third-party product and service providers to help increase customer awareness and education of energy consumption, motivate customers to participate in O&R programs, increase distribution and adoption of Distributed Energy Resources (DER) and develop new revenue streams for O&R and its partners.

In Q1 2016, O&R and Simple Energy launched the Marketplace, or the My ORU Store, as one of the first components of the CEMP. This e-commerce website was launched to O&R New York residential customers. By the end of Q1, a variety of products were introduced on the My ORU Store such as Wi-Fi thermostats, LED lighting, advanced power strips, and water/energy saving products.

During Q2, additional products were added including a variety of Wi-Fi connected home lighting products, air conditioning modlets, in home energy assessments and fixed-priced services with contractors in the local community.

In Q3, the project team continued to explore new promotions and drive sales through various limited time offers (LTO). These attractive offers helped increase customer traffic to the website and build awareness of the available DER and energy efficient products and service offerings. Additionally, the My ORU Advisor was launched to 80,000 residential customers, providing home energy reports and tools helpful in reducing energy consumption.

The combination of the My ORU Advisor and the My ORU Store has enhanced O&R's engagement with customers by providing information needed to make informed energy choices, as well as promote the purchase of energy efficient products and services with instant rebates at the point of purchase. Customer data and behavioral analytics are used to target and motivate customers to take action on both the engagement and marketplace platforms. Through these efforts, O&R has renewed its commitment as a trusted energy advisor.

1.1 Cybersecurity and Personally-Identifiable Information Protection

Consistent with corporate instructions and Commission policy related to cybersecurity and the protection of personally-identifiable information (PII), each partner agreement executed for the implementation of the REV demonstration projects includes specific protections related to cybersecurity and PII. Assurance of this protection is critical in encouraging customers to sign up for new and innovative services offered by utilities.

2.0 Demonstration Highlights

2.1 Major Tasks Completed

Launch of Additional Products & Services

- Lighting Products
- Water Savings Products

Limited time offerings

- \$6 six pack LEDs
- \$75 off an Air Conditioning tune-up
- Automatic Demand Response enrollment offers

SUEZ Water

- Meetings
- Proposal

My ORU Advisor

- Beta Launch
- Full Launch
- NYSERDA

Marketing and Promotional Strategies

- Digital
- Print
- Limited time offers
- Outreach and education

2.2 Activities Overview

Launch of Additional Products

In Q3, the My ORU Store introduced a variety of low cost LED lights and water energy saving devices including shower heads and faucet aerators. The addition of these entry price point products not only increased traffic but generated the highest volume of sales to date. The opportunity to test various LTOs drove new customers to the website and generated a heightened awareness of O&R's energy efficient products and services.

Launch of Services

The no cost in-home energy assessments continue to attract customers to the website and drive sales in the home services category. Over three hundred audits have been conducted since the launch in May, and several home energy installation projects were completed as a result. Additional fixed-priced services, such as central air conditioning tune-ups, were made available to customers through local contractors. A last chance, end of season email was sent in September to stimulate interest and promote a discounted price. Over a dozen orders were placed as a result of this promotion. As demonstrated, attractive pricing and targeted messaging will help generate more interest through these fixed-priced service offerings.

Limited Time Offerings

Using sales and engagement data from Q1 and Q2, the project team worked with Simple Energy to create various LTOs. One of the most successful LTOs was a 5 day sale on a \$6 six pack of LED lights. This offer generated the most revenue and transactions year to date, and drove a significant increase in traffic to the Marketplace. Another LTO was designed to promote the sale of Wi-Fi thermostats and increase enrollments in the Bring Your Own Thermostat (BYOT) Demand Response program. By enabling customers to purchase a Wi-Fi thermostat and enroll in the Demand Response program at the point of purchase, program awareness and participation has increased. Rebates were applied instantly for both the energy efficiency and demand response programs, creating an attractive price point for customers.

Suez Water

O&R continues to hold meetings with SUEZ Water to discuss a future collaborative on the My ORU Store. Some of the ideas include adding energy saving and water conservation products with combined utility rebates for affordable product price points, as well as providing conservation tips and educational materials.

My ORU Advisor

In Q2, the online engagement portal, known as the My ORU Advisor, was released internally to employees who were also O&R New York residential customers. After extensive internal review and testing of the data and functionality of this portal, introductory messages explaining the reports were released in July to approximately 80,000 high energy users. Various approaches were taken to educate these customers on energy matters including normative comparisons, insight views using outside temperature effects, and timelines displaying customer usage by month and year.

The project team continues to monitor customer engagement and provide the latest educational content with the goal of promoting energy savings and efficiency. O&R, Simple Energy and NYSERDA held several meetings together to discuss the possibility of developing a

behavioral program specifically targeted to low and moderate income customers. Discussions will continue to determine next steps with this market segment.

Marketing and Promotional Strategies

Throughout Q3, various advertising and promotional strategies were implemented to test customer engagement and stimulate sales. Weekly emails drive traffic to the My ORU Store through targeted messaging of new product and service offerings. Special LTOs each month continue to generate interest and create a sense of urgency to purchase products and services. Compared to the previous quarter, the number of site visits or sessions increased by 24% in Q3, and transactions and unit sales, increased by three and four times, respectively. The team conducted more refined targeting by experimenting with different email delivery days and times to see when customers were more likely to purchase from MY ORU Store. Frequency tests were performed to review the impact of increasing/decreasing the number of emails to determine any effects on engagement and conversion. Combined behavioral (Advisor) and Marketplace specific messaging were sent to select customers to test the effects of a one channel approach.

Social media advertising has proven successful when combined with LTOs. For example, Facebook retargeting ads yielded a strong return on investment given the minimal cost and broad reach. Other marketing efforts including direct mail bill inserts, press releases and various community events helped to raise awareness of the My ORU Store. Some of the outreach events that O&R attended this quarter included the Orange County Chamber of Commerce Expo, Annual Hudson Valley Fiesta Latina, Orange town Police Department Open House, Congers Valley Cottage Rotary Annual Italian Festival and various Rockland Business Association events.

3.0 Key Metrics

As discussed in detail in the Q1 and Q2 reports, the original launch plan was delayed and initial targets are being updated. We will provide revised forecasts after the close of year one in order to have sufficient historical data to use in our analyses.

My ORU Store Metrics	Q1	Q2	Q3	YTD	% var*
Page Views	25,482	36,236	54,710	116,428	51.0%
Page Views	25,482	36,236	54,710	116,428	51.0%
Transactions	82	431	1,345	1,858	212.1%
Quantity	101	686	3,126	3,913	355.7%
Total Users	9,417	8,449	10,563	28,429	25.0%
New Users	70.4%	54.8%	56.6%	60.6%	3.3%
* Variance change from previous quarter					

Email Marketing Metrics	Q1	Q2	Q3	YTD	IA*
Open Rates	26.0%	18.8%	16.7%	19.8%	18.2%
Click Rates	2.8%	1.2%	1.4%	1.7%	1.3%
Click to Open Rates	10.9%	6.1%	8.4%	8.7%	7.0%
<i>*Industry Average (IA) is based off of Epsilon's Q1 2016 report</i>					

3.1 Demand Response Metrics

To date, smart thermostats purchased from the MY ORU Store represent 8% of the total enrollments in O&R's Bring Your Own Thermostat Program, with 87 customers connecting 105 smart thermostats. This is a 50% increase since last quarter. The energy savings of these thermostat resources represent up to 105 kW of demand reduction when a load reduction event is called.

4.0 Fourth Quarter Planned Activities

In Q4, the project team will continue to expand the My ORU Store offerings by introducing a variety of new products in a range of price points. In preparation for the upcoming holiday season, there has been extensive planning and collaboration between O&R, Simple Energy, and the Gate, our advertising agency. Specific strategies to promote Black Friday and Cyber Monday include new product introductions, additional rebates and expanded marketing campaigns in radio and digital media. Colored LED lights and Nest Wi-Fi enabled home security and safety devices are some of the new products expected to launch this holiday season.

O&R will continue to utilize targeted messaging with product specific email content, promoting buyer guides, instant rebates, and limited time offerings. Tracking customer purchases and browsing history will allow for further segmentation and the opportunity to send more targeted emails and advertisements that meet the needs of our customers.

O&R plans to implement paid search optimization, through Google AdWords, to create awareness and drive customer traffic to the My ORU Store. The Gate will create ads using digital media and radio throughout November and December to expand the scope of our general awareness campaign.






















The project team is currently redesigning the traditional bill insert to resemble a holiday product catalog. It is scheduled to be distributed to all New York residential customers in the month of November. The My ORU Store will be promoted internally through company e-boards, email blasts and newsletters.

The final roll out of the home energy reports (HER) and the My ORU Advisor portal provided customers with usage comparisons to efficient and similar/neighboring homes. The HERs also include information on appliance usage and the potential to achieve greater energy savings through Energy Star appliance upgrades. The My ORU Advisor portal features an interactive home profile allowing customers to evaluate energy consumed by each room and appliance in

their home. Customers also have the ability to view and analyze their energy usage, receive energy savings tips, share their individual achievements with other participants, and earn rewards/points by reducing energy usage through energy savings actions. The My ORU Advisor will cross promote the Marketplace during the holiday season and provide helpful seasonal tips to the segment of customers receiving these reports.

Discussions are planned to continue with Suez Water to identify opportunities for collaboration on the Marketplace. Providing combined water/energy saving devices for our mutual customers through enhanced rebates could increase customer adoption of energy efficiency measures.

5.0 Checkpoints/Milestone Progress

Checkpoint *	Projected Date	Completion Date	Progress Status
Marketplace Launch	1/15/2016	2/2/2016	  
Add Additional Products	2/5/2016	3/30/2016	  
Add Fixed Price Services	2/5/2016	6/29/2016	  
Marketplace Quarterly Check in	3/22/2016	5/1/2016	  
Add Variable Priced Services	4/1/2016	In Progress	  
Launch HERs and Engagement Platform	5/7/2016	6/12/2016	  
* These timelines are pending and subject to change as the program evolves			
 Complete  In Progress  Delayed			

The project team continues to evaluate customer and contractor interest with variable priced home services. The work flow process on the My ORU Store is still in development.

5.1 Expected Changes

	2015		2016												2017												2018				
Phase	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May
Phase 0: Implementation - Design and develop program components																															
Phase 1: Launch – Implement marketplace with limited offerings																															
Phase 2: Category Expansion – integrate data analytics and implement complete line of product and offerings.																															
Phase 3: Decision on Project Expansion – evaluate program performance to determine next steps.																															
Phase 4: Revenue Optimization – streamline product and service line to maximize revenue opportunities.																															
Phase 5: AMI Integration – upon implementation of AMI evaluate rate design plans for peak time rebates, TOU analytics, integrate TOU enrollment.																															
Project Schedule Completed																															

The deployment of AMI has been moved to Phase 5. The scheduled rollout of AMI to the O&R service territory will not be available for integration into the marketplace until 2018.

5.2 Issues

There is a delay in the launch of larger home appliances due to the operational difficulties with fulfillment and delivery. The project team continues to reach out to additional third party service (TPS) installers to discuss opportunities to participate on the My ORU Store. Despite expressed general interest, the team has been unsuccessful in getting more third party service installer participation in Q3. O&R plans to work closely with the Gate to develop new opportunities for outreach to these local TPS installers.

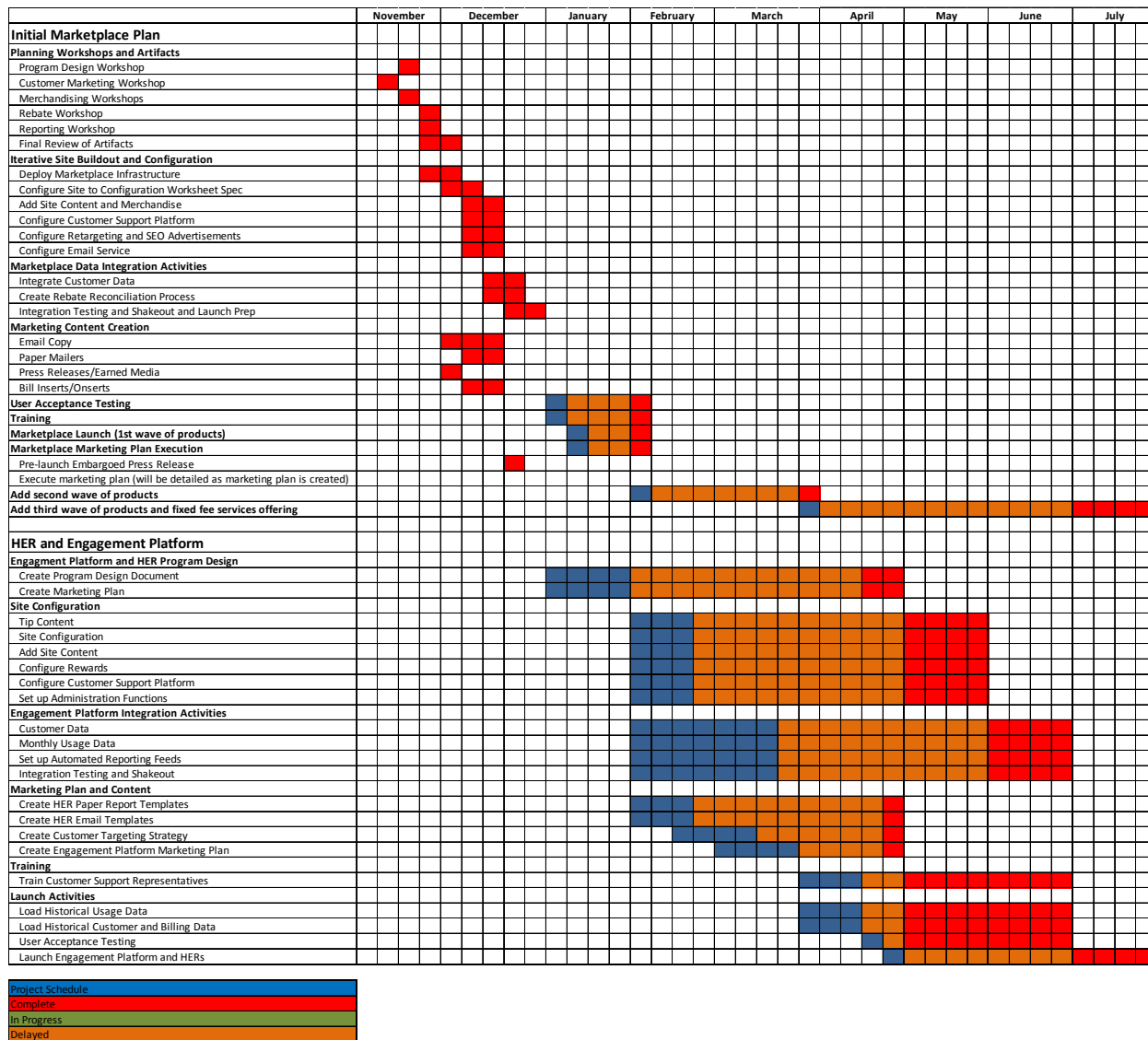
6.0 Work Plan & Budget Review

Actual costs to date will be filed confidentially with the NYPSC concurrently with the filing of this document.

6.1 Phase Review

The program has met key milestones work plan displayed below.

6.2 Updated Work Plan



6.3 Updated Budget

The program is still currently running under budget at this time due to lower than projected payroll expenses; two positions remained vacant for longer than anticipated.

6.4 Lessons Learned

There continues to be a strong correlation between email promotions, the launch of new products and an increase in sales volume on the My ORU Store. Additional rebates from manufacturers and limited time offers have contributed significantly to the growth in traffic and

transactions. A constant flow of new product and service offerings are required to entice new users and reengage repeat users. Quality checks with regard to the My ORU Advisor ensure system functionality, usage data accuracy in addition to ensuring a positive customer experience. Follow up calls with customers using home service contractors are used to measure customer satisfaction and provide valuable feedback for creating future offerings.

6.5 Recommendations

The project team suggests the following recommendations:

- 1) Gather feedback from customers regarding the product and service offerings, site functionality, and overall design of the website, if possible use third party evaluators.
- 2) Hold focus groups with local contractors to gauge interest in participation, and determine new service offerings and work flow process improvements to further enrich the customer experience. This information can be used to enhance future development of the product and service road map and overall website functionality.
- 3) Support ongoing collaboration with Simple Energy and our ad agency to maximize marketing penetration and broaden customer reach. Evaluate marketing metrics to determine product sales activity, and conduct surveys and/or customer focus groups to gain additional customer input.

7.0 Appendices

Appendix A: Marketing Email Samples

Appendix B: Limited Time Offering Email Samples

Appendix C: Facebook LTO Retargeting Ad Sample & ORU.com LTO Banner Ad

Appendix D: My ORU Store Bill Insert Sample

Appendix E: Q4 Seasonal Marketing Email Samples

Appendix F: Preview of Q4 Holiday Shopping Guide

Appendix A: Marketing Email Samples

We're shedding light on BIG savings. [No Images? Click here](#)

 Orange & Rockland | STORE



**LESS THAN
48 HOURS**
UNTIL WE FLIP
THE SWITCH

Six Dollar Six-Packs

LEDs are known for their longevity, but this deal isn't. **Our offer for \$6 six-packs ends Tuesday.** Don't miss your chance to save big.

\$6
Six-pack



TCP 10w A Lamp LED (6 Pack)

- Warm / soft white color
- Dimmable to 10%
- Designed for general use
- Average yearly savings: \$40 (6 bulbs)

Offer ends tomorrow, 8/2, at 11:59pm.

[Add to Cart](#)

[Learn More](#)

A new faucet aerator can save you water and energy. [No Images? Click here](#)

 Orange & Rockland | STORE



**IS YOUR
FAUCET
FLOODING
YOUR BILL?**

Take the Pressure off

Water heating accounts for nearly 20% of home energy use. Take the pressure off your bill without weakening your water pressure, with these top-notch faucet accessories.

\$5



Niagara Kitchen Swivel Aerator


Saves an average of \$61 and 1,916 gallons of water per year.


[Buy Now](#)

[Learn More](#)

Appendix B: Limited Time Offering Email Samples

Tune in for \$50 off an AC tune-up. No Images? [Click here](#)

 **Orange & Rockland** | STORE



Thank Your AC for the Hard Work

Your AC has toiled all summer-long to keep you cool, and now it's time to reward it with some TLC.

Whip your unit into tip-top shape with a **discounted AC tune-up** from My ORU Store. This service check will reduce the risk of mechanical failures and ensure your AC is running efficiently.

For a limited-time only, we're knocking \$75 off the price of this service. Top off this discount with our \$50 rebate and **you'll pay just half the price** for your AC tune-up.

Deal ends soon, so don't miss out.

[Learn More](#)


The link provided will take you to the website of our authorized program implementer, Simple Energy. The Terms of Service and Privacy Policy on that website, <http://www.MyORUStore.com>, will apply.


Important Note on Privacy: Your personal information will not be disclosed in any way. Maintaining your privacy is our priority.

Sender's business address is 1215 Spruce Street, Ste. 301, Boulder, CO 80302.

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A brand new rebate on the LUX/GEO thermostat. No Images? [Click here](#)

 **Orange & Rockland** | STORE



Save \$100 Instantly

[Learn More](#)

Increased Rebate

We're making it easier for you to save. Get a \$100 instant rebate on the LUX/GEO Wi-Fi thermostat [1], meaning higher comfort and lower bills could be yours for just \$25. Only the first 100 customers get this killer deal, so don't delay [2].



Key Features:

- Control your thermostat from anywhere.
- Simple installation - no C-wire required!
- Uses geofencing to program temperatures when you are away.

Sale Price: \$25
After a \$100 Instant Rebate


[Learn More](#)

Appendix C: Facebook LTO Retargeting Ad Sample and ORU.com LTO Banner Ad


Orange and Rockland Utilities, Inc.
 Sponsored ·

LIMITED-TIME OFFER: Get 6 energy-saving LED bulbs for \$6, now through Tuesday.



Orange & Rockland | STORE


 +
 
 =
 

On Sale!
 Hundreds have claimed this deal, what are you waiting for?

myorustore.com [Shop Now](#)

On Sale!
\$6 Six-pack
of LEDs
 Sale ends
 Tuesday, 8/2



Appendix D: My ORU Store Bill Insert Sample

Front of bill insert

Shop O&R's online store

for home services and
energy-efficient products

- Browse offers from customer-recommended contractors.
- Sign up for a free in-home energy assessment.
- Check out the latest products and offers.
- Get instant rebates at the moment of purchase.



Orange & Rockland

EVERYTHING MATTERS

Services.MyORUStore.com

160904 1608-0087-R



Back of bill insert

Make the most of your smart thermostat

The latest thermostats offer you comfort and convenience that were previously unheard of. Enrolling in the BYOT program* increases the advantages of your smart thermostat by:

- Offering you \$85 cash back.
- Reducing your energy use during peak days when energy use is high.
- Allowing O&R to make brief, limited adjustments to your central AC setting during the summer.


*You must be an O&R NY residential electric customer and your smart thermostat must be an approved device that controls your central AC.



Orange & Rockland

EVERYTHING MATTERS

oru.com/BYOT



Appendix E: Q4 Seasonal Marketing Email Samples

Get ready for winter with a furnace tune-up. [No Images? Click here](#)

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Don't be left in the cold from a broken furnace

Brace Yourself, Winter is Coming

Your furnace is gearing up to keep you warm all winter long. Before you put it to the test during a blizzard, make sure it is ready to keep you safe and comfortable.


Be prepared with a furnace tune-up from My ORU Store. This service will check your system for safety risks and ensure your furnace is running efficiently.

Don't delay - [get a tune-up](#) before the weather changes from crisp to cold.

[Take Action](#)

Prep for winter with a Wi-Fi thermostat. [No Images? Click here](#)

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READY YOUR NEST FOR WINTER

Forecast Says, Colder Days Ahead

Autumn is here in New York, and we all know that colder days (and heating expenses) are just around the corner.

Don't let the winter chill sneak up on you this year. **Equip your home with a [Wi-Fi thermostat](#) to keep you comfortable and save up to \$180 per year [1].**

Honeywell thermostats are our most popular brand and allow you to control the temperature from your smartphone or tablet.

[1] Source: EnergyStar.gov

[View All Thermostats](#)

Appendix F: Preview of Q4 Holiday Shopping Guide (enclosed in bill insert/two-sided)

Grab all your favorites!

Act now to save big on light bulbs, advanced power strips, smart home devices and more.

Treat yourself, your family and friends on products that save money and energy all year.

Smart savings

Shop now to enjoy the biggest sale yet on the ecobee3 smart thermostat.

Take safety to the next level with nifty Nest safety companions – the Nest Protect Smoke Detector and Nest cameras.

Buy a bundle. Save a bundle.

Check out all our **Black Friday** deals and get **free shipping** on the whole collection.

Enjoy great deals and instant rebates.



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.....
**EVERYTHING
MATTERS**

MyORUstore.com

Printed on recycled paper and is recyclable.

161102 1610-0115-R

MyORUstore.com



Orange & Rockland

Nab our lowest prices ever on the latest must-have efficiency products for your home.

Now's the best time to check out O&R's store for deals on Black Friday, Cyber Monday and all season long.

MyORUstore.com

