

## **Reforming the Energy Vision**

Demonstration Project Q3 2016 Report

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# **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.....	4
2.1.2	Platform Development .....	7
2.1.3	Marketing Plan Development .....	7
2.1.4	Community Engagement.....	9
2.2	Checkpoints .....	10
2.3	Issues .....	11
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 .....	13

## 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, service provider workshops and additional service provider discussions, has scoped a web platform for connecting customers with service providers, and has released a Request for Proposals to identify and evaluate service providers for participation.

This report provides an overview of the activity, progress, and results during the third quarter of 2016.

## 2.0 Demonstration Highlights Since the Previous Quarter

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

- Held service provider workshops in order to gather insight from potential participants on project and platform design
- Issued service provider surveys to gather additional insight
- Developed service provider scope of work and request for proposals
- Established online platform scope of work
- Benchmarked two community based energy programs to identify best practices
- Established contract and schedule for market research
- Continued community engagement

## 2.1 Activities Overview, Major Tasks Completed, and Milestones Progress

### 2.1.1 Activity: Service Provider Engagement

As a result of service provider engagement activity the service provider RFP milestone was achieved during this quarter. This milestone was achieved and supported by the completion of various service provider engagement including a service provider request for information, service provider workshops, and a service provider survey.

#### **Held Service Provider Workshops**

Two DER service provider workshops were held in July. One workshop concentrated on residential solar and community solar and the other workshop concentrated on energy efficiency. Invitations to the workshops were sent to those service providers that previously responded to the CEC request for information. The purpose of the workshops was to further introduce the service providers to the CEC concept and the Simple Energy platform, and to gather their input regarding customer experience and how they manage their sales channels. The input received is being used to aid in the design of the platform to ensure that it is creating the most value for both customers and service providers.

In attendance were:

**Utility:** NYSEG

**State Agency:** NYSERDA

**Platform Developer:** Simple Energy

**Project Management Support:** Taitem Engineering

### **Solar Developers:**

- Able Electrical Services
- Distributed Sun
- Camden Group
- ETM Solar Works
- Halco
- Solar Liberty
- Taitem
- Twin Tier Solar

### **Energy Efficiency Companies:**

- Halco
- Insulation Man
- SEALED
- SnugPlanet
- Zero Draft

Through the workshop the project team built a better understanding of the sales process for both solar PV and for residential energy efficiency services. The team learned that for energy efficiency services an in-person connection is extremely valuable in order to explain the complexities of home weatherization measures. The team learned that it might be possible to treat community solar more as a commodity with offers being differentiated by price. The team also learned that NYSEG will need to create immediately recognized value for service providers and customers in order for the CEC to be successful. Service providers also discussed the potential challenge that the project will have in educating customers regarding this new role for NYSEG and getting past perceptions that the utility simply wants to sell more energy.

### **Issued Service Provider Surveys**

Following the service provider workshops a survey was issued to the workshop participants. The purpose of the survey was to gather additional insight regarding factors that contribute to a good or bad lead, demographic and psychographic traits of DER customers, and any issues or concerns service providers might have regarding the CEC concept.

A few key findings from the survey included:

- Tax credit appetite is one of the most important factors in selling solar PV.
- A good home energy efficiency lead is a customer who has a specified problem that they are looking to have solved, such as reduce draftiness, reduce ice damming, reduce energy bills, etc.

- Although many customers are environmentally motivated, all customers are also financially motivated.

### **Developed Service Provider Scope of Work and Request for Proposals**

The CEC Service Provider Request for Proposals (RFP) was created during the third quarter. The RFP will gather information about service providers that will be used to evaluate them as participants in the CEC project. The RFP will also gather proposals from service providers that detail what they are willing to pay for DER lead generation. The project team will use the lead generation proposals in order to establish the CEC lead generation rate that will be offered to all selected service providers.

Information gathered from service providers in the RFP will include:

- Company overview including number of years in business, number of employees, and number of employees that will contribute to the CEC project
- Recognition for business practices and / or innovation
- Input and ideas regarding the resources offered in the CEC project and how they are offered to customers
- Qualifications and certifications
- Safety record
- Customer service processes
- References
- Level of engagement with this pilot
- Historical prices for services
- Proposed lead generation fees

It should be noted that for the CEC project the lead generation fee will only be paid when a lead is converted to an actual contract for services.

Key milestones in the RFP schedule include:

10/06/16 – NYSEG issues Request for Proposals

11/03/16 – Proposals due to NYSEG

12/07/16 – NYSEG issues Offers to Participate to selected service providers

1/06/16 – Anticipated execution of legal agreements by all parties

### **2.1.2 Platform Development**

The online platform for this demonstration project is expected to be completed by the end of the year in order to support a February 2017 customer launch.

#### **Established Online Platform Scope of Work**

NYSEG has continued to collaborate with Simple Energy, the online platform partner for the CEC project. During the third quarter Simple Energy helped facilitate the service provider workshops with the intent of gathering input on platform design. The online platform scope of work was established during the third quarter with initial process flows being mapped. The online platform will be built during the fourth quarter.

### **2.1.3 Marketing Plan Development**

Marketing will be a key component of the CEC project. The project marketing plan is expected to be completed by the end of the year. Activity supporting the development of the marketing plan included a benchmarking of two similar programs, data analysis, and the establishment of a market research contract.

#### **Benchmarked Two Community Based Energy Programs**

During this quarter a benchmarking report was generated that describes best practices of programs similar to the NYSEG Community Energy Coordination REV demonstration project. The purpose of the report was to learn about both operations and marketing strategies of successful programs to aid in the success of the CEC project. An in-depth examination of two community based energy programs, Energize NY, operating in 14 towns in Westchester County, and Enhabit of Oregon was completed. The report also highlighted best practices from other similar programs from across the US.

Findings from other similar programs:

- Customers prefer personalized and streamlined services to help them manage energy use and lower costs.
- Easy access to utility offers through email and smart phones is important.
- Trust is an important factor for customers.
- Endorsements by local government, non-profit organizations, and opinion leaders help to build trust.
- DER contractors play an important role in marketing services and providing program feedback and continuous improvement.

Findings from Energize NY and Enhabit:

The marketing strategies of Energize NY and Enhabit, are informative. Both integrate strong online presence with community-based networking. Simple, engaging web pages lead visitors through an array of content, including video tutorials and testimonials. Comfort, safety and quality are emphasized, in addition to messages promoting affordability. Social media and targeted email are tools employed to drive customers to program websites. These digital engagement efforts are supported by a strong media presence and local advertising.

Non-profit organizations and local government help residents engage with both Energize NY and Enhabit. In Westchester County, Energize runs 14 similar but unique campaigns branded with each town's name and tailored to their particular energy goals and policies. Local leaders serve as both role models and advocates actively upgrading their homes, promoting through their networks and conducting public awards ceremonies recognizing homeowners and contractors for their participation. What began as a pilot run by the City of Portland, Enhabit is rooted in community. Today its marketing promotes the idea that a community of partner contractors, lenders and utilities are working together for them. The introduction on its partners web page says:

*“Like a puzzle, home performance involves many individual pieces working together. So we partner with the best people to make your home work harder and feel better. These are specialized experts and utilities, ready to start turning your home into a high-performing haven.”<sup>1</sup>*

It's an excellent summary of how a program can deliver results, when all the people and processes are connected. The best practices described within the report will help the project team effectively market to customers, work with contractors, and achieve community energy goals.

## **Data Analysis**

Initial data analysis activity was completed to better identify customers that will most benefit from DER services. This activity included gathering publicly available real property data such as square footage that will be married with energy consumption data. This will be used to identify energy use intensity and to identify customers that may benefit the most from the services being offered in the CEC project. All existing customer data will be kept strictly confidential and will not be shared with unauthorized parties. During the CEC lead generation process customers will be given the opportunity to self-report certain data to service providers. Data analysis as a critical component of the CEC marketing plan will continue throughout the project.

## **Established Contract and Schedule for Market Research**

An agreement to conduct market research has been established with Market Services International. 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

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<sup>1</sup> <https://enhabit.org/partners/>



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

The survey will be fielded in November and December. A final report with analysis of results will be delivered in January.

### **2.1.4 Community Engagement**

#### **Continued Community Engagement**

During the third quarter of 2016 the project team continued engaging with the community through the established Community Advisory Board. Insight received by the community advisory board was directly incorporated in the development of the Request for Proposals and in the evaluation criteria that will be used to score proposals. Additionally, insight from the advisory board is contributing to the marketing plan development.

## 2.2 Checkpoints

Table 1: Completed checkpoints

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

Table 2: Check Points

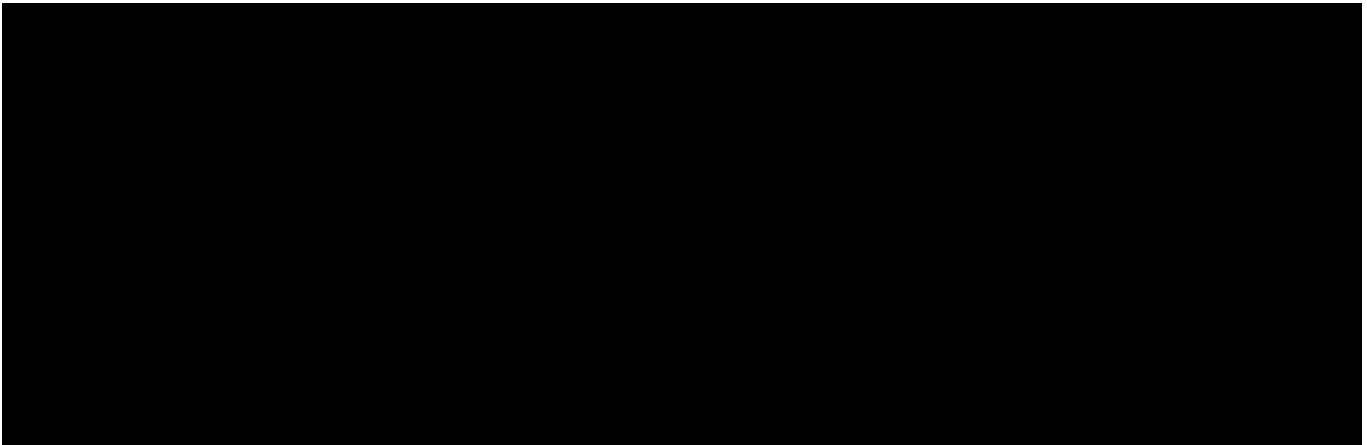
Check Point	Description
Program Design	Measure: Detailed product offering with defined roles, schedule, and deliverables for each participating company How: Detailed operational plan When: Q4 2016
Identify Target Customers	Measure: List of customers who will be targeted for the project offerings How: Using test population methodology When: Q4 2016
Community Stakeholder Support of Project	Measure: Community stakeholders support the project How: Community Advisory Board expresses satisfaction with the project When: Q2 2017
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
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**

The “Request for Proposals” that was created for the CEC project is a new and unique approach to building business relationships that NYSEG has not previously encountered. Crafting the RFP design, scope of work, evaluation criteria, and legal agreement took more time than expected. The project team continues to embrace the “learn as you go” mentality of this demonstration project and is continuously applying on-going learning to the project plan. Although the RFP took longer than expected to develop, there is no expected delay in the customer launch of the CEC project.

## **3.0 Work Plan**

### **3.1 Budget Review**





### 3.3 Next Quarter Planned Activities

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

1. RFP response evaluations
2. Service provider contracting
3. Platform development
4. Customer research
5. Marketing plan development

#### **RFP response evaluations**

Service provider RFP responses will be received and evaluated. Three to five service providers for each resource will be selected for participation and will be presented with a lead generation fee proposal.

#### **Service provider contracting**

A formal contractual relationship will be established with selected service providers.

#### **Platform development**

Simple Energy will continue to build the CEC online platform.

#### **Customer research**

A customer survey will be designed, fielded, and results analyzed during the fourth quarter.

#### **Marketing plan development**

The CEC team will continue analyzing data and performing initial segmentation. The team will utilize results from the customer survey to refine the marketing plan. The team will also continue developing marketing themes and key messages.

### 4.0 Conclusion

With the issuance of the service provider RFP the CEC project reached an important milestone during the third quarter. This milestone was supported by ongoing project activity that seeks to better understand the small energy services space and the needs of all involved stakeholders. This information gathered from this RFP will allow NYSEG to evaluate and select participating service providers.

Effective service provider communication and interaction is key to the success of this project. NYSEG is learning what is important to service providers and how the CEC project can create value. NYSEG is gaining perspective on the key challenges faced by DER service providers, including customer disengagement, building customer trust, financial barriers, and the low cost of energy. The process of mutual learning between NYSEG and service providers is a fundamental part of this project. As stated in New York's Clean Energy Fund, one of REV's goals is to "facilitate matchmaking services to connect DER providers with each other and with utilities" while "defining their needs and identifying solutions to meet their needs in the changing REV landscape"<sup>2</sup>. The CEC project is providing a unique opportunity for NYSEG, DER service providers, and community stakeholders to collaborate and to identify how goals can be aligned and mutual value achieved.

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<sup>2</sup> <https://www.nyserda.ny.gov/About/Clean-Energy-Fund>

