

Reforming the Energy Vision

Demonstration Project Q4 2018 Report

Energy Marketplace



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1.0 Executive Summary

This final report is submitted by Rochester Gas & Electric (“RG&E” or the “Company”) for the RG&E Energy Marketplace (the “Marketplace”) Reforming the Energy Vision (REV) Demonstration Project.

The RG&E Energy Marketplace demonstration project was an e-commerce site to test energy related online transactions, customer satisfaction, and the delivery of comprehensive energy solutions for customers. The Marketplace platform further tested methods to customize, engage, and grow the market for energy related products and services by connecting with customers on a range of distributed energy resource (DER) offerings through targeted marketing and tailored content.

The Marketplace fully launched on September 8, 2016 with a variety of energy-related products and incentivized offerings on LED lighting, advanced power strips, and Wi-Fi enabled thermostats. In collaboration with market partner Simple Energy, the Marketplace expanded over the term of the demonstration to increase product offerings including many connected home products and recently added electric vehicle charges.

Collaboration with the Demand Response (DR) program resulted in direct DR enrollment on the Marketplace to include a point of sale enrollment incentive for eligible smart thermostats.

Seven checkpoints were initially developed and revisited throughout the project for appropriateness. Four out of seven check point targets were achieved with the best result being customer satisfaction which achieved 160% of its target. Three targets that fell short of forecasted goals were click through rate, quarterly count of transactions, and average dollars spent per transaction. These metrics met 83%, 69%, and 57% of their forecasted target, respectively. Although these targets fell short of forecasts, the Marketplace continues to show strong customer engagement, provides an easy way for customers to achieve real energy savings, and continues to facilitate market enablement.

During this project, over 1.3 million marketing emails were sent to RG&E customers resulting in a 2.5% average conversion rate. The site saw over 300,000 visits, resulting in over 10,000 products sold through about 6,000 transactions. Total project revenue was cumulatively over \$500,000.

Based on lessons learned, the RG&E Marketplace offerings expanded during Q4 2018 to include New York State Electric & Gas (NYSEG) customers.

2.0 Demonstration Overview

The Marketplace is an RG&E branded ecommerce site that sells energy related products such as LEDs and smart thermostats. In the Marketplace, RG&E customers can directly enroll in a Demand Response program when purchasing an eligible smart thermostat.

Throughout each project phase, the Marketplace platform tested methods to engage customers through targeted marketing and tailored content. Data-driven marketing practices developed by our market partner, Simple Energy, were tested to move customers along an engagement path. The Company maintained and expanded brand affinity as our customers' trusted energy advisor and as a new source of energy related products.

The platform provided RG&E with revenue from sales. RG&E paid for setup fees for the Marketplace platform and received a share of revenues. Simple Energy set up the platform and the product offerings. Customers then purchased products and paid through the RG&E-branded Simple Energy website.

There was a soft launch of the Marketplace on August 24, 2016 to RG&E employees only. One week later, on September 1, the program launched to 10% of RG&E customers who have their email addresses on file with RG&E. The full launch occurred on September 8, 2016 by emailing all remaining customers.

A) Test Statements

Table 1 below details the underlying hypotheses that form the basis of each test statement of the demonstration project. The hypotheses were updated during the project and are reflected here. The second hypothesis was removed, as detailed in Section 2, B. For all other changes, please refer to the quarterly report during which the changes were made. Each test statement led to checkpoints that were used to evaluate the success of the statement. Table 1 is for reference as the results of each check point are in Section 2.

Table 1: Test Statements and Hypothesis

Test Statement	Hypothesis
<p>We believe...</p> <p>Customers will engage and take action to purchase energy-related products within an Energy Marketplace providing targeted communications, recommendations and incentives.</p>	<p>If... the marketplace offerings are directly targeted and properly marketed to customers based on previous engagement, usage data and/or other specific segmentation,</p> <p>Then... DER adoption in the target customer segment will be 3% higher than customers not targeted. The number of purchases through target email click throughs will be compared to the number of purchases made by customers who have not received target communications.</p> <p>If... incentivized marketplace offerings (real-time rebates, below market cost products...) are marketed to customers,</p> <p>Then... there will be 25% increase of site visitation as compared to general marketing campaigns with no incentive offerings. Click throughs from campaigns with incentives will be compared to click throughs from generic marketing campaigns</p>
<p>We believe...</p> <p>The Marketplace revenue growth opportunity supports the investment.</p>	<p>If ... the Marketplace is an effective channel to provide products and services to customers,</p> <p>Then... the market place will have 11,200 transactions in the first 12 months with an average value of \$109 per sale</p>
<p>We believe...</p> <p>The Marketplace will provide a positive customer experience and show overall satisfaction.</p>	<p>If...the Marketplace is an effective channel for customers to engage in DER and meets customer's needs,</p> <p>Then...customers will rate the experience as a 35 or higher on the Net Promoter Score.</p>

B) Test Population, Scenarios and Results

The success of testing the Test Scenarios, based on the population and hypotheses, were in large part reliant on the success of the marketing plan. Originally, the aim was for the Marketplace marketing was to test multiple factors including customer segmentation, communication channel, customer satisfaction, products and incentives.

Implementing the robust segmentation strategy required to segment based on program and customer type was not time or resource-effective, and lacked data to support the plan that spending both resources and time would be cost-effective. Additionally, the market partnership with Simple Energy directs RG&E to rely on their partner to develop and direct a marketing plan, as this is their specialty and a main component that determined their selection. RG&E approved the marketing plan and provided input. Simple Energy did perform some customer testing, such as A/B testing as well as targeted incentives, such as flash sales, through retargeted based on past behavior within the marketplace. Examples of this are outlined in this section. However, no robust segmentation occurred. Information on customer satisfaction was gathered, per the original Test Scenario.

The Test Scenarios outlined in this section were based on the combination of hypotheses and the Test Population. As discussed, certain segmentation was removed as part of the scope. For similar reasons, other test characteristics that were removed included NWA, DLDR, EE, Geo-location, data usage (security issue), and demographics (lack of data). Profitability as a metric was not included as revenues did not support this structure as a business model as detailed in the Discussion. On-bill financing was not included for a variety of reasons. Acting as a financing resource is not a core function of RG&E and therefore creates risk, which could negatively impact rates. Additionally, the products offered on the Marketplace are lower cost and so not useful to a financing model, as transaction costs would increase. For some of the marketing results in this section, data is only available from June 2017, when Google Analytics was set up to ensure detailed tracking. The following sections outlines the results of the three Test Scenarios that were explored (Table 2).

Table 2: The three Project Test Scenarios, Descriptions and Measurements that were used during the project

Scenario	Description	KPIs
Marketing based on available channels	Test scenarios based on: <ul style="list-style-type: none"> • Source (Utility Channels vs. Web Marketing) • Channels (Email, Paper, SEM, etc.) 	By channel: Site traffic Total Sales Awareness
Differing Incentives Scenarios	<ul style="list-style-type: none"> • Real-time rebates • Varying Product Sale Promotions. Some promotions may include: <ul style="list-style-type: none"> ○ Discounted products ○ Free Shipping/Free Returns ○ Flash Sales ○ Buy More, Save More ○ Product Giveaways ○ Price Match ○ Holiday Promotions 	By incentive Total Sales Conversion Rate Site Traffic
Customer Satisfaction	<ul style="list-style-type: none"> • Conduct Customer Surveys 	By Net Promoter Score

Test Scenario 1: Marketing based on available channels

Two marketing channels were used during the project. Marketing was mainly limited to email addresses, but there was one issuance of postcards during the Black Friday campaign in 2017. Response rate was low, as reported in Q3 2017 report. This result aligns with industry benchmarks.

During Q4, 2017, Simple Energy and the DR program vendor, Energy Hub, worked with thermostat manufacturer Nest to implement direct enrollment in the Demand Response Smart Savings Rewards program on the RG&E YES Store. Through this integration, customers who attest the thermostat will control their electric central air conditioning can click to enroll in the DR program on the YES Store and receive the \$85 incentive for the DR program enrollment toward the Nest thermostat purchase price. Since the launch of the instant DR Enrollment program in late November 2017 through the end of Q1 2018, 1,046 of the 1,082 Nest thermostats sold (96.7%) were pre-enrolled in the Demand Response program. The program has resulted in a 28% increase in overall enrollments in the Smart Savings Rewards program. Over half of the thermostat purchases have resulted in program enrollment as well. Eligible customers who enroll in Smart Savings Rewards on the marketplace simultaneously receive an instant \$85 demand response rebate and a \$25 energy efficiency rebate for a total of \$110 off the price of a smart thermostat.

Key performance metrics (Test Scenario 1)

Channels: Emails and Postcards

Table 3: Marketing Results (6/1/2017-12/31/2017)

Marketing Type	Source (Direct) ¹	Source (Referral) ²	Channel (email)	Channel (Postcard) ³	Channel (Paid) ⁴	Channel (all others)
Total Transactions	70	103	1,366	38	41	101
Conversion Rate (%)	0.13%	1.81%	2.22%	6.57%	1.28%	2.19%
Site Traffic (sessions)	53,410	5,676	61,570	578	3,207	4,616

¹ Direct means typed into browser directly.

² Referral is any links to the website, for example from RG&E or Google search

³ Over a few weeks, 96,000 postcards were sent.

⁴ Google Adwords advertising – starting November 2017 several target keywords were targeted for paid placement on the google search results, as well as general placed. The general placements led to a total of 41 transactions, however no transactions were directly linked to the specified keywords.

Table 4: Email marketing statistics

Period	Emails Sent	Email Open Rate	Email Click Rate	Email Click to Open Rate	Conversion Rate
2016 - Q3	611,333	23.70%	2.25%	10.22%	1.74%
2016 - Q4	1,669,444	26.25%	3.58%	7.96%	3.34%
2017 - Q1	914,605	33.36%	4.18%	5.88%	1.40%
2017 - Q2	1,643,378	32.31%	2.91%	5.22%	0.96%
2017 - Q3	1,453,197	18.91%	1.37%	6.66%	3.20%
2017 - Q4	1,734,681	21.35%	1.70%	7.94%	3.85%
2018 - Q1	1,056,813	25.23%	1.66%	6.64%	1.66%

Weighted Avg.	-	26%	2.49%	7.04%	2.49%
Targets:	-	25%	3%	-	2.50%

Target Achieved:	Yes	No	N/A	Yes
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Postcards were the other main channel used. Additional details can be found in the Q3 2017 report. The project sent 96,000 postcards in four separate mailings.

Table 5: Postcard mailings

Date Sent	Theme	Number of Customers
8/30/17	LED Promotion	48,000
9/11/17	General rebates	24,000
9/20/17	\$5 off code	12,000
9/27/17	Thermostats	12,000

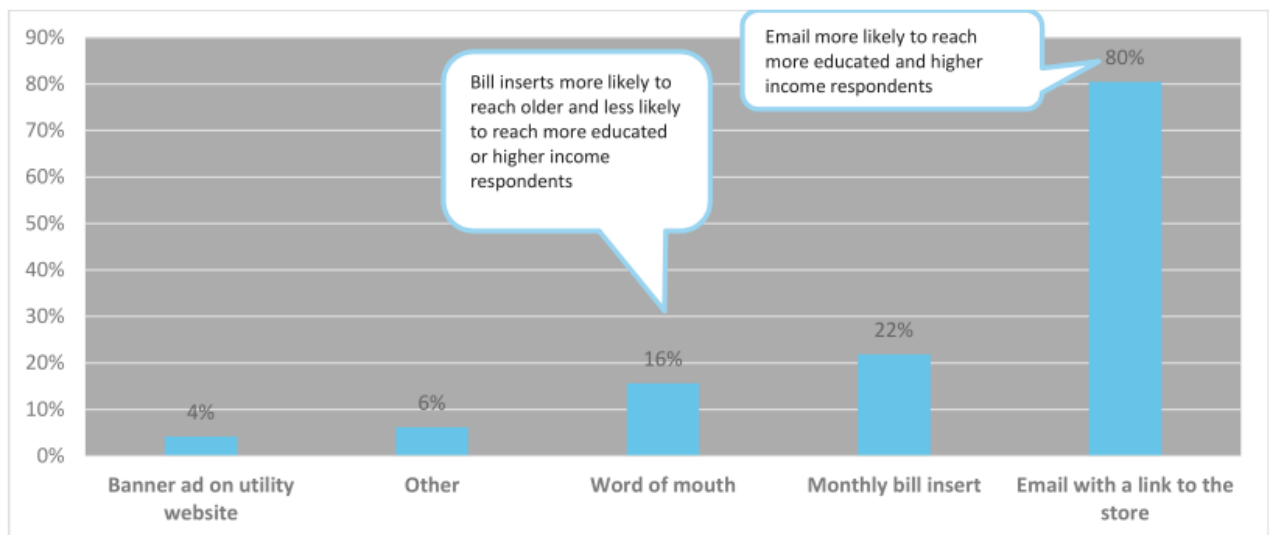
Customer accounts were randomly selected to receive either, one, two, or four postcards scheduled to be sent 7 - 11 days apart. The direct mail marketing campaign drove 578 unique visits to the RG&E YES Store. This number represents only those who typed in the vanity link URL contained on the post card. Results do not include those who chose to do search via Google or similar online search engine over manually typing the

vanity link URL. At 82% of the overall postcard site visits, the first postcard mailer resulted in the highest number of site visits. Additionally, results indicate that one mailer is the optimal number since additional mailers did not show a significant increase in site visits. The first postcards saw 554 users, 514 of which were new, with three transactions as a result. The subsequent postcards saw much lower users using the vanity link, with the final postcard resulting in only 26 users, 23 of which were new to the site and no transactions. However the results do not show how customer awareness was impacted.

Awareness

A report provided by DNV GL showed results from an awareness survey sent to all the customers on the YES store email list, which is the same population that received marketing from Simple Energy, or 148,934 customers. Of the 2,916 respondents, over half or 1,601 indicated they were aware of the YES store. Those who were not aware were screened from the survey. Figure 1 shows sources of customer awareness for the YES Store. The DNV GL survey further showed which sources may be more effective for certain customer demographics.

Figure 1: Sources of YES Store awareness (DNV GL report)



Test Scenario 2: Differing Incentives

The project team determined the checkpoint for Incentivized Offers as described will vary based on product type and will not provide the most relevant data to support future learnings. However, there are lessons to be learned through the statistics gathered on individual campaigns that were a mix of incentives and monthly marketing plans. Descriptions of campaigns, marketing plans and subsequent results are found in this section.

There was a statistically significant difference in the click through rate, sales numbers and purchases for campaigns associated with increased incentives. Unfortunately, it was not possible to isolate the impacts from the incentives exactly, as the effects varied based on the following other variables:

- Product: Some products were much more likely to drive traffic, and some products on the YES Store were generally seen as more or less price competitive – see DNV GL study, submitted March 1, 2018 for more details on this.
- Time of year: Marketing campaigns were impacted by seasonal events, or ongoing trends. One vendor providing segmentation analysis for the Energy Smart Community (ESC) marketplace expansion noted how they had found marketing of surge protection for advanced power strips was seasonally, and even weather dependent, with thunderstorms triggering more purchases.
- Market Saturation and Competition: Advertising by product primary distributors, limited time offers, competitive sales by other online retailers and market saturation all play a role in product sales over time

In short, a single percentage metric is not informative. A few specific examples have been highlighted in this report. A more telling example of the impact of rebates on sales is the projections provided by our marketplace vendor Simple Energy. Initial sales projections of \$260/transaction and 9,000 transactions per quarter were created based on assumptions of a higher thermostat rebate. When the current rebate levels were realized, the projections were dropped to \$109/transaction and 1,400 transactions per quarter.

Incentives that were used during the marketing campaign were developed for each month, as show in Table 6.

Table 6: Email marketing focuses, by month in 2017

Month	Marketing Focus Areas
Jan	(minimal emails) Thermostats (New Year resolution) targeting
Feb	(minimal emails) Power strips, connected home
Mar	Hue LED lighting - Email blitz
Apr	Earth Day Sale: Save up to \$55 on 3rd Gen Nest (\$25 rebate + \$30 sale) and \$50 off Ecobee
May	(minimal emails) smart plugs, ecobee promotion, connected home
Jun	Father's Day 1. Luma Wifi Save \$50 2. ThinkEco Modlet Save \$89 3. Wink Hub Save\$15
Jul	4th of July 1. Save \$75 on 3rd Gen Nest after \$25 rebate + \$50 sale price 2. \$25 off Sengled Lighting 3. \$6/6-pack
Aug	August Smart Lock Save \$25 and 2 free room sensors with ecobee4 purchase
Sep	Thermostat - email Blitz, increase rebate to \$75
Oct	Power Strips, lighting, ecobee retargeting
Nov	(Thermostats and Lighting) Black Friday Cyber Monday & December Deals 1. \$100 off ecobee4 or \$75 off ecobee3 lite; w/ purchase of ecobee4 get a free 6 pack of LEDS 2. \$6/6-packs
Dec	3. 14% off Nebo Redline Charge, \$20 off Keen Vents, 20% off WEMO Plugs, \$100 off Luma 4. DR Enrollment began on Nest thermostats 5. Google home mini and/or free LED promotion w/thermostat purchase

To contrast different approaches (e.g. increased number of marketing emails, discounts, etc.) the results of products sold and details of the transactions for the 2017 are presented in Table 7 and Table 8. In March, there was a marketing push for Hue lighting products, which saw a minimal impact on sales. The next month saw an Earth Day sale on more products, with fewer marketing emails sent and resulted in increased net sales. By contrast, in November there were both increased marketing emails especially for thermostat that combined an increased incentive in the form of a discount off purchase price. There was an additional integrated DR enrollment bonus during this time. These marketing strategies at the end of the year resulted in a large positive impact on net sales.

Table 7: Impact on Incentive Levels on Product Sales: 2017 Individual Product Performance Summary

Product Sales Quantities						Aggregated
Month	Thermostat	Connected Home	Water Saving	Lighting	Advanced Power Strip	Monthly Sales Total
Jan	7	1	3	86	7	104
Feb	26	2	4	109	11	152
Mar	11	2	6	226	27	272
Apr	62	2	34	60	42	200
May	10	2	15	23	21	71
Jun	24	5	12	51	6	98
Jul	30	7	11	552	35	635
Aug	12	5	15	209	27	268
Sep	136	9	29	628	16	818
Oct	57	5	24	166	119	371
Nov	448	41	5	2034	37	2565
Dec	105	102	12	375	49	643
Monthly Average	77.3	15.3	14.2	376.6	33.1	
Total	928	183	170	4,519	397	

Table 8: Impact on Incentive Levels on Product Sales: Total Sales

Total Sales						
Month	Emails Sent	Site Visits	Products sold	Transactions	Avg. \$/transaction	Net Sales
Jan	137,059	12,443	96	50	\$ 67.35	\$ 1,731.34
Feb	148,498	9,112	114	77	\$ 104.35	\$ 3,589.93
Mar	629,048	16,195	287	139	\$ 73.67	\$ 6,754.27
Apr	340,761	14,314	198	128	\$ 122.32	\$ 11,028.78
May	659,998	16,855	85	54	\$ 83.46	\$ 2,012.98
Jun	642,619	15,388	104	65	\$ 118.40	\$ 5,333.02
Jul	310,722	15,619	617	332	\$ 43.24	\$ 10,231.63
Aug	723,294	16,681	269	127	\$ 59.99	\$ 5,085.24
Sep	419,181	13,838	797	520	\$ 51.54	\$ 16,503.52
Oct	261,652	11,648	364	208	\$ 66.71	\$ 7,153.06
Nov	1,039,891	37,516	3,197	1,941	\$ 59.00	\$ 60,841.20
Dec	433,138	24,457	1,259	767	\$ 57.62	\$ 20,027.76

Table 9: Thermostat Details (Purchases vs. Rebates and Incentives)

Year	Month	Thermostat Purchases	Online DR Enrollment	Incentives		
				DR Rebate	Rebate level	Marketing Push
2017	Jan	7	n/a	n/a	\$ 15.00	
2017	Feb	26	n/a	n/a	\$ 25.00	
2017	Mar	11	n/a	n/a	\$ 25.00	
2017	Apr	62	n/a	n/a	\$ 25.00	\$30
2017	May	10	n/a	n/a	\$ 25.00	
2017	Jun	24	n/a	n/a	\$ 25.00	
2017	Jul	30	n/a	n/a	\$ 25.00	\$50
2017	Aug	12	n/a	n/a	\$ 25.00	
2017	Sep	136	n/a	n/a	\$ 50.00	\$25
2017	Oct	57	n/a	n/a	\$ 50.00	
2017	Nov	448	560	\$85	\$ 50.00	\$25-\$50
2017	Dec	105	298	\$85	\$ 25.00	\$25-\$50
2018	Jan	36	57	\$85		
2018	Feb	29	96	\$85		

Third Scenario: Customer Satisfaction

Net promoter scores (NPS), on which customer satisfaction is based, were gathered monthly with the first responses submitted in September of 2016 (end of Q3 2016). Results of these surveys are seen in Table 10.

Table 10: Customer Satisfaction results

Period	Customer Satisfaction	
	Net Promoter Score	Survey Sample Size
2016 - Q3	39	38
2016 - Q4	44	153
2017 - Q1	41	82
2017 - Q2	49	57
2017 - Q3	57	220
2017 - Q4	69	328
2018 - Q1	62	213
Targets:	35	-

The final weighted average NPS score for the period was 57.5, well exceeding the target of 35. Additionally, DNV GL was hired to solicit customer feedback. An initial survey was sent to 14,888 (~10%) of the current customers on May 20, 2017, followed by a survey emailed to the remaining 134,046 (90%) on May 23, 2017 with a set of follow up reminder emails sent to all who had not responded on May 30, 2017 and then again on June 6, 2017. Approximately 2% of those emailed responded, however only 55% of the respondents indicated previous awareness of the YES Store, leaving a survey sample size of 1,601, or 1.1%. Results showed that overall the Marketplace was comparable to other online stores, such as Amazon. No specific recommendations resulted from the report, although different opportunities for targeted marketing were described, such as low income. The marketing plan was not altered due to this report.

Removed Scenario: Targeted Segmentation

Although as stated, a robust segmentation was not achieved during this project, this section takes a deeper look into specific email campaigns. Various segmentation-based marketing strategies were evaluated, including marketing based on past buying experience, blind tests of two different subject lines, marketing based on fuel type, and various combinations of those variables. Five examples of the marketing segmentation test results and an A/B test are described in this section, as well as comparison statistics for that corresponding quarter. All metrics available for the campaigns are included in the examples.

Table 11: Results of the “Next Product4You” Segmentation (5/18/2017)

Target Market	Recipients	Open Rate	Click Rate	Click to Open Rate	Resulting Site Visits	Transactions	Conversion Rate
First time buyers	137,941	15.11%	0.77%	5.12%	160	8	0.01%
Connected home product buyers	420	67.14%	12.38%	18.44%	35	2	0.48%
<i>Marketplace Quarter Average/Total</i>	-	32.31%	2.91%	5.22%	46,557	247	0.96%

The “Next Product4You” campaign directed targeted marketing at customers who had previously purchased connected home devices. This campaign had much higher open rates, click rates, translating into site visits from the email, and conversion rates than the marketing to first time buyers. Conversion rates are the fraction of the customers receiving the email that result in a purchase. Due to a large population of first time buyers, the emails from the campaign resulted in higher overall transactions than the email directed at the connected home product buyers.

Table 12: Free Shipping A/B Subject Line Tests (7/20/2017)

Target Market	Recipients (out of 146,127)	Open Rate	Click Rate	Click to Open Rate	Resulting Site Visits
Free Shipping (subject line A)	73,262	12.90%	0.90%	7.10%	85
Free Shipping (subject line B)	73,143	13.30%	1.10%	7.90%	107
<i>Marketplace Quarter Average/Total</i>	-	18.91%	1.37%	6.66%	46,138

A/B testing or blind testing of similar email subject lines was used to determine the effective motivators that positively impact open rates, click rates and increase site traffic. This testing occurred throughout the project to refine and improve the marketing strategy.

Table 13: Holiday Marketing Segmentation (11/23/2017)

Target Market	Recipients	Open	Click	Click to	Resulting
	(out of 146,127)	Rate	Rate	Open Rate	Site Visits
Gas Heat Customers	8,823	18.75%	0.89%	4.74%	15
Electric and Dual Fuel Customers	48,891	26.55%	1.96%	7.39%	254
Marketplace Quarter Average/Total	-	21.35%	1.70%	7.94%	73,621

The Holiday Marketing targetted emails again show the impact a larger audience has on driving site traffic. You can also see in comparison with the table below that the trends relating to gas versus electric customers are not maintained within the engaged customer set.

Table 14: Black Friday Promotion (11/24/2017)

Target Market	Recipients	Open Rate	Click Rate	Click to	Resulting Site Visits
	(out of 146,127)			Open Rate	
Kickoff (All)	102,265	15.27%	1.67%	10.93%	261
Retargeting- Engaged Gas Customers	1,106	52.71%	3.44%	6.52%	20
Retargeting - Unengaged Customers (all Fuels)	45,811	19.06%	1.21%	6.37%	106
Retargeting - Engaged Electric & Dual Fuel Customers	10,218	50.09%	3.21%	6.41%	164
Marketplace Quarter Average/Total	-	21.35%	1.70%	7.94%	73,621

With marketing targeted towards the engaged customers, the smaller engaged market (10,000 customers) generated more activity as compared to the 45,800 unengaged customers. This also demonstrates the impact that follow up emails can have, where more visits were generated by the follow up emails than the original emails while click to open rates fell below the initial email and the quarterly average.

Table 15: Last Chance December Deals (12/21/17)

Target Market	Recipients	Open	Click	Click to	Resulting
	(out of 146,127)	Rate	Rate	Open Rate	Site Visits
Thermostat purchasers	2,043	36.35%	8.35%	22.96%	62
Non-thermostat purchasers	37,025	42.86%	2.01%	4.68%	319
<i>Marketplace Quarter Average/Total</i>	-	21.35%	1.70%	7.94%	73,621

The final table shows a successful targeting of past thermostat purchasers to drive site traffic. Based on the resulting site visits the targeted messaging to thermostat purchasers resulted in almost three times as many site visits per recipient than the messaging to non-thermostat purchasers. More importantly, the messaging to the non-thermostat users was also effective, generating nearly three times the site traffic as the average for the quarter.

3.0 Check Points, Metrics and Results

To summarize the results shown in Section 1, Table 16 details the check points for the project, their target and result. Out of the seven targets, four were met with one achieving the target half of the time. This latter target involved quarterly improvements of incentivized offers as determined through the number of transactions. There is inherent issue with the calculation of this metric since the fourth quarter tends to see much higher sales due to the Black Friday/Cyber Monday and overall end of year holiday purchases.

Table 16: Check point results

Check Point	Target	Result
Customer Marketing Engagement	25% Open rate for emails received	26% average open rate for emails received
Customer Marketing Engagement	3% click-through rate for emails received	2.49% average click through rate for emails received
Customer Marketing Engagement	2.5% conversion rate for customers who visit the site following each campaign	2.49% average conversion rate for customers who visit the site via email marketing
Sales / Transactions	1,400 transactions quarterly	966 average transactions per quarter (high variability due to seasonal events and promotions)
Sales / Transactions	\$109 per transaction	\$61.71 weighted average transaction amount
Incentivized Offers	5% overall Increase in transactions over previous quarter	Between Q3 2016 through Q1 2018, half experienced an average increase of 264% (between Q3 to Q4 2016, Q2 to Q3 2017, and Q3 to Q4 2017). The rest of the quarters experienced an average decrease of 54%. Overall average between quarters was 105% increase in transactions.
Customer Satisfaction	35+ in Net Promoter Score	The Net Promoter score over each quarter was maintained above 35, with a sample size weighted score for the entire duration of 57.

4.0 Discussion

Many key lessons were learned during this demonstration.

Revenue

The Marketplace is not a significant revenue stream. Although the revenue is not suited for a new business model, it is perhaps useful to continue to fund various programming, such as energy efficiency initiatives.

Simple Energy invoiced RG&E based on product sales. [REDACTED]

[REDACTED]

[REDACTED]

Marketing

Based on results from the vanity links, the postcards may have cost more to create and send than its effect on sales. While some targeted email marketing showed increased effectiveness, the segmentation was such that the targeted audience was a small fraction of the overall population, and in most cases the overall sales from the targeted emails were less than the marketing to the entire customer base. Results showed that new products, with financial incentives and short-term market pushes drove the most transactions. Targeted marketing, email blitzes and educational campaigns on products that were high price and without incentive had minimal effect. Incentives for products with limited email marketing did have some effect, but not as much as a combined marketing and incentive push. Repeated, or extended incentives or promotions appear to have had less impact. Leveraging other programs to provide incentives (e.g. DR instant rebates), combined with incentives and marketing had by far the most positive impact on sales.

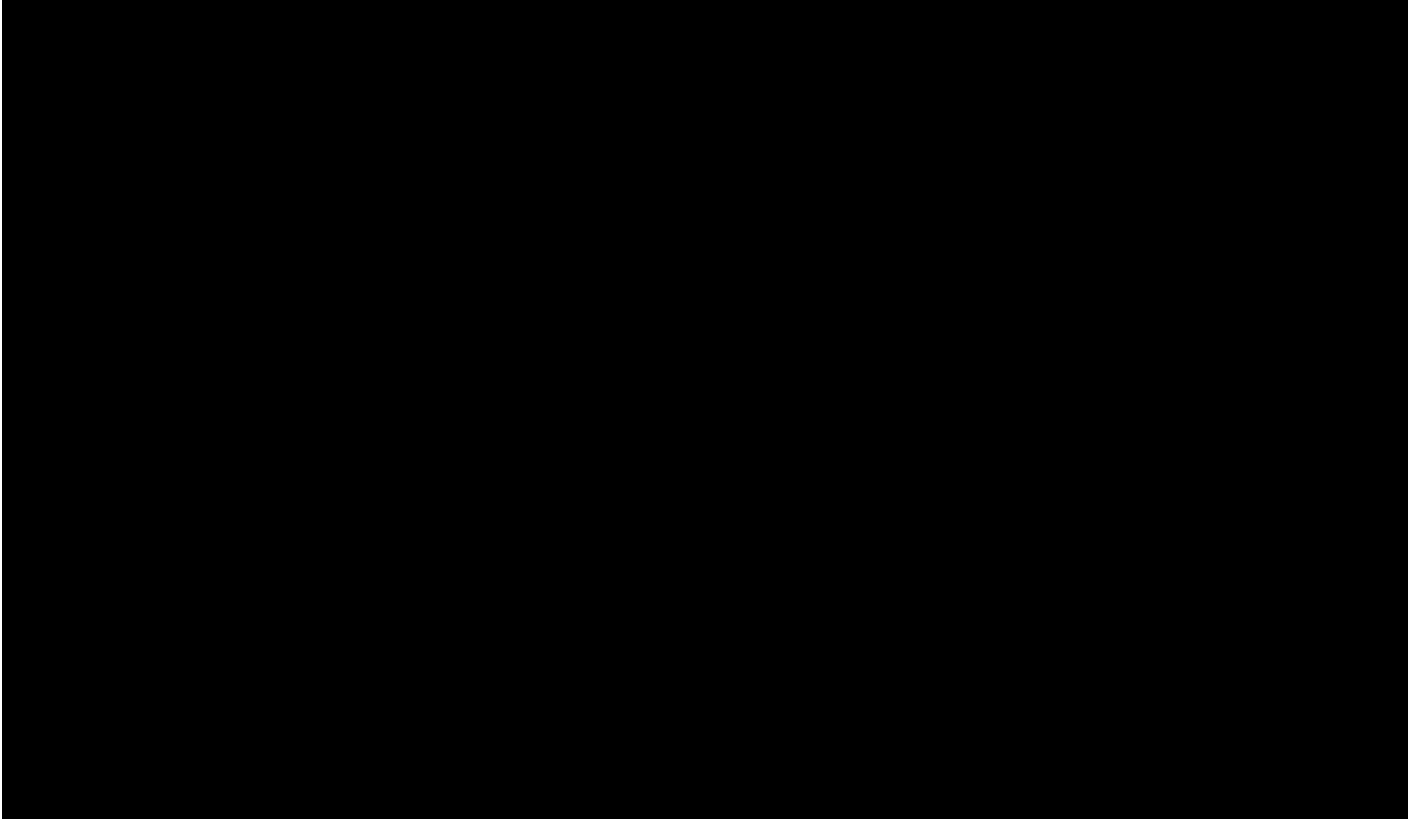
Offerings

Despite the program's lack of profitability, the Marketplace was a new and innovative way of delivering Energy Efficiency rebates and Demand Response enrollment. As the program progressed, the project team learned the intricacies of pre-enrolling thermostats for DR. Data sharing processes have continued to improve among third parties involved improving accuracy of data. The program currently allows instant DR enrollment for eligible customers with the purchase of either a Nest or Ecobee smart thermostat, along with instant rebate of \$85 off the purchase.

Customer Satisfaction

Overall, the Net Promoter Score surveys show that customers are satisfied with their marketplace experience or even being loyal enthusiasts. Per the DNV GL survey, although considered to be comparable to larger vendors like Amazon, the product pricing on the marketplace was ranked at around average, or sometimes higher, than other retailers. The survey noted that competitive pricing for non-subsidized products was likely not an area the store could compete in. This finding suggests that the marketplace could be more effective by focusing on energy efficiency products with rebates, and if non-rebated products are added, to promote them as bundle deals with other rebated products.

Budget Review



5.0 Conclusion

The RG&E Energy Marketplace demonstration project, branded as the RG&E YES Store project has proven to be effective in offering customers more choices in purchasing energy related products and promoting market enablement. Based on positive customer feedback, customer satisfaction scores, realized energy efficiency savings, and to continue offering more comprehensive energy related solutions to customers, the Energy Marketplace demonstration project transitioned to an energy efficiency program in 2018.

From demonstration to business as usual

The Marketplace store continues as an EE program under the same brand name of the RG&E YES Store. During Q2 2018, the project team finalized the scope to expand the online marketplace to the entire NYSEG service territory. The NYSEG marketplace launched in Q4, 2018 branded as NYSEG Smart Solutions, following the ESC Marketplace brand.

Offerings on both marketplaces will continue to expand in 2019 including the addition of a Rebates-as-a-Service platform where customers can access point of sale rebates at participating brick and mortar stores using their smart phone or printed coupon.

Collaboration will continue with DER activities to identify and deliver the most comprehensive energy related offerings and solutions for customers.

6.0 Appendices

A) Glossary

BYOT	Bring your own Thermostat
CEC	Community Energy Coordination
CFL	Compact Fluorescent Light
DER	Distributed Energy Resources (includes energy efficiency, DR, DG, etc.)
DG	Distributed Generation
DR	Demand Response (also: NYPSC Cases 14-E-0243 and 15-E-0100)
DLDR	Distribution Level Demand Response
EE	Energy Efficiency
EEPS	Energy Efficiency Portfolio Standard
EM&V	Evaluation, Measurement and Verification
ESC	Energy Smart Community
JU	Joint Utilities (includes NYSEG, RG&E, National Grid, Consolidated Edison, Orange & Rockland, Central Hudson)
LED	Light Emitting Diodes
NWA	Non Wires Alternatives
SEO	Search Engine Optimization
TRM	Technical Resource Manual (for energy efficiency)

B) Sample Marketing Campaign Matrix

The following Marketing Campaign Matrices were reviewed and updated prior to each phase of implementation.

First Wave Campaigns	All Residential and Small Commercial Customers - General Campaigns	NWAs - Efficiency and DR focus with platform for future opportunities	Distribution Level Demand Response	Energy Efficiency New Initiatives
Descriptions	General campaigns to all RG&E customers Utilize all existing mass market channels for frequency messaging	Geo-targeted with incentives based on value of deferred projects	Incentives + tests based on envisioned DL DR program	Test customer receptiveness to new EE measures, incentives, cross promotions and distribution channels
	Targeted 1:1 messaging based on segmentation strategy	Geo targeted EE and DR initiatives to offset growth; targeted messaging	Market place will be used for the campaigns/channel for BYOT DL DR program	Marketplace will be used to test effectiveness of new EE measures, incentives and channels
Goal Measurements	Take rate , awareness	kwh/kw targets	Take rate/kw target	kwh, awareness, update against other channels
Channels Channels will be utilized in addition to leveraging existing mass market channels	1. Targeted email campaigns 2. Community Outreach 3. Paid Search 4. SEO 5. Social Ads 6. PR	1. Targeted email campaigns 2. Community Outreach 3. Paid Search 4. SEO 5. Social Ads 6. PR	1. Targeted email campaigns 2. Community Outreach 3. Paid Search 4. SEO 5. Social Ads 6. PR	1. Targeted email campaigns 2. Community Outreach 3. Paid Search 4. SEO 5. Social Ads 6. PR
Products	<ul style="list-style-type: none"> • Nest Learning Thermostat + Honeywell & Ecobee Smart Thermostat Models • Tesla Powerwall • SolarCity Service • EnergySage Service 	<ul style="list-style-type: none"> • Nest Learning Thermostat + Honeywell & Ecobee Smart Thermostat Models • Tesla Powerwall • SolarCity Service • EnergySage Service 	<ul style="list-style-type: none"> • Nest Learning Thermostat + Honeywell & Ecobee Smart Thermostat Models • Tesla Powerwall • HVAC Cycling Service 	<ul style="list-style-type: none"> • Nest Learning Thermostat + Honeywell & Ecobee Smart Thermostat Models Ductless mini splits • Belkin Surge Protector Models • LED Bulbs (Techniart, Cree...) • Furnace / AC Upgrade Service
Customer Test Population	Segment and targeted customer Ongoing campaigns continue to be more refined from initial launch Test approach phases could include: 1. test - target with geo location 2. test - target based on usage/payment history 3. test - online engagement level - data on customers previously targeted email metrics and/or customers who are ebill/online account	50k – customers on circuits Target customers by circuit/type utilizing customer segmentation data	Target customers by circuit Focused on residential customers May be overlap with NWA	Target customers may depend on the test but could include: 1. Segmenting by previous EE participation 2) targeted in parallel with EE program to test comparison channels

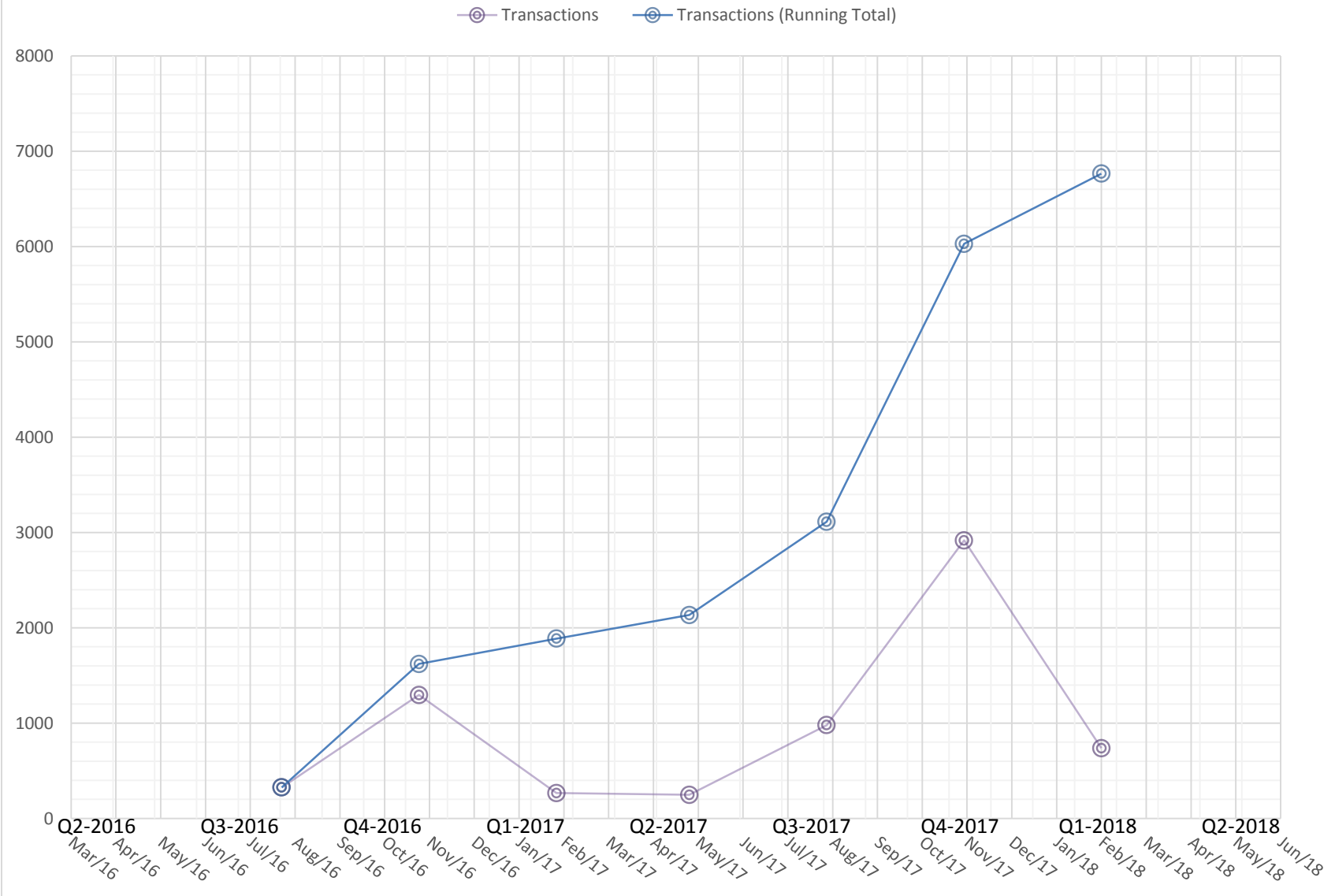
Sample Marketing Campaign Matrix (continued)

First Wave Campaigns	All Residential and Small Commercial Customers - General Campaigns	NWAs - Efficiency and DR focus with platform for future opportunities	Distribution Level Demand Response	Energy Efficiency New Initiatives
Information used for Targeted Campaigns	<p>Usage (AVANGRID) - Used to target high users and change in usage for more transactional marketing</p> <p>Payment history (AVANGRID) - Used to determine high users with higher incentive to change</p> <p>Address (AVANGRID) - Location can be used to link with other data, such as house type, age, income level...</p> <p>Landlord revert flag (AVANGRID) - Homeowners are more likely to make changes to their home and usage than tenants</p> <p>Ebill/epay (AVANGRID) - Customers who have already adopted a utility program</p> <p>Auto pay (AVANGRID) - Customers who have already adopted a utility program</p> <p>Email (AVANGRID) – email address, engagement level</p> <p>Online account (AVANGRID) – customers who have utility accounts are more likely to engage with utility programs</p> <p>Customer Propensity research: research on demographics for customers more likely to be interested in EE (AVANGRID)</p> <p>Building characteristics (SE) - Heating Cooling Type, Age of Building, Single/Multifamily</p>	<p>Usage (AVANGRID) - Used to target high users and change in usage for more transactional marketing</p> <p>Payment history (AVANGRID) - Used to determine high users with higher incentive to change</p> <p>Address (AVANGRID) - Location can be used to link with other data, such as house type, age, income level...</p> <p>Landlord revert flag (AVANGRID) - Homeowners are more likely to make changes to their home and usage than tenants</p> <p>Ebill/epay (AVANGRID) - Customers who have already adopted a utility program</p> <p>Auto pay (AVANGRID) - Customers who have already adopted a utility program</p> <p>Email (AVANGRID) – email address, engagement level</p> <p>Online account (AVANGRID) – customers who have utility accounts are more likely to engage with utility programs</p> <p>Customer Propensity research: research on demographics for customers more likely to be interested in EE (AVANGRID)</p> <p>Building characteristics (SE) - Heating Cooling Type, Age of Building, Single/Multifamily</p>	<p>Usage (AVANGRID) - Used to target high users and change in usage for more transactional marketing</p> <p>Payment history (AVANGRID) - Used to determine high users with higher incentive to change</p> <p>Address (AVANGRID) - Location can be used to link with other data, such as house type, age, income level...</p> <p>Landlord revert flag (AVANGRID) - Homeowners are more likely to make changes to their home and usage than tenants</p> <p>Ebill/epay (AVANGRID) - Customers who have already adopted a utility program</p> <p>Auto pay (AVANGRID) - Customers who have already adopted a utility program</p> <p>Email (AVANGRID) – email address, engagement level</p> <p>Online account (AVANGRID) – customers who have utility accounts are more likely to engage with utility programs</p> <p>Customer Propensity research: research on demographics for customers more likely to be interested in EE (AVANGRID)</p> <p>Building characteristics (SE) - Heating Cooling Type, Age of Building, Single/Multifamily</p>	<p>Usage (AVANGRID) - Used to target high users and change in usage for more transactional marketing</p> <p>Payment history (AVANGRID) - Used to determine high users with higher incentive to change</p> <p>Address (AVANGRID) - Location can be used to link with other data, such as house type, age, income level...</p> <p>Landlord revert flag (AVANGRID) - Homeowners are more likely to make changes to their home and usage than tenants</p> <p>Ebill/epay (AVANGRID) - Customers who have already adopted a utility program</p> <p>Auto pay (AVANGRID) - Customers who have already adopted a utility program</p> <p>Email (AVANGRID) – email address, engagement level</p> <p>Online account (AVANGRID) – customers who have utility accounts are more likely to engage with utility programs</p> <p>Customer Propensity research: research on demographics for customers more likely to be interested in EE (AVANGRID)</p> <p>Building characteristics (SE) - Heating Cooling Type, Age of Building, Single/Multifamily</p>
Initial Campaign Launch	Initial campaigns; immediately following Marketplace launch	Campaigns initiated 2Q after launch	Campaigns initiated 2Q after launch	Campaigns can begin 1Q of launch
Measurement of success	<p>Depending on products:</p> <ul style="list-style-type: none"> • Number of products sold • Marketing funnel/Conversion metrics 	<ul style="list-style-type: none"> • Number of products sold • Marketing funnel/Conversion metrics • Rebates redeemed 	<ul style="list-style-type: none"> • Number of load control devices (thermostats, modules) purchased • Number of rebates redeemed • Number of customers signed up for DL DR programs. 	<p>Depending on products:</p> <ul style="list-style-type: none"> • Number of products sold • Marketing funnel/Conversion metrics • Comparison to other EE programs
Incentives	<p>Depending on products:</p> <p>Sweepstakes / Contests</p> <p>Product Packaging</p>	<p>Depending on products:</p> <p>\$XX rebates / reduced price</p> <p>Sweepstakes / Contests</p> <p>Product Packaging</p>	<p>\$85 rebate</p> <p>May test different incentives</p>	<p>Depending on products:</p> <p>\$XX rebates / reduced price</p> <p>Sweepstakes / Contests</p> <p>Product Packaging</p>

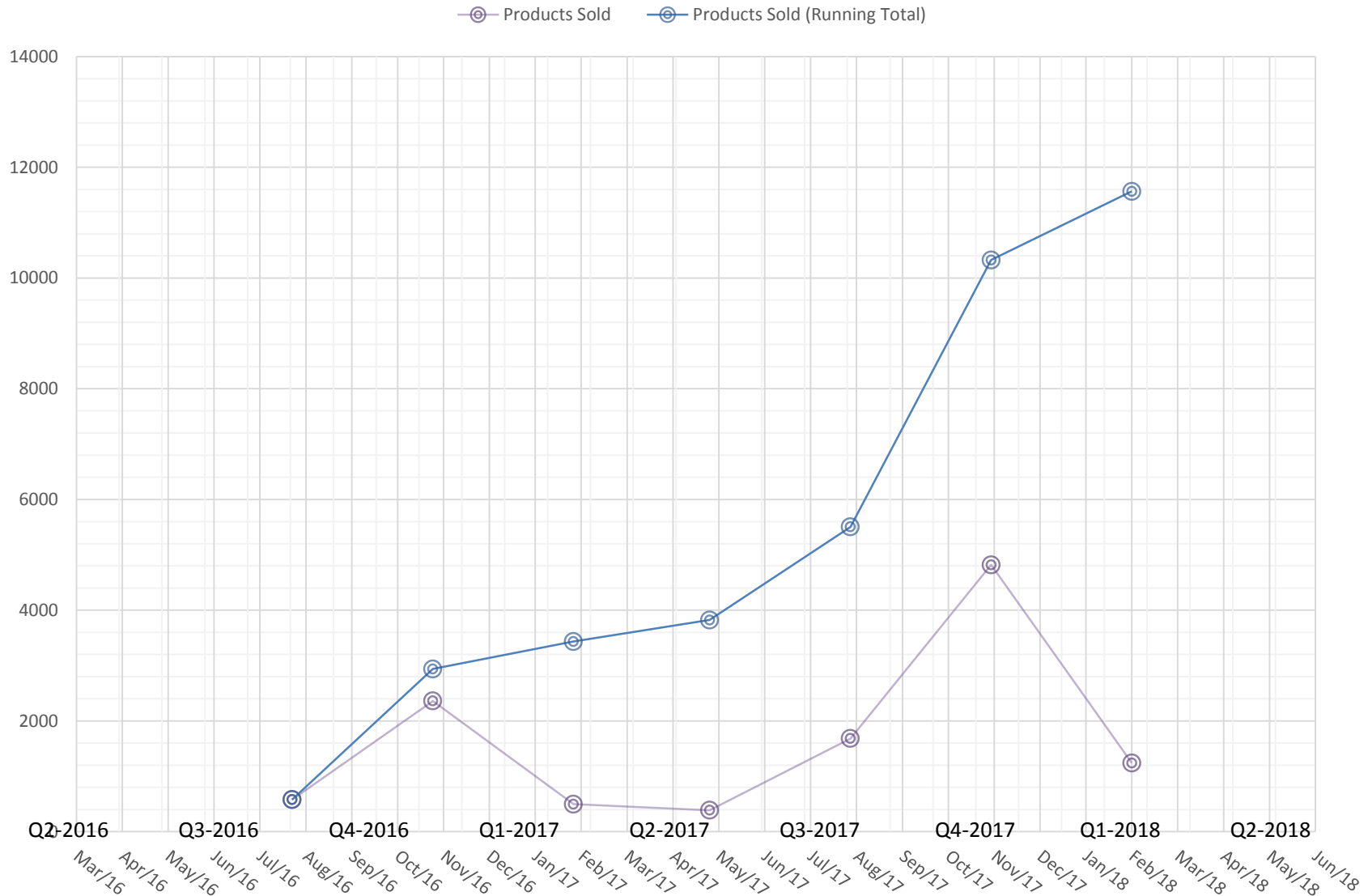
C) Results Graphs



YES Store - Transactions



YES Store - Products Sold



YES Store - Emails and Conversions



YES Store - Product Sales

