

## **Reforming the Energy Vision**

Demonstration Project Q3 2016 Report

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# **Energy Marketplace**



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## 1.0 Executive Summary

AVANGRID and Rochester Gas and Electric Corporation (“RG&E” or “Company”) submit this quarterly report on the progress of the RG&E Energy Marketplace demonstration project. The RG&E Energy Marketplace is an e-commerce site to test energy related online transactions, customer satisfaction, and the delivery of more comprehensive energy solutions for our customers. The Energy Marketplace platform will further test methods to customize, engage, and grow the market, while better connecting with customers on a range of DER offerings through targeted marketing and tailored content.

RG&E and its partner Simple Energy, a third party specializing in digital customer engagement, entered into a mutual services agreement and began project kick off activities during the second quarter of 2016. Q2 activities focused on planning and design to include marketing strategy, branding, product offerings, rebate amounts, and data sharing requirements. The Energy Marketplace was also officially named the RG&E *Your Energy Savings Store* (“YES store”).

During the third quarter of 2016, the project team moved forward with the launch of the RG&E YES store. This report provides details of project activities and progress made toward implementation during the third quarter of 2016.

## 2.0 Demonstration Highlights since the Previous Quarter

Key highlights during the third quarter include:

- Configuration and development of the RG&E YES store
- Testing of the portal functionality
- Technical integration for sharing of customer data with partner Simple Energy
- Successful launch to RG&E customers in September

The RG&E YES store rolled out the launch to RG&E customers through a phased approach as outlined below:

- 8/24 – Soft launch to RG&E Employees
- 9/1 – Launch to 10% of RG&E customers with email addresses
- 9/8 – Full Launch to all of RG&E customers with email addresses

## 2.1 Activities Overview

During Q3 2016, Simple Energy completed the technical development of the YES store and established a secured file transfer protocol (SFTP) site for safe and secure sharing of necessary customer information. The Company transferred sample customer data via the SFTP site and together the Company and Simple Energy tested the functionality of the online

portal. No major issues were found during the test period and we moved forward with implementation.

On 8/24/2016, an internal company email was sent to RG&E employees announcing the RG&E YES store and encouraged employees to visit and purchase energy related products.

On 9/1/2016, Simple Energy generated a marketing email campaign to approximately 10% of RG&E customers announcing the YES store. This early launch themed a “sneak peak” campaign designed to stage traffic to the site, identify potential issues prior to a full launch, and generate messaging insights (through a/b subject line testing) that might influence the full launch email. The “sneak peak” launch revealed no issues or bugs with portal design or functionality. A week later on 9/8/2016, the YES store fully launched through an email marketing campaign to all RG&E customers with email addresses. Again, this full launch focused on creating general awareness and driving customers to visit the YES store.

### **Marketing and Promotions**

Email is the backbone of the promotional marketing for the YES store. RG&E and partner Simple Energy have developed a scheduled weekly cadence for email marketing to customers. Email campaigns generally include themes such as limited time offers, and seasonal messaging. Other ad hoc campaigns may also be generated such as retargeting to customers who may have viewed store web pages, but not yet made an active transaction. To ensure the appropriateness and effectiveness of marketing campaigns, team members from both AVANGRID and Simple Energy participate in weekly marketing meetings to review and refine marketing efforts.

### **Outreach and Education**

To further generate awareness and educate both employees and customers, AVANGRID has leveraged the existing marketing campaign used to educate and promote Energy Efficiency (EE) programs. The EE marketing campaign, named *Your Energy Savings* or (“YES”) is featured on the RG&E website homepage. The RG&E YES store is featured directly next the EE Programs further providing customers with tools and encouraging them to make active energy related choices.

### **BYOT, CEC and ESC**

During Q3, discussions were started with the newly secured vendor of the Demand Response, Bring Your Own Thermostat (BYOT) program to leverage the YES store as a distribution channel for that program.

Additionally, discussions and negotiations also continued with Simple Energy to use the Energy Marketplace as the portal to offer services for the Community Energy Coordination (CEC) demonstration project and the portal to offer products and services for the Energy Smart Community (ESC) project. The CEC marketplace will educate customers on CEC solar and energy efficiency services and the ESC marketplace will help customers easily find recommended products and services to improve the efficiency of their homes.

## 2.2 Key Metrics

As discussed above, the YES store launched to all of RG&E customers on 9/8/16, thus it was operational for only three full weeks during the third quarter.

The RG&E YES store had 16,928 site visits with 294 transactions, consisting of 389 products sold. Customer responsiveness to the early general awareness email campaigns was relatively low, however customer engagement significantly increased during subsequent campaigns in September such that overall responsiveness exceeded industry standards.

Listed below in Table 1 are the marketing metrics resulting from the YES store during the month of September:

Table 1: Marketing Metrics

<b>Marketing Metrics</b>	<b>Q3</b>	<b>YTD</b>	<b>IA*</b>
Email Open Rates	23.09%	23.09%	18.20%
Email Click Rates	2.36%	2.36%	1.30%
Email Click to Open Rates	10.22%	10.22%	7.00%
Conversion Rate	.04%	.04%	n/a
*Industry Average (IA)			

## 2.3 Checkpoints

As outlined in the Implementation Plan filed on April 15, 2016, we will measure the checkpoints listed in Table 2 below, following a full quarter of the RG&E YES store being operational.

The Sales / Transactions checkpoint as outlined in the implementation plan were based on assumptions of higher thermostat rebates. Refined targets based on actual rebate amounts show a more realistic target of approximately 1,400 transactions per quarter with a weighted average of \$109 per transaction.

Table 2: Checkpoints as outlined in the Implementation Plan filed on April 15, 2016

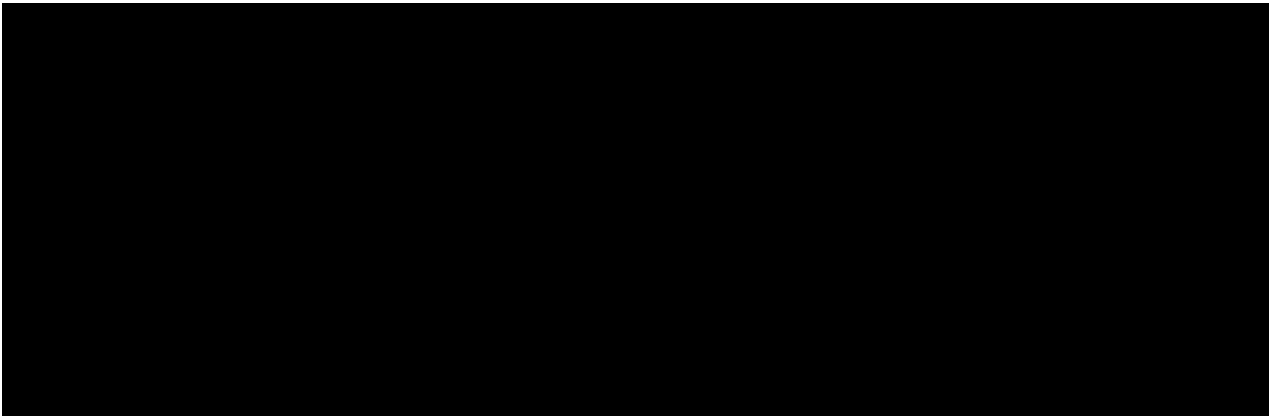
Check Point	Description
Customer Marketing Engagement	<p><u>Measure:</u> Marketing KPIs (Opens, Click-throughs, Conversions...)  <u>How and When:</u> Monthly, using marketing analytic tools  <u>Expected Target:</u> 25% Open rate for emails received, and 3% click-through rate for emails received, 2.5% conversion rate for customers who visit the site following each campaign. Results will be formally reported quarterly representing monthly data.</p> <p><u>Solution/Strategy if expectations are not met:</u> Evaluate marketing strategy, evaluate communication methods/channels and evaluate/establish optional advertising levels.</p>
Sales / Transactions	<p><u>Measure:</u> Number of Transactions, Average Price per Transaction  <u>How and When:</u> Quarterly, using Marketplace Portal data  <u>Expected Target:</u> 9,000 transactions quarterly, \$260 per transaction. Will report quarterly noting pace towards annual target.</p> <p><u>Solution/Strategy if expectations are not met:</u> Evaluate and add/change offerings; evaluate and add/change price structure; conduct customer survey to obtain direct suggestion/feedback; add additional marketing/PR channels.</p>
Incentivized Offers	<p><u>Measure:</u> Number of Transactions per incentive, Percent Increase  <u>How and When:</u> Quarterly, using Marketplace Portal Data  <u>Expected Target:</u> 5% overall Increase in transactions over previous quarter. Will report results quarterly.</p> <p><u>Solution/Strategy if expectations are not met:</u> Evaluate and add/change incentive structure. Conduct customer survey to obtain direct feedback.</p>
Customer Satisfaction	<p><u>Measure:</u> Customer Satisfaction using Net Promoter Score  <u>How and When:</u> Quarterly, Net Promoter Score (NPS) uses short 1 -2 question survey to establish propensity of a customer to promote or reflect positively about your brand displayed on an 1-10 scale. AVANGRID will conduct random survey across a random sample of customers (Ideally 200 – 400 respondents) to establish baseline before launch of Marketplace. Each Quarter after launch random samples of customer surveys will be conducted to gather NPS scores and reported on.  <u>Expected Target:</u> 8+ showing that the average customer engaging with new program is satisfied or even loyal enthusiasts who will keep buying and refer others.</p> <p><u>Solution/Strategy if expectations are not met:</u> Evaluate and modify customer experience. Conduct follow up survey to obtain direct customer feedback.</p>

## **2.4 Issues**

There are no issues to report at this time.

## **3.0 Work Plan**

### **3.1 Budget Review**



### **3.2 Updated Work Plan**

The work plan in Table 4 and as outlined in the Implementation Plan filed on April 15, 2016 has generally not changed and remains on track.

Table 4: Work plan

	2016	2016	2016	2017	2017
Marketplace Project Plan	Q2	Q3	Q4	Q1	Q2
<b>Phase 0</b>					
<b>Planning Workshops and Artifacts</b>					
Program Design Workshop					
Customer Marketing Workshop					
Merchandising Workshops					
Reporting Workshop					
Final Review of Artifacts					
<b>Integrative Site Build out and Configuration</b>					
Deploy Marketplace Infrastructure					
Add Site Content and Merchandise					
Configure Customer Support Platform					
Configure Retargeting and SEO Advertisements					
Configure Email Service					
<b>Marketplace Data Integration Activities</b>					
Integrate Customer Data					
Create Rebate Reconciliation Process					
Integration Testing and Launch Prep					
<b>Marketing Content Creation</b>					
Email Copy					
Paper Mailers					
Press Releases/Earned Media					
Bill Inserts					
<b>User Acceptance Testing</b>					
<b>Training</b>					
<b>Phase 1</b>					
<b>Marketplace Launch (1st wave of products)</b>					
<b>Marketplace Marketing Plan Execution</b>					
Pre-launch Press Release					
Execute marketing plan					
<b>Phase 2</b>					
<b>Add products and fixed fee services offerings</b>					
<b>Project Evaluation / Scale to NYSEG</b>					

### 3.3 Next Quarter Planned Activities

In Q4 2016, the Company and Simple Energy will continue to expand and enhance product offerings on the YES store. We will also refine marketing strategies and campaigns as necessary based on customer engagement and responsiveness.

Additionally, we will continue coordination to leverage the YES store as a distribution channel for the Demand Response, BYOT program and also continue collaboration with Simple Energy on the CEC demonstration and ESC projects.



## **4.0 Conclusion**

During the third quarter 2016, RG&E and Simple Energy fully launched the RG&E *Your Energy Savings Store* (Energy Marketplace). The launch of the store involved completion of many prerequisite steps, including data integration, portal testing, employee communications and a staged launch approach.

The YES store was fully operational for less than a month during Q3, yet has shown overall positive customer engagement. We will continue to update and add products to further enhance value to our customers and to enable customers to identify the most suitable products and services to meet their energy related needs.

### **4.1 Lessons Learned**

The first month of email campaigns have shown a direct correlation in the timing of email marketing campaigns and customer responsiveness.

### **4.2 Recommendations**

This section will be addressed in future reports.