

# A New Regulatory Framework to Support Behavioral Programs

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## Should Behavioral Programs be viewed as DSM or as Basic Consumer Services?

- ▶ Evidence is strong that at least some behavioral approaches are:
  - Cost-effective
  - Relatively easy to deliver
  - Look like and can be effectively integrated into utilities core services
- ▶ But, these programs have cannibalized some hardware-related DSM efforts
- ▶ What is the 21<sup>st</sup> Century solution and why?

## The Problem

<b>Hypothetical Program Administrator Options</b>	
Annual DSM target (% of load)	0.80%
Residential Load	40%
Home Energy Report Savings	2.00%
Savings from RES HER	0.800%
Savings necessary from other programs	<b>ZILCH</b>
Annual Typical portfolio budget \$/annual kWh	\$ 0.30
RES HER \$/annual kWh	\$ 0.03
Utility cost "savings"	90%
Real societal lifetime cost savings	<b>-30%</b>
Persistence	???????
Lifetime Net benefits	???????

BILLING DATE: OCT 15, 2012    ACCOUNT NUMBER: 000010303816    PAY THIS AMOUNT:  Check this box for address change. See reverse side.    CV-05 REV 5/12

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PHILIP H MOSENTHAL  
1190 RUSSELL YOUNG RD  
BRISTOL VT 05443-5319

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GREEN MOUNTAIN POWER    P.O. Box 74  
Brattleboro VT 05302

PLEASE RETURN THIS PORTION WITH YOUR PAYMENT--PLEASE MAKE CHECKS PAYABLE TO "GMP".

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BILLING PERIOD SEPT 12, 2012 TO OCT 09, 2012... 027 DAYS    \$53.24  
PREVIOUS BILL BALANCE    \$53.24CR  
PAYMENTS FOR THIS PERIOD.. THANK YOU FOR YOUR PROMPT PAYMENT    -----  
BALANCE FORWARD    \$0.00

RATE	QUANTITY	READING	CONSTANT	UNITS	UNIT COST	AMOUNT
RESIDENTIAL	28193	28239	1	46	TOD PEAK	
0011 GMP ENERGY		KWH		46 X	\$ 20086/KWH	\$9.24
SERVICE CHARGE DAYS			1	127 X	\$ 58700/DAY	\$15.85
RESIDENTIAL	75353	75471	1	118	TOD OFF PEAK	
0011 GMP ENERGY		KWH		118 X	\$ 10687/KWH	\$12.61
ENERGY EFFICIENCY CHARGE					( \$ .0093100/KWH	\$1.53
POWER COST ADJUSTMENT MECHANISM					( \$ .00639)/KWH	\$1.04CR
CURRENT MONTH CHARGES BILLED (OCT 15, 2012)						\$38.19

THE VT PUBLIC SERVICE BOARD APPROVED OUR REQUEST TO LOWER CUSTOMER RATES BY 0.4 % BEGINNING OCTOBER 1. THE GUARANTEED SAVINGS OF \$2.5 MILLION IN YEAR ONE OF THE NEWLY MERGED COMPANY MADE THE RATE DECREASE POSSIBLE.

PLEASE DO NOT PAY. YOU ARE A GMP ELECTRIPAY CUSTOMER  
BANK WITHDRAWAL WILL OCCUR APPROXIMATELY NOV 05

SERVICE ADDRESS: RUSSELL YOUNG STARKSBORO VT	RD	PLEASE PAY
SERVICE TELEPHONE NO: 802 453 6678		
SERVICE AT:		
APPROXIMATE NEXT METER READ DATE IS: NOV 8	PLEASE USE YOUR ACCOUNT NUMBER	
CUSTOMER INFORMATION (MON-FRI, 7-7): 800 649 2877	WHEN CALLING OR WRITING:	
TO REPORT A POWER OUTAGE: 800 451 2877	000 01030381 6	

KWH PER MONTH ON PRIMARY RATE

Month	KWH
O	250
N	250
D	250
J	250
F	250
M	250
A	250
M	250
J	250
J	250
A	250
S	250
O	250

13 MONTH COMPARISON

USAGE COMPARISON

BILLING PERIOD	KWH USED	BILLING DAYS	AVERAGE TEMP
OCT 12	164	27	54
OCT 11	258	29	57

ADDITIONAL INFORMATION ON REVERSE SIDE

▶ New things since Carter Administration

– Electronic payment

– Graph of past usage

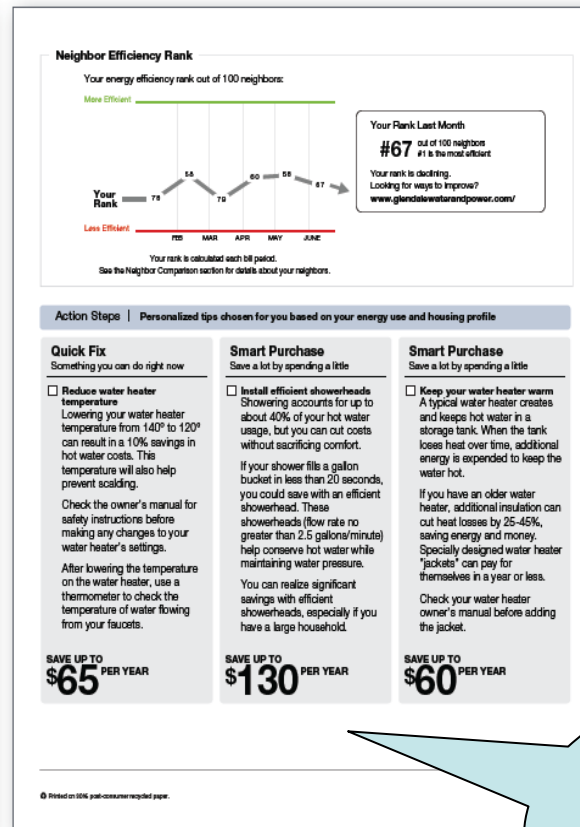
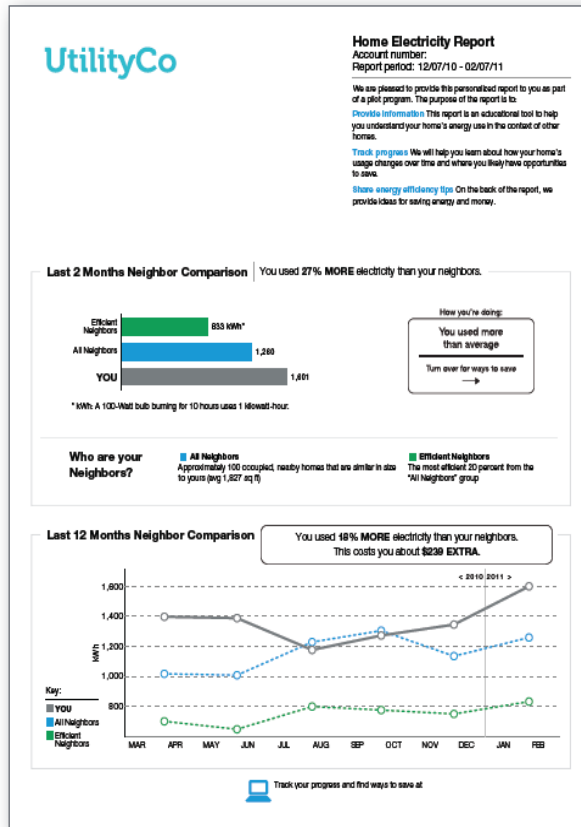
- ▶ Bills not user friendly, little education, few advances since computer era began.
- ▶ Compare level of education and information with other consumer products that consume much smaller share of household income and are much less complex.



## The Solution

- ▶ Utilities should provide a basic level of customer service and education to use their product smartly, recovered through rates as core expenses.
- ▶ Utilities already have similar obligations to provide PSA-type information to consumers (e.g., call before you dig).
- ▶ No other consumer product of this economic magnitude comes with so little consumer information (think smartphones, consumer electronics, cars....)
- ▶ IF cost-effective, should be a basic obligation of utilities to provide more sophisticated mailings (integrated into bills reduces costs and perhaps improves effectiveness).
- ▶ Information programs should be treated like other supply-side retail obligations like bill stuffers. They are a basic service tied to ensuring safe and efficient use of the product.
- ▶ No need for lost revenue recovery or shareholder incentives.
- ▶ Eliminates competition for scarce DSM resources.
- ▶ Transforms society into educated and informed energy consumers over time. Locks in market transformation.

# The Electric Bill of the 21<sup>st</sup> Century?



► Oh... and by the way... you owe us \$XXX.



Thank you

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