SMUD’s SmartPricing Options: Recruitment, Implementation, and Retention

Karen McCord
November 19, 2013

Powering forward. Together.
U.S. Department of Energy
Disclaimer

• **Acknowledgement**: “This material is based upon work supported by the Department of Energy under Award Number OE000214.”

• **Disclaimer**: “This report was prepared as an account of work sponsored by an agency of the United States Government. Neither the United States Government nor any agency thereof, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise does not necessarily constitute or imply its endorsement, recommendation, or favoring by the United States Government or any agency thereof. The views and opinions of authors expressed herein do not necessarily state or reflect those of the United States Government or any agency thereof.”
About SMUD

- Service Area Population: 1.4 million
- Service Area: 900 Square miles
- Number of Customers: 604,053 (2012 year-end)
- Retail Revenue
  - Residential: $569 million
  - Commercial & Other: $695 million
  - Total Retail Revenues: $1,264 million
- Energy Sales: 10,454,769 MWh
- Net System Peak Demand: 2,954 MW (2012)
- Record Peak Demand: 3,299 MW (Jul 24, 2006)
- Employees: 2,028 (2012 year-end)
- Smart Meters are fully deployed

Sources: 5-year summary of operating statistics published in 2012 annual report.
What I’ll cover

• Recruitment strategy
• Marketing channels and collateral
• Retention efforts
• Language examples
• Lessons learned
Study Design: Treatment Groups

Developed collateral specific to each treatment group:
Marketing objectives

• Encourage SMUD customers to participate in a SmartPricing Options plan by educating them on
  – (1) the rate and time-variant pricing and
  – (2) the benefits of reducing their energy use during the summer’s critical peak periods.

• Develop a portfolio of materials to support each combination of recruitment strategy, rate design, and technology offer.
  – This portfolio will educate customers on
    • time-variant pricing
    • challenges caused by peak demand
    • how peak consumption impacts customers and the environment
Recruitment strategy

• Marketing activities included a mix of channels and tactics and a phased approach:
  – Phase 1: Pre-recruitment education
  – Phase 2: Recruitment
  – Phase 3: Retention & notification
Recruitment Channels

• Direct Mail
  • Letter, BRC and brochure
  • Follow up postcard
• Mass media campaign
• Door hangers
• Outbound calling
• Pricing plan-specific websites
Recruitment Collateral

- brochures
- follow up postcards
- microsites
Mass media campaign

Web ad

Would you like to save money on next summer’s electricity bills?

You may be able to save if you can reduce your electricity use between 4 p.m. and 7 p.m.

SmartPricing Options are being offered to a small group of randomly selected SMUD customers for a limited time. If your home is selected to be part of the pilot, you may be able to take advantage of new pricing and thus be better able to control your summer’s electricity bills. You will be notified of their impact on electricity use during peak hours.

Would you like to save money on next summer’s electricity bills?

Print ad

Landing page
Door hanger campaign

Would you like to save money on your summer electricity bills?

You may be able to save if you can reduce your electricity use between 4 p.m. and 7 p.m.

SMUD SmartPricing Options let you take control of your summer electricity costs.

SMUD is offering SmartPricing Options to a randomly selected group of SMUD customers for a limited time. This is part of a two-year pricing pilot for the summers of 2012 and 2013. If your home is selected to participate, you'll be among the first to take advantage of new pricing and tools that will let you take control of your summer electricity bills.

Enrolling in this plan will allow you to manage your summer electricity use and help the environment if you can reduce your electricity use between the peak hours of 4:00 p.m. to 7:00 p.m. Using less electricity during peak hours, shifting the time you use electricity (like doing laundry after 7:00 p.m.), or reducing your use overall can help you save money on your bill.

It's good for the environment too!

During the summer — especially during weekday late afternoon and evening hours — the demand for electricity soars. To meet this demand, we often have to buy electricity from very expensive and less environmentally friendly sources. The high costs are absorbed by all of us, but the environmental costs affect the entire planet. By effectively managing your electricity usage during peak hours, we can avoid purchasing less desirable forms of energy.

To find out if your home was randomly selected to participate in this pilot and to enroll, log into My Account at smud.org or call toll-free 1-855-776-5655.
Recruitment channels and enrollment

- Outbound Calls
- Direct Mail
- Contact Center and My Account

- Actual
- Planned
Opt-In Enrollment Rates

- CPP
- CPP w/ IHD
- TOU - Deferred
- TOU
- TOU w/ IHD-Deferred
- TOU w/ IHD

Legend:
- Yellow: Net Enrollment Rate
- Green: Gross Enrollment Rate for Eligible Sample
- Blue: Gross Enrollment Rate for Initial Sample
- Orange: Gross Enrollment Goal
Opt-Out Enrollment Rates

Gross Enrollment Rate for Initial Sample (3310)
Enrollment Goal (2046)
Recruitment results

- 16% - 18.8% enrollment rate for opt-in pricing plans
- 94% - 98% for opt-out (default) pricing plans
- 107% - 120% of our enrollment goals!
Retention & Education Tactics

• Welcome packet
• Critical Peak event notification & tips
• Yesterday's Data Today (smud.org)
  – Online usage graphs
• Social media
  – Offer-specific Facebook groups
  – Educational YouTube videos
  – Pinterest
• Sweepstakes & giveaways
• Pricing plan websites
Welcome packet

SmartPricing Options
Welcome Packet

Everything you need to keep cool and save money this summer!

Welcome
Welcome to the Optimus Off-Peak Plan! Your new electricity pricing plan is effective this summer – June 1 through September 30 – and once summer – June 1 through September 30, 2011. This welcome packet includes tips and ideas to help you – and everyone in your home – better manage your electricity usage and save money on your energy bills all summer long.

These tools include:

- A magnet for your fridge or dryer that reminds you to do laundry during off-peak hours.
- A self-generated grid with energy saving tips.
- Recipe cards – upon the code to link to kitchen tip videos.
- A discount card for local businesses.

As a customer in SMUD’s SmartPricing Options, we’ll reward you periodically for surveys. These surveys may be by phone or mail.

If you have any questions, you can speak to a SmartPricing Options representative by dialing 916-361-7892 or send an e-mail to smudsmartpricing@smud.org.

SmartPricing Options Discount Card

Electricity Use Display

Peak Hours and Conservation Days

SMUD SmartPricing Options Discount Card

Energy-Saving Tips

Messages by Text

Welcome

Remember!
Start your laundry
before 4 p.m. or after 7 p.m.

For more ways to save, visit
smud.org/optimus

Blackberry Balsamic Salmon

Curried Bean and Eggplant Stew

Energy Saving Tips

Little Things. Big Potential.

- Set your air-conditioner thermostat to pre-cool your home before 4 p.m., and use fans to help cool your home. Also program your thermostat a few degrees higher than 68 p.m. in warm p.m.

- Close curtains and blinds to windows that get direct sun.

- Do your laundry, rinsing, or washing clothes before 4 p.m. or after 7 p.m.

- Grill your grill to save your dish to wash in advance. Enjoy dinner outside with friends and family.

- Substitute that don’t use energy, such as hand mixer or stirring with warm spoons instead of a mixer.

- Turn off all electronic devices not completely in use. Save a sleeping computer or TV set save energy.

Grilled Chicken
with Florentine Mashed Potatoes

Mexican Beef Salad with
Mini Jalapeño Corn Muffins
Welcome.
The **Summer Weekday Value Plan** can help you take control of your summer electricity bills, manage your energy use and help the environment. This plan is part of SMUD’s SmartPricing Options, a two-year pilot that is being offered to a small group of randomly selected SMUD customers for a limited time. Half of the customers whose homes were randomly selected will be eligible to participate the summer of 2012. The other half will be eligible for the plan the summer of 2014.

Find out which offer your home was selected to receive – just click the “Sign Up Now” button below or call us toll-free at 1-855-736-7655.

Let’s work together to reduce the impact of electricity use during peak hours. Please explore this website to see plan details and discover ways you can save money by...
The Home Depot sweepstakes

Enter to win a new grill from The Home Depot!
Smart Discount website visits
Facebook groups

Some of you have asked about discounts and rebates on energy efficient products and appliances. Here’s an easy way to find out what’s available - use our new interactive Home Rebates & Energy Solutions web tool.

When you move the cursor to the orange-colored parts of the house and click on that section, it pops up information about rebates and financing. Move the cursor inside the garage and click on the orange washing machine and you’ll get information about a rebate on clothes washers. Go inside the house and click on the orange light hanging in the kitchen, and you’ll get information on incentives for CFLs and LED light bulbs.
Facebook contests

Who’s ready for...
Fun with Flip Flops!

Don’t miss out on
Flashback Summer Fun!

We want to know...
How cool are you?

It’s time for a
Hot Day Haiku!
Remember!
Start your laundry before 4 p.m. or after 7 p.m.

For more ways to save, visit smud.org/discountoption

Karen Mac  Discount Option
August 28

Have you used your washer/dryer magnet and refrigerator cling? Are they helpful?

Estelle Eumont: It's on our washer! I usually use it on mornings. 😊
August 28 at 3:49pm · Like · 1

Karen Mac: Glad it's working! Do you use the refrigerator cling?
August 28 at 3:51pm · Like

Estelle Eumont: Hmm I don't know where my husband put it!
August 28 at 3:53pm · Like · 1

Rich Asay: Yep - up and visible - we give a tour/explanation to all our guests. They are jealous. This is my kind of middle-class bling!
August 28 at 7:05pm · Unlike · 2

Karen Mac: That's awesome, Rich!
August 29 at 10:22am · Like

Sponsored

SO MANY CHOICES
network4g.verizonwireless.com
With lots of amazing Verizon 4G LTE devices to choose from, fast comes how you want it.

Nike FuelBand
nike.com
Additional colors now available. Life is a Nike fuelband. It's everything you want in a band.
Pinterest

SmartPricing Options
SMUD’s SmartPricing Options gives you everything you need to keep cool and save money this summer!

17 Boards 592 Pins 23 Likes

Create a board

Cool Summer Recipes
Energy Saving Tips
Summer Fun
Cool Facts About Energy

New Uses for Old Stuff
July 4th - Independence Day
Good Stuff for Pets
Summer Party Ideas
Backyard Ideas

Repins from
Dawe Mills
Bounce Energy
Rafab Daines

73 Followers 17 Following
YouTube - MySMUD
Infographics

What difference does a bulb make?

- **SMUD**
  - **Stanard**
    - Average Life Span: 1,200 Hours
  - **CFL**
    - Average Life Span: 8,000 Hours
  - **LED**
    - Average Life Span: 50,000 Hours
Educational game

www.phantomappliances.com
Understanding pilot goals

Your Understanding of the Goals of the Pilot Program

- Save money/Lower monthly bills
  - Opt-Out Rollup: 25
  - Opt-In Rollup: 28

- Awareness of usage/Educate/Encourage you to monitor usage
  - Opt-Out Rollup: 10
  - Opt-In Rollup: 12

- Reduce energy/Save energy
  - Opt-Out Rollup: 23
  - Opt-In Rollup: 28

- Reduce usage during peak hours/from 4-7 PM
  - Opt-Out Rollup: 27
  - Opt-In Rollup: 32
What customers want:

• Industry terms explained clearly (e.g., kWh, peak hours) and examples that help them understand the possible savings involved.
• Specific information about peak hours, examples of ways to conserve electricity.
• Low-cost or no-cost measures that are easy to implement.
• Messages that have a friendly tone and easily connect conservation with saving energy and money, and helping the environment.
• Realistic situations and images in materials. Locations that appear to be in or around Sacramento.
Language examples

• **What’s a kWh?** A kilowatt-hour (kWh) is the term used to measure the amount of electrical power used in one hour. Kilowatt-hours are what the electric meter on the side of your house measures. This is the basis for calculating your monthly electric bill.

• **Off-Peak Hours:** Off-peak hours are Monday through Friday before 4:00 p.m. and after 7:00 p.m., all day on weekends, July 4th and Labor Day. That means that 90% of the time, you get a discount.

• **Energy saving tip:** Use less electricity during peak hours by shifting when you use (like doing laundry after 7:00 p.m.) or by reducing your overall usage (powering off your TV when you’re not watching).
Lessons learned

• Communication
  • Robust marketing packets with complete program details, “call to action” and easy enrollment tools
  • Focus on off-peak rather than peak when describing the rates and benefits
  • Confirmation of the importance of research before launch and throughout pilot for continual improvement

• Even when customers say they want it, they are unlikely to use it.
  • My Account enrollment is 40%, but participation increases with time-based pricing
  • Facebook groups and Pinterest are at 3%-4%

Customers that are engaged with the utility are happier with the utility.
Questions?
Here’s how to reach me:

Karen McCord
Marketing Specialist
Communications, Marketing & Community Relations
Sacramento Municipal Utility District
karen.mccord@smud.org