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Abstract Title: How to Accelerate Behavioral Program Innovation

Abstract Text:
The typical cycle of innovation in the utility industry involves years of preparation and testing of a single program offering before learning whether it works and how to improve the program. Behavioral programs offer the unique opportunity to accelerate innovation by simultaneously testing multiple competing program offerings on random samples of the population and then optimizing program performance based on the wealth of learnings. This model of innovation is entirely consistent with the current thinking regarding innovation in Silicon Valley, where “the only way to win is to learn faster than anyone else” (Eric Reis, The Lean Startup). By accelerating innovation, the utility is able maximize cost-effectiveness by pursuing the optimal combinations of behavioral program offerings for each customer segment. Through the Conservation Campaign associated with its advanced meter rollout, Southern California Gas Company (SoCalGas) has demonstrated this model of accelerated innovation by simultaneously testing and iteratively optimizing several behavioral interventions, including opt-in and default bill alerts and two competing vendors’ home energy reports (by mail and email). This presentation will summarize the evaluation that estimated and compared the gas savings associated with each behavior change mechanism in the 2014-2015 SoCalGas Conservation Campaign. It will also demonstrate how SoCalGas has broken the typical cycle of innovation in the utility industry by applying best practices from Silicon Valley. This will be highly pertinent to the many utilities that are looking for innovative ways to produce energy savings and identify the most cost-effective behavior change solutions.