



RROIR

# MEO Blueprint

Integrated Marketing, Measurement, and Alignment  
Strategic Action Plan for Residential Rate Reform and  
Default TOU\_v2

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August 19, 2016



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# MEO Blueprint | Table of Contents

The MEO Blueprint is the Final Report of the program of work commissioned to develop a comprehensive marketing, measurement, and alignment strategy for Residential Rate Reform and transition to Default TOU in 2019.

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# Foreword

Greenberg is delighted to present the MEO Blueprint, developed in collaboration with the CPUC, IOUs, and RROIR MEO Working Group. This is a multidimensional solution to address a complex challenge – establishing the marketing, metrics, and alignment strategies to make RRR and the transition to Default TOU a success.

RRR and TOU present a rare opportunity to create significant positive change in the near term. If executed well, the MEO Blueprint will make that wish a reality for California to reap the rewards for decades.

The CPUC and IOUs have the potential to do great things. This blueprint is designed to enhance alignment of MEO efforts and enable a new approach to delivering game-changing customer experiences.

With this set of strategies, we chart a rapid and achievable evolution for those responsible for MEO. It will shift thinking and action that will withstand periodic rate changes, and it will create customer experiences that drive deeper and more rewarding relationships based on the value that electricity brings to customers' lives.

This strategy is the culmination of a program of gaining deep stakeholder and customer insight, understanding where

MEO needs to evolve to build stronger customer relationships and the tactics needed to move a market as big and diverse as California. It keeps an eye on the future and a firm grounding in the realities of operational evolution to make the aspiration of D.15-07-001 a reality.

**—The Greenberg Team**



# Document Orientation

This document is Version Two of the MEO Blueprint. The notes below provide guidance on navigating and acting on the recommendations in this report.

**Required Knowledge:** This is a strategic marketing plan for use by SW and utility marketers and aimed at residential electricity customers in light of mandated rate reform. This document assumes the reader has contextual knowledge about CPUC Decision D.15-07-001, the related 12.17.15 Assigned Commissioner Ruling, and factors influencing residential rate reform in California. It also assumes the reader has professional marketing skills to apply the recommendations herein.

**Acronyms:** This document assumes familiarity with acronyms used in the regulated utility sector. We have dispensed

with first-time initial definition, for expediency's sake. A full acronym list with definitions can be found in Appendix A.

**Structure:** This document is structured around the three requests of the 12.17.15 ACR: MEO strategy (Section 3), Measurement strategy (Section 4), and Alignment strategy (Section 5). We have provided content summaries at the start of these sections and placed tactical content in the Appendixes to make the report as streamlined as possible.

**Using this Document:** This report is an integrated, strategic narrative, not an

academic report. Recommendations “tabs” at the top of the page have been called out to make application of the strategy as practical as possible. An Executive Summary and endnotes have been provided in each section.

**Version:** Assumptions on which this blueprint is based will change over time (e.g., the timing of Default TOU). Where relevant, we have noted implications.

The MEO Blueprint is a living document, to be revised to account for changes in policy, regulation, and most importantly, customer experience and response.



## SECTION 1

# Background

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# Section 1: Background

This section describes the background and context in which the MEO Blueprint was developed as well as the objectives, approach taken, and overview of the key strategies.

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# Section 1 | Background | Executive Summary

The CPUC-mandated transition of residential electricity customers to Default TOU in 2019 aims to increase EE and conservation and strengthen the energy security of the state as a whole. This reform will succeed only with best practice MEO strategy and implementation that centers on customer experience.

The true marketing challenge of the RRR decision (D.15-07-001) is to motivate change in an unengaged customer who does not care about electricity.

The Decision mandated establishment of a WG to address marketing, education, and outreach and to hire a consultant to build a strategic action plan that addresses this challenge. Greenberg, Inc., an Emeryville-based research and strategy firm, was selected and on-boarded on April 20, 2016 to begin this process.

The program of work defined by the 12.17.15 ACR included development of the MEO Blueprint with three core strategies:

**Marketing:** A strategic action plan to guide and align SW and IOU MEO activities to gain affinity, Default TOU retention, and customer EM behavior change over time.

**Measurement:** Appropriate goal and monitoring metrics based on strategic objectives, assigned to specific actors, and articulated as measurement constructs with data collection approaches.

**Alignment Strategy:** Principles for collaboration, governance, and operationalization that ensure MEO and measurement activities are synchronized, build momentum, and are sustained over time.

This MEO Blueprint was developed under the guidance of the RROIR MEO WG and is intended as primary input to the IOUs' Tier 3 Advice Letters required by November 1, 2016.



# Section 1 | Background | Executive Summary (Cont'd)

The following provides a summary of Appendix C: Project Setup.

**Breadth of Guidance:** Recommendations in this report are based on professional best practice that prioritizes the customer experience. Some of these recommendations extend beyond the scope of this proceeding, yet we believe they will facilitate alignment with other proceedings and set the foundation for ongoing coordination.

**Embed Change:** The Blueprint was developed with the understanding that further refinement of the recommendations will be necessary as RRR conditions are defined. Additionally, it is understood that the Blueprint timeframe extends through 2019. It is assumed that a professional marketing entity will oversee and coordinate the multiple streams of work described in the MEO Blueprint.

**Project Clarification:** Greenberg received a Purchase Order from SCE on April 20, 2016 to start work. After on-boarding, a few changes in project conditions were clarified. Through discussion with the Contract Administrator and ED staff, the following changes were agreed:

- Deadline of the MEO Blueprint Final Report was moved to August 19.
- Deadline for the Tier 3 Advice Letter was advanced to November 1.
- SCE agreed to reduce Greenberg's scope of work related to iteration and refinement so that the primary task of completing the Blueprint could be done on time.



# Section 1 | Background | Executive Summary (Cont'd)

The following provides a summary of Appendix D: Work Conducted.

**Project Team:** The Greenberg team is structured around a Program Lead and three Strategy Leads – Marketing, Measurement, and Alignment – all of whom are experienced, specialist professionals. It was supported by a Senior Strategist and Project Manager.

Throughout the process Greenberg articulated professional standards and assumptions that informed each stream of work as part of the supporting rationale of the strategy and tactics developed.

**Work Conducted:** The Greenberg team logged over 4,000 hours of strategy development time on this assignment. The sequence of steps over the 4-month program (April 20 – August 19, 2016) included gaining primary and secondary

input, conducting analysis, playback, and refinement. The steps in this process were:

- Pre-Kickoff Alignment Interviews
- Stakeholder Interviews
- Secondary Research Review
- Analysis of Strategic Inputs
- Primary Customer Research
- WG Feedback Sessions
- Write, Edit, and Design of Final Report
- Final WG Walkthrough

**WG Engagement:** Interaction with the WG was a fundamental part of ensuring all voices were heard in the development of the MEO Blueprint. This included four workshops and six extended WG calls, plus weekly project calls with the CPUC and IOU Project Leads, as well as formal and informal meetings.

**Input and Plan Flexibility:** Building a marketing/measurement strategy where the “end product” has not been confirmed requires dexterity to envision multiple outcomes.

For this reason, our approach was to allow as much input “breathed into” the front end of this process as possible to ensure that the resulting strategies had flexibility built in. While the time allocated to develop the MEO Blueprint was insufficient to incorporate requisite rounds of refinement, the Greenberg team stands behind this strategic action plan and looks forward to the potential of continuing our collaboration on this important initiative.



# Introduction

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## Section 1.1

Need, Objectives, Approach, Broader Context

# D.15-07-001 | The Need

Supporting California's aggressive legislative agenda around GHG reduction is a high-level aspiration for Residential Rate Reform. However, the goal for Default TOU has a more near-term focus: driving greater EE and conservation by California residents and ultimately strengthening the energy security of the state as a whole.

As noted in the opening paragraph of D.15-07-001, "*California has long been a front runner in...innovative policies to make energy use more efficient...*"<sup>1</sup> Legislation such as SB 32,<sup>2</sup> SB 350,<sup>3</sup> and AB 793<sup>4</sup> are emblematic of how progressive California's goals are relative to the most energy-minded governments in the world.

But achieving these goals requires far-reaching change in how energy is used. Pressure on the grid is only one of many issues driving an urgency to address California's energy future.

In July 2015, the CPUC mandated the three IOUs to transition residential electricity customers through a series of rate changes culminating in a broad-scale default to TOU in 2019 (D.15-07-001).

The Decision notes that communication is critical to achieving the desired behavior change: "*This reform is intended to make rates more understandable to customers and more cost-based, and to encourage residential customers to shift usage to times of day that support a cleaner more reliable grid.*"<sup>5</sup>

Business customers have already been transitioned to mandatory TOU with relative success.<sup>6</sup> And as new technologies (such as ADR) drive higher EE in commercial sectors, greater acceptance thrives.

However, changing residential behavior is more challenging. Complaints about the AMI rollout left residual concern at the Commission, impacting criteria that constitutes a successful rollout ("no pitchforks in the streets").<sup>7</sup>



# D.15-07-001 | The Challenge

The true challenge here is motivating change in an unengaged customer who does not care about electricity, and when they do, it is mostly in negative circumstances when their bill spikes.<sup>8</sup> Ultimately, at its most basic, RRR and Default TOU success will happen only if the customer is given a reason to care.

## The Customer Experience

As noted by CPUC President Michael Picker, “[this] decision will require utilities to engage in more outreach and education to ensure that customers are prepared for the coming change to TOU prices....”<sup>9</sup>

This last statement is instructive. Much of the 12.17.15 ACR dealt with tactics – how IOUs should *prepare customers for the coming change to TOU*. But how can they “be prepared” if they don’t care?

Greenberg’s approach to developing the MEO Blueprint began with the same goal but sought to tackle it from a different perspective: *What does it mean for the customer to be prepared? What does that experience look like? And how does shaping that experience help us meet our long-term goals?*

In the context of a low-engagement category, it is one thing to mandate more understandable bills. It is a very different thing to motivate behavior change by rethinking the experience.

## Regulation and Marketing

The recommendations in this report are based on marketing, measurement, and operationalization best practice. They flow from a methodology that places the *customer experience* at the center of every consideration. In doing so, a number of

opportunities became apparent that allowed Greenberg to build on the intent of the Decision by bringing to bear the marketing skill set for which Greenberg was hired.



# D.15-07-001 | The Opportunity

The recommendations set out in this report acknowledge and incorporate legislated requirements of D.15-07-001 and the 12.17.15 ACR and build on them to create an enhanced customer experience.

From this perspective, we have proposed how marketing and measurement should be conducted for RRR and Default TOU to shape an ideal customer experience within the existing legislative framework. Where there are differences in opinion from the ACE, we propose alternatives and explain the rationale or how the request could be reframed.

## Beyond Our Swim Lane

In applying best practice, some of our recommendations extend “beyond the swim lane” of this proceeding (e.g., vision, organization, and skills definition). These overlapping recommendations could be applied to parallel MEO efforts and potentially provide opportunities for the CPUC to “*create alignment in an environment where there are no mechanisms for alignment,*” as noted by one commissioner.

D.15-07-001 is an experiment on an unprecedented scale. The MEO Blueprint is fundamental to the success of the transition to TOU and ultimately to the prosperity of California. We believe that it also serves as a role model for driving parallel MEO efforts in this arena.



# MEO Blueprint | Objectives

The program of work commissioned to develop the MEO Blueprint created three “master strategies” noted below. The goal of these strategies is to provide guidance for SW and IOU actors to build integrated, aligned marketing and measurement activities for RRR and Default TOU that will help customers understand why rate reform is happening and why TOU matters. Ultimately, the goal is to drive load-shifting and conservation behavior change over time.

## Marketing Strategy

Build a multidimensional, strategic action plan to guide and align SW and IOU MEO activities to secure the awareness, understanding, and engagement that will drive residential EM behavior change over time

## Measurement Strategy

Determine the appropriate goal and monitoring metrics, based on strategic objectives, assigned to specific actors, and articulated as measurement constructs with data collection approaches

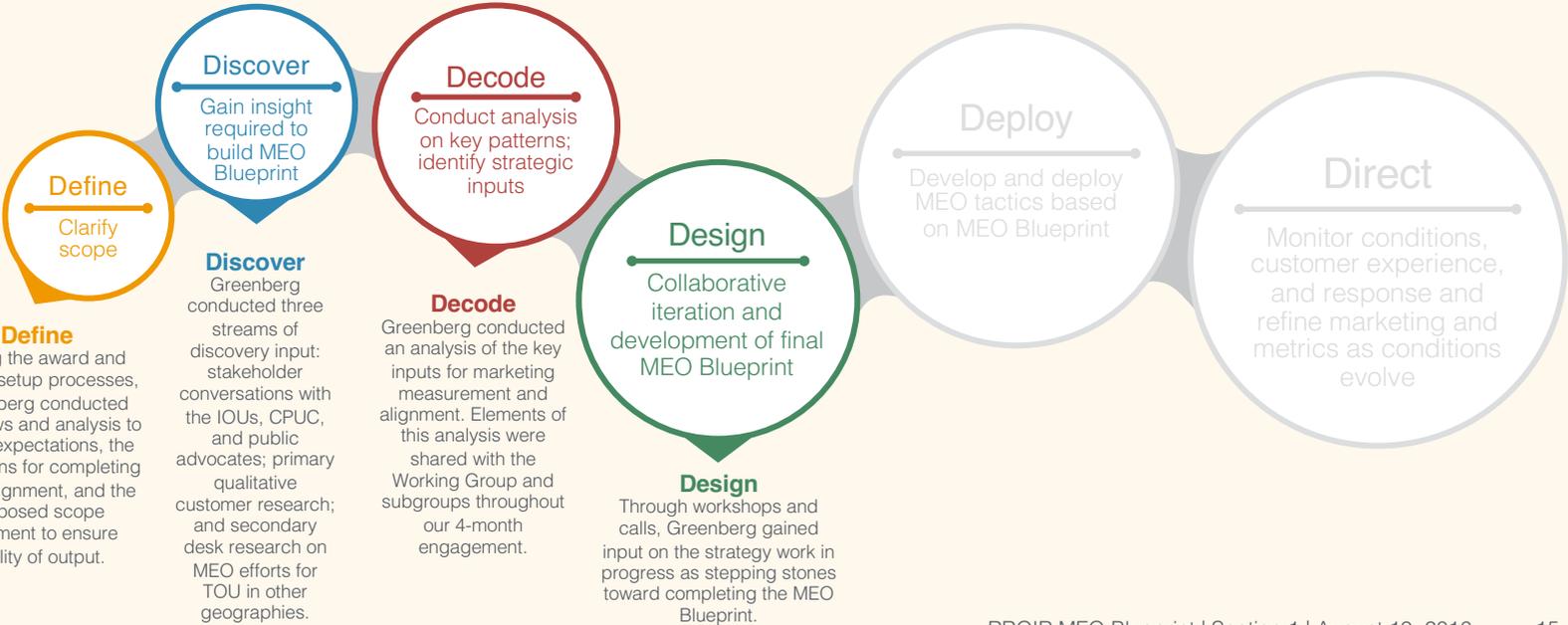
## Alignment Strategy

Establish collaboration, governance, and operationalization principles to ensure that MEO and measurement activities are effective and synchronized and build momentum over time



# Our Approach

The four-stage program of work to develop the MEO Blueprint was based on a sequence of steps including gaining primary and secondary input and conducting analysis, playback, and refinement.



# Broader Context

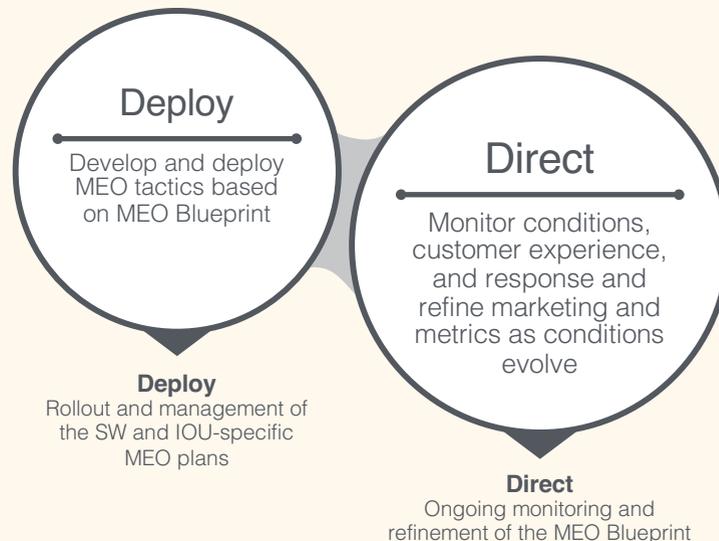
Development of the MEO Blueprint sits within a broader context. A key assumption includes the establishment of a marketing entity to oversee deployment and refinement as conditions change.

Inherent in D.15-07-001 was the notion that conditions impacting the shape and timing of a Default TOU launch might change. These factors include customer response to opt-in pilots, IOU readiness, and other market variables.

For this reason, this MEO Blueprint was developed with the understanding that two key activities would happen subsequent to its completion: **Deploy** (rollout and oversight) and **Direct** (monitor and refine). Three assumptions underpin this broader framework:

- The establishment of a program management entity with a strong marketing skill set to oversee both of these activities (Section 5.3.2).
- This entity will manage and coordinate multiple streams of work (as noted on the Critical Path (Appendix I)).
- While the mandate for the MEO Blueprint was only through to 2019, it must be shaped with a longer perspective to ensure its goals can be achieved.

Section 5 makes recommendations that address many of the organizational requirements to meet these goals.



# This Document

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## Section 1.2

What the MEO Blueprint Is

# MEO Blueprint

“...an omnibus Residential Rate Reform  
MEO strategic action plan...”

## What this is...

A set of principles and requirements that govern execution, operation, and alignment according to a predefined goal and set of assumptions.

## What this isn't...

A set of specific actions, tactics, or tools (such as message copy or media plans) for implementation.



# What the MEO Blueprint Is

The MEO Blueprint is an integrated set of strategic principles to guide market actors in operationalizing specific tactics underneath this intent. The complexity of the Blueprint reflects the complexity of the task it was asked to address.

This strategic action plan covers a broad range of actions at different altitudes and requires competencies across these strata to review, manage, and execute it. Its most valuable aspect is the framework provided to flex to a dynamic landscape.

Four sections of this document provide strategic and tactical recommendations:

- Section 2 Strategic Foundation** – Establishes high-level principles to align core strategies.
- Section 3 MEO Strategy** – Defines the primary SW and IOU-specific marketing principles and tasks.

•**Section 4 Measurement Strategy** – Sets the high-level and detailed approach for metrics and measurement.

•**Section 5 Alignment Strategy** – Outlines the operationalization of this plan and how to approach execution.

This Blueprint is the primary source for the mandated IOU Tier 3 Advice Letters due on November 1, 2016. Since this plan requires approval by senior leadership as well as specialized professionals due to the range of recommendations being set out, it will require various altitudes of review that may impact the timelines proposed.

We suggest that the review process be managed to gain as much clarity with respect to the current unknowns in order to minimize delay and timeline shift.

The Greenberg team is keen to see the significant investment made in this effort gain the ROI that the Commission, the IOUs, and the people of California deserve.



# Professional Assumptions

This team – as a set of marketing, research, and governance specialists – brings respective professional standards to this assignment. These standards include assumptions that frame strategy and tactics.

## Marketing

- The CPUC is committed to taking a new approach to engaging customers.
- MEO goals cannot be achieved without a skilled marketing leader, team, and budget.
- “Commander’s Intent” is more effective than “Command and Control.”
- Creating winning customer experiences begins with appealing to emotion first.
- RRR and TOU are an opportunity to shift the customer-engagement paradigm.

## Measurement

- Metrics are aligned to the MEO strategy. If the strategy pivots, the metrics and timeframes will be adjusted accordingly.
- Metrics are linked to specific actors, phases, and initiatives. If goals are well articulated, it’s in the interest of actors to deliver against their goals.
- Metrics should measure progress against goals, adapt with the market, and inform campaign development and adaptation.
- Metrics should not serve a punitive function; they should serve to inform and set intent.
- Direct targeting is preferred for IOU outreach over psychographic approaches.

## Alignment

- There is executive buy-in and support for implementing the Blueprint.
- For a strategy to succeed, people who execute it must share a common vision.
- A unified view of the customer must inform marketing and measurement.
- A highly functioning working group, with subgroups, will be critical to execution.
- There is a commitment to program management to mitigate chaotic conditions.
- CPUC is prepared to make changes to align and coordinate across proceedings.



# Establishing the Conditions for Success

Greenberg's approach incorporates the highest professional skills, strategic input and WG collaboration to set-up the right conditions for project success.

This MEO Blueprint applies the highest standards of marketing, measurement, and governance to the complex task of launching electricity rate changes to an unengaged audience.

To achieve this, the Blueprint has been created by a team of experienced marketing, research, and organizational development professionals. It presents a coherent, integrated narrative, from high-level strategies to detailed tactics, for marketing and research teams that will execute the various aspects of the MEO program.

Hence, review, refinement, and execution of the plan in this document will require a multidisciplinary team so that both the broader strategies and highly specialized recommendations can be acted on in tandem.

The integration of these strategies is, in part, fundamental to the alignment mechanism sought by the ACR. Measurement is integral to the marketing strategy. Alignment defines operations for both. While recommendations may need to change as conditions and regulatory intent changes, the assumptions underpinning them and their interdependencies do not.

We believe that this MEO Blueprint is demonstrative of the investment required and of the maximum ROI the state and its residents will gain in its execution if truly sustainable energy behavior change is to be achieved.



# Endnotes

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## Section 1.3

# Section 1 | Background | Endnotes

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SECTION 2

# Strategic Foundation

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# Section 2 | Strategic Foundation

Strategy development is goal driven. Defining challenges and principles to overcome them is fundamental to this process. Section 2 articulates these principles – including the Vision – that inform development of the core strategies and serve as a foundation for alignment.

## Sections

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# Section 2 | Strategic Foundation | Executive Summary

The MEO Blueprint is a vision-led strategy and action plan. It aims to create alignment for execution and the capacity to prioritize the customer experience.

**Insights and Directives:** In the discovery process, identification of key challenges facing RRR enabled Greenberg to point to Strategic Directives. These directives form foundational requirements for how the core strategies should be developed. They include *Prepare the Market, Start from an Impact-Based View of the Customer, Prepare Marketing Operations, Redefine MEO Roles, Play to Customer Experience.*

**Vision:** The proposed MEO Vision is:

*“To vitalize every Californian’s relationship with electricity and the grid, in ways that*

*better their lives and forever change their behavior, for the ongoing prosperity of our state.”*

The MEO Vision is a long-term but achievable aspiration. It provides clear direction for all actors as the foundational principle for MEO alignment. In addition to creating a “north star” to align efforts, it helps prioritize efforts and provides inspiration.

This Vision provides guidance for how MEO efforts should be shaped, with six key “implications” that must be incorporated by

every actor in executing this MEO Blueprint. These include *Prioritizing Benefits over Rates, Energizing an Unengaged Customer, Making It Personal, Sustaining Behavioral Change over the Long Term, Making It Tangible, and Strengthening CA’s Economic Viability.*



## Section 2 | Strategic Foundation | Executive Summary (Cont'd)

**New Perspectives:** The MEO Blueprint recommends a set of principles for executing the MEO strategy, which constitute a new perspective for RRR/TOU. These principles include *EQ over IQ, Context First, Match Message and Messenger: Metrics for Progress, Enabling Competencies, Commander's Intent, and Embracing Collaboration.*

As with any high-level strategy that serves to guide a far-reaching effort, this Vision necessitates the consideration and support of senior leadership.

**Recommendations:** Greenberg's primary recommendation in moving toward these new perspectives is to first adopt and champion the Vision. Also:

- The Commission should help eliminate any barriers to adopting the MEO Vision.
- The WG should also adopt this Vision.
- ED should determine whether this Vision can be applied or used to align with other proceedings, and if so, socialize and support its adoption.



# Context

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## Section 2.1

Challenges (Current State), Insights, Directives

# Establishing Our Starting Point

Understanding the landscape in which Default TOU will be implemented is essential to building a relevant and actionable plan. Four sets of strategic input shaped this learning: alignment and stakeholder interviews and primary and secondary research.

Building the MEO strategy began with a series of strategic questions to determine which issues should be prioritized, and once prioritized, how the answers should be mapped to provide coherent and properly sequenced guidance for strategy development.

These questions were broadly covered in the Alignment Questionnaire<sup>1</sup> and Stakeholder Guide. We have highlighted a selection here as an example of the lines of inquiry we explored.

## **Indicative questions shaping the strategies to identify the key challenges:**

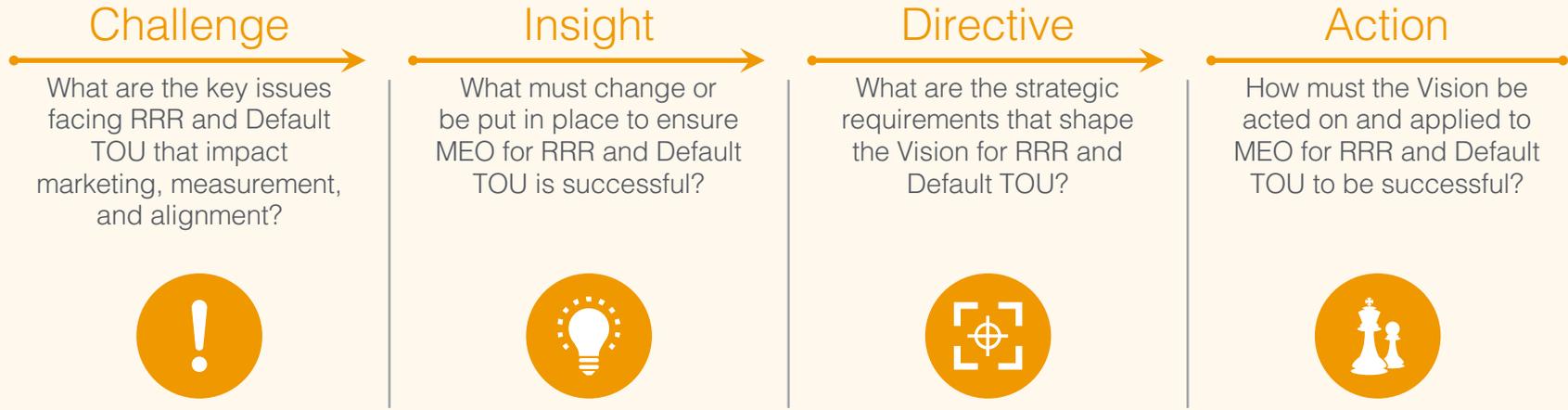
- What factors shape the customer experience of RRR and Default TOU?
- How should we define our view of the customer to ensure relevance?
- What tools do we need to ensure we create the right experience?
- What roles should the various actors have and how do we align them?
- How do we ensure we have enabled sustainable change?



# Strategic “Line of Sight”

Strategic clarity requires that we have clear line of sight across our inquiry to see the “through-line” from articulation of the challenge to insight and action.

The following sequence maps the stages of our top-level strategy definition.



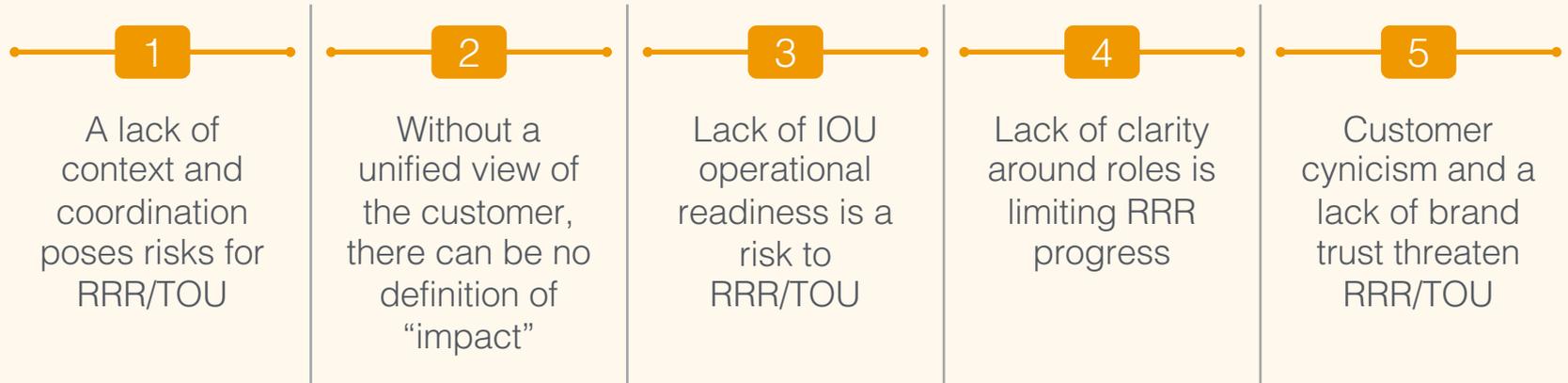
# From Challenge to Insight

## Section 2.1.1



# Strategic Challenges

Five sets of challenges emerged from our strategic inquiry that pose risks for development of the MEO Blueprint. These relate to lack of coordination and context, impact on the customer, IOU readiness, clarity of roles, and brand trust.



# 1. Lack of Context and Coordination Pose Risks



Lack of strategic rationale, coordination, and contextualized communication poses risks of alienating customers and negatively conditioning them for TOU.

The challenge posed by legislation and its resulting regulation is how best to facilitate strategic coordination to support adoption and the intended results. From the customer's perspective, communication that flows from legislation may not appear to relate to the bigger picture and is thus confusing.

In an acknowledged low-engagement category,<sup>2</sup> these deficits in synchronization between legislation, regulated mandates, and low engagement pose a significant barrier to MEO effectiveness for RRR.

As the sequencing of required rate change communications moves toward Default TOU, the potential risk is that the customer is negatively conditioned before Default TOU ever happens.

Efforts to improve rate literacy may seem logical, but an unengaged customer who does not care about the details of rates and, more significantly, does not understand the context or reason these changes are happening does not want to be educated and ultimately will care even less.<sup>3, 4, 5</sup>

“

“Everything that we're doing here is regulatory-compliance driven, so it gives us a lack of creativity in terms of how to choreograph our outreach. How do you communicate in the midst of these events where we have no control?”

“

“The vision can easily be derailed because of other filings or other decisions that may impact or trump or put at risk what we do.”



## 2. There Is No Unified View of the Customer



Lack of a common lens through which to harmonize understanding and of tools to address customer needs makes alignment between SW and IOU marketing impossible.

Different customers with different needs require different approaches to segmentation. IOU specificity here is understandable. But the IOUs are also at different stages in their development of segmentation strategies, which hampers achieving a unified SW view. Additionally, TOU goals are unclear, and applying segmentation across the state presents minimal opportunity for ROI.

There is no question that the most impacted audiences specified in the Decision must have designated handling. "Structural

winners" have different motivations than those negatively impacted. High-impact segments require different messaging and timing. The SMB TOU rollout has shed light on several factors, and impact-based segmentation has helped shape benchmark results.

Ultimately, the definition of Default TOU success will be based on customer response and how coherent and aligned the IOUs and the SW entities are in their view of and communication to the customer.

“

“What’s reasonable? You can’t say 20 percent should opt in if only five percent do better on TOU. That number would be different for each IOU. And people’s lives change. What would be a successful Default? I don’t know.”

“

“We need impact data. We need ranges, because today you might be really good for me but when I have 10 kids it may not be good. There needs to be an understanding that these goals are not static.”



# 3. Lack of Readiness to Personalize Is a Risk to RRR



Default TOU requires targeting the right people. But IOU data is not universally integrated with marketing automation to inform targeted customer outreach. This lack of capacity to deliver highly individualized messaging is a risk.

Modern marketing does not exist without automation and the capacity to personalize, microtarget, and respond to an evolving relationship. While the IOUs see the potential for their brands to be valued by residential customers as the “energy advisor,”<sup>6</sup> this is still a long way off.

The notion of impact within the context of TOU is highly correlated to personal experience. The IOUs will need more integrated data and powerful marketing automation platforms to develop effective

marketing plans in order to deliver personalization that will overcome low engagement.<sup>7</sup>

This level of integration will take 3 to 5 years and is unlikely to happen by 2019 unless it is prioritized and mandated.

Consumer-facing technology has a significant role to play in bringing the mediated engagement revolution to electricity. While still nascent, energy apps require investment that “pushes the personalization button.”

“

“Default TOU requires targeting the right people...this means we have to have advanced data sets to do this...”

“

“It would take at least one to two months for an internal resource to run an AMI-level analysis because we have the systems that capture the data but we don’t have analytical systems that can crunch through that much data.”



## 4. Lack of Clarity in Roles Limits RRR Progress



The regulatory framework, while essential, is stymieing a focus on the higher goal of RRR, exacerbating the effects of a lack of synchronization. This is confusing roles and limiting player effectiveness.

The current regulatory model does not address changing underlying systemic conditions. As with outdated military theory, deployment of “*Command and Control*” forces a cycle of mandates and tactic-driven compliance. IOUs have little ability to plan and often become redirected by forced mandated communications. The regulator is often frustrated when IOUs do not act quickly or when misalignment issues arise. Ultimately, MEO cannot be successful within this framework because current roles

are constrained to compliance rather than social, economic, and environmental goals. Perhaps the greatest risk pertains to the lack of ability to respond to a dynamic market. With *Command and Control*, metrics are used for punishment rather than supporting complex system steering, hindering the IOU response to evolving opportunities. This is further complicated by siloed roles within the CPUC that cause misalignment among parallel SW MEO activities.

The opportunity of *Commander's Intent* starts with the ability to value and leverage the power of multiple actors. The IOUs, ED, and the robust network of CBO relationships can play a profound role in making RRR/TOU a success.



“How do you begin to manage effectively when you don't have the staffing resources at the utility level or at the Commission level and that coordinating strategy is not there?”



# 5. Customer Cynicism/Lack of Brand Trust Threaten TOU



The notion of brand as an asset has been lost in RRR. While the IOUs seek to protect and leverage their brands, ultimately customer cynicism and doubt about the messenger threatens the adoption of TOU.

The customer's limited window of attention for energy is often opened for a small amount of concrete information rather than an entire education on rates.<sup>8</sup> When the IOUs send multiple layers of EM messaging, it contributes to customer overload and exacerbates cynicism about the messenger. The perception that changing EM behavior has no ROI is a risk for TOU and will be a barrier to success.

The IOUs want to leverage their brands. They need to be supported to present TOU as an “opportunity.” The CPUC should

guard against encouraging brand erosion for its key messengers. Denigrating brand trust (e.g., solar customer mistrust of IOUs) impacts marketplace perception. This is complicated by internal lack of alignment and perceived competition between the EUC and IOUs brands.

Ultimately, the MEO Blueprint must help facilitate brand trust among all players if customer permission is to be gained and TOU is to be seen as beneficial.

“

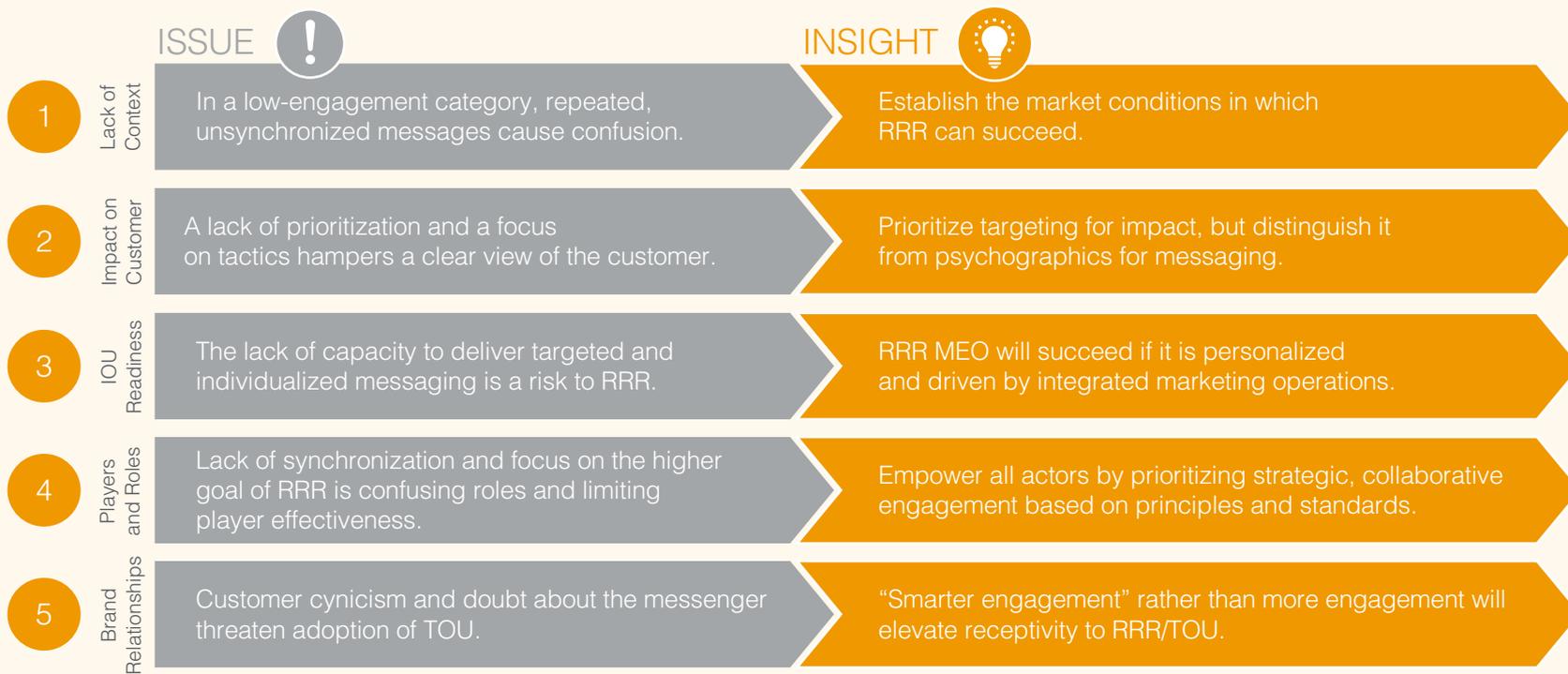
“By pushing out education in a low-engagement category where [people] don't care, it's going to be really hard to get them to pay attention, be educated, and then shift behavior.”

“

“They're thinking that...we're trying to pull a fast one over them...that this is a way for us to kill solar....”



# From Challenge to Insight



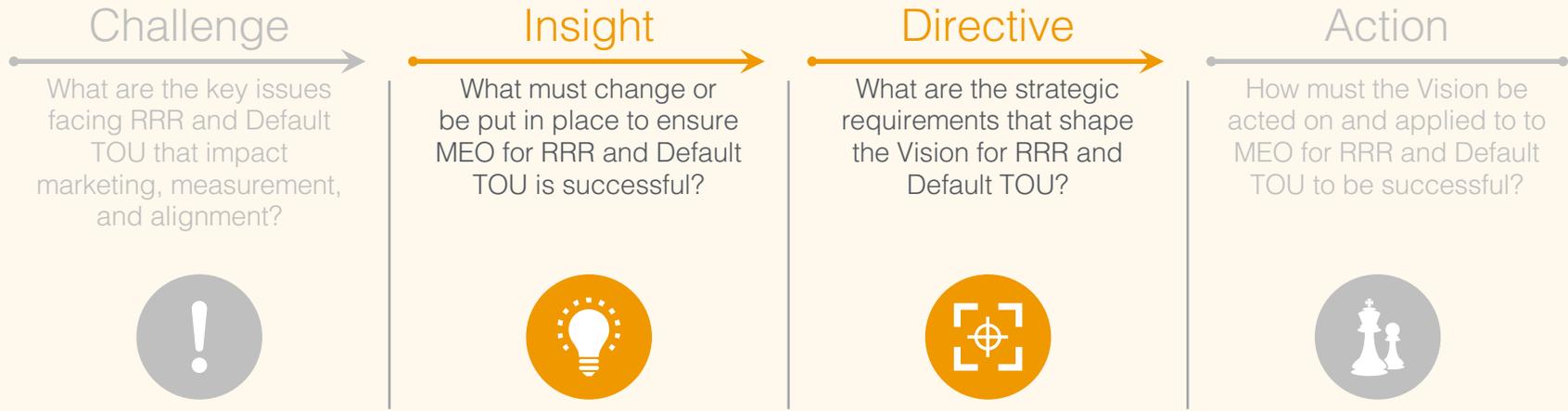
# From Insight to Directive

## Section 2.1.2



# From Insight to Directive

The Insights point to Strategic Directives that form requirements for shaping the Vision for RRR/TOU. These requirements lay the foundation for how the core strategies should be built and what they should achieve.



# 1. Prepare the Market

Take advantage of this rare opportunity to set the groundwork to change Californians' relationship with electricity



- Establish the vision for RRR around which all players will rally
- Clearly position TOU/RRR in a context that is relevant for customers
- Execute on the progressive message strategy – context before content
- Evolve marketing and engagement at the customers' cadence
- Align metrics with strategy to remain in sync with the changing customer/market



## 2. Start from an Impact-Based View of the Customer

Prioritize a view of the customer that emphasizes empathy and support



- Overlay targeting strategy (impact) and messaging strategy (psychographics)
- Establish IOU-specific engagement at the customer/premise level
- Determine standards of engagement and experiences of impacted customers
- Determine which metrics will be deployed across the program stages
- Develop evaluation tools for ED to assess IOU segmentation effectiveness

# 3. Prepare Marketing Operations

Establish the requirements, tools, and techniques to manage highly responsive and personalized engagement



- Define operational needs (e.g., teams, tools, and budget)
- Craft the roadmap necessary to enable everyone to build the capacity and deliver on customer, brand, and SW expectations
- Define the optimal interplay between the key go-to-market players

## 4. Redefine MEO Roles

Align all entities that touch RRR MEO to build a marketing machine capable of bringing all Californians along



- Articulate competency and capacity required and then synchronize roles of all players – IOUs, CPUC, EUC, public advocates, industry
- Prioritize self-governance to ensure that mandates and compliance do not exist in isolation
- Leverage subgroups in metrics, evaluation, communication, technology, GTM partnerships, operations, accounting

# 5. Play to Customer Experience

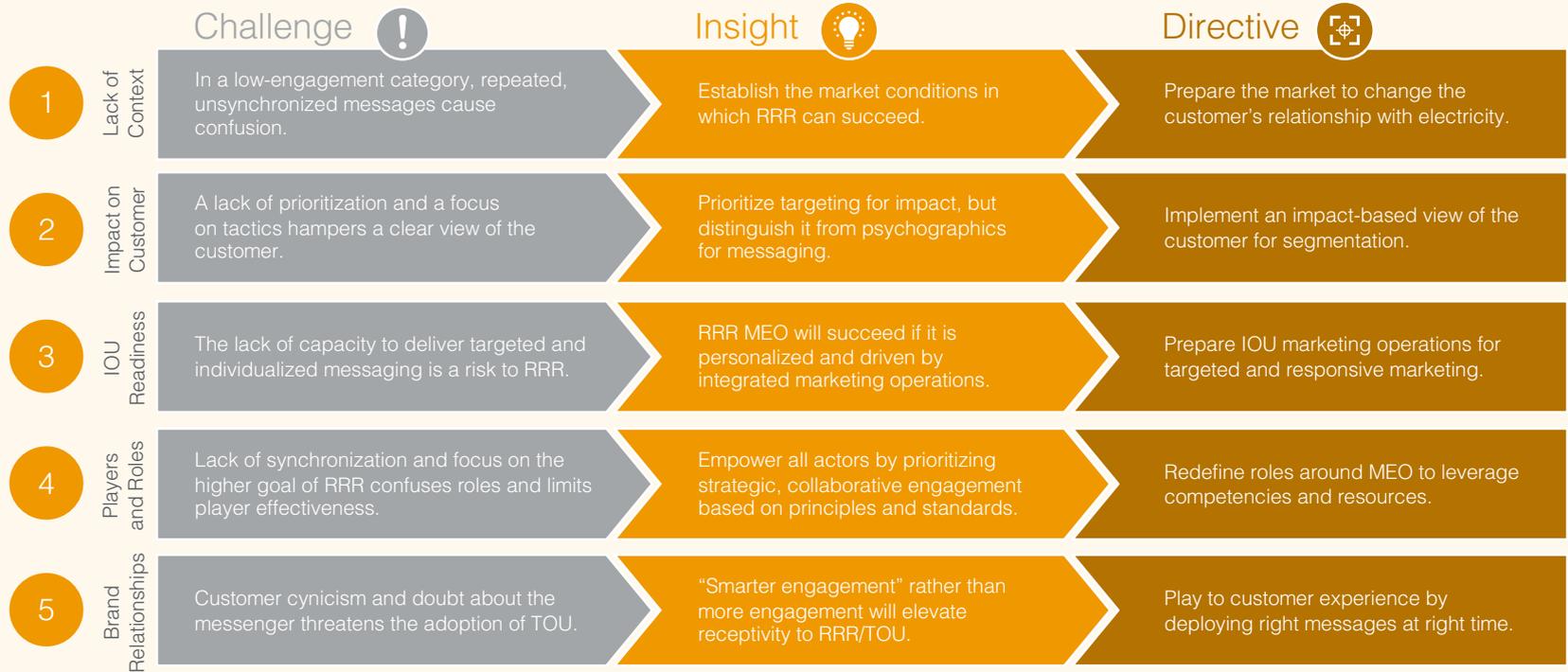
Always begin with the customer perspective to ensure brand relationships have the power to drive electricity behavior change



- Deploy appropriate entities/brands to strengthen customer relationship
- Use proximity (Network of Networks) to complement/supplement message
- Ensure strong correlation between impact, communication and empathy



# MEO Strategic Directives



# Vision

---

## Section 2.2

Definition, Role, Annotation, Implications, and Vision Metrics

# Shaping the Vision

The Vision is a short statement that describes the “Big Hairy Audacious Goal”<sup>9</sup> for RRR and TOU. Shaping it begins by answering the simple question, “Why?” The Vision is a long-term but achievable aspiration. It provides clear direction for all actors as the foundational principle for MEO alignment



# The Role of Our Vision

Complexity, mandate, and governance often prioritize reactivity over longer-term goals. In such a context, asking “Why are we doing this?” is often back-burnered to “You will get this done.” But there is too much at stake. To overcome this, a vision is needed as a:

## Rallying Cry to Inspire Us

### Help elevate EQ

Goals that will infuse our actions with a sense of purpose

## North Star to Guide and Align Us

### Point to the destination

Something the WG, CPUC, IOUs, Legislators, Public Advocates can align around to create impact

## Lens to Focus Our Efforts

### Reference for marketing

Inform message and alignment mechanisms that enable people to “see the reason why”

## Aspiration to Empower Us

### Activate the networks

Provide the guidance and credibility to those shaping and carrying the message



# The Vision Is Not...

~~A TAGLINE~~

It is not a creative idea or slogan for a campaign

~~THE  
DESTINATION~~

It does not have a location or timestamp that determines exactly where we will end up

~~MESSAGES,  
COPY~~

It is not copy for advertising or brochures

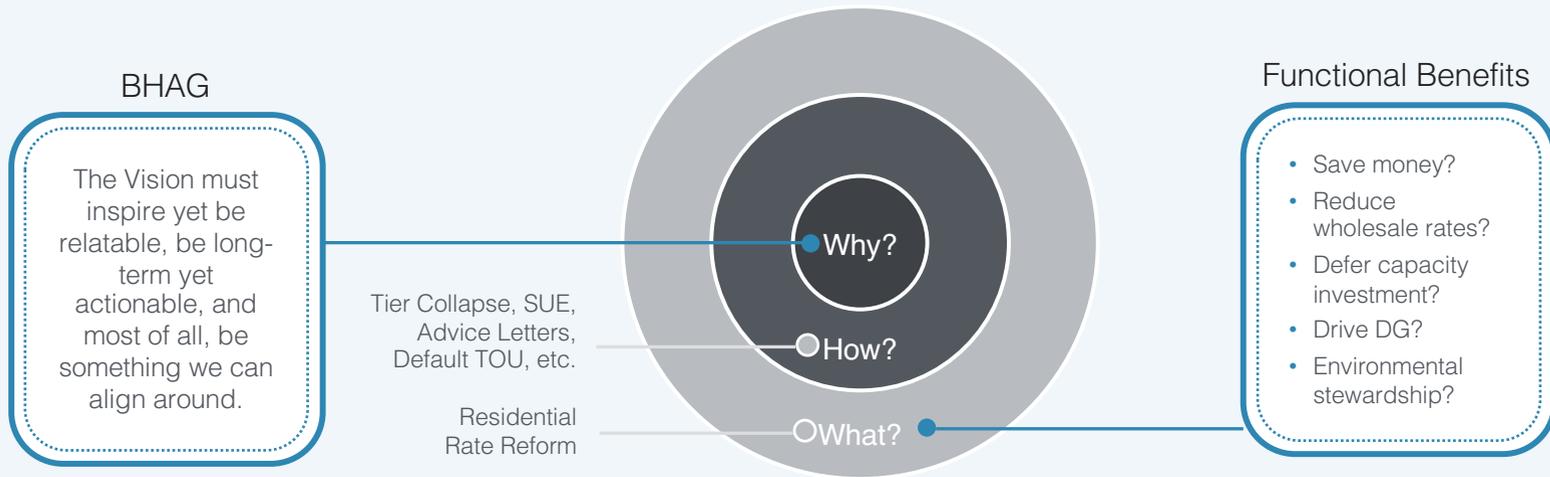
~~A SURROGATE  
FOR  
LEGISLATION~~

It does not replace or counter legislation that is already in place



# The Vision Is Our Aspiration, Not a Set of Benefits

If “shifting and reducing the electrical load by changing customers’ demand-related behaviors” is the “What?” of RRR/TOU, then Simon Sinek’s “Start with Why?”<sup>10</sup> is instructive here. The Vision is more than a set of benefits.





**Van Arsdale France**, who in 1955 founded the “University of Disneyland,” was tasked with creating a training program for those who would bring Walt’s dream of Disneyland to life. As he was preparing to pitch what would become the purpose of Disneyland to Walt and Roy Disney, France once said, “My goal, as I saw it, was to get everyone we hired to share in an intangible dream, and not just working for a paycheck.”

Van recounted the experience... “And here were top executives, all of them right there, and I had to get up and say ‘And now our theme: the purpose of Disneyland is to create happiness for others.’ And you see, the beautiful thing about saying, ‘We’re going to create happiness’ was then I could say, ‘Look, you may park cars, clean up the place, sweep the place, work graveyard and everything else, but whatever you do is contributing to creating happiness for others.’”



“Create Happiness.”

# Balancing “Altitude” and “Relatability”

When attempting to answer the question “Why?,” answers such as “save the planet” or “better environmental stewardship” may seem relevant. While admirable, these can often lack actionability or be so remote that we can’t relate to it. In shaping the Vision, we need to strike a balance between the altitude and relatability.



Altitude

How achievable  
is this BHAG?

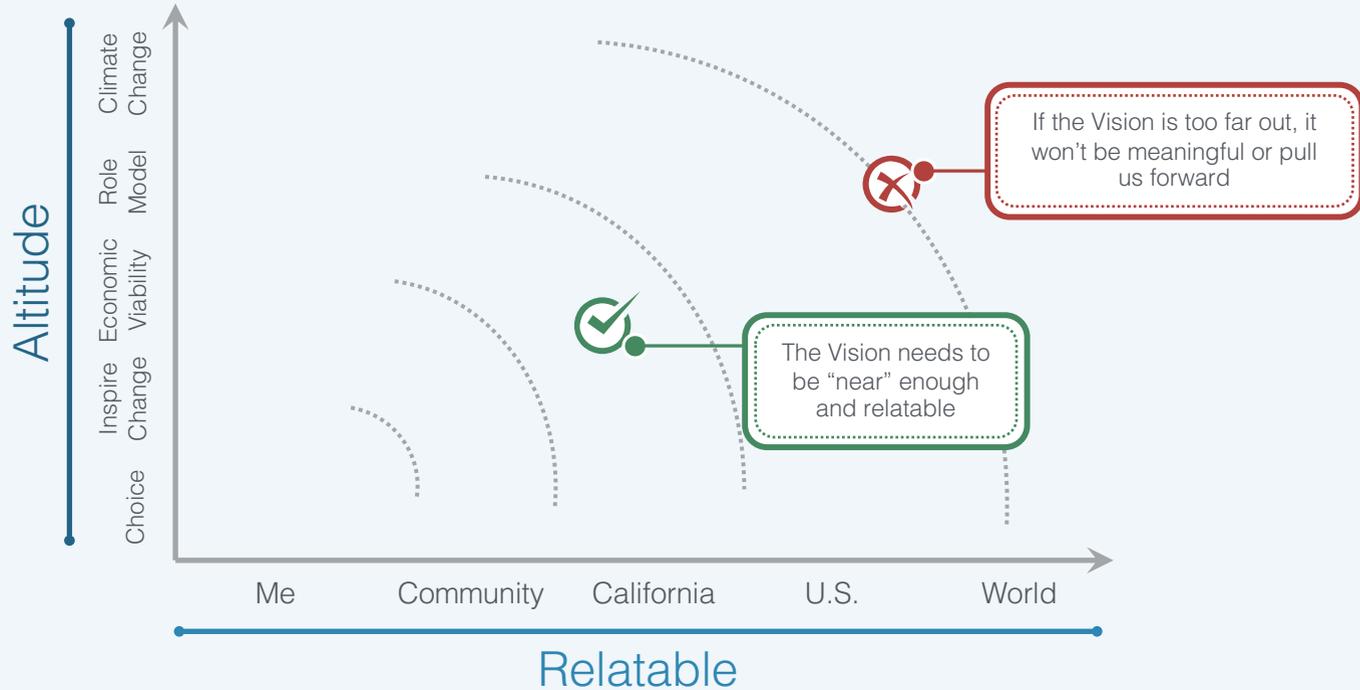


Relatable

How far away from us  
is this goal?



# Balancing “Altitude” and “Relatability” (Cont’d)



# The Vision for RRR and Default TOU

To vitalize every Californian's relationship with electricity and the grid, in ways that better their lives and forever change their behavior, for the ongoing prosperity of our state



# The Vision for RRR and Default TOU (Cont'd)

Address the current zeitgeist by making it personal

Energize an unengaged customer

Make it tangible

**To vitalize every Californian's relationship with electricity and the grid, in ways that better their lives and forever change their behavior, for the ongoing prosperity of our state**

Benefits over rates

Focus on the energy security that drives California's economic viability

Sustain behavioral change

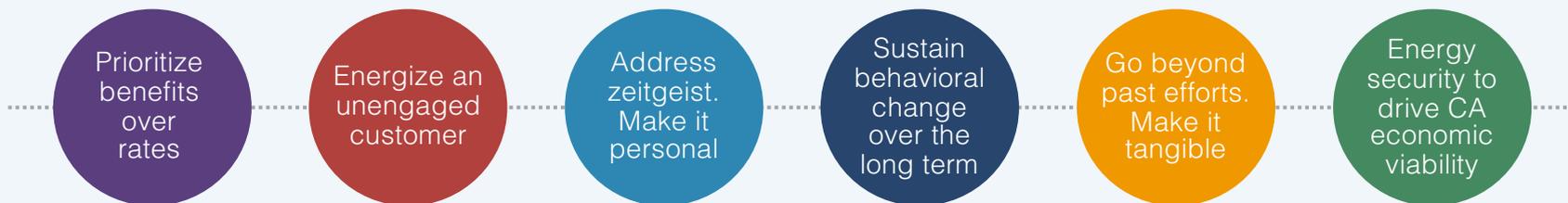


# The Vision Has Six Implications for Action

As part of its articulation of the aspiration for RRR/TOU, the Vision provides explicit guidance for how MEO efforts should be shaped. Six “implications” are strategic principles that must be incorporated by every actor in executing this MEO Blueprint.

## The Vision for RRR and Default TOU

**To vitalize every Californian’s relationship with electricity and the grid,** in ways that **better their lives** and **forever change their behavior,** for the **ongoing prosperity of our state**



# Detailed Implications

To vitalize every Californian's relationship with electricity and the grid, in ways that better their lives and forever change their behavior, for the ongoing prosperity of our state



## ACTING ON THE STRATEGIC INTENT

Go-to-Market	Make it easy for customers to directly correlate electricity to their own benefit.	Give customers new ways and reasons to care about electricity and the grid.	Leverage current "cocooning" trend to make a new personal connection.	Take a long-term view. Use RRR as events that drive incremental change over time.	Give customers something bigger than rates and IOU brands to connect with.	Build customer confidence to create a feedback loop that drives state growth.
Measurement	Track CPUC/IOU marketing improvement and rationalization with mandates.	Measure customer movement toward greater engagement.	Drive all marketing based on highly personalized, impact-based segmentation.	Track and respond to behavior change to sustain engagement over time.	Understand how tangibility is driving change in engagement and EM behavior.	Track correlation between outlook, EM behavioral change, and state growth.
Governance	Transform mandated engagement into a collaboration focused on customer benefit.	Deploy Network of Networks to get closer to customer interests and needs.	Prioritize standards and processes that always orient to personalization.	Build WG processes that enable achievement of far-reaching goals.	Establish leadership thinking to facilitate evolution of tangibility as the market changes.	Identify the MEO pathways that will reinforce CA energy security.



# RROIR MEO Vision



As with any high-level strategy that serves to guide a far-reaching effort, this Vision requires the consideration and support of senior leadership. Greenberg's recommendation is threefold.

- The Commission should eliminate any barriers to adoption of the MEO Vision.
- The WG should conclude its discussion and adopt this Vision.
- ED should determine whether this Vision can be adopted by or used to align with other proceedings, and if so, socialize and support its adoption.

# Vision Success Metrics

A key goal of the MEO Vision is to establish direction toward an agreed-upon goal. To understand whether MEO efforts are progressing toward this goal, we must establish top-level metrics for key activities. Three metric frameworks were agreed upon by the WG.



## Affinity

Measures customers' favorability toward electricity and energy management

## Retention

Measures whether nonexempt customers stay on TOU or switch to the right rate for them

## Action

Measures peak load reduction behaviors over time



# Vision Metrics Establish Reference Points for MEO Activities

Vision Metrics enable alignment of message intent, engagement approach, and campaign activities. Ultimately, they should also inform rates themselves so that the “product,” marketing, and measurement aim for the same goals.

Like a compass or North Star, all other metrics sit below the Vision Metrics to help measure and assess progress against these goals.

The Greenberg team worked in collaboration with the Metrics Sub-Working Group to establish a set of Vision Metrics that articulate the ultimate vision for MEO efforts. In doing so, the Sub-Working Group established a framework for assessing the

success of MEO efforts by articulating three core objectives:

1. Build affinity in the marketplace
2. Ensure rate satisfaction and retention
3. Engender significant and sustained peak load reduction behaviors

Additionally, each metric is “owned” by a designated actor or actors who are expected to align their activities under these metrics.

The Metrics Sub-Working Group will monitor progress and advise the WG of adjustments as conditions change. The following slide summarizes agreement of sub-working group members on the metric.



# Vision Metrics Framework

While the Vision rallies everyone responsible for MEO, it is critical for defining collective success. These key performance indicators provide the framework to measure the progress toward the vision.

## SW

X% of Californians feel a personal connection to electricity and feel strongly that it is important to be thoughtful about when and how much they use (timing and specific affinity metric TBD after additional IOU testing)

## IOU

X% of nonexempt (exempt to be defined by the TOU pilots) Californians stay on the TOU rate 15 months after the pilot default (3 months after bill protection ends)

## Both

X% of Californians sustain at least one significant peak reduction action for 12 months after defaulting to the TOU rate (measured at 3 months, after the first summer, and after bill protection ends and rolled up to a single metric)

This framework was agreed upon by the WG in the August 1–2 Workshop



# Each Vision Metric Is Supported by Submetrics

The submetrics will be used to create an index of achievement.

Agreed Upon and Established Metrics	Submetrics That Contribute to the Vision Metrics
<p>X% of Californians feel a <b>personal</b> connection to electricity and feel strongly that it is important to be <b>thoughtful</b> about <b>when and how much</b> they use (timing and specific affinity metric TBD after additional IOU testing)</p>	Roll-up: % of customers who strongly agree that they have a personal connection with their electricity use
	Roll-up: % of customers who strongly agree that it is important to thoughtfully manage their electricity use
	Roll-up: % of customers who strongly agree that how much electricity they use at certain times of day matters
<p>X% of nonexempt (exempt to be defined by the TOU pilots) Californians stay on the TOU rate 15 months after the pilot default (3 months after bill protection ends)</p>	Add context: % of customers who are aware that they have rate choices
	Add context: % of customers who feel that they are on the “right rate” for them
	Add context: % of customers who are satisfied on their rate (TOU or other)
<p>X% of Californians sustain at least one significant peak reduction action for 12 months after defaulting to the TOU rate (measured at 3 months, after the first summer, and after bill protection ends and rolled up to a single metric)</p>	Add context: % of customers who are very motivated to reduce peak load
	Add context: % of customers who indicate that they will take peak load–reducing actions in the future
	Add context: % of customers who cite significant peak load–reducing behaviors



## Section 2.2 | Vision Metrics

The Vision Metrics Framework should be ratified by the WG and established as part of IOU and CPUC alignment.

Each Vision Metric identified here is articulated in the measurement plans for all survey efforts so these metrics can be monitored on an ongoing basis.

Each submetric is designed to support the vision metrics by either rolling up to the overarching metric or providing context to support its interpretation.

The specific numerical goals of each metric should be established after baseline testing occurs and TOU pilot results on hardship have been obtained.

# The Reference Point for the MEO Blueprint

All strategy in the MEO Blueprint links back to the Vision through reference points that help shape components such as message intent, engagement approach, and campaign activities. Ultimately, the Vision should also inform rates so that the “product,” as well as marketing and measurement, aim for the same goals.

There are two key alignment mechanisms that are of importance to note here. The first is that the MEO Blueprint as a whole is a Vision-Led Strategy, i.e., it is in service of a longer-term goal that serves as a key alignment mechanism for all entities that touch this program. Second, without success metrics (“Vision Metrics”) it would not be possible to determine whether progress has been made against either the long- or near-term goals.

The second alignment mechanism was established and agreed upon by the WG on August 1, 2016 — Success Metrics as the framework for Vision Metrics.

In this context, we are using Success Metrics and Vision Metrics to refer to the same thing: a set of simplified goal definitions that all parties can agree to. Through ongoing measurement, we will determine our progress and whether we need to stay the course, change direction, or refine our strategy.



# New Perspectives

## Section 2.3

Redefining Assumptions and Mindset Needed to  
Execute the MEO Blueprint

# Introduction | New Perspectives

Recognizing that regulatory and marketing mindsets are vastly different is a first step in moving toward decision making that is centered on the customer experience.

A key criteria in executing the MEO Blueprint will be to construct the bridges between these mindsets, acknowledging that they may not all be built overnight.

Throughout the MEO development process, the Greenberg team has shared its best practices and professional assumptions (p.20), mostly drawn from our work in commercial sectors. While we have gained a greater appreciation of why some of these may be deprioritized in a regulatory environment, this does not negate the fact that without them, the customer experience will either be directly or indirectly impaired.

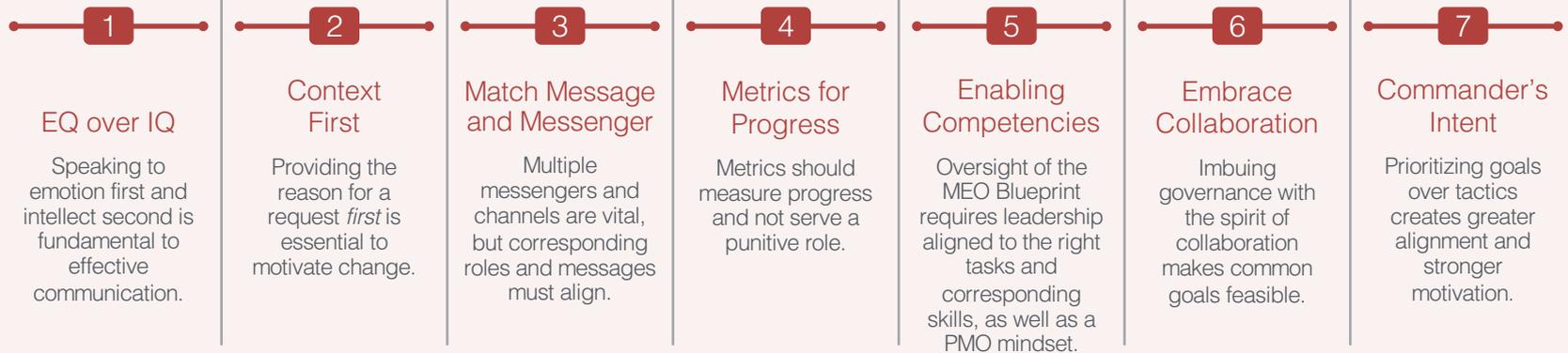
With this mind, the bridges we refer to above are fundamental to the MEO Blueprint. Section 5 addresses many of these. Here we are actually referring to the practical compromises we can mutually make during decision making that will allow the new perspectives noted in this section to be integrated into the regulatory thinking over the course of the next few years. Many decisions have yet to be made about what TOU rates, launch, and timing will look like.

We would suggest that as we move closer to 2019, a key WG success criteria should relate to the degree to which these ideas are reflected in ED, IOU, and SW decisions and output.



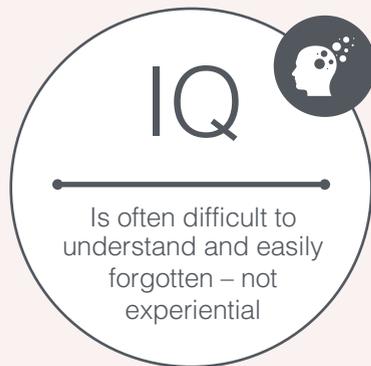
# New Perspectives from a Vision-Led Strategy

Acting on the Implications of the Vision requires different assumptions for marketing, communication, metrics, and collaboration than those that shaped D.15.-07-001. This section presents a set of principles that are requirements for executing the MEO strategy and constitute a new perspective for RRR/TOU.



# 1. EQ over IQ

Prioritize MEO focus on benefits, value, and emotional connections (EQ) over rates and education (IQ).



Attempting to educate about something customers don't care about builds resistance to any messaging.  
Give them something to care about.

## 2. Context First

Giving customers a reason *why* as part of delivering a motivational request is essential in a low-engagement category.

**Customers have not had to care about electricity; it is reliable and ubiquitous. How do we motivate them to care about a commodity that we all take for granted?**

---

Social science research provides considerable evidence of what is known as “contextual priming,” especially as it relates to marketing communications.<sup>11</sup> In a low-engagement category such as electricity, building communications that motivate must account for context – *why are we doing this?* – as a prerequisite for action.

The “why” must use EQ, not IQ, to inspire change.

# 3. Match Message, Media, and Messenger

Deploying a SW message requires many messengers, not just an SW entity and IOUs. They, and their networks, must be primed with the right message.

**Customers trust those closest to them.**

**Empowering entities that have earned that trust are vital to this effort.**

---

The IOUs have acknowledged the need for SW “air cover” for contextualizing the message they will deliver. While this is a key part of the strategy, the “ground cover” as expressed by CBO’s, local business leaders, local government, neighborhood associations, and others who are closest to the customer must have the appropriate message and media, timed to the SW and IOU efforts to gain the multiplier effect needed. The same applies to the IOUs with respect to the level of personalization they must deliver in parallel.

# 4. Metrics For Progress

Rather than focusing on failure and deficits, focus on what's working and how to make it better. Measure insight, not tactics.

**Metrics measure.  
They shouldn't "carry a big stick."**

---

MEO Metrics should not dictate specific campaign performance, e.g., number of website hits, pieces of collateral, impressions, etc. Rather, we should be measuring the right things, such as KPIs (awareness, familiarity, etc.). Metrics touching the customer must be data driven, insights oriented, proficient, open, and timely in making sure we learn from what we measure. All learning should be embedded and constructive to empower actors to be successful.

# 5. Enabling Competencies

Regulatory oversight must include respect and recognition for professional MEO proficiency, something that both the regulator and the regulated are accountable for.

**In a commercial context, marketing accountability is fundamental and begins with the requisite competencies.**

---

The Decision may not have considered the skill sets required to build, execute, or manage the MEO Blueprint. However, without the right skills to oversee this strategic action plan, the ROI may be jeopardized and marketing accountability flawed. Marketing today requires an integrated skill set that includes customer experience, data and research, technology, and the organizational temperament to manage the multiple streams of professional relationships that are required to build marketing systems. This effort (and this regulatory context) is no exception. It needs these skills at both a strategic and tactical level.



## 6. Commander's Intent

Specifying “where” is more effective than dictating “how” and “what” in moving complex groups across unpredictable terrain.

**The regulatory landscape, the customer, and the commercial context will all change. Providing the goal, the map, and the tools for executing the MEO Blueprint will be more effective than dictating tactics.**

---

*Commanders Intent* “acts as a basis for staff and subordinates to develop their own plans and orders to transform thought into action while maintaining the overall intention of their commander.”

In the context of MEO for RRR, we see each actor’s responsibility in agreeing to the same goals and principles for execution. However, given differing conditions inside and out of their organizations, each may require very different methods to carry out these goals and principles.



# 7. Embrace Collaboration

Governance can mandate alignment and coordination, but only collaboration builds the necessary bridges between teams, mindsets, and proceedings.

**We do not suggest shirking legislative obligations. However, instilling collaboration principles into this process is essential to ensure forward momentum.**

---

The first step in moving forward is to get WG ratification of the Charter. This can be the start of developing a way of collaborating that is successful for all parties.

Balancing the paradox of acting decisively to build momentum while going slowly to support coordination and alignment will also ensure success.

## Section 2 | Strategic Foundation

The three strategies – MEO, Measurement, and Alignment – are the core of the MEO Blueprint. Through the Vision and Perspectives, these four strategies are enabled to be actionable, relevant, and change-capable.

### Socialize Insights and Directives

The primary stakeholder and customer research yielded fundamental learning with actionable implications. Socializing these internally is an important step in gaining the internal buy-in (CPUC and IOUs) needed to move the implementation of this Blueprint forward.

### Adopt the MEO Vision

The MEO Blueprint is a Vision-Led Strategy. As such, it will be only as viable as the legitimacy given to it through senior leadership support. Creating alignment through broader application to other efforts will prove even more far-reaching.

### Consider and Act on New Perspectives

Imbuing regulatory decision-making with professional marketing insight will raise the standard and synchronization of what will always be an uncoordinated landscape. Adoption of these perspectives mitigates against that chaos and acknowledges the statement, “customer first.”

### Empower this MEO Blueprint

As conditions change, so will the need to update and refine this strategy. This plan needs empowerment through the establishment of a professional marketing entity to manage it and a ratified WG organization to oversee it.



# Endnotes

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## Section 2.4

# Section 2 | Strategic Foundation | Endnotes

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## SECTION 3

# MEO Strategy

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# Section 3 | MEO Strategy | Contents

The MEO Strategy is the heart of the MEO Blueprint. It covers the principles and strategic actions that SW, IOU, and Network actors must use to align and execute their respective marketing plans. This strategy is synchronized with the Measurement Strategy to ensure accountability and efficacy.

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# Section 3 | MEO Strategy | Executive Summary

The MEO Strategy is a simple yet powerful marketing plan to meet the goals set out for RRR and the launch of TOU. It is built to ensure alignment and clarity and maximize impact. While addressing the mandate of the 12.17.15 ACR, it is based on a new perspective that requires a change in approach, elevating the customer experience as the center point of this effort.

**Heart of the Blueprint:** This marketing strategy is the heart of the MEO Blueprint. It covers principles and strategic actions that SW, IOU, and Network actors must use to align and execute their respective marketing plans. It is synchronized with the Measurement Strategy to ensure efficacy and accountability.

**Customer Experience First:** We must prioritize the best possible customer experience (CX) over rates and rate

education. To connect with customers and increase MEO effectiveness, the CX must drive marketing/GTM-related decision making. The CX will have the greatest impact on customer acceptance of RRR and TOU.

**Value and Benefit Focus:** Ever-changing product traits (e.g., rates and structures) coupled with a bias for education over customer experience has put MEO in a position of continuously explaining rate

details rather than continuously building customer relationships. To change this, the message and customer approach must evolve to communicating the personal benefit and personal value that customers derive from electricity.



# Section 3 | MEO Strategy | Executive Summary (Cont'd)

**A Strategic Course of Action:** The first step in evolving our approach, and the customer's perceived value of electricity, is to embrace that RRR and Default TOU, as price signals, will not have a material impact on customer load shift or decreasing their consumption.

To overcome this, the strategy uses TOU as a reason to have a new conversation with customers and as a catalytic event to change the overall customer relationship.

This includes using a two-track strategy to engage customers – one at the SW level for positioning and inspiring, the other at the IOU level for personalized messages and closer relationships

The two-track strategy also has the advantage of focusing MEO teams based on the optimal role they can play in successfully building new customer relationships as well as their capabilities, capacity, and the customer relationships they have or need to

have – this focuses efforts and clarifies which team/track is contributing to the success of the campaign.

**Benefits over Rates:** Drawing guidance from the MEO Vision, this strategy evolves the overall MEO approach from a rates/information/education (IQ – intellectual quotient) bias to a personal customer connection and value (EQ – emotional quotient) bias. This type of relationship has the elasticity to survive ever-changing rates and is a more sustainable marketing approach.

**Positioning TOU:** To change the customer relationship, we will position electricity as vital and valuable in keeping customers connected to the people and things they value most.

From a GTM (go-to-market) perspective the strategy evolves both tracks over three distinct phases (different timeframes) designed to evolve the customer relationship

at the right pace.

Messaging for both tracks (SW and IOU) will evolve over the phases to tell a story, help create a new relationship, and condition the market for a successful Default TOU transition.

**Segmentation Strategy:** In segmenting the target audience, we will use broad targeting and mass media for the SW level and impact-based targeting at the IOU level.

*Specific to Default TOU* – We will bias targeting to those who don't benefit under TOU (the less they benefit, the heavier the targeted engagement).

*For Opt-in TOU* – We will target only those who see a 15% or greater (material enough to notice) benefit under TOU during the summer months.

*(continued)*



# Section 3 | MEO Strategy | Executive Summary (Cont'd)

We will use mass media to generate awareness and give customers the needed context for RRR and TOU. And we will use more direct marketing tactics at the IOU level for personalized messages, information, and calls to action.

**TOU Launch:** Based on market and operational conditions and customer considerations, the optimal timing for the launch of TOU is Q3 2019 to Q1 2020, assuming a big bang (all at once) launch versus the currently mandated January 2019 launch. The recommended launch timing can happen only if IOU systems are able to support the optimal customer experience. If not, a rolling (phased) launch will need to be adopted.

**SW Messenger:** The optimal entity to carry the SW message is the governor.

**Engagement Cadence:** The optimal Default TOU engagement strategy begins with a 90/60/30 communications cadence for prelaunch (communications go out 90, 60, and 30 days prior to launch), assuming a monolithic launch. Communications during migration are supportive but much lighter.

**Bill Comparison:** The optimal use of bill comparisons is during the 90/60/30 prelaunch communications. Comparisons before or after this period are risky and unnecessary. Sending comparisons before rates are set (rates are currently scheduled to be set in Q3 or Q4 of 2018) causes more questions than gives answers and may contain inaccuracies as rates change. Sending comparisons after the launch risks giving false impressions as customers need a full year of billing to compare the benefits of TOU over the previous rates. One-month perspectives are misleading and could

cause strong negative sentiment.

**Network of Networks:** A key part of the strategy is activating IOU and CPUC partners (Network of Networks) such as CBOs and local government to support the message and connect with the hard to reach.

**Directional Budget:** We have outlined a ballpark cost for mass media, PR, and direct marketing. Because very limited input was available to Greenberg, costs are purely directional and will require further revision.

**Interdependency:** The MEO Strategy is supported by and interdependent to the metrics and operationalization principles laid out in the Measurement and Alignment Strategies. This strategy also acknowledges that key decisions have yet to be made, which is why it has been built as a set of principles that can flex as conditions change.



# Introduction

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## Section 3.1

Definition, Objectives, Recommendations

# What Is the MEO Strategy?

The MEO Strategy provides a set of strategic directives and tactics designed to **create the customer experiences** required for immediate and sustainable success in implementing RRR and Default TOU.

The core request of the 12.17.15 ACR was to create an “omnibus MEO strategic action plan”,<sup>1</sup> including messaging, timelines, budgets, segments, and IOU/SW coordination. This MEO Strategy addresses all of these and, as also noted in the ACR, tightly weaves them with the Measurement Strategy to ensure progress.

As outlined in Section 2.3, many of the assumptions that shaped the Decision and ACR vary from the professional assumptions that drive marketing. So while

this Blueprint addresses the mandates of the ACR, it does so from a different perspective. This may set up potential gaps in expectations, which we believe can be covered by acknowledging one belief that both the regulator and Greenberg share: shaping a positive customer experience is our primary mandate. The Decision’s callout of those most impacted is an example of this in the empathy the state desires to see as standard.

Transparency, candor, plain-speak, and

authenticity are the guiding principles behind our reference to the “customer experience” throughout this Blueprint. These come to the forefront in the messaging strategy, segmentation, and metrics. By aligning around this central tenet, it’s possible to build bridges needed between regulatory and marketing mindsets to create maximum alignment.



# Evolving MEO

MEO presupposes assumptions about marketing, education, and outreach that are unique to the regulated utility industry in California. The intention behind them may be admirable, but it might *not* be what the customer has in mind.

*“People don’t want natural gas and electricity, they want hot showers and cold beer.”<sup>2</sup>*

This reflects research that suggests customers don’t care and that ultimately, residential EM behavior change is a monumental challenge.<sup>3</sup> The primary “weapon” the utility industry has used for years to battle low engagement is M-E-O.

The notion of Marketing and Outreach (as a standard for touching the customer at the closest possible proximity) is clear.

However, low customer engagement raises questions about how to approach the “E” in MEO. While the *intention* is customer-centric, *Education* in this context is internally biased and needs to evolve to a more customer-centric approach.

While customer understanding of the bill (a key touchpoint in their experience) is critical, lack of engagement by customers necessitates rethinking how “rate literacy” is approached and whether MEO as a unified concept is in the best interest of the customer.

For this reason, our reference to “MEO” in this blueprint is focused on principles that shape customer experiences rather than in deconstructing and building actions around the current structure, components, and approaches of MEO.



# Objectives | MEO Strategy

Our goal is to change the customer's relationship with electricity in ways that motivate them to balance and reduce their electrical demand.

## Positive Customer Acceptance

Customers have the context and information needed to feel that RRR/TOU is a positive new step for themselves and those they care about

## Material Behavioral Change

Inspire customers to make lasting changes in their behavior that result in balancing and reducing their personal load

## Enduring Relationship

Use RRR, with particular focus on TOU, to build the foundation for a new relationship – with the flexibility to maintain deep customer connection throughout all changes in the “product” (rates, structures, etc.)



# Section 3.1 | MEO Strategy

Our approach is to use the rare opportunity TOU presents to evolve MEO, and the teams responsible for managing and delivering it, toward creating new customer experiences that build enduring relationships and achieve behavior-related goals.

## Use TOU for Greater Change

Use the rare opportunity TOU offers to change the customer relationship to improve the perceived value of electricity and change the customer approach to more emotionally focused marketing. Evolve internal MEO practices so the CPUC can better its strategic contribution and IOUs can better their marketing excellence.

## Customer Experience First

Evolve away from operations and education-driven to customer experience-driven MEO. Make “product” and communications decisions based on providing a positive experience. Let customers self-select their education.

## Build New Relationship

Move from a transactional relationship to one based on the benefits and value that electricity and the grid bring to customers' lives. Give customers something to care about, not just something to memorize.

## One Strategy – Two Roles

Rally everyone around the vision and strategy, then split GTM into SW and IOU tracks to make responsibility, accountability, expertise, measurement, and contribution to success simple and clear.



# Strategy Overview

---

## Section 3.2

Challenge, Solution, Strategy

# Section 3.2 | Strategy Overview | Contents

For RRR and TOU to achieve near and long term goals, we must seize the rare opportunity it provides to create a new customer experience that changes our relationship with them and increases their perceived value of electricity.

## Sections

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# Challenge, Solution, Strategy

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Section 3.2.1



# The Challenge

As noted in Section 2, defining challenges and principles to overcome them to achieve our goals is fundamental to this process. At its core, this RRR MEO strategy solves a four-part challenge.

## They Don't Care

Customers don't care about electricity in the ways needed to achieve our goals for both customers and the state<sup>4</sup>. There is EQ (emotional quotient).

## No Reason To Listen

Proposed RRR/TOU, as price signals, are not reason enough for customers to make sustained material changes in their electricity consumption behavior<sup>5</sup>.

## Won't Change Behavior

90%+ of customers will stay on Default TOU with minimal MEO – it's the "default bias". However they won't make material and sustained behavioral change<sup>6</sup>.

## Wrong Focus

"Product" attributes (rates, structures, windows, etc.) will continuously change for the foreseeable future. Focusing MEO on these attributes has led to customer confusion, disengagement and distrust as a result of IQ (intellectual-quotient bias).



# The Essence of the Solution

Identify and leverage a significant customer-centric “event” to build a new relationship with customers that transcends the multitude of changing rate-related (product) variables.

At the same moment, through MEO, create experiences that give customers something personally relevant to care about; then show them how to care.

# The Solution = The Strategy

Use RRR, and specifically the transition to TOU, as an event to capture customer attention and use that moment to build new relationships that transcend the “mechanics” (rates, structures, rate windows, etc.) of the products and services provided.

In marketing terms – use TOU as the reason to talk with customers and change the conversation to focus on the benefits and value of electricity, and behind that, TOU. Give customers something personally relevant to care about; then show them how to care.



# The Specifics of TOU's Role

Use the new value-based conversations to inspire customers to rethink their relationship with, and use of, electricity. Use TOU as the first step to doing this.

In marketing terms, position TOU this way...

To Californians who manage household electric bills, TOU represents a bold new way for them to ensure that their “lifeline” (electricity) continues to keep them connected to the people and things they care about most.

TOU does this by creating a new and more thoughtful way for all Californians to consume and pay for electricity.

As an important note and distinction: When referring to TOU as an “event”, the event isn't more rate education nor messaging centered on changing rates. Please see Section 3.3 of this documents for specific messaging direction and points. The conceptual direction of “lifeline” will also be explained in that section.



# Taking Action

## Section 3.2.2



# The Pillars of the Customer Experience

Our primary focus here is making ourselves unique and valuable to customers in ways no one else can.

During the development of the MEO Blueprint, teams across the CPUC, IOUs, WG and other entities have shared their thoughts on competitive pressures that will increase over the next coming years. While more competition is on the way, addressing *current* pressures will produce the needed near term results while also putting us on a footing to fend off emerging competition.

For clarity, current competition stems from the market at large. *It's the daily competition for customer share of voice and share of mind.* In other words, competition with all

other marketing messages to be heard by our customers (share of voice) and for their attention (share of mind). Based on engagement results, we are losing the battle<sup>7</sup>.

To gain share of voice and share of mind we must identify what is unique to our “product”; what can we claim that no one else can and what is easily-understood value to our customers.

In other words, the “pillars” of the customer experience needed to build an enduring relationship. Optimally, the pillars will

simultaneously make an emotional and tactile customer connection.

In conducting primary<sup>8</sup> and secondary research, we have identified the pillars needed to achieve our goals – ownable, defensible, valuable, emotional and real (tactile).

The following page outlines the pillars of the new customer relationship.



**Note:** The statements and words used to articulate the pillars are for directional purposes only. They represent the key sentiments and are not final copy. Final copy must be created and tested in the next phase of work.



# Customer Experience Pillars

Designed as the essence of the customer experience, MEO will carry these pillars through all GTM initiatives.

## Emotional, Unique and Valuable

### Electricity – The “Lifeline”

(A Reason to Listen and Care)

The thing that keeps you (customer) connected to the people and things that you care about most in life.

## Tactile and Omnipresent

### The Electric Grid – Be Thoughtful

(Something Real to Care About)

The electric grid becomes strained at certain times of the day and needs you to be thoughtful about when and how much demand you put on it.

(Not an apocalyptic tone but a “nurture and care for” message)



## Section 3.2.2 | Strategic Steps

The desired customer relationship defines the experiences we need to create. This dictates how we approach the market, which in turn, characterizes *how* we should work together.

1

### Pillars and Positioning

Define the pillars of the relationship and RRR/TOU's positioning from which to building a new and sustainable relationship with customers.

2

### Evolve the Market Approach

People build enduring relationships based on experiences which conjure memorable emotions; not numbers. MEO needs to progress from the current IQ-based approach to an EQ (emotional quotient) approach<sup>9</sup> for RRR and beyond in order to meet the goals.

3

### Evolve the Internal Approach

The CPUC currently follows a "Command and Control" approach to marketing in working with IOUs. Shifting to a "Commanders Intent" approach will better deploy IOU regional marketing expertise, while making them responsible for providing actionable marketing intelligence and insights back to the CPUC.

# The Right Go-to-Market Perspective

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Section 3.2.3



# Evolving the Approach to the Market

To create the kind of customer experiences needed to win their hearts and minds, MEO must evolve from an IQ-bias to an EQ-bias. In effect, everyone responsible for shaping RRR MEO will use a new approach to customers and the market.



# Why EQ ahead of IQ?



## IQ

---

An IQ approach is not experiential.  
It is often difficult to understand  
and is easily forgotten.

For marketers, this requires a  
never-ending stream of explaining  
the latest change in product  
variables. This is costly and  
fleeting.



## EQ

---

An EQ approach connects and  
endures; it becomes the experience.

For marketers this builds a coherent  
platform for connecting with  
customers.



# Examples of How EQ Wins Over IQ

IQ



64kb MP3  
Player

EQ



1000 songs in  
your Pocket

IQ



Best  
processors

EQ



Ingredient to  
trust



# Why and How to Become EQ-Focused

## WHY

**Everything will change** – All “product” (electricity) variables will continuously change – making a commitment and changing it fosters distrust with customers.

**Customers don't care** – Educating customers about something they don't care about builds resistance to messaging and a new relationship.

**No motivation** – Possibility of vanilla rates; “green”, conservation and efficiency messages no longer motivate customers.

**Nothing to love** – Customers don't have anything to emotionally attach to, nor care about.

## WHAT TO DO

**Focus on the constants** – Position electricity as the “lifeline” and the grid as something to care about – the greatest enablers of all the good things in life — they are constants.

**Connected to the ones you love** – Draw the direct correlation to the lifeline (electricity) and how it's the thing that keeps you connected to the people and things you love.

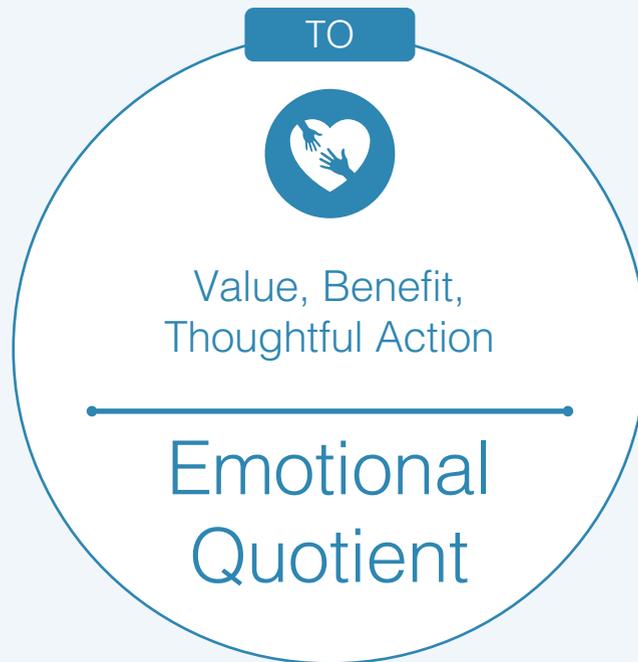
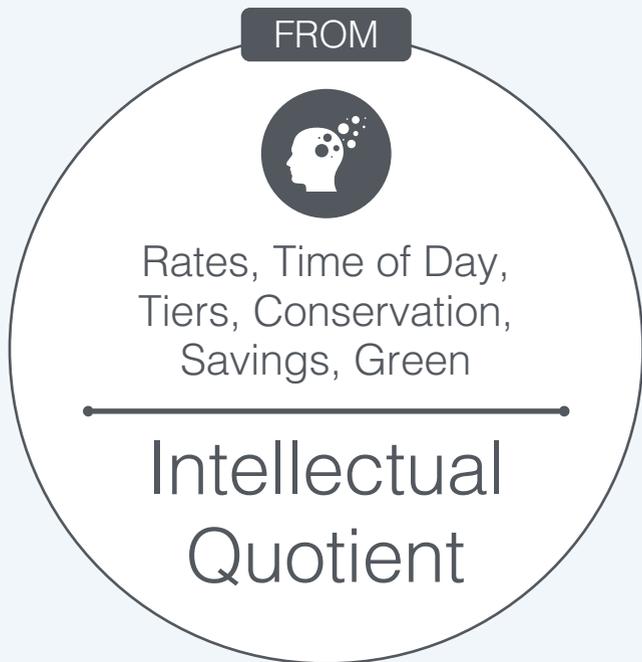
**Its about value (benefits = value)** – High perceived value diminishes cost concerns and removes the need to talk about ever-changing rates/time — focus on the value electricity brings to each person's life.

**Tell stories not just facts** – Stories give dimensions that make personal and lasting connections. Customers need a reason to connect with electricity if they are to be motivated to change their behavior – Make the electricity and the grid something to care about.

**Let them choose** – Have the information/facts available for those that want it. For the rest, focus on value and the relationship. *Don't try to educate everyone – let them self select.*



# What This Means to MEO



# The Right Internal Perspective

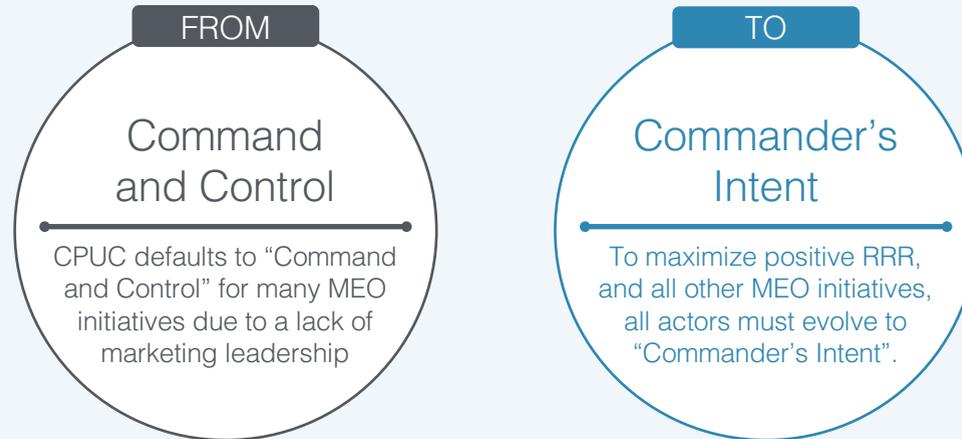
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Section 3.2.4



# Evolving The Internal Approach

“Command and Control” was abandoned by the military because of limitations in reacting to varying field conditions. It gives specific instructions with little ability to leverage expertise. “Commander’s Intent” rallies recipients to achieve a clear goal and affords them the ability to deploy expertise to adapt to changing conditions.



# Rationale | Being “Intent–Driven”

## WHY

**Reason for being** – When teams know “why” they are doing what they are doing (core intention), they can adapt to unforeseen situations to achieve the goal.

**Expertise** – Painting a picture of success enables teams to fully utilize (or acquire) the needed expertise versus a prescriptive approach which often constrains the deployment of expertise.

**Competency** – When directions given by leaders who are not involved in execution is too tactical, they risk not making the right demands because they have limited knowledge of the situation and may not possess the skills to operate tactically.

**Forward Progress** – When those who need to show strategic leadership focus at too low a level, it becomes difficult for them to see and convey forward movement because it risks involving the entire team into an over-focus on tactical details.

## WHAT TO DO

**Resist prescribing** – Those setting the “intention” (SW) aren’t equipped with enough market-specific details to make accurate tactical demands. They should rely on teams with detailed first-hand insight to recommend tactics.

**Measure the right things** – The CPUC operates at “Intention-Level”. They are best positioned to measure macro KPIs (awareness, familiarity, etc.) and have all entities under their purview align with these KPIs. Those touching the customer (IOUs) need to be data-driven, insights-oriented, proficient, open and timely in providing their results back up to “Intention-Level”.

**Think global; act local** – This approach enables the IOUs to focus on making deep customer connections via personalization (local) and supporting them with a state-guided unification strategy and ways to show forward progress (global).

**Right entities for the right things** – Messages and engagement must come from the right sources (driven by customer permission). This includes “air cover” from the state (“Intention-Level”) and personalized customer messages from IOUs.



# What This Means...

FOR THE COMMISSION...

Think global, act local. *Think global* means providing strategies and goals that rally teams together and convey purpose, versus dictating tactical action. *Act Local* means enabling the IOUs to leverage their market-specific expertise to regionalize marketing and personalize customer engagement.



# What This Means...

FOR IOUs...

Focus on architecting customer experiences (MEO) in ways that achieve both your business and SW KPIs. Achieve this by laddering goals – individual KPIs for marketing, and metrics for SW KPIs.

# Strategic Approach to the Customer Experience

---

## Section 3.2.5



# Introduction

The strategy is only as good as the execution. This section synthesizes timing, cadence, phasing, sequencing and roles. Timing is optimized for customers and RRR/TOU.

- Some operational conditions for the launch of Default TOU are not currently visible. As a result, strategy and timing in this strategy may need to shift to accommodate market changes in market conditions.
- Acknowledging this possibility, Greenberg has designed the strategy to accommodate these potential changes in timing and/or MEO needs. Specifically, the SW message track provides market-facing consistency over the entire course of the GTM effort which affords the second track (IOU messaging and marketing) the ability to adapt to changing market and operational demands. Both tracks can also increase and decrease their message intensity, and spend, as MEO or RRR demands require.



**NOTE:** The working assumption provided by the CPUC during the development of the MEO Blueprint was that Default TOU was a singular launch (“Big Bang”) at the beginning of 2019. The strategic course articulated in this section is based on this approach – all customers moving to Default TOU at once. During the final weeks of developing this report, Greenberg was made aware that the IOUs – through the TOU Working Group – have provided feedback to the Commission objecting to a monolithic approach to Default TOU launch, with a preference for a rolling launch. Greenberg acknowledges that this is an open question and may require further consideration if the timing changes.



# Customer Engagement Challenge and Solution

To connect with customers, the right message has to be delivered by the right entity at the right time or customers will either not believe it or won't pay attention.

## Problem

As RRR continues to progress, and when Default TOU launches, all customers will need to know what is happening and why. They need the right context.

Because RRR/TOU are programs that affect all customers across the state, and affect each of them differently, context messages have to work at a Statewide level and an individual level. The issue is that customers won't believe SW messages from IOUs and an SW entity can't deliver personalized messages because it won't have the needed customer insights.

## Solution

Take a two-track strategic approach that delivers the right customer messages and experiences from entities with the right credibility in the eyes of the customer.

Using this two-track approach, give RRR the support it needs while simultaneously preparing customers to positively accept TOU between now and TOU's launch in January 2019.



## Section 3.2.5 | Strategic Course

Success depends on the right entity delivering the right experience to the right customer at the right time. This sub-section summarizes the strategy for success.

### 1

#### One Strategy, Two Tracks and Team Alignment

- Use one track at the SW level to give customers needed context and the second track at the IOU level to give customers personalized messages.
- Use this approach to clearly separate responsibility, accountability, expertise, measurement and contribution to success of the the overall MEO initiative.

### 2

#### Timing is Everything– Phasing

- Customers need time to absorb messages and change their relationship with electricity. All MEO must move at a pace that is comfortable for customers and, as important, the MEO tactics have to stay in lockstep with one another for experience consistency. To do this, divide MEO into three distinct phases that dictate the timing and evolution of all MEO tactics.
- Also, use this same phasing to evolve MEO capabilities and operations that support the needed customer experiences for each phase at both the IOU and state levels.



# Track One | Statewide

MEO will divide into two tracks. Both are guided by the same strategy, evolve over the three phases and play a specific role in achieving goals. This is the SW track:

## Overview of **SW** message track

### What the SW Track Does

- Creates the conditions for a new customer relationship
- Repositions messages to customer benefit and value
- Provides foundational message direction and elements to IOUs and the Network of Networks.
- Prepares customers/market for Default TOU
- Provides message "air cover" for IOUs (IOUs don't have needed relationship to convey state-focused message)
- Supports default launch
- Promotes sustained customer relationship and new value-based perspective

### Message Timing and Intensity:

- June 2017–September 2018  
*(Moderate to heavy)*
- September 2018–March 2019  
*(Heavy)*
- March 2019–December 2019  
*(Rapidly declining to light)*



# Track Two | IOUs

## Overview of **IOU** message track

### What the IOU Track Does

- Supports SW message
- Enrolls opt-in TOU customers
- Executes 90/60/30 pre-default plan
- Launches Default TOU
- Provides personalized messages and customer support
- Promotes sustained customer relationship and new value-based perspective

### Message Timing and Intensity:

- June 2017–September 2018  
*(Light – support SW message)*
- Summer months of 2017 and 2018  
*(Heavy to opt-in TOU target customers only)*
- Sept. 2018–January 2019  
*(Heavy for pre-default launch)*
- January 2019–April 2019  
*(Heavy for default launch)*
- April 2019–September 2019  
*(Heavy to negatively-impacted customers)*
- September 2019–December 2019  
*(Rapidly declining to light)*



# Rationale | Why Two Tracks?

Dividing tracks serves two purposes. It ensures the right customer experiences are shaped by the right entity and it provides clarification for who is responsible for what.

## Customer

Two tracks aligns messengers with what customers expect and which messenger can credibly communicate (e.g. a message such as “the state is mandating this” isn’t as credible coming from an IOU as it would be, for example, from the Governor).

## Competency

Two tracks assigns responsibilities to teams that have the skills needed to achieve the MEO goals. IOUs use their regional marketing expertise to excel in targeted marketing, while the SW team leverages large scale marketing expertise.

## Capacity

IOU marketing teams struggle to dedicate enough resources (people, systems, etc.) to satisfy current marketing demands. RRR and TOU will likely push them past capacity. Layering a SW effort onto that would cause the campaign, and possibly TOU, to fail. Augmenting the campaign with SW dedicated resources will make the entire program more manageable and increase likelihood of success.

## Contribution

Each track plays a specific, measurable role. Both contribute to a macro set of objectives. This approach gives clarity as to how each track/team, and set of campaign elements, is performing and at what level. This aids in attribution modeling and gives visibility into what each which team/element is contributing to overall success.



# Three Phases of MEO Strategic Course

Considering customer needs, current capabilities and RRR goals, MEO will succeed when divided into the following three phases.

## Context and Inspire

**Focus:** Provide the customer with the context needed to make them receptive to MEO. Then inspire them to have a new relationship with electricity – give them a reason to care and something to care about. Simultaneously evolve systems, skills and market approaches in lock-step with evolving customer needs.

## Rally and Action

**Focus:** Rally customers around being open to new ways to consume and pay for electricity and then launch TOU into a prepared market and with willing customers. Call them to action to balance their load and be thoughtful about consumption.

## Care and Sustain

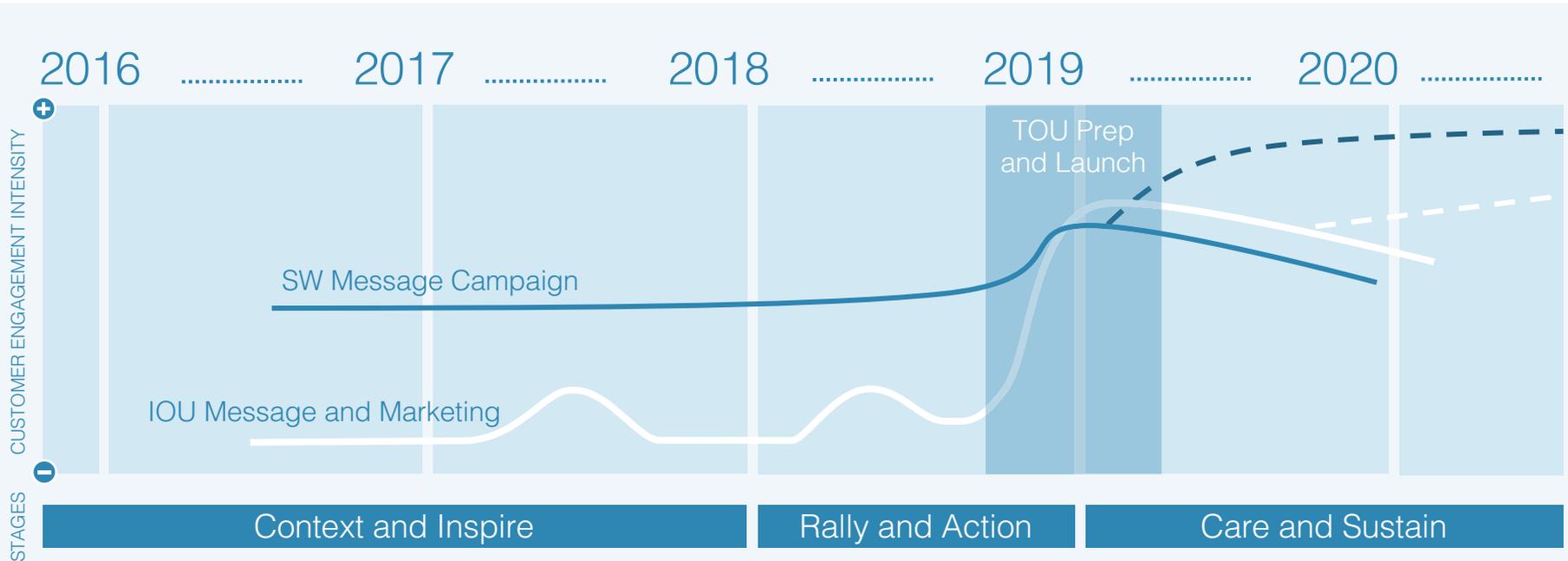
**Focus:** Reinforce reasons to continue to care about electricity and create the conditions to sustain both behavior change and the new relationship beyond 2019\*.

\*The framework of this strategy is through 2019.



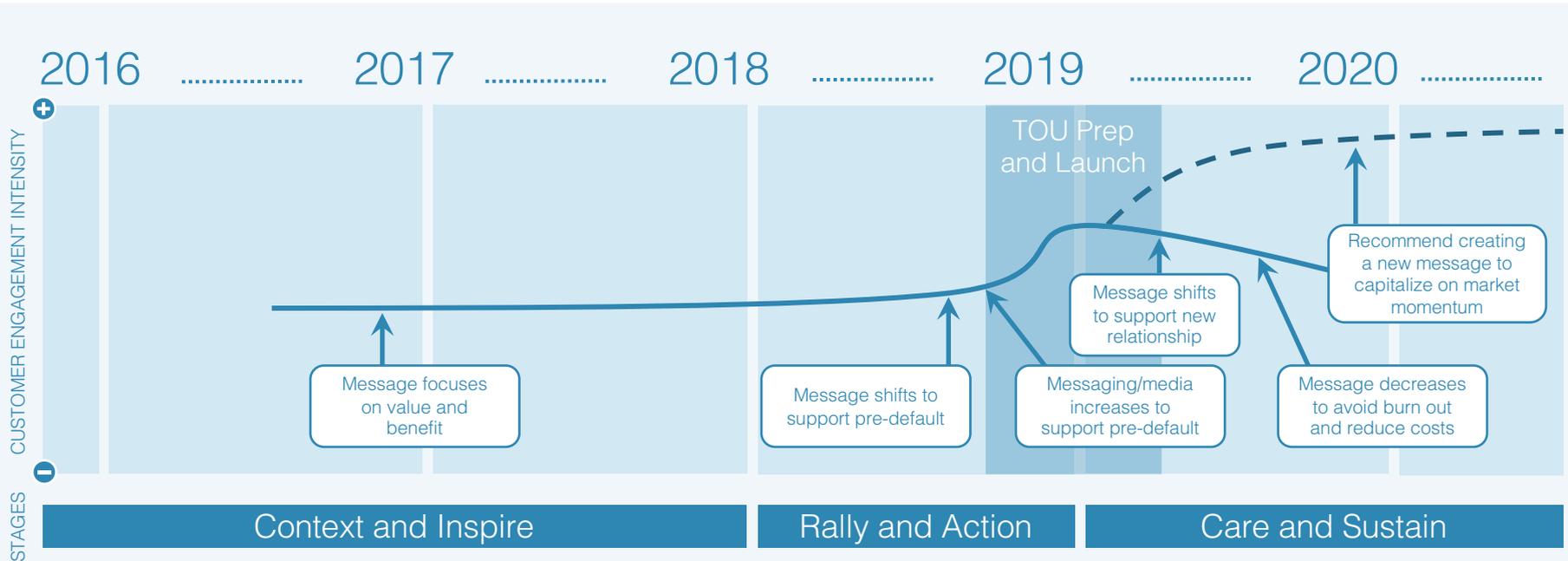
# MEO Customer Engagement Strategy

This visual calendaring of the MEO strategy outlines timing and level of engagement for each phase.



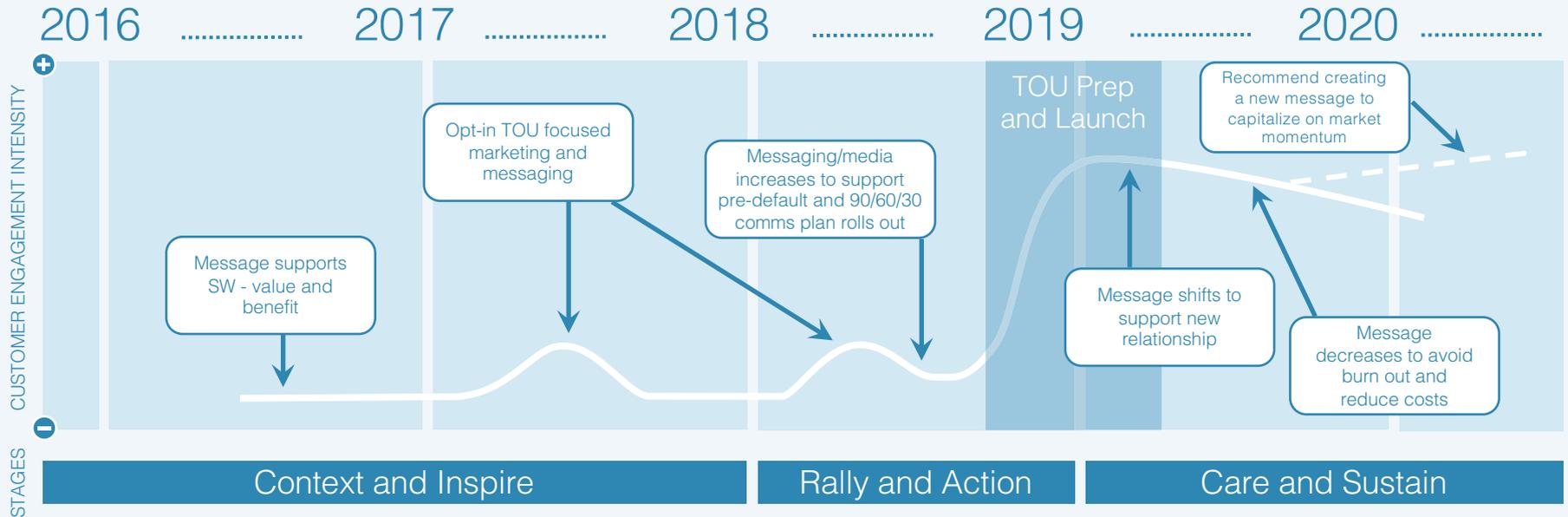
# Key Points | SW Track

The calendar provides an overview of the highlights along the SW message track.



# Key Points | IOU Track

The calendar provides an overview of the highlights along the IOU message track.



# Rationale | The Right Strategic Course

The strategic course, and strategy driving it, strikes a balance between customer needs, market demands, RRR goals and the role each marketing team must play to succeed.

## Unifies and Separates

The strategy unifies the CPUC and IOUs around a common set of objectives and MEO activities which will result in a greater overall MEO impact (e.g. message repetition, consistency, varied targeting, etc.). It also separates responsibilities so that each entity can properly leverage expertise toward the common goal and know its level of contribution.

## Timing

As a customer experience-driven strategy, this strategic course aligns GTM activities when customers want and need communications. The strategy also times MEO at a cadence at which customers can absorb. Further, the strategy avoids confusion due to overlapping messages.

## Accuracy and Trust

The strategy affords insights from both pilots and on-going opt-in to be incorporated into the MEO tactics. This increases the accuracy of the information (e.g. bill impact) given to customers, thus avoiding backlash due to communicating “hypothetical” impacts and/or leaving too many questions unanswered. This builds and protects customer trust. The pilot insights will also provide additional accuracy in messaging and marketing tactics.

## Preparation and Manageability

Because the strategy grows in intensity, it affords MEO teams (IOUs and CPUC) the ability to increase the preparedness of their systems and people to ensure a successful program.



# Statewide Messaging

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## Section 3.3

Direction, Targeting, Harmonization, Timing, Messenger

# Section 3.3 | SW Messaging | Contents

The strategy and tactics in this section describe a fresh approach that lays the foundation for a new and sustainable relationship – one that prioritizes the experience and provides customers with the information they need.

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# Messaging Objectives

Current MEO messaging has enormous competition for share of voice, including conservation, energy efficiency, green-oriented marketing, and more.

These are used by numerous industries, making for a noisy market.

This means we must be unique to be heard and make claims no one else can.

## Unique and Ownable

Credibly distinguish *electricity and the grid* from all other messaging in the market by leveraging the ownable claim that these are the things that keep customers connected to the ones they love. This also avoids confusion with all other industries messaging conservation.

## New Relationship

Use what customers intuitively know to be true – electricity is vital to them staying connected to loved ones – to build a new relationship. It's a relationship based on intense personal value for customers.

## Flexible and Sustainable

Reposition messaging (and marketing) away from every-changing product mechanics (e.g. rates) to the constant value electricity brings to customers – connectedness. This is a sustainable and buildable marketing/messaging platform.



# Section 3.3 | SW Messaging

There are four sets of strategic recommendations for SW messaging strategies and tactics.

## SW Message

Transform the customer relationship by amplifying the unique personal value they derive from electricity and the grid; how they keep the customer connected to the people and things they care about most. Because RRR/TOU are non-events in the eyes of customers, use them as the “springboard” for new messaging and customer relationship.

## Message Structure

Use the SW message to give customers the context they need to accept TOU – IOU brands don't have the credibility to carry the TOU message. Harmonize IOU and Network messaging with SW and augment their messaging with their target audience-specific message points.

## Timing

To afford the time needed to begin changing the customer relationship before TOU, launch the SW message in mid-2017 and continue to the end of 2019. Low customer engagement necessitates that Default TOU-specific messaging should be deployed 90 days prior to launch and continue for a maximum of 90 days post launch.

## The Messenger

Engage the Governor to convey the SW message to all Californians. Contract the necessary leadership team by the end of 2016, since the CPUC and the IOUs do not possess the skills and/or capacity to lead and execute the Blueprint. By the end of Q1 2017 contract the creative team necessary to create the campaign assets.

# Statewide Message Direction

---

## Section 3.3.1



# Product and Marketing Must be “Synced”

Marketing is only as effective as the degree to which offering and communication are aligned. We strongly recommend tightly coupling the “product” (rates and structure) with marketing to ensure a positive customer experience, and ultimately a successful TOU outcome.

Greenberg has crafted the optimal messaging and GTM strategy based on a distillation of multiple hypothetical rates and structures (AKA the “product attributes”) provided by the CPUC and IOUs.

This is not a best practice approach.

Best practice demands that the strategic, creative and tactical marketing teams have final product attributes (i.e. rates and structure) prior to crafting the strategy and marketing.

This enables marketers to represent the product truthfully, and in the most compelling way possible to customers. Creating strategy, marketing and/or messaging without final rates and product details renders all elements as directional and must be treated as such, as is the case with the MEO Blueprint.

While optimized for current rates, all elements of this strategy must be reviewed prior to going to market to ensure alignment with rates. If the final rates and rate

structure varies from the hypotheticals in this document, then marketing/message targeting, weighting, timing, media use and budget must be “re-harmonized” with the final rates and structure.

To ensure we meet future MEO goals and create the best customer experience, the product and its attributes must be tightly coupled with marketing.



# Section 3.3.1 | SW Message Direction

Taking the best message to market requires these elements and considerations.

## Message Pillars and Points

### SW Message Pillars

- Electricity – keeps you connected; your “Lifeline” (the emotional hook)
- Electrical Grid – brings you your lifeline, needs you to be thoughtful (makes it tangible and real)

### SW Message Points

- Connected – personal value
- Loved Ones – the motivation
- Time of Day – as important as how much
- Strain – sensitizes to a need (action)
- Thoughtful – softens call to action

## Customer Relationship

For a message to connect with customers, the messenger must have the right relationship with credibility for them to pay attention.

Respecting this reality, the messenger responsibilities are as follows:

- **SW:** Governor (neutral, respected)
- **IOUs:** Personal impact and what to do:
- **Network:** Cultural and special considerations

## Best Practice

The SW Message Direction and Points were tested with customers with favorable results.<sup>10</sup>

However, the message elements outlined in the MEO Strategy are NOT final copy. Final copy must be created and tested prior to going to market.



**NOTE:** Some of the message points were debated in the working group and some members requested there be changes to comply with their personal recommendations. This was not done because those recommendations were not tested with customers, they conflicted with Greenberg’s recommendation and were not in line with the strategy. All message suggestions must be tested with customers prior to being committed to.

# Introducing SW Messages

Evolving our messaging approach from IQ-orientation to EQ, with a unique message, will enable us to connect with customers in compelling new ways.

The majority of electricity-oriented messaging in the California market today focuses on conservation, energy efficiency and/or “greening”. These same messages are used by many other industries and companies with such high frequency, that electricity-oriented messages become lost in a sea of sameness resulting in a lack of uniqueness needed to capture customer attention and inspire action.

Additionally, the focus on rate education fails to make the most critical kind of customer connection – an emotional connection that forms the foundation needed to provide customers with experiences that endure well beyond the latest set of rates.

The following pages outline the optimal message directions, as validated by our primary and secondary research, that are needed to craft final messages.

This section describes the “halo message” that constitutes the SW message from which all other messaging will derive. Message derivations will include Default TOU, Opt-in TOU, the Network (e.g. CBOs), IOU messaging and all appropriate programs (e.g. CARE).



# Message Structure

The SW message provides the “halo” which all other messaging will support and be derived from. Structured in this way, it provides a common rallying point for all marketers, gives customers consistency for relationship building and increases message frequency.

This is the message structure and how each marketing group leverages the “halo” while contextualizing it to specific customer needs.

## SW Message

- Inspire customers and give them context for a new relationship with electricity and the grid
- Provide IOUs with needed “air cover” for proper RRR/TOU positioning

## IOU Messages

- Harmonize with SW message for customer experience consistency
- Augment with specific and timely calls to action; and provide personalized customer messages

## Network Messages

- Harmonize with SW message for customer experience consistency
- Contextualize it for their audience and promote customers talking to their IOU



# Best Practice: Establish Direction, then Brief Writer

Internal teams often attempt to edit messaging points and sentiment without first testing them with actual customers. Additionally, they sometimes ignore test results in favor of personal biases, perceptions or current communications methods. It is critical to resist this tendency and focus on setting the strategic direction for trained copy writers and researchers to then test with customers. Members of the Working Group, CPUC, IOUs, advocacy groups or anyone associated with utilities should not attempt to edit these message points.

The steps (best practice) to determine the final message are as follows:

## Work Completed

1. Set the communications objectives and strategy
2. Determine key sentiments and directional phrases
3. Use primary research to test sentiments and directional phrases
4. Refine based on customer insights

## To be Executed

5. Brief copy writers to craft final messages for testing
6. Test messages with customers
7. Refine based on testing insights
8. Test refined messages
9. Take refined messages to market via soft launch
10. Measure customer response
11. Refine if necessary
12. Take refined/final messages to market via a hard launch



**Note:** The message directions in this section **are not final copy**. The elements and messages are designed to provide direction for the creation and testing of final message copy.



# Rationale | Message Direction

The message points were designed to address strategic, emotional and rational needs with customers.

## Unique and Ownable

Very few companies can credibly claim that they provide the one thing that truly enables customers to stay connected with the people and things that matter most in their lives – electricity. The recommended messaging places this unique and ownable customer offering at the forefront of marketing and messaging. Focusing on what is unique and ownable enables the messaging to compete and win in a crowded market - while there is no direct “product” competition, all marketing must compete for customer share of voice and share of mind. Messages must be unique to stand out.

## Establish Constants

Rates and rate windows will continue to change for the foreseeable future. Focusing marketing and messaging on these elements forces marketers into a perpetual and costly cycle of “educating” customers versus building customer relationships. The recommended messaging uses the constants – *electricity and the grid*, to build enduring customer relationships through repeatable experiences.



# Rationale | Message Direction (Cont'd)

## Personal

Our primary research illuminated that message resonance weakened as it broadened away from being about the individual (for the “good of the state” versus for “my benefit”). This indicates that broad “we-all-benefit” messages won’t connect with customers. Current national and international conditions are causing customers to retract and be more “me” centric<sup>11</sup>. Therefore, the recommended message focuses on the personal benefit that electricity and the grid delivers to “you”, the individual.

## Something to Care About

Current messaging and marketing predominantly focuses on impersonal macro concepts (e.g. efficiency) and/or rates. This causes campaigns to fall short of giving customers something relevant to care about. The recommended message remedies this by positioning electricity as vital to personal happiness and the grid as something to be thoughtful about.

## Authenticity Without Apocalypse

Customers, especially Millennials, are savvy and well informed, which means they quickly spot inauthentic marketing and will immediately disconnect from the messenger, if the messenger is evasive<sup>12</sup>. To overcome this, the recommended message is plain-speaking – customers need to shift load and reduce consumption – but without being dire or apocalyptic in positioning.



# Message Pillars

These pillars are the **core directional elements** for the SW message, which act as substrates that will also appear in IOU and partner (Network of Networks) messaging. These are designed to set the strategic direction; they are not final copy. We have designed this framework with ease-of-implementation in mind; it can be easily converted into a creative brief for copy writers to craft messages for customer testing.

## Emotional Relevance

### Electricity as “Your “Lifeline”

Position electricity akin to the customer’s lifeline; “The one thing that keeps you connected to the people and things that you care about most in life”. Positioning this way makes it personally relevant and of high personal value.

## Tangible and Care About

### Thoughtful About the Electric Grid

Position the grid as tangible; the vital thing that brings customers their lifeline and that customers should be thoughtful about what/when they ask of it. This gives them something tangible to care about and take action toward – “The electric grid is strained at certain times of the day and needs you to be thoughtful about when and how much demand you put on it.” - Not an apocalyptic tone, but akin to a nurture, protect and care for message.



Note: These two directional elements were tested with customers during our primary research<sup>13</sup> and elicited the right type and level of emotional response.



# Key Message Points

The core points within the recommended messages summarized below, were designed to address key strategic, emotional and rational needs with the customer base.

## Personal

Current national and international events have created customer sentiments like “bunkering”<sup>14</sup> and other retraction-like behaviors. This has amplified customers’ sensitivities to staying in touch with loved ones. In other words, stay connected has new and impassioned meaning, harmonious with the fundamental “product” offering of electricity. Couple this with Millennials’ high digital, social interaction and we are positioned at the nexus of connectedness.

## Loved Ones

As cited above, staying in touch with, and celebrating connection with friends and family has become an increasingly important customer behavior. Messaging into this puts electricity at the forefront of personal importance to customers.

## Strain

This provides a tempered reason for customers to take action. Not a dire tone, it merely sensitizes customers that what they do, or not do, has an impact on the grid that enables their connectedness.

## Certain Times of Day

This lays the foundation for customers to adopt a new way of thinking about their electrical consumption. It sets the context for IOUs to then provide the specifics.

## Thoughtful

Coupling connections with dayparting, then sensitizing customers to their impacts on the grid through “strain” opens the door for the subtle call-to-action (CTA) to be thoughtful. This CTA ties to customer personal benefit while giving them a push to take action without tying into an every-changing rate structure. It leverages the constants (electricity and the grid) to pave the way for sustained behavioral change.



# SW Direction | Putting Points and Pillars Into Context



*You and your phone can't be separated – it's your lifeline. But what about your phone's lifeline? Haven't thought about it? It's electricity and the electric grid that brings it to you. In fact, both keep you connected to the people and things that you care about most.*

*California's electric grid has to adapt and work hard everyday to meet the demands you put on it; and at certain times of the day the demand you, plus the millions of your fellow Californians, put on it strains the grid. If it's to continue to keep you connected to the people you care about, it needs you to be thoughtful about when and how much demand you put on it.*



Note: The message direction above is for use in a creative brief to copy writers. It isn't final copy. This paragraph places message pillars and core points into a **sample** context



# Use of the Word "Electricity"

For this MEO initiative to succeed it must achieve two things: shift customer electrical load and reduce customer electricity use. This is not about general energy consumption, nor is this initiative about ancillary programs. This is about electricity. Using any other term to reference the core "product" we need customers to focus on, obfuscates the point and diminishes marketing impact.

We agree with Maslanky's<sup>15</sup> "new language" recommendations for general marketing and positioning. However, for this MEO initiative to succeed, message and CTA clarity are paramount. Therefore, we recommend avoiding "softer" terms such as "power" or "energy", that have too many distracting connotations.

When referencing the core "product" for this initiative always refer to it using terms such as:

- **Electric**
- **Electricity**
- **Electric grid**
- **Electrical grid**

For reference, Maslansky<sup>16</sup> doesn't discourage the use of "*electricity*". Their studies indicate that this term just doesn't connote "innovation".<sup>15</sup>

However, this initiative is NOT about positioning for innovation. It's about a new relationship with electricity and changing behavior.



# Statewide Message Targeting

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Section 3.3.2



# Targeting Directives

As the message evolves in support of RRR/TOU, targeting will adjust appropriately. The following directives ensure all marketing teams stay aligned when needed and where to customize targeting for the best results.



## Section 3.3.2 | SW Targeting

To “set the stage” for a new relationship between the customer and electricity, (and support RRR), the SW message must reach all Californians. This scale requires clear targeting and segmentation\*.

### The State

#### Target: Californians 13yrs.+

- Leverage this opportunity, and the fact that the young demographic doesn't yet have a relationship with electricity, to build the needed new type of relationship.
- For all other Californians, the message must blanket the state and touch every Californian to gain the momentum necessary to make a material behavioral change (achieve the load shift and reduction goals).
- Don't target Californians under 13yrs to avoid COPPA, and similar issues.

### IOUs and Network

#### Target: All Customers

- **Pre Default:** Carry the SW message points to all customers/constituents using current segmentation and known audience channel preference.
- **Default Launch:** Shift message weight to heavily target the negatively impacted.
- **Post Launch:** Balance message to all targets with a moderate bias to the negatively impacted.

### Best Practice

- To build the needed “buzz” in a low engagement category, with the diversity of California, requires a high effective frequency (10+).
- To achieve this as cost effectively as possible, the SW, IOU and Network have to work in harmony.
- The SW target will remain broad while IOUs and the Network are empowered to leverage their established segmentation to support the state. Dictating segmentation to IOUs and the Network is unnecessary and costly.



# Targeting Directive - Statewide

## SW Californians (13yrs.+)

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- The SW message uses RRR/TOU as a springboard to set the groundwork, and make significant progress toward, an entirely new relationship between all Californians and electricity/electric grid.
- To achieve both our short and long term goals we must connect with Californians young and old – those with a formed relationship (Millennials to Boomers) and those with whom we can build a new relationship (Generation Z). In short we are targeting every Californian over the age of 13. This strategy remains consistent during all three evolutions of the SW message when marketed at the SW level.
- The MEO tactics for this initiative will not target Californians below the age of 13yrs. in order to avoid conflicts and compliance requirements with COPPA (Children’s Online Privacy Protection Act). While we are not likely to run campaigns that collect a child’s information, it is prudent to simply not target marketing toward them to ensure there aren’t any conflicts.

# Targeting Directive – IOU and Network Pre-Default

IOU and  
Network  
**Pre-Default**



## All Customers

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The SW message plays a vital role greater than RRR and TOU, and as such, it must reach every Californian. Therefore, it must be communicated to every IOU customer and Network constituent. With this broad audience, the message doesn't require a deeper segmentation strategy. The only segmentation required is for the IOUs and Network players to use their current audience insights to determine the best medium to use to convey the message.



# Targeting Directive – IOU and Network During Default

## IOU and Network During Default

This targeting will remain in place during the estimated 4-6 months of the Default TOU launch program.



### All Customers

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During the launch of Default TOU, the SW message will evolve to support the launch. During this time, the Network will continue to message to all constituents using the recommended message points for that phase in the message evolution.

- However, the IOU targeting strategy will use an added segmentation dynamic. IOUs will increase message frequency to segments negatively impacted by TOU and do so on a sliding scale. In other words, message frequency and engagement increases as negative customer impact increases.
- Those most negatively impacted will receive the highest message frequency; education and outreach will also follow the same segmentation and sliding scale. This ensures the negatively impacted are informed and helps them to get on the right rate for them.
- Conversely, those being neutrally to positively impacted will also see frequency varied based on impact but in reverse – the greater the positive impact the lower the frequency.



# Targeting Directive – IOU and Network Post-Default

## IOU and Network **Post-Default**



### All Customers

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- Toward the end (probably the fourth month) of the Default TOU launch the SW message will take a third and final step in its evolution. During this time IOUs will shift message targeting back to a broad target strategy; no longer heavily targeting the negatively impacted.
- By this point in the launch all customers will have received the necessary communications and, keeping in mind that this is a low customer engagement category, continuing to heavily message customers will irritate them thus lowering the MROI.
- The Network will continue their broad targeting strategy.

# Message Evolution and Alignment

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## Section 3.3.3



## Section 3.3.3 | Message Evolution

Beginning in mid-2017 the customer relationship and related experiences must follow a strategic-evolution as described below. Following this evolution provides the needed time for customers to change their perceptions and gives them the right things to focus on at precisely the right time. This timing also ensures the successful launch of Default TOU.

### Inspire and Context

**Timing: July 2017 to Sept. 2018**

This first step inspires customers to think of electricity and the grid in a new light; takes the first steps toward a new sustainable relationship and sets the stage for all RRR/TOU by creating the needed context for customers.

### Rally and Action

**Timing: Oct. 2018 to April 2019**

Here the strategy rallies customers to take action and embrace a new way of behaving in relation to electrical consumption and payment.

### Care and Sustain

**Timing: Jun. 2019 to May 2020**

This final step builds on, and continues to fortify, the new sustainable relationship that customers have with electricity and the grid. It deepens sentiment of care and adds the new norm of when matters as much as how much.



# Explanation of Key Message Elements

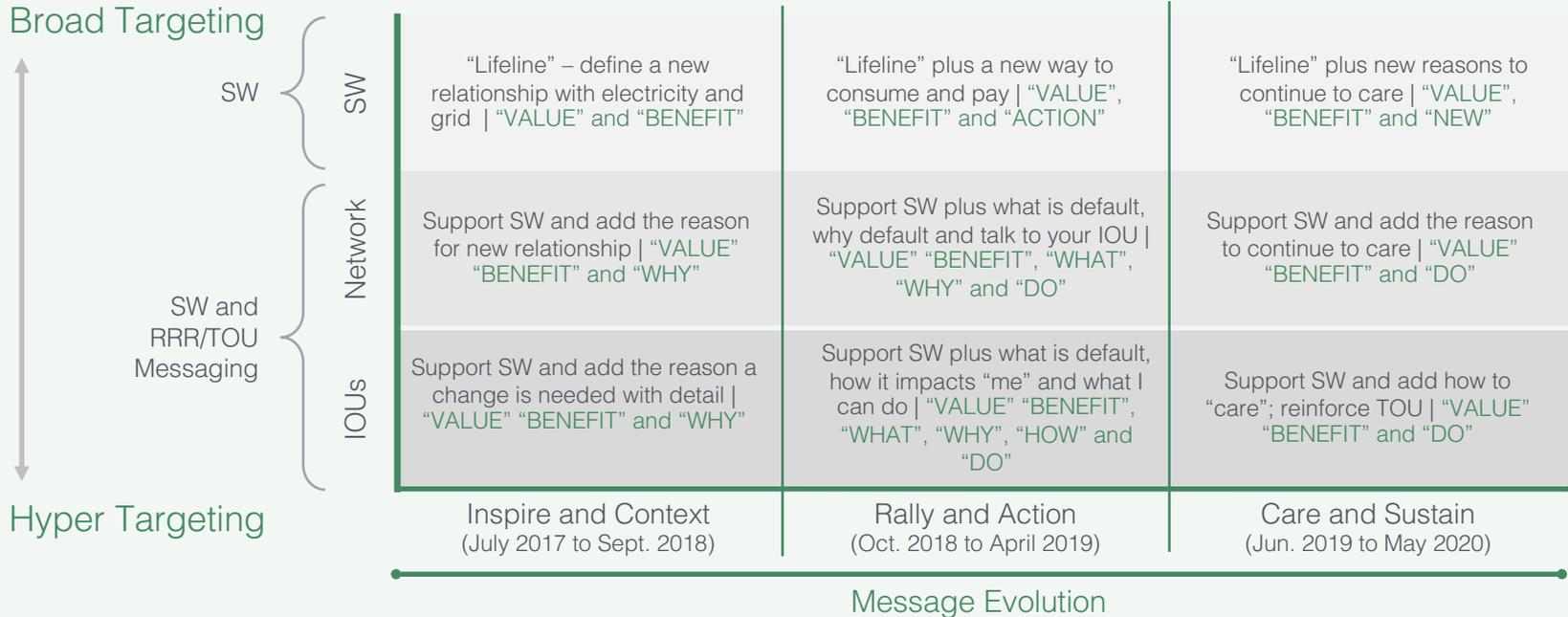
Value	The satisfaction a consumer feels toward electricity, relative to what it costs
Benefit	The real or perceived value that a customer experiences or believes they receive through the use of electricity
Why	The reason customers understand they should form a new relationship*
What	The description of TOU
How	The explanation of the personal impact that TOU will have on the customer
Action	Inspiring customers to take action by messaging that the State, and all Californians, are taking bold steps (TOU) to have a new relationship with electricity and the grid
Do	Telling customers what they can do to increase their benefit from TOU

\*During the “Rally and Action” phase this pivots to why TOU is needed.



# Evolution by Time and Targeting

The following table provides a summary of how the SW message is carried throughout all supporters and the elements they will add to the messaging based on how we strategically evolve the customer experience and messaging over time.



# Directional Message Points

SW	<p>Electricity is your lifeline that keeps you connected to the people and things that you care about most. The electric grid that brings it to you is strained at certain times of day. Be thoughtful about when and how much demand you put on it.</p>	<p>Electricity is your lifeline that keeps you connected to the people and things that you care about most. CA is taking bold new steps to help keep you connected: the electric grid is strained at certain times of day. Be thoughtful - when and how much matter.</p>	<p>Electricity is your lifeline that keeps you connected to the people and things that you care about most. Be thoughtful - when and how much matter.</p>
Network	<p>Electricity is your lifeline that keeps you connected to the people and things that you care about most. Be thoughtful about when and how much demand you put on it. Enables us in CA to better use more clean electricity.</p>	<p>Electricity is your lifeline to the people and things you care about most; As instituted by the state, TOU is a bold new way to help keep you connected; “when” matters the same as “how much” – all businesses across the state have already been moved to TOU. TOU enables us in CA to better use more clean electricity. Talk to your IOU for more details.</p>	<p>Electricity is your lifeline to the people and things you care about most; “when” matters the same as “how much”. Talk to your IOU for more details.</p>
IOUs	<p>Electricity is your lifeline that keeps you connected to the people and things that you care about most. Be thoughtful about when and how much demand you put on it. Enables us in CA to better use more clean electricity.</p>	<p>Electricity is your lifeline to the people and things you care about most; As instituted by the state, TOU is a bold new way to help keep you connected; “when” matters the same as “how much” – all businesses across the state have already been moved to TOU. TOU enables us in CA to better use more clean electricity. Here is what TOU means to you and here are your options.</p>	<p>Electricity is your lifeline to the people and things you care about most; “when” matters the same as “how much”; here are your options to balance our load and reduce your strain on the grid.</p>
	<p>Inspire and Context (July 2017 to Sept. 2018)</p>	<p>Rally and Action (Oct. 2018 to April 2019)</p>	<p>Care and Sustain (Jun. 2019 to May 2020)</p>

Message Evolution



Note: Message Points to Further Test – Not Final Copy.



# SW Message Evolution – A Customer’s Perspective

For reference, the following provides an example of how we want customers to think and feel after being exposed to the SW message:

*“Electricity is my lifeline to the people and things I care about most. I need to spread out and reduce the strain I put on the electric grid because it’s something that I want to care for and protect.”*

Inspire and Context  
(July 2017 to Sept. 2018)

***“There’s a new way we are all paying for electricity and it helps me to ensure that my “lifeline” (electricity) continues to keep me connected to the people and things I care about most. It’s as much about when as how much.”***

Rally and Action  
(Oct. 2018 to April 2019)

*“Electricity is my lifeline to the people and things I care about most. I know that the grid is strained at times, and I contribute to that; so I’m doing most of the things the electric company suggested; that way the grid keeps doing what I need it to do.”*

Care and Sustain  
(Jun. 2019 to May 2020)



# Syncing Other Programs with SW Message

A powerful element of SW messaging is that it touches every Californian. This is important since some customers may not receive targeted, Default TOU messaging because they are exempt. The SW message will fill this gap and help compel exempt Californians to consider a new relationship with electricity.

The following notes provide additional guidance with respect to actions that can be taken with those in specific utility programs. Final rates and structures have yet to be determined, so this is directional guidance only, informed by input from the WG.

**CARE and FERA** – Greenberg’s primary research reinforced that recipients of rate support programs seem to be more receptive to cost savings and support-focused messages coming from the IOUs. This supported the fact that they are slightly more open to new behaviors than the general market. Considering this malleability, and the new relationship the SW message will create, we recommend marketing a general “load shift” message to these customers, giving them three specific, achievable load shifting requests (e.g. doing laundry after 9pm). We also recommend a frequency of no more than three for the load shift message, as we estimate this to be a low MROI (marketing return on investment) situation.



# Syncing Other Programs with SW Message (cont'd.)

**EUC** – The Energy Upgrade California brand will play an important supporting role by mirroring the SW message and using it to further their connection with their audience. Specifically, EUC will play a messaging role similar to that of the Network. Because of its broad positioning, we ask that EUC deliver general campaign support such as:

- Use the SW message points in its marketing where appropriate
- Engage in “co-branding-like” campaigns
- Use campaign assets (e.g. video) in paid, earned and owned media
- Work with the SW marketing team to synchronize marketing calendars during key go-to-market times such as Default TOU prep and launch.

During key phases we recommend that EUC tactically support the campaign in ways such as:

- Synchronized social media posts
- Posts on EUC YouTube channel
- Dedicated sub-section on web site
- Run of site (promo units) during key launch times
- Send marketing materials to EUC network of marketing partners and help engage/activate them
- Statewide-dedicated email blasts



Note: These are examples only. A final campaign is required to provide more specific direction.



# Syncing Other Programs with SW Message (Cont'd)

- During development of the MEO Blueprint, requests were made to provide recommendations regarding messaging and message integration for these programs:
  - **California Climate Credits**
  - **SUE**
  - **Residential Demand Response**
- It is noted here that the absence of clear rates and rate structures makes it impractical to do so.
- However, as a general direction we recommend that these programs consistently infuse the SW message points into their marketing and follow the MEO segmented targeting strategy provided in this document.
- Specifically, increase marketing and messaging intensity as negative impact on the customer increase; decrease marketing and message intensity as positive impact increases.
- Finally, we suggest continuing to promote the fact that customers have rate options and give them specific calls to action to shift their load.



# Message Timing

## Section 3.3.4



## Section 3.3.4 | Message Timing

The current timing of GTM mandated by the CPUC is uncoordinated and risking creating poor customer experiences (e.g. bill comparisons, opt-in TOU, tier collapse, pilots, etc.). However, the recommended timing in this section optimizes customer experience using the monolithic (“Big Bang”) approach to Default TOU launch.

### SW

Assuming the need for 6 months of prep time (assets and media buys) begin flying the SW message in June 2017 with consistent intensity until Nov. 2018. Lighten messaging during election and holidays then heavy in support of Default TOU. Reduce intensity in Apr. 2019.

### Default Prep

Begin preparing customers and the market for Default TOU in Sept. 2018 using the 90/60/30 plan for IOUs; shift the Network’s message at the same time.

### Default

Shift messaging to supporting the benefits and options for default in Jan. 2019 and continue to Apr. 2019.

### Post Default

In May 2019 reduce all messaging to a minimal spend. Prepare new 2020 messaging to maintain new relationship with customers.

### Rolling Launch

Reevaluate the current approach of defaulting all Californians at once. Consider the decision criteria and recommendations in the “Big Bang vs. Rolling Launch” section 3.5.4.

# Mapping Message Timing and Alignment

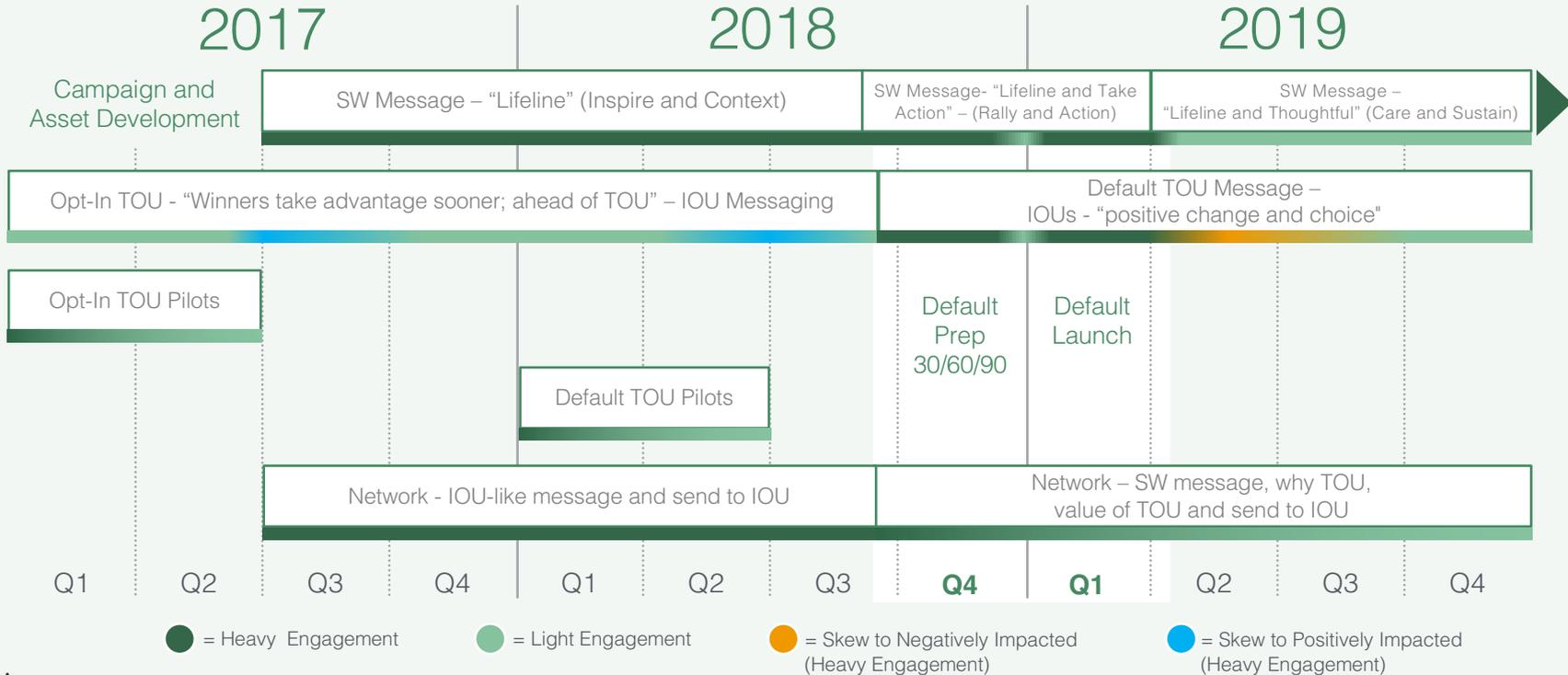
The charts on the following pages provide a visualization of message and MEO timing at the SW, IOU and Network levels.

- The timing on the following calendars complies with the requested monolithic (“Big Bang”) launch of Default TOU in January 2019. This timing also drives the recommended marketing tactics, media plans, research and budgets.
- While we have optimized the plan to the requested timing, we recommend reevaluating the timing and the strategic approach to the Default TOU launch to ensure an optimal customer experience.
- To assist with this evaluation we created a set of decision making criteria and a clear recommendation for your consideration.

Please refer to “Considerations for Default TOU Launch” in Section 3.5.4 for further insight.

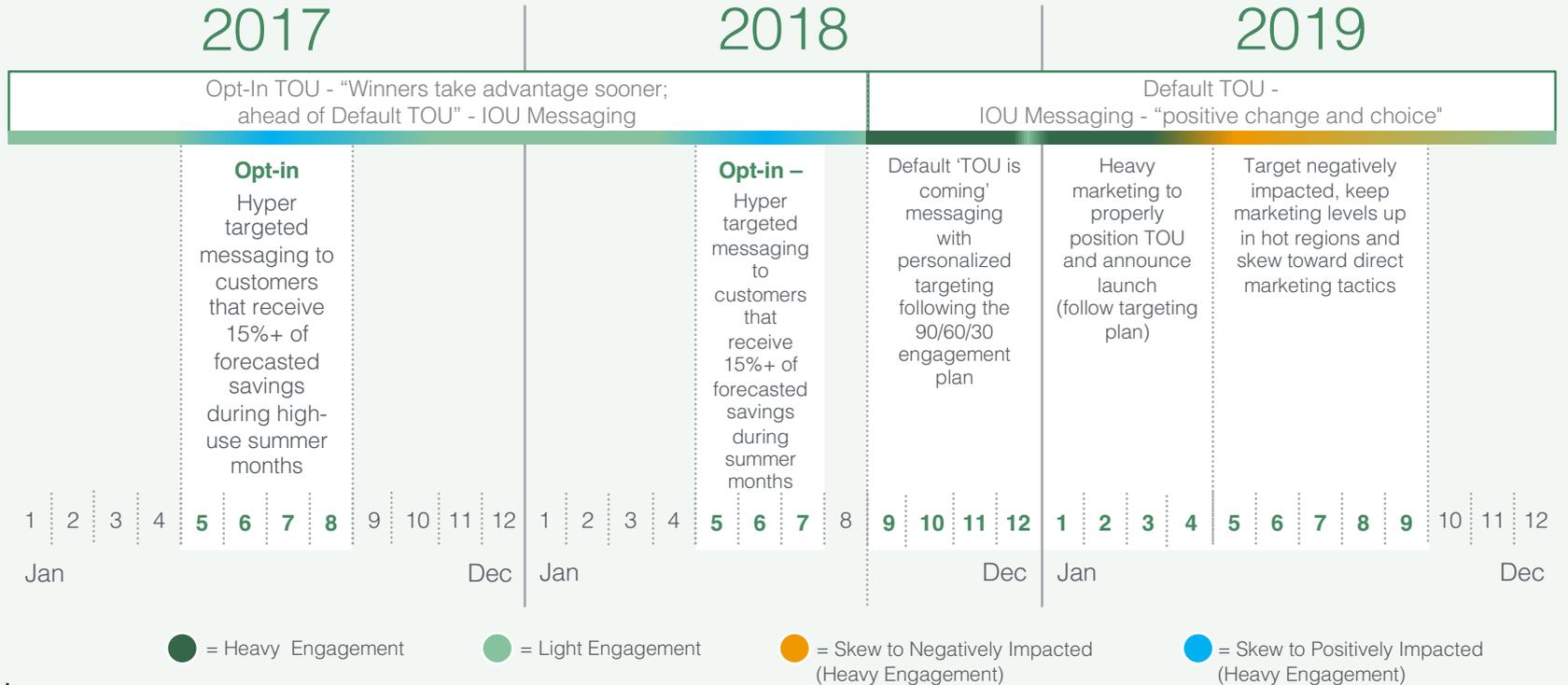


# Message Timing | Overview



# Message Timing | TOU-Specific | For IOUs

Because the IOU messaging has more complexity than SW, we have provided this overview of IOU-level message timing.



# Statewide Messenger

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## Section 3.3.5



# Determining the Right Team

The CPUC and IOUs do not currently have the capabilities or capacity to manage the SW message and MEO Blueprint program. Section 5.3 outlines the MEO Blueprint proposal for how these gaps can be addressed. The recommendations in this section pertain to short term and specific needs of the SW Messaging Strategy.

Achieving the vision and tactical goals of the MEO Blueprint requires the right entity to express the message, the right leader to lead the initiative and a qualified team to execute it.

The CPUC and the entities under its leadership do not currently possess the skills and/or capacity to execute the strategy in this document

With regard to the IOU's, they must remain focused on their respective markets and also have capacity brand relationship challenges with their customers that strain their ability to credibly execute this strategy.

We proposed that the CPUC and MEO WG take a fresh look at what entity will carry the message and what team will execute the strategy.

The following pages provide the criteria to make that determination and recommendations on the messenger, leader and the team executing this strategy.

Please see Section 5.3 for more detail on competency and organizational recommendations



## Section 3.3.5 | SW Messenger

These recommendations provide the framework for choosing the messenger and team executing this strategy

### Decision Criteria

Before concluding on the right messenger and execution team, use the Messenger Criteria as the principles to make an objective decision.

### Messenger

The Governor.\*

\*If the conditions arise that the Governor cannot be the voice of the message, the Messenger Criteria provide guidance for selecting another messenger.

### Leader

Hire or contract a single leader for the initiative. A person skilled at driving a global campaign that operates for the benefit of both the state and IOUs – reports to both CPUC and WG.

### Core Team

Contract an outside marketing core team; “borrow” from a cross section of entities (IOU and CPUC). They must be dedicated to driving the SW campaign and charged with supporting IOUs and the network.

# Key Criteria for a Successful Messenger

There are two sets of criteria for selecting the SW messenger, SW marketing lead and the team needed to execute the strategy.

## Messenger Traits

The characteristics the messenger must possess to credibly convey the SW message

## Tactical Capabilities

The operational capabilities and skills needed to successfully deploy and evolve the SW message as well as work strategically with all those supporting the SW efforts



# Messenger Traits

## The Messenger:

- Free of affiliation with the IOUs, the CPUC and affiliated entities
- Absence of any specific agenda (e.g. efficiency, conservation, “greening”, sales)
- Not associated with any programs (e.g. CARE, FERA, CCC)
- No commercial or industry association (e.g. solar, Siemens, OPower)
- Not seen as threatening; perceived by the CPUC, IOUs and WG as *additive* partner
- An entity with a “voice” strong enough to be heard and listened to by all Californians
- A reputation compelling enough for Californians to pay attention



# Tactical Capabilities

## **The Leader and the Execution Team:**

- Led by a senior marketer with a long (15+ years), proven background in large-scale and grassroots consumer marketing
- Experienced in deploying, managing and evolving large-scale marketing campaigns over multiple years with significant media budgets
- Able to manage mass, direct and digital media and marketing budgets; responsible managing budget commensurate with the spend required
- Experience leading PR teams
- Has built national/international brands
- Skilled in omni-channel marketing
- Understands brand and marketing dynamics between IOUs and all other marketing entities
- Comfortable with complex metrics and building action plans to respond to market signals and opportunities



# Important Considerations

The Governor as the “messenger” and the role of the EUC brand are two topics that have generated considerable discussion within the WG. Both have dynamics that are in motion and whose outcomes are not known. To aid in decision making, we have added additional perspectives here.

1

## Governor as the Voice

With a new governor entering office in November 2018 it's important that TOU have amassed palpable positive momentum by the time they take office. Doing so makes it easy for the incoming governor to support the program and reduces their load, as they will have numerous other issues to contend with. The incoming governor, as would any executive, will appreciate having a positive beginning to their newly elected office.

2

## EUC's Role

At the time of creating this document, the CPUC is completing its RFP process to determine a vendor for its marketing and strategy needs. If a new vendor is selected to manage the EUC brand and fits the messenger criteria, we recommend potentially reevaluating the EUC's role in this strategy. Changes in how the EUC brand is managed may enable it, and/or its agency, to meet the criteria and play a larger role.



**Note:** The WG provided input on both considerations. The gubernatorial race in 2018 caused concern. And while there was no consensus, we understand from conversations with ED that there is agreement that the EUC brand does not meet the messenger criteria.



# Segmentation Strategy

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## Section 3.4

Establishing an impact-based view of the customer

# Section 3.4 | Segmentation Strategy

D.15-07-001 specifies attending to those populations who may be affected by RRR. However, definitions of these customers vary across the State, challenging MEO efforts to target them. The Segmentation Strategy presents an effective solution for harmonized targeting, including for the hard-to-reach, to ensure MEO success.

Sections

- 3.4.1 SW Segmentation Strategy:** Specific Recommendations ..... 173
- 3.4.2 General IOU Segmentation Strategy:** Micro-targeting and Guidance on Psychographics ..... 178
- 3.4.3 IOU Default Segmentation Strategy:** Specific Recommendations ..... 187
- 3.4.4 Special Rate Classes:** Considerations for Targeting ..... 200

# Why Segmentation?

Segmentation is an analytics process that breaks down a large, heterogeneous population into smaller, targetable groups to enhance marketing effectiveness. While there are various filters that can be used to create identifiable clusters, this Segmentation Strategy draws its focus from the Decision by using “level of impact” as the primary variable.

As noted in Section 2, our first step in building a Segmentation Strategy was to prioritize a view of the customer emphasizing empathy and support as expressed in D.15-07-001. This requires that our primary filter is impact – how the customer is either negatively or positively affected by RRR. By examining degrees of impact we can ensure that customers receive a level of outreach based on how they are likely to be impacted.

The strategy laid out here presents a differentiated approach to MEO

segmentation for SW and IOU efforts, and for the tactical goals of MEO Opt-in and Opt-out. It also provides recommendations for hard-to-reach customers.

This approach provides greater depth than traditional segmentation that uses psychographics because it speaks to and motivates customers on what is known about their usage and behavior and does not guess at these items by way of attitudes. Psychographic detail can be overlaid on these targets, but should not be the mechanisms for targeting.

We have deployed a micro-targeting approach – a statistical method to target customers at the household level.

This method is segmentation at its best and truly supports a one-on-one communication with customers.

With the rich data they have, the IOUs are in the unique position of delivering best in class MEO using this strategy, targeting customers based on the magnitude and quality of how RRR will affect them.



# Objectives | Segmentation Strategy

Our four goals focused on developing a differentiated MEO segmentation strategy for SW and IOUs efforts, and to align with the tactical goals of MEO Opt-in and default efforts.

1

Define segmentation strategy to support affinity building mass market for SW efforts

2

Build targeting strategy for IOU-level efforts for one-to-one communication with customers

3

Differentiate approaches for opt-in and default efforts

4

Develop a point of view for dealing with hard-to-reach customers.

## For each of the four considerations, we outline the following:

- Our rationale for the proposed approach
- Supporting data and insights used to develop our proposed approach
- A detailed set of recommendations based on the outreach approaches.

The information provided in this section is meant to provide strategic direction across all efforts. We recognize and understand the CPUC and the IOUs have a number of studies in field that will be leveraged to refine our proposed strategy and will be used to tactically execute those strategies.



**NOTE:** We leverage the proposed pilot rates to refine our thinking. We understand that these are not the final rates that will be used in the default. Nor do they represent the rates that will be in place for opt-in rates. The specific approaches used for IOU efforts should be aligned directly with the rates in place for each strategic effort and the micro-targeting efforts will have to be developed using IOU-specific rate details.



## Section 3.4 | Segmentation

Customer segmentation must align with the strategic intent of MEO efforts and leverage customer rate impact insights.

- SW segmentation must be broad to deliver an undifferentiated message that can serve as air cover above all TOU efforts (opt-in and default)
  - We recommend targeting 13-21 year olds who are future rate payers and more energy and environmentally savvy and current rate payers who are 22-65 years old.
- **We recommend targeting customers based on how they will experience the rate change on their bills.** IOU-specific segmentation must leverage bill impact data and micro-target customers based on how opt-in rates and the default will affect them.
  - Opt-in TOU outreach should target customer HHs that earn over 100k annual and will receive an **appreciable annual benefit from switching to TOU from the Tiered Rate**. This is the only segment that can reasonably build affinity for TOU in advance of the default with little risk of having a negative experience on the rate.
  - Default TOU segmentation must micro-target based on the **magnitude of impact expected from the shoulder months to summer months on TOU**.



## Section 3.4 | Segmentation (Cont'd)

- Low income customers and those deemed to experience hardship on TOU rates should receive additional consideration and outreach above and beyond the level of communication dictated by their expected impact and be provided with specific actions they can take to reduce costs under the new rate, similar to the CARE strategy.
- Customers who are neutral or benefit on the rate overall should receive behavior change messaging to help with peak load reduction.
- Note most customers are expected to see a bill increase in the summer months' even if they benefit from cost savings annually. Thus, it is important that messaging carefully consider how to message to impact customers in light of their annual impacts (though targeting should be based on summer impacts to ensure sufficient coverage during the first summer season for customers on TOU).
- Special rate classes should be targeted using the same micro-targeting approach, with tailored messaging relevant to their rates.
- Psychographic messaging should only be used to further tailor messaging at the household level (based on their psychographic profile) or to help refine tips and behavior change recommendations. Note load curves and impact data should always take precedence over psychographics when communicating on rates.



# Statewide Segmentation Strategy

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Section 3.4.1



# Objectives | Statewide Segmentation

Our overarching goal here is to identify large demographic targets to support long-term affinity building throughout California using mass marketing approaches.

## Focus on Present

Determine mass market targets to be used to build affinity for electricity over time

## Eye to the Future

Maintain an eye toward future generations who will be the next group of California rate payers



# SW Segmentation Should Be Broad

SW segments should be broad in support of a mass market message aimed at building affinity among all Californians.

- The aim of the SW campaign is to provide air cover and to build affinity for electricity and the electric grid in the market place.
- For this reason, the strategy does not differentiate the targets for the SW message by psychographics – the messaging should be broad enough to appeal to most residents.
- The one distinction made was to also align media buys with targeting future rate payers – namely Californians ages 13-21. The justification for this break follows on subsequent slides.



# Statewide Messaging

AGES

13–21

Next Generation  
of Rate Payers

AGES

22+

Current Generation  
of Rate Payers



# Target the Next Generation for Long-Term Effect

Californians who are ages 13-21 now will spend their entire rate-paying lives in a world with TOU<sup>17,18</sup>. By targeting them with focused messages now, we can engender the types of behavior that will ensure that TOU goals of peak load reduction are sustained, while significantly mitigating any future negative rate impacts they may experience.

## Environmental Attitudes

- This generation believes strongly in community, and are attracted to ideas and practices that don't just benefit themselves, but the broader world around them
- They respond to marketing that is socially conscious
- They respond to marketing that has a bias toward community service or making the community a better place

## Spending Power

- This generation is large and with their numbers come substantial buying power
- Estimated \$200 billion of direct purchasing power and \$500 billion of indirect spending
- They are vocal consumers and as early adopters they influence behaviors of others.



# General IOU Segmentation Strategy

---

## Section 3.4.2



# IOUs Should Leverage Customer Insights to Create One-To-One Communications with Customers

Unlike most organizations that market to customers, utilities are in the unique position to use customer-specific data and insights to tailor outreach based on their specific needs.

- Increasingly, political campaigns and online marketers are using customer-specific information to target and influence consumers<sup>19</sup>.
- These targeting efforts (called micro-targeting in the political context and hyper-targeting in online marketing) are the latest strategy uses for engendering behavior change in energy<sup>20,21</sup>.
  - Such targeting leverages behavioral information such as voting histories and past purchase histories to predict future behavior and responses to market changes.
- Utilities, unlike most companies, have the ability to reach customers directly to communicate RRR efforts and provide specific insight in to how they will be impacted by rates changes using household electricity consumption.



# Objectives | IOU Micro-targeting Strategy

Our focus here is to develop a strategic segmentation approach that fosters one-to-one, highly personalized rate communication with customers.

## Identify Right Filters

Determine the most appropriate way to segment customers to carefully guide them through various rate transitions (from opt-in TOU to Default TOU)

## Prioritize Empathy

Ensure that the approach recommended is imbued with empathy; the segmentation strategy must account for the financial circumstances of customers

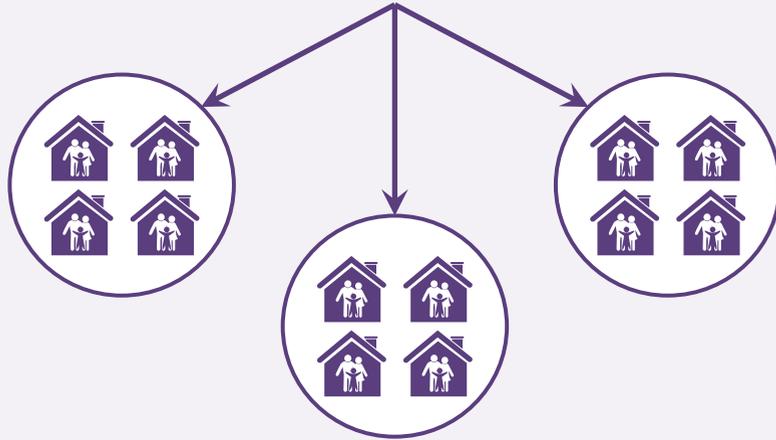
## Instill Flexibility

Develop a principled approach that is malleable and flexible to adapt to changing market circumstances as rates are designed and re-designed

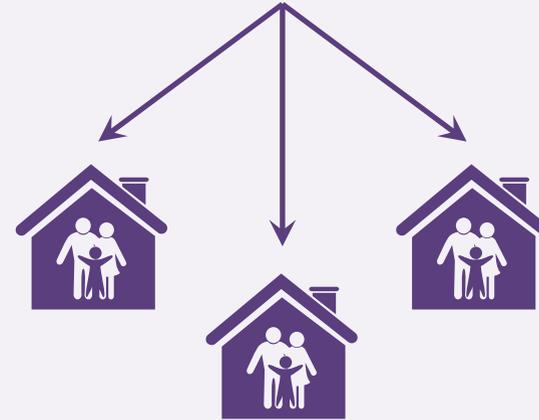


# The Difference Between Psychographic Targeting and Micro-Targeting

Messages to groups of households based on general psychographic information



Targets households one-on-one based on household-specific information



# Target Customers Based on Bill Experience

The bill is the central touchpoint in the customer experience with their IOU. Utilities should use bill impacts to determine how customers will respond to TOU efforts. We recommend targeting customers based on how they will experience the rate change on their bills.

- If we consider TOU rates a “product” that needs to be marketed to customers, the IOUs are in a unique position to develop a one-to-one outreach approach based on electricity consumption and predicted bill impacts.
- We hypothesize that bill impacts are the best predictor of how satisfied customers will be on TOU rates.

**Therefore, outreach and targeting efforts should be based on the degree of bill impacts, and thus, segments should be determined based on the degree to which their bill changes on TOU.**



# Impact Should Be Considered a Relative Target

Targets need to be developed based on a combined assessment of absolute bill impacts (in dollars) and how those impacts affect customers based on HH income.

## TWO FACTORS TO CONSIDER

### The Price of Electricity

- Absolute bill increases (\$ increase)
- Relative bill increases (% of recent past bill)



### The Relative Cost of Electricity

- What percent of their monthly net income goes toward energy costs?

# A Differentiated Micro-Targeting Strategy Will Be Required for Opt-In and the Default

- Because the rates are designed to generate bill savings in the winter months and bill increases in the summer months, a differentiated strategy will be required to target “structural winners” during the opt-in campaign and to target structural “losers” in the default phases.
  - **Opt-in strategy:** For opt-in efforts, **we recommend targeting customers who will experience perceptible and significant bill savings over Tiered Rates on an annual basis** and have the ability and wherewithal to managing their finances throughout the year (vs. living month to month).
  - **Default strategy:** For the default, **we recommend targeting customers based on the magnitude of perceptible bill increases during the summer months on the TOU rate**, when monthly bill fluctuations will have the greatest negative effect and thus require increased communications.
  - **Across all strategies:**
    - We **recommend refining the targeted based on annual household income to determine how likely customers are to perceive bill impacts.**
    - We recommend paying particular attention to customers who may experience additional hardship in the targeting and amplify communications accordingly.
- We describe our differentiated strategies in the following opt-in and default sections.

Please see Appendix M: Micro-Targeting for examples.



# Targeting on Bill Impact

Targeting on bill impacts requires careful consideration of how much and when customers will be impacted. There are many ways bill changes can be analyzed to determine how customers will react to their bill.

- To determine the most effective way to target based on bill impacts, we asked the following questions:
  - *When are customers most likely to notice the affects of TOU on their household costs?*
  - *What is a meaningful or impactful change in the monthly bill for customers? For example, how much money do customers have to save to perceive the change as a “savings,” and conversely, how much more money do customers have to spend before they perceive the change as a bill “increase?”*
- Unlike some services, customers MUST interact with the bill on a monthly basis.
- Further, an estimated 40% of Americans live paycheck to paycheck<sup>22</sup>, indicating that a significant portion of customers are unlikely to budget for an “average annual” utility bill and will likely respond to electricity costs as they fluctuate with each monthly bill.
- Customers living in California are the second most likely residents among all US states to live paycheck to paycheck, based off of median income and average cost of living<sup>23</sup>.



# Use HH Income to Target on Relative Bill Impact

There does not seem to be a singular metric or “calibration factor” which we can universally apply to a customer’s monthly bill in order to derive a rate increase that would achieve the desired effect. However, HH income can help us understand, and target, on relative bill impacts.

- A customer’s tolerable rate increase is highly subjective, and contingent upon several unique factors, perhaps most importantly being the customer’s energy burden.
  - A function of expenditure on energy relative to household income.
  - Energy burden information should be readily available in the IOUs customer data.
- OPower developed a model indicating household income is a strong predictor of bill impact thresholds. We use this data to illustrate how bill impact-based targeting should be refined based on the data.
- IOUs should explore this with pilot results (opt-in and default) to refine targeting.



# IOU Default Segmentation Strategy

---

Section 3.4.3



# Supporting Customers During the TOU Transition

The Default TOU strategy is designed to support customers through the transition's most impactful months and TOU, and mitigate negative bill impacts.

The Default TOU strategy is aimed at engendering empathy with customers during the TOU transition by creating a differentiated strategy that buckets customers into targets based on how they will be impacted on TOU.

Because customers view their bills month-to-month, we anticipate the greatest negative impacts will be experienced in the summer months and therefore the targeting approach is designed to bucket customers in targetable classes based on the magnitude of summer bill impacts.

Our design is aimed at providing IOUs with a pro-active approach to communicating through direct household outreach with specific rate impact communications.

As customers impacts increase (negatively so), our micro-targeting segmentation approach recommends increased and highly targeted communication to customers. Under this schematic, the most impacted customers will receive the greatest level of outreach.



# IOU Default Micro-Targeting Approach

The default micro-targeting strategy is designed to ensure adequate communications and outreach to customers who will perceive negative bill impacts on the rate using three steps.

## Step 1

### **Focus on summer impacts**

These impacts provided the greatest insight into how customers will be affected by the rate and serve as the best indicator of potential negative responses to rate changes.

## Step 2

### **Determine perceptible impacts by income ranges**

Estimate for whom “belief in rate benefits” will likely materialize based on income (for now) and refine after pilot feedback is obtained.

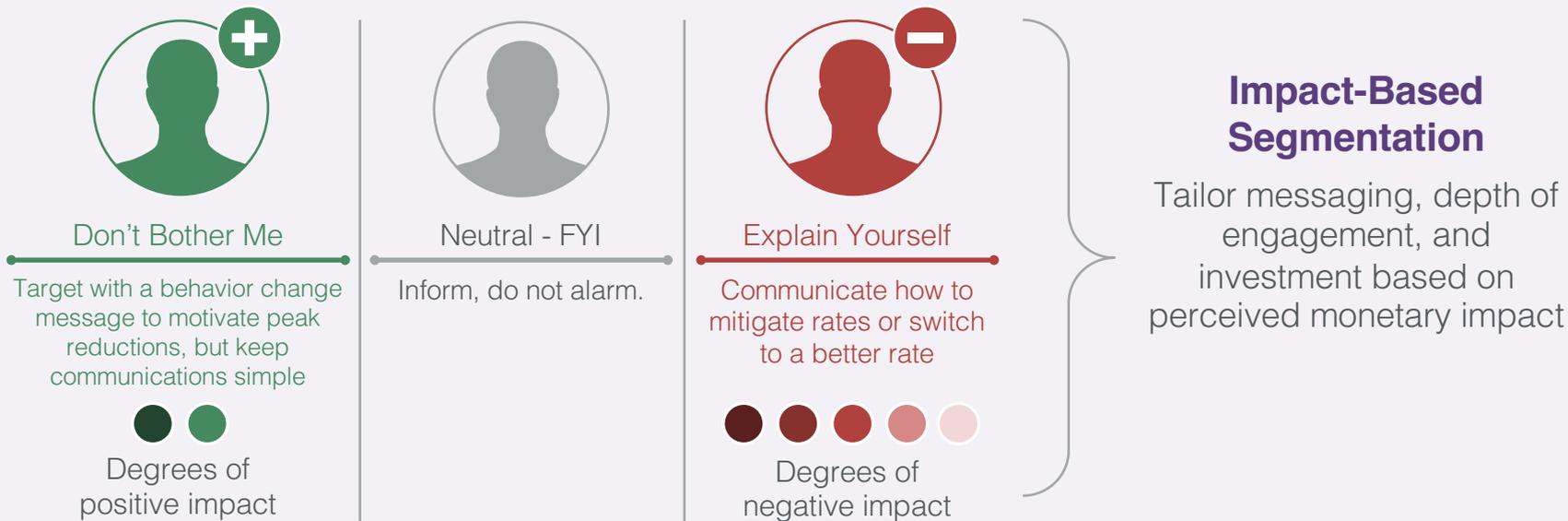
## Step 3

### **Determine where financial impact intersects with other needs**

Determine the depth of outreach based on the convergence of needs.



# Impact Based Targeting Ensures Messaging Aligns with Needs

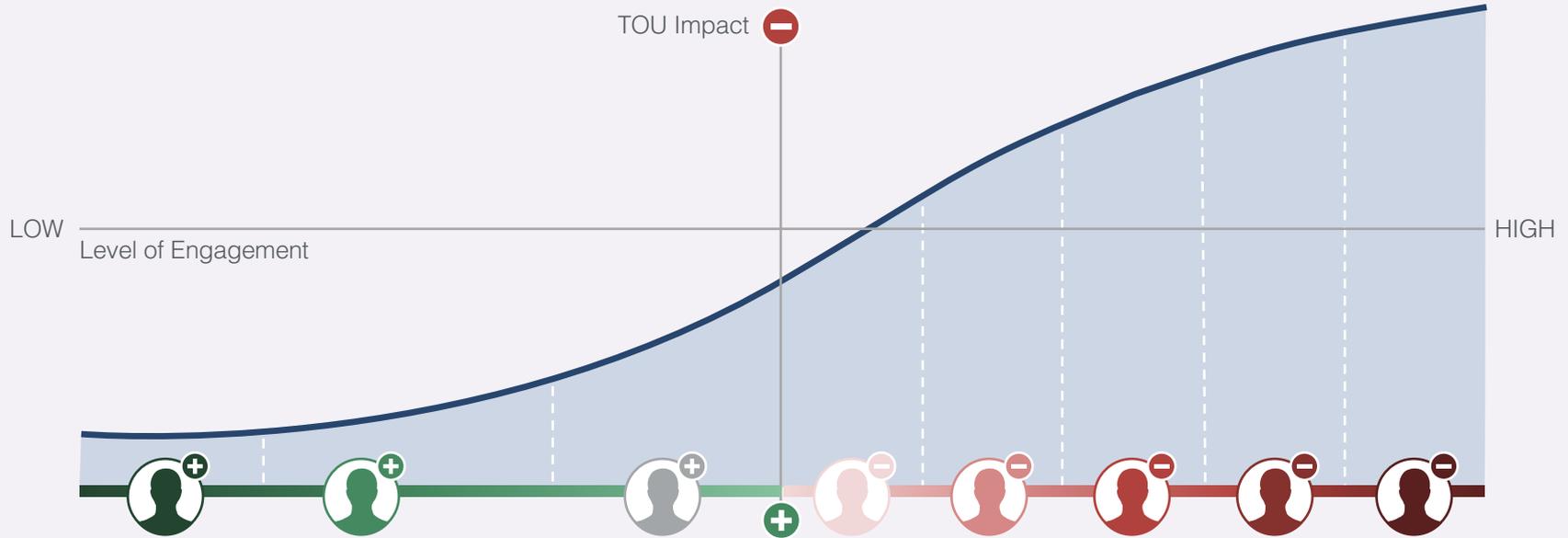


Note: Illustrative of customer perspective (positive = bill decreases, negatives = bill increases)



# Communication and Outreach

The depth and type of communication and outreach should increase as negative impacts increase.



Note: Illustrative of customer perspective (positive = bill decreases, negatives = bill increases)



# Positively Impacted Customers' Message

Should receive a behavior change message to foster peak reductions in the absence of a rate signal.

Impact Segment	Opt-out Targets	Behavior Change Messages	Types of Outreach
 +<15%		×	DM only with differentiated messaging by impact group
 +6%–14%		×	
 +/- 5%		×	
 -6%–14%	×		DM, Outbound Calling, Door-to-door or neighborhood outreach if HTR
 -15%–25%	×		
 -25%–35%	×		
 -36%–45%	×		
 -45%+	×		



Note: The specific breaks should be determined through analytics after the final default rates are set.



# Psychographic Segments Can Be Used to Refine Messaging

- We recommend using micro-targeting based on bill impacts for determining which customers to communicate with, at what frequency, and with what personal information. This is critical to ensure that customers most affected receive the most attention.
- We understand there is an interest in using psychographic segmentation and that the IOUs have or are developing such segmentation schemes for RRR.
- Psychographic segments can be used as an overlay to micro-targets to further refine messaging by considering how each customer may respond to specific tips to reduce peak load.
- In the following slides, we illustrate how the IOU teams might determine which segments to provide which tips to based on their ability and willingness to reduce their peak load.
- We use PG&E's and SCE's psychographic segments as an example of how this could be done. SDG&E's segmentation is still in development.

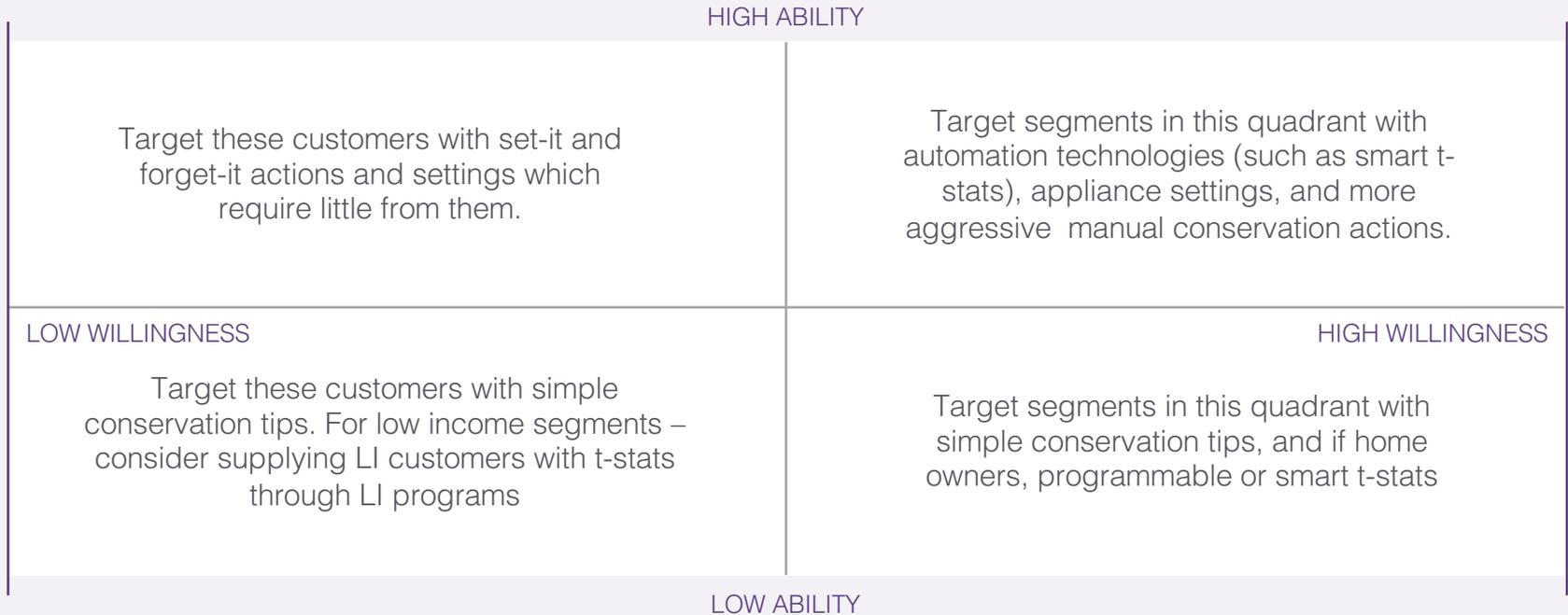


# The Intersection of Willingness and Ability to Act Provides Instruction on How to Message Actions

We reviewed each segment and place them on a quadrant to illustrate how to communicate behavior change messages. This should be a “layer” over micro-targets when determining how to communicate with customers.



# Recommended Behavior Change Targets by Quadrant



# PG&E Has Defined Eight Psychographic Segments

We reviewed each segment and assessed their willingness and ability to act

1

## Way Wired

Trends towards early, easy solution adoption – fairly energy efficient already, but could be a candidate for peak shifting

2

## Gadget Family

Slightly less willing than “Way Wired” due to convenience being a key driver, but the large number of electronics indicates ability to modify behavior

3

## Heart and Home

Already fairly energy efficient and show they may modify behavior given the right up front offer, Nothing explicitly prevents them from modifying behavior, but smaller homes and less elaborate lifestyles limit the room for improvement, hence lower ability

4

## Eco-active Go-getters

Invested in sustainability, but “as urban dwellers, many in small apartments or high-rise condos, they have limited opportunity to save energy” – but could still potentially shift behaviors



# PG&E Has Defined Eight Psychographic Segments (Cont'd)

We reviewed each segment and assessed their willingness and ability to act

5

## Beyond Their Means

Highly energy inefficient” indicates that there is significant room for improvement through conservation or other measures leading to high ability, however low incomes and budget constraints take precedence resulting in lower willingness

6

## Living For Today

Somewhat energy inefficient” with no significant barriers to savings implies that there is modest ability to conserve or change behaviors, but the very name “living for today” implies that long term concerns such as behavior modification are not of great concern. However “savings are a motivator if the solution is easy and doable”, so may be a candidate for easy behavioral modifications

7

## Stable Living

Predominantly renters with low energy use in temperate climates indicates the potential for savings are small, and therefore ability is low. However, overall lower incomes indicates that the potential benefits of saving money could be a motivator and slightly increases willingness

8

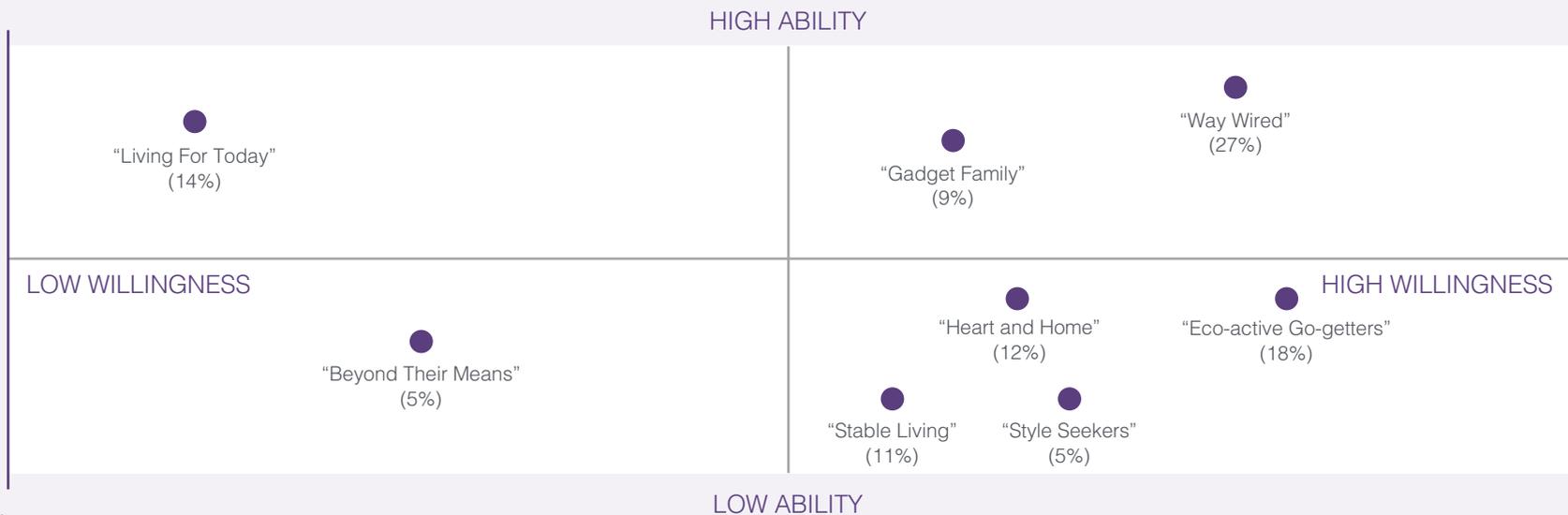
## Style Seekers

Predominantly younger, single, with no kids, living in apartments/condos with small bills, so the potential to cut back is extremely small. No indication of willingness one way or the other, however targeting them at an early life stage leaves from for the potential of future gains



# PG&E - Psychographic Segmentation Willingness and Ability Matrix

We assessed where customers “place” in a quadrant of ability and willingness to act.



# SCE Has Defined Five Psychographic Segments

We reviewed each segment and assessed their willingness and ability to act

1

## Green Elites

High income homeowners in coastal climate zones, with an affinity for technology and green living. They have the highest energy use among all the segments, but are also the most likely to already be enrolled in a TOU rate. With medium to high engagement in SCE's self service and DSM programs, they are an excellent target as early adopters among SCE customers.

2

## Connected

Younger, urban dwelling, and predominantly homeowners, this segment possesses both tech savviness and an affinity for green living. As a segment they are the most engaged with their utility, and have the highest engagement in current DSM programs.

3

## Pragmatists

Mostly homeowners with middle incomes, this segment represents the "average" SCE customer. They have a medium affinity for both technology and green living. They have the lowest enrollment numbers in current DSM programs, that could be attributed to the fact that they are predominantly newer customers.

4

## Disengaged

Generally older, lower income residents of multiple-unit dwellings in moderate to warm climate zones. This segment possesses the lowest affinity for both technology and green living, and is the least information/action oriented. This segment has the lowest overall usage with the lowest monthly bills, and the lowest representation in current TOU rates.

5

## Constrained

The youngest of the segments with the lowest average net income, this group of predominantly renters in the Inland Empire/High Desert area are the highest cost customers for SCE to serve. Paired with their constrained incomes, they have a low affinity for both technology and green living, and are slow to act on information.



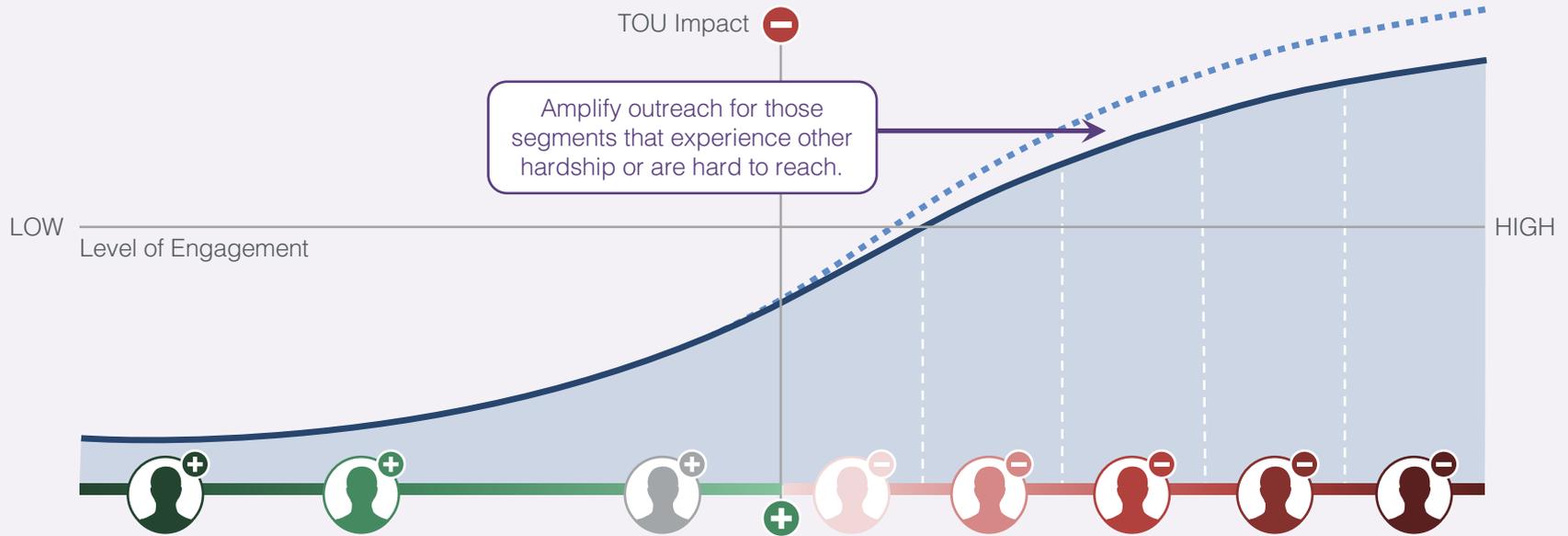
# SCE - Psychographic Segmentation Willingness and Ability Matrix

We assessed where customers “place” in a quadrant of ability and willingness to act.



# Increased Communication for Some Segments

Customers who experience additional hardship above bill impacts should receive increased communications.



Note: Illustrative of customer perspective (positive = bill decreases, negatives = bill increases)



# Special Rate Classes

---

Section 3.4.4



# Objectives | Special Rate Classes

Special rate classes should be targeted like other classes, with an emphasis on how they will be impacted. LI customers should receive special attention.

## Identify How Much

Determine how much customers will be impacted by RRR and TOU and communicate using micro-targeting

## Prioritize HTR

For those customers that are HTR, make sure communications are amplified and aligned with their needs

## Communicate 1:1

Develop strategies to speak to customers based on their impacts with the same approach and candor as the general population



Low income customers should receive additional consideration in advance of the default based on LI Needs assessment study updates and the TOU Pilot results. The IOUs may want to consider LI-specific micro-targeting to address their unique issues in outreach.



# Low Income Customers Have Unique Attributes and Higher Energy Burdens

- Overview of the LI Population in California (Source: LINA report)
  - 4.1 million California households are eligible for Utility-sponsored low-income programs, including CARE and ESA
  - CARE and ESA have relatively high penetration, but are still missing specific customer segments, including very low income
- LI Customers Have a Higher Mean Energy Burden than Non-LI Customers (Source: LINA report)
  - LI mean energy burden is 1.8 times the general population's mean energy burden
- LI Demographic Characteristics Differ from Non-LI Customers (Source: LINA Report)
  - Demographic Characteristics Associated with High Mean Energy Burden among LI Customers include:
    - The very poor
    - African-American
    - Single-family renters
    - Speaks a non-English/non-Spanish language



# Low Income Customers Have More Structural Barriers to Action and TOU Pilots Should Be Used for Direction

- LI Household Characteristics Differ from Non-LI Customers that may affect TOU comp<sup>24</sup>
  - Household Characteristics Associated with High Mean Energy Burden among LI Customers include:
    - Reports being sick often due to home conditions
    - Income has changed recently due to loss of job or fewer hours
    - Presence of a disability
- LI Customers Face Different Barriers than Non-LI Customers
  - General insecurity issues may threaten LI customers' abilities to take actions in response to TOU
- LI Customers Perform Differently than non-LI Customers on Specific TOU Metrics in IOU Baselines, including:
  - Awareness
  - Knowledge of Rate Reform and TOU Transition Measures
  - Understanding of TOU Impacts
  - Awareness of Reasons/Impacts of Reducing or Shifting/Utility Assistance
  - Behavior Changes

# Low Income Customers Have More Structural Barriers to Action and TOU Pilots Should Be Used for Direction

Awareness	SCE, SDG&E, and PG&E: CARE customers are <b>less aware of rate plan types AND of their own rate plan</b> compared to non-CARE customers
Knowledge of Rate Reform and TOU Transition Measures	SCE, SDG&E, and PG&E: CARE customers are <b>less aware of how the current tier structure works</b> compared to non-CARE customers, BUT have slightly <b>HIGHER awareness of future plans</b> to reduce tiered structure
Understanding of TOU Impacts	SCE, SDG&E, and PG&E: CARE customers have <b>higher awareness of statements of understanding TOU</b> , but these differences generally are not statistically significant
Awareness of Reasons/Impacts of Reducing or Shifting/Utility Assistance	<p>SCE, SDG&amp;E, and PG&amp;E:</p> <ul style="list-style-type: none"> <li>• Only about <b>1 in 5 customers is aware of reasons for the TOU transition</b>: among these, CARE customers are similar in their levels of awareness compared to non-CARE customers</li> <li>• Among those customers who are aware, <b>CARE customers generally have greater knowledge</b> of different reasons for the transition compared to non-CARE customers</li> <li>• More than 50% of customers know where to go to get information about rebates, energy savings programs, and tips, though <b>CARE customers are less likely to know where to go compared to non-CARE customers</b></li> </ul>
Behavior Changes	<b>Relatively few customers (7%–18%) took specific actions</b> as a result of learning about TOU: Of these, CARE customers were slightly more likely to have taken an action



# NEM and SUE Outreach

- For other rate classes, namely NEM and SUE customers, IOU outreach should follow the same strategic framework as other customers.
- However, in communications, the default and opt-in TOU should have copy specific to their situation.
- For example, if their bill increases or decreases, the communications should compare them to their unique rate class and explain how TOU rates affect them.



# MEO Tactics

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## Section 3.5

Tactics for Rewarding Customer Experiences

# Section 3.5 | MEO Tactics

Strategy and tactics are symbiotic and interdependent. The MEO Tactics outlined in this section provide directional guidance for execution of the strategy laid out in the MEO Blueprint. While many aspects of RRR and the launch of Default TOU have not been decided, the MEO Tactics are structured to be adjusted as conditions are clarified.

## Sections

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# Overview | Tactics

California is the sixth largest economy in the world. To market at that scale and diversity, and achieve the needed reach and frequency, requires broad, strategically-placed mass media and direct tactics. This section provides indicative tactical direction to meet the goals of the MEO Blueprint.

This section focuses on provided guidance as to the tactics to deploy and the general timeframe during which to deploy them based on best practice and decades of hands-on marketing by the Greenberg team. While the tactics align to the objectives, target markets and timing of the strategy all tactics will need to be reassessed and fine-tuned in order to align with the creative campaign set for completion in the next phase of work.

Additionally, IOUs must be afforded the flexibility to employ the tactics that have proven most effective in their respective markets and with their respective customers. They must also

have the ability to employ the tactics for which their respective operations can support. This said, the tactical choices made must support the strategy, desired customer experience and achieve the agreed upon campaign goals.

While thorough, this is not an exhaustive list, as other tactical options may surface as part of the final campaign creation. In addition, we have not expressed cross-promotional opportunities, as they must also align with the final campaign. Finally, all tactics will have to undergo a cost-benefit analysis for final planning and budgeting purposes.



# Objectives | Tactics

This tactical plan balances satisfying the practical needs of customers with developing a new relationship between customers and electricity.

## SW

The SW tactical efforts will use mass media to generate the awareness and affinity needed to build new customer relationships and create the conditions for the IOUs to successfully support RRR and Default TOU

## IOUs

IOU-specific tactics must play a dual role. First, make a relevant, value-based, personal connection with customers and second, support the SW message

## KPIs

To achieve the measures of success articulated in this document the tactics must contribute by delivering the following: the agreed upon 85% reach and 10+ frequency; satisfy CA's multicultural needs, reach the hard to reach, be manageable by IOUs and support the creation of new customer relationships



# Non-Mass Media Tactics

---

Section 3.5.1



# Tactics Summary and Timing

The summary on the following page is indicative and provides insight needed to identify tactics that required further development and sequencing as when to deploy them. The timing of the tactical deployment complies with the requested monolithic (“Big Bang”) launch of Default TOU in in 2019.

Each of the tactics must be weighted, designed and timed by each IOU that best suits their respective market and customer base. This said, the tactics must creatively align with the final campaign, support the SW positioning and achieve the agreed upon KPIs.



# Tactics | Further Explanation

Some of the non-mass media tactics recommended on the next page require further explanation. The following provides the needed explanation.

## SW Microsite

A light-weight site dedicated to supporting the SW message for the purposes of enhancing SEO and directing customers to the IOUs

## House Calls

In person visits from an IOU representative for only the most negatively impacted who's purpose it is to ensure those customers are on the right rates for them

## Public Relations

Public relations support to enhance earned media coverage as well as market-buzz monitoring and management

## Asset Library

A set of "official" assets downloadable from an online library for marketing partners and the Network of Networks partners



# Non-Mass Media Tactics List and Timing

Channel and Tactic	Pre Default TOU Launch Program					Default TOU Launch Prep					Default TOU Launch					Post Default TOU Launch				
	Jun. 2017 to Sept. 2018					Sept. 2018 to Dec. 2018					Jan. 2019 to Mar. 2019					Mar. 2019 to Dec. 2019				
<b>Digital</b>																				
SW Brochureware/Microsite																				
IOU Web sites																				
Network of Network Digital																				
Email																				
IOU Social																				
Newsletter																				
SW Promotional Video																				
<b>Direct</b>																				
TOU Welcome Kit																				
Bill Inserts																				
Letters/Post Cards																				
On-bill Messaging																				
Newsletter																				
Bill Comparisons																				
<b>In-Person</b>																				
Outbound Marketing Calls																				
Hold Message/IVR																				
Housecalls																				
Townhall Events																				
<b>Other</b>																				
Retail Signage																				
State-Owned Signage (e.g. digital hwy signs)																				
Asset Library for Network of Networks																				
Public Relations Tactics																				



# Mass Media Tactics

---

Section 3.5.2



# Objectives | Mass Media

Mass media will be critical to building new customer relationships and repositioning in a market with the size and diversity of California. This section describes effective and efficient use of mass media to achieve the strategic goals. As a first step we must achieve the tactical goals below.

## 85%–90% Reach

RRR/TOU effects a large number of adult Californians.

Couple this with the importance of building new relationships with malleable young Californians and our reach must touch the vast majority of Californians.

## 10+ Frequency

As a low engagement category, (re)engaging customers requires that the message reach them at a greater than normal rate. The frequency requirement is further amplified by the need to properly position non-events like default RRR/TOU for the highest possible positive acceptance.

## Optimal Customer Experience

Our goal here is to deliver an experience that carefully graduates customers through the message evolution at a pace that allows them to build the right relationship.

## Balance and Impact

We will balance the weighting of mass media between customer receptivity, cost and RRR/TOU program and launch needs. We will also time messages across the market (IOUs, Network and State) to ensure maximum impact (reach and frequency) amongst the target while containing media waste due to overlap and/or communications gaps.



# A Flexible Mass Media Plan

The MEO Strategy Mass Media Plan is a framework that includes a flight plan and budget that will require adjustment should final rate decisions and/or other unforeseen market conditions change. For convenience, we have summarized the macro variables to consider when “throttling” the plan to match the strategy.

1

## Reach and Frequency

Percentage of Californians to reach and how often they need to be reached to absorb the message/take action

2

## Media Mix

Channels/medium required to meet the reach and frequency goals and which best to cost effectively reach the target audience

3

## Timing/Flight

When to put messaging into the market in consideration of market conditions and costs (e.g. election and holidays)

4

## Negotiated Rates and Existing Contracts

Aggressively negotiating the optimal cost and coordinating buying to increase economies of scale



# Plan Parameters | Timing and Demographics

The guiding parameters applied in creating the mass media plan and corresponding budget include targeting, HHI, ethnicity, languages and timing.

## Target Audience

### Segments

- Youth 13–24
- Adults 25–64
- Seniors 65+

## SW and IOU TOU Targeting

- SW message: Persons 13yrs.+
- IOU TOU Message: Adults 18yrs.+

## Household Income

- >100,000+ general audience
- <100,000 most impacted

## Ethnic Markets

- Hispanic, Asian, African-American

## Languages

- English, Spanish, Chinese, Korean, Vietnamese

## Timing

- SW campaign
  - 2017 through 2019
- IOUs
  - 2018 (part year) through 2019



# Mass Media Parameters and Considerations

---

Section 3.5.2a

# Planning Parameters – Geography

To ensure coverages for the three IOUs, all 11 TV DMAs/21 Radio MSAs must be purchased.



TV (11 DMAs):	IOU	Mixed Utility Service Area
Los Angeles	S. CA Edison	Los Angeles Department of Water and Power
San Francisco-Oak-San Jose	PG&E	
Sacramento	PG&E	SMUD
San Diego	SDG&E	
Fresno-Visalia	PG&E	
Santa Barbara-SanMar-SanLuob	PG&E	S. CA Edison
Monterey-Salinas	PG&E	
Bakersfield	PG&E	S. CA Edison
Chico-Redding	PG&E	Redding Electric Utility (Redding)
Palm Springs	S. CA Edison	(includes Riverside, Imperial Irrigation District)
Eureka	PG&E	
Radio (21 Radio Metros):	IOU	Mixed Utility Service Area
Los Angeles	S. CA Edison	Los Angeles Department of Water and Power
San Francisco	PG&E	
San Diego	SDG&E	
Riverside-San Bernardino	S. CA Edison	Imperial Irrigation District
Sacramento	PG&E	
San Jose	PG&E	
Fresno	PG&E	
Bakersfield	PG&E	
Monterey-Salinas	PG&E	
Stockton	PG&E	
Visalia-Tulare-Hanford	PG&E	
Modesto	PG&E	Modesto Irrigation District
Santa Rosa	PG&E	
Oxnard-Ventura	S. CA Edison	
Palm Springs	S. CA Edison	(includes Riverside, Imperial Irrigation District)
San Luis Obispo	PG&E	
Merced	PG&E	Merced Irrigation District
Chico	PG&E	
Santa Maria-Lompoc	PG&E	
Santa Barbara	PG&E	
Redding	PG&E	Redding Electric Utility (Redding)



# Plan Considerations

Considerations in crafting the mass media plan integrate and cover interest, income, influence, channels, schedules, segments, ethnicity and measurability.

- **Low-interest category:** 79% HH read their bill and spend 4–6 minutes per bill; most customers interact with their provider an average of just 9 min/year<sup>25</sup> – this requires a high frequency target
- **Low income HHI:** (<100,000) Hypothesized to be more highly negatively impacted by rate change, therefore the media channel mix must account for this customer impact
- **Build influence amongst teen/youth:** Segment with 'day in the life' media to influence home behavior
- **Use Out-Of-Home:** Including transit in the urban areas important to reach low income customers
- **Aggressive goals:** Required to ensure that IOU customers are informed about TOU.
  - 85%–90% effective reach
  - 10+ frequency
- **Customized schedules:** Required for SW and IOU messages to achieve aggressive goals
- **Diverse target segments:** Show disparity between, and preference for, varying media
- **Targets are multi-cultural,** multi-generational, and at different acculturation levels
- **A variety of media channels** are required (versus a narrow selection) to reach and connect with with audience at varying dayparts
- **Bias toward measurable formats** Because we are building a new relationship and expressing a new message, it's important that we measure frequently to make sure we get it right.



# Media Recommendations and Rationale

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Section 3.5.2b

# Spot TV and Cable

Close to 40% of adults  
18+ are heavy TV watchers



- Possesses the strongest reach, coverage and recall – will reach high percentage of target segments in a short period of time
- Include cable with digital pre-roll as part of media buy
- Scheduled in day parts to produce maximum impact according to audience behavior
- Daypart mix designed to cover a broad and diverse audience where niche programming runs in varying dayparts
  - Prime necessary to achieve aggressive GRP goals
  - Overall daypart mix should be optimized based on performance

Daypart		Recommended Daypart Mix
5:00a-9:00a	Early Morning	15%
9:00a-3:00p	Daytime	10%
3:00p-5:00p	Early Fringe	10%
5:00p-7:00p	Early News	10%
7:00p-8:00p	Prime Access	15%
8:00p-11:00p	Prime/Sports	20%
11:00p-11:30p	Late News	10%
11:30p-2:00a	Late Fringe	10%
		100%

\* Purchasing all 11 California TV DMAs is required to cover the 3 IOUs



# Spot Radio

Over 43% of adults 25-54, living in California with HHI <\$100K are heavy radio listeners



- Adds needed frequency and repetition to the campaign message
- Enables customized messages by format type to optimize message targeting/relevance
- Scheduled in English, Spanish and Asian languages (Chinese, Korean, and Vietnamese) where available adds needed frequency and repetition to the campaign message
- Enables customized messages by

format type to optimize message targeting/relevance

- Scheduled in English, Spanish and Asian languages (Chinese, Korean, and Vietnamese) where available
- Formats:
  - Adult contemporary and alternative formats to reach younger segments
  - Classic rock and news/talk to reach older segments
  - Urban and Contemporary Hit Radio (CHR)

to reach African Americans – these formats also have cross-over appeal to Hispanics

- Daypart mix based on covering a broad audience in multiple fragmented markets as well as on the highest ranking dayparts for the forma

Daypart		Recommended Daypart Mix
6:00a-10:00a	AM Drive	30%
10:00a-3:00p	Daytime	20%
3:00p-7:00p	PM Drive	30%
7:00p-12:00a	Evening	10%
12:00a-12:00p	Weekend	10%
		100%

\* Purchasing all 21 California radios MSAs is required to cover the 3 IOUs

# Newspaper

Those with lower HHI (target adults 25–54, HHI <\$75K) are heavy users of newspaper; second only to TV



- Supports the broadcast schedule by providing additional long form content to the target
- Important to providing in-language messages to the Spanish, Korean, Chinese, and Vietnamese segments
- Kick off with full-page four-color ads in the major dailies and ethnic newspapers and drop back to ½ page four-color ads during the sustaining effort

# Out-of-Home

Adults 18+ and Adults 25–54 have heavy OOH exposure



- Ever-present, 24/7 medium that builds reach and awareness quickly. The inherent nature of the medium provides sustained awareness and consistently reinforces the message
- Proven effective in hard to reach ethnic communities
- A strong showing is recommended with both general market bulletins and ethnic 30 sheet posters showings placed in African American, Asian and Hispanics Latino communities
- We will use transit in the urban, lower income markets, to target this segment

Quintile numbers for outdoor are based on miles driven which highlights that lower income urban markets have weaker OOH so the plan lowers its use in those markets.

# Digital



- 39%+ of all targets are heavy internet users
- Use cross-device buying and base on demographic target (e.g. older demo index hirer on desktop, Asian on mobile)
- Pre-roll for awareness and general messaging (not optimal for CTA; frontload key message in first 2.5 sec.)
- Affiliates to build strong credibility at relatively low cost – note that this tactic is a slow build
- Will test ad units using real-time bidding (RTB) and programmatic but tend to have low CTR and conversion – good for general awareness
- Re-targeting for repetition (must have strong deployment rules to minimize waste)
- Use of Facebook, Instagram, and Snapchat to reach the younger audience
  - 41% of Instagram users are between the ages of 16–24
  - 52% of U.S. Internet users aged 13–17 use Instagram
- 60% of U.S. 13 to 34-year-old smartphone users are Snapchatters
- 37% of Snapchat's users are between the ages of 18 and 24, and over 60% of U.S. 13- to 38-year-olds are Snapchat users
- 91% of millennials (ages 15–34) use Facebook



Source: DMR, Forbes, Mediakix, and Snapchat



# Flight Plan Recommendations and Rationale

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Section 3.5.2c

# Flight Plan Considerations

Key considerations in crafting the flight plans on the following pages include messages, media weighting, timing, impact, seasonality, ethnicity and media mix

- There are individual requirements for SW and IOU messages, media weighting and media mix.
- Separate SW and IOU schedules support separate needs and achieve aggressive communication goals for each.
- A “pulsing” pattern of 4 weeks on / 2 weeks off for the majority of the broadcast (TV/Cable and Radio) activity is only scheduled during heavy media weighting time periods. Pattern allows for message impact balanced against message fatigue/wear out.
- Balanced use of print, Digital/Social, and Out-of-Home provides additional support during heavy media weighting time periods with the lighter periods for message continuity
- A key consideration is seasonality of media usage during the 2019 Gubernatorial Race and holiday time periods.
- Newspaper for the SW campaign needs high circulation – USA Today – to ensure coverage of all DMAs.
- Ethnic and language specific newspapers are used to ensure the message gets to the Asian and Hispanic customers (significant populations).
- Use out-of-Home includes transit in the urban areas to reach low income customers.



# Statewide Media Cadence Overview

For the SW campaign to stay in lockstep with the strategy and overall MEO timing, the use of mass media will follow this prescribed cadence:

## SW “Inspire and Context” Message Phase (Heavy Continuity)

- January 2017–September 2018
- Paid media support; also supported by, but not reliant on, a PSA negotiated layer
- Heavy media necessary to build foundation for new customer relationship

## SW “Rally and Action” Message Phase (Heavy Continuity)

- October 2018–April 2019
- Establish new message and air cover to IOU for TOU launch

## SW “Care and Sustain” Message Phase (Light Continuity)

- May 2019–December 2019
- Continue air cover for IOUs and solidify new relationship; avoids message fatigue for recommended next phase of messaging in 2020 (2020 message is outside the purview of this document)



# IOU Default TOU Cadence Overview

For the IOU Default TOU campaign to stay in lockstep with the strategy and overall MEO timing, the use of mass media will follow this cadence:

September–December 2018

## Default Prep

Accounts for Gubernatorial race and holiday time period

January–April 2019

## Default Launch

Drives awareness and acceptance of Default TOU

May–September 2019

## Default Support

- 'Summer media mix' plus high touch media mix to negatively impacted customers
- Target negatively impacted to ensure well informed about choices and to drive positive sentiment during projected high bill periods
- Leverage high-touch media during pre-summer and summer months to maximize message impact.

October–December 2019

## Default Launch

Avoid message fatigue and likely diminishing MROI



# Media Flight Plan Strategy Overview

The following provides an overview of the three-year flight plan for SW and IOU media.

Year	2017												2018												2019																																															
Quarter	Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4																																																		
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec																																				
<b>Statewide</b>																																																																								
Message	Lifeline												Take Action Together												Lifeline 2																																															
Media Weighting	Heavy												Light												Heavy												Light																																			
<b>Paid Media:</b>																																																																								
TV																																																																								
Radio																																																																								
Print																																																																								
Digital/Social																																																																								
<b>Additional Activity:</b>																																																																								
SEO/SEM																																																																								
<b>IOUs</b>																																																																								
Message																																																																								
Media Weighting													Heavy												Light												Heavy												Medium												Light											
<b>Paid Media:</b>																																																																								
TV																																																																								
Radio																																																																								
Out-of-Home																																																																								
Print																																																																								
Digital/Social																																																																								
<b>Additional Activity:</b>																																																																								
Email/Direct Mail																																																																								
Outbound Telemarketing																																																																								
Bill/Statement Stuffers																																																																								
SEO/SEM																																																																								

A larger scale version of this plan is available on in **Appendix L**.

# Statewide 2017 Flight Plan

The following provides the details of the 2017 SW flight plan.

2017	March				April				May				June				July				August				September				October				November				December															
<b>2017 STATEWIDE</b>																																																				
Message	Lifeline																																																			
Media Weighting	Heavy																																																			
TV	200	175	150	125					175	150	125	100					175	150	125	100					150	125	100	100					150	125	100	100					175	150	125	100					175	150	125	100
Radio	200	175	150	125					175	150	125	100					175	150	125	100					150	125	100	100					150	125	100	100					175	150	125	100					175	150	125	100
Print USA Today	4x (1/24C)				4x (1/24C)				4x (1/24C)				4x (1/24C)				4x (1/24C)				4x (1/24C)				4x (1/24C)				4x (1/24C)				2x (1/24C)				2x (1/24C)															
Print Major Dailies	3x (1/24C), Insert				4x (1/24C)				4x (1/24C)				4x (1/24C)				4x (1/24C)				4x (1/24C)				4x (1/24C)				4x (1/24C)				4x (1/24C)				4x (1/24C)				2x (1/24C)				2x (1/24C)							
Print Ethnic/Language Specific	3x (1/24C)				3x (1/24C)				3x (FP4C)				3x (1/24C)				3x (1/24C)				3x (1/24C)				3x (1/24C)				3x (1/24C)				3x (1/24C)				1x (1/24C)				1x (1/24C)				1x (1/24C)							
Digital/Social	223,758,992																																																			
SEO/SEM	SEO/SEM																																																			

IOU Mass Media Not Required

A larger scale version of this plan is available on in **Appendix L.**

# Statewide and IOUs 2018 Flight Plan

The following provides the details of the 2018 SW and IOU flight plan.

2018	January	February	March	April	May	June	July	August	September	October	November	December																					
<b>2018 STATEWIDE</b>																																	
Message	Lifetime								Take Action Together																								
Media Weighting	Heavy																																
TV	175	150	125	100	175	150	125	100	150	125	100	100	150	125	100	100	150	125	100	100	175	150	125	100	175	150	125	100					
Radio	175	150	125	100	175	150	125	100	150	125	100	100	150	125	100	100	150	125	100	100	175	150	125	100	175	150	125	100					
Print USA Today	4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			3x (1/24C)			3x (1/24C)			2x (1/24C)			2x (1/24C)					
Print Major Dailies	4x (1/24C), Insert			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C), Insert			4x (1/24C)			4x (1/24C)			2x (1/24C)					
Print Ethnic/Language Specific	2x (FP4C), 1x (1/24C)			3x (1/24C)			2x (1/24C)			2x (1/24C)			2x (1/24C)			3x (1/24C)			3x (1/24C)			2x (FP4C)			2x (1/24C)			1x (1/24C)			1x (1/24C)		
Digital/Social	223,758,992																																
SEO/SEM	SEO/SEM																																
<b>2018 IOUs</b>																																	
Message									Default Time of Use																								
Media Weighting	Heavy																																
TV	200	175	150	125	100	200	175	150	125	100	100	200	175	150	125	100	100	200	175	150	125	100	100	200	175	150	125	100	100				
Radio	200	175	150	125	100	200	175	150	125	100	100	200	175	150	125	100	100	200	175	150	125	100	100	200	175	150	125	100	100				
Print Dailies	4x (sim/Daily FP4C), Ins			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			2x (1/24C)			2x (1/24C)					
Print Ethnic/Language Specific	4x (FP4C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)			4x (1/24C)					
Out-of-Home (30-sheets, 8-sheets, transit car cards, bus kings, shelters, kiosks)	48,452,600																																
Digital/Social	55,938,748																																
SEO/SEM	SEO/SEM																																

A larger scale version of this plan is available on in **Appendix L.**

# Statewide and IOUs 2019 Flight Plan

The following provides the details of the 2019 SW and IOU flight plan.

2019	January	February	March	April	May	June	July	August	September	October	November	December
<b>2019 STATEWIDE</b>												
Message	Take Action Together						Lifetime 2					
Media Weighting	Heavy						Light					
TV	175	150	125	100								
Radio	175	150	125	100								
Print USA Today	4x (1/24C)	4x (1/24C)	4x (1/24C)	4x (1/24C)	2x (1/24C)	2x (1/24C)	2x (1/24C)	2x (1/24C)	1x (1/24C)	1x (1/24C)	1x (1/24C)	1x (1/24C)
Print Major Dailies	3x (Sun/Daily FP4C) Insert	4x (1/24C)	5x (1/24C)	4x (1/24C)	3x (Sun/Daily FP4C) Insert	3x (1/24C)	3x (1/24C)	2x (1/24C)	2x (1/24C)	2x (1/24C)	2x (1/24C)	1x (1/24C)
Print Ethnic/Language Specific	3x (FP4C)	3x (1/24C)	2x (1/24C)	2x (1/24C)	3x (FP4C)	2x (1/24C)	2x (1/24C)	1x (1/24C)	1x (1/24C)	1x (1/24C)		
Digital/Social	139,849,370											
SEQ/SEM	SEQ/SEM											
<b>2019 IOUs</b>												
Message	Heavy						Medium			Light		
Media Weighting	Heavy						Medium			Light		
TV	200	175	150	125								
Radio	200	175	150	125								
Print Major Dailies	4x (Sun/Daily FP4C)	3x (1/24C) Insert	4x (1/24C)	4x (1/24C)	4x (1/24C)	4x (1/24C)	4x (1/24C)	4x (1/24C)	4x (1/24C)	2x (1/24C)	2x (1/24C)	1x (1/24C)
Print Ethnic/Language Specific	4x (1/24C)	4x (1/24C)	4x (1/24C)	4x (1/24C)	3x (1/24C)	2x (1/24C)	2x (1/24C)	2x (1/24C)	2x (1/24C)	2x (1/24C)	2x (1/24C)	1x (1/24C)
Out-of-Home (30-sheets, 8-sheets, transit car cards, bus kings, shelters, kiosks)	49,452,600						49,452,600			167,819,244		
Digital/Social	167,819,244											
Email/Direct Mail												
Outbound Telemarketing												
Bill/Statement Stuffers												
SEQ/SEM	SEQ/SEM											

A larger scale version of this plan is available on in **Appendix L**.

# Paid Media Formats

In conducting a detailed market-by-market media and target audience analysis, we recommend using the following paid media tactics (accounted for in the flight plan and budget).

 TV: 30 units

 Radio: 30 units

 Out of Home

- Billboards (i.e. – 14'x48')
- 30-sheets, 8-sheets (to hit ethnic targets)
- Transit (bus shelters, car cards, kiosks, etc.)
- #50 GRP showing

 Digital

- Display (all devices: desktop, tablet, mobile)
- Deployed through Programmatic/RTB partner(s)
- Opportunity for re-targeting, intent, optimization

 Print

- Newspapers (major dailies and applicable ethnic where available)
- Full Page 4-color and Half Page 4-color
- Single Page, 4-color inserts
- Sunday/Daily placements

 Social: Facebook, Instagram, Snapchat



# 90/60/30 and Bill Comparison

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Section 3.5.3



# 90/60/30 Customer Engagement

Primary research revealed that customers wish to have advanced notice of changes to their bills and/or how they pay for electricity. This was also validated during PG&E's SMB Default TOU launch.

PG&E's SMB team used this insight to craft a "90/60/30" customer engagement plan. Specifically – personalized bill comparison and targeted marketing messages were sent to customers 90 days, 60 days and 30 days prior to being defaulted to TOU.

SMB marketing leadership confirmed that this was a successful tactic and recommended it for consideration for the residential campaign. Ontario Hydro completed a similar plan for residential and stated that it was also successful.

With primary and secondary research, as well as in-field marketing validating the success of a 90/60/30 communications approach, we recommend this approach for deployment at the IOU-level of customer engagement.



# Tactics for the 90/60/30 Communications

90/60/30 communications will play a vital role in giving customers the TOU and personalized information they need at the right time. The following provides details for optimal 90/60/30 execution.

## Purpose of 90/60/30

To positively position TOU and eliminate unwarranted customer concern

## Goal

Immediately and accurately answer key customer questions; and tell them how TOU impacts them personally

## Communications Approach

Candid, plain spoken and honest. Use infographics as much as possible versus heavy text

## Timing

Communication 1  
90 Days prior to default  
(Oct. 2018)  
Communication 2  
60 Days prior to default  
(Nov. 2018)  
Communication 3  
30 Days prior to default  
(Dec. 2018)



# Tactics for the 90/60/30 Communications (Cont'd)

## Questions the Communications Must Answer | a customer's perspective:

- What do you want and why should I pay attention?
- What's happening?
- Why is it happening?
- What impact does it have on me personally?
- What can I do to make it better for me?
- Why do I have to do anything; why not someone else?
- Who else is expected to do this?
- What do I do next?

## Message Points to Address Customer Questions:

- SW message
- State-mandated initiative for every non-exempt Californian
- Description of TOU (rates and rate windows)
- CA businesses have already been defaulted
- What this means to you (bill comparison – total year and YoY current month)
- Your bill will likely go down in the winter and go up in the summer (state this if true – be open)
- What you can do to increase the benefits of TOU (three specific actions to take)
- Where to go for more information

## Additional Keys to Communications Success:

- Over communicating during the 3 month pre-launch time frame is acceptable – it's less damaging than under communicating
- Use an omnichannel approach - mail, email, phone, and, website and social media
- Be clear that they also have the option to talk to a live customer service person (make the phone number prominent)
- Stay aligned with the SW message in focusing on benefits and value to the customer; not only rate education (use an 70/30 rule of thumb – 70% value to 30% education messaging)
- Don't make statements such as “you are in control” instead use “choice” and list the specific options and tools available to them (e.g. free rate analysis, comparison tools)



# 90/60/30, Bill Comparison and TOU Communications

To deliver customer and campaign value, the 90/60/30 communications must contain a customer-specific bill comparison personalized for each customer. However, bill comparisons outside of the 90/60/30 tactic are not recommended.

Informed by primary and secondary research, we have timed this campaign tactic for the best possible customer experience and marketing impact.

Therefore, bill comparisons and/or TOU-related communications sent outside of the 90/60/30 communications are unnecessary and won't add value for customers nor to the campaign.

Additionally, because TOU rates won't be finalized until the latter of 2018, bill

comparisons before this time are highly likely to contain inaccuracies that mislead customers.

This misinformation will result in distrust toward the entire TOU program and places IOUs' brand integrity at undue risk. From a capital deployment perspective, sending comparisons outside of 90/60/30 also incurs unnecessary hard costs (cash) and soft costs (employee time) that are better

expended on the other value-add customer experiences articulated in this strategy.

The above excludes targeted opt-in TOU enrollment communications.



# Bill Comparison – Maintaining Authenticity

Current market conditions cause customers to “bunker” and become more cautious in placing their trust. As a result, we see an amplification of the traits customers expect from the brand and companies they choose to engage with. One of these traits, “authenticity”, has risen to the forefront as one of the highest expectations.

While MEO teams currently delivering today’s customer experiences do their best to operate with absolute authenticity, there are actions that can be taken to further this trait. The information included in the bill comparisons is one of those actions.

Specifically, the comparisons must communicate, in plain terms, what impacts the customer is most likely to feel moving to TOU. For example, in

addition to a year-over-year bill/cost comparison, it’s important to let customers know that they will (if applicable) see an increase in their monthly summer bill and a decrease in their winter bill. They must also be encouraged and educated how to make the comparison.

We realize the complexities in calculating this for individual customers, and the variables that could

change the scenario, so explaining that variability with customers is also important – not just “results could vary” but explain some of the factors that could make them vary.

In short, absolute transparency and clarity in pre-launch communications will build customer trust and avoid unnecessary backlash caused by lack of understanding.



# Post Default Launch Bill Comparison

During the 90 days leading up to Default TOU, customers will have received all of the positioning, incentive and (rate) information they need related to TOU.

Sending bill comparisons after this period is unnecessary and unwanted by customers; and creates undue marketing risk. Therefore, we advise against post-default launch bill comparisons.

# Post Default Launch Bill Comparison (Cont'd)

For additional clarity, we have noted the following points:

**Unnecessary:** Customers will have received, and have access to, all of the general and personalized information they require to be informed and empowered. Further communications will incur unnecessary costs and have a significantly diminished return for both customers and marketing.

**Unwanted:** While the campaign will have improved perceived value, increased “product” engagement and strengthened the customer relationship there is a limit to how much marketing communications customers can and will absorb. It’s unrealistic to expect customers to openly

receive yet more of the same marketing messaging after the market saturation surrounding TOU launch.

**Undue Risk:** Based on the hypothetical rates provided to date, the majority of Californians will only recognize a “win” on TOU on a 12 month aggregate billing basis. Most customers will see increased costs in the summer which are offset by savings in the winter. Therefore, sending post-launch comparisons in any given month risks misleading customers – positively or negatively. Summer months may demonstrate a losing scenario (too narrow a timeframe) and winter months may show a winning scenario (seen as misleading if compared to summer). Because this is a low engagement industry customers likely

won’t compare their recent bill much past their previous bill and will make a judgment based on that narrow one month perspective. Puget Sound<sup>26</sup> sent out post-launch savings comparisons which met with such negative media attention (unfounded because they took a narrow time comparison) that it was a major factor in necessitating that the program change to opt-in. This is precisely what we must avoid in California.

# Considerations for Default TOU Launch

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## Section 3.5.4

Monolithic (“Big Bang”) vs. Rolling launch



# Monolithic (“Big Bang”) vs Rolling Launch

The GTM timing and budgeting in this document complies with the requested monolithic (“Big Bang”) January 2019 launch of TOU. However....

...the combination of the gubernatorial election, holiday season and the potential inability of IOU systems to handle the transactional volume makes a Jan. 2019 “Big Bang” launch of Default TOU more costly and less effective than other times of year. More importantly, it risks delivering a poor customer experience.

This section summarizes the key considerations and then provides specific recommendations to ensure a successful launch and customer acceptance of Default TOU.

For reference and clarity when reading this section the following provides the definition of the two launch approaches in discussion:

**Big Bang Launch:** The requested “Big Bang” launch simply means migrating all customers to Default TOU in a one month timeframe.

**Rolling Launch:** A rolling launch of Default TOU divides the migration of customers into two or more phases and spreads them over a predetermined-time period.



# First, Let's Talk About the Customer...

The optimal customer experience (CX) drives the “when” and “how” of the Default TOU launch. This is the highest priority consideration.

70%<sup>27</sup> of customers are willing to spend more money with a company that provides good customer service. While counter intuitive at first glance to this initiative, we aren't trying to get customer to spend more money on electricity, it's what's behind the statistic that counts.

Customers value good experiences over cost. So why not give customers what they want – a great experience. Give them that and the importance of the cost of electricity and the need to explain rates in detail diminishes — not goes away — just diminishes.

Delivering great experiences allows us, and customers, to focus on increasing the value we bring to every Californian and moves us forward as a state versus mired in trying to explain complex rates they don't care about.



# Key Steps to the Right Launch Approach

Before determining the optimal launch approach and timing decisions, we proposed specific steps to consider.

## Evaluate

Consider the overall conditions the launch will have to contend with (market, environmental, operational, customer, financial, business) and then choose the optimal time of year when conditions are most favorable

## If/Then

In a digitally-driven world, operations are the customer experience. Therefore, determine the operational capabilities and adjust launch tactics based on the determinations – if operations can handle X then tactics must be Y

## Choose

Based on the ability to deliver the optimal customer experience, operational readiness and the market conditions – choose the approach with the highest likelihood of success – big bang or rolling launch



# Conditions Impacting a January 2019 Launch

Operations (systems, workflows, CSRs etc.) directly support customer experiences. If operations aren't ready, the customer experience isn't ready. Three of the largest unfavorable conditions for a January 2019 include:

## Gubernatorial Election

### This Will...

- Dominate CA-centric customer mindshare
- Increase media costs
- Decrease the availability of PSA media
- Increase difficulty in securing optimal share of voice
- Risk candidate backlash if they feel any negative sentiment brewing

## Holiday Season

### This Will...

- Increase difficulty in securing share of voice
- Increase media costs
- Possibly trigger customer resistance because it is a period of financial and emotional stress (TOU may seem like yet another worry instead of something good)

## Operational Readiness

### Lack of readiness will...

- Cause information inaccuracies/errors
- Decrease responsiveness to customer needs
- Limit information and answers to questions

All of these will lead to customer distrust which will cause Default TOU backlash and make the program unsuccessful.



# Establishing Operational Readiness

Operations (systems, workflows, CSRs etc.) directly support customer experiences so if operations aren't ready the customer experience isn't ready. Operations shouldn't drive marketing, but are a key consideration. The following provides four initial questions to answer to help determine operational readiness.

## Question 1

**What is the maximum number of incremental exceptions the systems and teams can handle in a one month period?**

(Based on IOU reported exception rates this could reach 5%).

**Action:** Each IOU estimates what 90% of systems capacity is and throttles the number of customers defaulted per month based on that capacity.

## Question 2

**Can systems accurately calculate and disseminate individual bill impacts to customers within the given launch window?**

(e.g. 12 weeks for the current "Big Bang" launch window)

**Action:** Each IOU estimates what 90% of systems capacity is and throttles the number of customers defaulted per month based on that capacity.

## Question 3

**Can systems migrate all customers to TOU within the allotted launch window?**

**Action:** Each IOU estimates what 90% of systems capacity is and throttles the number of customers defaulted per month based on that capacity.



# Establishing Operational Readiness (Cont'd)

Operations (systems, workflows, CSRs etc.) directly support customer experiences so if operations aren't ready the customer experience isn't ready. Operations shouldn't drive marketing, but are a key consideration. The following provides four initial questions to answer to help determine operational readiness.

## Question 4

**Can CSRs and their systems handle the forecasted incremental call volume in any given four week period?**

**Action:** Each IOU establishes the maximum number of defaults on a monthly basis based on capacities determined in questions 1–3; then estimates the number of inbound inquiries that can be handle at 90% of current CSR/system capacity.

Using these data points determine the variance, then determine, assuming unmet demand, if it's practicable for a third party to handle general (non-account/billing specific) inquiries. If it is practicable, complete a cost/benefit analysis of contracting a 3<sup>rd</sup> party to handle excess volume.

As a guide, assume approximate cost of \$0.95/min. The third party must be a

domestic call center preferably in California, however, CA-based call centers will significantly increase the per minute cost.

If a third party is not feasible, throttle the number of customers defaulted per month based on 90% of the current capacity.



# Times of Year to Avoid for Default TOU Launch

When determining the optimal time of year to launch TOU we recommend avoiding summer months and the holiday season.

## Summer Months

### Why...

- Makes the first bills customers see higher than they are accustomed, making a negative first impression
- Won't give customers the ability to balance their perspective on TOU with the positive impacts from winter month's savings (will not have seen those bills yet)
- Potentially cause a customer "revolt" and high attrition as a result of the preceding points

## Holiday Season

### For the reasons previously stated...

- Share of voice
- Costs
- Financially stressful time of year

# Section 3.5.4 | Default TOU Timing

## Scenario 1

Run the 90/60/30 launch phase from September 1, 2019 to November 30, 2019 and transition customers to the new default rates between December 2019 and February 2020.

## Scenario 2

(If Scenario 1 is not feasible)

If the recommended ME&O has been in-market for approximately 12 months prior to the first launch wave, run the 90/60/30 launch phase for as many customers as possible from September 1, 2019 to November 30, 2019 and the remainder from September 1, 2020 to November 30, 2020.

## Scenario 3

(If Scenario 1 and 2 are not feasible)

If the recommended ME&O has been in-market for approximately 12 months prior to the first launch wave, run the 90/60/30 launch phase with as many customers as possible from September 1, 2019 to November 30, 2019 then as many as possible from September 1, 2020 to November 30, 2020 with the remainder from Jan. 1, 2021 to Mar. 30, 2021 (Jan. to Mar is not optimal but we assume the remainder of customers will be minimal and we are considering the commission's desire to complete the default as expeditiously as possible.



Note: Executing either of the two scenarios above will require adjustments to the GTM plan (timing, targeting, flighting and budgets)



# Opt-In TOU Tactics

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Section 3.5.5



# Introduction

As a program already in-market, the following provides considerations and recommendations to aid in furthering the success opt-in TOU. The recommendations also help to avoid conflicts between opt-in and Default TOU.

While Opt-in TOU holds some advantages, we believe – from a ROI perspective – that the program should be deprioritized, based on unfavorable ROI, in comparison to Default TOU, when considering the marketing costs and enrollment rates of similar programs.

# Opt-in TOU Advantages and Risks

## Advantages:

- Enrolling customers before Default TOU reduces the total number of customers to default which reduces the load on, what will be, highly taxed operations.
- Proactively showing customers how they can materially save money leaves customers with the positive feeling that the IOUs are good people looking out for the customer's best interests (improves customer satisfaction/JD Power scores).
- Generates positive sentiment toward TOU when targeted toward those that benefit from TOU. This also has the potential to generate early positive market buzz toward TOU if marketed effectively.
- Enables earlier benefits from customer load shifting to be felt more than Default TOU.

## Risks:

(assuming the recommended approach to targeting and not a mass-market effort):

- Based on the SMUD opt-in TOU pilot costs of \$60.77 versus \$3.99 for default<sup>28</sup>, it's difficult to prove a cost benefit for conducting opt-in ahead of default.
  - At the conversion rates of Arizona and SMUD (1.75% and 6%) the positive systems impacts and market buzz may not prove material and not worth the effort (PG&E and SCE have achieved 5% & 6% enrollment rates).
  - Customers that receive the opt-in messaging but choose to not opt-in may feel like default is more "against their will" than if they had not been given the choice to opt-in.
- Because final Default TOU rates have not been determined, the rates used (if the IOUs determine rates will be used as a selling point) may change, resulting in a reduced positive, or potentially negative, bill impact which will leave customers feeling deceived.
  - If a negative sentiment begins in opt-in, it could harm the perception and launch of Default TOU.



# Opt-in Timing, Message and Message Gap

## Time of Year:

Focus marketing/enrollment efforts during the summer months because bills are at their highest, which avoids making customers feel deceived if their bills increased at any time after moving to TOU. For clarity, if a customer enrolls in the winter when their bills are at the lowest and then sees higher than average bills in the summer months they will feel that the IOU deceived them.

## Important Message Gap:

There must be a 3-month gap between opt-in messages and default messages in the market. This allows customers enough time to forget the opt-in message and focus on the default message and for the messaging to reduce search engine rank. If messages cross in the market, it will, at best, cause customer confusion and, at worst, cause customers to feel that opt-in was a shill for default and that because they didn't comply they are now being forced to comply. Either scenario could result in an unnecessary negative customer backlash.

## Messaging:

The core message sentiment to motivate the target to enroll is in the vein of “take advantage of TOU before the state defaults to this new time-based rate plan for all Californians in 2019.”



# Opt-in Tactical Guidance

## Tactics

Because of the narrow target market, and the need to contain costs, we recommend using only direct marketing tactics. We also recommend “piggybacking” opt-in marketing with other marketing efforts to further contain costs.

The following provides the recommended example tactics to use however, each IOU should leverage the tactics and timing that drive the best response rates in their respective market and which they are operationally able to support:

- **Email** – twice per month for two months
- **Inserts and bill comparisons** – every month during summer/hot months (e.g. June through September)
- **Outbound calls** – once per month for three months if no contact made; stop as soon as enrolled or customer refuses the option
- **General** – post information, enrollment methods and contact methods on web site (IOUs already have this); maintain year round as it poses no marketing risk – delete from sites 3 months prior to launching Default TOU



# IOU Opt-in Segmentation Strategy

Section 3.5.5a

# The Opt-In Segmentation Aims to Build Affinity Prior to the Default Among TOU Structural “Winners”

- Opt-in TOU provides an opportunity to build affinity among Californians who benefit from TOU rates above their Tiered rates.
- Here, we propose a micro-targeting strategy that will help to differentiate those that are likely to experience a perceptible bill savings in the transition from their tiered rate to the TOU rate.
- Note, it is critically important that this net benefit is **perceptible** and that the the benefits are not oversold to consumers.
- For this reason, we strongly recommend targeting only those customers who see a significant impact (namely those who see at least a 15% decrease in their annual bill).
- When communicating to customers, it is important to note that these savings may not be significant month to month.
- To avoid over-selling the rate, should analyze customer impacts carefully and target selectively.



# IOU Opt-In Micro-Targeting Strategy Approach

The opt-in micro-targeting strategy is designed to target and recruit customers who experience an average annual impact that is positive (savings) and significant over their current Tiered Rate to build support for TOU rates.

## Step 1

Determine which customers will benefit on TOU rates when compared to their current Tiered Rate

## Step 2

Determine which customers will perceive a “positive” saving on TOU

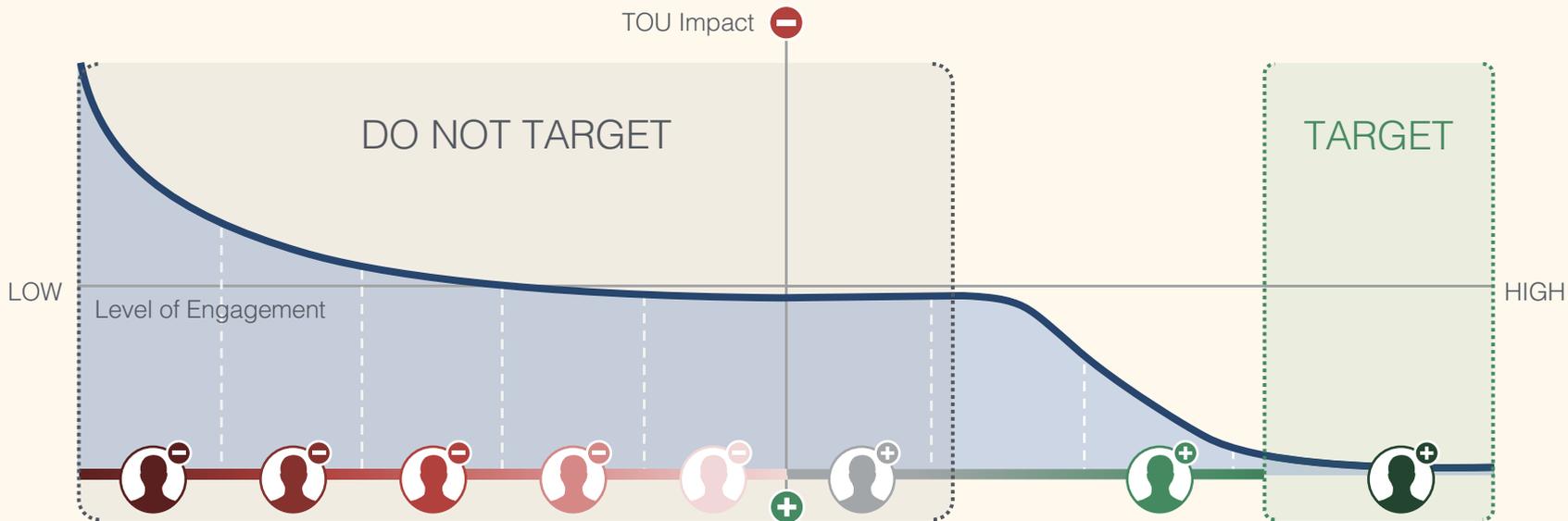
## Objective 3

Further refine by isolating those customers most able to manage monthly bill fluctuations to their benefit and who won't be adversely affected by summer increases



# Opt-In Micro-Targeting Goal

Recruit customers who will experience significant annual bill increases on TOU.



Note: Illustrative of customer perspective (positive = bill decreases, negatives = bill increases)

# Opt-In Targeting and Recruitment

We strongly recommend that IOUs conduct additional research to predict customer response, or at minimum, further refine and filter to identify customers for recruitment.

- Predictive response models should be developed to understand how customers may respond to TOU.
- Drawing on the predictive models, the IOUs should score their databases for targeting based on customers who are most likely to receive the rates favorably.
- In the absence of this modeling, the team strongly recommends that the IOUs conduct basic filtering in accordance with these recommendations to further narrow in on their opt-in targets for recruitment.



# Network of Networks

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Section 3.6

# Section 3.6: Network of Networks

The Network of Networks is a shared marketing vehicle for coordinated and strategic messaging that leverages the networks of Working Group members, including the IOUs, EUC and CPUC.

- The Network of Networks consists of nonprofit, business and governmental “nodes” already in existence that enable grass-roots marketing outreach through communities. The Network plays an important role in brining the strategy to life; and creating an ongoing dialogue with the community that will provide informal, real-time response to Default TOU.
- The network possesses the invaluable ability address several key marketing challenges:
  - Breaking through a low engagement category
  - Retaining authenticity, rather than thin PR messages, while delivering potentially negative information about the impacts of TOU
- Making messaging relevant for those living in situations of extreme privation, where lifestyle adjustments are not possible
- Reach niche populations that mass media cannot



# Messaging Objectives: Network Community Nodes

## Increase Engagement

### **Contextualize the campaign to increase attention and connection:**

Network messaging will sync with SW and IOU campaigns, with the flexibility to be modified to reflect community needs.

### **Align with SW and IOU timing**

Network outreach syncs with SW and IOU campaigns to amplify state and IOU messages.

## Authenticity

### **Deepen message meaning**

Arm the network with clear messaging and ensure they have a range of materials that inspire and motivate their constituents as well as reinforcing IOUs as trusted advisors

### **Empower the Network to voice community concerns before unnecessary negative sentiment spreads**

Create channels to provide feedback throughout the campaign and demonstrate measurable responsiveness to community

## Credibility

### **Proximity drives Credibility**

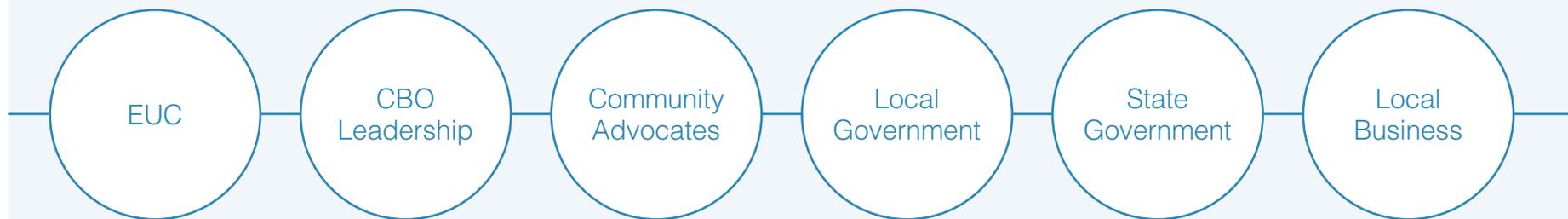
Primary research illuminated that the more customers saw the same message from different sources, the more credibility/believability it has for them.

In keeping with this, using multiple nodes of the network with the same message will increase the campaign effectiveness



# High Level Network Composition

For clarity, the Network of Networks includes the following partners:



# Optimal Ways to Activate the Network

The IOUs, the CPUC, and EUC have networks and partners with whom they either go to market or engage for events and other face-to-face meet-ups.

Network Hub Leads will be nominated from each organization. The expectation of the Blueprint is that

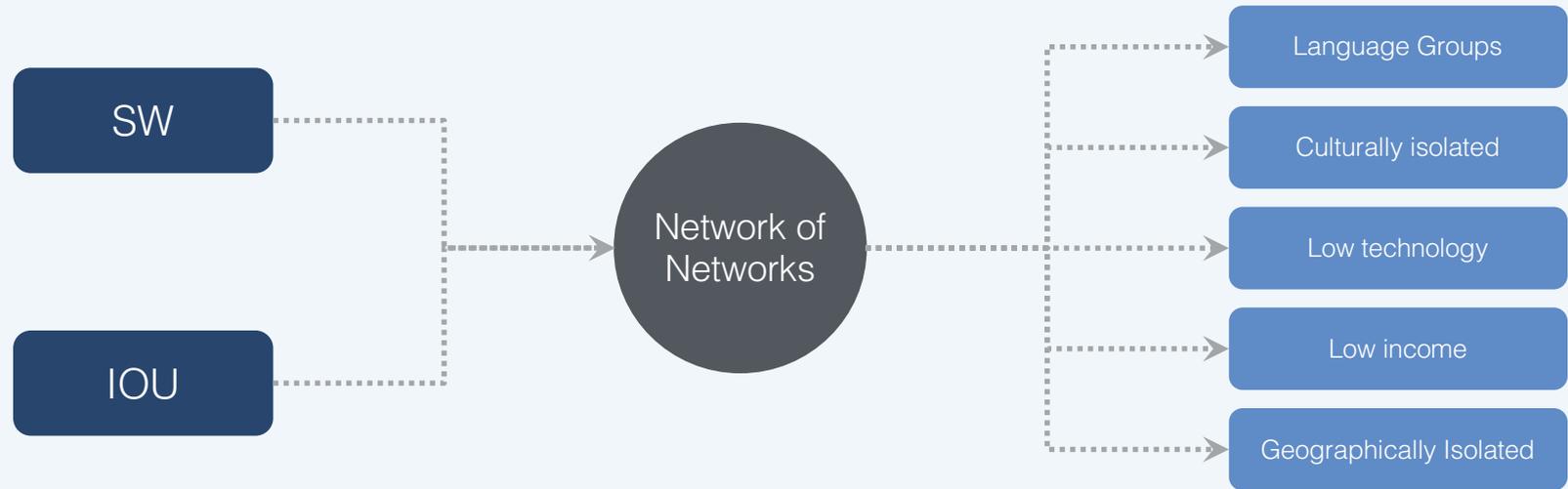
Network hub leads will:

- Conduct regular meetings to share and leverage each others experiences.
  - Recommend tactics that align with successful practices, such as email, field visits, messaging vehicles and templates, events, and web content.
  - Use a centralized web site dedicated to the Network of Network for tips, tools, and assets (e.g. email copy, ad units, talking points, style guide, campaign calendar and contact information).
- Have access to GIS maps showing coverage areas for populations most impacted and vulnerable to Default TOU. Areas will include poverty, disability, language, and seniors. These demographics will be mapped to heat intensity areas. Network partner can then use the maps to aid in their targeting.
  - The group will strategically assess how best to extend their coverage to compensate for gaps.
  - The group will identify 3–5 statewide/national non-profits to be approached to participate in the Network of Networks. This may include the Red Cross, AARP – Association of Retired Persons, CA Apartment Association, AAA, Greenlining Institute, etc.
- The core Network Hub leads will make recommendations and/or provide feedback with regards to go-to-market tactics and messaging.
  - The WG, the Network hubs, the ED, and IOUs will develop a funding strategy. The first step, once a plan has been established, is to identify the costs and requirements for network partners to participate.

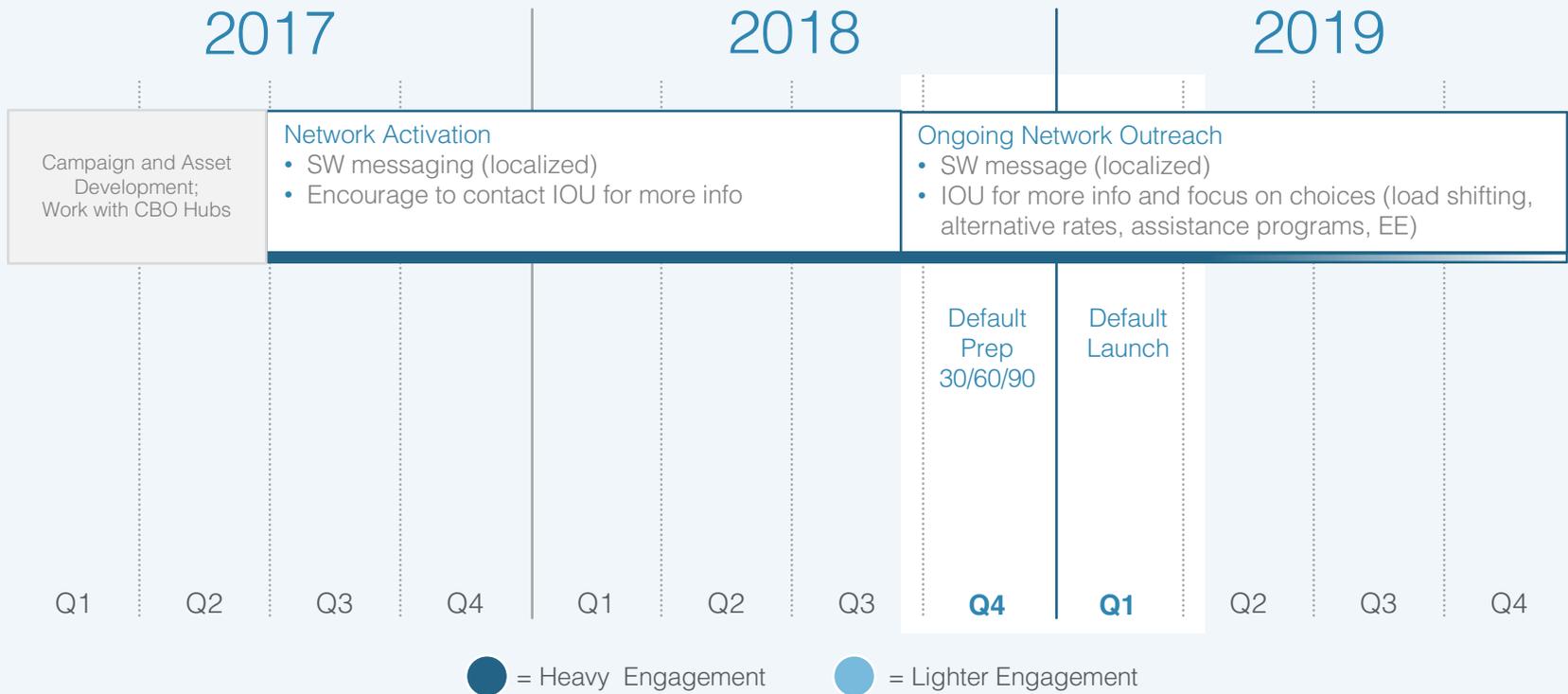


# The Network of Networks: Reaching the Isolated

To achieve reach, frequency and engagement goals, the network will be activated to reach customers unlikely to be exposed to mass media or other broad-based tactics. The illustration below shows the engagement flow to reach isolated customers.



# Network Activation Message Cadence



# Evaluating Network Effectiveness

Because the network operates independently of the CPUC and IOUs, successful activation will be predominantly evaluated using subjective criteria. We will use this criteria to judge internal success in engaging the Network; not the Network partners themselves.

Usage of, and adherence to, the assets and talking points provided

Adherence to the style guide provided

Proper use of messaging, with appropriate calls-to-action directing constituents to IOUs

Number of “nodes” activated (metric)



# Directional Media Budget

## Section 3.7

Mass media, direct marketing, and PR cost estimates

The content in this section is also included as part of **Section 5.6.2 Budget Framework**

# Budget Development | The Starting Point

For budgets to be legitimate and meaningful, details must drive assumptions about how to scope the level of effort. Initiatives of this size require multiple rounds of strategy and budget review. We recommend determining key “product” and campaign variables and then completing a full cost review and optimization.

The budgets for the Blueprint are based on several input sources including: detailed market analysis by region, secondary research, inputs from the IOUs, our first-hand experience and industry standards. These inputs have been integrated into an initial framework that lays the foundation for executing on the scale required to make RRR and Default TOU a success.

**Known Unknowns:** We have made assumptions (noted on the following page)

that inform both budget framework and the cost projections. Both will require iterative refinement final decisions are made regarding rates and measures of success. Of particular note, are large scale items such as media costs, which require a higher degree of specificity (e.g., launch timing, reach and frequency) to enable greater budget accuracy.

**Interdependencies:** Many cost elements have interdependencies, so a change in

one component such as GTM timing may affect many, if not all costs.

**Preliminary Budgets:** Some of the recommendations in the Blueprint have not yet had the benefit of feedback and refinement (such as budgets for the CELT team noted in Section 5.3.2). Here too, subsequent dialogue around how these recommendations will be implemented or refined will require further budget development.



# Budget Assumptions

Budget assumptions reflect the level of resources required to execute the strategy and tactics of the Blueprint, all of which are based on the hypothetical rates/impacts and the aggressive market approach agreed upon with the WG, CPUC and IOUs.

**Budgets Timeframe:** 2017-2020

SW Cost Sharing: Where appropriate, costs are divided between SW (CPUC) and IOUs (local)

**IOU Cost Sharing:** Where appropriate, shared costs are assigned as follows: PG&E - 43%, SCE - 45% and SDG&E - 12% (except for mass media, which was determined on a region-by-region basis)

**Monolithic Launch:** We assume the launch of Default TOU will be January 2019 (“Big Bang”)

**Not Included:**

- All agency and creative fees
- Production costs
- Optimization of the GTM budget (TBD when creative campaign and GTM timing are finalized.)

**Other Considerations:** We can't estimate potential negotiated rates based on current vendor relationships, nor how such costs may shift with aggregate buying. It is assumed that a coordinating body (such as CELT), could generate 10-30% savings on proposed budgets from aggregate buying, streamlined processes and review cycles, plus coordinating efforts with research and evaluation. In addition, the IOUs will need to review all GTM tactics and provide further guidance as to what tactics do and do not work in their respective markets.



# Media Budget Framework

The categories noted below provide an initial cost component template for executing the MEO Blueprint. While we provide projections for each, all require further refinement as rate and impact decisions are made.

## Cost Categories

1. **Mass Media Estimates**
2. **Direct Marketing Estimates**
3. **PR Estimates**
4. **Research and Evaluation Estimates**
5. **Marketing and Professional Services Estimates (CELT)**

(Categories 4 and 5 are covered in Section 5.6.2)

## Cost Category Detail

1. **Mass Media Estimates:** Mass media are those that reach very large numbers of customers. Mass media costs for this initiative include TV, radio, print, some digital and OOH (out of home). These are determined on a region-by-region basis and designed to meet agreed-upon reach and frequency targets.
2. **Direct Marketing Estimates:** Direct marketing encompasses physical marketing materials (e.g. outbound calls, mailers, welcome kit). This is a directional estimate on a cost per household basis. For clarity, direct marketing does not involve advertisements placed in mass media (e.g. radio, TV, print) and will be executed at the IOU level due to their ability to accurately target customers.
3. **PR Estimates:** Public relations costs are based on a monthly fee. These efforts are dedicated to ensuring customers receive timely and accurate RRR/TOU information, as well as proper positioning, from the media and partner publications.



# Mass Media Cost Estimates Summary

The mass media estimates include TV, radio, print, OOH, digital, and social. The two primary drivers of cost (agreed with the WG) are a Reach of 85%-90% and a Frequency of 10+ from 2017 through 2019.

	2017	2018	2019	Total
<b>SW</b>	\$53,501,813	\$49,606,385	\$23,265,903	\$126,374,101
<b>SCE</b>	\$0	\$13,222,875	\$23,564,300	\$36,787,175
<b>PG&amp;E</b>	\$0	\$10,997,434	\$20,144,977	\$31,142,411
<b>SDG&amp;E</b>	\$0	\$2,405,203	\$4,572,091	\$6,977,294
<b>TOTAL</b>	\$53,501,813	\$76,231,896	\$71,547,271	\$201,280,980

*Additional factors impacting budget:* Media Mix, Timing/Flight, Negotiated Rates/Existing Contracts

*Not included:* SEO/SEM, Direct Mail, Email Mkt, Bill Statements, Production Costs, Agency Fees

See Appendix J for detail



# Mass Media Cost Breakdown (2017–19)

	TV		Radio		Out-of-Home		Print		Digital/Social		Total	
	Impressions	\$	Impressions	\$	Impressions	\$	Impressions	\$	Impressions	\$	Impressions	\$
<b>2017</b>												
SW	141,186,750	\$25,571,538	79,728,300	\$12,402,575	00	\$-	19,038,906,996	\$13,527,700	223,758,992	\$2,000,000	19,483,581,038	\$53,501,813
IOUs												
S. CA Edison	00	\$-	00	\$-	00	\$-	00	\$-	00	\$-	00	\$-
PG&E	00	\$-	00	\$-	00	\$-	00	\$-	00	\$-	00	\$-
SDG&E	00	\$-	00	\$-	00	\$-	00	\$-	00	\$-	00	\$-
<b>2018</b>												
SW	130,927,100	\$23,652,172	76,358,200	\$11,819,990	00	\$-	10,915,084,536	\$12,134,223	223,758,992	\$2,000,000	11,346,128,828	\$49,606,385
IOUs												
S. CA Edison	13,231,747	\$4,605,398	10,664,727	\$1,564,478	25,833,750	\$2,869,255	3,205,802,880	\$4,033,744	16,781,924	\$150,000	3,272,315,028	\$13,222,875
PG&E	32,241,558	\$3,579,565	13,670,822	\$2,256,638	19,404,000	\$2,035,198	2,648,626,044	\$2,826,032	33,563,849	\$300,000	2,747,506,273	\$10,997,434
SDG&E	3,854,644	\$706,851	2,085,452	\$316,086	4,214,850	\$283,250	314,545,764	\$1,049,016	5,593,975	\$50,000	330,294,685	\$2,405,203
<b>2019</b>												
SW	34,993,100	\$6,345,705	19,735,200	\$3,069,473	00	\$-	13,748,007,240	\$12,600,725	139,849,370	\$1,250,000	13,942,584,910	\$23,265,903
IOUs												
S. CA Edison	20,312,019	\$7,119,276	16,771,161	\$2,455,161	51,667,500	\$5,738,511	6,851,617,920	\$7,801,352	50,345,773	\$450,000	6,990,714,374	\$23,564,300
PG&E	49,493,927	\$5,533,488	21,498,494	\$3,541,380	38,808,000	\$4,070,397	6,002,941,380	\$6,099,713	100,691,546	\$900,000	6,213,433,347	\$20,144,977
SDG&E	5,917,254	\$1,092,688	3,279,545	\$496,039	8,429,700	\$566,501	655,619,484	\$2,266,862	16,781,924	\$150,000	690,027,907	\$4,572,091
<b>Subtotals</b>												
SW	307,106,950	\$55,569,415	175,821,700	\$27,292,038	00	\$-	43,701,998,772	\$38,262,648	587,367,354	\$5,250,000	44,772,294,776	\$126,374,101
IOUs												
S. CA Edison	33,543,766	\$11,724,674	27,435,888	\$4,019,639	77,501,250	\$8,607,766	10,057,420,800	\$11,835,096	67,127,698	\$600,000	10,263,029,402	\$36,787,175
PG&E	81,735,485	\$9,113,053	35,169,315	\$5,798,018	58,212,000	\$6,105,595	8,651,567,424	\$8,925,745	134,255,395	\$1,200,000	8,960,939,620	\$31,142,411
SDG&E	9,771,898	\$1,799,539	5,364,997	\$812,126	12,644,550	\$849,751	970,165,248	\$3,315,878	22,375,899	\$200,000	1,020,322,592	\$6,977,294
<b>Grand Total</b>	<b>432,158,100</b>	<b>\$78,206,681</b>	<b>243,791,900</b>	<b>\$37,921,821</b>	<b>148,357,800</b>	<b>\$15,563,112</b>	<b>63,381,152,244</b>	<b>\$62,339,366</b>	<b>811,126,346</b>	<b>\$7,250,000</b>	<b>65,016,586,390</b>	<b>\$201,280,980</b>

See Appendix J for detail

# Direct Marketing Cost Estimates

The direct marketing costs were based on per customer cost inputs\* and allocated per IOU on number of accounts. Yearly allocations were weighted based on campaign and customer engagement needs.\*\*

	2017	2018	2019	Total
<b>SCE</b> (43% of total households and annual budget)	\$5,700,000	\$34,200,000	\$17,100,000	\$57,000,000
<b>PG&amp;E</b> (45% of total households and annual budget)	\$5,900,000	\$36,000,000	\$18,000,000	\$59,900,000
<b>SDG&amp;E</b> (12% of total households and budget)	\$1,600,000	\$9,500,000	\$4,700,000	\$15,800,000
<b>TOTAL</b>	\$13,200,000	\$79,700,000	\$39,800,000	\$132,700,000

\*Variables used: Per customer cost inputs: SMUD \$4, PGE SMB \$9.50, Greenberg's professional opinion \$25. We took an average of \$13 and multiplied by 10.2M customers.

\*\*Allocation: Number of accounts per IOU with yearly allocations weighted by campaign and customer engagement needs; weightings are 2017/10%, 2018/60% and 2019/30% (e.g. \$13 per customer x 10.2M accounts x 10%).

Recalculate Costs Based on Impact: Once the final impact analysis is complete budget allocations must be reviewed to ensure those areas/IOUs with a higher ratio of negatively impacted are allocated a greater portion of budget as they will have a higher direct marketing need/costs.



# PR Cost Estimates

The PR cost estimates were based on \$10,000 per month in PR support costs, with a June 2017 start. Post default launch PR will focus on ensuring positive “buzz” continues throughout 2019.

	2017	2018	2019	Total
<b>SCE</b> (43% of total households)	\$26,000	\$51,600	\$51,600	\$129,000
<b>PG&amp;E</b> (45% of total households)	\$27,000	\$54,000	\$54,000	\$135,000
<b>SDG&amp;E</b> (12% of total households)	\$7,000	\$14,400	\$14,400	\$36,000
<b>TOTAL</b>	\$60,000	\$120,000	\$120,000	\$300,000

*Not included:* Production and placement costs

# Endnotes

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Section 3.8

# Section 3 | MEO Strategy | Endnotes

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## SECTION 4

# Measurement Strategy

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# Measurement Strategy | Contents

The Measurement Strategy defines the approach, rationale and research tools for deploying SW and IOU-specific MEO metrics. This strategy is in service of achieving the overall goals outlined for this program and is an interdependent component of the MEO Strategy laid out in Section 3.

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# Section 4 | Measurement Strategy | Executive Summary

Effective metrics must be drawn from strategic objectives. To guide MEO efforts, the ACR mandates development of “appropriate MEO metrics and goals” that are meaningful, account for change and determine progress.

This strategy defines the approach, rationale and research tools for deploying SW and IOU-specific MEO metrics and is in service of achieving the program goals. It is an interdependent component of the MEO Strategy in Section 3.

We expect these metrics to evolve as the strategy evolves, and as each entity designs and delivers their marketing. For this reason, the Measurement Strategy is built on a set of professional assumptions (noted on p.20) that enable it to flex in response to a changing set of conditions.

**Core Principles:** The principles that underscore our work include:

- If performance metrics are carefully defined, actors will align their efforts to ensure performance.
- MEO Metrics should focus on measuring market movement.
- MEO Metrics should not dictate specific campaign performance, e.g. number of website hits, pieces of collateral, impressions, etc.

**Align Roles with Goals:** In applying “Commander’s Intent” (Sections 2.3), a framework for action is set, but details (e.g., survey questions) are determined by relevant actors to achieve agreed goals.

Under this model, all efforts are designed to support market learning and allow actors to adapt based on their specific role in the market: SW efforts generate affinity and elevate the importance of peak load management; IOU efforts support customers with personalized, information-driven strategy.



# Section 4 | Measurement Strategy | Executive Summary (Cont'd)

**Draft and IOU Metrics:** IOU metrics were reviewed, with some deemed valuable enough to retain closer to the moment of default.

WG Draft Metrics created in November 2015 should be reduced and used for IOU-only measurement surrounding Default TOU.

**Vision Metrics:** These metrics enable alignment of message intent, engagement approach, and campaign activities. Ultimately, they should also inform rates themselves so that the “product”, marketing, and measurement aim for the same goals.

The following metrics framework was agreed to by the WG on August 1, 2016:

1. **Build affinity in the marketplace:** X% of Californian's feel a personal connection to electricity and feel strongly that it is important to be thoughtful about when and

how much they use electricity (timing and specific affinity metric TBD after additional IOU testing).

2. **Ensure rate satisfaction and retention:** X% of non-exempt (exempt to be defined by the TOU pilots) Californians stay on the TOU rate 15 months after the pilot default (3 months after bill protection ends).
3. **Engender significant and sustained peak load reduction behaviors:** X% of Californians sustain at least one significant peak reduction action for 12 months after defaulting to the TOU rate (measured at 3 months, after the first summer, and after bill protection ends and is rolled up to a single metric)

**Detailed Metrics:** We defined additional metrics to be used to measure MEO success over time, measuring market movement from awareness of the campaign to peak load energy reductions.

A select number of goal-level metrics were set for each set of actors for each phase of the strategy:

## Prepare and Context:

- **SW:** personal relationship to electricity, importance of thoughtful use of electricity
- **IOU:** No unique goals in this phase, as they focus on opt-in
- **Network:** personal relationship to electricity, importance of thoughtful use of electricity

## Default to TOU:

- **All:** When and How Much Matters
- **IOUs only:** Awareness of TOU

## Care and Sustain:

- **SW:** personal relationship to electricity, importance of thoughtful use of electricity
- **IOU:** Awareness of How to Act, Rate Retention, Behavior Change
- **Network:** See your IOU



# Section 4 | Measurement Strategy | Executive Summary (Cont'd)

**Research Plan:** We envision three distinct studies to measure MEO efforts effectively within the state.

Our studies are as follows:

- **A SW market-movement study** to examine how attitudes, beliefs, and behaviors change in response to MEO efforts
  - This study will have in-language research using Spanish, Chinese, Vietnamese, and Korean languages
- **A local IOU study focused on tracking** core metrics to ensure customer awareness of rate changes, and to further track recommended baseline metrics
- **A pulse study** that measures response to the default real time to assess how the market is responding

This work should be conducted and reported at quarterly WG meetings.

Where possible, recommend data visualization and automation to help communicate across the working group and better articulate/draw out key findings.

**Accountability and Learning:** MEO will succeed if enforcement yields to learning and embedded evaluation to foster a self-governing capacity. This Measurement Strategy seeks to help create a safe space for insight, where market feedback is shared in the spirit of adapting without fear of retribution for expected market failures or shortcomings.

It is also intended to guide mechanisms for self governance.



# The Role of Metrics and Measurement

---

Section 4.1

# Objectives

Metrics (and associated measurement) must be drawn from strategic objectives if they are to be effective. As noted in the 12.17.15 ACR, this strategy sets “appropriate MEO metrics and goals”<sup>1</sup> for guiding MEO efforts so that they are meaningful, account for change and determine progress.

## Align with Strategic Vision

With the strategic vision in place, our metrics team developed a series of metrics to support all research activities.

## Assess Existing Metrics

With an eye toward strategy, the team examined how the WG’s proposed metrics aligned with our strategy.

## Focus on Measuring Influence

We revised the metrics to measure the influence of campaign efforts through multiple studies, and used secondary research to inform our metric development.



# Measurement Principles



Align w/ Strategy  Pair Strategic Actors with Strategic Goals

Empower  Move from "Enforcement" to "Partnership"

Learn and Adapt  Design Research to Learn by Strategic Goals

If performance metrics are carefully defined, actors will align their efforts to ensure performance.

MEO Metrics should focus on measuring market movement.

MEO Metrics should not dictate specific campaign performance, e.g. number of website hits, pieces of collateral, impressions, etc.



# Applying Commander's Intent

Our approach in building the MEO Blueprint has been to apply the notion of *Commander's Intent*<sup>2</sup> (rather than *Command and Control*). This plays a central role in the Measurement Strategy where goals and a framework for action are set, but the details (such as survey questions) are determined by the relevant actors to achieve the agreed intention.

The MEO Blueprint has a key question driving the development of metrics: *Will the execution of the MEO efforts improve the customer experience?* As marketing, education and outreach proceeds, and we move toward our goal of behavior change, the customer experience will also evolve.

We also expect these metrics to evolve as the strategy evolves, as each entity works to design and deliver their individual marketing campaigns.

For this reason, the Measurement Strategy is built on a set of professional assumptions (noted on p.20) that enable it flex in response to a changing set of conditions. While the framework is set, the specific metrics are not.

This approach aligns with a governing principle: *Commander's Intent* (vs. *Command and Control*). Each actor is responsible for a set of metrics aligned with their goals and the campaign timing.

These metrics should be viewed as strategic guidance on how to articulate and measure metrics, and what to consider in assessing marketing campaigns.

Based on the messaging strategy, each strategic actor is given one or two goal metrics for each phase of the campaign, so they remain focused and driven to perform on a strategic objective (as articulated in a goal metric).



# Three Levels of Metrics

The Measurement Strategy acknowledges the need for alignment between the IOUs and between SW and IOU efforts. It also must account for the variances between them. For this reason, a tiered system of metrics is established across which all players must act.

## Vision Metrics

Designed to develop clear targets for all MEO actors (SW, IOU and Network actors). All other metrics are in support of the vision metrics.

## Market Movement Metrics

Designed to assess how the market is responding to MEO across a continuum of psychological shifts necessary to move customers to a place of ultimate satisfaction on a given rate (TOU or another chosen rate) and to peak load management behaviors.

## Default Tracking Metrics

Developed to measure market progress. These metrics are more granular and tactical, and designed to monitor customer responses on an on-going basis.



# Goal Setting and Priorities

In addition to the metrics tiers noted on the previous page, our approach ensures that:

- All metrics are clearly assigned as “goal metrics” and “monitoring metrics/indicators”.
  - Goal metrics serve as strategic targets.
  - Monitoring metrics/indicators are those items that should be watched closely through research because they provide directional insight and guidance and can alert MEO teams to potential barriers that could inhibit achievement of their goals.
- All goal metrics are phased in accordance with the campaign strategy. As the strategy moves or redirects, goals shift with it.
- Each goal metric is assigned to a clear actor who is expected to achieve these metrics in the market. SW and IOU efforts will not share goals. However, because the campaign is designed to be

symbiotic, it is important that all actors remain attuned to the success of the other.

**Metrics and the WG:** As noted in Section 5.2.3, Sub-Working Groups are fundamental to the execution of the MEO Blueprint. A Metrics Sub-Working Group should be empowered to oversee the execution of the measurement plan and to provide the campaigns with actionable feedback.

**Outcome vs Output** With respect to measurement priorities, it is important to note that the metrics recommended are *outcome* metrics not *output* metrics. Outcome metrics measure what MEO has achieved in the market place. Output metrics track what activities were conducted to achieve the targeted outcomes. As noted in Section 4.6, it is critical that the WG remain focused on outcomes versus outputs to effectively empower MEO implementers to use the

necessary tactics to achieve the ultimate goals of RRR. If metrics become tactic-focused, efforts will lose sight of the ultimate goals and instead tend toward micro-managing campaigns.



# Learning-Focused Data Collection

Our proposed data collection and analysis strategy provides four depths of analysis to support MEO efforts. These approaches are discussed in greater detail in the Research Plan.

## Local IOU Tracking

Local tracking efforts will focus on tactical metrics that align with those measured in the Market Movement Study, but are worth measuring at greater frequency.

## Market Movement Study

This is designed to track progress of all efforts, generating an attitudinal and behavioral response from customers. The study design draws on past successes in MEO measurement and impact assessments in the 2006-2008 SW Indirect Impact Evaluation efforts by using path modeling approaches. We will conduct in-language efforts as well.

## Default Pulse Survey

The default pulse surveys are designed to capture real-time sentiment across the four months surrounding the default. The goal of this survey effort is to provide near instantaneous feedback to the WG to help course correct and respond to market sentiment.



## Section 4.1 | Role of Metrics

All MEO activities need to be examined with one governing metric or question: will these efforts improve the customer experience? If the answer is unclear, then the strategic objectives should be reassessed.

- MEO campaign performance metrics should focus on market responses to MEO efforts, such as increased in awareness, affinity, and behavior changes.
- MEO market metrics must align directly with the messaging strategy in nature (what is being measured) and in assigned responsibility (who is responsible for producing which results).
- Metrics must be used to monitor marketing progress and adapt if strategy and course corrections are needed. For this reason, the WG should use metrics to adapt in the market place and not as an enforcement mechanism.
- Metrics should not focus on dictating specific marketing and outreach tactics to MEO implementers (SW or IOU).
- Specific operational and tactical metrics should be identified by each MEO implementer once final reach, frequency, and impression goals are established and other tactics are defined (direct mail, out of home, etc). Until full marketing GTM plans are established, it is premature to identify expected performance metrics for tactical efforts.



# Establishing Core Metrics

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Section 4.2

# Establishing the Core Metrics | Content

Our approach in establishing the core metrics for the Measurement Strategy was to first understand how the WG Draft Metrics<sup>3</sup> and IOU Baseline Studies aligned with the goals of this program and then build a best practice framework from this starting point. Secondary research provided insight from past rate reform and MEO research.

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# Review of Draft Metrics

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Section 4.2.1



# Objectives: WG Metric Review

In November 2015, the WG agreed to consider a set of Draft Metrics<sup>3</sup> for this program. These proposed metrics were reviewed against the strategic objectives of the MEO Blueprint to determine how to refine and augment them.

## Establish Strategic MEO Goals

The first step in assessing the value of existing metrics is to articulate the MEO Strategy and its objectives.

## Examine Existing Metrics in Light of those Goals

Once the MEO Strategy was established, the next critical step was to assess the existing metrics against the objectives.



# Keeping the Best of the WG Draft Metrics

WG metrics were reviewed, with some deemed valuable enough to retain closer to the moment of default.

## Our Approach

- Existing metrics established by the working group were assessed against the strategic goals of the campaign.
- While many of the metrics are valid for mid-term goals (surrounding default) and internal IOU tracking, there were not sufficient metrics to support the SW campaign and building affinity and attitudinal changes in the market place.
- Across the board, tracking efforts for the working group are too tactical and will not provide insights on the achievement of the strategy overall, and thus we strongly recommend adding to them.
- In addition, some metrics are outside of the control of MEO and reside more firmly in the domain of policy and rate design.
- For these reasons, we suggest retaining six of the 20 metrics, augmenting with previously suggested metrics/constructs.



# Retain Metrics Highlighted in Bold

1*	<b>Customers are aware that there are rate plans that may help them mitigate electricity expenditures</b>	Goal
2*	<b>Customers know where to go to get more information about how to manage their electricity use</b>	Goal
3*	<b>Customers understand how electricity use can impact their bills</b>	Goal
4*	<b>Customers understand the benefits of lowering their electricity use</b>	Goal
5*	<b>Customers are aware of rebates, energy efficiency programs, and tips offered by their utility that can help them manage their electricity bill</b>	Goal
6	Customers feel they were provided useful information explaining their bills	Goal
7	Customers were provided with information explaining their bills	Tracking
8*	<b>Customers were provided with information and services to help reduce their energy bill</b>	Tracking
9	Percent of CARE/FERA/Non-CARE customers on average remains stable based on the average of last five years (2010-2014)	Tracking
10	Percent of CARE/FERA/Non-CARE customers experiencing service disconnection remains stable based on the average of last five years (2010-2014)	Tracking

\*Metrics included are for MEO metrics (note those not highlighted can and should be tracked, but focus here is on the specific requirements of MEO)



# Retain Metrics Highlighted in Bold

11	Customers are provided with information and services to be able to avert service disconnection	Tracking
12	Number of rate reform-related escalated customer complaints (the IOUs will be coordinating with the Consumer Affairs Branch of the CPUC to determine how best to measure this)	Tracking
13	Number of community partners utilized to support Rate Education outreach and number of people reached	Tracking
14	Number of events and presentations held in support of Rate Education outreach and number of people reached	Tracking
15	Percent of customers provided a personalized pricing plan comparison report	Tracking
16	Open rates and click-through rates for Rate Education-related e-mails	Tracking
17	Number of views on Rate Education webpages	Tracking
18	Number of customers who have changed rates over the last quarter	Tracking
19	<b>Percent of customers on opt-in TOU rates*</b>	Tracking (potentially goal)
20	Percent of customers using bill comparison tools	Tracking

\*We recommend adjusting this to be “% of targeted customers who opt-in to TOU”



# Why Remaining Draft Metrics Weren't Included

6	Customers feel they were provided useful information explaining their bills	These metrics focus on tactical achievements and not strategic goals.
7	Customers were provided with information explaining their bills	
9	Percent of CARE/FERA/Non-CARE customers on average remains stable based on the average of last five years (2010-2014)	These metrics cannot be affected by MEO and are more rightfully in the domain of rate design and policy.
10	Percent of CARE/FERA/Non-CARE customers experiencing service disconnection remains stable based on the average of last five years (2010-2014)	
11	Customers are provided with information and services to be able to avert service disconnection	These metrics focus on tactical achievements and not strategic goals.
12	Number of rate reform-related escalated customer complaints (the IOUs will be coordinating with the Consumer Affairs Branch of the CPUC to determine how best to measure this)	
13	Number of community partners utilized to support Rate Education outreach and number of people reached	
14	Number of events and presentations held in support of Rate Education outreach and number of people reached	
15	Percent of customers provided a personalized pricing plan comparison report	
16	Open rates and click-thru rates for Rate Education-related e-mails	
17	Number of views on Rate Education webpages	
18	Number of customers who have changed rates over the last quarter	
20	Percent of customers using bill comparison tools	



## Section 4.2.1 | Review of Draft Metrics

Draft metrics must expand to include a move toward market-focused outcome metrics and less focused on output-based tactical metrics.

WG draft metrics should be reduced and used for IOU-only measurement surrounding the TOU default.

Metrics related to campaign tactics and outputs should not be dictated by the working group and instead should be monitored by the implementers once GTM and marketing deployments are firmly established.

The WG must adopt more metrics that measure the market's receptivity to the RRR and TOU outreach by assessing market movement along a continuum, from awareness to peak load management and reductions.



# Establishing Vision Metrics

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## Section 4.2.2

The content in this section reiterates the Vision Metrics in Section 2.2.



# Objective | Establish Vision Metrics

A key goal of the MEO Vision is to establish direction towards an agreed goal. To understand whether MEO efforts are progressing towards this goal, we must establish top-level metrics for key activities. Three metric frameworks were agreed upon by the WG.



## Affinity

Measures customers' favorability toward electricity and energy management

## Retention

Measures whether non exempt customers stay on TOU or switch to the right rate for them

## Action

Measures peak load reduction behaviors over time



# Translating the Vision into Metrics

To vitalize every Californian's relationship with electricity and the grid, in ways that better their lives and forever change their behavior, for the ongoing prosperity of our state



## ACTING ON THE STRATEGIC INTENT

Measurement	Track CPUC/IOU marketing improvement and rationalization with mandates.	Measure customer movement toward greater engagement.	Drive all marketing based on highly personalized, impact-based segmentation.	Track and respond to behavior change to sustain engagement over time.	Understand how tangibility is driving change in engagement and EM behavior.	Track correlation between outlook, EM behavioral change and state growth.
	Do customers feel that electricity provides them with personalized benefits?	Do customers see themselves as active contributors to the strain on the electric grid?	Do customers feel a personal connection to the electric grid?	Are customers responding to MEO in a way that engenders meaningful, long-term changes?	Do customers see electricity as a tangible resource?	Do customers' responses to MEO have a meaningful impact on the electric grid and load shifting?



# Vision Metrics Establish Reference Points for MEO Activities

Vision Metrics enable alignment of message intent, engagement approach, and campaign activities. Ultimately, they should also inform rates themselves so that the “product”, marketing and measurement aim for the same goals.

Like a compass or North Star, all other metrics sit below the Vision Metrics to help measure and assess progress against these goals.

The Greenberg team worked in collaboration with the Metrics Sub-Working Group to establish a set of Vision Metrics that articulate the ultimate vision for MEO efforts. In doing so, the Sub-Working Group established a framework for assessing the

success of MEO efforts by articulating three core objectives:

- 1. Build affinity in the marketplace**
- 2. Ensure rate satisfaction and retention**
- 3. Engender significant and sustained peak load reduction behaviors**

Additionally, each metric is “owned” by a designated actor or actors who are expected to align their activities under these metrics.

As noted in Section 4.1, we proposed that a Metrics Sub-Working Group monitor progress and advise the WG of adjustments as conditions change. The following slide summarizes agreement of sub-working group members on the metric.

# Each Vision Metric is Supported by Sub-Metrics

The sub-metrics will be used to create an index of achievement.

Agreed Upon and Established Metrics	Sub-metrics that contribute to the vision metrics
<p>X% of Californian's feel a <b>personal</b> connection to electricity and feel strongly that it is important to be <b>thoughtful</b> about <b>when and how much</b> they use electricity (timing and specific affinity metric TBD after additional IOU testing)</p>	<p>Roll-up: % of customers who strongly agree that they have a personal connection with their electricity use</p>
	<p>Roll-up: % of customers who strongly agree that it is important to thoughtfully manage their electricity use</p>
	<p>Roll-up: % of customers who strongly agree that how much electricity they use at certain times of day matters</p>
<p>X% of non-exempt (exempt to be defined by the TOU pilots) Californians stay on the TOU rate 15 months after the pilot default (3 months after bill protection ends)</p>	<p>Add context: % of customers who are aware they have rate choices</p>
	<p>Add context: % of customers who feel they are on the “right rate” for them</p>
	<p>Add context: % of customers who are satisfied on their rate (TOU or other)</p>
<p>X% of Californians sustain at least one significant peak reduction action for 12 months after defaulting to the TOU rate (measured at 3 months, after the first summer, and after bill protection ends and rolled up to a single metric)</p>	<p>Add context: % of customers who are very motivated to reduce peak load</p>
	<p>Add context: % of customers who indicate they will take peak load reducing actions in the future</p>
	<p>Add context: % of customers who cite significant peak load reducing behaviors</p>



# Recommended Detailed Metrics

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## Section 4.2.3



# Vision Metrics Framework

The Vision is critical for measuring collective success. These agreed key performance indicators provide the framework to measure the progress toward the vision.

## SW

X% of Californians feel a personal connection to electricity and feel strongly that it is important to be thoughtful about when and how much they use electricity (timing and specific affinity metric TBD after additional IOU testing)

## IOU

X% of non-exempt (exempt to be defined by the TOU pilots) Californians stay on the TOU rate 15 months after the pilot default (three months after bill protection ends)

## Both

X% of Californians sustain at least one significant peak reduction action for 12 months after defaulting to the TOU rate (measured at three months, after the first summer, and after bill protection ends and rolled up to a single metric)



Note: This framework was agreed upon by the WG in the August 1-2, 2016 Workshop



# Detailed Metrics

In addition to Vision Metrics, we defined additional metrics that will be used to measure MEO success over time.

It is important to note that these metrics are not set in stone.

We expect these metrics to evolve as the strategy evolves, as each entity works to design and deliver their individual marketing campaigns.

These metrics should be viewed as strategic guidance on how metrics should be articulated and measured, and what should be considered when assessing marketing campaigns.

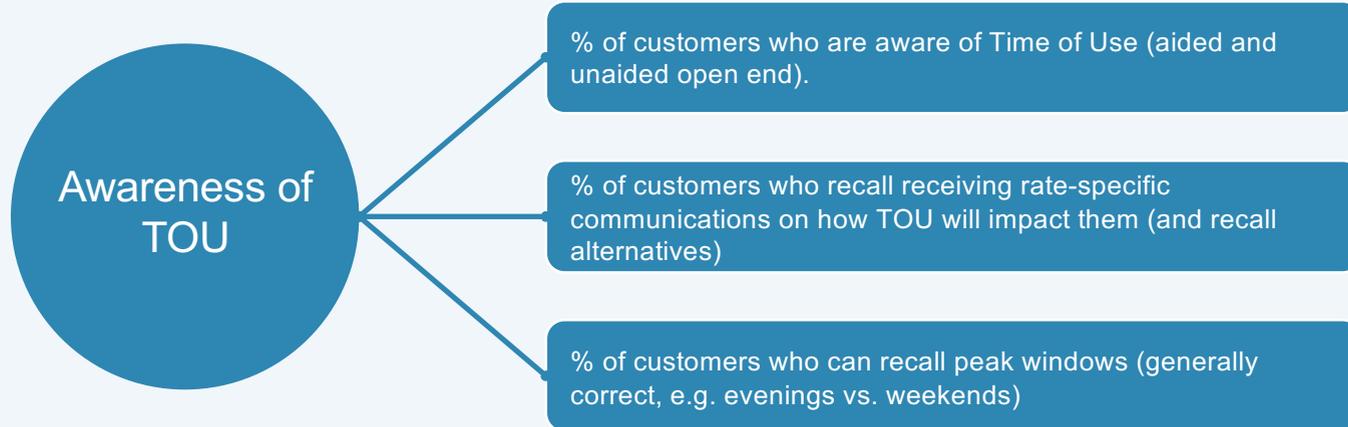
# All Metrics Should Follow a Behavior Change Logic

All metrics are part of a conceptual framework or “construct” that tests the strategy. A construct refers to a conceptual framework, idea or concept that is measured.

For example

“Awareness of time of use” is a construct. “Awareness” may be captured by a single survey question or might be comprised of multiple questions in the form of a composite measurement, such as aided and unaided awareness of time of use rates.

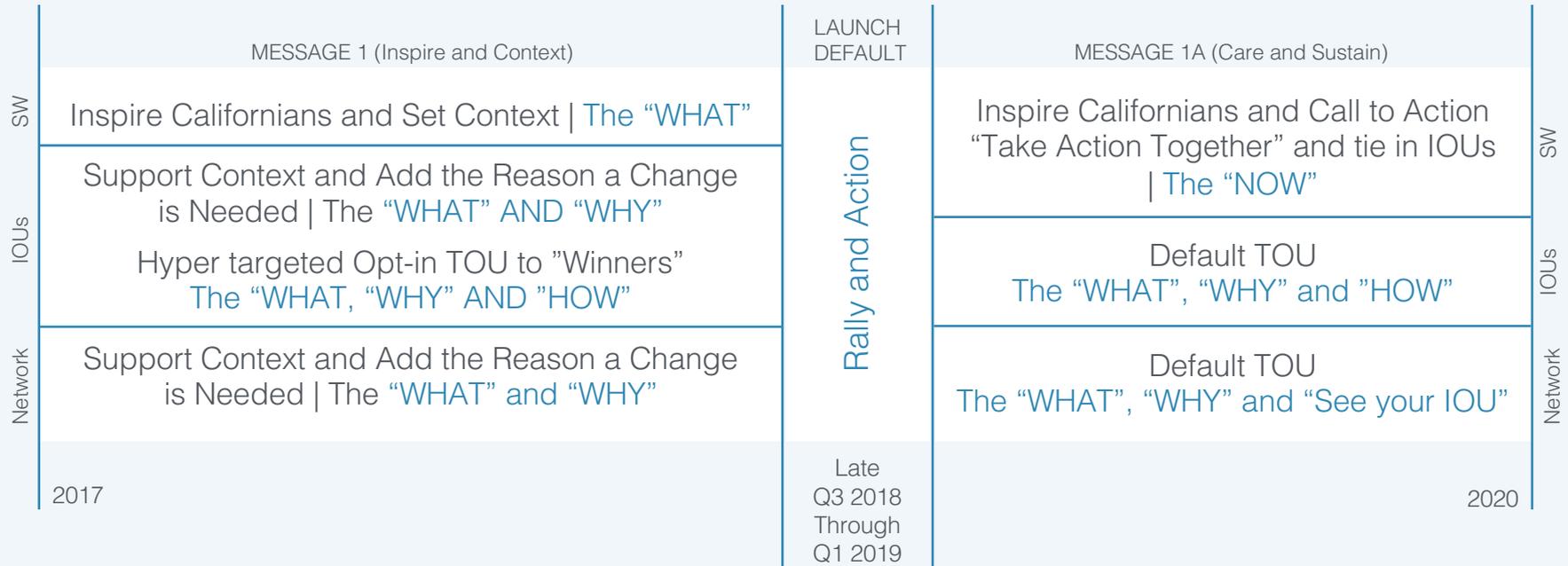
# Constructs and Indicators – An Example



Construct

Indicator

# Constructs Should Align with the Messaging Strategy and Assess its Effectiveness



To ensure we recommend the right metrics for measuring campaign success, our team considered the methods we would use to examine MEO's influence on peak load behavior and rate retention. Namely, how might we demonstrate that the campaigns are “moving” the market?

# Assessing Degrees of Influence

MEO efforts must assess degrees of influence on the market. To measure the efficacy of the marketing campaigns, our team explored two approaches: attribution modeling and path modeling. The former method is commonly applied in traditional product and brand research. The latter is common in the social sciences to assess the effectiveness of marketing and program efforts.



Attribution  
Modeling



Path  
Modeling



# Marketing Attribution Models

Traditionally, marketing campaigns utilize marketing attribution models, which link dollars from a sale to the marketing touchpoints that a customer was exposed to prior to their purchase<sup>4</sup>.

- These models can be used successfully when seeking to analyze a marketing campaigns success in triggering a single dependent variable: a product purchase
- As we will demonstrate, we are attempting to measure the campaigns impact across multiple metrics
  - All of which interact with each other
  - All of which can lead to a variety of potential dependent variables
    - Peak load reduction
    - Number of behavioral changes implemented
    - Retention
- Given that there will be multiple marketing campaigns operating simultaneously with no way to confidently distinguish which messages are being received by which customer, it would not be prudent for us to proceed with this method.



# Path Modeling: A Proven Approach

Path modeling approaches are proven for MEO and can illustrate how the market is moving toward behavior change. We recommend using the path modeling-based approaches for measuring the efficacy of the TOU marketing efforts.

- Traditional attribution modeling for marketing efforts directly links product sales to marketing efforts for a single product.
- In the case of rate reform, the state is asking customers to adopt a wide range of attitudes (acceptance of the rate, belief in the importance of peak load management) and behaviors (rate adoption and/or rate retention, peak load management behaviors, and persistence of these behaviors).
- In assessing both modeling approaches, we concluded that simple marketing attribution modeling cannot capture the relationship between marketing and numerous behavior changes, and recommend structural equation modeling.
- This method has been proven to be effective in measuring impacts associated with past SW MEO efforts in the 2006-2008 SW MEO indirect impact evaluation and presented at IEPEC [Dougherty et al, 2009].
- We recommend further refining this approach by using Latent Growth Curve Analysis (LCGA).



# Constructs That Measure MEO Movement

Constructs were developed to measure customers responses to messaging from awareness to peak load management along a behavior change continuum.

Type of Construct	Construct
Awareness of Campaigns	Recall of SW Messaging
	Recall of IOU Messaging
Attitudes	Affinity for electricity/electric grid
	Importance of thoughtful use
	Personal Connection to Electricity
Knowledge	What time and How much time matters
	Awareness of TOU
	Awareness of how to act
Barriers and Drivers to Behavior Change	Self-efficacy
	Belief in benefits
	Trust in messengers
	Ability to act
Behavioral Motivation, Intention, and Change	Motivation to act
	Intent to act
	Action



# Path Modeling

Path modeling describes a diverse set of mathematical models that fit networks of constructs to data. It includes latent growth modeling, factor analysis, path analysis, and other models. In the past, we have used Structural Equation Modeling<sup>5</sup> to assess program effects when experimental control groups cannot be identified, and explain the potential learnings below.

- “Teases out the effects of marketing and outreach (M&O) among multiple influences on behaviors to isolate and quantify changes due to campaign interventions.”<sup>6</sup>
- “Measures multiple potential effects between messaging exposure and the behavioral outcome, to identify multiple program effects.”
- “Provides process-related insights by identifying points where programs can intervene ‘closer’ to behavior.”
- Through the use of path modeling, we will be able to quantify the strength of the hypothesized relationships between metrics detailed in our path model.<sup>7</sup>



## Section 4.2.3 | Path Modeling

Path modeling and analysis is recommended to articulate and test the constructs responsible for moving (or not moving) the market.

- Once we arrived at the recommendation to use Path Modeling approaches to measure MEO, we developed a hypothesized path model to articulate the relationship between our proposed constructs (and metrics) and the intended outcomes of the campaigns.
- The following model articulates how the campaigns will work in the market to “move” customers from messaging exposure to behavior change (namely rate retention and peak load management behaviors).
- In data collection, each of these constructs and associated metrics should be cognitively tested and quantitatively pre-tested.
- Note each circle represents a “construct” and each link represents a hypothesized relationship between construct, and are described on subsequent slides.
- The vertical columns refer to campaign messaging phases and when we hypothesize effects to occur over time.

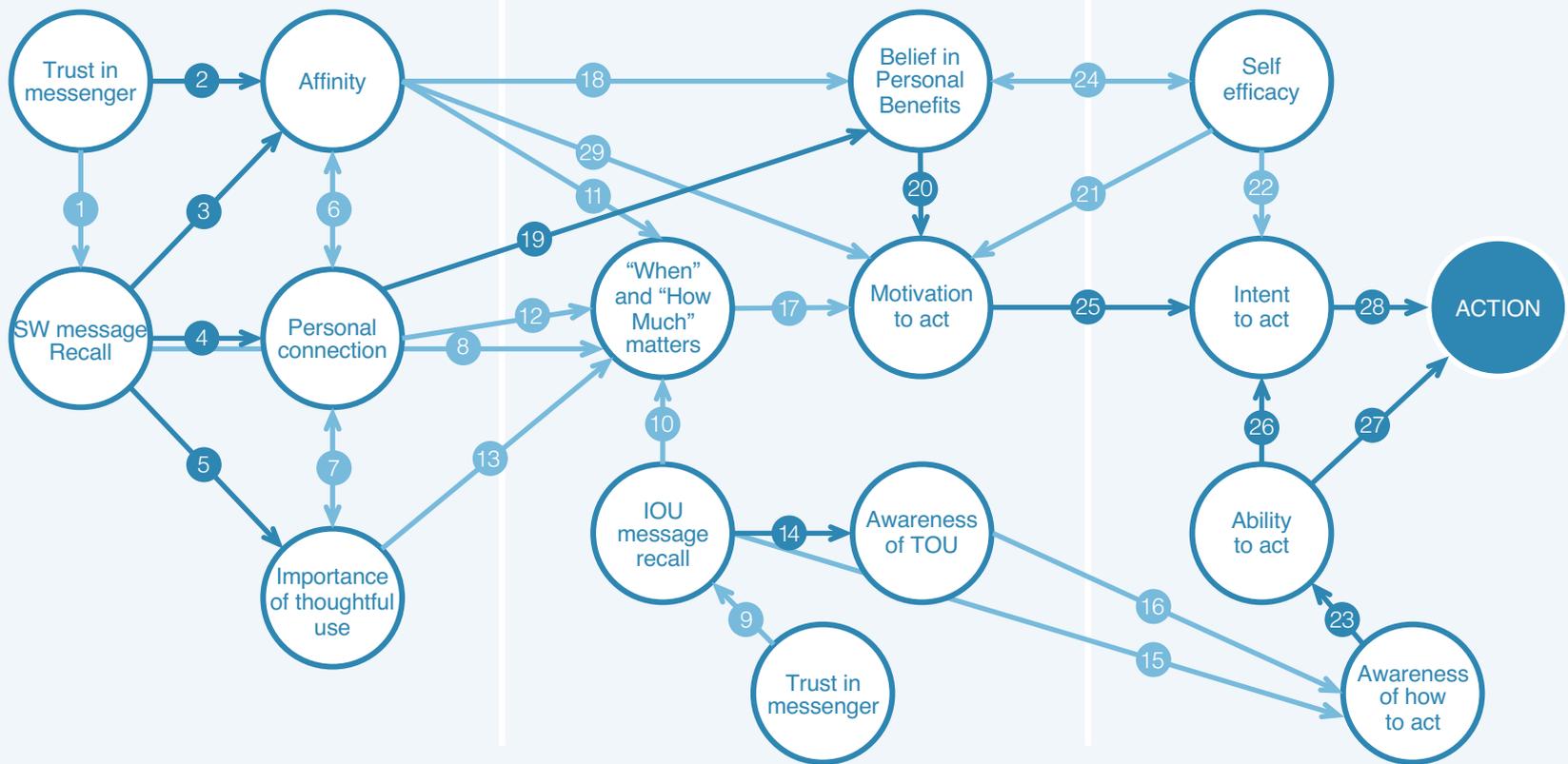
The model presented on the following page describes our current thinking on how these factors behave with respect to one another. We fully anticipate that this thinking will be updated when the final campaigns are designed.



# Prepare and Context

# Default TOU

# Care and Sustain



# Path Model Connections

Given both the quantity and interactive complexity of the various metrics being measured, it is necessary to evaluate and hypothesize the manner in which these various metrics will affect each other.

Construct		Hypothesis	Presumed connection strength
1	Trust in messenger  SW Recall	If a customer has trust in the messenger, then they will be more likely to recall the SW add campaign. If a customer has no trust in the messenger/IOU, then they will have no incentive to pay attention to any advertisement/outreach regarding TOU, and thus be less likely to recall the campaign.	Moderate
2	Trust in messenger  Affinity	If a customer has trust in the messenger, then they will be more likely to develop or already possess an affinity for the electrical grid. If the customer has no trust in the messenger/IOU, then they will be less likely to believe the purpose of the message, and therefore less likely to develop any type of affinity.	Strong
3	SW Recall  Affinity	If a customer recalls the SW campaign message, there is a higher chance that the message led them to develop some type of affinity for electricity and the grid. If a customer can't recall the campaign message, then there is little chance they will be aware of the current issues and unlikely to possess any affinity for electricity and the grid.	Strong



# Path Model Connections (Cont'd)

Construct		Hypothesis	Presumed connection strength
4	SW Recall ▶ Personal Connection	If a customer recalls the SW campaign message, they are more likely to develop a sense of personal connection to electricity and the electric grid. If they do not recall the message, they are less likely to develop a personal connection to electricity and the electric grid.	<b>Strong</b>
5	SW Recall ▶ Importance of thoughtful use	If a customer recalls the SW campaign message, there is a likelihood that the message led them to feel it is important to use electricity thoughtfully. If a customer can't recall the campaign message, then there is a lesser chance they will understand the importance of thoughtful use of electricity (though importance of thoughtful use could have been developed through other mechanisms).	<b>Strong</b>
6	Affinity ▶ Personal Connection	If a customer has a strong affinity for electricity and the electric grid, it is highly likely that they will have a personal connection to electricity and the electric grid. If this affinity is not built, then a personal connection to electricity and the electric grid will remain weak.	Moderate
7	Affinity ▶ Importance of thoughtful use	If a customer has developed an affinity for electricity and the electric grid, then there is a high likelihood they will feel it is important to use electricity thoughtfully. If customers have no affinity, then there is a lesser chance they will understand the importance of thoughtful use of electricity (though importance of thoughtful use could have been developed through other mechanisms).	Moderate
8	SW Recall ▶ When & How Much matters	If a customer recalls the SW campaign message, there is a likelihood that the message led them to develop an understanding of the importance of thoughtful use of electricity. If a customer can't recall the campaign message, then they are less likely to understand the importance of peak load management (when and how much).	Moderate



# Path Model Connections (Cont'd)

Construct		Hypothesis	Presumed connection strength
9	Trust in messenger ▶ IOU Recall	If a customer has trust in the messenger, then they will be more likely to recall the IOU add campaign. If a customer has no trust in the messenger/IOU, then they will be less likely to be aware of advertisement/outreach regarding TOU, and thus be less likely to recall the campaign.	Moderate
10	IOU Recall ▶ When and How Much matters	If a customer recalls the IOU campaign messaging, they are more likely to understand that when and how much electricity they use has an impact. If a customer can't recall the campaign message, then they are less likely to understand the importance of peak load management (when and how much).	Moderate
11	Affinity ▶ When and How Much matters	If affinity for the electric grid and electricity is built, customers will be primed to receive messages and believe that peak load management matters. If affinity is not built, when and how much electricity may be less likely to matter.	Moderate
12	Personal Connection ▶ When and How Much matters	If customers believe it is important to use electricity thoughtfully, they are more likely to understand that when and how much electricity they use matters. If they do not believe it is important to use electricity thoughtfully, they are less likely to believe that when and how much electricity they use has an impact.	Moderate
13	Importance of thoughtful use ▶ When and How Much matters	If a customer is committed to thoughtful energy use, then they are more likely to be familiar with the concepts of timely energy use and general conservation (when and how much matter). If a customer is not committed to thoughtful energy use, then they are less likely to understand the importance of timely use (though importance of energy conservation or "how much matters" could have been instilled elsewhere.)	Moderate



# Path Model Connections (Cont'd)

Construct		Hypothesis	Presumed connection strength
14	IOU Recall ▶ Awareness of TOU	If a customer recalls the IOU campaign message, then they will be more apt to be familiar with TOU rates. If they don't recall the campaign, it is less likely that they will be aware of TOU rates.	<b>Strong</b>
15	IOU Recall ▶ Awareness of how to act	If a customer recalls IOU campaign messaging, they are likely to have a greater awareness of how to manage their peak load. If they do not recall messaging, they may be less aware of how to act.	Moderate
16	Awareness of TOU ▶ Awareness of how to act	If a customer is aware of TOU rates in general, then there is a likelihood that they will have sought out or been made aware of peak load reducing actions. If the customer is not aware of TOU, then they will be less likely to be aware of how to reduce peak load behaviors.	Moderate
17	When & How Much matters ▶ Motivation to act	If a customer understands that when and how they use electricity matters, then they will be more motivated to act in accordance with their understanding of these concepts. If they are not familiar with the concepts, then there is a low likelihood of them possessing any motivation to act in response to TOU rates, or to either opt-in or continue on the default rate.	Moderate
18	Affinity ▶ Belief in personal benefits	If a customer has developed an affinity for the electric grid, then there is a high likelihood that they have also developed a belief that there is a personal benefit to them to care for the electricity/the electric grid. If a customer has no affinity for the grid, they may still believe there are personal benefits to be had (from TOU), however they are less likely.	Moderate

# Path Model Connections (Cont'd)

Construct		Hypothesis	Presumed connection strength
19	Personal Connection → Belief in personal benefits	If a customer feels a personal connection to their electricity use, then there is a high likelihood that they have also developed a belief that there is a personal benefit to being more thoughtful about their electricity use. If a customer has no affinity for the grid, they may still believe there are personal benefits to be had (from TOU), however they are less likely.	Strong
20	Belief in personal benefits → Motivation to act	If a customer believes that their individual behavior changes will benefit them in some way, then they are likely to be highly motivated to act. If a customer sees no potential personal benefits as a result of behavior changes, they will likely be less motivated to act, though they may act for potential bigger picture benefits (environmental, affinity, etc.)	Strong
21	Self efficacy → Motivation to act	If a customer feels that they can successfully reduce their peak load, or they at least feel they know how to learn to reduce their peak load, then they will be more motivated to take action. If a customer feels no sense of self efficacy regarding peak load reduction, then they are likely to become disenfranchised and will have no motivation to act, regardless of price signals or other potential benefits.	Moderate
22	Self efficacy → Intent to act	If a customer feels that they can successfully reduce their peak load, or they at least feel they know how to learn to reduce their peak load, then they will be more likely to intend to take action. If a customer feels no sense of self efficacy regarding peak load reduction, then they are likely to become disenfranchised and will have no intent to act, regardless of price signals or other potential benefits.	Strong



# Path Model Connections (Cont'd)

Construct		Hypothesis	Presumed connection strength
23	Awareness of how to act ▶ Ability to act	If a customer is aware of potential peak reducing actions, then they are more likely to have prepared themselves for the rate change through removal of barriers to action, resulting in them being less likely to need assistance to alleviate costs. If a customer is not aware of potential peak reducing actions, then there is a greater likelihood of them identifying a high number of barriers preventing them from taking action or not feeling "able" to act.	<b>Strong</b>
24	Belief in personal benefits ▶ Self efficacy	If a customer believes that there are personal benefits to be attained through behavior changes and peak load reduction, then they will be more likely to develop a sense of self efficacy. If a customer does see the potential for personal benefits, they will be less likely to seek out potential actions that could reduce peak load.	Moderate
25	Motivation to act ▶ Intent to act	If a customer has developed a motivation to act in response to TOU rates, then they will likely intend to take action. If a customer has not developed any motivation to act, they are unlikely to develop any intent to act.	<b>Strong</b>
26	Ability to act ▶ Intent to act	If a customer feels they have the ability to act, they are more likely to intend to take action. If a customer feels they have too many barriers to successfully undertake peak reducing actions, then they will not intend to take action.	<b>Strong</b>
27	Ability to act ▶ Action	If a customer feels they have the ability to act, they are more likely to take action. If a customer feels they have too many barriers to successfully undertake peak reducing actions, then they will take no action.	<b>Strong</b>



# Path Model Connections (Cont'd)

Construct		Hypothesis	Presumed connection strength
28	Intent to act  Action	Customers who have a high intention to act will be more likely to act. Those that do not intend to act will be less likely to act.	<b>Strong</b>
29	Affinity  Motivation to act	If a customer has developed an affinity for the electric grid, then there is a high likelihood that they have concurrently developed a motivation to act on this attitude. If a customer has no affinity for the grid, then there is a low likelihood that they will act in response to messaging and the TOU rate.	Moderate

# Establishing Goal Constructs

While all constructs can be measured to assess MEO influence, we recommend a select few to serve as campaign goals. Goal constructs should remain the primary focus of the campaigns. Other constructs help us understand why goals are or are not being achieved.

## Goal Constructs

- Personal connection to electricity
- Importance of thoughtful electricity use
- Awareness of TOU
- WHEN matters
- Awareness of How to Act
- Action

ASPIRE TO THESE

## Other Constructs that Influence Goals

- Message recall
- Affinity for electricity and the electric grid
- Trust in messengers, belief in benefits
- Awareness of TOU, self-efficacy, belief in benefits, trust in messengers
- Trust in messengers
- Self-efficacy, belief in benefits, trust in messengers
- Motivation to act, ability to act

MONITOR THESE



# Metrics Measure. They Don't Ask Questions.

Once the constructs were established, we articulated metrics as items for measurement rather than as questions posed to customers.

- We hypothesized when we expect to see performance on these metrics based on the timing of messaging in field.
- We identified three timeframes in which we expect to see performance on these metrics related to the default:
  - **Short-term:** within the first year of the campaign
  - **Mid-term:** within two years of the campaign launch (around the moment of default)
  - **Long-term:** after default occurs
  - **Building:** expected to accumulate over time, unbound by campaign timing.



**Note:** All metrics on the following pages should go through additional refinement in 2016 and 2017. This includes: [1] Revisions based on the final IOU campaign designs, [2] Cognitive testing to make sure the metrics capture the campaign sentiment, [3] Pre-testing to make sure the metrics effectively measure the construct and [4] Baseline testing to determine how much the market needs to move.



# Awareness, Attitudes, and Knowledge Metrics

Type of Construct	Construct	Draft Metrics	Anticipated Effect Over Time	Effect Timing
<b>Awareness of Campaigns</b>	Recall of SW Messaging	% of customers who recall SW messaging campaigns (aided and unaided)	Increase in the % who recall campaigns	Short-term
	Recall of IOU Messaging	% of customers who recall IOU messaging campaigns (aided and unaided)	Increase in the % who recall campaigns	Short-term
<b>Attitudes</b>	Affinity for electricity/electric grid	% of customers who feel favorably about electricity	Increase in the % who feel favorably	Building
		% of customers who feel positively about the electric grid	Increase in the % who feel positively	Building
	Importance of thoughtful use	% of customers who strongly agree that it is important to thoughtfully manage their electricity use	Increase in the % who strongly agree	Building
		% of customers who are very committed to be thoughtful about their electricity use	Increase in the % who are very committed	Building
	Personal Connection to Electricity	% of customers who feel personally responsible to carefully manage their electricity use	Increase in the % who feel personally responsible	Building
		% of customers who strongly agree that they have a personal connection to their electricity use	Increase in the % who strongly agree	Building



# Awareness, Attitudes, and Knowledge Metrics (Cont'd)

Type of Construct	Construct	Draft Metrics	Anticipated Effect Over Time	Effect Timing
Knowledge	What time and how much matters	% of customers who cite that what time they use electricity matters (open end)	Increase in the % who cite what time matters, unaided	Short-term
		% of customers who strongly agree that what time they use electricity matters	Increase in the % who strongly agree	Short-term
		% of customers who cite that how much electricity they use electricity matters (open end)	Increase in the % who cite how much matters, unaided	Short-term
		% of customers who strongly agree that how much electricity they use matters	Increase in the % who strongly agree	Short-term
		% of customers who strongly agree that how much electricity they use at certain times of day matters	Increase in the % who strongly agree	Short-term
	Awareness of TOU	% of customers who are aware of Time of Use (aided and unaided open end)	Increase in the % who are aware	Mid-term
		% of customers who can define Time of Use rates (generally)	Increase in the % who can define	Mid-term
		% of customers who can recall peak windows (generally correct, e.g. evenings vs. weekends)	Increase in the % who can recall peak windows	Mid-term
		% of customers who recall receiving rate-specific communications on how TOU will impact them (and recall alternatives)	Increase in the % who recall receiving communication	Mid-term
	Awareness of how to act	% of customers who can recall at least one peak load reducing action that has a significant impact	Increase in the % who can recall at least one action	Mid-term
		% of customers who can recall more than one peak load reducing action that has a significant impact	Increase in the % who can recall more than one action	Mid-term
		% of customers who can identify resources for where to find more information on how to act (general, such as IOUs, website, network, etc.)	Increase in the % who can correctly identify the resources	Mid-term



# Behavioral Metrics

Type of Construct	Construct	Draft Metrics	Anticipated Effect Over Time	Effect Timing	
<b>Behavioral Motivation, Intention, and Change</b>	Motivation to Act	% of customers who are very motivated to reduce peak load	Increase in the % who are very motivated	Mid-term	
	Intent to act	% of customers who indicate they will take peak load reducing actions in the future	Increase in the % who indicate they will take action	Long-term	
	Action		% of non-exempt customers who remain on TOU 15 months after being defaulted on to the rate (3 months after bill protection ends)	Change in % of non-exempt customers on default rate	Long-term
			% of targeted customers who opt-in to TOU	Increase in the % of targeted customers who opt in	Long-term
			% of customers who are satisfied on their rate	Increase in % of customers who feel they're on the right rate for them	Long-term
			% of customers who report sustaining significant peak load reduction behavior 24 months after the default	Increase in the % who report sustaining significant peak load reduction behaviors 24 months after the default	Long-term



# Potential Drivers and Barriers to Campaign Success

Any one driver can act as a barrier in the market, and vice versa.

Type of Construct	Construct	Draft Metrics	Anticipated Effect Over Time	Effect Timing
<b>Drivers and Barriers</b>	Self-efficacy	% of customers who strongly agree that they are able to reduce their peak load	Increase in the % who strongly agree	NA
		% of customers who strongly agree that they find the resources they need to help reduce their peak load	Increase in the % who strongly agree	NA
	Belief in benefits	% of customers who strongly agree that peak load reduction positively benefits them by reducing strain	Increase in the % who strongly agree	NA
		% of customers who strongly agree that peak load reduction positively benefits them by reducing the magnitude of negative bill impacts	Increase in the % who strongly agree	NA
	Trust in messengers	% of customers who cite IOUs as a trusted source for rate information	Increase in the % who trust IOUs	NA
		% of customers who feel favorably toward IOUs	Increase in the % who feel favorably	NA
		% of customers who trust network messengers	Increase in the % who trust network messengers	NA
	Ability to act	Average number of barriers customers cite that prevent them from taking action	Decrease in the average number of barriers	NA
		% of customers who are aware they have rate choices	Increase in the % of customers who are aware they have rate choices	NA
		# of customers who need assistance to alleviate costs/impacts	Decrease in the number of customers who need assistance	NA



Note: Barriers and drivers do not have performance timelines because these mediate outcomes and are not time dependent compared to metrics that measure the core strategy.



## Section 4.2.3 | Detailed Metrics

A behavior change framework should be used to articulate and measure how the MEO efforts move the market toward behavior change.

- We recommend hypothesizing the constructs and metrics needed to measure MEO “movement” over time.
- Path modeling and analysis is recommended to articulate and test the the constructs responsible for moving (or not moving) the market.
- In doing so, researchers should first hypothesize constructs and then articulate the relationship between them as a way of playing out the theory of change implicit in the MEO strategy.
- The framework here articulates the vision for how such analysis might be conducted under the assumed strategy.
- As the campaigns are finalized, the work here should adjust to the intent and spirit of the campaigns.



# Research Inputs

## Section 4.2.4

Conclusions from Secondary Research on  
Approaches to Measurement and Benchmarks



# Objectives | Secondary Research

The goal here is to gain insight from past TOU rate reform efforts and MEO research to determine ideal measurement approaches and assess potential benchmarks.

## Ground the Team

Review all relevant materials to support the teams' strategic approaches and ensure we are learning from others' lessons.

## Identify Other Metrics

Assess whether or not there are other valuable and previously tested metrics for core measurement concepts.

## Benchmark

Assess the general rate of performance for metrics akin to those proposed by our team to sense a general approach.



# Secondary Data | Benchmark Learnings

To measure the efficacy of the MEO campaign supporting TOU implementation, we detailed metrics which capture key behavioral and attitudinal changes that will most influence Californians.

Ultimately, our goal is to influence Californians to adopt the desired behavior: TOU retention and peak load reduction. Secondary research provided clues to benchmark possible metrics for mapping these changes.

The Greenberg team identified analogous TOU pilot programs, each of which conducted independent customer surveys seeking to identify metrics similar to ours.

Using these past surveys, wherever possible, we developed a range of comparison values to ground the research activities of the WG.

It should be carefully noted that, save for the California pilots (SCE, PG&E, SG&E), all studies referenced were conducted independent of one another, which resulted in a need to evaluate questions together. This does not always neatly align to provide

perfect comparisons. As a result, we made slight generalizations when comparing questions of similar intent, but varied phrasing or delivery. Furthermore, for certain metrics we find no comparable research in the literature, and have thus developed benchmark estimates we feel to be appropriate based on similar research.



# Secondary Data | TOU Awareness and Knowledge and Benefits

**No baseline data exists for either the percentage of customers who can define TOU rates**, or the percentage of customers who can recall peak windows, however these are expected to be somewhat lower than the percentage of customers who are aware of TOU in general.

The percentage of customers who recall receiving rate-specific communications on how IOU will impact them falls between 23-27%, and again comes from the baseline studies conducted by the three California IOUs.

This construct will be one of the key drivers of this program's success, and the survey instrument designed to capture it will need to be designed to be actionable by the MEO team.<sup>8,9,10</sup>

The percentage of customers who can

recall at least one peak load reducing action that has significant impact, as well as the percentage of customers who can identify more than one, has not been directly tested. However, a number of studies provided baseline numbers related to what percentage of people took specific peak reducing actions, though nothing was found that quantified the total number of actions an individual took.<sup>11,12,13,14,15,16</sup>

The percentage of customers able to identify and locate resources for 'how to act' information is between 58-64%, and again was taken from the three main IOU baseline studies.<sup>17,18,19</sup>

**Like many metrics, no baseline data exists regarding the percentage of customers who strongly agree that peak load reduction positively benefits them** by reducing strain. This metric will be

directly impacted by the MEO campaign's ability to develop customer affinity for electricity and the grid.

**Regarding the percentage of customers who strongly agree that peak load reduction positively benefits them by reducing the magnitude of negative bill impacts**, we find that a benchmark of 50% is a good starting point for Californians. The specific question this metric baseline relates to is from the SCE baseline study, and is phrased as "Rate plans are available that could help save you money". This message again stresses the importance of conveying the positive personal impacts available through TOU, rather than simply attempting to mitigate the negative ones.



# Secondary Data | Default, Opt-in, and Behavior Change Insights

## **Default and opt-in have different retention rates.**

For opt-in programs, the expected percentage of non-exempt Californians who stay on TOU in the first 12 months of the program ranges from 63-96%; for default programs the range is 69-92%.

Surprisingly, we see a higher lower-bound for default programs than we do for opt-in: as customers who opt-in are assumed to be most familiar with the expected outcomes of the program, and most prepared to deal with potential negative bill impacts.

However, those who are entered into the program by default are simply “rate-takers”, and may not be aware that they have the ability to choose their rate structure. As expected, we see a higher upper-bound for opt-in programs.<sup>20, 21, 22, 23</sup>

## **Background Studies Referenced:**

The expected percentage of Californians who will report taking action after rate adoption is 78-87.8% for opt-in programs; for default programs the range is 68-72.6%. This aligns with expectations that those who opt-into the program are more aware of the rates and rate impacts than are customers who are defaulted in, and are also more aware of the types of behaviors needed to mitigate negative impacts and realize benefits.<sup>24, 25, 26, 27, 28</sup>



# Secondary Data | Affinity and Attitudes

**TOU awareness is limited, and it's unclear if customers truly understand what TOU is.** The IOUs report baseline percentage of customers who are aware of TOU (aided or unaided open ended) falls between 41–52%. These numbers were taken from the California TOU baseline, and should provide direct points of comparison for the upcoming MEO surveys.

Furthermore, though no connection has been documented, these percentages are expected to be higher for opt-in customers than for those who defaulted.<sup>29, 30, 31</sup>

**There is no substantive data to gauge how customers will respond to affinity, attitudes, and knowledge metrics for these campaigns.** To date, affinity

benchmarks for the percentage of customers who feel favorably about their electric resources and also the percentage of customers who feel positively about the electric grid are unavailable.

The goal of establishing within a customer an affinity for the utility and the grid is somewhat unique to this program, and as such there is no comparable research.

**Further, thoughtfulness of peak load electricity use (and electricity use specifically) has not been measured in the past.**

- % of customers who strongly agree that it is important to thoughtfully manage use
- % of customers who are personally committed to be thoughtful about their energy use

- % of customers who cite that what time they use electricity matters (open end)
- % of customers who strongly agree that what time they use electricity matters
- % of customers who strongly agree that how much electricity they use at certain times matters

These metrics are so carefully nuanced that no previous research has attempted to answer questions regarding attitudes and knowledge with such specificity. Carefully worded questions in the studies designed around this MEO campaign will provide better insight into what the differences are in these metrics, and potentially what's causing them.<sup>32, 33, 34, 35</sup>



# Secondary Data | Barriers to Action

## **The remaining metrics categorized as “barriers” also have no reliable background data on which to establish a benchmark for rate activities specifically.**

They relate to a customer’s trust in the messengers, as well as the barriers that hinder their ability to act. The metrics related to trust are:

- % of customers who cite IOU’s as a trusted source for rate information
- % of customers who feel favorably toward IOUs
- % of customers who trust network messengers

These metrics stress the importance of establishing a relationship between the customer and the utility, in which the customer understands and truly believes that TOU rates were designed with the customer’s best interest in mind, rather than

the IOUs imposing them as a means to increase revenue.

If initial research implies low trust in the IOUs, then we should expect low retention in the initial roll out. The metrics related to a customer’s ability to act are:

- Average number of barriers customers cite that prevent them from taking action
- # of customers who need assistance to alleviate costs/impacts.

**It’s important to note that the average number of barriers a customer cites that prevents them from taking action are solely based on the customer’s perception, and may not reflect the true scenario. The TOU Pilots should provide an accurate picture of the expected barriers to action and better define hardship.**

For example, a customer may cite that they have exhausted all their options related to peak load reduction, when in reality they’ve never been properly educated as to the number and variety of actions they have available to them.

The number of customers who need assistance to alleviate costs/impacts may be based on customer education and demonstration of benefits, however there are situations where customers deal with extenuating circumstances that are unanticipated or impossible to assist.



# Secondary Data | Behavior Change

**Motivation is another metric for which no identifiable studies have sought to identify or evaluate.** This metric relates directly to the MEO campaign, in that if benefits have been successfully demonstrated along with proper education regarding potential behavioral changes a customer can make, the percentage of customers who are very motivated to reduce peak load should be sufficiently high.

The percentage of customers who indicate they will take peak load reducing actions in the future is fundamentally different than the metric related to motivation, and we identify a benchmark range of 56-60%. It is important to differentiate between the two because motivation does not always lead to intent, especially when customers are not aware of the tools available they would require to reduce peak load.<sup>36</sup>

Regarding retention, and the percentage of non-exempt customers who remain on TOU 15 months after being defaulted on to the rate (3 months after bill protection ends), we have a wealth of data on retention rates at one and two year intervals following program implementation, but nothing directly equivalent to the 15-month time frame we have established.

**We found TOU retention rates of 60.42-78.20% for Default TOU programs retention two full years after program implementation.** We feel this is a close portrayal of the 15-month time frame, as some customers may wait until they've observed an entire year of TOU bills to decide if it is a rate they want to continue with, and that attrition rates would be higher in the period between one year and 15 months than they would be in the period between 15 months and two years.

It is important to add in the caveat regarding bill protection, because many customers may choose to remain on TOU through the first year even if it isn't right for them, simply because they will be afforded the benefit of protection.

It may not be until the one year to 15-month window that customers choose to opt-out,

**We have a similar wealth of data regarding the percentage of targeted customers who opt-in to TOU,** and set the baseline range at 4.55-17.5%. Again, the fundamental difference between opt-in and default is that customers who opt-in are perceived to possess a greater understanding of TOU rates, benefits, and necessary behavioral changes to succeed prior to joining the program. They will in effect be the early success stories of the MEO program.<sup>37, 38, 39, 40, 41</sup>



# Secondary Data | Behavior Change (Cont'd)

**When attempting to identify the percentage of customers who move to the “right rate” for them, we find no supporting research which attempted to answer a question of this motivation.**

The “right rate” is in fact highly subjective, and may not reflect whether or not a customer would be better off on TOU or traditional tiered rates. However, this metric is a reflection of the success of the MEO program, in that the more customers who believe TOU is the “right rate” for them, the more successful the program will be as a whole.

**Finally, the percentage of customers who report sustaining significant peak load reduction behavior 24 months after the default will need to be tested in the field.**

If the campaign successfully motivates people to change their behavior and reduce peak load for a few months or a year, but then fall back into old habits, we will have accomplished little. The campaign must result in customers developing behaviors that persist over time, and eventually become their new norm.



## Section 4.2.4 | Research Inputs

Baseline studies and the TOU Pilot should serve as the primary inputs for campaign performance.

- The team conducted a detailed review of studies from other jurisdictions as well as the IOUs own SMB TOU default.
- Our key learning from this research is that all metrics will need their own baseline research and testing due to the unique nature of the messaging intent and its approach
- Further, the policy environment and implementation strategies surrounding the CA default make it difficult to estimate how the default process should play out over the next three years.
- For these reasons, we recommend a conservative approach to establishing benchmarks by conducting baseline research and gathering insight from the pilot.
- That said, the MEO WG has access to our detailed metrics inventory to leverage for their own learnings.



# Metric Ownership

## Section 4.3

# All Metrics Have Owners...

...however, not all owners have the same metrics. Each actor is responsible for a set of metrics aligned with their goals and the campaign timing. Additionally, owner-specific metrics may change during different phases of MEO activities

Based on the messaging strategy, each strategic actor is given one or two goal metrics for each phase of the campaign to remain focused and driven to perform on a strategic objective (as articulated in a goal metric)

# Additional Constructs

Indicators to be tracked that mediate goals

## Goal Constructs

- Personal connection to electricity
- Importance of thoughtful electricity use
- Awareness of TOU
- WHEN matters
- Awareness of How to Act
- Action

ASPIRE TO THESE

## Other Constructs That Can Influence Goals

- Awareness of campaign messaging
- Affinity for electricity and the electric grid
- Trust in messengers, belief in benefits
- Awareness of TOU, self-efficacy, belief in benefits, trust in messengers
- Trust in messengers
- Self-efficacy, belief in benefits, trust in messengers
- Motivation to act, ability to act

MONITOR THESE



# Goal Constructs by Actor by Phase – M1

## Inspire and Context

SW

Electricity is your lifeline that keeps you connected to the people and things that you care about most.  
The electric grid that brings it to you is strained at certain times of day. Be thoughtful about when and how much demand you put on it.

### SW Constructs:

1. Personal connection to electricity
2. Importance of thoughtful use of energy

IOUs

Electricity is your lifeline that keeps you connected the people and things that you care about most. Be thoughtful about when and how much demand you put on it. Enables us in CA to better use more clean electricity.

**Opt-in:** To Winners – Take advantage ahead of default save sooner. General – State is going to Default TOU in 2019, but you can go now if its best for you. Ask us.

### IOU Constructs: OPT-IN ONLY:

1. Belief in the benefits of TOU
2. Action (enrollment and retention rates)

Network

Electricity is your lifeline that keeps you connected the people and things that you care about most. Be thoughtful about when and how much demand you put on it. Enables us in CA to better use more clean electricity.

**Opt-in:** The state will go to TOU in 2019; some of you may want to take advantage of TOU now – ask your IOU.

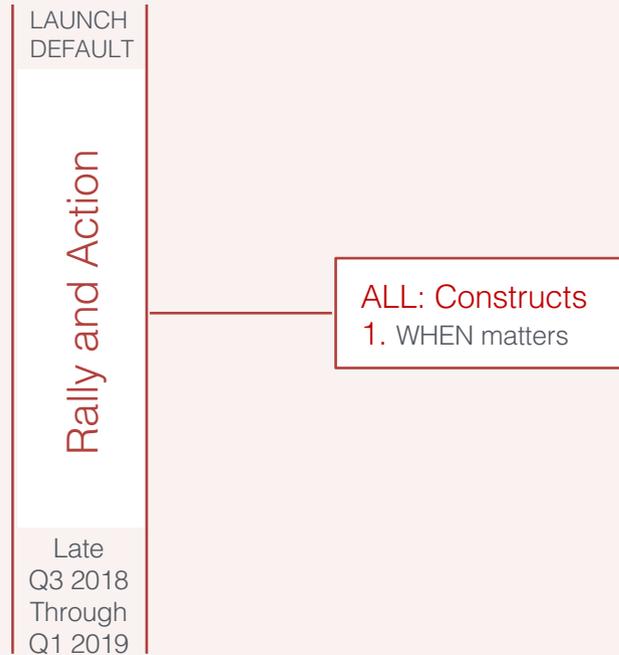
### NETWORK Constructs:

1. Personal connection to electricity
2. Importance of thoughtful use of energy

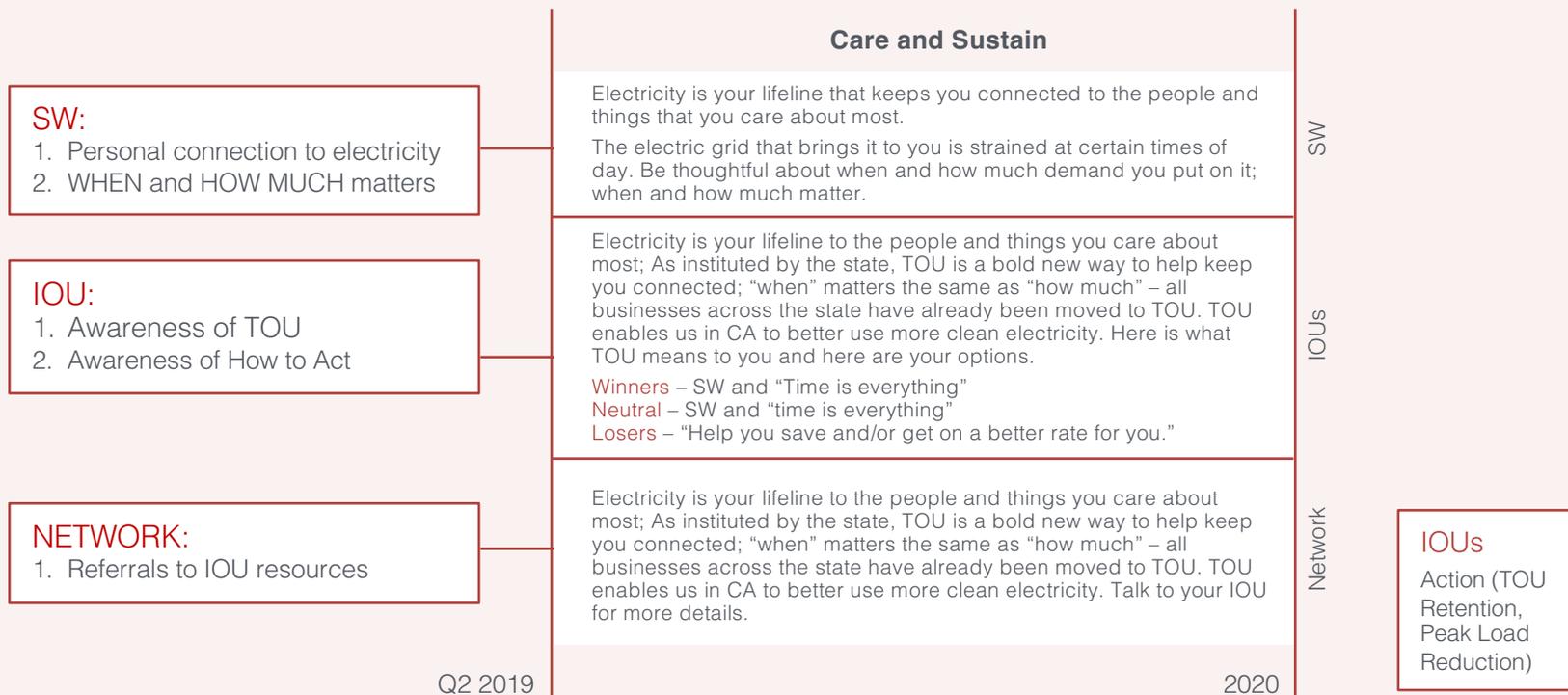
2017



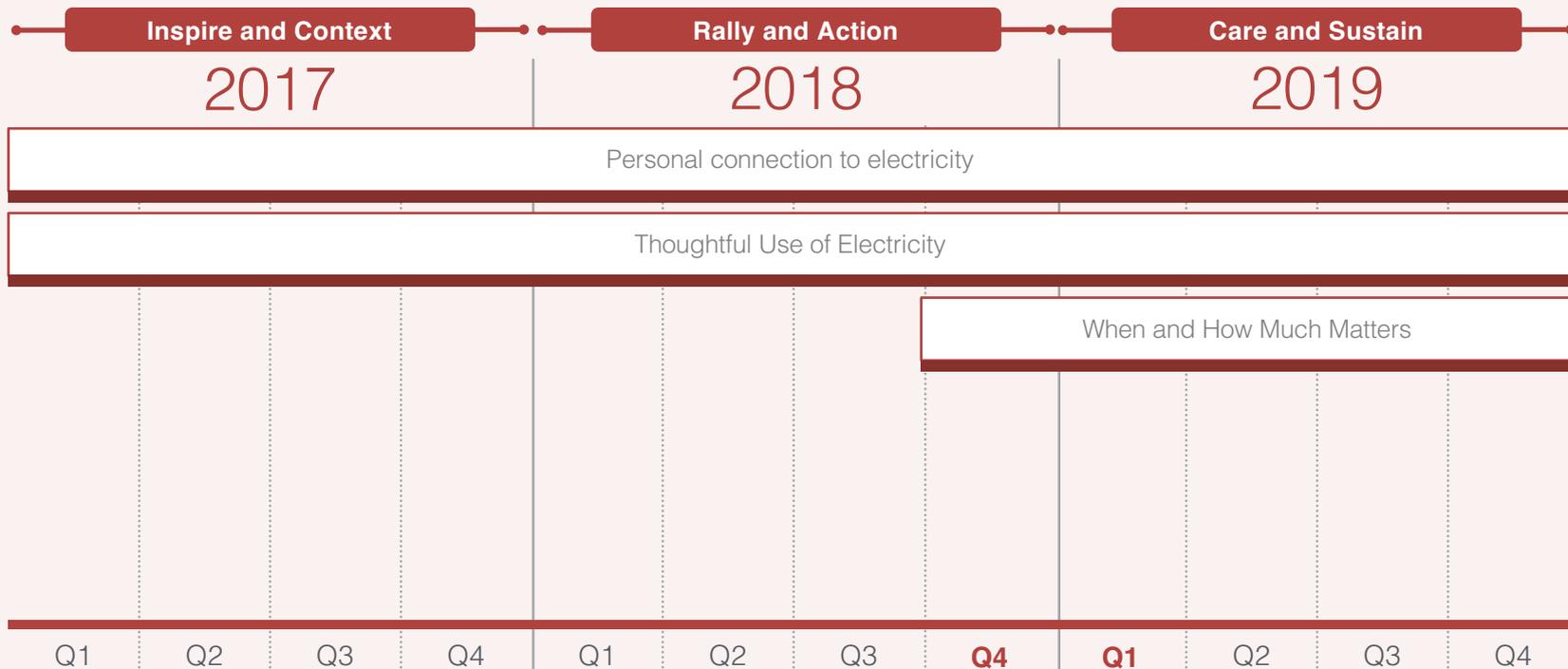
# Goal Constructs by Actor by Phase – M1– Launch Default



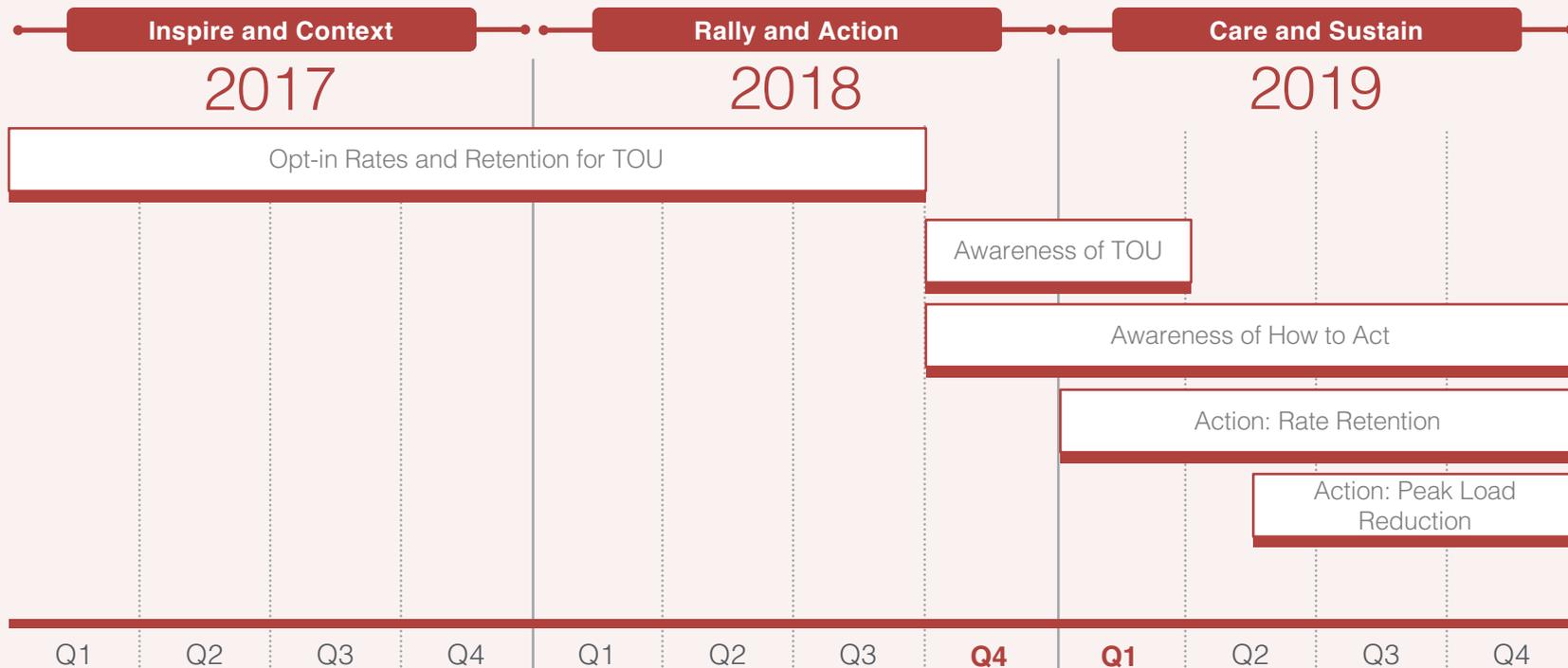
# Goal Constructs by Actor by Phase – M1A



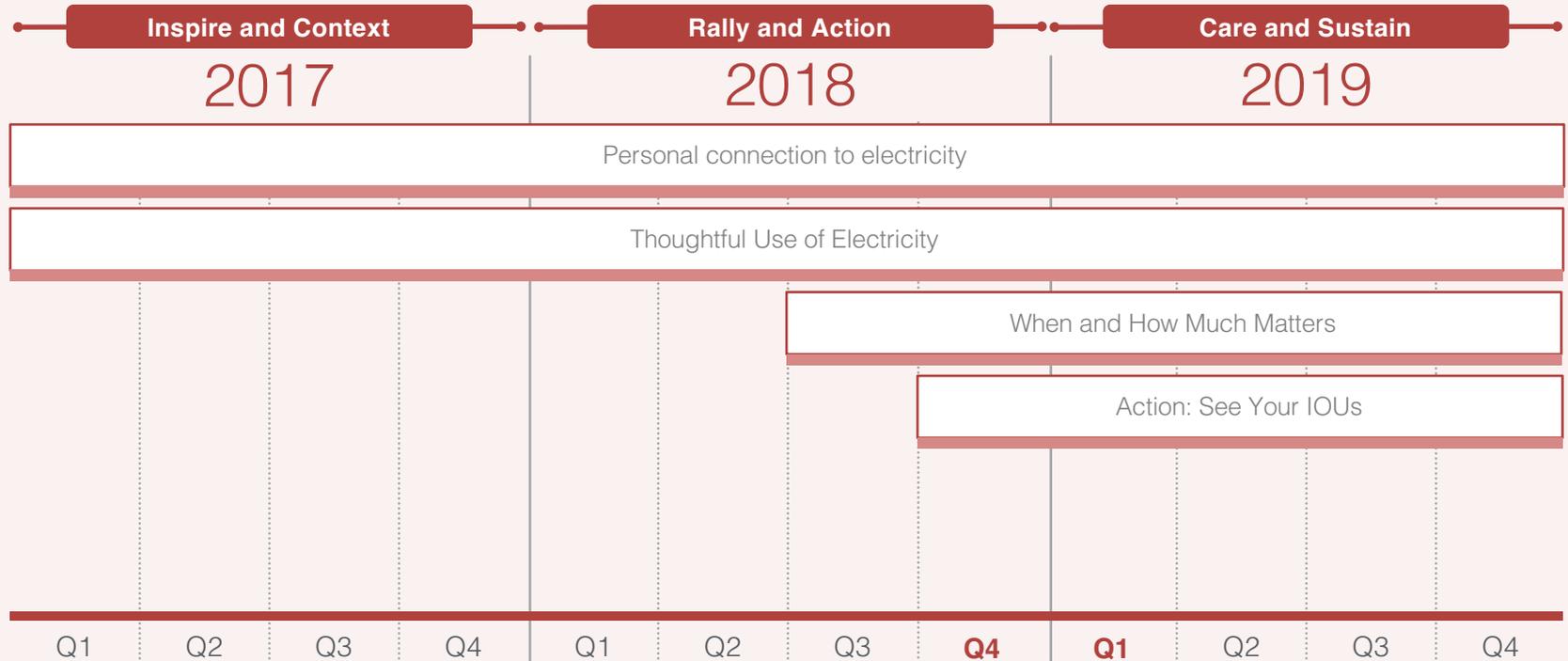
# A View Over Time – Statewide Goals



# A View Over Time – IOU Goals



# A View Over Time – Network Goals



# Use Specific Metrics for Opt-in Monitoring

Type of Construct	Construct	Draft Metrics	Anticipated Effect Over Time	Effect Timing
<b>Attitudes</b>	Importance of thoughtful use	% of customers who strongly agree that it is important to thoughtfully manage their electricity use	Increase in the % who strongly agree	Building
		% of customers who are very committed to be thoughtful about their electricity use	Increase in the % who are very committed	Building
	Personal Connection to Electricity	% of customers who feel personally responsible to carefully manage their electricity use	Increase in the % who feel personally responsible	Building
		% of customers who strongly agree that they have a personal connection their electricity use	Increase in the % who strongly agree	Building
<b>Behavioral Motivation, Intention, and Change</b>	Motivation to Act	% of customers who are very motivated to reduce peak load	Increase in the % who are very motivated	Mid-term
	Intent to act	% of customers who indicate they will take peak load reducing actions in the future	Increase in the % who indicate they will take action	Long-term
		% of targeted customers who opt-in to TOU.	Increase in the % of targeted customers who opt in	Long-term
		% of customers who are satisfied on their rate	Increase in % of customers who feel they're on the right rate for them	Long-term
		% of customers who report sustaining significant peak load reduction behavior (modified for opt-in)	Increase in the % who report sustaining significant peak load reduction behaviors 24 months after the default	Long-term

# Use Specific Metrics for Opt-in Monitoring (Cont'd)

Type of Construct	Construct	Draft Metrics	Anticipated Effect Over Time	Effect Timing
Knowledge	What time and how much matters	% of customers who cite that what time they use electricity matters (open end)	Increase in the % who cite what time matters, unaided	Short-term
		% of customers who strongly agree that what time they use electricity matters	Increase in the % who strongly agree	Short-term
		% of customers who cite that how much electricity they use electricity matters (open end)	Increase in the % who cite how much matters, unaided	Short-term
		% of customers who strongly agree that how much electricity they use matters	Increase in the % who strongly agree	Short-term
		% of customers who strongly agree that how much electricity they use at certain times of day matters	Increase in the % who strongly agree	Short-term
	Awareness of TOU	% of customers who are aware of Time of Use (aided and unaided open end)	Increase in the % who are aware	Mid-term
		% of customers who can define Time of Use rates (generally)	Increase in the % who can define	Mid-term
		% of customers who can recall peak windows (generally correct, e.g. evenings vs. weekends)	Increase in the % who can recall peak windows	Mid-term
		% of customers who recall receiving rate-specific communications on how TOU will impact them (and recall alternatives)	Increase in the % who recall receiving communication	Mid-term
	Awareness of how to act	% of customers who can recall at least one peak load reducing action that has a significant impact	Increase in the % who can recall at least one action	Mid-term
		% of customers who can recall more than one peak load reducing action that has a significant impact	Increase in the % who can recall more than one action	Mid-term
		% of customers who can identify resources for where to find more information on how to act (general, such as IOUs, website, network, etc.)	Increase in the % who can correctly identify the resources	Mid-term



## Section 4.3 | Metrics Ownership

Each actor should be responsible for a set of metrics aligned with their goals and the campaign timing.

All sub-metrics will be assigned to different actors and will be staged to align with their unique campaign activities through 2020.

Metric assignments are as follows:

- **Prepare and Context:**

- SW: personal relationship to electricity, importance of thoughtful use of electricity
- IOU: No unique goals in this phase as they focus on opt-in
- Network: personal relationship to electricity, importance of thoughtful use of electricity

- **Default to TOU:**

- All: When and How Much Matters
- IOUs only: Awareness of TOU

- **Care and Sustain:**

- SW: personal relationship to electricity, importance of thoughtful use of electricity
- IOU: Awareness of How to Act, Rate Retention, Behavior Change
- Network: See your IOU



# Measurement Plan

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## Section 4.4

# Measurement Plan

A measurement plan is a document that details how research should be conducted to arrive at and monitor the specific metrics over time.

## Sections

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<b>4.4.2 Reporting Expectations and Learning Processes:</b> Quarterly and Bi-annual Meetings .....	378

# Proposed Studies for MEO Measurement

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## Section 4.4.1



# Data Collection Approach | A Learning Focus

The data collection and analysis approaches outlined here are designed to measure the effectiveness of MEO overtime by using advanced and simple modeling approaches.

The goals of our proposed studies are to both gain frequent feedback in the marketplace through local IOU tracking studies and pulse surveys, and to dive deep into the success of the MEO efforts in moving Californians toward greater affinity for electricity as a resource and toward a more thoughtful engagement with it.

**These studies are described in greater detail in the appended research plan.**

Here, we focus on providing an overview of the studies and our proposed approach.

Here, we provide enough detail for the reader to understand the over-arching approach and the mechanisms that will need to be put in place to learn from these studies throughout the course of the campaign.

**A final, formal research plan will need to be developed once campaigns have been designed.**

With concrete knowledge of the campaign details, spends, and approaches, the Metrics sub-working group should work to refine the metrics and finalize the cadence of the data collection and reporting.



# Three Core Studies to Monitor MEO Performance

## SW “Market Movement” Study

### Goal

Measure the influence of various constructs and changes in attitudes and beliefs on load shifting behaviors

### Analysis Method

Latent growth curve analysis (LGCA) or Structural Equation Modeling

## IOU Tracking

### Goal

Measure and monitor customer responses to rate-specific communications and customer awareness of resources that will facilitate behavior change

### Analysis Method

Lift in target metrics above baseline over time

## Default “Pulse” Surveys

### Goal

Gain real-time feedback during the default period to monitor awareness and responses to TOU

### Analysis Method

Monitoring frequency of awareness real-time



# SW “Market Movement” Study Using LGCA

The SW Market Movement Study will examine the relationship between MEO efforts and our proposed constructs on a target behavioral outcome – in this case we propose peak load reduction behaviors.

The LGCA model can be used in an environment where no control groups are in place and thus is ideal for mass media analyses and attribution.

As a quasi-experiment, the models do aim to confirm relationships between constructs and measure the degrees of influence these constructs have on peak load reduction.

Finally, this approach will allow the working group to measure macro changes across the state biannually while IOU efforts will focus on tracking discrete metric performance over time.



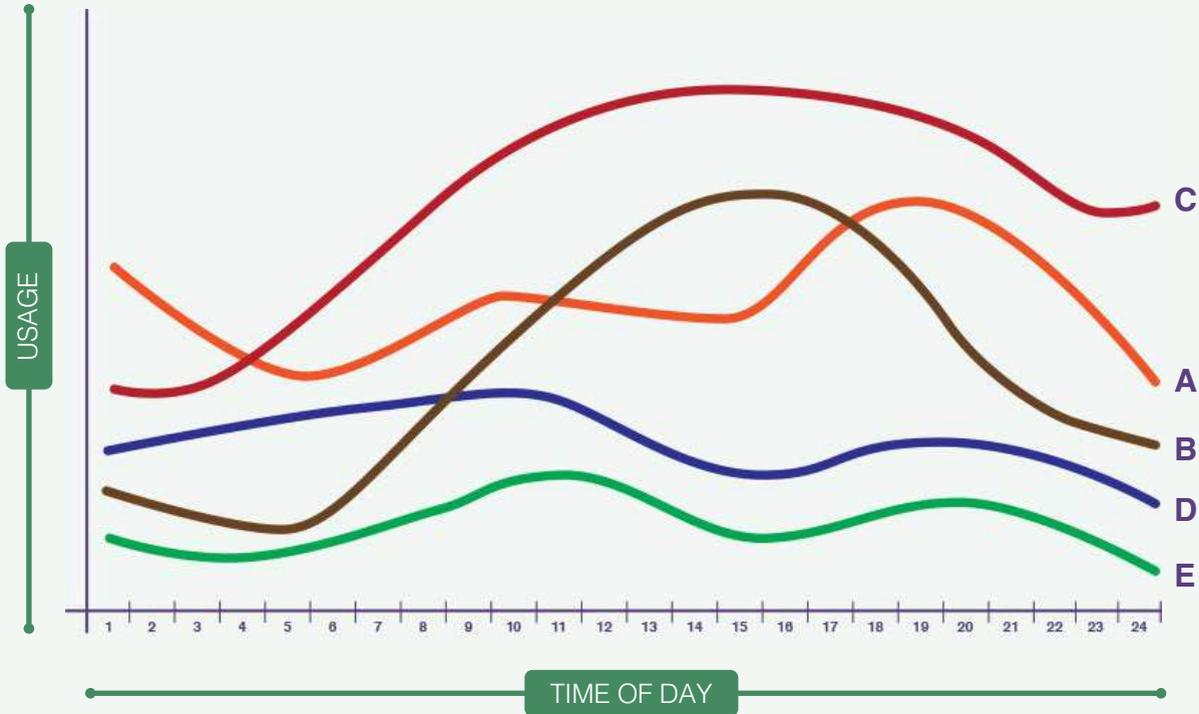
# Measure Statewide “Market Movement” Using LGCA

Latent growth curve analysis is a statistical method that can measure changes in behavior (growth or decay) over time and is widely used in human development and the social sciences. It is an expansion of path modeling techniques for repeated sampling, longitudinal analyses. This method can also classify respondents into groups based on how they respond differently over time to form segments.

- LGCA uses cross-sectional, time-series analysis
- Identifies consumption curves and how they differ
- Predicts and describes the shape of consumption curves using a number of constructs or variables
- Identifies which factors mediate consumption patterns
- Provides “classes” of customers or segments based on behavior change and mediating variables



# Illustrative Example of LGCA Analysis for Usage



# Monitor Local efforts Using IOU Tracking Studies

Tracking studies aim to measure market changes over time from a baseline measurement.

**The goal of the tracking study is to:**

- Track key metrics for IOUs over time related to RRR
- Monitor IOU-specific needs as appropriate (such as value in marketing materials, etc.)
- Monitor progress in rate-specific issues over time
- Identify areas where additional outreach and messaging may be required in a more real-time capacity



# Real-Time Feedback During Default With "Pulse" Surveying

Real-time surveys pushed through mobile devices monitor key awareness metrics surrounding the default.

The goal is to identify a few select metrics to understand market awareness of TOU.

"Pulse" feedback can determine if messaging is reaching customers and directing them to the right resources.

If well synchronized, pulse surveying can be distributed to customers in waves after communication is expected to "hit" at the SW and IOU level.



# Study Details

Study Name	Objective	Mode	Total Sample Size	Data Collection Frequency
<b>SW “Market Movement” Study with Spanish, Chinese, and Vietnamese subgroups</b>	To conduct a longitudinal assessment in Californian’s awareness, attitudes, and behaviors in response to TOU messaging	Mixed mode panel recruitment using phone, email, and mail.  Telephone or email follow-up surveyed based on respondents’ preferences.	1000 total completes per IOU by the end of the study, with 500 CARE-eligible and 500 non-CARE customers by the end of the study.  Sub-samples in Spanish, Chinese, Vietnamese, and Korean will be collected across the state.	Every 6 months beginning in Q1 2017
<b>Local IOU Tracking Studies</b>	To measure local movement on key TOU messaging metrics.	Phone and email from IOU customer lists	1000 total completes per IOU, representing 500 CARE-eligible and 500 non-CARE	Starts Q1 2017 and fields twice before Q3 2018. In Q3 2018, increases to a quarterly cadence
<b>Default “Pulse” Survey</b>	To gain real-time feedback on Californian’s TOU default perceptions and experiences	Cell phone text messaging	140 surveys per month per IOU with 70 CARE-eligible and 70 non-CARE customers.	Monthly sampling frequency for the four months surrounding the defaults.
<b>Optional Opt-in TOU among “TOU accepters” and those who were “TOU rejecters”</b>	To capture barriers and drivers to early opt-in acceptance and to gain preliminary acceptance on rates.	Phone and email from IOU Opt-in TOU Targets	TBD based on CELT and WG recommendations.	





# Uniform Metrics

All metrics should be uniform across data collection efforts to maximize learnings.

- All metrics should be identical across data collection efforts (where used) to allow for cross comparison, triangulation, and greater learning.
- However, not all data collection efforts will have attempted to collect data on the same metrics.
- In the following slides, we outline which metrics we expect to be gathered by which data collection efforts to help illustrate how the efforts may be divided.
- This is a preliminary assignment; the metrics sub working group should be empowered to refine these designations.



# Metrics Collection by Data Collection Activity

Type of Construct	Construct	Draft Metrics	SW Marketing Movement	IOU Tracking	Pulse Survey
<b>Awareness of Campaigns</b>	Recall of SW Messaging	% of customers who recall SW messaging campaigns (aided and unaided)	x	x	
	Recall of IOU Messaging	% of customers who recall IOU messaging campaigns (aided and unaided)	x	x	
<b>Attitudes</b>	Affinity for electricity/electric grid	% of customers who feel favorably about electricity	x		
		% of customers who feel positively about the electric grid	x		
	Importance of thoughtful use	% of customers who strongly agree that it is important to thoughtfully manage their electricity use	x		
		% of customers who are very committed to be thoughtful about their electricity use	x		
	Personal Connection to Electricity	% of customers who feel personally responsible to carefully manage their electricity use	x	x	
% of customers who strongly agree that they have a personal connection to their electricity use	x				
<b>Knowledge</b>	What time and how much matters	% of customers who cite that what time they use electricity matters (open end)	x		
		% of customers who strongly agree that what time they use electricity matters	x	x	
		% of customers who cite that how much electricity they use electricity matters (open end)	x		
		% of customers who strongly agree that how much electricity they use matters.	x		
	Awareness of TOU	% of customers who strongly agree that how much electricity they use at certain times of day matters	x	x	
		% of customers who are aware of Time of Use (aided and unaided open end).		x	x
		% of customers who can define Time of Use rates (generally)	x	x	
		% of customers who can recall peak windows (generally correct, e.g. evenings vs. weekends)	x	x	
	Awareness of how to act	% of customers who recall receiving rate-specific communications on how TOU will impact them (and recall alternatives)		x	
		% of customers who can recall at least one peak load reducing action that has a significant impact	x		
% of customers who can recall more than one peak load reducing action that has a significant impact		x			
% of customers who can identify resources for where to find more information on how to act (general, such as IOUs, website, network, etc.)		x	x	x	



# Metrics Collection by Data Collection Activity (Cont'd)

Type of Construct	Construct	Draft Metrics	SW Marketing Movement	IOU Tracking	Pulse Survey
<b>Barriers</b>	Self-efficacy	% of customers who strongly agree that they are able to reduce peak their peak load	x	x	
		% of customers who strongly agree that they find the resources they need to help reduce their peak load	x	x	x
	Belief in benefits	% of customers who strongly agree that peak load reduction positively benefits them by reducing strain	x		
		% of customers who strongly agree that peak load reduction positively benefits them by reducing the magnitude of negative bill impacts		x	
	Trust in messengers	% of customers who cite IOUs as a trusted source for rate information	x	x	x
		% of customers who feel favorably toward IOUs		x	
		% of customers who trust network messengers	x		
	Ability to act	Average number of barriers customers cite that prevent them from taking action	x		
		% of customers who are aware they have rate choices	x	x	x
		# of customers who need assistance to alleviate costs/impacts	x	x	x
<b>Behavioral Motivation, Intention, and Change</b>	Motivation to Act	% of customers who are very motivated to reduce peak load	x		
	Intent to act	% of customers who indicate they will take peak load reducing actions in the future		x	
	Action	% of non-exempt customers who remain on TOU 15 months after being defaulted on to the rate (3 months after bill protection ends)	IOU database tracking		
		% of targeted customers who opt-in to TOU			
		% of customers who are satisfied on their rate	x	x	
		% of customers who report sustaining significant peak load reduction behavior 24 months after the default	x	x	



# Some Metrics Should be Examined Through IOU Databases

- A few select metrics should use IOU databases to assess program impacts.
- These metrics include:
  - % of non-exempt customers who remain on TOU 15 months after being defaulted onto the rate (3 months after bill protection ends)
  - % of targeted customers who opt-in to TOU.
- We do not detail a task for "IOU Database Tracking" as we see this housed in the movement toward marketing automation, described in Section 5.4.
- In the absence of automation, we recommend that the IOUs report on these metrics in quarterly meetings along with the tracking study results.



# Reporting and Learning Expectations

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## Section 4.4.2



## Section 4.4.2 | Reporting and Learning Expectations

MEO measurement should focus on obtaining a representative sample of Californians (including HTR) and tracking locally and across the state.

- We recommend three distinct studies with an in-language supporting effort for the top four non-English languages in the state. Our studies are as follows:
  - A bi-annual SW market movement study to examine how attitudes, beliefs, and behaviors change in response to MEO efforts.
  - A quarterly local IOU study focused on tracking core metrics to ensure customer awareness of rate changes and to further track recommended baseline metrics.
  - An in-language study that mirrors the IOU tracking efforts with customers who do not speak English well or very well.
  - A four-month pulse study that measures response to the default real time to assess how the market is responding.
- Each study will have its own analytical approach to garner specific insights unique to its mission.



# Report Frequently, Share Learning

This effort is a first of its kind for MEO efforts related to rate reform. Reporting should happen frequently in the spirit of shared learnings. Thus, we recommend that the WG members gather in-person quarterly to report on findings and assess key learnings.

## Formal Reporting

We recommend formal reporting on key research findings on a quarterly basis to all WG members.

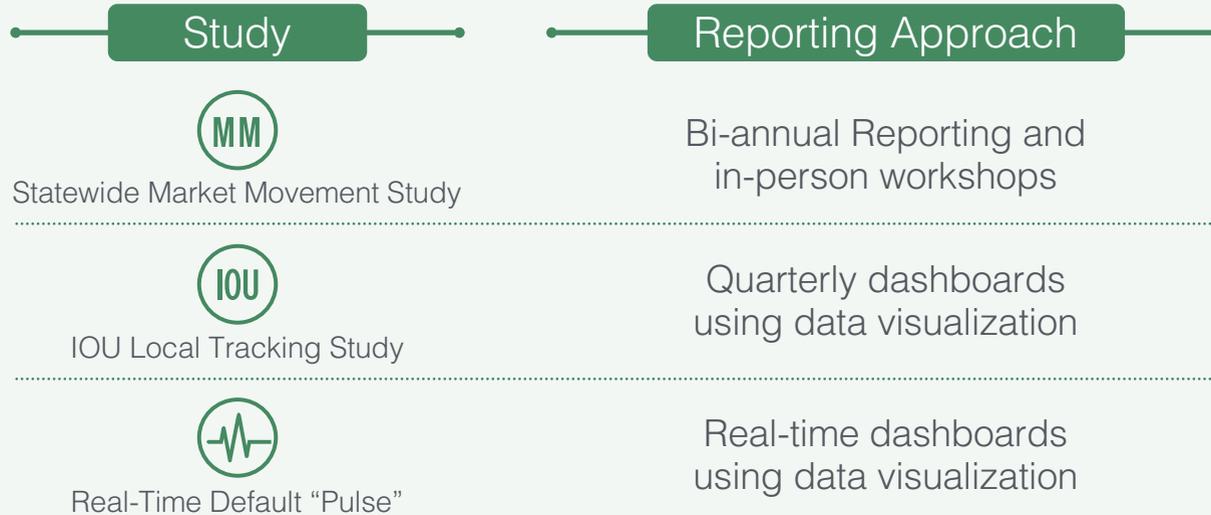
## Informal Knowledge Transfer

In addition, informal knowledge transfer is essential to on-going success and recommend the metrics sub-working group connect on an ad hoc basis as learnings emerge.



# Quarterly Reporting and Meeting

We recommend quarterly meetings and reporting, with intensified engagement surrounding default.



## Section 4.4.2 | Reporting and Learning

A metrics sub working group should be empowered to oversee the execution of the measurement plan and to provide the campaigns with actionable feedback.

- A metric sub-working group should be empowered to evaluate the effectiveness of MEO efforts against metrics and provide recommendations to the working group for course corrections as needed.
- After the IOU and SW GTM strategies are fully operationalized, the metrics sub-working group must be empowered to refine the metrics as needed to better align with the strategy.
- The Metrics Sub-Working Group should meet quarterly throughout the duration of the campaign to discuss and report on results; surrounding Default TOU these meetings should increase.
- The teams should utilize the methods for decision-making outlined in Section 5.2.3.



# Guidance for the Hard-To-Reach

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Section 4.5

# Guidance for the Hard-To-Reach

Hard-to-Reach groups can often be identified in geographic clusters throughout the state. Where there is a greater concentration of HTR or high-need groups, the Network of Networks can be deployed. For each map, we call out these areas.

Sections

- 4.5.1 Linguistically Isolated** ..... 387
- 4.5.2 Poverty and Cost of Housing in California** ..... 394
- 4.5.3 Poverty and Hot Climate Zones** ..... 407
- 4.5.4 Convergence of Needs in California** ..... 410
- 4.5.5 Persons Living with Disabilities in California** ..... 412

# Objectives | Hard-to Reach Customers

Our goal here is to identify customers who are the most hard-to-reach and provide specific guidance on targeting those customers

## Identify

Identify the traditionally under-served and hard-to-reach customers in California.

## Locate

Determine where hard-to-reach customers are geographically localized in the state.

## Dimensionalize

Explore the convergence of factors that may increase the need for targeted outreach efforts in the state of California.



# Geo-Targeting Can Augment Tradition DM

For many HTR customer classes, geographic targeting is an effective way to deliver additional resources through out of home and network-based targeting using community-based organizations.

- Certain population characteristics cluster geographically as individuals either self-segregate in space or are concentrated due to economic or geopolitical dynamics.
- We examined geographic trends for the following demographic characteristics:
  - Customers living at 200% of the poverty line
  - Customers who speak a language other than English and do not speak English well
- We then examined these characteristics against the cost of housing and hot climate zones to understand regions where customers may experience added hardship.
- Where we see a greater number of these characteristics converge geographically, we can identify areas for network outreach.



# Linguistically Isolated Californians

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Section 4.5.1



# GIS Analysis Approach – Linguistic Isolation

All linguistic data is from American Community Survey (ACS) 2014, five-year estimate summary tables and census tracts

## Common Second Languages

- Common Language data is derived from ACS question asking individuals “Language spoken at home, apart from English.”
- These color coded areas depict geographical areas where a language is the most common second language spoken, aside from English.

## Linguistically Isolated

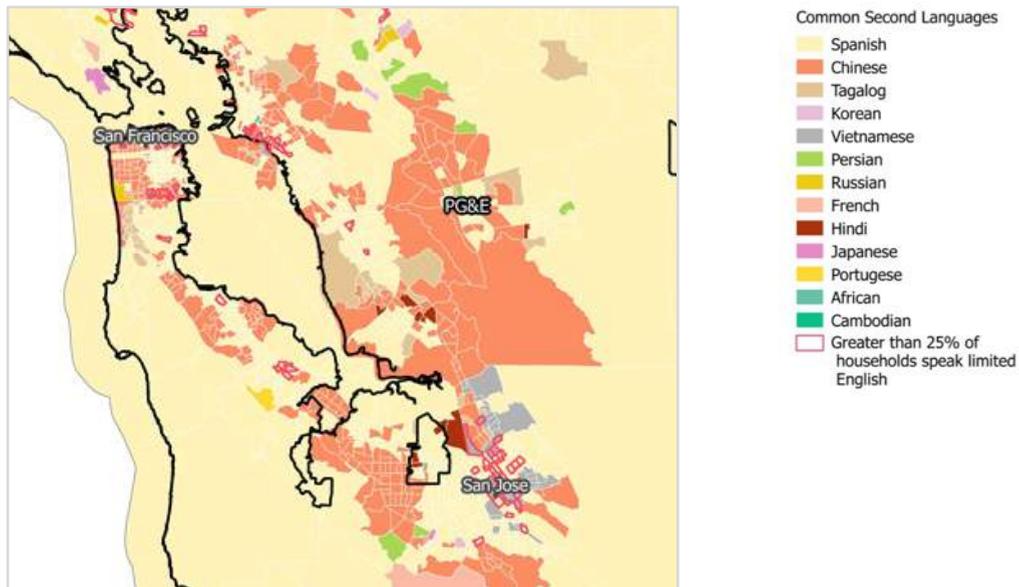
- Households that speak limited English (linguistically isolated) data is derived from ACS question tabulating households where “No one age 14 and over speaks English only nor speaks English ‘very well’”. These are households where English is not commonly spoken.
- Areas falling within these borders depict where greater than 25% of the local population speaks limited or no English.



# Multilingual Households – SF area

Common languages spoken at home apart from English and areas with isolated populations of limited English speakers

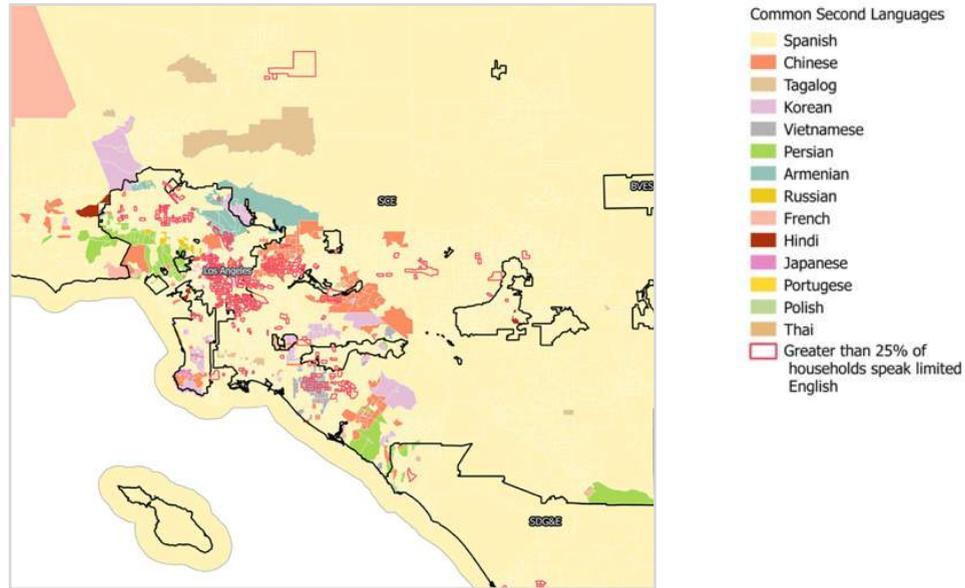
In the greater Bay Area, there are clear concentrations of linguistically isolated Chinese speakers in both the peninsula and East Bay. In San Jose, there are large concentrations of linguistically isolated Vietnamese populations.



# Multilingual Households – Los Angeles Area

Common languages spoken at home apart from English and areas with isolated populations of limited English speakers

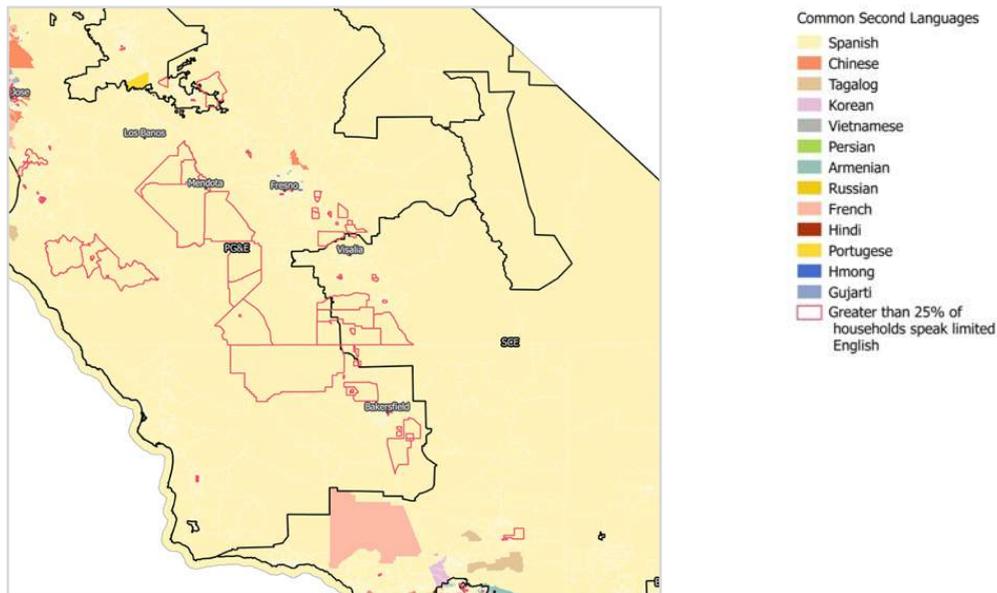
Great Los Angeles has concentrated pockets of isolated Spanish-speaking, Korean-Speaking, Chinese-Speaking, and Vietnamese-speaking populations.



# Multilingual Households – Central Valley

Common languages spoken at home apart from English and areas with isolated populations of limited English speakers

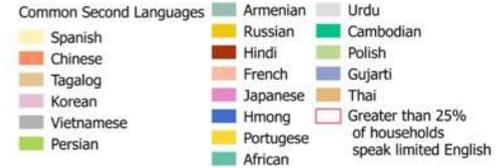
The Central Valley has a concentration of linguistically isolated Spanish-speakers, largely concentrated in PG&E's territory.



# Multilingual Households

Common languages spoken at home apart from English and areas with isolated populations of limited English speakers

Greater San Diego has large concentrations of linguistically isolated Spanish speakers.





# Poverty and Cost of Housing in California

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Section 4.5.2



# GIS Analysis Approach - Poverty

GIS analysis was utilized in order to identify populations who may be vulnerable to severe negative impacts as a result of the upcoming rate change. We identified these populations according to:

## Federal Poverty Levels

These color coded or boxed areas depict geographical areas where various percentages of the population live below 200% of the Federal Poverty level.

## High Cost of Living

These color coded areas depict geographical areas where homeowners/renters monthly housing expenses/rent, exceed 35% of their monthly income.

## Key Takeaways

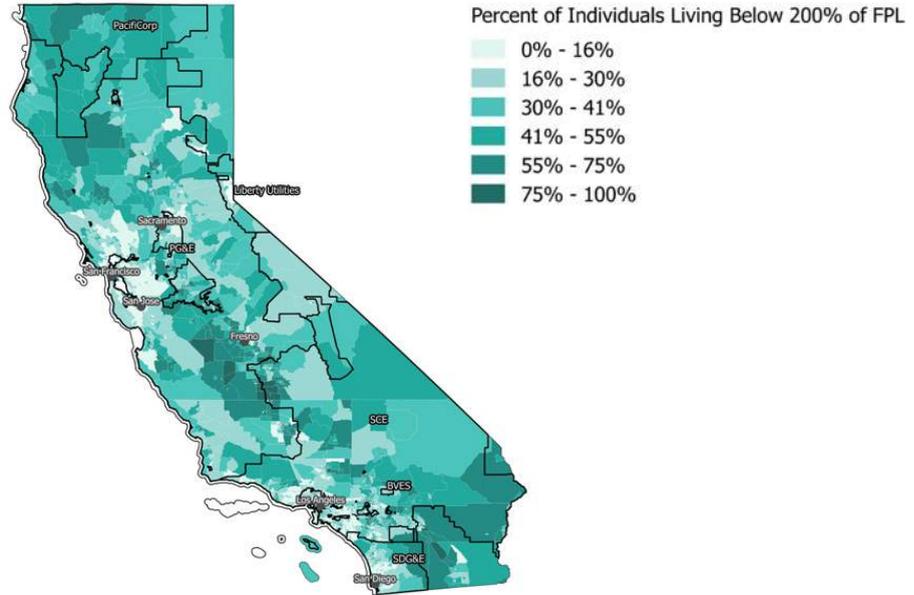
- **The highest concentrations of impoverished populations occur in the southeast portion of the state and the Central Valley**
- **Homeowners are disproportionately affected by high costs of living compared to renters**
- **Areas with high costs of living, overlaid with high poverty levels will require special outreach**



# Poverty

Population living below 200% of the federal poverty level (fpl), by census tract

Overall, we see the greatest concentration of poverty in the Central Valley, the urban core of California's major cities, and rural areas in PG&E's Northern territory.

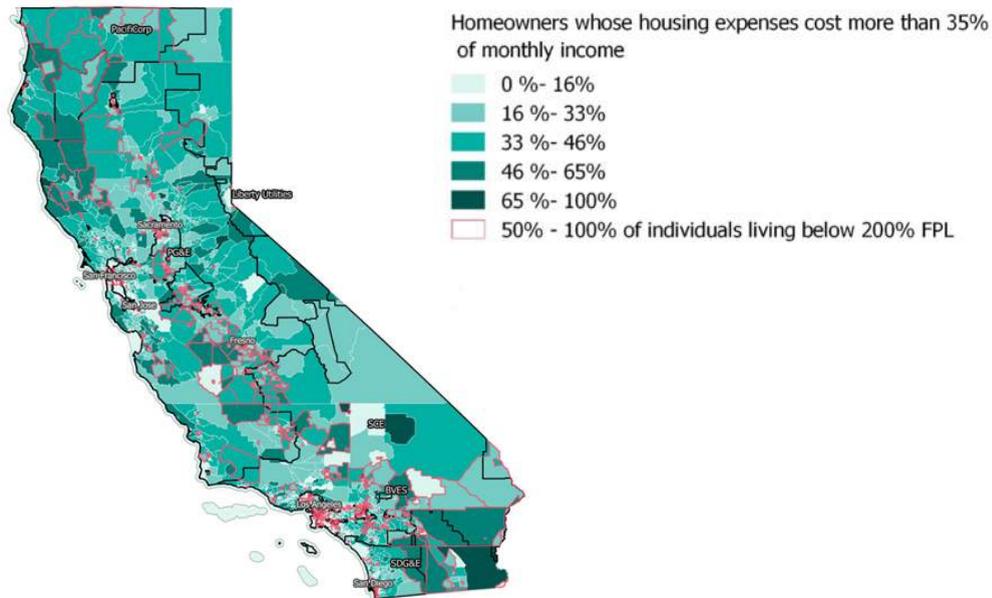


# Poverty Amongst Homeowners

## Cost of housing expenses and poverty

When examining cost of housing relative to income, we see a similar pattern to poverty densities across the state, however certain regions seem to have significantly higher costs of housing relative to their income.

Homeowners, on the whole, have significantly higher costs of housing relative to their income and should be targeted for additional outreach among low income customers due to limited discretionary income.

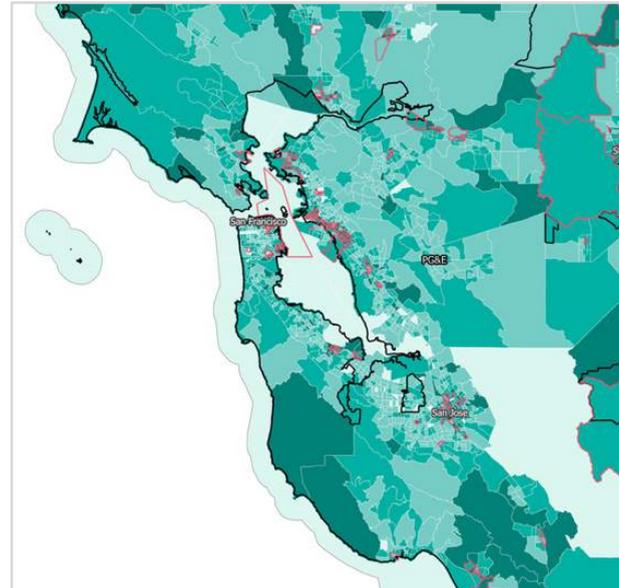




# Poverty Amongst Homeowners – Bay Area

Cost of housing expenses and poverty

Homeowners in urban areas in the Bay Area, Stockton, and San Jose have higher housing costs relative to their income.



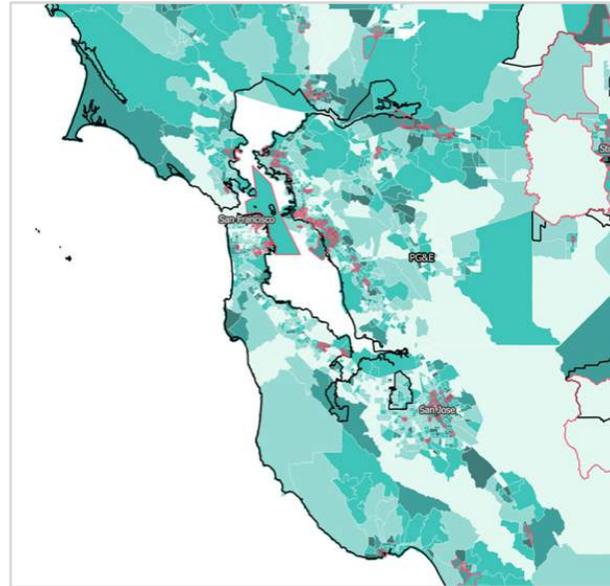
Homeowners whose housing costs more than 35% of monthly income

- 0 %- 16%
- 16 %- 33%
- 33 %- 46%
- 46 %- 65%
- 65 %- 100%
- 50% - 100% of individuals living below 200% of FPL

# Poverty Amongst Renters – Bay Area

## Cost of rent and poverty

Renters' housing costs and poverty follow similar patterns to homeowners in the Bay Area, indicating an opportunity for regional targeting in communities highlighted in pink.



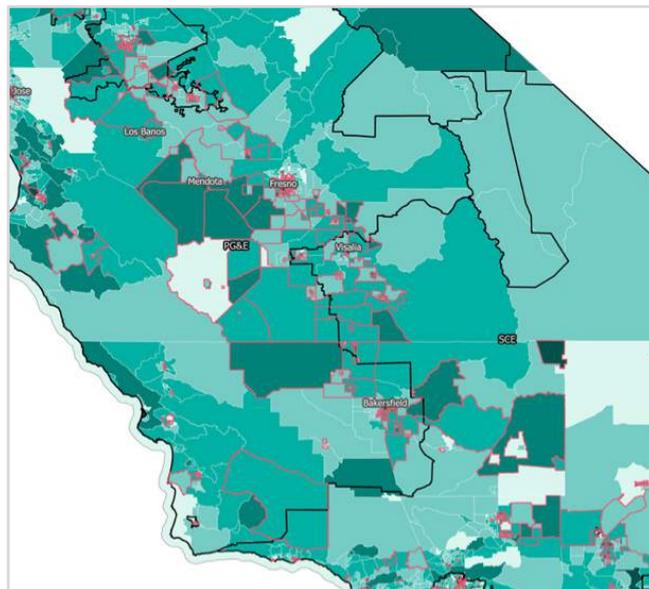
Households whose rent costs more than 35% of monthly income



# Poverty Amongst Homeowners – Central Valley

## Cost of housing expenses and poverty

High concentrations of cost-of-living in Fresno indicate a need for targeted outreach in this area as well as select rural communities in the Central Valley.



Homeowners whose housing costs more than 35% of monthly income

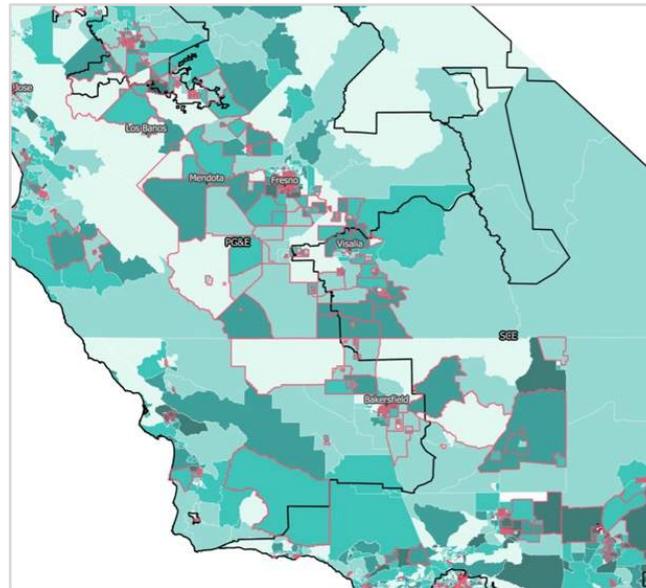
- 0 %- 16%
- 16 %- 33%
- 33 %- 46%
- 46 %- 65%
- 65 %- 100%
- 50% - 100% of individuals living below 200% of FPL



# Poverty Amongst Renters – Central Valley

## Cost of rent and poverty

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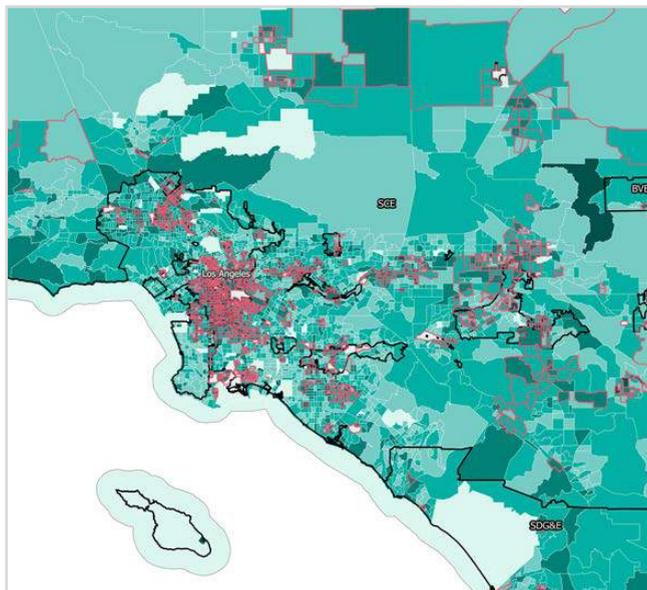
Households whose rent costs more than 35% of monthly income

- 0 %- 29%
- 29 %- 42%
- 42 %- 53%
- 53 %- 65%
- 65 %- 100%
- 50% - 100% of individuals living below 200% of FPL

# Poverty Amongst Homeowners – LA Area

## Cost of housing expenses and poverty

The greater Los Angeles area has the greatest density of poverty and high housing costs throughout the state. While much of this occurs in LADWP's territory, there is significant need in SCE's territory.



Homeowners whose housing costs more than 35% of monthly income

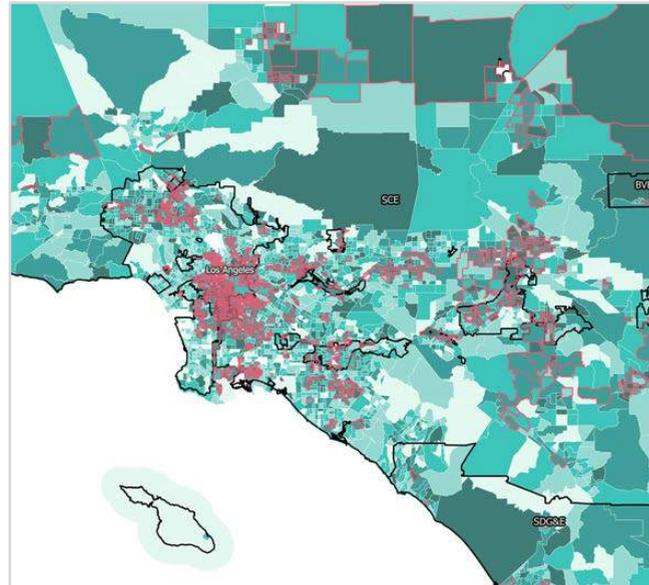
- 0 %- 16%
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# Poverty Amongst Renters – LA Area

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Households whose rent costs more than 35% of monthly income

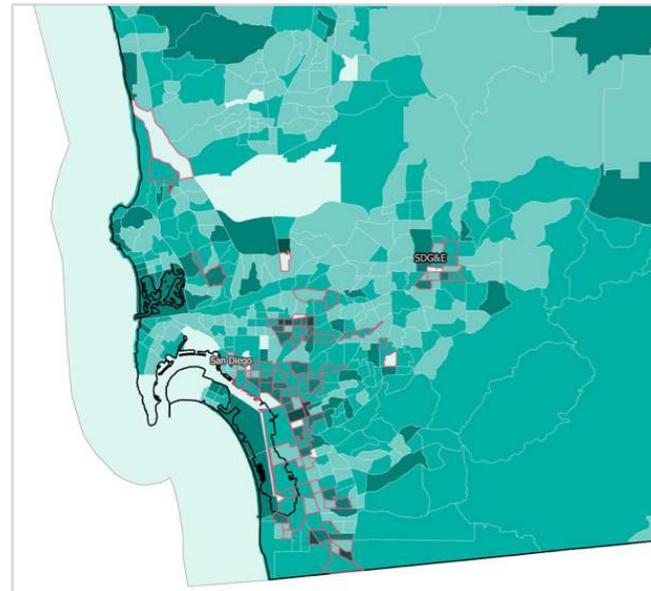
- 0 %- 29%
- 29 %- 42%
- 42 %- 53%
- 53 %- 65%
- 65 %- 100%
- 50% - 100% of individuals living below 200% of FPL



# Poverty Amongst Homeowners – San Diego

## Cost of housing expenses and poverty

San Diego has clear regions where cost of housing is significant relative to income. These select communities should be carefully targeted with outreach.



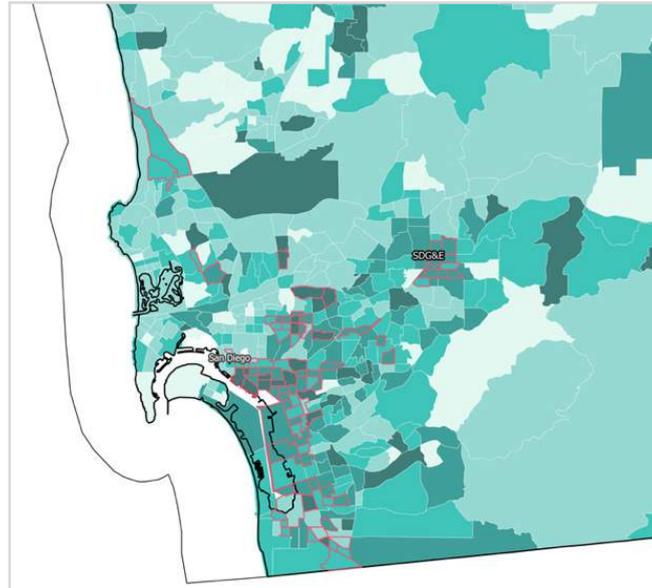
Homeowners whose housing costs more than 35% of monthly income

- 0 %- 16%
- 16 %- 33%
- 33 %- 46%
- 46 %- 65%
- 65 %- 100%
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# Poverty Amongst Renters – San Diego

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Households whose rent costs more than 35% of monthly income

- 0 %- 29%
- 29 %- 42%
- 42 %- 53%
- 53 %- 65%
- 65 %- 100%
- 50% - 100% of individuals living below 200% of FPL

# Poverty and Hot Climate Zones

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Section 4.5.3

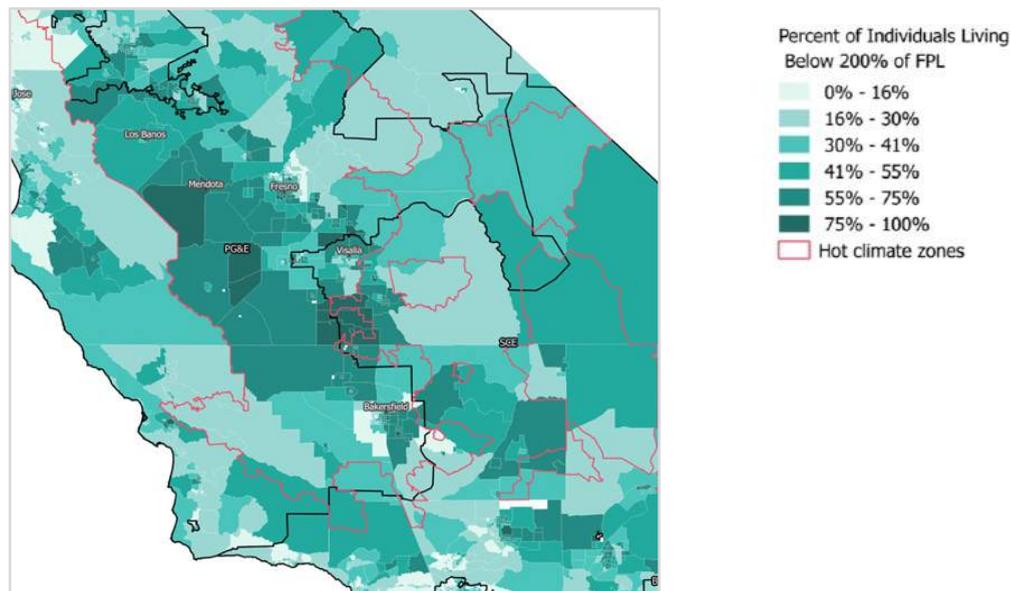




# Poverty and Hot Zones – Central Valley

Population living below 200% of the federal poverty level (fpl) and hot climate zones

Areas of Bakersfield and Fresno have high concentrations of poverty in hot climate zone regions. The rural areas between these two cities may also benefit from targeted outreach.



# Convergence of Needs in California

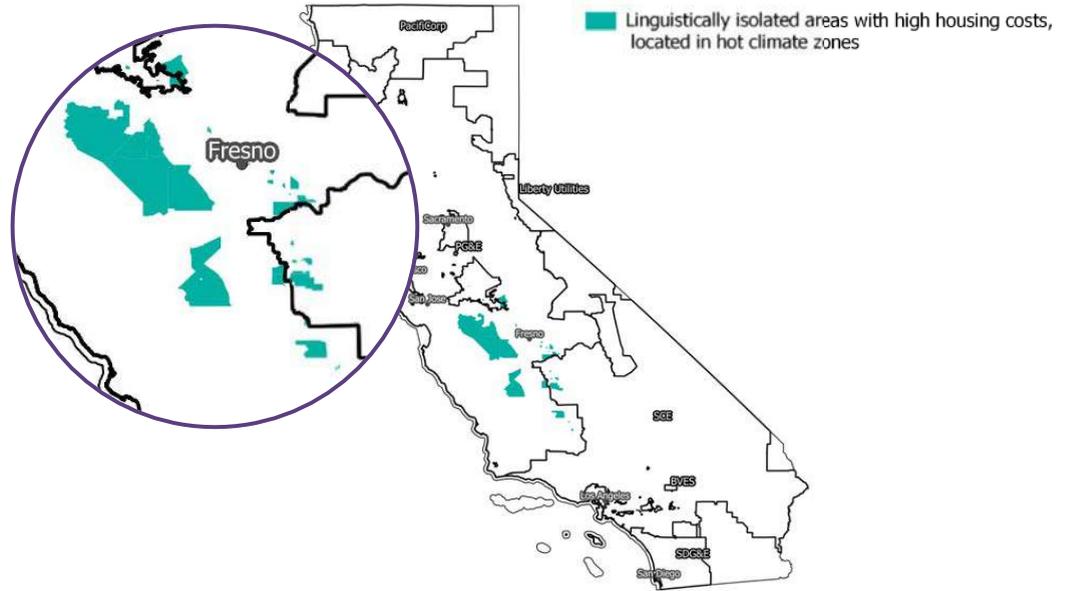
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Section 4.5.4



# Central Valley Represents Some of the Highest Need

A number of communities in the central valley have a convergence of high-need factors that may influence how they experience the rate change. The regions in green represent areas with linguistically isolated Spanish-speaking communities who have higher than average housing costs relative to income and live within hot climate zones.



# Persons Living with Disabilities in California

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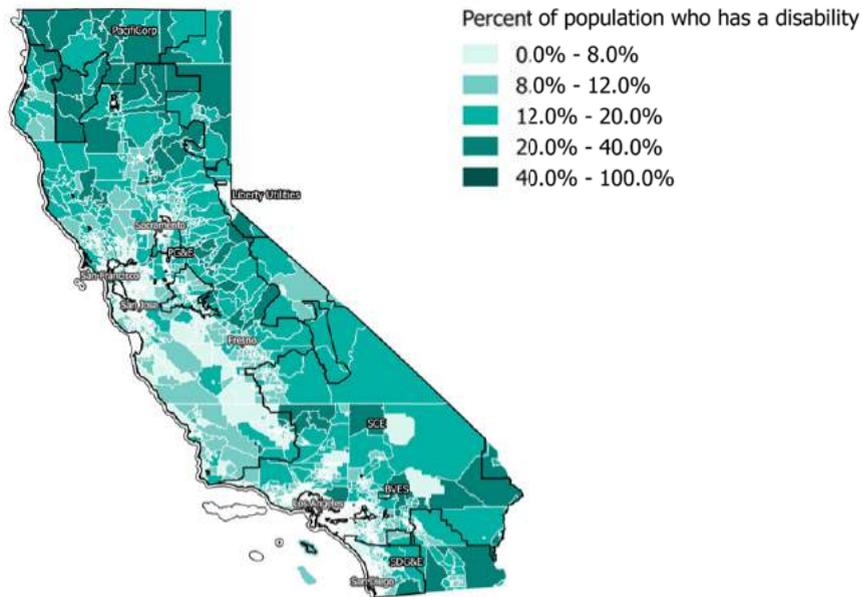
Section 4.5.5



# Disabled Populations – California

Population densities for those who identify with having a disability

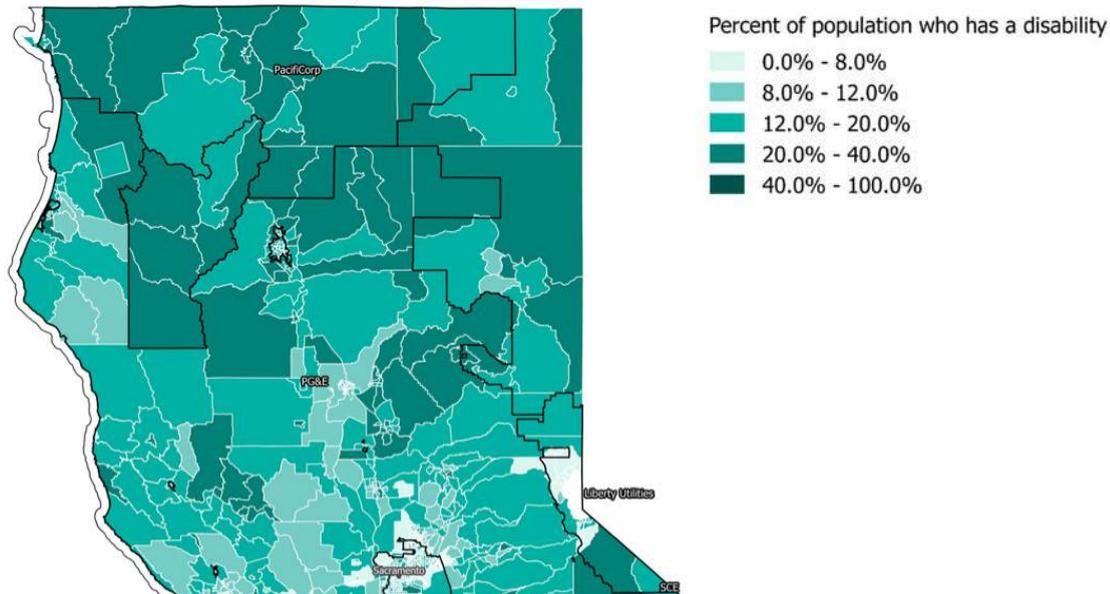
The map to the right represents the percent of customers in the census tract who report living with a disability.



# Disabled Populations – Northern CA

Population densities for those who identify with having a disability

The northern most region of PG&E's territory has a noticeably high concentration of reported persons living with disabilities. We recommend conducting additional research to determine if these regions can benefit from additional targeting or whether these findings are a result of regional sampling.



# Summary

The CPUC and IOUs should deploy their networks of community-based organizations to target customers with the greatest need.

- Network-of-Networks should be deployed to target customers who are geographically concentrated and require additional or unique outreach, namely:
  - Linguistically isolated communities
  - Communities with high concentrations of poverty and cost of housing
  - Communities with higher proportions of persons living with disabilities
- Regions of specific interest are:
  - Central Valley's rural areas
  - Urban cores of San Francisco, Oakland, Stockton, Fresno, Bakersfield, Greater Los Angeles, and San Diego.
- Additional research should be conducted to further understand energy burden among these customer classes. To the extent possible, GIS should be used to further refine this visualization with customer insights into estimated rate impacts (absolute and relative).

# Accountability and Enforcement

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Section 4.6

# From Accountability to Learning

MEO will succeed if accountability and enforcement yield to learning and embedded evaluation to foster a self-governing capacity.

## Create a Safe Space For Insight

All market feedback should be shared in the spirit of learning and adapting without fear of retribution for expected market failures or shortcomings

## Create and Guide Mechanisms For Self Governance

Regulators should resist interfering with self-governed decision making so the integrity of self-governance is maintained.



# From Enforcement to Empowerment

## WHY

**Goals should link to strategic objectives** – The strategic objectives of each actor should be clearly articulated and differentiated. If done well, goals should align with their specific strategic objective.

**Align goals with organizational goals** – Each organization is going to preserve its self-interests. If strategic goals and objectives leverage these interests, actors will be motivated to perform in their self interest and in support of the greater good.

**Focus goals based on what is achievable and when** – Metrics need to be aligned with the time periods in which we expect to see activity and performance. Coordination should align with those goals.

## WHAT TO DO

**Avoid metrics for the sake of metrics** – If metrics are linked to strategy, actors will be able to remain aligned with their strategic objectives. Additional metrics for the sake of measurement will distract and compromise performance.

**Empower actors to take actions that are mutually beneficial** – If metrics are aligned with the interests of each organization and the strategic goals, actors will perform in accordance with those goals.

**Align metrics with strategic timing** – Metrics should be designed to test and track progression toward strategic goals over time. Teams should use metric performance as guideposts to meeting goals. Metrics should provide feedback and insights.

Resist the urge to move toward using metrics as a punitive tactic. If performance is not achieved, strategy and execution of the strategy should be assessed. Penalties will not immediately improve performance.



## Section 4.6 | Accountability and Enforcement

**Section 5.2.3** for more detail on self-governance and accountability approaches. All measurement and decision-making activities should adhere to principles outlined there.

- Performance reports should be provided bi-annually to the larger working group, including the results of the bi-annual SW efforts and the quarterly IOU tracking efforts.
- Surrounding the default window, monthly metrics sub-working group meetings should be convened to share knowledge and report to the larger working group.
- All reports should be actionable; the metrics sub-working group will ensure that the findings delivered are interpreted for the marketing sub-working group into strategic directives or action items.
- If performance goals are not being met, working group members must first assess GTM alignment against the strategy, review market baselines, and determine how to adapt GTM to achieve market outcomes. A whole market perspective must be used to ensure that externalities are not responsible for low performance (such as additional or conflicting decisions, changes in the economy, competing market forces, etc.)



# Endnotes

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Section 4.7

# Section 4 | Measurement Strategy | Endnotes

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SECTION 5

# Alignment Strategy

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# Section 5: Alignment Strategy

The goal of the Alignment Strategy is to articulate mechanisms that must be established to execute the recommendations in the MEO Blueprint. Of particular importance are four areas: Collaboration, Competencies, Organization, and Marketing Automation.

## Sections

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# Section 5 | Alignment Strategy | Executive Summary

SW alignment is critical to ensuring that the intent of the Decision is realized. By identifying models of engagement, organizational requirements, and critical path, the Alignment Strategy sets up a framework for coordinated success.

The goal of the Alignment Strategy is to articulate mechanisms to enable execution of the recommendations in the MEO Blueprint. Of particular importance are three areas: Collaboration, Competencies and Marketing Automation.

**Collaboration Strategy:** In a regulated environment, the word “governance” casts a shadow that does not advance the cause of the intended collective action. The MEO Blueprint is predicated upon ensuring capacity for collaboration.

The Collaboration Strategy covers the MEO Working Group Charter along with

recommendations to support decision-making, risk management, and effective collaboration.

**Competencies and Organization:** The MEO Blueprint is a framework that requires the CPUC and IOUs to put customers first. This includes organizational competencies requiring EQ and empathy and IQ and logic. We have detailed the required competencies and organizational models necessary to execute the Blueprint while supporting its evolution over time.

We have proposed two organizational frameworks: the “Customer Experience

Leadership Team” (CELT) and the “SW Alignment and Coordination Team” (ACT).

**Marketing Automation:** The Blueprint is predicated on customer relationships. Excellence in communication requires targeted marketing. The Alignment Strategy requires the IOUs (and the CPUC) to develop technology, process, content, data, and people skills that enable this customer engagement. This section includes an overview of marketing automation, the marketing life cycle, and recommendations for next steps.



# Section 5 | Alignment Strategy | Executive Summary (Cont'd)

**Critical Path:** This section provides a 90-Day Plan and an integrated roadmap for implementing the MEO Blueprint. There are many variables that have yet to be clarified that will affect strategy and therefore impact timing and tactics. This will set in motion factors that will require evolving the approaches recommended throughout the MEO Blueprint.

The Critical Path is a high-level view of the regulatory events and filings related to RRR and TOU. Additional streams of work have been outlined, including the proposed message cadence and intensity and research activities.

**Budget Framework:** We have proposed a framework for budgeting, including considerations and some projections. This information is reflective of the general order of expense based on the proposed strategy and tactics. Placeholders have been provided until strategy for timing, price signals, and tactics have been determined. Costs for mass media, direct conversion costs for on-boarding rate customers, creative development, research and evaluation, and organizational and marketing operations support necessary to execute the Blueprint are estimates and based on incomplete but best available information at this time.



Click [here](#) to download the Critical Path

# Section 5 | Alignment Strategy

The Alignment Strategy makes recommendations with respect to collaboration within the regulatory framework, WG functionality, Principles for Engagement, and the competencies, organization and marketing technology required to execute the MEO Blueprint.

The Alignment Strategy speaks directly to the marketing implementation requirements for RRR and Default TOU.

However, as noted on page 13, many of these extend beyond the scope of this proceeding. The recommendations on the following pages are primarily framed as operating principles to shift the nature of the conversations and interaction. The recommendations here are for immediate action

## **CPUC, IOU, WG Recommendations For Immediate Action**

### **Gain Agreement to the MEO Vision:**

To put RRR in context of historical conditions and navigate toward that. Purpose-led change is powerful.

**Ratify the Working Group Charter:** To enable a framework for decision-making and process management to enhance transparency and trust.

**Establish Sub-Working Groups:** Engage each other as experts in your chosen domains to bring best practice into the WG. This will empower both IOUs and CPUC to create forward momentum and more timely pivots as conditions change.



# Section 5 | Alignment Strategy (Cont'd)

## WG and IOU Recommendations *Operating Principles*

- 1. Transform mandated engagement** into collaboration focused on customer benefit and collective action.
- 2. Operate from a shared vision** to get the altitude needed to set context.
- 3. Move from management to engagement** based on understanding and valuing our various roles in context to our collective goals.
- 4. Support decisive and thoughtful action** with good decision-making practices, clear roles, and risk management processes.
- 5. Acknowledge divergent decision-making processes** to ensure the capture of potential opportunities.
- 6. Get good information!** It's what

provides the feedback that ensures alignment and direction.

- 7. Mind the gap!** Gaps and dependencies are feedback; tracking them facilitates system awareness and quality improvement.
- 8. Create mechanisms for information exchange** to support transparency, quality improvement, and sustainability in groups tasked with long-term initiatives.

## WG and IOU Recommendations *Operational Processes*

- 1. Mitigate risk** and assume a strategic approach to resources.
- 2. Provide a clear process for feedback and issue resolution.** Make it easy and anonymous to provide feedback.
- 3. Leverage efficiencies:** Collaboration increases efficiency and effectiveness

and reduces costs and time for GTM while increasing value and impact of marketing.

- 4. Share best practices:** The IOUs face tremendous pressures to modernize their touch-points with customers.
- 5. Design for customers:** Best practices ensure that the products, services, and communication outputs align with the public good and that they integrate the CPUC's ten design principles.
- 6. Ensure timely feedback cycles:** MEO is dynamic and changes over time. Provide checkpoints regarding metrics and make determinations to proceed as planned or adapt and modify based on feedback from the marketplace.



# Section 5 | Alignment Strategy (Cont'd)

## CPUC Recommendations

### *Competencies, Organization and Process*

- 1. Conduct monthly cross-proceeding WG meetings** for program management checkpoints. Track projects in red, yellow, and green (in-trouble to on-track).
- 2. Conduct external and internal risk assessments quarterly.** These can be managed through a rules-based system. Undertake a risk checklist to identify and bring to the forefront existing or imminent risks that will require discussion or decisions. Furthermore, it is envisioned that a Collaborative Oversight or a Risk Sub-Working Group, along with the IOUs and CPUC, will go through the risk checklist to add or delete as necessary, making it a useful tool for focusing conversations.
- 3. Conduct strategy risk assessment, annually or biannually.** Strategy risk does not lend itself to checklists. It should be undertaken twice a year and given the appropriate time and resources to ensure its value (this could be up to several days). Strategy risk is better assessed in a face-to-face review process composed of work teams, leadership, and independent experts who are intended to play devil's advocate. The goal is for the review to be constructive, although it may be experienced as challenging.
- 4. Establish a Customer Experience Leadership Team (CELT)** to lead SW RRR MEO (not internal IOU) efforts, with the professional marketing competencies to coordinate alignment across IOUs and proceedings.
- 5. Establish a SW Alignment and Coordination Team (ACT)** within the CPUC to champion customer experience and ensure that dependencies are identified and mitigated to minimize unintended consequences.



# Introduction

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## Section 5.1

Mandate, Objectives, Assumptions for Alignment

# The Mandate for Alignment

SW alignment is critical to ensuring that the intent of the Decision is successfully realized. By identifying the model of engagement, organizational infrastructure, and critical path, the Alignment Strategy sets up the framework for coordinated implementation necessary for success.

There is an inseparable relationship between strategy and execution. Less than two-thirds of projects meet their stated goals, while 17% fail outright.<sup>1</sup> This wasteful phenomenon suggests that we often try to execute strategy from organizational structures that neither listen nor learn and are therefore doomed to repeat the mistakes of past unsuccessful efforts.

The MEO Blueprint, as a strategy, has been designed with implementation in

mind. Section 5 names the practices and conditions necessary to build a listening and learning organization. The intention is to support the CPUC, IOUs, and MEO Working Group to be successful in a fluid and uncertain marketplace.

Seeing strategy as a dynamic force rather than a static plan is essential to the Blueprint's successful execution. This requires the MEO Working Group to have the ability to continually scan the horizon for

new opportunities as well as threats, responding accordingly as a coordinated set of actors.

To accurately see threats and opportunities, we must possess the ability to assess emerging realities with clear sight and therefore become more proficient at hearing and responding to feedback at multiple levels. This is at the heart of the recommendations of Section 5.



# Alignment Enables the Strategy to Evolve

Implicit in the 12.17.15 ACR is the assumption that a proceeding alignment function is fundamental to ensuring that the intent of the Decision is successful. To ensure a smooth transition to time-based rates, the ACR instructed the MEO WG to develop mechanisms that facilitate coordination and alignment. These should not be separate from the strategy, but be integral to how the mandate will be executed in a complex, changing marketplace and in concert with other decisions.

In recommending the enlistment of a marketing consultant, the CPUC has carefully chosen to focus on setting *strategic* objectives that articulate the *intent* of the Decision. Rightfully, guidance related to tactical efforts must remain with those who have the expertise to align the tactics underneath the CPUC's strategic

goals using best practices in marketing and communicating for a mass market. As previously noted in Sections 1 and 2, lack of holistic strategy has caused decision-makers to overreach into areas where they have limited competency, such as mandating marketing tactics.

The MEO Blueprint provides a comprehensive vision and strategy to put into place appropriate mechanisms and working arrangements, empowering stakeholders to move collectively and collaboratively in a direction that is customer-focused and supports policy objectives. Section 5, the Alignment Strategy, provides foundational guidance about the roles and responsibilities, competencies, and organizational models required to act on the Blueprint.

“When a promising project doesn't deliver, chances are the problem wasn't the idea, but how it was carried out.”<sup>2</sup>



# Objectives | Alignment Strategy

The objectives of the Alignment Strategy are to establish the principles and actions that the CPUC, SW actors, and IOUs must adopt and execute to fulfill the requirements of the Decision and ACR.

## People and Process Skills

Identify the **people and process skills** critical to forming a collaborative strategy that facilitates collective action

## Marketing Technology

Offer recommendations for CPUC marketing operations and IOU **technology investments**, including data integration, to support tactical execution, regulatory oversight, and customer experience

## Critical Path

Provide a **short and long-term plan** to galvanize support. Define the necessary **financial and human resource** requirements



# Alignment Strategy | Foundational Assumptions

The Alignment Strategy provides “operational lubrication” for the MEO and Measurement Strategies. Six professional assumptions establish the starting point for implementation within the framework of the objectives.

- 1. There is executive sponsorship** (at the highest levels) and engaged leadership across the CPUC and IOUs.
- 2. The CPUC is prepared to make organizational changes** to support alignment and coordination across proceedings.
- 3. The Blueprint will need to evolve and change over time** – a strategy is a dynamic force rather than a static plan and will need to be invested in and tended to in order to thrive.
- 4. Processes and practices are implemented to enable decision making and forward motion** and facilitate alignment and coordination in a complex and changing environment.
- 5. Program management is put into place** to smooth the path of a chaotic environment.
- 6. Adequate funding** and resources are available.



# Section 5.1 | Steps to Achieve Alignment



1. Develop a collaboration/governance model that facilitates success for all parties.
2. Define MEO WG steering mechanisms to make decisions, manage risk, leverage efficiencies, and ensure participatory design.
3. Finalize, act on, and uphold a Charter that supports collaboration.
4. Establish a Customer Experience coordination and alignment group within the ED whose mandate is to support the SW long-range vision established by the MEO Blueprint.
5. Build the enabling technology infrastructure within the IOUs and the CPUC to support a data-driven approach to customer experience and communication.
6. Balance the paradox of acting decisively to build momentum while going slowly to support coordination and alignment as a means to ensure success.

# Collaboration Strategy

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## Section 5.2

Context, WG Charter, and Principles for Engagement

# Section 5.2 | Collaboration

In a regulated environment, the history of the word *governance* casts a shadow that does not appear to advance the cause of the intended collective action. The MEO Blueprint is predicated upon ensuring a degree of capacity to collaborate.

## Sections

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<b>5.2.2 Working Group Charter:</b> Vision, Mission, Goals, Next Steps .....	450
<b>5.2.3 Principles for Engagement:</b> Practices and Workflows to Support Operationalization .....	463

# Objectives | Operationalizing Collaboration

Identifying agreements, practices, and workflow that enable the WG to become an efficient, effective, and well-directed team is the primary focus of these objectives.

## Context and Need

Share the context and need for a Collaboration Strategy that moves beyond governance in the regulatory sense

## Update the WG Charter

Offer an updated Charter that facilitates the direction and focus of the MEO WG as it steers toward an ambitious North Star

## Practices and Workflows

Provide principles and recommendations for practices and workflows to support an MEO WG Collaborative Strategy



# Context

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## Section 5.2.1

From Mandated Engagement to Collaboration



Transform mandated  
engagement into a collaboration  
focused on customer benefit.

# The Role of a Collaboration Strategy

Steering an organization like the WG, which has members with multiple allegiances, requires finding new ways of managing social agreements. Each decision leads to a future reality that we all contribute to – for better or worse.

*“Coordination between the IOUs’ ME&O activities, the SW ME&O program (Energy Upgrade California), including how messaging content, campaigns, and communication plans will be aligned.”<sup>3</sup>*

The Collaboration Strategy – as a subset of the Alignment Strategy – seeks to lay the framework for a new way of engagement that is less about governance between the regulated and the regulator and more about collaboration between multiple stakeholders committed to designing a solution that creates social benefit.

Governance can mandate alignment and coordination, but only collaboration can ensure the necessary bridges between proceedings. We are not suggesting shirking legislative obligations but merely speaking to the obvious urgency that faces California and the world with regards to climate change and the emerging constraints on natural resources. We cannot afford to be disorganized and unfocused in our efforts. We believe strategic alignment and coordination was central to the intent of the December 2015 ACR.



# Rationale | Collaboration Strategy

Approaching governance through the lens of collaboration gives us the means and the spirit with which to accomplish the vision

Collaborative action necessitates both self-direction and group accountability



# Detailed Rationale

There are five reasons for a robust yet reasonable form of self-governance to lead California's collaborative approach to RRR and TOU.

- **Mitigate Risk:** The complexity of the risks associated with transitioning the state of California to TOU suggests the need for a multi-stakeholder body able to make decisions, identify and manage risks, and assume a strategic approach to resources.
- **Leverage Efficiencies:** A marketing platform and aligned marketing plans can increase efficiency and effectiveness and reduce the costs and times for going to market while increasing the value and impact of marketing efforts.
- **Share Best Practices:** The IOUs face tremendous pressure to modernize their touch-points with customers. Marketing best practices plus innovations are the edge that are cutting through new territories.
- **Design for Customers:** Best practices in stakeholder engagement ensure that the products, services, and communication outputs align with public good and that they integrate the CPUC's ten design principles.
- **Ensure Timely Feedback Cycles:** MEO is dynamic and changes over time. It is important to provide checkpoints regarding metrics and make determinations to proceed as planned or adapt and modify based on feedback from the marketplace.



# Move from Management to Engagement

## THE NEW PARADIGM

The CPUC convened the WG to lead a multi-stakeholder process as a means to ensure that the needs, wants, and limitations of ratepayers are given extensive attention. Engagement is in contrast to management (the old paradigm) where actors need to be controlled, limited, or minimized in order to protect or advance individual agendas.

Engagement is about...

**understanding and valuing our various roles in context to our collective goals**

Each of us has different yet important roles. We each contribute to the solution that leads to a common vision.

Management  Engagement

The MEO WG has an opportunity to ratify a Charter to govern its agreements that conceive of engagement as a process to guide collaborative action.



# What Is “Governance”?

## WE DEFINE GOVERNANCE AS

Establishment of policies and continuous monitoring of their proper implementation by the members of the governing body of an organization. It includes the mechanisms required to balance the powers of the members (with the associated accountability) and their primary duty to enhance the prosperity and viability of the organization.

Governance is a tool...

**for facilitating the steering of  
complex organizational initiatives**

In this document we will find us interchanging  
“governance” and “collaboration”

---

Governance  Collaboration

Governance provides mechanisms and balances to ensure that policy objectives are met.



# What Is “Collaboration”?

WE DEFINE COLLABORATION AS

The process of people or organizations working together to realize common goals. It is the opposite of competition. Collaboratively, we can expand our reach as we seek innovative ways to influence California’s approach to energy. Collaboration encourages introspection of behavior and communication. Methods of self-reflection and awareness aim to increase the success of teams as they engage in collaborative problem solving.

Collaboration is the...

**quality of spirit and intention brought to achieving shared outcomes**

Collaboration is intended to soften the notion of governance and make it more personal

---

Collaboration  Governance

We seek to dispel the shadow of governance by introducing collaboration as a proxy for relationship, self-awareness, and working toward a common goal.



# Shift Our Language

**BOTH**

## Governance

Is the means and mechanisms for making sure public benefit is achieved

**AND**

## Collaboration

AND STAKEHOLDER ENGAGEMENT

Is the quality of spirit and commitment that is brought to achieving shared outcomes

# Acknowledge That We Have Different Roles

Our approach to self-governance begins with acknowledging distinct roles and then building on “business as usual,” with the intention to collaborate and empower action. An effective collaboration strategy means that we operate from a shared vision and engage in ways that are thoughtful and constructive.

The CPUC is responsible for setting just and reasonable rates, for safe and reliable service, for implementing legislation, and for setting statewide policies that flow from these mandates.

The utilities run businesses essential to the common good. As local monopolies, they are important institutions in their communities and are incentivized to encourage better energy management and be profitable.

Public advocates, industry, and interveners provide feedback on checks and balances and should be encouraged to ensure that solutions reflect the diversity and the will of California ratepayers.



# MEO Working Group Charter

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Section 5.2.2



Operate from a shared vision,  
gaining the altitude needed  
to set context.

# A New Charter to Support a New Vision

As of August 2016, the WG Charter drafted in November 2015 has yet to be ratified. While there is working agreement and goodwill, there is no decisive agreement about the fundamentals, such as the WG's Vision, Mission, or Goals. As such, this poses a risk for executing the MEO Blueprint. This section proposes an update to the November 2015 Charter along with a few additions – roles, key performance indicators, accountability, and recommendations for the Charter's evolution over time.

The Charter is the first part of a set of tools and practices that the Working Group will need to move a diverse and large group of people from one point to another. While the Blueprint does not propose what model of change the CPUC or IOUs should align to, there is a point of view that the sort of change the CPUC, IOUs, and MEO WG want to have is primarily social. We want people to change. Through our conversations about how best to implement MEO for Default TOU, we are working out the details, layer by layer, decision by decision.

## **The elements of the Charter are:**

- Vision
- Mission
- Scope
- Membership
- Goals
- Roles
- Operations
- Key Performance Indicators and Accountability



# Vision, Mission, Scope



## Vision

To vitalize every Californian's relationship with electricity and the grid in ways that better their lives and forever changes their behavior for the ongoing prosperity of our state.

[See Section 2.2 for more detail.](#)



## Mission

The Mission of the Marketing Education and Outreach Working Group (MEO WG) is to provide the forum for an open and inclusive planning process to support MEO efforts surrounding California's Residential Rate Reform initiative.



## Scope

MEO-related activities specific to the glide path, other initiatives outlined in the RROIR decision, and related activities supporting the transition to time differentiated rates.



# WG Goals



1

Develop a strategic plan to address the principles, standards, agreements, and approaches for an integrated approach to MEO for RRR and the transition to TOU. The IOUs will manage this plan, known as the MEO Blueprint, with inputs from the WG,<sup>4</sup>

2

Participate and guide the oversight and ongoing alignment of the Blueprint to RRR and TOU MEO efforts to maintain a cost effective and integrated approach that ensures resources are coordinated as much as possible.

3

Create a functioning WG that leverages participant expertise to design the best possible MEO that helps customers better understand and adapt to rate reform and the transition to time-differentiated rates.



# WG Membership

All WG meetings will be open to qualified participants whose ideas and input are welcome. The WG's purpose is to help ensure an approach that is technically sound, enjoys broad agreement, and results in the creation of effective outreach and engagement strategies.

Participation in this working group is voluntary and open to qualified and interested stakeholders. Active participation by the California IOUs, the Energy Division, and other stakeholders is an important component for a successful MEO execution strategy.

# Align Efforts with Unique Roles

## IOUs

Engage stakeholders in the development and input of a successful MEO approach. IOUs are responsible for developing and executing MEO plans as well as the performance, measurement, and operations of local MEO efforts relevant to Residential Rate Reform.

## CPUC

Build agreement, facilitate stakeholder engagement, arbitrate issues for the public good, and ensure compliance with decisions. CPUC is responsible for convening and ensuring alignment between proceedings. It is responsible for ensuring that the SW Message and Network of Networks are implemented as expressed in the MEO Blueprint.

## Commercial/ Business Sector

Offer input into policy and ensure that decisions generally facilitate efficiencies in the marketplace that will lead to greater innovation and a better business environment for the state of California. It is responsible for providing input, not making decisions.

## Public Advocates

Ensure that vulnerable populations, whose voices may not be heard, are represented and protected as part of the decision-making process. Second, the role of Public Advocates ensures that the will of the ratepayer is represented at the policy and decision-making table. Only when conflicts emerge around policy do public advocates take on the role of intervener, as their responsibility is to provide input, not make decisions.

## Sub-Working Group

Do the heavy lifting of the WG by organizing smaller groups of focused individuals around particular tasks, issues, or processes. The process for establishing a Sub-Working Group can be found in [Section 5.2.3](#). Its responsibilities will be to coordinate and contribute to decisions leading to increased alignment and customer experience.



# WG Operational Agreements

- Specific customer information held by the IOUs will not be shared with WG members.
  - Each IOU will continue to protect customer information, which will be treated as confidential, adhering to existing rules, regulations, and policies governing the treatment and protection of customer information.
  - The Working Group as a whole will decide if and when aggregated customer information is necessary to make decisions.
- Each IOU will leverage its own experience and expertise in the area of creating and managing their own MEO media and collateral.
- Each IOU will be responsible for creating their own unique messaging, media, and collateral surrounding the topics of utility-specific programs, rate plans, general customer education, and rate reform.
- Related media and collateral will conform to the Blueprint and MEO best practices, including design and message tone and content.
- The MEO Working Group will review selected media and collateral presented by the IOUs related to its strategy.
- The CPUC retains the authority to review and approve any IOU media or collateral. The utilities will provide their overall marketing calendars to the MEO Working Group.



# WG Operational Commitments

- The WG will meet at least once a quarter through Q4 2019 to share customer outreach plans, progress, relevant research data, accomplishments, and metrics-tracking goals.
- Meetings for each calendar year should be scheduled at the first quarterly meeting of each calendar year. Standing phone meetings will be scheduled once a month.
- The WG will create subgroups to address topics such as metrics, marketing automation, lessons learned, technology, and the oversight and general workings of the WG.
- Metrics-reporting updates will occur twice a year on metrics that require customer surveys and field studies; other metrics that can be tracked internally will be reported quarterly (e.g., web visits, open rates, etc.)
- Meeting agendas will be provided by the Energy Division of the CPUC at least 24 hours in advance of the meeting. At the start of each meeting, a representative will be identified to record and share meeting notes with WG members within 48 hours of the meeting's occurrence.
- All meetings will have, at a minimum, one identified group facilitator responsible for managing the agenda, and ideally, there will also be a process facilitator responsible to ensure decision-making and adequate feedback has been recorded.



# Key Performance Indicators and Accountability

These are initial recommendations – to be discussed and expanded upon as part of the Charter ratification process.

Role	Key Performance Indicators	Accountability Mechanisms/Recommendations
IOUs	<ul style="list-style-type: none"> <li>• Attendance</li> <li>• Quality of participation</li> <li>• Commitments made and kept</li> <li>• Successfully meeting performance and broader metric objectives as part of the MEO Blueprint</li> </ul>	<ul style="list-style-type: none"> <li>• As regulated bodies, IOU performance and measurement are key agreements the Working Group makes. However, accountability mechanisms that respond to underachieving KPIs are beyond the purview of the Working Group and subject to the Administrative Law process for remediation.</li> </ul>
Public Advocates, Industry, Interested Parties	<ul style="list-style-type: none"> <li>• Attendance</li> <li>• Quality of participation</li> <li>• Contribution to policy and outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• Presence is voluntary.</li> <li>• Accountability equals personal or corporate reputation.</li> <li>• Public advocates are compensated for their contributions toward policy, so their accountability is primarily financial incentives: They are paid when successful and unpaid when not successful.</li> </ul>
CPUC	<ul style="list-style-type: none"> <li>• Measured to the Working Group's operations:               <ul style="list-style-type: none"> <li>– Functioning to WG principles and best practices outlined in this document</li> <li>– Increased capacity as measured by number of Sub-Working Groups and their contribution, number of decisions, outcomes of decisions</li> <li>– Quality improvement as measured by formal biannual feedback survey</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The CPUC, as the convening host, is responsible for the systemic conditions of success. We find that Collaboration/Governance KPIs are most valuable for providing direction and feedback to the CPUC.</li> <li>• These KPIs should be developed no later than January 1, 2017.</li> </ul>

# WG Functional Duration



The WG will convene regularly through the end of 2019 or when the first waves of customers are transitioned to TOU rates, whichever is first.

Should there be a benefit for the WG to continue beyond Q4 2019, a mechanism will be put in place to facilitate the definition and rationale for a next phase of engagement.

## Section 5.2.2 | WG Charter

It is recommended that CPUC Leads, along with the IOU Leads, take ownership for ratifying the updated MEO Working Group Charter.



Ratification should occur no later than October 31, 2016.  
It is the responsibility of the CPUC to ensure this happens.

# WG Charter | Evolution over Time

- Periodically, it will be necessary to make updates or changes to the Charter. This is a normal evolutionary process and it should occur through the WG in a transparent manner. It is the CPUC's responsibility to communicate the desired change(s) and to provide the WG a period of no more than a month for comments.
- It is recommended that the Charter exist in a Wiki format to allow for a consolidated and accessible public record of changes, reviews, and comments.
  - An anonymous issues/risks log should be made available to allow for conflict and concerns to be put forth with or without attribution.
  - It is recommended that the Wiki include a record of all meeting materials, agendas, supporting materials, and communication details in an effort to facilitate easy access and transparent communication.
  - In addition, there should be a document repository for articles, case studies, and relevant materials.
- The CPUC is the responsible party that ensures the MEO WG begins the process to adopt and integrate the Charter and the Principles for Engagement.



# Principles for Engagement

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## Section 5.2.3

Recommendations, Practices, and Workflows to Support Operationalization



“Good regulatory outcomes  
depend on more than  
well-designed rules and regulations.”<sup>5</sup>

# Principles for Engagement

The WG has been tasked with strategic oversight requiring operational consistency over time. The following principles and recommendations are to facilitate the processes for how the WG desires to operate.

The MEO Working Group has been convened to oversee a planning process that will support a coordinated and aligned strategy for Residential Rate Reform MEO. However, the “plan” is not a finite thing; rather, it is placeholder for an engaged design process that will occur iteratively over time. The time-scale for the transition to time-of-use metering is at a minimum three years. It involves 10M households and will touch all residents and visitors of the 6<sup>th</sup>-largest economy in the world. The scope and scale poses a high level of risk and needs to be managed well.

## **The Principles for Engagement Are:**

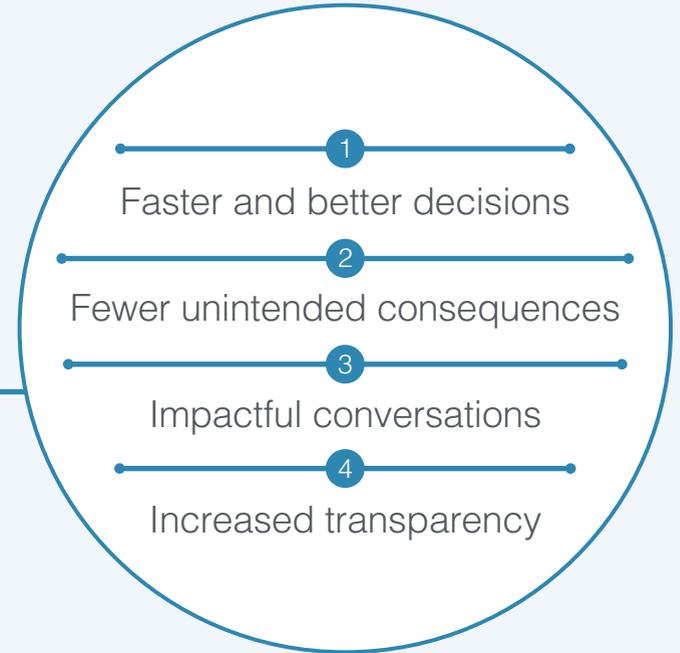
1. Decision-Making Is How Groups Steer
2. Feedback Enables Dynamic Operations
3. Transparency Leads to Alignment
4. Successful Collaborations Manage Dependencies
5. Keeping Commitments Forms the Basis for Trust



# 1. Principle: Decision-Making Is How Groups Steer

Achieving a collaborative vision can be supported by good decision-making processes and skills and clear roles.

They serve four essential purposes:



# Increase Capacity around Decision Making

1

Having a “set of tools” is particularly valuable given that decision making can be a challenge in multi-stakeholder groups composed of actors from various sectors, organizations, and roles. These differences can be amplified in an environment where one party is the regulator and the other regulated, causing reactivity.

2

While the definition of consensus may be clear, the part about “yes, I buy-in” and “no, I don’t buy-in” is complicated; “yes” and “no” have many different meanings. Yes might mean, “I love this decision” or it might mean, “I’ll support this decision even though I preferred a different proposal.” No might mean, “I’m not yet convinced, but getting there” or it might mean, “I could never ever live with that decision.”

3

An expanded vocabulary to account for gradients or degrees of “yes” and “no” will help the WG better describe their thinking and increase transparency. WG members can register less-than-wholehearted support without fearing that their statement will be interpreted as a veto. It also provides the CPUC, as the convening organization, with a way to gauge support quickly and with less ambiguity.

# Functional Decision-Making

## Operational areas where the WG will need to make decisions

### Customer Experience

- Strategy
- Messaging and communication
- Market timing
- Presentation layers
- Voice/tone
- Final form templates
- Information architecture/taxonomy
- Customer experience guidelines

### Organization and Operations

- Money/budget
- Strategy
- Effective use of resources as part of an overall approach to solving interdependent problems (or opportunities)
- Organizational design
- Conflict mediation
- Roles and responsibilities
- Measurement
- Facilitation processes

### Data and Research

- Metrics
- Benchmarks
- Taxonomy and metadata models
- Use cases
- Data security parameters
- Reporting
- Analytics
- Feedback mechanisms
- Measurement

### Tools and Technology

- Marketing automation platforms/standards
- Application management
- Transaction services and security
- Workflows and changes mandated by IOU organizational and operational concerns



# Know the Difference between Different Types of Decisions

The following slide includes four different approaches to decision making based on the context and desired outcome; they move from centralized authority to distributed and collaborative.

1

Knowing what sort of decision is being made can clarify a process flow among those parties who must be engaged to reach a satisfactory agreement.

2

Having a “set of tools” is valuable given that decision making can be a challenge, with multi-stakeholder groups composed of actors from various sectors, organizations, and roles.

3

These differences in roles can be amplified in a regulated environment, causing difficulties with completing assignments, making agreements, or meeting agreements.



# Four Different Types of Decision Making

From centralized to distributed

## Formal Proceedings

CPUC conducts formal regulatory processes such as filings, briefings, testimony, and evidentiary hearings.

## Consult and Decide

CPUC gathers input through informal processes such as workshops and white papers.

## Delegate with Constraints

CPUC identifies a need, clarifies constraints (budget, timeframe, etc.), and delegates decision making to the Working Group.

## Degrees of Agreement

Every Working Group member present is involved in making the decision and is willing to support and implement an agreed upon decision.

This requires a “fallback” option if consensus cannot be reached.

Determine which kind of decision-making process is required



# Institute a Process for Measuring Degrees of Agreement

- When combined with collaborative dialogue, the CPUC (or consultant) can facilitate a group to see the level of support for a proposal.
- This ensures each WG member has the opportunity to express his or her ideas while better understanding what is important to the other members.
- Through adopting some form of agreement methodology, the WG can make decisions that have a broad, enthusiastic level of support, thereby enhancing the commitment and likely success of the resulting decision.



# Ask for Degrees of Agreement When Discussing Decisions

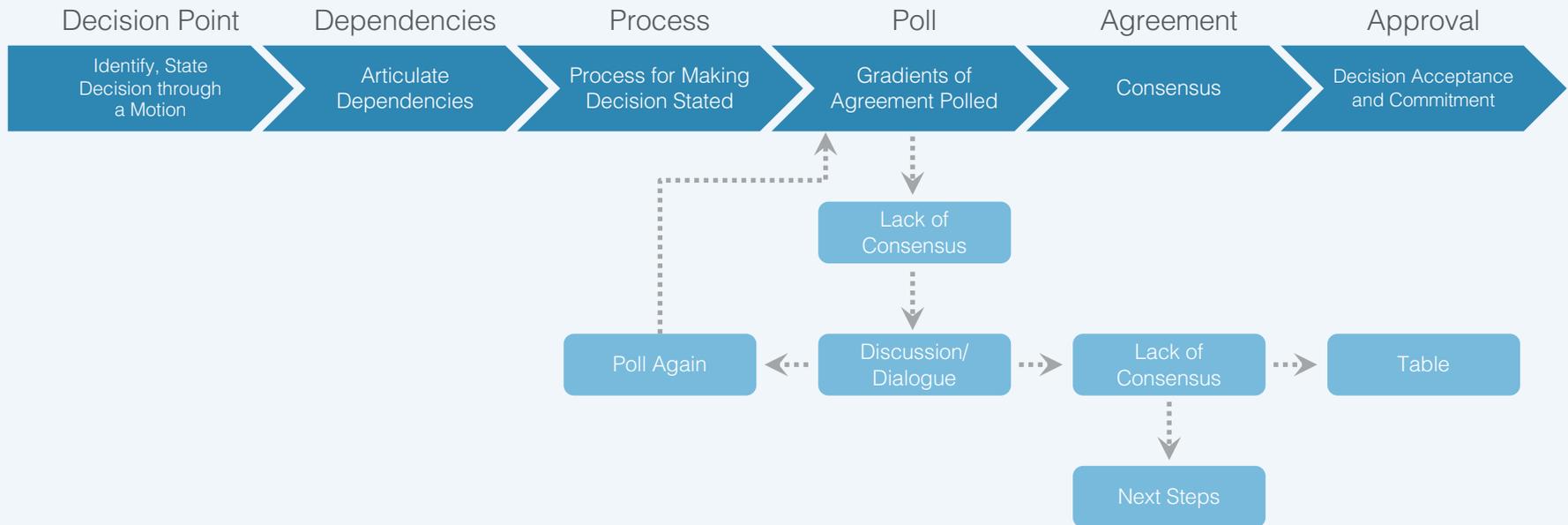
A thumbs up or down lets everyone know the level of support or agreement in a conversation.

Gradients of Agreement	The Five Ls	Three Thumbs
Wholehearted endorsement	Love it	
Agreement with a minor point of contention	Like it	
Support with reservations		
More discussion needed	Live with it	
Don't like it but will support		
Serious disagreement	Lament it	
Veto (willing to Intervene)	Loathe it	



# Workflow: Decision-Making Process

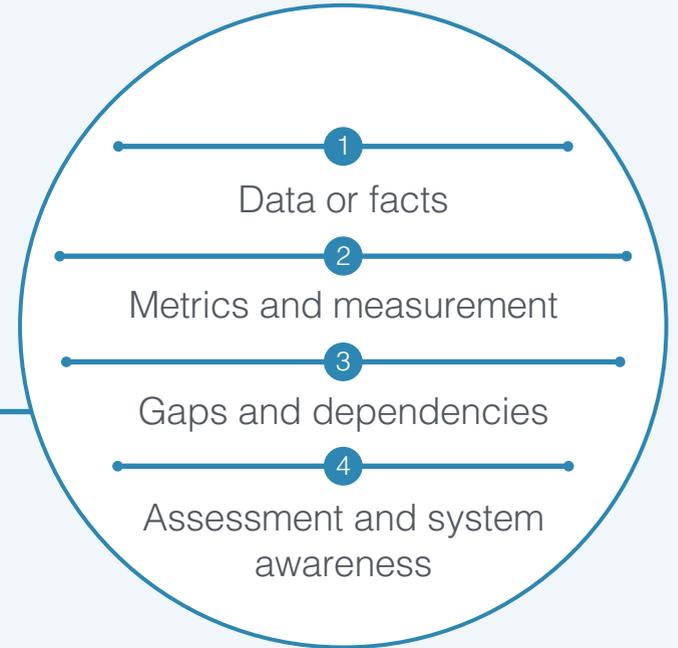
Establishing a process for making a decision can be helpful for building trust and offering comfort during periods of uncertainty when tensions can be high.



## 2. Principle: Feedback Enables Dynamic Operations

The difference between complexity and chaos is feedback. Creating mechanisms for information exchange supports quality improvement and sustainability in groups tasked with long-term initiatives.

There are four sorts of feedback critical to the MEO Working Group:



# Get Good Information!

## It's What Provides the Feedback That Ensures Alignment and Direction

- Good decisions require good data and solid facts.
- While making certain that the right data and facts are available can slow a group down, agree that slower is better when it comes to facts, data, metrics, and measurement.
- Bad data or incomplete facts can lead a group in the wrong direction, thus creating compounding misalignment.
- Before making decisions, ask three questions:
  - Are we asking the right question?
  - Do we have all the facts?
  - Are we biased because of the influence of our agenda?
- A regulatory environment like the CPUC often involves collecting data and facts from multiple parties and then undertaking a reconciliation process.
- Ensure the reconciliation process is transparent, fair, and not prejudiced by bias or agenda.



# Mind the Gap!

## Gaps and Dependencies Are Feedback; Tracking Them Facilitates System Awareness

- Regular, methodical conversations that lead to clear-sighted assessment about how a program or project is tracking provides feedback that leads to system awareness.
- System awareness is essential to quality improvement.
- Multisector collaboration between government, utilities, nonprofits, and the private sectors involves partnering in the pursuit of a goal while sometimes having conflicting objectives.
- These aspects of complexity represent potential sources of risk.
- Fortunately, most risks can be managed if they are identified and understood early.

# Make an Early and Firm Commitment to Managing Risk

- Nothing is predictable. There is instability in the market, whether from the underlying technology or from customer demand.
- In terms of the highly collaborative objectives of D.15-07-001, notably, there may be potential hidden risk for the IOUs arising within “seemingly unrelated operational choices that [have] accumulate[d] gradually.”\*
- Managing risk will allow for early signals concerning problems to be identified, remedied, and tracked. That’s feedback!



# Monitor These Three Types of Risk



## External Risks

Arise from socioeconomic, political, and technological aspects of projects

## Internal Risks

Emerge within the performance and organization of the project, the participants, and their relationships

## Strategic Risks

Materialize when an innovative direction challenges assumptions without the structures to counterbalance



# Key Risk Factors: External Risks

Associated with collaboration projects

## Socioeconomic Risks

**Competition:** The service is offered elsewhere or a substitute service exists, such as one offered on a private basis (e.g., solar or Community Choice Aggregation).

**Changes in demand:** A sudden event creates or changes the demand for service, either increasing or decreasing it.

**Changes in citizen expectations:** Better-informed citizens become more demanding about the quality and cost of (IOU) performance.

## Technological Risks

**Obsolescence:** Rapidly evolving technologies cause the technology chosen for a project to become obsolete.

**Innovation:** The technology (practice or behavior) to be used has never been used in the planned way before.

## Political Risks

**Competing goals:** Different parts of the government (or political parties) seek different or conflicting objectives or support different, competing means for achieving them.

**New or modified law or regulation:** The environment or the project itself is affected by new legal requirements or rules.

**Election of a new leader or majority party or change in political priorities:** Because these projects tend to unfold over a number of years, such changes in leadership or political focus are inevitable.



# Key Risk Factors: Internal Risks

Associated with collaboration projects

## Assumptions and Cognitive Biases

**Bias:** Favoring information that supports our positions; a strong inclination or a preconceived opinion about something can shape our approach – for positive or negative – in ways we are unaware, coloring our perception of risk.

**Anchoring estimates** to readily available evidence despite the known danger of making linear extrapolations from recent history to a highly uncertain and variable future.

**Overconfident** about the accuracy of forecasts and risk assessments and far too narrow in assessing the range of outcomes that may occur.

## Losing Perspective

**Groupthink:** Once a course of action has gathered support within a group, those not yet on board tend to suppress their objections – however valid – and fall in line. Groupthink is especially likely if the WG wants to minimize conflict, delay, and challenges to achieve the intended goal.

**Normalization of deviance:** As groups or teams learn to tolerate apparently minor failures and defects, they begin to treat early warning signals as false alarms rather than alerts to imminent danger.

**Escalation commitment:** Irrationally directing even more resources to a failed course of action – throwing good money after bad.

## Too Rigid or No Processes

**Lack of a process control model:** There are no or insufficient processes to manage strategy risks. Effort is at a heroic level. Project complexity exceeds organizational capacity.

**Rules-based control model** is not flexible enough to manage strategy risks. A strategy with high expected returns, generally requiring a team or group to manage those risks proactively, is a key driver in capturing the potential gains.

**Trying to eliminate risk by becoming overly timid and fearful:** Risk and opportunity go together. Strategy risk, in contrast to internal or external risk, requires discussion and engagement rather than a checklist to manage.

**Creating risk silos:** The traditional risk checklist buckets risk into categories rather than an understanding of the various dependencies.



# Key Risk Factors: Strategic Risks

Associated with collaboration projects

## Risk Associated with the Project itself

**Characteristics of customers/users of the service:** Resistance to change, lack of involvement, inadequate education level, difficulties in communicating. Unrealistic expectations.

**Scope of the project:** Universality or specificity of service, numbers of partners involved, number of customers, size of budget.

**Complexity of project:** Especially organizational and technological complexity.

**Definition and structure of project:** Unclear objectives, ill-defined specifications and functional requirements, changes in the scope or reach of the project, difficulties in integrating data or processes.

## Organizational Risks

**Lack of resources:** Uncertainty of funding, inadequate resources, lack of expertise in complex resource management.

**Project team competencies:** Lack of expertise, expertise stability, and communication skills.

**Management strategy:** Inadequate or inappropriate organizational support and control, absence of champion, lack of leadership, unavailability of tested management tools and processes.

**Technological know-how:** Absence of an adequate technological infrastructure and of in-house technological competencies.

## Relationship Risks

**Form of collaboration:** Inadequate or inappropriate type of agreement, misunderstandings regarding the content of the agreement, inappropriate selection of partners.

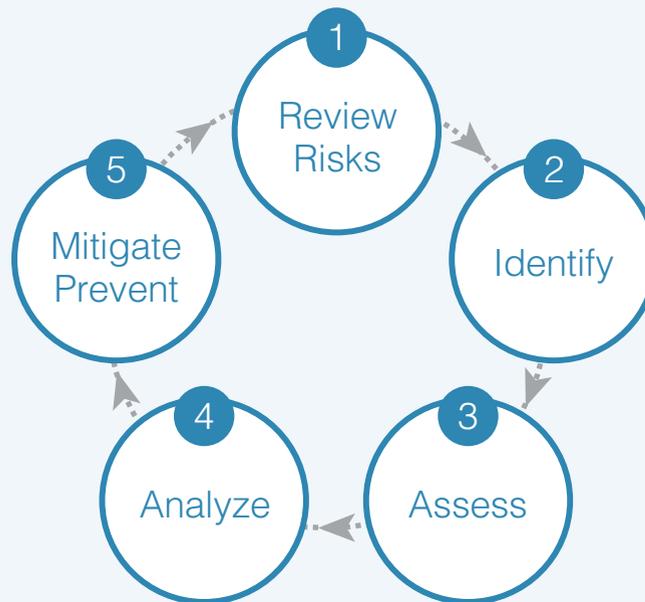
**Collaborative process:** Problems occurring with coordination, communications, culture differences, inertia, dependency, mistrust, lack of consensus or involvement.



# Risk Management is Integral to a Dynamic Strategy

It is recommended that the Working Group – IOUs and CPUC, undergo periodic reviews of RRR TOU MEO activities using a combination of:

1. A risk checklist for *internal* and *external* risk
2. Meeting with independent experts to review *strategy* risk



# When Reviewing Risk, Plot Using a Matrix to Determine Critical Issues

LIKELIHOOD	5	Almost Certain	5	10	15	20	25
	4	Likely	4	8	12	16	20
	3	Possible	3	6	9	12	15
	2	Unlikely	2	4	6	8	10
	1	Rare	1	2	3	4	5
			Insignificant	Minor	Moderate	Major	Severe
			1	2	3	4	5
			IMPACT				

## RISK LEVEL

■ LOW

■ MEDIUM

■ HIGH (MAJOR)

■ CRITICAL



# Make It Easy and Anonymous to Provide Feedback

## Escalation Process

- It is recommended the WG establish a method for capturing issues to facilitate their identification and response.
- It is recommended that the WG create an anonymous issues/risks log to allow for conflict and concerns to be put forth with or without attribution.
- The following process flow begins to detail the steps once an issue has been identified through a decision point about how an issue can be resolved. This is a first draft and will be evolved over time through the input of the Governance Sub-Working Group, discussions throughout the development of the MEO Blueprint, and in future discussions within the WG.

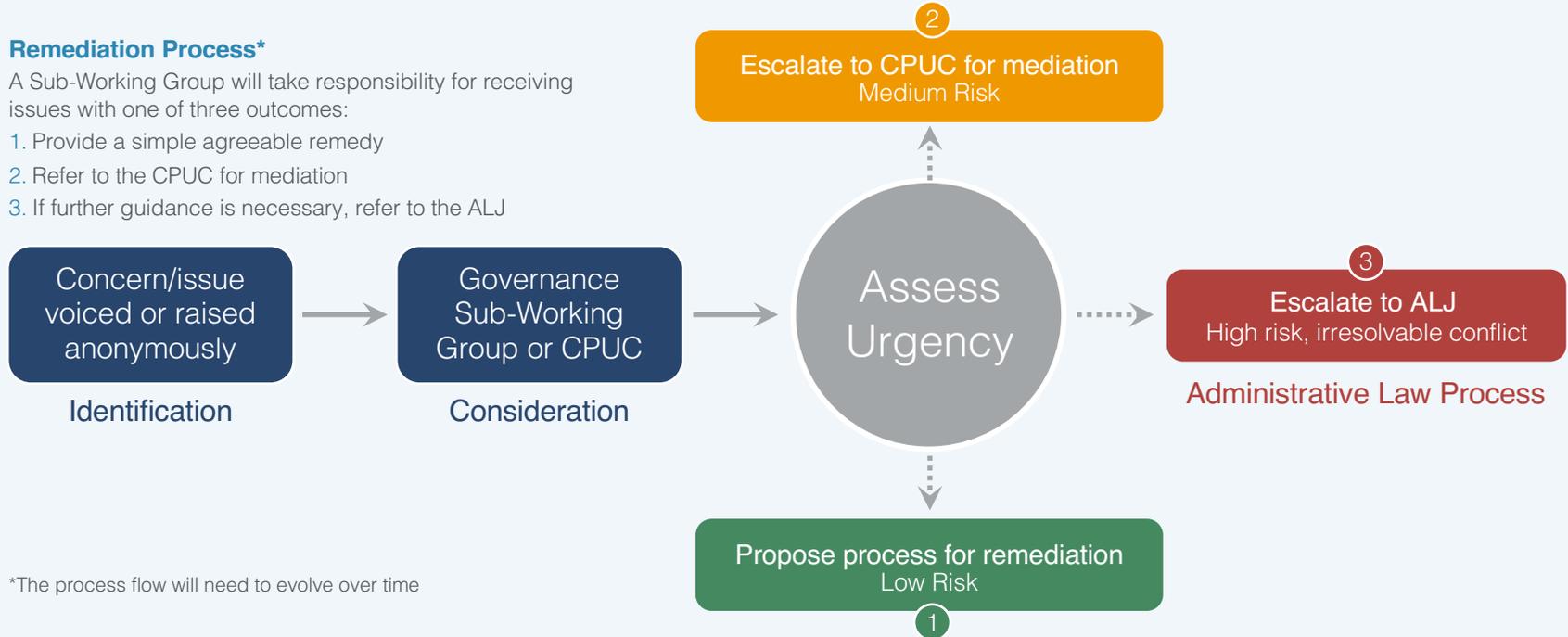


# Support Concerns (Feedback) to Be Raised by Providing a Clear Process for Resolution

## Remediation Process\*

A Sub-Working Group will take responsibility for receiving issues with one of three outcomes:

1. Provide a simple agreeable remedy
2. Refer to the CPUC for mediation
3. If further guidance is necessary, refer to the ALJ



\*The process flow will need to evolve over time



# Next Steps for Risk Management

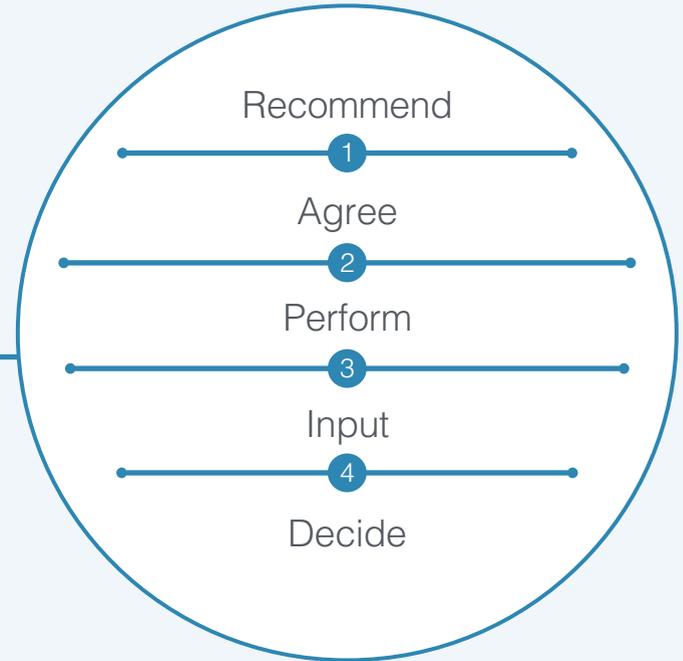
- It is recommended that the three IOUs and the CPUC, on a monthly, quarterly, and semiannual basis, go through a robust conversation with regards to risk. Each of these checkpoints is different with regards to time and investment.
- **The monthly meeting is a program management checkpoint** where projects are tracked in red, yellow, and green (in-trouble to on-track).
- **On a quarterly basis, risk – external and internal – can be managed through a rules-based system.** Undertake a risk checklist to identify and bring to the forefront existing or imminent risks that will require discussion or decisions. The [Risk Checklist](#) is meant to be an example. It is envisioned that a Collaborative Oversight or a Risk Sub-Working Group, along with the IOUs and CPUC, will go through the Risk Checklist to add or delete as necessary, making it a useful tool for focusing conversations.
- **Some risk, like strategy risk, does not lend itself to checklists. It should be undertaken twice a year and given the appropriate time and resources to ensure its value.** Strategy risk is better assessed in a face-to-face review process composed of independent experts who are intended to play devil's advocate. The goal is for the review to be constructive, although it may be experienced as challenging.
- The intention of these periodic review meetings is not intended to inhibit the MEO WG from pursuing a highly ambitious mission nor to curtail a creative or elegant design solution. But these strategy risk checkpoints are meant to get the WG to think in advance about how they will describe and defend their design decisions and whether they have sufficiently considered all the likely failure-points and problems.



# 3. Principle: Transparency Leads to Alignment

Facilitate synchronization and transparency  
within and between groups and proceedings

Deliver and act upon the right information



# Implement Communication Processes Based on Roles and Responsibilities

- To increase collaboration and to facilitate multiple streams of work, the CPUC may find it beneficial to adopt processes for how information flows between stakeholders.
- There are many types of communication process flows. DACI (like the RACI model) – Driver, Approver, Contributor, Informed – is one that might work well for the CPUC.
- Another is a model for communication created by Bain and Company, entitled *RAPID* (Recommend, Agree, Perform, Input, Decide). *RAPID* was specifically developed for regulated or compliance environments to ensure that communication and roles are understood.

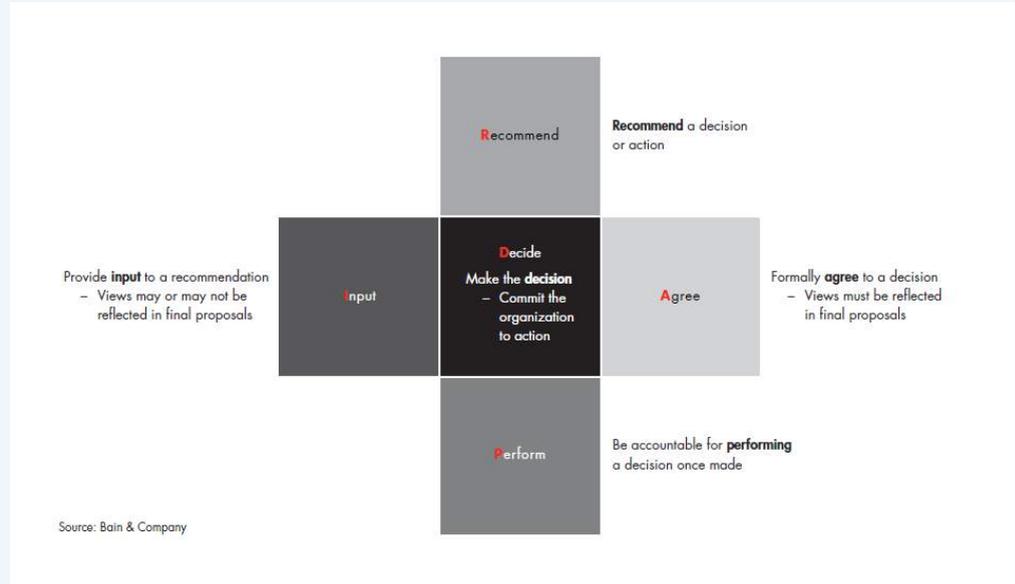


# The RAPID Process Requires Practice and Discipline

“

“Not every decision merits the level of effort and investment that goes into creating explicit RAPID roles. Successful adopters start with the decisions that they rely on to run their businesses day to day. And, of course, to be effective, RAPID needs support throughout the organization: among its leaders, in its culture and as a recognized part of its daily processes.”

Bain, 2011. Bain's tool to clarify decision accountability.  
<http://www.bain.com/publications/articles/RAPID-tool-to-clarify-decision-accountability.aspx>



# RAPID Identifies Five Roles Central to Moving an Idea Forward

## Recommend

R

This role gathers relevant input and proposes a course of action, or alternative courses, complete with pros and cons so that the WG's choices are as clear, simple, and timely as possible. Decisions will be brought to the WG, either at the quarterly in-person meeting or on the monthly phone conference.

## Agree

A

This role is held by the CPUC and represents a formal approval of a recommendation. The "A" and the "R" should work together to come to a mutually satisfactory proposal to bring forward to the WG or the decider.

## Perform

P

This role defines who is accountable for executing or implementing the decision once it is made. Best-practice companies typically define "P"s and gather input from them early in the process. In general, the "P" represents internal positions within the IOUs or other organizations responsible for the implementation or execution of a decision or recommendation.

## Input

I

This role provides relevant information and facts so that the "R" and "D" can assess all the relevant facts to make the right decision. In particular, this role is held by the public advocates who sit on the WG. However, the "I" role is strictly advisory. "R"s should consider all input, but they don't have to reflect every point of view in the final recommendation.

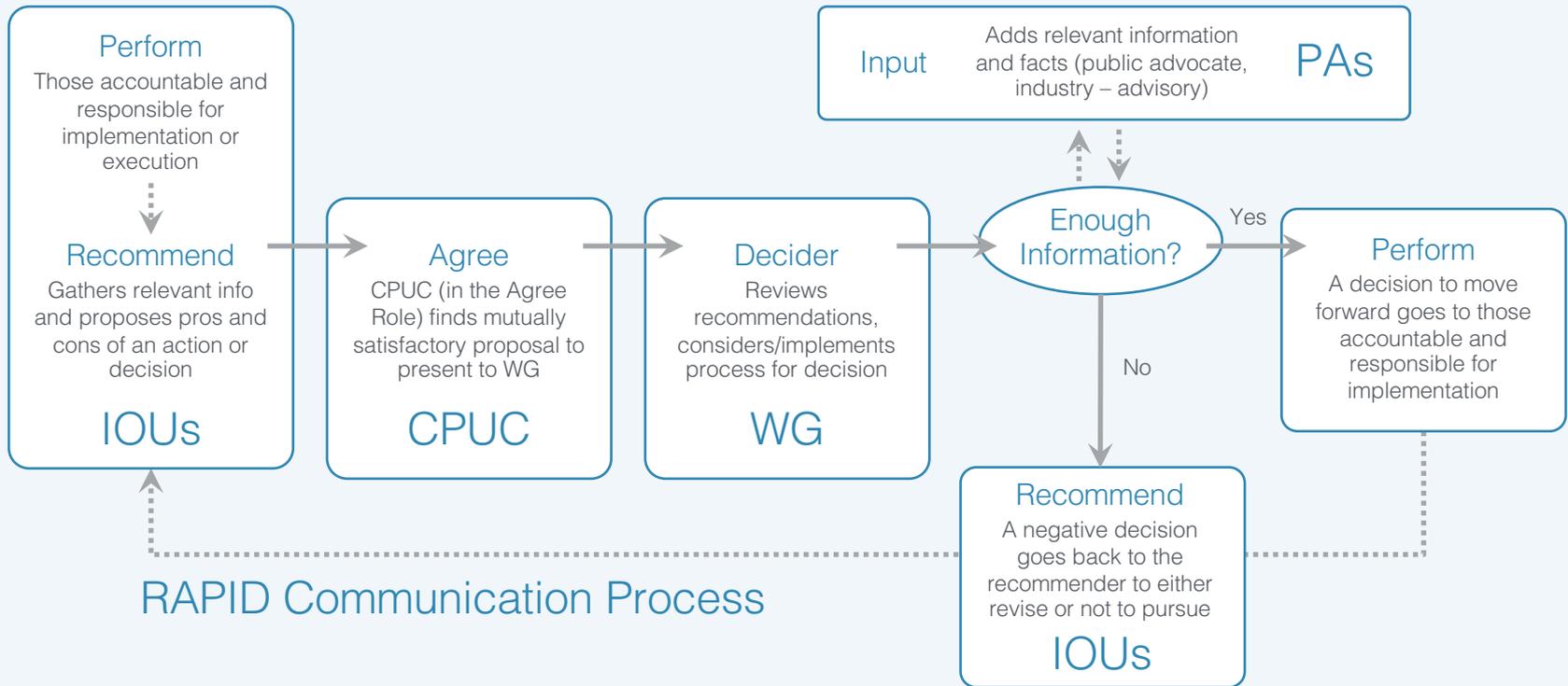
## Decide

D

This role is held by the WG, or in the case of not being able to reach consensus, the CPUC. Ultimately, the desired accountability rests with the WG, with the desire to avoid the CPUC exercising their oversight, or as a last resort, deferring self-governance by entering into the Administrative Law process for adjudication or direction.



# Example: Communication Work-Flow



# 4. Principle: Successful Collaborations Manage Dependencies

Creating a vehicle for moving work forward is critical to the collaborative success of the WG's mission

Smaller groups serve four purposes:



# Establish Sub-Working Groups

**Rationale:** Getting work done is why we are together. Know when to divide and conquer and how to ensure communication and feedback flows back to the WG.

**Process:** If two or more people intentionally engage in ongoing tasks or activities that are central or relevant to the output of the WG, its vision, or mission – and who either wish their work to be visible and actionable to the WG or plan to introduce decisions related to the direction or functioning of the WG – they will form a Sub-Working Group.

**Sub-Working Group Charter:** Sub-Working Groups are governed by a **simple** Charter that articulates the mission and scope of the subgroup. It is not meant to be complex, but clarifying. The Charter is proposed to the WG at the outset of the Sub-Working Group. The intention is to have small, nimble groups of specialists engaged in collaborative activities that require ongoing focus and continuity to ensure productive results.

**Transparency:** It is intended that the activities of the smaller groups are transparent and that they maintain connection and synchronization with the WG.



# Example of a Simple Charter for a Sub-Working Group



## Mission

The Metrics Subgroup will oversee the development and management of MEO metrics.



## Scope

MEO metrics for RRR and TOU between 2016 and 2019.



## Meeting Schedule

Meet biweekly or as needed.



## Tasks and Activities

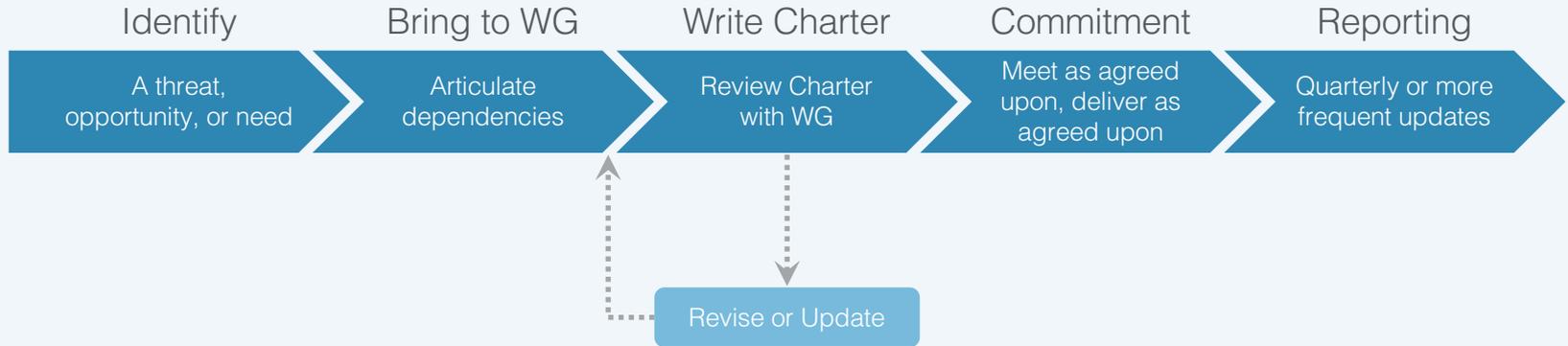
Track the ongoing application of metrics and make recommendations to changes in MEO activity, or changes to metrics, to further fine-tune the measurement and SW RRR MEO approach.



## Agreement

Opportunity to provide monthly updates (as necessary) on WG conference calls; quarterly reporting of results; facilitation of discussion and agreement among the WG for proposed changes.

# Work-Flow: Beginning a Sub-Working Group

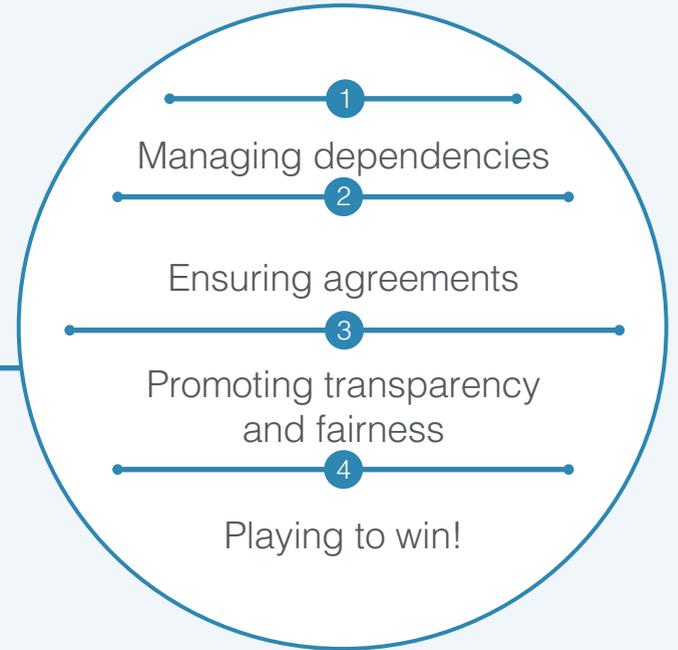


Knowing how a group forms and then how it communicates back to the main Working Group will help get Sub-Working Groups going. This seems a little formal, but over the long term, agreeing to a process will establish good group communication hygiene.

# 5. Principle: Keeping Commitments Forms the Basis for Trust

When we make commitments and follow through, we lay the foundation for a high-functioning group.

For the MEO WG, commitments mean:



# Engage a Process Facilitator to Support Commitments

- It is recommended that each WG meeting have a person identified as a Process Facilitator (in addition to the current practice of having a Group Facilitator).
- The Process Facilitator's role will be to manage time boundaries, ensure proper process, identify decision points, institute degrees of agreement, capture objections and concerns, ensure decision-making is undertaken in a fair and transparent fashion, and finally see to it that the record reflects the commitments made within the decision itself.



# Competencies and Organization

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## Section 5.3

Marketing Operations, SW Alignment, Tactical Coordination

# Section 5.3 | Competencies and Organization

The MEO Blueprint is a framework that requires the CPUC and IOUs to put customers first. This includes organizational competencies requiring EQ and empathy and IQ and logic. Section 5.3 details the required competencies and organizational models necessary to execute the Blueprint while supporting its evolution over time.

## Sections

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# Objectives | Define Organizational and Capacity Requirements

The organizational requirements necessary to execute the MEO Blueprint include new organizational models within the CPUC to ensure alignment, increased marketing capacity to run the SW and Network of Networks' campaign, and recommendations for tactical coordination among the IOU.

## POV about Operations

Introduce the notion of a competency maturity model (CMM) for organizational evolution and change

## Organizational Model

Provide an overview of the teams, skill sets, and operational dependencies



# Introduction

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## Section 5.3.1

A Competency Maturity Model to Guide Change over Time

# What Is a Competency Maturity Model (CMM)?

The MEO Blueprint recommends adopting a perspective about readiness that acknowledges there are specific capabilities and skills that must be nurtured to enable world-class MEO and measurement.

1

A competency maturity model supports the notion that having the ability to successfully execute a complex vision is directly proportional to the maturity of an organization and its operations.

2

Competency and maturity refers to the ability of an organization, an individual, or a team's ability to develop repeatable and formalized processes that facilitate efficiency, effectiveness, and alignment.

3

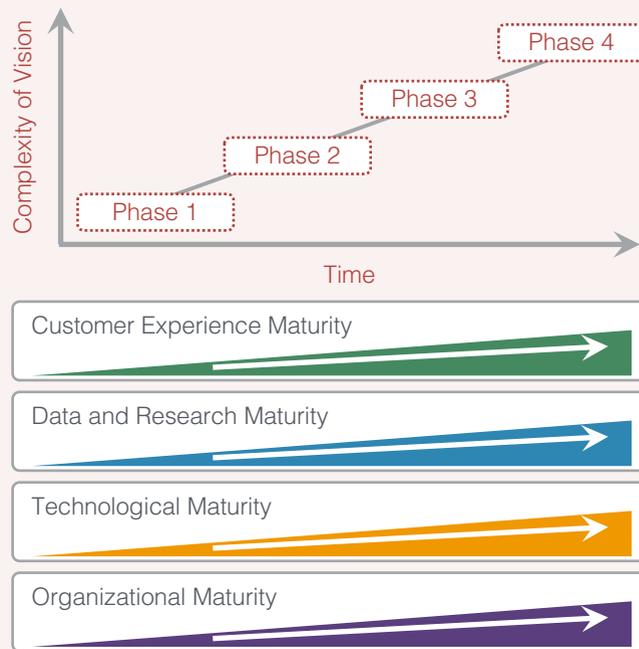
Measurement of repeatable or formalized processes enables continual quality improvement through objective benchmarks.



# Focus on These Four Competencies to Successfully Execute the MEO Blueprint

- **Customer experience maturity**, **data and research maturity**, **technology maturity**, and **organizational maturity** – work together to provide a holistic orientation to solving complex problems.
- The competencies act as tiered components. Those at the bottom not only support the competencies above, but together they underpin and enable the entire collaborative strategy.
- As the complexity of the vision increases over time, the competencies increase by phase through focus on processes and capabilities

Think  Crawl, Walk, Run



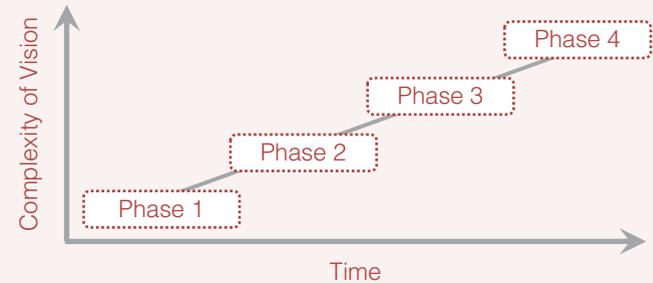
# The Four Competencies Necessary to Execute the MEO Blueprint

**Customer experience** competency understands that how a customer experiences an interaction dictates its perceived and actual value. The distribution and delivery of MEO content involves mastery of messaging and communication, market timing, presentation layers, final form templates, experience modeling, information architecture, and human media interaction. The customer experience is paramount and the ultimate decider of whether the WG approach is successful to meeting our vision and goals.

**Data and research** competency requires the management of the “data architecture”: the taxonomy and metadata model, the use cases, the data security parameters, the ability to listen and observe deeply, reporting, analytics, feedback mechanisms, and measurement. A data and research model changes due to evolving goals, new customer needs, and concerns as the initiative evolves.

**Tools and technology** encompasses information technology, including marketing automation platforms, application management, transaction services, and security. These components serve as the foundation of an infrastructure that allows the WG to go to market with an MEO SW message and Network of Networks solution. This competency enables workflows and supports changes mandated by organizational and operational concerns.

**Organization and operations** enables the WG to manage a complex and integrated initiative. It includes the efficient, effective use of resources as part of an overall approach to solving interdependent problems (or opportunities). Competencies include strategy, organizational design, conflict mediation, roles and responsibilities, measurement, and facilitation processes.



# Summary | Acting on a Complex Vision Requires Maturity

Success in executing a complex vision – like the MEO Blueprint – depends on the maturity of collective operations. The more complex an initiative, the greater the need to have repeatable processes that allow a group to easily manage change, including workflow and decisions. Without organizational maturity based in competency, failure is predictable.



# Marketing Operations

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## Section 5.3.2

The Customer Experience Leadership Team (CELT)



# Introduction: Organizational Working Models

The tactics and strategies in the MEO Blueprint require the focused application of new capabilities and skills related to coordination and alignment, insights-driven research and analytics, customer experience, mass market communication campaigns, marketing operations, organizational design, and systems facilitation.

- Sections 5.3.2 and 5.3.3 propose high-level organizational working models to support two teams.
  - The first, an internal team to the CPUC, is tasked with SW MEO coordination and alignment across proceedings.
  - The second, an external team reporting to the CPUC, is tasked with executing MEO Blueprint recommendations on a SW level. Additionally, this team provides technical and marketing expertise to the IOUs for support implementing the tactics and strategies of the MEO Blueprint.



# Statewide Alignment and Coordination Team

The SW Alignment and Coordination Team (SW ACT) is a proposed management group within the Energy Division composed of a group of multidisciplinary analysts. Its purpose is to ensure that proceedings across ED are designed and integrated with customer experience in mind.

## Core capabilities of SW ACT

1

Customer experience and marketing analytics

2

Internal alignment analysts responsible for ensuring that customer-experience research is fully integrated into decisions

3

Facilitators/experience designers responsible for ensuring that the Working Group experience leads toward increasingly complex and subtle multi-stakeholder solutions that are aligned and coordinated across proceedings



# Customer Experience Leadership Team

The Customer Experience Leadership Team (CELT) is a proposed nonbranded marketing group. CELT will be an agent of the Energy Division yet sits externally as an independent entity. CELT “faces off” with the CPUC through the SW Alignment and Coordination Team.

## Core capabilities of CELT

1

Marketers, campaign managers, insights, and technology professionals are capable of running the SW and Network of Networks messaging campaigns

2

The team has the marketing background to make tactical recommendations and coordinate alignment across the IOU MEO RRR efforts and across proceedings

3

Sitting within CELT, as part of a coordination and alignment function, is a collaboration and organizational development subteam with marketing expertise that will support building the internal capacities of the CPUC to a) develop customer experience expertise and b) increase the CPUC capacity to be facilitators and experience designers in large and small-group convening



CELT is a proposed customer experience group reporting to the CPUC. Its mission is to ensure that the SW campaign meets the goals and vision of the MEO Blueprint and that IOU and SW RRR/TOU MEO activities are aligned and synched for customer experience.

**Customer Experience  
Leadership Team  
(CELT)**

Four streams of work...

Customer  
Experience

Ensure that RRR/TOU marketing and communications are strategically aligned and tactically synched for the best possible customer experiences. Execute and evolve the SW campaign to meet goals and vision.

Campaign and  
Program  
Management

Tactical coordination between the state GTM and IOUs as well as internal policy compliance and coordination. Budget and message alignment for optimized strategic approach across all MEO efforts to achieve RRR vision of engaged customer.

Insights

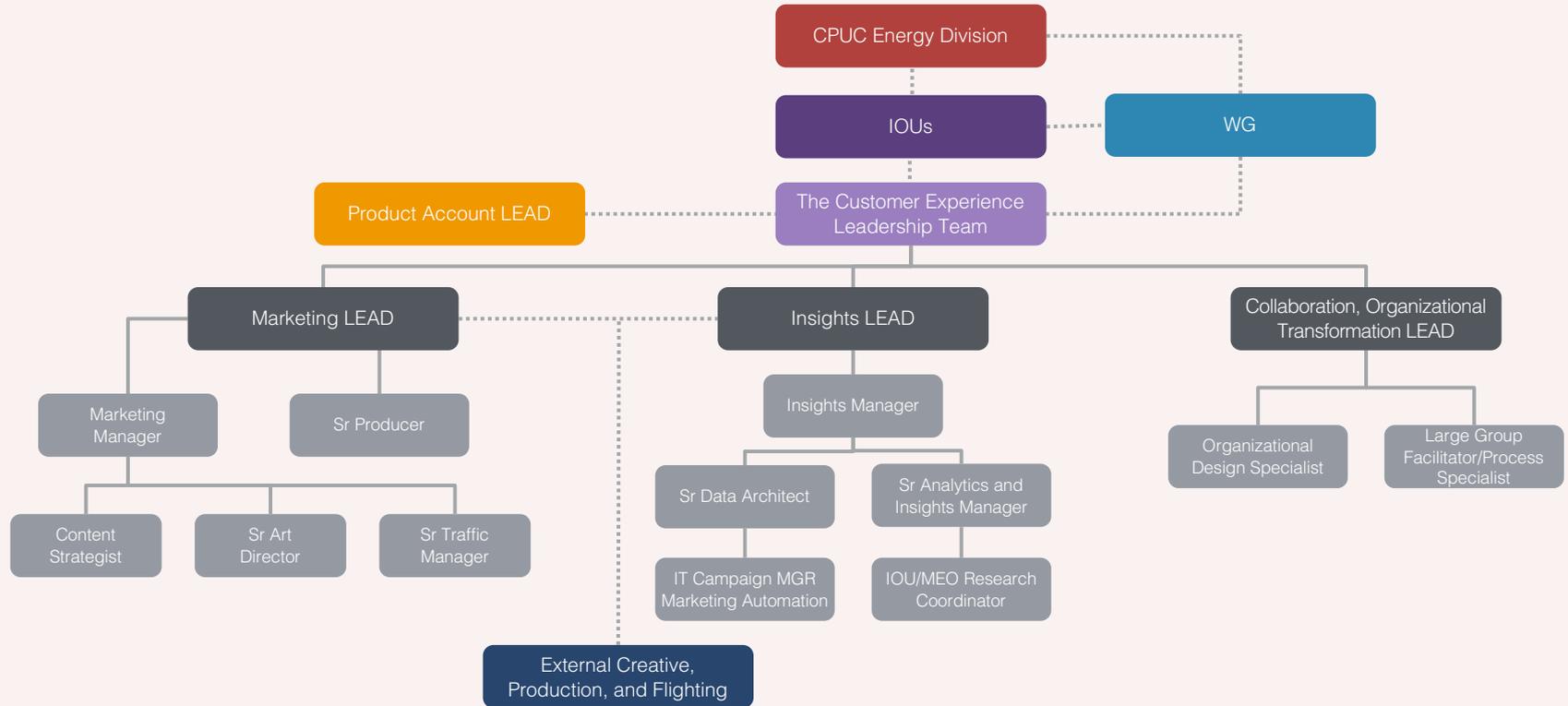
Effectively use secondary research and analytics to drive actionable insights. Conduct primary research to align campaign tactics and messaging; coordinate primary research investments across IOUs to facilitate an integrated, strategic approach.

Collaboration and  
Organizational  
Design

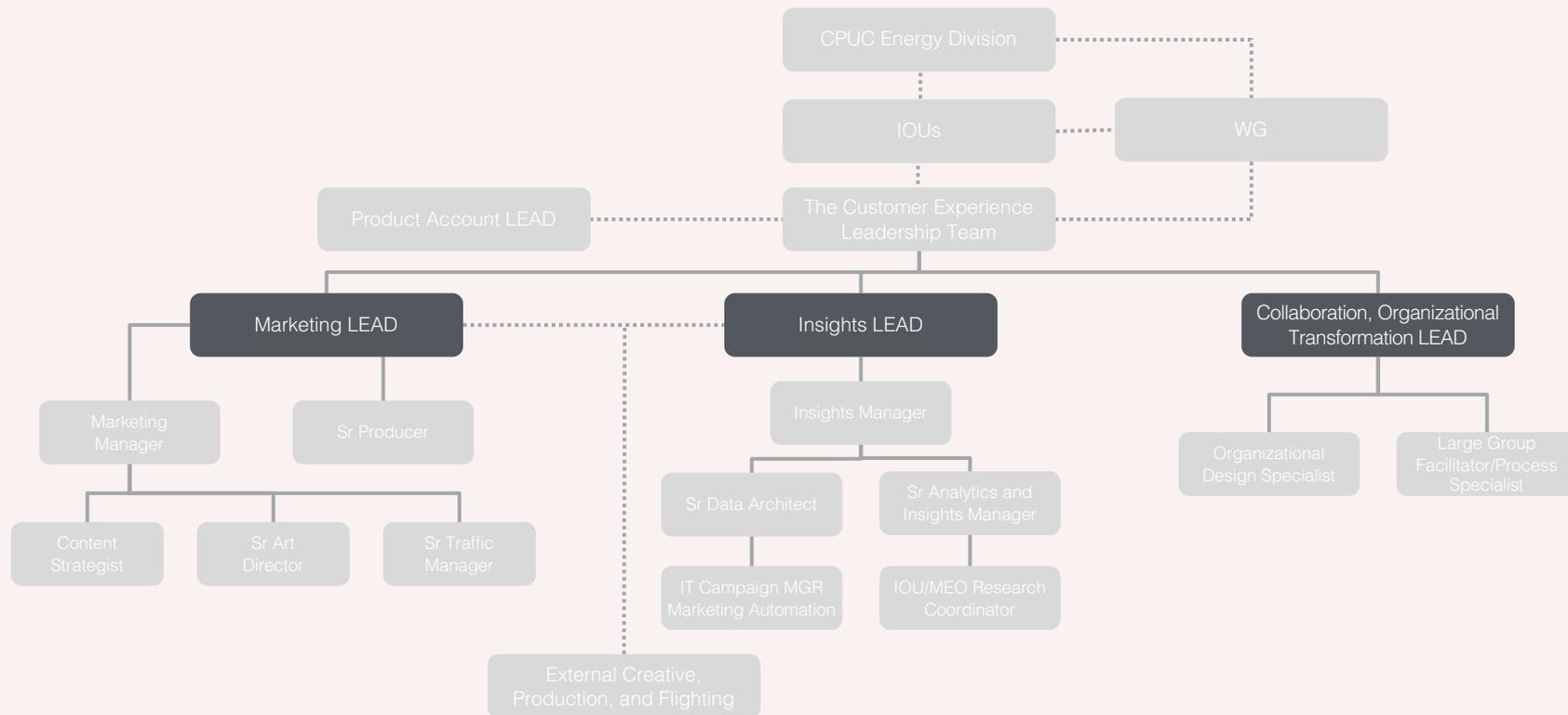
Facilitate coordination and alignment within RRR/TOU and between SW MEO efforts. Increase organizational effectiveness and lead organizational transformation and design efforts to optimize individual and group efforts.



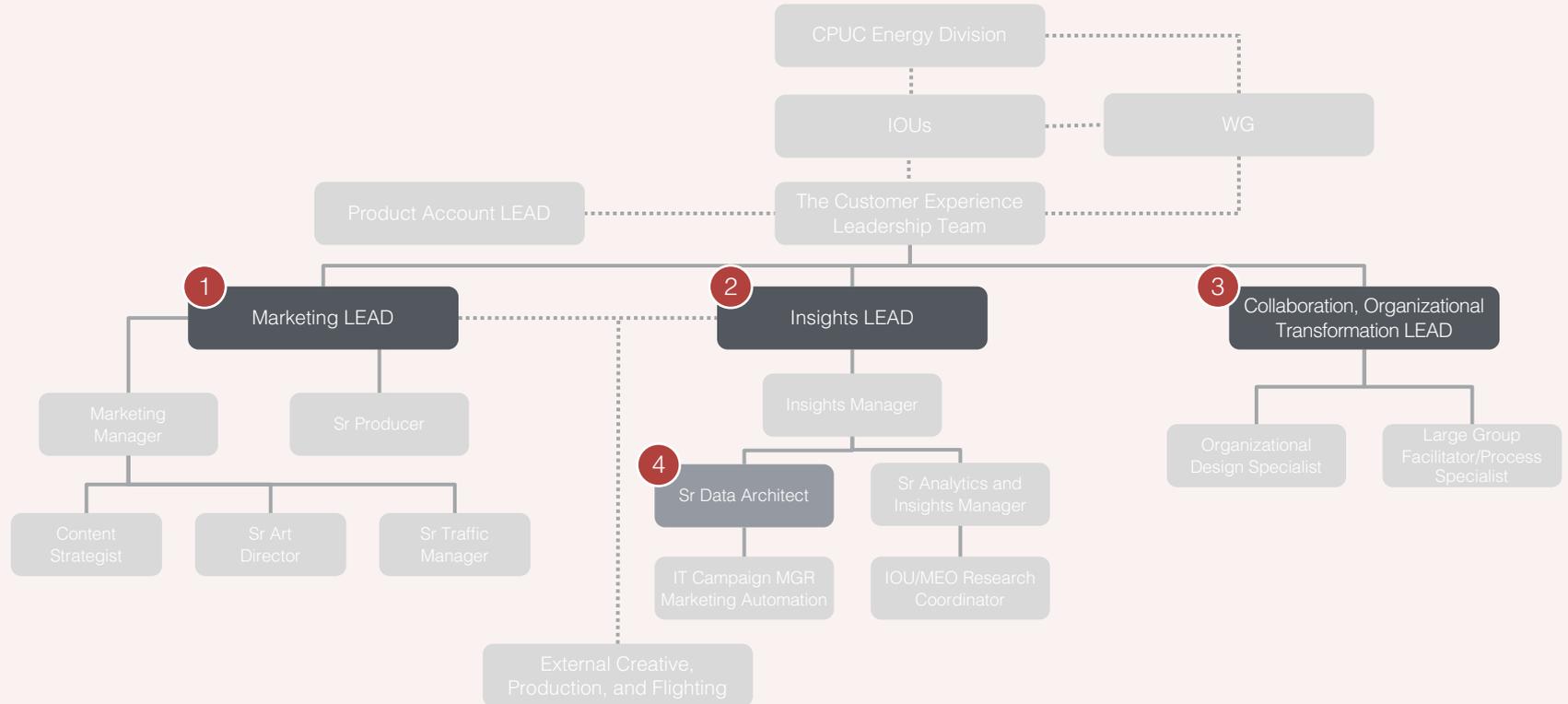
# CELT Mandate – Bring the Blueprint to Life



# CELT Domain Leadership

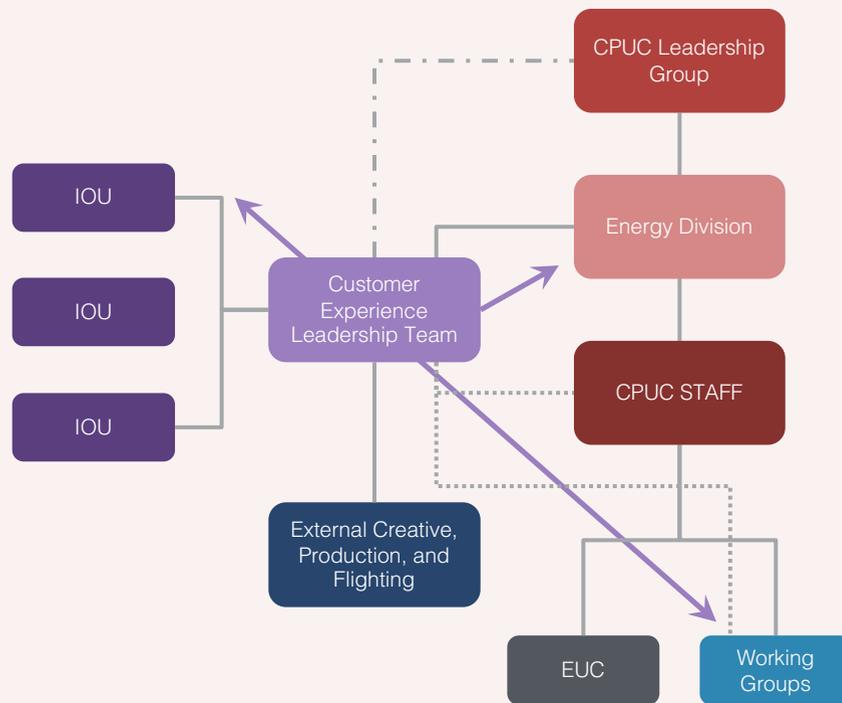


# Four CELT Competency Leads



# CELT Organizational Arrangements

1. CELT works directly with the IOUs and the CPUC to facilitate MEO SW strategic alignment across proceedings.
2. CELT's Board of Directors is the CPUC Leadership Group, which includes two Commissioners and the Executive Director.
3. CELT oversight is served by the Energy Division.
4. CELT faces off internally to the CPUC through a new SW management group within ED.
5. CELT works directly with the MEO WG to ensure SW MEO strategic alignment across proceedings.



# Statewide Alignment

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## Section 5.3.3

The SW Alignment and Coordination Team (ACT)



ACT is a proposed SW management group within the CPUC whose mission is to facilitate the alignment and coordination of all CPUC MEO activities and proceedings related to customer experience.

SW Alignment &  
Coordination Team  
(ACT)

Three streams of work...

Customer  
Experience

Ensure that the SW Administrator's MEO communications are strategically aligned and tactically synced for the best possible customer experience across proceedings and funding streams. Execute and evolve the CPUC's SW MEO strategy to meet the Blueprint's goals and vision.

Collaboration  
and Program  
Management

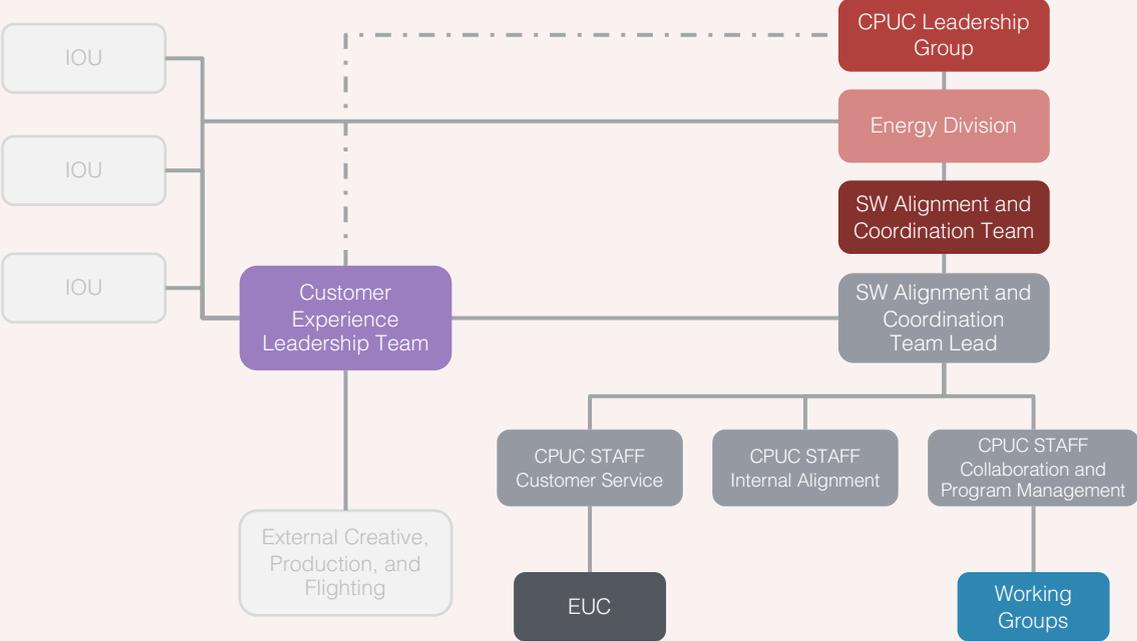
Facilitate Working Groups to be collaborative. Raise EQ. Ensure effective decision making. Participate and coordinate WG internal and CPUC cross-proceeding monthly risk and progress assessments. Manage WG Wikis to ensure effective communication between and among programs. Conduct Public Advocate training groups to ensure active and skillful engagement.

Internal  
Alignment

Effectively use primary, secondary research and analytics to drive actionable insights to support policy and alignment across proceedings. Manage a master calendar of outcomes and strategies from CPUC proceedings. Track timing of mandates and actions. Manage redundancies and conflicts. Own internal and cross-proceeding monthly risk and progress assessment.

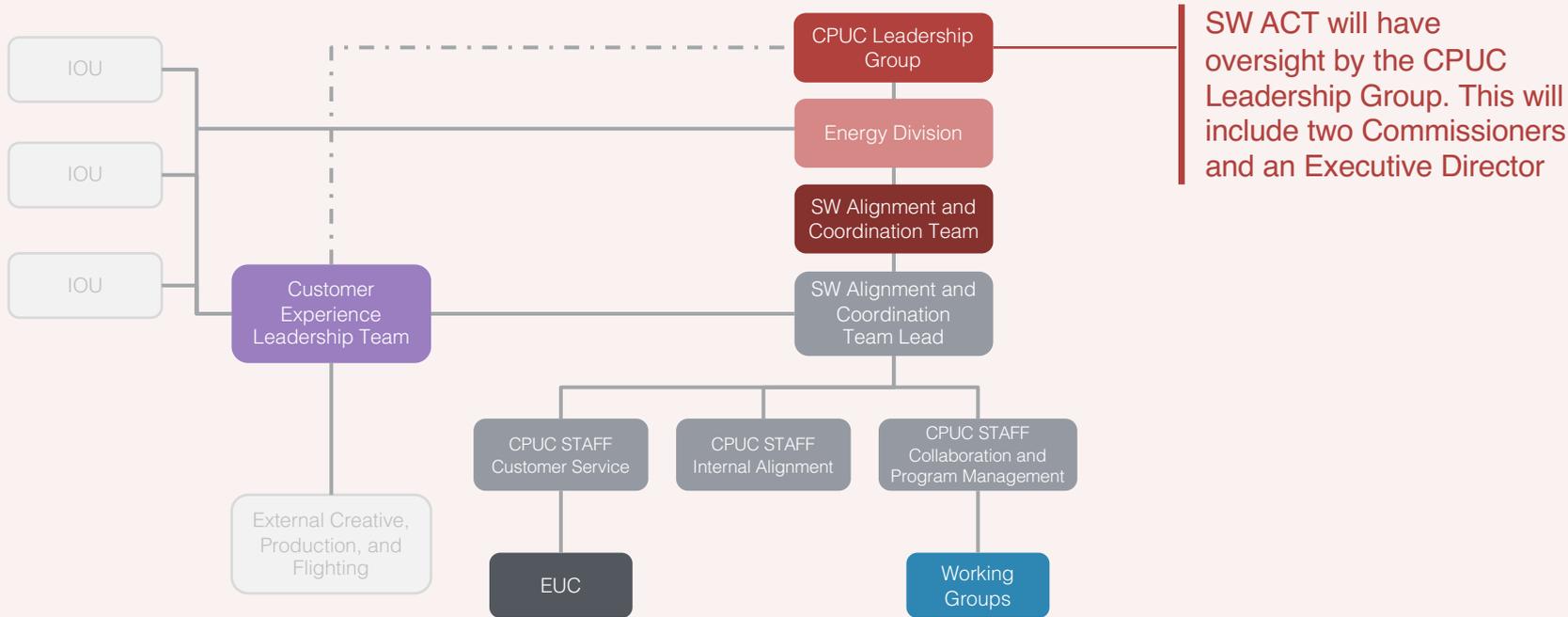


# SW ACT Mandate

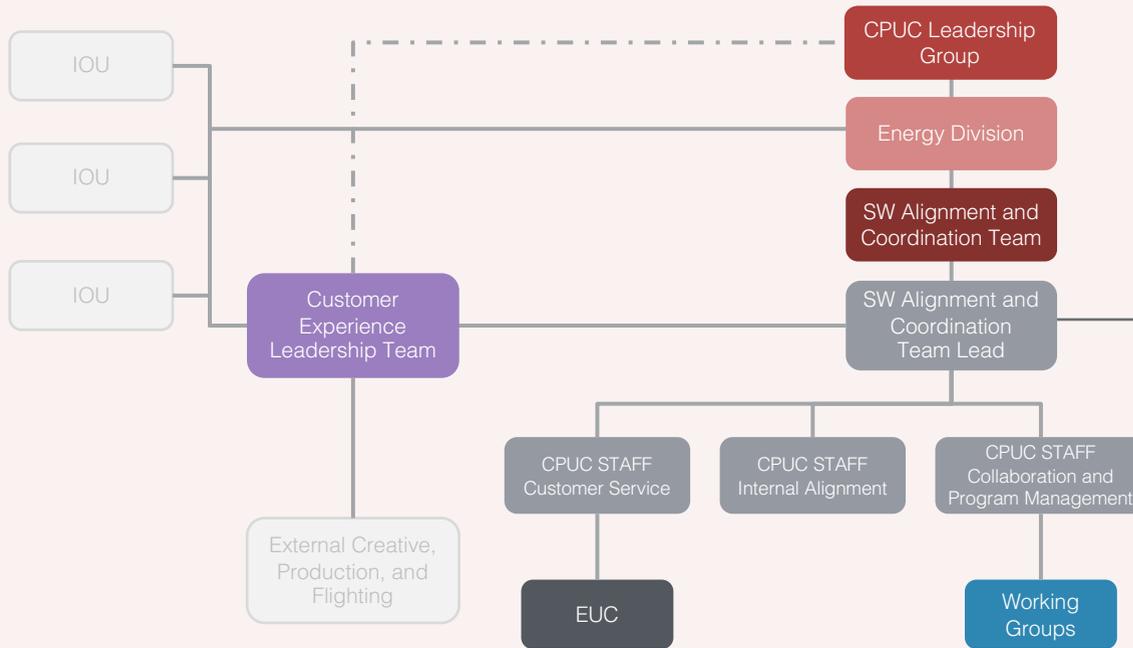


Build MEO  
Coordination and  
Alignment into All  
CPUC Proceedings  
and Decisions

# SW ACT is Directionally Oriented Towards Leadership's Vision



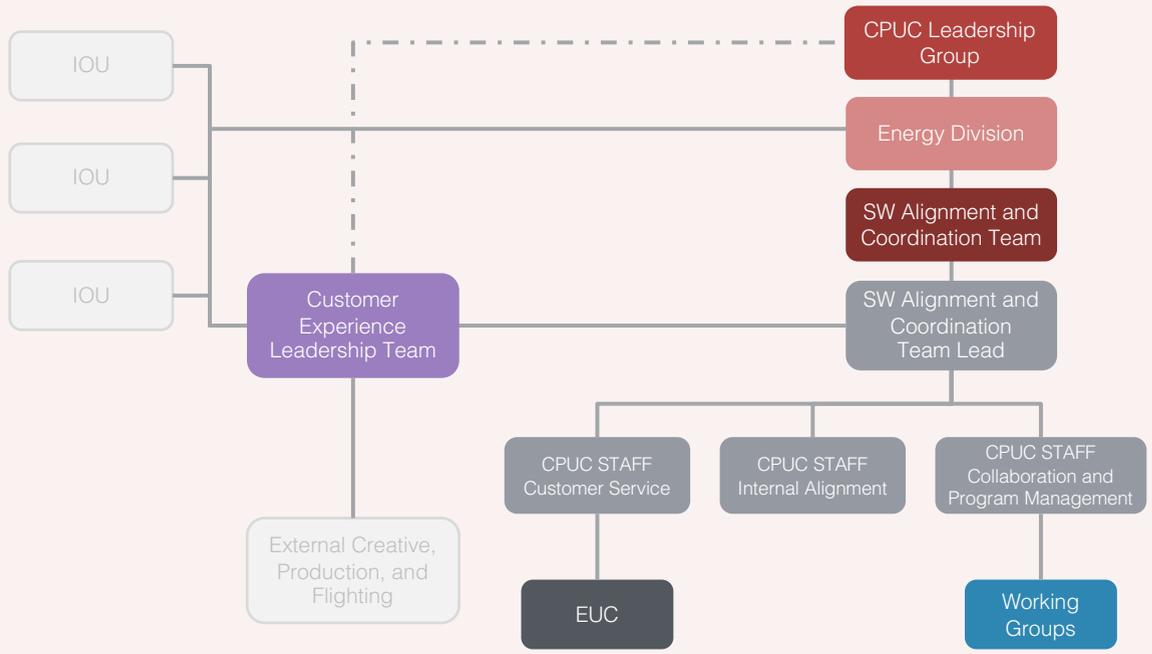
# SW ACT Brings Customer Experience to the Foreground



**SW ACT is a dedicated team responsible for ensuring that customer experience is central to the strategic vision underlying CPUC mandates**

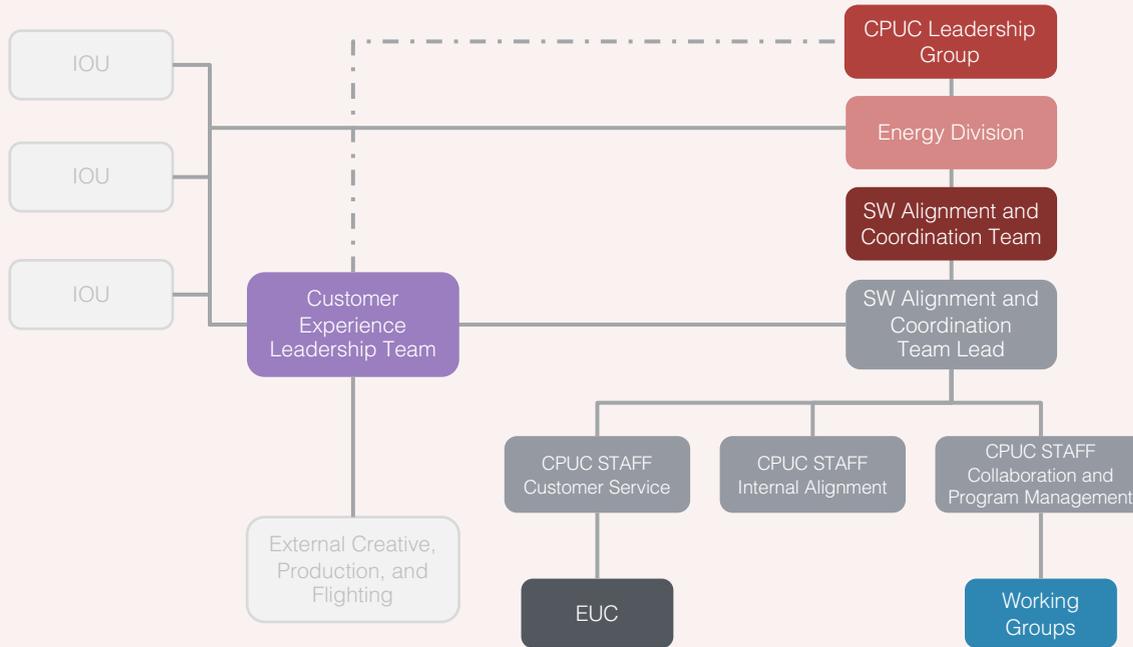


# SW ACT are Policy and Convening Experts



SW ACT works collaboratively with CELT to ensure that both policy objectives and MEO standards and principles are upheld and applied through an unbiased and professional customer experience lens

# SW ACT Organizational Arrangements



- SW ACT works with the IOUs and coordinates within the CPUC to facilitate MEO SW strategic alignment across proceedings
- SW ACT's Board of Directors is the CPUC Leadership Group, which includes two Commissioners and an Executive Director
- ACT Staff have the following Competencies:
- Customer Experience
- Analytics
- Coordination
- Collaboration
- Program Management

# Tactical Coordination

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## Section 5.3.4

The IOUs – Staying Connected and Aligned



# Commit... and then Commit Again

The WG's central function is to provide a forum for tactical alignment among the IOUs. Monthly updates, quarterly reports, and annual gatherings ensure that the IOUs stay connected and up to date on tactical plans and progress.



While the WG is mandated engagement, it is smart business sense. Reputational risk because of association ranks highest among businesses *within* an industry vertical; the reputation of the weakest partner affects the reputation of everyone, including marketplace leaders. Working together provides risk mitigation not through control but

influence. SW initiatives like RRR and Default TOU require coordination and commitment to tactical arrangements prescribed by the Commissioners and ALJs. Invest in the whole system's success. This will ensure clear oversight and direction in a high-risk environment.



# Keeping Commitments Form the Basis for Trust!

The Principles in Section 5.2.3 are intended to facilitate, not encumber the IOUs

Master these five skills and practices to ensure tactical alignment



# Marketing Automation

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## Section 5.4

Objectives, Definition, Rationale, Principles, and Next Steps

# Section 5.4 | Marketing Automation

The MEO Blueprint is predicated on customer relationships. Excellence in communication is fundamental and as such requires targeted and focused marketing. The Alignment Strategy requires the IOUs (and the CPUC) to develop technology, process, content, data, and people skills that enable this customer engagement.

## Sections

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# Objectives | Establish a Common Understanding

Marketing automation is necessary to execute a real-time, relationship-oriented approach for both maintaining and extending customer engagement.

## Objective 1

Level set expectations and understandings about marketing automation and its role in the MEO Blueprint.

## Objective 2

Establish a POV about the need for a strategy. Identify both the challenges and opportunities of this three to five-year journey.

## Objective 3

Make recommendations about next steps for marketing automation and data driven marketing operations.



# Introduction

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## Section 5.4.1

### Marketing Automation Overview



# Introduction | Marketing Automation Overview

Effective engagement and communication that is delivered at the right time, in the right way, is relevant to its recipient.

Marketing automation is a category of software (cloud-based or installed) that is moving quickly toward becoming a platform (ecosystem) upon which IOU marketing, sales, customer service, and communication will be based.

Technically, the power of marketing automation is that it streamlines, automates, and measures marketing tasks and workflows; it increases marketing efficiency and effectiveness.

The functional stack of marketing automation includes e-mail, campaign landing pages, and set-and-leave campaign management; it segments and prioritizes customers based on fit and filters based on level of engagement and interest; and most importantly – in a regulated environment – marketing automation can create reports detailing marketing effectiveness, revenue contribution, behavior response, or cost-avoidance.

Marketing automation facilitates multichannel campaigns – direct mail, phone, online, and social – with robust insight-focused capabilities. It helps marketers determine precisely which marketing programs are working and which are not. It will facilitate scalability and tracking MROI.

The IOUs need a strategy for implementation that addresses the data integration and organizational transformation of marketing operations.



# Marketing Automation Overview (Cont'd)

- For the IOUs this will be a three to five-year journey that will touch the critical customer data points necessary to create a sustainable and positive customer experience.
- Technology and data integration, coupled with marketing communication tools, will be central to the IOUs transforming into competitive energy-service companies of the future.
- Marketing automation can deliver:
  - Initiatives and offers that resonate with customers based on their behavior and indicated interests
  - Information delivered at critical moments to support discovery and engagement in the decision-making process

“

“Marketing automation technology helps teams refine their strategies by connecting the efforts across both the art and science of marketing. Marketers are streamlining campaign execution with the ability to better target, engage, convert, and analyze business in more meaningful ways, both qualitatively and quantitatively.” ~Oracle



# Five Functions of Marketing Automation

Marketing is a life cycle. The customer journey requires continual touch points, nudges, and reassurances – each a different sort of communication that together tells a story and builds a brand. Marketing automation is the tool set that facilitates technology-enabled repeatable processes.

- 1. Targeting:** Data management and hygiene allows marketing to meaningfully segment and refine prospects.
- 2. Engagement:** Meaningful marketing is centered on the customer through tactics that align messaging across all digital channels. This requires a content-marketing strategy to provide thoughtful and valuable engagements.
- 3. Conversion:** Marketers must respond to customer actions in real time and deliver information that supports the customer

journey. Automated campaigns can improve customer experience, develop loyal relationships, and track conversion data more effectively. If IOUs understand the nature of TOU conversions, they can leverage data to refine approaches.

- 4. Analytics:** Data analytics provides tracking to better define, refine, and measure strategies while maintaining accountability. Insight helps refine strategies and develop repeatable processes.

- 5. Alignment:** Marketers understand the importance of aligning marketing automation, sales force automation (SFA), and customer relationship management (CRM) platforms. Integrating technologies extends capabilities, connects the dots of efficiency, and maximizes interactions.



# Why Marketing Automation Is Essential

The transition from broad-spectrum media to microtargeting assumes a level of control and organization across the marketing enterprise. Marketing automation is a suite of tools that coordinates and aligns customer communication with analytics to track and facilitate an increasingly targeted messaging strategy.

- 1. Continuity in marketing and outreach:** To be effective, SW marketing and outreach programs need long-term planning cycles to build and maintain lasting relationships, cost-effectively take advantage of mass media strategies, and leverage additional public and private resources to make the most of the limited funding available.
- 2. Constant information:** Consumers must have 24/7/365 information and consistent messages to take action.

- 3. Compelling information:** To effectively communicate to consumers through mass media, the Internet, and other forms, the messages conveyed must be clear, compelling and concise.
- 4. Coordination across the state:** In order to avoid confusing customers and instead to amplify compelling messages, California should coordinate messages and timing with the myriad of programs offered by program providers in the state – IOUs, municipal utilities, water

agencies, manufacturers, retailers, third parties, and contractors.

- 5. Measurement and reporting capacity that supports accountability:** Marketing automation provides a system of record that supports regulatory feedback requirements.



# POV: Becoming Data-Driven

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Section 5.4.2



# POV | Becoming Data-Driven

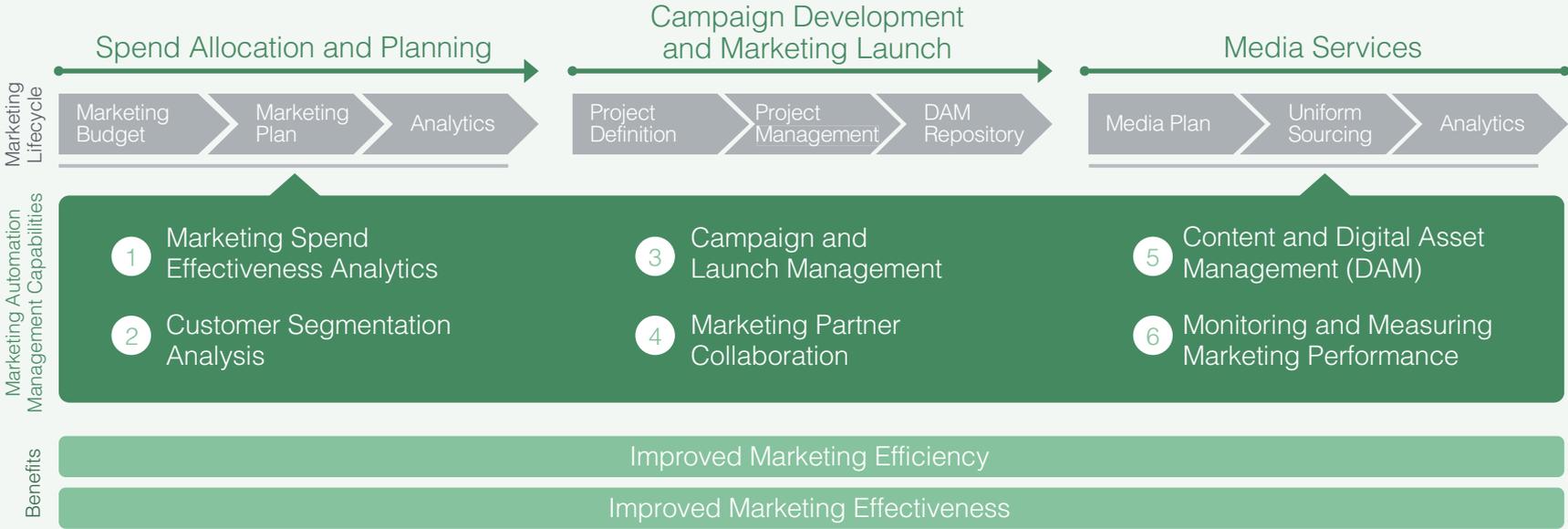
The communication requirements created by TOU will shift the customer relationship from broad-spectrum to microtargeted messaging

- Data integration is one of the biggest IT projects the IOUs will face. The future of their business is dependent upon getting data right.
- The Blueprint depends upon data to align relevant, appropriate messaging at each touch point.
  - Without clean data, marketers waste precious money and time
  - Data optimization improves the performance of campaigns
  - Integrated data processes support the tracking and improvement of key performance indicators (KPIs)
- Like many complex industries – such as telecommunications – data lives throughout the operations of the utility in legacy applications. By and large, utility customer data is not integrated, meaning there are multiple data schemas, making data difficult to share. It's hard to get at, the volume of live data is exponentially growing, and the data repositories and schema are not yet designed with standards to keep up with trends in technology, such as the Internet of Things (IoT).
- Data integration is a huge IT initiative – all three IOUs are in process – with a three to five-year time horizon. It is not cheap and data integration efforts are prioritized by business case/ROI. Marketing does not have as high a profile as, say, safety.
- The next step for future planning will be a strategy, business case, and roadmap for implementation that addresses both data integration and organizational transformation for a variety of marketing operations.



# Marketing Operations Life Cycle Framework

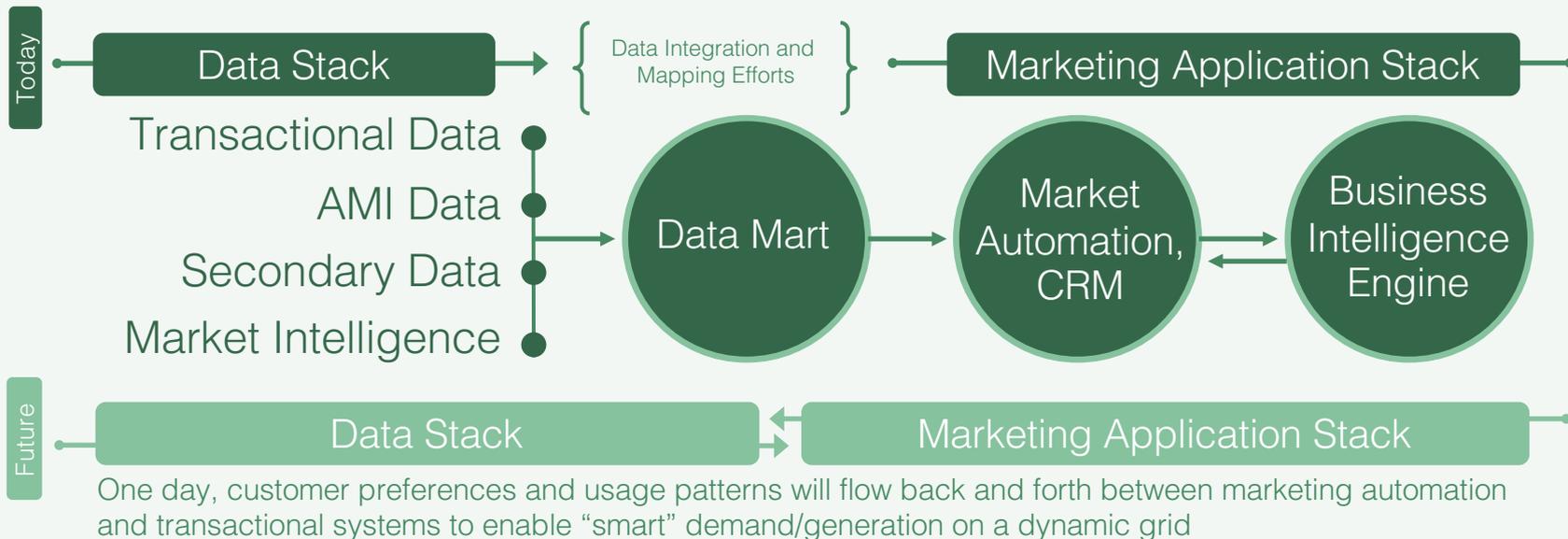
Becoming data-driven means being able to use data across a technical and operational infrastructure that covers the entire marketing life cycle.



# The Data Resides in a Variety of Applications

- Getting to the necessary level of customer granularity for dynamic personalization requires access and integration with the data stack, either real time or near time.
- Data must move first to a data warehouse where the data

schema are harmonized and mapped before it is available for use in marketing automation or CRM or integrated into a BI engine.



# The Benefits of Marketing Automation

The benefits are not only customer experience. There are business goals and improvement levers that drive both efficiency and effectiveness

## DEFINITION

Improved Marketing Efficiency



Right message, right offer, right place, right time (where, when, and how much to spend)

Improving marketing efficiency and effectiveness helps to realize IOU and CPUC goals

Improved Marketing Effectiveness



Coordinate and execute marketing faster and cheaper (streamlining what we do)

## KEY MARKETING GOALS

Deliver the right message

Increase customer loyalty and brand value

Lower internal operational costs

Measure and monitor performance

### Marketing Levers

- Brand advertising
- Plan advertising
- Program advertising
- Promotions and events
- Direct marketing
- Incentives

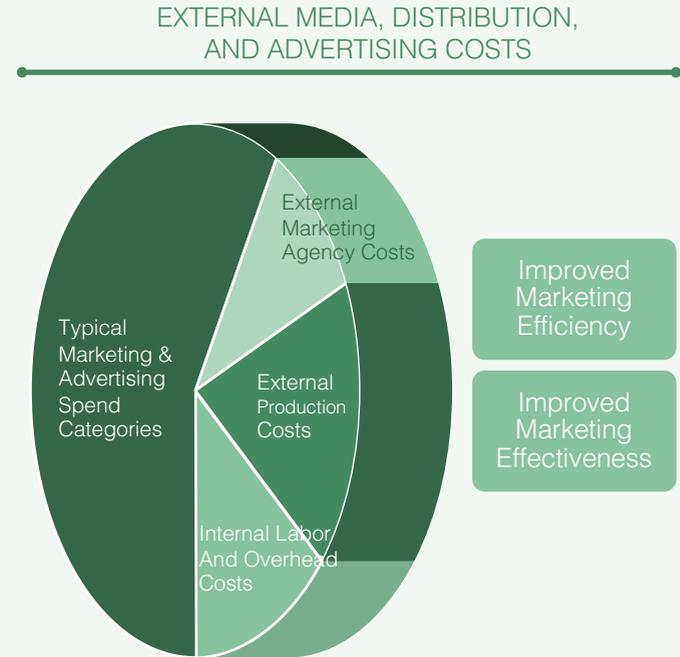
### Operational Levers

- Process cycle-times (launch, planning)
- Staff levels/benchmarking
- Budget performance
- Goal management performance/error minimization



# Marketing Automation: The Value Proposition

- Marketing automation can drive down marketing spending by 10-20% (Gartner Research)
- Companies with mature lead generation and management practices have a 9.3% higher sales quote achievement rate (CSO Insights)
- Relevant e-mails drive 18 times more revenue than broadcast e-mails (Jupiter Research)
- Personalized e-mails improve click-through rates by 14% and conversion rates by 10% (Aberdeen Group)
- Gartner estimates a 15% savings on creative production with marketing automation (Gartner Research)
- Gartner estimates a 5% reduction in marketing waste through automating fulfillment (Gartner Research)
- Event-triggered marketing can potentially save 80% of your direct mail budget (Gartner Research)
- Companies that excel at lead nurturing generate 50% more sales-ready leads at 33% lower cost (Forrester Research)
- Businesses that use marketing automation to nurture prospects experience a 451% increase in qualified leads (The Annuitas Group)



# Section 5.4 | Marketing Automation

Data-driven marketing operations will require the commitment of resources. The journey will take from three to five years. The first steps are to clarify the business case and the articulation of a roadmap that sets forth the phases and objectives over time.

1

## Business case

At a high level, the case for optimization through the efficiencies and effectiveness of marketing automation will not be difficult to make. However, prioritization of a marketing focus will need to be balanced with other initiatives within the IOU that are safety and grid focused. Having a comprehensive strategy that takes into account the ROI of one approach over another – in terms of increased effectiveness or decreased costs due to greater efficiencies – will provide tremendous value to each of the IOUs in terms of supporting a short and long-term roadmap and approach.

2

## Discovery

Coupled with undertaking a business case is the articulation of a roadmap. Technical and business objectives must be clearly understood. There is no one right way or best way for the IOUs to become data-driven in their marketing operations; however, there will be better ways that balance ROI with strategy and other enterprise objectives. A discovery phase can articulate the path, in context, to overall IOU efforts for data integration.



# Critical Path

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## Section 5.5

90-Day Plan, Critical Path Annotation

# Section 5.5 | Critical Path

This section provides a 90-Day Plan and an integrated roadmap for implementing the MEO Blueprint. There are many variables that have yet to be clarified or conditions that will change. This will affect strategy and therefore impact timing and tactics. This will set in motion factors that require evolving aspects of the MEO Blueprint.

## Sections

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<b>5.5.2 The 90-Day Plan:</b> Recommendations for Immediate Next Steps .....	547
<b>5.5.3 The Critical Path:</b> Recommendations for How to Proceed from 2017 through Default TOU in 2019 .....	553

# Overview

---

## Section 5.5.1

Context, Overview, Assumptions



# Creating a Plan for a Moving Target

Implementing a complex strategy requires the ability to assess and adjust in a continually iterative manner. The Critical Path makes short and long-term recommendations for implementing the MEO Blueprint.

The WG, CPUC, and IOUs must be able to gauge conditions and navigate toward the bigger vision, aligning with decisions being made in other proceedings.

The following planning documents seek to provide a starting point for this alignment process by providing – within one “field of vision” – a view of the short-term “this is what you have to get done” and the longer-term “big picture.”

With the delivery of the MEO Blueprint, we are at a point where we can begin to make decisions about the framing constructs that will guide the next phase of work. However, there is more work to do.

The net of these circumstances is that this section can only propose and show – with some broad brush-strokes – what it might look like to take the path that has been put forth in the MEO Blueprint.



# Objectives | Provide Actionable Steps

Implementing a complex strategy requires the ability to assess and adjust in a continually iterative manner. The Critical Path makes short and long-term recommendations for implementing the MEO Blueprint.

## Know Where We Are Starting From

Clarify the assumptions and conditions that underlie the 90-day and Critical Path recommendations.

## Offer a Short-Term 'Get Started' List

Provide immediate steps for the next 90 days that will support momentum and continue to move the MEO Blueprint forward.

## Get Oriented

Offer an overview of the Critical Path to see the “big picture” and become more aware of the dependencies and opportunities ahead.



# Key Content Bands on the Critical Path

## The elements of the Critical Path are:

- Timeline – Before Default, After Default – By Years 2016-2020
- Message Cadence and Volume – Shows cadence of when messages are in market; names message intent, messenger, and volume
- Approximate Customer Bill Impacts by Season – This simulates approximate customer experience based on bill impact
- The Customer Experience Leadership Team – Details the high-level work plan and responsibilities for CELT
  - Creative/Campaign
  - Research/Insights/Evaluation
  - Budget/Strategy
- Alignment/Organizational Design
- Technology – data schema and harmonization, marketing automation
- Recommended next steps
- IOU – This area is mostly open – it is intended that the IOUs will add their Critical Paths to the RRR/TOU timeline. Includes 90-day plans and regulatory filing information
  - Technology – data schema and harmonization, marketing automation
  - Creative/Campaign
  - Research/Insights/Evaluation
  - Budget/Strategy
  - Alignment/Organizational Design
  - Regulatory Events
- Recommended next steps
- CPUC – This shows the intended 90 Day Plan – The Commission should add their Critical Path as it becomes clear
  - Recommended next steps
- MEO Working Group – This shows the intended meetings and 90 Day Plan
  - Meetings
  - Recommended next steps



# Assumptions

The CPUC does not have the capacity to lead marketing efforts or have a customer experience background and must plan to augment staff to execute the Blueprint strategy.

- The role of the CPUC is to set strategy and offer guidance about the intent with regards to policy, not mandate marketing tactics.
- The CPUC is committed to taking a new approach to engage customers and market to them.
- The CPUC is committed to alignment and coordination in terms of MEO efforts – budgets, strategies, leveraged resources.
- Opt-In TOU and the period of time leading up to Default TOU offer tremendous opportunities to shift the marketplace with regards to public sentiment and knowledge around electricity, energy, and the grid.
- To leverage this opportunity requires all-in, bold thinking.
- The strategy, cadence, research, and budgets are built around the requested "big bang" launch in January 2019 for Default TOU.
- The suggested reach is 85% to 90%.
- The suggested frequency is 10+.
- Without a campaign a ballpark budget is sufficient; agency, production, direct marketing costs don't need to be provided.
- SMUD marketing costs (\$4 per account for Default TOU and \$61 per account for opt-in) as well as SMB marketing costs are acceptable baselines/points of reference.
- There will need to be technology investments that require a long view and considerable cost to create the necessary data harmonization, schema mapping, and integration for an optimal customer experience.



# The 90-Day Plan

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## Section 5.5.2



# How to Approach Recommendations for Immediate Next Steps

- The following four slides captures the todos and next steps for each of the major actors: the CPUC, the IOUs, the Working Group, and the Customer Experience Leadership Team (CELT).
- It is understood that the amount of information being provided may initially be overwhelming; becoming oriented to the MEO Blueprint will require time.
- The next steps offer a productive direction for how to focus efforts during discussion and consideration about how best to move forward; momentum is important to keep attention on the process of integration and assimilation.
- The first thirty days (September) are principally set aside for reviewing the MEO Blueprint, and the IOUs preparing their advisory plans and quarterly reports for November 1, 2016.
- Where possible, recommendations in the 90-day plans reference the section of the Blueprint that provide detail and background for the effort.



# CPUC 90-Day Plan

	September	October	November	December	January
MEO Blueprint	Review MEO Blueprint	Secure approval to move forward with the MEO Blueprint. This includes on-boarding Customer Experience Leadership Team to execute the MEO strategy – and with CELT oversight hire creative agency – See Section 5.3.2  Develop RFP for IOU Tracking Studies  Develop RFP for SW study	Establish preliminary budget for guidance and RFP creation purposes. Put RFP out to bid for contracting CELT – See Section 5.3.2  Select teams for IOU Tracking Studies  Select research teams for SW study	Contract the CELT to champion the program, lead the SW campaign and lead the selection of the creative team – See Section 5.3.2	Metrics and construct pretesting
Internal	Institute biweekly cross-proceeding status checks – See Section 5.2.3 Risk Management Next Steps	Institute quarterly all-hands risk assessment processes – See Section 5.2.3 Internal and External Risk Management Next Steps	Institute bi-annual strategy risk assessment processes – See Section 5.2.3 Strategy Risk Management Next Steps		Work with CELT collaboration lead to build out CPUC SW Alignment and Coordination Team. Includes roles and responsibilities, job descriptions, reporting, and workflows – See Section 5.3.3
WG		Ensure Charter ratification and adoption of decision-making, risk, and process flows – See Section 5.2.2 and 5.2.3	Ensure sub-working groups are formed – See Section 5.2.3  Begin process of developing CPUC KPIs to drive WG quality improvement over time – See Section 5.2.3		



# IOUs 90-Day Plan

	September	October	November	December	January
<b>Regulatory</b>	Develop marketing budgets and plans for November filing		File quarterly reports		
<b>Internal</b>	Initiate a discussion with executives to endorse a business case and discovery initiative to support a three to five-year plan for marketing automation and data integration – See Section 5.4.3	Write the RFP to hire a vendor to conduct the marketing automation business case and discovery process – See Section 5.4.3			Hire vendor. Begin Discovery/Business Case project – See Section 5.4.3
<b>MEO WG</b>	Review MEO Blueprint	Participate and commit to ratification of the Blueprint Vision, Charter, and the implementation of decision-making processes – See Section 5.2.3			



# Working Group 90-Day Plan

	September	October	November	Dec	Jan
<b>Working Group</b>	Review MEO Blueprint	Create collaboration and alignment subgroup within WG to review Charter and make recommendations to the WG for how to proceed – See Section 5.2.3	Create marketing, measurement, and research subgroups within WG to ensure respective areas of the campaign are successful and operating to the plan – See Section 5.2.3		
		WG to agree to and implement decision making, risk assessment, and process flows designed to support the execution of the MEO strategy – See Section 5.2.3	WG and CELT to close on measures/metrics of success – See Section 5.2.3		
		WG to ratify Charter and adopt the MEO Blueprint campaign vision and mission – See Section 5.2.3			



# Customer Experience Leadership Team

	September	October	November	Dec	Jan
Program Management					CELT to write the RFP and creative brief to get bid to contract a creative agency
Marketing					
Metrics					
Collaboration /Governance				Begin design process with CPUC to build out the SW Alignment and Coordination Team. Includes roles and responsibilities, job descriptions, reporting, and workflows – See Section 5.3.3	



# The Critical Path

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Section 5.5.3



# Objectives | Show the Big View

To read a map we must know both where we are and where we are going. This snapshot of the Critical Path is a moment in time. The design was conceived as a vehicle around which the MEO Working Group can iteratively add detail in a collaborative planning exercise that will require discussions and decisions. To see how the parts fit together into a whole – the Working Group can discover gaps, dependencies, and areas where resources will be required to support forward movement.

## Provide Dimension

Begin to show, with the information we have now, how the Blueprint fits together.

## Facilitate Conversations

This is a big project and a big opportunity – seeing all the pieces helps to facilitate conversations in context.

## Show Dependencies

The biggest risks are dependencies between efforts that may not be optimally sequenced and need to be considered in context and together.



# How to Proceed From 2017 through 2019

- The following Critical Path document is a high-level view of the regulatory events and filings related to RRR and TOU. Additional “swim lanes” include a view of the proposed message cadence and intensity along with an approximate view of the customer experience of bills. The proposed tracks of work for the Customer Experience Leadership Team and a placeholder for IOU streams of work are the essential efforts for bringing the MEO Blueprint to life.
- The Critical Path is a snapshot – a moment in time. There are many complexities and dependencies:
  - “When is the timing for Default TOU?” has many implications.
  - Who will manage the SW campaign, and when they are on-boarded, will influence the pace.
  - Messaging may shift due to decisions about price signal.
  - Feedback from the Default TOU pilots may again shift timing and messaging.
- In other words, there is little that is certain and solid in the plan.
- Being able to see the “big” picture supports awareness and understanding about the events that will be unfolding, the actors who must be engaged, and the decisions that must be made to begin this multiyear journey.
- The first slides are meant to orient the reader.
- The final slide links to the most recent version of the Blueprint Critical Path for download.



# How to Orient to the Critical Path

- The following slides point out aspects of the map, offering the reader an understanding about how to orient to the information graphic.
- The Critical Path is sequenced by time (along the top) and across actors (down the side).
- Events that have been included are
  - composed of both milestones – such as a specific regulatory event or an event date such a Default TOU – and work streams indicating defining, designing, and implementing a particular track of work that may occur over several quarters.
  - The swim lane for the IOU marketing activities and the CPUC critical path have been left mostly empty with the assumption that these tracks will be added over the course of the fourth quarter, 2016.
- The top section offers a narrative overview and a key to the graphical icons.









# RROIR MEO Blueprint: Critical Path

## CONTEXT

In July 2016, the CPUC mandated the three IOUs to transition residential electricity customers through a series of rate changes culminating in a forced switch default to TOU in 2019 (D-15-07-01). The Decision notes that communication is critical to achieving the desired behavior change. This return is intended to make rates more understandable to customers and more cost-based, and to encourage residential customers to shift usage

to times of day that support a cleaner more reliable grid.<sup>14</sup> To ensure a successful transition to time-of-use rates, the 12-37-15 ACR mandated development of three core strategies, in short, marketing, measurement, and alignment. The goal of these strategies is to provide guidance for statewide and IOU actors to build integrated marketing, measurement and alignment activities for Residential Rate Form and Default TOU that will help customers understand why rate reform is happening, why TOU matters and ultimately,

to drive load-shifting and conservation behavior change over time. To implement the Decision, the ACR mandated establishment of a MEO to address marketing, education and outreach and to have a consultant to build a strategic action plan that addresses this challenge. Greenberg, Inc., an Emerald-based research and strategy firm was selected and on-boarded on April 20, 2016 to begin the process.

## MEO BLUEPRINT

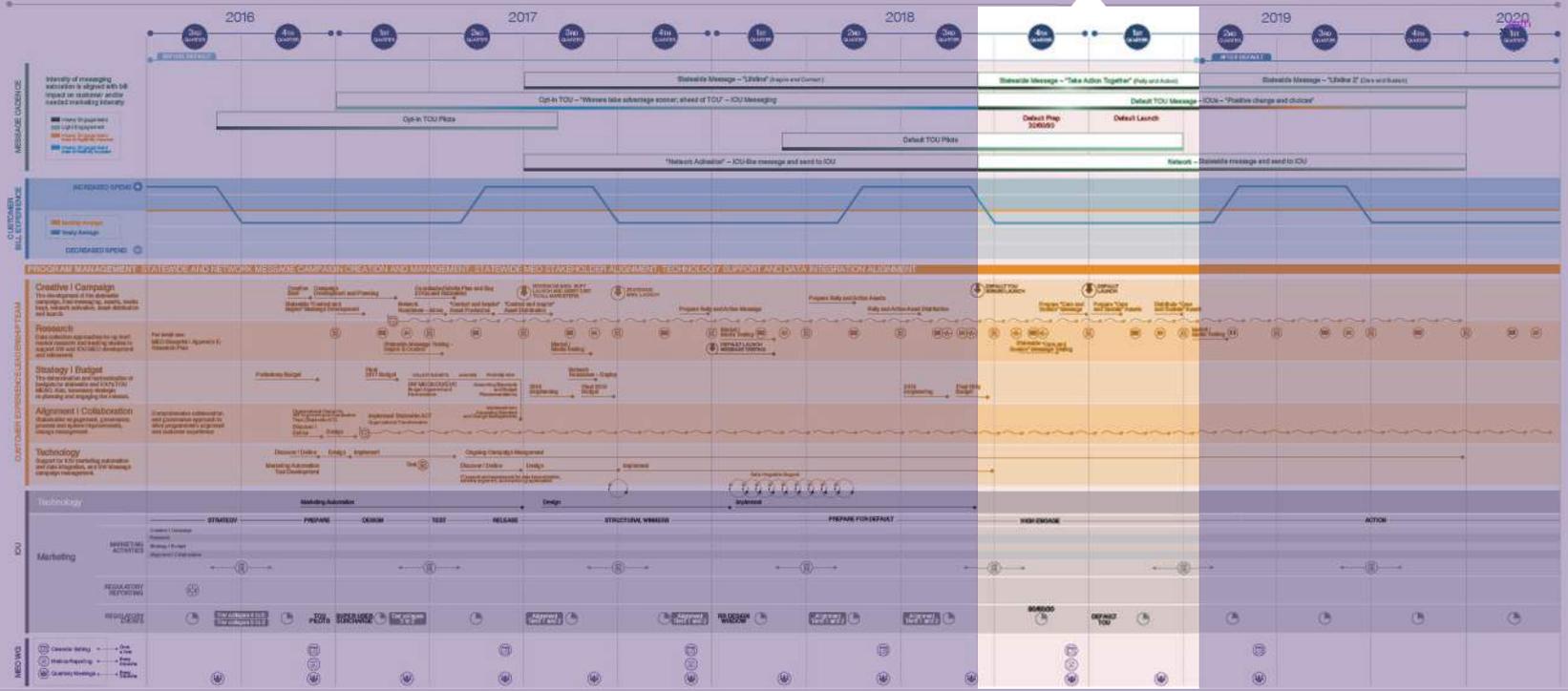
The MEO Blueprint is an integrated set of strategic principles to guide market actors in operationalizing specific tactics underneath this intent. The complexity of the Blueprint reflects the complexity of the task it was asked to achieve. Greenberg's development of this "roadmap" is based on multiple inputs, including stakeholder interviews, primary and secondary research, and marketing best practices drawn from recent experience.

The Critical Path refers to a visualization of the tasks, activities, and interdependencies for executing the MEO Blueprint. It is a high-level view into a complex multi-year, multi-party initiative. The dates are approximate, there are many details that have yet to be established and that will have discussed in proposals. Variables, such as the date for Default TOU, the rules, and the presence of a coordinating body to facilitate execution, all will have an impact on the plan. Hence this is an ideal plan, based on current understanding. The Critical Path will need to be

# Default TOU

adjusted over time to incorporate new information as it becomes available.

The Critical Path is organized across two axes – along the top is time and down the sides are facets of work, and known dates for regulatory events or filings.





# RROIR MEO Blueprint: Critical Path

Week 11 August 2016



**CONTEXT**  
 In July 2015, the CPUC mandated the three IOUs to transition residential electricity customers through a series of rate changes contained in a forward looker default to TOU in 2016 (D-15-07-01). The Decision notes that communication is critical to achieving the desired behavior change. This return is intended to make rates more understandable to customers and more cost-based, and to encourage residential customers to shift usage to times of day that support a cleaner more reliable grid.<sup>1</sup>

To ensure a successful transition to time of use rates, the 12:57:55 ACR mandated development of three core strategies, in short, marketing, measurement, and alignment. The goal of these strategies is to provide guidance for statewide and IOU actors to build integrated marketing, measurement and alignment activities for Residential Rate Reform and Default TOU that will help customers understand why rate reform is happening, why IOU matters and ultimately, to drive load-shifting and conservation behavior change over time.

To implement the Decision, the ACR mandated establishment of a MEO to address marketing, education and outreach and to have a consultant to build a strategic action plan that addresses this challenge. Greenberg, Inc., an energy-based research and strategy firm was selected and on-boarded on April 20, 2016 to begin the process.

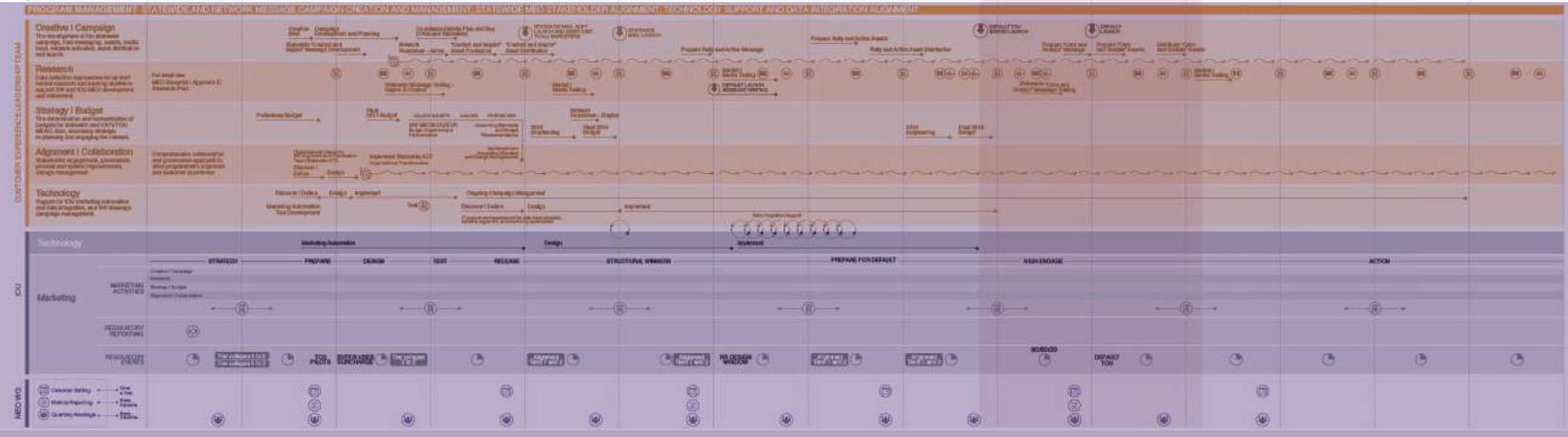
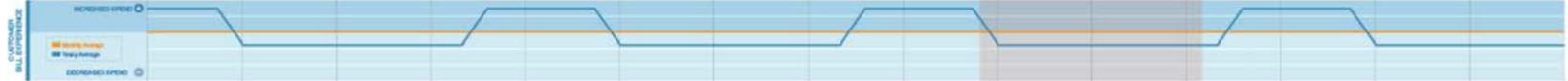
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The Critical Path refers to a visualization of the tasks, activities, and interdependencies for executing the MEO Blueprint. It is a high-level view into a complex multi-year, multi-party initiative. The dates are approximate, there are many details that have yet to be established and that will have disclosed implications. Variables, such as the date for Default TOU, the rates, and the presence of a coordinating body to facilitate execution, all will have an impact on the plan. Hence this is an ideal plan, based on current understanding. The Critical Path will need to be adjusted over time to incorporate new information as it becomes available.

The Critical Path is organized across two axes - along the top is time and down the sides are tracks of work, and known dates for regulatory events or filings.



## Customer Experience of Bills



# RROIR MEO Blueprint: Critical Path

Week 11 August 2016



**CONTEXT**  
 In July 2016, the CPUC mandated the three IOUs to transition residential electricity customers through a series of rate changes culminating in a forward look default to TOU in 2019 (D-15-07-01). The Decision notes that communication is critical to achieving the desired behavior change. This return is intended to make rates more understandable to customers and more cost-based, and to encourage residential customers to shift usage to times of day that support a cleaner more reliable grid.<sup>14</sup>

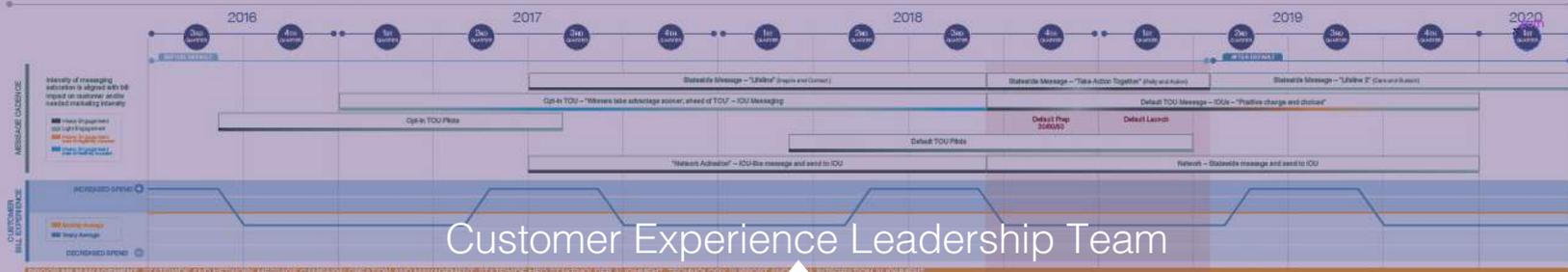
To ensure a successful transition to time of use rates, the 12:57:52 ACR mandated development of three core strategies, in short, marketing, measurement, and alignment. The goal of these strategies is to provide guidance for statewide and IOU actors to build integrated marketing, measurement and alignment activities for Residential Rate Reform and Default TOU that will help customers understand why rate reform is happening, why IOU matters and ultimately, to drive load-shifting and conservation behavior change over time.

To implement the Decision, the ACR mandated establishment of a MEO to address marketing, education and outreach and to have a consultant to build a strategic action plan that addresses this challenge. Greenberg, Inc., an energy-based research and strategy firm was selected and on-boarded on April 20, 2016 to begin the process.

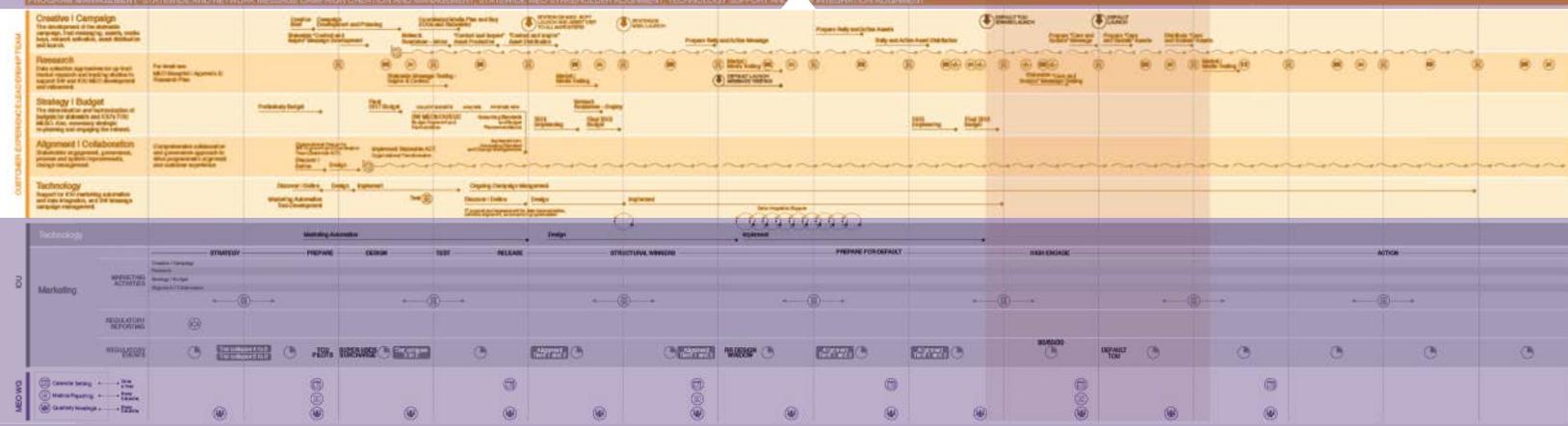
**MEO BLUEPRINT**  
 The MEO Blueprint is an integrated set of strategic principles to guide market actors in operationalizing specific actions underneath this intent. The complexity of the Blueprint reflects the complexity of the task it was asked to address. Greenberg's development of this "roadmap" is based on multiple inputs, including stakeholder interviews, primary and secondary research, and marketing best practices drawn from recent experience.

The Critical Path refers to a visualization of the tasks, activities, and interdependencies for executing the MEO Blueprint. It is a high-level view into a complex multi-year, multi-party initiative. The data are approximate; there are many details that have yet to be established and that will have disclosed implications. Variables, such as the date for Default TOU, the rates, and the presence of a coordinating body to facilitate execution, all will have an impact on the plan. Hence this is an ideal plan, based on current understanding. The Critical Path will need to be adjusted over time to incorporate new information as it becomes available.

The Critical Path is organized across two axes – along the top is time and down the sides are tracks of work, and known dates for regulatory events or filings.



## Customer Experience Leadership Team



# RROIR MEO Blueprint: Critical Path

Week 11 August 2016



**CONTEXT**  
 In July 2016, the CPUC mandated the three IOUs to transition residential electricity customers through a series of rate changes culminating in a forward look default to IOU in 2019 (D-15-07-01). The Decision notes that communication is critical to achieving the desired behavior change. This return is intended to make rates more understandable to customers and more cost-based, and to encourage residential customers to shift usage to times of day that support a cleaner more reliable grid.<sup>14</sup>

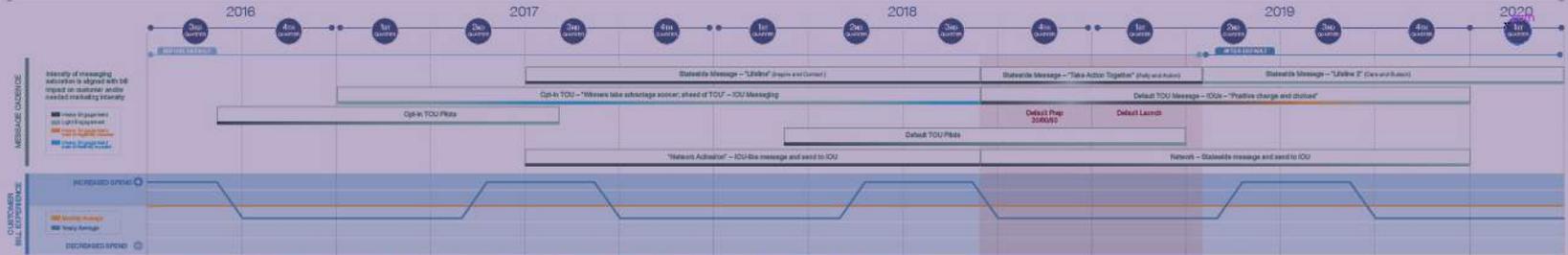
To ensure a successful transition to time of use rates, the 12:37:15 ACR mandated development of three core strategies, in short, marketing, measurement, and alignment. The goal of these strategies is to provide guidance for statewide and IOU actors to build integrated marketing, measurement and alignment activities for Residential Rate Reform and Default IOU that will help customers understand why rate reform is happening, why IOU matters and ultimately, to drive load-shifting and conservation behavior change over time.

To implement the Decision, the ACR mandated reestablishment of a MEO to address marketing, education and outreach and to have a consultant to build a strategic action plan that addresses this challenge. Greenberg, Inc. an energy-based research and strategy firm was selected and on-boarded on April 20, 2016 to begin the process.

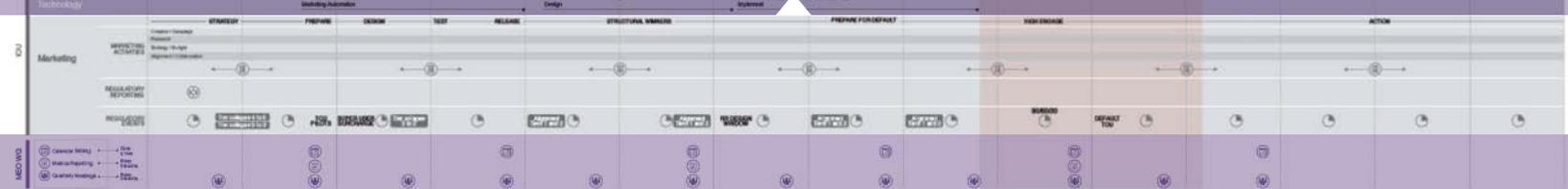
**MEO BLUEPRINT**  
 The MEO Blueprint is an integrated set of strategic principles to guide market actors in operationalizing specific actions undertaken this month. The complexity of the Blueprint reflects the complexity of the task it was asked to achieve. Greenberg's development of this "roadmap" is based on multiple inputs, including stakeholder interviews, primary and secondary research, and marketing best practices drawn from recent experience.

The Critical Path refers to a visualization of the tasks, activities, and interdependencies for executing the MEO Blueprint. It is a high-level view into a complex multi-year, multi-party initiative. The dates are approximate; there are many details that have yet to be established and that will have disclosed implications. Variables, such as the date for Default IOU, the rates, and the presence of a coordinating body to facilitate execution, all will have an impact on the plan. Hence this is an ideal plan, based on current understanding. The Critical Path will need to be adjusted over time to incorporate new information as it becomes available.

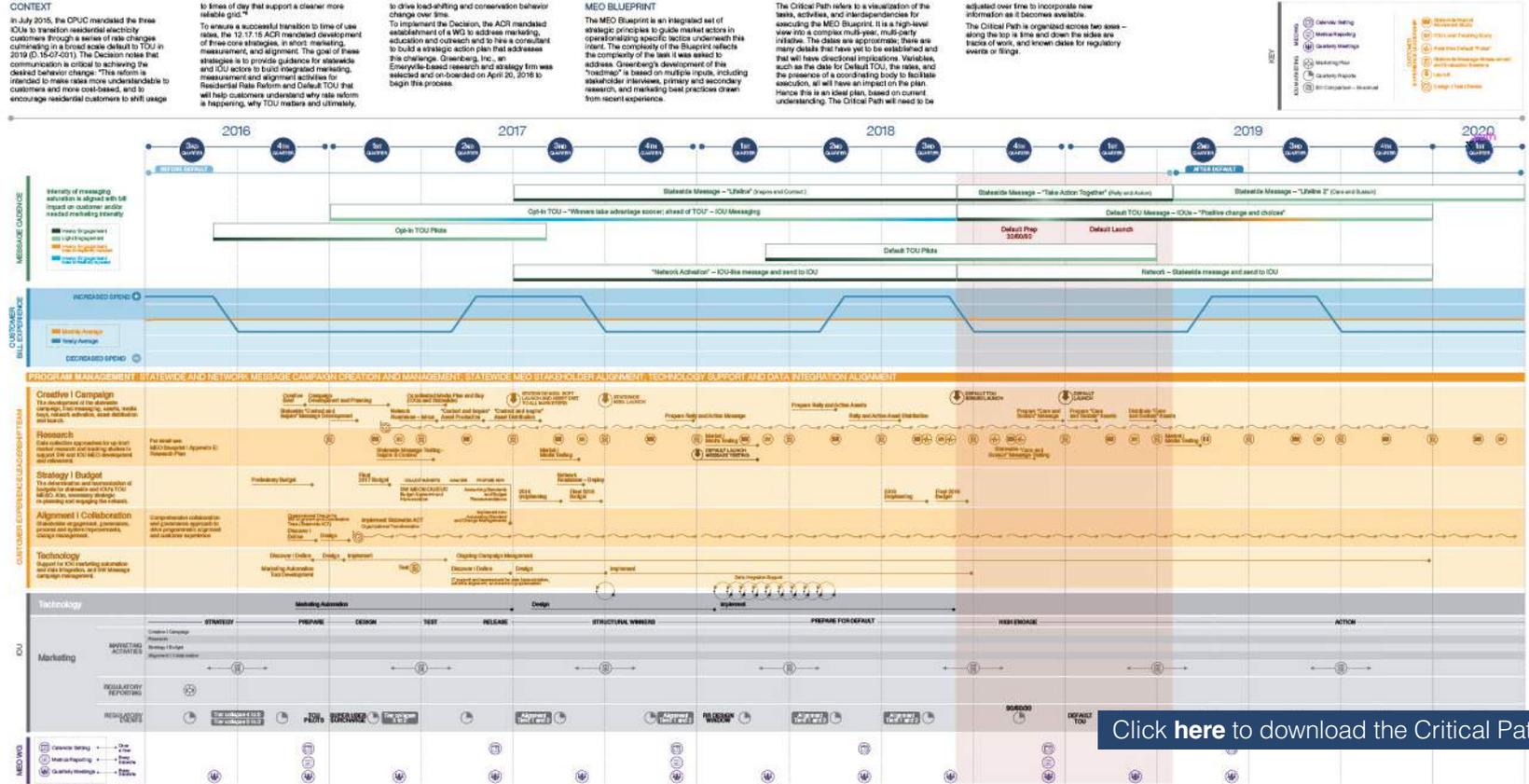
The Critical Path is organized across two axes – along the top is time and down the sides are tracks of work, and known dates for regulatory events or filings.



## IOU Marketing Activities and Regulatory Events



# RROIR MEO Blueprint: Critical Path



[Click here to download the Critical Path](#)

# Budget Framework

## Section 5.6

Structure, Costs, Guidance

# Section 5.6 | Budget Framework

The complexity and scale of RRR marketing and measurement activities outlined in the MEO Blueprint will also be reflected in cost. Since there are many unknowns, our goal here is twofold: provide structure for cost categories to be considered and provide directional cost projections.

## Sections

<b>5.6.1 Overview:</b> Budget Categories, Assumptions, Knowns and Unknowns .....	568
<b>5.6.2 Media Costs:</b> Estimates for Mass Media, Direct, and PR .....	574
<b>5.6.3 Research Costs:</b> Estimates for Research and Evaluation .....	579
<b>5.6.4 Professional Services:</b> Estimates for Customer Experience Leadership Team .....	583
<b>5.6.5 Totals:</b> Estimated Three-Year Budget .....	587

# Overview

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## 5.6.1

Budget Categories, Assumptions, Knowns and Unknowns



# Budget Development | The Starting Point

For budgets to be legitimate and meaningful, details must drive assumptions about how to scope the level of effort. Initiatives of this size require multiple rounds of strategy and budget review. We recommend determining key rates (“product”) and campaign variables and then completing a full cost review and optimization.

The budgets for the Blueprint are based on several input sources, including detailed market analysis by region, secondary research, inputs from the IOUs, our firsthand experience, and industry standards. These inputs have been integrated into an initial framework that lays the foundation for executing on the scale required to make RRR and Default TOU a success.

**Known Unknowns:** We have made assumptions (noted on the following page) that inform both the budget framework and

the cost projections. Both will require iterative refinement when final decisions are made regarding rates and measures of success. Of particular note are large-scale items such as media costs, which require a higher degree of specificity (e.g., launch timing, reach and frequency) to enable greater budget accuracy.

**Interdependencies:** Many cost elements have interdependencies, so a change in one component such as GTM timing may affect many if not all costs.

**Preliminary Budgets:** Some of the recommendations in the Blueprint have not yet had the benefit of feedback and refinement (such as budgets for the CELT team noted in Section 5.3.2). Here too, subsequent dialogue around how these recommendations will be implemented or refined will require further budget development.



# Budget Assumptions

Budget assumptions reflect the level of resources required to execute the strategy and tactics of the Blueprint, all of which are based on the hypothetical rates/impacts and the aggressive market approach agreed upon with the WG, CPUC, and IOUs.

**Budgets Timeframe:** 2017-2020

**SW Cost Sharing:** Where appropriate, costs are divided between SW (CPUC) and IOUs (local)

**IOU Cost Sharing:** Where appropriate, shared costs are assigned as follows: PG&E – 43%, SCE – 45%, and SDG&E – 12% (except for mass media, which was determined on a region-by-region basis)

**Monolithic Launch:** We assume the launch of Default TOU will be January 2019 (“Big Bang”)

**Not Included:**

- All agency and creative fees
- Production costs
- Optimization of the GTM budget (TBD when creative campaign and GTM timing are finalized.)

**Other Considerations:** We can’t estimate potential negotiated rates based on current vendor relationships, nor how such costs may shift with aggregate buying. It is assumed that a coordinating body (such as CELT), could generate 10-30% savings on proposed budgets from aggregate buying,

streamlined processes and review cycles, plus coordinating efforts with research and evaluation. In addition, the IOUs will need to review all GTM tactics and provide further guidance as to what tactics do and do not work in their respective markets.



# Budget Framework

The categories noted below provide an initial cost component template for executing the MEO Blueprint. While we provide projections for each, all require further refinement as rate and impact decisions are made.

## Cost Categories

1. **Mass Media Estimates**
2. **Direct Marketing Estimates**
3. **PR Estimates**
4. **Research and Evaluation Estimates**
5. **Marketing and Professional Services Estimates (CELT)**

## Cost Category Detail

1. **Mass Media Estimates:** Mass media is collection of media that reach very large numbers of customers. The mass media costs for this initiative focus on TV, radio, print, some digital, and OOH (out of home), determined on a region-by-region basis and designed to meet the agreed-upon reach and frequency targets.
2. **Direct Marketing Estimates:** Direct marketing encompasses physical marketing materials (e.g., outbound calls, mailers, welcome kit) and is a directional estimate on a cost-per-household basis. For clarity, direct marketing does not involve advertisements placed in mass media (e.g., radio, TV, print) and will be executed at the IOU level due to their ability to accurately target customers.



# Budget Framework (Cont'd)

## Cost Category Detail

- 3. PR Estimates:** Public relations costs are based on a monthly fee. These efforts are dedicated to ensuring customers receive timely and accurate RRR/TOU information as well as proper positioning from the media and partner publications.
- 4. Research and Evaluation Estimates:** The research budget accounts for the embedded metrics and measurement activities recommended in the Blueprint, including survey pretesting. The costs do not account for additional time for CELT or this team to help the WG arrive at final metrics and instruments to test. The costs also do not include focus groups, message testing research, and additional efforts to arrive at final creative copy.

Costs for research efforts include professional services for research design, data collection, monitoring, analysis, reporting, and associated WG meetings. It also includes direct costs for data collection and incentives for the SW Market Movement study.

## 5. Marketing and Professional Services

**Estimates:** Central to the success of the MEO Blueprint is a dedicated team of professionals who can carry the initiative forward. The Customer Experience Leadership Team is designed to fill multiple needs including:

- Setting creative direction
- Production oversight
- Setting the media buying/planning direction
- Coordinating the timing and volume of message saturation across actors

- Coordinating research and evaluation across the state and ensuring that feedback is presented and actionable
- Championing marketing automation
- Support internal efforts within the CPUC to design and develop a SW Alignment and Coordination Team
- Advocate for the optimal customer experience



# Known, Unknowable, and Out of Scope Costs

While tactics, message, and timing are still an unknown, we do know there are four investment constants regardless of the exact details of the campaign. These costs cannot be removed, but their scale and scope can be modified to reach a desired budget.

These constants include the following:

## 1. The known and can be estimated:

While tactics, message, and timing are still an unknown, we do know there are five investment constants regardless of the exact details of the campaign. These costs cannot be removed. However, there are levers such as scale and scope, that can affect the projections:

- a) Mass media costs (including PR)
- b) Direct marketing costs
- c) Research and evaluation (metrics) costs
- d) Marketing and professional services costs

## 2. The known but presently unknowable:

Creative agency and production costs represent another investment constant. However, it is not possible to provide estimates until campaign details have been agreed to. A rule of thumb at this scale of campaign is that creative and production costs will be approximately 10%-20% of media costs.

## 3. The known yet out of scope:

In the course of this engagement we have been privy to the internal workings of the

key stakeholders – the IOUs and the CPUC. While the proposed CELT organization provides important organizational support, there are additional layers of organizational readiness (technology, people, processes) that are needed but that are outside of scope and have not been budgeted.



# Mass Media, Direct Marketing, and PR Cost Estimates

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## 5.6.2

The content in 5.6.2 is repeated from Section 3.8



# Mass Media Cost Estimates Summary

The mass media estimates include TV, radio, print, OOH, digital, and social. The two primary drivers of cost (agreed with the WG) are a Reach of 85%-90% and a Frequency of 10+ from 2017 thru 2019.

	2017	2018	2019	Total
<b>SW</b>	\$53,501,813	\$49,606,385	\$23,265,903	\$126,374,101
<b>SCE</b>	\$0	\$13,222,875	\$23,564,300	\$36,787,175
<b>PG&amp;E</b>	\$0	\$10,997,434	\$20,144,977	\$31,142,411
<b>SDG&amp;E</b>	\$0	\$2,405,203	\$4,572,091	\$6,977,294
<b>TOTAL</b>	<b>\$53,501,813</b>	<b>\$76,231,896</b>	<b>\$71,547,271</b>	<b>\$201,280,980</b>

**Additional factors impacting budget:** Media Mix, Timing/Flight, Negotiated Rates/Existing Contracts

**Not included:** SEO/SEM, Direct Mail, Email Mkt, Bill Statements, Production Costs, Agency Fees

See Appendix J for detail



# Mass Media Cost Breakdown (2017–19)

	TV		Radio		Out-of-Home		Print		Digital/Social		Total	
	Impressions	\$	Impressions	\$	Impressions	\$	Impressions	\$	Impressions	\$	Impressions	\$
<b>2017</b>												
SW	141,186,750	\$25,571,538	79,728,300	\$12,402,575	00	\$-	19,038,906,996	\$13,527,700	223,758,992	\$2,000,000	19,483,581,038	\$53,501,813
IOUs												
S. CA Edison	00	\$-	00	\$-	00	\$-	00	\$-	00	\$-	00	\$-
PG&E	00	\$-	00	\$-	00	\$-	00	\$-	00	\$-	00	\$-
SDG&E	00	\$-	00	\$-	00	\$-	00	\$-	00	\$-	00	\$-
<b>2018</b>												
SW	130,927,100	\$23,652,172	76,358,200	\$11,819,990	00	\$-	10,915,084,536	\$12,134,223	223,758,992	\$2,000,000	11,346,128,828	\$49,606,385
IOUs												
S. CA Edison	13,231,747	\$4,605,398	10,664,727	\$1,564,478	25,833,750	\$2,869,255	3,205,802,880	\$4,033,744	16,781,924	\$150,000	3,272,315,028	\$13,222,875
PG&E	32,241,558	\$3,579,565	13,670,822	\$2,256,638	19,404,000	\$2,035,198	2,648,626,044	\$2,826,032	33,563,849	\$300,000	2,747,506,273	\$10,997,434
SDG&E	3,854,644	\$706,851	2,085,452	\$316,086	4,214,850	\$283,250	314,545,764	\$1,049,016	5,593,975	\$50,000	330,294,685	\$2,405,203
<b>2019</b>												
SW	34,993,100	\$6,345,705	19,735,200	\$3,069,473	00	\$-	13,748,007,240	\$12,600,725	139,849,370	\$1,250,000	13,942,584,910	\$23,265,903
IOUs												
S. CA Edison	20,312,019	\$7,119,276	16,771,161	\$2,455,161	51,667,500	\$5,738,511	6,851,617,920	\$7,801,352	50,345,773	\$450,000	6,990,714,374	\$23,564,300
PG&E	49,493,927	\$5,533,488	21,498,494	\$3,541,380	38,808,000	\$4,070,397	6,002,941,380	\$6,099,713	100,691,546	\$900,000	6,213,433,347	\$20,144,977
SDG&E	5,917,254	\$1,092,688	3,279,545	\$496,039	8,429,700	\$566,501	655,619,484	\$2,266,862	16,781,924	\$150,000	690,027,907	\$4,572,091
<b>Subtotals</b>												
SW	307,106,950	\$55,569,415	175,821,700	\$27,292,038	00	\$-	43,701,998,772	\$38,262,648	587,367,354	\$5,250,000	44,772,294,776	\$126,374,101
IOUs												
S. CA Edison	33,543,766	\$11,724,674	27,435,888	\$4,019,639	77,501,250	\$8,607,766	10,057,420,800	\$11,835,096	67,127,698	\$600,000	10,263,029,402	\$36,787,175
PG&E	81,735,485	\$9,113,053	35,169,315	\$5,798,018	58,212,000	\$6,105,595	8,651,567,424	\$8,925,745	134,255,395	\$1,200,000	8,960,939,620	\$31,142,411
SDG&E	9,771,898	\$1,799,539	5,364,997	\$812,126	12,644,550	\$849,751	970,165,248	\$3,315,878	22,375,899	\$200,000	1,020,322,592	\$6,977,294
<b>Grand Total</b>	<b>432,158,100</b>	<b>\$78,206,681</b>	<b>243,791,900</b>	<b>\$37,921,821</b>	<b>148,357,800</b>	<b>\$15,563,112</b>	<b>63,381,152,244</b>	<b>\$62,339,366</b>	<b>811,126,346</b>	<b>\$7,250,000</b>	<b>65,016,586,390</b>	<b>\$201,280,980</b>

See Appendix J for detail

# Direct Marketing Cost Estimates

The direct marketing costs were based on per customer cost inputs\* and allocated per IOU on number of accounts. Yearly allocations were weighted based on campaign and customer engagement needs.\*\*

	2017	2018	2019	Total
<b>SCE</b>   43% of total households and annual budget	\$5,700,000	\$34,200,00	\$17,100,00	\$57,000,000
<b>PG&amp;E</b>   45% of total households and annual budget	\$5,900,000	\$36,000,000	\$18,000,000	\$59,900,000
<b>SDG&amp;E</b>   12% of total households and annual budget	\$1,600,000	\$9,500,000	\$4,700,000	\$15,800,000
<b>TOTAL</b>	<b>\$13,200,000</b>	<b>\$79,700,00</b>	<b>\$39,800,000</b>	<b>\$132,700,00</b>

\***Variables used:** Per customer cost inputs: SMUD \$4, PGE SMB \$9.50, Greenberg's professional opinion \$25. We took an average of \$13 and multiplied by 10.2M customers.

\*\***Allocation:** Number of accounts per IOU with yearly allocations weighted by campaign and customer engagement needs; weightings are 2017/10%, 2018/60% and 2019/30% (e.g. \$13 per customer x 10.2M accounts x 10%).

Recalculate Costs Based on Impact: Once the final impact analysis is complete budget allocations must be reviewed to ensure those areas/IOUs with a higher ratio of negatively impacted are allocated a greater portion of budget as they will have a higher direct marketing need/costs.



# PR Cost Estimates

The PR cost estimates were based on \$10,000 per month in PR support costs, with a June 2017 start. Post default launch PR will focus on ensuring positive “buzz” continues throughout 2019.

	2017	2018	2019	Total
<b>SCE</b>   43% of total households	\$26,000	\$51,600	\$51,600	\$129,000
<b>PG&amp;E</b>   45% of total households	\$27,000	\$54,000	\$54,000	\$135,000
<b>SDG&amp;E</b>   12% of total households	\$7,000	\$14,400	\$14,400	\$36,000
<b>TOTAL</b>	<b>\$60,000</b>	<b>\$120,000</b>	<b>\$120,000</b>	<b>\$300,000</b>

**Not included:** Production and placement costs



# Research and Evaluation Cost Estimates

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## 5.6.3



# Preliminary Cost Estimates | Research and Evaluation

The Research Plan (Appendix F) proposes three activities for which assumptions and cost estimates have been provided: 1. SW Market Movement Study, 2. IOU Tracking Study, and 3. Default Pulse Survey

- As with all research activities, specific costs are directly linked to the data collection activities, the nature of these activities, and the desired level of certainty in analyzing the results.
- For this reason, the costs provided should be considered preliminary estimates that will be revised once the final research plan has been agreed to. Any changes to the plans or assumptions will impact these estimates.
- Key factors influencing these costs are: (1) the number of data collection waves, (2) the desire for 95/5 precision for CARE and non-CARE customers at the utility level, (3) the inclusion of in-language efforts for the SW study, and finally (4) the level of effort associated with SW efforts in California, namely the number of meetings, revisions, and level of stakeholder management.
- While these numbers appear to be exact, they assume a blended professional staff rate of \$175/hour to account for executive and senior-level resources as well as more junior analytical and coordination support. Further, the fielding costs include a number of assumptions by study. These are spelled out in the following slide.



# Research Study Pricing Assumptions

SW Market Movement Study	IOU Tracking Study	Default Pulse Survey
<ul style="list-style-type: none"><li>• Mixed-mode panel recruitment (phone, e-mail, mail)</li><li>• Mixed-mode data collection (e-mail and phone) for a 20-minute survey</li><li>• A panel-based study to support advanced analyses to explore degrees of MEO influence</li><li>• Representation sufficient to examine unique relationships among the following groups at 95/5:<ul style="list-style-type: none"><li>– Each IOU territory</li><li>– CARE-eligible customers</li><li>– Those living in hot zones</li><li>– Linguistically isolated Spanish, Chinese, Vietnamese and Korean-language speakers</li></ul></li><li>• Balanced demographic sampling</li><li>• Complex data analysis after the first three waves of data collection</li><li>• A progressive incentive to foster retention in the panel.</li><li>• Administration by the CPUC/CELT</li><li>• Biannual presentations and reporting</li></ul>	<ul style="list-style-type: none"><li>• Random phone and e-mail sampling of IOU customers for a 12-minute survey</li><li>• Optional Spanish-language interviewing for phone interviews if needed.</li><li>• Representation sufficient to examine unique relationships among the following groups at 95/5:<ul style="list-style-type: none"><li>– Each IOU territory</li><li>– CARE-eligible customers</li><li>– Those living in hot zones</li></ul></li><li>• Reporting via data visualization software and at quarterly WG meetings</li><li>• Administration by the IOUs</li></ul>	<ul style="list-style-type: none"><li>• Randomly selected SMS outreach from cell phone lists.</li><li>• Rolling data collection across 4 months</li><li>• Real-time reporting to a live dashboard</li><li>• Research vendor-administered SMS text-based interviewing.</li></ul>



# Research and Evaluation Cost Estimates

This budget includes the SW component ("Market Movement" and Default Pulse surveys) and IOU Tracking Study. IOUs costs are identical due to standardized data collection protocols.

	2017	2018	2019	Total
<b>SW</b>	\$778,438	\$763,188	\$830,688	\$763,188
<b>SCE</b>	\$217,000	\$201,750	\$201,750	\$201,750
<b>PG&amp;E</b>	\$217,000	\$201,750	\$201,750	\$201,750
<b>SDG&amp;E</b>	\$217,000	\$201,750	\$201,750	\$201,750
<b>TOTAL</b>	<b>\$1,429,438</b>	<b>\$1,368,438</b>	<b>\$1,435,938</b>	<b>\$1,368,438</b>

## Cost Details and Assumptions:

- Data collection costs account for ~\$2.9m of the total budget.
- Survey design and pretest efforts are split across SW and IOUs (five total actors).
- All efforts include costs for quarterly feedback to the MEO WG.



Note: CELT- facilitated workshops and webinars are not included in these costs but are written up in the research plan. Project management efforts that could be reduced by CELT oversight equal ~\$460,000 in work across 4 years.



# Professional Services Cost Estimates

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5.6.4

Customer Experience Leadership Team (CELT)



# CELT Cost Estimates

The estimated costs for the Customer Experience Leadership Team are based on three senior practice leads as part of an overall 16-person team over a three-year timeframe.

**Marketing Lead: 5-person team** | The Marketing Lead is responsible for all aspects of SW Message Campaign as well as oversight and management of the creative agency. As part of the lead's oversight duties, they will guide all creative development, tactical execution teams, and marketing budgets. In addition, the lead will ensure alignment and coordination with IOUs and a strong working relationship with the Networks of Networks, since this person will work closely with the CPUC and provide professional marketing perspectives that inform MEO decisions and then ensure that marketing tactics are aligned with them.

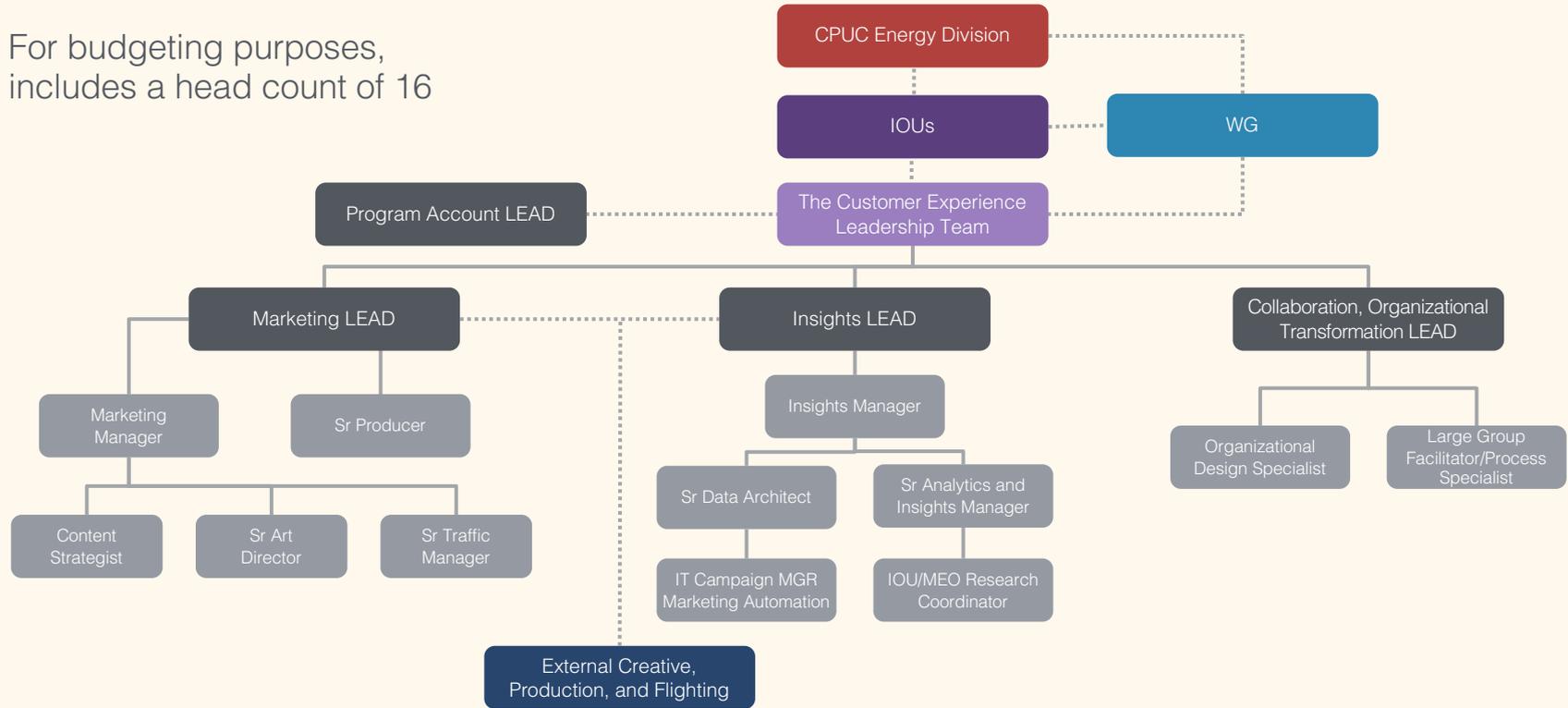
**Insights Lead: 5-person team** | The insights lead's primary role is to ensure that the research-based insights are strategic, collaborative, and cost-effective across MEO initiatives at the CPUC and the IOUs. This includes review of all research efforts for technical rigor and intent, identifying areas where synergies exist, and moderating and mediating any conflicts that arise related to research activities.

**Insights Lead Collaboration and Organizational Transformation Lead: 2-person team** | This person will lead an organizational design and systems design specialist and group process facilitation leadership specialist. It is imagined that this team will provide organizational support and leadership coaching to the CPUC as it brings up a new management group dedicated to SW alignment and coordination. It is assumed that this effort will require considerable skill and perspective in order to design new organizational



# Proposed Customer Experience Leadership Team

For budgeting purposes,  
includes a head count of 16



# CELT Cost Estimates

The estimated costs for the Customer Experience Leadership Team uses a simple cost model of head count multiplied by hourly rate and allocated according to the principles noted below.

	2017	2018	2019	Total
<b>SW</b>	\$5,451,264	\$5,996,390	\$6,596,029	\$18,043,684
<b>SCE   43%</b> of total households	\$1,004,590	\$1,105,049	\$1,215,554	\$3,325,193
<b>PG&amp;E   45%</b> of total households	\$1,051,315	\$1,156,447	\$1,272,091	\$3,479,853
<b>SDG&amp;E   12%</b> of total households	\$280,351	\$308,386	\$339,224	\$927,961
<b>TOTAL</b>	<b>\$7,787,520</b>	<b>\$8,566,272</b>	<b>\$9,442,899</b>	<b>\$25,776,691</b>

**Cost assignment:** CPUC 70% of total CELT costs SW – alignment/coordination, SW marketing operations campaign; IOUs 30% of total CELT costs – alignment/coordination; 30% adjusted by number of households per IOU. A 10% per annum cost increase has been added for rising labor costs. Included: 16 head-count per proposed organizational design on the next page, at \$234 per hour at 2,080 hours per year. Not included: production costs, miscellaneous costs (e.g., travel), or creative agency fees



# Total Cost Estimates

5.6.5

Estimated Three-Year Budget

# Preliminary Total Cost Estimates

This preliminary budget overview provides a starting point for determining the resource requirements for executing the MEO Blueprint. Further refinement will be needed to address changes in assumptions.

	2017	2018	2019	Total
<b>Mass Media</b>	\$53,501,813	\$76,231,896	\$71,547,271	\$201,280,980
<b>Direct Marketing</b>	\$13,200,000	\$79,700,000	\$39,800,000	\$132,700,000
<b>PR</b>	\$60,000	\$120,000	\$120,000	\$300,000
<b>CELT</b>	\$7,787,520	\$8,566,272	\$9,442,899	\$25,796,691
<b>Research</b>	\$1,429,438	\$1,368,438	\$1,435,938	\$4,233,814
<b>TOTAL</b>	<b>\$75,978,771</b>	<b>\$165,986,606</b>	<b>\$122,346,108</b>	<b>\$364,311,485</b>



Note: Research and evaluation includes services that extend to 2020. For consistency the 2020 costs are not included in the cost estimate table above.



# Endnotes

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Section 5.7

# Section 5 | Alignment Strategy | Endnotes

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# Summary

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# MEO Blueprint | Summary

A blueprint assumes multiple skill sets and requisite knowledge to execute the intent of the plan. The same is true of the MEO Blueprint. The next steps include sharpening recommendations where assumptions were made in the absence of known criteria and ensuring the competencies, conditions and professional knowledge are in place to move forward.

The detail presented in the MEO Blueprint assumes a wide range of professional knowledge. It will require teams with relevant skills to collaborate in evaluating how to apply and align the recommendations to the development of SW and local MEO plans.

Once this report is entered into the record of RRR Proceeding R.12.06.013, we acknowledge that comments and feedback will arise – and hopefully help clarify – unresolved decisions that need confirmation to move this forward. Additionally, as the IOUs develop

their MEO plans and Tier 3 Advice Letters, further conversations may be needed to resolve unforeseen challenges.

We believe that application of the strategic principles set out here will facilitate sharper – and more customer-centric – thinking, as the plans that derive their direction and strength from the MEO Blueprint are developed to meet the goals that were set for this program.

–The Greenberg Team



# Appendices

Supporting Documentation



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# Supporting Documentation

The Appendices serve two purposes. They provide detailed reference information underpinning strategies outlined in the MEO Blueprint. They also include practical materials, templates and ideas that will aid relevant professionals in building out best practice for SW and IOU marketing and measurement plans.

Editable documents are stored on a secure FTP site. These are indicated by blue underlined type.

## FTP LOG-IN INFORMATION

**Main Page:** [greenberg.brickftp.com](http://greenberg.brickftp.com)

**Username:** MEOBlueprint

**Password:** August2016

## Appendix A

[Glossary and Acronyms](#)

## Appendix B

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## Appendix C

[Project Setup](#)

## Appendix D

[Work Conducted](#)

## Appendix E

[Stakeholder Interviewee List](#)

## Appendix F

[Strategic Inputs](#)

## Appendix G

[Qualitative Research Report](#)

## Appendix H

[Research Plan](#)

## Appendix I

[Metrics Benchmarks](#)

## Appendix J

[GIS Maps](#)

## Appendix K

[Critical Path](#)

## Appendix L

[Media Plan and Budget](#)

## Appendix M

[Examples of Micro-Targeting](#)



APPENDIX A

# Glossary and Acronyms

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This appendix provides definitions of terms and acronyms used in the MEO Blueprint.

[Click to Open Document](#)

APPENDIX B  
Bibliography

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This appendix includes sources cited in the MEO Blueprint.

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## APPENDIX C

# Project Setup

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This appendix includes a summary of the on-boarding process, project set-up, and project team members.

# From RFP to Project Start

This appendix provides an overview of the project set-up, consultant on-boarding and scope as evidence of the conditions in which the MEO Blueprint was developed.

D.15-07-001 mandated the establishment of a “...working group to address the issues regarding marketing, education and outreach as detailed in this decision.”

The MEO Working Group first convened in November 2015. At that time it considered a draft charter and established draft metrics for the performance of RRR MEO.

With the issue of the related ACR on December 17, 2015, the WG was charged with hiring a consultant to advise on “appropriate MEO metrics, goals and strategies” and deliver a final report no later than June 30, 2016.

The IOUs were charged with delivering a Tier 3 Advice Letter based on this report by September 1, 2016.

**RFP:** On January 21, 2016, SCE issued an RFP<sup>1</sup> via the Pepma<sup>2</sup> website, outlining the requirements for developing a strategic action plan, appropriate metrics and principles for alignment between the IOUs and SW MEO activities.

**Proposal:** On February 8, Greenberg submitted a proposal for an 18-week program of work to develop an MEO Blueprint. On February 18, the Greenberg team met with the WG in-person to present its proposal and respond to questions.

On February 26, Greenberg received a list of 25 questions for clarification from SCE Procurement and a request to respond within one business day (February 29), which Greenberg did. Our response included a reduction in budget and personnel, (but not timeline).

**Award:** On March 14, 2016, Greenberg was notified by SCE (the Contract Administrator) that it had been selected to provide professional services related to RRR MEO, and on March 18, 2016 was requested to submit a new proposal, which was sent to SCE on March 23, 2016.



# From Project Start to Clarifying Intent

**Project Start:** Greenberg received a Purchase Order and NTP from SCE on April 20, 2016 and started the project the following day. We should note that during the month between submission of the revised proposal and receipt of the NTP, Greenberg conducted 288 hours of project work (not covered by the SOW) to facilitate an efficient and quick project start.

**Disconnects:** After Greenberg had been on-boarded, a number of disconnects between the scope of work and WG expectations became apparent. These included:

- The June 30 report deadline set out in the ACR could not be met due to the delay in selecting Greenberg as the consultant.
- A revised date of August 5<sup>th</sup> was proposed for delivery of the Final Report. However, this removed almost one month from an already compressed timeframe noted in Greenberg's original proposal.

- This reduction in project time (between NTP and delivery of the report) did not account for the reduction in budget and personnel that Greenberg had already proposed, raising questions about whether it was actually possible to complete this work.
- This also raised issues with respect to whether the IOUs could meet the September filing date for the Advice Letters.

**Resolution:** These disconnects were discussed in separate meetings with the WG Leads,<sup>3</sup> ED staff and ALJs McKinney and Roscow,<sup>4</sup> which helped achieve the following resolutions:

- The deadline for Greenberg's Final Report was moved to August 19
- The deadline for the Tier 3 Advice Letter was moved to November 1.
- Greenberg and SCE agreed to reduce scope (related to iterating the Final Report) so that the work could be completed on time.

**Project Momentum:** Greenberg's goal here was to ensure that project conditions facilitated best practice completion of the MEO Blueprint. Hence, our approach was to conduct these scope clarification discussions in parallel to the actual work to avoid delays. However, it is important to note that these issues forced our activities and output to be "back-end loaded". The calendar in Section 1.3 reflects the actual timeline worked to.



# Marketing Best Practice and Regulatory Intent

Scope articulation and on-boarding issues highlighted gaps between marketing best practice and regulatory intent. These gaps pose challenges to implementing this MEO Blueprint and will require new thinking with respect to setting priorities, decision making and clarity of rationale.

## Gap 1

The time allocated for developing the MEO Blueprint was insufficient from a best practice perspective

The implication here is that further work may be required to align the recommendations with a continually changing reality. While we have allowed for and incorporated as much feedback as possible, reduction in the scope of this work related to stakeholder feedback will require further refinement.

## Gap 2

The lack of a commercial sense of timely decision making points to a greater need for mechanisms that create marketing alignment

There are multiple concurrent proceedings related to marketing in motion within the ED. Many of these are not synchronized. Since factors that slow or accelerate their pace can not be avoided, this must be mitigated through establishment of customer experience and marketing capacities within ED. This blueprint assumes that mechanisms will be established to align MEO efforts that overlap to enhance marketing accountability.

## Gap 3

The Commission is not a marketing entity. However, the lack of marketing skills to oversee execution of this blueprint must be addressed

The implications here are two-fold. First, further conversations are needed to help instill a marketing mindset among senior leaders. Second, until such point as these are established, solutions are required to bridge the gaps so that this work can be implemented. While we have developed this blueprint with these issues in mind, it is not a proxy for this fix.



# The Greenberg Team

The MEO Blueprint team was structured around a Program Lead and three Strategy Leads – Marketing, Measurement and Alignment – and supported by a Senior Strategist and Project Manager

**Ken Windsor** is VP Strategy at Greenberg, and responsible for the company's utility practice. With over 30 years experience in communications and stakeholder engagement, Ken has worked with government entities around the world, including Lebanon, Norway, Saudi Arabia, and the EU.

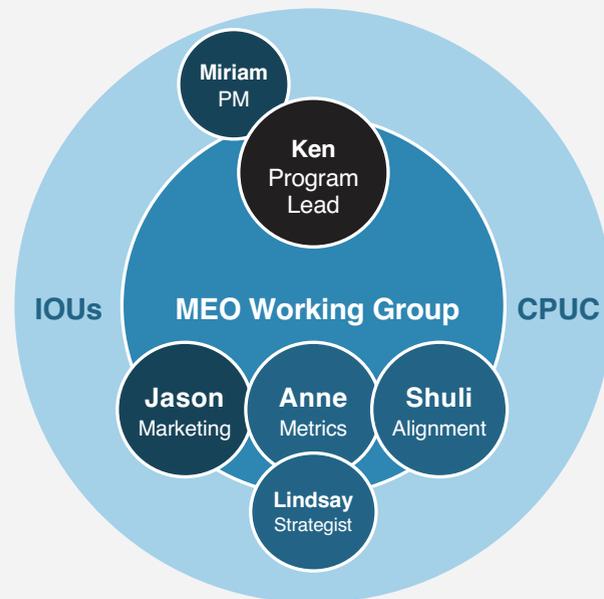
**Jason Turner** has over 20 years experience managing and marketing online and offline businesses and brands. He has done so globally (e.g., HP, Nissan) and nationally (e.g., Wal-Mart, Warner Music), including direct responsibility for P&Ls ranging from \$5M to \$150M.

**Anne Dougherty** is co-owner of Illume Advising, and brings more than a decade of experience in social science-driven research, including expertise in marketing and behavioral program process and impact evaluations. Anne oversees research and evaluation projects related to EE behavior, smart grid technologies, and MEO programs, among others.

**Dr. Shuli Goodman** has more than 20 years experience working with multi-national companies leading high-visibility and multi-stakeholder initiatives. Her sensitivity to and appreciation for cultural and personal differences has been critical to her success leading major initiatives in the U.S. and abroad

**Lindsay Magnuson** is Senior Strategist at Greenberg, with over a decade of experience in integrated marketing, brand research and communications development for Visa, Adidas, and Intel.

**Miriam Nelson** is a Research Operations Specialist with a proven track record in managing complex international projects, research management and coordination of partner, vendors and internal resources. She has a background in marketing and business working for companies such as Microsoft and eBay.



# Appendix C | Endnotes

1. “Residential Rate Reform Marketing Education & Outreach Request for Proposal (RFP) for Consultant(s) Pursuant to Ordering Paragraph 19 of California Public Utilities Commission Decision (CPUC) 15-07-001 (D.15-07-001).” January 21, 2016.
2. PEPMA. “Welcome to PEPMA.” <https://www.pepma-ca.com/Public/Default.aspx>.
3. MEO Blueprint conference call notes, scope change clarification. June 7, 2016.
4. McKinney, Jeanne M. E-mail ruling to notify parties of communications with marketing, education, and outreach consultant. San Francisco, July 29, 2016.

## APPENDIX D

# Work Conducted

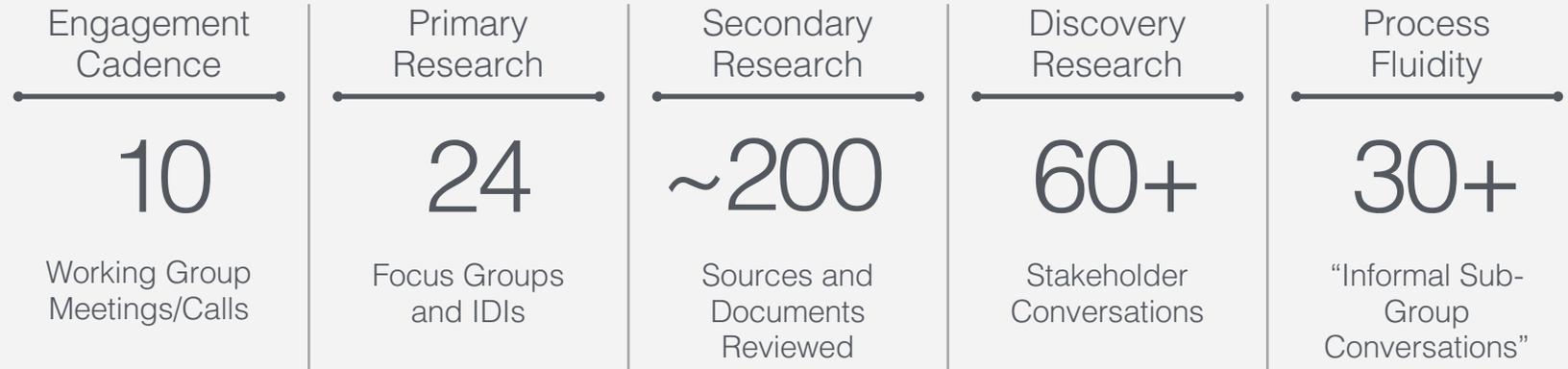
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This appendix includes a summary of the project scope, timeline, Working Group interactions, and deliverables

# Program of Work | Highlights

The Greenberg Team logged over 4,000 hours of strategy development time during this process. The point is made here to highlight the considerable complexity of this assignment.

Building a marketing/measurement strategy where the “end-product” has not been confirmed requires the dexterity to envision multiple outcomes. For this reason, our approach going into this process was to allow as much input “breathed into” the front end of this process to ensure the resulting strategies had flexibility built in. This is reflected in the selected input numbers noted below.



# Primary Program Activities

The following project scope and schedule note the primary activities undertaken as part of the development process for the MEO Blueprint.

April 22–28

## **Pre-Kickoff Alignment Interviews**

We conducted IOU- and SW-specific interviews according to a Pre-Workshop Questionnaire to assess expectations for the MEO Blueprint.

May 2–31

## **Stakeholder Interviews**

We conducted 42 in-person and phone interviews with over 60+ stakeholders including IOUs, ED, public advocates and industry experts.

May 2–June 13

## **Secondary Research Review**

Our focus on desk research was to ascertain marketing and measurement best practice from other TOU efforts. We reviewed over 200 sources.

May 23–July 1

## **Analysis of Strategic Inputs**

Since marketing and measurement are so interdependent, our analysis of the four sets of strategic inputs extended throughout this process.

June 27–30

## **Primary Customer Research**

We conducted focus groups and one-on-one conversations with a range of customers including those potentially most impacted by RRR and TOU.

July 5–12

## **Strategy Synthesis**

Once most inputs had been received, the Greenberg Team conducted a concentrated four-day strategy session to synthesize our learning.

July 13–Aug 4

## **WG Feedback Sessions**

We conducted five Feedback Sessions with the WG including a one and a half-day workshop with parallel breakout sessions to share and refine the core strategies.

August 2–19

## **Write Final Report**

During the final two weeks of this engagement, we focused on refining the strategies and writing the Final Report.

August 30

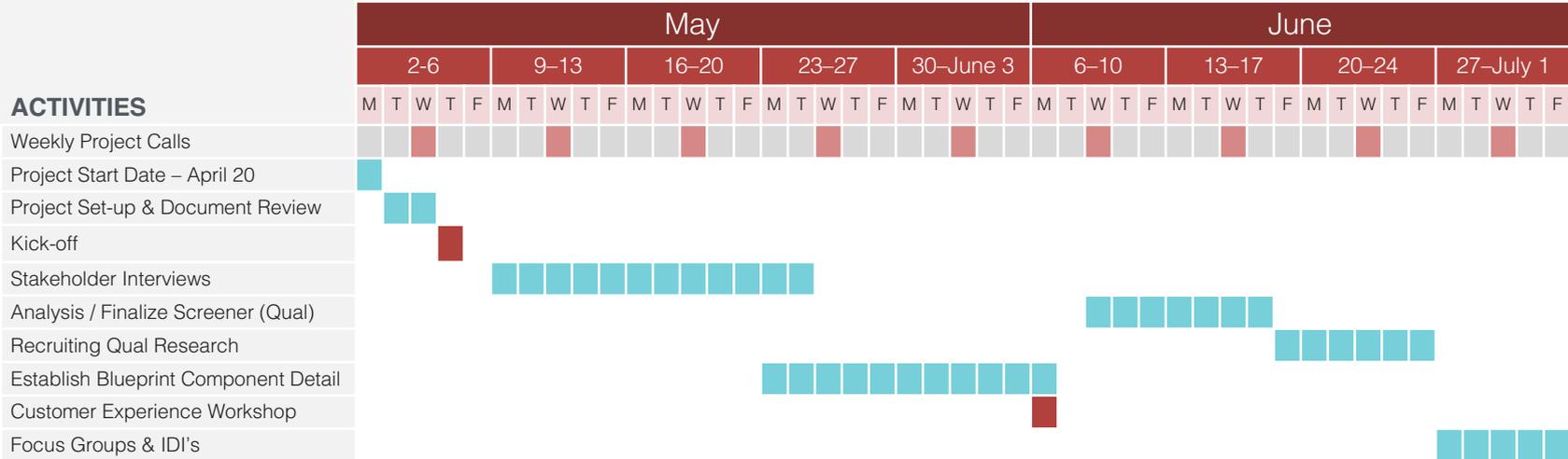
## **Blueprint Walkthrough**

A final one-day walkthrough of the MEO Blueprint was conducted to provide further guidance to the IOUs for their Advice Letters and answer outstanding questions.



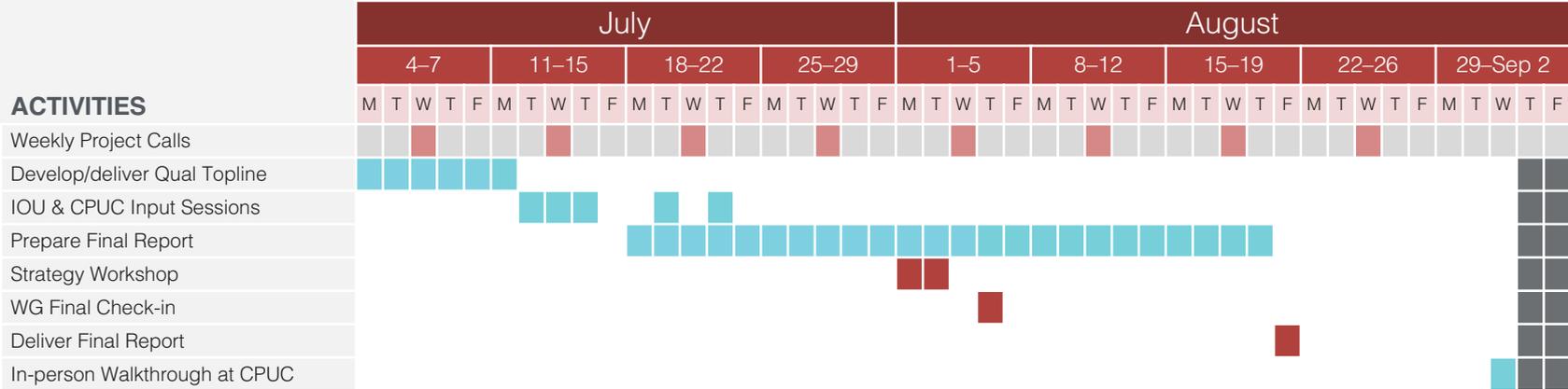
# Timeline: Define and Discovery

The primary activities in May and June related to Define and Discovery and included stakeholder interviews, secondary research review and customer research.



# Timeline: Decode and Design

The primary activities in July and August related to Decode and Design and included analysis, strategy development, WG feedback and report development



# MEO Working Group Interaction

Working Group engagement was a fundamental part of ensuring all voices were heard in the development of the MEO Blueprint.

The following lists notes in-person and phone meetings with the MEO WG conducted as part of the blueprint development process.

## Full MEO Working Group

1. April 28: Pre Workshop Alignment Call
2. May 5: Kick-off Workshop\*
3. June 2: Customer Experience Workshop\*
4. July 13: Qualitative Research De-brief
5. July 14: Strategic Inputs Review
6. July 19: Marketing Strategy Review
7. July 21: Metrics Strategy Overview
8. August 1–2: Strategy Workshop\*
9. August 4: Follow-up Strategy Call
10. August 30: MEO Blueprint Walkthrough\*

\* In-person

## IOU / CPUC Leads Weekly Calls

- 17 Calls
- 9:15–10am from:
- April 27–August 17th

## IOU / CPUC Research Lead Calls

- May 31 and July 19: Metrics and Measurement Team
- June 24: Stimuli Review
- July 11, 14 and 18: Marketing Automation
- July 13: Qualitative Topline
- July 15: Governance Check-in
- August 11: Media Plan Review



# Deliverables Framework

To complete the MEO Blueprint, Greenberg executed specific deliverables and tasks outlined in the proposal that were essential to its integrity. Among others, these included the following:

## Deliverables

- Program Plan and Draft Governance Components
- Research Brief, Screener, Discussion Guide and Stimulus
- Qualitative Research Topline
- Strategic Inputs
- MEO, Measurement and Collaboration Draft Strategies
- Revised WG Charter
- Critical Path

## Tasks

- 60+ Stakeholder Interviews
- 10 WG Workshops and Calls
- Meetings with ALJs and Commissioners
- 24 customer focus groups and IDIs
- Meeting and Call Summary Documentation
- ~200 reports and source reviews
- 10 Research Lead Sub-Group Meetings



## APPENDIX E

# Stakeholder Interviewees

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This appendix provides a list of individuals with whom Greenberg conducted in-person and phone conversations to gain input during the course of developing the MEO Blueprint.

# Stakeholder Interviews

CPUC

Name	Date	Time
Pete Skala	4/26	11:30–12:30
Rory Cox	5/6	2:00–3:00
Tory Francisco	5/11	8:00–9:00
Peter Francese	5/11	10:00–11:00
Whitney Richardson, Claudia Portillo, Stephanie Green, Cody Naylo, Kristin Ralff-Douglas, Ravinder Mangat, Neha Bazaj	5/18	10:00–11:30
Ed Randolph, Pete Skala, Simon Baker and Paul Phillips	5/19	1:00–2:00

PG&E

Name	Date	Time
Jamie Chesler	5/16	3:00–4:00
Elissa Pollock, Cory Jackson, Kristi Wilkins, Barbara Wingate	5/16	9:00–11:30
Gail Slocum, Maril Wright, Lori Leiva	5/16	11:30–1:00
Elissa Pollock, Cory Jackson, Kristi Wilkins	5/16	1:00–2:00
Lindsay Nestor, Cory Jackson, Elissa Pollock	5/16	2:00–3:30
Elissa Pollock, Barbara Wingate, Sue De Leeuw, Kelly, Doug	5/16	3:30–4:00

# Stakeholder Interviews

SCE

Name	Date	Time
Brian Kopec, Andre Ramirez, Dean Schultz	5/9	11:00–1:00
Andre Ramirez	5/9	2:00–3:00
Murali Seethuraman	5/9	3:00–4:00
Jessica Lim	5/10	8:00–9:00
Diane Tasaka	5/10	9:00–10:00
Paul Kasick	5/10	10:00–11:00
Dean Schultz	5/10	11:00–12:00
Brandi Anderson	5/10	12:00–1:00
Michael Backstrom	5/10	2:00–3:00
Christy Velasco	5/10	3:00–4:00
Brian Kopec, Jessica Lim	5/10	4:00–5:00
Michael Backstrom	5/10	2:00–3:00
Christy Velasco	5/10	3:00–4:00
Brian Kopec, Jessica Lim	5/10	4:00–5:00

# Stakeholder Interviews

## SDG&E

Name	Date	Time
Ty Tantum, Roland Mollen,, Rick Janke, Dana Santana, Kelly Prasser, Val Brody, Eunice Tanjuaquio, Sandra Baule	5/12	9:00–11:00
Dana Santana, Jamie Loosbrook, Catrina Gregory	5/12	12:30–2:00
Val Brody, Rick Janke, Ty Tantum, Kelly Prasser, Roland Mollen, Eunice Tanjuaquio	5/12	1:00–2:00
Lisa Davidson, Carol Dorsey, Steve Rahon, Alex Kim	5/12	1:00–2:30
Parina Parikh, Tom Brill, Sandra Baule, Sabrina Butler	5/12	3:00–4:00
Sandra Baule, Ty Tantum	5/12	4:30–5:30

## Statewide, Commercial and External

Name	Date	Time
Don Kelley and David Coyle, UCAN	5/18	12:00–1:00
Pamela Wellner, CSE	5/19	10:00–11:30
Charlie Buck, OPower	5/19	4:00–5:00
Carmelita Miller, Greenlining	5/20	1:00–2:00
Melissa Kasnitz, CforAT	5/23	1:00–2:00
Cherie Chan and Louis Irwine, ORA	5/23	2:00–3:00
Sandy Manners, Horizon Utilities, Ontario	6/27	11:00–12:00
Dr, Ahmad Faruqui, The Brattle Group	7/8	4:00–4:30



## APPENDIX F

# Strategic Input

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This appendix cites relevant secondary research reviewed in developing the MEO Blueprint and provides rationale for recommendations made in Sections 2, 3 and 4.

[Click to Open Document](#)



APPENDIX G

# Qualitative Research Report

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This appendix includes the topline report of qualitative research conducted with customers in June 2016 as input to development of the MEO and Measurement Strategies.

APPENDIX G.1  
**Executive Summary**

---

Qualitative Research Report

# Objectives | Qualitative Research

Goal: Determine strategic insight for the MEO Blueprint by carefully listening to customers.

## Message Intent

Identify what resonates with customers when discussing energy as a resource, the electric grid, electricity, and the TOU default

## Messengers

Determine the ideal messengers and timing for each MEO outreach related to RRR and TOU

## Metrics

Determine how best to measure consumer attitudes and beliefs by cognitively testing metrics



# Qualitative Research | Methods

- Conducted **nine 90-minute online Focus Groups**, and **twelve 45-minute phone In-depth Interviews** during the week of June 27<sup>th</sup>, 2016
- Participants came from three IOUs:
  - Pacific Gas and Electric (PG&E)
  - Southern California Edison (SCE)
  - San Diego Gas and Electric (SDG&E)
- Study focused on residential customers only
- Focus group and interview participants were presented with stimuli in the form of TOU language and brand architecture ideas to evaluate which ideas best resonated and why



# Findings | Customers sense the grid as fragile, and feel disconnected from it and each other.

- Customers possess a strong sense of the fragility and vulnerability regarding the electric grid, due in large part to recent events (SONGs decommissioning, Aliso Canyon leaks, rolling blackouts, threats of terrorism).
- However, customers view the fragility of the electric grid as the utilities' failure to do their job, innovate, and make the right business decisions. Customers also see the state as failing to effectively manage and deliver electric resources (generation, distribution, and transmission failures).
- Customers aren't making the connection between their personal behavior and the demands on the electric grid, or how they contribute to the instability of the electric supply. Additionally, many customers fail to correlate blackouts to demands that exceed the ability to supply electricity.
- Those residential customers who do understand the relationship between demand, supply, and stability view their contributions as too small to have any material effect, and believe their own behavior changes will have little impact.
- Customers don't feel that they have control over others' behavior, and thus, do not believe in the efficacy of large collective action. They do, however, feel small (e.g. family), collective action is impactful.
- Customers do feel responsible to take action, *but only to themselves and to their own households.*



# Findings | Some terms play a strong role in connecting customers to the grid.

- The term “at capacity” evoked anxiety and fear, capturing customers’ attention and compelling them to ask “why?” and “what can I do?”
- Customers have difficulty relating to electricity, but can readily visualize and “see” the “power grid.” The term “grid”, in particular, evoked a sense of an interconnected system and connection to family, friends and other Californians.
- The term “lifeline” elicited an immediate sense of connectedness to the grid, and a deep sense of its importance in supporting life-sustaining technologies. Customers’ first reactions were to think about remaining connected to the people they love. This imagery reinforced a sense of the fragility of the electric grid and a sense that they, personally, wanted to protect/take care of the grid.

# Findings | Customers want an agnostic statewide messenger paired with a chorus of supporting messengers.

- Customers feel an agnostic, PSA-like messenger is the only way they would believe, and be receptive to, a statewide message. They are deeply distrustful of political messaging, messengers that could benefit from rate change (such as IOUs), and messengers that may have an “agenda.”
- Customers felt that messaging would be more credible if it came from multiple actors, with an emphasis on local businesses and organizations.



# Findings | Customers do not believe in the benefits of a rate change, don't understand the rates, and feel unfairly targeted by the rate.

- Customers do not believe that a rate change could benefit them (rates are going to go up no matter what).
- When customers feel the rate change won't benefit them, they ask “what are others doing?” and feel picked on as the little guy.
- TOU is understood conceptually and many feel they are already on TOU, so customers were confused as to why this was brought up or introduced as a new concept.
- Attempting to “educate” customers on the details (e.g. rates and time) resulted in customer confusion, a large number of clarifying questions, and exhibited general resistance to both the thought of change and TOU specifically.
- Most customers had a difficult time identifying ways they could shift their energy use on a regular basis (e.g. during events).



# Findings | Customers want a heads up on rates, but not too soon.

- Customers want a “heads up” on the rate change. Some cited as much as ~6 months in advance of the default, but timeframes varied widely.
- Customers want specific information on how the rate will impact them in a series of reminders in advance of the default.
- Customers want personalized communications to come from the IOUs, because customers trust them to know precisely how TOU will impact them and can provide personalized recommendations.



# Summary

Messaging must elicit an emotional connection at the statewide level and communicate concretely and directly for IOU rate communications.

- Messaging efforts must create a personal and emotional connect to electricity and the electric grid. When presented with emotionally-oriented and personal benefit-based messages, participants had positive and strong responses. Emotional connections are more enduring than cognitive/knowledge-based connections and are the basis for motivating behavioral change.
- Statewide messaging must evoke connections to other human beings (family, friends, loved ones, neighborhood) and link customers' innate sense of connectedness to the electric grid. Focus needs to remain on human connection and extend only to one's personal network/family/home.
- Messaging must not try to generate a feeling of collective responsibility or point beyond the household. Too large a goal (e.g. for the benefit of all of California) makes customers feel like their contribution on that scale is too small, so why bother.



# Summary (Cont'd)

- Responsibility and personal appeals must again focus only on responsibility to oneself and one's household - customer's want to protect their own and feel like they have the ability to have a material impact on that small circle.
- Statewide messaging must come from an unbranded source with a purely public interest tone/goal.
- Messaging must tell the story of how businesses are already doing their part and have already transitioned to TOU to combat residential customers' feelings of being singled out.
- Messaging should not "sell" financial benefits, as customers are suspicious of such claims.
- TOU peak load reduction messaging must provide simple instruction for behavior change and be communicated in very plain ways in order to be believable and actionable to customers.
- IOUs must provide personalized communications, customer support, and highly targeted outreach to customers surrounding the default, to provide customers with the detailed impact data needed to understand the rate.



APPENDIX G.2  
Qualitative Report

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[Click to Open Document](#)

APPENDIX G.2.1

# Objectives and Methodology

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# Qualitative Research | Objectives

- Message Intent:
  - Test customers' relationships with energy as a resource, the electric grid, and electricity
  - Explore customers' responses to the rationale for RRR, specifically exploring TOU
  - Explore previously successful messaging (small business and positively tested residential messages) to see if it resonates with residential audiences
- Messengers:
  - Identify which brands, figures, and entities should convey which message, and at what time, and through which channels
- Metrics:
  - Test the semantics of the metrics to whether they “capture” or not the sentiments we believe we are measuring



# Methodology at a Glance

- 9 focus groups and 12 interviews with residential consumers
- Participants were presented with stimuli in the form of TOU language and brand architecture ideas to evaluate which best resonated and why.

DAY	TIME	GROUP
Monday June 27th	1:00-1:45	IDI-SCE
	2:00-2:45	IDI-SDG&E
	3:00-3:45	IDI-PG&E
	4:00-4:45	IDI-SDG&E
	5:30 -7:00	Hot Zone PG&E
	7:30 -9:00	High Usage PG&E
Tuesday June 28th	1:00-1:45	IDI-PG&E
	2:00-2:45	IDI-SDG&E
	3:00-3:45	IDI-PG&E
	4:00-4:45	IDI-PG&E
	5:30 -7:00	Coastal SCE
	7:30 -9:00	High Usage PG&E

DAY	TIME	GROUP
Wednesday June 29th	1:00-1:45	IDI-PG&E
	2:00-2:45	IDI-SCE
	3:00-3:45	IDI-SCE
	4:00-4:45	IDI-SDG&E
	5:30 -7:00	Inland SDG&E
	7:30 -9:00	High Usage SDG&E
Thursday June 30th	3:30-5:00	Cool-Moderate PG&E
	5:30-7:00	Inland SCE
	7:30-9:00	Coastal SDG&E



# Methodology (Cont'd)

## Online Focus Groups

### PG&E (3)

- Hot Zone
- Cool/Moderate Zone
- High Usage

### SCE (3)

- Inland
- Coastal
- High Usage

### SDG&E (3)

- Inland
- Coastal
- High Usage

- Belongs to CARE Program
- Age 18+ individual
- Involved in reviewing or paying monthly bill, calling utility company when there is a problem and/or making decisions about the services used in the household
- Electric utility provider is SDG&E, PG&E or SCE

## In-Depth Interviews

PG&E (5)

SCE (3)

SDG&E (4)

- Age 18+ individual
- Involved in reviewing or paying monthly bill, calling utility company when there is a problem and/or making decisions about the services used in the household
- Electric utility provider is SDG&E, PG&E or SCE

# Research Questions

1. Customer relationship with and/or awareness of rates in general (as a warm-up and to listen to language use)
2. Customer response to the rationale for RRR, specifically exploring:
  - Visceral responses to the notion of TOU-based rates
  - Customer's own use of metaphors to describe the "why," including:
    - Their ability to understand the big picture
    - Appropriate analogies – drought, etc.
  - Responses to a preset list of varied TOU positioning/explanations/rationale
  - What they need to hear and/or do to accept and believe in TOU
3. Explore messaging:
  - Do we see:
    - Cynicism around IOU profit
    - Rate reform = negative impact, irrespective of messaging (across all impact groups)
    - Lack of change in their perspective toward, and relationship with, energy
    - Need to know approach, i.e., how does it impact me specifically?
  - Gain directional insights into statewide messaging



# Research Questions (Cont'd)

4. Validate the proposed strategy, including:
  - Brand relationships (exploratory and open-ended)
    - What brand/figure/entity will resonate best with customers for statewide messaging?
  - Timing strategy – when do customers want/need to receive this messaging?
5. Test the semantics of metrics, and whether or not proposed metrics “capture” the sentiments we believe we are measuring. (Note: this will be completed only for metrics central to market measurement/effects.)

APPENDIX G.2.2  
Strategic Guidance

---

# Customers' Relationship to the Grid - Findings

## Customers sense the grid is fragile ...

- Customers possess a strong sense of the fragility and vulnerability of the electric grid. This is due in large part to recent events (SONGs decommissioning, Aliso Canyon leaks, rolling blackouts, threats of terrorism).
- However, customers view the fragility of the electric grid as a failure of utilities to do their job, innovate, and make the right business decisions. They also see the state failing to effectively manage and deliver electric resources (generation, distribution, and transmission failures).

# Customers' Relationship to the Grid - Findings

... feel disconnected from it and each other.

- Customers aren't making the connection between their personal behavior and the demands on the electric grid, or how they contribute to the instability of the electric supply. Additionally, many customers fail to correlate blackouts to a demand that exceeds the ability to supply electricity.
- Those residential customers who do understand the relationship between demand, supply, and stability view their contributions as too small to have any material effect, and believe their own behavior changes will have little impact.
- Customers don't feel as though they have control over the behavior of others and thus do not believe in the efficacy of large collective action. They do feel small (e.g. family) collective action is impactful.
- Customers do feel responsible to take action, but only to themselves and to their own households.



# Statewide Messaging - Findings

Some terms play a strong role in connecting customers to the grid.

- The term “at capacity” evoked anxiety and fear, capturing customers’ attention and compelling them to ask “why?” and “what can I do?”
- Customers have difficulty relating to electricity, but can readily visualize and “see” the “power grid.” The term “grid”, in particular, evoked a sense of an interconnected system and connection to family, friends and other Californians.
- The term “lifeline” elicited an immediate sense of connectedness to the grid, and a deep sense of its importance in supporting life-sustaining technologies. Customers’ first reactions were to think about remaining connected to people they love. This imagery reinforced a sense of the fragility of the electric grid and a sense that they, personally, wanted to protect/take care of the grid.



# Statewide Messaging - Findings

Customers want an agnostic statewide messenger paired with a chorus of supporting messengers.

- Customers feel an agnostic, PSA-like messenger is the only way they would believe, and be receptive to, a statewide message. They are deeply distrustful of political messaging, messengers that could benefit from rate change (such as IOUs), and messengers that may have an “agenda.”
- Customers felt that messaging would be more credible if it came from multiple actors, with an emphasis on local businesses and organizations.

# Statewide Messaging - Opportunities

- **Strategic Input 1:** Because the phrase “at capacity” evoked some anxiety and fear, it should be considered as a trigger phrase to capture customers’ attention and compel them to take action (answer their immediate questions of “why?” and “what can I do?”). Combining this with the insight that customers have a positive emotional connection to electricity is important in positioning this phrase as an opportunity to “care for and protect the grid, and the electricity it provides.” **It is vital not to position this phrase in an ominous or threatening way that results in customers blaming vulnerability on the CPUC and IOUs.**
- **Strategic Input 2:** When presented with emotionally-oriented and personal benefit-based messages, participants had positive and strong responses. This demonstrates an opportunity for messaging to make deep emotional connections between electricity and the electric grid. Emotional connections are more enduring than cognitive/knowledge-based connections and are the basis for motivating behavioral change.



# Statewide Messaging – Opportunities (Cont'd)

- **Strategic Input 3:** Statewide messaging must evoke connections to other human beings (family, friends, loved ones, neighborhood) and link customers' innate sense of connectedness to the electric grid. The focus needs to remain on human connection and extend only to one's personal network/family/home. Messaging beyond this personal circle of connectedness will succumb to the other insight discovered in the research - too large a goal (e.g. for the benefit of all of California) makes them feel like their contribution on that scale is too small, so why bother.
- **Strategic Input 4:** If appeals of “responsibility” are made, they must focus only on responsibility to oneself and one's household - customer's want to protect their own and feel like they are able to have a material impact on that small circle.
- **Strategic Input 5:** Statewide messaging must avoid collective/big picture action and/or appeals.
- **Strategic Input 6:** Statewide messaging must come from an unbranded source with a purely public interest tone/goal.



# Barriers Implicit in TOU Messaging - Findings

Customers do not believe in the benefits of a rate change, don't understand the rates, and feel unfairly targeted by the rate.

- Customers do not believe that the rate change could benefit them (rates are going to go up no matter what).
- When customers feel the rate change won't benefit them, they ask “what are others doing?” and feel picked on as the little guy.
- TOU is understood conceptually and many feel they are already on TOU, so customers were confused as to why this was being brought up or introduced as a new concept.
- Attempting to “educated” customers on the details (e.g. rates and time) resulted in customer confusion, a large number of clarifying questions, and exhibited general resistance to both the thought of change and TOU specifically.
- Most customers had a difficult time identifying ways they could shift their energy use on a regular basis (vs. during events).



# Barriers Implicit in TOU Messaging - Opportunities

- **Strategic Input 7:** Messaging must tell the story of how businesses are already doing their part and have already transitioned to TOU to combat residential customers' feelings of being singled-out.
- **Strategic Input 8:** Messaging should not “sell” financial benefits, as customers are suspicious of such claims.
- **Strategic Input 9:** Messaging should show a strong bias toward emotion and making emotion-based connections with customers.
- **Strategic Input 10:** Messaging must provide simple instruction for behavior change and be communicated in very plain ways in order to be believable and actionable to customers.
- **Strategic Input 11:** Outreach efforts should use behavior-change strategies (priming, norming, benchmarking) to help cut through day-to-day noise.



# Customers' TOU Communication Needs - Findings

Customers want a heads up on rates, but not too soon.

- Customers want a “heads up” on the rate change. Some cited as much as ~6 months in advance of the default, but timeframes varied widely.
- Customers want specific information on how the rate will impact them in a series of reminders in advance of the default.
- Customers want personalized communications to come from the IOUs; customers trust them to have that type of knowledge, want to know precisely how TOU will impact them, and want IOUs to provide personalized recommendations.



# Customers' TOU Communication Needs - Opportunities

- **Strategic Input 12:** IOUs should be empowered to provide personalized communications, customer support, and highly targeted outreach to customers surrounding the default.
- **Strategic Input 13:** Customers indicated they wanted a “heads up” on TOU, but not too far in advance of the default. Following a 90/60/30 messaging cadence is optimal for both customers and IOUs.

# Measurement Strategy – Findings

- **Customers respond better to measurement strategies that measure a single construct and do not introduce causality into measurement.** Most attitudinal measures attempt to link behavior to collective action and impact. The breadth and lack of individual construct measurability had them focus on and rate at disparate levels. This resulted in false variation in the scale, failing to measure the degree of agreement and instead measured disagreement with components of the message that they found oppositional.

# Measurement Strategy - Opportunities

- **Strategic Input 14:** Constructs must be designed to capture personal metrics such as “sense of responsibility” and “sense of self efficacy in the home” and “sense of self-efficacy in resource management.” To align ME&O efforts in a manner that motivates and rewards customers to make material behavioral changes, measurement/metrics must focus only on those customer actions directly linked to messaging. The relationship between these constructs will be measured in statistical analysis and not in instruments (which create false variability in the scale and harm internal validity).

APPENDIX G.3  
Detailed Findings

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APPENDIX G.3.1

# Customers' Perceptions of Electricity

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# Customers' See Electricity Resources as Plentiful Yet Vulnerable

California's energy infrastructure evokes two strongly opposing images when consumers speak abstractly about state resources.

## Positive / Unaware

- Electricity calls forth imagery of an abundant supply of renewable resources, including solar, wind, and hydropower.
- Many feel that the state has the ability to generate these resources at will to meet existing demand.
- “In California we hear about rationing water a lot, but not the amount of power you're using. It's not at the forefront for me because it's not a problem. There's an unlimited amount of it.”

## Negative / Uncertainty

- Customers point to recent events as indications of energy resources in crisis, including the decommissioning of the San Onofre Nuclear Generating Station, Aliso Canyon gas leak, and rolling (planned) blackouts.
- “We're at a critical point... They just released news that they're closing the nuclear power plant in our area, and if we're at capacity we wouldn't want to lose a plant that generates clean power.”



# However, Most Do Not Understand Electric Supply and Demand

- Consumers do not understand how energy works differently from any other consumer good (availed on demand).
- As a result, they do not grasp how the system operates to create power, nor is there a strong desire to get closer to the process and feel more informed.
- When issues or problems occur with the supply of energy to the general public, the blame tends to be placed on the ineptitude of the power company:
  - *“They never mention anything that they’re going to do. If the power grid is at capacity, isn’t it time to build more whatever it is that they use to generate electricity? Say we’re all conserving. What are they going to do?”*
- Consumers don’t understand exactly what it means for the power grid to be at capacity, and don’t associate blackouts with capacity issues.
  - *[on Capacity] “I think a lot of times, whether water or power, they’re crying wolf. We’re always told we’re going to run out and it never seems to happen. But it does catch my attention.”*



# Few See Demand Management as Their Responsibility

- Customers are confused as to why they should be asked to help - it's "not their problem."
  - *"When they talk about the power grid being at capacity, I think it's an honest statement. But that's not necessarily the citizen's problem. Because we conserve. They should make the improvement to the power grid. It's not necessarily our burden that it's at capacity."*
- Many were reluctant to acknowledge personal responsibility and a duty to environmental stewardship.
- Most do not believe that collective action can have an impact.
  - *"I have no control over how others are 'thoughtful' or 'responsible.'"*



# ... And Many Feel Entitled to Use as Much as They Can Afford

- Many consumers view electricity as an object that they pay for and thus own, rather than as a shared, limited resource.
- In viewing electricity as a transaction, they feel entitled to use as much as they can afford.
  - There is a sense of entitlement or a view that 'others', such as businesses and those of means, have no interest in conservation, so will pay whatever they can afford, having no need to be concerned by the potential for high bills that the typical consumer might have.
- Many believe energy companies have the capacity to easily meet whatever demand consumers place on the system.



# Certain Phrases are Effective in Generating Concern and Evoking Feelings of Connectedness

Connotation



**Thoughtful:** “Asking people to be thoughtful about power at least gives you a little more sense of personal responsibility without blame.”

**Lifeline:** (associated electrical grid to people they love) “I feel my phone is my lifeline, but I don’t think about it day to day. What would happen if it was gone? My emails and contacts are there. I wouldn’t be able to reach out to anyone if something happened.”



**Capacity:** (associated this with fear and confusion) “I think it’s scary to think about grid being maxed out. We take the electricity for granted.”

APPENDIX G.3.2

# Electricity Day-to-Day

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# Customers Feel Overwhelmed Managing Day-to-Day Life During Peak Windows

- Managing energy is "one more thing" for customers to consider.
- Customers struggle to identify ways they can change their behavior during critical, high traffic hours in the home.
- Many conjured imagery of a full household, each member doing their own set of tasks and meeting their own personal needs.

# When Asked to Change Behavior, Customers Feel Unfairly Singled Out

- Because consumers view energy as a transaction and misunderstand how the grid works, they do not see how their behavior affects others or supply.
- Appeals for collective behavioral change generated defensiveness and an “us vs. them” mentality.

## What I Do

- “We try to save as much as we can.”
- “The majority don’t think about power. I turn off the lights when I leave the room, but a neighbor might not.”
- “I’ll turn off lights most of the time. I’ve always thought about it because I don’t want to spend extra money on electricity.”
- “I grew up learning to be mindful of electricity. Switching off lights, doing the laundry on non-peak periods, making sure to unplug unused electronics. I think about it all the time.”

## What “They” Do

- [Other users] “have these huge houses and they use whatever they want...The people that have excess amounts of money don’t care.”
- “Rich people have larger estates and money is no object. They don’t necessarily feel as responsible to cut back as other people do.”
- “There are people who just don’t care because they have tons of money...They say, ‘Well, I’m paying for it. If I want to use three megawatts of electricity every month then I’ll pay for it.’”



# Customers are More Receptive if Others are Doing Their Part

- Customers are concerned that they will be affected by the change more than their neighbors.
  - *“Why should I be punished for other, less thoughtful grid users’ behaviors? It’s not my responsibility.”*
  - *“What are they (businesses, the government) doing?”*
  - *“It always feels like it falls on the homeowners versus – I mean I don’t own a business, but what are all these businesses paying?”*
- They’re willing to take individual responsibility for their usage, but only if they believe others are being held to the same standards, too.
- To make messaging more credible, reinforce that others are doing their part.



# . . . And Feel in Control When They Focus on Their Family and Their Own Actions

- Consumers feel that they are a drop in the bucket compared to bigger players with deeper pockets – both in the energy industry and beyond – and are vigilant in trying to look out for their best (financial) interests.
- They are anxious to feel in control of decisions, yet amidst more powerful forces, recognize their influence (and responsibility) only extends to their households.

*“When it comes to individual electricity use, ultimately it is your responsibility. No one else is going to turn off your lights for you. It’s all about that electricity bill where you see how well you’re doing on that front.”*



APPENDIX G.3.3  
TOU Messaging

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# Active TOU Language Causes Discomfort

- Customers are visibly upset with language of “automatically enroll” and “mandated.”
- An option to “opt-out,” would enhance any messaging, even though they believed opting-out would be extremely difficult and discouraged.
- Less directive language is preferred as the default.
  - Consumers want to feel like they still have control over their households and financial decisions.
- A tone of ‘on my terms’ or a more passive voice better engages consumers to messaging.

*“Lay out the different options, but emphasize it’s a choice, because anybody seeing ‘automatically enrolled’ is going to be completely turned off thinking, ‘I am at their mercy and I’m being held hostage’.”*



# Customers Don't Understand Rates, Feel Defensive, and May Not Take the Time to Learn

- Confusion reigns in any energy billing conversation – customers do not understand how they are billed.
- Lack of control and frustration also dominates their experiences with billing.
- Understanding of the tier system is minimal at best, which exacerbates frustration and a sense of disempowerment.
- Because there is a lack of understanding of how the grid works, some consumers already think TOU is in place.
- Anything new or different immediately connotes higher prices.
  - Regardless of what shape or form rates are presented, the presumption is that their household will have to pay higher rates for any future changes or updates.

# Concepts of Personal Responsibility and Thoughtfulness is Key to TOU Success

- Messages that encourage more responsible energy use need to nudge people in the right direction, but allow them to feel that they have the ability to make that choice on their own.
- At the end of the day, consumers want to feel that it is their choice to be responsible with electricity, rather than being mandated to be responsible.

*“If you’re using power then you’re responsible for it. Yeah, who else would be responsible for how you use power except yourself?”*



# Communicating TOU Motivations Can Offset Negative Responses

- In the absence of understanding the motivations behind this change, consumers are filling in the blanks with a negative perception of IOUs.
- **Tell me why this is happening:**
  - There is a preconceived notion that TOU is there for financial gain rather than for the consumers' end benefit.
  - There is a concern for why the grid is not being managed well (and if the companies are being mismanaged).
- **Tell me how I will be impacted:**
  - Show me how much it will cost.
  - Advise me on how to make it through the change.

# CARE Customers are Less Divided and Have More Trust in Rates

- CARE customers expressed more positive emotions toward energy and how their energy bill is managed.
- Those receiving a more customized and considered rate plan tend to be more mindful and aware of energy use and the implication on their bill.
- Along with responding more positively to collective calls for action, CARE consumers feel less entitled to using energy, and are more open to changing behavior for the benefit of the community at large.
  - *“It takes a village, not just a village-idiot.”*



APPENDIX G.3.3

# Messaging and Timing

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# Use Multiple Messengers to Reassure Customers

- Consumers are nervous that TOU will unfairly benefit some and not others.
- Multiple sources communicating similar messages will help engender trust:
  - Communicate with transparency and clarity
  - Convey urgency around TOU
- Using a multiplicity of PSAs, local voices, IOUs, and businesses can reinforce that everyone is doing their individual part.
- Multiple voices reassure customers on why the change is important and that they are not being unfairly targeted by this change.

# Prepare Customers with Detail

- Implementing the TOU change requires an accounting of multiple timeframes to allow consumers the time to feel more informed, better prepared, and with enough time to mold slowly shifting habits.
- Many indicated they need to account for financial and behavioral/emotional timeframes.
- Lead time helps consumers feel in control – but not too far ahead or they will forget.
- People who perceive a negative affect want more time to prepare.
- Timeline to financially and emotionally prepare needs to include:
  1. An initial awareness that the default is coming
  2. Clear language describing how the change will affect them at the household level (preferably in the first notice)
  3. A cadence of reminders



APPENDIX G.3.4

# Measurement Strategy

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# Metrics Test Evoked Strong Divides Between Personal and Collective Responsibility and Efficacy

On a scale of 0 to 10, where “0” equals strongly disagree and “10” equals strongly agree, how much do you agree or disagree with the following statement:

- “I am responsible for changing how and when I use electricity to improve the durability and stability of our power grid.”
- “It is my responsibility to use electricity more thoughtfully throughout the day to ensure we have a durable and reliable electric grid.”
- “If I use electricity responsibly throughout the day, the California electric grid will continue to be safe and affordable for future generations.”
- “It is my responsibility to help care for the California electric grid by using electricity more wisely throughout the day.”
- “The actions I take to manage my electricity throughout the day can help California lead the rest of the country in running a greener electric grid.”

Agree

Disagree



APPENDIX G.4

# Supplemental Material A

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Detailed Word Descriptions

# Word - Capacity

Feeling	Initial Thoughts	Concerns
<b>Fearful</b>	"I think it's scary to think about the grid being maxed out. We take the electricity for granted."	Will I be able to continue doing what's most important to me if the grid is failing?
<b>Anxious</b>	[It's] "anxiety-inducing. You see them building massive new neighborhoods in Southern California. If we're at capacity, that doesn't jive. It makes you question the fragility of it."	My daily life experiences contradict what you're telling me, and I'm nervous. How do I get to the bottom of this?
<b>Surprised</b>	[on capacity] "I think a lot of times, whether water or power, they're crying wolf. We're always told we're going to run out and it never seems to happen. But it does catch my attention."	Why are they telling me we're at capacity now? This feels unexpected.
<b>Confused</b>	"I don't know exactly what at capacity means so I'm concerned."	How do I quickly learn more about what this means for me?



# Word - Thoughtful

Feeling	Initial Thoughts	Concerns
<b>Defensive</b>	"I'm always thoughtful about power. For me this is almost pointing a finger at me unnecessarily."	I should be rewarded for being thoughtful, not punished.
<b>Responsible</b>	"Asking people to be thoughtful about power at least gives you a little more sense of personal responsibility without blame."	I have a responsibility to be thoughtful.
<b>Ignorant</b>	"I don't think people are as aware about the deteriorating state of the power grid as they might otherwise be if it were more prevalent in the media."	Other people aren't thoughtful enough about the power grid because of their ignorance.



# Word - Responsibility

Feeling	Initial Thoughts	Concerns
<b>Confused</b>	"California power grid has to work hard and adapt every day. That's up to the electric company to figure out how to change it so we can all use what we need to use. Where does it even tell me what I'm supposed to do?"	I am paying my IOU for a product, so why are they asking me to do anything differently than I would for any other consumer goods company?
<b>Indignant</b>	"It's not my power grid; I have no control over it. We don't ask it to do anything; we just do what we need to do and it happens."	Why are you asking me to take responsibility over something I thought I paid IOUs to take care of for me? Isn't that what the money goes toward?
<b>Resentful</b>	"When they reference the power grid as needing our help, PG&E is the one that's supposed to maintain the power grid. We pay them to do that. PG&E doesn't pay me to do it."	PG&E is overreaching. This is going too far.



# Word - Lifeline

Feeling	Initial Thoughts	Concerns
Relieved	"I feel my phone is my lifeline, but I don't think about it day-to- day. What would happen if it was gone? My emails and contacts are there. I wouldn't be able to reach out to anyone if something happened."	Phone (and electricity needed) powers my ability to reliably connect.
Stressed	"If something brought down the landlines, a solar flare or act of terrorism or whatever, we're almost back to the Middle Ages. We need a lifeline."	Our ability to connect is fragile, and prone to mechanical failure.
Reliant	"I can't go a minute without my phone, just like a fridge can't go a minute without electricity. It is my lifeline in a sense."	I am so reliant on my device.



APPENDIX G.5

# Supplemental Material B

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Tested Messages



# Statewide Message Intent

Statements for Primary Research - Final

# Definition of “Message Intent”

- The directional sentiment of a statewide message
- Its intent will be aligned with both the strategic direction and the desired tactical results of MEO initiatives

# What This Is...

- A set of short statements, each expressing a directional sentiment designed to elicit a response from participants (not answer all of their questions)
- A way to unearth the right sentiment/direction in research to be used by an agency to create the optimal go-to-market message(s)

# What This Is NOT...

- Final directions/statements
- Marketing copy
- Something that would be put into the marketplace
- Designed to give participants the answers to the questions they will have

# Targeted Sentiments

## Humanity

---

What we're testing: Does "humanizing" power and/or the power grid resonate with participants?

## Pragmatism

---

What we're testing: Do participants prefer a more "brass tacks" approach?

## Betterment

---

What we're testing: Does an inspirational/aspirational message resonate with participants?



# Test Statements

# Humanity

## Thoughtful

You're thoughtful about how much water you use, how much gasoline you burn and the kind of food you eat. But are you thoughtful about the one thing that makes your everyday life possible? Are you thoughtful about power? For California to make the continuous improvements needed to our power grid, we all have to be more thoughtful about how much and when we place demands on it.

It's your power grid, it needs you to be thoughtful about what you ask it to do.

# Betterment

## Smarter Ways

We Californians are known for our bold ideas and for being the best at finding better ways to do things. Now we have to live up to our reputation by doing electricity the right way.

Across California we are going to develop smarter ways to generate and use power than anyone thought possible. Doing this will make sure all of us in California continue to have affordable and responsible power. We will, once again, live up to our reputation for bold ideas by doing electricity the right way.

# Humanity

## Power Grid - Something to Care For

You and your phone can't be separated – it's your lifeline. But what about your phone's lifeline? Haven't thought about it? It's your neighborhood power grid. In fact, the power grid is the lifeline for everything in your life that requires electricity.

California's power grid has to adapt and work hard everyday to meet the demands you put on it. If it's to continue to provide affordable and more responsible power for your phone, and everything else electrical in your life, it needs you to help take care of it.



# Pragmatism

## Power

In California our power grid is at capacity. The time of day that we place demands on our power grid is directly impacting the stability and costs of providing power. Spreading out when we use power to include earlier in the morning and later in the evening will help make sure power continues to be affordable and dependable.

## APPENDIX H

# Research Plan

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Provides a strategic action plan to evaluate the success of TOU roll-out.

[Click to Open Document](#)

## APPENDIX I

# Metrics Benchmarks

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The following metrics are akin to the MEO Blueprint metrics, and provide a foundation for the evaluation proposed in this report.

[Click to Open Document](#)

# Appendix I | Metrics Benchmarks

The following metrics are akin to the MEO Blueprint metrics, and provide a foundation for the evaluation proposed in this report.

**I.1 | Benchmark Metrics**

XLS

**I.2 | Detailed Metrics Inventory**

XLS

**I.3 | Low Income (LI) Metrics**

XLS

**I.4 | Metrics on Lift**

XLS

**I.5 | Default Rates Studies Metrics**

XLS

**I.6 | Detailed Segmentation Strategy Tables**

XLS



## APPENDIX J

# GIS Maps

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The following maps represent various views of vulnerable populations that might be negatively impacted by RRR.

[Click to Open Document](#)

# Appendix J | GIS Maps

The maps contained in this appendix represent various views of vulnerable populations that may be negatively impacted by RRR.

## Languages

**J.1** | Common Language  
CALIFORNIA

**J.2** | Common Language  
SF AREA

**J.3** | Common Language  
LOS ANGELES AREA

**J.4** | Common Language  
CENTRAL VALLEY

## Common Language and Linguistically Isolated

**J.5** | Common Language and Linguistically Isolated | CALIFORNIA

**J.6** | Common Language and Linguistically Isolated | LOS ANGELES AREA

**J.7** | Common Language and Linguistically Isolated | SF AREA

**J.8** | Common Language and Linguistically Isolated | CENTRAL VALLEY

## Common Languages and Hot Zones

**J.9** | Common Language and Hot Zones  
CALIFORNIA

**J.10** | Common Language and Hot Zones  
SF AREA

**J.11** | Common Language and Hot Zones  
CENTRAL VALLEY

## Common Language vs. Linguistically Isolated vs. Hot Zones

**J.12** | Common Language vs. Linguistically isolated vs. Hot Zones | CALIFORNIA

**J.13** | Common Language vs. Linguistically isolated vs. Hot zones | CENTRAL VALLEY



# Appendix J | GIS Maps, cont.

## Poverty

**J.14** | Poverty | CALIFORNIA

**J.15** | Poverty | FRESNO

**J.16** | Poverty | LOS ANGELES AREA

**J.17** | Poverty | SF AREA

## Poverty and Hot Climate Zones

**J.18** | Poverty and Hot Zones | CALIFORNIA

**J.19** | Poverty and Hot Zones | FRESNO

**J.20** | Poverty and Hot Zones | SAN FRANCISCO

## Poverty and Renters

**J.21** | Poverty Amongst Renters | CALIFORNIA

**J.22** | Poverty Amongst Renters | LOS ANGELES AREA

**J.23** | Poverty Amongst Renters | FRESNO

**J.24** | Poverty Amongst Renters | SF AREA

**J.25**—Poverty Amongst Renters | SAN DIEGO AREA

## Poverty and Homeowners

**J.26** | Poverty Amongst Homeowners | CALIFORNIA

**J.27** | Poverty Amongst Homeowners | SAN DIEGO AREA

**J.28** | Poverty Amongst Homeowners | LOS ANGELES AREA

**J.29** | Poverty Amongst Homeowners | CENTRAL VALLEY

**J.30** | Poverty Amongst Homeowners | SAN FRANCISCO

## Disability/DMA/High Needs

**J.31** | Disability | CALIFORNIA

**J.32** | Disability | CALIFORNIA

**J.33** | DMA | CALIFORNIA

**J.34** | High Needs | CALIFORNIA



## APPENDIX K

# Critical Path

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This appendix is the first draft of the integrated roadmap for implementing the MEO Blueprint.

[Click to Open Document](#)

## APPENDIX L

# Media Plan and Budget

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This appendix provides detailed media flight plans and budgets as support to the MEO tactics and budgets presented in Sections 3.6.2 and 3.8 respectively.

[Click to Open Document](#)

# Appendix L | Media Plan and Budget

The Media Plan and Budget documents detail the timing, tactics, and detailed media buy recommendations referenced in this report.

**L.1** | California DMA Map  
PDF

**L.2** | Media Flighting Chart  
XLS

**L.3** | Media Flow Charts  
XLS

**L.4** | Non Mass Media Tactical Plan  
XLS

# Glossary of Paid Media Terminology

- **REACH:** Is the term used to express the total percentage of a target audience who are exposed to a commercial at least once throughout a campaign period. This figure represents unduplicated audience exposure.
- **FREQUENCY:** Is the average number of times an individual has an opportunity to see an advertising message during a defined period of time. Frequency is typically measured over a four-week period but can be reported for any campaign length.
- **REACH AND FREQUENCY:** R&F's are always looked at hand in hand, one measures the number of people exposed (unduplicated), and the other the number of exposure.
- **EFFECTIVE FREQUENCY:** Is defined as the minimum number of times a communication must be exposed to a viewer/potential consumer to positively impact on that consumers buyer / purchasing behavior. Effective frequency can either be employed at an aggressive level - more people more times - 50% 3-4 times for a launch or a continuity level - 50% 2 times for a more established brand, as such the 3+ or 2+ reach figures become the main indicator.
- **IMPRESSIONS:** The total number of times an ad is seen or heard.



APPENDIX L.1  
Quintile Analysis

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# Definition of Media Quintiles

*Media quintiles determine the usage by medium on five levels of consumption.*

- **Magazine:** Number of reported magazines for which respondent read the average issue, computed on a monthly basis (weeklies weighted by 4, monthlies weighted by 1, etc.)
- **Newspaper:** Number of newspapers read in an average 28-day period developed from a weighted average of daily newspapers read in a week (weighted by 4), and the number of Sunday papers read in 4 weeks (weighted by 1), based on the number of issues of newspapers respondent reported reading for each of the two periods.
- **Radio:** Number of half hours listened to per week, developed from a weighted average of the number of half hours listened to on an average day.
- **TV:** Number of half hours viewed per week for all time periods, developed from a weighted average of the number of half hours viewed on an average day. TV Quintiles include any and all TV watching and, thus, include cable, satellite, and other viewing.
- **Outdoor:** Number of miles driven in town, city, or suburb as driver or passenger in a car or truck in the past week.
- **TV Prime Time:** Number of half hours viewed per week for the day part.
- **Internet:** Number of hours used in an average week.
- **TV Daytime:** Number of half hours viewed in an average weekday between 9am and 4pm.

Source: GfK MRI Spring 2016 Technical Guide



# Target Audience Discovery and Insights – Media Quintile Analysis

Confirmed media usage by reviewing media quintile information for the following targets:

- People 18+
- Adults 25-54
- Adults 25-54 and living in California and HHI less than \$100K
- Adults 18+ and living in CA & HHI less than \$75K
- Asian population living in California
- Hispanic population living in California

*Source: 2016 GfK MRI Doublebase (see appendix for quintile definitions by medium)*



# Definition of Media Quintiles, Cont.

Media quintiles determine the usage by medium on five levels of consumption

	Magazine	Newspaper	Radio	TV	TV Prime	Outdoor	Internet
<b>Q1</b>	9+	17+	51+	88+	36+	300	32.5+
<b>Q2</b>	4-8	4-16	23-50	57-87	25-35	200-299	19.1-32.4
<b>Q3</b>	2-3	1-3	12-22	37-56	12-24	76-199	8.1-19
<b>Q4</b>	1	0	4-11	15-36	1-11	43-75	1.5-8
<b>Q5</b>	0	0	0-3	0-14	0	0-42	0-1.4
<b>Top 1/2</b>	3+	1+	16+	47+	18+	125+	10.6+
<b>Bottom 1/2</b>	0-2	0	0-15	0-46	0-17	0-124	0-10.5

Source: GfK MRI Spring 2016 Technical Guide



# Quintile Data for Adults 18+

Example: 39.91% of adults ages 18+ are heavy magazine readers

Medium	Quintiles I and II
Magazine	39.91%
Newspaper	40.05%
Radio	40.03%
Radio Prime	40.03%
TV	40.02%
TV Prime	39.92%
Internet	40.1%
Outdoor	39.97%

*Source: 2016 GfK MRI Doublebase*

# Quintile Data for Adults 25-54

Medium	Quintiles I and II
Magazine	40.2%
Newspaper	33.93%
Radio	44.24%
Radio Prime	44.11%
TV	32.41%
TV Prime	35.18%
Internet	45.72%
Outdoor	45.20%

*Source: 2016 GfK MRI Doublebase*

# Quintile Data for Adults 25-54, Living in California, and HHI < \$100K

Medium	Quintiles I and II
Magazine	32.6%
Newspaper	24.28%
Radio	43.13%
Radio Prime	42.66%
TV	29.89%
TV Prime	27.37%
Internet	43.4%
Outdoor	36.97%

Source: 2016 GfK MRI Doublebase

# Quintile Data for Living in California and HHI < \$75K

Medium	Quintiles I and II
Magazine	27.63%
Newspaper	28.53%
Radio	25.25%
Radio Prime	24.67%
TV	28.21%
TV Prime	22.70%
Internet	51.48%
Outdoor	27.14%

Source: 2016 GfK MRI Doublebase



# Quintile Data for Adults 18+, Living in California, and Asian

Medium	Quintiles I and II
Magazine	33.27%
Newspaper	27.67%
Radio	30.74%
Radio Prime	31.64%
TV	22.35%
TV Prime	21.74%
Internet	58.21%
Outdoor	21.74%

Source: 2016 GfK MRI Doublebase

# Quintile Data for Adults 18+, Living in California, and Hispanic

Medium	Quintiles I and II
Magazine	34.94%
Newspaper	25.69%
Radio	47.12%
Radio Prime	45.97%
TV	30.21%
TV Prime	27.29%
Internet	39.13%
Outdoor	34.33%

Source: 2016 GfK MRI Doublebase

APPENDIX L.2

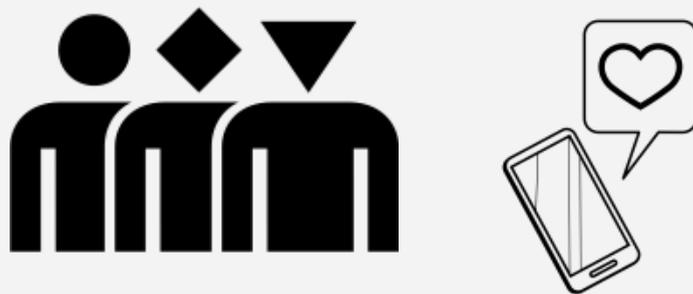
# Macro Segments Insights

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# Target Audience Discovery and Insights – Ethnic Segments & Millennials

Reviewed Nielsen data to further support quintile analysis data  
Analyzed media consumption for targets including social media



*Sources: Nielsen Cross Channel Report, Nielsen Audio*



# Target Audience Discovery and Insights – Ethnic Segments

## SEGMENT

Hispanic

African  
Americans

Asian  
Americans

## ANALYSIS

Mobile serves as a key source of connectivity within the Hispanic community

- More likely than average HH to have cell phones with Internet (55%) and video (40%) capabilities and text more than any other race or ethnicity sending 943 texts per month
- Smartphone penetration of 45%, matches Asian population
- 3X more likely to have internet access via mobile device but not have internet at home

African American media habits are TV and mobile-centric

- Own four or more sets per HH
- Spend almost 40% more time watching TV, premium cable channels, than US average
- African Americans more mobile voice minutes per month than any other group at 1,261

Asian Americans huge online media, 80 hrs in PC time and viewing 3,600 web pages, 1,000 pages more than any other ethnic group

- Watch YouTube more than any other ethnic group
- Watch less TV than other ethnic segments, stream double the amount of online video as overall average



# Target Audience Discovery and Insights – Millennials

## SEGMENT

Millennials

## ANALYSIS

First generation to grow up with the internet

Millennials more apt to self ID as heavy tech users.

Existence revolves around 24-hour, on the go mentality

- Most likely to access social networks and watch video with their mobile device
- Dominate adoption and usage of all things digital have internet at home

	All Online Adults	Millennials	Gen X	Younger Boomers	Older Boomers	Silent Generation	G.I. Generation
Cell Phone	83%	94%	89%	86%	77%	70%	41%
Desktop Computer	57%	55%	67%	62%	61%	48%	29%
Laptop Computer	56%	70%	63%	58%	49%	32%	14%
iPod or MP3	44%	69%	57%	36%	24%	10%	5%
Game Console	42%	63%	63%	38%	19%	8%	3%
e-Book Reader	12%	12%	14%	14%	12%	6%	5%
Tablet, iPad	8%	12%	9%	8%	7%	2%	1%



APPENDIX L.3

# Sample Markets Media

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# Los Angeles (SCE)

- TV/Cable: includes formats and programming specific to ethnic segments (i.e. - *Univision, Telemundo, BET, Phoenix Television, TVB*)
- Radio: formats to cover all target segments in a fragmented market
- Out-of-Home: 30-sheets, 8-sheets, transit car cards, bus kings, shelters, kiosks
- Print: *LA Times, Orange County Register, China Press, Epoch Times LA, Sing Tao Daily LA, La Opinion LA, Korea Daily LA, Korea Times LA, Niguo Viet Daily News LA, Little Saigon News, Viet Bao Daily LA*
- Digital/Social: cross-device RTB Partners, *Facebook, Instagram, Snapchat*

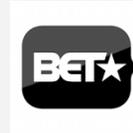


Radio Station	Dial Position	Format
KALI FM (Saigon Radio)	FM 106.3	Vietnamese/Japanese
KBUA/KEBN (Que Buena)	FM 94.3	Spanish/ Regional Mexican
KBUE (Que Buena)	FM 105.5	Spanish/ Regional Mexican
KDLD / KDLE (Jose FM)	FM 103.1 (Simulcast with KLYY FM 97.5)	Spanish Adult Hits
KLAX (La Raza)	FM 97.9	Spanish/ Regional Mexican
KLYY (Jose FM)	FM 97.5 (Simulcast with KDLD FM 103.1)	Mexican Contemporary



# San Francisco (PG&E)

- TV/Cable: includes formats and programming specific to ethnic segments (i.e. - *Univision, Telemundo, BET, KTSF and KCNS both Asian*)
- Radio: formats to cover all target segments in a fragmented market
- Out-of-Home: 30-sheets, 8-sheets, transit car cards, bus kings, shelters, kiosks
- Print: *San Francisco Chronicle, San Jose Mercury News, China Press, Sing Tao Daily, Epoch Times, El Hispano, Korea Times*
- Digital/Social: cross-device RTB Partners, *Facebook, Instagram, Snapchat*



Radio Station	Dial Position	Format
KRZZ	93.3 La Raza	Mexican
KSOL	98.9	Spanish/
(Que Bena)		Regional Mexican
KIQI	AM 1010	Spanish/Talk
KZSF	AM 1370	Mexican/Talk
La Kaliente		
KMKY	AM 1310	Asian
KZGD	AM 1550	Asian



# San Diego (SDG&E)

- TV/Cable: includes formats and programming specific to ethnic segments (i.e. - *Univision, Telemundo, BET Estrelia, XEWT Spanish*)
- Radio: formats to cover all target segments in a fragmented market
- Out-of-Home: 30-sheets
- Print: *San Diego Union—Tribune, Hoy San Diego, Epoch Times, San Diego Chinese Tribune, Saigon Nho*
- Digital/Social: cross-device RTB Partners, *Facebook, Instagram, Snapchat*



Radio Station	Dial Position	Format
XHGLX	FM 91.7	Spanish Top 40
XHMORE	FM 98.9	Spanish/Rock
KLQV	FM 102.9	Spanish Classic Hits
XHLTN	FM 104.5	Spanish AC
KLNV	FM 106.5	Regional Mexican

APPENDIX L.4  
Deliveries

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# Sample Market Deliveries

## Communication Goals

85%-90% effective reach at 10+ frequency

- % of the target audience that will be exposed to the message 10 or more times in an average four week period

MARKET	LOS ANGELES		SAN FRANCISCO		SAN DIEGO	
IOU	SCE		PG&E		SDG&E	
Demographic	A18-34	A35-64	A18-34	A35-64	A18-34	A35-64
Reach	95%	95%	95%	95%	95%	95%
Frequency	13.8x	13.8x	13.6x	13.6x	13.7x	13.7x

Source: Nielsen IMS MarketMate TV / Radio / MediaMix

Average four week/heavy-up time periods, see appendix for reach/frequency definitions

APPENDIX L.5

# Additional Inputs and Considerations

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# Mass Media – Market Rankings/IOUs

Impressions vs. pricing for the IOUs are a function of the cost-per-points in the markets they include

DMA	DMA Pricing Rank	IOU
Los Angeles	2	S. CA Edison
Palm Springs	146	S. CA Edison
San Diego	28	SDG&E
San Francisco-Oakland-San Jose	6	PG&E
Sacramento	20	PG&E
Fresno-Visalia	54	PG&E
Santa Barbara-Santa Maria -San Luis Obispo	124	PG&E
Monterey-Salinas	125	PG&E
Bakersfield	126	PG&E
Chico-Redding	132	PG&E
Eureka	195	PG&E



# SEO/SEM Recommendation

- Identify keywords, i.e. "time of use," surrounding the messaging strategy and add to the websites so that visitors will go to the site and actively engage
- Create content including easy to access landing pages that will allow visitors to read about the changes in the rate structure and learn how to take action
  - These landing pages can also be used for the retargeting campaign
- Stick with White Hat SEO techniques (see appendix)
- Consider using AdWords campaign once keywords and content are added to the websites
  - Users search keywords and Google ads will appear to drive visitors to website



Google AdWords



# Major Daily Newspapers Considered

## Newspaper

Los Angeles Times

Los Angeles Daily News

San Francisco Chronicle

San Francisco Examiner

Sacramento Bee

San Diego Union-Tribune

The Fresno Bee

Santa Barbara News Press

San Jose Mercury News

Monterey County Herald

Bakersfield Californian

Santa Maria Times

USA Today

## Primary City

Los Angeles

Los Angeles

San Francisco

San Francisco

Sacramento

San Diego

Fresno

Santa Barbara

San Jose

Monterey

Bakersfield

Santa Maria

California Edition

## Newspaper

San Bernardino Sun

Palm Springs Desert Sun

Chico Enterprise-Record

Eureka Times Standard

Stockton Record

Visalia Times-Delta

Hanford Sentinel

Santa Rosa Press Democrat

Vida

San Luis Obispo Tribune

Merced Sun-Star

Orange County Register

## Primary City

San Bernardino

Palm Springs

Chico

Eureka

Stockton

Visalia

Hanford

Santa Rosa

Oxnard

San Luis Obispo

Merced

Orange County



# Ethnic and Language Specific Newspapers

Newspaper	Coverage	Newspaper	Coverage
<b>Chinese</b>		<b>Vietnamese</b>	
China Press	N. California/S. California	Niguo Viet Daily News	L.A.
Epoch Times	L.A./San Francisco/San Diego	Saigon Nho Little Saigon News	L.A./San Diego/Orange County
Sing Tao Daily	San Francisco/L.A.	Viet Bao Daily News	L.A.
San Diego Chinese Tribune	San Diego	<b>Korean</b>	
<b>Hispanic</b>		Korea Daily	L.A.
El Hispano	Sacramento	Korea Times	L.A./San Francisco
Hoy San Diego formerly Enlace	San Diego		
La Opinion	Los Angeles		



# Newspaper Insertions by Creative Units

Newspaper	State 2017	State 2018	State 2019	IOU 2018	IOU 2019
USA Today Full Page Four-Color	8	0	0	0	0
USA Today 1/2 Page Four-Color	36	42	28	0	0
Major Dailies Sunday/Daily Combo Full Page Four-Color	4	0	6	4	4
Major Dailies 1/2 page Four-Color	40	46	28	10	36
Major Dailies Full Page Four-Color Insert	2	2	2	1	1
Ethnic/Language Specific Full Page Four-Color	6	4	6	4	0
Ethnic/Language Specific 1/2 Page Four-Color	24	20	14	12	32

# Digital Schedule Detail (Quarterly Example)

DIGITAL – Pub/Network	Placement Name/Targeting	Impressions	Ad Size(s)	Device (Specify Desktop, Mobile, Tablet)	CPM or Flat Rate Buy	Net Cost	Geo-Targeted Markets (i.e. DMA Market or Region/Country)	Net CPM	Notes
Rubicon Project	Rubicon Project_State of California_ Public Utility Rate Increase 2016_Desktop Intent Data_Open Exchange	6,680,000	300x250, 300x600, 728x90, 160x600,	Desktop	dCPM	\$25,050.00	US- California (All DMAs)	\$3.75	
Rubicon Project	Rubicon Project_State of California_ Public Utility Rate Increase 2016 Data	4,453,333	300x250, 320x50	Mobile	dCPM	\$16,700.00	US- California (All DMAs)	\$3.75	
Rubicon Project	Rubicon Project_State of California_ Public Utility Rate Increase 2016_Desktop_Private Marketplace	1,670,000	300x250, 300x600, 728x90, 160x600, 320x50	Desktop	dCPM	\$25,050.00	US- California (All DMAs)	\$15.00	
Rubicon Project	Rubicon Project_State of California_ Public Utility Rate Increase 2016_Mobile_Private Marketplace	1,113,333	300x250, 300x600, 728x90, 160x600, 320x50	Mobile	dCPM	\$16,700.00	US- California (All DMAs)	\$15.00	
Rubicon Project	Rubicon Project_State of California_ Public Utility Rate Increase 2016_Facebook FBX_Right Hand Rail	4,175,000	Facebook Righthand Rail	All	dCPM	\$8,350.00	US- California (All DMAs)	\$2.00	
Rubicon Project	Rubicon Project_State of California_ Public Utility Rate Increase 2016_Facebook Newsfeed	596,429	Facebook Newsfeed	All	dCPM	\$8,350.00	US- California (All DMAs)	\$14.00	
Rubicon Project	Rubicon Project_State of California_ Public Utility Rate Increase 2016_Added Value	1,868,810	300x250, 300x600, 728x90, 160x600, 320x50	All	Added Value	\$-	US- California (All DMAs)	\$-	Scales at 10% of total impressions
		<b>18,688,095</b>	<b>20,556,905</b>			<b>\$100,200.00</b>			
Rubicon Project	**Rubicon Project_State of California_ Public Utility Rate Increase 2016_Desktop/Tablet Pre-roll_Open Exchange	-	:15, :30	Desktop	dCPM		US- California (All DMAs)	\$12.00	
Rubicon Project	**Rubicon Project_State of California_ Public Utility Rate Increase 2016_Mobile Pre-roll_Open Exchange	-	:15, :30	Desktop	dCPM		US- California (All DMAs)	\$12.00	
Rubicon Project	**Rubicon Project_State of California_ Public Utility Rate Increase 2016_Desktop Rising Star Film Strip	-	300x600	Desktop	dCPM		US- California (All DMAs)	\$8.00	
Rubicon Project	*Rubicon Project_State of California_ Public Utility Rate Increase 2016_Desktop Rising Star Billboard	-	970x250	Desktop	dCPM		US- California (All DMAs)	\$12.00	



# Digital Schedule Detail (Quarterly Example)

DIGITAL – Pub/Network	Placement Name/Targeting	Impressions	Ad Size(s)	Device (Specify Desktop, Mobile, Tablet)	CPM or Flat Rate Buy	Net Cost	Geo-Targeted Markets (i.e. DMA Market or Region/Country)	Net CPM (Rate Card)	Notes
Amobee	Multiscreen Video Everywhere Package (Includes Twitter Video) -Geo, Behavioral, LookALike, Contextual Targeting powered by Brand Intelligence -Video across Desktop, Mobile, Tablet	3,846,154	:15/30	Desktop, Mobile, Tablet	\$26.00	\$100,000.00	California (Inclusive of 11 DMAs - Los Angeles, San Francisco, Sacramento, San Diego, Fresno-Visalia, Santa Barbara-Santa Maria-San Luis Obispo, Monterey-Salinas, Bakersfield, Chico-Redding, Palm Spring, Eureka)	\$29.90	-Amobee's Video Everywhere solution reaches users across all screens and channels leveraging the same set of assets, now including Twitter. -Brand Intelligence: Amobee's proprietary technology which enables us to analyze web-based and social content to extrapolate trends that drive insights and performance. This allows clients to align their messaging within content (down to the article and topic level) that most resonates with their audience/brand. We use this data and these insights to deliver media across all channels and devices.
Amobee	Multiscreen Video Everywhere Package_Desktop								
Amobee	Multiscreen Video Everywhere Package_Mobile								
Amobee	Multiscreen Video Everywhere Package_Tablet								
Amobee	Multiscreen OutStream Video Package -Geo, Behavioral, LookALike, Contextual Targeting powered by Brand Intelligence	285,714	:15/30	Desktop, Mobile, Tablet	\$0.35	\$100,000.00	California (Inclusive of 11 DMAs - Los Angeles, San Francisco, Sacramento, San Diego, Fresno-Visalia, Santa Barbara-Santa Maria-San Luis Obispo, Monterey-Salinas, Bakersfield, Chico-Redding, Palm Spring, Eureka)	\$0.40	Amobee's OutStream Video engages your audience across all devices to lift performance while managing optimal frequency, in the content they are consuming most.
Amobee	Multiscreen OutStream Video Package_Desktop								
Amobee	Multiscreen OutStream Video Package_Mobile								Brand Intelligence: Amobee's proprietary technology which enables us to analyze web-based and social content to extrapolate trends that drive insights and performance. This allows clients to align their messaging within content (down to the article and topic level) that most resonates with their audience/brand. We use this data and these insights to deliver media across all channels and devices.
Amobee	Multiscreen OutStream Video Package_Tablet								
Amobee	Multiscreen Display Package -Geo, Behavioral, LookALike, Contextual Targeting powered by Brand Intelligence	12,857,143	1x1	Desktop, Mobile, Tablet	\$3.50	\$45,000.00	California (Inclusive of 11 DMAs - Los Angeles, San Francisco, Sacramento, San Diego, Fresno-Visalia, Santa Barbara-Santa Maria-San Luis Obispo, Monterey-Salinas, Bakersfield, Chico-Redding, Palm Spring, Eureka)	\$4.03	-Amobee's Multiscreen Display engages your audience across all devices to lift performance while managing optimal frequency -Brand Intelligence: Amobee's proprietary technology which enables us to analyze web-based and social content to extrapolate trends that drive insights and performance. This allows clients to align their messaging within content (down to the article and topic level) that most resonates with their audience/brand. We use this data and these insights to deliver media across all channels and devices.
Amobee	Multiscreen Display Package_Desktop		300x250, 160x600, 728x90						
Amobee	Multiscreen Display Package_Mobile		320x50, 300x50, 320x50						
Amobee	Multiscreen Display Package_Tablet		300x250, 728x90						
Amobee	Multiscreen Interactive Video Package_Social Amplify -Geo, Behavioral, LookALike, Contextual Targeting powered by Brand Intelligence	1,666,667	:15:30	Desktop, Mobile, Tablet	\$27.00	\$45,000.00	California (Inclusive of 11 DMAs - Los Angeles, San Francisco, Sacramento, San Diego, Fresno-Visalia, Santa Barbara-Santa Maria-San Luis Obispo, Monterey-Salinas, Bakersfield, Chico-Redding, Palm Spring, Eureka)	\$31.05	-Compliment your video with content from your social media pages and provide users with a more robust and engaging brand experience with Amobee's Social Amplify Interactive Video -Brand Intelligence: Amobee's proprietary technology which enables us to analyze web-based and social content to extrapolate trends that drive insights and performance. This allows clients to align their messaging within content (down to the article and topic level) that most resonates with their audience/brand. We use this data and these insights to deliver media across all channels and devices.
Amobee	Multiscreen Interactive Video Package Social Amplify_Desktop								
Amobee	Multiscreen Interactive Video Package Social Amplify_Mobile								
Amobee	Multiscreen Interactive Video Package Social Amplify_Tablet								
Amobee	Multiscreen Interactive Video Package_YouTube Extender -Geo, Behavioral, LookALike, Contextual Targeting powered by Brand Intelligence	1,666,667	:15:30	Desktop, Mobile, Tablet	\$27.00	\$45,000.00	California (Inclusive of 11 DMAs - Los Angeles, San Francisco, Sacramento, San Diego, Fresno-Visalia, Santa Barbara-Santa Maria-San Luis Obispo, Monterey-Salinas, Bakersfield, Chico-Redding, Palm Spring, Eureka)	\$31.05	-Drive incremental views and a more engaging experience by directly integrating YouTube videos into an interactive format delivered off of YouTube with Amobee's YouTube Extender product. -Brand Intelligence: Amobee's proprietary technology which enables us to analyze web-based and social content to extrapolate trends that drive insights and performance. This allows clients to align their messaging within content (down to the article and topic level) that most resonates with their audience/brand. We use this data and these insights to deliver media across all channels and devices.
Amobee	Multiscreen Interactive Video Package YouTube Extender_Desktop								
Amobee	Multiscreen Interactive Video Package YouTube Extender_Mobile								
Amobee	Multiscreen Interactive Video Package YouTube Extender_Tablet								
Amobee	Amobee IMPACT Multiscreen Halo Package -Geo, Behavioral, LookALike, Contextual Targeting powered by Brand Intelligence	4,381,694	300x250	Desktop, Mobile, Tablet	\$10.27	\$45,000.00	California (Inclusive of 11 DMAs - Los Angeles, San Francisco, Sacramento, San Diego, Fresno-Visalia, Santa Barbara-Santa Maria-San Luis Obispo, Monterey-Salinas, Bakersfield, Chico-Redding, Palm Spring, Eureka)	\$11.81	-Amobee's Halo improves engagement and efficiency with one creative that fits all screens. -Brand Intelligence: Amobee's proprietary technology which enables us to analyze web-based and social content to extrapolate trends that drive insights and performance. This allows clients to align their messaging within content (down to the article and topic level) that most resonates with their audience/brand. We use this data and these insights to deliver media across all channels and devices.
Amobee	Amobee IMPACT Multiscreen Halo Package_Desktop								
Amobee	Amobee IMPACT Multiscreen Halo Package_Mobile								
Amobee	Amobee IMPACT Multiscreen Halo Package_Tablet								
Amobee	Smartphone Out of the Box Display -Geo, Behavioral, LookALike, Contextual Targeting powered by Brand Intelligence	4,272,152	320x50 < 320x480	Mobile	\$7.90	\$33,750.00	California (Inclusive of 11 DMAs - Los Angeles, San Francisco, Sacramento, San Diego, Fresno-Visalia, Santa Barbara-Santa Maria-San Luis Obispo, Monterey-Salinas, Bakersfield, Chico-Redding, Palm Spring, Eureka)	\$9.09	-High Impact Smartphone Out of the Box captures the attention of your audience by teasing your message with animation that comes out of the banner. -Brand Intelligence: Amobee's proprietary technology which enables us to analyze web-based and social content to extrapolate trends that drive insights and performance. This allows clients to align their messaging within content (down to the article and topic level) that most resonates with their audience/brand. We use this data and these insights to deliver media across all channels and devices.
Amobee	Multiscreen Display Package_Added Value (10%)	2,897,619	300x250, 160x600, 728x90, 320x50, 300x50	Desktop, Mobile, Tablet					Added Value to extend the reach of your client's campaign, at no cost.
		31,873,809			Estimated Total:	\$413,750.00			

# Top 20 Urban Areas in California

Rank	Place	Population
1	Los Angeles-Long Beach-Santa Ana	12,150,996
2	San Francisco-Oakland	3,281,212
3	San Diego	2,956,746
4	Riverside-San Bernardino	1,932,666
5	Sacramento	1,723,634
6	San Jose	1,664,496
7	Fresno	654,628
8	Concord	615,968
9	Mission Viejo-Lake Forest-San Clemente	583,681
10	Bakersfield	523,994
11	Murrieta-Temecula-Meniffee	441,546
-	Reno, NV-CA	392,141
12	Stockton	370,583
13	Oxnard	367,260
14	Modesto	358,172
15	Indio-Cathedral City	345,580
16	Lancaster-Palmdale	341,219
17	Victorville-Hesperia	328,454
18	Santa Rosa	308,231
19	Antioch	277,634
20	Santa Clarita	258,653

*Source: Defined by the U.S. Census Bureau; 2010 Estimate Population. Consider supplementing top urban/lower income areas with transit*

# Ethnic Population Data

91% of the state's households, 91% of Latino households, and 97% of both African American and Asian Pacific Islander households are concentrated in the top 5 markets: Los Angeles, San Francisco, Sacramento, San Diego and Fresno

Designated Market Area (DMA)	Total		Hispanic			Black			Asian		
	# HH	% State	#HH	% Mkt	% State	#HH	% Mkt	% State	#HH	% Mkt	% State
Los Angeles	5,569,780	46%	1,876,110	34%	55%	460,330	8%	55%	749,610	13%	45%
San Francisco	2,506,510	21%	414,730	17%	12%	175,670	7%	21%	560,810	22%	34%
Sacramento-Stockton-Modesto	1,388,570	11%	281,740	20%	8%	96,040	7%	11%	145,280	10%	9%
San Diego	1,077,600	9%	254,650	24%	8%	57,880	5%	7%	112,560	10%	7%
Fresno-Visalia	574,800	5%	254,270	44%	7%	25,540	4%	3%	36,840	6%	2%
<b>Top 5 DMAs</b>	<b>11,117,260</b>	<b>91%</b>	<b>3,081,500</b>	<b>28%</b>	<b>91%</b>	<b>815,460</b>	<b>7%</b>	<b>97%</b>	<b>1,605,100</b>	<b>14%</b>	<b>97%</b>
Bakersfield	221,920	2%	94,680	43%	3%	12,100	5%	1%	10,400	5%	1%
Chico-Redding	194,590	2%	19,560	10%	1%	2,180	1%	0%	4,490	2%	0%
Eureka	61,180	1%	4,810	8%	0%	630	1%	0%	1,370	2%	0%
Monterey-Salinas	223,620	2%	74,600	33%	2%	5,030	2%	1%	14,330	6%	1%
Palm Springs	158,440	1%	63,960	40%	2%	3,380	2%	0%	6,000	4%	0%
Santa Barbara-SLO	230,830	2%	55,850	24%	2%	4,020	2%	0%	11,000	5%	1%
Remaining DMAs	1,090,580	9%	313,460	29%	9%	27,340	3%	3%	47,590	4%	3%
<b>Total</b>	<b>12,207,840</b>	<b>100%</b>	<b>3,394,960</b>	<b>28%</b>	<b>100%</b>	<b>842,800</b>	<b>7%</b>	<b>100%</b>	<b>1,652,690</b>	<b>14%</b>	<b>100%</b>

\* #HH indicates number of households

# Out-of-Home Formats by Markets/IOUs

Market	Type	IOU
San Francisco-Oak-San Jose	30-sheet, 8-sheet, Transit car cards, Bus Kings, Bus Shelters, Kiosks	PG&E
Sacramento	30-sheet, Transit car cards, Bus Kings, Shelters	PG&E
Fresno-Visalia	30-sheet, 8-sheet, Transit car cards, Bus Kings, Bus Shelters	PG&E
Monterey-Salinas	30-sheet	PG&E
Eureka	Bulletin	PG&E
Chico-Redding	30-sheet, 8-sheet, Bus Kings, Bus Shelters	PG&E
Los Angeles	30-sheet, 8-sheet, Transit car cards, Bus Kings, Bus Shelters, Kiosks	SCE
Santa Barbara-SanMar-SanLuob	30-sheet	SCE
Bakersfield	30-sheet, shelters	SCE
Palm Springs	30-sheet, 8-sheet	SCE
San Diego	30-sheet	SDG&E



# Out-of-Home Terminology

- 30-Sheet Poster: typically measures 12' x 25' (also referred to simple as a Poster)> Posters are located chiefly in commercial and industrial areas on major local roads. They are viewed principally by people in automobiles or pedestrians and deliver exposure to residents and to commuter traffic
- 8-Sheet Poster: typically measures 6' x 12' ((also referred to simple as a Junior Poster). Junior posters are located mainly in urban neighborhoods and on smaller roads. They are viewed by automobile traffic and pedestrians. Positioned just above eye level, they are either free-standing units or mounted on the sides of buildings. In some markets, select panels are mounted vertically



oaaa125

# Out-of-Home Terminology (Cont'd)

- Bus King: an exterior display which may appear on either side of the bus. Copy is inserted in an aluminum frame attached to the side of the bus, or may be printed on self-adhesive, pressure-sensitive vinyl which is affixed directly to the side of the bus. Backlit kings are available in some markets
- Bus Shelter: mounted (usually two per shelter) in glass, backlit frames. They provide 24 hour visibility to vehicular and pedestrian traffic at high-circulation locations, usually along main roadways of metropolitan markets
- Kiosks: available as free-standing information, telephone, or public-service kiosks. The advertising revenue funds the provision and maintenance of additional public amenities



# Out-of-Home Terminology (Cont'd)

- Transit: advertising displays affixed to moving vehicles or in the common areas of transit stations (includes bus displays, rail displays, and mobile truck displays)
- Transit Shelter: advertising displays affixed to a curbside structure located at regular stopping points along a market's bus routes. The ad displays are framed glass showcases that are typically backlit and measure approximately 69" high x 48" wide

oaaa125



# Audience Buying, RTB, and Programmatic

- Reach the right people at the right time – where and when they are consuming information
- Access inventory across a wide range of sites and cherry-pick based on specific user profiles to achieve scale and reach
- Real-time bidding (RTB) uses real-time auctions to bid on individual impressions deemed most valuable, cutting down on impressions wasted on the wrong users
- Programmatic layers on behavioral or audience data based on an automated algorithm



# Retargeting Terminology

- Implemented by placing a pixel on the home page, bill pay page, etc. to retarget messages to the current customers who have visited these pages
- Once the customer leaves the website/landing page, a statewide and/or IOU message will be served to that customer on another website relevant to their interests and activities later in their online journey
  - If they click on that ad, they will be directed back to the CPUC/IOU website, where additional information can be shared (content TBD)
- Benefits include heightened brand recall and greater engagement
- The success of using retargeting is based on:
  - The quality of the website's content, including its landing pages
  - The implementation of pixels on the website/landing pages
  - The sophistication and optimization capabilities of publishing partners



# Black Hat vs. White Hat SEO Techniques

## Here's the 411...

**Black hat:** use of unethical (and sometimes, but not always, illegal), strategies to promote online business.

**White hat:** usage of optimization strategies, techniques, and tactics that follow search engine rules and policies.



## The BIG Difference

**Black hat marketing** uses techniques that try to “trick” search engines into awarding a higher ranking, even when it means giving users something entirely different from what they searched for.

**White hat marketing** involves creating web pages that provide users with the information they're looking for, and search engines rank those websites according to how well they achieve that.

## Strategies

### Black hat:

- **Hidden content:** stuffing keywords into comment tags and invisible text
- **Meta keyword stuffing/spamming:** repeating keywords in a meta tag instead of describing what the website is about
- **Gateway pages:** creating pages not seen by the user to attract search engines
- **Link farming:** using pages that have no purpose other than listing links
- **Cloaking:** showing different websites to search engine robots and users, which leads users to completely different content than what the search engine recommended

### White hat:

- **Content strategy:** develop content that aligns closely with the organizational marketing strategy, which incorporates keywords and phrases
- **Content marketing:** having a corporate blog, guest blog posts, branded social media networks, third-party social networks, and press releases
- **Proper keyword, title, and meta tag usage:** use appropriate keywords and meta tags to have a positive impact on SEO
- **Ease of navigation:** highly useful and heavily trafficked content should be easily accessible, and no information should be more than three clicks away



Black cat vs. white cat?

No, black hat vs. white hat!

## Consequences of Black hat marketing

- Damage your reputation from penalties imposed by search providers
- Can be threatened with legal action, especially if the content is from another source
- Drive away customers because your website seems suspicious
- Burn bridges with search engines for taking shortcuts



# APPENDIX M

# Micro-Targeting

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This appendix provides examples of micro-targeting in support of the Segmentation Strategy in Section 3.5



# Micro-targeting – An Illustration of Our Approach

The goal of this appendix is to demonstrate how the IOUs can begin to analyze customer bill impacts and income data to determine how to target customers for both their default and opt-in strategies.

- The goal of this Appendix is to illustrate our recommendations in 3.4.2 General IOU Segmentation Strategy.
- This appendix illustrates just one way that the IOUs can leverage their own data and bill impacts to develop a more sophisticated targeting approach.
- It is important to note that the IOUs can leverage even more sophisticated models and analyses to determine who to target with simple data points – bill impacts and income. Additional data can be brought in to the models as desired, but it is best not to over complicate the analysis.
- Any analysis should follow the core principles of our approach: (1) use bill changes (average annual TOU over Tiered for opt-in and average TOU over summer TOU bills for default efforts), and (2) income.



Note: We STRONGLY recommend conducting CA-specific analysis on perceived bill impact thresholds due to higher costs of living in the state. We hypothesize that the sensitivity may be greater in CA than in other areas where customers may have more discretionary income.



# Micro-Targeting Strategies Should Be Refined Based On “Perceived” Bill Impacts

The OPOWER white paper “Moment’s that Matter” identified thresholds that separate “high bills” vs. expected average bill fluctuations. Income is the greatest factor for predicting when, and at what price point, bill effects become noticeable.

## Perception of what separates high bills from average ones is relative<sup>1</sup>

### HH income < \$50,000

(5,249,844 (41.6%)  
CA households)

- \$20-\$30 increase pushes bill from normal to high
- 20% above normal

### \$50,000 < HH income

<\$100,000 (3,656,182 (29.0%)  
CA households)

- \$40-\$50 threshold
- 34% above normal

### \$100,000 > HH income

(3,711,254 (29.4 %)  
CA households)

- \$100 threshold
- 63% above normal



**Note:** We STRONGLY recommend conducting CA-specific analysis on perceived bill impact thresholds due to higher costs of living in the state. We hypothesize that the sensitivity may be greater in CA than in other areas where customers may have more discretionary income.



# A Caution on How to Interpret the Opt-In and Default Targeting Analyses

- Throughout, we use simplified data from SCE's filed bill impact estimates for the TOU Pilot Rates 1 and 2 **as a proxy** to illustrate how our proposed strategic approaches can be used to develop a targeting strategy. *The numbers have been rounded for ease of review and to further illustrate that this is illustrative and not meant to be literally applied.*
- Because Southern California Edison provided the most granular bill impacts data, we used their filed bill impacts to illustrate how to determine targets for opt-in annual winners and default customers who will experience a perceptible summer bill increase<sup>2</sup>.
- We use the Opower study as **a proxy** to refine our targeting recommendations to refine based on “perceived impacts” relative to impacts. **Note these should be refined on pilot learnings for future targeting.**



**NOTE:** It is critically important to understand that the data provided in this section is illustrative to clearly convey the strategic intention of our recommendations. We fully recognize that the final pilot rates have yet to be determined and the specific way in which targets will be established will be contingent on the opt-in rates and the final default rates.

We strongly recommend that the CPUC and IOUs refine this strategy when the final default rates have been established, and when exempt customers have been identified.



# Illustrative Opt-In Micro-Targeting Analysis

The team used simplified SCE TOU pilot Rate 1 and 2 data, using the change from a household's projected average Tiered bill against the average annual TOU bill as the point of comparison to illustrate how to conduct this type of micro-targeting segmentation. Again we stress this information is illustrative of an approach and will need to be re-done with IOU existing TOU rates.

## **To illustrate how this strategy may be implemented in practice, we:**

- Compared average annual Tiered bill against average annual TOU bill
- Examined the bill change as a percent of total average bill and as a total increase in dollars
- Hypothesized meaningful annual impacts by income group (this will require further research)
- Identified the customers who are optimal targets for opt-in TOU based on this data.

# Select Customers Are “Winners” in TOU

Yearly Average Tiered vs Yearly Average TOU	All Incomes			
	Rate 1		Rate 2	
	\$ Change Average yearly tiered -> Average yearly TOU	Percentage of population	\$ Change Average yearly tiered -> Average yearly TOU	Percentage of population
<-25%	(\$74)	1%	(\$85)	2%
-25% to -20%	(\$51)	0%	(\$112)	1%
-20% to -15%	(\$44)	1%	(\$114)	2%
-15% to -12.5%	(\$71)	1%	(\$125)	3%
-12.5% to -10%	(\$141)	1%	(\$125)	4%
-10% to -8%	(\$190)	1%	(\$114)	5%
-8% to -6%	(\$110)	3%	(\$87)	7%
-6% to -4%	(\$69)	9%	(\$66)	9%
-4% to -2%	(\$39)	14%	(\$41)	10%
-2% to 0	(\$13)	18%	(\$15)	10%
0% to 2%	\$13	17%	\$15	9%
2% to 4%	\$42	13%	\$46	8%
4% to 6%	\$70	9%	\$78	7%
6% to 8%	\$89	6%	\$106	6%
8% to 10%	\$105	3%	\$137	5%
10% to 12.5%	\$118	1%	\$159	5%
12.5% to 15%	\$126	0%	\$184	3%
15% to 20%	\$124	0%	\$204	4%
20% to 25%	\$124	0%	\$232	1%
>25%	NA	0%	\$251	0%
Average	\$2	100%	\$11	100%

(-) indicates a bill decrease. Numbers have been rounded for simplicity.

- Many customers appear to be TOU “winners” when looking at annualized impacts across the population.
- However, few will experience appreciable impacts of over a \$100 on either rate.
- It is important to note that these savings will materialize on a month-to-month basis across the winter months.
- Depending on HH income and the extent to which customers pay attention to their bills, they may not notice the savings unless they are otherwise called out to them in monthly communications.



Note: Numbers are rounded and an illustration of a potential approach.



# Some Low Income Customers Win on TOU

Some low income customers win on TOU, but may not be able to manage higher summer

Yearly Average Tiered vs Yearly Average TOU	HH Income < \$50,000			
	Rate 1		Rate 2	
	\$ Change Average yearly tiered -> Average yearly TOU	Percentage of group population	\$ Change Average yearly tiered -> Average yearly TOU	Percentage of group population
<-25%	(\$73)	2%	(\$79)	2%
-25% to -20%	(\$49)	1%	(\$103)	1%
-20% to -15%	(\$40)	1%	(\$105)	3%
-15% to -12.5%	(\$86)	1%	(\$79)	3%
-12.5% to -10%	(\$57)	1%	(\$80)	5%
-10% to -8%	(\$70)	1%	(\$75)	6%
-8% to -6%	(\$59)	3%	(\$63)	7%
-6% to -4%	(\$41)	9%	(\$46)	9%
-4% to -2%	(\$26)	14%	(\$30)	10%
-2% to 0	(\$9)	18%	(\$10)	9%
0% to 2%	\$11	17%	\$11	9%
2% to 4%	\$34	13%	\$33	7%
4% to 6%	\$59	9%	\$60	6%
6% to 8%	\$81	6%	\$84	5%
8% to 10%	\$96	3%	\$109	4%
10% to 12.5%	\$106	2%	\$134	4%
12.5% to 15%	\$114	0%	\$162	3%
15% to 20%	\$125	0%	\$180	4%
20% to 25%	\$124	0%	\$199	1%
>25%	NA	0%	\$239	1%
Average	\$7	100%	\$9	100%

(-) indicates a bill decrease

- Notably, those customers who earn less than \$50,000 per year will see similar gains compared to the general population on an annualized basis.
- However, this group is disproportionately affected by rate increases relative to their income levels and ability to pay.
- We recommend not targeting this subset of winners in early opt-in TOU to avoid over-selling benefits to a class of customers who may have difficulty covering higher-than-average summer bills.



Note: Numbers are rounded and an illustration of a potential approach.



# Middle Income Customers Can Win on TOU

Can win on TOU, but it's unclear how well they can manage summer bill increases.

Yearly Average Tiered vs Yearly Average TOU	\$50,000 > HH Income < \$100,000			
	Rate 1		Rate 2	
	\$ Change Average yearly tiered -> Average yearly TOU	Percentage of group population	\$ Change Average yearly tiered -> Average yearly TOU	Percentage of group population
<-25%	(\$75)	1%	(\$88)	1%
-25% to -20%	(\$55)	0%	(\$128)	1%
-20% to -15%	(\$52)	1%	(\$109)	2%
-15% to -12.5%	(\$54)	0%	(\$112)	2%
-12.5% to -10%	(\$132)	1%	(\$138)	4%
-10% to -8%	(\$141)	1%	(\$99)	5%
-8% to -6%	(\$82)	3%	(\$84)	6%
-6% to -4%	(\$64)	8%	(\$65)	8%
-4% to -2%	(\$38)	13%	(\$41)	10%
-2% to 0	(\$13)	18%	(\$15)	10%
0% to 2%	\$14	17%	\$15	8%
2% to 4%	\$46	14%	\$48	8%
4% to 6%	\$74	11%	\$81	7%
6% to 8%	\$95	7%	\$114	6%
8% to 10%	\$110	3%	\$147	5%
10% to 12.5%	\$127	1%	\$168	6%
12.5% to 15%	\$136	0%	\$193	4%
15% to 20%	\$128	0%	\$216	4%
20% to 25%	NA	0%	\$253	1%
>25%	NA	0%	\$257	0%
Average	\$10	100%	\$22	100%

(-) indicates a bill decrease

- Depending on their ability to manage higher than average summer costs, these customers may be better targets for early opt-in as the savings may be perceived as significant.
- That said, it is critical to use caution when communicating around savings. Even if customers experience winter and shoulder month savings, they may feel like “losers” after the first summer on the rate.



Note: Numbers are rounded and an illustration of a potential approach.



# Higher-Income Customers are the Clearest “Winners” on TOU Rates

Yearly Average Tiered vs Yearly Average TOU	HH Income \$100,000 >			
	Rate 1		Rate 2	
	\$ Change Average yearly tiered -> Average yearly TOU	Percentage of group population	\$ Change Average yearly tiered -> Average yearly TOU	Percentage of group population
<-25%	(\$75)	1%	(\$97)	1%
-25% to -20%	(\$53)	0%	(\$106)	1%
-20% to -15%	(\$46)	0%	(\$145)	2%
-15% to -12.5%	(\$48)	0%	(\$259)	2%
-12.5% to -10%	(\$350)	1%	(\$199)	4%
-10% to -8%	(\$415)	2%	(\$206)	5%
-8% to -6%	(\$200)	4%	(\$134)	7%
-6% to -4%	(\$113)	10%	(\$97)	10%
-4% to -2%	(\$58)	16%	(\$59)	10%
-2% to 0	(\$17)	19%	(\$20)	10%
0% to 2%	\$16	17%	\$20	10%
2% to 4%	\$50	13%	\$61	8%
4% to 6%	\$79	9%	\$96	7%
6% to 8%	\$97	5%	\$126	6%
8% to 10%	\$116	2%	\$164	5%
10% to 12.5%	\$138	1%	\$182	5%
12.5% to 15%	\$154	0%	\$205	3%
15% to 20%	\$107	0%	\$232	3%
20% to 25%	NA	0%	\$266	1%
>25%	NA	0%	\$279	0%
Average	(\$17)	100%	\$0	100%

(-) indicates a bill decrease

- Customers whose HH income is \$100,000 or more will experience greater savings overall, with some saving over \$300 per year.
- High income “winners” are an ideal target for early income TOU as they will experience sizable annual gains and likely have the means to manager higher monthly costs during the summer months.
- Again, we caution against overselling annualized benefits due to summer losses for most customers.



Note: Numbers are an illustration of an potential approach.



# Illustrative Default Micro-Targeting Analysis

The team applied the impact thresholds as identified by OPOWER to the SCE data, using the change from a household's projected average summer TOU bill compared with their projected average yearly TOU bill as the point of comparison to illustrate how to conduct this type of segmentation.

## **To illustrate how this strategy may be implemented in practice, we:**

- Compared average monthly TOU bill against average TOU summer bill
- Examined the bill change as a percent of total average bill and as a total increase in dollars
- Determined the thresholds for perceptible change by income groups as follows:
  - Less than 50k annual HH income
  - 50k-100k annual HH income
  - 100k + annual household income
- Identified the customers who will need the greatest level of targeting



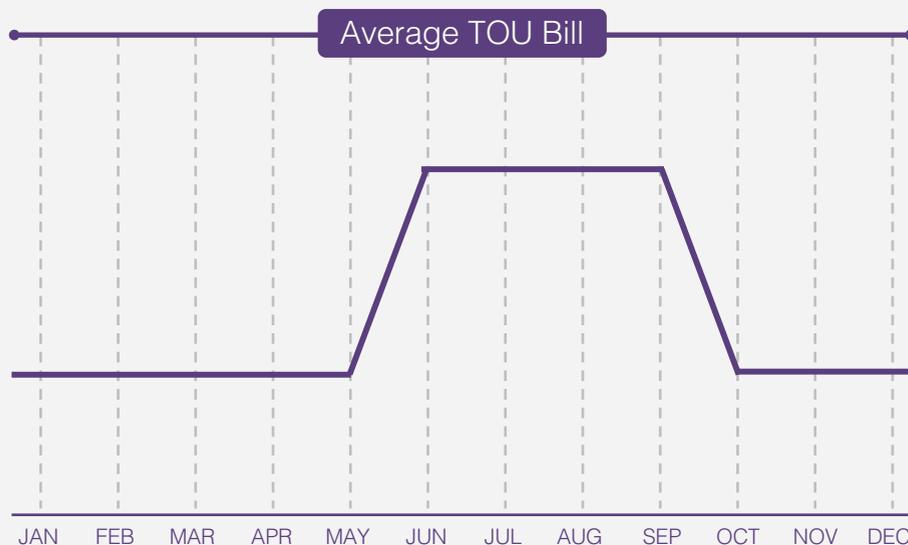
Note: Numbers are rounded and an illustration of a potential approach.



# Like Opt-In, Default Micro-Targets Should Be Defined Based on Perceptible Bill Changes

(Specifically the change from shoulder to summer months)

- This comparison is done under the assumption that TOU rates will begin in January of 2019, so that customers have some time to adjust to the new rates, rather than comparing them to their old tiered rate structure.
- Given that TOU rates are structured to balance summer costs with winter savings, even customers who save annually will still experience bill increases in the summer.
- As a result, there will need to be significantly greater outreach in the default than in the opt-in phases during the summer months.



# Many Customers Will Experience Significant Summer Bill Increases – Some Bills May Double

Yearly Average Tiered vs Yearly Average TOU	Rate 1	Rate 2
	% Increase Average TOU -> Summer TOU	% Increase Average TOU -> Summer TOU
< -25%	10%	5%
-25% to -20%	2%	4%
-20% to -15%	-5%	9%
-15% to -12.5%	4%	15%
-12.5% to -10%	2%	23%
-10% to -8%	14%	27%
-8% to -6%	15%	30%
-6% to -4%	24%	36%
-4% to -2%	28%	40%
-2% to 0	34%	46%
0% to 2%	43%	53%
2% to 4%	56%	59%
4% to 6%	67%	65%
6% to 8%	77%	72%
8% to 10%	87%	78%
10% to 12.5%	99%	84%
12.5% to 15%	111%	90%
15% to 20%	120%	99%
20% to 25%	108%	108%
>25%	NA	121%
Average	45%	55%

For a larger version refer to Appendix I



Note: Numbers are rounded and an illustration of a potential approach.



# Most Lower Income Customers Will Negatively Perceive Summer Impacts

Yearly Average Tiered vs Yearly Average TOU	HH Income < \$50,000			
	Rate 1		Rate 2	
	\$ Increase -> Average monthly TOU -> Average	% of Total Population	\$ Increase -> Average monthly TOU -> Average	% of Total Population
<-25%	\$0	1%	\$1	1%
-25% to -20%	\$1	0%	\$3	1%
-20% to -15%	\$1	0%	\$7	1%
-15% to -12.5%	\$3	0%	\$7	1%
-12.5% to -10%	\$1	0%	\$13	2%
-10% to -8%	\$7	1%	\$17	2%
-8% to -6%	\$9	1%	\$22	3%
-6% to -4%	\$13	3%	\$27	4%
-4% to -2%	\$17	6%	\$34	4%
-2% to 0	\$26	7%	\$41	4%
0% to 2%	\$39	7%	\$50	3%
2% to 4%	\$56	5%	\$59	3%
4% to 6%	\$72	4%	\$73	2%
6% to 8%	\$83	2%	\$81	2%
8% to 10%	\$87	1%	\$89	2%
10% to 12.5%	\$89	1%	\$86	2%
12.5% to 15%	\$90	0%	\$106	1%
15% to 20%	\$93	0%	\$106	2%
20% to 25%	\$63	0%	\$102	1%
>25%	NA	NA	\$112	0%
Average	\$39		\$48	
Total % Affected	27%		32%	
Group % Affected	68%		80%	

(-) indicates a bill decrease

When examining summer impacts on lower income customers, most will perceive a negative bill increase. We recommend amplifying outreach to customers who earn less than \$50,000 annually.

For a larger version refer to Appendix I



Note: Numbers are rounded and an illustration of a potential approach.



# Similarly, Over Half of Middle-Income Customers Will Experience Impact Negatively

Yearly Average Tiered vs Yearly Average TOU	\$50,000 > HH Income < \$100,000			
	Rate 1		Rate 2	
	\$ Increase -> Average monthly TOU -> Average	% of Total Population	\$ Increase -> Average monthly TOU -> Average	% of Total Population
<-25%	\$1	0%	\$0	1%
-25% to -20%	-\$1	0%	\$0	0%
-20% to -15%	-\$4	0%	\$1	1%
-15% to -12.5%	\$3	0%	\$6	1%
-12.5% to -10%	-\$7	0%	\$20	1%
-10% to -8%	\$9	0%	\$23	2%
-8% to -6%	\$10	1%	\$28	2%
-6% to -4%	\$22	3%	\$37	3%
-4% to -2%	\$30	5%	\$43	3%
-2% to 0	\$39	6%	\$54	3%
0% to 2%	\$53	6%	\$70	3%
2% to 4%	\$74	5%	\$82	3%
4% to 6%	\$87	4%	\$94	3%
6% to 8%	\$92	2%	\$105	2%
8% to 10%	\$98	1%	\$117	2%
10% to 12.5%	\$104	0%	\$117	2%
12.5% to 15%	\$107	0%	\$119	1%
15% to 20%	\$96	0%	\$120	1%
20% to 25%	NA	NA	\$125	0%
>25%	NA	NA	\$118	0%
Average	\$53		\$66	
Total % Affected	19%		24%	
Group % Affected	54%		70%	

(-) indicates a bill decrease

Like lower income customers, most middle income customers will perceive summer bill increases.

We recommend conducting more detailed income and price sensitivity analyses using pilot data to determine how to target and communicate effectively within this group of customers.

For a larger version refer to Appendix I



Note: Numbers are rounded and an illustration of a potential approach.



# Higher Income Customers Are More Likely to Tolerate Bill Increases on Less Aggressive Rates

Yearly Average Tiered vs Yearly Average TOU	HH Income \$100,000 >			
	Rate 1		Rate 2	
	\$ Increase -> Average monthly TOU -> Average	% of Total Population	\$ Increase -> Average monthly TOU -> Average	% of Total Population
<-25%	\$6	0%	\$0	0%
-25% to -20%	\$3	0%	(\$1)	0%
-20% to -15%	\$0	0%	\$2	0%
-15% to -12.5%	-\$6	0%	\$25	1%
-12.5% to -10%	\$18	0%	\$30	1%
-10% to -8%	\$54	0%	\$46	1%
-8% to -6%	\$28	1%	\$43	2%
-6% to -4%	\$34	2%	\$55	2%
-4% to -2%	\$31	4%	\$62	2%
-2% to 0	\$31	5%	\$74	3%
0% to 2%	\$36	4%	\$86	2%
2% to 4%	\$50	3%	\$102	2%
4% to 6%	\$57	2%	\$105	2%
6% to 8%	\$58	1%	\$113	1%
8% to 10%	\$61	1%	\$126	1%
10% to 12.5%	\$68	0%	\$124	1%
12.5% to 15%	\$70	0%	\$125	1%
15% to 20%	\$42	0%	\$130	1%
20% to 25%	NA	NA	\$133	0%
>25%	NA	NA	\$123	0%
Average	\$39		\$79	
Total % Affected	0%		17%	
Group % Affected	0%		68%	

(-) indicates a bill decrease

While Rate 1 impacts appear to be more tolerable among higher income groups, Rate 2's more aggressive structure will impact them similarly to mid- and lower income customers on both proposed rates.

For a larger version refer to Appendix I



Note: Numbers are rounded and an illustration of a potential approach.



# Appendix M | Micro-Targeting | Endnotes

1. Davis-Van Atta, Casey. "These Are the 12 Moments That Really Matter to Utility Customers." *Opower Blog*, April 1, 2015. <https://blog.opower.com/2015/04/moments-that-matter/>.
2. Southern California Edison. "Proposed Time-of-Use Pilot Plan, Filed in Accordance with Decision 15-07-001." December 24, 2015. <https://www.sce.com/NR/sc3/tm2/pdf/3335-E.pdf>.



# Thank You

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