

# **REBATES: DOLLARS ALONE ARE NOT ENOUGH**

**BY JOHN EGAN,** CONTRIBUTING WRITER

Dollars are not the most important factor driving success in utility rebates. The size of a rebate is not a trivial matter, but it is not, by itself, enough to overcome complex rebate programs or lack of market demand. Other factors, such as program simplicity, customer knowledge, and contractor channels, can be just as critical in successful rebate programs.



# rebate



*noun* [ C ] US /'ri·beɪt/

money that is returned to you  
after you pay for goods or services,  
done in order to make the sale  
more attractive

## KEEP IT SIMPLE

**P**asadena Water and Power introduced its “Under One Roof” program in 2015 to simplify the rebate process for customers, explained Wendy De Leon, customer relations manager for the California utility. “Customers were having difficulty navigating through all the options. We needed to simplify the process and create a one-stop shop.”

PWP’s income-qualified customers can choose from a wide range of rebate programs and services, including:

- n Free home efficiency audits and installations of energy- and water-efficient devices
- n Free turf removal and installation of drought-tolerant landscaping
- n Free installation of a laundry-to-landscape greywater system
- n Free house painting
- n Free wheelchair ramp installation
- n Low- or no-interest loans for home revitalization
- n Up to \$75,000 to help cover down payment and closing costs
- n Affordable fixed-rate loans for first-time homebuyers
- n Homebuyer education classes in English and Spanish

These programs and rebates are offered through various city and county departments and through third parties. Before Under One Roof, income-qualified customers might participate only in the services offered by a specific department, missing out on other programs designed to help them. Creating Under One Roof meant similar home improvement programs were packaged into a process easier for customers to follow and allowed each participating department to reach a larger audience.

“We have a public benefits charge on each customer’s bill, and the funds we collect can be used in a variety of ways, from installing cost-effective energy efficiency upgrades to offering services for income-qualified customers,” De Leon commented. “We decided to use those funds to help those who need it most.”

“We encourage income-qualified customers to begin by enrolling in one of our monthly bill assistance programs,” added Margie Otto, public relations and marketing manager for Pasadena Water and Power. “After signing up to receive a discount on their bill, customers can then select from a wide range of indoor and outdoor home improvement measures, many of which are free.”

## WHEN IT’S RAINING BRANDS, CONSIDER AN UMBRELLA

**S**implicity was also the goal of the Platte River Power Authority, a joint action agency owned by and serving public power utilities in northern Colorado. In 2014, Platte River launched Efficiency Works, which has simplified energy efficiency projects for member utilities, customers, contractors, and the agency itself.

“Prior to Efficiency Works, there was a lot of brand confusion in the market,” said Adam Perry, a Platte River customer service supervisor for energy efficiency. “Each of our four utilities had their own program names ... We weren’t helping ourselves, our members, or our members’ customers with all those different logos and program names.”

Since streamlining programs under the Efficiency Works umbrella, Platte River is seeing more effective projects and happier customers.

“Our member utilities tell us the Efficiency Works brand helps them reach their goals,” he continued. “And it’s easier to work with trade allies like contractors if you have a clear, consistent brand across a compact region.”

Before launching Efficiency Works, roughly 600 to 700 commercial efficiency projects across Platte River’s four utility service territories were completed each year. In the years immediately after launching the umbrella brand in 2014, commercial completions jumped to about 800 per year. In 2017, the agency expects to have a record 1,000 commercial efficiency projects completed.

“As a joint action agency, our job is to recruit contractors while our member utilities recruit customers,” said Perry. “Anything we can do to draw more contractors into the network is a good thing. Having a larger network of contractors also means a larger pool of best practices that can be exchanged across our region.”

## KNOW YOUR CUSTOMERS AND YOUR MARKET

**C**ara Shaefer, director of energy services and renewables at City Utilities of Springfield, emphasized the importance of designing programs and rebates that customers can easily understand.

City Utilities provides electricity to about 118,000 customers in southwest Missouri. The utility’s Home Performance with Energy Star program was discontinued in 2015, five years after it was introduced, because it was too complicated.

“It had multiple touchpoints and a lot of handoffs,” she recalled. “We had a very small percentage of customers who installed improvements after receiving an audit.”

“We need to look at technology, at what customers are asking for, and whether it helps us and them,” added Shaefer. The utility recently offered a rebate of up to \$75 for a Wi-Fi-enabled smart thermostat and is starting to investigate other efficiency, pricing, and demand-response programs.

Perry, of Platte River, recalled a similar fate for the agency’s commercial food service rebates.



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“We quadrupled the rebates but there was no pickup in customer interest,” he said.

The agency had a similarly low level of interest with its commercial heating, ventilation, and air conditioning program until it retooled a few years back. The reboot reduced the rebates offered and moved them from the customer to the equipment distributor, who used them to lower equipment prices to contractors performing a job.

## LOOK BEFORE YOU LEAP

Roseville, California, about 20 miles northeast of Sacramento, is home to many technology early adopters. More than 4,000 residential and business customers of Roseville Electric Utility have installed a combined 13 megawatts of rooftop solar generation. Enthu-

siasm for electric vehicles is high and rising among the utility’s roughly 56,000 customers. There are more than 500 EVs in the city and more than 40 public EV charging stations, including three owned by the utility.

David Bradford, Roseville Electric Utility’s electric customer programs supervisor, needed to know how far and how fast the EV demand curve could rise. “We needed to obtain data to better plan for the potential impact. We thought we should start by asking our customers. We wanted to understand where they lived and how they viewed potential alternate pricing options for EV charging,” he said.

Last year, Roseville offered three rebates for EV owners who completed a 20-minute online survey. New EV owners were eligible for a \$300 rebate, customers who purchased a level 2 (240-volt) EV charger could receive a \$500 rebate, and EV owners who had owned their vehicle for more than six months could receive a \$50 rebate. In setting the rebate values, Bradford looked at what other utilities in California were

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### DAVID BRADFORD

ELECTRIC CUSTOMER PROGRAMS  
SUPERVISOR  
ROSEVILLE ELECTRIC UTILITY

offering and chose values that represented a midpoint.

Bradford learned that 30 percent of EV owners also had installed rooftop solar panels and another 21 percent were “very likely” to install a rooftop solar system.

He stressed the importance of looking before you leap. “It’s critical to invest in research. The landscape is changing for our customers, so we need to change with it. We need to know who our EV customers are, and who they could be. We got great data and it didn’t cost a lot.”

EV technology is so new that utilities don’t have a reference for how adoption might affect the system. If three or four EV owners on the same circuit all tried to recharge their vehicle at the same time on a hot August afternoon, there could be negative consequences for the system and for customers on that circuit.

“The sooner you start, the better you’ll be prepared. Don’t wait for third parties to come into your area offering to install chargers or banks of chargers,” Bradford advises.

### GET THE WORD OUT

**T**he contractor network is critical to getting the word out about rebates. A list of pre-approved contractors can be found on many utility websites.

Beyond contractors, the next best communication channels depend on where your customers get information. Shaefer, of City Utilities of Springfield, noted that when the utility runs TV ads on efficiency upgrades and rebates, customer participation rates go up, call volume increases, and website visits spike.

Platte River doesn’t really have a viable TV advertising option. “We’re considered part of

the metro Denver market, but if we were to advertise on TV, most people who saw our ad would not be a customer of our members,” Perry said.

Given the importance of the contractor network to Platte River, the joint action agency relies on ads in trade publications and in-person workshops or appreciation events. The agency has discontinued print advertising, and after a radio ad campaign in 2016 proved to not be cost effective, it ended that, too.

Bradford, of Roseville Electric Utility, recruited survey participants using tried-and-true communications methods including bill inserts, website invitations, and social media.

“The open rate for utility mailings is ridiculously high,” he said. “Plus, web and social media are inexpensive, and customers increasingly are looking to get information that way. If you can get on the right social media sites, like Nextdoor, neighborhood association websites, or Facebook community groups, you’ll get a good response because those are targeted communications.”

### TAILOR THE MESSAGE

**C**onsider whether the message you are sending resonates with customers.

The phrases “saving money” and “saving energy” are staples of utility efficiency and rebating messaging. Yet, market research conducted several years ago by the Northwest Energy Efficiency Alliance showed customers responded more to “waste” messages than messages about saving money, saving energy, or leaving a better world for your children. Utilities should consider experimenting with messaging to see if their customers respond differently to refreshed collateral.

A utility that requested anonymity said a mid-2017 survey of customers showed a surprising result: A declining level of interest in efficiency because, customers said, everything that could be done has already been done.

The source noted that there are still plenty of efficiency gains to be captured, and the utility is considering conducting further research to see what is driving these perceptions.

### CONSIDER EFFICIENCIES IN THE PROCESS

**M**ost of the utilities contacted said they process rebate applications in-house. Some are still processing paper applications by hand, and others receive applications electronically but still process them by hand.

The City of Pasadena uses about two full-time-equivalent staffers to process rebates, estimated Wendy De Leon. Shaefer said about three full-time workers are needed to operate and process rebates at City Utilities of Springfield. Platte River outsources rebate processing, though it plans to bring that back in-house in 2018 to get more flexibility over program design and delivery.

As public power utilities seek to lower costs, streamline processes, and boost customer satisfaction, they might want to consider whether digitizing this system or using an outside firm to process rebate applications will help reach these goals.

## 'MAY I RECOMMEND THE SALMON?'

BY JOHN EGAN

**H**otels call them concierges. Restaurants call them sommeliers. In unfamiliar settings, people need a guide, someone to walk them through the many options they face so that a delightful experience is delivered.

Utilities eager to bump up their efficiency program conversion rate — or interested in ways to enhance the customer experience — might want to consider partnering with an efficiency concierge service.

Platte River Power Authority did that in 2014, and its residential conversion rate shot up to between 50 percent and 60 percent compared to an industry average of about 30 percent, according to Adam Perry, customer service supervisor for energy efficiency. That meant for every 1,000 residential energy audits conducted, between 500 and 600 customers installed one or more of the recommended efficiency measures.

Over a three-year period, Platte River used Austin, Texas-based CleaResult® as its energy efficiency concierge and its processor of residential rebate applications.

I have a positive firsthand experience working with an energy efficiency concierge. A few years ago, after I had a home energy audit done, I had a phone consultation with Paul, a CleaResult concierge, to review the report. The contractors on the referral list were prequalified with my city, county, and electric utility. That gave me peace of mind that my rebate applications would not get kicked out of the system.

I was the decision-maker, but Paul was my co-pilot, providing invaluable help. He patiently stepped me through my options. He explained issues and terms that I did not understand. He periodically checked back to see where I was in my decision-making and how the work was progressing. He helped shepherd me past all the usual off-ramps that crop up with efficiency projects. And when the work was complete, he filed for about \$750 in rebates for me from the county, my city, and my investor-owned utility.

Paul delivered the kind of helpful, attentive service you would expect at a high-end hotel. He didn't make me feel dumb because I didn't understand the need to inject a proverbial ton of insulation in my attic. Most importantly, Paul sweated the details so I didn't have to.

After my upgrades were complete, Dave Hatchimonji, the EnergySmart residential services manager for Boulder County, told me that the people-first approach has been wildly successful — because it allows the program to meet the customers where they are.

"You can throw all kinds of incentives at the problem of energy inefficiency, but without an energy adviser to guide you, the efficiency work won't get done."