Evolving the Next Generation of **Residential Utility Programs**

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Today's residential utility customer is more engaged than ever in how they use energy. The COVID-19 pandemic, economic instability, climate concerns, and the popularity of online service platforms have converged to fundamentally shift how residents view their energy provider. Gone are the days where customers briefly griped while paying their utility bills and then moved on. Now they want simple, effective tools and utility programs that save money, improve sustainability, reduce consumption or shift demand, and above all else, enable a transparent relationship between the customer and their utility.

Utilities that want to stay relevant must evolve how they approach the design and implementation of energy efficiency, demand response, and clean energy programs for their residential customers. This next generation of programs must be:

Customer-first: Customers want to engage with their utility. But according to McKinsey, more than 50% of utility customers feel that their utility didn't communicate in a medium that works best for them. They reported wanting better customer service, more ways to manage their account, and overall, a more proactive and timely approach to communications.

Data-driven: Technological innovation has spurred personal data collection on a level we've never seen. Retail giants like Amazon have used purchase history, geographic regions, age, and more customer data to personalize business transactions. Now consumers expect utilities to deliver the same customized services. In a Salesforce State of the Connected Customer Report, 80% said they valued a personal digital experience as much as the products and services they were buying.

Scalable: After securing customer loyalty with an interactive, personal experience informed with nuanced data, utilities are expected to deliver the same quality results over time. It's vital to maintain a broad spectrum of offerings built upon technology that can meet customers at any stage of their journey. And programs need to be adaptable to a changing market and economy, with the ability to nimbly shift size and scope.

Chapter 1 /

Optimizing a **Customer-First Approach**

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In March 2020, pandemic lockdowns pushed most residents indoors and in front of their screens. The devices, brands, and services that they had casually interacted with before were now lifelines to the outside world. Things got personal, and this mindset has only intensified during the past three years and is expected to stay.

Utilities need to shift their residential programs from transactional to collaborative, putting the customer experience first and foremost, from the entry point onward. Today's generation of customers are seeking innovative programs that use cutting-edge technologies and offer tools that make participation easier and more convenient. Utilities need to consider a multitude of preferences and incorporate the flexibility to change program offerings as their customers' preferences morph over time.

To meet savings and climate goals alike, the next generation of residential program offerings will have to take a customer-first approach.

Chapter 1 /

Optimizing a **Customer-First Approach**

What does a customer-first approach look like, exactly? Below are the key features.

MOBILE-FIRST DESIGN.
It's been over a decade since smartphones became an everyday necessity for millions of Americans, and yet most utility websites and platforms are still designed with desktop users in mind. It's time to meet your customers where they are by incorporating mobile-first technology into every residential offering. Mobile-first solutions offer an uncluttered navigation experience regardless of the device. They also increase accessibility for low- to moderate-income customers who are more likely to use mobile devices as their primary entry point to programs. Further enhance the accessibility, simplicity, and ease of use by integrating dynamic language preferences to accommodate those whose first language may not be English.

MULTI-CHANNEL PARTICIPATION PATHS.
Elevate the customer experience with multi-channel energy audits. A large-scale research study we conducted uncovered that most customers have no interest in in-home energy audits but are interested in less invasive and time-consuming ways to get the information they provide. Multi-channel energy audits offer a personalized approach by providing multiple pathways to participation, such as virtual, phone, video, and in-person audits, with evening and weekend availability to further adapt to customer needs and preferences, expanding participation across demographics and regions.

PERSONALIZED OFFERS.
Reject one-size-fits-all approaches and tell your customers exactly what they qualify for and what their offer will be to increase and streamline participation. Wherever possible, let them choose their own products and finishes and provide robust support, which improves installation and satisfaction rates. And help them break a whole-home project into manageable, affordable chunks, incorporating communication touch points using the methods most preferable and convenient for your customer base.

INTEGRATED REBATES AND FINANCING.
Streamline participation and increase savings opportunities by incorporating multi-path online rebate applications into residential offerings. Leverage barcode scanning for instant in-store rebate processing and integrate a qualified product list to make both post-purchase and in-store retail rebate applications fast and easy. And for customers who prefer paper-based applications, introduce artificial intelligence (AI) and machine learning (ML) to improve processing efficiency and reduce errors. In addition, your utility can help make energy efficiency, demand response, and electrification projects more affordable, and rebate processing faster, by integrating financing for customers and rebate pre-funding for contractors.

Chapter 2 /

Leveraging Data to **Meet Customer and Utility Needs**

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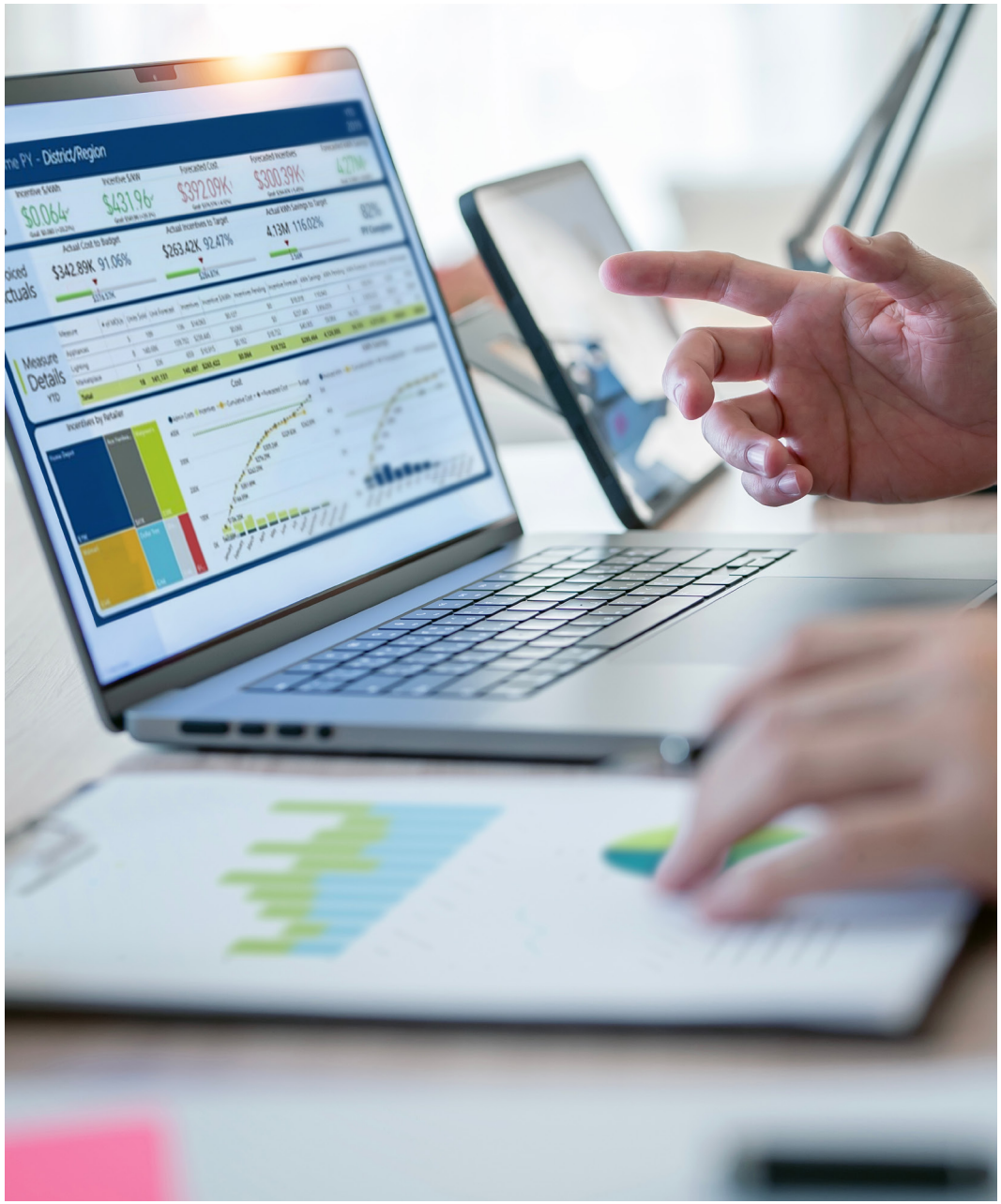

Customer-first features showcase the desire and flexibility to accommodate a plethora of needs and situations. Programs designed with advanced data-gathering technologies at their core ensure that offerings are accurate and reach the correct audience.

Utilities can use propensity models to target specific customers, gather insights, and offer personalized program recommendations. By combining propensity modeling with advanced metering infrastructure (AMI), utilities can harness data insights with enhanced dashboards. Let's break down the way each of these techniques can be used to develop data-driven insights and converted into meaningful actions.

Leveraging Data to **Meet Customer and Utility Needs**

PROPENSITY MODELS
for Advanced Targeting

Propensity models developed from decades of past-participation data, disaggregated AMI data, and robust demographic data sets, then augmented with AI, enable advanced targeting and segmentation to increase marketing conversions and improve program participation. Utilities can create program- and geographic-specific models, meeting a variety of market needs and business objectives. ML keeps them fresh and continuously updated.

For example, these models can be especially useful in targeting income-qualified communities, which are historically underserved. Focusing simply on income levels is an inefficient way to address need. Instead, utilities should work to understand customers in more nuanced ways—for instance, looking at their energy burden (e.g., household energy costs divided by household income) and their Urban Hardship Index.

Robust, custom models take these and a host of other factors into account as well as past-participant data (e.g., either from the same program design in another market, a similar program design in the same market, or the same program design in the same market) to develop advanced segmentation models capable of propensity scoring. This helps identify which income-qualified customers are most likely to participate and which are likely to participate most deeply to achieve the most savings.

THE RESULT?
A customer-first, data-backed strategy that can narrowly target outreach to maximize impact and minimize costs.

AMI DATA
for Personalization

AMI data can be a goldmine of information, collecting data points such as kWh usage, peak kW demand, load profile, outages, and more. It helps utilities create strategies and initiatives that can streamline processes to save time and money for the utility and their customers.

It's also effective for real-time customer interaction via alerts and messaging. For example, AMI can quickly identify power outages or on-peak usage spikes for customers on a time-of-use (TOU) rate, enabling proactive alerts and resource links to improve customer service.

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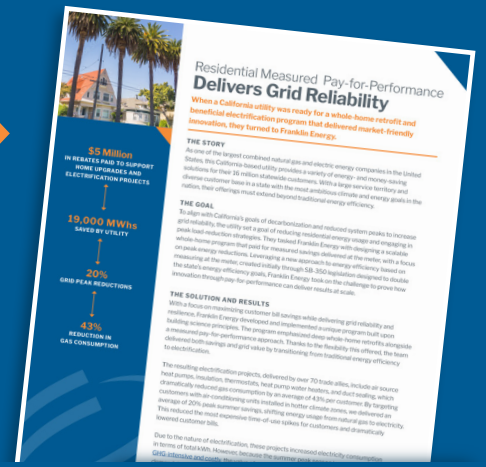
DASHBOARDS
for Analysis

After data is integrated, it's essential to consolidate and layer it into one location to easily view the bigger picture the data represents. PowerBI dashboards can be used to dive into the numbers and derive insights related to residential customers' unique needs. Data can be "sliced and diced" based on relevant attributes to quickly, easily, and visually complete scenario analysis. Once this analysis is complete, marketers and program managers can easily pull custom lists for campaigns, outreach plans, or trade ally recruitment, all without the need of a business analyst. Additionally, dashboards should also feature configurable program performance indicators based on best practices aligned to industry benchmarks, and preferred KPIs.

This user-friendly visual representation of the data is generally easier to digest for non-technical team members, which ensures this business intelligence is used on a regular basis for planning and decision-making.

Successful next-generation residential programs use data-driven design to deliver on the promises of the customer-first approach encountered during the sign-on phase. It's great to offer tools that enable participation across a range of audiences, and even better to offer solutions that fit specific needs.



CASE STUDY:

With the help of Franklin Energy, one California-based utility used AMI data as part of its efforts to reduce residential energy usage and engage customers in peak load reduction strategies. Targeting customers most likely to participate in whole-home retrofits and beneficial electrification opportunities, the program delivered over 20% peak summer savings, maximized customer bill reductions, and delivered grid reliability.

READ THE CASE STUDY

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Implementing Scalability **to Meet Changing Needs** and **Build Loyalty**

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In 2022, residential customers paid 5% more on their monthly electricity bills than the previous year, according to a recent U.S. Energy Information Administration report. It was the largest hike since the agency started tracking residential electricity spending in 1984. The spending reflects a 2% increase in average monthly electricity consumption per residential customer.

Climbing energy consumption and costs, trends that started in 2020, do not show any signs of slowing down, demonstrating the necessity of scalability.

Energy auditing channels can be turned off or on to meet special utility needs and regulatory requirements.

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Implementing Scalability **to Meet Changing Needs** and **Build Loyalty**

Scalable program design can grow or shrink program offerings to meet changing customer needs. It's critical to support growth, but also to pivot during times of uncertainty and scale back operations as needed. Scalable programs can meet the utility and their customers today and where they are going tomorrow.

Below are examples of how scalability can enhance three customer-first program features: marketplaces, energy audits, and rebate processing.

Scalable Marketplaces

Popular because they're intuitive to customers and reliably deliver results, marketplaces have exploded in popularity over the last decade. To ensure success, utility marketplaces should be built upon sophisticated software platforms that are fast to launch and configurable to utility requirements, but also dynamic enough to accommodate various features, products, and program additions over time.

While a utility just getting started with a marketplace might want a simple, quickly launched site to sell a product or two during a limited-time flash sale, those needs are likely going to evolve over time. Customers want personalized features that make it easier to participate in utility programs from one centralized location, making scalability a key component in marketplace design.

For example, a smart thermostat purchased during a two-week flash sale can be the beginning of a mutually beneficial relationship between the utility and their customer. An advanced marketplace could take that transaction a step further and automatically offer an additional rebate if the customer enrolls their thermostat in a demand response program and also allow the customer to schedule installation, all during checkout.

In a nutshell, utility marketplaces should have the technology and capacity to morph from site to complex e-commerce with advanced configuration options, facilitating device enrollment, installation, turnkey large-scale equipment purchases, and everything in between.

Next-generation marketplaces can start small and simple, but also scale to include advanced features like Single Sign On (SSO), multi-language support, product and program education tools, program and rate enrollment, installation support, financing, and even large-scale equipment-based project recommendations.

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Scalable Energy Audits

Energy audits can be vital in discovering residential energy inefficiencies, but historically, the auditing process has been . . . well, inefficient. Customers want participation to be less invasive and time consuming. Technology has opened the door to energy audits that offer multiple participation paths, which make them scalable by nature. With these, customers can choose a fully self-serve online audit or an audit leveraging algorithm-backed energy analysis to speed the time needed on the phone, over video chat, or in person with an energy auditor. And they can be enhanced with a variety of features, such as online chat, bi-directional text messaging, AI-enabled video conference tools, and digital installation resources like videos and animated GIFs delivered via journey-based emails over time. Offering choice and valuable digital resources increases participation and customer satisfaction.

Scalable Rebate Processing

Scalable prescriptive and retail rebate programs can save time and money in identifying, applying for, and processing rebates, while encouraging participation in other programs. Connecting these features to an advanced marketplace can further drive traffic and streamline the customer journey.

Scalable solutions fit into the next generation mindset by allowing utilities to grow with customers, fine-tuning program attributes over time, growing engagement, loyalty, and trust. It also helps utilities achieve business goals, expand their reach, and meet federal reduction and clean energy standards.

DISCOVER THE CASE STUDY

Find out how four Midwest energy and gas utilities partnered with Franklin Energy to scale their energy audit offerings and meet the immediate needs of their customers, while saving time and money.

READ THE CASE STUDY

Conclusion:

Building for the **Next Generation**

Across multiple industries, the COVID-19 pandemic accelerated trends that were already underway, and the same is true for the utility sector. Residential energy customers want customizable services that are easy, cost-effective, and help offset climate change.

To stay relevant, utilizes must nurture residential energy programs that are:

1. **Customer-first:** They consider a multitude of preferences, spanning a variety of regions and demographics, to ease participation and usability.

2. **Data-driven:** They use AI, ML, propensity modeling, and other advanced technologies to further personalize the customer journey and streamline processes, saving time and money.

3. **Scalable:** They drive engagement, trust, and loyalty with offerings that adapt to changing needs and market demands.

The next generation of residential programs must be able to transform to meet customer and utility demands, as well as withstand economic uncertainty and changing cultural norms. They build upon a foundation of putting customers' needs first and using data to further individualize the user experience—they plan for the long haul.

Modern times require modern solutions. To learn how Franklin Energy can help you launch your next-generation residential program offerings, schedule a meeting.

SCHEDULE A MEETING

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