

Conservation & Demand Management in a Sustainable Energy Future - June 11, 2012

Giuliana Rossini, Hydro One - Opening Remarks

I will speak about the customer perspective and how important it is to meet **customers'** needs. All too often we focus on the system's needs, example: Summer **Peak**. One main message to take away today is that when we **design** CDM programs, we design them with the **customer need** in mind.

From the beginning design programs for what the customer **wants** and customer will actually **do**.

I will address three key reasons which drive the need to put customers at the forefront.

- Customer CONTROL- residential customers want control over their bills
- Customer COMPETITIVENESS — business customers need to remain competitive
- Customer VOLUNTARY Participation--Customers choose whether they want to participate or not

Let me illustrate these three using a couple of program examples.

1. **Customer Control**—residential customers want control over their bills.

- We need to design technology that enables customers to control **what** they use, **when** they use, and **how much** they **pay** for what they use.
- Customer **expectations** are changing: thanks to easy access of internet customer expects same quick response, ease, multitude of choices
- **New** technologies: Smart Meter, Smart Grid, Mobile, GPS, CIS, TOU portals, availability of detailed energy management information, small scale micro-generation, electric vehicles, etc...
- These pressures will change delivery capabilities and the dynamics between utility and customers.
- Changes in technology and pricing models are getting attention and customers will look to their utility for clarity. Their reaction is unlikely to be uniformly positive, and the best response is a proactive response.
- Program Example: customers exhausted CFLs and coupons and fridges.
- Programs need to be innovative and give customers new **choices**. Need to **leverage TOU rates** to bring more control to customers. Perhaps we need to design rate plans to compliment TOU and customers choose the plan that best meets their needs. (Customer **expects same as** other utilities: home phone, or internet, or cell phones)
- Programs of the **Future** need to present a **service bundle** e.g. PeakSaver enabled by smart grid, with in home display in real time, with TOU rates, with choice of rate plans. Key to this success design **SIMPLE solutions** in a complex and changing world.

2. **Customer Competitiveness** – business customers need to remain competitive.

- We need to design programs that help our customers reduce their overall operations costs so they can remain competitive.
- Ontario industry base, particularly manufacturing, needs to compete **globally**.
- So business customers need **more than one time** incentive on a one time capital purchase.

- Business customers asking for options to reduce **overall energy** costs.
- Program Example: DR 1 largely designed to meet system peak needs and has market pricing risk; result in practical reality program enjoyed limited success. Fortunately have DR 3 much better align with customers need and doing well in the market.
- Program Example: **Process** Systems “Industrial Accelerator” program—Process Systems and Upgrades Incentive (PSUI) Program—Help customer with long term efficiency, and opportunity to change **customer’s energy cost structure** or fuel mix for a plant. Best example of this for some industries is Load Displacement Generation, complex, but best value for customer in terms of gas and electricity resources.
- Example making it easier for customer: HONI working together with **Gas Utilities**. Business customers are “dual fuel” so “one stop shopping” for customer Gas + Electric. HONI has engaged Union Gas for Key Account Management team for industrial and commercial customers, creating that one stop for customer. Also, HONI engaged Enbridge Gas for High Performance New Construction (HPNC) program.

3. **Customer Participation is Voluntary**—Customers choose whether they want to participate or not.

- CDM programs are not like electricity where there’s ‘monopoly’ type flow of electrons.
- Electricity Distributor is predetermined based on geography and municipal boundaries.
- For CDM, the **‘default’ is no** participation;
- Different paradigm for the utility, but new normal for customer
- We need to design programs that get the **customer to take action** and step forward for programs
- We have to be **‘allowed’** into their homes, **‘invited’** into their business
- How to we hope to get there...
- We **MUST** have better understanding of customers’ needs, wants, preferences, motivation and behaviours
- Definitely need more **targeted** market research, targeted marketing
- We must **communicate** with them as individual entities (more than mass market)
- We must choose the **channel** they want to hear (bill channel clutter, business bills go to Accounts Payable dept.) social media vs. brochure
- We have to: **capture** their attention, **prove** our results, win their **trust** (residential 8 sec to 30 seconds; business 5 minutes)

In closing, we can succeed only when we put the customer first, and design everything from the program to the message around what the customer expects.

We look to everyone in the room, to encourage options that will provide customers with simple solutions to help reduce their energy bills.

Thank you and I look forward to your questions for this panel.