

# Utility Sector Transformation: Innovations to Serve Low Income Customers

Discussion Draft

March 2020



**DeFG**  
Consumer • Energy • Performance

## Overview of the research and pilot/experiment process

- The next workshop of the Low Income Energy Issues Forum will identify pilot programs or experiments that have the potential to transform the low-income customer experience
- DEFG is conducting interviews to explore ideas and concepts to put into practice
- These ideas and concepts come from direct observation of utility services and consumer behaviors—that is, from a decade of customer-focused research
- We intend to turn insights into successful utility actions. We are following a proven research process:
  - Conduct interviews; use the feedback to refine the ideas and concepts
  - Structure a workshop in May; hold conversations in small breakout groups
  - Use voting to choose the top three ideas, concepts, or proposals
  - Turn the top concepts into program designs (three pilots or experiments)
  - Invite utilities to conduct one of the pilots or experiments (alone or in groups)
  - Measure the results in way that is meaningful to all utilities
- Provide feedback to the Low Income Energy Issues Forum

# Interview Questions

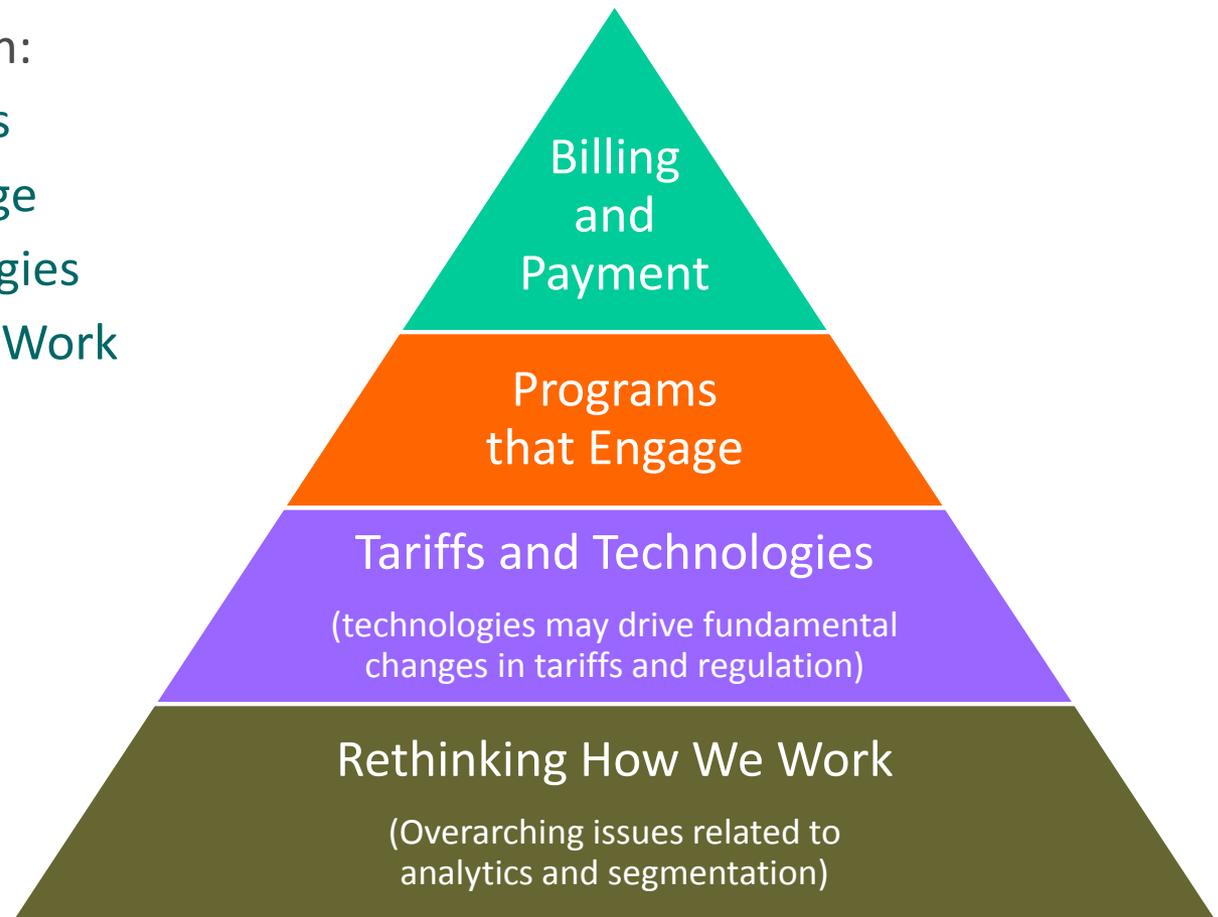
*Thank you for taking the time to discuss this. We are reaching out to members of the Low Income Energy Issues Forum to collect a cross section of perspectives. Let's go over the next six slides and then review these questions at the end.*

1. Which of these proposed innovations or experiments is the most interesting? Why?
2. Which is best suited to become a pilot at your utility?
3. Consider the entire utility sector: which of these innovations or experiments would have the greatest positive impact for least effort?
4. What did we miss? What would you add to the list?
5. Which low-income customer segment in your service territory is:
  - a) most likely to benefit from a new rate, service, program, or intervention?
  - b) in greatest need / in the greatest peril?
  - c) hardest to reach?
  - d) unreachable, except through the tariff?



## Contents

- Transformation through:
  - Billing and Payments
  - Programs that Engage
  - Tariffs and Technologies
  - Rethinking How We Work



# Transformation Through Billing and Payment



*Focus on the fundamentals and make it easier for people to pay*

Name	Description	Experience
Easy Pay Program	Customers use new payment options, pay more frequently, and receive more cost and usage information	Many utilities do several parts of this, but let's bundle all the elements to make payment as easy as possible
No Fees Payment	Utility residential tariff includes all payment fees (card transaction fees, etc.) to encourage all forms of payment	Some jurisdictions are working to put fees and charges into base rates; let's maintain the on-time payment focus
Enhanced Budget Billing	Offer predictive and proactive alerts, easier payment options, and account transparency	All utilities have a form of level billing, average billing, or budget billing; a better design could better serve customers who want a flat bill
Transaction Alerts	Send messages to encourage people to make payments	"Daily Tracking Accounts" with alerts has been studied

# Transformation Through Programs That Engage

Programs  
that Engage

*Customers want access to financial and information empowerment*

Name	Description	Experience
Security Deposit Alternatives	Test installment plans, fix-frequent-payment plans, surety bonds/other insurance, etc. as alternatives	Bring the experience from other sectors to better serve low income
Credit Building Program	Utility creates energy savings accounts and reports customer on-time bill payment to credit agencies	Treat on-time payment as a record that could build credit
Dollar-A-Day Challenge	Customers set goals and receive daily usage information	This pilot has been tried and we can build on lessons learned
Onboarding and Enrollment	Emphasize greater education and more effective program enrollment during the new account onboarding	More focused approach using platform with proven success
Bill Navigator	Mobile app with program lists, income-eligibility screening, enrollment in energy assistance and energy efficiency programs, alerts, payments	Increase awareness and make it easy for consumers to enroll

# Transformation Through Tariffs and Technologies

*Technology is driving change;  
let's get out ahead of it*

Name	Description	Experience
Fixed Daily Price Service	Customers pay a fixed price based on a day (or week, etc.) of service with no true ups; utility manages usage and weather risk through hedges	"Set it and forget it" serves busy households; utility incentives shift to conservation
Commodity-Priced Service	Customers buy different-sized blocks of energy based on market price offers; utility hedges price/TOU risk	Consumers want wholesale price access; a wide spectrum of contracts is feasible
Low Income Community Solar	Promote community solar with low-income set asides to bring clean energy closer to local communities	Access to renewable technologies appeals to some consumers
Electric Vehicle Share	Support local initiatives to create EV sharing in targeted communities	Used vehicles can be repurposed to give access to technologies

## Tariffs and Technologies

(technologies may drive fundamental changes in tariffs and regulation)

# Transformation Through Rethinking How We Work

*Overarching issues related to analytics and segmentation*

Name	Description	Experience
Self Certification	Customer self-certification for income-qualified programs offered based on analytics, propensity models, and random auditing	Build on California’s experience with more advanced analytics
Local Agency Portals	Utility investments in local agencies includes shared digital technologies, pledge portals, and more program outsourcing	Use digital technologies to bring local agencies to the next level of partnership with utility
Segmentation for Program Targeting	Determine segments of low-income customer based as individual needs and preferences rather than just income level	Research the process for determining what types of segmentation are most valued for the problem at hand

Rethinking How We Work  
 (Overarching issues related to analytics and segmentation)

## Next Steps

- If there is someone else at your utility who would like to discuss these topics or issues, please introduce us via email and we'll take it from there
  - [ntreadway@defgllc.com](mailto:ntreadway@defgllc.com)
  - [jwimberly@defgllc.com](mailto:jwimberly@defgllc.com)
- If you do not normally receive Low Income Energy Issues Forum materials from Nat Treadway, please contact [ntreadway@defgllc.com](mailto:ntreadway@defgllc.com) to track the results of this research and receive the final deliverable

## Contacts

Jamie Wimberly, CEO  
 Project Lead — Utility Customer Research Consortium (UCRC)  
 Project Lead — Prepay Energy Working Group (PEWG)  
 202-483-4443  
[jwimberly@defgllc.com](mailto:jwimberly@defgllc.com)

Nat Treadway, Managing Partner  
 Project Lead — Low Income Energy Issues Forum (LIEIF)  
 713-729-6244  
[ntreadway@defgllc.com](mailto:ntreadway@defgllc.com)



**DEFG believes retail customers are the future of energy. We partner with clients to improve all aspects of the customer relationship. We identify opportunities to create value in a commodity marketplace.**

### DEFG Research Consortia

