

In the City of Brotherly Love, Sharing Know-How Leads to Sustainability

Better Buildings Neighborhood Program partner Philadelphia EnergyWorks has made a point of sharing information and lessons learned with local utilities Philadelphia Gas Works (PGW) and Philadelphia Electric Company (PECO). PGW, a city-owned utility, was developing energy conservation programs closely resembling the design of the EnergyWorks program, so there were several opportunities to exchange relevant information with PGW to inform program design. Building from EnergyWorks' newfound knowledge, PGW will use the data and know-how to continue to drive residential energy efficiency upgrades in the city.

Following is an abridged transcript of an interview with Katherine Gajewski, director of sustainability for the City of Philadelphia, and Elliott Gold, manager of energy efficiency programs for PGW.

Why was it important to share information with local utilities?

Gajewski: EnergyWorks had just three years to establish our grant-funded program, and it took nearly two of those years for us to refine our program enough to determine the most efficient model for delivering energy efficiency products and services. By the end of the program, we had identified a successful formula of marketing, outreach, and contractor interface, and we wanted our lessons learned to be useful in the future. Having begun to educate folks in the region about the importance of home energy efficiency, we wanted to see this awareness continue to grow. Connecting with local utilities that were offering multi-year programs seemed like a natural fit. The utilities could take the lessons we had learned and the elements we had found to be successful, and incorporate them into their own programs.

How did the EnergyWorks program align with PGW's energy conservation goals?

Gold: In 2008, PGW designed a portfolio of new energy efficiency programs, beginning with a redesigned low-income program but also including new programs for market-rate customers. We began talking with EnergyWorks as we were designing our latest residential energy efficiency program. That program, which we launched in September 2013, closely mirrors EnergyWorks residential by incentivizing comprehensive, whole-home residential energy efficiency projects. We hope to build from the work that EnergyWorks has been doing in this market for the past two years. From our perspective, it has been a perfect hand-off.

Gajewski: The selling point for collaborating was the financing. EnergyWorks was interested in getting as much uptake as possible with the residential loan fund we had established with the Pennsylvania Treasury Department.

The graphic is a square advertisement with a green border. On the left is a circular logo made of blue and yellow dots. To the right of the logo, the text reads: "free months on us." in blue, "Low-interest loans for home energy improvements." in green, and a yellow button with "START NOW" in black. At the bottom, the EnergyWorks logo is shown with the tagline "Lower bills. Comfy home." and "ENERGY EFFICIENCY IMPROVEMENTS" below it.

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EnergyWorks found online ads such as these worked best to generate interest, and PGW plans to use that lesson in its marketing.

PGW wanted to support homeowners who needed to finance improvements beyond rebates and incentives. By partnering with EnergyWorks, PGW enabled homeowners to access low-interest loan rates. EnergyWorks got access to a larger pool of loan applicants, and PGW got to utilize an existing product that was already very attractive and supported by federal funds.

Did you have a formal agreement in place?

Gold: Not at first. Our conversations began naturally and intuitively. PGW was developing programs offering incremental rebates to help customers with energy efficiency projects, and EnergyWorks was working on financing these projects; collaborating just made sense. Once we started sharing customers' energy usage data, as required by the Better Buildings Neighborhood Program, we made sure the proper requirements were observed and forms were signed. EnergyWorks built its customer data release approval language into the program's [loan application form](#). For PGW, this was an atypical usage data request, involving neither a property owner nor a customer of record, but a third-party entity. In honoring this request, we had to ensure that we had a record of our customers' consent to release the data over a specific time period.

What types of information did EnergyWorks provide to PGW?

Gajewski: EnergyWorks shared marketing reports from our communications firms, as well as various data points from the quarterly reports we prepared for Better Buildings. The assessment-to-upgrade completion split was of high interest to both PGW and PECO. PGW was also interested in how to structure the assessment fees and process.

Gold: Data involving intake and conversion rates and the numbers of cash jobs compared to loan jobs were interesting for us, because they reinforced the importance of financing and demonstrated the robustness of the financing model that EnergyWorks had helped to create. EnergyWorks also shared qualitative information that was extremely useful for PGW's whole-home program. We thought that customers would eagerly flock to our program as soon as we launched it, but that wasn't the case. Through quarterly meetings, EnergyWorks advised us on everything from successful marketing practices to having staff participate in sales training. These tips helped us refine our program. PGW also benefited indirectly from the market-wide education and awareness that EnergyWorks had spread. Thanks to EnergyWorks, PGW's customers had already heard about home energy efficiency over the past few years; understood why it made sense; and were thinking about it not only in terms of saving energy and money but also improved home comfort.

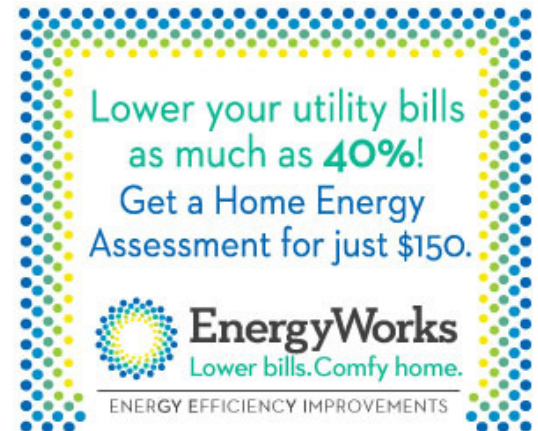
What type of data did PGW share with EnergyWorks?

Gold: After receiving proper approvals and documentation, PGW compiled data on customers' monthly gas usage over the requested time period and sent these to EnergyWorks for Better Buildings Neighborhood Program utility data reporting. Our IT staff built in queries to automate this process. The more information you have at the onset about the types of data you will need the better, as you will have more time to build automated IT queries and reports.

Gajewski: PGW fulfilled our requests for customer gas usage data that the Better Buildings program required. Getting these data in the necessary format and in accordance with the required schedule has been a big request to make of the utility.

Tell us a little more about an example where you learned something from each other to help sustain future programs, such as energy assessment pricing.

Gold: PGW has tried to keep some of the EnergyWorks program elements in our program, due to the market penetration that EnergyWorks has already achieved. One great example is the insight we gained on pricing home energy assessments. EnergyWorks initially charged customers \$400 for these assessments, which more closely reflected the actual market rate for a home energy assessment. Once EnergyWorks realized that price point was a deterrent for many customers and brought down the customer-facing cost down to \$150 per assessment, they saw demand spike. Based on EnergyWorks' experience, PGW tried to find a model that allowed us to offer assessments at the same \$150 cost to the customer.



To do this, we selected a small handful of contractors that we knew could deliver high-quality assessments. Through a formal solicitation process, we were able to determine potential contractors' willingness to reduce their assessment fees to a flat, bulk rate in return for access to our utility rebates as a sales tool for their products. By also including PGW marketing funds, we were able to develop a model that required all parties—the customer, the contractors, and PGW—to put a little “skin in the game,” and as a result, we were able to arrive at a flat energy assessment customer fee discounted to \$150.

This price point is driving customer participation, but you have to balance that with the needs of contractors. The true cost of their product is approximately \$400 to \$500 per assessment, and it's difficult for them if there's not a consistent mechanism for them to charge the true value of their work. While we work on deriving a more long-term strategy, we have decided to maintain the \$150 customer-facing cost for consistency with the EnergyWorks program by working with a select group of contractors to offer a discounted assessment and supplementing with our own program funds.

What lessons did EnergyWorks learn from collaborating with utilities?

From both *Gajewski* and *Gold*:

- ▶ Define the scope of your program and the full set of data you will need up front. Because utilities have to handle a lot of legal restrictions, taking an ad-hoc, piecemeal approach to data requests does not align with the process-oriented culture of most utilities.
- ▶ Start a conversation with your utility partner early to understand the utility's legal concerns about sharing customer data and incorporate this information into your customer waiver form, rather than seeking approval later in the process. Also, approach utilities early on with the benefits of sharing information to everyone and think about big-picture coordination rather than making one-off, transactional requests for information.
- ▶ Develop an efficient process for sharing data. Our process was not as streamlined as it could have been had we taken the time to design the process up front. Also, build in extra lead time

when requesting data from utilities. EnergyWorks was not in a position to hurry PGW along; we received PGW's data whenever they could supply it.

- ▶ Be mindful of creating consistency in your marketplace. Utilities are an essential partner in making connections that are important for building education and awareness among customers in your area.
- ▶ Given the variation in climate, housing stock, pricing, and utility mandates among programs within the nationwide Better Buildings Neighborhood Program, it helped to be able to exchange information and insights with a local utility partner that was similarly committed to spreading residential energy efficiency in our region.
- ▶ Online advertising works. EnergyWorks switched from regional rail advertising to online ads and “found the sweet spot” in reaching the target market. This insight has informed PGW's marketing efforts. It is possible to correlate a smart, strategic marketing program with increased uptake by selling energy efficiency like you would sell any other product.
- ▶ Get the message right. It is challenging to get customers to do something they aren't required to do, using money they don't necessarily want to spend on energy efficiency improvements. Instead, PGW is selling the idea of being healthy and comfortable inside your home, using the message that energy efficiency improvements are not a luxury—they're a necessity. In other words, when a car breaks down, you invest money and repair it. If something's broken in your house, that's also non-discretionary—you have to fix it.

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