

Increasing the Efficacy of KCP&L's Energy Efficiency Marketing Initiatives

Project Initiation Discussion

Stax Inc.

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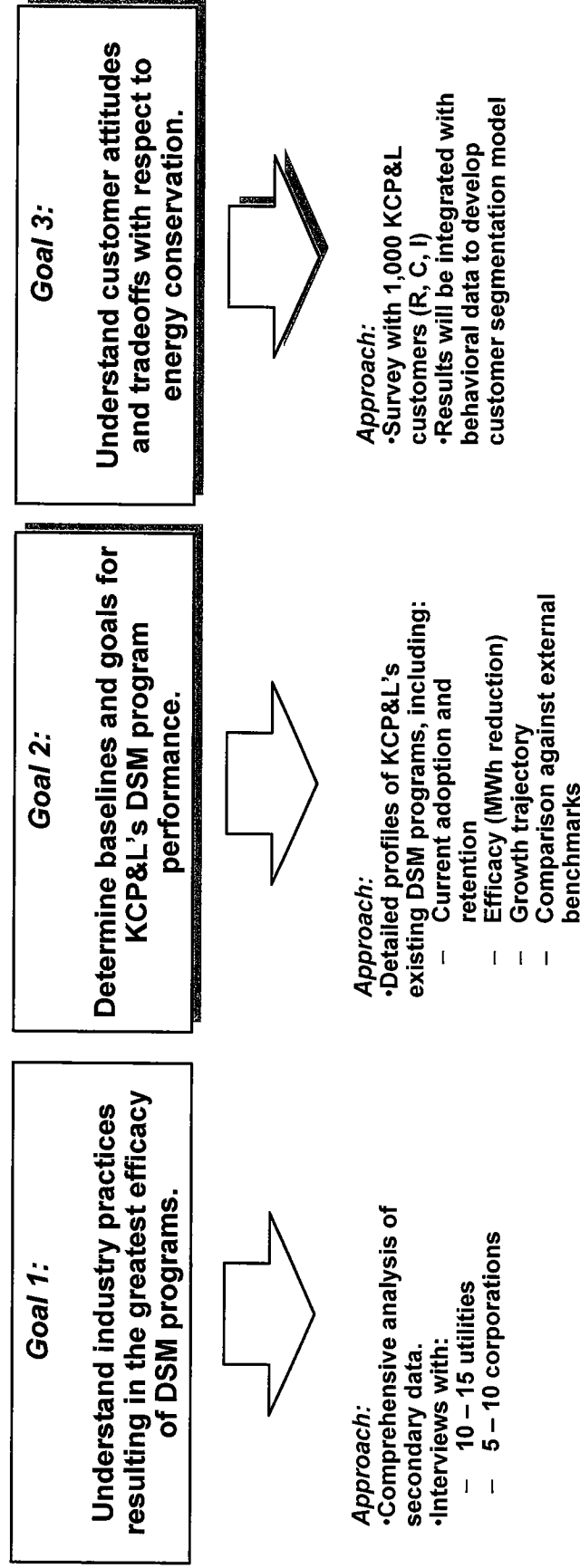
Cambridge Chicago New York Colombo

Agenda

- **Confirm Scope Assumptions**
- **Discuss Best Practices Assessment**
- **Review Data Request**
- **Discuss Customer Survey Plans**
- **Agree Next Steps**

SCOPE ASSUMPTIONS

Project Work Centers Around Energy Efficiency, Including Industry Practices and Plans, Customer Attitudes, and KCP&L Performance



Deliverables:

- Concise and logically-derived strategy for increasing the return from DSM initiatives, incorporating:
 - Best practices.
 - Performance review of existing programs with recommended improvements.
 - Recommended investments in new DSM programs.
 - List of potential partners.
 - Customer segmentation model based on demographic, attitudinal, and behavioral data.

Key Scope Questions

- **Should we focus only on issues with respect to energy efficiency, or are there other questions to be addressed?**
- **For the customer segmentation model, are attitudes regarding energy conservation the only ones to be explored?**
- **How was the current segmentation model developed? How is it being used?**
- **For the internal data analysis work stream, are there specific analyses you would like to see?**

Industry Best Practices Assessment Overview

Stax will analyze industry practices (current and planned) via secondary and primary research on DSM programs for reducing energy consumption, investigating which programs have the highest customer adoption, efficacy and payback. DSM programs fall under:

- Energy efficiency – reducing baseline consumption.
- Demand response – reducing peak consumption.

Stax will analyze secondary data to identify and understand top performing demand side management programs. Sources of secondary data include:

- US Government Energy Statistics.
- Industry and DSM associations (e.g., ACEEE).
- Industry focused best practice studies.
- Other utility companies' published materials.

Questions:

- Are we interested in both energy efficiency and demand response programs, or only the former?
- Are there specific types of programs you would like to investigate, for example programs being considered by KCP&L?

Industry Best Practices Assessment – Primary Interviews

We plan to conduct phone interviews with these groups of utilities:

- **Top performing utilities:**

- Which programs were the top performers? Why? How did they roll the programs out? How is success measured?
- Why weren't other programs successful? What are key learnings?
- Why are they investing in DSM programs? Are they seeing a return on investment? How much?
- What are their current cost recovery methods?
- What are future initiatives and trends for DSM programs? Are there going to be shifts in investments? Why?

- **Utilities similar to KCP&L in terms of size and markets served:**

- What are these companies currently working on and planning? How have their programs been performing?
- What do they see as the “next big thing”?
- What are the challenges for smaller utilities? How have they managed program risk and increased changes for success? How do they justify the investments?
- What are their current cost recovery methods?

We will also conduct interviews with corporations relevant to businesses in the KC area to understand their current DSM practices and their desire for increased participation in DSM programs (including partnership opportunities).

Questions:

- *What other questions should be we asking during our interviews?*

Preliminary List of Interview Targets (Corporations TBD)

FOR DISCUSSION

Top Performing Utilities:

- Southern California Edison Co.
- Pacific Gas and Electric Co.
- Northern States Power Co.
- Connecticut Power and Light Co.
- Puget Sound Energy Inc.
- PacificCorp
- Massachusetts Electric Co.
- Duke Energy
- National Grid

Utilities Similar to KCP&L:

- Northern Indiana Public Utility Co.
- Illinois Power Co.
- Interstate Power and Light Co.
- Potomac Electric Power Co.
- Indianapolis Power and Light
- Idaho Power Co.
- Metropolitan Edison Co.
- Pennsylvania Electric Co.
- Entergy Mississippi Inc.

The Following Data Will Help Us Analyze Current Programs and Design the Customer Survey

Customer Data File

- Type (R, C, I)
- Name (individual or business)
- Contact name (if business)
- Address (at least zip+4)
- Phone number
- Email (if available)
- Energy usage data (2 years, by month)
- Payment data (2 years)
- Customer service data (e.g., number of calls per year)
- Programs in which customer is enrolled

Program Data

- Program descriptions**
 - Name (e.g., Change-a-Light, Home Energy Analyzer, MPower, etc.)
 - Overview
 - Start and end dates
 - Budget
- Program financials**
 - Total cost per month, actual and forecasted
 - Funding sources
 - Cost recovery method
- Program performance**
 - Total possible participation
 - Current participation
 - EE savings achieved to date (and by month)
 - DR achieved to date (and by month)
 - Estimated future EE and DR savings
- Planned programs**

Questions:

- Are there other current organizational initiatives of which we should be aware (e.g., five-year strategic planning, etc.)?

Customer Survey and Segmentation Overview

Working with KCP&L, Stax will design, field, and analyze a conjoint survey with a representative sample of KCP&L customers to understand attitudes and behaviors with respect to energy efficiency. The survey will be focused on three groups:

- Residential
- Commercial
- Industrial

The purpose of the survey is to understand:

- Customer attitudes and wants with respect to energy efficiency, compared against perceptions of what customers currently pay for and receive from KCP&L.
- Customer demographics for use in the segmentation model.
- Other factors indicating energy usage and behaviors.

Questions:

- *In addition to energy efficiency attitudes and behaviors, what else are we interested in knowing or testing (e.g., product concepts)?*
- *With respect to conjoint analysis, in which tradeoffs are we most interested?*

Customer Survey and Segmentation Methodology

It is expected that the sample will include at least 1,000 respondents in the KC area. Based on the availability of KCP&L customer data (e.g., e-mail, phone), the survey will be conducted by one of the following methods:

- **E-mail to web survey (RECOMMENDED)** – Use existing KCP&L email addresses and augment with purchased list(s) to send email to customers and direct them to a web survey.
 - Pro: Easiest to administer, quickest to obtain results, and the lowest cost.
 - Con: May not be fully representative of the KCP&L customer base, may be difficult to get commercial and industrial responses.
- **Phone to web survey – Call KCP&L customers direct them to a web survey.**
 - Pro: Can get a better representative sample of KCP&L's customer base.
 - Con: Can be expensive and time consuming to call customers.
- **Phone survey – Conduct survey entirely over the phone.**
 - Pro: Can get the most representative sample of KCP&L's customer base.
 - Con: Most expensive and most time consuming method. Also, not recommended for conjoint surveys.

Next Steps

- **Finalize and distribute project work plan.**
- **Develop guide for interviews with utilities and corporations and determine interview contacts.**
- **Download and begin analysis of KCP&L customer data to develop survey sample plan.**
- **Draft customer survey.**
- **Finalize customer survey methodology and cost.**