SmartGrid consumer collaborative
listen, educate, collaborate

The Customer of Today, Tomorrow, and the Future

MARKETSTRATEGIES INTERNATIONAL

Building Customer Engagement, Trust and Product Usage Through Smart Experiences

Insights from the 2014 Utility Trusted Brand & Customer Engagement Study

Prepared for:

SmartGrid Consumer Collaborative
Listen, Educate, Collaborate

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COGENT™ ENERGY REPORTS

Market Strategies International—Who Are We?

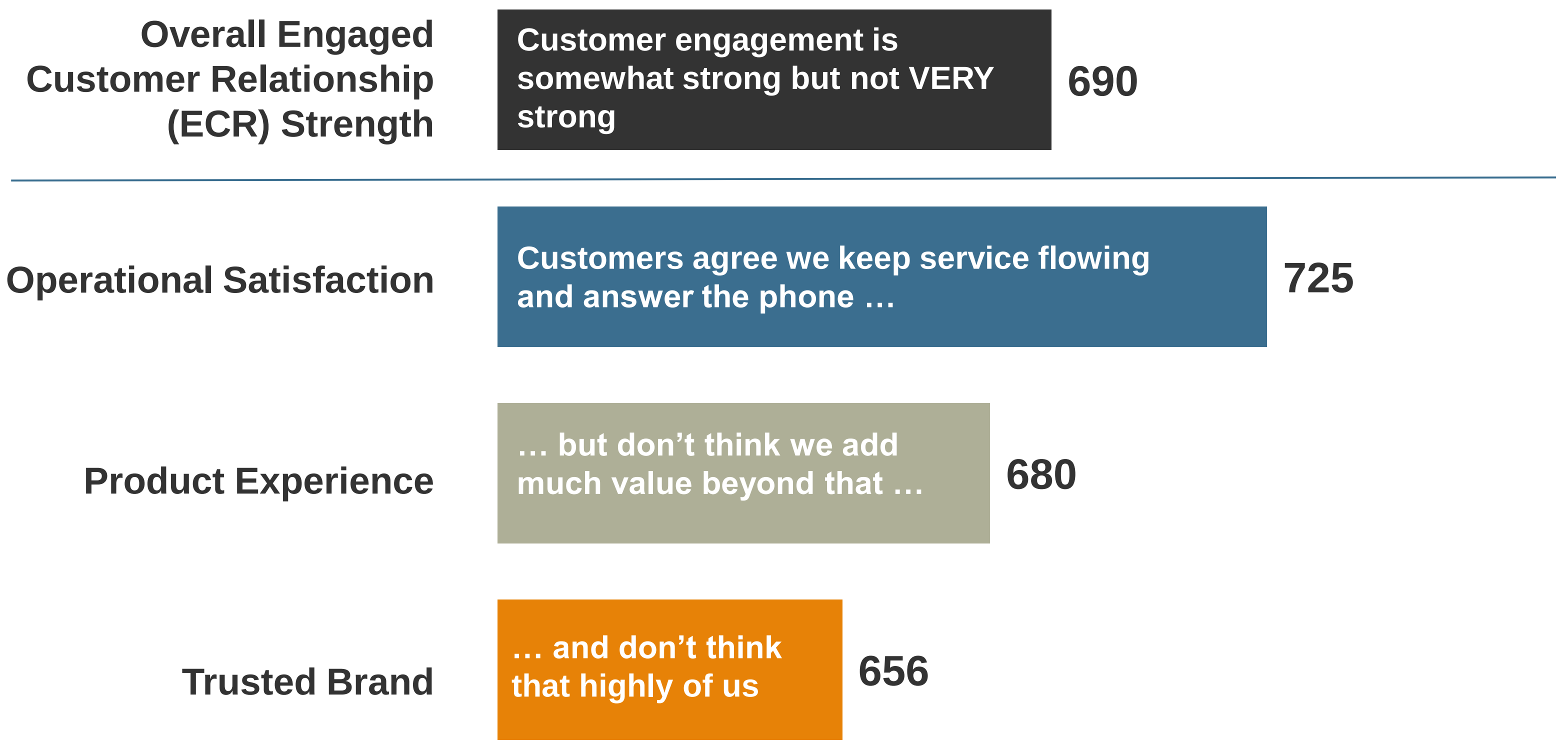
Custom Research

> Largest utility custom market research firm in the country
> Traditional and patented quantitative and qualitative approaches
> Topics include satisfaction, brand, product/offerings, distribution, transmission, generation portfolio, tracking, post-transactor, energy efficiency, smart technology
> Dedicated to research quality of a custom research firm
> Not a big-box "seller" of products

Syndicated Study

> Residential syndicated study is a semi-custom, open-architecture offering with:
  - Representative sample
  - Custom models
  - Ability to select own peer sets
  - Ability of utilities to subscribe and be added to study
> Highest quality/lowest cost syndicated study available on the market
> Cogent is owned by Market Strategies as a syndicated offering brand

Utility Satisfaction is Very high
Product Experience and Trusted Brand Lag on Performance



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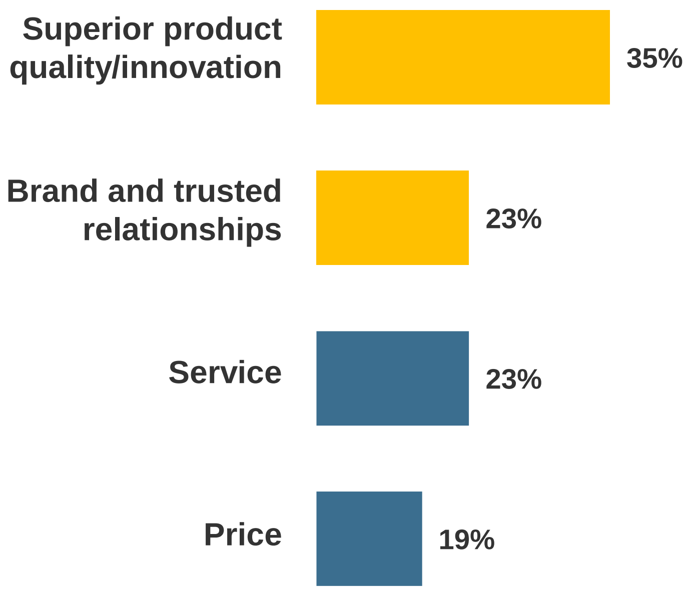
What Are CMOs of Nation's Top Competitive Businesses Focusing on in Next 12 Months?

Highest Company Priorities are Product and Trusted Brands



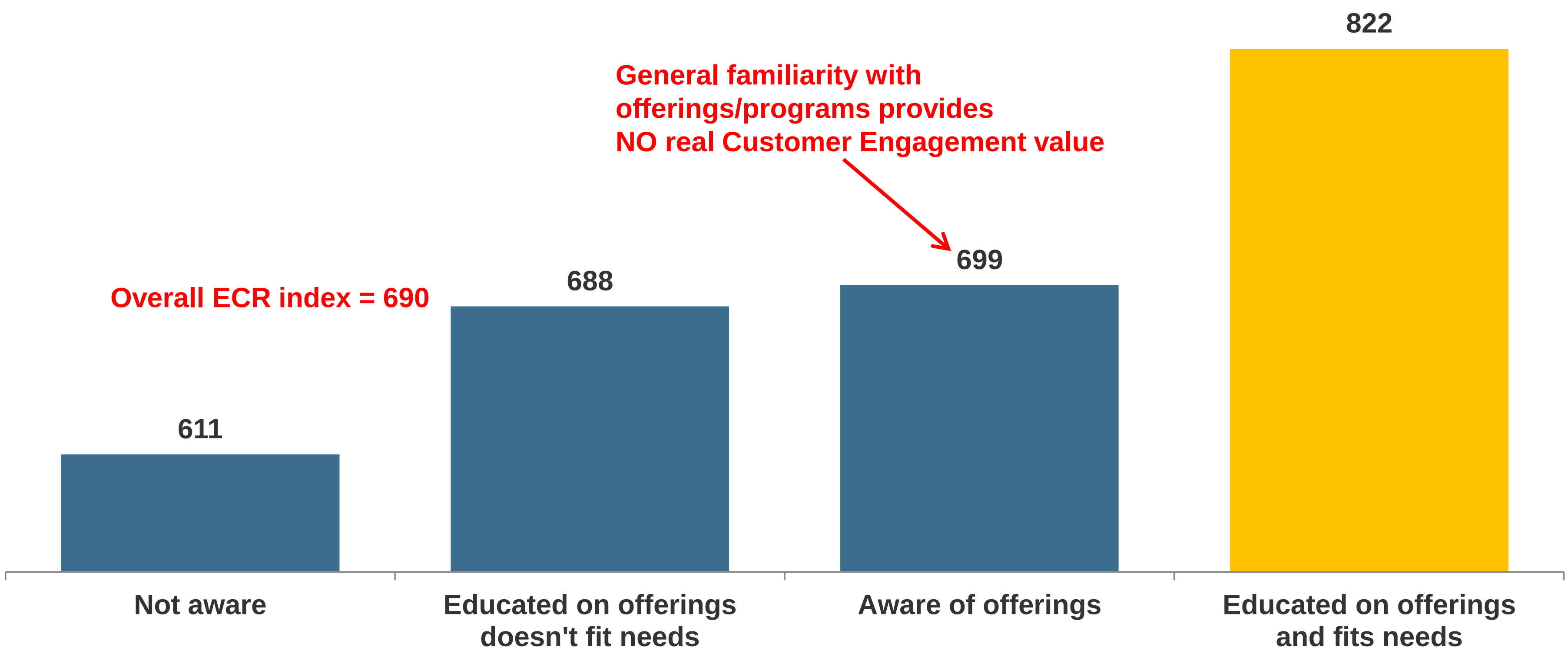
Not that Concerned with Privacy

Source: The CMO Survey from McKinsey & Company and Duke University (350 CMOs of Fortune 1000 companies)

Forget "Familiarity" and "Educate" Customers

Industry - Greatest Customer Engagement advantage is garnered from product education and targeting customers

Engaged Customer Relationship (ECR) Index Score by Product Experience Levels



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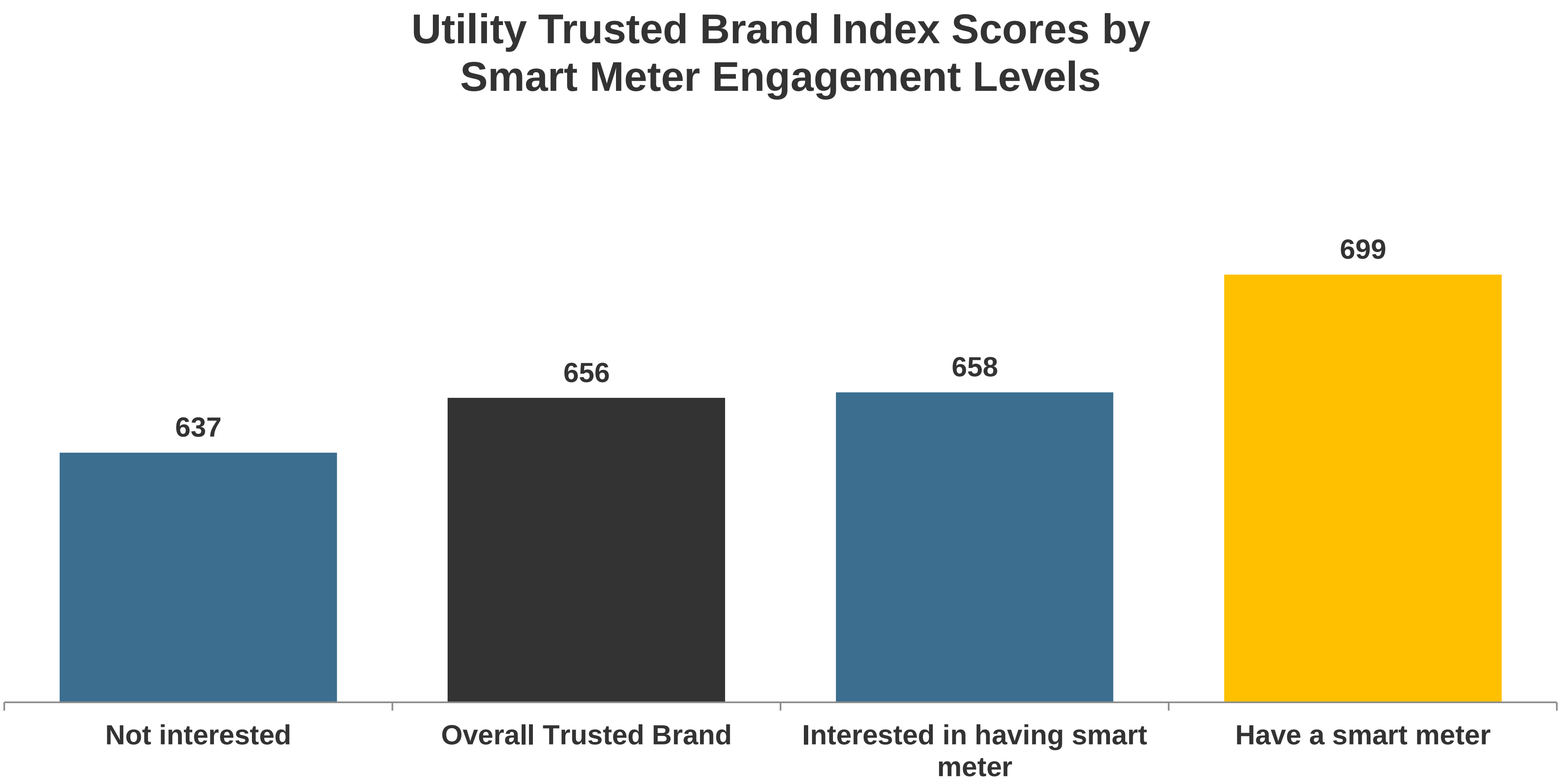
Customers having a smart meter increases utility Trusted Advisor position



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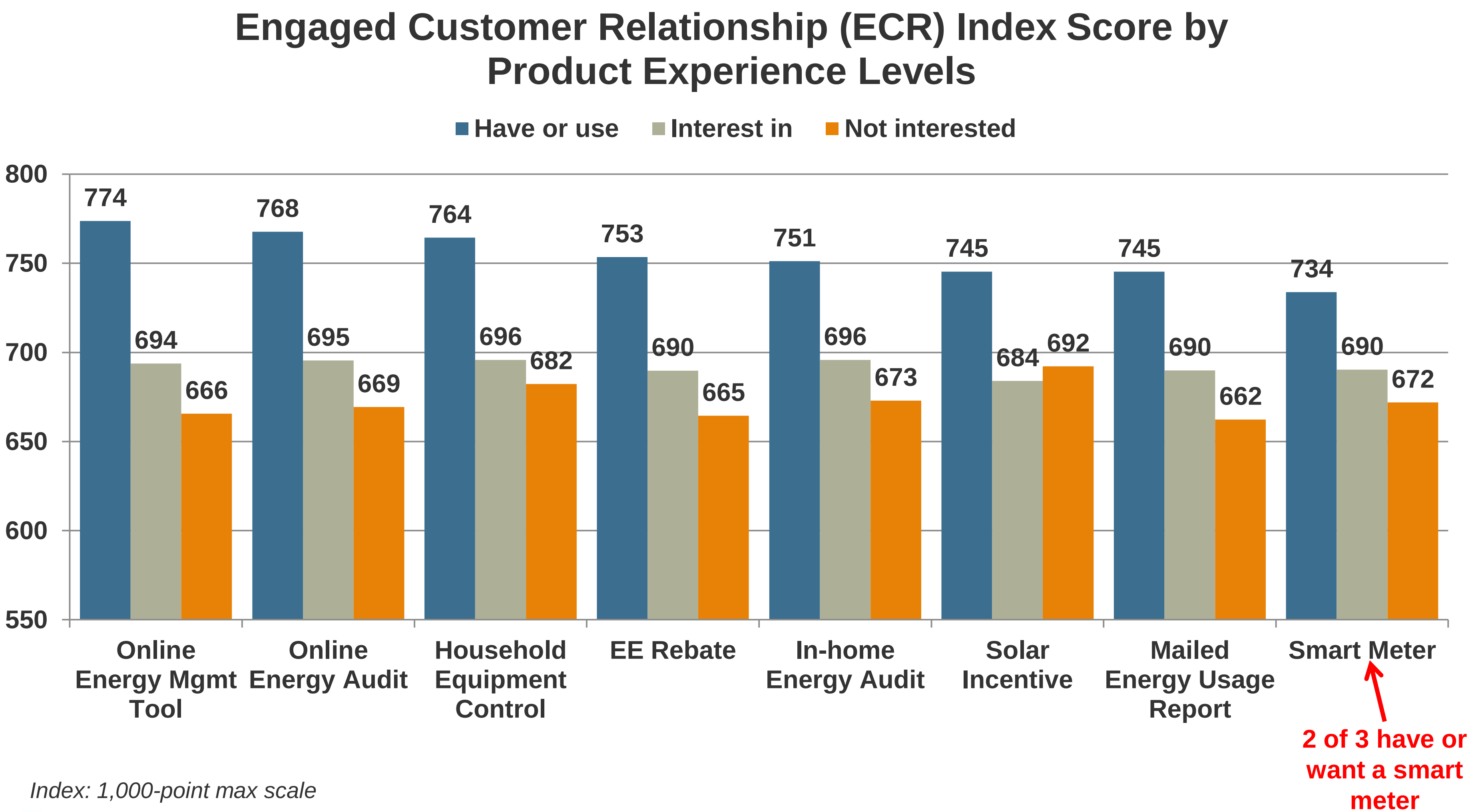
Target Product "Users"

Generating Energy Savings Program Usage creates high Customer Engagement – Mere interest is not enough



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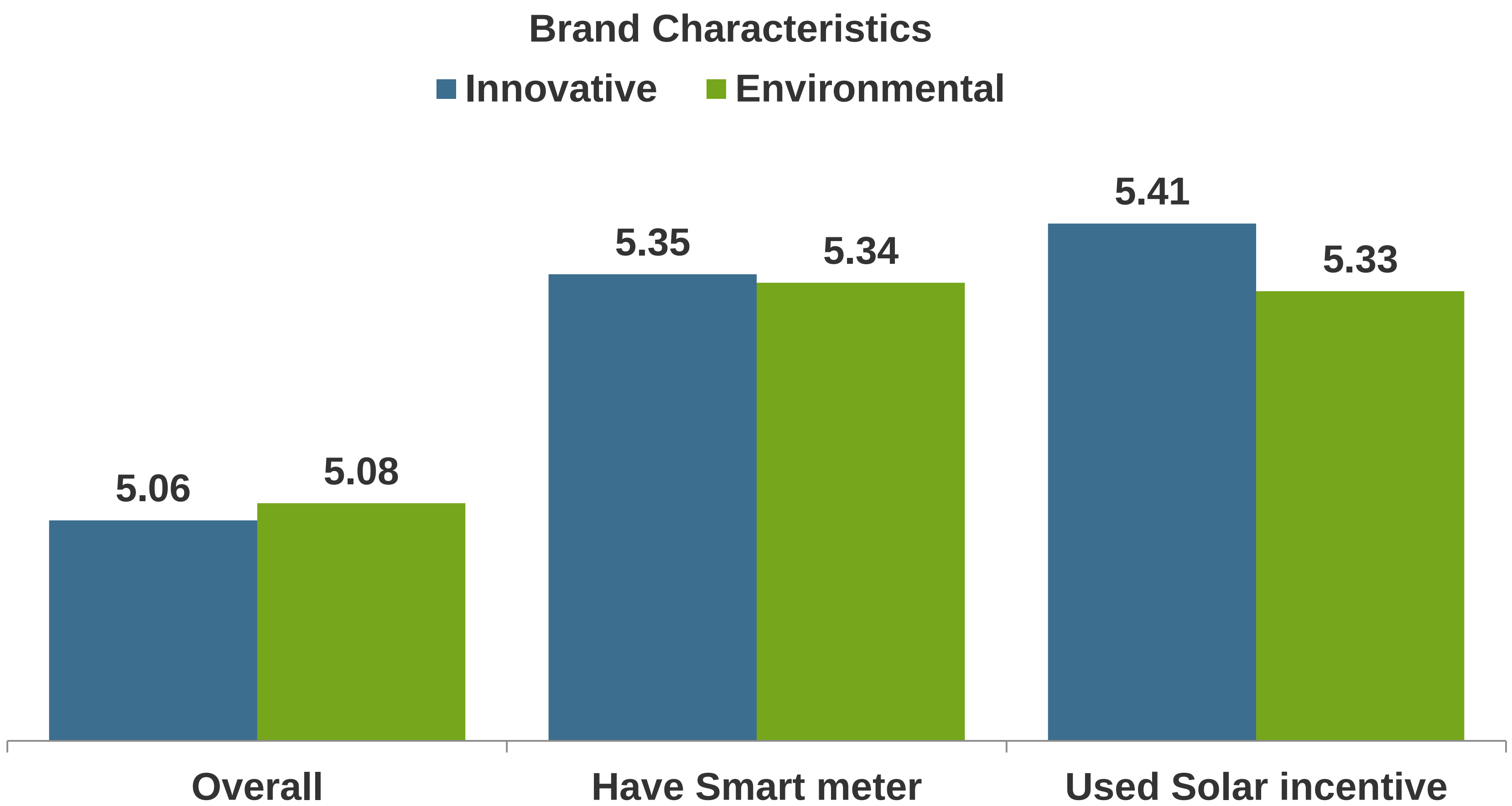
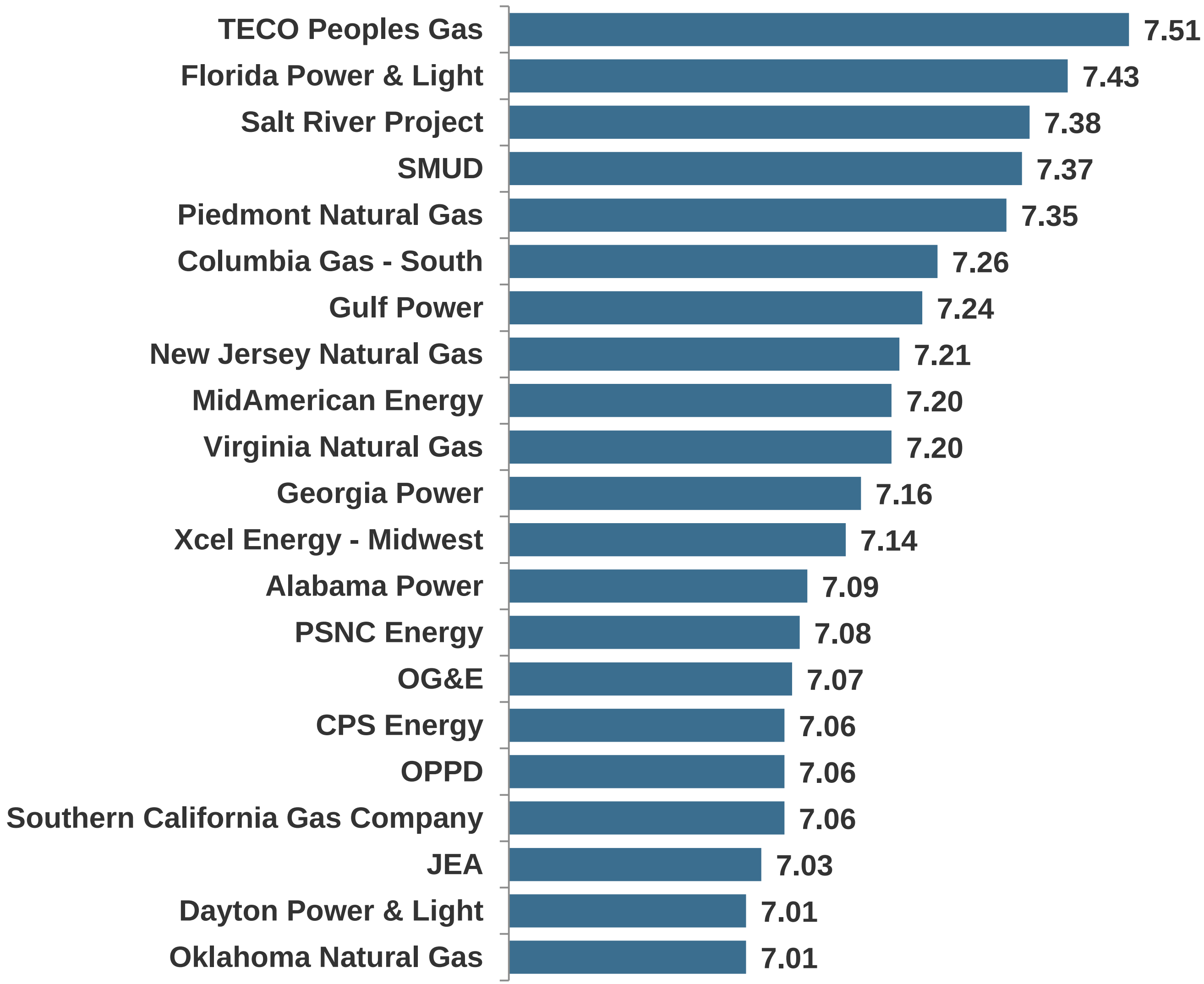
Leverage Emerging Technology
Customers will see you as more Innovative and Environmentally friendly



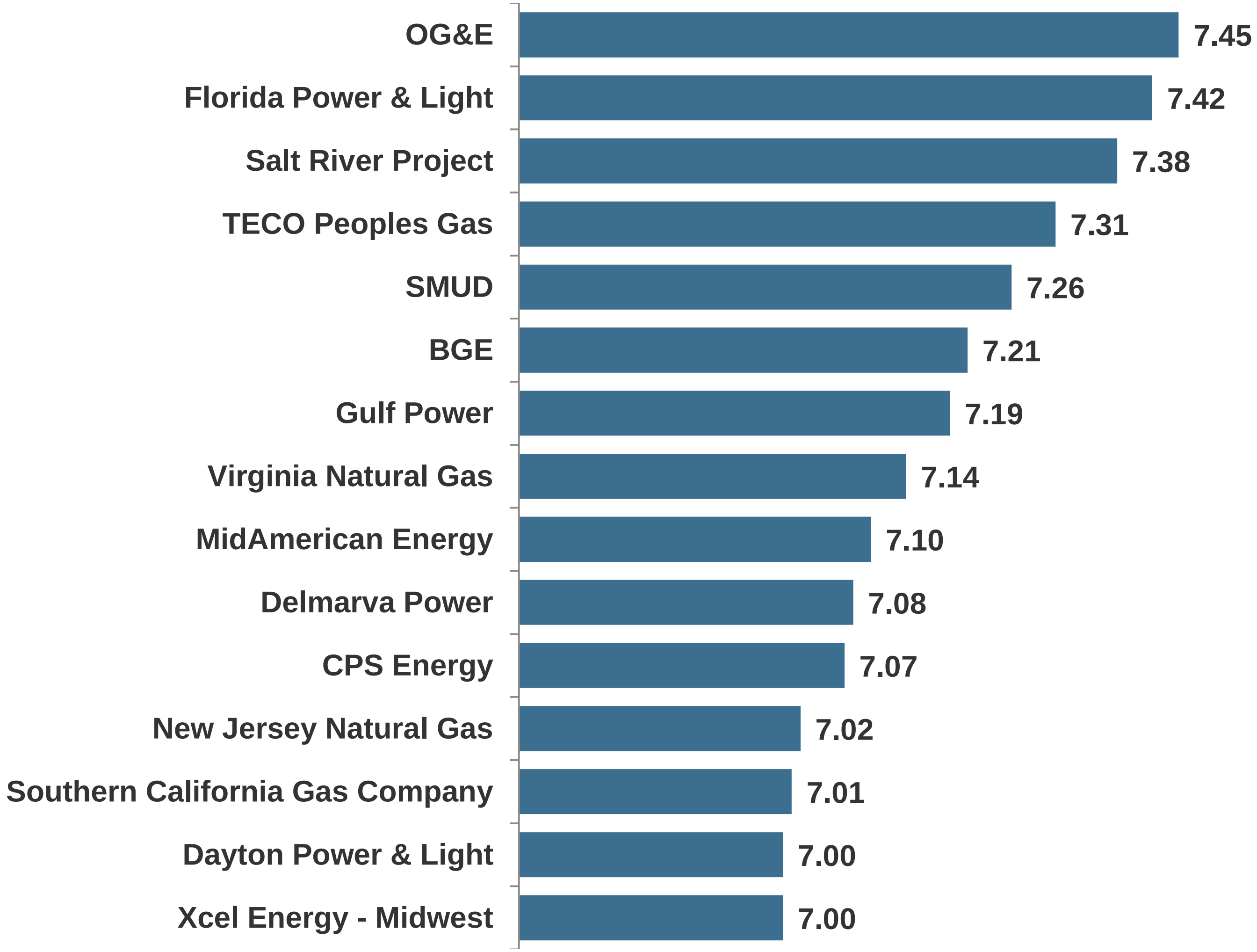
Based upon 7-point scale

Utility Industry Top Ratings on
Leverages Technology to Improve its Service



Based upon 0-10 rating scale

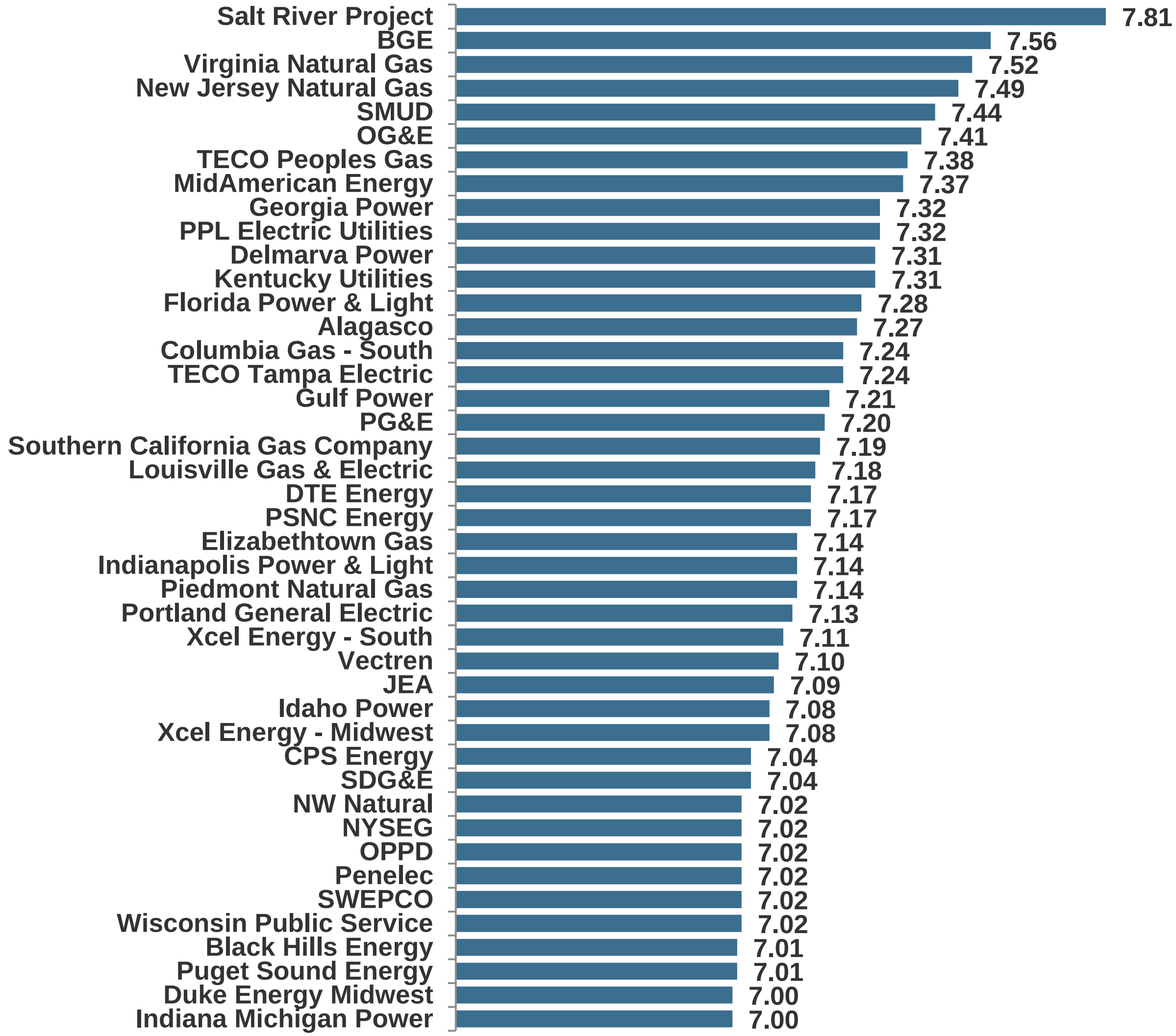
Utility Industry Top Ratings on
Encourages or incentivizes the use of “smart technology” that helps manage energy usage or costs



Based upon 0-10 rating scale

Utility Industry Top Ratings on

Their programs or offerings can or did help make me a more conscious energy consumer



Based upon 0-10 rating scale

Questions?

MARKETSTRATEGIES
INTERNATIONAL

Contact for more information:

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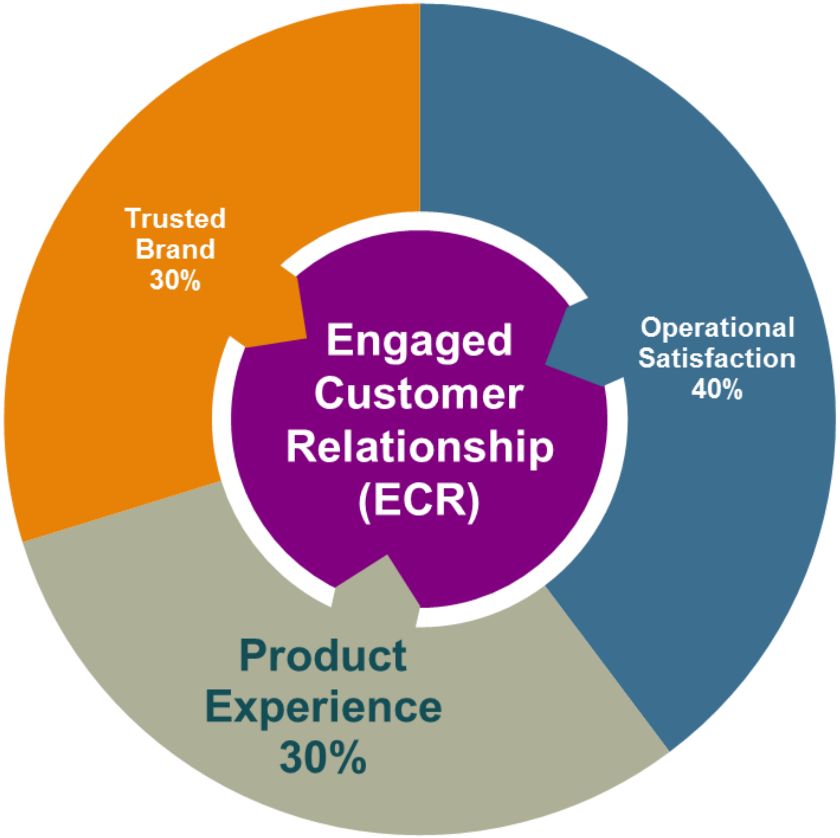
Selected Deliverables

- Access to all data – every question, rating and score for 125 utilities after each quarterly fielding
- Copy of survey tool
- **NEW for 2015** - Simulator to forecast engagement
- **NEW for 2015** – Business customer study
- Individual subscriber utility model provided
- **NEW for 2015** – Clients can provide email sample
- Ad-hoc statistical analysis of results
- Client-specific modeling developed upon request
- Benchmarking to peers by ranking segment and by custom peer sets
- Two industry reports of rankings, trends and performances
- Executive summary of utility performance
- Onsite customer engagement management presentation of results with benchmarking and recommendations
- Management best practice discussions on topics of client choice
- External communications and media claim included
- Participation in customer metric goal setting
- Input into study enhancements and topics of measurement.
- **Just Ask!** (new for 2015) – Client customized deliverables and management support

Study Overview and Methodology

Market	Residential electric and natural gas and combo utility customers
Data collection	Online based upon demographically representative sample for each utility (according to census data)
2 fielding waves	Wave 1: April–May (complete) Wave 2: September–October
Reporting	Wave 1: June (published) Wave 2: December
Sample	Quotas based on census age, income and race for demographic representativeness at individual utility level
Targets	125 utility brands covered (58 electric with 300K+ customers, 37 natural gas with 230K+ customers, 30 combination providers with 550K+ combined counts)

Product Experience Composes a Significant Share of Customer Engagement and Relationship Strength



12 Strategic Factors Create Positive Customer Engagement: Product Experience Has 3 and Trusted Brand Has 6

Strategic Factor Importance on <u>Trusted Brand</u>

Customer Focus	21%
Company Reputation	20%
Communications Effectiveness	18%
Quality & Reliability	16%
Community Support	12%
Environmental Performance	12%

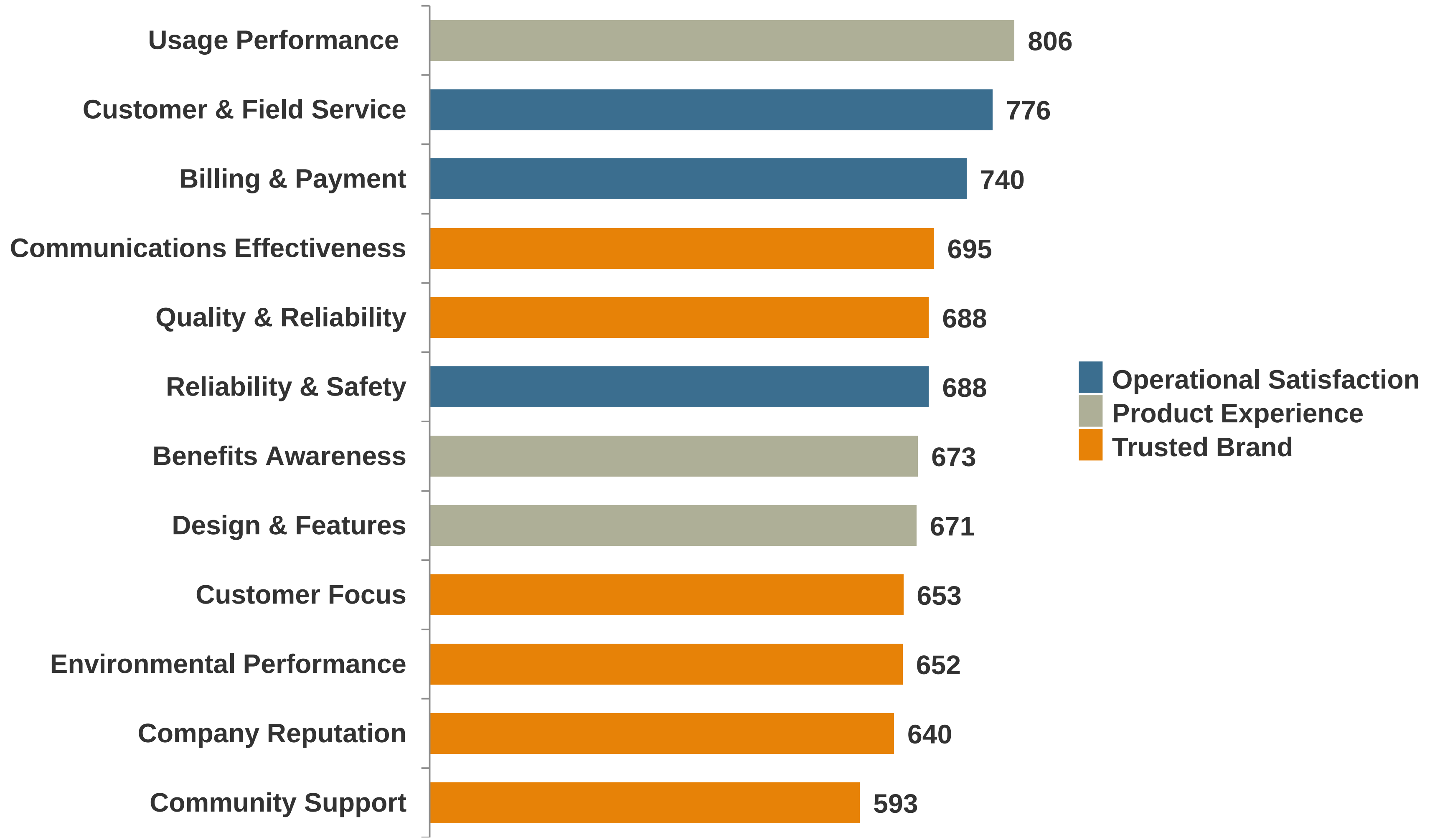
Strategic Factor Importance on <u>Operational Satisfaction</u>

44%	Safety & Reliability
37%	Billing & Payment
19%	Customer & Field Service

Strategic Factor Importance on <u>Product Experience</u>

65%	Benefits Awareness
28%	Design & Features
7%	Usage Performance

Product Usage Scores High but Awareness, Design and Features Lag



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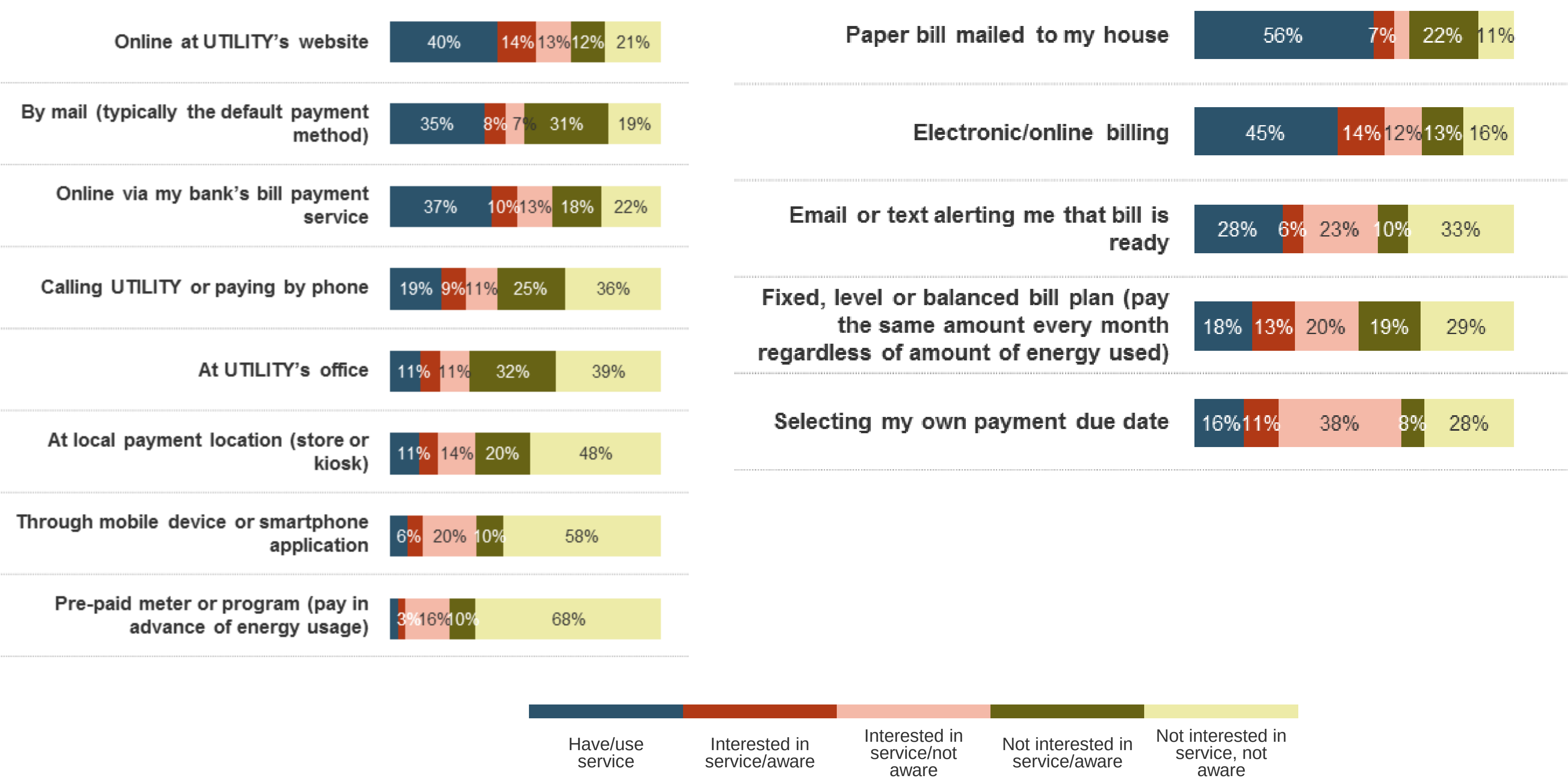
Except for Selecting a Bill Due Date, Most Billing and Payment Offerings Have Little Demand Left to Capture

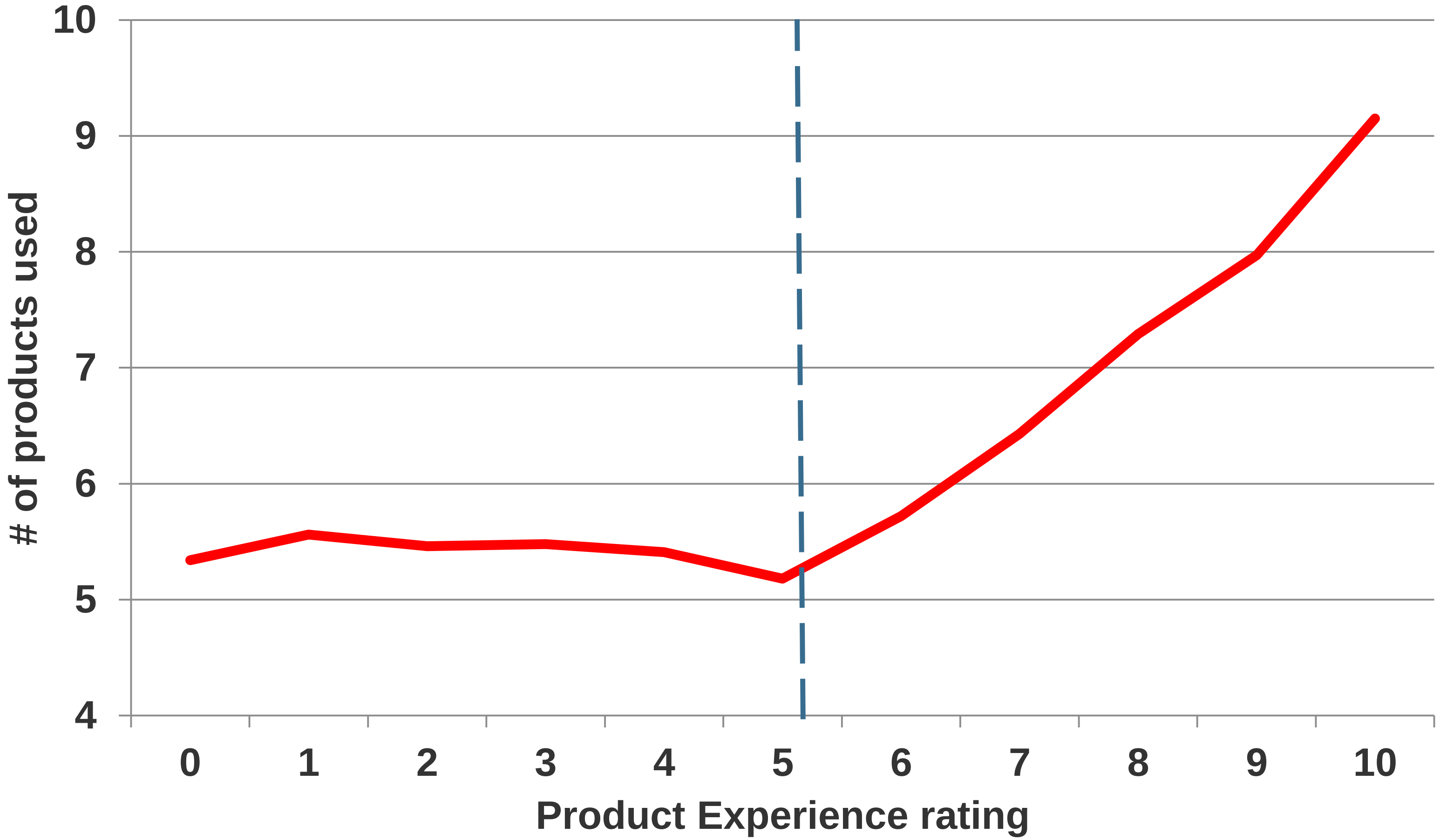
Payment Offerings

Billing Offerings



Position Utility As a Product Provider

Customers will Use more products when Product Experience is rated Above-Average (over 5)



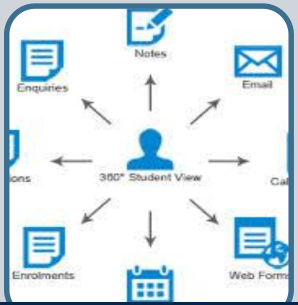
Silver Spring Networks

Lisa Magnuson
October 2, 2014

SSNI: One Network Platform For Critical Infrastructure

Today’s customer

Continuously connected



Multi-Channel

Customers utilize multiple channels from online, in person to traditional channels

Mobile 24/7

Customers are more mobile, digital, and connected. The want information to be accessible anytime anywhere

any device

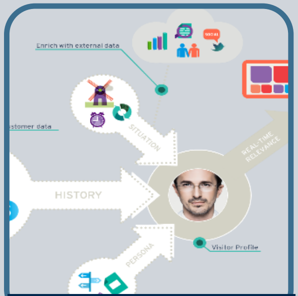
Social

Customers are fully connected to social networks and receive and share information through them.

Trust 3rd parties.

Smart

Customers want to be educated and want their utility to be a Trusted Advisor



Personal

The information has to be customized, targeted and specific to each customer

* Souces Fierce Energy, Silver Spring Networks 2014:

Silver Spring NETWORKS

The Energy Attention Span

Short energy attention span and customer apathy

- Limited mind-share for energy
  - The average person spends 9 minutes a year thinking about energy use
  - Customers have a hard time understanding energy from an abstract perspective – need a personalized context
- Limited entry points to energy awareness
  - Few natural occasions for energy education, energy engagement
  - Bill pay, customer complaints, outages, the few ways that customers interact with utilities
  - Need to make the most of each point of engagement

Key Conversations to Change

What conversations should we rethink?

1. "Why is my bill so high?"
   - Data and technology enable us to proactively prevent this conversation from occurring
   - "Bill shock" 2nd most common reason for customer calls to a utility
2. "How do I save energy and money?"
   - This conversation rarely occurs today, and when it does it is in the wrong context (ie: triggered by bill shock)
   - Need to place this conversation in a personal context
3. "How do I help this customer?"
   - CSR conversation with a confused or angry customer can be time-consuming, costly, and unproductive
   - Need to reconsider the "Customer Service" role

The Customer of Today, Tomorrow, and the Future

LOW-INCOME CONSUMER PERSPECTIVES

PRESENTED BY STACIA HARPER
OHIO PARTNERS FOR AFFORDABLE ENERGY

OCTOBER 2, 2014

Ohio Partners for Affordable Energy "OPAE"

- **Nonprofit membership organization**
  - Advocate for affordable energy policies for moderate and low-income Ohioans.
- **Work with utilities, state agencies and other stakeholders**
  - OPAE and its members deliver federal low-income programs – WAP and LIHEAP – and manage programs for Ohio utilities.
    - Weatherization programs funded by:
      - American Electric Power
      - Columbia Gas of Ohio
      - Dayton Power & Light
      - Dominion East Ohio
      - FirstEnergy Corp.
      - Vectren Energy Delivery of Ohio
      - Three small natural gas utilities.
    - Fuel funds/bill payment assistance funded by:
      - Columbia Gas of Ohio
      - Dayton Power & Light
      - Duke Energy – Ohio
      - FirstEnergy Corp.
- **Coordinate training programs for energy efficiency and home weatherization**

The Consumer Picture

- The provision of power is a necessity
  - Everyone is a consumer
  - All aspects of society are impacted
- Electricity is a regressive good
  - Households with low-income and fixed incomes will pay a higher percentage of their income in additional energy costs
- What do electricity consumers want?
  - Affordability
  - Reliability
  - Consistency
  - Security
- Consumers do not think in terms of kWh’s generated, they think of utilities as a service.

What Services Does the Utility Provide?

- Ensure Reliable Delivery of Power to Consumers
  - Maintain Distribution Lines and Meters
  - Interface with Wholesale Markets
  - Monitor the flows of power across their lines
  - Coordinate Generator Maintenance Schedules
  - Provide Scheduling of Power
  - Act as a Balancing Authority
- Operate Call Centers
- Provide Coordinated Billing
  - Retail Suppliers
  - Demand Response Aggregators
- Manage or Collect the Funding for Demand Side Management Programs

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Helping Our Clients Power the World

PSC Introduction

October, 2014

PSC

Specialist Consultants
to the Electricity Industry

PSC Introduction

- PSC is a consulting company that specializes in the electricity industry
- Global headquarters in Wellington, New Zealand
- North American headquarters in Kirkland, Wa.
- Primary focus is on grid operations
  - Transmission, generation, distribution, micro grid, storage, and electricity markets
  - Operations technology for IT, telecom, control systems, security, and smart grid
  - HVDC
  - System planning

PSC Group Global Organization

- PSC projects
- PSC offices

Specialist Consultants
to the Electricity Industry

PSC Services

PSC MARKETS & APPLICATIONS

- Market systems
- Market design and implementation
- Clearing engine support specialists
- Trading and bidding applications
- Software development
- Certification and testing

PSC OPERATIONAL TECHNOLOGIES

- Telecoms and networking
- SCADA/EMS
- Substation automation
- Generation automation
- DMS and GMS
- Smart grid

PSC POWER NETWORKS

- Substations
- Transmission lines
- Primary system design
- Secondary system design
- Power system studies
- System operator support
- Asset management
- O&M advisory
- Generator testing

PSC HVDC

- HVDC technology reviews
- System and engineering studies
- Feasibility and conceptual design
- Control and runback systems
- Construction cost estimation
- Epc spec preparation
- Preliminary FEED
- Procurement, construction and commissioning support
- O&M procedures & support

Project Services

- Project Management
- Client Side Representation on Projects
- Business case / specification development
- System Integrator

PSC STRATEGIC ADVISORY

- Strategies for power networks, systems and operations
- Asset strategies
- Independent advice, project and business reviews
- Electricity market and policy

Helping Our Clients Power the World

PSC

Specialist Consultants to the Electricity Industry