

FOR BOARD ACTION

Agenda Item #

7

Meeting Date:

10/27/09

SUBJECT: OPOWER (formerly Positive Energy) *Home Energy Reports*

PREPARED BY: Patty Hanson
Manager of Marketing and External Affairs

ITEM DESCRIPTION:

The Conservation Improvement Program (CIP), enacted by the 2008 Minnesota State Legislature requires that by 2010 "each individual utility and association shall have an annual energy savings goal equivalent to 1.5 percent of gross annual retail energy sales." This means changing how consumers use electricity. In 2010, Rochester Public Utilities (RPU) is required to save 19,649,530 kWh. As technology continues to improve and become more efficient it will be more complicated for RPU to collect savings from energy efficient appliances, lighting, and equipment as it is becoming the standard. To obtain the 2010 savings goal, we will need to start capturing savings from behavioral changes in addition to our energy efficiency prescriptive programs.

RPU has an opportunity to implement a new kind of residential energy efficiency program, OPOWER's *Home Energy Reports* which is uniquely designed to increase energy conservation behavior. This program uses behavioral science and direct marketing techniques to engage residential energy customers with individualized paper reports and access to a personalized website.

The *Home Energy Reports* provide electric usage comparisons to neighborhood averages, targeted energy efficiency recommendations, tracking for the current time period compared to the same time during the previous year, and RPU's *Conserve & Save* program information. The Energy Insider Website, the on-line component of the *Home Energy Reports*, provides customers with additional educational and learning opportunities about energy consumption, analysis tools, and a home for the community of efficient and highly motivated users who regularly contribute energy saving tips, comments, and other advice for the benefit of the entire community.

We propose a pilot program using 25,000 RPU residential customers beginning January 2010. Actual billing usage from the selected customers will provide the benchmark to capture actual savings. The rest of our residential customer base will be used as the control group. Initial results from another utility demonstrated a 2-2.5% decrease in energy usage per residential home. Using conservative numbers, we expect approximately 3,800,000 in kWh savings at a cost of approximately \$0.09 per kWh saved within the first year.

OPOWER's program costs, as a professional service contract, to RPU are \$335,501 and \$302,501 in 2010 and 2011, respectively. Website set-up and the Energy Insider website costs of \$62,500 will be waived if a contract is in place by December 15, 2009. While the contract is set-up for two years, RPU does reserve the right to opt out at the end of the first year with a 30-day written notice.

This program will leverage required CIP spending (part of our 2010 budget) by directly helping RPU, and our customers, meet our conservation goals. It also provides a platform for smart grid applications such as familiarizing customers with energy data and preparing customers for the higher granularity and timeliness of smart meters and the opportunities such data brings, such as time-of-use pricing. The program plan is attached for more information.

Harry Koshine
General Manager *Kaw*

10-23-09
Date

ROCHESTER PUBLIC UTILITIES

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UTILITY BOARD ACTION REQUESTED:

No action is requested of the Board at this time. This is an introduction to a CIP program and an opportunity to ask questions. At the November 24, 2009 meeting, we will be requesting the Board to approve an agreement and a statement of work for professional services provided by OPOWER. At that time, the 2010 budget should be approved.

General Manager

Date

ROCHESTER PUBLIC UTILITIES