

SAN DIEGO CONSUMERS' ACTION NETWORK

March 15, 2012

To: SDG&E and other stakeholders

From: SDCAN

RE: Dynamic Pricing stakeholder process

As per your request, SDCAN identifies some issues regarding SDG&E's Smart Pricing Program metrics:

SDCAN echoes DRA's concerns about SDG&E's plan to spend almost \$9 million to achieve a target enrollment of 4 percent of residential customers on TOU or TOU PLUS rates. On a per-enrolled customer basis, this amounts to an expenditure of between \$180-200 for each customer enrolled in the program. This expenditure is excessive and, as I raised at the workshop, unnecessary. SDCAN strongly recommends that SDG&E initially focus its outreach and education efforts on the 250,000 residential customers who have been identified as "engaged" with SDG&E's education process and who would be positive beneficiaries from a TOU tariff. This subset of customers offers SDG&E an ideal population upon which to test the effectiveness of its outreach and the pricing of its TOU tariffs. If SDG&E is unable to get at least 50% of customers known to clearly benefit from the TOU tariff to enroll over a three year period, then it will be in a position to reassess both its outreach efforts and the rate structure itself before spending greater sums of money on a generally disinterested larger set of residential customers. More than any other metric, this one will be invaluable to both the company and the Commission.

In its Metrics Summary, SDG&E requests additional data from other utility and/or infrastructure-based companies in order to justify a goal higher than 4%. SDCAN's response is that such data wouldn't reflect the fact that SDG&E's deployment of smart grid meters, well in advance of other utilities, has enabled the company to identify customer-specific consumption patterns that are not generally available to other utilities. More importantly, the goal is less important than the company's targeting of its efforts as proposed by SDCAN above. Armed with the marketing data that SDG&E has available to it, it need not use a scattered approach to outreach and education. Rather than argue over whether a 4% goal is reasonable, the parties would be better served by discussing how to best target subsets of customers so as to better test the outreach and education effort in a phased approach that best uses the allocated dollars authorized by the Commission.

As SDCAN noted in its February 28th e-mail to SDG&E and other parties, UCAN had submitted testimony in the Dynamic Pricing case authored by Prof. Peter Andersen who raised a number of concerns about SDG&E's TOU outreach and education e.g.

- What are the themes or practices that emphasize the positive, enhancing qualities or benefits of a new practice or innovation. It is essential that smart meters and dynamic pricing should be viewed by SDG&E's customers as something relatively advantages and that is being done for them and not to them.
- SDG&E's must deploy inoculation messages, narratives and perceived relative advantage messages will compromise the effectiveness of its education efforts
- An effective education campaign for dynamic pricing will require messages based on Diffusion of Innovation theory including messages that emphasize relative advantage, simplicity and trialability of smart meters and dynamic pricing.
- Any education campaign conducted by SDG&E must be an iterative process governed by the sequential education and the use of successive approximation. (I think you've addressed this in your plan)
- Tools such as logo, branding and viral marketing should be utilized by SDG&E in any education campaign.

This is just a high-level overview of his 24-pages of findings and recommendations. At the meeting, SDG&E did not respond to SDCAN's inquiry about to what extent SDG&E has incorporated Andersen's findings and recommendations in its outreach and education efforts. UCAN has chosen not to participate in this stakeholder process. Thus, SDCAN urges the Commission to require SDG&E to disclose the strategic techniques employed by the utility to better connect to its customers as part of its reporting requirement.

As discussed at the March 4th meeting, SDCAN urges that four new tracking metrics be added to the existing list of residential tracking metrics:

1. Total kwhr savings/shifting as mentioned by DRA in its comments and by SDCAN at the March 4th meeting;
2. The total number of residential customers who signed up for pricing plan;
3. Number and shifting of "winners" (identified beneficiaries) who signed up for pricing plan;
4. Number and kwhr shifting of "losers" (identified higher payers) who signed up for pricing plan. This metric would demonstrate a change in their consumption patterns by customers who otherwise would have paid more for their electricity under a TOU rate.

As explained at the meeting, these metrics are essential to determine whether the education program has been successful in achieving the true objectives of the dynamic pricing program; convincing customers to adopt the dynamic pricing plans, even those customers who can only benefit by changing their consumption patterns. SDG&E observes in its Metrics Summary that the company already provides "metric reports on load reduction" as part of their Smart Grid and Demand Response programs.

It doesn't object to the relevance of the data itself. Thus, including these same metrics in its Outreach and Education metrics imposes no additional burden upon the company and enables the Commission and other parties to view all of these relevant metrics in one document.

As noted by DRA in its comments, one of the objectives in the outreach and education is for SDG&E to develop an integrated marketing plan that incorporates energy efficiency, demand response, and energy management solutions so that small non-residential customers would receive assistance in mitigating their bill impacts without going through too many hoops. SDG&E's current on-line energy management tool should link to the energy efficiency or demand reduction solutions sites. Moreover, SDG&E's proposed metrics fail to address this integrated approach. Thus, SDG&E should add at least one metric that measures the number and percentage of residential customers who are provided with information and guidance about other program assistance, such as EE or demand reduction solutions when they contact SDG&E CSRs about the TOU rates.

I trust that these comments are helpful to the process.

Michael Shames