

## 2010 Program Implementation Plan

WBS Name: Prescriptive Lighting C/PP/P/CR/PL

Segment: Customer Programs & Services

Planner Name: Cheri Davis

WBS Owner: Ed Hamzawi / Anson Battershell

### Section I: Program Overview

#### A. Program Summary

##### Program Description

The Commercial Prescriptive Lighting Program is a contractor-driven program that provides financial incentives to commercial and industrial customers for the installation of certain energy-efficient, lighting technologies. SMUD program staff work with lighting contractors to encourage the installation of energy-efficient lighting technologies. The program consists of a list of energy-efficient lighting measures that target specific lighting technologies for replacement.

The purpose of the Commercial Prescriptive Lighting Program is to enable the District's commercial and industrial customers to:

- Use energy more efficiently and reduce industrial energy costs per unit of output
- Manage their energy use and cost
- Realize the benefits of improved lighting technology on their commercial businesses and industrial processes
- Provide environmental and local economic benefits

##### 2010 Outlook

##### 2009 Results

2009 program expenditures came in 9% under the official adjusted budget of \$3,773,227. The budget was later (unofficially) adjusted further downward in order to balance the public goods portfolio, to \$2,962,027, and the 2009 metrics for the program were reduced accordingly. Near year-end, the program was given the go-ahead to spend above its twice-reduced budget and was thus able to exceed its adjusted MW goals by 23% and its GWh goals by 15%.

Performance Indicator	2008		2009			
	Planned	Actual	Planned	Adjusted	2nd Adjustment*	Actual
Budget	\$3,931,000	\$4,186,000	\$3,962,027	\$3,773,227	\$2,962,027	\$3,423,000
MW goal	4.10	3.61	4.10	N/A	2.93	3.57
GWh goal	21.20	18.79	21.30	N/A	15.21	17.52

\* This second budget adjustment, which reduced program incentives by \$811,200, was not recorded in SAP. The metrics were, however, updated in the online tool as shown.

##### Significant Changes for 2010

The background calculations for the Prescriptive Lighting and T12 worksheets were updated as follows:

1. The savings calculations were updated to account for the improvement of T8 lamps over the last few years. As a result, the claimed energy savings per lamp will increase.
2. The calculations were also updated to claim peak savings only between the hours of 4 and 7PM. Previously, the worksheets calculated peak savings based on the 1-9PM time period. This will have the effect of decreasing the peak savings claimed per project.
3. Previously, the worksheets required that a business be open at least 2 hours between the hours of 1 and 9PM (otherwise, they received no rebate). The new worksheets require that the business be open at least ONE hour between the hours of 2 and 8PM, which corresponds to SMUD's current "super peak" period.

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4. The program has added additional labor resources in response to the increasing number of small commercial lighting projects that come through the program. The addition of more resources will allow the program to handle more projects and to step up the number of project inspections.

Note that changes #1 and #2 will at least partially offset one another. The overall effect on the program's ability to meet or exceed peak goals for 2010 is unknown.

### ***Key Initiatives for 2010***

- The T12 (large commercial) component of the program has not attracted as many projects as expected. A key initiative for 2010 is to re-evaluate the T12 program guidelines and requirements in an attempt to bring in more projects.
- Another key initiative is to evaluate the possibility of adding two new categories of lamps and lighting applications to the program: high performance T8s and exterior lighting. The addition of LED fixtures and/or lamps will not occur until 2011 at the earliest.

## **B. Market Analysis**

### **Technology Implementation**

No new technology will be required for this program in 2010.

### **Regulatory Issues**

None.

### **Target Market/Customer Segmentation Changes**

This program is aimed at the Commercial and Industrial market segment.

### **Economic Effects**

So far, this program has been successful regardless of the economic situation.

### **Competitive Pressures**

There is no competition for this program other than the Customized Incentive program.

### **Market Barriers**

Market barriers for this program include:

- Lack of availability of funding for projects
- No local decision-makers for large corporations
- Split-Incentive - Owners don't receive economic benefit of lower bills.

### **Market Research Needs**

There are no market research needs for this program.

## **C. Implementation Plan**

### **Approach**

The Prescriptive Lighting and T12 Retirement programs are both contractor driven, direct install programs. Most customers learn about the program through a lighting contractor. A small percentage of customers learn about the program through other channels and call SMUD's Contact Center for more

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information. These customers are referred to the Product Service Coordinator, who provides a list of participating contractors.

The lighting contractor fills out the incentive sheet, submits the project for authorization from SMUD, installs the lighting equipment, and submits invoice for final payment from SMUD. SMUD staff authorizes projects, loads project data into SalesLogix, and authorizes payments from SAP.

### Marketing Strategy

The Prescriptive Lighting and T12 Retirement programs are marketed directly to customers by lighting contractors. SMUD provides minimal marketing support for awareness and education, via the following channels: SMUD Account Rep recommendations, commercial rebate web page, brochures, commercial electronic newsletter, literature at some community events, and inclusion in some commercial print advertising. A thank you letter is mailed to all participating customers to heighten awareness of SMUD's involvement.

### Community Engagement

- Primary customer engagement for this market segment is through the Account Management teams.
- The customers in the commercial and industrial segments belong to various professional organizations, business improvement districts and chambers of commerce.
- The Account Management teams have relationships with many of these entities, but will work with the Community Engagement teams to develop more and stronger relationships with these groups.
- The Account Management teams are already providing presentations and information on the SMUD programs to these groups on a regular basis.

### Process Improvement Needs

There are no process improvement plans for this program in 2010.

## D. Evaluation Plan

The program will be successful if the goals are met within the allowed budget. An impact evaluation of this program is scheduled by for 2010. Evaluation results will be incorporated in the program's future goals.

This program supports Strategic Directive 9, which directs SMUD to reduce energy consumption 15% from 2008 levels by the year 2018.

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### Section II: Annual Program Budget, Metrics, Marketing Schedule and Tactics

#### A. Annual Program Budget

The 2009-2011 budget tables for Prescriptive Lighting program are located at:

<http://smudinet/cdo/csbu/resourcecenter/BudgetandBusinessPerformance/2010%20Budget%20and%20Staff%20Utilization%20Tables/Forms/AllItems.aspx>

##### Budget Changes

Despite the addition of labor resources to the program, the 2010 budget is 11% lower than the actual expenditures for 2009, and 22% lower than the original 2009 planned budget. It is worth noting that the *incentive* budget has been reduced by a full 20% lower than 2009 incentive expenditures.

##### Tracking/Reporting Of Budget Performance

Budget tracking for this program will occur in SAP. The budget will be reviewed on a monthly basis by the Program Manager, Process Coordinator and Program Planner. Any significant variances will be examined and reported in the EE Scorecard.

#### B. Program Metrics

##### Metrics

The metrics were set based on the available budget for incentives and past program performance (i.e. \$ spent per kW and kWh saved). The kWh goals are slightly more aggressive (relative to incentive budget) than years past because the energy savings per lamp have gone up.

Metrics	2008 (Actual)	2009 (Actual)	2010 (Plan)	% Change	Where tracked?
MW	3.61	3.57	2.75	-23%	SalesLogix
GWh	18.79	17.52	15.00	-14%	SalesLogix

##### Tracking/Reporting

Tracking and reporting for this WBS will be the responsibility of the Program Manager. It will be gathered, stored, and tracked in SalesLogix and reported the Metrics Reporting Tool. This will be done on a monthly basis.

#### C. Annual Marketing Schedule and Tactics

##### Marketing Channels

###### *Direct Customer Contact*

Direct customer contact is not the primary means for marketing this program. However, Commercial Account Representatives and Energy Advisors are available to respond to customer requests for information about this program.

###### *Direct & Electronic Mail*

Account Representatives send out information and program materials to individual customers in response to inquiries.

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### *Web*

Program information is available on the web describing the programs and services provided to commercial and industrial customers. Customers are also directed to participating contractors and application forms for various programs.

### *Contractors*

Marketing of the program primarily occurs through local and regional contractors. A customer "Thank You" letter is mailed from SMUD to all customers who make an energy efficient purchase through our participating contractors so they will be aware of SMUD involvement in helping offset the cost of their investment.

### *Industry Events and Trade Shows*

SMUD's commercial services are promoted at the BERC Breakfast, Clean Air Luncheon, Business Journal Green Business Breakfast, Chamber Events, Restaurant Association events, Earth Day events, etc. The lighting literature is often displayed at these events.

### *Community Events*

SMUD management and Commercial Services staff attend local Chamber of Commerce, community events and multi-ethnic outreach events that target both large and small commercial customers where all of SMUD's commercial services are promoted. Outreach efforts focus on increasing awareness about SMUD services and gaining trust of hard-to-reach business/communities.

### *News Releases, Media Events, and Electronic Newsletter*

SMUD communicates its low-cost, reliable service and money-saving programs in news releases for local general, business and community media to reach SMUD's commercial customers. Showcase leadership and vision in the electric utility industry by placing news items in various trade publications. Also, as opportunities arise, media events, news releases and articles for the Key Account, Major Account and Middle Account Newsletters and case studies posted on SMUD's internet site will be developed to showcase program benefits and customers who achieve significant energy savings via SMUD programs.

### *Print Ads*

As relevant, lighting print ads will run in mainstream business publications (Business Journal, Sacramento Bee's business section, and ethnic pubs targeted at small businesses) and will be designed to reflect the current Umbrella Campaign theme/ messaging and generate awareness for energy efficient lighting technology. In the past other commercial programs and/or the District budget have paid for this advertising. The Prescriptive Program should pick up this cost in the future.

### *Marketing Schedule*

Detailed schedules are provided in the Communication and Advertising plan on the following page:

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Qtr	Date	Objective	Strategy	Segmentation	2010 Budget	Cost Element	Cost Element Description	Message
1Q	Jan	Awareness	<b>Print Ads – Business Journal</b>	Commercial/ Industrial	N/A	N/A	Advertising	Benefits of technology. Available through lighting contractors.
	Year-round	Recognition	<b>Window Decal</b>	Participants only	N/A	N/A	Advertising	Recognizes customer for participating in a Save Today. Save Tomorrow program to display for their customers to see.
	Year-round	Education	<b>Collateral</b> – Update brochures as needed	Commercial/ Industrial	N/A	N/A	Materials	Benefits of technology. Available through lighting contractors.
	Year-round	Recognition	<b>Thank You Letter</b>	Participants only	N/A	N/A	Recognition	Sent to recognize customer for their participation in an energy saving program subsidized by SMUD. Includes a window decal.
	Year-round	Education	<b>Web</b> - update as needed	Commercial/ Industrial	N/A	N/A		
4Q	As needed	Awareness	<b>Newsletter article</b>	Commercial/ Industrial	N/A	N/A		