SDG&E Smart Meter Goals

- Install AMI/smart metering for all SDG&E electric and gas business and residential customers
  - Historic opportunity – touching every customer premise – never been done before
- Enhance customer service and improve utility operations
- Provide foundation for SDG&E’s smart grid and smart premise
- Ensure delivery of net positive benefit
- Recognize this is not a typical utility infrastructure project
  - This is new program that touches virtually every department
  - Leading edge technology means we are one of the first

And most importantly, we’re not “just” installing a new meter…

We’re starting to recreate our relationship with customers

and transform our company
DR reduces the need to invest in peaker plants that only need to run two weeks during the year.
Our Perspective

• Smart Meter initiative launches a paradigm shift
  • Data – Data – Data

• Creates opportunities to:
  • Educate consumers in a more timely and pertinent way
  • Understand customers’ behavior and influence behavior change
  • Provide rates that drive demand response, conservation and energy efficiency

• Peak Time Rebate for residential customers is the first expression of the paradigm shift
The Residential Market

- 1.3 Million Residential Customers

- Diverse, ethnic, and multilingual customer base

- Six distinct segments with distinct characteristics and attributes

- Complex four-tiered rate structure

- 70% of customers’ consumption does not exceed tier two
Peak Time Rebate – What is it?

• A “quasi” dynamic rate enabled by Smart Meters to provide demand response

• Works in conjunction with the residential rate and provides customers an incentive when they reduce their electricity consumption below a determined level during “events”

• Customers can only benefit, i.e. carrot not stick

• Incentive based on performance and provided as a bill credit

• PTR is the first step in introducing dynamic pricing to residential customers – “training wheels”
Our Approach for Launching PTR

- The framework for customer education and customer performance
  1. Give customers goals
  2. Give customers tools and information
  3. Reinforce positive behavior
  4. Provide training and support
Key Strategies

• Deliver customer performance by using a customer-centric and research-based design
  • Create meaningful customer experiences
  • Understand customer behavior
  • Balance rational and emotional elements

• Involve customers in creation of requirements and drivers for education and behavior change
  • Tools
  • Data presentment
  • Event day notification & feedback
  • Motivational themes

• Orchestration is key
Tools

Data                    Information                  Knowledge  Wisdom
Data Presentment

- Access to individual data is key to understanding
- Allow customers to define a goal
- Display rate tiers
- Allow a variety of comparisons
  - Customer-centric comparison
    - Last month, last year, same time last year, and so on
  - Society-centric comparison
    - The average for homes with a specified square footage or specified number of occupants, etc.
- Include a customer defined notification feature
  - “Notify me when my bill gets to $100” or “Notify me when I’m into Tier 3.”

From June 2008 Co-design Panels
Notification & Feedback

- Allow customers to be notified through their channel of choice: email, text message, and voice
- Enable notifications to multiple household members
- Notification message should be simple, pragmatic, and to the point
- Provide customers next day feedback on how they performed

From June 2008 Co-design Panels
Motivational Themes

• **PRIDE**
  • A California initiative
  • Connection to environmental issues
  • I was asked to do it

• **GAIN**
  • Taking control of your energy use
  • Perhaps some savings – but not necessarily from PTR

• **FEAR**
  • Outages
  • Higher energy prices

• **IMITATION**
  • My neighbor is doing it / My boss is doing it

From November 2007 Smart Meter Focus Groups
1. Link to existing programs when applicable

2. Acquire customer notification info

3. Notify customers day-ahead of peak days

4. Present usage and rebate results

5. Rebate appears on bill, applied to social good, or for enabling technology
Moving Forward – PTR Implementation

• Develop supporting technology infrastructure

• Develop positioning

• Develop integrated marketing communications plan

• Continue co-creation with customers
Moving Forward – Rate Strategy

- Develop dynamic rate strategy based on recently approved CPUC decision in the PG&E Dynamic Pricing proceeding
  - Default TOU / CPP for all Commercial/Industrial
  - Optional RTP for Commercial/Industrial
  - Optional TOU / CPP / RTP for Residential

- Rate options will be implemented in conjunction with AMI implementation schedule
Contact Information

Thank you!

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