

A New Regulatory Framework to Support Behavioral Programs

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Should Behavioral Programs be viewed as DSM or as Basic Consumer Services?

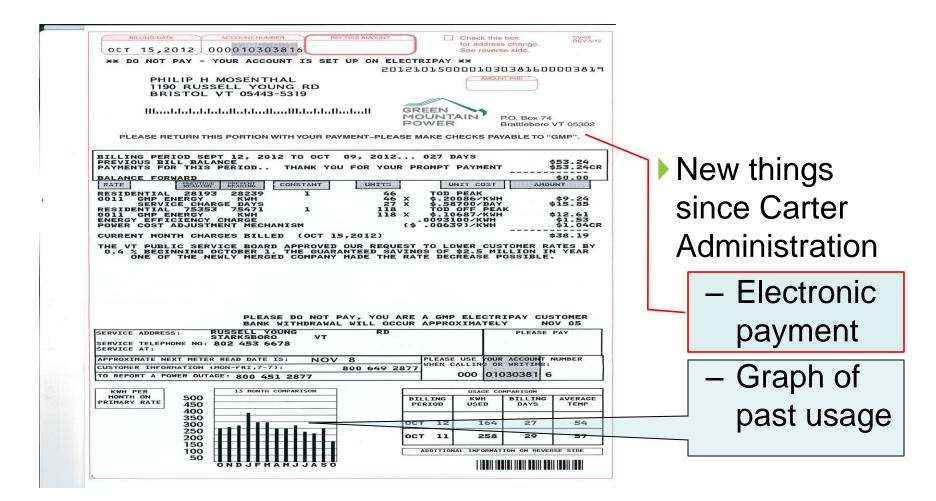
- Evidence is strong that at least some behavioral approaches are:
 - Cost-effective
 - Relatively easy to deliver
 - Look like and can be effectively integrated into utilities core services
- But, these programs have cannibalized some hardware-related DSM efforts
- What is the 21st Century solution and why?



The Problem

Hypothetical Program Administrator Options		
Annual DSM target (% of load)		0.80%
Residential Load		40%
Home Energy Report Savings		2.00%
Savings from RES HER	(0.800%
Savings necessary from other programs	Z	ZILCH
Annual Typical portfolio budget \$/annual kWh	\$	0.30
RES HER \$/annual kWh	\$	0.03
Utility cost "savings"		90%
Real societal lifetime cost savings		-30%
Persistence	???	?????
Lifetime Net benefits	???	?????





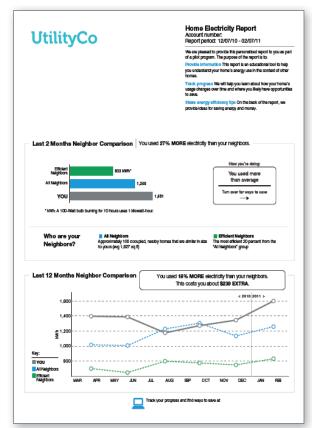
- Bills not user friendly, little education, few advances since computer era began.
- Compare level of education and information with other consumer products that consume much smaller share of household income and are much less complex.

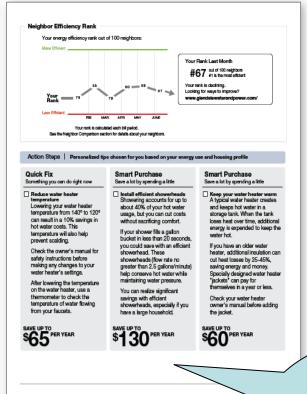
The Solution

- Utilities should provide a basic level of customer service and education to use their product smartly, recovered through rates as core expenses.
- Utilities already have similar obligations to provide PSA-type information to consumers (e.g., call before you dig).
- No other consumer product of this economic magnitude comes with so little consumer information (think smartphones, consumer electronics, cars....)
- ▶ IF cost-effective, should be a basic obligation of utilities to provide more sophisticated mailings (integrated into bills reduces costs and perhaps improves effectiveness).
- Information programs should be treated like other supply-side retail obligations like bill stuffers. They are a basic service tied to ensuring safe and efficient use of the product.
- No need for lost revenue recovery or shareholder incentives.
- Eliminates competition for scarce DSM resources.
- Transforms society into educated and informed energy consumers over time. Locks in market transformation.



The Electric Bill of the 21st Century?





the way... you owe us \$XXX.





Thank you

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