

Integrated Utility Services Model



Climate Action Plan
Citizen's Advisory
Committee
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Integrated Utility Service Model

Integrated Utility Services (IUS) model:

- Easy, scalable home and business efficiency and renewable solutions delivered with savings
- Enhances utility ability to meet customer needs and community by building new capabilities
- Strengthens the utility's financial health by diversifying into new services

Key features:

- On-bill financing
- Bundled delivery of services (allowing for deep energy savings)
- Lower cost central procurement of services
- Easy, customer-centric delivery



What's Different? Part One

	Now	IUS	Means
Scale	300-500 homes annually	Ramp to 2500 – 5000 homes annually	Go large!
Depth	1-2 measures per project	Multiple measures	Bundling, packages
Ease	Many customer decisions	One customer decision	Auto-enrollment
Speed	Months	Weeks	Delivery
Accessibility	Investment by customers who are able	Paid for by savings over time	On-bill repayment
Utility expenditures	Rebates, subsidies	Reduce project costs	Scale without increasing costs, net benefits

What's Different? Part Two

	Means	Implications
Scale	Go large!	<p>Strategic, scaled investment</p> <ul style="list-style-type: none"> • Now >> \$1.5M • IUS >> \$20-40M annually* <p>Mobilization</p> <ul style="list-style-type: none"> • Delivery, procurement, contracting • Now >> lots of contractors, few projects • IUS >> few contractors, lots of projects
Depth	Bundling, packages	
Ease	Auto-enrollment	
Speed	Delivery	
Accessibility	On-bill repayment	
Utility expenditures	Scale without increasing costs, net benefits	

* Total capital, not Utilities funds



Four major aspects to IUS



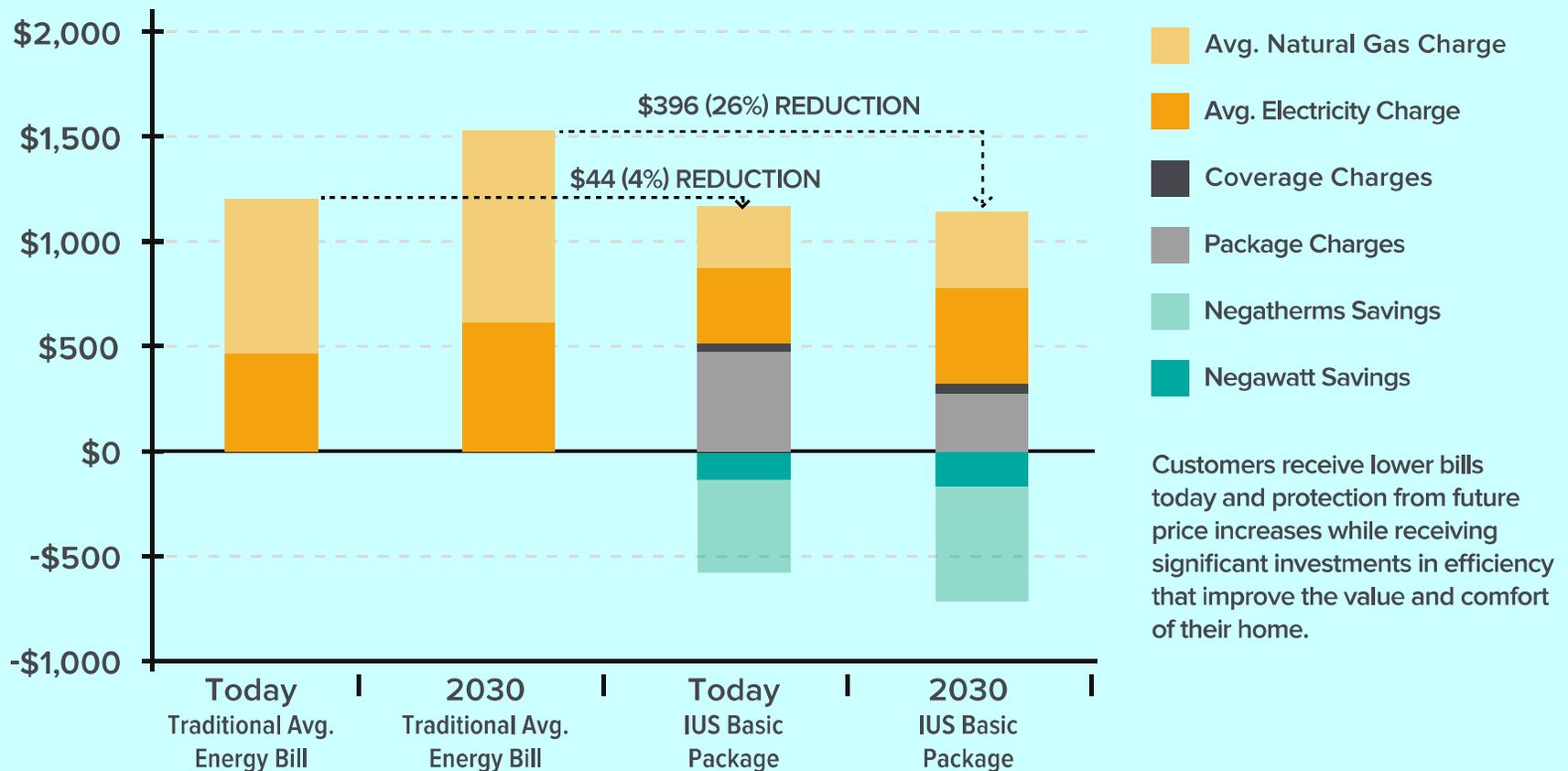
Pilot the model to refine the approach

“Easy to adopt” program design

- **Integrate offerings** so that customer is presented with small number of services that address home needs comprehensively
- **Minimize touch points** with customers by identifying opportunities ahead of time, and contracting services centrally
- **Eliminate need for up-front payments** through on-bill repayment
- **Show customers the money** by making savings very transparent on the energy bill
- **Build momentum** by trying to get high adoption levels within neighborhoods or communities

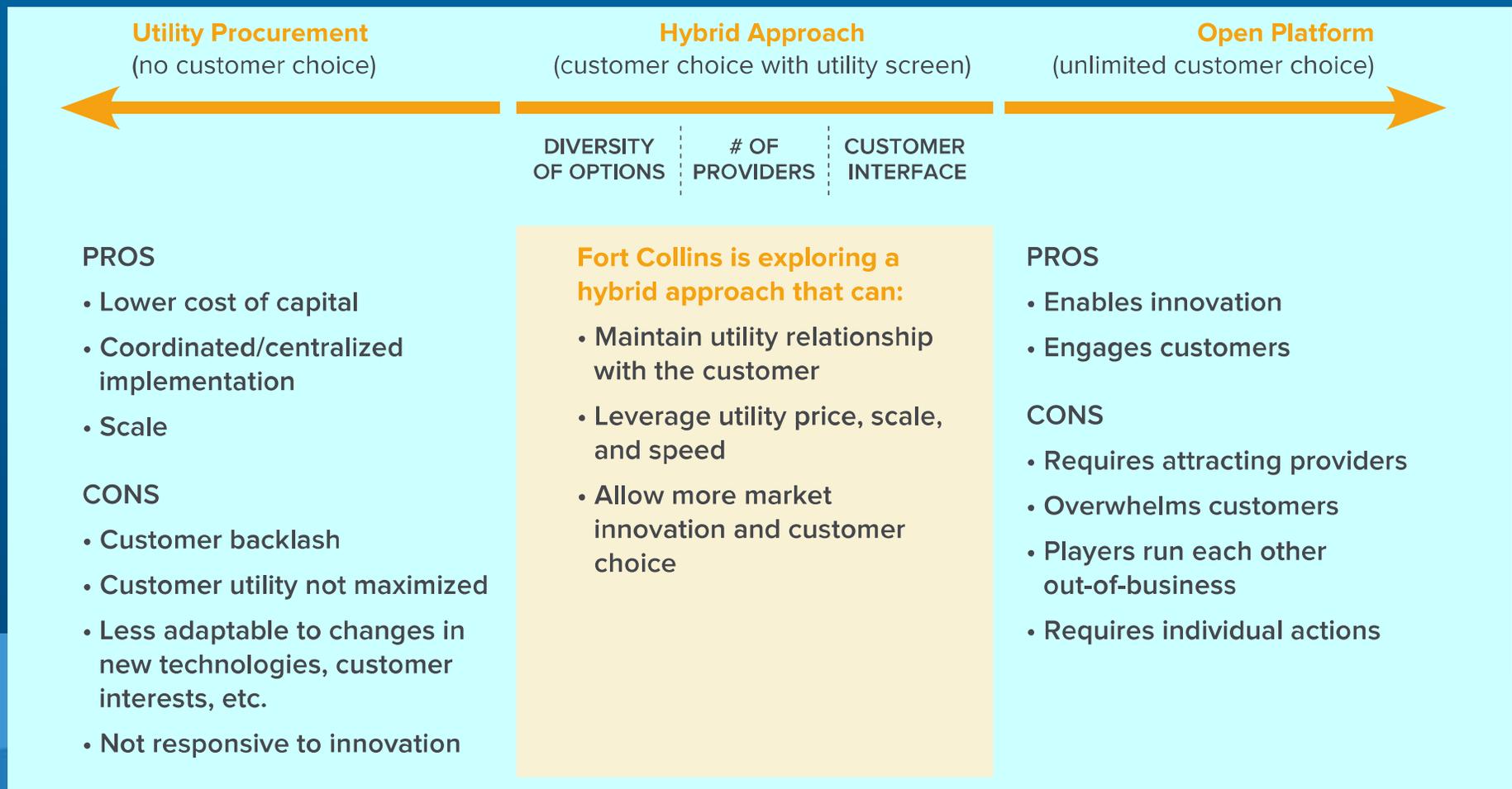
IUS provides bill savings that increase over time

AVERAGE ANNUAL ENERGY BILL VS IUS BASIC PACKAGE FOR PRE-1945 SINGLE FAMILY HOME

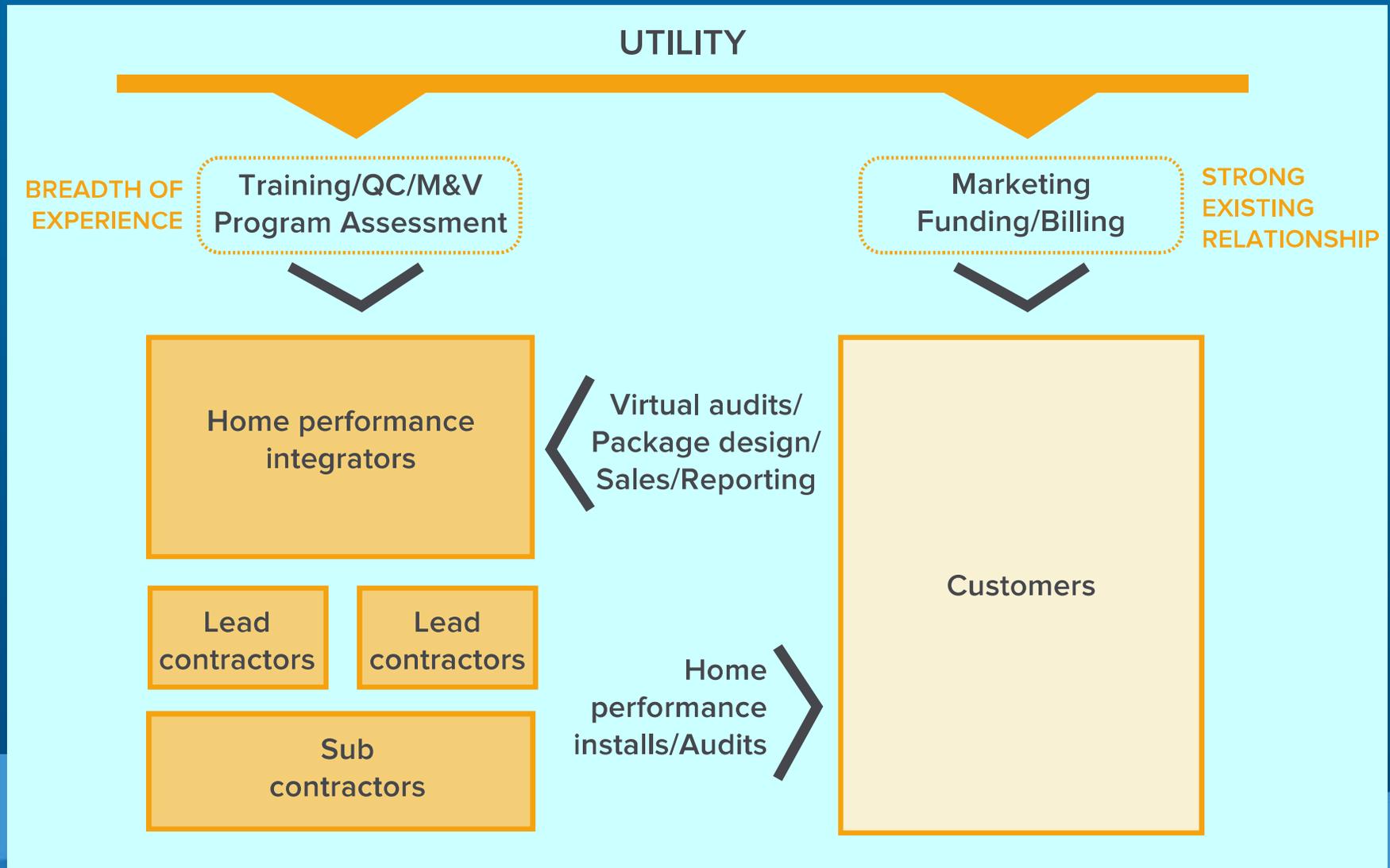


FCU chose to pursue a hybrid approach when evaluating new business models

THE RANGE OF FCU OPTIONS IN MEETING CITY GOALS

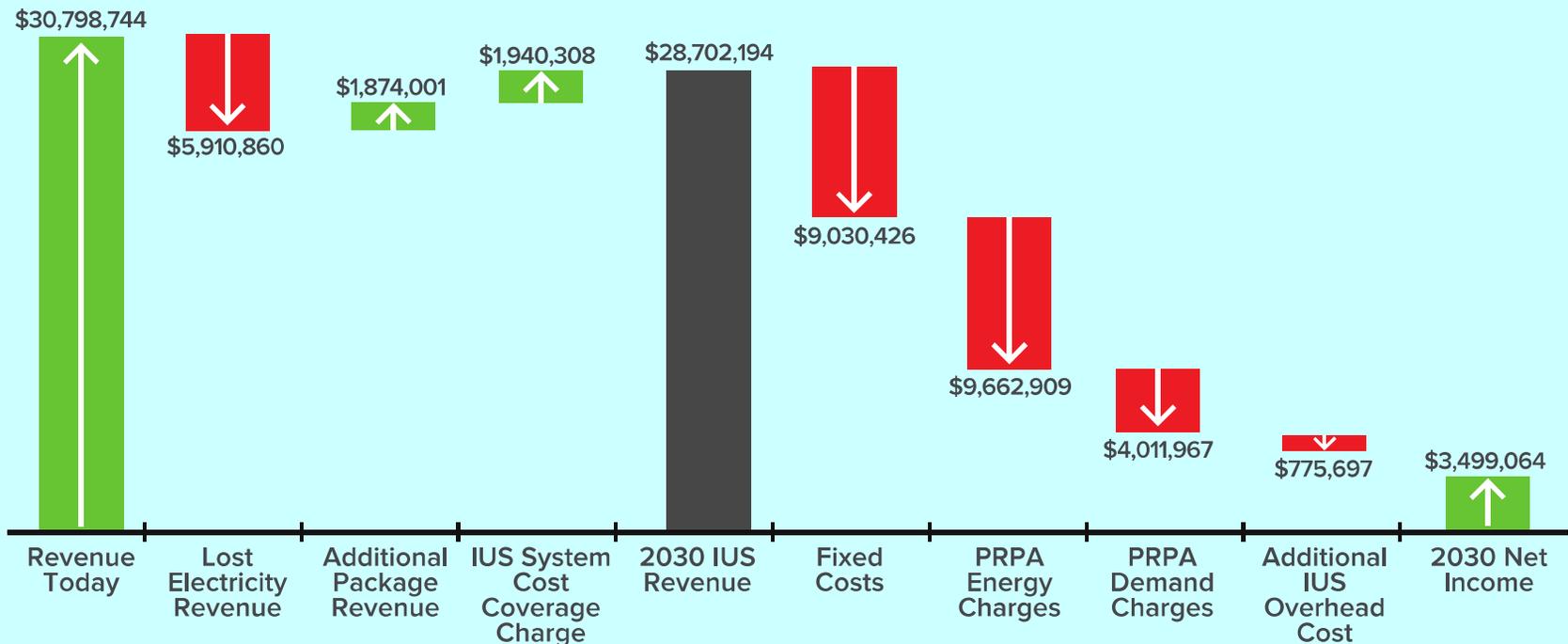


Structure of FCU's approach



IUS can replace declining demand with new revenue

IUS INCREASES REVENUE WHILE HOLDING NET INCOME CONSTANT



* Excludes solar – Analysis shows that, with aggressive procurement and utility or PRPA ownership, solar can be delivered at parity. Given complexities of solar ownership and financing, this analysis assumes that this would be delivered separately

* Numbers based on the BAU vs. IUS Off Balance Sheet

FCU wants to play a critical role in enabling this transition

- Implement new approaches to increase motivation, enthusiasm, and adoption of efficiency and renewables
- Increase information transparency so customers can make the right decision
- Tailor programs to specific market segments – bundled, customized offerings
- Offer new financing solutions – on-bill repayment that is widely accessible
- Deliver new services reliably and affordably in the way the utility always has
- Drive down distributed resources' costs using central procurement
- Support the integration of emerging technologies

Key takeaways

- Efficiency often has the best economic fundamentals
- Investments in efficiency benefit residents, improve communities, yet getting to high levels of customer adoption is very hard
- Utilities are experimenting with new business models, and should consider delivery of efficiency and other offerings as a potential service
- Efficiency does not have to mean lost revenue; opportunity to diversify
- Many utilities have core advantages: access to data, existing relationship, ability to procure and deliver at scale
- Taking a comprehensive approach to customer needs – bundled offerings, financing, central delivery – can increase adoption

Discussion

