



Energy Upgrade California

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2013-2014 Marketing Plan



Energy Upgrade California™ is a program of the California Public Utilities Commission in collaboration with the California Energy Commission, California counties, cities, nonprofit organizations, and the state's investor-owned utilities. Funding comes from the utilities' ratepayers under the auspices of the California Public Utilities Commission in addition to incremental funding from the Department of Energy.

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SECTION ONE: INTRODUCTION AND BACKGROUND

Introduction

Per direction from the California Public Utilities Commission (CPUC or the Commission),¹ the California Center for Sustainable Energy (CCSE) presents this plan for transitioning the Energy Upgrade California™ brand to become California's statewide marketing, education and outreach (ME&O) brand and campaign for residential and small business energy management in 2013–2014. This plan was requested by the Commission to provide more detailed information about how the brand will transition and what the Energy Upgrade California statewide ME&O campaign will do in 2013–2014, so the Commission and parties to the proceeding could better assess the reasonableness of the proposed expenditures as outlined in the investor-owned utilities' (IOUs') applications for statewide ME&O filed August 3, 2012.

Section One of this plan has been prepared to provide background and context. Section Two is the core deliverable requested by the Commission: a plan that outlines the proposed brand and marketing strategies for establishing Energy Upgrade California as the statewide marketing, education and outreach brand and campaign in 2013–2014. It includes recommended goals, strategies, tactics, metrics, budget and target audiences, including strategies for incorporating accessible information and reaching the underserved. We have included Section Three to address operational aspects of the Energy Upgrade California brand transition and potential challenges to its successful implementation.

As directed by the Commission, a draft of this plan was prepared for a public workshop on February 26, 2013. CCSE presented an overview of the plan and Commission staff facilitated a discussion of several elements of the plan including the goals and objectives, brand and marketing strategy, target audiences, tactics, budget, and metrics. From this robust discussion and written notes from

several participants following the workshop, CCSE collected a great deal of feedback and has revised the plan extensively to reflect related suggestions and concerns. In addition to the presentation of the plan on February 26 a workshop was also held on February 25, 2013, to present results of two assessments conducted to provide input for this plan, a brand assessment completed by Opinion Dynamics Corporation and a websites assessment completed by Extractable.

Executive Summary

This plan outlines a brand and marketing strategy aimed at a singular goal: *To establish Energy Upgrade California as California's central energy management brand and motivate residential and small business energy consumers to take continued action over time to better manage their energy use through the brand's related comprehensive statewide marketing, education and outreach (ME&O) campaigns.*



¹ Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge Application 12-08-007 January 18, 2013



8921

Cafe
ON MAIN STREET

OPEN

BUSINESS HOURS		
	MON	TUE
MONDAY	8:00	8:00
TUESDAY	8:00	8:00
WEDNESDAY	8:00	8:00
THURSDAY	8:00	8:00
FRIDAY	8:00	8:00
SATURDAY	9:00	5:30
SUNDAY	CLOSED	CLOSED

Cafe

Espresso!

Todays
Special
2 for 1
Lattes



SOUPS
Wild Rice
Veggie

Buy LOCAL

Achieving this goal necessarily involves two shifts of mind, the first near term and for a small group of us, and the second long term and for all of us.

- ① The first is for those of us reading the plan: we must expand our associations with the three words “Energy Upgrade California” to think beyond the residential retrofit program that currently carries the name.
- ② The second we share with all of California’s residential and small business consumers: We must come to associate Energy Upgrade California with a broad suite of concepts, programs and services that all of us can use to better understand our energy use and take well-informed action to improve how we use energy, also referred to as energy management.²

Through the successful implementation of Energy Upgrade California as the state’s ME&O brand and central campaign, we will come to understand that energy management is actually many smaller actions taken and sustained over a period of time, and we will take these actions for our own benefit such as saving money and improving our comfort *and* to do our part to help California achieve its ambitious short- and long-term energy and climate goals. By doing so, we are co-creating a future in which we in California reliably, safely and cost-effectively use less and cleaner energy and resources per capita and live in resilient communities with clean air; comfortable, healthy homes; and strong local economies that offer an abundance of well-paying, non-polluting jobs.

Like energy management, building a brand and using related comprehensive marketing, education and outreach to change mindsets and behavior is a big goal with a long timeline that must be tackled one task at a time. To that end, CCSE aims to achieve the following four objectives in 2013–2014.

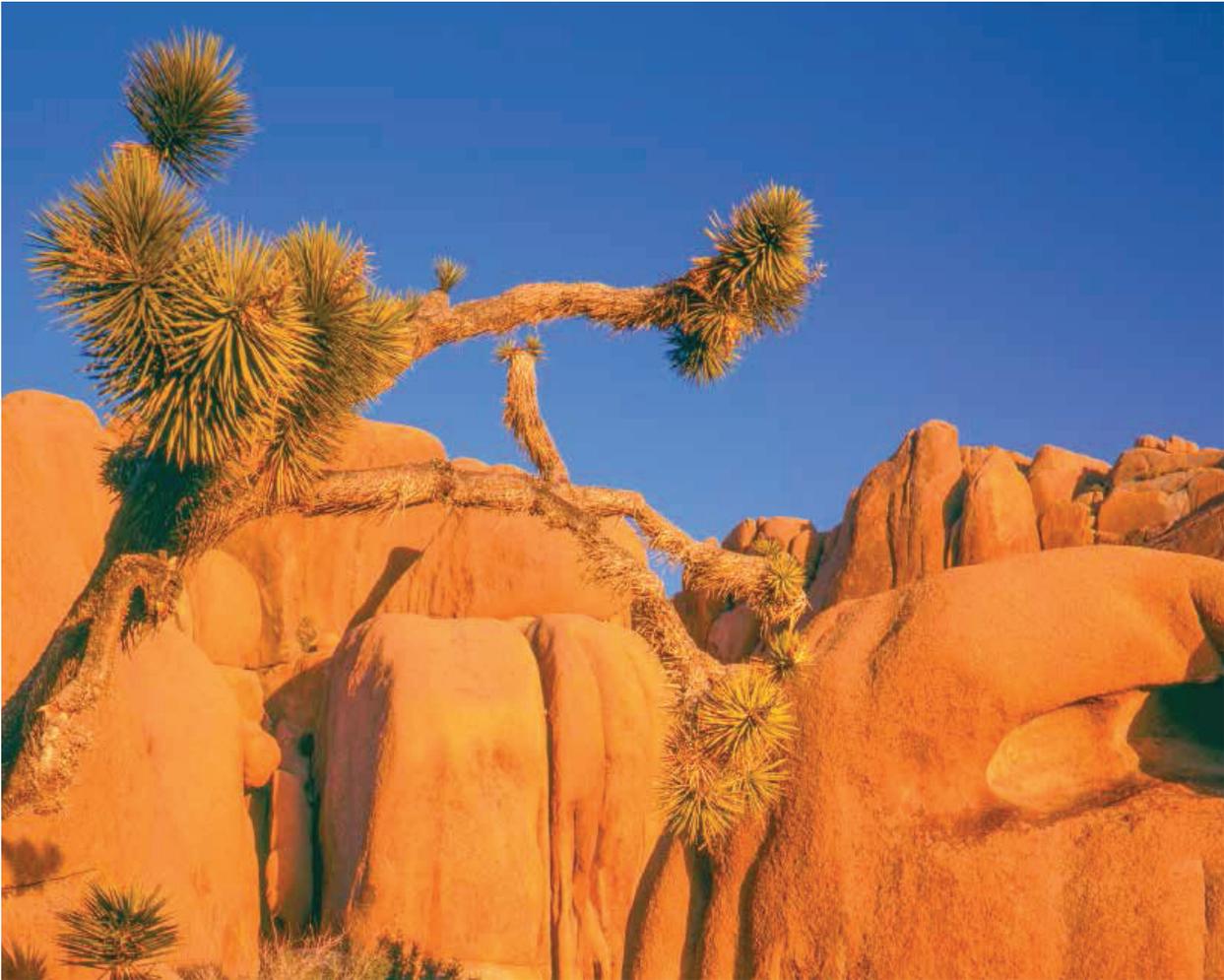
- ① Establish Energy Upgrade California as California’s statewide marketing, education

² Following Commission guidance, CCSE will talk throughout the plan about energy management as a sort of shorthand to describe this process of understanding and improving our energy use. We are using the second Merriam-Webster definition of management, the judicious use of means to accomplish an end, and we mean it to say we are seeking to use energy and its related resources judiciously to bring about a bright and prosperous future for California and all of us who live here.



and outreach brand for residential energy management with a comprehensive social marketing campaign.

- ② Conduct research to continually inform the campaign and focus especially on the needs, motivations and barriers for small business consumers, launching small business pilots in 2014 to inform small business inclusion more fully in the brand and campaign in 2015.
- ③ Launch a new and improved Energy Upgrade California website in 2013 that provides a central, interactive resource of information, concepts, tools, programs, services and advice for California consumers to take action in order to manage their energy use better.
- ④ Work with the investor-owned utilities (IOUs), regional energy networks (RENs), the California Energy Commission (CEC), the California Public Utilities Commission (CPUC or the Commission) and other partners to coordinate the promotion of programs and increase coordination opportunities over the long term as the Energy Upgrade California brand builds equity.



In this plan, we outline the historical and policy context in which this transition of the Energy Upgrade California brand and launch of the new statewide ME&O campaign takes place, and we discuss many of its related challenges and opportunities. We outline the information-deficit strategy the IOUs proposed in their applications and also the more behavior-change oriented, social marketing approach CCSE prefers, and we ask the Commission to decide which strategy should be used. We also discuss how the brand relates to that of California and why having a civic brand for energy is so important. We provide an overview of our marketing, education, and outreach strategies and tactics and recommend co-branding approaches for working with the IOUs and RENS³ and their

programs in the near term, including a discussion of issues and opportunities related to how the brand should interact with the residential retrofit program going forward. We outline a staged approach to reaching California's large and diverse population, focusing first on three target audiences, and we discuss the IOUs-proposed performance metrics and recommend key performance indicators we will track throughout the campaign. With this plan, CCSE has outlined our vision for the Energy Upgrade California statewide ME&O campaign. This vision differs substantively in critical areas from that put forth by the IOUs in their applications. We therefore seek the Commission's guidance through its decision on key topics, including strategy, target audiences, tactics, metrics, budget and governance.

³ Following the Commission's lead we use RENS to refer to both RENS and community choice aggregators or CCAs

Situational Analysis

The California Energy Landscape and Energy Upgrade California

With an estimated population of more than 38 million people,⁴ California is the country's most populous state by a wide margin and yet, having halted its growth of per capita electricity use even as both the size of homes and number of consumer electronics increased significantly, it ranks just 48th in per capita energy use.⁵ California has led the nation in energy efficiency and conservation since the 1970s with ambitious policy goals, progressively stringent building and appliance standards, and ratepayer-funded efficiency programs authorized and overseen by the California Public Utilities Commission (CPUC). In 2010–2011 alone, energy efficiency programs authorized by the CPUC provided the equivalent energy services of two new power plants.⁶ Looking forward, California has set highly ambitious energy targets, including Governor Jerry Brown's goal to reach 12,000 megawatts (MW) of distributed renewable generation by 2020,⁷ as well as those articulated in the California Long-term Energy Efficiency Strategic Plan (CEESP).

The CEESP calls for all new homes to be zero net energy (ZNE) by 2020, for all existing homes to use 40% less energy than they did in 2008 and for all existing commercial buildings to use 30% less energy with new commercial buildings to be ZNE by 2030.⁸ These energy goals are important to reduce ratepayer costs, lessen environmental impacts and decrease demand on the grid, as well as being crucial in supporting California's overarching objective to reduce greenhouse gas emissions to 1990 levels by 2020, as mandated by AB 32

⁴ California Department of Finance Press Release, 5/1/2012: http://www.dof.ca.gov/research/demographic/reports/estimates/e-1/documents/E-1_2012_Press_Release.pdf

⁵ U.S. Energy Information Administration <http://www.eia.gov/beta/state/?sid=CA>

⁶ 2010–2011 Energy Efficiency Annual Progress Evaluation Report, September 2012

⁷ Office of the Governor Press Release, 4/12/2011: <http://gov.ca.gov/news.php?id=16974>

⁸ California Energy Efficiency Strategic Plan (CEESP), p.6, January 2011.

(2006).⁹ Getting to these goals will not be easy and will require concerted public commitment and participation.

Several recent reports have highlighted a lack of coordination among California's myriad clean energy programs and objectives. These include the Little Hoover Commission's "Rewiring California: Integrating Agendas for Energy Reform" and the Legislative Analyst's Office's "Energy Efficiency and Alternative Energy Programs," both released in December 2012. While each report differs in its focus, the broad message is consistent: California has many programs and goals related to energy and climate change impacts, and it is not clear how all the various programs work together to form a coherent state energy policy. Moreover, the reports encourage the state to do a better job of engaging ordinary citizens in its extraordinary energy ambitions. The statewide marketing, education and outreach campaign is the right vehicle to help Californians connect their current energy actions to their desired future and, importantly, to their desired high quality of life.



⁹ California Air Resources Board: <http://www.arb.ca.gov/cc/ab32/ab32.htm>





Looking forward, California has committed to integrated demand-side management (IDSM) as the preferred means of engaging residential and small business consumers in energy management—moving the market beyond single-widget solutions such as replacing light bulbs and seeking to engage people in multiple ways to improve their energy use and save energy at the right time and with the right tools.¹⁰ The CPUC is currently developing a roadmap to achieve ZNE in residential and commercial new construction, and the CEC is busy developing a comprehensive energy efficiency program for existing residential and commercial buildings as mandated by AB 758 in 2009.¹¹

Energy Upgrade California has the potential to contextualize energy management for residential and small business consumers, connecting energy and climate policies to utility and local government energy programs and encompassing a wide array of related topics that currently confront the consumer, including utility rates, demand response, energy

efficiency, distributed generation and enabling technologies such as electric vehicles and home area networks as well as low-income assistance and other incentive programs.¹²

Statewide Marketing, Education & Outreach—A Brief History

California's state agencies recognize that they must engage Californians as “partners in the state's energy efficiency, demand-side management and clean energy efforts.”¹³ This idea has its roots in the electricity crisis of 2000–2001, when regulators turned to consumers in order to reduce demand on the grid through the Flex Your Power (FYP) campaign. Later, FYP was extended to also include energy efficiency, though some industry professionals were concerned about the association of the word “power” to electricity and related inability of the name to adequately address natural gas savings.

¹⁰ CEESP–Section 8, page 69

¹¹ <http://www.energy.ca.gov/ab758/>

¹² Decision 12-05-015, pg. 300

¹³ CEESP–Section 10, page 79

After the evaluation of the 2006-2008 portfolio, including an in-depth examination of FYP, the CPUC determined that a new campaign was needed—one that would more holistically encompass the various demand-side management program offerings now available to Californians. This marked the end of FYP as the statewide marketing campaign, although Flex Alerts currently remain the state's platform for broadcasting urgent calls for demand response when system peak nears maximum capacity.

In October 2010, Engage 360 was launched as the state's comprehensive demand-side management brand. Engage 360 was designed to create a movement around energy management as a lifestyle, and the brand employed a slow-build strategy, aiming to attract influencers and develop a grassroots feel before ramping up media exposure in its second year.

Just a few months later in March 2011, California launched the nation's largest home performance program, funded in part by the American Recovery and Reinvestment Act (ARRA) and in part by ratepayers, and carrying the brand Energy

Upgrade California, which was developed under CEC leadership to address both residential and commercial comprehensive energy improvements.

Energy Upgrade California programs were designed to leverage property assessed clean energy (PACE) financing, however, federal challenges from housing finance regulators put nearly all PACE programs indefinitely on hold throughout the state. This lack of an effective financing mechanism, paired with the sluggish economy, greatly suppressed consumer uptake of Energy Upgrade California programs, largely comprised of offerings that required a significant up-front investment.

The CEC authorized about \$22 million in ARRA funds on statewide marketing, education and outreach to support Energy Upgrade California in 2011 and 2012. The IOUs, local governments, municipal utilities and other market participants supplemented this effort with related program funds, including funding from the Department of Energy's Better Buildings Neighborhood program under the leadership of Los Angeles County.



Marketing activities related to Energy Upgrade California were highly decentralized, with local governments, utilities and community-based organizations executing local Energy Upgrade California marketing campaigns, each with a somewhat different residential retrofit program “product” that varied by region. The CEC provided a statewide radio campaign, earned and social media, and advertising in the state’s two largest media markets, while local program implementers placed ads in local papers, online and through radio stations and, in a few markets, even on television. Local government teams also provided comprehensive outreach comprised of workshops, mobile displays, neighborhood events and door-to-door canvassing.

The momentum of local government and community support for Energy Upgrade California and their related contributions to the program marketing eclipsed Engage 360, which spent about \$12 million before being suspended by an Assigned Commissioner Ruling. In October 2011,¹⁴ the CPUC directed that Engage 360 activities be halted and subsequently determined that **statewide marketing, education and outreach for all residential and small business demand-side program offerings would continue under one umbrella brand, Energy Upgrade California.**

CPUC Decision (D. 12-05-015) directs that during the 2013–2014 portfolio, Energy Upgrade California will transition to serve as the primary statewide campaign to educate residential and small business customers about energy management concepts and programs that can help them better manage their energy use. This expanded mandate for the brand enables the state to be more comprehensive in its engagement of residential and small business consumers and to communicate a wider range of interrelated actions available to them that will both reduce their utility bills and help the state meet its short- and long-term energy goals.

This new direction places Energy Upgrade California in a position to help lead market transformation efforts across the spectrum of demand-side



management programs. The CPUC has stated that the brand “must also continue to build its usefulness in prompting home and building owners to take immediate steps to achieve deep energy retrofits”¹⁵ and also directs that “the messages that come under the Energy Upgrade California umbrella should not be limited to energy efficiency and should also include generalized energy education and awareness, such as information related to demand response, dynamic rate options, enabling technologies, climate change impacts, the Energy Savings Assistance Program (low-income energy efficiency program), distributed generation investment, smart grid upgrades and any other general impacts of energy use for individuals or for the state as a whole.”¹⁶

With this direction, Energy Upgrade California will now become the brand enabling Californians to discover the important role energy plays in their lives and giving them reasons and opportunities to make meaningful, lasting changes in their energy use through simple every day decisions.

¹⁴ October 13, 2011. Assigned Commissioner’s Ruling Regarding Statewide Marketing and Outreach Program

¹⁵ Decision 12-05-015, pg. 301

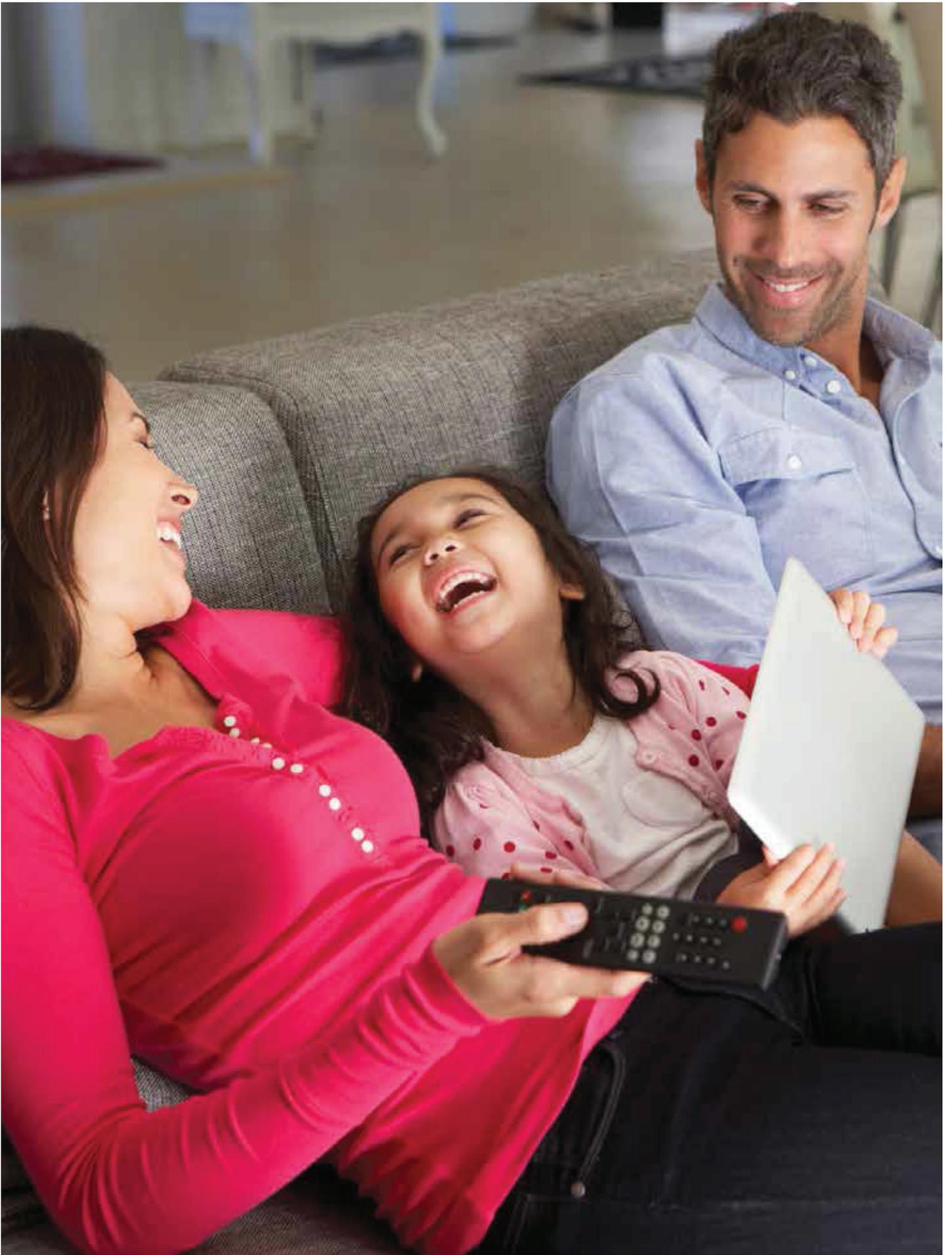
¹⁶ Decision 12-05-015, pg. 300

Energy Upgrade California Transition SWOT Analysis¹⁷

Strengths	Weaknesses
Brand associated with energy savings, managing energy and making home energy improvement	17% of respondents aware of Energy Upgrade California name
High perception by target audiences that energy management saves energy and money	Most people who have heard the name have low familiarity with it
Positive connections with the word “upgrade” to energy efficiency, home improvements, upgrading appliances and upgrading energy sources	Only 5% of respondents aware of the Energy Upgrade California website—only 1% have visited it
Logo represents positive attributes around energy and saving money	10% of respondents who saw the logo think it represents high cost/expensive
The majority of both those aware of Energy Upgrade California and unaware associate the brand with energy savings	Awareness and knowledge of energy management opportunities is limited
People’s understanding of energy management encompasses saving and monitoring energy and is viewed positively	A small percentage of small businesses associated the brand with expensive upgrades
62% of respondents in brand assessment survey interested in a statewide resource for energy management	
The vast majority of small businesses think the brand is about saving energy, upgrading appliances and upgrading to renewable energy	
More than 70% of small business respondents think Energy Upgrade California offers solutions for both business and home	
72% of contractors think Energy Upgrade California is about more than just whole house retrofits and associate it with providing information on energy management, energy efficient appliances and renewable energy	
The majority of contractors think expanding the scope of the Energy Upgrade California brand to energy management will be beneficial to their customers and their business	

¹⁷ Data cited from Energy Upgrade California Brand Assessment Study, Opinion Dynamics Corporation, February 2013.

Opportunities	Threats
Current brand perceptions are limited—lots of opportunity for change	Unmanaged use of the brand could damage the brand's reputation, produce consumer confusion and dilute its effectiveness
Most people who have heard the name do not know much about it, providing an opportunity to redefine the brand and expand its role, and indicates its elasticity	The regulatory process is slow and delaying launch of the transitioned brand, reducing opportunity for success and prolonging confusion in 2013
There is no one dominant website that people are visiting to get information on energy management—Energy Upgrade California website could fill that role	California's down economy with continued high unemployment and a depressed housing market provides less incentive for energy investment
Thirty-eight new legislators took office in January and provide a fresh opportunity for talking about Energy Upgrade California	Influencers such as California legislature and media have a negative view of the ARRA/AB 758 pilot/IOU whole house program and thus negative associations with the brand
Few of the respondents associated the brand as a statewide energy information resource—lots of opportunity for brand positioning	Most people assume they are not using more energy than they did in the past, but do not really know if they are
Brand should be able to increase the percentage of those looking for information and make it easier to find relevant information of energy management options	Cheaper and more abundant sources of energy may mitigate the perceived need to save energy
High association with making improvements to save energy in the home allows flexibility in educating people about the different energy-saving opportunities and energy management	After doing a limited amount of energy efficient actions, people do not see their bills lowered and get discouraged
Positive association with energy management provides receptivity to expanding people's knowledge of energy management options	Nationally, only 37% of people are likely to look for ways to manage energy
Small business is very likely to be receptive to the brand's focus on energy savings, upgrading to energy-efficient appliances and renewable energy	
Contractors remain a good marketing channel to drive people to the Energy Upgrade California website for energy management and promotion Energy Upgrade California as a source of information on energy management	



SECTION TWO: MARKETING PLAN

Achieving the State's Energy and Climate Goals

California is serious about meeting the demands of the future and renewing and preserving its famous quality of life today, as demonstrated by several major goals state leaders have set in the last few years, such as

- The landmark Global Warming Solutions Act of 2006, also known as AB 32, which calls for California to reduce greenhouse gas emissions to 1990 levels by 2020—a task the Air Resources Board has described as “On a per-capita basis . . . reducing annual emissions of 14 tons of carbon dioxide for every man, woman and child in California down to about 10 tons per person by 2020.”¹
- Governor Brown’s challenge calling for 12,000 MW of local renewable energy² and executive order setting a goal of 1.5 million zero-emission vehicles on California’s roads by 2025.³
- The market transformation strategies for energy efficiency outlined in the California Energy Efficiency Strategic Plan (CEESP) in 2008 and reflected also in the California Clean Energy Future Implementation Plan.⁴

The CEESP outlines in great detail the state’s plan to transform over the next seven years to increasingly develop and depend on clean and efficient energy solutions and that reduce its carbon intensity. It also recognizes that its emphasis on market transformation puts a related emphasis on long-term outcomes and integrated approaches that both push and pull the market forward. This long-term view necessitates new approaches and a broader array of stakeholders saying “the Plan recognizes



that the process of market transformation cannot and should not be driven by ratepayer-funded utility programs alone. While utilities will play a continued role in stimulating market transformation across sectors, each of the crosscutting areas described in this Plan represents an avenue where non-utility actors may well be better positioned to drive the ‘push’ of new technologies to market, or the ‘pull’ for customers and business to adopt available efficiency technologies or practices.”⁵ Statewide ME&O is one such crosscutting area, reflecting the plan’s emphasis on education and information as one of five tools that push and pull the market. Customer incentives, codes and standards, technical assistance and emerging technologies are the other tools listed.

The CEESP outlines a vision for statewide

¹ http://www.arb.ca.gov/cc/cleanenergy/clean_fs2.htm

² http://gov.ca.gov/s_energyconference.php

³ Executive Order B-16-2012 <http://gov.ca.gov/news.php?id=17472>

⁴ <http://www.cacleanenergyfuture.org/>

⁵ California Energy Efficiency Strategic Plan, January 2011 Update page 5

Select CEESP Goals and Strategies	Select 2020 Intended Outcome (based on 2008 levels)
Promote effective decision-making to create widespread demand for energy efficiency measures (2-2)	25% of existing homes have a 70% decrease in purchased energy 75% of existing homes have a 30% decrease in purchased energy
Drive continual advances in residential energy usage, including plug loads, home energy management systems and appliances (3-1)	100% of existing multifamily homes have a 40% decrease in purchased energy Continuously improve campaigns to raise demand for lower energy homes
Develop public awareness of and demand for highly efficient products (3-2)	25% reduction in plug loads
All new residential construction in California will be zero net energy by 2020	By 2015, 90% of new homes will surpass 2005 Title 24 standards by 35%—by 2020, all new homes are ZNE
Strengthen LIEE (now ESAP) outreach using segmentation analysis and social marketing tools (1-1)	By 2020, 100% of eligible and willing customers will have received all cost-effective Low Income Energy Efficiency measures
New construction will increasingly embrace zero net energy performance (including clean, distributed generation), reaching 100% penetration of new starts in 2030	120 million square feet per year of new commercial construction will be progressively more efficient and all new construction will be zero net energy by 2030
50% of existing buildings will be equivalent to zero net energy buildings by 2030 through achievement of deep levels of energy efficiency and clean distributed generation	250 million square feet (1/20th of existing space) per year through 2030 reach deep levels of energy efficiency improvements and clean, distributed generation through whole building approaches

ME&O in which “Californians will be engaged as partners in the state’s energy efficiency, demand-side management and clean energy efforts by becoming fully informed of the importance of energy efficiency and their opportunities to act,”⁶

⁶ California Energy Efficiency Strategic Plan, January 2011 Update Section 10—page 75

thus reflecting an emphasis on both knowledge and action. It also enumerates five strategies for statewide ME&O and an implementation timeline spanning 2009–2020:

1. Establish a recognizable and trustworthy brand for California’s energy efficiency and other DSM



consumer products and service.

2. Develop an integrated marketing plan for all Californians.
3. Use social marketing techniques to build awareness and change consumer attitudes and perceptions.
4. Develop a California energy efficiency web portal with statewide Information on GHG reductions, efficiency and DSM awareness and options.
5. Conduct public communications campaigns, alongside longer-term supporting school education initiatives to deliver the efficiency message.

Due to the false start for Engage 360, implementation of the statewide ME&O brand is significantly behind schedule and time is of the essence in moving this transition forward in 2013. As the state's energy brand, Energy Upgrade California will play a unique role in engaging and educating the state's millions of residential and small business consumers over time. As one of

many tools California's policy-makers are using to drive transformative change, statewide ME&O must have a clearly defined role to ensure its impact is measured and valuable.

The Role of Statewide Marketing, Education and Outreach

This plan outlines a somewhat different approach to the role of statewide ME&O than that outlined by the IOUs in their applications and attempts to articulate the various aspects of those differences and the theories underpinning them to help parties and the Commission assess the merits of each.

In their statewide ME&O applications, the IOUs defined a three-tiered marketing funnel that placed Energy Upgrade California in tier one, working in concert with regional and local marketing to engage consumers at various readiness stages in a phased approach. PG&E thus described the role of the statewide ME&O program as "to drive broadscale awareness and persuade customers to embrace smart energy use by (1) identifying the most important behaviors, (2) identifying the barriers that prevent adoption, (3) educating and addressing the



barriers in the SW ME&O campaign, (4) partnering with utilities and market actors to dispense energy management concepts and messaging and (5) being the vehicle to educate customers about state policies and initiatives that impact the way they use energy.”⁷

This characterization of the brand’s role as one that addresses consumer behaviors and barriers, complements local marketing and connects regional campaigns with each other and with the long-term goals of the state is the appropriate starting point for the brand’s transition in 2013–2014; and CCSE has developed a brand and marketing strategy that builds upon this approach. However, as CCSE noted in our response to the IOU applications, other aspects of the tiered approach may limit the potential role for and value of Energy Upgrade California.⁸

The IOU use of the traditional awareness-interest-desire-action (AIDA) sales funnel showcases how they would like the statewide brand to work with their local and regional marketing, and it appears from the way the funnel is illustrated and described that the IOUs have assigned each tier to statewide, regional and local marketing respectively, and thereby envision the campaigns layering on top of each other. In describing the role of statewide ME&O, SCE calls it “the first step in a customer’s journey toward participation in IOU DSM programs” and states its goal as “to create broad awareness, education and engagement and seeks to funnel ratepayers to utility programs to take action.”⁹ The IOUs compare their approach to the way automobile companies market their cars with national mass advertisements, regional dealer association marketing and local dealers. This approach could make sense for an umbrella brand but would require, as the automobile companies do, that the umbrella brand be carried through each tier of the funnel. The brand name Toyota, for example, is on the advertisement,

the dealer association, the dealership and the car, therefore reinforcing the connection among the tiers and carrying through a clear call to action that is also quite focused and singular: buy this car.

By contrast, Energy Upgrade California is trying to stimulate awareness of and personal relevance for



energy use for consumers to inspire them to use less energy and to use it differently through a variety of actions. Considering the automobile example, Energy Upgrade California could be compared to an umbrella campaign for transportation that addressed the barriers and benefits of driving, flying, taking mass transit, cycling and walking. Thus, the idea of Energy Upgrade California as a concept brand also expressed in the IOU applications is a more accurate depiction for this establishing phase of statewide ME&O, evoking its description in the CEESP as a social marketing brand. Often confused with social media nowadays, social marketing was defined in the 1950s and dates back to the 1970s for wide use. It is traditionally defined as “the application of commercial marketing technologies to the analysis, planning, execution and evaluation of programs designed to influence the voluntary behavior of target audiences in order to improve their personal welfare and that of their society”¹⁰

⁷ Pacific Gas and Electric Company 2013-2014 Statewide Marketing, Education and Outreach Program and Budget Prepared Testimony. Pg. 2-16

⁸ Protest of the California Center for Sustainable Energy to the Applications for Approval of 2013-14 Statewide Marketing, Education and Outreach (ME&O) Program and Budgets

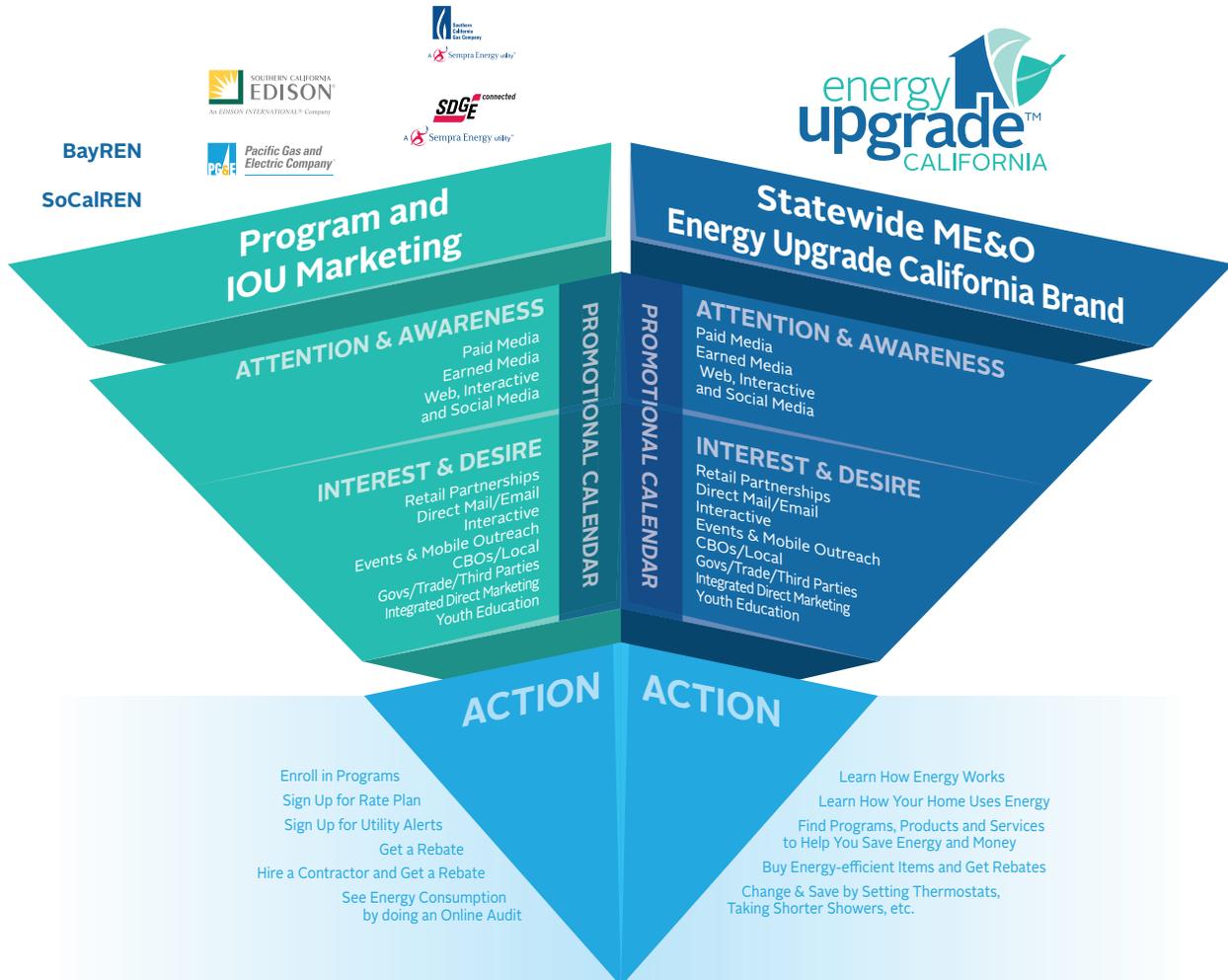
⁹ Testimony of Southern California Edison Company in Support of its Application for Approval of its Statewide Marketing, Education & Outreach Activities and Budget for 2013-2014 pg. 23

¹⁰ Andreasen, A (2005). *Marketing Social Change*. San Francisco: Jossey-Bass

and has been widely used in public health efforts such as tobacco cessation and environmental behaviors campaigns such as those for anti-littering or recycling. Social marketing “focuses on benefits that accrue to the consumer-citizen to whom the behavior is marketed, rather than on the benefits to the producer of any product or services”¹¹ and draws heavily from the social sciences, making research, monitoring and agile adaptation of campaign efforts to changing consumer attitudes and behaviors central components of campaign design.

by the PG&E as the best way to characterize statewide ME&O, but if using AIDA, we would view Energy Upgrade California and IOU marketing as working side by side in both the awareness and interest/desire tiers with their respective brands and campaigns and somewhat different but complementary calls to action. We have illustrated how we would view the AIDA model to work in this instance. Please note that rather than marketing tactics listed in the action tier, as they are in the IOU version, we have cited potential actions that consumers would take in response to both IOU and statewide ME&O tactics.

CCSE does not view the AIDA model proposed



¹¹ Kurani and Turrentine. (2002). Marketing Clean and Efficient Vehicles: A Review of Social Marketing and Social Science Approaches. Institute of Transportation Studies. University of California, Davis



In their applications, the IOUs associated a limited set of marketing tactics with the tier one task of raising “attention and awareness” of energy management, namely traditional advertising, earned and social media and a website. CCSE has included these tactics along with several others designed to connect the campaign more clearly with local communities and with steps to action. These additional tactics do not require additional budget and will provide greater authenticity for the brand, critical to laying its strong foundation in 2013–14. These include mobile and community outreach, community and retail partnerships and youth education. Local governments and community organizations have embraced Energy Upgrade California previously and the brand is well positioned to effectively leverage local outreach, increasing its chance for success. In their landmark article on social marketing, Philip Kotler and Gerald Zaltman state, “Whereas a social advertising approach contrives only the event of mass media communication and leaves the response to natural social processes, social marketing

arranges for a step-down communication process. The message is passed on and discussed in more familiar surroundings to increase its memorability, penetration and action consequences.”¹² They note this diffusion of the message is critical to social marketing success, and we have included tactics to facilitate this communication process.

CCSE recognizes that the IOUs have strong relationships with community-based organizations and local governments and looks forward to coordinating with the IOU teams to ensure outreach strategies and plans are synergistic, but notes that the IOU applications seem to designate those local relationships as under IOU purview rather than shared channels. Energy Upgrade California needs to have direct community connections to reinforce its position as the state’s energy management brand to be credible and trusted and to achieve this step-down communication process required for effective

¹² Kotler P and Zaltman G. *Social marketing: An approach to planned social change*. Journal of Marketing, 1971; 35:3-12.



social marketing. A public brand without authentic person-to-person communication in communities could easily take on the negative attributes of propaganda and could be ignored or worse, if considered co-opted by commercial interests, the brand could even be considered coercive and distrusted.

Connecting Information to Action

The February 26 workshop discussion focused heavily on goals of the Energy Upgrade California brand and campaign, with opinions varying widely as to what those should be. Some participants wanted more direct alignment with the CEESP goals, and some wanted more direct connection to participation in programs. Opinions differed as to whether the focus should be limited to raising awareness by providing generalized information or if the campaign should also try to change behaviors. Several people noted the need to support market transformation goals and thereby take a long view at engaging with consumers repeatedly over time to change their assumptions, attitudes and understanding of energy. Others noted that such activities would be hard to track and characterized

them as “soft.” All seemed generally open to the value of a state-sponsored energy brand to complement IOU marketing efforts, but opinions varied as to what “complement” actually constituted and how best the brand and campaign could engage consumers and contribute meaningfully to California’s ambitious goals and work effectively alongside IOU marketing. Thus we have elaborated on these choices in this new section of the plan, first looking at the actions the campaign will seek to motivate, then focusing on the two different options for the brand campaign’s purpose and philosophy.

What Do We Want People To Do?

We are aware that consumers can take many actions related to their energy use. These can be described and categorized in several ways and need to be prioritized for the campaign related to the energy concepts Energy Upgrade California is expected to cover. We’ve adapted a simple list of categories:¹³

1. Adoption of energy-saving, load-shifting or generating technologies or products
2. Changing the choices made in everyday living that affect energy consumption
3. Participation in IOU programs

In considering household behavior, Karen Ehrhardt-Martinez and Skip Laitner have developed a helpful three-part categorization according to frequency of action and economic cost that elaborates on the first two categories in the list above. Drawing upon research done for the development of Engage 360, this table can be further correlated to the three categories used in the development of that campaign, termed colloquially as “do the right thing” to describe frequent daily habits and lifestyle choices and behaviors; “fix the leaks” to describe the infrequent, low- or no-cost maintenance Laitner calls energy stocktaking behavior; and “get the right stuff” for infrequent, higher cost consumer investments in energy-efficient products and services. According to research by Ehrhardt-Martinez and Laitner, these types of actions can amount to 22% savings of

¹³ Randazzo, Peters. Reconsidering What We Measure: A White Paper, August 2011 pg. 1

household energy, and of these, the low- and no-cost actions can drive well over half (up to 57%) of household savings.¹⁴ Energy Upgrade California, as the statewide ME&O brand and campaign, will address many of these actions as calls to action in its various promotions. We will examine the language of “do the right thing, fix the leaks and get the right stuff” with the marketing firm who will develop the messaging creative and test these and other messages with consumers to develop a comprehensive categorization of calls to action that will be used at multiple levels of the campaign.

Focused on Information and Knowledge

In their applications, the IOUs positioned the statewide ME&O campaign as a conduit and umbrella focused on raising awareness that primed consumers for their program-focused marketing, which would in turn prompt the action of participating in IOU programs. In describing its approach and objectives, SCE said statewide ME&O is “based on two principles: 1) an informed customer base is more likely to embrace energy management program solicitations, and 2) a trusted statewide brand will penetrate competing energy messages and capture customers’ attention. Using a phased approach, customers will receive high-level information

Household Behaviors Associated with Energy Consumption, Efficiency and Conservation

Cost	Infrequent	Frequent
Low Cost or No Cost	Energy Stocktaking Behavior and Lifestyle Choices Install CFLs Pull Fridge Away from Wall Install Weather Stripping Choose a Smaller Living Space	Habitual Behaviors and Lifestyle Choices Wash in Cold Water Take Shorter Showers Air Dry Laundry Turn Off Computers and Other Devices
Higher Cost/Investment	Consumer Behavior and Technology Choices New EE Windows New EE Appliances Additional Insulation New EE Car New EE AC or Furnace	

Potential Impact of Behavior on U.S. Household Energy Use

Category of Actions	Potential Savings (EJ)	Percent of Total
Low-cost or No cost	5.2	57%
Smart Investment Decision	3.9	43%
Total Energy Savings	9.1 ± 2.6	22% of household energy

Source: Adapted from Laitner et al. (2009a)

¹⁴ Ehrhardt-Martinez and Laitner (2010). *Rebound, Technology, and People: Mitigating the Rebound Effect with Energy-Resource Management and People-Centered Initiatives* In People-Centered Initiatives for Increasing Energy Savings November 2010 American Council for an Energy-Efficient Economy



about the personal importance and value of energy management that will enable those customers to take action. Brand messaging will also attempt to inspire customers to go to the Energy Upgrade California website and/or to their local utility for more information.”¹⁵ PG&E said, “Essentially, once information is planted in customers’ minds about energy, they become more receptive to receive local marketing messages from their utilities and third parties and are motivated to reap the benefits of energy management solutions.”¹⁶

This emphasis on awareness raising for statewide ME&O and a hand-off of the consumer from statewide to local marketing efforts seems similar to the bowtie model outlined in the 2006–2008 Flex Your Power (FYP) process evaluation. According to the evaluation, earlier iterations of FYP had focused more specifically on programs and specific actions, but in 2006–2008 FYP changed to a more generalized message to raise overall awareness

¹⁵ Testimony of Southern California Edison Company in Support of its Application for Approval of its Statewide Marketing, Education & Outreach Activities and Budget for 2013–2014. pg. 32

¹⁶ Pacific Gas and Electric Company 2013–2014 Statewide Marketing, Education and Outreach Program and Budget Prepared Testimony. Pg. 1–12

designed to “increase customers’ propensity to act” while IOU marketing was intended to “move them from propensity to action.” The evaluators say this approach failed to provide “substantive and mutually beneficial integration” between the IOUs and statewide ME&O and assumed links between the two that were not clearly defined and therefore failed to move consumers along the intended continuum. It also notes that this transition moved statewide ME&O “from a position of leadership to one of many actors in the marketplace.” The evaluators point out that the strength of statewide ME&O is found in its unique ability to promote the overall energy portfolio and recommended that statewide ME&O must “provide consumers with concrete information on how to change their behaviors, not simply addressing *why* they should.”¹⁷

According to K.H. Tiedemann in *Behavioral Change Strategies That Work: A Review and Analysis of Field Experiments Targeting Residential Energy Use Behavior*, information is a tool of choice in program design that emphasizes rational actor theory and is a necessary component for consumers to make

¹⁷ “2006–2008 Statewide Marketing and Outreach Process Evaluation” October 2008 pg. 5

informed decisions. Tiedemann notes, as the IOU applications reflect, that information “increases consumers’ awareness . . . enhances consumers’ interest . . . and . . . provides consumers with knowledge . . . thus helping them to make rational decisions.”¹⁸ Other key findings include:

- The effectiveness of information tends to be driven by how specific and relevant the information is for a particular consumer or other energy user. General information tends to be less effective than tailored or customized information (Geller [1981], Winett [1985], Vollick [1999]).
- Mass media campaigns are useful in changing customers’ attitudes toward and knowledge of energy use and energy-using technologies, but there is little evidence that they are effective in reducing household energy consumption (Statts [1986]).
- Personalized information, including home energy audits and tailored energy advice, appear to be relatively effective in encouraging conservation-related behaviors and thus in reducing energy consumption (Winett [1982–1983], McDougall [1982–1983], McMakin [2002]).¹⁹

As this research and the assessment of the bowtie model indicates, an information-focused statewide ME&O strategy as outlined in the IOU applications is not likely to connect statewide ME&O directly to changed consumer behavior or action around energy use. If the Commission chooses to approve this approach as presented by the IOUs, the campaign could still provide long-term value in educating consumers and changing their assumptions about energy use. However, it would not be the statewide ME&O campaign that engages Californians as partners as envisioned by the CEESP. In addition, the IOUs do not want to co-brand across the program portfolio at this stage, and measuring the priming

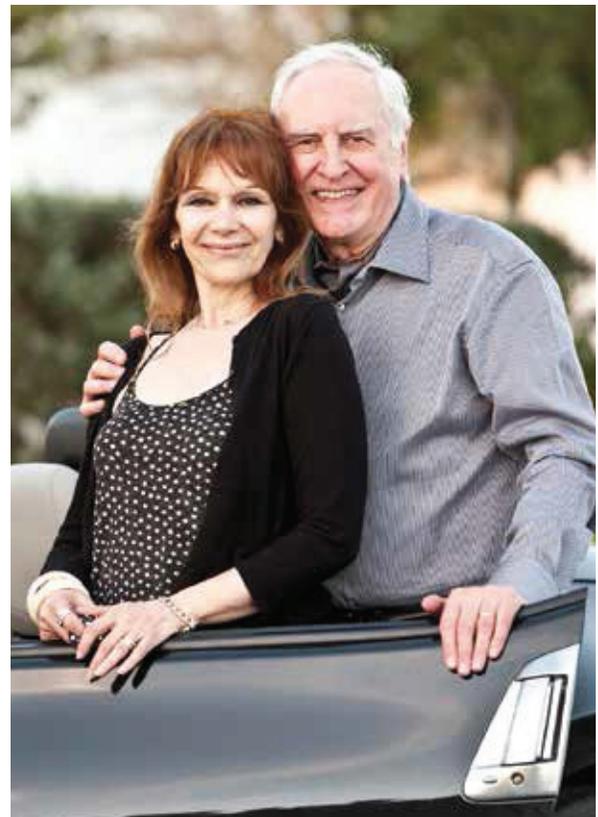
¹⁸ Tiedemann, K. *Behavioral Change Strategies That Work: A Review and Analysis of Field Experiments Targeting Residential Energy Use Behavior in People-Centered Initiatives for Increasing Energy Savings* Ed. Ehrhardt-Martinez and Laitner. November 2010

¹⁹ Ibid.

effect on program participation without a clear and consistent brand correlation between the Energy Upgrade California Brand and IOU programs would be very difficult. If the Commission chooses this route, CCSE recommends it be considered solely an educational program and measured only on increased awareness of the brand and consumer knowledge of energy concepts. CCSE does not recommend this approach that emphasizes information, relies on the rational consumer and makes the statewide campaign only an outer layer, or “air cover,” for local IOU program marketing.

Engaging Consumers as Partners to Get from AKA to B

As the IOUs point out in their applications, awareness of energy management concepts and of the campaign itself is an important starting point for the marketing campaign. As such, providing information is an important element of the campaign. Also, in this establishing phase, advertising is critical for making people aware of the campaign. However, the expectation should not



be that providing information will help consumers develop attitudes that will lead to behavior change, nor that advertising will inspire consumers to develop new behaviors,²⁰ especially since research indicates that many consumers feel that they are either doing enough already to conserve energy or don't believe that their individual actions will make a difference.²¹ To actually move people to action, CCSE proposes a more comprehensive campaign that raises awareness as the IOUs outline and also encompasses the classic social marketing step-down communications strategy and behavioral and learning models to engage with and educate consumers and move them to action directly and in concert with program marketing through coordination with the promotional calendar.

PG&E describes the approach outlined in their applications as a transitional process from awareness to attitudinal change, and ultimately to action.²² This reflects a commitment to the awareness, knowledge, attitude and behavior (AKA-B) model as a theory of change and indicates consideration of the growing understanding that people generally don't make rational consumption decisions.²³ CCSE appreciates the IOU commitment to the AKA model. However, as noted in "Reconsidering What We Measure," a white paper prepared by Opinion Dynamics and Research into Action for PG&E and SCE in 2011, while the AKA model is often cited, it is less often used. Current program design tends to use theories of change primarily dependent on rational actors and technology assuming as Lutzenhiser says that, "... consumer choices are instrumental, purposeful, rational and secondary to the devices, machines and appliances that are seen as the actual users

²⁰ As summarized in Reconsidering What We Measure by Randazzo and Peters, several leading researchers have confirmed that information is not sufficient to change behavior including Costanzo et al. (1986) Geller et al. (1982) and McKenzie-Mohr (2000)

²¹ Dougherty, Mitchell-Jackson, Wellner (2010) Ethnographic Inquiry in Energy: Exploring Meaning-Making and Sociality in Language Use, Program Participation, and Behavioral Choice; ACEEE Summer Study on Energy Efficiency in Buildings

²² Pacific Gas and Electric Company 2013-2014 Statewide Marketing, Education and Outreach Program and Budget Prepared Testimony. Pg. 2-13

²³ Randazzo, Peters. Reconsidering What We Measure: A White Paper, August 2011 pg. 1

of energy."²⁴ This emphasis on the applied uses of energy makes sense for IOU programs striving to count durable energy savings in the short term to meet energy efficiency portfolio targets, but it tends to beget programs that are policy, technology or economically focused and not designed first for the customer. CCSE supports the work PG&E and SCE have been doing with Opinion Dynamics and Research into Action to refine the AKA-B model and per the recommendations from the 2012 general population study, we propose further testing and refinement of the model correlated to statewide ME&O and would like to discuss this further with the IOUs and behavioral science advisors to determine the best approach.

In describing statewide ME&O in the CEESP, the Commission has already laid forth a vision for a social marketing campaign that focuses on long-term market transformation and engages participants as partners in changing their energy behavior. Thus, statewide ME&O presents a unique opportunity to take a different approach to engaging consumers on energy concepts and actions. Rather than working from a narrower unit outward such as one program, one action or one IOU, statewide ME&O affords the opportunity to take a people-centered rather than policy- or program-centered approach that works inward from a broad view, meeting consumers where they are on energy, connecting them to where the state wants to go and



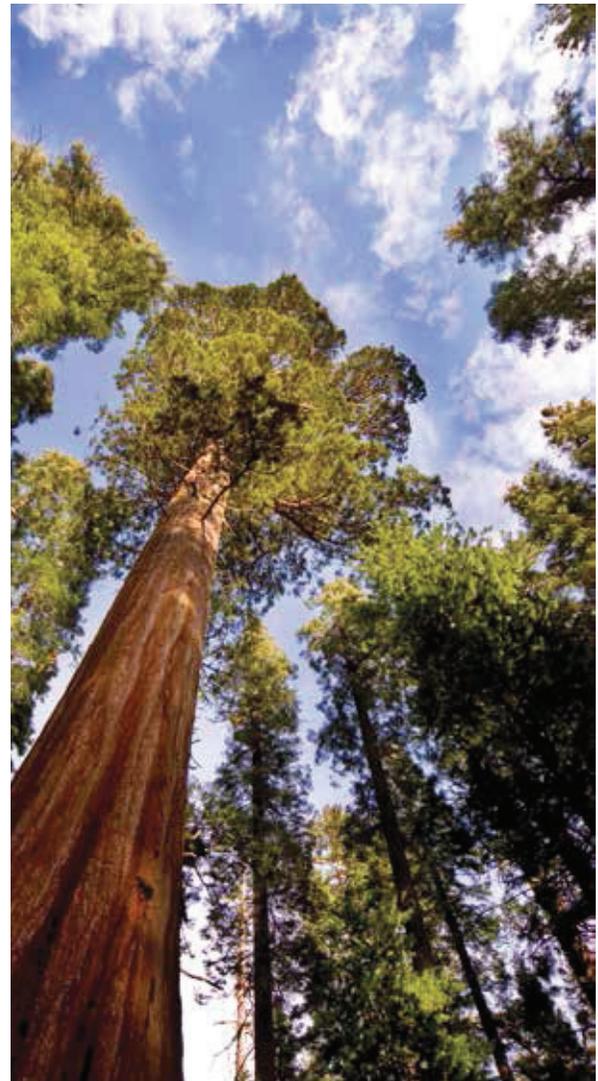
²⁴ Lutzenhiser as quoted in Randazzo, Peters. Reconsidering What We Measure: A White Paper, August 2011 pg. 2

working with them as partners to learn more, take specific actions and realize personal benefits.

As energy and behavior experts Karen Ehrhardt-Martinez and Skip Laitner state, “Addressing the human dimensions of energy consumption requires a people-oriented approach; one that attempts to understand energy consumption in the context of individual and organizational needs, abilities, resources and motivations as well as the social and cultural constraints and opportunities that impede behavior change and result in specific energy service demands.”²⁵ Developing a comprehensive social marketing campaign that draws upon continual research and measures the effectiveness of a variety of applicable behavioral models to take an integrated view of people as the source of energy savings and encourages them to take action across the entire demand-side management spectrum of behaviors is at the heart of the magnificent opportunity California has in developing a successful statewide ME&O campaign with Energy Upgrade California. As a separate brand and campaign, statewide ME&O can develop consumer-focused pilots that test and discover new opportunities for consumer engagement without compromising the IOUs’ ability to meet their program goals. In taking this approach, it is important for Energy Upgrade California to have a broad unifying campaign and also to pilot and scale more community-based social marketing initiatives as well.

CCSE therefore recommends this more consumer-centric approach and outlines an overall strategy for such a campaign in this plan. If the Commission approves this social marketing approach, with a people-centered emphasis and a stronger connection to consumer action, CCSE will work with the statewide ME&O team, an advisory board to be assembled of leading academic experts on energy and consumer behavior and the firm or firms selected by competitive solicitation to provide marketing and research services to refine the campaign’s approach and ensure validity of its

²⁵ Ehrhardt-Martinez and Laitner (2010). Rebound, Technology, and People: Mitigating the Rebound Effect with Energy-Resource Management and People-Centered Initiatives In People-Centered Initiatives for Increasing Energy Savings November 2010 American Council for an Energy-Efficient Economy



research findings. This process will take to heart the National Centre for Social Marketing definition of social marketing as a process for delivering behavior change for the public good characterized by understanding audiences and interventions through ongoing research and combining multiple, audience appropriate instruments in its intervention or marketing mix, also known as the campaign’s channels and tactics.²⁶

Important Considerations Related to Money, Community and Environmental Motivators

During the workshop a few parties noted the de-emphasized placement given to “save money”

²⁶ <http://www.nsmcentre.org.uk/>

messaging in CCSE's marketing plan and stated their preference to see more money-saving messaging and positioning in the campaign. CCSE addresses that to some extent in this revision, but also notes several reasons why the money message remains somewhat de-emphasized in the planning.

This plan does not focus a great deal on the specifics of the brand and campaign messages, as those will be developed based on the approved strategy. Those messages and related calls to action will include money savings, as that is a strong motivator for all audiences, and it is a natural attention getter. The success of those messages will be monitored, and if they are driving the most consumer action, they will be used with more frequency for the actions for which they are appropriate.

Energy Upgrade California is not seeking to position as a discount brand and this money-savings message will be used carefully and usually not as the lead message. This is in contrast and complement to program marketing, which will often focus on rebates, savings or other monetary incentives. This choice to not position on money savings as a main pillar but use it as a support message is also intended to drive the long-term value of the Energy Upgrade California brand associated with personal



benefit through improved quality of life, comfort, health and safety.

Brands were developed initially to disassociate products from price consciousness for the consumer, and generally, products for which the consumer is price sensitive do not have strong brands. In addition, research indicates that saving money and saving the environment are weak motivators to action, despite how frequently they are cited by residential consumers. Most people consider energy costs a small portion of their overall spending and are willing to pay. They also don't generally understand how they use energy or how their utility charges them for their use, and they don't think of themselves as using energy as much as getting services that require energy and having appliances and products that use energy so unless a bill is very abnormal, they don't see their energy use as an area to actively manage money savings.²⁷ Energy Upgrade California will generally not focus on simple bill savings messaging. Instead, for example, it will help people better understand the savings of smart consumer choices such as advanced lighting options or highly efficient appliances that may cost more in store but will save over time, or the value of swapping out the energy hog pool pump or getting a retrofit or other consumer actions that may be hard for consumers to gauge for their long-term benefit.

Energy Upgrade California will focus on increasing consumers' feelings of action efficacy defined as the sense that a specific action will deliver the expected effect.²⁸ Recent research from the Shelton Group presented with the Energy Upgrade California brand assessment indicates that consumers generally do not recognize confirmation their individual actions are having an effect unless they do five or more things. Therefore, the campaign will focus on multiple actions, helping consumers understand which actions have the most impact and the right ways to bundle them to maximize savings, reduce hassles and see tangible benefits. This will address a bigger issue

²⁷ Mitchell-Jackson (2009). Welcome Home: Using Ethnographic Research to Understand Residential Energy Practices Opinion Dynamics Corp (presentation)

²⁸ Dougherty, Mitchell-Jackson, Wellner (2010) Ethnographic Inquiry in Energy: Exploring Meaning-Making and Sociality in Language Use, Program Participation, and Behavioral Choice; ACEEE Summer Study on Energy Efficiency in Buildings pg. 7-58



than money savings for most consumers, which is the perceived cost of the exchange for taking action on energy. This speaks to the major barriers that hinder most residential action on energy management including perceived lack of information, myths and misunderstanding about energy use, inconvenience, concerns about aesthetics, indifference (a sense that the action benefit exchange rate is too high), household dynamics, skepticism and concerns for safety and comfort.²⁹

We recommend launching this campaign with a focus on three target audiences, all of which are said to be motivated to save energy by environmental concerns. One of these segments is concerned about climate change, while another is motivated by a draw to the natural world. A third segment already lists “helping the state lead on energy issues” as a tertiary motivator. Based on our current strategy and research, we will be taking a somewhat similar approach to environmental messaging as we are to

money savings. We are making this choice because “the environment” is an abstraction that has been politicized and could be polarizing for segments we are not targeting directly but we do not want to alienate. Instead of strong environmental messaging alongside personal benefits messaging, we plan to focus more on community and economic development and the impacts of climate change and environmental degradation on our community and economy. We will, of course, test this strategy and adjust as the research indicates. We are intrigued to test the more community resiliency-oriented messaging in comparison to the more traditional environment messaging. We think the community component will reinforce the brand’s connection to California and consumer identity and, according to some research, also may compel more participation as some people are compelled to action by the belief that their contribution will improve the common good.³⁰

²⁹ Mitchell-Jackson (2009). Welcome Home: Using Ethnographic Research to Understand Residential Energy Practices Opinion Dynamics Corp (presentation)

³⁰ Brucks and van Lange (2007) in Randazzo, Peters. Reconsidering What We Measure: A White Paper, August 2011 pg. 14



Building on Brand California

The brand Energy Upgrade California belongs to the State of California and is essentially civic engagement in action for energy management at the state, community, business, household and individual level.

Energy Upgrade California draws from and extends the brand of the state itself, recently described at length in Governor Brown's State of the State address, which the Christian Science Monitor described as "unapologetically ambitious."³¹ In it, Governor Brown expounded on California, in essence though not directly, describing the reason why Apple, a California company and one of the world's most successful brands, evokes California and not the USA on all of its products shipped around the world. He said:

California is still the land of dreams—as well as the Dream Act. It is the place where Apple, Intel, Hewlett-Packard, Oracle, Qualcomm, Twitter, Facebook and countless other creative companies all began. It is home to more Nobel laureates and venture capital investment than any other state. In 2010, California received 48% of U.S. venture capital investments. In the first three months of last year, it rose even higher—to 52%. That is more than four times greater than the next recipient, Massachusetts. As for new patents, California inventors were awarded almost four times as many as inventors from the next state, New York.³²

Later he referenced the state's commitment to ambitious energy and climate goals, saying:

Already California is leading the nation in creating jobs in renewable energy and the design and construction of more efficient buildings and new technologies. Our state keeps demanding more efficient structures, cars, machines and electric devices. We do that because we understand that fossil fuels,

particularly foreign oil, create ever-rising costs to our economy and to our health. It is true that the renewable energy sector is small relative to the overall economy but it pays good wages and will only grow bigger as oil prices increase and the effects of climate change become more obvious and expensive.

I have set a goal of 20,000 megawatts of renewable energy by 2020. You have laid the foundation by adopting the requirement that one-third of our electricity come from renewable sources by that date. This morning I can tell you we are on track to meet that goal and substantially exceed it. In the last two years alone, California has permitted over 16,000 megawatts of solar, wind and geothermal energy projects.

In the beginning of the computer industry, jobs were numbered in the thousands. Now they are in the millions. The same thing will happen with green jobs. And California is positioned perfectly to reap the economic benefits that will inevitably flow.³³

Representing the state, Energy Upgrade California can complement and work alongside its partners to provide a shared platform for engagement with the



³¹ Wood, D. Jerry Brown's defiant State of the State: California is still golden. *Christian Science Monitor*. January 18, 2013

³² Text of Gov. Jerry Brown's State of the State Address. *Los Angeles Times*. January 18, 2013

³³ Text of Gov. Jerry Brown's State of the State Address. *Los Angeles Times*. January 18, 2013



state's energy consumers on a wide range of energy matters and opportunities for many years to come.

From One Program to an Umbrella Connecting Consumers

Under ARRA, many states embarked on efforts to bolster the building performance industry in their regions, both to meet their energy savings and greenhouse gas reductions goals by dramatically reducing energy use in existing buildings and to create skilled, local jobs. This approach also is being used in other parts of the world, including the United Kingdom with their recently launched Green Deal. Building demand for deep energy retrofits is a daunting venture, especially coming on the heels of the resounding burst of the housing bubble. Uptake for these programs has been slow around the world.

Here in California, ARRA programs focused on home and building performance were largely led by the Energy Commission and served as pilot

programs for implementation of AB 758, California's Comprehensive Energy Efficiency Program for Existing Buildings,³⁴ which the Energy Commission is currently scoping for a two-phase implementation in 2013–2014 and 2015 and beyond. Those ARRA pilots largely funded the development of the Energy Upgrade California brand and the AB 758 program will continue to be associated with the brand, ensuring its relevancy for California energy programs as a whole over time and not just those funded by ratepayers and available in IOU service territories.

Including the AB 758 pilots, the IOU residential retrofit programs, DOE Better Buildings Neighborhood programs in California and local ARRA-funded programs that marketed under the Energy Upgrade California brand, the state has completed or is in progress on about 15,000 projects as of January 2013.³⁵ Uptake has been

³⁴ <http://www.energy.ca.gov/ab758/>

³⁵ CCSE compiled a January IOU report, CEC reported numbers, BBNP

challenged by many factors including the absence of PACE financing, an initial one-size-fits all program design, lack of consumer understanding about deep energy home improvement projects, lack of market-perceived value for energy-efficient homes, etc.

Per Commission direction, the IOU and REN program administrators and various implementers are currently working together to improve the consumer offering for whole house home performance while also maintaining rigorous commitment to the intended “deep savings” goals. While the goal remains to retrofit millions of existing homes and buildings, the slowly recovering economy combined with the lingering hangover from massive home improvement spending during the housing bubble and the fact that residential retrofit improvements require homeowner investment of several thousand dollars means this approach of getting multiple measures done at once will likely remain a niche offering for some time, advancing slowly but consistently along the adoption curve. Meanwhile, energy management is not a zero-sum proposition. Residential consumers, homeowners and building

owners have many opportunities to reduce their energy use and shift their demand to times when the grid is not at peak load. With continuing reductions in the price of solar and advances in technology, they also have increasing opportunities to generate their own power and provide their surplus electricity to the grid as well.

In 2013, the Energy Upgrade California brand will transition from its former role as the brand for the state’s whole house programs to become a more comprehensive energy brand for residential consumers. In 2014, it will pilot some research-based marketing approaches for small businesses as well. During this foundational period, it is not possible to transition the brand to be a true umbrella brand for all the energy programs, products and services available to Californians, but the brand can act as an umbrella for residential energy concepts and serve as a social marketing brand for energy management. After the brand is established, its acceptance by consumers and research can inform how it should expand in 2015 and beyond.



In this transition, the brand will continue to provide information about deep energy savings retrofits including why they are a central part of California's energy strategy. Going forward, it will also show Californians many ways to manage their energy use and provide information for them to take action, in essence expanding around the residential retrofit program to encompass many more aspects of residential energy management. In Decision 12-11-015, the Commission directed that the residential retrofit program continue to be called the Energy Upgrade California program pending any recommendations that may come from this statewide ME&O proceeding, noting that the Commission chose the Energy Upgrade California name to "more closely associate the statewide messaging with residential and small commercial whole building energy efficiency actions."³⁶ This association of the statewide ME&O brand with permanent energy efficiency upgrades to homes has been a Commission goal as far back as the Flex Your Power campaign, but was not shared or carried forth by the program's implementers.³⁷ Later in this plan, CCSE outlines several recommendations and options regarding the whole house residential retrofit program and the Energy Upgrade California brand going forward.

By showcasing a spectrum of solutions that meet the needs of Californians in different regions and life stages and working with the CPUC, the IOUs, the RENs, the Energy Commission and other program partners to smartly segment the marketplace and target the right offerings to the right audience, Energy Upgrade California can play an integral role in synthesizing various components of the state's energy policies and connect them to programs and products that can reduce consumer confusion and take action to participate in a broad spectrum of energy management solutions.

Energy Upgrade California is a brand and a marketing campaign and, importantly, an investment in a future in which Californians save energy because they understand why it is valuable to do so and how

³⁶ Decision 12-11-015 pg. 60

³⁷ 2006 -2008 Statewide Marketing and Outreach Process Evaluation" October 2008 pg. 55

it benefits them and their families—an investment in energy management becoming a way of life such that the state can reduce its reliance on incentive and rebate programs to motivate action. Certainly subsidies will not disappear overnight, but along with advances in feedback opportunities and data-driven marketing provided by smart meters and increased emphasis on customer relationship management by the IOUs, Energy Upgrade California can play a significant role in giving people more reason to take action to save over a lifetime of energy use, working with the IOUs and other partners to help people see the vital role energy plays in their lives and in the economy and how their use of it makes a difference.

Building on Assumptions and Associations

In today's marketplace, consumers are inundated with a glut of information and choices,³⁸ even about a low-engagement topic like their energy use.³⁹ Sometimes these choices offer conflicting



³⁸ Schwartz, B (2004). *The Paradox of Choice: Why More Is Less*. New York. Harper Perennial

³⁹ Testimony of Southern California Edison Company in Support of its Application for Approval of its Statewide Marketing, Education & Outreach Activities and Budget for 2013-2014 pgs. 11 and 32



approaches. Sometimes they are commercially motivated messages. And, sometimes even the well-intentioned add confusion, which can have the effect of discouraging action. *Californians need a trusted source to make sense of all the various programs, products and services available from local governments, IOUs, municipal utilities, retailers and other energy-focused companies.*

At the direction of the CPUC, the California Center for Sustainable Energy (CCSE) commissioned an assessment of the Energy Upgrade California brand at the end of 2012 by Opinion Dynamics Corporation (ODC). The objective of the research was to understand baseline levels of brand awareness, brand associations, knowledge of energy management topics and intent to participate in an energy management action among residential and small business customers. The brand assessment provided key insights to understanding the brand's ability to transition from its known emphasis on deep energy retrofits to more broadly encompass a wide array of energy topics. The findings of this research have been integrated into this marketing plan for 2013–14 and will be an integral part of the communications plan and strategy used to craft the creative concepts and messaging for the brand's advertising and marketing campaign.

Overall, the brand assessment findings bode well for the Energy Upgrade California brand transition, demonstrating that consumers are open to Energy Upgrade California providing a wide array of energy management information. In the final report ODC states, "The findings in this study also indicate that given the associations with Energy Upgrade California, the brand is able to expand beyond the whole house program and even beyond energy efficiency into solar, climate change and other related topics. In fact, for many (given that their level of knowledge is limited) the name already covers many of the energy management areas that Energy Upgrade California wants to promote in the future."⁴⁰

Key Brand Assessment Findings

Residential—2,000 Surveyed

- What brands, campaigns and initiatives have you heard of in the last year that encourage people to save energy? < 1% answered Energy Upgrade California. 74% answered nothing.
- Please tell me if you have heard of Energy Upgrade California. 17% said yes.

⁴⁰ ENERGY UPGRADE CALIFORNIA BRAND ASSESSMENT STUDY
Opinion Dynamics February 2013



- Among the aware, 14% are very knowledgeable about it, 37% are somewhat knowledgeable about it and 47% are not very knowledgeable about it.
- When you hear the phrase Energy Upgrade California, what do you think is meant by the phrase “upgrade?” 33% improvement/enhancement, 22% upgrading appliances, 16% saving energy or money, greater efficiency, 14% upgrading energy sources/infrastructure, 13% renewable energy.
- 62% are interested in a statewide resource for energy management information.

Contractors—137 Surveyed

- 95% of contractors are aware of Energy Upgrade California.
- Among the aware, 99% associate the brand with energy efficiency upgrades in the home, 72% with providing information on energy management.
- 70% believe that their customers typically view the brand as a rebated program for the residential retrofits.

Small Business—632 Surveyed

- What brands, campaigns and initiatives have you heard of in the last year that encourage people to save energy? 1% answered Energy Upgrade California.

- Please tell me if you have heard of Energy Upgrade California. 15% said yes.
- Do you think that Energy Upgrade California offered solutions for both home and business? 71% said yes.

Overall Conclusions

The brand assessment provided several insights that inform the brand strategy. They are

- Overall low brand awareness
- The name is not heavily associated with the residential retrofit program
- Brand associations are generally consistent between the brand aware and unaware
- Website awareness and usage is low
- Awareness and knowledge of energy management opportunities is limited
- **There is an open door to change and expand the brand**
- **Current program perceptions are so limited—the opportunity for change is wide open**

Brand Identity

In Decision 12-05-015, the CPUC directed the prudent use of “all prior work that supported Engage 360 such as the market and demographic

research and market segmentation analysis to help tailor future marketing and education messages to relevant audiences, particularly within the residential and small commercial market segments.”⁴¹ The CPUC and IOUs invested significant time and funding in the strategic development of the Engage 360 brand with one of the world’s foremost branding firms, Interbrand. Moreover, the initial brand identity for the Energy Upgrade California brand was developed in alignment with Engage 360.

In keeping with the CPUC direction to make use of work already completed and paid for by ratepayers, CCSE has synthesized the brand strategy used to develop the Engage 360 and Energy Upgrade California brands and presents below a recommended brand identity that builds on Energy Upgrade California’s heritage and transitions the brand for the future. If approved by the Commission, this will serve as a foundation for Energy Upgrade California, and CCSE will work with the selected marketing firm to build upon this foundation to

sustain the brand over the long term.

The brand will come to be known by Californians as a trustworthy and useful resource, a place to connect with the right information about energy concepts and energy policy, to take control of our energy use and to be inspired by our past energy achievements and the audacity of our vision for the future. Energy Upgrade California will strive to embody a sense of community and civic engagement around energy as a shared resource that is precious to our future.

Connect with the brand and you are buying into a community of like-minded people who recognize California’s uniqueness and want to have an **impact**. Consumers who engage with the brand will feel a sense of mutual commitment to a responsible, clean and prosperous energy future and a sense of **control** over their energy choices and use.



⁴¹ Decision 12-05-015, pg. 301

Vision	Energy Upgrade California invites Californians to take action on their energy use for their own benefit and that of their community. Its ambition is energy literacy for all Californians, full achievement of the state’s long-range energy and climate policy goals, a thriving low-carbon economy and high quality of life in healthy, vibrant communities.
The brand exists to...	<ul style="list-style-type: none"> • Make energy management matter to Californians. • Dispel the myth that people are doing enough already about energy. • Help people understand that using energy better can help them by saving money and making their living and working spaces more comfortable and potentially healthier and safer—encourage energy-smart lifestyles. • Connect energy management to a brighter future and empower those motivated by community benefit and future gains to take action today. • Encourage innovative policy discussions and stand out on the national stage by inspiring other states to pursue a similar vision and path.
Positioning	For Californians who want to live better today and have a bright, healthy and prosperous future, we inspire progressively smarter energy use with practical information, innovative solutions and inspiring stories—we make it simple.
Core Values	Connection – Impact – Control – Trusted Source – Forward-Looking
Personality	Empowering – Savvy – Optimistic – Pragmatically Can-Do
Self-Reflection	<p>My energy use matters.</p> <p>I don’t waste energy.</p> <p>It’s easier to save energy than I thought.</p> <p>I already “do good” with my smart energy use and there is more I can do.</p>

Visual Brand Assets

The brand assessment did not indicate any strong associations with the Energy Upgrade California logo. As of right now, we are planning to move forward using the logo and related visual brand identity as it currently exists, including the brand assets and the brand color palate. However, we plan to discuss the brand visuals with the marketing firm or firms hired to execute the creative components of the campaign and may have further

recommendations on those visuals after those discussions. We will bring those forward through the proper governance channels, and we just want to note for the Commission that the commitment to the current logo may be adjusted pending further analysis.

Communications Recommendations

In 2009, Opinion Dynamics Corporation (ODC) conducted an ethnographic study of 136 homes in

California related to energy. This study informed the residential audience segmentation they completed and also was intended to help inform a marketing, education and outreach (ME&O) strategy for California. Thus, CCSE includes high-level recommendations from the study as they related to how we will approach communications and message development with the marketing firm that develops the creative. ODC recommends the following considerations.⁴²

There is complexity in behaviors and actions:

- Understand the variety of actions taken by individuals
- Decide what you want to explore (i.e., make sure you are asking the right questions, or educating in the right areas)

Language is important:

- Understand the language people use
- Speak the same language, use language your target understands
- Avoid complex or loaded terms like “efficient” that connote different meanings to different people

Frame of reference provides context:

- Understand perceptions that individuals are doing what they can

- Determine correct way to ask questions and/or best ways to provide information
- Seek to enhance the social value of energy conservation and energy efficiency in order to ensure that it ranks among other altruistic behavioral considerations
- Consider the cultural context in which messages will be disseminated, and aim to generate regionally, culturally and socially specific media as much as possible
- New media techniques, such as user-driven or one-to-one marketing have the potential to more effectively “speak” to the target audiences

Interplay between motivators and barriers can be critical:

- Understand that barriers are more strongly linked to action, and they can be complex
- Don’t just stop at exploring motivators, barriers are critical
- Acknowledge the challenge of living responsibly every day, and present energy efficiency as a no-brainer alternative to other, more inconvenient options



⁴² Mitchell-Jackson (2009). Welcome Home: Using Ethnographic Research to Understand Residential Energy Practices Opinion Dynamics Corp (presentation)



Concepts the Campaign Will Communicate

The Commission has directed that Energy Upgrade California will encompass a wide variety of energy management concepts to provide energy literacy education for consumers that address their barriers to action and communicate the benefits of energy management.

During the 2013-14 marketing campaign, Energy Upgrade California will communicate the directed energy concepts through a variety of tactics and channels, and CCSE will refine messaging with the firm or firms contracted to develop the advertising and marketing creative concepts. We have outlined a selection of concepts and a schedule by which they will be addressed in a list below. The figure Energy Upgrade California Brand Transition visually depicts the brand transition, showing the previous period for the brand during which it focused only on residential retrofits, the current period of transition to residential management and a future period in which the brand expands to encompass small business and develops a more coordinated relationship with programs. CCSE may add other concepts to the campaign over time or topics may be rolled out somewhat differently than the schedule indicates based on need.

The Energy Upgrade California website will be designed to be a comprehensive source of information about management concepts. It will not include all information at launch and will add more information over time, featuring new content as it is added. This source will include the concepts outlined and may also include things that could seem more tangential but are important to consumers understanding energy management, such as the value of building codes and why it is good for consumers and for California contractors to pull permits.

The campaign will address big picture, California policy topics and consumer-focused benefits including cost savings and improve quality of life and will seek to make a connection between these to engage people in California's energy ambitions and show them why and how their actions can make a difference. At the same time, the campaign also will seek to connect with consumers through emotion, values and identity and make energy management a socially normative activity in California, demonstrating its worth to consumers for non-price-related reasons.⁴³ Its messages will seek to help consumers see that while they don't necessarily think of energy very often, they use it all the time, and it is a crucial component of their lives that quite literally powers their work and leisure. It will seek to communicate the benefits of managing energy use and making smart energy-related choices, such as saving money, avoiding waste and being more comfortable and possibly healthier and safer at home, while also contributing to cleaner air, local jobs and California's transition to a cleaner, low-carbon economy. It will also seek to overcome barriers that consumers have to engaging with energy and considering how better to manage it, such as apathy, lack of knowledge or time and lack of connection between energy use and what matters to them in their lives.

Upon a Decision in this proceeding, CCSE will work with a marketing firm on a 2013–14 Energy Upgrade California marketing campaign that conveys energy management benefits to consumers. The campaign will focus first on residential consumers, conducting

⁴³ Many recent studies show that consumer decision-making is not based on rational economic choices, and in fact, branding and marketing was developed as a strategy for companies to overcome commodity markets and differentiate their products based on more than price. Energy Upgrade California is a channel by which we can explore how to motivate consumers beyond economic drivers.

- ▶ How the grid works and why time matters with regard to home energy use
- ▶ How people can generate energy on their own buildings—benefits of distributed generation
- ▶ How smart meter data can help you better understand energy use
 - ◊ Products and services available to help use this data
- ▶ Benefits and fun of electric cars and how IOUs offer TOU charging rates
- Energy action education featuring information about energy decisions
 - ▶ Importance of doing several measures to notice results
 - ▶ Value of doing right things in right order over time
 - ◊ Efficiency first; no stranded savings
 - ▶ Value of going for a performance-based residential retrofit project at once
 - ◊ How and why hiring qualified contractors is important
 - ◊ Financing, incentives and rebates available
 - ◊ Information for homeowners, landlords and renters
 - ▶ The use of smart meter data to better understand energy use and plan better
 - ▶ Steps to take to get the most return—efficiency > conservation
 - ▶ Behavior matters—how conservation and behavior tools add up
- Broad messaging about ways to save and help available such as financing, incentives, rebates and technical assistance
- California's energy goals and policies such as loading order and why they are important
- Climate dividend education and how California's climate and energy goals benefit consumers now and in the future

To be added in 2014

- ▶ The connection between water and energy and how saving both can work together
- ▶ Dynamic rates and why it pays to pay attention to energy use
- ▶ Introduction of small business messaging on a pilot basis

2015 & beyond

- Expansion of small business messaging
- Smart grid upgrades and benefits of smart grid
- More advanced tools to monitor and manage energy use such as home area networks
- Additional topics added in 2013–14

Coordinating and Co-branding with Partners and Programs

Coordinated use of the brand for the whole house program and the multifamily rebate program in this foundational period is important to the success of the brand transition long term. We recommend the following programs carry the Energy Upgrade California brand:

- Energy Upgrade California Whole House Program
- Energy Upgrade California Multifamily Rebate Program

We have chosen the multifamily program because it is currently being marketed as an Energy Upgrade California whole building program. In addition, the RENs have filed the multifamily program as part of their Energy Upgrade California offering.

Ideally, plug load and appliance programs would be included to bring non-envelope/non-mechanical programs under the Energy Upgrade California umbrella, but due to the nature of how the IOUs market those programs and their preference for the brand to be more established before truly integrated co-branding and co-marketing, we have stopped short of calling for that full integration for this period. The Energy Upgrade California brand will speak to a large variety of concepts related to

Type	Program Name or Category	Brand Relationship	Year	Administrators
Residential	California Statewide Program for Residential Energy Efficiency (CALSPREE) including: <ul style="list-style-type: none"> Residential Energy Advisor Plug Load and Appliances Multifamily Energy Efficiency Rebate Whole House Residential HVAC Residential New Construction 	Concepts/ Actions	2013	IOU/REN/CCA
		Concepts/ Actions	2013	
		Co-brand	2013	
		Co-brand	2014	
		Concepts/ Actions	2015	
		Concepts/ Actions		
		Concepts/ Actions		
Residential	Energy Savings Assistance	Concepts/ Actions	2013	IOU
Residential	Middle Income Direct Install	Concepts/ Actions	2013	IOU/REN/CCA
Business	Commercial Direct Install	Concepts only	2014	IOU/CCA
Crosscutting	California Solar Initiative (PV and Thermal)	Cooperative	2014	IOU/CCSE/GA
Crosscutting	Climate Dividend Education	EUC brand	2013	IOU
Crosscutting	Comprehensive Energy Efficiency Program for Existing Buildings	Co-brand TBD	2014	Energy Commission
Crosscutting	Financing	Cooperative	2013	IOU/REN
Crosscutting	Flex Alerts	Cooperative	2013	TBD

residential energy management including plug load, appliances and lighting and will develop messaging with clear calls about such topics. However, the IOUs will continue to market those programs as they do now through the 2013–14 period and statewide ME&O will not co-brand with those programs or co-market with the IOUs.

Co-brand Marketing Pilot: Whole House

The success of the brand transition is heavily reliant on demonstrating how the whole house retrofit program that has borne the brand's name and reputation since 2011 can be migrated to become a successful sub-brand of the statewide ME&O. The whole house retrofit program is also integral to the state meeting its overall energy efficiency goals as outlined in the CEESP, and the statewide ME&O campaign will play an integral role in promoting the



whole house retrofit concept and messaging to Californians through the tactics outlined in this plan.

CCSE recommends the first demonstration of how the brand's elasticity can be applied across all statewide programs be accomplished through the launch of a marketing pilot with the whole house residential retrofit program. This pilot will be designed in collaboration with the whole house program marketing managers from the IOUs, RENs and other local government partners delivering the program to their residents. It is recommended that the pilot will be rolled out statewide as the first audience-targeted promotional campaign focused on the leading achievers.

As part of the statewide ME&O activities for launch in 2013, CCSE will develop a comprehensive marketing, advertising and outreach pilot that will promote the benefits of whole house projects and position them as a higher order action for residential energy management in relationship to many other energy management actions that can be taken in and around the home. The statewide ME&O campaign will launch the new brand with this pilot and will integrate messaging, media and statewide education and outreach initiatives with the IOUs and RENs through the promotional calendar to ensure the campaign is in alignment with regional efforts. The focus of the campaign will be to communicate the benefits of home performance, stimulate consumer demand and provide qualified "prospects" to contractors for the program's home/building energy efficiency assessment and will provide comprehensive messaging that showcases the benefits of whole house projects and reduces funding barriers with clearly correlated messaging about financing and incentives. One of the actions

that the pilot campaign will use to promote the program will be to send customers to the IOUs' Home Energy Advisor program webpages to take an online home energy assessment. The IOUs have spent a substantial amount of ratepayer funds on creating integrated demand-side management audit tools to assist customers in learning how their homes use energy. Since doing an online energy audit is a quantifiable action a homeowner can do in determining the need for a whole house assessment and retrofit, we request that the IOUs co-brand their Home Energy Advisor program's online and mail-in survey audit tools and Home Energy Reports with Energy Upgrade California to maintain consistency with the whole house residential retrofit pilot marketing campaign. CCSE will confer with the selected advertising/marketing firm to determine the appropriate goals and metrics for the pilot campaign based on selected tactics, media channels and budget constraints.

We have held monthly meetings with the whole house program marketing teams from both the IOUs and the RENs to coordinate brand activities in this interim period and we will continue to meet monthly. CCSE has recommended to the program teams that they consider consumer names for the two paths on offer in the single-family program, what has been known as the Advanced and what is being developed as the revised Basic. The precursor to the revised Basic, known as the Flex Path or Flex Package, is in the marketplace in Los Angeles and the Bay Area with the name flex associated. We recommend this change due to the established Flex Alerts brand, which addresses another action. Going forward the program should be correlated with Energy Upgrade California but must have its own sub-brand name or consumer path names to differentiate it. CCSE and

the statewide ME&O team will work with the whole house program-brand coordinating committee to facilitate a naming discussion once the program design has been agreed upon. Based on that discussion, CCSE will also coordinate a discussion with the multifamily program teams as well.

The coordinating committee has convened two working groups—one for marketing coordination related to financing and the other for coordination related to the website as it transitions from dedication only to whole house programs to encompass more aspects of residential energy management. These groups will meet regularly in 2013 and advise on these two areas. Other working groups may be formed as needed on an ad hoc basis.

Analysis of home performance programs nationwide suggests that because consumers are not familiar with the concepts of home performance, marketing messages should emphasize the benefits upgrades provide more than rebates or financing to stimulate demand and communicate the value proposition and that rebates and financing should be used as sales tools to secure the action.⁴⁴ The whole house program is under continued development as of this writing, but once again, the goals will be high. The statewide ME&O campaign will continue to support consumer understanding of the benefits of whole house upgrades through marketing messages and cooperative marketing with the program teams, contractors and other partners. CCSE looks forward to working closely with the whole house retrofit program marketing managers to design and deliver a comprehensive marketing, education and outreach campaign to encourage the target segment to perform whole house retrofits in late Q3 and Q4 2013.

Coordinating with Climate Dividend Education

In 2013, Californians will be receiving education material related to California's Cap-and-Trade Program and the greenhouse gas allowance revenue returns known as climate dividends from the IOUs and from the Commission. This is potentially a large channel of communication that includes a benefit

⁴⁴ Preliminary Process and Market Evaluation: Better Buildings Neighborhood Program. Research into Action. December 28, 2012, pg. 95

from a California climate policy and an opportunity to engage about climate and energy. In 2014, CCSE recommends that Energy Upgrade California be prominently featured as a primary resource on these materials. The 2013 notifications will be sent before the campaign launches, but if it's possible to include a small "coming soon" message with a call to action to sign up for notifications about the new campaign through email and social media it could be a very cost-effective channel to support the brand transition among leading achievers and striving believers. The Energy Upgrade California website will include information about the climate dividend.

Coordinating with Flex Alerts, Energy Savings Assistance Program and Go Solar, California!

Several statewide initiatives have already developed marketing campaigns with statewide visual identity and brand assets such as shared collateral and websites. Notably the California Solar Initiative has developed the consumer brand Go Solar, California! and its related solar thermal program has promoted an integrated statewide campaign known as Water Heated by the Sun. The Energy Savings Assistance Program (ESAP) shares a common word treatment and all the IOUs market the program under the same



name. In addition, Flex Alerts is currently a stand-alone campaign for emergency demand response.

These initiatives should continue to use and promote their brands in all of their marketing and should be considered cooperative partners with the Energy Upgrade California brand in 2013–14. As opportunities arise to showcase each other at appropriate times, CCSE proposes working with the various teams to take advantage of those opportunities when possible. We specifically recommend a working group with the ESAP team to discuss coordination with the cooperative budget that team set aside and ways that Energy Upgrade California can support the CEESP ESAP goal. In instances where Energy Upgrade California chooses to promote topics covered by these programs, the campaign may use their program logo as well. Program teams can choose to feature Energy Upgrade California with their statewide logo at their discretion. Such a relationship could also apply



to other agencies' statewide energy, climate and water programs as well. If statewide ME&O funds are being used in partnership with these brands, co-branding will be required.

In instances where the IOUs are working collaboratively and have created co-funding arrangements to create marketing materials or advertising for statewide programs, CCSE would request that the Energy Upgrade California logo be added to these materials to promote the brand's position as the statewide marketing, education and outreach initiative.

Coordinating but not Co-branding with Programs

For those programs in the coordination list not named for co-branding, Energy Upgrade California will speak to concepts promoted by those programs and may direct consumers to those programs with specific campaigns. It is not necessary for marketing materials or advertising promoting those programs to have the Energy Upgrade California logo or other branding on those materials, but program marketing teams can choose to use the brand if they like with permission from and in coordination with CCSE. One area listed is an important channel for brand building and coordination is outlined as follows:

Statewide Workforce, Education and Training: The brand assessment survey shows that contractors are the most attached to Energy Upgrade California as a residential retrofit-focused brand. As important influencers and market partners, they must understand the brand transition and embrace the broader scope for the brand. Reaching contractors and other market actors through the IOU and REN energy centers is an important channel for communicating the brand's position as California's energy management campaign. CCSE requests that the Energy Upgrade California brand and campaign be included in curriculum and educational materials and be prominently featured at the centers and looks forward to working with the IOUs and RENs to maximize this opportunity to showcase the brand to center visitors.

After the brand has concluded its comprehensive marketing and advertising campaign in 2014, the

brand equity should be sufficient to allow for full co-branding on statewide programs in a manner more acceptable for an umbrella brand.

Marketing Strategy

Upon Commission approval of the statewide ME&O program and this plan, CCSE will hire a creative marketing firm to develop communications materials and work with the firm, the statewide ME&O team and program marketing teams to develop a more detailed seasonal mix of marketing tactics outlined in this plan to first establish the brand and then to educate about energy concepts and behavior change and promote specific statewide programs and innovative tools for energy management. The outline of some guiding principles and goals of the marketing strategy are as follows

Best Practices from Other States

In Q4 2012, CCSE conducted research on statewide ME&O in seven states that have unified statewide marketing campaigns and brands: NYSEERDA (N.Y.), Energy Trust of Oregon, New Jersey Clean Energy, Better Buildings Michigan, Efficiency Maine, Efficiency Vermont, Focus on Energy (Wis.) and Mass Save (Mass.). Research consisted of in-depth interviews with marketing and/or administration leadership and a review of program websites, reports and other materials available online. CCSE was interested in learning best practices in statewide ME&O and lessons learned in other states.

On a tactical level, each organization is employing marketing tactics that they believe best meet their needs. Some common best practice statewide ME&O themes emerged and have been integrated into the





2013–14 Energy Upgrade California marketing plan.

1. The goal of marketing and advertising should be to **meet customers where they are in their energy knowledge and bring them along the path** to better energy management over time.
2. Reducing the use of many program names and **aligning under an umbrella brand builds stronger associations with the benefits** offered by programs under the umbrella brand and supports all levels of marketing by all partners.
3. **Frequent, nimble research is necessary** to understand unmet customer needs and barriers to action and insights needed to inform program design and marketing communications in a virtuous cycle to optimize customer participation.
4. **A brand needs leadership and management** and must have a consistent leader shepherding it forward. Just as important, brand leadership must foster stakeholder buy-in and ensure the recognition of benefits.
5. **A website is not a brand, but no marketing effort is successful without a great website** and other accessible tools.
6. **Satisfaction with the brand is important** to ensure a long-term and ongoing relationship.
7. **Cooperative marketing with contractors, retailers and other market actors** broadens the brand's reach and reinforces its value as an umbrella brand. Brand alignment for these partners is critical.
8. **Regular, ongoing communication with all brand partners and stakeholders** ensures all parties involved in using the brand will know the messaging platform and can plug into the campaign.

Statewide M&EO Campaign Goals

The following four principles were included in the IOU statewide ME&O applications as overarching guidance and stated to be campaign objectives for 2013–2014 by PG&E.⁴⁵

1. Provide customers with information to increase their awareness of and interest in energy and energy management.
2. To outline strategies that lead to desire for and the adoption of energy management solutions for residential and small business customers.
3. Move customers through an energy engagement journey by utilizing a phased approach from awareness to action.
4. Bundle relevant messages about options, tools, programs and services.

In discussing these PG&E also said, “The strategies above uphold the proposed program’s mission that

the SWME&O program will elevate the importance and benefits of energy use and management concepts and create a bridge to local, program-specific outreach and education efforts that are in place across local DSM programs.”⁴⁶ CCSE has considered these objectives carefully, and generally agrees that they are good principles for ME&O overall including both statewide and local, especially as they particularly reflect an emphasis on marketing for integrated demand-side management. Though we generally support them, we do not think they should be the goals or objectives of this statewide ME&O brand and its related ME&O campaigns specifically.

In determining goals and the bridging nature of statewide ME&O, early social marketing insight from Kotler and Zaltman is useful in its consideration that “marketing techniques are the bridging mechanisms between the simple possession of knowledge and the socially useful implementation of what knowledge allows.”⁴⁷ As we state in the executive summary, the goal of Energy Upgrade California statewide ME&O over the long term is to



⁴⁵ Pacific Gas and Electric Company 2013-2014 Statewide Marketing, Education and Outreach Program and Budget Prepared Testimony. Pg. 2-12

⁴⁶ Id.

⁴⁷ Kotler P and Zaltman G. Social marketing: An approach to planned social change. *Journal of Marketing*, 1971; 35:3-12.



... motivate residential and small business energy consumers to take continued action over time to better manage their energy use through the brand's related comprehensive statewide marketing, education and outreach (ME&O) campaigns

Thus, in the context of the IOUs principles, action on energy management is the goal and awareness and interest are our strategies to achieve that. Like the bold energy and climate goals this effort is intended to support, this is a big endeavor and to succeed we must set smaller, interim goals to propel forward.

The 2013–14 period is foundational, focused on the first part of the goal statement: *To establish Energy Upgrade California as California's central energy management brand.* We also want to conduct research and test messages and channels to inform long-term goal setting, and we must explore how a statewide campaign will work collaboratively with IOU and REN local marketing. We will develop a comprehensive messaging strategy with calls to action that speak to the core target audiences and are inclusive of multicultural communities, seeking to drive and track measurable response and especially striving to motivate consumers who are not already participating in IOU programs. This will be a period of development and we will be working to increase awareness of the brand and understanding of energy concepts. We recommend key performance indicators in the metrics section as well as provide thoughts on the IOU proposed program performance metrics.

CCSE proposes the following objectives for 2013–2014:

Marketing Objectives: 2013–2014

1. Establish Energy Upgrade California as California's statewide marketing, education and outreach brand for residential energy management with a comprehensive social marketing campaign in 2013. This will
 - a. include reference to California's goals and IOU programs and services
 - b. be consumer-centric and focused on motivating action and reducing barriers
 2. Conduct research to continually inform the campaign and establish a strong foundation. This will
 - a. focus especially on the needs, motivations and barriers for small business consumers, including conducting a small business segmentation study and launching small business pilots in 2014 to inform small business launch in 2015
 - b. Conduct analysis of energy-related marketing and messaging to drill down on consumer barriers and motivations and inform campaign creative development
 3. Launch a new and improved Energy Upgrade California website in 2013 that provides a central, interactive resource of information, concepts, tools, programs, services and advice for California consumers to take action in order to manage their energy use better. The site will
 - a. include information about the house as a system in a broader context of energy actions
 - b. strike the appropriate balance between the "push" of proactive promotion of energy management concepts and the "pull" of reactive information search and deliver
 - c. include the rebate finder and other interactive tools such as online assessments
 - d. link to local resources, retail partners and other tools
- c. educate about the concepts outlined in this plan and provide related benefits and calls to action
 - d. expand the brand focus from whole house to comprehensive energy management in residential buildings and set the stage for targeted expansion to small business in 2014
 - e. include pilots for the residential retrofit and multifamily rebate programs
 - f. include several tactics including strategic partnerships and sponsorship, retail, community-based social marketing, cooperative marketing, mobile outreach and youth education in addition to advertising, digital marketing and earned and social media

- e. include development of mobile apps and other digital tools in 2014
4. Work with the investor-owned utilities (IOUs), regional energy networks (RENs), the California Energy Commission (CEC), the California Public Utilities Commission (CPUC or the Commission) and other partners to coordinate the promotion of programs and increase coordination opportunities over the long term as the Energy Upgrade California brand builds equity.
- Execute annual promotional campaigns that draw clear connection between Energy Upgrade California and immediate opportunities to act and demonstrate increased awareness of energy concepts and programs
 - Expand marketing to other target audiences and track increased understanding of energy management concepts and increased action taken among the initial target audience
 - Establish brand and build brand equity through increased consumer interaction and motivation over time; brand assessment should be done in Q2 2015

Marketing Objectives: 2015 and Beyond

These objectives will be better defined based on learning over this transition period and the five-quarter, 15-month launch campaign. A few known today are:

- Increase residential and small business consumer understanding of energy concepts and energy management benefits and compel a full spectrum of measurable action from no- and low-cost repeated conservation behaviors to infrequent higher cost energy efficiency, load-shifting and distributed generation investments

Target Audiences

To be effective, the Energy Upgrade California brand must both build awareness about the importance of energy to Californians and provide pathways for consumers to take energy management steps that are appropriate for their situation. In their applications, the IOUs define the target audience for statewide ME&O as inclusive of all residential and small commercial segments. CCSE concurs that over time the brand will develop a relationship



with the broadest array of Californians, in support of the CEESP vision and of the directives given by the CPUC, however, CCSE submits the following target audience categories for statewide ME&O. For the five-quarter campaign that will establish Energy Upgrade California as the statewide energy management brand and campaign, we will focus primarily on three of the state's five residential segments and strategic partners and support organizations. We will conduct research and pilots with small business but do not propose full-scale ME&O to them until 2015.

- **Residential consumers**
 - ▶ With propensity to participate in programs and manage their energy use
 - ▶ Who need energy management education and are disconnected from California's energy ambition, including representatives of California's diverse and hard-to-reach audiences
 - ▶ Who have a variety of barriers, including but not limited to cultural, housing stock, income and apathy toward energy conservation
- **Small business owners and managers** many of whom have not been marketed to in the past with targeted brand messaging

- **Support organizations that can reinforce the brand message in person**, including
 - ▶ Local governments, CBOs and other community organizations who are already actively influencing people on energy use and educating about energy
 - ▶ Market actors who participate in programs and connect residential and small business consumers to energy solutions

Residential

CCSE's selection of target audiences on which to focus statewide ME&O in the 2013–14 launch period draws from seminal consumer segmentation research conducted by Opinion Dynamics Corporation in 2009.

Whereas Engage 360 and marketing for the Energy Upgrade California residential retrofit program chose to focus its initial messaging primarily on the two home-owning segments of the five identified in this research (leading achievers and practical spenders), we recommend focus on three of the five California consumer segments identified in the study.

Two of the three segments, leading achievers and striving believers, have been chosen for their high awareness, likelihood to interact online,



Final Five Statewide Segments

SEGMENT	E.E. IMPORTANCE	MOTIVATION RANK	BEHAVIORAL MOVEMENT POTENTIAL	OUTREACH RECOMMENDATIONS
LEADING ACHIEVERS		1 Money 2 Environment 3 Foreign oil 4 Future gen. 5 Health → 1 Climate chg. 2 Healthy env. 3 Future gen.		APPEAL ▶ Engage as peers and leaders in movement OUTREACH APPROACH ▶ Sophisticated, info-driven, available online
PRACTICAL SPENDERS		1 Money 2 Foreign oil 3 Future gen. 4 Health 5 Environment → 1 Energy independence 2 Nat'l security 3 Help economy		APPEAL ▶ Straightforward, no-nonsense messaging OUTREACH APPROACH ▶ IOU programs, traditional media
STRIVING BELIEVERS		1 Money 2 Environment 3 Future gen. 4 Foreign oil 5 Health → 1 Climate chg. 2 Resources 3 Animal and plant life		APPEAL ▶ Social capital-driven media with "us" appeal OUTREACH APPROACH ▶ Web-based formats with clear information
THRIFTY CONSERVERS		1 Money 2 Environment 3 Foreign oil 4 Health 5 Future gen. → 1 Climate chg. 2 Healthy env. 3 Resources		APPEAL ▶ Efficiency barrier-reduction messaging OUTREACH APPROACH ▶ IOU programs, point-of-purchase messaging
DISCONNECTED		1 Money 2 Environment 3 Help state lead 4 Health 5 Foreign oil → 1 Animal and plant life 2 Healthy env. 3 Climate chg.		APPEAL ▶ Community health and well-being messaging OUTREACH APPROACH ▶ Community or faith-based local outreach

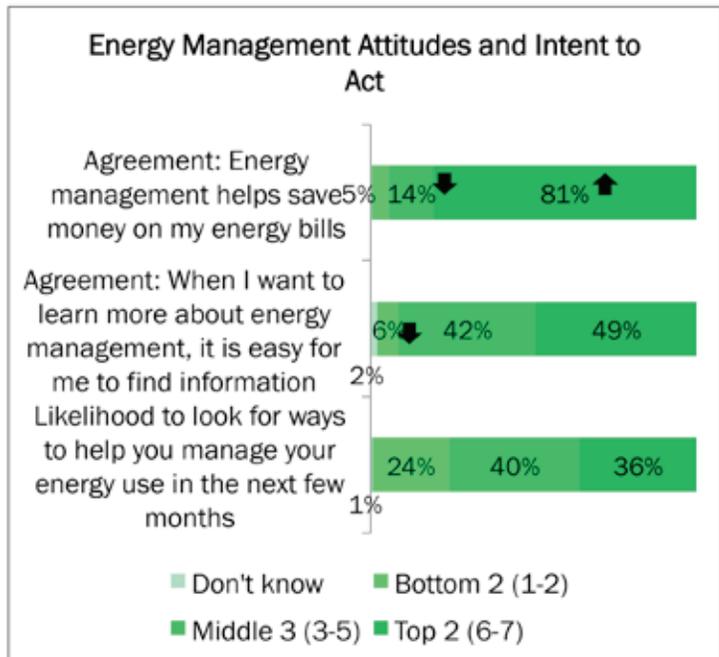
propensity to engage in both low- and high-cost energy management actions and desire to feel connected to goals larger than those of their own households. They are related segments and likely to be receptive to messaging from California about goals and community-based achievement of energy objectives. The third, the disconnected, was chosen to further California's goals of inclusivity in getting the message out about the benefits of energy management and to better support the states income-qualified programs. Also, the disconnected have a higher awareness of Energy Upgrade California than other segments and ranked helping the state lead the nation in meeting its energy efficiency goals as a motivator for energy action. They are also community minded and will likely respond to community-based outreach. In addition,

the statewide ME&O campaign is in the public interest and potentially can move the disconnected into another category where they will be more likely to respond to IOU marketing. Practical spenders are an excellent home-owning target likely to participate in programs and take action to manage their energy, but they are also likely to be already participating in IOU programs and responsive to IOU marketing. Also, they are less likely to respond to a community-oriented message, so we are leaving them and their aspiring segment, the thrifty conservers, for inclusion in later stages of the campaign. We may incorporate them as early as 2014, but likely will start targeting practical spenders in 2015.

Together, the leading achievers, striving believers and the disconnected represent 62% of California's

Leading Achievers (n=475, 24% of survey pop.)

EUC Awareness	
Overall EUC Awareness	16%
Aware of EUC name only	11%
Knowledgeable about EUC	5%
Aware of CA energy savings goals	46%↑
Energy Management Awareness	
Time of use rates	57%↑
Demand response alerts	85%↑
Smart meters	67%↑
Utility rebate programs	87%↑
Distributed generation/solar	96%↑
Home Energy Assessments	68%↑
Energy Management Actions	
Received an in-home audit	26%↑
Participated in EUC program	4%



population living in IOU service territories. The leading achievers are primed to act now and the striving believers are not yet in a position to act but want to. The disconnected segment has more reason and ability to act on energy than it realizes and is a very good target for awareness messaging designed to move more people from the disconnected segment to other segments and thereby better able to receive local marketing.

For 2013-2014, we do not include the practical spenders, a significant home-owning segment that likely will be a major target for many of the residential statewide programs. Research has indicated that this audience is the most responsive segment to IOU marketing. CCSE is not suggesting that practical spenders should not receive robust marketing on these statewide programs, but only that this marketing be more IOU driven through direct-to-customer channels, like direct mail, email and website prompts, rather than through the statewide campaign. For this segment, co-branding with the IOUs' local marketing of statewide programs is very important.

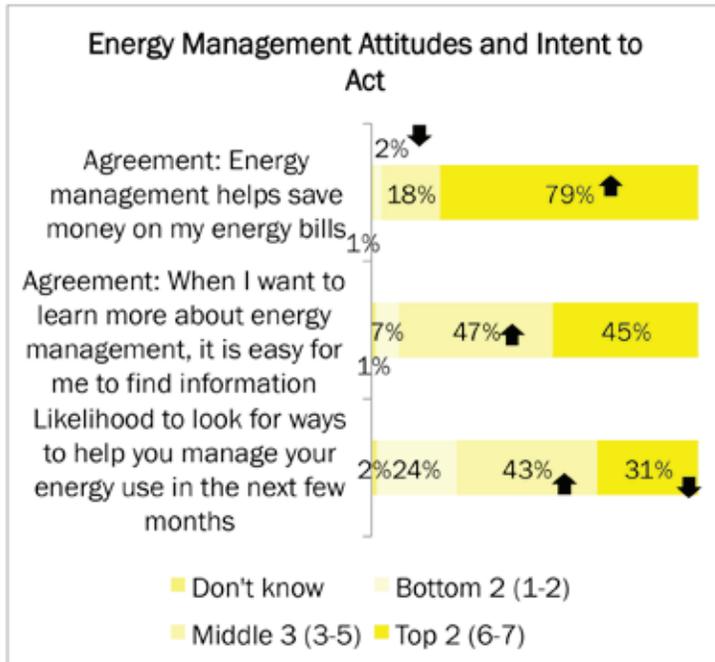
The target audiences for Energy Upgrade California are defined as follows.

- Leading achievers** have a high level of energy efficiency adoption and high levels of personal concern and interest in saving energy. This group tends to have higher levels of education and income and is viewed as willing influencers. They are onboard with energy efficiency purchases, but could do more in the way of conservation actions, especially non-lighting energy conservation practices. Leading achievers represent some 22% of the 2009 study sample. They should be marketed to as peers and allies with the state's net zero energy household goals and engaged to volunteer to help lead through community-based social marketing (CBSM) and other activities. They are interested in emerging energy efficiency technologies. Politically, as a group, they are more liberal than other groups. 38% are extremely willing to reduce energy use during demand response times. While they've taken many energy efficiency steps, one behavioral target with room for improvement with this group is unplugging household appliances and computers.

In the Opinion Dynamics Corporation (ODC) Brand Assessment, the leading achievers reflected their characterization from the 2009

Striving Believers (n=393, 20% of survey pop.)

EUC Awareness	
Overall EUC Awareness	13% ↓
Aware of EUC name only	9%
Knowledgeable about EUC	4% ↓
Aware of CA energy savings goals	41% ↑
Energy Management Awareness	
Time of use rates	49%
Demand response alerts	77%
Smart meters	56%
Utility rebate programs	72%
Distributed generation/solar	82%
Home Energy Assessments	55%
Energy Management Actions	
Received an in-home audit	13% ↓
Participated in EUC program	3%



study. This group had a 16% awareness of the name Energy Upgrade California, and 5% had knowledge about the Energy Upgrade California residential retrofit program. 46% of this group said they had knowledge of California's energy goals, 85% were aware of demand response alerts, 87% were aware of rebate programs, 96% were aware of distributed generation and 57% of this group were aware of time-of-use rates. 81% of this group believes that energy management helps them save energy and money.

The leading achievers segment will play an important role in acting as energy efficiency ambassadors within their sphere of influence. Since this group is already engaged, they will be relatively easy to reach through various channels. Their level of engagement and behavior change will be tracked through retail intercepts, mobile outreach and education and online audit tools to track energy efficiency behavior and action.

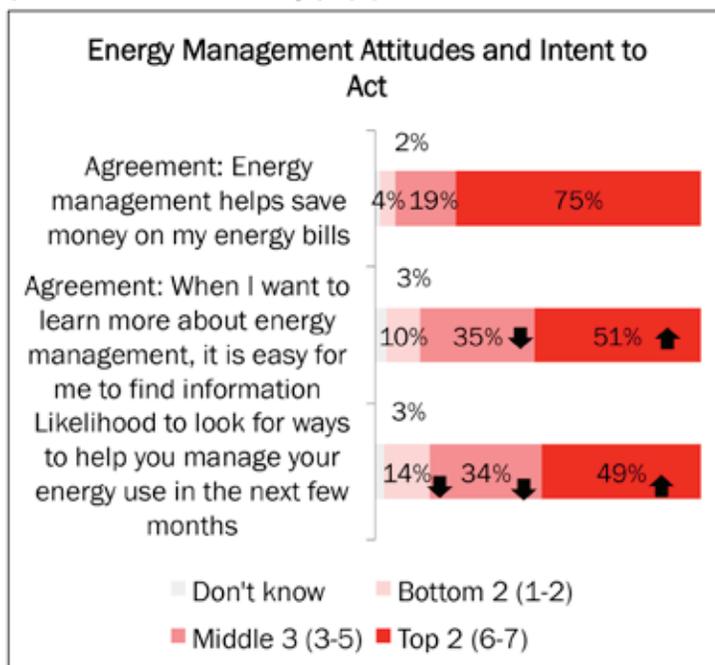
- **Striving believers** are onboard with the energy efficiency movement and index low on all barriers to action, yet paradoxically they are less likely to take action. They are a motivated, but relatively inactive, group. They

are highly educated, more liberal and more driven to reduce energy due to a concern for the environment, specifically climate change and preserving the environment. They tend to believe, again paradoxically, that other people are not saving energy. They are motivationally primed to take action, yet feel too busy to do so. For this group, making energy management more convenient, simpler to adopt and of greater concern than other environmentally friendly actions should inspire them to move. Striving believers represent some 25% of the 2009 study sample.

The 2012 ODC brand assessment study revealed that this group is still onboard with energy efficiency, but not taking a lot of action. 14% had general awareness of Energy Upgrade California, but only 4% had knowledge of the residential retrofit program. 41% was aware of California's energy efficiency goals, and 49% of them were aware of time-of-use rates. 72% of people in this group were aware of utility rebate programs, 77% were aware of demand response alerts and 82% were familiar with distributed generation. 79% believe that energy management helps them save energy and money.

Disconnected (n=556, 28% of survey pop.)

EUC Awareness	
Overall EUC Awareness	23% ↑
Aware of EUC name only	13% ↑
Knowledgeable about EUC	10% ↑
Aware of CA energy savings goals	25% ↓
Energy Management Awareness	
Time of use rates	42% ↓
Demand response alerts	71% ↓
Smart meters	36% ↓
Utility rebate programs	57% ↓
Distributed generation/solar	60% ↓
Home Energy Assessments	42% ↓
Energy Management Actions	
Received an in-home audit	13% ↓
Participated in EUC program	3%



The striving believers are a unique segment that has great potential to show a substantial increase in engagement and action. Because this group is interested in energy efficiency concepts, the statewide ME&O campaign will need to show them how easy and convenient it can be to move their interest into action. Behavior change and action within this group will be more often tracked through retail intercepts, mobile outreach and education and interaction with their children through youth-based education.

- **Disconnected** are the most limited financially in their ability to take action and have the greatest barriers overall to action. This segment of consumers also scores the lowest out of all five segments on each behavioral index measured in the 2009 study, including no-cost practices. They are more likely to feel that saving energy is not their job. However, they are more likely than other segments to be influenced by others to take action if they believe that others are doing their part, and thus may be responsive to the statewide brand approach. The disconnected have the largest number of low-income individuals (62% in the 2009 study, compared

to all other segments combined at 33%), are more than twice as likely to rent vs. own a home, have a greater proportion of Latino/Hispanic and African American households (50% to all others at 23%, and 14% to all others at 5%, respectively) and are more politically diverse. The disconnected represent 15% of the 2009 sample.

In the ODC brand assessment, 23% of this group had general awareness of Energy Upgrade California, and 10% were knowledgeable about the residential retrofit program. Among this group, 25% were aware that California had energy savings goals, 71% were aware of demand response alerts, 57% were aware of utility rebate programs, 60% were aware of distributed generation and 42% were aware of time-of-use rates. 75% of this group believes that energy management helps them save energy and money.

Since a large proportion of the disconnected segment rents, this group will be less likely to perform a residential retrofit program. However, this group should be interested in low- or no-cost products, such as CFL bulbs, weather stripping and advanced smart strips to

help them save energy and money. Tracking of behavior change and action within this segment will be tied to retail intercepts, community-based organizations, mobile outreach education and youth organization outreach.

The brand assessment indicates that the first two of these three segments have the highest expectations that energy management can help save money on their energy bills and are the most inclined to look for ways to manage their energy use in the next few months. The disconnected group has a great need to save money on their utility bills, and we believe they can be a strong segment for growth in participation in statewide utility programs such as Energy Assistance Savings and CARE as well as plug load and appliance programs, multifamily energy efficiency rebates and, perhaps, even the Single-family Affordable Solar Homes Program.

CCSE understands the challenges associated with reaching these target audiences through relevant advertising and marketing channels. In addition, given the limitations placed upon the campaign by the budget and the reduced timeframe, CCSE will utilize the ODC statewide segmentation analysis

primarily as a basis for creative concepts and messaging to these target audiences and not the selection of media.

Small Business

CCSE included research with small business owners as part of the 2012 Energy Upgrade California brand assessment and would like to conduct more research on this segment in 2013 to prepare for pilot launch of Energy Upgrade California to small business in 2014 and leading to full launch in 2015.

We can make some assumptions that small business owners will share some of the same motivations and barriers as residential consumers when it comes to energy management behaviors, especially those that run very small businesses or work from home offices. However, we also know from previous research that small businesses are more apt to make rational energy choices than residential consumers are, and for them the barriers of time, information and interest are often of greater importance.

In the brand assessment, 15% of this group was aware of the Energy Upgrade California brand, with Los



Angeles County at 17%, the Bay Area at 15% and San Diego at 8%. This group also had very little knowledge of energy management topics, with only 37% having knowledge of smart meters, 43% having knowledge of time-of-use pricing and 36% aware of small business energy assessments. This lack of knowledge presents an opportunity for the statewide ME&O campaign, especially since 71% of brand assessment respondents already believe that Energy Upgrade California offers upgrades for both home and business.

In addition, the diversity of small businesses makes it critical to provide energy management information that is specific to the type of business, e.g., retail, restaurant, manufacturing and healthcare. This group will be one of the most difficult to reach with the Energy Upgrade California message, and this audience notoriously suffers the split incentive problem in which they are responsible for their energy costs but often rent their space and are without the resources or authority to make energy efficiency improvements.

During 2013, CCSE plans to focus campaign development for small business on further research of the segment to inform brand development and marketing creative content. CCSE will also start limited outreach, leveraging resources previously developed by the State of California for small businesses, such as the Air Resources Board's Cool California small business toolkit and the Department of Toxic Substances' Green Business Program. Designed to assist small businesses make voluntary greenhouse gas emission reductions in cost-effective ways, these tools have helped small business owners take smart no-cost, low-cost and long-term energy management actions to save money and reduce their environmental impact. In addition, in late 2013 CCSE will convene an advisory group for small business drawing on a mix of organizations including the Green Business Program, IOU program leads for small business programs and small business representatives. Topics of discussion for that group will include the value of a promotional calendar, targeted awareness-building efforts and sector-specific action plans.

In 2014, depending on the results of the research, CCSE will work with the IOUs, RENs and other

stakeholders to develop specific marketing messages for high-value target segments and will launch a research-based marketing mix to engage with small business. Tactics will include exhibiting at targeted industry trade shows where the Energy Upgrade California outreach team can interact face-to-face with small business owners and managers to share information about energy management services and solutions and partnering with chambers of commerce across the state to develop relationships with small businesses and celebrate small business energy achievement.

In several large cities across the Northeast and Northwest, utilities and other energy third-party administrators have successfully aggregated small businesses to implement major energy efficiency improvements and distributed generation projects. In addition, they have successfully encouraged participation in demand response programs by creating small business blocks in neighborhoods and cities. These small business blocks are spearheaded by a committee of business people who are ambassadors for energy efficiency and sustainability and act as energy advisors to the other businesses in the area. In some cases, a larger business provides





financing opportunities for the small business owners and provides construction management expertise and assistance. CCSE will look to pilot a similar outreach approach in California and examine its usefulness in promoting energy management concepts and programs.

Local Governments and Community-based Organizations (CBOs)

Recognizing that Energy Upgrade California will benefit from as much support across the state as possible and that community support and outreach for the brand provides authenticity and fosters long-term commitment, CCSE plans to make it easy for local governments and CBOs to plug into the brand platform and support the state's energy management goals. CCSE intends to provide opt-in, turnkey packages for these partners so it can closely

monitor their effectiveness and adjust the formula over time to find the right mix of outreach tactics that works best with the overall statewide ME&O marketing mix and in concert with local program administrators and implementers. Though currently funded primarily by IOU ratepayers, Energy Upgrade California is owned by the State of California with the potential to define and improve the state's relationship to energy, both for itself and for others who look to California for leadership on energy, the environment and climate-related issues.

Market Partners

Several statewide programs under the Energy Upgrade California brand umbrella require the expertise and professionalism of contractors, retailers and program implementers to realize success. Often these market partners are trained in

technical skills and energy management concepts by the program for which they provide service. Currently, while they may get technical advice or training through Workforce, Education and Training (WE&T) programs, they do not generally get much information or training about the program brands or marketing to help them better align with the overall goals of the program and the State of California regarding energy. Energy Upgrade California brand management will include working with the WE&T programs and the energy resource centers to provide education and outreach to partners and enlisting their help in influencing residential and small business consumers to understand the benefits of brand management and get on a path toward better stewardship of their money and energy resources. CCSE will also offer direct partnership and cooperative marketing opportunities to various market partners including real estate professionals, manufacturers, retailers and contractors as outlined in the marketing tactics section of this plan.

Importance of Diversity and Inclusivity

The state of California is the most populous and diverse in the nation and a comprehensive

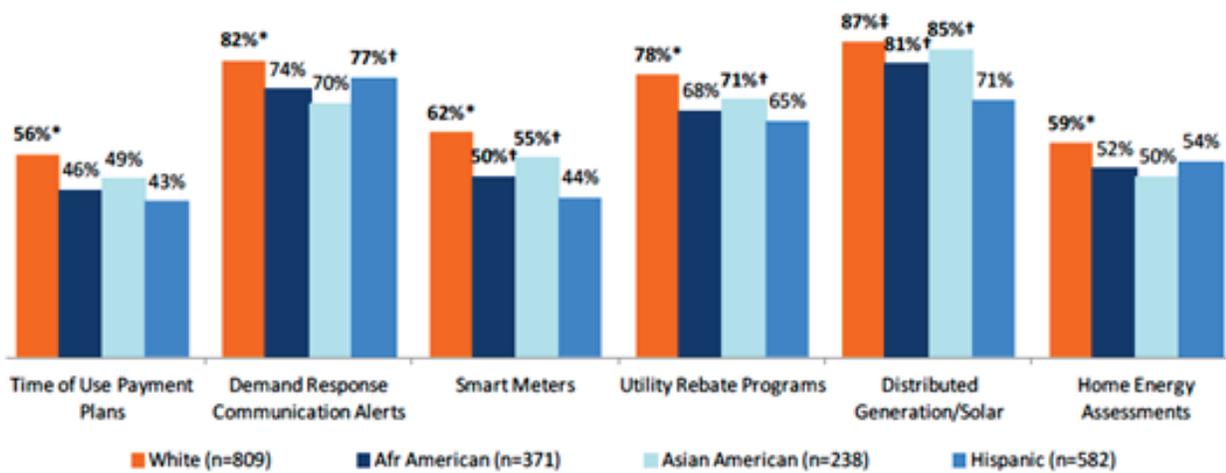
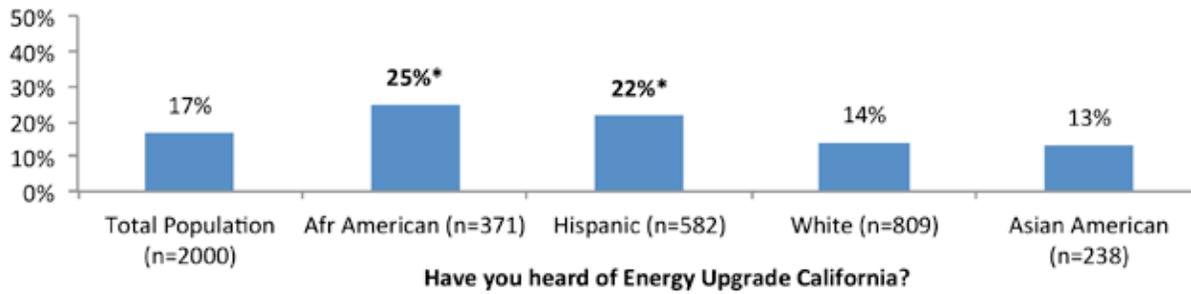


multicultural communications strategy is essential for any consumer brand to succeed in California. CCSE will include a solicitation for multicultural marketing support in its request for marketing services proposals that can be bundled with the full suite of services by one lead firm or selected as a stand-alone firm. We will look for companies that have particularly strong experience in the California market and understand the breadth complexities of California's major ethnic communities. This firm will help counsel and augment the brand launch campaign and will provide targeted expertise and support. We will work with community and faith-based organizations and ethnic media to foster influencers in a variety of communities who can speak firsthand to their experiences using energy more wisely and the benefits they enjoyed, and we will seek the input of those organizations and influencers in designing materials and events. We will seek to create appropriate targeted materials from a strategic perspective and not just translate existing materials. The website will be developed in English and Spanish and other languages will be considered and likely added based on need over time. In the interest of scaling the campaign carefully, we have chosen to start with three segments.

In the brand assessment, both African Americans and Hispanics reported higher aided awareness than other groups, and Asian Americans, African Americans and Hispanics reported lower awareness of various energy management topics than Caucasians. The campaign will use this and other research to develop materials and focus on certain important targets. For example, we may develop a targeted Spanish language message that focuses on time-of-use pricing and understanding smart meter data.

Together, African American, Asian American and Hispanic owners hold about a third of the businesses in California while women also own about a third.⁴⁸ In our small business research, we will look specifically at cultural attitudes, understanding and barriers related to energy to better inform campaign development over time.

⁴⁸ U.S. Census



*indicates percentage is significantly higher than the African American, Asian American and Hispanic percentage at the 90% confidence interval.

†indicates percentage is significantly higher than the Hispanic percentage at the 90% confidence interval.

‡indicates percentage is significantly higher than the African American and Hispanic percentage at the 90% confidence interval.

Overall, the brand will strive to increase levels of awareness and action among all populations and will track its impact on motivating members of diverse communities specifically. We will document what works with our diversity efforts and will share our best practices with partners and build upon them to increase participation over time.

Lastly, CCSE will prioritize women-, minority- or service disabled veteran-owned business enterprises and small businesses when selecting service providers through competitive solicitation.

Metrics for Success

Given the short time frame for the 2013–2014 campaign, CCSE suggests that the program performance for this period be assessed based on completion of the 2013–2014 objectives listed in the goals and objectives section. These are SMART goals (specific, measurable, achievable, realistic and time-bound). We also suggest that several data points be tracked that are not attached to specific goals in 2013–2014 in order to establish trends that can be used to set baseline and goals over time. These include the following key program

performance indicators and could include the IOU-suggested program performance metrics. For example, it is important to measure awareness of the brand itself to know if the marketing strategy and tactics are working and also to assess consumer level of knowledge on promoted topics.

We are hesitant to recommend a specific target for the increase for this short period and would like to aim only for increasing awareness and deepening awareness for the brand, which is to say more people recognizing the brand and more people saying they are knowledgeable or very knowledgeable about it. If the Commission wants to set percentage targets for this period, we would like to do so with the marketing firm or firms and an evaluation, measurement and verification contractor to ensure we are setting realistic yet appropriately ambitious goals.

The brand assessment set a good baseline from which to start. In addition, in the brand assessment, we asked about awareness of several topic areas that will be covered in the campaign. We do not want to set percentage targets yet, but we do want to strive to increase knowledge across these topics, with a focus on home energy assessment both online and in-home and getting data from smart meters.

Setting awareness and knowledge targets over time also should be carefully considered as it could cause the campaign to focus more on awareness of

the brand rather than moving consumer behavior toward better energy management.

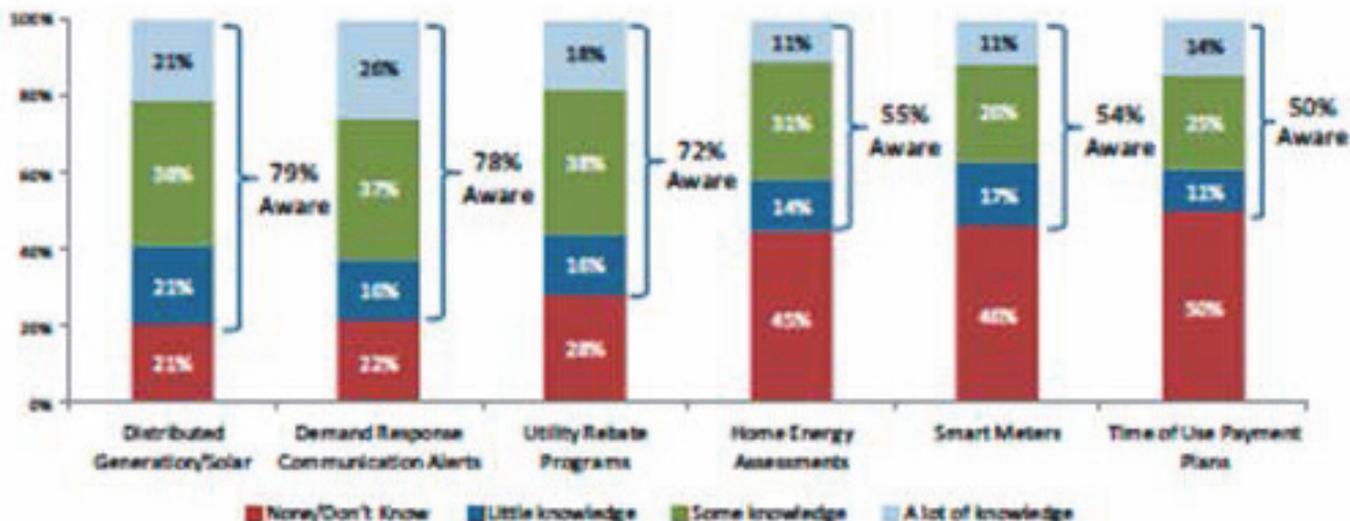
Program Performance Metrics

In their statewide ME&O applications, the IOUs proposed three program performance metrics (PPMs) based on metrics that were approved for Engage 360 and modified to reflect their emphasis for this new statewide ME&O campaign. They are

1. Customer awareness and knowledge of key elements of the Energy Upgrade California brand among customers targeted by statewide ME&O program activities
2. Customer awareness and knowledge of specific energy management concepts and/or actions promoted by the statewide ME&O program among customer groups targeted by program activities
3. Customer intent among customer groups targeted by statewide ME&O program activities to participate or engage in DSM programs

CCSE agrees with the IOUs that these key performance indicators will measure success of both the brand and its related marketing over time and should be tracked. We are hesitant to set specific numerical targets for all of these metrics for the 2013–2014 period, but can see value in tracking them and evaluating what change has occurred in

Awareness of Energy Management Opportunities





2015, looking for increases on all three measures. In addition to brand awareness, we will strive to measurably increase awareness and knowledge on all topics in the brand assessment with a focus on home energy assessments and using smart meter data.

In addition to the PPMs for awareness, association and intent, we recommend three additional performance metrics be tracked over time, as qualitative measures of the educational effort.

1. Consumer consideration of the value of energy in his or her life and business
2. Consumer understanding that energy is not infinite/has trade-offs/needs to be managed
3. Consumer perceived barriers and benefits and sense of action efficacy

Near-term Metrics 2013–2014

While the IOU PPMs have been established to measure the overall program performance from an evaluation measurement and verification (EM&V) perspective, CCSE will be tracking quarterly key performance indicators (KPIs) to inform the brand transition and success of individual marketing tactics and ensure the statewide ME&O is responsive to its marketplace. These KPIs measure both marketing and operational performance and will include the following.

- Number of visits; unique, new and repeat visitors; and sources of traffic to the website
- Length of time, number of pages visited and bounce rate on the website
- Number of registered users to the website and related target segment
- Number of social media links/followers and dialogue on social media channels
- Number of featured stories and significant mentions in news media
- Advertising exposure and related cost-benefit analysis
- Number and quality of key strategic partners
- Number of leads generated to statewide programs and their associated tactics

- Specific KPIs related to each tactic deployed
- Specific KPIs related to measuring the impact of statewide ME&O merchandising

While these are outputs and not outcomes, they will give us a good sense of how the brand and campaign are landing in the marketplace. We will use this information and its related trend lines to set outcome goals for 2015 and beyond. We will track the tactics of this plan through a robust marketing analytics infrastructure that includes but is not limited to the following.

- Website tracking and analytics designed to track customer interaction from point of entry to EUC site to click through to other site pages
- Unique website URLs for specific advertising and marketing campaigns
- Designated phone numbers for customer interaction on specific advertising and marketing campaigns
- Real-time data collection at events, retail intercepts and other face-to-face strategies
- Internet and phone surveys

Monthly, quarterly and annual evaluation of efforts is built into the fabric of activities for both years, including regular surveys with those who engage with the brand, and are intended to measure satisfaction with the brand and ensure the brand is reaching out to diverse communities and exploring the energy topics that matter most to Californians.

Long-term Metrics 2015 and beyond

Over time the brand health and equity should be benchmarked and monitored in order to better steward the brand to be a long-term asset for the state, potentially even with monetary valuation. The 2013–2014 transition will yield valuable learning about how statewide ME&O and statewide program marketing and local marketing can best coordinate and over time that coordination needs to be measured. In addition, as the brand is more established, earning consumer trust and building stronger consumer relationships, the IOUs and the statewide ME&O team could consider using it to

scale behavior-based approaches and to pilot other non-incentive-based ways to secure energy savings and load shifting.

Marketing Tactics and Channels

CCSE has developed the marketing tactics and channels section of this plan to be compliant with the direction given by Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge on January 18 requesting this plan, and stating it should include the following.

Information about any appropriate strategies that will be used, potentially including but not necessarily limited to

- Mass media, social media and earned media
- Use of community-based organizations, local government partners, manufacturers, retailers, contractors and realtors
- Strategies for incorporating accessible information and technologies for Californians with disabilities
- Strategies and opportunities for reaching under-served, minority and non-English-speaking communities
- A proposed budget allocation based on the utilities' total proposed budget, subtracting utility administrative costs, and address how the rest of the budget would be utilized
- Proposed metrics for the activities proposed

With this guidance in mind and based on experience with various statewide ME&O efforts in which we have been involved, including Energy Upgrade California, Go Solar, California! and the California Clean Vehicle Rebate Project as well as those we have observed including Flex Your Power and Engage 360, CCSE recommends the following tactics for use in this 2013–2014 launch phase and in 2015 and beyond.



Based on timing and opportunities in the marketplace, CCSE will seek to implement a varying mix of these tactics during the transition period. CCSE will strive to be nimble and responsive to market conditions and collaborative with the statewide ME&O team and program marketing teams. We will work with a variety of partners and vendors to establish an effective marketing campaign and strong brand foundation for Energy Upgrade California. These tactics will accomplish the following items.

1. Address important behaviors and barriers related to better energy management
2. Influence consumer awareness and energy-related purchasing decisions
3. Partner with a broad array of stakeholders to provide education, outreach and messaging on a variety of energy management concepts
4. Educate Californians about state energy policies and initiatives
5. Educate residents and small businesses on ways to participate in a variety of actions—from behavior change to program participation that will lead to them being able to better manage their energy use.

All Energy Upgrade California brand communications will be designed to address motivations and barriers through an application of research-based, contemporary behavioral models that take into account factors that have been found to more accurately influence behavioral change, such as values, beliefs and norms. In addition, all brand communications will include a clear call to action and will be designed with specific, measureable behavioral targets in mind.

The ideal energy efficiency consumer does not exist, nor does an effective one-size-fits-all messaging approach. Energy Upgrade California's brand messaging must speak to the specific needs and wants of its target audiences and must be receptive and responsive to feedback from those audiences as well provided through direct communication channels and demonstrated through responsiveness to the tactics as tracked and measured by the campaign in real time. Behavioral change leads consumers to take action at their point of interest. Ideally, the Energy Upgrade California brand will be found easily whenever the customer reaches out and wherever the customer is likely to be thinking about their energy management options. On a practical level, introduction of the brand to customers in 2013–14 will be based on a realistic phasing of targeted activities and tactics.

All marketing tactics will include the implementation of recognized best practices to facilitate effective communication of benefits to minorities, various ethnic groups and disabled Californians. We will hire consultants and agencies who are subject matter experts in communication, graphic design and website technologies for persons with disabilities as well as marketing and advertising to diverse audiences.

As a state-owned brand and campaign, Energy Upgrade California will strive to engage all Californians and will work closely with marketing experts who specialize in advertising to non-English-speaking audiences, cultural experts who specialize in community engagement with ethnic communities and disabled communications experts who specialize in ensuring that all communications materials, websites, ads, displays and face-to-face

engagement strategies are developed to meet the needs of people with disabilities.

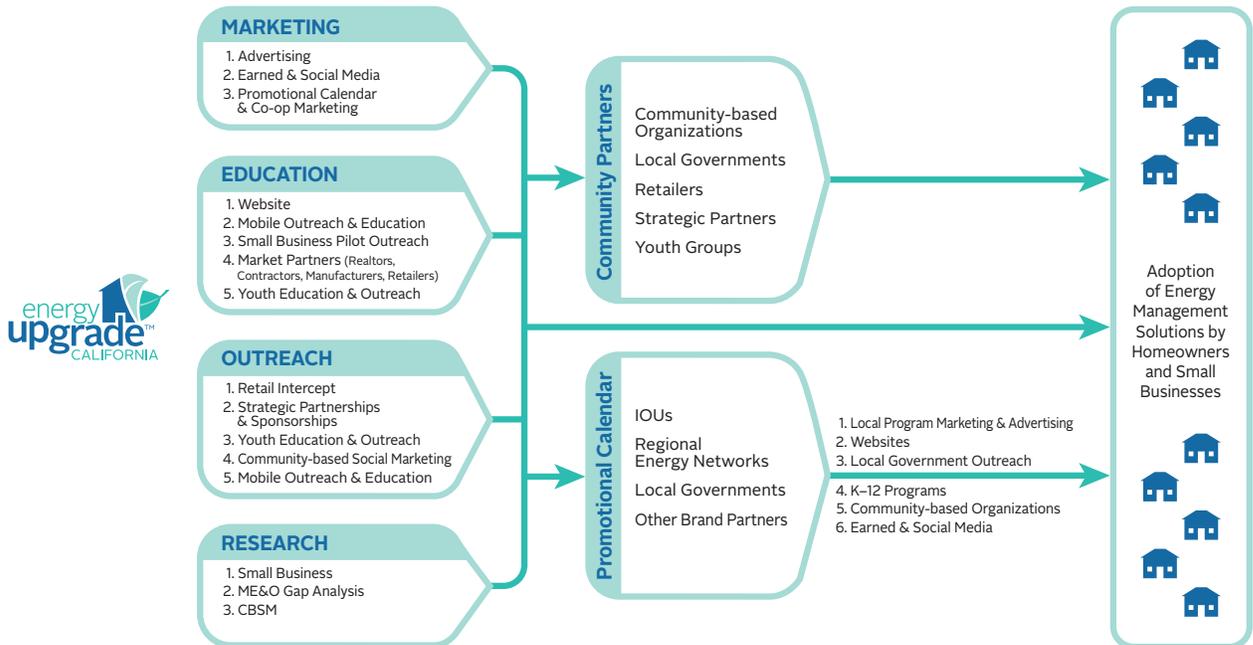
All marketing tactics and channels will be evaluated for their ability to provide optimum engagement opportunities with residents and small businesses. A robust analytics infrastructure will be developed and utilized by the CCSE SWMEO team to monitor success of channels and tactics. Goals will be established for each tactic prior to deployment and the marketing, public relations and website firms will be held accountable for reaching these goals within the allocated budget. Tactics/channels that are not performing at optimum levels will be discontinued and budget dollars will be reallocated to tactics that are performing successfully or new tactics/channels that are deemed to have the potential to provide better engagement opportunities.

CCSE recognizes that the IOUs are concerned about the potential redundancy of marketing efforts by the Energy Upgrade California campaign and their own local program marketing efforts. In an effort to address these concerns, CCSE proposes that an integrated marketing approach be utilized that will utilize social marketing theory that addresses how social marketing campaigns work with other market partners to reach a desired goal. The following diagram was drawn from the Kotler-Zaltman article referenced earlier in this document to illustrate how the brand will provide an integrated marketing strategy to reach customers directly with energy management concepts and messages, as well as work with stakeholders marketing efforts to ensure a cohesive approach.

CCSE proposes the following marketing tactics for the 2013/14 Energy Upgrade California campaign, with a limited number of tactics launching in 2013 and more launching in 2014 and 2015. In 2013 and 2014, the bulk of the tactics will be focused on residential consumers, but some small business pilots will be launched based on research completed in 2013.



Integrated Marketing Strategy



Research

As a social marketing campaign, Energy Upgrade California will consistently be engaged in research to both inform and assess its efforts. This research will be more active in 2013 as the campaign seeks to understand its target residential and small business consumers and refine its residential segments and start the process of segmenting small business consumers. CCSE proposes the following research for 2013 and plans to continually examine research needs for the campaign, working with the statewide ME&O team and an advisory research council to ensure all research is well considered.

2013 Research Topics

1. Conduct research to understand the barriers, benefits and motivations for energy management for small businesses and to segment the market appropriately. This will include
 - ▶ A segmentation study that includes attitudes and behaviors related to energy management and barriers and benefits to program participation.

This study will inform targeted pilots to be conducted in 2014 as the brand expands to include small commercial more fully in 2015 and beyond.

2. Examine what motivates residential and small business consumers to install energy measures separately and simultaneously including energy efficiency (EE), distributed generation (DG) and enabling technologies such as electric or plug-in hybrid vehicles (EVs). Research questions may include
 - ▶ What are the drivers for investment in EE, DG, EVs? What would help encourage customers to invest in two or three combinations?
 - ▶ What are the existing tools that help consumers pursue approaches that are more comprehensive? Are they being leveraged appropriately or do they create confusion?

This study will inform a 2014 campaign promoting integrated strategies and messaging.

3. Examine the consumer messages and materials consumers are currently getting related to energy management. This will include



an inventory of all IOU and REN customer programs marketing and advertising currently in market at the time of the survey and will examine how those efforts may or may not readily co-brand with Energy Upgrade California.

This study will inform campaign coordination planning for 2015 with recommendations on based on real marketing materials about how the state and local campaigns could be co-brand in 2015 and beyond.

2014 Research Topics

CCSE proposes to work with the statewide ME&O team and the research advisory council to develop research topics for 2014. We would also like to include a few select research-based pilots that will be chosen through competitive solicitation and will build upon local projects either to test them at a larger scale or bring them to additional communities. For example, the County of Santa Clara conducted a small-scaled, ARRA-funded, EE-Indoor Air Quality (IAQ) Pilot designed to retrofit single-family homes licensed by the state as family day care home providers (small businesses). Initial results indicate a

defined link between retrofits and improved indoor air quality. The county has subsequently correlated the data to human health metrics and designed a broader program structured for peer review. The statewide campaign could partner with a local government like Santa Clara to bring such a program to scale, making it available to all family day care home providers licensed by the state and building a valuable data set of health benefits by which to promote energy efficiency.

Marketing

Advertising

CCSE agrees with the IOU applications that advertising should be a key tactic in the campaign. We will utilize a multichannel advertising campaign to ensure that the brand's transition from the Energy Upgrade California whole house program to a broader platform is realized. This campaign will include radio, TV, print, outdoor, display and mobile platforms statewide as budget allows. This tactic will give the brand its mainstream reach to bolster the more strategic and targeted tactics in the plan. As we will not be able to launch the brand until late

Q3 or early Q4 2013, CCSE will focus its advertising efforts in the short term on major market areas that will give us the most reach and frequency possible. In 2014, CCSE will strive to broaden the advertising campaign to other regions throughout the state.

Once again, we will use the segmentation study to ensure that we are using the right media outlets to reach our target audiences with the appropriate messages at the right time to encourage maximum participation in integrated demand-side programs, distributed generation or utility pricing options. A firm or several firms that specialize in successful consumer-facing advertising will develop the advertising campaign. This firm will be responsible for the development of the integrated communications plan that will set the stage for the development of all the creative concepts, messaging and implementation of the advertising campaign.

Currently, CCSE is unable to hire a marketing firm until a Commission Decision is issued. We will need about four months from the date of contract to launch any advertising, as that time will be spent hiring a firm, getting them onboard and developing the creative. If it is at all possible for the Commission to authorize the hiring of a firm sooner than May/ June 2013, we seek that permission.

Digital Marketing

Since many of the members of our target audience segments are online users and technically savvy, we will use online advertising and marketing to engage residents and small businesses to learn more about energy-related topics and take specific actions that can help them save energy and money. Digital marketing will be an important tool to meet customers at their point of interest and will offer a cost-effective and measureable way to motivate and activate residents and small businesses to learn more about the energy concepts the brand embodies. This tactic will allow us to use a message-centric strategy to reach our target audiences with timely information designed to motivate them to action.

We will use our target audience segmentation profiles to promote the Energy Upgrade California brand on website and other applications that our

target groups will use on a regular basis. In addition, we will work with our Energy Upgrade California corporate technology partners to assist us in designing interactive platforms, games and other tools that can be cost-effective engagement tools to keep in touch with Californians and reach them where they are in their journey of energy education.

Direct Mail/Email

Message-specific and audience-segmented direct mail and email is a cost-effective tool to reach our target audiences. These tactics will be used to communicate seasonal messages and specific programs or topics that are relevant to the target audience throughout the year when they are predisposed to a positive response and potential action.

We will purchase target-specific direct mail lists and collaborate with our local government, REN and IOU partners to ensure specific program messaging and timing is appropriately aligned with their local program outreach and marketing campaigns.

Email campaign lists will be derived from an opt-in procedure on the Energy Upgrade California website to ensure that customers are receiving information that they have requested and the campaign complies with email regulation.

Promotions Calendar

CCSE plans to develop a promotions calendar that will facilitate collaborative marketing and knowledge sharing based on input for seasonal opportunities from the CEC, IOUs, RENs and



others. This affords several opportunities for the brand, such as the following.

1. It ensures that statewide ME&O is coordinating with statewide program marketing teams and connecting consumers to programs at the right times.
2. It enables the brand to partner with local government programs, CBOs, contractors and retailers to leverage their events and energy-related seasonal and offer-based merchandising.
3. It connects the brand with tangible, time-sensitive offers and local program and action opportunities with statewide ME&O for residential consumers and small businesses.

The brand will seek to partner with retailers and other companies to reach consumers across multiple IOU territories in large-scale, California-focused co-op efforts. Over time, the brand also will seek to partner with other state programs such as Cool California and the California Green Business Program.



Earned Media/Public Relations

Third-party endorsement and positive media coverage are critical components of the campaign's success. CCSE will hire a public relations firm and oversee the development of a comprehensive public relations strategy and plan that will establish a robust media calendar designed to promote the brand and its affiliated programs, products and services. The strategy will use press releases, feature stories, events, celebrity spokespeople, contests and promotions to engage the media to share information about Energy Upgrade California with their readers, listeners and viewers.

CCSE will work closely with the IOUs, RENs and other local government partners to coordinate the Energy Upgrade California public relations strategy, plan and calendar with their plans to ensure that the brand is offering media support where appropriate and needed.

An interactive calendar will be established for all media and PR activities so that CCSE can closely manage consistent message flow. A crisis communications strategy and plan will be part of this planning to ensure all negative press can be effectively mitigated before it can cause any brand degradation.

Marketing Metrics

All marketing tactics will be designed with the capability to track and measure success of their ability to engage consumers to take some type of action along their energy management journey. All messaging for print, broadcast and digital ads will be created with our target audiences in mind and will be tested using focus groups made up members of target audiences.

Energy Upgrade California's advertising campaign will utilize traditional advertising tracking methodology such as specific URLs and/or phone numbers to be used for ads and media outlets, specific website landing pages, promotional offers and website analytics that will track website traffic as well as click-thrus to web pages and other websites. All earned media and public relations will be developed with metrics in mind that will allow us to quantify the

inches given to a story or article based on the media outlet's retail advertising rate card.

An online dashboard will track performance of all marketing tactics and updated on a weekly basis. This dashboard will be available in real time to the SWMEO IOU/REN team as well as the CPUC and CEC staff. A quarterly report will be produced that provides a comprehensive summary of marketing tactics completed, budget dollars expended, leads produced to programs and other actions taken by consumers and small businesses.

Education

Comprehensive Website

The Energy Upgrade California website will be one of the most important marketing resources for communicating the brand and its portfolio of products and services to California residents and small businesses. It will need to be developed using the most appropriate, cost-effective website technology available and will need regular, focused attention on content, tool creation and management. In addition, the website will need to be designed with WCAG 2.0AA Web Accessible Design Standards and available in different languages spoken in California. CCSE will hire an accessible communications consultant as part of the website and marketing team to ensure these design standards are achieved. The web development team will ensure the website is accessible in English and Spanish and will evaluate translations for other major languages over time.

The website assessment that was recently completed and high-level analysis and recommendations were shared in a presentation at the February 25 workshop. The final assessment report is being finished now, and CCSE will start the web development process based on the assessment report. The preliminary recommendations reviewed at the workshop included the following items.

- Make it easy for users to understand key concepts around energy-efficiency/clean energy.
- Make it simple for users to take action, track progress and complete tasks.



- Make it simple for program administrators to complete necessary tasks.
- Provide a consistent user experience from Energy Upgrade California to any externally linked website.
- Enable practitioners to communicate news, programs, incentives and other content.
- Connect influencers to the greater community.
- Live on a platform that is scalable, sustainable and cost effective for short- and long-term development and expansion needs.
- Be equipped with analytics tagging based on pre-defined KPIs to enable tracking, reporting and optimization.

In addition, CCSE has reviewed several website technologies that were developed under the AB 758 pilot funding and will be seeking to leverage the Green Button Initiative to provide consumers with data-driven tools that are useful to their energy management needs. Drawing on lessons learned from previous statewide campaign sites and analysis of

other energy-related sites, the website will need to strike the right balance between educational content, social media and effective “third-party testimonial” approaches to engage and educate residential and small business consumers while ensuring transactional usefulness, ease of finding information, the ability to merchandise to target audience segments and a quick pathway to statewide program information and partner websites.

The customer experience while on the website is critical to the campaign’s success. It is important

that the Energy Upgrade California website be the go-to resource for all things energy related in California. To that end, the website will contain links to the latest energy policy and program information and house the rebate finder and other useful databases. The customer will be guided to the information they are looking for and directed to the appropriate program or service provider based on their overall goals.

The objective of the website will be to establish the brand as the repository of all information on energy



management in the state. While the brand's website will be promoted as California's central resource for energy information, it will also act as a conduit to the websites of IOUs, RENs and other local brand partners where residents and small businesses can find out how to take advantage of local programs, rebates, products and services. The website will always be included in advertising and marketing and will be one of the most important ways to track awareness of various campaigns through the use of landing pages, micro-sites or specific URLs.

Development of a first-class website takes a minimum of four to six months and marketing campaigns generally cannot launch without them, so the campaign has a critical timing issue here and will need to kick off website development immediately following the Decision. To that end, CCSE is working with PG&E to issue an RFP on the basis of the Proposed Decision that will clearly state that contracting will not commence until a Decision is final and is subject to the regulatory process.

Currently the Energy Upgrade California website is home to the residential retrofit program and a great deal of time and money has been spent developing and updating the site. That program will continue to need a robust online home for consumers and contractors to continue to interact with the program, but it is not yet clear if the site as it stands today is the right vehicle, and there are questions about intellectual property ownership and costs of maintenance. The CEC has rights to the intellectual property on the site, but it is built on a proprietary platform. CCSE will facilitate more discussion about the website in March and April and will work with a variety of stakeholders to transition it effectively.

CCSE seeks clarity from the Commission in addressing the site's needs for the residential retrofit program in relationship to the statewide ME&O brand transition.

Mobile Outreach and Education

It is important that we meet Californians "where they are" and interject our message into unique situations and environments to get their attention. In a trial run statewide tour, the Energy Upgrade

California Roadshow proved to be a cost-effective engagement tactic that allows for face-to-face interactions with customers and meets them at their point of interest.

We plan to deploy one or more mobile outreach units throughout the state to participate in a variety of events on an annual basis. These outreach events will encourage visitors to share their contact information to create an Energy Upgrade California database. Visitors will have the option of opting in for information about local programs and we plan to share that information with IOUs, RENs and other local government partners. We will work closely with our IOU and REN partners to ensure that we support their outreach events with our mobile outreach unit. This includes the creation of an interactive event and outreach calendar that will allow all partners to submit their outreach events on a continual basis.

This mobile outreach effort will be designed to engage Californians in topics of energy relevance such as in discovering how they use energy, how to manage their energy, what it would be like if they lost their energy and how they can participate in sustainable, clean energy options.

Small Business Advisors

Small businesses are difficult to reach and engage on energy matters. To ensure that this target audience is engaged and motivated to take action, we plan to conduct research in 2013 to assess the best ways to help key small business sectors, examining their barriers and benefits and looking for opportunities for motivation. Also, rather than try to build a statewide network to reach small business only for Energy Upgrade California, we plan to align ourselves with existing initiatives that provide advisory models for small businesses. This model will allow us to target our communications by business segment, size and scope, making the messages relevant to the audience to ensure subject matter credibility.

CCSE will consult with the IOUs and RENs in developing its small business advisor strategy to ensure the plan integrates the small business marketing, education and outreach activities being managed by the commercial/industrial energy

efficiency program managers. The small business advisor strategy and plan will be offered as a resource to organizations that serve small businesses such as local governments, chambers of commerce, contractors, trade organizations and others. The plan will assist these partners in reaching the small businesses in their region with a consistent statewide energy management message. CCSE will work collaboratively with the small business program teams of IOUs and RENs to leverage lessons learned and best practices to shorten the launch timing and to alleviate any potential issues in working with small businesses across the state.

Market Partners

CCSE will work with a variety of market actors to reach consumers and employ face-to-face communication that serves to educate and motivate the consumer and also provides better understanding of what consumers need and want. We have outlined details on the major partner categories below.

Contractors

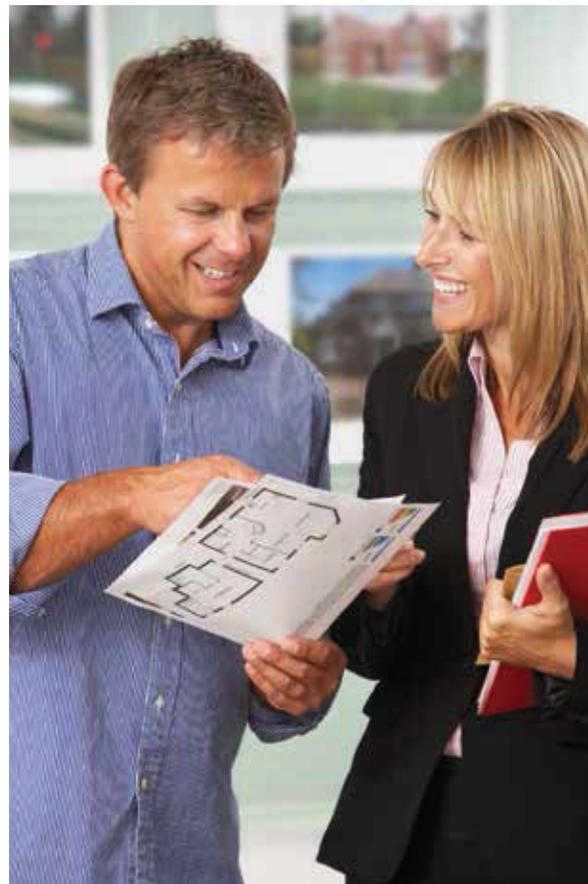
Residential contractors have been an integral part of the residential retrofit program actually delivering the retrofits, of course, but also selling the program and the benefits of home performance. They are a critical link to consumers and many are already familiar with the Energy Upgrade California brand. The brand assessment showed that contractors were the most knowledgeable of any group surveyed on the Energy Upgrade California brand as it relates to the residential retrofit program. They are invested in use of the brand and its related assets like the website, and it is critical that we coordinate with the program teams to work with contractors and ensure they understand how the brand and marketing campaign are shifting and how they can do more to educate their customers about comprehensive energy management and be a trusted resource for information.

Meanwhile, only a small fraction of contractors are already involved with the residential retrofit program and of those only a small fraction again is regularly selling consumers on home performance

retrofits. If it hasn't been done already by the time a Commission Decision is issued, CCSE will work with a stakeholder group of residential retrofit program staff, contractors and consumers to leverage lessons learned from the solar industry and other "big-ticket" purchases like cars or remodeling to help create and encourage the use of a standardized consumer assessment report that is easy to read and understand. Once this sales tool has been created, we will conduct consumer testing, providing valuable insight to the home performance market to improve their consumer communications. Working with the residential retrofit program more directly, we will also support contractors with cooperative marketing support and other channels to be determined.

Real Estate Professionals

The real estate community is an excellent conduit to both residents and small business owners. Many homeowners and renters rely on real estate



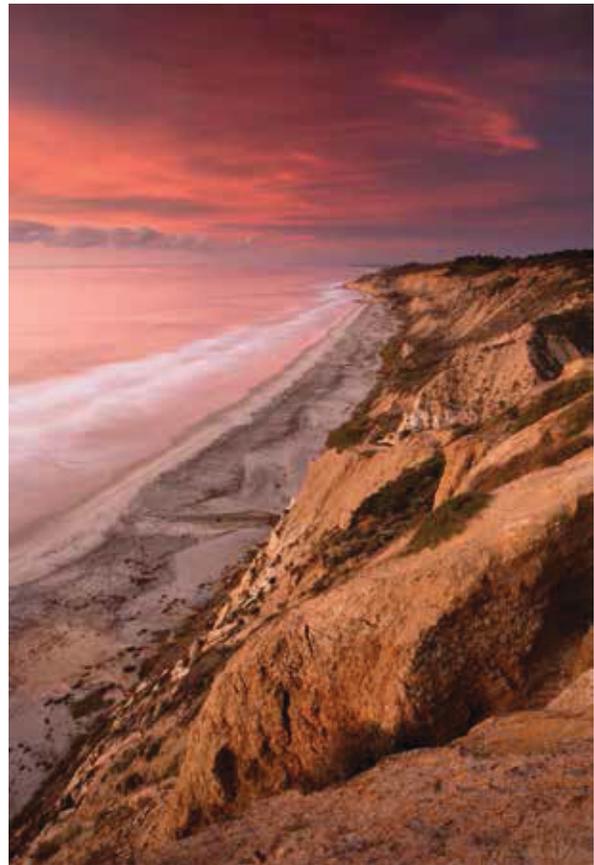
professionals to assist them in selecting a home and look to their realtor, appraiser or mortgage professional as a trusted source of information about a wide range of housing topics. Small business owners also rely on realtors to assist them in locating office, commercial or retail space and consider them an important part of their team of business advisors.

At the same time, consumers don't know what to look for with regard to energy features when purchasing a new home, and many don't know how to tell if a home is energy efficient. In addition, most consumers do not know what zero net energy (ZNE) means and are not necessarily looking for highly efficient ZNE homes because they do not know to value them.

Energy Upgrade California will develop an education module for real estate professionals and their associations to use to educate their members on the benefits of energy management and related tools and resources such as financing, HERs ratings and energy scores. This module will be offered statewide as an on-site workshop and as a webinar that realtors can access via the Energy Upgrade California website. We will look for opportunities to partner with realtor associations such as the California Association of Realtors and multiple listings services and regional associations to promote energy knowledge and energy actions ideal for home buyers and sellers. We will also look for opportunities to partner with other organizations doing realtor education or strategic realtor partnerships to extend the reach of Energy Upgrade California to this important channel.

Manufacturers

Like retailers, manufacturers play a vital role in communicating the benefits of energy management to consumers. Since Energy Upgrade California will be the statewide marketing, education and outreach campaign, we will develop relationships with manufacturers of business and consumer electronics, lighting products, smart thermostats, home area networks and other energy management devices to ensure that these manufacturers understand the state's overall goals and the Energy Upgrade California campaign.



In addition, we will target manufacturers who are located in California to partner with Energy Upgrade California to assist us in communicating the brand's message to residential and small business consumers, their employees and other associated organizations within the state.

Education Metrics

All channels used to educate residents and small businesses about energy management concepts and programs will use a robust tracking system to gain as much information about the participants to these channels as possible in order to facilitate an ongoing dialogue with the participants. The Energy Upgrade California website will utilize a variety of tactics to engage visitors to share their information with the site, as well as to gain permission to continue interacting with the visitor via email.

The mobile outreach channel will utilize a handheld technology device to gain information from visitors



and register them for future engagement via email. The small business advisors will act as personal energy advisors to the small business community and will hold workshops and face-to-face meetings with small business owners where they will collect information to develop a long-term relationship with their clients.

Ongoing communication with participants will ensure that any behavior change or actions taken after the education will be tracked and reported. The information gathered from the website and other education tactics will be reported on a regular basis on the Education Dashboard that will be made available to the CPU and CEC as well as statewide ME&O team and stakeholders.

Outreach

Retail Intercept

A consistent and cohesive statewide presence in the retail environment is imperative to the success of the campaign. The retail point of interception is crucial to engage customers in learning more about their energy management options while they are thinking about making improvements to their home, business or lifestyle. Engaging customers with a disruptive message in the retail environment will be an important tactic to ensure the message is resonating with residents at their point of interest and at point of sale.

Retailers are experts at introducing new concepts to their customers. Historically, retailers have played an integral role in moving customers through the “educate, activate and motivate” paradigm through

their ability to promote products and services in an easy, convenient platform. CCSE proposes that the Energy Upgrade California campaign work with sales associates, in stores across the state such as Home Depot, Lowe’s, Best Buy, Walmart and others. Leveraging in-store subject matter experts gives Energy Upgrade California an opportunity to interact with residents and small business owners face-to-face and provide information about a variety of energy concepts and actions including dynamic rates, demand response programs, appliance and other equipment rebates, energy efficiency programs and energy audit tools.

CCSE will develop a comprehensive retail partnership strategy and plan for execution by a third-party consultant. Recognizing that IOUs currently have robust and successful relationships with retailers in promoting their local programs, CCSE plans to coordinate to ensure alignment wherever possible. This plan will create a wide variety of opportunities for both big box and small retailers to participate with a cost-effective turnkey platform and may include collaboration with the mobile units and event outreach efforts as well. The program will be designed to provide face-to-face interaction with customers at their point of interest with education about products, services and programs available from IOUs, RENs and local government partners. The program will utilize an interactive, real-time platform to capture customer information for the local program administrators, retailers and Energy Upgrade California to use in developing an ongoing engagement strategy.

Social Media

Social media is an important and cost-effective tactic to reach Californians and engage them in conversations about energy and sustainability. We will launch a robust social media plan that will include Facebook, Twitter, blogs, e-newsletters and other social media outlets to reach our target audiences with relevant content on a regular basis.

A comprehensive social media strategy and plan will be developed by CCSE in conjunction with the campaigns marketing and/or public relations firm. This plan will take into consideration seasonal

energy messaging, current affairs, state and national energy policies, products and services as well as behavior modification techniques.

In addition, the social media plan will be coordinated with the social media plans of the IOUs and RENS to ensure consistent messaging and take into consideration seasonal program, product or services promotional opportunities.

Strategic Partnerships

As a nonprofit organization, CCSE will seek to create alliances and partnerships with California-based organizations and companies that are recognized as leaders in their respective business or field of interest to support the Energy Upgrade California brand over the long term. These partnerships will assist us in reaching Californians with the theme that “Californians lead” that will embody pride and resonate with residents and small businesses.

CCSE will lead the development of an Energy Upgrade California partnership strategy and plan that will outline the California-based companies, organizations and local governments that can best assist in promoting the Energy Upgrade California brand across the state. This strategy and plan will be developed with input from the statewide ME&O team, the RENS’ marketing and outreach teams as well as other stakeholders and influencers around the state. This plan will also include the development of a market advisory panel of leading business people throughout the state that can provide expertise. Strategic partners will include leading-edge, California-based companies, sports teams, educational institutions, foundations, local governments and programs. Examples include such companies as Google, Apple, Hewlett-Packard, Pixar, Patagonia and may include companies that are not based in California but do a lot of business in the state and have multiple touch points with California consumers.

The purpose of these partnerships will be to engage leading-edge California companies, inform them about the goals of the CEESP, educate them about how they can assist the state in reaching its goals, activate their employees to think of ways the

company can use their best practices to support the campaign and motivate the companies and their employees to become ambassadors for Energy Upgrade California in their respective industries.

In addition, CCSE believes that these partners may be able to provide in-kind support for items needed for the success of the campaign, creating public-private partnerships to support energy ME&O throughout the state.

Youth Outreach & Education

Many social behavior changes have been perpetuated by youth engaging their families to make long-lasting behavior change. Energy management is a topic that can see the same type of success as the campaign against smoking, the buckle-up campaign, recycling and other behavior movements that have motivated youth as a conduit to the family.

The CEESP directs the statewide ME&O campaign to “conduct public communications campaigns, alongside longer-term supporting school education initiatives to deliver the efficiency message.”⁴⁹ Based



⁴⁹ California Energy Efficiency Strategic Plan, January 2011 Update. SECTION 10 – PAGE 78



on CCSE's experience with K-12 education for both middle school and high school students, we know this to be major channel of opportunity. CCSE would like to work with the Workforce, Education and Training (WE&T) program K-16 staff at the IOUs to coordinate communication to students about energy use and management and to encourage career development related to meeting California's energy and climate goals. In communicating energy literacy to students, WE&T program implementers should let them know about the Energy Upgrade California campaign and use tools and resources from the campaign such as the website. CCSE would also like to work with the statewide WE&T consultant the IOUs will be hiring in early May to coordinate efforts, especially related to developing an industry professional and career awareness website. CCSE would like to explore with the WE&T teams for that material to be on or closely linked to the Energy Upgrade California website.

In addition to this coordination with the IOU WE&T teams, CCSE will work directly with youth-oriented

organizations such as the Girl Scouts, Boy Scouts and Boys & Girls Clubs to educate, motivate and activate youth to take action in their homes to save energy and promote a more sustainable lifestyle. Energy Upgrade California youth group education and outreach will leverage existing curriculum correlated to California's STEM standards to ensure that the participants in the program are learning the latest information needed to succeed in the classroom. The program will offer participants a pathway to learn more about energy management and sustainability that will encourage an ongoing conversation with both the students and their families.

Sponsorships

Energy Upgrade California's image as a statewide brand representing the state's energy programs and initiatives can be effectively enhanced and solidified through sponsorship of strategically targeted community- and energy industry-focused events throughout the state. These events will give the brand recognition for being the state's resource for energy management information, products, programs and services. In addition, the alignment of the brand with high-profile events and other sponsors will lend third-party endorsement and credibility to the brand and assist in the acceptance of the brand as the one-stop resource for energy information by Californians.

Community-based Social Marketing

The limitations of information- and incentive-based marketing in behavioral change are relatively well known, and neither can be expected to generate perpetual behavioral change when it comes to energy management. Community-based social marketing (CBSM) is a technique leveraging the power of one-to-one, personal contact to gain commitments from residential consumers. CBSM is generally practiced as a series of carefully considered steps: selecting the target behavior, identifying barriers and beliefs about the behavior, developing strategies for deployment, testing small-scale and, finally, implementing broadly.

CCSE will work closely with the IOUs and RENS to design a CBSM strategy and plan that utilizes

the best practices for this tactic. CCSE recognizes that the IOUs and RENs have worked diligently to create positive relationships with a variety of target segments and will utilize the lessons learned from these customer experiences. Although CCSE understands the concerns of the IOUs that this tactic may be redundant in their local marketplace, CCSE is likewise concerned that emphasis on local marketing may preclude support and promotion of Energy Upgrade California in their local markets. As stated earlier in this document, CCSE's research of other successful statewide marketing, education and outreach campaigns showed that one strategy that led to these campaigns success was

Reducing the use of many program names and **aligning under an umbrella brand builds stronger associations with the benefits** offered by programs under the umbrella brand and supports all levels of marketing by all partners.

As discussed earlier in this plan in articulating the step-down communication strategy of social marketing,

CBSM is an integral tactic for success in moving consumers to action and it requires direct engagement with consumers, strategic influencers and other organizations that can assist in communicating the brand's messages to their members.

Outreach Metrics

All outreach channels will be evaluated prior to deployment for the propensity to provide high-quality interactions with residents and small businesses. After a channel is selected, an outreach strategy and plan will be developed with benchmarks established for evaluating the merits of the event or organization.

After each outreach event or program is completed, a comprehensive report detailing the pertinent details of the outreach will be submitted for inclusion into the Outreach Dashboard. Events and channels will be evaluated on a monthly and quarterly basis, with an annual report detailing the number of participants that were engaged per event/channel and the recommended actions.



Information gathered from the outreach tactics will be reported on a quarterly basis on the Outreach Dashboard and made available to the CPU and CEC as well as statewide ME&O team and stakeholders.

Advertising Agency

To ensure brand marketing, advertising and public relations will be as effective and efficient as possible, CCSE will conduct a competitive RFP process to select and contract with a highly qualified agency or agencies by Q2 2013 to provide these services as soon as possible. Currently if a Decision is reached in May, we estimate that this RFP will be sent out by early June and a firm hired in July. The sooner we can get a firm on board, the sooner we can launch the campaign.

As with the RFP for the 2012 brand assessment, CCSE will make a dedicated effort to distribute the RFP to women, minority and disabled veteran business enterprises (WMDVBES) and California-certified small businesses. CCSE will manage all aspects of the relationships with the agency or agencies and direct their work to ensure their efforts support objectives as outlined in this marketing plan, providing guidance and support. In general, the scope of work to be performed by the marketing, communications and advertising agencies will entail the development of a communications strategy and plan to inform targeted brand positioning, marketing and outreach efforts. The agency will also be required to develop all associated marketing collateral to support those efforts, from launch of Energy Upgrade California as a statewide brand in Q3/Q4 2013 through the end of December 2014. Further, the agency will be required to provide all brand advertising and media placement services to leverage their expertise in this area.

The marketing and advertising agency will provide a comprehensive budget, strategy and tactics to CCSE for all activities under their purview. All activities led by the agency will be designed to reach targeted audiences, including residential consumers throughout the state, diverse audiences and disabled populations, owners of small businesses and home upgrade

contractors. Components of the agency or agencies work will include, but not be limited to the following.

- Marketing messaging platforms for each target audience segment, based on this marketing plan and other key documents and research. Messaging will be tailored to address the motivations and barriers for each key audience segment and include a call to action linked with a desired behavioral target.
- A plan and budget detailing how advertising and other paid media opportunities will support annual brand goals and objectives to include a rationale, target audience and target behavior for each activity, the expected message reach and frequency among key audiences for each effort by channel, key performance metrics and flexible tactics to allow for fine-tuning of campaigns to improve their impact. The agency will also provide all media placement services and will provide related performance metrics to CCSE for further analysis.
- A direct mail and email campaign plan and budget detailing the messaging for each tactic, key performance metrics and other observations to maximize and improve the impact of future direct mail/email campaigns. The agency will also provide key outreach performance metrics to CCSE for further analysis.
- Design and production of all advertising materials for broadcast, outdoor, print, direct mail, email and online marketing. Materials will include, but not be limited to, produced spots and PSAs for radio and television, vehicle wraps, internal and external vehicle ads, bus shelter ads, bench ads, billboards, online ads, PPC and SEO.
- Design and creation of event and retail-related collateral, such as brochures, signage, booths, lawn signs, flyers, staff uniforms, branded giveaway items, end caps, shelf talkers, stickers for products, rebate forms and business-related materials for meetings, such as PowerPoint templates and meeting collateral.

Budget

The IOUs proposed a budget of \$58 million for Energy Upgrade California for 2013–2014 in their applications. However, that budget includes costs for Flex Alerts and did not include budget allocations for coordination with the Energy Savings Assistance Program. With information from the IOUs about what was needed for Flex Alerts based on their budget allocations, CCSE has estimated budget allocations in the attached Appendix. This budget was prepared per Commission direction to provide a “proposed budget allocation based on the utilities’ total proposed budget, subtracting utility administrative costs, and address how the rest of the budget would be utilized.”⁵⁰ It is intended for guidance and will be further refined as more information becomes available.

In their applications, the IOUs ask that marketplace activities strive to consistently place messaging in IOU service territories according to each IOUs percentage of the budget that each utility contributes to the program. While CCSE recognizes that this is standard practice for most co-funded programs, we ask the Commission consider this campaign a little differently as a truly statewide program and not a collection of local programs coordinating statewide and give some discretion in allocation of the funds to best address the needs of the campaign. Also, the Commission may notice that we have allocated less funding to the IOUs for administration of the program. This budget is based on this plan and in this plan we propose the IOUs take a less hands-on role in administering the program and that CCSE assume more responsibility. Our budget reflects that recommendation.



⁵⁰ Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge Application 12-08-007 January 18, 2013



SECTION THREE: NEEDS FOR SUCCESS

Transition Challenges

During the last four years, the statewide marketing education and outreach program has been challenged by multiple factors. The challenges facing transition of the Energy Upgrade California brand from a residential retrofit program to the statewide marketing campaign mirror those that the Engage 360 and the Flex Your Power brands faced, as well as others that are unique to this situation. We are concerned about these challenges and list them for the Commission's consideration with brief notes in italics related to addressing these issues or how they're being addressed.

1. The timeline of the regulatory process and the needed ramp-up time for marketing firms is significantly delaying launch of the 2013-2014 marketing campaign showcasing the Energy Upgrade California brand. The likely launch on the current schedule is Q4 2013. This delay is prolonging uncertainty and confusion among key stakeholders about the brand's relationship to programs, about the transition of the brand itself and about brand governance and the appropriate allocation of ratepayer-funded resources to managing the brand and statewide marketing, education and outreach coordination. CCSE is constrained from assuming a stronger role in leading the brand message until a Commission Decision determining governance, roles and responsibilities and approval of the marketing plan is issued. *The Commission has demonstrated commitment in this process of review and discussion and will provide a Decision as soon as possible. If the Commission can provide other avenues for launching the brand sooner, those should be explored.*
2. A variety of important stakeholders, including the California Legislature and the media, appear to have a somewhat negative view of the Energy Upgrade California residential retrofit program. The Energy Upgrade California brand needs to transition in their minds in order to eliminate
3. Marketing activities for the Energy Upgrade California residential retrofit program will continue statewide throughout 2013 adding to the confusion around the transition of the brand to the umbrella brand. *We have attempted to address this in our approach to educating consumers about home performance and coordinating with the residential retrofit programs, but it is important that the Commission address roles and responsibilities related to the retrofit program development and marketing among the program marketing teams and the statewide ME&O team. We have started monthly program coordination meetings with the program marketing teams and will seek to coordinate with them going forward.*
4. The inability to distribute RFPs for advertising and marketing, public relations and website development firms until the Decision is final will create delays in the ability to launch a campaign in a timely manner. In addition, it will cause concern among top-ranked firms that the campaign may suffer the same fate as Engage 360, which was a huge liability for the firms that were engaged in the marketing and outreach work on that campaign. *CCSE is considering issuing non-binding RFPs before the final Decision is published as the scope of*

the connection to what some perceive as an unsuccessful program. At the same time, the brand will continue to be associated with deep retrofits and can be used to help educate these leaders about the successes that have been achieved by the residential retrofit program and the challenges these types of efforts are facing around the world. Delay in launching the transition campaign will need to be mitigated by CCSE, CPUC and IOUs at the legislative level in order to avoid potential legislation that could nullify the brand transition. *CCSE has started this communication process and would like to discuss this issue further with the CPUC and CEC.*

work is broad and it will give agencies more time to respond and help speed time to market. However, the reputational issue of working on this type of effort combined with the uncertainty may preclude quality candidates from submitting proposals.

5. Because the IOUs have a two-year transition cycle there is now a new environment with the RENs administration of their own portfolios, there will be a desire on their part to exceed program participation goals. Therefore, they will most likely increase their marketing efforts in 2013 and the need for a statewide ME&O campaign to augment their activities will become less important if the campaign cannot launch until late Q3/Q4 2013. *We have no way of mitigating this and simply bring it to the Commission's attention. The IOUs have demonstrated a commitment to improve their marketing efforts and have taken best practices from previous statewide campaign attempts. All efforts to improve the way consumers are engaged on energy matters are welcome,*

but there is a clear role for a civically based statewide brand alongside IOU customer marketing and it must be launched soon.

6. The RENs do not have a robust marketing budget for their consumer-facing programs and are relying on the statewide ME&O to assist them in marketing the residential retrofits and other consumer programs to their constituents. With the delay of the campaign until late Q3/Q4 2013, their participation in the residential retrofit program will be adversely affected. *We are attempting to address this in our residential retrofit program coordination.*
7. The success of the Energy Upgrade California brand transition also rests on the ability for local governments, contractors, partners and other market actors to buy into the long-range strategy for the brand. *CCSE will continue to share the overall plan with these stakeholders to ensure they will continue to support the campaign when it launches later this year.*



8. Discussion with the IOUs has revealed several challenges to the brand becoming a true umbrella brand in this transitional period. The IOUs' marketing approach is not currently conducive to working with a statewide umbrella brand and would require a lot of change. They would prefer to invest in this change once the statewide ME&O brand is fully established. Meanwhile, the brand may perform better as a corollary, civic-engagement brand that does not have such direct ties to the IOUs, therefore truly bringing a different voice to the energy conversation with consumers in California. Thus in the near term, CCSE recommends establishing Energy Upgrade California as a relatively independent social marketing brand for the state and asks for authority to move forward in a leadership role to implement the plan as the Commission approves.

9. The Energy Upgrade California brand is owned by the State of California and jointly led by the CPUC and CEC. The related social marketing campaign is intended to engage Californians as partners to learn about and take action on their energy use. As such, it is not like other energy portfolio programs and CCSE recommends its unique situation be considered. CCSE recommends that the Commission consider a contractual arrangement that holds the brand and its related marketing, education and outreach campaign accountable to the state, such as a similar to the fiscal-agent type contractual relationship that the IOUs and RENs have. In this contractual relationship, the RENs are responsible for the implementation of their programs and report directly to the Commission. This approach would require CCSE to be responsible for meeting the brand and campaign goals. The IOUs would continue to be on the statewide ME&O team. As the brand and marketing campaign coordinator CCSE would consult and coordinate with them regularly. Realizing the *full potential* of Energy Upgrade California as a brand and public education campaign *is reliant on its ability to extend reach to the entire state over time and on the state's commitment to it.*

Governance

In D.12-05-055, the Commission directed CCSE to serve as the statewide ME&O program implementer/coordinator⁵¹ and states, "CCSE's role will be more one of design, oversight and coordination."⁵² Regarding subcontracting and the implementation of the statewide ME&O campaign, it says, "These implementation details will be up to CCSE and we do not further specify them in this Decision."⁵³ This is a unique situation—a statewide brand and marketing campaign that promotes but is not directly related to programs; that is jointly managed on behalf of the state by the CPUC and the CEC; that must serve both ratepayer- and non-ratepayer-funded energy initiatives; and that has a history of investment by taxpayers dollars and significant investment by local governments. With the additional appointment of a not-for-profit program coordinator to lead the effort, governance requires the Commission's specific consideration of the brand campaign's circumstances and a decision that provides the right structure for success.

In their applications, the IOUs proposed a similar structure to what has been used for past efforts, with their standard arrangement of a lead IOU coordinating the IOU regional interests for statewide programs and managing the program implementer. They also proposed a program advisory group, or PAG, to advise the IOUs on the program strategy and implementation. Below we provide more detail about the governance structure CCSE recommends. We think this proposed structure would be most appropriate and effective for this particular effort, and we ask the Commission to consider this proposal in making its decision.

California's Own Brand

Energy Upgrade California is owned by the state of California, with management and ownership of the brand specifically designated to the California

⁵¹ May 10, 2012. Decision Providing Guidance on 2013-2014 Energy Efficiency Portfolios and 2012 Marketing, Education, and Outreach. Pg. 303 and O.P. 123

⁵² Id. Pg. 303

⁵³ Id. Pg. 305



Public Utility Commission and the California Energy Commission. In addition, with over \$22 million of American Recovery & Reinvestment Administration funds spent in 2010-2011 to develop and launch the brand on behalf of the state, the brand's continued successful transition represents the state's much larger mandate to educate consumers about their energy use and the state's energy goals. With the development and initial deployment of the brand funded jointly by both taxpayers and ratepayers, Energy Upgrade California truly is California's investment in communicating energy management to its residents and small businesses.

Taking these considerations into account, CCSE asserts that governance of the brand and its related ME&O campaign is directly under the authority of the state and must be stewarded by its agencies, the CEC and CPUC. Further, CCSE sees that, as representative agents for the brand's owner, both the CEC and CPUC are responsible for the brand's reputation and should exercise their authority to oversee and approve decisions regarding the marketing, education and outreach and advertising campaign using the brand. CCSE cites the recommendation from the Opinion Dynamics Corporation 2006-2008 Statewide Marketing and Outreach Process evaluation that the CPUC should be more involved in vetting the up-front planning process and implementation plans in a way that allows program implementers to effectively adapt to changing demands on the program.

Aligning on a clear governance structure for management of the Energy Upgrade California

brand is crucial to its success and the responsible stewardship of ratepayer dollars, as well as the taxpayer dollars that have already been expended to develop the brand.

CCSE recognizes that the CPUC has made the decision to transition the Energy Upgrade California brand from its primary focus on the residential retrofit program to become the umbrella brand of statewide marketing, education and outreach and that the funding for the transition of the brand and launch of the new statewide ME&O campaign is paid for by ratepayer funds.

CCSE acknowledges that this funding mechanism is critical to the successful transition of the brand, but CCSE also recognizes the \$22 million dollars invested already by the CEC and believes that more sources of funding will contribute to the brand's success over the long term. Several of the IOUs note in their applications that one of the attributes of this brand is its ability to foster matching local state and federal funds. Certainly, the brand will need to launch other concurrent marketing efforts to support other major initiatives for residential consumers and small businesses, such as the launch of AB 758's action plan for reducing energy in existing buildings. Given its broad scope including and beyond ratepayer programs, Energy Upgrade California should be led directly by the state and not by the IOUs to allow for flexibility in responding to the future needs and goals of the brand by various stakeholders.

Managing the State's Own Brand

As a state-owned brand, Energy Upgrade California's long-term success is dependent on a governance structure that will allow the brand breadth, autonomy and agility. CCSE seeks a governance structure that prioritizes responsive brand and campaign management and provides clarity of roles and responsibilities to maximize collaboration and agility and minimize confusion. Specifically, CCSE appreciates the Commission's delegation of responsibility to manage the brand and provide appropriate leadership for stakeholders and support to the CPUC and CEC in stewarding this asset of the State of California.

In this regard, CCSE has reviewed several contractual and funding arrangements including its own administration of the California Solar Initiative and Self-Generation Incentive Program in San Diego Gas & Electric territory and that of the recently formed Regional Energy Networks (RENs) for guidance on how to structure a governance and contractual relationship that will provide for comprehensive brand management, ratepayer fund stewardship, fiscal responsibility, program accountability and flexibility to incorporate the needs of all stakeholders.

After review of the contractual arrangements of these programs, we have determined that the management structure of the Energy Upgrade California brand and the statewide marketing, education and outreach program should reflect a similar approach to that of the RENs' contractual arrangements. The structure we propose will provide for the following.

1. An IOU will act as a fiscal manager to disperse funds to CCSE and conduct general management and monitoring activities in compliance with Commission directives. The IOU role as contract manager shall encompass all of the usual fiscal and management functions as set forth in similar program agreements, including fiscal oversight and monitoring, and as otherwise determined by the CPUC and CEC. The IOU will be responsible for timely payments to CCSE for work authorized by the Commission, as set forth in a contract between the IOU and CCSE.
2. Under the final statewide marketing, education & outreach program decision, and within the confines of the approvals of this marketing plan and subsequent plans or subcontractor agreements needed to implement this plan as approved by the CPUC and CEC, CCSE has the independent authority to manage, deliver and oversee the statewide marketing, education and outreach program without IOU direction as it relates to design and delivery of the statewide marketing, education and outreach program. CCSE shall be independently accountable to the state as represented by the CPUC and the

Energy Commission for delivering the results outlined in the marketing plan.

Governance Model

To illustrate and guide the decision-making process in this governance structure, CCSE proposes to apply a popular project management model to the governance of Energy Upgrade California: RASCI, which stands for responsible, accountable, supportive, consulted and informed.

This governance structure, led by California state agencies as the joint owners of the brand, demonstrates the state's commitment to the success of its ME&O initiative. With CCSE in its designated role, one organization is responsible for the brand and accountable to the state for the many necessary decisions related to achieving that success. CCSE requests the Commission allow it to administer the statewide ME&O program in the same fashion as the organization currently shoulders responsibility for the ratepayer-funded California Solar Initiative and Self-Generation Incentive programs in SDG&E territory. Thus, CCSE will be responsible for brand and marketing strategy, management and execution, monitoring and enforcing the brand's legal rights, judiciously stewarding the budget and assuming fiscal responsibility and campaign-related liability. To perform these functions, CCSE must be delegated authority to lead and act on the brand and campaign's behalf on its own judgment and recognizance. Normally in IOU statewide campaigns, one IOU assumes this responsible role, coordinating with the other IOUs and assuming the authority delegated by the other IOUs to lead the campaign's strategy and decision-making. In this instance, CCSE has been designated to assume that role, bringing in a not-for-profit and community-based perspective and serving its mission to accelerate the adoption of clean and efficient energy throughout California. Of course, the IOUs are an important partner as the campaign must be coordinated with their marketing efforts to maximize its potential for it to be successful and therefore CCSE will consult with them and seek to collaborate. In addition, the IOUs are authorized to collect and manage ratepayer funds and must therefore be called upon for to



act as the fiscal agent. The IOUs should be held responsible for coordinating and collaborating with the campaign and for providing support to execute on the plan and track its success in driving traffic and leads to their programs, but they should not be responsible for reaching statewide ME&O goals in this transitional period while the brand being established and its infrastructure developed.

In the responsible role, CCSE asks the Commission for its consideration that successful brands generally have committed responsible and regular owners. CCSE needs recognized authority and lead decision-

making power to be responsive to the market and opportunities to make decisions, and in this role, CCSE would coordinate with both the CPUC and CEC and be jointly accountable to them for brand development and marketing success over time.

In their applications, the IOUs provided an alternative vision in which they, instead of CCSE, are responsible for achieving the program performance metrics, and they in turn hold CCSE accountable only for implementation of their strategy under their direction. Given their emphasis on local marketing and reluctance to co-brand with the state at this



time, the IOUs should not be required to also extend their business leadership to oversee the design, strategy or execution of the statewide ME&O brand and campaign. Under auspice of their own corporate brands and in their important roles as the state's major utilities, they are among the Energy Upgrade California brand's most important partners, but they need not transcend their own local priorities to steward it for the state also.

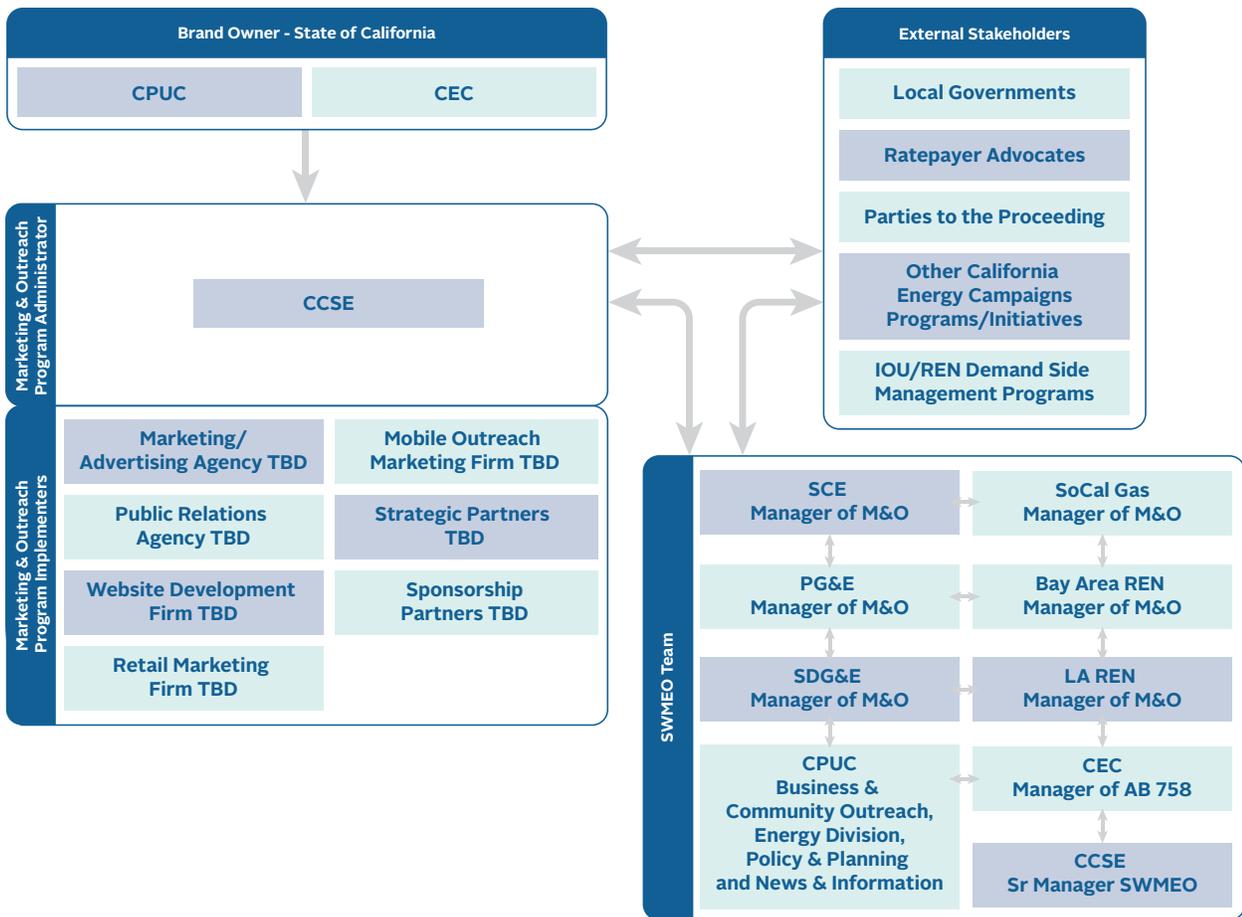
While it is important that the IOUs be accountable to brand success and support it, successful brand building requires that a brand have one clear owner that advocates for that brand, taking a broad view of its role in the marketplace and managing it over time. With primary commitments to their own brands and local customers, the IOUs are not well positioned to collectively own and advocate for a statewide brand, and this external brand stewardship runs counter to their current business practice of integrating ratepayer-funded programs into their customer offerings and marketing them as their own. In addition, since the brand is not solely under the auspices of the CPUC and requires accountability also to the CEC and the State of California, CCSE envisions a statewide ME&O team

structure going forward that mirrors the RASCI model, in which CCSE is primarily responsible for the strategy and implementation of the statewide ME&O campaign and leads the achievement of its related goals, accountable to the state via the CPUC and CEC and working in consultation with the IOUs, RENs and other partners. In the following paragraphs, we outline roles and responsibilities in more detail.

Roles and Responsibilities

Success for statewide ME&O requires all stakeholders involved to collaborate as much as possible with clear roles and responsibilities. This need for collaboration exists in all statewide programs we researched and is of particular importance for states like California and Massachusetts that are trying to realize the benefits of both a statewide brand and utility administration of programs.

We offer the following organizational structure to ensure a collaborative working environment for all the stakeholders involved.



Operational Structure

The success of the brand will be dependent on maintaining an open and consistent communication flow between all members of the SWMEO team, local governments and other stakeholders. CCSE reviewed the ODC 2006-2008 Statewide Marketing and Outreach Process Evaluation to glean recommendations on how best to approach the operational meeting structure for management of the brand and the campaign. We believe that many of the characteristics of the structure used for the statewide ME&O program during the 2006-08 portfolio cycle are relevant and useful for the program going forward.

CCSE proposes adopting the meeting structure outlined in the process evaluation, with changes to reflect the lead roles of the CPUC and CEC with three formal and semiformal venues for program communication:

- (1) The CCSE/IOU/REN/CPUC/CEC Springboard Annual Meeting
- (2) The SWME&O Team CCSE/IOU/REN Strategic Planning Quarterly Meetings
- (3) The Statewide CCSE/ IOU/REN/CPUC/CEC Marketing Monthly Meetings

As the program administrator and brand manager, CCSE will coordinate with all parties involved to set the agendas, determine locations, invite participants, lead the meetings and provide summary reports of all activities and decisions made at meetings.

The first three meetings act as the primary forums for program communication and/or planning. The Springboard Annual Meeting is the first meeting held at the onset of a campaign year to determine the tone, themes and target measures of the statewide programs.

The second venue, the Statewide/IOU Monthly Marketing Meetings, serves as the detail-oriented decision-making venue where program details and plans are finalized. Finally, the Strategic Planning Quarterly Meetings are a venue for reviewing and assessing the campaigns' results on a quarterly basis to determine if a change in strategy or tactics is needed. Details of each of the meetings follow.

Springboard Annual Meeting

The Springboard Annual Meeting serves as a semi-formal, yearly meeting in which the strategy for the year is reviewed and the messaging, target measures, themes and promotions are established. This meeting is comprised of the CCSE statewide ME&O team and senior management; director-level staff from each of the state's IOU Demand Side Management Marketing departments; director-level staff from each of the Regional Energy Networks marketing departments; staff from the CPUC Energy Division, Business and Community Outreach, News and Information and Policy and Planning Division; and lead marketing staff from the CEC. The parties meet to deliberate on the aforementioned topics and use a series of criteria to determine the most appropriate course of action for the statewide programs. It is important to note that a series of informal meetings occur in advance of the annual meeting with a few key players from each IOU and efficiency partnership to set the overall tone for these meetings.

Statewide Marketing and Outreach Strategic Planning Quarterly Meetings

The SWME&O Strategic Planning Team holds ongoing formal and semiformal meetings throughout the campaign year. These meetings allow for in-depth and collaborative program planning. Program plans, research and findings are shared among the team members and the operational and working details of each program's efforts are articulated. These meetings are often conference calls held on a monthly or ad hoc basis, with increasing frequency at the onset of a campaign season (such as the fielding of lighting, cooling and heating messaging). These meetings often include all of the aforementioned players in the SWM&O Strategic Planning Team.

Statewide Marketing Monthly Meeting

The monthly meeting serves as the administrative venue where the team will discuss details of the campaign and activities that are being done on behalf of the brand and the campaign. This meeting may be held via conference call or in person, based on the items on the agenda.

Requirements for Operational Success

- CCSE to lead all aspects of brand management and statewide marketing, education and outreach in support of the CPUC/CEC
- CCSE's contractual obligation should be to ensure the success of the Energy Upgrade California marketing, education and outreach campaign and it should have the ability to use its judgment to respond to opportunities in a similar fashion as the IOUs in their execution of marketing for other statewide programs
- The IOUs should provide administrative and advertising/marketing support to CCSE to ensure the success of the brand and the statewide ME&O campaign
- The IOUs should provide research and data on customer segmentation and best practices on customer experience and management and behavior modification programs as well as other information CCSE and the CPUC may determine can assist in the success of the statewide ME&O campaign
- The IOUs and RENs should provide transactional data to allow CCSE to define and analyze lead-tracking protocols for all marketing tactics/channels implemented for the purposes of driving IOU and REN customer engagement and intent to participate in statewide programs
- CCSE will maintain an activity calendar with deliverable dates for all parties involved in the management of the campaign updated on a weekly basis
- The contracting IOU will be responsible for communicating with other IOUs to ensure that all parties are represented fairly
- The IOUs, RENs and CCSE will be required to share their marketing and advertising plans and



merchandising calendars to ensure collaboration with messaging, promotions and timing

- A comprehensive marketing, education and promotional calendar will be established for the campaign that will contain all marketing and advertising campaigns for the IOUs, RENs, local governments and state agencies

Funding Allocation

In implementing this marketing plan, consistent cash flow will be needed to pay advertising agencies, website developers, public relations firms and other vendors for their subcontracted services. As a nonprofit organization, CCSE does not possess sufficient reserves to make large, ongoing cash outlays to subcontractors. We propose a funding approach for the SWMEO program that is based on the model we have used with SDG&E for our program administration of the California Solar Initiative in the San Diego Gas & Electric territory for the past six years.

We request that CCSE be provided a portion of the total budget as an advance quarterly, based on a forecast of our projected expenditures for the quarter. Each month, actual costs will be reconciled

to the advance request, supported by invoices and other documentation of expenses incurred during the month.

Within 30 days following the end of each quarter, a detailed accounting will be provided by CCSE to calculate the net amount owed or unspent as measured against the advance. The net adjustment will be added to or subtracted from the next quarter's forecast.

Timing

Timing of the Energy Upgrade California marketing and advertising campaign launch is critical to its success. Upon the Commission's Decision on statewide ME&O, CCSE will contract as soon as possible with two vendors critical to establishing the brand website, developing the marketing and advertising materials and planning media placement. Thus, full launch of the consumer campaign is not likely before late Q3 into early Q4 2013, with the small business campaign ramping up pending further research in early 2014. In the meantime, the brand is already in place in the market attached to one of its programs, the residential retrofit program, thus the transition delays are causing confusion and

uncertainty among market actors. When starting this process mid-2012, CCSE had hoped to be in market by Q2 2013. Every day is precious in this short transition window, and CCSE will be seeking to expedite processes where possible, such as issuing non-binding RFPs. Again, we seek any solutions to this timing issue that will enable us to expedite this transition.

The proposed calendar for implementation of the plan can be found in the Appendix. This calendar is for informational purposes only to give a sense of the timing for executing each tactic. The advertising firm(s) will create a marketing/promotional calendar with a media calendar that will give further specific details on the timing of each tactic, what media will be used and when the various media outlets, events, websites, etc. will be launched in relation to the seasonal needs for communicating specific messages and/or our partners marketing plans.

It is our goal to integrate this calendar with IOU, REN, local government partners and other brand partners to ensure that we are synergizing our messaging appropriately. In addition, an interactive advertising and promotional calendar will be developed and made available to all brand partners for use in planning and execution of Energy Upgrade California-branded marketing campaigns.

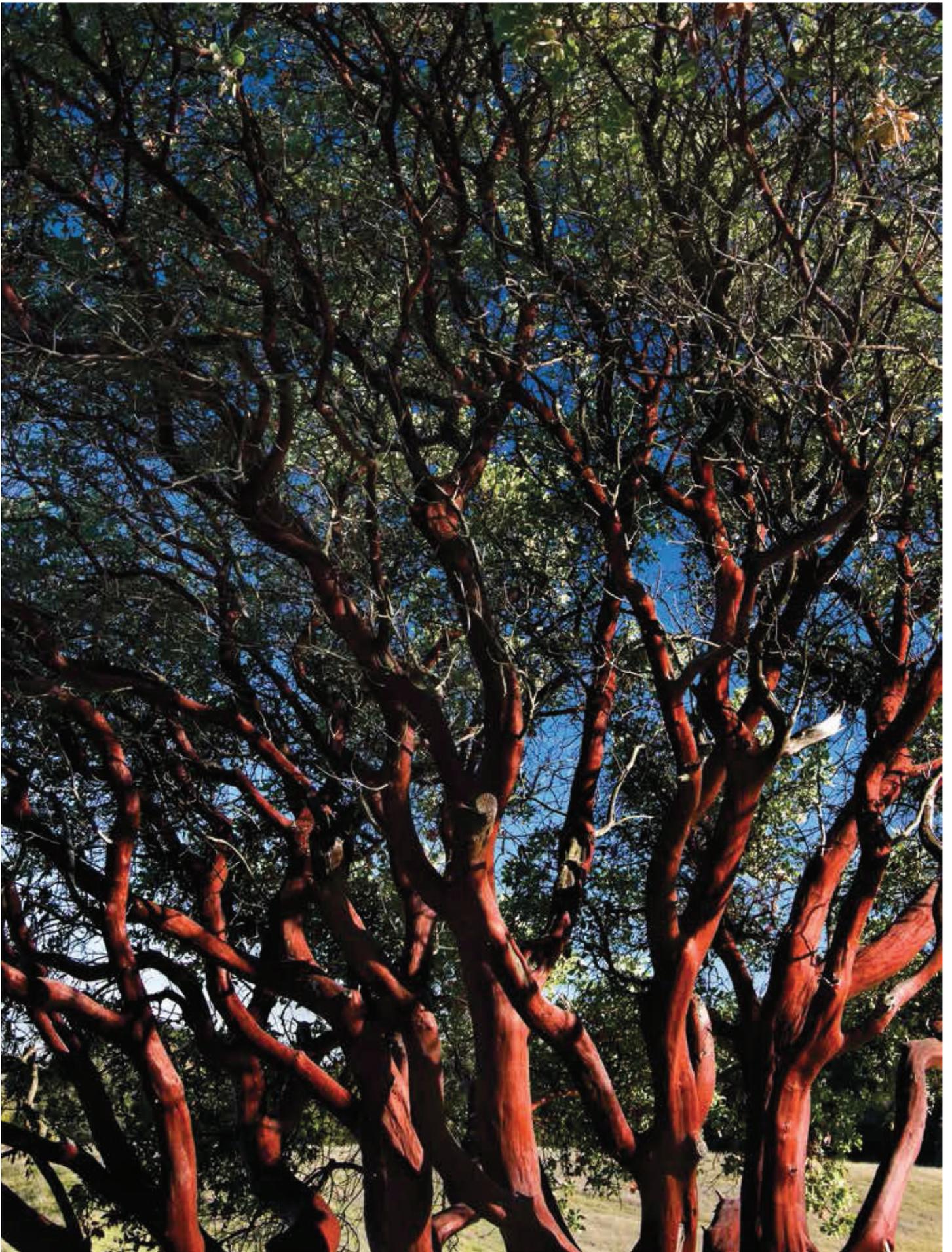
Data

Good marketing is data driven, research based and customer focused. CCSE understands that customer privacy is important and looks to work diligently with the IOUs and RENs to ensure that their customer privacy is respected while at the same time statewide ME&O is based on customer understanding. In order to be successful, the statewide ME&O effort will require some aggregate customer data and trend information. In addition, we understand that the IOUs apply their own segmentation to their customer base and do not use the ODC five segments that the statewide program will use. Understanding their segmentation approaches and correlating those to do better-integrated marketing would be helpful. Lastly, no matter which strategic approach the Commission

prefers, it is very important that statewide ME&O be able to track how consumers move from the statewide ME&O campaign to IOU and REN channels and vice versa.

We will need data from the IOUs and RENs about where customers go on their website and when and how program enrollment may be affected by statewide promotional campaigns. We will need regular updates as close to real time as possible about related program activity—for example, how many completed retrofits or appliance rebates issued during and after a certain promotional period with additional details about where those were completed or issued at the ZIP+four level. We do not need customer names or household-level data as a general rule, though we would also like the ability to work with the IOUs to profile certain customers who can provide case studies and serve as trusted resources on certain actions they have taken with other consumers. Understanding trends related to consumer interaction with the IOU audit tools and websites would also be very helpful and may provide more insight than surveys or other means of directly asking consumers about what topics are most confusing or interesting to them.

The statewide ME&O will make considerable use of the Green Button Data initiative and IOU coordination on Green Button Connect functionality, and similar ways of making smart meter data easily accessible to consumers will be very important. Lastly, both the CPUC and CEC are working on data tools that will make aggregate consumer data more accessible and available for analysis. Statewide ME&O is a stakeholder in those initiatives and looks forward to working with both agencies on those efforts. We ask the Commission to recognize the data needs of the statewide ME&O effort and to direct the IOUs to work with CCSE on a specific relationship of sharing and stewarding data for the success of this campaign.



Appendix

2013–2014 Statewide ME&O Budget Estimate for Energy Upgrade California™ Transition

Marketing Tactic	Total	2013 (q3–4)	2014 (q1–4)
Current IOU Budget Allocation for SWMEO	\$57,900,000		
Flex Alerts Allocation	\$10,600,000		
SWMERO Budget Less FA	\$47,300,000		
MARKETING			
Advertising [^]	\$16,555,000	\$6,622,000	\$9,933,000
Earned and Social Media	\$1,655,500	\$662,200	\$993,300
Promotional Calendar and Co-op Marketing	\$3,311,000	\$993,300	\$2,317,700
EDUCATION			
Website & Digital Marketing	\$3,784,000	\$2,270,400	\$1,513,600
Mobile Outreach and Education	\$3,311,000	\$993,300	\$2,317,700
Small Business Advisor Plot	\$1,419,000	\$0	\$1,419,000
OUTREACH			
Retail Intercept Outreach and Education	\$3,311,000	\$1,324,400	\$1,986,600
Strategic Partnerships and Sponsorships	\$3,311,000	\$1,324,400	\$1,986,600
Youth Education & Outreach	\$1,655,500	\$496,650	\$1,158,850
Community-based Social Marketing	\$2,365,000	\$709,500	\$1,655,500
RESEARCH			
Research (small business, messaging, other tbd)	\$1,892,000	\$756,800	\$1,135,200
CCSE administrative expenses*	\$4,020,500	\$1,326,765	\$2,693,735
IOU administrative expenses**	\$709,500	\$234,135	\$475,365
Total:	\$47,300,000	\$17,713,850	\$29,586,150
Low Income SWMEO Allocation (2012–2014)***	\$1,283,984	\$513,594	\$770,390
Total SWMEO Budget 2013–2014	\$48,583,984	\$18,227,444	\$30,356,540

This budget is based on estimated spending for Flex Alerts of \$10.6M for 2013–2014.

Unspent 2013 allocations roll over to 2014, and funds may need to be shifted.

[^] This budget includes creative development, advertising firm expenses, etc.

*CCSE budget accounts for administrative staffing and expenses related to planning, coordinating and implementing the SWMEO program in 2013–2014. These include but are not limited to program, policy/regulatory and administrative labor, travel, conference and meeting expenses. Direct implementation expenses will be tracked and accounted for in their related tactical budgets.

**IOU budget accounts for utility coordination and CCSE contract management.

***Low Income SWMEO budget estimated from IOU SWMEO applications; Assumes use of 2012 funds in 2013–2014

Promotional Calendar

	January	February	March	April	May	June	July	August	September	October	November	December
2013 Activities												
Earned & Social Media												
Research (small business, messaging, other tbd)												
Merchandising Calendar & Co-op Marketing												
Community Based Social Marketing												
Strategic Partnerships & Sponsorships												
Website & Digital Marketing												
Advertising & Direct Marketing												
Mobile Outreach & Education												
Youth Education & Outreach												
Retail Intercept Education												

	January	February	March	April	May	June	July	August	September	October	November	December
2014 Activities												
Earned & Social Media												
Research (small business, messaging, other tbd)												
Merchandising Calendar & Co-op Marketing												
Community Based Social Marketing												
Strategic Partnerships & Sponsorships												
Website & Digital Marketing												
Advertising & Direct Marketing												
Mobile Outreach & Education												
Small Business Pilot Outreach												
Youth Education & Outreach												
Retail Intercept Education												

