

# Residential Lighting: Towards a Portfolio Approach





# Pacific Gas and Electric Company



**Energy services to 15 MM people:**

- 5.1 MM Electric customer accounts
- 4.3 MM Natural Gas accounts

**70,000 square miles with diverse topography and climate zones**

**20,000 employees**

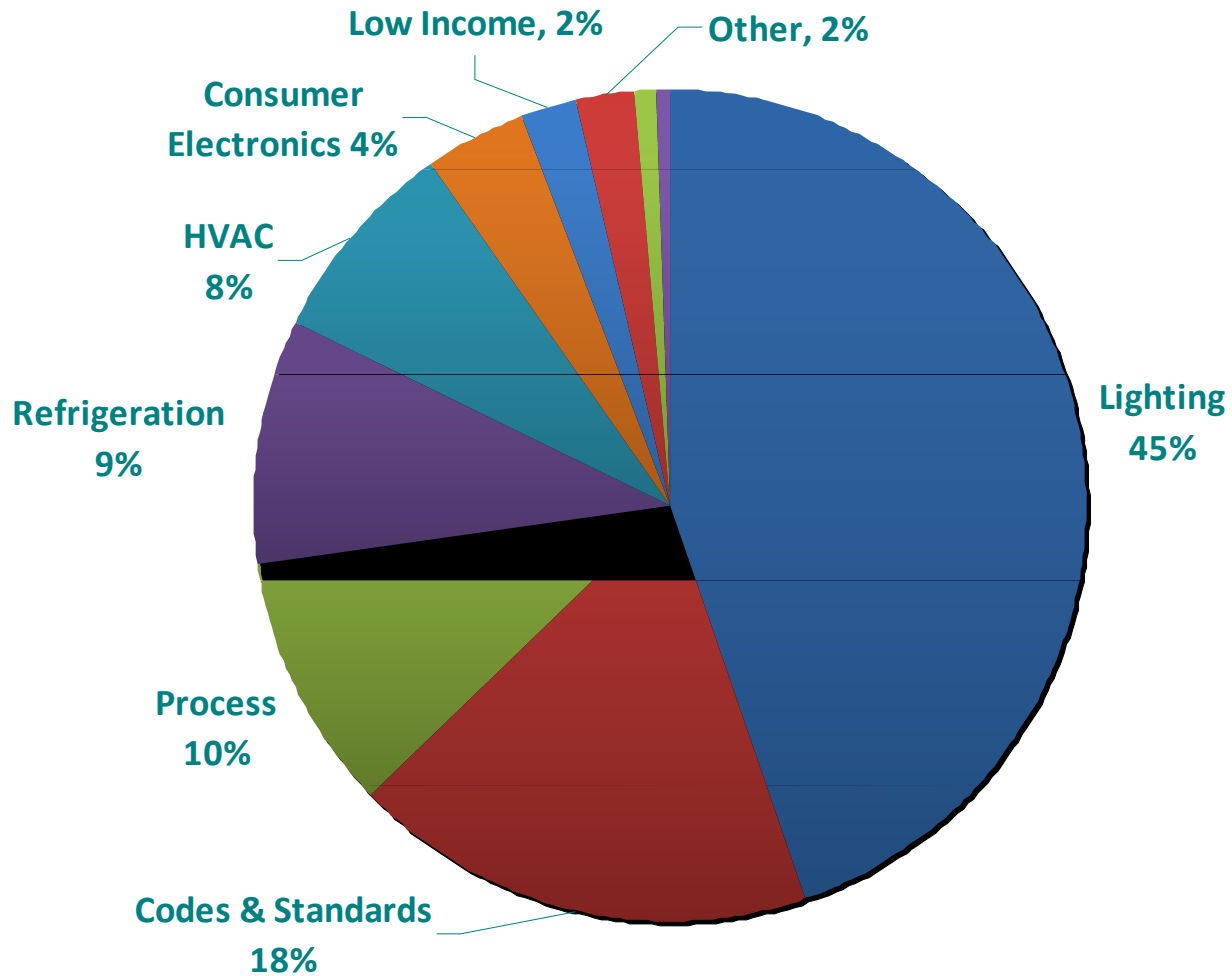
**A regulated investor-owned utility**



**Ranked the greenest utility in the United States in 2009 and 2010**



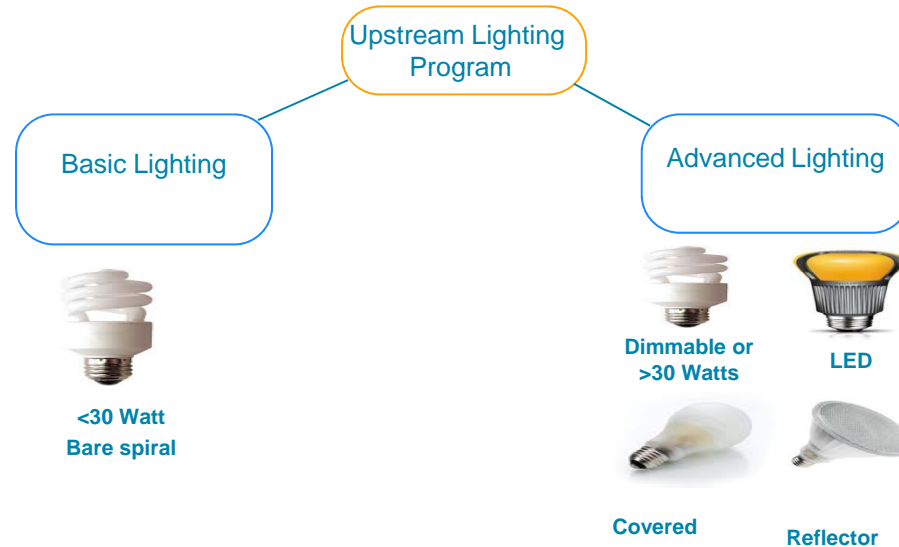
# 2010 Savings Drivers: Electric



Gigawatt Hour Savings: *Largest End Use Drivers*



# California Investor Owned Utility Residential Lighting Program Overview



	<b>PG&amp;E</b>	<b>SCE</b>	<b>SDG&amp;E</b>
<b>Basic Lighting</b>	<b>\$30MM</b>	<b>\$32MM</b>	<b>\$16MM</b>
<b>Advanced Lighting</b>	<b>\$33MM</b>	<b>\$45MM</b>	<b>\$11MM</b>

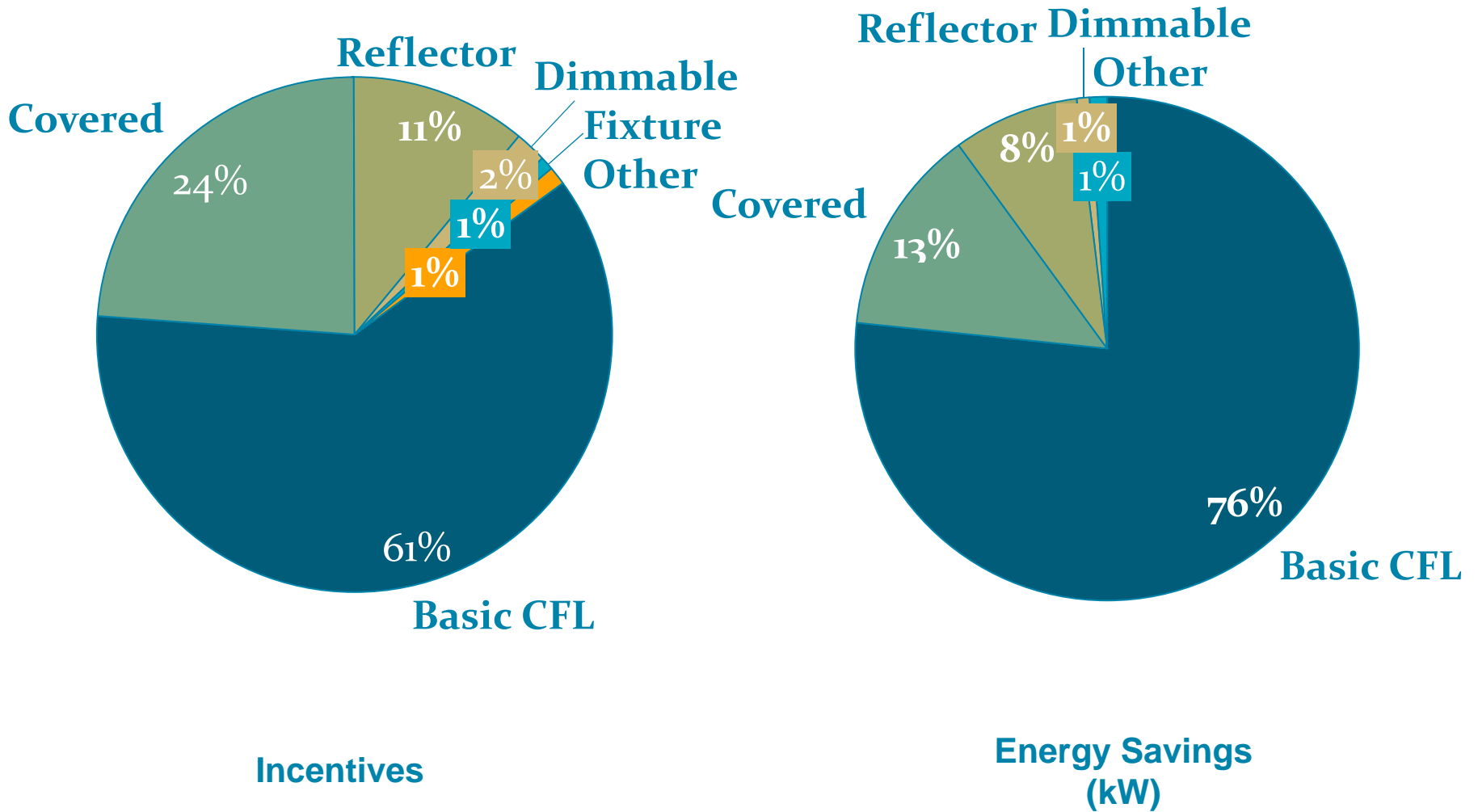


## Current Program Snapshot

- Upstream Lighting Program is primarily a CFL program
  - Basic CFLs directed to hard-to-reach customers
  - Advanced products in most significant lighting retail channels



# Lighting Portfolio Mix: 2010 to Present





## Transition Challenges

- Advanced lighting more expensive; not necessarily more efficacious
- EISA understanding
- Education and outreach
- Product quality



# Pricing Test

PG&E is completing a pricing test for LED PAR and MR lights in two mass market retailers.

- **Purpose**: To test different incentive levels to determine optimal price
- **Duration**: Three phases, each lasting four weeks
- **Incentive Levels**:

Product	High	Medium	Low
MR-16	\$10	\$5	\$2
PAR30/PAR38	\$15	\$10	\$5





# Pricing Test-Results

For PAR 38 lamps (retail \$40), the highest rebate amount (\$15) generated the highest sales increase, but the middle incentive level (\$10) produced similar results.

- Sales Increases:

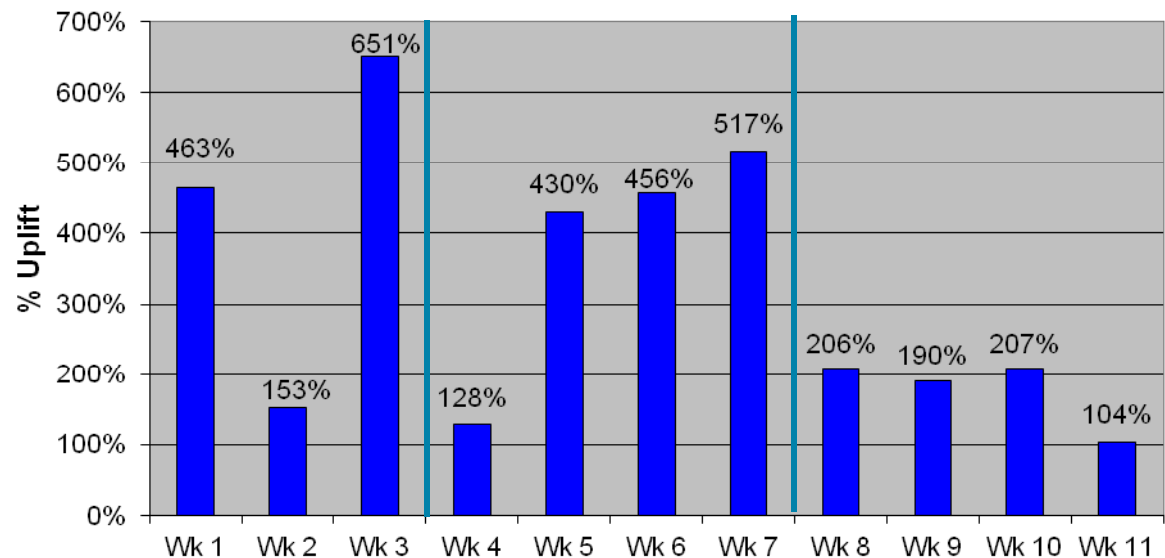
- \$15: 422%
- \$10: 383%
- \$5: 177%

- Baseline: Month of previous sales data

- Limitations:

- Insufficient Inventory
- Missing Signage
- Knowledgeable Sales Staff

Pricing Test: LED PAR38





# Pricing Test-Lessons Learned

- **Signage**: Rebates are important, but signage also played a key role.
  - Impact on Sales
  - Proximity to Product
  - Clear on Rebate Process
  - Regular Maintenance
- **Optimal Pricing Level**: On a \$40 retail price, the \$10 rebate provided similar results as a \$15 rebate, but much more than a \$5 rebate
- **Engage Stakeholders**: Engage Stakeholders (i.e. Marketing, Legal, Sales) Early





# Upcoming Pricing Tests

- Recessed Downlight Retrofit Kits
- LED A-Line, Globe, Candelabra



# Marketing Efforts and Education

With so many different technologies in the market, there is consumer confusion. We feel that this is an opportunity for utilities to help lead the way and educate consumers. We are designing collateral for two main purposes: Driving Sales and Consumer Education.

- Sales:

- Understand Retailer Needs
- Help Increase Sales

- Education:

- Available Lighting Options
- Lumens vs. Watts

- Strategy:

- Website
- POP Signage
- Sales Staff

		☀ DIMMER  BRIGHTER ☀			
LUMENS		450	800	1100	1600
MOST EFFICIENT ↓ LEAST EFFICIENT	Standard Incandescents	40W	60W	75W	100W
	New Halogen Incandescents Save up to 28%*	29W	43W	53W	72W
	CFLs Save up to 75%*	9W	14W	19W	23W
	LEDs Save up to 77%*	8W	13W	17W	N/A

\*Percentage of energy saved by replacing a standard incandescent light bulb; based on usage of approximately 796 hours annually and average residential rate of .15 cents/kWh.



## 2012 Planned LED Products

- Recessed Downlight Retrofit Kit
- PAR38, PAR30, PAR20
- MR-16
- A-Line, Globe, Candelabra (Late 2012)



**Thank You!**

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