



INNOVATION FOR SUSTAINABLE ENERGY EFFICIENCY

ENERGY STAR[®]
Products Partner Meeting
November 9, 2011



Learn more at energystar.gov

Today's Panel



QDI Strategies, Inc.

Steve Bassill, QDI Strategies

President of a 20 year old consulting firm that focuses on helping clients develop go-to-market strategies

Led the original design of the BCE program with PG&E

Continues to help support the implementation of the program



Adam Grant, NV Energy

Program Manager – Energy Efficiency & Conservation

Brought the BCE program to NV Energy

Manage energy efficiency programs with cumulative budget of more than \$20 million per year and 20 employees

SEARS HOLDINGS

Jeff Roesch, Sears Holdings Corporation

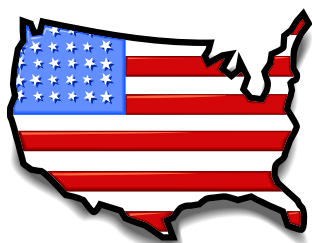
VP, Business Intelligence, Process & Analytics Consumer Electronics Sears Holdings Corporation

Responsible for management of Consumer Electronics EE program at Sears



With support from: **THE CADMUS**
GROUP, INC.

In 2008...

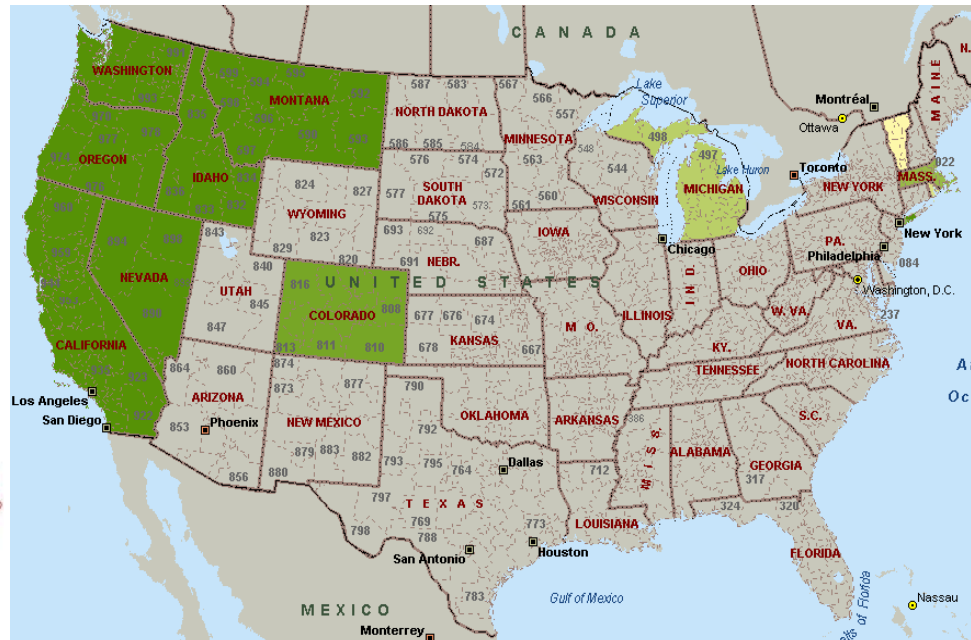


- CEA study – “if unabated, U.S. consumer electronics load may reach 18% by 2015”
- McKinsey research – “Energy efficiency in electronics a low priority for manufacturers and consumers”
- PG&E Emerging Technology study – options for mitigating electronics growth
- Average new TV sold used 200 watts
- ENERGY STAR 3.0 TV specification not yet implemented
- No full-scale Utility CE program in place

Since then...



- Fifteen utilities plus NEEA - >20% of US consumers - full-scale or pilot CE programs
- Retailers, with > 75% of retail TV sales participate
- Three versions of the ENERGY STAR TV specification implemented



Going Forward...



- **ENERGY STAR strongly supports utility / retailer collaboration:**
 - To advance ENERGY STAR CE product specifications
 - To increase market penetration of these products
- **Utilities want to launch a CE program but have reservations**
- **ENERGY STAR engaged QDI Strategies to review CE programs to:**
 - Determine the utility and retailer requirements that need to be met
 - Identify lessons learned for utility CE programs
 - Uncover potential new program designs

Requirements to Implement Retail Consumer Electronics Programs



Utility Requirements

1. Evaluation – Attribution / Measurement
2. Cost / Benefits & Rate Payer Benefit
3. Retailer Engagement
4. Customer Engagement
5. Shorter Program Development Cycles

Retailer Requirements

1. Management Commitment
2. Economic Justification
3. Easy to Do Business With
4. Legal / Data Security
5. Integration With Rest of Business

Goal: Define the Lessons Learned to Overcome these Barriers



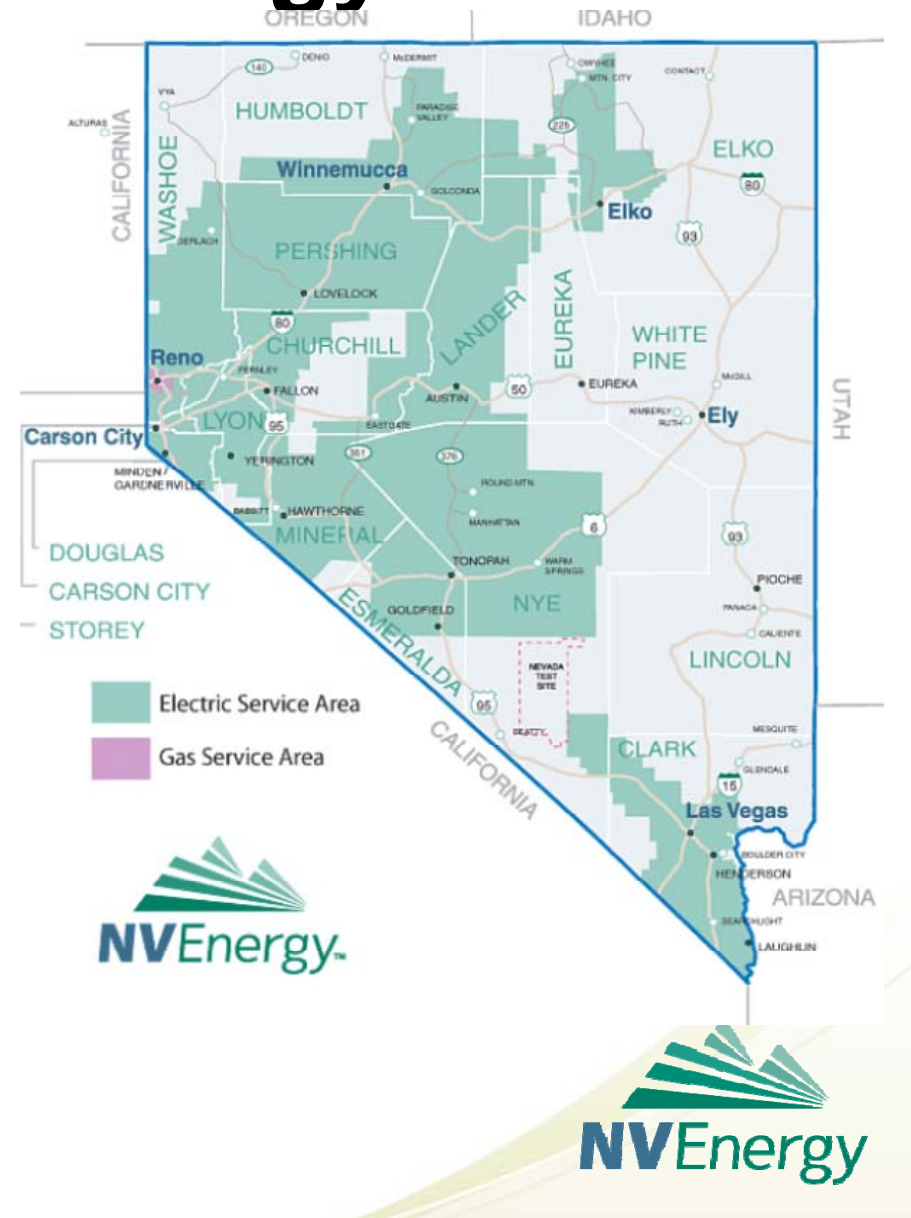
**CONSUMER ELECTRONICS
UTILITY PERSPECTIVE**

11-9-11



Background – NV Energy

- **NV Energy**
 - Corporate summary
 - Two distinct districts
 - Southern Nevada
 - Largest number of customers
 - Urban and suburban
 - High customer density
 - Northern Nevada
 - Largest area
 - Rural
 - Low customer density



NV Energy Drivers for Electronics Program: Electronics are Fastest Growing Energy Consuming Segment

- End-Use electricity growth rates in the United States, 2005 - 2030



Source: Energy Solutions analysis of "Year-by-Year Reference Case Tables" in EIA 2008. Includes the estimated impact of H.R.6, "Energy Independence and Security Act of 2007" that was enacted in late December, 2007.



NV Energy Drivers for Electronics Program Market Drivers

- Maturation of energy efficient lighting
 - Standards and regulations are reducing the available savings from lighting
- NV Energy is just moving into a “revenue recovery program” where it will recover the costs of its EE program...
- **NV Energy is committed to serving unique customer needs –**
 - Very hot in summer – customers need ways to lower their bills in the summer
 - EE is the first part of NV Energy’s three part strategy



Background – Current Consumer Electronics Program

- Initiated program in 2010
 - Elected to join Energy BCE program underway at PG&E, SMUD, NEEA and SDG&E
 - Collaboration allows small budget and footprint to be leveraged for high impact
 - Cooperated to select measures, set specification levels and define incentive rates
 - Shared resources to enroll eight retailers into program
 - 95 participating retail locations

Utility	Product	Size	Specification and Incentive Levels	
NV Energy (N&S)	TV	Less than 50"	ENERGY STAR 5.3	ENERGY STAR 5.3 + 20%
			\$4.00	\$12.00
	Desktops	All	ENERGY STAR 5.0	\$7.00
			ENERGY STAR 5.0 +10%	\$5.00
	Monitors	All	ENERGY STAR 5.0 +10%	\$5.00



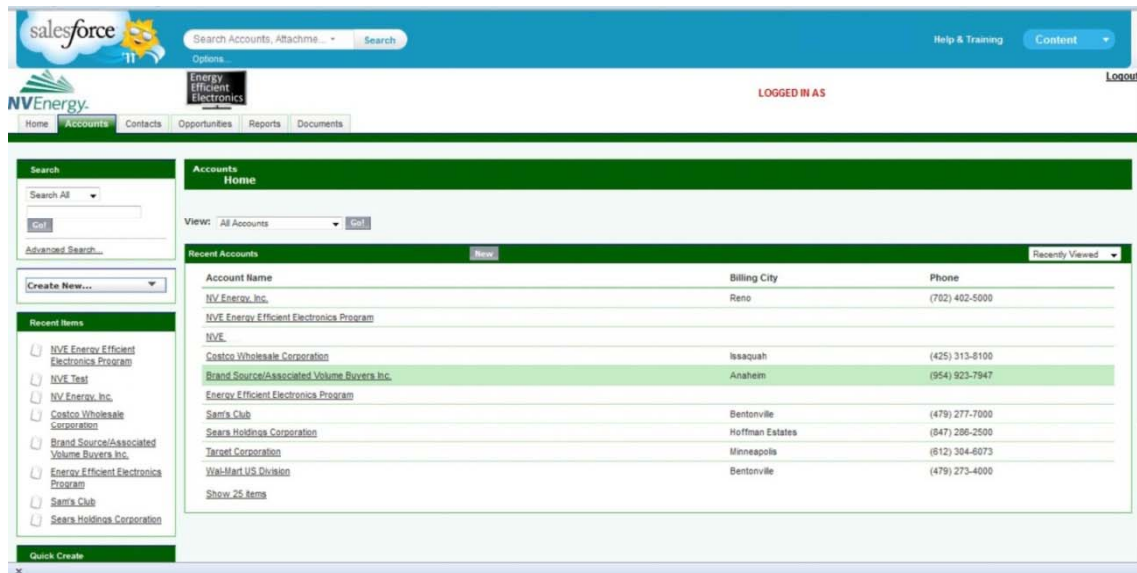
Customer Engagement

- What we are doing:
 - Educating the store associates
 - Working with retailers to develop and deploy training programs for store associates
 - Reinforcing the program message every time detailers go into the store
 - POP
 - Placing program materials on qualifying products
 - 6 visits/year
 - Tracking and Auditing
 - Visit reports / placements
 - Placement audits



Program Impact Measurement

- Quantitative
 - Unit sales data by retailer and by store
 - BCEincentives.com
 - Market share calculations
- Qualitative
 - Tracking interactions with stakeholders



The screenshot displays a Salesforce CRM interface for NV Energy. The top navigation bar includes the Salesforce logo, a search bar, and user information. The main content area shows a list of recent accounts under the 'Accounts Home' section. The table below lists several accounts with their respective billing cities and phone numbers.

Account Name	Billing City	Phone
NV Energy, Inc.	Reno	(702) 402-5000
NV Energy Efficient Electronics Program		
NVE		
Costco Wholesale Corporation	Issaquah	(425) 313-8100
Brand Source/Associated Volume Buyers, Inc.	Anaheim	(954) 923-7947
Energy Efficient Electronics Program		
Sam's Club	Bentonville	(479) 277-7000
Sears Holdings Corporation	Hoffman Estates	(847) 286-2500
Target Corporation	Minneapolis	(812) 304-6073
Wal-Mart US Division	Bentonville	(479) 273-4000



Key Lessons

- This program is different:
 - “Pushes selling the product” versus “pushes buying the product”
- A conglomerate of utilities, like the BCE program which has the whole West Coast, is key to its success.
 - “Have the ability as a partnership to truly move the needle, versus a single utility NV Energy’s size.”
- Ability to change, and change quickly, is a requirement for success:
 - I.e., as ES 5.0 and 5.0+20 penetrated market more rapidly than expected, we have the ability to move to the next generation of specifications



Specifications since 2008

ENERGY STAR 3.0 + 15
ENERGY STAR 3.0 + 30
ENERGY STAR 4.0
ENERGY STAR 5.3
ENERGY STAR 5.3 + 20
ENERGY STAR 6.0
ENERGY STAR 6.0 + 15



Foundation for Expanded Portfolio

- Add other energy efficient electronics to portfolio
 - Set top boxes
- Add other plug load measures
 - Smart strips
- Leverage relationships with retailers in electronics program to increase penetration of appliance measures



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Successful Energy Efficiency Program Model for CE – Retailer Perspective

Jeffrey Roesch

VP, Business Intelligence, Process & Analytics

Consumer Electronics – Sears Holdings Corporation

11.9.11

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Sears Commitment to Energy Efficiency



- Named Retailer Partner of the Year for 2 consecutive years
- Formed Green Leadership Team to consist of 15+ cross functional businesses to promote Energy Efficiency across SHC
- Sears and Kmart began the Consumer Electronics partnerships with select CA utilities in 2009 and currently have 10+ active CE partnerships across the country

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Maximizing CE Programs: Utility Best Practices

- The best programs gain commitment from our senior leadership
 - We are the main touch point in the CE Energy Efficiency eco-system
 - We have sustainability and energy savings goals and these types of programs can help us get there
 - Utility programs must align with Sears, Kmart Consumer Electronics and corporate direction
 - Recognize that SHC is in the business to make a profit

Maximizing CE Programs: Utility Best Practices

- Programs and requirements must make economic sense to
 - Offset Buyers' time and efforts
 - Compensate for staff interface and data requirements
 - Subsidize the promotional activity
 - Justify store level support commitment
 - Assist SHC to sell more / improve profitability

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Maximizing CE Programs: Utility Best Practices

- **Ease of doing business**
 - Single specification / shared specification levels
 - Single reporting structure
 - Single point of contact for program information
 - Timely program information, prior to assortment selections
- **Collaboration**
 - Monthly touch base with continuous program performance evaluation
 - Continuous process and reporting improvement
- **Enhanced marketing integration with Sears and Kmart**
 - Marketing programs – one size doesn't fit all – find the marketing program that best align with you customer

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Maximizing CE Programs: SHC Commitment

- CE management supports and constantly improves on the Electronics programs
- Merchant Teams seek out qualifying products and request manufacturers develop and present qualifying products
- Dedicated team to CE Programs with reach beyond CE
- SHC can provide customer level sales information to assist the utility partner to measure program success

Maximizing CE Programs: SHC Commitment

- **We provide data and information for your EM&V**
 - Provide customer level sales information
 - Access to Benchmarking information, Prior periods and comparable regions and Measure success for your programs
- **We have the largest and most extensive marketing programs available to utility partners**
 - In-Print & Digital Marketing
 - In-Store Marketing & Promotions
 - [Sears Video Wall](#)
 - Co-branded Store Programs and Events
 - Dedicated Associate Training
 - (roadshow, in-store, online)
 - Many, many more...



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ENERGY STAR Research

Lessons Learned

Requirements for a Successful Retail Electronics Programs



Utility Requirements

1. Evaluation – Attribution / Measurement
2. Cost / Benefits & Rate Payer Benefit
3. Retailer Engagement
4. Customer Engagement
5. Shorter Program Development Cycles

Retailer Requirements

1. Management Commitment
2. Economic Justification
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Goal: Define the Lessons Learned Find New Ways to Meet Utility / Retailer Requirements

New Program Models

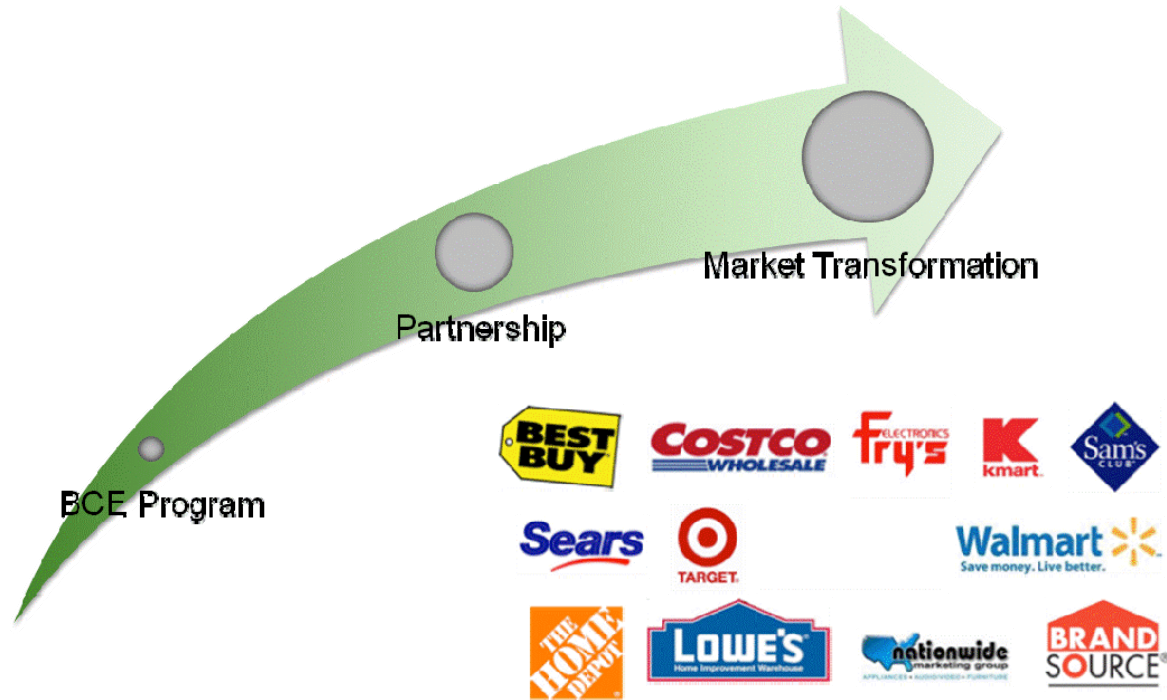


Concept	Description	Advantages	Disadvantages
Split incentives	Incentives throughout year to retailers and one-time to consumers as a significant rebate	<p>Large incentives drive consumer behavior</p> <p>Moves more of the incentive payments to local customers</p>	<p>Negative impact on retailer income</p> <p>Only attractive if program growth offsets incentive losses</p>
Accelerated incentives	Pay higher incentives for the sales earlier in the year than later in the year, maintain annual average incentives per unit	<p>Large initial incentive is high motivator to stock qualifying products</p> <p>More acceptable to regulators</p>	Potentially lower retailer participation at the end of the year
TV Turn-In	Turn in old, inefficient TVs when buying new one	<p>Addresses existing stock of televisions</p> <p>Local incentive model</p>	Potential EM&V issues

A Vision for Future Retail Engagement



Partnership: A Long Term Proposition



Discussion

