Today’s Panel

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

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
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
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
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

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

<table>
<thead>
<tr>
<th>Utility</th>
<th>Product</th>
<th>Size</th>
<th>Specification and Incentive Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>NV Energy (N&amp;S)</td>
<td>TV</td>
<td>Less than 50 &quot;</td>
<td>ENERGY STAR 5.3</td>
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<td>50 &quot; or greater</td>
<td>ENERGY STAR 5.3 + 20%</td>
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<td>Monitors</td>
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<td>ENERGY STAR 5.0 +10%</td>
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<td>$5.00</td>
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</tbody>
</table>
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
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
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
Successful Energy Efficiency Program Model for CE – Retailer Perspective

Jeffrey Roesch
VP, Business Intelligence, Process & Analytics
Consumer Electronics – Sears Holdings Corporation
11.9.11
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
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
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
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…

**SEARS HOLDINGS**
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
3. Easy to Do Business With
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**Goal:** Define the Lessons Learned Find New Ways to Meet Utility / Retailer Requirements
## New Program Models

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

Partnership: A Long Term Proposition

- BCE Program
- Market Transformation
- Partnership

Logos: Best Buy, Costco Wholesale, Fry's, Kmart, Sams, Sears, Target, Lowe's, Nationwide, Brand Source

EPA
Discussion