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Enervee Comments

Additional submitted attachment is included below.



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Docket No. 15-WATER-03
Drought Response – Water Appliance Rebate Program

California Energy Commission

Enervee is the world's first energy efficiency data and digital marketing platform. Together with our utility customers, we are ushering in a new era of transparency in consumer product markets and unleashing the power of the pocketbook to drive efficiency. Enervee drives this transformation through a suite of services that leverage synergy among the interests of retailers, manufacturers, governments, and utilities – and PG&E is using the Enervee data & marketing platform to deliver its Energy Smart Marketplace (marketplace.pge.com), as are several other utilities in other states (energizect.enervee.com).

We are grateful to have the opportunity to comment on several of the questions raised by the Commission, drawing on our experience operating utility marketplaces (see below). Our main suggestions for an effective statewide water appliance program are to:

1. Set up an online marketplace for water appliances & fixtures that supports all water agencies in CA, leveraging existing utility marketplaces;
 2. Run geo-targeted digital marketing on behalf of water agencies;
 3. Process incentives (incl. rebates) digitally, through a standardized system that can serve all 700+ water agencies, including the smallest;
 4. Consider how to minimize transaction costs for contractors/installers.
- c. What is the recommended rebate level by appliance and fixture? How much rebate is necessary to incentive a consumer to retire an appliance or fixture early?

Enervee's big data engine currently provides daily updated market intelligence on 14 product categories, including dishwashers and washing machines, with other categories to be launched soon. In this section, we discuss several water categories (toilets, lavatory faucets and dishwashers); the

platform can be expanded to include any product categories that are ultimately included in the statewide water program, as long as the products are sold online.

Enervee's daily updated retail price data show that highly water-efficient product models are generally available at no significant incremental cost to less efficient models with similar features. In the case of toilets, roughly 30% of the 453 toilet models we tracked¹ use more than the required 1.28 gallons/flush (typically 1.6 gpf). Directing program incentives to reach lower income households with the highest consuming toilets and encouraging market actors to increase the market share of toilets that use no more than 1 gallon per flush (which currently make up 6% of the market) might be the most effective strategy for longer term market transformation.

Roughly 95% of the lavatory faucets in our data for June 8th¹ have a flow rate of ≤ 2.2 gpm). Six percent of the market would already qualify at the maximum 1.2 gpm proposed to go into effect on January 1, 2016. Given that three-quarters of these faucets have a flow rate of only 0.5 gpm, with no retail price increment, on average, lavatory faucets with flow rates ≤ 0.5 gpm could be the focus of the program. As is the case for the toilets, rebating every qualifying product may not be necessary, as the more efficient fixtures do not come with any statistically significant incremental cost, on average.

In the case of standard dishwashers (with a capacity of 8 or more place settings), 80% of the 391 CEC-compliant models with sales offers on June 8th use < 4 gallons per cycle, with no statistically significant retail price increment (the 311 more efficient dishwashers cost $\$741 \pm \458 on average, compared with $\$686 \pm \369 for the 80 higher-use models). We believe the Commission should direct any incentives to dishwashers that use < 3 gallons/cycle (133 models, 34% of those offered for sale), which would increase average savings per unit by an additional 0.4 gallons/cycle, with emphasis on making more models affordable for lower income households.

The key question in situations where efficient products without incremental cost are available becomes how to motivate customers to commit to replacing their existing appliances/fixtures. We recommend three key strategies:

- Engagement through digital marketing and "games". Digital marketing can be very cost-effective, because of its wide reach and ability to target. We can get program ads in front of huge numbers of people, while only paying when people click on the ads, so there is no up-front cost to show the ads and build awareness of the program. In addition, contractors and/or customers can be approached through various media, including digital marketing, online search and social networks. Digital marketing can target in-market shoppers, broken down by location, can provide water agency branding of ads to build trust, and can deliver ads when needed, such as during periods of water shortage in summer. Combined with digital marketing, games can be effective engagement tools to get people to visit marketplaces, learn and participate in programs. Enervee has been running periodic sweepstakes for utilities in Connecticut, for example, issuing 5 prizes of \$500 each every month; the sweepstakes have increased marketplace page views by 119%, increased customer visit duration by 31% and increased opt-ins for rebates by 120%. Sweep-

¹ Product offers from June 8, 2015, obtained from Home Depot

stakes can be particularly cost-effective in the case of appliances and fixtures without significant incremental costs, because a small number of large sweepstakes prizes can attract large numbers of in-market shoppers to marketplaces that provide them with the resources they need to make water-smart shopping choices, rather than having to use cash rebates for every product.

- Provision of actionable information via utility marketplaces. This means reaching in-market shoppers early on, providing them with the right information at the right time as they conduct their research and making the purchase process as seamless and user-friendly as possible. At the heart of our platform is the Enervee Score – the most detailed, up-to-date and intuitive energy efficiency score in the world. When customers are faced with the choice between two devices with the same features and price, they are likely to pick the more water-efficient product, if they have this information.
- Integrating water appliances and fixtures into low-income programs.



Given heightened awareness of the drought issue, it should be possible to design a very cost effective Water Appliance Rebate Program by setting the bar high on rebates (limiting rebates to only the truly outstanding products that have long payback periods), while engaging customers through digital marketing and enabling them to make water-smart shopping choices.

d. How should this rebate program interact with other rebate programs?

Clothes washers and dishwashers consume both electricity and water. From the perspective of the customer experience, it would be ideal to combine any utility and state incentives in a 1-stop-shop manner. This can be readily accomplished by relying on digital marketplaces (see response to next point).

The CEC could leverage the investment that PG&E has already made in its Energy Smart Marketplace to develop a statewide water marketplace. This would allow for seamless integration with existing energy and water rebates for some overlapping categories. PG&E, for example, is currently offering \$50 rebates for high-efficiency clothes washers (marketplace.pge.com/washers/), and various water agencies will begin offering their \$100 water efficiency rebate via the PG&E marketplace as well. Without a single marketplace, users find it difficult and frustrating to navigate across electric, gas and water utilities to find and apply for all of the different incentives. With a unified online marketplace, the user experience can be dramatically improved.

e. What are the most effective and efficient rebate delivery channels?

Rebates can and should be delivered primarily digitally. Enervee can verify and issue any rebates (or other incentives, such as sweepstakes prizes) through two basic channels:

1. Utility-branded debit card (3-day delivery after verification of eligibility)
2. PayPal credit (immediately upon verification of eligibility).

It is also important to address the needs of contractors, so that they can drive program participation. Things like online scheduling and digital rebates can help contractors use their time more efficiently. Harmonization of appliance and fixture qualification levels across water agencies would also make it easier for contractors to manage procurement. A marketplace could offer enhanced capability for customers to select and schedule participating installation contractors, as needed.

f. How do we encourage retailers to participate in the program?

Enervee offers two simple ways to engage retailers:

1. With marketplaces powered by Enervee, we can offer online incentive processing (and instant PayPal payment or prepaid debit cards), while automatically sending utility customers to retailers that offer the rebated products for sale.
2. The Enervee Retail API can automate retailer up-selling to targeted products. If an eligible customer is shopping online and puts a product in the retailer's Cart that is not water-efficient, a pop-up appears that recommends water-efficient products with similar specifications.

g. Are there sufficient appliances and fixtures that meet new CA Water Appliance Regulations available in stores today?

Enervee's real-time consumer product data engine currently tracks toilet, faucet, shower head, clothes washer, and dishwasher water efficiency metrics, retail price and features – as well as other information of value to consumers – on a daily basis, by model. These are products that are offered for sale online each day. Our real-time market data confirm that there are plenty of products available to California consumers that would meet the proposed water program qualification levels – and even significantly more stringent ones for some categories, as indicated above.

Enervee looks forward to working with the CEC and utilities to execute an impactful Water Appliance Rebate Program to address our state's severe drought. Using highly scalable proprietary software and data processes, Enervee will work with you to provide the right information at the right time to drive energy- and water-smart purchasing decisions.

Sincerely



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