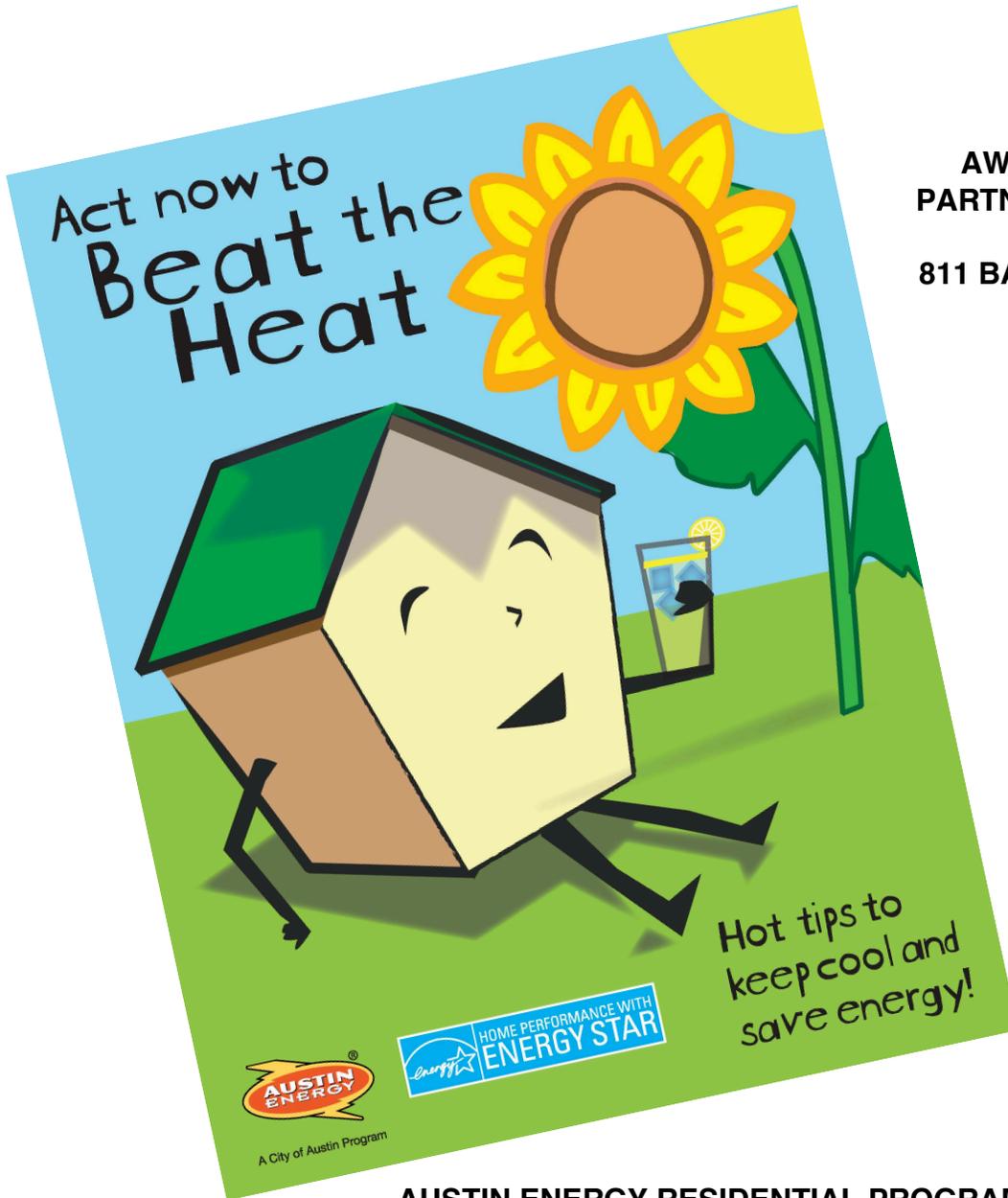


# HOME PERFORMANCE WITH ENERGY STAR<sup>®</sup>

## PARTNER OF THE YEAR 2013



AWARD SUBMISSION FOR  
PARTNER OF THE YEAR 2013  
AUSTIN ENERGY  
811 BARTON SPRINGS ROAD  
SUITE 250  
AUSTIN, TEXAS 78704

AUSTIN ENERGY  
AUSTIN, TEXAS

NOVEMBER 21, 2012

**AUSTIN ENERGY RESIDENTIAL PROGRAM MANAGEMENT TEAM**  
SCOTT JARMAN, P.E., INTERIM DIRECTOR OF ENERGY EFFICIENCY SERVICES  
MATTHEW PHILLIPS, PROGRAM COORDINATOR

**AUSTIN ENERGY IN-HOUSE MARKETING TEAM**  
JEFF MOORE, MARKETING LEAD



**ENERGY STAR® PARTNER OF THE YEAR – PROGRAM DELIVERY  
2012 SUBMISSION FOR 2013 AWARD  
HOME PERFORMANCE WITH ENERGY STAR®  
AT AUSTIN ENERGY – AN EXISTING PROGRAM**

While 2012 proved to be yet another year filled with economic challenges for Austin residents, Austin Energy's Home Performance with ENERGY STAR® program continued to make sizeable gains in energy savings per household, with participation of more than 2,000 homes and well over \$10 million dollars in energy efficiency upgrades, resulting in FY savings of 4,161 MWh. Even more impressive, these gains came on the heels of diminished funding, including the expiration of the 2011 Federal Tax Credits for Consumer Energy Efficiency, the end of State Energy Conservation Office (SECO) programs, as well as the loss of access to Federal grant dollars made available through the U.S. Department of Energy's Better Buildings grant. The 2012 program experienced expansion and growth in four major areas, including energy savings, program automation, loan program participation and enhanced contractor participation and training. Building upon the cornerstone of Austin Energy's tremendous success with the program, the effort remained focused on encouraging Home Performance with ENERGY STAR® participants to take advantage of all of the energy efficiency measures recommended in the initial home analysis performed to ensure maximum energy savings. Austin Energy has continued to gain in this arena due to enhanced consumer education and strategic incentives, or "bonuses" that encourage greater savings when having all of the measures completed at one time.

**BACKGROUND**

Austin Energy is the City of Austin's electric utility, governed directly by the City Council, under a City Manager form of administration. Through Austin Energy, the City of Austin owns and operates solely, or in part, its own electric generation, transmission and distribution systems. Austin Energy delivers power to a service territory of 421 square miles and more than 330,000 households. In 1982, the Austin City Council passed a resolution to promote energy conservation with these three objectives: (1) lower consumer energy costs, (2) reduce the use of fossil fuels in power generation and (3) improve environmental quality for its rapidly growing community. The concept of a conservation power plant, or clean energy strategy directs the City to first seek to use renewable energy sources and conservation solutions before resorting to the use of fossil fuels. As an outgrowth of this resolution, the "whole house" incentive program was initiated, which offered rebates to homeowners for energy efficiency measures in excess of that required by Austin's building code. Through a partnership with ENERGY STAR®, Austin Energy expanded its energy conservation products and services to include the promotion of the ENERGY STAR labeled products and services in 2001. In 2004, Austin Energy began using the name "Home Performance with ENERGY STAR" formally, to describe a comprehensive incentive program, complete with rebates, loans and bonuses, as well as quality inspections, including an initial verification visit and a final inspection by Austin Energy for each job. The incorporation of the ENERGY STAR® logo on all marketing materials, Website content, as well as whenever/wherever the program is mentioned has been scrupulously adhered to throughout the partnership.

**PROGRAM OBJECTIVES**

Austin Energy's Home Performance with ENERGY STAR® program addresses goals set forth in Austin's Strategic Plan, which sets annual goals for existing homes. Austin is in its ninth year of a plan, which by 2020 is to set to decrease power use by 15 percent from a 2003 baseline, saving

an additional 800 megawatts in peak demand. Inherent in these goals are increased participation goals and increased megawatt savings goals. They require maintaining and expanding relationships with area HVAC contractors, enhanced education and promotion of energy efficiency improvements as a “whole house” package, as well as advocating, teaching and maintaining a high quality of standards in efficiency in establishing a reputation for best practices in the Austin community. This year, the participation goal was 2,278 homes (4.10 MW) in the rebate program and 1,000 (1.80 MW) in the loan program. In 2011, these goals were 2,714 and 300, respectively, and 2,344 and 211 in 2010.

## **PROGRAM DESIGN CHANGES 2012**

As the Best Offer Ever (the rebate and loan offer funded by the Better Buildings grant) came to a close in late 2011, Austin Energy’s Home Performance with ENERGY STAR® program returned to its original incentive offerings of rebate only, or loan only for the 2012 program year. While this design change brought about an expected and significant drop in loan participation, the program’s highly successful rebate incentives more than made up for any drop in financing incentives, making up approximately 96% of all incentive participation. In all promotional messaging and training, rebate incentives returned to front and center, touting the ability for Austin Energy customers to drastically offset energy efficiency improvements with valuable rebates and resultant energy savings. The loan option continued to be featured as an incentive option, however, the program continued to achieve its greatest depth in market penetration through generous rebates offered as customers completed the recommended energy efficiency upgrades.

Increased participation, in turn, created ongoing paperwork challenges for program administrators, with documentation needed for City of Austin payments processes and Texas Gas rebates, among other purposes. To streamline the program, minimize errors and speed up the data reporting and application processes, Austin Energy rolled out its newest version of contractor software, Power Saver II, introducing the upgraded Web-based tool system-wide in late August. Mandatory training and registration was required to continue as a participating company, as well as detailed training on the intricacies of the newly upgraded system and its ability to simplify the application and issuance of program incentives. Following two months of thorough training, full use of the automated system is now a requirement for all participating companies.

In addition, Austin Energy continued to blaze new trails in residential energy efficiency, researching the potential of adding new modules to the program in 2012/13. Staying true to the “whole house” concept created by the utility some 30 years ago, a System Performance Pilot Program was initiated this past summer, providing retrofit duct system design and consequent AC charge adjustment to 16 participating single family dwellings. As the data is analyzed, these efforts continue to reveal even greater savings and comfort for homeowners, not to mention sizeable reductions in energy demand, stretching the limits of residential energy conservation, as we know it.

## **TRADITIONAL MARKET BARRIERS**

One of the greatest challenges for a program with deep market penetration is reach, more specifically customer targeting. As participation has remained high YOY for Austin Energy’s Home Performance with ENERGY STAR® program, more emphasis must now be placed on reaching tightly defined market segments with demographically (and contextually) relevant messaging. Without abandoning a mass media approach to brand awareness and market presence, the maturing program demands that a more targeted approach be utilized in order to

successfully reach those on the fringes of participation. In light of these challenges, 2012 marked a distinct change in the way the program approached message delivery, implementing data-driven targeting, including behavioral, search and site retargeting to maximize display advertising. The stage was also set for ongoing campaign management, optimization and performance reporting, as well as relevant analytics to measure campaign success, including the testing of value propositions, modes of delivery and creative.

Ongoing market barriers continue to be 1) the cost of the program, 2) the economy, 3) the complexity of the program and its consequent paperwork, as well as 4) initial customer interface with the contractor (not Austin Energy) makes it difficult to predict/control/track outcomes. Solutions to these barriers include fully advertising the average cost of the work, a comprehensive list of rebates and incentives that speak to a reduction in out-of-pocket costs for such work, as well as the energy-savings experienced by the homeowner. Disclosing the cost seems to have a positive impact on trust, and secondarily implies quality. Automating the application process has been received successfully as a means to address the paperwork and complexity of the program, allowing for participating companies to more fully adopt the software and learn from ongoing usability experiences.

### **Special Barrier, 2012**

**Timing: The Perfect Storm:** The convergence of several challenging economic factors and program design changes created a type of perfect storm for Austin Energy's Home Performance with ENERGY STAR program in 2012. To add to the loss of tax credits and grant dollars, the traditional "push" that was set to take off in early Spring was somewhat delayed, as were all Energy Efficiency Services (EES) programs, by the looming cloud of the utility's first rate increase in more than a decade. In addition, many homeowners were tightening up their budgets, as the nation's economic future remained uncertain. With the loss of incentives and looming rate increase, as well as downturn in the nation's economic outlook, the stormy atmosphere surrounding the program called some revisions.

**Solution: Late Summer Blitz:** Austin Energy launched an aggressive late summer marketing blitz, including newspaper ads, radio and targeted web banners, offering an extra summer "bonus" incentive. Over a one month period, beginning in July and ending in mid-August, the market was flooded advertising to promote the bonus rebate and the positive effects (comfort and savings) of the "whole house" approach to energy efficiency. With a little help from the heat, the extra incentives and strong messaging, Austin Energy's Home Performance with ENERGY STAR program was able to finish strong, with participation numbers even greater than what was expected, considering the adverse conditions.

### **MARKET EFFECTS**

Despite the economic challenges presented in the executive summary, Austin Energy still managed to achieve 96% of its total goal for the year, with 2,134 households taking advantage of the program: rebates (2,107) and loans (27). Substantial ground was gained in the energy savings per household, as the households completing three or more measures climbed to 1,008 (almost half of all participants) – and households completing all recommended measures totaled 666 (nearly one-third of all participants). Energy savings of 3.84 MW also resulted in greater emission savings and carbon reduction. More than 17 contractor-training sessions were held, with specialized training offered on two occasions for more than a hundred contractors and building professionals. Overall, Austin Energy's Energy Efficiency programs have accomplished a "virtual power plant" by reducing 700 MW from 1982-2006. As of 2012, with the help of this residential conservation program, the utility is now 316 MW into the second "virtual power plant".