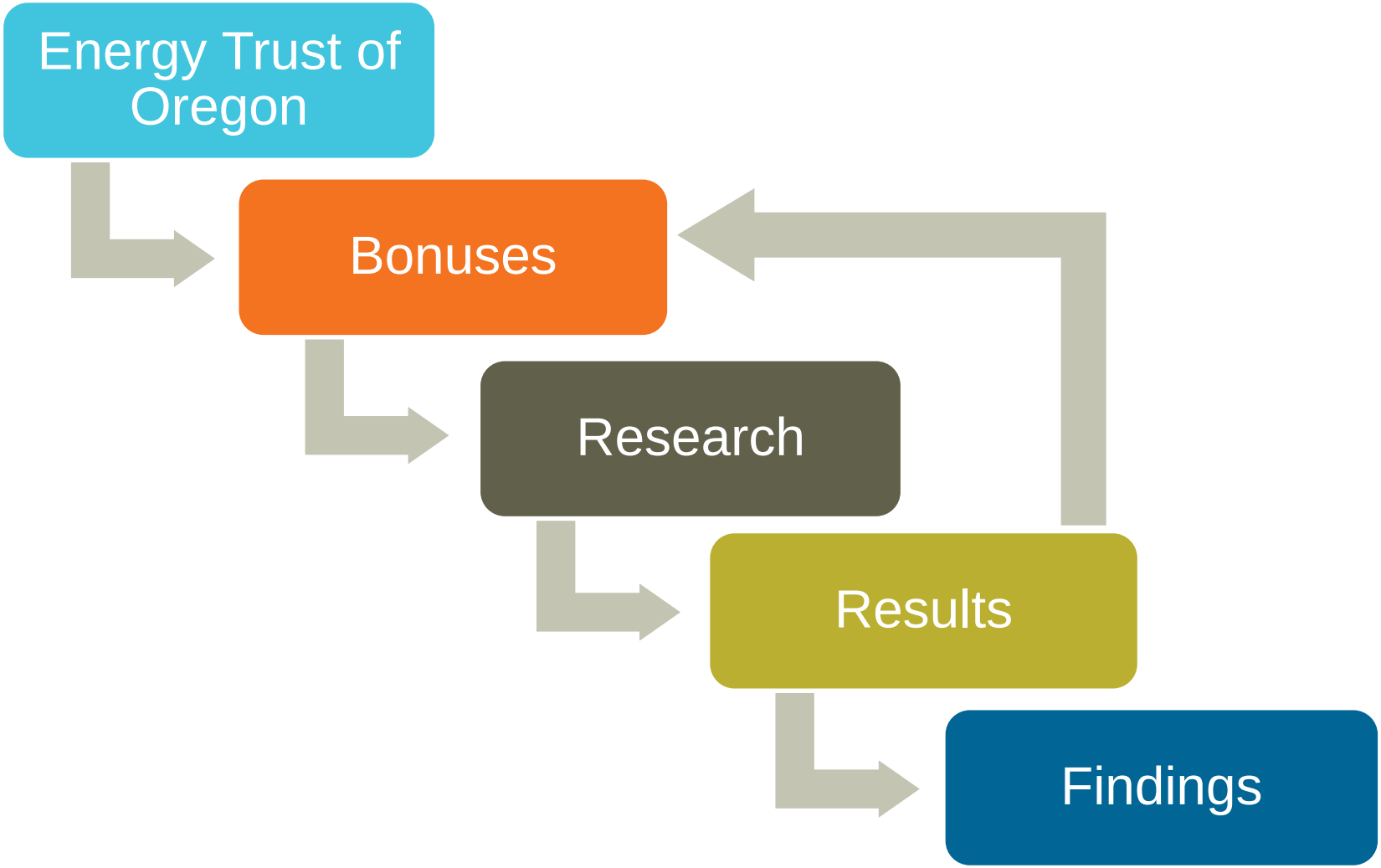
Turning on a Dime
Using Bonus Incentives to Influence Project Completion

August 6, 2015

EnergyTrust of Oregon

Overview



The Production Efficiency Program

- Custom project scoping and technical studies
- Technical assistance
- Cash incentives for Capital Upgrades, O&M improvements, and Lighting Upgrades
- Simple equipment rebates (Streamlined Track)
- Strategic Energy Management

Bonuses

Bonuses are short-term, targeted incentives.

Respond to Changes in Market

Encourage Quick Action

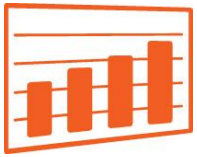
Increase Participation

Test Program Design Ideas

Reach Savings Goals!

The Bonuses

Fall Bonus



Kick Start Bonus

Year End Bonus

90x90 Industrial O&M Bonus

PDC Performance Bonus

Fall Bonus (2011)

- MARKET: Loss of state tax credits led to a quickly shrinking pipeline of projects
- OFFER: 20% additional incentive to new projects that completed before end of year
- Custom Capital (excluded O&M), Lighting, and Streamlined projects

Fall Bonus Results

Metric: Increased savings from new projects after September 1.

Many new projects

- Double-digit increase in project volume
- Many new lighting projects

Project volume increased 13%

Smaller projects

- Very small custom and lighting projects
- Average size streamline projects

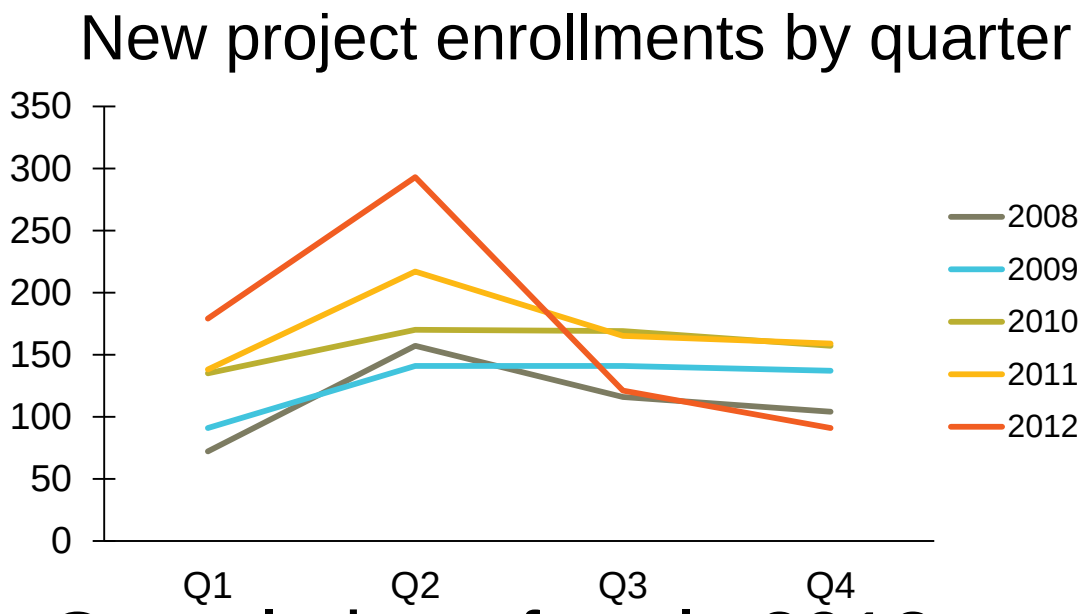
3.6% increase in kWh savings

Kick-Start Bonus (2012)

- MARKET: Observed in late 2011 that the 2012 pipeline of projects was low
- OFFER: 20% incentive bonus for new projects if capital equipment purchased within 90 days
- Custom (excluded O&M), Lighting, and Streamlined projects

Kick-Start Bonus Results

Metric: Increased enrollment early in 2012



Metric: Completion of early 2012 enrolled projects

- Similar abandonment rate as prior years
- 87% of recipients completed in 2012

Year End Bonus (2014)

- MARKET: Many projects were delayed or abandoned in the first half of 2014
- OFFER: 20% additional incentive for projects completing between October 15 and the end of the year
- Custom capital projects only

Year End Bonus Results

Metric: Reduced Attrition in Q4 2014

4% fewer projects abandoned

- In 2014, 19% of projects abandoned
- In 2013, 23% abandoned

2.7% fewer projects delayed

- In Q4 2014, 10.6% of projects delayed
- In prior years, 13.3% delayed

8.5% more projects advanced

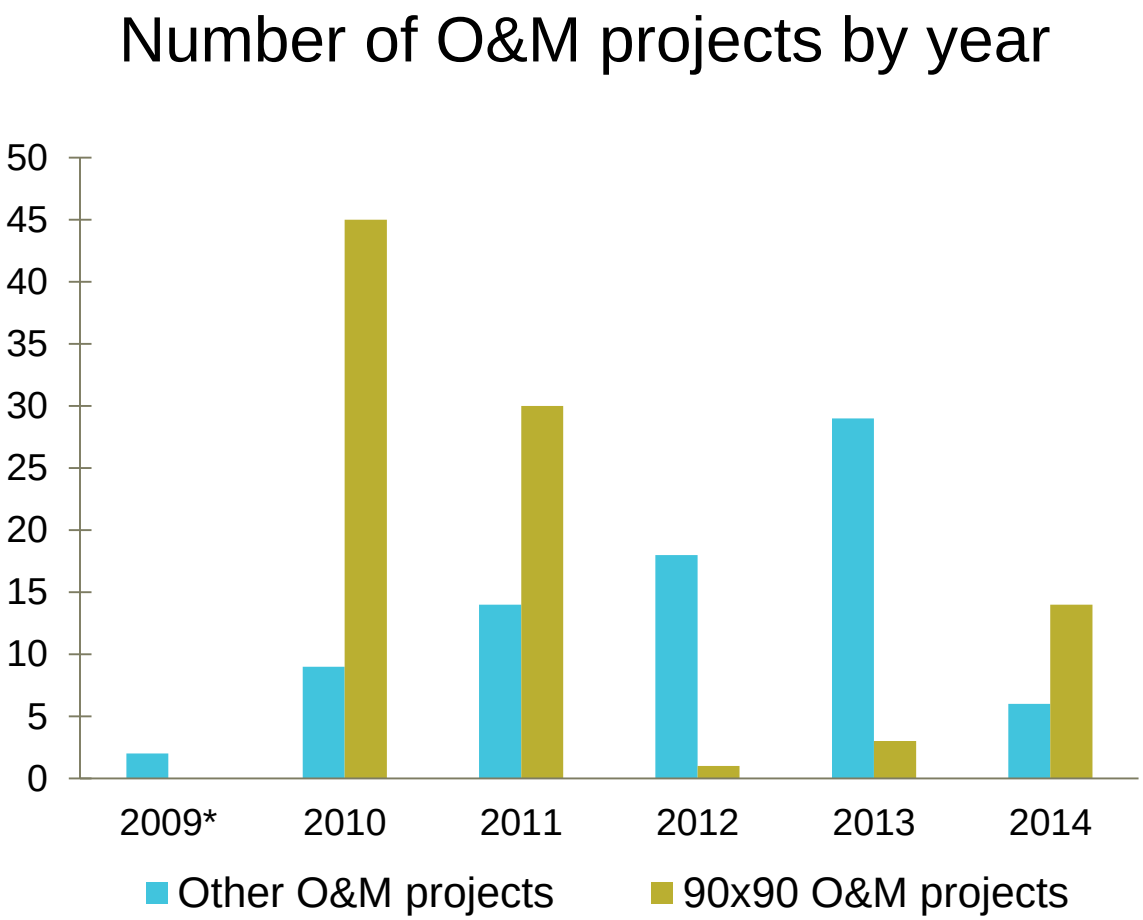
- In Q4 2014, 10.1% of projects were advanced from future years
- In prior years, 1.7% advanced

90x90 Custom O&M Bonus (new in 2010)

- MARKET: Economic downturn resulted in very low investment by customers in capital projects between 2009 and 2011
- O&M projects quick and low cost but not a priority
- OFFER: Incentive cap 90% of project cost for projects completed within 90 days

90x90 Results

Metric: Increased O&M project volume

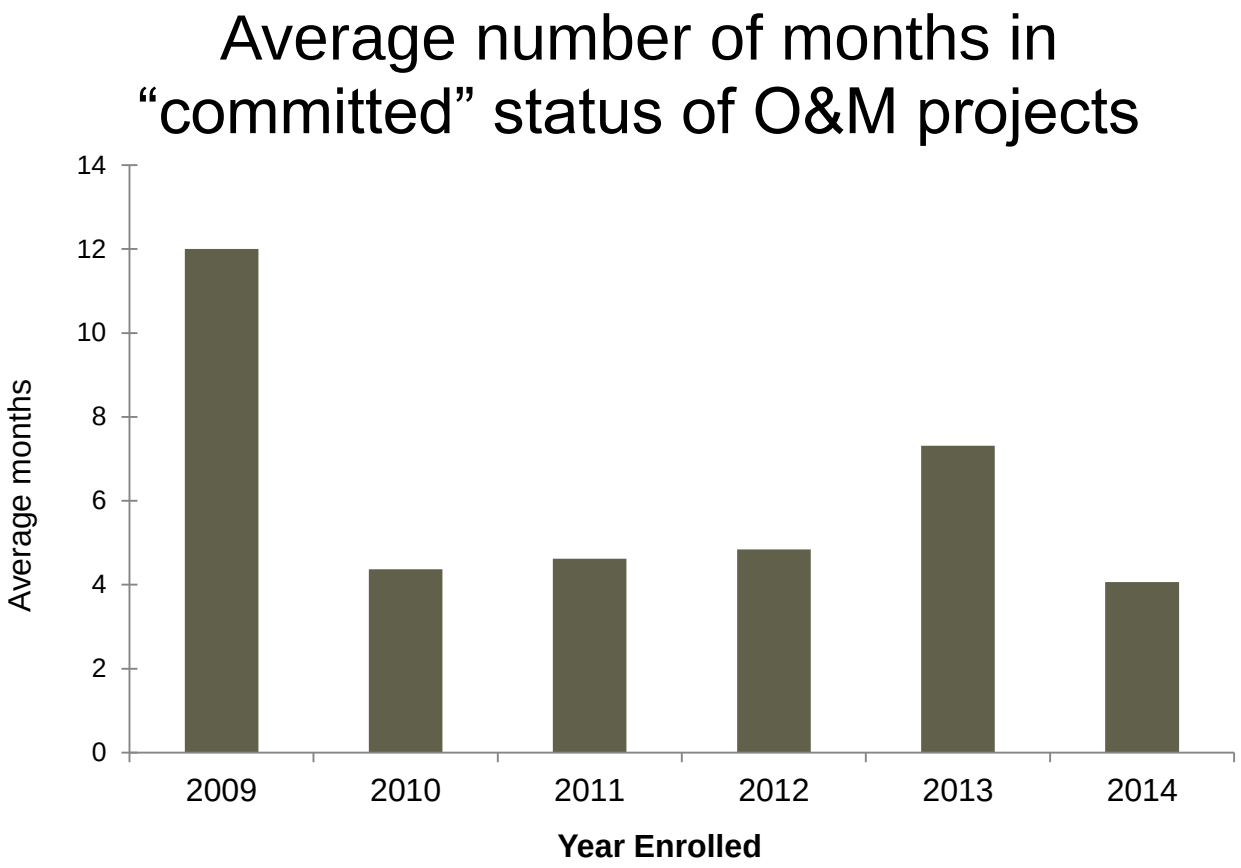


Long-term success

After 2 years of short-term bonuses, 90x90 became a standard offering

90x90 Results

Metric: Reduced time projects take to complete

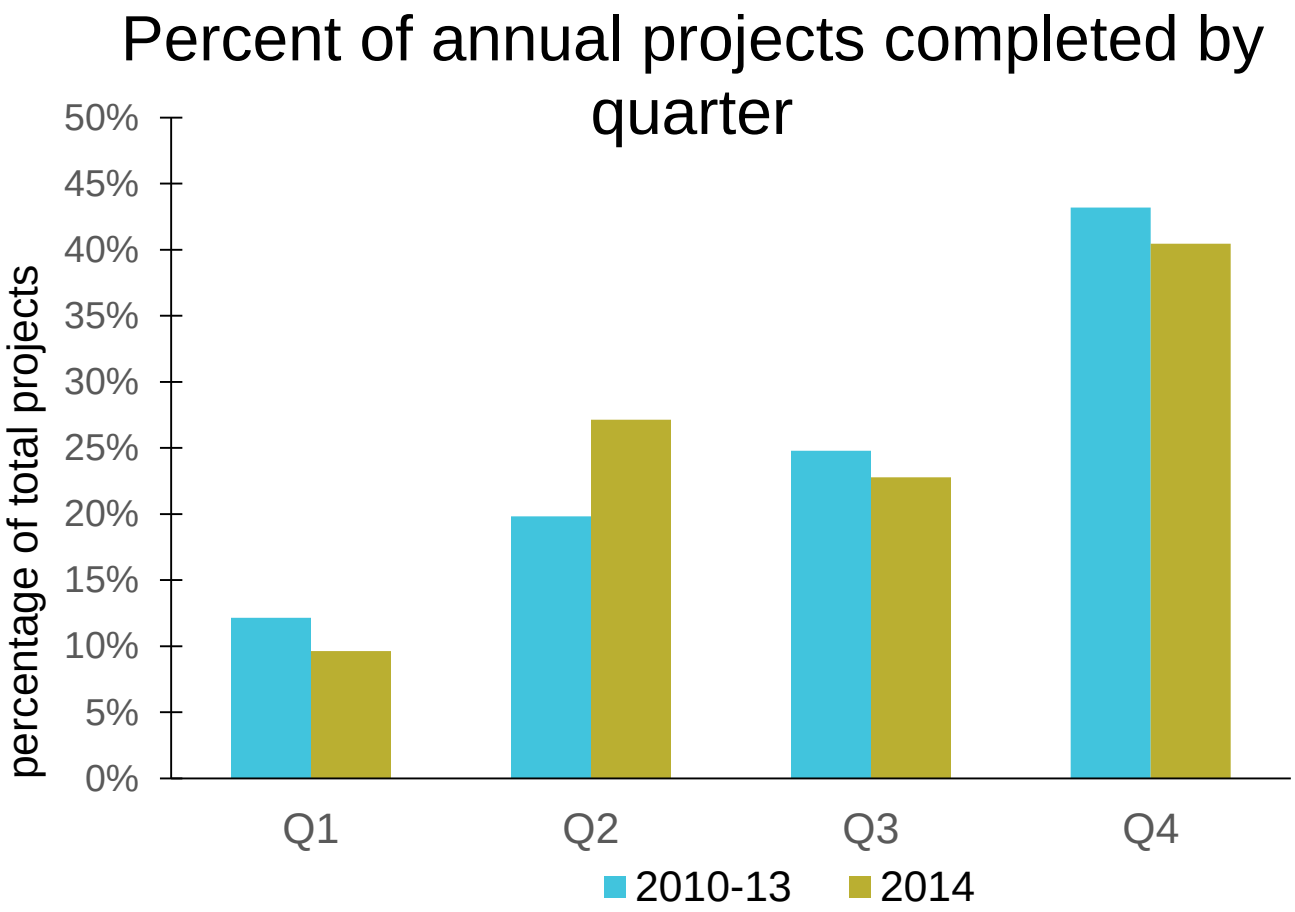


PDC Performance Compensation Bonus (2014)

- NEED: Typically most projects close in last 2 months of the year, leading to uncertainty
- OFFER: Program Delivery Contractors (PDCs) were given mid-year savings targets in 2014, bonus if met

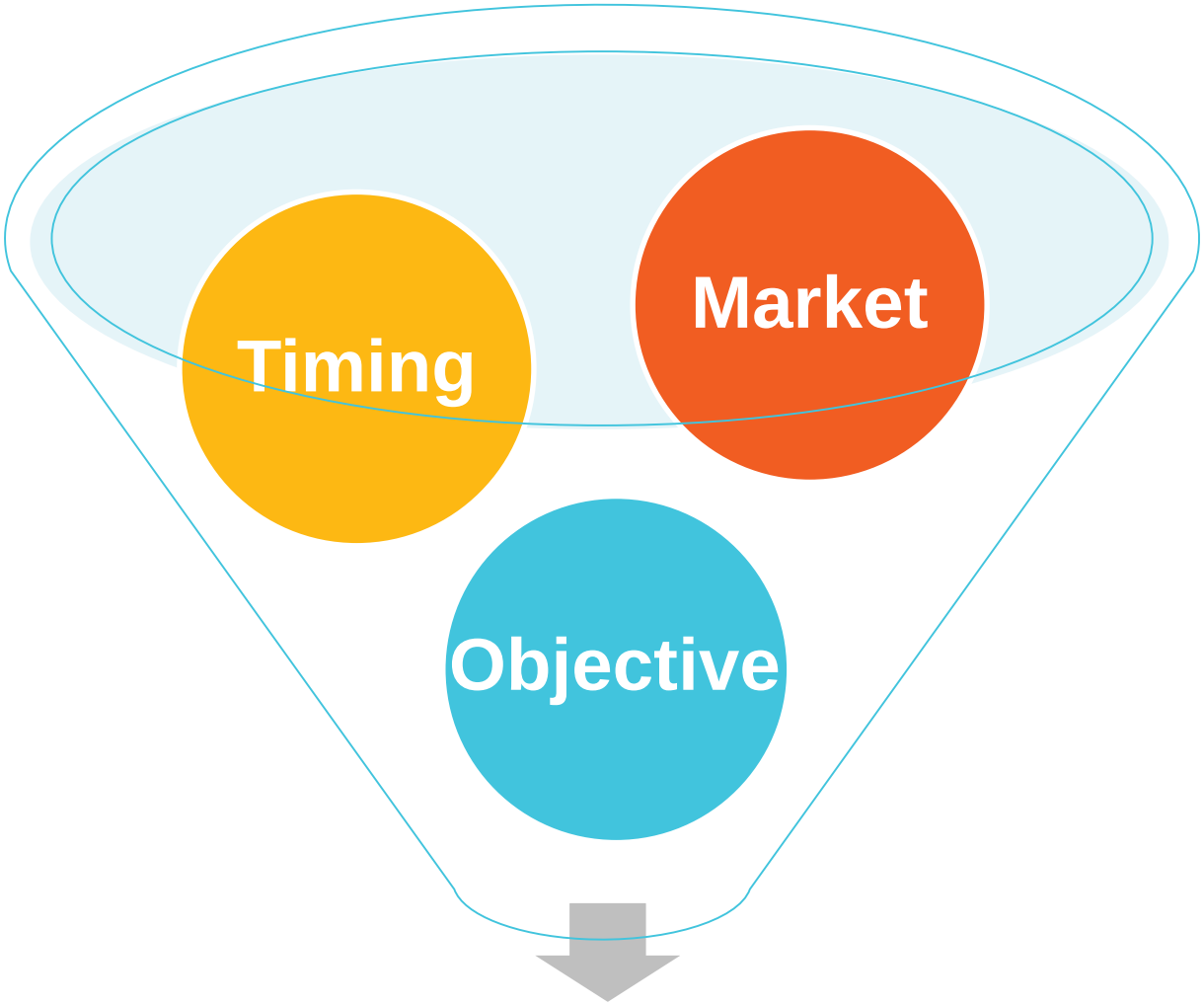
PDC Performance Bonus Results

Metric: Complete projects earlier in the year



Findings

Each Bonus Is Unique

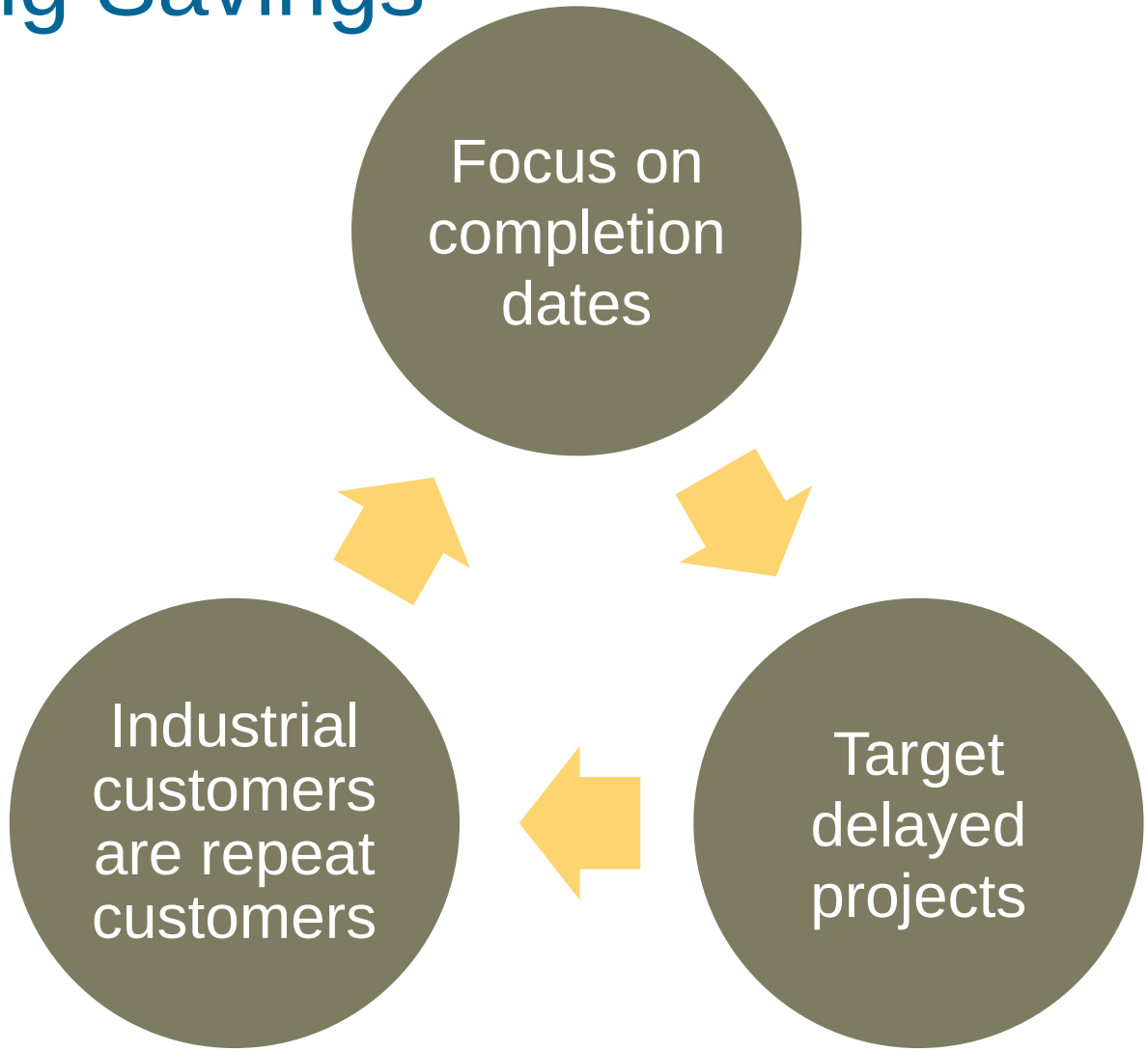


Thoughtful Bonus Structure

Similar Names – Different Results

Fall Bonus	Year End Bonus
New projects	Reduce attrition and delays
New projects only	New and existing projects
All program tracks	Custom projects only
Many new smaller projects	Larger existing projects
3.6% increase in kWh savings	7% increase in kWh savings

Bonuses Can Increase Savings By Shifting Savings



Customer Expectations

- Limited time offers create urgency to start, accelerate or revive projects.
- Savvy customers are like savvy shoppers. They may wait for a deal.

Key Outcomes

- Bonus designs with completion deadlines are best for boosting same-year savings.
- Enrollment or immediate-start bonuses generate volume, but may not reduce delays.
- Quick-turn projects are often small projects.

Improving Forecasts

Mid-year deadlines and timeliness targets improve ability to monitor progress toward savings goals.

Thank You

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