

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

I. Title of Individual Program

2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program

II. Total Budget

\$30,000,000

III. Program Description

The Flex Your Power statewide energy efficiency marketing and outreach campaign, managed by the Efficiency Partnership (EP), is the continuation of the innovative and historically successful *Flex Your Power Campaign* initiated by the State of California in 2001. The 2004 and 2005 effort will continue to build on the successes and momentum of the past three years, and add innovative new marketing and outreach tools targeted to each sector and in support of energy efficiency programs. The campaign targets all sectors: commercial (including small businesses and hard-to-reach nonresidential), industrial, governmental, institutional (including schools), agricultural and residential (including single-family, multifamily and hard-to-reach audiences.) The campaign's goals are: (1) to educate Californians on the benefits of energy efficiency; (2) to motivate them to take action to achieve lasting energy savings; and (3) to support the energy efficiency programs of the Investor Owned Utilities (IOUs), third-party program providers and other organizations.

The campaign achieves these goals through a full and synergistic range of marketing and outreach strategies including: television; radio and newspaper ads; earned media; printed educational materials; events; a comprehensive website resource serving all sectors statewide; a biweekly electronic newsletter; planning forums and meetings; and crucial partnerships with thousands of businesses, government entities and nonprofit organizations. The campaign delivers a widely-recognized, clear, concise and compelling message of energy efficiency. To ensure cost-effective marketing and outreach, the campaign coordinates closely with:

- California's energy efficiency program providers:
 - IOUs
 - Third parties
 - Municipal utilities
 - Water agencies
 - Other non-utility program providers
- Manufacturers and retailers of energy-efficient products
- Energy efficiency service providers
- Other stakeholders

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

Need for Campaign

Several of the factors that contributed to the electricity shortages and the energy crisis in 2000-2001 still exist today. In fact, the California Independent System Operator (ISO) has warned that there could be electricity shortages by as early as summer 2004 if we face an adverse combination of events: older plants taken offline; slower than expected construction of generation plants; low wind production; a hot summer; and high demand attributed to population and economic growth. By 2006, the California ISO projects a supply deficit of 2,335 megawatts.

The lessons learned during the recent energy crisis provide valuable guidance to address the forecasted deficit and permanently close the gap between supply and demand: (1) smarter methods of electricity usage can eliminate the need for new electricity generation; and (2) Californians can be motivated to reduce energy use through education. In fact, in 2001, Californians reduced their peak energy demand by 14 percent. To reduce demand and ensure reliable power in 2004, as well as meet the long-term energy goals of the state, California needs, more than ever, an awareness campaign to encourage all Californians to reduce energy use and invest in long-term energy efficiency solutions.

Furthermore, since California represents more than 11 percent of the nation's gross domestic product, the state is in an ideal position to exert enormous leverage over the design, manufacture and supply of energy-efficient products and services. This impact will succeed only if demand for such services increases and energy efficiency programs and outreach are coordinated and consistent. Without coordination and consistency, manufacturers and retailers are unable to reliably plan their production and marketing programs to include energy efficiency; businesses of all sizes are not be able to effectively plan their capital outlay programs to include energy efficiency; and residents are confused by competing messages, inconsistent programs and inadequate information.

Flex Your Power, the IOUs, the municipal utilities and, increasingly, the state's water agencies have worked together over the past three years to develop an extensive awareness campaign, coordinated energy efficiency programs and complementary marketing and outreach. As a statewide campaign and recognized symbol for energy efficiency, Flex Your Power has utilized marketing and outreach tools that span utility service territories, business market territories and media markets. As a result, California has leveraged additional funding and resources of the private sector to further augment and amplify the state's energy efficiency messages. In 2004 and 2005, EP will continue to provide the IOUs and other energy efficiency program providers with a forum to facilitate their cooperative efforts to coordinate program offerings and leverage private sector resources, as well as develop statewide marketing and outreach campaigns.

Overarching Goals of the Campaign

To increase awareness and demand, and continue to build the market for energy efficiency, the overarching goals of the Flex Your Power statewide marketing and outreach campaign are:

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

- To overcome remaining market barriers to energy efficiency in California by maintaining the momentum of the campaign's success in building awareness; leveraging resources of California's program providers and other EP partners; and providing statewide support to IOU and third party programs. Barriers include:
 - Public's lack of information.
 - Lack of geographic consistency.
 - Lack of marketing and outreach continuity.
 - Limited resources to promote energy efficiency.
 - Lack of coordination.
- To ensure that Californians, particularly those in the hard-to-reach communities, have access to energy efficiency information through targeted marketing and outreach.
- To deliver innovative marketing and outreach initiatives that promote energy efficiency through coordination with California's program providers and the private sector.
- To facilitate complete coordination between program providers and other energy industry stakeholders through planning forums.

Coordination and Implementation Assistance for Program Planning

The experience of the last three years demonstrates that when program providers work together to provide statewide and consistent program offerings, marketing and outreach, the level of program participation increases and manufacturers and retailers are able to invest in energy efficiency. In 2004 and 2005, EP will continue to provide coordination opportunities for utilities, third parties, service providers, and retailers and manufacturers of energy-efficient products utilizing the following tools: (Many of these efforts are described in more detail under their individual headings in the document.)

- *Flex Your Power Website:* EP will continue to update and build-out program information on the website. All programs offered by California's program providers are already indexed on the website and linked to program provider or other contact information. EP will continue to develop additional tools to assist in the promotion and support of these programs. EP will also provide this information in other languages.
- *Communication Channels:* EP will continue to use eNewswire and other communication channels, including Flex Your Power partners (e.g., retailers, trade associations, nonprofits, local governments), to communicate energy efficiency messages and provide relevant information.
- *Educational Materials:* With input from program providers, EP will develop educational materials, with consistent statewide messaging, to facilitate and increase third-party program provider and other stakeholder coordination.
- *Cooperative marketing and outreach:* EP will develop and implement cooperative marketing and outreach partnerships with program providers to augment their

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

own marketing and outreach. These activities will be consistent with the statewide Flex Your Power campaign.

- *Planning coordination:* EP will continue to plan and facilitate events and meetings that enable program providers to work with each other, share knowledge and coordinate offerings and marketing and outreach.

Retail/Manufacturer Outreach Campaign

Retailers and manufacturers are a good resource to use to help meet the goals of the statewide marketing and outreach campaign, as well as the energy efficiency goals of the state. As the point-of-purchase contact, retailers interact with consumers at the critical time when they are making the decision to buy an energy-consuming product.

Historically, retailers and manufacturers have been involved in promoting energy efficiency, but there is still tremendous unrealized potential in this sector. Barriers preventing or hindering manufacturers, independent retailers and small and large chain retailers from participating include a lack of: (1) statewide consistency of program offerings; (2) certainty about start and end dates of program and/or marketing and outreach strategies; (3) synchronization of marketing strategies and messages; (4) consistent messages within media markets; and (5) adequate education and support at both the store and salesperson level.

To overcome the barriers to participation, as well as increase awareness, demand and availability of energy-efficient products, EP will coordinate and communicate regularly with its current list of more than 1,500 retailer and manufacturer partners as well as new stores recruited by staff, through partnerships with program providers and through the ethnic media outreach effort (described below). Via personal contact and the biweekly eNewswire, EP will provide updates on energy efficiency news, programs and resources. Retailers and manufacturers can use this information to invest in energy efficiency, permanently incorporate energy efficiency into their business plans and sell energy-efficient products and appliances.

EP will also develop marketing and outreach promotions and materials, for both the general retail events and the cooperative partnerships, in conjunction with industry stakeholders to ensure the efforts are in line with market realities and incorporate aspects of proven successful sales tools. EP will ask partners not only to augment advertising efforts, but also to suggest and support other marketing and outreach efforts and promotions. The result will be creative marketing and outreach tools that continually remind customers to take action.

As was discussed in the CPUC “Customer Needs” workshop, while customers purchase products year-round, shorter and more-focused promotions create a sense of market urgency. Therefore, EP will continue to produce the promotions as large-scale, publicized events using statewide advertising and Flex Your Power’s Internet tools and run in conjunction with appropriate program providers, manufacturers and more than 1,500

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

retailers. One of these events will be “Save Water, Save Energy” promotion to promote products that save both water and energy. EP will work closely with water agencies to leverage their water efficiency campaigns and resources.

Finally, to further ensure consistency, EP will continue to coordinate with national, regional and other California energy efficiency promotions, including those run by Energy Star, utilities, third parties and water efficiency campaigns. The result will be greater awareness of each program, promoted measures, and the overall message of sustainable use of resources.

New Homes Initiative

In the face of rising housing costs and an upswing in new home construction – 200,000 new units slated for permitting in California in 2004 – the energy-efficient home market represents a large potential future energy demand and an important target of statewide marketing and outreach. The Flex Your Power New Homes Initiative will continue to increase customer awareness and support utility, third-party and Energy Star new homes programs to expand public awareness of energy-efficient single and multiple-unit homes, to help move California’s building industry toward greater overall efficiency goals beyond Title 24, and to accelerate implementation of future Title 24 measures and standards.

To meet these goals, EP will continue to communicate and coordinate with the building industry, providing updates and resources to builders so that they can permanently incorporate energy efficiency into their business plans. EP will also develop promotions and materials in conjunction with industry stakeholders and program providers. The result will be co-developed, creative and consistent marketing and outreach tools.

EP will recognize builders’ efforts in the Third (2004) and Fourth (2005) Annual Flex Your Power Awards. The winners will receive publicity for their achievements as an incentive for implementing innovative programs and will be highlighted in case studies, on the Flex Your Power website and in eNewswire so that other entities can learn from their success.

The primary focus of the New Homes Initiative will be to develop and expand partnerships with builders, including the affordable housing industry, recruiting them to commit to, among other things: build new homes that qualify for the Energy Star label¹, provide potential homebuyers and tenants with educational materials, and explore cooperative marketing and outreach opportunities to augment public goods charge-funding and resources. In exchange, EP will help builders promote energy-efficient homes with marketing and outreach tools including:

¹ Homes that are designed to be 15 percent more energy efficient than California Title 24 building standards.

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

- Advertising that informs homebuyers and renters about the benefits and location of energy-efficient homes to drive demand. Advertising will also publicly recognize the efforts of homebuilders to encourage production.
- Educational materials that demonstrate the benefits of energy-efficient new homes and educates consumers about how to enhance energy savings after purchase.
- Listing in the Energy-Efficient New Home Locator on the Flex Your Power website. The locator is a tool and resource for builders, realtors and homebuyers, providing customized information, such as location by county, price/rent and developer contact information, on energy-efficient new home developments. The website address will be listed on all materials and advertising.

Commercial/Industrial Sector-Targeted Outreach

The commercial and industrial sectors together represent more than half of the state's total energy use and present marketing and outreach challenges. For most large non-industrial businesses, energy costs are rarely a great concern when compared to other investment demands, and for smaller businesses, the high costs of energy-efficient products discourage investment in energy efficiency. For all businesses, and especially smaller businesses, a lack of tailored information about programs and options prevent them from taking advantage of cost-effective solutions.

As discussed in the CPUC "Customer Needs" workshop, to encourage action among businesses requires educating them about energy market (reliability, price) concerns, publicly recognizing their positive efforts, and securing decision-maker buy-in within each company and within the business community.

As such, EP will continue to communicate regularly to the businesses recruited over the past three years as well as to new businesses recruited by staff and with assistance from program providers and trade associations. EP will provide businesses and organizations consistent information on energy efficiency to help them invest in energy efficiency and encourage action by their peers. EP will also continue to develop the Flex Your Power website, with assistance from program providers and business leaders, to provide timely, relevant and valuable resources for businesses. Finally, EP will continue to write and disseminate case studies and best management practices on successful projects to provide guidance on investment in energy efficiency. Participants strongly voiced this request at the CPUC workshop. EP will work with program providers and partners to identify successful projects, as well as write and disseminate lessons learned from the Flex Your Power award applicants. The materials will be displayed on the Flex Your Power website and promoted via eNewswire and EP partner organizations. (Complete case study effort discussed in more detail below.)

Another major focus of the commercial outreach initiative will be on leveraging the resources of business leaders to educate and encourage action by others. EP will unite well-respected commercial and industrial sector leaders, who represent diverse business industries and commit to assist EP promote long-term energy efficiency within their sector. In collaboration with program providers, EP will work with these business leaders

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

to develop industry-specific outreach materials, to determine the motivating messages for each industry, to spread the messages of energy efficiency within their companies, and to encourage action among peers. EP will also continue to develop advertising and outreach materials as a call to action, initiated from these respected leaders and organizations in different business sectors. Outreach materials will use creative means of motivating and communicating with business leaders, will include useful energy efficiency information, and will emphasize positive achievements in energy efficiency.

EP will recognize businesses' efforts in the Third (2004) and Fourth (2005) Annual Flex Your Power Awards. The winners will receive publicity for their achievements as an incentive for implementing innovative programs and will be highlighted in case studies, on the Flex Your Power website and in eNewswire so that other entities can learn from their success.

To reach and educate small businesses specifically, EP will coordinate with program providers and recruit relevant partners. Due to lack of knowledge and financial constraints, small businesses represent an underserved market with respect to energy efficiency. To overcome these barriers, EP will build out the small business sections of the Flex Your Power website, explore partnerships with community-based organizations and local governments, and develop targeted educational materials.

Contractor Outreach

As discussed in the CPUC workshop, nonresidential and residential contractors are a valuable resource to introduce and educate residents and businesses about energy-efficient products. (The majority of home improvement and facility retrofit projects are undertaken under the guidance of a contractor.) EP will work to overcome barriers to contractors' participation in advancing energy efficiency, including a low awareness of programs and products, and will assist contractors in selling energy efficiency in an industry where the competitive advantage is often keeping bids low.

To educate consumers so that they drive demand for energy-efficient remodeling/retrofit projects, as well as assist and encourage contractors to push for energy-related projects, EP will develop and distribute energy efficiency outreach materials and other resources with the help of utilities, third parties, and retailers and manufacturers of energy-efficient products. Additionally, EP will work with these entities to identify and recruit contractors to commit to: increase the number of energy efficiency projects in homes/buildings; distribute materials; and conduct energy audits on homes/facilities.

Flex Your Power Website

There are hundreds of energy efficiency programs and program providers in the state. In 2004 and 2005 EP intends the Flex Your Power website to be the one-stop, statewide resource for information about energy efficiency. The website will also support energy efficiency programs and the Flex Your Power marketing and outreach initiatives. As the single resource for programs and information, the Flex Your Power website will increase the ease of finding information on energy efficiency, allow Californians to find programs

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

that apply to them specifically and in their area, and reduce the chance that consumers will miss valuable opportunities to save money and energy.

To accomplish these goals, EP will continue to keep the web content timely, useful and relevant through regular communication and coordination with representatives from each sector and energy efficiency program providers. EP will expand existing tools and resources including:

- “Find a Store” locator for energy-efficient products – enables people to find stores near them, by distance and address, that have committed to Flex Your Power to sell specific energy-efficient products.
- “Rebates, Grants and Loans” program locator for each sector – describes program information for statewide and local IOU, municipal utility, third party, water agency, private sector and other non-utility programs.
- “Audits, Classes and Services” program locator for each sector – includes program information for statewide and local IOU, municipal utility, third party, water agency, private sector and other non-utility programs.
- “Key Resources” locator for each sector – includes hundreds of valuable energy efficiency resources organized for easy reference.
- “Energy-Saving Tips” locator – includes hundreds of key energy-saving tips.
- Product Guides – a growing list of guides that describe the benefits and savings potential of high-efficiency products/equipment, operating and purchasing tips and lists of major manufacturers.
- Case studies and best management practices – provides guidance to all sectors on investment in energy efficiency. Participants strongly voiced this request at the “Customer Needs” workshop. (Complete case study effort discussed in more detail below.)

In an effort to provide new resources and meet the overall campaign goal of providing a forum for California’s energy efficiency stakeholders, EP will develop an “EP Partners” site. On this password-protected website, program providers and other stakeholders will be able to update and/or review program information, download materials, research energy efficiency policies and standards, and find energy events and conferences. EP will also develop a “Save Water, Save Energy” section on the website that promotes the message that saving water also saves energy. (The current Flex Your Power website already provides consumers with information on incentive programs offered by water agencies.) Finally, EP will develop a “Press Room” section of the Flex Your Power website, which will serve the media and facilitate more in-depth coverage of energy efficiency issues.

To ensure the site meets the needs of all Californians, EP will translate the website into different languages. Currently, the static residential sections of the website have been translated into Spanish and Chinese. EP will enable website visitors to view translations of the entire website, including the database driven pages, in Spanish, Chinese, Korean and other languages.

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

eNewswire

As the second component of EP's Internet presence, the electronic newsletter – eNewswire – enables EP to:

- Keep energy efficiency issues among the “top-of-mind” interests of leaders and decision makers.
- Educate and excite Californians about the current ideas, policies, programs and products that advance energy efficiency in California, thereby encouraging and empowering readers to take action.
- Drive traffic to Flex Your Power website and resources.
- Showcase California's cumulative efforts and successes in saving energy.

In 2004 and 2005, EP will continue to bring timely information to Californian's desktops and link them to more in-depth information on the Flex Your Power website and the websites of program providers. EP will publish success stories to demonstrate what can be done and show that energy efficiency measures are cost-effective, feasible and highly impactful on many levels – cost savings, energy supply, price stability and environmental impacts. Stories and content will be targeted to specific industries and the general energy efficiency audience, and will be integrated with the Flex Your Power and other energy efficiency programs to provide effective support and maximize each effort's impact.

The target audience of eNewswire include: energy efficiency research organizations; product manufacturers, distributors, retailers; IOUs, municipal utilities, third parties, water agencies; energy policy makers; energy consultants; builders and architects; trade associations; major energy users; and media. EP also targets energy users around the state. With assistance from program providers, partners and others, EP will continue to expand the distribution of eNewswire and intensify work with selected media organizations to expand the reach and impact of outreach efforts.

Case studies and Best Management Practices

At the CPUC “Customer Needs” workshop, customers discussed how they needed more information and examples of projects and products that applied to their businesses and organizations. To meet this need, EP will develop and write case studies on businesses and organizations across the state, including water agencies, new homes developers and retailers. The primary focus of the studies will be program elements, budget, results and lessons learned. The case studies will support Flex Your Power and program provider initiatives, as well as serve as a logical follow up to the Flex Your Power Awards. From these case studies, EP will develop industry-specific Best Management Practices (BMPs) that incorporate a range of innovative efficiency strategies in order to present the spectrum of solutions available to businesses and organizations.

All materials will be posted on the Flex Your Power website, with links to useful resources, for a more dynamic and interactive design. Materials will be announced in eNewswire and will be made available to program providers, trade publications, contractors and other relevant parties.

Mass-Market Media

In 2001, the state created the Flex Your Power media campaign as one of several tools to encourage Californians to take emergency conservation action and immediately reduce energy use to prevent blackouts. The third – and current – phase of the campaign focuses on encouraging Californians to invest in energy efficiency and make saving energy a way of life. In 2004 and 2005, EP will continue to produce clear, compelling and consistent messaging, for television, radio and newspapers, that encourages Californians to always consider energy efficiency when purchasing products or designing projects, and builds on the success and recognition of the statewide Flex Your Power campaign. EP will work to increase private sector involvement and investment in advertising to augment PGC-funded marketing and outreach and explore other mass-media opportunities, including online, direct mail and outdoor

EP will also refine media buys to ensure broadcast messages have the greatest impact on targeted markets. For instance, the general market media buy will reflect a targeted approach to reach those residents that are most likely to purchase energy-efficient products and appliances. These Californians have specific and identifiable television viewing and radio listening habits. Combined with the multi-media mix, the targeted media buys will enable EP to continue to frequently reach the target audience and during the times they are most likely to be watching television or listening to the radio. Through these various media, 95 percent of the target audience will be reached at least an average of 23.5 times with the messaging.²

EP will continue to use the newspaper ads (including co-op ads in multiple languages) to support the retail promotions. The ads will drive people to the stores that sell energy-efficient products and will assist in the promotion of these products.

Ethnic Media

Moderate-income communities are usually the most affected by rate increases and high bills, and typically have a high percentage of inefficient appliances. These communities, however, are usually the most difficult to penetrate given geographic, income and language barriers. EP's objective with the ethnic media outreach effort is to increase the percentage of moderate-income and non-English speaking communities that are taking advantage of energy efficiency programs, services or products.

Ethnic media outlets serve as both a news source and a respected voice in the communities they serve. As a cultural and information hub, ethnic media plays a critical role in raising awareness about energy efficiency among their readers/viewers. To effectively utilize this resource in 2004 and 2005, EP will expand the efforts begun in 2003, wherein non-English language and ethnic newspapers were recruited to: educate residents and businesses through advertising, events and editorial content; provide support for local community retailers that sell energy-efficient products and appliances;

² Reach is the percentage of the target audience that is being reached with the message. Frequency is the average number of times that the target is being reached.

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

and recruit additional retailers to invest in energy efficiency. EP will increase the number and quality of these partnerships in 2004 and 2005. As such, EP will keep ethnic publishers and broadcasters abreast of energy efficiency news, programs and opportunities; provide informative content on energy efficiency; co-develop culturally-relevant advertisements with program providers, local retailers and others; and participate in community events with the media and program providers or local retailers.

EP will also conduct market research and then target those communities or locations with the greatest potential. EP will then work with the in-language media that serves these communities, providing outreach and educational materials to increase awareness of energy efficiency and programs.

Flex Your Power Awards

EP will continue to run the Flex Your Power Award program in 2004 (Third Annual) and 2005 (Fourth Annual). The awards enable EP to motivate businesses and organizations through public recognition and prestige, as well as educate and encourage other organizations to undertake innovative energy efficiency projects.

In 2004 and 2005, EP will increase the number and diversity of participants in the awards program by extending applicant eligibility to additional sectors and innovative programs. EP will also conduct extensive outreach with program providers and other partners to recruit quality applicants. The award winners will be recognized publicly, and EP will write about their activities and accomplishments in case studies and best management practices.

State and Local Government Initiative

Faced with recent budget cuts, local governments will greatly benefit by an expansion of the 2001-2002 Flex Your Power local government initiative, whose goal was to reduce energy use in city facilities and increase outreach to communities. The expansion will include regularly communicating and providing consistent information on energy efficiency news, programs, opportunities and valuable resources to local government partners Flex Your Power established in 2001 and 2002, as well as new partners recruited by staff and program providers. Part of this communication will involve developing tailored materials to provide local governments guidance on investing in energy efficiency, from retrofitting city facilities to outreaching to the community.

EP will also encourage city officials to develop strategies to reduce energy use in city facilities and to educate city employees about energy efficiency. Their possible strategies may include: assigning an energy coordinator; selecting and implementing energy efficiency solutions for facilities; improving energy efficiency in city operations and services; adopting energy-efficient city codes and ordinances; developing joint ventures with utilities, community-based organizations and businesses to improve efficiency; and developing and coordinating with existing energy education programs for residents and businesses.

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

EP will ask local government partners to provide assistance in reaching businesses, small businesses, and moderate-income and other hard-to-reach residents.

Coordination with Municipal Utilities

Municipal utility participation in the statewide marketing, outreach and coordination effort is necessary to create statewide consistency, to attract private sector support and to maximize customer awareness and participation. In 2004 and 2005, EP will increase the number of participants and quality of involvement by municipal utilities by exploring opportunities for coordination of program offerings, marketing and outreach between program providers. EP will also continue to communicate regularly with municipal utilities through personal contact and the biweekly eNewswire so that they are abreast of statewide efforts and events, and to facilitate statewide coordination of efforts.

To ensure that the Flex Your Power website provides Californians with all of the tools and resources they need to invest in energy efficiency, EP will continue to update its comprehensive list of municipal utility programs on the Flex Your Power website.

Coordination with Nonprofits

With strong community ties, nonprofit organizations will continue to be a valuable resource to EP to reach and influence residents, especially those that are considered hard-to-reach. EP's goal in 2004 and 2005 is to continue to communicate with and enlist the support of hundreds of nonprofits statewide to increase awareness of energy efficiency. EP will explore joint marketing and outreach opportunities with entities that work with hard-to-reach residents, such as state agencies, utilities, and community-based organizations.

Coordination with Water Agencies

There are numerous synergies between water and energy efficiency strategies. Because pumping and cleaning water is California's single largest energy use, reducing water use also cuts energy demand. Joint water and energy efficiency campaigns lead to higher customer awareness and offer manufacturers and retailers larger coordination and sales opportunities – many water-efficient appliances are also energy efficient.

To ensure and facilitate cooperation between the energy and water efforts, EP will continue to communicate regularly with water agencies to coordinate statewide efforts and events. As such, EP will continue to integrate, wherever appropriate, water efficiency into the overall Flex Your Power campaign in 2004 and 2005. For example, EP will launch a new "Save Water, Save Energy" promotion, coordinating water-efficient product rebates and IOU and retailer promotions to encourage the use of products that save both water and energy. Also, EP will incorporate water efficiency into Flex Your Power Internet communications, including integration of water efficiency programs offered by municipal utilities, water agencies and others into the searchable database on the Flex Your Power website, distribution of articles and information on eNewswire, and development and posting of case studies and/or best management practices for water agencies and municipalities.

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

To augment PGC-funded marketing and outreach, EP will negotiate with water agencies and organizations to use additional resources in support of the Flex Your Power campaign.

Schools Initiative

Schools represent an opportunity to educate three audiences at once about energy efficiency – children, school employees and parents. In 2001-02, Flex Your Power had a robust schools program, which included a lesson plan and homework assignment, and went to all 4th, 5th and 6th graders in the state. In 2004 and 2005, EP will explore opportunities to augment school programs approved by the CPUC and other successful school programs with statewide marketing and outreach support. This could include:

- Partnering with program providers to enhance their marketing and outreach components and/or bring higher awareness of the statewide effort to cut energy use to the programs.
- Building out the schools section on the Flex Your Power website, including updating the database-driven locators with program information and exploring opportunities to co-produce content.
- Providing consistent information to school administrators, teachers and others.

Agricultural Initiative

EP will continue to incorporate agricultural outreach into the Commercial and Industrial Initiative and work with water agencies to market energy efficiency in relation to pumping programs. EP will also continue to build out the section of the Flex Your Power website dedicated to agriculture.

Campaign Activity Calendar

<u>Quarter</u>	<u>Activity</u>
Quarter 1 2004	Ongoing website development and eNewswire distribution
	Enlist manufacturers and retailers for Promotion 1
	Promotion 1
	Round 1 media (TV, radio, newspaper, educational materials)
	Enlist all sector partners (commercial, local gov't, contractors, new home builders, etc) – ongoing
Quarter 2 2004	Ongoing website development and eNewswire distribution
	Enlist manufacturers and retailers for Promotion 2
	Promotion 2
	Round 2 media (TV, radio, newspaper, educational materials)
	Enlist all sector partners (commercial, local gov't, contractors, new home builders, etc) – ongoing
Quarter 3 2004	Solicit Flex Your Power Award Applications
	Ongoing website development and eNewswire distribution
	Enlist manufacturers and retailers for Promotion 3

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

<u>Quarter</u>	<u>Activity</u>
	Promotion 3
	Round 3 media (TV, radio, newspaper, educational materials)
	Enlist all sector partners (commercial, local gov't, contractors, new home builders, etc) – ongoing
Quarter 4 2004	Third Annual Flex Your Power Award Ceremony
	Ongoing website development and eNewswire distribution
	Enlist manufacturers and retailers for Promotion 4
	Promotion 4
	Round 4 media (TV, radio, newspaper, educational materials)
	Enlist all sector partners (commercial, local gov't, contractors, new home builders, etc) – ongoing
Quarter 1 2005	Ongoing website development and eNewswire distribution
	Enlist manufacturers and retailers for Promotion 1
	Promotion 1
	Round 1 media (TV, radio, newspaper, educational materials)
	Enlist all sector partners (commercial, local gov't, contractors, new home builders, etc) – ongoing
Quarter 2 2005	Ongoing website development and eNewswire distribution
	Enlist manufacturers and retailers for Promotion 2
	Promotion 2
	Round 2 media (TV, radio, newspaper, educational materials)
	Enlist all sector partners (commercial, local gov't, contractors, new home builders, etc) – ongoing
Quarter 3 2005	Solicit Flex Your Power Award Applications
	Ongoing website development and eNewswire distribution
	Enlist manufacturers and retailers for Promotion 3
	Promotion 3
	Round 3 media (TV, radio, newspaper, educational materials)
	Enlist all sector partners (commercial, local gov't, contractors, new home builders, etc) – ongoing
Quarter 4 2005	Fourth Annual Flex Your Power Award Ceremony
	Ongoing website development and eNewswire distribution
	Enlist manufacturers and retailers for Promotion 4
	Promotion 4
	Round 4 media (TV, radio, newspaper, educational materials)
	Enlist all sector partners (commercial, local gov't, contractors, new home builders, etc) – ongoing

Plans to Implement the Decision’s Changes to the Original Proposal

In D.03-12-060, Attachment 7, p. 3, the CPUC requested that EP continue to make prominent the information about non-utility programs. As described above, EP will continue to update and build out non-utility program information on the website. All programs – IOU, third party, municipal utility and water agency – are indexed on the website, and are linked to program provider or other contact information. Currently,

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

third-party incentive programs can be found at two locations on the website's Rebates, Grants and Loans search page for all sectors. In 2004, EP will integrate the third-party incentive programs into the "Rebates, Grants and Loans" program locators, (third-party technical assistance and educational programs are completely integrated in the "Audits, Classes and Services" program locators for each sector.) EP will continue to highlight and feature different IOU and third-party programs on the website and in eNewswire, and develop additional informational tools to assist in the promotion and support of programs.

In D.03-12-060, the Commission also requested that EP continue to coordinate its efforts with other statewide marketing and outreach programs as well as with utility and third-party energy efficiency program providers. As described in more detail above under the individual initiatives, EP will continue to develop marketing and outreach materials and initiatives with input from program providers. Also, EP will continue to provide coordination opportunities for utilities and third parties utilizing the following tools:

- *Flex Your Power Website:* EP will continue to update and build-out program information on the website and develop additional tools to assist in the promotion and support of programs.
- *Communication Channels:* EP will continue to use eNewswire and other communication channels, including Flex Your Power partners (e.g., retailers, trade associations, nonprofits, local governments), to communicate energy efficiency messages and provide relevant information.
- *Educational Materials:* With input from program providers, EP will develop educational materials, with consistent statewide messaging, to facilitate and increase third-party program provider and other stakeholder coordination.
- *Cooperative marketing and outreach:* EP will develop and implement cooperative marketing and outreach partnerships with program providers to augment their own marketing and outreach. These activities will be consistent with the statewide Flex Your Power campaign.
- *Planning coordination:* EP will continue to plan and facilitate events and meetings that enable program providers to work with each other, share knowledge, and coordinate offerings and marketing and outreach.

Objective Measures for Evaluating Program Success

The statewide marketing and outreach program is unique in that it supports and complements other energy efficiency programs. For instance, whereas other PGC-funded programs focus on specific motivations (e.g., incentives), the Flex Your Power campaign focuses on the broader goal of heightening consumer understanding of the benefits of energy efficiency; it serves as the "call to action" that leads to increased purchases of energy-efficient products and supports all other energy efficiency programs. As an information-only program, specific energy savings cannot be documented. Rather the

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

evaluation will look at the specific goals the program plans to achieve, as EP did the 2003 evaluation and the private sector does to evaluate their efforts.

The success of the Flex Your Power campaign is based largely on its ability to:

- *Convey energy efficiency messages and information to Californians.* The mass-media outreach campaign is based primarily upon the combination of television, radio, and newspaper advertising and educational materials developed by EP and with cooperative partnerships. To effectively communicate to consumers through these mediums, the messages conveyed must be clear, compelling and concise. Consumers must be able to understand the importance of energy efficiency and see the value in considering it in their purchase decisions.
- *Motivate consumers to include energy efficiency considerations in their purchase decisions.* In addition to receiving the broad energy efficiency messages conveyed through the mass media, it is important that consumers are motivated to consider energy efficiency in future purchase decisions. The retail promotions will carry a targeted message designed to encourage consumers in retail stores, at the point of purchase, to consider energy efficiency in their purchase decisions. The newspaper ad and in-store educational and sales support materials will advance this objective.
- *Maximize targeted reach and frequency.* The majority of the marketing and outreach expenditures are focused on maximizing the reach and frequency of the advertising media to educate as many California consumers as possible within the target audience and within the allocated budget. To do this, EP will utilize a combination of targeted general-market and ethnic media outreach efforts. In addition, the retail stores and manufacturers participating in the general retail promotions and the cooperative marketing and outreach promotions will broaden the reach of consumers exposed to the messages.

In order to evaluate the program's success in achieving these goals, EP will conduct program evaluation that is consistent with the Commission's information-only program evaluation objectives and that was approved by the Commission for the 2003 Flex Your Power program. To develop and implement the evaluation plan, EP contacted experts in the advertising and marketing research field. It was considered important to obtain expertise from a vendor that focuses primarily on research related to TV, radio and newsprint advertising. Based on their extensive experience within the communications field, brand and advertising research professionals are best qualified to evaluate and analyze consumer response to advertising, ultimately determining the effectiveness of the communication. EP will use the same vendor chosen in 2003 from a range of qualified vendors. The firm is Research 360.

The evaluation will include:

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

Consumer focus groups

The overall aim of the consumer focus group research is to assess a range of Flex Your Power messages against a series of communication objectives. The research will evaluate:

- TV commercials
- Radio commercials
- Newspaper advertisements
- In-store educational and sales support materials and other educational materials
- Materials and advertising produced through cooperative partnerships

Consumers will be recruited for the focus groups based on the following criteria:

- Age range between 25-59 years
- Homeowners
- Persons responsible for paying the household energy bill
- Customers with the range of electric utility companies (e.g., PG&E, SCE, SCG, SDG&E, LADWP, Glendale/Burbank Municipal Water & Power)
- Persons who plan, in the next 2 years, to purchase household durables such as a washing machine, air conditioners, and/or lighting
- Additional recruitment criteria will be set once the project is initiated

The focus group research method proposed by the research firm is a “Hybrid” research model that includes both qualitative and quantitative components. The Hybrid method includes an in-depth discussion of each communication piece led by a skilled moderator with experience in the category, plus a numerical scoring of each piece against a number of set criteria. The Hybrid qualitative/quantitative method represents the “best of both worlds” and uses a sample size that is large enough to approach quantitative statistical significance. Furthermore, it resolves some of the limitations of quantitative communications testing by allowing in-depth probing and the ability to truly discover why (or why not) consumers find an advertisement motivating. By using both qualitative and quantitative testing, the Hybrid method provides a more accurate examination of effectiveness across different media and the overall campaign.

The evaluation will include six to eight focus groups consisting of eight to nine per group, which would provide an approximate sample size of 65. The Flex Your Power Campaign evaluation will be coordinated with the Univision marketing and outreach effort.

In the Hybrid method, the interview is more structured than typical qualitative focus groups. After a brief warm-up discussion:

- 1) Each communication piece is shown to consumers (in a random order over the total project).

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

- 2) Before any group discussion, each piece is then scored on a scale of 1-5 on a number of measures such as “*Level of Appeal*” and “*Makes Me Interested In Energy Efficiency.*”
- 3) The focus group respondents then discuss their reaction and impressions of that communication, but are not asked to justify their scores.
- 4) The next communication piece is then exposed, scored and discussed.
- 5) The final report with the Hybrid method contains both in-depth attitudes as well as scores for each communication piece.

Advertising reach and frequency verification

Targeted rating points (TRPs) are input into a third-party computerized reach and frequency program developed by Telmar. The program utilizes the most up-to-date, media industry standardized reach and frequency statistical curves from independent sources like Nielson. The program takes into account the demographic target, selected daypart³ mix, media type, and individual market characteristics to calculate average reach and frequency. If multiple media types are used, an additional independent program incorporates various media types to calculate an overall reach and frequency estimate.

Retailer participation verification

To verify the additional reach achieved through exposure to the campaign via the residential retail promotions, the number of retail stores who signed retail agreements will be confirmed. Each of these retail stores will have agreed to utilize and distribute the consumer energy efficiency educational materials and sales aids provided by EP, including sales staff training materials, rebate and tip cards, appliance stickers, and point-of-purchase signage on energy efficiency products.

The evaluation plan has been designed to meet the following Commission’s evaluation objectives as specified in the *Energy Efficiency Policy Manual*:

- *Providing ongoing feedback, and corrective and constructive guidance regarding the implementation of programs.*
 - Focus groups, held mid-way and at end of program, with consumers to determine effectiveness of advertising messages and promotional materials in conveying program concepts.
- *Measuring indicators of the effectiveness of specific programs, including testing of the assumptions that underlie the program theory and approach.*
 - Consumer focus groups to identify the impact advertising messages and promotional materials have on future purchase decisions.
- *Assessing the overall levels of performance and success of programs.*
 - Evaluation of the overall reach and frequency (e.g., number of impressions) of the various advertising and Internet vehicles used.

³ Daypart Mix is the allocation of media weight (generally expressed in targeted rating points--TRPs) across standardized divisions of the broadcast day.

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

- Determine through industry standard metrics the exposure of the various advertising components used in the program.
- Evaluation of the number of impressions targeted at hard-to-reach customers.
- Identification of the potential impact the program will have on future purchase decisions.
- Verification of the total number of participating retailers.
- *Helping to assess whether there is a continuing need for the program.*
 - Consumer focus groups, held twice during program years, will determine if messaging has increased their understanding of energy efficiency concepts and influenced future purchase decisions.

Hard-to-Reach Targets

Through both general and targeted outreach efforts, the 2004 and 2005 marketing and outreach campaign will utilize the most impactful and cost-effective means of communicating with hard-to-reach residents and businesses. The specific communication vehicles are:

- *Mass-Media Marketing:* By the very nature of the media buys, the marketing campaign via TV and radio advertisements will have a significant impact on hard-to-reach residents (rural, non-English speaking and moderate-income) throughout the state. To specifically target California's Asian population in broadcast media, Flex Your Power will develop and run flights of Asian-language advertisements on Asian-language television and radio stations. To target the Spanish-speaking population, Flex Your Power will develop and run Spanish-language radio commercials and coordinate with Univision, to which the CPUC awarded funding to reach the Spanish-language market via television spots on Univision stations.
- *Ethnic Media Outreach:* In 2004 and 2005, EP will continue the outreach (described in more detail above) to media outlets that serve hard-to-reach communities (non-English speaking and moderate-income). In 2003, EP partnered with and placed ads in 105 ethnic publications (total circulation of 4,197,488 residents) representing 16 ethnic groups and 13 languages. EP will continue this advertising and will increase the partnership efforts, including an expanded earned media outreach and participation in community events. The ads will be designed to drive demand for energy-efficient products and direct customers to participating retailers in each area.
- *Retail and Manufacturer Outreach:* EP will continue to build partnerships with retail stores in rural areas and those that serve non-English speaking residents, and will provide these stores with educational materials in Spanish, Chinese, Vietnamese, Korean and other languages where appropriate. Currently, more than 30 percent of Flex Your Power's participating retailers serve areas considered to have a high saturation of rural customer. The number is significantly higher for moderate-income and non-English speaking customers: almost 60 percent of the

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

retailers are associated with ethnic press zip codes. During 2004 and 2005, EP will work to expand our partners serving these audiences.

- *Educational and Training materials:* EP will print educational materials for Flex Your Power energy efficiency promotions in five different languages – English, Spanish, Chinese, Vietnamese and Korean. Depending on the individual partnership agreements, EP may print cooperative marketing and outreach partnership educational materials in Spanish and other languages, as appropriate. EP’s retailer and manufacturer partners will distribute these materials to thousands of residents statewide. Additionally, the educational materials developed for the Flex Your Power New Homes Initiative, the Contractor Outreach Initiative, the Local Government Outreach Initiative and other initiatives will be printed in Spanish and other languages when appropriate.
- *Flex Your Power Website:* As described EP will translate the website into different languages. Currently, the static residential sections of the website have been translated into Spanish and Chinese. EP will enable website visitors to view real-time, instantaneous translations of the entire website, including the database driven pages, in Spanish and Chinese and work to expand this translation capacity to Korean and other languages.
- *eNewswire:* EP will continue to distribute the biweekly Flex Your Power eNewswire to hundreds of community-based organizations, many of which directly serve hard-to-reach audiences, and to ethnic media outlets for possible news stories. EP will continue to expand distribution and editorial efforts to educate hard-to-reach communities.
- *Nonprofits and Community Organizations:* In 2004 and 2005, EP will continue to communicate with and enlist the support of entities that work with hard-to-reach residents, including state agencies, utilities, third parties and nonprofits, and partner with them to reach minority residents and businesses. Under these partnerships, community-based organizations will assist EP with developing minority-focused marketing and outreach and identify and outreach to minority businesses and residents.
- *Commercial Outreach:* As part of EP’s business recruitment efforts in 2004 and 2005, EP will work with major chambers of commerce and business associations that represent hard-to-reach nonresidential customers (small and/or minority-owned businesses).

Coordinating Plan with Other Providers of Marketing and Outreach

EP will continue to coordinate with Univision and RS&E, the organizations CPUC funded for outreach to Hispanic markets and moderate-income residents in rural communities, respectively. The Flex Your Power campaign and Univision worked together in 2002 and 2003 on statewide marketing and outreach, and are collectively

Efficiency Partnership
2004-05 Flex Your Power Coordinated Statewide Marketing and Outreach Program
Program Implementation Plan

committed to implementing marketing and outreach campaigns to maximize their impact and cost-effectiveness. Additionally, in 2003, EP worked with RS&E to coordinate efforts through meetings and calls. In 2004 and 2005, coordination activities between the three entities will include meetings and possible joint marketing and outreach materials, events and advertising.