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Market Segmentation Approaches in California



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A little about our program...



- Short background on Southern California Gas Company (SoCalGas®) and Foodservice Programs
- Program objectives/goals
- Framework



Energy Resource Center



- State-of-the-art center offering energy-efficient solutions to energy-related needs
- Constructed using a wide variety of recycled materials (reinforcing bars, carpet, reception counter, lobby floor, lobby wall)
- First LEED® Certified Commercial Building in CA
- Recently Certified LEED Existing Building Operations and Maintenance (EBOM)



Energy Resource Center



The building design approach seeks to preserve and minimize the use of natural resources by decreasing consumption, reusing materials, recycling, incorporating products that contain post-consumer recycled content, and sustainable sourcing that does not threaten fragile ecosystems.

Specific steps include reusing materials from the former SoCalGas office buildings, recycling demolition waste, using recycled and reused building materials, installing water conservation devices, and avoiding the use of tropical hardwoods.



Food Service Equipment Test Center



The Food Service Equipment Test Center is located in the Energy Resource Center building in Downey, CA. It is the largest facility of its kind in the United States. The center provides customers with a total energy efficiency experience including: foodservice equipment test drives, educational seminars and training, and valuable rebate information.

The Food Service Equipment Center houses more than 130 pieces of foodservice equipment from over 50 equipment manufacturers as well as a state-of-the-art Ventilation and Baking Lab.



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Why Segmentation?



- Studies have shown that targeting customers based on industry segment will speed the creation and increase adoption of energy efficiency
- California Public Utilities Commission is supportive of this method
- All four California Public Utilities use this approach:
 - Southern California Gas Company
 - Southern California Edison
 - San Diego Gas & Electric
 - Pacific Gas & Electric



Market Segments



➤ Commercial

- Institutional: Government, Healthcare, and Schools
- Retail/Offices
- Services: Lodging, Amusement, Restaurants, Laundry and Transportation

➤ Industrial

- Utilities, Chemicals, Textiles, Stone/Clay/Glass/Asphalt and Misc Manufacturing
- Metals, Refineries, Food/Beverage



Activities for Segment Advisors



- Develop and maintain market segment business plans
- Marketing materials: fact sheets, brochures, bill inserts, etc.
- Provide “Star Tactics” information for segmented website on www.socalgas.com
- Participate in field rides with commercial and industrial service techs, account executives or “Energy Van” (large industrial customer assessment team) to better understand our customers and project opportunities



Activities for Segment Advisors



- Internal liaison to coordinate participation with associations and conferences
- Follow statewide strategic plan by working with other utilities
- Coordinate with all internal staff (i.e., engineers, account executives, program advisors and field service technicians) to create new opportunities such as measure development, third parties or program improvements



Benefits to Segmentation



- Ability to target customers with their specific energy efficiency needs in mind
- Market collateral that speaks to the customer in their industry language
- Aligning with other utilities to bring “one stop shopping” to the customer

Results:

- Increased participation and therms saved!



Challenges to Segmentation



- Account executives that are not segmented
- Marketing collateral has not been segmented
- Lack of data - especially for hard to reach small businesses
- Past tendency to base demand side management programs (DSM) on broad sectors: residential, commercial and industrial
- DSM programs that are based on engineering economic analyses. Hopeful third party programs will break this barrier
- Learning curve for market advisors around specific industries
- Role confusion (who does what?)



Costco® Case Study



- Account Executive worked with Costco who recently switched manufacturers of their pizza ovens to a unit that was not on the qualified equipment list
- Costco requested this unit be tested for energy efficiency testing. The manufacturer shipped the equipment to CA and the testing was completed
- Equipment passed ASTM testing and was qualified and added to the qualified equipment list on www.fishnick.com
- Customer applied for rebate
- Customer was happy and bought more pieces of equipment with rebate money



Program Results



- 2006 – 2008 Program Cycle
 - 760,688 Therm Savings
 - 1874 Pieces of Equipment Rebated

- 2009 Program Cycle
 - 136,401 Therm Savings
 - 262 Pieces of Equipment Rebated



Future Plans for Segmentation



- “Catalogue” of rebate offers by segment for 2010 rebate application
- Form statewide teams for all segments
- Attend tradeshow as a unified statewide team
- Add segmented collateral
- Add technology driven collateral around specific segments



California Joint Utility Strategies



- Educational Foodservice Seminars & Workshops
- Joint Utility Events Calendar
- Joint Utility Collateral
- Joint Participation at tradeshow and industry events
- Joint utility onsite customer energy surveys/recommendations for conservation and load management (gas, electric & water companies)
- ASTM equipment testing & qualifying of equipment for California statewide rebate program
- Industry Partnerships (Vendors, Energy Star, Flex Your Power, CEE)
- Rebate Programs



Questions



Thank you!

Allison Dourigan
Southern California Gas Company
Services Segment Advisor
213-244-5541



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