
Energy Efficiency Program Proposal

ThermWise[®] Market Transformation Initiative

Program Description

Background

Since the introduction of Dominion Energy Utah's (Dominion Energy or the Company) ThermWise Energy Efficiency (EE) programs, the Market Transformation Initiative has been a consistent and critically important component of the long-term strategy. "Market Transformation involves promoting ongoing and lasting changes to natural gas appliance penetration rates and new construction markets, as well as natural gas conservation" (Application, Docket No. 05-057-T01, paragraph 21). There are three primary goals that drive the Company's Market Transformation Initiative. They are, (1) enhance the Company's involvement in energy efficiency and conservation promotion; (2) change consumer and market participation behaviors; and (3) encourage persistent demand for energy efficiency products and practices. (Application, Docket No. 05-057-T01, paragraph 22).

In its Order issued December 29, 2017 (Docket No. 17-057-22 Order), the Commission provided guidance regarding future applications for the Market Transformation Initiative. Specifically, the Commission supported the recommendation that future applications include strategies and justification for proposed budget amounts. Additionally, the Commission indicated support for the Advisory Group and the collaborative process originally envisioned for this group as outlined in the Joint Application filed December 16, 2005 (Docket No. 05-057-T01). In effort to be responsive to this guidance the following sections are included in this section.

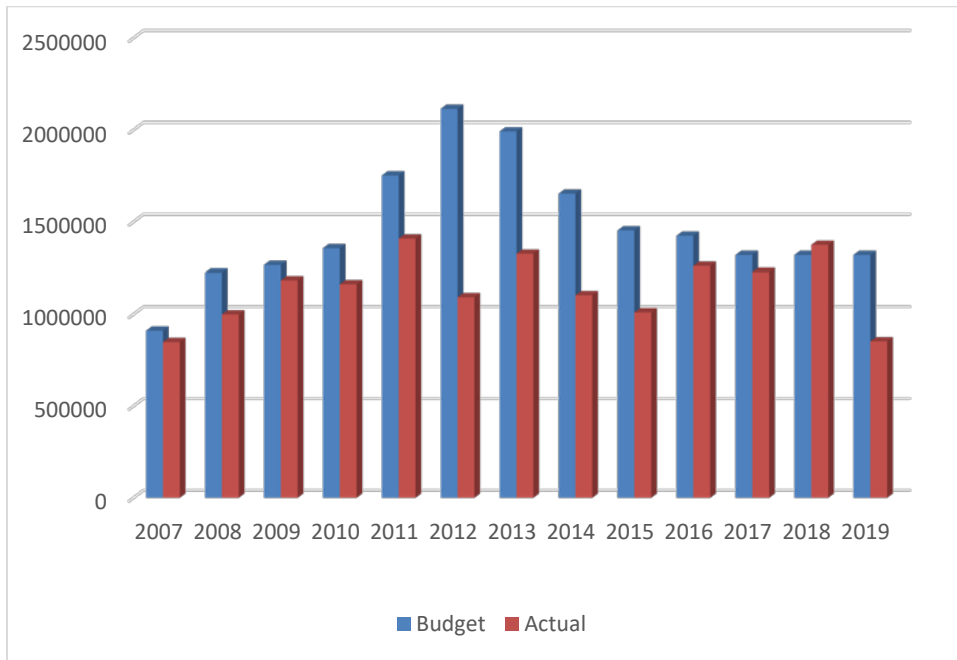
In this section, the Company will provide the following:

- A summary of proposed-versus-actual Market Transformation Initiative spending from 2007-2019.
- An analysis of historical customer participation in the ThermWise programs.
- ThermWise Program benchmarking to its peers in the natural gas energy efficiency industry.
- A high-level summary of the proposed 2021 Market Transformation Initiative components and budget.
- The 2021 Strategic Marketing Plan, a comprehensive report, prepared by Faktory, that recaps 2020 research and the proposed strategy for the 2021 Market Transformation Initiative.

Proposed vs. Actual Market Transformation Initiative Spending 2007-2019

Table 1 is a summary of proposed versus actual Market Transformation Initiative spending from 2007-2019. The Company has been selective in its spending, choosing projects with the greatest return and high program exposure. The Company has been diligent in its efforts to secure event and promotional contracts at low rates. The Company regularly seeks out and takes advantage of low to no-cost events. In many cases the Company can leverage its existing marketing channels in return for a waiver of the participation fees at community events. The Company has historically built flexibility into the budget in order to be responsive to unanticipated Market Transformation opportunities that will maximize program exposure. These unanticipated opportunities contribute to variances between projected and actual spending.

Table 1. Proposed vs. Actual Market Transformation Spending



Historical ThermWise Customer Participation

The Company considers several indicators to gage participation throughout the service territory as shown in tables 2-5.

Historically there has been a steady increase in the total number of rebates paid each year. Table 2 shows cumulative rebates paid by year.

Table 2. Cumulative Rebates Paid by Year

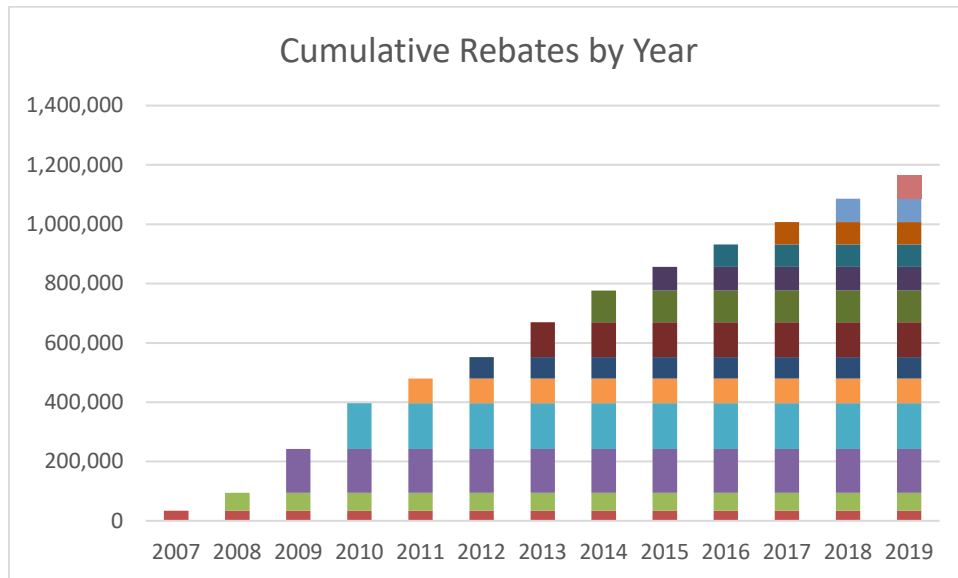
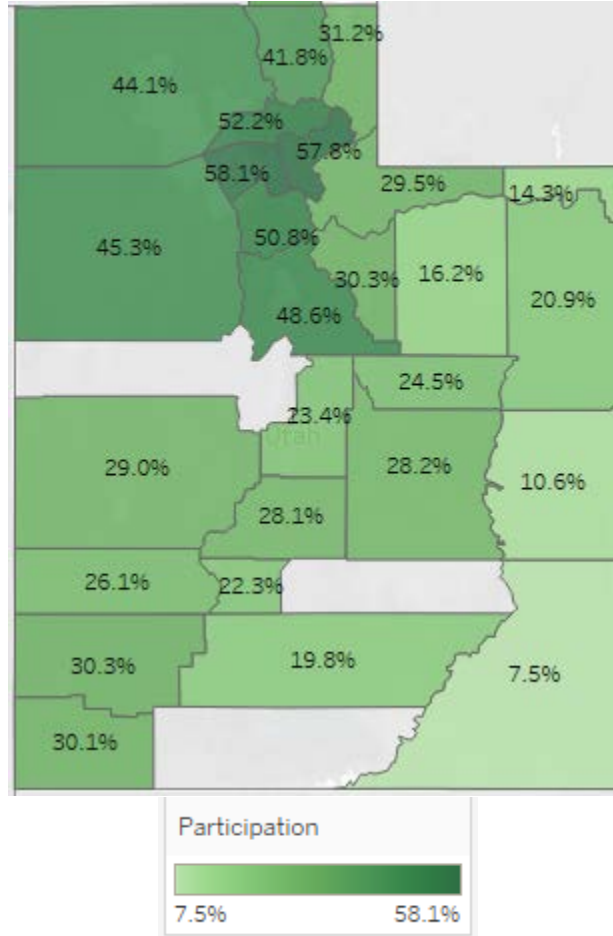


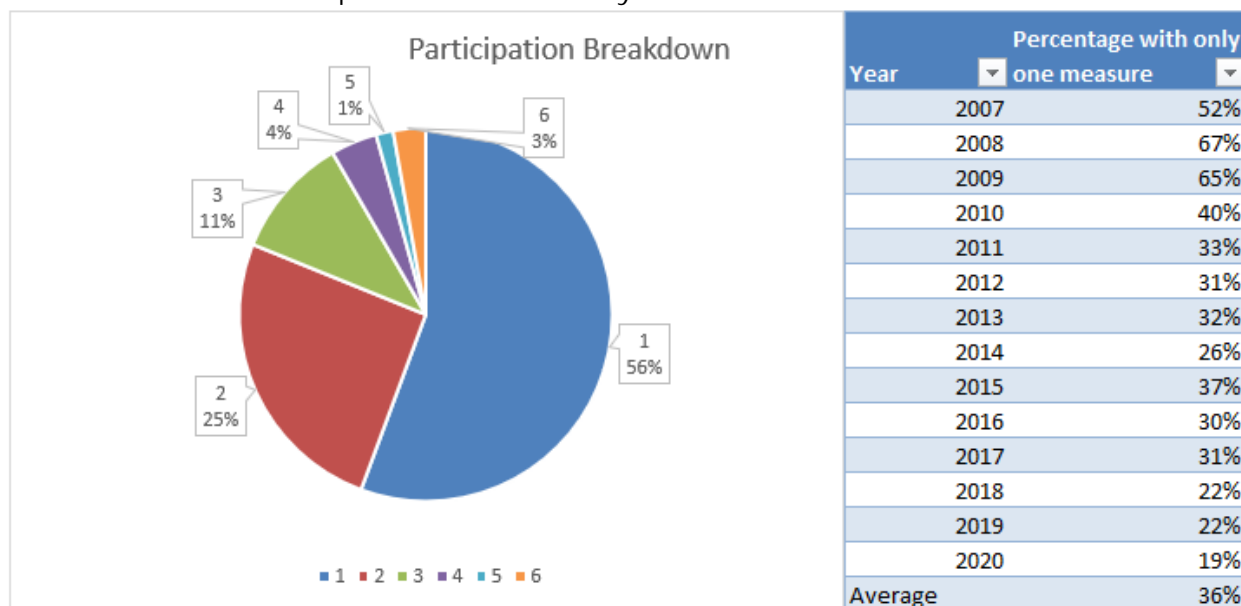
Table 3 shows unique participants and penetration levels by county. It shows the Company continues to see a steady increase in unique ThermWise participants throughout its service territory. The Company is pleased with the trend in participation and market penetration and expects to see similar trends in the future as a result of its Market Transformation Initiative.

Table 3. Unique ThermWise Participants and Levels of Penetration – June 2020



Although the Company continues to see an increase of unique participants there is still opportunity for first time participants as well as repeat participants to increase their individual efficiency. Table 4 shows a participation breakdown by the number of measures individual customers have participated in, along with a year by year breakdown of the percentage of participants with only one measure completed for years 2007-2020.

Table 4. Participation Breakdown by Number of Measures Per Customer



Year	Percentage with only one measure
2007	52%
2008	67%
2009	65%
2010	40%
2011	33%
2012	31%
2013	32%
2014	26%
2015	37%
2016	30%
2017	31%
2018	22%
2019	22%
2020	19%
Average	36%

Table 5 shows additional evidence to the progress on these goals. This can be seen in the adoption of energy efficiency equipment and technologies that were previously categorized as “new and emerging” technologies but are now required by code or have become standard in the Company’s Utah service territory. Specifically, clothes washers, natural gas dryers with moisture sensors, 0.30 U-Factor windows, 0.62 EF storage water heaters, and 90.0-92% furnaces, have all become standard, as shown in Table 5. Improvements in the construction industry related to higher standard building codes are ongoing. New equipment and technology such as air sealing, smart thermostats, R-5 windows, dual fuel heating systems, energy recovery ventilation and the direct install weatherization program have been added to the programs as well.

Table 5. Measures Added and Eliminated from the ThermWise Programs

Added	Year
Air Sealing	2012
Smart Thermostats	2015
R-5 Windows	2016
Direct Install Program	2017
Smart Water Heater Controller	2020
Dual Fuel Heating System	2021
Energy Recovery Ventilation (ERV)	2021

Eliminated	Year
Dryers	2011
90% AFUE Furnace	2013
Programmable Thermostat	2015
Windows (≤ 0.30 U-value)	2015
Water Heaters (0.62)	2016
Clothes Washers	2017
92% AFUE Furnace	2019
ECM Furnace Rebate	2020

Energy Efficiency Industry Analysis

As in past years the Company has benchmarked market transformation efforts with other programs across the nation using the results of the American Gas Association (AGA) annual energy efficiency report. Below is the Company's analysis from the most recently available AGA survey (2018 program year).

AGA's report shows a state by state comparison of incentive to non-incentive costs. The report shows that on average, states spent 39% of total program expenditures on non-incentive related costs. By comparison, during the same time frame, the Company spent 28% of its total program expenditures on non-incentive related costs. When comparing the top 21 participating programs (programs with total expenditures exceeding \$10,000,000), the Company ranks 6th overall in least amount of non-incentive related spending as a percentage of total program expenditures at 28%. The Company continues to be a national top performer in this metric.

Table 6 summarizes the overall percentage mix for each participating state with total annual expenditures of at least \$10,000,000.

Table 6. Percentage of Total Expenditures spent on Non-Incentive Costs ranked by State

Rank	State	2018 Total	2018 Incentives	2018 Admin / Marketing	% of Admin / Marketing to Total
1	OKLAHOMA	16,370,585	14,245,903	2,124,682	13%
2	FLORIDA	27,454,738	22,590,604	4,864,134	18%
3	IOWA	41,292,995	33,000,095	8,292,900	20%
4	CONNECTICUT	45,458,039	34,591,163	10,866,876	24%
5	MASSACHUSETTS	249,855,661	182,150,894	67,704,767	27%
6	UTAH	23,408,281	16,951,012	6,457,269	28%
7	NEW JERSEY	113,859,878	82,103,479	31,756,399	28%
8	NEW YORK	63,644,039	43,084,413	20,559,626	32%
9	WASHINGTON	27,582,793	17,545,402	10,037,391	36%
10	PENNSYLVANIA	18,447,455	11,730,411	6,717,044	36%
11	RHODE ISLAND	27,230,571	16,150,165	11,080,406	41%
12	MICHIGAN	96,410,977	56,986,179	39,424,798	41%
13	ARKANSAS	14,800,442	8,592,147	6,208,295	42%
14	OREGON	24,405,517	13,877,682	10,527,835	43%
15	WISCONSIN	28,390,984	15,467,036	12,923,948	46%
16	COLORADO	21,045,509	11,286,581	9,758,928	46%
17	ILLINOIS	73,957,803	37,991,793	35,966,010	49%
18	MARYLAND	17,595,744	8,786,111	8,809,633	50%
19	INDIANA	17,220,295	8,403,450	8,816,845	51%
20	MINNESOTA	62,565,207	29,941,855	32,623,352	52%
21	OHIO	46,049,500	19,154,000	26,895,500	58%
22	CALIFORNIA	302,046,053	61,264,292	240,781,761	80%

2021 Market Transformation Initiative Components and Budget

For 2021, the Company will adjust the Market Transformation Initiative components in order to further address the declining awareness of the program identified in the 2020 Lighthouse Customer Survey. The ThermWise campaign will focus on building general awareness in the service territory along with increased awareness and training for trade allies in effort to increase uptake of energy efficiency equipment and improve building standards.

Key messages and complete detail of the 2021 Advertising and Media Campaign is included in the Strategic Marketing Plan prepared by Faktory beginning on page 9 of this section.

Advertising and Media: \$800,000

Contracted Agency Work

The Company has worked closely with its advertising and media partner, Faktory, to develop the 2021 Strategic Marketing Plan. The Company's relationship with this agency has been and will continue to be beneficial, as they are proven experts in creating and purchasing media. In 2020 the Company budgeted \$900,000. The Company proposes a budget of \$800,000 in 2021.

Complete detail of the 2021 Advertising and Media Campaign is included in the Strategic Marketing Plan prepared by Faktory beginning on page 9 of this section.

Community Initiatives, Trade and Consumer Shows: \$280,000

The Company, in coordination with its current advertising and media partners, will focus on community initiatives (designed to re-engage customers in energy efficiency at a grass roots level), trade and consumer shows. In 2020 the Company budgeted \$280,000. The Company proposes to maintain the \$280,000 budget in 2021.

Complete detail of the 2021 community initiatives and trade/consumer shows is included in the Strategic Marketing Plan prepared by Faktory beginning on page 9 of this section.

Dominion Energy Management and Administration: \$30,000

The Company proposes to continue its membership in energy efficiency industry associations such as (Association of Energy Services Professionals, American Counsel for an Energy Efficient Economy, Southwest Energy Efficiency Project, etc.) however it will eliminate the membership with the Consortium for Energy Efficiency causing a drop in membership fees for 2021. These memberships allow the Energy Efficiency group to stay current in Energy Efficiency technologies, and topics, allowing program managers to further advance natural gas energy efficiency and conservation in the Utah market. In 2020 the Company budgeted \$50,000. The Company proposes a budget of \$30,000 for 2021.

State of Utah Codes Training: \$80,000

The Governor's Office of Energy Development (OED) conducts building code training programs, in collaboration with and through partial funding from Dominion Energy. The purpose of the training is to support the adoption, awareness, and enforcement of building codes associated with the International Energy Conservation Code (IECC). Based on the ongoing need in the market for more specific training sessions, in 2020 the Company budgeted \$80,000. The Company is proposing to continue funding these training sessions in 2021 at the level of \$80,000. OED will continue to work with an outside vendor to design and conduct these trainings in 2021.

Program Design: \$10,000

The costs associated with the program design budget are related to potential updates to the ThermWise portfolio of programs. Updates may include the addition or removal of energy efficiency measures, re-working of incentive levels, and re-calculation of savings. As with every component of the Company's Market Transformation budget, these funds are used prudently. The Company proposes to continue the \$10,000 budget for 2021.

2020 Research & 2021 Market Transformation Initiative Strategy

The Company has worked closely with its advertising and media partner, Faktory, to develop the 2021 Strategic Marketing Plan. The plan includes the results of studies and strategy for the upcoming 2021 campaign. Included below is the 2021 Strategic Marketing Plan prepared by Faktory.



Strategic Marketing Plan 2021



PREFACE

Who is Faktory?

Faktory is a full-service branding and content marketing agency established in 2005. Since then, we have been helping some of the region's most respected organizations market and advertise. These organizations include Intermountain Healthcare, WCF Insurance, Mountain America Credit Union, Ken Garff Automotive, the Utah Jazz, Children's Miracle Network, BD Medical, and of course, the Dominion Energy ThermWise campaign.

Faktory employs industry best practices when it comes to marketing and advertising for ThermWise. These include utilizing all available data and analytics in our media planning, buying, measuring and optimizing. They include producing more memorable creative that is more powerful and action-invoking than boring, straightforward ads. We partner with Lighthouse Research, a skilled and respected research firm, to benchmark and improve our campaigns each year. And we demand (and receive) an average of 30% real added value from our media partners.

This marketing plan reflects those best practices. It is our recommendation on how to help Dominion Energy consumers conserve natural gas and reap the benefits of doing so.





SUMMARY

Therm Research

Every year, as is best practice for the marketing industry, a benchmarking survey is done by independent firm Lighthouse Research to understand key metrics of performance. This survey is important in directing each year's efforts and in ensuring ratepayer money is spent efficiently and effectively. This research drives strategies; it confirms much of what we're doing and tells us how to redirect efforts based on shifts in consumer thinking. It also helps us understand where our media is best placed, gauging attitudes and awareness of various audiences.

This year, we included Therm (the ThermWise spokesperson) in our Lighthouse survey. The results are in, and he continues to be a strong and likable expert communicating the benefits of energy efficiency. Factory, the ThermWise communications agency, recommends ThermWise still communicate energy efficiency using Therm as the spokesperson:

- 48% of all consumers are aware of Therm
- Of those, 81% have seen ads in the past year
- 75% have a positive impression of Therm

The Lighthouse research this year was in the field at an interesting time: just a couple of weeks after COVID hit (end of March). There is no real way to quantify what affect COVID had on the survey. We did see a couple of anomalies that make us believe it had some affect; people's minds were fully and justifiably focused on COVID and the shutdown. That being said, we're reacting to the numbers as we normally would; adjusting and optimizing based on the results.

Note: When COVID hit, we pulled our media campaign off the air due to the CTA being about getting a Home Energy Plan. Dominion Energy needed time to figure out how to safely continue to perform HEPs in the new COVID environment. The campaign stayed off the air for good, so we lost about 3.5 weeks of airtime due to the COVID pandemic.

Key 2021 Campaign Strategies

Our strategies for 2021 will be:

- Continue using the character "Therm" as the ThermWise spokesperson
- As in the past, utilize a combination of mass and digital for high reach and frequency in order to communicate to Dominion Energy customers and the general public

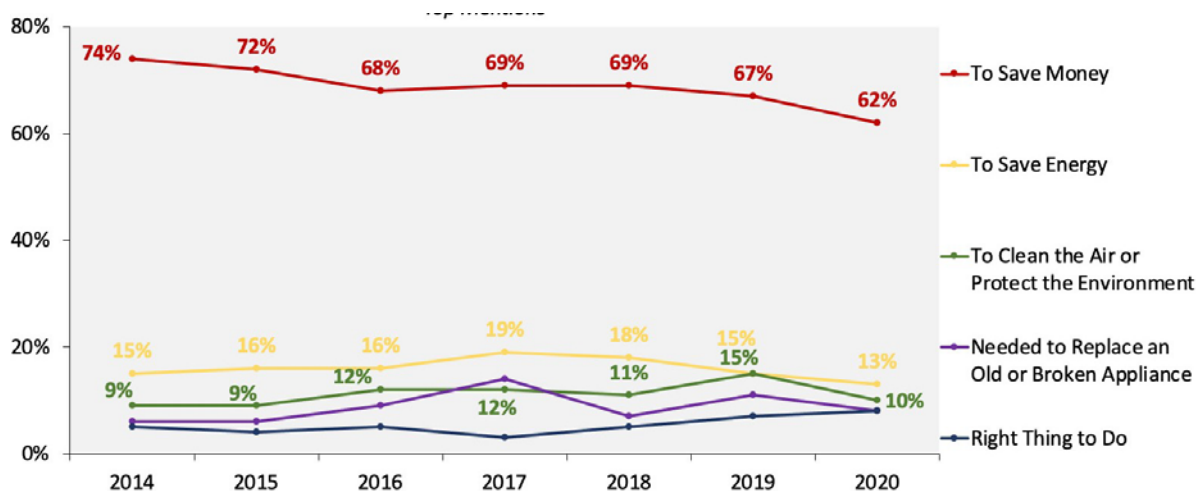


Key Research Findings

- 93% of consumers feel it's important for utilities to offer energy efficiency programs
- ThermWise continues to be highly recognized with 62% general public awareness, but had a statistically significant drop from 69% the year before (one of the anomalies previously mentioned)
- A significant number of people learn about ThermWise via utility bills, but fewer people are receiving their utility bills via mail
- TV and utility bills continue to lead in how people find out about ThermWise, with radio coming next to TV
- 26% of respondents plan on ordering a Home Energy Plan in the next year
- At 62% of respondents, saving money continues to be far and away the top reason people conserve energy

What are the main reasons you took steps to conserve energy in your home?

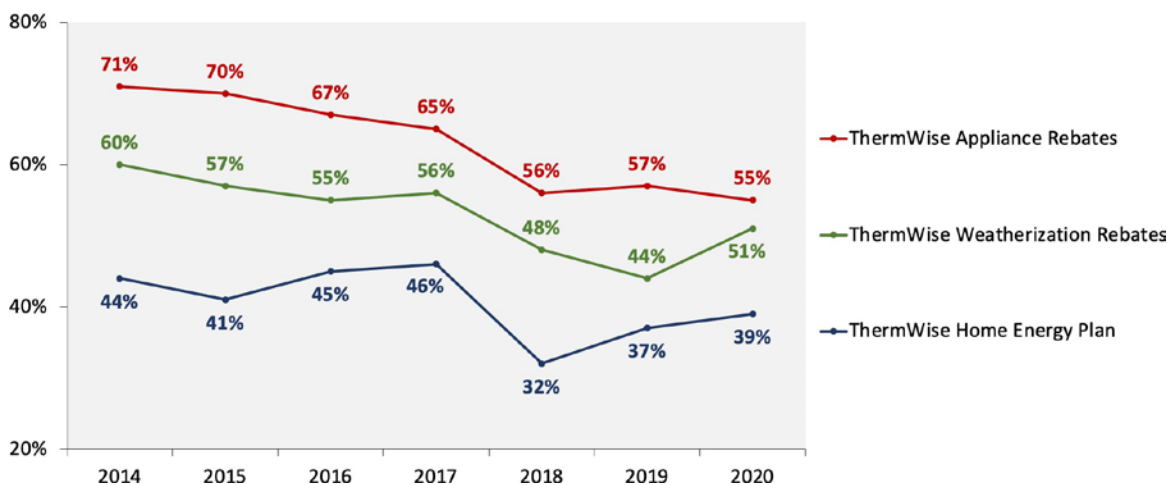
Top Mentions



↓ 2020 respondents were less likely than 2014 to say they took steps "to save money."

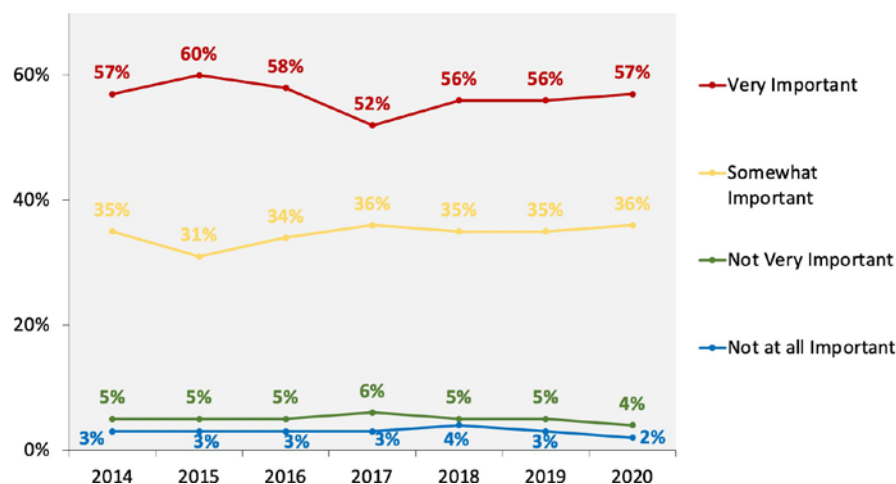


Awareness of Specific ThermWise Programs (Among Respondents Aware of the General ThermWise Program)



Over the past few years, people are less likely to take actions to conserve. This trend continues, and is about energy conservation overall, not specific to natural gas. This could be due to a number of reasons, including low costs of fuel and a good economy where saving money is less of a concern. It could also be due to the number of more dire “public service” messages that fill the airwaves, such as opioid abuse and suicide prevention. With the current dip in the economy due to COVID, we believe conserving to save money will become more of a priority for consumers in the future.

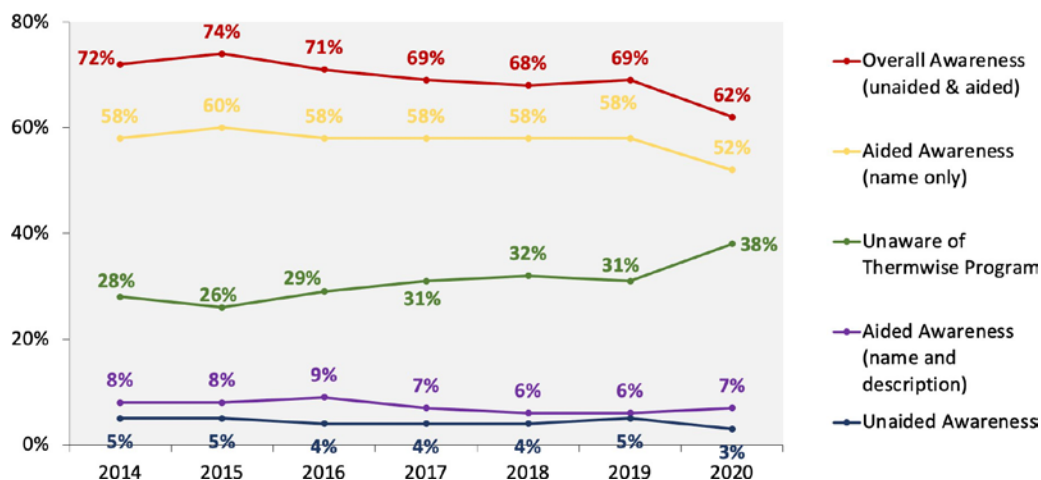
How important is it for utility companies to offer customers programs to help conserve energy?



Consumers continue to feel it's important for utility companies to offer ways to conserve, and saving money continues to be the main reason people conserve.



Overall Awareness of ThermWise



Since 2014, awareness has stayed strong and steady. This year, awareness had a 7% drop, though still strong at 62%. Strategies and spend have stayed consistent over the year, so we're not sure why this sudden drop happened. It could potentially be related to COVID and the timing of the survey (two weeks after COVID hit). But, since we don't know for sure, we're aggressively addressing this slight drop with changes to the campaign.

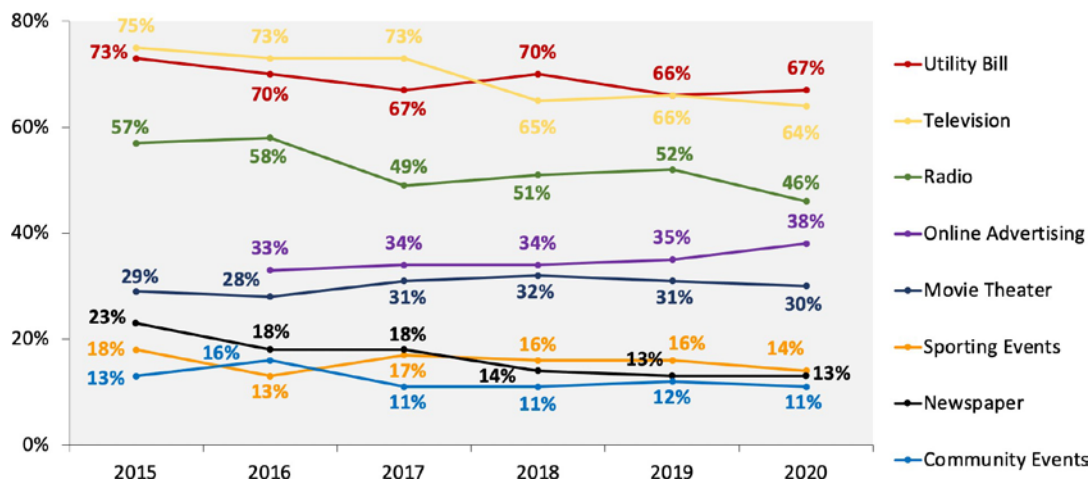
Two years ago, we did research that found adding a clean air message would drive more desire to conserve with consumers. With that message off the table, we will utilize the programs within ThermWise to drive more awareness and desire to act. CTAs will drive people to specific web pages on the ThermWise site where they can learn about rebates or contact someone about a Home Energy Plan.

Tracking pixels will be placed on the ThermWise site to provide the opportunity to retarget those who have shown interest in a specific measure, and they will be given reminder messages to drive them back to the site to take advantage of rebates.



Respondents Who Were Aware of ThermWise Through Various Sources

Combined Aided and Unaided Awareness



Utility bills and television still lead in helping people become aware of the ThermWise program. Radio and online advertising are the next leaders. This confirms our mass media strategy of broadcast platforms combined with targeted communications, both digital and through bill inserts.

Key Takeaways for 2021

This year's annual survey confirmed much of the ThermWise strategy. It continues to be important for utilities to offer programs like ThermWise. Despite this year's dip in awareness, both awareness and participation in ThermWise continues to be strong. The Home Energy Report is becoming more and more known. It also showed a continuation of the 5-year trend showing that people's desire to take action is waning (conservation overall, not solely natural gas). Saving money is still the main driver of conservation, and interest in specific programs seems to be growing.



2021 STRATEGIES

2021 Target Audiences

First and foremost, targeting the general public with a mass campaign to drive both awareness and desire to conserve energy will continue, though with a sincere tone (versus humorous) and concepts that involve storytelling. Social media as a channel will increase to speak with younger audiences. Digital retargeting will be used to drive action with those who show interest. The community outreach opportunities will continue to be pursued (such as Habitat for Humanity and Davis School District). Opportunities to partner with community leaders in pushing out conservation messaging will also be pursued.

Messaging: The importance of staying “ThermWise”

Years have been spent building the “ThermWise” brand via consistent messaging and a recognizable, likable spokesperson in Daryn Tufts, aka “Therm.” Our 2020 research proves this is a strong, memorable tactic for consumers. Promoting “ThermWise” and using “Therm” as messenger will continue. This will be done with all audiences.

Messaging: Keep Saving Money

Research tells us that saving money is still the number one motivator for conservation. This message will stay as a staple for the ThermWise mass media audience.

Messaging: Focus on specific programs

Awareness of builder rebates and appliance rebates has grown the past two years. Our plan is to leverage people’s interest in rebates in a year where many people will be looking at how to be most efficient with their money (due to COVID). These programs are specific and actionable. Our campaign will be designed to drive that action. We will continue to emphasize the Home Energy Plan as one of our focus programs, as we do every year.





MEDIA

Mass and Digital Media: reminder from past filings

As has proven effective, the ThermWise campaign will reach the general public via mass, utilizing TV, radio, and digital (web and social) platforms. The Company will also use limited print, strategically placed. The annual research bares out this approach, as does industry research for public service campaigns like ThermWise. Mass media, along with the awareness/desire to act that it creates, is a necessary part of any behavioral change initiative. The National Institutes of Health states the following on mass media used to change behaviors:

“Mass media campaigns can work through direct and indirect pathways to change the behavior of whole populations. Many campaigns aim to directly affect individual recipients by invoking cognitive or emotional responses. Such programmes are intended to affect decision-making processes at the individual level. Anticipated outcomes include the removal or lowering of obstacles to change, helping people to adopt healthy or recognise unhealthy social norms, and to associate valued emotions with achieving change. These changes strengthen intentions to alter and increase the likelihood of achieving new behaviours. For instance, an antismoking campaign might emphasize risks of smoking and benefits of quitting, provide a telephone number for a support line, remind smokers of positive social norms in relation to quitting, associate quitting with positive self-regard, or a combination of these features.

“Behaviour change might also be achieved through indirect routes. First, mass media messages can set an agenda for and increase the frequency, depth, or both, of interpersonal discussion about a particular health issue within an individual’s social network, which, in combination with individual exposure to messages, might reinforce (or undermine) specific changes in behavior. Second, since mass media messages reach large audiences, changes in behavior that become norms within an individual’s social network might influence that person’s decisions without them having been directly exposed to or initially persuaded by the campaign. For example, after viewing televised antismoking campaign messages, several members of a social group might be prompted to form a support group to help them stop smoking. Another individual who has not seen the television campaign could decide to join the support group and change his or her own behavior.

“Finally, mass media campaigns can prompt public discussion of health issues and lead to changes in public policy, resulting in constraints on individuals’ behaviour and thereby change. For example, a campaign discouraging smoking because of its second-hand effects on nonsmokers might not persuade smokers to quit, but it might increase public support for a new policy that restricts smoking in specific places, which might have the secondary effect of persuading smokers to quit.”

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4248563/>

In other words, changes in behavior work on two levels via a mass campaign. First, the campaign directly affects people via emotional or cognitive messaging. Second, the campaign affects change through indirect means such as increasing discussion about a specific topic or changing social norms within a given group. This is why the market transformation dollars are so vital to the ThermWise campaign. They create awareness and a desire to make change.

A behavioral change initiative like ThermWise can’t be effective if people aren’t aware of it. It’s a necessary component to ensure ThermWise is successful as a program.



Social Media

As consumer habits change, though, social becomes a more powerful way to reach younger consumers. We will allocate more campaign dollars to grow our social presence for more influence among younger audiences.

Trade/Consumer Shows

The Company will continue marketing the ThermWise programs through local events and promotions such as spring and fall home shows, local fairs, energy efficiency conferences, local business conferences, military related events, and other community events, as long as local guidelines permit safe participation according to state and local guidelines. This allows the Company to have direct contact with its customers and local leaders, distribute marketing collateral, answer questions, and provide useful and accurate information in regards to its energy efficiency programs. In an effort to increase awareness of the programs outside the Wasatch Front, the Company has initiated involvement in more community events outside the Wasatch front, including county fairs and community events in more rural areas. In addition, many of these events allow “Therm” to interact with the Company’s customers and further promote energy efficiency awareness and participation.

Better utilize bill emails

Mail utility bills lead in how people find out about the ThermWise program. That being said, more and more people are going to emailed bills. That being the case, we will infuse email bills with more ThermWise marketing messages that encourage program participation.

Continued Engagement with Communities and Community Leaders

ThermWise wants to empower community leaders to better talk about joining Therm and Dominion Energy’s ThermWise program in being good environmental stewards to help clean our air. Materials have been developed to allow our ThermWise team to help community leaders understand the need for conservation. Deeper partnerships with specific conservation-minded communities will also continue to be explored.

Net Zero Homes and Dual Fuel Heating System Promotion

In 2020, we spent a lot of time looking for ways to promote Net Zero within the non-profit space. Two wonderful partnerships with Davis School District and Park City Habitat for Humanity have come from that. We propose extending this program to broaden our ability to teach Net Zero and new technologies such as the dual fuel heating systems.

RESEARCH AND EVALUATION OF SUCCESS

The annual research survey will be performed to ensure awareness/desire to conserve continues strong among the ThermWise target audience, along with verifying that ThermWise remains strong in recognition. Minor adjustments will be made based on feedback from the Advisory Group.

