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# Energy Efficiency Program Proposal

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ThermWise<sup>®</sup> Market Transformation  
Initiative

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## 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.

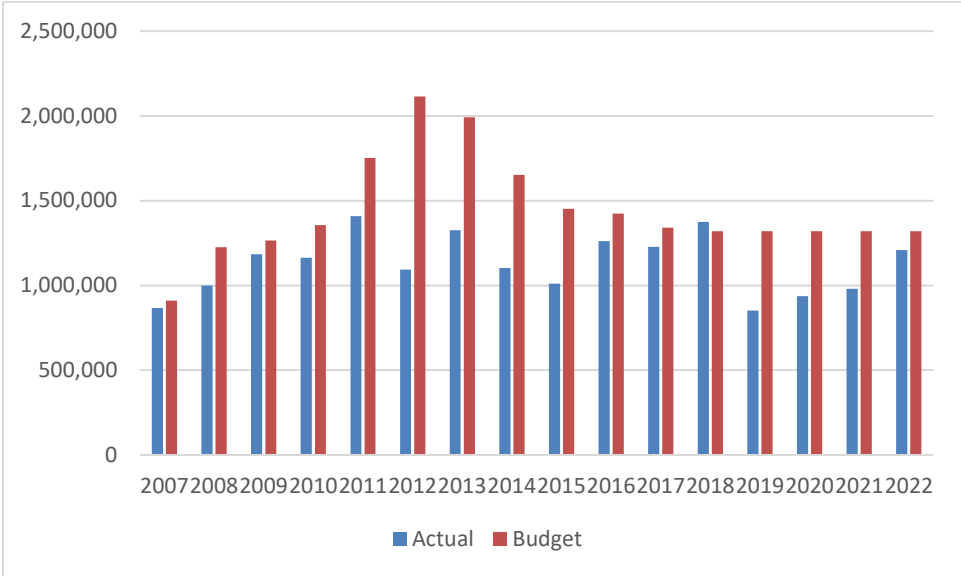
In this section, the Company will provide the following:

- A summary of proposed-versus-actual Market Transformation Initiative spending from 2007-2022.
- 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 2024 Market Transformation Initiative components and budget.
- The 2024 Strategic Marketing Plan, a comprehensive report, prepared by Faktory, that recaps 2023 research and the proposed strategy for the 2024 Market Transformation Initiative.

**Proposed vs. Actual Market Transformation Initiative Spending 2007-2022**

Table 1 is a summary of proposed versus actual Market Transformation Initiative spending from 2007-2022. 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 annually benchmarks its energy efficiency programs against several metrics to measure performance. These benchmarks are 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**

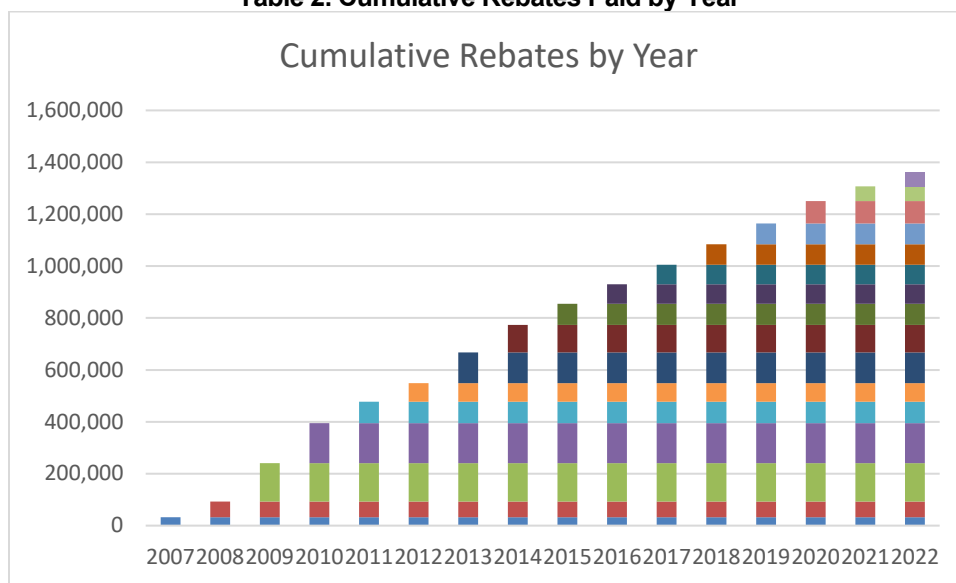
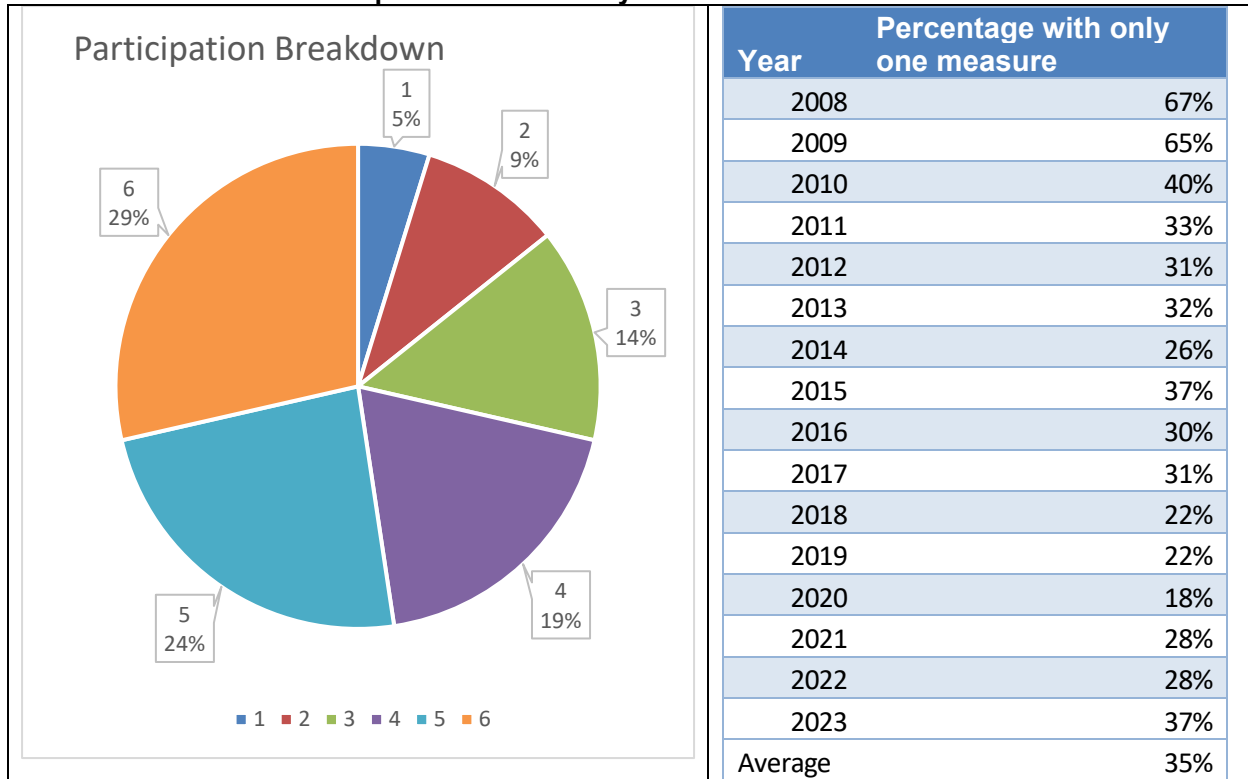


Table 3 shows unique participants and penetration levels by county. It shows the Company continues to see a steady increase in unique ThermWise® participants throughout its service territory. The Company is pleased with the trend in participation and market penetration and expects to see similar trends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



**Table 4. Participation Breakdown by Number of Measures Per Customer**



Year	Percentage with only one measure
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	18%
2021	28%
2022	28%
2023	37%
Average	35%

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 by year**

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 (2021 AGA survey of the 2020 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 43% of total program expenditures on non-incentive related costs. By comparison, during the same time frame, the Company spent 18% of its total program expenditures on non-incentive related costs. When comparing the top 23 participating programs (states with natural gas energy efficiency program expenditures  $\geq$ \$10 million), the Company ranks 5th overall in least amount of non-incentive related spending as a percentage of total program expenditures at 18%. 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	2020 Marketing/ Admin	2020 Incentives	2020 Total	% of Admin Marketing to Total
1	MISSOURI	\$ 1,300,416.0	\$ 11,428,396.0	\$ 12,728,813.0	10%
2	OKLAHOMA	\$ 2,160,653.0	\$ 15,068,104.0	\$ 17,228,757.0	13%
3	NEW HAMPSHIRE	\$ 1,531,385.0	\$ 9,015,993.0	\$ 10,547,379.0	15%
4	FLORIDA	\$ 3,712,961.0	\$ 17,765,331.0	\$ 21,478,292.0	17%
5	UTAH	\$ 5,025,634.0	\$ 23,510,065.0	\$ 28,535,699.0	18%
6	NEW JERSEY	\$ 27,766,864.0	\$ 125,294,694.0	\$ 153,061,558.0	18%
7	CONNECTICUT	\$ 12,447,070.0	\$ 36,901,113.0	\$ 49,348,183.0	25%
8	MASSACHUSETTS	\$ 67,309,207.0	\$ 188,347,261.0	\$ 255,656,468.0	26%
9	WASHINGTON	\$ 3,924,897.0	\$ 8,934,761.0	\$ 12,859,658.0	31%
10	RHODE ISLAND	\$ 8,313,520.0	\$ 16,132,112.0	\$ 24,445,632.0	34%
11	NEW YORK	\$ 27,696,964.0	\$ 49,411,949.0	\$ 77,108,913.0	36%
12	MARYLAND	\$ 6,949,168.0	\$ 10,684,632.0	\$ 17,633,800.0	39%
13	MICHIGAN	\$ 50,887,554.0	\$ 76,117,199.0	\$ 127,004,753.0	40%
14	OREGON	\$ 10,354,384.0	\$ 14,961,760.0	\$ 25,316,144.0	41%
15	COLORADO	\$ 10,635,103.0	\$ 15,240,823.0	\$ 25,875,926.0	41%
16	WISCONSIN	\$ 10,236,831.0	\$ 12,767,291.0	\$ 23,004,122.0	44%
17	ILLINOIS	\$ 40,498,187.0	\$ 46,190,404.0	\$ 86,688,592.0	47%
18	MINNESOTA	\$ 29,990,634.0	\$ 30,005,367.0	\$ 59,996,001.0	50%
19	PENNSYLVANIA	\$ 8,946,189.0	\$ 5,847,738.0	\$ 14,793,927.0	60%
20	INDIANA	\$ 8,738,778.0	\$ 5,699,412.0	\$ 14,438,190.0	61%
21	ARKANSAS	\$ 11,142,912.0	\$ 4,042,368.0	\$ 15,185,279.0	73%
22	CALIFORNIA	\$ 197,246,022.0	\$ 50,633,379.0	\$ 247,879,402.0	80%
23	OHIO	\$ 34,511,006.0	\$ 7,141,958.0	\$ 41,652,964.0	83%

## 2024 Market Transformation Initiative Components and Budget

For 2024, the Company will adjust the Market Transformation Initiative components in order to build awareness of the ThermWise® programs. 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 2024 Advertising and Media Campaign is included in the Strategic Marketing Plan, prepared by Faktory, which begins on page 10 of this exhibit.

### Advertising and Media: \$900,000

#### Contracted Agency Work

The Company has worked closely with its advertising and media partner, Faktory, to develop the 2024 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 2023 the Company budgeted \$900,000. The Company proposes the same budget of \$900,000 in 2024.

Complete detail of the 2024 Advertising and Media Campaign is included in the Strategic Marketing Plan, prepared by Faktory, which begins on page 10 of this exhibit.

### 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 2023 the Company budgeted \$280,000. The Company proposes to maintain the \$280,000 budget in 2024.

### Dominion Energy Management and Administration: \$50,000

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.) 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 2023 the Company budgeted \$50,000. The Company proposes the same budget of \$50,000 for 2024.



### 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 2023 the Company budgeted \$80,000. The Company is proposing to continue funding these training sessions in 2024 at the same level of \$80,000. OED will continue to work with an outside vendor to design and conduct these trainings in 2024.

### 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 2024.

### 2023 Research & 2024 Market Transformation Initiative Strategy

The Company has worked closely with its advertising and media partner, Faktory, to develop the 2024 Strategic Marketing Plan. The plan includes the results of studies and strategy for the upcoming 2024 campaign. Included below is the 2024 Strategic Marketing Plan prepared by Faktory.



**FAKTORY**

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**CLIENT**

Dominion Energy

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**DATE**

09.25.2023

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# **ThermWise Market Transformation Strategic Marketing Plan**



# Preface

## WHO IS FAKTORY?

Founded in 2005, Faktory is a 360-degree marketing, advertising, and public relations agency headquartered in Centerville, Utah. Since then, we have been helping some of the region's most respected organizations with their marketing and advertising efforts. These organizations include Intermountain Health, WCF Insurance, Cyprus Credit Union, Ken Garff Automotive, the Utah Jazz, RC Willey, and of course, the Dominion Energy ThermWise campaign.

Faktory employs industry best practices when it comes to marketing and advertising for ThermWise. These practices include utilizing all available data and analytics in our media planning, buying, measuring, and optimizing. They include producing emotionally compelling creative that is powerful and action-invoking while still delivering a clear, direct message. We partner with Lighthouse Research, a skilled and respected research firm, to benchmark and improve our campaigns each year. And, because we know ratepayer dollars are sacred, we demand (and receive) real added value from our media partners. In the past few years, we've been able to get 30-50% added value from our broadcast budget, and will continue to explore these opportunities in future campaigns.

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



# Lighthouse Research

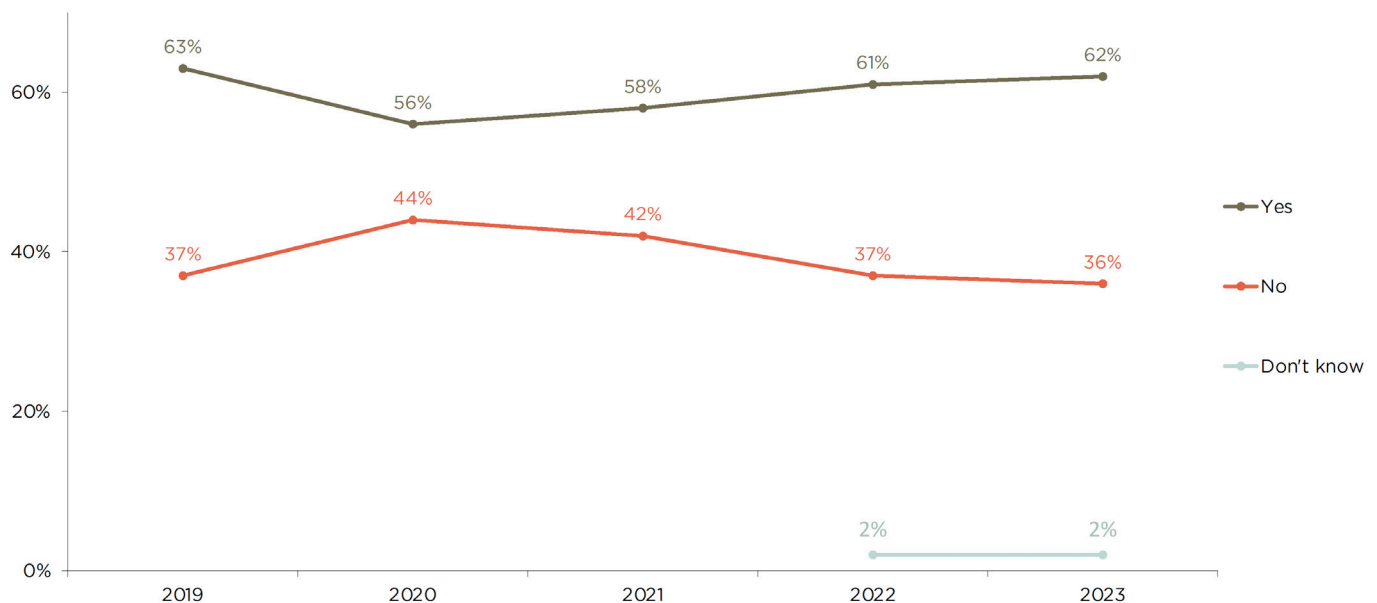
Every year, as is best practice for the marketing industry, a benchmarking survey is conducted by an independent firm, Lighthouse Research, to understand key metrics of performance. This survey is important for providing key insights that may inform each year's efforts and in ensuring ratepayer money is spent efficiently and effectively. This research can help us to shift strategy to address consumer thinking. It also helps us understand where our media is best placed, gauging attitudes and awareness of various audiences.

## KEY RESEARCH FINDINGS

- ThermWise continues to be highly recognized with 62% general public awareness. Those less familiar with the program trend towards younger demographics, which aligns with marketing strategy and program expectations.
- 87% of respondents indicated that saving money is top of mind when it comes to conserving energy.
- 88% feel it is somewhat to very important for utility companies to offer programs that help to conserve energy.
- Consumers reported "TV" (both broadcast and online) as the channel where they heard about ThermWise, but in general, the majority of respondents prefer to seek information online.

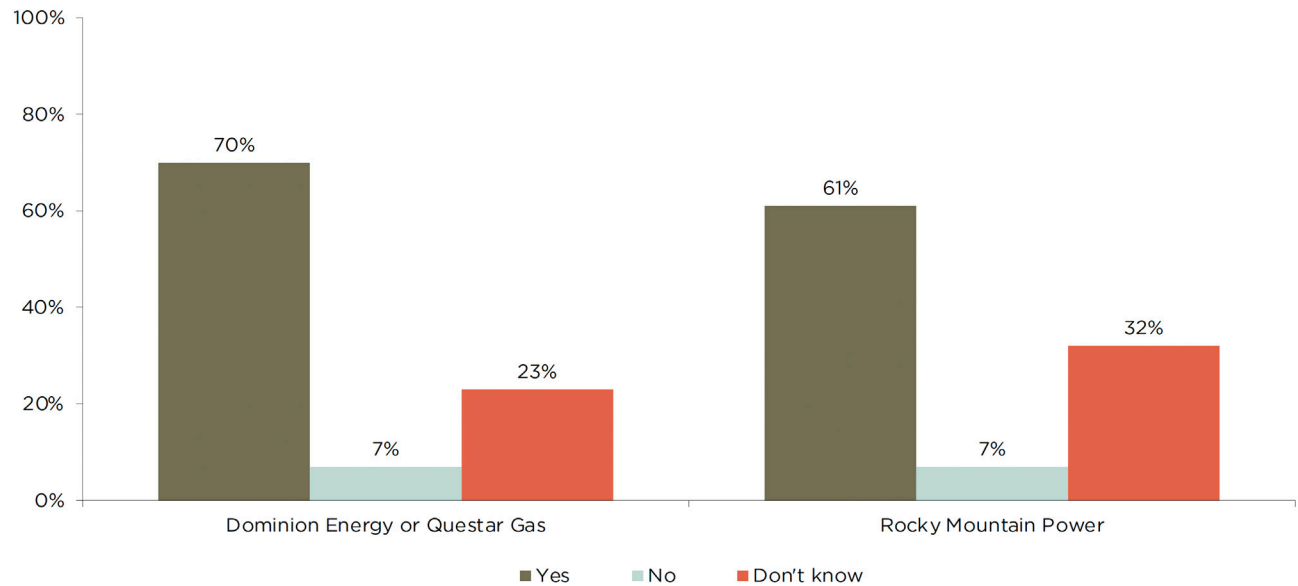
## THERMWISE AWARENESS

PRIOR TO THIS SURVEY, HAVE YOU EVER HEARD OF THERMWISE?



## WHICH OF THE FOLLOWING UTILITY COMPANIES OFFER THIS IN-HOME SERVICE?

2023 Respondents



While general awareness of the program remains high, there is a growing trend of those not as familiar with ThermWise due to younger demographics moving into homeowner age as well as significant new growth in the Utah market. To address this, strategies will be implemented to raise awareness of the program among these new audiences.

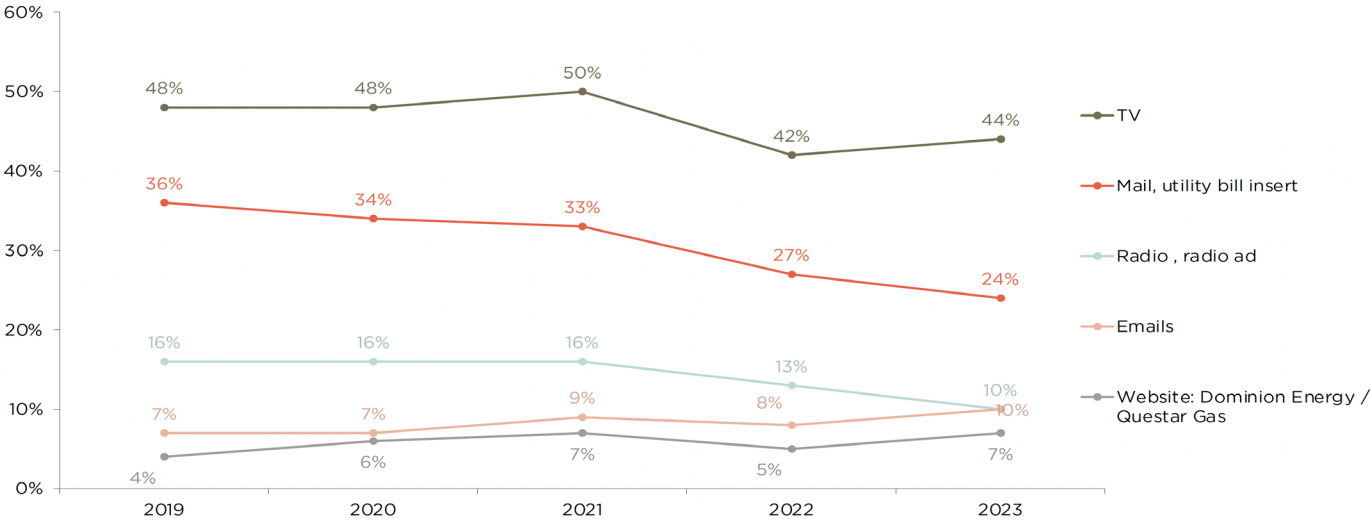
### Therm - Spokesperson

These results also indicate that shifting Therm, the campaign's long-term spokesperson, to a media spokesperson-only role for the 2023 campaign has not had a negative impact on overall awareness. In efforts to future-proof the campaign, it remains Faktory's recommendation that we continue to consider phasing out Therm as a campaign spokesperson. For the 2024 campaign, he may be used as a media spokesperson but will not appear in the mass marketing elements of the campaign. Moving forward, we may explore bringing on a new spokesperson. Further discussion and research are needed to understand the campaign's needs and ensure that investing in a new spokesperson is worth the return.



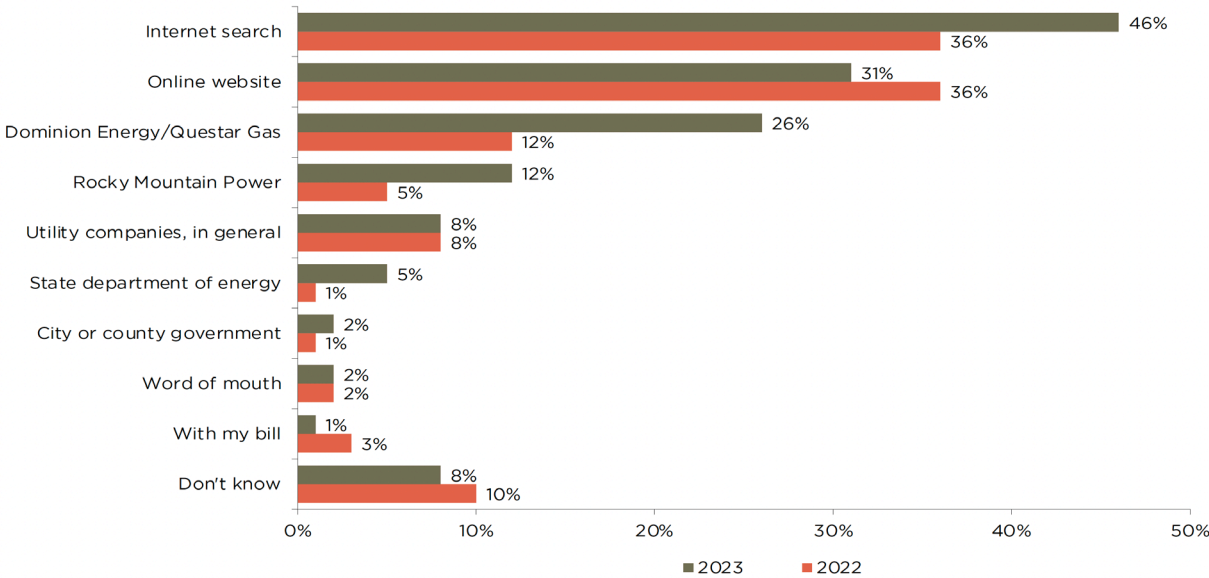
**THERMWISE ADVERTISING**

**WHERE HAVE YOU SEEN OR HEARD ANYTHING ABOUT DOMINION ENERGY’S THERMWISE PROGRAM?**  
 Unaided, Top Mentions



↓ 2023 were less likely than 2019-2021 to mention "mail, utility bill insert."

**IF YOU WANTED TO KNOW MORE ABOUT ENERGY EFFICIENCY AND HOME ENERGY SAVINGS, REBATES, AND/OR PRODUCTS, WHERE WOULD YOU LOOK FOR INFORMATION?**  
 Top Mentions

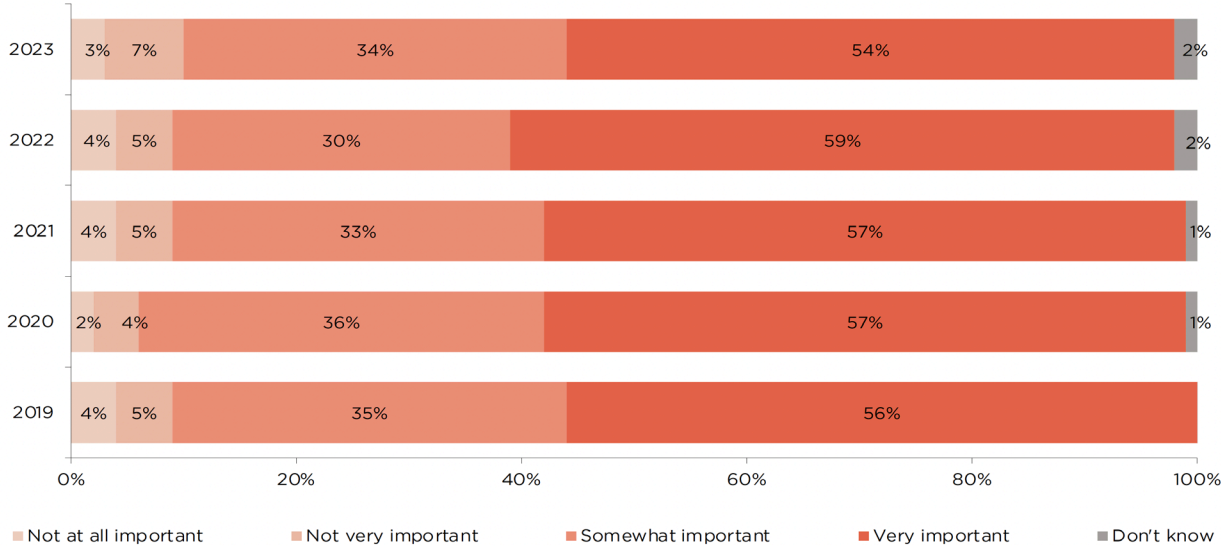


We will continue our campaign strategy of using traditional media mediums, such as TV and radio, but there is a growing need to connect with people online. We will continue to develop digital strategies in efforts to reach a broad audience and ensure the ThermWise website is optimized to address consumer needs.



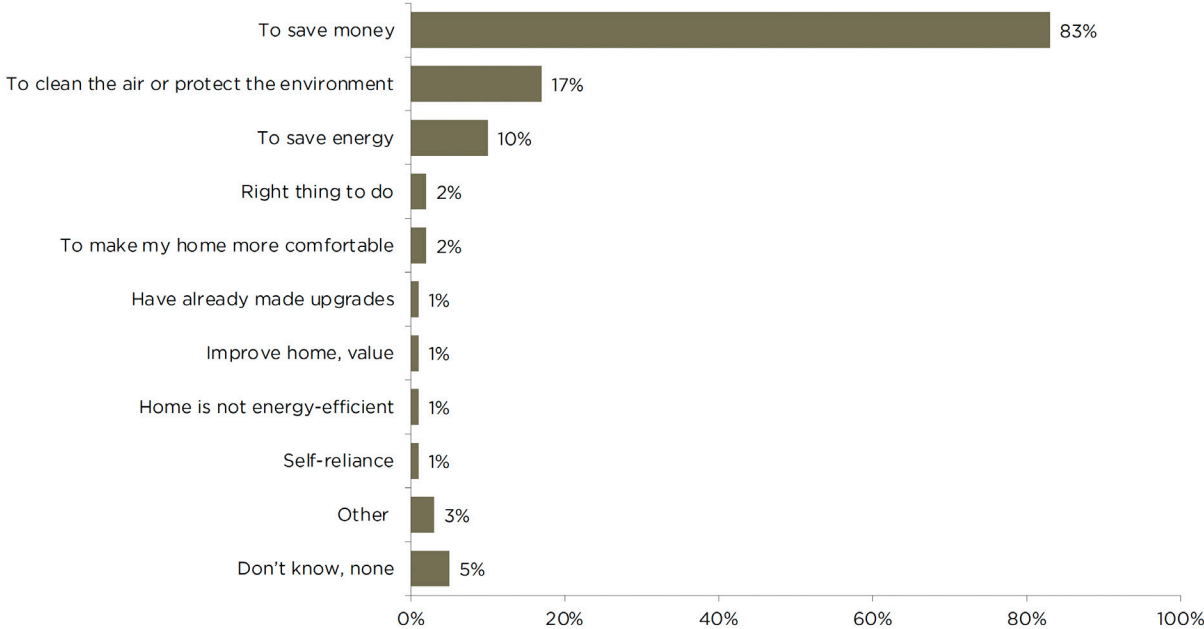
# ENERGY CONSERVATION PROGRAMS

**HOW IMPORTANT IS IT FOR UTILITY COMPANIES TO OFFER CUSTOMERS PROGRAMS TO HELP CONSERVE ENERGY?**



# ENERGY CONSERVATION ACTIONS

**WHAT ARE THE MAIN REASONS YOU WOULD TAKE STEPS TO CONSERVE ENERGY IN YOUR HOME?**  
 2023 Respondents

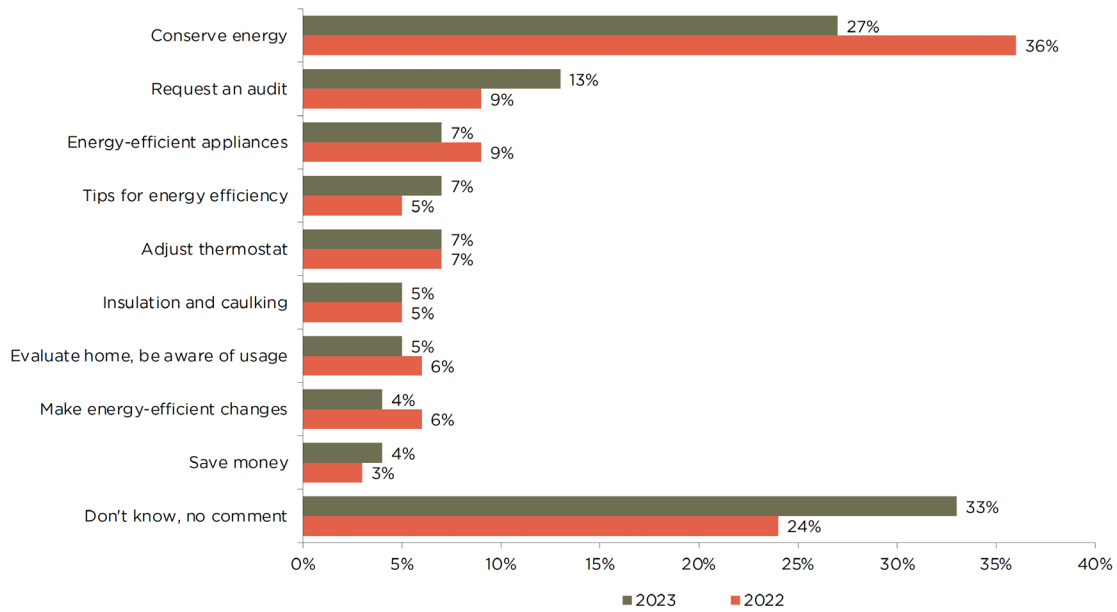


The last year has seen a significant increase in the number of respondents who are motivated by saving money when it comes to conserving energy (compared to 67% in 2022). We believe that saving money will continue to be vital for consumers due to the current state of inflation. Therefore, this will continue to be the main benefit driver of our campaign message moving forward.



AS YOU UNDERSTAND IT, WHAT DO THERMWISE PROGRAMS ASK PEOPLE TO DO?

Top Mentions



The 2023 campaign leaned heavily into messaging that encouraged consumers to learn more about the program by starting with a Home Energy Plan. As indicated by the slight increase in the ‘request an audit’ response (13%), it is possible that the general public’s awareness and understanding of the program is beginning to become more nuanced. We will continue to monitor and evaluate consumer understanding of ThermWise and its programs.

**KEY TAKEAWAYS FOR 2023**

This year’s annual survey confirmed much of the ThermWise strategy. It continues to be important for utility companies to offer programs like ThermWise. Awareness and participation in ThermWise continues to be strong, and saving money is the still the main driver of conservation. There is opportunity to build awareness with younger demographics and new residents in Utah.





# 2024 Strategies

There are several key considerations that have shaped the strategy for the 2024 campaign:

- Utilize a combination of mass, digital, social, and earned media for high reach and frequency to communicate to Dominion Energy customers and the general public how to conserve gas to save money.
- Develop a variety of campaign assets and identify potential media channels to target homeowners and business owners.
- Focus on a direct, straightforward message and tone to deliver the campaign message, and drive awareness of the Home Energy Plan and rebates.
- Our consumer research continues to show us that younger audiences are not as aware of ThermWise. Although younger demographics (25-35 years) are not our primary target audience, we want to employ strategies that build awareness of the program, as this group shifts towards the age group most likely to utilize the program (35+ years).
- The Utah market has experienced significant growth in recent years, resulting in a demographic of new move-ins who may not be as familiar with ThermWise. Campaign messages must be clear and direct to resonate with a new audience, which has had no previous exposure to the program.
- We will be moving away from using Therm, the campaign's long-time spokesperson, in marketing materials. We are working to determine if Therm will be used in a media and event spokesperson role for the 2024 campaign.
- Consumer research is continually showing the importance of the online user journey. To address this, the website will be refreshed to ensure content is up-to-date, useful, and easy to navigate.

## CAMPAIGN OBJECTIVES

- Build brand awareness of ThermWise
- Inform audiences of the ThermWise rebates that can help them save money
  - A Home Energy Plan can identify specific actions a homeowner can take to save money
  - Appliance and weatherization rebates
  - Business rebates
  - Builder rebates
- Encourage people to visit [Thermwise.com](https://thermwise.com) to learn how they can get started

## CAMPAIGN KEY MESSAGE

“We’re helping home and business owners save money on their gas bills by conserving energy - we can also help you.”

## CALL TO ACTION

If you don't know where to start, start with a Home Energy Plan at [ThermWise.com](https://thermwise.com).



# Media

## **MASS AND DIGITAL MEDIA: REMINDER FROM PAST FILINGS**

As proven effective, the ThermWise campaign will reach the general public via mass media, utilizing TV, radio, and digital platforms (web and social). We will also leverage earned media outside traditional paid advertising channels. The ThermWise campaign will also use limited print, strategically placed. This approach is supported by our annual research findings and aligns with industry research on 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 provides the following guidance on using mass media 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.”

Source: <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 indirectly by 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 success of the ThermWise campaign; they generate awareness and a desire to 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, social media becomes a powerful way to reach consumers more engaged with digital mediums. In 2023, we saw impactful engagements through ads served on Facebook and explored targeting a new business audience via LinkedIn. In 2024, we will continue to explore effective messaging and targeting on social media, including LinkedIn opportunities for business messaging.

## **EARNED MEDIA**

Looking for ways to garner attention for the ThermWise campaign outside of paid advertising channels will be part of our 2024 strategy. These opportunities are meant to make a "splash" of publicity to get people talking and paying attention.

## **TRADE/CONSUMER SHOWS**

We will continue marketing the ThermWise program 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 and state guidelines permit safe participation. This allows Dominion Energy to have direct contact with its customers and local leaders, distribute marketing collateral, answer questions, and provide useful and accurate information in regard to its energy efficiency program. In an effort to increase awareness of the program outside the Wasatch Front, we have 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 customers and further promote energy efficiency awareness and participation.

## **BETTER UTILIZE BILL EMAILS**

Mail utility bills have always been a key component in how people find out about the ThermWise program. That being said, more and more people are shifting to email 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 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 and sponsorships with specific conservation-minded communities will also continue to be explored.

## **Research and Evaluation of Success**

Media engagement (impressions and website traffic) will be used as a tool to measure the campaign reach. The annual research survey will be performed to measure campaign awareness. As the current contract with Lighthouse Research renews each year, we will use this opportunity to strategically review current methodology. Our goal is to refresh the research plan to ensure dollars are used to effectively determine campaign awareness and success.

