







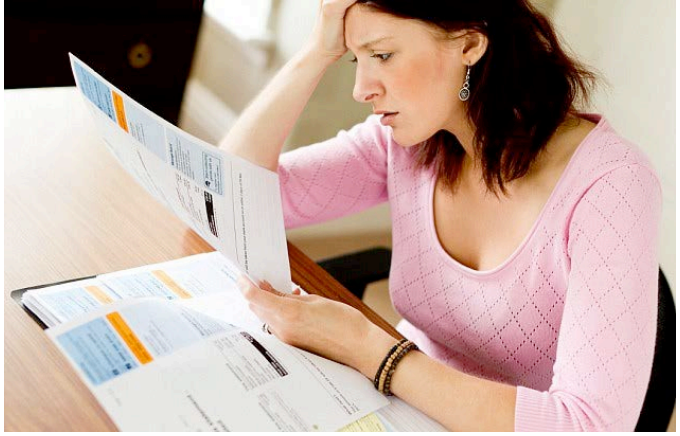
Low-Income Consumer Decision-Making

ADS National Town Meeting, May 20, 2014

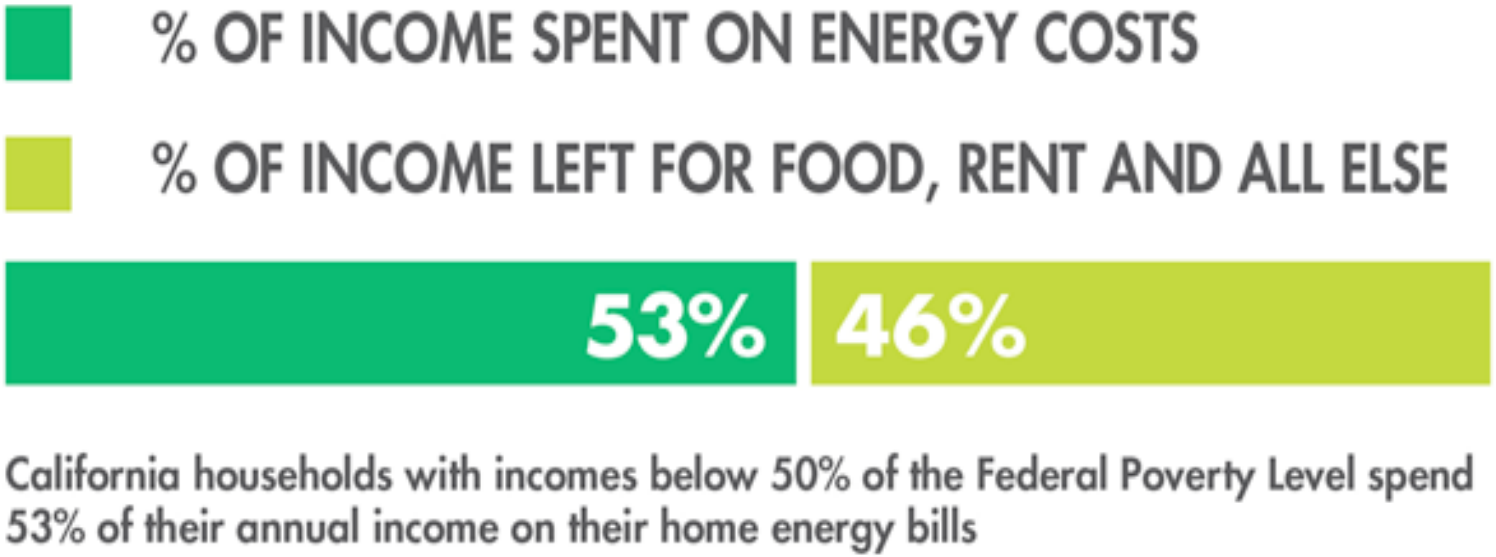
Judith Schwartz, To the Point

to the point

Electricity as Burden



THE POOR PAY OVER HALF THEIR INCOME FOR ENERGY



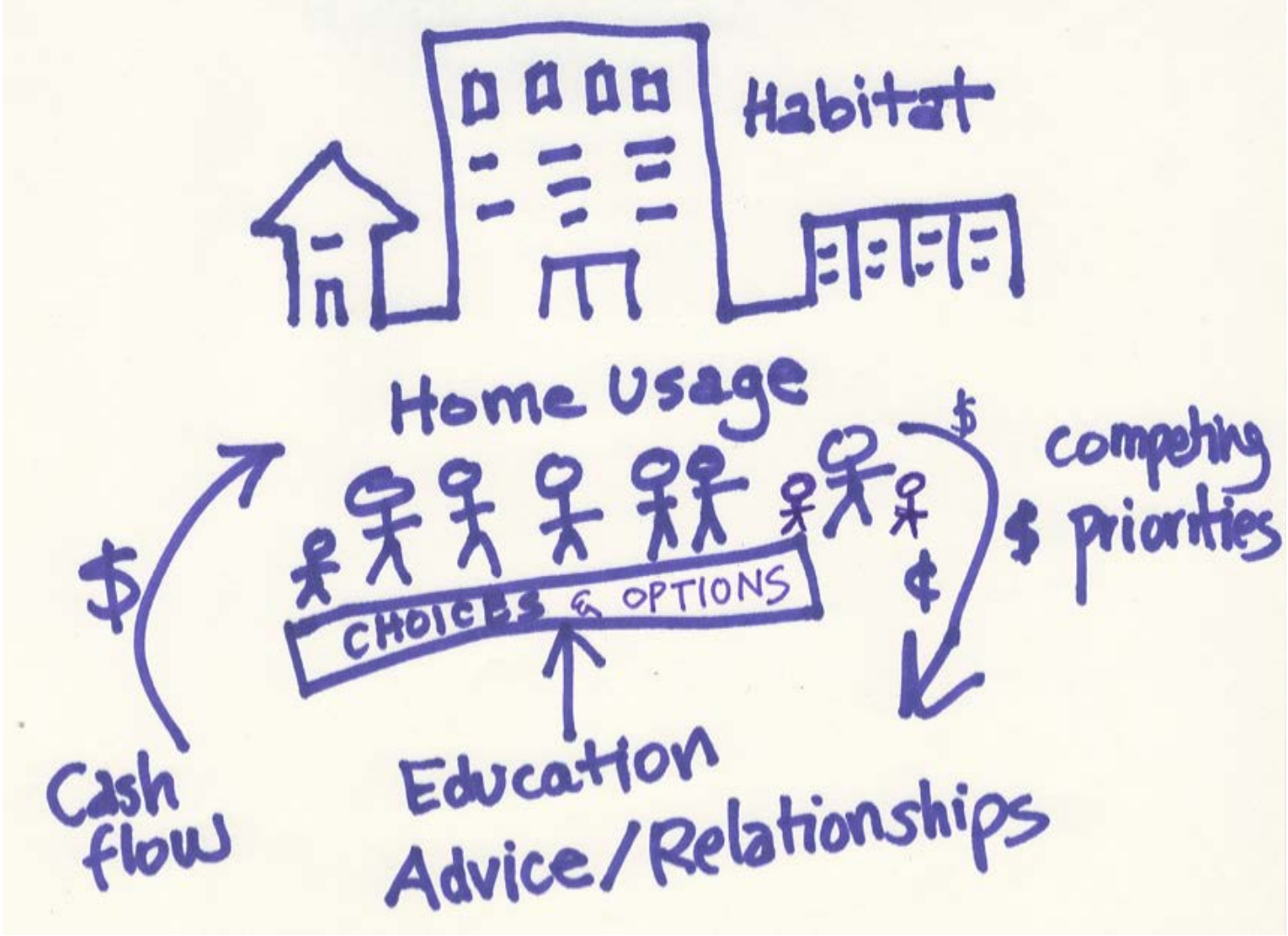
California households with incomes below 50% of the Federal Poverty Level spend 53% of their annual income on their home energy bills

Source: Greenlining Institute

Avoid Debt and Despair Vortex

1. Reasonable options and protections
2. Apply context of all utilities and vital necessities
3. Offer assistance to understand tradeoffs
4. Enhance ability to manage choices
5. Reward participation and commitment
6. Reduce or eliminate extra fees
7. Make appropriate use of technologies
8. Provide path to become active energy partner

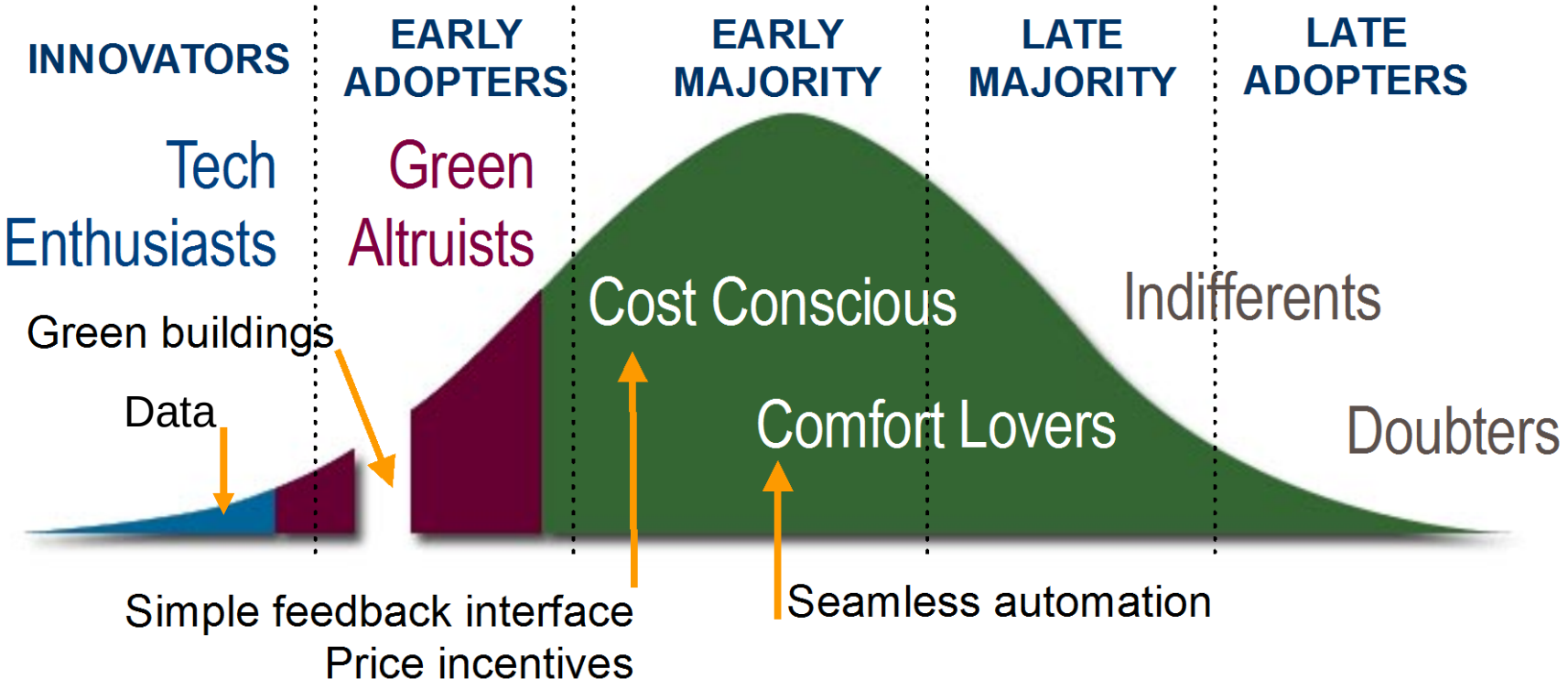
Decision Making Model



Ten Decision Making Criteria

1. **Personal motivation and relevance**
2. **Habitat type and quality**
3. Home usage patterns
4. **Household cash flow and credit**
5. Competing priorities
6. **Choices and options**
7. Education
8. Advice from and relationships with trusted advisors
9. **Behavioral triggers**
10. **Physical ability to pay**

Low Income Consumers Reflect All "Energy Worldviews"

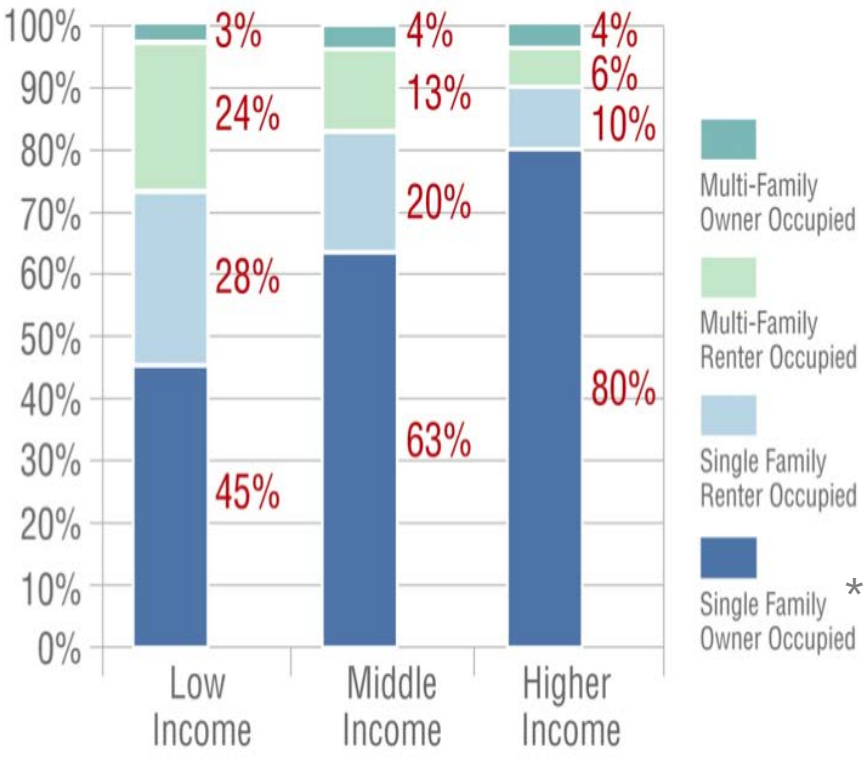


Diffusion of Innovations: Everett Rodgers
Crossing the Chasm: Geoffrey Moore
Worldview triggers: Judith Schwartz

Habitat Type and Quality

- Many sub-standard
- Significant number owned w/o mortgage
- Structural upgrades?
- Energy Star Appliances?
- Involve landlords

Rent vs Own



* includes manufactured homes

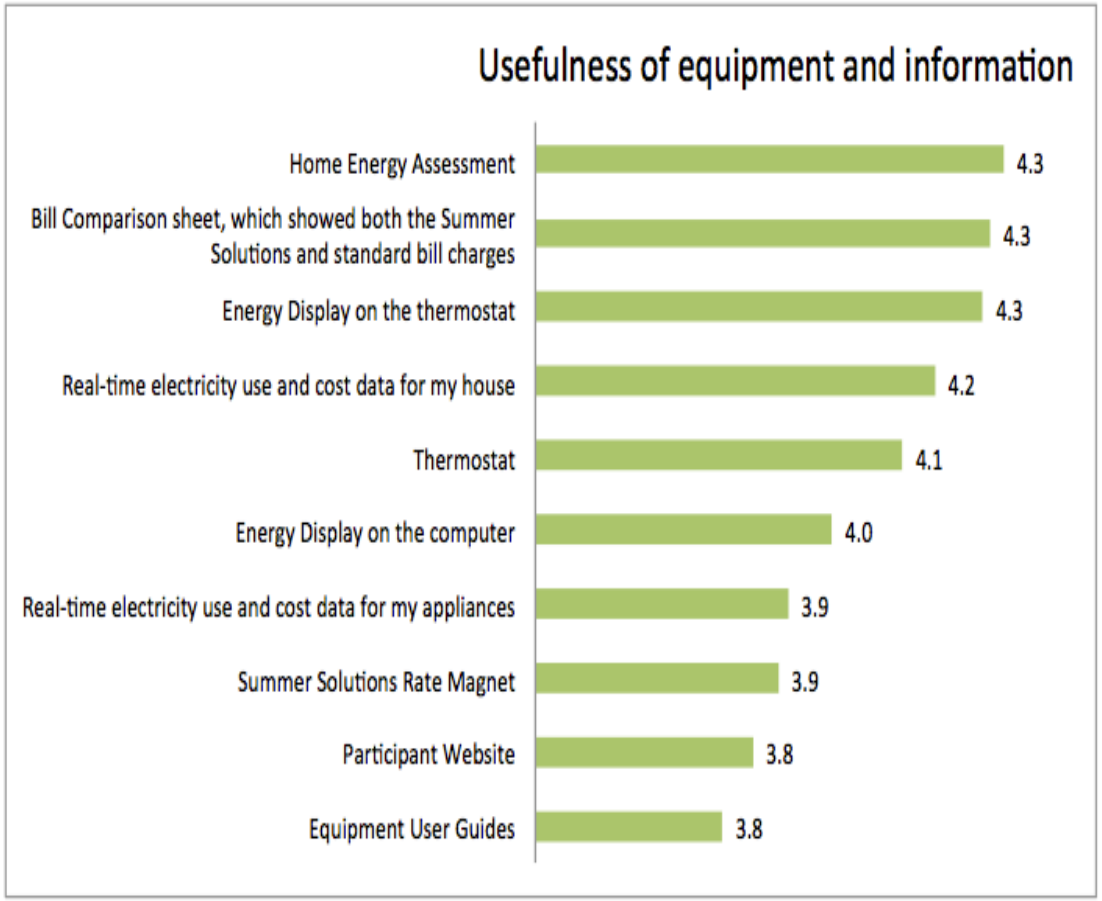
Household Cash Flow and Credit

- Fixed income monthly payments (SSI, TANF)
- Variable or cash income biweekly/weekly
- High-interest debt (payday loans, credit cards)
- Unemployed: dependency on savings or lines of credit
- Unbanked or underbanked
- Mix of reasons to be “payment troubled”
  - Too poor (47%), not good money managers (41%)*

* Wisconsin PSC study to reduce disconnections + limit utility losses and arrears

Choices and Options

FIGURE 33. RATINGS OF USABILITY AND USEFULNESS FOR EQUIPMENT AND INFORMATION (5=EXCELLENT)

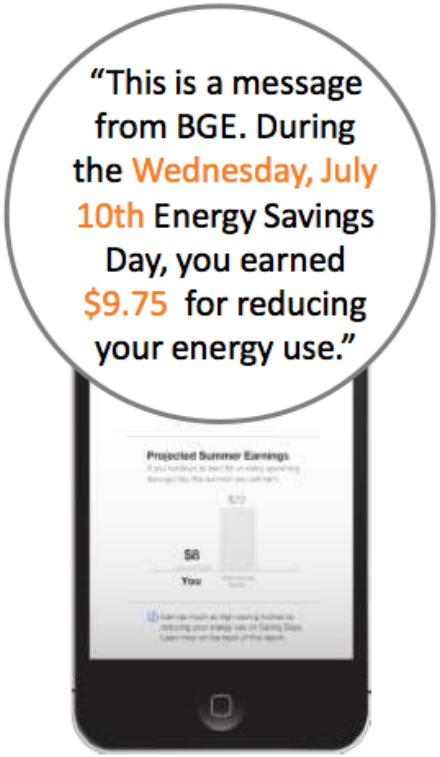


SMUD's Summer Residential Solutions Study (2012)

- Assess
- Not all want same thing
- Mix of choices needed
- Don't overwhelm
- Gradual adoption

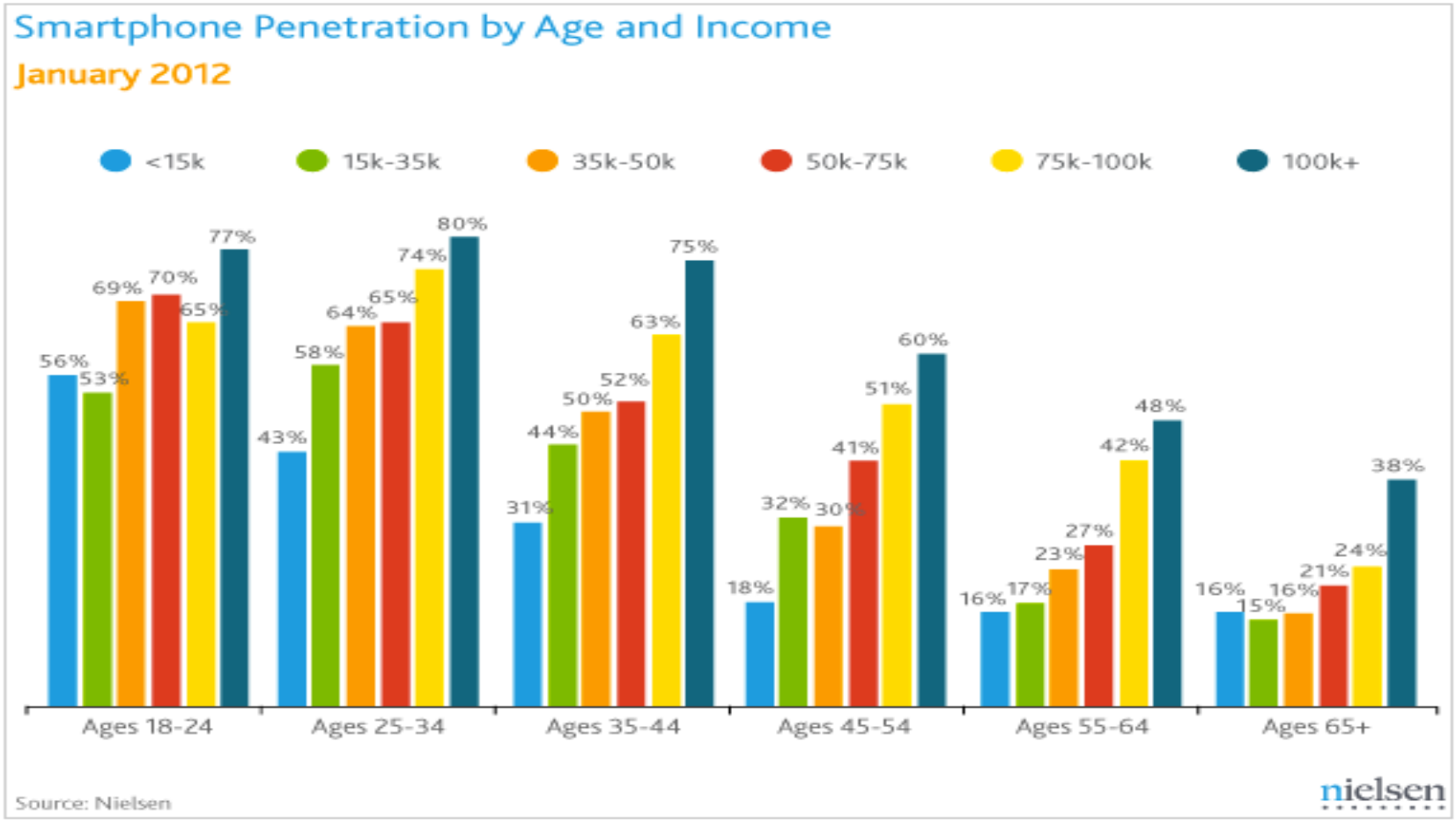
Behavioral Triggers

- Prepay provides feedback and personal control
- Positive reinforcement
- Community as motivator
- Success is possible
- Honoring one's commitments



BGE (Opower) 2013 rebate program

Physical Ability to Pay
Mobile Payment Trends Relevant



Effective Solutions Work

- Commitment to fair and realistic policies
- Targeted outreach and literacy education
- Choices that reflect different priorities
- Portfolio approach to programs and promos
- Trusted support to help people choose
- Constructive engagement tactics through community-based partners
- Belief low-income consumers can succeed

Low-Income Energy Issues Forum

- In-depth presentation on May 28, 2014
- Share with forum participants for comment
- Final paper to be published June 16, 2014
  - Decision-Making Criteria
  - Models for Improvement
  - Suggested research
  - Bibliography

Contact: Nat Treadway to participate in Forum ntreadway@defgllc.com

to the point



Judith Schwartz is an entrepreneur, marketing strategist, and communications professional on the forefront of sustainability issues, the Smart Grid, alternative energy, and the digital home. Her Silicon Valley-based firm, To the Point, designs human-centered strategies, conducts research and meta-analysis, creates narratives and messaging, facilitates cross-stakeholder conversations, and develops communications and outreach prototypes.

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