



There is No Such Thing as a Free Lunch: Insights on Low Income Customers' Willingness to Participate in a "no cost" Direct Install Program

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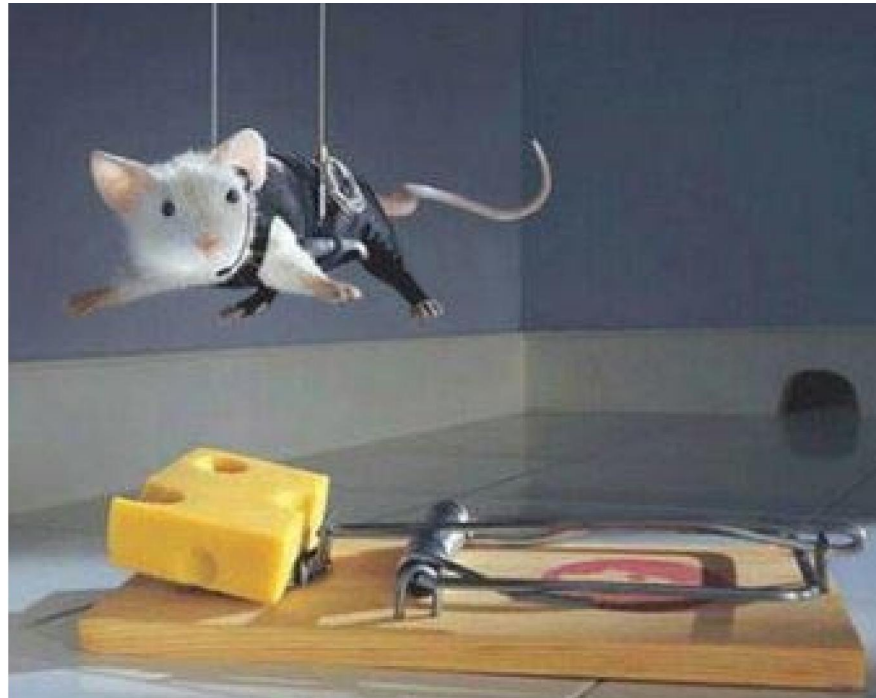
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Free lunch anyone?

- ✓ Do people *really* reject free stuff?
- ✓ Roughly how many?
- ✓ and....



WHY do they reject a free lunch?

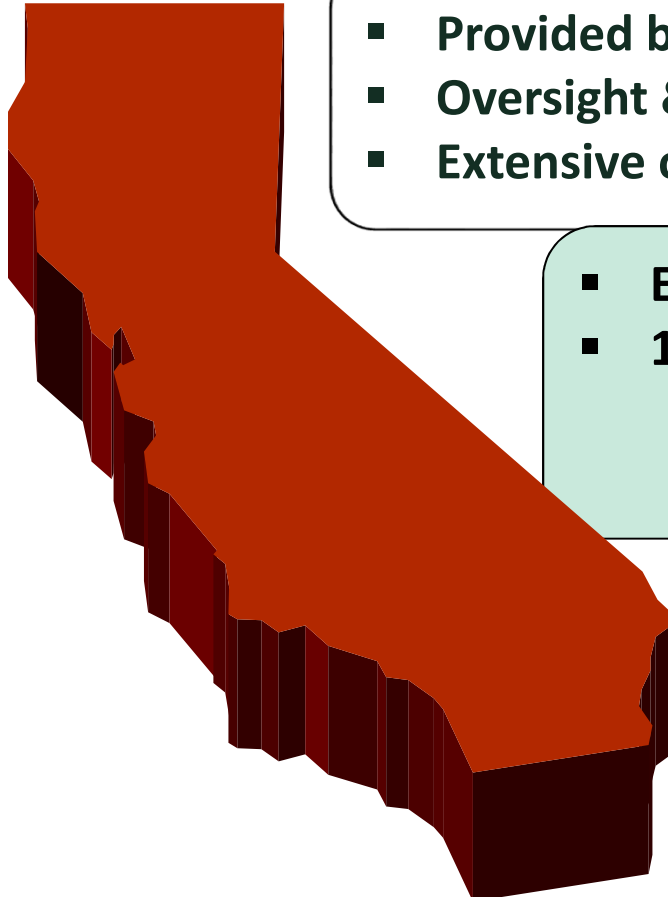


California's Low Income Programs

- Background on the program & project
- Low Income Needs Assessment
 - *Willing & Unwilling*
 - *Barriers & Drivers*
- Lessons learned & next steps

Program Background

California's Low Income Programs



- Provided by Investor Owned Utilities
- Oversight & policy via California Public Utilities Commission
- Extensive outside party interest

- Eligibility = 200% Federal Poverty Guidelines
 - 1/3 of state's residential IOU customers eligible
- = 5.3 Million customers**

- For 2012-14 Commission approved **\$5 Billion** for Low Income Programs
 - **Energy Savings Assistance Program**
 - **California Alternate Rates for Energy**

Energy Savings Assistance Program

- Rate Payer Funded Direct Install Program
- In 2012 \$275 million spent on ESA



Purpose

- Reduce financial burden of energy bills
- Provide measures customers can't afford
- Health, comfort and safety
- Assist in reduction of GHG for State

Reach ALL eligible *& willing* customers by 2020

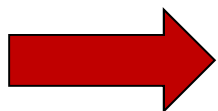


Goal

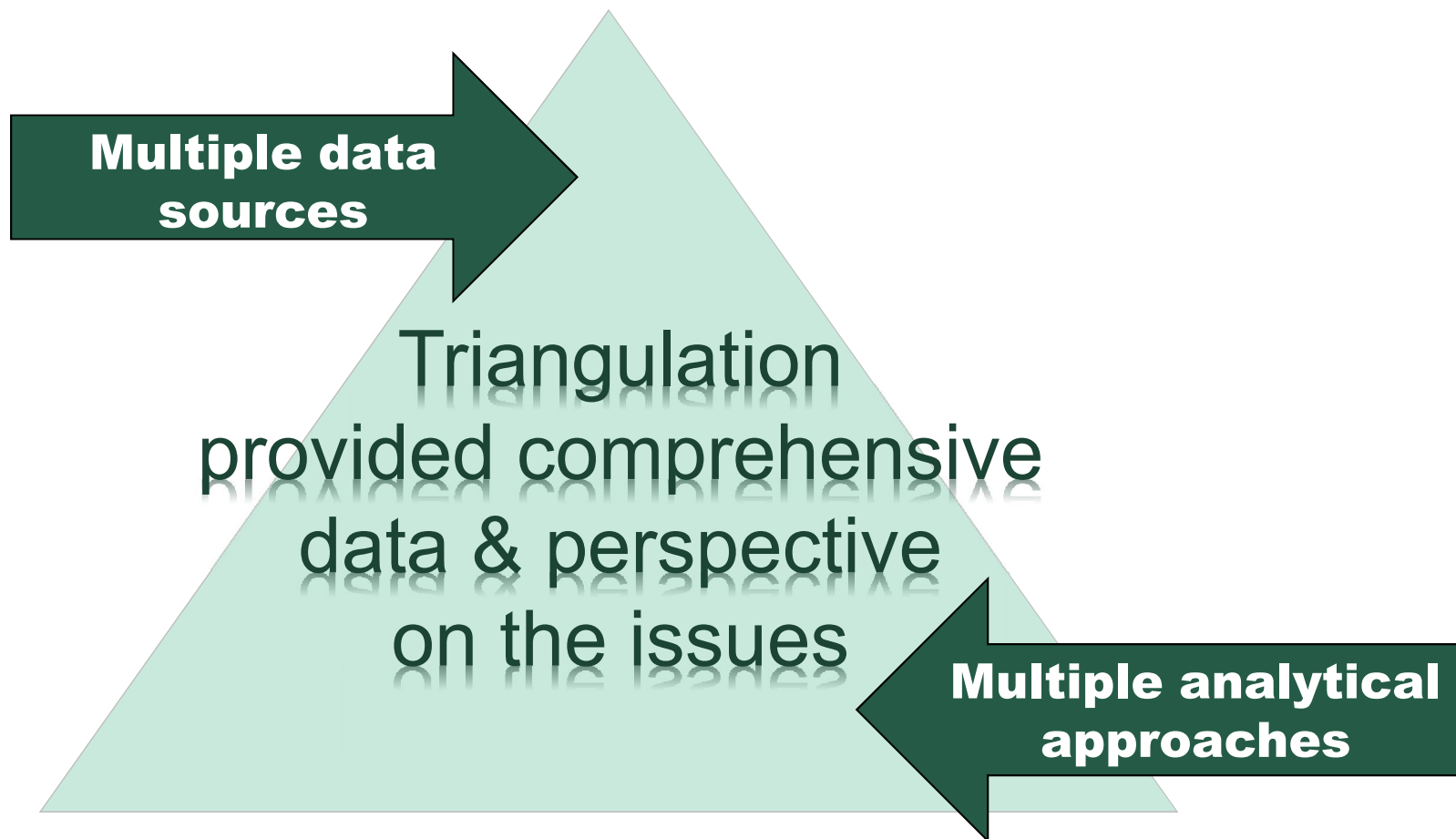
2013 Low Income Needs Assessment

Overall Research Objectives

- Report on eligible households
- Explore program accessibility
- Obtain participant perceptions of the programs
- **Assess willingness and barriers to participate**
- Assess energy-related needs
- Provide data to support savings potential updates
- Examine energy burden
- Assess non-energy benefits





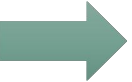


Methods & Approach



Methods & Approach

Data Source

Key Purpose

- | | | |
|--|--|---|
| <ul style="list-style-type: none">▪ Literature Review▪ Program staff interviews▪ Program contractor interviews▪ Low-income program review |  | Inform & frame data needs AND findings |
| <ul style="list-style-type: none">▪ Population & participation data
(<i>census & program tracking</i>) |  | Statistical modeling of larger data sets |
| <ul style="list-style-type: none">▪ Customer telephone surveys
(<i>n = 1028</i>) |  | Comparison of participant and non participants across relevant topics |
| <ul style="list-style-type: none">▪ Internet follow up surveys
(<i>n = 53</i>) |  | Conjoint analyses of program options and drivers |
| <ul style="list-style-type: none">▪ In-home visits (<i>n = 88</i>) |  | Observations and in-depth interviews with non participants |



Results

How many are “willing” to participate?

Results

How many remaining eligible customers are willing to participate?



- ✓ Phone Survey suggests 72%
“very or somewhat willing”
Significant difference from 2005 results
- ✓ Conjoint analyses suggests 60%
- ✓ In-Home interviews suggests 66%
- ✓ Non response bias factored in

*“Based on multiple methods, we estimate that the willingness to participate in ESA is
52 percent.”*



Results

Why do people participate?

- ✓ *Barriers*
- ✓ *Drivers*

Results – Barriers

<i>What keeps people from participating?</i>	Phone Survey	In Home
Why not interested?		
• No need for program / appliances	41%	+
• Split Incentive (landlord/tenant)	23%	+
• Trust / skepticism	10%	++
• Too busy / other concerns	+	++
• Low awareness of program	+	++
Biggest difficulty related to participation?		
• Hard to be home for visits	37%	+
• Having contractors in home	28%	++
• Getting landlord permission	9%	+
<i>.... Multiple others with negligible results</i>		+

+ = relevant

++ = very relevant

IEPEC Long Beach 2015

Results – Barriers & Drivers

What drives or keeps people from participating?

IN HOME INTERVIEWS:

- Lack of Information
- Too Busy / Other pressing concerns
- Renter issues
- Reluctance to take handout
- Trust – Skepticism
- Drop offs

Huh? Oh is that the refrigerator program?

We rely on the landlord and housing bureaus to ensure the building is up to snuff.

I'm spending my time on my job search and do not want to deal with this.

I'm doing fine. Besides, I don't want to take a handout. I don't believe in government-type programs.



Results – Barriers & Drivers

What drives or keeps people from participating?

CONJOINT:

- **Monthly Energy Savings** (driver)
- Income documentation
- Number of home visits
- Timing of home visit
- Duration of home visits
- **Comfort** (driver)



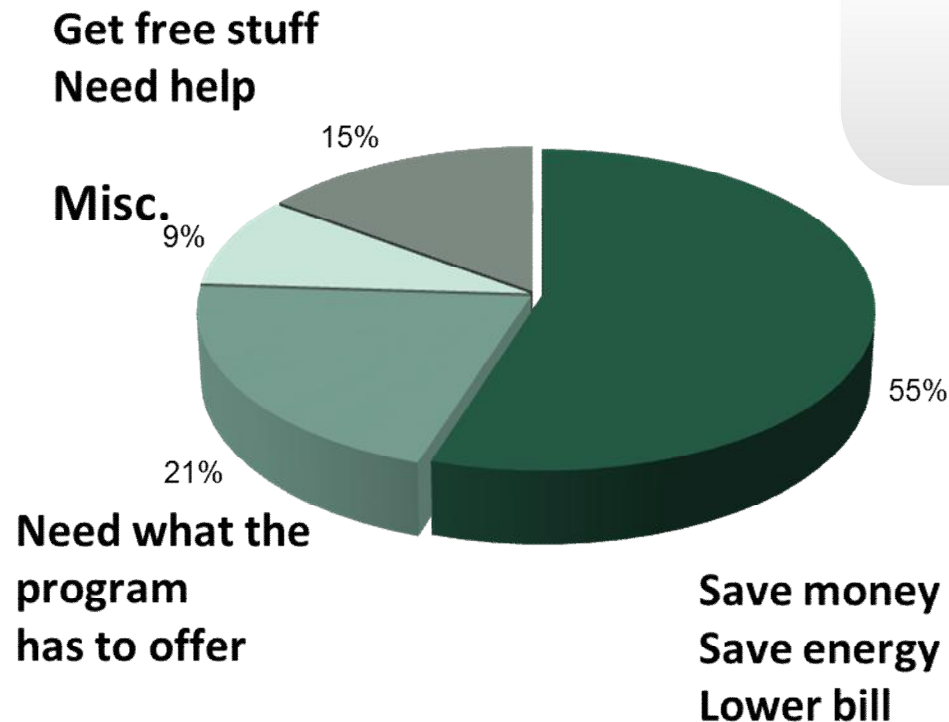
Increased savings or
comfort reduce
impact of barriers

MODELING:

- Trusting a contractor (Barrier)
- Getting the landlord's approval (barrier)
- Being home for appointments barrier)
- **Needing what program offers (barrier/driver)**

Results & Conclusions – Drivers

Why did you participate?



How important is it the program offers something you need?

Very important = 66%
Somewhat important = 28%
Not important = 6%

People want something they need or will help them.

Results – Drivers & Motivations

- Nearly 60% report not having trouble saving energy
 - Very few recognize:*
 - weatherization, appliance issues or needs
 - Lack of \$.
 - Lack of information, etc.
- Most customers (65%) report they know how to save energy & reduce bill
- Saving money (95%) on the energy bill is main motivation
 - If I can't save... not so interested.*



Closing

Key Take Aways

- No Monetary Cost \neq No cost
- Some of our assumptions may be limited
- People want something of value

Evaluations Matter!

- ✓ Evaluation budgets commensurate with issues
- ✓ Data collection and analysis suit issue
- ✓ Interpretation of results in context

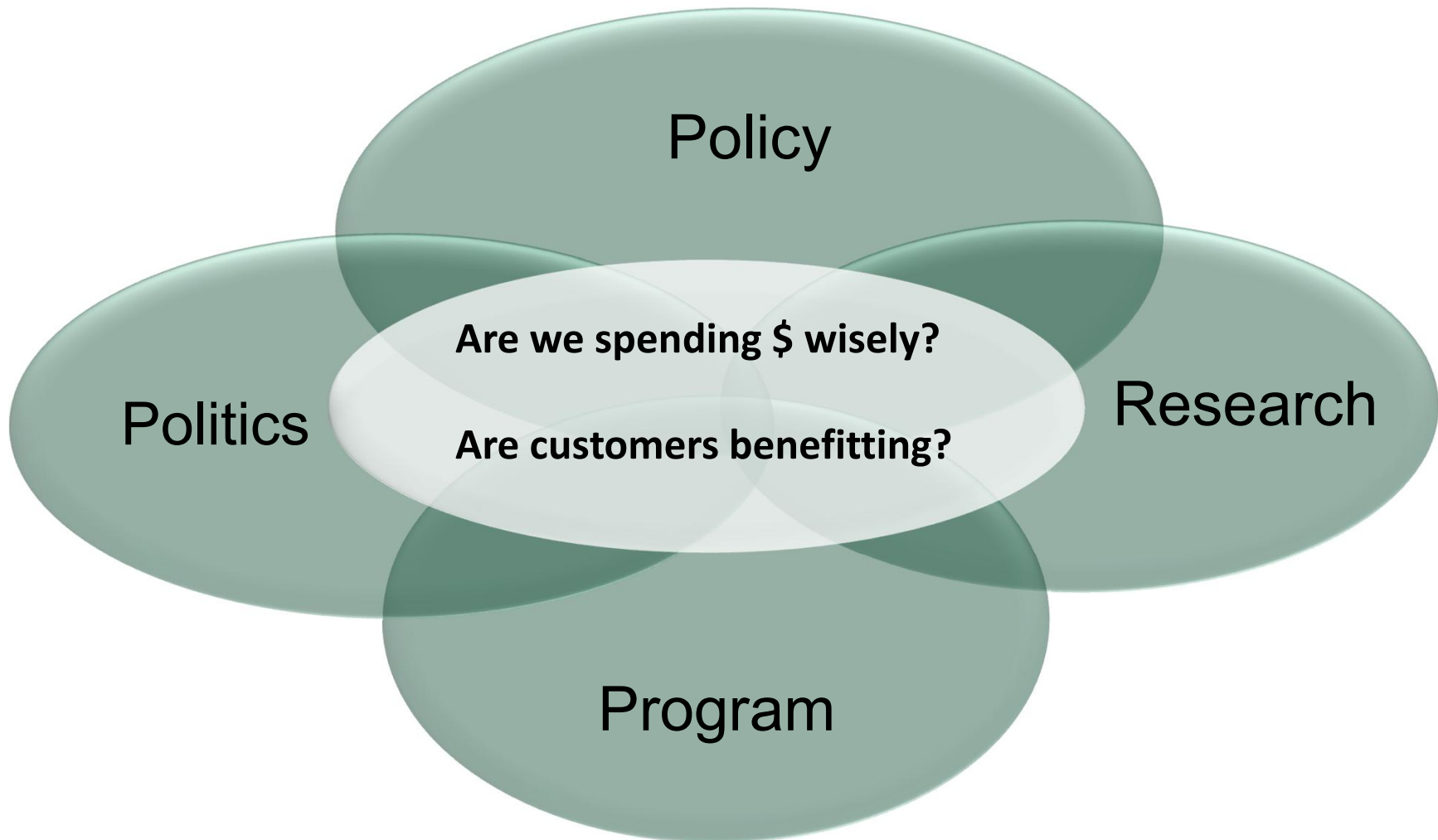


Policy Decisions
Program Decisions



Customer Needs

Closing



For More Information

**The Low Income Needs Assessment
Full report (3 Volumes) publically available at
<http://www.calmac.org>**

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