

eBOOK

Engaging Low-Income Customers in the 21st Century



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Supporting Low-Income Customers Through a Personalized, Streamlined Customer Experience

Low-to-moderate income (LMI) customers can make up anywhere from 10 to 30% of a utility's customer base. Many utilities have also seen the number of LMI and at-risk customers increase due to the COVID-19 pandemic where more customers lost a job or were furloughed. And those already struggling often experienced even more challenges. The [Federal Reserve](#) found that during this time, "workers living in households with lower incomes were the most likely to lose their jobs."

According to the Federal Reserve in 2020, "thirty-nine percent of people working in February living in households earning less than \$40,000 per year reported that they were laid off in March or early April."

Uplight research found that in 2021, 32% of lower-income customers reported struggling to pay an electric bill, three times the rate of higher-income customers. These customers are not only facing challenges paying their bills and finding ways to reduce their energy usage, but also navigating the utility resources intended to help them.

The pandemic has shone a light on LMI customers and many utilities are now proactively targeting programs and offers to customers in this segment. However, tactics that have worked in the past aren't sufficient to drive the customer engagement and participation that utilities seek to achieve and effectively support these underserved customers. While energy providers often have a whole suite of LMI-specific programs and offers around energy-efficiency, rates, and payment plans, they are often hard to find. And once a customer finds an offer, it can be difficult to understand the eligibility requirements and even more challenging to complete an often complex enrollment process.



This can lead not only to disengaged customers, but an increase in arrears for energy providers. Mark Wolfe of the [National Energy Assistance Directors' Association](#), reported that after a year into the pandemic, "individual unpaid bills may be as high as \$1,500 to \$2,000, which is as much as some customers pay for electricity in a year."

Additionally, utilities are struggling to identify and reach qualifying customers and make them aware of their LMI offerings in a cost-effective manner. Once a customer does engage, the benefits are clear for both the customer and the utility.

The [National Consumer Law Center](#) (NCLC) found that customers who have a cooperative relationship with their utility are likely to make payments they can afford, rather than stop payments altogether. The NCLC states: "Moreover, a positive relationship allows the utility to ensure that the customer receives fuel assistance benefits, low-income discount rates, and energy efficiency services to which the customer is entitled."

CASE STUDY

A Northeastern utility collaborated with Uplight on a pilot to boost engagement for more than 650,000 LMI customers, for whom there were more than 10 LMI-specific program options available. Uplight's platform provided customer service representatives (CSRs) and the email marketing team personalized and ranked recommendations on the best low-income program option for each LMI customer.

With Uplight's personalization solution, CSRs in the call center accessed personalized recommendations, enabling them to quickly present each customer with the most relevant solutions.

The utility experienced a 15% improvement in trust scores among surveyed customers who went through the enhanced contact center experience and a 16% increase in arrears collections. Program enrollments increased on average 53% through the call center channel, with some programs as high as 120%.

The Utility LMI Challenge

Given the changing landscape, utilities are thinking differently about how they engage LMI customers. While some utilities continue to offer traditional types of LMI programs, such as monthly bill reductions and home weatherization, others are beginning to expand their programs to include access to low-cost solar energy, energy efficiency loans, new rate

plans, free or reduced cost LED bulbs, and discounted smart thermostats.

However, delivering any portfolio of products and services to this important, yet sizable customer segment has become increasingly difficult and involves some or all of the following issues:

Unconventional customer engagement: While LMI customers can engage with their utility in a variety of ways, they prefer high-touch, high-cost channels such as the contact center. Effective communication between departments, and even utility employees within the same department, may be limited, resulting in misinformation or repeated information if a customer contacts their utility through one channel and then follows up through another.

Increasing customer service costs: The contact center is a critical channel for LMI customers and can be a huge opportunity for customer engagement, but contact center costs are increasing and energy providers will be looking for options to reduce these expenses, not drive them up further.

Paperwork overload: Administering these initiatives can be manual and time consuming, with a large amount of paperwork required of utility program staff, third-party agencies, and contractors.

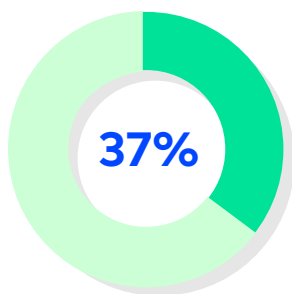
A wide range of offerings and eligibility requirements: It can be difficult-to-impossible for customer service representatives or program staff to accurately provide a customer with the best-fit recommendation, or for the customer to understand which program is right for them simply from viewing a generic list of programs.

Tedious application and eligibility processes: LMI initiatives can also require an extensive application and income verification process—sometimes completed by outside agencies—adding complications for both the customer and the utility, with each additional step resulting in decreased likelihood of enrollment.

Customer disengagement: LMI customers want to believe that the utility has their best interest in mind. However, a history of bad customer experiences, confusing program options, and difficult enrollment processes can erode a customer's trust, making it less likely that they will re-engage later.

LMI Households Today

Utilities invest significantly to ensure all of their customers have equal access to reliable, safe, and affordable energy. And yet, many LMI households are forced to make difficult financial tradeoffs to pay their energy bill and are not aware of the options available to help. According to the [U.S. Energy Information Administration](#), about one in five households—or approximately 25 million American homes—reported reducing or forgoing basic needs such as food and medicine to pay an energy bill.



37% of LMI customers have postponed a purchase to pay their utility bill
Uplight Customer Research 2021

As a result, many of these households report that they are keeping their homes at an unsafe or unhealthy temperature—a fact especially devastating for the most vulnerable of the population: the elderly and young children. Housing occupied by LMI customers is typically [older and less energy efficient](#) than other housing, thus further increasing energy costs and forcing customers to choose between which bills they pay on a regular basis.

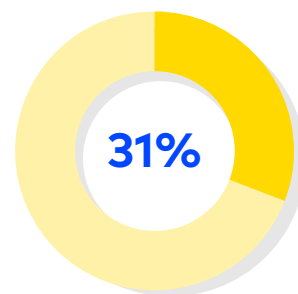
And LMI customers are disproportionately affected by climate change. The [Fourth National Climate Assessment](#) found that low income customers “live in neighborhoods with the greatest exposure to climate and extreme weather events,” and do not have the resources to protect their homes against natural disasters caused by climate change such as floods. This makes it even more important for utilities to help LMI customers be more energy efficient and adopt clean energy—moving to decarbonization and a more sustainable future for all.

Uplight research has found that LMI customers are less likely to know about energy saving resources available from their utility. Roughly 10% fewer LMI customers have used tips and are aware of or have used rebates. LMI customers also showed lower awareness of online audits, Home Energy Reports, marketplaces, electric vehicle support, time of use rate plans, and demand response programs.

31% of customers surveyed said

they did not think their utility would help them pay their bill if needed

Uplight Customer Research 2021



This gap was also reflected in efficient purchases. Less than 10% of LMI customers surveyed reported purchasing LED light bulbs in the last year, and only 13% reported purchasing smart thermostats. While 72% of LMI customers agreed that using less energy is a good way to cut monthly spending, **only half reduced their energy usage.**

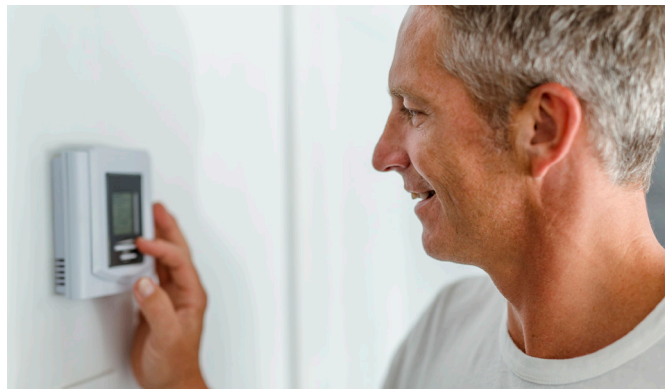
Customers aren't able to enroll in programs that aren't easily accessible or communicated clearly. And as the number of programs, services, and outside agency partnerships available continues to expand, there can also be greater confusion for customers. For example, customers may not understand the various eligibility requirements, which programs best meet their needs given their current circumstances, or the easiest way for them to interact with their utility.

By not simplifying the processes or providing personalized recommendations to LMI customers, utilities not only risk losing the ability to meet participation goals and achieve regulatory mandates, but they may also fail to serve their customers with the basic need they are expected to deliver.

LMI Customers and Energy Efficiency Programs

LMI programs can put energy efficiency initiatives within reach. Since LMI customers are more likely to be renters, participation is more complicated because these customers often need landlord approval to make changes to the property. According to the National Association of Affordable Lenders, there are [twice as many LMI-renter census tracts](#) as LMI home owner tracts.

Most LMI customers lack the resources to invest upfront in projects that will pay off quickly or are unsure what they can do as a renter. However, if financial and logistical assistance can be provided, energy efficiency programs can be highly effective. For example, energy efficiency programs such as whole-home retrofits, can **reduce the energy burden for low-income households by an average of 25%.**



Powering Modern LMI Customer Engagement

Fortunately, utilities can now address these common challenges of serving LMI customers by developing more personalized, connected customer interactions.

Solutions exist today that enable utilities to identify the right LMI offer(s) for each LMI customer, prioritize these offers, and automate as much of the eligibility/application process as possible. This makes it easy for these customers to enroll so that they start benefiting right away while also reducing the chance they fall into arrears.

And, the good news is that these solutions can be implemented quickly (in weeks, not years), with minimal IT resources, and integrated with utility core systems and channels. To get started, a utility will typically begin with a few offers and channels, and then expand from there.

For utilities struggling with improving LMI customer engagement and program performance today, how should they begin? The answer is to engage, activate, and orchestrate LMI customers to take energy saving actions. Doing so can **make participation in energy programs more equitable by reducing cost barriers, easing enrollment, and providing effective energy management tools.**

LMI Channel Preferences

Many LMI customers prefer high-cost, person-to-person interaction with their utility. In fact, it is estimated that over [30% of repeat calls](#) to a utilities contact center are LMI customers seeking help in understanding their energy usage or paying their bill. Additionally, many LMI customers still receive paper bills and pay either through the mail or via other high touch channels, such as in-person or through the contact center.

A growing number of LMI customers are using digital channels to find sources of help from many of the businesses they interact with, but again, they will do so only if the solution is easy, intuitive, and can be done on their smartphone. According to the [Pew Research Center](#) a little more than half of LMI customers have [internet at home](#); however, for those with annual incomes under \$30,000, 76% own a smartphone and 27% use their smartphone as their primary source of internet connectivity.

1

Engage

Consistent, constructive, and relevant communication is necessary to build trust with customers, and this is even more true for LMI customers. Many LMI customers aren't aware of programs specifically for them, and haven't considered that their utility would help them save money. One customer in an Uplight focus group remarked, "Why would the utility want us to use less energy if they make more money when we use more?"

Personalizing Offers for LMI Customers

In order to engage LMI customers effectively, energy providers need to provide more personalized guidance on the best fit programs and offers for them, offering these across multiple channels. These channels may include direct mail for customers who aren't digitally engaged, email, IVR, contact center, the utility's MyAccount portal, third-party Community Action Partnerships/Programs (CAP), and text messaging.

Partnering with Uplight, several Western utilities have optimized Home Energy Reports (HERs) for LMI customers using disaggregation. These HERs, treated for over 2 million people, include disaggregated load profiles, targeted behavioral tips, and recommended energy savings measures to help these customers save money through rates, programs, and tips.

For customers who are interested in moving forward on a recommendation, the HERs program also provides contractors for income-qualified programs with more detailed information about a customer's home, including previously installed measures, to ensure a more successful and educational home visit.

While many LMI customers are not as engaged with their utility overall, Uplight focus group research found that they are laser focused on their bills, especially when enrolled in a levelized billing program. This segment reported checking their bills to confirm the cost was consistent with their mental projection of what their usage ought to be based on their behaviors—at least monthly. Low-income groups were also more likely to notice energy-saving tips on their bills.



High Bill Alerts Empower LMI Customers

Since billing is top of mind, utilities can better serve LMI customers with communications in between billing cycles. By using high bill alerts and other mid-cycle communications with personalized energy-saving tips to keep bills on track, utilities can better serve low income customers by providing helpful, personalized information. In fact, these types of communications can increase engagement with customers of all segments and encourage energy-saving behaviors and habits.

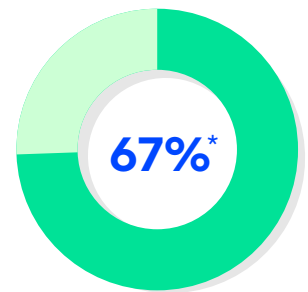
Due to the pandemic and the end of the moratorium on shutoffs, a Southern utility found it had customers that were slipping into arrearage, so they looked to High Bill Alerts to better support this vulnerable group of customers. After launch, 165,000 at-risk customers were notified of a higher bill, mid cycle.

The alerts had a 2.5x greater click-through-rate and had a 73% customer satisfaction rating. Rather than waiting until the end of the month for a bill when the customer has no ability to act or mitigate a high bill, mid-cycle alerts can empower a customer to take action to avoid a high bill—especially if the alert is paired with specific recommendations for that customer.

High Bill Alerts had a

2.5X

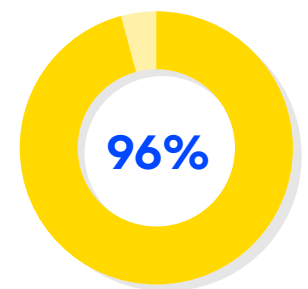
greater click-through-rate



of customers open high usage alerts—over

2X

the industry average of 28%



of customers find High Bill Alerts useful

* [Accelerating Digital Customer Relationships. 2021 Energy Utility Benchmarks Report.](#)

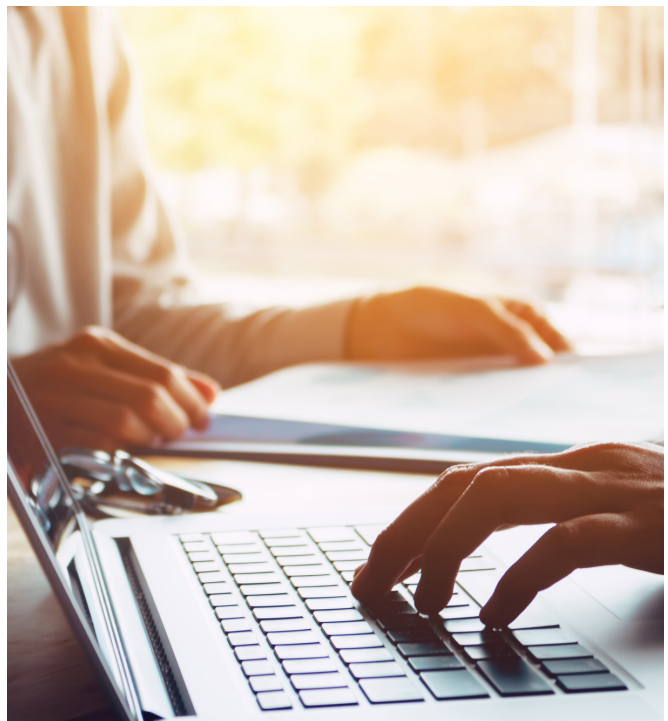
Helping LMI Customers Navigate Rates

Many customers may not be aware that they can change their rate to one that better fits their energy usage and budget. Uplight research found that **just 17% of LMI customers looked to see if they could change their rate.**

Even if they are aware, many customers find rate plans complex and don't know how to find the best one for them or have the time to compare options. Without knowing how switching a rate may change their exact bill, making the change is seen as too big of a risk for many customers, especially LMI customers. By providing personalized rate recommendations, utilities can help set up LMI customers for success while also educating them around the best times to use energy.

If a customer's power has been turned off because of non-payment or if they owe more than they can pay, these issues should be resolved before other offers are recommended. Not only can this defuse stressful interactions, but it can also enable utilities to cultivate a cooperative relationship with LMI customers—helping them feel empowered, stay engaged, and avoid future billing issues and utility disconnection.

Prioritize the most urgent needs of the customer first.



2

Activate

Getting a customer's attention is the first step, but then it's critical to get them to take action. Uplight research has found that 55% of LMI customers know about rebates and incentives, but haven't used them. Personalized offers may pique a customer's interest, but the enrollment process needs to be straightforward and easy for customers to act. Too often, customers are directed to third-party websites or phone numbers to apply or check eligibility for LMI offers. Rebates require additional manual paperwork that leaves a customer waiting weeks or months for their check—often discouraging customers from making the energy efficient purchase in the first place.

In addition to an easy enrollment process, another effective way to motivate LMI customers is to make cost savings easier. By providing discounts on energy-saving products like smart thermostats, these customers can access these items more easily and affordably.

Consumers Energy Delivers Free Thermostats with Demand Response Enrollment

One great example of a program with free energy efficiency products and an easy enrollment process is the free thermostat initiative at Consumers Energy. While targeted to all customers, these aspects of the program were particularly effective for the LMI segment.

In spring of 2020, Consumers Energy customers in Michigan received a recommendation on their Home Energy Reports and other channels that directed them to the Consumers Energy Marketplace to purchase a smart thermostat. With rebates, Google Nest and Emerson Sensi thermostats were free of charge if the customer enrolled in the demand response program in the check-out flow. Consumers Energy Marketplace checked eligibility as the customer checked out, enabling customers to receive their free item and enroll in the DR program in one place. Due to the success of this promotion, Consumers Energy and other utilities replicated this Earth Day sale in 2021.

Marketplaces for LMI Customers

A utility Marketplace incorporates the rebate instantly at the point of purchase, lowering the upfront cost for the customer and eliminating the need to submit paperwork and wait weeks for a check. Marketplaces can also connect customers to programs and all potential offers and experiences in one place while enabling easy eligibility validation and enrollment.

A new type of Marketplace is a Giveaway Hub, which can provide free products to specific utility customer segments, such as LMI customers. Sacramento Utility District (SMUD) added a Giveaway Hub to their Marketplace, [SMUD Energy Store](#), in November 2020, enabling them to offer specific items to customers at no cost.

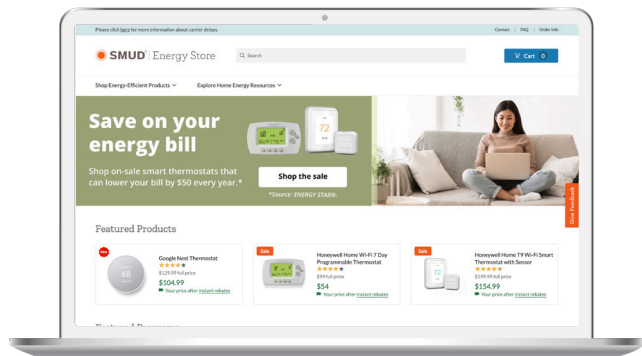
SMUD ran a campaign to give free, ENERGY STAR® certified holiday lights to a subset of LMI customers who are enrolled in their energy assistance program rate (EAPR) and meet certain criteria around federal poverty level and TOU rate impact.

Less than 48 hours after the holiday light promotion was launched, SMUD reached their rebate cap for the program—putting holiday lights in the hands of 2,300 LMI customers.

Scaling Weatherization for LMI Customers

Utilities can also scale weatherization programs through workflow automation software to provide more value to LMI customers sooner. By making it easier and faster for contractors implementing energy-saving measures to complete program requirements, utilities are able to deliver greater energy efficiency and home comfort to LMI customers.

NYSERDA serves over 100,000 customers annually through its EmPower New York and Assisted Home Performance with ENERGY STAR® programs, with customers receiving home energy services at no or reduced cost. Using Uplight's Workflow Automation software, NYSERDA reduced project completion time by 59% and reduced manual reviews, saving them 2000 hours of staff time. These savings translated into faster and easier project completion for the participating LMI customers.



3

Orchestrate

Once customers are aware of offerings relevant to them and can participate easily, utilities can orchestrate devices like smart thermostats to help customers continue to save money and energy. Demand Response (DR) and Time of Use (TOU) Optimization programs enable customers to “set it and forget it” while their smart thermostats program their energy usage to align with an event or their rate plan—all while maintaining control and comfort. Utilities can also pay customers an ongoing incentive for participating in these programs—typically \$25-\$50 per year—through bill-credits or pre-paid gift cards, further supporting LMI customers to save.

Subscription services and leveled billing with utility management of a smart thermostat can also create rate stability for LMI customers, making their bills more predictable and manageable year-round.

Another Southern utility, working with Uplight, has designed an innovative delivery and participation model just for LMI customers. Every aspect of their DR program is tailored to this segment from participant identification, outreach, onboarding, program messaging, and event experience. LMI customers are eligible for both a free smart thermostat as well as free installation by a qualified professional. DR events the LMI customers participate in are capped in duration to account for lower efficiency homes so they can remain comfortable. On non-event days, participating customers benefit from additional energy savings from their smart thermostat.



Building Towards a More Equitable and Sustainable Future for Everyone

Energy providers are struggling to better engage and serve the growing LMI customer segment. Strategies and tactics to reach this segment will evolve with an even greater understanding of these customers. Engaging LMI customers effectively involves providing personalized recommendations, helping them take action through a frictionless, connected experience, and orchestrating continual energy savings.



The Result

Customers that need assistance most are able to reduce their financial stress, have a more predictable and affordable bill, and enjoy a more comfortable home. More energy savings and a transition to clean energy will also contribute to ambitious decarbonization goals—creating a more sustainable future for all customers.



About Uplight

Uplight is the technology partner for energy providers and the clean energy ecosystem. Uplight's software solutions connect energy customers to the decarbonization goals of power providers while helping customers save energy and lower costs, creating a more sustainable future for all. Using the industry's only comprehensive customer-centric technology suite and critical energy expertise across disciplines, Uplight is streamlining the complex transition to the clean energy ecosystem for more than 80 electric and gas utilities around the world. By empowering energy providers to achieve critical outcomes through data-driven customer experiences, delivering control at the grid edge, creating new revenue streams and optimizing existing load and assets, Uplight shares a mission with its clients to make energy more sustainable for every community. Uplight is a certified B Corporation.

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