

Case Studies on Brand, Position and Price in green power marketing

New models and opportunities

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Green Pricing program sales

	Utility	Customers
1.	Xcel Energy	75,534
2.	Portland General Electric	61,543
3.	PacifiCorp	60,539
4.	Sacramento MUD	43,543
5.	PECO	38,548
6.	Florida Power & Light	37,184
7.	National Grid	24,429
8.	Los Angeles DWP	22,788
9.	Puget Sound Energy	20,457
10.	Energy East (NYSEG/RGE)	19,520

Top 10 404,085

All US 600,000

2008 National Renewable Energy Marketing Conference



Green Pricing program participation

	Utility	Participation rate (%)	GP customers
1.	City of Palo Alto	20.4	5,100
2.	Lenox Municipal	14.3	80
3.	Silicon Valley Power	8.7	4,300
4.	Portland General Electric	8.5	61,500
5.	Sacramento MUD	7.4	43,500
6.	City of Naperville PU	6.7	3,200
7.	Montezuma ML&P	6.2	124
8.	Pacific Power	5.7	41,200
9.	River Falls MU	5.3	300
10.	Holy Cross Energy	5.2	2,300
	<i>Top 10</i>	<i>7.3%</i>	<i>16,200</i>
	<i>Non top 10 US</i>	<i>1.1%</i>	<i>500</i>
	<i>All US</i>	<i>0.5%</i>	

Source: NREL, 12/07

Top 10: Portland General Electric

66,000 customers, #1 residential program in nation

- Price**
- Premium is 0.8-1.7¢ / KWh. /KWh
- Position**
- 100% offset.
 - 2 programs: biomass + wind, wind only
- Brand**
- Associative branding.
 - Municipality-partnering for challenge marketing - e.g. Beaverton (2007) and Salem (2000). Greenest Neighborhood program.
 - Tied to Biglow Canyon Wind Farm and Cal-Gon dairy biomass
- Bottom line**
- Creates \$2.7 million in green power generation investment
 - Equates to 1.7 MW of installed wind - 3 million KWh - 300 homes

Non Top 10: Santee Cooper

2600 customers, 1.7 percent

Price

- Premium is 3¢ / KWh.

Position

- 100% of proceeds to green projects
- 2 programs: Green Power and Green Tag
- Commercial-focus: website recognition, decals.

Brand

- Co-marketed through 19 small co-ops
- Premium-oriented (free CFL for sign-up).
- New 2007 plant was coal-fired

Bottom line

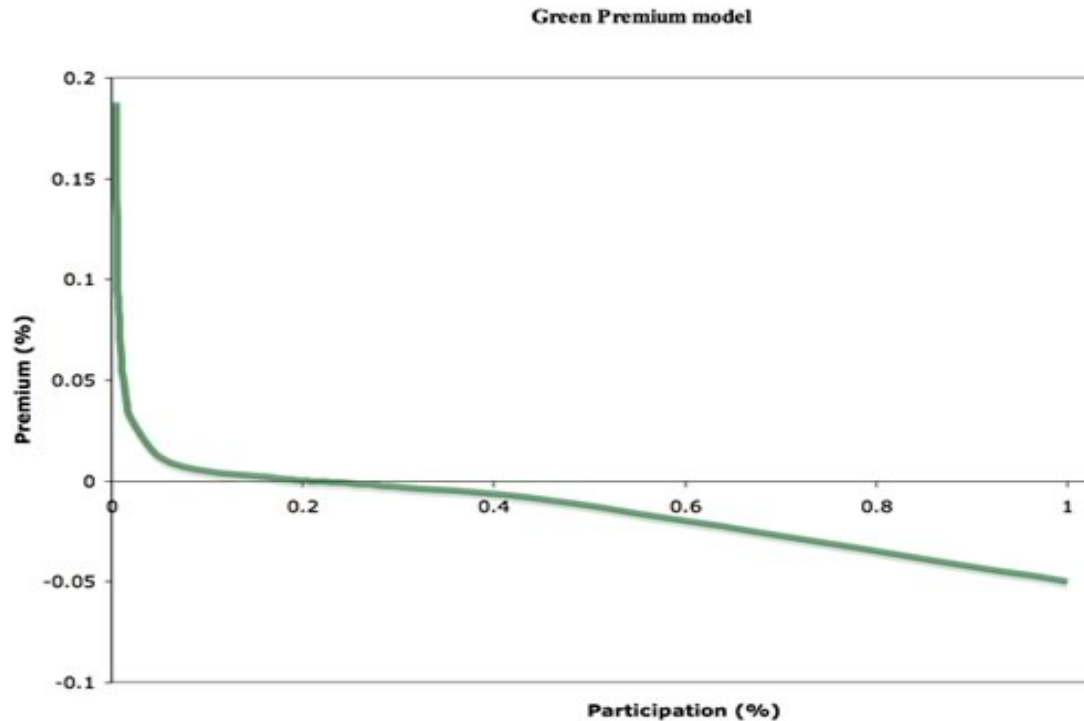
- Creates \$400K green power generation investment
- Equates to 0.25 MW of installed wind - 450K KWh - 42 homes

Cancelled: Florida Power & Light

38,000 customers, 0.95% participation

- Price**
- Premium was 0.975¢ / KWh.
- Position**
- Pledged 150Kw of solar for every 10,000 sign-ups; 250KW solar installed in 2006
 - RECs: biomass and wind
- Brand**
- 3rd party marketing - stuffers, billboards
 - Audit found 80% of \$11.4 million collected for sales & admin
- Bottom line**
- Created \$2.3 million in green power generation investment
 - Equates to 1.4 MW of installed wind - 2.5M KWh - 240 homes

Green power participation model



$$Y = \left\{ \frac{(1-x)}{10000} \right\} - nx^3/x$$

Y is premium

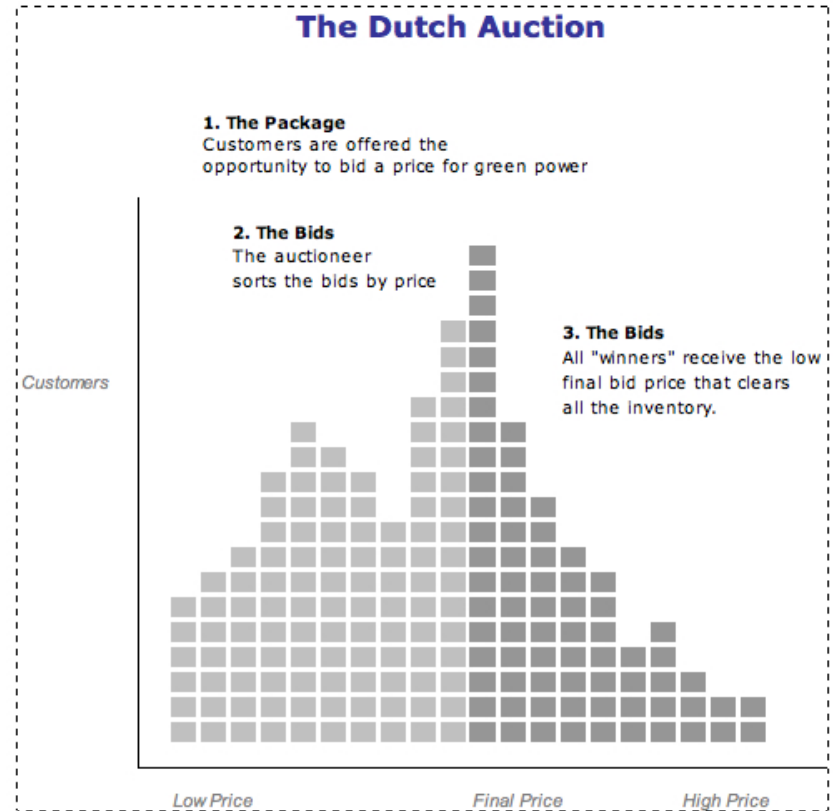
X is participation

Green power opportunities & challenges

1. Though participation is growing; revenue for green power construction is negligible.
2. Green premiums run counter to the “polluter pays” principle.
3. Green power buyers prefer to buy green, rather than subsidize construction.
4. New models are needed.
5. Green power programs can be viewed as subsidized programs.
6. Net green discount vs subsidized premium would jump-start participation.
7. Cost risk may inhibit exploration of net green discount.

Dutch auction for green power

1. An auction consists of a block of green power, or a pool of green power discount dollars.
2. An initial price is established.
3. Bids are accepted from customers.
4. If insufficient bids are received, then the price is lowered and auction participants are asked to consider bidding again.
5. The price is lowered until the green power is fully bid out.
6. The final bid price is the green power discount.





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Thank you for your attention.