

# Statewide Pricing Pilot – Track B End of Pilot Focus Group Results

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## Key Findings

The “Track B” pilot examined household responses to critical peak prices and education/information about the benefits of changing the timing of electricity use to off-peak hours. Track B was implemented by San Francisco Community Power (SF Power) in cooperation with Pacific Gas and Electric Company (PG&E) in San Francisco’s Bayview-Hunters Point and Dogpatch neighborhoods. Two older, inefficient power plants are located in this area. A City of Richmond community, which has a number of environmental hazards, including oil refineries, was used as a study “control.” Both areas are in Climate Zone 1 (i.e., mild weather), with similar demographic (e.g., majority non-European-American population), economic (e.g., generally low income) and energy use characteristics.

One San Francisco group received a critical peak price (CPP-F) rate and community-based information/education; while the other received only community-based information/education (i.e., no price signals). The Richmond control group received the CPP-F rate and the same utility-developed information provided to Statewide Pricing Pilot (SPP) participants.

Three focus groups were conducted in October and November, 2005 – two in San Francisco, one in Richmond – to further probe participants’ attitudes towards the pilot.<sup>2</sup> The results from these meetings were evaluated in the context of previous statistical (i.e., econometric; survey-based) analyses, with the following key findings:

- **The statistical evidence indicates that community-based information/education *increased participants’ responsiveness to the CPP price signal, at least when electricity use patterns allowed for some demand flexibility (i.e., during winter months).*** The San Francisco group receiving enhanced information and CPP-F rates exhibited noticeably lower electricity use during CPP periods as compared to the Richmond group that received the standard SPP (i.e., “Track A”) price and utility-provided information package in the summer 2003 and winter 2004. However, this impact declined sharply in the summer 2004, as did the Track B educational efforts, which implies

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<sup>1</sup> 2325 Third Street, San Francisco, California 94107; [www.sfpower.org](http://www.sfpower.org).

<sup>2</sup> October 26, 6 pm to 8 pm, Soo Fong Restaurant, San Francisco; 14 participants, 11 of whom were women over the age of 50. October 29, 10 am to 12 pm, Alice Walden Library, San Francisco; six participants, three men, three women. November 5, 10 am to 12 pm, Nevin Community Center, Richmond; four participants, all women. In general the great majority of focus group participants were African-American, with a handful of European-Americans and one or two Asian-Americans or Hispanics.

that community-induced price responsiveness may not extend over multiple seasons without a consistent and strong community-based education effort.

**The focus groups bolstered this statistical finding.** Some San Francisco participants were willing to substantially, and consistently, reduce their electricity use when called upon. For example, an elderly Asian-American woman on the CPP-F rate stated that she “didn’t ever watch her afternoon television shows” after receiving a CPP call “even though she missed them.” Other San Francisco participants indicated that they shifted their cooking and laundry to non-peak times. However, the ability of San Franciscans (i.e., Climate Zone 1) to reduce their electricity use, especially during the summer months, was limited. In addition, several African-American San Francisco participants noted that the large number of people in their households – up to ten, in one case – made it difficult to consistently manage energy use (e.g., communicate the need to; make sure devices were turned off), and as a result their efforts to respond to CPP calls diminished over time.

- **Statistical evidence indicates that significantly more Track B customers elected to stay on the CPP rate than other SPP participant groups, including Track B Richmond customers.** Approximately 55% of Track A SPP participants and Track B Richmond participants elected to remain on the CPP-F rate. The remainder roughly split equally between selecting the standard and TOU rates. In contrast, 72% of San Francisco Track B customers chose to remain on the CPP-F rate. Of those that switched in San Francisco, a majority selected the TOU rate.

**This statistical finding was strongly supported by the focus groups.** Virtually every San Francisco focus group attendee enthusiastically stated that they wanted to continue to remain on the CPP rate, and believed that it should be offered widely to all Californians, particularly in hard-pressed communities.. Further, San Francisco participants indicated that they would remain on the rate even without additional incentive payments, as was provided during the pilot. However, both San Francisco and Richmond participants stated that they believed that the utility, not the customer, should pay for any additional metering costs associated with a CPP rate, since that was a “necessary cost of doing business” for the utility.

- **Survey data indicates that Track B’s community-based enhanced education/information interventions were more effective than the standard utility approach in communicating key program elements.** For example, 38% of the Track B Info-Only participants exhibited a “high/medium-high” understanding of the program, compared to 29% or less for the Track A Info-Only; and a much smaller proportion of Track B info-only participants had a “low” program understanding than the Track A Info-only population.

**The focus groups reinforced this finding, with San Francisco participants indicating that they preferred receiving information from a community-based non-profit, and indicating that they felt SF Power was effective at providing energy efficiency education.** Both Richmond and San Francisco participants stressed that the most essential communication elements were the critical calls themselves and the bill comparisons. Both of these items alerted participants of the need to reduce their electricity use, and enabled them to assess how well they were doing in terms of their electricity use and associated

utility bills. San Francisco participants also noted that they appreciated being educated about the importance of critical peak periods, the energy use associated with specific appliances; and the steps they could take to reduce their electricity use. However, in all three focus groups participants complained that they received “too much paper” and did not understand much of it.

- **The statistical evidence indicates that enhanced information alone did not induce participants to actively engage in shifting behavior. It did, however, seem to prompt noticeable long-term conservation, even among those receiving only information.** During the winter period, when San Francisco’s loads are highest, enhanced information appeared to result in significantly greater reductions in both peak and daily loads when compared with the average use patterns exhibited by the control group. That is, those receiving information only appeared to conserve, but did not shift usage from the peak period.

This statistical finding is supported by the focus groups, which also indicated that enhanced access to low- or no-cost energy efficiency measures played an important role in conservation outcomes. In both San Francisco meetings participants stressed their happiness with the energy saving devices provided by SF Power during the course of the pilot, which included energy efficient refrigerators, indoor and outdoor light sensors and compact fluorescent light bulbs.<sup>3</sup> San Francisco participants also noted that they were pleased by the “extra attention” SF Power staff paid to them regarding energy efficiency questions.<sup>4</sup>

- **The San Francisco focus groups indicated that proximity to locally-polluting power plants was a motivating factor in participants’ shifting and conservation efforts.** Although obtaining utility savings appeared to be a dominant reason for participants’ “shift and save” behavior, most San Francisco participants also named the power plants and a desire to help the community’s environment and public health as a key motivating factor. The existence of specific environmental hazards located in the community appeared to play a greater role in behavioral changes than a more conceptual desire to “save the environment,” as expressed by Richmond participants.
- **Some San Francisco focus group participants believed that more attention should be paid to how a CPP tariff interacts with other special programs (i.e., balanced payment plan).**
- **The focus group participants had mostly negative attitudes towards PG&E.** In San Francisco complaints centered on the (still open) Hunters Point Power Plant, while the Richmond participants were more concerned about poor customer service and the lingering effects of the energy crises. San Francisco participants also expressed concerned about increasing utility bills. However, in

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<sup>3</sup> These items were provided as part of California Public Utility Commission and City and County of San Francisco-funded programs implemented by SF Power.

<sup>4</sup> An African-American Richmond participant noted that she was prompted to participate in the Low-Income Home Energy Assistance Program (LIHEAP) program as a result of the pilot, indicating that load shifting programs can be usefully combined with broader energy conservation programs.

all three focus group meetings a small minority opined that they believed PG&E usually provided prompt and courteous service.

## **Interpretation/Recommendations**

These Track B Pilot results suggest that the following elements be incorporated into future residential CPP programs:

- Community-based groups should play a central role in designing and implementing CPP tariffs. Integration of such organizations into pricing programs would help insure that local concerns are addressed, and provide a “human face” to load shifting initiatives. This, in turn, would result in a more effective energy education effort as well as greater adoption of conservation and load shifting behavior.
- CPP and demand response programs should be integrated with energy efficiency programs, so that participants receive a comprehensive package of energy management services. Residential ratepayer appear to respond better to load shifting programs when they are combined with three-dimensional support for energy saving efforts, including no- or low-cost equipment and friendly staff support.
- CPP should be incorporated into the balanced billing and CARE programs. In the case of balance billing, participants could be provided with easy-to-read bill comparisons indicating how their *annual* bill will change as a result of effective monthly participation in a CPP tariff, but actually be charged a constant monthly bill. In addition, the CARE program could be altered so that the 20 percent savings – as well as potentially an additional discount – was provided in return for CPP responsiveness. For example, the CARE program could be crafted so that high charges are imposed during peak hours or as a result of CPP calls, with low prices offered during non-peak periods. Under this approach, CARE participants should be fully educated about the tariffs, and provided with community-based support to effectively take advantage of the rate structure, including targeted energy efficiency programs.