

# How do Small and Medium Businesses Understand and Respond to TOU Rates?

BECC Conference, Nov 13, 2023

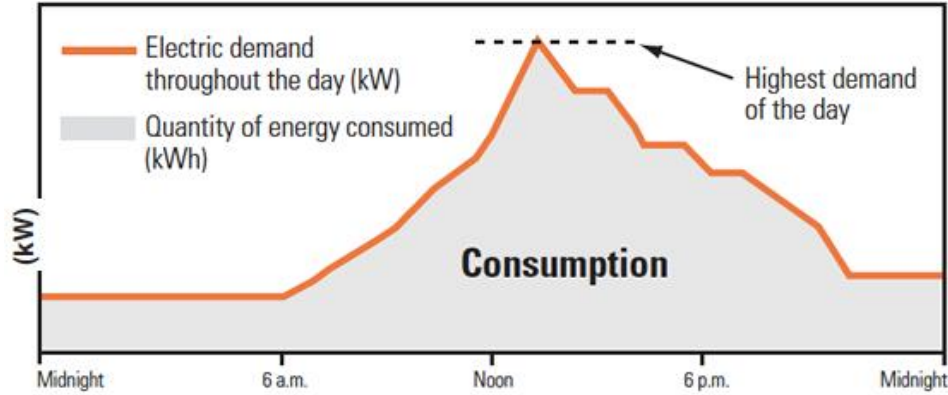
Dr Sea Rotmann, Principal Researcher, See Change Institute

[sea@seechangeinstitute.com](mailto:sea@seechangeinstitute.com)

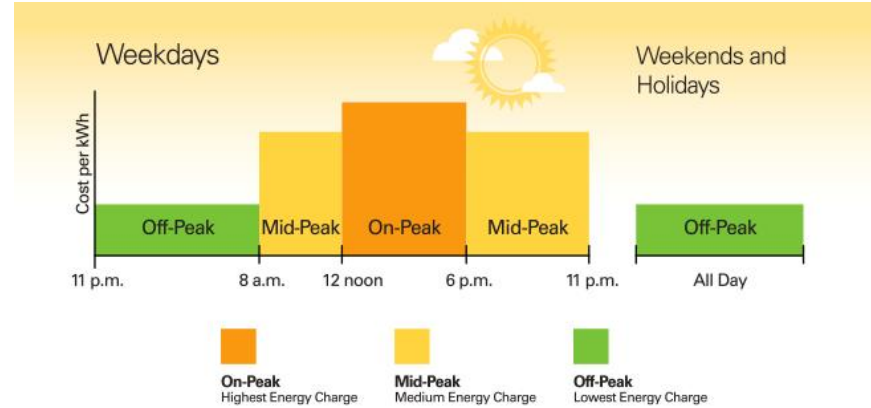


# What are Alternative Rates?

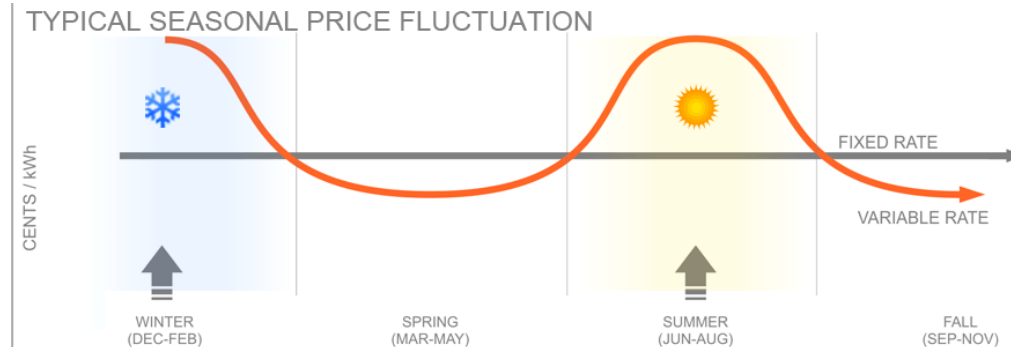
## Demand



## TOU



## Seasonal



## Benefits

### Why are alternative rates important?

- Increased grid flexibility
- Greater renewable capacity
- Cost savings & investment opportunities for SMBs
- Corporate Social Responsibility (i.e., B Corp branding)

## Challenges

### Why are alternative rates hard for SMBs to manage?

- **Diversity:** The benefits of these rates differ across vastly diverse types of SMBs
- **Time:** In many cases, the burden is currently on customers to understand how their load matches their rate, resulting in **extra uncertainty and cost** for SMB customers.
- **Awareness:** Utilities are not offering the right information to support SMB customers, most who are not aware of other rates and their benefit. **More tailored, proactive information is needed.**

Partnered  
With



Talking to  
20 SMB  
Customers

Spring 2022

Interviews

45  
Minute

Re-interviewed

13 SMB  
Customers

Winter 2022

UX tested  
mock-ups

# SMB Customer Rates Research Methodology

Sample	Recruiting 20 key decision makers across the U.S. for 45 min interviews
Target Industries	Food service, lodging, warehouse/storage, light industrial, office/retail
Recruitment Strategy	Recruiting via a combination of paid email lists and direct outreach to personal contacts. \$175 (later upped to \$200) incentive per interview
Interview Procedure	<b>Phase 1:</b> Qualitative, semi-formal interviews to better understand SMB customer engagement with rates. <b>Phase 2:</b> UX testing / rates education mock-ups
Interview Qs	<b>Knowledge</b> about rates, <b>Attitudes</b> towards rates, <b>Behaviors</b> related to rates, <b>Experiences</b> with utility rate services and programs, <b>Rates education</b>

# What makes serving SMBs so hard?

## Diverse & Complex

- One, if not **the most**, complex segments of energy users
- Huge diversity of subsectors, building types, business & energy uses & needs
- Many renters and multi-tenant buildings, resulting in an SMB owner with limited energy decision-making capability

## Hard-to-Reach

- Difficult to engage, yet underserved
- Vast differences in level of energy knowledge and how they want to be contacted

## Difficult to Define

- kWh? ⇒ What's the cut-off?
- Square footage?
- Number of buildings?
- Number of meters / submeters?
- Number of employees? ⇒ 0-500 is a small business? (that makes up almost 50% of total number of employees in U.S.!)
- Turnover / profit? ⇒ >US\$10m a year is a medium-sized business?

We asked SMB customers:

“Have you ever used any software or online tools to help you save energy?”



“There could be a huge difference with different tariffs for different times. **My business hours are pretty flexible, I can bake during the night and holidays.** I'm just thinking about how much money I could have saved if I would have been offered that (seasonal) rate up front!”



# We asked SMB customers:

“Do you feel the cost savings would be worth the time to inform yourself about the best rate offers?”



*“My main consideration is return on my time. If I lowered our bill by 10%, that's around 300 bucks a month. That's meaningful. But it's **not as meaningful if I have to spend hours analyzing if it's worth it.**”*





# Main Themes & Findings

## **Businesses don't know what they don't know**

Even SMB owners who claim to know a fair bit about rates struggled to explain what their rates or alternative rate offerings were.

## **Change is hard for businesses**

Risk aversion and the perceived cost of shifting rates were significant barriers to willingness to switch.

## **There is room to strengthen the relationship**

SMBs trust their utilities, but utilities are seen as not being proactive enough in advising their customers on what's best for them.

# How can utilities & their partners better serve SMBs?

## Personalized, proactive engagement

- Personalized digital outreach on better rate offerings for each account
- Treating rate education as a journey with progressive understanding of not only what the best rate is, but **how to best operate on their rate**

## Access to Data

- Marketing to ensure awareness of the tools available through the utility to access data
- **Make it easy:** Place the burden of analysis on rate calculators, rather than expecting a customer to use limited time and resources to dig into their data.

## Serve as Trusted Rates Advisor

- Customer trust utilities on billing. Offering the best rate and helping customers operate on their rate **grows brand satisfaction and trust**
- Promote other programs and services that will help accelerate SMB savings from alternative rates

# Voice of the Customer as a Driving Factor in Rate Education

## Ways to be successful on this plan



### Avoid peak hours

- Wait until off-peak times to use
- ✓ Work Equipment
- ✓ Laundry and dishwashers



### Pre-cool Your Business

- Pre-cool your business before work hours by lowering your thermostat by 3°F.
- Then turn off your AC when leaving



### Stay informed

If you switch to the Time of Use Plan, we'll send you weekly coaching reports by email, displaying how you're doing on the plan with tips for you to save even more.

Enroll in this rate plan

## Your Electric Rate Plan Options

Your Current Plan

Small Business Standard

**\$1,352** avg/ mo

Based on your usage from the past 12 months.

[Learn more](#)

Lowest option

Small Business Time of Use

**\$1,134** avg/ mo

If no big changes in the next year.

[Learn more](#)

Small Business Demand

**\$1,147** avg/ mo

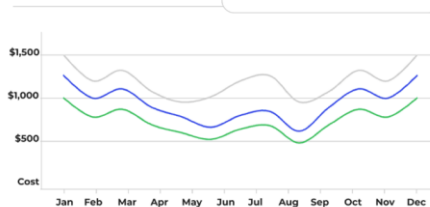
Based on your usage from the past 12 months.

[Learn more](#)

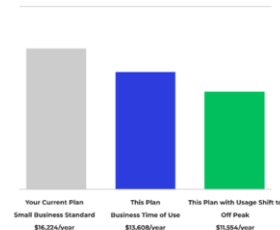
## Plan Costs Estimates

### Monthly Breakdown

● Your Current Plan ● This Plan ● This Plan w/ Usage Shift to Off Peak



### Annual Totals



SMBs often not aware of alternative rates

Lack of flexibility in SMB operations, risk-averse

Perceptions of cost vs benefits

Include behavior tips



We help good people  
do good *better*.

Dr Sea Rotmann  
Principal Researcher, SCI  
[sea@seechangeinstitute.com](mailto:sea@seechangeinstitute.com)

See Change Institute is an  
applied behavioral science firm.

We specialize in **Research,**  
**Strategy, Design,** and **Evaluation**  
of environmental and health  
behavior change.