



A JOINT PROJECT of NRDC + IMT

DECEMBER 2018

# HOW UTILITIES CAN SUPPORT CITIES AS THEIR CUSTOMERS



# ABOUT CITY ENERGY PROJECT AND THE CITY ENERGY PROJECT RESOURCE LIBRARY

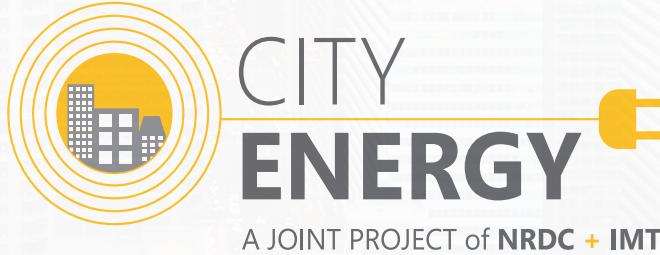
A joint initiative of the Institute for Market Transformation and the Natural Resources Defense Council, the City Energy Project supported bold yet practical ways to deploy energy efficiency at the city level to boost local economies, reduce pollution, and create healthier, more prosperous communities nationwide.

The project partnered with 20 local governments across the U.S. from 2013–2018 to design locally appropriate energy efficiency policies and programs. Building upon the past successes and innovation of cities, the City Energy Project established best-in-class practices for energy efficiency to be customized and replicated nationwide. Models and recommendations have been distilled into the City Energy Project Resource Library. This curated set of resources contains the necessary blueprints for a city government to craft and implement customized solutions to productively manage energy efficiency initiatives across commercial, multifamily, and public buildings in its jurisdiction.

For more information on the participating cities and counties in the City Energy Project, and to search the City Energy Project Resource Library, visit [cityenergyproject.org](http://cityenergyproject.org).

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# INTRODUCTION

Energy utilities and local governments are natural partners in achieving cleaner, more efficient power, but these partnerships are sometimes difficult to navigate. This guide is designed to help investor-owned utilities, and specifically their key accounts representatives, take their customer service for local governments to the next level.

## **WHAT MAKES THIS GUIDE DIFFERENT FOR UTILITIES AND CITIES?**

As good account managers know, partnership is a two-way street. This guide offers lessons learned for utilities on how to work effectively and proactively with local government customers to help those customers achieve their community energy goals. While many resources articulate what local governments and utilities should collaborate on—a question that is jurisdiction-specific—this resource suggests how they can work effectively together.

Cities have dual roles when working with utilities. On the one hand, the city is a utility customer, and local governments often work effectively with their energy utilities to retrofit large municipal buildings to be more efficient.

On the other hand, the city is a policymaker, and voters and elected officials of the city may set goals that impact the energy future of all residents and businesses within the city's footprint.



For example, cities may strive to cut carbon emissions, transition to 100 percent renewable resources, dramatically increase building efficiency, improve social and racial equity, build more resilient infrastructure, and drive clean energy jobs. Cities often ask utilities to help them meet these local commitments. Doing so may challenge utilities to leverage different skill sets, think differently about what constitutes customer service, work with large, cross-departmental teams, or engage with local stakeholders in public processes. This makes local governments different than many of the utilities' other large customers. And while cities may be leading, in many places, city goals are reflecting policies being adopted by governors and state agencies.

While this degree of collaboration may be time-consuming, it can also be a benefit to the utility. Cities can support utilities to meet their regulated goals, like increasing energy efficiency. Collaboration can provide opportunities for utilities to demonstrate national leadership in the design and deployment of new programs and services. And it can provide a unique opportunity to co-create a vision of the public interest that can be articulated to a utilities' regulators, with a broad base of support.



#### LEARN MORE

##### **Engage with Utilities to Implement Energy Performance Policies Guide**

Learn more about utility partnerships in the City Energy Project resource, [\*\*ENGAGE WITH UTILITIES  
TO IMPLEMENT ENERGY  
PERFORMANCE POLICIES.\*\*](#)

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#### **WHAT ROLE DOES THE CITY ENERGY PROJECT HAVE IN DISTILLING THE RECOMMENDATIONS IN THIS GUIDE?**

City Energy Project (CEP) supports local governments in part by helping them understand how to collaborate more effectively with their utilities. The recommendations in this guide are sourced from interviews with CEP advisors, who were hired under CEP to implement the project's efforts within local governments. Their feedback has been supplemented with conversations with dozens of cities over the years, as well as the author's own experience as a local government employee focused on energy policy and programs. All feedback has been anonymized except where specifically requested to highlight utility customer service excellence.



# HOW UTILITIES CAN PROVIDE EXCEPTIONAL CUSTOMER SERVICE TO LOCAL GOVERNMENTS

Six recommendations on how utilities can support cities.

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## RECOMMENDATION 1: UNDERSTAND WHAT THE LOCAL GOVERNMENT IS TRYING TO ACCOMPLISH

Local governments often have diverse energy goals, and utilities should endeavor to understand what they are looking to accomplish. Utility staff can do this by participating in stakeholder processes and advisory meetings. Often, CEP invited utility representatives to attend meetings. Many opted to attend, and utilities indicated that they found it to be an excellent opportunity to speak directly with their customers, such as large building owners and managers. Having a utility representative in the room allows the utility to speak directly to questions in its purview as they come up. These questions can occur whether a utility is in the room or not, so being present can help diffuse customer frustrations.

By attending meetings and understanding local government goals, utilities can begin to frame their decisions about efficiency, power supply, and reliability in relation to how they can help communities achieve their goals. Conversely, truly excellent utilities may wish to consider how to modify their decision-making processes to help local governments achieve their goals and commitments.

**“We’ve appreciated the opportunity to collaborate with Duquesne Light Company in support of Pittsburgh’s Climate Action Plan. We have a regular standing meeting with key members of their team and it’s helped us build understanding of each other’s perspectives as we work together on new energy and resiliency initiatives.”**

– Flore Marion, Energy Advisor, City of Pittsburgh

## **RECOMMENDATION 2: GET THE EASY STUFF RIGHT**

Many local government staff have experienced significant problems with receiving clean, usable electronic bills for municipal facilities. When bill data is inaccurate, mislabeled, or difficult to use, it creates challenges for local governments to reduce what many consider to be the "second utility bill" of their residents and businesses. By proactively addressing billing issues, utilities can foster trust and credibility with local governments; conversely, by failing to address billing issues, utilities risk local governments not trusting that other aspects of their data and operations are accurate.

## **RECOMMENDATION 3: BE PREPARED TO MAKE CONNECTIONS ACROSS THE COMPANY**

Many city objectives—for example, implementing building performance policies—may require engagement from people throughout the utility. Developing a process to offer whole-building data to building owners can require guidance from legal and regulatory departments, information technology staff, customer service representatives, and efficiency program managers.

In some cases, utility representatives do not have active contacts within other parts of the company to help them answer questions. This is understandable given the size of many investor-owned utility companies and the extent of staff turnover, but it can lead to frustration within local governments because of the lack of insight into who to speak with and how long it can take to find the right person. In several instances, CEP advisors and other city staff reported that once their key accounts representative put them in direct contact with someone on the technical side, they were able to immediately get their questions answered. Utility key accounts representatives should network within their own companies to find the right skill sets to meet local governments' needs proactively.

## **RECOMMENDATION 4: HELP THE LOCAL GOVERNMENT UNDERSTAND YOUR TEAM'S CONCERNs**

CEP found that sometimes, utilities would reject a proposal for partnership without explaining why. It was often unclear if it was for practical reasons, like bandwidth, or based on legal concerns, technical concerns, cost concerns, etc. This was frustrating because sometimes solutions and examples were readily available. Utility staff should try to clearly articulate the challenges they are experiencing to cities, as cities may be able to leverage their own networks to provide utilities with helpful information and resources that answer their questions.

## RECOMMENDATION 5: WORK PROACTIVELY TO RESOLVE LEGAL AND REGULATORY CHALLENGES

There can be situations in which utilities identify regulatory barriers, but do not seem willing to proactively find ways to address barriers by engaging regulators. Similarly, CEP sometimes encountered situations where feedback from attorneys was a showstopper, despite the attorneys' responses suggesting there was a lack of clarity around how the question was asked or understood. For example, one legal department initially recommended that consent forms for whole-building data be notarized with wet ink, which is counter to existing best practices. Fortunately, the key accounts representative worked smoothly with the legal team to help them understand that the process being recommended was unnecessary and onerous. To meet local governments' needs, key accounts representatives may need to take a more active role in engaging with their own legal and regulatory departments to develop creative solutions to problems those departments identify.



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### Engage with Utilities to Implement Energy Performance Policies Guide

Learn more about utility partnerships in the City Energy Project resource, [ENGAGE WITH UTILITIES TO IMPLEMENT ENERGY PERFORMANCE POLICIES](#).

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## RECOMMENDATION 6: EMPOWER YOUR STAFF TO SERVE CUSTOMERS' NEEDS

Utility executives can build a culture of empowering their staff to take actions to meet their customers' needs. CEP encountered situations where advisors knew who to work with at the utility but that person seemed to feel stuck in terms of how to move partnership forward. It is vital that city staff have someone at the utility on the efficiency team that they can directly call, and work together to create solutions for their shared customers. For example, one utility offered to work with a city to double-check hundreds of buildings that had unusually high or low ENERGY STAR scores, leading to revised data that was much more accurate for building owners. To empower their staff, utilities may need to evaluate how customer service staff are compensated and prioritize customer surveys over other performance metrics. For example, Consumers Energy has reported higher customer satisfaction by prioritizing customer service representatives engaging in active problem-solving with customers, as compared to simply handling calls quickly.<sup>1</sup> This is important because there can be a correlation between customer satisfaction and profitability for investor-owned utilities.<sup>2</sup>

**"We have an incredibly productive partnership with Xcel Energy around Energize Denver. They've been involved in our stakeholder advisory group from the start, working with us and with building owners directly to develop data solutions and connect people to efficiency services."**

– Katrina Managan, Energy Efficient Buildings Lead, City and County of Denver

# CONCLUSION

As demonstrated through CEP experiences across 20 cities over six years, collaboration between local governments and utilities offers significant opportunity to drive deeper efficiency in the built environment. This is a two-way street, where local governments can work more effectively with utilities, but also where utilities can more effectively meet local governments' needs. This brief report summarizes some of the key lessons learned from this process. As part of implementing its recommendations, utility key accounts representatives may want to survey local government customers on their satisfaction related to their current customer service and then assess whether the options for deeper engagement suggested in this report would lead to improved customer service outcomes. Local governments are large utility customers with vital, community-driven missions, and are likely to welcome opportunities for greater collaboration with utilities in the ways suggested here.

## REFERENCES

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# ABOUT THE INSTITUTE FOR MARKET TRANSFORMATION AND THE NATURAL RESOURCES DEFENSE COUNCIL

## ABOUT THE INSTITUTE FOR MARKET TRANSFORMATION

The Institute for Market Transformation (IMT) is a national 501(c)(3) nonprofit organization that catalyzes widespread and sustained demand for energy-efficient buildings. Founded in 1996 and based in Washington, D.C., IMT specializes in driving the intersection of real estate and public policy to make buildings more productive, affordable, valuable, and resilient. A trusted, non-partisan leader, IMT focuses on innovative and pragmatic solutions that fuel greater investment in energy-efficient buildings to meet local market priorities. IMT offers hands-on technical assistance and market research, alongside expertise in policy and program development and deployment and promotion of best practices and knowledge exchange. Its efforts lead to important policy outcomes, widespread changes in real estate practices, and lasting market demand for energy efficiency—resulting in greater benefits for all people, the economy, and the environment. Visit us at [www.imt.org](http://www.imt.org) and follow us on Twitter [@IMT\\_speaks](https://twitter.com/IMT_speaks).



## ABOUT THE NATURAL RESOURCES DEFENSE COUNCIL

The Natural Resources Defense Council (NRDC) is an international nonprofit environmental organization with more than 3 million members and online activists. Since 1970, our lawyers, scientists, and other environmental specialists have worked to protect the world's natural resources, public health, and the environment. NRDC has offices in New York City, Washington, D.C., Los Angeles, San Francisco, Chicago, Bozeman, MT, and Beijing. Visit us at [www.nrdc.org](http://www.nrdc.org) and follow us on Twitter [@NRDC](https://twitter.com/@NRDC).





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