

Taking the reins of DSM business process management

How to drive energy savings, cost-effectiveness, and customer satisfaction

Executive summary

Energy efficiency and demand side management (DSM) programs have historically been managed using manual processes, spreadsheets, or custom databases across multiple programs. These approaches often lack the visibility, flexibility, and scalability to enable utilities to cost-effectively design and manage DSM programs and the end-to-end DSM business process.

This white paper reveals how utilities are leveraging new systems, best practices and analytics to transform their approach to DSM business process management, from launching and modifying new and existing programs to tracking, reporting, and engaging with trade allies and customers. This paper gives insight into how leading utilities are catalyzing management of an entire portfolio of energy efficiency programs from customer enrollment to process workflows and business intelligence. Strategic management and optimization of energy efficiency and DSM programs needs to be addressed and acted on now. It is time to take charge of DSM business process management to effectively and efficiently meet compliance requirements and energy savings goals, have real-time visibility into program performance, manage increasingly complex programs in a cost-effective manner, and ensure customer satisfaction.



Why do utilities need a new system of record?

Most utility executives and program managers rely on spreadsheets, home-grown or custom solutions to help manage their DSM and energy efficiency programs. These approaches typically lack the capabilities, flexibility and scalability to enable utilities to effectively meet compliance requirements and energy savings goals, have real-time visibility into program performance, manage increasingly complex programs in a cost-effective manner, and ensure customer satisfaction. A major challenge facing most utilities using spreadsheets is that the data is maintained separately for each program, requiring extensive, manual keying and compilation. Utilities are continually challenged by the need to identify methods to efficiently prioritize and manage their critical project, program, and performance data across their portfolios. They also need the ability to easily drill down to modify and manage specific programs. Utility executives, program managers, trade partners, service providers, customers, and regulators must also have secure, role-based access to authorized data via a standard web browser that provides real-time visibility into program performance and end-to-end business process management.

Employing a centralized system of record helps utilities to confidently address the compliance scrutiny process due to improved reporting accuracy and speedy dissemination of essential information to stakeholders. An automated and end-to-end system of record can reduce the increasing administrative costs associated with managing energy efficiency and DSM programs and reduce time to rebate. Additionally, an effective DSM system of record is a consistent, reliable and secure platform for business process management, helping to ensure that utility programs perform in the most effective manner.

DSM business process challenges for utility managers

Utilities are facing the business issues of struggling to overhaul existing approaches for managing current DSM portfolios as well as designing and launching new programs. The challenges for DSM managers to cost-effectively meet energy savings, compliance and customer engagement goals continue to increase. As reflected in the CEE report on the state of the efficiency program industry, US and Canadian combined electric and gas efficiency program budgets reached \$9.1 billion in 2011. This was a 21 percent increase from the previous year's amount. This continued growth provides a unique business transformation opportunity for all utilities to optimize DSM portfolios through a secure, cloud-based system of record to drive cost savings, meet energy savings goals, reduce compliance risk and engage customers. To make this happen, utility managers need to consider:

- How do we launch or modify new and existing programs? How long does it take?
- How much time/cost/administrative effort is required to manage programs?
- Are the tools used scalable?
- Are we able to run and distribute reports for all programs at a given point, with ease?
- How do we reduce administrative costs?
- What approach gives us the ability to securely view and manage programs and workflows?
- How do we confidently represent the programs before regulatory agencies and stakeholders?
- How do we increase program participation through customer and trade ally engagement?

Utility companies can no longer follow the status quo when it comes to DSM business processes. In order to overcome these challenges, utilities must start planning for the conversion from manual processes to purpose-built, comprehensive DSM business process management systems. An innovative, new systems approach will yield benefits that outweigh the risks of inaction, by avoiding or minimizing noncompliance issues, budget overruns, rebate processing errors or program launch and management challenges.

Best practices to address DSM business process needs

Reducing compliance risk

When it comes to energy efficiency and DSM programs, an essential requirement is the need to be able to quickly and accurately report on how utility DSM programs are impacting energy efficiency and meeting energy savings goals. This means confidently reporting performance to regulatory authorities and stakeholders and justifying new investments through up-to-date information and enforcement of business rules.

For example, to achieve and streamline compliance reporting, all data extraction and management should be handled within the DSM system of record so that any program element changes are represented automatically in the reporting. Ideally, the system should maintain a historical record using program versioning to provide transparency and full audit trails for all program data and processes. For DSM programs to be compliant with the regulations, questions that utility managers need to consider include:

- How do we verify performance to regulatory authorities and stakeholders with a true audit trail?
- How do we streamline the reporting process? Do we have integrated real-time reporting?
- How do we enforce business rules across all programs?

Nicor Gas, an AGL Resources Company has implemented a new, web-based system of record for their Energy Efficiency Programs, to ensure effective program administration and data management across the portfolio. This will provide the utility with improved visibility and reporting, streamline communication of critical information to stakeholders including regulators, and provide a full audit trail.

Reducing administrative costs

When utilities change from using spreadsheets or simple databases to web-based, business process management systems, they not only achieve improved data integrity and management, but also enable effective and efficient management to help prioritize budget allocation for rebates and incentives. What's more, portfolio and program managers (the business users) have the flexibility and capability to easily and efficiently design, launch, modify and manage a full range of utility DSM programs to help ensure cost-effective program administration to meet their energy savings goals.

Whether it is tracking detailed performance in real-time for each program, identifying bottlenecks in program business processes or workflows or avoiding expensive use of internal IT resources through a web-based solution, no spreadsheet, home-grown or custom-built approach offers the same level of functionality, flexibility or scalability to manage DSM business processes effectively. To accelerate performance, utilities must find new ways to manage energy efficiency program costs and increase the productivity of program portfolios in order to maintain cost-effectiveness.

For efficient management of DSM business processes while reducing costs, utility managers need to consider:

- How do we easily collect, connect, manage, validate and disseminate all program data?
- How dependent are we on IT to modify, manage or launch programs?
- Is it easy to launch new programs or modify existing ones?

Delivering energy savings

Utilities are always under the magnifying glass when it comes to DSM and energy efficiency initiatives, with regulators and policymakers requiring utilities to achieve more energy savings than ever before. Given that many of the easily achieved energy savings measures have been addressed, meeting additional savings targets is becoming increasingly difficult. Because many utilities have aggressive savings goals, it is essential for them to get on board with new systems of records for managing their DSM business processes efficiently.

Making the rebate process easier for customers and more accurate is a critical step to address energy savings goals, starting with online enrollment. Utilities should establish online project and incentive forms accessible to customers and partners such as trade allies through the web. This functionality streamlines project application, approval and validation, ensures data integrity, reduces customer enrollment time, and improves customer satisfaction by reducing time to rebate.

For organizations to drive cost-effective energy savings, they need to start focusing on their business and operational efficiencies while considering the following questions:

- How do we ensure that more of the budget is allocated to incentives and increase that allocation if needed?
- How do we speed time to rebate to improve customer satisfaction and participation?
- Have we maximized our DSM business process management options to drive energy savings with better accuracy and reduced cost?

Real-time portfolio and program performance visibility

It has always been difficult for utilities to get critical insight into individual program information or analytics across their DSM portfolio by using a manual and or decentralized approach. This business intelligence includes understanding exactly where the programs stand, how to improve their performance and how to quickly manage change. Utilities need to identify the under achievers, or programs where the expenditure levels are not meeting the planned budget and make appropriate adjustments to improve program effectiveness or control costs. A DSM business process management system of record should provide clear and real-time visibility into the entire portfolio of energy efficiency programs, from spending to energy savings, and enable utilities to streamline their energy efficiency and business decisions.

Portfolio and program managers should have the flexibility and capability to easily and efficiently design, launch, modify and manage a full range of utility DSM programs to help ensure cost-effective program administration.

With this new approach, utilities can typically benefit from a mix of standard and ad-hoc reporting capabilities that provide improved visibility, insight, and analysis for common key program indicators from day one.

With a new business process management system of record, business intelligence dashboards, portfolio testing and both standard and ad-hoc reporting capabilities provide improved visibility, insight, and analysis for key program indicators from day one.

A management system of record improves reporting accuracy, speeds the dissemination of essential information to stakeholders, and helps reduce the administrative time and cost of reporting and program management.

The system should utilize intuitive, business intelligence dashboards and testing capabilities that may include easily accessed program and portfolio data such as:

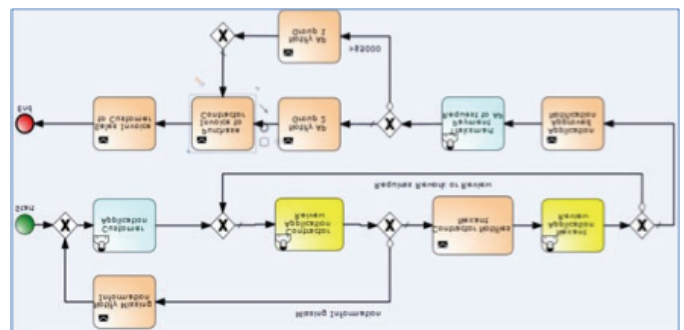
- Spending by budget category to see the distribution of funds spent
- Remaining budget to monitor current spend against plan
- Cost per unit of energy savings to ensure energy savings are achieved at the lowest possible cost
- Energy savings vs. targets to ensure savings are meeting approved goals
- Cost-effectiveness tests and calculations

For enhanced performance visibility, utility executives and managers need to consider:

- How do we easily track spending by budget category for all DSM programs?
- What approach helps ensure that energy savings are achieved in line with program budgets?
- Do we have real-time visibility into every DSM program that we run?
- How easily can we communicate information to regulators and other stakeholders?

Integrated business process management—create, manage and modify

Utilities require consistent, reliable, and secure processes to ensure programs are run and managed in the most efficient manner with minimal errors. This includes flexibility and improved control of DSM business processes with a standards-based process or workflow engine that helps eliminate bottlenecks and ensures that the appropriate routing or stakeholder steps has been successfully completed. With this type of comprehensive method to design processes and enforce business rules throughout the program lifecycle, program managers and business users can easily design, launch, manage and modify programs quickly without coding or technical support. Integrated, true business process management capabilities enable modeling and implementation of various business processes including user tasks, automated notification tasks, and decision nodes.



Engaging customers and partners

Utilities are becoming more customer-centric in their approach to DSM business process management by investing in new capabilities and technologies that allow them to market and communicate more effectively and efficiently. Employing a single, secure, system of record via a web-based interface empowers customers, partners and trade allies to easily enroll projects online, significantly impacting customer program participation and satisfaction levels.

With online application forms accessible to customers, utilities can streamline project application, approval and validation.

Additionally, utilities can benefit from automated contact management capabilities including email and letters to customers and partners as part of a streamlined business process. Benefits can include greater program participation, improved customer satisfaction ratings, and reduced operating costs while maximizing the value of customer program data and associated analytics.

To achieve more effective customer and partner engagement, utility managers need to consider include:

- How can we reduce time to rebate?
- What approach should we follow for efficient, integrated contact management?
- How do we more seamlessly communicate with our customers and partners to enable greater program participation?

Enforcing business rules

Utilities that still use spreadsheets or custom databases to manage their energy efficiency and DSM program data today face a unique set of challenges and are exposed to a major risk of poor data integrity. Managing program data and processes manually can introduce errors that reduce the quality and completeness of data and business analytics. Many utilities work with implementation contractors who manage their programs and submit customer and application data. By leveraging a purpose-built system of record utilities can enforce their business rules consistently across a portfolio and tie their third-party program implementers into this process.

To more effectively manage and validate project data across programs, utilities should be able to employ a bulk upload capability to load detailed project data into a common database for management and reporting purposes. This type of project bulk upload and review is very useful when third-party program implementers or trade allies are submitting large numbers of projects simultaneously. Projects that do not have all of the required information will be rejected, increasing the reliability and accuracy of reporting data.

For critical data integrity and management of DSM business processes, utility managers need to consider:

- How do we quickly and accurately receive and validate all of the DSM program data?
- Are there better ways of validating program data and checking data accuracy?
- How do we manage and deal with errors introduced in our data?

Conclusions

So how do you manage the DSM business process to drive cost-effective energy savings and customer satisfaction? Can you confidently report on and track your entire portfolio? Can you easily launch, modify and manage your DSM programs? Now is the time for utilities to put in place a new system of record for effective and efficient DSM business process management from program design, launch and management to reporting and business analytics. As described in this white paper, there are proven, cloud-based systems, best practices and innovation to transform the approach to DSM business process management, enabling utilities to effectively address compliance requirements, energy savings goals and cost-effectiveness, while improving customer engagement and participation.

To effectively manage and validate project data across all programs and third-party implementers, utilities should be able to employ a rapid bulk upload and review capability to streamline and improve data integrity, program analytics and portfolio management.



About Nexant Energy Software

Nexant offers a comprehensive suite of best-in-class energy enterprise software platforms that transform utility business processes and enable implementation of smart grid, clean energy, and demand management initiatives. Nexant software helps utilities embrace a customer-centric model that aligns strategic planning, grid operations, and demand side management to improve customer engagement, boost operational efficiency, reduce risk, and achieve superior business results.

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