



3DEGREES GROUP, INC. RESPONSE TO:

JEA Intention to Negotiate for Strategic Alternatives

Event no: #127-19

September 30, 2019

ORIGINAL

September 30, 2019

JEA Procurement Bid Office
21 West Church St
Customer Center
1st Floor, Room 202
Jacksonville, Florida 32202

Dear Sir/Madam,

It is with great pleasure that we submit this response to JEA's Invitation to Negotiate (ITN) #127-19 for Strategic Alternatives. We are excited about the opportunity to work alongside JEA in furthering its ambitious goals.

3Degrees partners with utilities across the country to help identify and capture opportunities related to providing appealing and impactful renewable energy options to their customers. We have deep understanding of the challenges facing utilities given the changing national landscape and the evolution of customer preferences. Voluntary programs can be a tool to meet these challenges, and an important component of a wider sustainability strategy – one that is directly focused on customer engagement and increased customer satisfaction.

We are confident that the recommendations outlined in this response will strengthen the relationship that JEA has with its customers, and will position the utility as an industry-leader. JEA is well-positioned to lead for change by increasing access to clean energy and providing innovative solutions.

If you have any questions or need clarification, please contact me at (503) 750-3018 or amortlock@3degreesinc.com.

Sincerely,



Amanda Mortlock
Vice President, Utility Partnerships

3Degrees Group, Inc.
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Executive Summary

In response to JEA's goals to maximize customer, community, environmental and financial value, 3Degrees proposes that JEA consider offering additional voluntary renewable energy options to its customers. Creating a suite of voluntary clean energy programs is one of the key ways to increase customer engagement and move towards becoming a utility of the future. While not typically tied to company financial performance, these programs have proven to engage and educate customers by providing easy ways to increase access to renewable electricity and renewable natural gas solutions, and partner with JEA in protecting the environment.

3Degrees is a specialized provider of program design, management, marketing and renewable energy supply services to utilities with community solar and green power programs. For 16 years, we have worked with utilities across the country to build market-leading renewable energy programs. We are adept at creating and implementing customized programs that meet each utility's unique goals and help in building their brand. At 3Degrees, we are proud of our strong track record of long-term, beneficial relationships with large utilities, the majority of whom have programs ranked on the National Renewable Energy Laboratory (NREL) Top Ten list.

Additional clean energy programs will enable JEA to meet the demand for additional options and impactful sustainable solutions that exists across residential, commercial and industrial customer segments. 3Degrees recommends beginning with a Market Opportunity Assessment in order to truly understand the demand that exists among the customer base for clean energy options. This work may include customer analysis and segmentation, market research, a marketing channel assessment, and analysis of any existing customer insights that JEA may have. If demand sufficient to support additional voluntary options is identified, 3Degrees and JEA will work together to design fully customized programs that will delight customers and help JEA meet its environmental and customer satisfaction goals.

The Value of Voluntary Renewable Energy Programs

Voluntary clean energy programs that are designed to address the triple bottom line of customers, climate and company will increase customer satisfaction and strengthen a utility's position as a leader in offering customer choice and sustainable solutions. However, leveraging the full potential of a voluntary program requires promotion, investment and support from within the utility. With these factors in place, most well-run and well-designed programs can eventually reach a self-funded state wherein marketing, administrative and product costs are borne by participants only and not allocated across all ratepayers.

With a commitment to develop and provide the City of Jacksonville and the Duval County Public School system with 100 percent renewable electricity by the year 2030, a REC-based green pricing program can serve as the foundation to meet this goal, while distributed energy resources are assessed in conjunction. Offering a carbon offset or renewable natural gas (RNG) program for gas customers will allow Scope 1 emission goals to be met. One of the core benefits of these programs

includes economic development by attracting and retaining businesses and residents to the City. These programs can be designed to benefit local communities with jobs or renewable energy grants. As the largest city in the state of Florida, Jacksonville is well positioned to be a leader in voluntary clean energy options.

Marketing Voluntary Options

With an increasing number of clean energy choices for customers, utility product marketing must innovate in order to effectively engage and move customers to take action. The right portfolio of renewable energy programs is a must-have for utilities looking to meet their customers' desire for choice and create new pathways for engagement. Countless demands on the time and attention of customers increases the importance of a strategic approach and necessitates the use of proven renewable energy marketing tactics. 3Degrees has 16 years of experience understanding customer motivations, efficacy of available tactics, and utility program marketing strategy. Our marketing plans leverage best practices from across the country while adapting to the uniqueness of each utility customer base, and building the individual brand of our utility partners. As such, utility programs are marketed under the utility's name and brand, so as to increase the benefits of positive customer perception and maximize value for the utility.

Payment Structure

3Degrees has the flexibility to work under many different payment structures. While we can function as a typical consultant paid at hourly rates or flat fees, our most utilized payment structure is pay-for-performance. 3Degrees believes this structure offers significant benefits in helping our utility partners reach program goals. Consider that the pay-for-performance structure offers utilities the following advantages:

- + Aligns payment with program sales for more flexibility over the long term
- + Reduced risk to utility
- + Transfer of all marketing costs
- + Incentive to grow the program efficiently

Conclusion

Successful renewable energy programs accelerate innovation by serving as a mechanism for learning about customer preferences and leveraging customer demand to further community and company goals. JEA's stakeholder-driven approach to its operations clearly demonstrates a commitment to choice, environmental stewardship and innovation. Designing new ways to leverage customer interest in clean energy options in order to change the local and regional renewable energy landscape is an opportunity that JEA may consider as part of its search for strategic alternatives.

The Value of Voluntary Renewable Energy Programs

In response to JEA’s goals to maximize customer, community, environmental, and financial value, 3Degrees proposes that JEA consider offering additional voluntary renewable energy options to its customers. Creating a suite of voluntary clean energy programs is one of the key ways to increase customer engagement and move towards becoming a utility of the future. While not typically tied to company financial performance, these programs have proven to engage and educate customers by providing easy ways to increase access to renewable energy and renewable natural gas solutions, and partner with JEA in protecting the environment.

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Working with 3Degrees

While many utilities have voluntary programs, few reach their full potential. Launching a successful program can be daunting for some, and 3Degrees is here to help. 3Degrees is a specialized provider of program design, management, marketing and renewable energy supply services to utilities offering voluntary renewable energy programs to customers. For 16 years we have worked with utilities across the country to build market-leading programs. 3Degrees is adept at creating and implementing customized offerings that meet each utility’s unique goals and help in building their brand. In our partnerships, all customer-facing content stays under the utility’s brand.

For JEA, 3Degrees recommends beginning with a Market Opportunity Assessment in order to truly understand the demand that exists among the customer base for clean energy options. This work may include customer analysis and segmentation, market research, a marketing

ABOUT 3DEGREES

- 83 FT employees across 11 states
- 16 utility green power programs
- 8 time DOE/EPA award winner
- 1,500+ renewable projects
- B Corp Certified since 2012
- 93+ million Green-e RECs delivered

channel assessment, and analysis of any existing customer insights that JEA may have. If demand sufficient to support additional voluntary options is identified, 3Degrees and JEA will work together to design fully customized programs that will delight customers and help JEA meet its environmental and customer satisfaction goals.

No other company in North America has as much experience partnering with utilities to sell premium-priced renewable energy products. Each year we enroll more than 40,000 new customers in our utility partners' programs. This capability is not easily replicated and is built on years of experience in partnering with utilities to launch and grow industry-leading programs. 3Degrees is proud of our strong track record of long-term relationships with our utility partners, the majority of whom have programs ranked on the National Renewable Energy Laboratory (NREL) Top Ten list.

The 3Degrees Advantage

3Degrees enters into formal partnerships and consults with more utilities on voluntary renewable energy programs than any other provider in the United States. As a result, we bring a wide variety of competitive advantages and best practices to our utility clients, including a set of best practices specific to marketing premium-priced utility programs.

Incorporated in California in 2007 and headquartered in San Francisco, 3Degrees has offices in Portland, Seattle and Richmond, Va., with additional staff in Park City, Ut., Boston, Detroit and Milwaukee.

Successful, Long-term Partnerships

Based on the success of their respective green power programs, our utility partners have:

- Been honored with the U.S. Department of Energy (DOE) / U.S. Environmental Protection Agency (EPA) Utility Green Power Program of the Year award four times.
 - Pacific Power's Blue Sky program, 2007
 - Puget Sound Energy Green Power, 2009
 - Dominion Energy Green Power, 2013
 - Silicon Valley Power's Santa Clara Green, 2015
- Received awards for the Center for Resource Solutions (CRS) Best Utility Marketing Campaign four out of the five times it was offered.
 - Ameren Pure Power, 2009
 - Puget Sound Energy Green Power, 2012
 - Pacific Power's Blue Sky program, 2010 and 2013

- Won the CRS Leadership in Green Power Education award.
 - Puget Sound Energy Green Power, 2014
- Communities in California, Oregon, Utah, Washington and Missouri that currently represent 38 percent of the EPA Green Power Communities.
- Been recognized as the EPA Green Power Community of the Year.
 - Corvallis, Ore., 2010
 - Park City, Ut., 2010
 - Portland, Ore., 2011
 - Mercer Island, Wash., 2013
 - Medford, Ore., 2014
 - Oakridge, Tenn., 2014
 - Maplewood, Mo., 2016
 - Bainbridge Island, Wash., 2017



Best Practices for Designing & Implementing Voluntary Programs

Utilities today have the benefit of applying lessons learned from close to twenty years of offering voluntary clean energy programs to their customers. These programs have changed names over time and supply sources have varied, but the core premise remains: identify and enroll customers that voluntarily agree to pay a premium to support renewable energy. Some of the key attributes 3Degrees sees in successful programs across the country include:

- + **Quality program supply:** The most successful programs are those that the utility is proud to offer and customers are excited to support. Compelling REC or carbon offset supply is foundational. 3Degrees will work with JEA to determine a custom sourcing strategy that will create just this kind of product.
- + **Optionality:** Determining which product options to offer requires consideration of both the customer experience and how customer behavior will impact the program financials over time. The most successful programs provide optionality without complexity and balance the need for low cost options with the reality of managing to a payback target.
- + **Easy to participate:** Additional fees, long-term commitments and time-intensive enrollment processes are all significant hurdles for enrolling participants. If these are avoided, conversations with customers are much easier and more likely to result in an enrollment. 3Degrees will work with JEA to design an enrollment process that minimizes these barriers.
- + **Strong internal support:** These programs are utility products offered to utility customers, and internal alignment on goals and close coordination across internal and external stakeholders is invaluable. If JEA is proud of its green pricing program, it will be

exciting to see the program promoted to thousands of customers across multiple channels; this robust marketing is fundamental to program success.

3Degrees has worked in partnership with utilities across the country to deliver on these best practices, and in cases where all four components exist together, the results are the top performing programs in the country. 3Degrees is committed to working with each of its partners to align product, marketing and management processes with these best practices.

Marketing Voluntary Options

With an increasing number of clean energy choices for customers, utility product marketing must innovate in order to effectively engage. The right portfolio of renewable energy programs is a must-have for utilities looking to meet their customers' desire for choice and create new pathways for engagement. Countless demands on the time and attention of customers increases the importance of a strategic approach and necessitates the use of proven renewable energy marketing tactics. We take the following approach in our marketing services for clean energy solutions:

- + **Understanding the Customer**

Creating a growth-oriented, financially stable green power program begins with learning who your target customers are, where they are, and what motivates them to be interested in renewable energy. Understanding the customer means harnessing the information we have and crafting messages and campaigns that will resonate, utilizing mechanisms that increase the anticipated response rate.

- + **Adding Strategic Value**

The marketing plan for any voluntary renewable energy program must be informed by and closely linked to the utility's corporate strategy and goals, whether they are to increase customer satisfaction, improve J.D. Power scores, demonstrate environmental stewardship, or build a platform upon which to launch other high value clean energy programs and services. Launching and nurturing a suite of voluntary renewable energy programs with a well strategized marketing plan is a certain way to achieve JEA's goals to maximize customer, community, environment, and financial value.

- + **Utilize Proven Channels**

At 3Degrees we utilize proven marketing tactics that successfully move customers from awareness to enrollment to retention and re-engagement.

- + **Optimize Over Time**

Optimizing and expanding the marketing channel toolkit over time will enable renewable energy programs to see consistent growth over time. At 3Degrees, we stay at the forefront of the renewable energy industry as well as print, digital, and person-to-person marketing

trends to ensure our utility partners see consistent program growth. Our use of enhance integrated campaigns and optimization addresses every stage of the customer journey.

+ **Delivering Results**

Central to execution of the marketing plan is measuring results and making adjustments as needed to achieve program goals. 3Degrees will propose regular tests and pilots to allow for continuous improvement and a truly flexible approach. By utilizing a comfortable balance of proven channels and new, expanded channels, 3Degrees keeps risk mitigation top of mind in our marketing strategy.

Proven Marketing Tactics

At 3Degrees we are adept at creating and implementing customized programs that meet each utility's unique goals and help in building their brand. Our teams help utilities design low-risk, successful programs that reach annual goals, grow support for renewable energy and enhance customer satisfaction. Below is an outline of some of the proven marketing tactics that we recommend utilizing with JEA.

Digital and Print Marketing

Bill Inserts

Bill insert campaigns remain a low-cost way to reach a large portion of a utility's customer base with a message about their renewable energy options. Bill inserts capture attention and provide an easy means of enrollment at a time when customers are already engaged with their utility and thinking about their energy use.

Direct Mail

Highly targeted and intelligently messaged direct mail campaigns can be an excellent tool in increasing customer participation and awareness, especially among customers that have a preference for non-digital channels and may be hard to reach through direct community outreach. Since 2004, 3Degrees has deployed more than 115 direct mail campaigns on behalf of utility voluntary renewable energy programs, reaching over 2.5 million customers.

Email

Emails can be an effective, low-cost and personalized tactic targeting many different customer segments. Email can drive traffic to a new program website, promote popular content and gain insight regarding the most effective digital path to enrollment. 3Degrees is accustomed to working within client email platforms to ensure data security and proactive subscriber management.

Social Media Advertising

Coordinated advertisements on social media are excellent low-cost and high-reach additions to any marketing campaign. Social media campaigns can result in positive brand awareness, social network followers and engagement rates, microsite views, program enrollment and participant

referrals. Through rigorous tracking and analysis of results with an eye towards scalability, we can gain insights into the program audience to provide a feedback loop valuable for other marketing efforts.

Community Outreach

3Degrees' Outreach Services provide effective, positive solutions for one of the most powerful marketing tactics: person-to-person outreach. Utilities across the country use 3Degrees teams to connect with current and prospective customers in urban, suburban and rural service areas. We feel that the Jacksonville community could greatly benefit from direct communication on JEA's clean energy offerings through community outreach. Below are the different ways in which 3Degrees connects with communities around the country.



- + **Courtesy Knock:** 3Degrees first began door-to-door outreach on behalf of its utility partners in 2009, and now engages with approximately 275,000 utility customers per year. Door-to-door campaigning, known as Courtesy Knock, has proved to be a successful tactic in terms of increasing program participation and contributing to positive customer experiences: customers are often genuinely appreciative to hear of their options from a utility representative.
- + **Events and Tabling:** The celebratory atmosphere of community festivals and events is ideal for positive engagement with customers. Each year 3Degrees attends hundreds of events across the country, setting up program-branded booths, offering giveaways and prizes, and creating opportunities for positive interactions with customers. Our event and tabling philosophy focuses on providing high-quality education and low-pressure outreach to customers. The program booth and table displays are able to adapt to different events, and 3Degrees staff work with Regional Business Managers and/or community event coordinators to ensure that JEA's renewable energy programs are positively represented.
- + **Courtesy Call Center:** Outbound calling through our Courtesy Call Center combines the success of Courtesy Knock campaigns with that of a utility's inbound customer contact center, providing a high-touch, personalized approach to outreach and education. The focus is on customer service with a strategy that targets a population that could not otherwise efficiently be reached through traditional Courtesy Knock campaigns. This includes apartments or condos in urban areas with secure access who are a prime audience for clean energy solutions that do not require installations or large financial commitments.

Suite Marketing

Utility customer interest in clean energy offerings continues to grow nationwide. In order to meet this demand, utilities across the country are launching new renewable energy and carbon offset product offerings. For JEA, the creation of a new clean energy option alongside its existing JEA SolarSmart program opens up an opportunity to market multiple options alongside one another.

3Degrees has worked with many utilities who have transitioned from offering a single green power program to offering a suite of renewable energy products, and with many others who have launched new community solar programs. These transitions create opportunities and challenges — not only does launching a new program take significant time and resources, but decisions made upfront about program design, launch, positioning and marketing can have long-term consequences in respect to customer experience and on the ongoing viability of a program.

It is vital that customers understand the value of the multiple options available to them via a suite of renewable energy programs. Across all touchpoints, customers must be able to quickly and easily understand the benefits of each program and the differences between them.

- + **Customer experience:** The value proposition and messaging for each program must be clear, with a focus on customer education and guidance.
- + **Co-marketing:** Customers should understand the full suite of offerings a utility offers rather than seeing marketing campaigns specific only to individual programs. Co-marketing — with appropriate cost-allocation to avoid any inappropriate subsidization — can be an effective tool for increasing customer satisfaction and awareness while also reducing marketing and administration costs.
- + **Product platforms:** 3Degrees has supported other utilities in leveraging the REC-based green power program as a platform from which to successfully launch additional products and services. The development of new programs need not mean the decline of established offerings, in fact established offerings can both thrive and offer increasing value to utilities as new programs are launched. Through the application of a thoughtful and strategic approach, we can position each program for sustainable, long-term success.

3Degrees stands ready to apply these services to support a potential suite of renewable energy offerings from JEA.

Payment Structure

3Degrees has the flexibility to work under many different payment structures. While we can function as a typical consultant paid at hourly rates or flat fees, our most utilized payment structure is our pay-for-performance structure.

Unique and Flexible Payment Models

3Degrees' typical contract structure is a pay-for-performance model wherein 3Degrees' monthly payment is based on an agreed upon fee per MWh of renewable energy sold to the participating renewable energy program customers each month. As a result, 3Degrees receives a fixed portion of the program revenue on a monthly basis. The vast majority of 3Degrees' contracts with utilities are structured in this way. We believe this structure offers significant benefits in helping our utility partners reach program goals. Consider that the pay-for-performance structure offers utilities the following advantages:

- + **Aligns payment with program sales for more flexibility over the long term:** If customer participation and therefore MWh sales grow, the program is better positioned with the revenue needed to support new product launches, promotion of other programs, awareness initiatives, and the ability to test, measure and learn from innovative campaigns which may result in developing lower cost channels or tactics.
- + **Reduced risk to utility:** 3Degrees is only compensated for what is sold through the program; therefore, if sales fall due to the loss of a large commercial entity, lower than expected customer growth, or some other reason, 3Degrees shares this burden with its utility partners. 3Degrees' fees never exceed the actual revenue of the program.
- + **Transfer of all marketing costs:** In the pay-for-performance model, 3Degrees bears all marketing costs associated with executing its marketing plan, including printing, postage, media buying and fulfillment. This further reduces financial risk to the utility and saves our partners considerable time contracting, coordinating, and managing multiple vendors.
- + **Incentive to grow the program efficiently:** Renewable energy program participants want to know that their monthly contributions are being invested wisely. Because 3Degrees bears the costs of all investments and benefits only when the program grows efficiently, 3Degrees' payment structure is well-aligned with participant values. Similarly we are incentivized to maintain the participant base keeping customers happy and keeping acquisition costs to a minimum.

Conclusion

As the nation's leading provider of services in support of utility community solar and REC-based programs, we at 3Degrees believe we are best positioned to support existing and future voluntary programs at JEA. From consulting on program design to offering exceptional customer service through a Courtesy Call Center, 3Degrees has the resources to provide turnkey solutions and ensure the best possible outcome for JEA. Our expertise is in creating and managing programs that utility customers want to be part of, and our track record shows it. We look forward to learning more about the value that JEA might see in customer offerings, and discussing these opportunities further.