

# Refreshing the way we bill: Prepay energy customer survey

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We know utilities.

December 11, 2024

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# Agenda

- Overview of the PEWG
- What is prepay?
- Highlights of the 2024 prepay database
- Survey findings and details
- Considerations
- Next steps

# Overview of the PEWG

- In 2024, the E Source Prepay Energy Working Group (PEWG) will mark its 15<sup>th</sup> year as the industry's leading forum for the exploration of prepaid energy service offerings and other enhances transactions enabled by the smart grid.

# PEWG growth through actionable research

## Broad spectrum of members

- Participants include energy utilities and suppliers, vendors, and public stakeholders.

## Research across seven tracks

- Regulatory issues
- Energy conservation impact assessment
- Customer arrearages
- And more

## Futureproofing the utility industry

- Prepaid energy is a catalyst about the need for innovative and “smart” consumer offerings and the need to bring the rulebook into the 21<sup>st</sup> century

# PEWG: The prepay hub for the utility sector

## Actionable research

- The PEWG encourages productive discussion and information-sharing.

## Market intelligence

- Analysis and findings are vetted and industry thought leaders, incorporating their perspectives and observations.

## Peer-to-peer interaction

- PEWG members share on-the-ground knowledge and the latest developments in prepaid development

# PEWG: The prepay hub for the utility sector

## Proof points for energy savings

- Prepaid energy has a vetted measurement of 11% average energy reduction.

## Actionable results

- A viable path to future energy savings via a transactional approach coupled with behavior modifications.

## Practical info sharing

- The PEWG has focused on enrolling customers in prepaid energy service.



**The leading forum on prepaid energy, the PEWG consistently produces ground-breaking research, highlighted by industry press and presented to policy-setting bodies.**

# Roster of PEWG members





# What is prepay?

# What is prepay energy?

Prepay energy is a voluntary bill-pay option for consumers to pay ahead for energy consumption in the future. Some consumers appreciate the convenience and flexibility of the option.

Others appreciate an alternative to security deposits or payment arrangements.

*Once consumers begin using prepay energy, they tend to drop their energy consumption significantly.*



# The “12 Cs” of prepay

Feature	Using the feature in other services
<b>Convenience</b>	“Convenience” is the most frequently cited value of prepay; prepay is flexible, simple, and suits many lifestyles
<b>Commitment</b>	Making a commitment to pay in advance empowers those who have responsibility to manage household expenses
<b>Choice</b>	Choice—even between two things—gives consumers agency; households choose when and how much to pay
<b>Conservation</b>	Accurate, timely information teaches people about cost drivers, adjust behaviors, exercise thrift, and save 10%
<b>Control</b>	Paying in advance avoids a security deposit; unbanked consumers want a place to bank dollars; “knowledge is control”
<b>Communication</b>	Simple, frequent communications are preferred; daily cost information satisfies curiosity about household cost drivers
<b>Clarity</b>	Advanced payment is simple; prepay eliminates surprise bills; daily billing is understandable; traditional bills are dense
<b>Customization</b>	When, how, and what information is received is are controlled by consumers; info & payments match lifestyle
<b>Currency</b>	Routine payments to the account align with consumer’s value of the service; consumers embrace the value of service
<b>Commodity</b>	Almost no one understands a kilowatt-hour of the commodity; prepay transactions transcend commodity billing
<b>Collections</b>	People work off debt in direct proportion to payments (% of payment is applied; no fixed monthly payments)
<b>Connection</b>	Prepayment realigns the customer-utility relationship; customer expectations match reality; trust in the utility grows

# Sample of US prepay programs

Utility	Program name
Black River Electric Coop, Inc.	PrePaid
Clinton Utility Board (CUB)	FlexPay
Duke Energy Carolinas (NC and SC)	Prepaid Advantage
Georgia Power	PrePay and Pay-By-Day
JEA	JEA MyWay
Orlando Utilities Commission	OUC Power Pass
Public Service Company of Oklahoma	Power Pay
Salt River Project (SRP)	M-Power

# Customer satisfaction scale of 1–10 (one utility's verbatim)



Highly satisfied (9/10) = 77% of customers



Moderately satisfied (7/8) = 14%



Slightly satisfied (1-6) = 9%

# Who loves prepay?



## Low-Income or Struggling Households

- Alternative to security deposit
- Paid weekly; cash management; budgeting
- No savings accounts; prepay enables setting money aside
- In debt; prepay is an alternative to payment arrangement
- Prepay avoids fees and penalties



## Green/ Environmentalists

- Daily information leads to conservation
- Combine with renewable energy
- Precisely know the emissions impacts

# Who loves prepay?



## Recent Immigrants

- All income level
- Experienced with prepay
- Provides control and convenience
- May be paid in cash



## Millennials and Gen Z

- Pay-as-you-go is appealing
- Ease of payment is important
- Provides cash management
- They do everything on their phone



## Wealthy

- Top 10% of income
- Children in college
- Rental properties
- Remote asset management
- Automatically reload

# Prepay business case analysis

The PEWG has been developing a robust business case for prepay including spreadsheet modeling on costs and benefits.

The prepay business case focuses on:

- **Arrearage management:** As an alternative to payment arrangements.
- **Operational savings:** Especially in the utility contact center.
- **Customer satisfaction:** Prepay has a proven track record to increase c-sat.
- **Energy Conservation:** Including prepay as a behavioral efficiency measure.



We've revised the PEWG scope and agenda to reflect the priority of managing through what we expect to be a prolonged affordability and debt crisis in the utility sector.



# Survey findings and details

# Research methodology

- The Russell Omnibus was conducted via the internet among 1,013 adults 18 years of age or older from September 6–September 9, 2024. Figures for gender, age, and geography were weighted where necessary to match their actual proportions in the population. The bases shown in this report are the unweighted bases.

An invitation to participate in the study was sent by e-mail to panel members who have agreed to be contacted by Russell Research and interviewed over the Internet.

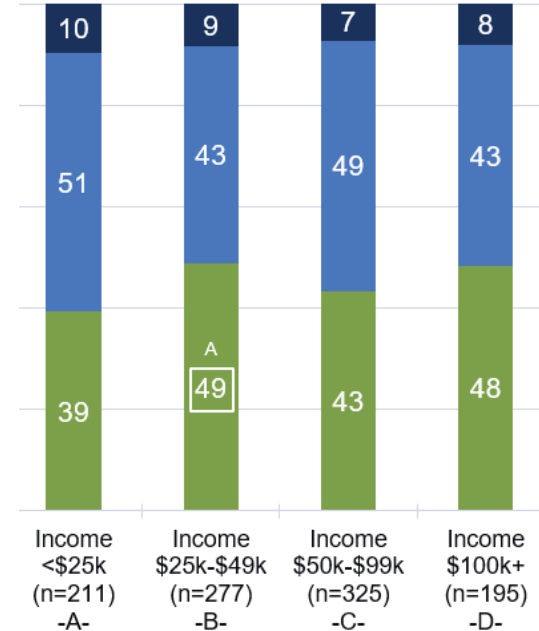
- Participating respondents were interviewed online at a secure Russell Research URL programmed for this study.
- Sample was provided to Russell Research from a leading sample provider.

*All research was carried out in compliance with all relevant legal and ethical requirements within the market and in compliance with ISO 20252:2019.*

# The boxes tell a story

The following statistical notation is used throughout the report:

= Indicates figure is significantly higher than the other/indicated sub-group at a 95% confidence level



Example: Column B has a large difference with Column A

# Survey narrative

# Bill pay is utility customer experience (CX)

- More customer want to get their utility bill and pay it. For these customers, they are looking to quickly understand what they owe and easily pay the bill using their preferred channels. Utilities have an opportunity to improve CX quickly by investing in bill pay channels, platforms, and options without a lot of additional cost.



# Customers want alternatives to traditional bill pay

Over half of the respondents to the 2024 survey clearly indicated an interest in prepay energy as a voluntary option to pay their utility bills. 27 percent of the respondents were either “extremely” or “very” interested in prepay energy. And even if the survey respondent didn’t believe that prepay energy was right for them, two-thirds of survey respondents believed that the utility should offer prepay energy as an option. Why? Because prepay offers more flexibility and control than traditional utility bill pay.

# The top messaging choice around prepay

“You could save 5 percent or more on your energy usage by switching to prepay.”

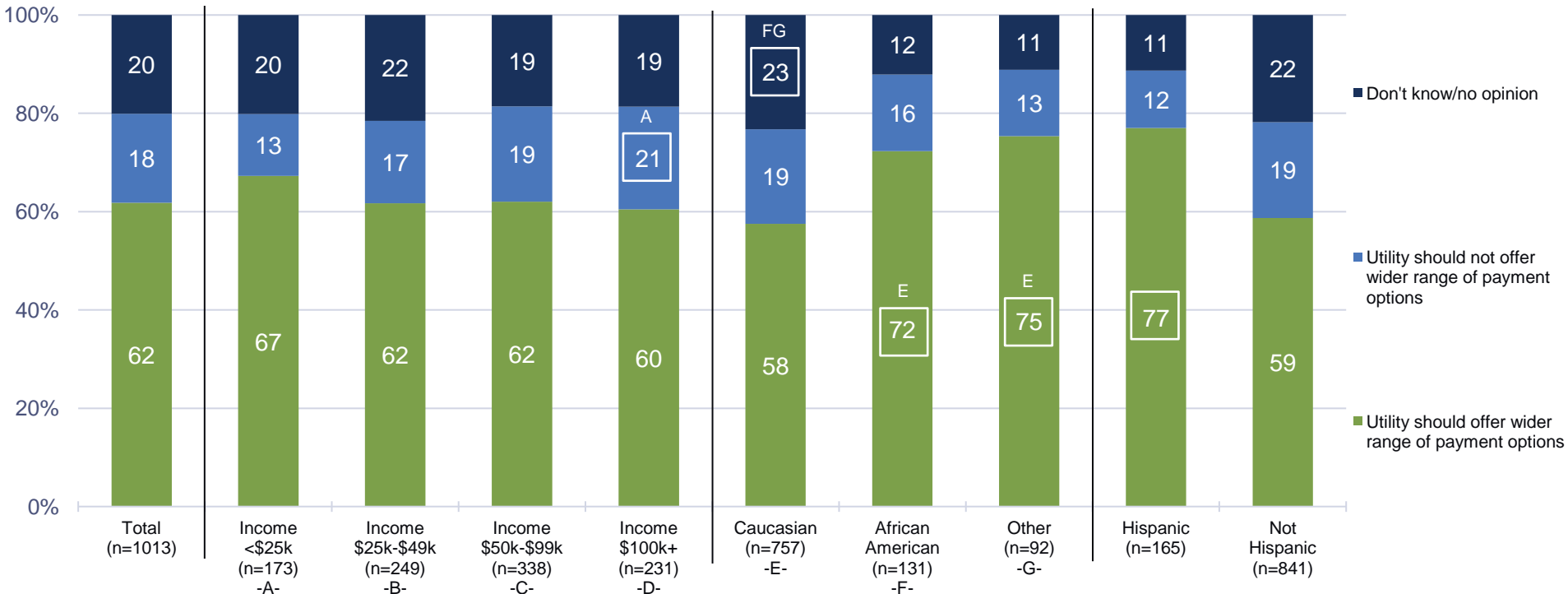
Who could argue with that?



# Survey details

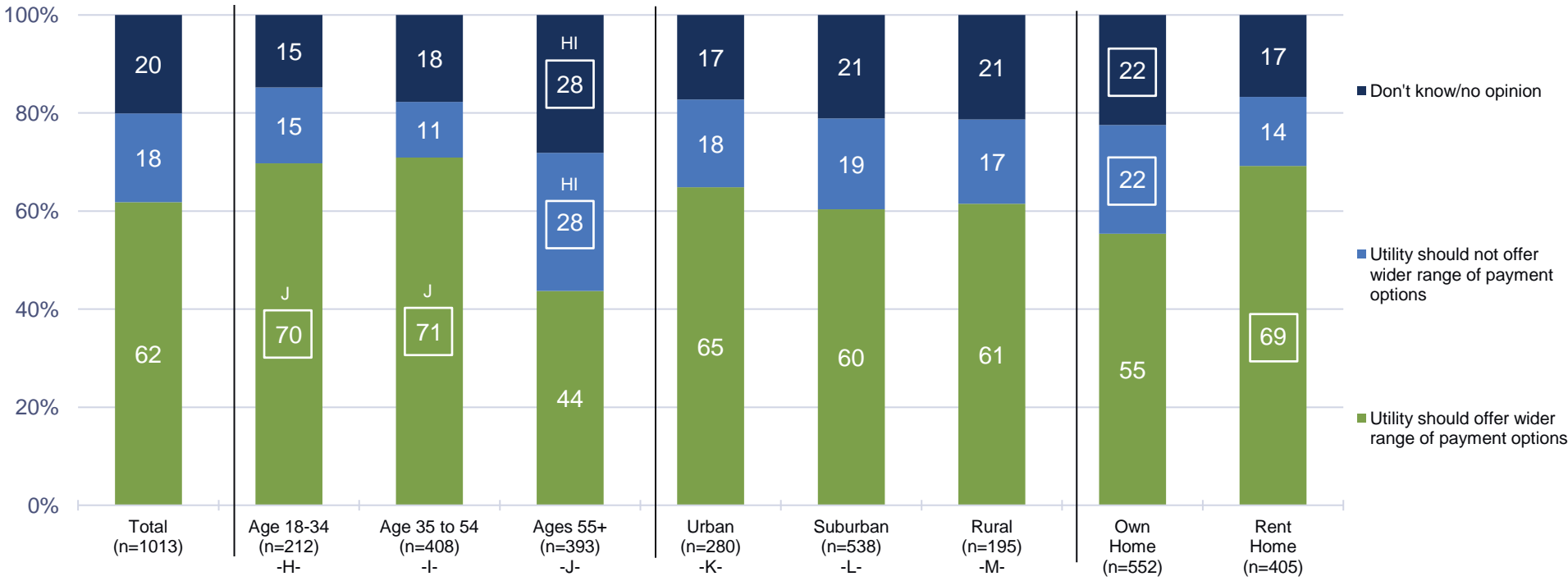


# Should utility offer wider range of payment options



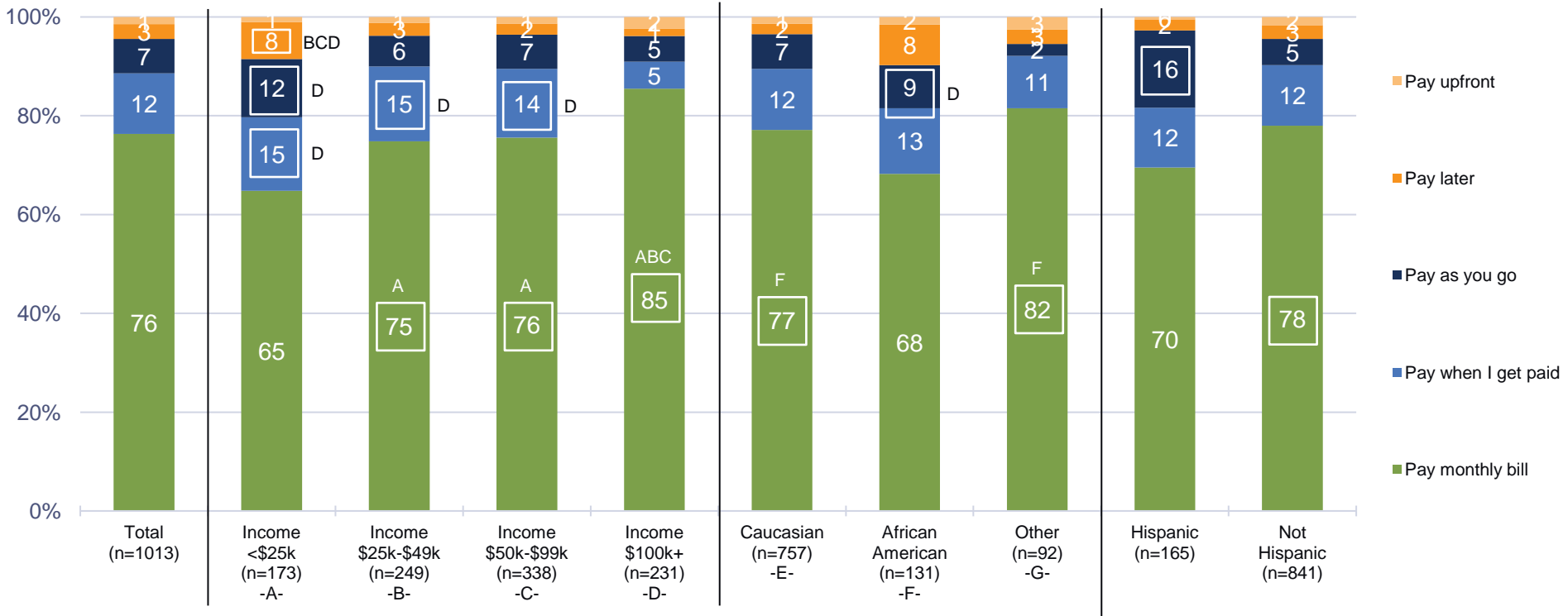
Base: Total Respondents. M9. Generally speaking, do you think your utility should be offering a wider range of payment options than it currently does?

# Should utility offer wider range of payment options (cont'd.)



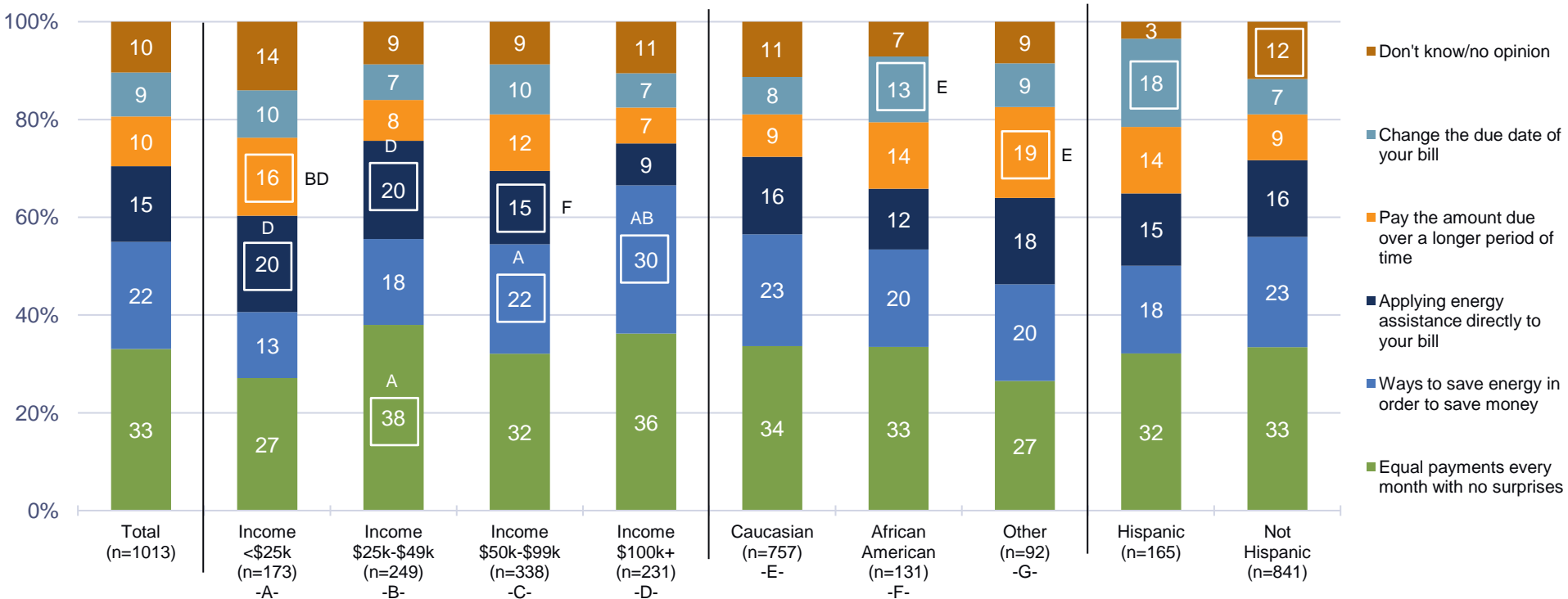


# Preference for when to pay household bills



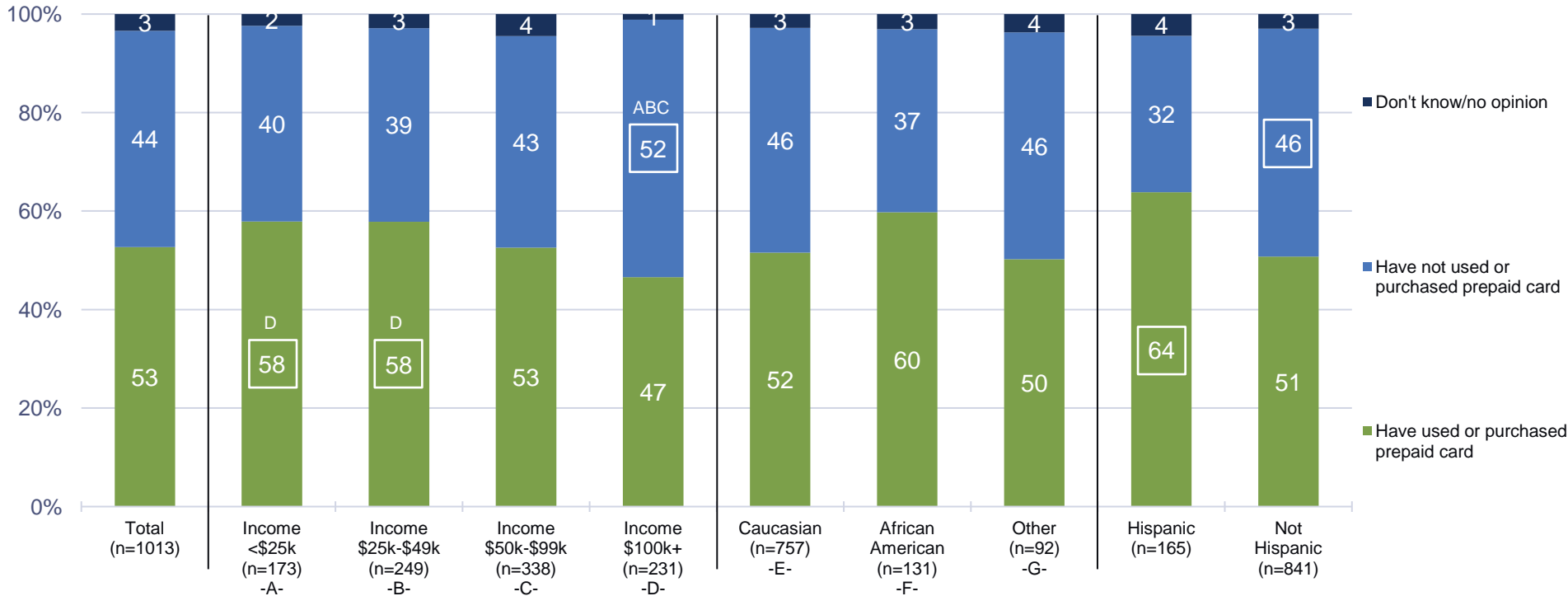
Base: Total Respondents. M2. If given the choice, choose which option best describes when you would like to pay household bills?

# Most helpful payment arrangement

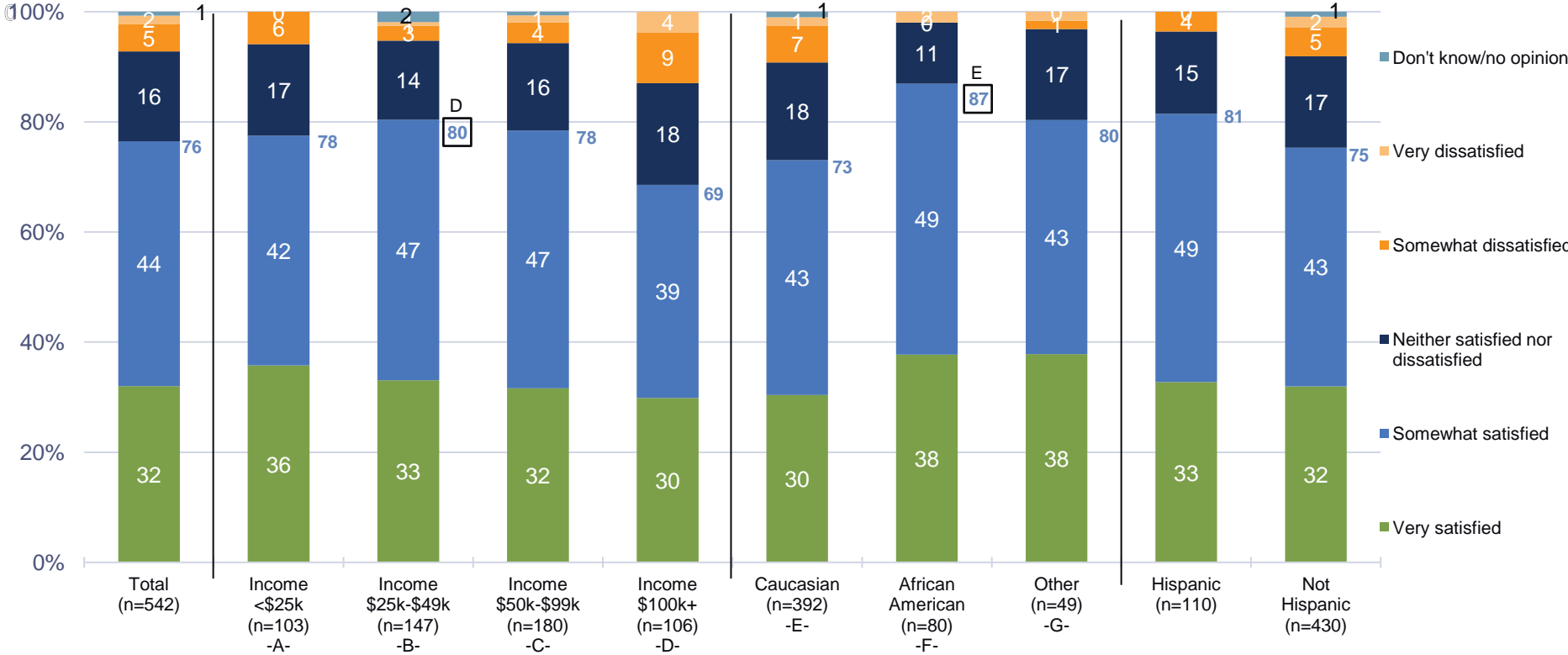


Base: Total Respondents. M10. In addition to prepay energy, some utilities are considering alternative approaches to helping customers manage their utility bills. Which of the following features would be most helpful to you?

# Usage/purchase of prepaid cards

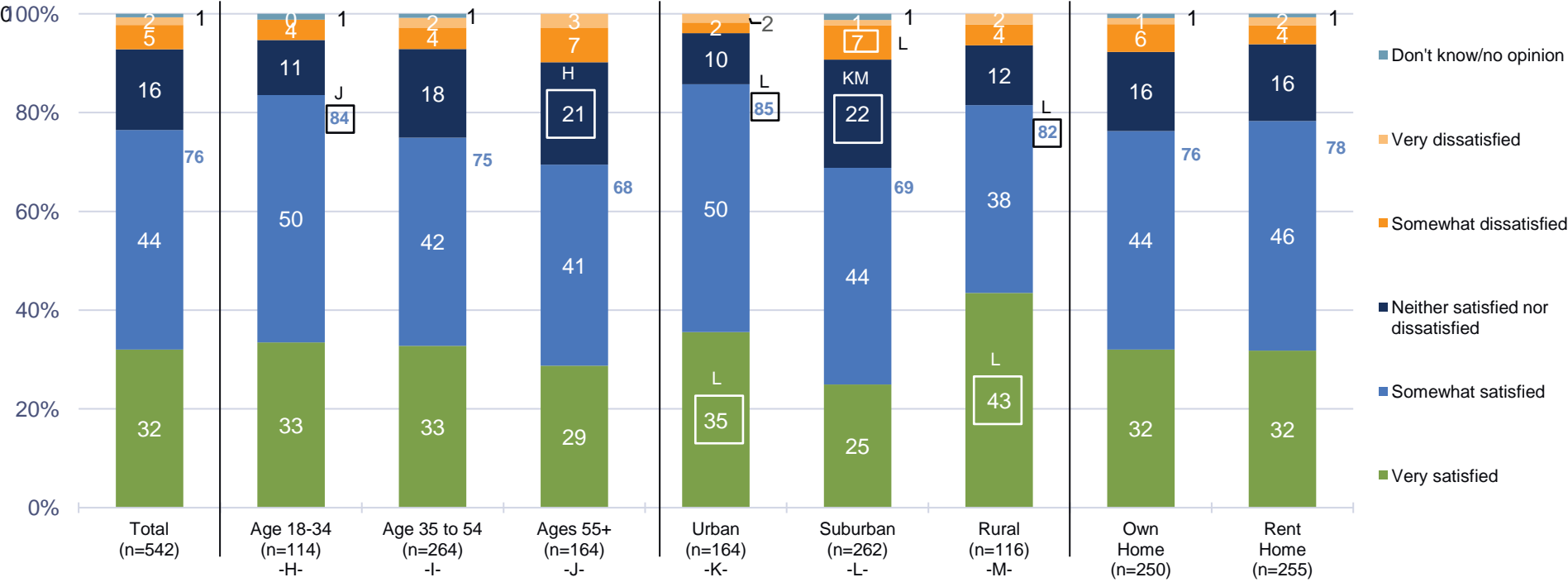


# Satisfaction with prepayment



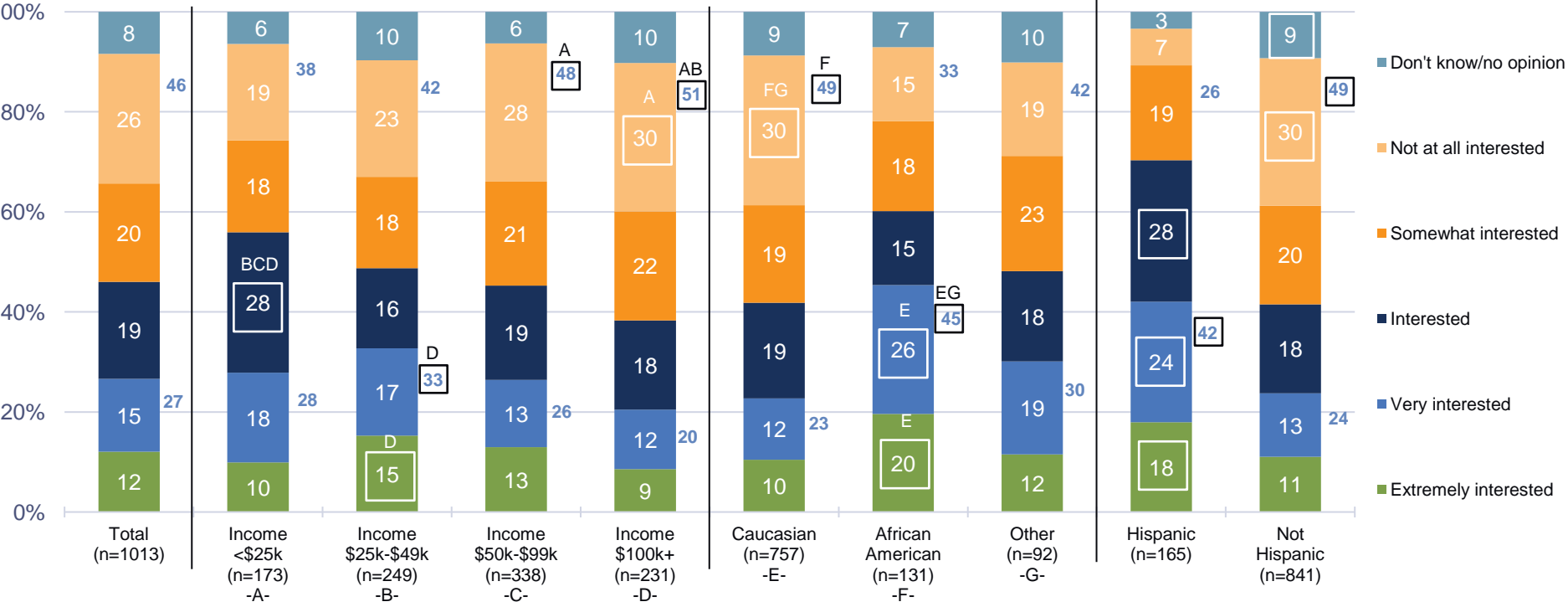
Base: Total Have Used/Purchased Prepaid Card. M4. How would you generally rate your satisfaction with using prepayment as an option to make purchases or contract for services?

# Satisfaction with prepayment (cont'd.)

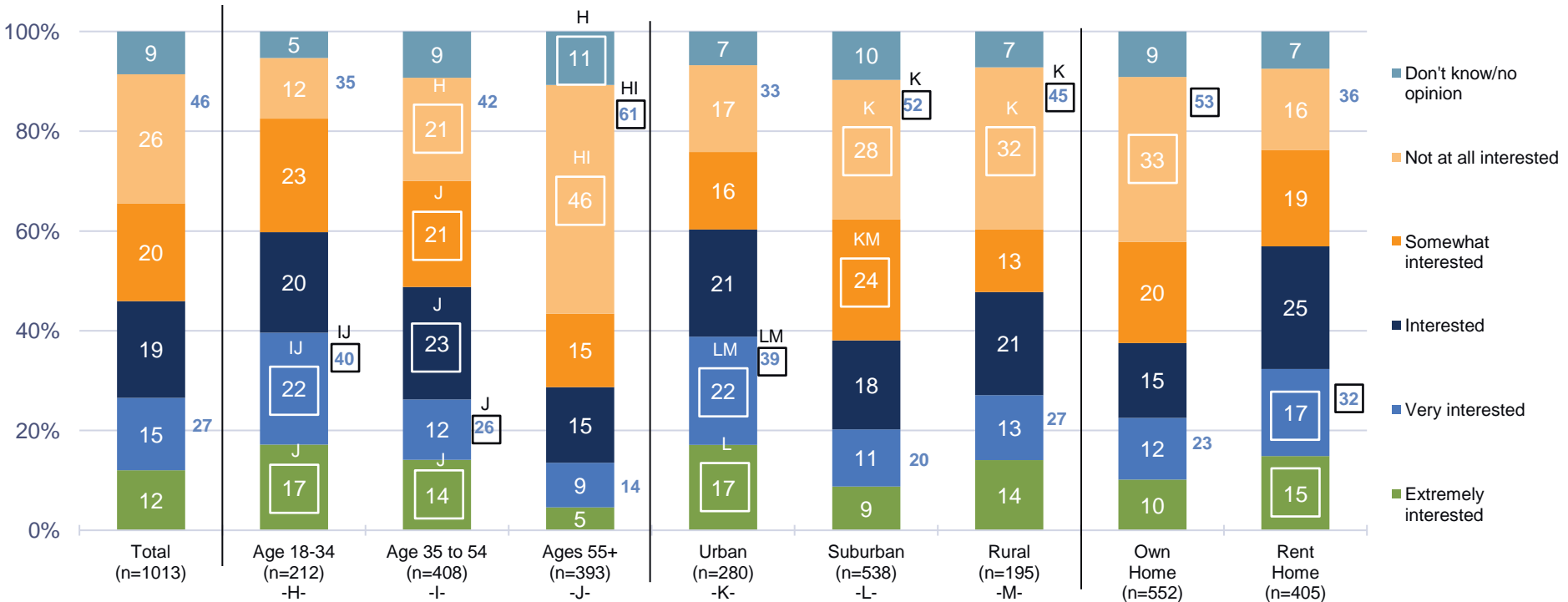




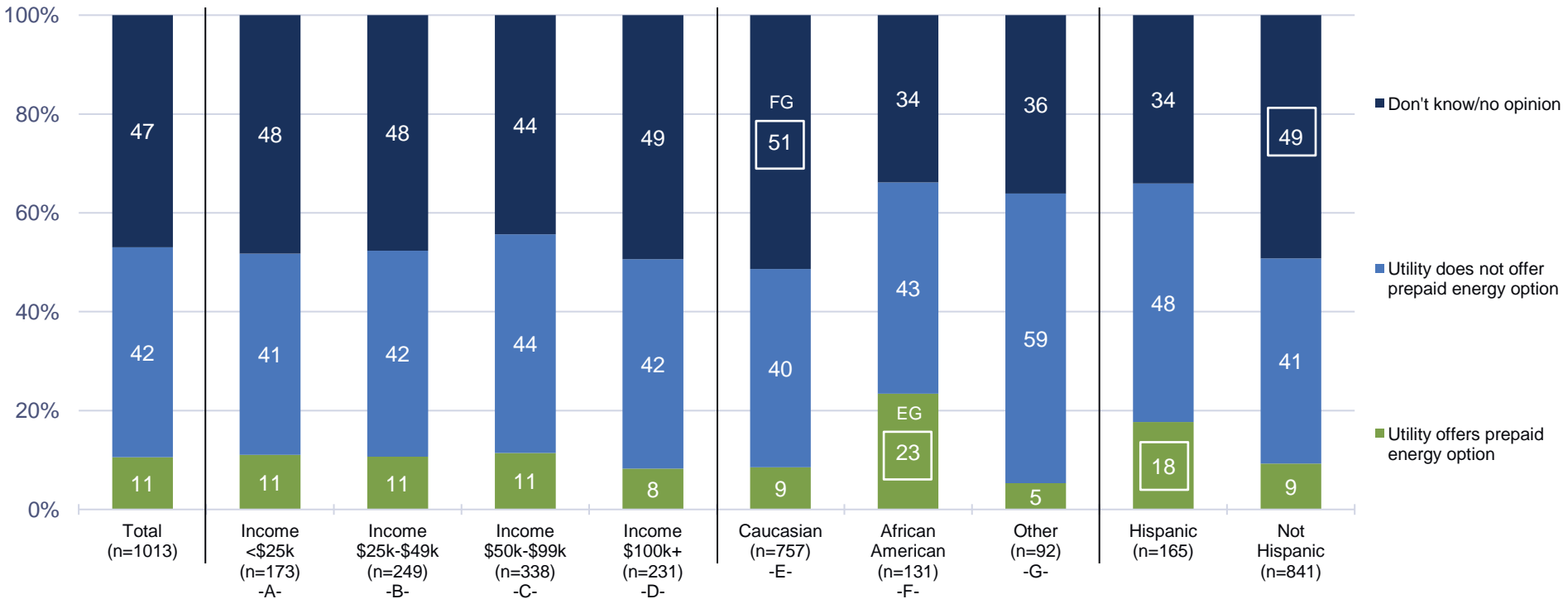
# Interest in voluntary prepayment for utilities



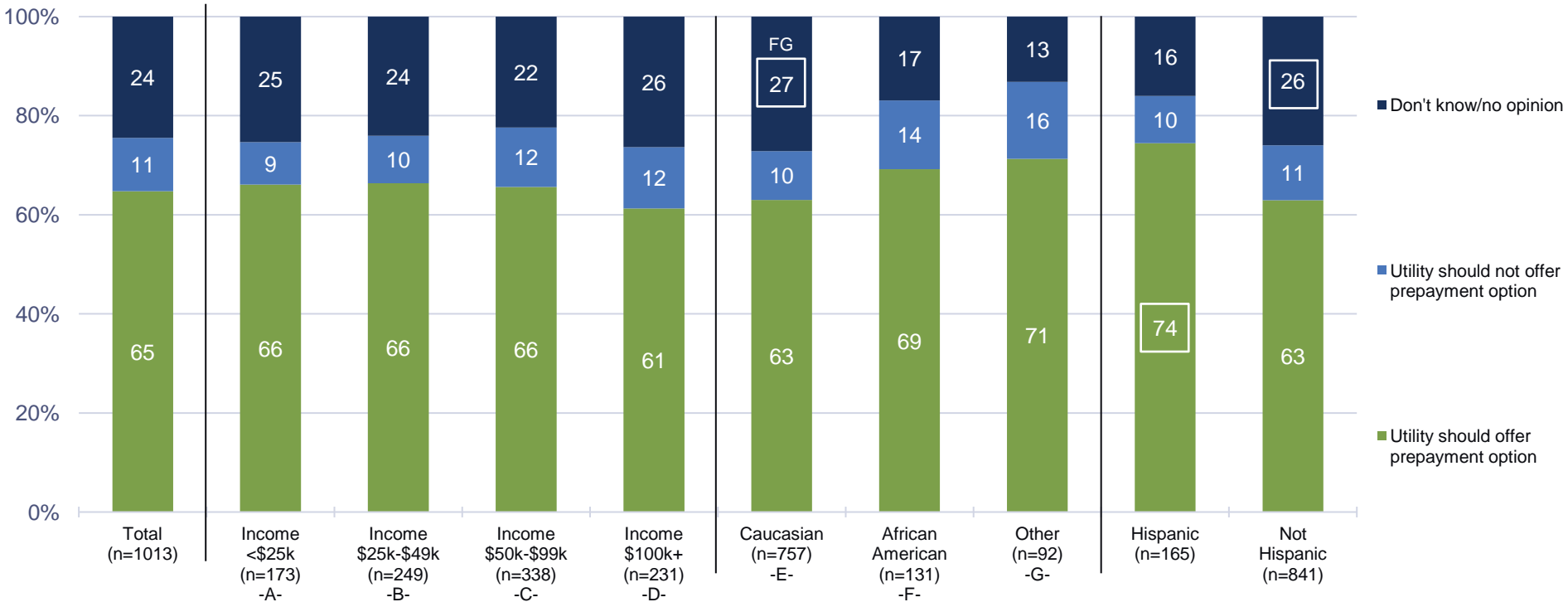
# Interest in voluntary prepayment for utilities (cont'd.)



# Is voluntary prepaid option currently offered



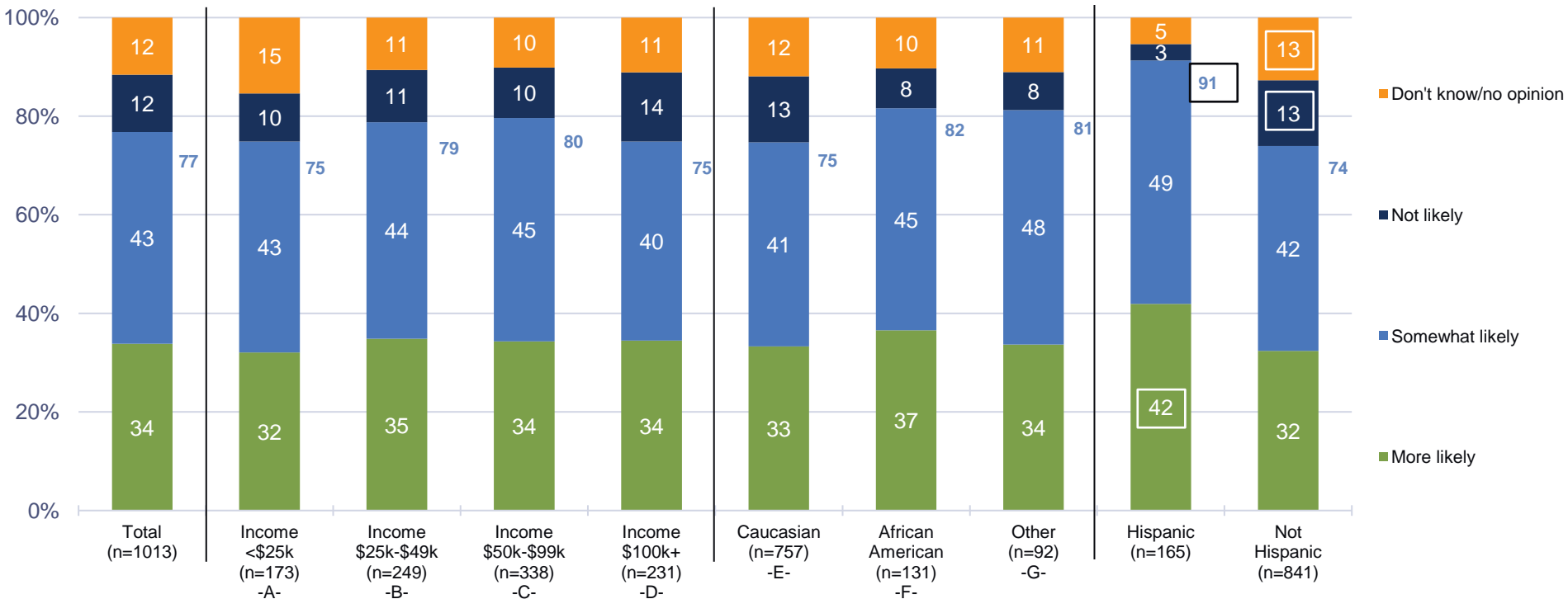
# Should utility offer prepayment option



# Two benefits of prepaying for energy service

	Total	Household Income				Race			Ethnicity	
		Income <\$25k -A-	Income \$25k-\$49k -B-	Income \$50k-\$99k -C-	Income \$100k+ -D-	Caucasian -E-	African American -F-	Other -G-	Hispanic	Not Hispanic
Total Respondents	(1013)	(173)	(249)	(338)	(231)	(757)	(131)	(92)	(165)	(841)
	%	%	%	%	%	%	%	%	%	%
It eliminates surprises on the size of the utility bill	51	40	51	53 <sup>A</sup>	57 <sup>A</sup>	53	44	47	46	52
It improves family budgeting	38	31	31	42 <sup>AB</sup>	43 <sup>AB</sup>	40	31	32	33	39
I get control over my usage and cost	37	48 <sup>BC</sup>	35	34	38	36	39	45	44	36
There is no need to make a security deposit to start service	23	26	24	24	19	22	30	22	26	23
It is an alternative to making a utility payment arrangement	19	20	22	16	20	19	22	19	13	20
It is a way to simultaneously keep lights on and pay down debt in small amounts	19	20	25 <sup>CD</sup>	17	14	18	24	20	16	19
You can apply the existing security deposit to pay any past due amount	12	15	11	14	9	12	11	15	22	10

# Likelihood to use prepay knowing there is money savings



# Considerations

# 2024 prepay customer survey highlights

- Utility bill pay is CX for many customers. Customers are clearly looking for alternatives to traditional bill-pay options.
- A majority of customer use prepay in general and are satisfied with the option.
- Two-thirds of survey respondents indicated interest in prepay energy as a voluntary option to pay their utility bill. 27 percent were “very” or “extremely” interested.



# 2024 prepay customer survey highlights

- Prepay energy is not for every customer and requires a more segmented view of the customer base. Even if a survey respondent didn't think prepay was the right option for them, customers strongly support prepay energy being offered to others.
- Prepay energy is not just an LMI option. Prepay segments are diverse, including younger customers, immigrants, green customers, credit customers, and even wealthier customers.
- There is a strong correlation between energy savings (e.g, behavioral efficiency) and bill savings. If that connection is made with customers, the likelihood that customers would be interested in prepay increases significantly.

# Next steps

# Next steps

- Everyone will receive access to a copy of this recording and deck.
- Let me know if you are interested in learning about the Prepay Energy Working Group.
- Looking ahead to 2025:
  - Planning call in January.
  - 2024 State of the Utility Customer survey webinar in January.

# Contact



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