



ERCOT AMI DR Workshop

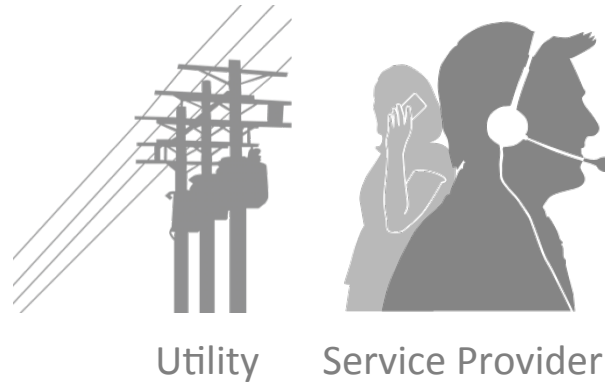
August 30, 2011



Two approaches to mass market deployment

Top Down Approach

Utilities and service providers offer HAN equipment, installation, support, and service.



Customers enroll in DR program in response to savings opportunities and direct incentives.



Two approaches to mass market deployment

Bottom Up Approach

Utilities install AMI meters



Utility



Customers can purchase any compatible technology.



Why the consumer channel?

If we:

- Design an easy-to-install, user-friendly, modular system that consumers want.
- Provide consumers with the tools they need to realize the promise of dynamic pricing.
- Provide utilities with a network-agnostic active management capability to implement dynamic pricing.

Then we can:

- Bridge the DR/EE gap: demonstrate opportunity for DR and EE incentive mechanisms to benefit consumers *and* utilities

Initial consumer product offering

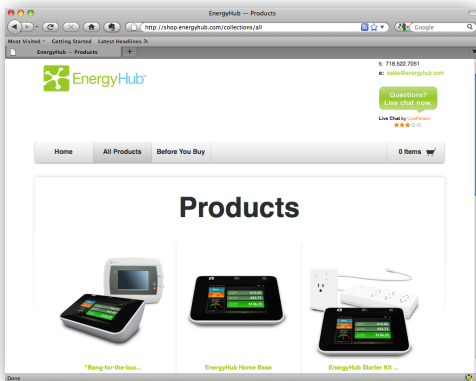
Product Family



Software Platform



Our direct-to-consumer approach



- Launch product at SXSWi
- Recruit beta testers via Twitter
- Give away free systems to 10 beta testers
- Offer promotional pricing to 1,000 beta testers
- Refine messaging
- Launch e-commerce site
- Identify high-demand configurations
- Partner with installation service provider
- Test A/B price points
- Quantify results

What we learned

- Successes
 - Overwhelming consumer interest
 - Many consumers in TX successfully bought and paired via SMT without calling us or their utility!
 - 100% overall smart meter provisioning success rate in TX—but sometimes with heavy intervention from EnergyHub and TDUs
- Issues
 - Product complexity is a significant barrier
 - Smart meter provisioning everywhere else is impossible
 - Lack of meter access eliminates whole-home monitoring option, prevents many purchases
- Lessons learned
 - Messaging must be extremely clear, use visuals wherever possible, clearly articulate value proposition and payback
 - Help consumers identify their meter type, educate them on thermostat compatibility
 - Technology providers carry burden of educating consumers

What's unique about the ERCOT market?

- Focus on customer acquisition and retention
- REP interest in DR only secondary to selling kWhs
- Access to the customer through SMT – allows for more flexibility
- Vertically-integrated utilities can reap EE and DR benefits, whereas TDUs and REPs only see value in some aspects of home energy management solutions



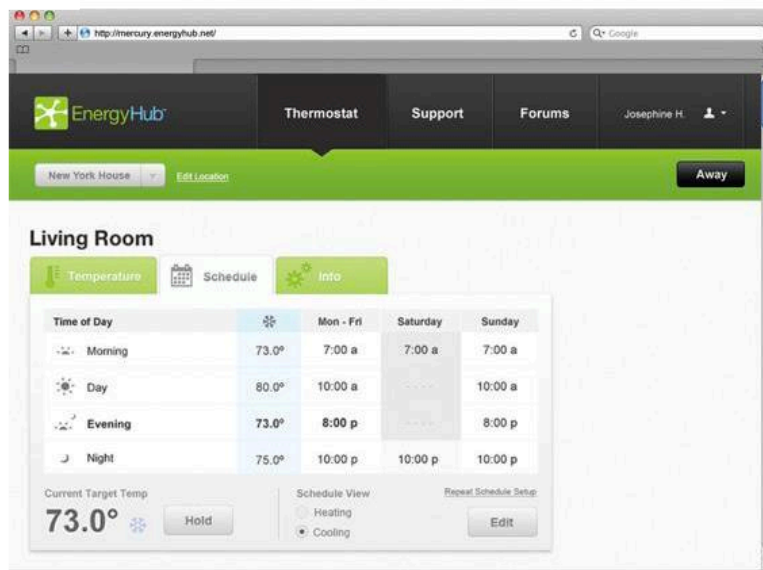
What's next?



Smart thermostat links to cloud for energy savings

By: Martin LaMonica

AUGUST 1, 2011 6:51 AM PDT



Energy Hub's Mercury software lets consumers program connected thermostats from a Web page or smart phone and its back-end data service optimizes climate settings for efficiency. (Credit: EnergyHub)

EnergyHub is making smart thermostats smarter by hitching them to a large database.

The residential energy company today announced a software system that works with connected thermostats in people's homes to optimize settings for energy savings. Called Mercury, the software is aimed at broadband providers, utilities, and thermostat manufacturers, which will offer the service to consumers.

Programmable thermostats are one of the most effective ways to lower energy consumption, but many consumers don't own them or don't take the trouble to program them. With EnergyHub's software, people will be able to program HVAC systems through a Web site or a smart phone application with a far simpler interface, according to EnergyHub CEO Seth Frader-Thompson.

Just announced Mercury, our new connected thermostat platform.

What's next?

REPs have opportunity to figure out which business models work for customer acquisition and retention:

- Give it away with customer commitment
- Offer customer rebates
- Subsidize retail sale
- Provide equipment, install for free, charge monthly subscription fee
- Resell aggregate DR capacity



EnergyHub™

Seth Frader-Thompson, CEO
frader@energyhub.com
Office: 718-522-7051
Mobile: 917-232-7752