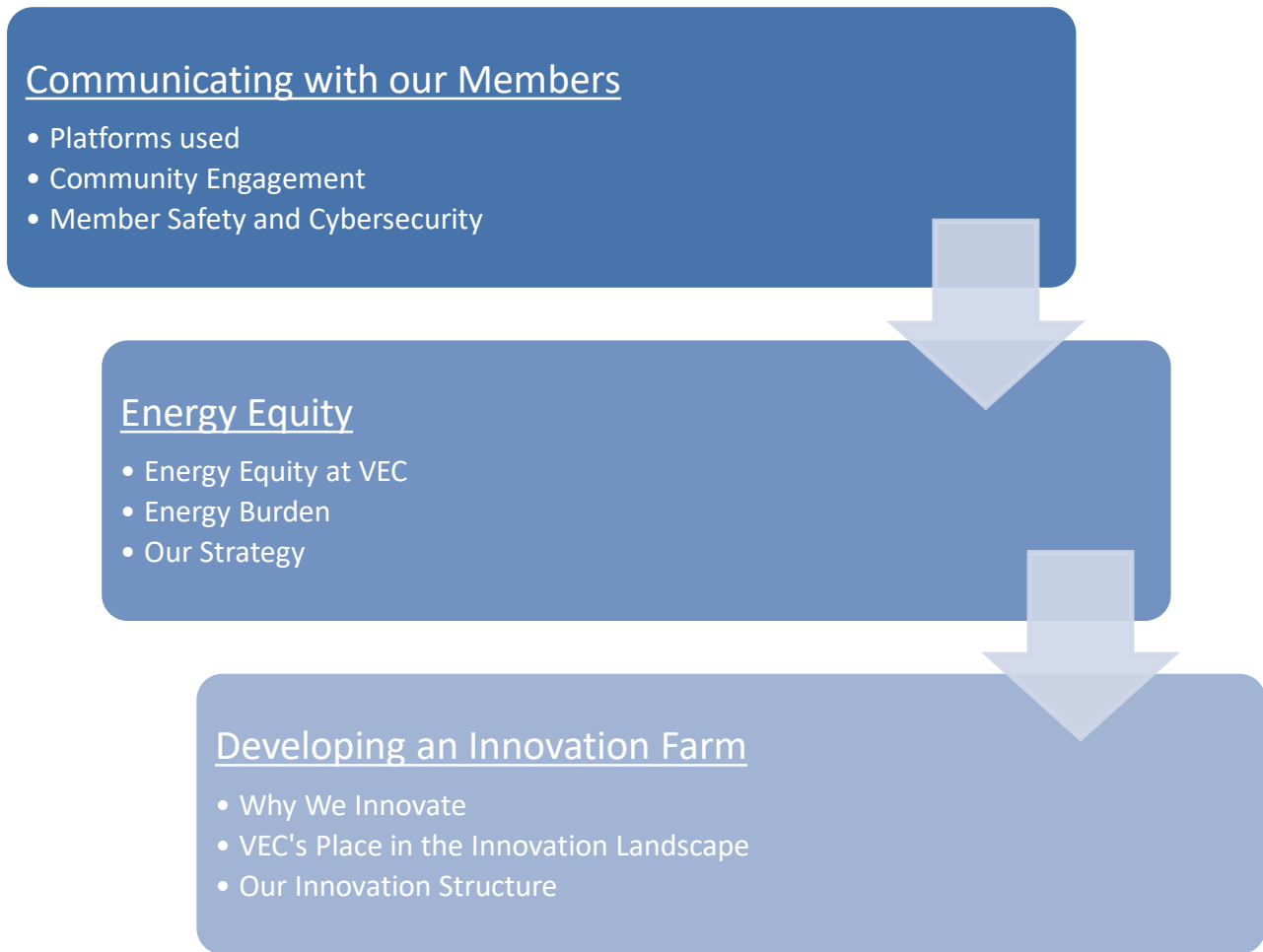


3 Communicating with our Members, Energy Equity, and Innovation

3.1 Introduction

This section of the IRP contains an overview of VEC’s member outreach, energy equity focus, and innovation strategy. As we act to ensure a cleaner energy future our members continue to be at the center of everything we do. Through continued innovation we will create a resilient, reliable, and affordable power system.

3.1.1 Section Overview



3.2 Communicating with our Members

VEC has a proven track record of creating exceptional member service. Informed by various sources of data, including annual member surveys, member requested work feedback postcards, analytics of our digital communications, and direct face-to-face feedback, VEC continues to refine our practices to continuously improve the member experience. Courtesy, timeliness, clarity, and transparency are key guideposts for all our member interactions.

Broadly speaking, there are many factors that require VEC to think ahead, innovate and implement new ways of keeping members engaged and informed. Demographic changes are increasing the proportion of our members who are involved in how they use energy, requiring a more performance-based, real-time, and digitally driven member experience. Member expectations regarding reliability continue to evolve as more people work from home and more people move to our state from less rural areas. Members expect fewer outages and more real time information about restoration estimates. Changing regulatory requirements also translate into new programs for members. As weather continues to challenge the reliability of the grid, we will need to be anticipatory and fast-acting in our member communications. Finally, as-yet-unknown trends in the utility sector will push us to continue to be creative in seeking ways to improve the member experience.



Figure 3.1.1.A Utility Arborist, Jeremy Tinker meeting with members

3.2.1 Platforms Used

VEC's member experience takes many forms. We work to "meet members where they are at" which may be phone, mail, digital, or face-to-face. Members have face-to-face contact with field staff including line workers and meter technicians as well as with our member service staff in our business office in Johnson. Members also connect with VEC staff and directors at VEC's annual meeting and other community events. Phone communication continues to comprise a considerable amount of our member contact, with approximately 5,000 incoming calls on average per month.

Other member communication channels include:

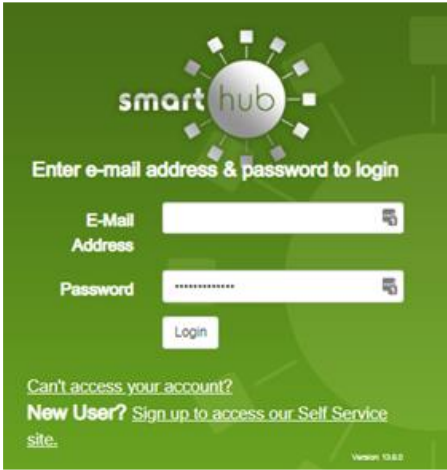
- Direct e-mails (on average 400 incoming to Member Services per month).
- Quarterly *Co-op Life* newsletter (sent hardcopy or electronically to all co-op members depending on their preference).
- VEC Website, including pilot LiveChat feature and on-line forms.
- SmartHub App (where members can monitor usage, pay or schedule bill pay, and message VEC).
- Monthly on-bill messages and bill inserts
- Social media channels (Facebook, Twitter, Instagram, LinkedIn, and Front Porch Forum)
- Outgoing automated calls and text alerts.

VEC continues to encourage our members to sign up for and use our on-line portal and app, SmartHub. SmartHub allows members to check electric usage, pay bills, enroll for paperless billing, and get alerts of various types. Over 60% of VEC members have signed up for SmartHub accounts and more are joining every day.

“Convenience! 100 Percent.”

That is how one member recently described SmartHub in a social media post. Another member, Patty Titus of Hinesburg, had this to say:

“We love SmartHub. It lets us see our usage so we can make changes in how we use electricity so we can lower our bills. It’s also easy to pay your bill through the portal, and we love the outage feature too.”



3.2.2 Community Engagement

As resources allow, VEC visits farmers’ markets, service clubs, schools, local energy committees, and public safety organizations in our member communities. VEC members also gather together at the VEC Annual member meeting that is held every May. Over 2,500 VEC members support their local communities by rounding up their bill or donating their annual member capital to the VEC Community Fund, which provides small grants to support local, non-profit organizations.

As would be expected with any membership organization such as VEC, levels of member engagement vary. The majority of our members have regular but basic contact with VEC. They receive and pay their bills and receive our quarterly newsletter. Other members are more frequently engaged, following us actively on social media and inquiring more regularly about innovative projects or energy efficiency opportunities. A smaller group is engaged particularly with VEC’s energy transformation projects, enrolling in innovative technological programs. And, given our demographics, we have ongoing engagement with members who struggle to pay their bills and may face disconnection. As we focus on our core mission of delivering safe, affordable and reliable electricity and at the same time embrace changes in the electric industry, VEC works hard to provide the best member service possible to all members no matter their level of engagement.

A critical element of VEC’s ongoing enhancements to the member experience is continuing to focus on data as a key tool to optimize our communications. We track a range of metrics, including year-to-year answers to repeat questions on our member survey, social media followers, and the level of engagement (open rates and click rates) with our email communications. We also have enhanced our web presence and, importantly from a member experience perspective, have adopted a system of enrollment forms that has streamlined processes.

3.2.2 Annual Meeting - Fundamental to Member Experience

One of VEC’s key elements of our member experience is our Annual Meeting held each May. At this half-day event, we finalize the board election, offer an update on co-op activities, highlight exciting trends and opportunities in the energy sector, and hear from members. The event includes breakfast, fun, and door prizes. In recent years, Annual Meeting has drawn approximately 200 members. In 2018, VEC celebrated 80 years serving our members.



3.2.3 Annual Member Survey

VEC’s Annual Member Survey helps VEC to get valuable feedback from members. The survey measures members’ views on various subjects, including employees’ courtesy, understanding, and helpfulness; the speed and efficiency of responding to and resolving customers’ problems or issues; employees’ professionalism; and overall customer service. We also use the survey to gage members interest in new and innovative energy programs and technologies. Member survey results are available on our website [here](#).

3.2.4 Outage Communications

VEC appreciates that accurate and timely information is critical during both planned and unexpected power outages. VEC deploys a variety of communication mechanisms to keep members informed which vary depending on the duration and extent of the outage. We recently created an improved online outage page and an associated phone

app which provides comprehensive information on affected towns with an account lookup function that provides detailed information about their individual outage. We continue to refine our Estimated Time of Restoration (ETR) processes so that members can have a realistic expectation for their outage duration. The SmartHub app is another option available to members which can provide outage update alerts for the member. Social media and customized phone messages for incoming calls also keep members up-to-date.

3.2.5 Member Safety and Cybersecurity

Member safety and cybersecurity are of the highest priority in our member communication activity. Safety and cybersecurity messages are delivered via video, emails, social media posts, earned media, and in the quarterly Co-op Life newsletter. Topics range from outdoor do-it-yourself safety tips relating to use of ladders, lawn mowers, and chainsaws, to driving and parking tips, to outdoor recreation safety advice. VEC is proud of our certification as a VOSHA VPP site and we feel it's important to bring our strong organizational safety culture to our membership.

3.3 Energy Equity



3.3.1 Energy Equity at VEC

The concept and values of Energy Equity have been embraced by VEC and our sister electric cooperatives since our formation. The Cooperative Principles embody the key principle of not leaving the most vulnerable behind and knowing that when we work together we are stronger. As a not-for-profit rural cooperative, VEC has always held equity as a fundamental principle. Now, and in the coming years, as we participate in a once-in-a-century power sector transition, we are as acutely aware as we ever have been of our obligation to live by this tenet.

For a co-op like VEC, the concept of working together – members, staff, our Board of Directors, our broader community – toward a common goal is central to how we operate. Many of the principles that apply to co-ops generally – things like democratic member control, member’s economic participation, and concern for community – all are key guideposts for VEC. They are, ultimately, about fairness and equity.

3.3.2 Energy Burden

It is well understood that the cost of many necessities, including electricity, are regressive in nature. The relative burden to heat a home, or fill up a car with gas or electricity, is greater the less money one has. The burden is often compounded when there is no extra money to buy a fuel-efficient vehicle, or to invest in thermal insulation, for example.

In our daily interaction with VEC members we understand the burdens they face and we are committed to doing our part to ensure that the cost for this most essential basic service is manageable and sustainable for all VEC members.

Efficiency Vermont 2019 Energy Burden Report and VEC's Member Survey

When Efficiency Vermont published the 2019 Energy Burden report <https://www.encyvermont.com/news-blog/whitepapers/vermont-energy-burden> VEC was not surprised to learn that VEC serves eight of the ten towns, and three of the top five counties, with the highest energy burdens in the state. In VEC's 2021-member survey of over 1,000 members, almost 50 percent of respondents were on fixed incomes or not employed. Within VEC districts, and between VEC districts, we have significant income diversity. We have an older and rural demographic (lower and fixed incomes) in many parts of our service territory.

As noted, VEC implements a professionally designed and statistically significant member survey annually where we collect self-reported household size and income data from a sample of VEC members. Approximately one-half of reporting members are on fixed incomes, approximately 13 percent of survey respondents would classify at or below 100 percent FPL and 18 percent would classify at or below 185 percent FPL. Within VEC districts, and between VEC districts, there is significant income diversity.

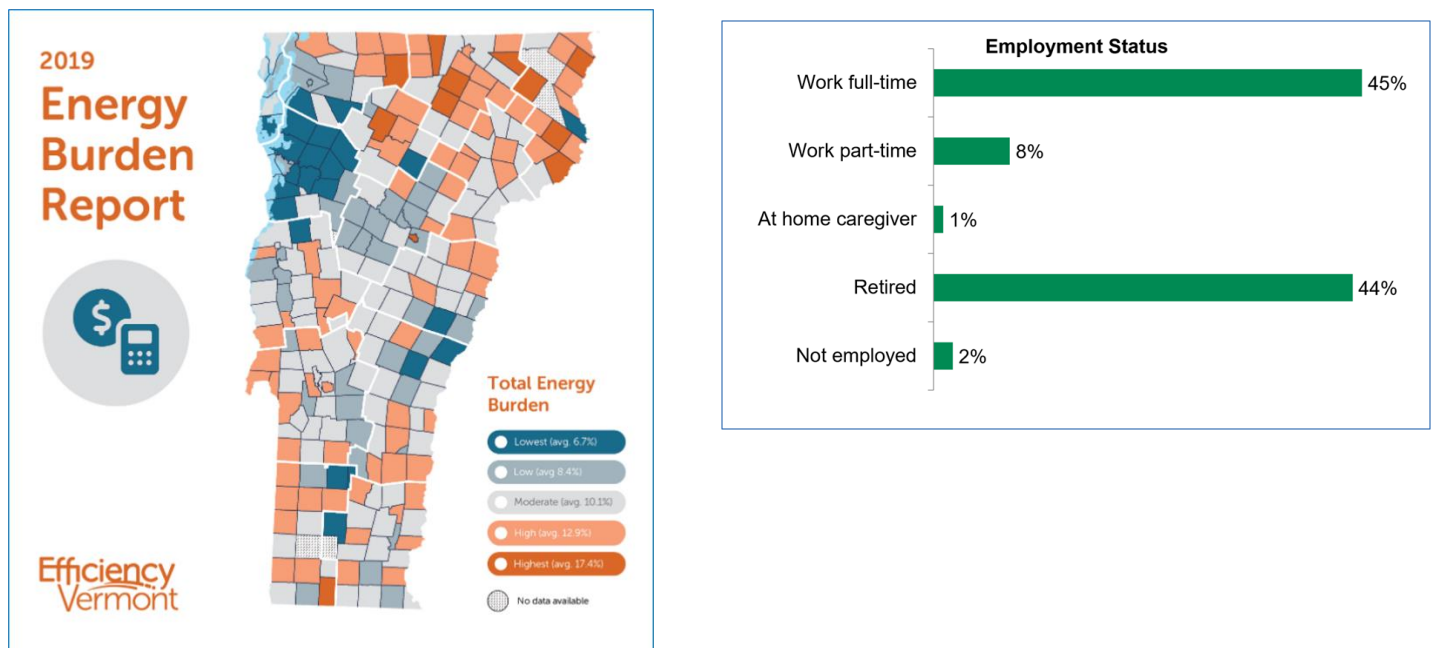


Figure 3.3.2.A Efficiency Vermont 2019 Energy Burden Report (Left) and VEC Employee Survey Results (Right)

3.3.3 The Challenges for Vermont and VEC

The coming years will bring continued cost pressures that will test all utilities' commitment to their members/customers, particularly their low-income members who often have high energy burdens. As a cleaner and more modern energy system evolves over time, there should be long-term cost reductions for VEC members in

aggregate. But in the meantime, hurdles remain for many of our members to take that step. The up-front cost of weatherizing a home, moving to heat pump heating, purchasing an electric vehicle, or participating in solar energy, can be prohibitive.

Adding to the challenge is the political and public perception that energy transformation is for more affluent people, and will leave lower income and rural people behind. We need to ensure that this perception is disproven and work together to minimize cost shifts and increased energy burden on lower income Vermonters. We must ensure that the benefits of a transition to a cleaner and more efficient energy system are realized by all.

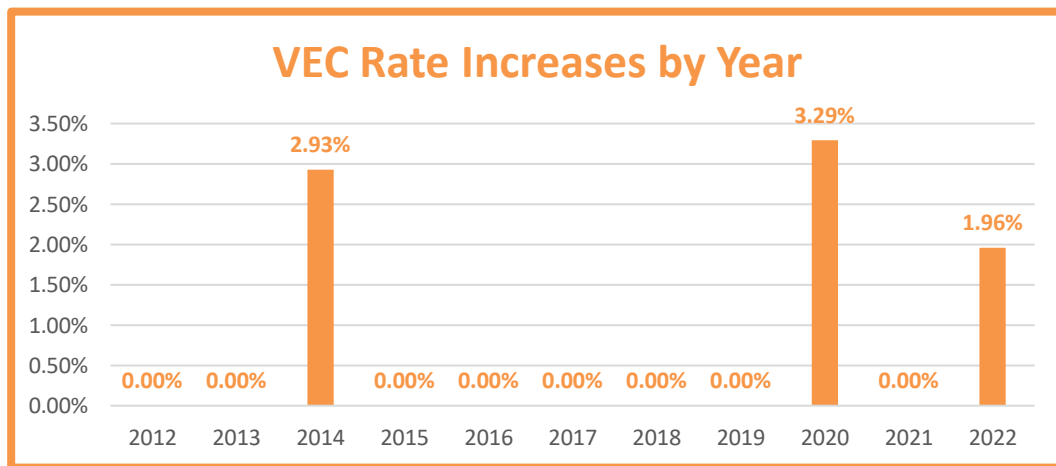
Furthermore, as the energy economy shifts, there will be labor market and employment changes as well that, while offering some positive opportunities, could bring some dislocation as well. These adjustments could have an impact on VEC members. As is suggested in the state’s 2022 Draft Comprehensive Energy Plan, it is imperative that VEC and all utilities take specific steps to assure equity as the energy economy changes, to guarantee a just transition that serves all Vermont electric customers. In fact, the transition presents an opportunity to support Vermonters who have heretofore not had access or ability to participate in the building of or participation in, in a more inclusive energy system.

VEC is well-positioned to take on these challenges, because they are close to home.

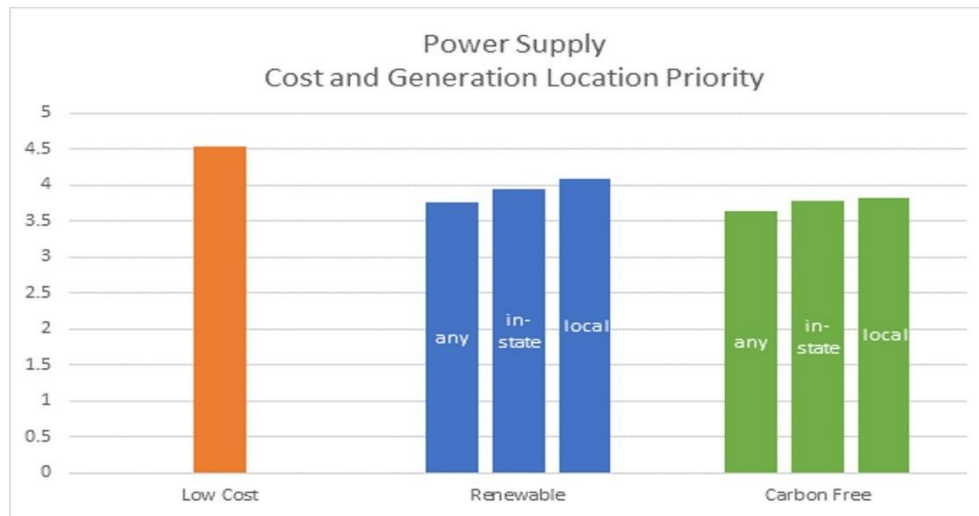
3.3.4 Our Strategy

Our strategy is as follows:

- **Keep rates as low as possible:** A priority in promoting a just transition for our members is a simple, tried-and-true strategy: keeping rates as low as possible. Over the last decade, VEC has had an average annual rate increase of less than one percent, well under the rate of inflation for the period. We continue to keep this critical strategy front-of-mind during the energy transition.



In our 2021-member survey we learned that low cost of power was more important to the VEC respondents than carbon-free or renewable energy. This feedback informs not only our power supply decisions but also our policy advocacy at the statehouse and before the Public Utility Commission.



- Energy Transformation Incentives:** An important goal, that we continue to track, is for our energy transformation program uptake to reflect our energy equity goals. In 2021, there were 493 (self-reported) low- and moderate-income (LMI) member participants in VEC’s energy transformation program out of 3,060 total participants (16%). We have increased our targets for 2022 and continue to offer special incentive adders for electric vehicles. In 2022 we will be implementing an LMI heat pump program with financial support of VLITE and in partnership with EVT. In 2022 we also plan to participate in the on-bill financing pilot project in partnership with VHFA. VEC will continue to help members save money and avoid volatile fossil fuel prices.
- Other Targeted programs:** VEC’s annual operating plan contained special programs focused on LMI members. These include:

 - Bill pay assistance.** This includes budget billing, payment arrangement, promotion and support of state arrearage assistance programs. VEC vigorously promotes the VERAP and VEHAP arrearage assistance for income-qualified members.
 - Rural and High Energy Burden Pilot Projects.** Each year we plan on targeting one or more of our rural and lower income communities for focused project implementation. Working with community partners we will identify projects that will support energy efficiency and energy transformation, and bring financial benefits to the community. Example include street light upgrades, joint grant applications for electric school buses or building weatherization, etc. As pilots are completed we will evaluate lessons learned, transferability, and scalability.
 - Energy Equity Advocacy.** At the statehouse and at the Public Utility Commission, VEC is committed to be a voice in support of lower income and rural communities. When we see programs that will cost-shift without direct benefit to these communities we will weigh in as resources allow.

3.4 Developing an Innovation Farm

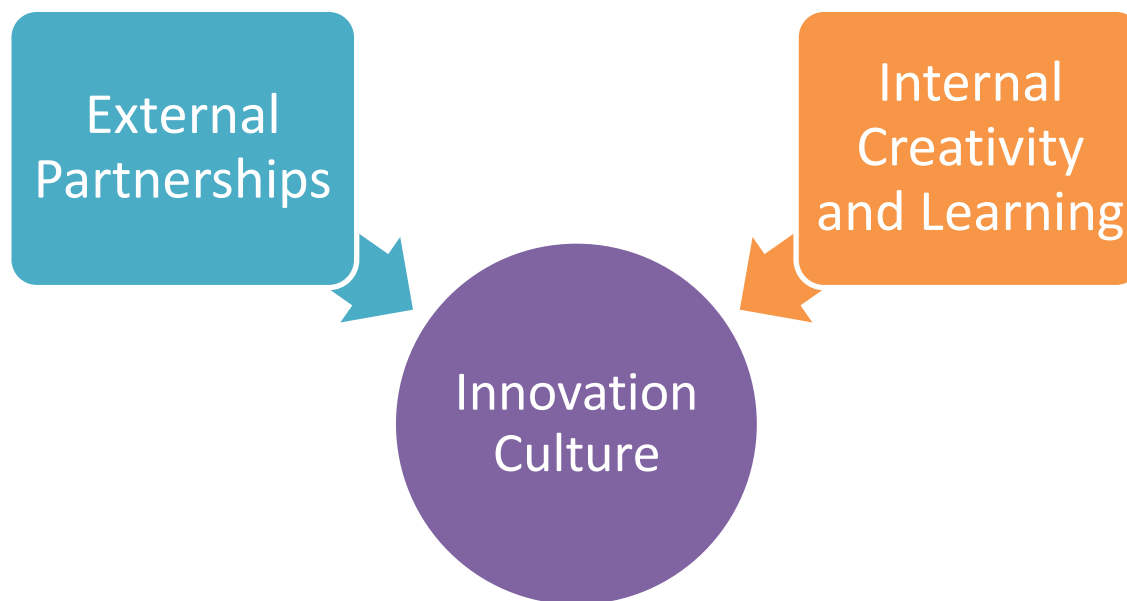
For VEC, innovation is the ideation and execution of new or improved products, services, and functions for our members and staff. This section details why we innovate, what our place is in the innovation landscape and our overall innovation strategy at VEC. Like the process of innovation itself, an innovation strategy involves continual experimentation, learning, and adaptation.

3.4.1 VEC's place in the Innovation Landscape

Although often small, particularly in the utility space, cooperatives are often spearheading innovation. For example, in the early days of retailing, products were fetched by an assistant from shelves while customers waited in front of the counter. A Swedish Cooperative opened the first self-service store in Europe. The first Self-service stores in Denmark, The UK, German, Norway and Austria were also opened by consumer cooperatives.

<https://core.ac.uk/download/pdf/30826139.pdf>

VEC's goal is to build an innovation culture that encourages internal creativity and develops external partnerships. Our approach embraces a culture of learning and creativity and seeks out likeminded utilities, research entities, and subject matter experts from outside VEC to bring their unique perspectives, experience, skills, ideas to VEC.



3.4.2 Our Overall Strategy

1. Assess where we are today
2. Establish our Innovation Farm
3. Learn, evolve and celebrate

3.4.3 Assessment

An assessment allows us to reflect on our current state, find internal agreement on gaps, and develop an innovation strategy to lead us into the future. VEC intends to perform this assessment more formally for the first time in 2022 aligning our strategy moving forward, and in an iterative way thereafter.



Figure 3.4.3.A Resources, Processes and Values Model from Clayton Christensen’s the Innovators Dilemma

3.4.4 Establishing Our Innovation Farm

Innovation is more than just following a set of processes. To continue to grow our innovation culture at VEC we expect to build our “innovation farm” which is made of up 6 key components:



Our Crops



Innovation Leadership and Champions



The Insight Harvester



Implementation Through Pilots



Evaluation and Programs

Crops We Choose to Sow –

We choose to focus our efforts in four key areas:

- **Core Innovation** - Investing in our core business will help us keep our employees engaged and supported. Through evolving our communications and technology, seeking Engineering and Operations excellence we can keep our rates low and keep the lights on for our members.
- **Energy Transformation and Load Management** - Focusing on our rural communities through pilots, expanding load management to all our members.
- **Resiliency** – Here we identify creative solutions that balance investment and enable us to quickly recover from outage events.

- **Exceptional Member Service and Choice** - From internal technology to member facing applications and new rates this focuses on ensuring that our members can participate in all programs and gain insight to their energy usage.

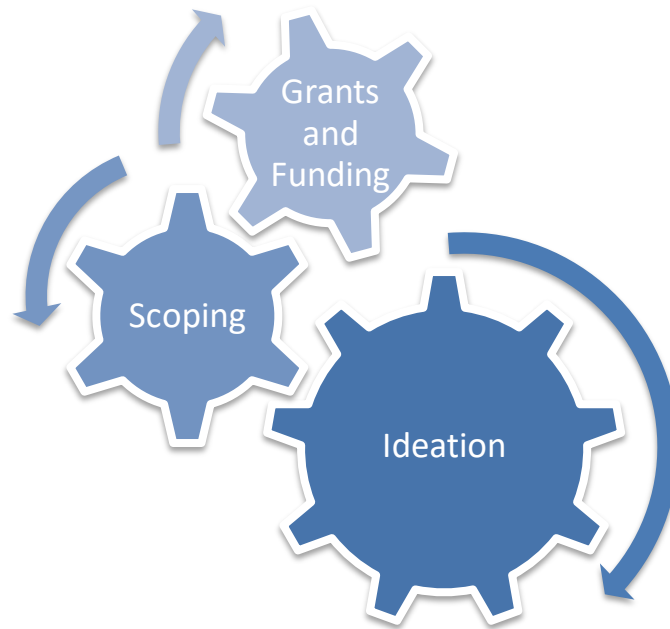
Innovation Leadership and Champions

Without leadership and support our innovation culture will falter. VEC recently elevated innovation to the senior level of the company with the creation of a new position -- Innovation and Technology Leader. This will help us build a vision of the innovation culture we want and help us involve as many people as possible to build that vision.

Additionally, VEC is identifying and empowering Innovation Champions, whose role it is to progress new projects and help employees uncover new ideas.

The Insight Harvester

The key to any innovation strategy is pairing the right insights for VEC with an appropriate funding mechanism and identifying the project scope.



- **Ideation** - VEC seeks insights through conferences, expanding our relationships with other cooperatives and industry partners, and from internal sources. These ideas are captured and vetted to make sure we stay true to who we are. There are lots of ideas out there and not all are applicable to our mission.
- **Scoping** - We identify who the project will impact, what it will take to get there including potential partners and determine a reasonable schedule to implement the project.
- **Grants and Funding** – While ideation and scoping is occurring we are actively seeking grant and funding opportunities that fit the insights and project scopes we have identified.

Implementation through Internal Tests and Pilots

We experiment through internal tests and pilots, aligning our member partners and employees with our broader focuses. In general, we model or implement small scale tests before we scale up to a formal pilot. Once funding is identified, pilots are scheduled and assigned a project lead. VEC follows 30 V.S.A. § 218d(o) and notifies the DPS, PUC and its membership anytime a new innovative rate or service is offered. Critical to any project is devoting the appropriate resources and skills to manage these projects effectively and developing success metrics.

Evaluation and Programs

We monitor the progress of the pilot through reports, analysis of device availability, and overall cost/benefit. At the end of the pilot period (typically 12-18 months) we evaluate the pilot based on the following criteria:

- Did the pilot return value to all members? (Measured by financial performance)
- Is the program accessible to all members (Measured through low income participation)?
- How was the overall member experience? (Measured by member survey)
- Did the pilot result in a meaningful reduction in fossil fuel consumption? (Measured by Tier III value)
- Is the pilot still necessary or were the original goals met? (Measured by comparing goals to results)
- Does the pilot engage third parties in a meaningful and successful way? (Measured through surveys with participating installers, vendors etc.)

If the pilot is deemed successful through the above metrics we would look to expand the program to the rest of the membership through changes to our Tariff.

3.4.5 Learn, Evolve and Celebrate

Even the most successful strategies have room for growth, for learning and need to be celebrated.

- **Learn** – We set a structure in place to learn from our experiences. Each pilot has a minor debrief whereby we are open with our success/failures, hold each other and ourselves accountable and share gratitude.
- **Evolve** – Through these learnings we modify our metrics, identify ways to improve, and establish new relationships.
- **Celebrate** – We share innovation success through press releases, social media and conferences. There is much to learn from the utility community and we play a key role in sharing our learnings and successes!