

City of Palo Alto Utilities

CFL Point of Purchase Pilot Program

The City of Palo Alto operates a combined municipal utility that serves electricity, gas, and water. Several factors make this relatively small utility an interesting case study for energy efficiency: First, Palo Alto is a highly-educated community. Second, the City has among the lowest electricity rates in California. Third, since its service territory is adjacent to Pacific Gas & Electric, one of the nation's leading DSM utilities, residents of Palo Alto have come to expect progressive energy efficiency programs.

Since 1976 Palo Alto has had a colorful history of energy efficiency innovation. Currently the City offers a range of programs including financing for solar hot water heaters, supplements for school curricula, and bill analysis. While California's prolonged drought caused the utility to focus on water efficiency nearly exclusively from 1990-1992, in 1993 Palo Alto introduced a number of new programs including an innovative pilot program to promote compact fluorescent lamps, the focus of this profile.

Many larger utilities are exploring their opportunity to provide incentives directly to manufacturers rather than customers. By doing so, manufacturers will not only promote lower-cost, energy-efficient products, but downstream markups will be minimized. Palo Alto wanted to develop a manufacturer rebate program for compact fluorescent lamps (CFLs), but was unable to do so because of its relatively small size. Therefore staff elected to experiment with a vendor-based approach for a one-month long pilot program.

The ensuing program was quite simple: The City bought CFLs in bulk and provided them to local hardware stores for resale. Then vouchers were sent to residential customers. While the City bought CFLs for approximately \$12 each, customers with vouchers could purchase up to 2 lamps for \$9 apiece, resulting in a small utility subsidy for each lamp put in service. Interestingly, the vendors, the City's four hardware stores, did not directly profit from the sales of the lamps, but were pleased with increased foot traffic and ancillary sales of lamps and other goods.

Palo Alto's experiment achieved higher participation than expected and also higher penetration than expected. Not only were all the lamps that were initially purchased sold, but the utility had to purchase more lamps to fulfill demand. Customers also bought additional compact fluorescent lamps at their full list price, proving to the hardware store owners that consumer demand for CFLs warrants stocking the lamps and giving them adequate display space. Furthermore, a survey of program participants revealed that participants were satisfied with the lamps' life, light quality, and brightness, and fully 85% of survey respondents claimed they will purchase the lamps again at a discounted price.

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Sector: Residential

Measures: Three types of compact fluorescent lamps; Philips Earthlight SLS-15, Philips Earthlight SLS-23, and Lights of America 30-watt circline

Mechanism: Utility purchased compact fluorescent lamps (CFLs) in bulk. Customers received vouchers to purchase up to 2 CFLs for \$9 each. Hardware stores stocked and sold the utility-subsidized CFLs without a mark-up as a service to the community

History: Pilot program ran April 1 - 30, 1993. Larger scale program planned for Fall 1994

1993 PROGRAM DATA

Energy savings:	169 MWh
Lifecycle energy savings:	1.48 GWh
Peak capacity savings:	NA
Cost:	\$20,200

The Results Center produced 126 profiles of the most successful energy efficiency and renewable energy programs in the United States and around the world in the early and mid 1990s. With the support of the John D. and Catherine T. MacArthur Foundation, Ted Flanigan directed a research team at Colorado-based IRT Environment to produce and distribute these exceptional examples. Thanks to strong demand for solid case studies, The Results Center was supported by dozens of major utilities and energy associations worldwide. Today, The Results Center is managed again by Ted Flanigan, now at California-based EcoMotion Incorporated, a firm focused on strategic consulting, information dissemination, program design, outreach services, and aggressive implementation. To nominate highly successful programs, contact: The Results Center, c/o EcoMotion, 15375 Barranca Parkway, F-104, Irvine, CA 92618, (949) 450-7155, or TFlanigan@EcoMotion.us