

How Deregulation Changed the Game: A Guide to Customer Acquisition in the Energy Industry

SALES SOLUTIONS FOR THE ENERGY INDUSTRY



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1. INTRODUCTION

In 1998, Sales Focus Inc. (SFI) pioneered the Sales Outsourcing industry. Our focus was simple; build, train, and manage dedicated sales teams for our clients. Our initially targeted small IT firms that were founded by technologists who did not have the sales expertise needed to bring their product to market. Within two years, everything changed for SFI. By 2000, several states began energy deregulation, and SFI was poised to assist energy companies in quickly deploy and manage sales teams in any market.

Energy has always been a vast industry full of opportunities across the United States and within many sub markets. When deregulation occurred, the Sales Outsourcing model was a perfect fit for companies looking to quickly launch dedicated sales teams and achieve immediate new customer acquisition.

Over the past 20 years, the markets have matured and new methods of customer acquisition have evolved. The energy sector includes deregulation (both electricity and gas), solar, community solar, and the regulated side of the business. There are also many ancillary markets including solutions for energy companies, home improvement, energy efficiency, and reduction of carbon footprint. These businesses can be found across the U.S. and internationally and target a wide range utility customers from small and medium businesses to large commercial customers to residential homes. Although the energy industry is competitive, the opportunities can be very lucrative with the right approach to customer acquisition.

Understanding the deregulated market can be difficult as it varies from market to market and from B2B sales to residential sales. Most states have adopted enough regulations to protect the consumer; Sales Focus is here to protect your energy company's brand.



While only some states in the U.S. operate in a deregulated market, there are many across the country that are considering the move. Deregulated markets offer residential consumers and businesses with the unique opportunity to choose their energy supplier, much like many consumers today choose their own phone supplier. While deregulation is becoming more and more prevalent, many consumers living in these markets know very little about energy deregulation. Some don't even know they have the power to choose, while others simply don't know enough about deregulation to truly take advantage of all it has to offer. While there is a library of information available about energy deregulation and all that comes with it, for most consumers, it is important to simply know some basic facts.

Whether you live in a deregulated market, are moving to one, or your community is in the process of considering deregulation, it is important to know these basic facts about this type of electricity market. Here is the 411 on energy deregulation, simplified for today's average consumer.

2. WHAT TO KNOW ABOUT ENERGY DEREGULATION

By 2012, energy deregulation had arrived (at least in some capacity) to close to two dozen states. Some states have a deregulated electric market, while others have natural gas and a few with both. No state is entirely deregulated — Texas comes the closest with more than 90% of the state being deregulated.

The basic rule of deregulation is that consumers have the right to purchase their electricity service from a Retail Electricity Provider (REP). These providers strive to offer competitive rates, promotions, and loyalty plans in an effort to win the business of average consumers. Most of these companies get their energy from the same source, but package it in different ways to fit the needs of different consumers.



Although there are REPs available in these markets, energy consumers still have the right to receive their electricity from their state-appointed utility. If you live in a deregulated market and haven't switched providers, you are likely still with the original utility that serviced your area before deregulation took effect. Before you sign up for a new energy plan, there will be a contract to sign that details the length of your specific plan. Most plans range from six months to 36 months. If you end that contract early for any other reason besides moving outside that company's service area, you will have to pay a fee. Fees range from company to company but will be detailed in your contract.

When you sign up with an REP, there will be two parts of your electricity bill: electric supply and electric delivery. Each makes up approximately 50% of the bill. These energy bills may look different than the ones distributed by your original utility, but any reputable retailer will explain the breakdown of a bill before you sign up for a service.

Deregulation means more than just the power to choose a supplier; it means having the capacity to choose what type of plan that you have as well. Most REPs offer options such as fixed rate plans, variable rate plans, short term options, and long-term options. Most markets have at least one supplier that specializes in offering residential energy plans that feature electricity from 100% renewable resources. These plans offer the average consumer with one of the easiest ways to go green in their home.

Your state appointed utility still takes care of your power lines. If you have an emergency with an outage or an issue with your power lines or poles, you do not call your individual retail energy provider. Instead, you call your utility. They are still in charge of this infrastructure and will need to be contacted directly regarding any equipment related matters.

Deregulation laws vary from state to state. Many states don't have deregulated energy at all. Not all cities and regions within deregulated states offer deregulated energy either. In states such as Texas, one of the first to adopt deregulation laws, about 10% of the state is still regulated, including big cities such as Austin.



As of 2023, 30 states plus Washington, D.C. offer deregulated energy to its citizens. States that offer only deregulated electricity are: Delaware and Oregon. States that offer only deregulated gas are: California, Colorado, Florida, Georgia, Indiana, Iowa, Kansas, Kentucky, Montana, Nebraska, New Mexico, South Dakota, West Virginia, and Wyoming. States that offer both deregulated electricity and gas are: Connecticut, Illinois, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Texas, Virginia, and Washington, D.C.

In 1999, California, Texas, Rhode Island, New York, Pennsylvania, and Massachusetts were all at least partially deregulated. They all had legislation in place that gave consumers access to private power suppliers. The Federal Energy Regulatory Commission's Order 2000 helped to facilitate energy deregulation further by creating Regional Transmission Organizations (RTOs). These organizations replaced state operation and control over the transmission grid.

However, many consumers in these states have never switched or considered switching energy providers and could be over paying for their energy service. Fortunately, there are several online shopping tools that make it simple for consumers in deregulated areas to shop for plans from local retailers in an effort to find a plan that best fits their needs.

When you get down to the details of energy deregulation, there are many different terms, laws, and regulations that consumers may be inundated with. However, most consumers simply need to know the basics of electricity deregulation and take the time to really research the new plan they are considering. Taking this approach can help keep energy deregulation simple and straightforward as you, the consumer, determine the best course of action for your energy consumption needs.

3. COMMUNITY SOLAR & RENEWABLE ENERGY

Another high growth market in the energy sector is “green” or “renewable” energy. This includes wind, solar, and hydro energy. For the last 10 years, SFI has successfully represented companies in the green market, including rooftop and community solar.



The U.S. Department of Energy defines community solar as “any solar project or purchasing program, within a geographic area, in which the benefits of a solar project flow to multiple customers such as individuals, businesses, nonprofits, and other groups.” These voluntary programs allow community residents to enjoy the perks of solar power without the large initial investment.

The solar panels and related equipment are set up in a central location, so residents don't need to set up any equipment. This makes it ideal for properties where rooftop panel installation isn't possible. The power produced by these projects is then shared with a community, and the hardware is either owned by the municipality or by a third party business.

Solar communities typically work on a subscriber-based model. This means consumers "subscribe" and receive a portion of the power generated while paying a monthly subscription fee.

Since there is no upfront investment required, solar communities make it easier for low- to middle-income consumers to participate in reaping the benefits of renewable energy resources. Community solar projects make renewable energy more accessible than ever before.

There are multiple ways in which a community solar project can be organized.

- **Utility-sponsored Communities** - In this model, the utility company owns and operates a solar farm. Consumers can either purchase or lease a portion of the energy being produced by the solar farm and in return, receive a credit on their electric bill. As energy from non-renewable resources becomes more expensive, consumers with options such as these will be able to realize significant savings.
- **Special Purpose Entities (SPEs)** - In this model, individuals and corporations come together to form a business (an SPE), specifically for the development of a single or multiple community solar projects. The business may design, construct, and own the facility, then work with the local utility to allocate benefits to subscribers. The SPE model is usually implemented by organizations that seek to take advantage of incentives and tax credits not available to utilities. University Park Solar and the Clean Energy Collective are examples of the SPEs model. From the consumer's perspective, this method may not look much different than the utility- sponsored model.



- **On-bill Crediting Mode** - The on-bill crediting model allows energy consumers to invest in a local solar facility. In exchange, they receive a credit on their monthly power bill for their share of power produced. The credits may appear as reduced kilowatts-per-hour (kWh) or as monetary credit. For example, if there were 10 shares total for a community solar project and you invested in 2 shares, you would receive kWh credits on your bill equal to the amount of energy your 2 shares produced. In most states, there is a limit on the amount of credits you can receive, with many of them limiting the credits at 120% of a customer's load. What that means is, if you use 100 kWh, you can't receive more than 120 kWh credits.

4. BENEFITS OF COMMUNITY SOLAR

Great For Renters - Renters have historically been excluded from the benefits of solar energy. Owning property, a prerequisite for going solar, has prevented renters in America from adopting the cheaper and cleaner energy source. Community solar is the perfect solution to this problem.

Easier Option If Selling or Moving - People who are selling their home or planning to move will find that joining a community solar program is much easier and quicker than buying solar panels. This would be especially helpful if you end up having the option to stay with the same solar farm in the new property. Community solar takes away the hassle of having to worry about solar lease transfers, as well.

Community Solar Won't Impact Your Home's Aesthetic - The look of rooftop solar panels isn't for everyone. For those who wish to take advantage of solar without installing panels on their roof, being a part of a community solar project means that they can benefit economically from solar, without impacting their home's aesthetic.

Solution for Rooftops Unsuitable for Solar Panels - About 50% of all homes aren't suitable for a rooftop solar installation, either because they lack the required square feet of roof space, they are shaded or they do not have an orientation towards the south.



Community Solar Requires No Maintenance - Being part of a community solar project takes away the need for solar panel maintenance. Although long-term warranties are offered by nearly all rooftop solar installers, it's ultimately up to you as the homeowner to monitor your system and reach out to the company if you think your system may not be working properly.

Despite the perks of community solar, buying solar panels for your home isn't necessarily a bad idea, even if you're selling. Studies have shown that in the mid-price range of housing stock, houses with solar panels sell for around \$15,000 more than houses without solar panels.

Given the fact that a typical residential solar system now costs less than \$15,000 after claiming the 30% solar tax credit, you might be able to sell the house as little as six months after purchasing solar panels and not lose any money.

5. WHERE SALES FOCUS INC. FITS IN

If you value your brand and customers, SFI's sales outsourcing model is the right fit for your business. Our model is driven by our trademarked S.O.L.D.™ process, which allows us to launch any size sales team anywhere in the world in 45 days or less. In today's competitive market, getting qualified sales agents on the street and in front of your prospects quickly is essential to customer acquisition. It's our job to ensure the sales team is performing at the highest level of integrity possible.

There are many forms of sales ranging from independent contractors to distributors to telemarketers to direct mail to marketing campaigns to community association marketing to partnerships to sales outsourcing. How do you decide what is best for your business? How do you decide what is the right balance for your company? Many times, organizations try multiple methods. You need to decide what is important and what will yield the results you demand while maintaining sales integrity and professionalism.



Unfortunately, the word deregulation has a bad connotation, as many people have been scammed or slammed by providers over the years. Or, they have been put on a plan that was supposed to save them money, but it was only an introductory rate that adjusted after a few months, getting them locked into an increase in monthly fees. The entire model of energy deregulation was to give consumers options, to open the market to competition that would benefit the consumers and business owners. Unfortunately, too many people were sold products/solutions that really didn't help them and cost them more in the long run. Too many unscrupulous sales people took advantage of the marketplace and sold products knowing they were not going to help the business owner or homeowner. The market demands professionalism and ethics; it demands proper training and management. To ensure success, too many vendors take shortcuts with new customer acquisition, by allowing companies to represent them without proper vetting management and verification. In today's competitive environment it's easy to lose sight of what is really important, providing a product/solution that actually benefits the customer. Remember, you want to sell the customer a solution that is good for them and will serve them well over an extended period of time.

Exclusivity should also be important to vendors. Our approach to the market provides our clients exclusivity to a particular territory. We will not compete against our clients in the same market. We ensure our sales agents are 100% focused on driving new customer acquisition specifically for you. All our sales agents work full-time and are dedicated to our partner client. They are not just pushing the product with the best commission or lowest price; we focus on what's important to the customer and what's important to our clients. Finding customers that stay on board for the term of the contract and beyond is key to long term success for our clients. We make sure the customer understands the product, understands the terms and conditions, and is satisfied with their decision. The customer then becomes a strong referral for our client. Building teams that focus solely on our client's product has made SFI the premier provider of dedicated, energy-based sales teams across the U.S. for the past 25 years.



6. SFI'S SUCCESS WITH ENERGY CLIENTS

How does a company find the right partner? How do they ensure success and quality? How do they protect their brand? Finding the right partner and process is paramount to the success of every vendor. If you want to secure new customers and protect your brand, Sales Focus has been successfully representing energy companies across all deregulated markets over the past 20 years. We have had the honor to represent many companies in almost every market across the U.S.

We are proud to have represented the following companies in the deregulated and solar industries across all markets. We continue to expand our relationships and partnerships as we grow our clients book of business by acquiring new customers. Our rigorous recruiting and training process has allowed SFI to become the leader in sales outsourcing solutions for the energy sector. It is why the largest ESCO/REP's chose SFI. We are focused on your success. Building relationships, developing long term customer relationships and exceeding expectations is our focus for all our clients. The companies below are an example of some of the organizations we've worked with. On the following page, you'll find a more concise list.



Sales Focus Inc.'s Past and Present Energy Clients

- MX Energy
- Public Power
- Relay Power
- Reliant Energy
- Stand Energy
- Think Energy
- Vanguard Energy Partners
- Vivant Solar
- Nobel Energy
- Energy Plus
- Arcadia
- Clearway Community Solar
- NRG Energy
- Discount Power
- Distributed Sun
- Emblem Energy
- Energy Saving Solutions
- ESCO
- Duke Energy
- Enron
- TXU Energy
- Constellation Energy
- Direct Energy
- WGL
- Crius Energy
- US Energy
- AEP
- Hess
- Solar Farms NY
- Genie Energy
- Neighborhood Sun
- Nautilus Solar
- IPH
- Liberty
- Marathon
- Inspire Clean Energy
- Great Lakes Energy Electric Cooperative
- Novel Energy Solutions
- Indra Energy
- Renogy



Sales Focus has 20 plus years' experience in the Energy Industry across all platforms including deregulation, rooftop solar, community solar, and LED lighting. Our sales outsourcing model has allowed our clients to quickly launch dedicated sales teams that are 100% focused on their brand and committed to customer acquisition. SFI guarantees all of our programs are based on performance and quality. **Over the last 25 years, we have written thousands of contracts and not one time have any of our clients had to go in front of the PSC/PUC due to unethical or unprofessional sales behavior.** SFI takes great pride in our commitment to sales excellence and performance. Our relationship with our clients is very close as we become an extension of their brand. Every sales person on the street is specifically hired, trained, and managed to represent a particular brand. We provide our clients with a direct and dedicated sales approach. All of our sales agents are full-time employees of Sales Focus, who are specifically recruited based on their skill set. They are then trained to meet specific standards and managed daily to ensure success. If you care about quality, brand protection, and sales success, we are the sales within the Energy Sector that you have been searching for.

Our process and speed to market are what set us apart. We guarantee to launch any size sales team, anywhere in the world in 45 days or less. We have launched sales teams as large as 300 people across the globe and as small as one person in our in-person sales center. Feet on the street or inside sales, we can do what you need with the quality you demand. Our S.O.L.D.™ Process is our key differentiation in the market, along with years of experience and knowledge. The process positions SFI as the leader in the industry to quickly and efficiently build and manage a dedicated team of qualified sales professionals.

S.O.L.D.™ begins the "Study" phase to fully understand your business and what makes you stand out. Understanding your process and keys to success so we can build the team to meet your goals and expectations. Immediately following the Kickoff meeting and the "Study" phase, we begin the "Organize" phase. This includes two parallel processes. We develop a sales training document called the "sales toolkit" and begin the recruiting process to identify the people who best fit the qualities needed for the program. All of our sales professionals go through multiple levels of interviews, background checks, and drug testing. Each candidate selected must fit the profile that will lead to success.



The initial recruiting steps and stages are essential to finding a team of professionals who will represent your brand with the professionalism we demand. Once the team is hired, we move into the "Launch" phase. We train, test, and provide sufficient role play to verify the new hires understand the key differentiators and your value proposition. Our continued development and management of the sales team is our "Direct" phase. We track the sales agents every day to verify quality and consistency. Since our sales teams are employees of SFI, we can control the training and daily activities. Unlike a broker or 1099 model, our staff are W-2 employees of SFI. Every bit of data we capture in the field becomes your data. Customer, competitive, and marketing information are provided to you in our weekly program reviews. Your team will have direct management oversight from SFI, with our HR, Operations, and Recruiting teams focused on providing a quality team that is focused on success.

7. CONCLUSION

Our focus is simple. Make you successful! Our goal is to exceed your goals and expectations! If your company cares about quality and protecting your brand, then Sales Focus is the solution for you. No one has the level of experience in the energy industry as we do. Over 20 years of experience in all energy sectors, thousands of contracts executed for our clients, and Zero complaints. Call us today to a free evaluation and see what SFI can do for you. 410-442-5600 or visit us at www.salesfocusinc.com.

