Design your gift-of-energy program with love

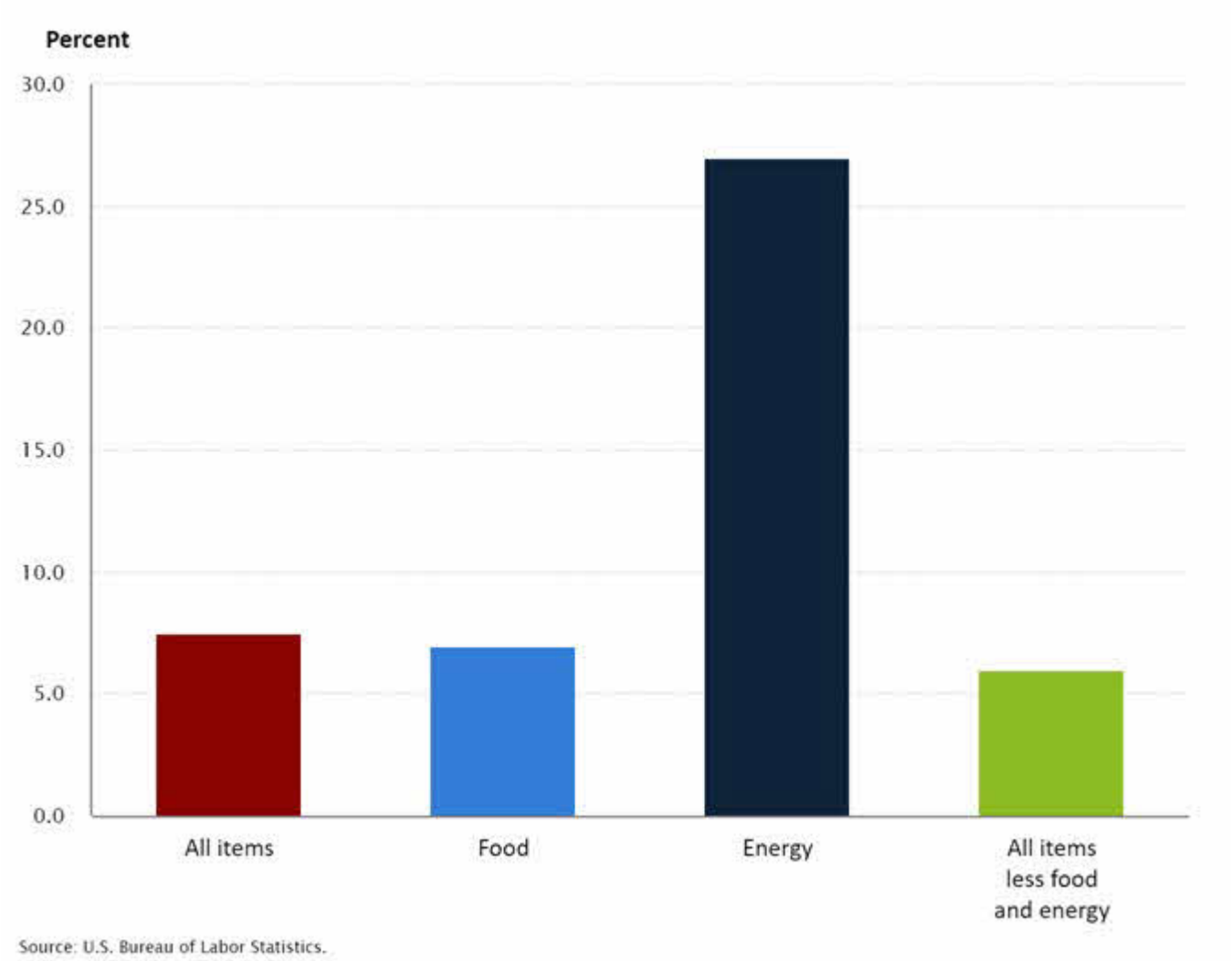
By Lisa Schulte
February 10, 2022

Design your gift-of-energy program with love

The US Bureau of Labor Statistics announced today that the Consumer Price Index for all items rose 0.6% in January. For electricity specifically, the index rose an alarming 4.2%. Between January 2021 and January 2022, the energy index increased 27.0% (**figure 1**).

Figure 1: Consumer Price Index 12-month percentage change, not seasonally adjusted

Between January 2021 and January 2022, indexes for all consumer categories increased. But energy saw a meteoric rise, up 27.0%. The gasoline index rose 40.0%, natural gas 23.9%, and electricity 10.7%.



For customers who were already struggling to regain income they lost during the pandemic, this is especially bad news.

Gifting energy year-round

Last week, we wrote about our end-of-year donations to four organizations that help low-income residents pay their energy bills. One of these groups, Energy Outreach Colorado, encourages Coloradans to help their struggling neighbors cover energy costs by donating monthly through their utility bill.

Through their gift-of-energy programs, some utilities offer the same service, allowing customers to pay some or all of a friend's or family member's energy bill.

Just in time for Valentine's Day, we look at the common features of gift-of-energy programs, talk to We Energies about its gifting program, and suggest ways to market such a program at your utility.

Gift-of-energy program basics

Most gift-of-energy programs share these characteristics:

- To participate, gift-givers are often required to mail in a check or money order along with a completed paper form. Until it canceled its program in January 2022, ComEd allowed people to buy gift certificates online or by phone using a credit or debit card.
- Most programs require the giver to provide the recipient's name and address. Some also ask for the recipient's utility account number, but they don't require this information to participate.
- Utilities typically apply the gift directly to the bill as a credit, without requiring the recipient to take additional action.
- Most utilities process the payments directly, though some use a third party. For its gift certificate program, Alliant Energy requires the payer to make the gift through Alliant Credit Union, which isn't owned or operated by the utility or any of its subsidiaries. Using the mail or a third party could be a way to achieve Payment Card Industry (PCI) compliance with limited effort.
- Gift-givers can choose whether the utility mails the gift certificate directly to the recipient or to the giver.
- Most programs allow anonymous gifts, but some, like Xcel Energy's gift certificate program, allow the giver to include a personalized message with the mailed certificate.
- Unless a third party is involved, gift-of-energy programs generally don't charge a processing fee.

Focus on We Energies' Gift of Energy program

We spoke with Tim Craft, services manager for customer programs at We Energies, about the Gift of Energy program he runs for We Energies and WPS. In a typical year, the utility processes 20 to 30 gift certificates each month with a nearly sevenfold spike during November and December. Participation grew in 2020, presumably because of the COVID-19 pandemic. The utility's COVID-19 updates and resources page includes a link to the Gift of Energy program page under the heading "Supporting our community and each other."

At the end of 2020, We Energies discontinued its online gift card program, but both utilities continue to offer the option to purchase gift certificates through the mail. The gift certificates appeal to adults with elderly parents and parents with college students, as well as to charities, hospitals, and landlords who can purchase certificates in bulk.

According to Craft, the gift certificate model worked better for We Energies than the gift card model because the certificate program is fully administered in-house. The gift card program relied on a third-party vendor, which required more back-office work for utility staff and resulted in a lack of visibility into gift purchases. We Energies only learned about a gift when the recipient attempted to redeem it. With the gift certificates, We Energies applies the credit immediately, requiring no additional effort from recipients.

Gift certificates appeal to adults with elderly parents and parents with college students, as well as to charities, hospitals, and landlords who can purchase certificates in bulk.

Administering the program in-house also simplifies issue-handling. For example, if someone attempts to purchase the gift of energy for a person who isn't a We Energies customer, it's easier to return the check than to seek a refund from the vendor. We Energies also experienced an increase in admin time when customers lost their gift cards, tried to redeem them more than once, or applied the gift to the wrong account.

Even with little marketing—We Energies promotes the program on its website carousel in the

winter—the gift certificate program was more popular than the gift card program. According to Craft, customers purchased two to three times more gift certificates than gift cards. When We Energies introduced the gift card program in 2014, it did some billboard and radio marketing, but found that customers still gravitated toward gift certificates.

Craft admitted that the gift certificate program could probably use some customer experience improvements but said the return on investment doesn't bear out. According to Craft, gift cards are better suited to businesses with cash registers and credit card readers than to utilities.

Craft recommends assigning one person to address program questions and, if you're offering a bulk option, to work directly with businesses and nonprofits. He also recommends training a go-to person in billing and credit and collections to handle any financial issues.

Advice for marketing gift-of-energy programs

To boost participation in your gift-of-energy program:

- Make it personal—highlight the opportunity to help a neighbor, friend, or family member
- Address the increased level of need due to rising inflation and the persistence of COVID-19, and ask customers to help if they're able
- Create a monetary or "number of gifts made" goal and communicate progress toward it

Social media is a favorite channel for spreading the word about gift-of-energy programs. Here are some examples to inspire your own campaigns (**figure 2**).

Figure 2: Hawaiian Electric Co., Pepco, and ComEd promote their gift-of-energy programs via Twitter and Instagram

During the pandemic peak and the holidays that followed, utilities used their social media accounts to share information about financial assistance programs.

Hawaiian Electric

View this post on Instagram

A post shared by Hawaiian Electric (@hawaiianelectric)

Pepco

> This Giving Tuesday, Pepco is offering opportunities to give back locally through the Good Neighbor Energy Fund and Gift of Energy programs. These programs provide meaningful support for customers who need help paying their energy bill. Learn more: https://t.co/KAifvbFOIs pic.twitter.com/0L2VqwPqgj
>
> — Pepco (@PepcoConnect) November 29, 2021

ComEd

> Give the gift of energy with a ComEd gift certificate! Convenient and thoughtful and they can be used towards any ComEd utility bill. Learn more: https://t.co/kEvWcT201a pic.twitter.com/cMrkVzKfv7
>
> — ComEd (@ComEd) December 14, 2021

© 2008 - 2026 E Source Companies LLC. All rights reserved.
Distribution outside subscribing organizations limited by license.