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National Grid adds technology to service

Pilot program tracks consumer energy use

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WORCESTER — Utility companies aren't usually a favorite among consumers. Utilities and their customers hardly even communicate — unless the power goes out. And when that happens, customers generally don't have a lot of nice things to say.

National Grid, which distributes power to most of Central Massachusetts, is trying to change this. The company is using a new program to upgrade Worcester's power grid as a way to change how customers view their utility and communicate with it. The company has set up a call center and website, and has started mailing colorful fliers to try to flag the attention of the customers who will be included in what's known as a smart grid pilot program.

"It's our job to make it as easy as possible for our customers," said Edward H. White Jr., vice president of customer and business strategy.

At the same time, National Grid is increasing its use of social media and text messaging to share information with its broader customer base. And it's planning to open a "sustainability hub" on the campus of Clark University where consumers can go to learn more about energy.

The smart grid program, which National Grid is now calling the Smart Energy Solutions program (it tested better with focus groups), is an effort to add new technology to an old power grid. The goal is to improve service and to give customers and utilities more real-time information so they can reduce energy consumption.

A big part of the program is the new "smart meters" that 15,000 homeowners and businesses in certain parts of Worcester will receive. Five thousand meters already have been installed.

The meters allow for better tracking of customers' energy use. Customers selected for the program will also be able to install tools like smart thermostats and in-home displays if they want to monitor their energy use more actively.

But this effort is as much about marketing and communications as it is about technology. National Grid has hired a marketing firm, SmartMark Communications, and is spending about \$3 million to market smart grid, part of the \$44 million overall program cost.

Mr. White said the utility is following the example of a successful program in Oklahoma.

"Oklahoma Gas & Electric really transformed their relationships with their customers through their smart grid pilot," he said. "They did a lot of the stuff that we're doing. It wasn't just mass messaging ... it was very local.

"Some of the larger utilities that just kind of rolled out the technology without a lot of communication found that they got a lot of pushback, because there was this fear of the unknown."

Customers in the smart grid zone in Worcester can expect to hear a lot from National Grid over the next several months. There is no cost to participate, but customers can opt out if they don't want to be involved.

National Grid, a British company that operates in four U.S. states, is telling customers the program is about choice. But it's also about change: Customers can choose to change their habits to avoid higher rates. The program includes a new pricing model that will ask customers to pay more for using electricity during peak periods and less for using it during low-demand periods.

During a summer heat wave, for example, a homeowner could save money by pre-cooling her house in the morning instead of

cranking the air conditioning during the hottest part of the day, Mr. White explained.

“The ultimate goal is to save overall,” he said.

The transition to a smarter grid is a priority for the state and federal governments. The U.S. Department of Energy says smart grid represents an unprecedented opportunity to move the energy industry into a new era of reliability, availability and efficiency.

National Grid’s program in Worcester, more than four years in the making, was designed to comply with a state law mandating all Massachusetts utilities to test smart grid among a sample of customers. It is the biggest pilot program in the state. It will begin running next January, once all the new equipment has been installed, and continue for two years.

The Edison Electric Institute, an association of utility companies, estimates that by 2015, more than half of U.S. households will have smart meters.

Utilities will need to spend huge amounts of money to install new meters and upgrade the grid, but ultimately a smarter grid is supposed to cut energy use and costs.

A recent DOE study of smart grid programs found that “time-based rates can be used to affect peak demand and electricity consumption while achieving customer acceptance and, in many cases, bill reductions.”

Some skeptics oppose smart grid technology because they think it gives utilities too much information about their customers. Others fear the radiation that comes from smart meters may be harmful, but the level of radiation is so small that it poses no health threat, according to utilities and the Smart Grid Consumer Collaborative.

A component of smart grid that consumers are likely to support is that better technology will allow utilities to pinpoint and respond better to power outages. National Grid has been criticized for its response to outages after some storms; it is appealing an \$18.7 million penalty from state regulators for its performance after two storms in 2011.

The utility’s new emphasis on communication and smart grid may help improve some customer relationships.

The Smart Grid Consumer Collaborative advises utilities not to underestimate the importance of consumer outreach.

“We’ve found that once consumers are educated about smart grid, they are supportive of it,” Patty Durand, the collaborative’s executive director, said in December. “So the opportunity to further engage with our consumers only gets bigger.”

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