



Direct Energy Communications and Understanding Research - Alberta

September – 2007

Presentation Outline

- Study Background and Methodology
- Key Findings & Implications
- Detailed Findings
  - Deregulation
  - Choice
  - Preference and Perception of Rate Calculation
  - Energy Conservation
- Demographics

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Study Background and Methodology

Study Background

- Direct Energy is interested in assessing and measuring consumer understanding and perceptions as they relate to deregulation, choice, competition, rates/price and energy conservation.
- Direct Energy is considering launching an educational campaign in the fall of 2007 and would like to get an understanding of the marketplace prior to this launch.
- This research is particularly important as some jurisdictions in North America are currently re-examining their deregulation decisions.

Methodology

- **The current survey**
  - 1,000 interviews were conducted by telephone between September 6 and September 13, 2007.
  - Interviews were conducted in proportion to population in the province of Alberta.
    - Northern Alberta (n=126)
    - Edmonton CMA (n=334)
    - Central Alberta (n=100)
    - Calgary CMA (n=340)
    - Southern Alberta (n=100)
  - Overall, the average interview length was 21.5 minutes.
  - The confidence (accuracy) limits associated with the results are (at the 95% level):
    - ±3.10 percentage points for n=1,000.
    - Sub-sample margin of error will be higher.

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Key Findings & Implications

Key Findings

- Three-quarters of Albertans are aware that they have a choice of energy supplier. Direct Energy and ENMAX dominate awareness for choice of energy contracts.
- One-third of Albertans indicate that they have signed an energy contract to date.
  - Saving money and price stability are the key reasons for consumers signing energy contracts
- Consumers who have not signed an energy contract state that the main reasons for not signing are:
  - Happy with current supplier
  - Do not want to be locked into a contract
  - Need more information to be able to decide
- Three-quarters of Albertans state that they care at least ‘a little’ about being able to choose their energy supplier. Although many care about choice, only one-in-seven have sought out more information. Although one-half say they have enough information to make a choice, other than looking at bills and bill inserts, few have sought out information.
  - The Government and The Internet are prime sources of information gathering.
  - However, Direct Mail would be the preferred method of receiving information.

Key Findings

- Only one-in-eight Albertans are correctly able to identify the EUB as being responsible for setting the RRO and GCFR.
- Further, only one-in-five know how frequently energy rates change and one-quarter claim to be somewhat/very knowledgeable about how rates are set.
- Natural Gas rebates are very important to Albertans. Knowing where the public stands on key issues such as this can help define corporate messaging/positioning.
- Energy efficiency is important to the majority of Albertans. However, for lower income earners the importance is related to price, while for higher income categories energy efficiency becomes more of an issue for new appliances.

Implications

- Although consumers claim to be savvy about energy deregulation, choice, price setting and conservation in Alberta, this study shows that they are in fact poorly informed on many of the issues.
- The research clearly points to the need for substantial communications for Albertans on basic factors such as Deregulation, Choice, Information Sources, Energy Price Setting, Calculations and Conservation.
  - With such a huge information gap, it becomes very difficult for energy retailers to have consumers understand their message(s).
- The research also clearly states that multiple communications methods must be used to reach the largest number of Albertans. Direct Mail and the Internet are the most preferred methods. Generational issues must also be considered in communication methods as various techniques are more successful with different audiences.

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Detailed Findings

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Deregulation

Deregulation

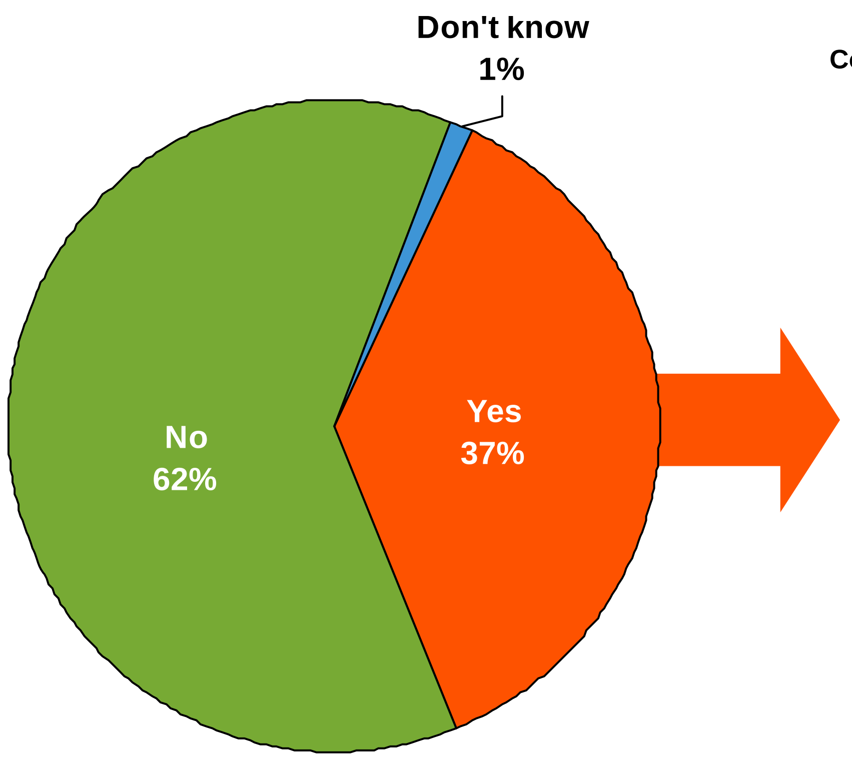
- Overall, approximately one-third of Albertans recall reading or hearing about restructuring or introduction of competition to the province's Electricity and Natural Gas markets.
  - Most consumers recall of restructuring is simply that they have more choice available to them in the market.
- Three-quarters state that they are aware that they have a choice of Electricity and Natural Gas providers. However, only one-in-seven (15%) state that they are 'very informed' about this choice. An additional one-half (45%) indicate that they are 'somewhat informed' about their choice.
- One-third of Albertans were able to name the ENMAX, Direct Energy and EPCOR as providers of Electricity and Natural Gas contracts on an unaided basis. On an aided basis, almost all Albertans were able to name ENMAX and Direct Energy as providers of energy contracts, although significantly fewer wer able to name AESC and Bullfrog.

Deregulation

- One-third of Albertans stated that they have signed a contract for their Electricity and Natural Gas. The majority of these contracts are for dual fuel. ENMAX and Direct Energy appear to have been the most successful in selling energy contracts to date.
- Saving money is the main driving factor in Albertans' decision to sign an energy contract. Other key factors in the decision making process include:
  - Price stability, and
  - One bill

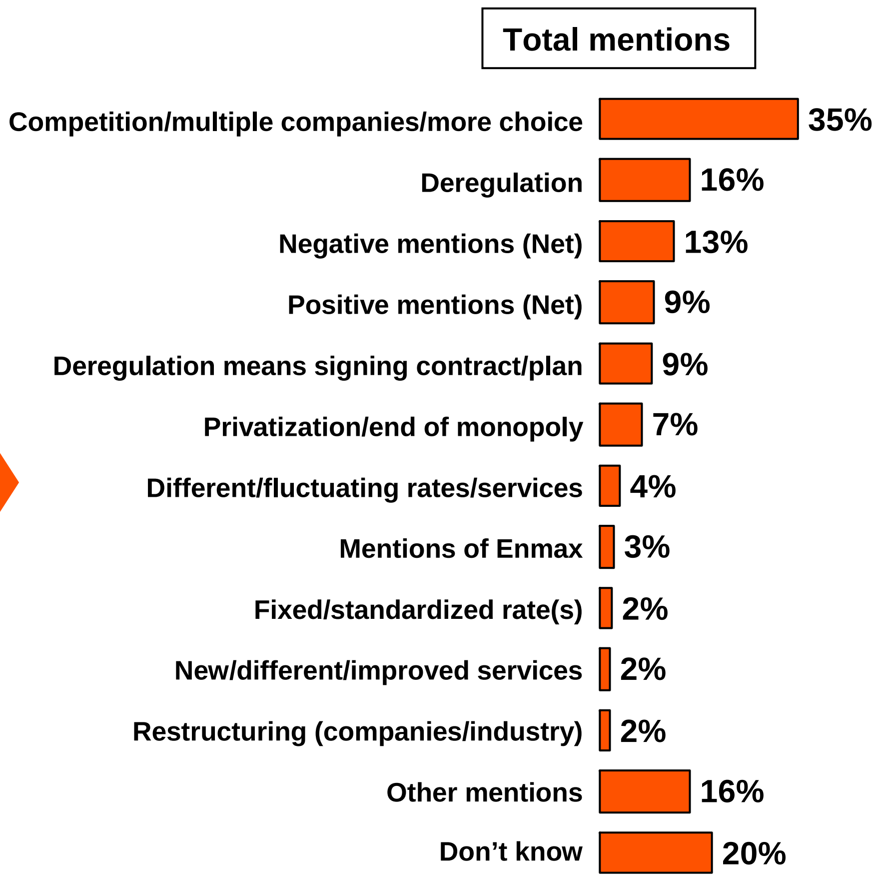
Recall About Deregulation: Electricity

Qd1a. Before talking to me today, do you recall reading or hearing anything about the restructuring of, or introduction of competition to, Alberta's electricity market?



Base: All respondents (n=1000)

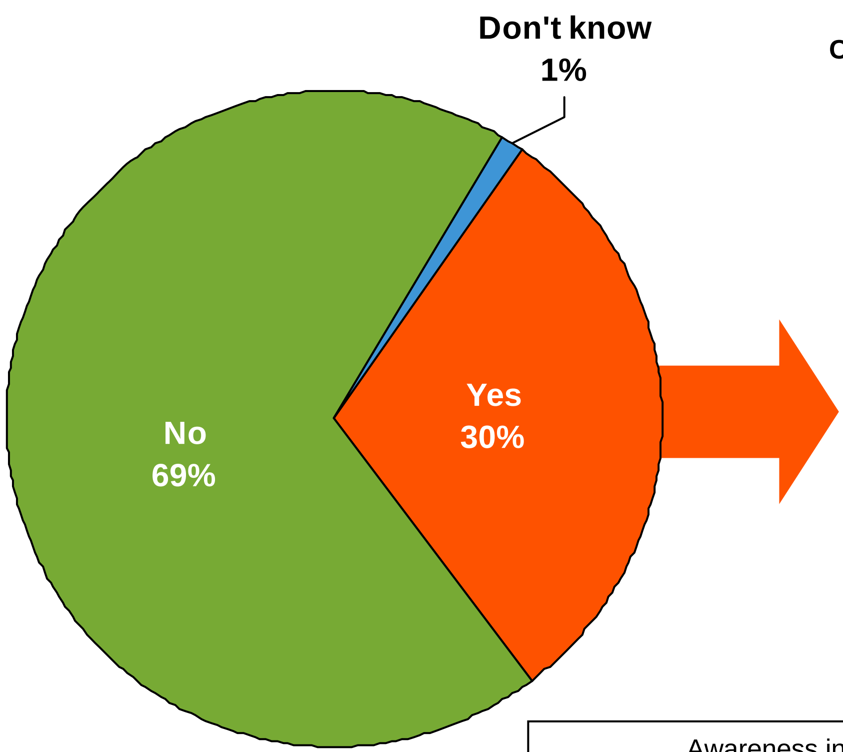
Qd1b. What specifically do you recall about the restructuring or introduction of competition to Alberta's electricity market?



Base: Recall reading or hearing something (n=367)

Recall About Deregulation: Natural Gas

Qd2a. Before talking to me today, do you recall reading or hearing anything about the restructuring of, or introduction of competition to, Alberta's natural gas market?



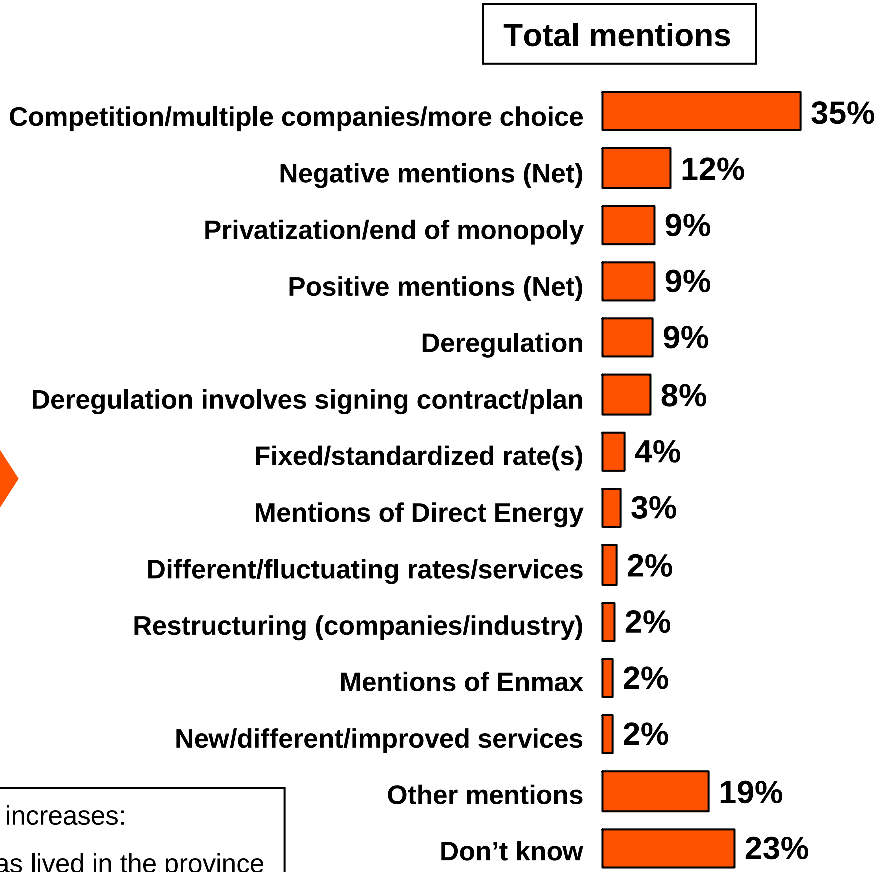
Awareness increases:

- the longer a person has lived in the province

- as household income increases

Base: All respondents (n=1000)

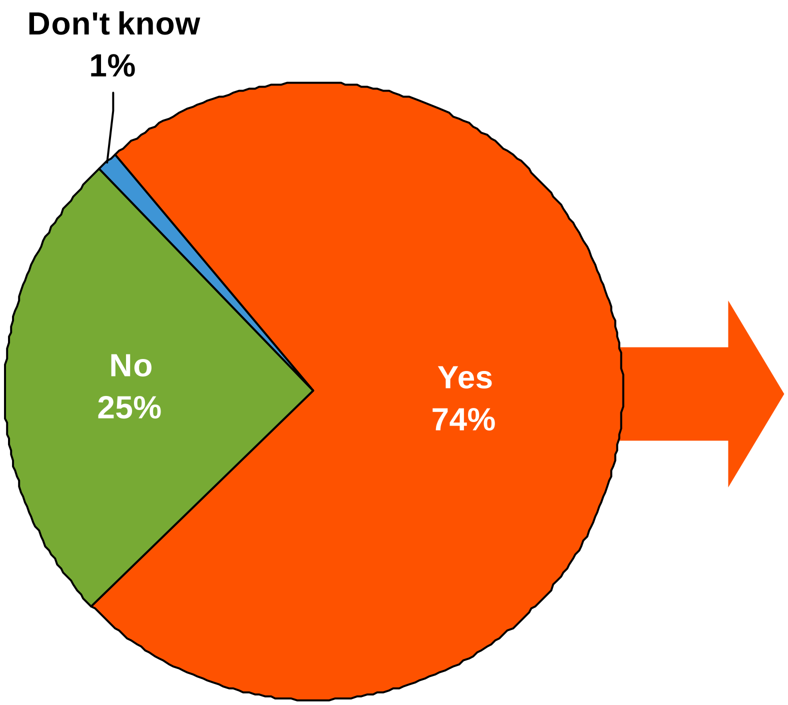
Qd2b. What specifically do you recall about the restructuring or introduction of competition to Alberta's natural gas market?



Base: Recall reading or hearing something (n=297)

Awareness of Choice of Supplier

Qd2c. Prior to talking to me today, did you know that you have a choice regarding who your supplier of electricity or natural gas is?

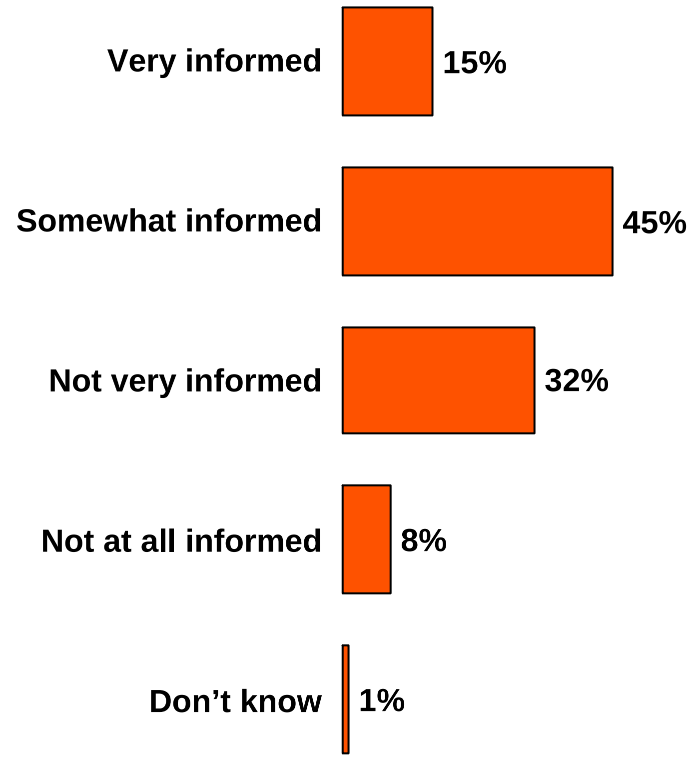


Awareness increases the longer a person has lived in the province

Awareness is significantly lower among those 18-34.

Base: All respondents (n=1000)

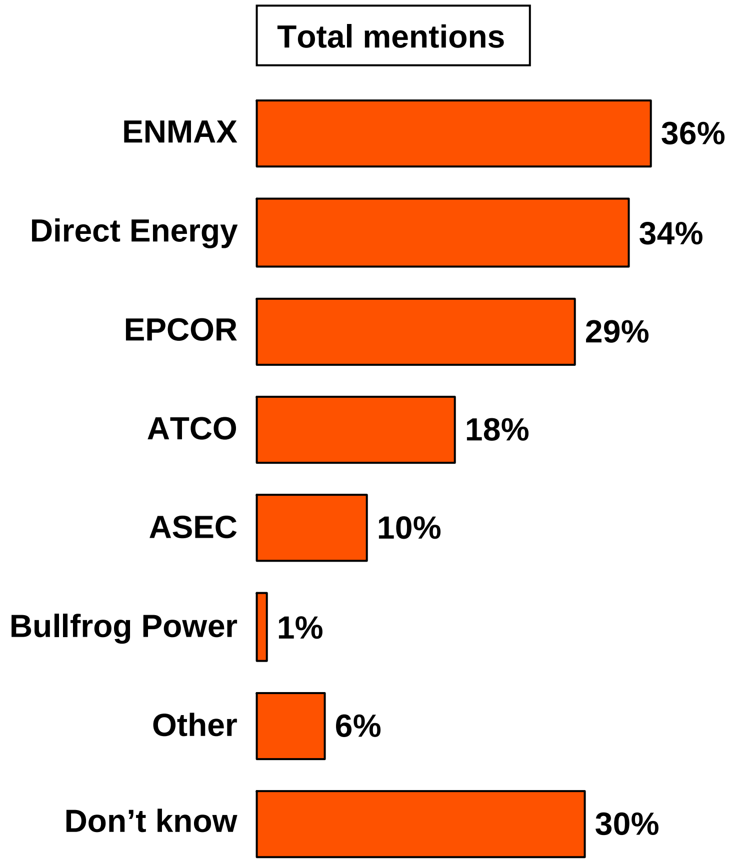
Qd2d. Alberta's electricity and natural gas markets have been opened to competition. This means that Albertans can choose to buy their electricity or natural gas from a competitive retailer. This is also known as deregulation. How informed are you on this issue?



Base: Know they have a choice (n=741)

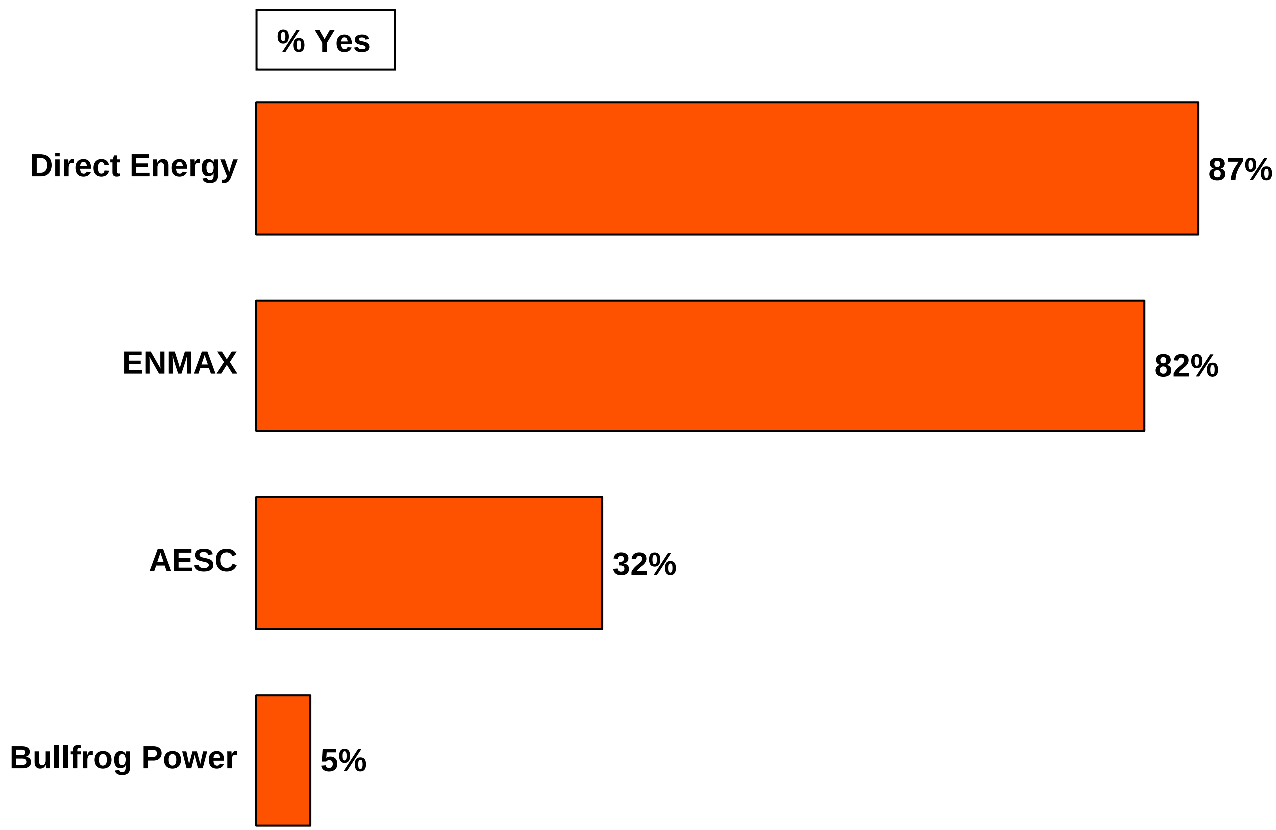
Unaided Brand Awareness

Qd3. A number of competitive electricity and natural gas retailers are now operating in Alberta. These are companies that sell electricity and natural gas contracts at a specific rate for a fixed period of time. Which of these companies are you aware of today?



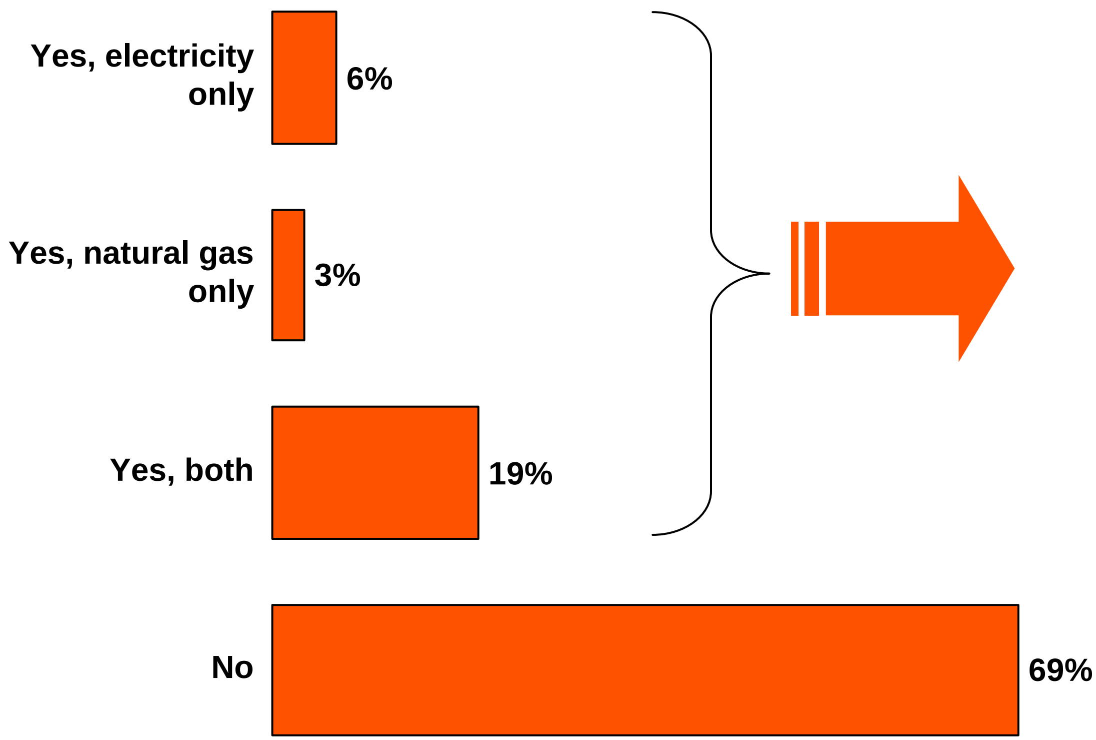
Total Brand Awareness (Aided + Unaided)

Qd4. Before today, had you ever heard of a company called …?



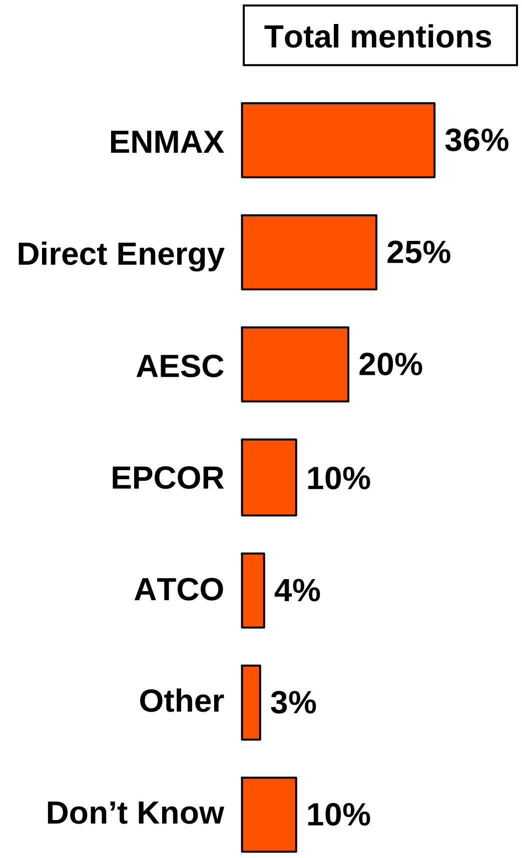
Contract With Competitive Retailer

Qd5. Since the beginning of deregulation, have you ever signed a contract with a competitive electricity or natural gas retailer?



Base: All respondents (n=1000)

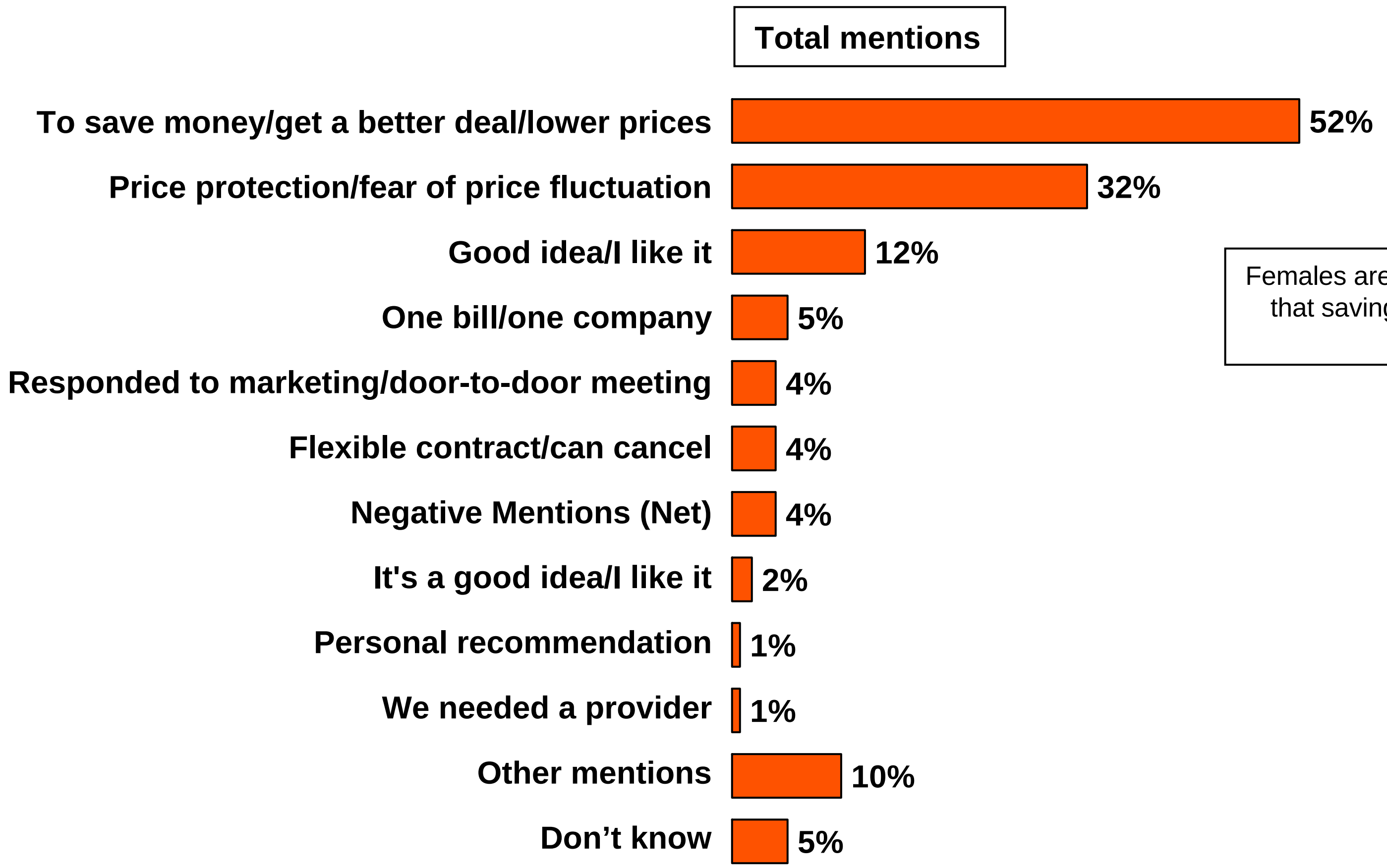
Qd6. With which company did you sign?



Base: Have signed a contract with a retailer (n=282)

Contract With Competitive Retailer: Reasons – Unaided

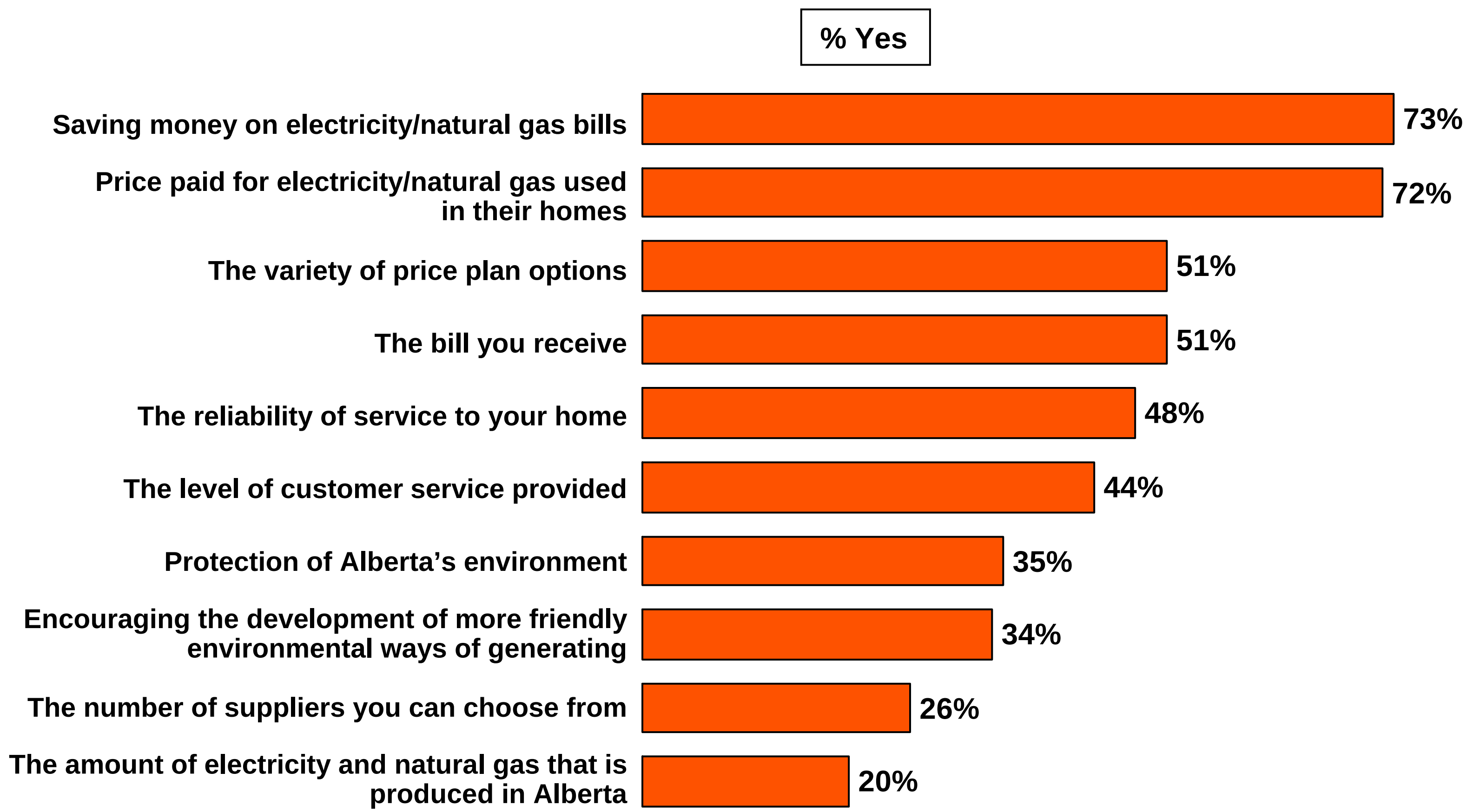
Qd7. Why did you sign a contract? What were the major reasons?



Females are significantly more likely to state that saving money was major reason for signing a contract

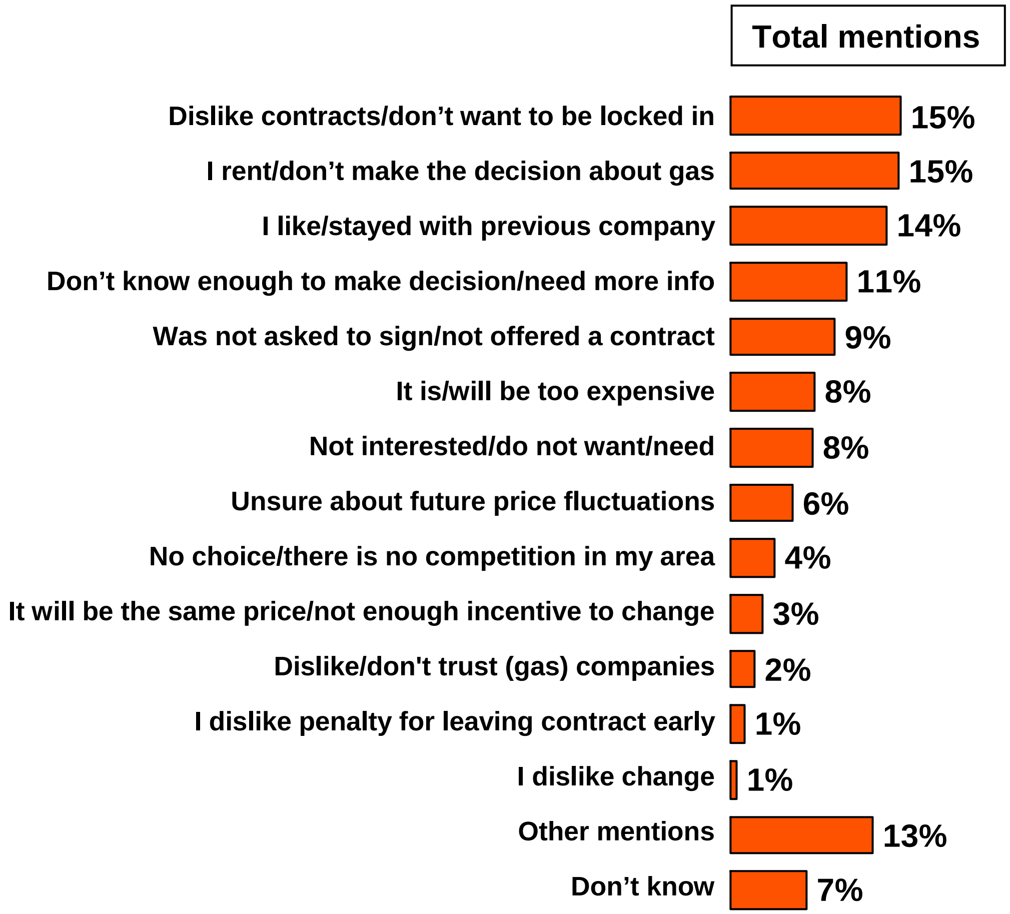
Contract With Competitive Retailer: Reasons – Aided

Qd7b. Which of the following were deciding factors when you chose to sign a contract?
Was … a deciding factor?



Contract With Competitive Retailer: Reasons For Not Signing

Qd8c. Why did you not sign a contract? What were the major reasons?



Older Albertans (55+) are significantly more likely to state that they like their current provider.

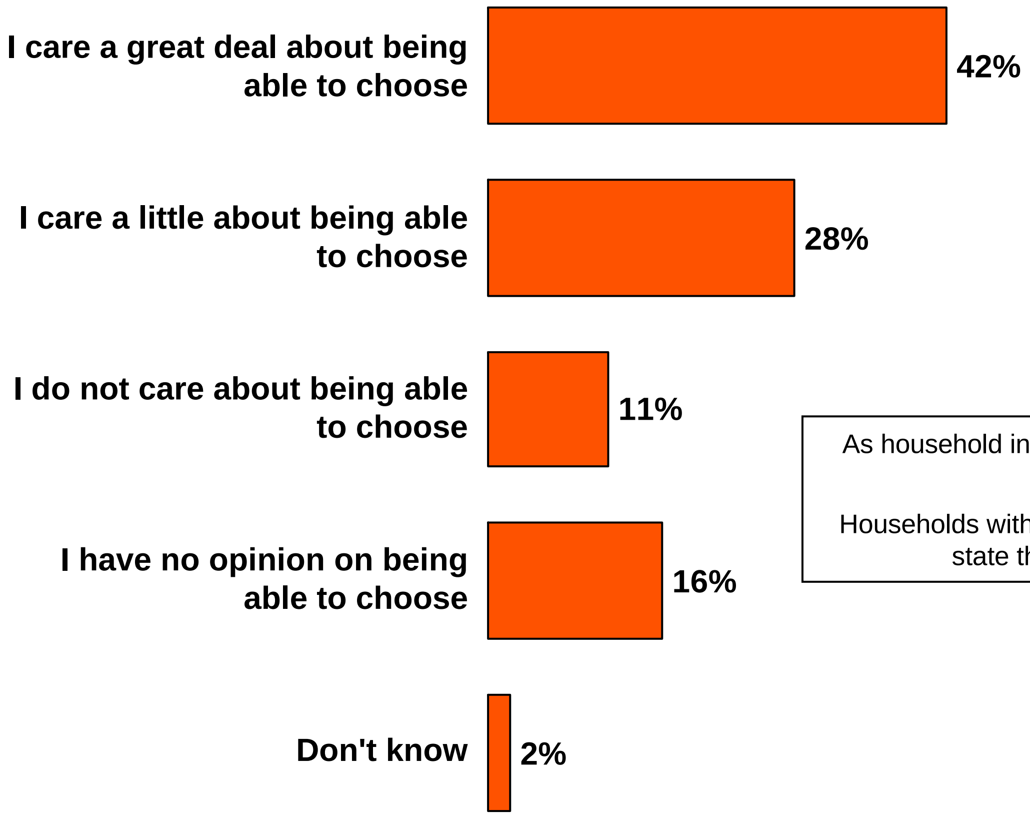
Choice

Choice

- Albertans are strongly in favour of being able to choose their energy provider and almost one-half recall seeing advertising in the past year letting them know who their choices are. ENMAX and Direct Energy appear to have been most aggressive in their advertising with the highest rates of recall.
- However, only one-in-seven Albertans has actively sought information on their Energy choices in the previous year, although one-half believe they currently have enough information to make an energy choice.
- Consumers believe that Consumer Associations, The Government of Alberta and their Local Regulated Rate Provider are the most credible sources of information on energy choice. The Media and Energy Retailers are deemed to the least credible sources of information on energy choice. Interestingly, the Utilities Consumer Advocate appears to be relatively unknown to Albertans.
- When reviewing general information sources approximately one-half of Albertans indicate that they have looked at the back page of their bill and bill inserts. Only one-quarter has looked over information from a competitive energy retailer or talked to an energy retailer.
- Once again, the Utilities Consumer Advocate appears to be unknown with only one-in-twenty Albertans stating they had visited its website.

Choice: Ability to Choose

Qc1. Which of the following statements best describes how you personally feel about being able to choose the company that provides the electricity and natural gas used in your home?

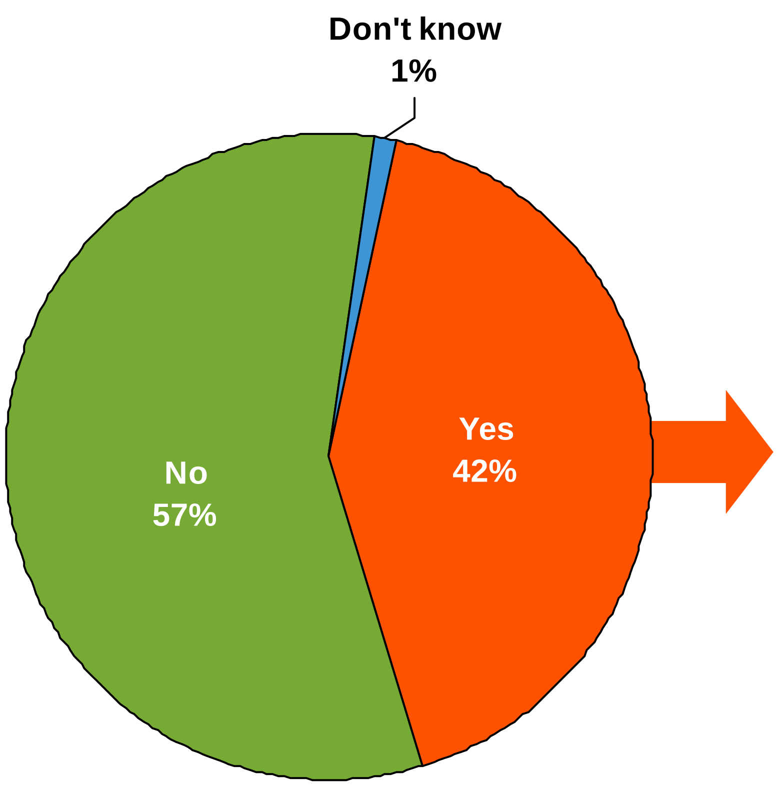


As household income increases, the interest in being able to choose decreases.

Households with income less than $40,000 are more likely to state that they have no opinion on choice.

Awareness of Advertising

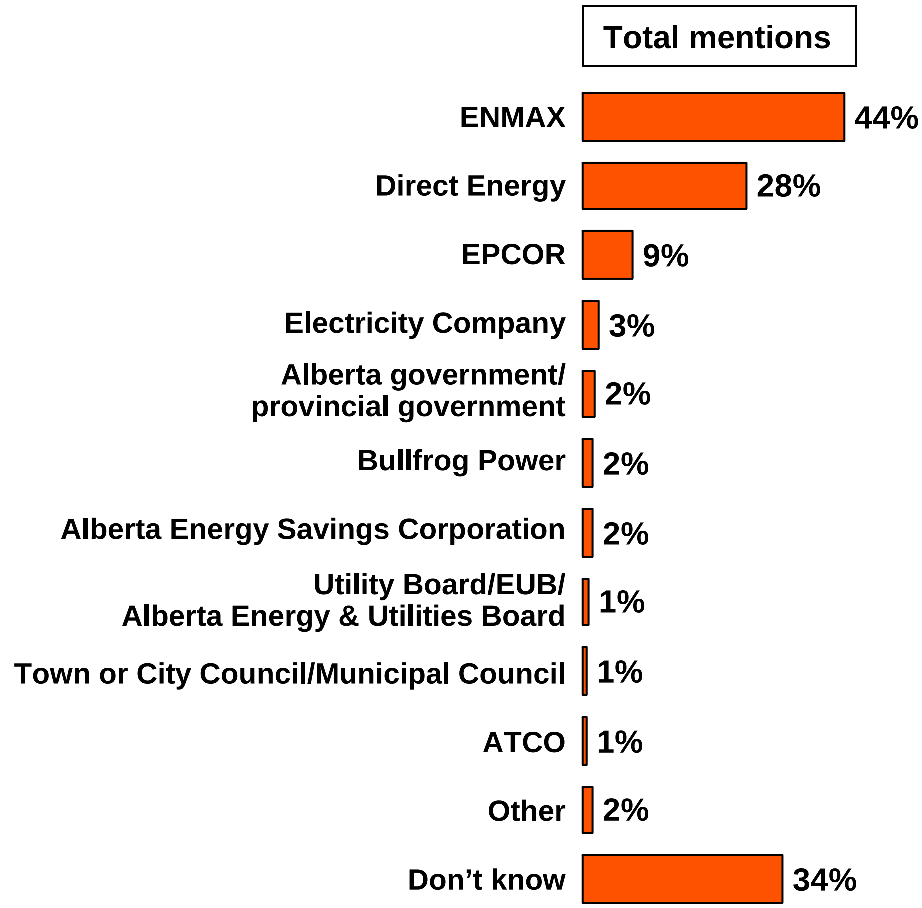
Qc1b. In the last year have you seen any advertising letting you know what your choices are?



Advertising awareness is higher in urban areas.

Base: All respondents (n=1000)

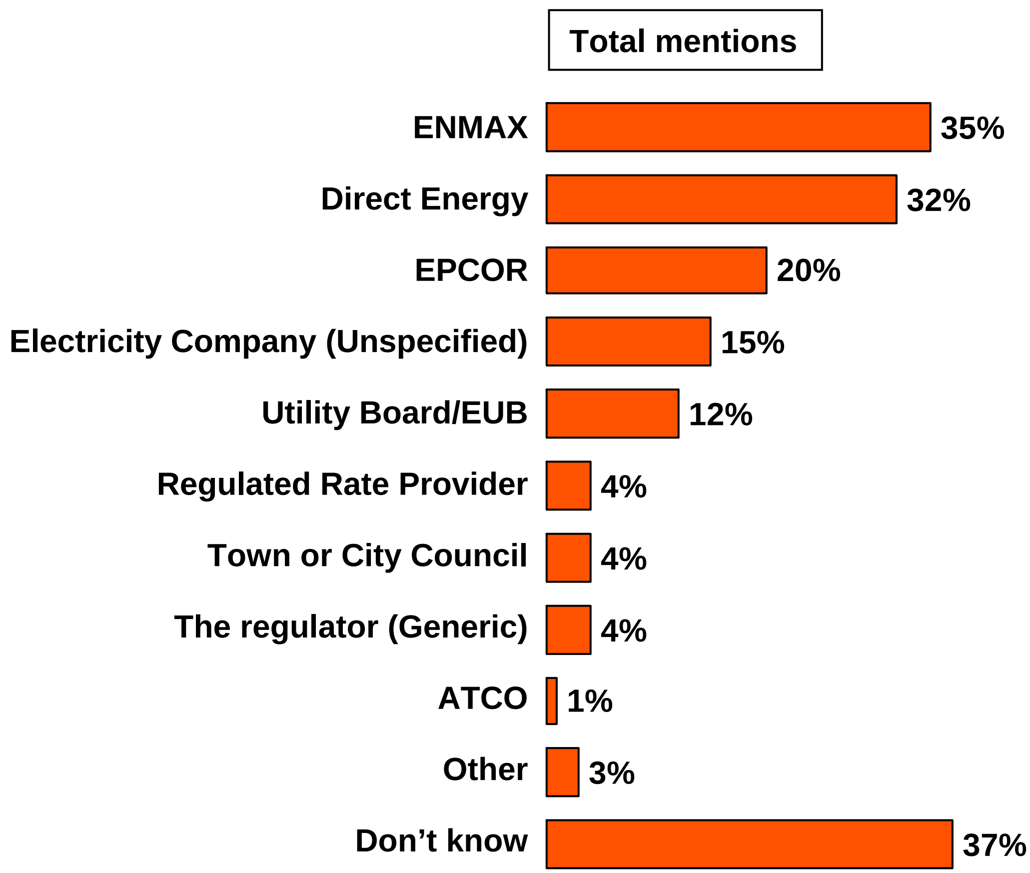
Qc1c. Who sponsored the advertising?



Base: Have seen advertising (n=424)

Awareness of Advertising: Detail – Aided

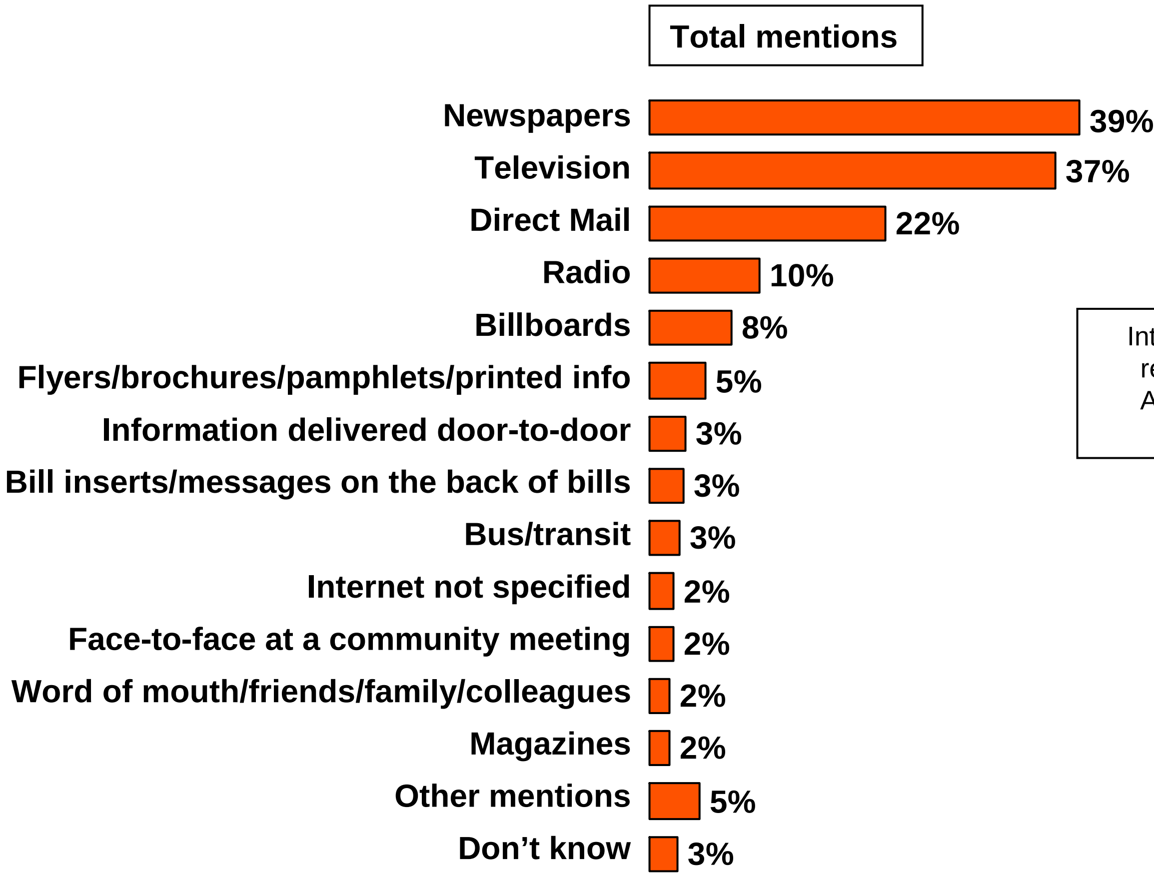
Qc1c1. Which of the following companies sponsored the advertising?



Base: Aware of advertising but couldn’t name the company unaided (n=143)

Awareness of Advertising: Source

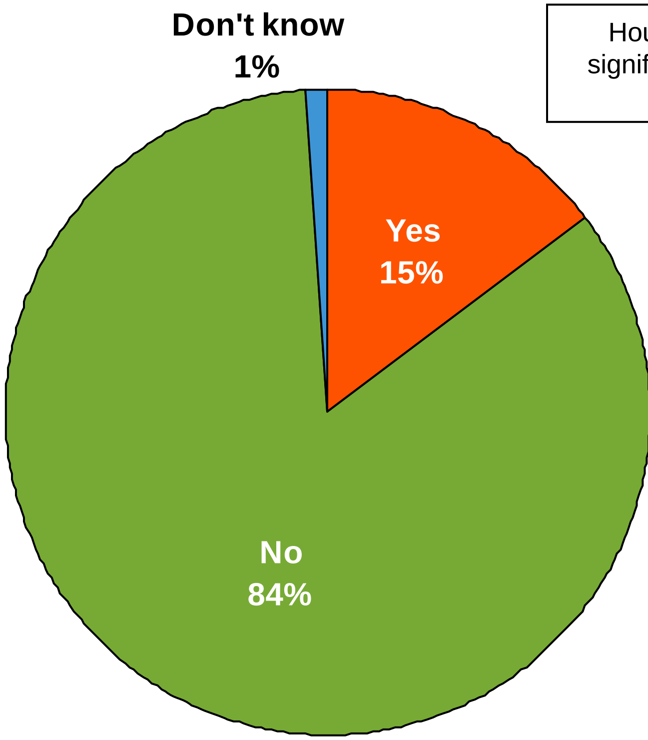
Qc1d. Where did you see the advertising?



Interestingly, older Albertans are more likely to recall Newspaper advertising, while younger Albertans are more likely to recall Television advertising.

Information on Deregulation

Qc2. In the last year have you personally sought out information about electricity and natural gas competition or your choices under energy deregulation in Alberta?

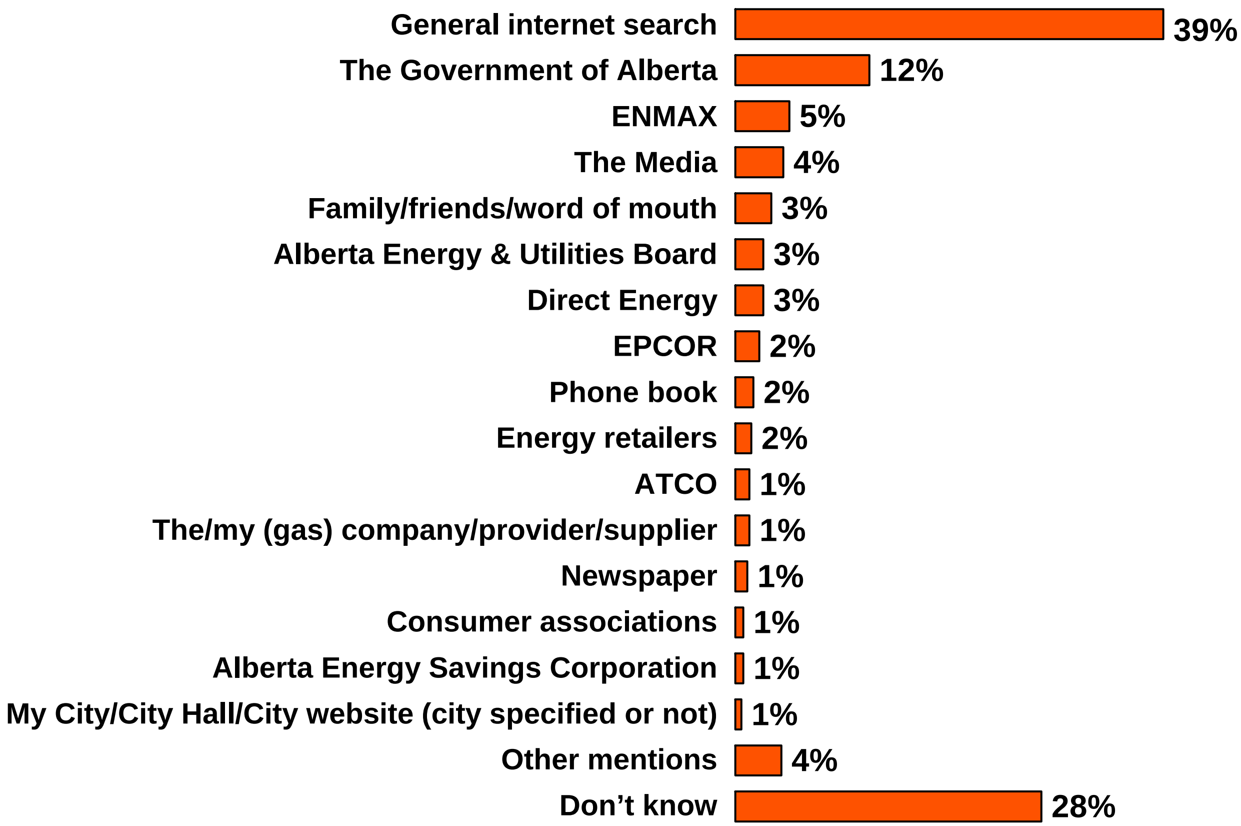


Households with income greater than $80,000 are significantly more likely to have sought information on deregulation.

Information on Deregulation: Sources

Qc3. If you were looking to find information about your choices under energy deregulation, whom would you look to for this information?

Total mentions



More likely to search the Internet are:

-Albertans living in urban areas

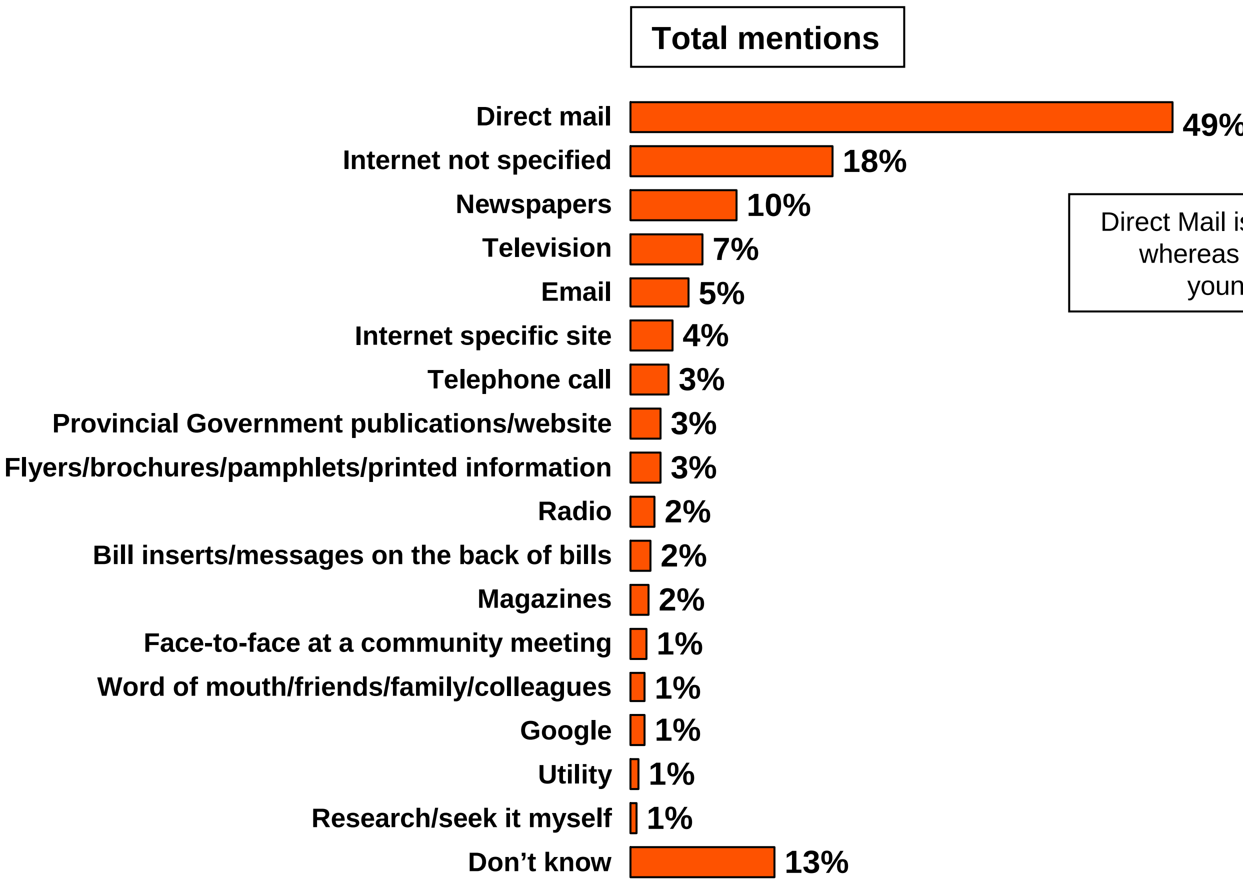
- Younger Albertans, <54

- Households with 3+ inhabitants

- Higher income households

Information on Deregulation: Format

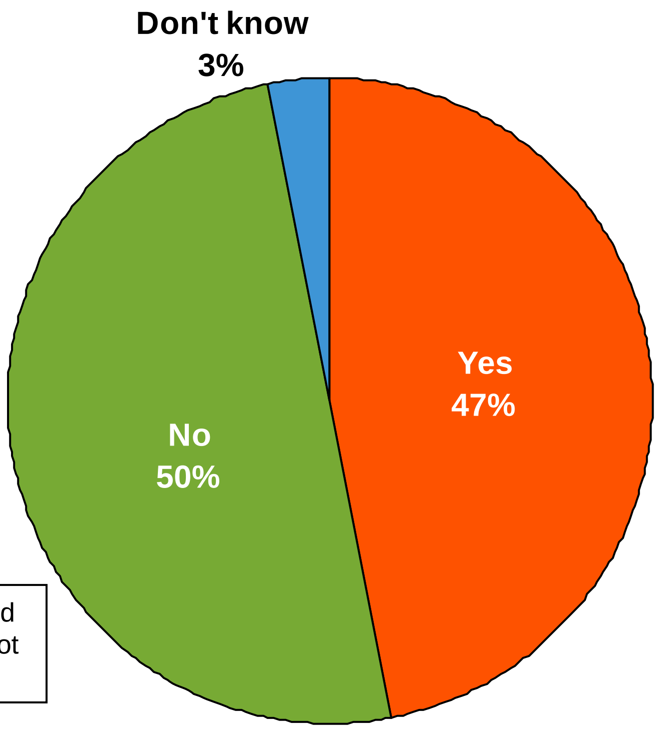
Qc4. How would you like to receive this information, or what method of communication would you prefer?



Direct Mail is more popular among older Albertans, whereas the Internet is more popular among younger members of the population.

Information on Deregulation: Amount

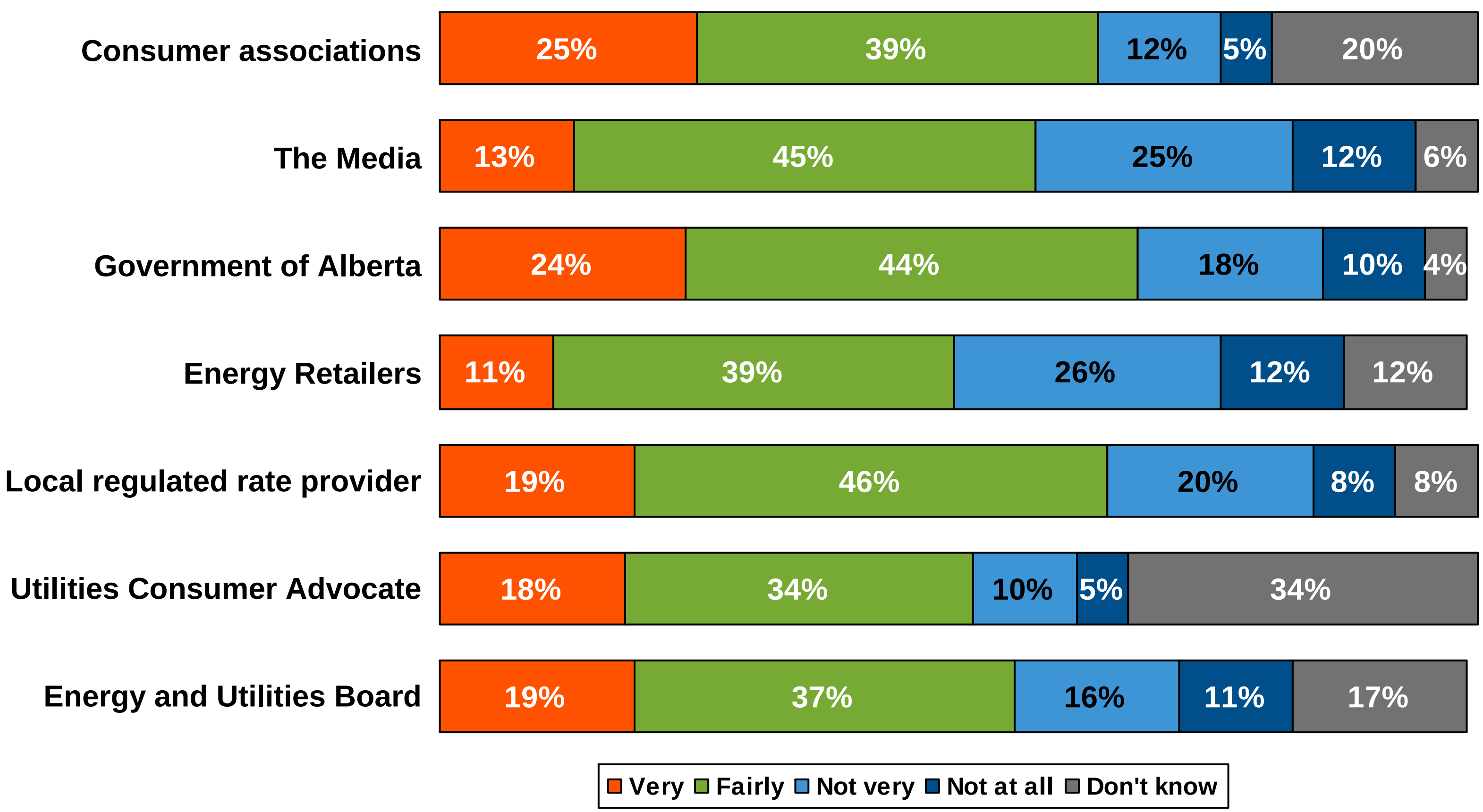
Qc5. Do you feel you have enough information to choose an electricity and natural gas retailer for your home?



Northern Albertans and those with 5+ household members are more likely to state that they do not have enough information to choose a retailer.

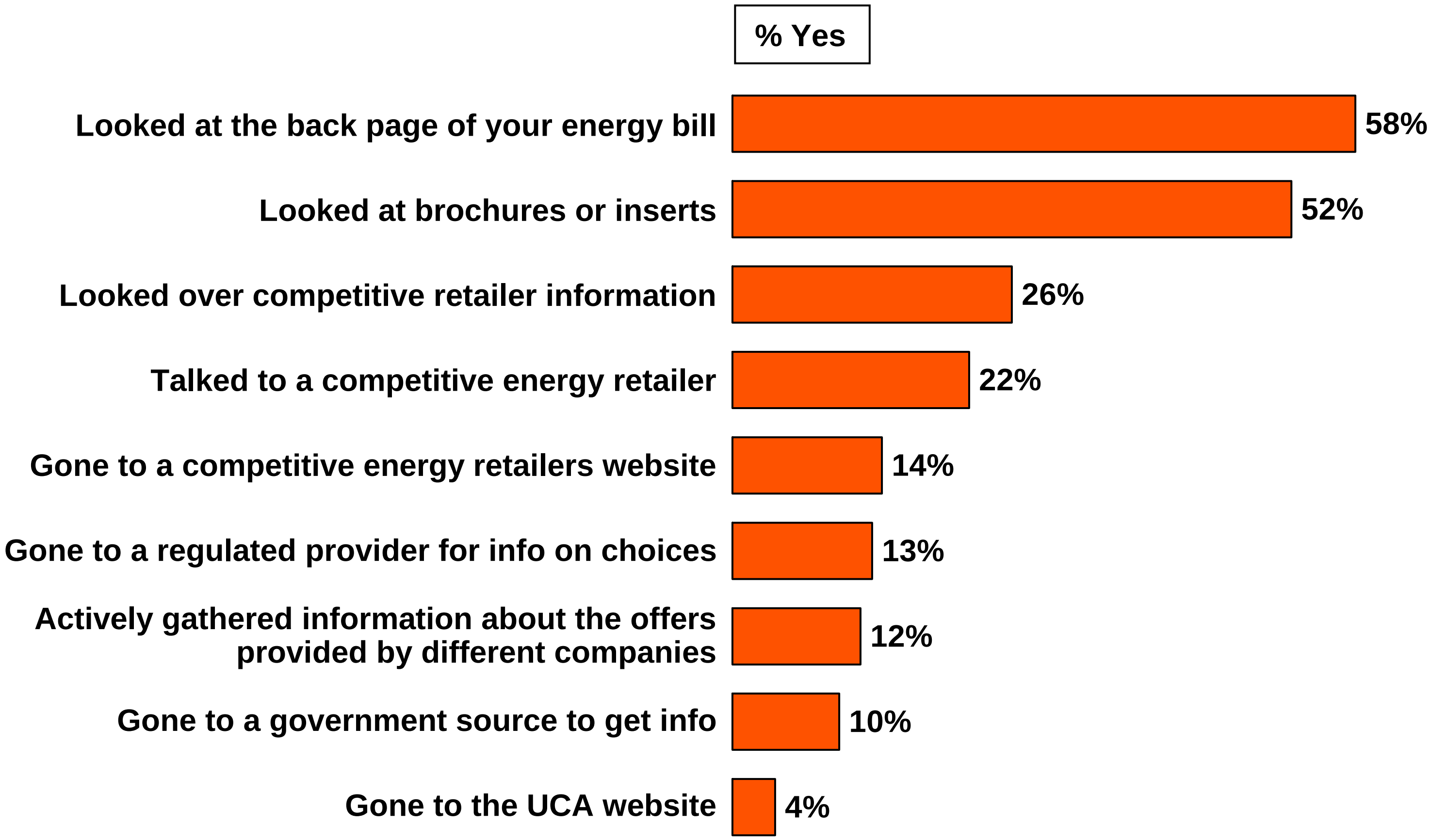
Information on Deregulation: Credibility of Sources

Qc6. Now I'd like to ask you about the credibility of different sources of information on electricity and natural gas competition in Alberta. Would you say that … is a very, fairly, not very or not at all trustworthy source of information about electricity and natural gas competition in Alberta? How about …?



General Sources of Information

Qc7. Which of the following have you done in the past six months? Have you …?



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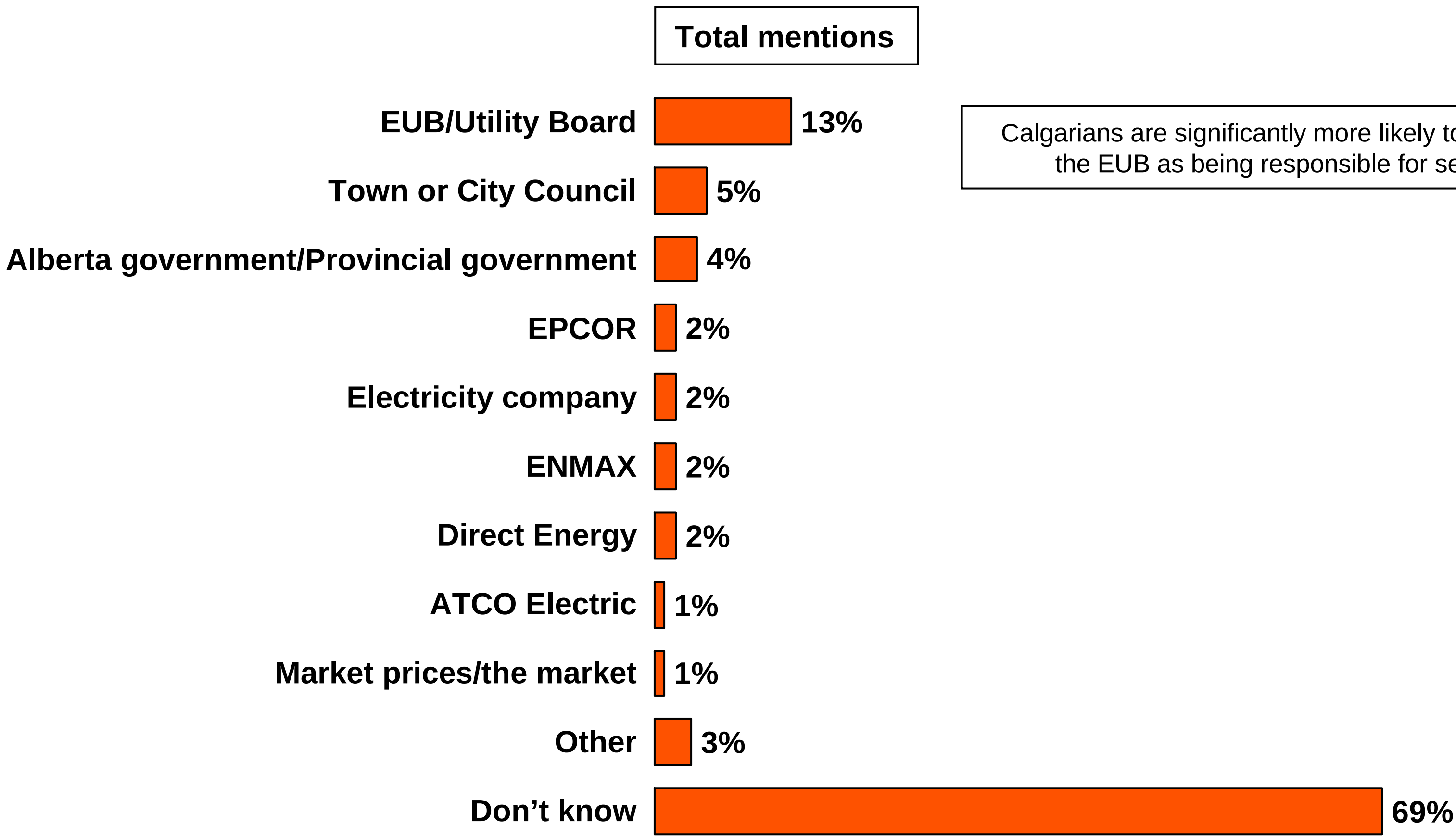
Preference and Perception of Rate Calculation

Preference and Perception of Rate Calculation

- Even though Albertans care about being able to choose an energy supplier and one-half believes they have information to choose, only one-in-eight is able to correctly identify who was responsible for setting rates. Almost three-quarters of Albertans provide a ‘don’t know’ response to this question.
- Furthermore, only one-in-five correctly identify how often the rate changes for Electricity and Natural Gas.
- Even with these extremely poor levels of knowledge, one-quarter of Albertans claim to be ‘somewhat knowledgeable’ about the rate changing mechanisms in the province.
- Almost one-half of Albertans correctly state that the Government provides rebates on Natural Gas, although one-quarter stated that rebates were provided on Electricity and Natural Gas.
- Albertans overwhelmingly support the concept of a government rebate program triggered with high prices.

Rate Calculation – Electricity: Responsibility

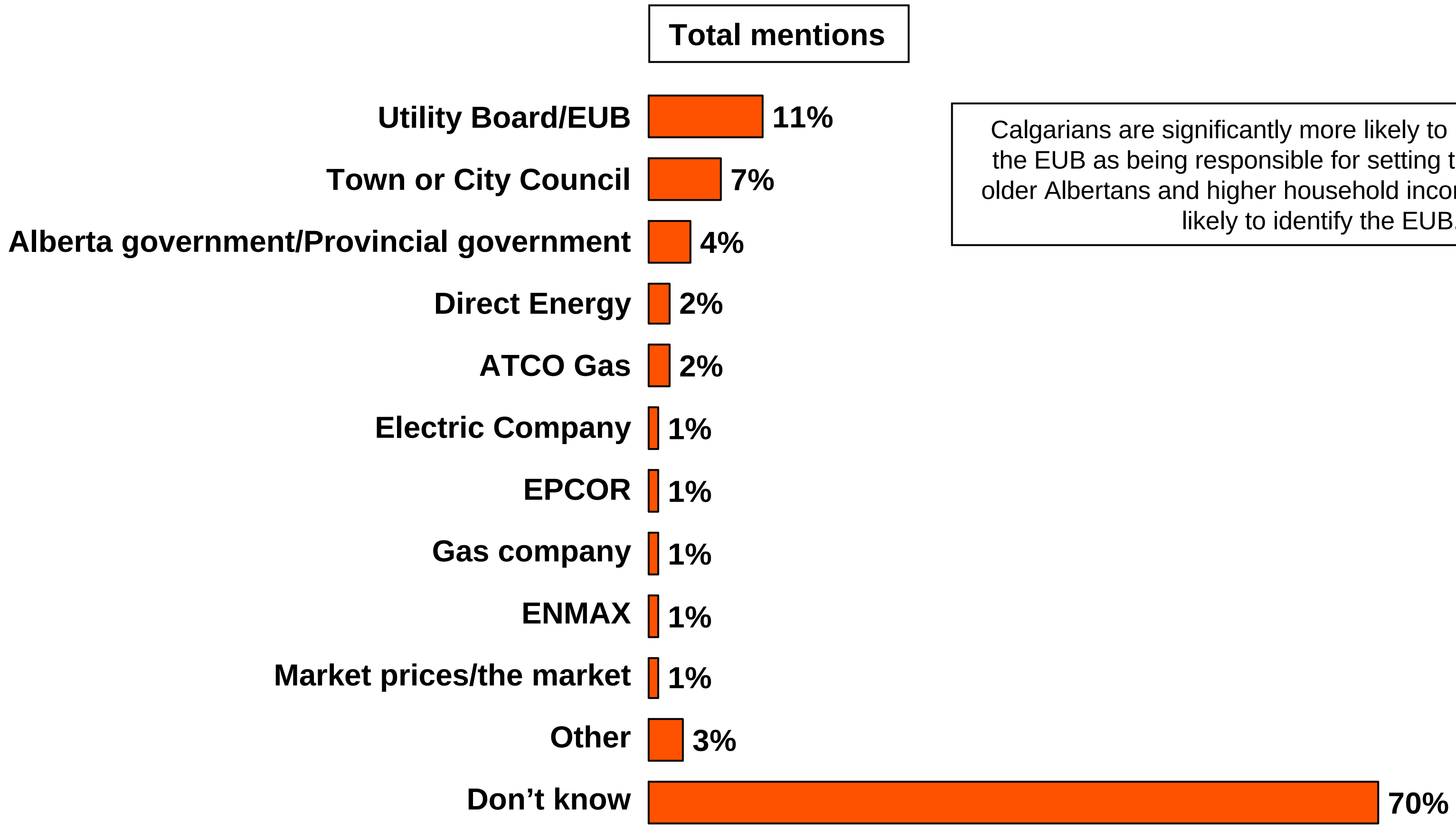
Qp1. The regulated rate for electricity is called the Regulated Rate Option or RRO. Who is responsible for setting the RRO for electricity customers in your community?



Calgarians are significantly more likely to be able to identify the EUB as being responsible for setting the RRO

Rate Calculation – Natural Gas: Responsibility

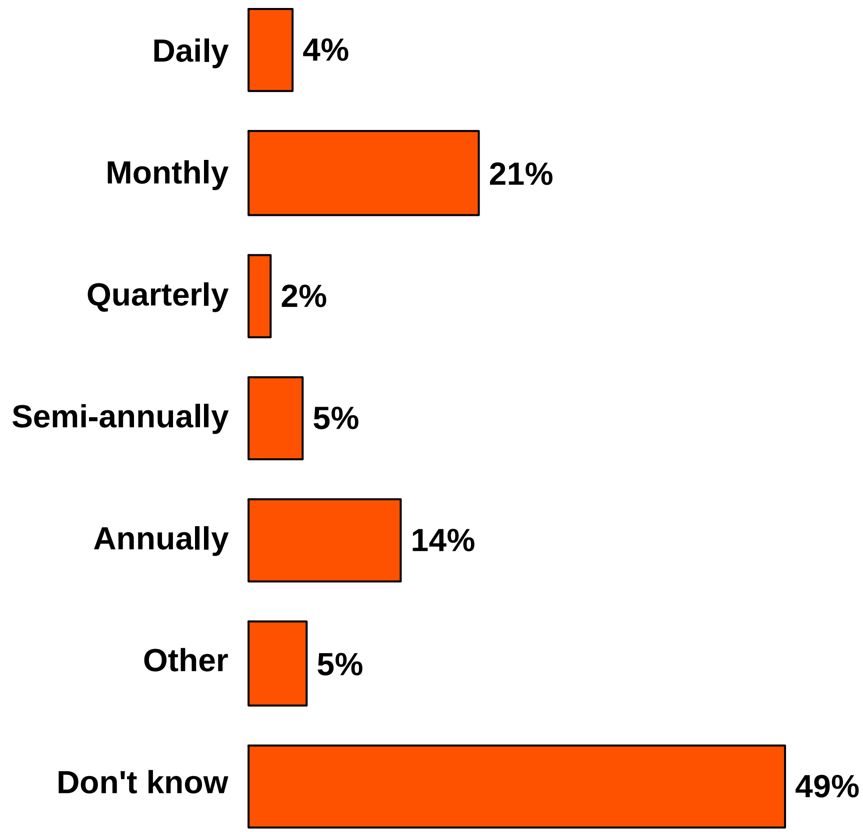
Qp2. The regulated rate for natural gas is called the Gas Cost Flow-Through Rate or GCFR. Who is responsible for setting the GCFR for natural gas in your community?



Calgarians are significantly more likely to be able to identify the EUB as being responsible for setting the GCFR. Males, older Albertans and higher household incomes are also more likely to identify the EUB.

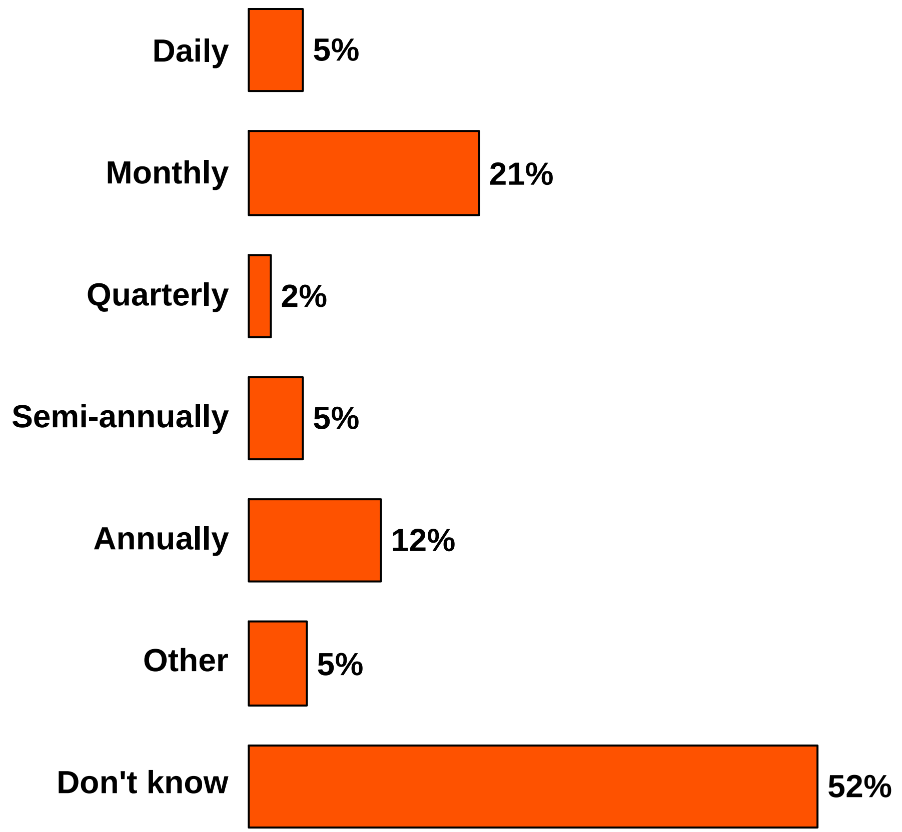
Frequency of Change in Regulated Rate: Electricity

Qp3a. To the best of your knowledge, how often does the regulated rate for electricity change in Alberta?



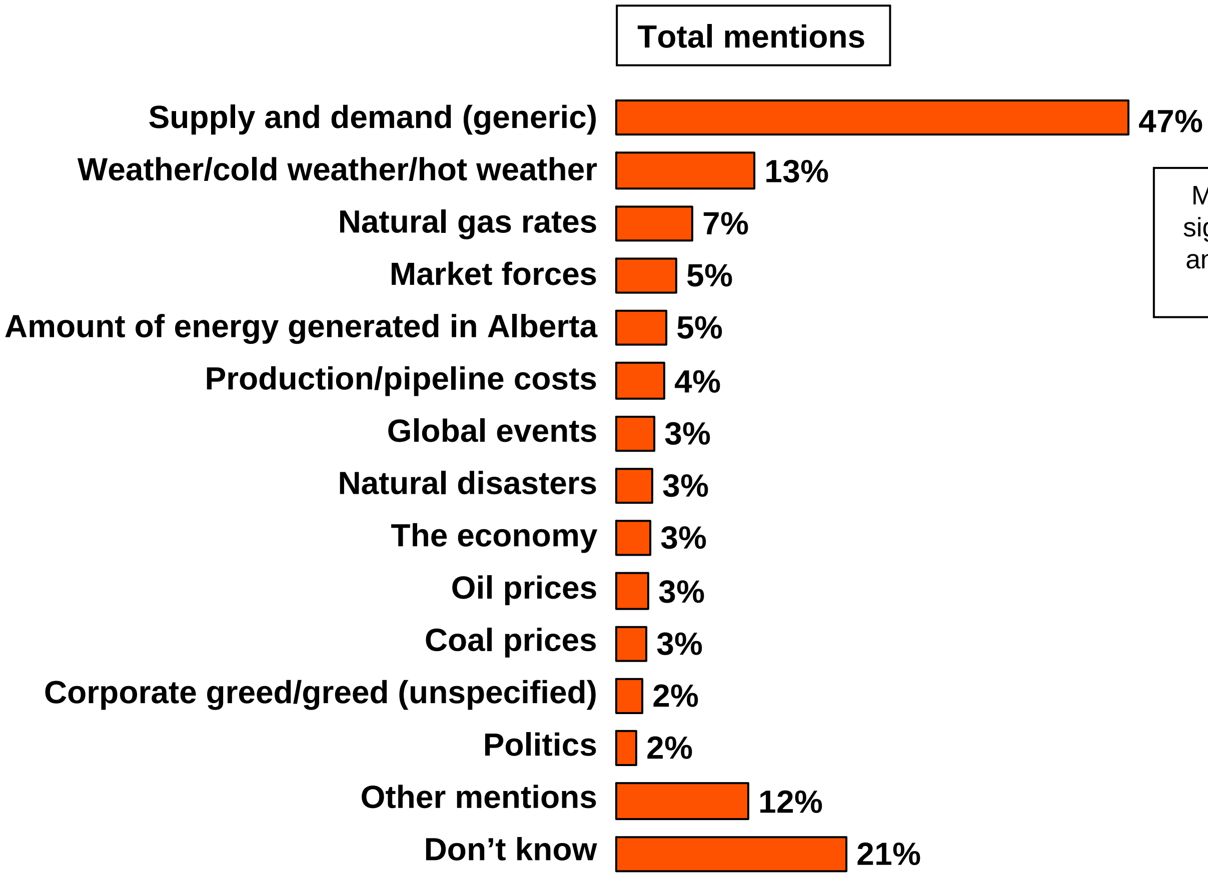
Frequency of Change in Regulated Rate: Natural Gas

Qp3b. To the best of your knowledge, how often does the regulated rate for natural gas change in Alberta?



Changes in Regulated Rates: Reasons

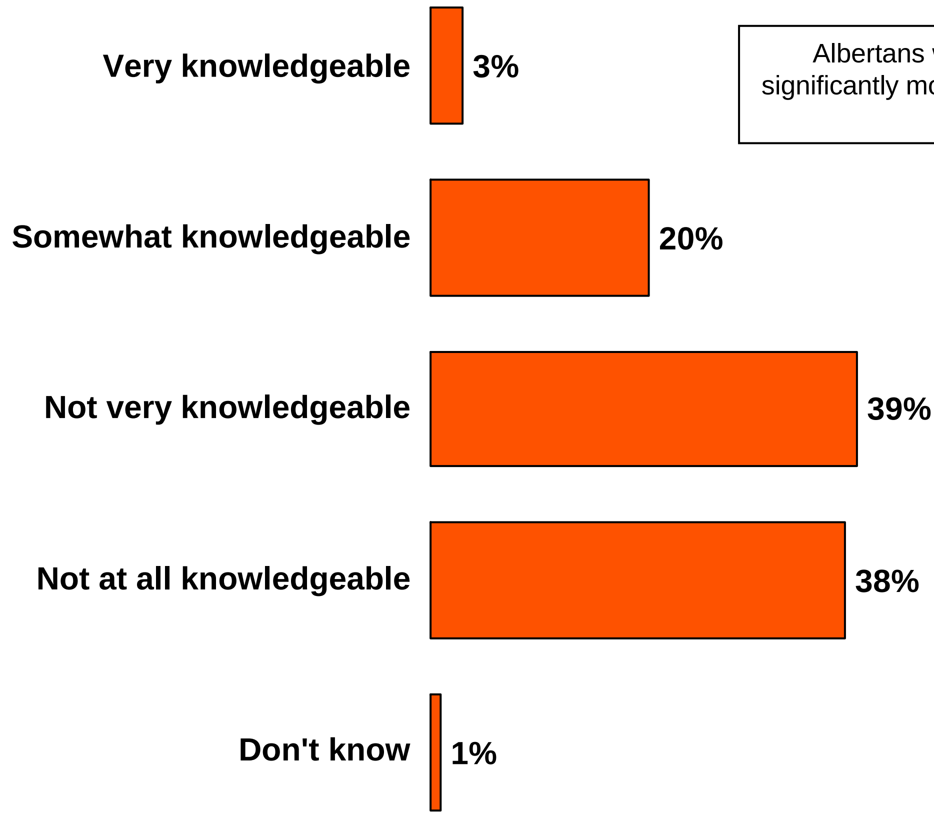
Qp4. What are the factors that affect the regulated rate for electricity and natural gas?
That is, what are the things that cause electricity and natural gas rates to go up or down?



Males and higher income households are significantly more likely to state that supply and demand are the major things to cause rates to go up or down.

Setting of Regulated Rates: Knowledge

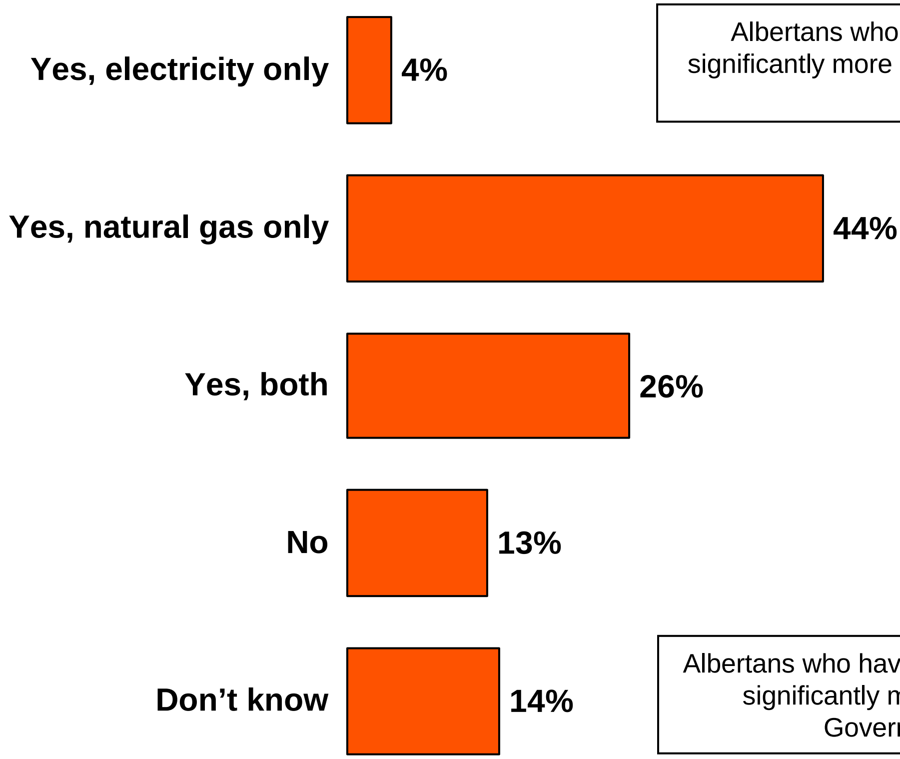
Qp5. How would you describe your knowledge about how the regulated rate for electricity and natural gas is set in Alberta? Would you say you are very knowledgeable, somewhat knowledgeable, not very knowledgeable or not at all knowledgeable?



Albertans who have lived in the province 6+ years are significantly more likely state that they are very knowledgeable about how energy rates are set.

Rebates on Electricity or Natural Gas Purchases

Qp6a. To the best of your knowledge, does the Government of Alberta provide rebates to Albertans on their electricity or natural gas purchases?

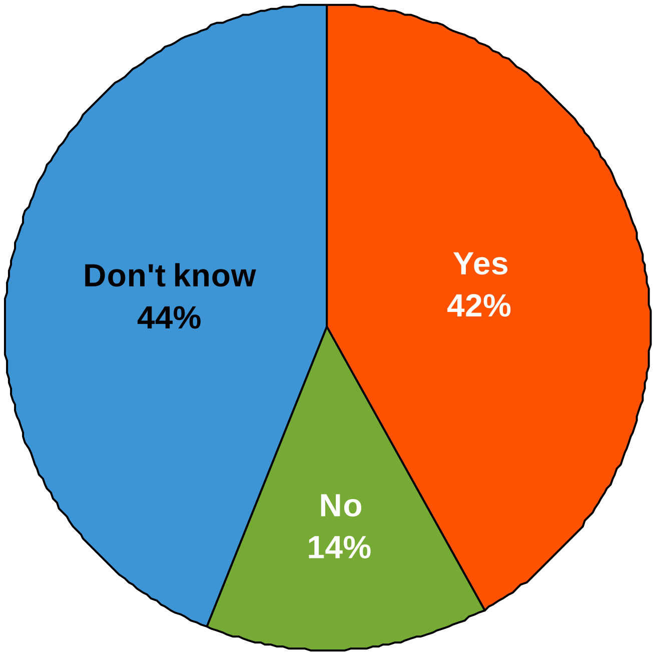


Albertans who have lived in the province 6+ years are significantly more likely state that rebates are for Natural Gas only.

Albertans who have lived in the province less than 5 years are significantly more likely state that did not know if the Government provided energy rebates.

Rebates on Natural Gas Purchases: Contracts

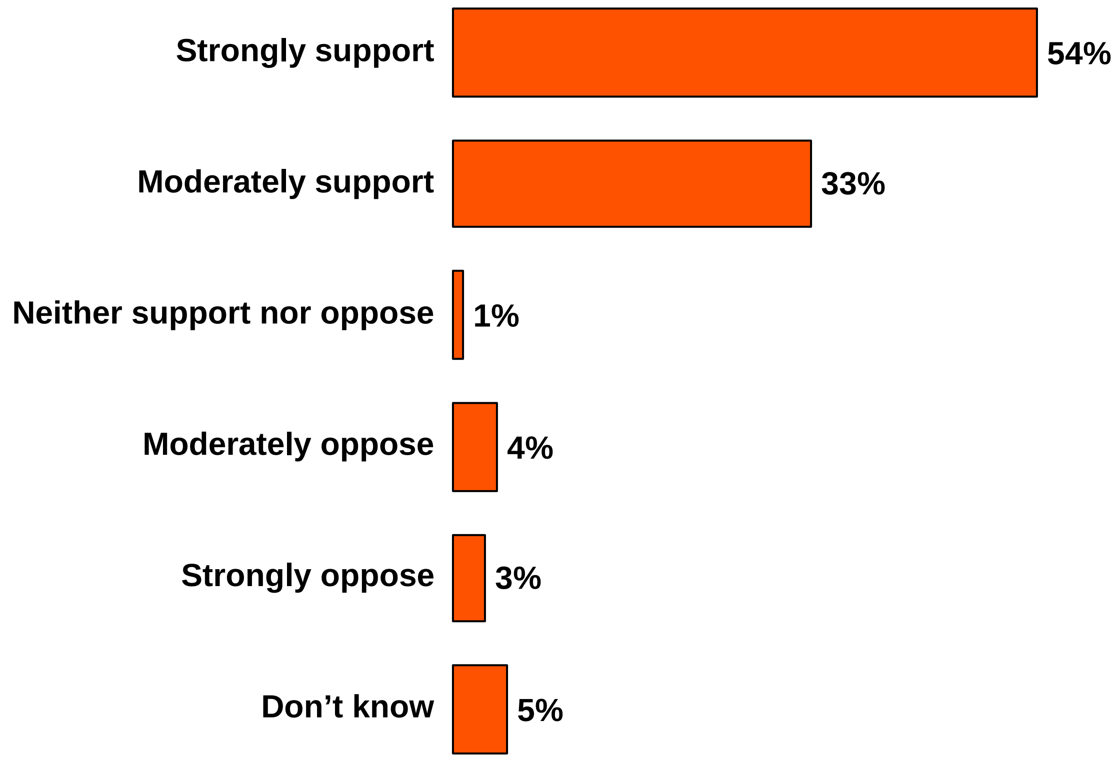
Qp6b. To the best of your knowledge, if someone has signed a contract for their natural gas supply, do they still receive these rebates?



Albertans with household incomes greater than $40,000 are significantly more likely to state that consumers who sign a contract still receive Government rebates for Natural Gas.

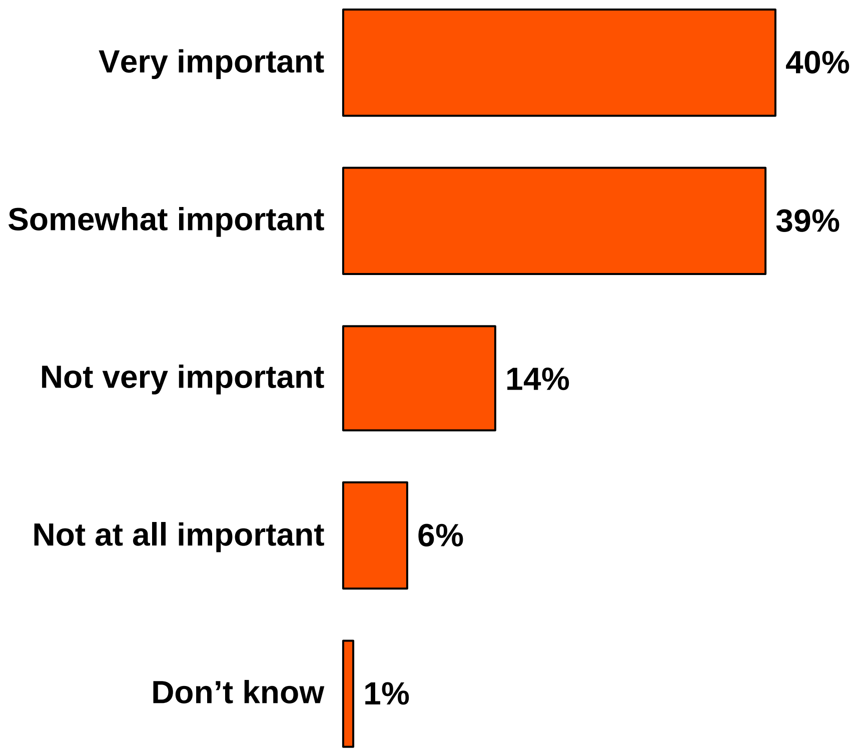
Rebates on Natural Gas Purchases: Support For

Qp7. Rebates are triggered when consumer prices for two of the three regulated gas companies serving Alberta (Direct Energy Regulated Services North, Direct Energy Regulated Services South and AltaGas Utilities) exceed the $5.50 per gigajoule threshold. Most consumers will see the rebate as a credit on their utility bill. Overall, do you generally support or oppose the rebate program? Would that be strongly or moderately support/oppose?



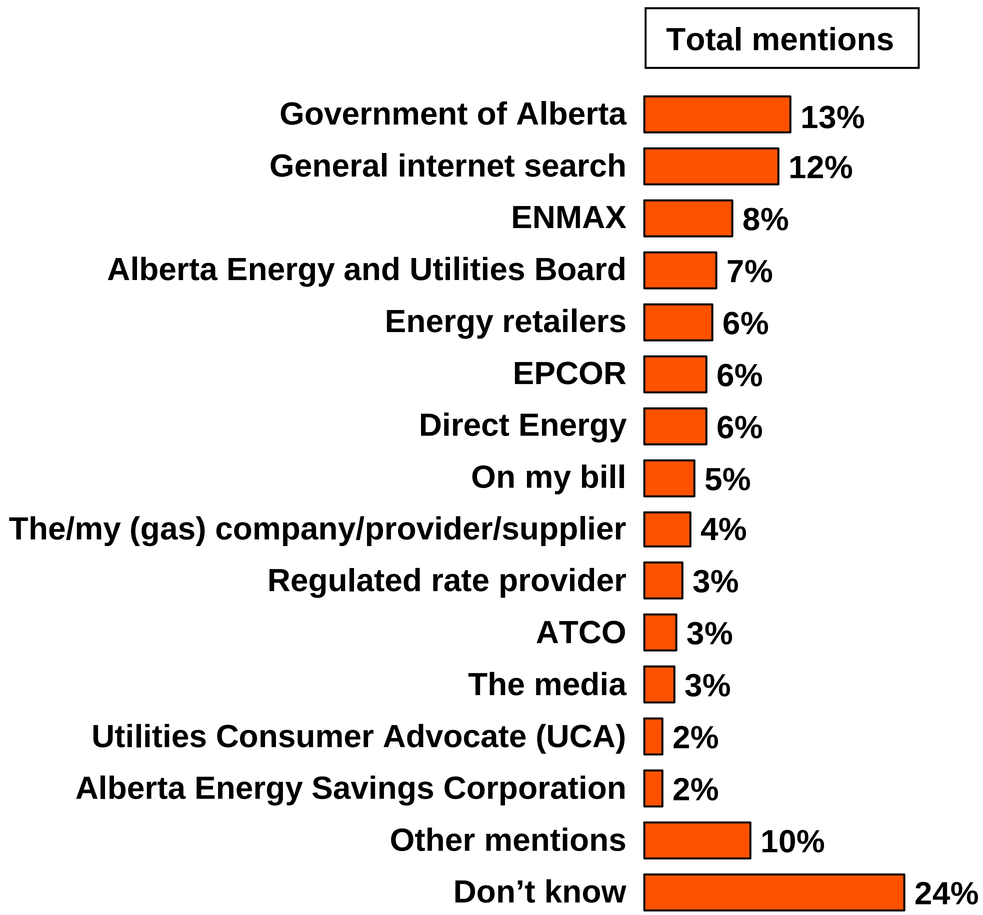
Calculation of Electricity and Natural Gas Rates: Knowledge of Method

Qp8. How important to you is it that you know how your rate for electricity and natural gas is determined? Is it very, somewhat, not very or not at all important that you know how your rate is determined?



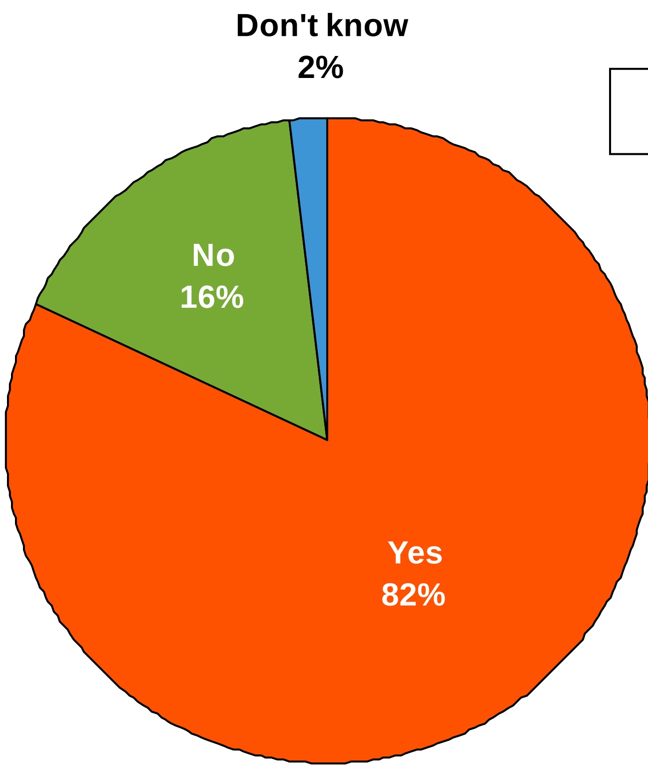
Information on Calculation of Rates: Sources

Qp9a. If you were looking to find information about how your rate is calculated, whom would you look to for this information?



Information on Calculation of Rates: Sources continued

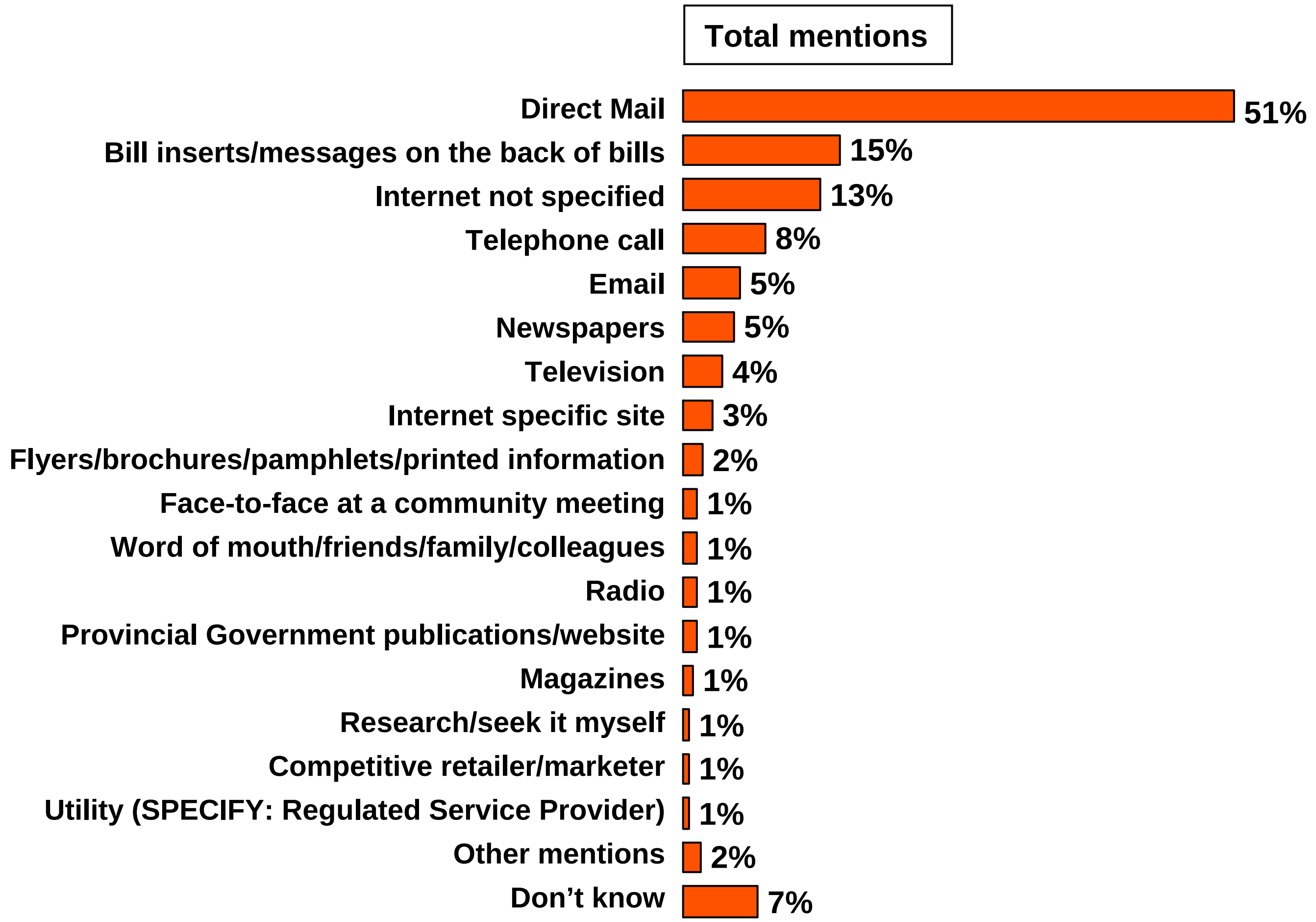
Qp9a1. Would you look to your electricity provider for this information?



Females are significantly more likely to look to their electricity provider for this information.

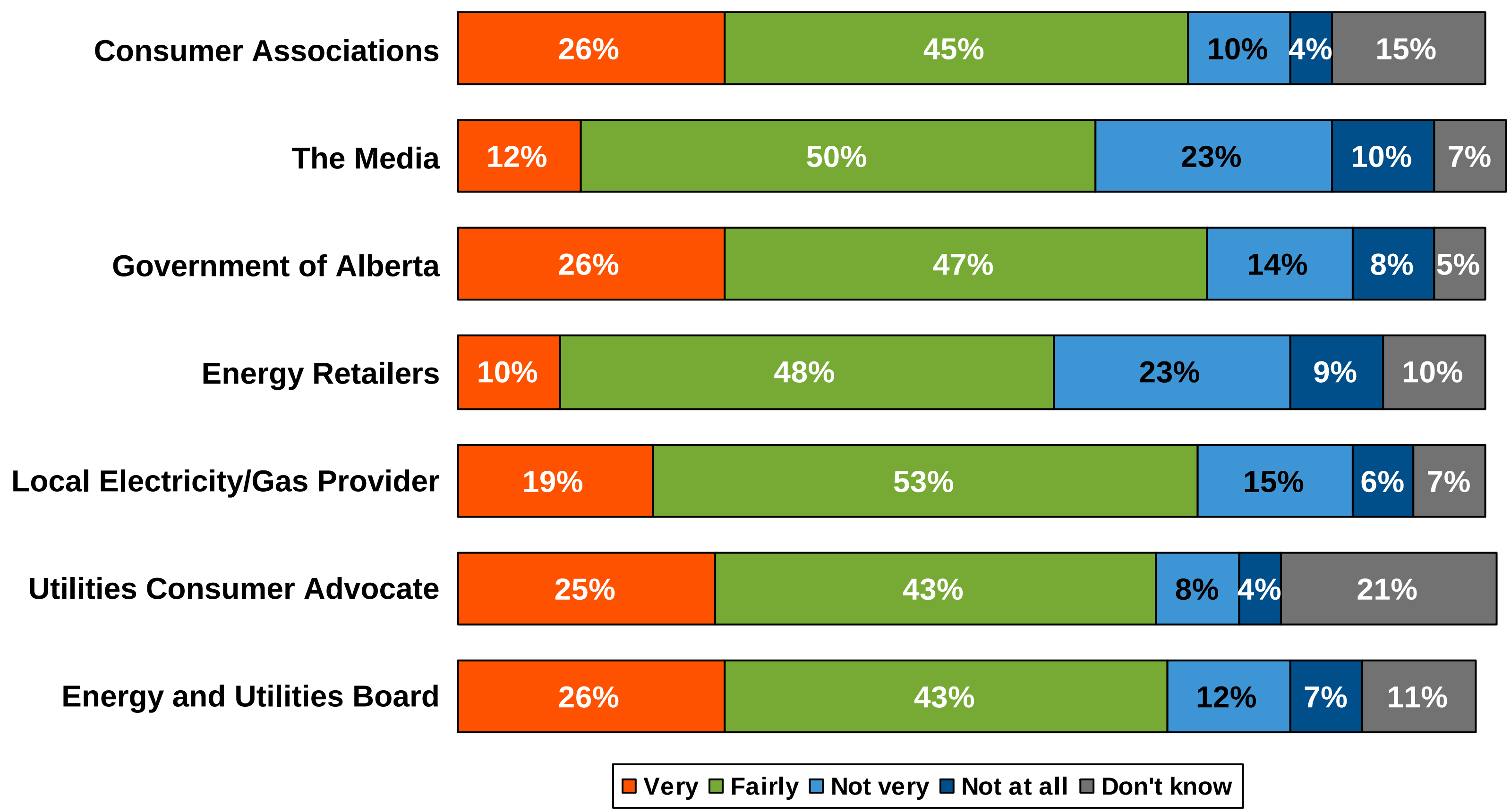
Information on Calculation of Rates: Format

Qp9b. How would you like to receive this information, or what method of communication would you prefer?



Information on Calculation of Rates: Credibility of Sources

Qp9c. Now I'd like to ask you about the credibility of different sources of information about how your rate is calculated. Would you say that … is a very, fairly, not very or not at all trustworthy source of information about how your rate is calculated? How about …?



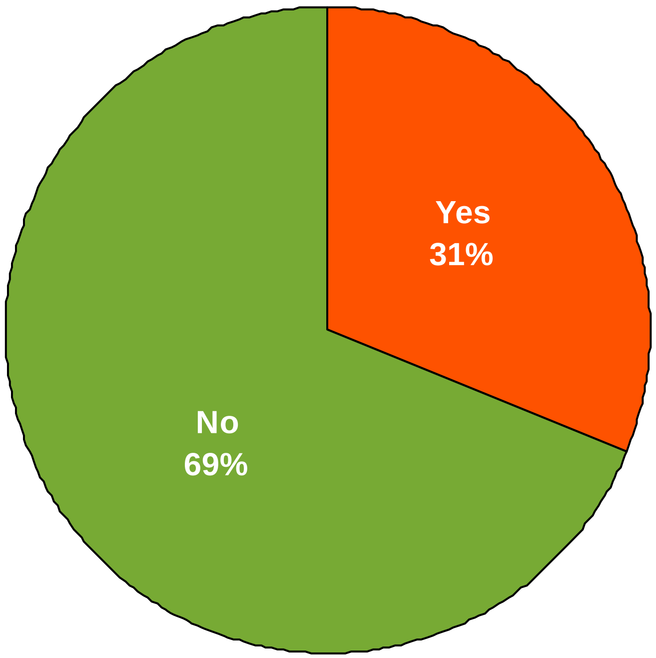
Energy Conservation

Energy Conservation

- In the past 12 months one-third of Albertans have sought information on energy conservation. Once again, respondents find Consumer Associations and the Government of Alberta to be the most credible sources of information on energy conservation. In contrast, Energy Retailers and The Media are deemed to be the least credible sources of information on energy conservation.
- Among many Albertans there is an appetite for additional energy conservation information with almost one-half stating a desire for more information. The preferred method of receiving additional information is Direct Mail and the Internet.

Energy Conservation

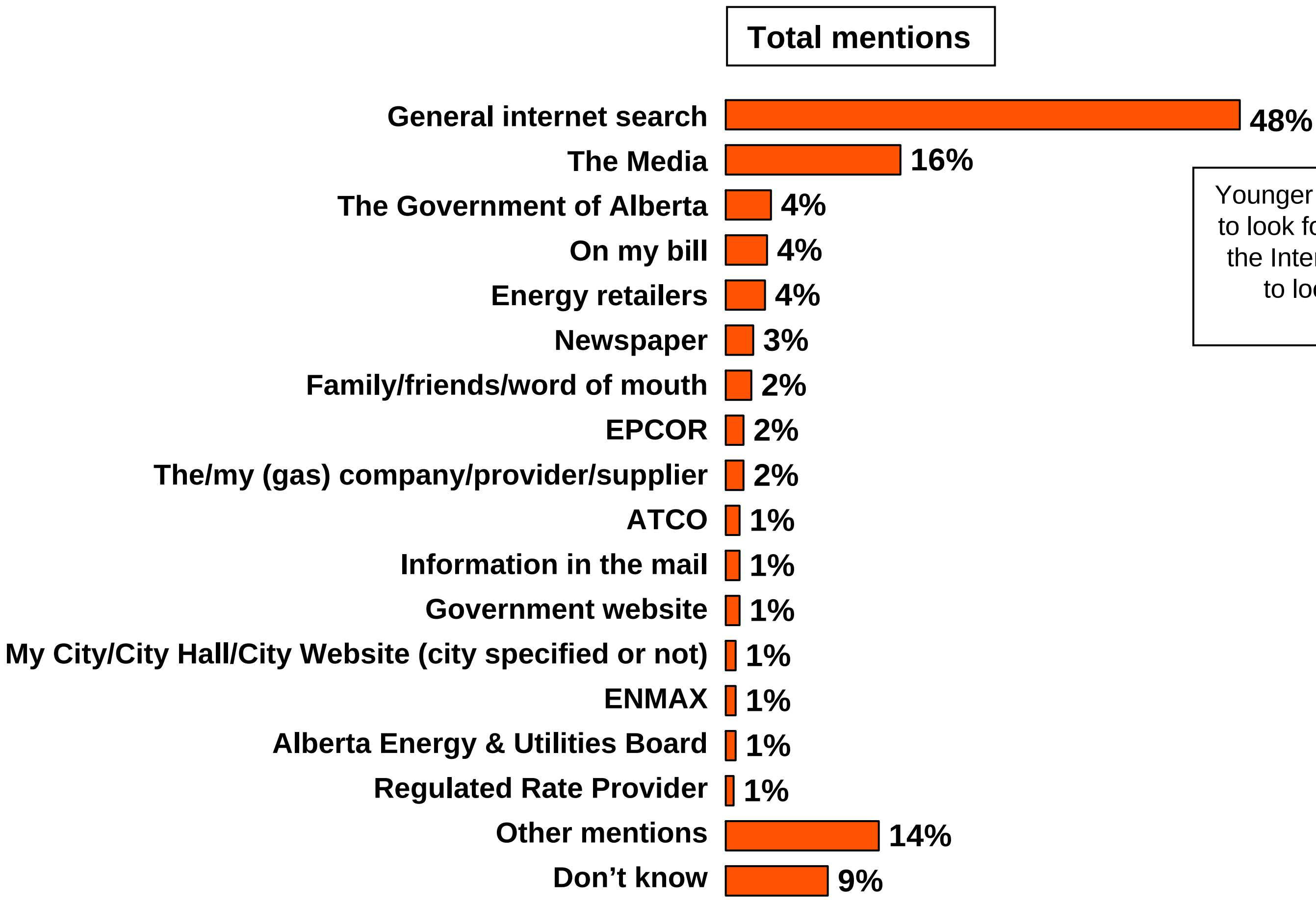
Qcn1. In the past twelve months, have you tried to find information on energy conservation?



Albertans with higher household incomes are significantly more likely to have tried to find out information on energy conservation in the past 12 months.

Information on Energy Conservation: Sources

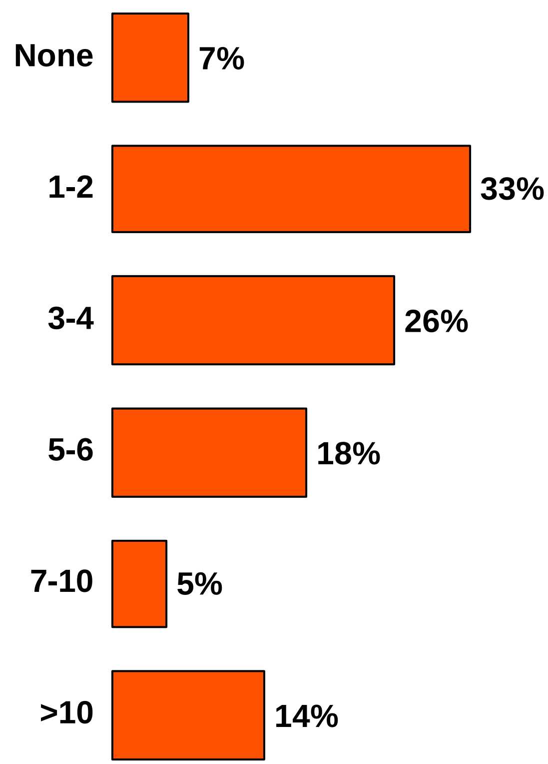
Qcn2. Where did you look to try to find this information?



Younger Albertans are significantly more likely to look for energy conservation information on the Internet. While those 55+ are more likely to look to the media for information on conservation.

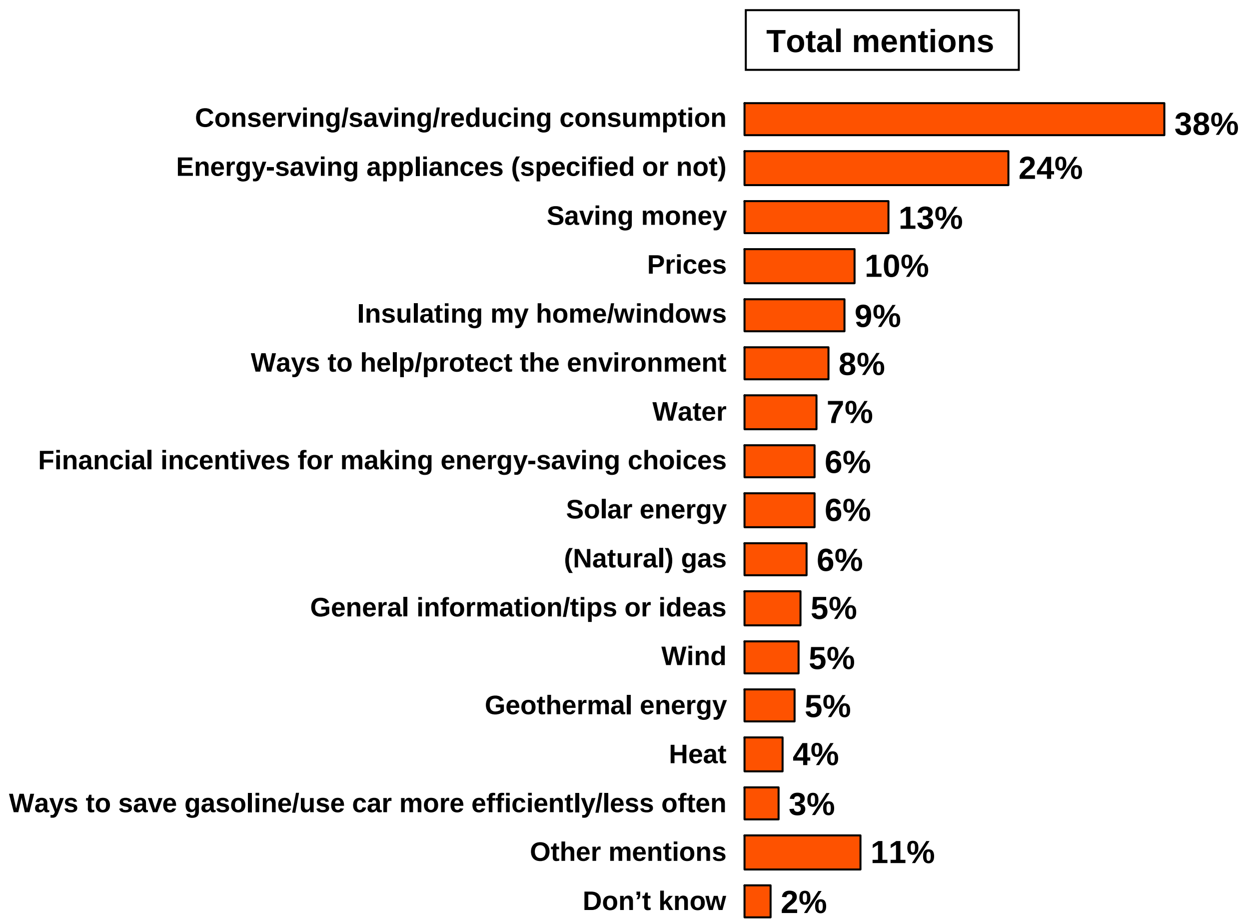
Information on Energy Conservation: Frequency of Search

Qcn3. How many times in the last twelve months have you looked for information on energy conservation?



Information on Energy Conservation: Details

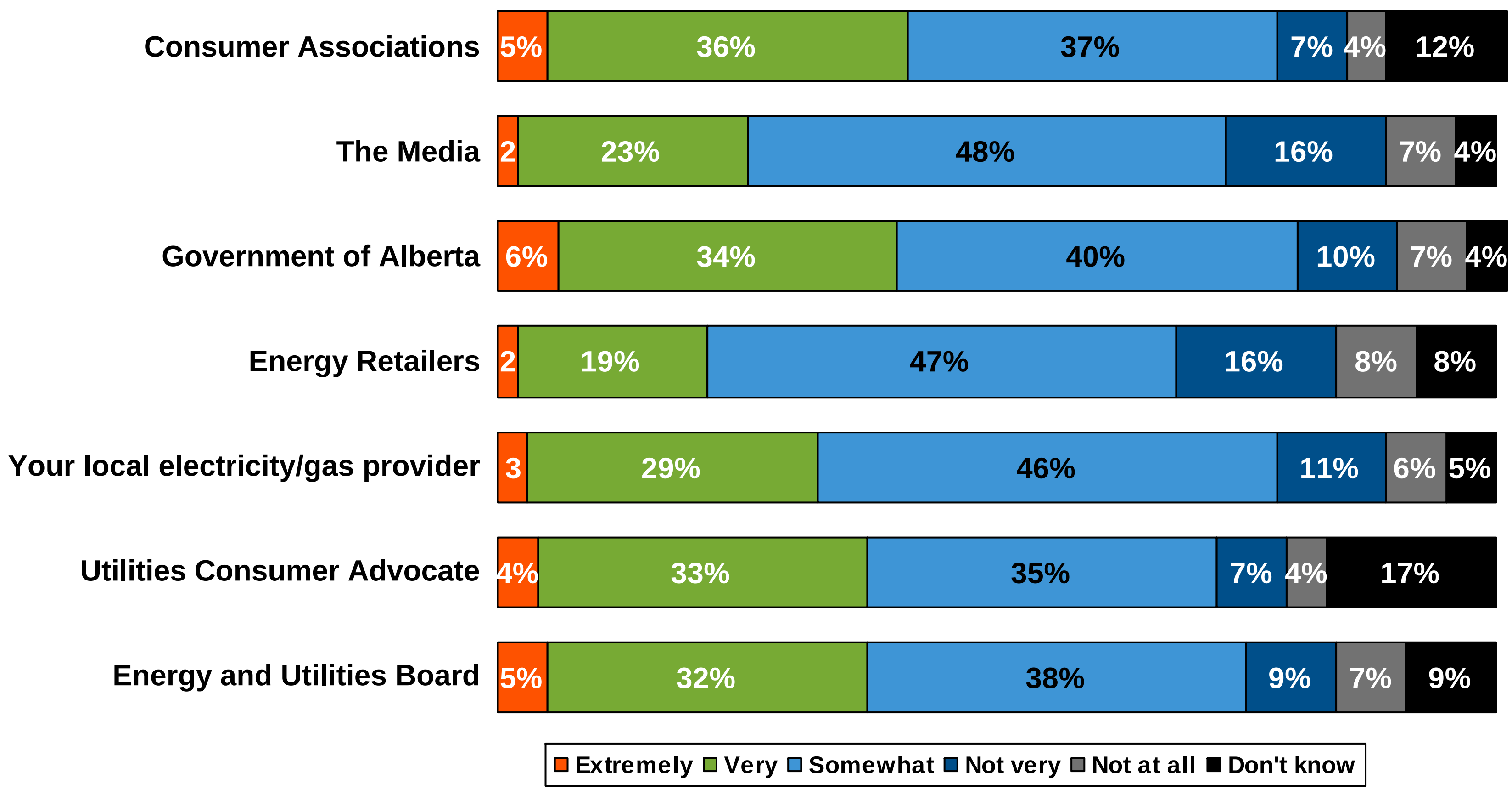
Qcn4. What specific information were you looking for?



Albertans with household incomes <$40,000 are most interested in information on saving money and prices.

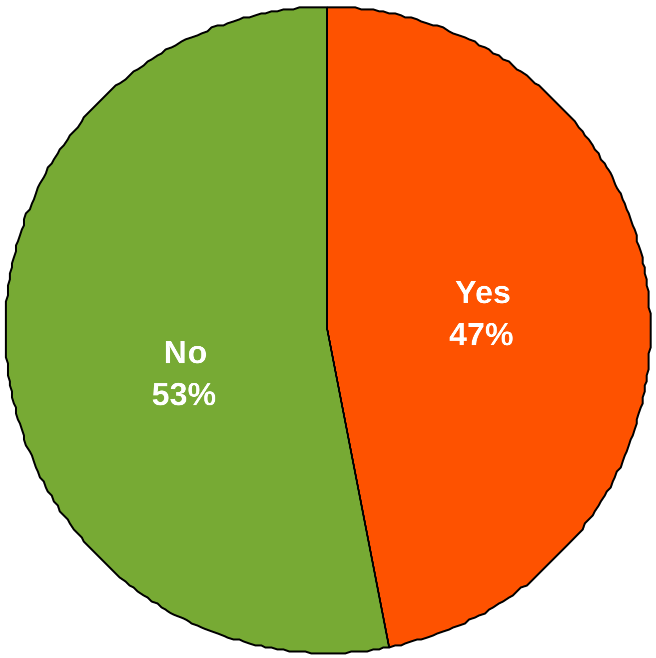
Information on Energy Conservation: Credibility of Sources

Qcn5. Using a scale of extremely credible, very credible, somewhat credible, not very credible or not at all credible, how credible do you believe the following sources of information on energy conservation are? How about…..



Information on Energy Conservation

Qcn6. Are you interested in obtaining more information on energy conservation?



More interested in information on energy conservation are:

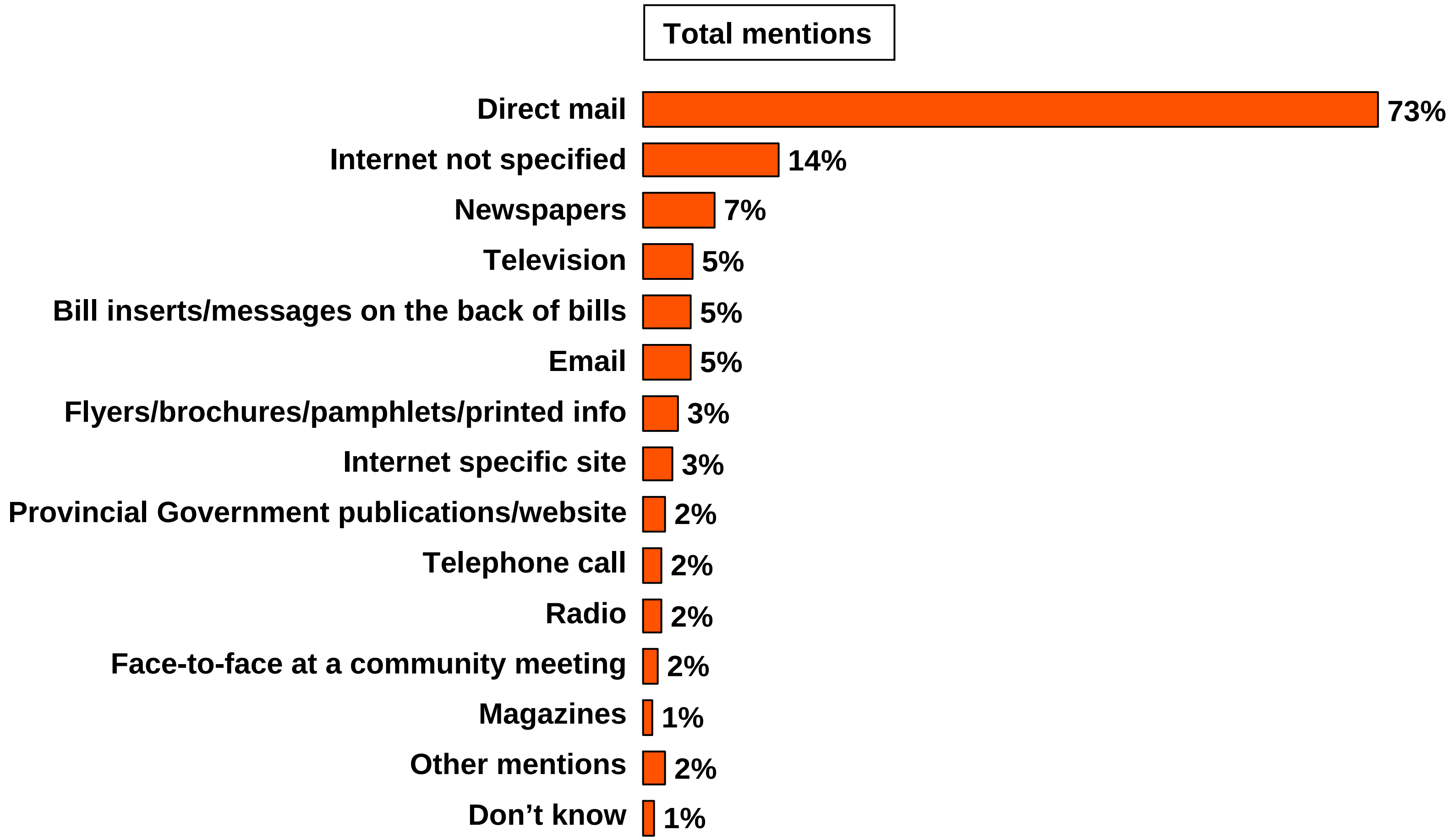
-Rural Albertans

- Older Albertans

- Those with more household members

Information on Energy Conservation: Format

Qcn7. How would you like to receive this information, or what method of communication would you prefer?



Base: Interested in obtaining more information on energy conservation (n=465)

Demographics

Demographics

Base:	All respondents (n=1000)
Gender	
Male	50.5%
Female	49.5%
Education	
High school or less	32%
Some university/college/technical school	22%
Graduated technical college	8%
Graduated college	10%
Graduated university	18%
Post-graduate	8%
Not stated	3%

Demographics

Base:	All respondents (n=1000)
Employment status	
Self-employed	17%
Working full time (35+ hours/week)	48%
Working part time (<35 hours/week)	5%
Homemaker	7%
Full-time student	2%
Part-time student	-
Retired	15%
Not currently employed	3%
Not stated	3%
Household income	
Under $39,999	14%
$40,000-$79,999	28%
$80,000+	37%
Not stated	21%

Demographics

Base:	All respondents (n=1000)
Electricity Provider	
ENMAX	27%
EPCOR	25%
Direct Energy	18%
AESC	7%
ATCO	5%
Other	5%
Don't Know	14%
Natural Gas Provider	
Direct Energy	31%
ATCO	10%
ENMAX	10%
Epcor	7%
AESC	5%
Other	7%
None	6%
Don't Know	25%