

April E-Newsletter

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In this issue: New England Energy Alliance (NEEA) consumer survey finds concern about future electricity supplies, desire to choose electricity supplier and support for addressing global warming

New England Region-Wide Consumer Survey on Electricity Issues

A region-wide survey of consumer attitudes conducted for NEEA by Opinion Dynamics of Cambridge, MA found consumers expressed emphatic points of view in four broad areas:

- Nearly two-thirds of consumers are concerned that the region's supply of electricity will not be able to meet demand within 5 years and 80% agree that investment in new energy infrastructure is needed.
- Clear and compelling support exists for the construction of large wind farms, LNG facilities and more natural gas-fired generating plants. Support for nuclear power and clean coal plants is positive but marginal.
- More than 90% of consumers -- a mandate majority -- expressed the desire to choose the company that supplies their electricity based on cost, product offerings and environmental considerations.
- Nearly three out of four consumers expressed concern about the effects of global warming and almost two-thirds are willing to pay more to reduce carbon dioxide emissions.

According to NEEA Executive Director Paul G. Afonso, "Consumers clearly recognize the region's dual challenge of mitigating the emission of greenhouse gases and maintaining a reliable supply of electricity. In meeting this challenge, sentiment remains strongly supportive of competitive electricity markets. When considering new infrastructure, consumers see renewable generation as the first choice, but a majority believe that every technology option should remain on the table."

The telephone survey was performed as a follow-up to one fielded in November 2005. Interviewing was conducted between March 19 - 25 of 600 registered voters (consumers) proportionately distributed throughout New England. The margin of error is +/- 4%.

The [question-by-question survey results](#) are graphically available on NEEA's website (www.newenglandenergyalliance.org).

Detailed Consumer Survey Results and Analysis

Results show that compared to the earlier survey conducted by Opinion Dynamics for NEEA in November 2005, consumers have, for the most part, not changed their fundamental positions on energy (specifically electricity) and the environment, but have become more decisive.

Energy Infrastructure

The agreement that the region needs to make more investment in its energy infrastructure was driven, at least in part, by concern (more than two-thirds) that the region's supply of electricity will not be able to meet demand within 5-years. This pessimistic outlook about the supply of electricity is sharply different than the sentiment found in the November 2005 survey -- at that time consumers were split regarding the adequacy of future supplies.

To balance out a lack of information, incorrect facts and, in some cases possible long standing (and out-of-date) misconceptions about the various forms of electricity generating technologies and fuel supply options, the survey posed factual pros and cons of each before seeking a consumer's point of view.

The results in terms of hierarchy were similar to those of the November 2005 survey, but their magnitude was different.

- Almost 80% of consumers support the construction of large wind farms -- even after it is pointed out that they can offer poor aesthetics, low capacity factors and are costly.
- Two-thirds support mandated efficiency programs (although it's not clear whether they just like what the region is currently doing or want more of it).
- A clear majority of just over 60% recognize the important role that natural gas plays in the region (for both space heating and electricity generation). Support for the construction of new LNG facilities clearly trumps the safety concerns expressed by opponents. There is continued support for new natural gas generating plants even with the recognition that it is expensive and the region is getting overly dependent on that fuel.
- There is a firm majority of consumers in favor of the license renewal of existing nuclear plants. The region is split regarding the construction of new nuclear plants.
- Clean coal technology has a slim majority of consumer support. It's likely that the mere mention of coal skews feelings -- along with its continued emission of greenhouse gases (albeit at a significantly reduced rate).

The region's consumers are fairly evenly divided regarding the construction of new transmission lines (which are essential to deliver the electricity produced by the new generating facilities and to assure a seamless wholesale competitive market). Not surprisingly, almost 85% of consumers would like the region's governors to work together to promote common standards and permitting so that new transmission lines can be more effectively built.

Competitive Electricity Markets

A slight plurality believes that competitive markets are better at assuring future supply than government agency mandates. In comparison to the November 2005 survey, fewer consumers are now undecided and confidence has increased in favor of competitive markets.

The survey honed in on consumer sentiment regarding restructured electricity markets from two different perspectives: general attitude about choice and competition in the marketplace in comparison to regulated markets, and specific points of view about the progress of restructuring the New England states (Vermont was excluded because it remains regulated).

More than 90% of consumers expressed a desire to choose their electricity supplier. And, all things considered, more than 75% of consumers have more confidence in companies operating under competition than they do under government regulation. NEEA Executive Director Paul G. Afonso added, "A super majority of consumers instinctively want choice and they want competition."

More than 70% of consumers would be at least somewhat interested in switching electricity suppliers if the savings were as little as \$5 per month. "This was a bit of a surprise, as conventional wisdom implied that consumers needed a higher threshold of savings before they would switch electricity suppliers in a competitive retail market", said Afonso.

The same clear majority opposes switching fees (\$50) that have been proposed in some states -- they want an unfettered marketplace.

The region's consumers are about evenly split regarding deregulation's effect on rising electricity prices. Conversely almost two-thirds are supportive of the continuation of competitive, restructured electricity markets when made aware that a study (*A Review of Electricity Industry Restructuring in New England* prepared for NEEA in 2006), recently concluded that through 2005, consumers saved \$6.5B and that generating plants operated more efficiently with the rate of greenhouse gas emissions declining by 22% from the generation of electricity.

"The seeming dichotomy between these last two results is at least partially attributable to a lack of consumer knowledge about the status of electricity markets in their state. For instance, a slight majority (54%) still either don't

know or are unsure if their state has been deregulated (about the same as last year and in other surveys). This has been a consistent finding in surveys over the past couple of years", stated Afonso.

Global Warming

Concern about global warming was not a surprise given the growing intensity of the public debate on this issue. On the other hand, consumers showed that they were willing to match their wallet with their convictions.

The willingness to pay more to control greenhouse gas emissions is, in part, driven by income levels: 13% will pay up to \$1 per month; 26% will pay up to \$10 per month; and almost a quarter will spend more than \$10 per month more.

Afonso pointed out that, "combining these two ranges over the region's 6 million residential electricity accounts, it appear consumers are willing to spend at least \$500 million more of their own money each year to control or off-set greenhouse gas emissions".

While consumers are willing to spend their money, a solid 84% majority think electric utilities, energy companies and government can do a substantial amount to establish effective programs to mitigate the effects of global warming.

NEEA intends to publish this type of survey annually. The results offer useful insights for businesses, government officials, and organizations that are concerned with balancing the region's environmental protection, economic growth and energy supply.

The New England Energy Alliance is a coalition of energy providers and trade organizations concerned about future energy supplies. NEEA's Executive Director Paul G. Afonso is former General Counsel and Chairman of the Massachusetts Public Utilities Commission. For more information, go to www.newenglandenergyalliance.org