

Retail Market Review Committee Consumer Survey – 2012 – Online Study - FINAL

August 12th, 2012.

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- ◆ Background
- ◆ Methodology
- ◆ Key Findings & Implications
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 - Pricing and Volatility
 - Consumer Preferences When Buying Electricity
 - Concerns With Buying Electricity
 - Knowledge and Awareness
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Background & Objectives

- ◆ On March 22, [Ministerial Order 32/2012](#) was issued, which established a committee to review the retail electricity market in Alberta. On February 23, Premier Redford introduced a four-point plan to help address both the volatility and costs associated with electricity.
- ◆ As part of the review of the retail electricity market in Alberta, the committee commissioned market research in order to gain a greater understanding of the opinions of Albertans in regards to the electricity that they use in their homes. Specifically, the research focused on the following areas:
 - Current issues, awareness of choice and pricing preferences.
 - Consumer preferences when buying electricity.
 - Perceived concerns with switching electricity suppliers.
 - Consumer knowledge.
 - Contracts and RRO/Default rate opinions.

- ◆ Internet based interviews with a respondents who clicked through to a survey hosted on a Government of Alberta website.
- ◆ A total of 805 interviews were completed between May 15th and July 23rd, 2012. Due to the self-selection nature of this research a margin of error cannot be produced because the sample is not considered to be a random selection of the general public.
 - Respondents were made aware of the survey through advertising produced by the RMRC. Respondents were directed to an online survey link on the RMRC website. The survey was hosted by NRG Research Group.
 - A scientific telephone survey with identical questions was also conducted by the Retail Markets Review Committee,
- ◆ The questionnaire was jointly developed by the Retail Markets Review Committee and NRG Research Group. On average the interview took 15 minutes to complete.

Key Findings & Implications



Key Findings

- ◆ When presented with a range of issues, the self-selected sample of Albertans indicated that Electricity Prices and Healthcare are their top concerns (79% and 73%, respectively provided a 8,9, or 10 rating for their level of concern).
- ◆ Almost all (87%) are aware that they have a choice of electricity providers, and the majority agree that having a choice of electricity providers is important. However, less than half stated that they have enough information to make a decision about which electricity provider to use.
- ◆ Over three-quarters (81%) stated that they were either somewhat concerned about their Electricity Bill or that they dread their bill coming in.
- ◆ Albertans appear to be split when presented with a range of pricing scenarios with some preferring a fixed annual price (45%) and others that do not mind if the price changes frequently (35%).
- ◆ However, the vast majority (70%) believed that the government should ensure that all Albertans have access to the RRO/Default Rate.
- ◆ It appears that consumers are willing to accept some volatility in electricity pricing with over one-half (55%) wanting the lowest monthly price and an additional one-third (37%) prefer a price that changes quarterly.

Key Findings

- ◆ Albertans appear to be most concerned about prices (33%) if they were to switch suppliers. However, this is not a story just about electricity prices as many are also concerned about, and mention, transmission and distribution (and other) charges (15%) related to the electricity bill. One-in-ten (10%) could not provide a concern in regards to changing suppliers.
- ◆ Flexible contracts (69%) and low prices (65%) emerge as leading factors in why consumers would consider signing an electricity contract.
- ◆ Almost all (93%) stated that they wanted some form of detail on their electricity bill.
- ◆ One-third (33%) stated that their electricity bill is difficult to understand.

Detailed Findings

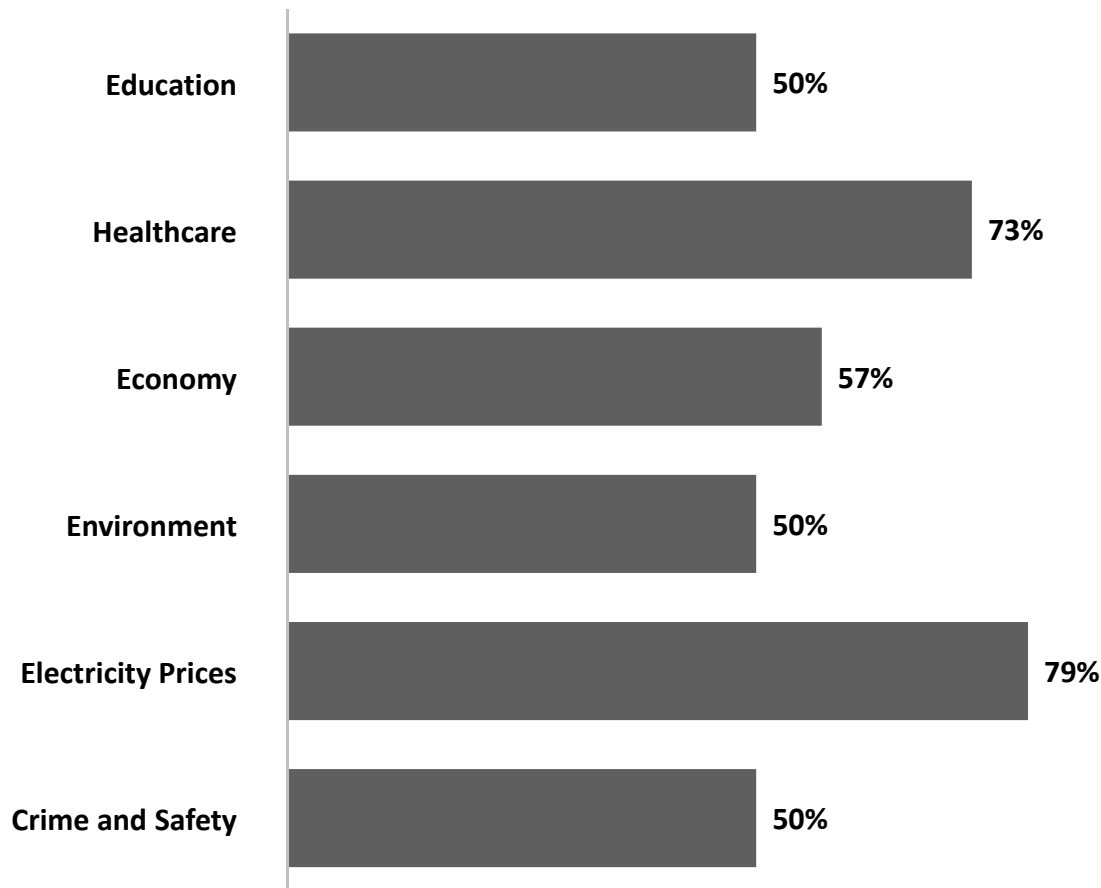


Issues and Choice



Issue Concern - Overall

% Top Box (8,9,10 rating)



Key Takeaway:

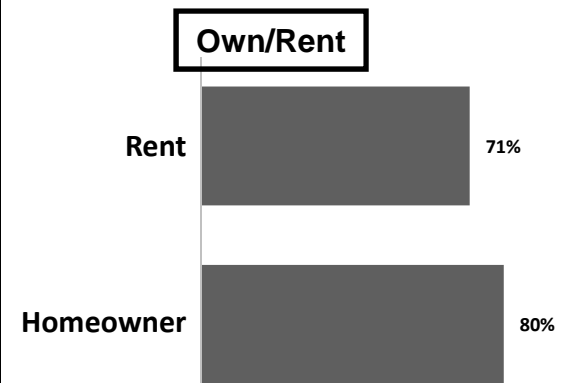
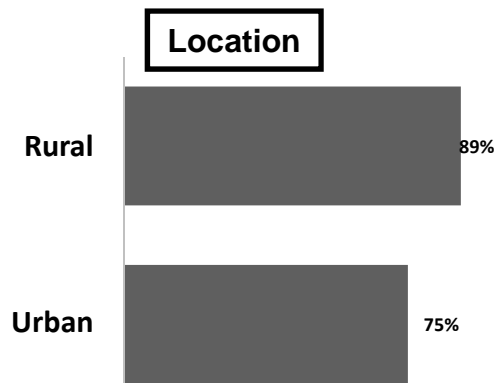
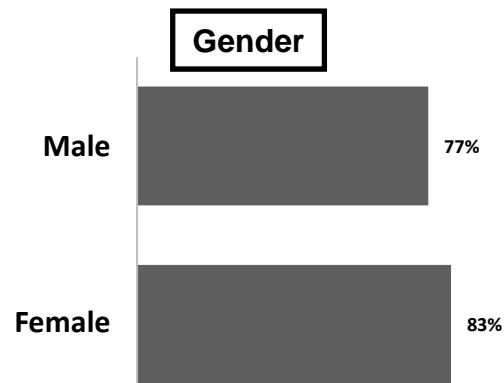
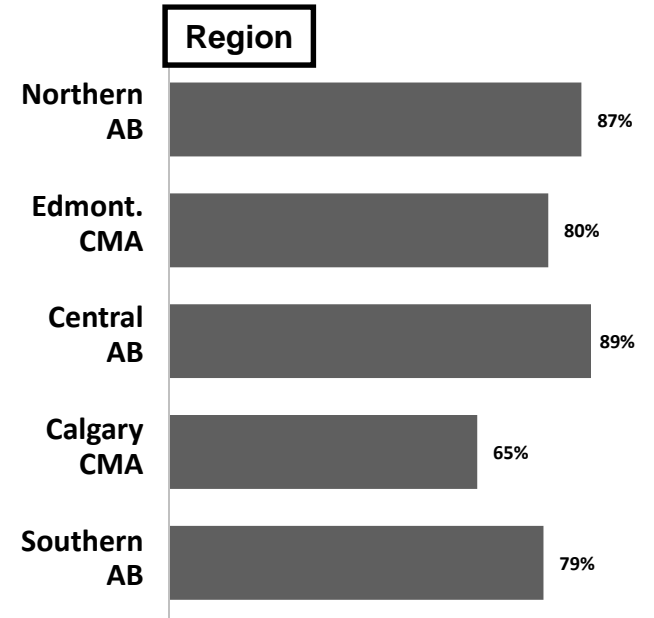
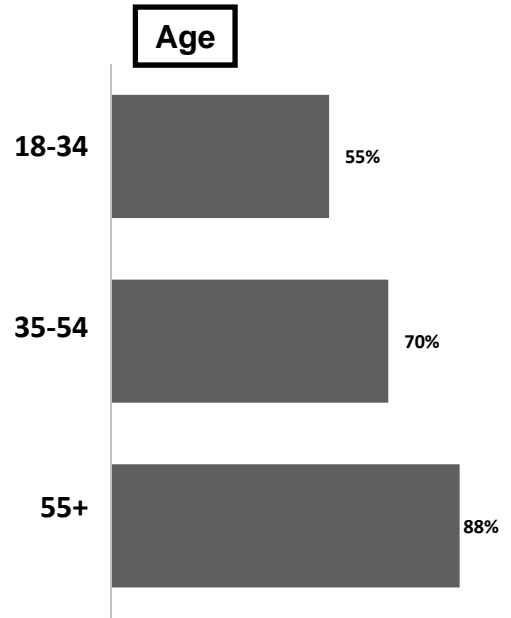
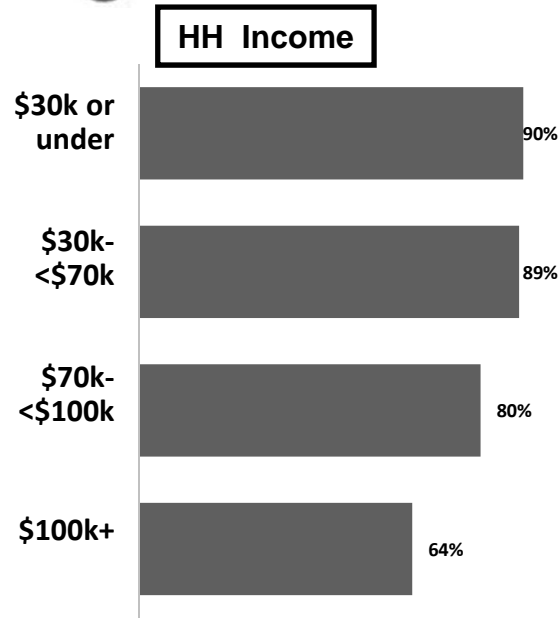
- On an overall basis, Albertans are most concerned with Electricity Prices, significantly higher than the issues we would typically see, Education and Healthcare.
- Concern with Electricity Prices declines as household income rises (90% among those with household incomes under \$30,000 compared to 64% for those with household incomes above \$100,000).
- Concern with Electricity Prices increases with the age of the respondent (55% for 18-34 year olds compared to 88% for those aged 55+).
- Concern with Electricity Prices is highest in the Central and Northern parts of the province (89% in Central Alberta and 87% in Northern Alberta).

Online Report

Base: All respondents

A1. How concerned are you with the following issues? Please use a scale of 1-10, where 1 is "not at all concerned" and 10 is "very concerned"?

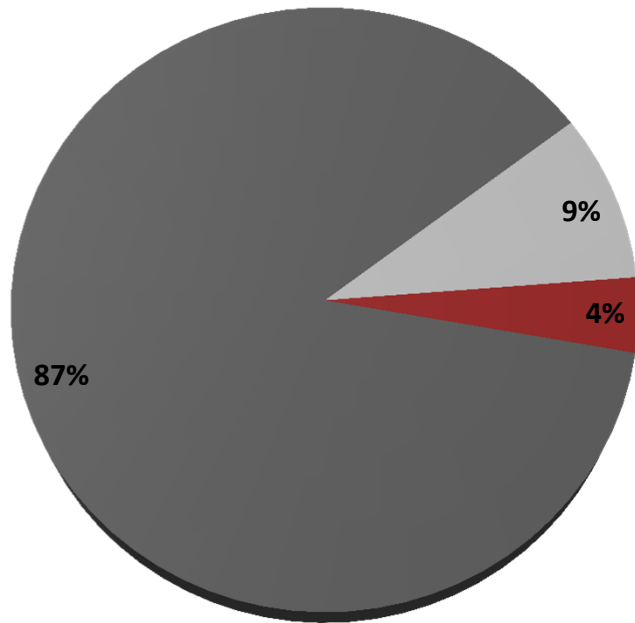
Electricity Concern – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

Awareness of Choice



■ Yes ■ No ■ Don't Know

Key Takeaway:

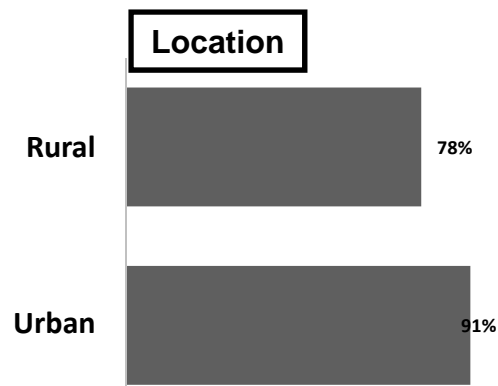
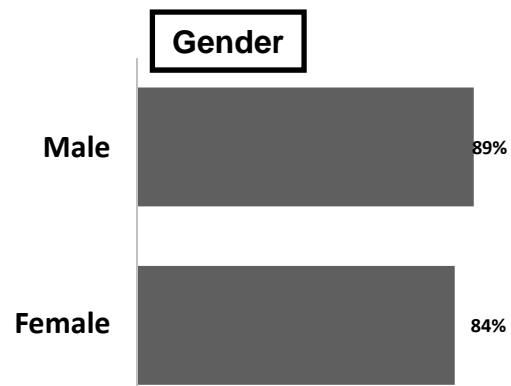
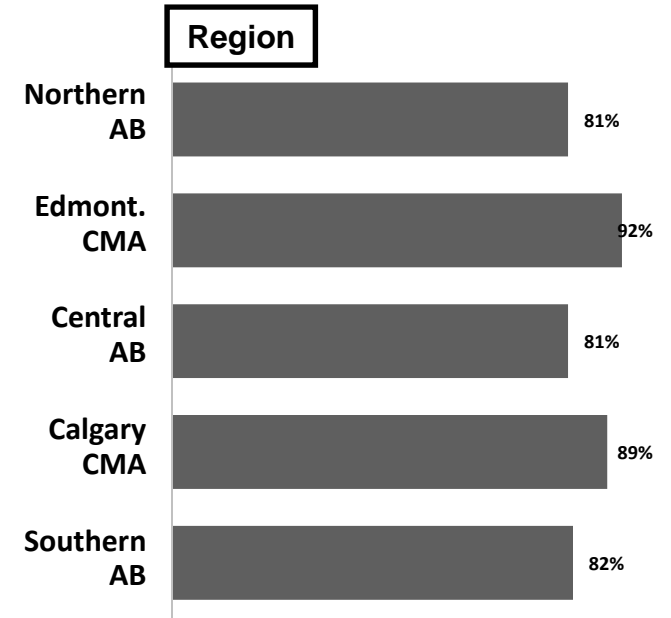
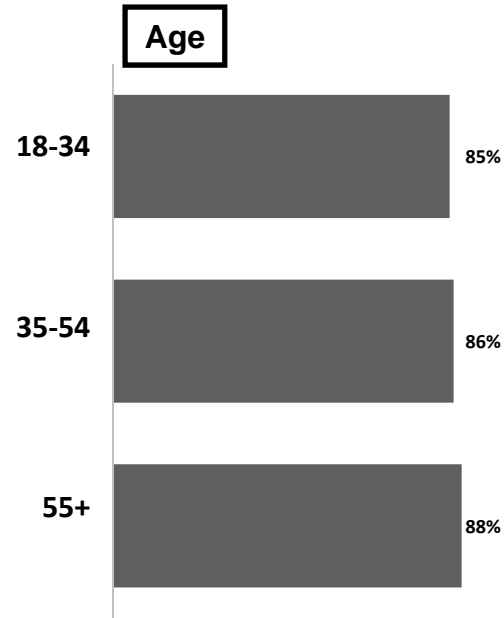
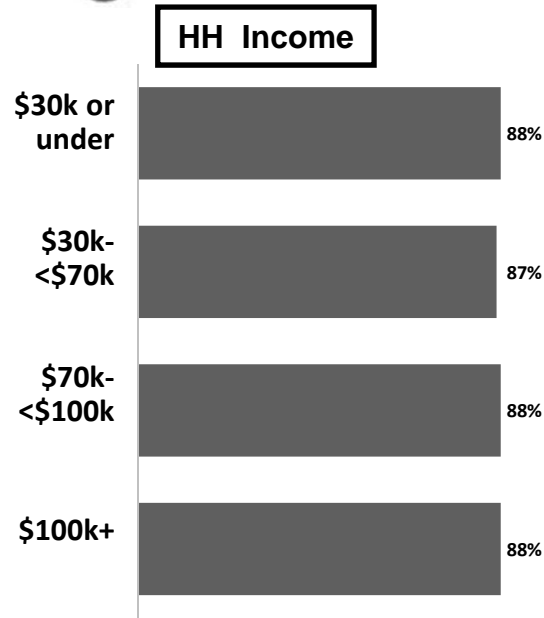
- The vast majority (87%) of Albertans are aware that they have a choice in which company provides the electricity that they use in their home.
- Awareness of choice is lower among rural Albertans (78% compared to 91% for urban Albertans).
- Awareness is also lower among Females (84%) compared to Males (89%).

Online Report

Base: All customers

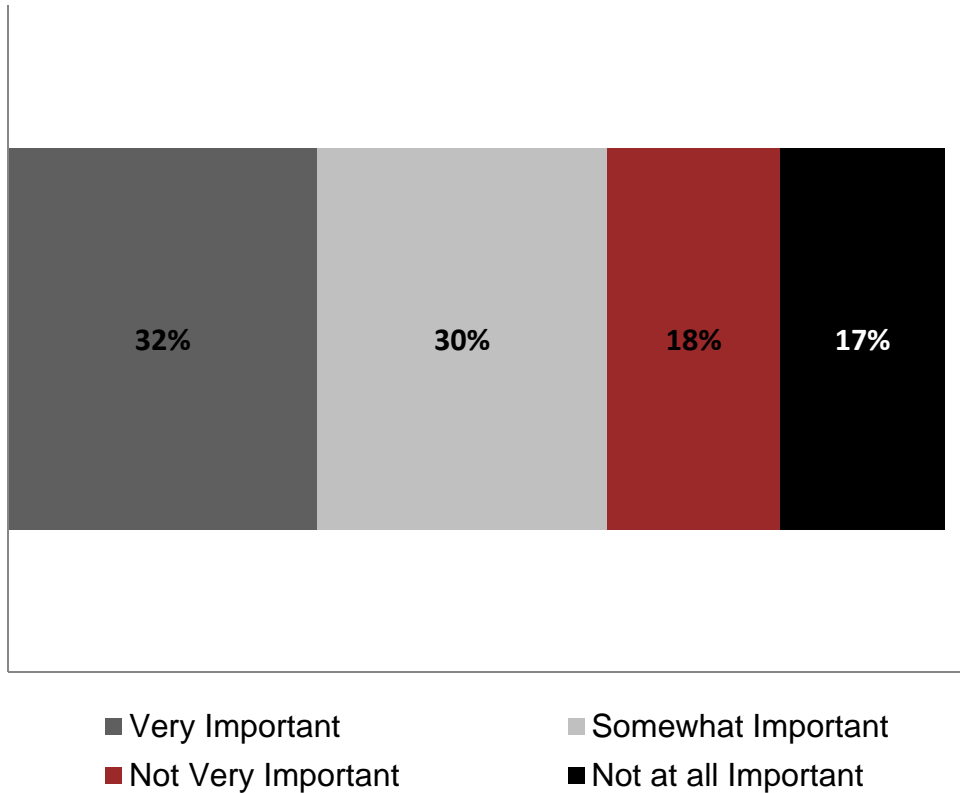
A2. Do you know you have a choice about which company sells you the electricity you use in your home?

Awareness of Choice - % Yes – By Demographic Breakout



Online Report

Importance of Choice



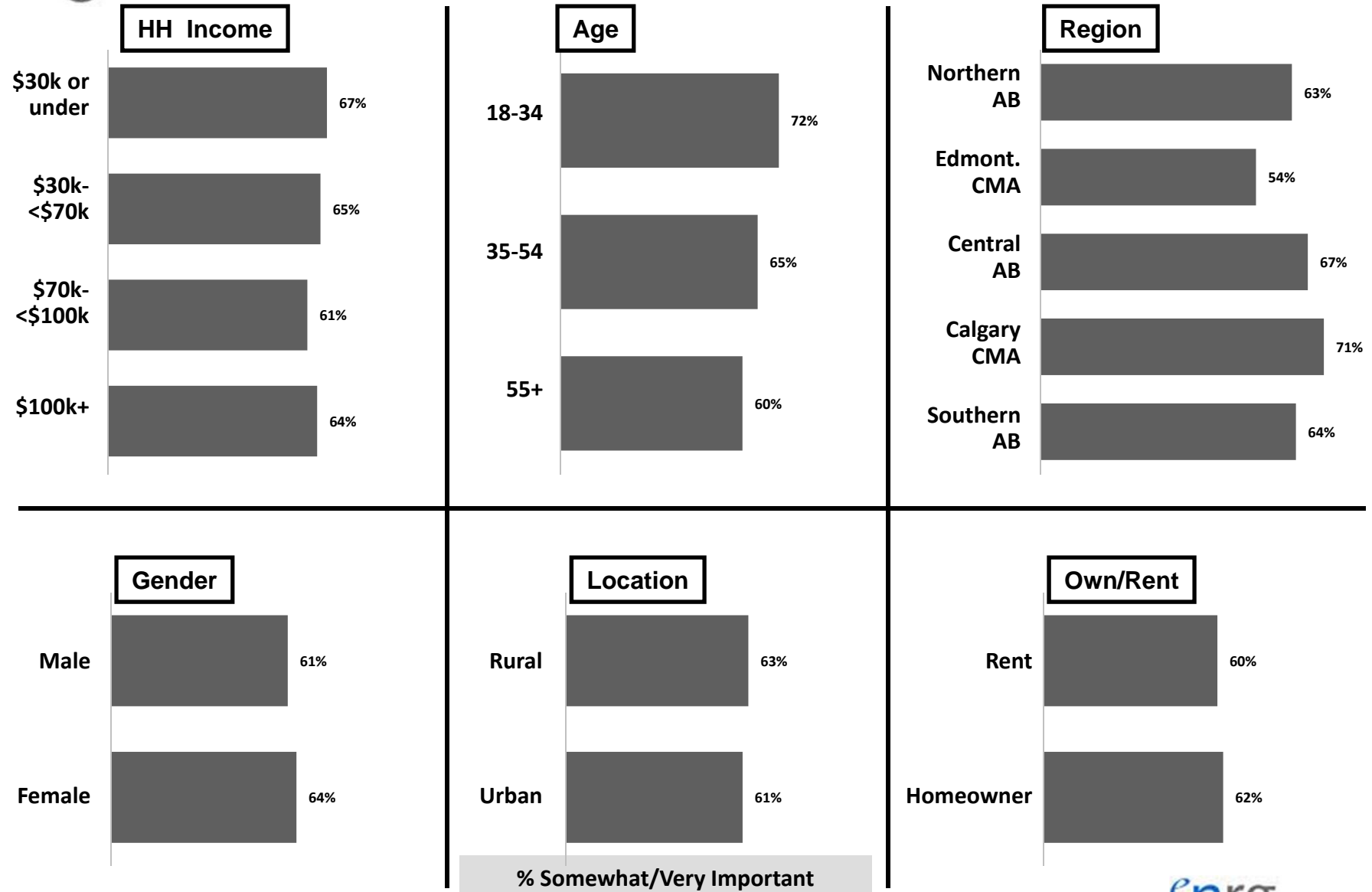
Key Takeaway:

- Having a choice of Electricity suppliers is important to Albertans.
- Almost two-thirds (62%) of Albertans believe that it is important (32% very and 30% somewhat) to have a choice in being able to choose who sells them their electricity.
- The importance of choice declines as the respondent age increases (72% for 18-34 year olds compared to 60% for those 55 or older).
- Respondents from Edmonton are least likely to state that having a choice is important (54% compared to approximately 65% in the rest of the province).

Online Report

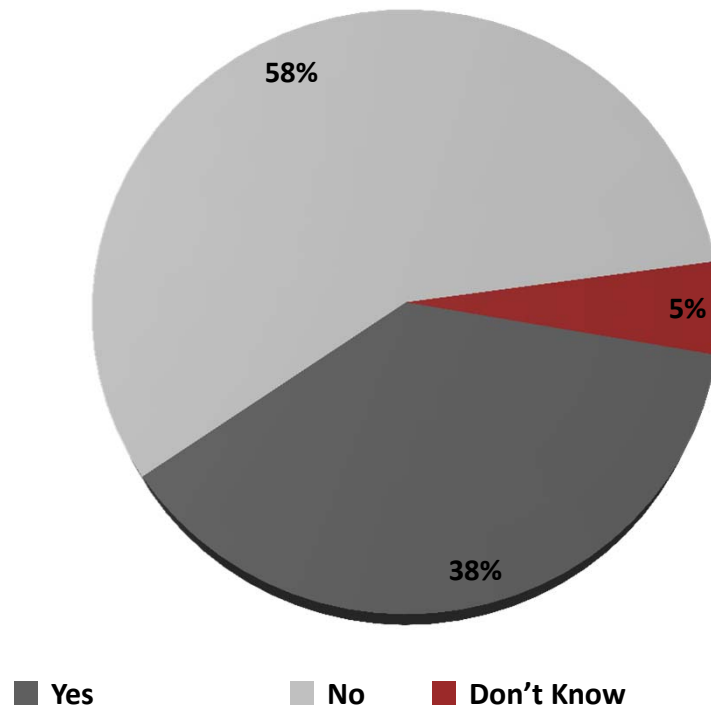
A3. How important to you is it to you to be able to choose who sells you your electricity. Would you say very important, somewhat important, not very important, not at all important?

Importance of Choice – By Demographic Breakout



% Somewhat/Very Important

Enough Information to Make a Decision About Choosing a Supplier

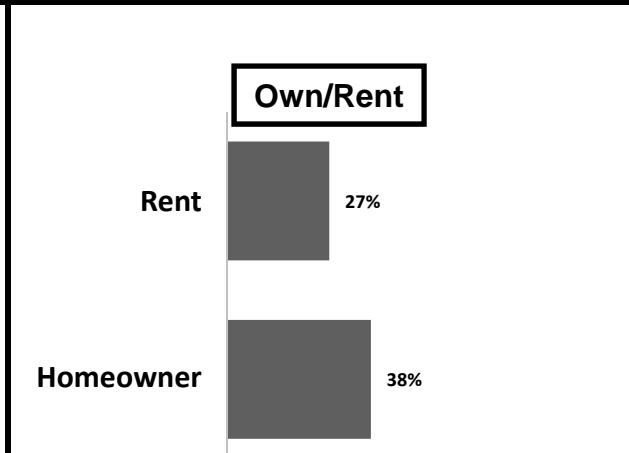
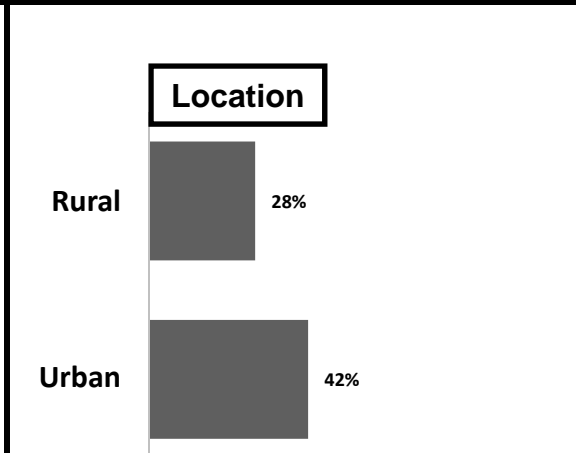
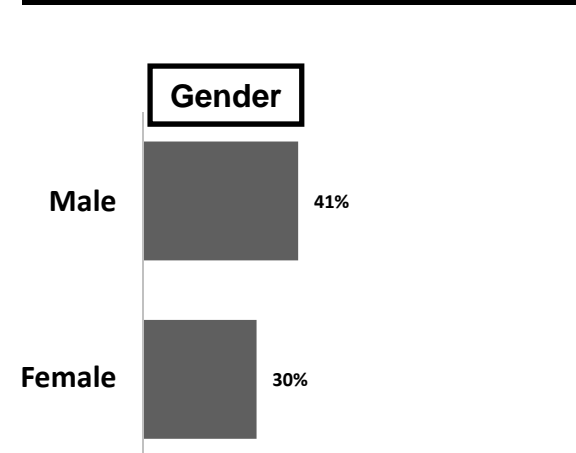
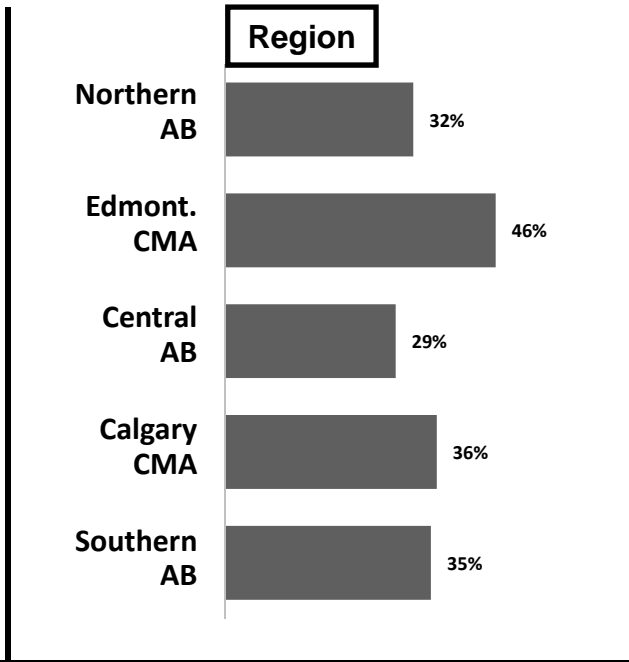
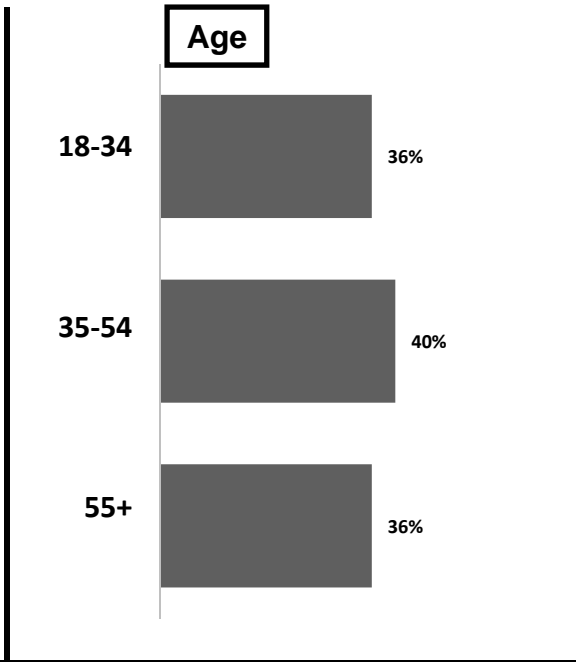
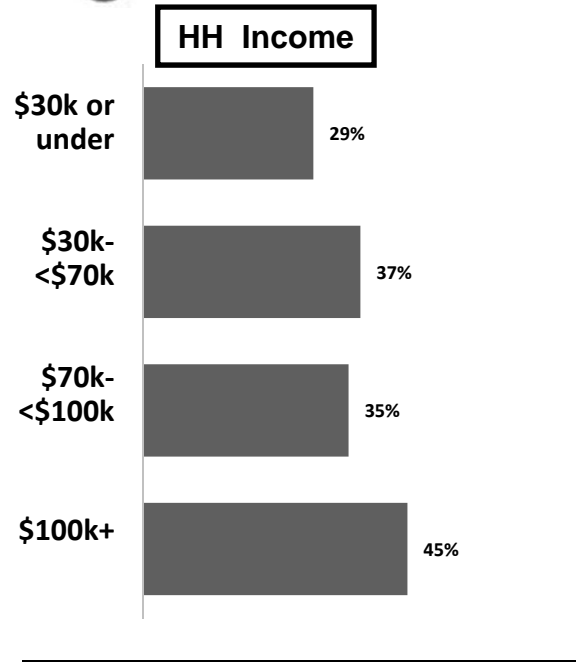


Key Takeaway:

- Slightly more than one-third (38%) of Albertans indicate that they have enough information to make a decision about choosing an electricity supplier.
- Males are more likely than females to indicate that they have enough information (40% compared to 31%)
- Those with higher household incomes are more likely to indicate that they have enough information (45% for those with incomes above \$100,000 compared to 29% for those with incomes below \$30,000)
- Northern and Central Albertans are the least likely to indicate that they have enough information (32% and 29%, respectively)
- Rural Albertans are less likely to indicate that they have enough information to make a decision (28% compared to 42% for urban Albertans).

A4. Do you feel you have enough information to make a decision about choosing who sells you electricity?

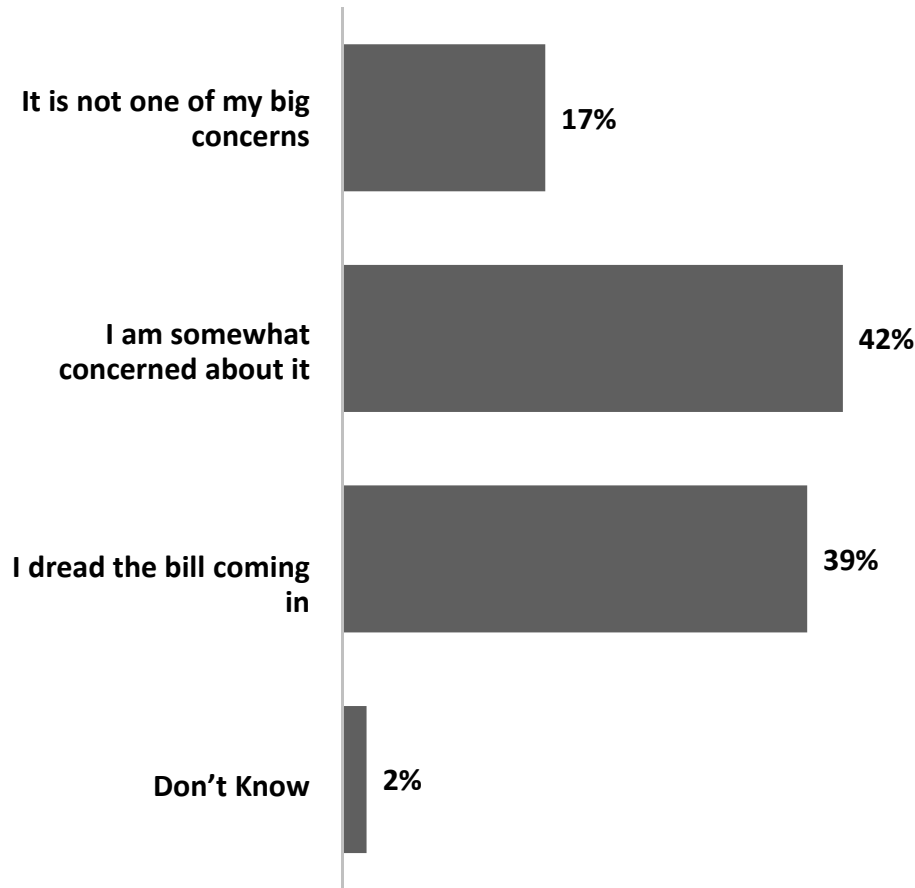
% Yes - Enough Information to Make a Choice – By Demographic Breakout



Online Report

% Yes

Electricity Bill Feelings



Key Takeaway:

•Four-in-ten (39%) Albertans indicate that they dread their electricity bill coming in, while a similar number (42%) state that they are somewhat concerned about their electricity bill.

• The percentage of Albertans who 'dread the bill coming in' decreases with household income (55% for those under \$30,000 per year compared to 28% for those with household incomes of greater than \$100,000).

• 18-34 year olds are less likely to dread the bill coming in.

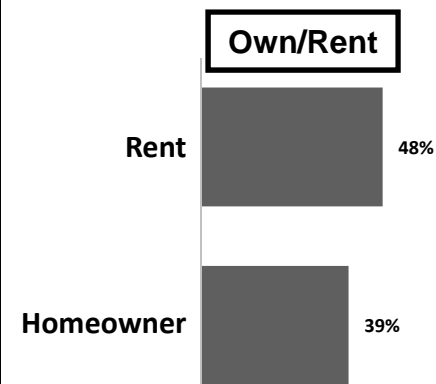
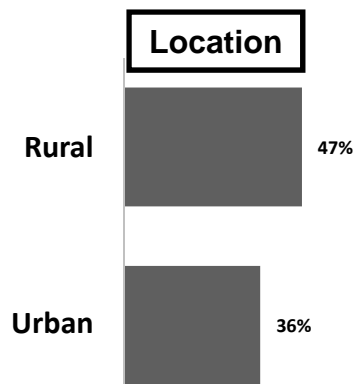
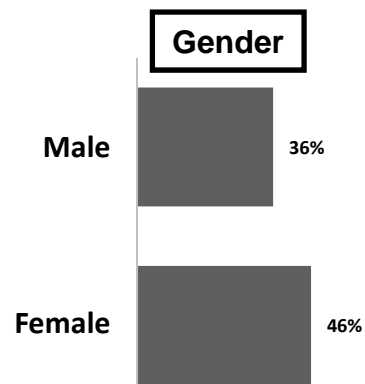
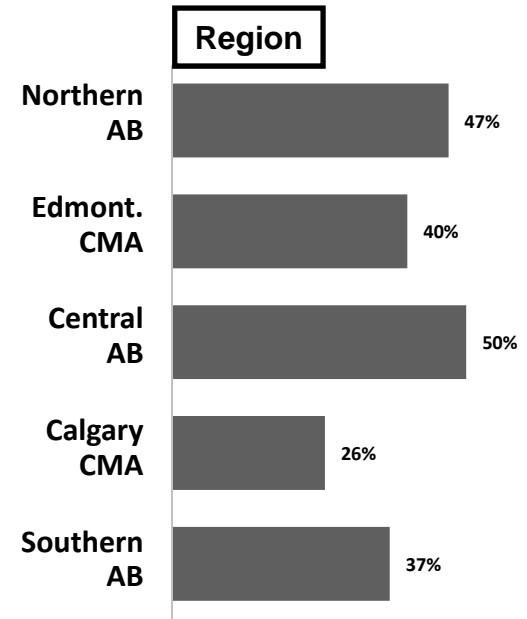
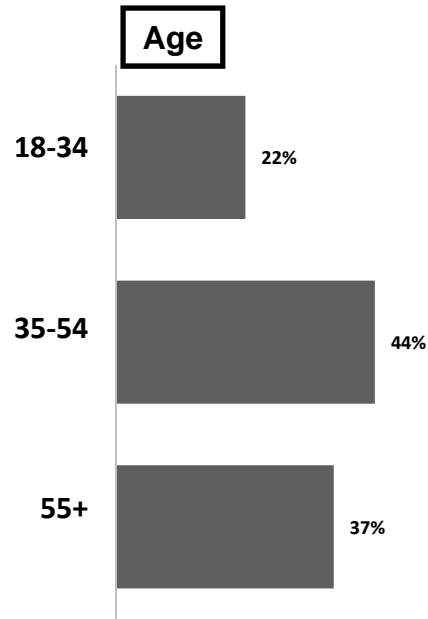
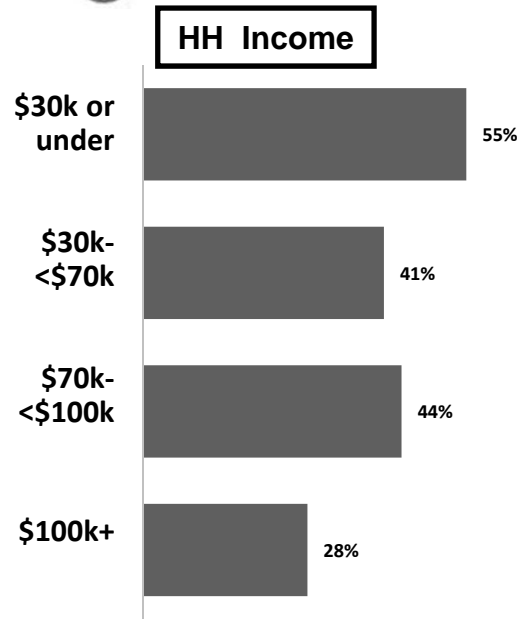
•Rural Albertans are more likely to dread the bill coming in (47% compared to 36% of urban Albertans)

•Renters are also more likely to dread the bill coming in (48% compared to 39% of homeowners).

[Online Report](#)

C5. Which of the following statements best describes how you feel about your electricity bill?

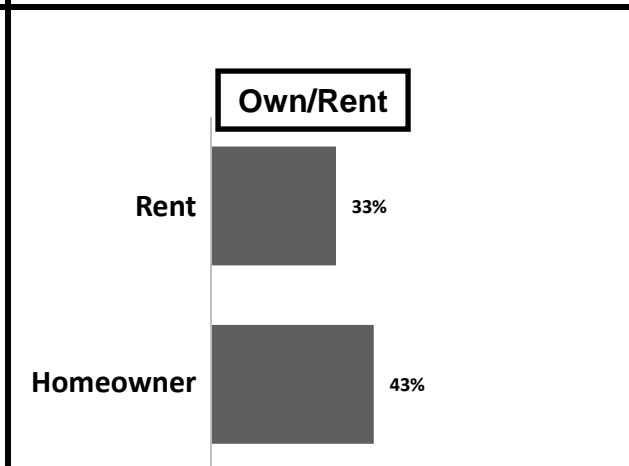
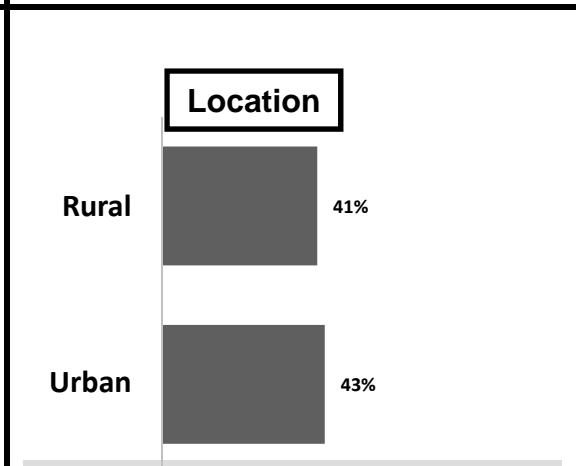
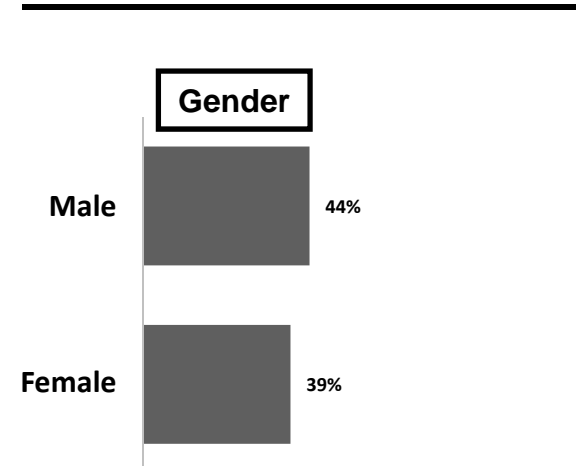
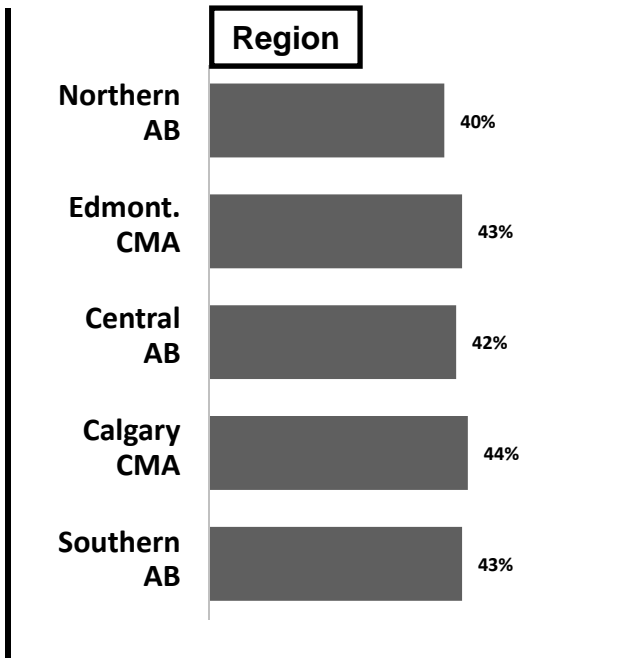
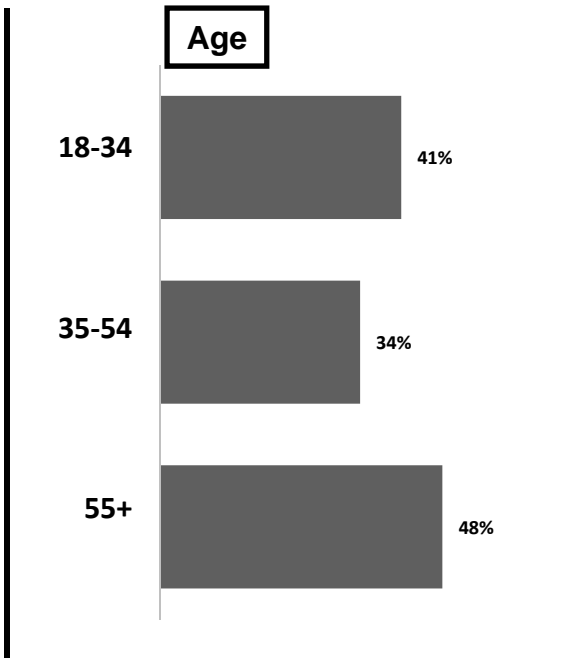
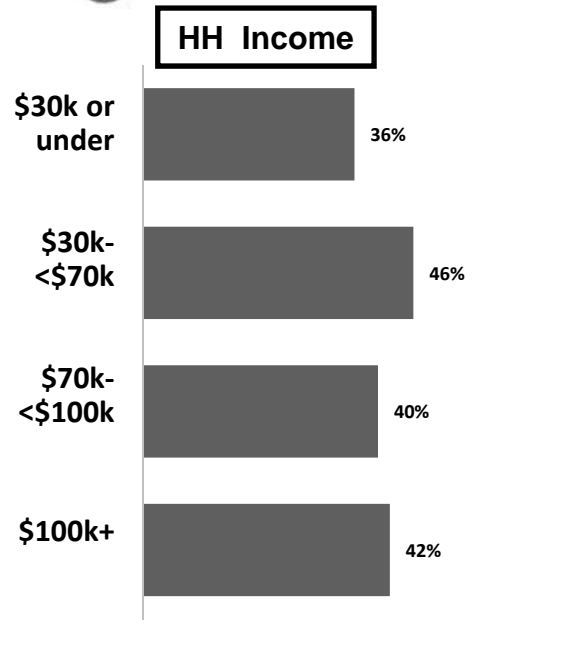
% Dread the Bill Coming In – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

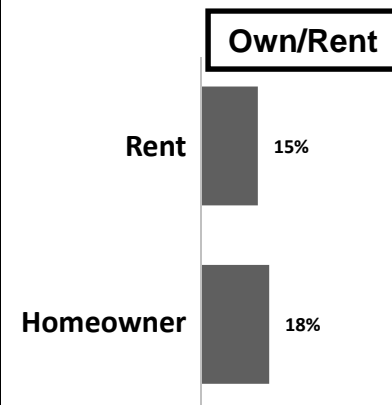
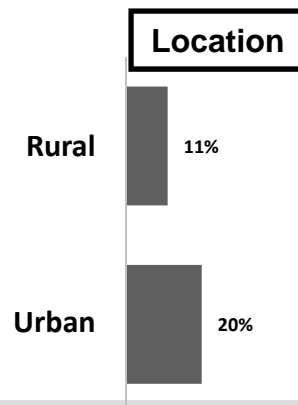
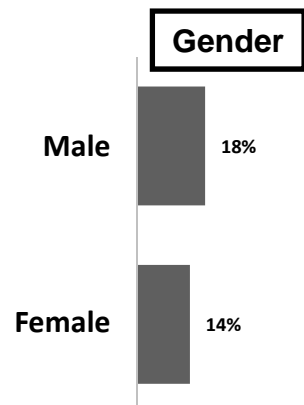
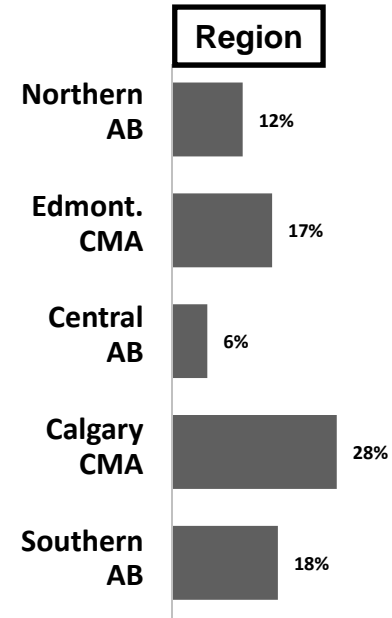
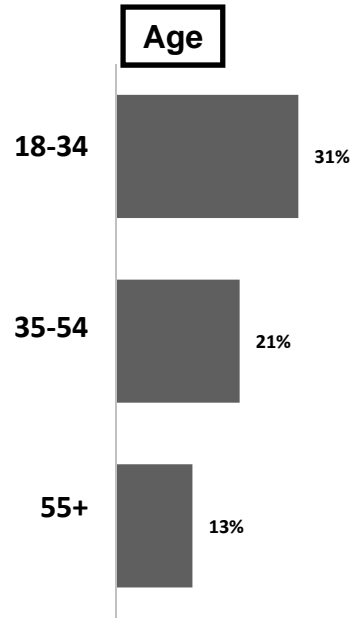
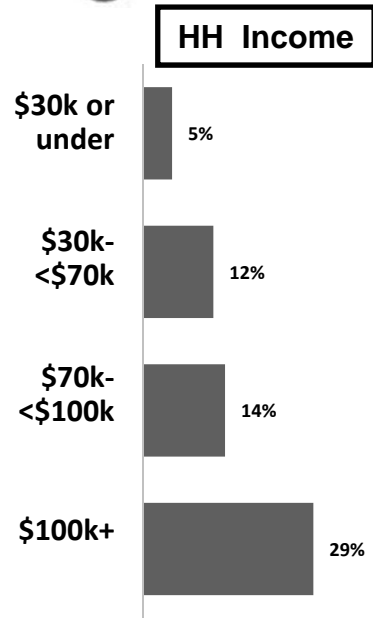
% Somewhat Concerned About the Bill – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

% Not a Big Concern – By Demographic Breakout



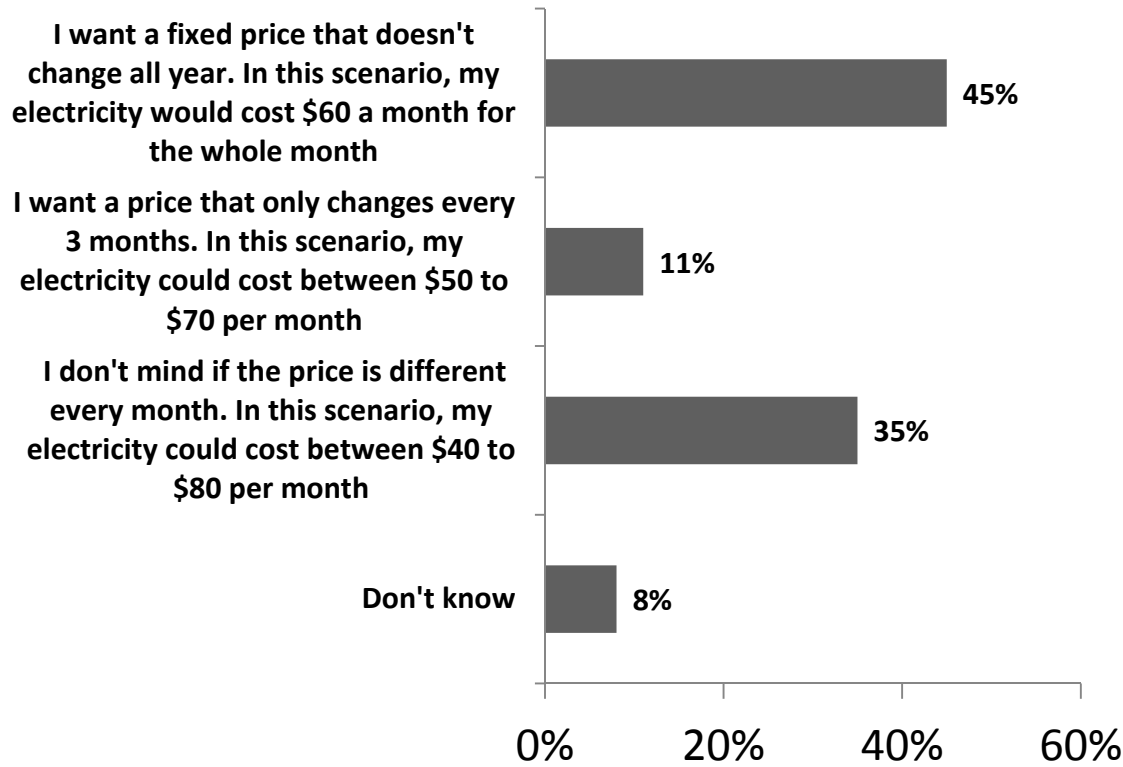
Online Report

% Top Box (8,9,10 rating)

Pricing and Volatility



Pricing Scenarios – Willingness to Accept Volatility



Key Takeaway:

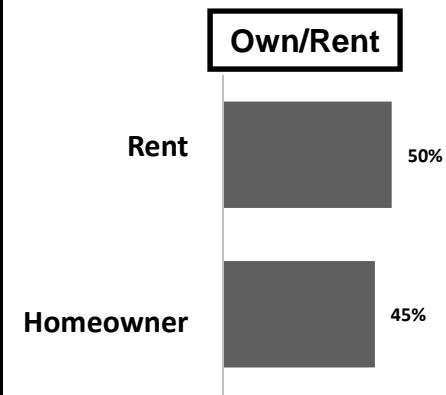
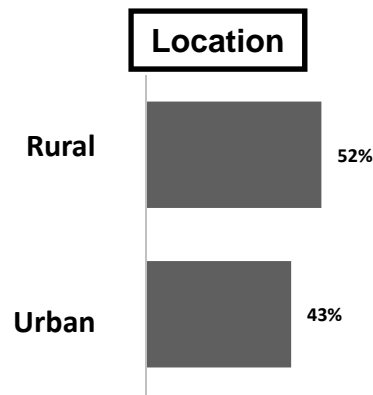
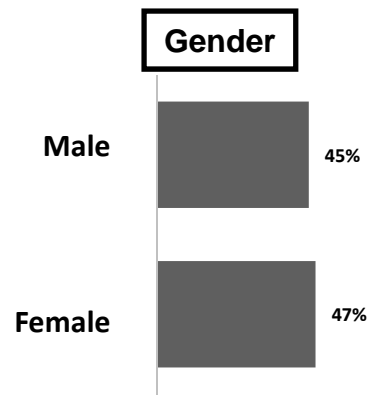
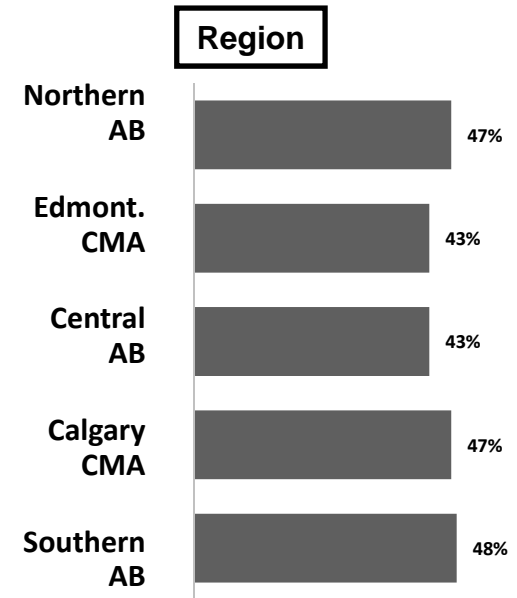
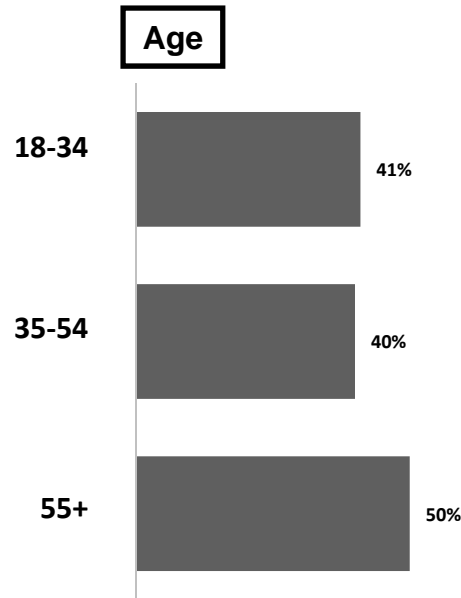
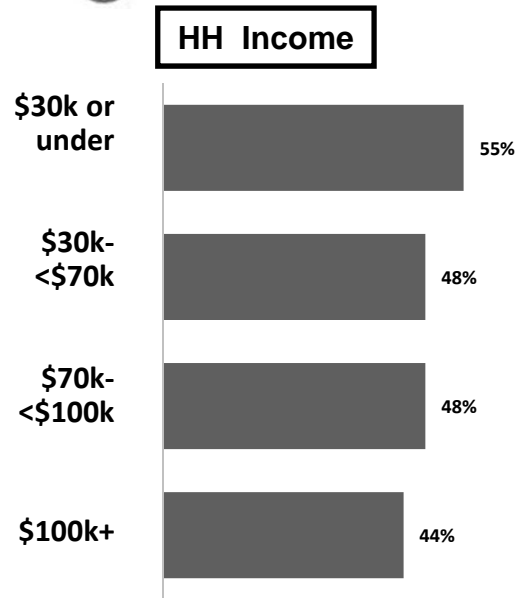
- When presented with three options for the pricing of electricity almost one-half (45%) of Albertans indicate that they prefer a fixed annual price.
- However, an additional one-third (35%) state that they do not mind if the price is different every month.
- Preference for a fixed annual price declines as household income increases (55% for those with household incomes under \$30,000 compared to 44% for those with household incomes above \$100,000).
- Preference for a fixed annual price is higher among those aged 55+.
- Rural Albertans also have a higher preference for a fixed annual price (52% compared to 43% for urban Albertans).

Online Report

Base: All respondents

A7. Your electricity bill has two parts. One is the cost of the electricity you use. The second is the cost to get the electricity from the generating plant to your home. Speaking just about the electricity that you use, which of the following pricing scenarios best suits how you would like to buy electricity?

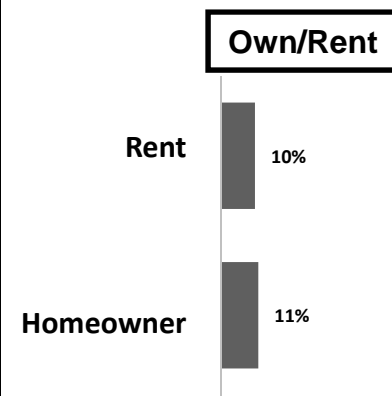
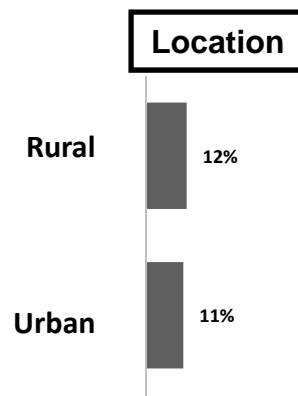
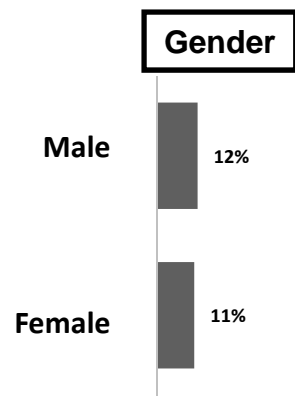
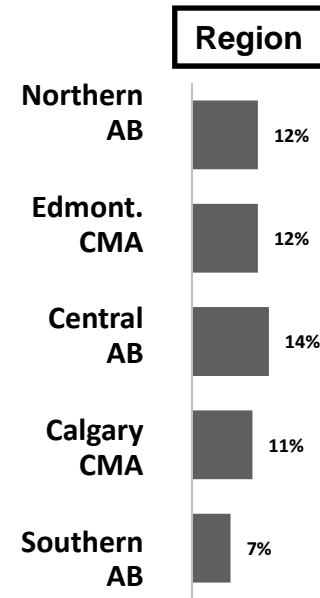
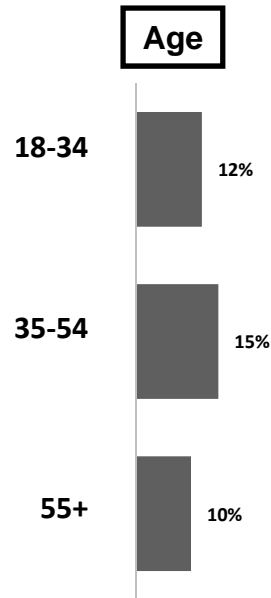
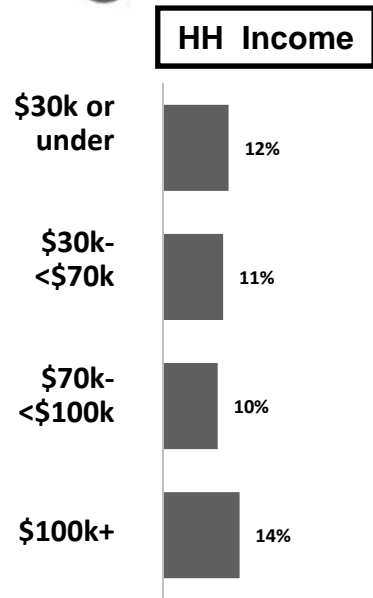
% Fixed Annual Price – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

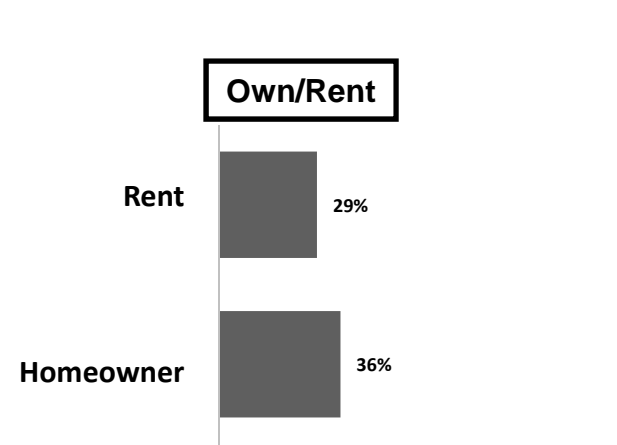
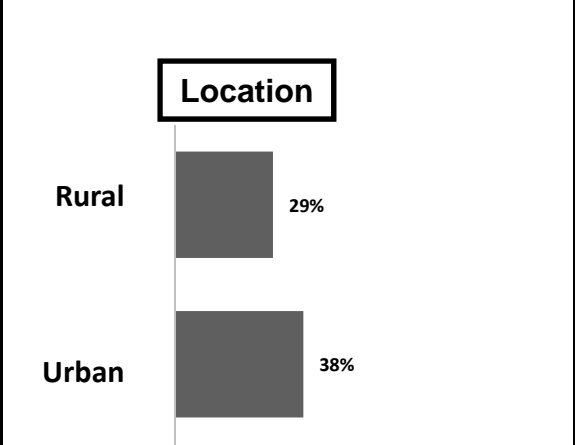
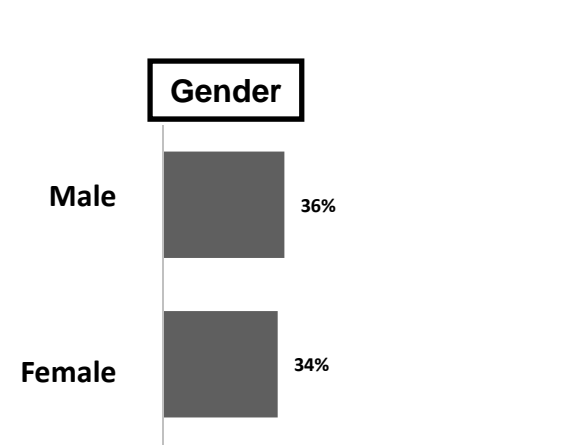
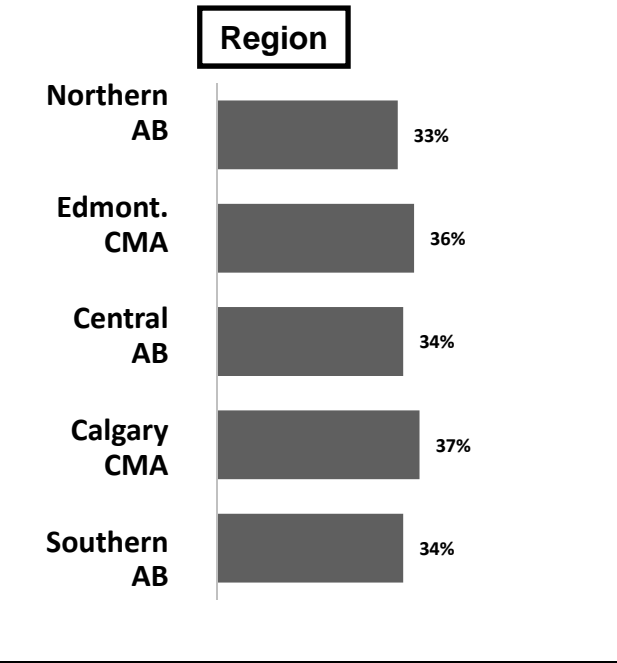
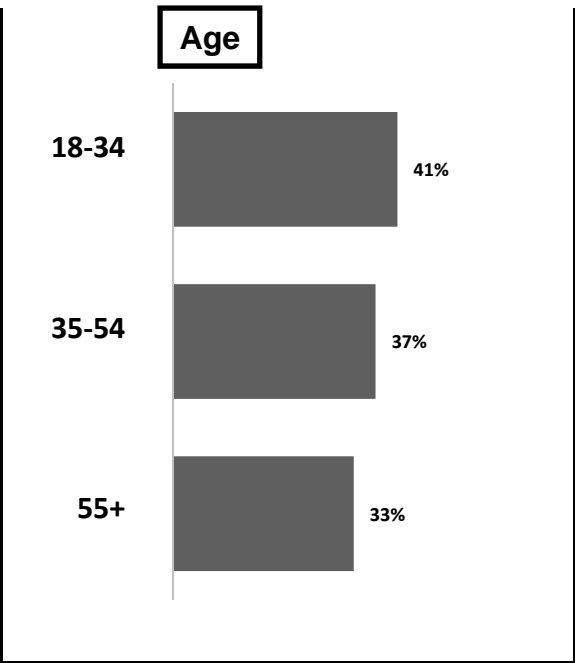
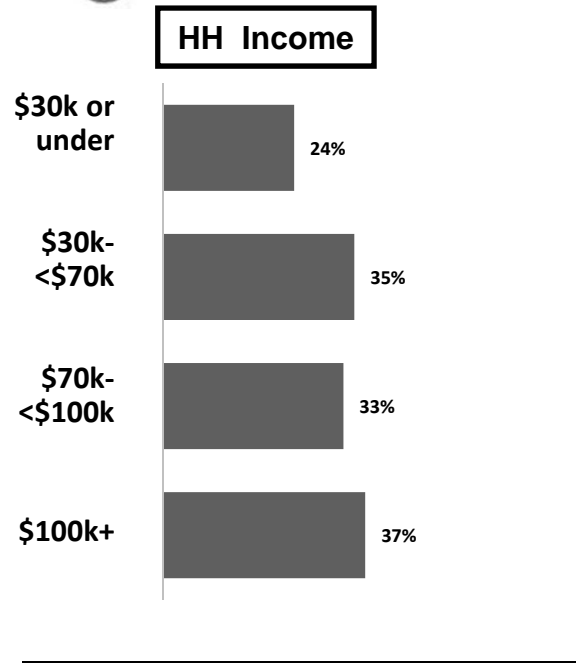
% Price Changes Every 3 Months – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

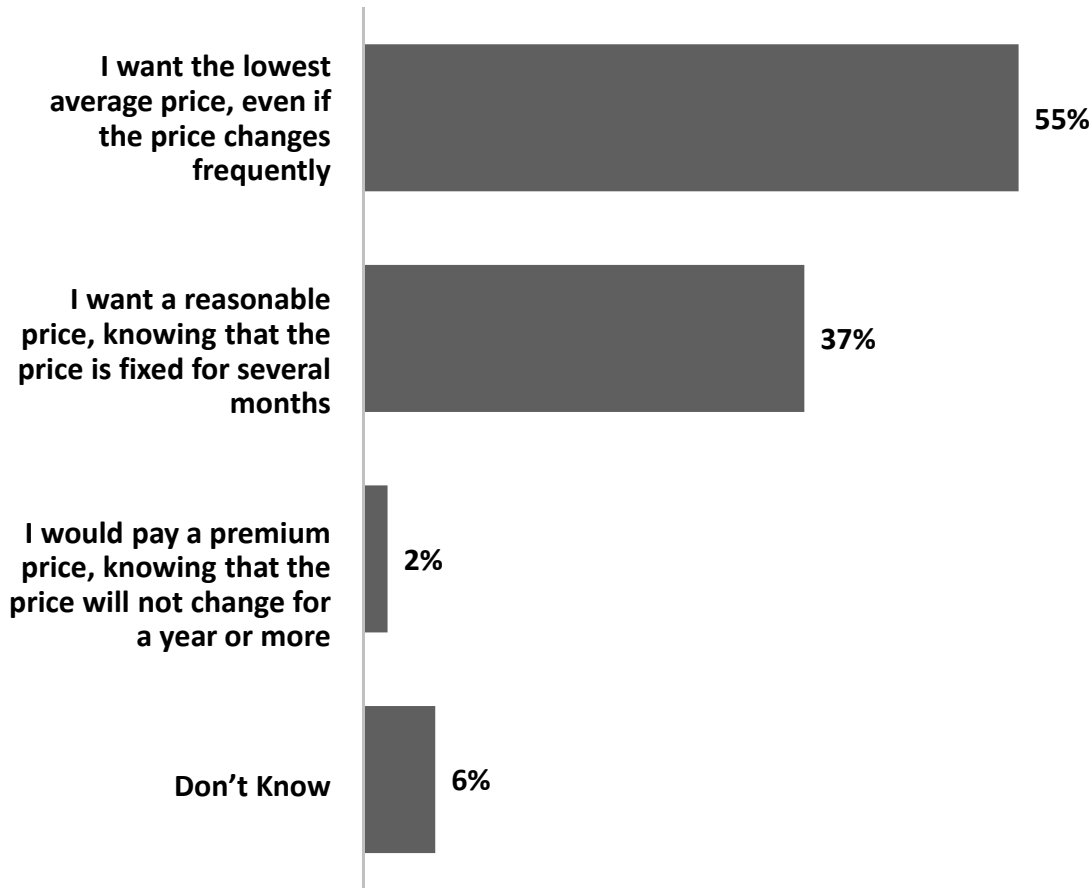
% Price Changes Every Month – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

Price and Volatility



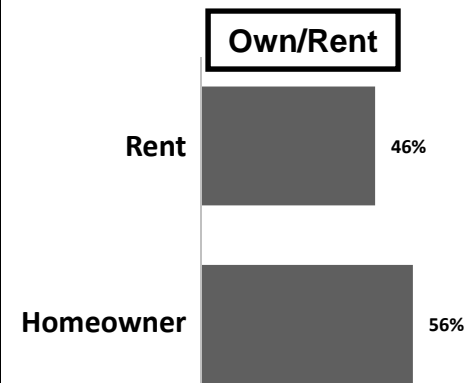
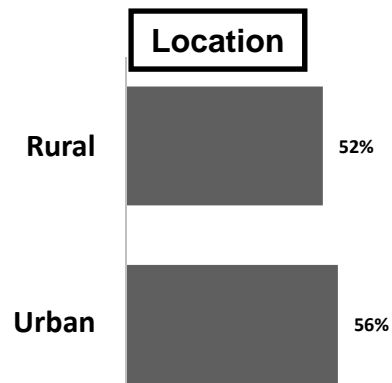
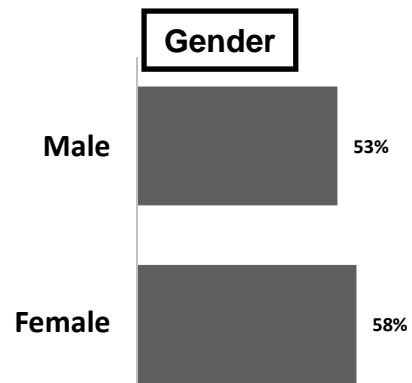
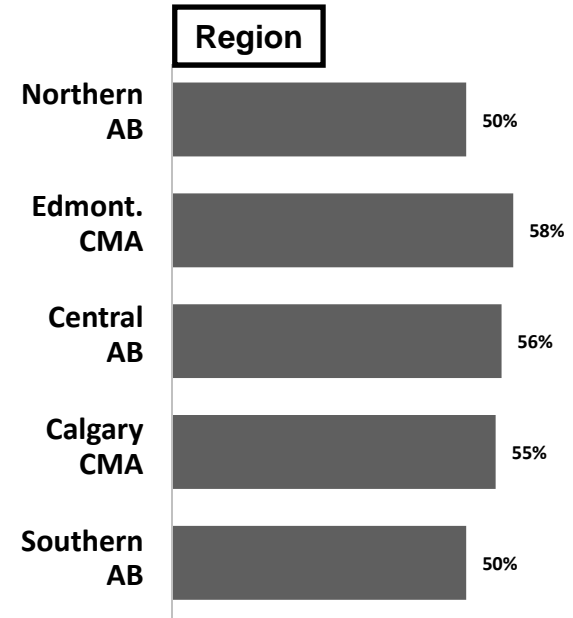
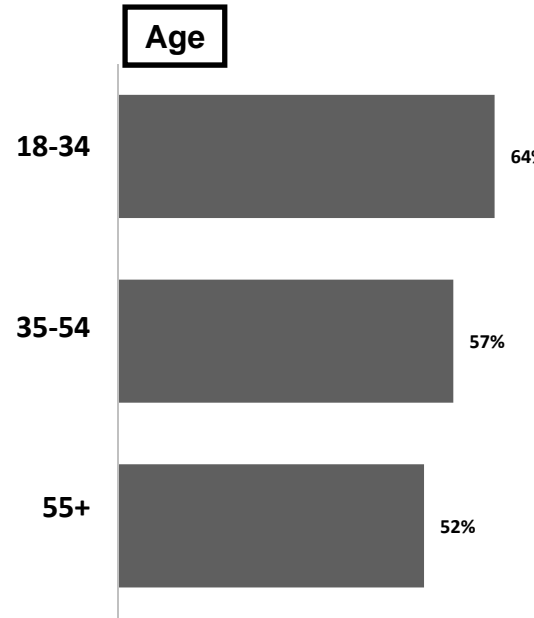
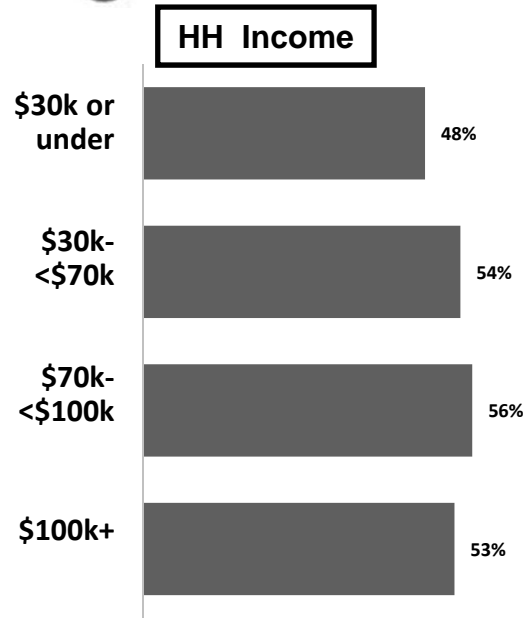
Key Takeaway:

- It appears that consumers are willing to accept some volatility in electricity pricing with over one-half (55%) wanting the lowest monthly price and an additional one-third (37%) prefer a price that changes quarterly.
- Only 2% indicated that they would pay a price premium to get an electricity price that would not change for a year or more.
- 18-34 year olds (64%) are most likely to prefer the lowest price, even if it changes frequently.
- Homeowners are more likely than renters to indicate a preference for the lowest price, even if it changes frequently (56% compared to 46%).

[Online Report](#)

C4. Which of the following is most important to you when you are buying electricity?

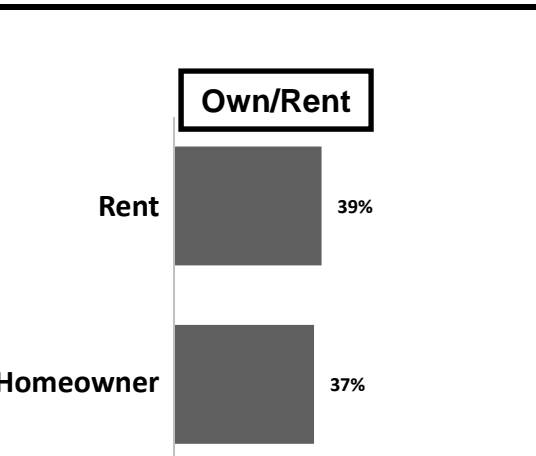
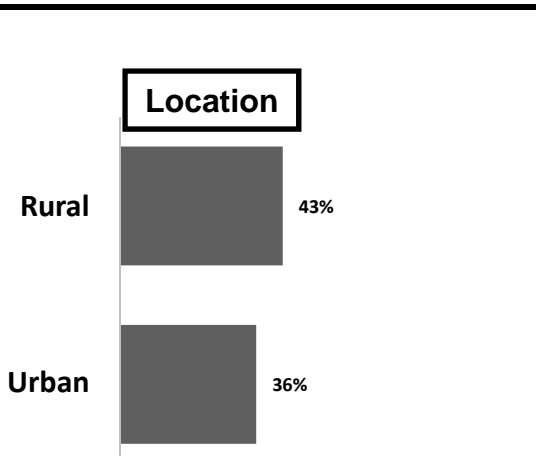
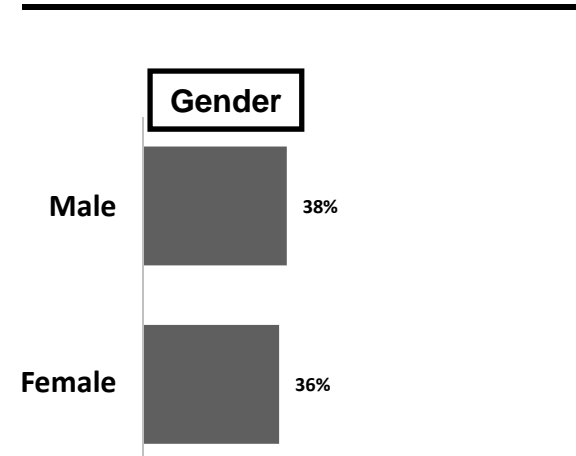
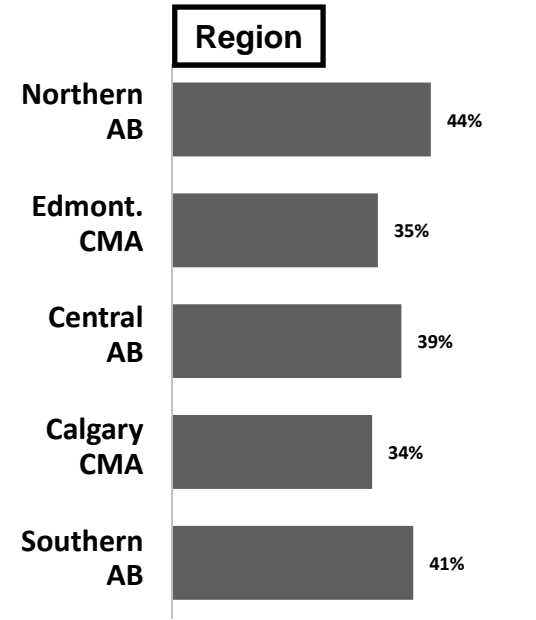
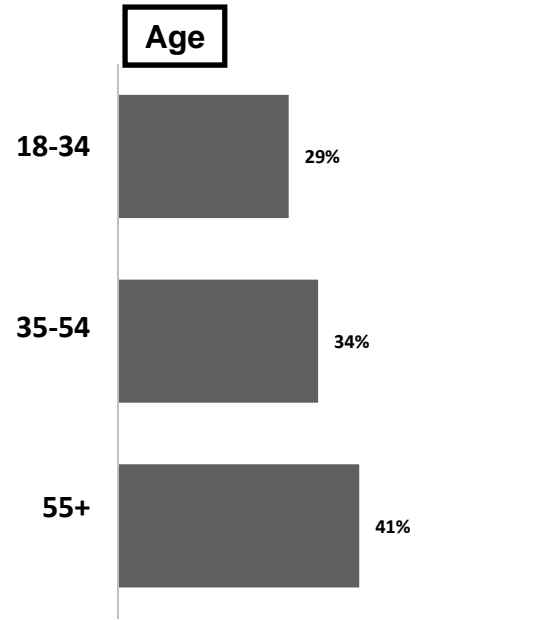
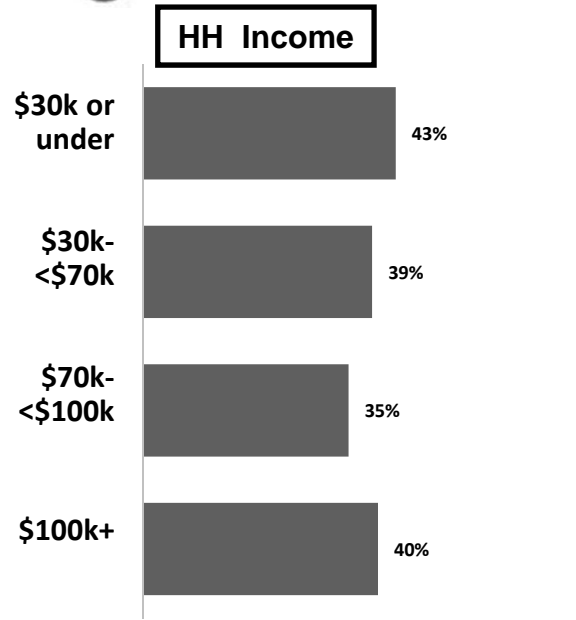
% Lowest Average Price – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

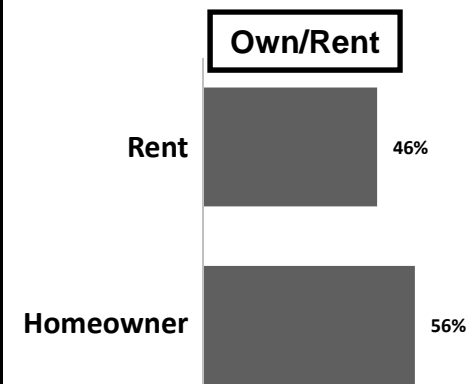
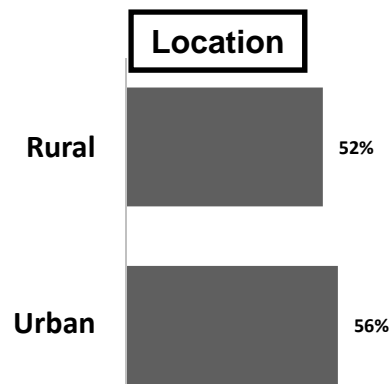
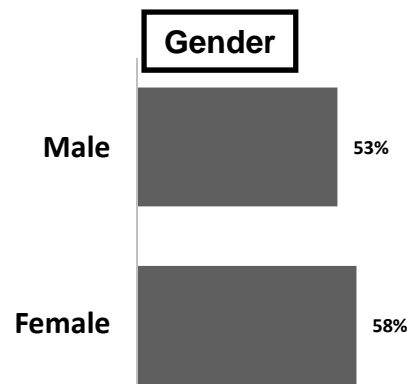
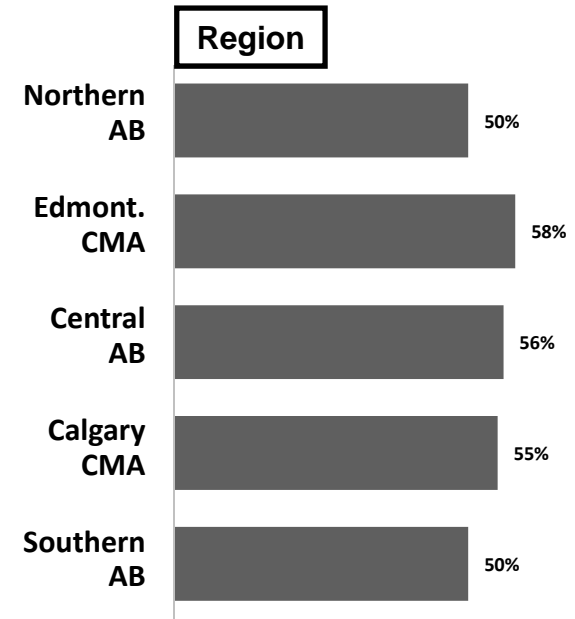
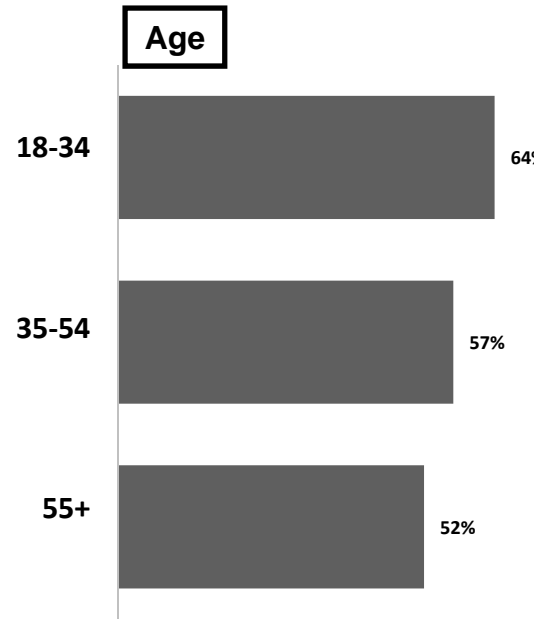
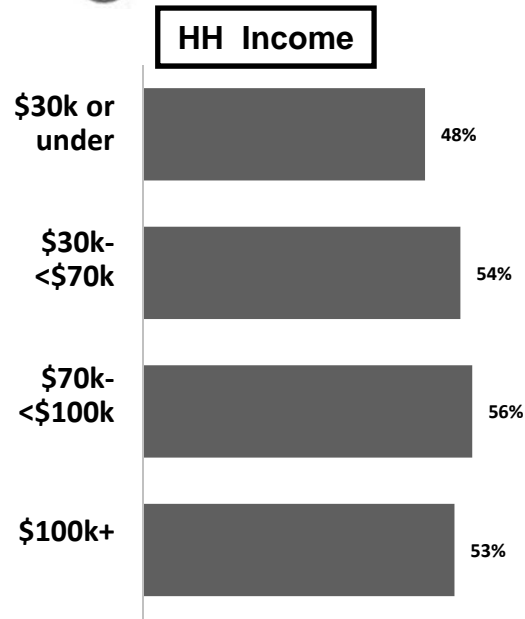
% Reasonable Price – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

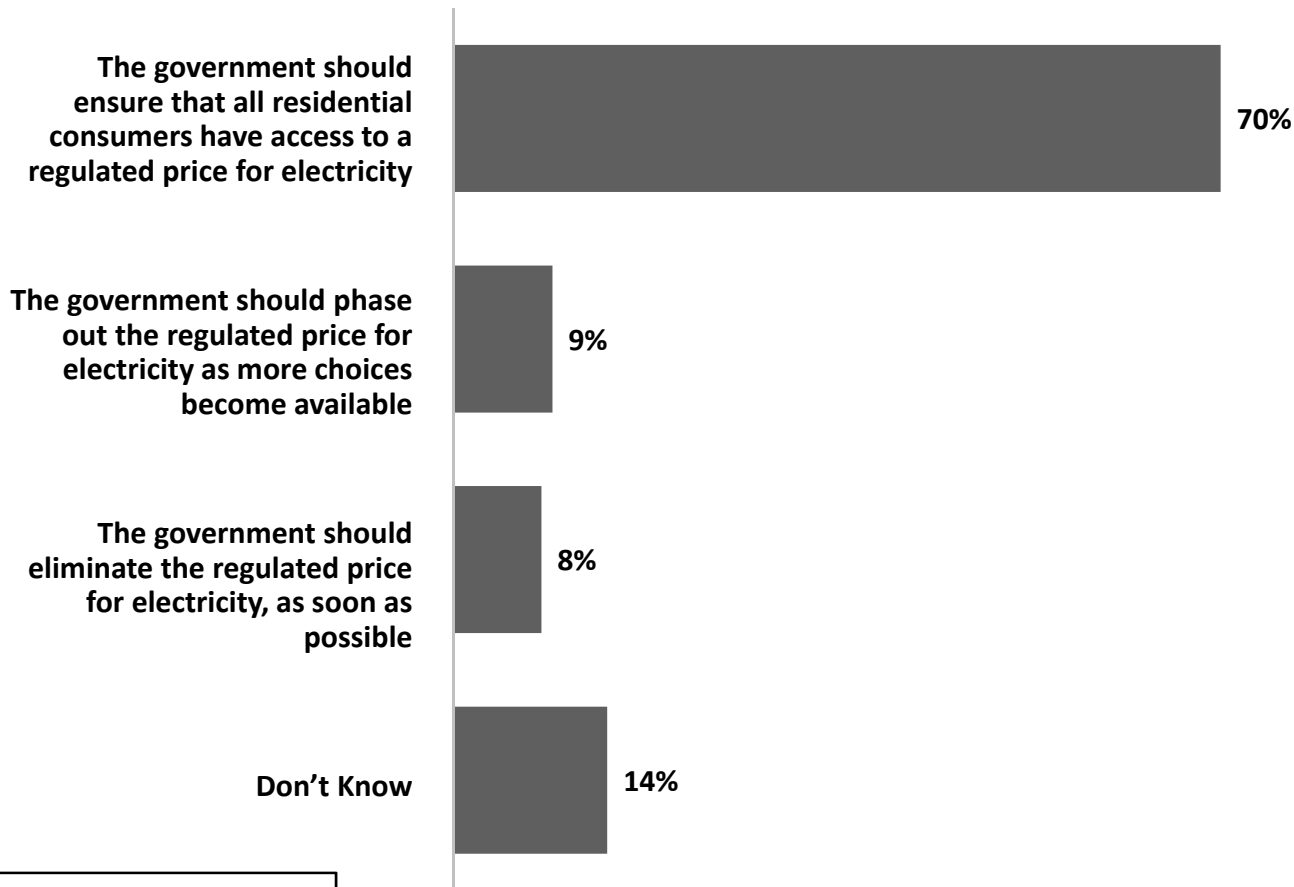
% Premium Price – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

Regulated Price - Opinions



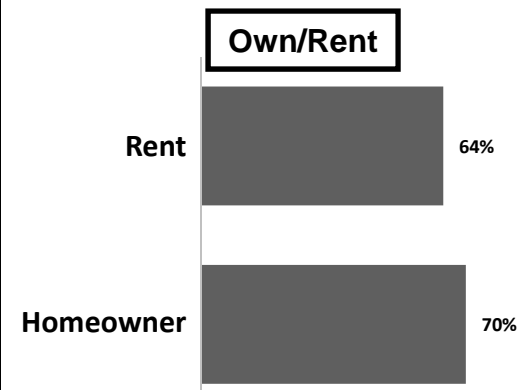
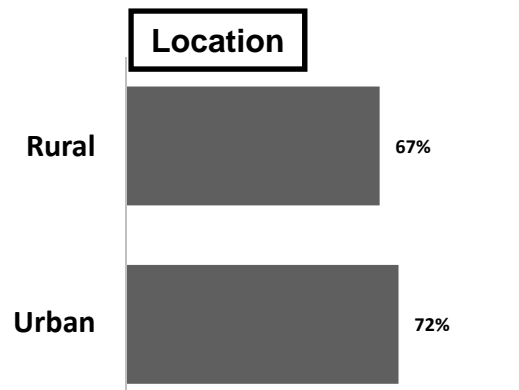
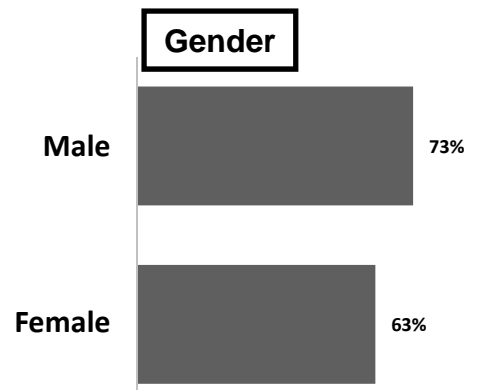
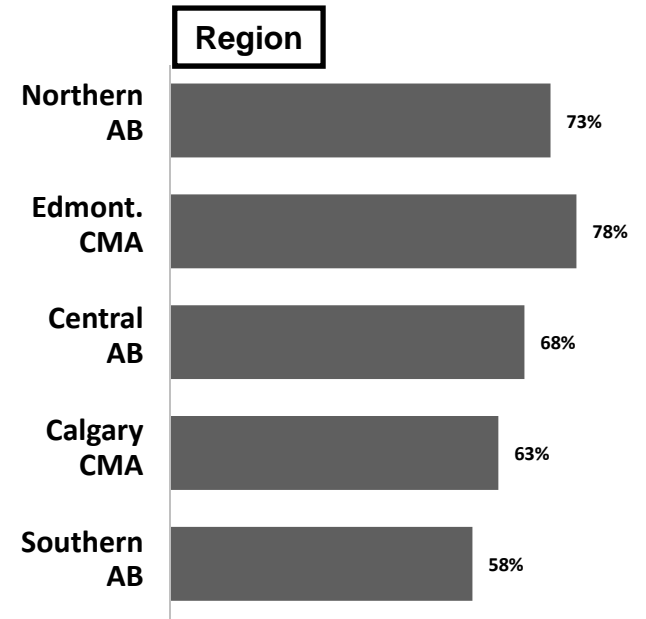
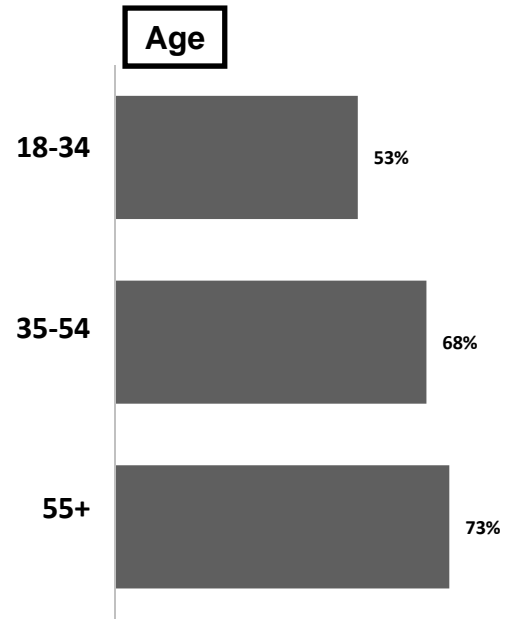
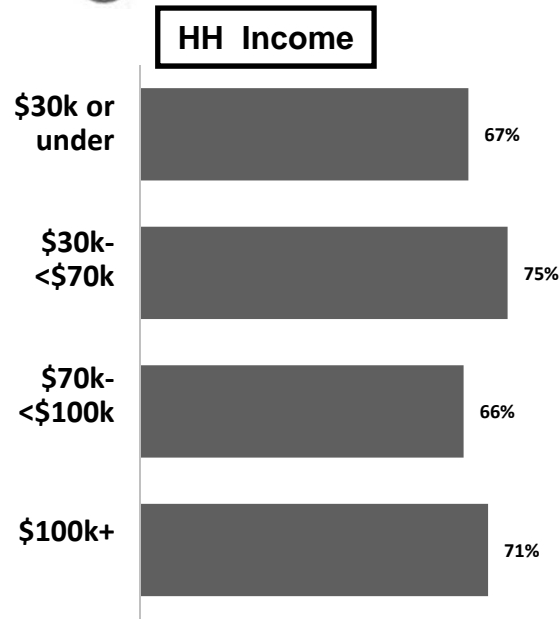
Key Takeaway:

- When presented with three options for the Regulated Rate/Default Rate, almost three-quarters (70%) stated that the government should ensure all residential customers have access to a regulated price for electricity.
- One-in-seven (14%) were unable to choose between the three options presented.
- Support for ensuring all should have access to the RRO/Default Rate is strongest in Northern Alberta and the Edmonton area.
- Males are more likely to state that the government should ensure that all residential customers should have access to the RRO/Default Rate (73% compared to 63% for females).

Online Report

E5. Which of the following is closest to your own opinion?

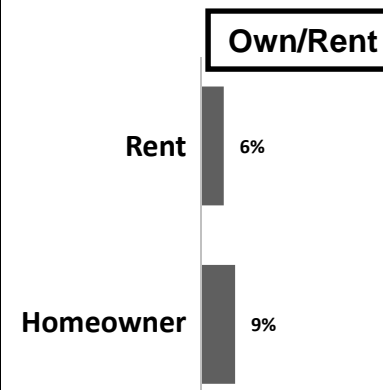
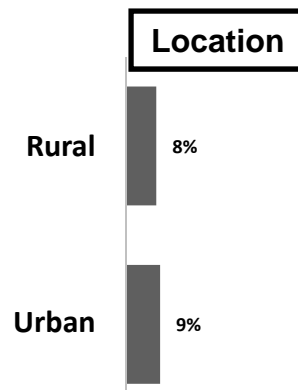
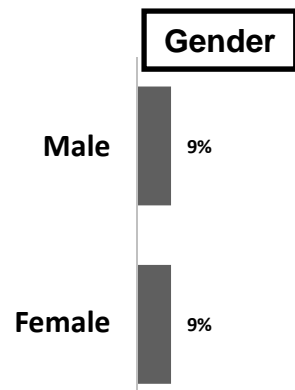
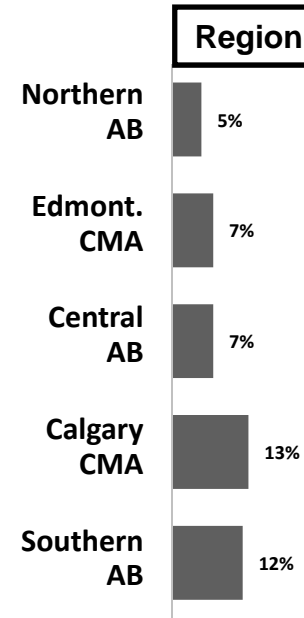
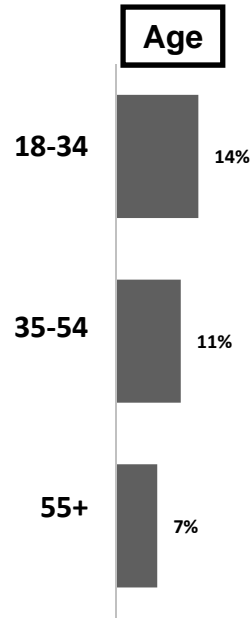
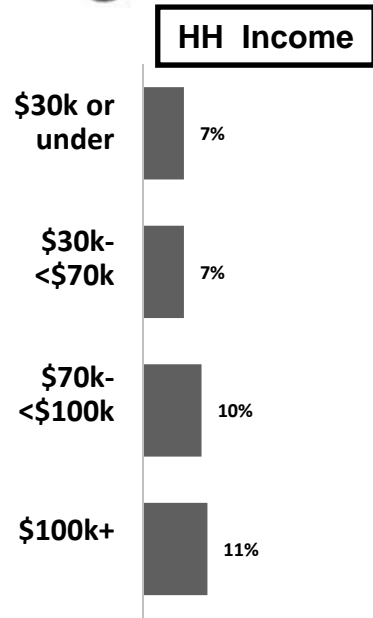
% All Should Have Access to RRO – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

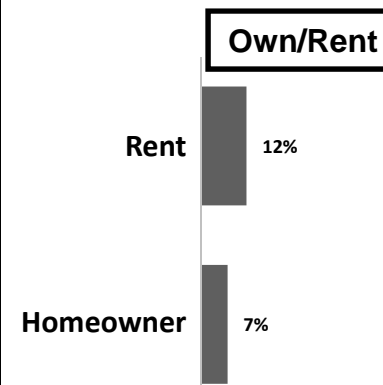
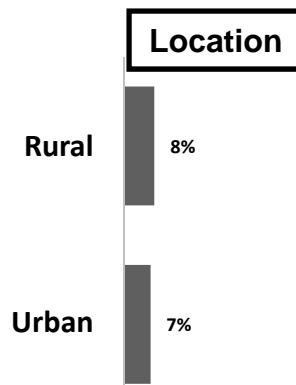
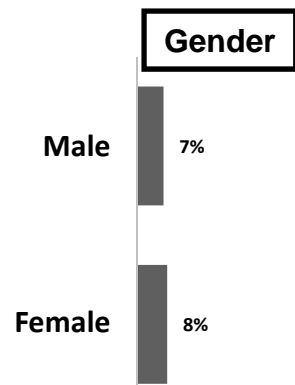
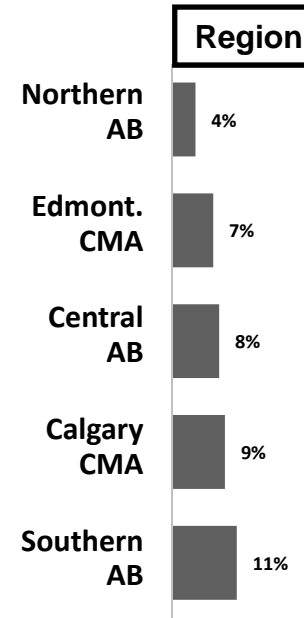
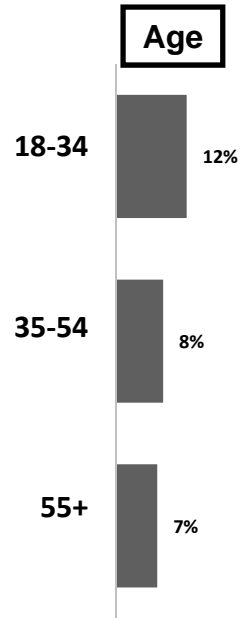
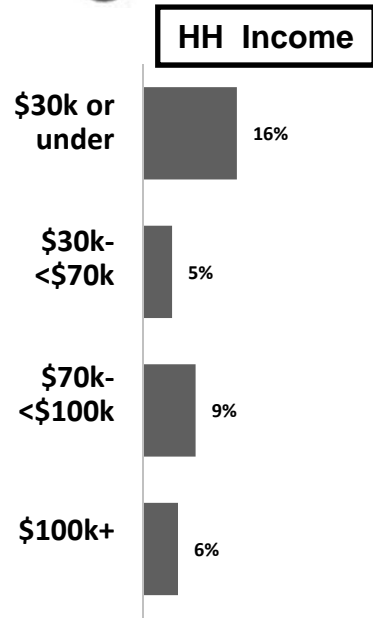
% Phase Out as More Options Become Available – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

% Eliminate RRO ASAP – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

Consumer Preferences When Buying Electricity



What Consumers Are Looking for When Buying Electricity



Key Takeaway:

- Two key themes emerge from Albertans when asked about the considerations they would look for when buying electricity.
 1. Some form of price/cost consideration.
 2. Consider the Transmission and Distribution and administration fees.

Online Report

% of respondents (multiple mentions). Answers of less than 4% not shown.

B1. When you consider buying electricity for your home, what specifically are you looking for? [OPEN END]

What are you Looking for When Buying Electricity – Word Cloud Analysis

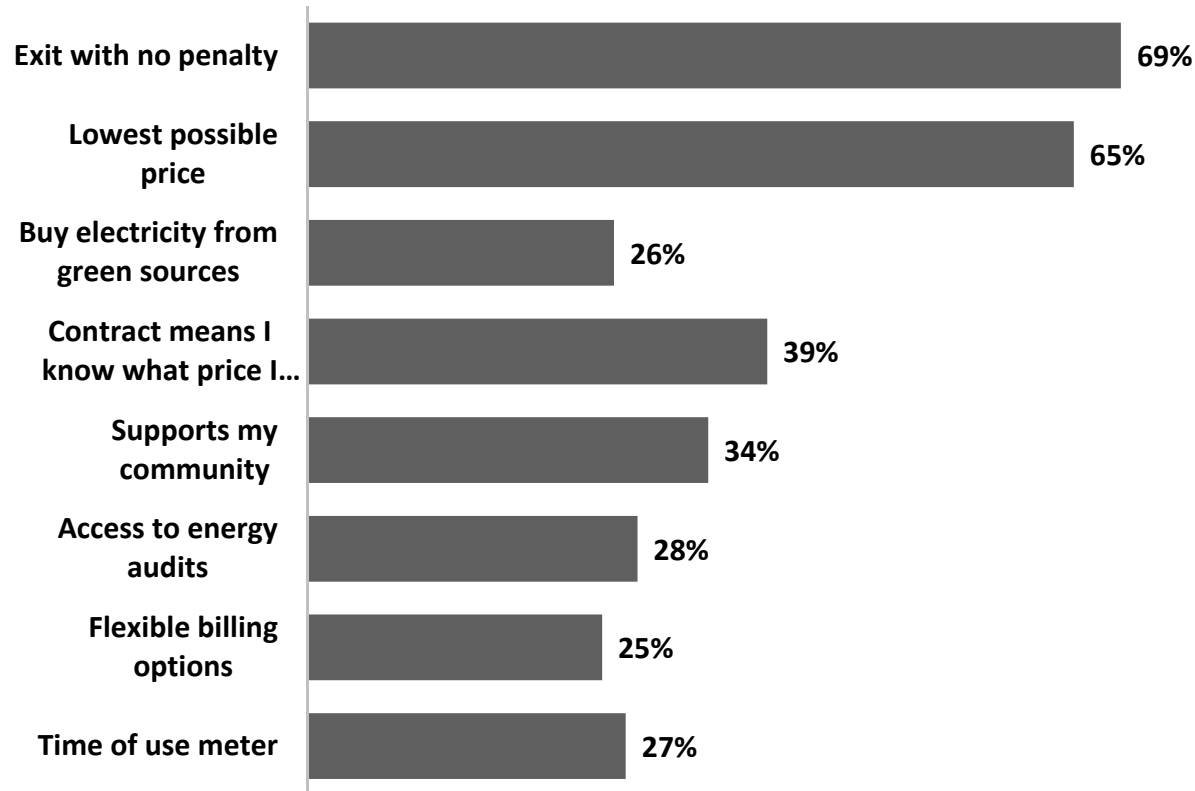
Readers Note:
•Word cloud analysis takes all words given as a response to a question and quantifies them based on the number of times they are said.



Online Report

B1. When you consider buying electricity for your home, what specifically are you looking for? [OPEN END]

Benefits of Buying Electricity



Key Takeaway:

- Flexible contracts and low prices emerge as leading factors in why consumers would consider signing an electricity contract.
- Albertans indicate two options as being most important when evaluating an electricity contract. The ability to exit with no penalty (69%) and the lowest possible price (65%).
- Less than one-third of Albertans considered the benefits of having access to energy audits (28%), flexible billing options (25%), time of use meters (27%) and buying electricity from green sources (26%).

Online Report

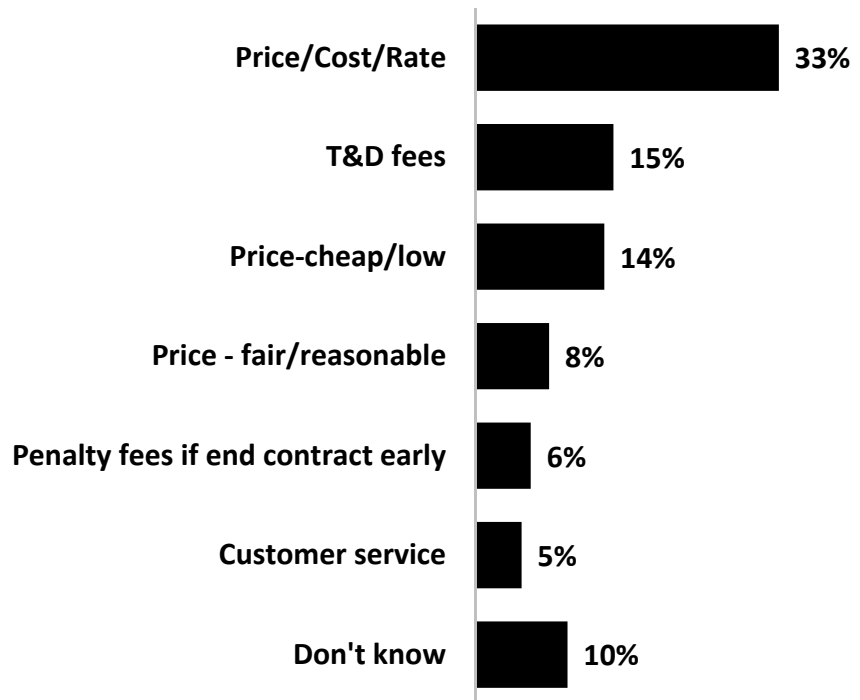
% Top Box (8,9,10)

B2. I am going to read you a list of benefits other people have mentioned about buying electricity. Please use a scale of 1 to 10, where 1 is 'not very important' and 10 is 'very important'.

Concerns with Buying Electricity



Main Concerns About Switching Electricity Companies



% Respondents – Multiple Mentions

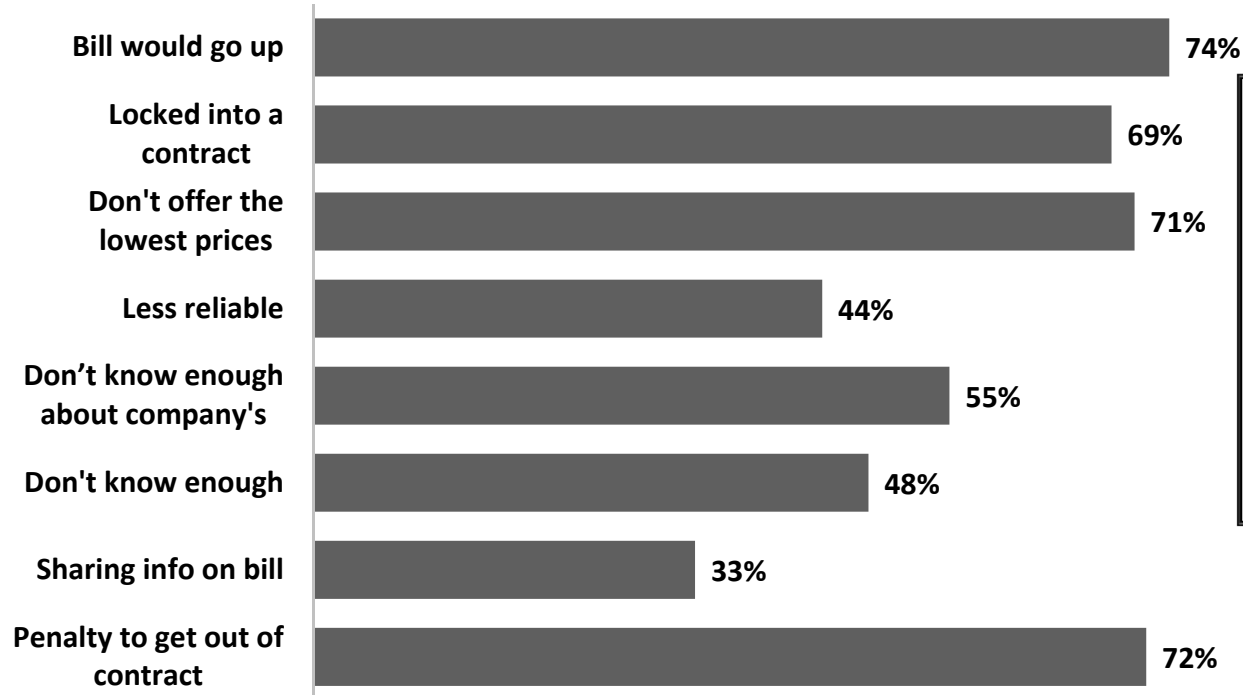
Key Takeaway:

- Albertans main concern about switching electricity companies is highly related to cost.
- Transmission and distribution fee concerns are also a consideration.
- One-in-ten (10%) did not provide a concern about switching electricity companies.

Online Report

C1. If you were going to switch the company you were buying electricity from, what would be your main concerns? OPEN END – MULTIPLE MENTIONS.

Concerns About Switching Electricity Companies



Key Takeaway:

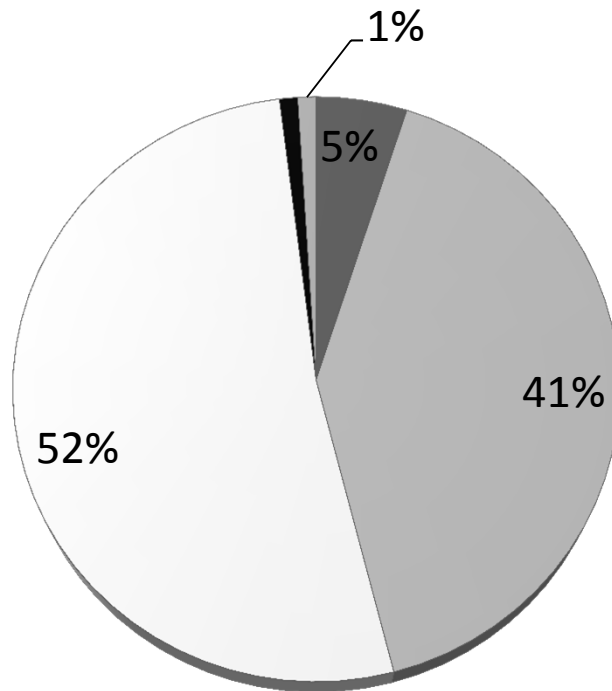
- The main concerns about switching are related to cost, being locked into a contract and possible penalties incurred to exit a contract.
- Of less concern to Albertans are issues with the reliability of service, brand name awareness of the service provider and sharing the information on their bill with a new company.

% Top Box (8,9,10)

[Online Report](#)

C2. I am going to read you a list of concerns that other people have had about switching electricity companies. Please rate these on a scale of 1 to 10 where 1 is 'not at all concerned' and 10 is 'very concerned'.

Cost Concerns



- Cost of Electricity
- Both Equally
- Don't Know
- Other Charges
- Neither

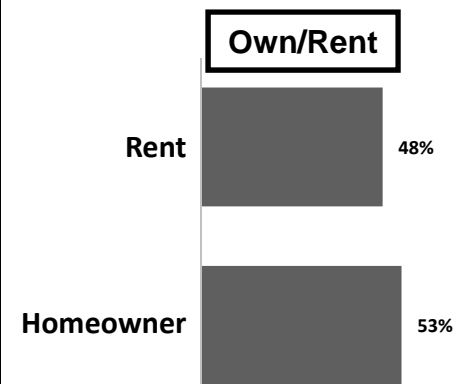
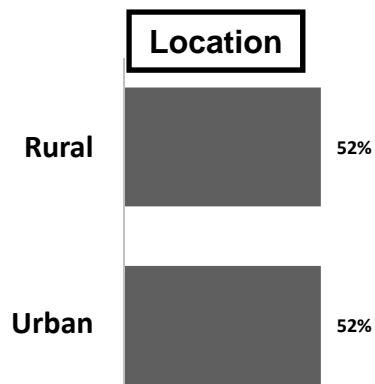
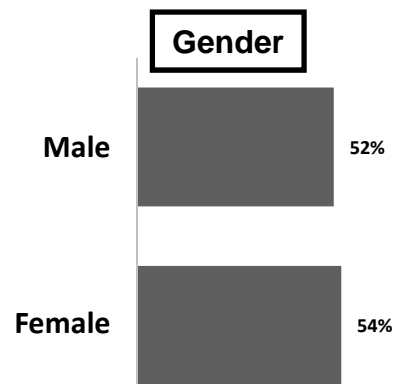
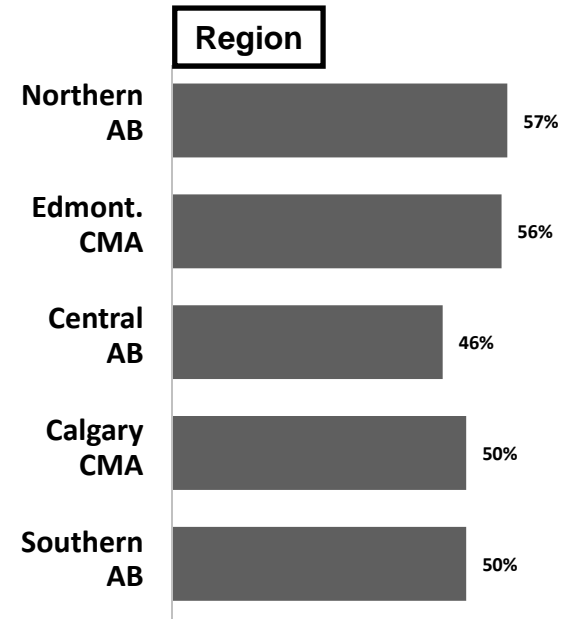
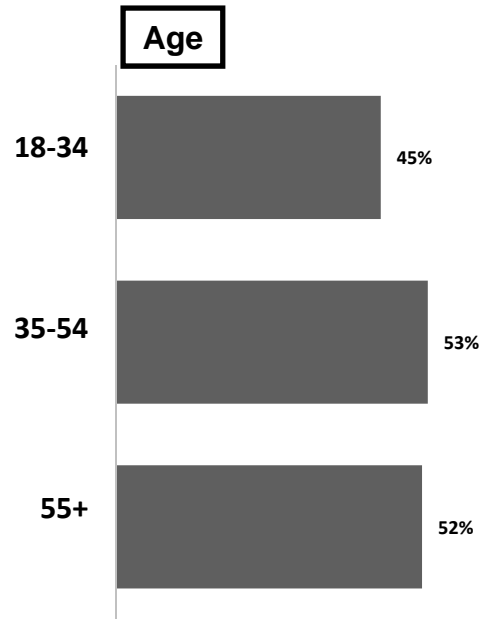
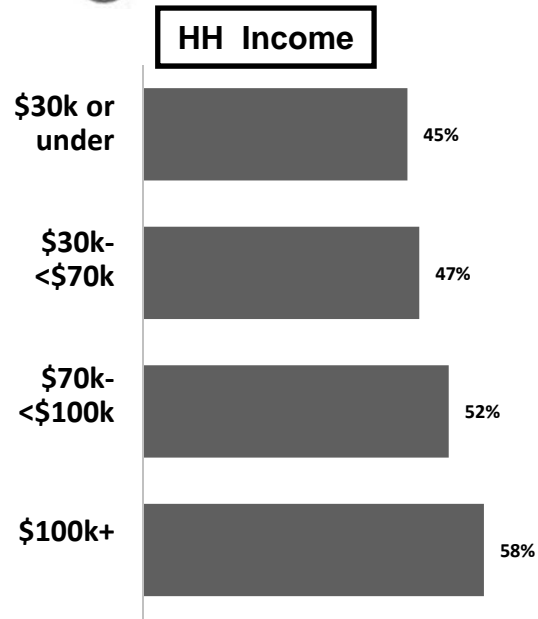
Key Takeaway:

- Consumer concerns are not just about the costs of electricity, but the whole bill including transmission and distribution and administration charges.
- Overall, one-half (52%) of Albertans indicated that they were concerned equally about the cost of electricity and the transmission and distribution charges.
- Four-in-ten (41%) stated that they were most concerned about the transmission and distribution charges. Only one-in-twenty (5%) stated that they were most concerned about electricity charges.
- Concern with both aspects of the bill equally increases with household income (45% for those with household incomes under \$30,000, rising to 58% among those with household incomes of greater than \$100,000).

[Online Report](#)

C3. As mentioned earlier, your electricity bill has two parts. One is the cost of the electricity you use. The second is the cost of transmission, distribution and administration: this is the cost to get the electricity from the generating plant to your home. Which are you more concerned about?

% Both Equally – By Demographic Breakout



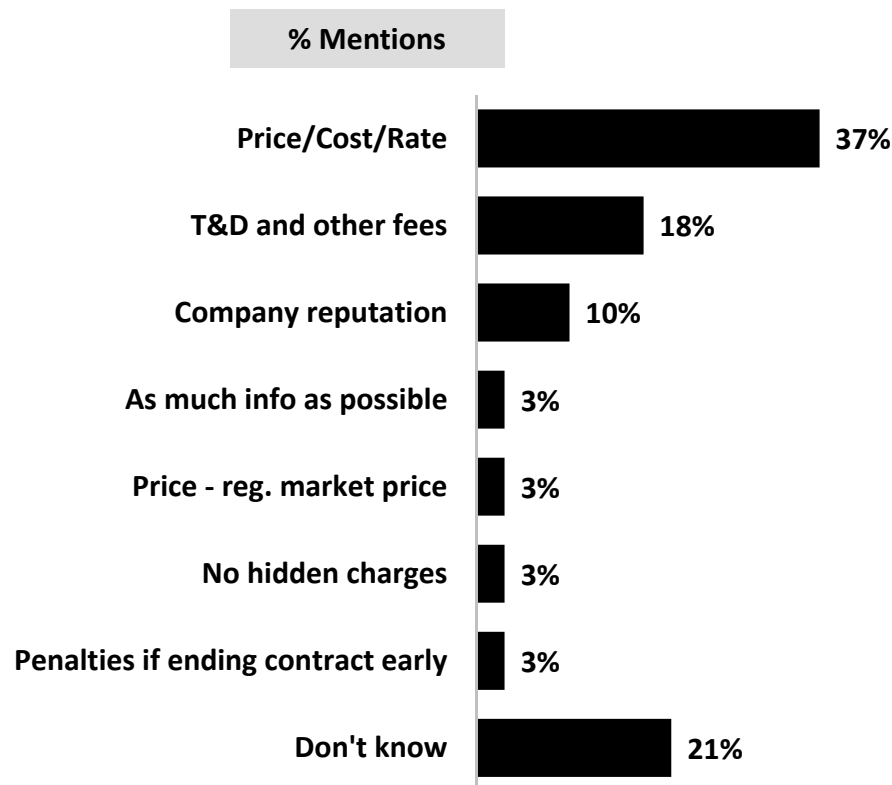
Online Report

% Top Box (8,9,10 rating)

Knowledge and Awareness



Information Needed to Make an Informed Decision



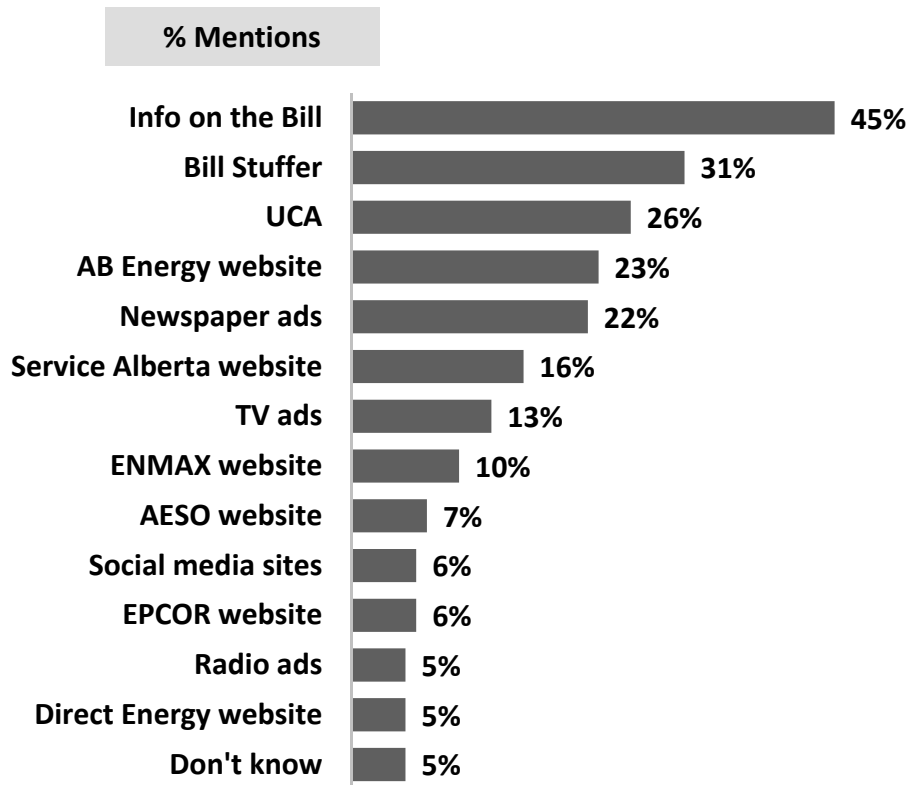
Key Takeaway:

- The information and tools needed by the population should be primarily focused on the price of electricity.
- When asked what information Albertans needed to make an informed decision about buying electricity over one-third (37%) stated that they would need information about the price.
- One-in-five (18%) indicated that the transmission and distribution fees were also an important factor in making an informed decision.
- One-in-five (21%) did not provide a response for the information they would need to switch a supplier.

[Online Report](#)

D1. What information do you need to make an informed decision about buying electricity? OPEN END – MULTIPLE MENTIONS

Preferred Medium to Get Information Needed to Make an Informed Decision



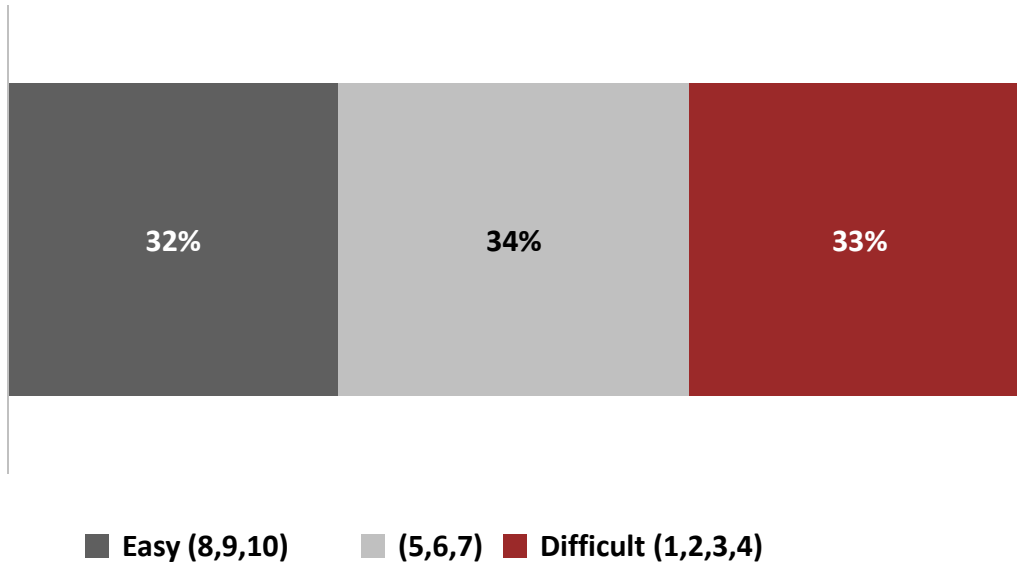
Key Takeaway:

- The bill, either on the bill or a bill stuffer, should be used as a primary medium to provide information to Albertans about electricity rates and related information.
- Government and industry websites were also frequently mentioned as mediums to provide information about electricity rates to Albertans.

Online Report

D2. What would be your preferred methods for getting information about buying electricity? OPEN END – MULTIPLE MENTIONS
 - ONLY SHOWS THOSE ANSWERS ABOVE 5%.

Understanding of the Bill



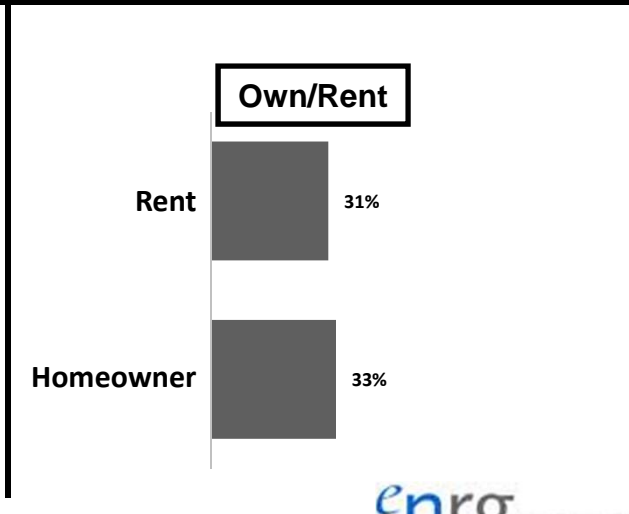
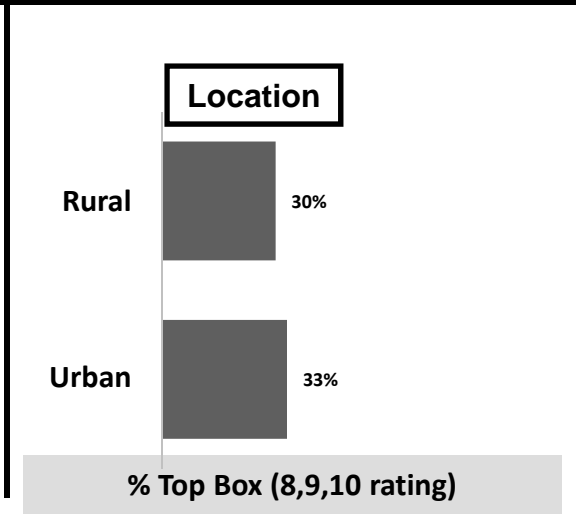
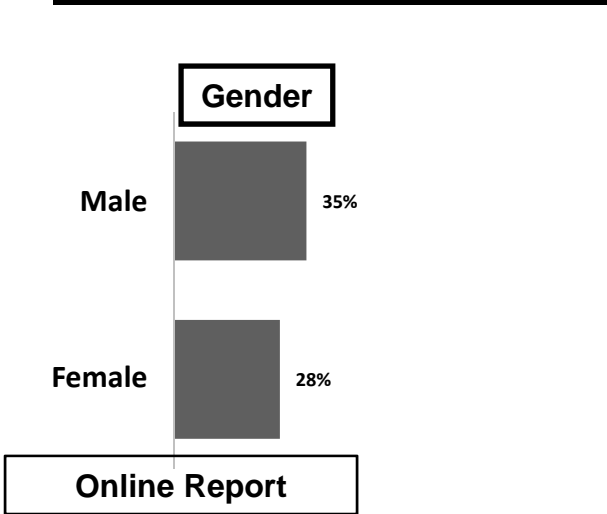
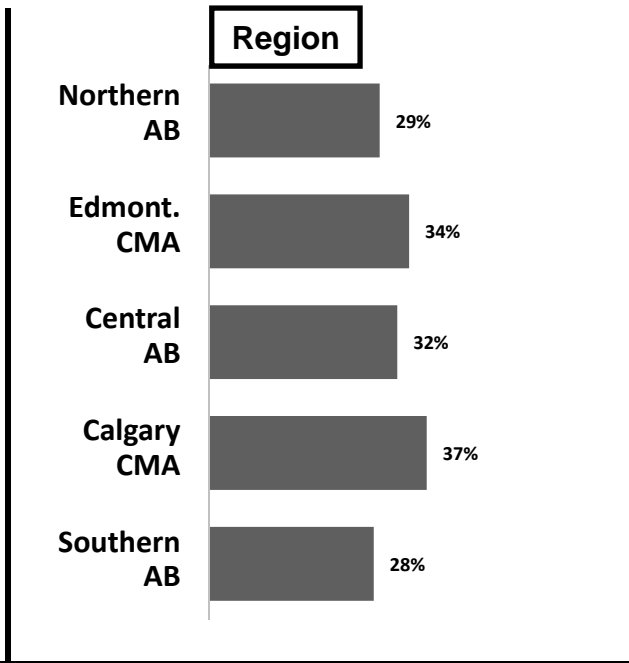
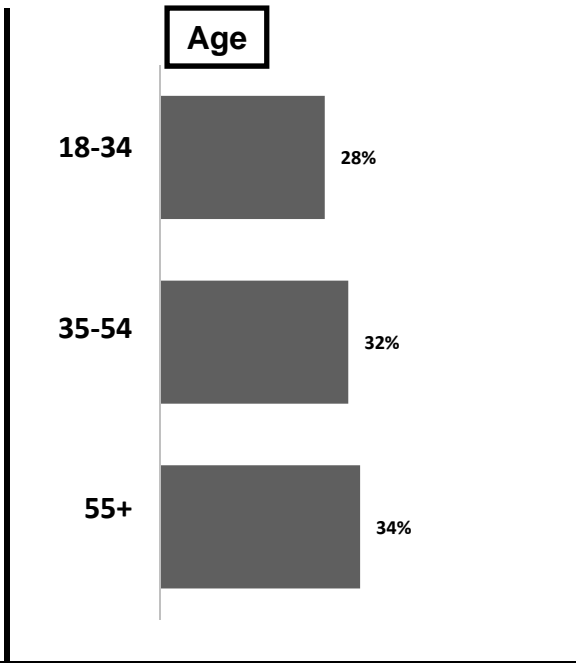
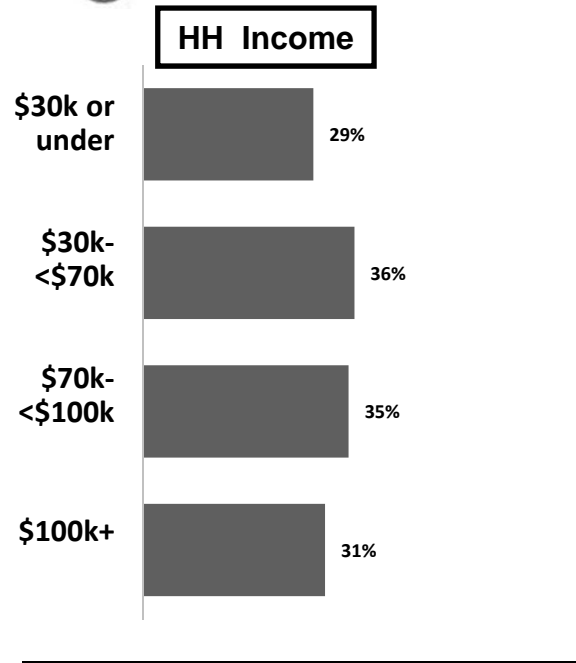
Key Takeaway:

- In general, similar proportions of Albertans indicate that their electricity bill is easy, moderately easy, and difficult to understand.
- One-third (33%) of Albertans indicate that their electricity bill is very difficult to understand.

Online Report

D3. Some people have trouble understanding their electricity bill. Using a scale of 1-10, where 1 is 'very difficult to understand' and 10 is 'very easy to understand', how would you rate your electricity bill?

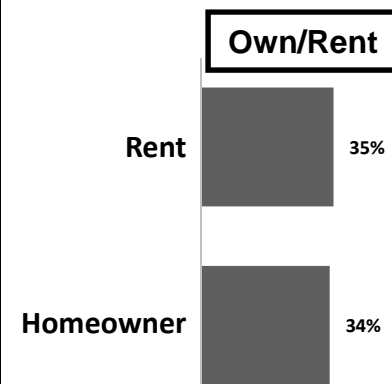
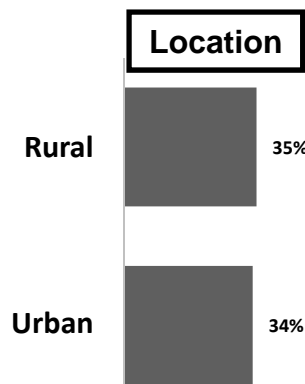
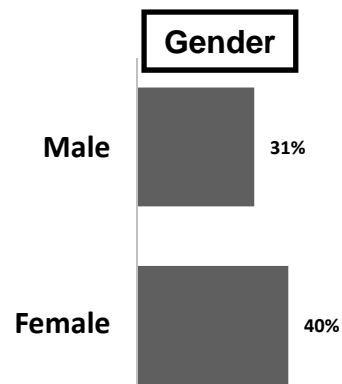
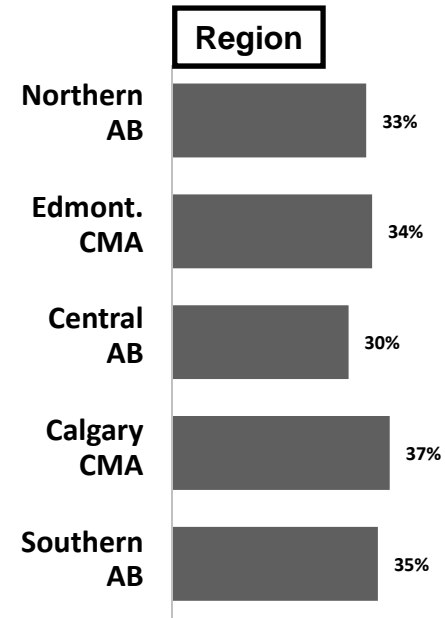
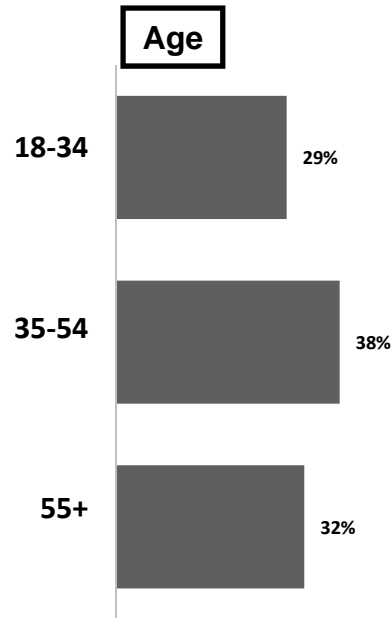
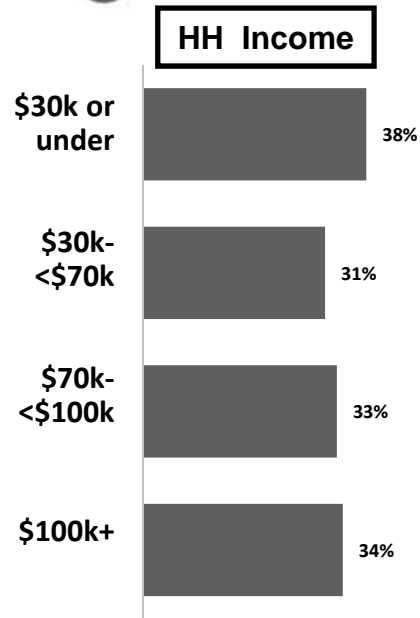
% Difficult to Understand Bill – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

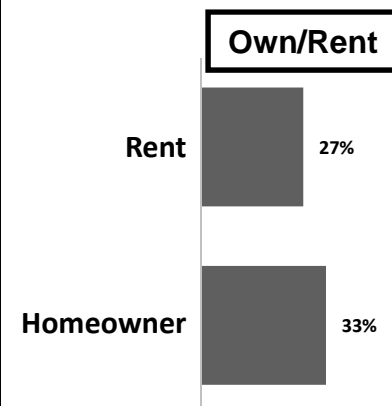
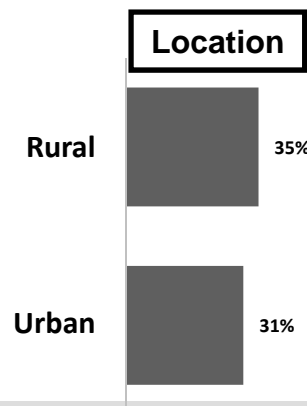
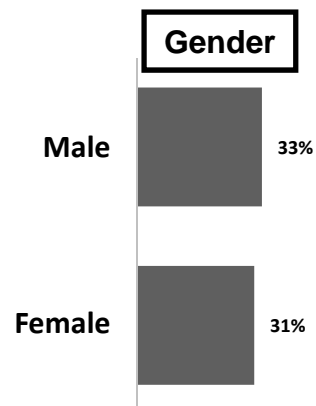
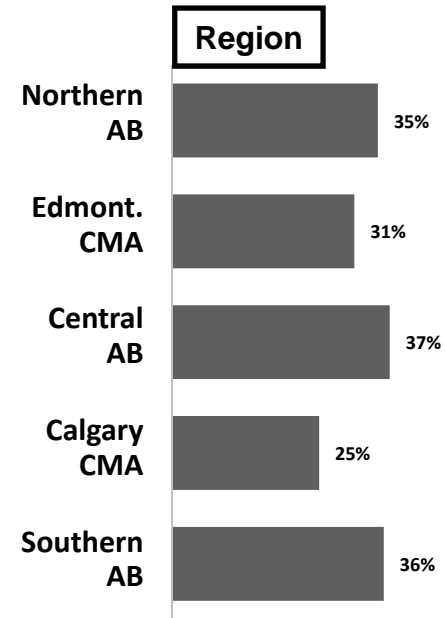
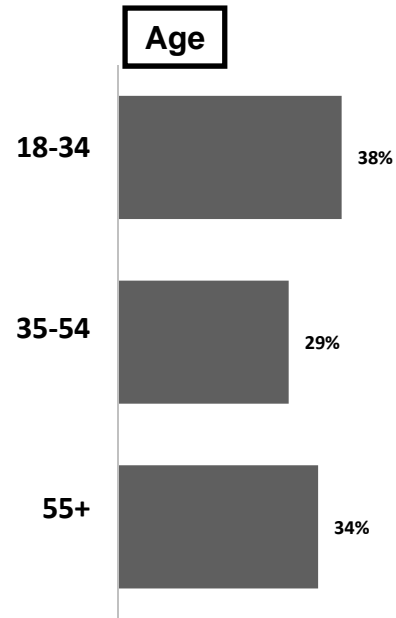
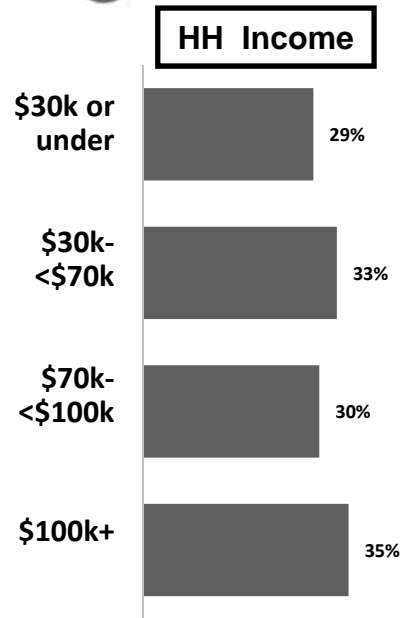
% Moderate to Understand Bill – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

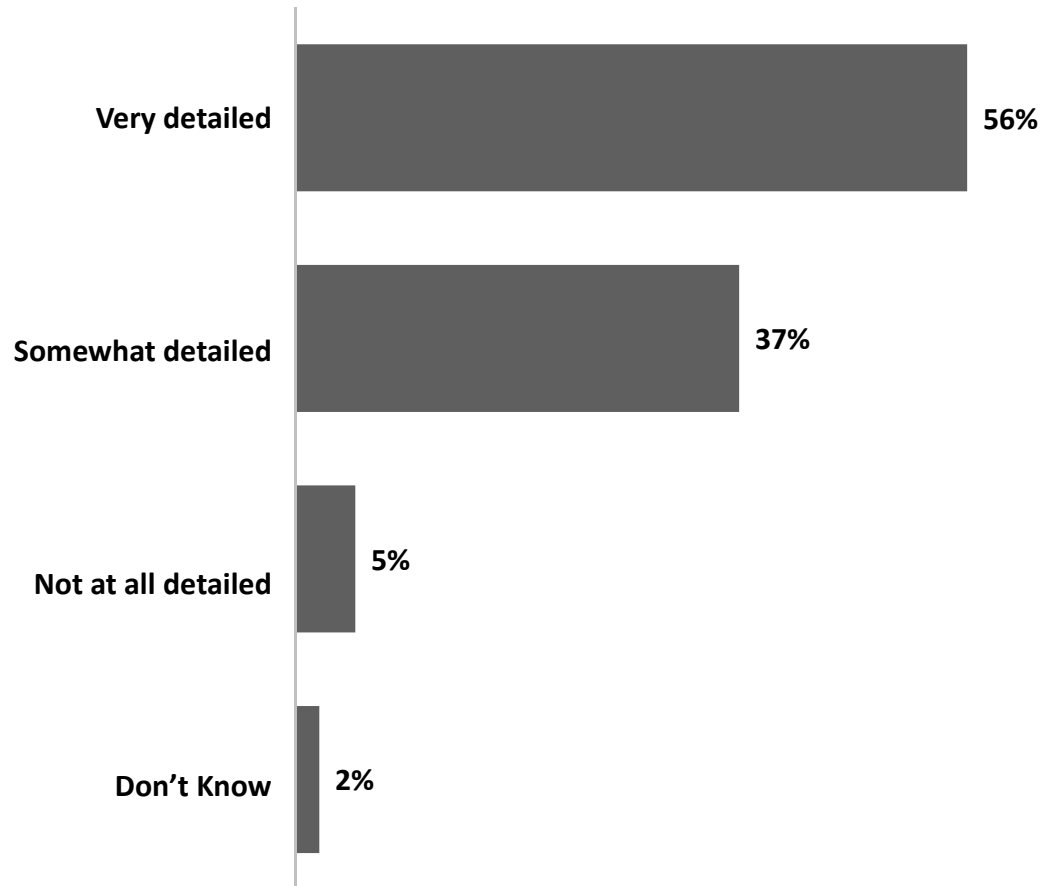
% Easy to Understand Bill – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

Electricity Bill Detail



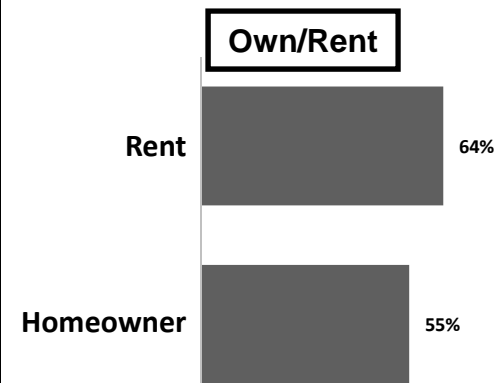
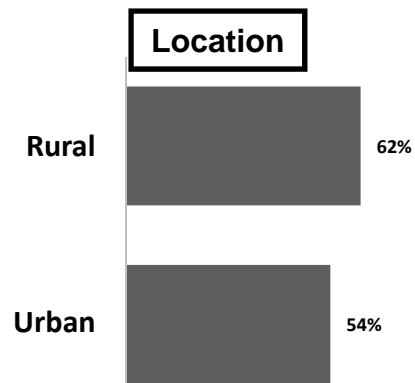
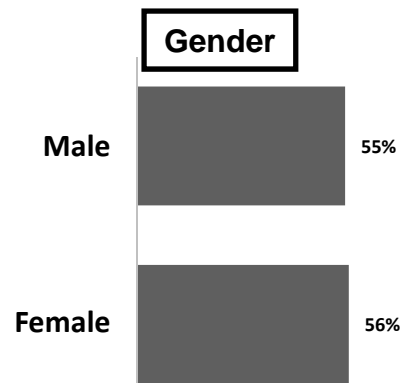
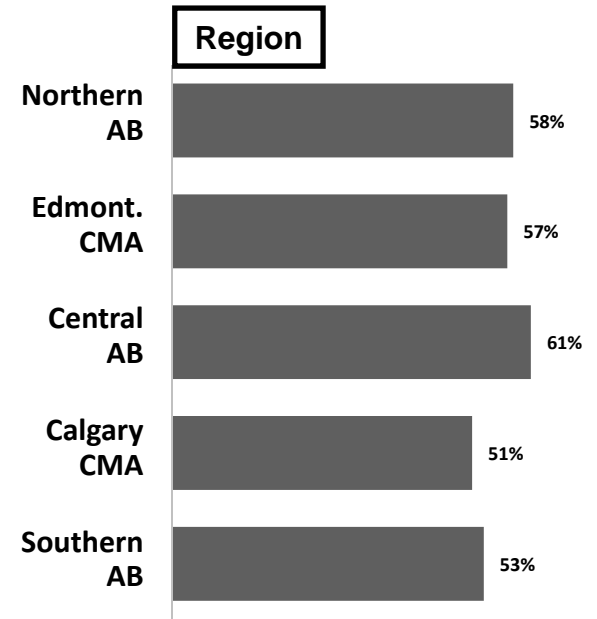
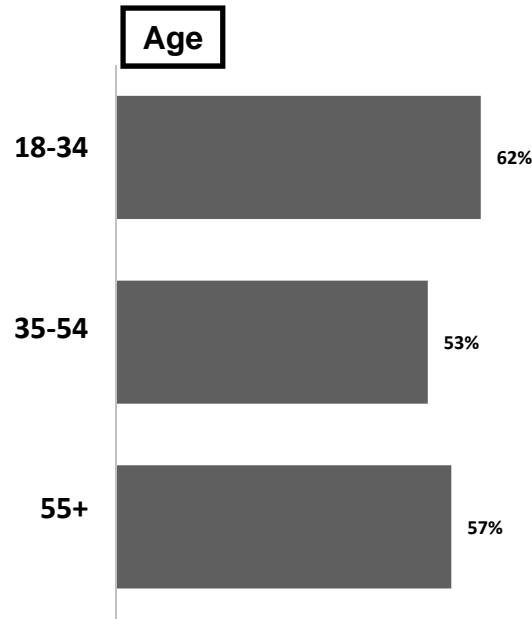
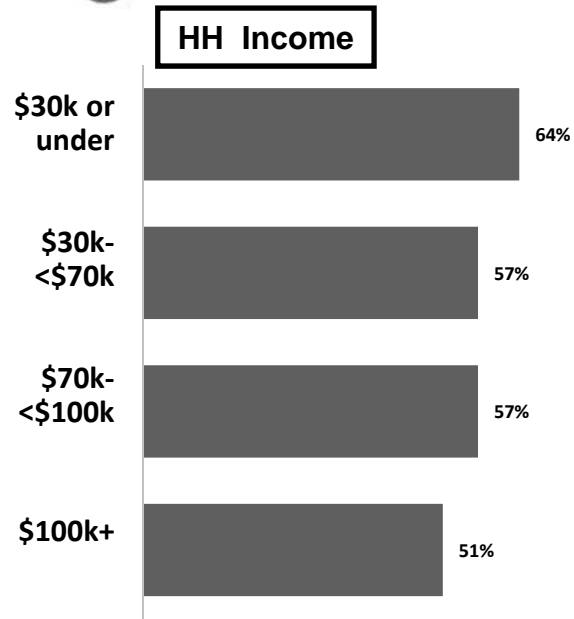
Key Takeaway:

- The vast majority of Albertans want to see at least some the details of their electricity bill.
- Few Albertans (5%) stated that they did not want any detail at all on their electricity bill.
- Willingness to see less detail on the electricity bill increases with household income (64% of those with household incomes of less than \$30,000 want a very detailed bill compared to 52% of those with household incomes of more than \$100,000).

Online Report

D4. I want the costs on my electricity bill to be?

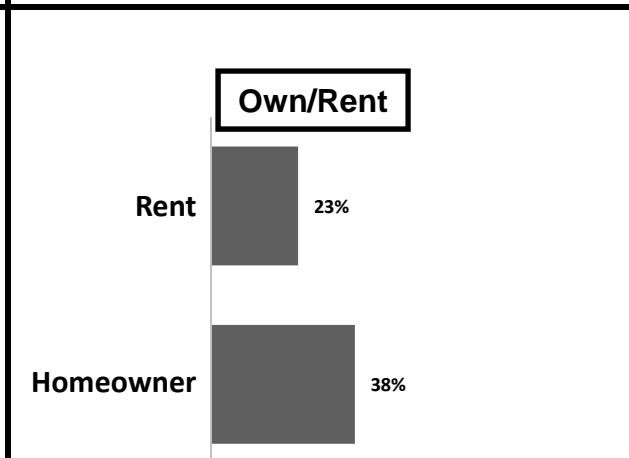
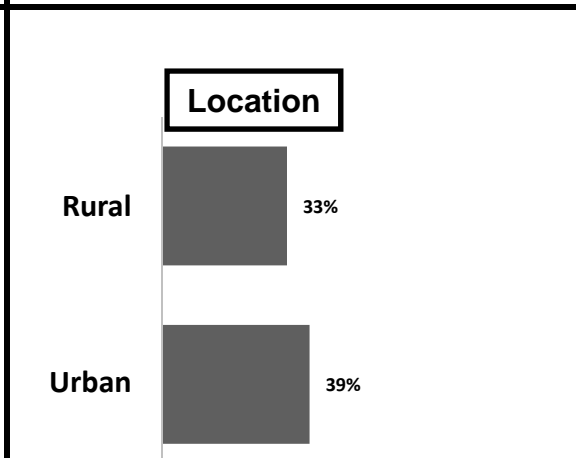
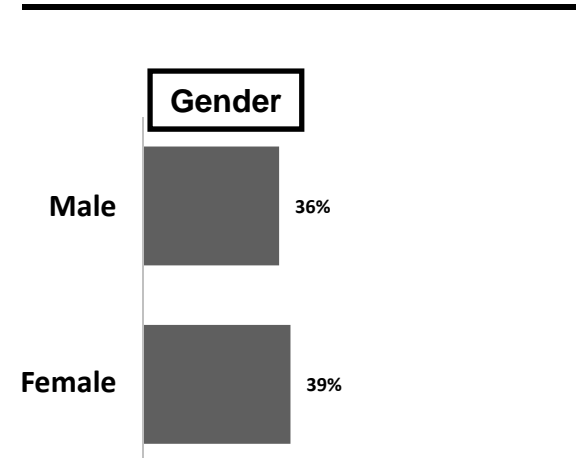
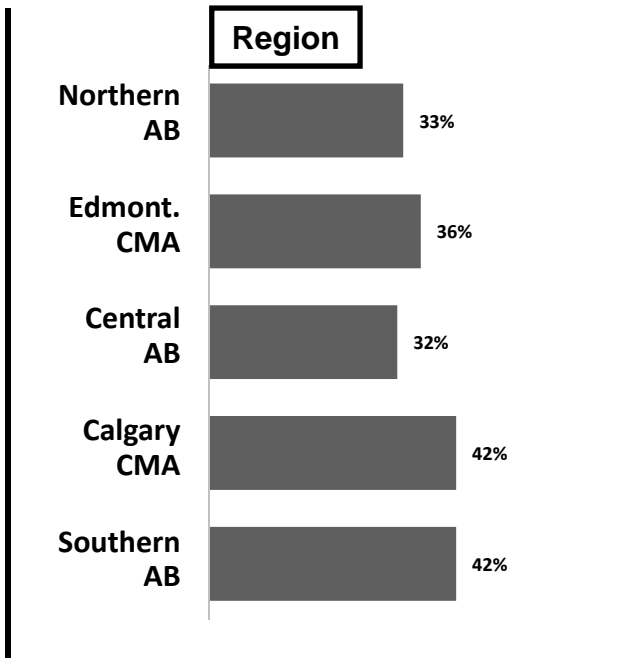
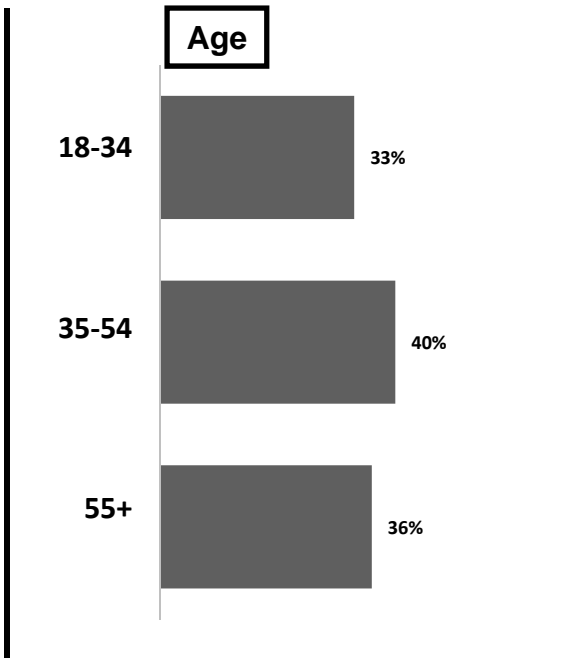
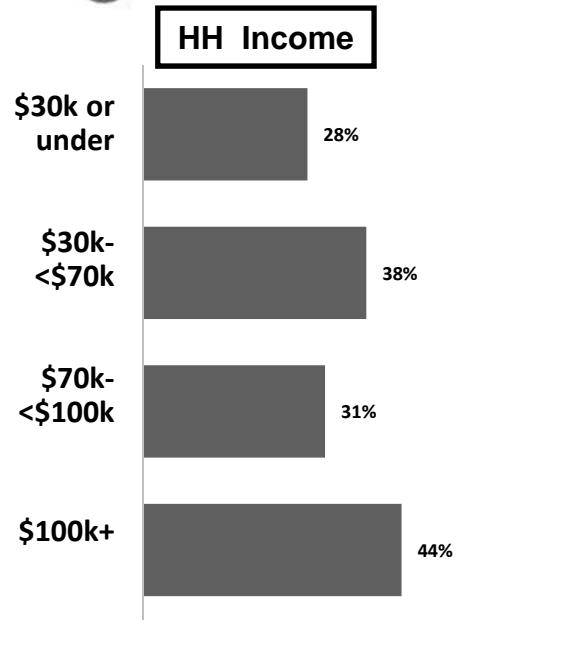
% Very Detailed – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

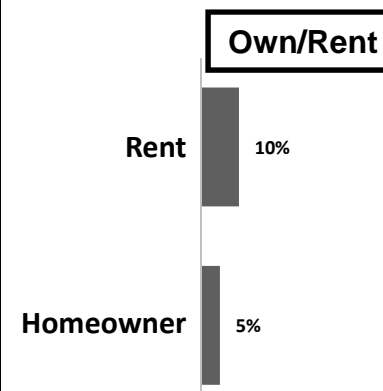
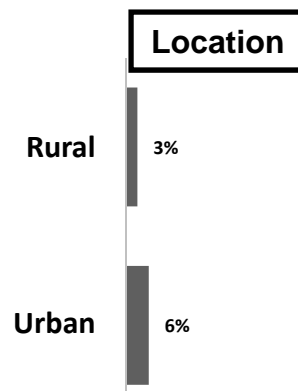
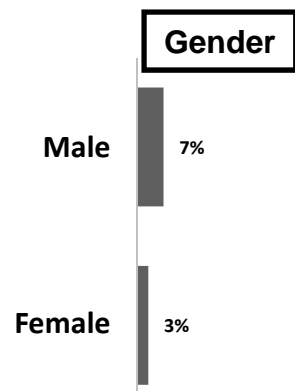
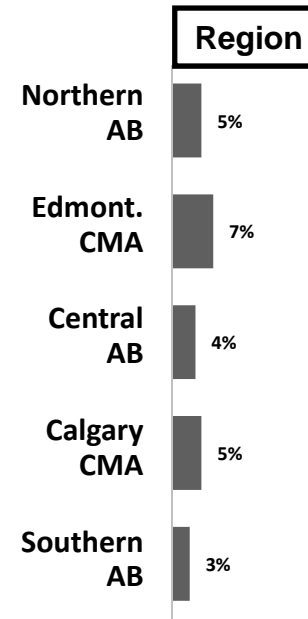
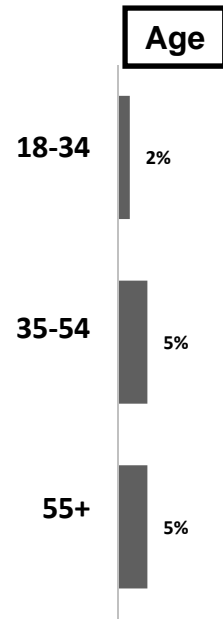
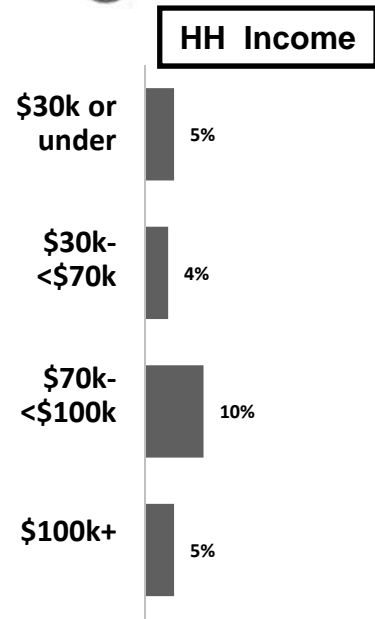
% Somewhat Detailed – By Demographic Breakout



Online Report

% Top Box (8,9,10 rating)

% Not at all Detailed – By Demographic Breakout



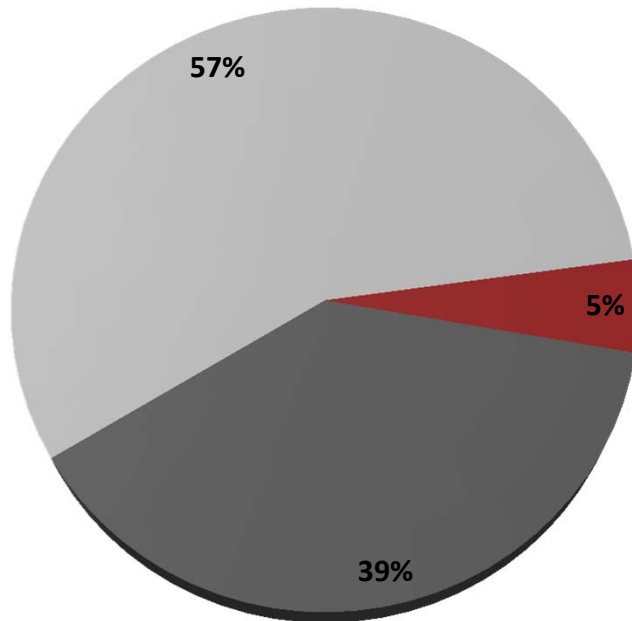
Online Report

% Top Box (8,9,10 rating)

Contracts



Signed Contract For Electricity



■ Yes ■ No ■ Don't Know

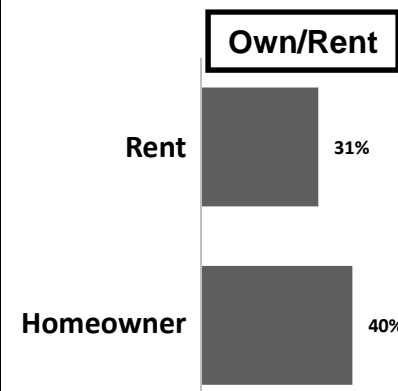
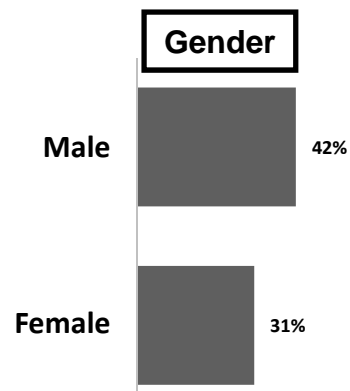
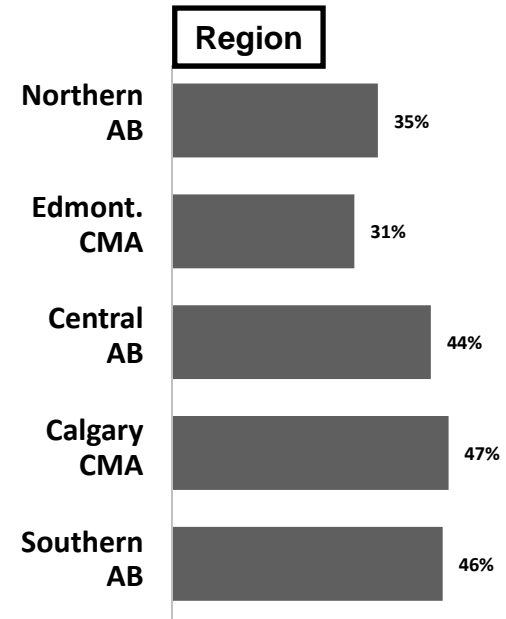
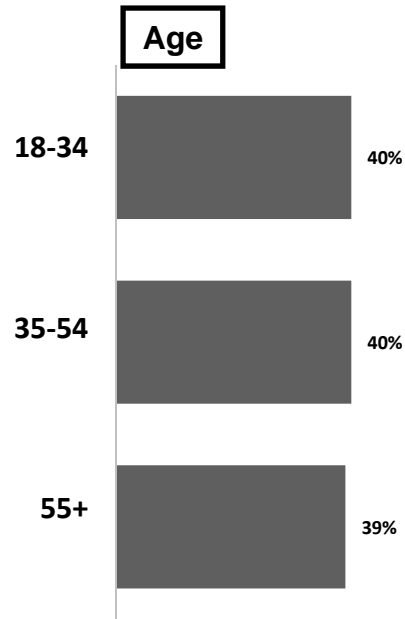
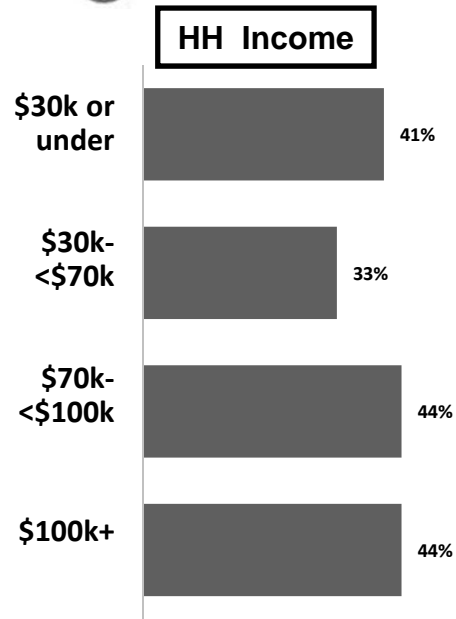
Key Takeaway:

- Slightly more than one-third (39%) of Albertans stated that currently have a contract for the electricity that they use in their home.
- Those in Northern Alberta and the Edmonton CMA are less likely to indicate that they have signed a contract for their electricity service.

Online Report

E1. Do you currently have a signed contract for the electricity that you use in your home?

Signed Contract - % Yes – By Demographic Breakout



Online Report

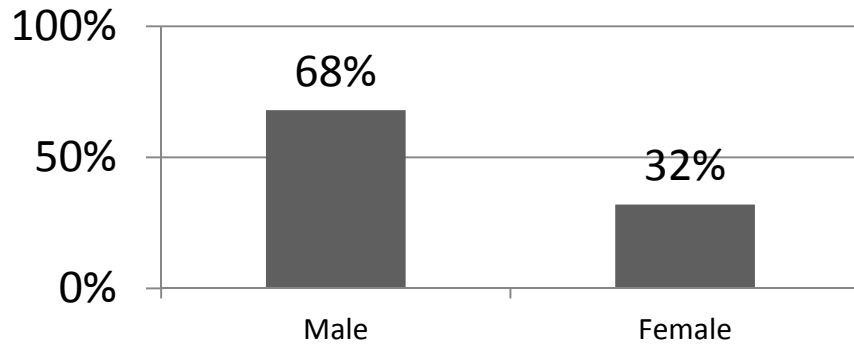
% Top Box (8,9,10 rating)

Interview Demographics

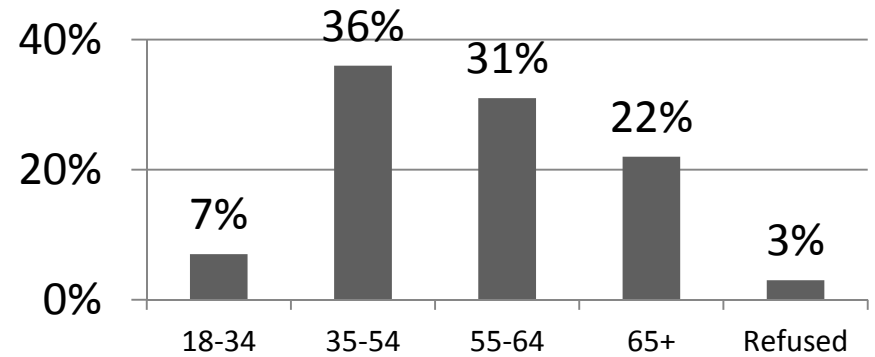


Interview Demographics

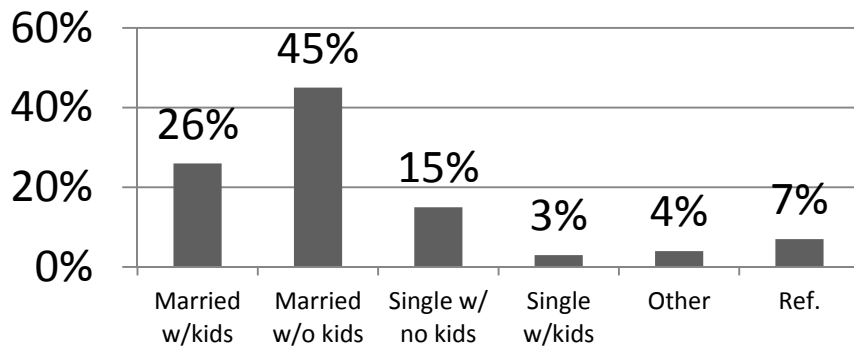
Gender



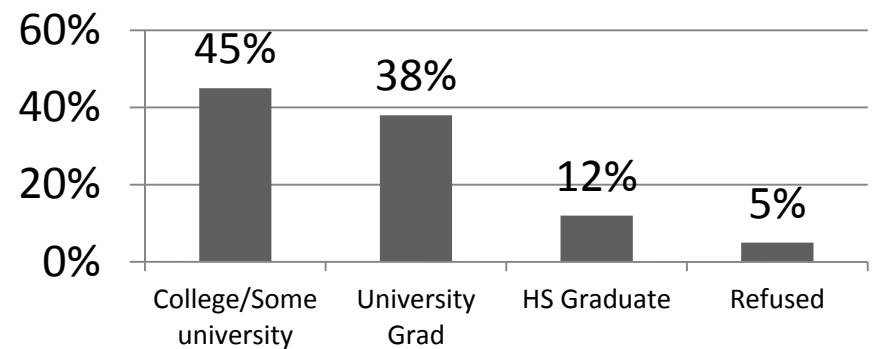
Age



Family Status



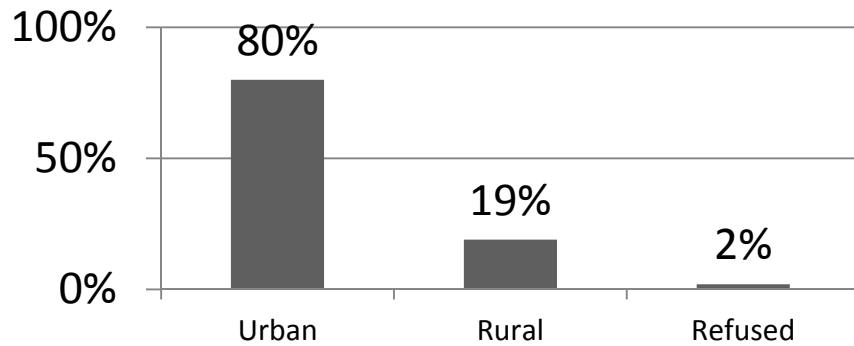
Education



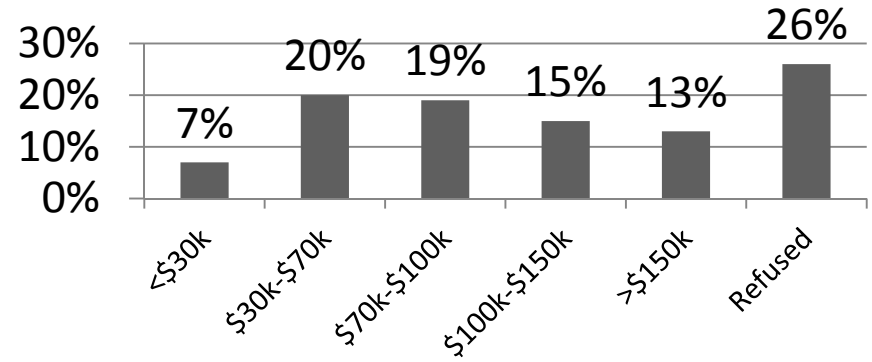
[Online Report](#)

Interview Demographics

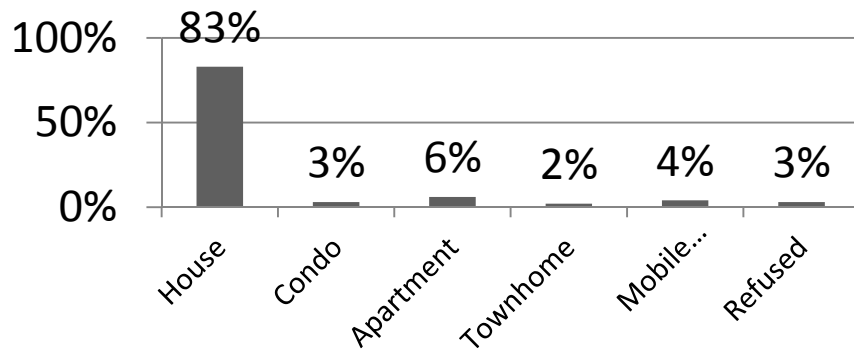
Location



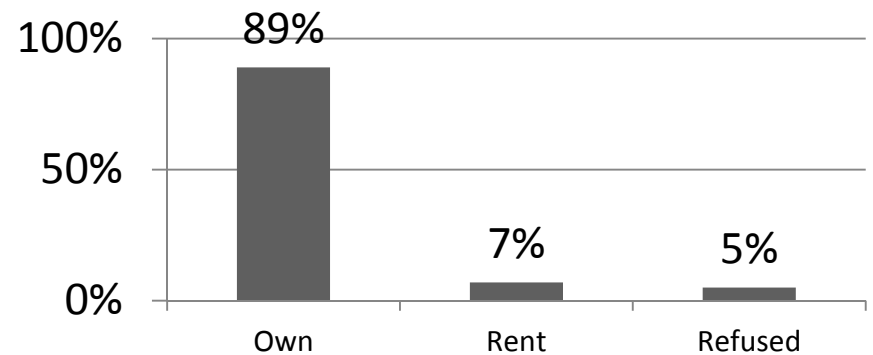
Income



Dwelling Type

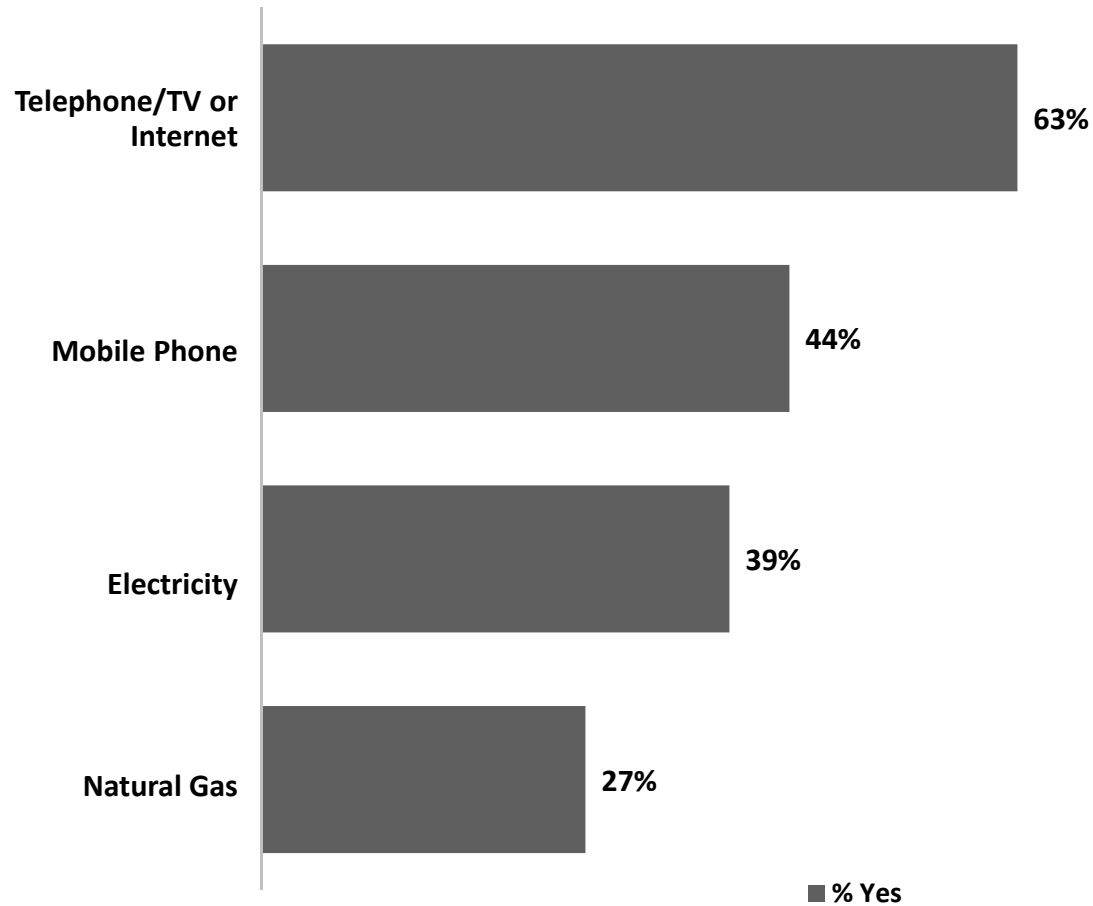


Home Ownership



[Online Report](#)

Switching of Consumer Services



Key Takeaway:
 •Albertans appear to be more comfortable switching non-essential services such as telephone, television, Internet or mobile phone than Electricity or Natural Gas.

Online Report

E6. Have you ever switched any of the following services for your home?

Interviews by Geographic Region

Region	Completes	Margin of Error
Northern Alberta	113	N/A
Edmonton CMA	301	N/A
Central Alberta	123	N/A
Calgary CMA	170	N/A
Southern Alberta	95	N/A
Outside of Alberta	3	N/A
Total	805	N/A