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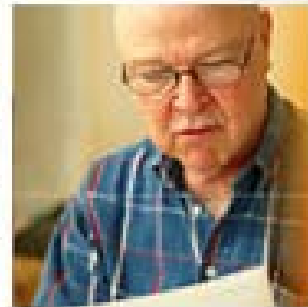
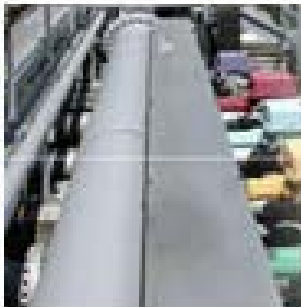
Ontario Energy Board

Business Perceptions Research – Qualitative Exploration



Ontario Energy Board

The Ontario Energy Board regulates the province's electricity and natural gas sectors in the public interest



Background & Objectives

- The OEB commissioned Ipsos Reid to conduct both exploratory qualitative (Phase 1) and quantitative (Phase 2) research to obtain a better understanding of electricity consumer's awareness, preferences, and behaviours regarding Ontario's electricity pricing and customer service practices by energy distributors.
- 20 IDIs were also commissioned with small businesses to understand their perceptions and opinions.
- This research will ultimately help inform the development of a more consumer-centric approach for the Board's activities, including the desire to promote greater awareness, understanding and engagement among energy consumers.
- Phase 1 qualitative was focused on the following thematic areas:
 - ⇒ Overall understanding and perceptions of ***Ontario's Energy Sector***
 - ⇒ Exploration of ***Usage Patterns***
 - ⇒ Perceptions of ***Billing Practices and Related Customer Service***
 - ⇒ Awareness, perceptions and behaviours related to ***Energy Pricing and Time of Use (ToU)***
 - ⇒ Thoughts on ***Communication and Engagement*** activities moving forward

- 20 IDIs were conducted with small businesses in Ontario between October 10-31, 2014.
- Interviews were conducted with decision makers such as the Manager, Director, or VP that is involved in decisions concerning electricity, natural gas, and payment plan options.
- Companies with 100 employees or less were included in the sample.
- Companies must have been in operation for 1 full year or more to be included in the sample.

Summary

Moving Forward to Quantitative Research Phase

Identify, define and quantify:

- Perceptions of various energy players, including the OEB, OPA and Ministry specifically, and their respective roles in energy provision
- The desire for businesses to have more specific information about which appliances and equipment require the most energy in their business
- The limited nature of proactive energy conservation steps taken by small businesses. Presently the majority of such measures appear to be focused on reactive changes and waste reduction
- The lack of motivators for energy conservation beyond cost savings. Environmentalism or easing pressure on the grid do not appear to currently be top of mind

Moving Forward to Quantitative Research Phase

Identify, define and quantify:

- Understanding, engagement, usage and perceptions of energy bills, including:
 - ⇒ Understanding and perceptions of various line items, specifically how rates are calculated
 - ⇒ How to deliver education about billing
- Level of engagement with time of use or PEAK program appears to be low. Further investigation needed to understand how time of use can affect behaviour change in small business setting

Overall Understanding & Perceptions of the Energy Sector

Top of Mind Associations: OEC, OPA and Ministry of Energy

OEB



OPA



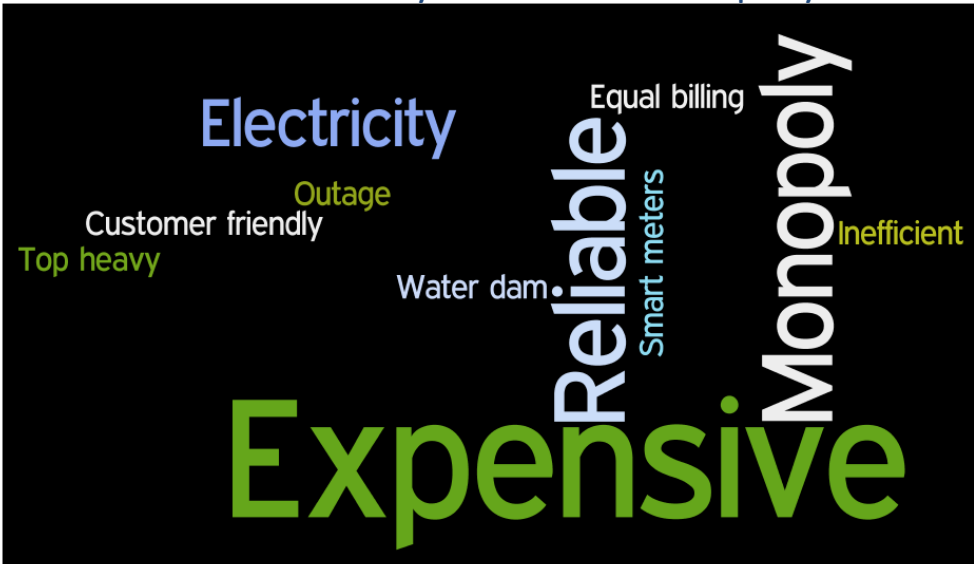
Ontario Ministry of Energy



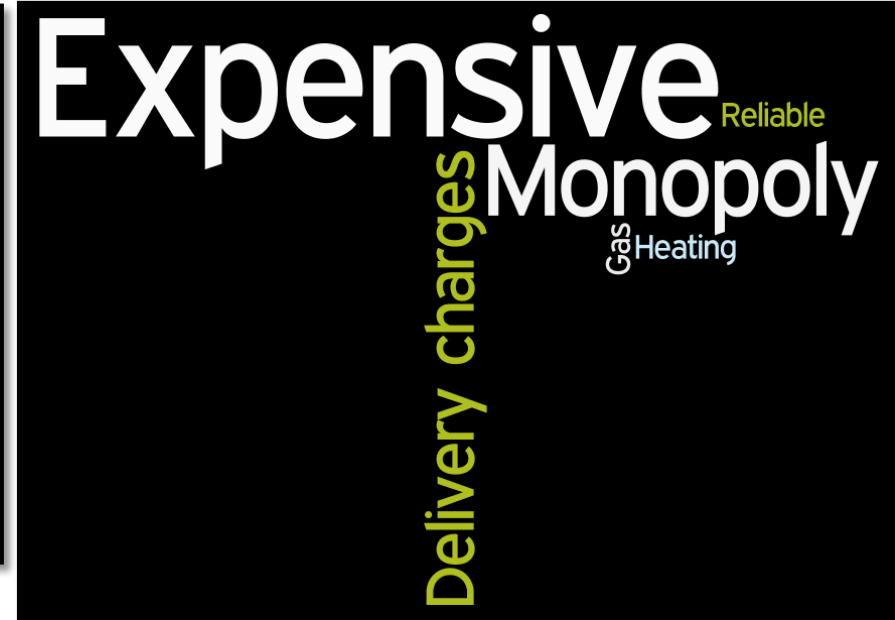
Knowledge and awareness of the OEB, OPA and Ministry of Energy was low among businesses. All were seen as somehow involved in the regulation of energy prices and distribution, but other detailed information was limited.

Top of Mind Associations: Local Electricity Distribution Company and Gas Heat Provider

Local Electricity Distribution Company



Gas Heat Provider



Knowledge and awareness of local electricity distribution companies and natural gas providers was greater than that of the OEB, OPA and the Ministry. Businesses had more first hand experience with these organizations, and thus deeper associations. These associations were largely related to the perceived high expense related to electricity and natural gas.

Energy Players: Who's Who?

OPA?

"Power plants, they also set prices. I'm not sure though."

OEB?

"I think they regulate, but I don't really know."

Ministry?

"Regulating energy prices is their job. It's hard to say how it's different from the others really [OPA, OEB]."



Small businesses had little or no knowledge of the OEB. The OEB, OPA and Ontario Ministry of Energy were seen as interchangeable for most. Participants felt the conflation of these organizations represented a lack of transparency and accountability; namely who is responsible for what and where does the buck stop when it comes to energy issues and prices?

Usage Patterns and Saving Energy

Energy Usage Patterns

- Usage patterns of businesses varied largely by their industry, namely differences driven by:
 - ⇒ Manufacturing: heavier energy usage due to heavy equipment and machinery used for manufacturing, and energy use of office space (computers, printers, etc.)
 - ⇒ Healthcare: moderate energy use due to light machinery and appliances, and office space (computers, printers, etc.)
 - ⇒ Retail and Office: low to moderate energy use, typically dominated by computers, lights and light appliances (microwave, kettle, etc.)
- Most small businesses spoken to had some idea of which appliances or equipment in their business use the most energy, but could not be certain. They tried to limited use of these items when possible, but most times they were vital to their operation and thus could not be curbed significantly thus frustrating any load shifting behaviours
 - ⇒ Having more specific and concrete information about how much energy each item uses was valuable to participants and seen as a way to become more energy efficient and energy aware.



Reducing Waste

Participants noted reducing wasted resources in the business as the most common way they are conserving energy. This included turning-off unused lights, hooking up appliances to power bars, moderating the amount of air conditioning and heat used, and using less water. Some also installed equipment such as motion-sensors for lighting.



Efficient Equipment and Appliances

Participants also noted upgrading to more energy efficient appliances or equipment in the business to save energy. Upgrading was typically done when something needed to be replaced rather than proactively. Energy efficient lighting was the exception, with almost all businesses proactively upgrading to LED lighting. Many underwent this upgrade with the help of incentives from their LDC.


"We are definitely more conscious of turning off lights we aren't using, or turning the heat up a more moderate amount than we used to."

"I put everything on power bars in the salon, so if we're not using any of it, we can switch the whole bar off."

"We replaced all the old lighting with LED. Hydro Toronto I believe helped us with that. They came in and evaluated it and then gave us a rebate."

Energy Conservation: Motivators

- **Saving money** was the main reason for small businesses to undergo any energy efficient measures
- Concerns related to being environmentally friendly or easing pressure on the grid were almost never mentioned as a compelling reason
- In order for any investments to be made related to energy efficiency, cost savings must be clearly demonstrated. However some businesses noted that there was no staff member dedicated to forging forward on issues of energy conservation. Without someone to research and champion this cause internally, it often fell to the wayside



"The bottom line is saving money. We replaced all our lights in the showroom because we knew there would be immediate money saved."

"Money has to be saved. It comes down to showing that you can save money from something and then it can be done."

Energy Conservation = \$ Saving Money

Billing, Customer Service, Pricing and Time of Use

Perceptions of Bill

- Most receive their bills monthly or bi-monthly, with a mix receiving it via paper and online
- Almost all pay their bill online or through direct withdrawal
- Comprehension of bills was mixed depending on overall level of knowledge about energy issues. While some participants were relatively knowledgeable and found the bills simple to understand, others had very little knowledge and found the bills more difficult:
 - ⇒ Baseline information, such as how energy rates are calculated, is needed for some small businesses, especially those who do not have a dedicated employee who focuses on energy issues
 - ⇒ Low levels of bill comprehension often led to disengagement, apathy, concerns about transparency and accountability, and a general lack of trust in all energy players, including the OEB

Perceptions of Customer Service

- Just over half of participants had some experience calling either their local electricity distribution company or natural gas provider for customer service related inquiries
- Of those businesses, experiences with customer service were mixed. While some had their issues or inquiries quickly resolved, others felt they were unable to reach someone knowledgeable and helpful to quickly solve their questions
 - ⇒ Speed and accuracy in resolving issues was the main ways participants felt their experience could be improved

"I have called them about questions related to our bill and it's usually pretty straight forward answers."

"I was disappointed in how long it took to get someone on the line who could actually answer my questions. Why do these people work there if they don't know?"

Perceptions of Pricing and Value

- Although some believed the price of energy was set by the OEB, an equal number either did not know or felt it could be set by the OPA or the Ministry of Energy
- Almost all small businesses felt the price for energy was too high. Participants did not think about energy much beyond cost. Issues related to infrastructure, maintenance or delivery of energy were not top of mind
- About half of participants did not know how energy prices are set, while the other half believed it was related to supply and demand. For some that noted supply and demand, this also related to time of use (i.e., there is more demand for energy at certain times of the day and thus during these times it is more expensive)

"I really have no idea [how prices are set], or who sets them."

"I suppose it's related to supply and demand. It's the most expensive when businesses are open and everything is running and cheaper in the evenings."

Perceptions of Time of Use

- Almost all small business were aware of the TOU (or PEAK program was known to some respondents)
- Most participants were able to articulate the general framework of the program, that energy costs are higher during times where there is high usage, and lower during times of low usage
 - ⇒ Some participants were also able to specifically articulate the three PEAK periods
 - ⇒ Knowledge of the program among small businesses was primarily from their residential experiences
- The program was predominantly seen for its ability to lower energy costs. Only a couple participants also noted its ability to ease pressure on the grid during peak times

"There are timings where it's cheaper if you use it [energy] off hours."

"There are three different periods throughout the day. The price is based on the demand. If it's late at night it's less. If it's during the day, more."

Perceptions of Time of Use

- All businesses noted that their ability to take advantage of TOU was limited, because they operate during regular business hours (roughly 9-5)
- However, the time of use program did change behaviour for some businesses in two ways:
 - ⇒ Knowing that energy was more expensive during peak hours encouraged some to think even more about reducing wasted resources, such as more vigilantly turning off unused lights, using less water, and moderating the use of heat and air conditioning
 - ⇒ Knowing that energy was more expensive during regular business hours also encouraged some to conduct high energy tasks off-hours when possible. Although these opportunities were few and far between, the time of use program made reorganizing the time of these tasks more top of mind

"The salon is open all day, so there's not much we can do. I do take the towels home and wash them there at night because it's cheaper."

"We charge the [golf] carts at night because it's cheaper. That's the one change we've made to take advantage of the PEAK."