Ipsos Public Affairs
The Social Research and Corporate Reputation Specialists

Ontario Energy Board

Consumer Perceptions Research

Phase 1: Qualitative Exploration

2014

Background and Objectives

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.
- 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 ***Personal 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

Methodology

- The table below outlines our qualitative approach for this phase of the research

Group	Approach	Composition	Date
1	Online Ideation	Northern Ontario • Spread of LDCs • Mostly electricity only • Mix of those more/less 'engaged' with their energy bills • Mix across various demographic categories	Oct. 6th
2			
3		Southern Ontario • Spread of LDCs • Mix of electricity only and electricity + natural gas • Mix of those more/less 'engaged' with their energy bills • Mix across various demo/socio-economic categories	Oct. 7th
4			
5	Traditional Focus Groups	• Toronto (as per Southern Ontario above)	Oct. 8th
6			
7		• London (as per Southern Ontario above)	Oct. 9th
8			

Summary

Moving Forward to Quantitative Research Phase

Identify, define and quantify:

- Perceptions of various players in the sector and the need to clarify their respective roles in energy provision
- The infrastructural (type/age of home, appliances, etc.) and energy usage spectrum as well as related demographic and socio-economic factors
- Understanding, engagement, usage and perceptions of energy bills, including:
  - ⇨ Time spent with – appears to be minimal
  - ⇨ Awareness, engagement and engagement of inserts, promos, etc.
  - ⇨ Paper, online, etc.
  - ⇨ Understanding and perceptions of various line items, features, etc. (e.g. usage charts) and any differences between providers
  - ⇨ Ideal bill concepts moving forward

Moving Forward to Quantitative Research Phase

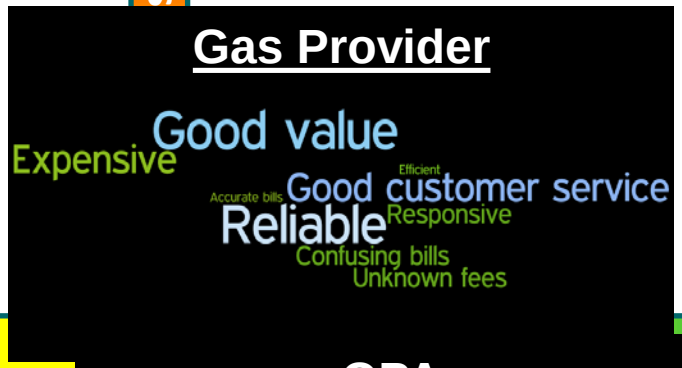
Identify, define and quantify:

- Knowledge and awareness of pricing and related perceptions of value, including:
  - ⇨ Who sets what… does it really matter?
  - ⇨ The actual distribution and management of those who feel:
    - – Prices are fair
    - – Prices may be too high
    - – Prices are too high and/or getting worse
- Current TOU program awareness, understanding & usage (all seem to be relatively "high")
- Perceptions and potential uptake of TOU options/scenarios, including insight that "at least" providing options for different lifestyles, family compositions, socio-economic status', etc. seems to empower the consumer somewhat
- Key strategies for moving forward, including appetite for online "tutorials", incentivizing > penalizing, etc.

Overall Understanding & Perceptions of the Energy Sector

Top of Mind Associations

High awareness

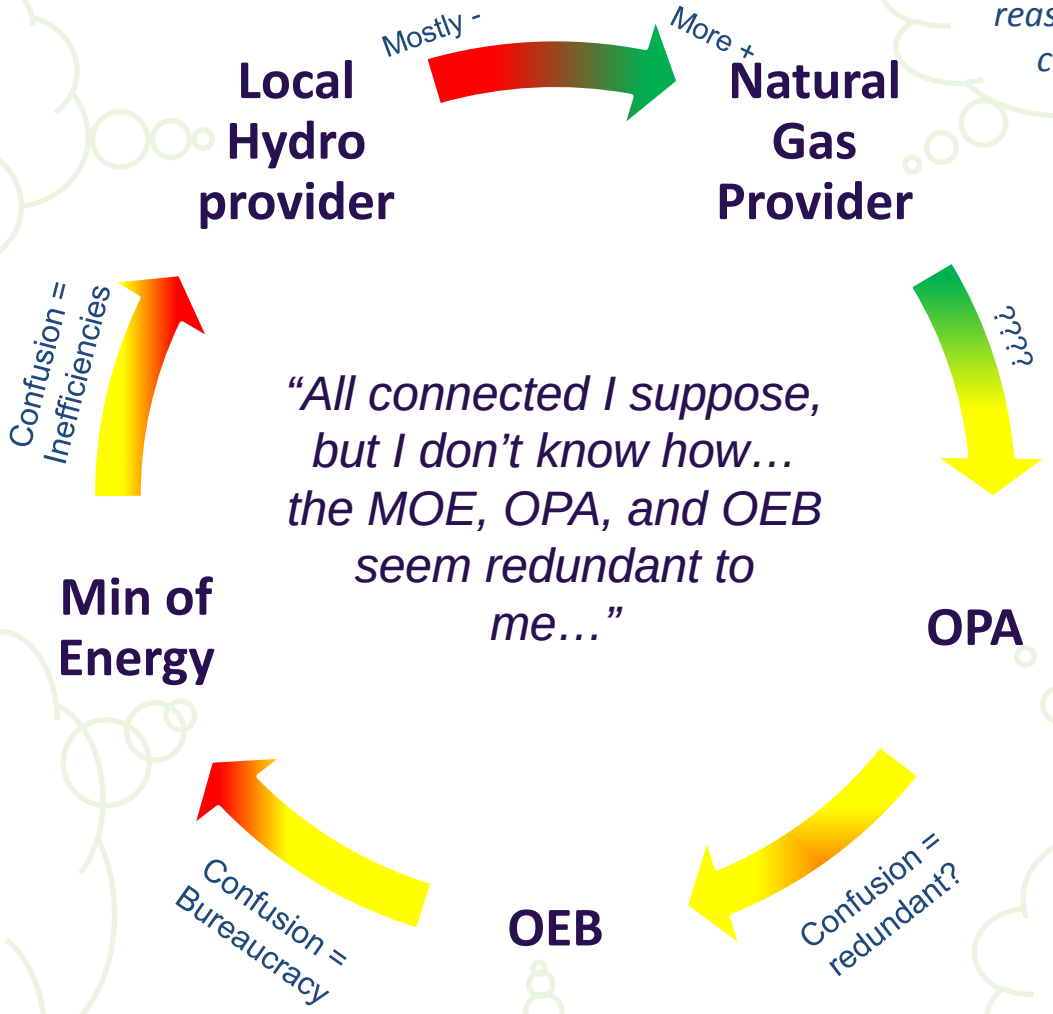


Negative POV

Positive POV

Low Awareness

Top of Mind Perceptions of the Sector Overall



"High prices and a monopoly, but fairly reliable. Hydro One seems to be a problem."

"Rates have gone up recently, but they're reasonable. Pretty good customer service."

"Another bureaucratic, inefficient, redundant organization. I think they must set the policy being the government and all."

"I don't know much about them, I think they do those energy conservation programs."

"Same as the other guys (OPA), I don't know. Maybe something to do with rates?"

Personal Usage and TOU

Personal Usage Patterns

- There was a clear link between demographics and usage patterns (to be confirmed via quantitative phase), namely differences driven by:
  - ⇨ Family composition – namely with/without kids, elderly, etc.
  - ⇨ Housing type – large/small, new/old, etc.
  - ⇨ Urban vs. Rural and/or North vs. South

- Despite the variety of participants, most demonstrate at least some awareness and compliance with TOU via their daily usage descriptions (see next slide).
- There was general awareness of which appliances use more electricity (oven, washer/dryer, “anything with an element”) and those that less energy. Many indicated that they changed usage of certain appliances.
- Many were also aware of and using energy efficiency products (light bulbs, fridges, etc.).
- Most say these behavioural modifications have been relatively recent (past 5-10 years) and are a direct result of TOU.
- Many also felt that TOU was developed in order to address reliability issues linked to the “blackout” in 2003.

Personal Usage Patterns “In Their Own Words”

- *All laundry is done after 7pm on weekdays or anytime on weekend, the lights are off all day till roughly 4:30 pm, the bulbs are all low energy and I find this has made a difference.*
- *We use a lot of electricity. Our TVs run almost constantly, computers as well. Entertainment devices are constantly being charged. Appliances are used in the evening, for cooking etc. dishwasher is run when full, but usually overnight. Right now we are trying to buy efficient devices as we replace things!*
- *My husband sleeps odd hours due to health issues so he is usually awake thru the night and is either on the computer or watching TV. I work from home so I'm downstairs working all day long on my computer.*
- *We do not use the heat at all unless it is very, very cold. We dress warm mostly to save energy.*
- *After using electricity we shut it off sometimes, if possible unplug device. Nothing stays on unless absolutely necessary like heat*
- *Between 7am and 7pm we try to not use lights or big appliances (ie, washer/dryer) unless necessary as this is when electricity is most expensive.*

Personal Usage Patterns “In Their Own Words” (Continued)

- *If you are not in a room, lights off. Laundry is done in low peak times and on weekends. I am very conscious of high to low peak times and change my behaviours accordingly.*
- *We try our best – to save laundry and use the dishwasher on the evening and weekends. Morning are busy with blow-dryers and straightening irons as I have a teenager still at home.*
- *We have installed energy saving bulbs everywhere in the house. Outside lighting is on sensors.*
- *I do all my laundry on off-peak hours. Our morning routine we have between 4-6 people getting ready for work and school, I don't find the consumption too bad at that point as its early, but when we get home and start making supper, doing the dishes and baths, we notice the consumption is a lot higher.*
- *We are just a two person family now and use as little energy as possible during the peak periods, we installed wood heat to be less dependent on hydro electric, so we have three heat sources, electric, with radiators disconnected, gas heat and wood stoves to keep costs down all laundry is done on the weekends, but it’s still expensive in the North.*

Why The Change?

		
Most have changed their behaviour and continue to evaluate their energy usage and costs specifically to save money	***While not a primary motivator, many are cognizant of peak usage and impacts on the overall system (reliability)***	***Impact on the environment is a stated concern, but when pressed most agree not a primary driver for action***

Testing TOU Scenarios

Reaction to Current Time of Use Program

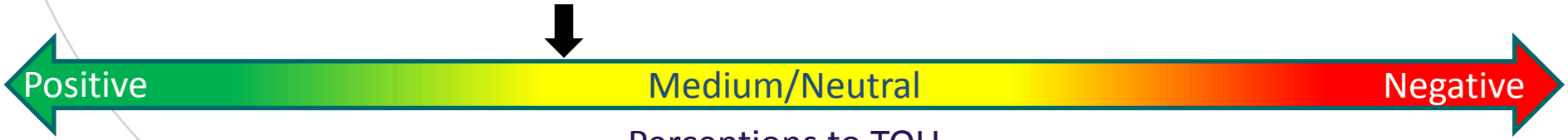
Status Quo			
	Off-Peak	Mid-Peak	On-Peak
Price ($/kWh)	$0.067	$0.104	$0.124
Applicable period	7pm - 7am Weekdays, 24 hours on Weekends/Holidays	7am - 11am and 5pm - 7pm Summer Weekdays 11am - 5pm Winter Weekdays	7am - 11am and 5pm - 7pm Winter Weekdays 11am - 5pm Summer Weekdays

Strengths/Opportunities

- Lower bills in winter
- Keeps usage during peak hours down, helping the system cope
- Makes people accountable for their usage
- If you're willing to alter your lifestyle you can save some money
- Entices you to keep track of usage and thus conserve

Weaknesses/Threats

- Misleading. You don't really save that much money by complying
- Very tough to live with a family and /or with an irregular schedule (e.g. shift work, elderly at home, etc.) and make this work
- Doesn't benefit everyone
- Sense that you are 'enslaved' to the times of usage



Perceptions to TOU

Reaction to Current Time of Use Program

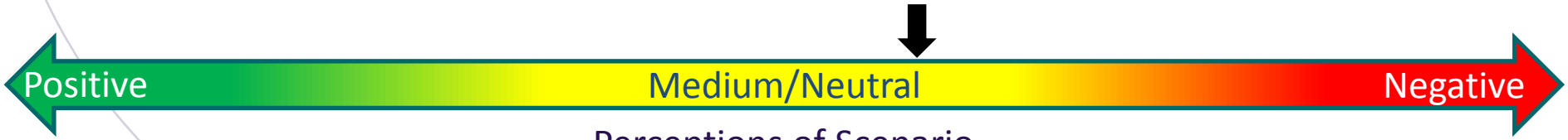
Scenario 1: Status Quo With Critical Peak					
	Off-Peak		Mid-Peak	On-Peak	Critical Peak
	Winter	Summer			
Price ($/kWh)	$0.067	$0.057	$0.104	$0.124	$0.50
Applicable period	7pm - 7am Weekdays, 24 hours on Weekends/Holidays		7am - 11am and 5pm - 7pm Summer Weekdays 11am - 5pm Winter Weekdays	7am - 11am and 5pm - 7pm Winter Weekdays 11am - 5pm Summer Weekdays	2pm - 6pm, Top 15 Summer Demand Days

Strengths/Opportunities

- Discourages use during critical times
- I like that it's voluntary. If it doesn't work for you, don't join, but those who join can potentially save a lot of money

Weaknesses/Threats

- The term 'critical peak' is off-putting
- The slightly lower rates just don't justify the very high critical peak rate
- The current one is already complicated and hard to remember, this one is even harder
- Who determines and how do we know when the top 15 days occur?



Perceptions of Scenario

Reaction to Current Time of Use Program

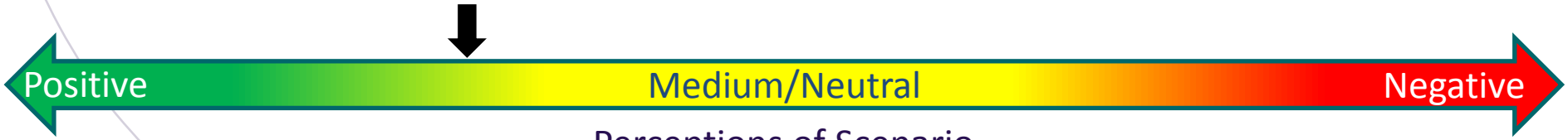
Scenario 2: Two Period Summer/Winter, One Period Shoulder				
	Test Year	Off-Peak	On-Peak	Shoulder
Price ($/kWh)	2011 2012	$0.060 $0.060	$0.150 $0.151	$0.090 $0.090
Applicable period	2011 and 2012	7pm - 7am, Jun. through Aug., Dec. through Feb., 24 hours on Weekends/Holidays	7am - 7pm, Jun. through Aug., Dec. through Feb., Weekdays	24 hours, Sept. through Nov, March through May.

Strengths/Opportunities

- I like the shoulder rate as a simpler way of living life if even for a few months
- The off-peak/on-peak are very close to current rates, and the shoulder rate is lower than the average between all three. I would think about this, but need more information
- This fits very well with my lifestyle so I like it

Weaknesses/Threats

- Although better than the others, it's still too complicated in my opinion
- I've gotten used to the concept of saving money during certain times, thus don't like the shoulder rate idea
- You're paying peak when you need it most, especially during the summer when you're home
- It's ok, but would prefer it to be voluntary



Perceptions of Scenario

Reaction to Current Time of Use Program

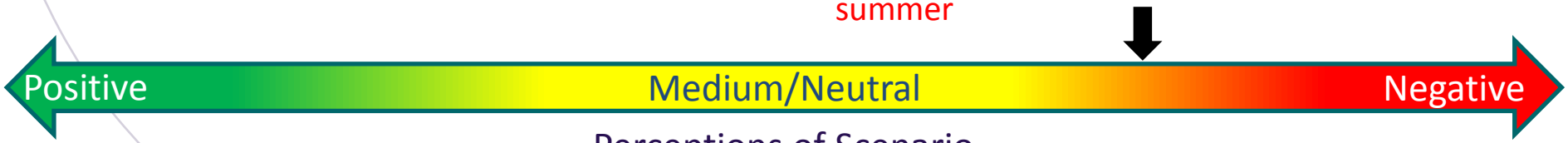
Scenario 3: Summer Super Peak				
	Test Year	Off-Peak	On-Peak	Super-Peak
Price ($/kWh)	2011 2012	$0.067 $0.067	$0.087 $0.092	$0.324 $0.296
Applicable period	2011 and 2012	7pm - 7am, Weekdays. 24 Hours, Weekends	7am - 1pm, Weekdays , Jun. through Aug. 7am - 7pm, Weekdays, Sept. through May	1pm - 7pm, Weekdays, Jun. through Aug.

Strengths/Opportunities

- The off-peak and on-peak rates are closer, I like that
- If you can manage to avoid the super peak, you can really save some money

Weaknesses/Threats

- Again, I don't like that it's mandatory
- Like critical peak, super peak is a bad term
- Super Peak rates are just way too high
- You could really get some high bills with this super peak, especially if we have a hot summer. It seems to be punishing us for the weather!
- Jus too restrictive
- Not great for families with kids home during the summer



Perceptions of Scenario

Reaction to Current Time of Use Program

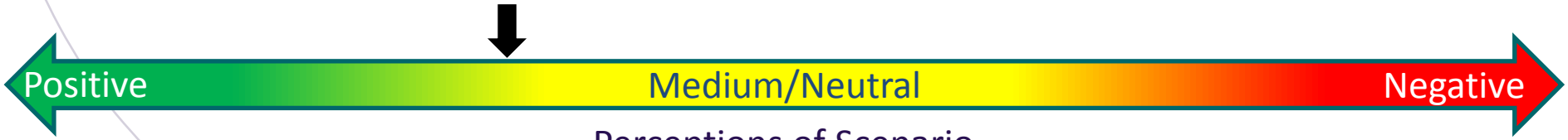
Scenario 4: Status Quo with Critical Peak Days					
RPP Summer Only (May 1 - Oct 31)					
	Test Year	Off-Peak	Mid-Peak	On-Peak	Critical Peak Day
Price ($/kWh)	2011 2012	$0.067 $0.067	$0.093 $0.094	$0.111 $0.112	$0.500 $0.300
Applicable period	2011 and 2012	7pm - 7am, Weekdays. 24 Hours, Weekends	7am - 11am and 5pm - 7pm Weekdays	11am - 5pm, Weekdays	10am - 10pm, Top 5 Summer Demand Days

Strengths/Opportunities

- I like that it's voluntary
- It's only 5 days where the critical peak kicks in… just go to the park with your kids
- 11am-5pm is much better as that's when most are truly at work, not being penalized for just before you leave and when you first come home like the current one
- More manageable for families

Weaknesses/Threats

- Still don't like term critical peak
- As with other one, who decides and how will we be informed about the Top 5 days. Will you know after the fact that you should have managed consumption on a particular day, I don't understand the concept
- It's ok, but maybe the most complicated one

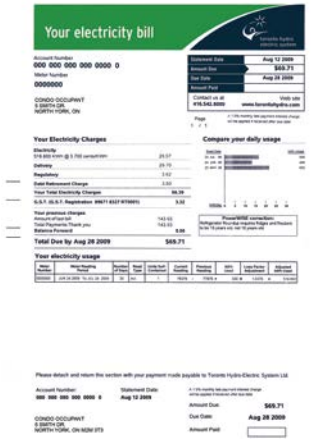


Perceptions of Scenario

Perceptions of the Bill

Perceptions of the Bill & Customer Service

- Many continue to prefer paper bills vs. online billing despite the convenience of receiving material via the Internet.
- A few scrutinize their bills in detail – review month-to-month/ year-to-year usage patterns, etc. – however most simply review the amount owed and pay… unless there is a discrepancy, in which case they call to investigate.
- For many, bills are confusing and/or frustrating, mostly driven by:
  - ⇨ Unclear/poorly defined terms ($/kWh, ¢/m³, delivery vs. transportation, etc.)
  - ⇨ "Negative" terms/charges (Cost Adjustment, Debt Retirement, etc.)
- These concerns with the bill can sometimes lead to:
  - ⇨ Disengagement, capitulation and/or apathy
  - ⇨ Concerns about transparency & accountability
  - ⇨ Lack of trust of all players



Consumers Perceptions of the 'Ideal Bill'

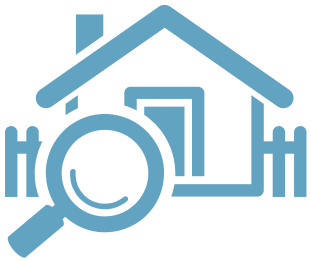
- *I prefer paper bills. I like to be able to compare usage from month to month, or from the same period of the previous year(s). All I really need is how much I owe. :)*
- *I would keep the design the same as existing format. They both are complete and easy to read/ understand.*
- *I would like my bills to be more detailed of when we use our peak energy and if there were savings, I would like to know where I could save more money.*
- *More information about what I saved, how I could save, and how to reduce usage and costs.*
- *I like charts/graphs and a breakdown of how much was used and at what times of the day.*
- *Tips for conservation would be great. I would want to see times I use most energy.*
- *It would have only the essential information. I would bundle all the costs together and not have it all separated out, as this confuses the issue*
- *I would not break it down as much - get rid of the debt retirement and delivery charges. The discussions I have I find that all the controversy surrounds the breakdown of the cost on the bill… I think a rate per kwh and an idea of what it costs to run everything would be more effective.*
- *Easy to access and setup online. Should have easy to understand consumption and usage information. Should be very clear if its an estimated or actual reading.*
- *It would be simple in design, with the rate of the product and the amount you use giving you your costs no need to make things complicated and debt retirement costs etc... just what the commodity costs and what I used would work for me*

Perceptions of Pricing & Value

- Although a few participants believe that prices are set by the OEB, there are many more who either don't know or think it could just as easily be OPA, MoE, the LDCs, etc.
- Some "say" they think about these types of issues, but the general consensus was that lives are too hectic to worry about something they perceive to have very little to no control over.
- Very few participants contemplate the notion of energy beyond their own home/usage.
  - ⇨ They do not contemplate the infrastructure, maintenance, and system to get power from generation to their home.
- Many participants show frustration that significant behavioural changes on their part has resulted in little to no personal savings/efficiencies.
  - ⇨ Many do not see the benefits associated TOU, either from a cost or reliability perspective.

Perceptions of Pricing & Value

- Although the defined spectrum of consumer's perceptions of pricing value will be derived from the quantitative phase of this study, the qualitative phase suggests that many acknowledge the complexity and importance of our system, but wonder if we pay too much. Many also feel that energy prices are rising. Only a select few feel prices are relatively fair all things considered.



"I realize things like heat and electricity are very important and complex to provide, but I wonder if we pay too much."

"It's essential to have things like heat and electricity I know, but it is just way too expensive and seems to be getting worse."

"I think home energy prices are relatively fair considering how much I depend on and need things like heat and electricity and how complex it is to generate and deliver them."

Quotes Regarding Pricing & Value

- *I hope the costs are based on supply and demand.*
- *I understand that natural gas prices are broken down by fixed rate costs and variable market supply costs.*
- *When I think about energy I think by usage (peak vs low usage), where we get our energy from (grid), and what charges are added for this use.*
- *Electricity prices are determined by distribution rates as well and rates determined by the OPA.*
- *A few things that come to mind, like the cost of producing energy such as hydro and gas, then getting it from point a to b, and the repairs of broken pipes and lines.*
- *I would assume that the stock market has to have an impact on the price of electricity.*
- *They throw a dart at a spinning wheel and hope it hits the big number.*
- *The power authority is setting ridiculous rates.*
- *Not sure exactly who, but figure its a board who determines their costs and makes changes as it fluctuates.*
- *I believe minimums are set by the energy board, but exact amounts are set by each individual company I think that the Government does.*
- *Ontario power authority.*
- *I believe the provincial government regulates energy pricing.*
- *I believe that gas prices are set as a commodity rates based on reserves and market demands.*
- *Again, something I want to know, but who has the time??*
- *I believe its the Ontario Energy Board who sets the price but don't know who or really what they are.*
- *Ontario energy board in conjunction with the carrier.*

Final Comments from Consumers

Final Advice, Directly From Consumers

- Online videos regarding their bills, what the charges are and information on usage, what to look for in an Energy efficient home, appliances, smart, etc.
- I like the way they lay out the current bill with the information and history on it. That is helpful in keeping track of your energy use and comparing from one year/month to the next.
- If the cost of energy keeps rising due to demand, give me more incentives/rebates to homes that opt to install alternative energy (solar panels, wind).
- I think consumers should be given a choice from at least two programs so they can decide what would work best in their household. I would much rather have this then to have to pay a higher overall rate because of people who are reckless with their usage.
- I feel its very important to gain the confidence and trust of the consumer. I don't believe that exists today. Once the confidence is there, people will understand and comply as much as possible
- Keep information simple and the industry should take an honest look at itself. Eliminate inefficiencies, redundancies, etc.
- I would look at families and consider them when making up the different peak times. Children can't wait till after 7pm to eat dinner, have a bath, etc.
- There are too many surplus fees on all energy bills i.e. debt retirement fees, delivery fees, line loss fees etc.
- It is a positive step that the energy sector is keeping the consumers informed and asking for their feedback I think the implementation of the time of use billing was a great idea. Now they need to refine it. More options and perhaps adjusting the hours so we aren't being gouged at the times we need hydro the most. Maybe more zone related TOU billing. Or incentive based. If you strive to use hydro in off peak times, you can work your way to a cheaper rate at peak times.