



the sixth sense of business™

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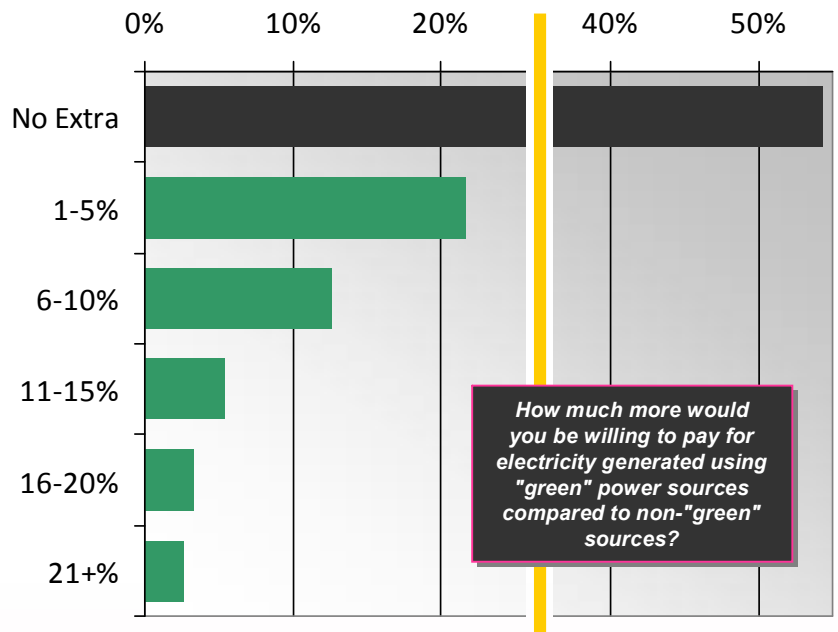


WILLINGNESS TO PAY FOR GREEN ENERGY

Many businesses and consumers have stated that they want to become more “green.” Electric utilities are among the most visible in that regard but, like all businesses, are challenged with making **green initiatives as profitable as possible**. To inform those efforts, TNS asked a nationally representative sample of 2,500 adults about how much more they would be willing to pay for electricity from green sources.

Just over half of all respondents (54%) reported that they **wouldn't pay extra** for green-sourced power. Among those who reported they would be willing to pay more, **willingness declines as the size of the increase grows**. About 1 in 5 reported they would be willing to pay 1 to 5% more. Only 11% in total would be willing to pay over 10% more.

The **wealthiest** respondents were slightly more willing to pay than other income brackets, while **older** respondents were less willing than younger ones (not shown but available).



The inverse relationship between willingness to pay the magnitude of the increase is typical for “willingness to pay” results in general. In this case, each **1% increase** in willingness equals about **\$12 million per year** of incremental revenue per million utility customers (using an average electric bill of \$100 per month).

Supplemental research should recognize **baseline green-sourced electricity** generation. For example, some consumers may believe that their utilities already use a high share of green-generated energy. Case in point: SoCal Edison recently won approval for the largest solar installation program in the US. In addition, willingness to pay for green-sourced energy should be researched in the **context of other utility programs**. Some utilities offer discounted rates for off-peak electricity use, which could be seen by consumers as green but with a lower cost.

Consumers' willingness to pay may change over time as the **economy recovers** and as **new technologies and programs** are introduced, so results should be tracked over time.

TNS is the world's foremost provider of custom research and analysis, combining in-depth industry sector understanding with world-class expertise in the areas of innovation, communication, customer acquisition, and satisfaction & loyalty. For more on these results contact Lincoln Merrihew of TNS Business Solutions (Lincoln.Merrihew@tns-global.com) or Melanie Mumper of TNS Marketing (Melanie.Mumper@tns-global.com)