

Give your business strategy a jolt with the Deloitte reSources 2011 Study

Plug into changing business and consumer attitudes and practices on energy to help make investment and business decisions.



The energy marketplace is rapidly changing, despite the absence of a comprehensive federal energy policy. But which direction is it heading? What are business and residential customers thinking and doing about energy efficiency and choice? Where are the providers of energy and energy-related products and services making inroads and where are they not getting the wanted traction?

As a leader in advising companies on energy management strategies, and reflecting our commitment to provide thoughtful views on significant emerging trends and developments, Deloitte, with strategy and market research firm Harrison Group, has completed a nationwide, U.S. study to provide insights that can be useful in helping organizations make energy-related investment and business decisions. The study seeks to uncover the actions that businesses and consumers are taking to manage their energy usage and what motivates them to adopt new practices and technologies. It also illuminates the degree to which they are concerned about energy management and what actions they are taking today, as well as what solutions may appeal to them in the future.

The study captures two views. The consumer portion is based on more than 3,000 demographically balanced online interviews. The business portion is based on one-on-

one interviews with senior executives, as well as over 400 online interviews with business decision makers. High-level findings from the business and consumer surveys are now available. Read on to sample what the survey has revealed so far about emerging practices and attitudes towards energy efficiency and choice.

Deloitte reSources 2011 Study: Select highlights from the consumer survey

Resourcefulness trumps personal carbon footprint

- 90% of consumers say they have become more resourceful after the recession.
- 87% are looking at every spending category to see where they can save.
- However, only 55% are very concerned about their personal carbon footprints.

Demand waves goodbye, maybe for good (or at least a long time)

- 68% of consumers took extra steps to reduce their electric bill due to the recession.

And even as the economy improves:

- 95% do not intend to increase their electricity usage.

Approximately two-thirds of consumers would like their electric companies to invest in wind and solar, and are willing to pay a surcharge for these options.

– Deloitte reSources 2011 Study

Consumers take limited action today to conserve electricity

- Over three-quarters cite turning off lights when not in use, even for just a few minutes, and setting thermostats lower in winter and higher in summer.
- Only 20% view replacing old appliances with more energy efficient ones and insulating their homes well as being among the top few things they see themselves doing to save electricity in the future.

Consumers are uninformed, but not uninterested

- 20% say they don't know if they have choice in their electricity provider.
- 62% say they don't fully understand the resources their electric companies use to generate electricity.

However ...

- While only 14% agree they have been offered the opportunity to buy green energy from their electric utility...
- Approximately two-thirds would like their electric companies to invest in wind and solar, and are willing to pay a surcharge for these options.

Generation Y consumers seem willing to adopt new smart energy technologies ... where's the app for that?¹

- 28% of Generation Y respondents say they are likely to purchase a smart energy application versus 18% of total respondents.

¹ Age ranges used for generational classifications

Generation Y: age 21-34 (under 21 not included in the study)

Generation X: age 35-44

Baby Boomers: age 45-65

Matures: age 66-74 (75 and older not included in the study)

- One-third of Generation Y respondents say they are willing to pay a small amount to have a meter/timer control system for some of their major household devices to better manage electricity use versus 22% of Baby Boomers and 16% of Mature respondents.

Deloitte reSources 2011 Study: Select highlights from the business survey

The light bulb has turned on: Companies see energy management as a necessary and valuable discipline

- 90% of companies have set goals regarding electricity and energy management practices.
- These goals are significant, typically aiming for an average of 25% in electricity or cost reduction, most often with a 2-3 year time horizon.
- About three-fourths have goals related to reducing electricity cost/consumption and improving the efficiency of the buildings in which they operate.
- More than half (56%) have goals aimed at improving profitability through electricity reduction.

Driven by cost consciousness and social awareness, businesses are voluntarily charging ahead with conservation

- 70% of companies reported the desire to cut costs as a driver behind their electricity and energy management goals. Meanwhile, more than half (53%) said that their companies have set energy-related goals at least in part because it's "just the right thing to do."
- 24% named current or future regulatory requirements as a factor in their decisions to pursue energy management goals.

Self-generation is getting attention and meeting a portion of internal power needs

- Nearly one-third of companies have goals related to corporate energy self-generation (i.e., installing solar panels, biomass)
- 21% of companies are currently self-generating electricity and 6% expect to do so within the next three years.
- 69% of self-produced electricity is used internally and the remaining 31% is sold to the electric grid.
- On average, self-generation meets 36% of the surveyed companies' electricity needs.

Transcending company size and industry sector, three types of companies emerged from the study, distinguished mainly by their attitudes and practices in relation to energy management

- *Pioneers* – Are being pushed by customers and suppliers and have embraced the challenge (about one-fourth of businesses).
- *Engagers* – Believe change is necessary or will be regulated, but are new to the challenge and are encountering certain difficulties in orchestrating (approximately half of businesses).
- *Reactors* – Are mostly motivated by cost savings and less by social factors (roughly one-fourth of businesses).

Executive push and employee pull are essential to accomplishing energy-related goals

- Over half (52%) of companies identified internal motivations, such as executive mandates, employee motivations or internal incentives (e.g., performance review and bonuses), as drivers behind their energy management goals.
- 38% of companies have a formal communication and employee engagement program to support energy management goals, and half of those companies ranked it as one of the tactics that “has had the most positive impact” on their operations.
- The emphasis on employee engagement is much more pronounced among leading companies (*Pioneers*), with two-thirds reporting that they have an employee engagement program in place.

Satisfying customer demands is important, especially to *Pioneers* and *Engagers*

- About half of companies say their customers are demanding that they offer them more environmentally considerate solutions; this proportion rises to around 60% among *Pioneers* and *Engagers*, while only 19% of *Reactors* report the same.
- 82% of *Pioneers* say they actively promote their green/ environmental efforts to their clients and customers; only about half as many *Reactors*, 41%, do the same.

Is corporate progress on energy management in danger of stalling as financial hurdles loom?

In executive interviews, concern was raised that momentum could be lost due to a number of factors, including:

- Capital and funding challenges, identified by 50% of companies, top the list of primary barriers to achieving electricity and energy management goals.
- The investment required to obtain efficiencies (indicated by 36% of companies) tops the list of anticipated future challenges.
- 60% of respondents expect electricity prices to increase 6% or more in the next 1-2 years.

And there’s more...

The Deloitte reSources 2011 Study also gauges interest, perception and receptiveness across regions and demographics regarding:

- Tactics for managing energy
- Non-traditional electricity providers
- Smart technologies
- Electric vehicles
- Environment and climate change
- State and federal energy policy
- Deregulation

For more information on obtaining the study results and pricing options for a ‘deeper dive’ into the data and analytics, or a meeting to discuss the more detailed findings, please contact www.deloitte.com/us/reSourcesStudyResults.

Ninety percent of companies have set goals regarding electricity and energy management practices.

– Deloitte reSources 2011 Study



Center for Energy Solutions

About the Deloitte Center for Energy Solutions

The Deloitte Center for Energy Solutions provides a forum for innovation, thought leadership, groundbreaking research, and industry collaboration to help companies solve the most complex energy challenges.

Through the Center, Deloitte's Energy & Resources Group leads the debate on critical topics on the minds of executives—from the impact of legislative and regulatory policy, to operational efficiency, to sustainable and profitable growth. We provide comprehensive solutions through a global network of specialists and thought leaders.

With locations in Houston and Washington, D.C., the Deloitte Center for Energy Solutions offers interaction through seminars, roundtables and other forms of engagement, where established and growing companies can come together to learn, discuss and debate.

www.deloitte.com/energysolutions

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.