Duke Energy’s Carbon Offset Program

Duke Energy – Industry Leader:

• Headquartered in Charlotte, N.C.
• A Fortune 500 company traded on NYSE
• Assets of $57 billion
• Serves approximately 4 million residential customers across 5 states: NC, SC, IN, OH, KY
• Regulated electric operations – 27,000 MW of generation capacity, 77% of mix
• 7,600 MW of unregulated generation (Wind & renewable business)
• Included in Dow Jones Sustainability World Index
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What is a Carbon Offset?

• Carbon Offsetting is the act of mitigating (“offsetting”) greenhouse gas emissions

• Examples of Carbon reduction projects:
  * Methane collection and combustion from hog farms or landfills
  * Reforestation
Why add to Duke Energy’s portfolio?

- **Leading by example**: Jim Rogers, CEO of Duke Energy, has committed to cutting the company’s carbon emissions in half by 2030. Duke is a national leader in reducing its carbon footprint.
- **Furthers the mission** to improve the environment.
- **Fits the model** with Energy Efficiency and Green Power.
- **Demand for it**: Increasing customer interest in the carbon footprint – what it is and what can they do to offset it.
  - Other organizations offering Carbon Offsets (i.e. airlines)
  - Capture the market $$ for local or regional projects
Case Study: Marketing Activity Compared from 2008 to 2010
Target Customers

- Residential customers in two customer segments:
  
  Financially Secure Traditionalists:
  • 45-65+, empty nesters, professional and retired, college graduates

  Financially Secure Homeowners:
  • 35-54, married with kids, professional, college graduates

- Household income: $75,000+

- Ads served across a variety of national sites and geo-targeted according to the zip codes where Duke Energy customers live
Positioning of Carbon Offsets

**Duke Energy’s Positioning:** The Portfolio Approach

1. Energy Efficiency
2. Invest in Green Power
3. **Offset the Rest**

**Customer Benefits:**

1. Customers can mitigate (“offset”) their own greenhouse gas emissions
2. Customers can customize to energy usage
3. Flexible and Convenient – can add more than one block
4. Collective giving – small investments can lead to collectively bigger impact
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Price:

Carbon Offset product: $4 block = 500 lbs carbon offset
• Voluntary monthly line item to regular utility bill
• Tax deductible in NC and SC with nonprofit administrator, NC GreenPower
• Funds support methane collection and combustion from hog farms or landfills

Place:

Offered to Duke Energy residential customers in 4 states:

NC, SC: 2008 *Administered by nonprofit, NC GreenPower
IN: 2009
KY: 2010
The carbon calculator is simple for people to use, but visually engaging enough to set it apart from other online calculators.

Shown here: Carbon Calculator Home Page
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2008 Promotion launch activities:

- Bill message
- Portal article
- Press release
Promotion Results: Events

• Tree drop – Charlotte, NC
  • 11 TV news stories in one day, with live broadcasts on site
  • All 250 trees were distributed by 7:30 a.m.

• State Fair – Raleigh, NC
  • NC State Fair attendance ~765,000
  • Exhibit attendance ~85,000 or 11%
  • More than 20 hits to microsite directed by exhibit’s website

• Green Expos
• Duke corporate sponsorship at Fall football games promoted in game day programs, magazines for season ticket holders, scoreboard signage
Campaign activity for 2010:

**2010 Campaigns included Kentucky rollout:**
- Positioning
- Price
- Place
- Promotion – new strategies and focus!

**2010 campaign – Strategic changes:**
- Smaller marketing budget – 20% of 2008 budget
- Fewer events – one launch event for KY
- Reward enrollments with tree giveaway in lieu of “match”
- Focus on specific online channels and strategies
- Microsite enhancements for all states
- Secured carbon projects in the regions
- Focus on promoting the benefit to the customers
## Duke Energy’s Carbon Offset Program

<table>
<thead>
<tr>
<th>Channel</th>
<th>2008</th>
<th>2010</th>
<th>Portfolio contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Press release</td>
<td>Yes</td>
<td>Yes</td>
<td>• Low cost&lt;br&gt;• Good media relationships</td>
</tr>
<tr>
<td>Duke Portal article</td>
<td>Yes</td>
<td>Yes</td>
<td>• Low cost employee outreach</td>
</tr>
<tr>
<td>Microsite</td>
<td>Yes</td>
<td>Yes</td>
<td>• Interactive calculator&lt;br&gt;• Engaging, shows benefits</td>
</tr>
<tr>
<td>Duke banner ads</td>
<td>Yes</td>
<td>Yes</td>
<td>• Low cost&lt;br&gt;• Engaged target customer</td>
</tr>
<tr>
<td>Network banner ads</td>
<td>Yes</td>
<td>Yes</td>
<td>• Good traffic, good exposure&lt;br&gt;• Broader profile</td>
</tr>
<tr>
<td>Facebook ads</td>
<td>Yes</td>
<td>Yes</td>
<td>• Best traffic, best exposure&lt;br&gt;• Younger target profile</td>
</tr>
<tr>
<td>Incentive</td>
<td>Yes</td>
<td>Yes</td>
<td>• Tangible benefit for enrolling&lt;br&gt;• Minimal traction with customers</td>
</tr>
<tr>
<td>Events</td>
<td>Yes</td>
<td>Yes</td>
<td>• Significant resource commitments&lt;br&gt;• Minimal traffic without significant investment</td>
</tr>
<tr>
<td>Local banner ads and Google AdWords</td>
<td>Yes</td>
<td>No</td>
<td>• Average traffic (AdWords- 14% )&lt;br&gt;• More costly</td>
</tr>
<tr>
<td>Radio ads</td>
<td>Yes</td>
<td>No</td>
<td>• Minimal traffic to microsite</td>
</tr>
<tr>
<td>Duke Twitter Feeds &amp; Email</td>
<td>No</td>
<td>Yes</td>
<td>• Low cost, good exposure</td>
</tr>
</tbody>
</table>
2010 Microsite Enhancements

• Arbor Day partnership
• New ads

Carbon enrollment badges spread the word on Facebook, Twitter

Purchasing carbon offsets is the easiest way for you to balance your carbon footprint. And now, when you enroll before October 7, we’ll plant a tree in your name — and in your state — so you can make a lasting impact on your local environment.

Purchase your offsets.
Sign up for your monthly carbon offsets by clicking on your state below. We’ll automatically plant a tree in your honor.

Indiana
Kentucky
North Carolina
South Carolina

Statistics for this campaign were taken from the following sources:
U.S. Department of Energy (Office of Energy Efficiency and Renewable Energy), U.S. Environmental Protection Agency; Tree Canada Foundation and USDA Forest Service.

Our forest is growing.
Check back often for updates on how many trees we’ve planted in each state and how they’re making a real difference.

Teaming up with the Arbor Day Foundation
None of this would be possible without the support of the Arbor Day Foundation, which is helping us determine the best locations to plant new trees in your state. They’re also helping us organize tree-planting events and we’d love for you to take part. Check back for more information on how to get involved.
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2010 September Traffic Sources Overview

- Direct Traffic: 75%
- Search Engines: 12%
- Referring Sites*: 12%
- Network & Facebook Ads: 1%

*Referring Sites includes Duke-Energy.com referrals from banners and links.
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NC/SC Ad Referrals – September

Facebook ads:
- Monthly Impressions: 4,436,934
- Monthly Clicks: 1042
- Click Through Rate: 0.02%*

Network Banner ads:
- Impressions: 1,167,336
- Clicks: 421
- Click Through Rate: 0.04%*

*Industry Average Click Through Rate is 0.03%

Duke banner ad:
- Monthly visits: 141

Duke Twitter page:
- Followers: 1,551
Duke Energy Sept. Opt-in Email

- Opened: 32%
- Clickthrough: 3%
- Enrolled: 4%

States:
- NC
- SC
- IN
- KY
What worked?

- Highest awareness: Facebook ads
- Highest conversions: Duke-Energy.com online channels
- Highest interest: Microsite: Carbon calculators – visitors spend average of 2 minutes on this page
- Highest PR: Tree drop – generated 11 media stories and positive PR
- Cross-marketing with Green Power – explains portfolio approach, visibility for 2 channels for price of 1 promotion
- Least cost: Duke channels – reach engaged target market
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Challenges:
• Finding local projects that meet strict criteria for emission reductions
• While reach has been good, we face hurdles with conversion to enrollments, partly due to requirements on sign up forms, and limitations with online billing systems
• Improvements have been made in tracking but still fine tuning

What’s Next:
• Recruitment:
  • Reach out to current participants with survey to understand motivations, satisfaction
  • Collect more Duke emails to communicate Carbon promotions
  • Add online billing sign up options where customer information filters are present
• Retention – newsletters, more updates on Web
• Rewards and referrals- more recognition for current customers and incentives for referring customers
Questions?

For more information, visit:

www.duke-energy.com

www.balanceyourequation.com

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