Best Practices in Marketing Green Pricing Programs

A Resource Guide for Renewable Energy Marketers

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Finally, the author would also like to extend appreciation the all the utilities and their representatives for lending their time and experiences to the research phase of this project. Their willingness to disclose both their successes and their lessons learned to this Resource Guide allows others to gain a greater, more efficient understanding of the Best Practices in Marketing Green Pricing Programs, and helps advance the industry forward.

DISCLAIMER

In the research phase of this Guide, various representatives from utilities offering green pricing programs lent their opinions and views to a survey and to in individual interviews for case studies. Though many statements throughout the Guide are based directly on information gained from that research, the views and opinions expressed herein are strictly those of the author and may not necessarily agree with positions of the affiliated utilities, companies or the funders of this project.

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USING THIS RESOURCE GUIDE

This Resource Guide is divided into sections that can be read sequentially or referred to individually to advise your green power marketing questions and needs.

The marketplace for renewable energy sales is developing and evolving each year. This Resource Guide contains the recommended Best Practices as expressed by dozens of green pricing program managers and the author. The Resource Guide conveys experiences to date from green power marketers and non-governmental organizations (NGOs) working to promote green power purchasing. Specifically, the "Best Practices" contained in this Guide came from a variety of sources: (1) the result of a years of experience examining, certifying and verifying the products of green power marketers in both regulated and restructured states by the Green-e Program staff of the Center for Resource Solutions, (2) a regular, bi-monthly dialogue on marketing issues among the communications professionals of providers and utilities in the US and Canada offering renewable energy options[1], (3) a survey of over 100 utility representatives[2] covering green power product characteristics and marketing experiences, (4) practices commonly adhered to by green power market participants and existing market research on consumer purchasing behavior, (5) National Association of Attorneys General Green Marketing Guidelines, and (6) the author's opinions based on all of the above and years of professional marketing experience.

The Guide is intended to serve municipal utilities in improving marketing decision-making, to educate staff as well as consumers on effective methods of communicating renewable energy messages visually and verbally, and to leverage municipal efforts to increase participation in green power programs. It will maximize the success of public utility green pricing marketing efforts by determining what has and has not worked to date in green pricing marketing and why.

- **Section I** offers **general background information** on market structure and marketing green pricing programs and products.

- **Section II** covers the **preparatory product design** challenges and pricing questions that utilities face when developing and packaging their green power product offering.

- **Section III** discusses strategies for developing **effective marketing messages** from a visual and textual standpoint. Approaches to creating marketing campaigns that achieve attract consumer attention and achieve buy-in and above average response rates are

[1] Marketers' Marketers Group (MMG) is a forum for communications, marketing and sales professionals of green power providers and utilities offering green options throughout the US and Canada. The goal of the MMG is to provide an outlet for renewable energy marketers to learn new tools, strategies and best practices for marketing green power products to target audiences. Through regular conference calls, on-line communication, and website benefits, MMG members convene and collaborate to relate and review experiences in marketing renewable energy products.

[2] One hundred were surveyed, and the results, captured in Section IV, are based on 36 complete and valid responses received.

presented, along with appropriate legal claims marketers can make regarding renewable energy products and tactics for marketing to commercial and industrial customers.

- **Section IV** provides specific examples of effective marketing in the form of **case studies** of municipal utility programs across the US - their successes, lessons learned and featured marketing materials.

- **Section V** covers **consumer purchasing behavior** and reports from existing market research pertaining to green power purchasing trends.

- **Section VI** provides a summary of the **marketing best practices** recommended throughout the Resource Guide.

Each section begins with a summary of information covered in the section. Terms are defined in the Glossary. The Resource Guide concludes with a summary of the Best Practices and a list of references, weblinks and other resources to go to for more information.

Specific Information on Marketing Vehicles

Different marketing vehicles used in green pricing campaigns, are discussed generally in the "Ease of Sign Up" area of the chapter "Packaging your Product" in Section II, and in more detail in the Marketing Campaign Components chapter of Section III. Additional information can be found in the chapter, "Experiences in Marketing Green Pricing Products: Survey Results," where the results of the responses from utilities surveyed detail the effectiveness of specific marketing vehicles.

The Appendices include tools that offer additional marketing information:

Appendix A: Glossary of Terms

Appendix B: Useful References and Web Links

Appendix C: Sample "Winning" Green Power Marketing Materials

Supplemental Resources

- "***Green Pricing at Public Utilities: A How-To Guide Based on Lessons Learned to Date***, " by Dan Lieberman. Center for Resource Solutions, 2002.

  This complimentary publication, published in October 2002, offers background on lessons learned from public utilities that have implemented green pricing programs. Unlike this Resources Guide, which presents marketing Best Practices once a green

pricing program in place, the report presents recommendations to consider when implementing a green pricing program from the initial stages, such as facility siting practices and renewable resource selection suggestions. The report, written by Dan Lieberman of the Center for Resource Solutions, provides profiles of green pricing activity at public utilities in the U.S. and offers a list of the benefits of green pricing programs. It offers best practices on program implementation as well as the results of a 2002 survey of green pricing program managers. The report can be located at the website http://www.resource-solutions.org/Library/Library-DomesticUSpage.htm.

- "***Green Pricing Resource Guide (second edition),*** " by Edward A.Holt and Meredith S. Holt. American Wind Energy Association, 2003.

  This Green Pricing Resource Guide is intended to help those interested in planning and operating a green pricing program. The Guide focuses on utility green pricing programs, although most of the insights apply or can be adapted to green power marketing in restructured markets, and to a much lesser extent to renewable energy certificates. Nevertheless, the Guide is written for utilities as the primary audience. This audience may be important at least for the next few years because restructuring of state electricity markets has slowed since the occurrence of problems in California retail markets and abuses in wholesale power markets, and because of the general lack of customer switching in those states that have reformed their electric industry. The report, including such sections as "Why Offer a Green Power Choice," "Planning a Green Pricing Program," "Estimating Demand," and much more, can be found on the American Wind Energy Association website, at www.awea.org.

AUTHOR'S ASSUMPTIONS AND BASIC DEFINITIONS

Throughout this Resource Guide, various assumptions are made and basic terms are used related to green power marketing and green pricing programs in general. The following is a list of those assumptions and definitions for the very basic terms used frequently. Terms are numbered and bullets designate assumptions contained throughout the Guide. For a more extensive list of definitions, please refer to Appendix A: Glossary of Terms.

1. Term: **Green Pricing Program**
   An option or set of options offered by electric utilities that allows customers to support a greater level of investment in renewable energy technologies. Participating customers pay a premium on their electric bill to cover the extra cost of the renewable energy.

- Assumption:
  A green pricing program is a supplement to a utility's traditional electricity supply sold to consumers in the corresponding service territory. In addition to building renewable generating capacity, a well-designed and marketed utility green pricing program can improve air quality and provide a variety of additional public and consumer relations benefits.

2. Term: **Green Pricing Product**
   A specific renewable energy offering of a utility's green pricing program that is marketed to the consumer by name and renewable energy resource mix (ie "Greenergy^{sm}," "GreenSource," 100% Wind, etc). Some products are sold to the consumer in fixed amounts of kilowatt-hours, or "block products," other products are sold as a percentage of the consumers monthly electricity use.

- Assumption:
  Green pricing product criteria include determining the types of eligible renewables, the minimum purchase quantity per customer, and the marketing parameters.

3. Term: **Renewable Resources**
   Sources of electricity that are naturally replenished, such as solar electric, wind, geothermal, biomass and hydroelectric. In general, renewables have lower environmental impacts than non-renewables. With the exception of hydropower, renewable electricity has historically been more costly than traditional natural gas and coal generation.

- Assumption:
  Renewable energy generally benefits both the public and the environment through the reduction of harmful air emissions, improves fuel source diversity, and increases industry investment, creating valuable employment opportunities.

4. Term: **Municipal Utility**
A publicly owned electric utility operated by a municipality. A municipality is a village, town, city, county or other political subdivision of a state. This definition includes Public Utility Districts (municipal corporations organized to provide electric service to both incorporated cities and towns and unincorporated rural areas, for example, municipal utility districts, municipal water districts, and irrigation districts).

- Assumption:
Municipal Utilities and their staff members focused on renewable energy marketing issues are the primary audience for this Guide.

5. Term(s): **Tradable Renewable Certificate (TRC)** or "**Green Tags**" or **Renewable Energy Certificate**
A TRC represents the sum of all the environmental benefits and attributes of renewable energy generation – except the electrons. The renewable attributes and the commodity electricity may be bought and sold separately, or combined at the point of sale. TRCs have no inherent geographic boundaries, making it feasible for consumers to support renewable power located at greater distances than with traditional electricity supplies.

- Assumption:
There is only one set of attributes associated with any increment of power and those attributes are represented by a TRC. At any point in time, only one entity may claim the attributes (TRC) from a specific unit of output of generation. TRCs carry all the non-electricity characteristics of renewable power and are produced in the same quantity as the production of electricity from the facility. In this sense, purchasing TRCs has the same general environmental benefit as purchasing renewable electricity. [3]

6. Term: **Marketing**
The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.

- Assumption:
A market, or faction of individuals, businesses and organizations that represent potential buyers, exists for renewable energy options such as green pricing products and TRCs.

7. Term: **Brand**
The unique and identifiable symbol, association, name or trademark which serves to differentiate a product or service. An effective brand can serve as a physical and

[3] Regulator's Handbook on Tradable Renewable Certificates, June, 2003.

emotional trigger to create a relationship between consumers and the product/service.

- Assumption:
  A green pricing product should have an associated brand defined by core characteristics and attributes that add both tangible and intangible value to the product. A brand can have functional and emotional associations that have varying degrees of value and importance to consumers.

8. Term: **Market Research**
The planning, collection, and analysis of data relevant to the audience or potential group of product purchasers.

- Assumption:
  Market research has practical applications for marketing and is conducted to direct decision making specific to the product promotion and branding concepts.

9. Term: **Advertising**
This paid form of product promotion involves buying air time on radio and television stations or purchasing print-ad space in print publications such as magazines, newspapers and industry journals. Advertising can also be conducted on billboards, buses, and buildings.

- Assumption:
  Advertising can be an important component of a green pricing marketing campaign.

SECTION I. INTRODUCTION

In this Section

This Section is an introduction to the Resource Guide and provides context on the market for renewable energy. This section contains a general introduction to the Guide that provides the basic goals of the publication, followed by a summary of the author's take on "Marketing Renewable Energy in the US."

This section also provides a review of the market structure and the marketing issues and benefits unique to municipal utilities. To complete this introductory section, the "10 Commandments of Green Pricing" lists the important principles and ethics central to green pricing.

Introduction

The climate for green goods, services and education has gained considerable momentum over the past decade, as environmental consciousness has become a new American principle. Now in 2003, consumers aren't just recycling and conserving water, they are purchasing a wide variety of environmentally-friendly products and becoming much more informed about and responsible for their impact on the environment.

Motivated by the increasing public attention given to the negative aspects of traditional energy generation, consumers are choosing to purchase energy efficient appliances, change energy consumption behavior, and support alternative sources of energy when available. Purchasing renewable energy has become an action consumers can take to reduce their "environmental footprint," or offset their personal contribution to the impact on the environment through energy use. Across the nation, more and more consumers – over 400,000 currently -- are paying premiums each month to participate in available green pricing programs and utility managers are paying attention to this growing market for renewable energy.

About 100 utilities in the U.S. currently offer a green pricing option. Utilities that do not have green pricing programs are developing them, and utilities with green pricing programs are looking for effective ways to market their green power products. The National Renewable Energy Laboratory (NREL), the U.S. Department of Energy's renewable energy research and development laboratory, has released several studies on the state of renewable energy markets. According to NREL, the top green pricing programs have participation rates of 4-7%, while the national average participation rate is approximately one percent. Of those renewable energy sales, about one third are to non-residential customers. To date, marketing has been directed primarily to residential customers. The median price premium for renewable energy products in the United States is 2.5¢/kWh,[4] and the average residential customer spends about $5.50/month to participate.[5]

This Resource Guide was developed to serve as a tool for those charged with the complex task of marketing green pricing products and tapping into the growing consumer base that directs their dollars toward green products. This Resource Guide is focused on public power or municipal utilities, but its principles and Best Practices can be generally applied toward other utility programs and electric service providers marketing green power products to the public. This Guide intends to provide guidance for developing effective concepts, images and language to market green pricing programs to electricity customers. A supplemental document published by the Center for Resource Solutions in October, 2002, "Green Pricing

[4] Swezey, B. and L. Bird, *Utility Green Pricing Programs: What Defines Success?* NREL/TP-620-29831 Golden: CO: National Renewable Energy Laboratory, August 2001.

[5] Lieberman, Dan, Green Pricing at Public Utilities: A How To Guide Based on Lessons Learned to Date. Center for Resource Solutions, October 2002.

at Public Utilities: A How To Guide[6]," contains information on *The Benefits of Green Pricing*, *Siting the Facility*, *Assessing and Selecting the Resources*, and much more. That document provides valuable statistics and data useful to advise utilities taking their first steps toward developing green pricing programs and products.

[6] "Green Pricing at Public Utilities: A How To Guide," was written by Dan Lieberman in October 2002. This document is available for free download in pdf format from the CRS website, at http://www.resource-solutions.org/Library/Library-DomesticUSpage.htm.

Marketing Renewable Energy in the US

Marketing renewable energy in the United States is a unique and challenging undertaking for any utility. The green power industry itself is fairly new and is burdened with obstacles and barriers to success that marketers must address and consider when creating their product presentations for consumers. Experience to date shows that it is not enough to develop a brand, logo and paid advertising campaign and position a product before consumers. Renewable energy marketers must first educate the public, ensure product credibility and establish trust, and clearly explain pricing structure. Moreover, renewable energy is not a tangible product that consumers receive after payment; marketers are selling the delivery of untouchable green electrons into the proverbial "electric grid"—for a premium cost. This makes renewable energy a uniquely difficult product to market.

General marketing theories and practices must be reconsidered and green power marketing strategies introduced to make this market grow and thrive. Strategies must be developed for:

- ***overcoming*** the lack of product familiarity and technological knowledge,
- ***gaining*** consumer confidence in an electricity provider they may have negative attitudes about,
- ***persuading*** consumers to change their purchasing behaviors and choose from new energy options, and
- ***convincing*** consumer to pay a premium for a completely new product that they cannot see, touch or hear.

Although this endeavor may seem insurmountable, more and more utilities are developing green pricing programs each year. As the industry matures, marketing expertise is refined and more consumers are attracted and sold on green power. There are winners all around when success is achieved; the consumer benefits from the emotional satisfaction of making a difference for the environment, the company benefits from the program expansion and increased revenue, the environment benefits from better air quality,[7] and the local economy benefits from the investment in new renewable installations.

Marketing renewable energy is complex, and green pricing program managers and utility communications staff must be ready to go above and beyond conventional marketing measures. Unlike products that consumers grow up buying, identifying with and using, the renewable energy customer must be introduced to a new "product category," or unfamiliar

[7] Renewable energy purchasing offsets the harmful environmental effects of traditional energy generation. The 2003 Blair Swezey /Lori Bird *Solar Today* article, "Buying Green Power - You Really Can Make a Difference," reported that the environmental repercussions of the primary US generation sources are considerable (US generation mix: 52% coal, 20% nuclear, 16% natural gas, 7% hydropower, 3% oil, and 2% other renewable resources). "Electricity generation is responsible for two-thirds of the sulfur dioxide, one-third of the mercury and one quarter of the nitrogen oxides emitted annually in the U.S. In addition, use of fossil-based energy sources contributes significantly to emissions of fine particulate matter and carbon dioxide, a leading greenhouse gas.

purchasing concept with containing completely new product options. Additionally, the utility must also ask the consumer to pay more for this new product than the standard rate for the default electricity they have received for years.

Throughout this Guide, concepts will be discussed for attracting consumers to renewable energy and getting them to direct their dollars toward green pricing product offerings. Marketing renewables is a balancing act of creative design and layout, basic education, credibility and clarity. Success is possible, and the more the industry grows and shares, the easier it gets.

Market Structure

Today, renewable energy is bought and sold in both regulated and restructured markets, and across all regions through Tradable Renewable Certificates. Green Pricing programs are offered by electric utilities whose markets have not been opened to competition. Some of these programs were developed by electric utilities on a voluntary basis, while other programs emerged as a result of a state's mandate that consumers have the option to support investment in renewable energy technology[8]. To date, more than 300 investor-owned utilities, municipal utilities, and cooperatives have either implemented or announced plans to offer a green pricing option.[9] The majority of these utilities are publicly owned.

Green Pricing programs typically offer renewable energy options to all customer classes. Purchasers have included residential and commercial customers, government facilities and educational intuitions. The renewable energy products offered can come from one renewable resource (e.g. a specific wind facility) or a mix of several different resources (e.g. wind, solar, and landfill gas). The products can be composed of electricity generated from renewable energy facilities owned locally, or from TRCs purchased from facilities located locally and/or in other regions.

Using TRCs for Green Pricing:
TRCs are sometimes used by utilities to meet the renewable purhasing requirements of their green pricing products. Utilites can purchase TRCs and combine them at the point of sale with generic system electricity to create a renewable electricity product that is sold as a green pricing option. For many utilities that are unwilling or unable to enter into long-term energy contracts with renewable generators, this is a simpler and easier way to procure renewable electricity and it reduces the problems associated with scheduling and delivering power from intermittent resources to a small customer base.[10]

If the origin of the TRC is geographically distant, particularly if the origin is outside of the utility's reliability region, then it is not certain that the air quality benefits will accrue to the customer. For example, a customer in Atlanta buying a TRC from a Minnesota wind farm will not be reducing regional emissions of NOx. For that reason, a utility should use tags that were sourced from within their reliability region to maximize local environmental benefits and to allow for accurate environmental product claims. Within particularly sizable reliability regions (the WSCC, for example), it may be preferred to source TRCs using more restrictive criteria (e.g., in state or in a contiguous state). In any case, a best practice noted in the NAAG Guidelines is to notify customers of the location of the TRC supply.

[8] Four states (Iowa, Minnesota, Montana, and Washington) now have mandates that utilities offer a green pricing option.
[9] The Green Power Network, "Summary of Green Pricing Programs." Source: National Renewable Energy Laboratory, Golden, Colorado http://www.eere.energy.gov/greenpower/summary.shtml
[10] This is particularly true if the product being marketed is 100% wind or solar. Source: Handbook for Regulators on Tradable Renewable Certificated. Center for Resource Solutions, June, 2003.

Municipal Utilities vs. Others

Municipal utilities serve some of the nation's largest cities and smallest towns. The first municipal utility was established in 1882; now these community-owned electric utilities serve over 40 million people or about 15 percent of the nation's electricity consumers. [11] Municipal utilities are non-profit entities that are directly accountable to the people they serve in the village, town, city, county or other political subdivision of the state in which they are located. By the end of the year 2005, about 500 public power systems will have celebrated their centennials, and interest in creating community-owned electric utilities continues to increase.[12]

Other types of electric utilities include:[13]

- **Investor Owned Electric Utility:** A privately owned electric utility whose stock is publicly traded. It is rate regulated and authorized to achieve an allowed rate of return.[14]

- **Cooperative Electric Utility**: An electric utility legally established to be owned by and operated for the benefit of those using its service. A cooperative utility will generate, transmit, and/or distribute supplies of electric energy to a specified area not being serviced by another utility. Such ventures are generally exempt from Federal income tax laws. Most electric cooperatives have been initially financed by the Rural Utilities Service (formerly the Rural Electrification Administration), of the U.S. Department of Agriculture.

- **Tribal Utility**: An energy enterprise, partnership, corporation, or other type of business organization the majority of the interest in which is owned and controlled by an Indian tribe. The term "Indian tribe" means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.[15]

[11] American Public Power Association website. www.appanet.org
[12] "Public Power: An American Tradition that Works," a publication by the American Public Power Association, issued in 2003. This document can be accessed on the APPA website, at: www.appanet.org/pdfreq.cfm?PATH_INFO=/about/publicpower/PPFactSheet.pdf&VARACTION=GO
[13] The following definitions are used by the Public Renewables Partnership to determine class of ownership of electricity in the electric power industry.
[14] http://www.eia.doe.gov/glossary/glossary_i.htm
[15] Taken from United States Code Title 25 Chapter 37 Section 3501

Studies have shown that customer-owned utilities are more trusted by their customers than investor owned utilities. This may account in part for the slightly higher success rates of green pricing programs at customer-owned utilities.[16]

Municipal Utilities Typically have Lower Rates

According to U.S. Department of Energy statistics,[17] residential customers of investor-owned utilities pay average electricity rates that are about 18% more than those paid by public power customers. Commercial customers of investor-owned utilities pay average electricity rates that are about 9% more than those paid by public power customers. Public and private power industrial rates are about the same. Studies show that public power's low rates are due primarily to its operating and managerial efficiencies.

Marketing theories vary as the affect of low rates on the success of green power marketing. Some argue that low electricity rates will inspire customers to participate in green pricing. For example, City of Palo Alto's green pricing materials alert customers that even with the green premium, their rates will still remain below those of their neighboring utility. On the other hand, some believe that low rates are a barrier to participation, since low default service rates will likely increase the amount of premium it takes to buy green. If a customer is only paying 7 cents/kWh for electric service and the green product costs 10 cents/kWh, that's a large percentage premium. If the default service were 9 cents/kWh and the green pricing product was 10 cents/kWh, switching to renewable energy would not significantly affect the customer's bill.

[16] American Public Power Association. "Shades of Green: Public Power's Environmental Profile" June 2001.

[17] For the most recent comparison of green pricing program rates, see the "Table of Green Pricing Programs" on the DOE sponsored Green Power Network, http://www.eere.energy.gov/greenpower/summary.shtml

The Ten Commandments of Green Pricing

These "10 Commandments of Green Pricing" outline general guidelines for utilities operating green pricing programs. Dan Lieberman, Green Pricing Program Manager at the Center for Resource Solutions, developed the Commandments and related Beatitudes, and those relevant to marketing concerns are covered in more detail throughout this Guide.

1) **Though shalt not use existing renewable energy sources for green pricing**. Customers often participate in green pricing programs to increase the amount of renewable energy supply in their area, thereby improving the environmental performance of their utility. Therefore, most renewable energy experts and environmental advocates suggest that utilities should develop new renewables in response to customer demand. For a utility to take existing, rate-based renewables and suddenly charge a premium for those under the moniker "green pricing" violates consumer protection best practices because it does not incrementally increase the amount of renewables in response to customer demand.
2) **Though shalt not use mandated renewable energy for green pricing**. Some utilities have shown an interest in using green pricing programs as a vehicle for meeting renewable portfolio standards or other mandated renewable generation. Experts warn that this practice is not advised because it may be considered as "double counting." Since the mandated renewables would have been developed anyway to meet the mandate, the green pricing customer would get no incremental benefit from their premium payment. This results in a transfer of funds from customer to utility without a transfer of benefits from utility to customer, and may violate the National Association of Attorneys General's Environmental Marketing Guidelines for Electricity.
3) **Though shalt use quality renewable energy (understand the interests of thine customers).** Survey research shows that customers typically respond to, understand the basic principle of, and prefer solar and wind resources above other energy resources. Therefore, products may be more marketable if they include some amount of wind and/or solar power.
4) **Though shalt obtain endorsement from thy neighbors.** Receiving endorsement from community leaders and environmental organizations is an effective route to program success, and will help increase program credibility and improve marketing success.
5) **Though shalt adequately market the product.** As in other product marketing, selling a renewable energy product will require exposing customers numerous times to your message before they will switch. A bill stuffer alone may not maximize results. Using multiple channels, such as your website, newsletters, bill stuffers, press releases, and partnerships will increase participation.
6) **Though shalt adequately and accurately disclose information about your product.** A study on community-based green power marketing found that utilities

with unsuccessful programs often have ill-defined programs that do not tell their customers precisely what they are buying. To avoid these potential pitfalls, clearly explain how much the customer will need to pay as compared to a non-green customer, what quantity of renewable they will receive, the types of renewables that make up the product, the mix of renewables by percentage, and how many customers it will take to support a renewable facility. It is critical to understand the implications of your marketing claims. The National Association of Attorneys General Environmental Marketing Guidelines for Electricity provide green power marketers with examples of acceptable and misleading marketing claims. Familiarity with this document, along with careful scrutiny of your marketing materials, is good preventive action.

7) **Though shalt undergo 3rd party certification.** Certification provides an independent third-party review of the program, which helps build consumer confidence. Some institutional purchasers of renewable energy have issued RFPs that require their green products to be certified by a third party to ensure the product and its supplier met certain criteria.
8) **Though shalt price the product reasonably.** The product price should incorporate the incremental cost of the renewable energy supply and the marketing and infrastructure expenses of selling a differentiated green power product. In no case should the above market costs of the renewable energy used for green pricing be allocated to customers who are non-participants in the program. Likewise, the costs for non-renewable fuels should not be charged to green power purchases.
9) **Though shalt serve all customer classes and geographic areas, and expand the program to meet customer demand.** Be prepared to plan for program expansion over time to meet demand, or though shalt be accused of "greenwashing".
10) **Though shalt tie customer purchase to usage.** Market experience shows that contribution programs, which do not tie a customer payment to their usage of energy, tend to be less successful in developing renewables .

The Beatitudes of Green Pricing

Blessed are those who:

- **Offer price stability to their customers.** Unlike some conventional energy resources whose costs vary with the fluctuations of fuel input prices, renewable energy sources can typically be purchased by utilities at fixed and known prices. Some utilities have used this natural characteristic of renewable energy and used price stability as a key selling point for their products, especially when marketing to non-residential customers. Consider pricing the product not as an automatic premium added to the customer's rate, but rather as a renewable energy rate that replaces the standard tariff. Exempt green customers from adjustments in fossil fuel rates.
- **Make sign up easy, such as through a website.** The easier it is for a customer to sign up for the program, the lower is the barrier to entry.

- **Allow customers to purchase 100% of their usage from renewables.** Whether you are offering a product that is sold in blocks, percent of monthly use, or otherwise, be sure to allow customers the option of taking 100% of their energy from renewables.
- **Locate the renewable facility near customers.** Many renewable energy marketers suggest that facilities should be close enough to customers that they can feel a sense of proximity to the resource they are supporting. Some utilities take advantage of nearby facilities by offering educational tours, which can provide public relations benefits and increase participation. When customers can see the facility, they will likely have a greater sense of ownership.
- **Create value for customers.** The customer will need to understand the benefits of their premium payment. In your marketing materials, consider drawing comparisons of the environmental benefits of their purchase to planting trees or driving less (for example, each 100 kWh of wind power you purchase has the same air quality benefits as reducing x# of car miles or planting x# of trees). Directly tying the customer's purchase to local environmental benefits is a powerful and effective message.
- **Provide personal recognition to customers.** Many successful green pricing programs will publicly recognize the purchaser as a way to make the customer feel a part of the solution. Put the customers' names on the renewable facility itself, place a newspaper ad honoring each business customer, send occasional "thank you" messages to maximize customer retention, etc.
- **Simplify the message and design of marketing materials.** Most customers do not understand industry terms such as kWh, the grid, or electrons. Keep the message simple and accurate.
- **Partner with environmental groups.** Cultivating good relations with local environmental groups can bring credibility, customers, and publicity to the program.
- **Implement strategic co-branding.** Beyond partnering with local environmental groups, utilities should consider co-branding opportunities with local retailers. Arrange initiatives with retail chains, in which the retailers display green pricing sign-up materials in their stores, and the utility provides a coupon for free merchandise from those retailers after the customer has been in the program for six months. Offer payment to community organizations for each sign-up.
- **Educate and provide incentives for call center staff.** Inform employees on renewable energy fundamentals and ensure they can successfully field frequently asked questions. Provide encouragements and rewards for staff who deliver new green pricing program participants and sales of green power. This method has proven to deliver a large number of customers at a low cost.

SECTION II: CREATING YOUR PRODUCT PACKAGE: DESIGNING THE BEST GREEN PRICING PRODUCT TO MAXIMIZE SALES

In this Section

This section focuses on packaging and structuring the presentation of the green pricing product to consumers in the most effective ways to maximize program participation and sales, along with the necessary and appropriate information to disclose to consumers.

This section assumes that renewable generation facilities have already been sited and the renewable resources have been selected for the green pricing products. For information on those initial aspects of green pricing program development, please consider the Center for Resource Solutions report "Green Pricing at Public Utilities: A How-to Guide Based on Lessons Learned to Date" available for free download from the CRS website at: http://www.resource-solutions.org/Library/Library-DomesticUSpage.htm

The section begins with some general marketing strategies to consider once the renewable resources have been selected, then launches into a discussion of the pros and cons of different pricing structures for green power products.

The section also reviews some general product packaging issues, including product naming and branding, and the layout and design product materials. Finally, disclosure language and labels are considered.

Marketing Basics To Regard

A conventional way of understanding the basics of marketing is known as "The Four Ps":

- ***Product***
- ***Price***
- ***Promotions***
- ***Place (Placement)***

As a marketer, it's up to you to develop strategic marketing concepts for customer acquisition and satisfaction. Keeping in mind the four P's can help. The simple mnemonic device, the "four Ps, " has been used over time in marketing because it adds organization, understanding and value to the task of marketing products and services. It labels the factors you should focus on and over which **you have control**.

Product: You decide what your product will be — although you may be faced with certain renewable resources, you can craft a product mix and package that will have the maximum appeal to consumers and benefit to the environment.

Price: You decide what price you will charge — based on internal cost, accounting and billing factors and external perceptions of value. Do not forget to factor in the incremental marketing costs of your green pricing product.

Promotions: You choose how you will handle promotions — your marketing campaign should include communication to your target audience through advertising, and public relations, direct mail, the Internet and strategic community and business partnerships.

Place: Place most often relates to the physical location of a business. For the purpose of marketing the green pricing product, however, "place" can become "placement", or how you dictate where the customer finds or receives information about your product.

The Fifth P: Today, many marketers add a fifth P: people. The fifth "P" encourages you to remember the importance of people at all times in the marketing equation. When creating marketing campaigns, always step back and try to receive and evaluate your message the way average, or laypeople would. Send it by your family, strategic allies, people on the street, etc to get their take and factor that reception into your plans.

Pricing Structure: Block Product vs. Percent of Use

A green pricing product can be marketed to consumers in different sizes and price options. When designing products, utilities must evaluate price structure carefully, and conform it to their billing and accounting systems. The price point itself should include the full cost of the renewable energy supply, as well as incremental costs associated with marketing and accounting and billing. If any incremental costs of green pricing are assessed to non-participants, they may be upset. Along with internal administrative concerns and expenses, consumer reception and understanding of the pricing structure for a product is also important.

The most commonly used pricing structures are the block product and the percent of use product. The two are discussed with pros and cons below, followed by a review of other pricing options.[18]

Fixed Quantity Pricing: The Block Product

The consumer pays a fixed premium per month for a product that contains a set amount of renewable energy. For example,

> *"GreenProduct" is available in 150 kWh blocks of 100% green power for a $4 premium per month. Customers may sign up for as many blocks as they wish.*

The Pros

- **Ease of billing and accounting**. The block product does not take into account a customer's individual usage or metering data, so accounting may prove easier.

- **Cost is fixed and clear**. The consumer does not have to do any *fuzzy math*. Depending on how many blocks they decide to purchase, the consumer knows the exact price of the product they are purchasing. They do not have to estimate how much energy in kWh they will use each month and multiply by a premium per kWh in order to calculate actual product price. This is a clear, predictable, and comprehensible price structure.

- **Marketing is straightforward.** In comparison the percent of use product, explaining the pricing of a block product is simple and straightforward. The fixed price and quantity make communicating the price point simple, and it requires less explanatory language and examples.

[18] A detailed review of pricing structure for green pricing programs can also be found in "***Green Pricing at Public Utilities: A How-To Guide Based on Lessons Learned to Date***," written by Dan Lieberman. The report can be found on-line, at http://www.resource-solutions.org/Library/Library-DomesticUSpage.htm. Segments of the chapter "Other Methods of Structuring Your Product's Pricing" are taken directly from this report.

The Cons

- **In quantity, less renewable energy is delivered** into the grid than with the percent of use product. With the median block size of 100kWh, consumers purchasing one or two blocks usually do not end up covering half of their monthly energy use. In comparison, consumers choosing the 50% renewable energy per month product are delivering an average of 400kWh per month into the grid (based on a monthly usage of 800kWh).

- **Block representation can be confusing.** While the price point for the block product is clear to consumers, some marketers claim that their consumers want to know what the "block" represents in terms of their personal usage, are *unclear* as to how much 100kWh really represents.

Pricing as a Cents per Kilowatt-Hour Premium: The Percent of Use Product:

The consumer purchases green power as a percent of their monthly electricity use, and pays a premium per kWh. For example,

> *You can choose "GreenProduct" to supply 25%, 50% or 100% of your monthly electricity use. "GreenProduct" is 2.5 cents per kWh, and the average consumer who uses 800kWh per month can cover half of their energy use for only $10 per month.*

The Pros

- **Consumers often pay more, and more renewables are delivered**. As illustrated in the ***"GreenProduct"*** examples above, a consumer opting for a percent of use product will in many cases end up paying more in premiums each month (and supporting more renewable energy). This is dependent upon actual product and usage of course, but using industry averages in product price and monthly consumer usage consumers paying a premium per kWh tend to pay more.[19]

[19] The median block product sold to consumer consists of 100kWh with a national average premium of $5.50. The average premium on percent of use products averages at 2.5 cents per kWh (see footnote 4). Consumers choosing to cover a minimum level of 25% of their monthly usage end up paying about $5.50 per month (based on a monthly household usage of 866 kWh). The average residential figure is a monthly approximation based on the annual average U.S. home usage (10,388 kWh/year) reported in the Energy Information Administration - Electric Power Annual, Volume II, Tables 4 and 5. Since 7% of the energy generated is lost in the transmission system (line loss), the average use of 10,388 kWh actually causes about 11,115 kWh to be generated. To estimate costs of 25% of monthly usage, a consumer can either multiply by average premium, or offset estimated emissions using a emissions/cost calculator, like the CO2 calculator found on the BEF website: https://www.greentagsusa.org/GreenTags/faq.cfm (state emissions factor used are from the U.S. Department of Energy and U.S. Energy Information Administration Form EIA-1605 (2001), Voluntary Reporting of Greenhouse Gasses, Appendix C: Adjusted Electricity Emissions Factors by State).

- **Clarity on the percent of usage that actually comes from renewable energy** is an advantage of this pricing structure as compared with the block product. The consumer actually chooses to support a corresponding percentage of renewable energy for their monthly usage, as opposed to predetermined fixed blocks of kilowatt-hours.

The Cons

- **Billing may be more complicated** as it is dependent upon the monthly meter read. Check with your billing software manager to determine whether a fixed block product or a percent of use product would be more compatible with your billing system.

- **Consumer uncertainty on price is common**, as they need an understanding of monthly use in kWh to estimate the actual cost per month of the product. Consumers like to be able to immediately identify the actual cost of goods and services; this is difficult with percent of use products.

- **The cost variability puts off even motivated consumers**, as paying a different amount each month (if monthly usage fluctuates) complicates monthly household accounting.

- **Marketing messages are less straightforward,** as percent of use products require more explanatory language that takes up valuable space on marketing materials.

Other Methods of Structuring Your Product's Pricing

- **Renewables as Generation Charge**:
  Rather than paying a fixed premium above their regular rate, the customer pays a fixed charge per kWh to purchase the generation portion of their bill from renewables. In this example, the regular generation rate per kWh is replaced by a green power rate, rather than having the green power fee as an add-on to the normal rate. This way the green power customer is sheltered from any changes to the fossil fuel rates. This method is particularly effective in regions that are dependent on natural gas or otherwise have significant electricity price volatility.

- **Capacity Based Block**:
  A customer supports an investment in renewable generation capacity. For example a customer signs up to support 200 watts of solar PV capacity per month. This is like a fixed quantity block in that customers may purchase as many blocks as they wish and this may provide for easy accounting since metering data is not relevant. However, this approach does not tie customer use to specific delivered quantities of green electricity, which may cause marketing difficulties.

- **Fixed Fee**:

The consumer agrees to pay a fixed amount each month to support renewable energy. For example, a customer signs up for $5 worth of green power per month. This is similar to the fixed quantity block, but no guarantees of power delivery are made. The billing and accounting for this method are simple, but customers may wonder what they are receiving for their premium.

- **Contribution**:
  The consumer makes a donation to a fund or account associated with renewable energy development. For example, a customer donates $5 per month to go into a renewable energy development fund. Similar to the fixed fee above, billing for this method is simple, but customers may wonder what they are receiving for their premium.

- **Non-profit Donation**:
  If a utility is a non-profit organization, or if it uses a non-profit organization to administer the green product, it may be able to use the 501c3 status to receive contributions from customers that are interested in a tax deduction.

Naming your Product

Naming your green pricing product should be held to the same standards and given the same importance as naming a company. Your product's name can be considered one of the most important aspects of your branding, marketing and advertising. A great product name is a means to make an immediate connection with a consumer, create a lasting impression for your product and utility, and in some cases even make an emotional connection with your audience that will increase sales.

Naming your green pricing product may be a more challenging, time-consuming exercise than deciding on your pricing structure. It requires a combination of competitive analysis, creativity and testing and trademarking. The process of naming should be given ample time and significance in the product-development phase of your green pricing program, because it will be the word that you will use as long as you continue to sell your product.

Competitive Analysis: Do Your Research First

Whether or not your electric market is competitive, you are in competition with other utilities, independent service providers and Tradable Renewable Certificate retailers over available green power product names and corresponding websites addresses. In addition, even if your utility has a monopoly on electricity service, TRC marketers may prey on your customers for renewables business. If you want your name to be representative of your product, renewable energy, in reality your choice of appropriate words is limited. Before launching into the creative thinking over names for your product, it is important to do research, and survey the national marketplace for names that currently exist for green pricing products.

The easiest method is reviewing the lists found on the Green Power Network website.[20] This analysis will assist you in understanding of how the broader industry is naming their green power products, as well as help you avoid replication. This is a very important first step.

Brainstorm

Unfortunately, the functional and descriptive words that directly correlate with a green pricing product are limited. Those typically used in combination with each other and with a utility name are: renewable, green, power, clean, energy, pioneers, earth, enviro, nature, planet, or something that refers specifically to the product (e.g. wind, solar, etc.).

[20] A summary list of green pricing programs and their names can be located at http://www.eere.energy.gov/greenpower/summary.shtml

Designate time to brainstorm possible names for your product, and involve as many staff members as possible. In this initial brainstorm, take down everything you can, and then try to narrow the list to between 6 and 10 names that are appropriate. Rank them in order of preference, and then look into trademarking. This may determine if you get your first choice or your seventh.

Trademark

Your green pricing product name is your intellectual property and you should ***trademark it***. As the industry grows and more green pricing products emerge, protecting your name and brand identity from replication becomes an essential task.

You can prescreen your list of names under development through a trademark attorney to determine the likelihood that you will be able to procure the names, or you can do your own on-line search.[21] Screen your list of names, do more internal evaluation and assessment, and select your top two or three names.

Name testing

Once your final names have been selected, you may want to do some testing among focus groups of consumers and laypeople. Their non-industry perspective will help you understand how your target audience will receive your name(s).

Rank your final top two or three names, and conduct a final trademark screening. If your first choice is available, submit your trademark application. You may also wish to investigate whether the internet domain name is available and secure that as well.[22]

Tag Line

Your name and tag line will go hand-in-hand in most marketing situations. Once your name is selected, you should develop an accompanying tag line.

A tag line is a slogan or phrase that conveys the most important product attribute or benefit. In the case of green pricing products, a tag line should be a simple, short sentence that is functional and descriptive rather than creative and obscure. It should compliment the name and give the consumer an immediate sense of what your product actually is before they have to read on to any supplemental information in your collateral. Your tag line should increase

[21] Some internet search options for trademarks are: United States Patent and Trademark Office Homepage (www.uspto.gov), International Trademark Association (www.inta.org), Trademark.com™ (www.trademark.com), and LegalZoom™ (www.LegalZoom.com)

[22] Domain names can be investigated and registered at www.networksolutions.com.

understanding, not confusion, and in the case of the green pricing product, this is crucial on the first point of consumer contact.

Unlike the memorable Nike tag line, "Just Do It," tag lines for green pricing products should be more descriptive and functional. Examples of effective tag lines for green power products include:

- We Energies Energy for Tomorrow Program: We have the power to make a cleaner world!
- Santee Cooper GreenPower: You have the power to improve the environment.
- Austin Energy's GreenChoice: The Power to Choose.

Packaging Your Product

For the purposes of this section, the phrase "packaging you product" includes the general aspects of branding, design and layout of collateral, and general components of the materials offered to consumers. The general appearance of your product's package and its basic components are usually the first communication you have with consumers. Making sure your brand components, materials, and sign-up components are clear and evident is priority one when marketing a green pricing product. Ensuring that your packaging has a "natural" look is also an important best practice.

Branding:

Your brand is the combination of a unique and identifiable symbol, association, name and tagline, which will differentiate your green pricing product. You create a relationship with your consumer and your product through your brand. Your brand should be expressed constantly and clearly at every point of consumer contact.

When creating your brand, start out with your utility's existing identity components and coordinate your marketing efforts. Not only will this send consistent messages to your customers, but also the familiarity and credibility of your utility brand will lend trust to this new, unfamiliar product.

Many utilities have mission statements that include language regarding protection of the environment and responding to customer demand. Your green pricing product brand can address this directly. A good green pricing brand can trigger an emotional response within the consumer, and elicit a willingness to pay the higher premium for the new renewable energy options. Your brand should make your product seem relevant and needed by your consumer, and your product's brand identity should be carefully constructed, managed, and positioned.

For example,
Green Mountain Energy Company's Logo and tag line, "Cleaner electricity today. Bluer skies tomorrow."

Green Mountain Energy℠

Natural Package for a Natural Product

When creating your product materials, remember that renewable energy is appealing to consumers for its benefits to the environment and roots in natural resources. You must have a consistent look for your product package, or materials that appear natural, not glossy or extravagant.

Green power consumers appreciate consistence in package and product and will notice the recycled paper used, and be impressed if you use and reference the use of "soy-based inks" and other environmentally-friendly materials. In this sense, your utility will gain customer loyalty and product credibility by ***"walking the renewable walk."***

Weak return rates have been reported by utilities with campaign that include fancy, glossy materials. When surveying consumers, they reported that the materials were "too corporate looking."

Ease of sign up:

When creating your materials and packaging your product, another marketing essential to regard carefully is the ***ease of sign up***. With a green pricing product, a new consumer has to work to understand the product itself, and then comprehend the pricing structure. Make the action of sign up easy for them.

Bill Stuffers

Through materials such as bill inserts or "bill stuffers" that include "bangtail" tear-off mailers that have clear **check-off boxes**, require minimal personal information[23], and **postage-paid** reply envelopes[24], consumers have familiar, simple ways to participate in your program. Bill stuffers are the most often used by utilities for green pricing products because they are low-cost and deliver results. They travel in the pre-established communication channels of customer bills, and unlike other direct mail and marketing vehicles, bill inserts result in considerably lower consumer acquisition costs overall. Be sure to schedule bill stuffers long in advance to assure there will be availability, and be aware of issues such as rate increases – unless your green product exempts customers from fossil fuel adjustments and other fees, you probably do not want to do your bill stuffer solicitation in the same envelope that includes notice of a rate increase.

Additional Sign-up Opportunities

In addition to mail-in materials, your green pricing program should also include at least two other sign-up options for participation.

[23] Even if a consumer's monthly usage is listed on the bill arriving in the same package as the bill stuffer, it is generally problematic to ask the consumer to calculate monthly usage during the sign-up process.

24 The Post Office operates a sliding scale for postage costs, depending on how much you plan to send out and when, so call them to see what deal is available. Do this early on, as you may need to print envelopes with a unique mail sort number to get the best rates.

- Set up a **toll-free call-in number**, with trained staff that can answer consumer questions clearly. Some utilities such as Sacramento Municipal Utility District (SMUD), have implemented incentive program for in-bound call center employees that sign up customers for renewable energy.
- Integrate **on-line sign-up capabilities**, on your well-designed program website. Also include a contact email for consumer questions.
- Sponsor and/or co-sponsor **community events** to enroll customers as well as build your brand recognition and show your support for your local consumers. Events such as Earth Day celebrations, cause-based walk-a-thons, and other occasions where groups of socially conscious local residents will be present, are strategic opportunities to market your program.

Third Party Certification

Trust in your utility and product credibility is essential to marketing green pricing products. Two major barriers to marketing green power products are the anxiety and distrust consumers naturally have in a new product, and the intangibility of renewable energy that prevents consumers from receiving a physical product they can see, touch, smell, taste, or hear.

Consumers know they are being delivered energy when they flip their light switch and the bulb lights up. However, when they purchase a green power product, they have no guarantee other than the claim by their utility that the green electrons they are supporting are actually being delivered to the grid. They have to trust their utility to fulfill its promise and be true to their claim. According to a recent study, survey results "suggest that a good fraction of potential green power customers may simply distrust electricity suppliers in effectively providing renewable energy… 42% of respondents to the national opinion survey of U.S. households indicated that a key concern in voluntarily purchasing green power is lack of trust in electricity suppliers to effectively provide renewable energy."[25].

To develop this trust, many utilities have pursued certification by a third party. The largest certifier of utility green pricing programs in the United States is the Green-e Program of the Center for Resource Solutions. Certification provides an independent third-party review of the program, which may help build consumer confidence. Once a green pricing program earns certification, they can publicize this achievement and promote their certification through the use of the Green-e logo on their marketing materials and website. Even if consumers are unaware of the specific meaning and requirement behind the certification process itself, certification tends to instill consumer confidence that an outside party is authenticating or verifying the product in some way.

The Center for Resource Solutions Green-e accreditation program is the largest in the country and only national program, but other local versions (e.g. Environmental Resources Trust) might also be available to your utility.

The Green Pricing Accreditation program, the regulated-market component of CRS's Green-e certification program, offers a stakeholder-driven best practices approach to green pricing. The program brings together local stakeholders to develop statewide or regional criteria for green pricing programs, and then provides support and a verification process to ensure compliance. Green pricing product criteria include determining the types of eligible renewables, the minimum purchase quantity per customer, the marketing parameters, disclosure, and others. The verification process ensures that the utility is delivering on its promise to abide by the criteria. The stakeholder process brings utilities,

[25] Wiser, Ryan. "Using Contingent Valuation to Explore Willingness to Pay for Renewable Energy: A Comparison of Collective & Voluntary Payment Vehicles". Lawrence Berkeley National Laboratory. August 2003.

community based organizations, state representatives and renewable energy advocates together to agree on a set of concepts. Through the process, stakeholders have the opportunity to shape the utility green pricing programs offered their constituents. For more information on this program, visit www.resource-solutions.org/greenpricing.htm.

Some institutional purchasers of renewable energy have issued RFPs that require their green products to be certified by a third party to ensure the product and its supplier met certain criteria. Likewise, the EPA's Green Power Partnership, which recognizes organizations that switch to green power as environmental leaders, has criteria for participation that can easily be confirmed through accreditation. The U.S. Green Building Council's LEED Green Building Rating System™ awards points toward certification for the purchase of accredited renewable energy. These benefits may be where accreditation adds most value to your program. Finally, it is important to note that utilities are subject to Federal Trade Commission truth-in-advertising laws, and the National Association of Attorneys General has issued Environmental Marketing Guidelines. Utilities must be able to substantiate their marketing claims regarding renewable energy supply and environmental improvement from their green pricing product. Some accreditation programs, such the CRS Green-e program, offer a marketing compliance review as a component of accreditation. In the compliance review process, utility marketing materials and website pages are reviewed for accuracy and compliance with Green-e Program standards.

Involving the environmental community can be difficult, but many utilities reported that the efforts pay off. In the words of one utility employee, “This hurdle was overcome by bringing them in into the process early and giving some of them clear responsibilities associated with being on the steering committee.” Some utilities have gotten a foot in the door with the community, and the environmental community in particular, through a certification or accreditation program.

Disclosure

Consumers like to know what they are buying. Electricity disclosure labels are required in 19 states and growing.[26] And the National Association of Attorneys General agrees that accurate disclosure is a best practice. In the case of a new green power purchaser who is unfamiliar with renewable energy resources, disclosure can be an especially important component of your product package.

Relative to green pricing products, "*disclosure*" means clearly identifying the type and quantity of renewable energy resources used to construct your product. In addition to this product mix of renewables by percentage, disclosure can also include the location of the facilities where your renewable resource are generated, and how many customers it will take to support each renewable facility. A study on community-based green power marketing found that utilities with unsuccessful programs often have ill-defined programs that do not tell their customers precisely what they are buying.[27] Consumers who are more informed on renewable energy resources and who may be your program's "early adopters" will initially seek out this information. Meeting their needs through printed resource disclosure on product materials and websites inspires confidence and can be more cost and time effective than fielding phone inquiries or responding to emails.

Third party certification often requires specific disclosure methods. The Green-e Program requires utilities to disclose to all customers, regardless of their participation in the green pricing program, details on the utility's system power mix. This serves as an educational tool for all energy customers. Below are the Product Content Labels recommended for use on Green-e certified retail products.

[26] Sedano, Richard. "Electric Product Disclosure: A Status Report" National Council on Competition and the Electric Industry. July 2002.

[27] Rudd Mayer, Eric Blank, and Blair Swezey. "The Grassroots Are Greener: A Community-Based Approach to Marketing Green Power." Renewable Energy Policy Project. Research Report No.8, June 1999

Figure 1: Green-e Recommended Product Content Labels for blended and Block and Disclosure Language

Block Products:

POWER CONTENT LABEL	
ENERGY RESOURCES	**[PRODUCT NAME] [projected power mix]**
Eligible New Renewable[1]	X kWh
-Biomass	X kWh
-Geothermal	X kWh
-Solar	X kWh
-Wind	X kWh
-Energy Efficiency (PA only)	X kWh
TOTAL	X kWh

The kWhs above represent the resource makeup of each block of renewable electricity you have purchased from [Company Name]. The remainder of your electricity contains the following mix of electricity resources: Coal (X%), Nuclear (X%), Oil (X%), Natural Gas (X%), Large Hydroelectric (X%), and Other (X%).

[1] New Renewables are generation facilities in operation on or after January 1, 1997.

For specific information about this electricity product, contact [Company Name], [phone], [website]

The Green-e Program certifies that [product name] meets the minimum environmental and consumer protection standards established by the non-profit Center for Resource Solutions. For more information on Green-e certification requirements, *call 1-888-63-GREEN or log on to www.green-e.org.*

% Renewable

Blended Products:

POWER CONTENT LABEL

ENERGY RESOURCES	[PRODUCT NAME] (projected power mix)[1]
Eligible Renewable	%
-Biomass	%
-Geothermal	%
-Small hydroelectric[2] or LIHI Certified[3]	%
-Solar	%
-Wind	%
-Energy Efficiency (PA only)	%
Coal	%
Large Hydroelectric	%
Natural Gas	%
Nuclear	%
Oil	%
Other	%
TOTAL	**100%**

[1] These figures reflect the power that we have contracted to provide. Actual figures may vary according to resource availability. We will annually report to you the actual resource mix of the electricity you purchased during the preceding year.

[2] Small hydroelectric facilities are defined as those less than or equal to 30 megawatts in size.

[3] The Low Impact Hydropower Institute certifies hydropower facilities that meet or exceed its criteria. More information can be found at www.lowimpacthydro.org.

For comparison, the current average mix of resources supplying [state] includes: Coal (X%), Nuclear (X%), Oil (X%), Natural Gas (X%), Hydroelectric (X%), and Other (X%).

For specific information about this electricity product, contact [Company Name], [phone], [website]

The Green-e Program certifies that [product name] meets the minimum environmental and consumer protection standards established by the non-profit Center for Resource Solutions. For more information on Green-e certification requirements, call 1-888-63-GREEN or log on to www.green-e.org.

% Renewable

For More Information

- Information on the Center for Resource Solutions Green Pricing Program can be found at: http://www.resource-solutions.org/greenpricing.htm and information on the Green-e Program can be located at www.green-e.org.
- The CRS Green-e/Green Pricing criteria documents can be located at http://www.resource-solutions.org/greenpricingcriteriadocs.htm
- More information on municipal utilities and public power systems can be found on the American Public Power Association website, www.appanet.org

SECTION III: CRAFTING YOUR MESSAGE: DEVELOPING EFFECTIVE GREEN POWER MARKETING CAMPAIGNS

In this Section

This section contains information on basic marketing campaign components used in marketing renewable energy and the visual and textual strategies recommended for use in designing promotional green power messages. This section covers the importance of managing, tracking and evaluating your relationships and contacts with your consumers, as well as the best practices in attracting consumer attention and interest.

This section also contains key recommendations and best practices in crafting the textual components of marketing messages to get consumers to say "yes" to green pricing products, and major marketing pitfalls to avoid. Also covered are such topics as marketing to business and commercial customers, and partnering with NGOs and environmental organizations to organize grass roots marketing efforts.

What is a Marketing Campaign Anyway?

A marketing campaign for a green pricing program integrates a wide range of activities to effectively introduce a branded renewable energy product to consumers, with the overall goal of acquiring a purchase and conveying received value in return. In a green pricing marketing campaign, utilities often use both existing and new channels to contact potential consumers and transmit their messages. The heart of any marketing campaign is creating a distinctive but clear product brand and positioning it effectively and efficiently before consumers.

An effective green pricing marketing campaign will utilize market analysis to understand what groups of potential green power customers exist and should be targeted, what their preferences and electricity usage trends are, and what pricing structure should be used. Marketing campaign strategies will effectively target those consumers with clear and clever language that communicates the environmental value of the product and personal benefit of participating in the green pricing program.

Marketing campaign activities include a range of ongoing product promotions, including advertising, public relations, sales and customer service.

Marketing Campaign Components

Advertising
This paid form of product promotion involves buying air time on radio and television stations or purchasing print-ad space in print publications such as magazines, newspapers and industry journals. Advertising can also be conducted on billboards, buses, and buildings.

Public Relations Activities & Events
Paid and "earned" media coverage can factor into positive public perception of your utility green pricing program and influence sales. Hosting community events with sign-up capability, great give-aways and incentives, and high visibility and media coverage, are all ways to bolster sales and build brand integrity.

Direct Mail
Direct mail advertising that communicates through the mail rather than through mass media. Direct mail is sent via flyers, brochures, bill inserts, welcome packets, and other print media. Direct mail marketing can provide a tailored offering directly to your constituents, however it only gives the best results when it's planned and implemented carefully and the results are measured. Bill inserts are the most commonly used and cost-effective direct mail components used by utilities to market their green pricing programs.

Telemarketing
This is a new marketing discipline that uses telecommunications technology with personal selling and servicing skills to acquire consumers. Utility green pricing programs can feature out-bound telemarketing components, where the consumer is contacted by the utility, and in-bound call centers, where consumers contact the utility to inquire about the product.

Affinity Partnerships
Utilities can partner with nonprofit organizations, government agencies, and retail companies to promote their product and increase sales. Often co-branding and cross promotion is involved, and mutual benefit is derived from these marketing arrangements. Environmental organizations are suitable partners because their members are likely to have an interest in renewable energy.

Internet Marketing
The Internet is often used to market products to consumers. Utilities can promote their products through targeted mass email blasts, and websites.

Our survey of green pricing program managers revealed the following statistics related to the employment of these components in green pricing marketing campaigns:

Marketing Campaign Component	*Response Average*[28]
Bill inserts	82.2%
Affinity Partnership -Business	17.6%
Non-Governmental Community Outreach	14.7%
Direct mail	58.8%
Newsletter	67.6%
Television	23.5%
Radio	35.3%
Paid Ads-Newspapers	50%
Paid Ads-Magazines	14.7%
Telemarketing: Call center - outbound	5.9%
Telemarketing: Call center - inbound	17.6%
Website	91.2%
Event Marketing	70.6%
Billboards	11.8%

Our survey results indicate that the two most commonly used marketing methods used to reach prospective green pricing consumers are bill inserts and websites. [29]

Bill inserts, or "bill stuffers," are successful marketing vehicles because they reach consumers in a familiar package that they open on a regular basis. Unlike solitary direct mail efforts, with the bill insert, postage and packaging costs are offset by the pre-existing mailing effort. In addition to the cost benefits, bill inserts are regarded as successful because of the higher probability of contact with consumers. As compared with like solitary direct mail pieces, bill inserts not as frequently discarded immediately as "junk mail." Consumers are more likely to come in contact with the bill insert and read it, in the process of opening and paying their monthly bill.

To maximize its effectiveness, the bill insert that introduces consumers to your green pricing program should not be included in a bill package containing other unrelated offers such as credit card ads and household product specials.

[28] The data in this column represent the average percentage of respondents who reported using each marketing campaign component.

[29] More information on survey results can be found in ***Section IV***, "***2003 Survey of Green Pricing Programs across the US***."

Websites are also cost-effective marketing vehicles that are essential to any green pricing program. Today's internet-savvy consumer will turn to your website for more information about your green pricing program, and to get a better sense of your product, pricing and the benefits in return for purchase. Your website is a strategic way to communicate your brand to consumers in multiple locations and pages, in addition to offering much more detailed information on your program than possible in any direct mail piece. To maximize effectiveness, your website must be organized, designed and structured to deliver a comprehensible, trouble-free consumer experience. Your website pages should be consistent in color scheme and layout, clearly display brand, use terms that are clear to consumers, and be easy to navigate.

Other popular marketing methods are newsletters, and event marketing. Monthly or quarterly **newsletters** distributed to a utility's consumer base can offer key marketing opportunities for green pricing programs. These provide regular contact with consumers, and communicate a consistent branding message. The can display pictures, customer testimonials, and pollutions-savings statistics, to show your utility's commitment to the environment and the benefits of participation in your green pricing program. Sponsoring or co-sponsoring **events in the local community** in another prime marketing opportunity and that offers direct contact with potential consumers for program sign-up and face-to-face product explanation.[30]

[30] More information on events can be found in "Additional Sign-up Opportunities" under the "***Ease of Sign-up***" area of ***Section II***.

The Value of Market Research

Fundamental to marketing any product in knowing all you can about the market itself before you enter it. In the case of marketing a green pricing program, a primary Best Practice is to conduct market research. "Market Research," is the planning, collection, and analysis of data relevant to the audience or potential group of product purchasers. For utilities launching a green pricing product, collecting clear and accurate data through market research, and using that to guide your efforts is the key to cost-effective marketing campaigns.

Market Research helps you to know your consumer and make informed decisions that maximize the impact of your marketing dollars. Primary research can be particularly useful in answering key questions such as:

- What segments of your audience will be most receptive to your product
- What price point will be a barrier to participation for your prospective target audience
- What aspects of your brand and language are confusing to consumers

Through on-line and in-person surveys, focus groups and existing industry data, you can get a detailed understanding of your market segmentation to use in product development, packaging and marketing communications. You can test marketing concepts, gauge customer understanding and satisfaction, and purchasing trends. This information guides an effective marketing campaign and puts marketing dollars to best use.

For marketing purposes, you can break out customer groups by classifications that may yield a higher response rate to your materials and message. Through market research, a utility's consumer base can be divided into basic demographic groups such as sex, age, household composition, income and education. Those groups most likely to purchase environmentally-friendly products can be effectively targeted in marketing efforts. The variables selected for market segmentation can be derived from existing industry research on what types of consumers purchase green products.[31]

Focus groups are a form of qualitative market research; and usually consist of eight to ten people recruited and brought together based on pre-specified qualifications. Focus groups have traditionally been convened in-person at a research facility, but more recently telefocus groups (via telephone conferencing) and Internet focus groups have become more popular.

[31] Existing market research on consumers purchasing trends can be found in ***Section V: Consumer Purchasing Behavior.***

Generally two or more focus groups are conducted as part of a given study in order to provide comparisons between groups for greater detail in the research analysis. [32] Green pricing programs can use focus groups to test the potential effectiveness of their branding, advertising and marketing concepts. They can also be helpful in generating useful ideas and marketing strategies through brainstorming sessions. The feedback and advice from focus groups made up of representatives of your green pricing program's target market segmentations can prove valuable in avoiding confusing language and constructing the most effective product packages.

It is important to remember that focus groups do not provide quantitative results and yield results that are not statistically valid. The results should be used in conjunction with other market research, such as surveys, and on their own should not be used to make important final decisions about green pricing product marketing. For the most accurate results, an experienced, professional moderator, who is unaffiliated with your utility, should run your focus groups.

When relying on marketing research to shape marketing campaigns, it is important to remember that our society is dynamic and changing regularly. Using the most current studies and data produces the most accurate marketing strategies and will yield the best results. Understanding who your customer is, what they care about, what they are willing to pay, and what they will respond to is the key to effective marketing, and this information can differ across each region in the country. Investing in conducting primary market research before launching your green pricing marketing campaign can prove rewarding and useful in crafting the best product package and message to reach your audience. Maintaining a commitment to ongoing market research can also prove valuable in assessing customer satisfaction, retaining consumers over time, and developing new, creative strategies for reaching out to new market segments.

[32] Edmunds, Holly, *Focus Group Principles*. American Marketing Association Website. *Contents used by permission of the author, 2001 MarketingPower.com, Inc.*

The Importance of Evaluation & Customer Relationship Management

The key to any successful marketing campaign is careful management. Understanding how your brand and product information is being placed in the marketplace, received by your target audience and translating into actual sales is crucial to meeting your goals and maximizing sales. This is accomplished through constant monitoring and evaluation.

Systems should be in place prior to launching your green pricing marketing efforts to track and understand the impact of those efforts. Before positioning your brand through the channels and vehicles mentioned, establish your internal systems for tracking and the metrics by which you will evaluate your progress against set benchmarks and goals.

Investment in technology to execute and evaluate your target marketing efforts generates returns in efficient and cost-effective understanding of your audience and the avoidance of unproductive future contacts.

Customer Relationship Management (CRM)

Marketing strategies can now be executed in a cost-effective manner through software and techniques that manage individual customer relationships Customer relationship management is the execution of a marketing strategy applied to each individual customer.[33] Instead of tracking a group of customers contacted for a particular campaign, now marketers are able to set and track a path for an individual customer in their company's database through various marketing campaigns and points of contact.

Marketers can track marketing results from specific circumstances. For example, what happens if I send a direct mail piece to customer X on this date? If she rejects the offer, then I wait two months and make a follow up offer through another marketing channel (telemarketing, email). If she accepts then I can send her a welcome packet, gift and a short survey.

This example illustrates the marketer benefits from CRM by helping the marketer (1) understand the necessary number of consumer contacts needed to sell the product (2) track how the consumer responds to different marketing campaign components, and also (3) through the survey and gift building relations and understand individual needs.

CRM professionals integrate transaction history with demographics, data enhancements, marketing research, customer feedback, and just about anything to support the cause. They rely on generating lists to support various simultaneous campaigns. They heavily

[33] American Marketing Association: Database Marketing Overview

analyze the results of ongoing campaigns and report back on the effectiveness of their overall marketing strategy. [34]

CRM requires a solid marketing database, use of tracking software and commitment to focus on gaining and leveraging knowledge of the consumer.

The CRM strategy should include tracking of both when you contact the customer and when the customer contacts you. For example, you should record information:

- When you send a customer a bill insert on you renewable energy product
- When a customer calls your toll-free call center or goes to your web site
- When a customer returns a survey
- When a customer calls your call center or emails you with either product questions ***or*** complaints
- When you contact a customer through your out-bound call centers
- When a customer attends or references any of your community events, ads or magazines

Also, use detailed customer information as an additional marketing tool for managing your customer relationships.[35]

- You can use your customer's birthday as an opportunity to contact them or send materials on your green pricing program. "As you celebrate another year, so does your Environment—Protect it through Renewable Energy!"
- If your consumer changes their local address, you can use that as an opportunity to send them information about your new green power offerings "Wouldn't you like to support renewable energy use in your new home"

34 Ibid

35 For more information on the importance of using detailed information in your marketing, see the chapter "***The Value of Market Research***," in ***Section III***

Attracting Attention & Interest: The Visual Components of Marketing Green Pricing Products

Developing a visual marketing message that can attract a consumer's attention and interest, while remaining consistent with your brand identity, is a challenge for many green pricing marketers. Careful thought must go into selecting images to use and into the layout of your materials in order to maximize the desired effect you want your collateral to have: to grab your customers' attention, spark their interest in your product and make them read your text.

Selecting Images

When selecting images to accompany your product information it is important to keep in mind that although most consumers view renewables favorably, they are largely unfamiliar with specific aspects of renewable energy technology and the resources you may be including in your product mix. As mentioned in ***Packaging your Product*** of Section II, your materials should have a "natural look" consistent with the renewable nature of your product. This means print on recycled papers, and use natural colors and inks. The images you select should also speak directly to nature and the environment, and should evoke emotional responses in consumers that immediately trigger their interest in clean air, better health, the world's natural splendor, and the future of the environment for their families and loved ones.

You may choose to use renewable energy and/or other images to compel a green pricing purchase. Without using images that correspond directly to the renewable resources you are using, you can visually communicate the environmental benefits of your product through images of clear skies, green fields, clean streams and lakes, and more. You want to show the consumer what they will be preserving and evoke sentiment about how precious and beautiful the environment is.

The following sections depict images of specific renewable energy technologies and provide guidance for using them. As a general rule, you should only depict the types of technologies or facilities that correspond directly with the renewable energy resources actually contained within your product. In other words, if your product is 50% hydro and 50% biomass, you should not have a picture of a wind turbine on your product marketing materials. This could be considered false advertising.

Visually, the most familiar and favored renewable energy technologies are wind and solar.[36] Green pricing products containing either of theses resources have a variety of appealing image options available to them for use on marketing materials and websites.

Wind

Consumers recognize images of wind turbines and are able to directly associate them with renewable energy. If your product utilizes wind, take advantage of this in your materials with images of wind turbines backed by clear skies or beautiful sunsets.

[36] Farhar, Barbara C. Ph.D., "Willingness to Pay for Electricity from Renewable Resources: A Review of Utility Market Research." National Renewable Energy Laboratory. NREL/TP.550.26148 July 1999.

Solar

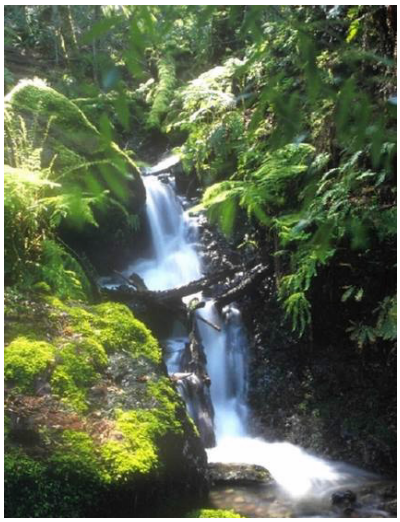
Another image related to renewable energy technology that is familiar to consumers is the solar panel. Solar technology can include very large solar thermal electric systems and smaller photovoltaic systems on residential rooftops. Some images of solar installations can appear very technical, ultramodern or "futuristic" to consumers. When marketing to residential consumers and using solar energy technology images, be careful to select images that are simple, and inviting, rather than intimidating. Make sure the images are supplemented by blue skies or other natural elements to communicate you message of renewable energy creating environmental benefit.

Other types of generation technologies

Images directly representing the technology used to generate geothermal, biomass and hydroelectric power can often confuse or intimidate the average consumer. In direct mail pieces, where you may be communicating with consumers for the first time with limited space to create a visual and textual message to market you product, using such images is not advised. More abstract images that indirectly speak to these technologies are recommended. For example, the attractive images below can be used to represent the resources indirectly without directly depicting the actual generation facility or technology (using images of these types of generation may be too complex for consumers).

For biomass:

For small or low-impact hydro:

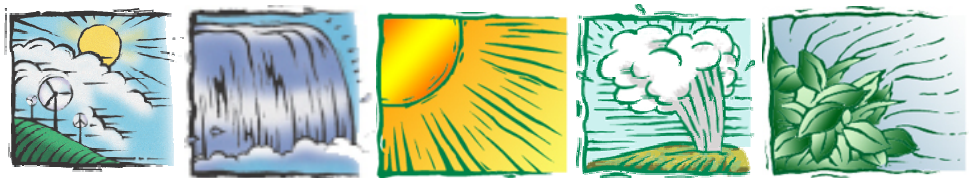


No matter what your product mix, when selecting images to associate with your product, you should err on the side of caution and clarity. If you don't think consumers will immediately get what you are trying to communicate with the image, then don't use it. While a picture may be "worth a thousand words," photos are not a reliable means of educating your consumers about renewable energy. In green pricing marketing, pictures should serve to ***entice*** customers to read the explanatory text and buy the product.

General Consistency in Images

When designing your marketing materials, select images of consistent quality and essence throughout your materials. Do not mix high-resolution photos of nature with illustrations or drawings of technology. This is not appealing to consumers and may compromise your brand.

For example, if using illustrations, the combination of a series that is graphically consistent throughout your print piece is necessary:



Cherish the White Space

Unused space, or "white space" is actually a good thing when it comes to good design and consumer comprehension. Do not use your entire print piece to communicate messages either with images or with text. Consumers will be overwhelmed if you inundate their eyes with photos and words, and this will drive them away from your message rather than attract their interest. Keep it simple and select your images wisely.

Getting the Consumer to Say Yes: The Textual Components of Marketing Green Pricing Products

Developing a textual marketing message that clearly and accurately communicates to your target audience all the necessary components to sell a green pricing product in a typically very limited space, is truly a difficult undertaking. For utilities, the audience for this message is usually the local general public, or consumers that purchase electricity within their service territory. Assuming you have already attracted their interest visually, the action you want them to take is purchasing your product. This requires a strategically crafted verbal message.

What is your Message?

Your message is basically your brand and tag line and a call to action that triggers consumers to purchase your product. However, in our industry it is not that simple. Renewable energy is a new product category, or purchase area, containing unfamiliar concepts and products for which the average consumer has no prior experience. Renewable energy proves even more difficult to market because the product is not tangible, and the quality of electric service received also does not change with the purchase.

Marketing green pricing products is not like marketing products consumer grow up using and buying, like soap or soda. They have to be educated on the product itself, how to purchase it, and most importantly **WHY**. Consumers need to be told why they should buy the product itself, not just why they should buy your product. This makes for a complex and often convoluted marketing message. Consumers will likely have a lot of questions about your product. Be prepared to answer their questions-but not all at once- with your introductory message.

Basic Renewable Energy Education

Although consumers are becoming more and more aware of environmental issues and environmentally-friendly products, it is safe to market your product under the assumption that your target audience has limited knowledge surrounding renewable energy. Explaining renewable energy thoroughly requires a lot of information that consumers do not really need to know. Keep your education basic and simple. Give a brief definition of renewable energy, and make other necessary explanations throughout your print piece direct. You can refer consumers to sources such as NREL or CRS for detailed information about renewable energy products.

Question & Answer Model

One successful method has been the Question and Answer (Q&A) model. This model is clear, transparent and upfront. It is one way to help consumers identify and understand the key components, and to combat the hesitation and doubt that are common to purchasing new, unfamiliar products.

Answer key consumer questions with a Q&A breakdown, using bold headers and simple, plain font. Make it easy for the consumer to read it and comprehend you product. Some of the basic questions consumers want answered are:

- What is green power?
- Why should I support renewable resources?
- How much does it cost/ why does green power cost more?

The box on the following page illustrates a good example of effective use of the Q&A model by a utility to market a green pricing product. There are also examples of effective uses of the Question and Answer Model in Appendix C: Sample Award Winning Marketing Materials.

Questions and Answers

What is Green Power?

Green power is electricity produced in a environmentally-friendly manner. Sources of green power include the sun, wind, and water, which are pollution free and natural.

Why should I sign up for Green Power?

The use of non-renewable sources of electricity contributes to air and water pollution, which affects all of us. By signing up for green power, you are helping to protect the environment. Green Power means cleaner air and a greener LA for us and our children.

LADWP will be recognizing companies who make significant commitments to new renewable energy. Recognition will be in many forms of publicity that showcase your company as a leader in environmental awareness and stewardship.

Is green power more expensive than conventional power?

Yes. Environmentally-friendly generation of electricity costs more than using conventional methods of generation. Yet, many conventional sources of energy would not be economically competitive if we were to pay their full costs, including damage to the environment and human health. These costs are not reflected in our energy bills.

How much will signing up for green power cost me?

Commercial customers have the option of choosing their level of participation as a percentage of their electricity usage. However, this percentage must be set such that the minimum purchase is 500 kWh for general service customers or 1,000 kWh for large general service customers.

The green power charge of 3 cents per kWh will only be applied to that portion of your electricity usage you have allocated to new green resources.

Can energy efficiency lower my power bill?

Yes. Our energy efficiency experts can work with you to develop efficiency options for your business needs. Call us at 1-800-GREENLA.

Does LADWP intend to help develop new green power resources?

Through the Green Power for a Green LA program, LADWP buys electricity only from new renewable generation sources such as solar, wind, biomass and geothermal. Many of these new facilities will be located in the city, creating jobs and improving the environment. In order to justify developing these new generation sources, we are asking our customers to sign up for a minimum of 12 months.

If enough customers sign up, we can enlarge the market for green power and help make it a cost competitive alternative to power generated from fossil fuels such as coal.

Source: Los Angeles Department of Water & Power

Selling the benefits

Renewable energy is intangible, so rather than selling a product that a consumer can wear, taste, listen to, or collect, green pricing marketers must sell the environment benefits of supporting renewable energy. Because the performance of "green" electrons is exactly the same as that of "brown" electrons, you must sell your green product on the other attributes—the environmental benefits. Don't just describe your product; convince consumers that they can make a difference by purchasing the product.

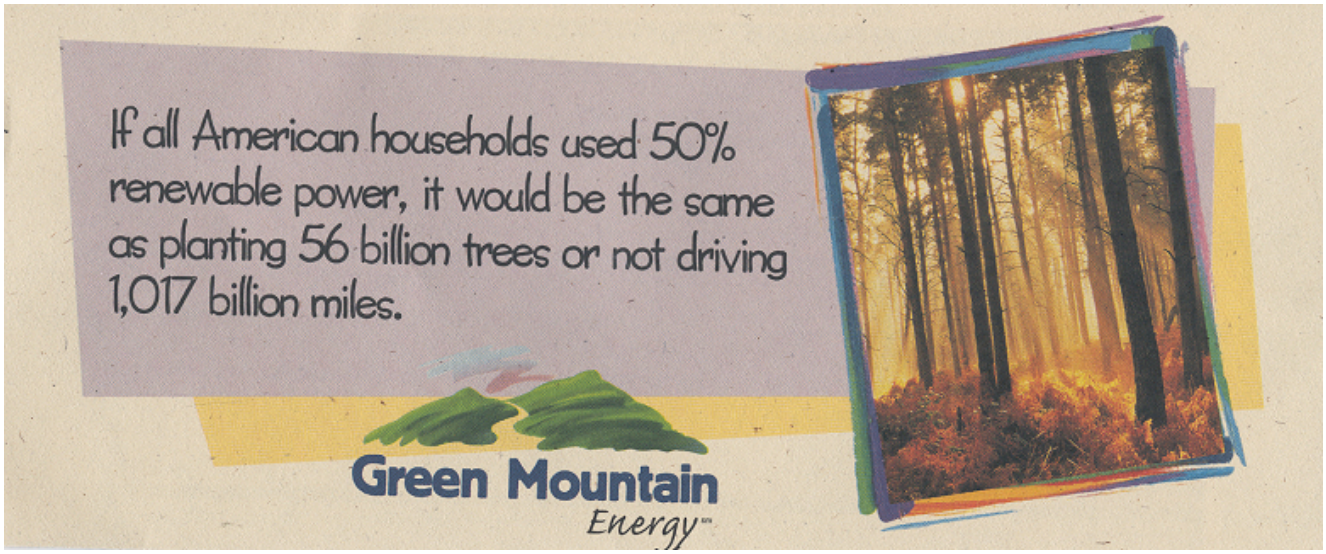
Renewable energy can be an **emotional purchase**, and market research has shown that consumers purchase renewables because they want to make a positive impact on "their environment." When creating a textual message to market your renewable energy, you should appeal to this sense of "good" in people. This should be your leading message if the price of your green pricing product is higher than your traditional energy offering.

Messages like "we have a responsibility to preserve the environment for future generations," and "individuals need to take personal responsibility for the environment," get results.

- **Appeal to the Good in People: Lead with the Benefits**

  Describing direct benefits of the product should be a top priority after the basic definition of renewable energy is conveyed. Focus on how the simple action of purchasing your green pricing product can reduce the impact of traditional electricity generation by replacing polluting sources with green ones. When describing these benefits, however, you must quantify them accurately in language that consumers can relate to and understand. Programs such as Green-e review marketing materials used by certified marketers to ensure these claims are accurate.

  Consumers may not immediately understand the statement "purchasing renewable energy benefits the environment by reducing the harmful impact of traditional electricity generation by replacing polluting sources with green ones" but they will understand the statement made in the marketing piece below:



Another example of an effective way to quantify the benefits in a way that consumers will understand is:

*Be sure claims are accurate before including them in marketing materials.

Other Message Fundamentals:
As discussed in the product packaging section, participation should be presented clearly and accurately to consumers.

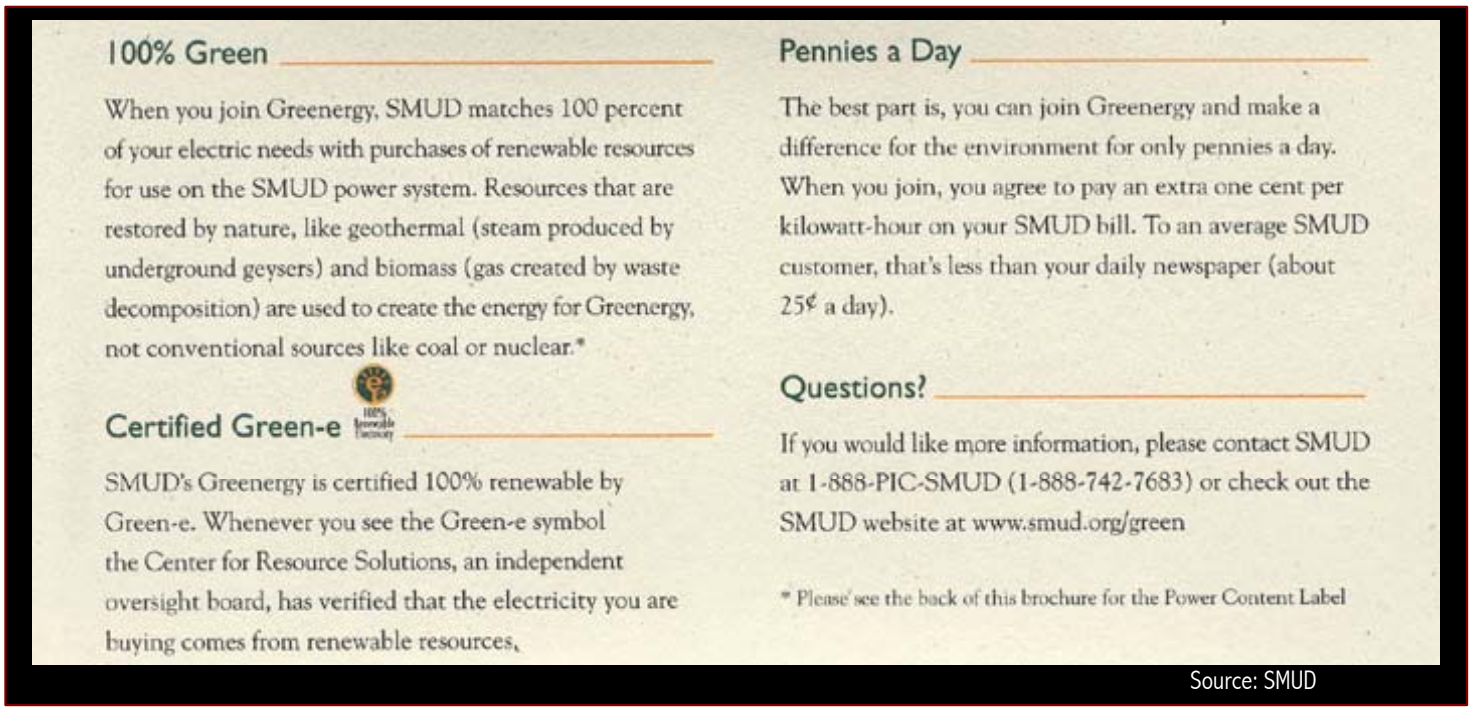
- **Make enrollment & participation easy**
  In your text, make sure consumers understand how to sign up and that it is easy to help the environment—sign up for "GreenProduct" now! The toll free phone number & website should be displayed prominently, in bold font.
- **Save the jargon for utility colleagues**
  Most customers do not understand industry terms such as kilowatts, megawatts, renewable capacity, the grid, or electrons. They really only think of energy when they turn on their lights, and rarely consider the fuel sources used to make the bulb light up. Craft your message in layman's terms and keep it simple and

accurate. Remember the "Fifth P,[37]" and make sure people not associated with renewable energy can easily understand your message. These details, such as kilowatt-hours, should appear in the Terms and Conditions area of the contract with your customers.

- **Different levels of participation must be clear.**
  If your product design and pricing structure include different block sizes or percent of use options, make this as clear to the consumer as possible.

- **Third Party Verification**
  If your product is certified, display the Green-e logo with brief text. This is a clear way to show product quality, inspire confidence, and establish credibility and trust.

Below is an example of clearly and effectively communicating product information and third party verification, along with the product premium and contact information. More examples of message fundamentals can be found in Appendix C: Sample Award Winning Marketing Materials.



100% Green

When you join Greenergy, SMUD matches 100 percent of your electric needs with purchases of renewable resources for use on the SMUD power system. Resources that are restored by nature, like geothermal (steam produced by underground geysers) and biomass (gas created by waste decomposition) are used to create the energy for Greenergy, not conventional sources like coal or nuclear.*

Certified Green-e

SMUD's Greenergy is certified 100% renewable by Green-e. Whenever you see the Green-e symbol the Center for Resource Solutions, an independent oversight board, has verified that the electricity you are buying comes from renewable resources.

Pennies a Day

The best part is, you can join Greenergy and make a difference for the environment for only pennies a day. When you join, you agree to pay an extra one cent per kilowatt-hour on your SMUD bill. To an average SMUD customer, that's less than your daily newspaper (about 25¢ a day).

Questions?

If you would like more information, please contact SMUD at 1-888-PIC-SMUD (1-888-742-7683) or check out the SMUD website at www.smud.org/green

* Please see the back of this brochure for the Power Content Label

Source: SMUD

[37] See the chapter, "***Marketing Basics to Regard***," in ***Section II***

Pitfalls to Avoid

There are several examples out there of lessons learned in renewable energy marketing. Besides simply avoiding the "technical speak," or terms used frequently in the industry but not among the average consumers, there are other pitfalls to avoid when creating your marketing materials.

- ***Inaccurate Claims and Implications.***
  The National Association of Attorneys General (NAAG) has drafted Environmental Marketing Guidelines for Electricity[38], which provide green power marketers with examples of acceptable and misleading marketing claims. Every green pricing manager and communications staff member should become familiar with this document, ***before*** crafting their marketing campaigns.

  For example, in July 2002, the British power company Npower and Greenpeace were found guilty of misleading the public over a particular ad for their joint renewable energy marketing initiative, called "Juice." An advert promoting Juice - a renewable energy joint venture between electricity firm Npower and environmental campaign group Greenpeace - has been criticised as misleading by the UK's advertising watchdog.

  A newspaper ad for Juice said it offered "clean electricity", generated by wind and water power. The Advertising Standards Authority (ASA) upheld a complaint that the ads implied that the Juice customers got their electricity directly from wind farms. The ad showed a tree blowing in the wind and stated: "Plug your washing machine into this at no extra cost." The ad went on to say: "By switching to Juice you will be buying clean electricity and showing you support the development of wind farms at sea..."

  Npower said they believed customers would understand that the company would match the energy used by the consumer, by buying energy from renewable sources and feeding it into the National Grid. But the ASA said it agreed with the complaint that the advert implied consumers were getting only green electricity, and concluded the ad was misleading. [39]

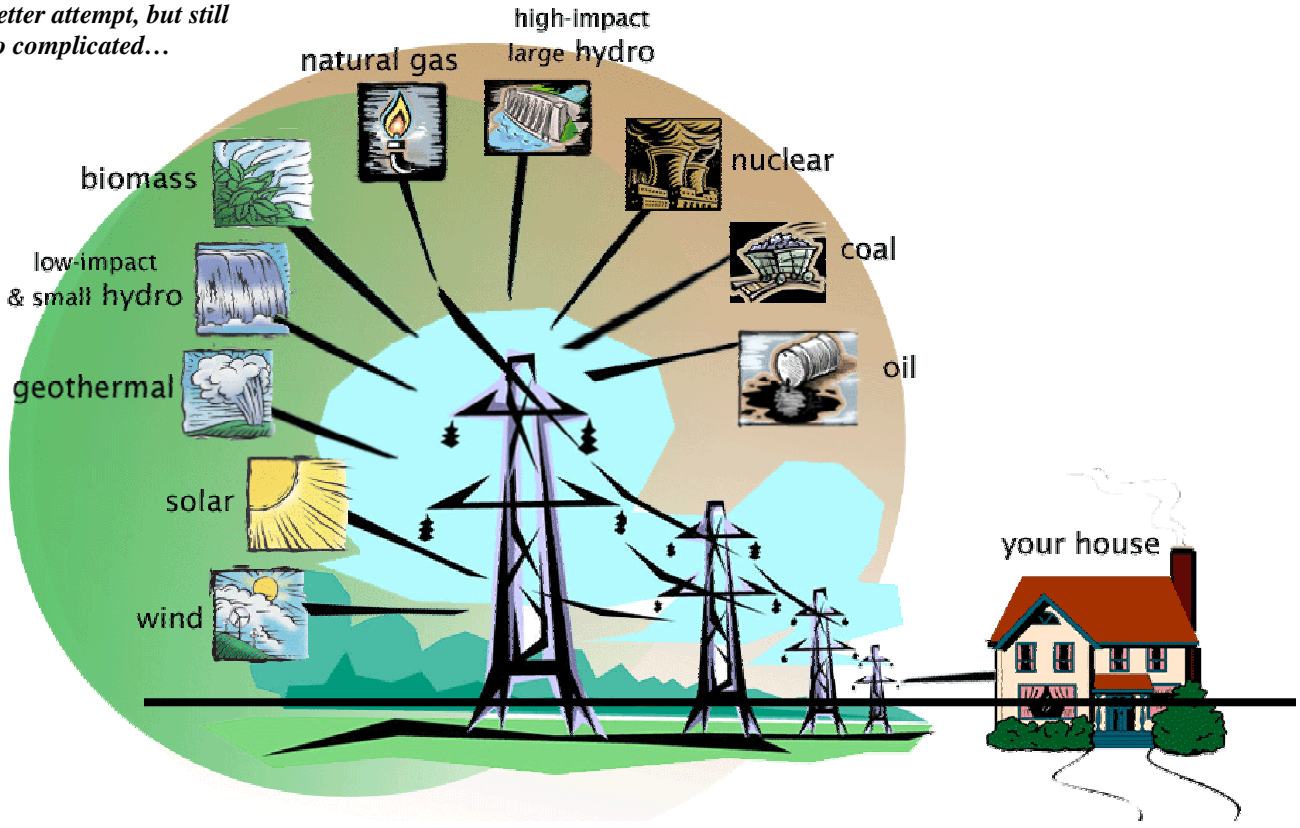
  A few well-intentioned marketing efforts in the U.S. have received similar negative attention.[40] Green-e certification provides a bi-annual review of marketing materials, or "Compliance Review," which helps renewable energy marketers by providing a knowledgeable, critical review of their marketing materials and website. The Program will identify any misleading or inaccurate marketing claims and provide marketers a period of time in which to correct their materials. This process protects the utility ***and*** the consumer.

[38] NAAG guidelines available at www.eren.doe.gov/greenpower/naag_599_pr.pdf
[39] BBC News World Edition ***'Green' energy advert criticized***. Wednesday, July 17, 2002.
[40] Lieberman, Dan. "***Green Pricing at Public Utilities: A How-To Guide Based on Lessons Learned to Date***." October, 2002. Center for Resource Solutions. http://www.resource-solutions.org/Library/Library-DomesticUSpage.htm.

- ***Watch out for the Grid!***
  While consumers should be helped to understand that the renewable energy they are purchasing will not be delivered directly to their home or business, explaining the electric grid and the technical aspects of electricity generation and transmission is not a recommended practice in print marketing materials. Most approaches to this subject prove too technical and complicated for consumers within the context of print marketing materials. The marketing channels best used to communicate this process of green electron delivery to the grid are your website, or via a well-trained in-bound call center employee who can effectively field consumer questions on the topic. You may also refer consumers to informative websites such as the Green Power Network, www.eere.energy.gov/greenpower , for more information.

  The grid is an especially complex subject to broach visually. Below are examples of ineffective graphics that depict electricity transmission and green electron delivery:

much better attempt, but still too complicated…



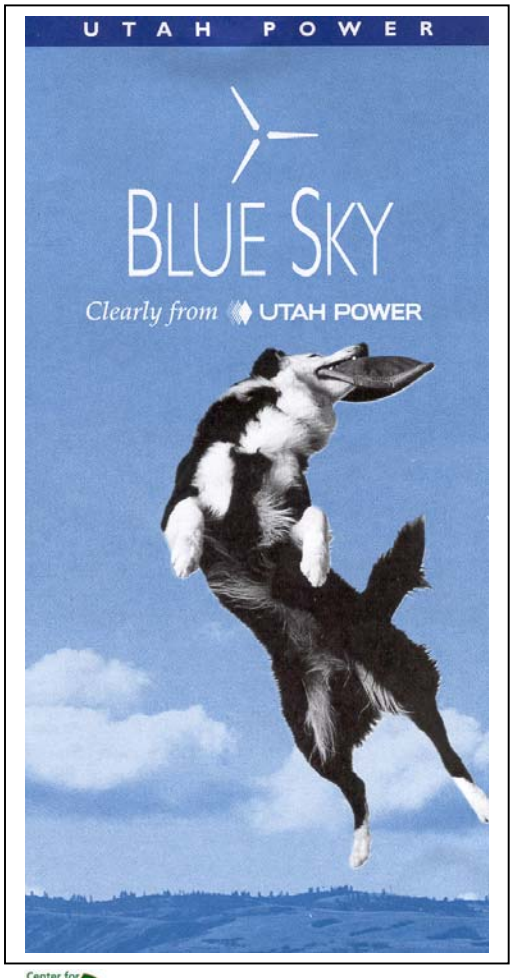
Another example of a good attempt to communicate the concept of the grid or the "common pool of energy" , but still too many images and too much small text for consumers to digest.

Source: Renewable Energy Policy Project

- ***Attaching unrelated symbols and images***

Throughout this Guide, the importance of being as clear, simple and direct as possible when marketing renewable energy has been discussed. This has been addressed relative to basic education, pricing, and disclosure. It is also important in imaging and packaging. It is important to use images that correspond directly to your product and its benefits to the environment. Unrelated or obscure associations will confuse the consumer and complicate an already complex message.

One illustration of this lesson learned is shown through a former campaign created by a largely successful green pricing program, "Blue Sky" by PacifiCorp in Utah. They ran a campaign including components such as print ads and radio spots, featuring a dog. The ads and materials for this campaign were graphically designed well, and attracted interest and attention. Upon evaluation and through market research, however, PacifiCorp realized that consumers were confused by their canine centerfold. They had difficulty connecting the dog with green power and the environment and often assumed the marketing materials were for another product entirely.



Getting the Big Fish to Bite: Marketing Green Pricing Products to Commercial, Industrial and Government Customers

Local businesses, local institutional customers such as universities, regional environmental groups, and religious groups -- they are not only important constituents, but are also potential early-adopting green power customers. "Community leaders also can play a big role in helping validate the program -- they played a large role in our program" noted one green pricing program manager. The authors do not like to mix metaphors, but these customers can be big fish that are also low hanging fruit. Bringing in even one sizable renewable energy customer can serve as an anchor to your program, allowing you to achieving economies of scale in purchasing.

Help is Available: Use your Resources…

There are several resources available to help you to attract and land large customers. The US EPA's Green Power Partnership (www.epa.gov/greenpower) is a federal voluntary initiative that encourages organizations to use green power as a part of best-practice environmental management. The program recognizes non-residential purchasers of green power that meet criteria on size and quality of purchase. On their website you will find information about green power, its benefits, green power leaders, and how to participate in the Partnership. The staff of the Green Power Partnership will work with you on identifying and contacting potential large renewable energy customers in your service area.

The Green Power Market Development Group

Convened by the World Resources Institute and Business for Social Responsibility in 2000, the Green Power Market Development Group is a commercial and industrial partnership that builds corporate markets for green power. The Group enables corporate buyers to diversify their energy portfolios with green power and is currently a collaboration of 12 leading corporations dedicated to reducing their environmental impact through renewable energy. The Group's goal is to develop corporate markets for 1000 MW of new, cost competitive green power by 2010. The Group: conducts research on green power technologies, applications and suppliers; develops analytical tools to build the business case for green power; and has issued several useful reports on renewable energy markets.

Identify the low-hanging fruit

One way to identify potential large purchasers of renewable energy is to begin with companies, government agencies, and other institutions that have a made a public commitment to environmental protection. Once these customers have been identified, you can offer to provide materials on your renewable energy product, and a follow up visit and/or call.

- **Companies**: identify companies in your service area that are participating in industry-environmental organizations, such as Global Environmental

Management Initiative, Business for Social Responsibility, ISO 14000, The Natural Step, or others.

- **Government Agencies**: some government agencies have adopted local policies favoring environmentally-friendly purchasing. Further, over 140 American city governments have joined the International Council for Local Environmental Initiatives (ICLEI) Cities for Climate Protection campaign (a list of members is here http://www.iclei.org/us/ccp/). Federal agencies also have a history of renewable energy purchases, particularly in the wake of Executive Order 13123.[41]
- **Other Institutions**: universities and non-profit organizations have been on the forefront of renewable energy purchasing.

Arm Yourself with the Essentials

Once you have identified the low hanging fruit in your service territory, you have to make your case. Businesses purchase renewable energy for different reasons, and it could be one or several of the benefits of purchasing that gets your local business customer to "bite." Though it is safe to assume that most businesses are interested in reducing operating costs, there are other factors that can play into a company's decision to purchase green power. In order to best market your green pricing option to local commercial and industrial customers, it is important to prepare yourself make the business case for purchasing renewables.

The benefits

Purchasing green power can yield benefits particularly attractive to businesses. Expressing these direct and indirect benefits, as well as being aware of the prime questions and concerns most companies have surrounding making the purchase, are essential to reeling those businesses in.

- **Cost stability**

  Natural gas supply issues result in energy price fluctuations that directly affect the monthly "bottom line." Many businesses prefer stable energy rates, and renewable energy in this sense can "fit the bill."

- **Access to socially-conscious consumers**

  Many companies are looking for a way to appeal to the growing consumer segment that directs their dollars toward companies and products that are socially and environmentally responsible. This is essentially the same target audience (residential) for green power itself, comprised of consumers looking to purchase services and products that make a difference or are created in ways that have less of a negative

[41] Executive Order 13123, ***"Greening the Government Through Efficient Energy Management,"*** mandates that, "The Federal Government, as the Nation's largest energy consumer, shall significantly improve its energy management in order to save taxpayer dollars and reduce emissions that contribute to air pollution and global climate change." This order can be found on the FEMP website, at http://www.eere.energy.gov/femp/resources/exec13123.html.

impact on the environment. Companies purchasing renewable energy can use their purchase as a way to gain the attention and purchasing revenue of this group of socially conscious consumers as well as peak the interest and loyalty of their existing consumer base.

- **Reducing environmental impact meets mission statements can be a hedge against future environmental regulations**

  Businesses that purchase renewable energy will measurably reduce their impact on the environment by offsetting the harmful emissions associated with traditional energy use, such as carbon dioxide (CO2), sulfur dioxide (SO2), nitrogen oxides (NOx), mercury and other particulate matter, with the generation very low- emission, "clean," renewable power. Often companies have mission statements that contain language concerning social and environmental responsibility, and reducing emissions is a way to remain consistent with those stated missions.

  In addition, "public pressure for environmental improvement makes it likely that new regulations will emerge to reduce emissions."[42] Purchasing renewable energy now can be a hedge against the uncertainty of future environmental regulations, and establish purchasing practices that may ease compliance with new regulations and policies.

- **Internal promotion opportunities and increased employee loyalty**

  Companies may choose to promote their renewable energy purchase of Green-e certified renewable electricity within their retail outlet, offices and with their employees. Internal promotion of renewable purchasing is a way to communicate your commitment to the environment among employees who may have shared social values and environmental concerns. Companies communicating their purchase internally through company publications ("Energy News"), meetings or even renewable energy seminars/trainings, can improve employee morale, increase company loyalty and reduce staff turnover. Some businesses have created staff adoption programs and methods for company-wide recognition of employees who purchase renewable energy.

- **Increased media coverage an public relations opportunities**

  Businesses purchasing renewable energy can construct public relations plans to publicize their purchase to target audiences, including special events (Earth Day promotions) and offerings (coupons, rebates, point of sale promotions) to attract the public and celebrate the purchase. Press releases that announce the purchase and position the company in the news around environmental issues as a cutting edge business are also benefits. Establishing your company as an environmentally responsible member of the local community can also strengthen community relations.

[42] *Corporate Guide to Green Power Markets: Introducing Green Power for Corporate Markets: Business Case, Challenges, and Steps Forward*. World Resources Institute, July 2002.

- **Business to business opportunities**
  Companies can use strategic business engagements and speaking events as well as existing points of interaction with the vendors and competitors, to talk about environmental commitment and promote their purchase of green power. This can lead to new business relations with other environmentally conscious businesses and vendors, as well as more opportunities to promote the company's progressive action for change and differentiate their products and services. Purchasing renewable energy can also lead to features, promotion and links on the websites of other organizations, such as Green-e, World Resources Institute (WRI) and Businesses for Social Responsibility (BSR) can increase traffic to your site and provide free marketing opportunities.

Resources:

There are three reference guides on the topic of selling green power to large customers that are particularly useful. Links are below, and hard copies can be obtained directly from the source. In addition, Center for Resource Solutions and others have held periodic regional workshops on the topic.

- **"Corporate Guide to Green Power Markets"** from World Resources Institute.
  http://www.thegreenpowergroup.org/publications.html

- **"Buying Green Power - You Really Can Make A Difference"** from National Renewable Energy Laboratory.
  http://www.eere.energy.gov/greenpower/pdf/Buying_Green_Power.pdf

- "**A Guide to Buying and Benefiting from Green Power**" from US EPA's Green Power Partnership.
  http://www.epa.gov/greenpower/pdf/procurementduide-draftforpartnerreview.pdf

Partnering With NGOs to do Grass Roots Marketing

Environmental groups and non-governmental organizations (NGOs) located in your service territory can provide expertise in renewable energy issues, and also lend credibility to your green pricing product. In gaining the endorsement of a local environmental group, your product gains credibility and the increased confidence of your consumers.

Often before designing and launching a green pricing product, a utility will involve local environmental groups in their planning. This stakeholder process is used by the Green-e program of the Center for Resource Solutions to set standards and criteria for green pricing products in different regions, and has proven beneficial for utilities involved.

Grass Roots Marketing

Involving key environmental constituents in the planning process ***before*** launching your green pricing product can provide significant sales and marketing opportunities. Local environment groups have constituents you can capture in product sales, as they often like to "walk their talk," and renewable energy is a direct avenue for environmental action. Moreover, environmental organizations may even become marketing agents for your product.

Strategic partnerships with environmental organizations can yield direct marketing and public relations benefits such as:

- Letters of endorsements to the members of the organization containing a call to action to purchase your green pricing product.
- Invitations to promote your green pricing product and gain sign-ups at community-wide environmental events and meetings.
- Co-branding and advertising on direct mail and print materials.
- Increased product advertising in newsletters and links to your utility's website.
- Earned media through jointly sponsored and written letters to the editor, op-ed pieces or feature articles.
- Co-sponsored public service announcements (PSA) than can run on the radio or television.

Notable examples of utility/environmental green pricing partnerships, such as Land and Water Fund of the Rockies supporting the wind product of Public Service of Colorado[43] or the Southern Alliance for Clean Energy's promotion of TVA's product, demonstrate the power of the partnership. In these cases, the utility started working with environmental groups early in the process, which resulted in the group not only endorsing the product, but also actively promoting the product to residential and non-residential customers.[44]

[43] The Colorado case study is available in the publication "The Grassroots are Greener: A Community-Based Approach to Marketing Green Power" by Rudd Mayer, Eric Blank, and Blair Swezey; available at www.repp.org.

[44] Lieberman, Dan. ***Green Pricing at Public Utilities: A How To Guide***. October 2002, Center for Resource Solutions. http://www.resource-solutions.org/Library/Library-DomesticUSpage.htm.

SECTION IV: 2003 SURVEY OF GREEN PRICING MARKETERS THROUGHOUT THE US

In this Section

In August 2003, The Center for Resource Solution (CRS) created and administered a survey of green pricing program managers at public and investor-owned utilities with questions on their experiences and results relative to marketing their green pricing program and product(s). Specifically, CRS used an internet-based survey instrument to poll the managers and staff of 100 green pricing programs around the country. Thirty-six respondents completed the survey and the results of their information are contained within this section. A sampling of these utilities also participated in a follow-up phone interview and completed additional questionnaires and feedback forms designed to determine marketing campaign details.[45]

This section covers the results of this survey, and provides best practice recommendations based on these results and the author's experience.

[45] Some of these additional utilities are featured case studies in ***Section V***.

Experiences in Marketing Green Pricing Products: Survey Results

Below are summaries and tables illustrating the results of the survey conducted by the Center for Resource Solutions. Questions were asked of green pricing program managers and marketing directors related to marketing budgets, marketing methods used, and general questions on the renewable energy marketplace. Many of the specific questions from the survey are included under each general area, and the results are illustrated and discussed. Corresponding recommended best practices in marketing green pricing products are included.

When evaluating whether or not a green pricing program can be considered "successful", the author chose to use participation rate as a proxy. Using the participation rate levels the playing field among utilities of various sizes and. is recognized by NREL as a key indicator of success. While the author recognizes that participation rate is not the sole criteria for determining success, for the sake of simplifying the analysis of the data, the "successful" programs were those that have achieved a participation rate of three percent (3%) or higher. This represents the top five programs of the thirty-six that responded to the survey.

General Marketing Budget Information

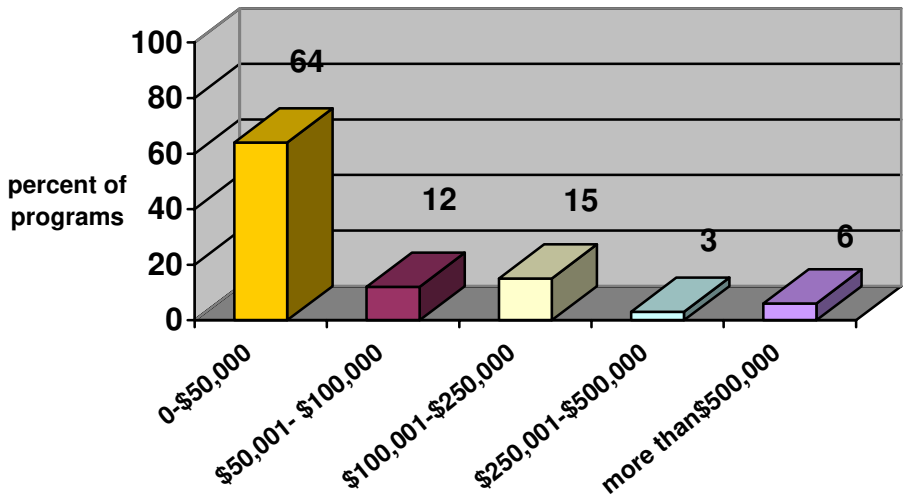
Questions were asked regarding program budget in order to get a sense of the marketing resources available to program managers to build campaigns to promote their green pricing products. The results indicate that the slight majority of utilities, 51%, do not have green pricing program marketing budgets independent of their city or company budget. Most utilities (64%) reported having marketing budgets of $50,000 or less. Those utilities that do have an independent marketing budget for green pricing tended to report higher budgets than those that did not have independent green pricing marketing budgets.

Do programs with independent budgets or higher budgets perform better? Our data did not find a significant correlation between independent or higher budgets and higher consumer participation rates. In fact, three of the top five performing programs reported annual marketing budgets of $50,000 or less. This leads the author to believe that utilities with lower budgets are, at least in some cases, using strategic low-cost means of customer acquisition. It may also indicate that some green pricing programs are able to keep costs low by taking advantage of in-kind services such as printing and mailing, which are in some cases covered by the general utility marketing budget.

Question: **Is your green power marketing department/budget independent of general marketing services for your city or company?**

- **Yes: 49%**
- **No: 51%**

Question: **What is your available annual budget for marketing your green power product(s) each year?**



Best Practice: High quality marketing efforts are crucial to the success of any green pricing program and should be prioritized and budgeted for appropriately by program managers. However, the reality is that many public power green pricing programs face very limited budgets. In order to save money and maximize brand positioning utilities should develop strategic partnerships with environmental organizations and local NGOs willing to perform grass roots marketing roles and other promotional duties.[46] Marketing to new potential customers through the less expensive utility bill stuffers rather than multiple isolated direct mail efforts, also keeps marketing costs low.

Question: **Are the costs of your green power product cross-subsidized by non-participating customers?**

- **Yes: 23.5%**
- **No: 62%**
- **Don't know: 14.5%**

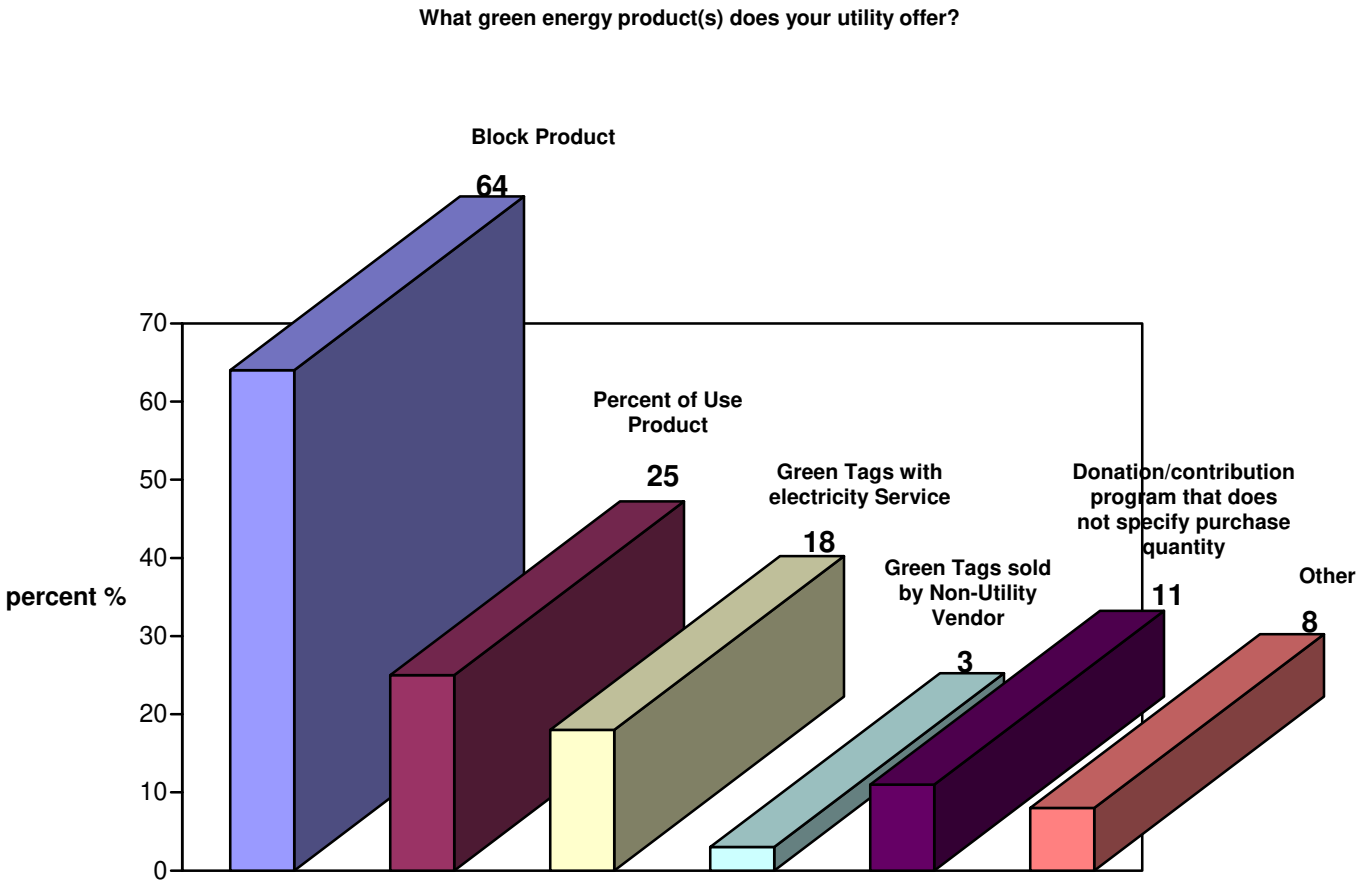
Note: It is considered a best practice for utilities to not cross-subsidize their programs in this way. Non-participating customers may be upset to find they are paying costs for

[46] See ***Section III***, "***Partnering with NGOs to do Grass Roots Marketing***."

green pricing programs. Therefore, while most of the reporting utilities abide by best practices, there are many that do not. It is interesting to note that there was no significant correlation between cross-subsidization and program success.

Pricing & Product Structure

The survey also asked questions related to the specific format of green pricing products that utilities are currently marketing. The study revealed that utilities prefer to market "block" products over products based on a percent of a customer's use. The data show that the majority of respondents, 64%, are marketing electricity block products. Utilities made their green pricing products available to both residential and commercial customer classes (100% respondents reported that their product is available to the residential market, 97% to the commercial market, and 92% to their industrial market, including government facilities).



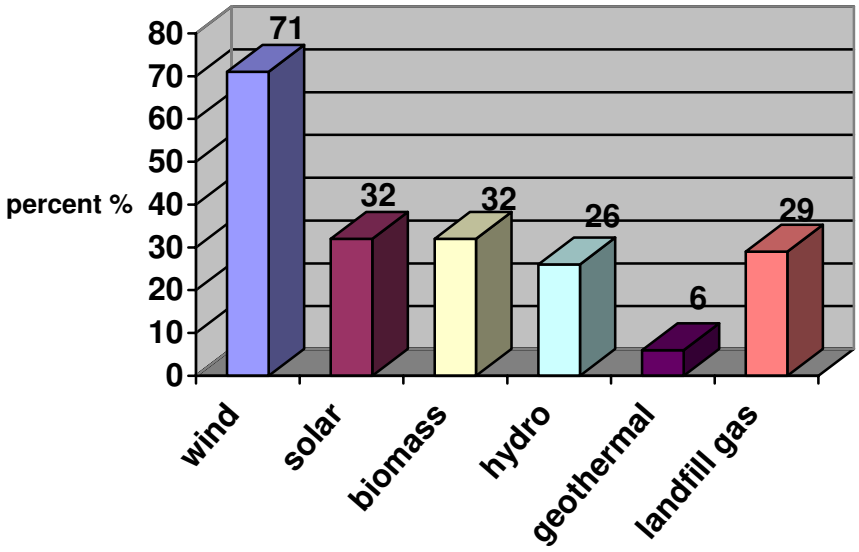
Note: respondents were able to check all response categories that apply, making the percentage total above 100%

*Some of the comments associated with the "other" response category included: contributions designated toward PV installations on public schools, mixed products, green energy with a donation product, and total consumption from renewables.

Best Practice: Preliminary indications in the market show that block products are most common and have high success in terms of customer participation. Four of the five top programs in our survey offered block products, while one was a percent of use option. However, it is worth noting that percent of use products scored highly in terms of overall renewable energy delivered. In fact, some of the highest performing programs in country, in terms of renewable energy sales, offer percent of use products.

Renewable Energy Resources

Question: **Of the renewable energy portion of your green pricing product, what percentage of the delivered energy comes from each of the following resources?**



Note: respondents were able to check all response categories that apply, making the percentage total above 100%

Three of the top five programs include wind; the other two are 100% biomass products.

MWh Totals Per Year

Respondents were asked to approximate how many MWh per year they sell to residential and non-residential customer classes. Of the reported MWh, the vast majority was sold to non-residential customers.

- Residential: average amount sold to this customer class was 12,798 MWh.
- Non-Residential: average amount sold to this customer class was 13,704 MWh.[47]

This is a slightly surprising result as previous studies have shown that the majority of sales, both in number of customers and in volume of renewable megawatt hours, are to residential customers. This result re-enforces the importance of non-residential customers to green pricing programs, and creating marketing strategies to target this customer class. Even though some green pricing programs may only serve a small handful of non-residential customers, our survey demonstrates that the sales to non-residential customers represents about half of green pricing sales volume.

Best Practice: When establishing a green pricing program, it is a good idea to identify at least one "anchor" non-residential customer to sign up. The ability to have one customer purchasing a large volume of output should create an economy of scale that will make the program lower cost for all participants. Additional interest and purchases by other local companies and organizations can result from simple promotion of a first large commercial green power purchase.

Exemption from Fees

When asked if those green pricing customers were exempt from fees related to non-renewable energy facilities, for example fossil fuel adjustment fees, nuclear de-commissioning fees, etc., the vast majority (86%) of utility respondents indicated that **they were not**. (No 86%; Yes 14%).

Best Practice: Exempting green power customers from fossil fuel related fees is a new practice that, while still uncommon, has attracted quite a bit of attention due to its dramatic results in some markets. By exempting green power customers from fossil fuel fees, the green power purchaser receives the economic "hedging" value of renewables. Therefore, in these cases customers can look to renewables as a way to avoid the volatility of fossil fuel prices. This is of particular interest to non-residential customers who better understand the hedging value. Some of the most success programs, including one of our top five respondents, have used this to sell renewable energy on its price-stabilizing benefits.

[47] Responses averaged up to the nearest MWh

Customer Participation & Marketing Methods:

A series of questions in the survey covered customer participation in green pricing programs and the specific marketing methods employed to communicate with those consumers. When asked, "What percent of your utility's customer base purchases your green power product?" the average of the rates reported by the respondents was 1.5%[48]. This is consistent with the results of other recent green pricing surveys such as that conducted by NREL.

The most common marketing methods used to reach those consumers are bill inserts and websites. Survey results also showed that utilities found bill inserts to be the most successful marketing vehicles and the most cost-effective. The following are some of the comments from respondents regarding why they felt bill stuffers were so successful.

- "Because people have an opportunity to sit down in the comfort of their home and read about green energy which is still a relatively new concept. When people find out that they really can make a big difference without it hurting their pocketbooks they do it."
- "It gets to them in a package they recognize. With an ease of sign up for customers, and frequent reminders, they prove very successful."
- "People seem to be more inclined to read and respond at their convenience."
- "We maximize success by limiting the number of bill stuffers the utility sends out to one per bill, and never (combine them with) sales material for VISA cards or underwear by mail, so customers were less likely to throw it out as junk mail."

Best Practice: Utilize bill inserts as one point of contact with your consumers. They have proven to be a cost-effective marketing vehicle with successful response rates. Supplementing the bill insert with other marketing vehicles such as a well designed website, newsletter and targeted direct mail pieces get the best results as the message is repeated and consumers have many points of information and reference associated with your brand and utility.

Partnering with Environmental Groups, the GPP and Other Marketing Methods

Questions were asked to gauge the marketing support that green pricing program managers received from outside organizations and entities and how important they felt that support was to the success of their green pricing program. While 50% of the respondents reported seeking no outside marketing support for their program, the majority of the programs that did seek outside support turned to environmental groups, non-profits and community-based organizations.

[48] There were 28 responses with a range: .05% - 4%

Participants were asked if their pricing marketing efforts were supported by other businesses, for example through co-branding relationships and affinity partnerships, or through the efforts of environmental organizations. Many respondents reported seeking support from environmental organizations, non-profits and community-based organizations (37%); while fewer respondents reported seeking marketing partnerships with local businesses (11%). When asked to describe the partnership formed or support received from environmental groups and non-profits, some respondents specified:

- "Local environmental activist groups are encouraging members to participate in the program."
- "Non-profit environmental organizations have helped by educating consumers about green power and its availability."
- "Environmental organizations have helped in booths and demonstrations"
- "Environmental organizations have promoted our program through newsletters and special events"
- "Joint marketing efforts and distribution of leaflets."

Best Practice: Environmental groups and local non-profits can provide can provide valuable marketing support and often also lend credibility to your green pricing product through co-promotion. Involving these groups from the initial planning and launch phases of your green pricing program is a best practice that can build beneficial relationships and endorsements that result in complimentary marketing efforts and information distribution, product credibility and the increased confidence of your consumers.

The Green Power Partnership

The Green Power Partnership (GPP) is a federal program, sponsored by the US Environmental Protection Agency that encourages companies and organizations across the nation to use green power as a part of best-practice environmental management. Renewable energy providers often turn to GPP to help in marketing and procurement outreach to commercial and industrial customers. The GPP helps businesses understand and purchase green power, as well as maximize the benefits of increased public recognition, positive press, customer appreciation, and employee satisfaction. Seventeen percent of respondents reported seeking marketing support from the Green Power Partnership.

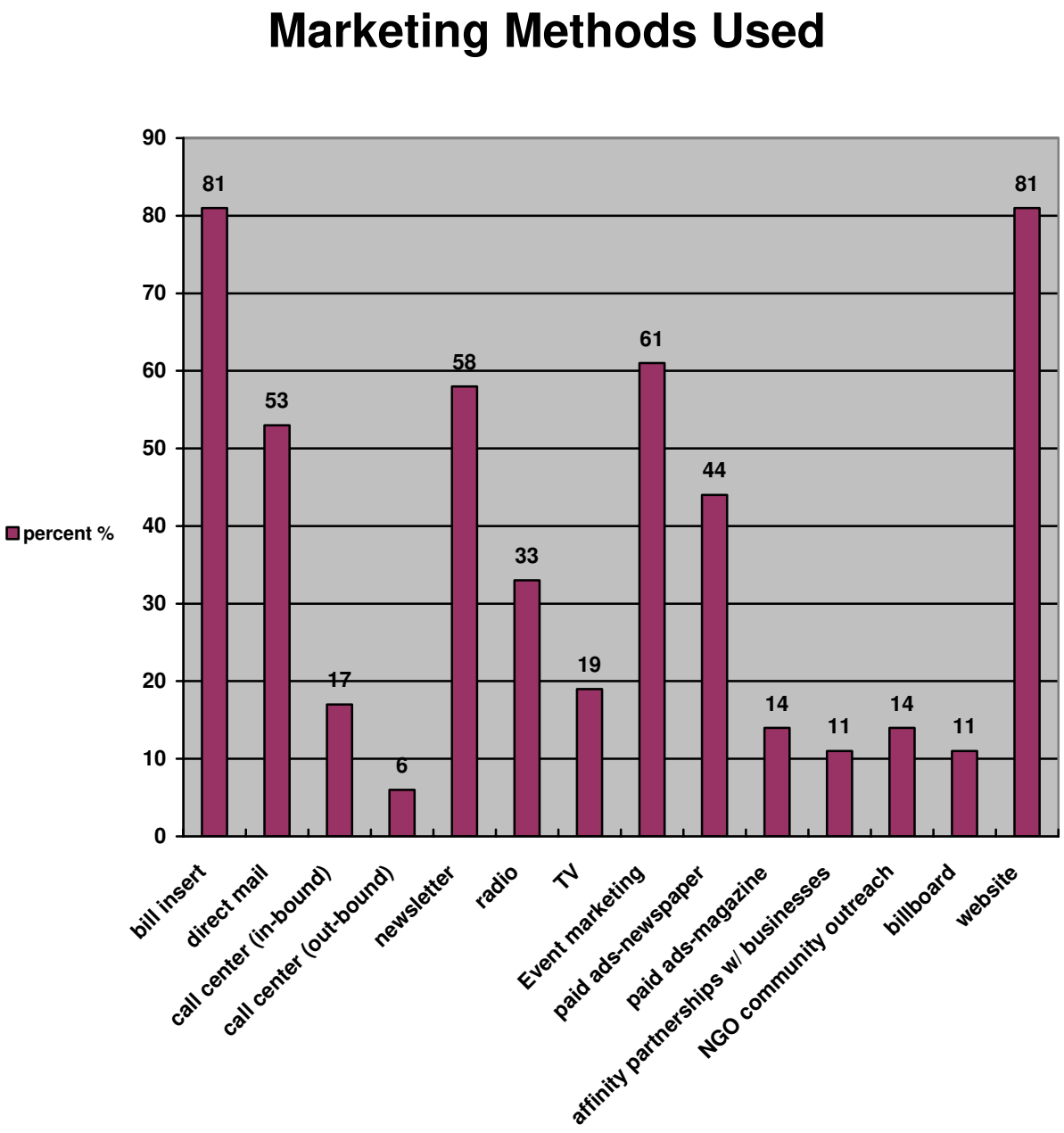
Best Practice: EPA has a team of marketing and communications specialists available to support your communications and marketing activities targeted toward businesses and organization. They can assist with specific outreach ideas, and the Green Power Partnership has developed tools to help businesses understand the benefits of purchasing green power. Contacting the Green Power Partnership team is a best practice in marketing your green pricing product and landing the large consumers that can lead to large revenue and cross promotions opportunities. More information can be found on their website, http://www.epa.gov/greenpower/.

Other Marketing Methods

When asked about the other marketing methods that have been used for their programs to maximize customer participation, utilities responded with some innovative campaign strategies. Included in the responses were comments such as:

- "We use bill messages such as 'Make Every Day Earth Day.' Sign up for Green Energy today! In addition, we are looking to have community business sponsorship. However, the best marketing approach was combining everything at once. We sponsored a Green Energy Earth Day where we used all avenues to market the event: newsletters, bill messages, a city proclamation, newspaper ads, cable TV ads, website, etc. The event was covered by local media, which also prompted an article on green. This was very well received by the public and over 250 new sign ups came in."
- "We sponsor of cause-related events, with incentives for consumers such as IMAX tickets and compact fluorescent light bulbs (CFLs)."
- "We conduct educational seminars that yield direct customer interaction and direct package promotions."
- "Speakers bureau exhibits and information tables at home and environmental shows are methods we use to market."
- "Press conferences and releases. We also exhibit at Earth Day activities and other environmentally-focused trade shows and fairs throughout the state."
- "Annual tour of wind farm that yields approximately 400 attendees. We also provide free CFLs incentive to new or existing subscribers who increase election."

Question: **What methods do you currently use to market your green pricing program to your customer base?**



Note: respondents were able to check all response categories that apply, making the percentage total above 100%

Customer Acquisition Cost

In an effort to assess the expense that utility green pricing programs were facing to acquire each new customer, the survey asked participants the question, "**What do you consider to be your utility's average cost of acquiring a green power customer (i.e. average marketing cost per customer that signs up for your product)?**" The responses ranged from $2 per customer to $200 per customer, with an average cost across respondents of $81.

Best Practice: Utilities should hypothetically achieve lower rates because they have lower barriers and pre-existing channels for communication and marketing to consumers. These data show the importance of carefully selecting your marketing campaigns and efforts to target consumers. Although the criteria for assessing these total costs was most likely different across each respondent, resulting in the vast difference between the highest and lowest response, this Guide's theme of the value of understanding marketing Best Practices and launching practical, cost-effective marketing campaigns is reinforced.

General Marketing Questions

Utilities participating in the survey were asked to respond to short answer questions regarding general marketing in the green power industry. Responses were diverse and reflected individual concerns and opinions. However the responses did indicate general sentiment across the respondents that the lack of consumer awareness and product understanding along with the cost of marketing renewable energy are major barriers to increasing participation in green pricing programs.

Barriers to increasing participation

Participants were asked, "**What do you consider the greatest barrier(s) to increasing participation in your renewable energy program?"** Of the responses received, the most frequent barriers cited referred to the lack of consumer awareness and the expense involved in the marketing process. Another consistent response was that the premium price consumers have to pay for renewable energy and the cost of supply were barriers to increasing participation. Other responses included:

- Explaining green tags
- Lack of support and commitment from general utility management for green pricing
- Staffing costs (call center training, etc)
- Limited in-state resources and lack of statewide interest in renewables

The Key to Successful Green Power Marketing

Another short answer survey question posed to green pricing marketers was "**What is the key to successful green power marketing?"** Again, responses reflected trends in

thinking consistent with many lessons throughout this Guide. Respondents repeatedly stated that clear and consistent messages and proper positioning were the keys to successful marketing, along with repeated, consistent marketing through multiple channels. Other noted keys to success included:[49]

- Seeking help from others and telling the truth to customers
- Perseverance
- Focus on the "positive" rather than the "negative" in marketing materials
- Targeting the correct customers-- knowing and understanding your customers
- Partnership with stakeholder groups—developing good relationships with the environmental community
- Consumer awareness of the benefit of clean power generation resources
- Adequate funding of marketing and evaluation efforts

Other Interesting Data

The survey also covered some other areas related to product characteristics and utility marketing practices. Additional information and questions covered are included below.

US Green Building Council: LEED Certification

The US Green Building Council (USGBC) is the nation's foremost coalition of leaders across the building industry working to promote buildings that are environmentally responsible, and healthy places to live and work. USGBC developed the LEED (Leadership in Energy and Environmental Design) Green Building Rating System™, a voluntary, consensus-based national standard for developing high-performance, sustainable buildings. LEED standards are available for new construction and major renovation projects, existing building operations, commercial interiors projects, and core and shell projects.

Buildings as defined by standard building codes are eligible for certification under LEED. Supplying a net fraction of the building's total energy use (as expressed as a fraction of annual energy cost) through the use of an on-site renewable energy system or through the purchase of a qualifying renewable energy product earns credits or "points" toward LEED certification.

Our survey asked, "**Does your product qualify for the renewable energy credit under US Green Building Council's LEED standard**."

- **67 %** of respondents did not know whether their product was eligible for LEED certification.
- **6%** of respondents reported that they did market a product eligible for LEED.
- **2%** of respondents replied that they knew their product was not eligible for LEED.

[49] Short answer responses have been combined and condensed.

Independent Market Research

In our survey, we asked green pricing program managers, "**Has your department/company executed independent market behavior research or demographic studies for green power marketing purposes?"**

- Of our respondents, 53% replied that they did conduct some form of independent market research**.**
- Of those that did the independent market research, 57% found it effective or very effective.
- The commonly listed methods for marketing research were: focus groups, phone surveys and customer surveys.

A best practice mentioned throughout this Resource Guide is using market research to advise your marketing efforts. It helps to effectively target your marketing materials and efforts, in order to reach consumers identified as most receptive to your message and more apt to participate in your green pricing program. For more information in this Resource Guide, review ***The Value of Market Research,*** and ***Section V: Consumer Purchasing Behavior***.

Press Coverage

"Earned" media, or free advertising for a green pricing program through positive coverage in press articles, magazines or internet publications, can accelerate sales and aid in awareness of your renewable energy option. Our Survey asked the question "**Have you been successful in garnering press coverage for your green power product and related events?**"

- 86% have been successful in garnering press coverage for your green power product and related events
- Top methods respondents reported having used to gain press coverage were press releases and holding dedications and kick off ceremonies for new renewable generation facilities.

Best Practice: To increase the frequency and benefits of "earned media" for your green pricing program there are some tactics that can prove successful. As shown through our survey results, dedications and kick-off ceremonies at new renewable generation facilities can attract press and earn your program media coverage and valuable feature articles. In addition, forming unique partnerships with NGO,s and community groups to market and promote your green pricing program can also be a story in itself that will interest local reporters and *should* be the focus of a press release by produced by each partner. For utilities achieving Green-e certification for their green pricing product, press releases are generated and distributed by the Center for Resource and announcements of the certification are sent to a vast database including media contacts, NGOs, green power marketers and industry professionals.

SECTION V: CASE STUDIES: EXAMPLES OF EFFECTIVE MARKETING OF GREEN PRICING PROGRAMS

In this Section

The section contains case studies that present some examples of the best practices discussed throughout this guide put into practice. The public utilities featured were included to illustrate concrete marketing strategies and approaches and to demonstrate effective or innovative green pricing program structure and messaging.

These utility green pricing programs exhibit a range approaches to marketing their products, and strategies for working with their communities and utilizing their local resources. These profiles show that green pricing programs can be successful whether located in urban or rural communities, on small or large budgets, and marketing products from diverse renewable resources.

SMUD
SACRAMENTO MUNICIPAL UTILITY DISTRICT
The Power To Do More.℠

Sacramento Municipal Utility District (SMUD)

Green Pricing Program: Greenergy℠
Sacramento, California

Program Characteristics:

- Launched January, 1997
- Consumers choose either 50% or 100% renewable power options. They can also choose flat rate or variable pricing methods. Currently 100% green power is available for an additional $6 per month or a penny per kWh. Similarly, 50% green power is available for an additional $3 per month or a half-cent per kWh.
- Green-e Certified
- SMUD's Board of Directors has committed to matching 40% of all premium revenue with the construction new renewable generation resources

About the Program

Greenergy℠ is a voluntary green pricing program sold to residential and commercial customers.

The program has grown thanks to a targeted marketing program consisting of advertising, bill package efforts, call center sales (inbound), event marketing, direct mail, public relations and retail partnerships. **Greenergy℠** was recognized with a Beacon Award for innovative marketing themes in 2002. SMUD is the only utility to earn a top ten ranking in all four program evaluation areas published by NREL this year.

- **Premium & Pricing**

  There are four options to choose from when consumers join Greenergy℠ – the 100 percent option flat or usage rates, and the 50 percent option flat or usage rates[50]. As of 2003, only the flat rate options are being promoted by SMUD for residential customers:

[50] Consumers signing up for Greenergy℠ also receive a $15 coupon toward the purchase of Energy Star-labeled compact fluorescent lights.

100 Percent Option: An extra $6 is charged to a consumer's monthly electric bill to support Greenergy[sm]. In return, SMUD matches 100 percent of their monthly electricity needs with Greenergy[sm] purchases from renewable resources for use on the SMUD power system.

50 Percent Option: An extra $3 is charged to a consumer's monthly electric bill to support Greenergy[sm]. In return, SMUD matches 50 percent of their monthly electricity needs with Greenergy[sm] purchases from renewable resources for use on the SMUD power system.

SMUD decided to establish a flat rate price for **Greenergy[sm]** when customer research established that per kWh pricing methods were confusing for most customers. The flat rate pricing strategy requires that the program aggressively shop for affordable qualified green resources. And the **Greenergy[sm]** power mix changes year-to-year depending on what short to mid range power options are available.

- **Product Content**
  - Greenergy[sm] 100% Option: 71% biomass, 27% wind, 2% small hydroelectric
  - Greenergy[sm] 50% Option: 38% biomass, 15% wind, 2% geothermal, 1% small hydroelectric. Non-renewable resources for this product total approximately 44%.

- **Participation Rate**
  The Sacramento Municipal Utility District serves approximately 472,666 residential consumers and 60,721 commercial/industrial accounts. Greenergy[sm] has a total participation rate of 4.14% and approximately 22,000 customers.

Marketing

SMUD uses a team-based strategic marketing process that brings together representatives from advertising, call center, channel management, market research, program management and strategic planning on a monthly basis to review program performance and develop strategies for driving the program forward.

Benchmarking, metrics and comprehensive evaluation of all marketing efforts have helped the team improve marketing efficiency and achieve dramatic increases in enrollment in recent years.

SMUD uses the CRM software "PRIZM," from Claritas to help segment the market, craft messages, and improve response rates.

Greenergy has developed an integrated media mix that combines direct response, mass media and retail partnerships to achieve a frequency of 6 - 8 impressions against our target market each year.

- Current Marketing Budget: $275,000
- Initial consumer contact: Bill Package
- General Marketing Efforts:
    - Advertising – print, transit, radio
    - Bill package efforts
    - Call center sales and incentive programs
    - Direct mail
    - Earned media
    - Event marketing
    - Retail partnerships
- Consumer Recognition: Recent customer satisfaction studies place program awareness at over 40%
- Marketing Challenges Unique to Greenergy^{sm} – Managing growth and supply issues associated with our flat-rate pricing issues. Working with other District resources to ensure that we build new renewable resources.
- Future Marketing Goals
    - Achieve a 10% penetration rate by 2010- *double* the penetration in 7 years.
    - Integrate our efforts more closely with other renewable and efficiency programs to develop a stronger SMUD environmental sub-brand.

Special Marketing Campaigns

Starbucks "Give a Little, Get a Latte" campaign

Starbucks was selected as a retail partner based on their environmental mission statement, sustainable business practices and complimentary customer profiles. The "Give a Little, Get a Latte" campaign was used to increase Greenergy enrollment and help introduce Starbuck's new gift card to the Sacramento market. The integrated campaign offered a free $15 gift card for enrolling in Greenergy using the following tactics:

- Advertising (radio & print)
- Bill package
- Newsletter article
- Call center
- Brochures
- Events
- Internet
- IVR
- Point-of-purchase displays, shelf signs and posters.
- Public relations and community promotion events
- Retail employee education / clerk-to-customer sales
- Secret shoppers

Accuracy: All materials were designed to comply with Green-e standards and practices.

Relative Impact: Over 1,000 enrollments and 564,000 retail impressions for Greenergy marketing messages. When the campaign launched, Greenergy saw significant increases in all sales channels. Call center, Internet and IVR enrollments during the 16-week campaign exceeded 12-month totals for all of 2001.
Novelty: The campaign was the first time that the Starbuck's Sacramento region ever allowed an external partner to promote products in-store.

Sacramento Kings/Monarchs Promotions

With this affinity marketing campaign, consumers who sign up for Greenergy for six months or more at the 50 percent level get a Good Clean Fun Sacramento Kings/Monarchs' basketball for FREE. Consumers who sign up for Greenergy for six months of more at the 100 percent level get a Good Clean Fund Sacramento Monarchs' basketball and coupon book for FREE.

Although it is a best practice to seek out retail partners with common missions, constituencies, and products, and sports teams do not usually match these criteria, SMUD was able to make these incentives work. By making the direct connection for consumers with the tag line. "Good Clean Fun," SMUD made a deliberate, literal parallel to green energy in a way that is clear and makes sense.

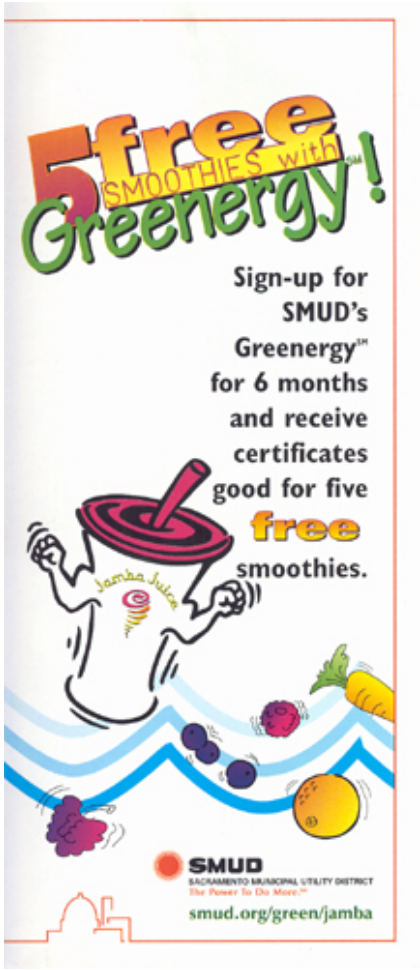
Jamba Juice Affinity Marketing

Jamba Juice "Five Free With Greenergy" Campaign

Jamba was selected as a retail partner based on their complimentary customer profiles. The "Five Free With Greenergy" campaign was used to increase Greenergy enrollment and offered a five coupons good for free smoothies in participating stores

Accuracy: All materials were designed to comply with Green-e standards and practices. Relative Impact: Over 1,800 enrollments and 500,000 retail impressions for Greenergy marketing messages**.**


5free
SMOOTHIES with
Greenergy!
SMUD


5free
SMOOTHIES with
Greenergy!
Sign-up for SMUD's Greenergy℠ for 6 months and receive certificates good for five free smoothies.
Jamba Juice
SMUD
SACRAMENTO MUNICIPAL UTILITY DISTRICT
smud.org/green/jamba

Austin Energy

Green Pricing Program: GreenChoice™
Austin, Texas

Program Characteristics:

- **Launched:** January, 2001
- **Product Mix**: 80% wind, 19% landfill methane, 1% hydro and solar
- **Premium**: approximately 0.8 cents per kilowatt-hour (kWh)
- **Capacity**: 97 MW

About the Program

Austin Energy's Green Choice program is located in Austin, Texas, supports more new renewables than any other program in the country. The program is noted for its innovative pricing structure and marketing approach of "green power as a hedge against rising fuel prices." Austin Energy has succeeded in attracted several local commercial and industrial customers to its program, and done model corporate recognition marketing and joint advertising campaigns with their businesses customers, or "Corporate Champions."

- **Premium & Pricing**

  A major selling point for Austin Energy's GreenChoice product is that while fossil fuel prices are volatile, their product is offered at a fixed rate, approximately 2.8 cents per kilowatt-hour. The utility has signed 10-year contracts for electricity from the wind and methane gas projects. The price for that electricity will remain the same for the life of those contracts, allowing GreenChoice customers a way to hedge against fossil fuel price volatility. At one point the price of their renewable energy product was actually lower then the price of their default service, creating a "negative premium" for green power customers.

  Austin Energy decided to structure their pricing as a percent of consumer use rather than fixed blocks because Austin Energy's market research suggested that most

customers preferred to purchase all their energy from a Green Energy source at a reasonable price.

- **Product Content**
  GreenChoice's largest resource is wind energy. They draw from 61 wind turbines on King Mountain in West Texas, operating since the summer of 2001. The program also receives electricity from four new landfill methane gas projects located around Texas.

- **Participation Rate**
  Austin Energy serves approximately 315,000 residential consumers and 38,000 commercial/industrial accounts. GreenChoice has a residential participation rate of over 2% and 2.4% of commercial and industrial energy sales. Austin Energy celebrates its 7043 GreenChoice customers as of August 24, 2003.

Marketing

- **Current Marketing Budget**: $ 150,000
- **Initial consumer contact** – Press conference to launch. Key account reps made customized presentations to 30 largest commercial and institutional customers; announcements in monthly bill insert newsletter
- **General Marketing Efforts**: bill stuffers, TV, billboards (for corporate recognition, in-bound call center, exhibit at selected community events, paid ads/earned media, etc)
- **Consumer Recognition**: for commercial and institutional subscribers (see Corporate Champions Campaign below)
- **Marketing Challenges Unique to *Austin Energy* –** Requires extensive customer education (since our GreenChoice rate is a bit more complicated than other programs). Since GreenChoice is not capped at a fixed energy quantity, we need to continually add new supply. We need to match supply and sales every year.
- **Future Marketing Goals** – Expand residential customers to 10,000, and sell 500 million kWh in five years. Austin Energy has sold more than 375 million kWh of green power to customers since the GreenChoice Program's inception in 2000. This makes Austin Energy's goal of 500 million kWh in five years well within reach.

Special Marketing Campaigns

Corporate Champions

Austin's GreenChoice employs a full time marketer working on outreach to businesses. The program has utilized several successful tactics to bring non-residential customers on board.

First, they provide personal attention through visits to local businesses. This allows the opportunity to educate businesses about the program, and makes the program memorable by putting a personal face with the intangible product. GreenChoice offers an advertising incentive to commercial buyers. Once the customer commits to at least a five-year purchase of green power (meeting at least 10 percent of customer load), Austin Energy acknowledges GreenChoice member businesses through:

- Posting the company name on Austin Energy Web site
- Print advertisements in local newspaper and local business journal
- Periodic posting of company name in EnergyPlus (monthly bill insert newsletter)
- Billboard advertising
- City Council Recognition
- Display signs at Austin Airport
- Decals
- Permission to use Austin Energy logo in their advertising

Austin Energy's campaign provides tremendous public relations value to the purchasers, and helps build awareness of the GreenChoice product.

The GreenChoice business customers, who include heavy hitters such as Advanced Micro Devices, Samsung, Tokyo Electron, 3M, IBM, Kinkos, and State agencies, have seen the flat-rate pricing as fair. "It may take a little time to explain the pricing structure to customers, but eventually they understand it and like it," says Mark Kapner, Austin Energy's Manager of Conservation and Renewable Energy.

Recently, an advertising package was developed for Austin's largest electricity users who commit to at least 700,000 kWh of renewable energy or 10% of their total annual electricity use. The package developed for the largest users, called "Corporate Champions," includes individual and group recognition in newspaper ads, group recognition using logos in Austin Energy's newsletter that goes out to 380,000 customers and listing by name on Austin Energy's GreenChoice Web page.

The package also includes group recognition on theater screens and billboards for 30 days, an award plaque presented at the Austin City Council and GreenChoice decals for display at place of business. A similar package without the individual ads is offered to small businesses that subscribe to less than 700,000 kWh or 100% of their electricity from renewable energy.

This advertising strategy, which cost Austin Energy about $150,000 in 2002, recognizes the businesses for their commitment to the environment and at the same time promotes and brands the entire GreenChoice program to the community at large. For example, more than 4.8 million motorists viewed one of Austin Energy's billboard advertisements each month it was displayed on Interstate 35, where Austin is the busiest stretch of the Interstate between the Texas/Mexico border and Minnesota. In a three-month period alone, more than 20.3 million motorists viewed our billboards at three different locations in Austin. Additionally, during that same quarter from October through December 2002, another 3.9 million moviegoers viewed our theater slides on 50 screens at four different theater locations. Advertisements in the *Austin American-Statesman* also receive a daily circulation rate of more than 200,000 readers.

The input of each business for the look and message delivered in each advertisement must be taken into account while still delivering the overall simple GreenChoice message of self-efficacy as recommended by E-Source[51]. For example, an ad for BAE Systems states, "BAE Systems Cares About Quality of Life in Austin." An ad for Graeber, Simmons & Cowan states, "Clean Air Beautifies Our Community." Scheduling with the businesses and their employees must be coordinated for photographs and approvals. Austin Energy completes all of the design and content work in-house with its marketing and communications staff.

[51] E Source is a green energy consulting service of Platts Research and Consulting. For more see, ***For More Information and Support,*** in the ***SectionVII: Summary***.

Examples of Corporate Champions Newspaper Ads:

Size: Tabloid placement 5 columns by 11"

Size: Tabloid placement 4 columns by 12"

Size: Tabloid placement 8 columns by 10"

Examples of Corporate Champions Group Recognition Newspaper Ads:

Corporate Champions Theatre On-Screen Ads:

Program Impact

The strategy to target Austin's largest businesses has produced the greatest results. Of the 350 million kWh of capacity sold by the end of 2002, 31 Corporate Champions had purchased more than 124 million kWh, or more than one-third of the total. Nineteen of those Corporate Champions subscribed to at least 1 million kWh annually each. Hi-tech company AMD alone purchased 24 million kWh, or enough power for 2,000 homes' annual usage. In other words, it would take 2,000 residential subscriptions to match the total kWh purchased by AMD.

In addition, more than 165 small businesses and 6,500 residential customers were subscribers by the end of 2002. Based on the popularity of the program and the total kWh sold in 2002, Austin Energy issued a Request For Proposals (RFP) in 2003 to purchase additional renewable energy sources.

Contact Information

Website: www.austinenergy.com/greenchoice
Contact: greenchoice@austinenergy.com

City of Palo Alto Utilities (CPAU)

Green Pricing Program: ***PaloAltoGreen***
Palo Alto, California

Program Characteristics:

- **Launched**: June 1, 2003
- **Product Mix**: 97.5% wind energy and 2.5% solar power (phasing in solar photovoltaic projects as developed).
- **Premium**: 1.5 cents per kilowatt-hour (kWh)
- Green-e Certified
- Achieved a 3.8% subscription rate in first eight weeks and goal to become #1 in the nation for subscription rate per capita in first year

About the Program

PaloAltoGreen is open to all residents, businesses and industries that receive electric power from the City of Palo Alto Utilities (CPAU), located in California. This new municipal green pricing program is notable for its low premium and innovative structure.

CPAU selected 3 Phases Energy[52], a California-based renewable energy company, to help develop the program, manage its purchases of renewable energy certificates. The innovative relationship between 3 Phases and CPAU allows Palo Alto residents who purchase ***PaloAltoGreen*** to receive the environmental benefits of a 100% renewable energy product and the lower electric power prices charged by their municipal utility, and still pay 30% less than the local Pacific Gas & Electric Company standard rate.

[52] 3 Phases Energy Services offers green pricing program design and implementation services, retail and wholesale marketing of tradable renewable certificates (Green Certificates™), 100% renewable electricity direct access services, and solar photovoltaic installation. *Information on the products and offerings of 3 Phases Energy Services is available at www.3phases.com.*

PaloAltoGreen is the only Green-e certified green pricing product jointly developed by a municipal utility and a renewable energy service provider

- **Premium & Pricing**
  Though the national average for participation in a green pricing program is 2.5 cents per kilowatt-hour, the premium for ***PaloAltoGreen*** is only 1.5 cents. CPAU decided to structure the pricing of ***PaloAltoGreen*** such that residential and small commercial customers pay the premium of 1.5 cents per kilowatt-hour based on their electric consumption. Large commercial and industrial customer rates are based on blocks of energy and begin at additional cost of $15 per month for a 1,000 kilowatt-hour block of energy. The reason CPAU decide to offer the two price options was to allow large commercial customers the flexibility to participate in the program at a level that was less than 100%, if they choose. The intent is to offer program flexibility to allow any commercial or industrial customer to participate, no matter what their budget.

- **Product Content**
  - 3 Phases provides CPAU renewable energy certificates generated from a combination of local and regional green energy resources, including wind from the northwest and local solar power. At inception, ***PaloAltoGreen*** was 100% wind. The certificates were generated from wind farms concentrated around the Columbia River, in the river gorge between Oregon and Washington on high plains to the east, and in the southwestern portion of Wyoming. However, new solar photovoltaic projects now under development will be phased in, for a product content mix that consists of approximately 97.5% wind energy and 2.5% solar power.

- **Participation Rate**
  The City of Palo Alto Utilities serves approximately 24,500 residential consumers and 3,000 commercial/industrial accounts. ***PaloAltoGreen*** has a total participation rate of 3.8% and approximately 1050 customers as of August 24, 2003.

Marketing

On June 1st 2003, all Future Green[53] customers received an opt-in mailing offering them participation in the new ***PaloAltoGreen*** program.

New program marketing has included

- Bill Inserts, which have been very successful.
- Event Marketing, at community events
- Limited Newspaper Advertising, including

[53] Future Green is a previous green pricing program featured by the City of Palo Utilities. ***PaloAltoGreen*** replaced Future Green.

- Earned media development, which has led to a number of articles in the local newspapers, recorded material for a television spot, and a radio interview.
- Customer Service Center Training, enabling the customer service staff to easily answer customer questions and enroll customers at a higher rate.
- Information on utility website
- Poster and Banner Placement, around the community
- Nonprofit Partnerships, to facilitate spreading the word within the community.
- Direct sales and marketing efforts to commercial and industrial customers
- Participation and speaking in selected community and hosted utility forums.

CPAU has not done TV or radio advertisement, billboards.

CPAU sends a welcome kit to all PaloAltoGreen participants. CPAU offers individual recognition to all participating commercial and industrial customers.

CPAU has a press event planned for late September 2003, as well as direct mail, newspaper inserts, and other marketing efforts planned for the fall of this year.
CPAU has set the goal of becoming one of the top green pricing programs in the country, measured by the percentage of the community enrolled, by the June 2004, or 12 months after program launch.

Special Events

Press Event to Announce Large Scale Corporate Commitments

CPAU organized and hosted a press conference in September of 2003 to highlight the large-scale corporate commitments made through Palo Alto Green, to announce the program's goal of becoming the number one program in the country for subscription per capita, and earn media coverage to market the product/gain sign-ups. Speaking at the conference were

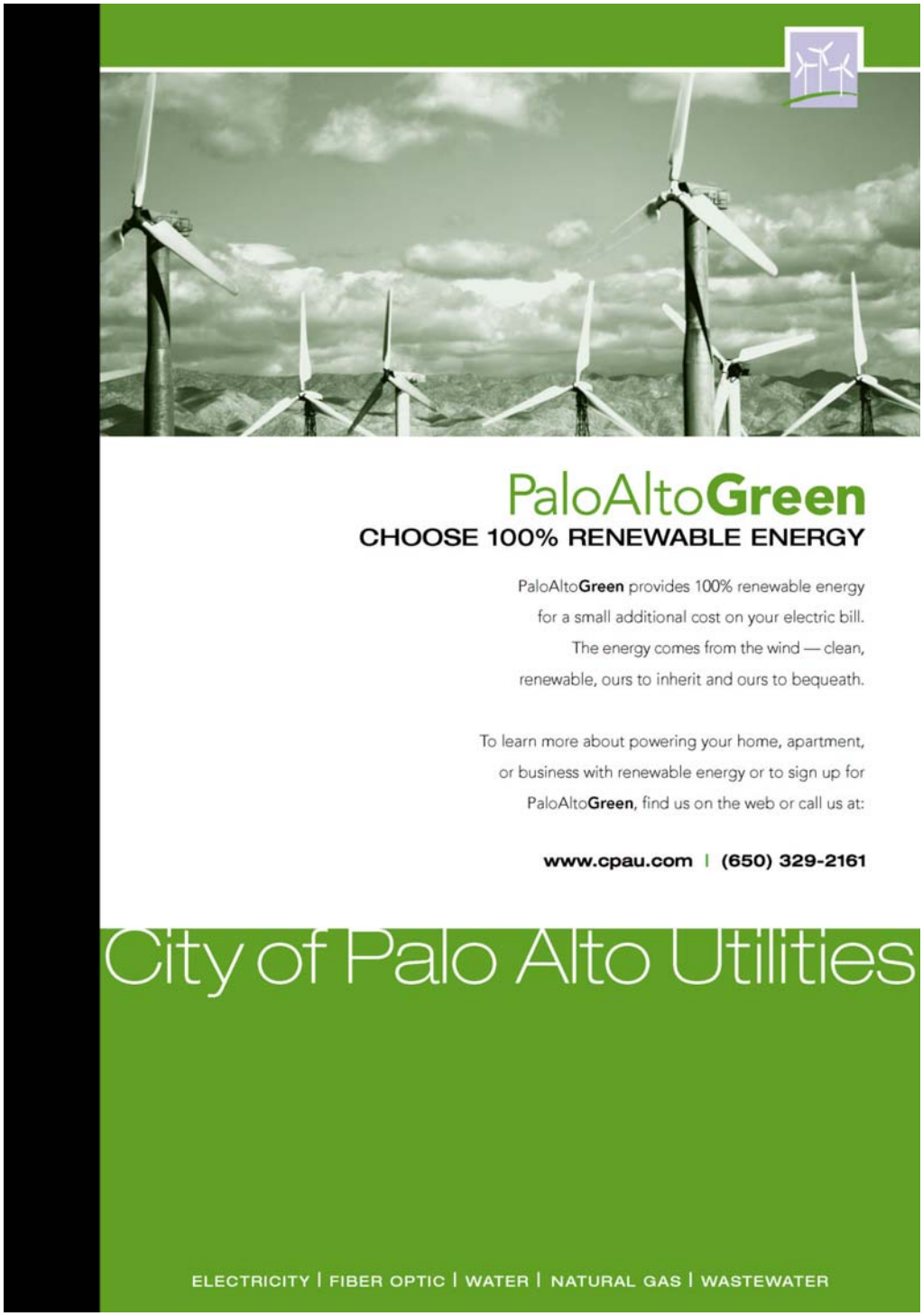
- EPA's Regional Administrator and the Director of the U.S. Environmental Protection Agency's Green Power Partnership
- Mayor of the City of Palo Alto
- Vice Mayor of the City of Palo Alto
- Representatives from city businesses such as Lockheed Martin, purchasing the green pricing product
- Representative from the Center for Resource Solutions, announcing the certification of the product

The event, located in the city plaza in the downtown area, was well attended and results are being evaluated.

Utility History to Note

The City of Palo Alto Utilities (CPAU) is the only municipal utility in California that operates city-owned utility services including electricity, fiber optic, natural gas, sewer and water. Visit www.cpau.com for more information.

CPAU launched a renewable energy offering, Future Green, on Earth Day in 2000. The Future Green program offered 100% eligible renewable energy content, with three different mixes of "existing" and "future" resources, defined as beginning operation before or after January 1, 2000 respectively. The price premiums for the different mixes were $.008/kWh for 25% "Future", $.016/kWh for 50% "Future", and $.030/kWh for 100% "Future" resources. As of June 1st 2003, when CPAU stopped offering its Future Green alternatives, 197 residential customers and 2 commercial customers had enrolled in the program.



Magnet:

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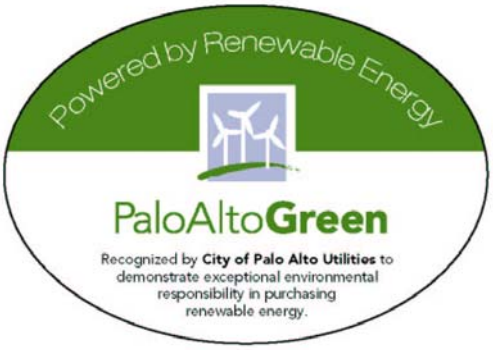

Newspaper advertisement

Inherit
the Wind...

...Bequeath
the Wind.

CHOOSE 100% RENEWABLE ENERGY

Palo Alto residents and businesses can sign up now for an extraordinary energy program called PaloAlto**Green.** This new program from the City of Palo Alto Utilities offers the option of 100% renewable energy at some of the lowest rates in the nation. The energy comes from wind — clean, renewable, ours to inherit and ours to bequeath.

UPGRADE YOUR POWER

Like recycling, PaloAlto**Green** enables you to take responsibility for your individual impact on the environment. You help clean our air by reducing the need to burn fossil fuel. Your energy will come from new or recently built, efficient, wildlife-friendly wind generators. So when you buy green, you build green.

LOW RATES

PaloAlto**Green** rates are among the ten lowest for wind power in the United States. For the average home, about the cost of a small pizza — $9.75 a month. Small businesses pay the same as the residential rate. For larger businesses, 1,000-kilowatt-hour blocks of wind energy begin at $15 a month.

SIMPLE TO ENROLL

Enrolling is simple, voluntary and reversible. Visit our website, **www.cpau.com**, call **(650) 329-2161**; or stop by our second floor Customer Service Center at City Hall.

CITY OF PALO ALTO
UTILITIES

OUR UNIQUE COMMUNITY,
ONE UTILITY.

ELECTRICITY | FIBER OPTIC | WATER | NATURAL GAS | WASTEWATER

SECTION VI: CONSUMER PURCHASING BEHAVIOR

In this Section

Included in this section are results from two national studies conducted that shed light on consumer purchasing trends and that have conclusions pertaining directly to green pricing marketing. The first analysis covers the consumer "willingness to pay" attitudes and barriers as well as the recommended best practices in marketing to overcome them.

The following Green Gauge Report reveals both the general and specific ways that Americans feel about the environment. The statistics and data in this report can shed light on trends in purchasing green products and services as well as some environmental concerns that can advise green pricing marketing efforts.

What Types of Consumers Purchase Green Power?

As more utilities are offering green pricing programs, and increasing numbers of consumers throughout the US are choosing green power, efforts to understand those consumers and their motivation for their choices also increase in significance. Although consumers differ in regions and service territories throughout the nation, the study more generally proposed "that those who would pay increasingly higher premiums for green electricity are more likely to possess particular demographic characteristics, attitudinal characteristics and socialization characteristics.[54] "

Few large-scale efforts to identify and categorize the general green power customer have been conducted. Since there has been relatively little study of the characteristics of green electricity purchasers, many turn to the literature that has investigated the broader category of the green product purchaser,[55] to guide their marketing. In the following sections, those studies on consumer attitudes toward environmental issues and products will be discussed, along with consumer willingness to pay studies. It is also important, however, to review research that distinguishes the general demographics and characteristics of consumers that have a predilection to purchase renewable energy. Understanding more about the type of consumer that chooses renewable energy makes marketing efforts more effective and economical, which proves imperative for utilities with typically smaller marketing budgets.

Research undertaken in Canada to profile green energy customers and to elaborate business strategies based on that increased understanding, investigated the literature that profiles the ecologically conscious consumer as high income, with more education and a prestigious occupation. It also included a study of age and gender. The study found that age, education and income continue have significance relative to green power purchasing. It also found that people's participation in community groups was also a significant indicator of interest in premium-priced green electricity, and encouraged marketers to "establish links with local groups."

The study makes the point that despite the correlations, "it is still clear that there is no single factor that completely dominates." It acknowledges that "the sample[56], although large is not necessarily representative of the broader community, let alone North America or around the world." It encourages other research to be undertaken to identify similarities and differences, and warns marketers not to base major decisions on demographics alone.[57]

[54] Rowlands, Ian H., Daniel Scott and Paul Parker. Consumers and Green Electricity: Profiling Potential Purchasers. John Wiley & Sons Ltd., and ERP Environment, 2003. Published online in Wiley InterScience (www.interscience.wiley.com)

[55] Ibid

[56] They administered a 158-item survey to over 1390 residences in the Waterloo region over a one year period. Their response rate was 43%

[57] Ibid

In 2001 RoperASW reported on its identified "Roper's Environmental Segments," and how they classify environmentally conscious consumers for their annual Green Gauge Report[58]. At the Sixth National Marketing Conference in 2001, their market segments were discussed in detail associated with the market for green pricing products. Their classifications for environmental consumers should be understood as a general starting point for green power marketers in realizing their target audience.[59] These classifications are detailed below, and though communicated in a 2001 report, may still prove relevant and useful to marketing green pricing products in 2003 and beyond.

- **True Blue Greens**
  Roper estimated this segment as 11% of the population, who are politically active (75% most likely to vote), well educated (40% college graduates), and follow the environmental records of large corporations. True Blue Greens are characterized as more environmentally active, more likely to contribute money to environmental groups or write a politician. In general , they are the most socially concerned and environmentally active.

- **Greenback Greens**
  This segment was estimated to comprise 5% of the American population, but represents the highest household incomes. They are characterized as the white-collar professional group, and came in at the youngest mean age of their study, 39 years old. They are 62% female and more apt to live in the Northeast or Midwest. Greenback Greens fight environmental problems with consumerism and are willing to pay more for environmental products.

- **Sprouts**
  This segment was estimated at the largest percentage of the population, 33%. They are characterized as the oldest group, with a mean age of 46, and a said to be more apt to live in the South and Midwest. Sprouts are deemed the "environmental fence-walkers."

- **Grousers**
  This segment was estimated to comprise 18% of the American population, of families who are most likely to have kids at home. Like Sprouts, they are also more apt to live in the South and Midwest. They are characterized as "concerned," but only as doing "**some** inexpensive, non-intrusive activities." They are said to make the most excuses for not doing more for the environment.

- **Basic Browns**
  Basic Browns are estimated at 31% of the population, with the lowest household income levels. They are the least educated, and the least politically active. An estimated 50% live in the South, and they are said to consider the environment to be "not their problem."

[58] See the following "Green Gauge Report" Section for detailed questions that relate to renewable energy consumer trends and attitudes.

[59] This market segment information was taken directly from "Roper Green gauge 2000: Rising Concerns," an August 2001 presentation at the Sixth National Green Power Marketing Conference, given by Paul Leinberger, Ph.D.

Willingness to Pay, Contradictions and Barriers, and Best Practices to Overcome Them

Research was recently released on consumers' willingness to pay for renewable energy relative to both voluntary situations (i.e. green pricing product offerings) and collective circumstances (i.e. system benefits charges and RPS costs passed on to consumers). Findings presented in an August, 2003 report[60] lend statistics to consumer purchasing behavior relative to green pricing products, and should be considered in marketing strategies. The survey involved a national probability sample of U.S. households. Below, some of the main conclusions of the report relative to voluntary markets for renewable energy are summarized.

1. **Many consumers talk the talk but few walk the walk.** The market research portrays significant consumer stated ***willingness*** to pay for renewable energy, while actual participation rates in green energy programs reflect considerably less purchasing action.

   Research revealed that 44% of survey respondents indicate a voluntary willingness to pay for a green power product priced at $8 per month. Moreover, respondents believe that 32% of other U.S. residents would be willing to pay this same level on a voluntary basis. Both of these numbers are considerably above the 1-3% market penetration rate that is typical of voluntary green power offerings to date in the U.S.[61]

   ***Best Practice*:** Build on this talk in your marketing campaigns. Use available statistics to your advantage and as an aid in getting consumers buy-in and making them accountable to their claims. Let consumers know through headlines and call-to-action statements like "Consumers will pay more to protect their environment."

2. **Consumers want to ride and drive a green power bandwagon that does not really exist.**

   This report concluded that households' own stated willingness to pay for renewable energy appeared to be strongly related to what they perceive others to be doing. In the report, the respondents that indicated a willingness to pay for renewable energy were also far more likely to believe that many other American households would also contribute. In fact, those respondents who themselves expressed a willingness to pay seemed to expect twice as many people to also be willing to pay for renewable than were indicated that they were not willingness to pay themselves. Overall, respondents express a belief that voluntary green power programs will elicit a much higher level of positive response

[60] Wiser, R. August 2003. "Using Contingent Valuation to Explore Willingness to Pay for Renewable Energy: A Comparison of Collective and Voluntary Payment Vehicles" http://eetd.lbl.gov/ea/EMS/reports/53239.pdf

[61] This report found that households express a somewhat higher willingness to pay for collective over voluntary efforts to support renewable energy, and that similarly weak preferences exist for private over government provision.

than actual experience shows. A chief assertion of the report relative to the "Bandwagon Effect" was that, "the most difficult part of developing the green power market may therefore be to develop a stable base of contributors on which further contributions can grow."

***Best Practice*:** Build your local bandwagon and publicize its strength as it grows. Use statements like "Your neighbors show they care for our environment and you should join them."

3. **Consumers are skeptical when it comes to electricity suppliers but not necessarily utilities.**

Survey results revealed in this report also suggest that a good fraction of potential green power customers may simply distrust electricity suppliers in effectively providing renewable energy, and this effects their willingness to pay for green power.

- 41% of the survey respondents who indicated that they were not willing to pay for renewable energy indicated that they would not trust electricity suppliers to effectively provide renewable energy.
- Similarly, 42% of all respondents indicated that a key concern in voluntarily purchasing of green power is lack of trust in electricity suppliers to effectively provide renewable energy.

…but there may be more trust in utility green power

However, utility provision of green power was preferred on a 67% to 33% basis over purchasing green power by switching to a new electricity supplier.

***Best Practice*:** Build on the reliability of your utility brand through statements like, "For forty years our utility has brought you reliable power and service. Now we are bringing that reliability to a cleaner, healthier product that benefits the environment, renewable energy."

The Green Gauge Report

The Roper Green Gauge Report is the nation's preeminent guide for surviving and thriving in the green marketplace. Released annually by RoperASW, a leading global marketing research and consulting firm, the Green Gauge Report reveals the general and specific ways that Americans feel about the environment. The statistics generated from extensive market research lend insight to consumer purchasing trends and can be helpful to green pricing marketing efforts. Specifically, the analysis reveals:

- The role environmental values play in the purchase decisions of your customers.
- Environmental issues consumers worry about most.
- Willingness to pay more for "green" products.
- The kinds of environmental involvement the public expects from business and government.
- Industries that consumers perceive as eco-winners and losers.
- Opportunities for brand-building.
- Fundamentals for building a successful environmental strategy.

Included below are the data and results from the 2002 Green Gauge Report concerning the questions directly relevant to green pricing marketing efforts. For these questions, a base of 1995 Americans were surveyed, 959 males and 1035 females. Ages ranged from 18 top over 60, and participants had education levels ranging from high school graduation to college degrees. Implications for green pricing marketing campaigns are incorporated with each in the form of suggested Best Practices.

Question: ***Have you ever bought a product because the advertising or the label said the product was environmentally safe or biodegradable? (IF "YES") In the past month or two?***

- Yes, in the past month or two: 26%
- Yes, but not in the past month or two: 26%
- No, have not bought 44%
- Don't know: 4%

Best Practice: These statistics show that over one quarter of consumers are purchasing environmentally-friendly products and services because of advertising claims and labels. Targeted marketing campaigns to reach these consumers with labels that disclose renewable resources and indicate third party verification are key to acquiring this audience. Data corresponding to this question also show that the percentage of consumers responding "yes in the past month or two" peaks at 35% in the 30-44 age range, and 41% in the $75,000+ income category. Campaigns directed at these consumers may prove most effective at increasing green pricing participation rates.

Question: ***How much do you think you know about environmental issues and problems?***

- A lot: **8%**
- A Fair Amount: **40%**
- Only a little: **36%**
- Practically Nothing: **15%**
- Don't Know: **1%**

Best Practice: While the majority of participants, 51%, reported knowing only a little to practically nothing at all about environmental issues and problems, a significant potion of the represented marketplace, 48% did report knowing a lot or a fair amount. Marketing efforts that appeal to the "good" in people, and identify the environmental benefits of renewable energy in way that these consumers can clearly identify, understand and relate to, can capture these consumers as purchasers of renewable energy. Marketing your product as "an easy way to help the environment" can be effective in acquiring more of the Americans representing the positive side of these statistics.

Question: How often do you read an article, watch a television show, or otherwise seek out information about environmental issues?

- Often: **17%**
- Sometimes: **44%**
- Rarely: **30%**
- Never: **9%**

Best Practice: These statistics show that the majority of consumers, 61%, are seeking out information on environmental issues either "often" or "sometimes." Positioning your product in the media through paid and earned ads, feature articles and PSA and TV spots, will help these consumers understand that renewable energy is available to them and that it is an easy way for them to take action to positively affect the environment. Also, partnering with environmental organizations and NGOs to publish Letters to the Editor in local media newspapers is another method of getting your message before these potential consumers.

Question:

a. On a scale from 1 to 10 – where "10" represents the best possible environmental situation for ***our country***, and "1" represents the worst possible situation – how would you rate the environment in our country at the present time?

- The mean response to this question was **5.5**

b: On a scale from 1 to 10 – where "10" represents the best possible environmental situation in ***your community***, and "1" represents the worst possible situation – how would you rate the environment in your community at the present time?

- The mean response to this question was **6.1**

c.: On a scale from 1 to 10 – where "10" represents the best possible environmental situation for our world, and "1" represents the worst possible situation – how would you rate the environment ***around the world*** at the present time?

- The mean response to this question was **4.8**

Best Practice: The data show that the consumers think the environmental situation in their local community is better than that of the country and around the world. Utilities green pricing campaigns that reflect community pride and protection through renewable purchasing, and messages of "renewable energy for a healthier community," will more effectively reach these consumers.

Question: How would you rate the availability of environmental information through the media and your local community? Is there…

- More than enough information available: **6%**
- The right amount of information available: **35%**
- Not enough information available: **51%**
- Don't know: **8%**

Best Practice: According to these statistics, consumers need more information on the environment. This supports one of the key barriers that marketers report as challenging their green pricing marketing efforts, the lack of awareness and understanding of green power. Marketers should partner with environmental organizations and NGOs focused on environmental education to increase the education efforts and learning opportunities available for consumers to grasp renewable energy concepts. This will provide a basis for interpreting green pricing marketing materials and help to increase product purchasing. Utilities may also look into partnering with all marketers of renewable energy on a national basis to plan and execute a national market building campaign that educates consumers on renewable energy. Examples of successful national market

building campaigns involving many separate industry businesses and organizations are the "got milk?"® and "Pork. The Other White Meat®" campaigns.

For More Information and Resources

Wiser, Ryan. "Using Contingent Valuation to Explore Willingness to Pay for Renewable Energy: A Comparison of Collective and Voluntary Payment Vehicles." This report explores the preferences held by U.S. residents for different ways of supporting and paying for renewable energy generation: specifically, preferences for "collective" versus "voluntary" payments, as well as preferences for the degree of government involvement in renewable energy programs.

- If you are interested in reading the executive summary or the full report, both can be found at: http://eetd.lbl.gov/ea/EMS/EMS_pubs.html#RE

RoperASW, an NOP World company, is a leading global marketing research and consulting firm. With headquarters in New York and offices in London, Manila, and throughout the U.S., NOP World is the seventh largest market research company in the U.S. and the ninth largest in the world. For over 80 years, RoperASW professionals have helped global marketers acquire new customers, build loyalty, and align their organizational goals with business and consumer needs.

- More information on RoperASW can be found at http://www.roperasw.com

Also visit the Department of Energy's Green Power Network for more reports, publications and studies. www.eere.energy.gov/greenpower.

- Their library has a section on "Green Power Marketing," located at http://www.eere.energy.gov/greenpower/library.shtml#marketing

SECTION VII: SUMMARY

General Summary of Topics

As more green pricing programs emerge and the marketplace for renewable energy sales grows, it is important to evaluate and understand the marketing strategies and tactics that have been successful in promoting green pricing products. Throughout this Resource Guide, such recommended Best Practices in marketing have been reviewed and discussed in an effort to prevent new green pricing program managers and communications staff from having to "re-create the wheel."

The Guide provided **general background information** on market structure and the complexities and challenges of marketing green pricing programs and products. The push was made for green pricing program communications to go above and beyond conventional marketing measures to communicate renewable energy messages visually and verbally, and to leverage municipal efforts to increase participation in green power programs

The Guide also covered **preparatory product design** and best practices in creating an initial product package to maximize sales. Marketing basics were covered as well as the essentials of branding, naming, disclosure and third party certification were discussed. Strategies for developing **effective marketing messages** from a visual and textual standpoint challenges were reviewed, along with the pros and cons of different product pricing options. Best practices in creating campaigns that achieve higher response rates, consumer understanding, and inspire confidence were also presented.

The importance of partnering with local environmental groups and NGO's and marketing to commercial and industrial customers were highlighted, and the Guide also provided specific examples of effective marketing in the form of **case studies** of municipal utility programs across the US. Finally, **consumer purchasing behavior** and market research detailing the types of consumers purchasing green power was covered in ***Section V*** of the Guide pertaining to green power purchasing trends. Information and resources such websites and white papers were provided throughout.

Creating Your Product

After the product resource mix has been established, the marketing basics - product, price promotions, placement "people" come into play. Allowing significant time and consideration for naming and branding your green pricing product is an important first step; then carefully crafting a package that will have the maximum appeal to consumers and benefit to the environment is essential.

A great product name, tag line and brand should be developed to differentiate your program, establish a lasting impression, and make your product seem relevant and needed by your consumer. Creating product promotional materials that contain clear and simple language and are accompanied by sign-up components that are easy for consumers to understand and complete are top priorities. Ensuring that your packaging has a "natural" look, employing recycled paper and soy-based inks is also a best practice that may be very important to your environmentally conscious consumers.

To inspire trust and product credibility among consumers, a utility should pursue third party certification. Certification provides an independent third-party review of the program, which may help build consumer confidence and can also yield increased media coverage and promotional opportunities. Clearly identifying the "product mix," or the type and quantity of renewable energy resources used to construct your product is also important. Disclosure of your resource percentages and even the location of your renewable generation facilities is a best practice adopted by successful green pricing programs nation-wide.

Crafting Your Message and Delivering It

Shaping a clear marketing message and a marketing campaign that integrates a wide range of activities, can successfully introduce the concept of renewable energy and your newly branded green pricing product to consumers. An effective green pricing marketing campaign will utilize market research to understand consumer preferences, usage trends and demographics, and to gauge the market segments to target.

Marketing messages should be crafted to initiate an emotional response from consumers with clear and clever language that communicates the environmental value of the product and personal benefit of participating in the green pricing program. To compel a green pricing purchase, it is a best practice to select familiar renewable energy such as wind and solar. When using other resources, and throughout marketing efforts, it is also a best practice to visually communicate the environmental benefits of your product through images of clear skies, green fields, clean streams and lakes, and even families enjoying the natural environment. Show the consumer what they will be preserving and how precious and beautiful the environment is.

Use clear language to appeal to the good in people and communicate the benefits of purchasing green power. Provide the basics on renewable energy in a Question and Answer Model, and use less promotional and more direct text to communicate your product information to consumers. Make your enrollment easy for consumers to complete and understand, and avoid using technical renewable energy terms and industry jargon. Make different levels of participation clear and when certified, display the Green-e logo prominently. Also avoid making inaccurate claims about your product and making complicated attempts to communicate the energy delivery system, or the "grid."

Utilize both existing and new channels to contact potential consumers and transmit your message and position it effectively and efficiently before consumers. Systems should also be in place to evaluate the effects of your message and positioning and to manage your relationships and contacts with consumers. Marketing campaign activities should include a range of ongoing product promotions, including advertising, public relations, sales and customer service. Developing partnerships with local NGO's and environmental groups can maximize marketing efforts and increase credibility and participation rates. Targeting business and institutional customers is also a best practice that can lead to large purchases and increased promotional opportunities.

Consumer Purchasing

Although few large-scale efforts have been undertaken to identify and categorize the general green power customer, studies on consumer attitudes toward environmental issues and products have been conducted, along with consumer willingness to pay studies. It is a marketing best practice to review research that distinguishes the general demographics and characteristics of consumers that have a predilection to purchase renewable energy, and to conduct similar analysis in your local service territory before launching a green pricing program. Understanding more about the type of consumer that chooses renewable energy makes marketing efforts more effective and economical, which proves imperative for utilities with typically smaller marketing budgets.

The 2002 Roper Green Gauge reveals the general and specific ways that Americans feel about the environment and lends insight to consumer purchasing trends and can be helpful to green pricing marketing efforts. Research[62] was also recently released on consumers' willingness to pay for renewable energy relative to both voluntary situations and collective circumstances. Findings presented indicate that many consumers will state a ***willingness*** to pay for renewable energy, but actual participation rates in green energy programs reflect considerably less purchasing action. Research also indicated that consumers also believe that more American households are also likely to purchase renewable energy, and the environmental situation in their community is superior to that of the country and the world.

Statistics also show that over one quarter of consumers are purchasing environmentally-friendly products and services because of advertising claims and labels. Targeted marketing campaigns to reach these consumers with labels that disclose renewable resources and indicate third party verification are key to acquiring this audience. In research indicates that that the majority of consumers are seeking out information on environmental issues. Positioning your product in the media through paid and earned ads, feature articles and PSA and TV spots, will help these consumers understand that ***your*** renewable energy is available to them and that it is an easy way for them to take action.

[62] Wiser, R. August 2003. "Using Contingent Valuation to Explore Willingness to Pay for Renewable Energy: A Comparison of Collective and Voluntary Payment Vehicles" http://eetd.lbl.gov/ea/EMS/reports/53239.pdf

For More Information & Support

Many resources are available to gain more information on green power marketing and support in creating and promoting you green pricing program.

- **The Green Power Network**
  This web resource is your guide to the latest and greatest news and information on all aspects of green power markets and related activities. The Green Power Network (GPN) is operated and maintained by the National Renewable Energy Laboratory for the U.S. Department of Energy. Frequently updated, the site contains information on and links to green power providers and their product offerings, utility green pricing programs, net metering and other policies that affect green power markets. The GPN also includes a reference library of relevant papers, articles and reports. www.eere.energy.gov/greenpower

- **The Green Power Partnership**
  The Green Power Partnership (GPP) is a federal program, sponsored by the US Environmental Protection Agency that encourages companies and organizations across the nation to use green power as a part of best-practice environmental management. Renewable energy providers often turn to GPP to help in marketing and procurement outreach to commercial and industrial customers. The GPP helps businesses understand and purchase green power, as well as maximize the benefits of increased public recognition, positive press, customer appreciation, and employee satisfaction. www.epa.gov/greenpower

- **The American Public Power Association**
  The American Public Power Association (APPA) is the service organization for the nation's more than 2,000 community-owned electric utilities that serve more than 40 million Americans. It was created in 1940 as a non-profit, non-partisan organization. Its purpose is to advance the public policy interests of its members and their consumers, and provide member services to ensure adequate, reliable electricity at a reasonable price with the proper protection of the environment. www.appanet.org

- **World Resources Institute**

  World Resources Institute is an environmental research and policy organization that creates solutions to protect the Earth and improve people's lives. They catalyze permanent change through partnerships that implement innovative, incentive-based solutions that are founded upon hard, objective data. WRI's Green Power Market Development Group is a unique commercial & industrial partnership dedicated to building corporate markets for green power. The Group is advancing a clean energy future by developing 1,000 MW of cost-competitive green power by 2010. www.wri.org

- **Xenergy, Inc**
  XENERGY Inc. is an energy services and consulting company with a 27-year history of providing advanced technical and information-based solutions for the energy marketplace. They provide high-quality, honest, results-oriented solutions, and have serve utilities across the country with program implementation tips, restructuring support, marketing support, customer research, and more. www.xenergy.com

- **E Source Green Energy Service**
  The E Source Green Energy Service of Platts Research and Consulting provides information you can use—via detailed reports, interactive teleconferences, meetings and a member inquiry service with access to green energy specialists. They provide independent research and services covering market segmentation, successful marketing messages, effective program design, and the economics of green energy generation. www.esource.platts.com

ABBREVIATIONS AND ACRONYMS

AMA	**American Marketing Association**
APPA	**American Public Power Association**
CO_2	**Carbon Dioxide**
CBO	**Community-based Organization**
CRS	**Center for Resource Solutions**
DoE	**Department of Energy**
EIA	**Energy Information Administration**
EPA	**Environmental Protection Agency**
GHG	**Green House Gas**
GPP	**Green Power Partnership**
KWh	**Kilowatt hour**
MWh	**Megawatt hour**
NAAG	**National Association of Attorneys General**
NARUC	**National Association of Regulatory Utility Commissioners**
NGOs	**Non-governmental Organizations**
NREL	**National Renewable Energy Laboratory**
NO_X	**Nitrogen Oxides**
REC	**Renewable Energy Certificate (generic)**
SO_X	**Sulfur Dioxide**
TRC	**Tradable Renewable Certificate**
WRI	**World Resources Institute**

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APPENDIX A: GLOSSARY OF TERMS

These terms are a collection of words and phrases commonly used in the industry and throughout this Resource Guide. The definitions are both devised by the author and taken directly CRS published handbooks, websites and documents.

Advertising:

This paid form of product promotion involves buying air time on radio and television stations or purchasing print-ad space in print publications such as magazines, newspapers and industry journals. Advertising can also be conducted on billboards, buses, and buildings.

Attribute:

Descriptive or performance characteristics of a particular generation resource. The characteristics of renewables and other generating types (both positive and negative) include environmental, economic, and social characteristics. A renewable attribute refers to the characteristics of renewable generation.

- **Environmental Attributes:** Environmental attributes include the environmental benefits and costs associated with the construction and operation of specific types of power generation facilities. For renewable facilities, their environmental attributes might include the benefits of such things as emissions avoidance or offsets, as say from wind-generated electricity. Several air pollutants (e.g. CO_2, NO_x, and SO_x) have separate markets today where the value of a pound of pollution is determined through sales and trade. Trading markets for other power plant pollutants, such as mercury and particulates do not exist today but may come into being soon.
- **Economic Attributes:** Economic attributes might include such things as the development of local jobs and businesses, as well as reductions in the costs of having a secure domestic supply of electricity.
- **Social Attributes:** Examples of social attributes include health and quality of life factors, the introduction of innovative technologies and technology applications, as well as social equity considerations related to the location and siting of power plants.

Brand

The unique and identifiable symbol, association, name or trademark which serves to differentiate a product or service. An effective brand can serve as a physical and emotional trigger to create a relationship between consumers and the product/service.

Carbon DioxideCO_2:

Carbon dioxide is a naturally occurring gas produced by living organisms, fermentation, and through the combustion of carbonaceous fuels. It is a normal component of the breath we exhale, it is hazardous in concentrated volumes, and is one of the primary greenhouse gases suspected of causing climate change. The symbol CO_2e (CO_2 equivalent) is often used as a proxy for the whole family of greenhouse gases.

Conventional or "Traditional" Power

Conventional power is produced from non-renewable fuels such as coal, oil, nuclear and gas, also known as traditional power.

Delivered Electricity Product:

An electricity product that contains both the energy and attributes of generation and guarantees the delivery of a specific mix of generation sources. Also known as a bundled electricity product.

Deregulation

The process of changing the laws and regulations that control the electric industry to allow competition of electricity service and retail sales. This results in customer choice of an electricity provider.

Disclosure (Label):

A requirement under some state programs whereby utilities and other energy suppliers are required to provide information to consumers on the generation characteristics from which supplied electricity is derived. The information commonly disclosed includes, but is not limited to, resource mix, price and environmental performance, a description of the attributes connected to or eliminated from inclusion in a TRC-only sale. This information is typically provided to customers as part of their marketing information and contract with the supplier.

Distribution

The low voltage system of power lines, poles, substations and transformers, directly connected to homes and businesses. A Distribution Company is the electric utility that delivers electricity to a home or business over these wires.

Green Pricing Program:

An option or set of options offered by electric utilities that allows customers to support a greater level of investment in renewable energy technologies. Participating customers pay a premium on their electric bill to cover the extra cost of the renewable energy.

Green Pricing Product:

A specific renewable energy offering of a utility's green pricing program that is marketed to the consumer by name and renewable energy resource mix (ie "Greenergy^{sm}," "GreenSource," 100% Wind, etc). Some products are sold to the consumer in fixed amounts of kilowatt-hours, or "block products," other products are sold as a percentage

Marketing

The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.

Market Research

The planning, collection, and analysis of data relevant to the audience or potential group of product purchasers.

Municipal Utility

A publicly owned electric utility operated by a municipality. A municipality is a village, town, city, county or other political subdivision of a state. This definition includes Public Utility Districts (municipal corporations organized to provide electric service to both incorporated cities and towns and unincorporated rural areas, for example, municipal utility districts, municipal water districts, and irrigation districts). of the consumers monthly electricity use.

Renewable Resources

Sources of electricity that are naturally replenished, such as solar electric, wind, geothermal, biomass and hydroelectric. In general, renewables have lower environmental impacts than non-renewables. With the exception of hydropower, renewable electricity has historically been more costly than traditional natural gas and coal generation.

- **Eligible Renewables:** Sources of renewable electricity, such as solar electric, wind, geothermal, biomass and hydroelectric eligible to participate in a particular program, such as the Green-e Renewable Energy Program (www.green-e.org).

Supply

Specific purchases of power reflected in the product produced for ultimate sale and sold over the electric grid

System Power

The mix of electricity fuel sources consumed in the state or region that are not disclosed or marketed as specific purchases or as defined by relevant state agency.

Tradable Renewable Certificate (TRC) or "**Green Tags**" or **Renewable Energy Certificate**

A TRC represents the sum of all the environmental benefits and attributes of renewable energy generation – except the electrons. The renewable attributes and the commodity electricity may be bought and sold separately, or combined at the point of sale. TRCs have no inherent geographic boundaries, making it feasible for consumers to support renewable power located at greater distances than with traditional electricity supplies.

APPENDIX B: USEFUL RESOURCES AND WEBLINKS

Websites

- **American Marketing Association (AMA): www.marketingpower.com**
- **American Public Power Association (APPA): www.appanet.org**
- **Department of Energy's Green Power Network:** www.eere.energy.gov/greenpower
- **Center for Resource Solutions (CRS): www.resource-solutions.org**
- **EPA's Green Power Partnership (GPP): www.epa.gov/greenpower**
- **Green-e Program of the Center for Resource Solutions**: **www.green-e.org**
- **National Renewable Energy Laboratory (NREL): www.nrel.gov**
- **Renewable Northwest Project: www.RNP.org**
- **World Resources Institute (WRI): www.wri.org**
- **Western Area Power Administration (WAPA): www.wapa.gov**
- **Trademarks:** United States Patent and Trademark Office Homepage (www.uspto.gov), International Trademark Association (www.inta.org), Trademark.com™ (www.trademark.com), and LegalZoom™ (www.LegalZoom.com)
- **Domain names**: www.networksolutions.com.

Forums, Programs & Consultants Providing Green Power Marketing Support & Information

- **The Marketers' Marketers Group of CRS**
  Marketers' Marketers Group (MMG) is a forum for communications, marketing and sales professionals of green power providers and utilities offering green options throughout the US and Canada. The goal of the MMG is to provide an outlet for renewable energy marketers to learn new tools, strategies and best practices for marketing green power products to target audiences. Through regular conference calls, on-line communication, and website benefits, MMG members convene and collaborate to relate and review experiences in marketing renewable energy products. http://www.resource-solutions.org/MMG.htm

- **The Green Power Partnership**
  The Green Power Partnership (GPP) is a federal program, sponsored by the US Environmental Protection Agency that encourages companies and organizations across the nation to use green power as a part of best-practice environmental management. Renewable energy providers often turn to GPP to help in marketing and procurement outreach to commercial and industrial customers. The GPP helps businesses understand and purchase green power, as well as maximize the benefits of increased public recognition, positive press, customer appreciation, and employee satisfaction. www.epa.gov/greenpower

- **E Source Green Energy Service**
  The E Source Green Energy Service of Platts Research and Consulting provides information you can use—via detailed reports, interactive teleconferences, meetings and a member inquiry service with access to green energy specialists. They provide independent research and services covering market segmentation, successful marketing messages, effective program design, and the economics of green energy generation. www.esource.platts.com

- **RoperASW**
  RoperASW, an NOP World company, is a leading global marketing research and consulting firm. With headquarters in New York and offices in London, Manila, and throughout the U.S., NOP World is the seventh largest market research company in the U.S. and the ninth largest in the world. For over 80 years, RoperASW professionals have helped global marketers acquire new customers, build loyalty, and align their organizational goals with business and consumer needs. www.roperasw.com

- **World Resources Institute**

  World Resources Institute is an environmental research and policy organization that creates solutions to protect the Earth and improve people's lives. They catalyze permanent change through partnerships that implement innovative, incentive-based solutions that are founded upon hard, objective data. WRI's Green Power Market Development Group is a unique commercial & industrial partnership dedicated to building corporate markets for green power. The Group is advancing a clean energy future by developing 1,000 MW of cost-competitive green power by 2010. www.wri.org

- **Xenergy, Inc**

  XENERGY Inc. is an energy services and consulting company with a 27-year history of providing advanced technical and information-based solutions for the energy marketplace. They provide high-quality, honest, results-oriented solutions, and have serve utilities across the country with program implementation tips, restructuring support, marketing support, customer research, and more. www.xenergy.com.

Publications on Green Pricing and Marketing Green Pricing Programs

- "**Green Pricing at Public Utilities: A How-To Guide Based on Lessons Learned to Date**, " by Dan Lieberman. Center for Resource Solutions, 2002.

  This complimentary publication, published in October 2002, offers background on lessons learned from public utilities that have implemented green pricing programs. Unlike this Resources Guide, which presents marketing Best Practices once a green pricing program in place, the report presents recommendations to consider when implementing a green pricing program from the initial stages, such as facility siting practices and renewable resource selection suggestions. The report, written by Dan Lieberman of the Center for Resource Solutions, provides profiles of green pricing activity at public utilities in the U.S. and offers a list of the benefits of green pricing programs. It offers best practices on program implementation as well as the results of a 2002 survey of green pricing program managers. The report can be located at the website http://www.resource-solutions.org/Library/Library-DomesticUSpage.htm.

- "**Green Pricing Resource Guide (second edition)**," by Edward A.Holt and Meredith S. Holt. American Wind Energy Association, 2003.

  This Green Pricing Resource Guide is intended to help those interested in planning and operating a green pricing program. The Guide focuses on utility green pricing programs, although most of the insights apply or can be adapted to green power marketing in restructured markets, and to a much lesser extent to renewable energy certificates. Nevertheless, the Guide is written for utilities as the primary audience. This audience may be important at least for the next few years because restructuring of state electricity markets has slowed since the occurrence of problems in California retail markets and abuses in wholesale power markets, and because of the general lack of customer switching in those states that have reformed their electric industry. The report, including such sections as "Why Offer a Green Power Choice," "Planning a Green Pricing Program," "Estimating Demand," and much more, can be found on the American Wind Energy Association website, at www.awea.org.

- "**Powerful Choices IV: A Survey of Retail Green Power Programs in the Pacific Northwest**," by Daniel Etra. Renewable Northwest Project, 2003.

  The report, in its fourth consecutive year, summarizes green pricing and retail options throughout the Northwest. It also includes: relevant green power legislation in the Northwest, overall increases in both program participation and in the number of programs during the last year, brief recommendations on customer participation in green power programs, summary charts of participation rates and kWh sales, and additional sources of information. This report can be found at http://www.rnp.org/Resources/PC4_report_v2.pdf.

- "**Using Contingent Valuation to Explore Willingness to Pay for Renewable Energy: A Comparison of Collective and Voluntary Payment Vehicles**." By Ryan Wiser. Lawrence Berkeley National laboratory, 2003.

  This report explores the preferences held by U.S. residents for different ways of supporting and paying for renewable energy generation: specifically, preferences for "collective" versus "voluntary" payments, as well as preferences for the degree of government involvement in renewable energy programs. If you are interested in reading the executive summary or the full report, both can be found at: http://eetd.lbl.gov/ea/EMS/EMS_pubs.html#RE

- The **CRS Green-e/Green Pricing Criteria Documents** can be located at http://www.resource-solutions.org/greenpricingcriteriadocs.htm

- More publications and information on municipal utilities and public power systems can be found on the American Public Power Association website, www.appanet.org

- National Association of Attorneys General: **Environmental Marketing Guidelines for Electricity** can be found at www.eren.doe.gov/greenpower/naag_599_pr.pdf

APPENDIX C: SAMPLE "WINNING" MARKETING MATERIALS

In this section, you will find examples of marketing materials that are considered "winning," because they exemplify green power marketing best practices. Many of the marketers and utilities that produced these materials have received recognition through Green Power Leadership Awards.[63]

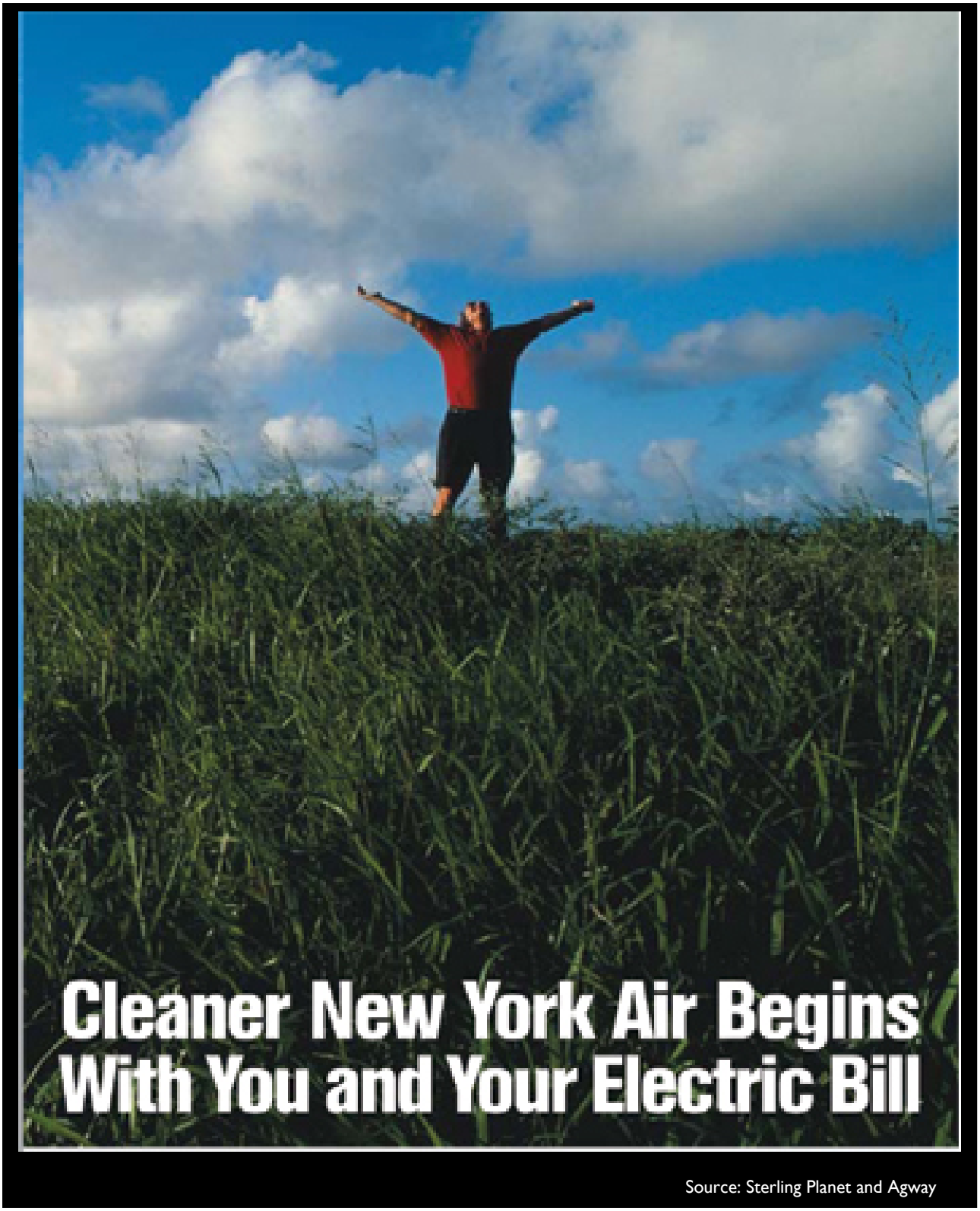
[63] The Green Power Leadership Awards is a recognition event hosted by the United States Environmental Protection Agency (EPA), United States Department of Energy (DOE), and the Center for Resource Solutions (CRS). Presented annually in a ceremony at the National Green Power Marketing Conference, the awards recognize businesses, green power suppliers and organizations working to reduce the environmental impact of electricity generation by fostering the development and promotion of green power.

Effective Tag Lines

Source: Green Mountain Energy Company

Source: Tennessee Valley Authority

Effective Tag Lines



Effective Tag Lines and Design Concepts

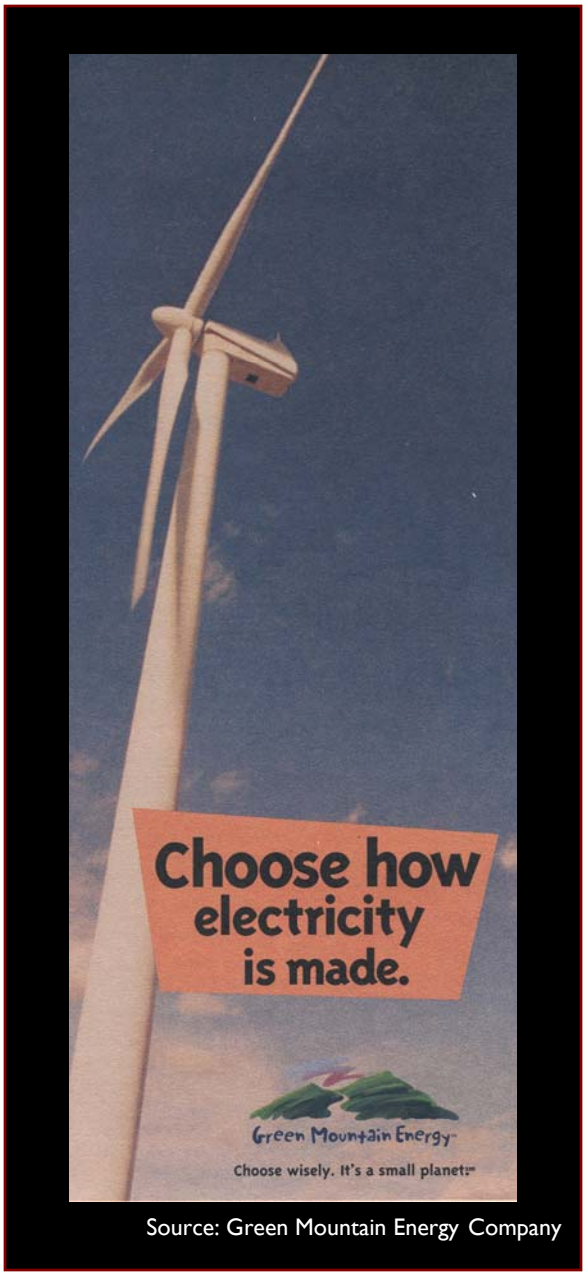
Source: Wabash Valley Power Association

Effective Calls to Action

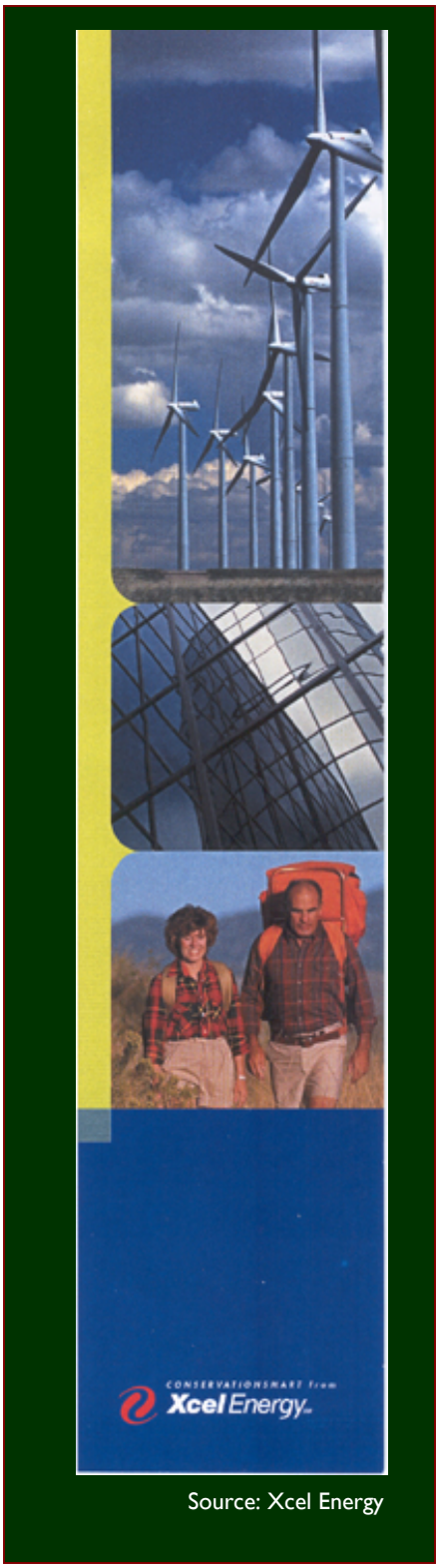
Source: Xcel Energy

Source: Wabash Valley Power Association

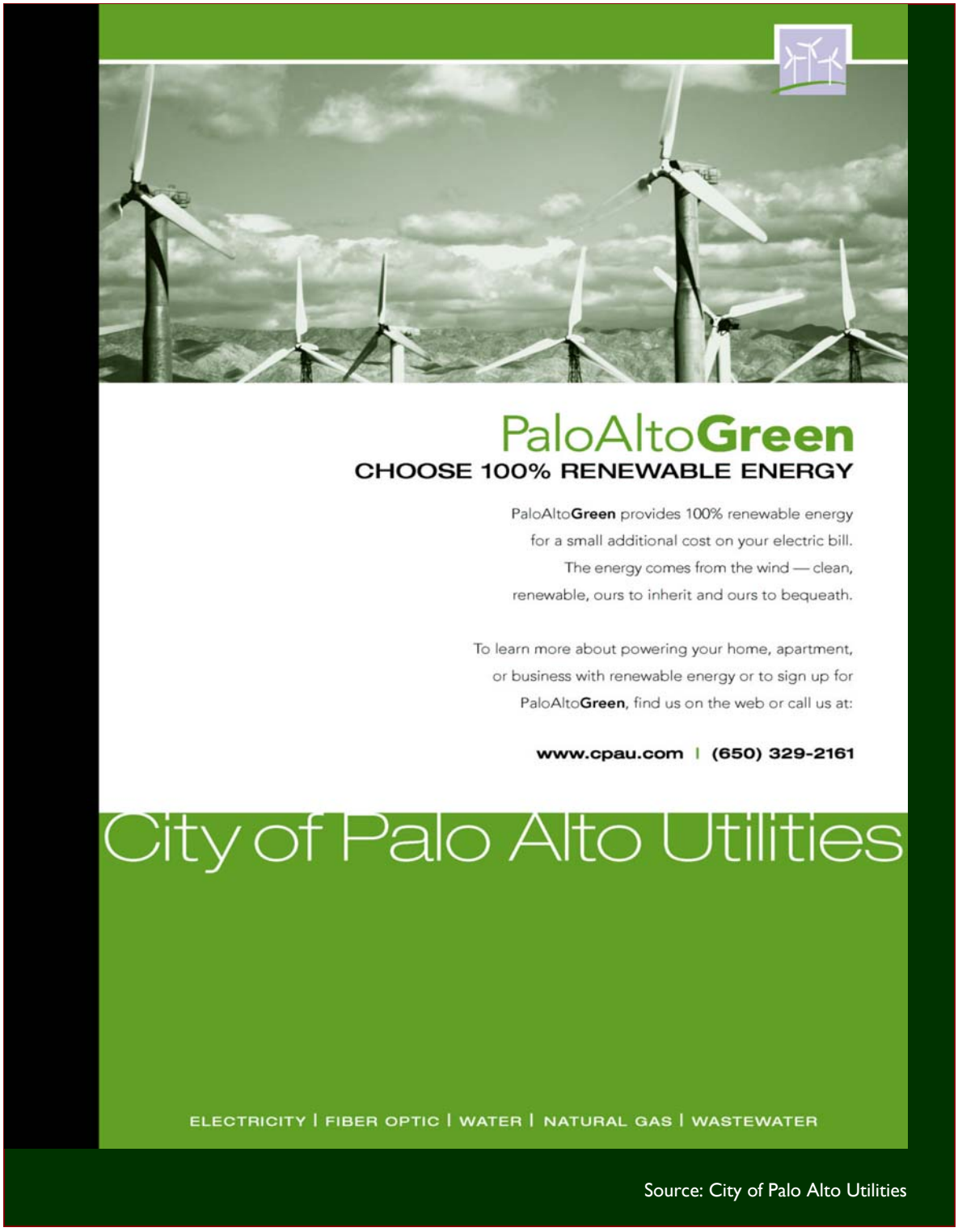
Consumers respond to the most familiar renewable images: solar and wind…



Source: Green Mountain Energy Company

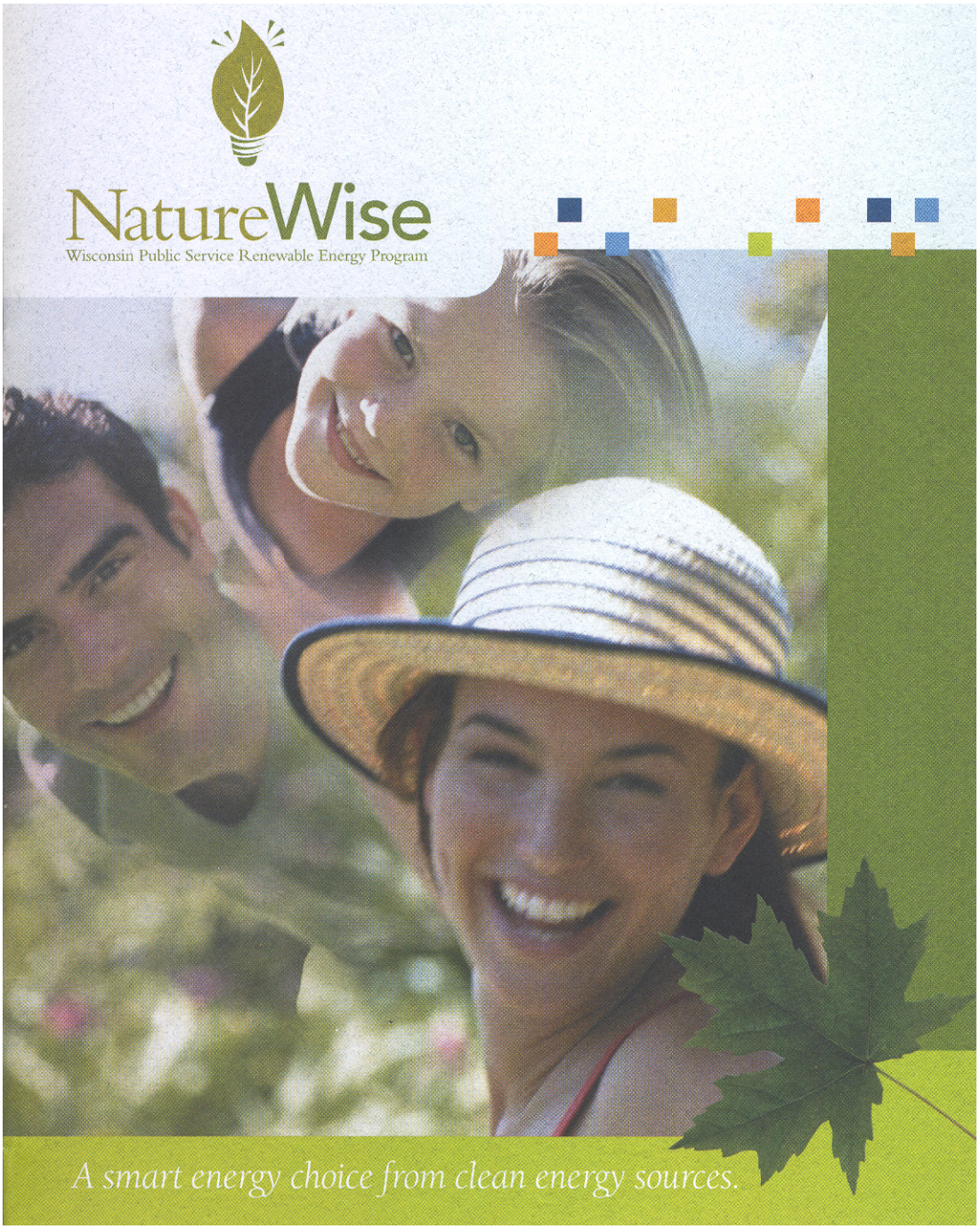


Source: Xcel Energy



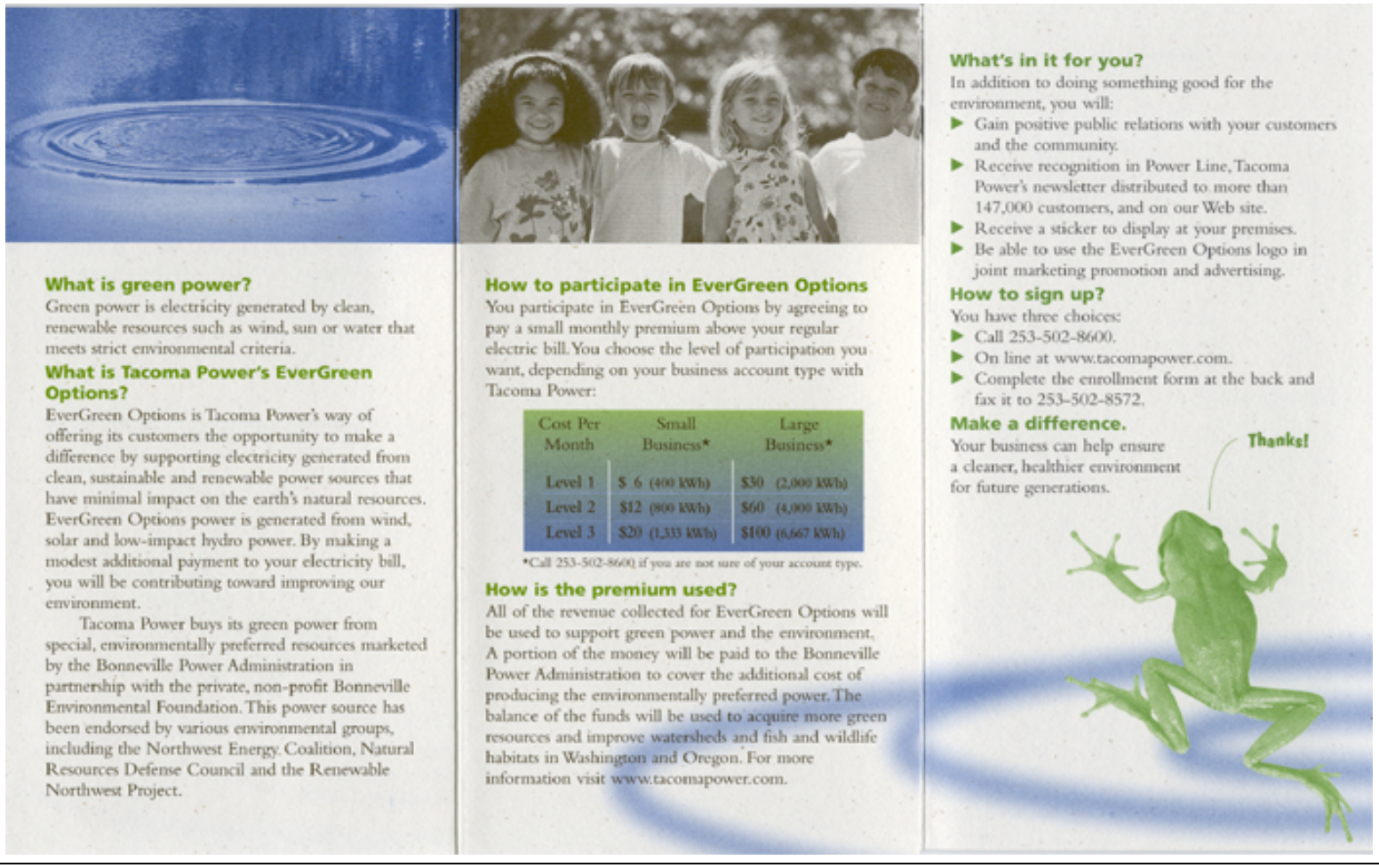
Source: City of Palo Alto Utilities

Natural Package for a Natural Product: Good Use of Natural Materials and Design



Source: We Energies

Natural Package for a Natural Product: Good Use of Natural Materials and Design Concepts



What is green power?

Green power is electricity generated by clean, renewable resources such as wind, sun or water that meets strict environmental criteria.

What is Tacoma Power's EverGreen Options?

EverGreen Options is Tacoma Power's way of offering its customers the opportunity to make a difference by supporting electricity generated from clean, sustainable and renewable power sources that have minimal impact on the earth's natural resources. EverGreen Options power is generated from wind, solar and low-impact hydro power. By making a modest additional payment to your electricity bill, you will be contributing toward improving our environment.

Tacoma Power buys its green power from special, environmentally preferred resources marketed by the Bonneville Power Administration in partnership with the private, non-profit Bonneville Environmental Foundation. This power source has been endorsed by various environmental groups, including the Northwest Energy Coalition, Natural Resources Defense Council and the Renewable Northwest Project.

How to participate in EverGreen Options

You participate in EverGreen Options by agreeing to pay a small monthly premium above your regular electric bill. You choose the level of participation you want, depending on your business account type with Tacoma Power:

Cost Per Month	Small Business*	Large Business*
Level 1	$ 6 (400 kWh)	$30 (2,000 kWh)
Level 2	$12 (800 kWh)	$60 (4,000 kWh)
Level 3	$20 (1,333 kWh)	$100 (6,667 kWh)

*Call 253-502-8600 if you are not sure of your account type.

How is the premium used?

All of the revenue collected for EverGreen Options will be used to support green power and the environment. A portion of the money will be paid to the Bonneville Power Administration to cover the additional cost of producing the environmentally preferred power. The balance of the funds will be used to acquire more green resources and improve watersheds and fish and wildlife habitats in Washington and Oregon. For more information visit www.tacomapower.com.

What's in it for you?

In addition to doing something good for the environment, you will:

- Gain positive public relations with your customers and the community.
- Receive recognition in Power Line, Tacoma Power's newsletter distributed to more than 147,000 customers, and on our Web site.
- Receive a sticker to display at your premises.
- Be able to use the EverGreen Options logo in joint marketing promotion and advertising.

How to sign up?

You have three choices:

- Call 253-502-8600.
- On line at www.tacomapower.com.
- Complete the enrollment form at the back and fax it to 253-502-8572.

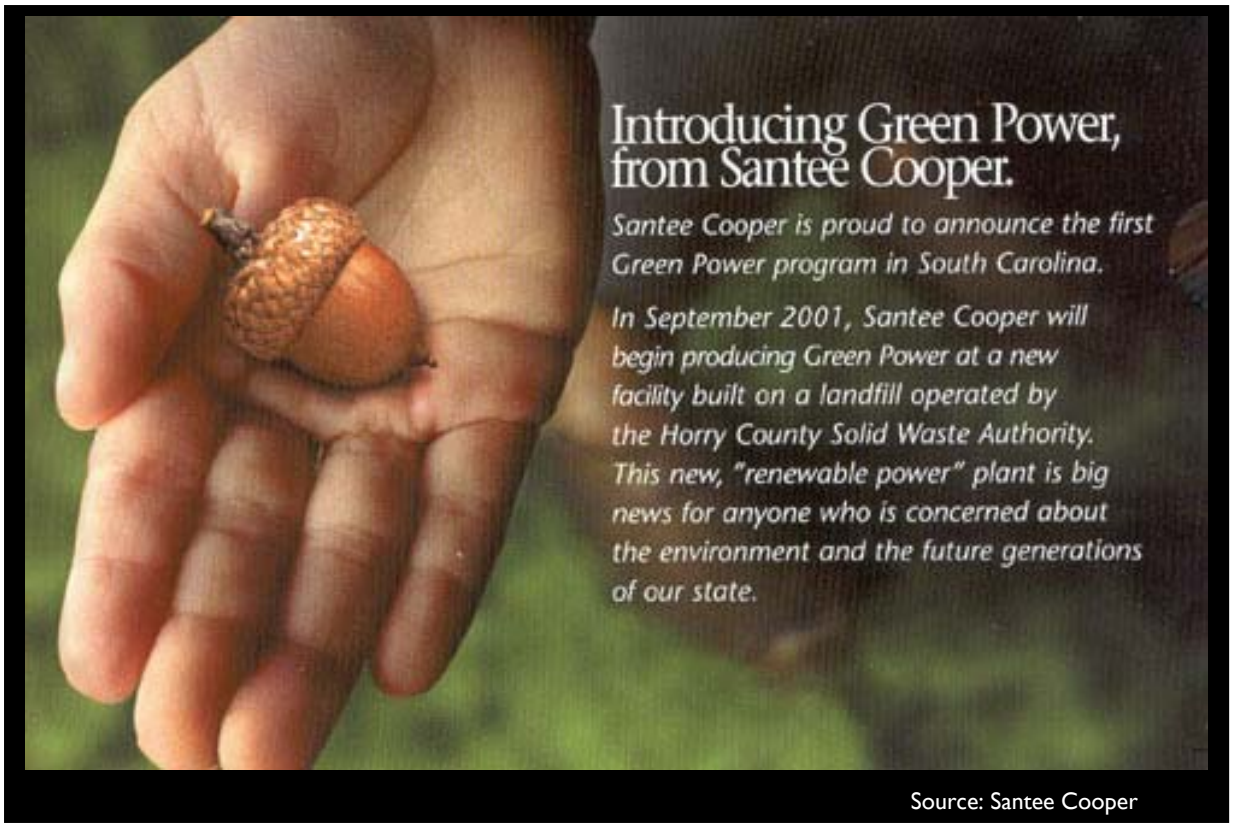
Make a difference.

Your business can help ensure a cleaner, healthier environment for future generations.

Thanks!

Source: Tacoma Power

Good Use of Nature in Design Concepts & Language

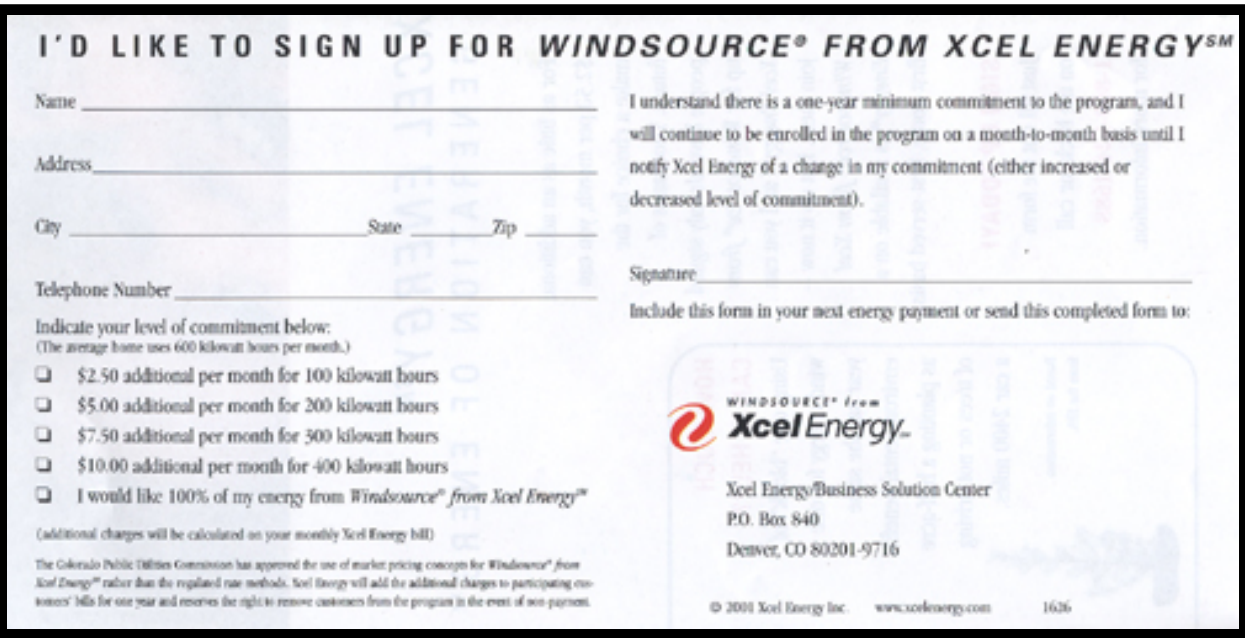


Source: Santee Cooper

Source: Santee Cooper

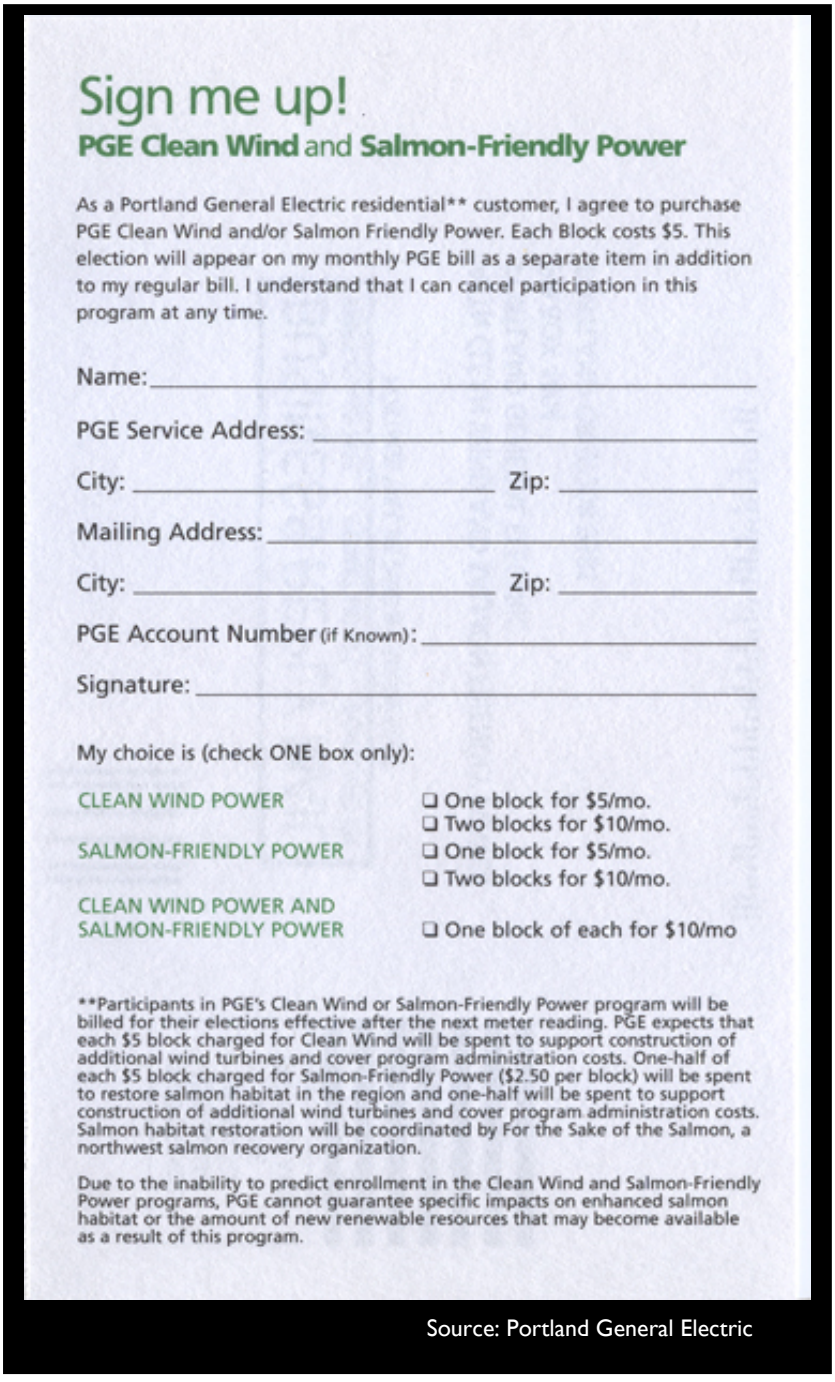
Ease of sign up: Winning Bill Stuffers Sign-Ups (simple, easy for consumers)

Source: Austin Energy



Source: Xcel Energy

Ease of sign up: Winning Bill Stuffers Sign-Ups (simple, easy for consumers)



Sign me up!

PGE Clean Wind and **Salmon-Friendly Power**

As a Portland General Electric residential** customer, I agree to purchase PGE Clean Wind and/or Salmon Friendly Power. Each Block costs $5. This election will appear on my monthly PGE bill as a separate item in addition to my regular bill. I understand that I can cancel participation in this program at any time.

Name: _____

PGE Service Address: _____

City: _____ Zip: _____

Mailing Address: _____

City: _____ Zip: _____

PGE Account Number (if Known): _____

Signature: _____

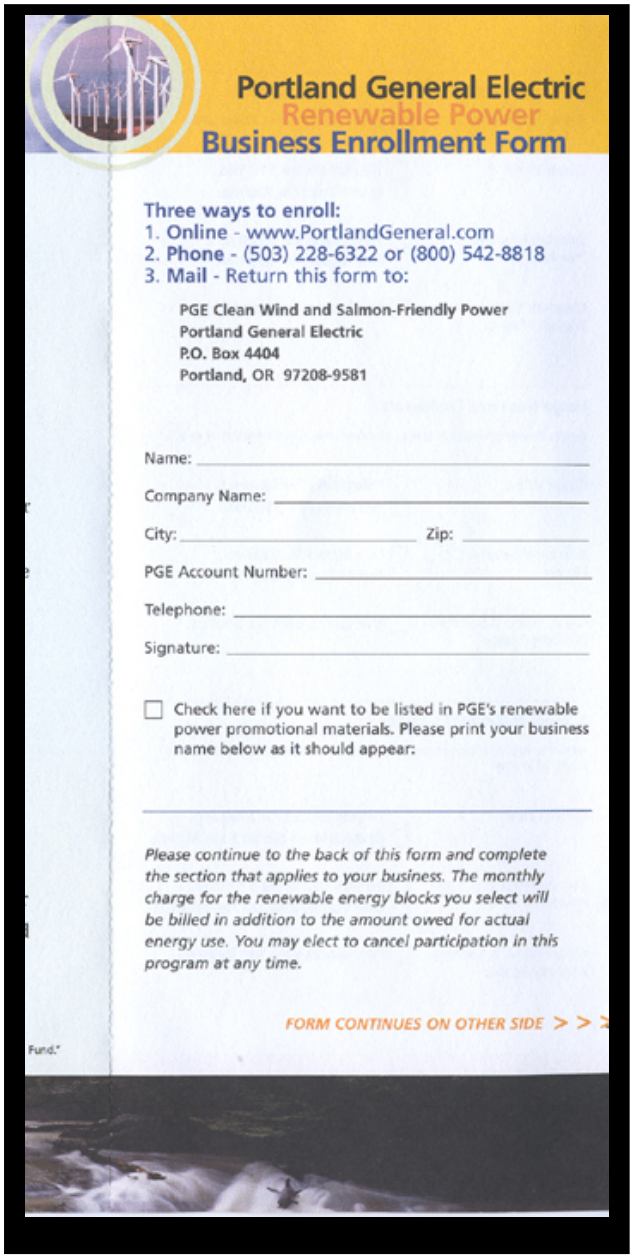
My choice is (check ONE box only):

CLEAN WIND POWER	❑ One block for $5/mo. ❑ Two blocks for $10/mo.
SALMON-FRIENDLY POWER	❑ One block for $5/mo. ❑ Two blocks for $10/mo.
CLEAN WIND POWER AND SALMON-FRIENDLY POWER	❑ One block of each for $10/mo

**Participants in PGE's Clean Wind or Salmon-Friendly Power program will be billed for their elections effective after the next meter reading. PGE expects that each $5 block charged for Clean Wind will be spent to support construction of additional wind turbines and cover program administration costs. One-half of each $5 block charged for Salmon-Friendly Power ($2.50 per block) will be spent to restore salmon habitat in the region and one-half will be spent to support construction of additional wind turbines and cover program administration costs. Salmon habitat restoration will be coordinated by For the Sake of the Salmon, a northwest salmon recovery organization.

Due to the inability to predict enrollment in the Clean Wind and Salmon-Friendly Power programs, PGE cannot guarantee specific impacts on enhanced salmon habitat or the amount of new renewable resources that may become available as a result of this program.

Source: Portland General Electric



Portland General Electric

Renewable Power

Business Enrollment Form

Three ways to enroll:

1. **Online** - www.PortlandGeneral.com
2. **Phone** - (503) 228-6322 or (800) 542-8818
3. **Mail** - Return this form to:

PGE Clean Wind and Salmon-Friendly Power
Portland General Electric
P.O. Box 4404
Portland, OR 97208-9581

Name: _____

Company Name: _____

City: _____ Zip: _____

PGE Account Number: _____

Telephone: _____

Signature: _____

☐ Check here if you want to be listed in PGE's renewable power promotional materials. Please print your business name below as it should appear:

_____

Please continue to the back of this form and complete the section that applies to your business. The monthly charge for the renewable energy blocks you select will be billed in addition to the amount owed for actual energy use. You may elect to cancel participation in this program at any time.

FORM CONTINUES ON OTHER SIDE > > >

Fund."

Ease of sign up: Winning Bill Stuffers Sign-Ups (simple, easy for consumers)

PaloAltoGreen

CHOOSE 100% RENEWABLE ENERGY

Join the nearly 1,000 Palo Alto residents choosing to purchase renewable energy for their homes through an extraordinary program called PaloAltoGreen. Together, their purchase of renewable energy has a global warming benefit equivalent to planting 902 acres of forest. Fill out the form below to choose PaloAltoGreen and take responsibility for your individual environmental impact.

INHERIT THE WIND

A new offering from the City of Palo Alto Utilities, PaloAltoGreen gives you the option of purchasing 100% renewable energy produced from newly-built, wildlife-friendly wind generators located throughout the Western Power Grid.

SMALL ADDITIONAL COST

PaloAltoGreen offers wind power at one of the lowest rates in the country, just 1.5 cents more per kWh than your current rate. For the average household this is an additional $9.75 per month, about the cost of a medium pizza. Large businesses can purchase 1,000 kWh blocks for just $15 per month.

SIMPLE TO ENROLL

Enrolling is simple, voluntary and reversible. Fill out and send in this form, visit our website at www.cpau.com, or call (650) 329-2161.

Thank you for making PaloAltoGreen

1. Your name: _____
2. Name on your utility account: _____
3. Service address: _____
4. Utilities account number (if available): ☐☐☐☐☐☐-☐☐☐☐☐
5. Daytime telephone number (CONFIDENTIAL): _____
6. Email address: _____ (CONFIDENTIAL) 7. Signature: _____

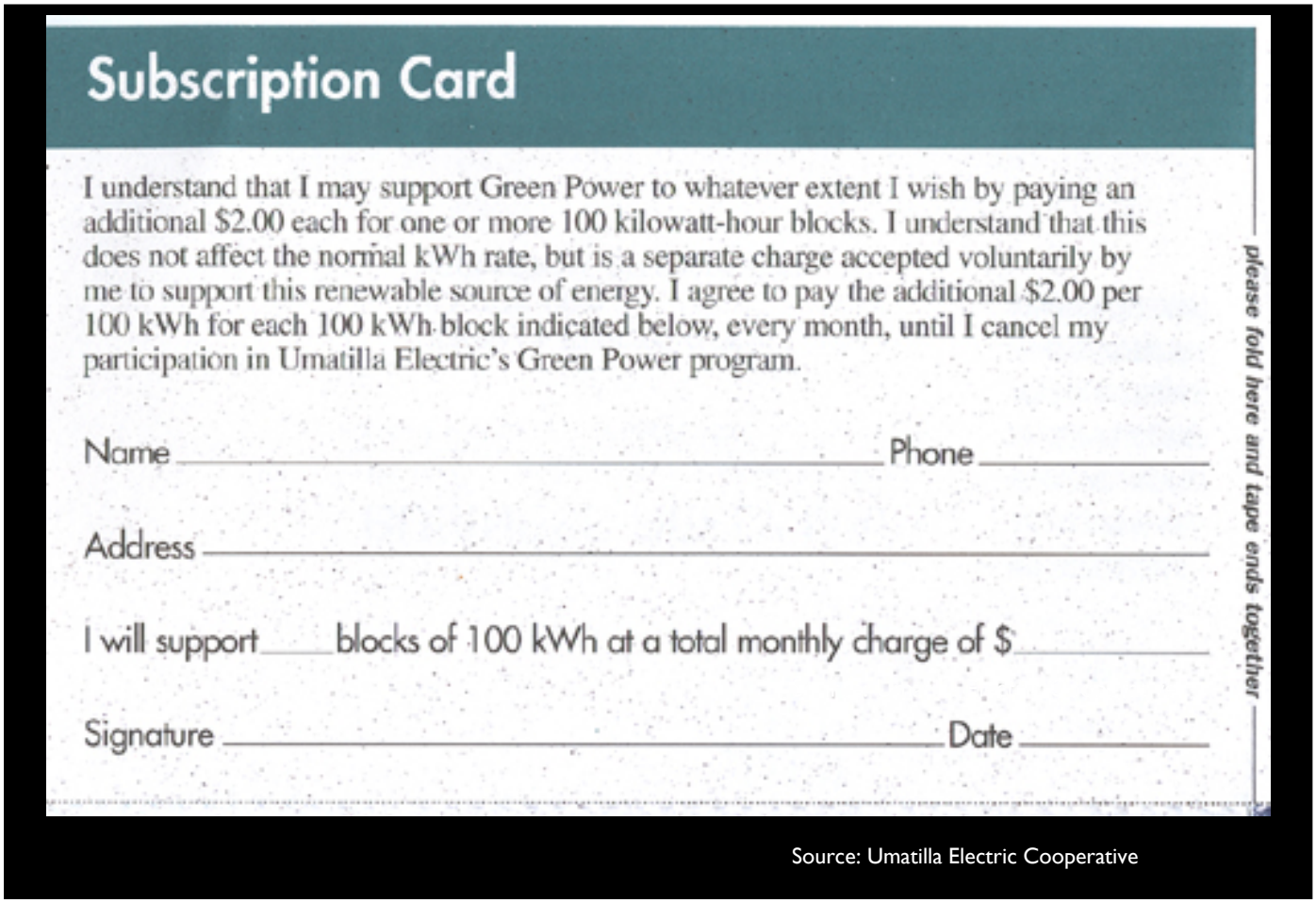
COMPLETE AND MAIL TO: Utility Marketing Services, P.O. Box 10250, Palo Alto, CA 94303

CITY OF PALO ALTO UTILITIES

PaloAltoGreen

ELECTRICITY | FIBER OPTIC | WATER | NATURAL GAS | WASTEWATER

Ease of sign up: Winning Bill Stuffers Sign-Ups (simple, easy for consumers)



Subscription Card

I understand that I may support Green Power to whatever extent I wish by paying an additional $2.00 each for one or more 100 kilowatt-hour blocks. I understand that this does not affect the normal kWh rate, but is a separate charge accepted voluntarily by me to support this renewable source of energy. I agree to pay the additional $2.00 per 100 kWh for each 100 kWh block indicated below, every month, until I cancel my participation in Umatilla Electric's Green Power program.

Name _____ Phone _____

Address _____

I will support ____ blocks of 100 kWh at a total monthly charge of $ _____

Signature _____ Date _____

please fold here and tape ends together

Source: Umatilla Electric Cooperative

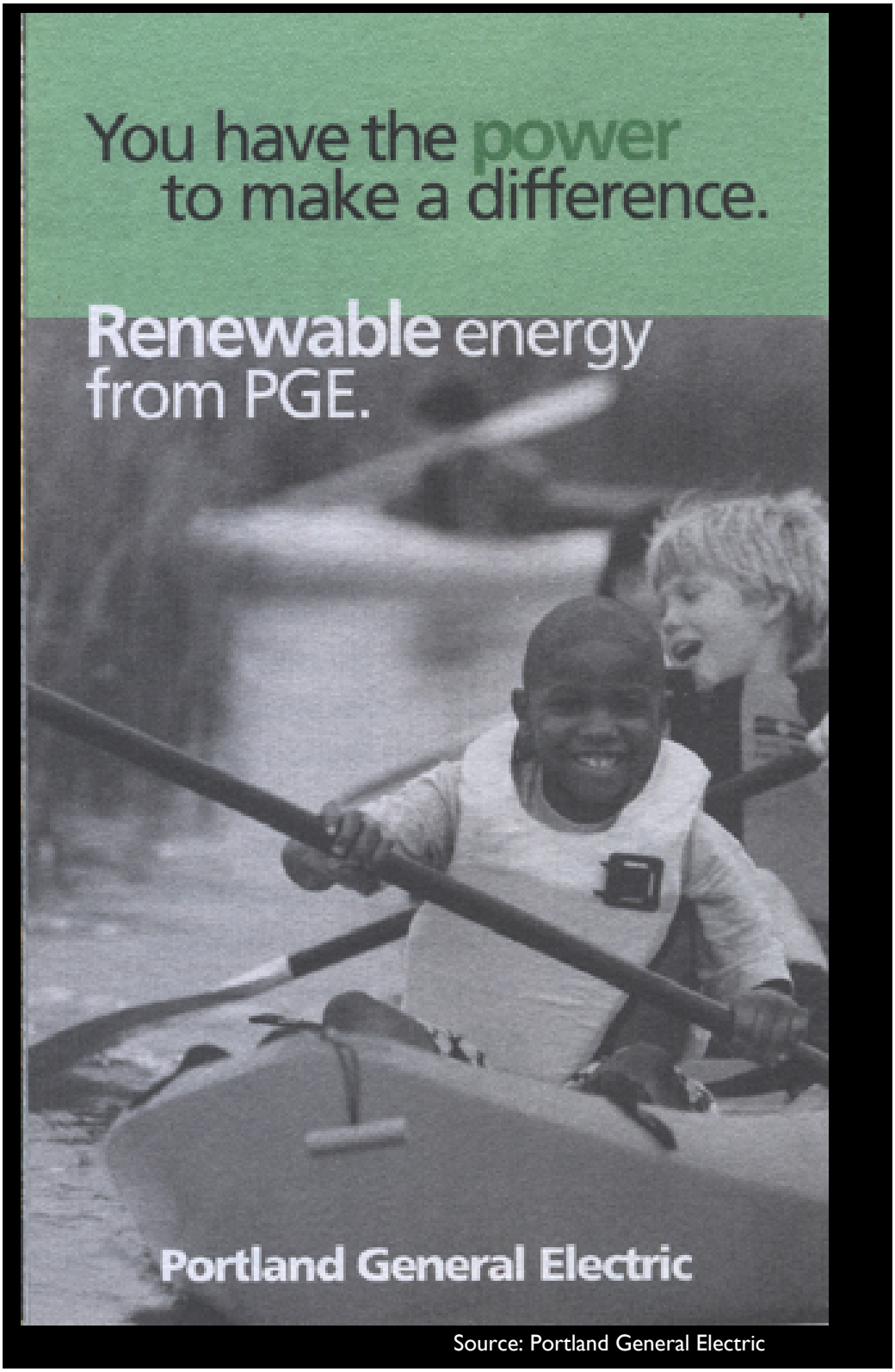
Great Natural Images Used with Easy Sign Up

Source: Xcel Energy

Integrating Images of Children and Families with Nature to Make Connections…

Source: Green Mountain Energy Company

Integrating Images of Children and Families with Nature to Make Connections…



Source: Portland General Electric

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Question & Answer Models

Questions and Answers

What is Green Power?

Green power is electricity produced in a environmentally-friendly manner. Sources of green power include the sun, wind, and water, which are pollution free and natural.

Why should I sign up for Green Power?

The use of non-renewable sources of electricity contributes to air and water pollution, which affects all of us. By signing up for green power, you are helping to protect the environment. Green Power means cleaner air and a greener LA for us and our children.

LADWP will be recognizing companies who make significant commitments to new renewable energy. Recognition will be in many forms of publicity that showcase your company as a leader in environmental awareness and stewardship.

Is green power more expensive than conventional power?

Yes. Environmentally-friendly generation of electricity costs more than using conventional methods of generation. Yet, many conventional sources of energy would not be economically competitive if we were to pay their full costs, including damage to the environment and human health. These costs are not reflected in our energy bills.

How much will signing up for green power cost me?

Commercial customers have the option of choosing their level of participation as a percentage of their electricity usage. However, this percentage must be set such that the minimum purchase is 500 kWh for general service customers or 1,000 kWh for large general service customers.

The green power charge of 3 cents per kWh will only be applied to that portion of your electricity usage you have allocated to new green resources.

Can energy efficiency lower my power bill?

Yes. Our energy efficiency experts can work with you to develop efficiency options for your business needs. Call us at 1-800-GREENLA.

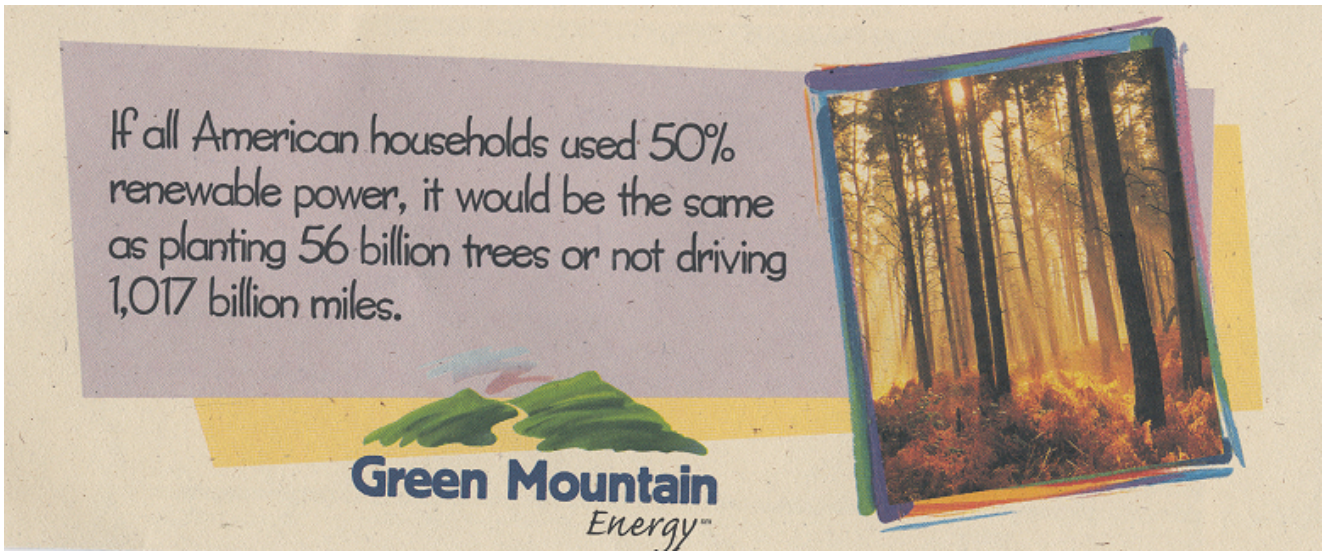
Does LADWP intend to help develop new green power resources?

Through the Green Power for a Green LA program, LADWP buys electricity only from new renewable generation sources such as solar, wind, biomass and geothermal. Many of these new facilities will be located in the city, creating jobs and improving the environment. In order to justify developing these new generation sources, we are asking our customers to sign up for a minimum of 12 months.

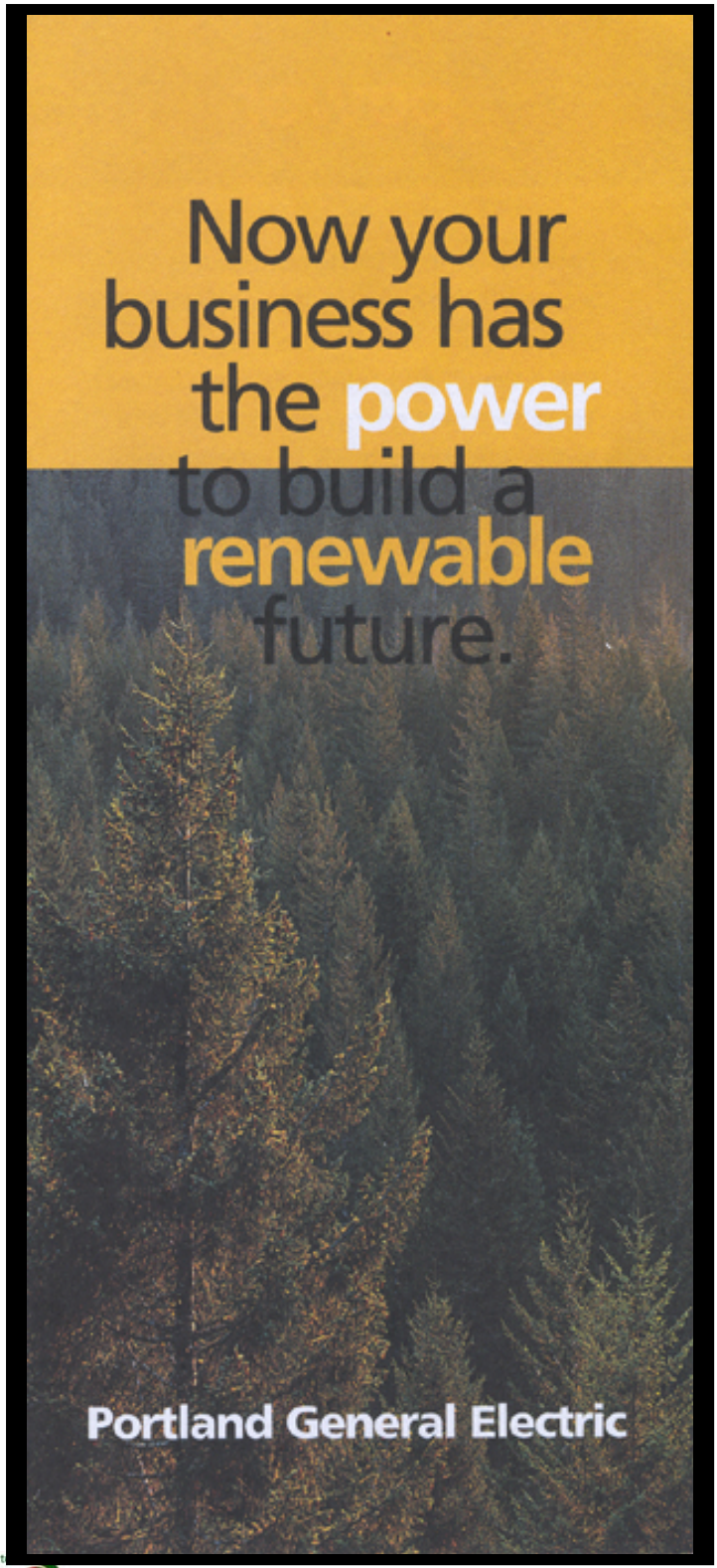
If enough customers sign up, we can enlarge the market for green power and help make it a cost competitive alternative to power generated from fossil fuels such as coal.

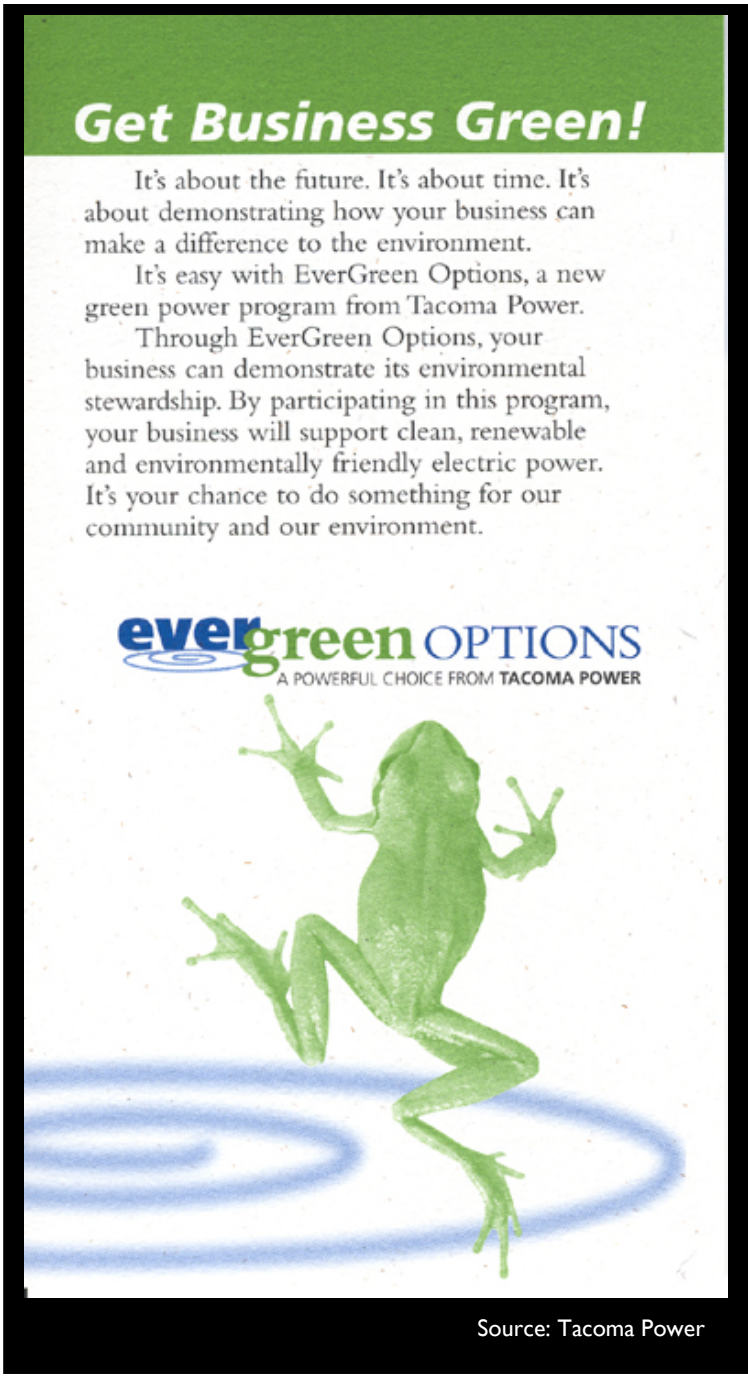
Source: Los Angeles Department of Water & Power

Selling the Benefits in Language Consumers can Understand



Targeting Business Customers…



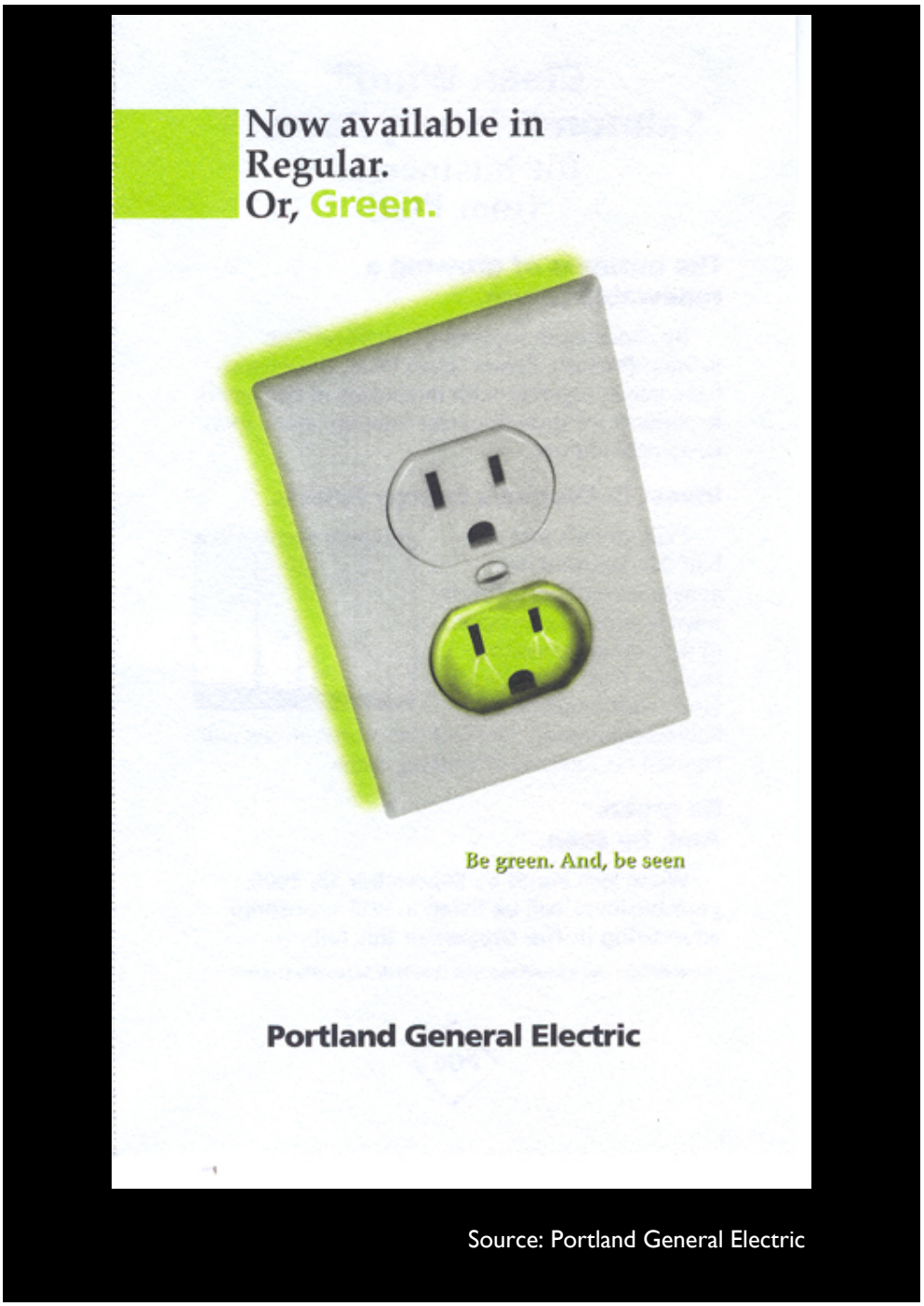


Source: Tacoma Power

Creative Concept ad Good Design Fundamentals

Source: Sacramento Municipal Utility

Creative Concept ad Good Design Fundamentals



Source: Portland General Electric