Energy Strategy Consumer Research

Stakeholder Briefing

09 June 2021

1. Introduction

- There is a **lack of Northern Ireland specific research** into consumer views on energy transition related issues such as climate change, desire to reduce carbon emissions etc.
- UR procured external consultants Social Market Research (SMR) to find out the views of NI consumers
- Purpose: to conduct a **statistically robust** survey with NI domestic consumers to provide baseline data on consumer attitudes and behaviours relating to various aspects of the energy transition
- The research outcomes will **support the UR with future work streams**, as well as **providing insight to support the Department for the Economy (DfE)** in the development of a new Energy Strategy for Northern Ireland.

2. Methodology

- The telephone survey took place between 13 March 2021 and 31 March 2021.
- **1,206 NI consumers** – representative sample of consumers in terms of key factors such as age, gender, social band, area of residence, urban/rural etc.
- We requested additional consumer factors to enable us to determine if there are differences in response between **on/off gas grid consumers**, and consumers with **different heating types**.

Survey design

- Questions grouped into key themes:
    - Awareness and understanding of climate change/net zero etc.
    - Consumer behaviour in relation to Low Carbon Technologies (LCTs), energy efficiency (EE) measures and electric vehicles (EVs).
    - Consumer attitudes to transition related issues such as: trusted sources of advice; support for different types of policy interventions; willingness to pay; and priorities for energy in the future

3. Key findings

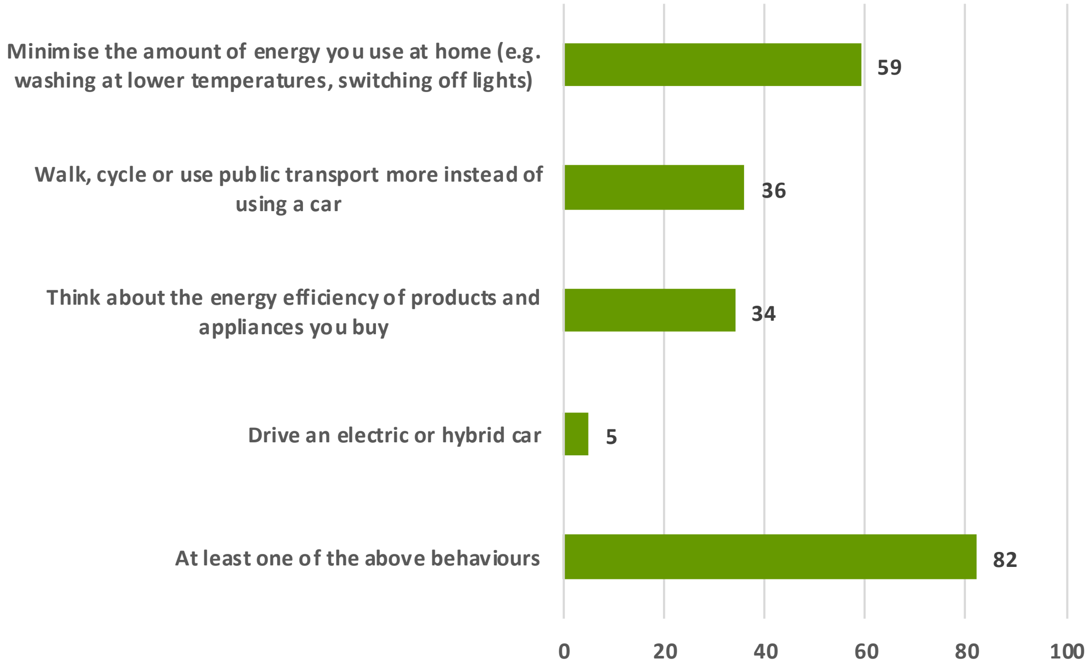
Consumer awareness, understanding and behaviour

- This section covered questions on consumers' concern about climate change; their understanding of climate change 'language'; their awareness of contributors to carbon emissions; and their personal behaviour changes to limit climate change.
- **Majority (64%) of consumers are concerned** (very concerned or fairly concerned) about climate change
- **Two thirds of consumers find the language around climate change easy** (very easy or easy) to understand.
- **70% of consumers said transport** is the main source of greenhouse gases which contribute to climate change.
- **Seven out of ten consumers said it is important** (very important or important) for them to personally take action to limit the effects of climate change

3. Key findings

Consumer awareness, understanding and behaviour

Figure 1: Thinking about your everyday life, do you consciously do any of the following to help reduce carbon emissions or limit climate change? (base=1206)



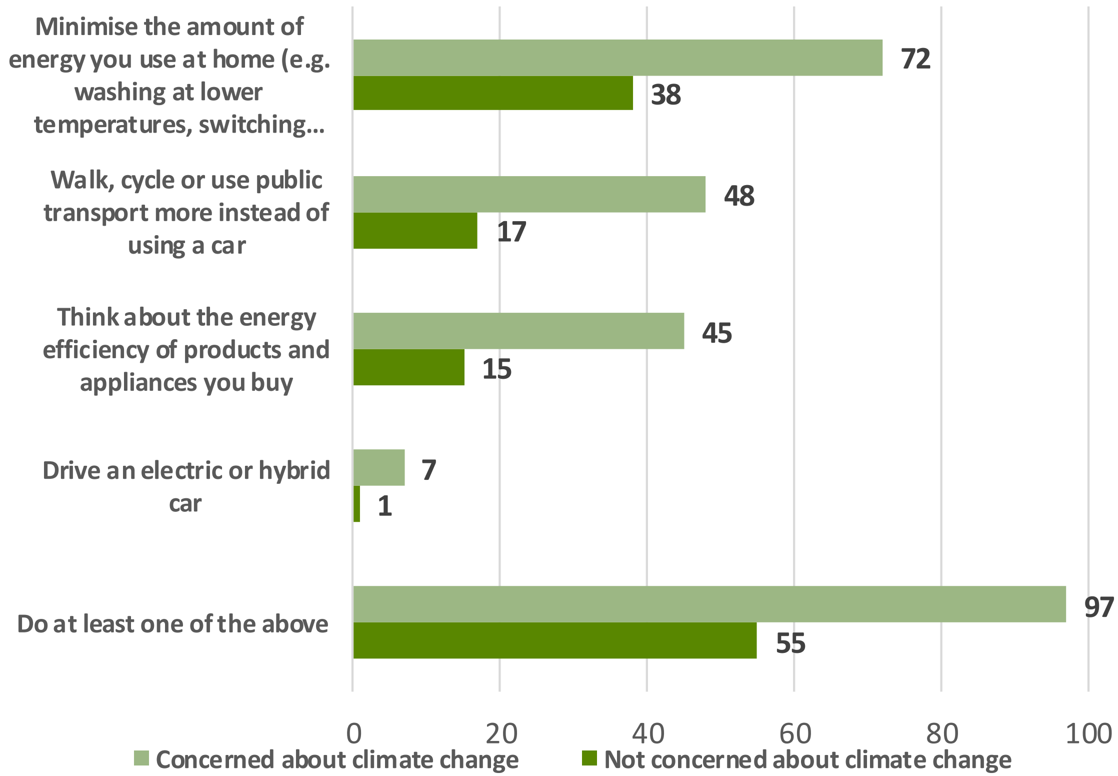
Consumers were presented with a range of everyday life behaviours relating to energy use and were asked if they subconsciously did any to help reduce their carbon emissions.

Overall 82% stated that they engage in at least one of these activities.

3. Key findings

Consumer awareness, understanding and behaviour

Figure 2: Concerns about climate change and engaging in behaviours to limit climate change? (base=1206)



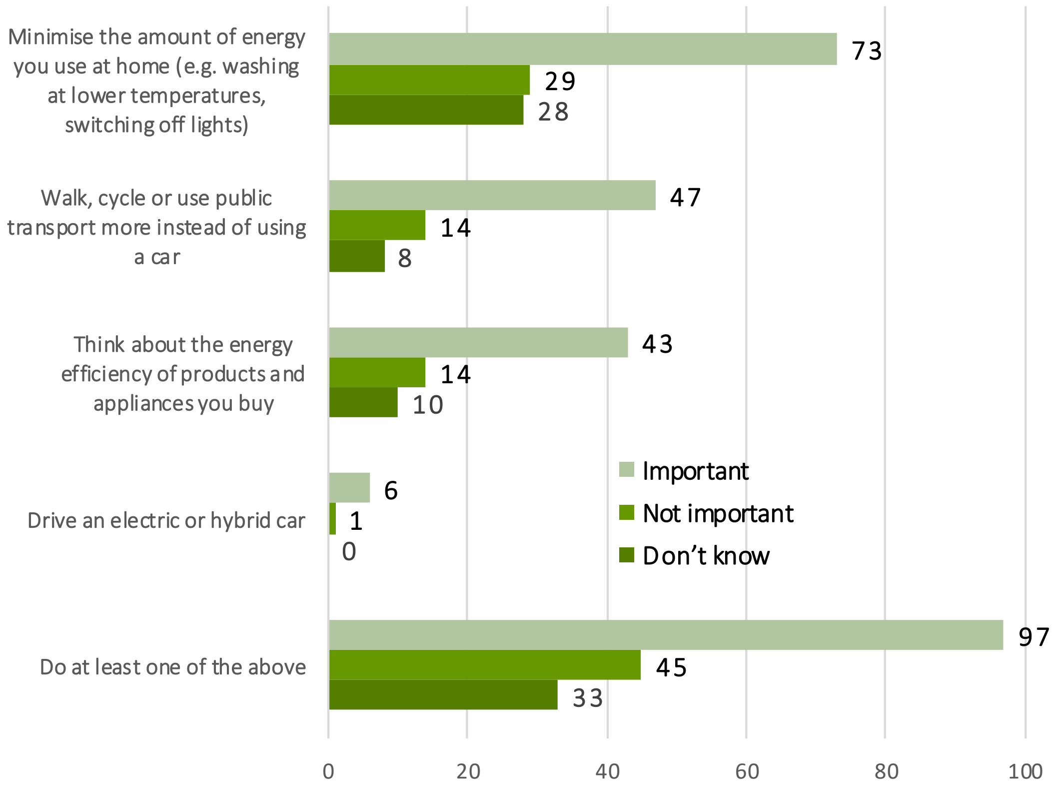
Consumers who are concerned about climate change engage in activities and behaviours to help limit climate change.

Almost all consumers who stated they were concerned about climate change engage in at least one of the actions listed.

3. Key findings

Consumer awareness, understanding and behaviour

Figure 3: Importance of personally taking action to limit climate change and engaging in behaviours to limit climate change? (base=1206)



Similarly, consumers who believe it is important for them to personally take action to limit the effects of climate change are more likely to engage in a range of behaviours to limit climate change

3. Key findings

Consumer awareness, understanding and behaviour

Implications for policy development and consumer engagement

- A significant number of consumers are still unconcerned about climate change
  - Older
  - Lower socioeconomic bands
  - Lower levels of educational attainment
- Positive correlation between understanding of climate change language, concern about climate change and taking positive action.
- Mismatch in understanding the language of climate change and being aware of the greatest sources of carbon emissions.

3. Key findings

Consumer behaviour in relation to LCTs, EE measures and EVs

- This section covered questions on consumers' behaviour in relation to LCTs, EE measures and EVs. They were asked various questions regarding **awareness; likelihood of purchasing/installation; reasons for and barriers to purchasing/ installation; and impact of a financial incentive.**

Awareness of LCTs and EE measures

- LCTs – **most consumers have at least heard of** different types of LCTs with consumers having greater knowledge of solar panels, and much less knowledge of biomass boilers.
- EE measures – **higher awareness of the different types of EE measures than with LCTs**

3. Key findings

Consumer behaviour in relation to LCTs, EE measures and EVs

Purchase/installation of LCTs, EE measures and EVs

- **13% of consumers have already purchased or installed** at least one LCT, with 36% very likely or likely to install in the future
- **20% of consumers have installed EE measures** in their homes, with 38% very likely or likely to install in the future
- **5% of consumers have purchased an EV or hybrid**, with 30% very likely or likely to in the future

Reasons for purchasing/installing LCTs, EE measures and EVs in future

- LCTs and EE measures – limiting the effects of climate change, current system at end of life, lower energy bills
- EVs – if they become more affordable, limiting the effects of climate change, lower running costs

3. Key findings

Consumer behaviour in relation to LCTs, EE measures and EVs

Barriers to uptake of LCTs, EE measures and EVs

- LCTs and EE measures – don't own the property so can't install, installation cost/can't afford it, don't want the hassle of installing something new
- EVs – cost/can't afford it, can't drive/don't have a licence, not planning to change my car

Financial incentives for purchasing/installing LCTs, EE measures and EVs

- **Over half of consumers** said a financial incentive would make them more likely to purchase/install LCTs, EE measures or EVs
  - 59% for LCTs; 61% for EE measures; 54% for EVs
- Notably, **between a quarter and a third of all consumers** stated that a financial incentive would not impact their decision to purchase/install LCTs, EE measures and EVs

3. Key findings

Consumer behaviour in relation to LCTs, EE measures and EVs

Implications for policy development and consumer engagement

- Not owning their property is a significant barrier to progress currently.
- Significant opportunity to partner with NIHE, Housing Associations and private landlords to make large scale progress on energy efficiency and heating programmes.
- Home owners may need additional engagement to make substantial changes to their properties.
- Similar profiles for consumers who are more likely to purchase/install LCTs, EE measures and EVs

Future research work

- Deliberative research on financial incentives
- How to overcome the “hassle factor”

3. Key findings

Consumer attitudes to transition related issues

- This section covered questions on where consumers go for trusted information, support for a single advice body and particular types of government initiatives, responsibility and willingness to pay for investment, and energy priorities.

Consumer protection and trust

- **41% of consumers** use internet search engines to obtain trusted information on reducing their carbon emissions – this is much higher than any of the other sources of information that were listed (2nd was energy efficiency companies and 3rd was local councils)
- **Policy implications regarding how we engage with consumers** on climate change and energy transition issues
- Profile of consumers using search engines vs consumers using more local sources of advice **provides useful information on how to target specific groups**

3. Key findings

Consumer attitudes to transition related issues

Support for a single advice body

- DfE have proposed a “one-stop shop” for energy information, advice and support
- **82% of consumers are supportive** of a single advice body in NI
- Profile of consumers more likely to be supportive
  - Under 60
  - Higher social bands (ABC1)
  - Higher level of educational attainment
  - Non-prepayment meter households

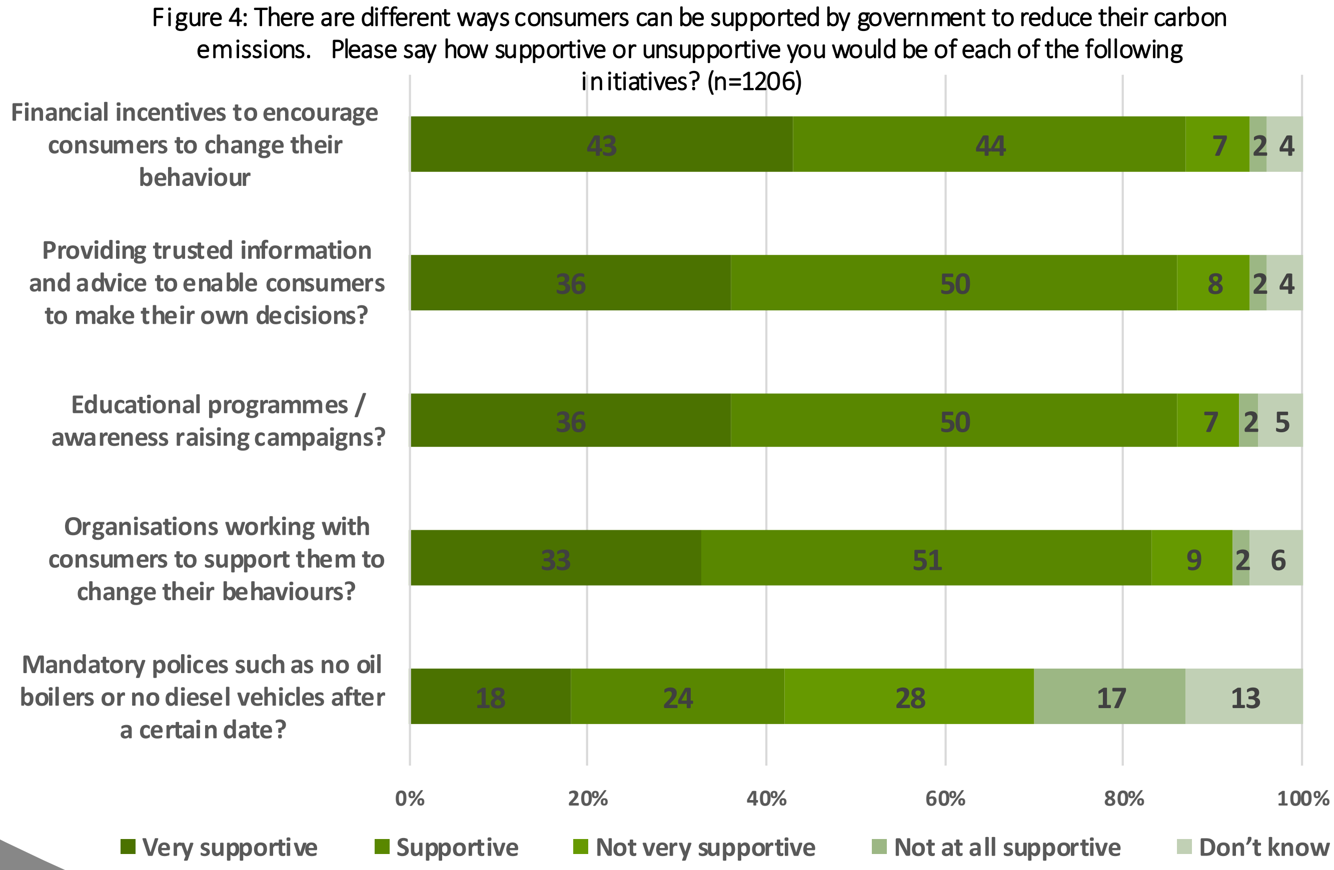
Policy implications

- The single advice body must engage and cater for all consumers – and partner with various organisations to promote consistent messages.

3. Key findings

Consumer attitudes to transition related issues

Consumer support for government initiatives

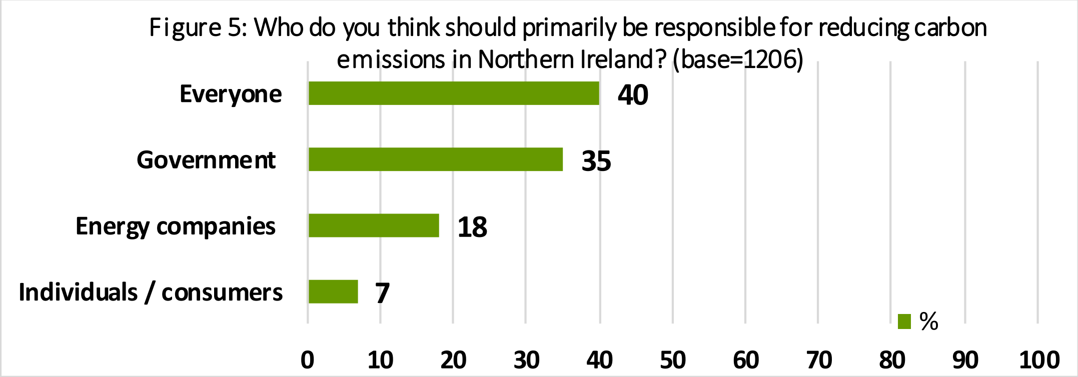


Consumers are more supportive of assistive initiatives but much less supportive of mandatory initiatives

3. Key findings

Consumer attitudes to transition related issues

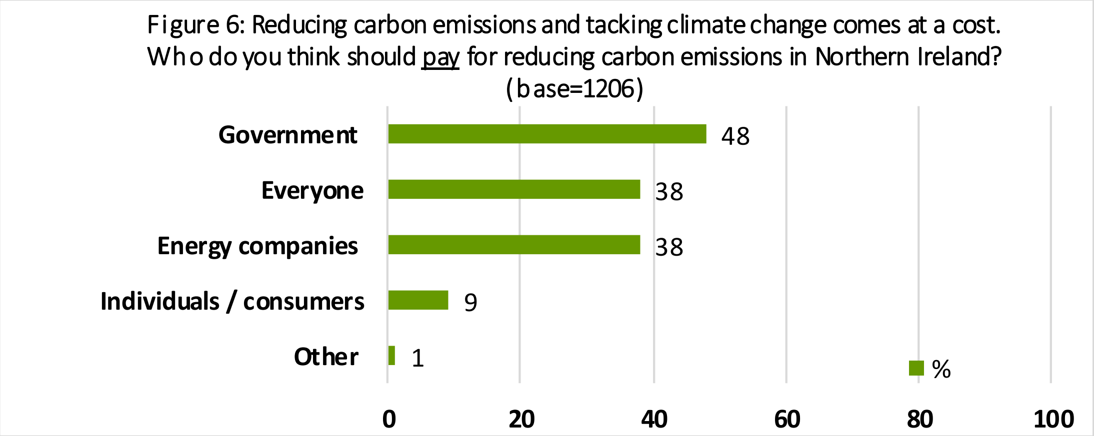
Primary responsibility for reducing carbon emissions



Profile of consumers who said that everyone is responsible for reducing carbon emissions matches the profile of those who stated that everyone should pay for reducing carbon emissions

Paying for reducing carbon emissions in NI

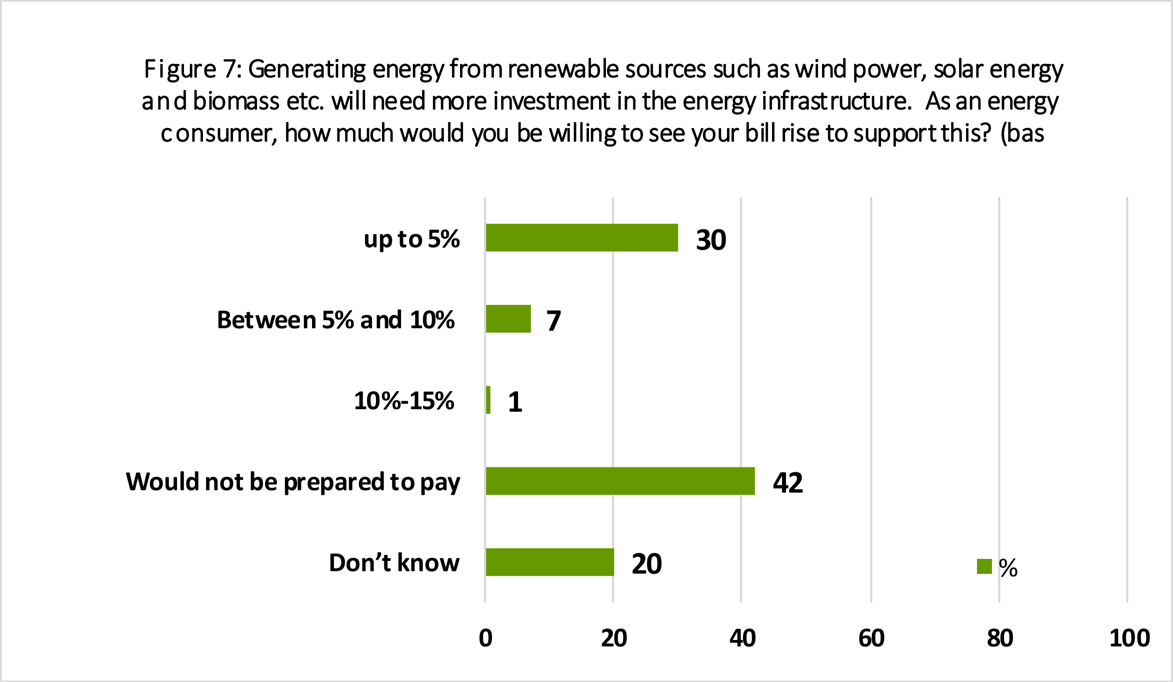
Similar profiles for consumers who stated that government is responsible for reducing carbon emissions and that government should pay for reducing carbon emissions



3. Key findings

Consumer attitudes to transition related issues

Willingness to pay for investment in energy infrastructure



42% of consumers are not prepared to pay for the investment required to deliver reduced carbon emissions

Of those willing to pay, most are only willing to pay **up to 5% more** on an annual bill

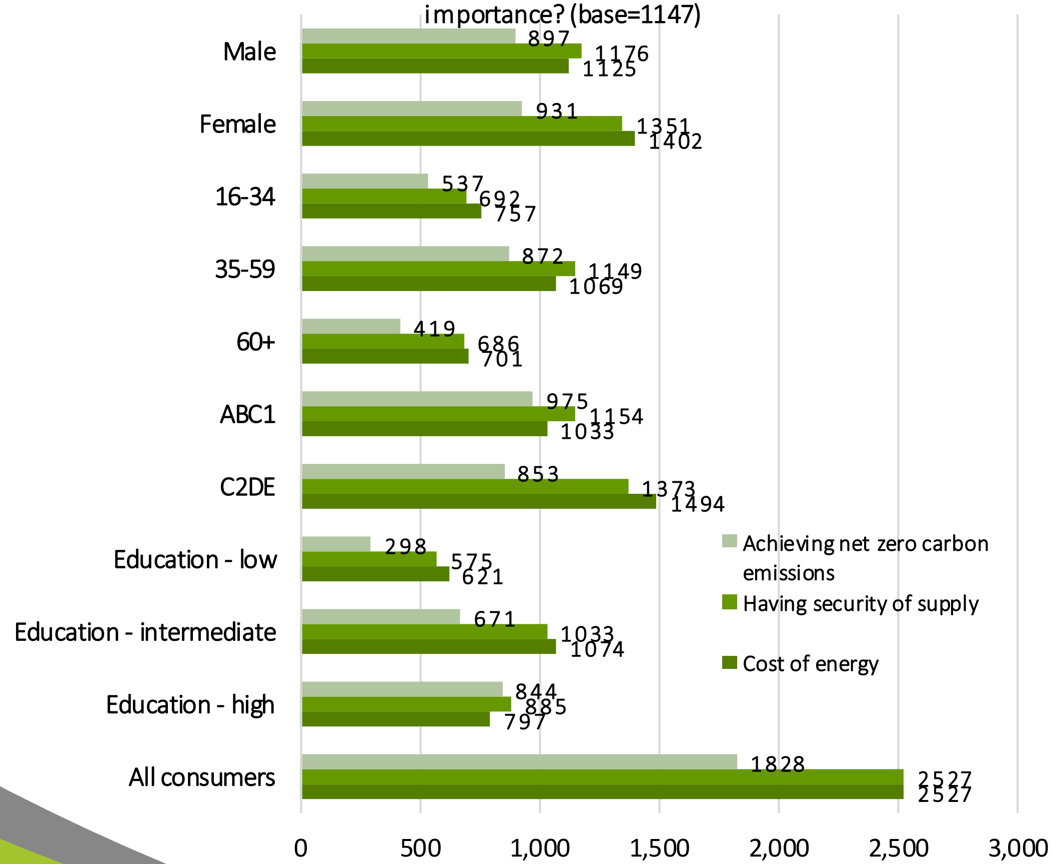
Consumers who are not prepared to pay were **evenly split (50/50) between those who are unable to pay and those who are unwilling to pay**

3. Key findings

Consumer attitudes to transition related issues

Ranked importance of different energy issues

Figure 35: Thinking of the following three issues, please rank them in order of importance? (base=1147)



Consumers were asked to prioritise the importance of:

- Achieving net zero carbon emissions;
- Having security of supply; and
- The cost of energy.

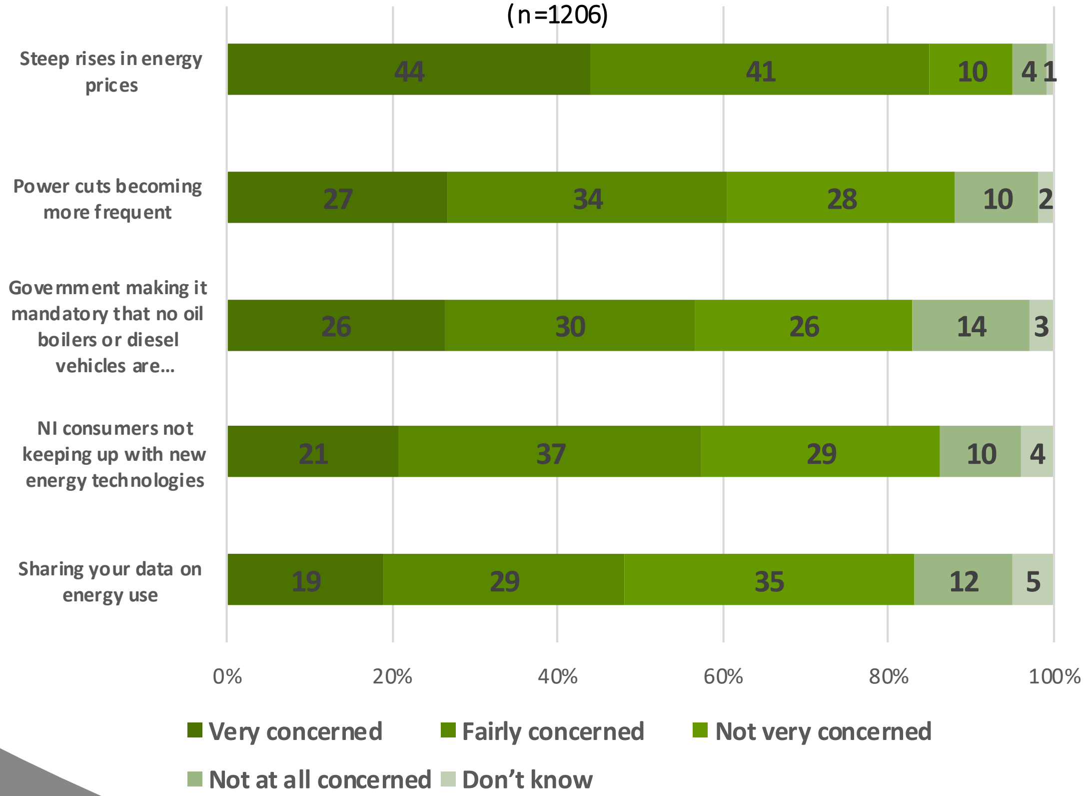
Cost of energy and security of supply were given equal importance – and both clearly ahead of achieving net zero carbon emissions.

3. Key findings

Consumer attitudes to transition related issues

Concern about energy related issues in the future

Figure 9: I'm now going to ask you how concerned you are about various things happening in the next 10-20 years. So how concerned, if at all, are you about..? (n=1206)



When asked about future concerns **consumers are most concerned about steep rises in energy prices** (85%)

Frequent power cuts was also an important concern (over 60% of consumers)

4. Summary

Concern about climate change

- The majority of NI consumers are concerned about climate change; those who believe it is important to personally take action to limit climate change tend to be more likely to report positive behaviours on reducing carbon emissions
- Those consumers who do not understand the language of climate change are likely to be less concerned and less likely to take positive action – these consumers may be targeted with educational/behavioural change campaigns aimed at raising their awareness and concern

LCTs, EE measures and EVs

- Uptake of these is limited, with lower energy/running costs being a main reason for purchase/installation. Barriers include cost/affordability; not owning your own property and not wanting the hassle of installation.
- Important future work with NIHE, Housing Associations and landlords
- Financial incentives should be explored further here

4. Summary

Consumer attitudes to transition related issues

- Consumers have a varied view on where to seek trusted advice – digital and non-digital platforms will both be important in any future
- A single advice body must be for all consumers
- Tension between the need to reduce carbon emissions and a willingness to pay for necessary investment
- Cost of energy and security of supply are the two top energy priorities for consumers, with steep rises in energy prices being the top concern for consumers in the future

5. Next steps

Engagement with stakeholders and publication of report

- Publication of final report on website with associated social media posts (10 June)
- Briefing to smaller groups e.g. DfE's Consumer Working Group; Consumer Vulnerability Working Group; Consumer Engagement Advisory Panel

Future research

- Planning of future research to begin in June 2021 (with procurement in July/August)
- Deliberative research to explore certain areas of the current research (e.g. financial incentives; willingness to pay; introduction of mandatory initiatives etc.)
- Research to take place in summer/autumn 2021