

Marketing Green Energy in New York City

Survey Project Proposal

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Executive Summary

We believe this survey project could substantially aid in the marketing of green energy in New York City by shedding light on many issues that are relevant to both investors and consumers of electricity generated from green sources. The fact that such a study has not yet been undertaken in New York City further underscores the relevance of this project.

In November 2003 a pilot survey was conducted to determine New York City residents' perceptions, awareness, and willingness to pay as they relate to electricity generated from green sources. This survey was fairly involved, drawing on the skills of 9 graduate students and involving a sample of 97 respondents.

We are seeking \$20,000 in funding to conduct a more rigorous survey study.

Pilot Survey Findings:

1. **Perceptions:** *The pilot survey suggests that most respondents think solar, wind, and to a lesser degree hydropower, are sources of green energy.*
2. **Awareness:** *The pilot survey suggests consumers are unaware of green energy choices currently offered by the local utility and alternative suppliers.*
3. **Willingness to Pay:** *The pilot survey suggests New York City residents are willing to pay more than the national average for green energy, with half of the respondents willing to pay more than \$9 per month*

A more comprehensive survey could assist in the marketing of green energy:

1. **Perceptions:** *A comprehensive survey could assist in the marketing of green energy to large clients (businesses and institutions) if it shows that residents' perceptions improve for organizations that use green energy.* For instance, such a finding could aid in the marketing of green energy to universities and corporations.
2. **Awareness:** *A comprehensive survey could probe more effective means of marketing green energy to consumers.* For instance, the survey could suggest which is the most effective media channel by which to communicate the existence of green energy options.
3. **Willingness to Pay:** *If pilot survey results hold, a significant willingness to pay could assist in the marketing of green energy by making it a higher priority for local utilities as well as for policy makers.* A documented willingness to pay could also provide an economic incentive for investors to increase green generation capacity.
4. *No such survey of this nature has been carried out in New York City.* Surveys of this nature have been conducted in many other cities and have led to meaningful green energy programs.

Motivation Behind Pilot Survey:

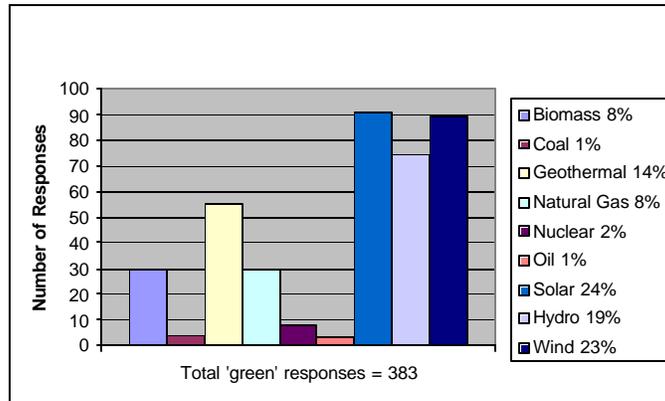
Numerous studies (in Mid-Western and Western states) have shown that consumers are willing to pay more for electricity generated from green sources and favor green electricity programs even if they do not participate or are not aware of such programs. However, there has been little or no research focused on the North East and more specifically on New York City.

Pilot Survey Results:

1. Perceptions:

According to figure 1 below, of the possible 97 responses (the sample size), about 90 respondents perceived both wind and solar energy to be “green” (other categories included “somewhat green,” and “not green,”). *This data clearly indicates that most respondents think solar, wind, and to a lesser degree hydropower, are sources of green energy.* Also, most of the respondents did not consider coal, oil, and nuclear energy to be green.

Figure 1: Number of Respondents Rating the Following Energy Sources as “Green”



2. Awareness:

Our pilot survey indicates that residents’ willingness to pay for green energy is currently not being captured by programs that offer electricity generated from green sources; i.e. customers are willing to pay extra but are unaware of the opportunity. For instance, when respondents were asked if they were aware of Con Edison Solutions’ Green Power Program (which charges customers one-half cent more per kilowatt hour to purchase electricity from wind energy or “run of the river” hydroelectric energy), only 20% answered “yes.”

3. Willingness to Pay:

The pilot survey found that New York City residents are willing to pay a definite premium to receive their energy from green sources. In fact, their *willingness to pay was found to be higher than in other parts of the country with more than half of the respondents willing to pay more than \$9 per month* (Figure 2).

Figure 2: Distribution of Survey Respondents’ Willingness to Pay (\$/month)

