

**Citizen and Consumer Attitudes Towards Electricity Industry Restructuring:
An Ontario (Canada) Case-Study**

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I- Introduction

Mark Sagoff has observed that the ‘citizen’ in him is often in conflict with the ‘consumer’ in him. Apparently no more schizophrenic than the average North American, Sagoff is simply reflecting upon the apparent contradictions in his life: while he wants sustainability, environmental protection and other loftier societal goals, all too often his purchasing actions do nothing to further these ends. Indeed, he cites the example of the decision to put an ‘Ecology Now’ bumper-sticker on his car ‘that drips oil everywhere it’s parked’ as a prime example of such tensions in his life (Sagoff, 1988, 53).

Survey work from an Ontario community suggests that respondents there are sending similarly mixed messages: while they want the forthcoming electricity industry restructuring to advance sustainability and improve the environment, they look set to search for economic advantage once the new marketplace opens. Hence, their actions will unwittingly serve to degrade the environment.

The purpose of this brief report is to initiate discussion of public attitudes towards electricity industry restructuring by examining survey results from the Waterloo Region, a community in southwestern Ontario. The report proceeds in five parts. Following this brief introduction, the second part sets the context, describing the development, content and application of the survey instrument reported upon, along with the potential representativeness of its results. The third part examines ‘citizen attitudes’ towards electricity industry restructuring, reporting upon responses to questions about restructuring in a broad sense and strategies for advancing environmental goals during periods of restructuring. The fourth part examines ‘consumer attitudes’ towards the same, reporting upon personal preferences regarding potential electricity providers. Finally, the fifth part of the report offers some tentative conclusions and identifies paths for future research.

II - Context

Waterloo Region is a community of approximately 450,000 people in southwestern Ontario (Canada), located 100 kilometres west of Toronto. Traditionally, the residents of Waterloo Region have had their electricity provided to them by one of three municipal electricity utilities (MEUs), each of which was the sole residential electricity provider in their own particular part of the broader Waterloo Region. The only consumer choice in electricity was ‘how much to use?’; shopping for different suppliers was not an option for residential customers.

That, however, is all now changing. In late 1998, the Energy Competition Act was passed by the Ontario legislature. As a result, residential customers will be able to purchase electricity from whomever they choose, providing, of course, that the retailer has been licensed by the Ontario Energy Board. To put it in terms more familiar to many, the choice that was introduced to many residents in markets for long-distance telephone and natural gas during the early 1990s is being created for electricity. Though the restructuring process has been dogged by delays, the latest signals from the Ontario Government suggest that the market will be opened during the first half of 2002.

To solicit public opinion about issues of electricity industry restructuring (as well as energy efficiency and use, energy policy and global climate change), a 158-item survey instrument was prepared. The survey instrument was initially developed in accordance with the design principles outlined in Dillman (1978) and subsequently revised after a limited pre-test (n=37). Individuals participating in a home energy evaluation, through the Waterloo Region ‘Residential Energy Efficiency Project’ (for more information, see Parker et al, 2000), were asked to complete the survey. Of the 594 questionnaires distributed throughout Waterloo Region between October 2000 and March 2001, 386 were returned, for a response rate of 65 per cent.

Though we received a significant number of responses, caution should accompany any efforts to generalize from our findings. As Table 1 shows, our sample was slightly older, better educated, wealthier and male than the population of the Waterloo Region as a whole (from which this sample was taken), of Ontario or of Canada. Nevertheless, the results still provide an interesting snapshot of the positions of Waterloo Region residents.

Table 1 - Sample characteristics compared with community, provincial and national characteristics

Characteristic	Survey respondents	Waterloo Region (1996)	Ontario (1996)	Canada (1996)
average age	52.6	34.2	35.8	35.8
percentage of the population 25 years of age and over who have completed university	53.8*	17.1	18.8	17.4
average total income of persons reporting income	\$70,000**	\$27,074	\$27,309	\$25,196
percentage male	60.3	49.1	48.9	49.1

* - this figure represents the share of the population that responded with ‘university degree or higher’ in response to a query about the ‘highest level of education attained by someone in the household’; thus, though not directly comparable with the other figures in the same row, it is still suggestive of a more educated population.

** - the median value for respondents' *household* income was '\$60,000-\$79,999'; again, though this figure is not directly comparable with the others in the same row, we still feel comfortable in saying that our sample represented a wealthier population.

III - Citizen Attitudes

The survey asked respondents the extent to which they agreed with a number of statements about electricity industry restructuring in Ontario. More specifically, respondents were asked whether they 'strongly agreed' with, 'agreed' with, were 'unsure' about, 'disagreed' with or 'strongly disagreed' with three statements:

- 1) 'I am pleased that I will be able to choose the company that provides my electricity.'
- 2) 'I don't think restructuring the electricity industry in Ontario is necessary.'
- 3) 'Electricity is a necessity and a single government power company should supply it.'

Agreement with the first statement and disagreement with the second and third would suggest public support for some kind of electricity industry restructuring. Table 2 presents the results.

Table 2 - Survey responses to statements about electricity industry restructuring

Statement	strongly agree	agree	unsure	disagree	strongly disagree
'I am pleased that I will be able to choose the company that provides my electricity.'	16 (4%)	118 (32%)	152 (41%)	70 (19%)	17 (5%)
	36%		41%	23%	
'I don't think restructuring the electricity industry in Ontario is necessary.'	21 (6%)	57 (15%)	140 (38%)	124 (33%)	31 (8%)
	21%		38%	42%	
'Electricity is a necessity and a single government power company should supply it.'	33 (9%)	94 (25%)	94 (25%)	124 (33%)	25 (7%)
	34%		25%	40%	

The results from Table 2 suggest that there is some support for the process of restructuring: in response to each of the three statements, more respondents 'sided with' the pro-restructuring position than with the anti-restructuring position. Nevertheless, there still appears to be a significant level of uncertainty among respondents: for two of the statements approximately two-fifths of the respondents answered 'unsure'.

Notwithstanding this, however, the particular kind of restructuring that is occurring in Ontario does not seem to have as much support. Although the facilitation of ‘energy efficiency and the use of cleaner, more environmentally benign energy sources’ environmental sustainability’ and ‘promotion of renewable energy’ are stated as ‘purposes’ of the 1998 legislation -- albeit each with apparently lower priority than the economic purposes -- the Ontario Government has made little provision for encouraging either environmental sustainability or promotion of renewable energy in the new system. Instead, the Government appears to be leaving it to individuals’ decisions -- as played out in the market -- to achieve these goals. This seems to go against public sentiment, at least as reflected by our respondents.

For example, respondents were presented with the following question and choices:

‘In your opinion, how should the start-up costs of building “Green” electricity sources be paid for? (check only one answer please):

- a) the government should subsidize power generation from “Green” sources
- b) everyone should contribute through slightly higher electricity rates
- c) only those people who want “Green” electricity should pay more to have it
- d) other [and respondents were left with a blank space to write in their own response]
- e) “Green” power should not be built if it costs more than conventional sources’

Fifty percent of respondents who stated a preference chose (b), while another 38 per cent chose (a). Only 18 respondents (5 per cent) stated that ‘green power should not be built’ (e), while only 6 respondents (2 per cent) indicated that only those who want ‘green electricity should have to pay more to have it’. Interestingly enough, this latter option is the one that the Government is effectively following. Other possibilities (like those described in (b) and (a)) have apparently been rejected or ignored by the Ontario Government. From this, it appears that ‘citizen calls’ for greening the electricity industry restructuring process have gone unheeded.¹

IV - Consumer Attitudes

Respondents were also asked to ‘rank how important each of the following factors will be to you when you are able to choose the company that provides your electricity’:

- a) price of the electricity
- b) quality of the customer service
- c) electricity they sell is generated in southern Ontario
- d) environmental effects of the electricity produced by the company

¹ Similarly, respondents were asked which energy sources they would most prefer to be built in southern Ontario to meet the province’s energy needs. Thirteen energy sources were subsequently listed. Just under half of respondents (49.2%) selected either ‘solar arrays (on rooftops)’ or ‘wind turbines’ as their first choice. ‘Oil plant’ and ‘coal plant’ were each selected by one respondent (0.3%) as their first choice.

- e) reputation of the company
- f) reliability of electricity

Respondents were asked to place numbers 1 through to 6 beside the factors ‘with the most important being # 1’. Table 3 presents the results (with factors presented in order of respondents’ priority).

Table 3 - Survey responses to questions about important factors in electricity provider

Factor	1 st (most important)	2 nd	3 rd	4 th	5 th	6 th (least important)	Median	Average
price of the electricity	152 (42%)	88 (24%)	68 (19%)	28 (8%)	12 (3%)	12 (3%)	2	2.2
reliability of the electricity	124 (35%)	121 (34%)	55 (16%)	25 (7%)	15 (4%)	14 (4%)	2	2.2
environmental effects of the electricity produced by the company	62 (18%)	44 (13%)	86 (25%)	67 (20%)	56 (16%)	26 (8%)	3	3.3
quality of the customer service	19 (6%)	58 (18%)	69 (21%)	78 (24%)	74 (22%)	32 (10%)	4	3.7
reputation of the company	15 (5%)	40 (12%)	50 (16%)	63 (20%)	94 (29%)	59 (18%)	4	4.1
electricity they sell is generated in southern Ontario	6 (2%)	21 (7%)	28 (9%)	43 (14%)	52 (16%)	167 (53%)	6	4.9

Price and reliability clearly rank high in respondents’ list of priorities. Two-thirds of respondents stated that price would be either the first- or second-most important factor in selecting an electricity provider. A similar share (69%) said the same thing about the reliability of the electricity. These results placed these two factors clearly ahead of environmental considerations: while just over 31% of respondents stated that the ‘environmental effects of the electricity produced by the company’ would be either the first- or second-most important factor in selecting an electricity provider, an almost equal share (just over 24%) stated that it would be the least- or second-least important factor. Hence, ‘consumer voices’ appear ready to demand lower prices.

V - Discussion and Conclusions

The citizen/consumer paradox noted in the introduction to this report appears to be afflicting respondents to our survey in Waterloo Region. While the 'citizen' in our respondents appears to desire a more sustainable electricity system, the 'consumer' in them is set to look for the cheapest electricity product once the market is opened. Given the direction in which Ontario's electricity restructuring is currently heading -- and given that more polluting power generation alternatives are generally cheaper -- 'consumer' priorities look set to scupper 'citizen' aspirations.

This kind of citizen/consumer paradox has, of course, often been explained by reference to the 'tragedy of the commons' or the 'dilemma of collective action'. While everyone would like the 'public' benefits associated with a more sustainable energy system (for example, cleaner air and a stable global climate), they are hesitant to pay the higher 'private' costs of doing so (for example, by purchasing premium-priced green electricity). They remain fearful that others will 'free-ride' -- that is, not pay the private cost (buy the green power) and thus potentially reap the public benefits anyway, without incurring the cost. In this way, the prospects of being taken for a 'sucker' may mean that many do not pay the private cost, so the public benefit remains elusive.

How can this 'tragedy' or this 'dilemma' be avoided? John Dryzek highlights one possibility. As he so succinctly states, commenting upon Sagoff's car dilemma, 'The citizen in him would like the government to crack down on the consumer in him.' (Dryzek, 1997, 95) Respondents to our survey are expressing basically the same sentiment. They are clearly interested in collective -- often government-led -- responses to these electricity challenges. The responses to the question about how to pay for the start-up costs of building green electricity sources (see Section III above) clearly suggest this.

At the least, it would appear that a more vigorous debate about greening the electricity system in Ontario needs to take place. Not only do survey respondents appear to be demanding it, but a look around the world suggests the same: Ontario is one of the few jurisdictions that is not investigating different regulatory, market and mixed mechanisms aimed at reconciling citizen and consumer preferences. Indeed, the fact that a jurisdiction like Texas has introduced protected markets for renewable energy (a 'renewable portfolio standard') makes the silence from the Ontario Government on the issue all the more incredible.

So there lies a significant research challenge. There is a need to explore policy options for energy sustainability and to invigorate public debate about the same. Our survey suggests public interest in creative policy options, it is now incumbent upon researchers to provide more analysis and to help to stimulate debate. A more informed and more engaged populace at large will surely increase the chances of securing a more sustainable electricity future for us all.

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