

NJCEP CLEAN ENERGY PROGRAM RESIDENTIAL CUSTOMER FOCUS GROUPS - TOPLINE SUMMARY

March 24, 2008

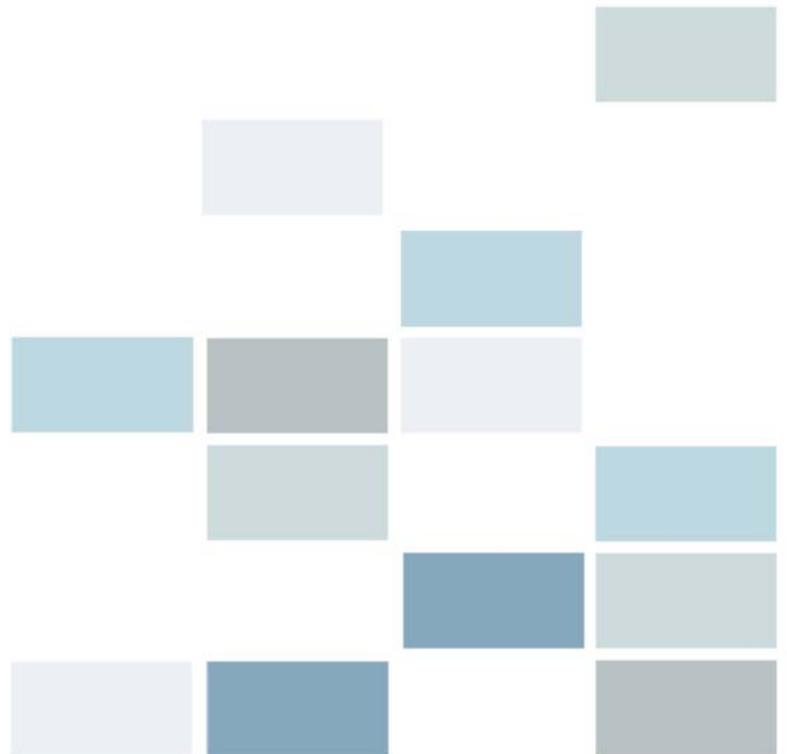


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IMPORTANT NOTE: *The analysis presented here has been completed quickly, to provide an advance overview of selected key findings. Market Strategies has made every effort to verify the contents of this document, but we reserve the right to make changes in the final report, based on a thorough review of the tapes and transcripts.*

STUDY METHODOLOGY

Market Strategies International, Inc. (MSI) conducted a total of four focus groups with residential customers, March 18-19, 2008:

Marlton: Tuesday March 18 - 6:00 pm & 8:00 pm
Edison: Wednesday March 19 - 6:00 pm & 8:00 pm

The characteristics of the customers who participated in the focus groups were:

GENERAL:	Residential customers, 25+ years of age, household's energy decision-maker
PARTICIPATION:	Approximately half current or recent participants in NJCEP programs, half non-participants
ETHNICITY:	Mix of Caucasian, African American, Hispanic, Asian
EDUCATION:	Mix of education levels, from some high school to post graduate
INCOME:	Mix of income categories, from <\$30K to more than \$75K per year
AGE:	Mix of age groups, from 25 to 55+
GENDER:	Mix of males and females

The groups averaged approximately 110 minutes in length. All participants received incentive payments. Audio and videotapes were made, and transcripts are being developed. Copies of the discussion guide and program descriptions that were discussed with the groups are attached.

OBJECTIVES

Objectives of this research include:

- To better understand NJ residents' needs, awareness, attitudes and perceptions about energy efficiency, renewable energy, and the NJCEP programs.
- To probe their likes and dislikes with respect to current NJCEP programs and offers.
- To identify and understand key motivating factors for participating, as well as roadblocks to participation.
- To understand the decision-making process people use to determine whether to participate in energy efficiency and clean energy programs.
- To explore which channels/communication vehicles will work best to communicate program benefits.
- To explore their levels of interest in current and potential future program designs/design elements.
- To gauge their receptiveness to current and potential future message strategies and communication concepts and materials, if available.
- To identify opportunities to encourage more people to make investments in energy efficiency and clean energy.
- To understand their feelings about state sponsorship of these programs, and what they feel the role of New Jersey's state government should be.

NEEDS, AWARENESS, ATTITUDES AND PERCEPTIONS ABOUT ENERGY EFFICIENCY AND RENEWABLE ENERGY

- All participants and non-participants readily acknowledge the importance of using energy efficiently and increasing the use of renewable energy. (Note: People with little or no interest in these topics were "screened out" during the recruiting process.)
- Reducing cost is the first top-of-mind motivation offered for both efficiency and renewables. The assumption seems to be that clean power will stabilize/reduce costs over time.
- Other key motivations include environmental benefits (reducing greenhouse gases and other pollution), concern about dependence on foreign sources of energy, opportunity to increase the value of the home, health benefits, and improving comfort/quality of life.
- For most participants, community or social motivations do not appear to be important at this time, although a few mention motivations such as doing the right thing or setting a good example,
- Those with experience with, or strong interest in, solar power and other clean energy solutions mention rebates and incentives that make them attractive economically.

STATE ROLE

- Awareness of the role played by the State of New Jersey was quite low in these groups, even among NJCEP program participants. Participants did not recognize that energy efficiency and clean power are important State goals, or see New Jersey as a leading state in these areas.
- Participants were not able to name any NJCEP programs, including the ones they had participated in themselves. When shown a lengthy list of program names (Edison groups only) they did not object or find the names confusing, but they still showed no sign of recognizing the names of the programs they had been part of.
- The participants also were not aware of broader State initiatives, such as 20% by 2020 or the Energy Master Plan. They did not feel that energy is an important concern for Governor Corzine, or that he is showing strong leadership on efficiency and clean power.
- Edison participants were not aware that their county is a partner community.

MARKETING COMMUNICATIONS

Participants were exposed briefly to four campaigns, with mostly positive, mixed reactions. The order of presentation was random across the groups. In rough order of favorability:

Residential Energy Efficiency Programs - Family (radio, print, brochure)

- Family orientation well-understood and well-received.
- Campaign seen as providing a lot of valuable, clear information in digestible form, with clear call to action.

Home Performance with Energy Star (TV, radio, print)

- Good response to the idea of using smart tools and techniques to identify the best opportunities to save energy throughout the house.
- Some concern expressed about the cost and objectivity of the contractors. Many felt the audit/inspection should be free or provided at very low cost, and that contractors could be too interested in finding expensive things to do.
- Availability of "low-interest financing" suggested high cost.

Whole House/Whole Community (print)

- Favorable comments about the use of real people in a variety of situations. This approach was strongly preferred to the “celebrity endorsement” by Kevin O’Connor, who was recognized by only a few participants.
- There were also favorable comments about the diversity of the people and situations shown in the ads.
- Some commented that, seen individually, each of the real people ads might catch the interest only of people in situations similar to the one illustrated, i.e., new home buyer, senior citizen, etc.
- Some objected to the amount of information/small type in the ads.
- The “community” aspect of the ads was not spontaneously talked about. When it was brought up by the moderator, the rationale for including it seemed unclear and not compelling.

Residential Energy Efficiency Programs – Community (radio, print, brochure)

- Campaign seen as providing valuable, clear information in digestible form, with clear call to action.
- The “community” connection did not come across in a clear or compelling way. Participants had trouble seeing/understanding the connection to their community.
- There was a clear preference for the “family” approach to talking about these programs.

PROGRAM VALUE PROPOSITION EVALUATIONS

Five NJCEP programs were evaluated by the participants. Copies of the “value propositions” used for these evaluations are attached. The order of presentation was random across the groups.

While all programs were perceived favorably, Energy Star Products and New Jersey Energy Star Homes received the strongest evaluations overall. “Likelihood to participate” evaluations are summarized in the following table. Participant comments about the strengths and weaknesses of each program and potential improvements will be featured in the final report.

Value Propositions	Tuesday March 18 6:00pm Marlton	Tuesday March 18 8:00pm Marlton	Wednesday March 19 6:00pm Edison	Wednesday March 19 8:00pm Edison	Total
Home Performance with Energy Star					
Very likely	1	2		2	5
Somewhat likely	5	6	2	5	18
Neither likely nor unlikely		1	3	3	7
Somewhat unlikely			2		2
Very unlikely	2		2		4
Already participating/already adopted	2		1		3
Energy Star Products					
Very likely	4	6	4	7	21
Somewhat likely	2	2	2	2	8
Neither likely nor unlikely	2	1	2		5
Somewhat unlikely	1			1	2
Very unlikely					0
Already participating/already adopted	1		2		3
HVAC Program					
Very likely	1		4		5
Somewhat likely	4	7	3	4	18
Neither likely nor unlikely	1		1	2	4
Somewhat unlikely	1	1		2	4
Very unlikely	1			1	2
Already participating/already adopted	2	1	2	1	6
New Jersey ENERGY STAR Homes					
Very likely	3	2	4	6	15
Somewhat likely	3	5	2	3	13
Neither likely nor unlikely	1	1	2	1	5
Somewhat unlikely	1	1	1		3
Very unlikely	2				2
Already participating/already adopted			1		1
Clean Power Choice					
Very likely	5	3	1	1	10
Somewhat likely	1	1	5	3	9
Neither likely nor unlikely		2	1	3	7
Somewhat unlikely	2	1	1	2	6
Very unlikely	2	1	2	1	6
Already participating/already adopted		1			1
Number of Participants	10	9	10	10	39

COMMUNICATION CHANNELS

- Participants indicated that television advertising would be the most effective approach for increasing the awareness and interest of the general public. Other media suggested were radio, newspapers, billboards, direct mail and home shows. There were few mentions of Internet/online communications.
- All of the program participants indicated that they became involved not through any type of media exposure, but rather through third party influence: trade allies or retailers made them aware of the program benefits available to them.

APPENDIX

2008 RESIDENTIAL CUSTOMER FOCUS GROUPS MODERATOR'S GUIDE

Objectives: To better understand NJ residents' needs, awareness, attitudes and perceptions about energy efficiency, renewable energy, the role played by the State, NJCEP programs and communications. To investigate the role of the Partner Community program in shaping these views.

INTRODUCTION (5 MINUTES)

- Moderator welcomes the participants and familiarizes them with the focus group rules and facility (e.g., no right or wrong answers, microphones, videotaping).
- Participants introduce themselves: First name, where they live, have/have not been involved in energy efficiency or renewable energy programs with the NJCEP.
- Moderator introduces topic: Here to talk about NJCEP's programs and services. We'll be talking about existing programs and some possible new ideas, and getting your thoughts and reactions. What's good about them, what's not so good, what would make them better?
- Your ideas will be very valuable to us, so input from all sides is encouraged, although I may need to keep us on track from time-to-time.

DISCUSSION OF ENERGY EFFICIENCY AND RENEWABLES (15 MINUTES)

Objectives: To better understand people's needs, awareness, attitudes and perceptions about energy efficiency and renewable energy. To identify opportunities to encourage more people to make investments in energy efficiency and clean energy.

Probe for: (1) Steps they are taking to improve efficiency and/or use of clean energy, (2) Participation in efficiency or clean power programs, (3) Installation of renewable energy technology (i.e., solar panels).

We have a diverse group of people around the table, with different levels of interest and involvement in these topics. So, to start, let's have a discussion of why energy efficiency matters to you and your family and community.

- Is energy efficiency important, or not so important? Why?
- How important?
- Why? What does it mean for you and your family? How do you benefit?

[Capture on flip chart reasons why energy efficiency is important. Then, show of hands to indicate which three reasons are most important.]

- Does it mean anything for your community? What/why?
- Have you already taken steps to increase efficiency? [If necessary, provide thought-starter examples: lighting, heating, cooling, water heating.]
 - What kinds of steps?
 - With what results?
 - Do you plan to do more?
- Have you set goals to improve efficiency? What are they?
- Have you run into any roadblocks or things have not worked out as planned in trying to be more efficient? What are they? Why is that a problem?
- What would help people in NJ make faster progress toward using energy efficiently?

Let's switch gears a bit and talk about renewable energy or clean power. So now the question on the table is why it matters or doesn't matter whether the electricity used in your home comes from clean, renewable sources, such as solar power or wind.

- Is using renewable energy important? Why?
- How important?
- Why? What does it mean for you and your family? How do you benefit?

[Capture on flip chart reasons why clean energy is important. Then, show of hands to indicate which three reasons are most important.]

- Does it mean anything for your community? What/why?
- Have you already taken steps to increase your use of clean energy?
 - What kinds of steps?
 - With what results?
 - Do you plan to do more?
- Have you set goals to increase your use of renewable energy? What are they?
- Have you run into any roadblocks or things have not worked out as planned in trying to use renewables? What are they? Why is that a problem?
- What would help people in NJ make faster progress toward using more clean, renewable energy?

STATE ROLE (10 MINUTES)

Objectives: To understand their knowledge and attitudes about state sponsorship of programs, and what they feel the role of New Jersey's state government should be.

Probe for: Positives and negatives. Language used in discussing state's role. Consensus on how state could/should help them.

OK. We've been talking quite a bit about conserving energy and using cleaner energy. Now I'd like to talk a bit about how you feel about the role the State of New Jersey is playing in these efforts.

- What is the state doing about energy efficiency and renewable energy, that you may have heard about?
- Give me the names of any state programs you've heard about that support energy efficiency and renewable energy. [WRITE ON FLIP CHART.]
- Discuss programs respondents are aware of or have participated in, and what they know about them.
- Which do you think are the most effective programs? Why? What are the benefits?
- Which are less effective, why? What are the problems?
- What would make the programs more useful to you and your family? What else?
- In general, how could the state provide more help to people like you? What should they do differently? Why?
- Check awareness for Energy Master Plan, 20% by 2020, Governor Corizne role, community leaders/group roles.

MARKETING COMMUNICATIONS (40 MINUTES)

Objectives: Gauge receptiveness to current and potential future message strategies and communication concepts.

Probe for: Words and concepts that work / words and concepts to avoid.

Now I'm going to ask you to look at some information that is being used, or might be used, to let people know about energy efficiency and renewable energy programs in New Jersey. This includes various types of advertising and communication materials, which I'm going to ask you to review and evaluate with me...

[PLAY/SHOW/HANDOUT ALL MATERIALS.]

For each set overall:

What is your initial reaction to what you are hearing/seeing? Is your reaction:

Positive?

Neutral? [SHOW OF HANDS – RECORD ON FLIP CHART.]

Negative?

All right, why? Explain to me why you have the reaction you do.

Get positive, neutral and negative input, probing on:

- Credible/not credible. Why?
- Interesting and invites further curiosity, or dull and easy to ignore?
- Clarity of message – what is it trying to get across?
- How relevant is it to you, personally? How could it be more relevant?
- What are they asking you to do?
- How would you improve it?
- What additional information would be valuable useful?

- Community/social vs. individual/family motivation
- Third party endorsement (Kevin O'Connor) or real people?
- Does state sponsorship affect your feelings about these messages? In what way? Why?

PROGRAM VALUE PROPOSITIONS AND ATTRIBUTES (30 MINUTES)

Objectives: Understand specific likes and dislikes with respect to current programs and offers. Identify and understand key motivating factors for participating, as well as roadblocks to participation. Explore levels of interest in current and potential future program designs/design elements. Understand the decision-making process people use to determine whether to participate in energy efficiency and clean energy programs.

Probe for: Opportunities to encourage more people to make investments in energy efficiency and clean energy. What are the emotions behind motivations?

Thanks for telling us what you think about these materials. This is great information. Now I'm going to hand out several program descriptions so we'll all have exactly the same information about each program, and ask you to jot down answers to a few questions about each one. Then we'll discuss them as a group. Some of them are existing programs and others are new ideas.

Moderator hands out first program description/value proposition and asks participants to read it and answer the questions below it. [SEE SEPARATE DOCUMENT]

Discuss/probe program value propositions and attributes.

- Is your family likely to participate? Why/why not?
- What do you like about this program?
- Why might you want to participate? What are the key benefits? What would make it better?
- What do you dislike about it?
- What would stop you from participating? How can that be overcome? Why would that matter?
- [For existing programs] Why did/didn't you participate? (Lack of awareness? Other roadblocks?)
- What if we tweak the program in this way [describe better incentive, lower price, etc.]? Would that increase your likelihood to participate? Why/why not?

[HAND OUT EACH PROGRAM DESCRIPTION IN TURN, AND FOLLOW THE SAME PROCESS. PROGRAMS WILL BE DISCUSSED IN A DIFFERENT, RANDOM ORDER IN EACH GROUP.]

[AFTER GOING THROUGH ALL DESCRIPTIONS] Alright, let's try to wrap up and summarize the discussion we've been having. Based on everything we have talked about:

- What are the program features and benefits that really matter to you? What characterizes a program you would really want to get involved with?
- OK, and how would you characterize a not-so-attractive program, one you would be likely to stay away from?
- What would make you more likely to make future investments in energy efficiency or renewable energy?"

COMMUNICATION CHANNELS (10 MINUTES)

Objectives: Explore which channels/communication vehicles will work best to communicate residential program benefits.

Probe for: Key media and other communications channels; specific publications, websites, conferences, etc.

Our next topic is how best to communicate with people like you. For those of you who have participated in programs or at least were aware of them, how did you learn about the programs? For those who have not yet been involved, how can NJCEP do a better job of reaching out to you?

- Through third parties/trade allies. Which ones took the lead?
- Media: which ones?
- Websites: which ones?
- Retailers: which ones? How communicated?
- Trade shows/conferences/events: which ones?
- Directly from NJCEP. Advertising, direct mail, website, other?

If you were working for the NJCEP, what methods would you use to get the word out about programs and services offered to people like you?

WRAP UP (5 MINUTES)

OK, fine. Those are all the topics we wanted to cover with you tonight. But I would like to ask each of you to make a final comment.

Based on your feelings when we started and everything we have talked about tonight, what are your feelings now about these types of energy efficiency and renewable energy programs?

Will the information we have discussed tonight make you more or less likely to get involved in these types of programs in the future? Why/Why not?

What did you learn that made you change your opinion?

Thank participants and remind them to collect incentive checks.

VALUE PROPOSITION HANDOUTS

Home Performance with Energy Star

This comprehensive home improvement program can help reduce your home's energy usage by up to 30%, create a more comfortable, healthy and safe living environment, and lessen the impact of global warming. Home improvement services are provided by Accredited Building Performance Institute (BPI) contractors, who are specially trained and certified.

Low-interest financing and cash-back incentives are available on eligible measures.

1. How likely would you be to participate in this program?

- Very likely
- Somewhat likely
- Neither likely nor unlikely
- Somewhat unlikely
- Very unlikely
- Already participating/have already adopted these measures

2. What is the best feature of this program, from your point of view?

3. What is the worst aspect of this program – the biggest roadblock that might keep you from participating?

4. How would you change the program to make it more relevant to you and your family (other than simply increasing the incentive)?

Energy Star Products

The Energy Star program makes it possible for your local retailer to help you select lighting, appliances, windows and home electronics with the Energy Star label, which use less energy without sacrificing comfort or style.

1. How likely would you be to participate in this program?

- Very likely
- Somewhat likely
- Neither likely nor unlikely
- Somewhat unlikely
- Very unlikely
- Already participating/have already adopted these measures

2. What is the best feature of this program, from your point of view?

3. What is the worst aspect of this program – the biggest roadblock that might keep you from participating?

4. How would you change the program to make it more relevant to you and your family (other than simply increasing the incentive)?

HVAC Program

When it's time to upgrade or replace your heating and cooling equipment, it is important to select a high efficiency system -- sized and installed properly by a competent contractor. Through the HVAC program, quality installation is available, with verification by an independent third-party, for central air conditioning systems to make sure your system is installed correctly. Duct sealing services are also available to help improve your home's air distribution system for greater efficiency and even temperatures from room to room. In addition, maintenance service programs are available to help make sure your equipment is properly maintained for optimal performance.

1. How likely would you be to participate in this program?

- Very likely
- Somewhat likely
- Neither likely nor unlikely
- Somewhat unlikely
- Very unlikely
- Already participating/have already adopted these measures

2. What is the best feature of this program, from your point of view?

3. What is the worst aspect of this program – the biggest roadblock that might keep you from participating?

4. How would you change the program to make it more relevant to you and your family (other than simply increasing the incentive)?

New Jersey ENERGY STAR Homes

If you're building a new home, be sure to ask your builder for a New ENERGY STAR Home—built for superior energy performance, comfort, health and safety.

Through the New Jersey Energy Star Homes program, these homes are independently tested and verified to use 15-35% less energy than conventional homes.

1. How likely would you be to participate in this program?

- Very likely
- Somewhat likely
- Neither likely nor unlikely
- Somewhat unlikely
- Very unlikely
- Already participating/have already adopted these measures

2. What is the best feature of this program, from your point of view?

3. What is the worst aspect of this program – the biggest roadblock that might keep you from participating?

4. How would you change the program to make it more relevant to you and your family (other than simply increasing the incentive)?

Clean Power Choice

By participating in this program, you can invest in the production of clean energy.. For a few dollars more each month, you'll be investing in the generation of solar, wind and other renewable energy sources.

1. How likely would you be to participate in this program?

- Very likely
- Somewhat likely
- Neither likely nor unlikely
- Somewhat unlikely
- Very unlikely
- Already participating/have already adopted these measures

2. What is the best feature of this program, from your point of view?

3. What is the worst aspect of this program – the biggest roadblock that might keep you from participating?

4. How would you change the program to make it more relevant to you and your family (other than simply increasing the incentive)?