New Energy Consumer: a fascinating future

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Claudio Arcudi
Rome, July 6 2012

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1 **Utilities Trends: Forces Shaping the Energy marketplace**

2 Smart cities trend

3 Accenture end-consumer observatory 2012

4 A fascinating future

Forces shaping the evolving energy marketplace

Utilities are not the only ones initiating change; convergence of powerful technological, consumer and sustainability (regulatory) market forces are creating the evolving energy marketplace.

1. Advances in smart technology

2. Sustainability

3. Evolving consumer values

The evolving energy marketplace

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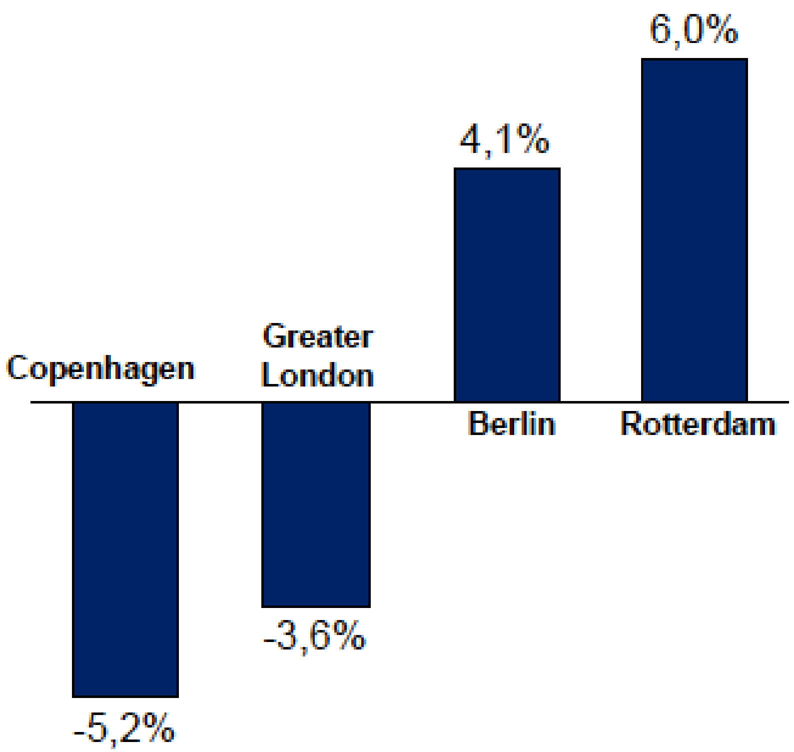
European cities clearly is addressing climate change as a way to drive growth and competitive advantage in their jurisdictions

Reducing overall city-wide GHG emissions year on year

Reported emission reductions

Change in emissions reported, by city (% change as in report 2011 and in report 2012)



Key facts

- **London**'s emissions dropped by **3.6%** between its 2008 inventory and its 2010 inventory, to 43,400,000 tonnes CO2e
- **Copenhagen**'s emissions dropped **5.2%** between 2009 and 2010, to 2,515,250 tonnes CO2e
- **Berlin and Rotterdam** show slight increases. However, both these cities are taking significant steps to reduce emissions. Together Berlin and Rotterdam report seven individual actions to reduce emissions at the city-wide level
- 45% of reporting municipalities (10 cities) have established a **plan of incentives** for municipal departments or individuals or other subjects. Monetary rewards prevail over other kinds of prize
- The **Ile-de-France Regional Council** was the first council in France to commit to emissions offsetting related to its officials' and representatives' travel

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Consumer choice

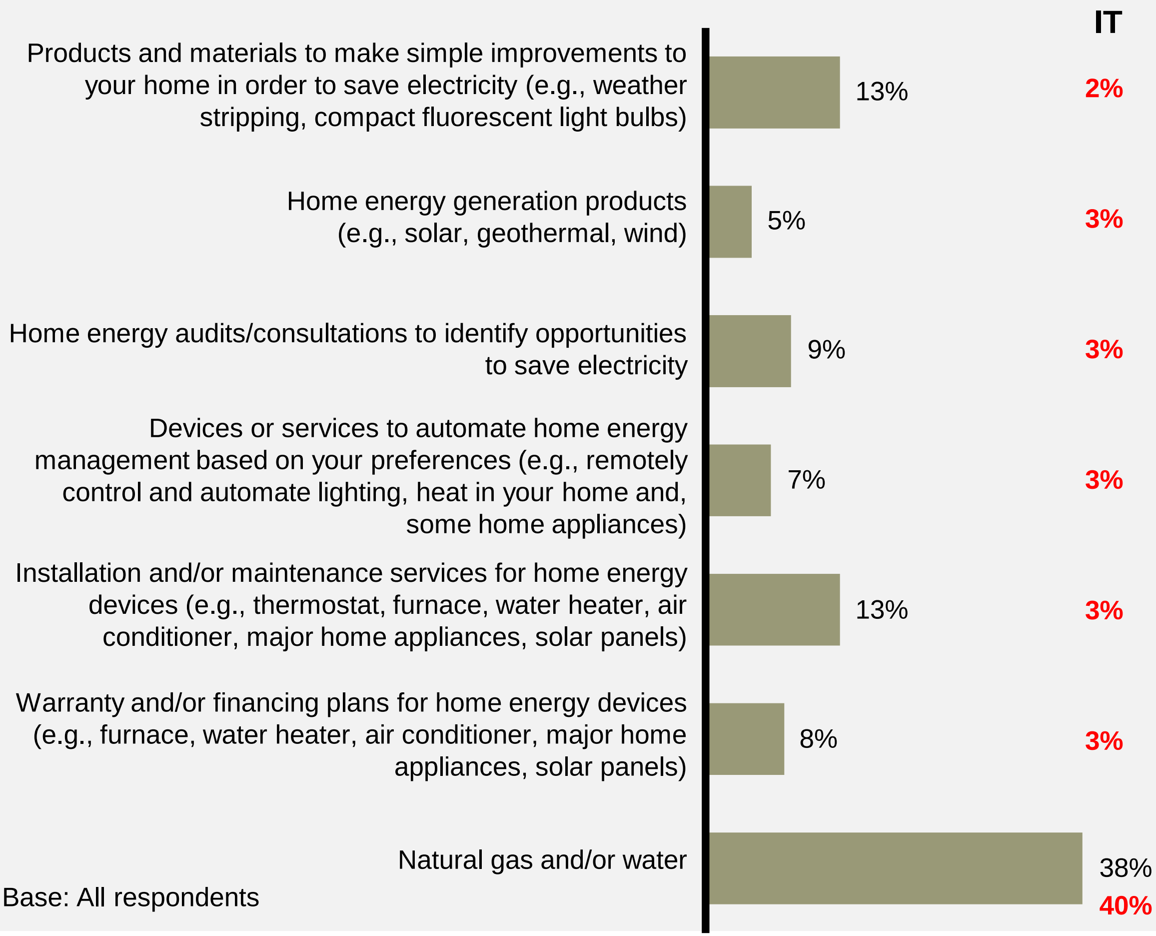
Insight No. 1: Offer the "right" mix of products and services

Consumers are increasingly interested in receiving additional energy- and nonenergy-related products and services from electricity providers

Consumers currently receive a limited number of energy-related products and services from their electricity provider but there is significant interest in signing up for more

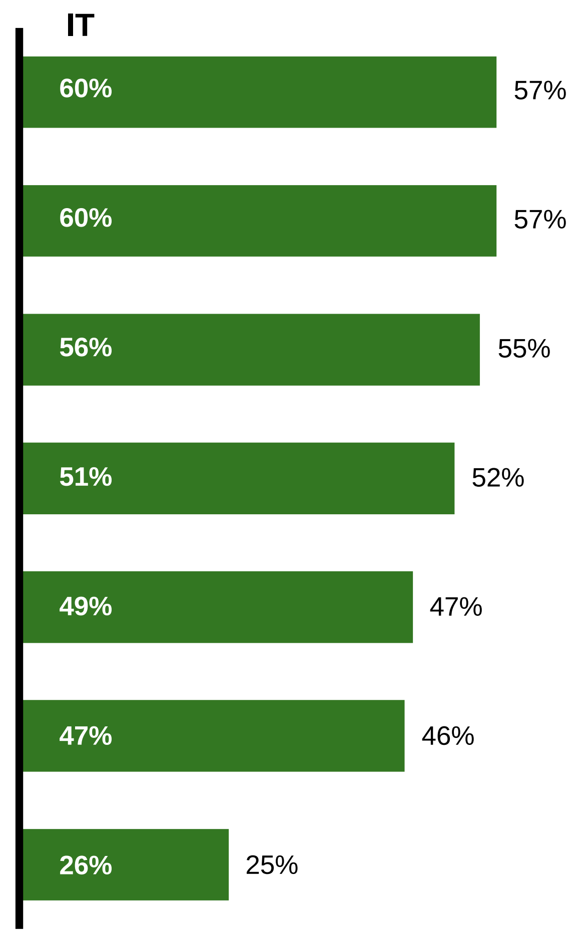
How interested are you in signing up for the following products and services if they were offered by your electricity provider?

Products and services currently received from electricity provider



Base: All respondents

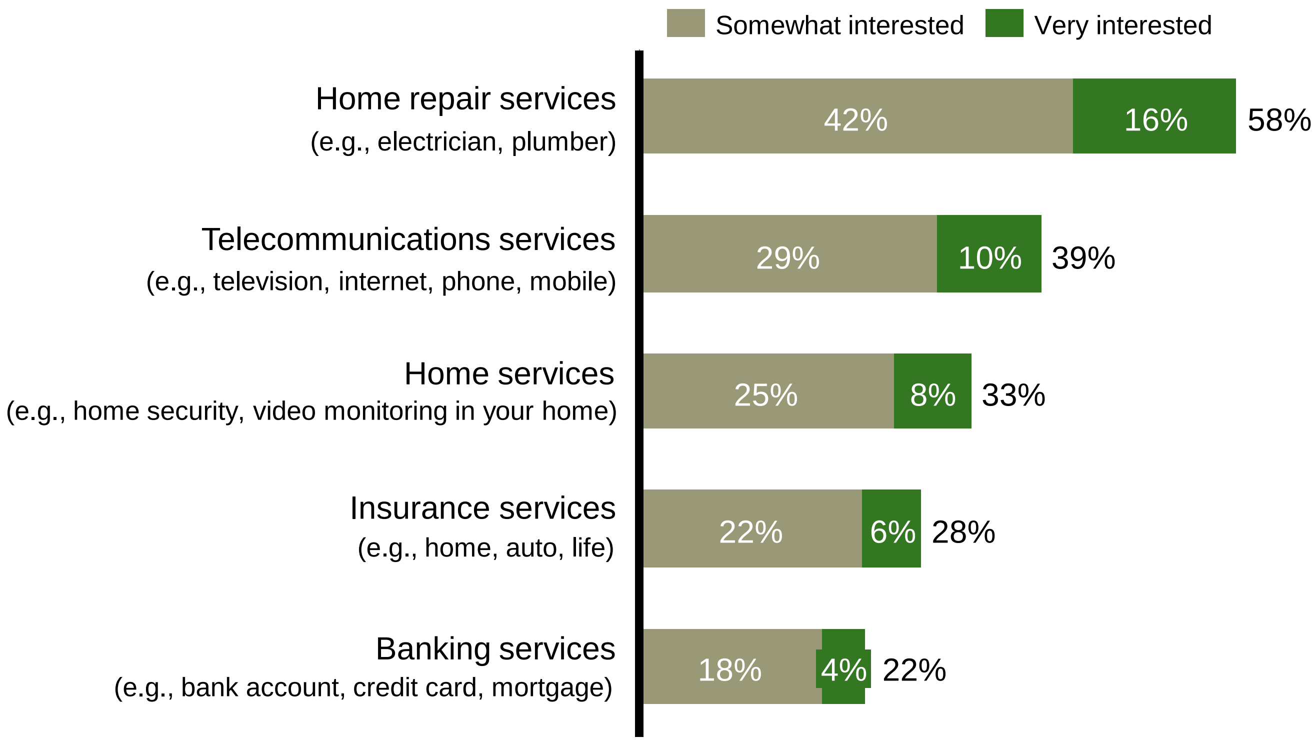
Interest in products and services provided by electricity providers (very/somewhat)



Base: Consumers who do not currently receive the product and service from their electricity provider

Consumers are also interested in receiving a variety of non-energy related services from their electricity provider

In addition to energy-related products and services, how interested would you be in receiving the following from your electricity provider?



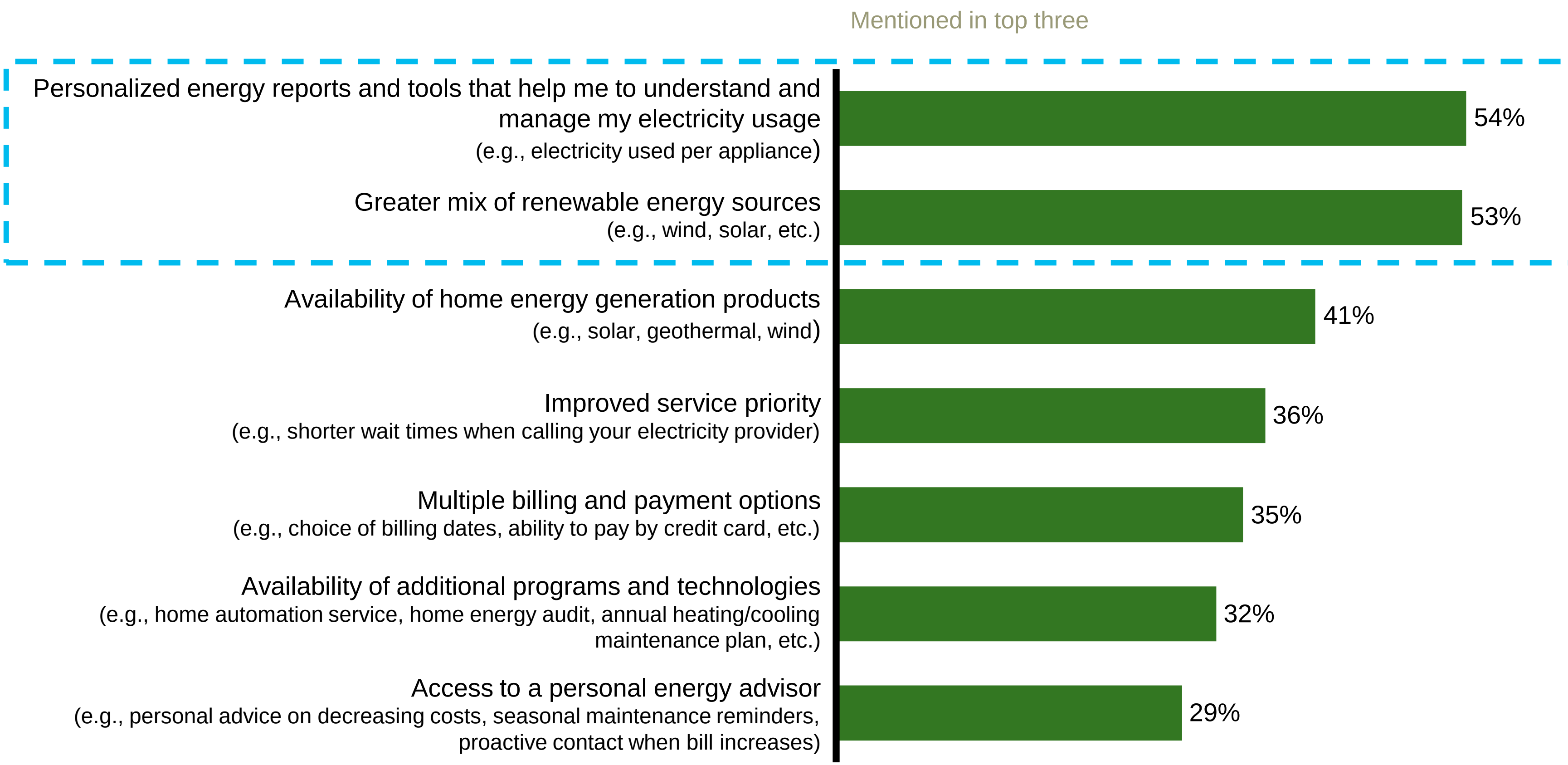
Base: All Italian respondents

Insight No. 2: Maximize consumer willingness to pay

When it comes to paying a premium, consumers are more attracted to differentiated products than services

Consumers expect a “premium electricity service” to include a wide range of products and services

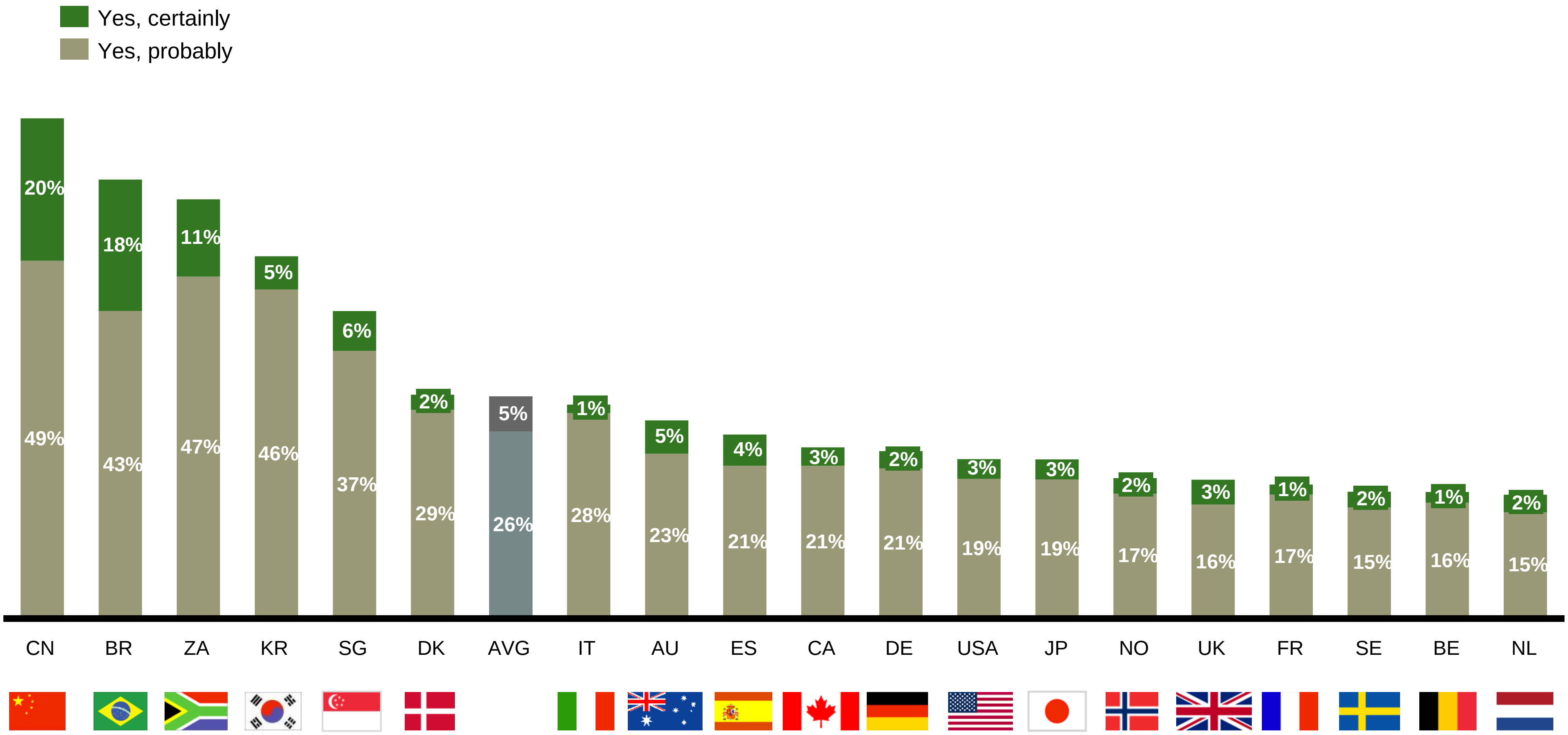
Which of the following products/services would you expect a “premium electricity service” to include?



Base: All respondents

Consumer willingness to pay more to receive a "premium electricity service" varies across geographies
- Country breakdown

Would you be willing to pay a premium for your electricity in order to receive these additional products/services?

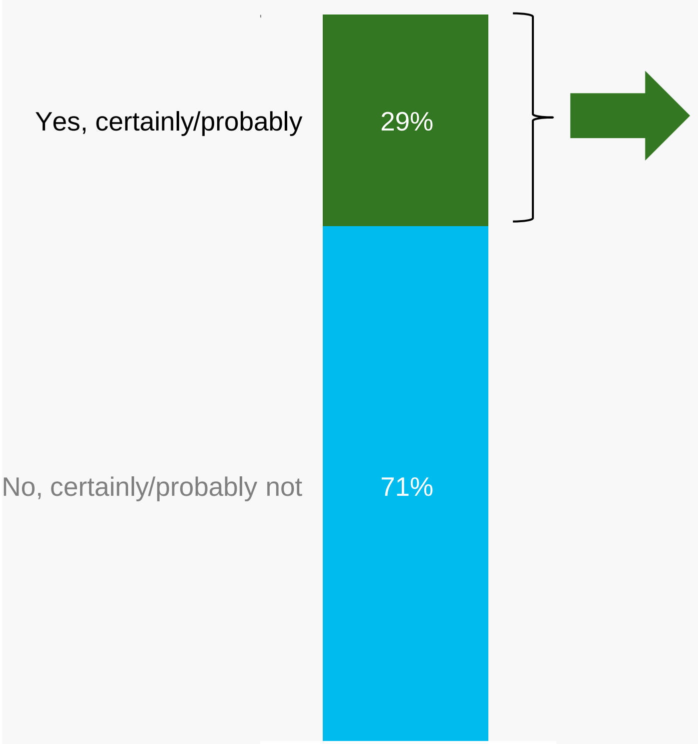


Base: All respondents

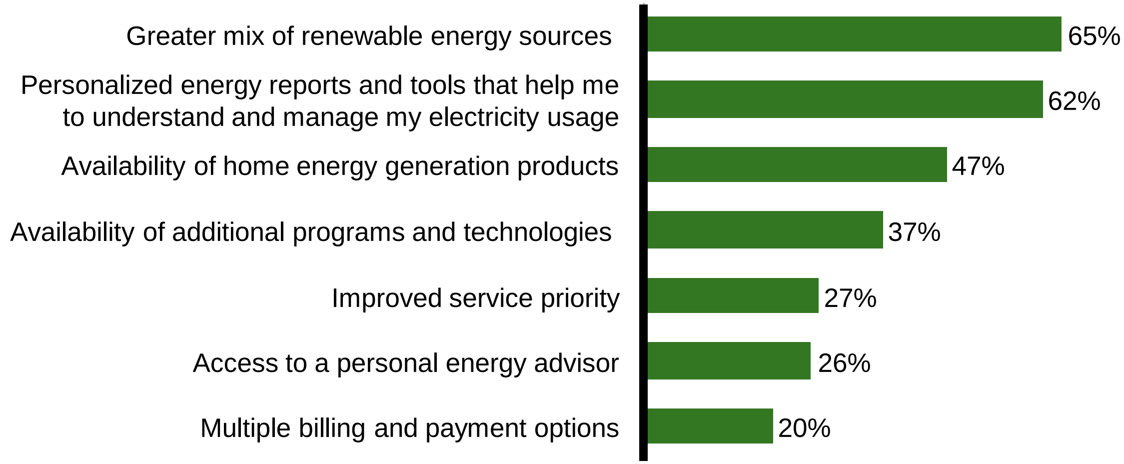
Among consumers who would be willing to pay a premium, the vast majority would expect a “tangible product” over improved service options

Which of the following products/services would you expect a “premium electricity service” to include?

Would you be willing to pay a premium for your electricity in order to receive these additional products/services?



Base: All Italian respondents



Base: Consumers who say they would "certainly" or "probably" pay a premium for electricity in order to receive these additional products/services

Insight No. 3: Maximize consumer desire to save

The majority of consumers would forego customer service in return for price discounts

Insight No. 4: Create a value proposition with bundles

Consumers are interested in bundled packages that meet their lifestyles and needs, particularly when they deliver savings, convenience or ease of use

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Consumer connection

Insight No. 5: Optimize the value of self-serve

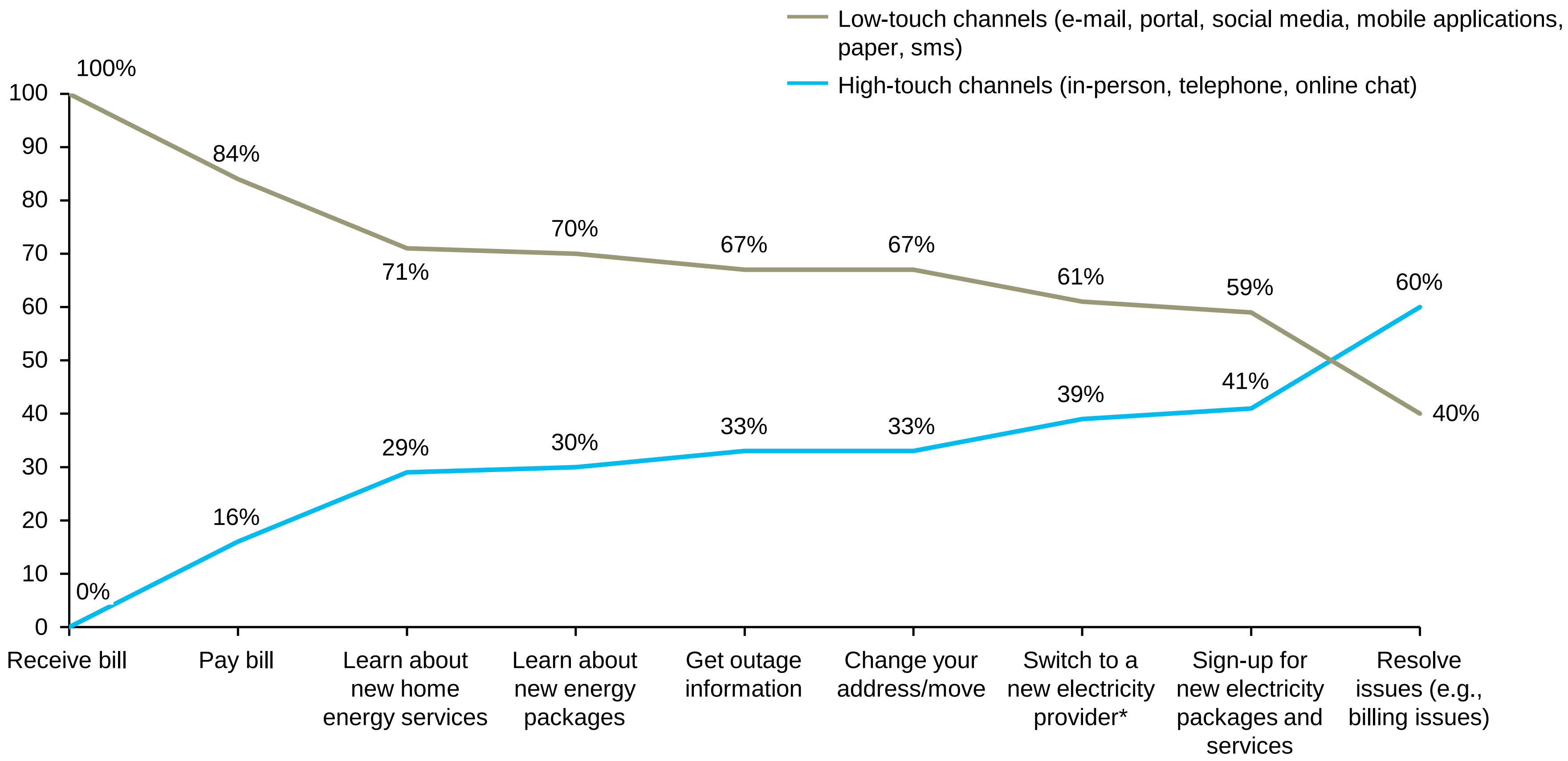
Low-touch channels and self-service have reached a tipping point where consumers prefer these options for most transactional interactions

Insight No. 6: Unlock social media

Consumers in many geographies are interested in engaging with their electricity providers through social media, in particular, for service convenience

Consumers generally prefer low-touch channels; however, high-touch interactions are preferred for complex or sensitive events

Please select your preferred method of interaction with your electricity provider for the following events



*Only in deregulated markets

Base: All respondents

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Consumer loyalty

Insight No. 7: Manage consumer engagement

Satisfaction and engagement actually decrease based on the length of time consumers interact with their providers

Insight No. 8: Understand churn

In competitive markets, while switching decisions are largely price driven, loyalty rewards are emerging as an effective motivator for consumers to stay with their current provider

Insight No. 9: Engage the next generation

Younger consumers can offer a paradox: they prefer a complex mix of high-touch interactions, self-service and social media engagement

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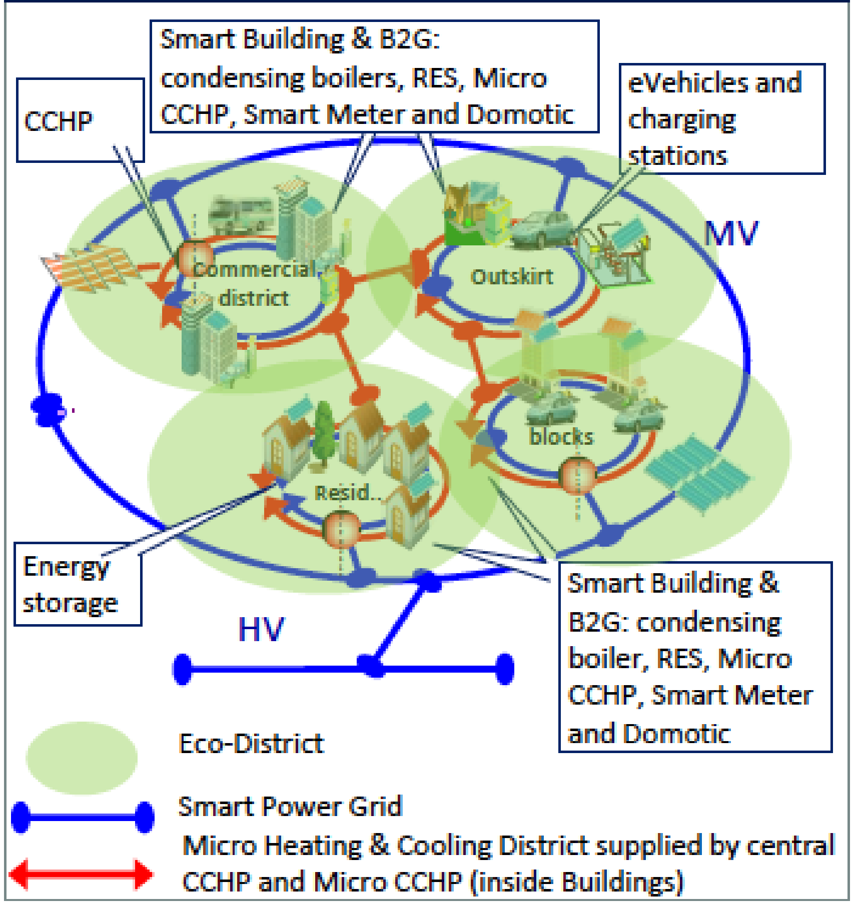
A new model with a bi-directional flows of information, energy and revenues. Ubiquitos computing will be embedded in new energy marketplace. Social media will extend the channel.

New Energy market will be a pillar of Smart Cities program

An holistic planning to make our cities smarter

The Eco-District concept



An innovative holistic planning at work

- One example of holistic planning at work is the **Eco-District**, which is gaining popularity as a means of addressing sustainable urban development
- The model—tested in **Yokohama and Portland**, among other cities—allows scalability and has proven effective in addressing environmental concerns
- **Technologies and solutions** within an Eco-District are the **same as within an ideal Smart City**, but on a smaller and more controllable scale
- The Eco-District is **modular** and **scalable** and, moreover, **bankable**, supported by a solid business plan, that can be measured ex-post, and that have a limited technical complexity
- The Eco-District is fully **controllable from a financial point of view**, being possible to identify the single elements contributing to the energy P&L of the District

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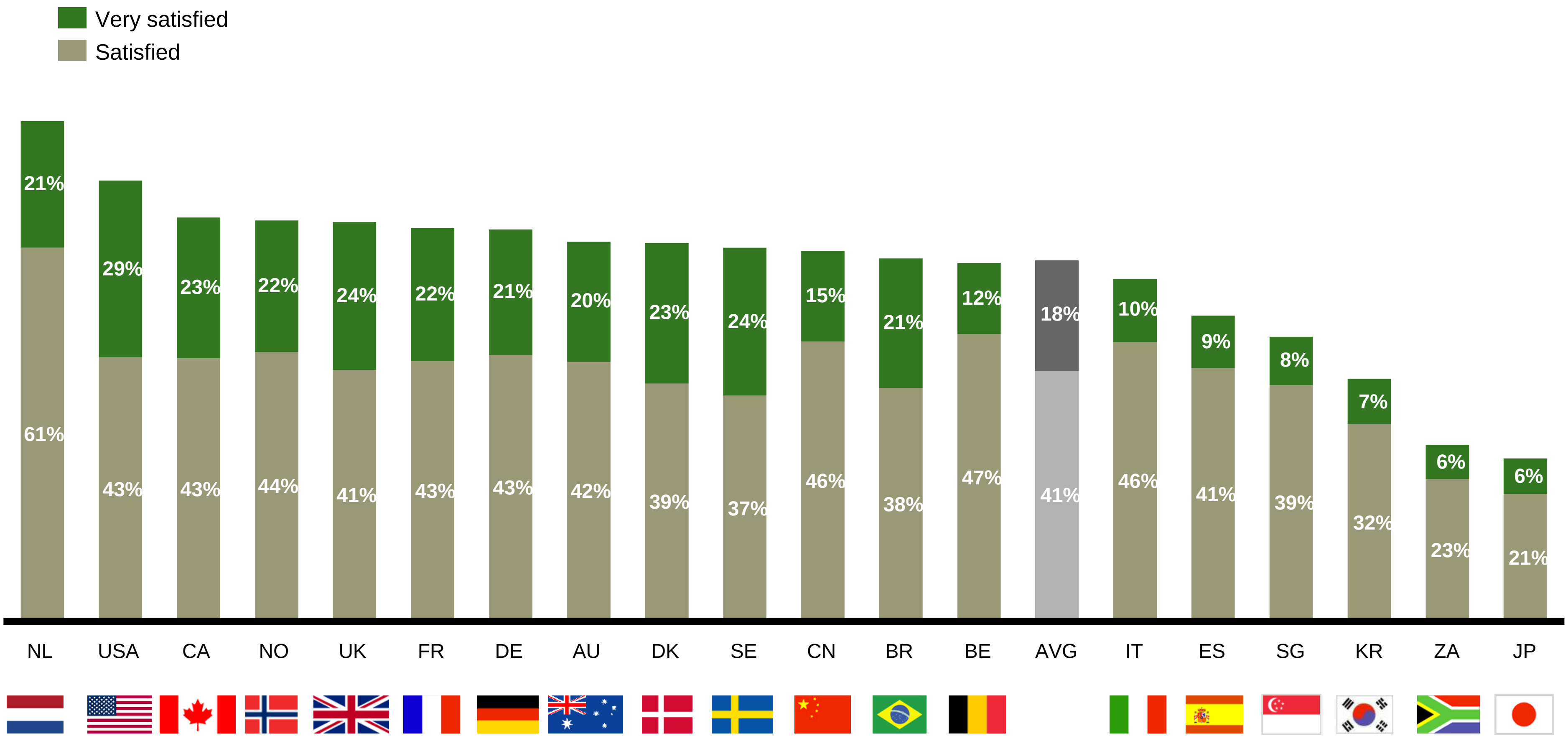
Overall, 59 percent of consumers are satisfied with their current electricity provider, with higher satisfaction in deregulated markets

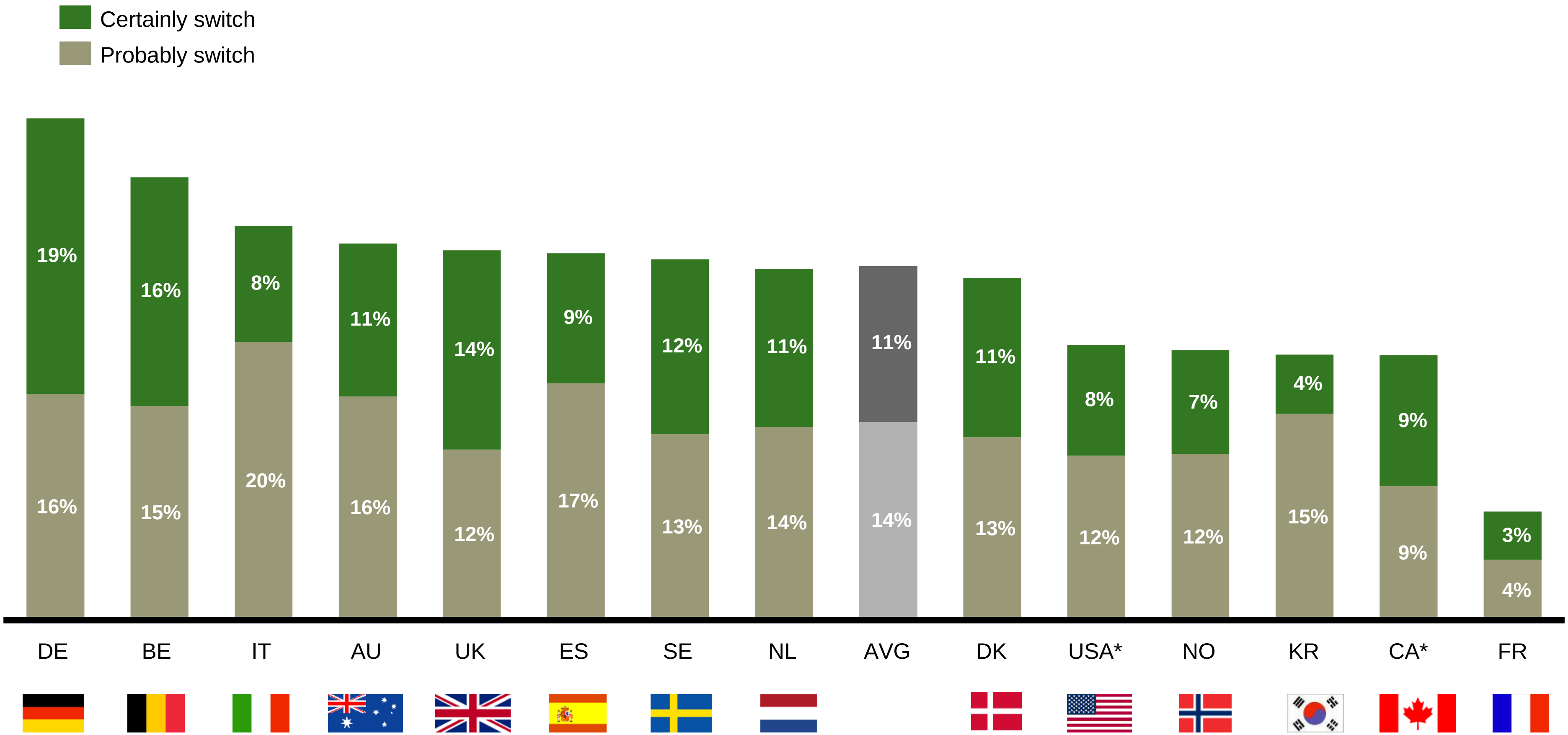
What is your level of satisfaction with your current electricity provider?



Base: All respondents

Likelihood of switching to another electricity provider in the next 12 months
- Country breakdown

Are you considering switching to another electricity provider in the next 12 months?



*Note: includes only deregulated states and/or provinces

Base: Respondents in deregulated markets only