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Utilities fail to market renewable energy effectively

By Jennifer Zajac

Note to utility marketing departments: when it comes to pitching renewable energy to consumers, enough already about how it's good for the environment. We know. We collectively yawn. Time for a new marketing pitch.

What many Americans do not know is that switching to renewable energy does not require a lifestyle change, and that's a selling point utilities need to convey to consumers, said Eric Tulin, president of New Britain, Conn.-based Creativenergy, an energy and clean energy marketing and public relations firm. Utilities also need to convey other benefits of switching to renewable energy, such as reducing the country's dependence on foreign fuels, better health for children and the creation of more jobs.

Besides emphasizing the environmental advantages of green energy, utilities are susceptible to using what Tulin refers to as "utiliteeze" language in their marketing efforts. "They get bogged down in the details because that's how they think," Tulin told SNL Energy. For example, he noted that utilities can go into four-part harmony in marketing literature describing how renewable energy is fed into the grid and customers are not actually buying electrons that were created by clean sources.

"They have to get down to more consumer[-oriented], emotional-hook messaging about what's the true value. I think they tend to hedge their messaging as they're trying to satisfy state mandates often driven by environmental groups as part of their marketing campaigns. ... Research shows that a significant portion of consumers are turned off by the environmental benefit message."

While some utilities' marketing efforts come up short, others such as [Portland General Electric Co.](#) and [Austin Energy](#) have displayed significant effort and savvy, which is reflected in the number of customers who have signed up for renewable energy, Mike Boyd, president of Verde Resources, a unit of [Western Wind Energy Corp.](#), told SNL Energy. Western Wind is a publicly traded wind generation developer based in Canada.

It makes economic sense for investor-owned utilities to effectively market renewable energy. Tulin has seen companies spend \$300,000 on renewable energy marketing campaigns that focus on environmental benefits and only manage to prompt 1,000 customers to switch — at \$300 a pop, it's an expensive way to conduct business. "So it's only costing a customer \$5, \$6, \$7 a month more on their energy bill to go 100% clean energy sources, but it's costing a lot to educate them and, in conventional marketing terms, get them to convert. It takes a carefully planned, integrated marketing program to reach clean energy conversion objectives at a reasonable cost." Tulin said.

This month, a [report](#) by Clean Edge Inc. stated that the renewable energy markets are poised to grow to more than \$100 billion by 2014 from \$16 billion in global revenues in 2004. The fact that fossil fuel prices are not expected to decline soon will certainly help initiatives to get more people on board with renewable energy.

Western Wind recently become involved in a marketing campaign that includes ads in business, trade and environmental publications. "We want to educate the public on wind energy because it's cheaper than natural gas these days and it should become more of a prominent energy source for power companies, not because they're mandated to do it but because it makes economic sense," Boyd said.

Venture capitalists also appear to be betting that renewable energy will gain more ground in the United States. Clean Edge's "Clean Energy Trends 2005" report, which was produced in collaboration with Nth Power, stated that venture capital investments in U.S.-based energy-tech companies increased to \$520 million in 2004 from \$509 million in 2003, representing nearly 3% of total VC investments in the United States in 2004. Investment banks are moving into the renewable sector as well; [Goldman Sachs Group Inc.](#) announced [March 21](#) that it is buying [Zilkha Renewable Energy Corp.](#)

"Warren Buffett's in the wind game, too," said Boyd. "When folks like Goldman Sachs and Warren Buffett get in the wind game, you know that it's no longer the domain of long-haired, tie-dyed, Birkenstock guys in the garage pounding out wind turbines."

Renewable energy advocates say utilities need to start generating more consumer demand for the product so that those investing in supply can secure long-term power contracts going forward. Utilities are beginning to seek out firms such as Creativenergy, which is currently in discussions with several utilities, according to Tulin. "Utilities are looking to find ways to communicate their clean energy commitment," Tulin said. "When it comes to renewable energy, the consumer needs very specific messaging and

branding. Clean energy is a challenging marketing problem, and utilities need organizations with very specific skills and experience to support their marketing efforts."