

Energy Pricing and Load Management

An E SOURCE Multi-Client Market Research Study



Finalized in March of 2001, this study measures the energy pricing preferences of medium and large North American businesses in commercial, industrial, and institutional market sectors. The results provide insight into the following topics:

- End users' knowledge and sophistication regarding energy pricing
- Decision-making process surrounding energy procurement
- Interest in participating in load reduction programs
- Interest in and propensity to select various pricing options

Creating Pricing Packages

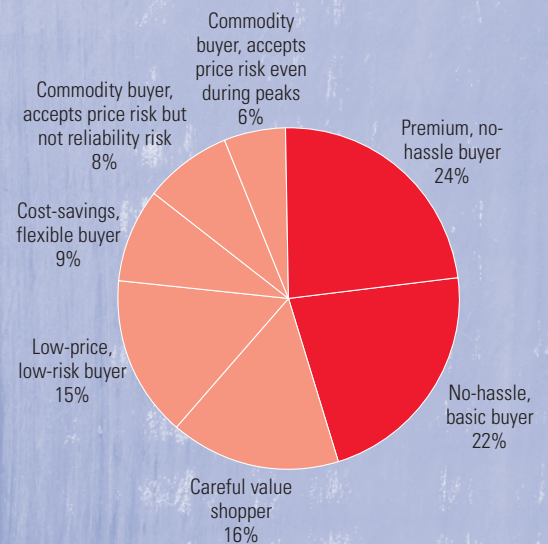
"I would prefer shorter contracts over longer contracts in order to remain flexible. You don't know what will happen in the energy marketplace in the future."

We all know price is key to any deal, but this research identifies and quantifies "intangible" elements that enhance the overall value of your offer. The ability to deliver on contracts, your company's reputation, and the length of the contract are just a few elements that should be considered as part of your pricing packages.

- Create market entry scenarios
- Test and compare different pricing packages to determine the most preferred option for your buyers
- Quantify interest in index rates, weather insurance, price spike insurance, or price guarantees
- Identify the key procurers of energy within different types of organizations

Preference shares for seven offers with price held constant

Premium and no-hassle service offers capture the largest preference share.

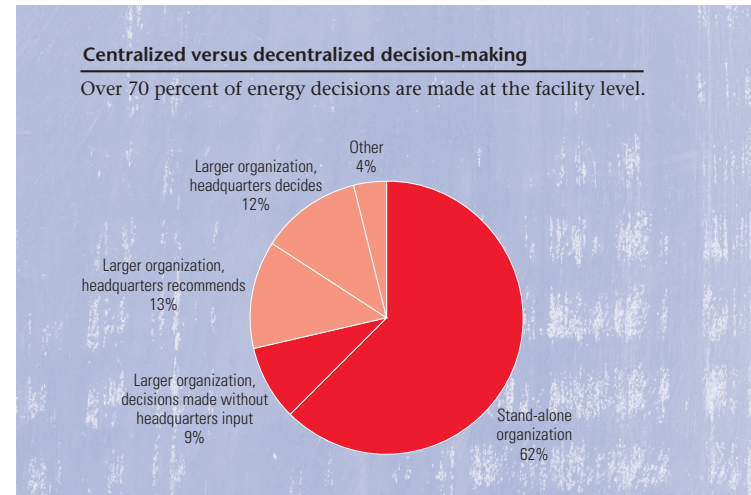


The Power of Load Management

A surprisingly large amount of respondents' energy load on a typical day is considered nonessential—and that's good news in a constrained energy supply market. When faced with increasing market prices, respondents reportedly are able to shed or drop a significant portion of that nonessential load.

This study highlights the customer groups most likely to participate in load reduction programs and identifies the elements of load reduction programs that are most relevant to each group's operations—such as time of day or the number of times they are asked to reduce load. With E SOURCE's pricing package simulator, study subscribers can model the impact of adding voluntary or interruptible programs to their offerings. You'll be able to

- Quantify load available for reduction at peak times
- Identify key market sectors willing to participate in a given type of load reduction program
- Assess the impact of the price paid on respondents' willingness to shed or drop load
- Identify sectors that have the most "nonessential load"
- Estimate the impact these programs could have on your portfolio



Understanding the End User

Use the results of this study to learn more about your market. Do energy decision-makers spend a majority of their time on energy management? Are they most often the sole decision-maker or are they part of a team? Does this differ by market segment or by size of business? All results can be sorted and looked at from the following perspectives:

- Number of employees
- Hours of operation
- Square footage
- Region
- Energy bills
- Ownership status
- Number of locations
- Decision-making structure

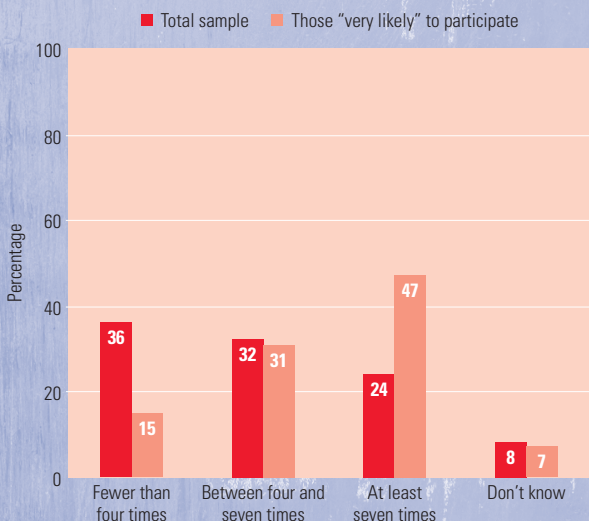
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Number of times respondents are willing to reduce load

Survey participants were asked, "During summer peak periods, your organization's electricity provider may ask you on multiple occasions to reduce your electricity load. Assuming they asked you on 10 occasions for 4 hours of load reduction on summer weekdays, how often would your company be able to reduce its electricity load?" Those who are very likely to participate in a voluntary load reduction program report that they will reduce load more often, if asked.



Source: Load management survey, Question 71