

The background of the slide is a photograph of a field of green crops in the foreground. In the middle ground, four wind turbines are silhouetted against a bright sunset sky. The sun is a glowing orb on the horizon to the right, casting a warm orange and yellow light across the sky. The turbines are of varying heights and are positioned from left to right across the horizon.

# Energy Tariff Reforms

**Strategic communication, development of communication strategies and action plans to introduce energy tariff reforms**

**Greg Lyle,  
Founder and President, Innovative Research Group, Canada**

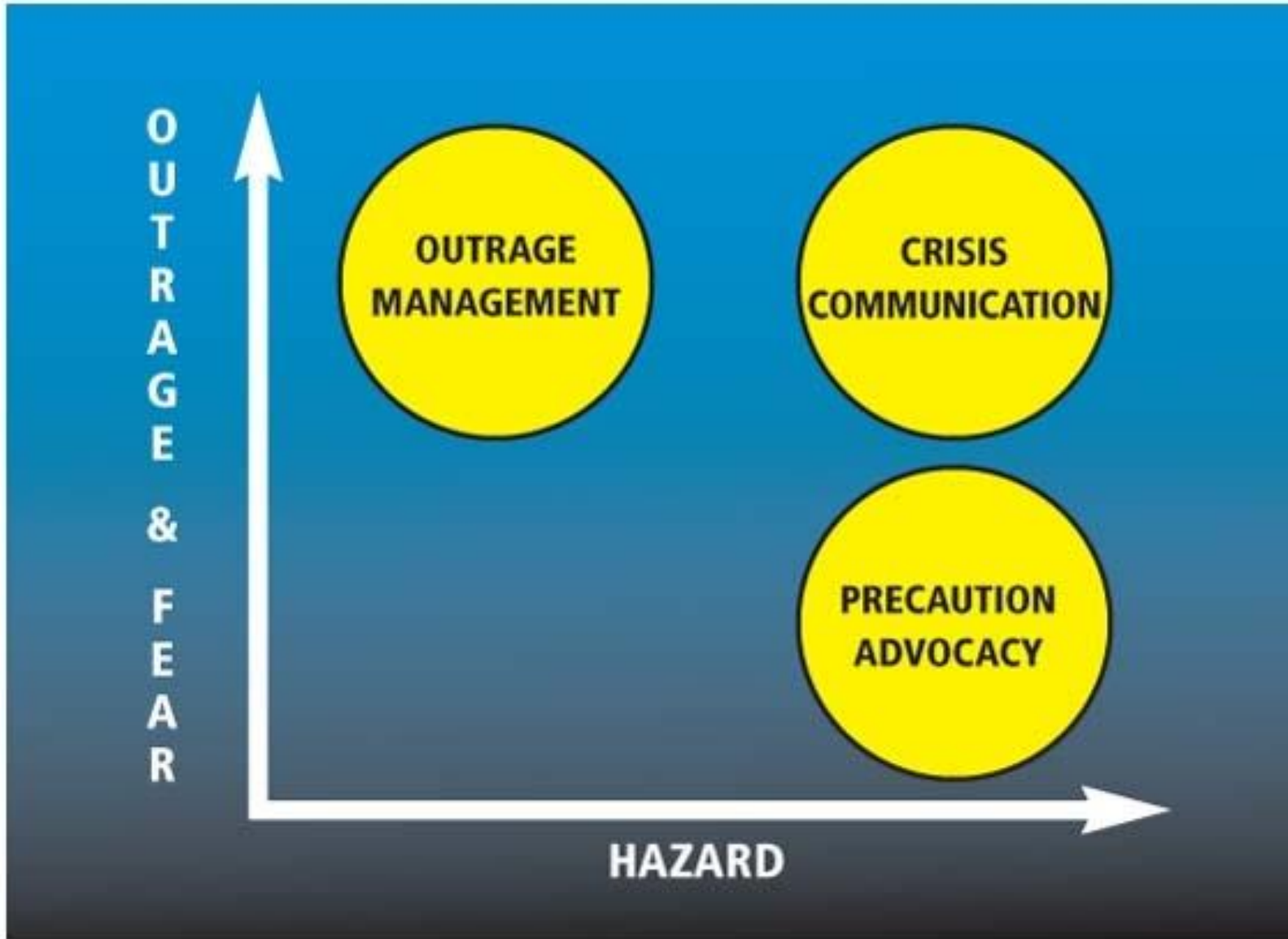
# The Challenge

**As regulators, you implement things people need but don't like:**

- Siting facilities that create private prices for public good,
- Raising rates for services people take for granted or as their right,
- Changing rates to encourage and discourage certain behaviours.

**The good news is that someone has thought through your challenges.**

# Peter Sandman: Risk Communication



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man, PhD



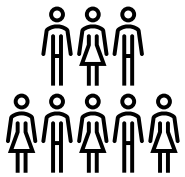
tion of the  
Industrial Hygiene Association

# First things first, it's important to define risk from the public's eyes



To experts (rational):

$$\text{Hazard} = \text{Magnitude} \times \text{Probability}$$



To the public (not rational):

$$\text{Risk} = \text{Hazard} + \text{Outrage}$$

So, **Outrage** is about **emotions** and builds on **ambiguity** and **powerlessness**.

## Outrage can be triggered by:

1. Not having a sense of **control**
2. Not understanding the **hazard** (be it magnitude (size of bill increase) or probability (likelihood of an increase))
3. **Trust** issue with the proponent

- Outrage makes everything harder.
- Outrage causes emotions to overwhelm rationality.
- Outrage can trigger political interventions that derailed considered regulatory policy.

# Two common challenges for regulators

## Two types of Risk Communication:

### Type 1: Raising concern about objective problems?



**Purpose:** Figure out how to raise concerns with people about things they should be concerned about, especially when people under-react to a risk (e.g. How do you persuade people to recognize we have an energy supply issue?).

**It is hard:** *“The natural state of humankind vis-à-vis risk is apathy. Most people, most of the time, are apathetic about most risks, and it is very hard to get them upset.”* – Peter Sandman

### Type 2: How to avoid outrage about a perceived problem?



**Purpose:** Figure out how to avoid outrage or to resolve outrage (e.g. How do you reassure people who are outraged about a price increase or a facility siting?)

**It is important to master risk communication: When people overreact, politicians overreact.** Carefully constructed policies tumble like a house of cards.

Sandman’s website on risk communication: <https://petersandman.com/>

PDF to his book: <https://petersandman.com/media/RespondingtoCommunityOutrage.pdf>

It is important to build connections throughout the audience pyramid. The top can drive the bottom and the bottom can drive the top.

### Decision Makers

[Political / Regulators]

*Group whose process and political obligations you will need to address.*

<1%

### Stakeholders | Key Influencers

[Media / Associations / Business Leaders / NGOs]

*Group that drives the story and influences government and regulators. Better to have them onside than offside.*

<1%

30%

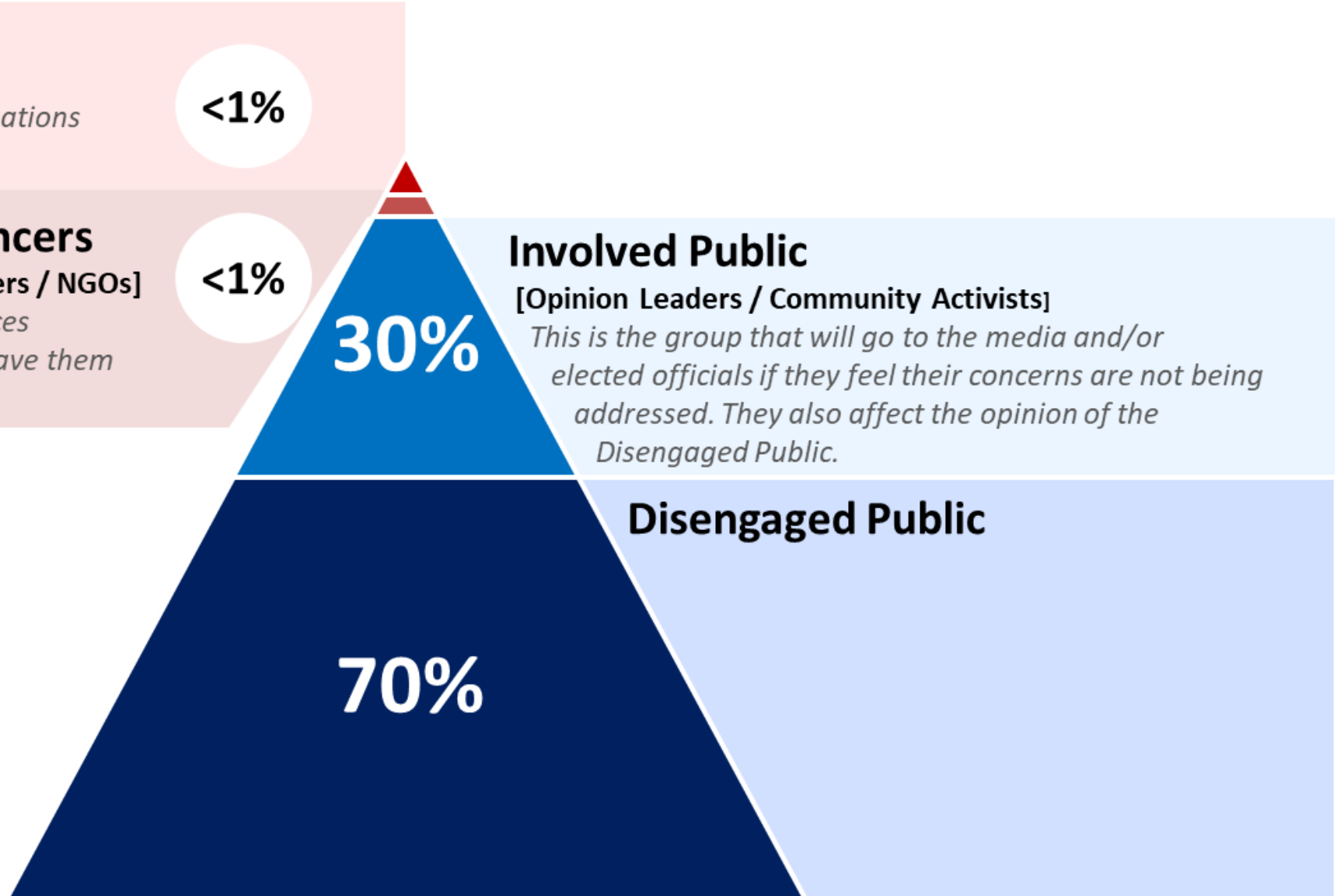
### Involved Public

[Opinion Leaders / Community Activists]

*This is the group that will go to the media and/or elected officials if they feel their concerns are not being addressed. They also affect the opinion of the Disengaged Public.*

### Disengaged Public

70%

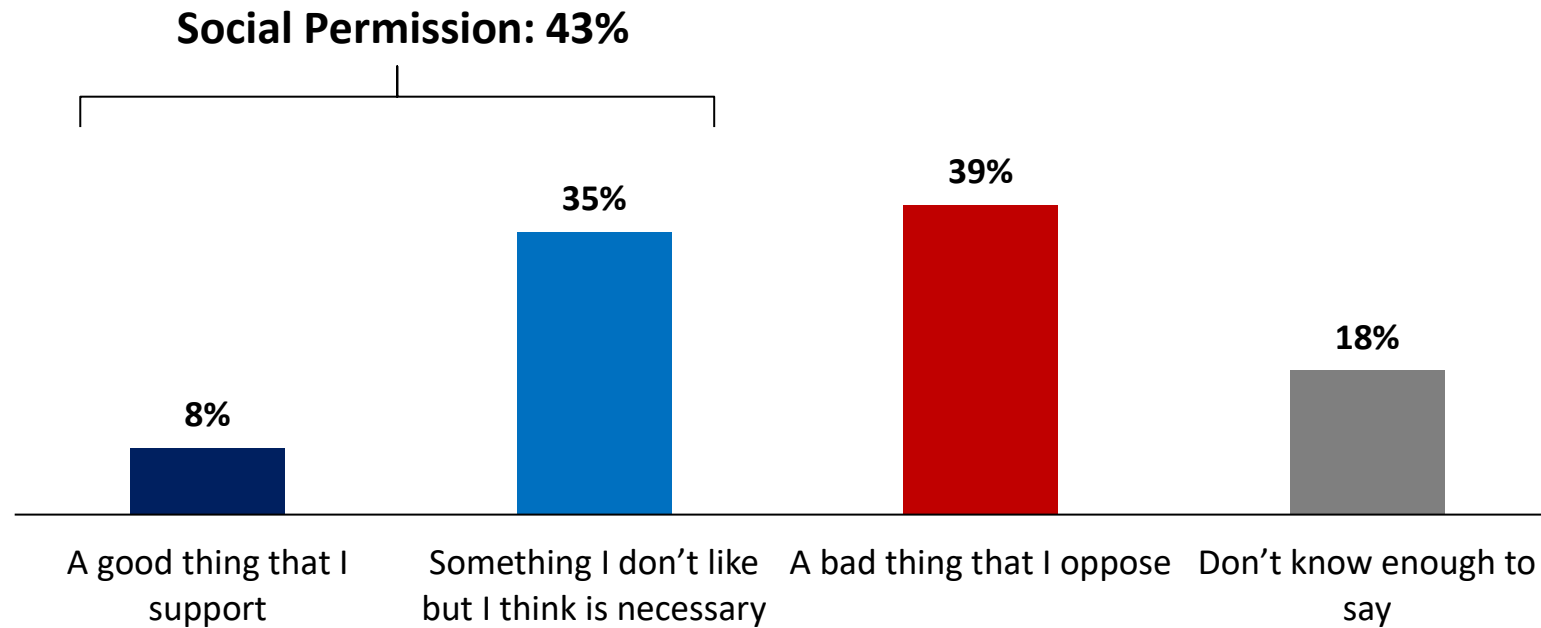


# Given these challenges, what is a reasonable goal?

**Q** Research from multiple sources predicts the energy transition could require the electricity system to more than double to meet the growing demand for electricity. This would require new investments in [INSERT PROV]'s electricity system.

Do you think that increasing the price of electricity to be able to expand [INSERT PROV]'s electricity system would be...

[asked of all respondents; January 2023, n=1,500]



Risk Communication Type 1:  
Failure to recognize a risk



# Two common challenges for regulators?

## Two types of Risk Communication:

### Type 1: Raising concern about objective problems?



**Purpose:** Figure out how to raise concerns with people about things they should be concerned about, especially when people under-react to a risk (e.g. How do you persuade people to recognize we have an energy supply issue?).

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# Will your solution become the problem?

If you are not solving a problem,  
you are the problem.

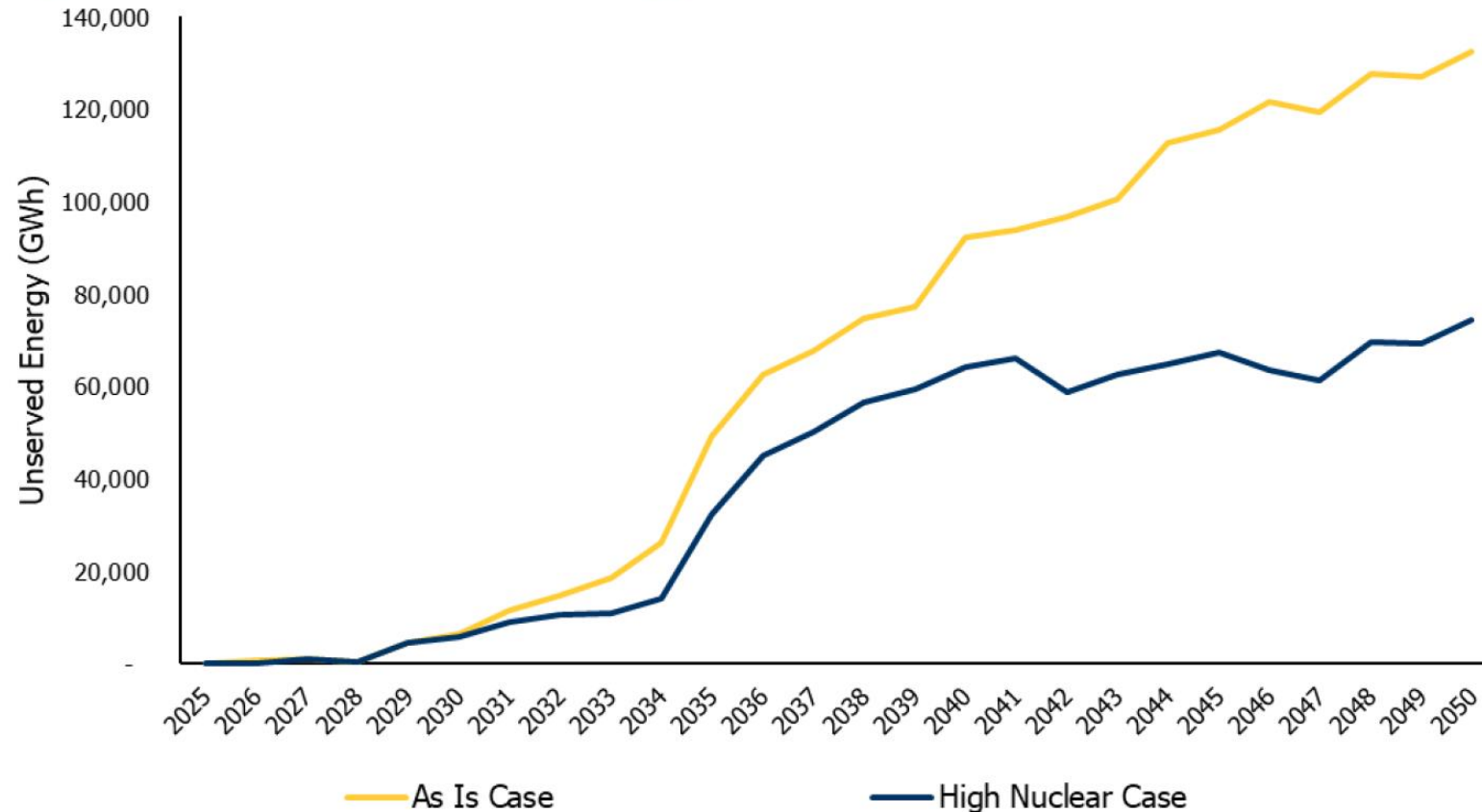


*“There is no more neutrality in the world. We are either a part of the problem or a part of the solution, we get to choose.”*

-- Eldridge Cleaver, Writer and political activist

# In Ontario, there is a big gap between the electricity demand that is currently predicted and the supply that is currently anticipated

**Figure 28 | Potential Unserved Energy**



If people don't worry about the issue – the supply issue, then, how can you even ask people to pay more to invest in the grid?

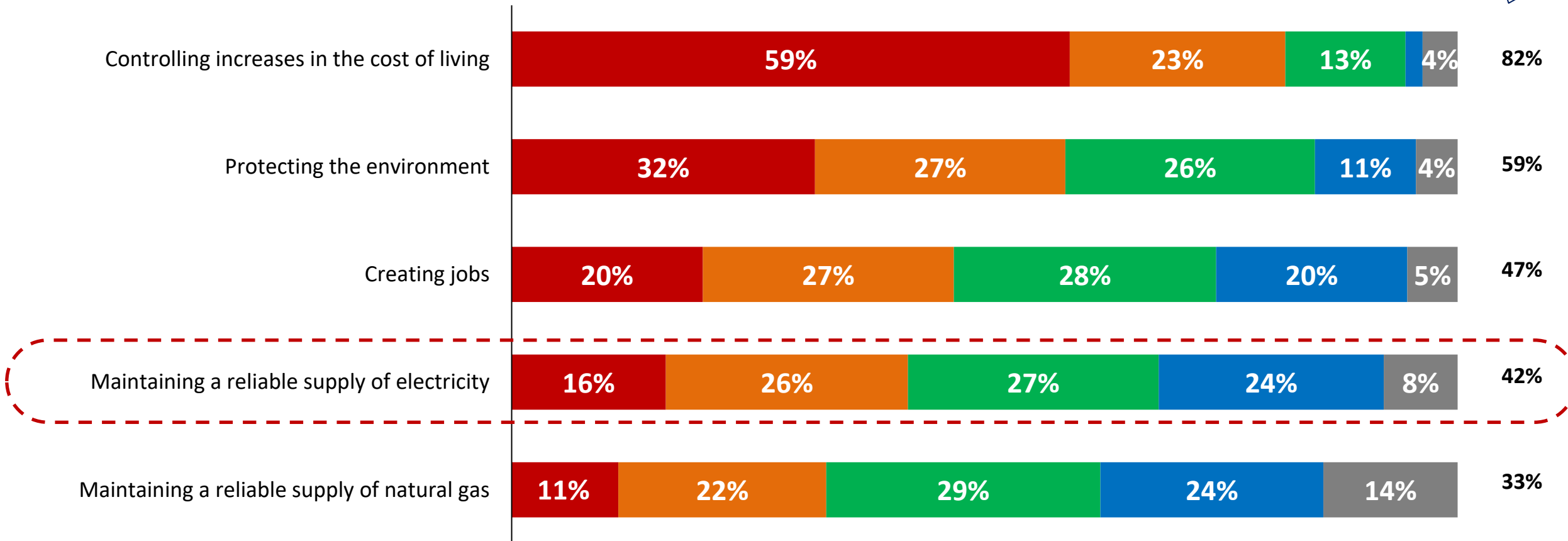
# But the public doesn't perceive 'supply' as a problem.



Please tell me how urgent you feel each of the following problems are in your community:

[asked of all respondents, Nov 2023, n=2,000]

Critical/Significant



■ A critical problem that requires immediate action  
 ■ Just one of many problems government should address  
 ■ Don't Know

■ A significant problem that needs to be dealt with soon  
 ■ Not really a problem

## Risk Communication Type 2:

*Outrage-triggered backlash to price increases  
or facility siting*

# Two common challenges for regulators

## Two types of Risk Communication:

### Type 1: Raising concern about objective problems?



**Purpose:** Figure out how to raise concerns with people about things they should be concerned about, especially when people under-react to a risk (e.g. How do you persuade people to recognize we have an energy supply issue?).

**It is hard:** *“The natural state of humankind vis-à-vis risk is apathy. Most people, most of the time, are apathetic about most risks, and it is very hard to get them upset.”* – Peter Sandman

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**Purpose:** Figure out how to avoid outrage or to resolve outrage (e.g. How do you reassure people who are outraged about a price increase or a facility siting?)

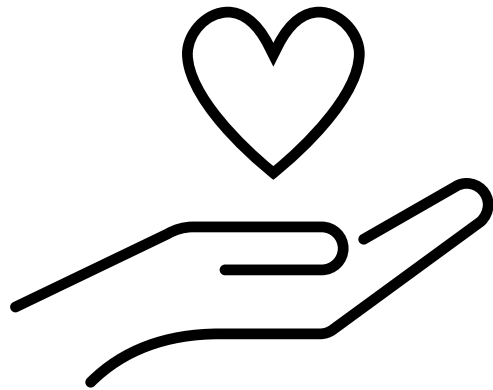
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# Acknowledge the Problem

Say you are worried.  
Show you care.

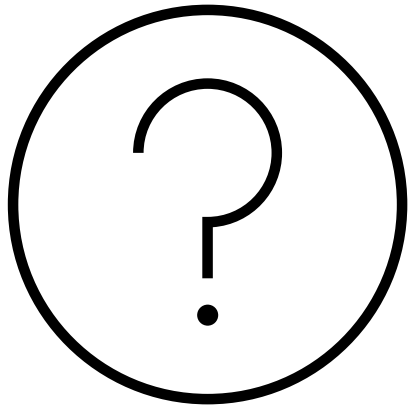


*"If you tell me not to worry about anything, I will end up worrying about everything. But if you tell me what is worth worrying about, ... I will worry less once I know you are worrying for me."*

-- Peter Sandman

# Acknowledge the Uncertainty

You cannot wish  
uncertainty away.



*Here's what we know,  
here's what we think,  
and here's where we are  
really unsure.*

*“What you can do is acknowledge the uncertainty and explain that it is not the same thing as total ignorance... It also helps to specify what you are doing to reduce the uncertainty, to answer the unanswered questions.”*

-- Peter Sandman



# Leave Some Decisions to the Individuals

If you have control, share it.

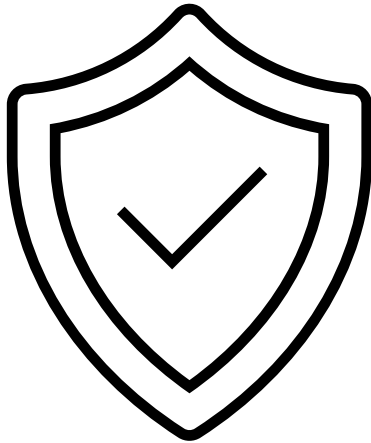


*“You cannot keep all the control for yourself and simultaneously reassure other people. Outrage reduction requires finding ways to share control that you can live with.”*

-- Peter Sandman

# Build Track Record

Build trust with accountability.



*“Instead of trust, the bottom line is accountability. The goal is to be able to say, truthfully, to a public that does not trust you, that it does not have to. In the words of a slogan I recommended to the chemical industry for its Responsible Care® program: ‘Track us, don’t trust us.’”*

-- Peter Sandman

What does this mean for communications planning?

# On strategy, start by answering four questions

## What?

### **What are you trying to move/change?**

Your objective

## Who?

### **Who shares which opinions?**

Segment your audience basic both on characteristics and needs/motives.

## Why?

### **Why do your audiences think that way?**

Understand the drivers of opinion for each segment.

## How?

### **What can you do to move the numbers, with whom?**

Which tactics and messages work best with which segments. Generate information for a creative brief.

# ... to build your strategy.

## What?

### What are you trying to move/change?

Your objective

## Who?

### Who shares which opinions?

Segment your audience basic both on characteristics and needs/motives.

## Why?

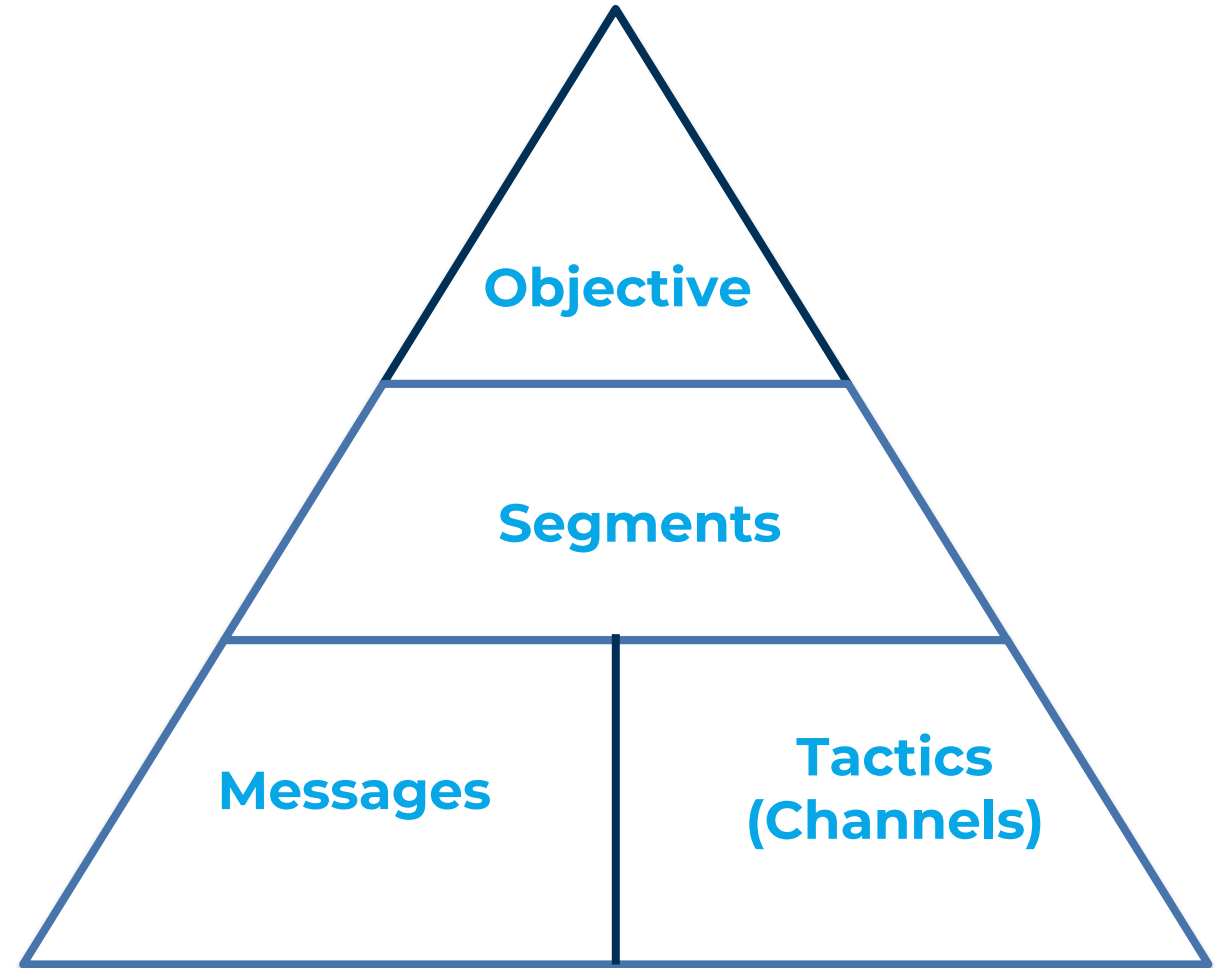
### Why do your audiences think that way?

Understand the drivers of opinion for each segment.

## How?

### What can you do to move the numbers, with whom?

Which tactics and messages work best with which segments. Generate information for a creative brief.



# On messages, remember these 7 points

1. **People need to understand the problem** you are solving before they can support the solution.
2. You can't spin your way out of bad design.
  - Facilities need to be designed to **answer the five veto questions**. Minimize the private price. Treat those who must be impacted fairly.
  - On energy tariffs, **anticipate the obvious concerns**. Can you address concerns about control in design? Can you address equity issues when it comes to who *pays* and who *benefits*?
3. Identify potential concerns at the start and anticipate those concerns in your communications. **Demonstrate how you considered the consumers point-of-view.**
4. Many of the initiatives you are communicating are things people need but don't like. Don't market these like soap. **Tell, don't sell.**
5. Don't make unsupported claims. Remember **"track us, don't trust us"**?
6. **Attention must be earned.** Relevance is critical.
7. **Your audience is a media.**

How can regulators prepare the ground?

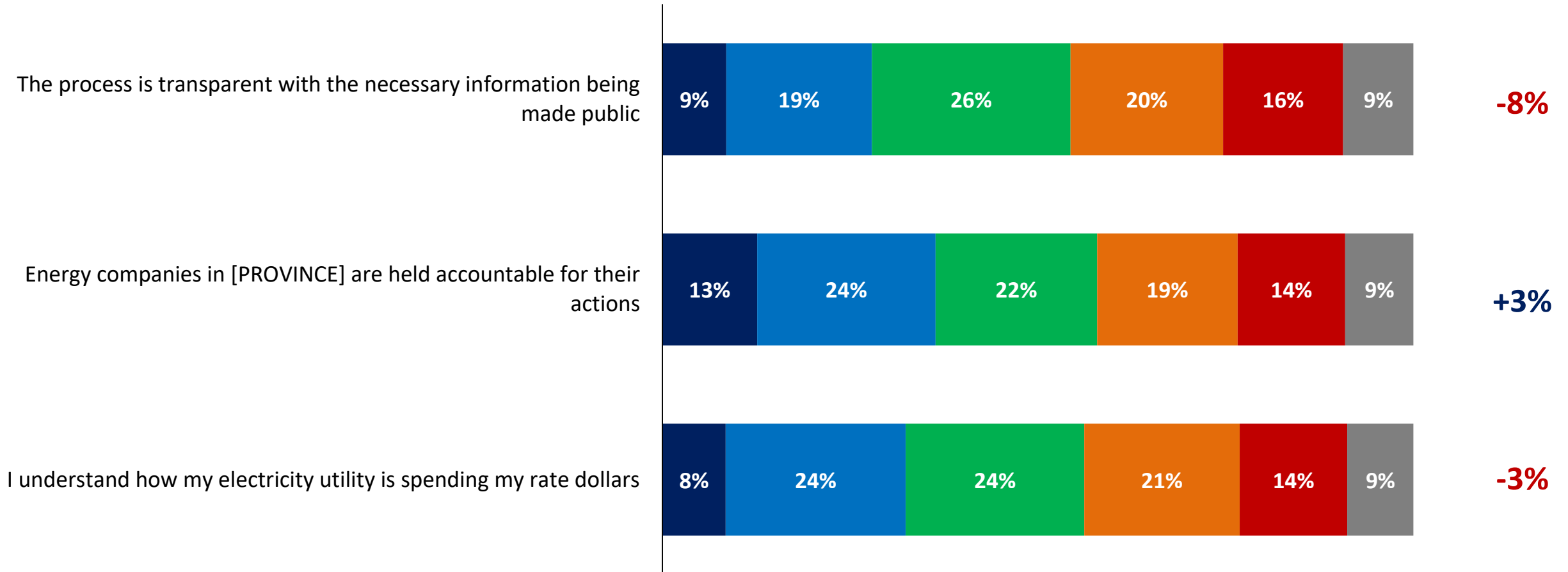
# Three regulatory outcomes that matter on tariffs



Thinking of approving energy infrastructure and rate increases, do you agree or disagree with the following statements?

[asked of all respondents in April 2023; n=2,000]

Net Agree



Strongly agree

Somewhat disagree

Somewhat agree

Strongly disagree

Neither agree nor disagree

Don't know

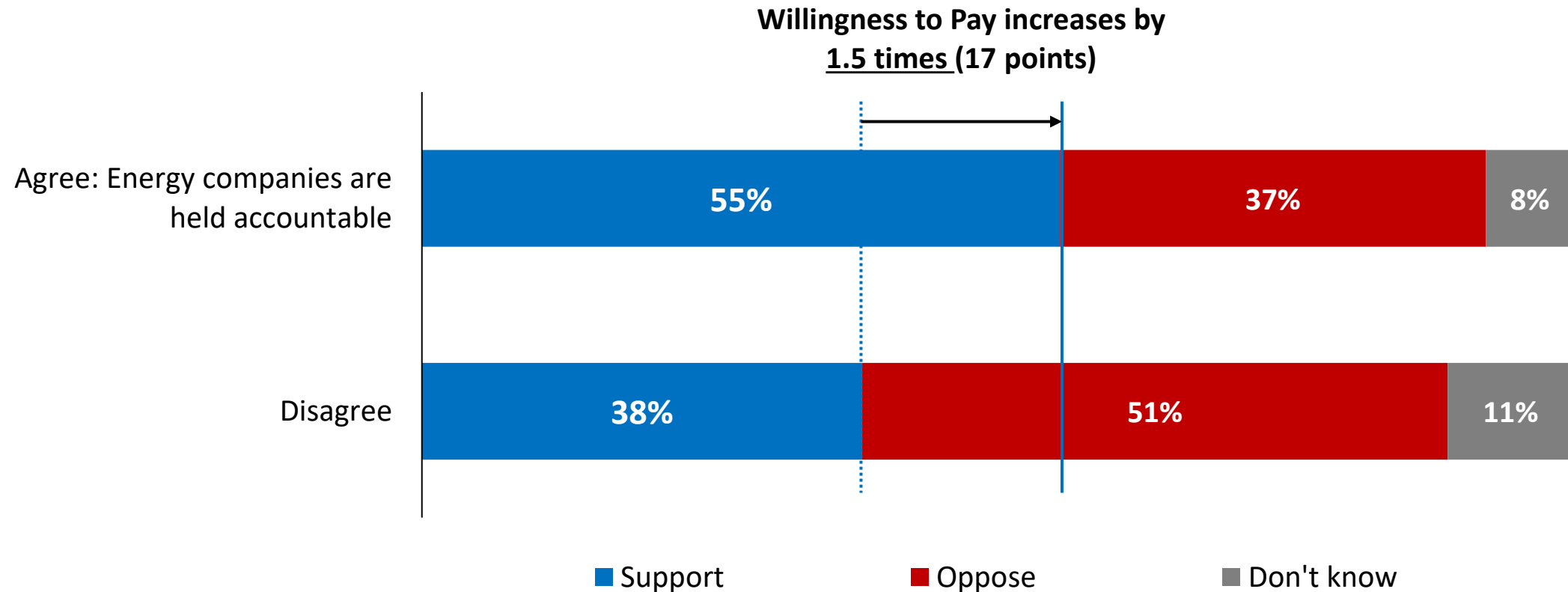


# When people agree that “energy companies are held accountable”, they are 1.5 times more willing pay more for energy



Willingness to Pay **BY** Energy companies are held accountable

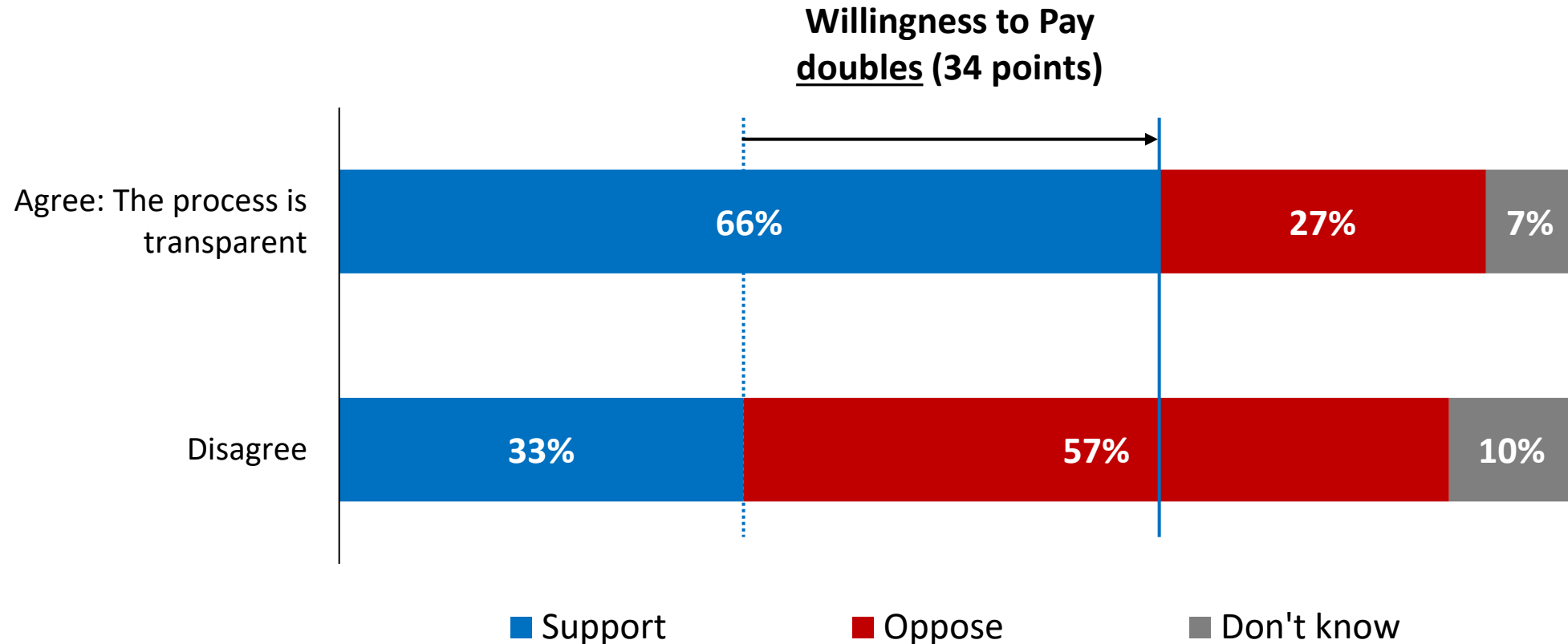
[asked of all respondents in April 2023; n=2,000]



# When people agree “the approval process is transparent”, they are twice as likely to say they are willing pay more for energy



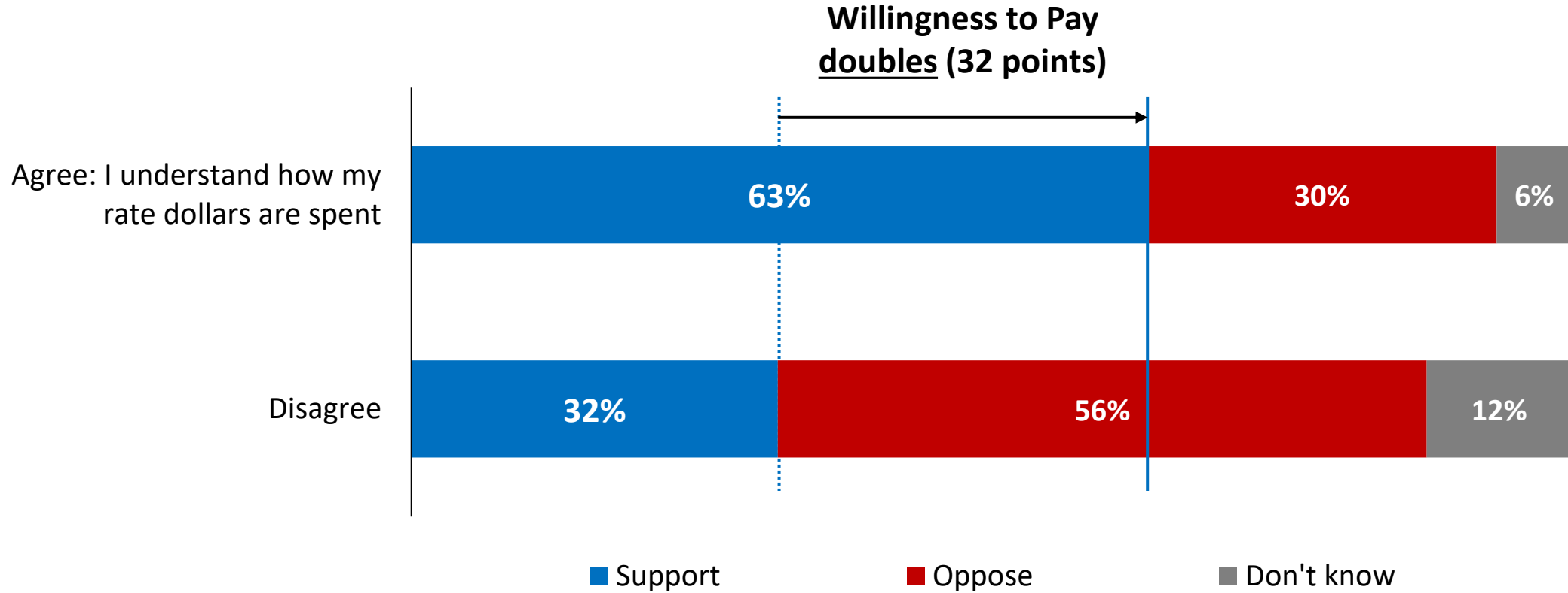
Willingness to Pay **BY** The process is transparent  
[asked of all respondents in April 2023; n=2,000]



# When people “understand how their rate dollars are spent”, they are twice as likely to say they are willing pay more for energy



Willingness to Pay **BY** I understand how my rate dollars are spent  
[asked of all respondents in April 2023; n=2,000]



# Is the public willing to pay more for energy transition?

## Key Learnings

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Public opinion on regulatory outcomes makes a big difference in whether people are willing to pay more for the energy transition.

People who:

- Agree the approval process is **transparent**,
- Agree energy companies are held **accountable**, or
- **Understand where utility spending goes.**

... are at least **twice** as willing to pay more for transition than those who disagree.





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**Building Understanding.**

# Appendix 1: Veto Questions

# Five questions to minimize siting outrage?

15 years of tracking locally unwanted facilities in Canada and the US taught us that there are five key questions you need to answer.

People may not like that a siting project or seeing energy price increases, but if you can answer **five key questions**, public opinion can accept it as *necessary*.

The five hurdles a project needs to cross are:



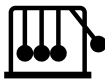
1. *Does this project really need to be built?*



2. *Can you not build this project somewhere else?*



3. *Have you done all you can to minimize the number of people directly impacted?*



4. *Have you done all you can to minimize the impact on the people who must be affected (i.e. mitigation, compensation, etc.)?*



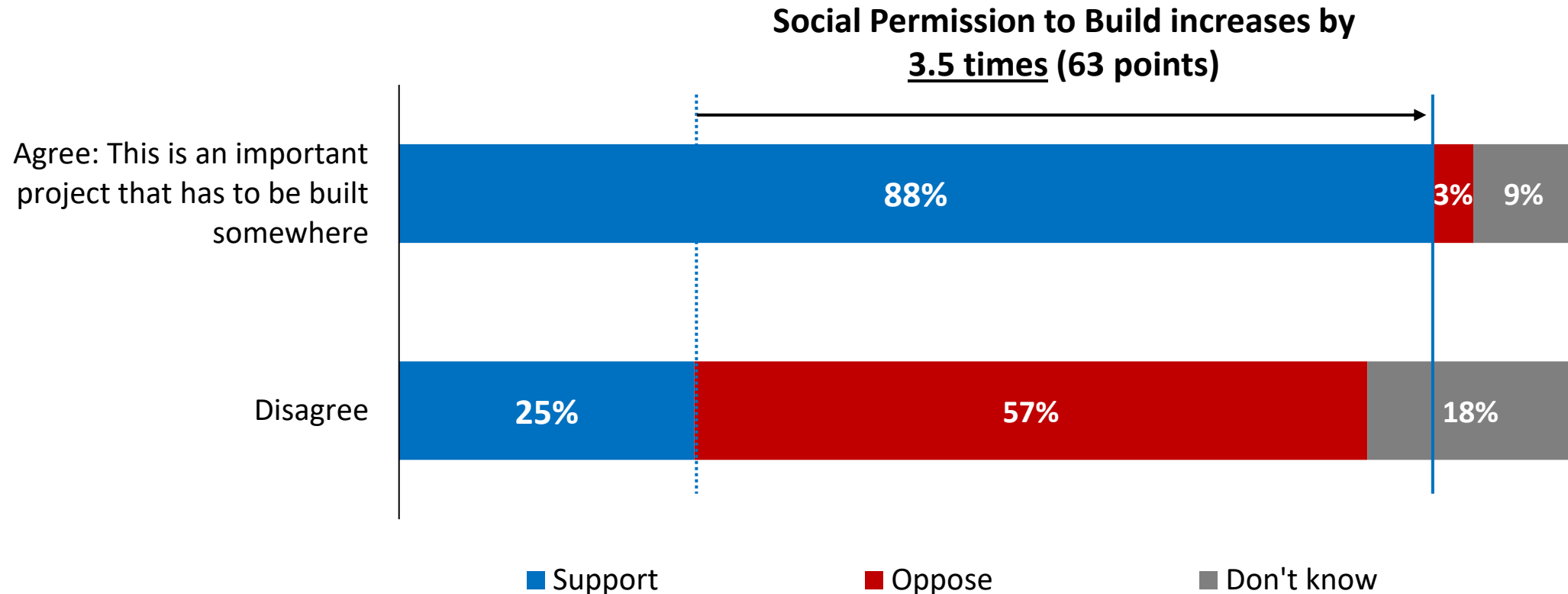
5. *Have the people who will be directly affected been treated fairly during this process?*

# When people agree that “a project needs to be built somewhere”, they are 3.5 times more likely to give social permission to build it



Social Permission to Build Infrastructure **BY** This is an important project that has to be built somewhere

[asked of those who selected a project ‘closest’ to their home in December 2023/ January 2024, n=951]

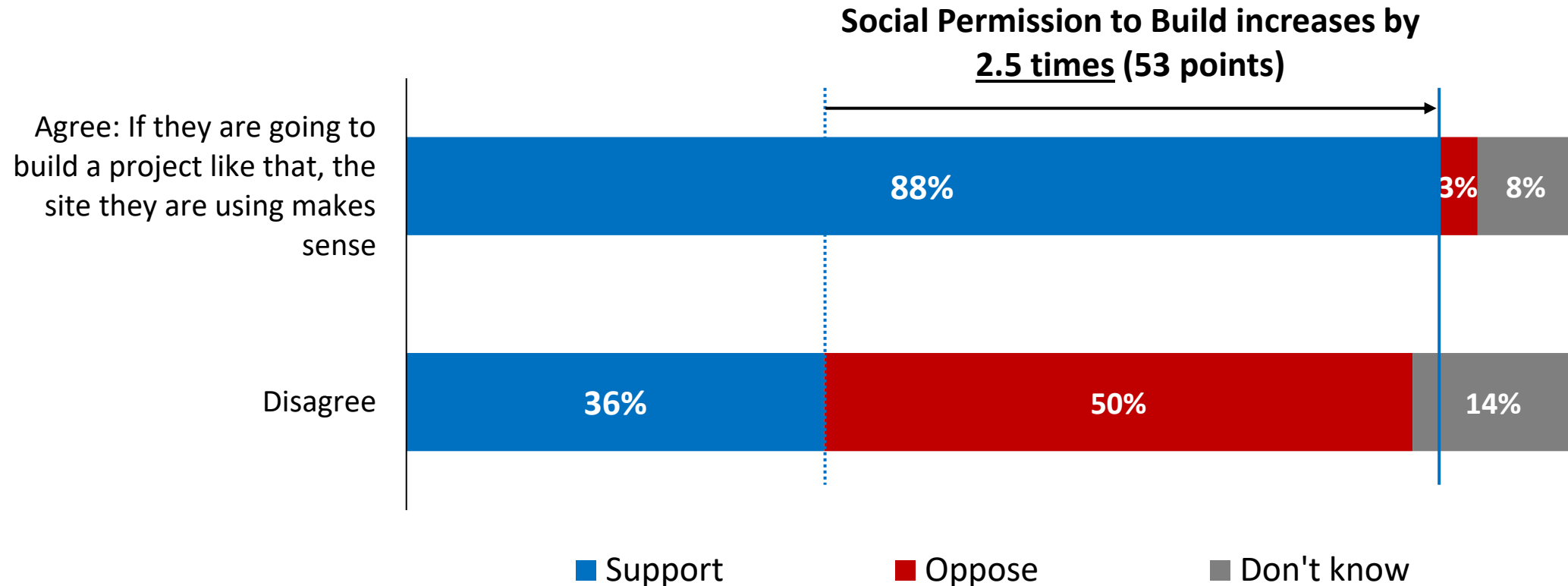




# When people agree that “the site selection makes sense”, they are 2.5 times more likely to give social permission to build it



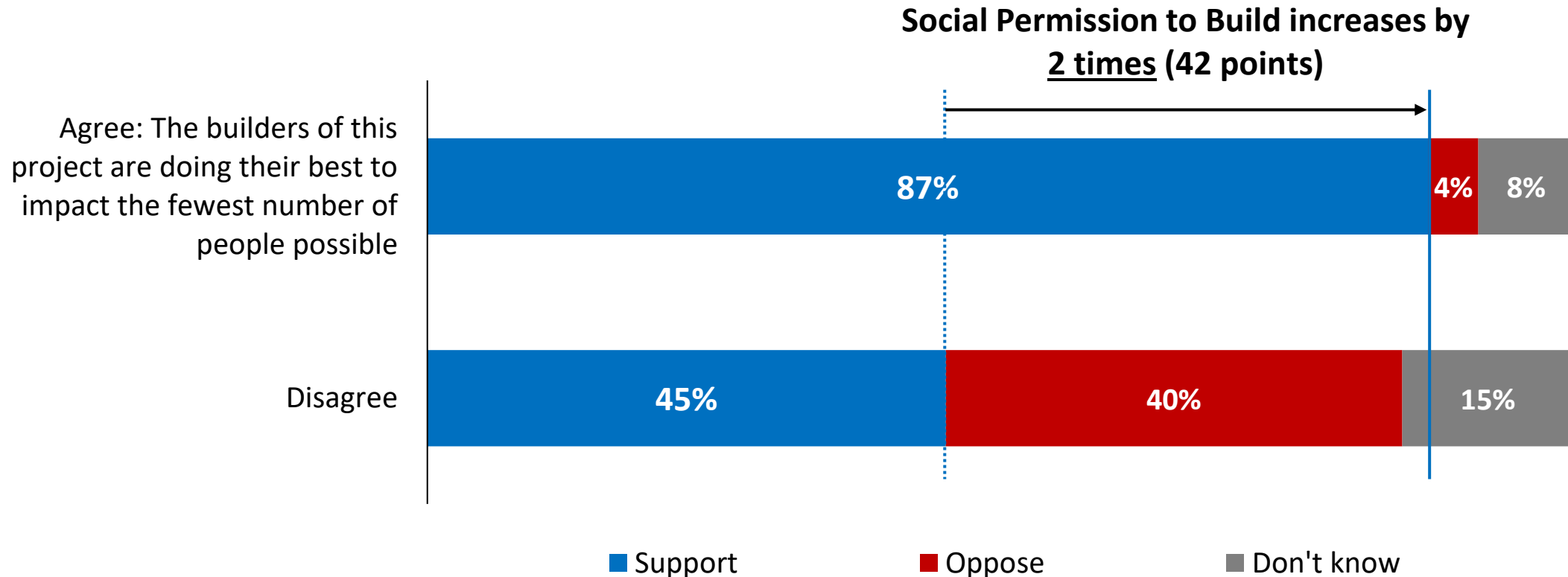
Social Permission to Build Infrastructure **BY** If they are going to build a project like that, the site they are using makes sense  
 [asked of those who selected a project ‘closest’ to their home in December 2023/ January 2024, n=951]



# When people agree that “the project has minimized the people affected”, they are 2 times more likely to give social permission to build



Social Permission to Build Infrastructure **BY** The builders of this project are doing their best to impact the fewest number of people possible  
 [asked of those who selected a project ‘closest’ to their home in December 2023/ January 2024, n=951]

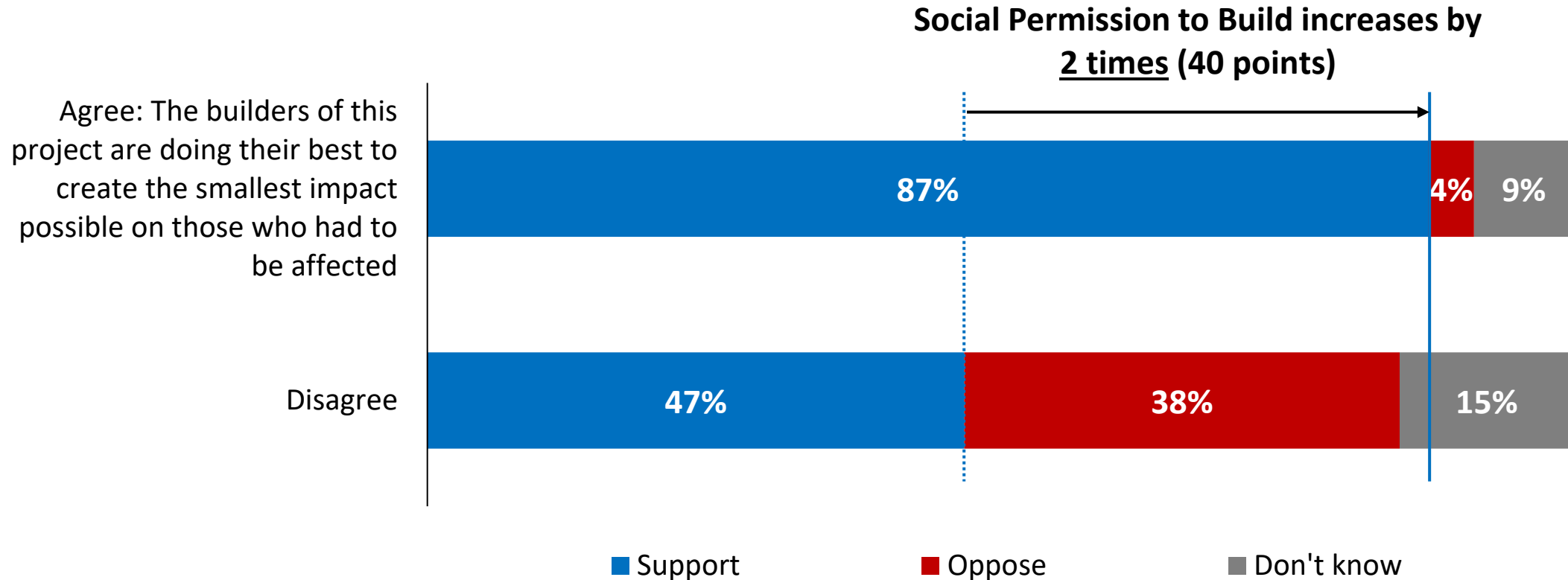


# When people agree that “the project has minimized the impact on people”, they are 2 times more likely to give social permission to build



Social Permission to Build Infrastructure **BY** The builders of this project are doing their best to create the smallest impact possible on those who had to be affected

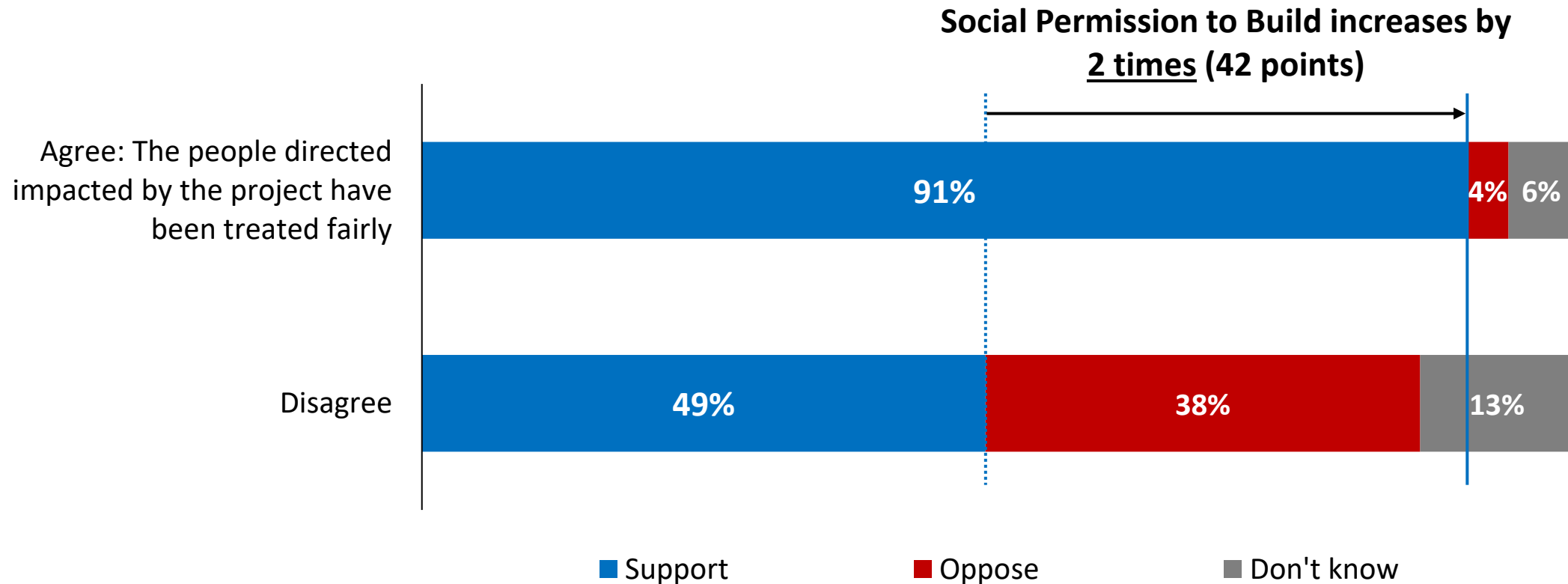
[asked of those who selected a project ‘closest’ to their home in December 2023/ January 2024, n=951]



# When people agree that “affected people are treated fairly”, they are 2<sup>36</sup> times more likely to give social permission to build it



Social Permission to Build Infrastructure **BY** The people directed impacted by the project have been treated fairly  
[asked of those who selected a project ‘closest’ to their home in December 2023/ January 2024, n=951]



# Appendix: Methodology

# Methodology

**These are the results of an online survey conducted between December 15<sup>th</sup>, 2023 and January 9<sup>th</sup>, 2024.**

**Method:** This online survey was conducted using INNOVATIVE's Canada 20/20 national research panel with additional respondents from Lucid, a leading provider of online sample. Each survey is administered to a series of randomly selected samples from the panel and weighted to ensure that the overall sample's composition reflects that of the actual Canadian population according to Census data. These efforts are made to provide results that are intended to approximate a probability sample.

**Sample Size:** n=2,983 general population, 18 years or older. The results are weighted to n=2,000 based on Census data from Statistics Canada.

**Field Dates:** December 15<sup>th</sup>, 2023 and January 9<sup>th</sup>, 2024.

**Weighting:** Results for Canada are weighted by age, gender, region as well as language and education to ensure that the overall sample's composition reflects that of the actual population according to Census data; in order to provide results that are intended to approximate a probability sample. Weighted and unweighted frequencies are reported in the table.

**Margin of Error:** This is a representative sample. However, since the online survey was not a random probability-based sample, a margin of error cannot be calculated. Statements about margins of sampling error or population estimates do not apply to most online panels.

**Note:** Graphs may not always total 100% due to rounding values rather than any error in data. Sums are added before rounding numbers.

	Unweighted (n)	Unweighted (%)	Weighted (n)	Weighted (%)
<b>Men 18-34</b>	336	11.3%	273	13.7%
<b>Men 35-54</b>	485	16.3%	318	16.0%
<b>Men 55+</b>	531	17.8%	380	19.1%
<b>Women 18-34</b>	411	13.8%	264	13.3%
<b>Women 35-54</b>	582	19.6%	331	16.6%
<b>Women 55+</b>	630	21.2%	426	21.4%
<b>Region</b>				
<b>BC</b>	265	8.9%	278	13.9%
<b>Alberta</b>	304	10.2%	223	11.2%
<b>Prairies</b>	266	8.9%	127	6.4%
<b>Ontario</b>	1,027	34.4%	777	38.8%
<b>Quebec</b>	714	23.9%	459	23.0%
<b>Atlantic</b>	407	13.6%	135	6.7%

# Survey Methodology

**These are the results of an online survey conducted between January 4<sup>th</sup> and January 16<sup>th</sup>, 2024.**

**Method:** This online survey was conducted using INNOVATIVE's Canada 20/20 national research panel with additional respondents from Lucid, a leading provider of online sample. Each survey is administered to a series of randomly selected participants from the panel and weighted to ensure that the overall sample's composition reflects that of the actual Canadian population according to Census data. Results are intended to approximate a probability sample.

**Sample Size:** n=2,185 Canadian citizens, 18 years or older. The results are nationally weighted to n=1,500 based on Census data from Statistics Canada.

**Field Dates:** January 4th and January 16th, 2024.

**Weighting:** Results are weighted by age, gender, region, education, and past federal vote to ensure that the overall sample's composition reflects that of the actual population according to Census data; in order to provide results that are intended to approximate a probability sample. Weighted and unweighted frequencies are reported in the table.

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	Unweighted (n)	Unweighted (%)	Weighted (n)	Weighted (%)
<b>Men 18-34</b>	163	7.5%	204	13.6%
<b>Men 35-54</b>	286	13.1%	238	15.9%
<b>Men 55+</b>	577	26.5%	285	19.1%
<b>Women 18-34</b>	275	12.6%	198	13.2%
<b>Women 35-54</b>	352	16.1%	247	16.6%
<b>Women 55+</b>	527	24.2%	322	21.5%

<b>BC</b>	369	16.9%	209	13.9%
<b>AB</b>	277	12.7%	168	11.2%
<b>Prairies</b>	152	7.0%	96	6.4%
<b>ON</b>	788	36.1%	581	38.7%
<b>QC</b>	448	20.5%	344	23.0%
<b>Atlantic</b>	151	6.9%	101	6.8%

# Survey Methodology

These are the results of an online survey conducted between April 6<sup>th</sup> and May 1<sup>st</sup>, 2023.

**Method:** This online survey was conducted using INNOVATIVE's Canada 20/20 national research panel with additional respondents from Lucid, a leading provider of online sample. Each survey is administered to a series of randomly selected samples from the panel and weighted to ensure that the overall sample's composition reflects that of the actual Canadian population according to Census data to provide results that are intended to approximate a probability sample.

**Sample Size:** n=3,680 general population, 18 years or older. The results are weighted to n=2,000 based on Census data from Statistics Canada.

**Field Dates:** April 6<sup>th</sup> to May 1<sup>st</sup>, 2023

**Weighting:** Results for Canada are weighted by age, gender, education and region to ensure that the overall sample's composition reflects that of the actual population according to Census data; in order to provide results that are intended to approximate a probability sample. Weighted and unweighted frequencies are reported in the table.

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	Unweighted (n)	Unweighted (%)	Weighted (n)	Weighted (%)
Men 18-34	304	8.3%	277	14.0%
Men 35-54	456	12.5%	316	16.0%
Men 55+	938	25.7%	375	18.9%
Women 18-34	483	13.2%	268	13.6%
Women 35-54	583	16.0%	328	16.6%
Women 55+	888	24.3%	415	21.0%
<b>Region</b>				
BC	583	15.8%	277	13.9%
Alberta	507	13.8%	221	11.1%
Prairies	259	7.0%	128	6.4%
Ontario	1422	38.6%	775	38.7%
Quebec	579	15.7%	464	23.2%
Atlantic	330	9.0%	134	6.7%