



PUBLIC OPINION REPORT
Current Energy Environment



Public Opinion Report: Current Energy Environment

BY: JENNIFER HASKINS

The energy industry is a large, diverse, and complicated sector. An energy company can be defined as any company involved with the production and sale of an energy source. However, when most individuals think about the energy industry, companies are usually grouped into two segments. The first is traditional energy sources or non renewables such as coal, natural gas and oil and the second—renewable energy sources such as solar, wind and geothermal. While seemingly mutually exclusive industries, many companies and fuel sources straddle the line between categories. Oil companies are making large investments in renewable energy research and development and renewable energy sources are also blurring the lines. For example, some of the building materials used to construct solar panels are made from petroleum based products. While not mutually exclusive, these fuel sources polarize public opinion from an economic and environmental perspective.

Recently, there has been more of a public interest in shifting away from traditional energy resources to renewable fuels. It is important to mention that consumers can be temperamental regarding the settings and circumstances of shifting away from traditional fuel sources. Many consumers believe the United States will completely transition off of traditional fossil fuel sources in the next 50 years, but most are unwilling to change their consumption habits, sacrifice comfort or pay more for fuel to achieve this outcome. Significant energy consumption and behavior changes mainly occur when consumers are financially impacted and are forced to make changes.

In 2005, the energy industry was launched to the forefront of public attention after Hurricanes Katrina and Rita severely limited oil and natural gas supplies obtained from the Gulf of Mexico. Energy prices – particularly gasoline prices – began an upward trend that climaxed in the summer of 2008 at over \$4 per gallon. For the first time in over a decade the public became painfully aware of the negative impact the energy efficient industry could have on the average consumer. People began pursuing more energy efficient and environmentally friendly means of transportation such as carpooling or reducing the number of trips made outside the home. For example, SUV sales started to sharply decline as the price of fuel continued to climb. Consumers wanted a choice in the types of energy they were using and renewable fuels were brought to the forefront of public attention. However, as fuel prices subsided, so did the demand for an alternative to oil and natural gas. Further, when the economy experienced a financial crisis in 2007, having an affordable fuel source became the main focus. Currently, the U.S. economy is still recovering from the

collapse of large financial institutions, the bailout of banks by national governments and downturns in stock markets around the world, and affordability remains an important factor for consumers regarding the fuel supply.

Oil and natural gas are currently the most affordable and reliable fuel sources, but the oil spill in the Gulf of Mexico once again propelled public demand for a renewable energy source because of the impact to the environment and local economies. However, despite the tremendous environmental impact, consumers still recognize the necessity of increasing domestic access to oil and natural gas resources. The environment is important to consumers, but in times of economic difficulty, it will play a secondary role to the economy.

FEDERAL GOVERNMENT PRIORITIES OVERALL

The U.S. economy is still trying to rebound out of the worst recession since the Great Depression. In light of this, the general public feels the most important issue for the federal government to immediately address is reducing unemployment and creating jobs (83% feel extremely important to address). Creating jobs and reducing unemployment as a top priority transcends age, gender, geographic region, race, income and education. Cleaning up the spill in the Gulf of Mexico is also extremely important to the public (77%). Not only did the oil spill cause significant environmental damage, it may also have a lasting negative impact on jobs in the shrimping, oyster, fishing, boating, restaurant, and tourism industries. Even oil industry workers may face future employment risks if legislation is enacted to reduce drilling in the Gulf. The oil spill in the Gulf is just as important, if not more important, to women (84% extremely important), adults age 35 to 44 (84% extremely important) and Democrats (87% extremely important) as creating jobs and reducing unemployment.

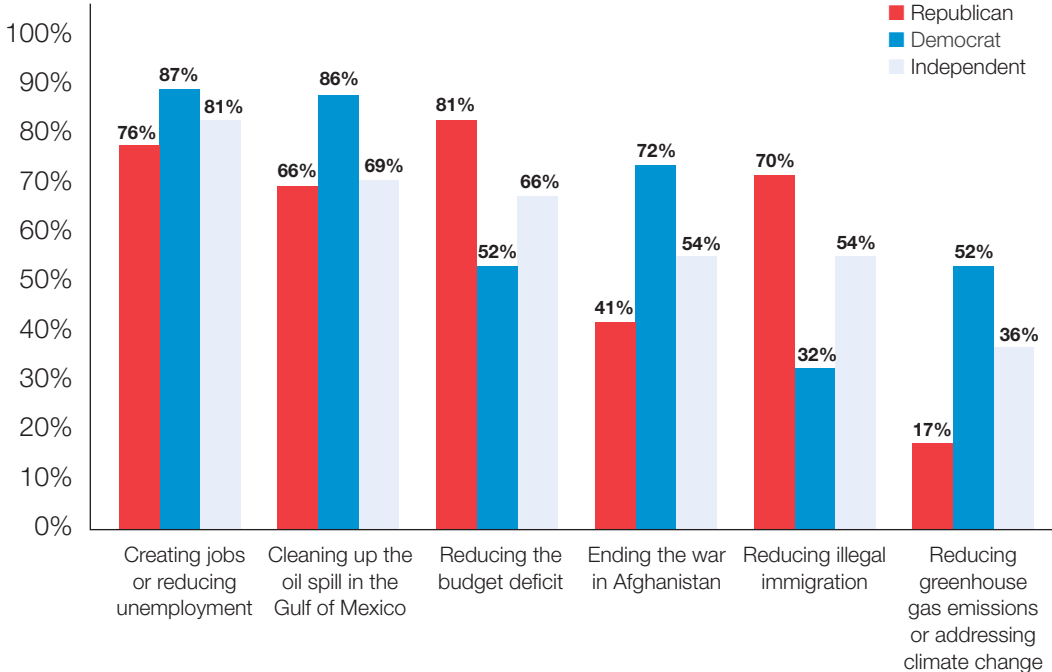
TABLE 1

How important do you believe the following issues are for the federal government to address immediately? Do you believe each of the following is extremely important, somewhat important, not very important, or not at all important?

Total respondents (n=1,008)	% Extremely Important	% Important (Extremely/Somewhat)
Creating jobs or reducing unemployment	83%	96%
Cleaning up the oil spill in the Gulf of Mexico	77%	94%
Reducing the budget deficit	67%	95%
Ending the war in Afghanistan	58%	91%
Reducing illegal immigration	52%	81%
Reducing greenhouse gas emissions or addressing climate change	35%	74%

Federal government priorities are viewed differently from both sides of the political aisle. Interestingly, the most important issue to Republicans for the federal government to address is reducing the budget deficit (81% extremely important). Additionally, Republicans place much higher importance on reducing illegal immigration (70% extremely important) than Democrats (32%) and Independents (54%). While Republicans feel creating jobs and reducing unemployment are extremely important (76%) – Democrats and Independents place a higher priority on reducing unemployment (87%, 81% respectively).

TABLE 2
Political party representation of respondents who believe the following issues are extremely important for the federal government to address immediately.



FEDERAL GOVERNMENT ENERGY PRIORITIES

While most energy products are global commodities, there is still an insistence on behalf of the public that the U.S. should become as energy independent as possible. The most important energy issues for the federal government to address are reducing the United States’ dependency on foreign suppliers (94%), developing renewable energy resources (92%) and developing domestic natural gas resources (92%). However, greater emphasis is placed on reducing dependency on foreign suppliers and developing renewable energy resources (68%, 63% extremely important respectively). While eight-in-ten (78%) respondents

feel reducing green house gas emissions is important—the public believes having a secure, domestic and affordable energy supply must come first. However, individuals who are more apt to be negatively impacted by the current economic situation place a greater degree of importance on having an affordable energy supply (high school graduate – 87%, some college - 85% extremely/somewhat important).

TABLE 3

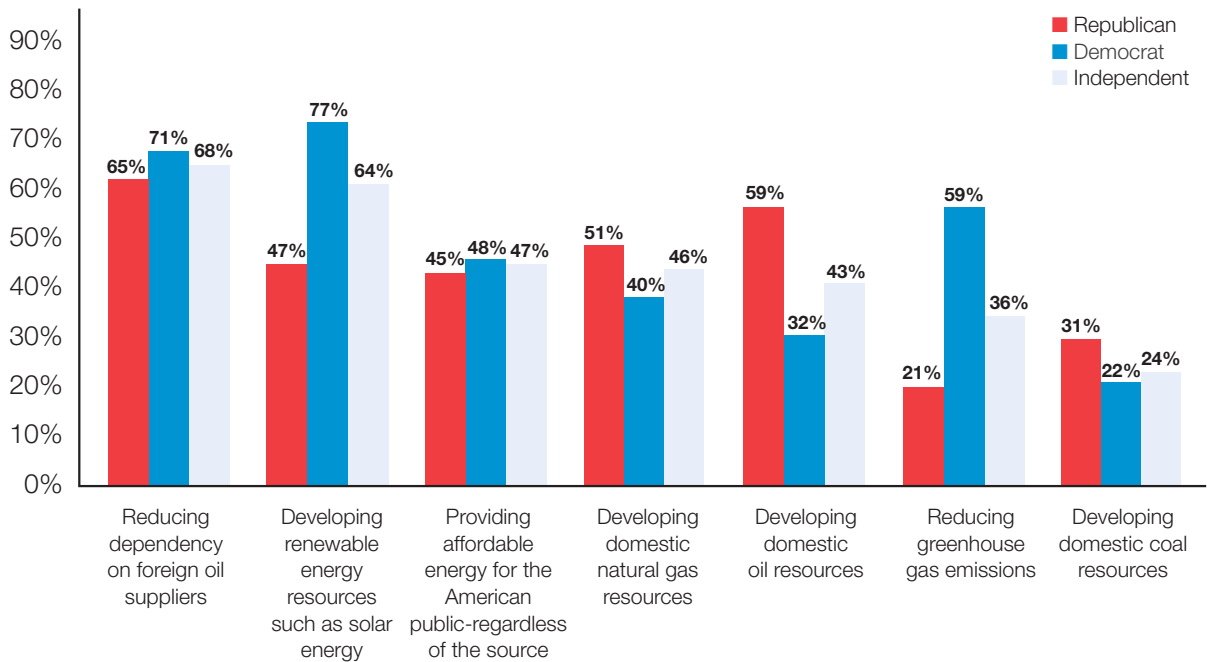
How important do you believe the following energy issues are for the federal government to address immediately? Do you believe each of the following is extremely important, somewhat important, not very important, or not at all important?

Total respondents (n=1,008)	% Extremely Important	% Important (Extremely/Somewhat)
Reducing dependency on foreign oil suppliers	68%	94%
Developing renewable energy resources such as solar energy	63%	92%
Providing affordable energy for the American public – regardless of the source	48%	83%
Developing domestic natural gas resources	46%	92%
Developing domestic oil resources	45%	84%
Reducing greenhouse gas emissions	40%	78%
Developing domestic coal resources	26%	75%

Perceptions surrounding energy priorities differ by political party. While all parties feel it is extremely important to reduce dependency on foreign suppliers and develop renewable energy resources, Republicans place a greater emphasis on developing domestic oil (59%) and natural gas (51%) resources than Democrats (32%, 40% respectively) and Independents (43%, 46% respectively). Democrats and Independents are more likely to view renewable energy resources as a means to become less dependent – while Republicans see oil and natural gas development as an equal priority to renewables.

TABLE 4

Political party representation of respondents who believe the following issues are extremely important for the federal government to address immediately.



REDUCE OIL DEPENDENCY WITH ALTERNATIVES VS. REDUCE WITH ALL RESOURCES

Americans agree that reducing U.S. dependence on foreign suppliers is the top energy priority for the federal government to address. What respondents disagree on is how to achieve reduced dependence. Respondents were asked to identify with one of two opposing viewpoints, which were differentiated by the fuels used to reduce dependency and the potential impact on the economy and consumers.

- George believes the United States needs to do whatever possible to reduce dependency on oil and natural gas. Renewable energy sources are the only way we can be energy independent and this security is worth the increased costs to consumers.
- Clark believes the United States needs to have diverse energy supplies including oil and natural gas. In the current economy, consumers can not afford the increased costs that would come with switching to renewable resources.

Interestingly, while the general public at large is evenly divided between an approach that only includes renewables (45%) and a holistic approach which includes renewables and traditional energy sources (46%), the only differentiating factor between the two groups is political party. As mentioned previously, Republicans are more likely to place greater

importance on the development of the U.S. domestic traditional fuel supply, while Democrats and Independents see renewable resources as the energy priority. Interestingly, Independents do not share the same enthusiasm as Democrats with regards to only using renewable energy to achieve energy security (45% Independents, 57% Democrats).

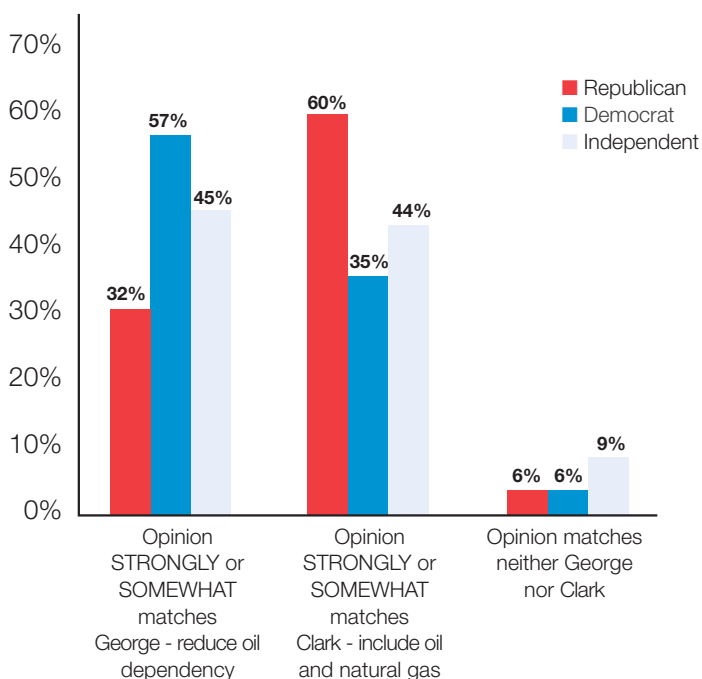
TABLE 5

I'm now going to read you two different opinions. Please tell me which opinion more closely matches your own opinions or views.

Total respondents (n=1,008)	%
Total Like George (Renewables worth additional cost)	45%
Strongly like George	21%
Somewhat like George	23%
Neither	7%
Total Like Clark (Include oil and natural gas)	46%
Strongly like Clark	23%
Somewhat like Clark	23%

TABLE 6

Attitudes toward oil dependency by political party.



SUPPORT FOR INCREASED ACCESS TO OIL AND NATURAL GAS

While ideally half of the general public would like to see foreign dependency reduced by utilizing only renewable energy resources, most understand the continued need for traditional energy supplies and support increased access to domestic oil and natural gas resources. Seven-in-ten (71%) respondents support increased domestic access and only two-in-ten (21%) oppose. Support for increased access is strongest in non metropolitan areas (80% support) and among Republicans (83% support). However, while Democrats and Independents do not share the intensity of support found among Republicans, the majority of these parties are also supportive (61% and 71% respectively) of increased access to domestic oil and natural gas resources.

TABLE 7

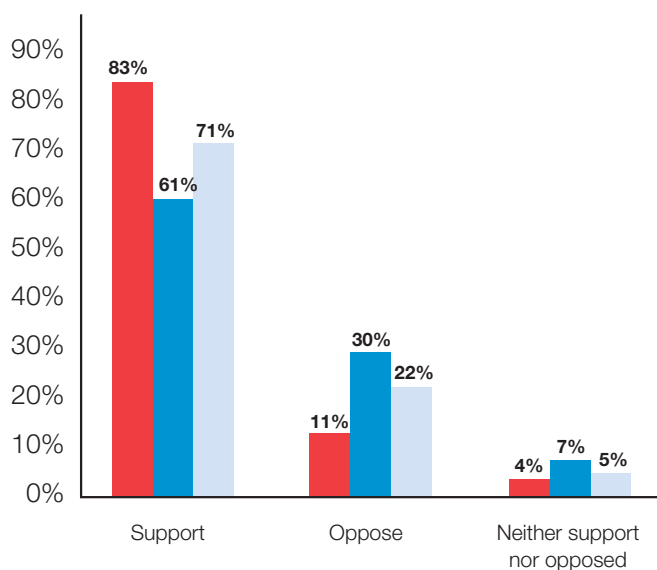
Do you support or oppose increased access to domestic oil and natural gas resources?

Total respondents (n=1,008)	%
Total Support	71%
Strongly support	38%
Somewhat support	34%
Neither support nor oppose	5%
Total Oppose	21%
Strongly oppose	13%
Somewhat oppose	8%



TABLE 8

There is support for increased access to domestic oil and natural gas from all political sides.



STOP DRILLING OFFSHORE IMMEDIATELY VS. CONTINUE OFFSHORE DRILLING

Despite many respondents' desire to see foreign dependence reduced through the use of renewable fuels, there is also recognition of the need for offshore drilling to continue, even in light of the Gulf of Mexico oil spill.

Respondents were asked to identify with one of two opposing viewpoints regarding continued drilling in the Gulf of Mexico. The opinions differ not only on whether or not drilling should continue but also the economic and environmental implications.

- Dennis believes we need to stop drilling for oil offshore immediately. While there are economic benefits for oil producing states, it is not worth the environmental risk. What happened in the Gulf of Mexico could happen again at any time.
- Richard believes offshore drilling should continue. The United States needs to utilize all of our domestic resources and stopping offshore drilling will limit our domestic oil and natural gas supplies and have a negative impact on the economy.

Interestingly, while the majority of the American public agrees offshore drilling should continue (59%), women (39%) and young adults age 18-34 (43%) are more likely to identify with the viewpoint encouraging the halting of offshore drilling immediately because it is not worth the environmental risk. This is consistent with research that has shown women and young adults to be more environmentally conscious.

Table 9

**I'm now going to read you two different opinions.
Please tell me which opinion more reflects your own opinions or views.**

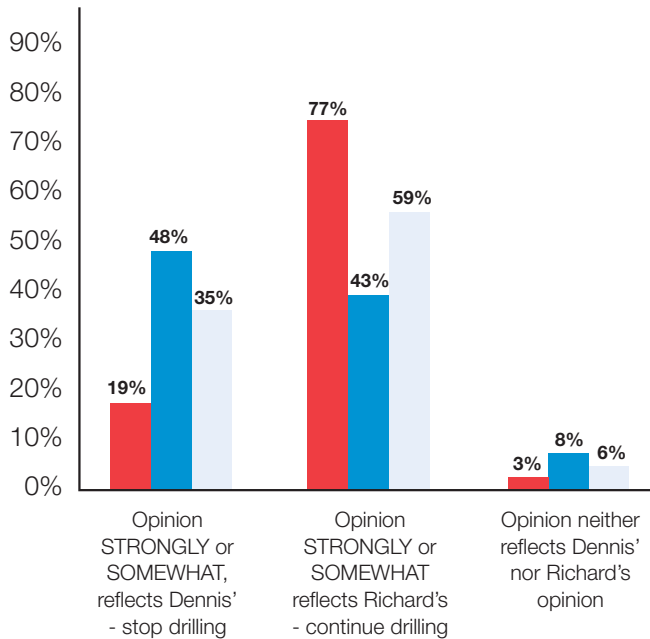
Total respondents (n=1,008)	%
Total Like Dennis (Stop drilling immediately)	34%
Strongly like Dennis	16%
Somewhat like Dennis	18%
Neither	6%
Total Like Richard (Drilling should continue)	59%
Strongly like Richard	24%
Somewhat like Richard	35%

Not surprisingly, Democrats (43%) are more likely to identify with the opinion of stopping drilling immediately as the environmental risk is too great. While Independents share Democratic ideals regarding reducing foreign energy dependence, they are more likely to identify with continued drilling in the Gulf of Mexico because of potentially limiting the U.S. fuel supply and negative economic implications (59%), although not as strongly as Republicans (77%).



Table 10

Republicans feel more strongly than Democrats and independents about continuing oil drilling.



Conclusions

During times of economic hardship, in regards to energy, environmental ideals are often compromised for the economic benefits of less environmentally friendly energy resources. Decreasing dependence on foreign suppliers is a critical priority for the federal government to address and while ideally Democrats and Independents would like to see renewable energy sources exclusively used to achieve this goal, the overwhelming support for increased domestic access to oil and natural gas resources indicates an understanding that in the current environment that is not feasible without increased costs to the consumer and potential detrimental economic affects. The public at large is willing to trade economic benefits for environmental risk, and until the economy has recovered the environment will most likely remain a secondary priority.

Methodology

A telephone survey of 1,008 U.S. adults age 18 and older was fielded from August 5 – 8, 2010. The margin of error is +/-3%.

Jennifer Haskins is a Vice President in the primary research division of StrategyOne's Washington, DC office. She can be reached at jennifer.haskins@strategyone.net or 202.777.3885.

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StrategyOne

Washington, DC

1875 Eye Street, NW
Fourth Floor
Washington, DC 20006
Tel +877 374 0813
Fax +202 312 1099