The Power Content Label:
A Tool For Building A Consumer-Driven Market For Renewable Power

Cheri L. Davis, California Energy Commission, Sacramento, CA
Tim N. Tutt, California Energy Commission, Sacramento, CA

Disclaimer: The views represented in this paper are those of the authors and not necessarily those of the California Energy Commission.

ABSTRACT

Building a strong consumer-driven market for renewable power will require that consumers trust the market, understand how to make choices in the market, and understand the implications of those choices. For example, consumers must be aware of the relationship between flipping a light switch and the power plant supplying that electricity. Consumers must have basic information about the implications of different electricity resources, and access to tools that will allow them to compare electricity products based on environmental attributes of the electricity purchased. And consumers need to be assured that when they pay a premium for renewable power that they will "get what they pay for."

Recent state legislation requires electric service providers to disclose resource (fuel) mix information to consumers for each electricity product sold within the state. Pursuant to this legislation, the Energy Commission created the "Power Content Label." The Power Content Label will allow consumers to compare electricity products based on attributes other than cost, and will lend credibility to marketing claims about power sources. As such, the Label will be an important tool for building consumer awareness, providing consumer protection, and educating consumers about the sources of their electricity.

This paper includes a description of how this law was developed, what the law provides for, and how the Energy Commission created the Power Content Label. Also included is a discussion of how the Label relates to other consumer information measures and how the Label might support the development of the "green" power market.

Introduction

As the first state to allow retail electric competition and a state with one of the largest renewable energy industries, California is a testing ground for renewable power marketing (sometimes called "green" power marketing). Many observers are anxiously watching California's new renewable retail electric service providers (or "retailers") to see how many customers will purchase renewable power. Because of California's leadership in renewable energy resource development, some observers speculate that if the retail green power market doesn't work in California, it won't work anywhere. In fact, several of the new renewable power providers have indicated that support from their parent companies may be withdrawn unless they demonstrate significant potential for a strong retail renewable power market in California.

While the number of customers actually switching to these renewable providers is proprietary information, the total number of customers who have switched from their traditional utility to any other company is small as of June 1998. One could interpret these results to mean that consumers are either satisfied with their existing utilities or uninterested in what new electricity providers have to offer. One might conclude that, while consumers seem to indicate a desire for renewable power, they are unwilling to pay a premium for "green" electricity.

The reality is that it's just too early to tell. Many consumers – even those who might be classified as the "early adopters"[1] – are not yet ready to switch their electricity provider because they either lack information or are uncertain about the market. The following are some reasons why consumers might be hesitant to switch from the incumbent utilities, based on observations from California Energy Commission-conducted consumer focus groups and consumer tests performed in New England[2]:

- some consumers don't even make the connection between the electricity that comes into their home and the power plant that created it
- many consumers have little knowledge of energy resources or their environmental impacts
- even the most environmentally-minded consumers have concerns about the reliability of their electrical supply if they switch providers, especially if they switch to a resource that they know (or think) to be intermittent, uncertain, or time-dependent
- most consumers are wary of marketing claims and may not know which companies they can trust to give them what's been promised
- consumers do not yet know what companies are out there or how to compare them.

These represent some fairly significant obstacles to consumer participation in the power market in general, and the renewable power market in particular. Unfortunately, these obstacles will not be quickly or easily removed. A great deal of education will be required to raise consumers' awareness about electricity issues, to develop consumer trust in the market, and to help consumers (by giving them the tools they need) to identify and compare electricity products and services. Research shows that consumers must be exposed to a message three times on average before they are even aware that the message is out there, and nine times before the message can be remembered [Levinsom and Seth, 1994]. Saturating the California market with sufficient messages to effect a change in behavior will be extremely difficult. Renewable electricity producers and retailers, environmental protection organizations, and government may be able to combine resources to leverage consumer education dollars; but even with combined resources, the cost of a large scale education campaign (that reaches all of California and not just selected markets) is likely remain prohibitive.

Retail electric disclosure as required by Senate Bill 1305, however, provides a way to ensure that all Californians have access to information about the sources of their electricity. Retail disclosure will allow Californians to begin associating electricity with electricity resources, provide a tool for

[1] This is a marketing term that refers to the market segment most likely to use a specific new product or adopt a specific new behavior.

[2] In November 1996, the National Council on Competition and the Electric Industry initiated its Consumer Information Disclosure Project. Consumer testing conducted as part of this project and its subprojects is documented in three of the reports referenced for this paper (see reports authored by the Regulatory Assistance Project).

comparing electricity products based on non-price attributes, and lend credibility to the otherwise unsubstantiated claims of new electric service providers.

SB 1305 requires retail suppliers of electricity to disclose to consumers the fuel composition of their electricity products for sale in California, using guidelines and formats developed by the California Energy Commission (Energy Commission). The Energy Commission's guidelines and format for disclosure, which should be in effect by late summer 1998, form the basis of the new "Power Content Label."

This paper includes a description of how this law was developed, what the law provides for, and how the Energy Commission created the Power Content Label. Also included is a discussion of how the Label relates to other consumer information measures and how the Label might support the development of the "green" power market.

Senate Bill 1305 And The Power Content Label

Background

Senate Bill 1305 (Senators Sher and Martinez) was signed into law in October, 1997. The purpose of SB 1305 was to "establish a program under which entities offering electric services disclose accurate, reliable, and simple to understand information on the generation attributes of the electricity they propose to sell." [P.U.C. 398.1 (b)] As such, this bill was a consumer protection measure and not specifically designed to further the renewable, or "green," power market. But the environmental community recognized the importance of this bill to the marketing of more environmentally-friendly electricity sources, and was actively involved in every step of the legislative process. Utilities and other retailers were also very involved, as was the California Energy Commission.

These stakeholders did not always agree on the direction that this bill should take, but most parties agreed that this bill should provide accurate information to consumers in a meaningful format, and that the bill should be strict enough to prevent unsubstantiated claims of environmental benefits (otherwise known as "greenwashing"). In the end, the bill included provisions for mandatory disclosure, for the verification of information disclosed, and for a check on environmental claims while retaining some flexibility for retailers in their disclosure to consumers. The Energy Commission was directed to implement many of the requirements contained in the new law (through regulations), including the formulation of formats and guidelines for retail electric disclosure. It is this format that has become the Power Content Label.

Key Provisions Of Senate Bill 1305

Retail-side electricity disclosure. The statute specifies that "every retail supplier that makes an offering to sell electricity that is consumed in California shall disclose its electricity sources" [P.U.C. 398.4 (a)]. Retail disclosure to consumers, must appear in all product-specific written promotional materials that are distributed to consumers by either printed or electronic means, with the exception of general circulation media such as magazines or newspapers. Retailers must also disclose this information to their actual customers on a quarterly basis. These requirements are represented by the arrow labeled "A" in Figure 1.

Retailers are required to present to consumers information about the product being sold and about "net system power." To understand the definition of net system power (NSP), one must first

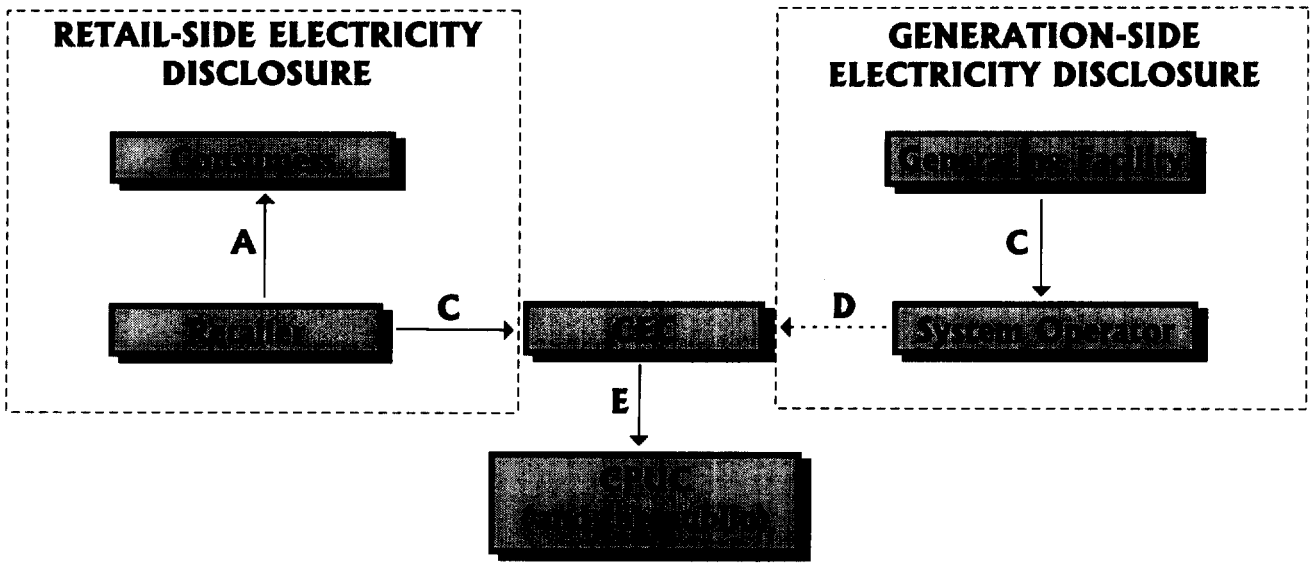

Figure 1: SB 1305 Requirements - Information Flow

understand the way SB 1305 categorizes retail purchases of electricity: "Specific purchases" are electricity purchases that are traceable to a specific generating facility by an auditable contract trail. Purchases through the power exchange or a power pool may or may not be traceable to a specific generating facility; such purchases may only be claimed as specific purchases if there is a clear contract trail from the retailers back to a specific generating facility. Net system power is the resource mix for all electricity consumed in California *not claimed* as specific purchases.[3] Each year, the Energy Commission is required to calculate NSP for the previous calendar year, using annual generation data aggregated by fuel type. This net system power resource mix is then used by retailers on their Power Content Label until the NSP report becomes available.

Retailers who purchase electricity through specific purchases for their product *may, but are not required to*, disclose information about projected specific purchases in the label. If, however, a claim is made by the retailer (such as in a brochure) that identifies the electricity sources as different from net system power,[4] the retailer must disclose specific purchases. Consumers may then decide for themselves whether or not the environmental claim is justified.

Net system power is the default resource mix for purposes of disclosure. If specific purchases *are not claimed* or if none are present, the provider must display a product resource mix equivalent to NSP. So even if specific purchases *are* present, it is permissible for the retailer to claim a resource mix identical to that of NSP. A retailer who purchases 100% coal-fired electricity through specific

[3] The Energy Commission is required to report annually with calculations of the net system power mix from the previous year. Net system power is calculated using annual generation data, aggregated by fuel type. Disclosure of specific purchases made in 1998 will be used in the 1999 calculation of net system power, and so forth.

[4] A "claim that identifies any of a retail supplier's electricity sources as different from net system power" as defined in proposed regulations by the Energy Commission, means any statement made to consumers for the purpose of marketing any electricity product that contains whether a reference to the type of fuel used in generating the electricity for that product (other than disclosure of net system power), or a statement that either a specific attribute of the electricity product of or its use creates an environmental effect (e.g., an environmental benefit).

contracts, for example, may claim the NSP mix for that product. The implication of this is that no retailer is likely to disclose a product mix that is "worse" (e.g., less environmentally-friendly or otherwise less popular with consumers) than the NSP resource mix.

One reason for allowing this loophole in the statute was to minimize the burden on both retailers and the verifying agency (the Energy Commission). The burden of verifying every Power Content Label seen by California consumers would be enormous; by allowing retailers discretion in claiming NSP, only those labels for which something *other* than NSP is claimed for the power product must be verified. And, since claims of specific purchases are voluntary and not mandatory, obtaining cooperation from these companies for purposes of verification may be a less demanding undertaking.

The achievement of this statute is that it allows retailers with product resource mixes that are "better" than the NSP resource mix (i.e. more appealing to consumers – such as a 100% renewable product) to distinguish their product *as such* in the label. And because the Energy Commission can verify this information, consumers and competing retailers may feel confident that retailers who disclose a product resource mix *different than the default mix* are being truthful. This, for the consumer, can help answer the question "will I get what I pay for?" In addition, the legislation requires any retailer making a claim (presumably somewhere else in their literature) that in some way distinguishes its electricity product as different than net system power to disclose those sources as specific purchases. In other words, any retailer making qualifying claims about its product in TV or radio advertisements, or other promotional materials to consumers, must substantiate these claims *in the label.*

An example of a Power Content Label format meeting these statutory requirements, and the Power Content Label format first put forth in Energy Commission draft regulations, is shown in Figure 2. The label on the left shows a product for which 50% of the product was purchased through specific contracts, and 50% from non-specific purchases, or net system power purchases. The label on the right shows what a Power Content Label might look like for a product for which only net system power is being claimed.

Retailers who claim specific purchases for their electricity products must, at the end of the year, report information both to consumers and to the Energy Commission. First, retailers must report back to their customers with information about what resource mix was purchased by the retailer for that product, and how that compares to what was being disclosed to the consumer during the year. This provision was deemed necessary because specific purchase resource mix claims are made *prospectively* by retailers during the year, and consumers need some way of evaluating whether or not the retailer delivered what was promised.

Second, retailers that make specific purchase claims for an electricity must report information to the Energy Commission at the end of the year as follows: the amount of electricity purchased, by generator and fuel type; the amount of electricity sold at retail; and the resource mix they disclosed to consumers (see arrow "B" in Figure 1). A separate report is prepared for each individual electricity product sold at retail.

Generation-side information disclosure. The statute also specifies information that must be provided by generators to enable verification of specific purchase claims on Power Content Labels. Generators supplying electricity consumed in California are required to begin by submitting basic information

POWER CONTENT LABEL

Product X	
Renewable	
Biomass and Waste	0%
Geothermal	5%
Small Hydroelectric	0%
Solar	0%
Wind	20%
Other	
Coal	0%
Large Hydroelectric	15%
Natural Gas	10%
Nuclear	0%
Net System Power (see table)	50%
TOTAL	100%

Net System Power Mix	
Renewable	
Biomass and Waste	2%
Geothermal	5%
Small Hydroelectric	2%
Solar	0%
Wind	1%
Other	
Coal	17%
Large Hydroelectric	24%
Natural Gas	34%
Nuclear	14%
TOTAL	100%

POWER CONTENT LABEL

Product Y	
Renewable	
Biomass and Waste	0%
Geothermal	0%
Small Hydroelectric	0%
Solar	0%
Wind	0%
Other	
Coal	0%
Large Hydroelectric	0%
Natural Gas	0%
Nuclear	0%
Net System Power (see table)	100%
TOTAL	100%

Net System Power Mix	
Renewable	
Biomass and Waste	2%
Geothermal	5%
Small Hydroelectric	2%
Solar	0%
Wind	1%
Other	
Coal	17%
Large Hydroelectric	24%
Natural Gas	34%
Nuclear	14%
TOTAL	100%

Figure 2: Initial Format Developed for the Power Content Label

about their facility to the system operator[5] serving their load: the fuel (or technology) used for electricity generation, emission factors for that facility, and the location of the facility. Thereafter, the generator must disclose information about the type and amount of fuel consumed for purposes of electricity production, and the amount of electricity dispatched (refer to arrow "C" in Figure 1). System operators must then make this information available to the Energy Commission (refer to arrow "D" in Figure 1).

Responsibilities of the Energy Commission. The Energy Commission has two primary areas of responsibility relating to the power content label: 1) the Energy Commission is required to annually

[5] A "system operator" may be either the California Independent System Operator (ISO) or a local publicly owned utility that does not utilize the ISO.

calculate and report on the NSP resource mix as described in an earlier section, and 2) the Energy Commission must, each year, prepare a report that compares information disclosed by retail suppliers to actual energy supplied (where the latter is estimated using the information disclosed by generators to their system operators and later made available to the Energy Commission). This report is delivered to the CPUC and made available to the public, meaning that individual consumers or, more likely, consumer organizations, may use the information to evaluate a providers' track record. See the arrow labeled "E" in Figure 1.

Developing The Power Content Label

A label similar to the one shown earlier in Figure 2 first appeared in draft Energy Commission regulations, which were the subject of a December 1997 public hearing. Meanwhile, this label design and several other design concepts under consideration by the Energy Commission were forwarded on to the Regulatory Assistance Project for consumer testing. This consumer testing was part of the ongoing Consumer Information Disclosure Project – a project undertaken by the National Council on Competition and the Electric Industry.[6]

A workshop on SB 1305 technical implementation issues was scheduled for January, and by that time preliminary results from the testing were available. David Moskovitz – project manager for the Consumer Information Disclosure Project – attended the workshop and presented results from consumer testing of electricity labels. Findings from these tests indicated that consumers didn't understand many features of the proposed label format. Some of the features that consumers did favor, however, were inconsistent with the requirements of SB 1305.

Based on comments received at this workshop, staff generated several alternate label formats. In an effort to make the label more consumer-friendly, the term "net system power" was replaced in turn with terms like "California average mix" or "generic purchases," and information appearing on the label was rearranged to make the information displayed easier to understand. Stakeholders were frequently consulted for advice on how best to improve the label. Comments received from these stakeholders can be classified as generally representing two viewpoints.

Recommendations received from the Consumer Information Disclosure Project focused on the problems with displaying resource mix information as shown in Figure 2, where the product resource mix is broken down by specific purchases and net system power. First, they said, the display of the NSP resource mix was problematic. When displayed as a separate table, studies showed that consumers didn't know how to process the information; even those consumers who understood that a calculation would be necessary to add the contribution from NSP to the other percentages in the product resource mix, lacked the understanding to do so. If displayed as a second column on the table, it seemed as though the consumer was being asked to compare two columns that did not match up, again raising questions about how consumers might process this information. Another key argument against this format was that consumers would never *really* understand where their dollars were going, because the portion of their power coming from the net system power mix was too complicated to calculate. It was suggested that the label take a more simple approach, by requiring the retailer to do the math and "roll together" the specific purchase percentages with the NSP resource mix percentages.

[6] The National Council on Competition and the Electric Industry (National Council) is a collaborative undertaking of state utility regulators and state legislators. The Regulatory Assistance Project manages the Consumer Information Disclosure Project for the National Council.

If 50% of a product was derived from a NSP purchase, and 34% of NSP for the year is composed of natural gas, then 50% of 34% – or 17% – would be added to any natural gas component from specific purchases.

Retailers, on the other hand, thought that consumers would use the label to compare electricity products based on the specific purchase portions of an electricity product (essentially, the top half of the Figure 2 labels), and would care less about the NSP portion of the product mix. Furthermore, from a marketing standpoint, retailers were concerned about any disconnect between what the consumer saw in the label and what the consumer had already been told in marketing materials. For obvious reasons, a consumer might become suspicious if told one day that the product "contains no specific purchases from coal" and then, when the label format became standard, seeing a small percentage of coal for the same product's resource mix.

In order to resolve this issue, some questions needed to be answered: From a policy perspective, which format best meets the intent of the legislation? Equally important were questions that only consumers could answer:

- What labeling format will consumers best understand?
- Will consumers want to compare products based on the specific purchase portion of the product, or on the aggregated resource mix?
- Will consumers even comprehend the difference between a specific purchase or a NSP purchase?
- Will consumers feel like they've been misled if some of their dollars are, on average, going towards coal or nuclear generators and the label doesn't specifically indicate this?

To answer the first question, staff sought the advice of the legislature. To answer the second set of questions, the Energy Commission decided to undertake its own set of consumer focus group tests for the labels.

Findings from Sacramento consumer focus groups. Three consumer focus groups were presented with information in roughly the same order. First, they were shown a page displaying three Power Content Labels for three fictitious electricity products. All labels used the same format, and consumers were told to assume that all three products were identical in price and reliability. Participants were given tasks designed to focus their attention on details of the label as if they were choosing an electricity provider, and then asked questions about what they understood or didn't understand.

The next set of labels and the questions pertaining to them were the focus of the study. Participants were shown two labels for the same product: one version that broke out specific purchases and NSP purchases, and the other version that rolled all of these numbers into a single resource mix. These two label formats are illustrated in Figure 3. Focus group participants were informed that these two labels represented the same product, which came as a surprise to most. After a time, the moderator then began to probe participants with questions about the new label format (i.e., the format that was different from what they saw in the first handout – for two out of three groups, the new label format was the one on the left). The questions were designed to see whether participants could understand the differences between these label formats and, if so, which label made the most sense.

For almost all participants, the label format least confusing was the label on the right (the "short label"). Even participants who initially said would require more information for decisionmaking

POWER CONTENT LABEL

	Product B
SPECIFIC CONTRACTS	**50%**
Renewable†	40%
Nonrenewable	
-Coal	0%
-Large Hydroelectric	0%
-Natural Gas	10%
-Nuclear	0%
-Other	0%
GENERIC PURCHASES*	**50%**
TOTAL	**100%**

† Under California law, renewable resources include biomass and waste, geothermal, solar, small hydroelectric, and wind.

* The California Energy Commission calculates a resource mix for generic purchases based on electricity consumed in California net of specific contracts. For 1997, the resource mix for generic purchases is:

Renewable	**11%**
-Biomass and Waste	2%
-Geothermal	5%
-Solar	1%
-Small Hydroelectric	2%
-Wind	1%
Coal	**17%**
Large Hydroelectric	**24%**
Natural Gas	**34%**
Nuclear	**14%**
Other	**0%**
Total	**100%**

POWER CONTENT LABEL

	Product B*
Renewable†	**46%**
Nonrenewable	
-Coal	**8%**
-Large Hydroelectric	**12%**
-Natural Gas	**27%**
-Nuclear	**7%**
-Other	**0%**
TOTAL	**100%**

* **50%** of **Product B** is purchased from a state-wide pool of electricity. The remaining 50% is purchased through contracts with specific power generators

† Under California law, renewable resources include biomass and waste, geothermal, solar, small hydroelectric, and wind.

Figure 3: Labels Shown to Consumer Focus Groups

purposes (principally members of the all-male test group) balked when they saw the more detailed format on the left (the "long label"). Participants found the long label to be confusing. A few people actually wondered out loud if the purpose of Label might be to create a smokescreen....was somebody trying deliberately to confuse them with all of those footnotes and complicated data, they wondered? Of those individuals who more or less understood that it may be useful to know information about specific purchases, few knew precisely how they could use the data to understand what they might be purchasing with any given electricity product. In short, most participants felt the extra information about specific purchases not only didn't help, but hampered their ability to evaluate the product. The short and simple version of the label came out the clear winner, as predicted by our advisors in New England.

Participants were also given other exercises to gauge how consumers might react to variations on the "short label." One variation featured a single label with multiple products aligned in three

adjacent columns – a design that would allow consumers to compare one product to another all in the same label. Another variation gave information about the NSP mix in the column adjacent to the product mix – allowing consumers to see how the product mix compares to NSP. Participants were prompted to discuss each label, to interpret the data, and to indicate whether or not they thought the new information was helpful.

Most consumers appreciated a label that provided information for multiple products all lined up. Slightly less helpful was the label with NSP displayed next to the product mix; while most participants were able, after some discussion, to see that this second column provided a basis for evaluating the product mix, many participants were still trying to perform calculations to evaluate the data. The moderator felt that this was largely a result of the order in which the various labels were presented, and that the label may not have created this confusion were it not for the fact that participants had already been introduced to the concept of using the information to perform mathematical operations.

The Label

Noting that consumer understanding of the label is crucial to meeting the intent of SB 1305, the Energy Commission chose a label format that combined the preferred elements identified in focus groups with elements required by statutory language. Net system power became "California Power Mix," footnotes were shortened, and subheadings were added for clarity. Though consumers seemed to prefer a label that left out information about NSP altogether, such a label would not conform with the requirements of the bill. The label now proposed by the Energy Commission for adoption in regulations is shown in Figure 4.

If the retailer is not making a claim of specific purchases, the label must still contain two columns of data: the first column of data, pertaining to the product offered for sale, would display the same percentages as the second column of data. The retailer is permitted to feature multiple electricity products in a single label, so long as the California Power Mix is displayed in the rightmost column.

POWER CONTENT LABEL

ENERGY RESOURCES	PRODUCT NAME	1997 CA POWER MIX
Eligible Renewable	**56%**	11%
-Biomass & waste	-	2%
-Geothermal	-	5%
-Small hydroelectric	-	2%
-Solar	-	<1%
-Wind	-	1%
Coal	**8%**	17%
Large Hydroelectric	**12%**	24%
Natural Gas	**17%**	34%
Nuclear	**7%**	14%
Other	**0%**	0%
TOTAL	**100%**	100%

* 50% of **Product Name** is specifically purchased from individual suppliers.

** Percentages are estimated annually by the California Energy Commission based on the electricity sold to California consumers during the previous year.

For specific information about this electricity product, contact **Company Name.** For general information about the Power Content Label, contact the California Energy Commission at 1-800-555-7794 or www.energy.ca.gov/consumer.

Figure 4: Power Content Label Proposed for Adoption June 24, 1998

What The Power Content Label Will And Won't Do To Further The Renewable Power Market

First, what the Power Content Label *doesn't* do: the Power Content Label doesn't necessarily provide accurate information about fuel sources. If a provider is claiming net system power (or the "California Power Mix") for its electricity product, there is no way of knowing whether or not that retailer has specific contracts in place for something perhaps less desirable than net system power. Thus consumers who do not understand this loophole may be fooled, and consumers who do understand the loophole may conclude that the label is not a credible source of information. Over time, however, this problem may be self correcting. As the differentiated power market expands (that is, as more consumers demand power that is different than the California Power Mix), NSP will become dominated by generation resources that are less popular with consumers. At some point, NSP may become sufficiently "dirty" that consumers will not want to purchase electricity from retailers that claim NSP.

Despite this drawback, the Power Content Label will be a powerful tool for consumers and retailers alike. Perhaps one of the most important uses of the label will be as a consumer awareness tool. The Power Content Label will raise consumers' awareness that there *are* non-price attributes of electricity that might be considered. During the focus groups conducted by the Energy Commission, it became clear that the participants really cared about the source of their power, even though many indicated early in the session that price would be the only matter of importance. Even participants who had little knowledge of electricity resources had strong opinions about them. If these focus groups are any indication, we can expect consumers to take an interest in the information presented by the Power Content Label. Over time, the label should raise consumers' awareness that all electricity is not the same, and that electricity comes from somewhere. This is the first step for many consumers, after which education about the implications of these electricity sources will have greater success.

Another way in which the label will improve the chances for success of the renewable electricity market is by giving consumers a way of validating marketing claims. In the New England electricity pilots, many companies tried to distinguish themselves as being "green." Consumers had no way of validating or invalidating these claims. In California, the Power Content Label will lend credibility to retailers who claim to have a more environmentally-friendly electricity mix. Because consumers may tend already to distrust new competitors, the label may prove invaluable to retailers who sell differentiated power.

A third way that the label will further the renewable power market is by providing consumers with a means to easily compare one product to another based on resource mix. One of the most pronounced marketing lessons learned in the New Hampshire direct access pilot was that consumers need a common basis for comparing products; participants in the program were extremely frustrated by their inability to compare service offerings accurately because of the many different marketing approaches. While the Power Content Label at this point allows for product comparison based only on resource mix, there is the possibility in the future of expanding the label to include information about price as well. For now at least, the label will enable consumers to compare products based on non-price attributes of power. And because consumers who care about the environment are likely to care about the source of the electricity they purchase, the label will be an important tool for consumers who want to choose "green."

Figure 5: The Green-*e* Logo

The Relationship Between the Power Content Label and the "Green-*e*" Logo

As retailers market their electricity products, some confusion may arise about the differences between the Power Content Label and the "Green-*e*" logo. The Green-*e* Program is a voluntary certification and verification program for "green" electricity products. Products that carry the Green-e logo are certified to meet the following requirements: 1) at least 50% of the electricity supply for the product comes from renewable sources; and 2) any non-renewable part of the product has equal or lower air emissions than Net System Power. The Green-*e* Program requires companies to undergo a verification process to ensure that the company is prepared to deliver what it promises, and to abide by the Green-*e* Program's code of conduct.

The differences between the Green-*e* logo and the Power Content Label may best be explained using a food product analogy. The Power Content Label can be thought of as a "nutrition label" for electricity in that it provides details about the type of power a consumer can purchase. A Green-*e* logo, on the other hand, is to an electricity product what a certified organic label or a "low fat" claim is to a food product. The Green-*e* logo is a simple way for consumers to identify a "green" product without all the details. Both are important to the development of a strong market for renewable power.

Status of the Power Content Label

Regulations are proposed for adoption by the Energy Commission on June 24, 1998. Once adopted by the Energy Commission, regulations must be approved by the California Office of Administrative Law. Given the typical time for regulations to go through this process, regulations for the Power Content Label should be in effect by the end of the summer. In the meantime, retailers are encouraged to disclose resource mix information to consumers, and to utilize the Power Content Label for these disclosures. Interested readers who would like to follow the Energy Commission's progress with the Power Content Label may do so at the Energy Commission's consumer information webpage: www/energy.ca.gov/consumer.

References

Teisl, Mario, Lynn Halverson, and Edward A. Holt. June, 1997. *Information Disclosure for Electricity Sales: Consumer Preferences from Focus Groups - West Coast.* The National Council on Competition and the Electric Industry.

Levinsom, Jay and Seth Godin. 1994. *The Guerrilla Marketing Handbook.*

Levy, Alan S., Mario Teisl, Lynn Halverson, and Edward A. Holt. July, 1997. *Information Disclosure for Electricity Sales: Consumer Preferences from Focus Groups.* The National Council on Competition and the Electric Industry.