

# **Duke Energy's Carbon Offset Program**

**[www.balanceyourequation.com](http://www.balanceyourequation.com)**

**October 21, 2010  
Christy Smith**

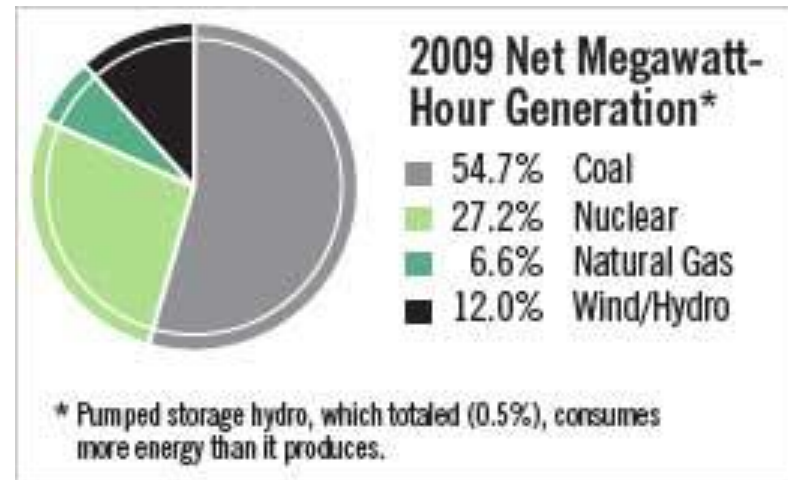
# Duke Energy's Carbon Offset Program

## Duke Energy – Industry Leader:

- Headquartered in Charlotte, N.C.
- A Fortune 500 company traded on NYSE
- Assets of \$57 billion
- Serves approximately 4 million residential customers across 5 states: NC, SC, IN, OH, KY
- Regulated electric operations – 27,000 MW of generation capacity, 77% of mix
- 7,600 MW of unregulated generation (Wind & renewable business)
- Included in Dow Jones Sustainability World Index



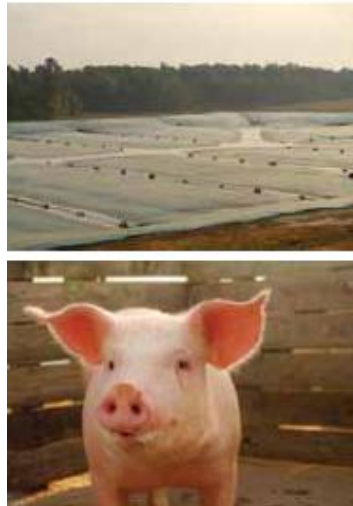
# Duke Energy's Carbon Offset Program



# Duke Energy's Carbon Offset Program

## What is a Carbon Offset?

- Carbon Offsetting is the act of mitigating ("offsetting") greenhouse gas emissions
- Examples of Carbon reduction projects:
  - \* *Methane collection and combustion from hog farms or landfills*
  - \* *Reforestation*



# Duke Energy's Carbon Offset Program

## Why add to Duke Energy's portfolio?

- **Leading by example:** Jim Rogers, CEO of Duke Energy, has committed to cutting the company's carbon emissions in half by 2030. Duke is a national leader in reducing its carbon footprint.
- **Furthers the mission** to improve the environment.
- **Fits the model** with Energy Efficiency and Green Power.
- **Demand for it:** Increasing customer interest in the carbon footprint – what it is and what can they do to offset it.
  - Other organizations offering Carbon Offsets (i.e. airlines)
  - Capture the market \$\$ for local or regional projects

# Case Study: Marketing Activity Compared from 2008 to 2010

# Duke Energy's Carbon Offset Program

## Target Customers

- Residential customers in two customer segments:
  - Financially Secure Traditionalists:
    - 45-65+, empty nesters, professional and retired, college graduates
  - Financially Secure Homeowners:
    - 35-54, married with kids, professional, college graduates
- Household income: \$75,000+
- Ads served across a variety of national sites and geo-targeted according to the zip codes where Duke Energy customers live

# Duke Energy's Carbon Offset Program

## Positioning of Carbon Offsets

### **Duke Energy's Positioning:** The Portfolio Approach

1. Energy Efficiency
2. Invest in Green Power
- 3. Offset the Rest**

### **Customer Benefits:**

1. Customers can mitigate ("offset") their own greenhouse gas emissions
2. Customers can customize to energy usage
3. Flexible and Convenient – can add more than one block
4. Collective giving – small investments can lead to collectively bigger impact

# Duke Energy's Carbon Offset Program

## Price:

### **Carbon Offset product: \$4 block = 500 lbs carbon offset**

- Voluntary monthly line item to regular utility bill
- Tax deductible in NC and SC with nonprofit administrator, NC GreenPower
- Funds support methane collection and combustion from hog farms or landfills

## Place:

### **Offered to Duke Energy residential customers in 4 states:**

NC, SC: 2008 \*Administered by nonprofit, NC GreenPower  
IN: 2009  
KY: 2010

# Duke Energy's Carbon Offset Program

Promotion: [www.balanceyourequation.com](http://www.balanceyourequation.com)

The carbon calculator is simple for people to use, but visually engaging enough to set it apart from other online calculators.

Shown here: Carbon Calculator Home Page

What's the situation? What are offsets? How do they help? Where does the money go?

## Balance Your Equation

Home > Vehicle > Travel > **Balance Your Equation**

**How much electricity do you use each month?**

kWh

1000 kWh (Duke Energy average)

**What type of house do you live in?**

**What size is your house?**

**How do you heat your home?**

Oil  Gallons per Year

0 lbs of Carbon Carbon Credits

Next ▶ Sign up now to offset your carbon.

Equations developed using data from the Energy Information Administration, Environmental Protection Agency and U.S. Department of Energy, along with Duke Energy Carolinas' generation mix and average customer usage.

**Duke Energy** **ncGreenPower**  
It's in your power.

# Duke Energy's Carbon Offset Program

## 2008 Promotion launch activities:

Carbon Offset Program

**What is the Carbon Offset Program?**

The Carbon Offset Program gives you the opportunity to reduce your carbon footprint by purchasing carbon offsets through a partnership between Duke Energy and NC GreenPower. All contributions go directly to NC GreenPower, which uses the funds to purchase carbon offsets from programs and technologies that reduce or prevent carbon or greenhouse gas emissions.

**Sign Up Now** or call 1-800-943-7383

**Why Participate?**

Whether it's driving, flying or turning on the air conditioner, our daily activities produce carbon dioxide (CO<sub>2</sub>) emissions. Participation in the Carbon Offset Program is an easy and responsible way to balance out, or "offset" the environmental consequences produced by our energy-intensive lifestyles.

**How It Works?**

Through Duke Energy's partnership with NC GreenPower, a non-profit organization, you can purchase carbon offsets to support programs that reduce or prevent the release of CO<sub>2</sub> emissions. NC GreenPower equates each program using strict criteria established by the Environmental Defense Fund.

- A carbon offset may be purchased for \$4 per month, which will offset 500 pounds of CO<sub>2</sub> - the equivalent of 500 kilowatt hours of energy use based on Duke Energy's generation mix.
- The average residential customer uses 5,000 kilowatt hours of energy per month.

What is a carbon offset? Why should I buy offsets? What do I get? How are offsets used?

## Balance Your Equation

It all adds up. With Carolina's Carbon Offsets, you make a minimum \$4 monthly contribution on your electric bill. In partnership with NC GreenPower, 100 percent of your contribution is used to develop carbon-free energy sources — balancing out the impact of your energy use. [Learn More](#)

1 carbon offset = living in your house for 2 weeks

1 carbon offset = baking for 20.5 hours

1 carbon offset = 89 loads

1 carbon offset = \$4 per month

[Sign up for Carolina's Carbon Offsets](#)

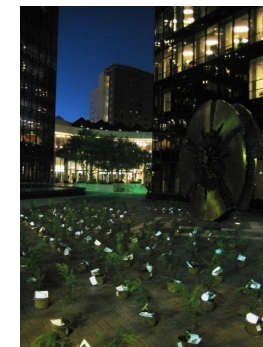
**THE NEWS OBSERVER**  
newsobserver.com

**Mary Easley trips cost state \$100,000**

...including the two-day United France, Arctic and Alaska... exchange...  
...for the state...  
...for the state...  
...for the state...

**What does it take to balance your equation?**

[Click for full article](#)



**Balance Your Equation**

What's a carbon offset? About two weeks of your home energy use. Calculate your carbon footprint here.

[Like](#)

NC and SC ad

- Bill message
- Portal article
- Press release

What's the situation? What are offsets? How do they help? Where does the money go?

## Balance Your Equation

Home > Vehicle > Travel

How much electricity do you use each month?

kWh

1000 kWh (Duke Energy average)

What type of house do you live in?

What size is your house?

How do you heat your home?

Gallons per Year

[Next](#) [Sign up now to offset your carbon.](#)

Equations developed using data from the Energy Information Administration, Environmental Protection Agency and U.S. Department of Energy, along with Duke Energy. Carbon generation mix and average carbon cost.

**GREEN NC**

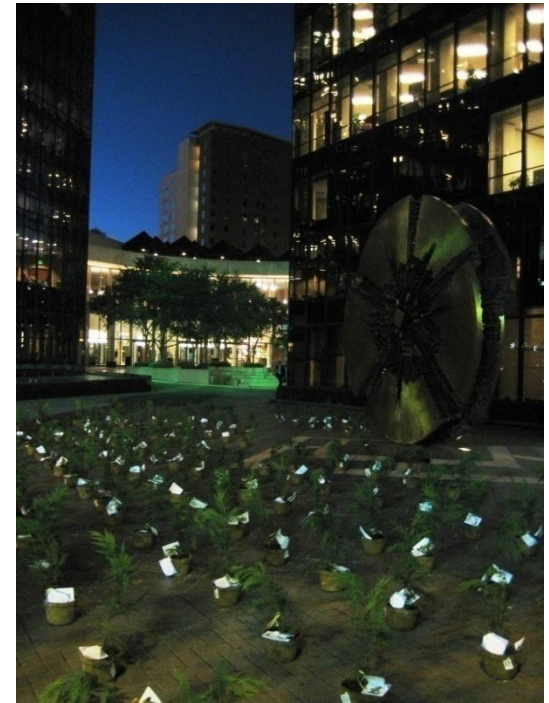
**NC STATE FAIR**  
ncstatefair.org/greennc



# Duke Energy's Carbon Offset Program

## Promotion Results: Events

- Tree drop – Charlotte, NC
  - 11 TV news stories in one day, with live broadcasts on site
  - All 250 trees were distributed by 7:30 a.m.
- State Fair – Raleigh, NC
  - NC State Fair attendance ~765,000
  - Exhibit attendance ~85,000 or 11%
  - More than 20 hits to microsite directed by exhibit's website
- Green Expos
- Duke corporate sponsorship at Fall football games promoted in game day programs, magazines for season ticket holders, scoreboard signage



# Duke Energy's Carbon Offset Program

Campaign activity for 2010:

## **2010 Campaigns included Kentucky rollout:**

- Positioning
- Price
- Place
- Promotion – new strategies and focus!

## **2010 campaign – Strategic changes:**

- Smaller marketing budget – 20% of 2008 budget
- Fewer events – one launch event for KY
- Reward enrollments with tree giveaway in lieu of “match”
- Focus on specific online channels and strategies
- Microsite enhancements for all states
- Secured carbon projects in the regions
- Focus on promoting the benefit to the customers

# Duke Energy's Carbon Offset Program

Channel	2008	2010	Portfolio contribution
Press release	Yes	Yes	<ul style="list-style-type: none"> <li>•Low cost</li> <li>•Good media relationships</li> </ul>
Duke Portal article	Yes	Yes	<ul style="list-style-type: none"> <li>•Low cost employee outreach</li> </ul>
Microsite	Yes	Yes	<ul style="list-style-type: none"> <li>•Interactive calculator</li> <li>• Engaging , shows benefits</li> </ul>
Duke banner ads	Yes	Yes	<ul style="list-style-type: none"> <li>•Low cost</li> <li>•Engaged target customer</li> </ul>
Network banner ads	Yes	Yes	<ul style="list-style-type: none"> <li>•Good traffic, good exposure</li> <li>•Broader profile</li> </ul>
Facebook ads	Yes	Yes	<ul style="list-style-type: none"> <li>•Best traffic, best exposure</li> <li>•Younger target profile</li> </ul>
Incentive	Yes	Yes	<ul style="list-style-type: none"> <li>•Tangible benefit for enrolling</li> <li>•Minimal traction with customers</li> </ul>
Events	Yes	Yes	<ul style="list-style-type: none"> <li>•Significant resource commitments</li> <li>•Minimal traffic without significant investment</li> </ul>
Local banner ads and Google AdWords	Yes	No	<ul style="list-style-type: none"> <li>•Average traffic (AdWords- 14% )</li> <li>•More costly</li> </ul>
Radio ads	Yes	No	<ul style="list-style-type: none"> <li>•Minimal traffic to microsite</li> </ul>
Duke Twitter Feeds & Email	No	Yes	<ul style="list-style-type: none"> <li>•Low cost, good exposure</li> </ul>

# Duke Energy's Carbon Offset Program

## 2010 Microsite Enhancements

What's the situation? What are carbon offsets? How do carbon offsets help? **Get Started**

## Balance Your Equation

**Purchase carbon credits and we'll plant a tree in your name.**

[Enroll Now](#)

Purchasing carbon offsets is the easiest way for you to balance your carbon footprint. And now, when you [enroll](#) before October 7, we'll plant a tree in your name — and in your state — so you can make a lasting impact on your local environment.

**Purchase your offsets.**

Sign up for your monthly carbon offsets by clicking on your state below. We'll automatically plant a tree in your honor.

[Indiana](#)  
[Kentucky](#)  
[North Carolina](#)  
[South Carolina](#)

Statistics for this campaign were taken from the following sources: U.S. Department of Energy (Office of Energy Efficiency and Renewable Energy), U.S. Environmental Protection Agency, Tree Canada Foundation and USDA Forest Service.

**Our forest is growing.**

Check back often for updates on how many trees we've planted in each state and how they're making a real difference.

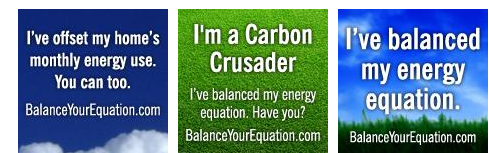
**Arbor Day Foundation**

Teaming up with the Arbor Day Foundation

None of this would be possible without the support of the [Arbor Day Foundation](#), which is helping us determine the best locations to plant new trees in your state. They're also helping us organize tree-planting events and we'd love for you to take part. Check back for more information on how to get involved.

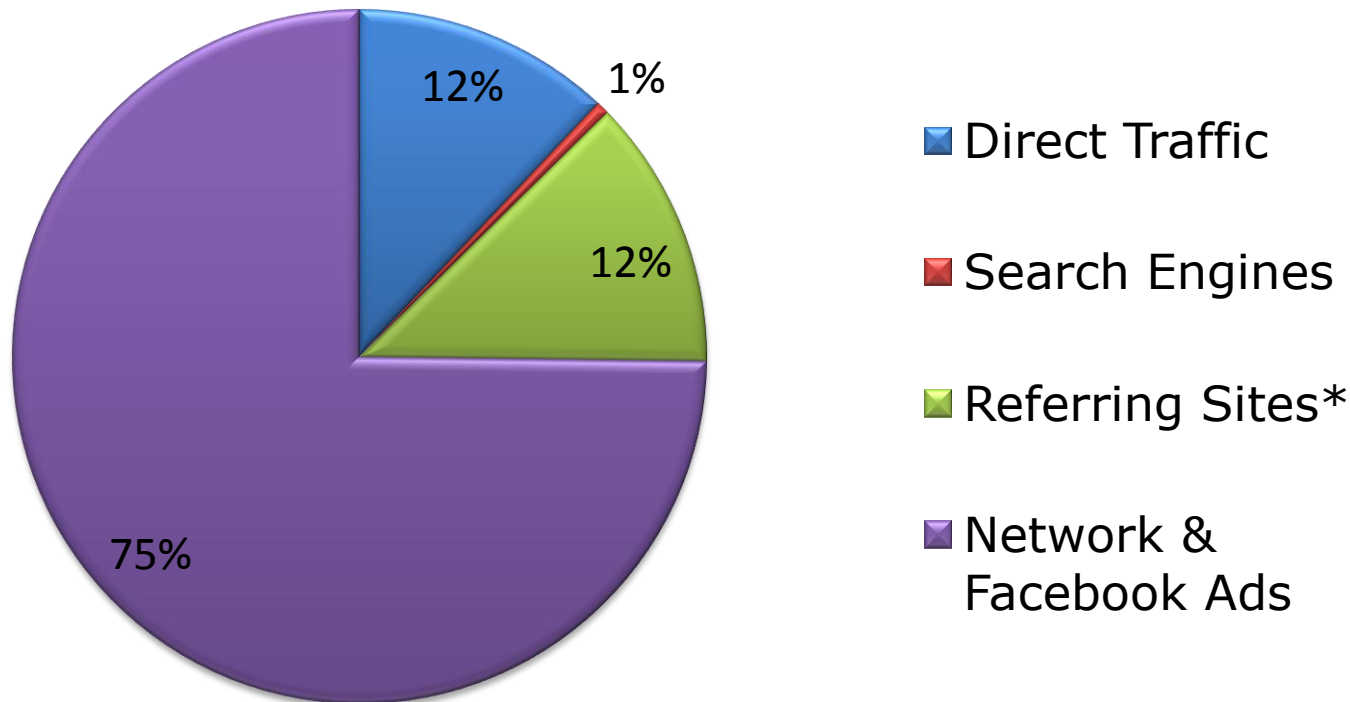
- Arbor Day partnership
- New ads

Carbon enrollment badges spread the word on Facebook, Twitter



# Duke Energy's Carbon Offset Program

## 2010 September Traffic Sources Overview




•Referring Sites includes Duke-Energy.com referrals from banners and links.

# Duke Energy's Carbon Offset Program

## NC/SC Ad Referrals – September

**Buy Offsets, Get Free Tree**




Maximize your CO2-fighting power. Buy carbon credits and we'll plant a tree in your honor. One step, big results. Start now.

Elizabeth Perez likes this ad.

[Like](#)

**Buy Offsets, Get Free Tree**



NC/SC residents have already purchased 5,100 carbon offsets. Purchase yours now and we'll plant a tree in your honor. Claim your tree.

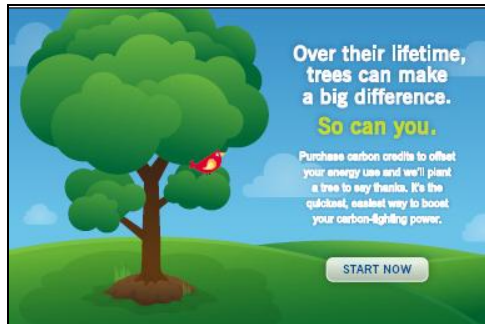
Elizabeth Perez likes this ad.

[Like](#)

75%

### Facebook ads:

Monthly Impressions: **4,436,934**  
 Monthly Clicks: 1042  
 Click Through Rate: 0.02%\*



Duke banner ad:  
 Monthly visits: 141



### Network Banner ads:

Impressions: 1,167,336  
 Clicks: 421  
 Click Through Rate: **.04%\***

\*Industry Average Click Through Rate is 0.03%

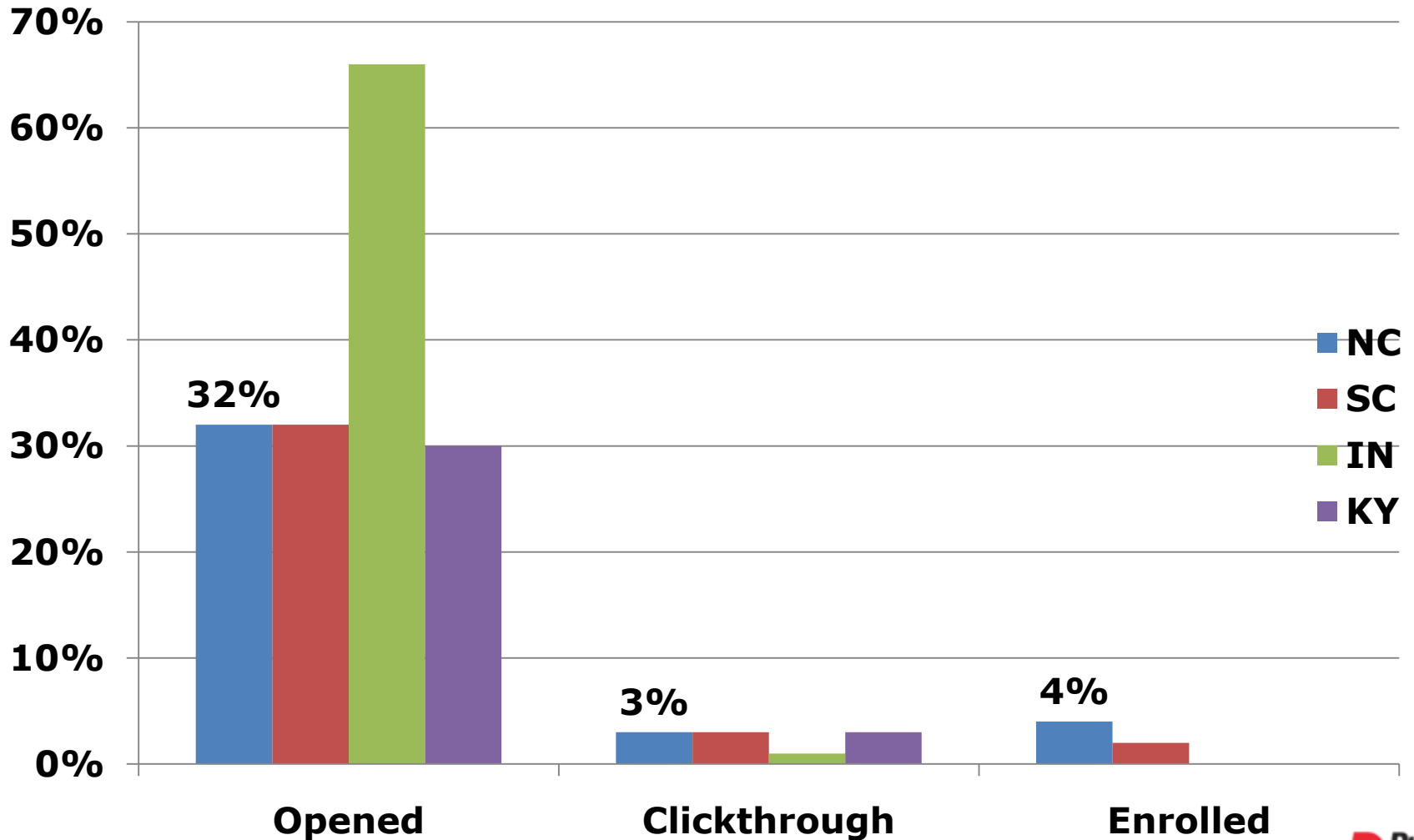
12%



Duke Twitter page:  
 Followers: 1,551



# Duke Energy Sept. Opt-in Email



# Duke Energy's Carbon Offset Program

## What worked?

- Highest awareness: Facebook ads
- Highest conversions: Duke-Energy.com online channels
- Highest interest: Microsite: Carbon calculators – visitors spend average of 2 minutes on this page
- Highest PR: Tree drop – generated 11 media stories and positive PR
- Cross-marketing with Green Power – explains portfolio approach, visibility for 2 channels for price of 1 promotion
- Least cost: Duke channels – reach engaged target market

# Duke Energy's Carbon Offset Program

## Challenges:

- Finding local projects that meet strict criteria for emission reductions
- While reach has been good, we face hurdles with conversion to enrollments, partly due to requirements on sign up forms, and limitations with online billing systems
- Improvements have been made in tracking but still fine tuning

## What's Next:

- Recruitment:
  - Reach out to current participants with survey to understand motivations, satisfaction
  - Collect more Duke emails to communicate Carbon promotions
  - Add online billing sign up options where customer information filters are present
- Retention – newsletters, more updates on Web
- Rewards and referrals- more recognition for current customers and incentives for referring customers

# Duke Energy's Carbon Offset Program

Questions?

**For more information, visit:**

[www.duke-energy.com](http://www.duke-energy.com)

[www.balanceyourequation.com](http://www.balanceyourequation.com)

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*Thank You!*