

Energy, Politics and the Consumer

YOUGOV-CAMBRIDGE SPRING EVENT, APRIL 2014



Energy, Politics and the Consumer

Contents

1. Introduction

Joel Faulkner Rogers (Academic Director, YouGov) and Pieter van Houten
(Lecturer on European and comparative politics, POLIS, University of Cambridge) . . . Page 2

2. Views from the industry

Stephan Shakespeare (Co-founder and Chief Executive, YouGov) Page 3

3. The need for new values as well as new policies

Peter Kellner (President, YouGov) Page 5

4. The reputation of the household energy market

Oliver Rowe (Director of Reputation Research, YouGov) Page 7

5. Focus on British attitudes to energy bills

Dr David Reiner (Assistant Director, Energy Policy Research Group,
Judge Business School, University of Cambridge) Page 24

6. Talking trust on climate change

David Howarth (Director, MPhil in Public Policy and Reader in Law,
University of Cambridge) Page 34

1. Introduction to the YouGov-Cambridge Spring Event 2014

By Joel Faulkner Rogers and Pieter van Houten



Joel Faulkner Rogers is the Academic Director at YouGov and Special Advisor on the YouGov-Cambridge Programme.



Pieter van Houten is a lecturer on European and comparative politics at POLIS and Director of the YouGov-Cambridge Programme.

In 2011, the Department of Politics and International Studies (POLIS) at Cambridge University established a partnership with YouGov to facilitate greater collaboration between academic experts and opinion research professionals. The partnership's aim was to build a new hub for public opinion studies at the University and to produce research that informs the public policy debate.

This partnership has proven to be very successful, generating research on a wide range of domestic and international topics, while YouGov practitioners now contribute to teaching programmes at the University, including the new Master's Degree in Public Policy (MPP).

The YouGov-Cambridge Programme has also established a series of regular, high-profile events, both in London and Cambridge, where new research is launched and debated by senior experts and practitioners from across the public, private and voluntary sectors.

For an initiative that seeks out the hot topics of public policy, British attitudes to household energy suppliers was an obvious choice for this year's YouGov-

Cambridge Spring Event. As YouGov President Peter Kellner notes in these pages, our energy bills now touch four of the most important questions facing Britain today: the cost of living; attitudes to big business; trust in leaders; and the climate change debate.

This report offers two key perspectives: the opinions of consumers and the industry itself. Our research is based on interviews with many of the central players in the industry by Stephan Shakespeare (Chief Executive, YouGov), and extensive surveys of public opinion, including YouGov collaborations with David Howarth (POLIS, Cambridge University) and Dr David Reiner (Judge Business School, Cambridge University).

As the following pages suggest, Britain faces a long list of tough and competing challenges in future energy policy: restoring public trust and reforming the market; maintaining growth and investment; assuring affordability; upgrading networks; securing long term supply and forging a workable, new consensus on decarbonisation to suit all actors – including political leaders, regulators, ecologists, practitioners, investors and the public – after it was 'blown to pieces' last year.

Since then, as some say, the great British energy debate has been reduced to Westminster blame games – a view that much of the public seem to share: two thirds are concerned 'the issue of energy prices has become a political football' that won't actually help consumers.

We hope this report generates less heat and more light on a complex issue of vital importance to the national interest, and we warmly welcome speakers and guests to help in the process.

This report offers two key perspectives: the opinions of consumers and the industry itself.

2. Views from the industry

By Stephan Shakespeare



Stephan Shakespeare is Co-Founder and Chief Executive of YouGov.

Interviews include:

- Alistair Phillips-Davies, Chief Executive Officer, SSE
- Tony Cocker, Chief Executive Officer, E.ON UK
- Paul Massara, Chief Executive Officer of RWE npower
- Paul Spence, Director of Strategy and Corporate Affairs, EDF Energy
- Keith Anderson, Chief Corporate Officer, Scottish Power
- Ian McCaig, Chief Executive Officer, First Utility
- Stephen Fitzpatrick, Managing Director, Ovo Energy
- Steve Holliday, Chief Executive Officer, National Grid plc
- Angela Knight, Chief Executive Officer, Energy UK
- Ann Robinson, Director, Consumer Policy, uSwitch
- Tom Wright, Group Chief Executive, Age UK
- Audrey Gallacher, Head of Energy Policy, Consumer Focus
- Professor Nick Pidgeon, University of Cardiff

For nearly twenty years there was an energy policy consensus among the main political parties, the regulator, the ecologists, and the industry. All agreed to decarbonise – that is, to shut down the high-CO₂-producing coal-fired power-plants and to replace them with cleaner alternatives. The alternatives are more expensive and require new plants to be built, and the costs would be passed onto consumers.

But it wasn't a true consensus: consumers were not put in the picture; their bills showed rises but did not explain why. With energy becoming a bigger slice

of household budgets at the very time that people's ability to pay was shrinking, it is no surprise that there would be anger. That created a political opportunity, which Ed Miliband exploited with great success, announcing there would be a price freeze if he was elected PM. The consensus, if it ever really existed, was blown to pieces.

The partnership between YouGov and Cambridge University exists to explore these interfaces between business, government policy and citizen-consumers, and hence this report. We know the views of politicians because it is their job to tell us. And the rest of this report looks at the opinions of consumers. But what about the practitioners? I have interviewed many of the leading players in the industry to understand their point of view so that our research into public opinion and consumer sentiment could be properly informed.

Mr Miliband's intervention did, of course, create widespread shock in an industry that depends on stability. How could such a debate be launched with so little grasp of the real-world choices that face us? How can responsible politicians plunge the industry into such an upheaval? Energy strategy involves long-term planning and long-term investment. Because it is so capital-intensive, everyone needs to know what is up ahead.

Introduce new risks, such as uncertain variations in public policy, and the cost of capital goes up. Everyone pays for that: the improvements-pipeline is disrupted; energy security is weakened; share prices go down; and in the end, it will be the consumer who pays.

As one would expect, there is moaning at politicians: practitioners believe that behind closed doors, the politicians understand and even admit that a price freeze would be disruptive and unrealistic, and it's been mere opportunism to invent an ogre that they can then pretend to slay. But the industry also accepts that it has itself 'prepared the ground' for

Practitioners believe that behind closed doors, the politicians understand and even admit that a price freeze would be disruptive and unrealistic.

what happened: billing was often confusing, never transparent, and complaints were handled badly. Customers were taken for granted, service was poor, and no-one bothered to explain the situation to them, nor even to question whether they wanted the things they were being made to pay for. The industry broadly accepts it helped to create the political opportunity that Mr Miliband seized.

Now, everyone wants a real debate. What are the energy problems the country faces? What are the trade-offs between security of supply, ecological improvement and the price to the customer?

The industry bristles at any accusations of gouging. They point out that per-unit energy prices are below the average for Europe. Critics answer that, with increasing vertical integration of energy production and distribution, company accounts are too opaque to allow one to tell if they are efficient or inefficient, or even if they might be making excessive profits. One knowledgeable insider suggested that because the giant brands of the household industry are actually mere subsections of even bigger international conglomerations, they have come to be viewed as 'cash cows' for their non-British parents.

The industry does not believe it is a 'broken market'. With six big suppliers and many new players joining in, there is more competition than, for example, among the supermarkets. But it's much easier to switch supermarkets; one critic even accused the big companies of employing industry game-theorists to create clever algorithms that work out which clients will accept higher rates, so that they can offer lower prices to those identified as most likely to switch, with the result that the most passive or loyal customers are actually punished.

This applied especially to older people, many of whom found it hard to shop around. According to one interviewee within the industry, companies may have overestimated the scope of liberalisation that had taken place, even paying large sums to clever traders to speculate on futures, rather than focusing enough on their societal role. All participants in my interviews showed real pride in their industry and contrasted its problems with those of the banking sector, where real and deliberate wrong-doing took place; but they also accepted that the industry needs to change. One of

...the industry has become too used to talking to Whitehall rather than to consumers.

them called for their trade body, Energy UK, to set the standard for reporting, for communicating with the customer, for setting the standards of transparency to which they should all be accountable.

There was broad and significant criticism of the role of the regulator – for being too burdened and weakened with huge and complex administrative tasks (it is one of the biggest regulators in Europe), and too focused on the 'big kit' of energy production and distribution and not enough on the retail side. Many called for the remit to be reviewed, with one suggestion being that instead of three regulators overseeing telecoms, water and energy, we should have just one, focused on the consumer's interest in fair and reliable distribution, and leaving other tasks to more

appropriate authorities, for example the CMA to ensure proper competition, or National Grid/ DECC to ensure security of supply. Another industry leader suggested that we should try to regulate less by rules (which tend to focus

on negative regulation rather than encouraging best behaviour) than by principles.

The row over the price freeze and the subsequent political risks and opportunities almost seem too great to allow genuine public debate right now. My experience of these discussions made me disheartened that our political system puts us in such a quandary over a matter of such vital national interest and indeed consumer interest. But there will be positive outcomes that we can be fairly confident of. Greater transparency of bills and tariffs, and simplified systems for switching suppliers will surely lead to greater market efficiency and responsiveness, as well as a more informed debate about national energy policy. And I was particularly impressed by the CEO who told me that the industry has become too used to talking to Whitehall rather than to consumers, and that the way for the industry to regain trust and influence was through the entirely virtuous and practical route of better all-round customer service.

There was broad and significant criticism of the role of the regulator – for being too burdened and weakened with huge and complex administrative tasks.

3. The need for new values as well as new policies

By Peter Kellner



Peter Kellner is the President of YouGov.

Something odd happened last autumn. A modest policy announcement, initially dismissed by its critics as a trivial gimmick, caught the public imagination and dominated politics at Westminster for some weeks.

Even Ed Miliband, the author of the proposal (to freeze gas and electricity prices for seventeen months if Labour wins next year's general election), was surprised at the impact of his announcement. It gave him, and his party, a lift in their poll ratings. The Conservatives were certainly caught off-guard. Their initial reaction – that this was a return to Labour's bad old left-wing ways, and demonstrated that Miliband did not understand the world of business – lasted barely twenty-four hours. An early YouGov poll showed that Miliband's pledge had struck a chord with voters. Soon the two coalition parties were racing to catch up, with their own ideas for keeping down home energy bills.

This YouGov-Cambridge research drills down into voters' attitudes. The pages that follow provide a detailed analysis of what we found. Together, the

In some ways, energy companies have reason to feel hard done by.

results help to explain the potency of energy as one of the hottest issues in British politics as we head towards next year's general election. Put simply, our gas and electricity bills

touch four of the most fundamental questions facing Britain today: can the cost of living be kept down; does big business work in the interests of consumers; can politicians be trusted to care more for our

interests than their own; and what, if anything, should we do to combat climate change?

In some ways, energy companies have reason to feel hard done by. They are not really responsible for the public doubts that have given rise to these questions. The main causes of these doubts are, in turn, the financial crisis and the need to curb government borrowing, which has depressed living standards; the behaviour of the big banks in sparking the crisis in 2008; the revelations about MPs' expenses; and the cumulative impact of carbon emissions in recent decades.

MPs should decide what's right, not simply do what's popular.

However, even if the energy companies are to some extent scapegoats for failings that they did not cause, they have harmed their cause by giving millions of voters the impression that they are as rapacious and out of touch as any banker or expense-fiddling MP. At least, that is what voters think. Perhaps our most telling finding is that energy companies are now even more unpopular than banks. Maybe the energy companies must change their ways. Maybe they need to explain themselves far better. Maybe they need to do both. As ever, surveys measure perceptions, and perceptions do not always match reality. But whatever the root cause of their unpopularity, the big energy companies have a huge task if they are to revive their reputation.

Perhaps our most telling finding is that energy companies are now even more unpopular than banks.

What, then, should be done? Our survey contains a number of pointers. For example, it finds that most people put a higher priority on keeping their fuel bills

...even if every bit of the agenda leads to sensible action, it won't be enough.

down than fighting climate change. For those who think that politicians should simply do what a majority of voters think at any given moment, then the message is clear: do whatever it takes to freeze or, even better, reduce energy bills, and ignore the consequences for our children and grandchildren.

To do that, however, would be for politicians to abdicate their responsibility. We live in a representative democracy. MPs should decide what's right, not simply do what's popular. A better approach is to take the time to study the concerns laid bare in this report, do what makes economic and environmental sense to meet those concerns, and work to secure people's understanding and support when events (such as a spike in international energy prices) conspire to make life harder.

These days, that is harder said than done. We generally accept nasty-tasting medicine only from people we trust. If politicians and business leaders commanded as much respect as family doctors, then today's gas and electricity prices would not be such a commercial and political minefield.

Yes, new policies and practices are needed; but so are new values.

Which leads us to the real lesson from our research. Tougher government action, smarter regulation, a more competitive market, more transparent companies, help for older people and poorer families: the agenda for action is substantial, and the choices are not easy. But even if every bit of the agenda leads to sensible action, it won't be enough. Ministers and company executives – and those who aspire to run our government and leading businesses in years to come – need to show that they are honest, intelligent, fair-minded and in touch with their voters and customers.

Yes, new policies and practices are needed; but so are new values – or, perhaps, the rediscovery of those values that have always been required by societies that seek to promote both economic success and social benefit.

4. The reputation of the household energy market

By Oliver Rowe



Oliver Rowe is the Director of Reputation Research at YouGov.

The debate over Britain's household energy supply market has become a key battleground in recent months as political parties have sought to score points in an attempt to tackle what they see as a potential vote-winning issue.

YouGov's research, from representative polling of over 4,000 members of the British public conducted in February this year, shows an unhappy public that urgently wants action to stabilise bills following years of what they see as unacceptable increases.

The prevailing public view is that profit levels in the

industry are unfair and suppliers are failing to focus on the interests of customers or wider society. People further believe a desire by suppliers for more profit is the dominant reason why prices have risen above inflation in recent years, a view that is similarly shared by our panel of opinion formers, who were polled for this project.

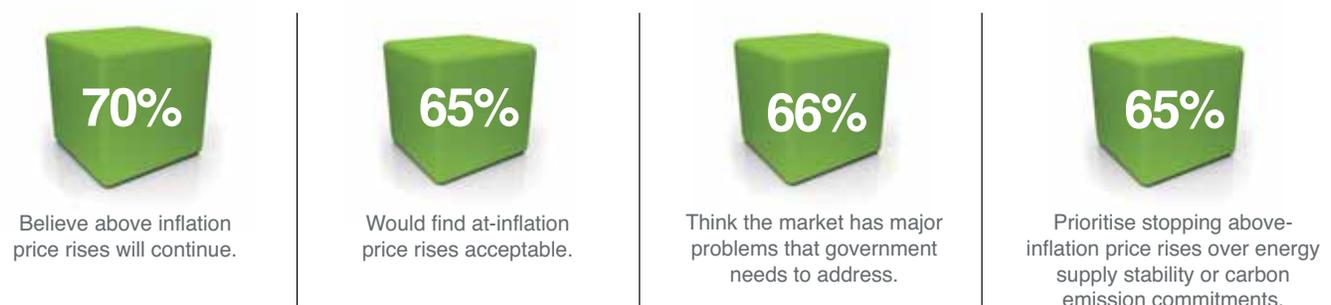
Beyond concerns aimed directly at suppliers, there is an underlying feeling that the market isn't working, and none of the main actors is sufficiently playing their part. While a majority of the public have little or no trust in suppliers to provide reliable and fairly priced energy, similar proportions lack trust in politicians to introduce effective policies. Just over half have low or no trust in the regulator, Ofgem, to protect consumer interests, or in journalists to properly report on the market. Our representative poll of 100 MPs provides similar findings: 82% have little or no trust in energy companies; 75% say the same for journalists; 66% for Ofgem; 47% for politicians and 41% for consumer groups.

Household energy bills are clearly hurting for many at a personal level, with over half of the public claiming to have turned their heating down or off in the last year, when they may normally have done otherwise. At an economic level, half think high energy bills are holding back the UK's economic recovery, and at a social level, there are fears about the most vulnerable suffering from increasing fuel poverty.

Many also expect above-inflation price rises to continue, although it is worth noting that two thirds would actually accept at-inflation rises, suggesting a radical price cut isn't necessary to keep the public onside, just an ability to keep in-step with inflation. When pushed, it is bills that matter most to the public, and many say they are willing to deprioritise carbon emission targets and even energy security to keep bills down.

Tariff transparency and bill simplification head the wish list of policy proposals, with windfall taxes, price freezes and the removal of certain 'green taxes' from fuel bills also receiving strong support, albeit with some notable splits along party lines.

Figure 1. Industry comparison.



"It would be fine for costs to keep going up if our wages were rising at a similar rate."

Female, 39, Labour voter

"Privatisation of energy has not benefited the consumer and is unlikely to. Regulation is poor. Politicians use energy bills for political purposes, and are using environmental issues as a sacrificial lamb. It's all about money, as usual. The fat cats in business get rich, as do the political cronies, while the public pay."

Female, 51, other voter

"I am not swayed by the media coverage and am well aware of the cost of electricity and gas in other countries, and I believe [my supplier] is charging a fair price. The cause of price increases is down to the Labour and Tory governments, not the energy companies due to green subsidies and the cost of additional transmission to remote wind farms."

Male, 65

Figure 2. Public trust of actors in energy sector.

Please say to what extent, if any, you trust each of the following to effectively play their part in the UK's energy market.

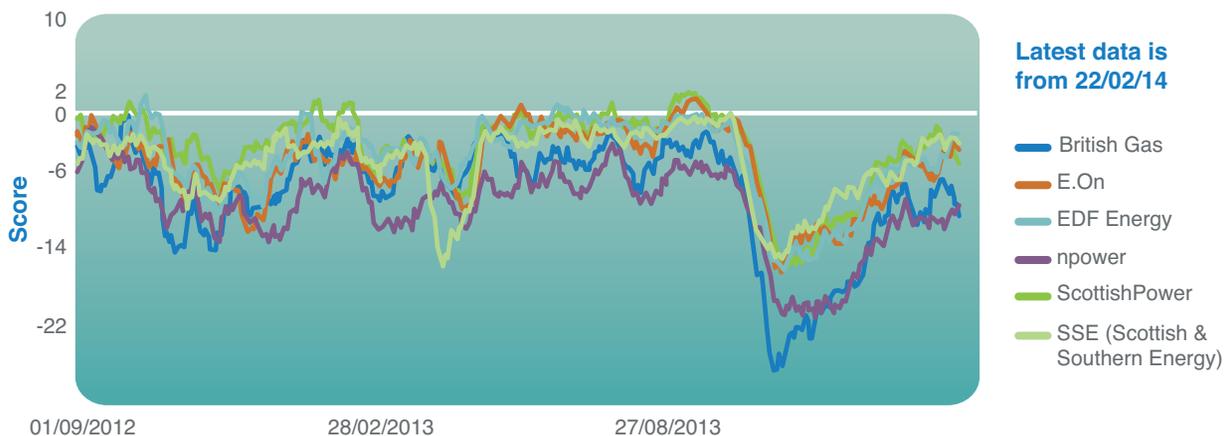


Source: YouGov, representative sample of 2,079 UK adults 18+, February 2014

Growing demand for action

Rising household energy prices have been an issue for consumers and policy makers for a number of years, but price hikes by energy suppliers in late 2013 pushed the topic further up the political agenda. The reputation of all the big six energy suppliers suffered a hit among the public much more in 2013 than in previous years, as data from YouGov's BrandIndex tracking tool shows.

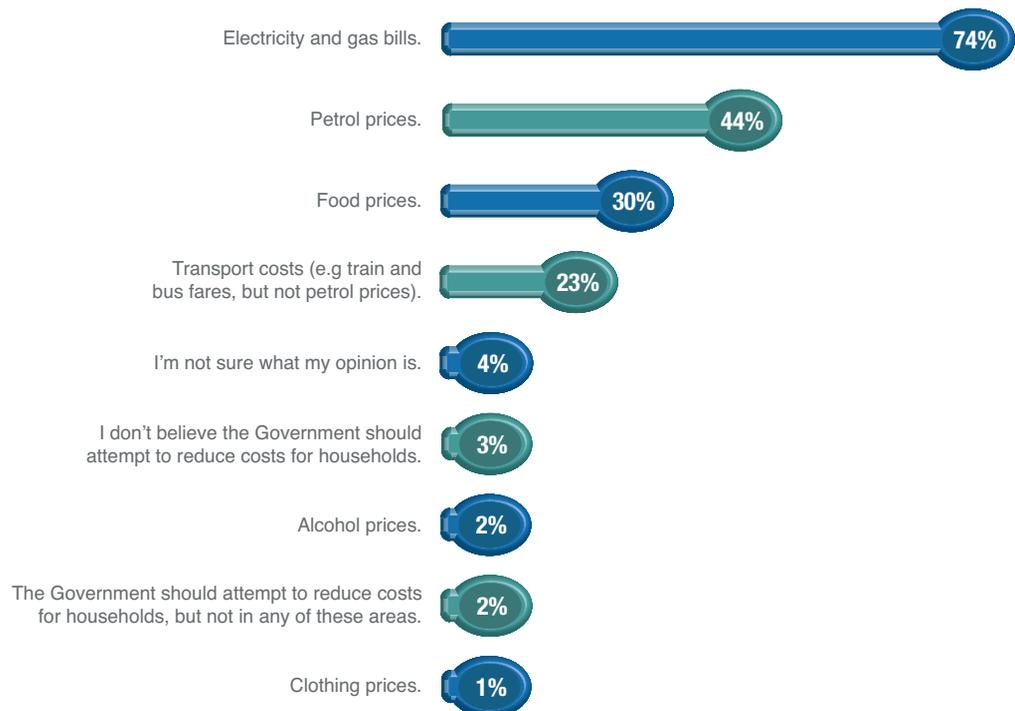
Figure 3. Reputation of UK energy suppliers as tracked by YouGov's BrandIndex tool. Chart shows the difference between the proportion of the public who would feel proud versus embarrassed to work for each company.



Consumers have been dealing with above-inflation rises for a number of years, compounded by limited wage growth, so the demand for action on energy bills has been growing. When asked in this survey in which two areas (if any) of six they would most like to see the government take action to reduce prices, 74% pick energy costs, 44% say petrol prices, 30% food prices and 23% transport costs.

Figure 4. Areas where the public would like to see the Government attempt to reduce prices.

Some people believe that the Government should attempt to reduce costs for households. Would you like to see the Government attempt to reduce costs in any of the following areas? If so please select up to TWO areas from the list.



Source: YouGov, representative sample of 2,113 UK adults 18+, February 2014

The profile of consumer behaviour

Consumers have been changing their behaviour to deal with rising prices by reducing their consumption through turning down the heating (54%) or cutting expenditure elsewhere, such as on food bills (19%).

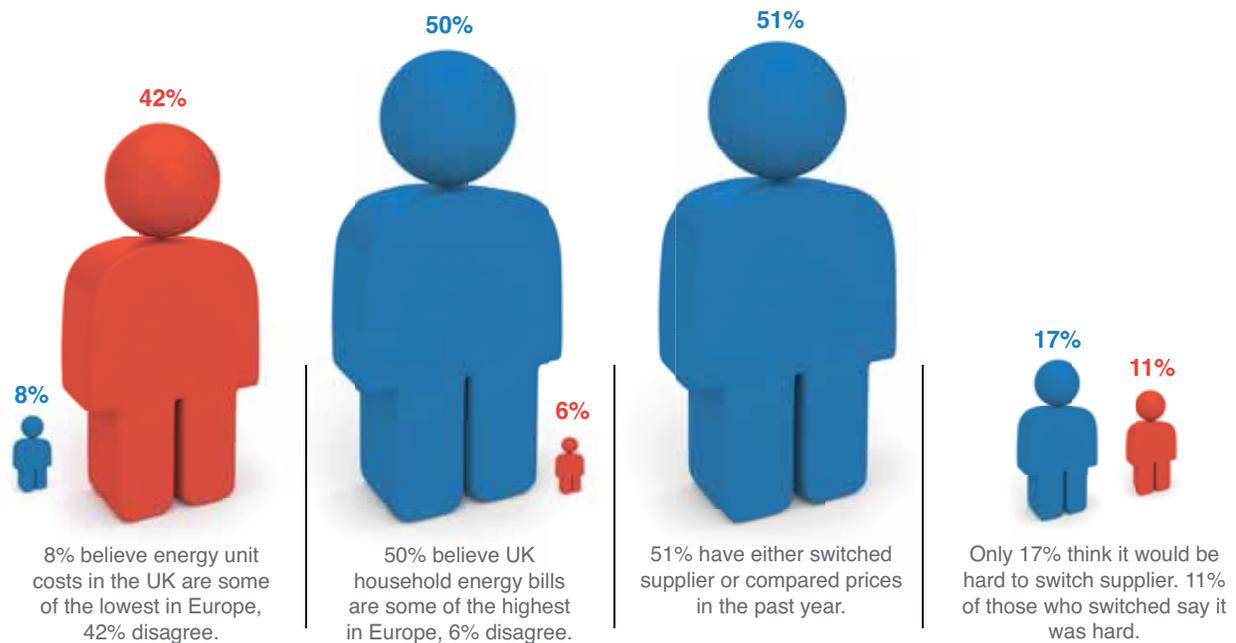
Over a quarter (28%) of our sample claim to spend 10% or more of their household income on energy bills. And 60% now believe that cutting the amount of energy they consume is the only way their bills are likely

to come down in the future (just 15% disagree). By contrast, this statement was asked the other way round to a sample from our 'Opinion Formers' panel, of whom 71% agree they cannot accept that cutting usage is the only way to reduce bills.

Our survey finds many have tried changing energy supplier to cut costs (51% in the past year claim to have either switched or compared prices).

Our survey finds many have tried changing energy supplier to cut costs (51% in the past year claim to have either switched or compared prices). Few people (17%) perceive switching as something that might be hard to do, or indeed was actually hard to do (10%). When asked how much money they would need to save on their combined energy bill to bother switching, of those householders able to provide an idea (just 45%), 22% say less than £50, 35% say £50-£100, 27% say £100-£200, and the remaining 17% say they would need more than £200 savings to bother switching suppliers.

Figure 5. Energy costs and switching.



Misconceptions and the blame game

Interestingly, there is little recognition of the fact that per unit costs for UK household energy are among the lowest in Europe, with only 8% agreeing with the statement compared with 42% who disagree. Even among our opinion formers, the scores were little different. Half (50%) of the public and 45% of opinion formers believe UK household energy bills are among the highest in Europe.

"I am fed up with hearing about the huge profits energy companies make while I'm sitting in my house shivering. They are greedy and I don't trust any of them."

Female, 57

"They have us over a barrel! What can you do without household gas, electricity? We all need to heat our homes cook, heat our water. There is no real competition! We are between the devil and the deep blue sea."

Female, 69, Labour voter

"I believe that, in general terms, they are providing a good service, and if we are to have energy for the future then we must have investment. It has to be paid for, and investment will only be made if investors can make a profit."

Male, 58

The public does not apportion the failure of the energy market to any single entity. YouGov asked householders how well they believe various market actors are performing their given role and the answer is negative for all concerned. Three-quarters (77%) have little or no trust in energy suppliers "to provide reliable and fairly priced energy", while a similar proportion (78%) have little or no trust in politicians to bring in effective policies to deal with the market.

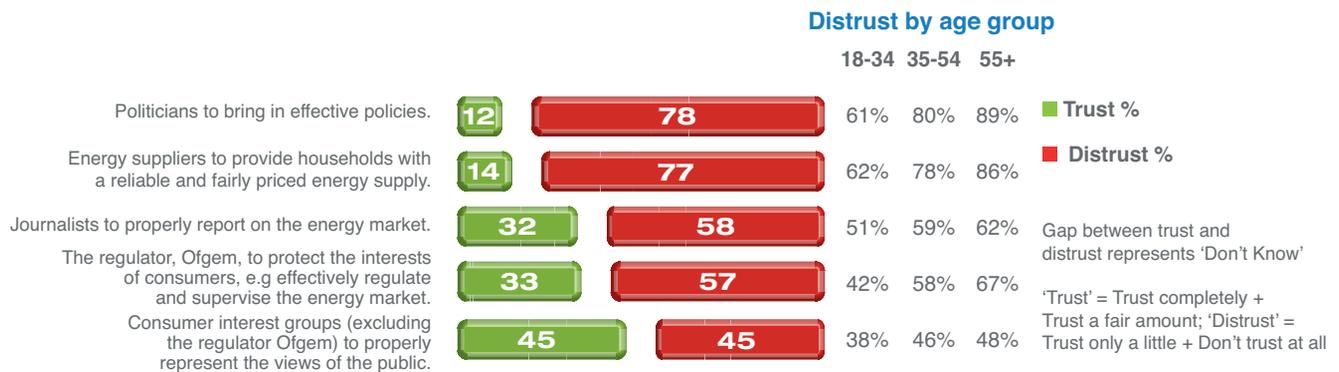
The regulator, Ofgem, also scores poorly, with 57% claiming little or no trust in it "to protect consumer interests, including effectively regulating and supervising the energy market". 58% even say they have little or no trust in journalists "to properly report

Three-quarters (77%) have little or no trust in energy suppliers "to provide reliable and fairly priced energy", while a similar proportion (78%) have little or no trust in politicians to bring in effective policies to deal with the market.

on the energy market". Consumer interest groups (excluding the regulator) score slightly better with 45% not trusting them while the same number trust them a fair amount or completely. It is interesting to note that distrust of all groups increases with the age of the respondent.

Figure 6. Public trust of actors in energy sector.

Please say to what extent, if any, you trust each of the following to effectively play their part in the UK's energy market.



Source: YouGov, representative sample of 2,079 UK adults 18+, February 2014

The question of trust was also asked to a representative sample of MPs. This shows that 82% have little or no trust of the energy suppliers (40% little trust and 42% no trust), while 75% score journalists similarly. Ofgem comes next, with 66% not trusting it (48% trust it "only a little" while 18% "don't trust at all").

...some three-quarters of the public (76%) claim that a key driver of price rises in recent years has been the desire to increase profits on the part of energy companies.

Almost half of MPs surveyed for this research (47%) say they do not trust politicians in general to bring in effective policies (40% "only a little" and 7% "don't trust at all"), while 41% say they have limited or no trust in consumer interest groups to represent the public's views properly.

Opinion formers surveyed also "only trust a little" or "don't trust at all" each of the five market actors: 91% for politicians, 86% for energy suppliers, 74% for Ofgem, 63% for journalists and 40% for consumer groups.

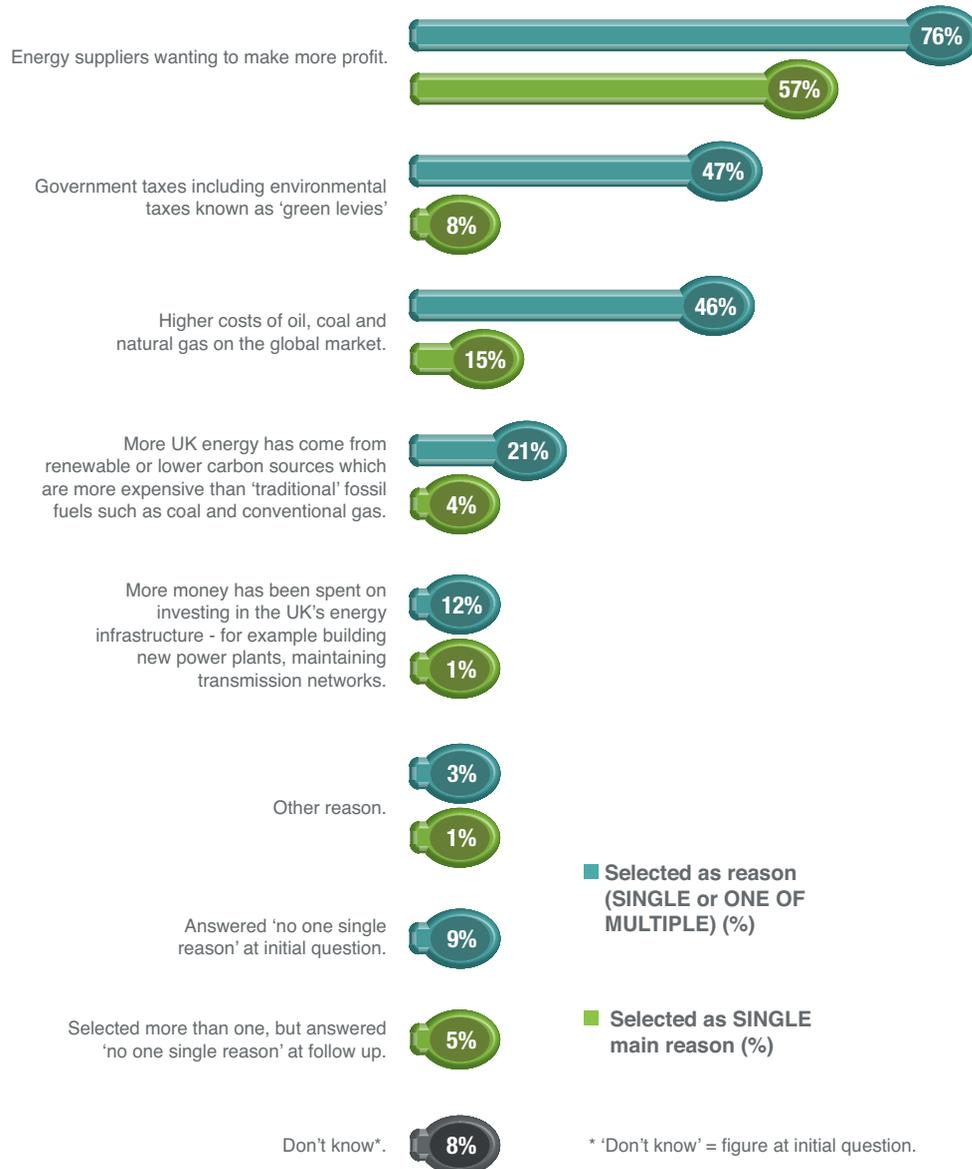
Perhaps unsurprisingly, some three-quarters of the public (76%) claim that a key driver of price rises in recent years has been the desire to increase profits on the part of energy companies.

This compares to 47% picking "green levies" as a key driver, 46% saying "higher costs of oil, coal and natural gas on the global market", and 21% choosing renewable energy sources which are more expensive than traditional fossil fuels. When asked to pick which one reason was the biggest driver, energy company profits came top, selected by 57%, while opinion formers also put it top of their list, though it was by no means felt to be the only reason prices have risen.

Figure 7. Reasons household energy bills have risen.

All respondents selecting any main reason and then single main reason.

Please select any of the following that you believe have been the main reasons household energy bills have on average been rising above inflation in recent years. (If more than one selected) And which ONE of the reasons you selected do you believe has most caused prices to rise in recent years?



Source: YouGov, representative sample of 2,079 UK adults 18+, February 2014

A worse reputation than banking

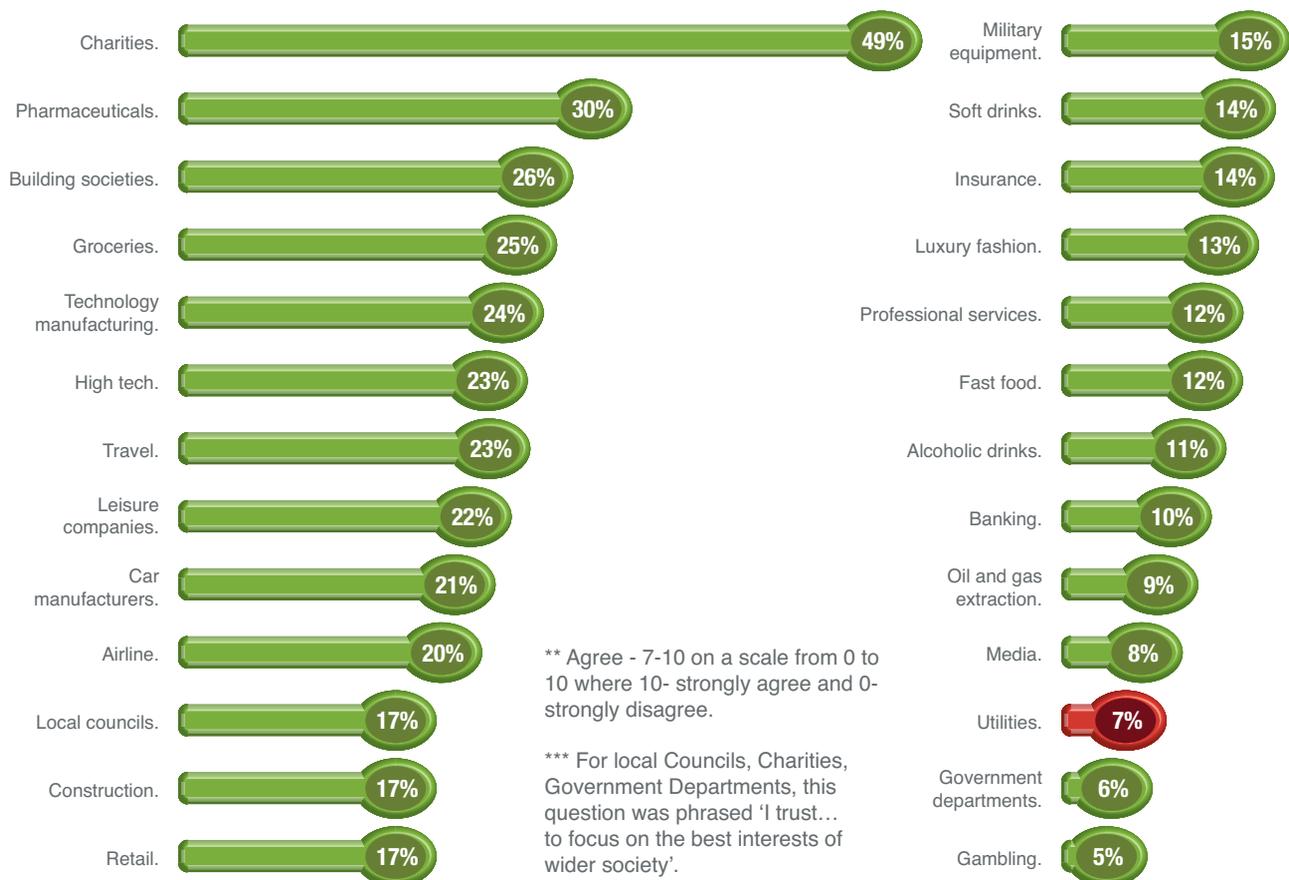
The wider utilities industry is greatly disliked by the public, so much so that it scores below banking when we ask people about their general favourability towards various sectors. The industry is felt to be financially sound (46%) but only 9% say it is trustworthy, 8% say it has high ethical and moral values, and 16% say it is environmentally responsible.

Even the positive score for financial robustness may actually count against it as the industry narrative about necessary infrastructure investment may be hard to get across when suppliers are perceived to be making profits.

Figure 8. Trust to focus on best interests of customers and wider society.

All respondents rating sector, % agreeing they trust sector**.

Please indicate the extent to which you agree or disagree with the following statement: 'I trust the UK... industry to focus on the best interests of its customers and wider society'***



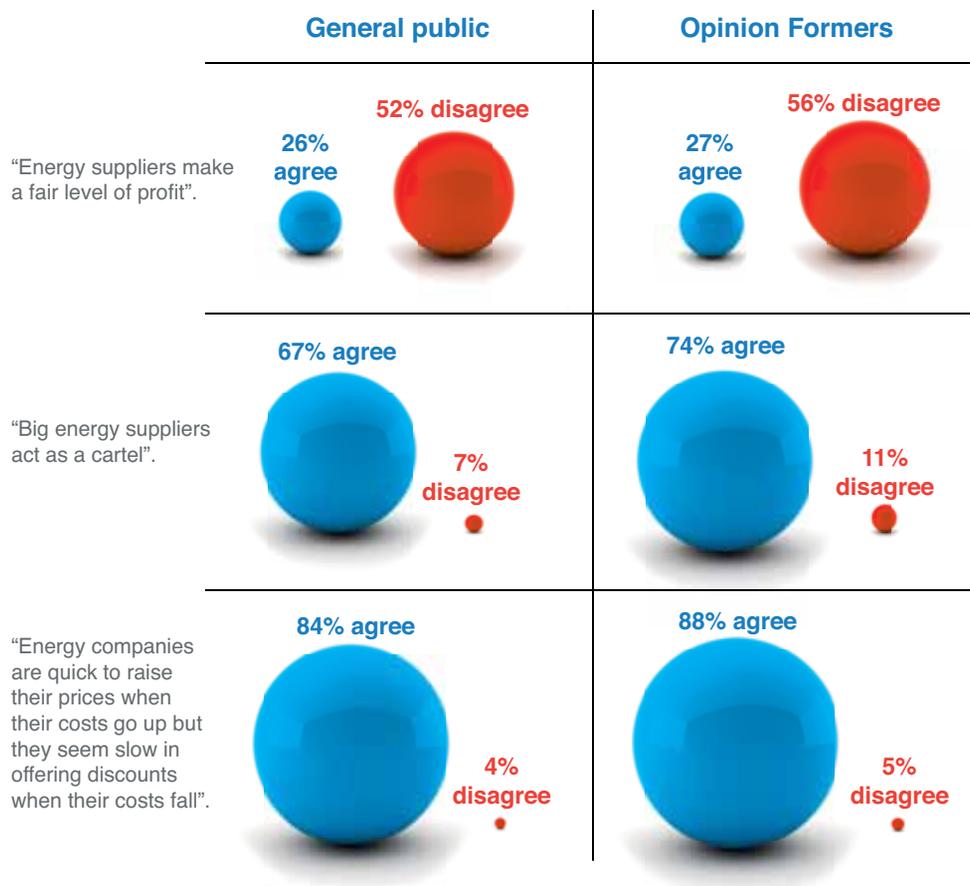
Source: YouGov, representative sample of 2,113 UK adults 18+, February 2014

Only 7% agree that they "trust the UK utilities industry to focus on the best interests of its customers and wider society", while three fifths (61%) disagree. Utilities has a similar score to banking (60% disagree vs 10% agree). Tellingly, pharmaceuticals (28% disagree), military equipment industry (28% disagree), and even insurance (40% disagree) score better than utilities. Four in ten (42%) also believe that "energy supply companies have worse ethics than other big businesses in other sectors" while 13% reject this. Sympathy isn't much stronger among opinion formers, of whom 34% agree and 27% disagree.

Just over half (52%) disagree, versus a quarter (26%) who agree that "energy suppliers make a fair level of profit". 84% agree with the statement "companies are quick to raise prices when their costs go up, but they seem much slower in offering discounts when their costs fall".

67% also believe "big energy suppliers act as a cartel", while only 7% disagree. Scores for all three of these statements are similar among opinion formers.

Figure 9. Profits and prices.



% who agree + % who disagree may not equal 100% as some answered "neither agree nor disagree" or "don't know".

Big business and nationalisation

The public is wary of big business, and particularly at a time when prices have been rising so much. When asked about whether "big companies can be left alone by government as they generally provide a fair deal for their customers", only 19% agree and 49% disagree. Meanwhile, 47% agree with the idea that nationalised industries can often be better for the UK than when they are run by private companies, and 19% disagree. Indeed, many respondents in this study provided comments about renationalisation as a preferred option due to perceptions it would deliver customer simplicity, less executive bonuses, less profits going out of the country, and it would replace a market which was simply not functioning as a genuinely competitive market.

The competitive nature of the energy market is also questioned by the opinion formers surveyed. Over half (55%) say that the market is uncompetitive, while just 15% think it is competitive. This is better than household water supply (80% vs 4%) but compares unfavourably to personal banking (36% competitive vs 28% uncompetitive) and supermarkets (73% competitive vs 9% uncompetitive).

Privatisation of the UK's energy supply is not a clear winner for people. Just a quarter (23%) agree that "having private energy suppliers is far more efficient than a single, nationalised industry would be", while 37% disagree with this. Agreement is considerably higher amongst Conservative (40%) and Lib-Dem (33%) voters. So this is an argument that has not been won, and it is at the heart of many people's concerns for the sector.

The public is wary of big business, and particularly at a time when prices have been rising so much.

Privatisation of the UK's energy supply is not a clear winner for people. Just a quarter (23%) agree that "having private energy suppliers is far more efficient than a single, nationalised industry would be", while 37% disagree with this.

It is also interesting to note that only 17% are confident enough to believe major energy suppliers actually comply with government regulations, though 38% disagree.

"They do act as a cartel. When one company increases prices, so do the others. The government's role should be in addressing that the competition is fair and price rises are fair for the people. It should accept some price rises as they are needed to secure energy. However, it should look into the profits of the energy companies and see whether the profits are fair."

Male, 26, Conservative

"Too many large bonuses are paid."

Female, 74, Labour voter

"They are quick to put prices up and don't bring them back down. They seem interested in providing a good return for shareholders."

Male, 57, Conservative voter

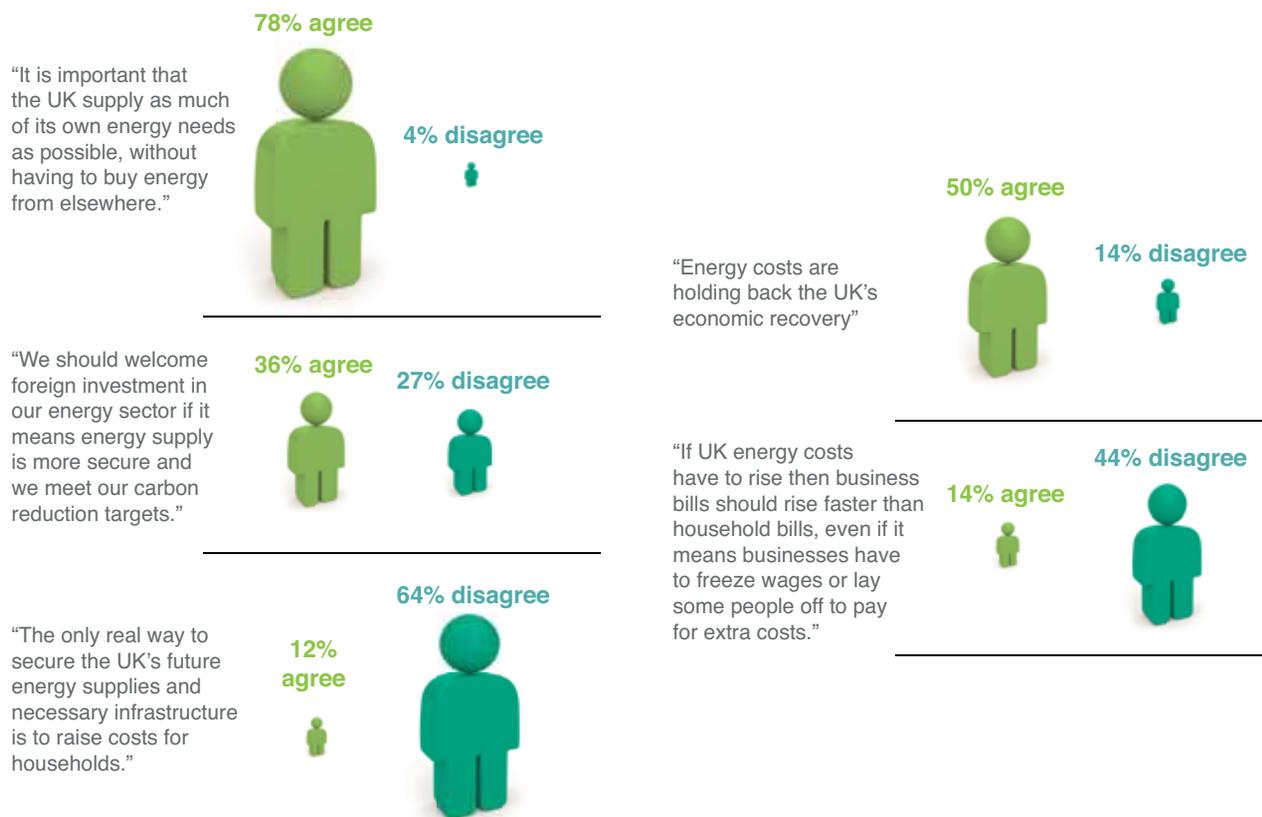
"I instinctively mistrust large monopolies and global companies as being quite faceless, so I tend to be wary of them regardless of their true motives, rather than assume they're innocent unless proven guilty, I tend to think of them as guilty until proven innocent."

Female, 62

"I do not have a great opinion of them (complex tariffs, willing to take advantage of people) but think they have an unfairly hard time with the popular press, and some politicians who are happy to scapegoat them in a populist and irresponsible way."

Female, 30

Figure 10. Energy security, the economy and business energy costs.



% who agree + % who disagree may not equal 100% as some answered "neither agree nor disagree" or "don't know".

Foreign investment in the sector is not an area where there is large scale concern. When asked if they agree or disagree with the statement "we should welcome foreign investment in our energy sector if it means energy supply is more secure and we meet our carbon reduction targets" – 36% agree and 27% disagree. However, we should be clear that the public may view foreign investment and foreign ownership as rather different things.

Only 12% believe that the only real way to secure the UK's future energy supplies and necessary infrastructure is to raise costs for households, and 64% disagree.

A further area of concern for the public is the impact of energy prices on the wider UK economy. Half (50%) agree while just 14% disagree that energy costs are holding back the UK's economic recovery. Agreement is slightly lower amongst opinion formers at just 42%, while 25% disagree. A similar proportion of the general public believe energy prices for businesses are rising at the same rate as for households.

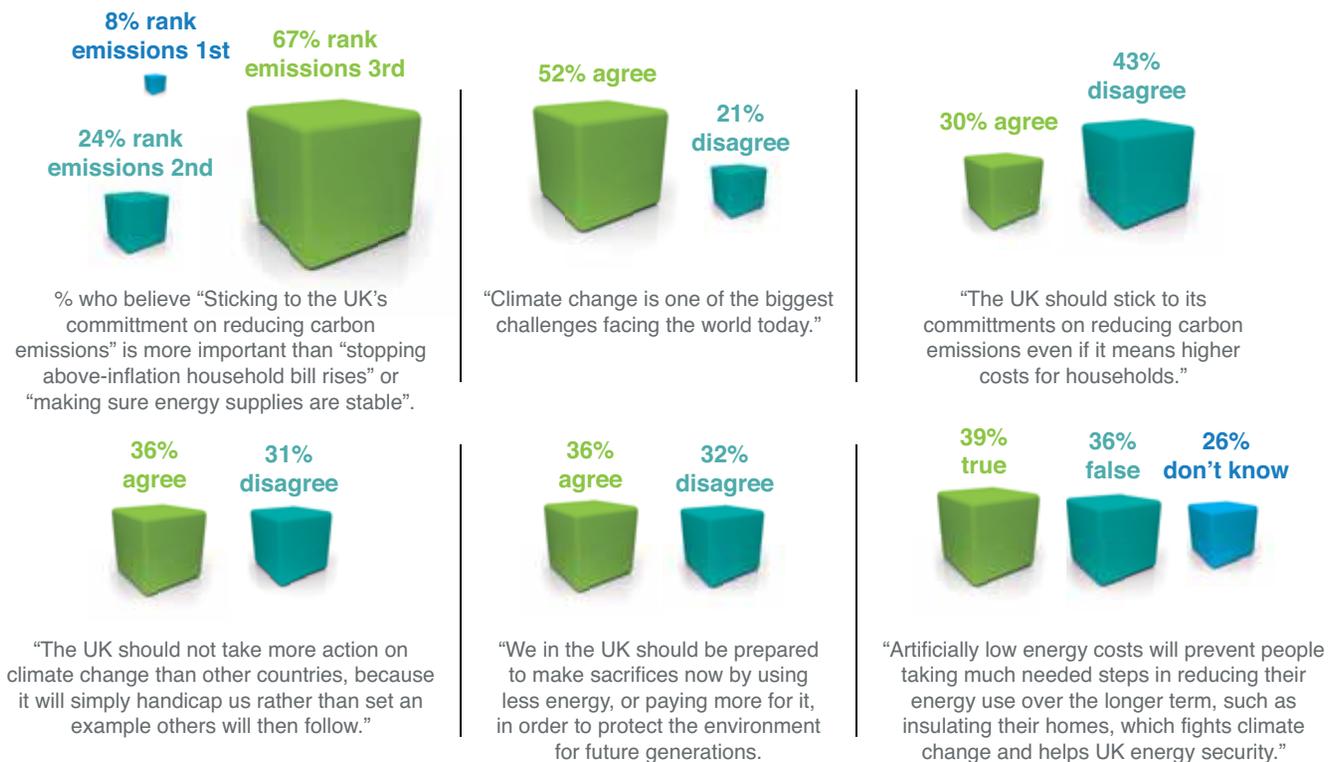
"The massive profits of the energy companies are at the expense of the hard working individuals and are directly affecting spending and this recovery of the economy. I personally am spending less in fear that my bills will continue to rise to the point that I can no longer balance my income and outgoings and I work full time. God only knows how the elderly are meeting such demands. Such greed will at some point cause the economy to collapse unless the government step in to regulate it fairly."

Female, 33, Conservative voter

Climate Change

Climate change is an area of notable public concern with half (52%) agreeing it is one of the biggest issues facing the world right now, while 21% disagree. However, there is little appetite for taking on emissions commitments if it drives up energy prices; only 30% believe the UK should stick to its commitments of reducing carbon emissions even if it means higher household bills, while 43% disagree and 27% don't know.

Figure 11. Attitudes towards emissions, climate change and bills.



% who agree + % who disagree may not equal 100% as some answered "neither agree nor disagree" or "don't know".

When asked to consider the statement "the UK should not take more action on climate change than other countries, because it will simply handicap us rather than set an example others will then follow", 36% agree and 31% disagree. There is a similar split when thinking about the future of the environment, with 36% agreeing and 32% disagreeing that "we in the UK should be prepared to make sacrifices now by using less energy, or paying more for it, in order to protect the environment for future generations".

"I think it is important to try and stop people from wasting energy...but there is a fine line between that and putting the most vulnerable into fuel poverty."

Female 23, Labour voter

"If the rest of the world agrees new policies to reduce carbon emissions then we should join, but there is no point in leading these policies because as a country we are too small to make a difference on our own. BRIC countries must agree as well as western countries, including the US. Stop EU policies that increase our bills."

Female, 43, Labour voter

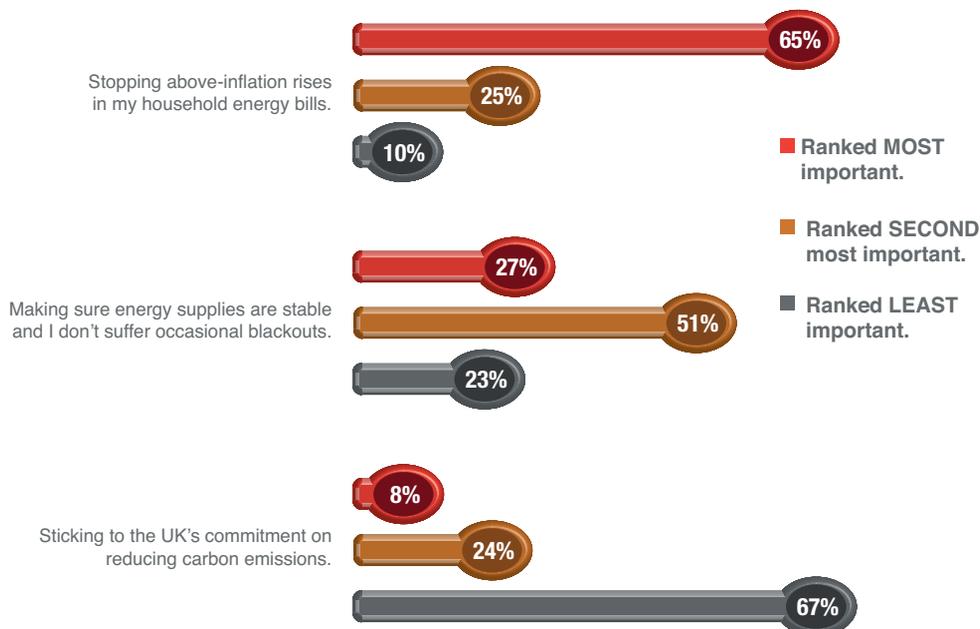
Attitudes to policy proposals

Stopping above-inflation price rises is clearly first priority for the public. People choose this over energy stability and carbon emission commitments. Two-thirds (65%) will accept at-inflation price rises (85% of opinion formers), with majority agreement in every income bracket, while the percentage increases to 78% of Conservative voters and 79% of Lib Dems, but drops to 60% of Labour voters. However, 70% expect above-inflation increases on average in coming years (80% of opinion formers).

Figure 12. Priorities in UK Energy Supply.

All respondents, Ranking exercise.

Some people say that UK household energy supply faces three key issues: the rising cost of household energy bills, the UK's commitment to reducing carbon emissions (ie environmental considerations) and the need to ensure household energy supplies remain stable and secure so they don't get cut off due to lack of investment in energy infrastructure (eg not having enough power plants). Regardless of whether you believe each of the following actually affect one another, please rank them in order of importance to you, where 1 is the most important and 3 the least.



Source: YouGov, representative sample of 2,079 UK adults 18+, February 2014.

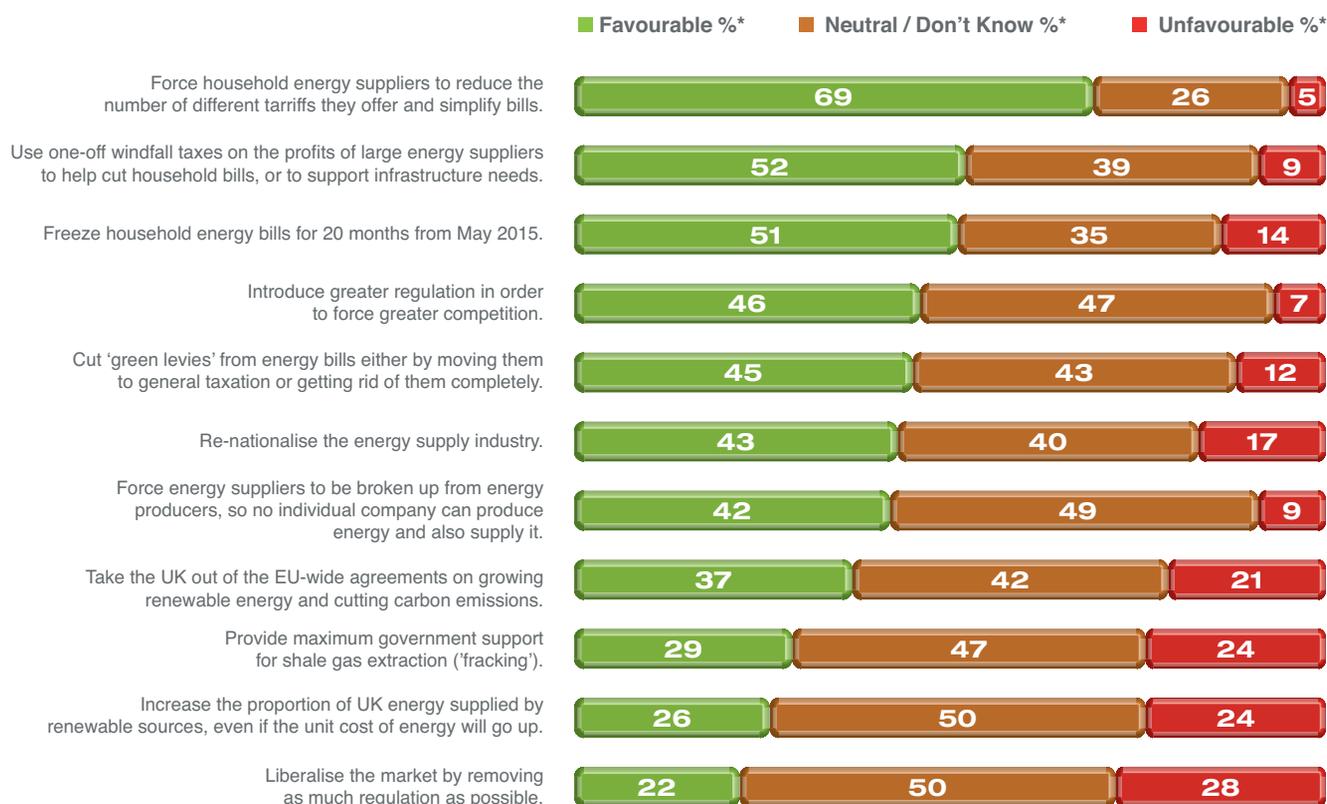
There is a broadly held belief among the public (66% agree, 5% disagree) that “the electricity and gas supply market has major problems which government needs to address”. Two-thirds (68%) are also concerned that “the issue of energy prices has become a political football which is unlikely to actually help customers” and only a quarter (25%) agree that “recent energy price discussions amongst politicians have put pressure on energy companies to keep their prices lower” while 37% disagree.

Our survey then asked respondents to rate a number of potential or actual policies. By far the most popular policy is to “force household energy suppliers to reduce the number of different tariffs they offer and simplify bills”, which gains 69% support (scoring 7 or more on a scale from 0 to 10). However, it should be noted that complementary research for this report, produced in collaboration with Dr David Reiner at Cambridge University, shows support drops when tariff rationalisation is accompanied by the subsequent loss of the cheapest tariffs.

Figure 13. Policy Support and Opposition.

All respondents, Favourable/Unfavourable.

Please rate each of the following UK energy policies or possible policy changes in terms of how favourable you feel towards each, from very unfavourable to very favourable.



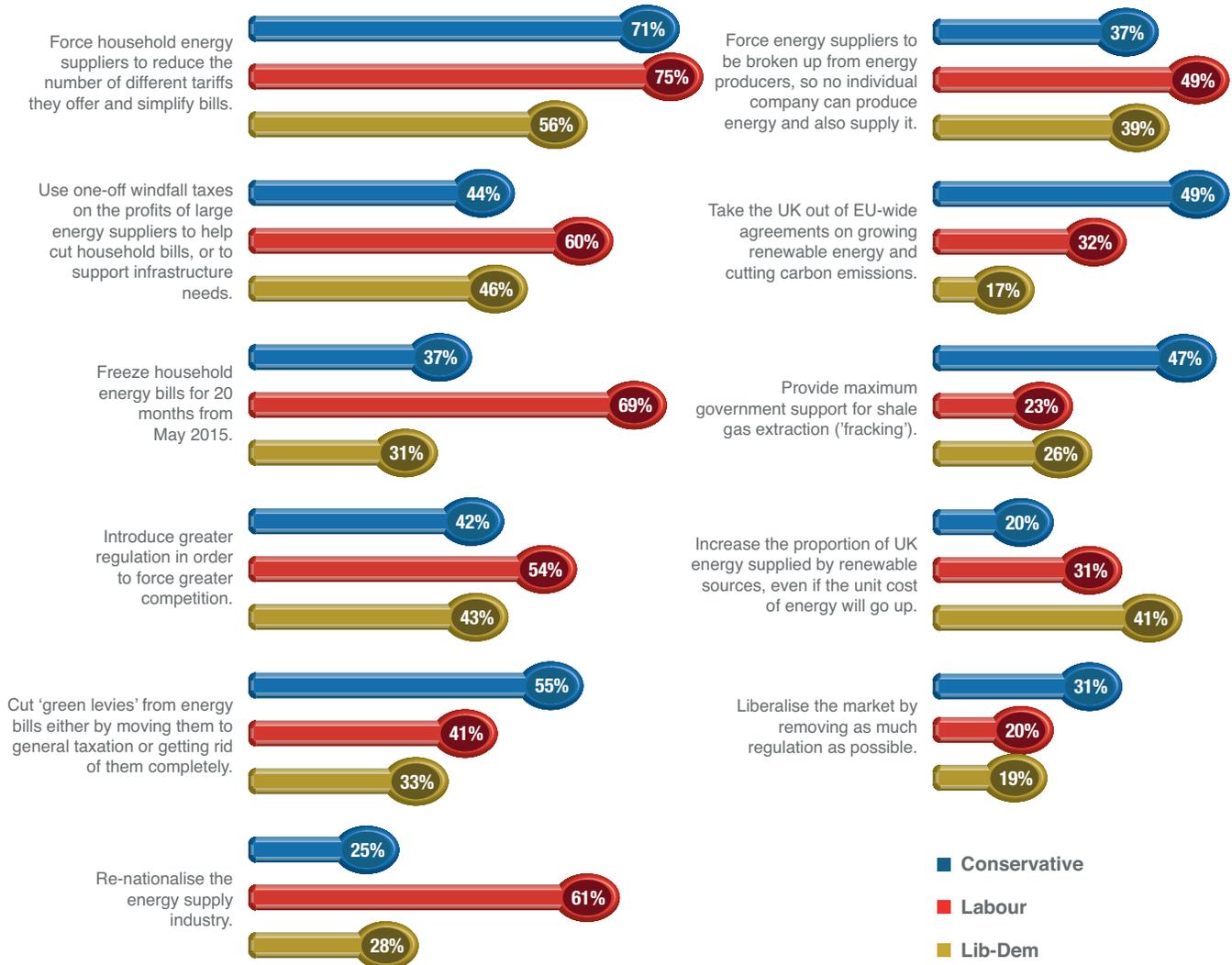
* 'Favourable' = 7,8,9 or 10; 'Unfavourable' = 0,1,2,3 out of 10. 'Neutral' = 4,5,6 out of 10 and 'Don't Know'

Source: YouGov, representative sample of 2,079 UK adults 18+, February 2014.

Two other policies receive majority support. Firstly, the use of windfall taxes on energy suppliers' profits if it is used specifically to cut household bills or used to pay for required energy infrastructure (52% support this). This falls for Conservative and Lib-Dem voters but rises amongst Labour voters. Secondly, Labour's policy of freezing household energy bills for 20 months from May 2015 gets 51% support, rising to 69% amongst Labour voters while 37% of Conservatives and 31% of Lib-Dems also support it. Support for the Government's decision to remove certain green levies from household bills and either adding them to general taxation, or removing them altogether, was lower at 45%, but had greater Conservative support (55%) than Labour (41%) or Lib-Dem (33%).

Figure 14. Policy Support by Voting Intention.

Please rate each of the following UK energy policies or possible policy changes in terms of how favourable you feel towards each, from very unfavourable to very favourable.



Source: YouGov, representative sample of 2,079 UK adults 18+, February 2014.

Other policies with fair levels of support include greater regulation in order to force greater competition (46%), renationalisation of the supply industry (43%), breaking energy producers from suppliers (42%), and taking the UK out of EU-wide agreements on growing renewable energy targets and cutting carbon emissions (37%).

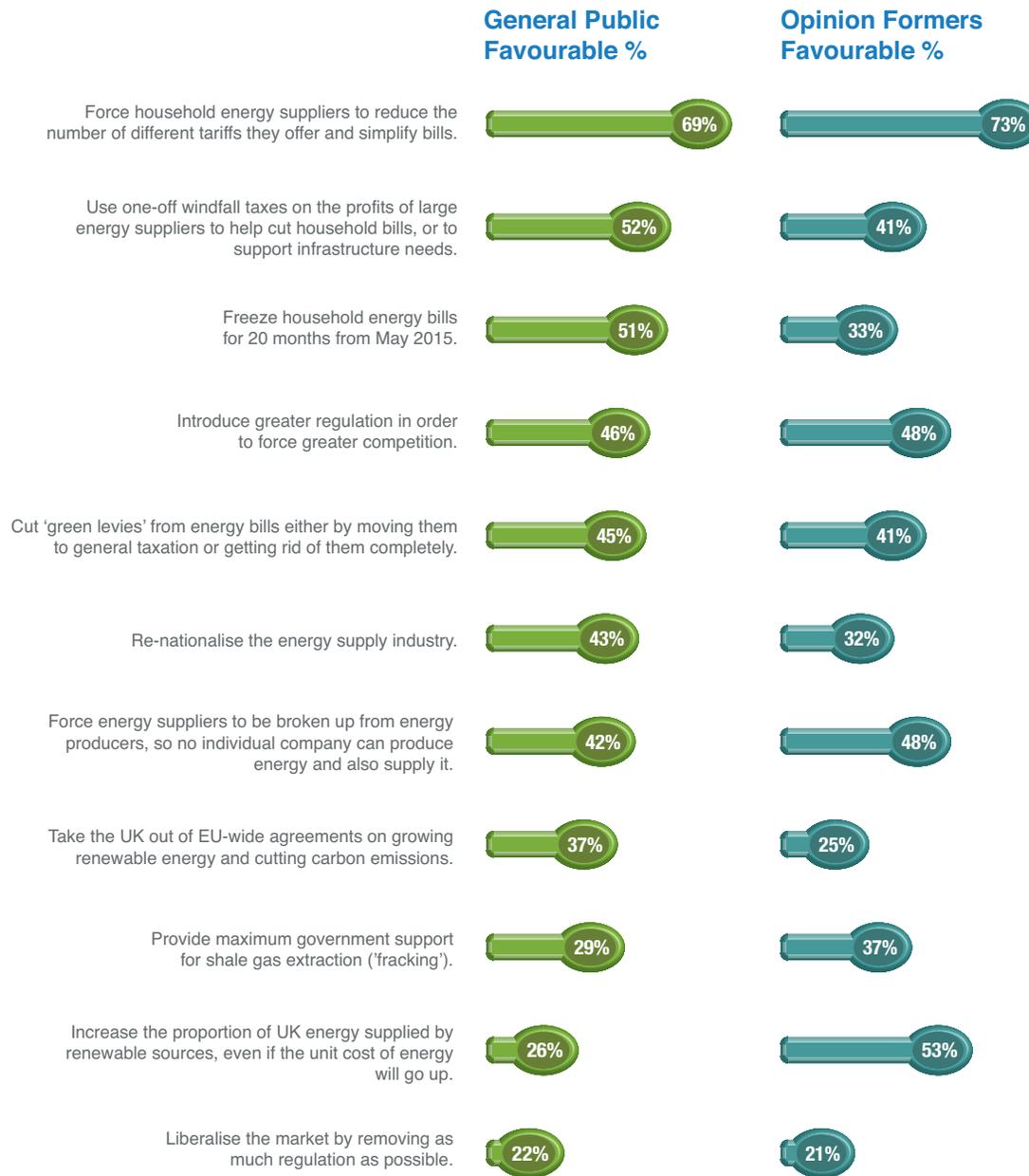
Less popular policies are market liberalisation through removal of as much regulation as possible (22%), increasing the proportion of UK energy supplied by renewable sources even if the unit cost of energy will go up (26%), and providing maximum government support for shale gas fracking (29%).

Opinion formers were similarly asked to consider these policies. Forcing a reduction in the number of tariffs was also the top choice for them (73%), but increasing the supply of renewable energy was second with 53% support. Labour's idea to freeze household bills finds favour with only a third (33%) though this rises to 55% for Labour voting opinion formers, and windfall taxes to cut bills or build infrastructure is also less favourable at 41%. Almost half (48%) also look favourably on breaking up energy wholesalers and retailers, while the same proportion would like greater regulation to force greater competition. Taking green levies off bills has 41% supporting it, rising to 63% of Conservative opinion formers.

Figure 15. Policy Support and Opposition - Public vs Opinion Formers.

All respondents, Favourable/Unfavourable.

Please rate each of the following UK energy policies or possible policy changes in terms of how favourable you feel towards each, from very unfavourable to very favourable.



'Favourable' is 7,8,9 or 10 out of 10, where 0 is 'very unfavourable' and 10 is 'very favourable'.

Source: YouGov, representative sample of 2,079 UK adults 18+, February 2014.

In a separate exercise, the opinion former group was also asked to trade off addressing climate change, keeping bills low, and securing the UK's future energy supply, with a result that securing future supplies comes out as the priority, with low bills just edging out climate change.

"Simplification of tariffs has been a disaster for me. It increased my bills because I previously switched regularly and the cheap deals disappeared."

Male, 36, Labour voter

"Not enough long-term thinking in terms of policy, governance and commercial interests. Too many policies are just shallow politics designed to attract votes, rather than for the long-term good. The energy industries need to be run by an apolitical, green-minded organisation of scientists."

Male, 39, Lib-Dem voter

"Costs and bills should definitely be simplified in order for consumers to make informed decisions about which company to use. I think they are deliberately complicated at present in order to encourage apathy."

Female, 62, Labour voter

"If the companies invest in modern, efficient, more renewable methods, there might be a hit now, but that should not be unfairly passed onto the consumer... The profits should be forced to be used to improve the network, rather than excessively line the pockets of the shareholders."

Male, 23, Conservative voter

Attitudes to state intervention: a deliberative experiment

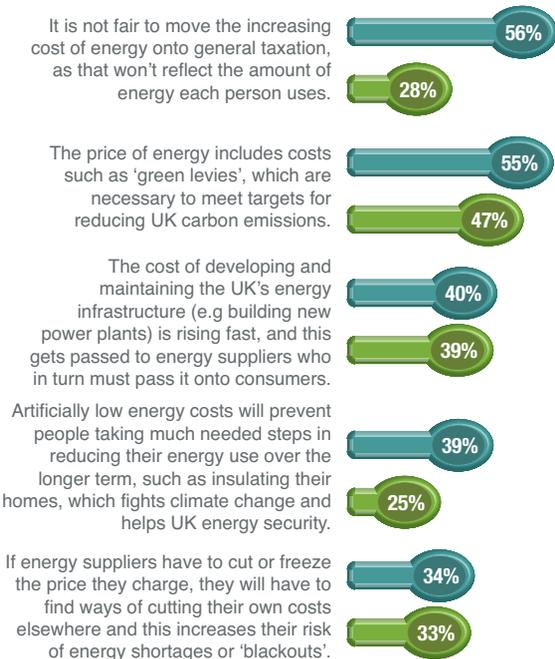
YouGov's survey included a deliberative approach that took respondents through various arguments for and against government action to force energy suppliers to cut the price they charge household customers. The process sought to highlight which arguments are best known, which are most accepted and which are actually most powerful.

Figure 16. Arguments for and against forcing suppliers to cut prices.

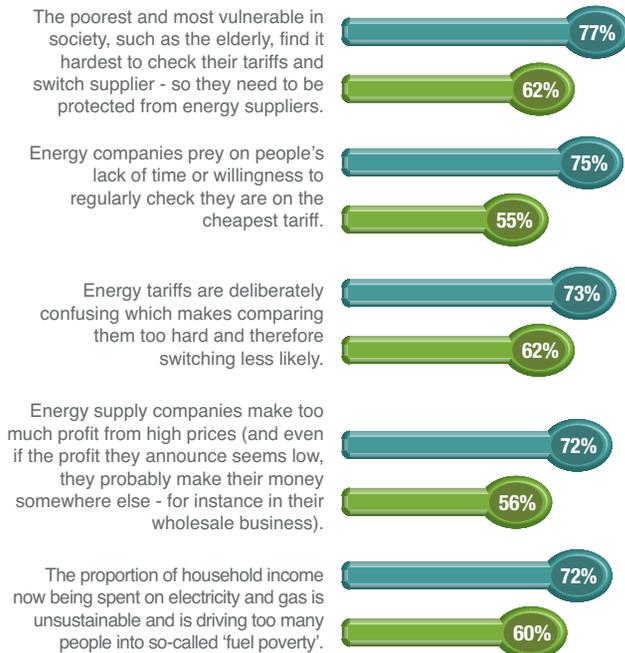
Arguments that respondents believe to be true and have heard: top 5 for and against.

Here are several reasons why some people oppose government action to force energy suppliers to cut the price they charge customers. Please tick each argument that you have heard before, regardless of whether you think it is true or not. And for each argument, please state whether you think it is true or false, regardless of whether you have heard it before or not.

Against forcing price cuts



For forcing price cuts



■ % Believe true ■ % Have heard arguments before

Of the nine arguments against government action to force energy suppliers to cut prices, the most recognised was that of 'green levies' with 47% 'knowing of' this while 55% believe this is actually true. 39% say they know of the argument that rising infrastructure costs have to be passed on to consumers in order to prevent issues over energy security and supply, and 40% believe it is true. The argument most thought to be true (56% true versus 18% false) is that it isn't fair to move the increasing cost of energy onto general taxation, as that won't reflect the amount of energy each person uses.

By contrast, very few people believe arguments such as: energy suppliers only make a small amount of profit and less than other industries (10%), that there is no evidence of suppliers acting as a cartel (17%), that markets like energy work best without government interference (18%), or that higher bills help the UK move to energy supplies that are more secure and sustainable in the long-term (19%).

People claim to be far more aware of pro-intervention arguments and far more supportive of them. 77% believe it is true that "the poorest and most vulnerable in society, such as the elderly, find it hardest to check their tariffs and switch supplier, so they need to be protected from energy suppliers", 72% think "energy supply companies make too much profit from high prices" or from their wholesale businesses, and 75% think it is true that "energy companies prey on people's lack of time or willingness to regularly check they are on the cheapest tariff". A similar proportion (73%) also believe tariffs are deliberately confusing and that household spend on energy is unsustainable and is driving too many people into fuel poverty (72%).

Areas where those who favour government intervention have increased levels of sympathy, and therefore could be fertile ground for combating pro-intervention views, revolve most around energy security, climate and supply concerns. They include around a third (35%) of pro-interventionists who say it is true that "artificially low energy costs will prevent people taking much needed steps in reducing their energy use over the longer term, such as insulating their homes, which fights climate change and helps UK energy security". 31% of this group also say it is true that the cost of developing and maintaining energy infrastructure is passed to energy suppliers who must pass it on to consumers and without this money energy security is threatened. While the fear of supply issues caused directly by price cuts or freezes is also thought to be true by 28%.

Areas where those who favour government intervention have increased levels of sympathy, and therefore could be fertile ground for combating pro-intervention views, revolve most around energy security, climate and supply concerns.

Methodology and notes

The public opinion research in this report is based on the results of online surveys conducted by YouGov with a nationally representative GB sample of YouGov research panellists (YouGov's panel consists of over 400,000 in the UK and 3.3 million globally).

Five separate surveys were used for this project: two GB nationally representative surveys with the general public, the first of which interviewed 2,113 individuals, and the second 2,079, both completed at the end of February 2014. A sample of 100 MPs representative of the House of Commons interviewed between February 12th and March 6th 2014. A sample of 787 opinion formers from YouGov's panel of over 4,000 interviewed in January 2014, and a survey of 600 opinion formers completed in November 2013.

In this report please note that due to rounding of decimal points, total responses may not add up to exactly one hundred per cent.

5. Focus on British attitudes to energy bills

By Dr David Reiner



Dr David Reiner is the Assistant Director of the Energy Policy Research Group at the Judge Business School, University of Cambridge.

It is sometimes a heresy to question a political consensus but looking at the political furore over energy bills in the UK, one is tempted to ask: why have energy bills and energy companies become a major political issue in the UK, even though our bills are not, by comparison with other markets, especially high and the companies are not especially profitable?

Politicians have produced a raft of policies, most of which are derided by energy policy analysts, and yet, month after month, new, often radical, proposals emerge.

Consequently, the notion that there is a 'problem' with energy prices is not challenged, reflecting a deeply held belief that crosses political parties.

By most objective measures, however, household energy costs in the UK are not high relative to our European neighbours. The UK has the cheapest residential gas prices in Western Europe and relatively cheap electricity as well, in large part because we have by far the lowest taxes on gas and electricity. Nor are price rises particularly notable across the European Union, and it is not entirely clear why the "Big 6" should be deemed particularly nefarious when no one seems to fret that the "Big 5" among mobile phone carriers is now the "Big 4", with the merger of Orange and T-Mobile to become 'EE', even though their industry has larger profit margins.

We would like to take up this challenge: just how popular are these policy proposals and what factors can we identify as determining who supports such proposals?

YouGov-Cambridge Survey Results: Full of Sound and Fury

As part of research conducted for the YouGov-Cambridge Programme between 29-30 January 2014, a national representative sample of 1,942 British adults was asked a series of questions about support for various policy proposals.

We first offered an open-ended question to elicit views on the energy suppliers by asking respondents 'What words come to mind when describing your household energy provider?' (see Figure 1)

By far the most common response was the description 'expensive', volunteered by 18% of respondents, but many of the next most common adjectives were far harsher terms, including 'greedy' (8%), 'profiteering' (4%), 'rip-off' (4%), 'robbers', 'crooks' or 'thieves' (3%), as well as numerous references to 'fat cats', 'cartels', 'incompetence', 'confusion' and several expletives.

A smaller number offered more charitable terms such as 'ok' (4%), 'fair' (2%), 'reliable' (3%) and 'necessary' (1%). Clearly, concerns over price, with a strong tinge of unfairness among many, pervaded the general sentiment with regard to the energy industry.

Figure 1. Word cloud based on open-ended question asking respondents 'what words come to mind when describing your household energy provider?'



Fieldwork was conducted online between 29-30 January, 2014, with a total sample of 1942 British adults. The data have been weighted. Results are representative of all British adults aged 18 or over.

Energy prices were seen as particularly important among certain groups, notably including almost half of all respondents aged 60 and over (49%), and Labour voters (46%).

Similar to other recent surveys, we found energy prices to be one of the main concerns for the British public. Asked to name up to three of the 'most important issues facing the country at this time', almost two in five (39%) named 'energy prices' as one of the top issues, which was in third place behind only 'the economy' (59%) and 'immigration and asylum' (49%), and far ahead of a range of typically high-profile policy issues including healthcare (25%), education (14%), Europe (14%), environment (12%) and crime (10%).

Energy prices were seen as particularly important among certain groups, notably including almost half of all respondents aged 60 and over (49%), and Labour voters

(46%). There were also cleavages by region, with far greater concerns in the North of England (45%), for example, than in London (29%). Asked to narrow down their choice to the single most important issue facing the UK, energy prices remained third although only 8% cited it as the top issue, far behind the economy (39%) and immigration and asylum (28%).

It is still striking though that 13% of Labour voters (compared to less than 5% for voters of other major parties) and 12% of older voters described energy prices as the single most important issue facing the country. Asked on a scale of 1-5 whether they had been following the debate over household energy prices, where 1 was 'not at all' and 5 was 'very closely', only 10% admitted to following the debate 'not at all' whereas almost half (46%) rated their attention level as a 4 or 5.

Understanding bills and tariffs

We also asked a number of questions with regard to energy bills, including whether people found it difficult to understand their energy bills and energy tariffs.

Just over a third (35%) found it easy to understand their bills, of which 8% described it as 'very easy' and one third (33%) described it as 'difficult', including 11% who described it as 'very difficult'. When asked about energy tariffs though, that number declined so that less than a quarter (23%) found it easy (only 4% 'very easy') compared with almost half (47%) who found it difficult (including 18% 'very difficult').

There was some difference between political parties in judging their bills, whereby half of UKIP respondents (50%) and more than a third of Labour respondents (36%) found it difficult to understand their energy bills compared to roughly one quarter of Conservative (28%) and Liberal Democrat (25%) respondents. The ease with which respondents understood their bills or tariffs did not appear to be influenced by many other factors that one might have expected. For example, education had little impact – those with few qualifications were just as likely to express difficulty understanding energy tariffs as those with graduate degrees.

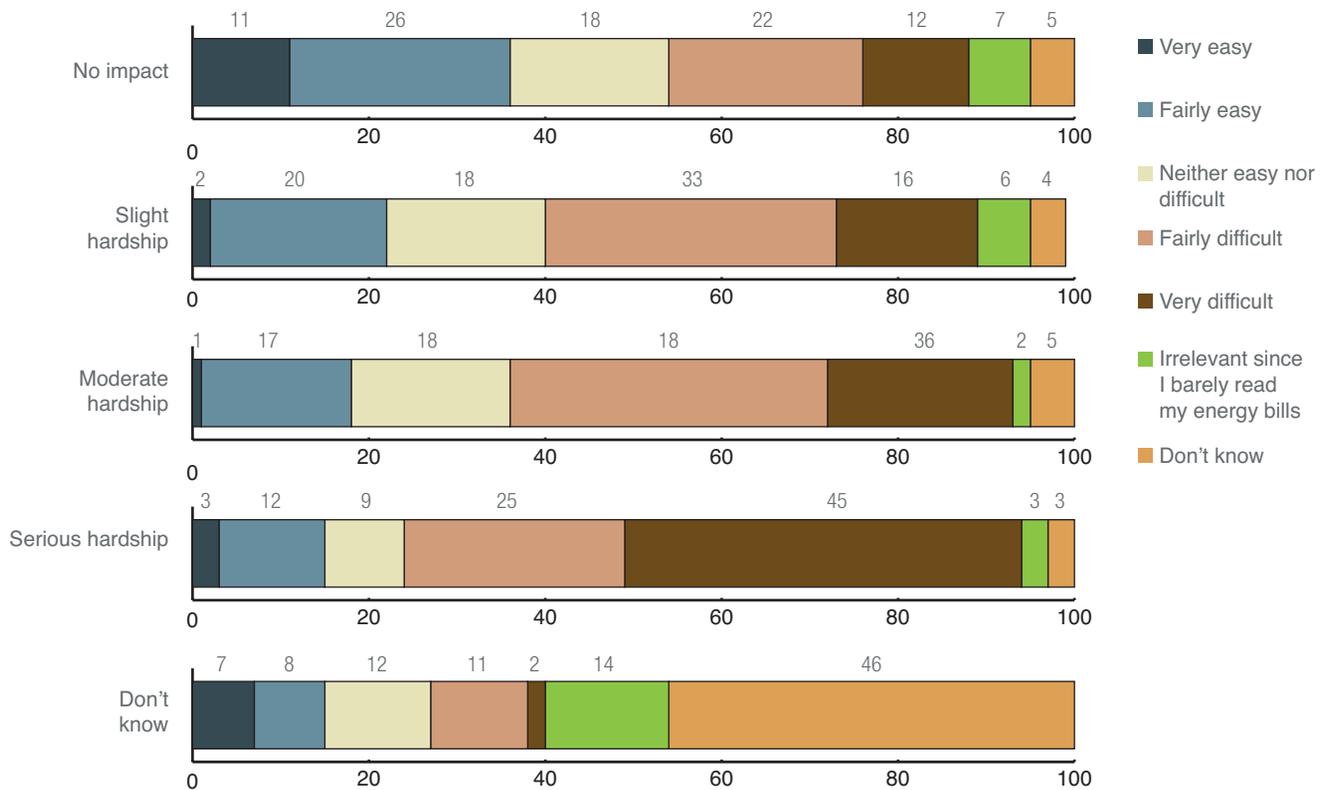
The most striking source of difference in understanding energy tariffs was related to those who felt that energy prices imposed a hardship when we asked 'what impact, if any, are energy prices having on your household financial situation?'

Only a third (34%) of those who felt that energy prices imposed no impact on their household finances found energy tariffs difficult to understand, compared to almost half (49%) of those who felt energy prices imposed a slight hardship, 57% who found prices posed a moderate hardship and 70% for those feeling a serious hardship. The greater the perceived hardship the larger the share who found energy tariffs very difficult to understand. Indeed, almost half (45%) of those who perceived energy prices to pose a serious hardship found energy tariffs to be very difficult compared to only 12% of those who felt no impact.

Given the sense that many find bills and tariffs difficult to understand, we therefore asked whether they would support or oppose the energy regulator making the energy companies simplify their tariffs, which was greeted with almost unanimous support (84% overall including 88% of Conservative supporters and 87% of Labour supporters), with negligible (2%) opposition.

When we introduce any hint of a trade-off, however, support plummets. If simpler tariffs meant tariffs might be slightly higher or meant fewer discounts were available, then support dropped to just over one-quarter (28%) and opposition soared (to 40%). Similar to the non-tradeoff version of the question, there was only minimal variation in terms of political party or other demographic variables.

Figure 2. Relationship between perceived hardship from energy prices and difficulty understanding energy tariffs.



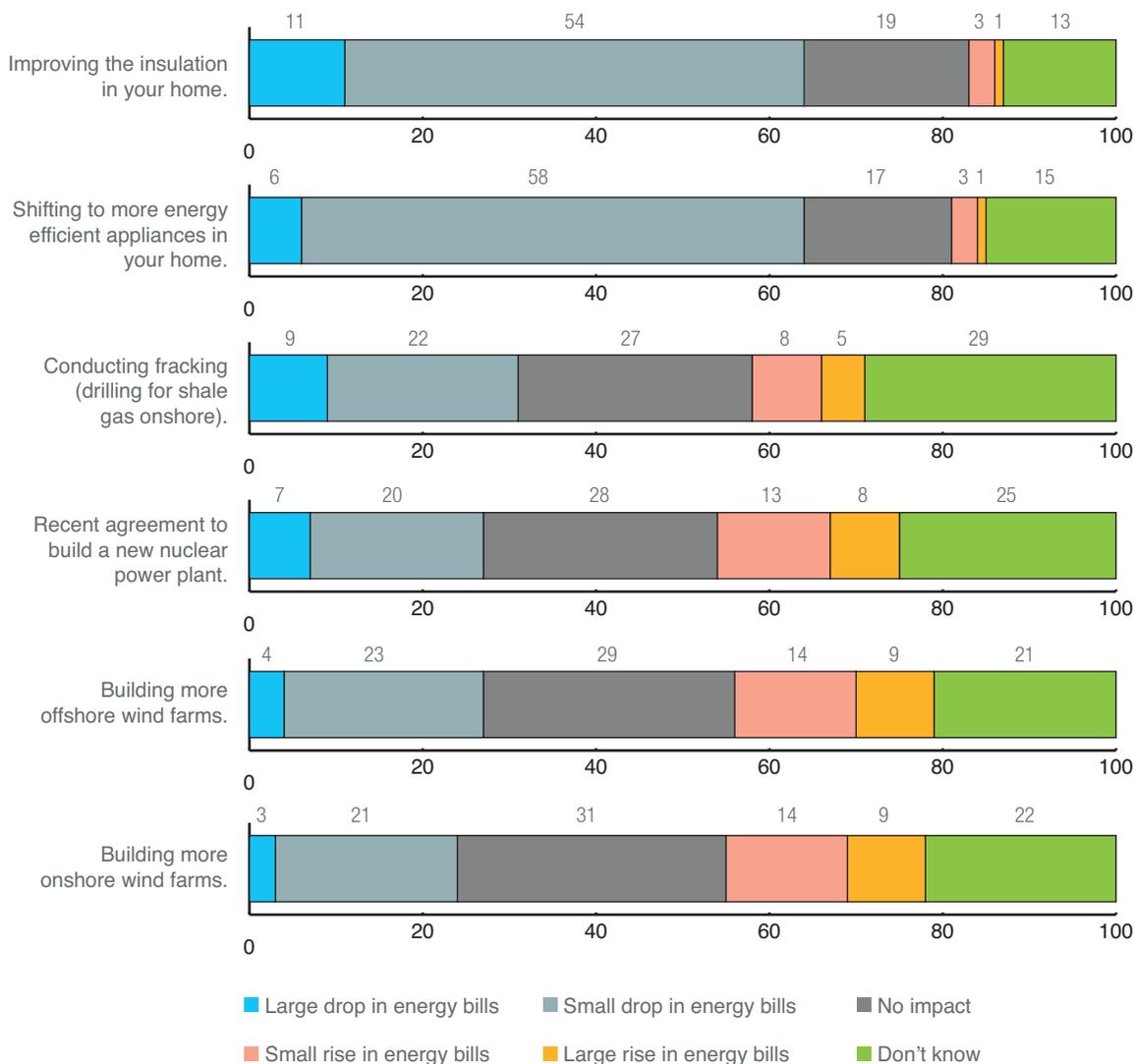
Fieldwork was conducted online between 29-30 January, 2014, with a total sample of 1942 British adults. The data have been weighted. Results are representative of all British adults aged 18 or over.

Perceived impact of energy initiatives on bills

We further looked at the perceived impact of different energy supply investments on energy bills. As a point of reference, the recent agreement for the first new nuclear power plant in a generation at Hinckley Point C agreed to pay over £90/MWh or roughly double the current power price of approximately £50/MWh. The cost of offshore wind is even higher, over £150/MWh, or roughly triple the current power price. Onshore wind is lower, roughly comparable to the price for nuclear power. It is therefore quite remarkable that less than 10% of respondents believe that nuclear, onshore wind or even offshore wind will result in a large rise in energy bills in the future. Moreover, more people believe that future energy bills will be reduced as a result of building more nuclear or wind power than those who believe that prices will rise.

We compared these views on low-carbon technologies to perceptions of the impact of drilling for shale gas (fracking), which has been touted by advocates (including some in government) for its potential to reduce energy prices as well as to demand - side measures that would clearly reduce household energy bills. Although over 60% believe that more energy efficient appliances and additional home insulation will reduce energy bills (which itself is actually quite low), it is notable that there is little expectation that fracking will reduce energy bills and the perceived impact on energy bills is only marginally better than the view of nuclear power.

Figure 3. What impact do you believe the following will have on your future energy bills?



Fieldwork was conducted online between 29-30 January, 2014, with a total sample of 1942 British adults. The data have been weighted. Results are representative of all British adults aged 18 or over.

Attitudes to policy proposals

We then asked about seven different widely discussed policies related to energy prices: (i) requiring customers to be placed on the lowest tariff available; (ii) a price freeze on energy tariffs for 20 months starting after the next election; (iii) breaking up the energy companies; (iv) not allowing energy companies to offer more than four core tariffs; (v) rolling back green levies; (vi) a windfall tax; and (vii) nationalising the energy companies.

For half the sample (n=994) we simply listed the policy and for the other half of the sample (n=984) we associated the policy with the relevant advocate (e.g., price freeze with Ed Miliband and Labour, windfall tax with Sir John Major, etc).

It is interesting that, by far, the most popular policy both in terms of overall support and those who voice strong support is the Cameron policy 'requiring' all consumers be put on the lowest tariff available, showing negligible opposition.

Next most popular is the current government policy to limit energy companies to four core tariffs followed closely by the 20-month price freeze policy (each policy roughly supported by half of respondents where one-fifth express strong support).

Opposition to the price freeze policy is much higher however, particularly when it is associated with Labour.

The windfall tax and nationalisation proposals were next most popular (attracting some 40% support) followed by the proposals to roll back green levies and to break up the energy companies (supported by roughly one-third).

All these proposals do attract some opposition though and the overall level of opposition increases for each proposal when it is associated with its proponent. Unsurprisingly, supporters of other parties become more opposed to a policy when it is associated with a political rival.

At a national level, support for these policies appears to be quite stable, whether or not they are associated with the political party or politician advocating the policy, but that apparent stability hides a shift when we look into the data by party.

For example, when simply presented as a policy to put all households on the lowest tariff, 57% of Labour supporters express strong support but when associated with David Cameron that strong support drops to 35% (importantly though the main shift here among Labour voters is from 'strong support' to 'support', which helps explain why this policy remains the clear favourite). Overall support for a price freeze drops among Conservatives from 38% to 25% when that policy is associated with Ed Miliband and Labour, and Conservative support for breaking up energy companies is halved from 34% to 17% when associated with its Labour proponent.

There is also a strong preference among Labour voters for nationalisation proposals (supported by over half of Labour respondents) and the price freeze (supported by two-thirds even when not linked to Labour), whereas even when not associated with a political party, only 29% of Conservatives support nationalisation and 38% support a price freeze.

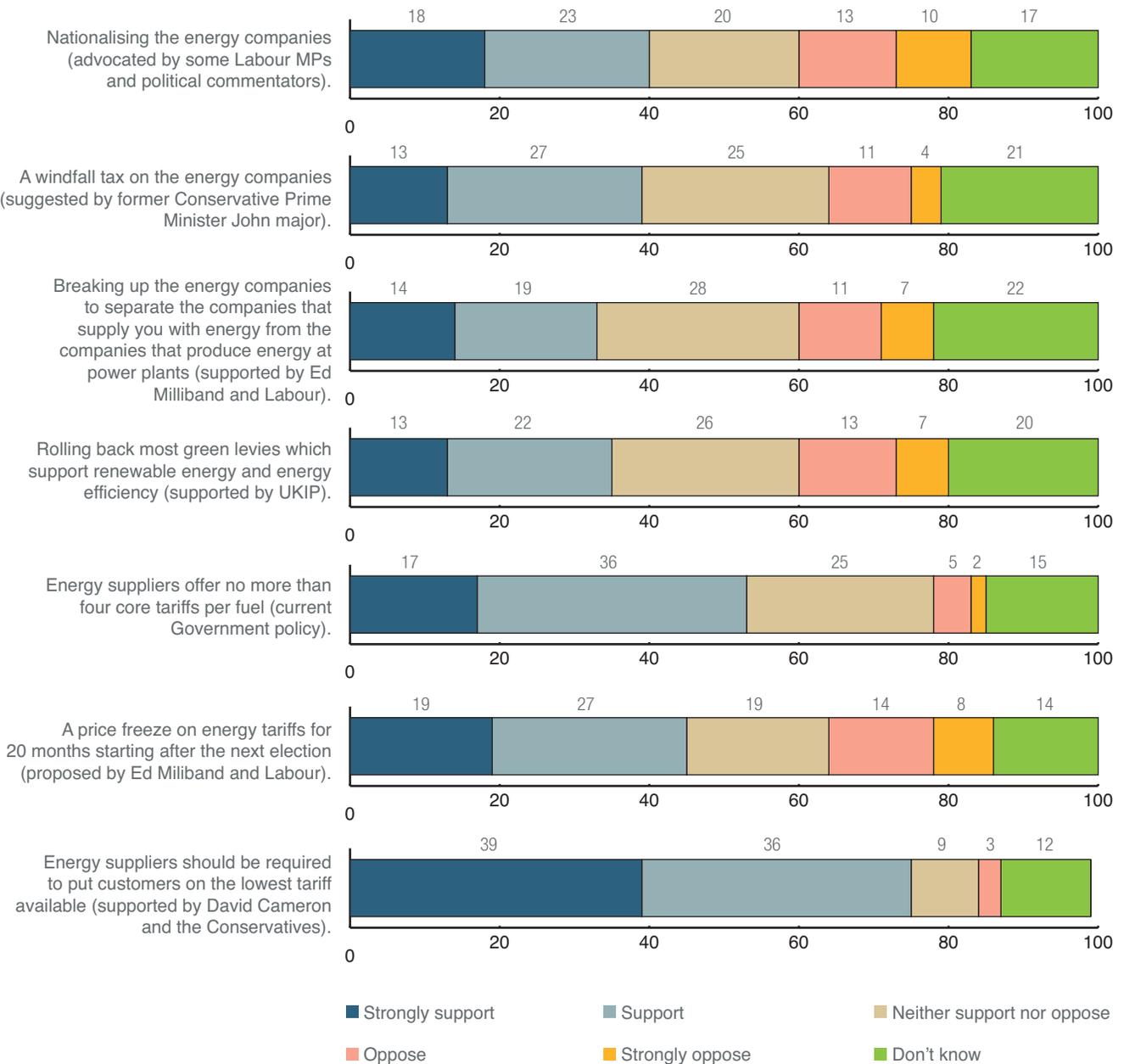
...by far the most popular policy is the Cameron policy 'requiring' all consumers to be put on the lowest tariff available.

Obviously, given its visibility, many Conservative voters will associate the price freeze with Labour, whether or not we mention it in the question.

For a windfall tax, fully half of Labour supporters back the proposal (even when linked to John Major) whereas only 36% of Conservatives do. By contrast, half of Conservatives support rolling back green levies (when not associated with UKIP) whereas only 30% of Labour voters support the proposal. The proposed reduction in green levies is the most popular among UKIP voters and least popular among Lib Dem voters.

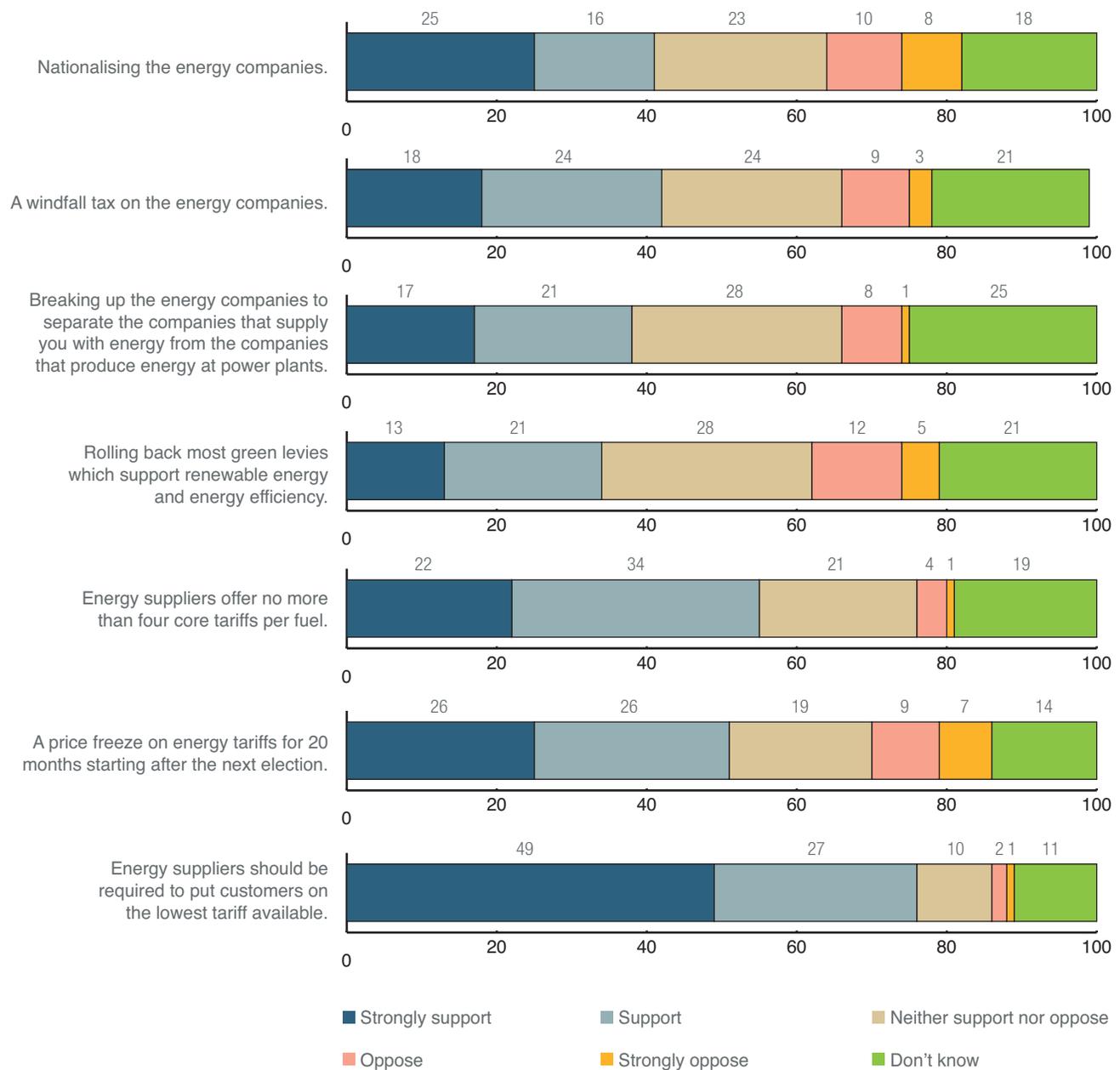
The reason for the high popularity of the proposal that requires energy suppliers to put customers on the lowest tariff is that its support cuts across party lines and garners support across the political spectrum, whereas the other proposals tend to be most attractive only to certain factions.

Figure 4a. Some politicians have recently focused on the price of gas and electricity for UK consumers. Do you support or oppose the following policies?



Fieldwork was conducted online between 29-30 January, 2014. Sub-sample size = 984, from a total sample of 1942 British adults. The total sample was weighted to be nationally representative of all British adults aged 18 or over.

Figure 4b. Some politicians have recently focused on the price of gas and electricity for UK consumers. Do you support or oppose the following policies?



Fieldwork was conducted online between 29-30 January, 2014. Sub-sample size = 994, from a total sample of 1942 British adults. The total sample was weighted to be nationally representative of all British adults aged 18 or over.

When we tested support for the various proposals against a range of demographics and other measures, many such as education or switching behaviour had relatively little impact.

The largest effect could be found in the perceived hardship from energy bills with support for policies such as the 20-month price freeze rising the greater the self-assessed hardship imposed by energy prices.

For the split sample where we did not ascribe the source of the proposal, 45% of those facing serious hardship expressed strong support for a price freeze compared to 29% of those claiming moderate hardship, 24% citing slight hardship and 19% who state energy bills have had no impact on household finances. Opposition to a price freeze was virtually non-existent among those hardest hit whereas over one-quarter (26%) of those who claimed that prices had no impact on their finances were opposed to the price freeze.

Perception of energy bill components

We also asked respondents what components make up their energy bill, i.e., out of every £100 spent, what fraction goes to (i) the costs of generating energy; (ii) the cost of government schemes (to support low-carbon energy, low-income customers); (iii) profits for the company; (iv) delivering energy to the home; customer services; and (v) taxes.

In spite of the fact that energy companies would point to retail profits of less than 5%, the average profit was believed to be 23%, with only 16% of respondents believing that profits accounted for less than 10% of the bill.

Not surprisingly, perceived profits were correlated with the level of support for a number of policies, most notably with regard to a windfall tax and nationalising the energy industry. On average, those expressing strong support for a windfall tax believed that 30% of the energy bill went to corporate profits compared to strong opponents of the windfall tax who believed that the figure was half that (15%). Similarly, strong supporters of nationalising the energy industry believed, on average, that profits accounted for 26% of household energy bills compared to strong opponents who estimated that profits were only 18%.

Conclusions

It is good to be sceptical of all manner of populist policies in the run up to an election on grounds that such policies often prove unworkable, are abandoned once in government or because, when implemented, they produce unintended (though easily foreseen) consequences.

Rather than either dismiss these policies or accept the claims that such proposals are resonating with voters, we have tested the levels of support for the main proposals to address rising energy prices.

All the proposals presented, including quite radical ones such as nationalising the energy industry or abandoning green levies, attract considerable support (a minimum of 30%-40%). But even in the absence of being associated with rival political parties, a number of proposals (rolling back green levies, nationalization and the price freeze) also engender sizable opposition (15-20%).

Once associated with a proponent, support from the proposer's side strengthens while support from political opponents weakens. In the real world, we do not have access to 'clean' apolitical proposals, so unless a political consensus develops around a particular policy (as there was, for example, at the time of the Climate Change Act) then it is inevitable that the results where policies are associated with their proponent (Figure 5a) are a more accurate reflection of the existing political debate.

Many of the factors that one might have expected to help explain support for specific proposals such as ease of understanding energy tariffs or having ever switched suppliers appear to have little impact on level of support for policies such as the price freeze (i.e., those who have switched in the past year or five years are no more likely to support a price freeze than those who have never switched).

The most important non-political determinant of support for policies such as the proposed 20-month price freeze is perceived hardship imposed by energy bills. Perceived profits of the energy companies are also strongly related to proposals such as the windfall tax or nationalizing the energy industry.

Nevertheless, political party appears to play the critical role in assessing support for various proposals and that effect is significantly strengthened when a policy proposal is associated with its political proponent.

In the real world, we do not have access to 'clean' apolitical proposals, so the results where policies are associated with their proponent are a more accurate reflection of the existing debate.

6. Talking trust on climate change

By David Howarth



David Howarth is Director of the MPhil in Public Policy and Reader in Law at the University of Cambridge.

Journalists and politicians frequently claim the political consensus on climate change that existed in 2008, when the Climate Change Bill passed through the Commons with only a handful of votes against, is now falling apart. Certainly, opponents of active climate change policy are prominent in the media and, at least before the floods of early 2014, cutting energy prices was much higher on the political agenda than climate change.

But is there any evidence that British public opinion has turned climate-sceptic? The public certainly wants to pay less for energy, so that anyone who proposes

climate change measures that increase energy prices is unlikely to be popular, but is that connected with a rise in climate scepticism?

In 2012, we began a yearly tracking poll on climate change for the YouGov-Cambridge Programme. We were interested in three issues: what view does the British public take about whether climate change is happening and whether humans are responsible for it; which sources of information about climate change does the public trust; and how much do people say they are willing to spend on energy bills to avert climate change? It is far too early to draw any conclusions about trends in the data, but, with three years of figures to consider, some interesting patterns are emerging that throw light on whether the public is following the media and political elite into opposition to active climate policies.

...about 80% of the public accept that climate change is happening and that human activity is at least partly responsible

The Reality and Causes of Climate Change

On the issue of what the public thinks about the reality and causes of climate change, a stable picture is beginning to form:

Table 1: Which of the following best fits your view on global warming?

	2012	2013	2014
The planet is warming and human activity is mainly responsible	20	26	21
The planet is warming and human activity is partly responsible, together with other factors	61	57	60
The planet is warming but human activity is not responsible at all	8	7	6
The planet is not warming	7	5	6
Don't know	5	5	7

Fieldwork for 2012 was conducted online between 6-7 February, 2012, with a total sample of 1651 British adults. Fieldwork for 2013 was conducted online between 10-11 February, 2013, with a total sample of 1691 British adults. Fieldwork for 2014 was conducted online between 2-3 February, 2014, with a total sample of 1741 British adults. In each case, the data have been weighted and results are representative of all British adults aged 18 or over.

The expert view, as expressed by the Intergovernmental Panel on Climate Change, is that it is 'very likely' (according to its 4th Assessment Report), or now 'extremely likely' (its 5th Assessment Report), that human activities have caused more than half of the rise in global mean surface temperature in the last half century. That view is accepted by only between a fifth and quarter of the public. But about 80% of the public accept

that climate change is happening and that human activity is at least partly responsible. Climate sceptical views, such as the belief that human activity is not at all responsible for climate change or that the planet has stopped warming (the favourite claim of politicians such as Lord Lawson and Peter Lilley, who oppose active climate change policy) are held by only around a seventh or an eighth of the population and there is no sign that such views are becoming more popular.

Trusted Sources of Information

On which sources of information people trust to tell the truth on climate change, the result of the 2014 survey differs little from those in 2012 and 2013. The table lists sources in order of their net score for trust to tell the truth (that is, the percentage saying that they trust a source 'a great deal' or 'fair amount' minus the percentage who saying that they trust it 'not much' or 'not at all').

Table 2: Net % trust to tell the truth about climate change, Feb 2014

Source of information	Net % trust to tell the truth about climate change Feb 2014
Climate scientists	43
Scientists in general	41
BBC	1
UN	-2
Environmental campaigners	-9
EU	-37
Labour politicians	-42
Lib Dem politicians	-48
Upmarket journalists	-49
Conservative politicians	-55
Midmarket journalists	-57
Redtop journalists	-69
Oil companies	-73

Fieldwork was conducted online between 2-3 February, 2014, with a total sample of 1741 British adults. The data have been weighted. Results are representative of all British adults aged 18 or over.

In broad terms, scientists are the only source with a clear positive rating. There is a more than 40 percentage point lead for those who trust scientists to tell the truth about climate change over those who do not trust them. The BBC and the UN receive a neutral rating. Environmental campaigners are rated negatively, although only to a mild degree. All other sources are not trusted, but the European Union (EU) is less distrusted than politicians and politicians are on the whole less distrusted than journalists, except that there is an overlap between journalists from the 'serious' press (Guardian, Independent, Times and Telegraph) and Conservative politicians. Least trusted is the fossil fuel industry. The average score of sources likely to express sceptical views – oil companies, redtop and midmarket journalists and Conservative politicians – is very negative, at -63%.

The only change in the order of these net trust ratings over the three years of the tracker is that academic specialists in climate change have overtaken generic scientists at the top of the list. That perhaps reflects a final fading away of any effect of the 'Climategate' furore, although in terms of magnitude the change is quite small.

The only large movement in trust for a specific source over the period is a drop in net trust of the BBC from +13% in 2012 to +1% in 2014. That movement might reflect a general drop in trust in the BBC as a result of

the Savile affair, but it might also be a consequence of the BBC's decision, as its director of editorial policy David Jordan disclosed to the Commons' Science and Technology Committee in July 2013, to reject Professor Steve Jones' recommendation that the BBC should treat climate science as 'settled'. The BBC's policy of lining up scientists against politicians to discuss the reality and causes of climate change might be reducing the credibility of the BBC itself.

In broad terms, scientists are the only source with a clear positive rating.

The high degree of trust in scientists is another piece of evidence against the proposition that the public is becoming more climate-sceptic. Confidence in scientists to tell the truth about climate change is high and stable, whereas that in climate-sceptic sources is very low and also stable.

One might ask how it is possible for the public to place climate scientists so far ahead of other sources in terms of trust, but for only 20-25% of them to agree with the existing scientific consensus among climate scientists about the extent of human influence on climate change. The most plausible answer to that question is that much of the public does know about the scientific consensus about the fact of human causation of climate change but does not know about the consensus around the extent of human causation. As for why that might be, this author suggests one place to look could be the BBC. As a result of its view that even the fact of climate change is not settled, let alone the fact of human causation of climate change, it has very little space left for debating the extent of human causation.

Willingness to Pay

A change does seem to have occurred on willingness to pay more on energy bills to reduce the risks of climate change. The tracker asks how much more, if anything, the public would pay on energy bills to reduce the impact of climate change:

Table 3: How much more, if anything, would you be prepared to pay, per year, on your energy bills if the money went on policies aimed at reducing the impact of climate change from energy production? Please write the amount you would be willing to pay additionally in the box below. If you would not be prepared to pay anything please write '0'.

	2012	2013	2014
Total won't pay more	45%	43%	42%
Total will pay more	22%	24%	23%
Mean including those who won't pay more	£38	£57	£24
Mean excluding those who won't pay more	£117	£161	£68

Fieldwork for 2012 was conducted online between 6-7 February, 2012, with a total sample of 1651 British adults. Fieldwork for 2013 was conducted online between 10-11 February, 2013, with a total sample of 1691 British adults. Fieldwork for 2014 was conducted online between 2-3 February, 2014, with a total sample of 1741 British adults. In each case, the data have been weighted and results are representative of all British adults aged 18 or over.

Although the percentage of the population willing to pay more has not changed – remaining at between a fifth and a quarter – those who are willing to pay something are willing to pay very much less in 2014 than in previous years, a fall of about half. (If the cost is expressed in terms of an amount per week, the average amount people are willing to pay is higher and the fall in 2014 is less steep, but the fall is still more than 40%).

To what might we attribute the fall in willingness to pay? It cannot be an increase in climate scepticism, since we know from responses to the questions about the reality and causes of climate change that there has been no such increase. That conclusion is confirmed by the absence of any fall in the proportion of the population willing to pay something for reducing the risks of climate change. But it also cannot be a result of general economic conditions. Unemployment was higher and GDP growth lower in 2012 than in 2014.

The most plausible explanations lie in the increases in energy prices themselves and the politics surrounding those increases – the Labour Party's energy price freeze proposal and the Conservatives' response that 'green

...those who are willing to pay something to reduce the impact of climate change are willing to pay very much less in 2014 than in previous years.

consensus about climate change. The politics of energy prices might be important and interesting, but seem separate from beliefs about climate change. As for the politics of climate change, in my view, it seems the climate scepticism of mainstream media is countering the impact of those sources that people trust most on the issue. The net result is not so much growing climate scepticism as a certain hesitation about what the situation really is.

levies' on energy prices should be removed. It is not surprising that people say they are less willing to pay more for environmental benefits when prices are rising rapidly and they learn that one party believes it is feasible to stop all price rises whatever their purpose and another party says that enough has already been added onto bills for environmental purposes.

Conclusion

From this evidence, we should treat with extreme caution claims that public opinion is turning against the scientific

YouGov[®]

CambridgeProgramme

T +44 (0)20 7012 6000

E info@yougov-cambridge.com

W yougov.com/cambridge