



Is our everyday comfort for sale? Preferences for demand management on the electricity market

by Lars Persson

Discussion by Anna Creti

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Workshop on Electricity Demand Modelling

- Imagine that someone asks you:
 - To change your food consumption habits: which compensation you ask for switching to green/bio products? Perhaps only the price difference between bio and normal food...
 - To change your electricity consumption...why it is so different? why do we have very rough ideas on this topic?
- We realize that we want to go very far with the electricity market reform but still we don't know very well how consumers react
 - **Need to make innovative studies on this topic, as the discrete choice proposed by this paper**

- A semantic remark:
 - to me demand response is the reaction to price (typically, a price increase triggers demand reduction); demand flexibility is load shifting (typically, using remote control to optimize the usage of domestic appliances);
 - the two seem mixed in the paper

- The experiment choice:
 - The most instructive part is the analysis of the socio-economic characteristics of the respondents
 - Based on the results, we can draw the identikit of “ideal electricity consumer” that , if *highly* compensated, can accept to become remote controlled
 - Do we have an idea of how many consumers in the sample have this profile? Thanks to the representativeness of the sample, can we understand which is the share of Swedish consumers that could be targeted?

- The experiment choice:
 - Typically, there is a bias in the willingness to accept/willingness to pay, this latter being systematically lower
 - In the ordinal utility theory, this corresponds to different calculation of the hicksian compensating variation
 - This aspect deserves a comment to better understand your quantitative results
 - Also, a comparison with the average bill for electricity/heating can be useful

- The experiment choice:
 - The amount of the WTA is drastically lower for unexpected events
 - Because they are perceived as “really rare events” or because there is the anticipation that these events do not entail drastic changes or electricity supply disruption?
 - A complementary question is then “how much consumers want for being interrupted”
 - Abrate, G., et al. (2016). A choice experiment on the willingness of households to accept power outages. *Utilities Policy: a survey-based methodology relying on a choice experiment*
 - A lost load value of 25.37 euro/kWh for a typical Italian household emerges.



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THANK YOU FOR YOUR ATTENTION

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