

Abstract #: 411

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**Abstract Title: Characterizing Customer Preferences: How the Nacho Doritos Method Works for Electricity Service Plans**

Abstract Text:

Residential electricity customers typically pay the same rate all day every day for electricity. These customers get the caviar of on-peak electricity for same price as the canned tuna off-peak electricity. Utilities are considering offering customers variations in rate structures, such as time-of-use pricing, to reduce on-peak electricity use. But how will utilities know how to design electricity service plans that customers will choose? EPRI researched approaches for determining stated preferences for hypothetical offerings and determined that discrete choice experimentation (DCE) would be more effective than market segmentation. Many commercial product manufacturers use DCE for product development. A classic case is the development of the addictive snack, Nacho Doritos. To test the DCE approach, EPRI embarked on research with several utilities to develop discrete choice experiments for selected electricity service plans (time-of-use and fixed bill, compared to the status quo flat rate) and test them in utility territories. Surveys were developed with a well-tested informational piece to describe the different options. Over 1000 surveys were administered with an average uptake of 38%. The results were used to develop choice models, and then market size and share models. The results are statistically significant and can be used to identify likely participants and how to market to them. The results will be used by utilities to plan new offerings with confidence in participation by their customers. Results will be shared in this presentation as well as plans for expanding the method to preferences for customer technologies.