



SMART GRID INVESTMENT GRANT

CONSUMER BEHAVIOR STUDY ANALYSIS

Time of Use (TOU) as a default rate: *issues and insights from the Consumer Behavior Studies*

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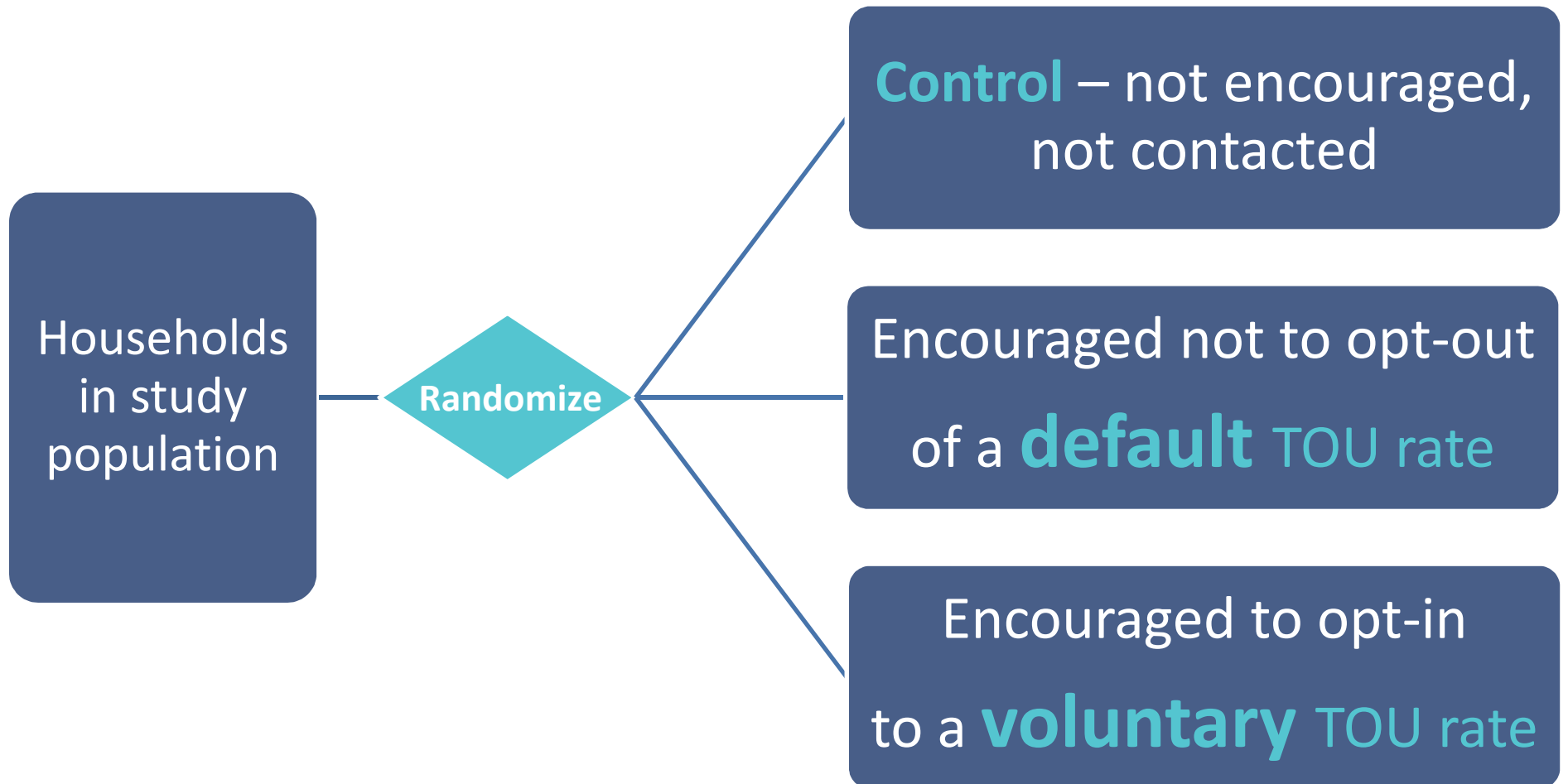


TOU as the default rate: current policy context

- California and Massachusetts have both committed to **transitioning residential class to TOU as default** within next several years
- Other states are beginning to have similar discussions (e.g., New York)
- **Issues** about at-risk populations of customers and how to make the transition successful for them

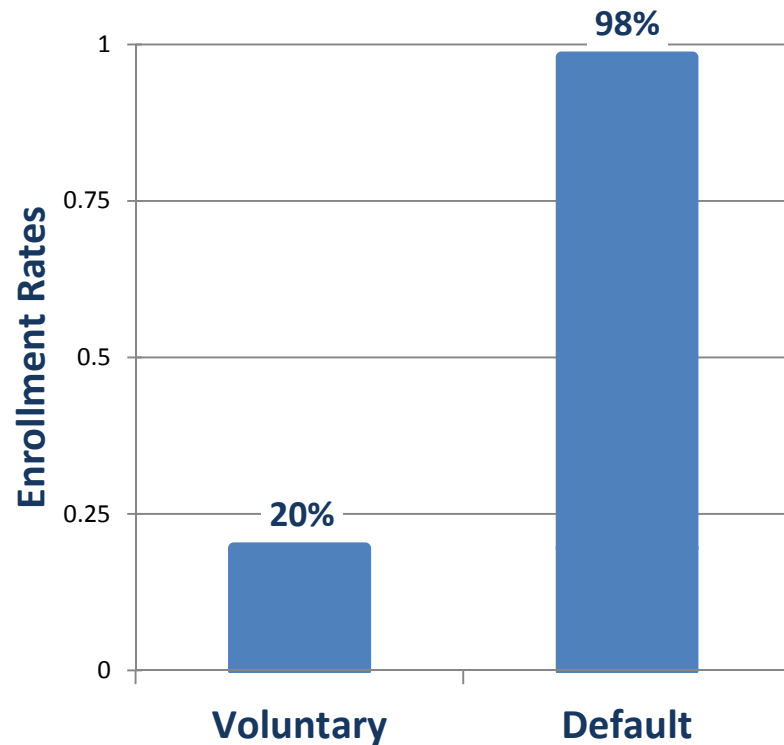


SMUD Study – a very well designed RCT → insights into key questions





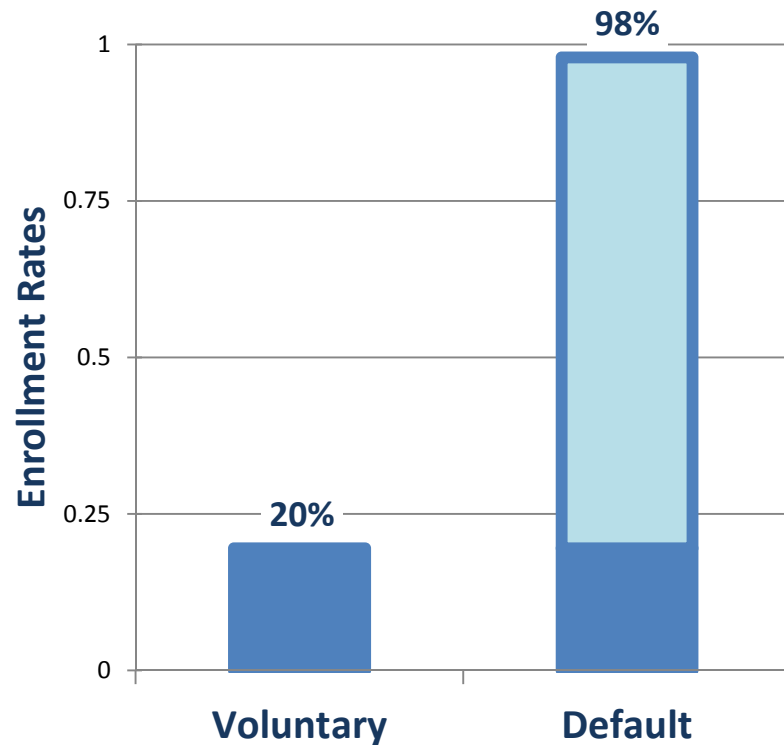
Why consider a default TOU rather than a voluntary TOU?



- Lower recruitment costs
- Higher enrollment rates
- Many extra people on TOU!



But...who are those extra people?

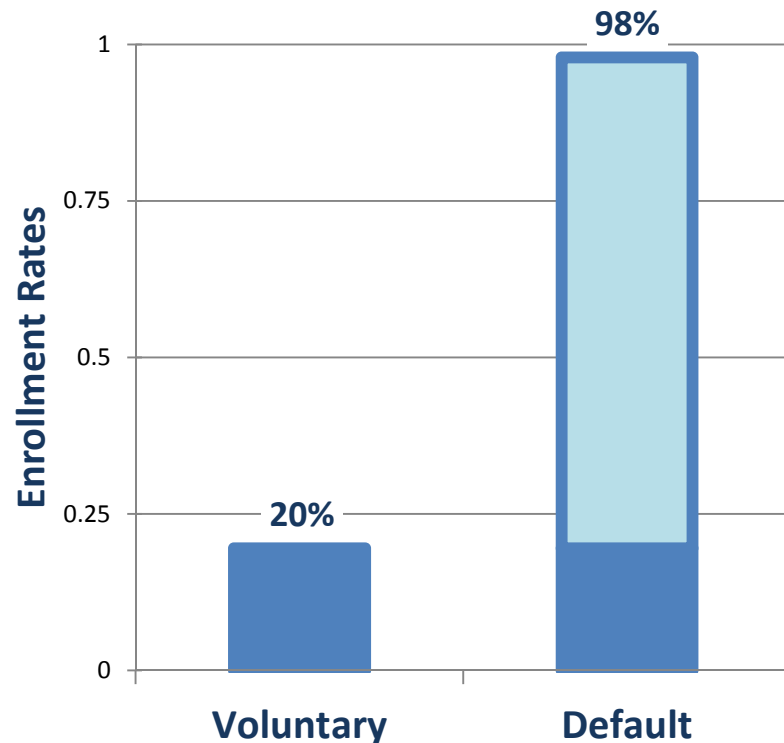


Complacents: they go with the flow

- They don't opt-out if defaulted onto TOU
- They also don't opt-in to a voluntary TOU



Key issues: how will the *Complacents* react to the TOU?

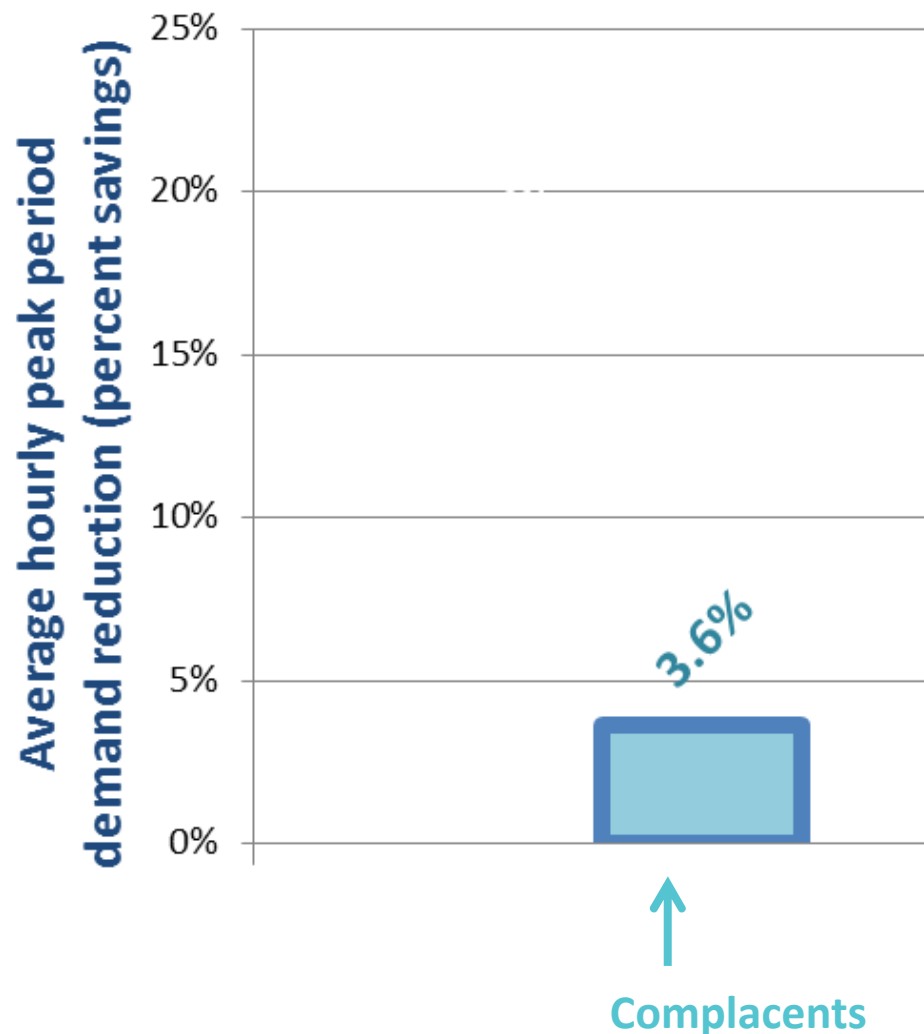


1. Will they change their energy behavior at all?
2. Will they find out they're on TOU and then hate it?
3. Are they even aware they're on the TOU?

→ Our study can provide (some) answers!



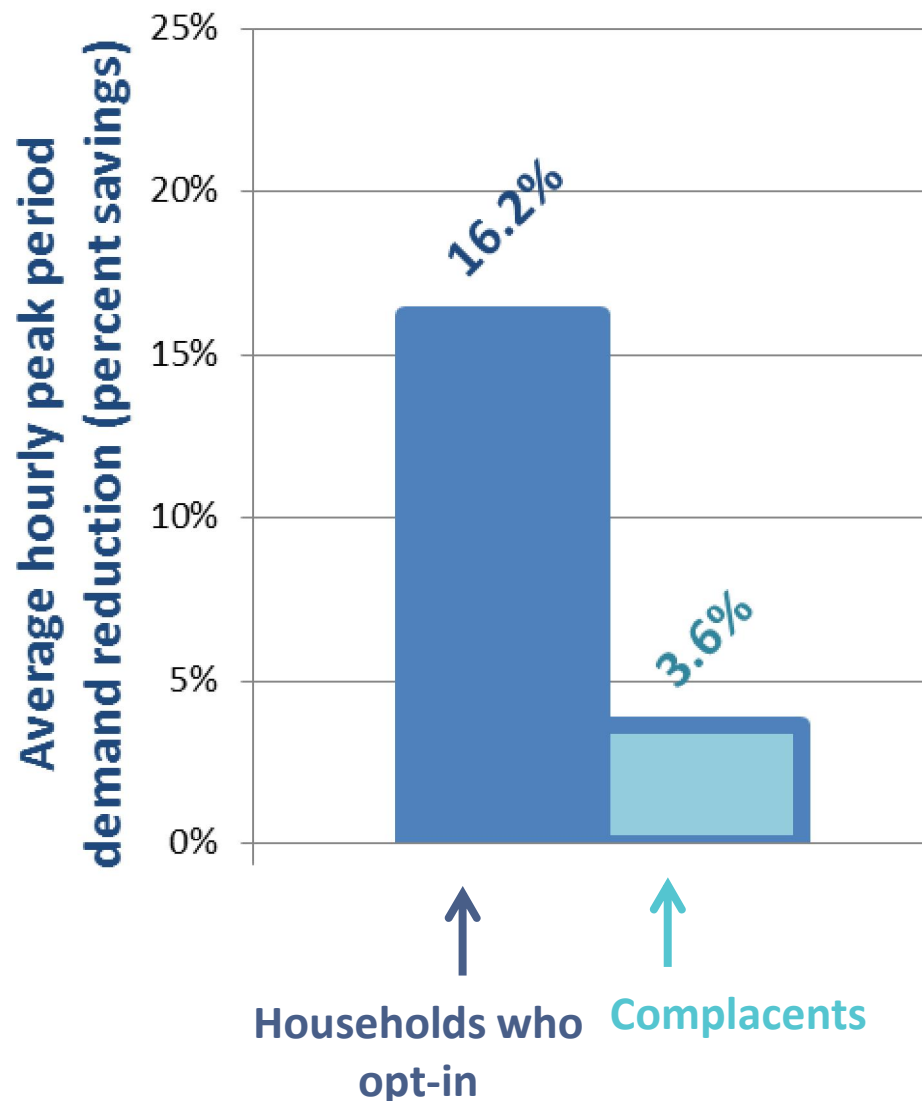
1. Will they change their energy behavior? Any load reductions? **Yes!**



- Complacents **do** reduce peak period energy
- More cost effective!
 - Many more people
 - Each responds less
 - Plus marketing costs lower



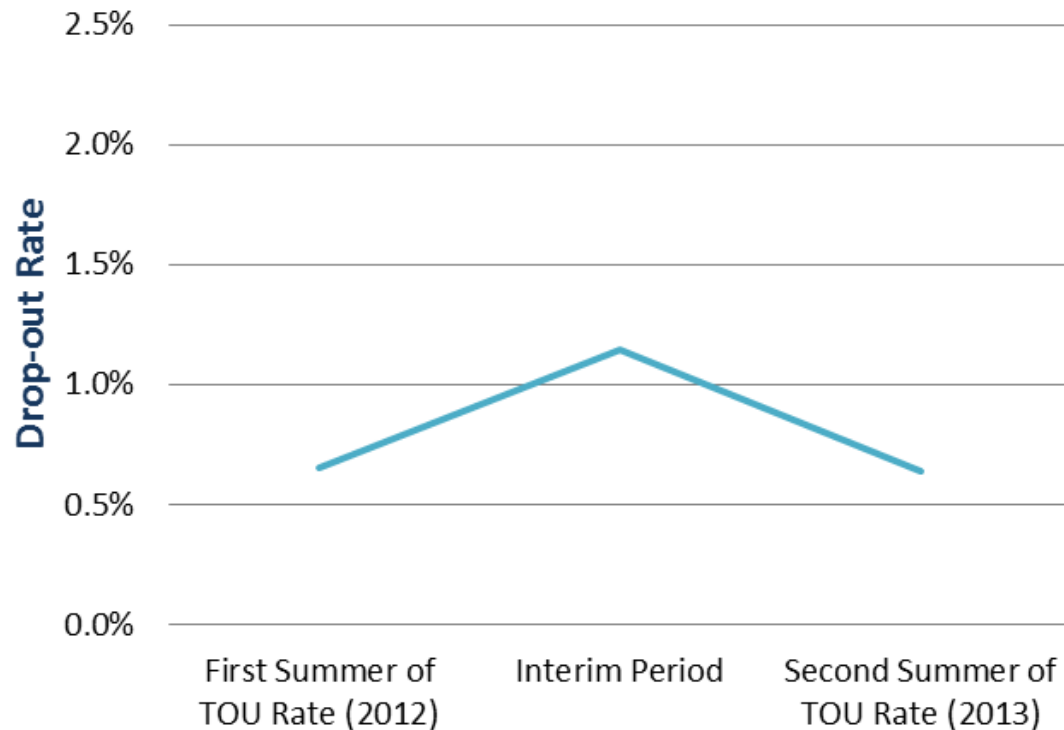
1. Will they change their energy behavior? Any load reductions? **Yes!**



- Complacents **do** reduce peak period energy, just not as much
- More cost effective!
 - Many more people
 - Each responds less
 - Plus marketing costs lower



2. Will they find out they're on TOU and then hate it and drop out? **No!**

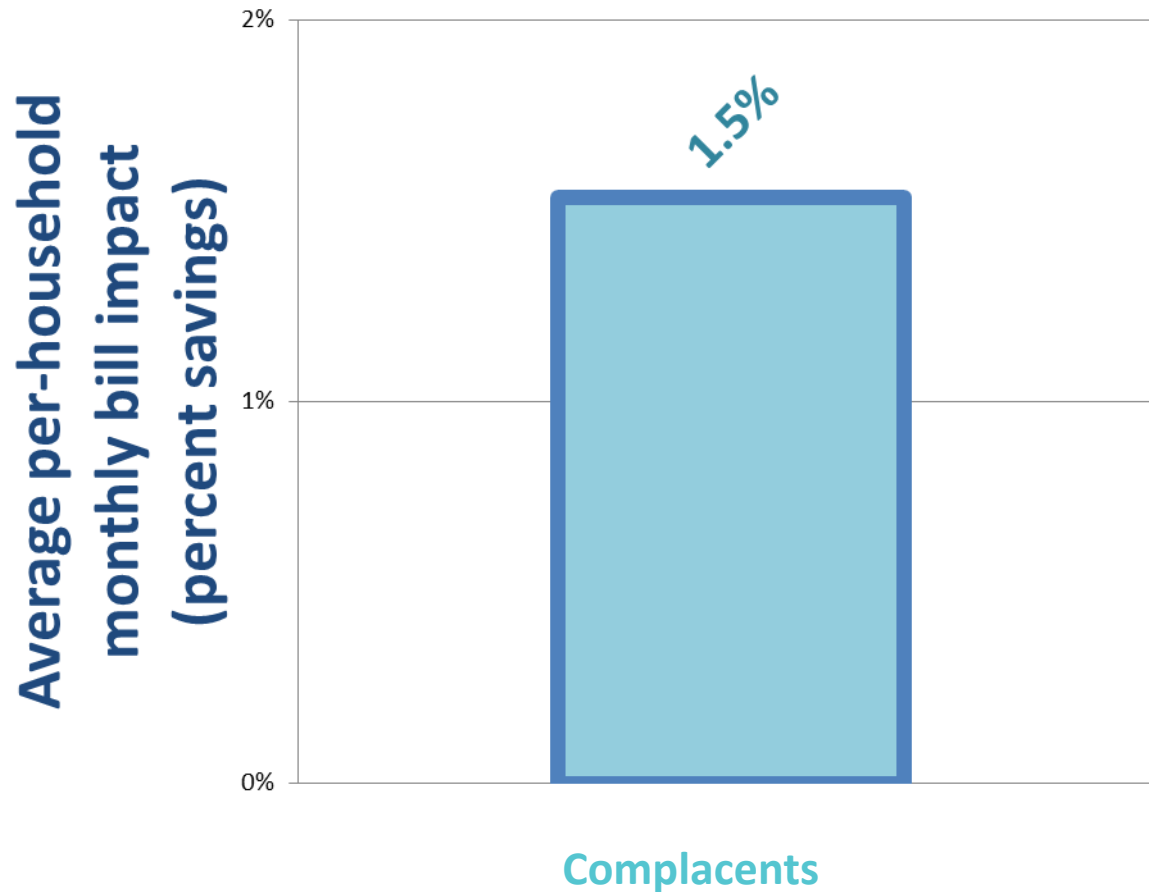


Complacents

- No mass exodus of Complacents after the TOU started
- In fact, people who opted-in to voluntary program dropped out more!



3. Are they even aware they're on the TOU? Some are...but some are not



On average,
Complacents:

- Reduce peak energy usage
- Save on bills

→ Some complacents are changing their behavior!



3. *Are they even aware they're on the TOU? Some are...but some are not*

Survey:

- Complacents are **less likely to respond to survey**
- For those that do respond, complacents are:
 - Less informed about what rate plan they were on
 - Less likely to recall “Welcome Back” package
 - More likely to check “neutral” box for most questions

→ **Some Complacents may be less engaged, have limited attention**



What does this mean for the transition to TOU as a default rate?

- Default TOU → **more households enrolled** in TOU
 - Extra households = Complacents
- Complacents **are responsive** to TOU
- Complacents **don't drop out**
- **But**, some Complacents may be unengaged
 - Identify and connect with the unengaged
 - Make opt-out process easy



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Providing insights that enable evidence-based, data-driven decisions

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