



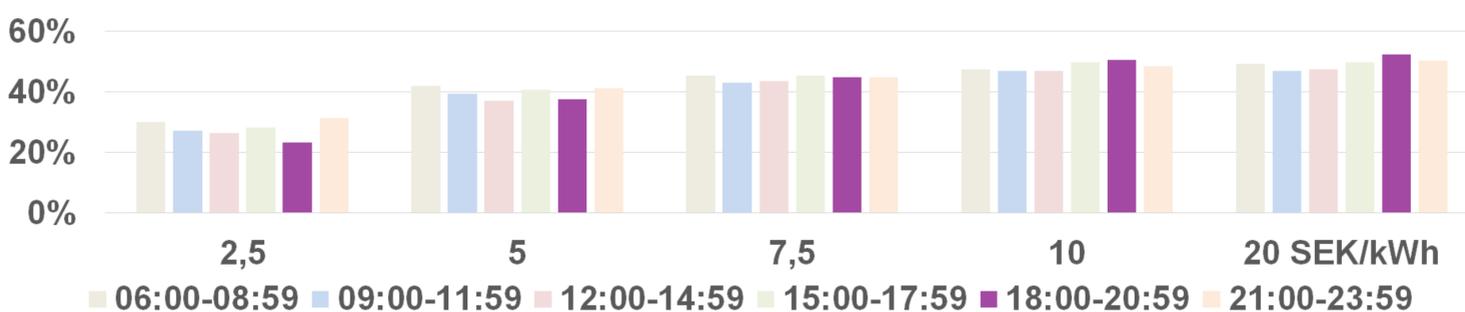
THIS ELECTRICITY PRICE IS TOO HIGH FOR MY HOUSEHOLD

Why are some households sensitive to the electricity price, when others barely are sensitive at all?

EDUCATIVE INTERVENTIONS ARE NOT THE ONLY SOLUTION

The key-solution for a sustainable electricity system is demand flexibility. If we use technology to distribute the information, demand flexibility could be incentivized by dynamic pricing, so that real problems and costs in the electricity system become transparent for electricity consumers.

Utilities and electricity retailers have tried to offer such contracts before, but deemed the necessary educative interventions for consumers too expensive and retreated to nominal price competition (Flaim et al., 2013). Using a questionnaire, collecting intentions for demand flexibility, we reveal that lacking knowledge is just one of many areas that could be targeted with interventions.



A higher share (%) of respondents need higher electricity prices to be flexible in the early evening (18:00-20:59).

SHOULD BE AN INTUITIVE BEHAVIOUR

A recent study in Sweden concluded that most households would save money on choosing electricity retail contracts with dynamic pricing (Campillo et al., 2013). But out of our 223 respondents, only 5 of them were on such contracts, although many more were interested in getting them sometime in the future.

As the figure shows, only 30 % of respondents would be flexible for prices that rarely occur today (\approx 3-4 days/year). And that is the main reason to why demand flexibility is discussed merely in terms of home-automation. But dynamic pricing is not even uncommon in other areas. Consumers encounter it through hotels, parking lots, traffic congestion, taxis, etc. (Faruqui, 2010).

REFERENCES

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KNOW WHAT TO OFFER, AND TO WHO!

If businesses would know that a large share of households actually may resist automated home-flexibility, they already could start targeting the unused manual potential these consumers might possess. Providing transparent options for consumers that distrust the traditional nominal price competition, would be another opportunity. Focusing the educational interventions on how consumers easily could make their early evenings more flexible would complement the first two.

Evidently, when market behaviour is closely connected to habitual living patterns and thereby become an intuitive cognitive process, opinions and intentions for a behaviour change may disclose hints for future interventions and development of nudges.



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