

Consumers found to be more open to renewable energy surcharge if they believe it is fair

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A trio of researchers with RWI in Essen, Germany has found that electricity consumers were more open to paying a renewable energy

surcharge when they thought it was being fairly collected. In their paper published in the journal *Nature Energy*, Mark Andor, Manuel Frondel and Stephan Sommer describe a survey they took of people living in Germany and what they found. Claudia Schwirplies of Hamburg University offers a News and Views [piece](#) on the work by the team in the same journal issue.

The government in Germany has made clear its intention to have the country reduce its carbon emissions, policymakers there have instituted the German Energiewende—a national plan to reduce [carbon emissions](#) by 80 percent by 2050. To fund the project, [electricity providers](#) have imposed a hefty [renewable energy](#) surcharge on electricity users, which is pretty much everyone. Schwirplies notes that the surcharge currently makes up nearly a quarter of the total amount on a customer's bill. But not everyone is feeling the pain—electricity intensive companies receive exemptions because the government wants them to remain competitive in the international market. In this new effort, the researchers wondered how the issue of fairness might be impacting consumers' support of electricity surcharges for renewables. To find out, they conducted a survey of approximately 11,000 households.

Those polled were asked about their willingness to support an increase of 1, 2, or 4 cents to the electricity surcharge. But before answering, some respondents were given information about the companies that were receiving exemptions and others were given the same information but were also told it was being abolished. A third group received no information at all.

In looking at the results of their survey, the researchers found that those who were told about the exemptions only were 20 percent less receptive to increases in the [surcharge](#). But those who were told the exemptions were being removed were 35 percent more receptive than those who thought the exemptions would remain in place. They also report that

there were even larger differences among women and green party voters.

The researchers suggest their findings indicate that consumers are willing to go along with paying more for renewable energy surcharges so long as they see them as being applied fairly.

More information: Mark A. Andor et al. Equity and the willingness to pay for green electricity in Germany, *Nature Energy* (2018). [DOI: 10.1038/s41560-018-0233-x](https://doi.org/10.1038/s41560-018-0233-x)

Abstract

The production of electricity on the basis of renewable energy technologies is often discriminatively financed: the German energy-intensive sector, for instance, benefits from a far-reaching exemption rule, while all other electricity consumers are forced to bear a higher burden in the form of a higher surcharge on the net price of electricity. Here, we demonstrate that reducing this inequity in cost burden substantially raises household willingness to pay for green electricity. In a stated-choice experiment among about 11,000 households, participants who were informed about the energy industry exemption were less likely to accept an increase in the fixed surcharge per kilowatt hour than those who were not informed. However, participants who were informed about the industry exemption but then told that it would be abolished had significantly higher acceptance rates. This suggests that reducing inequity in the distribution of the cost burden increases the acceptance of bearing these costs. This outcome may have far-reaching implications for policymaking that extend to other domains where exemptions exist, such as carbon tax schemes.

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