

SEC INTERROGATORY #45

INTERROGATORY

[B/6/3, p. 18] Please describe any research or analysis into the potential that respondents would be influenced to avoid implying “I took your money but I would have done it anyway” view, and thus would give answers to minimize their perception as free riders.

RESPONSE

This question references the section of the Research Into Action (“RIA”) report that addresses the socially desirable response bias. The discussion implies that the socially desirable response – the one that survey respondents assume would be most socially acceptable – is that they would have taken the energy efficiency action even without program support. This is based on the assumption that, in the current social environment, recognition of the need to be energy efficient is the socially desirable attitude.

The School Energy Coalition’s question suggests that an alternative interpretation is that the socially desirable response would be, “I would not have taken the utility money if I had not needed it.” It is reasonable to ask whether this is a likely alternative. However, there are reasons to consider it unlikely.

First, there is much evidence to support the idea that the “green” response is in most cases the socially desirable response. Recent research indicates that about three-quarters of Canadians are “concerned about environmental issues” and believe that “conserving energy is very important” (Pyman and Pammett 2013; Gandalf Group 2013). Recent research by the Pew Research Center (2017) shows that three-quarters of Americans agreed that “the country should do whatever it takes to protect the environment¹.” Research reported by a variety of sources (Cooper 2011; Gfk Roper 2011; NMI 2014) found large majorities, ranging from 59% to 95%, stating preferences for energy efficient products and the companies that manufacture them. Even political conservatives appear, on average, to value reducing carbon emissions, although not to so great an extent as do liberals (Gromet, Kunreuther, and Larrick. 2013).

Beyond the above, there are reasons that respondents in general likely would not be

¹ Although some of the research we cite is based on surveys of United States residents, evidence (Pyman and Pammett 2013; Pew Research Center 2004) indicates that Canadians are generally more concerned about environmental issues than are Americans

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concerned about taking utility incentives even if they would have carried out the efficient upgrade without the incentive. Offers of discounts and rebates are a common part of modern consumer culture (see Silk 2010, for example). One online source cites numerous market studies indicating that 90% or more of consumers normally use coupons (Carter 2017). While RIA did not identify academic research directly addressing the question of attitudes toward taking unneeded discounts, it is hard to imagine that most people would hesitate to accept discounts for products they would buy if the discount were not available². RIA is not arguing that a coupon for, say, paper towels is the same thing as a \$300,000 incentive to carry out a custom equipment upgrade. The point is that the consumer culture conditions individual attitudes to accept discounts even when they may not be needed.

Another factor that would lessen or prevent any guilt about taking program incentives is the awareness that those incentives are funded, at least in part, by ratepayer dollars. Businesses may, thus, believe that they are entitled to the incentives as they helped fund them. In fact, RIA has had equipment contractors report to us that they use that reasoning as a way of selling efficient equipment upgrades.

Finally, it is considered best practice for survey research to be done by an independent, third-party organization that does not report individual responses to the client and to communicate that information in every survey contact. This should reduce, if not eliminate, any concern by the respondent about taking the utility incentive.

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² There has been considerable academic research on attitudes toward discounts and rebates, just none that RIA noted on this specific question.

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