Shock Avoidance:
High Bill Alert Programs and Energy Consumption

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Abstract

Utilities have invested billions of dollars in advanced metering infrastructure (AMI) but proceeded slowly to deploy AMI-enabled programs that benefit consumers. High bill alert (HBA) programs, which inform consumers of unusually high usage patterns, offer an avenue for tapping AMI-enabled benefits. We evaluate an HBA program and find that the program reduced mean electricity and natural gas consumption by about 0.5%. The effects were largest at the top of the usage distribution, especially when normalized by pre-program usage, indicating that households experienced fewer expenditure shocks. Welfare estimates depend critically on assumptions related to the forgone value of the conserved energy.

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