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New Survey Finds Considerable Interest in Alternative Electric Rates

Many residential consumers and SMBs are ready for alternative electric rates, but more education is needed

ATLANTA – Sept. 25, 2019 – Although most Americans pay a flat rate for each kilowatt-hour (kWh) of electricity on their monthly bill, the majority of residential and small-and-medium business (SMB) customers prefer an alternative, time-varying rate plan when given the choice, according to a new report from the Smart Energy Consumer Collaborative (SECC).

Due to the deployment of smart meters, growth of distributed energy resources and other factors, electricity providers are increasingly looking to balance daily load with rate structures that encourage customers to distribute their energy usage throughout the day. SECC’s “Rate Design: What Do Consumers Want and Need?” report evaluates the common alternative rates available today – including time-of-use rates, real-time pricing and variable peak pricing – and the factors that make for success in terms of customer engagement.

Using survey responses from roughly 1,100 residential customers and 500 SMBs nationwide, the report found that residential consumers are mostly open to trying alternative rates even though many have not heard of them, suggesting a considerable education opportunity for electricity providers. The report also found that SMBs are very aware of alternative rates and that 73 percent prefer them over traditional flat rates.

Other key findings include:

- Eighty percent of residential respondents understand that electricity usage is measured in kWh; however, roughly half are not sure what rate plan they currently have.
- Gen Xers and millennials are more likely to be interested in alternative rates, as are tech-savvy and eco-friendly customer segments.
- SMBs are much more knowledgeable about their current rate plan, and 88 percent understand that electricity usage is measured in kWh.
- Both SMBs and residential customers largely reject demand charges and premiums associated with a renewable energy source (e.g., solar, biomass and wind).

Based on these survey findings, the report provides recommendations for program design, consumer education and outreach efforts that, if applied, will meet residential and SMB customers' needs and increase the likelihood of adoption of alternative rate designs.

The "Rate Design: What Do Consumers Want and Need?" report can be downloaded by SECC members [here](#) and is available to the media on request. A [webinar](#) on the main findings and recommendations will be held on Thursday, Sept. 26 at 1 p.m. (ET).

To learn more about SECC, visit www.smartenergycc.org, follow [@seconsumer](#) or read [the monthly blog series here](#).