

What is the relationship between pursuing an aggressive renewable portfolio standard and residential electricity prices? Here is what the [San Francisco Chronicle \(not a Romney newspaper\) has to say](#):

Going green: San Francisco’s plan to “go green” will likely cost the typical city consumer about \$9 more a month - with most of the money going to Shell Energy, which will be providing the renewable energy. Under the plan approved by City Hall, 50,000 to 90,000 households will automatically be enrolled in the green program, but all will have four opportunities to opt out at no cost. Those who decide to go green can expect to see their electric bills rise by 23 percent.

But because everyone will theoretically benefit from environmental goals of going green, the controller is suggesting a tax be put on the electric bills of those who opt to stay with PGE to help balance out the costs and get them to conserve. Any tax like that would have to be approved by the voters.

Read

more: <http://www.sfgate.com/bayarea/matier-ross/article/Oakland-billboard-perk-may-blight-city-3764848.php#ixzz22mLmX72x>

There are at least two interesting points to make here. First note the setting of the “default”. You participate unless you “opt out”. You don’t have to be [Bridgette Madrian](#) to see that there is a nice paper to write here. Building [on my work with Dora Costa](#), a researcher could test whether San Francisco’s few Republicans are more likely to opt out while liberal environmentalists will like the “default option” (that they are enrolled in green power) and due to inertia wouldn’t want to bother to change their behavior.

Now, does the 23% increase sound large to you? When consumers face this price increase, how will they change their consumption behavior in the short term and medium term?