

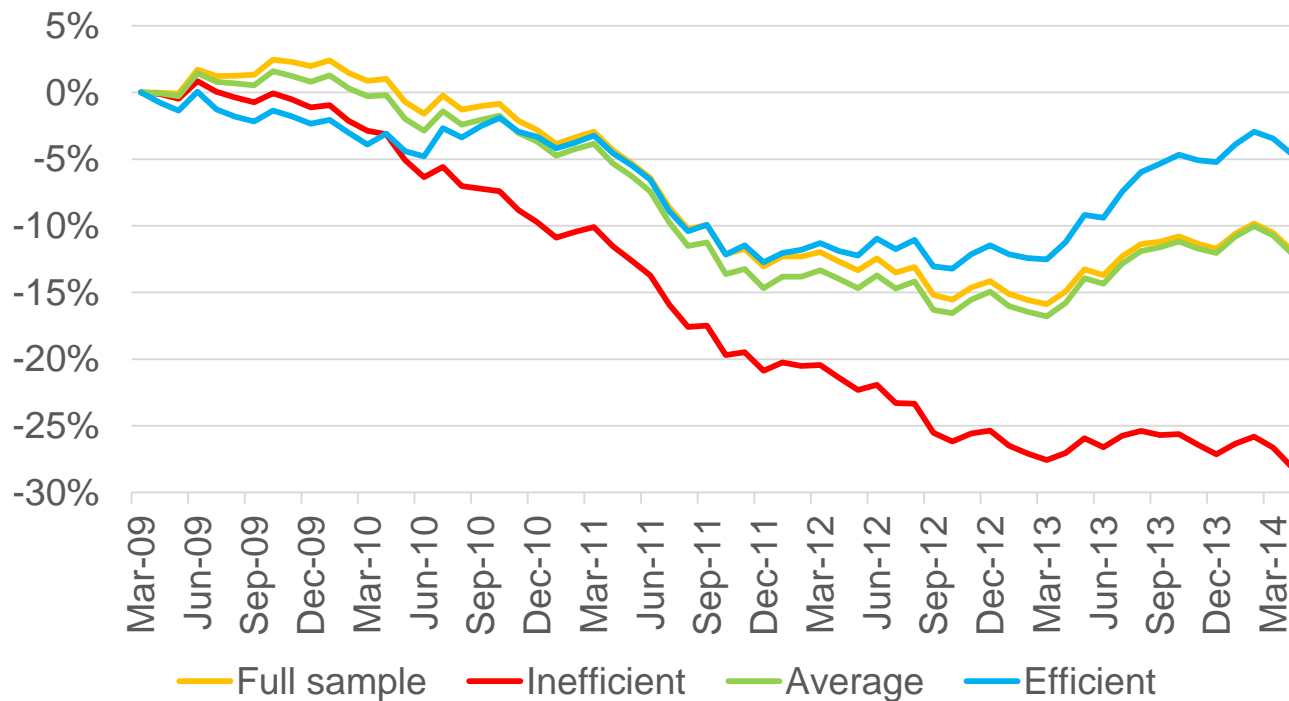
Allocation-Based Rates: Conservation Affordability Data Needs

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Conservation effects of allocation-based rates

Demand reduction attributable to EMWD's allocation-based rates (Baerenklau, Schwabe and Dinar 2014)



- Average prices paid by low income and low usage households decreased.
- Average water consumption by these households also decreased.

Welfare effects of allocation-based rates versus comparable alternative policies

	EMWD's allocation-based rates	Alternative 1: uniform price increase	Alternative 2: mandatory cut-backs
Average effect (\$/year)	\$24	-\$89	-\$87
% households made better-off	62%	17%	0%

Source: Baerenklau 2015, unpublished working paper.

- *Each income group prefers allocation-based rates over the other policies.*
- *Allocation-based rates impact inefficient users more than efficient users.*

Data needs for analyzing allocation-based rates

- › Monthly household consumption
- › Rates
- › Weather: ET
- › Household attributes: location, size, irrigated area
- › Demographics: income, education, etc.
- › Conservation messaging/program information
- › Flexible programming environment