

Are Free-Riders Actually a Good Thing? Revisiting What Free-Riders Are Actually Telling Us

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Overview

Traditional view of free-riders:

Only have negative impacts on energy efficiency program performance

- Is the “traditional” view still pervasive and is it reasonable?
- Explore evolving attitudes about what the presence of free-riders means and implications for program evaluation

Who is a free-rider, anyway?

A program participant who would have taken the action even in absence of the program

- Simple—you are or you aren't; 0% or 100%
- Realistic—maybe 33%, maybe 67%; a slippery slope

Disagreement in practice

Difficulty in making accurate measurement of free-ridership...

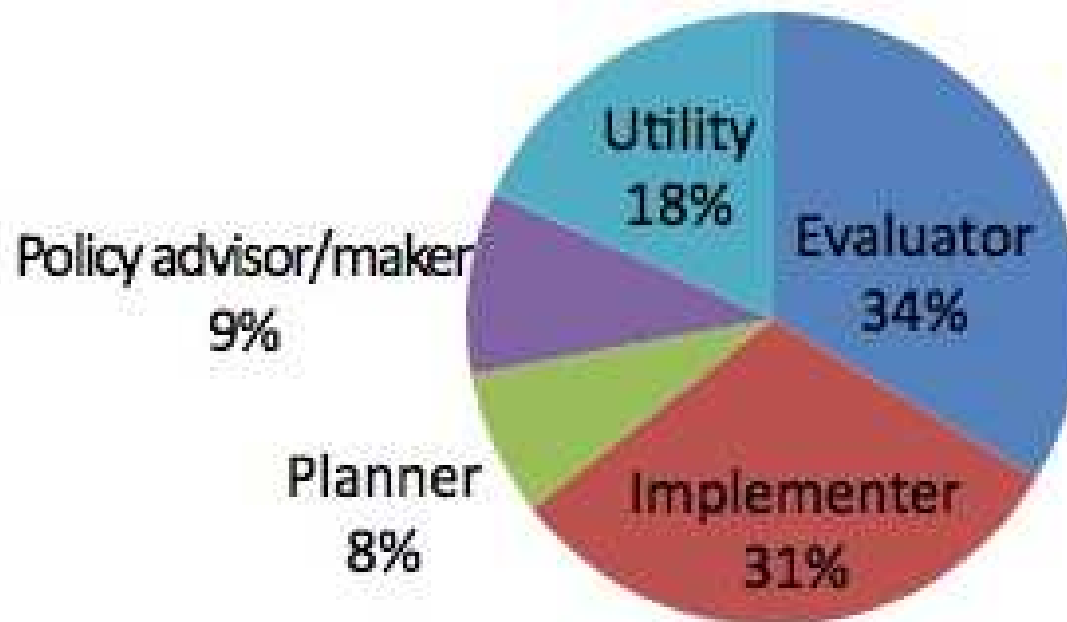
- Has contributed to differences of opinion on whether to avoid at all costs or accept
- Is basis for controversy about how to treat free-riders in program evaluation

How US states count savings

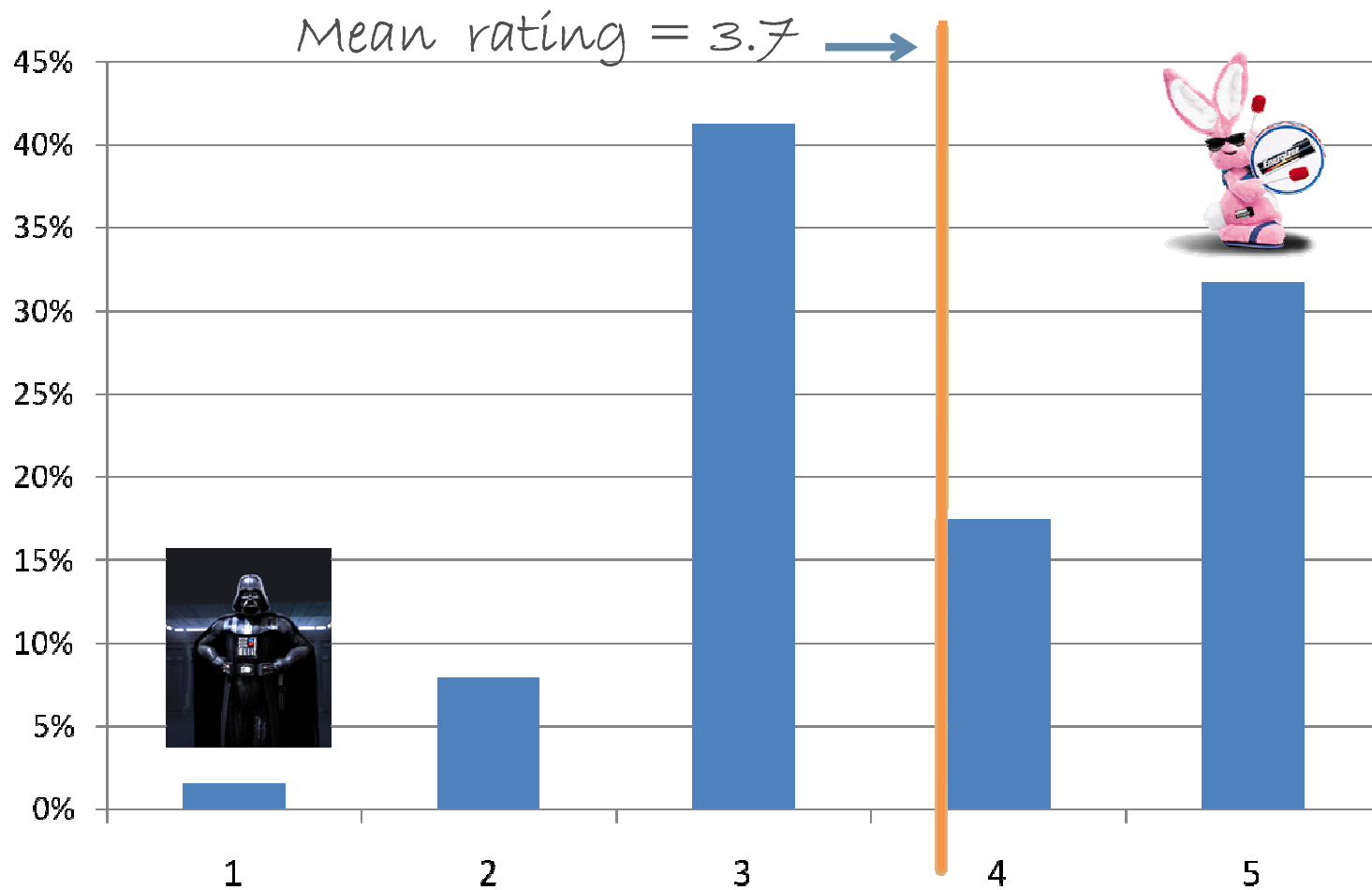


Assembling perceptions

- Informal conversations
- Literature review
- Survey of practitioners, Feb 2012—126 respondents

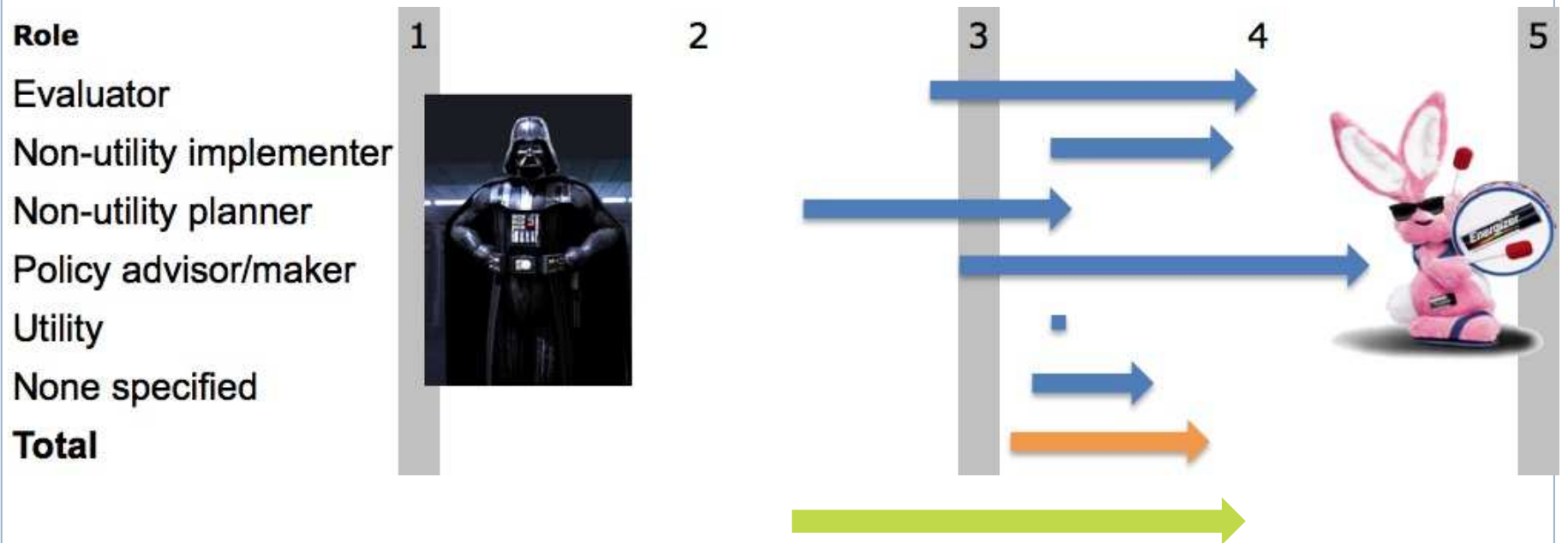


There's a distribution of views



Which image do you think best characterizes free-riders?

Nearly all parties have moved toward broader acceptance over time



Has your perception of free-riders changed over time?

Evolution of perceptions

- “Wisdom comes with age; we have to recognize the futility of trying to eliminate all free-riders.”
- “Estimating free-ridership is fuzzy; we shouldn’t get so hung up on it.”
- “Free-riders measure market change; we can learn from them.”
- “They can encourage others to participate in programs who otherwise wouldn't.”



Case study: Free-riders through the eyes of a utility program manager of a new program

These early participants...

- Undertook additional projects after (free-rider) participation
- Provided verified savings and persuasive testimonials used to attract other customers
- Talked with other customers

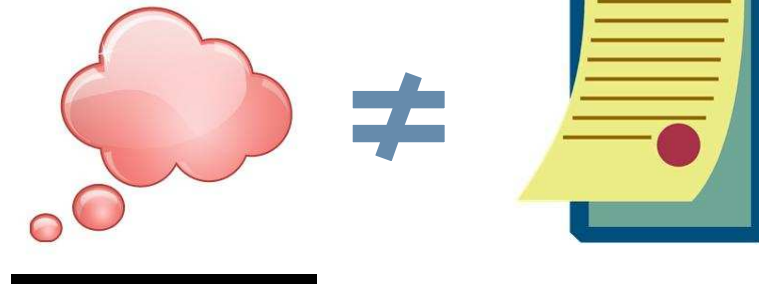
Reassessing the Value of Free-Riders

- Free-riders help promote programs
- Free-ridership measures market transformation
- Free-riders tell us what is and is not working

Perceptions include positive as well as negative roles, but treatment of free-riders remains controversial.

A few themes emerged

- Lack of agreement → inconsistency of use
- Opinions still diverse
- Current measurement tools: ~~complexity and diversity of effects~~
- Until and unless policies change, progress on new measurement tools seems stalled

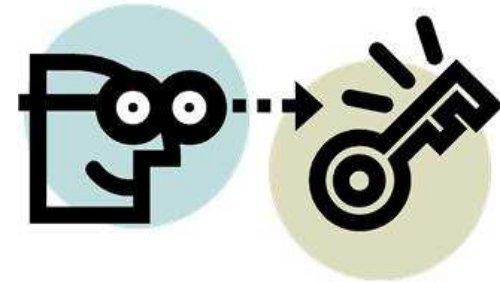


Poised for a leap?



- Active, constructive discussion needed, and occurring
- Not necessarily moving toward uniformity
- Signs of change:
 - Policy reversal, eliminating use of net savings
 - Calls for use of “market evolution indicators” and methods to measure them
 - Reduced imposition of savings re-assessments mid-program
 - In California, evaluators proposed framework for inclusion of spillover in net savings

Opportunities for evaluators



- Develop and use a more neutral term for free-riders
- Help develop measurable indicators that reflect market conditions in which programs operate
- Formulate new, more effective free-rider measurement methods trusted by all parties



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