

Power Outages, Increasing Block Tariffs and Billing Knowledge

Tensay Hadush Meles

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While access to electricity has received a great attention, its reliability has been given less focus. In developing countries, those with access to electricity experience frequent power outages. In chapter I, we use data on defensive expenditures and willingness to pay to analyze households' preferences for improved electricity services in Ethiopia. The study highlights the importance of a reliable electricity supply to have a sustainable energy transition and enjoy the benefits of access to electricity.

Many electric and water utilities in developing countries use increasing block tariff (IBT) structure as a tool to encourage resource conservation, recover costs, and subsidize low-income consumers. However, it is not clear whether consumers respond to marginal prices under IBT. In chapter II, we provide empirical evidence that residential electricity consumers do not respond to marginal prices in an IBT structure. Chapter III examines a related issue – the effect of educating consumers about how their monthly bill is computed under IBT structure on monthly electricity consumption behavior.



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