

From Information to Prices: What Drives Residential and Commercial Water Demand?

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Abstract:

In recent years, droughts in the West have led to losses of \$20 billion. The potential for future climate-related drought, in conjunction with increasing water demand, has led policymakers to explore a variety of tools to foster household and commercial water conservation. Despite considerable evidence that social norms and subsidies for energy efficient appliances play a significant role in reducing residential electricity demand, there is limited evidence on the effectiveness of information access and social norms on residential and commercial water demand. Moreover, a recent roundtable of water specialists concluded that the biggest knowledge gap in both the academic literature and in practice is a limited understanding of commercial and industrial water demand. This project will address both of these issues by asking how access to information and consumer-imposed alerts affects residential water demand in Fort Collins and if complementarities exist between water and energy conservation. In addition, the project will explore the price elasticity of demand and the average per-industry water use benchmarks for commercial water users.