

Brown Bag Seminar | 13th October

Unhampered installers? An analysis of moral-hazard in the context of solar systems

From: Evert Reins
IRENE – Institute of Economic Research



DATE & TIME

Tuesday 13th October 2020
13.00 - preceded by ASECO lunch at 12.30



PLACE

Room: 2.310
A.-L. Breguet 2

Abstract:

We study how subsidies affect the quality of work exerted by installers of solar systems. The credence nature of such energy transforming technologies implies that installers may have incentives to increase their profits resulting in a range of supply side efficiencies including the provision of suboptimal technology and bad workmanship. Evidence in markets for credence goods further suggests that installers react to subsidies by increasing the extent or price for their services. We estimate how different levels of subsidies affect the performance of PV systems measured by the ratio of electricity production and installation costs using data from California. We find that the performance of PV systems indeed decreases if their owners receive a higher subsidy level. This effect is less pronounced for systems installed in a residential context, suggesting that installers abstain from supply side inefficiencies if residential homeowners bear the cost instead of commercial or governmental customers.

Presenter:

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Thesis topic: "*Behavioral Barriers to the Adoption of Energy Efficient Technologies*"

[Webpage](#)

