

The willingness to pay for Renewable Energy Sources:
the case of Italy

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The Italian goal is to attain the share of 17% in RES electricity production in 2020. To make investment in renewable attractive, the market price must be profitable and the gap between private and social costs of renewable generally has to be filled with “coercive” tools. Obviously, acceptance of such burden may be controversial, because there results a price increase. In such context it becomes crucial to explore the consistency of consumer’s WTP to use green energy in the electricity production. This study is founded on a national survey made in November 2007, before the 2009-2009 financial crises period, when the long run consumer perception was altered. In our analysis we adopted a “certainty correction method” proposing five types of acceptance intensity. We consider Italian household as the typical consumers unit, i.e. we assume that households maximize utility subject to budget constraints. The demand for “RES use” can be viewed as any other good or service and therefore we model consumer choice within the utility (expenditure) maximization (minimization). Finally, we propose a stochastic payment card approach to respondents in order to estimate the optimal values of β and σ , mean and median WTP computing confidence interval according to Krinsky and Robb’s simulation model. We can see that a measure of the market sustainability of RES i.e. the proportion of total cost that households are willing to pay according to our estimates, lies between 13% and 37% but a robust result is around 25% of the annual cost.