

Cost-benefit analysis for load adjustment contracts on industrial electricity use in Japan

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(Summary)

This paper estimates the effect of load adjustment contracts offered by electric utilities in Japan on the industrial demand for electricity usage. Using unique data on the electricity usage of individual industrial users, we find that the contracts can decrease both electricity consumption and peak demand of the industrial users, but that the magnitude of which differs according to plant characteristics. Finally, we conduct a cost-benefit analysis for the contracts based on the estimates.

Keywords: Demand Response, Load adjustment contracts, Electricity demand, Panel regression

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