

## Robert Letzler

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### Professional Appointments:

Senior Economist, Government Accountability Office,

2013-

- Financial Markets and Community Investment (2013-2015); Applied Research and Methods (2015-)
- Design and conduct research to answer questions from Congressional requesters
- Analyze survey, web, program, API, financial market and text data using Stata, Python, and SAS
- Review, assess, and incorporate appropriate economic literature and new technologies
- Co-founder Data, Tools, and Analytics Community of Practice which promotes the thoughtful, collaborative use of analysis, data, and technology in our work

Consulting Social Scientist, Sense

2017-

- Advise residential energy monitoring start up on evaluation and energy efficiency program design
- Perform econometric analysis to predict energy savings from feedback

Economist, Federal Trade Commission, Bureau of Economics

2007-2013

- Conducted social science analysis to support investigations, expert witness testimony, and studies
- Co-authored electricity policy comments to FERC and state agencies covering issues including commodity markets, competition policy, consumer communications, and financial literacy
- Wrote Stata, Python, and SAS code to analyze multi-gigabyte databases

Deputy Associate Director for Electricity and Consumer Policy, White House Council on Environmental Quality  
(on temporary assignment from FTC)

7/2010-6/2011

- Subject matter expert for *A Policy Framework For The 21st Century Grid*
- Presented policy proposals to and coordinated events with political appointees and career managers
- Oversaw social science research on energy efficiency and demand response

### Education:

UC Berkeley	Ph.D. in Public Policy	2007
	M.A. in Economics (concurrent with Policy Ph.D.)	2004
	Masters of Public Policy	2003
Santa Fe Institute	Graduate Workshop in Computational Social Science and Complexity	2004
Brown University	A.B. in Applied Mathematics and Public Policy, Magna Cum Laude	1999

**Dissertation:** Implementing Opt-in, Residential, Dynamic Electricity Pricing: Insights from Economics and Psychology

**Dissertation Committee:** Lee Friedman (Chair), Severin Borenstein, Rob MacCoun, John Morgan

**Computer Skills:** Stata, Python, SAS, Unix, Java, LaTeX, Django

### Papers:

“Everyone Believes in Redemption: Nudges and Overoptimism in Costly Task Completion” with Joshua Tasoff. *Journal of Economic Behavior and Organization*. November 2014.

“Knowing When to Quit: Default Choices, Demographics and Fraud.” with Ryan Sandler, Ania Jaroszewicz, Isaac Knowles, and Luke Olson. (forthcoming, *The Economic Journal*)

“Fraudulent Advertising Susceptibility: An Experimental Approach” with Patrick McAlvanah, Keith B. Anderson, and Jack Mountjoy. Federal Trade Commission Bureau of Economics Working Paper No. 325. April 2015.

“Applying Psychology to Economic Incentive Design: Using Incentive Preserving Rebates to Increase Acceptance of Critical Peak Pricing.” Center for Study of Energy Markets Working Paper 162R. 2010. (Revision Requested, *Energy Journal*)

“Residential Critical Peak Pricing’s Effects as a Function of Weather and Customer Characteristics: Evidence from California’s Statewide Pricing Pilot.” 2009.

“Understanding Free Riding and Cooperative Types in Public Goods Experiments: Evidence from a Psychological Test” with George Athanassakopoulos. 2006.

### **Work in Progress:**

“Strategic Incrementalism”

**Referee for:** *Journal of Law, Economics, and Organization; Energy Policy*

### **Pre-Doctoral Experience:**

Research Assistant, University of California Energy Institute	2004 –2007
<ul style="list-style-type: none"><li>Built analysis files from EPA CEMS power plant efficiency, weather, and load data for Jim Bushnell and Catherine Wolfram. Compiled oil market data for Severin Borenstein.</li></ul>	
Teaching Assistant, Goldman School of Public Policy M.P.P. program	2003-2004
<ul style="list-style-type: none"><li>The Microeconomics of Public Policy Analysis; Professors Steve Raphael and Lee Friedman</li></ul>	
Energy Market Analyst, Federal Energy Regulatory Commission	Summer 2002, Spring 2003
<ul style="list-style-type: none"><li>Analyzed data on Transmission Loading Relief events. Worked on standard market design CBA.</li></ul>	
Research Assistant, Mathematica Policy Research	1999-2000
Evaluator, U.S. General Accounting Office, Environmental Protection Issue Area	Summer 1997
Teaching Assistant, Brown University Department of Economics Environmental Economics; Professor Toby Page	1998

### **Presentations:**

Strategic Incrementalism	
<ul style="list-style-type: none"><li>Association for Public Policy and Management Conference</li></ul>	November 2017
“Potential Strategic, Incremental Additions to the Microeconomics of Public Policy Analysis”	
<ul style="list-style-type: none"><li>University of California, Berkeley</li></ul>	November 2016
“Getting and Analyzing Inconveniently Structured Data in the Internet Era: Making Friends with Python, Webscraping, and APIs”	
<ul style="list-style-type: none"><li>Government Accountability Office, Information Technology Week</li><li>Southeast/Southwest Interagency Audit Forum</li><li>Midwest Interagency Audit Forum</li><li>New York/New Jersey Interagency Audit Forum</li></ul>	September 2016 September 2016 September 2016 September 2016
Understanding the Tradeoffs in Critical Peak Pricing: A first cut	
<ul style="list-style-type: none"><li>Behavior Energy and Climate Change Conference</li></ul>	November 2013
Everyone Believes in Redemption: Overoptimism and Nudges	
<ul style="list-style-type: none"><li>UC Berkeley, Goldman School of Public Policy</li><li>Association for Public Policy and Management Conference</li></ul>	February 2012 November 2012

- George Mason University ICES Seminar February 2013
  - Federal Trade Commission Seminar May 2013
  - Government Accountability Office July 2013
- A Policy Framework for the 21<sup>st</sup> Century Grid
- Federal Trade Commission June 2011
  - National Institutes of Standards and Technology June 2011
- “Knowing When to Quit: Who Benefited from Reminders in a Fraud Case”
- Marketing and Public Policy Conference May 2009
  - University of California Berkeley, Goldman School of Public Policy October 2009
  - Association for Public Policy and Management Conference November 2009
  - Federal Trade Commission December 2012
  - Federal Deposit Insurance Corporation Consumer Research Conference October 2015
  - Government Accountability Office October 2015
- “Taking Stock of Electricity Restructuring.”
- Interagency Electricity Group October 2008
- “An Overview of Behavioral Economics: Implications for Consumer Protection.”
- Federal Trade Commission May 2008
- “The Free Riding Types in Public Goods Experiments Appear to be Psychology’s High Machiavellian Type”
- Economic Science Association International Meetings June 2006
- “Applying Psychology to Economic Incentive Design: Using Incentive Preserving Rebates to Increase Acceptance of Critical Peak Pricing.”
- Behavior Energy and Climate Change Conference November 2008
  - George Mason University ICES Seminar February 2008
  - Association for Public Policy and Management Conference November 2007
  - Association for Public Policy and Management Poster Session November 2006
- “The Theory and Practice of Public Good Selection: The Case of Legal Aid” (with Lee Friedman)
- Association for Public Policy and Management Conference November 2005
- “Using a Simple Python Script to Download Data”
- Python Discussion Group; Berkeley Agricultural and Resource Economics July 2005

**Fields of Concentration:**

Public Policy Exam Fields: Regulatory Reform with a Focus on Electricity Markets and Policy  
 Topics in Micro-Organizational Behavior: Social Preferences and Social Dilemmas

Economics Field Exams: Behavioral Economics  
 Industrial Organization

**Community Service:**

Goldman School of Public Policy Alumni Association Board of Directors 2008-2014

**Fellowships and Awards:**

Dean’s Normative Time Fellowship, U.C. Berkeley 2006  
 National Science Foundation Graduate Fellowship Honorable Mention 2002  
 Goldman School of Public Policy Fellowship 2001  
 Sigma Xi 1999  
 Phi Beta Kappa 1998

**Citizenship:** U.S.A.

## References:

Professor Lee Friedman (Dissertation Chair)  
Goldman School of Public Policy, UC Berkeley  
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Jesse Leary Ph.D.  
Consumer Financial Protection Bureau  
(Formerly: Assistant Director  
FTC Bureau of Economics)  
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Jason Bordoff  
(Formerly Associate Director for Energy and Climate Change  
White House Council on Environmental Quality)  
Director, Center on Global Energy Policy  
Columbia University  
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Professor Severin Borenstein  
Director, University of California Energy Institute  
and Haas School of Business, UC Berkeley  
Borenste@Haas.Berkeley.edu 510-642-5145

Professor Eugene Smolensky  
Goldman School of Public Policy, UC Berkeley  
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## **Papers:**

### **Applying Psychology to Economic Incentive Design: Using Incentive Preserving Rebates to Increase Acceptance of Critical Peak Pricing**

This project extends the idea that we should address policy problems by improving incentives. It adds that aligning the incentives' presentation with the way people make economic decisions can help people make better choices and help achieve policy goals. It applies ideas from behavioral economics to design practical electricity pricing policies. The cost of generating power fluctuates enormously from hour to hour but most customers pay time invariant prices. The mismatch between the fluctuating generation cost and the fixed retail price creates billions of dollars in deadweight losses. Customers who participate in Critical Peak Pricing (CPP) programs use less power during high-priced periods than do customers on traditional, time invariant rates. CPP participants report high satisfaction levels and often save 10% or more. Yet, roughly 99% of customers reject opportunities to switch to critical peak pricing. The psychology literature documents heuristics that people use to decide under risk. The conventional CPP presentation leads several of these heuristics astray. For example, customers using these heuristics would put too much weight on paying more to get less during high priced "events" relative to receiving frequent savings. This paper departs from the hypothesis that one or more of these heuristics underlies customer resistance. Hence, it suggests Incentive Preserving Rebates that change the presentation of CPP to address these heuristics. Incentive Preserving Rebates frame events as opportunities to get rebates rather than as periods of extremely high prices. Incentive Preserving Rebates change neither marginal incentives nor each customer's total annual payments. I explore the implications of Incentive Preserving Rebates for customers who participated in a California pilot program.

### **Everyone Believes in Redemption: Overoptimism and Nudges (with Joshua Tasoff)**

We report on a laboratory experiment that elicits subjects' beliefs about the likelihood that they will redeem a mail-in form. Expected redemption rates are well above actual redemption rates, meaning that subjects are overoptimistic about their likelihood of redemption and thus "leave money on the table." Moreover, we find that overoptimism is positively correlated with the belief in redemption, suggesting that the consumers who value the mail-in form the most make the largest financial errors. We then test the impact of three "nudges" on overoptimism: (1) informing subjects about a previous cohort's redemption rates, (2) reminding subjects about the redemption deadline, and (3) reducing transaction costs. Only the third nudge had any detectable effect. It reduced overoptimism by approximately half. It increased redemption rates without decreasing subjects' mean belief. We find that the probability of redemption is sensitive to the payoff and cost of redemption but beliefs are almost constant. This suggests that weak cost-salience is the mechanism for overoptimism.

### **Knowing When to Quit: Who Benefited from Reminders in a Fraud Case (with Ryan Sandler, Ania Jaroszewicz, Isaac Knowles, and Luke Olson)**

A long literature in psychology and economics has shown that default options influence consumer choices, but it is often unclear whether individual consumers are nudged to choose optimally or simply nudged to a different choice. We study the effects of default options in a novel setting where the optimal choice is clear: the decision to escape from fraud. We employ data from one of the largest telemarketing fraud cases ever brought by the Federal Trade Commission (FTC). The telemarketer enrolled consumers into costly membership programs, which the vast majority of consumers never used. The FTC lawsuit created a natural experiment whereby some consumers were sent "opt-in" letters informing them they had to take action to remain enrolled while similarly situated consumers received "opt-out" letters that merely reminded them how to quit. We find that the "opt-in" letters increased cancellations by 63.4 percentage points, to essentially 100%. We then examine heterogeneity in the responses to the "opt-out" letters. We find that consumers residing in poorer, less educated Census blocks and those more likely to be minorities were more likely to cancel their subscriptions prior to the FTC lawsuit, but were relatively less likely to respond to an opt-out letter.

## **The Effects of Residential Critical Peak Pricing as a Function of Weather and Customer Characteristics: Evidence from California's Statewide Pricing Pilot**

California's Statewide Pricing Pilot explored the impact of Critical Peak Electricity Pricing (CPP) on residential customers' power consumption. These customers were socioeconomically diverse and lived in diverse climate zones. This paper takes a flexible, difference-in-difference approach to estimating the impacts of the statewide pricing pilot and provides evidence about who is likely to respond the most to CPP when. It finds that dynamic pricing led to larger consumption reductions on hotter days and for larger customers. It estimates that the benefits of dynamic pricing range from zero in cooler climates on cooler days to .3 (.4) kW per customer-hour for increased afternoon ("critical peak") prices on the hottest days in hot climates. A program designed to address extreme electrical demand on hot summer days worked best in regions that were hot enough that most customers had air conditioners and when temperatures above about 90° prompted them to use air conditioning. Targeting marketing efforts at the customers who respond the most to prices, namely high-consumption customers in hot regions, is likely to increase the program's benefits.

## **Understanding Free Riding and Cooperative Types in Public Goods Experiments: Evidence from a Psychological Test (with George Athanaskopolous.)**

We provide experimental evidence that subjects who are predisposed to free ride in public goods experiments, are the high Machiavellian ("high Mach") types reported in the psychology literature. The public goods literature reports the presence of subjects who are predisposed to free ride ("free riding types") and the presence of subjects predisposed to cooperate and to punish free riders ("cooperative types"). Experiments suggest that institutional rules determine the balance of power between free riding and cooperative types and that this balance of power determines would-be free riders' contribution levels. We compare the behavior of high and low Machs in a voluntary contributions game and find that high Machs make a significantly higher number of unprovoked defections than low Machs. If free riding (cooperative) types are high (low) Mach types, economists can tap the psychology literature's descriptions of high and low Machs' social preferences and situation-dependent behavior. This psychology literature could guide the design of better social preferences experiments and public goods institutions. For example, if free riding types are high Machs, the Psychology literature would imply that institutions will be able to control free riding if the institution provides low Machs with tools to create and enforce norms that are strong enough that high Machs will not violate them.