

# "Do Subsidized Households Receive Low Quality Utility Services? Electricity Sector Cross-Subsidies in Colombia "

(in English)

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**Time: 10:30 am - 12:00 noon**

**Venue: WYL314, Dorothy Y. L. Wong Building**

**Dr. Fan LI**

**Associate Professor**

**China Center for Special Economic Zone Research**

**Shenzhen University**



**Abstract:**

Developing countries often use cross-subsidies to promote electricity consumption by poor households. That raises the issue of whether charging lower prices to poor households, while boosting their consumption, also induces utilities to lower the quality of service they receive. This paper examines how underfunded cross-subsidies in Colombia affect perceived electricity service quality across consumer groups with different incomes. The results indicate that the utilities provide lower perceived service quality to subsidized consumers than to residents paying surcharges. The difference in perceived quality across consumer groups is reduced, however, by an increase in the amount of government transfers. This quality effect is mainly explained by utilities' cost saving behavior when facing financial deficits from cross-subsidies.

**Biography:**

Dr. Li earns her Bachelor (2007) of Engineering from Jinan University, Guangzhou, M.A. (2010) and Ph.D. (2014) in economics from University of Florida, Gainesville. She joins the China Center for Special Economic Zone Research in Shenzhen University in September, 2014. Her research interests include regulatory economics, information economics, public economics and development economics.