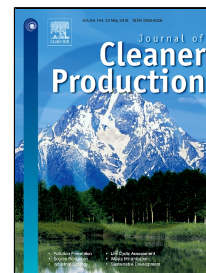


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How Cognitive Bias and Information Disclosure affect the Willingness of Urban Residents to Pay for Green Power ?



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1 **How Cognitive Bias and Information Disclosure affect the**
2 **Willingness of Urban Residents to Pay for Green Power ?**

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10
11 **Abstract:**

12 A resident’s willingness to pay(WTP) for the environmental improvement of renewable
13 energy(RES) is supposed to be highly correlated with the information he or she acquires.
14 This paper provides both theoretical proof and empirical evidence of resident’s
15 cognitive bias regarding green power. A large-scale field survey was conducted in
16 Shanghai and more than 3000 respondents were selected to examine their WTP for
17 green energy. Applying double-bounded dichotomous contingent valuation method
18 (DBDC), this paper elicits the urban residents’ WTP for green power and identifies the
19 information effect. Given all the other factors, our research shows that accurate
20 information provision on the costs and environmental improvement effects compared
21 to thermal power would reduce the residents’ WTP for RES. The emission information
22 of thermal power, however, would insignificantly increase the residents’ WTP for RES.
23 The result indicates that residents in urban China have cognitive bias regarding the costs
24 and environmental benefits of RES. Blind testing or improper way of information
25 provision are essential aspects to be avoided for the purpose of eliciting real WTP from
26 consumption side.

27
28 **Keywords:** willingness to pay (WTP), cognitive bias, information disclosure, double-
29 bounded dichotomous contingent valuation method (DBDC)

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