Behavioural insights as part of a policy mix for behaviour change and decarbonisation

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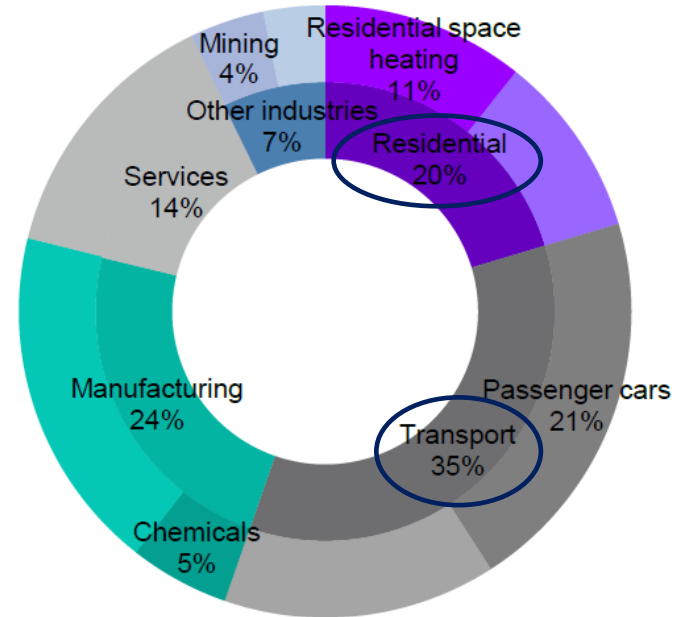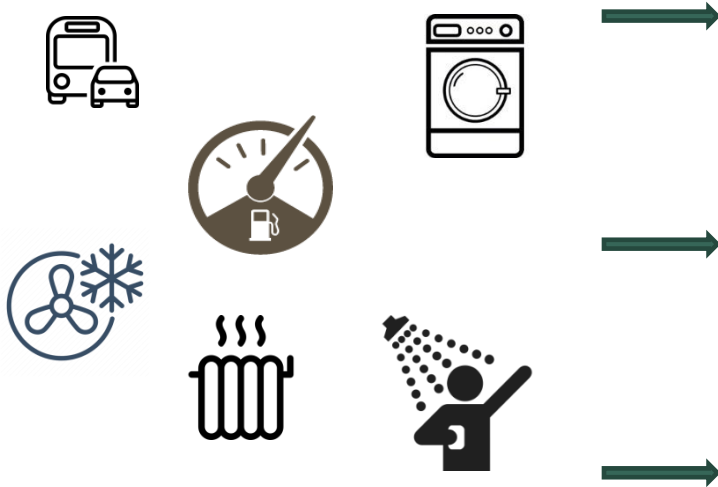
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DAILY CONSUMPTION PATTERNS HAVE IMPORTANT ENERGY IMPLICATIONS

Largest energy end uses by sector in selected IEA countries, 2018

Note: selected IEA countries. Data for 2018.

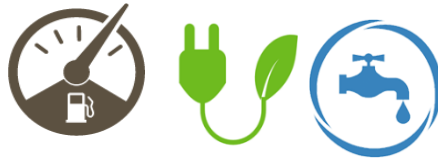Source: IEA(2020), IEA Energy Efficiency Indicators

ACHIEVING CARBON NEUTRALITY REQUIRES LARGE-SCALE CHANGES IN HOW WE CONSUME AND PRODUCE EVERYTHING

What changes are needed in individual and household behaviour and investment?

Investment in more efficient housing and transport options

Efficient resource use: fuel, power, water

Low-carbon mobility: walking, cycling, public transport

HOW CAN BEHAVIOURAL INSIGHTS INFORM POLICY-MAKING FOR SUSTAINABLE BEHAVIOUR CHANGE?

1. Identify **drivers** of individual behaviour

What (behavioural, market, policy) mechanisms affect **energy consumption** and associated decisions?

2. Identify **barriers** to sustainable behaviour

What **(behavioural, market, policy) barriers**
- …prevent **flexible and efficient energy use**?
- …hinder **investment** in energy efficient renovations, renewable energy, electric vehicles?
- …block the uptake of **sustainable mobility**?

3. Shape **policy solutions:**

- **Price signals:** environmental taxation, energy price design, emissions trading…
- **Regulation:** fuel and energy efficiency standards…
- **Information** provision and **other behavioural interventions** ('nudges')

BARRIERS AND DRIVERS OF SUSTAINABLE ENERGY CONSUMPTION AND INVESTMENTS ARE COMPLEX

Behavioural mechanisms

- Habits
- Lack of awareness
- Social norms
- Time inconsistency
- …

Policy misalignments

- *Unpriced environmental externalities*: missing or low carbon prices; inconsistent energy taxes…
- *Environmentally harmful incentives*: tax credits for corporate cars; fossil fuel subsidies
- …

Market / context features

- Complex energy price design and energy bills
- Urban design and infrastructure: bike lanes, public transport frequency…
- Not-yet-mature markets for sustainable options (efficient housing…)

➡ Behavioural insights can help, but we cannot expect behavioural interventions *only* to solve *everything*!

THE URGENCY OF CLIMATE ACTION REQUIRES A BROAD POLICY MIX TO SUPPORT BEHAVIOUR CHANGE

Price signals

- Environmental taxation, including carbon taxes / carbon emissions trading
- Energy price design,
- Removal of environmentally harmful subsidies
- Urban policies: pollution pricing and congestion pricing

Regulation

- Fuel and energy efficiency standards
- Phase-out date for fossil-based technologies: ICE cars, gas boilers…
- Urban policies: limited traffic zones, stricter speed limits

Information provision and **other behavioural interventions** ('nudges')

- Labelling: energy efficiency, fuel efficiency, sustainable product sourcing…
- Feedback provision (from energy utilities): smart meters, home energy reports
- Smart defaults for product specifications and standards

Insights from behavioural sciences can inform design of all policy efforts

THANK YOU

About behavioural insights for energy policy:
- IEA (2021), The Potential of Behavioural Interventions for Optimising Energy Use at Home
- IEA and Users TCP (2020), Behavioural insights and demand-side energy policy: an environment scan
- OECD (2017), Tackling Environmental Problems with the Help of Behavioural Insights