

Energy-sector Behavioural Insights Platform

An IEA Demand Side Management TCP Task Zero Draft Concept Note

Matters for the ExCo

- **Consideration** of the rationale, aims and objectives of this research concept note.
- **Expressions of interest** to collaborate in developing a full proposal for agreement at the next ExCo meeting. The proposal was initially raised at the recent joint IEA/IPEEC/G20 workshop on behaviour change for energy efficiency, at which Ireland (SEAI) and the US (NREL) presented on behavioural insights. UK behavioural insights capacity (through Ofgem) were also present. Both countries are interested. Non-DSM TCP members also showed interest (Japan, Canada, Saudi Arabia and Argentina in particular, and in that order) as well as the IEA and OECD Secretariats.
- **Approval** to progress this project to full proposal at the next ExCo meeting.

Background

This note is a zero draft concept note, prepared following the joint IEA/IPEEC/G20 workshop on behaviour change for energy efficiency on 12th September 2018. Participants at the workshop expressed interest in taking forward work on behavioural insights through the IEA Demand Side Management Technology Collaboration Programme (DSM TCP). A lead country or group of leading countries would need to take forward the concept note and develop it into a Task Proposal at the next ExCo meeting.

Motivation

The motivation for this Task comes from two directions: firstly, the clear need for more policy action to meet governments' energy policy objectives, particularly in the realms of energy efficiency; and secondly, the benefits that could be gained from sharing experiences in the application of behavioural insights in the energy sector.

IEA analysis¹ has consistently shown the value of action on energy efficiency to the cost-effective achievement of policy objectives, whether they be related to economic development, energy security, climate change, fuel poverty or local air pollution. However, much of the cost-effective potential remains untapped. Insights into the behaviour of people when they interact with the energy sector can help to improve policies aimed at increasing the take-up of energy efficient technologies; changing the way in which people use energy-consuming technologies; and influencing lifestyle choices that have implications for energy use. Beyond energy efficiency, behavioural insights can help in the design and implementation of policies and regulatory frameworks aimed at improving the take-up of incentives among fuel-poor households, encouraging consumers to provide flexibility services to electricity grids and encouraging consumers to switch energy suppliers.

Over the last decade, a number of countries have set up Behavioural Insights teams to work on the application of the lessons from behavioural economics and psychology to the development and implementation of government policies. These teams have been drawing upon empirically verified research into phenomena such as loss aversion, bounded rationality, optimism bias, social norming, habitual behaviour and hyperbolic discounting. International fora to share information on Behavioural Insights exist through the BX conference series and the OECD's work in this area,

¹ For example, Energy Efficiency 2017, <https://webstore.iea.org/market-report-series-energy-efficiency-2017-pdf>

however there is no international forum specifically devoted to energy-related issues in the area of energy-related behavioural insights, with BECC and BEHAVE, covering a broader field of behavioural interventions. All of these fora would be useful organisations to develop links with for the dissemination of results and potentially to use as bases for Task meetings.

Collaborative behavioural research at the international level in the energy field is currently being undertaken through the DSM TCP (Task 24), which takes a behavioural social ecology approach to influencing behaviour changers. Given the wide range of potential approaches to behaviour change, there is room for a number of Tasks in the area of behaviour to be undertaken through the DSM TCP. This proposed Task, would focus on the application of behavioural economics and psychology (in the main), with an emphasis on empirical research to identify what is working and why.

Aims and Objectives

The primary aim of the Task would be to enable participating countries to improve policy outcomes by applying lessons learned from collaboration with other countries. The objectives could contain the following elements, all of which were raised at the joint workshop:

- **Share experiences and expertise**

The Platform would provide Government officials and associated research institutes with a dedicated space to learn from each other's programmes and research.

- **Develop guidance**

Based upon the learning from each other's programmes and research, develop guidance for the application of behavioural insights in the energy sector, how to run trials and how best to monitor and evaluate outcomes.

- **Original collaborative research**

Develop an international energy behaviours survey, designed to better understand similarities and differences across national boundaries on issues related to energy literacy, for example.

- **Capacity building and dissemination**

Work with the IEA Secretariat to help build capacity in key emerging economies through the Energy Efficiency in Emerging Economies (E4) programme.

Approach

This Task would bring together behavioural insights teams and associated research teams. Participating experts would need to devote time to attend meetings, contribute to the production of outputs and manage the Task.

It is unlikely, although not impossible, that one country could provide the time of an expert in the field to perform the role of Task Operating Agent, organising meetings and workshops, and leading on the production of outputs and reporting. Therefore, the most likely model for this Task would be to pool funds to pay for an Operating Agent and other inputs, as required.

The Task would run for an initial period of [three] years and has the potential to be a longer-running Annex, a kind of mini-TCP in its own right. Its longevity would depend upon the motivation of Task participants, the quality of the collaboration and the need for further international collaborative research in this area.

Meetings of the Task's participants could be arranged alongside other international events, such as the BX Conference and OECD workshops, which cover behavioural insights across the policy agenda, and conferences such as BECC and BEHAVE, which look at energy issues from a wide range of behavioural angles.

An initial workshop, co-hosted with the IEA could be held in early 2018 with the aim of bringing the development of the full proposal to fruition by the time of the next DSM TCP ExCo meeting.

Expectations / Results

Depending on the nature of the collaborative research, the following results could be possible:

- Better policy making as a result of learning from other countries' experiences and the input of a wide range of expertise
- A report detailing case studies from participating countries
- Guidance on how to apply behavioural insights in the energy sector, how to run trials and how to monitor and evaluate interventions
- Survey results that enable a better understanding of the contextual factors affecting the application of behavioural insights in different countries
- More capacity to apply behavioural insights to policy making in key emerging economies and the G20 through collaboration with the Energy Efficiency Leading Programme and the IEA's E4 programme.
- High quality and accessible dissemination of messages from the research through social media, linking with the IEA's communications team if possible.