

CONFIDENCE OF UK ENERGY EFFICIENCY SECTOR AT LOWEST IN FOUR YEARS

2 June 2016, London – Supply-side confidence in the UK’s energy efficiency sector has hit a four-year low. The latest issue of the UK *Energy Efficiency Trends* report (Volume 15, published today) shows confidence dropping in the first quarter of 2016 by four points, dipping into the red for the first time since publication commenced in 2012.

High efficiency lighting suppliers can however take comfort from the report’s consumer respondents as they highlighted a 14-point increase in the uptake of lighting technologies in Q1 2016 over the previous four quarter average.

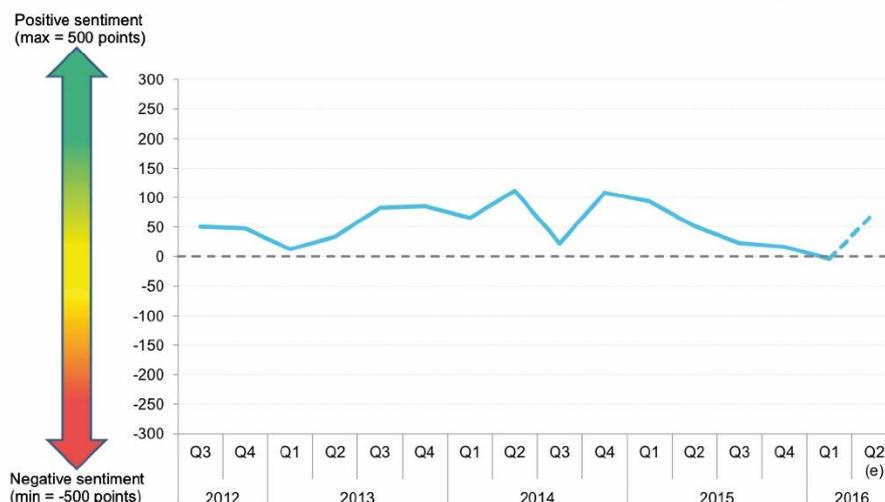
Market trends overview

- Supply-side confidence has declined four points and is at its lowest point since 2012, predominantly resulting from a fall in national orders and the government’s management of energy efficiency policy.
- High efficiency lighting is still growing in popularity and has been included in eight out of 10 energy saving projects.
- The long term trend of lower capital cost projects continued with a median spend of c£47k per project, the lowest level during the four-year reporting period.
- The median payback period has tightened further, now standing at three years.

Download the full report here: <http://www.energyefficiencytrends.co.uk>

Volume 15 of the *Energy Efficiency Trends* report assessed consumer and supplier market activity in the first quarter of 2016 (January - March). The report is a tale of two sectors: supply-side graphs evidence a decline in market and government confidence. The market monitor, which combines trends in supplier order books, staffing levels, sale prices and government action, fell by 21 points to -4. (Fig 1, below)

Figure 1: Market Monitor – tracking industry confidence, Q3 2012 – Q2 2016(e)



Source: EEVS, BNEF. Note: based on weighted confidence indicators from Figures 3, 4, 5, 6, and 9. Zero represents neutrality. 500/-500 indicate the maximum degrees of positive/negative sentiment possible.

The decline was largely the result of a continued downward trend in national orders (Fig 3, see full report). Overseas orders also fell slightly, echoing overseas Q1 experience in all previous years (Fig 4, see full report).

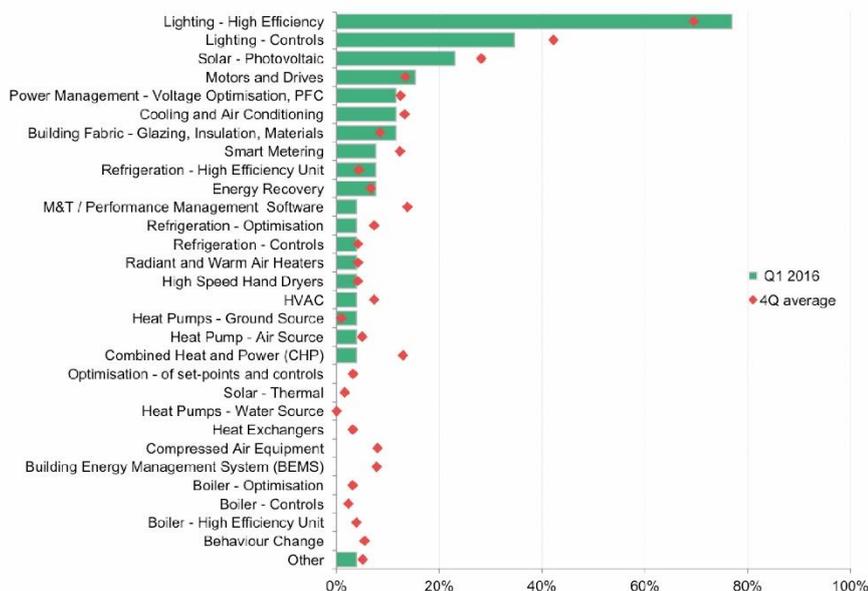
Both staff numbers and sale prices were relatively stable (Fig 5 and 6, see full report) but confidence with regard to the government’s management of energy efficiency dipped by 85 points (Fig 9, see full report).

Consumer respondents painted a more optimistic picture for suppliers of high efficiency lighting, with eight out of 10 projects incorporating this technology. The uptake of high efficiency lighting was slightly reduced from Q4 2016, but was 14 points higher than the 2015 average. Lighting controls continued as the second choice technology with Solar PV in third place. Energy efficient motors and drives was the fourth choice and showed stable growth in Q1. (Fig 11 and Fig 12, see below)

Other technologies/materials that are exceeding the 2015 average include:

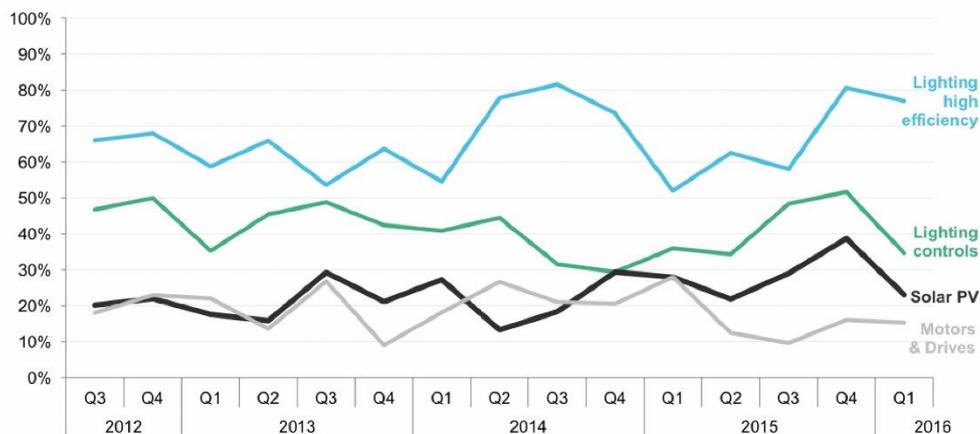
- building fabric interventions (glazing, insulation etc.)
- high energy efficiency refrigeration
- energy recovery

Figure 11: Uptake of energy efficiency technologies, Q1 2016 v four-quarter average



Source: EEVS, BNEF. Note: ranks technologies according to the proportion of consumers who commissioned a project in each technology out of the overall number of consumers commissioning projects. PFC = power factor correction.

Figure 12: Trends in top technologies for consumer uptake, Q3 2012 – Q3 2015



Source: EEVS, BNEF. Note: shows the proportion of respondents who commissioned a project in the respective category out of the total number of respondents who commissioned a project.

Commenting on the findings, Ian Jeffries, Director at EEVS, said:

“Clearly it’s been a very difficult quarter for suppliers of energy efficiency services. Consumers appear to have tightened their belts of late and not only has this meant declining orders, but those orders made were materially smaller than before.

“Customers are also demanding shorter paybacks from their investments, which must be adding further pressure on the bottom line for many suppliers.

“The exception to this rule was high efficiency lighting, however, which appears to continue on its upward trajectory regardless.”

Richard Singleton, Managing Director, Corporate, at Bellrock said:

“As a UK-based business with international clients, the uncertainty reflected in the report over the potential Brexit is certainly reflected by our own experience. Decision-making is stagnating, and not just for energy efficiency projects, although this is not as true for our healthcare and education sector clients.

“We often experience a similar but more wide-reaching slow down, coming up to a general election, however unlike an election there are ramifications beyond the decision from the referendum. The long term trend for lower capital projects will probably continue therefore, until such a time as there is confidence in the clarity for trade and stability for the economy in general.”

About the report

Compiled from the results of a confidential, quarterly consumer and supplier survey, the UK *Energy Efficiency Trends* Report evidences industry trends and has become one of the sector’s leading sources of market intelligence.

The report is delivered by a research partnership between EEVS and Bloomberg New Energy Finance, and is supported by Bird & Bird and Bellrock.

Download the full report here: <http://www.energyefficiencytrends.co.uk>

Call for new respondents

New respondents are always needed to complete the survey. The ideal respondents fall into two categories:

- Directors within energy efficiency supply, consultancy and finance organisations
- Those responsible for reducing energy consumption within their own organisations

There is no restriction on size of organisation. Those interested in taking part in the next survey can register using this link: <http://www.energyefficiencytrends.co.uk>

ENDS

Download the graphs in this press release using the following links:

- Figure 1 – <http://app.prmx.co.uk/collateral/100306.jpg>
- Figure 11 – <http://app.prmx.co.uk/collateral/100307.jpg>
- Figure 12 – <http://app.prmx.co.uk/collateral/100308.jpg>
- Front cover – <http://app.prmx.co.uk/collateral/100314.jpg>

Contact

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Editors’ Notes

The Energy Efficiency Trends Survey (Vol.15) was conducted between 19 April and 13 May 2016 and completed by 62 UK-based respondents.

The insight it provides is helping to transform levels of transparency and understanding within the sector – as well as supporting better, faster, more confident decision making in relation to commercial energy saving investments.

The analysis is produced quarterly, based on survey feedback from a wide range of commercial consumers and suppliers of energy efficiency.

The survey is delivered by EEVS and Bloomberg New Energy Finance and is supported by:

- Bird & Bird – international law firm with a specialism in the energy and utilities sector
- Bellrock – providing property and facilities management services to over 40,000 retail, commercial and public sector properties throughout the UK

EEVS is a leading global provider of performance assurance, analysis and information in relation to energy efficiency. This includes working with clients to devise and develop: performance management systems and strategies; procurement policies and tender evaluations; due diligence on performance contracts and guarantees; performance and financial risk analysis. Alongside this, an established team of energy analysts provides high quality, independent Measurement and Verification (M&V) services for all sizes and types of energy saving project. Since 2011 this team has evaluated the savings performance of over 400 schemes to the global good practice standard, IPMVP.

www.eevs.co.uk

Bloomberg New Energy Finance is the definitive source of insight, data and news on the transformation of the energy sector. BNEF has a staff of more than 200 based in key finance centres worldwide including London, New York, Beijing, New Delhi, São Paulo and Tokyo.

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