

ENERGY MANAGEMENT SECTOR: “UK MUST ‘REMAIN’ OR BRACE FOR ENERGY PRICE HIKES”

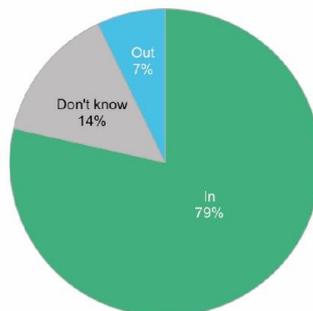
2 June 2016, London – The latest issue of the UK Energy Efficiency Trends report (Volume 15,) shows overriding support to remain within the EU from the energy management sector, with suppliers and consumers particularly concerned that energy prices would rise if the referendum results in a Brexit.

Consumers expressed concerns that the cost of buying energy saving technologies may also rise and that the potential roll back of EU-led policy initiatives by UK governments could increase uncertainty and undermine the business case for energy efficiency investments.

The report asked energy efficiency suppliers and consumers what Brexit outcome was in the best interests of the energy efficiency sector (see Fig 23, Fig 27).

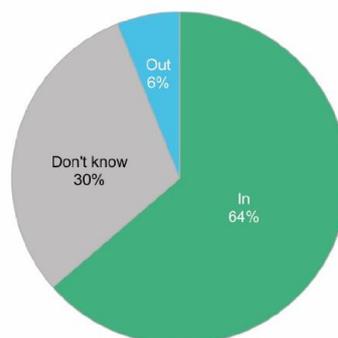
- Suppliers were overwhelmingly in support of an ‘in’ vote (79%) with 14% undecided and 7% opting for ‘out’.
- Consumer respondents were less certain, with 64% ‘in’, 30% undecided, and just 6% opting for ‘out’.

Figure 23: Overall, what outcome of the ‘brexit’ would you consider to be in the best interests of the energy efficiency sector?



Source: EEVS, BNEF. Note: the graph only represents UK-based respondents (consistent with the rest of the report), however it is worth noting that of the 14 non-UK based supplier respondents to the survey, none said that an exit would benefit the sector. 57% consider it in the sector's best interests for the UK to remain in the EU, whilst the remainder responded with 'Don't know or too early to tell'.

Figure 27: Overall, what outcome of the ‘brexit’ would you consider to be in the best interests of the energy efficiency sector?



Source: EEVS, BNEF

When asked about the potential impacts of a Brexit, 57% of supplier respondents would expect UK energy prices to rise; 42% of consumer respondents also anticipated energy price rises.

Both suppliers and consumers were broadly positive about the impact of EU policy initiatives on the UK's uptake of commercial sector energy efficiency initiatives. On the supply side, respondents agreed that the following EU policies had had a positive impact:

- Display Energy Certificates (68%)
- Energy Performance Certificates (68%)
- Energy Savings Opportunity Scheme (76%)
- EU Emissions Trading Scheme (61%)

When asked the same question, commercial sector energy efficiency consumers were also generally positive, although slightly less markedly, giving the following responses:

- Display Energy Certificates (61%)
- Energy Performance Certificates (67%)
- Energy Savings Opportunity Scheme (48%)*
- EU Emissions Trading Scheme (48%)*

*NB: Of the remaining 52% in both cases, the majority stated they didn't know if these policy initiatives had increased the uptake of energy efficiency, suggesting a neutral view.

The report showed that uncertainty around Brexit had impacted 60% of supplier respondents' business investment decisions but had no impact on EU-based orders, staff recruitment or sale prices.

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

"From this research we see that the UK energy management sector has planted itself firmly in the 'remain' camp on the Brexit debate.

"As well as an expectation that 'leave' would drive up the capital cost of energy saving technologies for consumers and lead to higher energy prices for all, both suppliers and consumers were fearful that the UK government's poor record on energy efficiency would see well-established and popular EU policies that support energy efficiency, such as energy performance certificates in buildings, being scrapped to the detriment of the sector.

"With less than 7% of respondents supportive of a UK exit from the EU – and with political and economic uncertainties already reported to be holding back investment in energy efficiency schemes – from this research the energy management industry's stance on Brexit is an overwhelming 'remain'."

Michael Rudd, partner specialising in energy management at international law firm Bird & Bird, said:

"The EU has played a key role in energy management to date, through setting targets and legislating to improve energy efficiency in buildings and products.

"It has also provided some certainty in the energy management sector and contributed to investors' confidence; the intangible effect on investor confidence may be the most important consequence of any Brexit.

"Some are concerned that Brexit could lead to the UK government moving away from new law or policy requiring energy management improvements, certainly when faced with criticisms from certain stakeholders regarding the current policy framework (e.g. excessive "red tape").

"Others argue that a Brexit could result in the UK government and industry supporting and possibly requiring further energy efficiency improvements, perhaps as the government pulls further back from subsidising renewable generation.

"We are seeing growing momentum in the market now, regardless of the Brexit referendum; driven in part by the UK's proactive energy consumers and other key stakeholders, but also by commercial requirements and the business impact of (high) energy costs.

"Our view is that the competitiveness of UK industry demands higher energy productivity, whether Britain remains in the EU or not."

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."

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 links below:

- Figure 23 – <http://app.pymax.co.uk/collateral/100312.jpg>
- Figure 27 – <http://app.pymax.co.uk/collateral/100313.jpg>
- Front cover – <http://app.pymax.co.uk/collateral/100314.jpg>

Contact

To find out more, please visit www.energyefficiencytrends.co.uk or follow the EEVS team on Twitter @EEVSInsight. Alternatively, please contact Adrienne Robins at Green Tiger Communications:

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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

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