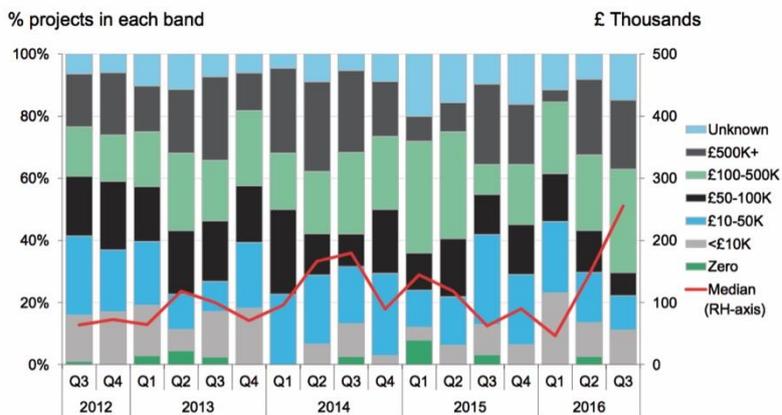


Report indicates post-Brexit rise in energy efficiency spend

21 November 2016, London – A rise in the number of respondents undertaking larger scale energy efficiency projects has been highlighted in the latest *UK Energy Efficiency Trends* report. Published today by EEVS Insight and Bloomberg New Energy Finance, the report shows a sharp increase in consumers undertaking projects over £100,000, rising to 56% in Q3 2016 compared to 27% in Q1.

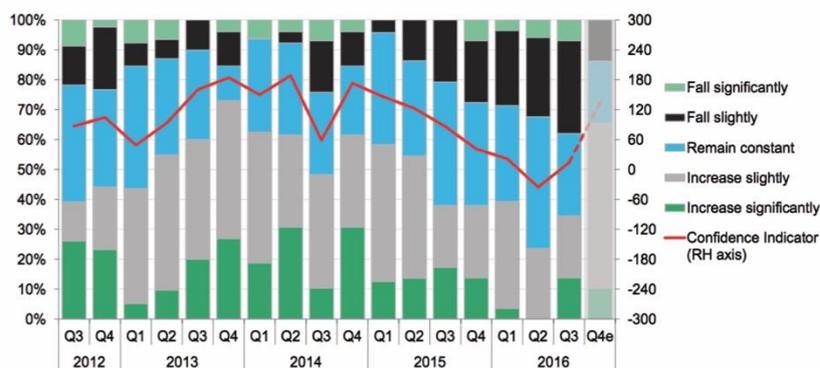
This increase in order value has been echoed by suppliers, with 14% reporting a significant increase in orders in Q3 2016, compared to 0% reporting a significant increase in Q2 2016, and 4% in Q1 2016, giving some cause for optimism following the Brexit vote in May.

Figure 15: Trends in capital costs, Q3 2012 – Q3 2016



Source: EEVS, BNEF. Note: the line shows the cost trend for energy efficiency projects over time based on the estimated median.

Figure 3: Trends in orders from national customers, Q3 2012 – Q4 2016(e)



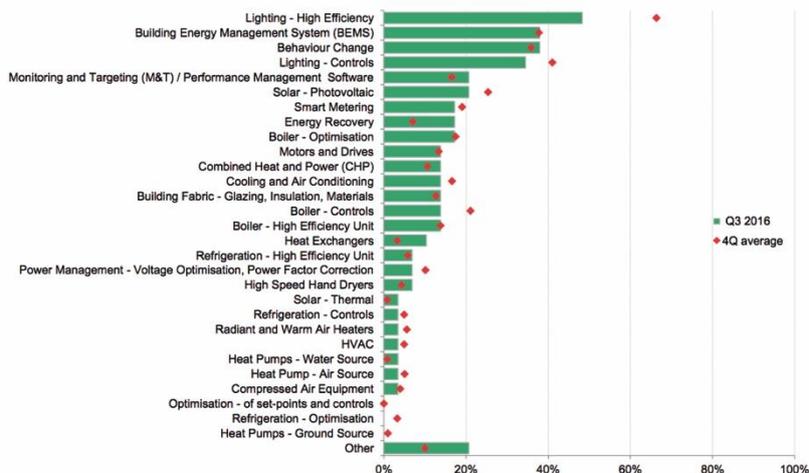
Source: EEVS, BNEF. Note: the confidence indicator is an input to the market monitor in Figure 1. Zero represents neutrality. 500/-500 indicate the maximum degrees of positive/negative sentiment possible.

Consumer technologies

Of the technologies being used, high efficiency lighting has retained the top spot but is starting to lose ground to other technologies and measures. Within the last six months Building and Energy Management Systems (BEMS) were used within 43% of the projects undertaken by consumer-side respondents,

compared to 32% in the 6 months previous. In contrast the uptake of high efficiency lighting within commissioned projects has dropped to 48% in Q3 2016, compared to a four quarter average of 66%.

Figure 11: Uptake of energy efficiency technologies, Q3 2016 v four-quarter average

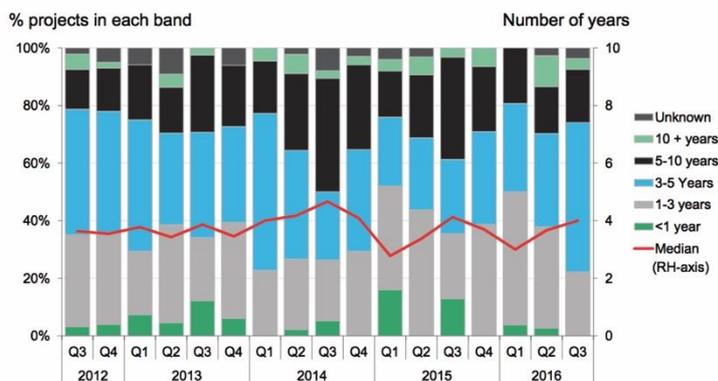


Source: EEVS, BNEF. Note: ranks technologies according to the proportion of consumers who commissioned a project in each technology out of the overall number of consumers commissioning projects.

Consumer finance

Payback expectations have continued to loosen, possibly as a result of the move towards other technologies at the expense of faster payback high efficiency lighting. Our estimate of the median reported payback is now approaching 4 years. This quarter (Q3 2016) saw the largest volume of projects within the 3-5 year payback banding. By contrast shorter (up to 3 year) payback projects continued to contract.

Figure 17: Trends in expected payback periods, Q3 2012 – Q3 2016



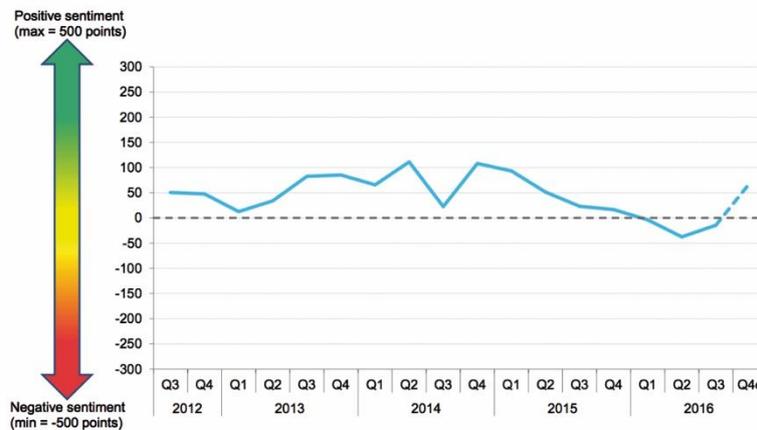
Source: EEVS, BNEF. Note: the line shows the expected payback trend for energy efficiency projects based on the estimated median.

Finance matters remained largely stable in Q3 2016, albeit with a slight uptick in organisations using external finance. Broadly, the long term trend for a 70/30 split between use of in-house capital and third-party finance respectively was sustained. Full third-party financed projects remain a very small proportion of the whole at 7% in Q3 2016.

Supplier landscape

Amongst energy efficiency suppliers responding to the survey, supply-side industry confidence recovered slightly from the previous quarter but remains in negative territory. The market monitor – which combines trends in supplier order books, staffing levels, sales prices and government action – improved from -38 to 14 points, perhaps a relaxation from the initial shock of the Brexit vote.

Figure 1: Market Monitor – tracking industry confidence, Q3 2012 – Q4 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.

In contrast, confidence in respect of the government’s management of energy efficiency policy has dropped to its lowest level since the survey began, perhaps influenced by a recent decline in sentiment regarding the government’s management of the wider economy.

Ian Jeffries, Director of Advisory Services at EEVS, commented:

“In the run up to the Brexit vote, uncertainty and a prudent ‘wait-and-see’ attitude contributed to particularly low levels of consumer spending within the sector. Today, in a post-Brexit environment, uncertainty in relation to the economic impacts of Brexit look to have precipitated an increase in spend. In the short term, this will of course be tremendous news for suppliers, but such volatility does point to the prospect of bumpy ride in the months and years to come as the political and economic realities of implementing a form of Brexit crystallise within the energy efficiency marketplace”.

Richard Singleton, Group Strategic Assets Director Bellrock, commented:

"Brexit has undoubtedly created uncertainty. As a provider of property and facilities management services we are seeing a renewed focus on cost savings, particularly for those organisations affected by the adverse exchange rates. Energy is one area where organisations can reduce overhead costs and deliver straight to the bottom line".

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, Bellrock and Minimise Energy.

Volume 17 Q3 2016 features a special report on ‘Innovation in Energy Efficiency’ and commentary from Professor Paul Ruyssevelt, UCL (University College London) Energy Institute’s Chair in Energy and Building Performance.

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

To find out more, please visit www.energyefficiencytrends.co.uk or follow the EEVS team on Twitter @EEVSInsight. Alternatively, please contact Lara Slavin at APC Technology Group plc:

Tel: 0330 313 3266. Email: press@apcplc.com

Editors' Notes

The Energy Efficiency Trends Survey (Vol.17) was conducted between 04 October and 04 November 2016 and completed by 65 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
- Minimise Energy – providing clients with the manufacture, supply and installation of innovative energy efficiency technologies

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 hundreds of energy efficiency projects to the global good practice standard, IPMVP.

www.eevs.co.uk

Bloomberg New Energy Finance (BNEF) is an industry research firm focused on helping energy professionals generate opportunities. With a team of 200 experts spread across six continents, BNEF provides independent analysis and insight, enabling decision-makers navigate change in an evolving energy economy.

Leveraging the most sophisticated new energy data sets in the world, BNEF synthesizes proprietary data into astute narratives that frame the financial, economic and policy implications of emerging energy technologies.

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