

Report shows surge in energy efficiency projects

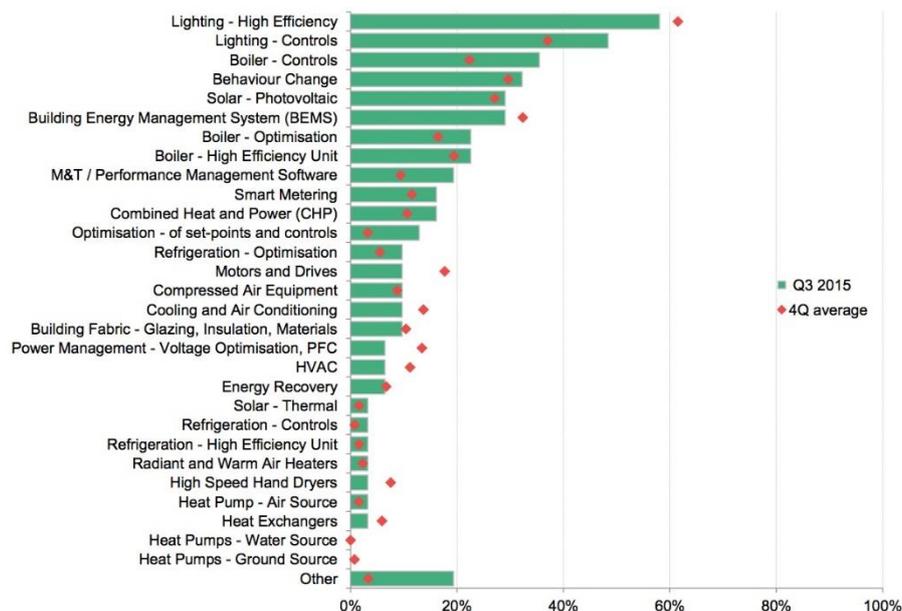
21 January 2016, London – A surge in the number of energy efficiency projects commissioned has been reported in the latest UK *Energy Efficiency Trends* report published by EEVS energy analysts and Bloomberg New Energy Finance today.

Over 80% of those responding to the survey confirmed they had authorised new programmes in Q3 of 2015. This is the highest proportion of new projects recorded in a single quarter since the survey began in 2012. It also shows a significant uptick in commissioning, exceeding the long term trend of c70%.

Consumer technologies

Of the technologies being used, lighting continues to outperform other energy saving technologies (Figure 11, below). The specification and use of lighting controls grew, with a noticeable increase during Q3. Boiler controls also experienced growth, perhaps due to seasonal influences, as did projects that included efficiency measures to a building's fabric. There was a fall in the number of measures specified for heating, ventilating and air conditioning systems.

Figure 11: Uptake of energy efficiency technologies, Q3 2015 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.

Click here to download this graph: <http://app.prmx.co.uk/collateral/92568.jpg>

Consumer finance

Survey responses showed that the capital cost profile of energy efficiency projects remained volatile. Q3 saw a strong volume of smaller scale projects (up to £50k) and large projects (over £500k), but the core mid-range (£50 – 500k) was down, accounting for only one in five projects.

Financing arrangements remained stable, but a trend that has emerged throughout 2015 has been the use of combination funding (a mix of in-house and external finance).

Financial payback periods returned to the long term trend of between three and four years, driven by a growth in longer five to 10-year payback projects.

Supplier landscape

Energy efficiency suppliers reporting rising national orders dropped to an all-time low in Q3, whilst overseas orders picked up for 28% of respondents. Supplier demand however remained the biggest single sectoral concern at 31%. When combined, however, 35% of suppliers were concerned about government impacts on performance, with regulation (14%) and subsidy/policy uncertainty (21%).

Corroborating these findings, Jason Thackray, Head of Energy Services at Bellrock FM, said: "In the last six months there has been significantly more interest in energy reduction technologies across the supply chain. This is a really encouraging sign that organisations are focusing on energy and therefore carbon reduction. Bellrock works closely with the supply chain to ensure our clients get the best possible return on investment."

David Lewis, marketing manager, energy efficiency, Schneider Electric said:

"It is clear from this report that uncertainty around subsidies and policies exists and this remains a key challenge for the energy efficiency industry. More than this, however, it supports the argument for greater education of existing personnel within organisations, and improved optimisation of existing energy assets, alongside capital investment in technologies and services. In order to successfully fuel continued growth in energy efficiency projects, suppliers must enable greater use of information across their products and services, ensuring that businesses are equipped to make better decisions of an investment or operational nature when it comes to energy consumption."

Commenting on the findings, Ian Jeffries, Head of Performance Management at EEVS, said:

"This set of quarterly market results points to something of a 'a tale of two sectors'.

"On the one hand we have bullish consumers reporting an upbeat set of results and, in particular, an 82% commissioning rate for new energy saving products and services.

"On the other hand, this buoyancy has not trickled down to our supplier respondents that posted a largely downbeat set of results driven by flat domestic sales and continued concerns over future demand, alongside what is increasingly felt to be an unsupportive policy and regulatory landscape.

"Taken together - and bearing in mind the wider macro-economic picture and major global uncertainties that will also influence respondents – it is clear that there is a raft of business uncertainties to deal with. Now could be a good time to be on the consumer side of the tracks."

Of the consumer opportunity, Michael Rudd, co-head of the International Energy Management Team at Bird & Bird LLP, said:

"The private sector in the UK is pioneering the delivery of energy management solutions. Funders are creating multiple, increasingly sophisticated funding products – there is good, available money in the energy efficiency space. Together with progress in creating bankable project income streams, bespoke insurance products and commoditisation of contractual documents, we are creating a very accessible energy management industry."

Compiled from the results of a confidential, quarterly industry survey, the UK *Energy Efficiency Trends* Report clearly evidences industry trends and has become one of the sector's leading sources of market intelligence. The report covers both energy suppliers and consumers, providing differentiated results for each market sector.

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

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

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 organisations
- Those responsible for reducing energy consumption within 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/join-community.html>

Ends

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.13) was conducted between 14 October and 14 December 2015 and was completed by 67 UK-based energy and other senior managers (38 consumer organisations and 29 suppliers). Their answers related to the situation from the third calendar quarter of 2015.

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
- Schneider Electric – a global specialist in energy management improving energy efficiency and performance in more than 100 countries

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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