

Report shows surge in solar and lighting investments, while consumers push for stronger proof of energy saving performance

22 March 2016, London – The latest issue of the UK *Energy Efficiency Trends* report (Volume 14) identified a jump in both solar generation and lighting projects as well as a material uptick in use of performance measurement during the final quarter of 2015.

Market trends overview

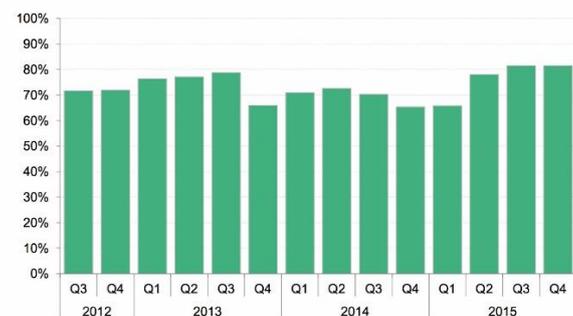
- Eight out of 10 consumers reported undertaking energy saving projects in Q4, a modest increase on the long term trend.
- Lighting-based technologies continue to dominate, with 8 out of 10 active consumers choosing to install high efficiency replacements.
- Solar generation saw a jump in uptake, with 4 out of 10 active consumers installing in Q4.
- Typical project spending rose to £90k from a £60k median value.
- Performance measurement saw strong deployment amongst consumers, with a material increase in awareness of good practice performance measurement standards.

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

Volume 14 of the *Energy Efficiency Trends* report assessed consumer and supplier market activity in the fourth and final quarter of 2015 (October - December). The report broadly shows the continuation of key trends reported in Q3.

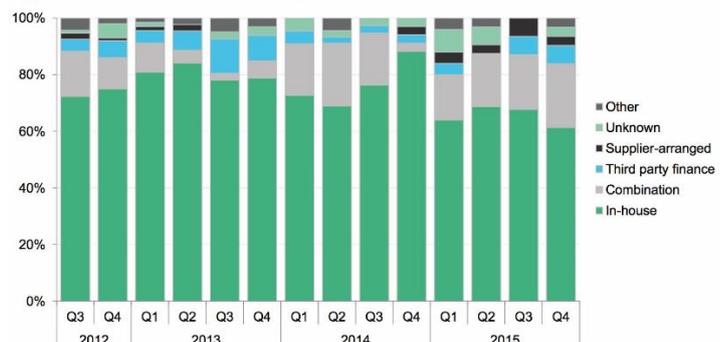
Consumer respondents remained upbeat, taking a positive and progressive overall outlook. The report identified that more than eight out of 10 consumers had commissioned energy efficiency projects during the quarter, up from the long term trend of seven out of 10. (Fig 2)

Figure 2: Consumers commissioning efficiency projects, Q3 2012 – Q4 2015



Source: EEVS, BNEF. Note: shows the proportion of respondents who have commissioned (or plan to commission) projects in a given quarter.

Figure 16: Trends in finance models, Q3 2012 – Q4 2015



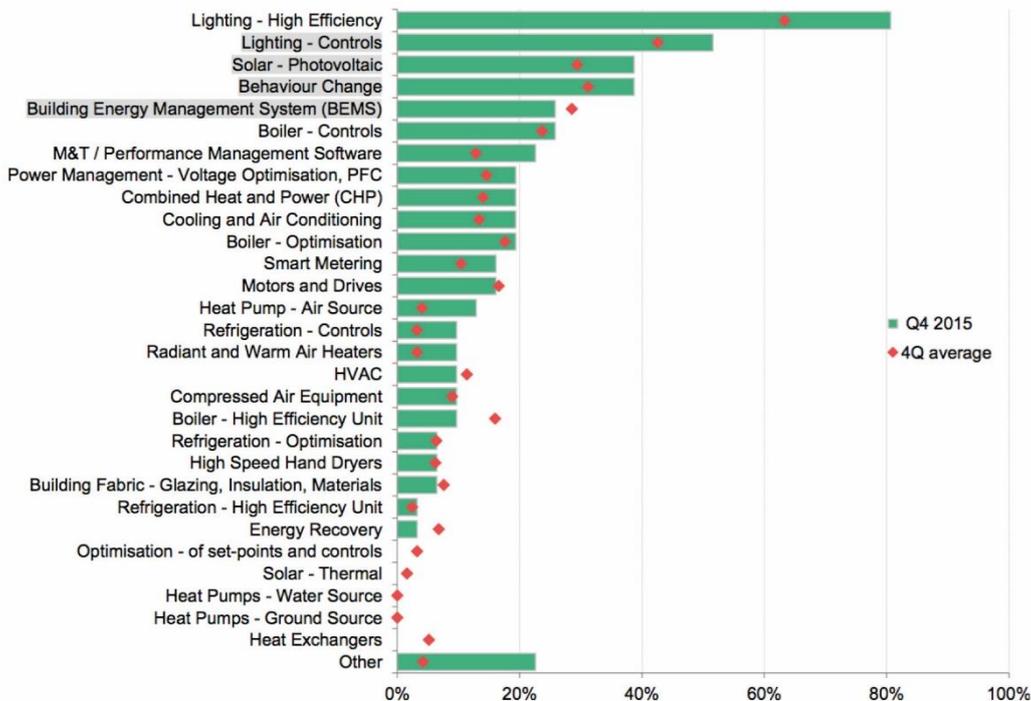
Source: EEVS, BNEF

This growing consumer confidence was reflected in financing terms by the continuation of the emerging trend in the use of combination funding (i.e. in-house and external finance used together). This trend has been reported during 2015 and continued into Q4, with around four out of 10 projects now funded using at least some external finance. (Fig 16)

Q4 saw a material increase in median investment values, which had dipped over 2015, back towards the long-term trend of around £100k per project. Financial payback periods have also largely come back to the long-term trend line following a dip in Q1 and Q2 2015. The median payback was reported in Q4 to be around four years.

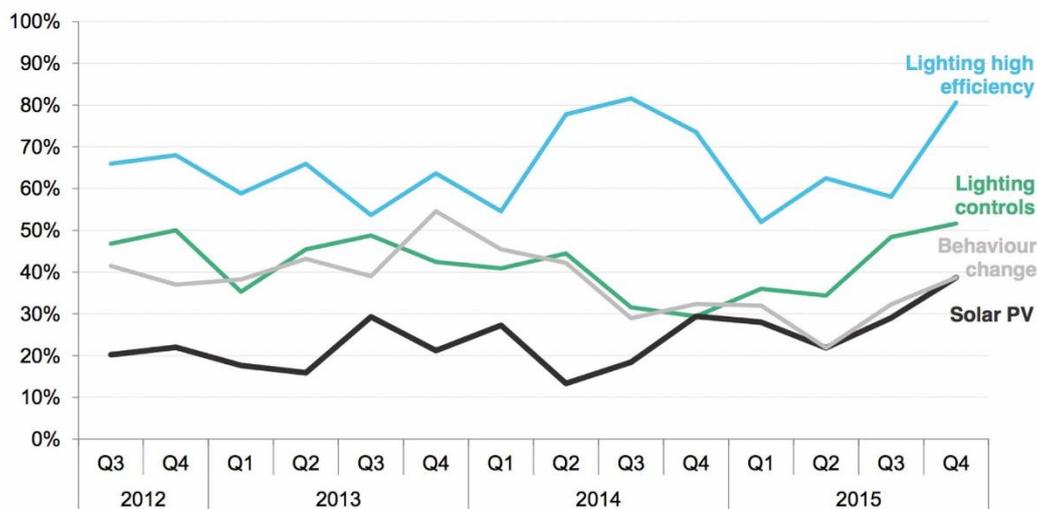
In terms of where this investment is going, lighting-based technologies continued to outperform other energy-saving technologies, with both high efficiency lighting and controls enjoying material increases in Q4. However, there was also a surge in solar PV projects which resulted in this renewable technology moving up the leader board. (Figs 11 and 12)

Figure 11: Uptake of energy efficiency technologies, Q4 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.

Figure 12: Trends in top technologies for consumer uptake, Q3 2012 – Q4 2015

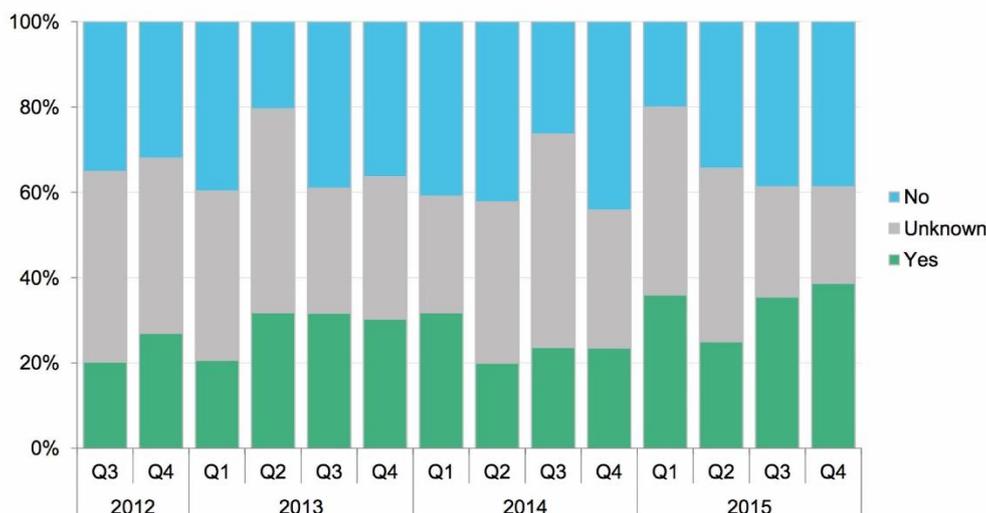


Source: EEVS, BNEF. Note: shows the proportion of respondents who commissioned a project in the respective category out of the total number of respondents who commissioned a project.

Offices (22%) continued to lead the way as the property type most likely to benefit from building upgrades, although with 16 other categories also listed, a wide range of building types are currently benefiting from energy-saving investments.

Use of good practice performance measurement (M&V) saw some interesting changes in the quarter. Not only was there growth in reported use, but also a material decline in respondents reporting that they didn't know if investment saving performance was being measured for their projects. This potentially points to rising levels of M&V awareness within the sector. (Fig 18)

Figure 18: Trends in the use of good practice M&V, Q3 2012 – Q4 2015



Source: EEVS, BNEF. Note: M&V = measurement & verification

By contrast, supplier responses were less buoyant than those of their consumer peers. The market monitor, which combines trends in supplier order books, staffing levels, sale prices and government action, fell for the fourth consecutive quarter. Confidence has been affected by a continued downward trend in national orders, however, overseas orders and sale prices rose, giving overall stability over the year.

A strong trend that emerged over 2015 was a shift away from indifference with regards to the Government's management of energy efficiency policy. Just 7% of respondents cited 'neutral' views in Q4 and there was a material increase in those considering the Government's management of energy efficiency policy as ineffective.

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

"Our final report for 2015 paints something of a mixed picture. Suppliers reported an uphill struggle in Q4 2015, perhaps in response to increasing levels of competition.

"By contrast, demand for energy savings appears strong, with consumers reporting increasing levels of activity, including an uptick in solar activity - perhaps made with an eye to FiTs changes. This focus on renewables could have had a negative impact on energy efficiency investments this quarter, but this did not happen, and lighting technologies in particular enjoyed demand growth.

"A further emergent trend this quarter relates to growth in use of performance measurement and verification (M&V). Largely overlooked by consumers to date, this general growth in awareness levels is very positive; good quality M&V has a critical role to play both in terms of proving investment returns and helping consumers understand the risk profile of larger investments."

Jason Thackray, Head of Energy Services, Bellrock, said:

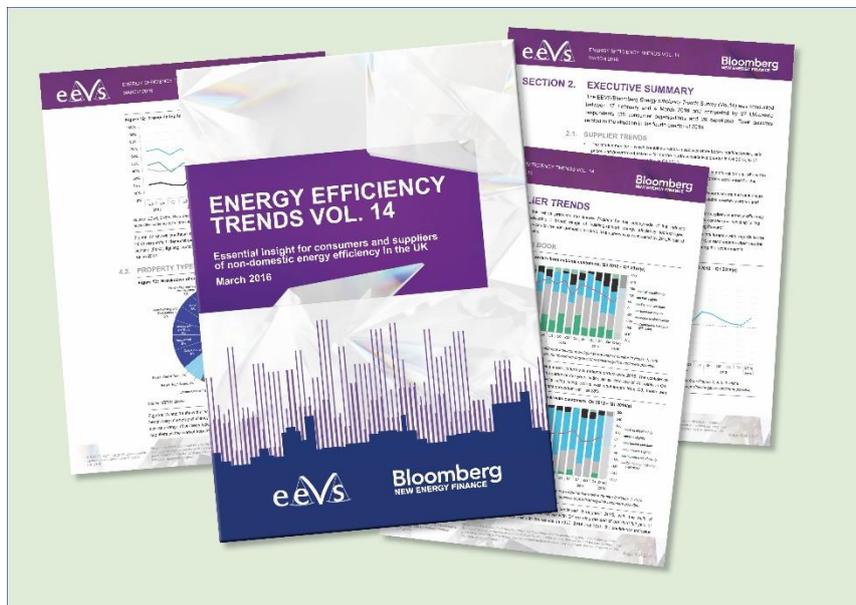
"This report makes particularly interesting reading not least as the conclusions reflect almost four years of data capture.

"Lighting efficiency remains the key focus for capital projects. Although only 4% of commissioned projects are in schools, our experience tells us that these are invaluable opportunities not just for the savings they generate, but also to engage students with a live case study as part of the curriculum and debate the environmental consequences of energy consumption."

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

"It is encouraging to see a continued increase in the commissioning of energy efficiency projects, as well as in the use of external funding - more proof that the energy management market here is moving from strength to strength and is increasingly accessible. We too at Bird & Bird have been extremely busy with solar projects, but also and in line with the trends evidenced in this most recent Energy Efficiency Trends report, have had an extremely busy quarter working on energy management projects. In addition, we are pleased to see strong deployment of performance measurement, to check that investments deliver the expected financial savings and expect such M&V to help justify further investment. Overall, another positive quarter for energy management."

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/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

Download the graphs in this press release using this link

<https://www.dropbox.com/sh/kxdwa99lkxcisp1/AADVTS4sChDO99im7EhBs5Kia?dl=0>

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.14) was conducted between 17 February and 4 March 2016 and completed by 67 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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