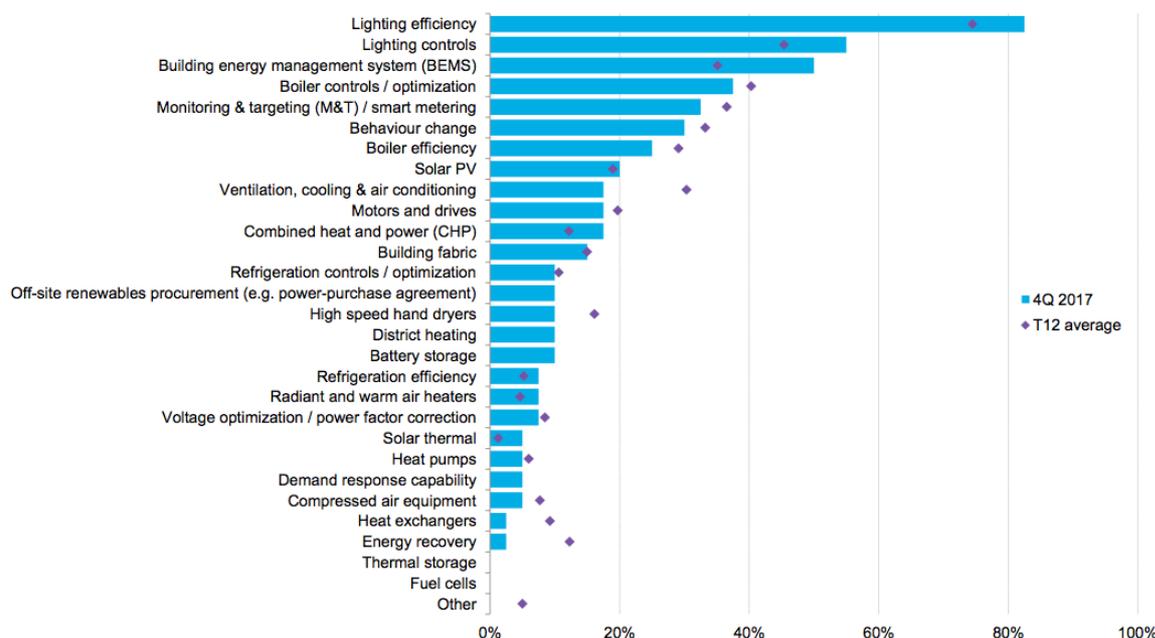


Batteries and lighting technology continue to power energy services amid downturn in sector confidence

27 March 2018, London – Lighting is now part of at least eight out of ten energy efficiency investments according to the most recent quarterly *Energy Efficiency Trends* survey by EEVS Insight and Bloomberg New Energy Finance (see fig. 11). Battery storage technology also saw reasonable uptake, with 10% of consumers using this technology in projects commissioned in Q4 2017. Battery storage, thermal storage and fuel cells are some of the latest additions to the list of technologies monitored in the most recent survey, which reflects on efficiency projects commissioned in the last quarter of 2017.

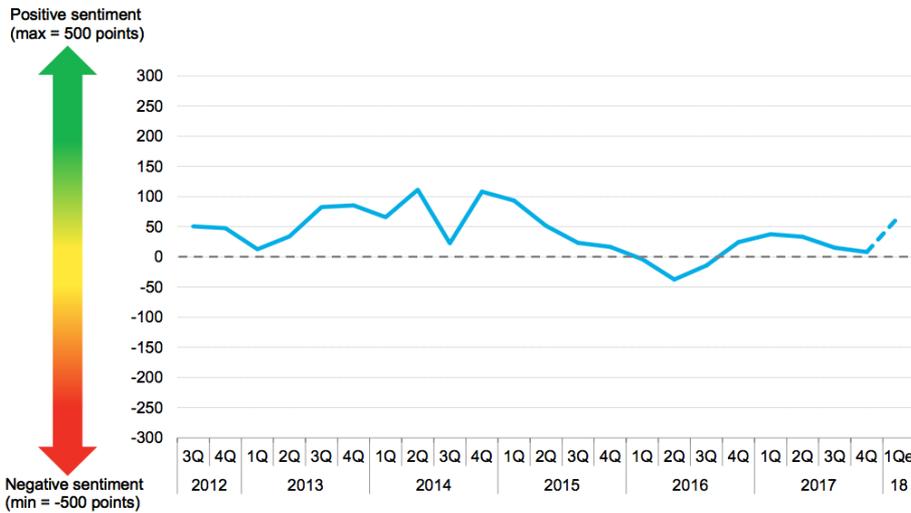
Overall supplier confidence has shown a third quarterly drop and is hovering just above neutrality (see fig 1), possibly linked to a reported drop in consumer purchasing versus the previous four-year period (see fig 2).

Figure 11: Uptake of energy efficiency technologies, 4Q 2017 versus four-quarter average



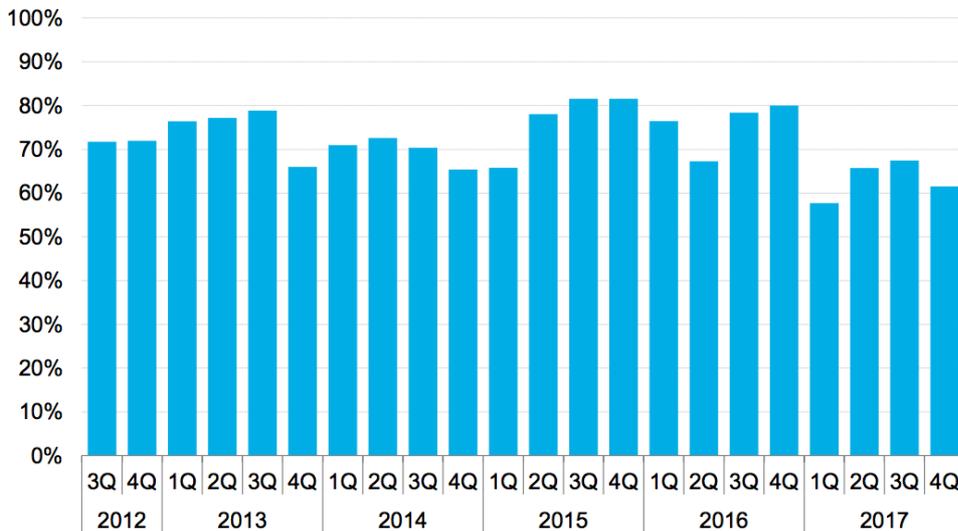
Source: EEVS, BNEF. Note: ranks technologies according to the proportion of consumers who commissioned a project in each technology out of the overall number of consumers commissioning projects.

Figure 1: Market Monitor – tracking industry confidence



Source: EEVS, BNEF. Note: based on weighted confidence indicators from Figures 3, 4, 5, 6, and 9. Zero represents neutrality.

Figure 2: Consumers commissioning efficiency projects



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

Drilling down into the source of waning sector confidence, the survey revealed that 27% of suppliers felt policy and subsidy uncertainty was their main concern for the industry within the quarter, up from 21% in Q3 2017.

Supplier trends Q4 2017:

- **Order books** – volumes have been sliding for three consecutive quarters with only four out of ten suppliers able to report order book growth. Orders from overseas continue to make little impact for suppliers.

- **Staffing and sale prices** – recruitment continued to be largely ‘on hold’ this quarter with only two out of 10 suppliers reporting headcount growth. Similarly, no material change (either upwards or downwards) was reported in relation to sales prices.
- **Government action** – this quarter was particularly downbeat. Less than two in ten suppliers consider energy efficiency policy to be effectively supporting the sector; only one out of ten considered the government’s management of the wider UK economy to be effective.

Consumer trends Q4 2017:

- **Procurement** – the 2017 trend toward lower project volumes continued into the final quarter of the year. This made 2017 the year with the lowest activity since the survey began (see Figure 2 above). ‘Higher priorities elsewhere’ was the most cited reason for not implementing energy efficiency in the quarter.
- **Investment values** – the median spend per project is now c£200k, whilst a sustained uptick in the use of external finance is also worth noting.
- **Payback** – expectations tightened a touch this quarter but did not materially alter the long-term trend for c4-year payback *projections*. In relation to this, only four out of ten investments undertook the performance measurement needed to determine the *actual* cost savings and payback.

Ian Jeffries, Director at EEVS, commented:

“Our findings for 2017 showed consumer investment to be at its lowest annual level since the survey began. Instinctively, this material step-down in project commissioning appears to carry the hallmarks of a systemic, Brexit-related drop in business confidence. So, with a Brexit deal looking increasingly more likely, it will be interesting to see if 2018 sees a return to confidence and this - hopefully short-term - dip in investment volumes reversed. The supply side of the market will certainly hope so.”

Dave Richards, Chief Commercial Officer at Bellrock Property & Facilities Management, said:

“This report is reflective of our on-site facilities management teams’ experience in healthcare and education facilities. We are continuing to focus on cost savings without impacting on service quality. Energy management is an integral part of this strategy.”

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, APC Lighting and the Environmental Industries Commission.

Download the Volume 22, Q4 2017 report here: <http://www.eevs.co.uk/media/trendsq417.pdf>

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.com>

ENDS

To find out more, please visit www.energyefficiencytrends.com or follow the EEVS team on Twitter @EEVSInsight. Alternatively, please contact Lara Slavin at APC Technology Group plc:
Tel: +44 (0)330 313 3266. Email: lara.slavin@apcplc.com

Editors' Notes

The Energy Efficiency Trends Survey Q4 2017 (Vol.22) was conducted between 24 January and 01 March 2018 and completed by 120 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.
- Environmental Industries Commission (EIC) - trade and lobbying association representing the voice of the green economy.
- APC Lighting – specialises in lighting products and services for the purpose of maximising energy and operational efficiency in buildings.

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 to navigate change in an evolving energy economy.

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

Bloomberg New Energy Finance is powered by Bloomberg's global network of 19,000 employees in 176 locations, reporting 5,000 news stories a day.

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