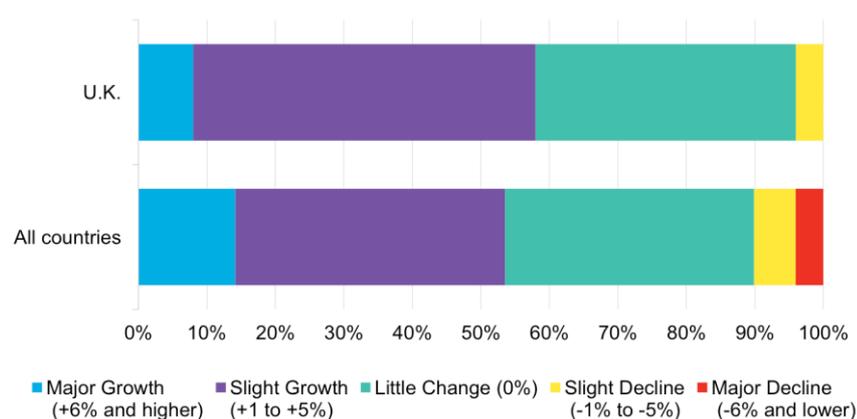


FOR IMMEDIATE RELEASE
Thursday 22 March 2018
6am EST, 11am GMT, 12am CET, 6pm HKT

Survey reports positive growth in UK energy performance contracts but Government targets won't be met until barriers are overcome

22 March 2018, London – Published today by EEVS Insight and Bloomberg New Energy Finance, the latest *Energy Efficiency Trends* report includes a special feature documenting trends in the UK's energy performance contracting (EPC) market. The analysis, which is based on Europe-wide research of the EPC energy services model, reveals that 50% of UK respondents indicated that the local EPC market has experienced 'slight growth' in the last 12 months, whilst a further 8% indicated 'major growth' (see figure 20). It has been observed that this growth has been driven by the public sector, and EPC is yet to establish a foothold in business and industry sectors where Government targets are focussed.

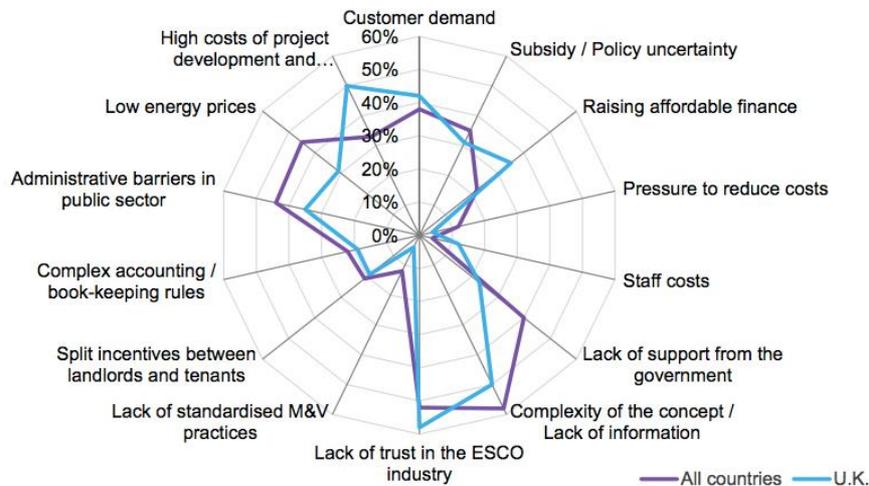
Figure 20: Over the last 12 months the EPC market in your country has seen



Source: QualitEE.eu

The special feature in the Q4 2017 *Energy Efficiency Trends* report adds commentary to research undertaken under the *QualitEE* project. Funded by the EU's Horizon 2020 research and innovation programme, the *QualitEE* project aims to investigate and develop the opportunity for specific quality assurance schemes for energy efficiency services, in order to tackle barriers including lack of trust, complexity and high transaction costs due to considerable market diversity, as confirmed in the survey results (see figure 29 below).

Figure 29: Based on the activities of the last 12 months, what do you think the main barriers are to the EPC market?

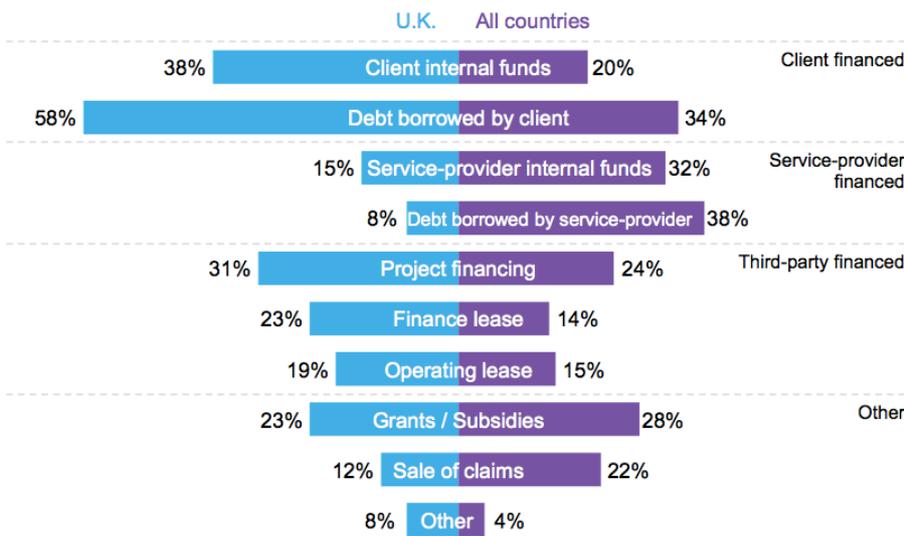


Source: QualitEE.eu

The research also reveals key characteristics of the UK energy performance contracting market:

- 38% of UK respondents reported their own orders had experienced 'major growth'. A decline in orders was witnessed by 16% of UK respondents, slightly higher than the 14% reported over All Countries in the survey. When considered alongside a lower number reporting 'Little Change' (UK – 23%, All Countries – 37%) this indicates a UK market in flux with new entrants and some organisations withdrawing.
- The survey reported that typical EPC contracts in the UK are held with public sector clients, have a capital outlay of 1-5 million euros, a contract length of 5-10 years and use a purely guaranteed savings model.
- The UK EPC market has clearly aligned in the use of specified measurement and verification (M&V) processes for reconciling performance, generally expected to be based on the International Performance Measurement and Verification Protocol (IPMVP), and there is a well-established market for independent M&V services.
- Although there is a full range of financing options in use for EPC in the UK, investments are typically paid using the client's own funds or debt arrangements (Figure 28).

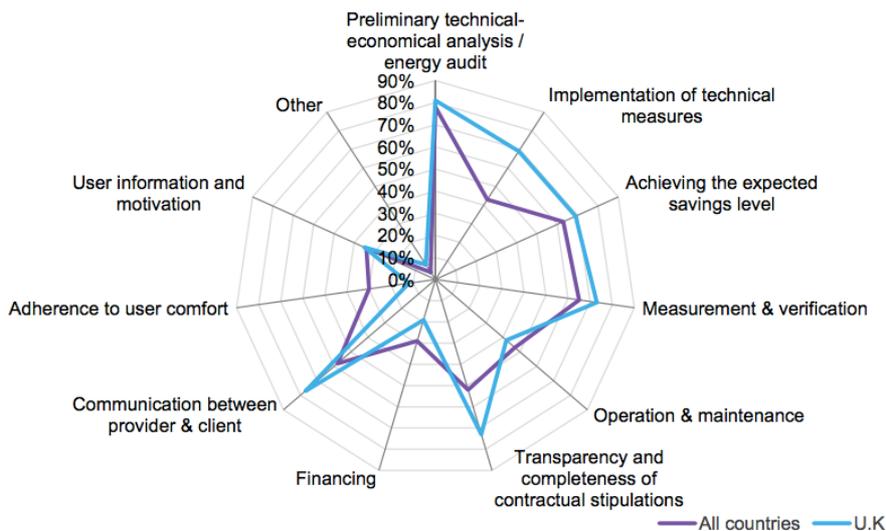
Figure 28: How are the EPC projects you are involved with financed?



Source: QualitEE.eu

- When asked about the quality of EPC, UK respondents particularly emphasised the importance of contractual transparency, communication and implementation of measures above their European counterparts. They also highly ranked technical / economic opportunity analysis (energy auditing), Measurement & Verification (M&V) and practical achievement of the projected savings (Figure 30).
- UK respondents again highlighted communication and contractual issues as the main areas for quality improvement, alongside M&V, signaling that these should be key aspects of a quality assurance scheme for EPC in the UK.

Figure 30: In your opinion, what are the key determinants of quality in EPC projects?



Source: QualitEE.eu

Author of the special feature on energy performance contracts, Nick Keegan from EEVS Insight said:

“The Government’s *Clean Growth Strategy* highlights the importance of building confidence in energy services to unlocking business energy efficiency and driving vital third-party finance into projects.

“The Energy Performance Contracting energy services model has seen continued interest from investors, service providers and policymakers, though it has developed somewhat of a ‘marmite’ reputation: those that love it highlight the model’s attractiveness to organisations looking to focus on their core business whilst offering the opportunity to incentivise performance and transfer risk through guarantees and gain shares. On the other hand, those that hate EPC say it is too complicated and too expensive, due to considerable project development and financing costs.

“Wherever you stand on the debate it is clear that EPC has enjoyed strong growth in the UK public sector recently. It is, however, far from meeting its full potential or establishing a foothold in the industrial and commercial sector, held back by a lack of trust, complexity and high transaction costs due to considerable market diversity. Tackling these issues through specific quality assurance of energy efficiency services may hold one of the keys to meeting the Government’s business and industry energy efficiency targets.”

For detailed analysis of quarterly *Energy Efficiency Trends* in the UK and further insight into the energy performance contract market view the latest full report here:

<http://www.eevs.co.uk/media/trendsq417.pdf>

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.

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