



Department
of Energy &
Climate Change

Energy Savings Opportunity Scheme North East Roadshow Highlights

22 October 2014

This report presents highlights from Durham; we will also be producing a summary of all four events. This will give detailed analysis of the points raised in discussion sessions, both on ESOS and the policy landscape. We'll also use that report to address questions about ESOS which we couldn't cover on the day.



North East
Local Enterprise
Partnership



Tees Valley
unlimited

necc
North East Chamber of Commerce

C|B|I
THE VOICE OF BUSINESS



Durham
University
Durham Energy Institute

Client	DECC
Company	Dialogue by Design
Title	Energy Savings Opportunity Scheme
Subtitle	North East Roadshow Highlights
Version No	Version 3.0 last revised 13 Mar. 2015
Status	Final
Classification	Published
DbyD Project Code	DECC6
Author(s)	Lucy Farrow
Quality Assurance by	Carl Reynolds
Main point of contact	Lucy Farrow
Telephone	0207 042 8011
Email	lucy@dialoguebydesign.co.uk

If you would like a large text version of this document,
please contact us.

Dialogue by Design

252b Gray's Inn Road

London

WC1X 8XG

+44 (0)20 7042 8000

www.dialoguebydesign.net

info@dialoguebydesign.net

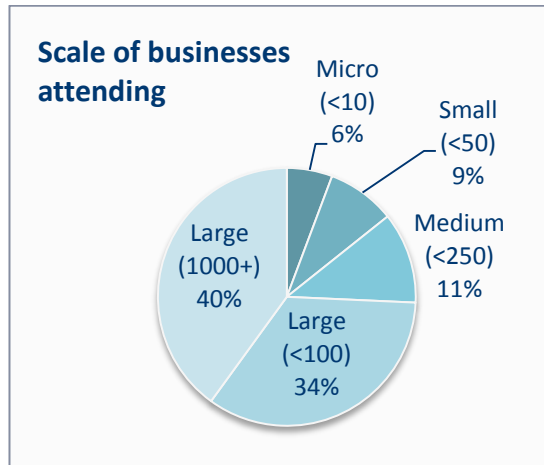


Who was there?

Axion Energy Solutions
 BAE Systems
 Banks Group
 Big-Energy
 Bond Dickinson
 DCC
 Durham County Council
 Durham University
 Effective Energy
 eic The Energy Experts
 Esh Group
 Esterline
 Gener8 Green Ltd
 Gentoo
 GMG Renewables
 GR Oil and Gas
 Green Zone Surveys
 Greggs
 Groundwork
 Huntsman
 Husqvarna Group
 John N Dunn
 Johnson Matthey
 Lanchester Wines
 Lucideon
 NE LEP
 NEPIC
 New College Durham
 Newcastle University
 NIFCO
 Nissan
 Northern Gas Networks
 Northumberland County Council
 Northumbria Water
 Pepsico
 SSI-Steel
 Stroma
 Tadea
 TDJ
 Tees Valley Unlimited
 TeesActive
 Teesside University
 Union Electric & Steel
 Unipres
 Utilitywise
 Ventumotors
 Ward Hadaway
 Zero Carbon Futures
 Zumtobel

On the day

Around 80 people from across the North East came along to the roadshow, representing businesses, local authorities, local universities and other bodies. There were a range of different sized businesses; the smallest organisation had just one employee, the largest over eight thousand. Around three-quarters of the organisations present will need to comply with ESOS.



The Roadshow featured a mix of presentations from speakers, panel discussions and table discussions. The aims of the roadshow were to build awareness of ESOS and the benefits of going beyond compliance by implementing energy efficiency opportunities, and to gather feedback on the wider business energy efficiency policy landscape.

Morning	Afternoon
Welcome - Councillor Neil Foster, Durham County Council	Business case study - John Short, Nifco
Business case study - Adam Black, Lanchester Wines	Financing for energy efficiency - Miles Alexander, Green Investment Bank
Introduction to ESOS -Martin Adams, DECC	ERDF funding for the North East - Maggie Bosqanuet, NELEP and Sarah Tennison, TVU LEP
Round table discussions on ESOS	Intro to the UK landscape of business energy efficiency policies - Dr Philip Douglas, DECC
ESOS panel Q&A	Roundtable discussions on UK energy efficiency policy

All about ESOS

In the morning sessions the roadshow focused on the Energy Savings Opportunity Scheme. Martin Adams, ESOS team leader at DECC, gave an overview of the scheme and its requirements. Martin emphasised that the ESOS audit is designed to give businesses clear information about the potential cost savings of energy efficiency which they can act on.

In the table discussions, and panel session afterwards, attendees were keen to know more about how the audits would work in practice. In response to questions from participants, DECC and the EA clarified that transport is included in scope of ESOS (though supply chains and contracted services are not), and that 90% of total energy consumption had to be covered by audits but participants had flexibility to decide whether that should be based around particular sites, processes, activities, or subsidiaries. DECC also clarified that sites could be audited on a sample basis where businesses had a portfolio of similar assets.

The use of lead assessors also raised questions from businesses who wanted to understand more about the qualification process and the availability of assessors. As one table put it, the qualification needs to be 'sufficiently rigorous and impartial.' The Environment Agency confirmed that all professional bodies had been subject to the same approvals process and would be subject to quality assurance to ensure that their lead assessors met the minimum standards set by PAS 51215. The Agency explained that they were confident that the number of qualified lead assessors would grow significantly over the coming months in order to meet demand.

We also asked businesses to share their own experiences of energy auditing and efficiency savings.

What lessons have you learnt from implementing energy audits?

When it came to audits, attendees felt it could be hard to get buy-in from senior management and boards, particularly when the pay-off went beyond a two-year window.

Business case study: Lanchester Wines

Family business Lanchester Wines took advantage of their location on a windswept hill to install their own electricity generation. They set up a subsidiary called Lanchester Energy where managing Adam Black and his team are now working through a list of energy efficiency measures starting with lighting and moving on to temperature control.



Adam told us how Lanchester had decided that any measures had to make sense in terms of profits for the business. They had focused on the biggest wins first, and it paid off, but they also warned against the danger of chasing incentive schemes and missing opportunities to increase efficiency first. This thought was echoed in the policy discussions later in the day.

"The audit was a good way to frame the issues we needed to address; we're looking forward to having it done again."

“Undertaking this can make significant saving – that’s the key message to play to decision makers”

Some participants felt that Government had a role in helping businesses bridge this gap between awareness of the opportunities and making an investment decision, but there was no clear consensus on how this could be achieved.

What lessons have you learnt from implementing energy saving opportunities?

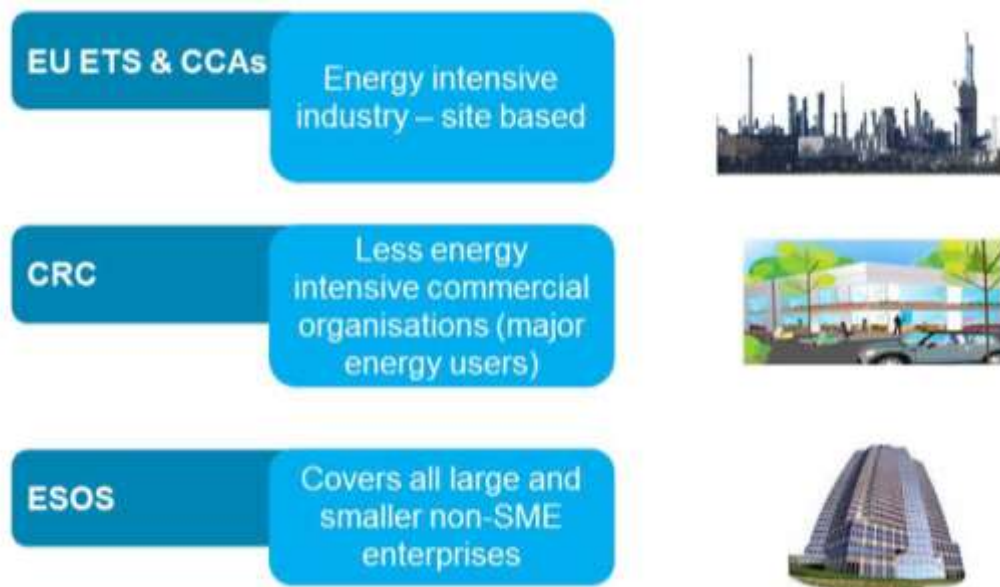
Going beyond energy audit to implementing savings one of the most common themes was a note of caution about technical solutions which didn’t live up to expectations. Participants often felt this was down to a poor fit between the technology and the business, because of the physical environment or the way it was used. Businesses emphasised how important it is to:

“Check what installers say and check that energy savings are being made”

Another challenge faced by some businesses was the limited measures available when operating from rented premises where landlords had little incentive to make major improvements. One suggestion from the audience was to enforce minimum efficiency standards for commercial buildings before they could be let, shifting the imperative from tenants to landlords.

The energy efficiency landscape

Dr Philip Douglas, Head of Energy Efficiency and Community Energy Strategy at DECC, gave an outline of the current policy landscape for efficiency, and highlighted areas where Government has already taken steps to simplify and reduce the burden on businesses.



In discussions around the room there were clear differences of opinion about which aspects of

policy are helping and hindering businesses. For some, the existence of enforceable policy was clearly driving the measures businesses were taking (as one participant put it, “it’s why we energy managers have jobs”). Others felt that businesses would be taking the same steps anyway; where efficiency savings are genuine that’s motivation enough for a savvy business.

Participants tended to agree that the range of policy instruments in place was too complex, particularly for larger businesses which might have several business areas. Some participants felt that this complexity made compliance more of a burden for businesses, and made it more difficult to develop a clear strategy. One suggestion, echoed by several participants, was for a single policy instrument which was all-inclusive.

“Different schemes have different deadlines - we need a streamlined ‘universal credit’”

A related theme was the impact that changing policies have on business drivers for energy efficiency. Many felt that the tendency for policy to change with political shifts was a barrier for businesses. Feed-in tariffs in renewable generation were given as an example where it might take a business two years to put together a case for investment in renewables, by which time incentive schemes may have moved on. There were a range of views on incentives, for some participants they were seen as a necessary tool to kick-start energy efficiency in a business, for others the strong incentives regime for generation could be a distraction from the savings to be made in efficiency. Suggestions for new approaches included shifting from incentives to investment: training to give businesses the skills to improve their own efficiency, or training to do audits themselves.

Business case study: Nifco

Plastics manufacturer Nifco recently opened their second factory in Eaglescliffe and saw it as an ideal opportunity to apply the lessons of energy efficiency they had learned from their old building. Starting with the design of the building and working all the way through to a zero tolerance policy for leaks in their compressed air system Nifco have reduced their energy usage by 29% in 3 years.



Operations Director John Short explained that getting real involvement from everyone in the business was crucial to their success in reducing energy use. This meant setting clear policy from the top to demonstrate commitment, and then giving responsibility to individual teams to make the changes. Getting everyone involved meant changing perceptions too; Nifco measure energy usage per unit produced, so everything becomes an efficiency issue, down to the length of time it takes to complete a task.

John also emphasised how much time, money and effort had been saved by sharing experience;

“We find understanding other Companies “lessons learned” is invaluable.”

Financing for energy efficiency

Miles Alexander of the Green Investment Bank talked about how GIB is providing flexible capital to businesses for energy efficiency measures, for example industrial processes. Miles emphasised the importance of supporting businesses to get ready to invest; researching options, preparing a business case, and getting buy-in from a board.

At a local level Maggie Bosanquet and Sarah Tennison from North East and Tees Valley LEPs explained how European Regional Development Funding will be used to support energy efficiency in the area. The fund will be focused on SME's, but available to larger organisations when working in partnership with smaller businesses. The LEPs are also keen to support business-to-business learning.

In our final panel discussion of the day we ranged from the role of the EU in energy policy to the potential conflict between the desire to grow a business and the need to manage energy use. One point which recurred throughout the day was a reminder that moving to renewable generation without addressing efficiency first is missing a trick. Businesses know that the cheapest energy is the energy you don't use, and that's where implementing efficiency savings can really be worthwhile.

Financing was clearly important to businesses looking to make energy efficiency improvements, but they more often cited skills or appetite for change as the barriers in their organisations.

Feedback on the day

Evaluation forms on the day showed that participants found the day valuable, particularly the opportunity to talk to other businesses and share experiences with energy efficiency. The plenary sessions also showed an appetite from the audience for Government to speak directly to businesses at events like this.

"It is very useful to listen to the views of peers and colleagues. Enlightening."

"Accessible, open, honest thank you."

"Put discussions in context of actual live case studies and lessons learned."

What happens next

DECC will be hosting three more roadshows in Bristol, Manchester and London over the next month, to hear the views of businesses there. Once all the roadshows are complete a summary of all the discussions will be produced and sent out to all those who attended. In the meantime you can find out more about ESOS online at:

<https://www.gov.uk/energy-savings-opportunity-scheme-esos>