



Department
of Energy &
Climate Change

Energy Savings Opportunity Scheme South East Roadshow Highlights

29 December 2014

This report presents highlights from London; 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 energy efficiency policy landscape. We'll also use that report to address questions about ESOS which we couldn't cover on the day.



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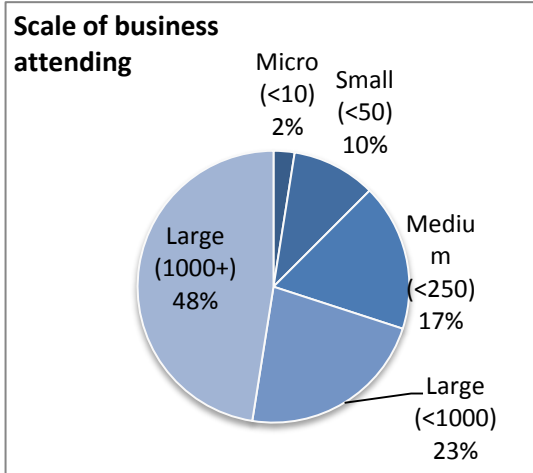
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- Abcam Plc
- ABEC Ltd
- Aberdeen Asset Management
- ABF Plc
- action4energy
- Affinity Sutton
- Affinity Water
- Andrew Cooper CPEC Ltd
- Association for the Conservation of Energy
- Atkins PLC
- Auditel
- Auditel UK Ltd.
- AWE
- AWE Alermaston plc
- B&Q plc
- Balfour Beatty
- BASF Plc
- Boots
- Bouygues ES
- BPIF
- BRE
- British Beer & Pub Association
- British Ceramic Confederation
- British Gas
- British Gypsum
- British Polythene Industries PLC
- British Pump Manufacturers Association Ltd
- British Retail Consortium
- British Sugar plc
- BSI
- Building Research Establishment
- Bureau Veritas
- Buro Happold Engineers
- Byrne Group
- Cancer Research UK
- Capita
- Carbon credentials
- Carbon Footprint Ltd
- Carbon Saver Ltd
- Carillion Plc
- CBI

On the day

Around 170 people attended the South East roadshow in London, representing businesses and other bodies. There were a range of different sized businesses; although the majority were large. Almost 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; and a keynote speech from the Secretary of State for Energy and Climate Change, Edward Davey MP. 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.

Key note address – Edward Davey, Secretary of State, DECC

Panel discussion – How best to achieve the UK’s cost-effective energy efficiency opportunity

Ed Davey, Secretary of State, DECC

Rhian Kelly, Director of Business Environment, CBI

Paul Ekins, Professor & Director, UCL Institute for Sustainable Resources and Deputy Director of the UK Energy Research Centre

Business case studies – Jes Rutter, JRP Solutions on behalf of Rolls-Royce

The UK business energy efficiency policy landscape – Dr Philip Douglas, DECC

Roundtable discussions on UK energy efficiency policy

Financing for energy efficiency - Miles Alexander, Green Investment Bank

Introduction to ESOS - Martin Adams, DECC

ESOS discussions - roundtable and panel

CBRE

CEMEX UK

Central YMCA

CH2M HILL

Chemical Industries
AssociationChoice Discount Stores
Limited

CHPA

CIBSE

CIGA

Clancy Docwra

CMS

Cofely UK

Conferederation of British
Industry

Croner

DECC

Deloitte

Department of Business
Innovation and Skills
Department of Energy
and Climate Change
(DECC)

Dixons Carphone Group

DONG Energy

DS Smith plc

E.ON

Economic Energy

EDF Energy

Edwards Ltd

EEF, the Manufacturers
Organisation

Egger UK

EIC

Eli Lilly

Energise Ltd

Energy & Utility Skills

Energy and Emissions
Solutions

Energy Efficiency

Energy Institute

Energy Managers
Association

Environment Agency

EON community energy

Esso Petroleum Ltd

ESTA

Keynote: Edward Davey, Secretary of State, DECC

The Secretary of State set out a clear case for energy efficiency as part of the UK future based on the trilemma of:

Energy security – making sure our homes and businesses have reliable supplies of power

Affordability– making sure that as a society we can afford the bill and helping the most exposed businesses / vulnerable consumers

Decarbonisation – moving to the low-carbon economy and meeting our climate change obligations.

He described ESOS as smart regulation, designed to help businesses, not adding red tape and not restricting the market.

All about ESOS

In the afternoon session 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 from energy efficiency which they can act on, but the scheme also recognises that some businesses may already have existing commitments to energy efficiency.

Businesses asked a range of questions about the implementation of ESOS.

Some businesses were concerned about the expertise of lead assessors conducting the audits. Martin assured them that all lead assessors would need to meet the minimum standards set by Government, which had been designed in dialogue with industry. Furthermore, technical work could be conducted in-house and he outlined that the role of the lead assessor was to ensure organisation level completeness and to have a strategic overview, rather than necessarily being technically expert in all areas. Some businesses

Business case study: Rolls-Royce

Jes Rutter of JRP has been working with Rolls-Royce at their Bristol site to bring it up to ISO50001 standard, and thus ESOS compliant. With energy usage decreasing in recent years, but energy costs still going up Rolls-Royce see a clear business case for energy efficiency. Rolls-Royce described how relatively simple energy efficiency measures had enabled significant energy costs reduction in their premises (for example, a weekend shutdown programme saves £200k per year on energy bills).

Jes had a range of learning to share with others, based on his experiences. First, he benefitted from senior level buy-in which drove support for the project and helped ensure resources were available.

His second recommendation was engaging people on the ground, with Rolls-Royce placing energy champions in each area of the business. Champions were given training and support relevant to their work environment, so both production and office settings benefited.



Thirdly, Jes emphasised the importance of quantifying how much you are using and saving. This means using monitoring systems, and less high tech solutions where they can't be used.

“Engaging everyone in the energy efficiency journey, wherever they sit in the organisation hierarchy, is the most powerful way to achieve real energy, and therefore cost savings”.

Who was there?

- Eurostar
- Eurovia
- ExxonMobil Chemical Limited
- FCC Environment
- Ford Motor Company Ltd.
- GAMBICA
- GDF SUEZ
- General Motors UK & Ireland Ltd
- Giraffe innovation
- GKN Driveline
- GLL
- Great Portland Estates plc
- Green Assessors
- Green Element
- Green Investment Bank
- Greengage Environmental LLP
- Hilson Moran
- hurleypalmerflatt
- ICF
- Independent Utilities Ltd
- ivees
- Johnson Matthey
- JRP Solutions
- LCEA Ltd
- Legal & General Property
- Lend Lease
- Lucideon
- M&G Real Estate
- Major Energy Users Council
- Maple Project Solutions
- Marksman Consulting
- Marshall of Cambridge (Holdings) Ltd
- Next
- NG Bailey
- Npower Ltd
- NQA
- NUS Consulting Group

thought that transport knowledge would be essential for any lead assessor and stressed the importance of agreeing a methodology with them.

Participants also asked about how the ESOS regulations would engage with complex organisations and their ownership structures, and how organisational scope would be defined. Many businesses wanted clear guidance on what this would entail.

Other businesses wanted to know whether their company or the lead assessor would be responsible for non-compliance penalties – Martin confirmed that responsibility for compliance rested with the company. In response to questions, he confirmed that the Environment Agency would be resourced by DECC to undertake compliance and enforcement activity.

Some participants felt that there was a lack of clarity on the audit process and the evidence requirements that they would have to meet – they felt that more detailed guidance would help them comply. A few businesses expressed a concern that the scheme could become a ‘tick box’ exercise for businesses looking to do the minimum without stronger guidance about how rigorous an audit should be.

“Lack clarity on the audit process and detail by the EA i.e. what evidence requirements will be required?”

It was explained that the requirements for audits allowed for sensible interpretation of how they should be applied in specific organisational contexts. It was highlighted that there would therefore be no prescriptive templates for audits, given that ESOS was not about government imposing a one-size-fits-all policy.

In contrast, a number of businesses felt it was important that the regulation was applied in a ‘light touch’ way. Some believed that simple guidance which they could interpret in line with their business needs would lead to greater energy efficiency measures than a formulaic approach by government.

“We don’t want to spend our time defining 100% energy consumption but instead focus on energy saving opportunities.”

What lessons have you learnt from implementing energy audits?

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

experience had opened their eyes, recognising that they had not realised how much money they were losing every day through inefficient energy usage. One group of businesses suggested providing incentives for companies to install smart-meters.

Many businesses emphasised that the payback time for many energy efficiency measures was often very short. A few remarked that changing behaviour was often overlooked in favour of

- Oil & Gas UK
- PEPA
- Pinewood Shepperton plc
- Power Efficiency
- Quidos
- Ricardo-AEA
- RWE Generation
- Santia Consulting Ltd
- SESW
- Shanks Waste Management Limited
- SMMT
- South West Water
- Southern Solar
- Southern Water
- Sporta
- SRL Technical Services Ltd
- Stroma
- Strutt & Parker
- SuperGroup Plc
- Sustainable Property Assessments Ltd
- Synerga Consulting Ltd
- TBPL
- Tesco
- The Carbon Trust
- The Co-operative Group
- TheGreenAge
- Tishman Speyer
- Total Holdings UK Limited
- Travis Perkins
- Tuffin Ferraby Taylor
- UCL & UKERC
- UPS Ltd
- Upstream Sustainability Services
- Urban Vision
- UX Energy Services
- Veolia
- Wartsila UK Limited
- Willmott Dixon
- Wm Morrison Supermarkets PLC
- Wolseley UK
- Wood Panel Federation

technical changes. Others noted that it was useful to have specific leaders within the business ('energy champions') who were responsible for driving change.

What lessons have you learnt from implementing energy saving opportunities?

A few businesses stated that they had learnt that it did not always need to cost large sums of money to achieve meaningful reductions in energy usage.

Participants believe that it is important to get support from senior decision-makers from the start in achieving energy efficiency goals.

"Get high level buy-in from the start."

Some participants noted that the quality of reports that they received from consultants was variable, and that they often missed potential savings. Other businesses suggested that it was essential to adequately measure everything you were doing to reduce energy usage. Some thought that audits tell you 'what you already know'.

A few participants explored the tensions between energy efficiency and health and safety policies, noting that safety evaluations might be a barrier to embracing new technology.

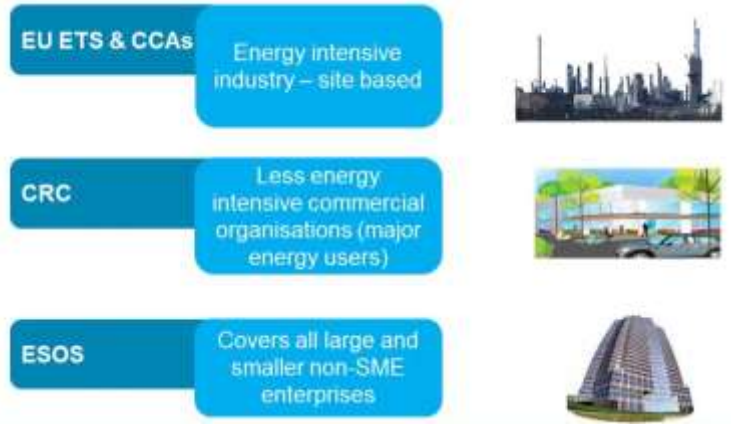
The energy efficiency landscape

Dr Philip Douglas (of DECC) gave an outline of the current policy landscape for energy efficiency, and highlighted areas where Government has already taken steps to simplify and reduce administrative costs for businesses.

There were a range of views from participants about the value and benefits of regulation to drive energy efficiency. Some participants noted that legislation and guidance was a key driver for their activities. These businesses suggested that ESOS might make the measurement of energy usage necessary rather than optional for their organisations.

Some participants explained the importance of internal organisational factors for driving change. These included support at a senior level, available finance and investment, and the prospect of quick and certain payback. Some participants noted that ESOS was successful in getting board level attention.

Many participants identified up-front-cost as a key barrier to further energy efficiency measures. Other barriers included lack of knowledge and training within their organisation and the time it takes to implement energy efficiency measures. Some participants remarked that the price of energy was relatively cheap,



so energy usage was not high on the agenda of commercial companies.

Some participants noted that government policy and regulation often changed at too fast a pace, which made it difficult to apply a consistent policy. Others wanted more assistance in interpreting legislation and guidance. Some businesses believed that they already faced an undue regulatory burden, and several specifically mentioned CRC, which they felt had been a stronger policy in the original designs which featured revenue recycling.

“CRC really did empower business, but since then it’s been mostly a burden – focusing on more reporting – reporting is costly by the time you get all the metering in place.”

Some participants suggested that there should be tax incentives for proven energy efficiency interventions, and subsidies for other positive activities that businesses could undertake, such as the battery disposal scheme in Germany. Others felt they did not see a direct link between decarbonisation and energy efficiency policies as they affect businesses.

“Needs more ‘carrot’ incentive alongside ‘stick’!”

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.

Feedback on the day

“Panel discussion useful - good to hear questions from the room.”

“DECC very knowledgeable and approachable.”

“Good speakers. Learnt lots of new detail and practical stuff.”



DECC has hosted a total of four ESOS

roadshows. These were held in Durham, Bristol, Manchester and London to hear the views of businesses there. Now that 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>