



Department for  
Business, Energy  
& Industrial Strategy

# FACILITATING ENERGY EFFICIENCY IN THE ELECTRICITY SYSTEM

## A CALL FOR EVIDENCE

Closing date: 25 September 2019

July 2019



**OGL**

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# Contents

Executive summary	4
General information	5
Why we are consulting	5
Call for Evidence details	5
How to respond	6
Confidentiality and data protection	6
Quality assurance	7
1. Introduction	8
2. Policy considerations	9
2.1 Capacity Markets	9
2.2 Energy Efficiency Obligations	10
2.3 Smart Systems & Flexibility Plan	11
2.4 Fit with wider energy efficiency policy landscape	12
3. Market Barriers	14
4. Questions	15

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# Executive summary

Clean Growth is one of the four grand challenges of the UK Government's Industrial Strategy and energy efficiency is a vital part of the ambition. It is one of the most cost-effective mechanisms to helping us meet our net zero by 2050 target and has a range of benefits including; peak and non-peak network demand reductions, rapid deployment compared to some generation, potential for lower wholesale energy prices, and air quality improvements.

In parallel, energy systems are being transformed by rapid adoption of renewables at all scales, the anticipated increase in electric vehicles, and a range of new technologies including battery storage and advanced metering. Energy efficiency has an important role in this energy system transition as it can help avoid or reduce the need to build new generation and reinforce electricity networks. However, its impacts are rarely measured in a way that allows its contribution to be appropriately valued by the market and by network operators. Its facilitation can help to solve future challenges of a more distributed and low carbon electricity system at least cost and lowest risk as part of a more open and accessible market. We ran a pilot in 2014-2018 to test whether permanent electricity demand reduction (EDR) could be viable as part of the GB Capacity Market, but the evaluation of the EDR pilot, published alongside this Call for Evidence, concluded that energy efficiency projects are not yet ready to enter the Capacity Market.

There is considerable potential for further action, with 40TWh of energy efficiency potential in commercial and industrial buildings, as well as 10TWh of potential in industrial processes.<sup>1</sup> Homes are responsible for 13% of the UK's carbon emissions, rising to 22% accounting for electricity use, improving energy efficiency is key to reducing these emissions.<sup>2</sup> However, there are market barriers to this potential, such as measure and verification, permanent nature, barriers to accessing multiple revenue streams, high transaction and implementation costs, and behaviour change.

We are seeking views on market barriers to energy efficiency in the UK, and how we can create new markets for energy efficiency, securing its role in the wider energy market, contributing to flexibility and becoming a reliable alternative to increased generation and network reinforcement.

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<sup>1</sup> BEIS Business Energy Statistical Summary, July 2018.

<sup>2</sup> <https://www.gov.uk/government/statistics/final-uk-greenhouse-gas-emissions-national-statistics-1990-2015>

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# General information

## Why we are consulting

The Government is seeking views on market barriers to energy efficiency in the UK, and how we can create new markets for energy efficiency, securing its role in the wider energy market, contributing to flexibility and becoming a reliable alternative to distributed generation and network reinforcement.

The conclusion of the EDR pilot, including publication of the final evaluation report, and the recent changes in electricity systems and technologies, presents an opportunity to take stock. The EDR pilot evaluation concluded that energy efficiency projects are not yet ready to enter the GB Capacity Market.

Previous stakeholder engagement, such as the 'Helping businesses to improve the way they use energy'<sup>3</sup> and 'A smart, flexible energy system'<sup>4</sup> calls for evidence, has improved our understanding of the potential for energy efficiency and the barriers to implementation. This Call for Evidence will help us understand these issues better at a wider energy market level.

We invite your views and seek evidence in response to the questions below. Responses will help inform future energy efficiency policy.

## Call for Evidence details

**Issued:** 22 July 2019

**Respond by:** 25 September 2019

**Enquiries to:**

Business Energy Use Team  
Department for Business, Energy & Industrial Strategy  
2<sup>nd</sup> Floor, Orchard 3  
1 Victoria Street  
London, SW1H 0ET  
Tel: 020 7215 5000  
Email: [callforevidence-EE@beis.gov.uk](mailto:callforevidence-EE@beis.gov.uk)

**Consultation reference:** Facilitating energy efficiency in the electricity system

**Audiences:**

We are keen to hear from energy companies, network operators, technology suppliers, large businesses, SMEs, financial institutions, Energy Service Companies (ESCOs), Local

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<sup>3</sup> <https://www.gov.uk/government/consultations/helping-businesses-to-improve-the-way-they-use-energy-call-for-evidence>

<sup>4</sup> <https://www.gov.uk/government/consultations/call-for-evidence-a-smart-flexible-energy-system>

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Enterprise Partnerships, Non-Governmental Organisations, academics and anyone else with an interest in this area.

**Territorial extent:**

Seeking views UK-wide, territorial extent will be carefully considered in relation to any proposals resulting from this Call for Evidence.

## How to respond

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome. The use of Citizen Space is the preferred response method.

**Respond online at:** [Citizen Space](#) (preferred)

or

**Email to:** [callforevidence-EE@beis.gov.uk](mailto:callforevidence-EE@beis.gov.uk)

**Write to:**

Business Energy Use Team

Department for Business, Energy & Industrial Strategy

2nd Floor, Orchard 3

1 Victoria Street

London, SW1H 0ET

A response form is available on the GOV.UK consultation page:

[www.gov.uk/government/consultations/facilitating-energy-efficiency-in-the-electricity-system](http://www.gov.uk/government/consultations/facilitating-energy-efficiency-in-the-electricity-system)

When responding, please state whether you are responding as an individual or representing the views of an organisation.

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

## Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

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We will process your personal data in accordance with all applicable data protection laws. See our [privacy policy](#).

We will summarise all responses and publish this summary on [GOV.UK](#). The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

## Quality assurance

This consultation has been carried out in accordance with the Government's [consultation principles](#).

If you have any complaints about the way this consultation has been conducted, please email: [beis.bru@beis.gov.uk](mailto:beis.bru@beis.gov.uk).

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# 1. Introduction

Clean Growth is one of the four grand challenges of the UK Government's Industrial Strategy and energy efficiency is a vital part of the ambition. The Committee on Climate Change identified energy efficiency as a key and low regret measure for the UK to reach net-zero greenhouse gas emissions<sup>5</sup> as it is one of the most cost-effective mechanisms and has a range of benefits including; peak and non-peak network demand reductions, rapid deployment compared to some generation, potential for lower wholesale energy prices, and air quality improvements. The International Energy Agency has also set out the huge global potential for energy efficiency.<sup>6</sup>

In parallel, energy systems are being transformed by rapid adoption of renewables at all scales, the anticipated increase in electric vehicles, and a range of new technologies including battery storage and advanced metering. Energy efficiency has an important role to play in this energy system transition as it can help avoid or reduce the need to build new generation and reinforce electricity networks. However, its impacts are rarely measured in a way that allows its contribution to be appropriately valued by the market and by network operators. Its facilitation can help to solve future challenges of a more distributed and low carbon electricity system at least cost and lowest risk as part of a more open and accessible market.

## Energy Efficiency

Measures that primarily reduce the amount of energy consumed in specific applications, with an example being electricity demand reduction. These are usually implemented with the dual intention of reducing energy bills and offering a reduction in carbon emissions.

Since 1990, we have cut emissions by over 40% while growing the UK economy by 72%.<sup>7</sup> Energy efficiency measures will be an important contributor to our continued decarbonisation. The Clean Growth Strategy set out a stretching ambition to support businesses to improve their energy efficiency by at least 20% by 2030, as well as continued action to deliver energy efficiency improvements in homes, setting out an aspiration that homes should achieve Energy Performance Certificate (EPC) Band C where cost effective, affordable and practical. There is considerable potential for further action, with 40TWh of energy efficiency potential in commercial and industrial buildings, as well as 10TWh of potential in industrial processes.<sup>8</sup> Homes are responsible for 13% of the UK's carbon emissions, rising to 22% accounting for electricity use improving energy efficiency is key to reducing these emissions.<sup>9</sup>

We sought views on 'Helping businesses to improve the way they use energy'<sup>10</sup>, an 'Energy efficiency scheme for small and medium sized businesses'<sup>11</sup> and 'Building a Market for Energy Efficiency'<sup>12</sup> mostly looking at the owner occupied sector, which has informed policy outlined in section 2. We are interested in how we can go further looking, at the whole system and are

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<sup>5</sup> <https://www.theccc.org.uk/publication/net-zero-the-uks-contribution-to-stopping-global-warming/>

<sup>6</sup> <https://webstore.iea.org/market-report-series-energy-efficiency-2018>

<sup>7</sup> BEIS Updated Energy and Emissions Projections 2018, April 2019

<sup>8</sup> BEIS Business Energy Statistical Summary, July 2018

<sup>9</sup> <https://www.gov.uk/government/statistics/final-uk-greenhouse-gas-emissions-national-statistics-1990-2015>

<sup>10</sup> <https://www.gov.uk/government/consultations/helping-businesses-to-improve-the-way-they-use-energy-call-for-evidence>

<sup>11</sup> <https://www.gov.uk/government/consultations/energy-efficiency-scheme-for-small-and-medium-sized-businesses-call-for-evidence>

<sup>12</sup> <https://www.gov.uk/government/consultations/building-a-market-for-energy-efficiency-call-for-evidence>



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seeking views on market barriers to energy efficiency in the UK, and how we can create new markets for energy efficiency, securing its role in the wider energy market, contributing to flexibility and becoming a reliable alternative to increased generation and network reinforcement.

## 2. Policy considerations

Recognising the challenge to decarbonise the UK economy, increase productivity and minimise energy costs, the Government has worked closely with stakeholders and developed wide reaching policies to encourage deployment of energy efficiency measures at a variety of scales from household scale upwards.

### 2.1 Capacity Markets

Electricity Market Reform (EMR)<sup>13</sup> was designed to transform the UK's electricity system to ensure future electricity supply is secure, low carbon and affordable, enabling low carbon generation to compete with fossil fuelled generation. EMR established GB Capacity Market (CM) auctions to ensure security of supply and Contracts for Difference to deliver decarbonisation of the electricity supply. At the time of EMR implementation in 2012, it was unclear whether and how energy efficiency projects that delivered lasting electricity savings at peak could compete for funding in the CM. The EDR pilot<sup>14</sup> was launched in 2014 to provide financial support to businesses that implemented energy efficiency measures that delivered electricity savings at peak times (4-8pm on winter weekdays).

In order to test whether it would be viable for EDR to participate in the CM, the pilot was designed to reflect as closely as possible the key potential requirements likely to be placed on energy efficiency if it were to participate in the CM. This included the allocation of capacity agreements via two separate auctions (held in January 2015 and January 2016), the obligation to report and substantiate delivery of peak reductions over the following winter months, and a payment regime based on the delivery of capacity savings (on a £/kW basis) rather than the installation cost of energy efficiency measures or those savings made outside peak hours.

The pilot delivered savings of over 19 MW at peak times [against a contracted capacity of 22 MW across the two phases]. These savings will continue to be saved year on year over the lifetime of the measures implemented, and the participants will also have reduced their energy costs and associated carbon emissions, through non-peak time energy savings. The evaluation, published alongside this Call for Evidence, concluded that the pilot was cost effective with a positive net present value (NPV).

The EDR evaluation also found that the design of the pilot may have made it difficult for participants to develop new, fully additional projects due to a range of factors including the limited time for applications to be made, low funding amounts as a percentage of total cost, and what were viewed as challenging process and data requirements for participation in the scheme. The evaluation also highlighted the potential role for aggregators in delivery of energy

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<sup>13</sup> <https://www.gov.uk/government/publications/planning-our-electric-future-a-white-paper-for-secure-affordable-and-low-carbon-energy>

<sup>14</sup> <https://www.gov.uk/guidance/electricity-demand-reduction-pilot>

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efficiency. Although the pilot has provided some useful learning, we have concluded that energy efficiency projects are not yet ready to enter the CM. This is because the findings of the pilot indicate that participation in the CM as currently designed would likely be low and energy efficiency projects would be unlikely to win CM agreements, combined with the view that significant design changes would likely be needed to accommodate energy efficiency in the CM.

Under different regulatory landscapes in other regions, forward capacity markets have been successful in mobilising investment in energy efficiency measures that would otherwise not take place and bringing clearing prices down. Energy efficiency has competed for several years in forward capacity markets in the US, including the New England Independent System Operator (ISO-NE) and the PJM Interconnection Regional Transmission Organization (RTO). But there are significant challenges including high transaction costs, measurement and verification (M&V) of energy efficiency in real time, and an abundance of low-cost fossil fuel power plants and rapidly increasing levels of low carbon electricity generation. Also, suppliers of energy efficiency capacity must navigate a highly complex set of processes, rules, and procedures to enrol in and then participate in network activities. These obstacles contribute to high project transaction costs and diminish returns.

As an alternative to capacity markets, in 2016 Germany launched a competitive tendering pilot scheme for electrical energy efficiency, STEP up!<sup>15</sup> The scheme runs two types of tender: one is technology and sector neutral, and the other is specific to technologies and sectors with high efficiency potential. It is open to individual and aggregated projects. Similar to the EDR pilot it has had issues with the funding rate not being sufficiently attractive for many companies.

**Question: How can we leverage current markets to facilitate energy efficiency?**

**Question: How we can create new markets for energy efficiency? Please provide suggestions on how to design the different mechanisms.**

## 2.2 Energy Efficiency Obligations

GB launched the Energy Company Obligation (ECO) in 2013 to help reduce carbon emissions and tackle fuel poverty. As of September 2018, the policy has one obligation, the Home Heating Cost Reduction Obligation (HHCRO). Under HHCRO, obligated suppliers must deliver notional lifetime bill saving targets through the installation of energy efficiency measures in the homes of low income and vulnerable households. The most common measures are insulation and gas boiler replacements, but all measures must result in space heating savings. Until September 2018 under ECO2t, suppliers were also required to deliver against the Carbon Emissions Reduction Obligation (CERO).

Other regions have also opted for energy efficiency obligations (EEO) and tendering. Figure 1 describes what type of policy is deployed in different countries. France has an EEO for small energy consumers where the obligation is set on energy suppliers (electricity, gas, heating fuel, district heating and cooling) and distributors of automotive fuels. They can implement the energy efficiency measure, trade certificates, fund related programmes, delegate their obligation or pay a penalty. Coupling with a large catalogue of standardised energy efficiency measures reduced the scheme's complexity and increased the cost-effectiveness.

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<sup>15</sup> <http://www.stepup-energieeffizienz.de/>

**Question: How can we leverage current markets to facilitate energy efficiency?**

**Question: How we can create new markets for energy efficiency? Please provide suggestions on how to design the different mechanisms.**

**Question: What can we learn from other countries' electricity systems from an energy efficiency perspective?**

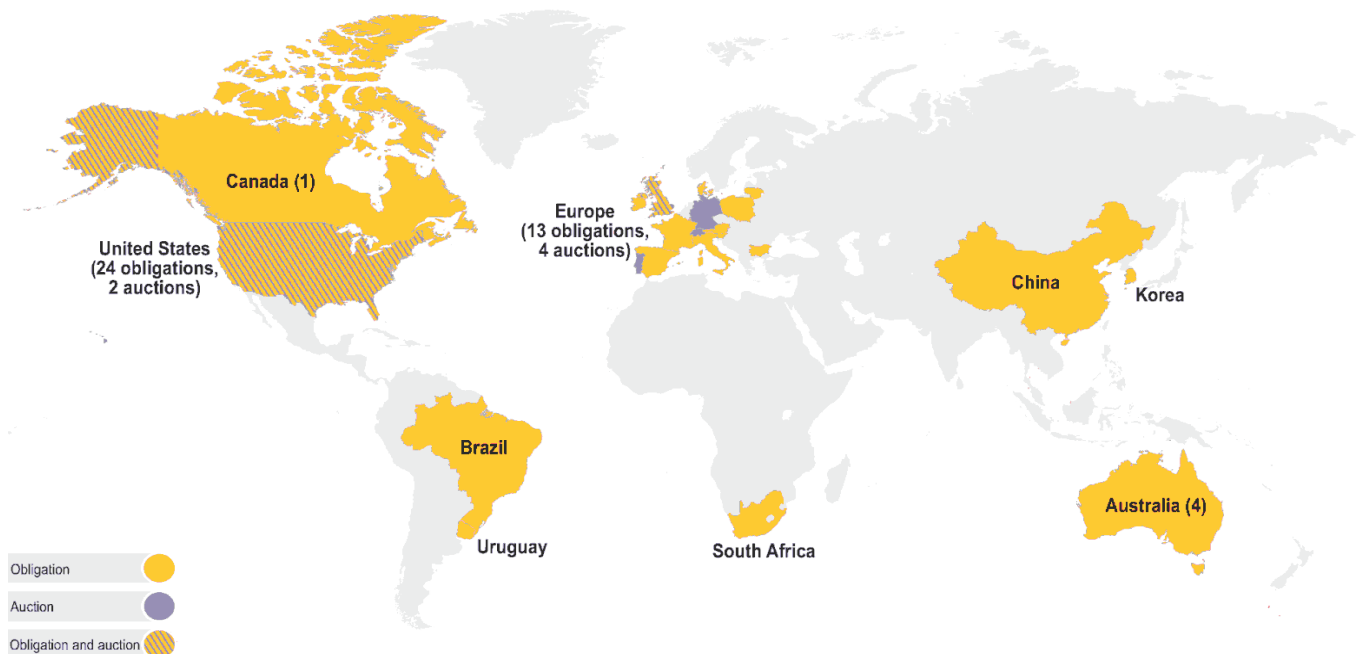


Figure 1 showing 2016 map of where EEOS and auctions are operational. This map is without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries, and to the name of any territory, city or area. © OECD/IEA 2016.<sup>16</sup>

## 2.3 Smart Systems & Flexibility Plan

In recent years, there have been significant changes in the energy system, with the introduction of smart technologies and increasing levels of low carbon generation often located closer to consumers. These changes have included greater uptake of businesses and households generating their own energy, increased use of electricity battery storage, demand side response (DSR), increased use of heat pumps, and electric vehicles. The changes put new balancing pressures on the system, increasing the importance of energy efficiency and flexible resources which both reduce energy costs and reduce the need for costly reinforcement of the electricity networks, allowing us to decarbonise at least cost to consumers.

Operators of smart and flexible technologies are increasingly able to stack revenues from a variety of funding streams. New policy will need to consider how energy efficiency measures interact with these technologies, and how some of these revenue streams could also be open to energy efficiency. For example, energy storage can access revenues from the CM, balancing services and network flexibility services, as well as receiving a market price for electricity. If energy efficiency were to play in multiple markets (as has been the case for

<sup>16</sup> [https://www.iea.org/media/workshops/2017/S020172401\\_MBIspresentation\\_SamThomas\\_2.pdf](https://www.iea.org/media/workshops/2017/S020172401_MBIspresentation_SamThomas_2.pdf)

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energy efficiency in e.g. the US's ISO-NE) it will also need to consider cumulation issues if reliant on a variety of sources of State Aid.

As a result of actions set out in Government and Ofgem's Smart Systems and Flexibility Plan,<sup>17</sup> new markets are emerging which reward peak network demand reduction in areas where expensive network reinforcement would otherwise be required. Distribution Network Operators (DNOs) now tender for demand reductions as an alternative to building new network infrastructure.<sup>18</sup> However, more progress has been made in considering flexibility than energy efficiency participation in these tenders, as there are still barriers. For example, the ability to demonstrate that an energy efficiency intervention has resulted in a particular peak network demand reduction. Trials have demonstrated that energy efficiency could be effective; SSE's SAVE initiative delivered an average 5%<sup>19</sup> reduction in electricity peak demand through implementation of energy efficiency measures. We want to see further progress of energy efficiency in these markets.

**Question: How can we leverage current markets to facilitate energy efficiency?**

**Question: How we can create new markets for energy efficiency? Please provide suggestions on how to design the different mechanisms.**

**Question: How could networks ensure that energy efficiency can compete fairly with other solutions as a potential alternative to network reinforcement?**

**Question: Are there potential benefits from combining EE and flexibility? How can we maximise these benefits?**

## 2.4 Fit with wider energy efficiency policy landscape

There are already a range of measures to require or incentivise energy efficiency at a variety of scale, ranging from households to large industrial sites. Below is a list of the key measures, recognising that a number do not only cover electricity.

Climate Change Agreements (CCA) are voluntary agreements made by UK industry to reduce energy use and carbon dioxide (CO<sub>2</sub>) emissions. In return, operators receive a discount on the Climate Change Levy (CCL), a tax added to electricity and fuel bills. The Environment Agency administers the CCA scheme on behalf of the whole of the UK. CCAs are available for a wide range of industry sectors from major energy-intensive processes such as chemicals, paper and supermarkets to agricultural businesses such as intensive pig and poultry farming. The current CCA scheme started in April 2013 and will run until 31 March 2023.

The Industrial Energy Transformation Fund (IETF), announced in Budget 2018, is a new Fund worth up to £315 million to support businesses with high energy use to transition to a low carbon future and to cut their bills through increased energy efficiency.

Streamlined Energy & Carbon Reporting (SECR) requirements were introduced on 1 April 2019. The new rules set a framework for over 11,000 businesses to report on their annual energy use, greenhouse gas emissions and energy efficiency measures they have taken in

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<sup>17</sup> <https://www.gov.uk/government/publications/upgrading-our-energy-system-smart-systems-and-flexibility-plan>

<sup>18</sup> This is part of the Energy Networks Association (ENA)'s Flexibility Commitment <http://www.energynetworks.org/assets/files/ENA%20Flexibility%20Commitment%20Our%20Six%20Steps%20for%20Delivering%20Flexibility%20Services.pdf>

<sup>19</sup> 5% treatment effect for vulnerable customers <https://save-project.co.uk/energy-efficiency/>

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their annual reports covering periods from April 2019. The new SECR regulations replace the CRC Energy Efficiency Scheme, which closes this year, with participants required to submit their last CRC report by July 2019 and to surrender allowances for the final time in October 2019.

Energy Savings Opportunity Scheme (ESOS) is a mandatory energy assessment scheme for large organisations in the UK. These assessments are audits of the energy used by their buildings, industrial processes and transport to identify cost-effective energy saving measures.

Energy Innovation Programme which invests £100m+ to reducing cost and accelerate innovation to market, strengthening UK leadership. It supports Carbon Capture and Utilisation Demonstration and Storage, Hydrogen Supply Competition, Industrial Energy Efficiency Accelerator, industrial fuel switching to low carbon alternatives and Accelerating Carbon Technologies.

The GB public sector has access to interest-free government funded loans since 2004, through Salix Finance Ltd. for energy efficiency projects.

Boosting Access for SMEs to Energy Efficiency (BASEE) competition launched in 2019 will fund the development of new business models that encourage take up of energy efficiency projects by small and medium businesses (SMEs). This is to overcome key market failures faced by SMEs such as lack of economies of scale, high upfront capital costs, high transaction costs and difficulty accessing finance.

The private rented sector regulations require domestic landlords to upgrade properties to EPC Band E or register an exemption if one applies. The regulations apply to properties let on new tenancies from April 2018, and then to all privately rented properties (even if there has been no change in tenancy) by 1 April 2020. These regulations were strengthened on 1 April 2019 to require domestic landlords to contribute up to £3,500 to the cost of improvements. In the Clean Growth Strategy we set out our intention to consult on tightening standards over time, with an aspiration of Band C by 2030.

In the domestic owner occupier sector, we are seeking to build the market for energy efficiency and reduce barriers to uptake of energy efficiency. To do this we have:

- Launched six local supply chain demonstration projects, focussing on reducing the cost for retrofit and building supply chain capacity whilst also addressing the non-financial barriers to deeper retrofit, such as supply chain fragmentation and the high hassle costs of installing measures.
- Launched two innovation competitions to support domestic energy efficiency:
  - A £10M innovation project launched in June 2019 to drive reduced cost of whole house retrofit through economies of scale and process innovation.
  - A £5m green home finance innovation fund, launched in July 2019, to support the development of innovative green finance products to support consumers in undertaking energy efficiency
- Set up a digital advice service, Simple Energy Advice, to provide homeowners with impartial and tailored advice on how to cut their energy bills and make their homes greener, as well as information on any available financial support.

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- Taken action to ensure that homeowners can have confidence in the quality of energy efficiency installations. In 2018 we launched a new quality mark under the reformed TrustMark Government Endorsed Quality Scheme for home energy improvements, which is underpinned by new, more robust technical standards covering the end-to-end delivery of energy efficiency measures, published in June 2019. We will be consulting on incorporating the TrustMark scheme into ECO in Summer 2019.

[Part L of the Building Regulations \(England and Wales\)](#) contains requirements relating to the conservation of fuel and power of new and existing buildings. By 2025 we will introduce a Future Homes Standard for new build homes to be future proofed with low carbon heating and world leading levels of energy efficiency, to create healthy homes that are fit for the future, have low energy bills, and are better for the environment.

**Question: What is the role of aggregators?**

**Question: How should we best align with existing policies, particularly those referenced in section 2.4?**

## 3. Market Barriers

Cost-effective and accurate measurement and verification of energy efficiency is a key issue. Without, it is difficult to forecast and plan energy savings and therefore value it correctly, which can result in higher costs for consumers and lower standards.<sup>20</sup> As well as challenges associated with cost of implementation and management, there is a lack of standardisation in approaches to measuring and valuing the impact of energy efficiency on network demand, which can also make accessing some revenue streams challenging. The Deemed Metering report, published alongside the EDR pilot evaluation, which compared the actual metered outputs from a sample of EDR projects to the forecast capacity savings, also provides evidence on the challenges of measurement and verification of savings.<sup>21</sup>

Permanent EDR is different in nature to the dynamic and responsive flexible technologies and capacity generation. This causes challenges in how to value energy efficiency comparably and therefore how to reward or penalise in the same market. Although EDR will help the overall system over a period, it cannot respond to day to day demands of the system. Additionally, EDR's benefits are wider than just peak capacity demand as they are permanent reduction. Although this is beneficial for decarbonisation, it is challenging to capture and to include it while stay technology neutral.

Energy efficiency projects tend to have access to less sources of funding, unlike other technology such as DSR and generation. This makes it difficult to compete with these technologies and less attractive to aggregators.

Participation in markets such as auctions is often a complex process with high transaction costs. Coupled with the often large upfront costs of energy efficiency measures, this can make it difficult for EDR to compete.

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<sup>20</sup> <https://webstore.iea.org/market-report-series-energy-efficiency-2018>

<sup>21</sup> <https://www.gov.uk/guidance/electricity-demand-reduction-pilot>

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The energy system is evolving with decentralised, intermittent generation, smart technology, increased penetration of electric vehicles, growth of air conditioning etc, which means the use profiles and demands on the system are also changing when considered from a seasonal or time of day perspective. This may change types of energy efficiency measure that are most beneficial to the system.

From a behaviour perspective, as energy efficiency results in savings opposed to additional revenue or costs, it can be a less appealing choice and often requires behaviour change to realise full gains from energy efficiency measure.

In addition to these market challenges, there are further practical barriers in terms of amending the rules governing the energy markets. Terms and conditions governing network connection and system use, known as Industry Codes, are managed jointly by industry and overseen by Ofgem. Complex changes to the Industry Codes are challenging and time consuming, particularly when impacts of changes are unevenly distributed between Code parties.

**Question: Do you agree with the market barriers to energy efficiency investment described? Do you think there are additional barriers?**

**Question: What are the ways we can overcome the market barriers to energy efficiency investment?**

**Question: Should we support behaviour change? If so, should it be supported in the same way as energy efficiency, which requires installation of measures?**

## 4. Questions

**Q1: Do you agree with the market barriers to energy efficiency investment described? Do you think there are additional barriers?**

**Q2: What are the ways we can overcome the market barriers to energy efficiency investment?**

**Q3: How can we leverage current markets to facilitate energy efficiency? For example, markets flexibility technologies can access such as the Capacity Market, National Grid Energy System Operator's (ESO) balancing services markets or Distribution Network Operators (DNO) tenders for alternatives to network reinforcement.**

**Q4: How we can create new markets for energy efficiency? Please provide suggestions on how to design the different mechanisms.**

**Q5: What can we learn from other countries' electricity systems from an energy efficiency perspective?**

**Q6: How could networks ensure that energy efficiency can compete fairly with other solutions as a potential alternative to network reinforcement?**

**Q7: Are there potential benefits from combining EE and flexibility? How can we maximise these benefits?**

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**Q8: What is the role of aggregators?**

**Q9: How should we best align with existing policies, particularly those referenced in section 2.4?**

**Q10: Should we support behaviour change? If so, should it be supported in the same way as energy efficiency, which requires installation of measures?**

This consultation is available from:

[www.gov.uk/government/consultations/facilitating-energy-efficiency-in-the-electricity-system](http://www.gov.uk/government/consultations/facilitating-energy-efficiency-in-the-electricity-system)

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