

The Energy Technology List: beyond the Enhanced Capital Allowance scheme

Engagement report from 2019 workshops



Department for
Business, Energy
& Industrial Strategy



t. 0207 239 7800 p. 2 Angel Square, London, EC1V 1NY
e. info@traverse.ltd w. www.traverse.ltd





Contents

Executive summary	1
1. Introduction	2
1.1. Aims and objectives	3
1.2. Methodology	3
1.3. Reading this report.....	5
2. Achieving greater energy efficiency	6
2.1. Stakeholder views on the ETL and its role	6
2.2. Perceived challenges associated with the termination of the ECA.....	8
3. Benefits and barriers to using the ETL	9
3.1. Benefits and successes	9
3.2. Barriers	10
3.3. Other energy efficiency schemes.....	12
4. Improving the current operation of the ETL	13
4.1. Stimulating demand.....	13
4.2. Increasing new product listings on the ETL.....	15
5. The future of the ETL	17
5.1. Use of incentives to replace the ECA.....	17
6. Conclusions	18
Appendix A – Glossary	19
Appendix B – Survey	20



Executive summary

The Energy Technology List (ETL) is a government approved list of energy-efficient products across 56 technologies. Currently, products which are listed on the ETL (or meet the criteria in 'unlisted' categories) qualify for tax relief through Enhanced Capital Allowance (ECA), which allows the purchaser to offset the cost of the equipment against taxable profits. However, in the Budget 2018 it was announced that the ECA would end in April 2020 and that the revenue saved will be used for the Industrial Energy Transformation Fund.

The Department for Business, Energy and Industrial Strategy (BEIS), who oversees the list, are interested in hearing stakeholders' views on what the future of the ETL could look like after April 2020. This report is a summary of stakeholder views from a series of four workshops, hosted by independent research agency Traverse, during May 2019. Workshops were attended by product manufacturers, purchasers, trade bodies, consultants (for example, tax consultancies, energy consultancies), and government bodies.

The majority of participants were aware of the ETL and ECA before attending the workshops and understood their purpose to be increasing the installation and use of energy efficient products, by influencing purchasing behaviour. Participants generally felt that the role of the scheme as an independent, credible source of information on energy-efficient products was its most important benefit. Most participants felt that the removal of the ECA will negatively impact demand for energy efficient products by removing a key incentive.

When discussing the current functioning of the ETL, participants felt that the largest barrier they face is a lack of awareness among purchasers, both of the scheme and the financial savings of using energy efficient products. Participants often felt this was exacerbated by a disconnect between those purchasing products (for example property developers or procurement teams) and those operating them (for example building occupiers).

Participants provided a variety of ways in which the ETL could be improved. Suggestions for the current operation of the ETL included improving website functionality (for example improving search functionality), simplifying the process for manufacturers to list products (including testing processes), and increasing awareness of the scheme to stimulate demand.

Participants also made broader, more aspirational suggestions, such as the ETL forming part of a wider movement towards decarbonisation, linking with other schemes or including other products such as renewable energy generation technology. Participants felt the ETL should be setting challenging standards to manufacturers, driving the market forward. They asked that government explore options for incentives or penalties for energy efficiency, which were seen as necessary in the absence of widespread awareness of the benefits of energy efficient technology.



1. Introduction

The Energy Technology List (ETL) is a core component of the Enhanced Capital Allowances Scheme for Energy Saving Technologies (ECA). The purpose of the List is to influence purchasing and manufacturing behaviour to reduce energy demand, and therefore reduce related negative environmental impact.

Spotlight: Origin of the ETL

The scheme was set up in 2001 as part of the Climate Change Levy Package. Its purpose was to address barriers to the use of existing energy efficient equipment that were slowing adoption by industry. These barriers were:

- lack of buyers' awareness of industrial energy efficiency equipment;
- lack of buyers' trust in suppliers' equipment performance claims; and
- the price premium between conventional and energy efficient versions of industrial equipment.

The preferred solution to addressing these barriers was a government verified list of industrial energy efficient equipment tied with a financial incentive. This solution was targeted at altering purchase selection after the need to purchase equipment had been identified. The Energy Technology List was established to overcome the barriers of awareness and trust. Enhanced capital allowance support was provided to reduce the price premium that buyers experienced when purchasing more energy efficient equipment.

For new technologies to be added to the ETL currently, they must:

- provide an opportunity to generate significant carbon savings;
- be defined as plant and machinery under UK tax law;
- have a wide application across business sectors;
- be designed to save energy rather than generate it; and
- meet test standards, as appropriate, so the product can be benchmarked.

Currently, products which are listed on the ETL (or meet the criteria in 'unlisted' categories) qualify for tax relief through Enhanced Capital Allowance (ECA),¹ which allows the purchaser to offset the cost of the equipment against taxable profits, meaning that less tax is paid in the year of purchase. The ECA tax relief for ETL products ends in April 2020 following the Budget 2018 announcement².

¹ <https://www.gov.uk/government/publications/plant-or-machinery-capital-allowances>

² <https://www.gov.uk/government/publications/ending-enhanced-capital-allowances-for-energy-and-water-efficient-plant-and-machinery/capital-allowances-ending-enhanced-allowances-for-energy-and-water-efficient-plant-and-machinery>



The application process for manufacturers or suppliers to get their products listed is summarised below (Figure 1).

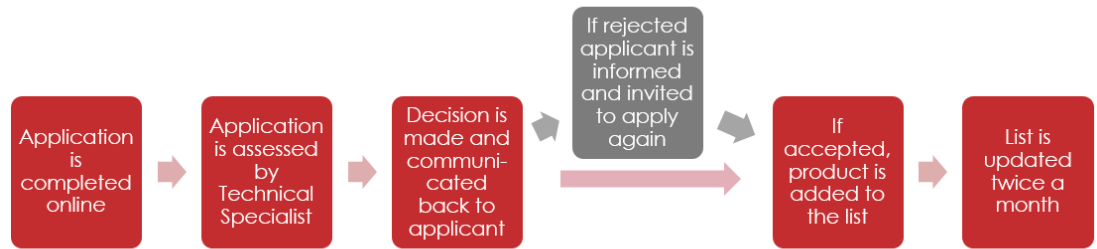


Figure 1: ETL application process

1.1. Aims and objectives

Carbon Trust, on behalf of BEIS, commissioned Traverse to run a series of engagement workshops and report on the outcomes. The objective of this work is to answer the following research questions from the perspective of users of the List:

- What does the ETL need to achieve?
- What are the benefits and challenges of using the ETL and ECA?
- How should improvements to the ETL be prioritised?
- What should the ETL look like after the end of the ECA?

1.2. Methodology

1.2.1. Participants

Carbon Trust promoted the workshops via the website, newsletter, public sector forums, and emails. Participation was on a voluntary basis.

Four workshops were held with 101 participants, over two weeks in London, Manchester and Birmingham. One telephone interview was also carried out. (Table 1).

Table 1: Workshop locations and number of participants

Workshop location	London 13 May	Manchester 16 May	London 20 May	Birmingham 23 May	Telephone interview
Number of participants	33	18	24	26	1

Workshops were attended by product manufacturers, purchasers, trade bodies, consultants (for example, tax consultancies, energy consultancies), and government bodies. Participants were not asked which sector they belonged to at the workshops, but they were asked to complete a survey prior to arriving. Over half of participants who responded to the survey (70 of 101 attendees) were manufacturers (Figure 2).

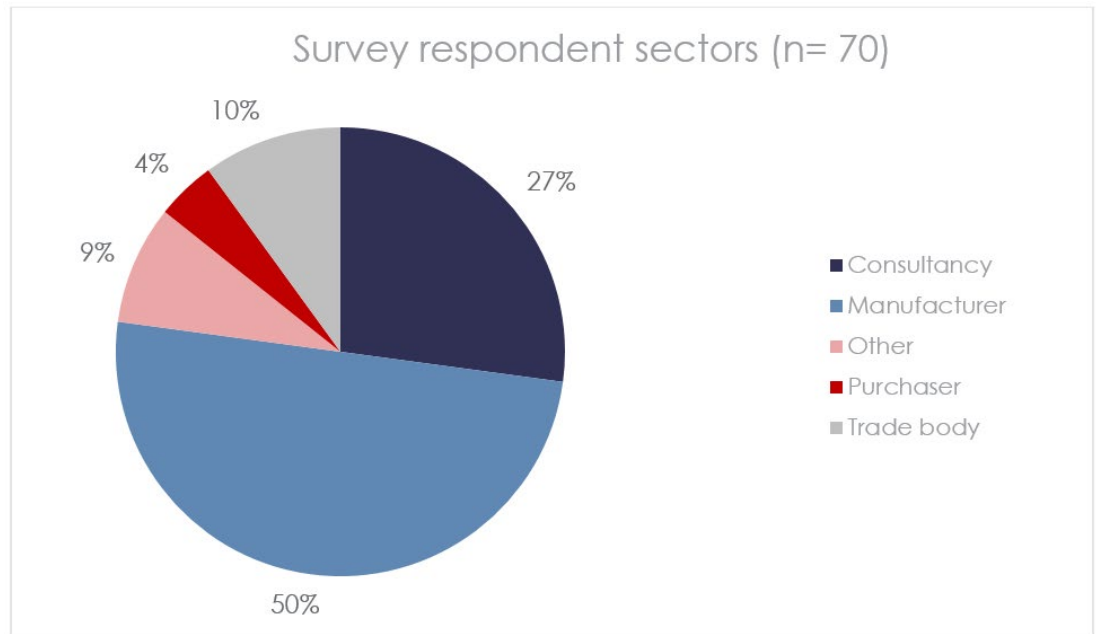


Figure 2: Survey respondent sector

Only 4% of survey respondents³ identified themselves as purchasers, and 27% were consultancies who may have been acting on the behalf of purchasers, such as tax consultancies (Figure 2). This imbalance in representation reflects a higher level of engagement with the scheme among manufacturers and consultancies, relative to purchasers.

1.2.2. Engagement design

The engagement programme included a pre-workshop survey, four workshops and telephone interviews with a small number of participants who were unable to attend.

The engagement programme was designed to:

- inform participants about the ETL and the ECA;
- capture participants' views on the current version of the ETL; and
- capture suggestions for future versions of the ETL.

1.2.3. Workshops

The stakeholder workshops consisted of four separate discussions and were designed so that the content from each discussion would feed into the next. The discussion topics loosely followed a chronological order, starting with the current state of the ETL, and finishing with what future versions could look like.

- Discussion 1: the role of the ETL.
- Discussion 2: the benefits and challenges of the ETL.
- Discussion 3: improving the operation of the ETL, focusing on purchasing, manufacturing and awareness and promotion.
- Discussion 4: new ideas for the ETL.

³ Including one organisation which had incorrectly referred to themselves as a manufacturer but was identified as a purchaser upon review of the attendance data.



Survey

Carbon Trust administered an additional voluntary survey which was completed by 70 of 101 workshop participants (44 online and 26 hard copy). Whilst this was not a representative sample of ETL users, the survey responses are used as a proxy for workshop participants throughout this report (the full survey is available in Appendix B – Survey).

1.3. Reading this report

This report is divided into an executive summary and six sections:

Executive summary: Overview of all findings.

Section 1: This introductory section, covering context and method.

Sections 2, 3, 4 and 5: Four sections outlining the findings, divided into:

- Achieving greater energy efficiency
- Benefits and barriers to using the ETL
- How can the ETL be improved?
- The future of the ETL

Section 6: A section offering conclusions.

Appendices are provided at the end of the document:

- Appendix A: Glossary
- Appendix B: Survey

The findings are reported thematically, including the outputs of the workshops and interviews across all locations, and across all research questions. Verbatim quotes are used to illustrate key points.

2. Achieving greater energy efficiency

The termination of the ECA scheme from April 2020 presents both opportunities and challenges, and the potential for the ETL to adapt or expand its approach and purpose. This chapter explores participant views about the purpose of the ETL.

2.1. Stakeholder views on the ETL and its role

The majority of participants were aware of the ETL and ECA before attending the workshops (Figure 3) and understood their purpose to be **increasing the installation and use of energy efficient products, by influencing purchasing behaviour**.

Most workshop participants felt that schemes such as the ECA and ETL are important for achieving **carbon emission reductions**, supporting targets set by government. Some felt that this superseded the focus on energy efficiency, particularly given the perceived socio-political prioritisation of climate change at the time. There was a view that considering the Government's focus on climate change, and commitment to net-zero emissions by 2050, that the decision to remove tax incentives or terminate schemes such as these was counterintuitive.

Participants suggested ways in which the ETL could drive greater energy efficiency. This report goes into more detail on these suggestions in section 4.

Manufacturers perceived the ETL as a form of assurance for purchasers that products on the ETL meet energy saving criteria, typically placing those products within the top quartile of energy efficient products in their category. Therefore purchasing, correctly installing and appropriately using their products guarantees a reduction in energy consumption for the end-user.

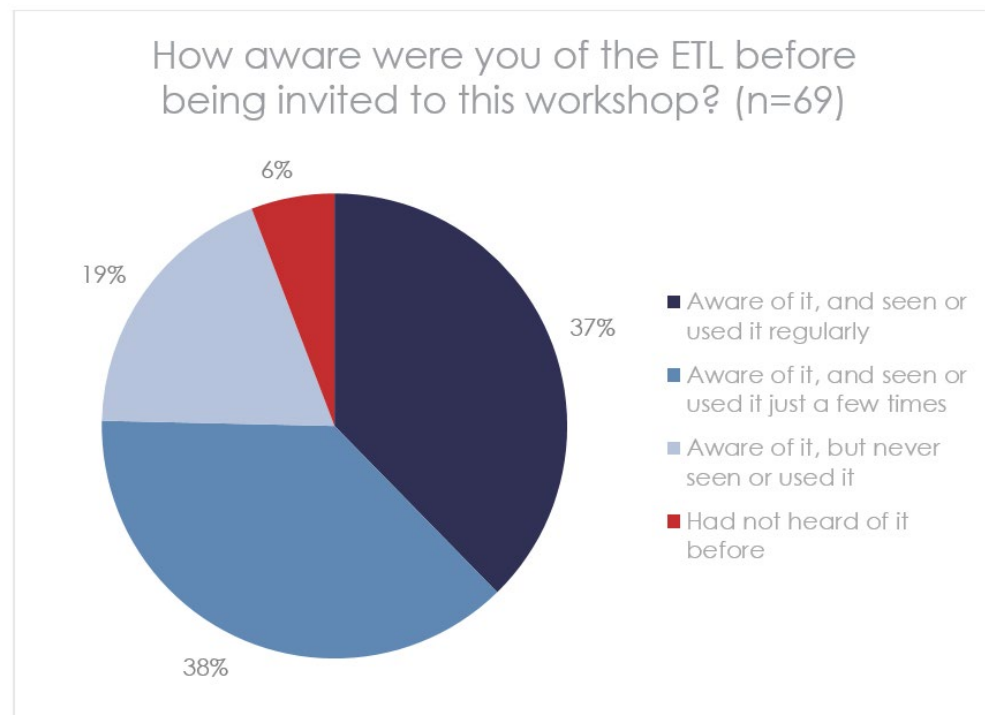


Figure 3: Extent to which survey respondents were aware of, and had used the ETL



Further research with purchasers and their representatives may be beneficial to confirm if products being listed on the ETL influences their decision-making when purchasing equipment, as a limited number attended the workshops.

Some participants felt that the core purpose of the current version of the ETL is to generate **financial savings for purchasers**, which they described as occurring in one of two ways:

- Savings **realised by accelerated capital allowance tax relief (ECA)** which is claimed back at the end of the financial year. This means that net capital expenditure is reduced in the year of ETL plant and machinery purchase. With the removal of the ECA many manufacturers felt that the ETL could become redundant. They believed that purchasers, who tend to prioritise minimising front-end capital expenditure, would no longer benefit from short-term cost savings. Influencing purchasing behaviour would rely solely on the weaker desire to reduce carbon emissions without a financial incentive.
- Savings from **reducing operational expenditure**. Manufacturers stated that products on the ETL use less energy over their lifecycle, and therefore reduce energy bills more than unlisted products. Some participants said that many of their potential clients were not aware of this, and as a result when making purchasing decisions opt for the initially cheaper but less efficient options. When prompted many participants stated that despite this, they would not consider cutting costs by manufacturing less energy efficient products because of the resulting negative impact on the environment.

Many participants agreed that having products listed on the ETL made them more attractive to purchasers, and therefore provided a **competitive advantage**. However, it was made clear that the competitive advantage was entirely reliant on the purchaser being aware of the ETL and the cost and energy saving potential it could provide.

Summary

Perceived purposes of the ETL include:

- stimulating demand for energy efficient products;
- reduction of CO₂ emissions;
- financial savings (capital and operational costs); and
- competitive advantage generated through unique selling points and raised awareness.



2.2. Perceived challenges associated with the termination of the ECA

As this report demonstrates throughout, most participants felt that the removal of the ECA will negatively impact demand for energy efficient products. Additionally, many manufacturers were frustrated that the financial savings being made through the removal of the ECA weren't believed to be reinvested into supporting similar goals. Some manufacturers and investment consultants said that any money saved should provide financial assistance for R&D into more innovative means of reducing energy consumption across industries.

Some participants were concerned that without the tax benefit of the ECA, those purchasers looking to maximise short-term savings (such as housing or office developers) will be most put off continuing to use the ETL. A few purchasing and investment consultants mentioned this as a challenge they face when dealing with projects' financial backers who would not benefit from lower operational costs associated with energy efficient products.

A few participants felt that the removal of the ECA is only temporary, and that a similar initiative may be reinstated in the future.

Summary

Perceived challenges due to the termination of the ECA include:

- reduction in demand for listed products;
- reduction in overall funding available for supporting manufacturing industry; and
- removal of financial incentive for purchasers.



3. Benefits and barriers to using the ETL

Many participants said that overall, the ETL had been successful in achieving increased energy efficiency. They discussed various barriers and areas for improvement that they felt would significantly increase the effectiveness of the ETL in driving energy efficiency and decarbonisation (for example, improving functionality of the website and increasing awareness of the scheme across all sectors and phases of the purchasing-chain). This chapter explores in more detail the benefits and barriers to using the ETL from the participants' perspectives.

3.1. Benefits and successes

Many participants felt that since its inception the ETL has increased overall demand for energy efficient products. They also felt that it has helped bring energy efficiency to the forefront of the collective consciousness – especially in the earlier years when climate change was not as much a part of public discourse.

Many participants also felt that to date, the ECA has generated financial savings for purchasers which makes procuring energy efficient products a more attractive proposition. Some participants agreed that this influence on purchasing and manufacturing behaviour has led to a **reduction in carbon emissions** and energy consumption among ETL product purchasers.

Participants generally felt that the role of the scheme as an independent, credible source of information on energy-efficient products was the most important benefit. Manufacturers generally valued having an independent brand to mark the quality of their qualifying products.

Some manufacturers felt that having a product listed can be a unique selling point if the awareness is there, and the purchaser is either prioritising energy efficiency, or educated on how installing energy efficient products can lead to financial savings in the long run. As above, some respondents felt that having their products listed was an indicator of higher quality manufacturing processes, and were therefore best in class. In both cases, some manufacturers said they use the ETL logo on their website and other promotional materials as a selling point. A few, however, did not as they did not feel that purchaser awareness was high enough to warrant advertising their ETL compliant status. A few manufacturers had been encouraged to submit their products to the ETL as purchasers had specifically requested or specified for it. Some participants noted that a benefit is that there are no fees to get a product listed, and that if that were to change it would present a challenge.

Despite the user interface and operability challenges described in Spotlight: The ETL website, some purchasers, consultants and trade bodies did find value in the ETL website, using it as a definitive and trusted source on which to locate energy efficient products.



Summary

Key successes of the ETL scheme include:

- increased demand for energy efficient products;
- raised awareness of environmental conservation; and
- trusted independent source of energy efficient products.

3.2. Barriers

Many participants said that there was a big difference in how various stakeholders used the ETL, and as a result the ways in which greater impact could be achieved also differ.

3.2.1. How specifiers and purchasers use the ETL

For organisations wishing to specify and purchase equipment, the List serves as a comparison tool for the most energy efficient equipment, that can be searched by technology category and helps purchasers narrow down their choices. Mention was also made of the usefulness of 'statements of compliance' to customers who were purchasing, particularly in 'non-listed' ETL categories. Participants believed that at the purchaser and specifier⁴ levels there was a lack of awareness of the ETL, its purpose, and the financial benefits it can provide. Some participants noted that even with adequate levels of awareness the ETL was sometimes being used retrospectively – on project completion or at the end of a tax year, accountants look back at purchases made and apply for ECA where relevant. This means that in certain cases the ETL is not effectively influencing purchasing behaviour.

Participants across locations discussed the differing motivations of those making purchasing decisions – for example, a purchaser may focus on initial capital costs, while the end-user may regularly use the product and focus on long-term operational costs and durability.

3.2.2. How installers and end-users use the ETL and its products

Many participants made it clear that when products are not installed correctly then their efficiency is reduced over the long term, which leads to the end-user making fewer financial savings. This in turn reduces the demand for energy efficient products as end-users don't realise the value. Many participants agreed that the biggest opportunity for the ETL to increase its influence on purchasing behaviour would be through education. A few manufacturers said they provide seminars for specifiers, purchasers and installers as a means of highlighting the potential financial and energy savings to be made if they purchase and correctly install their product.

⁴ A specifier in this context is responsible for deciding which plant and machinery products are purchased and installed.

Many participants mentioned leveraging more punitive means of influencing purchasing behaviour. Participants generally felt that with the removal of the ECA, the incentive – or ‘carrot’ – is removed, and that there is no clear policy or regulatory ‘stick’ to dissuade specifiers and purchasers from opting for cheaper and less energy efficient products. A few participants suggested that penalties could range from administering fines to the least energy efficient products, to creating new legislation banning the installation of such products altogether. This report goes into more detail on incentives in section 5.1.

Many participants complained that the website is one of the main barriers they face when using the ETL, because it is difficult to use (Figure 4). For more detail on the website, refer to Spotlight: The ETL website, page 16.

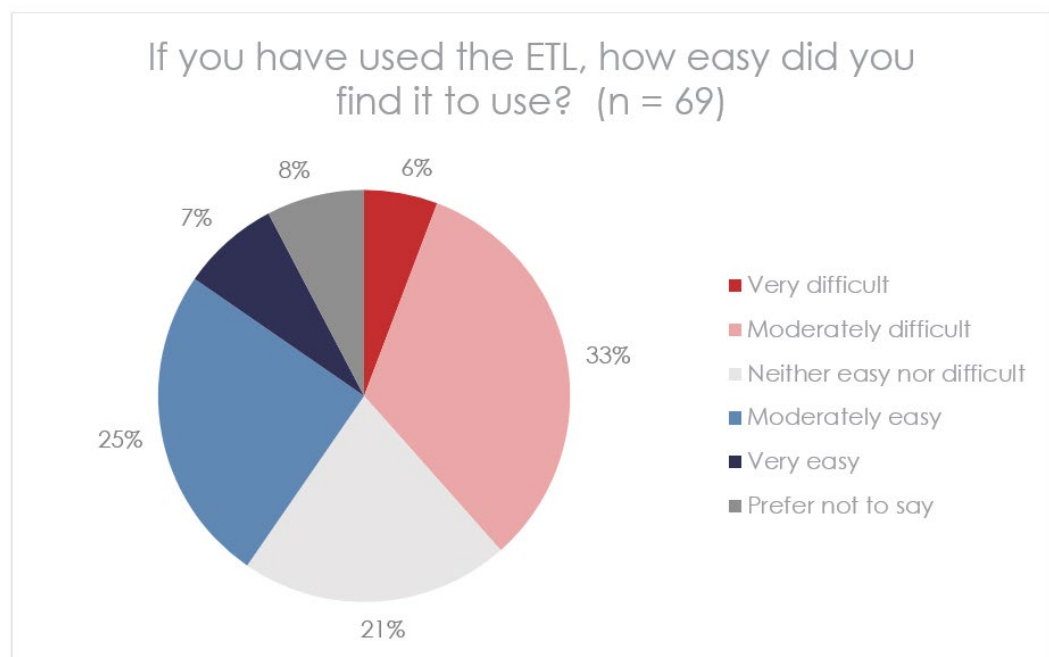


Figure 4: Level of difficulty that survey respondents reported in using the ETL

Many manufacturers who attended the workshop with experience of getting products onto the ETL felt that the process of meeting the criteria to get on the List is resource intensive. Some described the process as inconsistent between sectors and for different products within a sector, and not transparent enough. Some participants acknowledged that they had had positive experiences when providing feedback for the criteria, however some felt that the process for setting them was unclear.

Many participants felt that seeking **third party verification** is a costly and time-consuming process, which excludes smaller manufacturers (SMEs) and innovative start-ups from being listed. The overall sentiment was that it takes too long to get products listed regardless of who does the verification.

A few participants also raised concerns about **self-certification**, and the opportunities it could provide for manufacturers to falsify data in order to secure their products on the List. Many participants felt that policing the list should be prioritised regardless of the certification process.



Some participants said that for purchasers, the transaction cost of using the ETL and claiming the ECA can be too high because the process is difficult. Some participants felt that this could be because different individuals within a project make purchasing decisions, fit the products, and claim the ECA. For example, a purchasing decision could be made on the basis that a product on the ETL is better for the environment and could lead to cost savings, but the accountant within a company may not be aware of this.

Summary

Key barriers to ETL uptake include:

- challenges with using the ETL website;
- resource and time intensive process for getting products listed; and
- disconnect between purchasers and users of products.

3.3. Other energy efficiency schemes

Participants provided examples of schemes that they perceive as working towards similar outcomes of improved energy efficiency and/or decarbonisation, that affect UK purchasing, manufacturing and energy efficiency.

A few participants discussed the requirements and administrative or financial burden of joining other schemes. Participants generally felt that if the requirements or criteria of different schemes (particularly in terms of testing and verification) were better aligned, they would be better enabled to be certified, as long as this did not increase complexity for manufacturers.

Schemes and standards mentioned included:

- BREEAM – Building Research Establishment Environmental Assessment Method
- FETA – Federation of Environmental Trade Associations
- IHRS – Industrial Heat Recovery Support programme
- SECR – Streamlined Energy and Carbon Reporting
- BIM – Building Information Modelling
- SKA Rating
- BS/ISO Standards
- Ecodesign
- SBEM software tool
- Eurovent
- ESOS – Energy Savings Opportunity Scheme
- WTL – Water Technology List
- MCS – Microgeneration Scheme



4. Improving the current operation of the ETL

Participants suggested ways to improve the current operation of the ETL, mainly through stimulating demand and increasing new product listings on the ETL. This chapter summarises participants' recommendations.

4.1. Stimulating demand

Across all workshops, many participants commented that the ETL **website** functionality was very limited, making its use unattractive or daunting. See Spotlight: The ETL website on page 16 for more details.

Most participants mentioned raising **awareness** of the ETL and its benefits as an opportunity to improve the ETL. This included communicating the value of the ETL at every level of the decision-making chain between specifiers, purchasers, fitters and end-users. Some participants felt that with the removal of the ECA, awareness-raising would become increasingly important. A few participants suggested that the ETL should highlight the extent to which its outcomes are aligned with the Sustainable Development Goals (SDGs), as awareness of the goals is already high.

“[The ETL] should be part of the education of energy efficiency”

(London workshop)

Some manufacturers said that BEIS and Carbon Trust should promote the ETL at tradeshows and workshops to educate purchasers on its benefits, which is currently done, suggesting a desire for greater publicity. Some participants suggested that this would also make BEIS seem more approachable.

Some manufacturers mentioned educating purchasers on the financial savings generated by using an ETL listed product over its entire lifecycle; in other words, cementing the longer-term view that energy efficient products reduce both operational expenditure and carbon emissions.

Many participants mentioned that changing mindsets and culture is required and that a big part of this is **branding**. Many participants felt that the current ETL brand was not strong or recognisable enough, and that this could be remedied through clearer messaging, improving the website and branding, and increasing 'real world' presence.

According to some participants, the removal of the ECA presents an opportunity for the ETL to rebrand, repositioning it in the industry as the gold standard to source energy efficient products. One suggestion was to repurpose the ETL logo as a kite-mark, to be used as a visual guarantee that listed products are highly energy efficient. This would also make the logo more recognisable as manufacturers push their kite-marked products on the market. However, a few participants felt resources should not be used on re-branding, as they felt that without the ECA the ETL would become redundant. Some participants also felt that rebranding could be a waste of time and money if efforts were not made to get the message across to purchasers that procuring energy efficient products is good for their



company's triple bottom line.⁵

Some participants felt that efforts to improve functionality and raise awareness would be futile without introducing **legislation** to influence purchasing behaviour. As mentioned in section 5.1, a few participants suggested that purchasing inefficient products could be made illegal or lead to being fined. However, a few participants argued that aligning company key performance indicators (KPIs) with the ETL could be a more moderate approach to achieve environmentally conscious purchasing culture.

A few participants pointed out that large public-sector organisations are not currently using the ETL to procure energy efficient products. Participants provided the NHS and state-run schools as examples of missed opportunities.

A few participants suggested that any future version of the ETL should broaden its focus to include employee wellbeing, achieving carbon neutrality, resource efficiency more generally, and responsible manufacturing. It was felt by participants that this would help the ETL to stay relevant, as purchasers are increasingly aware of the impact their purchasing decisions have beyond energy consumption.

Purchasers in the building industry suggested that the ETL should be incorporated into the Chartered Institution of Building Services Engineers' BIM initiative. Participants believed that this would ensure that energy efficient products are purchased and installed in new builds.

A few participants suggested that BEIS could produce estimated projections for how the criteria will change in the future, allowing manufacturers to adapt their R&D strategies accordingly. This would also act as a benchmarking tool, potentially encouraging purchasers to take a more proactive approach to procurement. A few participants argued that if purchasers have more confidence that the products they are buying will meet the ETL's criteria for the foreseeable future, it might make purchasing energy efficient products more compelling.

Summary

Key suggestions to stimulate demand include:

- improve website functionality (see Spotlight: The ETL website);
- raise awareness of the ETL at every decision-making point in the purchasing chain;
- implement legislation to deter purchasers from buying non-energy efficient products; and
- use benchmarking to future-proof purchasing decisions.

⁵ A measure of a company's commitment to focusing on social and environmental concerns alongside pursuing a profit



4.2. Increasing new product listings on the ETL

Some participants felt that the process of **setting the criteria should be more transparent** and be part of a two-way conversation between the manufacturers and BEIS. Many manufacturers felt that this process was a point of contention, as there was no guarantee that even if the criteria were met their products would remain on the List long enough to provide a competitive advantage. A few manufacturers also recounted instances in which their listed products were removed from the ETL without prior warning or notice⁶.

Many manufacturers felt that the 'bar' at which the criteria are set was not consistent across different sectors, leaving some manufacturers feeling like their product was at a disadvantage as they were required to meet much higher standards.

A few purchasers and investment consultants mentioned examples where in the time between an energy efficient product being specified and the final purchase being made, the product in question had been removed from the List. **A few manufacturers argued that whilst meeting the criteria and getting a product certified can take a long time, they wouldn't want to make the process less robust as it would damage the credibility of the ETL.** Other participants said that the ETL should coordinate with similar schemes such as Building Research Establishment Environmental Assessment Method (BREEAM) to share the burden of accreditation and maximise the impact of a product being designated as efficient.

For the small minority of manufacturers who had not heard of the ETL prior to attending the workshops, it was felt that more could have been done to bring the List and its benefits to their attention.

Some participants suggested that there are opportunities to capitalise on a growing market, such as broadening the categories of viable products, that could include more renewables now the Feed-in Tariff (FIT) scheme is closed to new entrants. Examples of other categories could include solar PV, as well as energy systems.

Summary

Key suggestions to increase new product listings on the ETL

- make the criteria setting process more transparent;
- reduce the burden of testing by collaborating with other schemes;
- improve awareness of the ETL; and
- broaden the scope of the ETL to include other technologies, including renewable technologies.

⁶ As part of the annual treasury order process all manufacturers are informed before any products are removed from the ETL.



Spotlight: The ETL website

Participants generally felt that the user experience of the ETL website in its current form is poor, and some preferred functionality is missing. Some purchasers explained that currently the items aren't easily searchable, and lack accurate descriptions or useful images. This was particularly important for comparing two similar products within the same category or using product information data on the ETL and comparing it to non-ETL products.

Common suggestions among participants were to provide:

- a summary of technical product information, such as a rating system to quickly determine energy efficiency levels;
- estimated financial savings generated by correctly using the product over its entire lifecycle;
- estimated financial savings generated by claiming the ECA;
- clear images or diagrams of the products;
- case studies showcasing examples of several listed products operating within a system;
- flagging newly added and recently removed products on the website landing page;
- side-by-side product comparisons;
- notifying manufacturers on how much traffic visits their product page; and
- introduction of APIs, enabling the product data to be securely searched for on other websites.



5. The future of the ETL

This section summarises the final workshop discussion on the future of the ETL. This report draws from examples of other similar schemes. Participants discussed whether the ETL should continue at all, and if so under which conditions. Most participants across all workshops felt that any future ETL would need to include some form of incentive and/or penalty to remain effective in driving energy efficient decision making.

5.1. Use of incentives to replace the ECA

As mentioned previously, most participants stated that decoupling the ECA from the ETL is a negative thing as the ECA provides a financial incentive. Some participants provided suggestions for **alternative financial incentives** for purchasers, such as:

- grants or cheap loans to purchase energy efficient products, especially aimed at SMEs; or
- tax discounts to apply up-front rather than after the purchase has been made (for example VAT discounts).

"When you're trying to affect purchasing changes, tax benefits are important"

(London workshop)

A few participants suggested that the financial savings made by removing the ECA should be diverted to cover the cost of testing their products to get listed on the ETL. A few manufacturers argued that removing the cost of testing would only incentivise them to get their products listed if awareness of the ETL was higher in the first place, in which case the incentive would be increased visibility of their products.

Some participants said that the best way to encourage purchasers to buy energy efficient products is through **legislation**, and that it should be a legal requirement to use the ETL as a purchasing List. A few participants argued that punitive measures would not be successful as manufacturers and purchasers would find ways to circumvent the law.

A few participants drew from global examples of similar initiatives to the ETL, where a public ranking system has led to social proofing amongst manufacturers in the form of peer pressure. In Japan, the publicly disclosed Top Runner list sees manufacturers competing to have the most energy efficient product within their respective category. Conversely, the worst performers could be outed publicly, and have fines issued to them if performance was not improved.



6. Conclusions

Participants felt that so far, the ETL had effectively raised awareness of environmental issues. Manufacturers felt that it had successfully influenced their behaviour towards energy efficiency, however it should be noted that many more manufacturers attended the workshops than any other stakeholder. A small number of purchasers and consultancies (present representing purchasers) said that purchasing decisions were often not influenced by the ETL or the ECA, but rather that the ECA was often applied for retrospectively ('deadweight'). They felt that this makes the ECA in its current format is not an appropriate incentive.

Participants felt that the largest barrier the ETL faces is the lack of awareness that it exists, and the financial savings that purchasing energy-efficient products can deliver. Once again it should be noted that awareness was not low amongst manufacturers present at the workshops, who said that it was purchasers who were not aware of the benefits that the ETL can deliver.

Purchasers and consultants felt that the perceived lack of awareness by purchasing organisations is partly because of the complexities of the internal procurement process where the buyer is often not the individual who will use the product or benefit from the decision.

Participants provided a variety of ways in which the ETL could be improved. As per previous engagement, participants most frequently suggested the following changes to the current operation of the ETL:

- improve the website functionality and look to make it more user-friendly (for example improved search functionality);
- raise awareness of the ETL and the benefits it can deliver (for example rebranding);
- make it easier to get products listed, which includes making the process of setting the criteria more transparent; and
- reduce the burden of getting products tested and approved.

Across all the groups it was agreed that the ETL should be part of a larger discussion on decarbonisation efforts. Part of this discussion is the lack of inclusion of renewable energy production technology.

Suggested broader changes are to:

- make getting listed on the ETL more aspirational by providing pre-emptive benchmarks which manufacturers can work towards (further developing the ETL as a preferred indicator of energy-efficient products); this could include for example lifetime energy and cost savings of the products; details of manufacturers' supply chain carbon footprint; and
- integrate the ETL with existing schemes in order to streamline the testing process and capitalise on their existing levels of adoption.



Appendix A – Glossary

- API – Application programming interface
- BEIS – Department for Business, Energy & Industrial Strategy
- BIM – Building Information Modelling
- BNDES – Brazilian Development Bank
- BREEAM – Building Research Establishment Environmental Assessment Method
- CIBSE – Chartered Institution of Building Services Engineers
- ECA – Enhance Capital Allowance
- EIA – Environmental Investigation Agency
- ESOS – Energy Savings Opportunity Scheme
- ETL – Energy Technology List
- FETA – Federation of Environmental Trade Associations
- IHRS – Industrial Heat Recovery Support programme
- KPI – Key Performance Indicator
- R&D – Research and Development
- SDG – Sustainable Development Goals
- SECR – Streamlined Energy and Carbon Reporting
- SME – Small to Medium Enterprise
- USP – Unique Selling Point



Appendix B – Survey

1. Name:
2. Organisation:
3. Which workshop are you attending?
4. Please indicate whether you are:
 - a. Trade body
 - b. Manufacturer
 - c. Purchaser
 - d. Consultancy
 - e. Other (please specify)
5. How aware were you of the ETL before being invited to this workshop?
 - a. Had not heard of it before
 - b. Aware of it, but never seen or used it
 - c. Aware of it, and seen or used it just a few times
 - d. Aware of it, and seen or used it regularly
6. If you have used the ETL, how easy did you find it to use?
 - a. Very easy
 - b. Moderately easy
 - c. Neither easy nor difficult
 - d. Moderately difficult
 - e. Very difficult
 - f. Not applicable – I've not used it before
 - g. Prefer not to say
7. To what extent does the ETL influence your purchasing decisions?
 - a. Not at all
 - b. To a small extent
 - c. To some extent
 - d. To a great extent
 - e. Not applicable
 - f. Prefer not to say
8. If you have used the ETL, what barriers (if any) did you face when selecting products from the ETL?
9. What channels do you use for energy efficient advice and information?

TRAVERSE



0207 239 7800
2 Angel Square, London, EC1V 1NY
info@traverse.ltd
www.traverse.ltd

