



Department for
Business, Energy
& Industrial Strategy

Consultation on the Energy Technology List Scheme

Part 1 – The future direction of the Scheme

Closing date: 7 August 2020



OGL

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Any enquiries regarding this publication should be sent to us at: ETLMailbox@beis.gov.uk

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General information

Why we are consulting

In this two-part consultation on the Energy Technology List Scheme, BEIS is seeking views from all interested stakeholders on: -

[Part 1 – the future direction of the Energy Technology List Scheme](#); and

[Part 2 – proposed technical changes for the 2020 update of the Energy Technology Criteria List \(ETCL\)](#)

This document is Part 1 and sets out the future policy direction for the ETL that BEIS intends to follow and seeks stakeholder views on the approach it describes. Part 2 is a highly technical consultation on the proposed changes to the product standards in the Energy Technology Criteria List for 2020.

Stakeholders are not required to respond to both documents.

Consultation details

Issued: 12 June 2020

Respond by: 7 August 2020 (midnight).

Enquiries to:

Energy Using Products Team
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2nd Floor, Area Orchard 3
1 Victoria Street
London
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Email: ETLMailbox@beis.gov.uk

Consultation reference: Consultation on the Energy Technology List Scheme (Part 1).

Audiences:

Product manufacturers and suppliers, trade bodies, wider industry players, product users and consumer groups, academics and consultancies

Territorial extent:

United Kingdom

How to respond

The use of Citizen Space would be the preferred response method.

Respond online at: <https://beisgovuk.citizenspace.com/energy-efficiency/6440341c>

or

Email to: ETLMailbox@beis.gov.uk

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.

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.

1. Introduction

At Budget 2018, the Government announced the ending of the Enhanced Capital Allowance for Energy Saving Technologies with effect from April 2020.

Since then BEIS has conducted a range of engagement activities with stakeholders to seek views on the future of the Energy Technology List (ETL), the underpinning scheme that sets technology performance criteria and lists the products that are eligible for support under the Enhanced Capital Allowance.

Part of this work was to understand whether, as a stand-alone measure, the ETL could still be an effective tool that helps business identify and invest in highly efficiency plant and machinery. Stakeholders have told BEIS that the ETL does have an important role to play in helping manufacturers differentiate highly energy-efficient products in the market and in supporting business consumers with the reassurance that a Government backed assessment scheme provides. Furthermore, stakeholders stated unequivocally that improvements are needed to the way the ETL is offered and promoted by BEIS. This will be particularly crucial once the Enhanced Capital Allowance ends, to ensure the scheme retains visibility and the benefits of purchasing the most energy-efficient products available in the market are fully appreciated.

BEIS has concluded that, going forward, the ETL continues to have a role within the package of measures necessary to achieve net zero by 2050 and, in the near term, to help meet the Government's ambition to improve business energy efficiency by at least 20% by 2030. BEIS will act on stakeholder feedback to repurpose the ETL to improve its functionality as a specification and procurement tool for the private and public sector that can work across supply chains. This document sets out BEIS' ambition to make the scheme work better for its users. The input and support of users, whether product manufacturers or their customers, will be vital to achieving success if the scheme is to realise its full potential.

This consultation is in two parts. Part one (this document) sets out the future policy direction for the ETL that BEIS intends to follow and seeks stakeholder views on the approach it describes. The second part is a technical consultation on the proposed changes to the Energy Technology Criteria List for 2020.

BEIS will publish additional documents alongside this consultation: a report of stakeholder workshops held in Summer 2019, and a 'Discovery' report commissioned to understand the user needs for the ETL web presence. We are not seeking views on those reports but would be keen to engage with stakeholders who are interested in their content.

2. The Energy Technology List Scheme

Background and Purpose

The ETL was established in 2001 to overcome barriers relating to the purchase of highly energy-efficient plant and machinery products in the UK. It helps by:

- Addressing information barriers – The ETL provides accessible, comparable information about the best performing products by class, which makes it easier for businesses to take account of lifetime costs, including both upfront capital costs and ongoing operating costs.
- Providing independent assurance of asset performance – The ETL aims to provide energy-efficiency information that is verified by an unbiased and trustworthy source, increasing buyer confidence in the performance of the best performing products.
- Reducing transaction costs for business – The ETL can reduce costs for purchases as it reduces the time and effort taken to make energy-efficient purchasing decisions. It can also reduce the cost of sale for sellers by helping to identify and build trust with customers, or in tendering due to the independent product verification.

Carbon and Energy Savings Potential

Growing the market for highly energy-efficient products has the potential to deliver significant energy and carbon savings. The ETL sets eligibility criteria that typically represent the top 25% performance level in the market. These 'higher energy performance standards' (HEPs) are developed to differentiate the best performing products in the market.

BEIS estimates the minimum level of 'listed products' sold in the UK per year as a direct result of the ETL at around 4% of total sales. This results in energy savings of 1.5TWh and carbon savings of 0.4MtCO_{2e} per annum. Although the take-up of 'listed' or compliant products is likely to be greater than 4% of total sales, it is considerably less than the potential. To put this into perspective, BEIS estimates that if ETL compliant products made up 100% of sales, on top of currently predicted sales, of the relevant technologies in the UK, then potential savings of 73TWh and 17MtCO_{2e} over Carbon Budget 5 (2028-2032) might be achieved.

However, higher energy and carbon savings will only be realised through this policy if it can successfully provide businesses with access to trusted information sources across their supply chains that support decision making based on life cycle costs. This is because many businesses focus on the larger initial capital outlay required for highly energy efficient assets over lower performing alternatives. The use of life cycle analysis methods should demonstrate that the total cost of ownership of energy-efficient assets tends to be far lower than cheaper, less efficient ones.

Vision and Future Direction

This document sets out BEIS' vision for the future direction of the ETL to help realise greater carbon and energy savings and promote green technologies. In partnership with stakeholders, we will: -

- Make the ETL work for all its potential users across the supply chain;
- Increase the ease of access to the ETL's extensive database; and
- Seize new opportunities to support and encourage business uptake of new low carbon technologies.

Energy Technology List Users

BEIS' stakeholder engagement has shown that there is a wide range of potential users of the ETL. Key sectors that could benefit from the scheme include, construction, retail, services, industrial, transport and the public sector.

There is considerable complexity around the different people and roles involved in an organisation's procurement decision making process, and roles can vary widely. Research conducted for BEIS has suggested that roles can be mapped into six main user groups:

- Product Manufacturers
- Specifiers (including architects, project engineers etc)
- Contractors (e.g. Turnkey or specialist sub-contractors)
- Facilities Managers
- Energy Managers
- Project sponsors/Senior managers (e.g. organisational decision makers)

For manufacturers, the ETL can showcase their top of the range products and help build a network with specifiers and contractors that need to keep up to date with developments in the market. Specifiers need access to trusted, reliable and independent information that allows them to compare products and identify the best equipment for their clients' needs. Contractors are often responsible for directly purchasing equipment. They need to build connections with manufacturers or suppliers to help them stay on top of technology developments but also to find competitively priced products.

Facilities managers (FM) are often directly involved with equipment purchases. Their focus is to ensure that equipment is easy to maintain and functions according to requirements of building users. Responsibility for energy-efficiency within organisations that do not have dedicated energy managers can rest with the FM manager. Energy managers shape policies within their organisations to increase energy awareness. They work with project leaders and senior management to build business cases to support energy-efficient decisions. Energy managers need access to information that will influence decision makers.

Project sponsors need to understand the budgetary impacts of their decisions. For energy-efficient equipment, this can mean tangible and non-technical demonstrations of the life-cycle benefits of procuring highly efficient products over cheaper alternatives.

BEIS believes that by improving the ETL, it could strengthen the links between these user groups to support the case for making business energy-efficient improvements through the procurement process.

Improvements and Opportunities

Decoupling the ETL from the Enhanced Capital Allowance provides a significant opportunity to address limitations that stakeholders have reported to BEIS. A stand-alone ETL can be open to new and innovative technologies that do not currently fit within the scheme's operating parameters. For example, software products that do not meet HMRC's definition of capital equipment, but potentially offer large energy savings, could become eligible. New technologies could be added to the ETL and the criteria updated far more quickly and regularly rather than the annual process that is currently used. Decoupling also allows BEIS to be far more transparent about the criteria setting and review process. Alongside this document, we are also consulting on proposed changes to the criteria for 2020 before they adopted (Part 2 of this consultation).

Re-purposing the ETL away from a tax tool and towards a digital platform that meets the needs of its user groups should help to drive and facilitate energy-efficient decision making and behaviours across businesses and the public sector. Making the ETL function better as the 'first choice' procurement tool for sourcing equipment is key to this. BEIS would like to take the Scheme to the point where it can help inform component level decision making from Building Information Modelling (BIMs) through to Building Energy Management (BEMS) systems.

BEIS has been working with NBS to map ETL product categories onto the Uniclass 2015 unified classification system for the construction industry. Uniclass 2015 is a requirement for BIM projects, as set by the BS EN ISO 19650 series of standards, and is divided into a set of tables which can be used to categorise information for costing, briefing, CAD layering, as well as when preparing specifications or other production documents. The introduction of Uniclass 2015 codes for ETL product categories will aid specifiers in identifying the correct products for their projects.

Alongside this, BEIS needs to develop the links to other government policies and to commercial schemes with similar objectives to strengthen the value of the ETL to its users and increase the 'portability' of an ETL listing. The ETL already features in the Simplified Building Energy Model (SBEM) and the BREEAM and SKA Ratings schemes to some extent, but more could be done to further embed the benefits of purchasing ETL compliant products.

Stakeholders were clear that BEIS needs to bring manufacturers and buyers together to build links and share knowledge. We will continue to engage with ETL users to encourage their participation (e.g. events, seminars etc) in this work and to facilitate networking between user groups. BEIS will review how the ETL is promoted, the messaging strategy employed, and the scheme materials offered so that it will be become more user focussed.

Over the last three years, BEIS has been working with stakeholders to review technically 80% of the ETL categories to reflect the linkages of eligibility criteria with technology relevant national and international measurement standards and efficiency parameters. One of the aims

of this work is to reduce the administrative burden on applicants by helping to ensure the utilisation of existing test reports for the ETL application process. During these reviews, BEIS has also been conscious to consider the different routes product manufacturers can use to demonstrate conformity of their products with the scheme's eligibility criteria. 'Representative testing' requirements have been reviewed and expanded to widen accessibility to the scheme. BEIS is now considering how best to integrate a 'product-systems' approach into the design of ETL eligibility criteria.

Finally, and most importantly, BEIS recognises that there is an urgent need to improve the ETL web offer. We will work with our delivery partners to create an improved user experience by: -

- moving content to a single platform to create a consistent and improved flow for the user journey;
- overhauling the content and hierarchy to include material that appeals to a range of technical levels and supports the development of business cases;
- refreshing the design and reviewing the consistency and style of visual design; and
- Improving search functionality of the ETL database (e.g., to enable product comparisons and add API functionality to open-up the dataset).

Rebranding

In our discussions with stakeholders about the future of the ETL, many participants mentioned that changing business mindsets and culture may be required to boost uptake. They felt that a big part of this is branding and that the current ETL brand was not strong or recognisable enough, and that this could be remedied through clearer branding and by increasing its 'real world' presence. However, a few participants felt resources would be better deployed on increasing promotion, and that significant rebranding could weaken a long-standing scheme potentially leading to a loss of trust amongst users.

BEIS is open to possibility of rebranding the ETL to make it more relevant. This could potentially include changing the scheme's name, imagery and materials to better reflect its importance as a low carbon information source and procurement tool. We are very keen to get stakeholder views on the goals that BEIS should focus a rebranding exercise around.

Developing and assessing ongoing ETL performance

BEIS will carry-out this improvement work during 2020 but industry assistance and participation will be vital if the ETL is to be successful. BEIS will carefully monitor the Scheme to ensure that positive engagement and outcomes are achieved and that the Scheme continues to represent good value for money for taxpayers.

Metrics used by BEIS to evaluate performance could include the number of applications for new technology assessments; the rate of products submitted for inclusion on the List; and analytical data on web platform usage (e.g. search data). We would also like to work with manufacturers to help collect data on the impact of the ETL on the market penetration of their products.

Stakeholders should be aware that, if the improvements to the ETL do not result in sustained use, and preferably increases, in the uptake of highly efficient equipment by UK businesses, the Government will consider closing the Scheme and redirecting resources and effort towards other net zero policies. In such a case, or if resources are required to be reprioritised, BEIS will give at least six months' notice of our intention to close the scheme.

3. Consultation questions table

Vision and Future Direction
<p>Q1. Do you agree with the vision and future direction for the ETL that BEIS has set out?</p> <p>Q2. Do you believe that the scheme, and the data it contains, could be used more effectively as a low carbon information source and procurement tool for commercial or non-domestic buildings?</p> <p>Q3. If not, please provide evidence suggesting alternative approaches that BEIS should consider.</p>
Energy Technology List Users
<p>Q4. Do the user groups described in this document accurately reflect the organisational roles that could benefit from the Energy Technology List?</p> <p>Q5. How could BEIS use the ETL to encourage linkages and information flows between users?</p>
Improvements to the Energy Technology List
<p>Q6. We would welcome stakeholder views on the improvements to the ETL described in this document. In particular, are there any actions that BEIS should consider that have not been suggested?</p> <p>Q7. What are the key elements that BEIS could add to the ETL digital platform to improve its usefulness and visibility across the whole supply chain?</p> <p>Q8. Would you or your organisation be willing to participate in the redesign process (e.g. by attending user experience design workshops)?</p>
Rebranding the Energy Technology List
<p>Q9. Should the ETL be rebranded and, if so, what factors should be taken into consideration in the design and promotion process?</p> <p>Q10. Would changing the name of the scheme help to increase awareness?</p>
Developing and accessing ongoing performance
<p>Q11. What evidence or metrics could BEIS use to determine the Energy Technology List's effectiveness in encouraging the uptake of highly energy-efficient products?</p>

Q12. Do you consider six months to be a sufficient notice period should the ETL scheme be discontinued? If not, please explain why and what the impacts would be should BEIS decide to close this scheme in the future?

4. Next steps

BEIS will continue to operate and develop the ETL Scheme but this commitment is subject to wider Government priorities and spending decisions. We will use the responses to this consultation to refine and finalise our activities to improve the Energy Technology List.

We are keen to work with as many users of the scheme as possible to try to ensure that the ETL can be as effective as possible.

If you wish to be added to stakeholder lists to take part in future ETL research, please contact BEIS at ETLMailbox@beis.gov.uk.

This consultation is available from: www.gov.uk/government/consultations/energy-technology-list-scheme-its-future-direction-and-technical-changes-to-the-2020-update.

If you need a version of this document in a more accessible format, please email enquiries@beis.gov.uk. Please tell us what format you need. It will help us if you say what assistive technology you use.