

# The International Energy Agency's Policy Pathway on Energy Efficiency in SMEs – A Global Perspective

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# Outline – 5 key questions

1. Why is energy efficiency improvement in SMEs important?
2. Why are government and industry-led programmes necessary?
3. What is currently happening?
4. How can we develop and improve energy efficiency programmes for SMEs?

Why is energy efficiency  
improvement in industrial  
SMEs important?

## An ENERGY perspective

- Industry consumes around one third of global energy each year.
- Potential energy savings 26 Exajoules per year by 2030 – equivalent to the current annual electricity consumption of the United States and China combined.
- SMEs account for around 30% of total industrial energy consumption

# An ECONOMIC perspective

SMEs are the engine of economic growth and development around the world

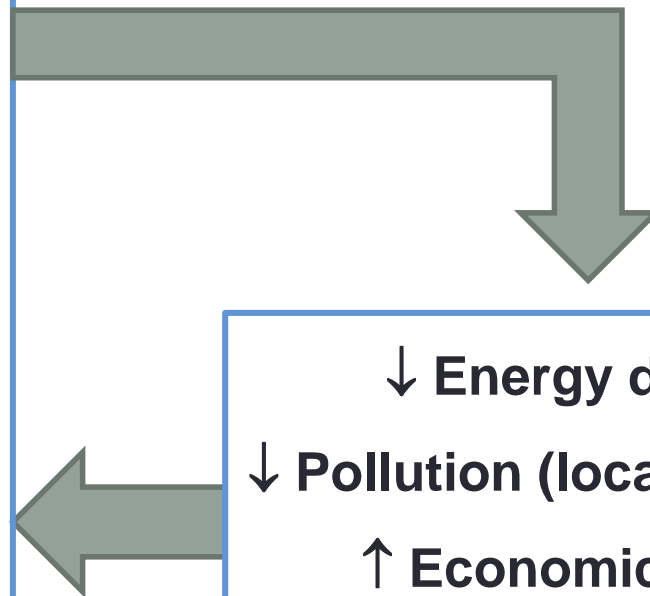
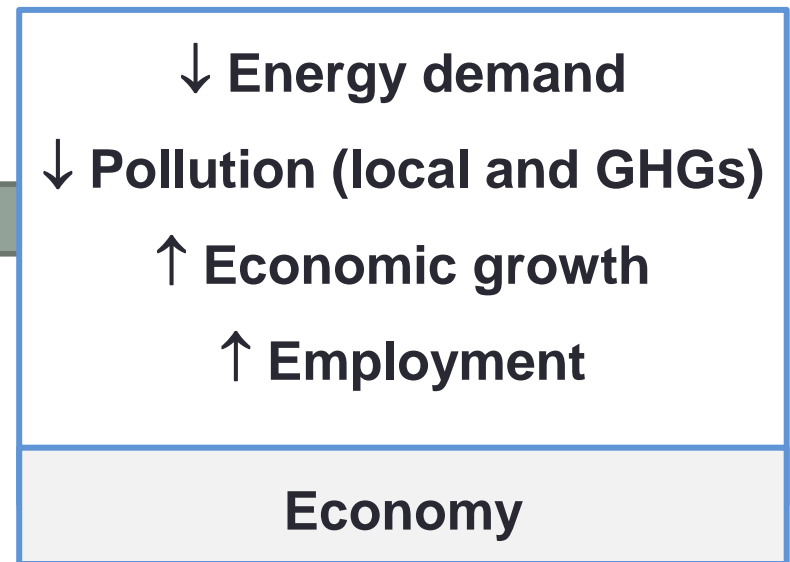
→ Innovation

→ Employment

→ Economic growth

Accelerate energy efficiency in SMEs

A virtuous cycle of benefits



Why are government and industry led programmes necessary?

# Navigating SMEs through barriers

**Finance  
Barriers**



**Information  
Barriers**



Improved energy  
efficiency in SMEs

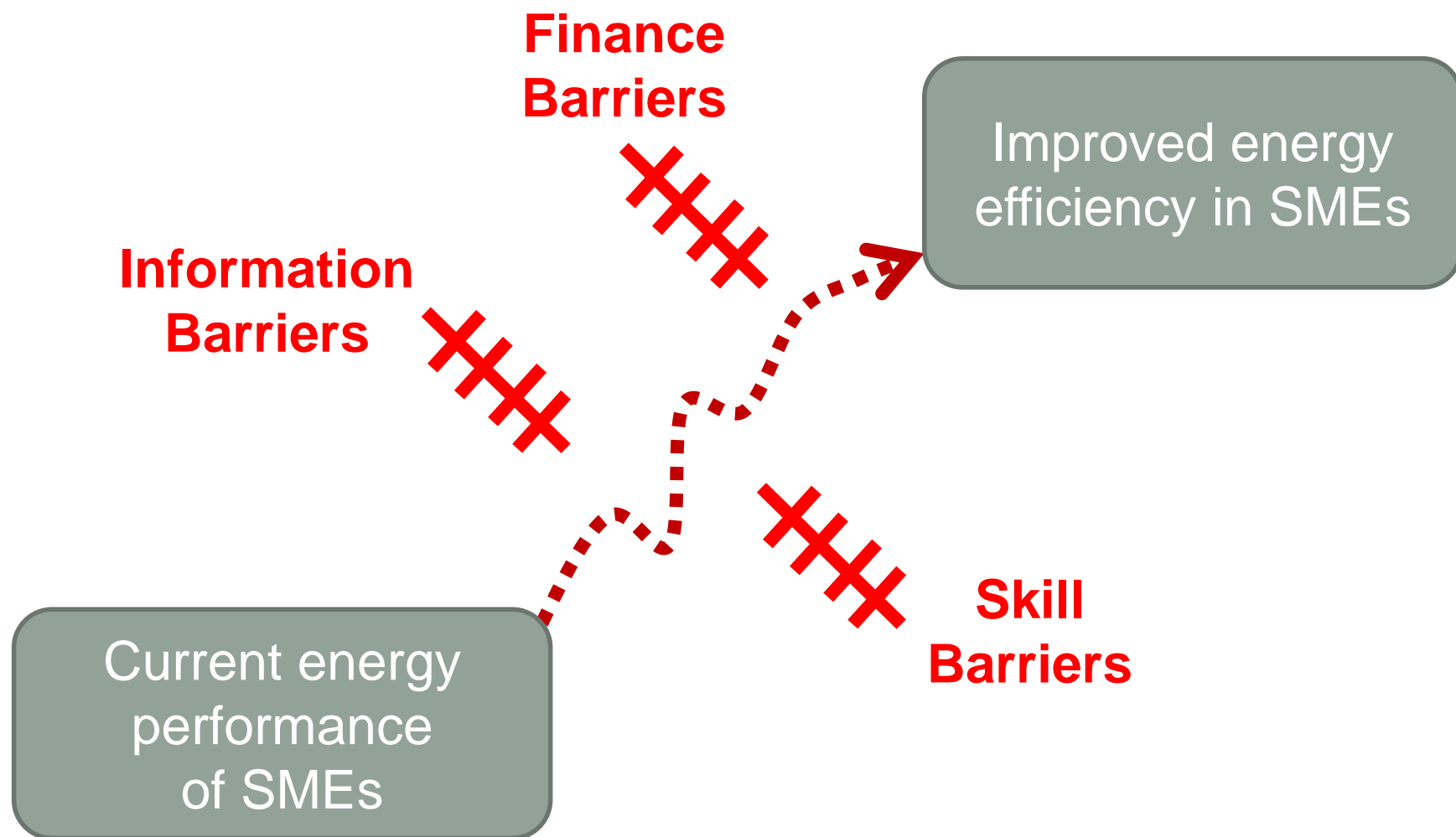
Current energy  
performance  
of SMEs



**Skill  
Barriers**



# Navigating SMEs through barriers



What is currently happening?

# SME energy efficiency programmes around the world – some examples



The Indian Bureau of Energy Efficiency



The Turkish Sustainable Energy Financing Facility



The Australian Capital Territory Government



The European Apparel and Textile Federation

# Australian Energy Efficiency Information Grants Programme

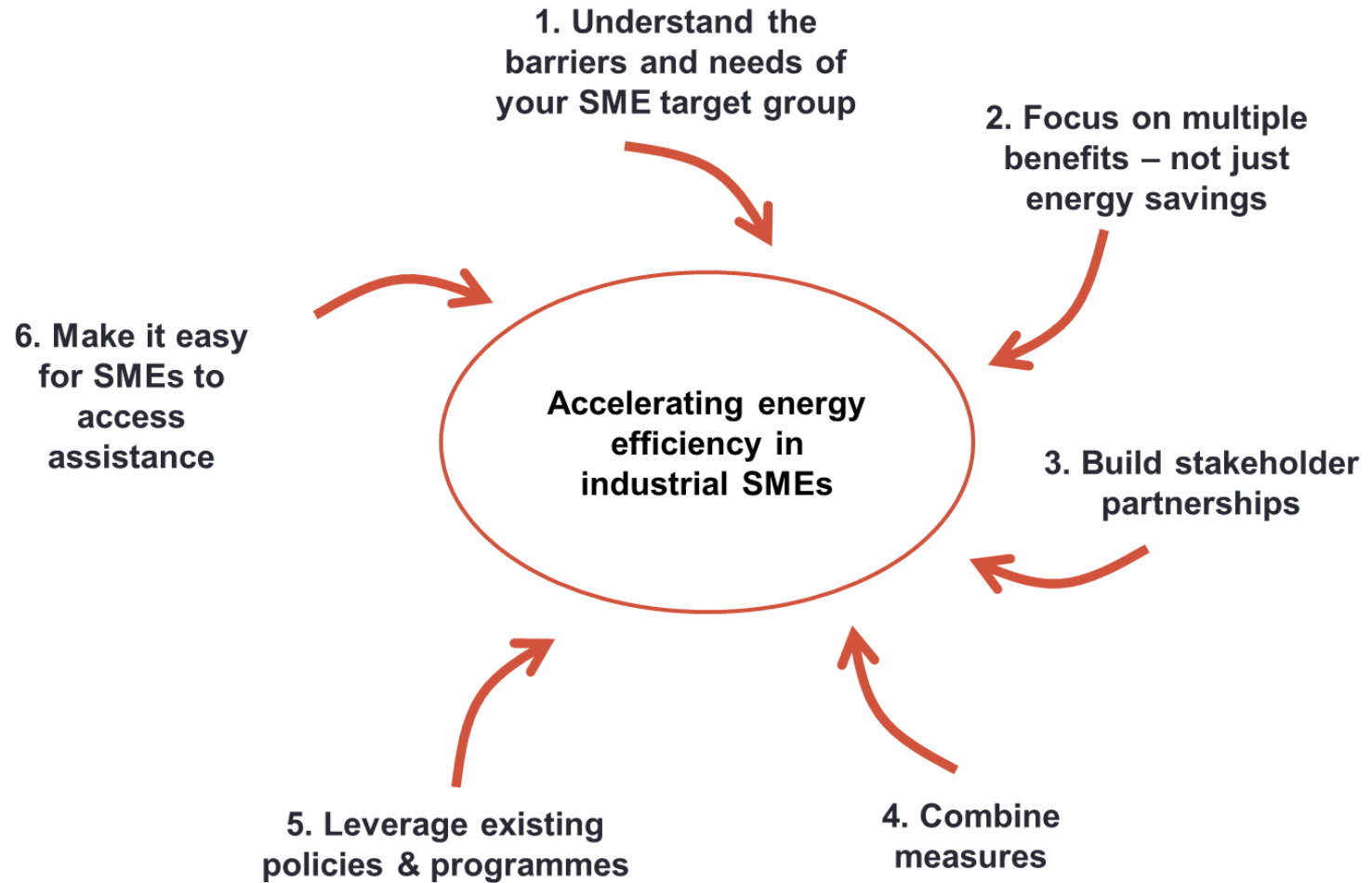
- Funding to deliver practical, tailored energy efficiency information to SMEs
- Actively encourage applicants to form partnerships when submitting proposals
  - Industry associations
  - Technical experts and energy consultants
  - Educational institutions
- Range of industry sectors including:
  - Food processing
  - Wineries
  - Foundries

# Sustainable Energy Financing Facilities (SEFF)

- **European Bank for Reconstruction and Development** first established in 2004
- Combines project funding with technical support and capacity building measures
- Motivates **banks** by showing energy efficiency is profitable, can build client relationships and help meet regulatory requirements
- Motivates **SMEs** by providing technical support to identify and measure potential energy efficiency projects
- Works with **policy makers** through policy dialogue to establish the framework conditions that support ongoing improvement

How can we develop and improve  
energy efficiency programmes for  
SMEs?

# Strategies for success



# 1. Understand the specific needs of the SME target group

- SMEs are diverse:
  - Activities and their related energy consumption
  - Market drivers
  - Geographic locations
  - Supply issues
- Carefully assess the particular barriers and needs of the organisations that are to be targeted by a particular programme and design measures accordingly



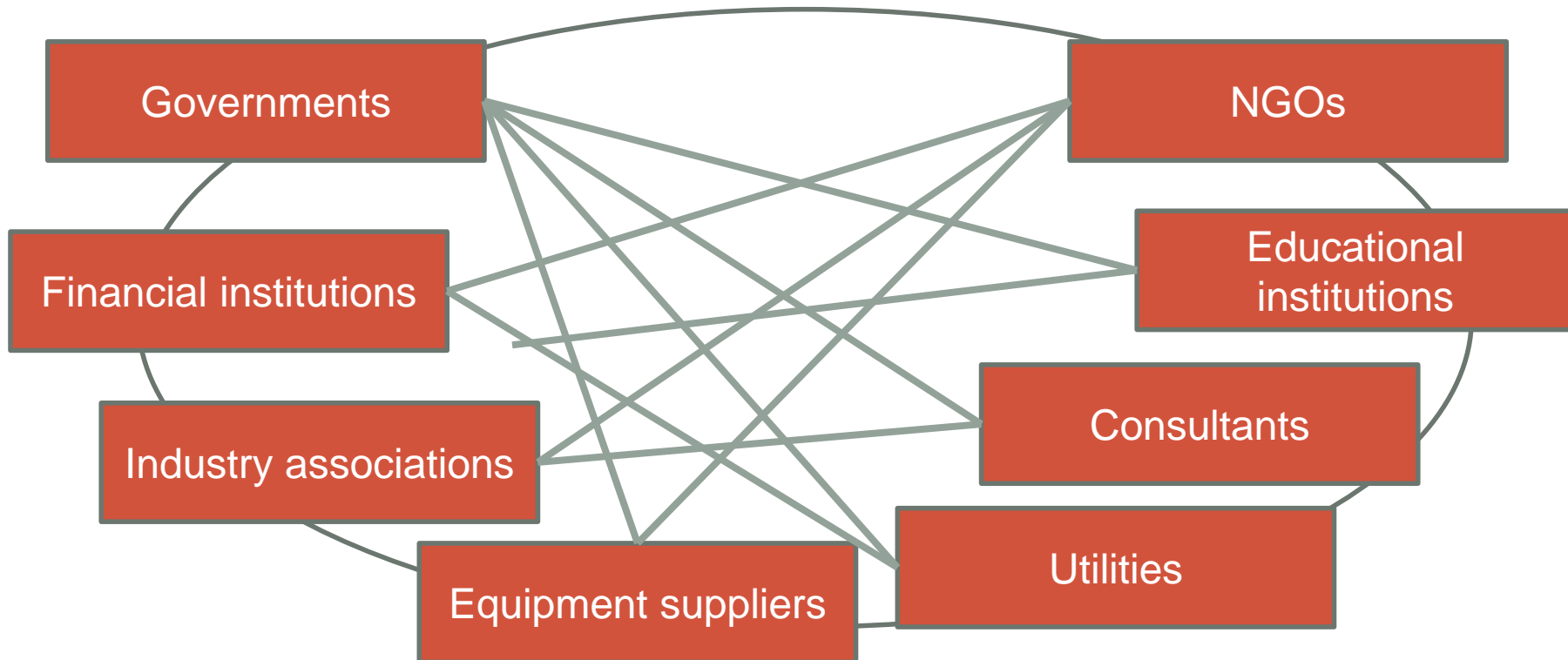
## 2. Focus on multiple benefits – not just energy savings

- Example:
  - Glassware company involved in Ikea's supply chain energy efficiency programme
  - **Output** of one product increased from 900 to 1,050 pieces and the **quality** rate increased from 75 to 80 percent
  - **Output** for another product output increased from 1,200 to 1,350 pieces which reduced the **product cost** by 12.5 %.
  - The initiative **reduced greenhouse gas emissions** by 35% between 2009 and 2010

Source: Quantifying non-energy benefits of a carbon reduction initiative for a glassware company (Willoughby et al. 2011)

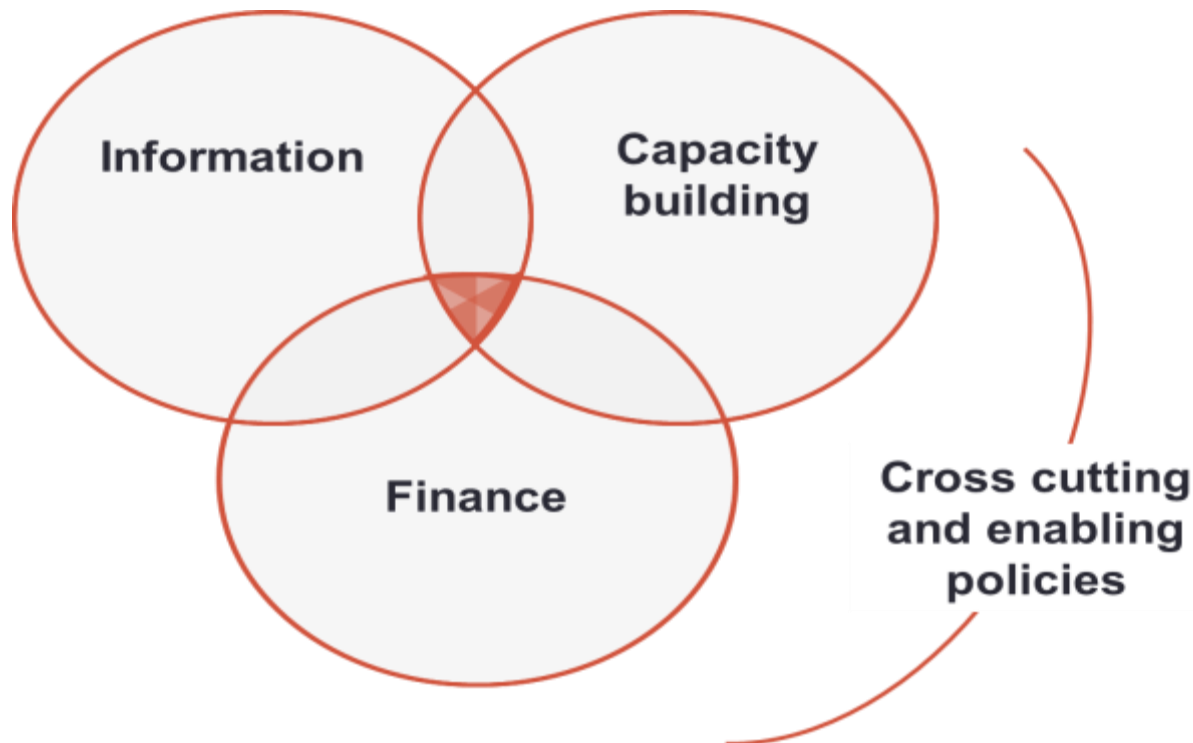
# 3. Build stakeholder partnerships

- Individual organisations acting alone are limited in their ability to influence energy use in the large number of heterogeneous SMEs.



## 4. Use a combination of measures

- Barriers to energy efficiency improvement in SMEs are significant, interconnected and persistent. Therefore, an integrated approach to programme design is essential.



## 5. Leverage existing policies and programmes

- SME energy efficiency programmes can promote and partner with other programmes to deliver enhanced outcomes for SMEs.

6. Make it easy for SMEs to access assistance

# What is your perspective?

1. What **challenges** do you face in progressing energy efficiency?
2. What kind of policies and programme **measures** are needed to progress energy efficiency in SMEs?

# What is your perspective?

1. What **challenges** do you face in progressing energy efficiency?
2. What kinds of policies and programme **measures** are needed to progress energy efficiency in SMEs?

# References

- Slide 4 – An Energy Perspective
  - International Energy Agency 2011. [25 Energy Efficiency Policy Recommendations. 2011 Update.](#)
  - Jollands, N., Waide, P., Ellis, M., Onoda, T., Laustsen, J., Tanaka, K., T'Serclaes, P.d., Barnsley, I., Bradley, R. & Meier, A. 2010, '[The 25 IEA energy efficiency policy recommendations to the G8 Gleneagles Plan of Action](#)', *Energy Policy*, vol. 38, no. 11, pp. 6409 - 18.
- Slides 12-18
  - adapted from Crittenden 2014, Presentation at the [Accelerating energy efficiency in industrial SMEs](#) expert workshop at the International Energy Agency, Paris on 27 November 2014.