



Realizing the Business Opportunities Created by Energy Efficiency Obligations

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Some Key Messages

- **This intervention is from the perspective of a manufacturer of energy efficiency products**
- **With a long-term supplier obligation – i.e. no “sunset clause” – the obligation can provide a proper investment climate; this is crucial for industrial investment**
- **Rules & quality criteria need to be correct from beginning**
- **Long-term & high-quality measures; not quick & dirty**
- **Cherry-picking & in only few sectors to be avoided**
- **Clear gate-keeper role for regulators & gov. agencies**

More Key Messages

- **Obligated parties must meet consumers specific needs**
- **Obligated parties to offer possibility of long-term contracts**
- **Progressive credits for savings to promote comprehensive (deep) renovations**
- **Life-cycle analysis to be used in selecting measures & evaluating deemed savings**
- **Clear principles for M & V, incl. early actions, baselines, additionality, gross vs. net savings, asset vs. operational ratings (more ambitious than current Council proposal)**
- **Supplier obligation needs much more support legislation**



What else is needed to make a Supplier Obligation lead to a viable EE Market

- **Supplier Obligation with annual cumulative savings goal needs to be established by EED**
- **Overall binding savings target needs to be set for 2020/30**
- **Financial framework - micro & macro – to be established in EED. Partly mandatory, partly flexible**
- **EE Fund established by EED. Partly mandatory, partly flexible. Multiple income stream, incl payments from obliged parties, Structural & Cohesion Funds, ETS allowances, etc.**

More support from EED to ensure a viable EE Market

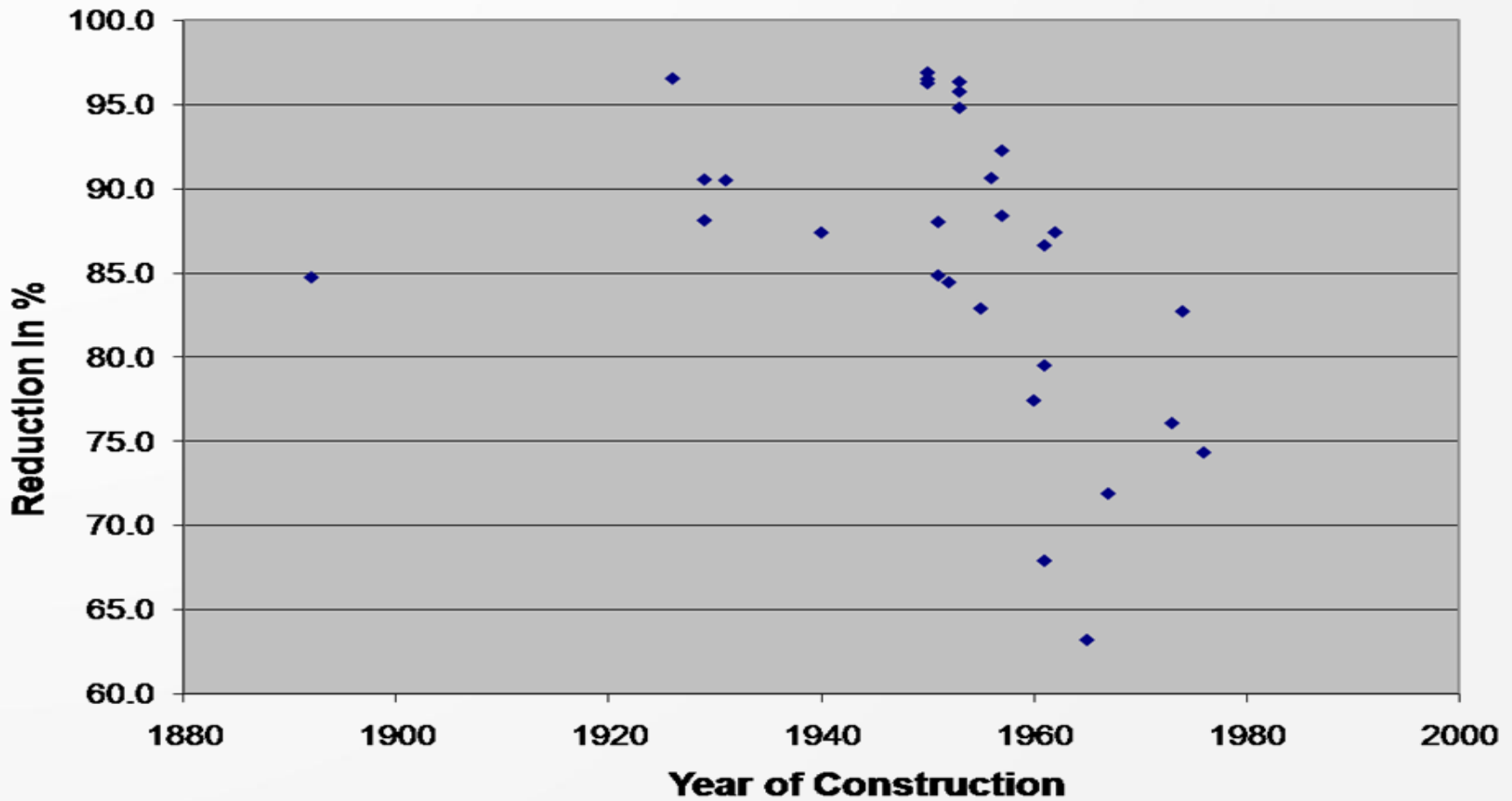
- Metering and billing requirements in EED important part of information gathering & auditing
- NEEAPs reporting templates to be mandatory as step toward M & V and target fulfillment
- Buildings --40% of energy consumption --need long-term MS renovation roadmaps & leading role for public sector

Why a Public Sector Renovation Target?

- **Public procurement should be among first targets of supplier obligation:**
 - **Public sector usually favoured by ESCOs in energy performance contracting; provides greater leverage;**
 - **The public sector debt crisis need not be a barrier to leadership by example from public sector, with TPF, etc**

Older buildings need deeper renovations

Reduction - Year of Construction



Comprehensive (Deep) renovations

- If scaffolding is present to install a roof, the marginal cost of installing loft insulation & exterior wall insulation at same time is almost always lower than if postponed
- If do shallow renovation at end of 30-year renovation cycle, will "lock-in" huge savings potential for next 30 years, as can be more than half of savings potential

Supplier Obligation can promote competition

- *While there is currently much emphasis in marketplaces on switching energy suppliers, encouraging loyalty is cost-effective business for energy suppliers:*
 - *It costs 5 times as much to acquire a new customer as to retain an existing one.*



Supplier Obligation needs complementary financing & fiscal policy measures, too

- *Customers (whether households or business) will not want to buy into a medium- or long-term commitment, as they might move from the building.*
- *Therefore, important to allow owner to combine energy supplier-offered measures with PAYS-type loans that stay with the building instead of the borrower, as way of ensuring more comprehensive renovations. And ESCOs to offer 15-30 year EPCs.*

Energy Suppliers that become ESCOs

- *There is a need for a different type of license (other than a standard Electricity Supply License) for energy services or bundled services, as well as certification of such energy services providers.*

The difficult residential market

- In typical residential market, consumer appetite for energy efficiency measures & energy services is low
- Measures offered often do not meet consumer wishes
- With such market conditions, most effective at start to concentrate on improving consumer information on their energy use & different ways of reducing it
- Energy audits (investment grade), smart metering & recommendations on comprehensive energy efficiency measures, including deep renovations are needed to start.

All Business Opportunities must be seen in Proper Perspective



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Thank you for your attention.