



**CONCERTED ACTION
ENERGY SERVICES
DIRECTIVE**



Offer side: energy services for small customers

Executive Summary

WGR 4.2

**Core Theme 4
Working Group Report 2**

Authors:
Elodie Trauchessec, France
Vesna Bukarica, Croatia
Daniele Forni, Italy

Date: 18 April 2012

Introduction

Small customers, such as householders and Small and Medium Enterprises (SMEs), represent a huge potential for energy saving but are a very dispersed and complex market. Despite all efforts, information and awareness is still a problem, along with cost and the long payback period of efficiency measures with high saving potential (e.g. measures addressing the building envelope). Energy services, with the appropriate support and information, incentives and financing mechanisms etc., can be the right tool to boost energy efficiency amongst small customers.

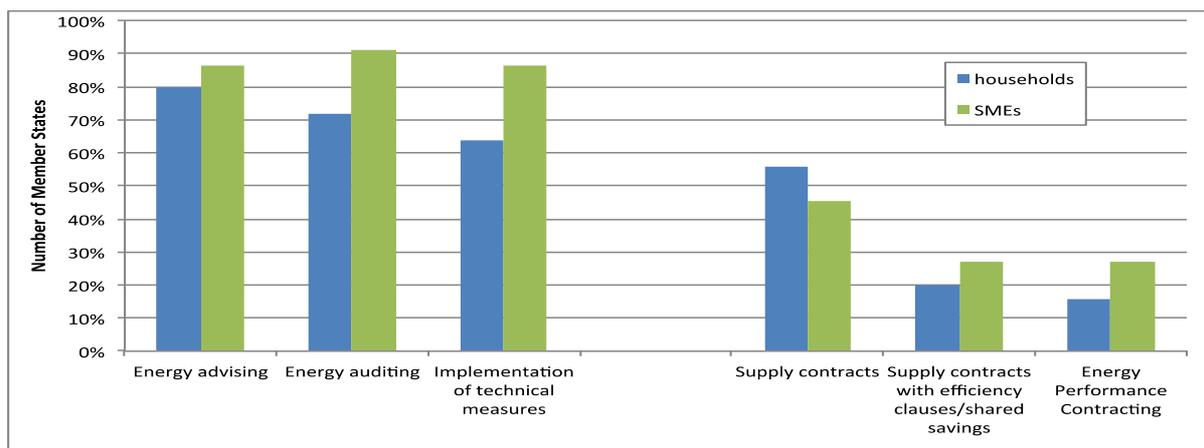
According to the definition of the Energy Services Directive, energy services are a combination of energy with energy efficient technology and/or with action, which in normal conditions lead to increased energy efficiency¹. Energy services can range from services (e.g. heating service) with demand and/or supply side efficiency measures, third party financing and/or energy performance guarantee, service supply without performance guarantee and/or financing, down to energy audits and energy advice. The latter two can lead to energy efficient behaviour changes and choices, but, without other supporting/implementing measures, should not be considered energy services.

Energy services offered to small clients in Europe were inventoried, reviewed and presented.

Energy services offered

CA ESD representatives said that services related to energy efficiency are offered under certain circumstances in the majority of their countries: in 25 Member States for households and 22 Member States for SMEs. Energy services with the implementation of technical measures exist for households in over 60% of Member States and in almost 90% of Member States for SMEs. Energy advice and auditing are present in a higher share. Auditing is more common for SMEs and advice for households. Household advice is more frequently web-based whereas advice for SMEs is usually delivered on-site.

Figure 1: Offer of services related to energy efficiency and contract types for energy services in Member States



Percentage is calculated out of 25 and 22 Member States that have an offer of energy services for households and SMEs respectively

The implementation of building envelope measures for households and the introduction of energy management systems in SMEs are reported to be available in over 60% of Member States. Auditing, advice and measures are often supported by incentives. Other activities, such as provision of advice, subsidies and the creation of simplified management systems, are also in place to support the implementation of energy management systems in SMEs.

Looking at the business models, around 20% of Member States have an offer of energy service contracts with energy efficiency clauses, while energy performance contracting is reported by around 15% of Member States for households and by around 30% for SMEs.

¹ Directive 2006/32/EC art. 3.e 'energy service': the physical benefit, utility or good derived from a combination of energy with energy efficient technology and/or with action, which may include the operations, maintenance and control necessary to deliver the service, which is delivered on the basis of a contract and in normal circumstances has proven to lead to verifiable and measurable or estimable energy efficiency improvement and/or primary energy savings.

Schemes/policies under which energy services are provided

In some cases, obligation schemes or other special purpose programmes are a driver for the provision of energy services to small clients.

For households, energy efficiency measures are used in 30% of Member States as a tool to tackle fuel poverty through programmes and/or obligations. In many cases those measures are defined in the National Energy Efficiency Action Plans.

In responses about the existence of an obligation to offer energy services, voluntary agreements were also reported to be in place. Obligations and voluntary agreements are present in less than 30% of Member States for households and around 10% for SMEs (including pilot projects, but not white certificate systems - already investigated in 'The role of the Energy Sector' outcomes from 2008-2011).

Monitoring the results of energy services for small clients takes place in a limited number of cases and mostly in connection with obligations, incentives or white certificate systems.

Good practice

Good practice in terms of stimulating the implementation of energy efficiency measures to small clients was identified, presented and discussed at the Plenary Meeting. Projects presented included PACE (Property-Assessed Clean Energy), recently diffused in the US, and "on-bill financing" such as the Green Deal that will start in the UK by the end of 2012.

"On-bill financing" and PACE represent a solution to financing energy efficiency and renewable energy measures in households and SMEs with lower risk and thus lower interest rates. The loan is repaid through the energy bill, in case of Green Deal, or the property tax, in the case of PACE, so it remains attached to the building or the building energy meter if/when the owner changes. The Green Deal clearly solves the owner-tenant problem, but the application of PACE for rented homes seems problematic as the property tax is usually paid by the owner. Both programmes require a certain commitment to set up the legislative, financial and quality control frameworks and so seem more apt for implementation on the national level, although there are also experiences at the municipal level in the US.

The evaluation of savings is one of the major challenges, as the golden rule of energy services provided through the Green Deal and PACE is that monthly repayments must be lower than achieved savings. Advisors must be independent and capable of evaluating the savings, taking into account all technical and behavioural aspects, including the possible rebound effects (e.g. the change of habits from the sacrifice of comfort, with low or no heating in some rooms of a poorly insulated house, to more comfort-oriented habits, heating all the rooms of a more insulated house).

For more information please email
forni@fire-italia.org

Legal Disclaimer

The sole responsibility for the content of this report lies with the authors. It does not necessarily reflect the opinion of the European Union. Neither EACI nor the European Commission are responsible for any use that may be made of the information contained therein.

The Concerted Action for the Energy Services Directive II (CA ESD II) was launched by Intelligent Energy Europe (IEE) in May 2011 to provide a structured framework for the exchange of information between the 29 Member States during their implementation of the Energy Services Directive (ESD).

For further information please visit www.esd-ca.eu or contact the CA ESD Coordinator Lucinda Maclagan at lucinda.maclagan@agentschapnl.nl

