



The UK must not miss this opportunity to grab the neglected SME market

The forthcoming European Energy End-use & Energy Services directive should be a godsend for encouraging SMEs to save energy. But the bureaucrats seem determined to let the chance slip away.

“Using energy more efficiently is the fastest and most cost-effective way of cutting carbon dioxide emissions. It can also improve productivity, and can contribute to the security of our energy supplies, by reducing our reliance upon imported energy.”

These two sentences come from the opening paragraph of the new “UK Energy Efficiency Action Plan”, issued this summer by the government. Succinctly, they capture the three strategic arguments for policy measures to encourage demand-side energy policy.

That is why the domestic sector has its Energy Efficiency Commitments and Warm Fronts. It is why larger process industry has its EU carbon trading system and its Climate Change Agreements, and why the commercial sector is shortly to experiment with a Carbon Reduction Commitment (CRC) trading scheme.

This CRC mechanism will cover emissions from energy use by any organisation with mandatory half hour metered electricity consumption of more than 6000MWh/year. This would generally capture organisations with annual electricity bills over £500,000.

But that omits rather a lot of other, small and medium-sized (SME), businesses. It is reckoned there are several million of these, employing 500 people or less. Between them, responsible for 10.5 million tonnes of carbon a year, over 20% of total business emissions. And energy efficiency-related policies addressed at this sector have been few and far between.

Scottish Executive leads the way

The Carbon Trust has become increasingly aware of this lacuna. It does have a range of policies which are in part designed for this hard-to-reach sector. It was the Scottish Executive which created the most original, and effective, relevant SME policy. One of the biggest deterrents for SMEs is the need to find the necessary capital for investments in energy saving measures. So, over the past eight years, simply by providing interest free loans for five years, Hollyrood has enabled 200 SMEs like guest houses and smallhold-



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engaged in saving energy. It seems that those implementing this directive are determined to waste the opportunity. The current consultation on the “metering and billing” aspects of the directive overtly misses every chance to help SMEs.

Households need only receive one accurate fuel bill per year (itself a stupidly lax requirement). But there will be no billing frequency requirements for SMEs – officials plan to rely upon “smart meters” to deliver. The government is determined to roll out “smart meters” into any business premises that don’t use them, over the next decade. It stands ready to force this to happen. Except for the SME sector.

No data requirements

There will be no requirement for benchmark data from comparable premises. No provision for historical consumption information, even to the smallest businesses. And no requirement to use the bills to inform SMEs about the Carbon Trust’s existence, let alone information about its relevant schemes. The stupidity of this silly attempt at a de minimis approach to implementing this Directive is that it almost certainly leaves the UK open to prosecution for non-compliance. It also means that so many of the potential savings from this sector will remain neglected.

Between 2000 and 2002, the energy saving scheme covering households also included smaller businesses. The savings made in such premises turned out to be amongst the most cost-effective around. There is no reason to believe there isn’t just as much “low hanging fruit” available today. It may be that we shall need to set up a formal energy saving scheme, along the EEC model, to realise this.

But in the interim, surely it is just common sense for those charged with delivering our national Action Plan to grab every opportunity available to them, to reach the SME market. And frankly, opportunities don’t come much easier than simply being required to implement a European directive purposefully. A major re-think is needed by civil servants. And fast. ■

FURTHER INFORMATION

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ings to acquire and install energy-saving technologies. The energy savings during the loan period are easily sufficient to return the initial capital.

Next May a new European directive comes fully into force, the Energy End-use & Energy Services directive (an early requirement of which was the precisely that Action Plan cited above). Another Article requires governments to ensure that all energy bills are provided frequently, are based on actual consumption, and easily comprehensible. The bill should also provide information on past consumption levels, and comparable premises. And flag up where energy efficiency advice and help is available. This ought to be a godsend to those charged with the difficult task of getting SMEs