

SPEEDIER

SME Program for Energy Efficiency through Delivery and Implementation of EnerGy Audits

D2.5 – EXECUTIVE SUMMARY: RECOMMENDATIONS FOR THE SPEEDIER SERVICE

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This document is the report associated with Deliverable 2.5 'Recommendations for the SPEEDIER Service'. It draws on the results of the other work package 2 deliverables and uses them to make recommendations on how the proposed SPEEDIER Service should be modified to ensure its success. Findings from the Literature Review (D2.1), online survey with SMEs and other stakeholders (D2.3) and focus group discussions (D2.4) provide evidence to support these recommendations. Additional advice and support can be sought from the coordinator.

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Executive Summary

This report provides recommendations for amendments that would enhance the SPEEDIER Service based on the research findings from the literature review carried out in Task 2.1, the online surveys carried out in Task 2.3, and the focus groups carried out in Task 2.4. This report identifies the gaps between the requirements of SMEs and key stakeholders, and the proposed SPEEDIER Service and recommends amendments to the SPEEDIER Service that will enhance its impact.

From the literature review, online survey and focus groups, it is clear that there are differences in the perception of energy auditing and energy efficiency between SMEs and energy experts. In addition, there are differences in the attitudes and opinions of both groups between the four pilot countries (i.e. Ireland, Italy, Spain and Romania). This indicates that the SPEEDIER Service must be tailored accordingly to meet the needs of each market to ensure successful deployment. These differences are important and should be included in the SPEEDIER Training for Experts because it is imperative to the success of the project that SPEEDIER Experts fully understand the SME perspective (i.e. what motivates them, what do they consider to be a barrier, etc.) in order to be able to fully engage them and offer the most appropriate assistance.

Despite the many differences in attitudes and opinions towards energy efficiency, a series of common recommendations have been identified aimed at building trust in the SPEEDIER Service and encouraging SMEs to participate. These recommendations will ultimately lead to greater senior management buy-in, which should lead to greater uptake of SPEEDIER and more action on energy efficiency, and are applicable in all pilot regions.

Engagement

While engaging with SMEs, SPEEDIER Experts will be advised to use the term 'energy assessment' to avoid the negative undertones implied by the term 'energy audit'. SPEEDIER Experts should also present business cases of their previous successful energy assessments as examples of the potential level of savings that can be achieved. Presenting case studies will build trust between SMEs and SPEEDIER Experts. SPEEDIER Experts will also be advised to promote the non-energy benefits of energy efficiency and energy efficient buildings tailored to the needs of SMEs. They should first identify the key challenges faced by the business and then show how good energy management can help to solve the key challenge, rather than leading the engagement with the importance of energy management. For example:

- Thermally comfortable employees are more productive;
- Having an energy policy will encourage employees to take action on energy efficiency and show clients that they take Corporate Social Responsibility (CSR) seriously;
- Demonstrating sustainability credentials can be marketed as a Unique Selling Point (USP) that improves competitiveness, improves brand reputation and can attract more customers from different market segments;
- Sustainability credentials allow SMEs to score more highly on public sector tenders;
- Improved brand reputation increases the attractiveness of the company to top employees;
- Energy cost savings improve profitability without any increase to sales effort.

Endorsement & certification

The SPEEDIER Team should engage with public bodies that can endorse the SPEEDIER Service. SPEEDIER Experts can use this as a promotional tool while engaging with SMEs to build trust and improve the brand image of SPEEDIER Services. Also SPEEDIER should offer energy saving certificates to the participating organisation, after each stage of the Energy Conservation Measure (ECM) implementation and verification. This not only boosts confidence and incentivises, but it enables the SME to continue their efforts to save energy as well as use the undertaking to further promote the organisation's brand reputation in terms of sustainability, which could help to secure new customers and/or score highly in public sector tenders.

Awareness & Capacity Building

As part of capacity building events, SMEs will be advised to introduce a reward schemes based on suggestions from employees on effective ways to implement energy efficiency improvements. This will incentivise staff at all levels and boost participation in energy efficiency awareness campaigns. The SPEEDIER team intend to develop a mobile app to be used by staff at each SME to supplement the learnings from the training and capacity building. The app can be used to measure the effectiveness of the training and encourage long term engagement and ownership of energy efficiency. An additional a feature of the app could list nearby energy experts and their contact details to assist SMEs to contact appropriate experts, technology providers or installers as required, removing the barrier of lack of knowledge of how to implement ECMs.

Contracting and self-financing mechanism

The research has shown that there are differences between markets and business sectors in the attitudes and opinions towards outsourcing energy management, the self-financing mechanism, and the shared savings business model. To overcome these differences, the SPEEDIER Expert should be able to offer a contract that can be tailored by including or omitting particular clauses according to preference. This would allow a simple standardised contract to be easily tailored to meet a range of needs. These flexible options could include:

- **Offering a two-stage energy assessment:** in stage 1, a simple one day opportunities assessment identifies how much potential there could be for energy and cost savings; in stage 2, a more detailed energy assessment looks in more detail at the most suitable ECMs and quantifies the likely cost, savings and payback period. This removes the perceived risk that the assessment may not pay for itself and makes it easier for SMEs to access the Service as they initially need only commit to a much cheaper, one-day assessment to access a basic register of opportunities.
- **Offering flexible ring-fencing mechanism to SMEs:** The payment mechanism for ECM implementation and the SPEEDIER Expert fees should be based on SMEs particular financial conditions and requirements and those of the SPEEDIER Expert. SMEs will have the option to either pay up front, (if they have funds available or a preference to do so) or pay later after energy saving opportunities have been identified (if they are particularly risk averse or have no funds available). This flexible ring fencing mechanism will encourage more SMEs to participate in SPEEDIER Service as it removes the barrier of lack of finance. Payments to the SPEEDIER Expert can also be managed in this way if it is acceptable to the SPEEDIER Expert.
- **Payments to SPEEDIER Experts can be linked to the level of savings made:** This gives the SME confidence that the SPEEDIER Expert is acting in their best interests to maximise savings as the more energy is saved, the larger the revenues will be. Not all SMEs and

Experts across all pilot regions were comfortable with this approach so there should be flexibility in whether or not to use the shared savings model according to the requirements of SME and SPEEDIER Expert.

- **Flexible procurement of ECMs:** One of the key findings from the research was the preference from both SMEs and energy experts for the SPEEDIER Expert to be independent of any particular technologies or installers. Therefore, the SPEEDIER Expert should offer the following flexible procurement options for ECMs depending on their own preferences and those of the SME.
 - a. The SPEEDIER Expert could handle procurement if the SME and Expert accept a shared savings business model to ensure that the Expert acts in best interests of SME.
 - b. The SME procures their own ECMs to ensure independence of SPEEDIER Expert. The Expert verifies that the quotes received are suitable

This approach allows the SPEEDIER Expert to maintain independence and impartiality and removes any liability from them in case the expected energy savings are not achieved. It also builds trust in the SPEEDIER Expert as unbiased energy consultant. Flexible procurement options will make SPEEDIER Services more attractive to both SMEs and SPEEDIER Experts.