

Switched on to energy efficiency

Higher energy prices, a sense of corporate social responsibility and legislation are driving organisations towards lowering CO₂ and therefore increasing energy efficiency. Laurent Mineau, head of energy services at EDF Energy, says his company is well placed to help customers with their carbon reduction objectives.

For decades the business model of the large energy suppliers was just to sell greater amounts of energy to increasing numbers of customers. But, in the space of just a few years, this business model has been significantly changed.

'In the face of global warming and rising energy costs, energy firms are rethinking the way they operate,' says Laurent Mineau, head of energy services at EDF Energy. 'In the UK, almost a third of our carbon emissions come from electricity generation. So we recognise we are part of the problem and therefore must also be part of the solution. This is why EDF Energy is now the UK's largest producer of low-carbon electricity. It also means moving away from a predominantly transactional relationship with clients towards a more partnership-based approach.'

'Our business model, while continuing to sell our customers energy, is to sell them low carbon electricity and to help them reduce their carbon emissions. We want our customers to reduce their carbon emissions, and we are creating new products and services to help them with this,' says Mineau.

Energy efficiency

It is a balanced approach: the ability to sell more electricity to customers going hand-in-hand with the generation of low carbon electricity (EDF Energy has made clear its intention to build four nuclear power plants in the UK by 2025, subject to the right framework being in place) and helping customers to improve energy efficiency.

Energy companies are uniquely placed to offer advice, products and services related

to energy efficiency given their business. 'We have a huge research and development team working on energy efficiency projects, more than 2,000 people based in Germany, France, and the UK, and this gives us unique insight and ability. This is something that sets us apart from the many players in the very crowded energy efficiency business,' says Mineau.

There are three major drivers pushing organisations towards increased energy efficiency. One is market based. Increasingly, customers are displaying a preference for buying from sustainable businesses. Then there is the price of energy; prices have been volatile in recent years, creating a need to reduce energy consumption. The third driver, and probably

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the most powerful today, is legislation. The introduction of new legislation and regulations across Europe means that organisations have to reduce their energy consumption and carbon emissions, by law.

A good example of the need to change attitudes towards energy use, and the way in which EDF Energy can help, is the Carbon



Reduction Commitment (CRC) Energy Efficiency Scheme, which comes into force in April 2010. Part of the UK Government's efforts to achieve an 80% reduction in carbon emissions by 2050, the CRC is an emissions trading scheme aimed at 'large non energy-intensive organisations' that account for nearly 10% of the UK's total annual carbon emissions (14 million tonnes of carbon).

Organisations with half hourly metering that used above 6GWh (6,000MWh) of electricity in the period January to December 2008 will be covered by the scheme and have to monitor, report and buy allowances for their CO₂ emissions from all fuels used on-site each year. It is also worth noting that those organisations with half hourly metering, but that are below the threshold, still have to register for the scheme and show that they do not qualify.

Companies will have to declare to the Environment Agency their energy consumption, and then buy allowances to cover their own emissions. This covers all emissions coming from these companies, not just electricity. At the end of each carbon reporting year, the UK Government, through the Environment Agency will check the emissions performance and rank all the companies in a league table. Based on that league table companies will

receive a reimbursement of funds, with the most successful companies receiving more money than they invested.

'It is very difficult to predict the outcome of the scheme in terms of winners and losers,' says Mineau. 'However, those firms that have already communicated publicly about their sustainability performance are at risk of adverse publicity should they appear further down the ranking.'

The CRC will impact EDF Energy in a number of ways. First, as a major consumer of electricity and emitter of CO₂, EDF Energy will itself be a participant of the scheme. Secondly, as an energy supplier, EDF Energy is obliged to supply certain data to the Environment Agency as well as to customers.

Switched on

'It is a great opportunity for us to help our customers with their carbon reduction objectives. The scheme emphasises the benefits of early action and includes a metric that rewards early installation of Automatic Meter Reading (AMR) meters and Carbon Trust Standard (CTS) or equivalent accreditation,' says Mineau.

'The requirement to produce a report of all their emissions can be difficult for large and complex organisations, so we offer our customers a service, called CRC Bureau, where we can help them create that report. Of course, the ultimate goal of the CRC is to reduce carbon emissions and improve energy efficiency, and we have a portfolio of products and services such as AMR, that can help our customers to do this.'

A lot of the help that EDF Energy can provide with respect to the CRC is aimed at alleviating the considerable administrative burden associated with the scheme. For example, organisations have to register all the different events that can affect their energy consumption.

EDF Energy can assist customers with their data such as getting their CRC data online and managing emissions on a daily basis. EDF Energy has also run a number of workshops, attended by almost 1,000 customers, on the issues involved in the CRC. Register online for the next CRC masterclass.

Not all organisations will be covered by the scheme, but energy efficiency

and carbon reduction should be on the agenda of all organisations regardless of whether they are part of the CRC or not. Increasingly, energy efficiency measures will become compulsory and this will particularly affect the small- and medium-sized enterprises that are not currently covered by legislation. Beyond that it makes commercial sense to implement energy efficiency measures because they reduce energy consumption, and thus the energy bill.

For organisations that have not started their energy efficiency journey yet, it is crucial to understand how they use and consume electricity. 'The first initiative



we would advise is to install a Smart Meter or AMR, something that will help monitor energy consumption. Then we would suggest doing an energy survey to help us map out energy saving potential. Energy Performance Certificates (EPCs) and Display Energy Certificates (DECs) may also be relevant,' says Mineau. 'Generally speaking, after a Smart Meter we would advise our customers to install a building management system and to have a look at the lighting strategy. Voltage optimisation is also something that can be useful. So there is a range of different solutions.'

Energy efficiency resources

A free resource that we offer to organisations, whether they are customers or not, is our Energy Efficiency Toolkit (www.edfenergy.com/eetoolkit). It is especially helpful to businesses that are new to energy efficiency, but also for more seasoned energy professionals as it provides tools that will complement existing energy saving initiatives.

Quick wins

It is important for organisations just starting out on the energy efficiency journey to have some quick wins. There are a number of technologies that can be easily implemented at relatively low-cost and that can generate savings very quickly. Then once an organisation has achieved some quick wins, it can begin to think about more in-depth transformation, and more substantial investment, such as changing a boiler, or considering renewable energy options.

For companies to succeed in maximising energy efficiency, however, it will require a change in attitude from viewing their energy supplier and supply as a purely transactional-based arrangement to something more akin to a partnership.

'Fortunately, it is a change of attitude that many organisations appear to be embracing,' notes Mineau. 'In a recent survey of senior decision-makers¹, more than 75% of respondents indicated that their energy supply relationship was more than transactional, with more than 25% saying that the relationship was like a partnership. Tackling energy efficiency and carbon emissions is going to be a long, challenging journey, but I'm sure it will be a constructive and productive one, for us and our customers.' ■

'The Ipsos MORI survey was conducted between 28 September and 5 October 2009 with 218 UK senior executives in companies with more than 10,000 employees.'

Further information

EDF Energy
Website: www.edfenergy.com/crc