

DECC's Electricity Demand Reduction pilot opens a new window of opportunity for businesses wanting to save on their energy with the provision of £20m of funding for energy efficiency projects.

Reducing electricity consumption through energy efficiency measures can result in considerable savings for businesses; however, many struggle to find the funding to get started. The new Electricity Demand Reduction scheme aims to alleviate this issue by providing funding via a one-year contract. This year, the Department of Energy and Climate Change (DECC) will pilot the scheme to examine the viability of the scheme in the capacity market.

The Electricity Demand Reduction (EDR) pilot launches in July of this year and will make £20m of funding available for businesses in all sectors in the UK who want to implement energy efficiency projects. The scheme will work via an auction whereby businesses can bid to receive funding for their proposed projects. There is no maximum project size but all bids must achieve a minimum 100kW saving. Once selected your business will receive a one-year contract with 50% payment on installation and 50% on the savings proof and report.

Who can participate?

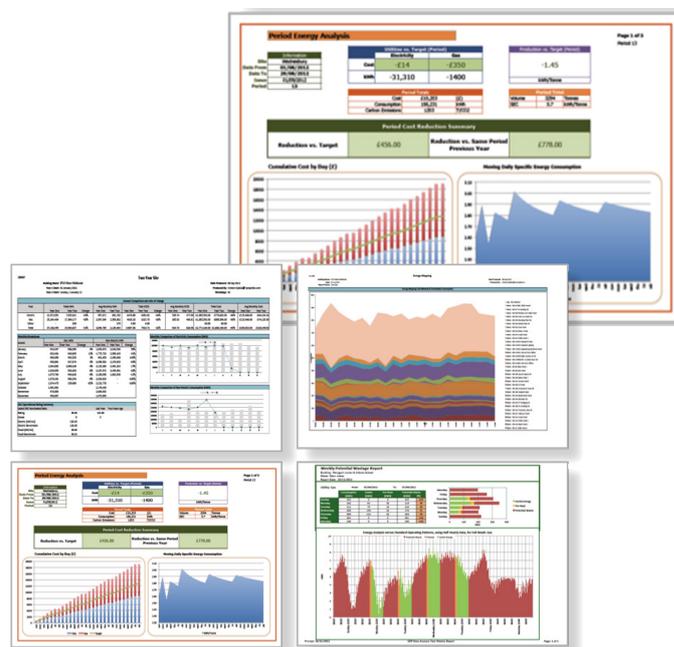
Any businesses from any sector can participate in the scheme as long as they are in the UK. The bids can include any number of eligible technologies and can cover multiple sites or sectors.

What are the requirements?

Each bidder must present a project plan that outlines the savings and how these will be measured and verified. The proposal can include one or more technologies but these must provide lasting savings that are relevant to winter peak (3pm – 7pm from November to February). The measures must be installed within 9 months of the auction and must have a payback period of two or more years.

What measures are not eligible?

Solutions that are not eligible are Demand Side Response, reducing demand by switching to an off-grid supply, reducing demand by reducing economic output, behavioral programmes and measures



benefitting from specified Government incentives (e.g. Climate Change Agreements and Salix loans).

DECC want to make the reporting process as simple as possible, whilst at the same time ensuring they receive the data they need to validate the energy reduction claims. They will be issuing a guidance manual on reporting that includes two categories – deemed savings and metered savings. The deemed savings are pre-calculated savings that can be achieved using listed technologies such as lighting, motors, chillers, heating controls and retail display cabinets. Participants of metered savings will have to define and collect data for the baseline and reporting period.

The EDR scheme is an exciting opportunity for many businesses to kick start their energy efficiency improvements, providing not only the support for investing in energy efficient measures but a financial incentive too, via the savings achieved. As energy prices increase it is only a matter of time before we are all forced to act on energy efficiency but an investment today will result in the greatest possible savings.

