



Department of Energy & Climate Change

Energy demand reduction in industry, business and the public sector – 18th March 2015

Issue

Large public and private sector organisations in the UK are sensitive to rising energy prices because energy can account for a large part of their operating costs. These sectors are also responsible for a significant proportion of the UK's greenhouse gas emissions.

Our [Carbon Plan](#) states that if the UK is to [cut its greenhouse gas emissions by 80% by 2050](#), energy efficiency will have to increase across all sectors to the extent that energy use per capita is between a fifth and a half lower than it is today.

To help achieve this, we are supporting industry, businesses and the public sector to use less energy, which will reduce the impact of rising energy prices.

Actions

CRC Energy Efficiency Scheme

The [CRC Energy Efficiency Scheme](#) is a mandatory reporting and pricing scheme to improve energy efficiency in large public and private organisations.

Enhanced Capital Allowances

Enhanced Capital Allowances (ECAs) let businesses that invest in certain energy-saving equipment write off the total cost of the equipment against their taxable profit as a 100% first-year capital allowance.

Climate Change Agreements

[Climate Change Agreements \(CCAs\)](#) give energy-intensive industries a discount on the [Climate Change Levy](#) (a tax on energy use in industry, commerce and the public sector) as long as they meet government-agreed energy efficiency improvement targets.

EU Emissions Trading System

The [EU Emissions Trading System \(EU ETS\)](#) puts a price on greenhouse gas emissions to create financial incentives for industry and businesses to reduce emissions. It also limits emissions from electricity generation and the main energy-intensive industries.

Green Deal

The [Green Deal](#) lets businesses and other non-domestic organisations pay for some or all of the cost of energy-saving property improvements through savings on their energy bills over time.

Smart Meters

The [Smart Meter Programme](#) will see gas and electricity smart meters that provide near real-time information on energy use installed in households and buildings so consumers can save money on their energy bills and reduce emissions.

Combined Heat and Power

[Combined Heat and Power](#) simultaneously generates usable heat and power in an efficient, single process, allowing for the use of by-product heat that would otherwise be wasted. For many organisations CHP offers the most significant single opportunity to reduce energy demand.

Electricity Demand Reduction project

Reducing electricity demand through being more efficient can help cut energy bills for consumers, reduce costs for businesses and bring down our emissions. The Energy Act 2013 contains provisions so that a financial incentive to encourage lasting reductions in electricity demand can be delivered through [the Capacity Market](#). We ran a [pilot scheme](#) to test this approach.

Reducing the government's carbon emissions

We're making our procurement more sustainable and reducing our greenhouse gas emissions, waste and water usage. Read more about [how DECC is reducing its own energy demand](#).

Salix Finance

[Salix Finance](#) is a government-funded scheme that provides interest-free loans to public sector organisations for energy efficiency improvements.

Guidance for local authorities and other public bodies

The [Committee on Climate Change guidance for local authorities](#) helps local authorities plan how to reduce carbon emissions in their areas.

We issued guidance on the [Greenhouse gas emissions reporting and publishing process for local authorities](#). The purpose of this guidance is to encourage local authorities to report their emissions and help them submit and interpret the data.

Our [Guide to financing energy efficiency in the public sector](#), updated in January 2015, explains the options that are available for public sector organisations to help fund energy efficiency measures. This updates the [original version of the guide to financing energy efficiency in the public sector](#) which was published in November 2012.

[Model Energy Performance Contracts](#), published in January 2015, are an approach designed to assist public sector organisations retrofit their buildings by installing energy conservation measures to reduce carbon emissions and achieve substantial guaranteed annual cost savings. The improvements to the buildings are installed by Energy Service Companies that design and implement the energy conservation measures and guarantee the energy savings.

The [Street Lighting Toolkit](#), launched in February 2015, has been conceived to assist local authorities to identify and implement street lighting or exterior lighting projects that will improve energy efficiency, reduce carbon consumption and generate significant financial savings. This toolkit, which comprises a financial tool designed to help local authorities to calculate potential savings (financial, energy and carbon), and a separate document incorporating guidance on developing business cases, is being published by Local Partnerships and can be downloaded on the [Local Partnerships website](#).

Background

In 2005 the [Carbon Trust](#) published a report ([‘UK Climate Change Programme: potential evolution for business and the public sector’](#)). The report recommended how policy can be optimised to significantly reduce carbon emissions from businesses and the public sector while maintaining and enhancing the competitiveness of UK companies.

In response to this report, we announced the CRC Energy Efficiency Scheme in the [2007 energy white paper](#) and launched the scheme in April 2010.

In May 2010 the Prime Minister announced that central government would reduce its carbon emissions by 10% within 12 months. The government exceeded this target (13.8%) by managing buildings more efficiently and investing in energy-efficient technologies and green information technology. You can see [data on our performance](#).

From 2010 to 2011 we piloted the [Local Carbon Frameworks](#) programme to test different approaches and develop templates local authorities could use to reduce carbon emissions. The programme provided a practical basis for the [Local Government Association’s](#) Council Framework for Climate Change and its [Climate Local initiative](#).

On 13 April 2011, [Minister for Climate Change Gregory Barker](#) wrote to chief executives of local councils in England requesting that each local authority measure and report its greenhouse gas emissions and publish a summary on its website by the end of July each year.

In July 2011 the [Prime Minister David Cameron](#) announced a 5-year commitment to reduce government greenhouse gas emissions by 25% between 2014 and 2015 (compared to a 2009-to-2010 baseline) across a broader scope of the central government estate and from business-related transport.

In November 2012 DECC published the [Energy efficiency strategy](#), which sets out how we will maximise existing energy efficiency policy and realise the UK’s wider energy efficiency potential over the coming decades.

Who we're working with

The [Carbon Trust](#) is a global organisation that helps businesses, governments and the public sector to save energy and reduce carbon emissions.

[Salix Finance Ltd](#) is a not-for-profit limited by guarantee company funded by the government to provide interest-free loans to public sector bodies for energy efficiency improvements.

The [Environment Agency](#) is an executive non-departmental public body that helps the government implement its environmental priorities.