



British
Chambers of
Commerce




BUSINESS
IS
GOOD
FOR
BRITAIN

THE ENERGY MARKET: Business requires

CERTAINTY

The UK has adopted some of the most ambitious environmental targets in the world. Meeting these targets will require adjustments to the behaviour of all sectors of society. The business community accepts the need for behaviour change, and many companies have voluntarily introduced measures to improve their environmental performance.

While voluntary action is usually preferable there are times when the government needs to regulate to achieve change. Business recognises this and provided regulations are fair, and don't adversely impact on competitiveness, they will receive support. But when regulations fail to meet these standards and are subject to constant changes that create uncertainty support tends to fall.

In summer 2012 the British Chambers of Commerce conducted a survey to gain a better understanding of what businesses are doing to reduce their energy use, and their views on government energy and environmental policies. A total of 3,415 businesses responded. The survey received responses from businesses of all sizes and sectors.

The survey found that the vast majority of businesses recognise the importance of using energy more efficiently, and almost three quarters of respondents have a plan in place to reduce their energy use. The most popular government policies among businesses relate to initiatives to improve energy efficiency. However, awareness of the government's flagship Green Deal scheme amongst businesses is very low.

The results show that when the government intervenes in the market it must ensure it gets the policy design correct first time: poorly-designed policies create uncertainty and undermine business support in the long term.

AFFORDABILITY

CERTAINTY

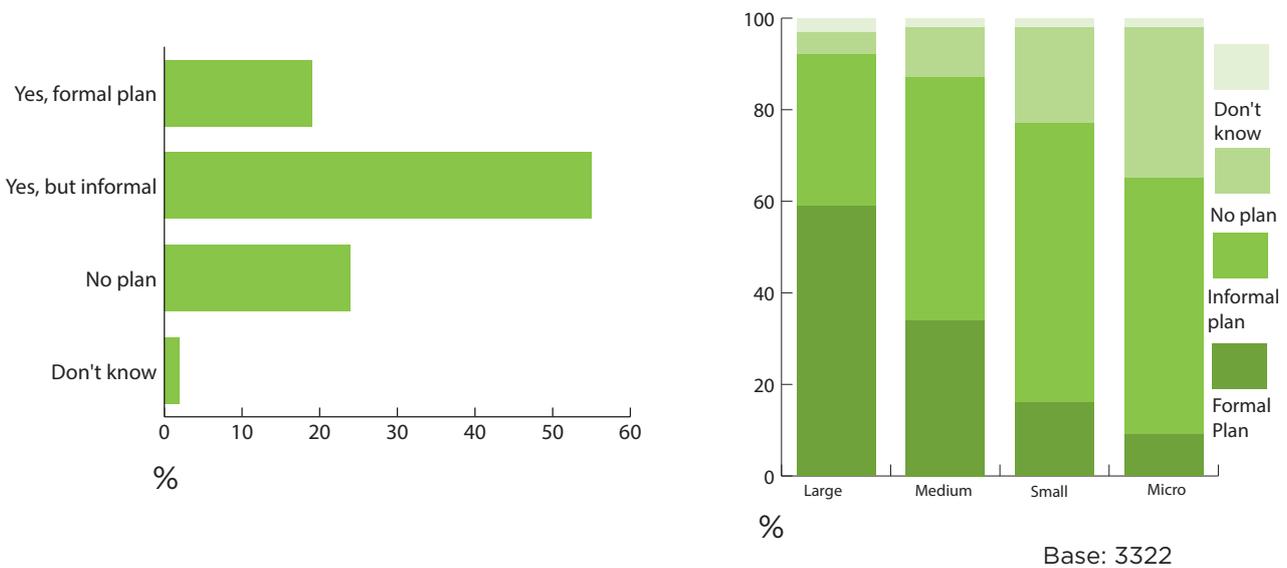
SECURITY

BUSINESSES ARE ACTIVELY REDUCING THEIR ENERGY USAGE

Three-quarters of businesses have some form of plan to manage their energy usage

➤ Larger firms are much more likely to have a formal written plan to manage energy usage than micro-, small- or medium-sized firms

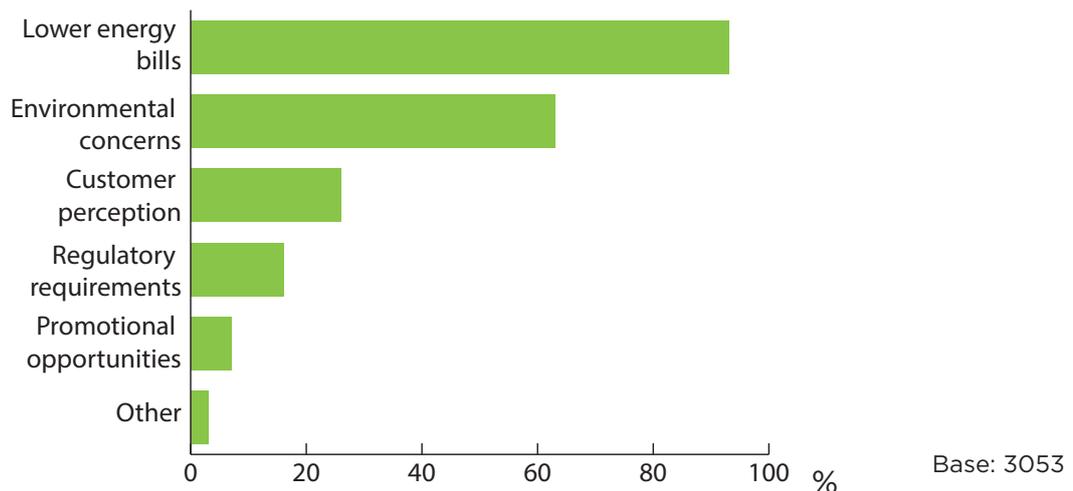
Does your business have a plan or strategy focused on managing its energy usage?



While lowering costs is the primary motivation for reducing energy use, sixty three percent cite environmental concerns. This shows the positive role business play in responding to social concerns

➤ Less than a fifth say responding to regulatory requirements is a primary motivating factor for reducing energy use

What motivated you to reduce your business energy usage?



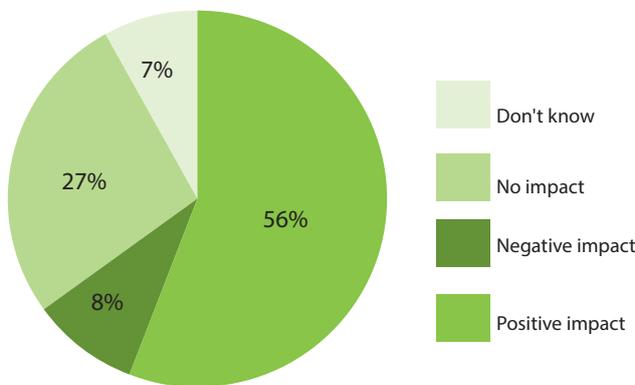
BUSINESSES SUPPORT ENERGY EFFICIENCY POLICIES BUT AWARENESS OF THE GREEN DEAL IS LOW

Over half of respondents have a positive view of government initiatives that will improve energy efficiency but policies that are subject to constant changes lose business support

➤ Less than thirty percent of large and medium-sized businesses have a positive view of the CRC Energy Efficiency Scheme

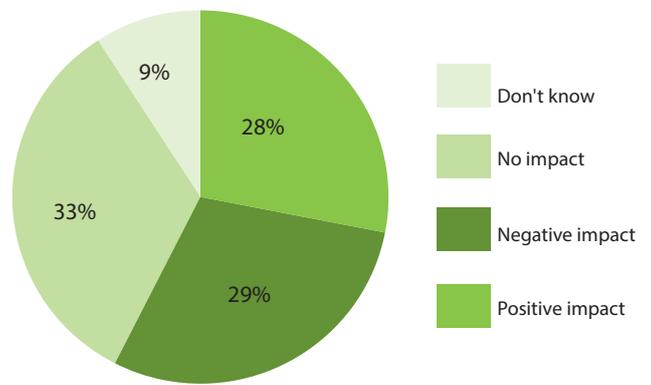
What are your views on the impact of the following government initiatives on competitiveness?

Initiatives to improve energy efficiency



Base: 3248

Large and medium-sized firms view of the CRC Energy Efficiency Scheme

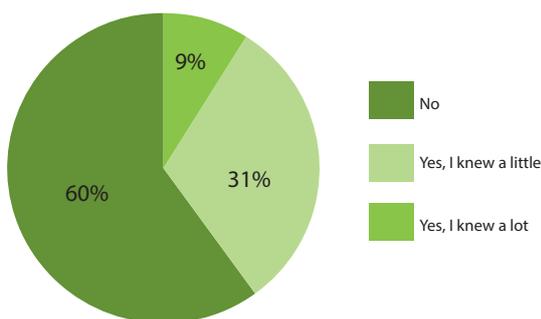


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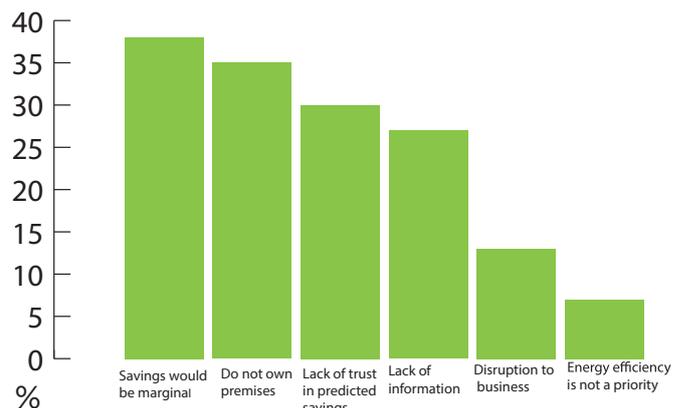
Business believe the Green Deal will only succeed if cost savings are realised

➤ Only forty percent of respondents are aware of the Green Deal, the government's flagship energy efficiency policy. Less than one in ten say they have a good understanding of the scheme

Are you aware of the Green Deal?



After the Green Deal was explained the respondents were asked what would prevent them taking up the scheme



Base: 3331

BCC RECOMMENDATIONS

Properly incentivise and advertise business participation in the Green Deal

- The Green Deal has the potential to be one of the government's most positive lasting legacies. But despite being included in the 2010 Coalition Agreement, a majority of businesses are still unaware of the scheme. This is not surprising considering the government's initial focus has been on how to make it work for households. While improving the advertising of the scheme to business is vital, the survey results show that businesses need to have absolute confidence that it will help them save money. The interest rate on the Green Deal loan must be lower than commercial rates of interest if businesses are to take-up the scheme in sufficient numbers.

Encourage the Green Investment Bank to finance energy-efficiency initiatives

- Measures to improve energy efficiency are the most cost-effective method of reducing greenhouse gas emissions. The survey demonstrates that these measures receive the most business support. Alongside the Green Deal the government should explore other options that will encourage business to be more energy efficient. Once the Green Investment Bank is fully operational it must ensure that helping businesses, especially SMEs, improve their energy efficiency is a key priority. Efforts should also be made to ensure that businesses are aware of schemes provided by organisations like the Carbon Trust to invest in energy efficiency equipment.

Properly consult business before changing key policies

- The raft of sudden changes in key areas of energy policy since the formation of the coalition government has created uncertainty and risks threatening business confidence. The decision to turn the CRC Energy Efficiency Scheme from a scheme to reduce energy usage into an environmental tax was perhaps the most high-profile policy change. It is unsurprising that the scheme has lost much business support. The government must pledge to properly consult business in the future before they make any changes to policies that were designed to be in place for the long term.

ABOUT THE BRITISH CHAMBERS OF COMMERCE

The British Chambers of Commerce (BCC) is the national body for an influential network of 52 Accredited Chambers across the UK. Representing 104,000 businesses, who together employ more than 5 million employees. Every Chamber sits at the heart of its local business community.

FURTHER INFORMATION

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