



IS ENERGY EFFICIENCY IMPORTANT FOR SERVICE FIRMS?



- Energy efficiency is not a high priority for Irish services firms when buying or renting property.
- 31% of firms do not have a good understanding of their property's energy consumption, and 44% do not understand monetary energy savings of higher energy efficiency.
- Credit and financial constraints are preventing energy efficiency upgrades for many firms in Ireland.
- Existing labels are performing well, with little preference for a new monetary label.

Are consumers concerned about energy?

The European Union has set itself a 20% energy savings target by 2020, and at least 27% by 2030. This can help consumers to lower their energy bills and reduce climate change. Still, consumers do not always choose the products that would give them the largest energy savings over time. This gap between the energy savings potential and actual consumer decisions is called the “energy efficiency gap”.

To bridge this gap, we need to understand the wide range of factors that potentially influence investments into energy efficiency. So far, we know relatively little about the perceived costs and benefits of energy efficiency, and the effect of energy labels.

The CONSEED project

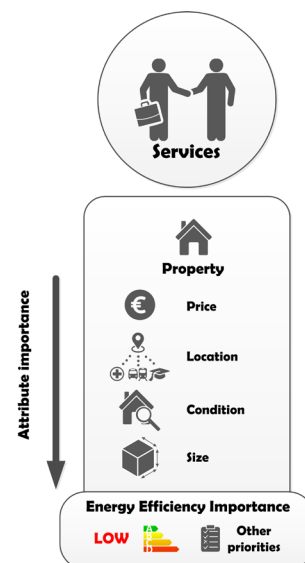
The CONSEED project is examining the importance of energy efficiency and the role of energy consumption information. The researchers are running a range of focus groups, surveys, field experiments and discrete choice experiments with households and professional consumers from the services, agricultural and industrial sectors. These cover five European countries - Greece, Ireland, Norway, Slovenia and Spain. This fact-sheet describes survey results from the commercial property sector in Ireland.

What matters to services firms when investing in property¹?

Services firms in Ireland appear to value 1176 services firms were surveyed (telephone) by Amárach Research between 12/12/2017 and 9/02/2018.

property energy efficiency very differently to households. In Ireland, 26% consider energy efficiency ‘very important’ when buying or renting a property, a lower share than any other property attribute, and about half the share for households (in Ireland and Slovenia).

Analysis shows very few factors which are related to high energy efficiency valuation. Only renters are considerably less likely to value energy efficiency when considering a new property. This result is important given the high share of renters in the business sector.



Summary of survey findings

The costs and benefits of energy efficiency

Similar to households, reduced environmental impact, increased property value and improved property comfort are all considered to be the benefits of energy efficiency for firms. 'Herd' effects could also be important – 44% of firms agree (strongly or slightly) that they would be more likely to invest if other firms did so first.

In terms of knowledge, 31% do not have a good understanding of property energy consumption, 44% do not understand monetary energy savings (of higher efficiency) and 22% are unaware of energy prices (share who 'disagree' with these statements).

26% of services firms consider energy efficiency 'very important' when buying or renting a property

Finance and credit constraint are also a concern – 45% agree that they cannot afford to upgrade the energy efficiency of their property and 36% agree that the lack of access to loans prevents them from making more energy efficient business choices.

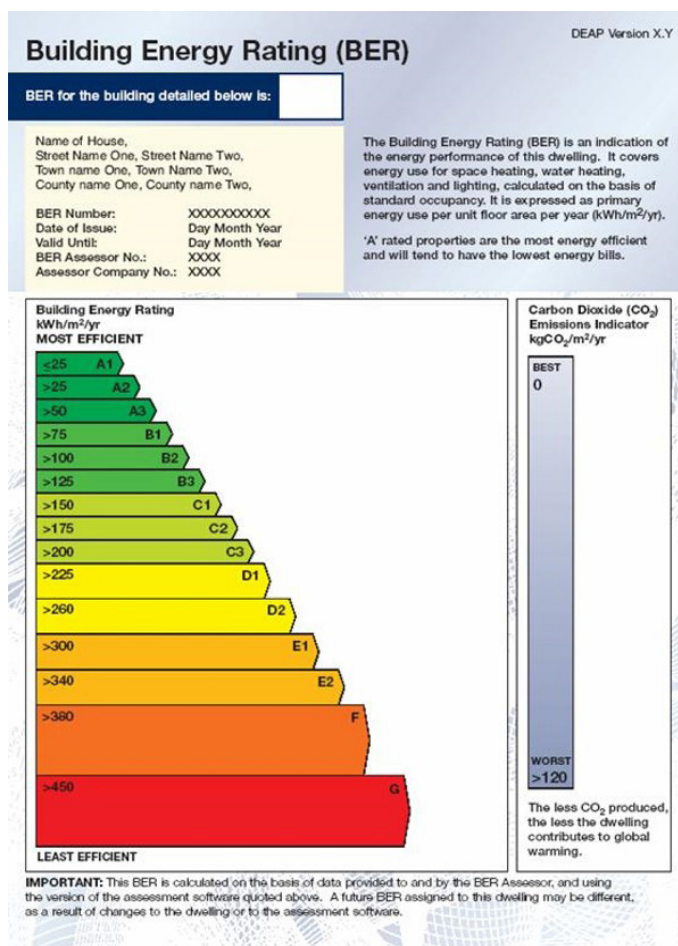
Attitudes towards existing and monetary label

While the vast majority of firms are aware of the BER energy label for property, only 16% said that it influenced their last property decision and only 27% know their current rating (main premises). Such low shares could be the result of properties being bought or rented prior to the system coming into force.

However, the BER labelling system appears to be understandable and influential, and helps firms to understand energy consumption and calculate energy costs (most agree). The proposed monetary label is equally valued, but makes running costs easier to calculate.

Insights from the survey

26% of services firms consider energy efficiency 'very im-



Example of energy label – the BER

portant' when buying or renting a property. Furthermore, while most are aware of the BER, few knew their current rating and even less said it influenced their most recent property decision. These finding may be driven by the high share of renters in this sector.

Policymakers should be aware of the potential impediments to energy efficiency investment. Many firms are unaware of their energy consumption and the financial benefits of improved energy efficiency. Furthermore, many firms do not invest because of credit and financial constraints.

The existing label system is performing well, with little preference for a new monetary label (although new label is better for understanding energy costs).

The CONSUMER Energy Efficiency Decision making project (CONSEED) does research to understand better how European consumers make energy efficiency decisions.

Do households and professional consumers pay attention to energy labels? What information are they looking for? We focus on three products: cars, appliances/machinery and buildings.

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CONSEED is led by Trinity College Dublin (Ireland), and includes four other research institutions: CICERO Center for International Climate Research (Norway), Basque Centre for Climate Change BC3 (Spain), University of Ljubljana (Slovenia) and Agricultural University of Athens (Greece).