

PHILIP LEE

The ABC of EPC

The Legal & Economic Drivers

Presented by Philip Lee, Managing Partner

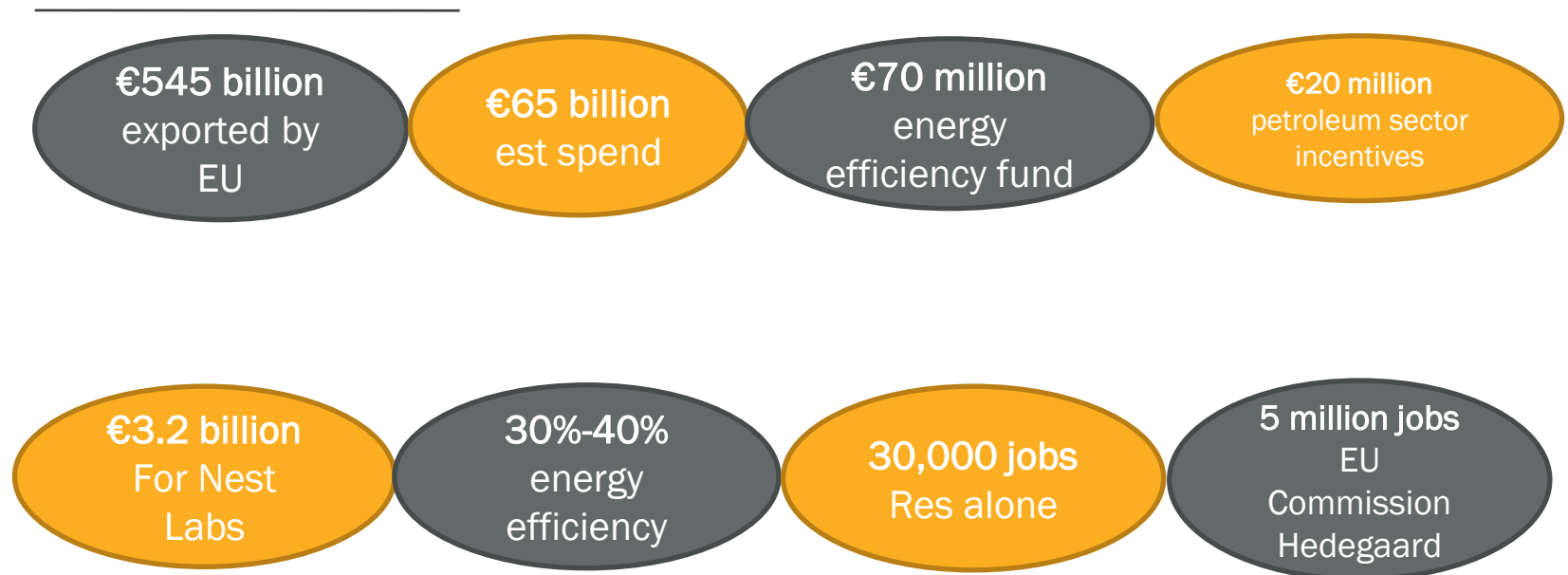
28 MAY 2014



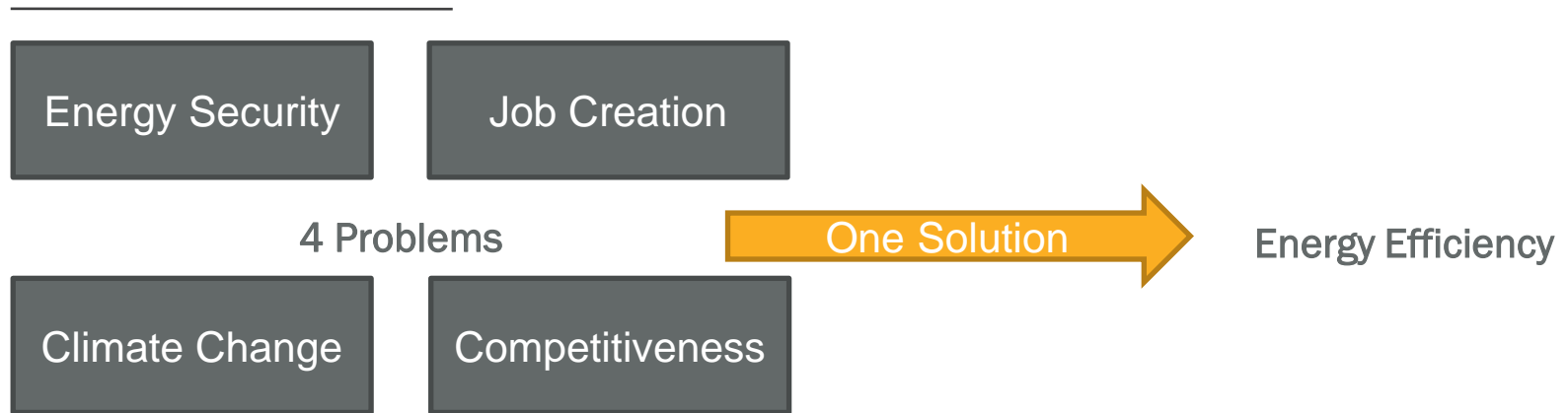
Agenda

- Money
- Policy
- Law
 - EPB
 - EED
- 4 Policy Instruments
- Why and What of EPC
- A little LESC
- Conclusions

Economic Drivers



Policy Drivers



- 20-20-20 Target
- 33% Public Sector Efficiency Target

The Legal Drivers

- Energy Service Directive (I+II)
- Energy Performance in Buildings Directive (I+II)
- Renewables Directive
- Green Procurement Action Plan
- Climate Bill

The Legal Drivers

Energy Performance of Buildings (II) (2010/31/EC)

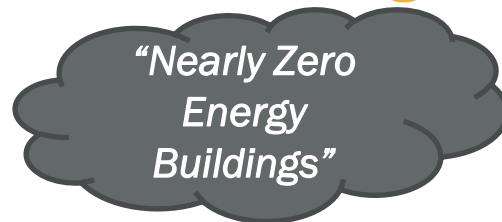
“Cost Optimal Level” means the Energy Performance Level which leads to the lowest cost during the estimated economic life cycle.

From July 2013:

- feasibility of high efficiency alternative systems must be taken into account;
 - Decentralised Renewables
 - Co-Generation
 - District Heating
 - Heat Pumps

Legal Drivers

Energy Performance of Buildings Directive



means

1. Very high energy performance; and
2. Energy to be covered to a very significant extent by renewable sources;
 - December 2018 new buildings occupied or owned by public authorities
 - December 2020 all new buildings

Legal Drivers

Energy Efficiency Directive 2012/27

The Big Bang!

Article 4

- Member States shall establish a long-term strategy for mobilising investment in the renovation of the national stock of residential and commercial buildings, public and private. Encompassing;
 - (a) Overview of the national building stock;
 - (b) Identification of cost-effective approaches to renovations;
 - (c) Policies and measures to stimulate cost-effective deep renovations of buildings;
- Strategy shall be published by 30 April 2014

Legal Drivers

Energy Efficiency Directive 2012/27

Article 5

- From January 2014 3% of the total floor area of buildings owned and occupied by central government to be renovated each year to meet cost optimal requirements.

Article 6

- Member States shall encourage public bodies, including at regional and local levels, to follow the exemplary role of their central governments to purchase only products, services and buildings with high energy-efficiency performance.

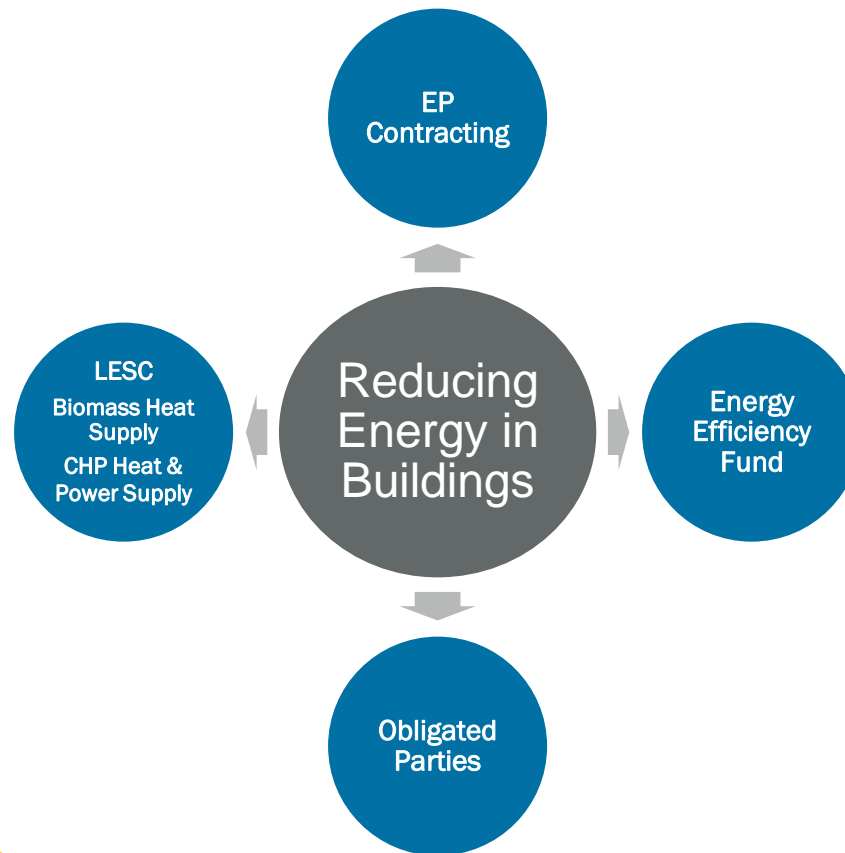
Legal Drivers

Energy Efficiency Directive 2012/27

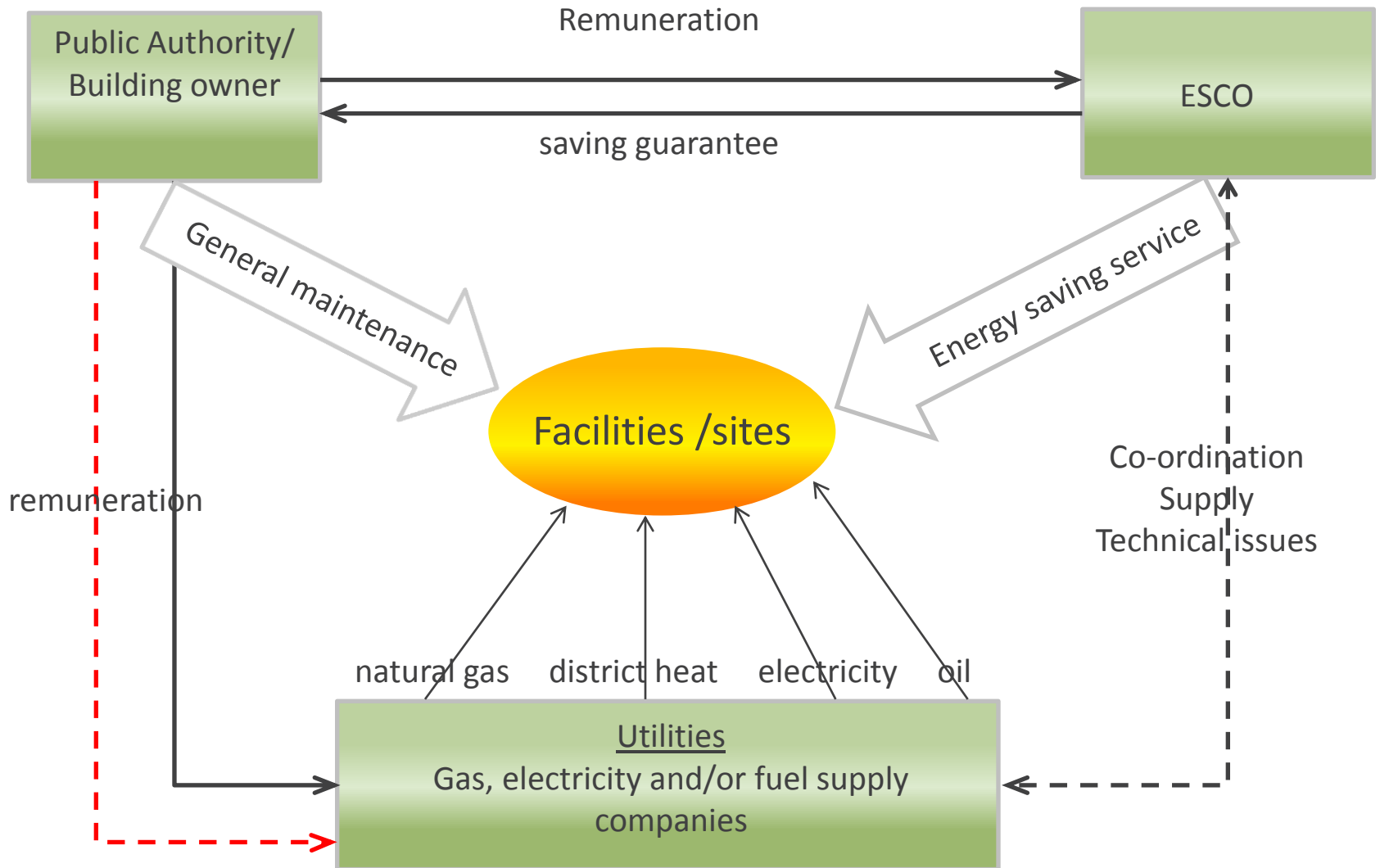
Article 7

- Energy efficiency obligation scheme. Energy distributors retail energy sales companies savings target of 1.5% per annum.

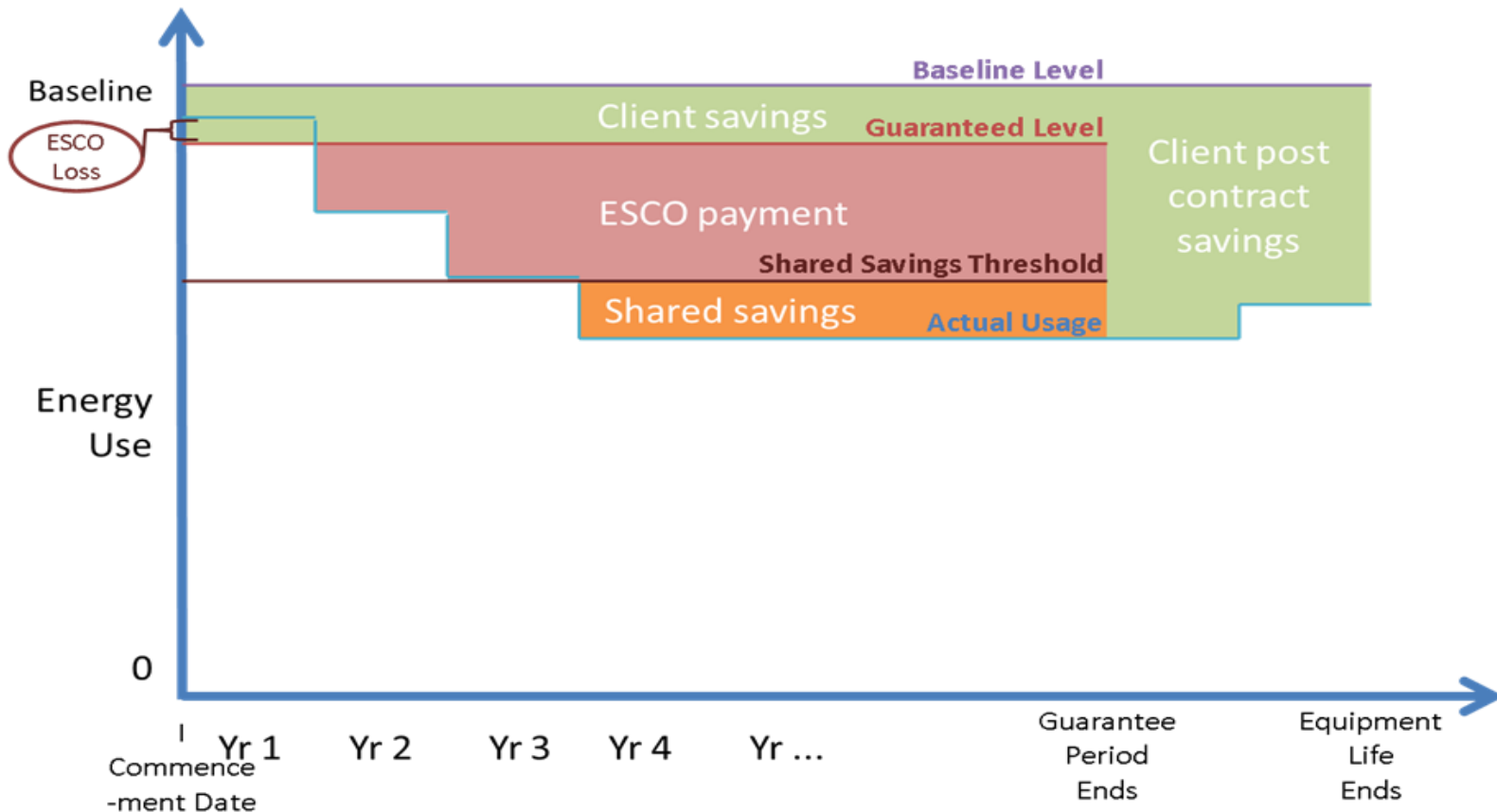
Four Instruments for Reducing Energy in Buildings



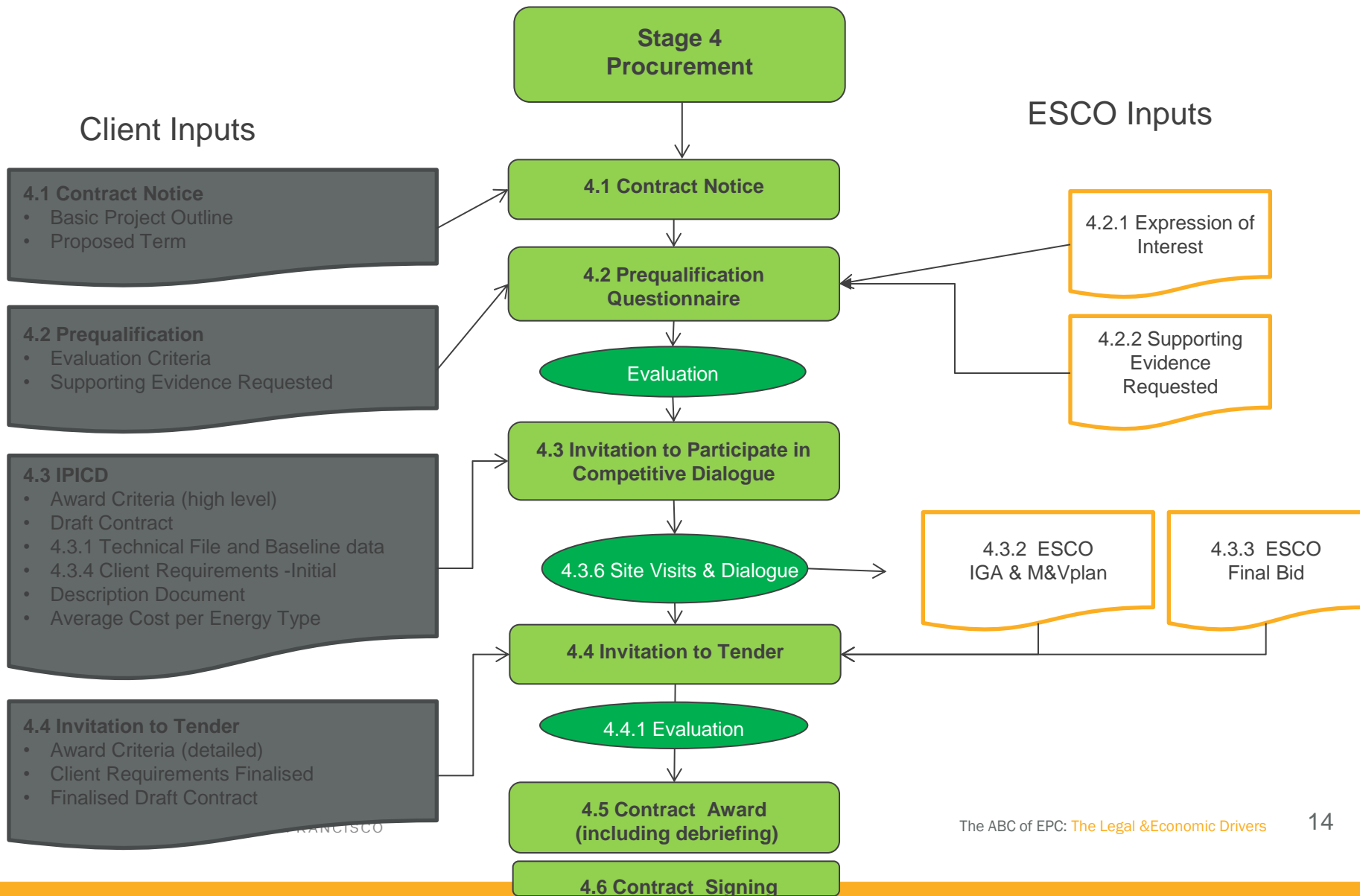
EPC Scheme



EPC Payment Mechanism



EPC Procurement Process



LESC – Calculation of Payments

- Heat Price – Biomass
 - Fixed
 - % linked to CPI
 - % linked to Platts oil price
- Heat and Power Prices - CHP
 - Heat price – pass through current gas price
 - Power price – bid by ESCO
 - Monthly payment for availability

Conclusions



Thank you!

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