



Energy efficiency and energy savings: A view from the building sector

A report from the Economist Intelligence Unit (EIU), commissioned by the GBPN

October 2012

With such a high rate of expansion of the built environment globally, there is wide consensus that the implementation of energy efficiency measures needs to be accelerated. In order to increase understanding of how to achieve that acceleration, the GBPN commissioned the EIU to conduct a global survey of 423 senior executives from the residential, real estate, building construction and commercial real estate sectors in June 2012.

Overall, there was a poor understanding of the cost of energy consumption and many respondents underestimated its financial significance for their businesses. This poor understanding was illustrated by the fact that only 31% said that they audited (monitored?) their energy use and two-thirds substantially overestimated the cost of constructing energy-efficient buildings. There is a serious gap of knowledge.

Yet, many of those surveyed understood the importance of energy efficiency. Many companies considered that energy efficiency investments are important to lowering risk: financial, energy price, energy supply, and climate. Green buildings could be important in a segmented market and consumer awareness could serve as a catalyst for innovation. Furthermore, it was recognized that energy efficient buildings could give a competitive edge.

The survey showed that many of the companies have undertaken a range of energy-efficient actions including installation of efficient lighting, better HVAC systems, increased insulation, better use of natural

lighting and improvements in energy management systems.

As for the business case, 25% of those surveyed expected a payback period of less than 2 years, a further 25% wanted 3 years, 33% accepted 5 years and 18% agreed to 10 or more years payback (this rose to 30% in China). This gives rise to optimism.

Energy management systems were seen as important as “technology” and 40% responded that they were improving their facilities management procedures. As one said, “More than two-thirds of the savings that can be achieved in energy efficiency in any corporation comes from human behaviour.”

An important case for stronger policy was made. Three-quarters stated that energy efficiency legislation is a benefit to the building sector. Many see it levelling the playing field, providing clarity and ensuring more certainty before investing. Policy instruments such as financial incentives, audits, performance rating systems and mandates are fundamental. In order to accelerate the implementation of ambitious energy efficiency actions there must be the right balance between “carrots and sticks.”

Overall, this survey provides considerable scope for optimism and much valuable insight for input into the policy process.