

Sector Monitor Energy Efficiency 2016 Summary

The 2016 edition is the fourth annual “Sector Monitor Energy Efficiency” of the German Industry Initiative for Energy Efficiency (DENEFF), which has been published annually since 2013. This edition is based on a late 2015 survey conducted among 190 suppliers of energy efficiency products and services. It provides valuable insight into the trends, success factors and challenges of a growing energy efficiency sector.

Regulatory developments as well as economic, social and technical trends create the framework and driving factors of the growing energy efficiency market. When asked, which were the most important drivers affecting the market for energy efficiency solutions, 86 % of the companies surveyed stated the political framework. In last year’s survey, the development of energy prices held the position of the most important parameter for over 90 % of respondents. This year, however that figure sunk to 50 %. The second and third most important drivers were customer needs followed by technological innovations and an increased awareness for sustainability.

An important focus of the survey Sector Monitor 2016 was the evaluation of individual policy instruments and measures, especially those included in the German National Action Plan for Energy Efficiency (NAPE). Most of which were regarded as strongly or moderately effective. Concerning the building-sector, companies expected the strongest impact from a fiscal promotion of

building restoration (a measure that government has, as of yet, failed to enact), an amelioration of general conditions for energy services and the obligation for all non-SMB’s to conduct an energy-audit. Concerning the last instrument it should be noted that many of the businesses obligated to implement legal requirements, voluntarily chose to exceed them and implemented energy- or environmental management systems.

The central issue for most of the companies surveyed was the uncertainty regarding the development and implementation of energy efficiency instruments and measures. For example a great deal of ambiguity lies in the time-frame allowed for the implementation of energy efficiency guidelines. The certainty or uncertainty in these measures underpins the overall influence the political framework has on the energy efficiency market. Further important issues named were the reluctance of customers to pay for quality products and services as well as the lack of availability of skilled labor.

Nonetheless, the market is viewed as attractive by the companies surveyed, 46 % of whom stated that energy efficiency is a profitable business sector. Further 26 % stated that energy efficiency has had positive effects on other business fields. Another 27 % expected growing revenues in the coming years, a trend that is visible in sales figures and the number of employees. Projected figures showed around 535.000 people as being employed in the Energy Efficiency

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Sector in 2015. Businesses had a projected sales volume of about €135 bn. equating to an increase of 10 % compared to the previous year. The average sales growth in the energy efficiency sector of the companies surveyed

was higher than in other business sectors which the companies were involved in and higher than the sales growths in their other branches of trade.

A growing market however also inevitably results in heightened competition. Barriers to market entry are perceived as increasingly narrow. One third of competitors entered the market only recently according to the companies surveyed. Nevertheless, sales are still mostly realized in domestic markets, even though more than half of the respondents were also active in international markets.

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For further information, please contact:

Claire Range
Manager Energy Efficiency in the Industrial Sector

Deutsche Unternehmensinitiative
Energieeffizienz e.V.
Kirchstr. 21
10557 Berlin
GERMANY

Tel: +49 (0)30 39 88 76 04
claire.range@deneff.org

