

Task 25 – Legal Annex

Business models for a more effective market uptake of EE energy services for SMEs and communities

1. Description of Technical Sector

Worldwide, many studies are being conducted in order to understand what is causing the - apparent - lack of market uptake of energy efficiency and DSM. A growing understanding is that in many business models underlying energy efficiency and DSM services, the supplier perspective is dominant, and too little attention is given to the customer/buyer perspective, their needs. Energy services are increasingly considered to be a good delivery mechanism for EE and it is necessary to understand and what business models would be necessary for potential customers to buy more energy services (make more energy efficient choices).

This task will focus on identifying existing business models and customer approaches providing EE and DSM services to SMEs and residential communities, analysing promising effective business models and services, identifying and supporting the creation of national energy ecosystems in which these business models can succeed, provide guidelines to remove barriers and solve problems, and finally working together closely with both national suppliers and clients of business models. The longer term aim of this Task is to contribute to the growth of the supply and demand market for energy efficiency and DSM amongst SMEs and communities in participating countries.

2. Objectives

The following objectives have been identified:

1. Reviewing existing business models/ customer approaches targeting EE and DSM for SME and community clients and developing a list and or mapping of categories of existing business models/ approaches for each country and a selection of non-participating countries.
2. Analysing and identifying effective business models (in achieving significant EE and DSM) in the different countries, including the sociotechnical socio-economic and political framework conditions they need (different conducive market dynamics and policies in different countries).
3. Performing a cross-country comparison of the different existing business models and their frameworks.
4. Performing a cross-country knowledge exchange and capacity building about effective business models and services, and iterative feedback for country specific market development activities within and between the participating countries. In order to feed in the SME- and supplier perspective, the task will include participants representing the supply and client side. Such actors will be identified either network (e.g. an energy service association), by establishing contact with relevant suppliers, (or by creating a network).

5. Creating a set of guidelines and advice supporting the creation of policies to encourage market creation and mainstreaming of best practice business models in different countries; based on a cross-country comparison.
6. Providing a (digital) platform for shared learning, best practices, relevant documentation and frameworks and know-how. This will be achieved through the use of existing platforms such as the expert platforms of other tasks and the DSM University.
7. (Within the task 25 period) contributing to the setting up of piloting activities in each participating country (preferably through the participating national experts and their organisation) in order to make the developed/identified business models useful in reality.
8. Contribute to both the energy efficiency field and the academic discussions on effective business models and services aimed at Energy Efficiency and DSM.

3. Means

The objectives shall be achieved by the Participants in the following Subtasks:

(a) Subtask 0: Task Definition Phase

The focus of this subtask was on making a first inventory of issues of common interest regarding business models and Service Value propositions on Energy efficiency and defining an initial working scope and definition. Success and failure of these services is highly dependent on country specifics. Already many studies are conducted that are valuable for this task. This subtask main objective was to map valuable knowledge, identify country specifics and general objectives. After agreement on this task, country expert will be lined up and prepared for their part in this task.

Activities

- (b) Writing work plan, in close cooperation with interested countries and their experts
- (c) Performing a quick scan of country specifics (relevant policy and regulation, research, business models. Energy targets etc.)
- (d) Attendance (virtual) of ExCo meetings in 2014

(e) Subtask 1: Task management

This subtask is dealing with all management issues.

Activities

- (f) Overall project coordination and management, including contact relationship management
- (g) Attendance of ExCo meetings, conferences and reporting to IEA DSM ExCo
- (h) Set-up Task Advisory Board (AB) of stakeholders (ExCo, IEA, intermediaries from research, industry, government, community sectors)
- (i) *Subtask 2: Identify proven and potential business models for energy services*
There are many energy service business models “out there” and often they are closely linked to existing market structures and policies. In other words, business models are often country and context specific. We will start with an inventory of different existing business models,

both in the participating countries and also including global examples of successful business models. In the different participating countries we will analyse what business models exist, and what frameworks (market and policy) accompany them.

Activities

1. Identifying country specific suppliers, clients, and their stakeholder networks and establishing national advisory expert networks to continue working with throughout the task. These actors will receive frequent webinars, but also quite some face to face time and be the first to ask for relevant case studies. Members include policymakers in the field, end-user representatives, collectives, SME suppliers and receivers of energy services, academia, business developers, consultants, technology developers and NGOs in the field. All relevant expertise needs to be present, from economic to policy making.
2. Narrowing down the focus of both services, target groups and typology of business models in close cooperation with national experts and other relevant stakeholders.
3. Clarifying how the different parameters of success of business models and services will relate to each other in the analysis – economic profitability, scale of impact and real savings, business creation, growth rate, synergies with other values, adoption rate etc.
4. Developing a task specific typology or categorisation of business models and services for EE.
5. Developing an overview of existing energy service business models in the participating countries and their frameworks/ecosystems and how they meet and incorporate client needs.
6. Reviewing global existing business models and their frameworks/ecosystems with a clear focus on quantifying and qualifying effectiveness (e.g. amount of customers reached, market share, savings aimed for, other outcomes, ROI).
7. In-depth comparative analysis of at least 4 similar business models in different countries and at least 12 per country. Determining patterns, drivers and pitfalls.
8. Identifying key factors that make services (and their vendors) succeed in the participating countries through an in-depth analysis of country specific markets and policies for energy services and their influences on business models;
9. Organising regular country workshops with service providers and clients.
10. Creating a report with all the national examples, the best practices and the analysis including useful tips and tricks etcetera.

(d) Subtask 3: Creating country specific business models and guidelines for upscaling

When the key factors that make services (and their vendors) succeed have been identified in the different countries we will need to start applying this knowledge to help creating a mass market for energy services. This will be achieved through the co-creating of potential effective business models and services with national stakeholders, in addition we will contribute to the setting up of piloting activities in each participating country and define guidelines for policymakers to allow a more effective upscaling of proven business models and services.

Activities

- 1 Develop frameworks for potentially effective business models and services in co creation with national stakeholders, e.g. suppliers and clients. We will do so in face to face workshops, with the national experts and other relevant stakeholders.
- 2 Creating policy guidelines with necessary policies and strategies of different stakeholders, and their timing, to encourage market creation and mainstreaming of selected business models in participating countries
- 3 Contributing to the setting up of piloting activities in each participating country. This activity will be initiated on the basis of the lessons learnt that we would like to turn into practice. The aim is to support one or two relevant stakeholder in the participating country to set-up a business model and service for EE based on the key success factors identified in this task, and support the set up of a pilot or deployment strategy for this service and business model.

(e) Subtask 4: Dissemination and expert engagement

This subtask is about creating effective means to disseminate, engage, collaborate and share learnings with the experts and stakeholders from participating or contributing countries and the wider community.

It is both important to disseminate the findings about effective business models and energy services for EE as widely as possible to contribute to a market uptake of EE services, though without the country specific recommendations and foci; and to learn as much as possible from other stakeholders and countries and collect as many relevant best and bad practices as possible.

The connection to existing IEA expert platforms and dissemination channels is aimed to create a learning culture and social network among the experts from various countries, disciplines and stakeholder groups and to foster collaboration within and outside this Task.

Activities

We will disseminate, engage, collaborate and share learnings through two activities:

1. Set up a stakeholder communication and engagement plan
2. Traditional dissemination to external stakeholders and academia
3. Creating and facilitating a good connection to existing digital and off-line expert platforms within the IEA, e.g. the expert platforms of Tasks 16, 24 and other relevant tasks and the expert platforms for other Implementing Agreements. This connection is meant to provide a 'matchmaking' service to enable trans-national, inter-disciplinary teams of experts and end users to collaborate and learn.

4. Results

The benefits for the participating countries and for the DSM agreement will encompass:

- Overview of existing business models/ customer approaches in the different countries;

- Insight in best practice business models and comparable best practices based on a comparison of business models in the participating countries;
- Exchange of valuable knowledge and learnings between EE business developers, service providers, researchers, policymakers and clients within and between participating countries;
- Access to relevant stakeholders, documents, and information through participation in a new network of expertise and participation of this network in expert platforms of other tasks;
- Best practice guidelines on how to support the creation of national markets for business models for energy services that effectively achieve load reduction at SMEs and residential communities. This will again be based on a country comparison;
- Contributing to the setting up of piloting activities in each participating country.

The principal deliverables for Task 25 will be as described below:

- D0: draft work plan
- D1: Advisory committee of stakeholders from ExCo, IEA, research, commercial, community, policy and end user sectors providing strategic guidance.
- D2: report with typology and description of existing services and business models in each participating country and their framework/ecosystem;
- D3: report with review of global business models and services in non-participating countries and their framework/ecosystem;
- D4: report with comparative analysis and key factors for success, including overview of success parameters to assess effectiveness of business models and services.
- D5: report with repository of potentially effective business models and services in each country
- D6: Country specific reports identifying potential barriers and opportunities for upscaling or mainstream selected potentially effective business models with guidelines/roadmaps for different stakeholders, i.e. policy makers, EE service suppliers and business model developers.
- D7: progress report on dissemination activities and outreach activities.
- D8: outreach and dissemination material, including at least 2 academic publications, professional journal publications, animations and other outreach material highlighting the Task's work.

5. Time Schedule

This Annex shall enter into force at such time as the Executive Committee, acting by unanimity of those Contracting Parties which have communicated to the Executive Director a Notice of Participation in this Annex, have signed off on the final Work Plan via ballot (November 1st 2014). This Annex shall remain in force until November 1st 2016, unless 5 or more countries are participating (this will extend the Task without further cost to November 1st 2017).

6. Specific Obligations and Responsibilities of the Participants

Each Task Expert shall:

- (a) spend at least 768 person hours on Task 25 during the 2-year duration of the Task;
- (b) provide the Subtask leaders with detailed reports on the results of the work carried out and all relevant information and data;
- (c) give the best possible contribution to the content and reviewing of the draft reports of the Task and the Subtasks;
- (d) organise one expert meeting and/or stakeholder workshop in his/her home country over the course of the task;
- (e) contribute to the Task and provide country specific input;
- (f) Support the OAs in disseminating the results of the work.

The participating countries will assign national experts (NEs) to Task 25 on their notice of participation.

7. Specific Obligations and Responsibilities of the Operating Agent

In addition to the obligations enumerated in Article 6 of this Implementing Agreement, the Operating Agent shall:

- (a) Manage and coordinate the successful completion of the Task 25 Subtasks and the work of the different Task Experts in accordance with the Task 25 Work Plan.
- (b) Provide reports to the Executive Committee on the progress and results of the work performed under the Task 25 Work Plan every six months.
- (c) Provide to the Executive Committee within three months after completion of all work under the Task 25 Work Plan, a Final Management Report for its approval.
- (e) Use its best efforts, in collaboration with the Participants, to avoid duplication with activities of other related programmes and projects implemented by, or under the auspices of the Agency or by other bodies.
- (e) Market and disseminate information about Task 25 to raise and maintain interest in, and understanding of, the Task and the IEA DSM Programme.

8. Funding

The Task 25 Budget is set at EUR 208,000 based upon at least four participating countries (paying or providing in kind equivalent). This amount will fund the Operating Agents' labour and expenses in managing and coordinating the successful completion of the Task 25 Subtasks and in accomplishing its other obligations as Operating Agent. Each Participant in Task 25 will contribute an equal share of the Task 25 Budget unless approved differently by the Exco.

If the number of Participants is more than 5 paying countries, the value of each Participant's share of the Task 25 Budget will be EUR 52,000 but the Task will be extended and the programme of work revised accordingly. Any revision to the programme of work will be agreed upon by the Executive Committee, acting by majority of the Participants in Task 25.

The Operating Agent shall send invoices to the Participants at the commencement of the Task and thereafter at the 12th month. Payments from each Participant must be received by the Operating Agent no later than 30 days after the invoice date of the Operating Agent's invoice.

If necessary, an increase in the Task 25 Budget may be agreed upon by the Executive Committee, acting by unanimity of the Participants in Task 25.

In addition to its share of the Task 25 Budget, each Participant shall bear all the costs of its national expert own participation in Task 25, and the costs it incurs in carrying out its obligations under this Annex, including necessary travel costs.

9. Information and Intellectual Property

The country specific principal results and outputs of this Task, in particular generated in subtasks 2 and 3 will remain confidential to the Participants, if so expressed by the country, for a period of 12 months after the completion of the Task, unless all Participants agree to an earlier release of information. The generic outputs that are not country specific will be released during the task itself.

The Task is not anticipated to lead to the development of any new Intellectual Property. The ownership of any Intellectual Property that may arise shall be established in accordance with the terms set out within this Implementing Agreement.

10. Operating Agents

Dr Ruth Mourik, Duneworks, the Netherlands
Renske Bouwknecht, Ideate, The Netherlands

11. Participants in the Task

The Contracting Parties which are Participants at the start of this Task are the following:

Swiss Federal Office of Energy, Switzerland
Austrian Energy Agency, Austria
European Copper Institute