What impact will UK Energy Policy and Regulation have on the sports and leisure sector and what action can we take?

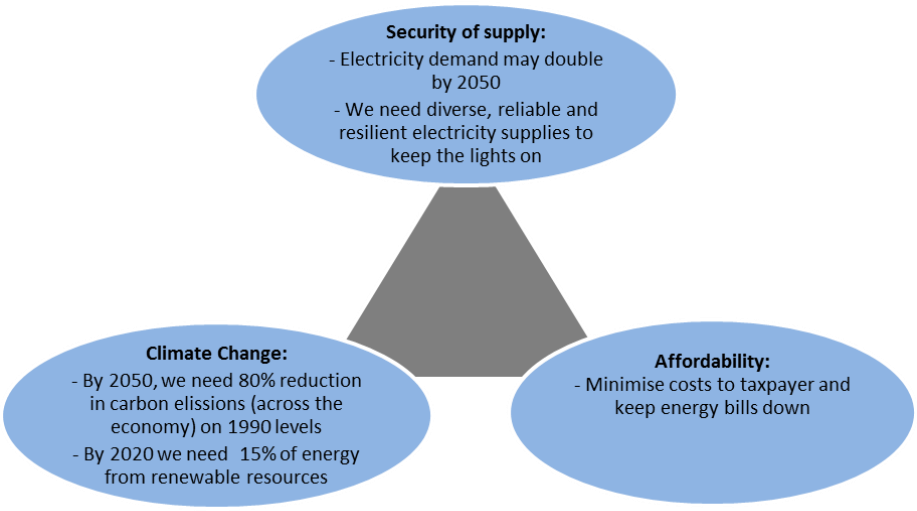
Introduction

A decline in natural resources, increased global demand and new taxation and legislation will lead to an increase in electricity bills of around 15% by 2020[1].

Energy policy drivers

Like the rest of society, sport and leisure is reliant on energy to function.

The World Energy Council describes the tension between the challenges of ensuring secure energy supplies in the face of rising demand, whilst reducing CO_2 emissions, and at the same time keeping prices affordable as the 'Energy Trilemma'[2].



Rising costs and the energy trilemma will affect all sectors, but the sport and leisure sector has a number of unique challenges.

If the factors involved in the energy trilemma are not balanced, then there could be interruptions energy supply as the national grid struggles to cope with demand at peak times.

Leisure centres rely on power between 4:00pm and 8:00pm and, unlike other industries it is not possible to change patterns of use.

[1] Based on DECC 2014 figures.
[2] Source of diagram: Electricity Market Reform: Policy Overview, DECC, Nov 2012 (https://www.gov.uk/government/publications/electricity-market-reform-policy-overview--2)

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To more closely reflect the true cost of energy, some commentators believe that suppliers will move towards time of day tariffs, meaning much higher prices at times of peak demand. For many in the sports and leisure sector this would be the time of day at which activity is at its peak.

What can the sports and leisure sector do?

There are practical measures that sport and leisure operators can take to mitigate some of these risks and mitigate the rise in energy bills:

- **Optimise Energy efficiency** – using less energy to achieve the same outcomes by reducing waste and investing in more efficient equipment. Identify and assess opportunities for capital investment that will reduce energy consumption whilst maintaining the necessary services.

- **Generating electricity locally and more efficiently** – consider the opportunities for on-site power generation particularly through combined heat and power plant, but also renewables generation such as solar photovoltaics. Power generation at times of peak demand could be particularly beneficial if the site's electricity tariff has high unit prices at these times. Where CHP is already used, the plant's control philosophy should be reviewed and possibly adjusted.

- **Taking advantage of available financial incentives** - for example, feed-in tariffs for renewable energy generation, and green deal assessment loans for energy efficiency improvements.

- **Buying energy more intelligently** – a better understanding of the fundamental cost elements of energy bills and fundamental procurement options will with better procurement decisions, either directly or when managing the supply chain. For example, taking into account patterns of usage rather than just total annual or monthly consumption.

Before taking any of the above measures, the first step for any sports or leisure facility operator is to ensure that they have a thorough understanding of how, why, when and in what quantities energy is used on site.

This is best achieved through a combination of energy data monitoring and analysis plus physical surveys of plant and equipment (often referred to as energy audits).

Having an understanding of energy use will enable a facility operator and/or professional advisors to identify where and why energy use is being poorly managed as a result of peoples' behaviour and improperly set controls. Experience shows that good ongoing and embedded energy management practices can typically save 10-20% on energy bills with little or no capital investment.

For more information on these issues, read our full briefing note.

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