

# ep group impact report

---

March 2021



[epgroup.com](http://epgroup.com)





# the future depends on what you do today

Making the transition to a net zero and regenerative economy, one that can deliver sustained benefits for people, planet and profit, is a critical challenge for us all.

The ep group is a globally experienced firm that provides consultancy, project design and development, finance and transaction services to enable businesses, investors and governments to research, plan, design, finance, and deliver the transition to a net zero and regenerative economy.

## contents

- 4** letter from our founder
- 5** mission update
- 6** the story so far
- 8** our impact
- 10** theory of change
- 12** case studies
- 14** steward-ownership
- 16** what's next?



after more than eight years  
EnergyPro is best known  
for our work in energy  
efficiency but we have now  
gone beyond that.

Dr Steve Fawkes



## letter from the founder

**I first became interested in what is now called sustainability around the first oil crisis and the events of 1973 led directly to me studying a degree about energy resources.**

During that time I was influenced by books like 'Small is Beautiful', 'The Integral Urban House', the 'Whole Earth Catalog', and the Club of Rome report 'Limits to Growth'. My other somewhat contradictory interest in aviation led me to write my undergraduate thesis in 1980 on hydrogen as an aviation fuel, something that has returned to the agenda in the 2020s. Another undergraduate project was to undertake an energy audit of a campus building, recommend measures and calculate energy savings and return on investment (all by hand of course).

After a spell working as an energy auditor I did a PhD looking at the potential for energy efficiency in UK industries. This involved visiting companies, developing models of effective energy management and studying the potential for technologies such as heat pumps, heat recovery, low energy lighting, energy management systems and sub-metering. As well as project economics this work studied managerial and organisational barriers and the factors that drove change – all subjects that we still work on in some way today. One conclusion was that a 'low energy strategy' was possible for the UK, which was deeply controversial at the time. Subsequent analysis shows that this is what actually unfolded and that we are living in what was then deemed a highly improbable low energy future. After my PhD I embarked on putting theory into practice, working as an energy manager and then a consultant implementing large energy management programmes for local authorities and companies. I then spent four years in Romania advising the government on behalf of the European Commission, developing a GEF project, and co-founding one of the first Energy Service Companies. I then came back to the UK to join Enron where we developed and delivered innovative energy services contracts.

After the Enron collapse I spun the team and clients into a subsidiary of RWE. During that period I furthered my interest in sustainability by studying Sustainable Business at Cambridge. After six years at RWE I entered the financial services industry as an analyst and ended up in corporate finance advising private and public companies.

In 2012 I went back to my roots, establishing EnergyPro as a consultancy focused on energy efficiency and particularly increasing investment into efficiency. Right from the start I wanted to build a company based on values and driven by purpose. As well as witnessing a famous example of the failures of capitalism up close, when I was growing up my family was directly affected by an example of 'extractive capital' which closed the factory where my father worked. This experience started a life-long interest in finding a better version of capitalism.

After more than eight years EnergyPro is best known for our work in energy efficiency but we have now gone beyond that. We have built an amazing team of people and expanded our consultancy services into green finance and the circular economy. We have also expanded beyond consultancy into finance and investment, and now into the design and development of sustainable buildings.

We are embarking on the next stage of corporate and personal development, bringing our separate companies into a group structure and moving towards steward-ownership with the aim of growing our businesses organically and bringing new companies into the group

We are led by the idea of creating positive impact and this is our first impact report. We are implementing impact measurement and so subsequent editions will be more quantitative.

Meanwhile I hope this document gives you a better idea of who we are, what we are up to and why we do it.

# mission update

**It is now clear that we are in the early stages of a massive shift towards a net zero and regenerative economy, a shift that will be as significant as the industrial revolution.**

Accelerating this shift is a critical challenge facing all of us in order not only to address the urgent threat of climate change, but also wider environmental problems of all types, as well as the social problems of inequality of opportunity and wealth. Addressing these inter-linked problems will create massive business opportunities and produce a better environment, a better economy and a better society. Despite the magnitude of the challenges, and the many barriers, we believe that we can make a better future that is achievable in our lifetimes.

Harnessing the power of business is key to making the transition and we need to maximise both the quantity and quality of investment going into companies, projects and programmes that move global society towards a net zero, regenerative and more equitable economy. To do this requires:

- a) building capacity amongst decision makers across business, finance, the public sector, governments and multi-lateral institutions and
- b) shifting investment flows towards high-performance projects, programmes and companies that support the transition to a net zero and regenerative economy.

These two things encompass all of our work.





# the story so far

EnergyPro was originally established to focus on the energy dimension, and particularly energy efficiency, because energy is fundamental to everything and improving energy efficiency is the least cost option, even in a world of abundant cheap renewables.

We work with governments, the European Commission, companies that are looking to accelerate investment into energy productivity, and investors looking to understand the market and make investments.

However, we have long been interested in and active in other key areas of sustainability and the regenerative economy, particularly resource efficiency, the built environment, the circular economy, and food and water security. We see how everything is connected and by considering the whole picture how we can facilitate a more rapid transition.

This has led us to do work such as: developing training courses on the circular economy for financial institutions; and launching a regenerative design practice, ep projects, that is working on a number of exciting green building projects. In addition we have assisted energy transition companies raise capital.

2012

Steve forms EnergyPro on the dining room table with the purpose of accelerating investment into energy productivity

2013

2014

EnergyPro creates the Knauf Local Authority Energy Index

2015

EnergyPro introduces the Investor Confidence Project Europe with €1.9m funding from EC Horizon 2020

2016

EnergyPro joins the EFIG Derisking Project Consortium

EESL approaches EnergyPro for assistance to enter UK market

2017

EnergyPro Asset Management and EESL form JV – EESL EnergyPro Assets Ltd (EPAL) and makes first acquisitions

EFIG launches Underwriting Guide authored by EnergyPro, designed to assist financial institutions to value and risk assess EE projects

2018

EPAL acquires Edina

2019

Partnership formed with merchant bank Cameron Barney through ep impact

EnergyPro receives £0.9m grant from BEIS to develop 'ESCO-in-a-Box' business model to help address EE in SMEs

EnergyPro leads EFIG working group on Sustainable Finance Taxonomy

2020

ep projects launched, a design company focused on regenerative architecture

EnergyPro announces 1st regenerative building project – Azure – which will improve access to a nature reserve

2021

Decision taken to transition to a steward owned group

EnergyPro chairs Green Finance Institute group on metered efficiency



# our impact

The Sustainable Development Goals are powerful targets against which global progress can be measured and ultimately everything we do supports the Sustainable Development Goals, particularly SDGs 7, 9, 11, 12 and 13.

We believe, however, that we have to move beyond sustainability towards a regenerative economy.

Building a net zero and regenerative economy requires: building capacity amongst decision makers across business, finance, the public sector, governments and multi-lateral institutions; and shifting investment flows towards high-performance projects, programmes and companies that support the transition to a net zero and regenerative economy. To do this we:



## build capacity

amongst decision makers of all kinds to make the transition to a net zero and regenerative economy.

### we build capacity by:

- Researching technologies, markets, companies, trends etc. to better guide decision makers
- Undertaking consultancy assignments to help inform decision makers
- Designing and delivering training programmes
- Publishing blogs, articles, white papers and making presentation to influence decision makers



## bring investment

into high performance projects, programmes and companies that support the transition to a net zero and regenerative economy.

### we bring investment by:

- Originating and delivering investment opportunities
- Undertaking due diligence to inform investment decisions
- Developing tools that make investment easier and more attractive
- Developing new business models and incubating new businesses
- Accessing capital



## deliver high performance projects and programmes

in industry and the built environment.

### we deliver high performance projects and programmes by:

- Understanding the need and designing projects and programmes to deliver those needs
- Collaborating with stakeholders to develop these projects and programmes
- Management and oversight of the delivery of high performing projects and programmes

## we also have an impact through:

Our own business structure which can be an example to others

Using our own capital to invest in the business and in other businesses that support the transition to a net zero and regenerative economy

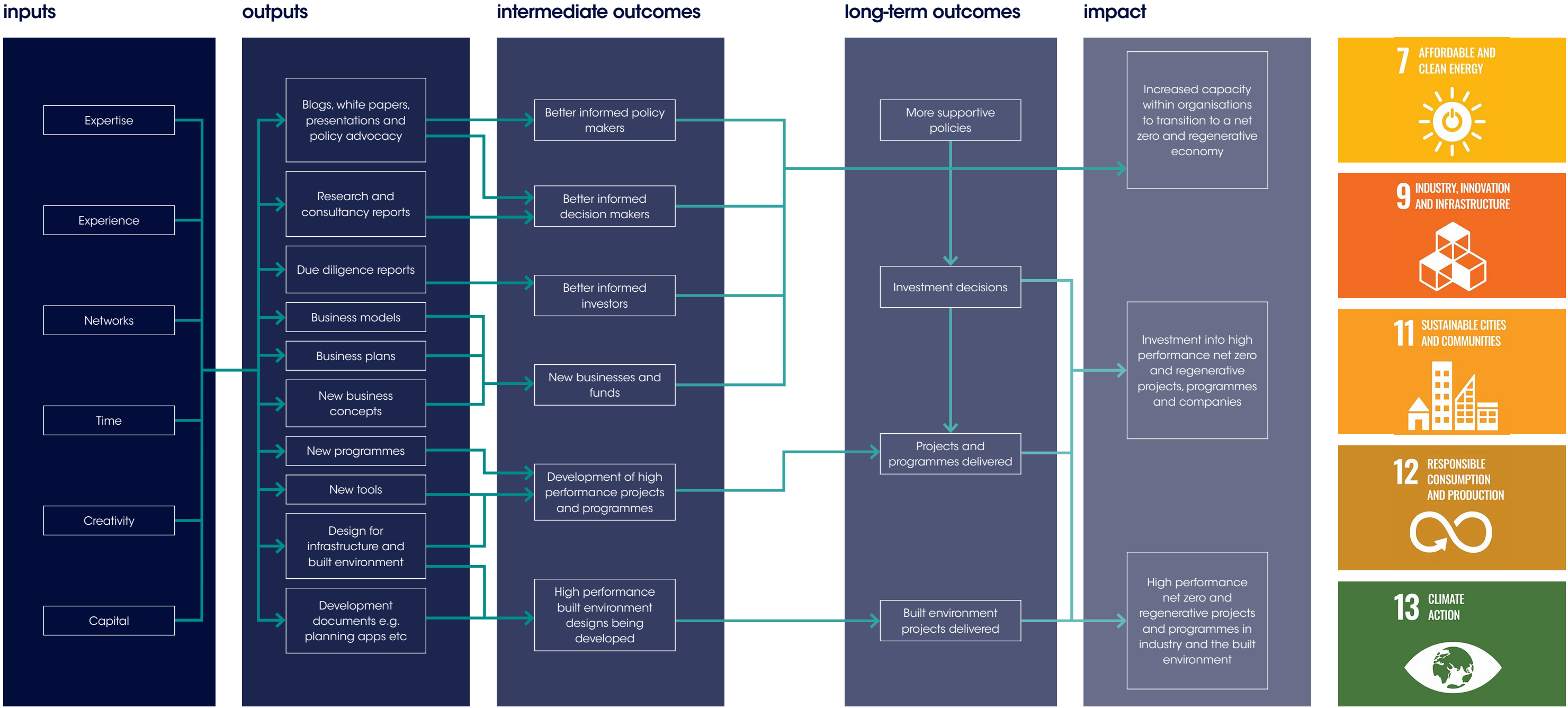
## measuring impact

We are working with advisers to implement an on-going impact measurement system.



# theory of change

Our Theory of Change includes three impacts which support the transition to a net zero and regenerative economy:





# case studies

We conducted research on the global market for Energy Efficiency as a Service on behalf of one of the world's largest Sovereign Wealth Funds. The extensive 200 page report covered trends in energy supply, changes in the nature of the electricity sector and regulatory changes. It also addressed changing industrial and commercial customer behaviour, market sizes and CAGRs, and specific companies in relevant sub-sectors of the energy efficiency-as-a-service market. It covered the EU, the US, India and China. As well as the research itself the work developed a tool for determining the attractiveness of each market. The report was used to build capacity within the Sovereign Wealth Fund, guide investment strategy and identify potential investment targets.

We were part of a pan-European consortium that researched and advised on the potential for green bonds for resource efficiency projects on behalf of DG Env of the European Commission. The work was used to help guide the Commission's strategy around green finance.

The Energy Efficiency Financial Institutions Group (EEFIG) was established in 2013 by the European Commission and the United Nations Environment Programme Finance Initiative to address barriers to energy efficiency financing through both policy design, and market-based solutions designed to scale-up investment into energy efficiency. Composed of over 300 representatives from more than 200 organisations, EEFIG's membership spans public and private financial institutions, industry representatives and sector experts. In 2016 and 2017 EnergyPro co-led the two year Energy Efficiency Financial Institutions Derisking Project that produced DEEP, a pan-European database of more than 10,000 energy efficiency projects across industry and buildings, and the Underwriting Toolkit. We were principal authors of the Underwriting Toolkit. Since 2018 we have been working on a four year extension to EEFIG's work and have contributed to several work streams, as well as leading the work stream on the Sustainable Finance Taxonomy and Tagging of Energy Efficiency loans. This work fed directly into the European Commission's Sustainable Finance Taxonomy. In 2021 we are leading a working group on incorporating the Energy Efficiency First principle into financial institutions' decision making processes.

**"I recommend this toolkit to any policy maker, investor, business, developer or citizen seeking a more inclusive, green economy."**

*Erik Solheim,  
UN Environment*

We were commissioned by a leading UK impact driven private equity fund to conduct commercial due diligence on the proposed acquisition of an energy service company (ESCOs). The experience of the EnergyPro partners in establishing and running energy service companies gives us unique insight into the commercial and contractual issues faced by ESCOs and contractors developing and delivering energy infrastructure projects. In the end the acquisition did not proceed and the company was acquired by an energy company. The process helped build the internal capacity of the investor which is now looking for other opportunities in the energy efficiency space.

EESL is the Indian government's Super-Energy Service Company and a world leader in deploying energy efficiency at scale. They approached us in 2016 to help them enter the UK market and we identified acquisitions that would meet their objectives of diversification and acquiring expertise that could be used in the Indian energy transition. We then formed a JV with them, EESL EnergyPro Assets Ltd (EPAL), to make the acquisitions and represent them in the UK. In 2017 EESL highlighted the massive emerging need for sustainable cooling solutions in India. Through our networks we were aware of an opportunity to acquire Edina, a leading supplier of cogeneration and distributed generation solutions including trigeneration. We made the introduction and managed the acquisition process which led to EPAL purchasing Edina for £55m. The acquisition led to Indian investment in the UK and has enabled EESL to offer funded trigeneration projects in India. In 2020 EPAL was named by Grant Thornton as the fastest growing Indian owned company in the UK.

**"Our entry into the UK market in 2017 and our successes to date, including having EPAL named as the fastest growing Indian company in the UK, would not have been possible without our partnership with EnergyPro. With them we will continue to grow EPAL and develop other opportunities in the UK and India."**



*Mr. Saurabh Kumar,  
EVC, EESL*

In order to increase the flow of capital into a net zero and regenerative economy it is necessary to build capacity amongst financiers. For the Green Growth Fund we developed an online training course on funding resource efficiency and circular economy projects. The training was designed to enhance a common level of understanding of resource efficient technologies as well as how finance is applied in lending and leasing operations for these kinds of projects amongst GGF partners and representatives of financial institutions from all 19 target markets of the fund.

In response to winning a BEIS funding competition we created a new business model, ESCO-in-a-Box, that is designed to provide easier access to energy efficiency services and funding for SMEs. ESCO-in-a-Box provides a complete operating system for community or other local organisations to become Energy Service Companies; it provides the processes; the documentation; and access to funds. The model is now being rolled out in Oxfordshire and several other regions. In addition we have had a lot of interest globally and with a local partner and funding from GIZ we are now replicating the model in Kenya.



In partnership with the Hampshire and Isle of Wight Wildlife Trust and the land owner, we catalysed a £10m mixed use regenerative property development which will allow the Trust to increase access to a unique nature reserve.

The Investor Confidence Project (ICP) addresses one of the barriers to investing in energy efficiency, the lack of standardisation in the way that energy efficiency projects are developed and documented. Having seen ICP emerge in the US EnergyPro approached the Environmental Defense Fund, who had funded it, and agreed to introduce the Investor Confidence Project to Europe. After an initial period of advocacy, EnergyPro assembled and led a pan-European consortium which successfully bid for €2m of Horizon 2020 funding to develop and roll-out ICP Europe. The consortium then received a further €1.5m of funding to adapt ICP for industrial and street lighting projects. EnergyPro also then assisted in the transfer of ICP to GBCI. Use of the ICP Protocols has been proven to reduce transaction costs and project performance risk.



# the importance of steward-ownership

ep group is transitioning the businesses into a steward-ownership model.

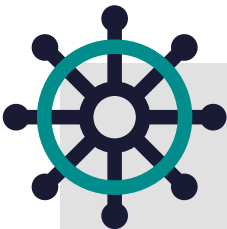
The concept of “steward-ownership” harnesses the power of entrepreneurial for-profit enterprise while preserving a company’s essential purpose to create products and services that deliver societal value and protecting it from extractive capital.

Steward-ownership represents a viable alternative to shareholder-primacy ownership. In addressing fundamental structural deficiencies of our system, it retools the goals and incentives that guide decision making in companies in the corporate DNA. Steward-owned companies are committed to two principles:



## self governance

For-profit businesses are often beholden to the interests of shareholders who aren’t involved in the operation or management of the business. Steward-ownership structures keep control with the people who are actively engaged in or connected to the business. Voting shares can only be held by stewards, i.e., the people in or close to the business, and the business itself can never be sold.



## profits serve purpose

For steward-owned companies, profits are a means to an end, not an end in and of themselves. All the profits generated by the company are either reinvested in the business, used to repay investors, shared with stakeholders, or donated to charity.

We want to create a structure that combines entrepreneurial skills, steward-ownership, and patient capital to create and build successful impact driven businesses.



# what's next?

**We believe that the shift to a net zero, more sustainable and ultimately a regenerative economy is now unstoppable.**

Individuals, corporates, governments and the critically important institutional investors are now making changes that will deploy more effort and capital into this seismic shift that will transform all aspects of the global economy, bringing with it new businesses and whole new industries.

Of course this does not mean that it will all be plain sailing, incumbents and others will continue to resist change but positive change will happen because as well as being essential for survival, and ethically the right thing to do, the transition is the biggest business opportunity in history. Contrary to the old idea that being 'green' is more expensive it will turn out to be cheaper, and that is even without counting benefits such as improved health and wellbeing. The transition will be hugely positive but one of the critical challenges of the next decade will be to make it a just transition.

**Over the next few years we intend to continue to build our impact and value by:**

- Growing our existing businesses organically
- Innovating new services and business models
- Integrating more complementary businesses into the group
- Expanding our global presence
- Growing our impact investor network
- Continuing to invest in projects and companies that support our mission

**we look forward to working with you in the future.**



+44 (0) 208 938 3674 †

hello@epgroup.com e

epgroup.com w



Designed by cwench.com March 2021