

Energy As A Service Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 130 pages | Mordor Intelligence

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Report description:

The energy as a service market is expected to record a CAGR of 12.48% during the forecast period (2022-2027), reaching a value of USD 140.61 billion by 2027 from USD 71.60 billion in 2020. The COVID-19 outbreak had no recordable negative impact on the energy-as-a-service market. However, lower revenue collection by the industries and commercial spaces lowered the priority of the service, instead prioritizing on safety and health issues of the employees working on-premises. The increasing adoption of distributed energy generation in commercial and industrial sectors and stringent energy efficiency regulations and supportive government initiatives are expected to drive the market during the forecast period. However, the lack of awareness in developing economies and high technological costs are likely to hinder the market's growth during the forecast period.

Key Highlights

The availability of a significant number of commercial spaces and the high consumption of electricity in 2021 may drive the commercial segment during the forecast period.

The energy as a service concept is still at its nascent stage, especially in developing countries. However, in developed countries, the service is on-demand. Developing countries like India, Vietnam, and Indonesia with high energy consumption are likely to create ample opportunities for the energy as a service market during the forecast period.

North America is expected to witness significant growth during the forecast period, with most of the demand coming from the United States.

Energy as a Service Market Trends

Commercial Segment to Dominate the Market

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Electricity use in the global commercial building sector is increasing rapidly due to increasing per capita income, the growing population, and the increasing number of electrical appliances. Energy use in the residential and commercial sectors is essential for campaigns to conserve energy.

The commercial segment includes educational institutions, corporate offices, data centers, hospitals, airports, and banks as commercial end users of the energy as a service (EaaS) industry.

According to the International Energy Agency (IEA), the commercial segment accounted for around 22% of the total electricity consumption in 2020 globally. Different commercial buildings have energy applications, such as district energy systems and mercantile and service, with higher energy consumption.

Historically, energy-efficiency initiatives have posed a significant challenge for the commercial sector. Lack of awareness and the high capital requirements are often substantial barriers to the more widespread adoption of energy-efficiency initiatives in the commercial sector.

Various energy models like the energy as a service (EaaS) have removed the capital barrier and provided multiple methods to save energy and costs. The service offers the complete set-up to have efficient commercial space, from installing electrical components to building microgrids.

EaaS allows owners and companies to upgrade their energy systems to clean and sustainable technologies such as rooftop solar PV. The consumers may save electricity bills from the utility company.

In December 2021, Schneider Electric announced the launch of GREENext. This joint venture will provide energy-as-a-service to commercial and industrial customers through solar and battery hybrid microgrid technology.

Moreover, in January 2022, French telecommunications company Orange SA signed an EaaS contract with utility Engie SA to install 355 kWp solar panels at its data center in Cote d'Ivoire, West Africa. As part of the agreement, Engie will install the panels on rooftops and carports to help Orange's main data center in Africa generate 527 MWh of electricity per year.

With a growing population, energy requirements and energy conservation are essential to maintain sustainability for a longer duration. Private entities, with government support, are concentrating on the commercial segment to expand their services in the future.

North America to Witness Significant Growth

North America is one of the prominent regions to have implemented EaaS in various sectors. Especially in the commercial industry, the region has adopted various projects that are expected to increase energy efficiency and help to cut down its operating expenses.

The United States has inducted a pay-for-performance approach to achieve energy efficiency. It is estimated that the approach can help cut down energy consumption by nearly 15%. This approach has created an opportunity for various energy or utility companies to extend a service line that can provide services to save electricity.

For instance, in California, energy efficiency policies have mandated that at least 60% of the savings achieved in obligation schemes need to be delivered by third-party service providers. Thus, such measurement in the region is likely to help the market grow during the forecast period.

Furthermore, energy service providers in the United States and Canada are investing in smart grid and smart metering systems, as they use advanced data analytics to enable consumers to optimize energy consumption. According to the Institute of Energy Efficiency, in 2021, an estimated 115 million units of smart meters were installed in the United States, an increase of 27.7% compared to 2018. Thus, increasing investments in smart meters in the region may drive the market toward a more decentralized and digitalized grid network, which may aid the growth of the EaaS market in the region.

Owing to the above-mentioned points, North America is likely to witness significant growth in the energy as a service market in the future.

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Energy as a Service Market Competitor Analysis

The energy as a service market is moderately consolidated. Some of the key players in the market include Schneider Electric SE, Engie SA, Honeywell International Inc., Veolia Environnement SA, and Electricite de France (EDF) SA.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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