

Business grants, loans payments and tax breaks for energy efficiency

There are a number of ways your business can pay for energy efficient equipment, usually through tax incentives or payments for generating your own energy. Here are the current ways to save:

Enhanced Capital Allowances Scheme

This allows a business to write-off equipment purchases against their corporation tax in the first year of purchase. There are two criteria – you must purchase plant and machinery equipment that has proven energy or water efficiency savings, and you must only purchase items from an approved list.

This is designed to encourage businesses to purchase more efficient machinery and equipment and save money. In order to do this, only certain items are allowed on the list. However, the list is very comprehensive, whether you need new boiler, refrigeration or lighting in your building.

For further information about the scheme, see the Department for Energy and Climate Change publication.

There is also a scheme for water saving technologies through the Department for Farming and Rural Affairs.

Feed-in Tariffs (FITs)

FITs are payments made to you for generating electricity from renewable sources such as solar panels. It is available to landlords, businesses and organisations such as schools.

In order to take part, you must install a renewable energy system to generate electricity. This could be solar panels, wind turbines, a hydro system, anaerobic digestion, or a combined heat and power system.

You must use an installer who is certified under the Microgeneration Certification Scheme (MCS). If you are installing hydro or anaerobic digestion, it will go through a slightly different scheme – see the [Ofgem website](#) for information.

Once you have your system installed and all the paperwork recorded with Ofgem, you will need to register this with your energy supplier and apply for payments. If your application is successful, you will receive payment for the energy you produce. You will be locked in to a rate at the time of application and you will continue to receive that rate for up to 20 years. The rate is index-linked to adjust with inflation. Also, you will save money off your energy bills because you will produce some of the energy you use!

The rules and tariffs change occasionally, so check with Ofgem before making a decision. Check that your energy supplier is on the 'approved' list, and contact them before you start any works in order to be sure your application is successful.

Renewable Heat Incentive (RHI)

The non-domestic RHI is similar to the FITs, but for generating heat instead of electricity. It can give you regular payments for 20 years if you install an eligible renewable heating system, such as a biomass boiler or heat pump.

Many of the rules are the same as for FITs – you need an MCS certified installer and there are certain types of systems you can install. In addition, there are several criteria you must meet before you are eligible, including ensuring that you have proper metering installed to verify the amount of heat being generated from your system.

Visit the Ofgem website for further information and for tools to help you make a decision.

Energy Efficiency Financing – Siemens/Carbon Trust

Siemens Financial Services and the Carbon Trust have joined together to offer Energy Efficiency Funding. This is a way to help businesses invest in new energy efficient technology by providing capital funding to businesses in a variety of ways.

They offer financing in the form of leases, loans and hire purchase schemes. These are offset by energy cost savings, so you pay back the finance through savings rather than up front. There are no deposits, and there is advice and support as to what are the best energy-saving options for your business. The Carbon Trust will verify how much energy you will save before the project starts, which will confirm how realistic the energy savings will be from your project.

For more information visit the Siemens Financial Services website.

Energy Efficiency Legislation

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 could help your business save on energy costs if you are renting your premises.

The law states that from 1 April 2016 a landlord cannot refuse a reasonable request by a tenant to make energy efficiency improvements to the property. This means that if you want to update the boiler or lighting, the landlord may only say no on limited grounds. You are responsible for paying for the work, not the landlord – however, it still may be worth the investment if you have a long-running lease and outdated equipment.

From 1 April 2018, if you are in a property that has an Energy Performance Certificate rating below E, your landlord is required to make energy efficiency improvements before you can take out a lease on a property. This doesn't apply if you are already in your lease or extending it, but from 2023 if the property has not been improved, your landlord must do the necessary works to upgrade to at least an E rating.

While this may not help you straight away, it could save your energy costs in the long-term.