

It pays to be more energy-efficient



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IF YOU COULD BE PAID FOR DOING SOMETHING WHICH ALSO BENEFITED YOU FINANCIALLY IN OTHER WAYS, YOU'D DO IT, WOULDN'T YOU? INCREDIBLY, FOR A GREAT MANY BUSINESSES, THE ANSWER APPEARS TO BE 'NO'. AT LEAST, THAT'S THE ONLY CONCLUSION THAT CAN BE DRAWN FROM THE LOW TAKE-UP OF ENHANCED CAPITAL ALLOWANCES FOR ENERGY-EFFICIENT ELECTRIC MOTORS, AVAILABLE FROM THE GOVERNMENT.

No less than 70% of the UK's industrial energy consumption is attributed to electric motors. The energy use of these motors also comprises by far the largest part of the energy bill for most businesses – a figure which is only going to grow with the rising cost of energy. So it would seem to make perfect sense to invest in electric motors which use less energy to do the same job, and therefore save money on energy bills. Particularly if the Government is offering 100% first year enhanced capital allowances for qualifying products.

Yet thousands & thousands of companies are still buying electric motors without claiming their Enhanced Capital Allowance (ECA): therefore missing the opportunity to reduce their tax bill. However, it has to be admitted it's not always quite as simple as it may sound.



For example, a stand-alone motor is eligible for 100% ECA of its purchase value, whereas a motor which is part of another piece of equipment (e.g. an electric motor in a compressor) has a fixed 'claim value', which is listed on the Carbon Trust's ECA Scheme website. It may be this perceived complexity of claiming the ECA which deters many businesses from applying. That's why Motor Contracts from ERIKS UK include a service to customers to make claiming an ECA much easier, by providing

all the paperwork required. Customers with a contract will receive a number of commercial and technical benefits as well as copy invoices for all their motor purchases from ERIKS, together with the necessary proof that the motors in question are included on the Government's list of motors qualifying for the allowance.

If the prospect of a reduction in their tax bill is not enough to encourage electric motor purchasers to take up the ECA offer, the fact that the savings go on in the long-term should be an additional convincing argument. Any motor which is on the list is by definition more energy-efficient than models not listed, which means that the savings on energy bills begin from the minute it is switched on. And before too long, the motors eligible for the allowance will be the only ones available,

as a result of the EU Minimum Energy Performance Standard (EU MEPS). The first phase of this legislation (there are three phases in total) came into operation in June 2011, setting minimum energy-efficiency levels for electric motors, and categorising them according to their efficiency over and above the minimum requirement.

Since June, 0.75–375kW, 2-6 pole motors up to 1000V 50Hz which are manufactured in or imported into the EU must be compliant with at least the IE2 efficiency level of the EU MEPS legislation. From January 2015, EU-manufactured motors or those imported into the EU, with a rated output of 7.5-375kW, must meet IE3 unless fitted with a variable speed drive. Motors which do not meet the necessary requirements by the designated cut-off dates will no longer be able to be imported into, or sold in, the EU.

Of course an ECA is not the only good reason for purchasing motors which meet the energy-efficiency criteria. These motors are rated as energy-efficient for a

very good reason: because they perform their designated task to their rated level of performance using less energy than an equivalent motor would use. Which means they cost less to run, generate a smaller carbon footprint, and help businesses not only to cut their fuel bills but also to achieve their CSR aims. There may be a higher initial cost for these motors, but their greater efficiency and lower running costs lead to a short payback time – in many cases the energy savings alone will have covered the greater initial cost within twelve months, even excluding the ECA tax benefit.

These significant financial benefits alone make it worthwhile for companies to move to at least IE2-rated motors – and with IE3 motors already on the market, their correspondingly greater energy-efficiency means it often makes financial sense to purchase these motors now and reap the benefits, even before compliance makes it compulsory.

Choosing the correct motor can be almost as complex as completing the ECA paperwork – unless you have a motor contract with a supplier who makes it easy. ERIKS' motor contracts, for example, offer

a range of levels of customer service and support – from an online calculator to help you decide which motor is the most energy-efficient for your purpose, to a full repair/replace service, or an on-site contract including full asset management and condition monitoring.

It undoubtedly pays to be more energy-efficient with your electric motors. But just how well it pays can depend on who supplies them.

Where to find out more about ECA and EU MEPS

- www.eca.gov.uk – for more information about ECA
- www.eca.gov.uk/etl/find – to find which electric motors and other products are eligible for ECA
- www.eriks.co.uk/A-New-Standard-in-Motor-Efficiency/3184 – for an explanation of EU MEPS

