

CORPORATE GUIDE TO RENEWABLE ENERGY



WHY SHOULD BUSINESSES CONSIDER RENEWABLE ENERGY?

A growing number of UK businesses choose to invest in renewable energy technologies as a means to reduce their operational costs and cut carbon emissions. In today's volatile energy market, businesses are wise to adopt a long-term approach to manage their energy costs and dependence on fossil fuels, by switching to clean forms of energy to power operations.

With fossil fuels depleting, and supply dependent on imports, concern about energy security is a key factor in driving renewable energy investment, as is carbon dioxide emission levels.

THE GOVERNMENT HAS SET IN PLACE A TARGET TO PRODUCE 15% OF UK ENERGY FROM RENEWABLE TECHNOLOGIES BY 2020.

This target supports the Renewables Directive (officially titled 2009/28/EC), which is a European Union directive published in April 2009 which mandates levels of renewable energy generation among member states.

To help it meet those targets, and encourage generation of clean green energy, government backed financial incentives have been introduced via the **Feed-in Tariff** and **Non-Domestic Renewable Heat Incentive** schemes.

But it's not just financial incentives driving renewable energy uptake. Businesses invest in renewable energy technologies to improve their environmental credentials and carbon footprint – helping to strengthen their brand and reputation.

WHY RENEWABLE ENERGY?

- HIGH YIELD
- BE GREEN
- REDUCE ENERGY BILLS
- REDUCE CARBON FOOTPRINT
- HIGH RETURN ON INVESTMENT

LOW COST

LESS TAX

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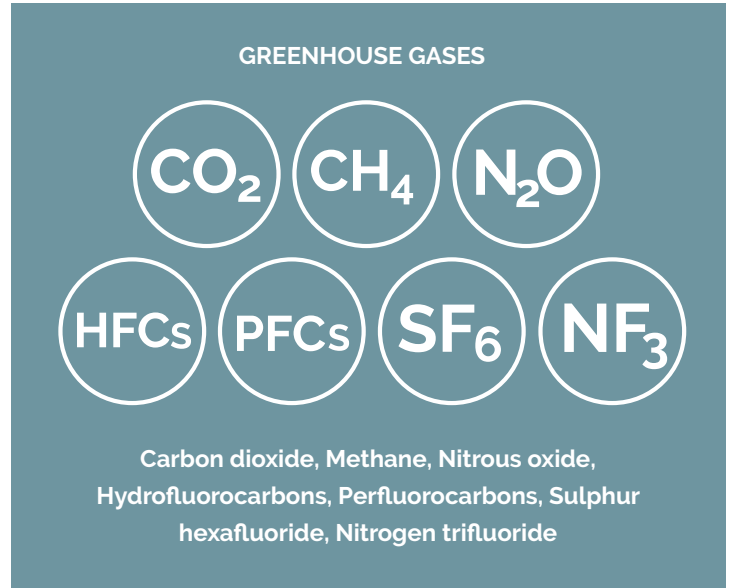


HOW IS CARBON FOOTPRINT MEASURED?

A business' carbon footprint is determined by its total greenhouse gas emissions.

There are seven main Greenhouse Gases (GHGs) that the **Kyoto Protocol**, an international treaty, has determined countries must report on.

With energy usage the largest contributor to that carbon footprint, reducing the amount of grid-supplied energy consumed is the most effective way to reduce carbon emissions. In the case of some businesses, over 50% of their carbon impact comes from their energy usage. Energy efficient heating solutions and on-site energy generation can help a business reduce its carbon footprint easily and significantly.



CLIMATE CHANGE AND THE CLIMATE CHANGE ACT

The Climate Change Act of 2008 was introduced by the government to help the UK transition towards a low carbon economy. Legally binding targets have been set in place to achieve a reduction in carbon dioxide emission of at least 26% by 2020, and an 80% reduction of all greenhouse gas emissions by 2050.

Under the Climate Change Act, the Committee on Climate Change was established. This independent body advises the government on emissions targets and how to reduce greenhouse gas emissions.

Read more about the [Climate Change Act](#).

WHAT IS THE CLIMATE CHANGE LEVY?

Understandably the government wants businesses to reduce their greenhouse gas emissions and invest in renewable energy. Most businesses who pay VAT at the standard rate will have to pay a tax on the amount of energy they use.

The Climate Change Levy (CCL) was introduced in 2001 and is collected by energy companies on behalf of the government, the current charges, April 2015 - 2016 are:

£ 0.00554p for each kWh of electricity used
£ 0.00193p for each kWh of gas used

These charges are shown separately on your bill and will be subject to VAT. They cannot be reclaimed from HMRC. There are some exemptions. See [here](#) for more details.



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ELEMENTS OF YOUR ENERGY COSTS

Understanding your energy bill can help you to manage your energy consumption. Wholesale costs make up the largest portion of energy bills and prices are changeable. Business energy bills are made up of the following elements:

- 1 Wholesale or base cost for electricity
(which can be variable throughout the day)
- 2 Supplier cost to deliver energy
- 3 Infrastructure and distribution costs
- 4 Carbon taxes
- 5 VAT

WHAT SHOULD BUSINESSES BE AIMING FOR?

Some of the world's largest companies have already discovered the advantages and benefits of renewable energy. Companies like Google, IKEA and the Kingfisher Group have already committed to producing as much renewable energy as they consume. They know that by generating their own energy they will be able to protect themselves against future price fluctuations in the energy market.

But it's not just about businesses saving money. Making steps to improve energy efficiency will also minimise carbon risk; something we all have an environmental responsibility to do.

It's never too late to switch to a more sustainable and responsible way of trading by taking charge of your own energy sources.

Investment in renewable energy technologies makes good business sense, both in terms of environmental impact and a long-term reduction in energy costs.

