

Hi James,

The recent [State of the Energy Market report](#) from the Australian Energy Regulator highlighted a 91 per cent increase in electricity prices and a 62 per cent increase in gas prices nationally over the last five years. Many organisations are still struggling to implement energy savings initiatives despite this growing price pressure.

This edition looks at different strategies that can aid financial decision making for energy efficiency projects, such as using net present value calculations and life-cycle costing. Our case study looks at Crafty Chef, which has taken advantage of government assistance to help them drive significant energy savings.

Address the energy efficiency gap

The Department of Climate Change and Energy Efficiency (DCCEE) looked at the issue of the energy efficiency gap in a recent [report](#), defining it as 'the difference between the actual level of energy efficiency and the level of energy efficiency believed to be achievable and affordable.' DCCEE suggested reasons for the energy efficiency gap in Australia, including lack of information, lack of time, organisational barriers and the slow uptake of new technology.

This gap is significant worldwide. The UK Carbon Trust has released a report that estimates that at least £1.6bn could be saved by large businesses on energy efficiency projects that have an average internal rate of return (IRR) of 48 per cent.

One strategy to increase your organisation's ability to implement energy efficiency projects is to look at the financial tools used to make energy efficiency decisions. Calculating the IRR or net present value of energy efficiency projects can highlight projects that will deliver significant value. Treating energy efficiency projects in the same way as other investment decisions can lead to better selection of projects and additional energy and cost savings.

Energy efficiency events

For more information and registration details, select the event you would like to attend.

Upcoming Events

Certified Energy Manager Training and Certification

8–12 April, 9.00 am – 5.00 pm

Sydney

Clean Energy Week 2013

Generate additional savings by using life-cycle costing

Many businesses use simple payback period as their main tool for determining whether to proceed with an energy efficiency project. While this is often a successful approach, it does not always lead to an optimal result.

When replacing major equipment it is often beneficial to consider the full cost of the equipment over its operational life, by factoring in energy and maintenance costs as well as the upfront capital cost. Often a small additional investment in purchasing a more energy efficient piece of equipment can deliver significant annual savings paying back this initial investment many times over.

Energy savings on the menu for Crafty Chef

The need to streamline processes and reduce energy costs prompted Western Sydney food manufacturer Crafty Chef to do an Energy Saver audit. The findings of the audit enabled Crafty Chef to access Commonwealth Government financial assistance to implement several energy saving projects.

The Gohil family, who operate the business, saw a gap in the market for healthy, quality convenience food. The company produces a range of products, from cottage pies to vegetable samosas, at a 6400 square metre site in Emu Plains, Sydney, and employs 53 local workers.

The Energy Saver audit recommended upgrading Crafty Chef's refrigeration to an ammonia system, which reduced site electricity consumption by more than 50 per cent. These actions will deliver ongoing annual savings of \$65,000 a year, with a payback period of around three years.

The size of the savings and the availability of the technology impressed the company's General Manager, Jitesh Gohil.

'We were totally surprised and very pleased with the amount of energy use we could reduce. What we could save was quite phenomenal. The technology we are implementing is not brand new technology. It's amazing what is out there and what is possible without reinventing the wheel.'

Energy Saver provided engineering support after the audit to assist with project implementation. The Energy Saver audit enabled Crafty Chef to approach both the Clean Technology Investment Program and Low Carbon Australia with confidence. The audit clearly outlined the financial benefits of implementing the projects, and fulfilled large portions of both applications. Crafty Chef secured a \$499,999 grant from the Clean Technology Investment Program.

With its successful funding and finance applications, Crafty Chef has upgraded its refrigeration plant, allowing it to meet increased demand for its products while significantly reducing its energy costs.

Click [here](#) to read more Energy Saver case studies.

EXPERT TIP

Before starting a funding application, review publicly available information on successful applications to gauge the probability of success with your own application.

Also ensure that you understand all the rules and guidelines in relation to the program, including eligibility, costing, measurement, evidencing and reporting requirements.

For complex programs and applications, consider outsourcing the application to an experienced consultant for assistance.

Michael Bellstedt,
Director, Minus 40

Contact Energy Saver

To find out how your organisation can save energy, visit the [Energy Saver website](#), email [Energy Saver](mailto:energysaver@environment.nsw.gov.au) at energysaver@environment.nsw.gov.au or phone 02 8837 6000.

With electricity prices increasing, more and more businesses are realising the benefits of energy efficiency.

[Energy Saver](#) offers subsidised energy audits and implementation support. Energy Saver audits investigate specific opportunities for your business to save energy, money and carbon pollution.



We welcome your feedback and suggestions for future editions. Please email energysaver@environment.nsw.gov.au

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