

How can SMEs become more energy efficient?

The fact that one of Britain's biggest blue chip consumers of energy is taking such steps ought to boost its national image and reduce long-term energy costs. Blue chips are not alone in experiencing pressure to reduce their carbon footprint. Increasingly, SMEs are being asked to demonstrate their own efforts in improving their own green image. Just like the blue chip, the SME has a number (if somewhat reduced), of options of how to demonstrate its commitment. It may consider what might at first appear to be the simplest option and opt for a 'green' tariff. However, for this to have any real effect it would have to be adopted by SMEs en masse.

For smaller businesses, the privilege of selecting a green tariff is simply not a viable option. With an estimated 10% of all business overheads currently funding electricity, spending more - a further 10%, the minimum premium for a 'green' tariff, many SMEs would simply go out of business.

For those who are willing to expend that little bit more effort in being environmentally responsible, there is an attractive alternative and doesn't involve anything 'green' or 'pseudo green'. It simply requires the SME to shop around for the cheapest [energy supplier](#) for the best price and use some of the substantial savings made to invest in energy saving practices.

An SME currently spending £7000 a year on energy, using one of the big 6 suppliers may reduce the bill to £5600 simply by switching to a cheaper supplier. The equivalent 'green' tariff would require a massive £7,700, or 37.5% increase. Assuming a constant inflation rate of 3.5% and stable energy prices, over 25 years the difference in energy costs would be a whopping £82,000.

There is a perception of high up-front investment required to improve energy efficiency. With savings made from switching supplier and to boost the effect of investment, the government's ACA (Advanced Capital Allowances) scheme now allows businesses to claim 100% of a qualifying energy efficient device against taxation in year one rather than the normal 25% per year on a reducing balance. Suddenly, the benefits are beginning to strengthen and the ability to reduce energy usage is greatly enhanced.

Changing attitudes within the work environment is also key to success. Begin by making expense-free efforts to bring down the cost of your bill, remember: use less – pay less. Motivating your workforce to invest their efforts and switching off the lights and PCs at the end of the day also will help. Turning down the temperature by a couple of degrees in winter or air conditioning in summer will enable further significant savings.

Some businesses may even wish to invest in micro-generation such as wind turbines or solar PV systems to generate their own energy. These are becoming far more efficient and cost-effective options and if heavily subsidised from the savings, it can make sound economic and environmental sense.

Just as BT will boost its image by its commitment to energy efficiency, so too can any SME. All of which can be done with minimal cost, and applied in the long-run, it can achieve maximum savings. For a free guide of top tips to making your business more energy efficient visit: electricity4business.co.uk

About the Author

Emma Churchill - Communications Executive - E4B is Britain's independent electricity retail company specialising in the supply of [business electricity](#) to small and medium sized businesses. E4Bs aim to offer lower prices to British businesses.

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