

Frimley UK,
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Reducing energy costs critical as green industrial technology set to boom

- Research from Siemens reveals growing importance of energy management at board level amid rapidly rising energy costs
- Investment levels on the up as renewable and self-generation solutions are sought
- Majority view energy management as 'business critical', but minority plan for the long-term

The UK's manufacturing sector is rapidly turning to energy efficiency technologies to reduce costs and cut emissions, with 79% reporting energy as a business critical issue in the year ahead.

The marked change in approach is reinforced by investment sentiment with more than two thirds (68%) planning to increase their investment in energy management during the next 12 months, particularly in renewable and self-generation technologies.

The report entitled *The Future of Energy: the UK Manufacturing Opportunity* canvassed the views of board directors, senior management and energy managers from 600 UK manufacturers operating across all major sectors revealing energy management is now being discussed at board level in the majority (89%) of businesses.

The UK's manufacturing sector is making tangible progress in managing its energy consumption, with almost three quarters (72%) reporting a beneficial impact on the bottom line as a result of their efforts.

The primary driver behind such activities is to achieve a competitive advantage, with

the majority of manufacturers measuring the success of an energy management project against these criteria. However, some businesses still fail to recognise the financial benefits that an energy management strategy can deliver

Staff engagement is also widely acknowledged as a critical factor in any energy management strategy and more than three quarters (76%) of manufacturers said they have an active and formalised training programme in place to support energy management initiatives.

There are perceived barriers to investing in energy management for some businesses, with fears around return on investment still pervading. Others cited budgetary constraints and the level of capital outlay, while some felt they did not have the man power or resources to make it a priority over other areas.

Conversely, the majority (67%) said there was a senior director responsible for energy management activities in their organisation which underlines the commercial significance manufacturers place on this area.

Most businesses (70%) are taking a strategic approach to their energy management activities, with clear objectives in place for the year ahead, however this drops to 50% for five year planning. However, almost three quarters (72%) say they have plans in place to manage energy price risk to help protect them from unforgiving fluctuations in pricing.

With cost being at the heart of most energy management activities, it is encouraging to see the majority of businesses (73%) aware of their annual energy spend. This awareness was highest in the energy-intensive glass industries.

Commenting on the findings, Steve Barker, Head of Energy Efficiency and Environmental Care at Siemens Industry, said:

“It is most welcome to witness the progress the manufacturing sector is making, especially as one of the most energy-intensive areas of the UK economy. Indeed, the recent publication of details concerning the Energy Savings Opportunity Scheme (ESOS) continues to ensure that a focus on energy remains in the spotlight. Progress in terms of leadership from the top, strategic planning, proactive staff en-

agement, and increased investment levels are all to be applauded – but the real reward for business is evidenced in the bottom line.

“A significant minority of manufacturers are still struggling to recognise the benefits of a strategic approach to energy management, but often the perceived barriers to investment can be easily overcome with the right information and flexible financial support”

“There are many manufacturers already leading the way and, together with expert technology partners, they can help to inspire and educate those who say they have ‘other priorities’ over and above energy management. For UK industry, the challenges around managing energy consumption will only intensify in the years to come and doing nothing is not an option for businesses that want to thrive.”

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* Data includes intercompany revenue. Data may not be comparable with revenue reported in annual or interim reports.

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