

Energy Costs Warning For Manufacturers

Changes in the energy pricing market have sparked a warning for manufacturing and engineering companies in the UK, warns a leading energy consultancy, following a recent round table discussion with top Midlands based manufacturing and engineering firms.

In a recent business survey conducted by Made in the Midlands, 90% of firms believed that energy costs were reaching business critical levels and two thirds of participants didn't fully understand what they were paying for on a monthly bill. Melvin Sinar, Managing Director of Petford Tools Ltd in Dudley commented: "Energy costs for our firm aren't managed, its just something we simply buy and can't dedicate too much time to controlling, we focus on our core business, although now our position is starting to change in light of apparent increased stealth taxes."

Panel energy expert Phil Ager, Managing Director of Control Energy Costs explained: "It only represents half of what firms are paying for – so whilst that has come down, the green taxes and non energy commodities have gone up, meaning the bill doesn't appear to change much or even increase. We've seen most firms outsource their energy procurement to brokers, although there is very little transparency to the commission paid on this, meaning most firms are paying more than they need to be."

The panel of leading manufacturers, facilitated by Made in the Midlands - a network of around 280 UK manufacturing and engineering firms, met to share best practice on behavioural changes that UK manufacturers can implement to reduce their energy liability. This included discussing improved timing of machine and line start-up around peak energy hours, improved heat saving in their factories and enhanced monitoring processes to help identify energy intensive processes which can be addressed.

Deryk Law, Managing Director of Clayton Holdings in Oldbury warned colleagues: "Electricity accounts for a large proportion of our turnover – it was shocking how many people within the business didn't know how long equipment was being used and what the costs are. We now have energy logs on every single piece of equipment - you need to have someone log energy usage from metering every day as we needed to create data to identify improvements to ask ourselves 'why is usage so high here?'"

Summarising the discussion, Liam Conway of Control Energy Costs stated: "There are some quick wins here for UK manufacturers - In the short term our report is able to provide a detailed breakdown of their usage whereby we've been able to seek out reimbursements and refunds on incorrect payments made to date on electricity, gas and water. The statute of limitation means firms can go back 6 years and look at recovering these costs now."