

Pilkington UK Ltd

Energy Analytics and Energy Performance Contracting

Industry Services

Customer

Pilkington UK Ltd, part of the NSG Group

Location

Various locations across the UK

Implementation period

since 2013

Scope of supply and services

Innovative partnership between Pilkington UK Ltd and Siemens featuring:

- a collaborative approach to technical energy management solutions
- a tailored and innovative financing package in the form of an energy performance contract that shares risk

The challenge

Global competition has never been stronger in the glass sector, while product innovation, value added solutions, operational efficiencies, and cost control remain key for glass manufacturers. However, glass production traditionally requires considerable energy, so the industry faces the ongoing challenge of managing the impact of rising energy costs.

Against this background, one of the UK's foremost glass manufacturers, Pilkington UK, has decided to work with Siemens to reduce such costs, improve operational efficiencies, and support the drive toward a low- carbon, sustainable future.

A central requirement was a customized investment funding solution to support the energy management projects and necessary investment strategies in this critical area without having to tap into existing cash reserves, impair day-to-day cash flow health, or even resort to employing traditional bank funding.





The solution

The strategic partnership between Siemens and Pilkington is clearly highlighted by an industry-leading energy performance contract – an innovative and tailored investment funding package put in place by Siemens Financial Services. This agreement works for all concerned, so that risk is shared.

The principle is simple: Siemens Financial Services funds the initial capex required for the projects, which have typical three year payback periods in terms of generated energy savings. If the agreed energy performance enhancements are achieved or even exceeded, Pilkington pays a monthly charge equal to the savings reaped from its reduced energy consumption.

Following a series of in-depth energy audits that the Siemens and Pilkington engineering teams had carried out, an initial list of ten energy management projects was identified. These projects included the installation of new drive technologies and automation controls at a Scottish production site, new pump system upgrades, and a major program to install an intelligent lighting solution at one of the company's prime warehousing locations.

The crucial thing is that Pilkington did not have to make any up-front capex investment to benefit from these technical solutions, but pays for them once tangible savings are achieved over

time. After the financing period, Pilkington continues to benefit from the energy cost reductions going forward.

A good example is the investment of over £300,000 made by Siemens at Pilkington's Greengate warehouse facility to install intelligent lighting solutions. It is delivering over £120,000 of energy savings per annum, and such savings allow Pilkington to repay the initial investment after three years.

The benefit

With the support of Siemens Financial Services, Pilkington has been able to fund the energy efficiency improvements off balance sheet leaving capex budgets untouched.

With the overall programme for improvement underway, Pilkington is on target to achieve some £340,000 of energy cost savings annually across its UK operations, and all projects are on course for a three-year payback timescale. Total energy cost savings will amount to over £1 million within this timeframe.

»We value the relationship we have with Siemens, as it helps to underpin our strategic growth and operational strategies,« says Gary Charlton, Operations Director with Pilkington UK Ltd.

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