



Business

Financing your project

Compare options

Voltage optimisation

Case study: Voltage optimisation

Find out how a business using a capital lease to finance voltage optimisation determined that they would be better off by about \$331,000 over 50 years if they invested in an energy-efficient system.

Situation

Company XYZ runs a manufacturing facility that uses a wide variety of equipment, including a large amount of electric motors. The company is considering voltage optimisation to generate energy savings at this facility, which involves installing a piece of equipment in the main electrical supply to the site to improve its electrical characteristics.

How does the energy-efficient (EE) system compare to the standard system?

Equipment type	Standard	EE
Cost to install (\$)	\$0	\$40,000
Operation and maintenance costs (\$ p.a.)	\$0	\$1,000
Electricity use (kWh p.a.)	1,700,000	1,500,000

Equipment life (years)	N/A	50
Electricity cost reduction in first year from the system (\$)		\$40,000
Simple payback period for the system (years)		1.0
Simple payback period for the system, with marginal capital ¹ (years)		\$40,000

Item	NPV
Standard system	-\$3,197,467
EE system	-\$2,866,311
Difference	\$331,156

Financial option selected: Capital lease

On-bill financing results in the highest NPV but the company does not purchase energy from Origin Energy and does not wish to change energy retailers, so they will not seek this financial option. The next best options are commercial loans and capital leases. The company

would prefer a financial option with fixed finance repayments to provide more certainty when they develop their budgets. They therefore to seek a capital lease to finance their voltage optimisation project..

¹This is the payback period for the energy-efficient (EE) option using the difference in capital outlay between the standard and EE equipment, rather than the full capital outlay for the EE equipment.

Was this page helpful?

Yes

No

Share this



Page last updated: 27 February 2015

Downloads

Download all the details and a cash flow model specifically from this case study

**Case study
(PDF
211KB)**

**Cash flow
model
(XLSX
685KB)**

Checklist

Check if a capital lease services agreement is the right option for your business.

**Download
the
checklist**

Contact us

Phone 1300 361
967

**Email
Energy
Saver**