

Case study: Advanced Generation Limited, England

Positive energy

Challenge

To enable Advanced Generation Ltd (AGL) to introduce a new technology and service model for its customer, a large pharmaceutical company that wanted to reduce energy costs and cut carbon emissions.

Solution

Mitsubishi HC Capital UK (formerly Hitachi Capital (UK) PLC) assisted AGL in managing the capital costs of four new combined heat and power units. This aligned with the cashflow from the customer's service payments.

Result

Mitsubishi HC Capital UK looked beyond the financial figures to see the benefits to the end customer and the environment, creating a bespoke solution for AGL and supporting long-term vendor Bosch Thermotechnology on a unique project.



advanced generation

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Understanding the needs of the business



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Jamie Nelson, Director of AGL

Background

Advanced Generation Ltd (AGL) is a subsidiary of AMS Ltd, which provides mechanical and electrical building services; planned, reactive and emergency maintenance regimes, as well as design and project management. Operating across the UK, it maintains a wide range of buildings within the commercial, industrial, healthcare, education, retail and leisure industries, working for clients from both the public and private sectors.

Business challenges

One of AGL's customers, a large pharmaceutical company, wanted to reduce its energy and gas consumption, as well as its carbon emissions. AGL recommended the installation of four Bosch CHP (combined heat and power) units for its site. For Bosch Thermotechnology, a partner of Mitsubishi HC Capital UK, this would also be the largest project of its type in the country.

The units would generate electricity at a much cheaper rate and produce heat simultaneously. The costs for the project, however, were high and the capital outlay was prohibitive for the customer.

The solution

To overcome this, AGL created a heat and energy supply agreement for the pharmaceutical company. This enabled AGL to install the CHP units at no capital cost, to maintain ownership of the units and sell the generated energy to its customer at a reduced rate.

Mitsubishi HC Capital UK provided a bespoke finance solution to AGL to help it spread the cost of the CHP units and the installation with monthly repayments. These matched up with the cashflow from the service payments AGL received from the pharmaceutical company.

Although the structure of the finance was complex and the timescales involved were long, Mitsubishi HC Capital UK worked hard to support AGL, and in doing so, delivered one of its largest ever energy efficiency deals to date.

The result

Since the CHP units were successfully installed, commissioned and set to operation on 1 May 2019, the pharmaceutical company has significantly reduced its electricity costs by 13% and CO₂ emissions by 273 tonnes with zero capital outlay. It is expected to save £220,000 per annum.

This was the first project of its kind by AGL and Mitsubishi HC Capital UK, resulting in a self-funding model for AGL that will generate income for 15 years. Director Jamie Nelson said AGL had not previously used finance providers and his first experience with Mitsubishi HC Capital UK has been a positive one.

“We felt Mitsubishi HC Capital UK was right for the project as soon as we met them,” he said. “Their approach and objectives for doing renewable business were aligned with ours. They were very helpful, particularly

with the paperwork and managing all the parties involved to get things signed and over the line on time, I would definitely recommend Mitsubishi HC Capital UK to other businesses.”

Mitsubishi HC Capital UK will maintain a keen interest in the project as one of its key strategies in the UK is to grow its energy efficiency finance.

