

Case study: Re-Gas Energy Limited, UK

Supporting a renewable energy trailblazer



Challenge

Finding the right financing solution for the upgrade of key infrastructure and equipment, which is specifically tailored to the renewable energy industry.

Solution

After a careful assessment of needs, Mitsubishi HC Capital UK provided two different financing solutions.

Result

The new machinery is delivering improved reliability and efficiency, allowing Re-Gas Energy to optimise performance at its plant.

Case study: Re-Gas Energy Limited, UK

Finance that works for a rapidly changing sector

Background

Re-Gas Energy develops, owns and operates renewable energy projects from its headquarters in Basingstoke. Established in 2013, the company utilises its combined heat and power (CHP) plant and related technologies to produce biomethane – a sustainable alternative to natural gas – as well as renewable electricity and an organic fertiliser.

Re-Gas Energy exports approximately 10 million kWh of green electricity every year, and sells its biogas to energy companies. Harnessing the process of anaerobic digestion, the CHP plant produces the biogas from food waste, as well as crops – mainly maize and hybrid rye – that are grown on local farmland, providing a valuable break crop to farmers. The remainder of this food stock is then turned into a biofertiliser, which is then supplied back to its farm via a pipeline that runs for several miles through nearby fields.

Business challenges

Re-Gas Energy wanted to refurbish one of the CHP plant's old boilers to improve reliability and efficiency. To make the necessary improvements, finance was required for a new CHP engine and alternator to make the whole operation run more smoothly and increase output.

In addition, the company wanted to replace one of its biogas storage trailers with a newer model that provided much greater capacity. The trailers, which are transported by trucks using biomethane fuel also produced at the facility, are replaced every five years. This negates

the need to go through the recertification process required for the trailers, but also ensures that transportation efficiency is maintained.

"The green industry is evolving and growing at an incredibly fast pace," says Kieran Purkis, Managing Director of Re-Gas Energy. "Technology is forever changing and advancing, so we really need to make sure we operate with the latest equipment – this requires regular upgrades and investment."

Financing the assets required to improve the plant is integral to the company's operational strategy, as Kieran explains: "Securing finance avoids using working capital and helps us with cashflow. It enables us to invest in the equipment we need to increase our productivity and operational efficiency – but pay for it as output increases."

Solution

The CHP plant refurbishment was made possible through a sale and hire purchase back transaction, while the trailer was bought through a hire purchase contract. When it came to selecting a financing package, Mitsubishi HC Capital UK was on Re-Gas Energy's radar right from the beginning.

"Both our parent company KSN, and its parent company, Saraya, bank with MUFG Bank in Japan," explains Kieran. "There are also strong, established links with Saraya, KSN and Mitsubishi HC Capital Inc. in Japan – so the funding route was already in place. We are a MUFG Bank customer in

"Mitsubishi HC Capital UK took the time to understand our business model, which was important because the assets being funded are bespoke to our industry."

Kieran Purkis, Managing Director,
Re-Gas Energy Limited

the UK, they introduced us to Mitsubishi HC Capital UK and it all started from there."

Beyond that special connection, Mitsubishi HC Capital UK was selected for the care it took when assessing Re-Gas Energy's requirements. "They took the time to understand our business model, which was really important because the assets being funded are bespoke to our industry and not part of their usual asset portfolio," says Kieran.

Result

The CHP unit and trailer are both being used to their maximum capacities, helping the plant to operate at optimum efficiency. Looking to the future, Re-Gas Energy has new contracts in the pipeline that involve sourcing waste and opening more facilities across the UK.

"Now that Mitsubishi HC Capital UK understands our requirements, it will make the financing process much easier moving forward," concludes Kieran. "Additionally, one of the best things about the project has been drawing on the synergy of working with fellow Japanese companies and leveraging off parent company relationships."

