



Department for  
Business, Energy  
& Industrial Strategy



**Energy Technology List**

*ECA SCHEME*

## **How to** make the most of the **Energy Technology List**

# **Manufacturer's toolkit for lighting**

Marketing and communications for  
manufacturers and suppliers of products  
that meet the Energy Technology List criteria.

*September 2018*

## Introduction

Manufacturers or suppliers with lighting products that meet the Energy Technology List (ETL) criteria can demonstrate that they provide top performing, energy efficient equipment.

Recognition under this UK government scheme for energy saving products is a powerful marketing and communications tool. It gives confidence to customers that products meet high energy efficiency performance criteria.

It also provides customers with the opportunity to claim for an Enhanced Capital Allowance (ECA), a 100% first year tax allowance, which is covered in more detail later.

This toolkit provides you with information to share with customers to help you to make the most of the ETL:

Section 1: explaining the ETL

Section 2: how to make a claim

Section 3: promoting your eligibility

### There are three types of lighting covered by the ETL:

- › **Efficient White Lighting Units** consist of one or more white LEDs incorporated into a light fitting (or luminaire) with associated electronic control gear
- › **White LED Lighting Modules for Backlit Illuminated Signs** consist of a light fitting (or luminaire), one or more lamps and associated control gear within a sign
- › **Lighting controls** are products that are specifically designed to switch electric lighting on or off, and/or to dim its output

# Explaining the Energy Technology List (ETL)

Making customers aware of the nature and value of the ETL is a crucial first step in helping them appreciate the significance of your products meeting the ETL criteria. When customers choose products that qualify for the ETL, they can rest assured they are purchasing top performing products – typically the 10-25% most energy efficient products in the market.

The ETL is the world's largest energy efficient product database of its kind, It covers 57 individual technology subcategories, in the areas listed below.

- > Air-to-air energy recovery
- > Automatic monitoring and targeting (aM&T) equipment
- > Boiler equipment
- > Combined heat and power
- > Compressed air equipment
- > Heat pumps
- > Heating, ventilation and air conditioning (HVAC) equipment
- > High speed hand air dryers
- > Lighting
- > Motors and drives
- > Pipework insulation
- > Refrigeration equipment
- > Solar thermal systems and collectors
- > Uninterruptible power supplies
- > Waste heat to electricity conversion equipment

Lighting products are not listed individually on the ETL, except in the category of White LED Lighting Modules for Backlit Illuminated Signs\*. This is because there are too many product variations to make the listing process practical. Instead, as manufacturers or suppliers, you should provide a statement that your products meet the criteria – along with supporting technical information.

\* To make an online application to list products on the ETL for White LED Lighting Modules for Backlit Illuminated Signs, see our Application Guidance Note.



## Explaining the financial and taxation benefits of the ETL

As a result of substantial overall energy cost increases in recent years, alongside increasingly stringent environmental legislation, there is continuing pressure on all organisations to focus on reducing their energy consumption and emissions in order to remain competitive.

Buying energy efficient equipment results in a lower overall spend on energy, improved cash flow and lower overheads. This is a very attractive proposition. For many organisations, energy use is often the second highest cost after staff salaries, and for some energy intensive industries it can be the highest operational cost.

An ECA is claimed through a business's income or corporation tax return in the same way as any other capital allowance. HMRC is responsible for the tax-related aspects of the ECA scheme.

Unnecessarily high energy use does not just cost money, it also results in excessive carbon emissions that further add to business tax costs such as the CRC Energy Efficiency Scheme or the Climate Change Levy.

Businesses in the UK that purchase energy saving products which qualify under ETL criteria can claim an Enhanced Capital Allowance (ECA) - a first year allowance that lets them set 100% of the asset cost against taxable profits in a single tax year, providing accelerated tax relief. This strengthens the business case for purchasing new energy efficient equipment.

To meet the requirements of the ECA scheme complete products must be purchased in one tax year and must be shown to be compliant with the ETL criteria at the time of purchase.



## A worked example of an Enhanced Capital Allowance

If a business spent £10,000 replacing its lighting with conventional luminaires, claimed a standard capital allowance at the 18% rate and paid 19% corporation tax (other rates exist, see HMRC's information on Corporation Tax rates) then the tax relief would be **£342** in the first year\*. Further tax relief could be claimed in subsequent years.

However, if the business invested in higher efficiency LED luminaires that meet the ETL Efficient White Lighting Units criteria then it could claim an Enhanced Capital Allowance, giving an immediate one-off 100% of the available tax relief of £1,900 that year. In other words, an ECA can provide a cash flow boost of **£1,558** for every £10,000 spent in the year of purchase, with no need to claim further relief in future years.

\* Assuming all available Annual Investment Allowances (AIA) have been taken and standard capital allowances are being claimed, the standard rate is 18% on a reducing balance scale. A company can claim ECAs in addition to AIAs, thereby increasing total available accelerated tax allowance.

## More information on making a claim

For an ECA claim to be made against a complete lighting unit the purchaser must ensure that it meets the ETL criteria in force at the time of purchase.

If making a claim for products in the technology categories of:

- Efficient White Lighting Units
- Lighting Controls

then purchasers must seek ETL compliance information from the product manufacturer, asking for a letter stating, in summary, that the product(s) being purchased are ETL compliant and eligible for an ECA claim. This letter must be supported by other technical information (e.g. technical data sheets) that can be used by the purchaser to substantiate ETL product qualification. On the date of purchase the purchaser should reconfirm with the manufacturer that the products are still compliant.

If making a claim for products in the technology category of:

- White LED Lighting Modules for Backlit Illuminated Signs

Then the product(s) need to be listed on the ETL at the time of purchase.

Use the links below to find leaflets explaining the types of equipment in the lighting category that are eligible for an ECA, as well as an example compliance checklist and statement for manufacturers to use:

- › Lighting technology information leaflet
- › [Lighting guidance note](#)
- › [Checklist and statement template for White Efficient Lighting](#)

Criteria for the lighting technology group subcategories:

- › [Lighting Controls](#)
- › [Efficient White Lighting Units](#)
- › [White LED Lighting Modules for Backlit Illuminated Signs](#)



## Eligibility for an ECA: special requirements and exclusions

### Emergency Lighting

Emergency lighting is not supported by the ECA scheme. However, if the main lighting scheme contains a conversion to emergency lighting, the value of the original luminaire (prior to the conversion) may be claimed.

### Replacement lamps (retrofit)

An ECA cannot be claimed for the cost of re-lamping existing light fittings (e.g. when the lamp/bulb fails) or for incorporation within new light fittings. Where a new lamp is installed in an existing light fitting, the lighting product is said to be made good (i.e. essentially returned back to its prior operational state).

Under these circumstances, for tax purposes, the purchase would be considered as an operational expenditure and not a capital expenditure. No ECA can be claimed on the purchase of re-lamping technologies.

Only complete lighting units are eligible because products must be tested as an integrated whole. This means that separate sub-components are not eligible.

## Market your products listed on the ETL

Adjacent is a **website button** you can **copy and paste** onto your website to tell people about the scheme (Figure 1). Illuminated Sign products can also use the **promotional logo** in connection with marketing your products (Figure 2) once they are listed on the ETL.



Figure 1



Figure 2

Below is some approved wording you can use on your social media updates on platforms such as LinkedIn and Twitter to promote your product listing on the Energy Technology List.

*“We are proud to have <Product XYZ> listed on the [Energy Technology List](#) (ETL), entitling buyers to claim an [Enhanced Capital Allowance](#).”*

Below is some approved wording you can use in your website about your listing on the Energy Technology List.

“<Company X> is proud to have a product listing on The Energy Technology List (ETL), a government list of energy-saving products used by businesses.

With approximately 15,000 listed products\* the ETL is one of the world’s largest databases of top performing energy-efficient products.

Businesses that purchase products listed on the ETL can claim an Enhanced Capital Allowance (ECA), a first year 100% accelerated capital allowance that delivers all available tax relief in 1 year. This is equivalent to approximately 5.5 times the benefit of standard tax relief in the year of purchase. Businesses that purchase products listed on the ETL can also make significant energy savings.

Consider embedding the ETL into your procurement processes to ensure your business buys energy-efficient products. Doing this will reduce the time it takes your business to find good quality products, and can deliver resource, energy and financial savings.

The specific products that <Company X> have listed on the ETL are as follows:

- XXX
- YYY
- ZZZ”



# ETL Flyer

See below details of the ETL flyer for purchasers. You can print a copy of the flyer for your customers here:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/694693/ETL\\_Flyer\\_February\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/694693/ETL_Flyer_February_2018.pdf)



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## Energy Technology List

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### Buying new energy-efficient equipment?

Reduce your energy costs and claim a tax break by choosing products listed on the Energy Technology List (ETL), the government-managed list of energy-efficient products.

The ETL is part of the Enhanced Capital Allowance (ECA) tax scheme for *businesses*, and with approximately 17,000 listed products, it is one of the world's largest databases of top performing energy-saving products.

### BENEFITS

By buying equipment listed on the ETL you could:

1

Write off the cost of  
your purchase against  
your taxable profits

2

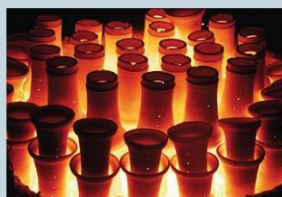
Deliver resource, energy  
& financial savings for  
your business

3

Own an energy-saving &  
energy-efficient product

### Which technology groups does the ETL cover?

- Air to air energy recovery
- Automatic monitoring and targeting equipment
- Boiler equipment
- Combined Heat and Power (CHP)
- Compressed air equipment
- Heat pumps
- Heating, ventilation and air conditioning (HVAC) equipment
- High speed hand dryers



- Lighting
- Motors and drives
- Pipework insulation
- Refrigeration equipment
- Solar thermal systems
- Uninterruptible power supplies
- Warm air and radiant heaters
- Waste heat to electricity conversion equipment

For more **information** on making the most of the ETL you can contact the ETL Team directly on 0300 330 0657 or by emailing [ECAQuestions@carbontrust.com](mailto:ECAQuestions@carbontrust.com).

## Tip

Consider embedding the ETL into your procurement processes to ensure your business buys energy-efficient products. By using the ETL product list, which includes details on the products' energy efficiency, you will reduce the time it takes your business to select new equipment.

### What you need to know

- Are you eligible to claim a tax break? Yes, if you're a business that pays income or corporation tax.
- How much can you claim back? You'll be able to claim 100% first year capital allowance\* if the product is listed on the ETL at the time of purchase.
- What type of products are included in the ETL? You'll find plant and machinery such as boilers, electric motors, and air conditioning and refrigeration products. You can access the full list of products via the Find ETL Products website.
- The product needs to be listed on the ETL at date of purchase.
- The ETL also has a few technology categories e.g. lighting where products are not individually listed, but may still be eligible for ECAs. In these cases, a statement that the product complies with the ETL criteria will be required from the manufacturer. To find out more see the Key Information for Purchasers factsheet.

## Financial benefits and tax reliefs from ETL explained

### Worked example of an Enhanced Capital Allowance

Imagine you are planning on buying a new electric motor for your business

#### Scenario A

You spend £10,000 on a new electric motor and claim a standard capital allowance at the 18% rate, and pay a 19% corporation tax (other rates exist, please refer to HRMC information on Corporation Tax rates).

Savings: Under this scenario, the tax relief would be £342 in the first year\*. Further tax reliefs could be claimed in subsequent years.

\* Assuming all available Annual Investment Allowances (AIA) have been taken and standard capital allowances are being claimed, the standard rate is 18% on a reducing balances scale.

\* For more information on how you can claim financial benefits and tax relief you can contact HMRC directly by emailing [tunde.ojetola@hmrc.gsi.gov.uk](mailto:tunde.ojetola@hmrc.gsi.gov.uk)

#### Scenario B

You instead decide to invest in a higher efficiency motor listed on the Energy Technology List and can therefore claim an Enhanced Capital Allowance (ECA).

Savings: Under this scenario, the ECA gives an immediate one-off 100% of the available tax relief of £1,900 that year. In other words, an ECA can provide a cash flow boost of £1,558 for every £10,000 you spend in the year of purchase, with no need to claim further relief in future years.

\* As a company you can claim ECAs in addition to AIAs, (for example if you have used up your AIA allowance, then you could claim an ECA on other ETL listed products), thereby increasing total available accelerated tax allowances.

### For more information on the ETL:



visit <https://www.gov.uk/guidance/energy-technology-list>



contact the ETL helpline on 0300 330 0657



email at [ECAQuestions@carbontrust.com](mailto:ECAQuestions@carbontrust.com)

For more information on the ETL visit:

<https://www.gov.uk/energy-technology-list>

If you have any questions contact the ETL helpline at [ECAQuestions@carbontrust.com](mailto:ECAQuestions@carbontrust.com) or on 0300 330 0657.

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