

YOUR COMPETITIVE ADVANTAGE

Energy efficiency solutions for Australian transport and logistics SMEs



Fact sheet no.5

The importance of procurement in energy savings

This fact sheet highlights the strategic contribution of procurement (purchasing) in achieving energy and cost savings in the supply chain and logistics sector.

It is one of six fact sheets and other resource material developed by the Supply Chain and Logistics Association of Australia (SCLAA) and project partners to help SMEs in the supply chain and logistics sector with energy efficiency improvements and energy cost reductions.

The full suite of resources is available from <http://energy-efficiency.sclaa.com.au>

► Why is procurement important?

Nearly every system or piece of equipment purchased by the supply chain and logistics sector either uses energy or influences the use of energy.

Purchasing that equipment therefore plays a large part in setting the physical and technical limitations on energy efficiency.

Procurement is not just about buying good products and equipment; it is also about the processes and systems that guide the purchasing process and help with decision-making.

► Procurement and cost savings?

Businesses can save money by developing and implementing strategies that improve the efficiency of their facilities, fleet and operations.

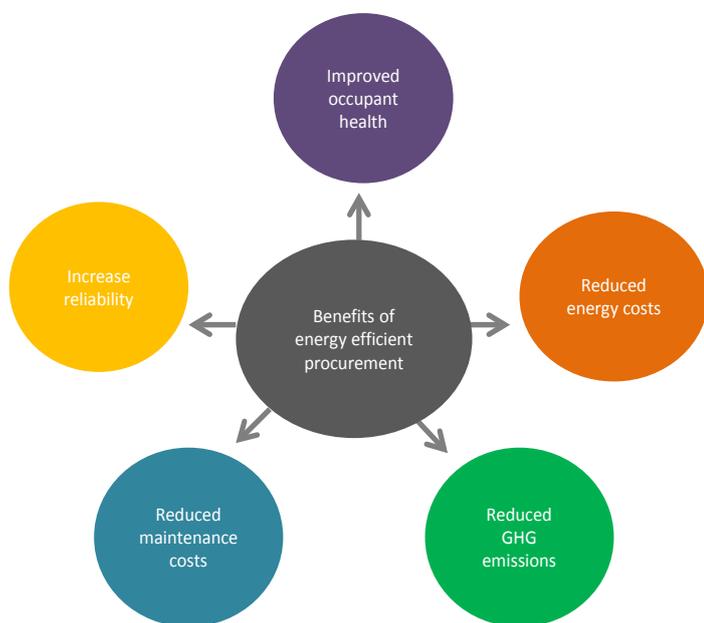
Whether it's by setting energy saving targets, company goals or values, or meeting customer expectations, procurement plays a key role in overall energy consumption.

Businesses can also capture the additional benefits (both direct and indirect) of smart procurement decisions.

These include better reliability, improved working environment, reduced energy costs, lower emissions, and reduced ongoing maintenance costs (see Figure 1).

Often, the most effective way to ensure procurement decisions include consideration of energy efficiency is to develop standard procurement policies or guidelines. These can help staff select the most suitable product or system available, and with the best energy performance

Figure 1: Additional benefits from energy efficient procurement decisions



► Procurement Policy 1-2-3

Procurement policies often reflect organisational priorities and culture. Clear and consistent policies that define goals form the foundation of sustainable procurement and efficient business.

If creating lasting organisational change is the objective, then a procurement policy should include the following three elements:

- 1 Establish the intent of the business in creating a procurement policy that considers energy efficiency
- 2 Set program goals and reporting standards
- 3 Assign responsibility

► Implementation Considerations

When incorporating energy efficiency into an existing procurement strategy or developing a new strategy, there are several important considerations.

These will vary depending on the structure and operations of the company but they ultimately follow the CHECKLIST of procurement questions outlined earlier in this fact sheet.

An example of key considerations for different segments of the supply chain and logistics sector is given below.

Lighting Systems

Energy efficiency of lighting systems can be improved by installing both light fittings and control systems. Factors like the use of space (activities), type of lighting requirement, cost of technology, and equipment service life, are all important considerations.

HVAC

Heating and cooling system requirements can vary depending on the geographical location, use of space, occupancy, and product movements.

Understanding these factors before designing new (or upgrading existing) HVAC systems can play a significant role in how much energy is consumed.

Building Envelope

How a building is designed will often influence the way it is used. The building envelope influences the requirement of HVAC, lighting and product flows – making it one of the most important considerations at the time of initial design or upgrade.

► Checklist

When making procurement decisions, the following checklist provides a good starting point for consideration.

- › Is the product fit for purpose?
- › Have the upfront and operating costs been considered?
- › Have any maintenance costs been considered?
- › Have any health and safety implications been considered?
- › Have energy efficiency or environmental benefits been considered?
- › Does the product meet company requirements or expectations?

Materials Handling

The way products are moved between the transport and storage phases of the logistics supply chain can affect energy consumption. Consideration should be given to the product mix, product movement, delivery and storage periods, processes and facility layout, equipment used, and labour.

Vehicles

There are many things to consider when purchasing new vehicles: its suitability for purpose, cost (capital and ongoing), payload capacity, technical support, reliability, maintenance, fuel efficiency, and resale value – to name a few.

The most important point to keep in mind is that the equipment a company buys today locks in a level of performance (speed, efficiency, reliability, operating costs) that the company will be stuck with for a long time to come.

The longer the life of the equipment, the longer that constraint applies. Combined with forecast rising energy prices, this means that if energy efficiency is not considered during procurement, businesses can expect to pay more for energy costs over time.

► More information

Truck buyers' guide (for heavy commercial vehicles)

This guide can help you consider the things you should look at in striving to choose a truck that both suits your needs and provides the best fuel economy.

www.truckbuyersguide.gov.au

Sustainable Procurement Guide (Department of the Environment)

The Sustainable procurement guide has been developed to assist Australian Government purchasers to include sustainability considerations in all stages of the procurement process, from identifying the business need to disposing of goods

<http://www.environment.gov.au/resource/sustainable-procurement-guide>

Encouraging your supply chain to go green (NSW Business Chamber)

Practical advice, essential information, educational workshops and useful tools related to sustainable procurement

<http://www.nswbusinesschamber.com.au/Business-Solutions/Sustainability/Knowledge/Greening-your-business>

FleetWise Knowledge Pool – Light Vehicle Procurement (Victorian Department of Transport)

Outlines the role that vehicle procurement can play in reducing fleet emissions. It describes and assesses a range of existing and emerging vehicle and fuel technologies

http://www.transport.vic.gov.au/_data/assets/pdf_file/0007/46951/Fleetwise-Vehicle-Procurement-brochure.pdf

Key actions to develop a sustainable procurement policy (NSW Office of Environment and Heritage)

Website with overview of key actions to developing a sustainable procurement policy

<http://www.environment.nsw.gov.au/procurement/KeyActions.htm>

Improved vehicle procurement practices (EEX)

Overview and case studies of improving vehicle procurement practices

<http://eex.gov.au/resource/potential-energy-efficiencyopportunities-in-the-australian-road-and-rail-sectors/improve-procurement-practices/>

Sustainable packaging toolkit - cost savings opportunities in the supply chain

This e-learning toolkit provides marketers with knowledge and ideas to use sustainable packaging to drive growth while also producing environmental benefits

<http://www.packagingcovenant.org.au/toolkit/>



Learn more on how to make your business more energy efficient at sclaa.com.au

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