

# LED Lighting: How Energy Savings Can Help Finance Gas Pump EMV Upgrades

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Today's convenience store owner is faced with perhaps more decisions about future investments than at anytime in the past. Threats from grocers, warehouse clubs and multi-state C-store retailers who are adding fuel sales to drive in-store traffic; demands for better conveniences and loyalty from a savvier base of consumers; and the need to install EMV upgrades to provide greater card payment security. The list goes on – updated UST regulations, alternative fuels including E85, DEF and CNG, mobile payment; and what seems like an endless and very urgent list of potential equipment and infrastructure investments.

Though much of the discussions surrounding these upgrades have focused on how to plan for and finance gas pump EMV and other upgrades, there's a option that delivers a newfound – and perpetual – source of cost savings for C-stores.

By combining financing of LED lighting with financing gas pump EMV upgrades or other site improvements, such as underground storage tank improvements to meet the new EPA regulations, convenience retailers can achieve thousands of dollars in financing savings and additional profit over the life of the LED financing agreement.

## **Why should retailers upgrade to LED lighting?**

There are two advantages to upgrading to LED lighting – utility savings and enhanced site appearance and forecourt security.

Energy Star – the U.S. Environmental Protection Agency's program that promotes superiority through energy efficiency – found that qualified commercial LEDs [use 75 percent less energy, and last 35 times longer](#), than incandescent light bulbs. That savings argument alone can drive savings of more than \$500 a month for a typical convenience store.

LED's are recognized for improving lighting on the forecourt and in store. The brighter, whiter light appeals to all consumers, and especially to female shoppers that welcome the enhanced security while fueling. Today's consumer will actually go the extra mile – or two – in order to find a fuel station that offers the right sense of security, [according to a recent study by Market Force](#).

That raises the specter of a significant risk that people will bypass a location, strictly on the basis of dim lighting, or backlit signage in disrepair.

LSI Industries – a leader in the manufacture and sales of LED lighting fixtures for convenience retail – shared in a case study that highlighted a [BP station in Blue Ash, OH](#), that the replacement of the 24 existing 400-watt metal halide recessed canopy fixtures with its new LSI Crossover Generation 3 LED canopy lighting led to a 76 percent annual energy and maintenance savings, along with the complete recoupment of the upgrade cost in under three years' time.

### **The Power of Financing a Gas Pump and LED Lighting Package**

An even greater savings opportunity exists for C-store owners and fuel marketers who wish to accomplish their fuel dispenser and LED upgrades at the same time.

In addition to the benefits of utility company LED upgrade rebates and monthly energy savings, additional savings by combining gas pump financing with LED financing can be obtained.

The potential rewards include:

- A longer overall financing term by including the dispensers and LED's in the same package;
- A lower overall financing interest rate;

To better understand the benefits that can be reaped at a convenience store, let's compare three scenarios:

#### **1. LED Financing Only**

When financing a \$20,000 LED upgrade package, an equipment financing resource like Patriot Capital Corporation would finance a good credit for a 3-year term at a monthly payment of \$640 for LEDs only.

#### **2. Dispenser or Gas Pump Financing Only**

Gas pump equipment financing is typically done over 5 years, at a lower financing rate due to the larger transaction size. Typical financing rates for dispenser financing would be 2 percent below a smaller transaction like LED lighting.

#### **3. Combining LED and Dispenser Financing Saves Money**

By combining LED and gas pump financing, a gas station owner can unlock the financing savings of a longer term and lower interest for both LED lighting and fuel dispensers. LEDs that were break-even in terms of energy savings now create a nearly \$200 monthly positive cash-flow impact. This financing savings helps to reduce a retailer's overall financing payments, and to lower the monthly cost of EMV

pump upgrades. Also, there's a chance for even greater savings once utility incentives are factored in. To discover existing utility incentives in your locality, please visit <http://www.dsireusa.org/>.

The concept of bundling financing can be applied with similar results if financing LED lighting is combined with financing underground storage tank (UST) upgrades or other convenience store equipment.

	LED Only	4 Dispensers	LED + 4 Dispensers
Amount Financed	\$20,000	\$60,000	\$80,000
Term	36 Months	60 Months	60 Months
Interest Rate	10%	8%	8%
• LED Monthly Payment	(\$640.01)		(\$402.84)
• Energy Savings	<u>\$600.00</u>		<u>\$600.00</u>
• Net LED Cash Flow	(\$40.01)		\$197.16
• Dispensers		(\$1208.53)	(\$1208.53)
Net Monthly Cash Flow		(\$1208.53)	<u>(\$1011.37)</u>

Table 1: Example of financing savings for gas pumps and LED lighting

In the highly competitive contemporary marketplace, it's critical for fuel marketers and C-store owners to think creatively about ways to combine different options to ensure relevance – and resonance – with today's consumer. Equipment financing remains the quickest and most efficient means by which a station owner can gain the necessary financing, in as little as 48 hours, without the hassles of bank financing or risks of spending cash on hand.

**For more information on LED lighting, please visit:**

LSI Industries: <http://www.lsi-industries.com/default.aspx>

Energy Star: [https://www.energystar.gov/index.cfm?c=ssl.pr\\_commercial](https://www.energystar.gov/index.cfm?c=ssl.pr_commercial)

**About Patriot Capital Corporation**

Patriot Capital specializes in enabling entrepreneurs to succeed by providing hassle free equipment financing to retailers in the convenience store and retail petroleum fueling industries. Patriot has been recognized as Best in U.S. by the PMAA, Petroleum Marketers Association of America.

For additional information, please visit [www.patriotcapitalcorp.com](http://www.patriotcapitalcorp.com).

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