

Leading the charge

Armed with better information, Food Lion and Supervalu separately take on energy costs.

By Peter Flippen

Today no operating expense is triggering more frustration than energy. Often inaccurately thought of as a “noncontrollable” expense, energy costs can make a large dent in grocers’ profits. Energy price volatility at present makes it harder than ever to catch this tiger by the tail. But at the same time, thanks to the Environmental Protection Agency and the advent of new technology tools, critical information about energy use is now more readily available to retailers, offering them a way to fight back.

Energy price volatility presents a large risk for the energy-intensive supermarket industry. The Energy Information Administration notes that in just the past year, commercial organizations’ electricity prices have risen 4 percent, and with hurricanes in the Gulf of Mexico and war in Iraq, rising costs are more likely than ever.

The improvement in available information about an organization’s energy use, costs, and trends is a much more positive trend for the industry. For the past several years many supermarkets have learned to work with their energy information and bill-handling services, to track their energy consumption and compare or “benchmark” it against that of similar facilities across the country.

But last month this effort became significantly easier, when two leading energy information and bill-handling services, Avista Advantage and Cadence Network, joined forces with EPA’s Energy Star partnership to launch “automated benchmarking.” This partnership takes energy information and bill-handling services’ access to real-time accurate energy data and mates it with EPA’s first-class energy performance rating system.

Benchmarking offers grocers the ability to compare their stores’ energy use against that of similar stores across the country, using EPA’s energy performance rating system. The system gives each store a rating of 1 to 100, based on the stores’ physical attributes, operating characteristics, location, and monthly energy use. More than 20,000 buildings have been rated to date, mostly through manual data entry into an online rating system.

For grocery stores the rating system normalizes the amount of refrigeration, store traffic, square footage, weather, and climate to compare energy use in stores across the country on an even scale. The result is a quality performance rating that provides essential information to companies striving to reduce their energy costs. Once all of a grocery chain’s stores have received ratings, engineering and maintenance departments can easily compare the energy performance of all corporate stores against one another.

Automated benchmarking, now offered by Avista Advantage, Cadence, and others, is a timesaving innovation. It doesn’t require any manual data entry, thereby making it significantly easier and faster for grocery companies to accurately assess their energy performance.

Food Lion and Avista Advantage

Is automated benchmarking a good idea for companies worried about energy cost volatility? Ed Schlect, v.p., consulting services for Spokane, Wash.-based Avista Advantage, thinks so.

“Recent energy cost volatility has increased the need to improve energy performance and reduce costs,” he notes. “Our advanced system and services, combined with Energy Star tools, give our clients an even greater advantage for

effectively managing their energy use. Additionally, the reporting services we provide, combined with Energy Star benchmarks, enhance their ability to communicate performance in an understandable and meaningful way across the company and to their stakeholders.”

One of Avista Advantage’s clients, Salisbury, N.C.-based Food Lion, has aggressively pursued automated benchmarking. The chain, with Avista’s help, has benchmarked more than 42 million square feet within 1,200 facilities, and produces monthly updates of the energy performance rating for all of those facilities.

For its efforts Avista Advantage received a 2005 Energy Star Award in the service provider category. Meanwhile Food Lion, a four-time Energy Star Partner of the Year, has had the even more tangible reward of reducing its energy consumption by more than 25 percent over the past five years.

Supervalu and Cadence Network

Dan Bertocchini, corporate director of facility engineering and energy management for Minneapolis-based Supervalu, reinforces the value of benchmarking. “Benchmarking with the EPA performance rating system provides a quantifiable metric that allows us to compare performance characteristics between our sites and our competition, while also taking



Avista Advantage’s Ed Schlect (right) receives a 2005 Energy Star Award from Samuel W. Bodman, U.S. Secretary of Energy.

into consideration normalization for geographic issues such as weather, equipment design, and construction methods,” he says. “The automated benchmarking allows us the opportunity to quickly calculate and see our short-term energy efficiency results for operational

changes and enhancements across a large portfolio of stores.”

With the value of benchmarking energy performance in mind, Supervalu hired Cincinnati-based Cadence Network to provide such automated services. The result is that over 15 million square feet from 242 stores have been regularly rated through Energy Star automated benchmarking. Supervalu’s commitment to measuring its energy performance in partnership with Cadence Network is the foundation for a successful energy management program. With this structure in place, Supervalu’s efforts in 2004 resulted in the reduction of approximately 339 million kBtu of energy. This equates to real savings of more than 54,000 metric tons of greenhouse gas emissions, or providing 7,014 American households with electricity for one year.

Peter Flippen supports EPA’s Energy Star program as a consultant at Fairfax, Va.-based ICF Consulting. To learn more about how EPA can help retail operators take advantage of the latest energy cost benchmarking tools, e-mail Flippen at pflippen@icfconsulting.com.