

MAKING ENERGY STAR WORK FOR YOU

Uncovering the value of energy and portfolio management. | **Bill Von Neida**

Finally, there is something positive about rising energy costs: more opportunities to grow business with existing or prospective clients! Rising energy costs place a greater importance on energy and portfolio management in buildings. For energy and portfolio managers, invoice and energy management service vendors offer a unique option for evaluating opportunities for improvement in energy performance and achievement. These services are an underutilized and surprisingly “investment grade” option for these managers.

Energy Star has made this service option even more compelling through its automated benchmarking initiative. Automated benchmarking allows Energy Star service and product providers (SPPs) that offer invoice and energy management services to host EPA's energy performance rating system within their web-based products. Advantage IQ, Save More Resources (SMR), Cadence Network, Energard, Johnson Controls, EnergySolve, ei3, UtilityAccounts.com, and Poco Energy have all partnered with Energy Star to bring this unique offering to the market and delivering ratings to over 5,000 buildings.

By offering the Energy Star benchmark as an integrated component of their products, these SPPs are profiting from helping their clients make decisions that are good for the environment and for business. Their customers, in turn, use the Energy Star rating and other energy information to generate impressive ener-

EPA'S ENERGY PERFORMANCE RATING SYSTEM

EPA's energy performance rating system allows service and product providers (SPPs) to compare a customer's buildings' energy performance to that of similar buildings throughout the U.S. By benchmarking a portfolio of buildings, SPPs can help their customers identify exemplary as well as below-average performers and prioritize opportunities. The rating is calculated on a 1 to 100 scale using basic data regarding a building's space attributes, operating characteristics, weather and monthly energy consumption. This is typically calculated by manually entering the data into EPA's Portfolio Manager. Buildings that rate a 75 or higher and maintain a healthy indoor environment are eligible to receive the Energy Star Label for Buildings. Organizations that demonstrate significant improvements in energy performance portfolio-wide are recognized as Energy Star Leaders.

The introduction of EPA's energy performance rating system has been

gy savings throughout their portfolios.

Advantage IQ and SMR have both been recognized as Energy Star Partners of the Year for their achievement in bringing this service to market — Advantage IQ in 2005 and 2006 and SMR in 2006. Together, Advantage IQ and SMR have demonstrated the importance of using

an important Energy Star innovation and is gaining momentum as a tool for planning and tracking energy performance. The rating provides an easy and standardized way

to understand and compare customers building energy use. EPA's energy performance rating system has been used to evaluate over 30,000 buildings. And today, more than 2,500 buildings (representing about 480 million square feet) have earned the Energy Star and more than 40 organizations are recognized as Energy Star Leaders.

The tool is continuously being enhanced to offer additional features that users will find useful. In 2007, the rating will be expanded to include retail spaces and will have updated greenhouse gas emissions calculations. Benchmarks are currently available for offices, K-12 schools, hospitals, hotels and motels, medical offices, supermarkets, residence halls/dormitories, and warehouses. — *Bill Von Neida*



automated benchmarking services as Energy Star's two leading providers of these services. Automated benchmarking also enabled a number of their customers to gain recognition as Energy Star Partners of the Year or Leaders.

Prior to the launch of automated benchmarking, Price Chopper, a grocery

retailer and Energy Star Leader, benchmarked a number of their buildings through Portfolio Manager. But, with over 100 stores, the burden of manually updating energy data every month was too great to bear. A&P, another Energy Star Leader, was faced with a similar challenge to manage energy performance across its 15 million square feet of grocery stores.

For organizations with large portfolios, obtaining and managing the data necessary to benchmark can be difficult. Invoice and energy management service vendors typically already collect most of the data required to benchmark buildings in EPA's energy performance rating system. Integrating the Energy Star rating with existing services provides customers the convenience of receiving ratings within the same energy information environment that they use for planning, tracking and managing energy use and costs. Price Chopper, for example, was already using SMR's Utility Manager™ software and was able to quickly take advantage of the new Energy Star feature.

Automated benchmarking enables an SPP to help organizations with large portfolios quickly and easily evaluate how their portfolios are performing. A&P immediately recognized the benefits of using Energy Star as an unbiased and understandable measure of performance and partnered with Advantage IQ to

receive monthly benchmarks for all of its over 400 facilities. By integrating the rating into reports delivered to district and division managers, A&P was able to review operational practices and target areas for improvement that led to over \$4 million in energy savings in the first year alone. The tight profit margin in the grocery industry makes this savings equivalent to an additional \$345 million in sales.

Customers value a third-party perspective when prioritizing energy performance improvement opportunities. By rating a portfolio of buildings with Energy Star, SPPs and their customers can look at exemplary performers to identify best practices that can be applied in low performing facilities. Analyzing a customer's entire portfolio allows an SPP to recommend strategies that deliver the largest returns — from low-cost tune-ups to investment in new technologies.

Using the Energy Star rating to examine performance across the portfolio allowed Price Chopper to aggressively address maintenance and operating issues in its lowest rated stores to see dollar savings fast. The initial investment on software from SMR was minimal in comparison to Price Chopper's annual utility budget and the additional expense for automated benchmarking was far below the cost of labor for manual entry. Now with annual savings in excess of

\$1 million, automated benchmarking has proven to be a very cost-effective strategy for managing energy performance.

Hosting EPA's energy performance rating system provides an excellent opportunity for SPPs to offer a value-added service and grow their business. Especially as organizations and investors make the connection between improved energy performance and improved profitability, automated benchmarking will stand out as an effective strategy for energy and portfolio management. **PRSM**

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