

A White Paper

by **EnergyActio™**

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Solving the Energy Audit Conundrum

Definition: **Conundrum**

A complex or perplexing problem that generally has no clear solution.

Source: BusinessDictionary.com

Each year, inefficient energy systems in America's commercial buildings:

- Reduce the capitalized asset value of commercial real estate by more than \$750 billion.
- Remove more than \$60 billion from cash flows and potential profits.

With so much money missing in action, the conundrum is *why are very few property owners doing anything to recover it?*

An energy audit should be the first step toward solving this problem. But, *very few* building owners, or business tenants, have even the slightest interest in an energy audit.

This white paper proposes that today's energy audits are not the right tool, and suggests a simple 5-step energy assessment process, and *EnergyActio™* software, as a better solution.

Energy Audits Are Missing the Target

Today's energy audits are missing the target because they fail to give owners and tenants the information they want and need in order to make energy efficiency investment decisions.

Energy audit practitioners are offering a confusing assortment of often mystical approaches, some of which include:

- **Free Energy Audits**

A free audit, delivered by a product sales representative, is a thinly disguised sales call.

- **"Virtual" Energy Audits**

Virtual (sometimes referred to as "zero touch") energy auditors claim that they can make buildings more efficient without ever setting foot on the premises.



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Typically, the virtual audit compares a building's utility bills, type of use, location, and some limited additional information to corresponding data for a portfolio of properties deemed similar. The resulting data indicates whether the building under study is efficient, or less than efficient, compared to its peer group.

The limitation of a virtual audit is that it does not know how the building under study actually uses energy. It cannot know whether a potential efficiency improvement is (or is not) viable. And, it lacks the reality of building-specific contractor collaboration and the financial information required for making energy efficiency investment decisions.

- **Engineering Studies**

Energy efficiency studies conducted by professional engineers can identify building-specific energy efficiency options. However, they are only partial answers until owners and engineers collaborate with local contractors to identify project costs and potential energy cost savings.

When it comes to making an energy efficiency investment, the last thing building owners or tenants want is a sales pitch, or benchmark, or virtual audit comparison.

The Solution to the Energy Audit Conundrum

With \$750 billion in capitalized asset value, and \$60 billion in cash flow and profit missing in action, owners are looking to their property and facility managers, and engineers and contractors for real, cost-effective solutions. They are setting specific annual energy cost-reduction goals and requiring property and facility managers to achieve them.

To deliver on these requirements, facility managers and contractors are embracing a simple 5-step process:

- 1. Establish Energy Cost Recovery Goals**

When an owner and facility manager set energy cost recovery goals, projects are more likely to be successful.

- 2. Perform a Commercial Energy Assessment**

A hands-on commercial energy assessment identifies where and how a building consumes (and wastes) energy. It provides information that is *essential* for assessing any energy efficiency investment "because you cannot manage what you do not measure."

- 3. Identify a Wide Range of Alternative Solutions**

To obtain the best ROI, a facility manager needs to consider a full range of potential solutions.

- 4. Analyze the Costs and Benefits of Alternative Solutions**

Obtaining the best ROI from an energy efficiency investment requires analyzing project costs and benefits at realistic budget levels.

- 5. Present a Professional Report or Recommendation**

Real estate owners are impressed by thoughtful, thorough, professional investment recommendations.

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EnergyActio™ Software

EnergyActio™ is solving the energy audit conundrum by giving owners and tenants what they want . . . a hands-on investigation . . . a thorough evaluation of efficiency options . . . and a financial investment recommendation based on real project costs and energy cost-savings estimates (from local contractors who are willing to have their feet held to the fire).

The U.S. Department of Energy's software guide provides a [detailed description](#) of EnergyActio software platform.

For more information, and to take a free test drive, visit www.EnergyActio.com, or contact Info@EnergyActio.com.