

Key Elements of a Successful Energy Management Program

*How Large Energy Consumers Can Reduce Utility
Expenses Today and Maintain the Savings Tomorrow*

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by

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Background

- I have worked in energy management since the 1970s, and most recently spent 16 years heading up H-E-B Grocery Company programs.
- I spent 7 years on the ERCOT board while the Texas competitive market was being implemented; I now serve on the Advisory Council of the Electric Power Research Institute.
- As of 1/1/13, I retired from H-E-B so that I could focus my efforts on today's topic.

What's the Deal?

- For the attendees who represent electric coops or other utility providers, your large C&I customers really need to reduce utility costs. Consider how you can help them.
- For the end-use electric consumers in attendance, it really is possible to improve financial performance by a long-term commitment to conservation and efficiency.

So What's the Problem?

- Almost always, the core business of large electric consumers is not energy management but is selling groceries, making tires, providing water/wastewater services to communities . . .
- Many executive teams view the electric utility industry as blindingly complex, and a “necessary evil.” Just pay the bills and move on . . .
- These same executive teams often do not understand or embrace the connection between kWh and long-term financial performance.

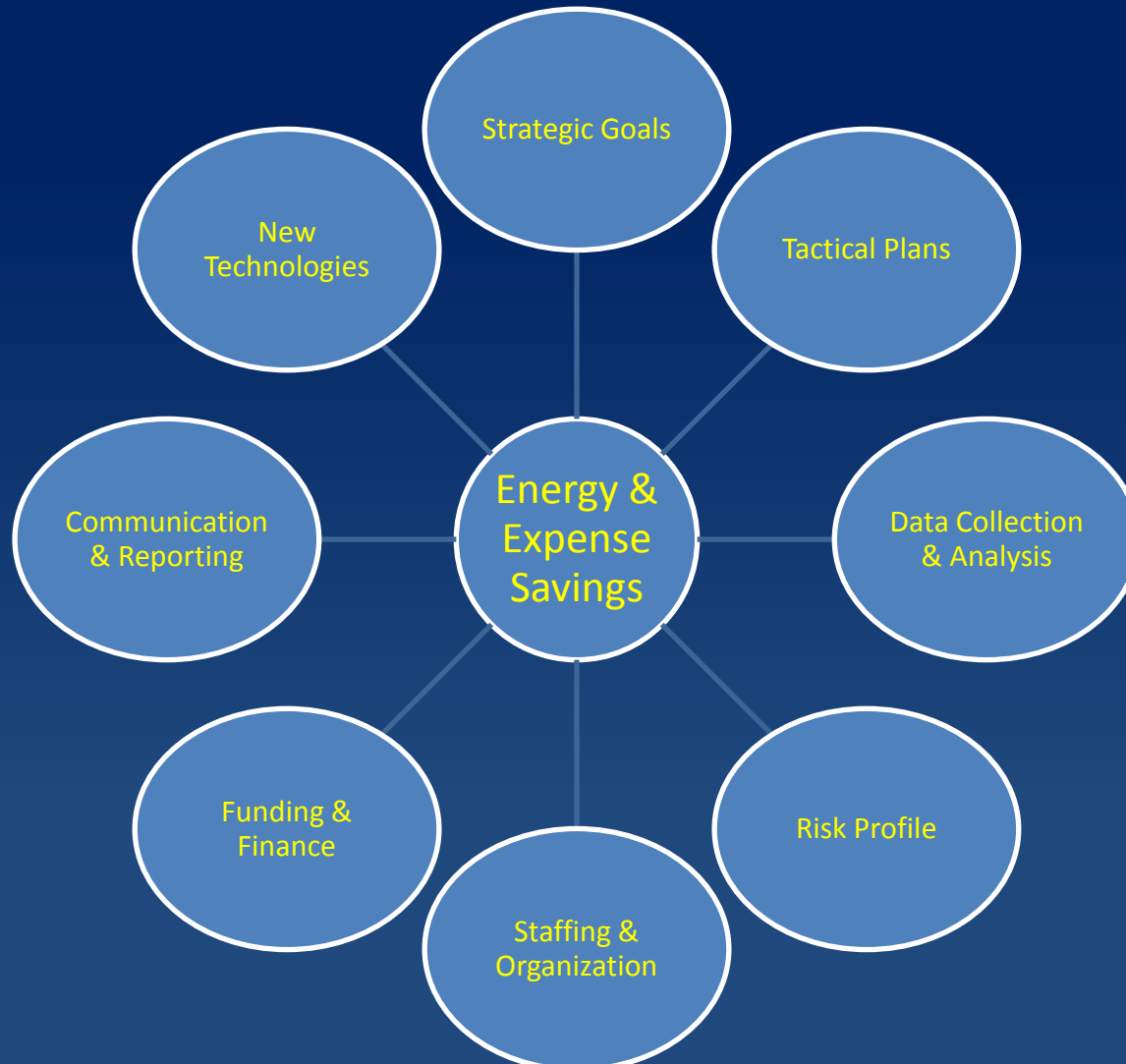
What's the Opportunity?

- Utility expenses often rival wages & salaries in terms of size, and can be a huge opportunity for financial control or segment differentiation.
- A well-designed energy management program can drive 10% of energy usage out of the business, and perhaps 20%. Every year.
- While most in-house facility and process experts focus on new business, the waste is most often found in existing systems, equipment, and buildings.

What Are the Key Success Elements?

- First and foremost, **Senior Executive sponsorship**. If saving 10-20% expense per year is not seriously interesting to leadership, then no new outcomes can be created beyond best efforts by staff.
- With support, the engineering and technological efforts can translate into long-term financial and risk management benefits to the organization.
- Mid-level design and maintenance staff can bring the ideas and projects to the table, but they cannot create breakthroughs in a vacuum.

Some of the Moving Parts



The Pathway to Success

- Honestly and candidly assess current energy programs, starting with the interest and involvement of senior leadership.
- Develop a meaningful energy strategy for usage reduction, and perhaps procurement.
- Staff and organize an energy team that has the right resources and visibility to the top.
- Implement fact-based annual tactical plans that are funded, measured, and reported.

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