

Energy savings: Where is the low fruit hanging?

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The real estate industry is still investigating ways of reducing building operating costs without large capital outlays. Big problem with few solutions!

Mezzanine financing on major "Class A" properties will be become due this year which will result in many properties changing owners.

This is great for owners who are sitting on the sidelines with large amounts of cash and pension funds with long term real estate appreciation goals. Every investor is looking for that "golden bullet" to improve the profitability of that property by reducing operating costs and today that "cost effective" solution exists.

We all appreciate the benefits of "going Green" and the affect it will have on the environment but few real estate owners have the capital to think long term.

Owners like Hartz Mountain have positioned themselves as a leader in this area and are responsible for installing energy efficient automation systems and solar renewable energy projects.

Mr. Sal Gentile, VP of Property Management goes beyond just the installation of these improvements, and has implemented utiliVisor building oversight management services provided by UP&M II in New York to track energy usage and continuously improve the operating strategies of his buildings.

This has not only returned a 10-15% energy savings but has also helped in retraining of his building operators for sustained savings. Mr. Gentile is also using utiliVisor energy dashboard to report carbon savings to achieve their goals for the Clinton Initiative.

Hartz is not the normal building owner. They constantly reinvest in reducing operating costs of their buildings, but the same method of monitoring and building oversight management can be applied to any central chilled

water plant facility and deliver a savings of 15% in the first year.

With a minimum capital investment for industrial flow meters, electric meters and web enabling the current building automation system, utiliVisor's web based advisory service can identify equipment performance problems and determine if the service company and operators are operating correctly.

utiliVisor's clients include major hospitals, financial institutions, pharmaceutical plants and class "A" office buildings. In all cases, savings were achieved within thirty days of the completed installation.

The case studies have shown the saving was so substantial, utiliVisor created a funding source for new energy projects so in effect the end user was self financing new energy projects. Combined with the rebates available from NYSERDA, utiliVisor clients are able to finance their own energy solutions and reap the benefits after the capital is repaid.

A major cancer research hospital in New York has utilized utiliVisor's

building oversight management services and saved \$1.3 million dollars the first year. This partially financed the conversion of their pumping system to variable primary and now they are reviewing the upgrade of chiller controls using industrial PLCs.

The second area of creating value for a building or facility is in how utilities are distributed and invoiced to tenants or for internal accounting and cost recovery.

It sounds pretty easy to state to management that we will measure and invoice on a monthly basis. The fact is that district energy systems have enormous issues with meter communications, inaccurate

rate measurement and billing mistakes.

The commercial buildings and institutional marketplace (hospitals and universities) have been preyed upon by low cost metering suppliers or improper meter installations and incompetent billing companies. Therefore, billing estimates are standard rather than being the exception. This results in tenant audits by third party firms, which in many cases cause embarrassment for the owner, substantial

legal bills and reimbursements to the tenants.

utiliVisor's, web based utiliBiller audits each utility invoice and performs exception reporting and management reports monthly and presents a profit and loss statement to determine if the utility distribution is recovered.

utiliBiller is sold as a SaaS business model (software as a service), rather than investing substantial dollars for software development and upgrades. Reporting can be customized for each client and information such as lease clauses, service reports, billing histories are easily accessible. The rate engine is extremely robust and presently includes over 70 rates and tariffs.

UP&M II's business philosophy will provide the detailed billing service or act as a technical resource to train your in-house staff.

So buildings and institutional facilities can generate their own capital by analyzing the performance of their chiller plants and building automation systems using building oversight management services and utiliVisor. Combining the proper operation of these systems with tenant utility recovery, energy costs can be reduced and sustained. This creates a powerful tool for finding value in a property. ■

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