

by **BUSOLA LAGOKE**  
Environment and Sustainability Manager at Arriva UK Trains



# Developing an Energy Strategy

**Energy is a key resource and the utilisation of energy from the grid emits greenhouse gases. Therefore, when a business takes that decision to manage and reduce its energy, it saves the business some money and also reduces the associated carbon emissions.**

Energy continues to be one of the more important line items in any organisation's spend. With the price for energy continually on the rise, it is understandable that it continues to generate the sort of attention it gets from a cost perspective. As an energy manager, the one question I always used to get was "how do we reduce our energy spend"?

There are several factors that can influence the reduction of an organisation's energy spend, primarily, reducing your energy consumption could lead to a reduced energy spend. However, for any business to embark on the journey of reducing its energy use, there are several key steps that must set out the organisation's priorities and these should be articulated and communicated through an energy strategy written in a language that anyone, including non-subject experts, can understand and implement identified strategic objectives.

These key steps are listed below.

1. Set your goals;
2. Understand your energy consumption – gather your facts;
3. Integrate stakeholder engagement as part of your energy strategy;
4. Set a SMART but stretching target;
5. Identify relevant projects and put together a business case for funding;
6. Measure performance.

The first step to developing your energy strategy is commitment from senior management and appointment of an Energy Manager (or someone with expertise who has the responsibility for energy). No energy plan or strategy is likely to work without the buy-in of senior management. It is essential that the business benefits of having an energy strategy is adequately communicated and a senior business leader is named as sponsor.

## 1. Set your goals

Most businesses will have a business strategy they work every day to deliver, which is usually aligned to the values of the business and the culture they are designed to entrench within an organisation. An Energy Manager must ensure that the energy strategy feeds into that overall business strategy. Sometimes, this is not an easy thing to do; however, an energy manager must consider that the business strategy constitutes a thousand and one decisions and trade-offs, and this strategy will eventually be viewed as just one of many. Finding a way to make your strategy align to business objectives also allows for adequate governance and ownership by senior management.

## 2. Understand your energy consumption

To know where you are heading, you need to understand where you are now. Understanding the simple things around consumption pattern, and how your building works, creates the opportunity to optimise its functioning. It is generally said that what you do not measure you cannot reduce. This applies very much for energy, and it is essential to understand a building's energy profile.

Buildings are designed for different purposes, especially in the case of commercial businesses, and these can include a variety of uses from hospitals where you have a number of specialised equipment to small office blocks or schools. Each of these buildings will have its own unique energy use; therefore, it is essential to understand the breakdown of consumption whether it is for space heating, processes, lighting or appliances.

## 3. Integrate stakeholder engagement

Your energy strategy needs the buy-in of several people who interact with your building or facilities continually. It is essential that, as part of the process of developing your strategy, you involve your staff and identify and map any stakeholders as part of your environmental scan ahead of developing your strategic plan.

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This should include your stakeholders' interests and how they will be impacted by your strategy and rank them in accordance to how important they are to the delivery of your strategy.

Additionally, use your stakeholder map to create a system to solicit their feedback and incorporate such feedback and concerns during the creation of your strategic priorities. Also, establish a communication and engagement plan that enables you to feedback performance, share your successes and highlight any challenges you may have encountered.

you can specify and deliver on the overall targets requires a number of key actions broadly broken down into five key strategic themes:

#### i. Energy monitoring and management systems

This provides a robust and an essential base on which all energy reduction plans can be built as good management systems provide high quality datasets which are essential for accurate measurement of performance metrics. They also allow appropriate prioritisation of projects, based on having the fullest possible understanding of the way your organisation uses its energy resources.

#### ii. Energy demand reduction projects

There are a number of approaches to energy reduction. This article proposes two key approaches through which energy reduction can be achieved:

- Through the use and deployment of technology, which include a wide range of options such as Building Management System installation and upgrades, lighting sensors, insulation etc. and;
- Reducing demand through behaviour change with training and awareness programmes.



## 4. Set SMART targets

### Setting your overall target

Having carried out the steps above, it is expected that you are now in a better position to set SMART targets (SMART is an acronym for Specific, Measurable, Achievable, Realistic and Timed). In setting your overall corporate level target, ensure that you simplify it as much as possible to avoid any misunderstanding.

The different methods to set your target are:

#### i. Incremental increase or "flight path"

Incremental targets work on the basis of setting small, achievable targets and allow for regular performance monitoring along the way. They are beneficial because they are specific, time limited and lead to progressive achievements.

#### ii. Benchmarking building performance

Benchmarking allows building owners to compare their building to similar building and brings the attention of building owners and managers to energy efficiency, resulting in behavioural and operational changes that spur reduction in energy consumption.

## 5. Identify relevant projects and put together a business case for funding

### Set building/site level target

The next step will be to identify building or site level target. Working through the overall reduction target, you will need to apportion individual targets that contribute to the overall target. In order to achieve this, the strategic approach that you could undertake to ensure that

Technology is very important for energy management in buildings and equally important are the people who engage with and use the building. Effective combination of both approaches above is essential for an effective energy reduction programme.

#### iii. Low- or zero-carbon energy procurement

Procuring low- or zero-carbon energy does not reduce a business's overall energy reduction. However, it improves your organisation's carbon footprint. Ensure your business has an energy procurement strategy and understands the central premise behind undertaking your energy procurement strategy whether it is about managing and controlling price risk, and/or buying at the cheapest prices. Investigate any additional services that your strategy enables you to access through your supplier. These services sometimes include the installation of smart metering across your portfolio, energy audits etc.

#### iv. Process changes

There are key strategic engagement areas within your business, and you may need to change their processes.



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These are areas that make decisions that impact on energy use in your business. Examples of such areas include procurement, finance, IT strategy, etc. You will need to look at the specifics in your own business to identify additional areas that may fall under this category and provide support and guidance where required.

#### v. Strategic partnerships

Develop key strategic partnerships that will enable the delivery of your targets. These partnerships are typically external to your organisation and they provide technical and project expertise that enable the achievement of your targets. Energy reduction projects will often require some level of funding. While the scope of this article does not cover the details of how to source funding and the models for funding, the sources of funding can be internal (from an organisation's own funds) or by bidding for external funds. Funding needs and requirement will differ between organisations therefore ensure you acquaint yourself with how it works within your organisation.

#### 6. Measure your performance against target

Finally, measure how your efficiency measures are performing. Software platforms are great but they don't

improve energy use, they enable the gathering of data and analysis. If no one looks at the data, it is as good as not monitoring.

What is the best software to use? I happen to have worked with several monitoring and targeting (M&T) software platforms and my overall take is that an organisation needs to understand exactly what it wants to achieve with a software. That should be the factor that drives your purchase. Monitor performance whether this is real-time monitoring or periodically and use the outcome to influence future implementation plans within your strategy.

#### Author's profile:

Busola is a Chartered Environmentalist and holds a Master degree in Environmental Management. He has experience in delivering energy reduction projects and strategies across commercial estate portfolios. In his current role, he focuses on influencing senior business leaders through the simplification of complex sustainability issues by developing strategies and initiatives that enable the delivery of a sustainable railway as part of the rail franchising process.

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