

Energy Reduction \neq Energy Savings

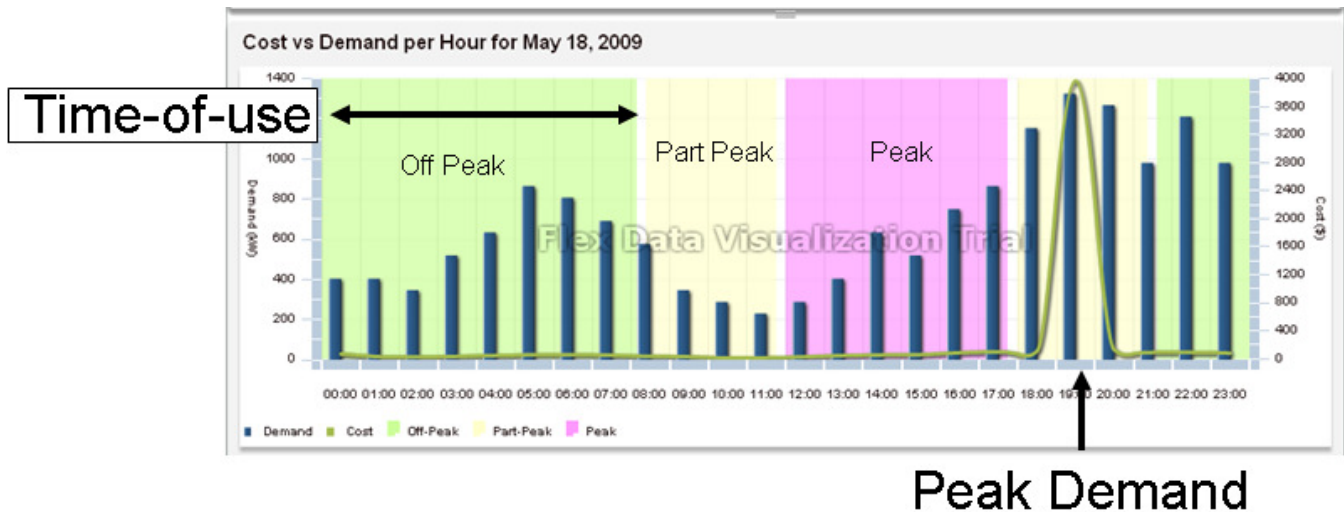
Case

A food manufacturer closely tracks their energy use from year to year and actively works to reduce their energy use with various energy reduction projects. Below is their energy use and cost over two recent years. They achieved a 4% energy reduction from the year prior; however their energy cost increased by 15%, but their production for 2008 was 2% less than the year before. What went wrong?

	2007	2008	Change
Bottles Produced	46,567,000	45,588,000	-2%
Energy Cost	\$ 1,522,000.00	\$ 1,783,000.00	15%
Energy Use (kWh)	16,365,591	15,778,761	-4%
kWh per Bottle	0.3514	0.3461	-2%

Lesson

The Plant Manager did not consider the utility tariff structure or Demand Factor of the facility. The projects did not consider Demand vs. Time-of-Use billing, and that the type projects undertaken would have little or no effect on demand charges. Although they proactively implemented energy reduction projects, their project goals were based on Energy Reduction not Energy Cost Reduction. Consequently, no mechanisms were employed to verify actual energy reduction against cost, leading to ROI miscalculations and disappointing cost savings. Energy monitoring with accurate cost evaluations would have provided them the information needed to ensure successful energy cost savings.



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