



Hospital X

Strategic Energy Management Plan 20XX to 20XX

Executive Summary

Name(s)

Title(s)

The Business Proposition

If energy management is integral to our business practices and decisions, Hospital X can expect the following:

- A X% reduction in energy usage each year, ramping up to a total of XX% after 5 years; sustained long term.
- \$XX,XXX annually to the bottom line from energy cost savings, ramping up to a total of \$XXX,XXX per year after 5 years; sustained long term.
- This is equivalent to \$X million in revenue at Hospital X's net operating margin of X%.
- Total net present value of 5 years of benefits is \$XXX millions/hundreds.
- These investments will yield a XX% internal rate of return (IRR), beating Hospital X's criterion of XX%.

To support the achievement of these financial benefits, Hospital X will invest up to \$X million in improvements to energy-related operational improvements and equipment upgrades.

Strategic Energy Management Supports Key Goals

- Environmental stewardship and community responsibility.
- Top-quality patient care and an excellent working environment.
- Improve net margin by X% over Y years.
- Reduce unnecessary costs to:
 - Improve our net margin
 - Optimize energy systems to meet current and expanding operational needs

How Are Improvement Opportunities Determined?

- Facility benchmarking.
- Facility assessment by X.
- Life-cycle cost analysis.
- Past experience at Hospital X.
- Experience of peer hospitals.
- Pro forma results available upon request.

A \$X.XM Initial Investment Will Generate Annual Cost Reduction of \$XXXXK

Hospital X

EPA ENERGY STAR Hospital Ratings

PRIORITY LIST & GOALS



Cost-Benefit Analysis to Achieve Energy Star Certified Status: Goal of >75 Score

Facility Name	Score	% Energy Reduction Needed to Achieve 75	Estimated Annual Savings if Score of 75 Achieved	MAXIMUM Investment@ 20% IRR to Achieve 75
Hospital X, Main Campus	64	11%	\$700,000	\$3,500,000
Hospital X, Sports Medicine Clinic	39	28%	\$30,000	\$150,000
Hospital X, M Sandpoint Pediatrics Clinic	58	15%	\$35,000	\$175,000
Other	N/A	N/A	N/A	N/A
Total			\$765,000	\$3,825,000

Energy Management Vision

(Example)

Hospital X will integrate energy management into our organizational policies, decision making, and institutional culture to ensure the most efficient use of energy in our new and existing facilities.

This achievement will be consistent with Hospital X's commitment to the High Value pillar in Strategic Vision 20XX.

Guiding Principles

- **Strategic Focus:** By acting strategically, Hospital X can significantly improve its energy-related performance. Internalizing energy management into our standard business decision making, policies, and operating procedures will help assure substantial and long-lasting reductions in energy use throughout Hospital X.
- **Solid Economic Returns:** Energy management investments will yield solid economic returns that meet Hospital X's standard financial return of __%. Hospital X will apply consistent financial analysis methods that consider life-cycle costs to reduce total cost of facility ownership and operation.
- **Business Practices:** Hospital X will improve all energy-related business practices, including new construction, existing facility operations, procurement practices and facility upgrade opportunities. We will internalize energy management into our core business practices, including strategic planning and budgeting.
- **Links to Mission-critical Goals:** Strategic energy management will directly support mission-critical goals: caring for the environment and the community; optimizing the healing and working environment; improving the hospital's financial bottom line by reducing unnecessary energy costs; optimizing the capacity of existing energy systems to meet current and expanding operational needs.
- **Organization-wide Involvement:** Executive commitment is vital. Top management at Hospital X will work with facility managers and other key staff to ensure that adequate organizational support and resources are provided to maximize the benefits of energy management to Hospital X. Energy management will be integrated into the strategic planning and capital budgeting processes.
- **Use of Available Resources and Assistance:** Use national, regional, and local sources of assistance, including local utility technical and financial assistance, state loan and tax credit programs, the Northwest Energy Efficiency Alliance, U.S. EPA ENERGY STAR (etc.).

Core Energy-Related Business Practices

- Use a life-cycle cost analysis (total cost of ownership) to analyze energy efficiency investments; fund projects that meet Hospital X's standard financial requirements of XX % IRR.
- Establish policies/procedures for purchasing energy-related equipment and services.
- Focus on low-cost O&M improvements and equipment tune-ups first, then upgrades.
- Set energy performance targets (plan targets 25% better than code) in new construction and use "integrated design."
- Provide ongoing staff training; recognition for contributions.
- Track and report progress.

Today We Are Asking for
Approval and Funding
of the Strategic Energy
Management Plan.