



# News Letter

E N E R G Y

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## Auto Dealerships Why you should read this

Automobile Dealerships are a significant user of energy. Lighting costs for the showroom, parts and service areas, administrative offices, inventory lots, merchandising and parking equates to thousands of dollars each year in energy expenses. In addition, dealerships conduct the majority of their business during peak business hours, which may also add demand charges that increase electric bills even further.

**Do you leave your showroom lights on 24/7, most dealers do**



**Or your Parking Lot lighting**



The above is one example where Improving energy efficiency will reduce your costs, lower CO2 emissions and also help ensure your business becomes more sustainable and profitable.

We can help by keeping you informed and offering some constructive thoughts

***“Your business is to sell Cars and Trucks, Our Business is Energy Management”***

Energy savings of 10% are possible from **zero cost activities** where little has been done in the past to manage energy use.

Savings of 25% per year are possible with modest investment.

[Additional Savings upwards of 30%](#) are obtainable in the Deregulated States.

Average-sized dealership typically can save a upwards of \$ 30,000 per Year.

These savings will directly contribute to the Market value of your business. Saving 30 % on energy expenses can add 5-6% to your property value

What would do with an additional 30 K a year?

The savings could be used to invest further in energy efficiency measures or to grow the business.

As energy costs are widely expected to increase over time, action now will deliver increased benefits in the future. The measures outlined in this Article often only require modest effort to deliver significant savings.

**Every extra \$ saved is an additional \$ on the bottom line.**

**How do you achieve it?**

This Article will give you a few suggestions to consider. Here is link to one example

Colorado’s Oldest Volkswagen Dealership Achieves 18 Month Return on Investment from [Energy Savings](#)

## KEY ACTIONS

**Undertake the seven step action plan**

A number of dealers have already embarked on energy efficiency campaigns.

Seven key areas we would strongly recommend.

- |               |                                                                                                                                                                                   |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Step 1</b> | <b>Appoint an Energy Manger.</b> Appoint an appropriate person to drive energy management and provide management support.                                                         |
| <b>Step 2</b> | <b>Develop an Energy Policy.</b> Produce a written energy policy for the Group or site which is signed and approved by the most senior manager and communicated to all employees. |
| <b>Step 3</b> | <b>Identify Meters and Invoices.</b> Identify the location of all utility meters and gain regular access to all utility invoices.                                                 |
| <b>Step 4</b> | <b>Monitor and Target Energy Use.</b> Read meters regularly, plot consumption, check usage against                                                                                |

targets, identify waste and take corrective action.

**Step 5**

**Conduct Regular Energy Inspections.** Conduct regular energy inspections identifying and recording energy waste, maintenance issues and opportunities for no cost, low cost and investment measures.

**Step 6**

**Implement Energy Saving Measures.** Produce a clear written plan in each area with priorities for action against identified measures, with timescales, costs, savings and those responsible for action.

**Step 7**

**Engage Employees and the Public.** Regularly raise staff awareness, gain support/ideas, train key people and provide regular feedback on progress toward targets. Communicate objectives and successes with the public.

## INTRODUCTION

This Guide assumes no previous knowledge of energy management. It describes simple but effective approaches for driving down costs and reducing carbon emissions.

The energy savings opportunities fall into two categories:

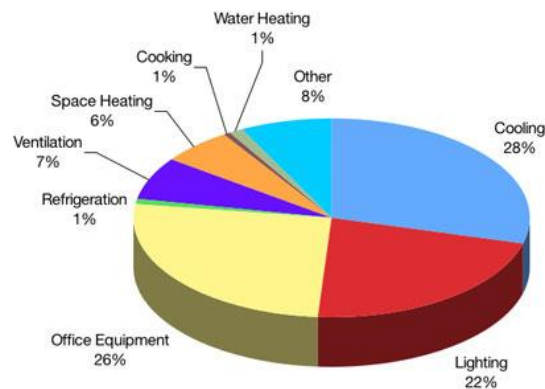
**No Cost Actions** which can be made immediately and bring immediate savings.

**Low Cost Measures** which require small investments up to \$ 2,300.00.

This Guide has been written to help dealer principals and managers to save energy, reduce costs and cut CO<sub>2</sub> emissions.

A key step in managing energy is to appoint an Energy manager and it is important for this person to read this document as it will help equip them in their task.

Energy is a large controllable cost and savings go directly to bottom line profitability



In many dealerships simple **no cost** actions can be made immediately to reduce bills by 10%. Typically a further 15% savings can be made by **low cost** and **investment** measures.

For a medium sized dealership with annual energy costs of \$32,000 this means \$3,200.00 of savings per year is achievable by **no cost actions** and an additional \$4,800 of savings per year by **investment measures**

Additional No Cost Savings upwards of 30% or \$ 9,600.00 can be achieved [by Switching Providers](#) if your business is in a deregulated State.

Improved energy efficiency is one of the most effective means of reducing carbon emissions and driving down costs.

### **The benefits of saving energy are:**

**Reduced costs** contributing directly to bottom line profitability. Every Dollar saved is a dollar of extra profit. Also making savings now protects against future rises in electricity and gas prices and price volatility in global energy markets.

**Reduced CO<sub>2</sub> emissions** with less impact on the environment. (Market your dealership as a Green advocate, Ties in to what your Industry is doing)

**Reduced use of a finite resource** - where the energy is from a non-renewable source, preserving resources for future generations.

**Reduced risks** from legislation/regulation non-compliance.

**Better working environment** - more comfort for staff and customers.

**Reduced maintenance costs** and equipment replacement costs because of improved operating efficiency.

**Reputation** - a greener image showing customers and staff that the environment matters to your dealership.

**Tax benefits** The Energy Efficient Commercial Buildings Tax Deduction (CBTD) is a special financial incentive created by the [Energy Policy Act of 2005](#)



## Typical

The average unit cost of electricity across the USA will vary significantly depending on the location and whether or not your state is De regulated. An average dealership can range from [15 cts/kWh to 4.75 cts/kWh](#).

For the average dealership, electricity is 39.2% of total energy consumption.

So the message is clear: for any dealership the key first priority is to reduce electricity consumption. Electricity has the highest unit cost and the highest CO<sub>2</sub> emissions per kWh. Also a large proportion of electricity use is within the control of end users.

Energy used will vary from one dealership to another depending on facilities installed, building type, size, level of control and hours of operation and location.

The average energy cost across the sites surveyed was \$ 32,000 per year of an averaged size Auto Dealership The breakdown of energy use is summarized here.

## Average Electrical Costs\*

Electricity User		%	Annual Cost (\$)
Showroom lighting	26,199	12.6	4,135
Workshop lighting	14,108	6.8	2,230
Office lighting	17,892	8.6	2,800
Parts lighting	2,444	1.2	400.
External lighting	21,900	10.5	3,450
Air compressor	25,245	12.0	4,000
Ramps and lifts	20,790	10.0	3,280
IT workstations	6,071	2.9	950
Air conditioning/ventilation	2,840	1.4	460
Other: pumps, fans, power tools, office equipment etc.	71,213	34.0	11,150
<b>Total</b>	<b>208,702</b>	<b>100.0</b>	<b>32,855</b>

\* significant variation will occur due to location, hours of operation and Local Utility charges.

## No cost measures Annual Savings (\$)

Identify meter and invoices

If you cannot measure energy you cannot manage it. But energy is a measured resource and therefore can be managed. Two key sources of information are meters and energy invoices.

Meters

It is vital for the Energy Manager to locate the electricity and gas meters. Sites not on main gas are likely to burn oil and/or LPG with their own metering.

Some meters will be easy to access but others may be in a locked plant room.

Water meters are sometimes under a manhole cover outside the building. It is recommended these meters are photographed and put in a log book with an explanation of how they can be accessed so that someone in addition to the Energy manager knows their location.

#### **Meter reading**

The utility meters should be read on a weekly basis. But we know this more than likely will not happen. Check your Utility invoice, if it says *Estimate or gives you any indication that the meter is not being read, rest assured they will catch up with you one way another. You can demand that the Meter be read and invoking will be on an actual meter read and not Estimates.* Types of Meter are an entirely different subject that we will address in future Newsletters

## **Request our comprehensive guide to Auto Dealers Energy savings**

The energy savings opportunities fall into three categories:

**No Cost Actions** which can be made immediately and bring immediate savings.

**Low Cost Measures** which require small investments up to \$2,300.

**Investment Measures** requires financial investment of over \$2,300.

## **Implement energy saving measures**

**See how many opportunities there are on your site**

This Guide sets out a list of possible opportunities for energy saving measures in the following distinct areas:  
Showrooms.

Offices/corridors/toilets/storerooms/kitchens.

Workshops.

Parts.

Plant rooms.

External areas.

## **Typical Investment Measures with paybacks**

Click here for [Information from the National Auto Dealers Association](#)

Keep up to date and subscribe to our Energy informational newsletter at <http://www.aresnrg.com/contactus> for more information