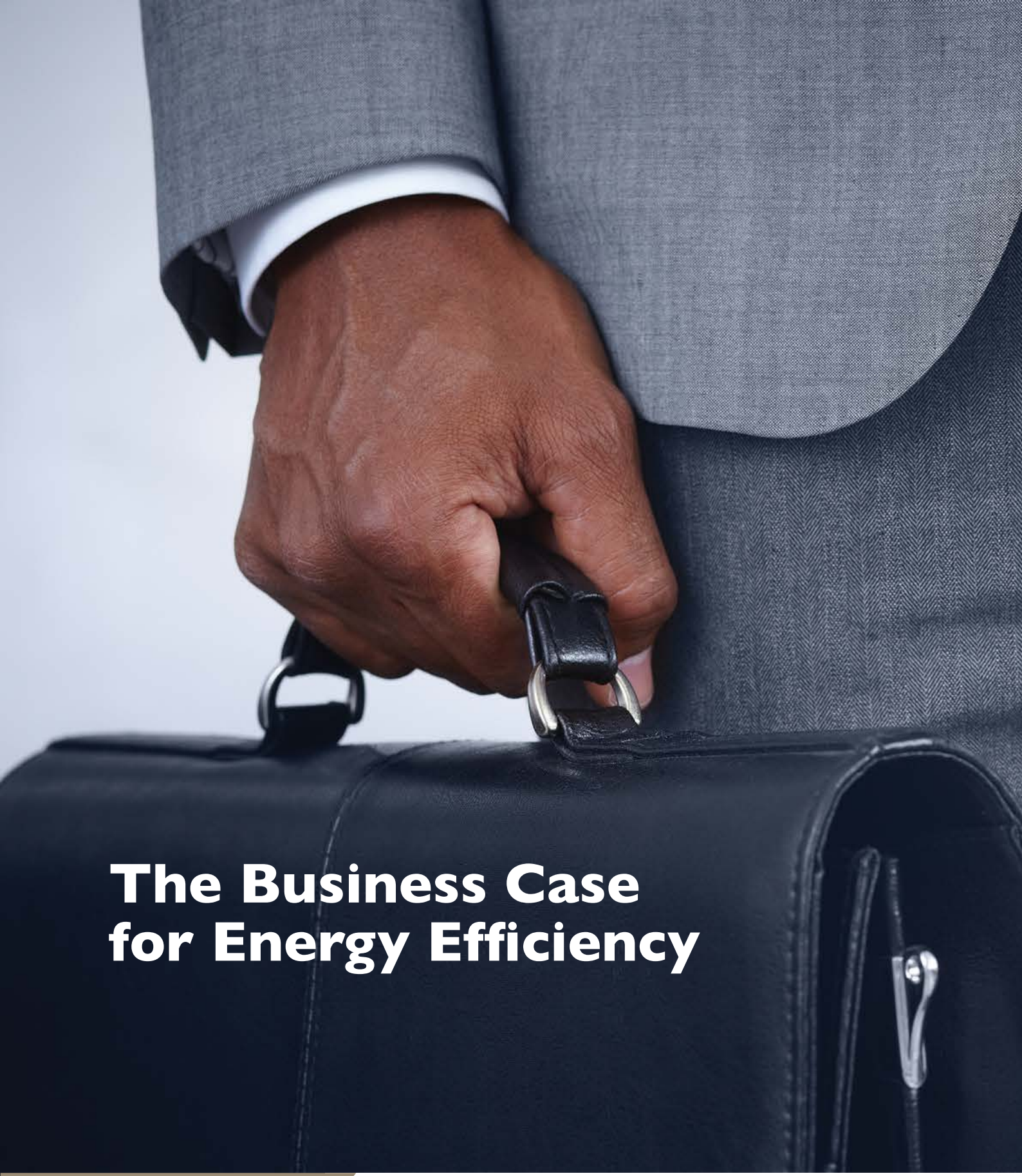


The Business Case for Energy Efficiency

Eskom | Powering your world

Eskom Energy Management Information Pack: Brochure 2

Index

The Business Case
for Energy Efficiency

20%

A 20% reduction in energy costs can represent the same bottom line benefit as a 5% increase in sales. Even low and no-cost energy efficiency interventions can reduce energy costs by at least 10% and produce quick returns.

Companies that invest in high-efficiency equipment, systems and processes enjoy a number of crucial operational benefits that go beyond lower energy bills:

- Greater reliability
- Increased productivity
- Lower maintenance costs
- Reduced waste.

By optimising energy efficiency, a company can also:

- Benefit from tax reductions
- Ensure compliance with regulations
- Utilise its green credentials to create a unique selling proposition as basis for improved competitiveness and business growth.

Research shows that more than 65% of consumers believe it's important to buy from environmentally responsible companies; being recognised as 'green' can improve brand awareness, build brand loyalty and boost sales.

Overall, investing in the correct energy efficiency solution is a "low risk" - over time, in the face of escalating energy costs, any investment will be recouped through lower energy bills and reduced operating costs.

This brochure offers information on:

- Compliance with SANS
- Tax benefits associated with improved energy efficiency
- Building a business case for energy efficiency in your organisation.

Compliance with SANS 10400 and SANS 204

In an effort to help alleviate demand pressure on South Africa's national power grid, Government has implemented South African National Standard (SANS 10400-XA) and (SANS 204) to regulate energy use and encourage energy efficiency of buildings in the business sector.

All new buildings and any additions and extensions to existing buildings must comply with these regulations.

SANS 10400 - XA (amended)

This regulation stipulates that:

- XA1: Buildings must utilise energy wisely and reduce greenhouse gas emissions in accordance with a checklist of requirements. For instance, buildings should optimise internal environments and geographical locations and must have:
- A building envelope
- Insulation (in some form)
- Services that facilitate efficient energy usage appropriate for it to function.
- XA2: At least 50% of buildings' annual hot water requirements should be supplied using alternatives to conventional electric resistance heating, such as solar water heaters, heat pumps and heat recovered from other systems or processes.

XA3 outlines how XA1 regulations can be met using one of three methods.

See http://www.saiat.org.za/XA%20GUIDE.pdf for more details.

SANS 204

This regulation stipulates that buildings should be compact in plan, with major areas of glazing - and rooms that are used most - placed on the northern side to allow solar heat to penetrate the glazing during winter months. Moreover, the major axes of buildings should run east/west and the roof overhangs should provide shading to windows from the midday sun in summer.

Achieving compliance

Three routes are provided:

1. **Prescriptive route:** This method of compliance requires that a building be designed and built in accordance with paragraph 4.2.1 (b) of the SANS 10400 - XA standard. Requirements must be met with regard to the design and construction of the building, including services such as Heating, Ventilation and Air Conditioning. No rational design is required with this route.
2. **Performance route**: This method of compliance requires rational design by a competent professional to demonstrate that the building's theoretical annual energy consumption and demand do not exceed values specified in the Standard.
3. **Reference building route**: This method of compliance requires rational design by a competent professional to demonstrate that the building's theoretical annual energy consumption and demand do not exceed the values for a reference building that complies with the requirements of the prescriptive route.

See http://www.safalsteel.co.za/2014/01/15/three-routes-sans-compliance/ for more detail

Tax incentives for energy-efficient companies

The South African government announced tax incentives for companies that can demonstrate energy efficiency savings under the new 12L Regulation, which sets out the process and methodology for determining the quantum of energy efficiency savings and requirements to claim a tax allowance.

The 12L Regulation is applicable to all new (greenfield) and existing (brownfield) buildings and facilities with very few exceptions mentioned.

Energy-saving reports must be compiled by Measurement and Verification (M&V) professionals under the auspices of the South African National Accreditation System (SANAS) accredited M&V body. The savings must also be certified by the South African National Energy Development Institute (SANEDI).

A tax incentive refers to some form of tax relief, which can be in the form of a deduction against taxable income (as in the case of the 12L Regulation).

Tax incentives are not restricted to electricity savings - companies can also qualify for saving energy sources such as gas, diesel and waste heat.

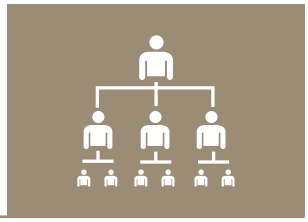
There are, however, some exclusions:

- A tax allowance cannot be claimed in respect of energy generated from renewable sources or co-generation - the excluded renewable sources are biomass, geothermal, hydro, ocean currents, solar, tidal waves and wind.
- Unless the energy output of a captive power plant is more than 35% of the energy input, a tax allowance cannot be claimed by a company that operates such a plant to generate energy solely for its own use (and not for feeding back into the grid).

The tax incentive is R0.95/kWh (or kWh equivalent) of verified energy savings signed off by an M&V body and approved by the SANEDI 12L evaluation panel for the assessment year in question.

Once your company has qualified for a tax incentive, you will receive your allowance for a period of 12 months.

Building a business case
for energy efficiency in your organisation



This section will help you ensure that your project to improve energy efficiency and reduce carbon emissions receives the necessary buy-in from management.

Proposals for energy-saving projects are often at a disadvantage compared to other potential 'candidates' for capital investment, which is defined as once-off expenditure on plant, machinery and buildings or public relations and marketing campaigns to generate income in the future.

Capital investment is different from revenue expenditure, which represents wages, fuel, materials, maintenance and other ongoing annual costs. This could be a hurdle for your project: in some organisations it may be institutionally difficult to recognise and account for revenue savings arising from capital expenditure.

Another hurdle could be the fact that energy- and carbon-saving capital projects are discretionary.

Note:

Different decisions may be made at different levels; it is not always just senior managers who need to be convinced!

Questions to ask yourself:

Who are you trying to influence?
What are they interested in?
What are their motivations?
Can you engage their interest early on?
How do you need to present information to them?

A good track record

Putting forward a case for investment or change is always much easier if you have become known for promoting sensible and effective ideas for saving energy, money and reducing carbon emissions. This is one reason to portray 'making a business case' as a continuous process rather than a once-off event - each success forming part of this continuum is your foothold for identifying and working on the next opportunity to save.

If you are consistently successful you could find senior management start asking you for project ideas rather than you having to take the initiative. A sensible strategy, then, is to start with a project that is easy to get approval for or costs nothing and is easy to implement. Record and publicise the results.

Meanwhile, start looking for more substantial opportunities that will need more funding or endorsement at a more senior level of management. Pick one that you can guarantee will succeed. You cannot afford to select anything but a winner at this point because you will be asking the organisation to back it; the results must be positive if your reputation is going to benefit.

Follow these principles:

- Evaluate projects diligently
- Never promote something you are unsure of
- Never make exaggerated claims
- Try to leave yourself headroom to deliver more than you have promised
- When you get approval for something, implement it without delay
- Do everything you can to ensure its success
- Make sure people know what you have achieved
- Keep everything on record
- Be informed - you want to be seen as the person in your organisation who knows about the world's energy situation and the state of play with regards to emission trading schemes
- Let your superiors treat you as an authority on the subjects of saving energy and reducing carbon emissions.

Important:

Work closely with your organisation's Energy Manager - he/she will be the most important contributor and source of insights, ideas, information, statistics, figures, projections and estimates in support of your projects.

- Also, do not be shy about involving a senior management sponsor throughout the process of identifying and developing projects.

Building your business case

It is essential to prepare thoroughly by collecting the most reliable data and evidence you can obtain in partnership with your Energy Manager. Subject your proposition to rigorous evaluation - your business case must identify and discuss all possible risks to show management that they have been considered, and can be contained and are also controllable.

The financial case for your proposal rests on the balance between projected costs and savings - your argument for change will only be as sound as the evidence on which this projection is based.

Savings

Your Energy Manager would be able to estimate the expected savings in energy consumption and carbon emissions. This is particularly true where an effective monitoring and targeting scheme is in use or where a sufficiently detailed energy assessment has been conducted by his/her department.

Verify your numbers

Where estimates of savings may have been furnished by equipment suppliers, it is reasonable to expect that their figures could be optimistic. Verify their estimates using an appropriate degree of diligence. If necessary, get references from other customers who can vouch for the technology. However, bear in mind that not all customers monitor results objectively, and of those that do, only a minority would want it to be known that they had made a bad decision.

Where the savings have been estimated by an independent consultant (as part of an energy assessment, for example), some probing questions will be in order. Remind the consultant that there could be a claim against his/her professional indemnity insurance (regardless of disclaimers) if they have failed to exercise sufficient care in the calculation of savings.

Exaggerated savings could lead to a project with a seriously disappointing outcome, which will not only waste resources but also damage your reputation.

In some circumstances you might want to consider initially making a proposal for a pilot project only - results from that could then be used to back up the case for wider replication throughout your organisation.

Obtain forward estimates

Bearing in mind that savings are usually estimated in energy or carbon terms, ask your Energy Manager to help you obtain a future estimate of prices in order to express the estimate in financial terms.

Discuss your assessment with your senior management sponsor and get his/her backing for your position. This is important, because even if he or she has no particular view on the subject, there may be one or more board members whose opinions do not coincide with yours and who may consider themselves greater experts than you on market futures. However wrong you may consider their positions, the case you put forward must accommodate them. If not, they may challenge your assumptions during your presentation and scupper it.

Additional benefits

If your proposal is not entirely justifiable on financial grounds alone, show how it helps to fulfil the concrete objective that your organisation has previously set itself. Energy-saving projects will often yield additional benefits, some of which could even have significant financial value in their own right.

For example:

- A new lighting installation might be cheaper to maintain, as a result of longer intervals between lamp replacements
- The soft-start effect of a Variable Speed Drive, can increase the life of both the motor and the mechanical drive train by reducing electrical stresses and mechanical shocks, which will extend the mean time between failures and consequent business interruptions
- Any control that reduces idle running, will also extend the life of equipment
- For a site operating near the physical limits of its supply connections, reducing peak demand could remove the need for capital expenditure on supply reinforcement when the business is expanding
- Reducing emissions could help meet major customers' supply chain requirements.

Non-financial benefits have sometimes been identified as unexpected bonuses after energy projects have been implemented - examples include:

- Reduced noise in ventilation systems after converting fans to variable speed operation
- Increased maintenance intervals as a result of monitoring the energy consumption of equipment
- Improved comfort and reduced staff turnover in commercial kitchens after training and awareness campaigns showed the benefits of not leaving cooking equipment running unnecessarily
- Enhanced reputation and public relations.

Implementation costs

This is another case where equipment supplier's view is likely to be optimistic and a consultant may be unable to give a reliable estimate. It is risky to rely on a supplier's estimate of project costs - salesmen have targets to reach and (except in the case of a small company), are relatively insulated from the consequences of overselling. Moreover, even the most candid salesman does not have access to all the facts and has to make assumptions about matters such as how difficult it will be to install the proposed equipment or to gain access to your premises.

Again, rely on your Energy Manager for assistance, support, input and expertise. If possible, also talk to other customers with similar installations and ask what their experience was and what were the factors that increased their costs?

You will usually find that firm quotations are necessary before you can decide to take the project idea further - getting reliable quotations will require that your Energy Manager prepares specifications, schedules and coming up with drawings. (Such activities would be part of his/her brief and the fee costs can be absorbed by existing budgets).

Financial analysis

Armed with a view of a chance of a spread in project costs, you can now perform an evaluation and financial analysis, which is an assessment of the viability, stability and also the profitability of your project - get support from your Financial Manager for this important task.

The first step is to calculate the cash flows for the project - there are three main categories:

- Initial investment = project cost-investment tax credits - sale of existing asset $^{+}/_{-}$ tax effect of asset sale.
- Termination cash flows = income from the sale $^{+}/_{-}$ tax effect $^{+}/_{-}$ recovery of net working capital.

Once cash flows have been determined, a valuation method must be chosen - there are four methods to assess the financial merits of your project:

Net Present Value (NPV)

NPV is the difference between an investment's market value and its cost. Essentially, NPV measures how much value is created or added by undertaking an investment - only investments with a positive NPV should be considered to be developed further.

NPV formula =

II + (sum of) [OCF/ (1+R(r)) t] + [TCF/ (1+R(r)) n]

Where:

- II: Initial Investment
- OFC: Operating cash flows in year t
- t: Year
- n: The project's required life span (in years)
- R(r): The project's required rate of return

This equation takes into account the future cash flow your organisation is expected to produce, with the project and discount it to the present. Once done, NPV is found as the difference between the present value of the future cash flow and the cost of investment.

Example:

You are given the task of deciding whether or not a new lighting energy project should be undertaken to reduce escalating operating costs.

The projected cash flows for the project are R2,000 for the first year, R4,000 for the next two years and R1,000 for the fourth year. It will cost R5,000 to start up the project and your organisation requires a 10% return. After four years, the project will be stopped as the lights will have run their lifespan.

Solution:

NPV = -5,000+(2,000/1.10)+(4,000/1.10^2)+(4,000/1.10^3)+(1,000/1.10^4)

NPV= -5,000+1,818.18+3,305.79+3,005.26+ 683.01

NPV= R3, 812.24

Internal Rate of Return (IRR)

IRR is an alternative most often used instead of NPV. The R(r) - project required rate of return - in the NPV equation relies only on the cash flows of the project and not on external rates. IRR uses a methodology very similar to that of the NPV - the key difference is that, when using IRR, one is asking what discount rate (or interest rate) this investment will support? If the IRR is 15% it means that the initial investment will yield an interest rate of 15%, over the life of the project.

Calculating it is difficult because one must first guess the IRR and then run the NPV calculation to see if the result is positive or negative. The estimated IRR is then adjusted (up if the NPV is positive, down if it is negative) and the calculation is repeated until the NPV reaches 'zero', which is the final calculated IRR (the required return that results in zero NPV when it is used as a discount rate).

There is no mathematical approach to find IRR - trial and error is the only way. However, computing has made it easy, getting results in a second, compared to what the analyst might have taken a lot more time to calculate a few years ago.

The advantage of this evaluation method is that it is possible to estimate IRR without knowing the appropriate discount rate. The disadvantage is that it may lead to incorrect decisions in comparison with mutually exclusive investments or if there are unconventional cash flows.

Note:

An investment should be considered if the IRR exceeds the required return. It should be rejected otherwise.

Simple payback method

This method determines the length of time it takes to recover an initial investment - a specific time is selected as a cut-off period for the project to pay back the initial investment.

The easiest way to think of a 'payback period' is the length of time it takes to break even (in an accounting sense).

Example:

A project has an initial investment of R1,000. The first two years have a cash flow of R400 each, the third year R150 and the fourth R200.

The payback period for this investment is the time it takes to produce a cash flow of R1,000.

After the first three years the total cash flow is R950 with R50 to be recovered – R50 divided by the R200 cash flow from the fourth year = 0.25 years (or 3 months).

The payback period is, therefore, 3.25 years.

The advantage of this evaluation method is that it is possible to make an adjustment due to uncertainty of later cash flows. It is also biased towards liquidity since it is biased towards short-term projects.

The disadvantages are that it ignores the time value of money and it does not discount cash flow. In addition, organisations must choose an arbitrary cut-off date - the method ignores cash flows beyond the cut-off date and is biased against projects that require longer time periods to become lucrative.

Note:

Based on the payback rule, an investment is acceptable if its calculated payback period is less than (some) stated number of years.

Profitability Index (PI)

Another quick evaluation method is to look at a project's PI or benefit/cost ratio.

This ratio = present value of future cash flow/initial investment. In most cases the NPV is positive if the PI is more than 1.00 (the NPV is negative if it is less than 1.00).

The PI measures the value created per Rand invested. In other words, if you have a project with a PI of 1.50 for every Rand invested returns R1.50 - a gain of R0.50.

NPV is usually the best choice for measuring project value - here's why:

- NPV assumes that the project's cash flows are reinvested at your organisation's required rate of return whilst IRR assumes it is reinvested at the IRR. Since IRR is higher than the required rate of return for it to be accurate, your organisation would have to keep finding projects that would reinvest the cash flow at this higher rate. It would be difficult to keep this up forever, thus the NPV is more accurate.
- NPV measures project value more directly than IRR because the NPV actually calculates the project's value - if there is more than one project lined up the values can simply be added together to get a total.
- Often during the life of a project cash flows need to be reinvested to cover depreciation, which will result in a negative cash flow for that period, thus leading to more than one IRR. If there is more than one IRR calculating only one IRR for the project is not reliable. NPV must be used for this type of project.

Hurdle rate

For practical purposes, it is best to say that the discount rate is the rate of annual net earnings (excluding the inflation) required for an investment to be worth the effort. However, this rate will not remain the same for all investments. It will depend greatly on the alternatives that are available and, even more, on the risks that the project faces.

It has become customary in many cases to use 8%, but any figure between 6 and 12% would be acceptable. It should, however, be remembered that investments with high levels of risk, need a higher rate of return; if a few other uses can be identified for the available funds it might be acceptable to lower the rate.

Example:

If you require an 8% interest rate on your money then applying an 8% discount rate to the future net benefits of a project will ensure that you get that return. If the amount left (the NPV) is 0, the project is generating exactly the 8% required. If the NPV is positive, you have obtained your required rate (the 8%) and have that sum as a bonus. If the NPV is negative it means that the investment cannot yield the expected 8%; it would have to earn (after discounting) an additional amount equivalent to the NPV amount to achieve break-even.

Financing

If you are contemplating a capital project and do not already know how it would be financed, find out. Your senior management sponsor or Financial Manager will be able to assist you. In some organisations there are formal capital budgeting rounds and this may dictate when your project could commence as you may not be able to access the current year's allocation.

Other organisations have a more flexible approach and some (notably in the public sector) may even have ring-fenced funds earmarked for this type of work. Some projects may not entail capital expenditure. However, they may be affordable out of revenue expenditure because they recover their costs very quickly. In such circumstances, you will need to approach the person who holds the budget for fuel and electricity to agree on a way forward.

Whatever the circumstances in your case, you need to be prepared to answer questions about how the project would be financed and about the criteria used to evaluate it.

Investing in energy-efficient equipment makes sound business and environmental sense. South African businesses have a variety of funding opportunities available to them – for detailed information on these sources go to www.eskom.co.za/idm » Business » Eskom Advisory Service » Funding sources.

Risk

An energy or carbon-saving project may be unfamiliar territory to board members considering your proposal. In their minds, therefore, it will entail a high level of perceived risk and will start at a disadvantage compared with projects related to regulatory compliance and to developing or protecting the core business.

Your business case must, therefore, identify and discuss all the possible risks to show that they have been considered, are containable or controllable.

Technical risk

This will be the hardest to deal with, especially if the proposed project is the first of its kind that your company has undertaken. Put simply, will it yield the savings that you claim? In extreme cases, there may be a risk of the technology not functioning at all. For instance, sulphur in the methane from a sewage treatment works could damage the engine of a combined heat and power system. This is where expert advice from your Energy Manager and specific product endorsements from the same type of user are indispensable.

Cost risk

There is a possibility that either the capital cost or the ongoing running costs end up higher than your budget - ensure that your estimates and quotations are as reliable as possible.

Operational risks

Could the project in any way compromise output? Would it require a shutdown of facilities or processes? Questions to ask would then include:

- What would happen if work ran over?
- Would the work clash with other shutdown projects?
- Are necessary personnel going to be available?
- Once installed, could the new equipment adversely affect product quality, reliability or availability of key services?
- Consider the implications of possible teething problems with the technology and whether the new equipment's maintenance requirements could potentially impact operations
- Most importantly, think about the effect of the workforce being unfamiliar with or being hostile to the idea of having new equipment.

Important:

Your Operations Manager's input and expertise could be crucial in this regard.

Market risks

Consider what effect energy prices might have relative to other costs. What if the price of carbon emission permits were to collapse? What about interest rates? These issues must be faced because your board members will probably have expertise (and opinions) on such subjects. This is another area where your senior management sponsor will be able to advise you.

Circumstantial risks

Extraneous factors could affect the viability of your project, which might include plans for:

- Closure or relocation of the business
- Redundancies or outsourcing
- Takeover of the business
- Change of product mix
- Entering into an energy services contract.

For you, many of these eventualities may be unforeseeable. However, your senior management sponsor may be well aware of them, and although they may be confidential, he/she could indicate whether certain 'hypothetical' scenarios should be included in your sensitivity analysis.

Impending closure or disposal is a very common objection to energy-saving investments, but it deserves special consideration, as in some cases, a capital project could have some residual value to a new owner. This is especially true for improvements to buildings, where an improved Energy Performance Certificate (EPC) rating could add to their market value.

Finally, your analysis should also discuss the risks attached to not proceeding with the project. In particular, consider reputational risk and regulatory risks posed by impending legislation.

Checklist for building a business case in conjunction with your Energy Manager	**√**
Know the residual life of affected assets.	
Evaluate the project cost.	
Evaluate the requirements for other projects.	
Calculate the cost.	
Calculate the energy and carbon savings.	
Estimate the project life.	
Identify sources of funding.	
Work out a project timetable.	
Calculate the Internal Rate of Return (IRR) and the Net Present Value (NPV).	
Carry out risk analyses.	
Consult other interested parties.	
Identify any non-financial benefits and list it as project bonuses.	

Drafting your proposal

Your proposal needs to make it easy for people to see at a glance, what you want from them and why. Your proposal will also need to provide sufficient details to satisfy the needs of diligent critics. Ask your Energy Manager to guide and help you with his/her insight and expertise throughout the drafting process.

Understand your audience

The board or other decision-makers that you want to influence will undoubtedly have their own preoccupations and objectives. You need to find out what these are, so that you can align your business case with their goals. This will help you avoid situations that either conflict with their objectives or create potential problems (real or imagined).

Remember that you will not only have to satisfy corporate objectives, and perhaps individual ambitions as well. This is partly why it is so important to have an ally in the form of a senior management sponsor. Perhaps the most important question you should ask yourself as you prepare your proposal and presentation is: "What do I have to say that the board members want to hear?"

Brevity, clarity and certainty

A written proposal must have 'the complete story, in simple terms' on the first page. Details are not relevant here: They can follow in the body of the document.

You must make it easy for board members to absorb your message quickly, and entice those who are interested (and have the time) to read on. Do not expect everyone to have read the paperwork before the presentation.

The body of the proposal must be written in a clear and logical style. Since the project will be technical in nature it will be helpful to include layman's explanation of technology in question, before going on to say how you propose to apply it. Structuring the written proposal well means not only that your target audience will be able to follow your presentation, but more importantly, you will be able to direct them quickly to appropriate tables and diagrams during the presentation.

Ask your Energy Manager and senior management sponsor for examples of past proposals that he/she would regard as exemplary.

Ideally, you should give just one clear recommendation the board can endorse. There may be alternatives (in which case it is a good idea to show that you have considered them), but if you leave the board with options to choose from, you are not prepared. Remember that your partnership with your Energy Manager, with more expertise than the board in energy and carbon management - will make your proposal more acceptable.

Tips from senior management

Keep it real

There is danger of making the proposition too abstract, when promoting energy- and carbon-saving initiatives. This will be particularly true if your financial case is weak and you are playing the 'corporate social responsibility' card. It is tempting to exploit current media interest in climate change and to present global or moral concerns as drivers for action. However, this is a hazardous tactic.

If your proposal is not entirely justifiable on financial grounds alone, our advice is to show how it helps to fulfil a concrete objective that the organisation has previously

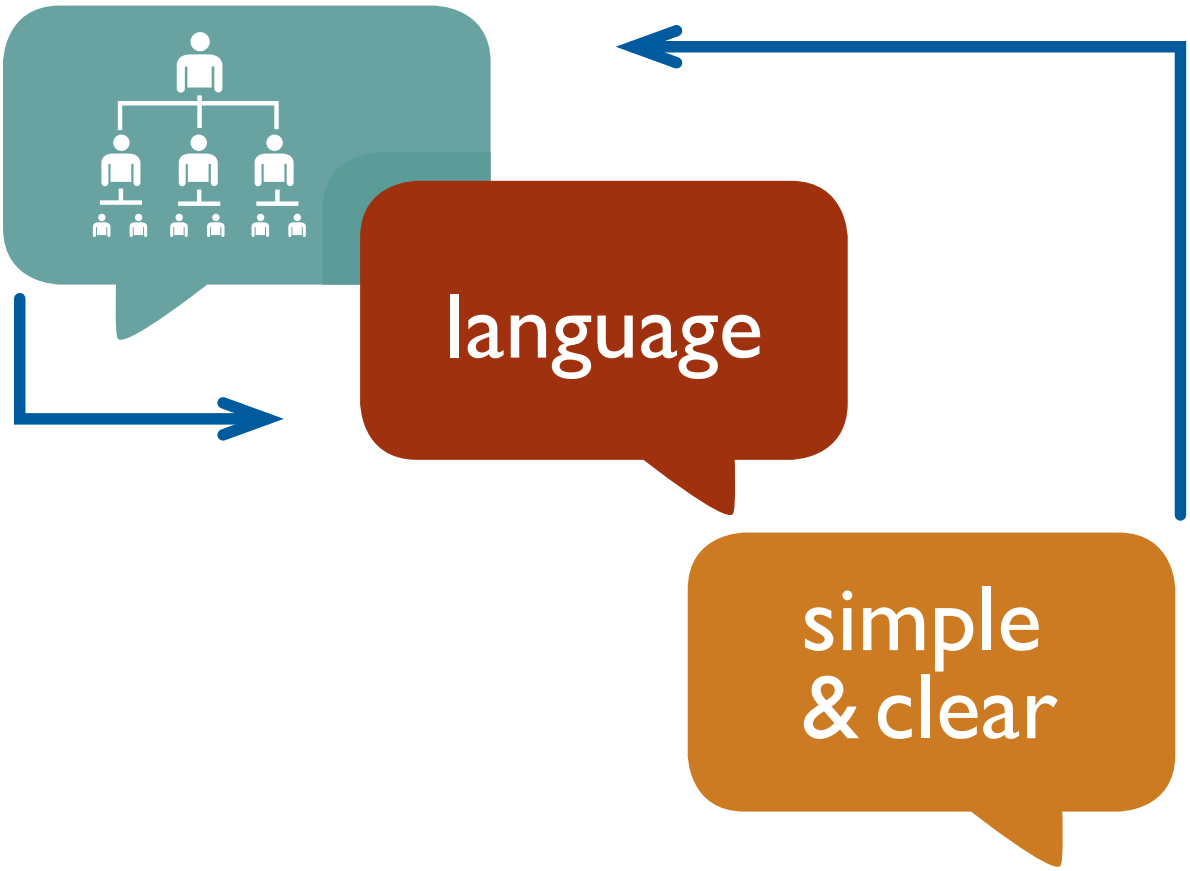
set itself. In other words, show that it helps the board to keep a promise they have already made. This is one of the reasons for developing and adopting a corporate energy policy, a statement of intent that enables certain types of decision to be made quickly because the issues have been debated already.

Watch your language

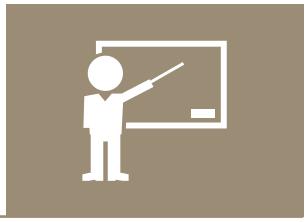
Inconsiderate use of jargon, acronyms and specialist technical terminology is one of the main reasons proposals are rejected at board level. So, when framing your written proposal, or when presenting it in person, be careful to define or explain any specialist technical terms that you use - ask you Energy Manager to help you. Avoid using emotive terms and be wary of adverse comparisons with competitors, which could be seen as disloyal. If you need to make such comparisons be positive: Not, "we are lagging behind", but, "we can do better than they are". It is important to bear in mind that a few, if any, of the decision-makers will have specialist knowledge on energy or carbon management. That may be true even of a Technical Director, whose expertise is far more likely to relate to the organisation's core business than to energy systems. Another more subtle aspect to the language barrier is that some of the ordinary words you use ('asset', or 'target', for instance) will mean different things to different people. Use more concrete and specific terms if possible.

Where possible, use diagrams rather than tables of numbers. Include relevant visual material like plans and photographs, which will make the document more attractive and easier to follow. Moreover, it may be that some of the people you are trying to influence are not even familiar with the site you are talking about - having a picture of it will help to make your proposal more concrete in their minds.

Unless you express your ideas in a language the board can understand, the most sympathetic of them may give up the struggle to interpret the argument behind your recommendations and opt for the safe response: rejection.



Presenting your proposal



Regardless of how well-written your proposal, its chances could be diminished if you do not present it in a convincing way. Be brief and to the point, but don't assume that everyone has read your written proposal.

This section assumes that you will be presenting the business case in person. If, however, you cannot be there yourself, we fall back on our earlier advice to work closely with the Energy Manager and a senior management sponsor. Consult and involve them throughout the development of the proposal, so that they can be effective and committed advocates on your behalf.

Be prepared

First, before you even get to the presentation, prepare thoroughly: Know the most often used salient facts about the project and be prepared to defend it in-depth. Try to anticipate possible questions (with help from your Energy Manager). Rehearse, not necessarily word for word, but at least the key 'waymarks'.

Insert all relevant tables, figures and charts in your supporting paperwork, which you can refer to during your presentation. Board members could well feel more comfortable being able to study them at their own pace, rather than trying to keep up with the slideshow.

See if there are any relevant 'props' you can use. For example, to promote a controls project, hand around an example of some key components.

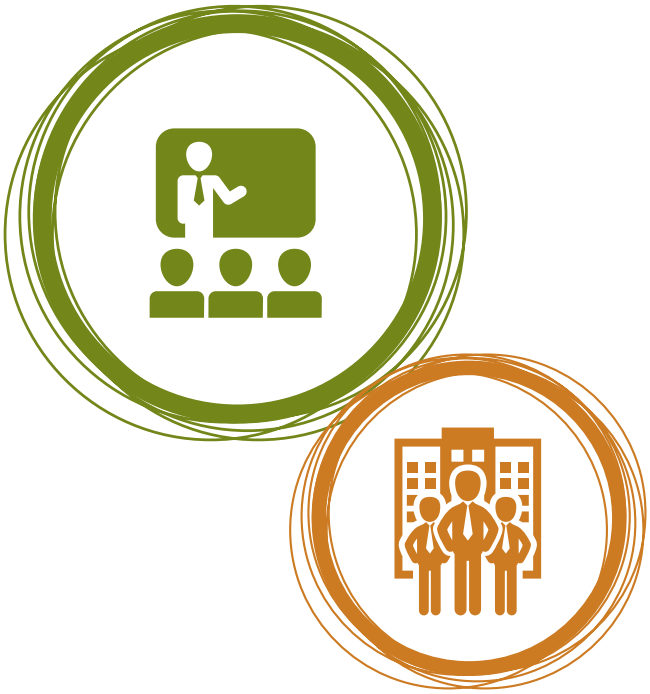
On the day

When you are standing in front of the board:

- Be sure that everyone can see you comfortably - in all but the smallest meetings, stand rather than sit
- Introduce yourself briefly
- Set the scene with a clear statement identifying the corporate goal that you are addressing and, in a simple summary, your proposal for the organisation.

Tips from senior management

- Explain that your presentation is only a summary and that all the facts, assumptions and background details are in the written proposal and supporting paperwork.
- If necessary, give some technical background in the simplest possible terms.
- Elaborate on the proposed course of action.
- Focus on the objective, which is to get agreement on your recommended course of action - don't get distracted and forget to get to the point.
- Restate your recommendation.
- Answer questions.
- If you do not get a clear decision, ask for one.
- Stop when you get the decision - resist the temptation to keep talking.
- Thank your audience and leave.
- Throughout your presentation try to keep making eye contact with everyone in turn - be confident, be respectful and don't be arrogant.



Maintaining Momentum

Implementing the proposed project and monitoring its success are as much part of the process as getting approval in the first place. Make sure that you publicise your successes and keep a list of these for future use.

If you get the decision you wanted, be prepared to act on it straight away. If you let an approval lapse you will damage your hard won reputation and perhaps alienate your senior management sponsor (if you have one). Verify the achieved energy and carbon emission savings when the project has been completed; savings will vindicate the board's original decision to support your idea and perhaps to justify replicating the project elsewhere.

Monitoring is crucial because there is always a risk that the project does not work, in which case you need to know about it so that you can correct any flaws. For example, improved automatic controls may need proper commissioning or tuning to have the full effect.

Make sure that you publicise your successes and keep a list of them for use in the future. Make use of intranet pages, staff newsletters and other internal communication channels to keep everyone in the picture and to elicit feedback.

Give credit where it is due - acknowledge your Energy Manager and senior management sponsor and other colleagues or members of the workforce who supported you.

Finally, be ready with your next brilliant idea - in some organisations they can be a valuable way of using budget surpluses near the end of the financial year.

Credits:

- www.carbontrust.com

The Eskom Energy Management Information Pack comprises:

Energy management action plan	Brochure 1
Business case for energy efficiency	**Brochure 2**
How to do a walk-through energy assessment: methodology and checklist	Brochure 3
Creating an energy awareness programme: behavioural change at work	Brochure 4
HVAC systems: energy-efficient use and technologies	Brochure 5
Energy-efficient solutions: an overview of technologies	Brochure 6
Green growth cycle: energy efficiency in support of competitiveness	Brochure 7

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