

From Insight to Investment:
**The Business Case for
Energy Management**

The Business Case for Energy Management

Energy management is no longer a back-office task, it's a strategic imperative. Learn how **forward-thinking Commercial & Industrial (C&I) businesses are improving profitability, resilience, brand trust and competitiveness by prioritizing energy management.**

Leaders today are capturing direct and indirect benefits through strategic energy management, including cost savings, improved operations, enhanced productivity and stronger brand positioning. Highlights include:

- **Direct Savings** Efficiency programs can deliver **10 - 30% in direct energy cost savings within three years^[1]**.
- **Indirect Savings** Efficiency programs can generate indirect savings such as lower maintenance costs, reduced risks and longer equipment lifespan, offering **up to 50% additional savings on top of direct savings^[1]**.

Securing buy-in for an energy management program can be challenging. This resource will equip you to engage your team and align stakeholders across your organization.

We'll explore:

- The value of energy management _____ Pg 3
- Business benefits _____ Pg 4
- Up front and ongoing costs _____ Pg 5
- How to build your case _____ Pg 6
- Resources to evaluate your case and costs _____ Pg 7



In addition to these topics, templates, calculators, case studies and action items are included to guide your next steps in the business case process.

The Value of Energy Management

Energy management isn't just about cutting your electric bill; it's about improving operations, brand trust and compliance, while building a more resilient enterprise.

While some leaders are familiar with the benefits, many express a common hesitation: the perceived cost of embracing these strategies. This paper will explore the benefits and weigh them against the costs.

Direct Savings

Strategic energy management delivers a variety of bottom-line benefits, including cost savings, price reductions and rebates.

Research shows that energy efficiency programs can save **10% - 30% of direct energy costs within three years**^[1].

1. Save by Managing Energy Demand

Beyond efficiency, many energy providers offer reduced rates for load shifting and avoiding peak demand. This helps businesses reduce demand charges, which can account for 30 - 70% of monthly bills^[2].

2. Save with Energy Efficient Upgrades

Companies can also earn utility-sponsored rebates on efficient products, like lighting, air nozzles and heating, ventilation and air conditioning (HVAC). Comprehensive retrofits, often involving upgrades to lighting and HVAC, can capture 15 - 40% in energy savings^[3].

High-impact upgrades may include demand control ventilation, air economizers, energy recovery systems or automation controls^[4]. Upgrading rooftop units alone can reduce energy use by 30% - 50%, with annual savings ranging from \$1,000 to \$3,700 per unit, depending on building type and size^[5].

Indirect Savings

The indirect savings of energy management are equally compelling. These include reduced downtime, lower maintenance costs and strengthened brand image^[6]. These savings amplify the value of energy investments, adding as much as 50% on top of the direct financial returns of reduced energy costs^[1].

1. Reduce Downtime

Advanced energy management practices, like predictive analytics and smart monitoring, help businesses anticipate energy-related equipment failures. By identifying issues early, businesses can schedule maintenance at planned intervals rather than reacting to unexpected shutdowns. This proactive approach reduces financial and productivity losses from unplanned outages^[7].

2. Reduce Maintenance Costs

Energy efficient systems place less strain on equipment, reducing wear and tear over time. As a result, organizations experience fewer mechanical issues, fewer repairs and longer equipment lifespans. Regular monitoring and optimization further contribute to lower costs and help preserve the value of capital investments^[8].

3. Strengthen Brand Reputation

Businesses embracing energy management have strong engagement with their suppliers, customers and workforce. For example, Walmart's Project Gigaton engages suppliers to reduce emissions across its supply chain, helping strengthen supplier relationships and enhance the company's brand reputation^[9].

More Than Savings: Business Benefits of Energy Management

Beyond financial returns, energy management offers benefits to organizational resilience, stakeholder trust and long-term goals. These advantages can be just as impactful as cost savings when evaluating the full value of an energy management strategy.

Enhanced employee safety, morale and retention are powerful outcomes of energy management. Improvements in lighting, air quality and temperature control, common results of energy efficient upgrades, can create a more comfortable and productive work environment. These improvements positively influence employee well-being and performance^[10].

Beyond internal workforce benefits, energy management supports broader objectives, including supply chain collaboration, industry partnerships and regulatory compliance.

1. Supply Chain Collaboration

Collaborating with suppliers on energy efficiency can strengthen supply chain resilience and transparency. These partnerships encourage the adoption of efficient, sustainable practices across the value chain^[11]. Since energy is a significant contributor to the cost of doing business, effective energy management helps reduce risks by limiting exposure to volatile prices in production, logistics and other energy-intensive inputs. Solutions like on-site electricity generation and long-term supply contracts can improve cost predictability and lessen dependence on external factors^[1].

2. Industry / Expert Partnerships

Forming partnerships with third-party experts, peers and industry alliances can accelerate the adoption of advanced energy practices. These collaborations allow businesses to share insights, leverage technical expertise and co-develop solutions tailored to sector-specific challenges. In a complex energy landscape, staying connected to broader knowledge is critical to maintaining a competitive edge.

3. Regulatory Compliance

With energy regulations rapidly evolving at all levels, compliance has become a key consideration for C&I businesses. Many jurisdictions now require energy benchmarking for large buildings^[12]. For instance, the City of

Ann Arbor's City Council unanimously adopted City Code 104 in October 2021 which requires owners of buildings larger than 20,000 sq. ft. to track and report their energy and water use^[13]. This data is reported annually to the city and non-compliance can result in financial penalties^[14].

Organizations that proactively invest in energy management are better positioned to meet current requirements and adapt to future policies. In contrast, non-compliance can lead to reputational damage and costly penalties. Through benchmarking, disclosure and reporting practices, businesses can stay ahead of regulations and show accountability to customers, investors and the public^[15], ^[16].

Lessons From the Field

Hear business leaders from across the region share their approach to energy management.



Energy Management and Decarbonization Part 2: The Journey in the Practice

[Watch the Webinar](#)

Costs of Energy Management

While the benefits of energy management are substantial, they can come with upfront and, sometimes, recurring costs. Understanding these costs is essential for developing a robust business case and aligning stakeholders on the value of energy management.



One-Time Costs

Initial assessments and planning form the foundation of any energy management strategy. Efficiency assessments help businesses understand their current energy use and identify strategic opportunities. The cost of assessments varies, with a typical range of \$0.10 - \$0.50 per sq. ft. for commercial buildings^[17]. Many energy providers offer free energy assessments for C&I businesses exploring energy management strategies.

Infrastructure and equipment upgrades are often the most visible upfront investments. Replacing or retrofitting outdated systems, such as lighting, HVAC and industrial equipment, can yield significant savings over time, but usually requires substantial capital. Taking a lifecycle or total cost of ownership approach can help justify these expenses by accounting for long-term savings, maintenance and operational efficiency.



Recurring Costs

In addition to upfront investments, energy management involves ongoing expenses that should be factored into long-term budgeting and ROI analysis. Costs can include parts, service, monitoring tools and labor. Proactively managing these needs helps extend equipment lifespans, avoid repairs and preserve energy savings over time^[18].

It's key to gather as much information as possible in advance of shaping your strategy and business case.

Consider potential tax incentives for new equipment, calculate direct cost savings and assess indirect benefits to design a strong energy management program that builds organizational alignment and demonstrates value.

How to Make the Case for Energy Management

Securing buy-in is often one of the biggest hurdles for any energy management initiative.

Internal stakeholders are typically focused on either immediate operational efficiency or long-term strategic growth. Successfully advancing your energy plan means speaking their language, showing how energy management directly fuels their priorities and building a compelling case for each.

Appealing to Operations-focused Colleagues

Profile: These teammates (e.g., Ops. Managers, Facility Engineers, Finance, Audit) are focused on immediate performance, costs and daily operations. They are often skeptical of long-term, non-financial outcomes and respond more to tangible, short-term results.

Effective Messaging Strategy:

- **Emphasize reliability and cost savings.** Frame energy management as a tool to reduce waste, avoid unplanned downtime and lower costs.
- **Highlight hidden financial opportunities.** Call out opportunities to earn rebates and tax credits. These are direct savings that appeal to cost-conscious teams.
- **Use data-driven ROI tools.** Highlight simple payback periods, maintenance cost reductions and productivity gains (e.g., improved HVAC performance or equipment lifespan).
- **Showcase peer case studies.** Show results from similar-sized businesses or within the same sector to build credibility and reduce perceived risk.

Appealing to Strategy-focused Colleagues

Profile: Typically, in long-term strategic planning or risk management roles, these stakeholders are focused on long-term investments, innovation, strategic growth and risk mitigation. They are primarily motivated by brand appeal and sustainability and prioritize strategic energy management in achieving these goals.

Effective Messaging Strategy:

- **Position energy management as a key lever for long-term strategic growth and organizational resilience.** Link energy investments to future energy demand and reliability needs, broader sustainability targets, supplier scorecards, regulatory compliance and resiliency planning.
- **Highlight energy management as core to brand value and corporate goals.** Frame projects as improving stakeholder alignment, competitive differentiation, employee satisfaction and brand loyalty.
- **Showcase energy investments as forward-looking leadership, driving positive business impacts.** Connect energy management initiatives to highlight business outcomes. Whether it's increasing production capacity, delivering higher quality healthcare, enhancing learning environments or elevating service, show how energy strategy supports the organization's long-term competitive position.

Resources to Evaluate Your Business Case – and Fund Your Projects

Templates and Calculators to Evaluate ROI:

Several organizations provide free, user-friendly calculators and templates to assess the financial ROI of energy projects:



ElecCalculator **Energy Savings ROI Calculator**

This template helps evaluate financial benefits of energy efficiency investments.

[Go to Calculator](#)



Lawrence Berkeley National Lab Commercial Building Energy Saver

Offers detailed modeling and cost-benefit analysis for building upgrades.

[Learn More](#)

Grants, Tax Incentives and Funding Resources:

External funding can help make energy management projects financially viable. Tools exist to help businesses offset costs and accelerate implementation. Below is a comprehensive resource that helps identify and access funding opportunities tailored to your project.

Note: Policies and programs are subject to change. Certain deductions, incentives or grants may have specific timelines of eligibility and availability. Please contact your utility or tax advisor for the latest guidance.



Better Buildings U.S. Dept. of Energy **“Funding and Incentives Resource Hub”**

[Learn More](#)



Ready to Get Started?

Your Partner in Energy Management

You don't have to take on energy management alone. From free consultations to calculators, rebates and expert support, there are resources available to help you build a business case and move from planning to action. The sooner you begin, the sooner your business can start saving energy, cutting costs and moving toward long-term success.

For more information, visit:

Energy Solutions Management for Your Business at Consumers Energy

[Learn More](#)

References

- [1] Straehle, O., Petrick, K., Stierli, F., & Bron, A. (2013). Hidden Treasure: Why energy efficiency deserves a second look. Bain & Company. Retrieved from bain.com
- [2] Clean Energy Group, & National Renewable Energy Laboratory. (2017). An Introduction to demand charges. Clean Energy Group. Retrieved from cleanegroup.org
- [3] Srivastava, R. & Mah, J. (2022). Moving The Needle on Comprehensive Commercial Retrofits. American Council for an Energy-Efficient Economy. Retrieved from aceee.org
- [4] U.S. Department of Energy. (n.d.). HVAC Retrofit. U.S. Department of Energy. Retrieved from energy.gov
- [5] U.S. Department of Energy. (n.d.). Upgrade your RTUs and Reduce Energy Use by 30 to 50%. Better Buildings Solution Center. Retrieved from betterbuildingsolutioncenter.energy.gov
- [6] State and Local Energy Efficiency Local Action Network. (2015). Saving energy in industrial companies: Case studies of energy efficiency programs in large U.S. industrial corporations and the role of ratepayer-funded support. US Department of Energy. Retrieved from energy.gov
- [7] Panda, D. (2025). Find your path to a sustainable future: Reducing unplanned downtime through proactive electrical asset management. Schneider Electric Blog. Retrieved from blog.se.com
- [8] U.S. Environmental Protection Agency. (n.d.). Operation and Maintenance Best Practices. ENERGY STAR. Retrieved from energystar.gov
- [9] Walmart. (n.d.). Project Gigaton. Walmart Sustainability Hub. Retrieved from corporate.walmart.com
- [10] Agha-Hosseini, M. M., El-Jouzi, S., Elmualim, A. A., Ellis, J., & Williams, M. (2013). Post-occupancy studies of an office environment: Energy performance and occupants' satisfaction. *Building and Environment*, 69, 121-130. Retrieved from sciencedirect.com
- [11] Rindos, A. (2025). How supply chain collaboration can make businesses more sustainable. SupplyChainBrain. Retrieved from supplychainbrain.com
- [12] Institute for Marketing Transformation. (n.d.). Map: U.S. city, county, and state policies for existing buildings: Benchmarking, transparency and Beyond. Retrieved from imt.org
- [13] City of Ann Arbor, Michigan (n.d.). Energy and Water Benchmarking and Disclosure Ordinance. Retrieved from a2gov.org
- [14] City of Ann Arbor, Michigan (n.d.). Energy and Water Benchmarking Frequently Asked Questions. Retrieved from a2gov.org
- [15] U.S. Environmental Protection Agency (n.d.). The business case for energy-efficient buildings. ENERGY STAR. Retrieved from energystar.gov
- [16] Energy Security. (n.d.). Regulatory compliance in highly regulated energy sectors. Energy Security. Retrieved from energy-security.org
- [17] Anez-Lobon, G. (2025). Commercial energy audit cost per square foot (& what is Included). FES Lighting. Retrieved from blog.feslighting.com
- [18] Kneifel, J., & Webb, D. (2020). Life cycle costing manual for the Federal Energy Management Program (NIST Handbook 135, 2020 edition). National Institute of Standards and Technology. Retrieved from nist.gov