



## ENERGY POLICY VS. ENERGY PLAN: DEFINITIONS, COMMONALITIES AND DIFFERENCES

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**E**stablishing both an energy policy and an energy-improvement plan (aka, an energy plan) is crucial to the successful integration of Strategic Energy Management (SEM) into core business priorities and processes. These interrelated but discrete activities create the required conditions for long-term SEM success, including persistence of savings and continuous energy improvement.

Despite the importance of both an energy policy and an energy plan, the definitions of these respective terms are not uniformly agreed upon across all SEM practitioners. To help guide consistency and cohesion within the SEM community, this document defines these two discrete activities while outlining their differences and the ways they relate to and support one another.

## ENERGY POLICY

A written statement of an organization's aims and priorities for energy use and management that guides and governs SEM efforts.

## ENERGY PLAN

A document that operationalizes the energy policy by providing a roadmap detailing how the organization will improve energy performance to achieve goals.

### COMMONALITIES

Both help integrate SEM into core business priorities and processes.

Both must be customized to cohere with a company's culture, practices and needs.

Both support continuous improvement and improved long-term outcomes.

In general terms, an energy policy details the "why" of energy improvement, while an energy plan details the "how."

## ENERGY POLICY

## ENERGY PLAN

### DIFFERENCES

Governs and guides SEM activities.

Operationalizes SEM activities.

Fulfills Consortium for Energy Efficiency's (CEE's) SEM Minimum Element 1: Commitment.

Fulfills CEE's SEM Minimum Element 2: Planning and Implementation.

Establishes long-range objectives and goals.

Develops strategies and plans near-term actions to meet those objectives.

Assigns accountabilities and allocates human resources for the SEM effort.

Details the ways in which the SEM will be implemented by the energy champion and energy team.

Secures the support of senior management, who will finalize, announce and own the energy policy.

Exercises the knowledge and capabilities of the energy champion and energy team, who will develop and implement the energy plan on an ongoing basis.



## ENERGY POLICY

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The energy policy connects high-level energy management goals to the organization's core business objectives. With senior management leading the support, the energy policy documents an organization-wide commitment, establishes high-level accountability, and provides a foundation for resourcing the SEM initiative.

### **Best Practices**

- Developing an energy policy should be one of the first steps in SEM implementation, as it secures the executive leadership support that is an essential foundation for success.
- An energy policy should be simple and clear enough to communicate to staff, management, shareholders and stakeholders.
- For ease of adoption into standard business practice, the energy policy should be customized to fit your particular business and leadership preferences. For example, it should be similar in structure to other company policies, such as those guiding safety or sustainability.
- More detailed energy policy statements may begin to resemble a "plan," but the primary purpose of developing and communicating an energy policy is to ensure organizational commitment to SEM and garner alignment around SEM objectives.

See the *Resources section* below for examples of company energy policies ranging from very short, simple statements of commitment to detailed documents setting out specific goals, assigning accountability and establishing high-level strategies and activities.

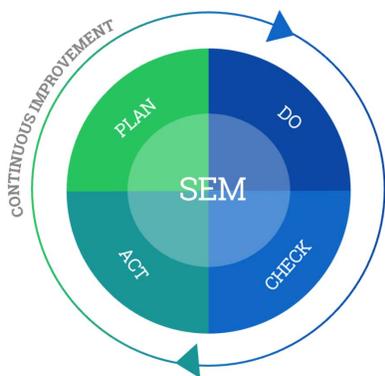
# ENERGY PLAN

The energy plan embeds the holistic structure of SEM in a detailed plan of action. This plan should primarily focus on:

- Understanding where and how energy is used in current operations
- Identifying energy waste
- Prioritizing opportunities to save
- Determining roles and resources needed to implement high-priority projects
- Establishing a methodology to measure and track savings outcomes

An energy plan is often a written document that should be frequently revisited. It is developed, updated and executed by those responsible for SEM implementation, usually the energy champion and energy team. However, it should be vetted and agreed to by leadership and all departments that will be affected or involved in implementing the changes.

SEM planning and implementation are highly interrelated, as they are based on a Plan-Do-Check-Act strategy that supports continuous improvement. This makes planning an ongoing action embedded throughout SEM implementation.



While the definition of “energy policy” is relatively straightforward, an “energy plan” can mean different things to different organizations. This variety of potential definitions is demonstrated by the list of examples in the **Resources section** below. Given the many potential ways an energy plan can take shape, each organization must determine the right approach based on their operational specifics and resource availability.

## Best Practices

- Some organizations, like hospitals, wastewater treatment facilities, state governments and manufacturing plants, develop longer-range, detailed plans for facility planning and investment. These organizations should align energy plans with company culture to make sure energy efficiency is prioritized and resourced.
- Other businesses, such as retail and leased offices, may focus on optimizing operations while responding to daily challenges associated with supply chains, materials, occupancy or market circumstances. These businesses may prefer an iterative approach of investigation and action instead of the long-range planning of a written energy plan.
- Developing a written energy plan may be particularly helpful when a company has hired an external consultant to help plan and implement SEM, or when the company has assigned an internal full-time energy manager who holds primary responsibility for SEM implementation. In these circumstances, developing and vetting the energy plan internally can engage the broader organization in the effort, which is essential to the ultimate success of SEM.
- Most utility SEM programs have a structure that takes participants through the major steps of SEM planning and implementation within one to two years. Typically, these programs do not produce a written “energy plan,” but instead focus on the components of planning and implementation of energy improvements. For those participating, this combines the time spent on planning activities with iterative implementation of changes to achieve quick wins that immediately begin to make progress toward goals. In this case, the structure of the utility SEM program itself is the “energy plan,” as it provides a roadmap for how to improve energy performance.

# ENERGY POLICY/PLAN RESOURCES

Document/platform	Energy policy	Energy plan
<a href="#">CEE SEM Minimum Elements</a>	SEM Minimum Element 1: Customer Commitment	SEM Minimum Element 2: Planning and Implementation
<a href="#">ENERGY STAR® Guidelines for Energy Management</a>	Step 1.3 Instituting an Energy Policy  Appendix 2: Sample policies	Step 4: Create an Action Plan
<a href="#">50001 Ready Navigator, U.S. Department of Energy</a>	Task 5: Energy Policy Statement	Tasks 7-13: Planning
SEMHUB, Northwest Energy Efficiency Alliance	<a href="#">How to Write an Energy Policy</a> (online course)	<a href="#">How to Create an Energy Plan</a> (online course)  <a href="#">SEM Plan Template</a>



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