

# Hospitals and Healthcare

In the highly regulated and risk-adverse healthcare industry, energy use is often viewed as a fixed cost, causing energy efficiency improvements to be overlooked in favor of larger operational goals, directly related to the health of their patients. Sensing an opportunity to create significant energy savings, the alliance launched its 10-year Hospitals and Healthcare Strategic Energy Management (SEM) initiative in 2005 to increase awareness of Strategic Energy Management Plans (SEMPs) and foster energy management integration into standard business practice.

## Our Role in Market Transformation

**Innovation:** The alliance worked with large Northwest hospital systems to set energy efficiency goals for their organization, commit to a SEM plan and implement energy projects. Decision-makers were able to evaluate energy projects in a way that diminished perceived barriers and aligned with the core mission of their healthcare system, encouraging the adoption of SEM in operational habits, practices and planning.

THE ALLIANCE FOUND THAT, ALTHOUGH NO HEALTHCARE SYSTEMS IN THE U.S. HAD PREVIOUSLY USED SEM, MANY COULD ACHIEVE UP TO OR BEYOND A 20 PERCENT REDUCTION IN ENERGY COSTS.

**Action:** The alliance leveraged close relationships with executives to gain SEM commitment and support for operational staff. A diverse range of consultants and utility partners helped influence SEM plan adoption in healthcare system organizations. Integrated design in new facility construction and energy audits, upgrades and fine-tuning of existing systems in existing buildings led to increased efficiencies in building operation and maintenance practices.

**Outcome:** Multiple healthcare providers across the U.S. have now adopted SEM programs. Energy costs are now viewed as manageable instead of fixed, and, from 2010 to 2015, the overall adoption of SEM rose from 40 to 60 percent in Northwest hospitals. In addition to cost savings, added benefits such as improved patient comfort and industry recognition are forwarding the efficiency conversation nationally, driving awareness and uptake even as the alliance withdraws its involvement.



# Innovation Action

## DELIVERING LONG-TERM SAVINGS ON REGIONAL INVESTMENTS

Thanks to the Hospitals and Healthcare initiative, as of 2014, Strategic Energy Management Plans (SEMPs) were in place at half the hospitals in the Northwest. Energy efficiency continues to permeate the regional industry, with 96 percent of participating hospitals and 71 percent of non-participating hospitals reporting improvements in energy performance.

Market Progress Evaluation Report 7, March 2015



Barriers including a lack of awareness, multi-year payoffs and the perception of energy as a fixed cost provided an opportunity for savings.



The alliance formed one-on-one partnerships with healthcare providers, demonstrating how SEM could align with larger operational goals.



Where SEMPs were integrated into facility upgrades and operations, energy savings of 20% or more was allowed in most healthcare systems.



Healthcare providers across the Northwest and the U.S. have started using SEMPs, creating ongoing savings beyond the initiative's 10-year scope.

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BY HEALTHCARE  
INDUSTRY ANNUALLY

836  
TRILLION

HOSPITALS IN U.S.  
USING SEMPS  
PRIOR TO 2005

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SEMP UPTAKE ACROSS  
THE ENTIRE NORTHWEST  
HEALTHCARE MARKET

40-60%

PARTICIPATING  
HOSPITALS REPORTING  
ENERGY SAVINGS

96%

## TOGETHER We Are Transforming the Northwest



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