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Inside: New Trends and Emerging Technologies

A Volunteer Energy Savings Committee Works Hard to Benefit Their Corporation

By Joe Mazzotta

ESSEX Condominium Corporation No. 35 is a 413-unit highrise located at 150 Park Street West, in the heart of downtown Windsor, Ontario. For 25 years the building had bulk metering of electricity supplied to all units as part of the common services. The corporation includes 13 ground floor commercial units and 400 residential units reaching 31 floors in height. All units have individual heating and cooling systems powered by electricity.

For a number of years the board of directors knew that they had to find ways to reduce the energy costs of the corporation. Energy costs represented over 50 per cent of the yearly budget, and were on the increase with each passing year. The board knew that electricity rates could only go in one direction as Ontario began lifting the cap on a commodity that had been kept artificially low for many years. Fearing that rates might really take off (similar to what happened in many parts of the U.S.), the board began looking seriously at ways to reduce the energy costs of the corporation.

It was believed that many of the commercial units were using an excessive amount of electricity, while they enjoyed some of the lowest condominium fees within the corporation. Some commercial units were consuming electricity in amounts that approached ten times the condominium fees that they were paying in any given month. There was clearly an inequity with many commercial units. It was also felt that many residential units frequently wasted electricity unnecessarily. You would often see lights and air conditioners running in units that were not occupied. The energy consumption problem was further compounded by the fact that many residential units had old and dilapidated baseboard heating systems. Some

From left to right – John Sheridan, Dave White, Richard Symons, Energy Committee members.

residents were controlling heating levels by opening windows as their baseboard heaters were operating on full heat 24/7, due to non-functioning thermostatic controls. Winter heating represented the largest part of the yearly energy cost, followed by summer air conditioning.

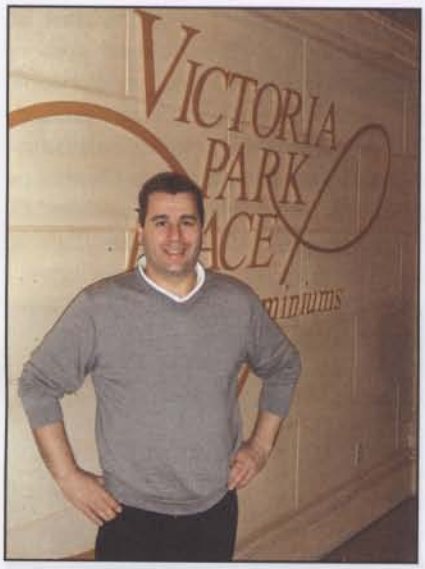
Energy Exploration

The board agreed to set up an energy committee comprising existing and past board members who were willing to volunteer their time on behalf of owners. The exploratory committee was made up of three individuals – John Sheridan (past president), Richard Symons (past board member), and Dave White (president). The committee was determined to seek out and review projects that had the possibility of reducing energy costs for the corporation. These three individuals had completely different personalities, but they worked in harmony to achieve a common goal. Their tenacious approach gathered the attention of various politicians, including Dwight Duncan and Premier McGuinty's office as they explored government funding sources for potential projects.

The committee explored alternative energy sources such as geothermal, wind and solar, as well as alternate energy suppliers. The committee even considered the possibility of the corporation generating its own electricity onsite. Committee members traveled throughout the province attending various conventions, and visiting other residential properties. While many potential systems were considered, it was difficult to find a single project that appeared feasible given the requirements and constraints of the corporation.

Project Partners

The committee considered the possibility of sub-metering all units for electrical consumption, and stumbled upon Siemens Building Technologies (SBT) operating out of the London and Stoney Creek branches. The committee approached Siemens representatives and found that their SBT division offered a program that advertised reduced electrical consumption, with project costs covered by the energy savings. The program appeared to be very simplistic in nature, with few drawbacks and was realistically achievable physically and financially. Siemens first offered to conduct a preliminary analysis of the building, followed by a more in-depth secondary analysis. The third step would lead to a comprehensive performance-contract and guaranteed energy savings project between the two parties. The program would address the need to reduce energy consumption within the building, while meeting all physical and financial constraints. The only limiting factor seemed to be the administrative challenge of selling the program to the ownership. The thought of that daunting task didn't discourage the members of the energy committee one bit. They knew that the program could be sold on its merits and they rolled up their sleeves to tackle the project. The board approved the preliminary analysis, followed by the secondary analysis. Fifty per cent of the study costs were reimbursed to the corporation through available



Joe Mazzotta – property manager in the lobby of the building.

government grants.

Upon completion of the feasibility studies Siemens came up with a number of energy savings recommendations. The projected yearly energy savings was estimated to be large enough to pay down the debt that would be required to undertake the project over an eight-year term. SBT's recommendations covered various items such as lighting conversions, building envelope sealing, and changes to mechanical systems such as domestic water pumps and garage ventilation. The most important part of the proposal was to have all units sub-metered for electrical consumption. Under the program Siemens would guarantee a minimum savings of 20 per cent in the yearly electrical consumption of the corporation. Siemens cited past studies that noted a 25 per cent difference in electrical consumption between bulk-metered and sub-metered residential units. The 20 per cent savings guarantee was slightly on the conservative side.

By using a sub-metering system from Carma Industries, the Siemens proposal could meter all units within the corporation despite the limited amount of common area utility space. With the financial and physical variables sufficiently addressed by the Siemens proposal, it came down to the energy committee being able to gather the necessary support. This was clearly the most difficult part of the project.

The corporation's declaration permitted the sub-metering of electricity, despite being written more than 25 years ago. The value of the project and the requirement to borrow money meant that a new bylaw would have to be passed by the ownership. As this was a major change to the assets of the corporation the bylaw had to be approved by no less than 66.67 per cent of all owners within the corporation. This was no small feat given that almost 50 per cent of the units were owned by offsite owners. The task was compounded by the fact that it was often difficult to get more than 25 per cent of the unit owners out to previously held general meetings. The energy committee knew that it would be difficult to get approval from that many owners, however they approached the task with great determination. The committee began disseminating detailed information to all owners. Various information meetings were held onsite, allowing owners to question all aspects of the proposal. Knowing that most general meetings rarely had more than 110 owners in attendance, this project would only fly if a sufficient number of

Bill Melis, chair of the Newsletter Committee.

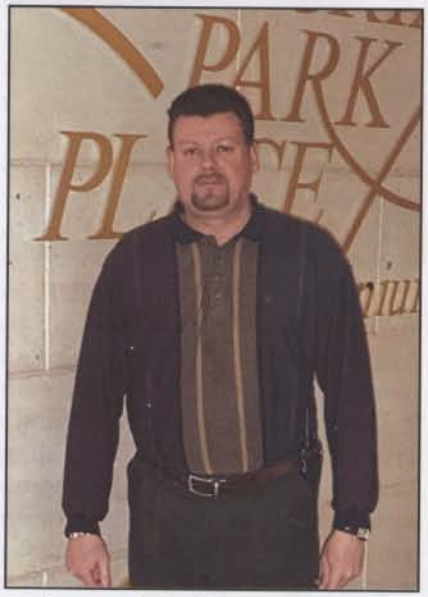
proxies were collected from the ownership. Certain members of the energy committee undertook the task of contacting the offsite owners, while others worked to contact the onsite owners.

Help from Volunteers

The energy committee enlisted assistance from a large number of volunteer residents within the building. The volunteers working with the energy committee members were extremely valuable and deserve much credit. Floor captains were assigned for each floor of the building. Information was circulated through the mail and via telephone. The corporation had a well-established newsletter committee for a number of years headed by Bill Melis. The newsletter was a very valuable tool, helping to keep owners informed all along the way. The assistance of the newsletter committee volunteers could not be overstated, working effortlessly to improve communication with owners. The corporation committees were now working like a fine-oiled machine.

A general meeting was called to vote on the energy conservation project in August 2004. A carefully worded bylaw was drafted by Warren Kleiner at Miller Thomson LLP (corporation solicitors at the time), which was included in the meeting package. After a long and interactive meeting the vote was taken and the corporation obtained the necessary approval from the ownership to proceed with the energy conservation project.

Following the meeting, the corporation solicitors were helpful in finalizing the contract between the corporation and SBT. SBT assisted to secure a lender for the project, and proceeded to finalize the installation details. The physical construction work was completed by early fall of 2005. During the fall months of 2005 the billing system was set up. Owners began receiving sample bills for several months prior to the start of the program. This allowed owners to see what their bills would look like once the program was initiated. The corporation hoped that the sample bills would encourage owners to become more energy conscious in advance of the actual start date of the program.



Colin Mead, building manager, in the lobby of the building.

Keeping Owners Up to Speed

Siemens allocated a sizeable amount of funds towards "owner education" and in-suite savings programs. Owners were provided with information materials, free products and financial incentives to encourage energy savings within their individual apartments. This was very important as the majority of energy savings was based on the idea that residents would alter their energy consumption patterns once they had to pay for the electricity that they consumed. Siemens was banking heavily on the notion that human behaviour is predictable and consistent when owners are asked to pay for electricity.

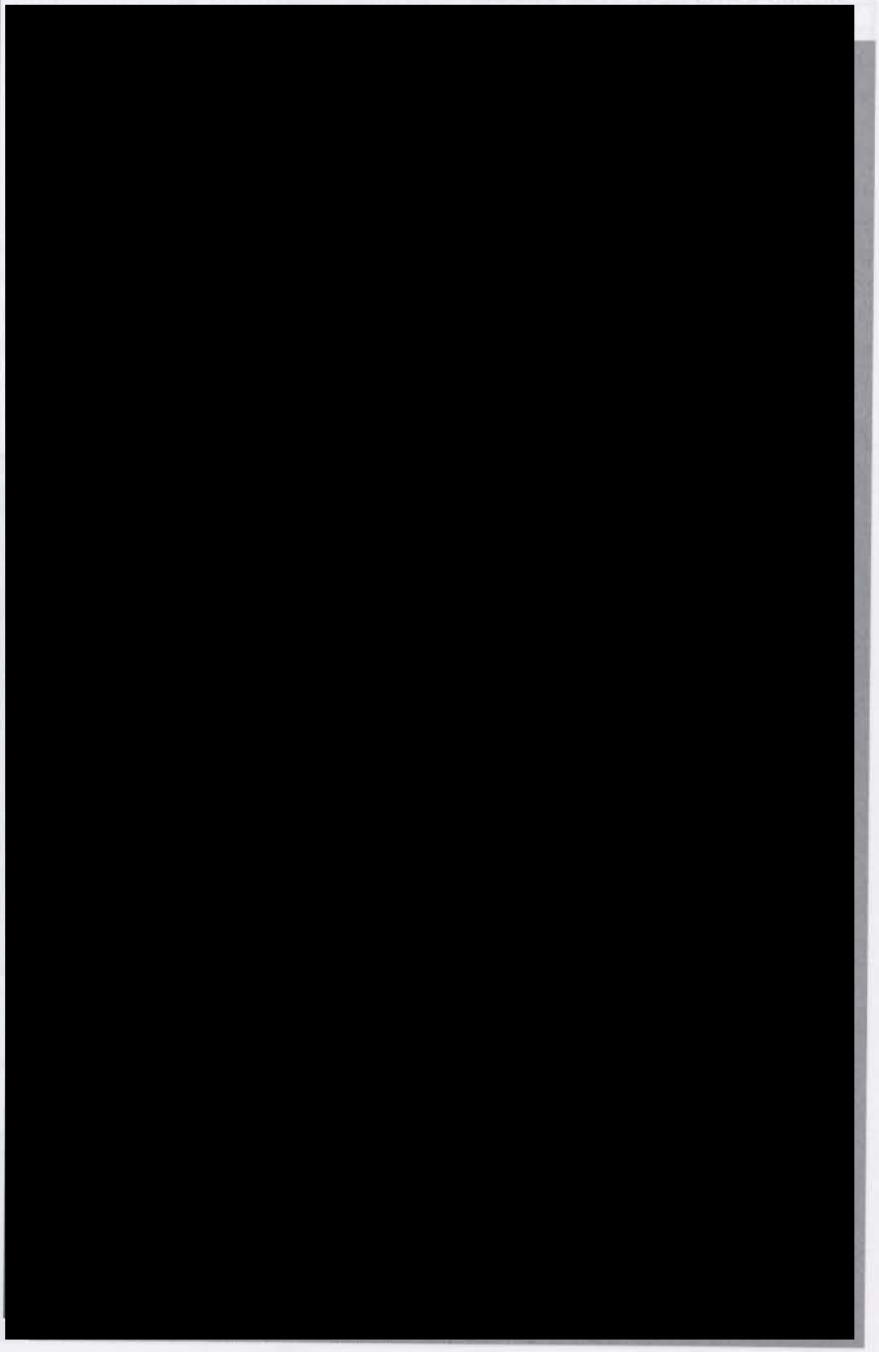
The first year's budget was always considered to be a bit of a gamble. This was mainly due to the fact that we never really knew what the exact split between owner hydro consumption versus corporation consumption would be in the first year. Siemens gave us a ballpark estimate on the projected split, but being off by even a small percentage represented some large dollar amounts. The estimated split between owners and the corporation was not guaranteed by Siemens and was not part of the performance contract. To arrive at our first year electrical cost budget we started with the Siemens estimate, factored in a projected increase for possible rate changes, and then increased that amount a bit higher to give us a margin of safety. At the end of the first year period, the corporation came in exactly on target with the budget cost for common area electrical costs. It was a stab in the dark, but coming in right on target was a big relief.

In February 2006 the energy conservation program became fully operational and residents received their first hydro bills. To keep costs reasonable, the billing duties were handled by the on-site building managers, Colin and Julie Mead. CondosPlus Property Management Inc. in London, Ontario, handled the accounting details of the project and worked to fine tune the program upon implementation. The sub-metering system provided by Carma Industries included a computer with PC-based billing software. Rick Williams from Carma Industries ensured that corporation staff were fully trained with their monitoring system. The PC-based software allowed owners to view their electrical consumption patterns on a daily and hourly basis throughout any given monthly billing period. This was extremely helpful in convincing owners to change their consumption patterns.

Save Energy — Pay Less

At the start of the program, many owners lined up outside of the building office wanting an explanation of their hydro charges. By allowing owners to view their electricity consumption patterns on the office PC, doubting owners were quickly schooled in what needed to be done to reduce their energy consumption. By the second billing month of the program, the complaints dropped down to a small trickle. The monitoring software became a powerful teaching tool, and the building manager did a good job of handling owner queries.

There was a large variation in hydro charges throughout the building. Some people were slow to react to the start of the program, and those people received some very high



hydro charges. Others who were prepared for the start of the program showed remarkably low hydro charges. Owners who updated or repaired their heating systems benefited from lower hydro consumption. Owners who continued using inefficient and poorly maintained equipment paid the price in high hydro consumption. Many of the commercial units that previously used high amounts of electricity made changes to their units and reduced their consumption as well.

One year after the start of the project the corporation has reduced total electrical consumption by over 2,300,000 kw/hrs per year. The corporation has reduced overall electrical consumption by 28.6 per cent, exceeding the projection provided by Siemens. We expect the savings could be even slightly larger in the second year, as some owners were slow to respond at the start of the program in 2006. The electrical savings for the corporation is covering the yearly debt repayment charges, and we expect to have the entire debt retired by the end of the eighth year as planned. This has proven to be a successful project for the corporation. The program is reducing the load on the Ontario power generation system, and reducing emissions within the province as well.

Looking back at the entire project I can only think of one shortfall to this type of program. Some energy savings suggestions were not implemented because they had payback calculations that were in excess of the eight-year repayment schedule. The suggestions were not included in the program as their initial cost could not be paid back by savings within the eight-year debt repayment timeframe. Some of those energy savings suggestions still merit exploration as viable long-term projects. Today the corporation continues to examine energy savings potential throughout its operations.

With the foresight of a few hard working owners and Directors, Essex Condominium Corporation No. 35 has taken control of its energy consumption problems. Many corporations may have to face the submetering requirement in the near future. Essex Condominium Corporation No. 35 has benefited by incorporating their sub-metering installation into an energy conservation program long before it became a political buzzword. Their debt will be fully retired in seven years time, and that will free up a large amount of cashflow within the yearly budget at that time. The extra funds will assist greatly with future reserve fund requirements, and it may also be used to fund other energy savings programs. The corporation was able to maximize government funding opportunities while they were available, helping to reduce the overall cost to the ownership. The owners of the corporation are benefiting from a very efficient program. This is an excellent example of how a highly motivated group of directors and volunteer owners can pool together contributing their efforts and talents to benefit the common good of a condominium corporation. The effort put forward by these volunteers will have a lasting impact many years down the road.■

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• Use *emphasis* where it's useful to do so. If your email system doesn't allow bold or italics then a common convention is to use a *star* either side of the word you want to stress.

• *Check spelling and grammar.* You can be informal when communicating with external customers, but you should follow standard writing protocol. Your email message reflects you and your company, so spelling, grammar and punctuation rules always apply.

• *Keep messages brief and to the point.* Be concise. Concentrate on one subject per message whenever possible.

• *Use the blind copy (BCC) and courtesy copy (CC) appropriately.* Use BCC when sending to a large distribution list, so recipients won't have to see a huge list of names and you protect the privacy of others. Be cautious with your use of CC; overuse simply clutters inboxes.

• *Summarize long discussions.* Scrolling through pages of replies to understand a discussion is annoying. Instead of continuing to forward a message string, take a minute to summarize it for your reader. You could even highlight or quote the relevant passage, then include your response.

■ Email Don'ts

• Don't reply to an email message when *angry*. You may regret it later. Once the message has been sent, you will not be able to recover it.

• Don't copy out an *entire, long* message just to add a line or two of text such as "I agree."

• Don't type in *CAPITALS* as this is considered to be *SHOUTING. Use sentence case.* Using all lowercase letters looks lazy. For emphasis, use asterisks or bold formatting to emphasize important words.

• *Don't* over-use punctuation such as *exclamation marks* ("!") as these are meant to be for emphasis. In particular avoid more than one exclamation mark ("!!"), especially if your email is quite formal.

• *Remember that your tone can't be heard in email.* Have you ever attempted sarcasm in an email, and the recipient took it the wrong way?