Building energy management systems

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Buildings are responsible for 28% of direct and indirect global CO₂ emissions

Energy consumption of buildings



Share of buildings in global energy-related CO₂ emissions²



Focus on commercial buildings

- In both the residential and commercial sectors, there are opportunities to reduce energy use and emissions through improved energy management with active controls to better adapt to occupant habits and energy needs.
- The opportunities for improved energy management are similar in the residential and commercial sectors, but the solutions in the commercial building sector are more mature.
- This business case focuses on the commercial building sector, as the market is more mature than for the residential sector. The residential sector market is emerging with an increasing number of vendors, such as British Gas, Siemens and Google, entering the market.

Sources: ¹IEA, 2017: Energy Technology Perspectives 2017. ² UNEP & IEA, 2017: Towards a zero-emission, efficient, and resilient buildings and construction sector. Global Status Report 2017.

Building energy management systems can reduce energy use for all applications



Solutions to decarbonize buildings

- Energy efficient devices (e.g. cooling and ventilation technologies).
- Renovate existing buildings and build highly efficient new buildings
- Low carbon energy supply to/in buildings:
 - Electric or renewable technologies (heat pumps or solar technologies, small combined heat and power units), coupled with a decarbonizing power system.
 - District heating systems.
- Building energy management systems:
 - Optimizing energy use for technical systems (heating, cooling, ventilation, hot water, lighting) by using sensors, thermostats and controls.

*World building final energy consumption by end-use in 2014. Source: IEA, 2017: Energy Technology Perspectives 2017.

Global building energy consumption will increase if no action is taken

Current CO ₂ emissions associated with buildings	 CO₂ emissions (direct and indirect) from buildings are currently 28% of global energy-related CO₂ emissions.¹ Electricity accounts for 31% of global buildings' energy use in 2014.² Natural gas accounts for 21% of global buildings' energy use in 2014.²
Forecasted developments in a business-as-usual scenario	 Global buildings' energy consumption could increase to more than 157 EJ in 2050 (compared to 123 EJ in 2014) if action is not taken to improve the energy performance of buildings.¹ Under the IEA's <u>Reference Technology Scenario</u> (a scenario that would result in a 2.7°C temperature increase by 2100), CO₂ emissions from buildings would increase by 10% by 2050.²
Obstacles to decarbonizing buildings	 Performance requirements for buildings tend to focus only on new builds and major refurbishments. Split incentives between landlords and tenants hinder the uptake of energy efficiency measures. The commercial buildings sector is driven by the needs of the core business of the occupant; energy efficiency is often not taken into account in business decisions. Many vendors have struggled with a go-to-market strategy that achieves economies of scale with smaller buildings.

Source: ¹ IEA, 2017: Energy Technology Perspectives 2017; ² UNEP & IEA, 2017: Towards a zero-emission, efficient, and resilient buildings and construction sector. Global Status Report 2017.

There is significant potential for digitalization to improve energy services in buildings

- Digitalization of energy services in buildings, such as the introduction of a building energy management system, could cut the total energy use in residential and commercial buildings between 2017 and 2040 by as much as 10% compared with a business-as-usual scenario.
- Cumulative energy savings over the period from 2017 to 2040 would amount to 65 PWh equal to the total final energy consumed in non-OECD countries in 2015.





2. Description of building energy management systems

Overview

Description of the new solution concept	 We define building energy management systems (BEMS) as an IT-based solution that extends the capabilities of sensing, control, and automation hardware to direct automated and manual improvements to system operations and energy efficiency in buildings. The terminology used in this business case focuses on BEMS for the commercial buildings sector. BEMS is part of the Technical Building System (TBS)[*]. BEMS delivers four solution offerings: visualization and reporting, fault detection and diagnostics, predictive maintenance & continuous improvement, and optimization.
Rationale for developing this solution	 A BEMS helps to meet energy efficiency and sustainability targets. Makes individual building performance visible. Energy and resource cost optimization. A BEMS helps with improved operational efficiency and maintenance needs. A BEMS helps to increase occupant engagement and employee satisfaction.
Assessment of technology readiness status	 The basic BEMS functionality (visualization and reporting) is very mature. There is a broad variety of vendors for Building Energy Management Systems from software start-ups to utilities to Energy Service Companies (ESCOs). The adoption rate of more complex functionalities (see slide 9) is higher in large facilities than in smaller facilities.

*Technical Building Systems (TBS) means technical equipment for the heating, cooling, ventilation, hot water, lighting or for a combination thereof, of a building or building unit.¹ Source: ¹ <u>EPBD recast 2010, Article 2 (3.)</u>.

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2. Description of building energy management systems

A broad set of data-collection devices, together with an IT-based solution



BEMS definition

The term BEMS covers a broad set of solutions that deliver improvements in facility energy efficiency. BEMS utilizes data from traditional control and automation systems, smart meter interval electricity consumption data, supplemental submeters and advanced sensors, and/or other business intelligence offerings. The following definition of BEMS clarifies the boundary around technologies and services that shape this market in energy management solutions: "IT-based solutions that extend the capabilities of sensing, control, and automation hardware to direct

automated and manual improvements to system operations."

Source: Navigant Research, 2016: Building Energy Management Systems.

2. Description of building energy management systems

The solutions offered by a BEMS can be categorized into four groups

- BEMSs deliver solutions through four categories: visualization & reporting, fault detection & diagnostics, predictive maintenance & continuous improvement, and optimization.
- Some BEMSs only focus on one of these solutions, while others cover more solutions.



Sample visualization & reporting interface

BEMS solutions

- The emergence of the Internet of Things (IoT) has made more BEMS solutions available to a growing number of customers.
- The significant reduction in cost of new IoT technologies as compared to traditional controls and automation make the benefits of BEMSs attainable for smaller facilities.

Source: Navigant Research, 2015: Next-Generation Building Energy Management Systems.

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3. GHG reduction potential of building energy management systems

GHG emissions assessment of current and new solution

- Building energy management systems reduce the use of all energy sources in the building (natural gas, electricity, district heating, oil, etc). Factors influencing the performance of a BEMS include the software system, the quality of the heating, ventilation, and air conditioning (HVAC) system and operator training. In addition, regular servicing is also important to maintain performance.
- The IEA estimates that the total energy use savings from improved controls in residential and commercial buildings between 2017 and 2040 [could be as much as 10% compared with a business-as-usual scenario.¹
- Assuming up to 10% savings and building-related emissions growing from 9.4 GtCO₂ in 2014 to 10 GtCO₂ in 2050,² the abatement potential from BEMS is around 1 GtCO₂ per year.
- The avoided direct CO₂ emissions from e.g. heating depend on the fossil energy source. The following table³ provides estimates of the CO₂ saving potential per kWh avoided:

Fossil fuel	CO ₂ emissions (gCO ₂ /kWh)
Natural gas	205-216
Fuel oil	250

Additionally, BEMS lowers indirect emissions by reducing electricity consumption. The avoided indirect emissions depend on the country specific electricity grid emission factor (e.g. EU emissions grid factor is 390gCO₂/kWh).

Sources: ¹ IEA, 2017: *Digitalization & Energy*; ² UNEP & IEA, 2017: *Towards a zero-emission, efficient, and resilient buildings and construction sector. Global Status Report 2017*; ³ EPA, 2018: *Emission Factors for Greenhouse Gas Inventories*.



Investment costs	 The investment cost for a BEMS is highly dependent on the purpose and functionality of the system. The cost assessment should take into account costs for hardware, software, and for analysis and action (by internal and/or external staff). As a rule of thumb (see ROI) the investment costs in hardware and software is about 20% to 40% of the annual energy bill of the site. Examples are provided in the following slides.
	• The ROI of a BEMS is highly case specific
Return on investment (ROI)	 Typically, the proposed solution and budget available for implementation are tailored towards a configuration with a payback time below 3-5 years. As such, the required payback time often determines the configuration. The business case usually accounts only for the energy saving benefits. Though more difficult to quantify, non-energy benefits (e.g. improved productivity through better comfort) should ideally be included in the business case.
Sensitivity analysis	 The business case is sensitive to the following factors: The purpose of the BEMS: the size and functionality of the technical building system determine what energy and other savings can be achieved. Economies of scale: applying a similar solution at multiple buildings can increase the attractiveness of the business case.

Source: Navigant.



Good documentation is required for a detailed cost assessment

- Cost data on BEMS hardware and software is highly case specific. Hence, it is recommended to make a draft project costing at an early stage (e.g. using the template on the right).
- It is important to take all costs into account, including:
 - Hardware
 - Software
 - System integration
 - Operational costs
 - Training
- Maintenance costs can represent the largest share of costs over the lifetime of the BEMS. It is therefore important to choose a BEMS vendor for which there is a large number of companies available to provide maintenance services.

Sample template for project costing

	Year 1			Cost basis				
Costs	Internal Costs	External Costs	Total Estimate	Description	Quoted (Y/N)	Supplier Name	Estimated (Y/N)	Estimator
Hardware								
Utility Meters								
Driver Measurement								
Communications								
Installation								
Hardware Subtotal								
Software								
Software License								
Annual Maintenance								
Installation, Configuration, Training								
Software Subtotal								
Systems Integration								
Hardware								
Installation, Configuration, Training								
Software Support								
Systems Integration Subtotal								
Training								
Energy Management Champion								
Sponsor/Steering Group								
Improvement Teams								
Training Subtotal								
Project Support	-							
Project Management								
Management Support								
Project Support Subtotal								
Contingency								
Subtotal Cost								
Incentive or Grant Funding								
Net Cost								

Source: National Resources Canada, 2010: Energy Management Information Systems. Planning and Manual.

The following ballpark figures can be used for a first cost assessment



Source: Boss: What's the Cost of a Building Energy Management Solution?.

- The average cost to deploy a basic BEMS is EUR €20 to EUR €30 per m², equivalent to EUR €250,000 for a 10,000 m² building.
- Using the newest Internet-of-Things control and monitoring technologies can substantially decrease the traditional BEMS costs.
- The installation of a BEMS typically requires a systems integrator or in-house electrician and IT network professional.
- An energy engineering specialist is recommended to analyze the data even in case of a fully automatic system to maximize savings.
- For a typical 10,000 m² building, annual energy savings of EUR €50,000 to EUR €80,000 per year can be achieved.

Focusing on heating, ventilation, air-conditioning, lighting, and some types of electrical loads, it is reasonable to expect cost savings in the range of at least 5% to 10% when implementing a state-of-the-art BEMS.



Value proposition for the energy user



Energy efficiency savings of about 5%-10% of utility bill, with payback time designed to be less than 5 years.

Reduced carbon emissions

Through efficiency measures that can be applied in all building types of all sizes.

Space utilization

BEMS can track space utilization to help employers make the right leasing decisions.

 Productivity, engagement, and satisfaction BEMS can be an effective tool to help increase employee satisfaction

by creating comfortable workspaces.

• Visibility of portfolio-wide operations

BEMSs offer simple dashboards to represent energy consumption across the building portfolio.

Supports ISO 50001 certification

ISO 50001 Energy Management System certification, provides a framework for best practice energy management.

 Energy bill and energy savings are small compared to rent and payroll costs in commercial buildings

The energy bill is typically only 1:10 of the rent and 1:100 of the payroll costs per m² for a building. As a result, it is important to also try to include positive impact from a BEMS on the rent and payroll in the business case. These benefits could be more efficient space utilization to reduce the rent per employee or reduced payroll costs by lower staff turnover due to better comfort in the buildings.

Economies of scale

For smaller buildings, the energy savings could be relatively small. As a result, BEMS might need to be installed in multiple buildings to develop economies of scale to achieve a payback time of less than 5 years.

Source: Navigant.

Reference case: office building

Reference case	 Floor area: 1,676 m² Annual energy bill: EUR €39,850 Annual energy consumption: 497,772 kWh Energy prices:* Gas: EUR €ct5.9/kWh Electricity: EUR €ct21.9/kWh Opening hours: 5 days x 12 hours Geographical region: Europe CO₂ emissions: 149 tCO₂
Investment costs & energy savings	 BEMS solution implemented: Heating & cooling (e.g. individual room control); Ventilation (e.g. room air control); Lighting (e.g. occupancy and daylight control). Total investment: EUR €78,350 Operational costs and maintenance: EUR €7,835 Energy savings: 121 kWh/m² Energy cost savings: EUR €18,560
Payback time and CO ₂ savings	 Payback period: 7.3 years CO₂ savings: 67 tCO₂ (45%)

*EU28 energy cost average from 2017 to 2030 from EPBD impact assessment

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Source: Ecofys, 2017: Optimising the energy use of technical building systems – unleash the power of the EPBD's Article 8; Ecofys: Office building – Case study.

	. 1,0/	View Nor	theast		
inal ener Heating	qy coi	nsumption: 2 Gas conder	97 kWh/m²a		
Hot wate	er	Instantane	ous water heate	ers	
Ventilation		Mechanical ventilation system without heat recovery			
Cooling		Compression chiller			
Lighting		Direct/indir	ect fluorescent	tubes	
	Energ appli	gy cation	Energy savings		
	Heati	ing	39%		
Hot v		water	0%	1	
		lation	61%	Ì	
	Cooli	ng	78%		
Light Tota		ing	48%		
		[%]	41%		
	Total	[kWh/m²a]	121		

Reference Office building

Reference case: Supermarket building (without heat recovery)

Reference case	 Floor area: 1,025 m² Annual energy bill: EUR €75,785 Annual energy consumption: 916,350 kWh Energy prices:* Gas: EUR €ct5.9/kWh Electricity: EUR €ct21.9/kWh Opening hours: 7 days x 14 hours Geographical region: Europe CO₂ emissions: 275 tCO₂
Investment costs & energy savings	 BEMS solution implemented: Heating & cooling (e.g. individual room control); Ventilation (e.g. room air control); Lighting (e.g. occupancy and daylight control). Total investment: EUR €35,360 Operational costs and maintenance: EUR €3,536 Energy savings: 437 kWh/m² Energy cost savings: EUR €30,700
Payback time and CO ₂ savings	 Payback period: 1.3 year CO₂ savings: 129 tCO₂ (47%)

 $^{*}\text{EU28}$ energy cost average from 2017 to 2030 from EPBD impact assessment

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Source: Ecofys, 2017: Optimising the energy use of technical building systems – unleash the power of the EPBD's Article 8; Ecofys: Supermarket building (with heat recovery) – Case study.

Floor area: 1,025 m ²					
	4-1	View Nor	theast		
inal ener	gy coi	nsumption: 1	.81 kWh/m²a		
Heating		Gas conder	nsing boiler		
		(heat recov system)	(heat recovery from refrigeration system)		
Hot wate	er				
Ventilatio	on	Mechanical ventilation system without heat recovery			
Cooling		Central staged compression chiller for refrigeration and air conditioning			
Lighting		Direct/indir	ect fluorescent	tubes	
	Energ appli	gy cation	Energy savings		
	Heat	ing	50%		
Hot v		water	-	1	
	Venti	ilation	59%		
	Cooli	ng	62%]	
	Light	ing	17%	-	
	Tota	[%]	49%		
	Total	[kWh/m²a]	437		

Reference Supermarket building

5. New partnership opportunities

Utilities and BEMS suppliers can partner so that utilities can provide energy savings with help of BEMS. This opens up opportunities for utilities to consolidate their position in the market for energy supply and energy services to energy end-users.

HVAC manufacturers and engineering companies can offer services to energy users, utilities and BEMS suppliers. This ensures that the energy users can be connected smoothly to the BEMS and that the system is designed appropriately.



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6. Building energy management systems SWOT analysis

Strengths

- **Economically feasible option**, even for smaller sites when taking advantage of economies of scale.
- Mature technology and ongoing developments to collect data with lower costs via IoT.
- **Co-benefits**, such as better space utilization and employee satisfaction.
- GHG emission reduction.

Weaknesses

- Building owners **lack awareness** on potential energy savings from a BEMS.
- Requires input from building users and attention from technical staff throughout its operational life to maintain optimal settings and maximum effectiveness.
- Staff are not aware of **what steps to take** for a successful introduction of a BEMS.

Opportunities

- (Part of) the **hardware costs** for building energy management systems are often **subsidized** by the government.
- There is an opportunity for **partnerships between different suppliers** - each with their unique capabilities - to offer more BEMSs at a lower cost and with more functionality.
- **Further reduction in energy costs** could be achieved by using BEMS for demand response.

Threats

- Potential **landlord tenant conflict**: the landlord may need to invest in a BEMS, but cost savings realized by the tenant.
- Payback times might be perceived as too long to justify upfront investment when design and costing is not carried out properly. Cost data for BEMS can be quickly outdated. Applying the newest BEMS technology substantially decreases the BEMS costs.

7. Success factors



New business models (e.g. energy service companies, software as a service)—which have been introduced to overcome financial barriers—need to be further rolled out. In some regions, there is limited familiarity with these business models.



Policies promoting energy management (e.g. ISO50001, including BEMS) and subsidies for installing a BEMS are important drivers to uptake. These already exist in many regions around the world. Also, a carbon price on energy could provide a price signal to incentivize building managers to reduce energy consumption.



For smaller buildings, the energy savings could be relatively small. As a result, BEMS needs to be applied to multiple smaller buildings to achieve sufficient economies of scale.



Various types of suppliers can bring unique solutions to improve the business case for the BEMS. Partnerships between suppliers are key in the BEMS market for achieving higher uptake.



8. BEMS: Case studies (1/3)

Data center and office building

	CLP (Hong Kong, China)
Context	 CLP operates a data center and office with over 1000 people (Sham Shio Po Site). Traditionally, facilities management had to rely on engineers being onsite to manage the HVAC system and other major facilities and BMS alone does not provide enough data to take preventive action.
Project description & objectives	 CLP Building Scope was deployed to prevent device and facilities faults through analytics from the current BMS. Investment costs were USD \$15,000 in the first year (2018). Partners and partnership model: SaaS platform charge per data point. Started in January 2018.
Main technical data	 CLP Building Scope scope is an AI building energy management system Capacity: scalable cloud platform Operational characteristics: hardware agnostic system that uses AI to tag all traditional BMS data and identify device faults. The technology is launched and use is growing.
Benefits	 USD \$21,000 in energy bill was saved in one year. 45 days per year for manpower were saved as all issues are repaired before breakdowns occur and fault investigation value at USD \$8,000. 161,574KWh or 85.84 tCO₂ are saved annually.







Provides early warning

of faults through

automated alerts and

visibility of reoccurring faults.

BMS agnostic



Analytics platform that sits on top of any existing BMS.

Source: CLP SEC, 2019: <u>About Building Scope</u>.



8. BEMS: Case studies (2/3)

Childcare center

	Child care center (France)
Context	 Child Care Center in France that offers educational services. Issues/challenges/targets that led to the project: Occupant complaints due to discomfort. Risk of non-compliance with childcare building regulations. Concern with undersized heat pump used for heating and cooling. No data to identify issues and confirm assumptions.
Project description & objectives	 Schneider EcoStruxure Facility Facility Advisor Energy was deployed with the following objective: Monitor and accurately assess the building's energy performance. Monitor heat pump performance and status.
Benefits	 EUR €40,000 was saved over a two-year period. Right level of comfort achieved, eliminating occupant complaints. 33 percent potential energy savings identified. Heat pump energy consumption reduced 40 percent; life expectance extended. Better management of air handling unit.



Source: Schneider Electric, 2018: From smart services to building excellence.



8. BEMS: Case studies (3/3)

Automobile distribution center

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Volkswagen (Wolfsburg, Germany)	
Context	 Autostadt GmbH – a fully-owned subsidiary of the Volkswagen Group – is a visitor and automobile distribution center. It operates a site with 20 buildings.
Project description & objectives	 Honeywell Enterprise Buildings Integrator (EBI) was deployed with the following objectives: Increase energy efficiency and reduce carbon footprint. Reduce the system's running time and minimizing energy costs. Integrate thermal and electrical energy. Minimize risks to guarantee availability during the entire system lifecycle and optimal building functions at all times. EBI connects 37,000 data points out of which approximately 23,000 are hardware points at field level. Partnership between Volkswagen and Honeywell goes back to 1998.
Benefits	 Energy savings of 41% per year and CO₂ emission reductions of 460 tCO₂ annually. Lower system running time and reduced energy costs. Successful integration of thermal and electrical energy. Optimized building functions and enhanced availability during the entire system lifecycle.

Source: Honeywell: The Autostadt driving energy efficiency at Volkswagen Group's HQs; Henn: Autostadt.



9. Summary

Emissions and energy	 Direct and indirect CO₂ emissions from buildings account for 28% of energy-related CO₂ emissions. CO₂ emissions from buildings are expected to increase by 10% by 2050 according to the IEA.
Solution	 Building energy management systems (BEMS) are an information technology-based solution that uses sensing, control and automation hardware to deliver automated and manual improvements to system operations and energy efficiency in buildings. There are four types of BEMS functionalities: visualization and reporting, fault detection and diagnostics, predictive maintenance and continuous improvement, and optimization. The total energy savings from improved controls in residential and commercial buildings could be as much as 10% between 2017 and 2040 compared with a business-as-usual scenario.
Avoided GHG emissions and co- benefits	 BEMS can help avoid direct GHG emissions e.g. from natural gas heating, and it can also lower indirect emissions by reducing electricity consumption. The direct GHG emissions avoided depends on the fossil energy source substituted and the indirect emissions avoided depends on the country's specific electricity grid emission factor. Better space use or increased employee productivity, engagement and satisfaction are additional benefits.
Readiness status	 The basic BEMS functionality (visualization and reporting) is very mature and the emergence of the Internet of Things (IoT) has made more BEMS functionalities available to a growing number of customers.
Barriers	 Potential landlord-tenant conflict where the landlord might need to make the investment, but the tenant realizes the BEMS cost savings. Lack of awareness of the potential energy savings from a BEMS.
Success factors	 Policies that promote energy management and subsidize BEMS installations. New business models (such as energy service companies, software as a service). Cost-effectiveness via a minimum building size or a combination of multiple smaller buildings.



10. Key sources and references on BEMS

- ABB: <u>Manufacturing Operations Management Energy</u> Monitor App - a web-based energy management solution
- Boss: <u>What's the Cost of a Building Energy Management</u> <u>Solution?</u>
- CLP SEC, 2019: <u>About Building Scope</u>
- Ecofys, 2017: Optimising the energy use of technical building systems – unleashing the power of the EPBD's Article 8
- Ecofys: Office building Case study
- Ecofys: <u>Supermarket building (with heat recovery) Case</u> <u>study</u>
- <u>Energy Performance of Buildings directive</u> (EPBD), 2010 (recast)
- Henn: <u>Autostadt</u>
- Honeywell: <u>The Autostadt driving energy efficiency at</u> <u>Volkswagen Group's Hqs</u>

- IEA, 2017: Energy Technology Perspectives 2017
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- Navigant Research, 2015: <u>Next-Generation Building</u>
 <u>Energy Management Systems</u>
- Navigant Research, 2016: Building Energy Management Systems
- Schneider Electric, 2018: <u>From smart services to building</u>
 <u>excellence</u>
- UNEP & IEA, 2017: <u>Towards a zero-emission, efficient, and</u> resilient buildings and construction sector. Global status <u>Report 2017</u>
- WBCSD, 2018: <u>New energy solutions for 1.5 C°. Pathways</u> and technologies to achieve the Paris Agreement

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