

## Johnson Controls 2009 Energy Efficiency Indicator Report Executive Summary - May 6, 2009

Johnson Controls, Inc., a global multi-industrial leader in energy efficiency, commissioned research within the North American business community to examine perceptions of energy efficiency and sustainability. Named the Energy Efficiency Indicator (EEI), this survey includes responses from more than 1,400 executives responsible for managing, reviewing or monitoring energy use within their organizations.

The third annual survey examines how events from the previous year have impacted the management of energy within companies, including financing strategies, expected return-on-investment, incentives, certification, renewable energy strategies and the outlook on building efficiency trends.

Please note that in the survey questionnaire, *energy* was defined as natural gas and electricity expenditures. The survey was conducted in April 2009.

### METHODOLOGY AND RESPONDENT PROFILE

- Online survey completed in April 2009 by energy management decision makers.
- Job responsibilities included “reviewing or monitoring energy use within their company’s facilities, or proposing or approving initiatives to make facilities more efficient.”
- Respondents had “capital- or operations-related budget responsibility.”
- Respondents were sourced from an executive panel and facilities professionals who are members of the International Facility Management Association (IFMA)
- The survey was completed by a total of 1,422 respondents.
- The majority of respondents (71%) were chief executive officers, vice presidents, general managers, facility directors and managers.

### EXECUTIVE SUMMARY

The 2009 EEI results reveal an important distinction regarding the perception of energy efficiency within the North American business community. While a majority of key decision-makers continue to cite their enthusiasm for energy efficiency, that interest is countered by diminishing action.

Business leaders nationwide expect significant government legislation and utility incentives to promote energy efficiency investments; however a lack of available capital and unattractive payback periods are creating barriers to capture potential energy savings.

Of the organizations making public carbon commitments, 45 percent identified energy efficiency in buildings as their top carbon reduction strategy. Within the North American business community, renewable energy does continue to play a role in construction and retrofit projects, with solar electric and geothermal technologies seeing the largest increase in consideration.

It is clear that interest in energy efficiency remains high despite the turbulent economy; however fiscal limitations are barring many business leaders from taking measurable action.

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## KEY FINDINGS

### **Enthusiasm for energy efficiency remains strong, but is not translating into action.**

- 71% are paying more attention to energy efficiency than they were one year ago.
- 58% continue to say that energy management is very or extremely important.

### **Access to capital is constraining many business leaders from making investments.**

- Only 46% expect to make energy efficiency improvements financed with capital expenditures, down from 56% in 2008.
- 60% expect to spend less than 10% of their facilities-related capital budgets on energy efficiency.
- The two largest barriers to capturing potential energy savings are limited capital availability (42%) and unattractive paybacks (21%).

### **Business leaders hold energy efficiency investments to a high payback standard.**

- Nearly 50% require paybacks periods that are less than three years.

### **Overall, executives have a less pessimistic outlook on energy prices.**

- 60% believe that natural gas and electricity prices will rise over the next year, a drop from an estimated 80% response rate in 2008 and 2007.
- 31% do not expect those prices to change significantly.

### **Business leaders now have a greater anticipation of regulation and incentives.**

- 85% think that significant legislation mandating energy efficiency and/or carbon reduction is likely within the next two years, up from 76% in 2008.
- 44% say utility or government incentives are very/extremely influential in making energy efficiency decisions, up from 38% in 2008.

### **Building efficiency is the first priority for business leaders who want to make their companies more energy efficient.**

- 45% of business leaders say improving energy efficiency in their buildings is their top strategy to meet public greenhouse gas reduction commitments.
- Only 10% of business organizations responding to this survey have made public greenhouse gas reduction commitments.

### **Business leaders continue to adopt lighting tactics to address energy efficiency.**

- 77% have switched to energy efficient lighting, down only 6% from 2008.
- 38% have installed lighting sensors, down 4% from 2008.
- Other top energy efficiency measures implemented by businesses nationwide include adjustments to HVAC temperature controls (64%, up 3% from 2008) and education of facilities operations staff (62%, down 10% from 2008).

### **The upward trend to include renewable energy technologies in new construction or retrofit projects continues.**

- Solar electric (46%), solar thermal (26%), wind (21%), and geothermal (21%) continue to be included or considered in these building projects.
- Among the renewable technologies referenced above, solar electric (up 8%) and geothermal (up 7%) have seen the largest increase in consideration.

**Note:** Overall the findings highlighted above have consistent response rates from the C-level executives to facility managers. Responses are also consistent among those with large and small real estate portfolios. All statements are supported by 2009 EEI data.