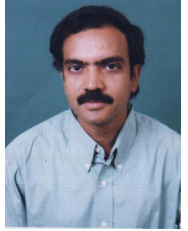


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Energy Auditor Performance: Do We Need to Check It?

The problem has really struck the nail on its head. Its easy to establish a good organized system and very difficult to repair the existing spoiled system. We can see in the market similar scenario for financial audits. Even though it is mandatory on the part of the organisations having turnover above Rs. 40 lakhs to get their accounts audited by a Chartered Accountant, what we see in practice is, many organisations prepare all the audit report themselves and the job of the Chartered Accountant is reduced to signing these reports. In case of a denial by a particular C.A. what the firms do is change the C.A. who will do the job for them. Similar Scene may appear in case of energy auditors if proper care is not taken in designing the methodology of conducting audits, its appraisal and surveillance mechanism and fees charging system. These are discussed in details point wise.

- (i) I do agree that there should be a quality control system for energy audit reports. Current EC act demands that the energy audit reports are to be submitted to the designated state level agency (e.g. MEDA in Maharashtra) and B.E.E. annually. My fear is, if the officers, to whom the reports is going to be presented, are not competent to analyze the same then it is likely that even casual/faulty reports will pass through these scanners and spoil the energy auditing system. Hence it is a must that the surveillance agency has to have highly qualified and technically competent staff for scrutiny of the audit reports.
- (ii) As mentioned in point above it is a must to establish such a quality control mechanism if really the industry is to be benefited from the fruits of energy audits and it does not come as a meager annual formality to be completed.
- (iii) Even though there is surveillance mechanism already proposed in the form of state level agency and B.E.E. to whom the annual reports are to be submitted, this channel won't be very effective. Following alternatives are suggested to improve the quality of the energy audits.
 - a. The fee to be charged is to be fixed in two parts as fixed and from the savings. e.g. A medium scale factory may be charged @ Rs. 50000/- as

fixed charges and 3 months savings for all the recommendations having payback period less than 2 years. For other recommendations having payback more than 2 years the implementation may be optional and in case the same is adopted 2 months savings may be paid as fees.

This type of fees structure will automatically curtail the ill practices and the consultants who deliver the quality service and really can establish the savings will survive. As the earnings of the energy auditor is directly linked to the savings it will be good motivating factor to deliver the best quality services instead of just going through the motions. Also some penalty clauses can be incorporated in the agreement in case the recommendations of the auditors do not deliver the expected performance and causes the loss to the organisation. Such provisions will put more pressure on the auditors to deliver the best suggestions with high confidence level. With these provisions if the audits are performed then there won't be any need for B.E.E. to interfere and the market forces will see that only the best auditors who deliver the performance in terms of savings will survive.

- b. Third party inspection can be arranged through other independent auditing firms for few randomly selected designated consumers. In case of consistent default from a particular energy auditing firm/auditors B.E.E. can withdraw the accreditation. However such control measures will be required in initial years, in the long run the market forces should maintain the quality of the audit.
- c. The surveillance agency (State agency and B.E.E.) has to have highly qualified and technically competent staff for scrutiny of the audit reports.
- d. A provision should be made in law such that all designated consumers have to change energy auditor at least once in three years. To some extent this practice will curtail the malpractices like undercutting in fees amount, casual/faulty/frivolous audits with consent of owner etc.
- e. Benchmarks for the designated consumers as per the Indian working conditions may be evolved and made available to the auditors by B.E.E. Special Non-Confirmation-Report should be a part of the energy audit report in case the actual performance deviates from the benchmark by permissible tolerance.

Finally the auditors need to prove their worth by establishing substantial savings for the organisation through innovative solutions, appropriate technology etc. so that the industry comes searching for such auditors with the intention of establishing savings rather than completing legal formalities. Quality checks on the audits will be required only for first few years till the market realizes the utility of the energy audits.