Background

InterContinental Hotels Group (IHG) is one of the world’s leading hotel companies and owner of brands such as Holiday Inn®. In recognition of their corporate commitment to environmental sustainability, as well as the fact that utilities typically represent one of the highest expenses for hotels, IHG has pledged to reduce their carbon footprint and — in water-stressed areas — water use per occupied room. Across their global estate of over 4,800 hotels, IHG plans to achieve reductions of 12 percent below 2012 levels by 2017.

To help deliver these goals, IHG announced in 2014 that the company’s hotels would start tracking their environmental sustainability through a new online tool called the IHG Green Engage™ system. The system monitors more than 200 areas relating to energy, water and waste.

As part of this commitment, by the end of 2015, all IHG hotels are required to complete at least ten best practice solutions. Since implementation began in 2013, IHG’s managed hotels have already reduced utility costs by more than $160 million.

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SmartStart Program Incentivizes Hotel to Upgrade to LED Lighting

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that all hotels switch to energy-efficient lighting within guest rooms. Originally, the cost of replacing more than 3,000 lights of various sizes and intensity discouraged hotel management from undertaking a more comprehensive lighting upgrade. After learning about financial incentives provided by New Jersey’s Clean Energy Program™ (NJCEP), they realized that substantial improvements to the hotel’s energy efficiency would be cost effective.

Solution

The NJCEP SmartStart program incentivizes energy-efficiency retrofits, as well as new construction and rehab projects. All non-residential utility customers are eligible for up to $500,000 per electric account and $500,000 per natural gas account.
The SmartStart program offers prescriptive incentives for lighting, refrigeration and heating, ventilation and air conditioning (HVAC) equipment, among other technologies. The program also offers a performance lighting program for projects that surpass New Jersey building code requirements as well as a custom program for new or innovative technologies proven to be cost-effective.

The Holiday Inn Hasbrouck Heights-Meadowlands hotel was approached by Vanguard Energy Services to determine whether the SmartStart Prescriptive Lighting program could assist hotel management in complying with IHG Green Engage requirements. As a result of the NJCEP incentives, General Manager Charlie Paduch decided not only to retrofit the guestrooms and bathrooms but also chose to upgrade lighting in the banquet halls, restaurant, hallways, fitness center, meeting rooms and elevators.

NJCEP provided $60,510 for the purchase of more energy-efficient fixtures, which Paduch’s maintenance staff installed themselves. All together, the incentives lowered the total purchase price from $73,787 to $13,277.

“We wouldn’t have been able to do as much if we hadn’t had the incentives in place,” Paduch said. “New Jersey’s Clean Energy Program gave us the opportunity to convert the majority of the building to LED lighting.”

Vanguard Energy Services anticipates the project will save the Holiday Inn hotel 62,357 kWh, or $19,057 in annual electricity costs, allowing the project to pay for itself in less than 10 months.

Since installing the LED lights, an additional benefit has been an improvement in lighting quality throughout the hotel. For the guest rooms, Paduch selected fixtures that would enhance room appearance and improve guest experiences such as when applying makeup. “We used to have guests who said rooms could be brighter. Now the rooms seem crisper with the LED lights than they were with the fluorescent bulbs,” he said.

Plans are also being discussed to continue upgrading the Holiday Inn property to LEDs, beginning with the replacement of all fixtures in the hotel’s parking garage. “The parking garage lights are on all the time, 24/7,” Paduch said. “Even if it costs more upfront to replace lights with LEDs than if we were to repurchase the current fixtures, it’s more beneficial over the long-term for us to have LED lighting in place.”