



Businesses Need to Prepare for the New Energy Economy

Gasoline is well on its way to reaching \$4 per gallon, a key reason we are likely in a recession. The cost of diesel is even higher, forcing the transportation industry and our entire manufacturing base to raise prices and renew inflationary concerns. Jet fuel is at all time highs and causing enormous strain on the airlines' ability to compete and even survive.

Natural gas prices have made this the most expensive winter in history for heating homes and businesses. The price of heating oil is just as bad, leaving many people in the position of deciding whether to go cold or go poor. And electric rates are poised to go up another 10-20% next year which could make all the above problems even worse.

Now the bad news: It is not going to get better in the future if we continue to live our lives and run our businesses the way we always have in the past. In fact prices will only continue to escalate as the demand for energy from new industrial giants like China and India escalate, and the limited supply of fossil fuels diminishes over time and/or bears increasing risk because of unfriendly governments in Russia, Iran, and Venezuela.

Are you preparing your businesses for \$5 per gallon gasoline? How about electricity at \$0.20/kWh? These kinds of prices are just around the corner and could devastate your ability to make money if you do not start planning now. The good news is you can thrive in the new energy economy with a broad-based energy plan that not only reduces your costs but boosts your top line.

Energy conservation is the first and simplest strategy you can adopt. Do offices really need to be precisely controlled at 70-72F degrees all year round? Do you really need to heat your hot water to 140F degrees for the occasional restroom visit? Why do most businesses turn on all their lights all day long when a fraction of that amount would work fine? Easy behavioral changes like these can reduce your energy bills up to 20%. Paybacks can be instantaneous.

Energy efficiency is the second strategy you can adopt. These measures generally involve installing better equipment and/or controls. For example, are you using 20 year old air conditioning systems and the old mercury-bulb thermostats to cool your office? Is your building envelope poorly insulated such that you lose the heat in the winter through your roof, walls, and windows almost as fast as you can supply it? What about those old CRT computer monitors? Basic upgrades like new HVAC, lighting, and vehicle fleets can reduce your energy bills another 30%. Paybacks are typically 1-5 years.

Renewable energy is the third and last strategy and it involves becoming your own energy provider. In other words, after you have reduced your usage as much as possible the next goal should be to generate your own heat or electricity. Do you have space on your roof where you can install solar panels and not only generate electricity but reduce your peak demand? Do you have room for solar collectors to heat your hot water? What about bio-mass? What about wind turbine in appropriately place sites?

Former President Clinton recently stated that the new energy economy will have the biggest economic impact on the United States since WWII. Others have said it will dwarf the internet economy by several orders of magnitude in the coming years. The unprecedented media coverage of all things 'green' suggests these predictions could become true. Are you going to be a leader in the new energy economy or be swept away by it?

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