



Forget cheap oil and gas: Dig in on smart data and incentives

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Headlines are buzzing with energy news in 2015. Solar penetration is on the rise - the industry saw 40% growth in 2014 alone. Electric cars and improved battery systems are in the news daily. Technology gains have created an oversupply in the oil and gas markets, driving crude oil prices to \$46/barrel, \$2.13/gallon average at the pump, and continued declines in natural gas pricing.

How do these market conditions change your outlook in the real estate business? As an owner/operator or a service provider, the answer is that your strategy should not change much at all. You may save some gas money on your drive to work and your properties may realize marginal savings from utilities buying cheaper energy from natural gas plants, but don't expect these changes to make you look like a hero to your shareholders.

Utilities are going to be channeling a healthy chunk of savings to much needed system upgrades, grid modernizations, and resiliency measures. These alone will likely offset any near term benefits the "passive energy consumer" will realize on their bill. The "active energy consumer" or better yet the "prosumer," stands to realize substantial gains from the incentives utilities and government agencies are offering for upgrading their energy systems. Your two objectives for 2015 should be:

Put your property data to work. Smart meters and sensors have never been cheaper and more impactful. You can gain real visibility into how small changes and efficiency upgrades can save big money. Some conclusions are as obvious as, "Don't heat and cool at the same time." Others are more complex. They all have the potential to yield tremendous savings.

Take advantage of incentive programs. ConEd and NYSERDA offer incentives like the Demand Management Program, which make it easy to save money and reduce grid strain. Free tools like www.gridmarket.com (a ConEd, NYC, NYS, and Agrion project) allow owners and operators to see how much money they can save by hosting a DER (distributed energy resource) like battery storage, and offer zero money down options and immediate savings to those lacking CapEx budget.

Commodity prices will rise again, as they always do. When OPEC says, "We see oil under \$20/barrel," they do it so global behavior shifts back to highly fossil-dependent technologies. Then the prices spike again, leaving you high and dry. Dig in on data fluency and the multitude of incentive programs designed to help. Cheap oil and gas, or even affordable solar, will not save you.

To learn more about great data partners or to take advantage of the free GridMarket tool, feel free to contact nick.davis@agrion.org

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