



Coping with the expected rise in energy risks

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There is a growing concern in Washington that large sections of the U.S., including N.Y., will be at a greater risk of blackouts or periods of electricity shortages in the future due to a number of factors. While uneven electricity production and delivery is common in developing countries, these issues are beginning to show in the U.S., too. Think about the grave consequences blackouts would have on your operations, your tenants, and economic growth. These issues have gotten the attention of federal and state governments and power companies.

Increased risk of unreliable energy supply has been influenced by affordability, security, and sustainability issues. Many areas are seeing a sharp increase in electricity demand as we come out of a recession and the capital cost to upgrade infrastructure to produce and deliver the additional power is projected to be humungous. In some cases, necessary upgrades are not affordable without large rate increases or government assistance, two areas that politicians prefer to avoid. While many utilities recognize that offering incentives for greater energy efficiency is cheaper than implementing full infrastructure upgrades, this will take longer and is a gamble of whether this will be sufficient to reduce the needed investments. Thus, more people and business will be at risk of future power losses.

This is also a long-term issue. Several think tanks predict a worldwide doubling of energy demand between recent years and the 2030's, something that cannot be met in terms of development and delivery without R&D and implementation of renewable energy, as fossil fuel availability is limiting, due to political and practical considerations. What can your building do to better ensure reliable energy supply and have greater cost certainty in the future?

1. Preparation. Your company and buildings should assess and develop an energy plan. How much and what types of energy does your company need to function (electricity and fuel for heat)? How much might the need grow in the future? Where do you get your energy from (supply and delivery)? Are there other, more reliable sources?

Looking forward, what energy sources may be more reliable for you in the future, such as fuel switching or renewable sources?

2. Invest in smart technology that will provide both information on energy use and paths to energy efficiency.

Smart metering provides the opportunity for you to obtain useful data on energy usage and demand, which can provide you a truer picture of cost, risks, and future. Knowledge of energy usage is "king" and provides you with ideas to reduce your usage in the most cost-effective manner without impacting tenants.

3. Renewables/clean energy is the long-term path to go. Being dependent on power from fossil fuels is a risk in the future due to its finite nature, difficulty in finding and refining fossil fuels (raising its cost), and the political situation.

Even in a positive scenario, fossil fuel costs will go up and down with conditions, and make planning harder. Renewable energy, even if it were to replace just a fraction of your usage, is becoming more established and efficient. It works and prices are coming down for installation. Of course, the source of power is plentiful and free. Con Edison and other utilities are providing incentives to generate more power from renewables; another advantage of these technologies.

CCES has the experts to help you establish short-term and long-term energy planning to increase your building and company's efficiency, reduce costs, and reduce risks of unreliable supply and delivery. Contact us today at 914-584-6720 or at karell@CCESworld.com.

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