Efficiency Efforts, In the Billions

by Carrie Ellis, Editor, Chem.Info

"The billions of federal dollars about to be spent are going to be the biggest government infrastructure investment since the interstate highway system was launched in the 1950s." This statement from a now slightly outdated blog post refers to the American Recovery and Reinvestment Act [1] (that went into effect on February 17), which promises to bolster just the renewable energy sector with more than $43 billion—

And this sliver of stimulus dessert doesn't even compare to its overall spending. Although I could get into the ins and outs of the deal, essentially the act endows certain fund-worthy causes with the capital to create new jobs and otherwise stimulate the flow of money. Although it may take time to permeate some segments of the economy, the stimulus package has already spurred some companies to end hiring freezes, tack on more crews, invest in more cutting-edge technology … And it's just the beginning.

If you think about it, a parallel could be easily drawn to investing in plant energy efficiency initiatives. Both require the painful forking over of large amounts of capital without the promise of a defined yield; yet both could also potentially help you realize a more-than-redeeming return on investment in the future.

As in life, so in business: The things worth fighting for are just that. Investing in your facility's future by optimizing energy efficiency is like building collateral because it adds value—whether determined by carbon footprint or eventual cost savings—to your plant. Anyway, it serves as a nice security blanket if you get the chance to look past the nose of current fiscal conditions.

In contrast, you are limiting your full potential by drawing your purse strings on

prospective efficiency gains, which not only further weakens the economy, but also caps you at current capacity and lowers the ceiling on innovation. The global economic crisis that’s upon us is the ideal time to make large efficiency strides to stand out from competitors, rather than maintaining the status quo, which may set you on a lower competitive playing field.

Bold initatives require bold support. Just look at the numbers thrown around in the effort to pump life back into the American economy.

One could say that energy efficiency spending is also represented well by the aforementioned factoid on the interstate highway investments of the 1950s: It takes great financial risk to catalyze the changes necessary to expand infrastructure. Infrastructure expansion, in turn, rewards those investors with the opportunity to stimulate future growth, while simultaneously preparing for it.

In the '50s, it was highways to accommodate urban sprawl and afford housewives the freedom to drive to the store to buy new energy-efficient kitchen appliances. Now, we find that energy efficiency may again be driving the need to update infrastructure. In that case, cash flow will populate America's interstate once more.

What's your take? Email carrie.ellis@advantagemedia.com [2]

Click here to read Anna Well's take on investing in energy efficiency [3]

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