

Sep 25, 2013

Why Energy Efficiency is about to take major leap forward

By IVAN MARTEN

The vast economic and environmental potential for energy efficiency is well understood, including the types and sources of energy waste. Yet surprisingly, adoption of efficiency measures has lagged behind predictions. The hurdles include inadequate attention to energy costs, conflicting incentives for landlords and tenants, and high costs and administrative hurdles of energy-efficiency projects.

Still, growth is finally looming. An upcoming report by Boston Consulting Group (BCG) predicts double-digit growth for the energy-efficiency industry until 2020, thanks to a mix of regulatory, financial and technological factors. For example, such cost-effective technologies as solar-powered heat pumps improve the business case for efficiency, while intelligent control systems for decentralized components can improve the economics. Innovative businesses, moreover, are addressing the

adoption hurdles and creating new demand. Low interest rates and public funding even make larger projects attractive, provided they sufficiently cut energy costs.

For consumers and businesses, these developments enhance the availability and ease of implementation of measures to cut energy costs. Especially for older buildings, quick fixes like simply sealing leaking windows can pay themselves off in less than a year. Larger investments are required when appliances are replaced. Attractive options are high-efficiency refrigerators, light-emitting diode lamps that use 80% less electricity than incandescent bulbs, and well-adjusted HVAC systems.

Some changes require outside expertise and capital. Energy service companies offer skilled advice for improving efficiency in individual buildings or across an entire company. They can also install new equipment and secure financing. BCG is observing how players from a number of industries are entering the energy services

arena to claim market share.

Businesses can also help their customers to save energy and make a buck. Products with reduced packaging, for instance, lower the customers' logistics costs, and more water-efficient products require less energy for heating. Enabling energy efficiency has become a competitive differentiator that can help a company become a supplier of choice.

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