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Organizations should be prepared to manage a wide and growing variety of energy-related business risks. These include energy market volatility as well as rapidly evolving technologies and regulation. Solutions involve more than pursuing a "project"— *such as capital investment in a big chunk of machinery*. Another alternative involves changing the way that daily, energy-related decisions are made throughout an organization. Energy risk management will require input from a variety of departments and people:

Procurement, budgeting and finance people will be the first-line in dealing with electric utility deregulation. Companies need to develop strategies for making the best use of the many procurement options that are available in deregulated power markets.

Finance people will lead the pursuit of tax deductions and credits that apply to certain energy improvements such as lighting, heating, air conditioning, and building structural systems. Finance people also set the criteria for evaluating energy-related investments.

Engineers will monitor emerging technologies and standards. Companies will ask: What are these technologies? Which ones will provide value for me? How shall I evaluate them? Engineers will also design, commission, and monitor new energy-using equipment and systems.

Operations managers will rethink the dozens of staff decisions made each day, across plant floors or office spaces. Machine operators and office workers are largely unaware of how their everyday choices impact the energy bill. Solutions begin with increased staff awareness of their energy use.

Human resource professionals need to inventory their staff training needs, then seek appropriate training opportunities. Maintenance workers and machine operators need to learn "best practice" techniques that save money and boost reliability.

Environmental, health and safety professionals need to monitor emerging regulations. Compliance with these regulations puts many dollars at stake in the form of potential fines and penalties. Note that an energy management agenda will closely overlap safety and emissions compliance strategies.

Marketing and corporate strategy people need to understand the opportunities posed by "sustainable" business practices. Energy efficiency is a component of sustainable business practices. Sustainability is also the key to developing new products and services and winning new customers. Look at Wal-Mart: they force their suppliers to squeeze as much waste as possible from their production costs. Companies that sell their products to Wal-Mart (and many other like-minded firms) are aware of this trend and have a strategy ready for it. Failure to adapt to this trend is to risk losing business.

Needless to say, an organization needs to coordinate these many players so that they are not working at cross-purposes. This is essentially the role of an energy manager.

Forward-thinking companies respond to energy risk by changing they way they use energy. They often begin by rethinking their work habits and procedures. They quickly discover that energy use is as much a human issue as it is mechanical. To ignore the human component of energy cost-control is to invite business risk. A lack of awareness begets a lack of accountability. And without accountability, companies have no effective response to energy risk.

Christopher Russell is recognized by the Association of Energy Engineers both as a Certified Energy Manager and a Certified Energy Procurement Specialist. As the director of industrial programs at the Alliance to Save Energy from 1999-2006, he documented and evaluated energy management practices at dozens of facilities and today continues to advise end users *and others on the planning and promotion of industrial energy programs. Updated weekly, his energy management blog can be found at http://energypathfinder.blogspot.com*