

## Industry Outlook: Priorities In A New Business Environment

Written by Enrique Santacana, President and CEO, ABB Inc.  
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As we look ahead to a return to economic stability and growth, one trend is sure to continue: the rising demand for energy. More specifically, it's the rising demand for electricity.

Electric power is poised to be the energy source of the future, driven by the continued proliferation of electronic devices and by the electrification of the transportation sector. According to IEA estimates, energy consumption in North America and Europe will rise by 5% over the next 20 years. That may not sound like much, but the same study calls for electricity demand to increase by 26% (and 76% globally) over the same period.

Energy costs are still rising despite economic headwinds and the return to more robust growth combined with potential new regulation (e.g., on carbon emissions) will only fuel this trend. In such an environment, eliminating energy waste and doing more with less will be vital for all businesses, but especially for energy-intensive operations such as metals and cement production.

At ABB, we're focused on energy efficiency because we see tremendous potential in this area. One example lies in the electric motors that run compressors, pumps, fans, heaters and many of the other basic components found in any industrial operation. An 11kW motor, for example, that achieves just 2% greater efficiency than a comparable motor will use 33,600 kWh less power over a 15-year lifetime. That equates to [a savings of over \\$2100\\*](#) and more than 17,000 kg of CO<sub>2</sub>. Again, this may not sound like much, but if you consider a large pulp and paper facility running more than 2000 motors day and night, the impact of a seemingly small gain in efficiency becomes clear.

Efficiency is also often linked to reliability—and *nowhere is this more apparent than in the electric utility sector.* One major Texas utility is now

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installing static VAr compensators that will not only increase the capacity of existing transmission lines (i.e., boost efficiency), but also strengthen the local grid against disruptions (i.e., increase reliability). Installations like these defer the cost of building additional generating capacity and can even replace existing generation for voltage support.

To bring things full circle, reliability is also linked to safety. ABB introduced the first line of arc-resistant switchgear designed from scratch in 1994, and it now outsells our conventional switchgear. Arc-resistant gear provides a higher level of safety for workers, and also reduces damage to electronic components in the event of a failure, so there's an even more compelling business case.

Finally, the importance of energy efficiency has been elevated with recent developments regarding the emerging "smart grid." ABB is at the forefront of these discussions, and our engineers are helping to create intelligent new solutions that will improve efficiency, reliability, safety, environmental issues and end-user choices. The smart grid will have a positive impact on both industrial and utility sectors, and will eventually touch everyone in the U.S., Canada and around the globe.

We are entering into a new business environment—*one where economic considerations must be balanced more evenly with environmental and safety concerns*

. Our experience at ABB has shown, though, that these interests need not compete with one another, and often the best solutions are those that reveal the synergies among them.

**MT**

*\*Based on average power costs for industrial sector, EIA Electric Power Monthly, June 2010*

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