Written by William C. Livoti
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If I were a bettin' man, I would put money on Congress getting SOME type(s) of energy-efficiency/climate-change legislation into law in the not-too-distant future.

While I'm not about to offer an opinion on the possible cause of possible climate change, I do want to discuss the economic impact of proposed bills that are attempting to deal with it. Upon passage, in whatever form, what would these types of measures mean for U.S. industries? Think higher energy costs passed on to customers by the utilities. Just what we need!

Where will additional costs come from?

Scrubbers…The cost for a new-technology scrubber system for the typical pulverized coal plant is roughly $550M— *and it wouldn't lead to one penny in revenue for the utility*. In fact, a scrubber will draw an additional 2% to 5% in auxiliary power.

Replacement of obsolete plants…If a climate bill were to pass in its latest form (at the time of this writing in mid-December 2009), a number of older (pre-1970s) coal-fired plants will be unable to meet the new emission standards or find it too costly to get into compliance. We could build new plants, but what kind? Fossil, nuclear, renewable? How long will it take to add enough capacity to replace the old units? And, let's not forget the need for even more future capacity…

Carbon capture and sequestration…This technological advancement has captured the interest of both the DOE and the EPA as a possible solution to environmental problems with fossil-fired power plants. Although actual implementation costs are yet to be determined, they're bound to be high. As with new scrubbers, additional auxiliary power will be required, thus reducing a plant's output— *and the utility's profit margin as well.* (At the recent PowerGen 2009 event, engineers involved with the development of this new technology noted that capturing and sequestering 90% of the CO_2 from a power plant would add 2¢/kWhr to the bus bar costs.)

What are our options?

The legislation that's under debate has me very concerned—*for industry's economic future and my own* . However, rather than try living off the grid, I suggest that we make every effort to run our plants as efficiently as possible

and take the time to fully understand the content of impending energy-efficiency/climate-change-related bills.

Remember, too, that we can control the impact of whatever may come out of Washington by being proactive—*don't wait until the "horse is out of the barn!"* Among other things, implement energy-efficiency programs NOW. Seek out suppliers that promote/provide energy-efficiency studies NOW. Optimize and/or replace your existing energy-hog equipment and systems to increase the efficiency of your operations NOW.

For more information on current and proposed energy-efficiency/climate-change legislation and standards that will definitely change the industrial landscape, please join noted energy expert Bill Adams (of Flowserve and the Pump Systems Matter [PSM] initiative) and me at MARTS 2010. Our joint presentation, "The Two New Legs of Lean: Energy Efficiency & Reduction of Greenhouse-Gas Emissions," will show you what you'll need to comply with if you want to stay in business, as well as some successful strategies for doing so. (Please go to www.MARTSconference.com for the complete conference schedule.) **UM**

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