

Legal Update

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MAKING ENERGY RESOLUTIONS? ASK THESE QUESTIONS FIRST

By Michael R. Strong

As 2018 winds down, it is not too late to think about opportunities for 2019. One opportunity for a business “resolution” is a better approach to energy usage and costs. Without regard to size or industry, virtually all businesses will consume and pay for electricity. A smaller but still substantial group of businesses will also consume and pay for natural gas. This energy usage may be a substantial expense. And, for many, reliability of energy service is critical to running the business.

The good news: if you are not actively managing your electricity and natural gas, there may be untapped opportunities for savings, stability and efficiency. Here are some questions to get yourself oriented:

- **What is my energy footprint?** First, it is helpful to know what energy you use across your facilities, when you use it, and why you use it. Can usage be shifted—for instance, can you run certain electricity-intensive processes overnight? Some businesses retain or hire an energy consultant to help understand these patterns.
- **What state(s) am I in?** While wholesale energy markets are regulated at the federal level, and local government can have some impact, most opportunities depend on state laws and regulations.
 - **Energy suppliers:** In most of Illinois, Ohio, and Texas (among other states), businesses can choose a third party to buy electric or natural gas. These third parties offer a range of products to buy energy according to your business’ preference of savings and price stability.
 - **Solar:** Several states provide incentives that offset the costs of solar; in some (including Illinois and Massachusetts), a business can buy a share of a small offsite solar array called “community solar” to potentially save money or achieve price stability.
 - **Efficiency and Demand Response:** Many states provide incentives for utilities to offer energy efficiency incentives designed to reduce usage and demand response – where businesses are paid to reduce their usage during times of high demand.
- **What other goals do I have?** When considering ways to improve energy usage, it is a great opportunity to consider other goals your business may wish to achieve. For instance, some utilities offer incentives that may go toward upgrading to more efficient equipment. Additionally, clients or regulators may expect or demand some sort of “green” or energy reduction goals.

Acting on energy opportunities takes research and, frequently, support. Even the most straightforward opportunities require analysis. Other upgrades may require capital expenditures and a calculation of the payback time period and comparison with a vendor’s financing options. FVLD can provide legal support every step of the way from retaining a consultant to contracting for equipment and other capital upgrades, as well as providing insight into the legal framework that so frequently dictates the value you can expect.

FVLD publishes updates on legal issues and summaries of legal topics for its clients and friends. They are merely informational and do not constitute legal advice. We welcome comments or questions. If we can be of assistance, please call or write Michael R. Strong, 312.701.6848, mstrong@fvldlaw.com, or your regular FVLD contact.

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