BUSINESS RATIONALE FOR CAPITAL INVESTMENT IN ENERGY EFFICIENCY

1. Open new markets and revenue sources

   When energy efficiency is applied to operations, the company's expenses decreases and cash flow is improved. This increase in cash flow can be applied to new or expanded production lines.

2. Grow market share

   Energy efficiency returns a greater proportion of revenues to productive use. The additional corporate revenues can facilitate a company's quest for additional market share.

3. Attain a price premium

   A clean process can boast environmentally-friendly or "green" products. Energy efficiency is usually the quickest and most cost-effective way to contribute to "green" or sustainable business agendas. "Green" consumer products tend to command a price premium in the marketplace.

4. Reduce expenditures

   The discipline of applied energy efficiency:

   - Reduces fuel bills through decreased consumption,
   - Lowers average fuel prices derived through greater fixed-price contract purchasing,
   - Reduces the waste of direct materials input,
   - Lessens the need for purchases of environmental remediation and control equipment, and
   - Reduces hazard insurance premiums.

5. Reduce operating risk

   Applied energy efficiency will:

   - Hedge against fuel price volatility,
   - Avoid costs associated with equipment downtime (which includes lost revenue as well as idle resource costs),
   - Avoid penalties related to safety and emissions violations,
   - Avoid legal and settlement costs related to lapses in safety, and
   - Provide proof of environmental stewardship.

6. Reduce competitive risk

   The price of avoiding new technologies and process improvements is to endure the failure of aging assets and loss of business to competitors who gain advantages through innovation. Energy efficiency will contribute to speed, flexibility, and product quality.