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The evolution of the energy efficiency market

Some key trends have emerged in the energy efficiency market that are changing the priorities and focus of energy efficiency for commercial and municipal entities.

Art Thompson, Southland Industries
08/07/2018

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Since its infancy in the 1970s with the embargo-driven energy crisis, when long gas lines led to simple reminders to school children to turn off lights and electronics while not in use, the energy efficiency market has become increasingly sophisticated. Over the past few years, it has seen quite a disruption, precipitated by the consequences of previous behaviors and greater awareness across the board that energy efficiency isn't just the right thing to do, but also good business.

As the market navigates its current midlife crisis, some key trends have emerged that are changing the priorities and focus of energy efficiency for commercial and municipal entities.

Growing participation in demand-side management programs



Sophisticated commercial customers understand that when you use energy can have as much impact on your business's bottom line as how much energy you use. As utilities struggle to maintain their electrical infrastructure with both revenues and demand decreasing through the adoption of efficiency efforts and onsite power generation, many have moved to aggressive peak demand charges that penalize customers who "hog" the grid during these hours. Interest in programs, approaches and technologies that support peak demand shaving will continue to grow as businesses seek to maximize the impact of their energy spend.

Increased reliance upon the growing battery storage market

One approach to address demand management is the utilization of battery storage to harness generated power and dole it out as needed. For a long time, battery storage has been prohibitively expensive to the point that the payback in energy cost savings far exceeded the life span of the equipment. But with estimated growth of over 50 percent in 2017, the energy storage market is

becoming more affordable. In addition, as technological advances deliver more affordable commercial-grade solutions, battery storage becomes a solution, not only for energy users, but also for energy providers. Some of the earliest adopters of this technology have been forward-thinking utilities.

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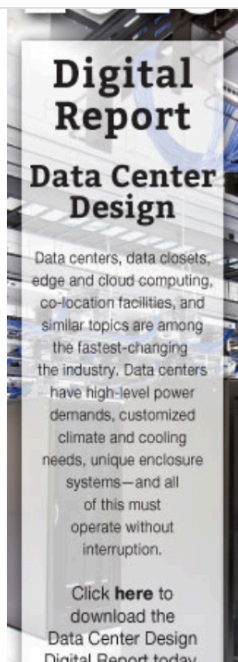
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Shift from efficiency-only efforts to the inclusion of energy quality and reliability elements

The federal government has been focused on energy security, reliability and resilience as a defense against terrorism for quite some time, but both the private sector and local municipalities are starting to see the value in similar approaches. As the sophistication level of our production facilities increase to the point that an outage of just a few seconds can significantly impact the quality of the output, industrial customers are increasingly focused on the quality of their power and the ability to stay up and running without disruption. Municipalities have come to understand that providing key services to their constituents during catastrophic weather events or other natural disasters can often hinge on the quality and reliability of their power. The most progressive utilities have created teams of power-quality "advocates" for their large energy users. They understand that commercial customers have other avenues to obtain power and the utilities are engaging these teams to increase customer loyalty.

Corporate and local leadership

Both public and private organizations have been talking the energy efficiency and responsibility language for years, but there is increased evidence of movement in both areas to truly "walk the walk" in this area. On the commercial side, it just makes good business sense. For many organizations, utility costs can be one of their largest operating expenses and reducing them provides a competitive advantage. In addition to this obvious benefit, energy efficiency is also a tool to recruit the brightest talent from the current generation entering the workplace. Environmental responsibility and accountability are of paramount importance to these recruits, and smart companies are leveraging their energy policy to attract them.

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