RSM RESOURCE SUPPLY MANAGEMENT

Energy Procurement Energy Management

DSM in Practice

"JJ, there is great new Demand Side Management program where the power company will help pay for new high efficiency equipment."

"I know about it, Boss; but it won't do us any good."

"Why not? Look here; it says that they will pay us $5 per horsepower to get new efficient motors."

"This facility is only 20 years old and most of our motors are the high efficiency type. The motors for air conditioning fans run about $100 per horsepower, so $5 is hardly enough to justify changing them. Besides, as our standard type motors burned out, we already replaced them with high efficiency models based on the energy savings."

"So we can't really get much of this free money?"

"Right, but this program already adds about $500 a month to our bill and will increase to $1,000 per month over the next three years."

"Sounds like there is no way we can come anywhere near getting our money back."

"If a building is really energy *in*efficient there is a chance of coming close to breaking even. Such as the building of our competitors, ACME Widgets, that has had sloppy maintenance for years. They are getting a sizable rebate from the power company."

"What? JJ, does this mean we are paying for our competitor's improvements after we spent our own money making those same improvements?"

"It gets worse, Boss. For every dollar the power company gives ACME, the power company gets to charge $5 to its other customers, including us."