

## MANAGING YOUR ENERGY USAGE

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The price of natural gas, electricity and crude oil have undergone a period of volatility since 2000 with the expectation that increased energy costs will remain in our near term future. While it is difficult to accurately predict prices and price ceilings, there are strong indicators that domestic and worldwide demand will continue to increase in 2006. During 2005 the supply side of the energy equation experienced hurricane induced infrastructure disruptions, substantially limiting domestic natural gas and crude oil supplies, while rail disruptions limited coal delivery from the Wyoming Powder River Basin to electrical generation facilities.

While there is little individuals can do to significantly effect energy supply, collectively, consumers can reduce energy consumption thereby reducing demand on energy resources and help manage energy costs. While some businesses have seen significant reductions in energy use through utilization of energy conservation and energy efficient technologies, many of have still experienced energy costs above previous year levels. Beyond the reduction in use of energy, consumers have additional options that can assist them manage energy costs. Utilities have electric and natural gas rate structures designed to encourage customers to use energy during periods of higher energy supply and reduced energy production costs. Understanding the advantages and limitations of utility rate structures is important in managing any business.

Selection of appropriate energy efficient technologies, use of alternative energy resources, equipment maintenance, energy management systems and application of utility rate structures should all be considered when trying to reduce the impact of energy costs on a business enterprise. There are utility, state and USDA programs available to assist in the selection and financing of alternative energy and energy efficient equipment for agricultural businesses. The location, quantity and nature of a businesses energy usage will determine which utility rates are available to the business and whether the business is eligible for utility, state or USDA financing.

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