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Why energy projects?

Future demand cannot be predicted with certainty, although the IEA estimates a 40 per cent increase in energy demand from 2010-2035. Global demand for oil and gas is unlikely to be significantly reduced by price increases while the global economy continues to rely on current technologies and behaviours.

Source: Energy Security Strategy, DECC, 2012

THE RISING PRICE OF ENERGY

Energy is a cost that, for many organisations, has grown as a proportion of overall expenditure in recent years. At the same time there is increased pressure on public service organisations' budgets.

There have been significant rises in the price of energy over the last ten years and the expectation is that the cost of energy will continue to rise. Information produced by the Department of Energy & Climate Change (DECC) indicates that during the period 2005 to 2012 the average electricity price for non-domestic consumers rose by 65% and the average gas price rose by 40%.

While DECC energy and emissions projections suggest considerable fluctuations in price in the years ahead, the overall picture is that prices for gas and electricity will be higher in 2020 than they are today. Some energy suppliers have suggested that government predictions are on the conservative side and are based in part on an optimistic assessment of the likely level of improvements in energy efficiency. Local public service organisations use significant amounts of energy and local authorities have seen their energy costs rise substantially.

In addition to energy price rises, those organisations participating in the CRC Energy Efficiency Scheme have encountered a new additional cost linked to energy use in the form of CRC carbon emission allowances.

Both the energy price rises and the new cost placed on carbon highlight the increasing importance for organisations of improving their energy management. Saving energy makes sense and an integrated approach to managing energy across the organisation can lead to significant benefits, both reducing energy costs and helping drive down carbon emissions and the cost of carbon.

All energy-consuming organisations need to manage energy consumption if they want to avoid the impact of price increases on the products or services they provide. In addition the rising price of energy makes the development of local energy generation an attractive proposition for many organisations looking to develop their income streams and improve local energy security.