

Energy Availability & Costs: “Going Green”

Mark Crawford (November 2012)

Energy typically falls in the top site-selection factors for any project. The greater a project’s consumption of energy, the more important the availability and total cost of energy becomes in the final selection decision. The respondents to Area Development’s 26th Annual Corporate Survey (Published Winter 2012) ranked energy availability and costs seventh among the factors, with 84.8 percent considering this factor as “very important” or “important.”

Going Green

More companies are interested in developing a green footprint and using renewable, carbon-free energy for their facilities. Even though green energy can be an extra cost factor up front (for example, solar panels on warehouse roofs in the Southwest), it does eventually bring rates down and improves the company’s image.

“Sometimes the driver is not so much cost but growing the value of ‘green’ in a company’s brand,” says John Boyd, principal with the Boyd Company in Princeton, New Jersey. “Green brings coveted social and public relations value, which appeals to the company’s executive suite and corporate/investor relations department, beyond the site selection/real estate team with whom we interact.”

Boyd cites a good example of “green envy” as part of the recent decision of BMW to locate a major composites plant in central Washington State near Quincy, where Dell, Microsoft, Intuit, and Yahoo have also recently located major energy-hungry data centers. “Quincy offers some of the lowest-cost green energy in the U.S. powered by the hydro plants on the Columbia River,” says Boyd.

Also along green lines, the impending implementation of California’s controversial cap-and-trade program — which has been estimated to cost industry more than \$1.2 billion — is already having a negative impact on corporate investment and jobs. Industries hit especially hard by these new regulations include agriculture and food and beverage processing, which are critical industries for California’s Central Valley.

Boyd sums up: “Very recently, Camden, New Jersey-based Campbell Soups announced the closing of its iconic vegetable processing plant in Sacramento and the loss of some 700 jobs. We fully expect other food and beverage processing operations in California to reassess their investments and look at alternative sites in places like Arizona, Texas (a destination of Campbell’s Sacramento operations), the Willamette Valley in Oregon, central Washington State, and other lower-cost and energy-friendly options in the Midwest. We are currently doing feasibility cost analyses for several snack foods and soft drink/energy drink companies that are also concerned about the impact of cap-and-trade on the bottom line of their California operations.”

About the Author



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Mark Crawford is a full-time freelance writer in Madison, Wisconsin, who specializes in business writing. He is also the author of five books.



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