



Flynn's Harp

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Notes on people and issues,
composed from business, politics and life



Flynn's Harp: Allen says energy conservation deserves focus (8-4-10)

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Posted on 8/4/2010*

David Allen, executive vice president of McKinstry, a Seattle company that has arguably become the nation's most visible energy-services firm, says conservation needs to be seen by lawmakers and policymakers as equally important to innovation in reducing the nation's carbon footprint.

The thing that concerns Allen is that "all the good things coming, like large-scale wind and solar energy, electric cars and all the benefits they'll deliver won't happen in our generation. There needs to be a better focus on what we can do now."

In fact, Allen likens the pursuit of investing in renewable energy and clean-tech ideas as "a little like the dot-com era when money was spent on every possible tech concept, whereas only a few proved worth the investments."

It was the message about treating conservation as equal to innovation in the quest for energy savings that Allen delivered late last month at a White House Clean Energy Forum at which he served on one of three panels.

"My role on the panel was to focus on how things like scale, financing and innovation are being deployed in practice, as well as looking at the challenges and opportunities," Allen said. "The primary challenge is getting conservation treated as a renewable energy source, which would give it equal footing in things like investment tax credit and production tax credits."

Allen, his brother Dean (McKinstry's CEO) and their executive team have helped guide the company their father founded 50 years ago as a mechanical engineering business into a national leadership role in designing, building and managing energy-efficient facilities.

McKinstry has grown into a business with about \$450 million in annual revenues, with 1,600 employees in 17 cities, including new offices most recently in San Antonio, TX, and Orange County, CA.

The Allens find themselves in the interesting position of, on the one hand, being cautiously critical of the race to find clean-technology innovations while spending their own resources to incubate and accelerate companies involved with promising new-technology concepts.

In explaining that seeming inconsistency with their unique accelerator facility for promising companies, David Allen says: "We're more focused on companies that are in and around energy efficiency and clean energy, what we call NOW technologies, things that are ready to be implemented now."

While he's careful to come across as cautionary rather than critical, in a sense, the mantra of the McKinstry folks is that advocates of a greener, cleaner society are lured by thoughts of what might be while overlooking the opportunity to help bring about what can be.

None of his cautious criticism of spending on clean-energy concepts should be seen as McKinstry trying to generate more activity for its conservation business. Allen, in fact, sums up McKinstry's business as "right now our shadow is bigger than our body."

Allen, in explaining that comment, said: "We think the opportunity for energy-saving with conservation is such a huge one that there would be 100 McKinstrys, or we could be 100 times bigger, to meet the demand."

Ash Awad, McKinstry's vice president of Energy and Facility Solutions, who sat in on the interview with David Allen, noted that "70 percent of all power is used in buildings and half of that energy is wasted. Imagine if we could bring half the energy back to America."

The McKinstry effort is two-fold: to have energy conservation costs treated equally with alternative-energy technology and to create financial incentives for utilities to reduce their kilowatt hours.

"States are making rules about the percentage of renewable energy utilities must produce without realizing that there aren't enough ways for the utilities to meet those requirements," Allen said.

"Conservation needs to be treated like other renewable energy sources so that conservation initiatives could be eligible for all the grants and funding that are available for renewables," he added.

"We're convinced that one of the changes that has to happen is that utilities be allowed to make a profit from reducing their energy use rather than just requiring them to invest in new technology," Allen suggested.