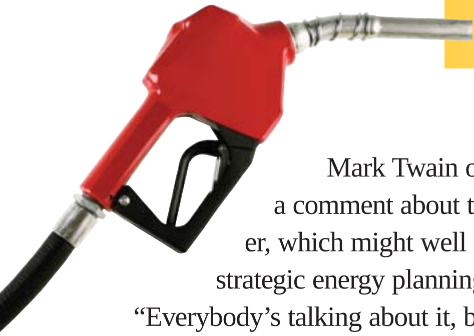
# THE Critical Need
## For A Strategic Energy Plan



*by Mary Ann Milsop, Remco Energy Solutions*

Mark Twain once made a comment about the weather, which might well apply to strategic energy planning. "Everybody's talking about it, but no one is doing anything about it." Faced with the pressing problems of the day-to-day operation most retailers neither have the time nor the inclination to develop a strategic energy plan. Although some retailers are falling behind in putting their plans in place, others tout it as a key to success and a means of survival. No longer is it feasible to look at energy as non-controllable expense. This is a luxury no organization can afford.

Although oil and natural gas prices have risen sharply, most retailers are not prepared to deal with a full-blown energy crisis and the impact it will have on their bottom line. So far global economic growth has withstood the impact of higher energy costs. The big question is whether it will continue to sustain it. If we strip out the impact of inflation, oil prices are now near the same levels hit during the Arab oil embargo in 1973-1974. Many analysts believe that the current situation will only get worse. To further exasperate matters 98% of the power plants that were built in the late nineties are gas fired. Thus, when oil prices rise, gas and electric charges increase.

The stock market hasn't set the world on fire, industry wide sales are hitting snags, oil prices closed at a new, all time high earlier this week at over $66.00 per barrel which is the highest close recorded since trading began on the exchange in 1983.

Analysts said that prices could keep rising because of security concerns in Saudi Arabia and demand and lags in production. High oil and natural gas prices have put energy markets under the greatest strain in a generation said Alan Greenspan recently. In an earlier report Goldman Sachs projected that oil markets have entered a "super-spike" period that could see price surge as high as $105.00 a barrel. These same forecasts sit at the top of a table of predictions from 25 analysts, consultants and government bodies surveyed by Reuters. The analysts said resilient demand has led them to revise their "super spike" range to a conservative $50.00-$105 per barrel from $50.00-$80.00. However, the upside of the super-spike estimate could be as high as $135.00 per barrel. Goldman said the current market looks more like what was seen in 1970 when high-energy prices threw the world into a recession.