



## The Impact of Rising Energy Prices On Equipment Choices

by Doug Fryett

In November of 2001 the price to commercial consumers for a thousand cubic feet of natural gas was \$6.79 (average national price). Six years later and during the same month the going rate was \$11.04 (average national price) — an increase of 77.3%. And oil prices have seen an even greater increase going from an average price per barrel of \$15.76 to \$95.33 — a whopping increase of over 500%! (Prices obtained from the Energy Information Administration.)

These increases in energy prices have a trickle-down effect across many different expense categories for a foodservice operator. In addition to directly impacting the utility expense category, rising energy prices are also affecting food costs as food distributors add “energy surcharges” as a means of trying to maintain their profit margins. In a recently conducted industry study, foodservice operators from across all segments of the industry indicated that rising utility costs ranked as one of the top factors they felt would have the greatest negative impact upon their operations. The same study also revealed that energy costs had the highest percentage increase of all major expense categories. So, what is a foodservice operator to do in the face of such energy dynamics?

Of course the obvious answer to this question is to find ways to reduce the energy expense component, and there are several ways an operator can do this.

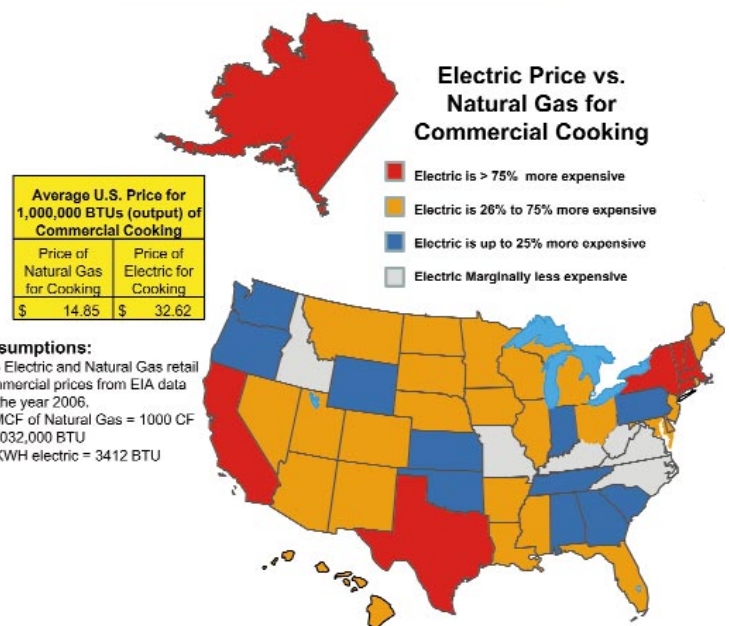
To begin, using natural gas as your primary cooking fuel will save considerable cash. The price increases noted above are not singular to gas and oil: electricity prices have risen as well. The map on this page shows that in almost every state in the U.S. natural gas for cooking still costs less than electricity.

Now more than ever, operators need to seek out the

most energy-efficient equipment they can find. Thankfully, manufacturers are introducing new models of gas equipment across all major categories that are significantly more energy-efficient than the models they are replacing.

Fortunately, greater efficiency does not translate into less equipment productivity — the capability of a piece of equipment to “pump out” product. In fact, numerous independent studies have shown just the opposite. Through the combination of better overall design and the employment of new energy-efficient technologies, many categories of foodservice equipment are demonstrating greater output with

### Comparison of Natural Gas versus Electric Rates for Food Service Operations



significantly less energy input. In other words, operators do not have to trade output for efficiency.

Energy Star®, a division of the EPA (Environmental Protection Agency), has established energy efficiency standards for six different categories of foodservice equipment — fryers, steamers, refrigerators, holding cabinets, ice machines, and warewashing equipment. When looking to purchase a new piece of equipment for their facilities, foodservice operators should seek out items that have the Energy Star “seal of approval” if they are serious about wanting to reduce their energy costs.

At the same time, operators should seek out the assistance of their local gas utility representative. In this very competitive energy environment, gas utilities are working closer than ever with equipment manufacturers in an effort to find new technologies that will help bring down the amount of gas consumed by foodservice equipment. As such, they are well aware and informed of the latest pieces of equipment that will provide operators with maximum performance and productivity with minimal energy consumption.

Operators should also consider multifunction foodservice equipment as a means of reducing their energy bills. Most foodservice operators do not use their equipment at 100% capacity, even during the busiest times of the day. A convection oven that is not in use is still “on” and consuming gas even when it is in idle mode. The same holds true for a convection steamer — most operators do not use it 100% of the time to actually cook, so when it is in the “standby” mode, it is still consuming a significant amount of energy — energy that is not “productive” in nature. One potential way to deal with this type of scenario is to purchase a combination oven/steamer that is multifunctional by design. A “combi” oven would most likely be in standby or idle mode a relatively short period of time on a daily basis, thus reducing the overall energy consumption for operators.

When purchasing foodservice equipment, operators should consider only items that will meet their operational needs and avoid purchasing equipment that is “oversized” just because they feel they’re getting a “great deal.” Generally speaking, larger capacity pieces of equipment consume more energy, and if an operator’s goal is to reduce energy costs, then larger, underutilized equipment is not part of the energy efficiency equation.

And of course, operators must look at their own operating practices as well as a means of reducing energy consumption. They must instill throughout their entire organization a culture of “energy conservation” and put in place, and enforce, practices and procedures specifically designed to reduce energy consumption and garner greater output per energy unit consumed.

As the “greening” phenomenon starts to penetrate deeper into the foodservice industry, the subjects of energy use (and misuse) and energy conservation will certainly grow in significance. Proactive operators will need to look at various options that are available to them as they seek out ways to reduce their total energy consumption and hence energy costs. Purchasing more energy-efficient, multifunctional natural gas foodservice equipment that is properly sized for their operations, along with instilling a culture of energy and resource conservation throughout their organizations, will go a long way in helping operators reduce their total energy costs in light of escalating prices.

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