

BLOGS

Sustainability and the green supply chain: Crescent/Stonco brings energy efficiency to the DC

By Bob Trebilcock, Executive Editor
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After covering the materials handling industry for about 25 years, the most exciting developments to me have been the convergence of other disciplines with our industry. First there was automatic data collection, with barcode scanning, voice and now RFID. That was followed by an increased emphasis on software-based solutions and now web-based solutions. And over the last year, I've begun to see the convergence of what we do in the DC with broader corporate initiatives, including sustainability, or green supply chain. At NA this year, there were solar panel and energy efficient lighting displays tucked in between the lift trucks and conveyors.

Crescent/Stonco, (<http://www.stoncolighting.com>), a provider of industrial lighting solutions, is tapping into that convergence with something the company calls the Stonco Warehouse Energy Program. "We're finding there are a number of DC owners that want to reduce their total energy consumption or manage the total energy in their facility," says Bill McShane, director of sales. That's because lighting and heating can account for up to 70% of the electricity use in a facility, according to McShane. The challenge is that DC managers are in the business of moving materials, not turning down the thermostat or flipping off light switches, so to speak. What's more, capital budgets are frozen: Brother, can you spare a Cap Ex dime could be the mantra at most companies.

That's where the Stonco program comes into play. The company and its partners will redesign your heating and lighting systems and lease them back to you through a banking partner with money to lend. There's a unique concept. Think of it as a 3PL for energy management. The goal is to reduce energy consumption by as much as 50% by installing new energy efficient lighting and HVAC systems; earn a one-time Federal tax deduction (and possibly state and local deductions as well) of from \$1.20 to \$1.80 per square foot as a result of the Energy Policy Act of 2005 – a program that has been extended until 2013; and finance 100% of the project through a banking partner.

Here's how it works: **The program is an alliance of four partners:** Stonco Lighting provides the lighting, **Cambridge Heating provides the HVAC**, De Lage Landen the financing and Energy Tax Savers, a green tax firm, helps participants achieve Federal tax incentives aimed at making energy efficient investments as economically viable as possible.

"There are no upfront fees and the total payment for utilities and because we design specific lighting products to go into these facilities, you get a system that's designed properly for optimization," says McShane. "If we can reduce your utilities by 50%, the lease payment and your utilities bills will be less than they're paying now just for the lighting and heating."

Those systems include not just the light fixtures and bulbs or the heating unit, but sensors and controls to only illuminate or heat and cool sections of the warehouse when there is activity. Lease terms can last from 12 to 60 months, and at the end of the lease, the warehouse owns the system.

Why now? For the same reason that many companies are leasing their lift trucks, outsourcing their distribution to third party logistics providers and even contemplating the leasing of automated materials handling systems. "If capital budgets are frozen, there's no way to upgrade a DC," says McShane. "Through a lease, you can improve your building, tout your green bonafides and do it without dipping into capital reserves."

McShane adds: "People are looking for the catch, and there isn't one. We can quantify the savings."

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