

Friday, October 26, 2007

Exercise caution when 'going green'

Dallas Business Journal

In this era of green politics, we can't help but be taken by the idea behind Transcend Equity Development, a marketplace driven gamble on energy efficiency.

As we reported in last week's issue, Transcend is a young company that is betting on its ability to squeeze savings out of the energy bills of commercial properties. It offers to take over a building's utility bills and, then, it makes capital improvements to cut down on the property's energy consumption. As part of the deal, the landlord pays Transcend the historical utility tab for a period of years.

As Staff Writer Bill Hethcock reported, Transcend's profit is the difference between the historical amount it collects and the amount it actually pays for utilities once improvements are made.

That's capitalism and entrepreneurial risk-taking at its best, and ideas like this are far preferable to heavy-handed government mandates that so many people seem to advocate these days.

Don't read this as an endorsement of Transcend itself. Only time will tell if the idea has merit and the company is able to handle the risk properly. But this kind of private-sector thinking needs to be applauded.

In today's society, no issue is hotter than the environment. The global-warming debate rages on, but the green wave already has rolled over the country in unstoppable fashion, and it is transforming every aspect of the economy.

To illustrate: Also in last week's issue, we reported how local law firms are bulking up their environmental-law practices, and we told you how Dallas-based SaveOnEnergy.com is trying to become the lendingtree.com of the electricity market. That's just one week's sampling of the green-related news that is dominating the landscape these days.

Politically, there is much momentum to force certain green initiatives on business and consumers. At the same time, the environment has become both a powerful moral crusade and a fireball-hot trend in the marketplace, not unlike the dot-com craze of the late '90s. Indeed, we see a bit of irrational exuberance tied to many products or business plans that have the word "green" slapped on it.

Some people will get burned in the process, as people always do whenever the next "sure thing" comes along. For example, BusinessWeek just carried a cover story detailing how corporate green initiatives often don't yield the promised benefits. We'd even go so far as to predict that the most breathtaking scams and flops of the next decade will come from the green wave.

All that said, the need for, and benefits to, bona fide conservation are beyond debate. Regardless of one's stance on global warming, it's just plain smart to pursue alternative energy sources, energy independence for the country and ideas for reducing energy usage and pollution. What we also need, though, is to ponder such ideas without the hype and the pressure, which basically states that if you don't buy into every harebrained scheme, far-fetched promise and government tax or prohibition, you are a cancer on Mother Nature.

That's why we like the innovative-yet-practical premise behind Transcend Equity. The company's willingness to assume the risk for energy improvements could well result in state-of-the-art utility upgrades for many older properties that otherwise would never receive them. The company doesn't ignore the emotional tug of the green wave, but it doesn't hype it either -- its message to landlords is a straightforward, practical business proposition, one that happens to have a lot of potential to benefit the environment, should it succeed on a large scale. (Just ponder the vast inventory of old commercial properties in North Texas alone.)

Time will tell whether that happens. But it's an idea worth rooting for.