

Processing Outlook Report: Fuel Refinement Segment

Although this segment has been hit hard in recent years due to natural disasters in the Gulf of Mexico and a lack of interest in building more refineries, it is still surprising to see that investments in this sector could take a pretty dramatic step backwards in 2009. Although it should track more closely with the guarded, yet comparatively stronger segments of food and beverage, and pharmaceuticals, respondents in this area of processing seem to be taking a very conservative route when investigating new investments for their facilities.

When it comes to 2009 vs. 2008 purchasing projections:

- 64 percent indicated that they will spend less on safety programs and related products in 2009. Last year, more than 46 percent spent more than \$40,000 in the category.
- Similarly, 54 percent of respondents said that they will not invest as much this year on automation equipment as they did in 2008. Last year, nearly 40 percent spent more than \$100,000 in this category.
- Looking at overall capital equipment expenditures, 43 percent of respondents said that they spent more than \$750,000 last year, but 68 percent said that they will spend less in 2009 due to economic conditions.

In addressing energy costs:

- 21 percent said that energy conservation initiatives have offset price hikes in keeping costs even.
- 18 percent said that costs are down due to internal energy conservation practices.
- 43 percent of respondents indicated that they continue to deal with rising energy costs.

In working to reduce energy usage (respondents could check all initiatives that applied to their facility):

- 79 percent have started to do simpler things like shutting off lights, and relying less prominently on heating and air-conditioning services to help control costs.
- 61 percent have implemented new, more efficient lighting products.
- 50 percent said that they have purchased new, more efficient equipment.
- 46 percent cited machinery overhauls and increasing preventive maintenance practices as a way to reduce the amount of energy needed to power their older equipment.

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- 36 percent added instrumentation that allows for better equipment monitoring and control in maximizing energy usage.

When asked which initiatives could be implemented in order to realize greater energy efficiency gains, while least impacting operational efforts:

- 43 percent identified facility improvements.
- The remaining were split between improved usage patterns and individual equipment upgrades.

Questions were also asked regarding the respondents' familiarity and use of new feedstocks:

- The feedstocks that they are most familiar with, in order of precedence, are plant by-products, biomass and agricultural by-products.
- Those that are used in their plant, again in order of precedence, are plant by-products, agricultural by-products and biomass.
- The feedstock that respondents feel has the most promise moving forward is plant by-products.
- The biggest obstacle readers see with the integration of these non-fossil fuel sources is the lack of an industry infrastructure for handling these new feedstock types.

On the software front:

- The most important software functionality cited was remote equipment monitoring (39 percent), followed by inventory management (31 percent).
- The greatest realized gains from software investments were operational efficiencies (42 percent) and quality control (27 percent).
- Looking ahead, respondents' greatest needs are simulation capabilities and inventory management.

In terms of wireless technology integration, readers again cited equipment monitoring, along with data capture, as having the greatest impact on their operations, but only 31 percent said that they have retrofitted current equipment with wireless capabilities. The greatest benefits cited for wireless use were fewer location limitations and the absence of cables.

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