

1:50 pm ET  
Sep 29, 2014

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## How We Misjudge Costs and Benefits With Energy Efficiency



TODD MYERS: Imagine walking up to someone sitting in a Lexus and offering a \$5-an-hour job flipping burgers. How many people do you think would accept? Probably none.

Yet, I often see people waiting at Costco **COST -0.18%** for half an hour to save 10 cents a gallon on gas. Even for the owner of an SUV with a 20-gallon tank the savings amount to two dollars, or just \$4 an hour. The burger-flipping job would be a better use of their time!

A key mistake people make when it comes to energy efficiency is overestimating the benefit of some strategies, spending a dollar to save a dime.

For example, some argue we need so-called green construction standards like LEED. Government mandates, like LEED rules, are very expensive, and even when they do save energy (which they often do not), the savings realized are so small they rarely make sense.

Still, some argue if it can be shown to work anywhere, it can be made to work here. But in the U.S., electricity costs about one-third what it does in Germany, even when you include the environmental costs. Expensive green buildings may make sense in Germany but are often entirely wasteful here.

If consumers want to save money, they should do a careful analysis of the costs and savings when seeking to be more efficient. If our goal is to help the environment by saving energy, we can afford to be less picky, but it would probably be better simply to buy renewable energy credits or invest in carbon-reduction projects. We'll get more environmental bang for the buck.

My advice is to skip the gas line, pay a few cents more and spend the day at the beach.

*Todd Myers (@WAPolicyGreen) is environmental director at the Washington Policy Center in Seattle and author of "Eco-Fads: How the Rise of Trendy Environmentalism is Harming the Environment." He also serves on the Puget Sound Salmon Recovery Council.*