

The business case for buying renewable energy

National Renewable Energy Marketing Conference

World Resources Institute
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GREEN POWER MARKET DEVELOPMENT GROUP

The Green Power Market Development Group – U.S.

Developing corporate markets for
1,000 MW of new,
cost-competitive green power
by 2010 in the US



Alcoa Inc.
The Dow Chemical Company
DuPont
FedEx Kinko's
General Motors
Georgia-Pacific
IBM
Interface
Johnson & Johnson
NatureWorks, LLC
Pitney Bowes
Staples
Starbucks

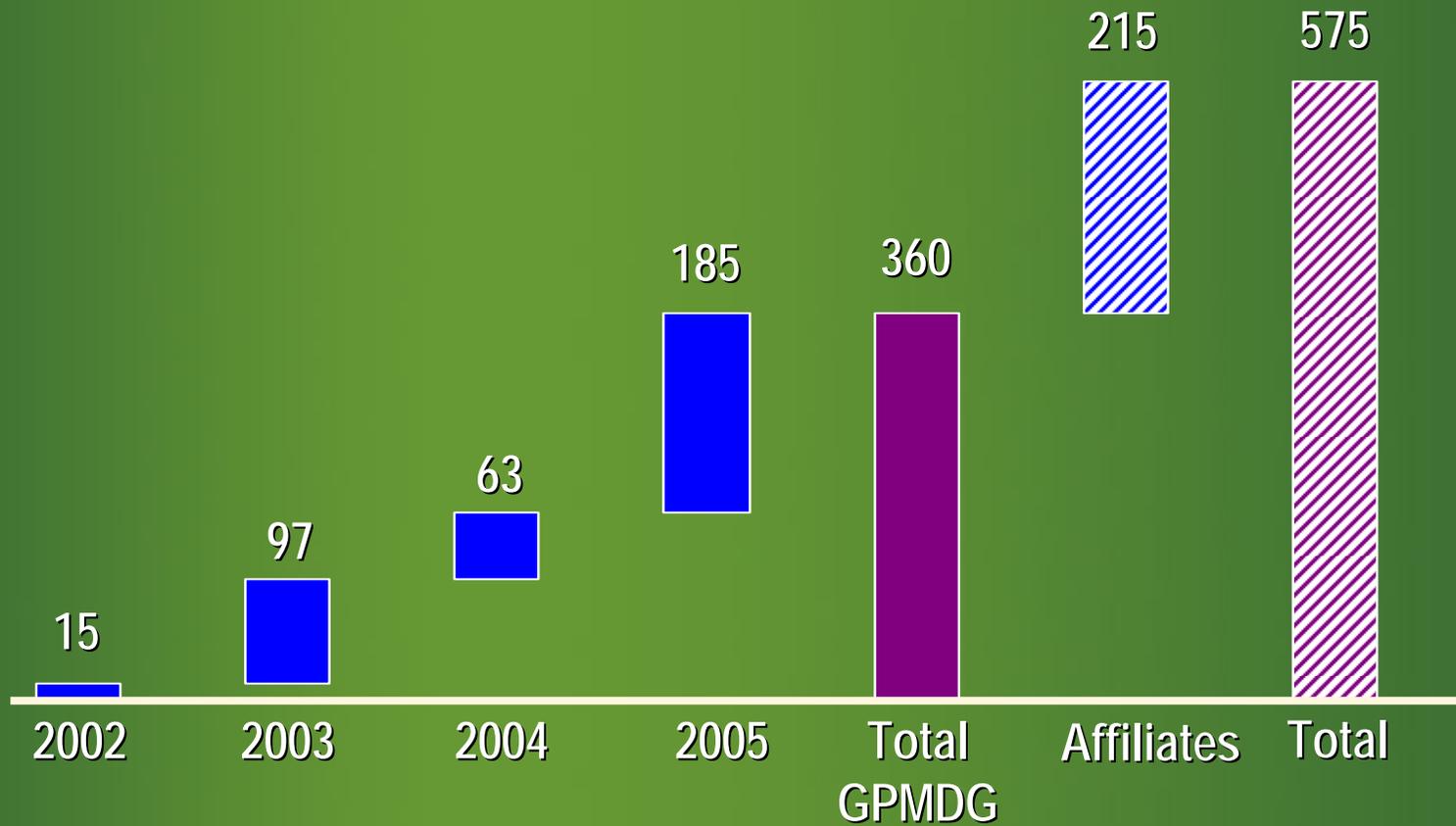


The Group is gaining momentum

Megawatts (MW)

AS OF DECEMBER 2005

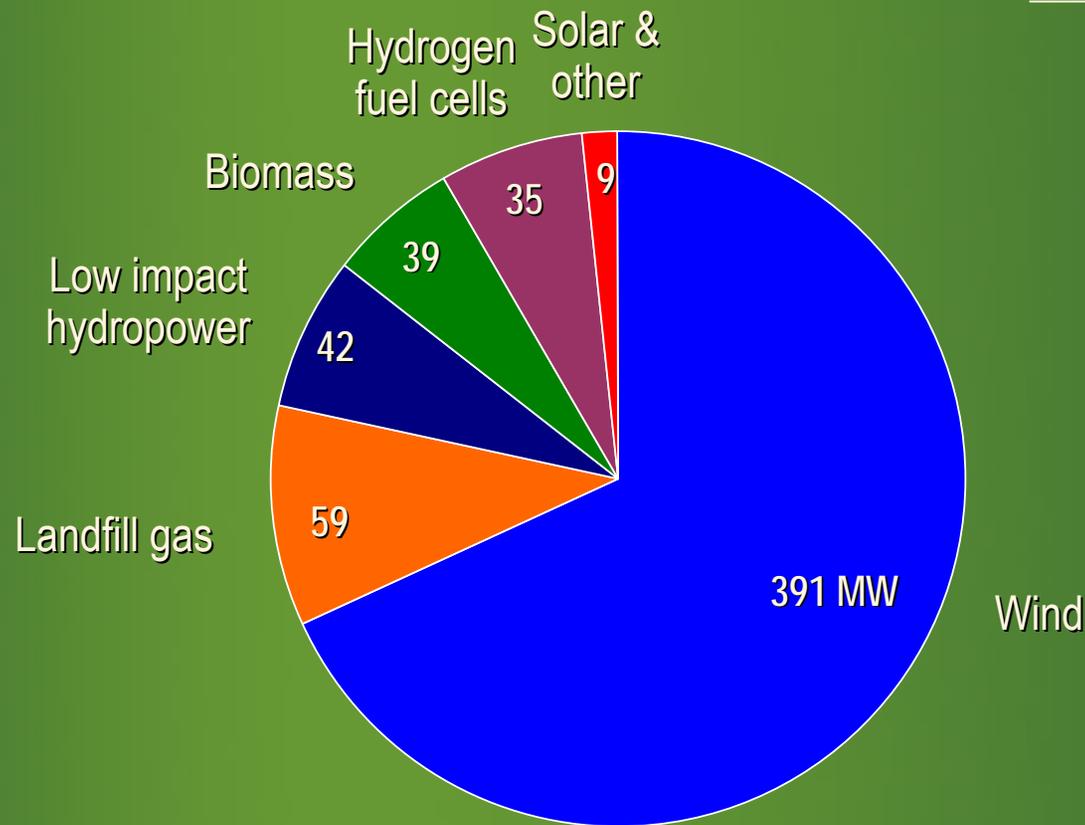
- Incremental MW of GPMDG
- Incremental MW of "affiliates"



The Group and affiliates are using a variety of renewable resources

Total = 575 MW

AS OF DECEMBER 2005



Group members and affiliates are among largest corporate users of renewable energy technologies in U.S.

Wind

Whole Foods (#2), Starbucks (#3)

Solar PV

Johnson & Johnson (#2), Staples (#3), General Motors (#4)

Landfill gas

DuPont (#1), General Motors (#2)

**Certified low
impact hydro**

Alcoa (#1)



Source: U.S. Environmental Protection Agency; Low Impact Hydropower Institute; Solar Electric Power Association; Fuel Cells 2000

Business case for using renewable energy

VARIES BY COMPANY

1. Strengthen stakeholder relations



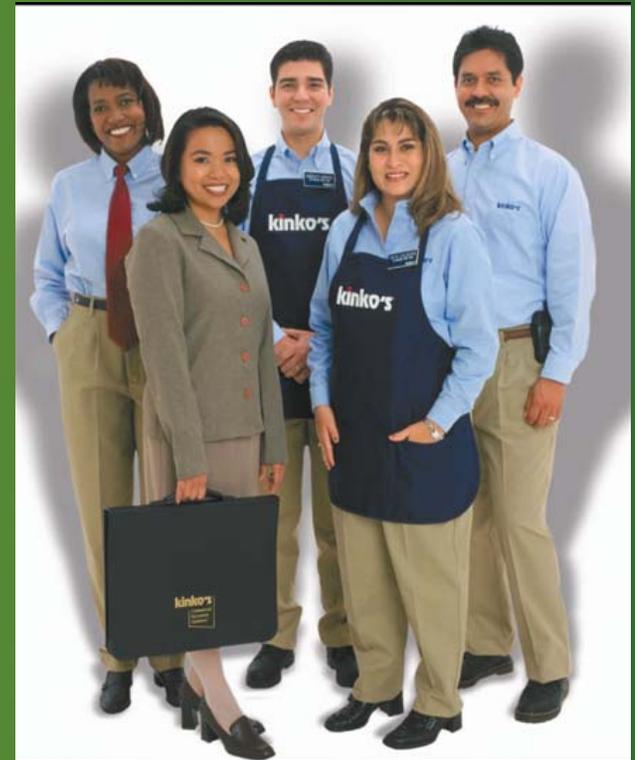
Using renewable energy can strengthen stakeholder relations

Customers / public . . . Brand differentiation, “green” customer segment

Employees . . . War for talent

Local communities . . . Like a good neighbor

Shareholders . . . Rise of shareholder resolutions, demonstrate corporate climate strategy



Wind Power Makes Your Copies at Kinko's

At Kinko's, we're known for providing document and business solutions, but that's only half of our story. We have an environmental commitment within each community we serve, to use energy-efficient technologies and renewable energy sources. In Austin, we choose to power Kinko's with electricity generated from the wind. In doing so, we remain focused on our environmental goal to reduce the size of our energy consumption ecological footprint.

Join us and enroll in GreenChoice. Visit www.austinenergy.com or call 505-3651.

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Austin's Community-Owned Electric Utility



Business case for using renewable energy

VARIABLES BY COMPANY

1. Strengthen stakeholder relations

- Customers / branding
- Employees and local communities
- Shareholders

2. Reduce emissions

- Regulated emissions
- Unregulated emissions



Switching to renewable energy can reduce corporate greenhouse gas emissions

Company	Example	Impact	
		Direct emissions	Indirect emissions
DuPont, GM, Interface	Switch from natural gas to landfill gas for thermal energy needs	↓	-
IBM, J&J, FedEx Kinko's	Switch from conventional power to wind power	-	↓
J&J, Starbucks, Pitney Bowes	Purchase RECs	-	↓
J&J, DuPont, IBM, Staples	Install on-site solar PV systems	-	↓



Business case for using renewable energy

VARIABLES BY COMPANY

1. Strengthen stakeholder relations

- Customers / branding
- Employees and local communities
- Shareholders

2. Reduce emissions

- Regulated emissions
- Unregulated emissions

3. Lower or stabilize energy costs

- Lower corporate energy costs
- Stable corporate energy prices (hedge against fossil fuel price fluctuations)



Switching from natural gas to landfill gas is reducing GM's energy costs



- Fort Wayne, IN
- Truck assembly plant
- Landfill gas displaces natural gas
- Fixed price contract provides insulation against NG market price fluctuations



Photo courtesy of General Motors

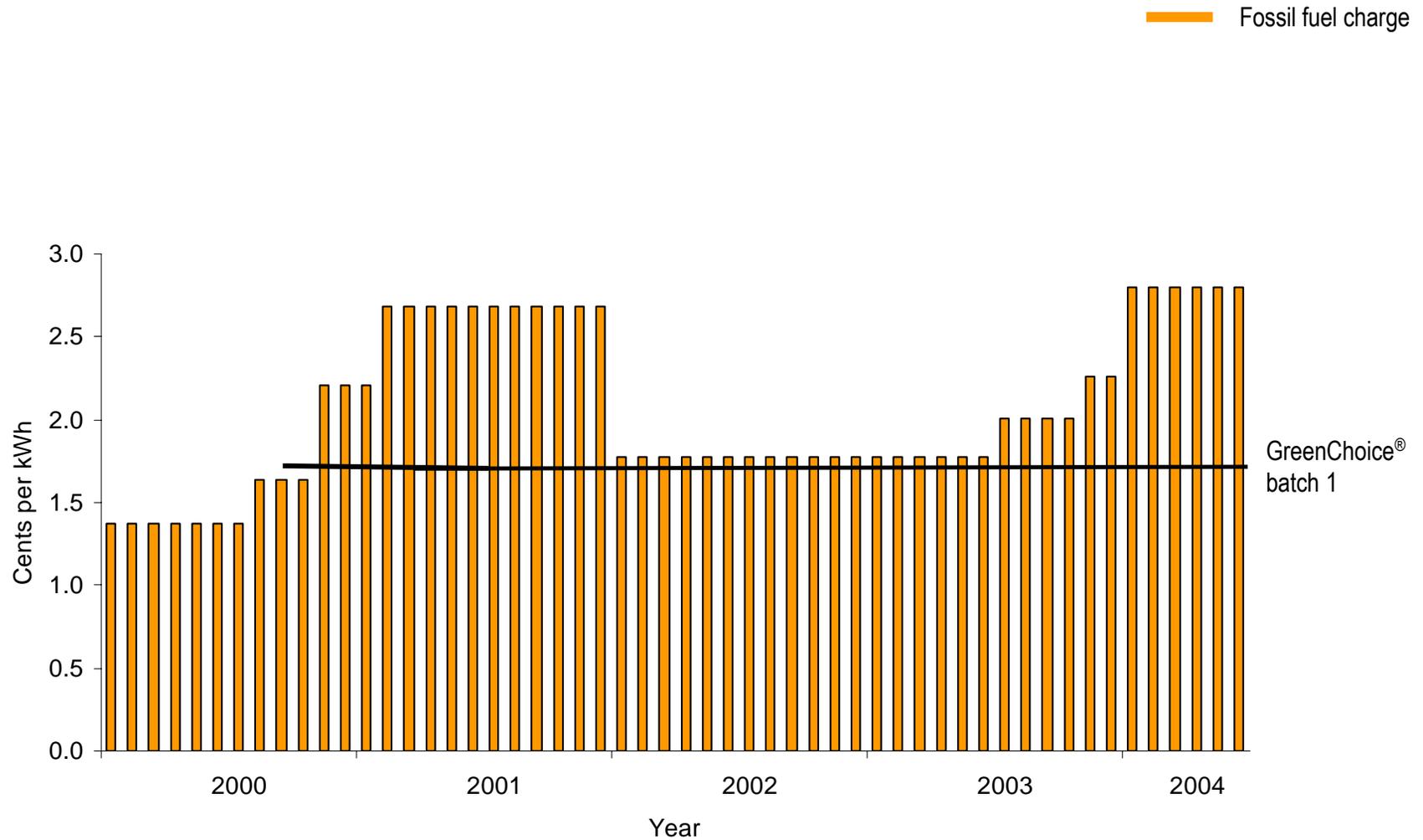


Third party financed on-site solar PV providing several economic advantages to companies

- No capital investment for corporate host
- Competitively priced power
- Hedge against volatile electricity rates



Long-term fixed-price green power: Austin Energy's GreenChoice®



Source: Austin Energy, 2004

Concluding thoughts on future business case for corporate buyers

Impact of possible carbon emissions cap-and-trade

- ↑ “emissions reduction” value proposition
 - ↑ demand for on-site
 - RECs?

Impact of possible federal RPS

- Attractiveness of RECs likely ↓
- ↑ interest in on-site

Areas of increasing corporate interest

- “Lower energy cost” value proposition
- Long-term fixed-price green power
- On-site (solar, geothermal heat pumps, wind)



Thank you

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