Making the Business Case for Renewable Energy

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Value Drivers

• Energy bill savings
• Peak Shaving (lower demand charge)
• “Hedge” value: stable operating costs
  – Energy prices
  – Carbon price risk
• Bolster Reliability

• Reduced emissions
  – Meet internal goals or commercialize
• Enhance Stakeholder relationships
• Experience now provides future options
Factor Total Value into Decisions

- Utility or Retail Energy Price
- Energy Savings
- Peak Shaving
- Hedge Value
- GHG Savings
- PR
- Reliability
- Cost of RE

Carbon/fuel price risk
Cost Saving & Peak Shaving

HP’s on-site solar PV: 1.2 MW in California

- 1.2 MW at San Diego HQ
- $750,000 in energy savings over 15 years
- Long-term PPA hedge against rising peak power prices
- Championed by PR

- Companies opting for PPA model
- Solar shaves peak and can reduce demand charges for remaining purchased power
Google locks in energy prices for 20 years with wind

- Located near data center in Iowa
- 114 MW of wind purchased via direct PPA
- Analysis with carbon price
- Negative cost of carbon over term
- Hence they also hedged their carbon operational cost
Attractive Returns

- Fortune 500 company
- Dedicated budget: Portfolio of RE and EE
- Contributing to company-wide target
- Average IRR: over 19%
- Additional funding from CFO this year
Maximizing PR Benefits

- Leverage branding benefits
- Better positioned to raise capital via SRI
- Internal PR - Improve employee recruitment and retention

Sources: The Body Shop, CERES, 20th Century Fox
Scaling Renewables Purchasing

Solar Joint Pilot:
- 15 mi diameter
- 5 Companies
- 19 Facilities
- Scale > 3-5 MW
- Pricing 8-10% below market

www.wri.org/buying-solar
Building the Business Case

- Total Value Package
- Creative Models

Questions?

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