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# GEMI Benchmark

## Energy & Climate Change

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# Outline

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- Survey Recap
- Energy
- Climate
- Nuggets

# Survey Overview

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- Survey addresses the topic of energy management and climate change
- Response rate = 55%
  - Not all companies completed all questions
- Thank you to all participants!

# Is energy a strategic issue?

- In most companies, energy is an important issue, but...not all consider energy to be strategic
- Drivers:
  - Cost
  - Management
  - Regulatory

Energy is significant – either as a product or cost

**Number of Companies**

Yes	4	14
No	2	2
	No	Yes

Is it strategic?

No. of companies = 22

# Has your energy been curtailed?

- Energy has been curtailed at some point in the last 2 years at about 30% of respondents
- At over 40% of companies where energy supply has been interrupted, energy is not a strategic issue
  - sample size is small

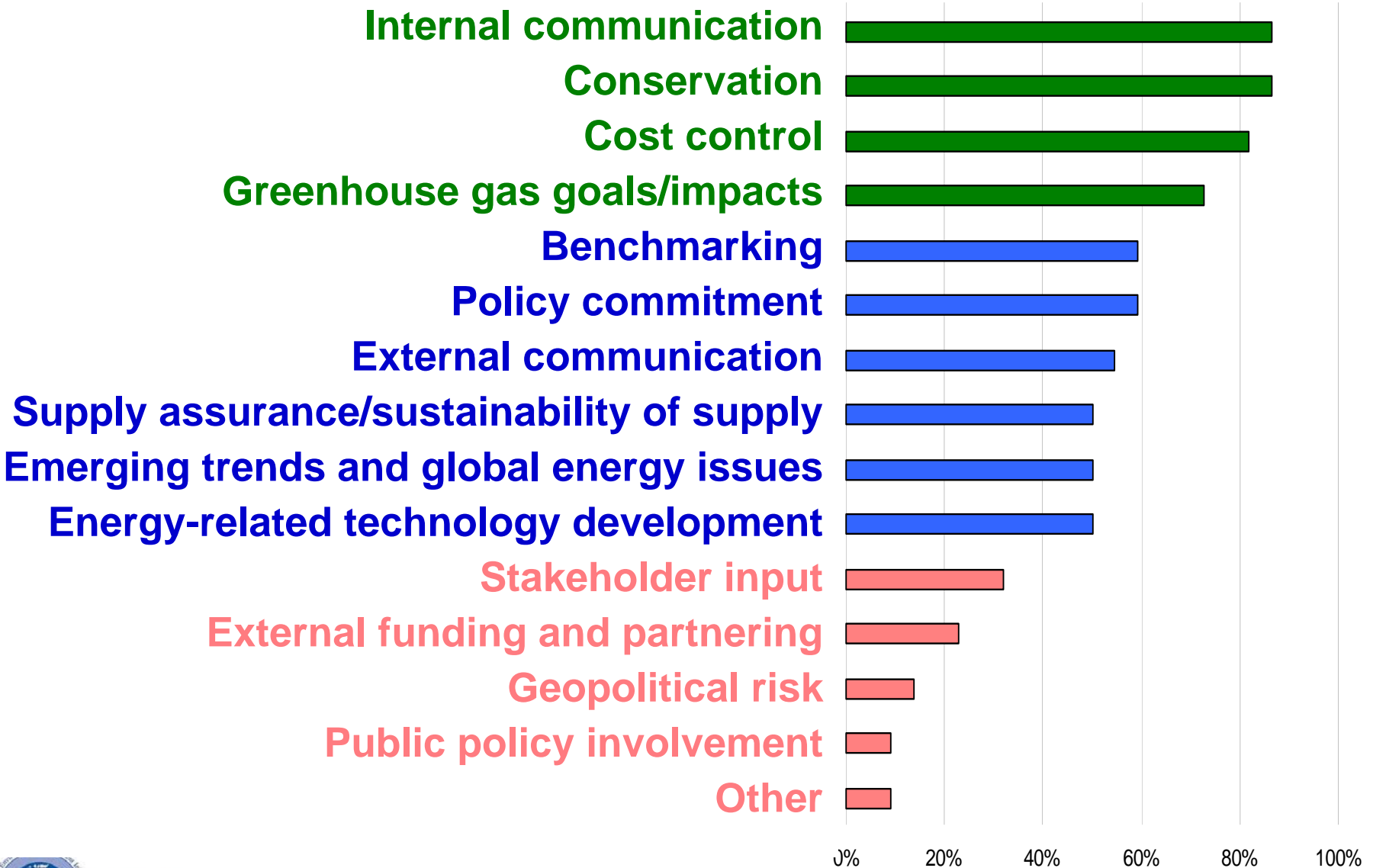
**Number of Companies**

Energy has been curtailed	Yes	3	4
	No	4	12
		No	Yes

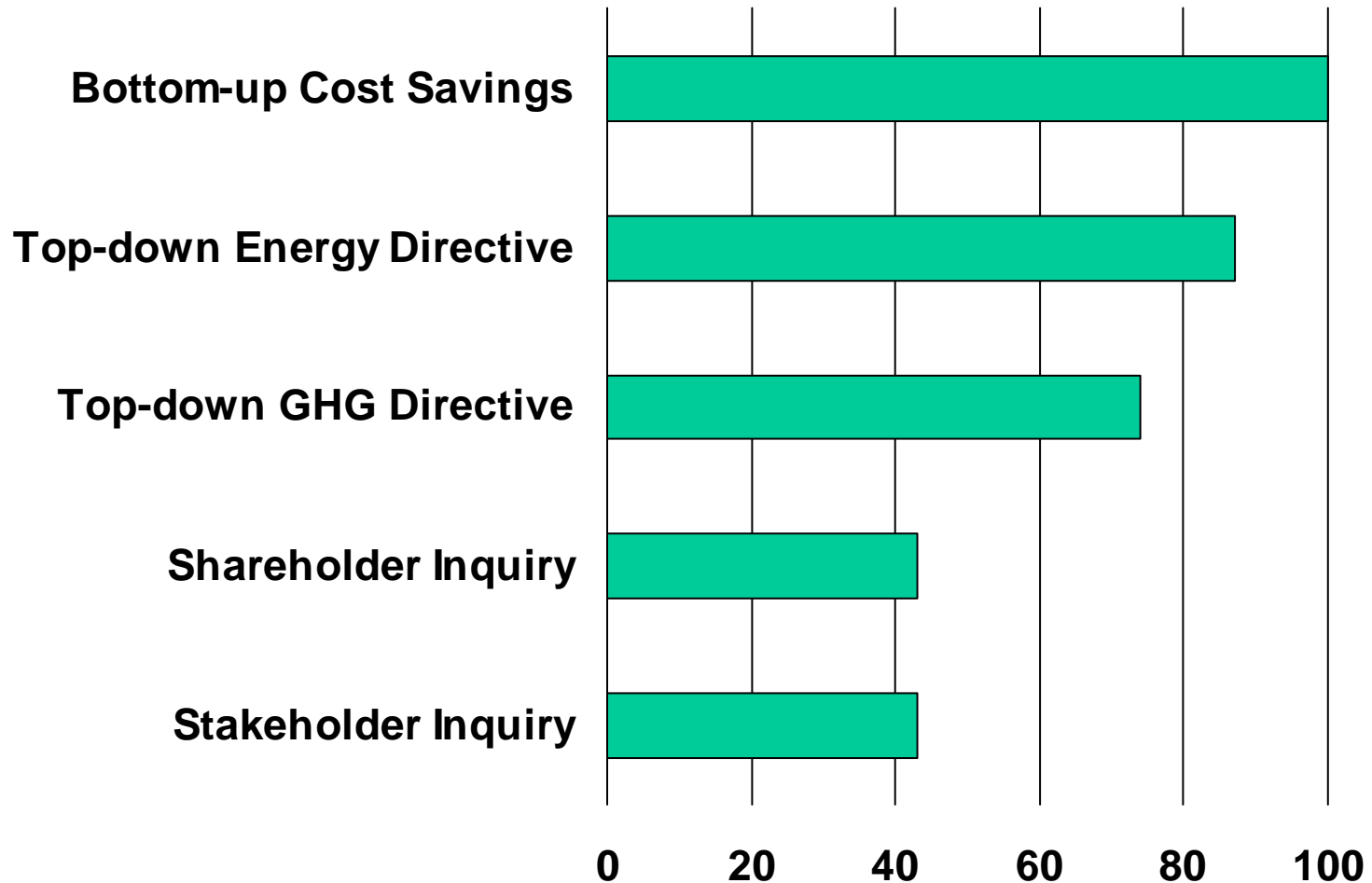
Is it strategic?

No. of companies = 23

# Energy strategy elements



# Major drivers for the way energy is managed

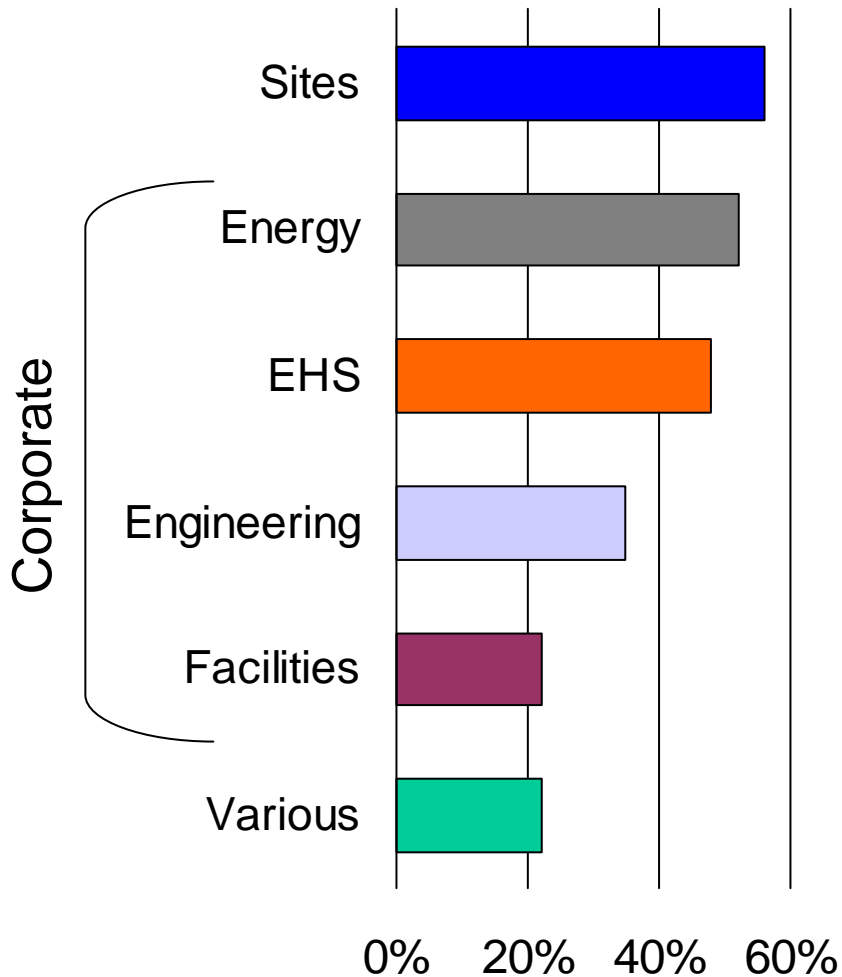


Energy is managed to meet company priorities,  
not stakeholder expectations



# Who is involved in energy management

## Who leads the effort?



- Energy teams at:
  - (87%) Site level
  - (74%) Corporate
  - (50%) Combined site and corporate
- Information sharing
  - a) Meetings & conference calls
  - b) Corporate staff group facilitated sharing
  - c) Websites & newsletters

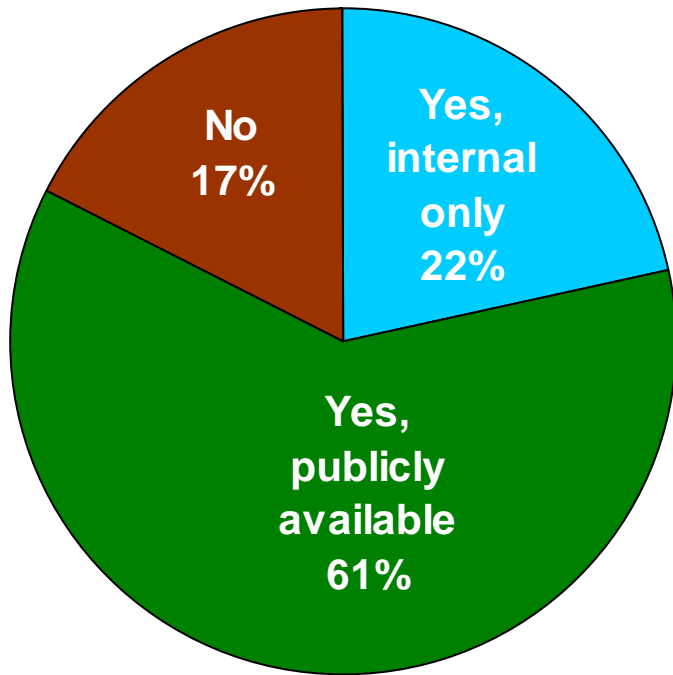
# Energy-related websites

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- **DOE (EIA, EERE Industrial Technologies Program)**
- **EPA (Energy Star, Climate Leaders, Green Power Partnership)**
- **WRI, WBCSD, Pew Center**
- **GEMI, BRT Climate RESOLVE**
- **U.S. Green Building Council**
- **Climatebiz.com**
- **PointCarbon**
- **Carbon Trust**
- **UNFCCC / IPCC**
- **NYMEX Pricing Website (track futures pricing)**
- **Various energy trend websites to track geopolitical, weather, and demand issues**

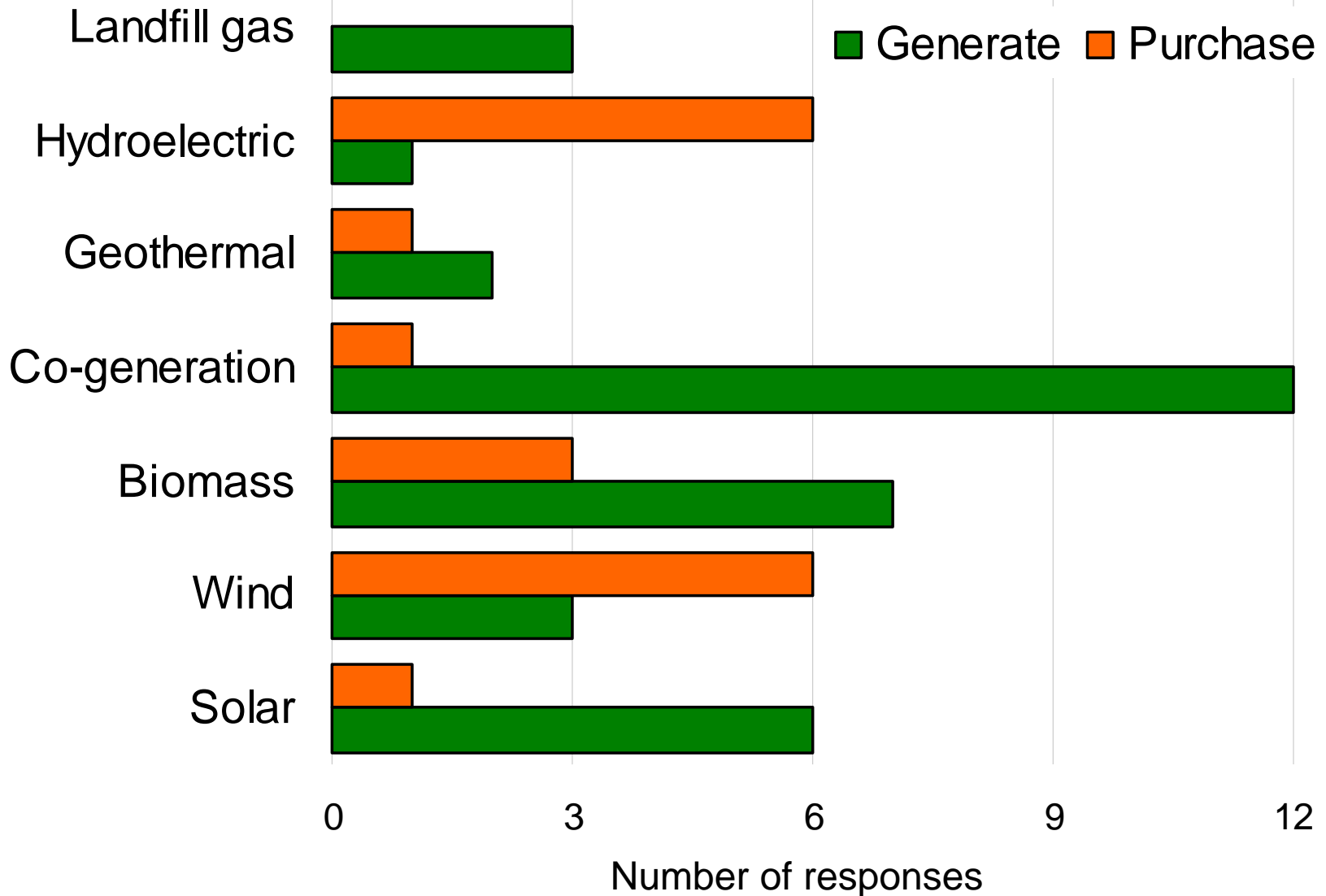
# Energy goals

**Does company have energy goals?**

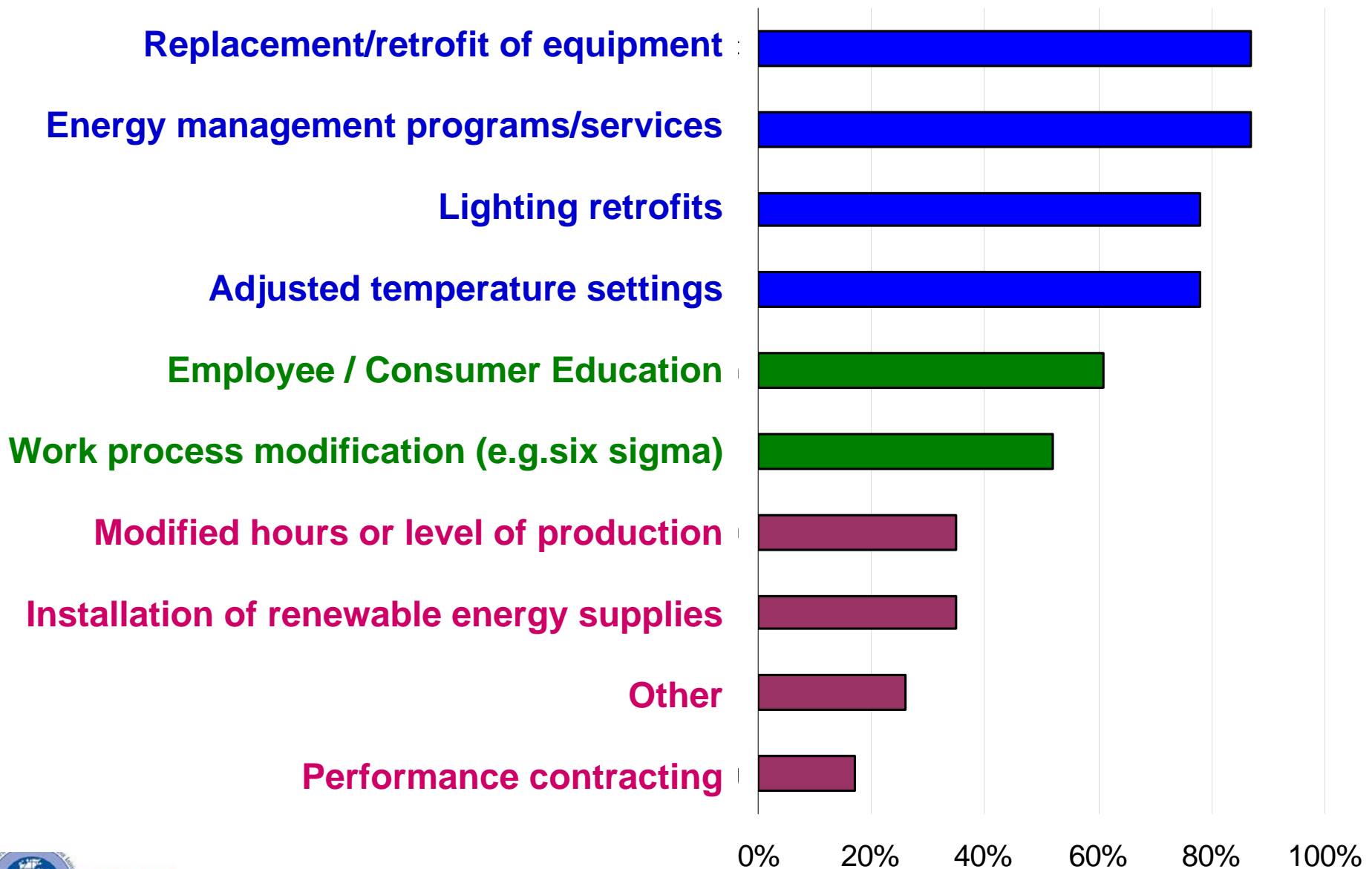


- Most companies intend to maintain or reduce energy consumption
  - Baselines generally do not pre-date 2001
  - Most goals are normalized to production or sales
  - Most target 5-10% reduction
  - Some have annual targets, others have just an endpoint target date
- Some tied to greenhouse gas emissions reductions

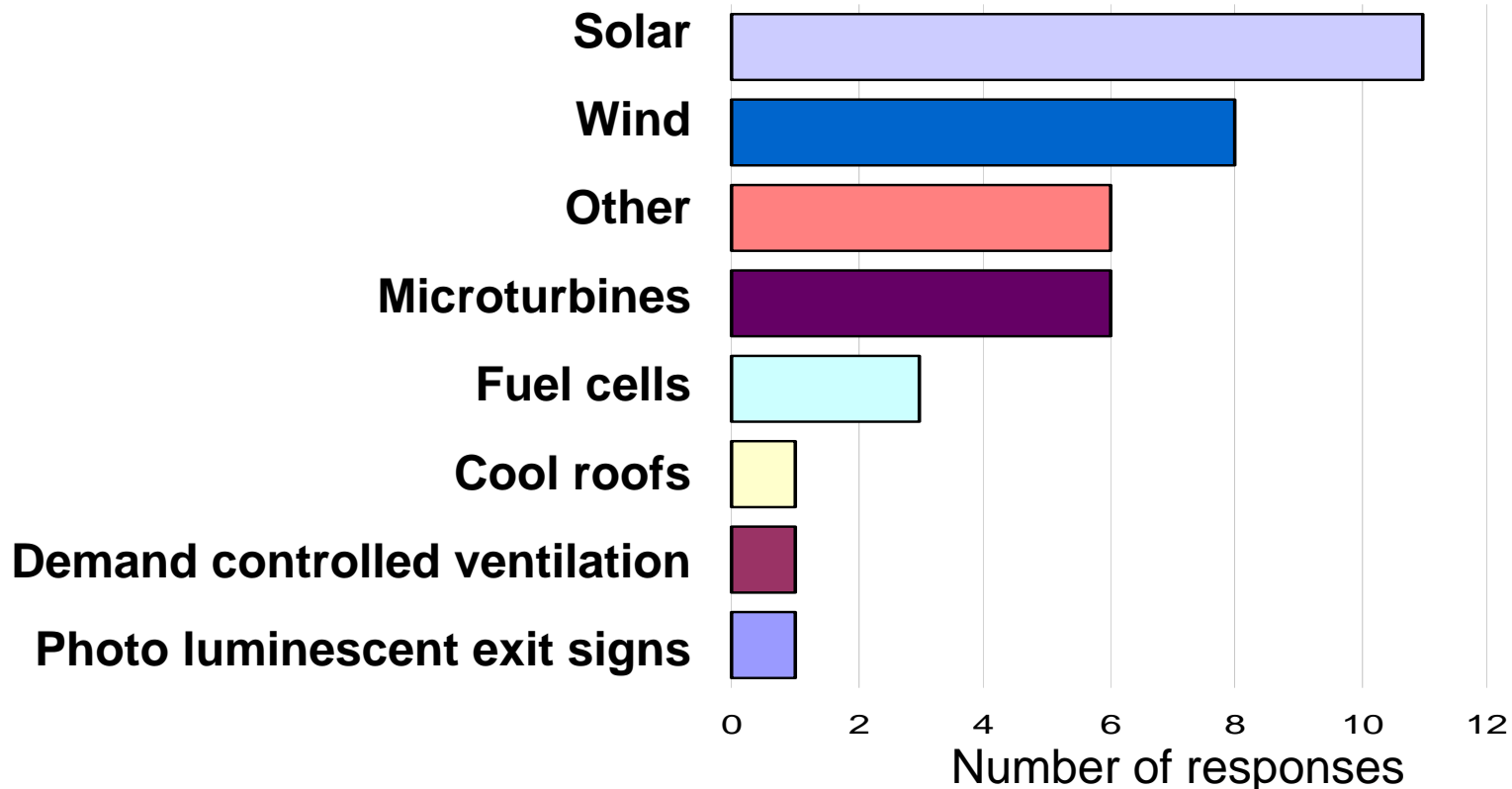
# Renewable energy usage



# Ways to manage, conserve, reduce energy



# New technology initiatives



- **Companies are currently evaluating these technologies for possible implementation**
- **Solar, wind and photo luminescent exit signs are nearer term options than the others**

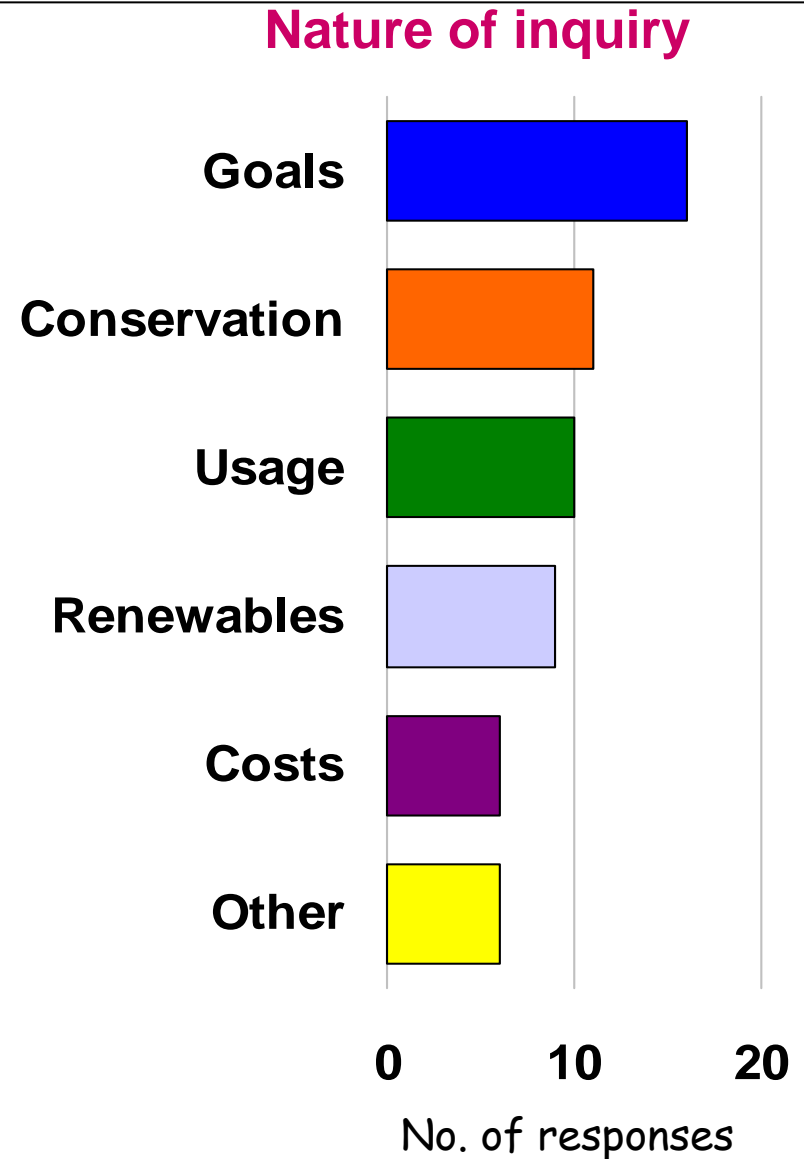
# Financing energy projects

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- 83% of respondents say they use the same financial metrics for evaluating energy projects as they use for any other investment
- Other approaches
  - A fund managed by corporate EHS provides seed money for renewable energy demonstration projects
  - A fund is set each year for conservation projects, administered by the corporate services group and projects are picked by a cross site team
  - Capital “relief” for projects that meet an IRR of 15% and provide meaningful CO2 reduction. Run by a corporate 3-person committee (Finance, Engineering and Energy)

# External interest in energy

- 87% of the respondents have received an external inquiry (calls, email, surveys, etc.) concerning energy
- 64% of the respondents have an energy/climate communications program... the rest are planning to develop one



# Energy communication program

## Audiences

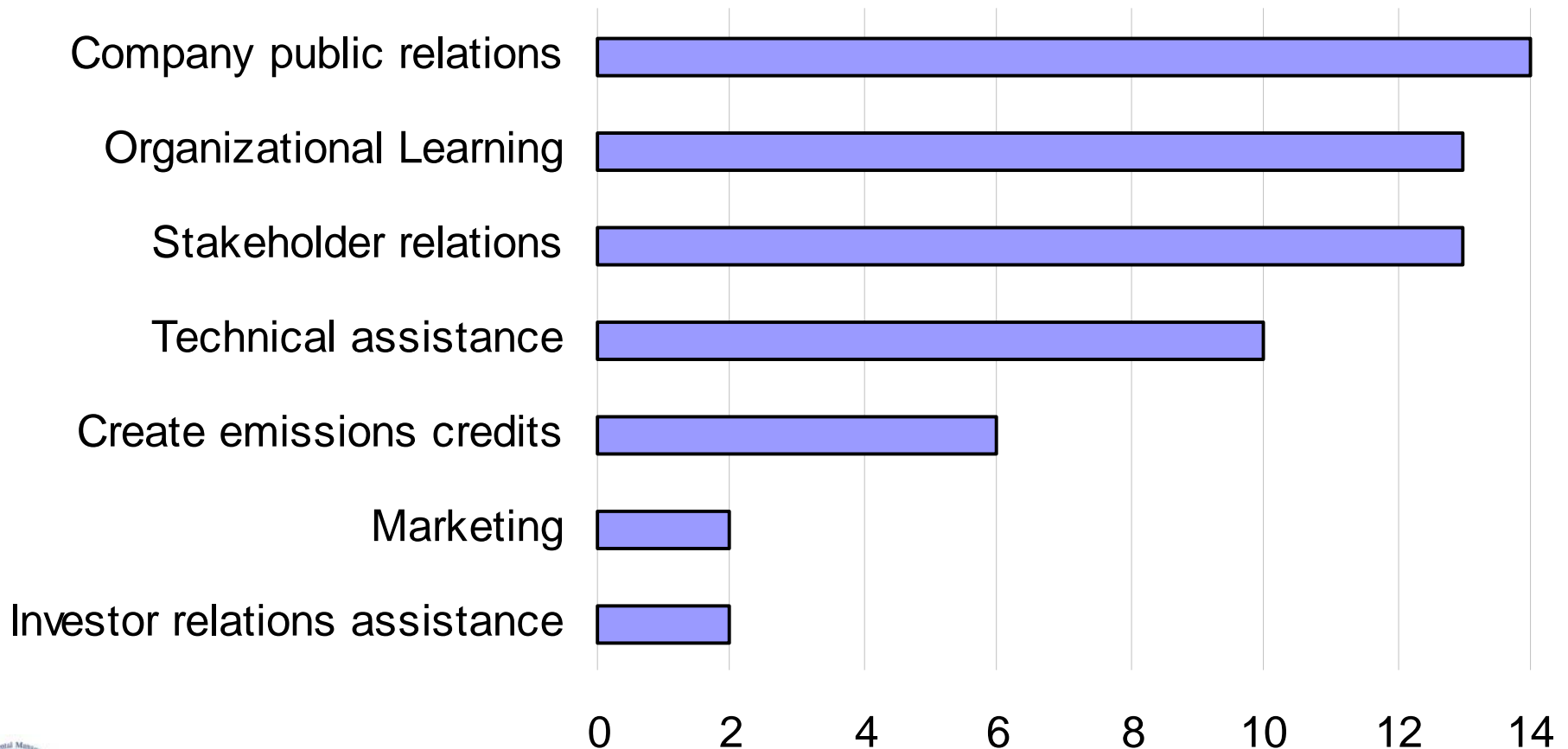
- Key
  - Employees
- Important
  - Business groups, Regulators / policy makers, Media, Friendly NGOs
- Less Important
  - Other NGOs

## Messages

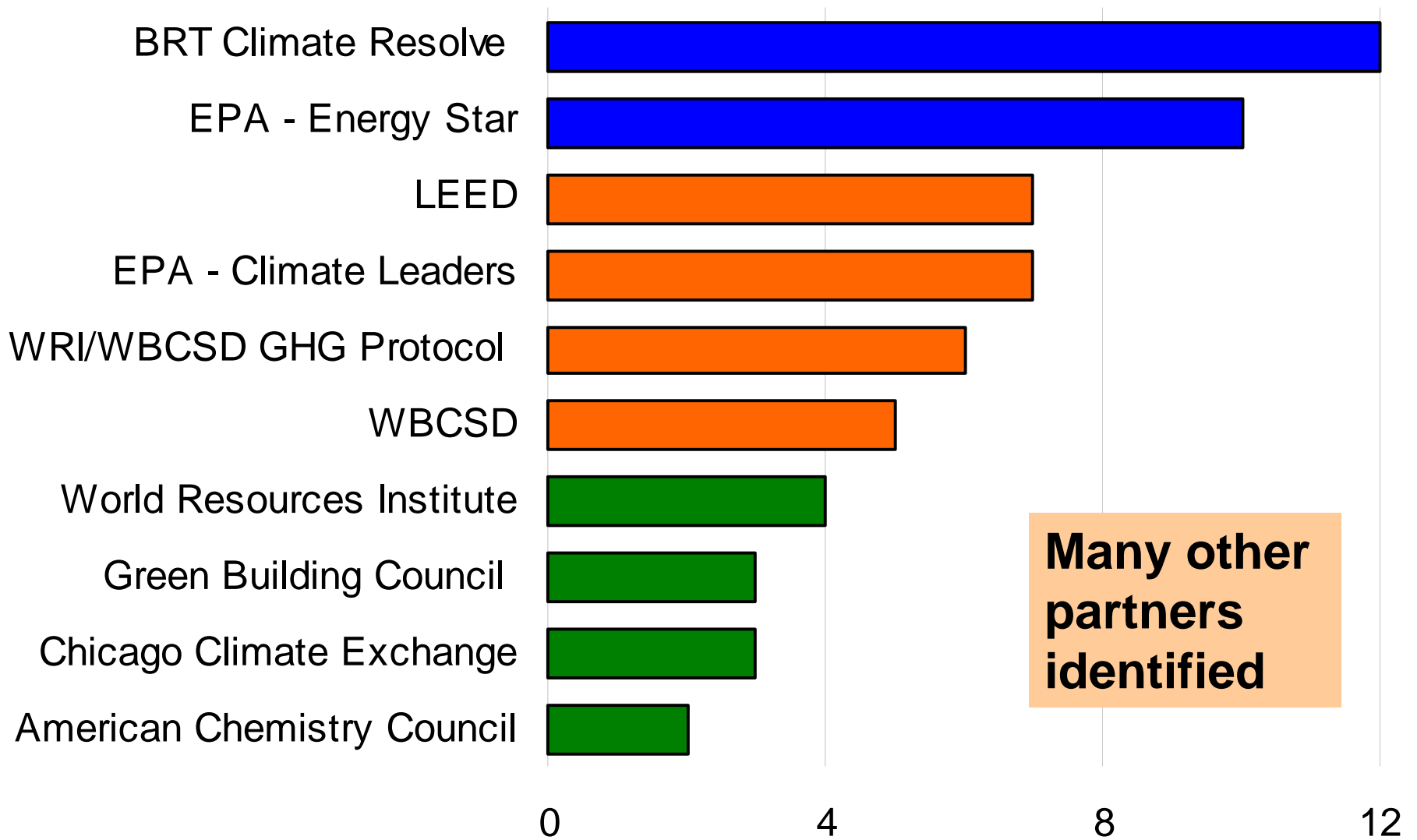
- Key
  - Goals, conservation program, projects and GHG reductions
- Important
  - Climate change issues, energy use data
- Less Important
  - Renewables

# Benefits of partnering

60% of respondents have partnered with a government agency, NGO or academic institution on an energy or climate topic



# Preferred partner organizations



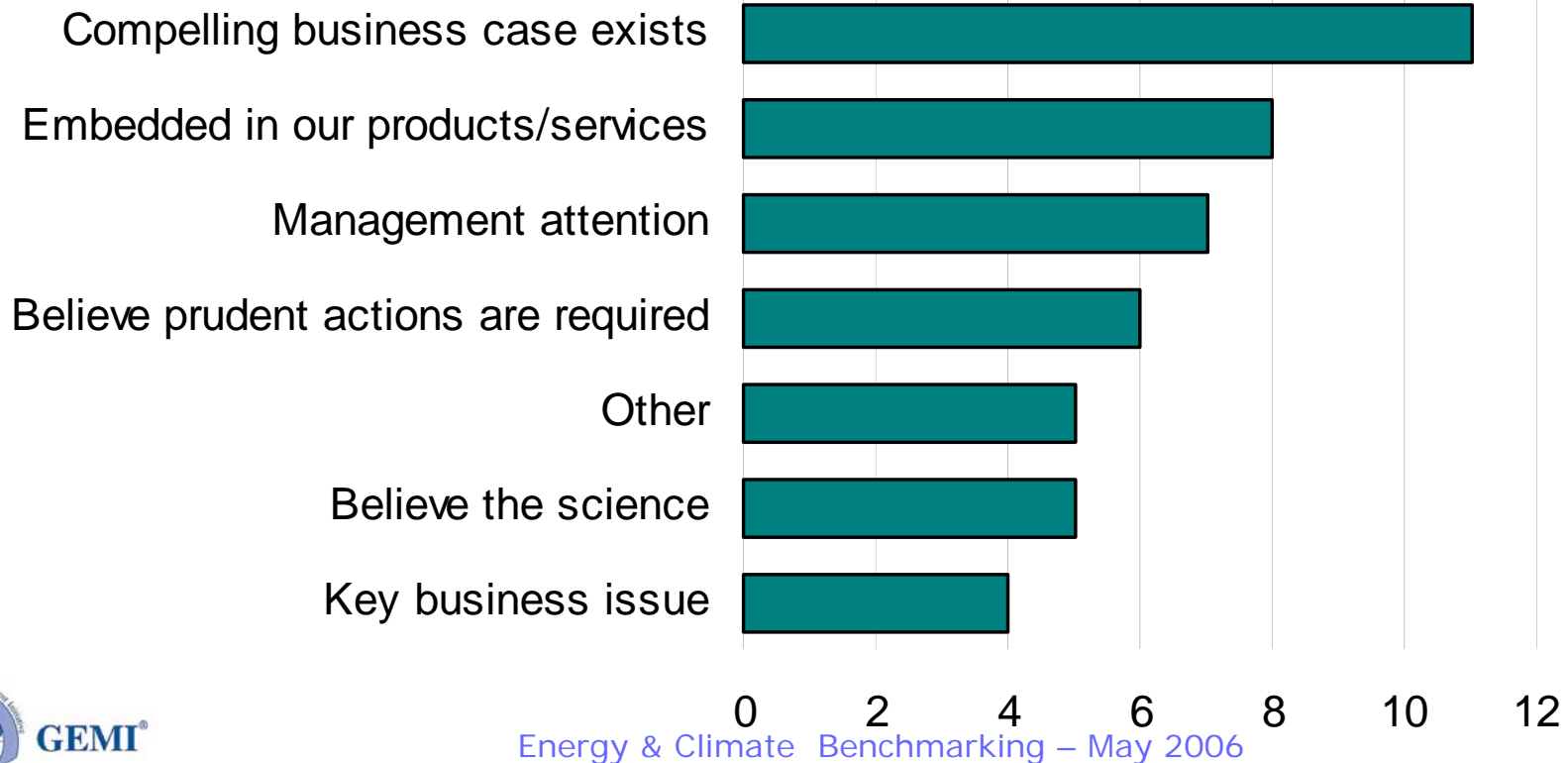
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# Climate Change Update

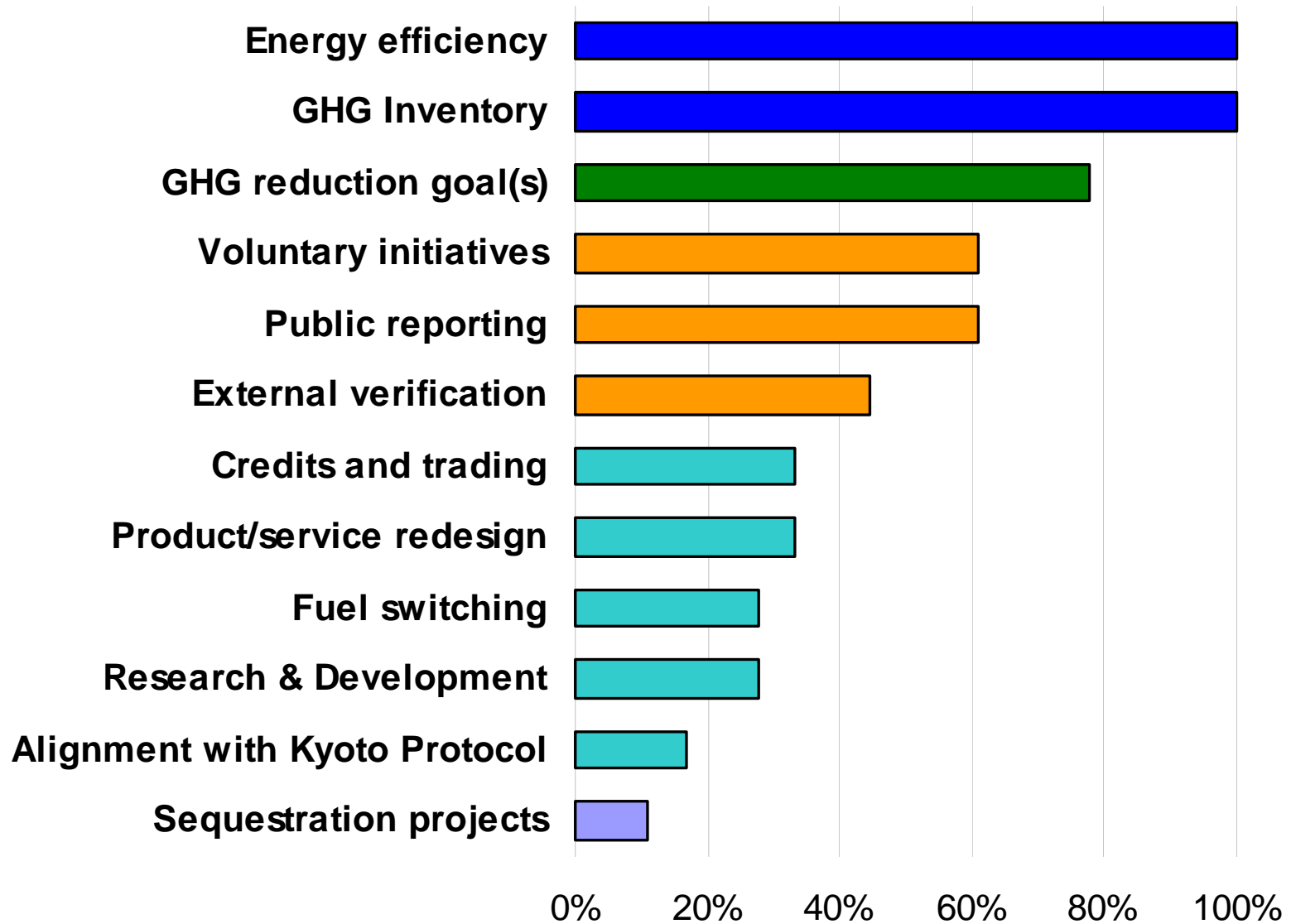
# Climate change strategy

- **73% of respondents have a climate change strategy**
  - 2003 survey predicted >90% would have one by now
- **Many are post-2000 but some have roots in decades-old energy strategies**

## Rationale for strategies:



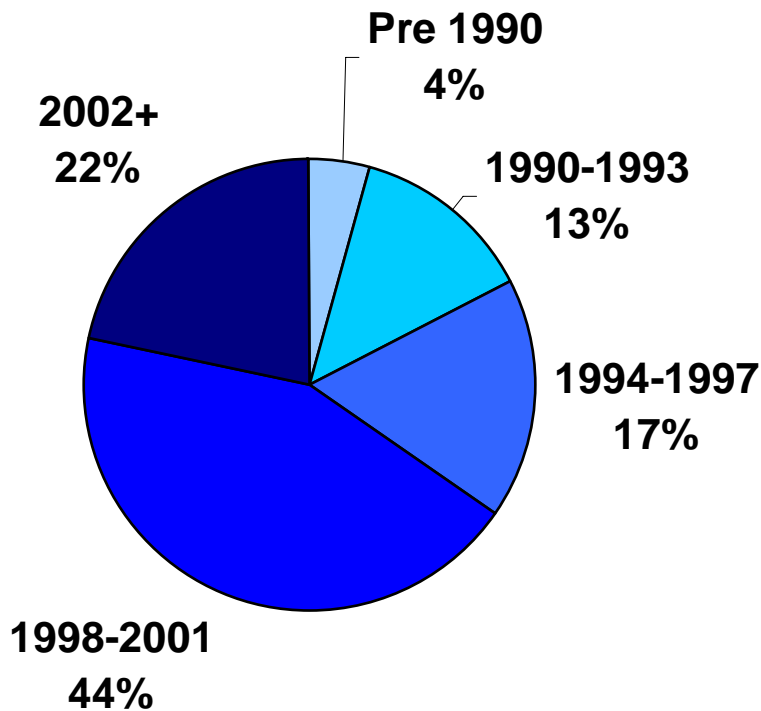
# Elements of climate strategies



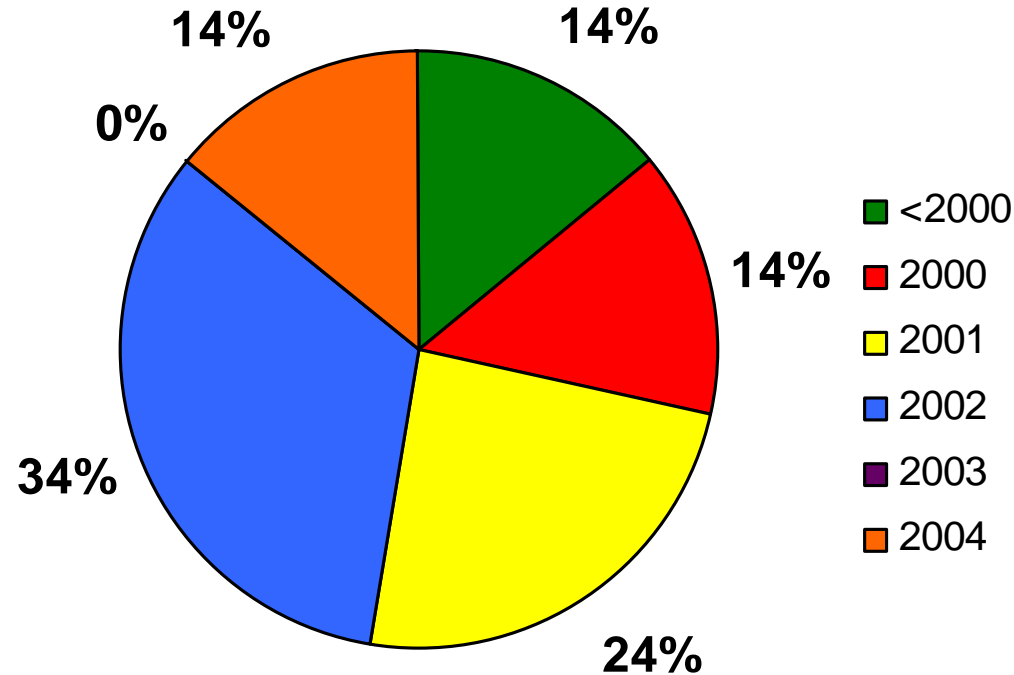
# GHG inventory baseline year

Baseline year for GHG inventory appears to be getting younger

## 2003 GEMI Survey



## 2006 GEMI Survey



# GHG inventory reporting and verification

- In most companies, GHG emissions are publicly reported
- 3<sup>rd</sup> party verification is growing in importance (versus 2003 GEMI survey) but is not a pre-requisite for public disclosure
- >70% of respondents would pursue ISO14064

**Number of Companies**

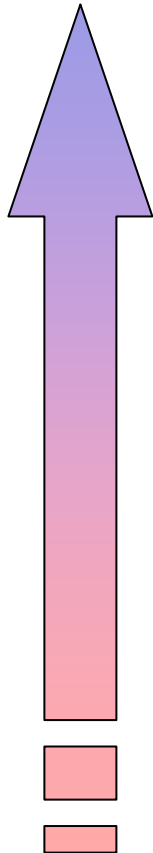
Inventory verified by 3 <sup>rd</sup> party	Yes	3	7
	No	5	8
		No	Yes

Public reporting?

No. of companies = 23

# GHG emissions reduction initiatives

Common



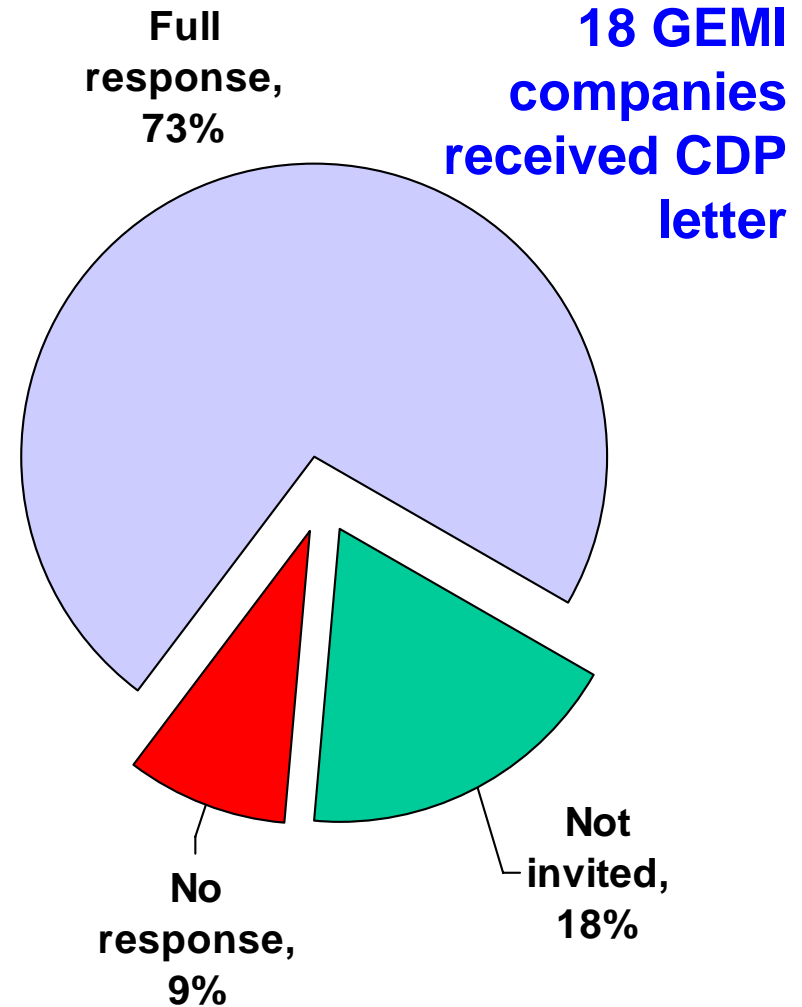
- Increase energy efficiency
- Implement best practices
- Implement energy conservation awareness programs
- Redesign manufacturing process
- Increase use of renewables
- Increase use of co-generation
- Follow LEED guidelines
- Purchase renewable energy credits
- Pursue WRI Scope 3 emission cuts

Less common

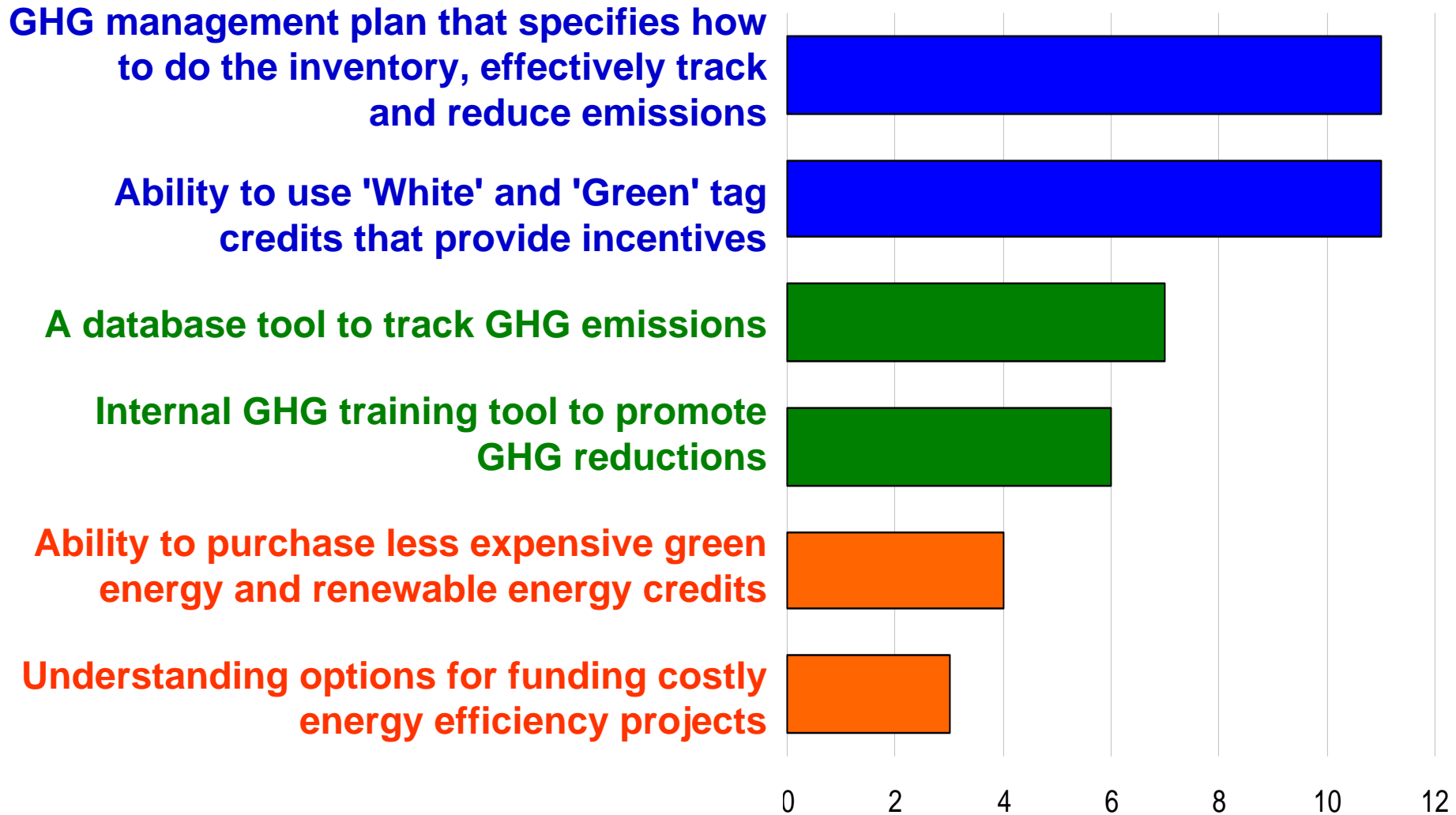
# Carbon Disclosure Project

- [www.cdproject.net](http://www.cdproject.net)
- 4<sup>th</sup> cycle
- Target: FTSE 500 plus 1300 top (market cap) firms
- Backed by institutional investors (~\$31 trillion)
- Company response rate:
  - CDP1: 45%
  - CDP2: 60%
  - CDP3: 71%

## GEMI company CDP activity



# What would help you manage GHG issues?



# Energy & Climate Change Nuggets

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- An energy strategy focused on cost reduction can “generate” a good return on investment
- Energy policies are “powered” by conservation and communication programs
- Site-level energy conservation is “energized” by lighting retrofits and equipment replacements
- Solar and wind are “hot” emerging alternative energy technologies
- Companies have “warmed-up” to voluntary energy and climate-related initiatives
- Stakeholder engagement and public disclosure are more than “hot air”... they are good public relations
- Resistance to GHG verification is “melting”

# Closing Comments

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- Questions / comments / discussion