

Peer-2-Peer Wrap-up: Today's Net-Zero Challenges in Real Time

Peer-to-peer



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(Moderator)

KELLY-DETWILER: We are privileged to have representatives from various sectors: institutional, commercial, and manufacturing. For the Peer-2-Peer Conversations, we gathered people from each of those sectors to discuss the key challenges they face in the transition to net zero and solutions that they can share.

FRANKLIN: My institutional sector group, which includes healthcare and K-12 and higher education campuses, had a unique conversation. Most of our targets were set by asking each other questions, reviewing some of our challenges and discussing some possible solutions.

We found that target setting by those who don't understand the implications is a common theme. There's a lack of education among higher management. We need to help them understand how to move to net zero through financial analysis and strong business cases that demonstrate added resiliency and avoided risk. There's also a lack of funding, resources and talent. In addition to the job market challenges, it's also difficult to hire when executives don't understand that these energy-related positions should also be at a higher level.

Reporting is another problem for institutions because we can't always be sure of the accuracy of our information. Data must be agnostic in order for a VP of finance to review and trust it. However, reporting structures are changing on a regular basis, often tied to funding, which increases the cost of compliance. Lastly, we found that there's a big disconnect between legislative requirements and carbon reductions that are seen as punitive actions rather than investments.

Regarding solutions, we're looking at a different type of structure in

our communications as suppliers and buyers, ensuring more focus on the benefits of sharing mutual investments so that, at the end of the day, we're both gaining from whatever solution we design.

SHEPARD: We had a wonderfully diverse team in our buildings group. There were folks from manufacturing, quick-serve restaurants and supermarkets. Some of our challenges concern goals, targets set for us and the distinction between goal setters and those tasked with execution, which causes us a lot of heartaches.

Sometimes, someone in the C-suite, or even higher up at a parent company, will set a goal with no idea about what it takes to achieve it. Again, education

is really important, both from our level up and down. The goal setters need to be mindful of what they're committing to in the long term from a financial and investment tolerance standpoint while also understanding the intricate pieces that we have to assemble. It's not about a quick fix; moving to net zero takes time and effort.

As Marianella said earlier, the ability to collect data into a single platform and digest it so that stakeholders understand what really hits their needs in terms of sales, efficiency, ROI, etc., is critical. In my case, supermarkets are a very low-margin business, so my CFO understands sales. I then need to equate what I'm doing to sales so it translates to him. That's a commonality that you really need to know for your stakeholders.

Understanding new legislation and regulations in different states—such as those for investor-owned utilities compared to the open market—is key. We really need platforms that allow us to easily see this differentiation as we operate in several states or even nationwide.

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Finally, we need behavioral and cultural education. Culture really drives how we go to and are seen in the market. Driving that cultural change from our hourly associates all the way up to the C-suite through education is one of our greatest challenges and opportunities.

SPIES: We had a great, diverse group of people in the manufacturing space. Similar to the other tracks, goal setting and external pressures were a challenge for us too.

I think one unique aspect of what jumped out from our manufacturing round was our focus on Scope 1 emissions, which are still a heavy challenge. Renewables still offer an opportunity for Scope 2 goals, but there isn't such a simple pathway for Scope 1 in terms of available affordable technology.

In terms of resources, it's not just about getting the cash to do an energy efficiency or equipment upgrade project but also helping the people you already have on board understand your goals and allowing you to achieve them. Bringing on a sustainability manager still takes time as they learn about the company and how it does things before being able to suggest how to implement or achieve a strategy.

The other piece is internal governance. We're all experiencing similar challenges in terms of how goals, mandates or SEC requirements will be fulfilled. How will those affect our companies? It's still unclear as we push toward science-based targets. Science is telling us that we have a lot of work



From left: Michal Shepard, Marianella Franklin, Ryan Spies, Peter Kelly-Detwiler

to do but we don't have the structure to support it.

We don't have all the solutions so we're glad that the developers and other providers here are present to partner with us and help us figure things out. Some of us feel years away from converting a natural gas plant to hydrogen, but we have the providers and peers to learn from and at least get started. While we cannot cut and paste solutions, we can certainly continue to learn from each other. I think that's the greatest piece that came out of our room. 🌍