Insights from the December 2020 SMART ENERGY DECISIONS RENEWABLE ENERGY SOURCING FORUM



Colloborating for a Zero-Carbon Future

Smart Energy Decisions recently celebrated its fifth anniversary. Over these years, we've seen the industry grow and evolve in response to both new clean energy solutions and world events. The industry's commitment to setting and achieving sustainability goals remains strong as organizations tackle their latest challenge: the need to decarbonize and reach zero carbon emissions.

Using our proprietary virtual event platform, the 6th edition of our Renewable Energy Sourcing Forum, presented December 7–11, 2020 was executed in a virtual world with a very concrete purpose: to accelerate the adoption and facilitate best practices in renewable energy sourcing. Our unique event platform provided opportunities for corporate buyers of renewable energy and their suppliers to engage, network, and do business. Educational sessions from experienced buyers and industry experts who have successfully implemented renewable sourcing strategies, networking with peers, and opportunities to engage with leading suppliers were all highlights of this virtual event.

This Insights report, part of our continuing series, offers excerpts from each general session to give you a taste of the thought-provoking content, as well as the spirit of collaboration in evidence throughout the event—a part of SED's culture that we are proud to be able to enable, even in a virtual world.

The 2021 Summer Edition of the Virtual Renewable Energy Forum will take place on June 7–10, 2021 and will dig even deeper into the complexities encountered on the path to net zero emissions. Buyers can click here to apply. Suppliers can click here to explore sponsorship opportunities. Visit our website for information on our entire 2021 slate of events. You'll want to save the dates to participate in these cutting-edge programs.

As we all learn to respond and grow as the world changes around us, one thing stays the same: your success is our business.



Cordially,

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Keynote: Driving Decarbonization with Digital Innovation



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Vanessa Miler-Fels, Director of Energy Innovation & Impact, Microsoft



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Debra Chanil, Director of Research & Content, Smart Energy Decisions





Keynote: Driving Decarbonization with Digital Innovation

CHANIL: Vanessa, tell us about yourself and your current role at Microsoft. **MILER-FELS:** I serve as the director for energy innovation and impact, within our corporate sustainability team. The team is tasked with charting the roadmap to Microsoft's carbon negative goal by 2030. We have a hub and spoke model, and work with business groups to operationalize our goals and to develop solutions with and for our customers. These would be digital technology solutions that we deploy across different industry sectors focusing on energy or the sectors that use a lot of energy.

CHANIL: Microsoft made that January 2020 announcement in part with the rationale that "those of us who can afford to move faster and go further should do so." How did the scope of the company's sustainability goal develop?

MILER-FELS: We asked ourselves "Are we doing enough?" and the answer was, "We could— and should—do more, we believe." We have a 10-year roadmap through 2030. We believe we all need to accelerate our ambition because, as we listen to science, we understand that the next decade is critical for the world to meet the Paris Agreement goal. Second, we believe that our technology can help us get on the right pathways.

When you think about climate change, it does not impact everybody the same way. In fact, it tends to impact those who have contributed the least emissions the most. When we think about what we can do to contribute to mitigating climate change, we thought we could contribute more than others. We have some of the tools, so we committed to be carbon negative by 2030.

What does that mean? It's a step away from a carbon neutral, net zero goal. It's really looking at removing more carbon from the atmosphere than we are responsible for every given year. In addition to that, we pledge to remove all of Microsoft's historical emissions by 2050. It means we have to remove more than four decades of carbon emissions. Microsoft is 45 years old, which seems astonishingly old for a tech company. **CHANIL:** One of the ways Microsoft's sustainability work is going to be funded is through an increased internal carbon fee, which I believe you've had since 2012.

MILER-FELS: This is a huge governance piece to our efforts. That carbon fee is a fee paid by each business group for the carbon emissions that their group is responsible for. The fee initially applied to Scope 1, 2, and business travel. Starting last year, we included Scope 3. We've progressively increased that fee from a few dollars per metric ton to \$15 per metric ton. It is used to spur innovation and to finance innovation internally, but it is also used to change how we think about sustainability within the organization and how it becomes embedded in everything we do. It makes the price of carbon and also the impact of sustainability visible to the leaders.

CHANIL: Microsoft also has a \$1 billion climate innovation fund to develop carbon reduction and removal technologies. That's an impressive amount!

MILER-FELS: We have to be humble because we know that investments focused on combating climate change add up to trillions of dollars. But, for a company to commit that sum is indeed significant. This will be deployed in the next four years and is really to help address the technology barriers that we're facing today to put the world and Microsoft on a 1.5-degree pathway. We believe there are technology innovations that are already happening that need to be scaled or deployed in different markets. We also believe that there's room for further technology innovation, which is where the fund will be focused. For example, one area of opportunity, from our perspective, is carbon removal technologies, whether they're a natural-based or engineering solution.

CHANIL: What are some of the challenges that you see in meeting these goals? **MILER-FELS:** Microsoft working alone won't be enough, so that's why it's so important that we work with and for our customers on these challenges to innovate together. For example, recently we announced a partnership with

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BP. When I look at Microsoft's carbon footprint, we're talking 16 million metric tons of CO_2 . When you look at BP's carbon footprint, you're looking at more than 400 million tons of CO_2 . The impact that we can have on a solution that can be deployed at scale will also come from some of our key partners and customers. It's really that ecosystem and contributing to it that will make us successful.

CHANIL: I want to turn the conversation using another quote from that January release. It says, "Perhaps most importantly, we will develop and deploy digital technology to help our suppliers and customers reduce their carbon footprints." Can you talk about the role of digital innovation and decarbonization?

MILER-FELS: When you look at the International Energy Agency's sustainable development goals, three-quarters of carbon emissions reduction potential comes from the electricity and the energy sector at large. There's a huge opportunity for creating the energy and electricity systems of tomorrow to support the decarbonization of the economy and grid.

We'll need to dramatically change how the grid operates to be able to accommodate intermittent energy while powering facilities 24/7. That integration is a critical challenge and we're excited to work on it with customers around the world.

CHANIL: What are the first steps when working with customers?

MILLER-FELS: As I mentioned earlier, our footprint is 16 million metric tons. We have customers with footprints potentially 50 times bigger than that. So, the technology we can deploy to help them address their footprints is so much more impactful. When we try to address their footprint, we first listen to their key challenges and try to see areas of opportunities.

The one that's common for a lot of these customers is the importance of energy and particularly the importance of electricity in their carbon footprint. That means a grid that's fully decarbonized. To get there, we know we'll need grid optimization.





"There's a huge opportunity in creating the energy and electricity systems of tomorrow that will support the decarbonization of the economy. That means a grid that's fully decarbonized."

-Vanessa Miler-Fels, Director of Energy Innovation & Impact, Microsoft

Panel: The Growing Importance of Renewable Energy Partnerships



Nathan Nissen, Principal Engineer-Sustainability, Kohler Co.



Greg Rizzo, Director of Origination, Enel Green Power

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John Failla, Founder and Editorial Director, Smart Energy Decisions



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FAILLA: Let's start with an overview of your current role and sustainability goals.

NISSEN: In 2007, we set a net zero goal targeting greenhouse gas and wasteto-landfill from our Kohler operations. The goal, of course, is to reach net zero by 2035. We have had a good run so far. Since 2008, we've reduced our greenhouse gas, our water, and our waste-to-landfill by about half each. The program is a phased approach. Efficiency is the foundation. We want to be as efficient as possible. Sometimes that's simple stuff like turning things off or slowing them down when we can. Sometimes it's a lot more involved, like putting in a heat recovery system on a process. We're always investing in upgrading our process equipment to improve efficiency or to bring in new manufacturing technology.

The next big phase is renewable energy. We have onsite renewable energy generation at about a dozen of our locations. We've done CapEx projects, power purchase agreements (PPA) and we've got one off-site renewable energy project that brings us here today: the Diamond Vista project that we did with Enel. Half of our electricity is coming from renewable sources so now we're looking for other renewable energy projects to cover the other half of our electricity use.

In the third phase, as we look towards the future, we're trying to find a way to design and deliver products that have a reduced environmental impact without compromising performance or appearance. We're looking at the whole life cycle, from our suppliers to the customers to the end of life. We're looking holistically at how a product functions. That's where we're going to make the biggest long-term difference.

RIZZO: My team at Enel Green Power is focused on establishing partnerships with corporate and utility buyers—companies looking to

purchase renewable energy to support their sustainability goals. We're committed to growth and we have plans for installing 9.8 GW of new renewable capacity over the next three years in the U.S. and Canada alone. Globally, Enel is planning to triple its renewable capacity by 2030. Our growth commitments are aligned to support our public commitment of being carbon neutral by 2050. The current strategy is focused on making progress towards some of the United Nations Sustainable Development Goals (SDG), which we've committed to throughout the entire value chain. At the center, we're committed to SDG 13: Action to combat climate change. We've also taken on SDG 17: action to ensure access to affordable, reliable, sustainable, and modern energy for all. Finally, we align all of our sustainability goals around supporting the communities and cities where we operate, which ties in with SDG 11.

FAILLA: Nathan, what led you to reach out to Enel? What problem were you trying to solve?

NISSEN: What we needed was some scale. At the time we came to Enel, we had the onsite renewable energy and we had just not been able to get to 100% renewable electricity at any location. With the electricity needs of a factory and the available roof space, it's very difficult to get to 100% renewable electricity. We came to Enel looking for a partner that could help us navigate this process and figure out what Kohler can do in a way that we're comfortable with and participate in an offsite renewable project that we don't own. That's really what made it work.

FAILLA: Greg, what's your take on why you were able to help Nathan and Kohler with that issue? They needed scale, but they needed to do it economically.



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RIZZO: Luckily for us, Nathan and his team knew exactly what they wanted and they were pretty confident about what they needed. The good thing about Enel in these instances is we do have a diverse pipeline of development projects both early and late stage. We were able to find a location and ultimately land on a structure that worked for Kohler, given how many options we were able to put in front of them and work together to find the right solution.

In this case, we had a project that had offtake, so we were able to be flexible and work to find the right number for Kohler to hit its annual megawatt-hour need, which we ultimately sized the deal to do. But we were also flexible in the contracting and were able to get it done quickly, which I think we all appreciated. We're both happy even a few years into operations. The partnership's been going great.

FAILLA: Nathan, as you talk to developers and you explore renewable energy opportunities, what do you think are the key components and characteristics of an effective working partnership with renewable energy supplier?

NISSEN: We need a high level of expertise because it is a nuanced transaction. We need somebody that understands those nuances,

can help us understand, that has capabilities. We have partnered with somebody that's really able to deliver that project, has thought about those issues, and has plans in place that can deal with it. Then, we need to be innovative, we need to be creative, and we need be aggressive with each other. We need to challenge the other partner to get to the point where the proposition is not slanted toward one company or the other company; it's a solution that we can both live with.





"Half of our electricity is coming from renewable sources so now we're looking for other renewable energy projects to cover the other half of our electricity use. As we look towards the future, it's really about our products because we know that that's where we're going to have a big impact on the world."

-Nathan Nissen, Principal Engineer-Sustainability, Kohler Co.



Panel: The Future of Sustainability Strategy



Greg Kandankulam, Senior Manager, Sustainabity, NRG



John Failla, Founder and Editorial Director, Smart Energy Decisions

Panel: The Future of Sustainability Strategy

FAILLA: NRG is involved in so many areas of business, but sustainability advisory services isn't something that it's widely recognized and known for. Tell us why the company got into that area.

KANDANKULAM: At NRG we've been constantly refining the idea of the integrated model connecting people and organizations to the power of energy through leading brands and purposeful generation.

What we saw was that there were a lot of consultants in the marketplace that may have been part of companies that were wholesale power players or understood the grid, and then left those roles to be pure-play consultants. We saw ourselves as needing to have that piece of the value chain incorporated into our business. We could provide the strategic oversight and help craft programs that would lead to a sustainability strategy that would be in lockstep with the procurement of energy services, electrons in general, as well as those demand-side solutions to help reduce consumption.

FAILLA: Based on NRG's wide portfolio of products, is there anything that's unique about the approach that the company takes to sustainability strategy development?

KANDANKULAM: We've been on the leading edge of sustainability reporting and commitment building, basically carte blanche. We were the first of nine companies to enter into science- based target initiatives, understanding our component to the problem of climate change and how to set a long-term strategy to combat that.

We started with the Intergovernmental Panel on Climate Change model of the Paris Agreement, looking at 2°C scenario planning, upgrading that to a 1.5°C degree scenario plan and putting milestones behind that. What are we going to look like in 2025, 2030, 2050? Given the complexity of our business, there are a lot of applicable skills that we possess in having done that for ourselves and in continuing to have those conversations with our customers when they're talking about procurement. We felt that we had all our ducks in a row to be able to provide this as a holistic service to help smooth the way to providing line-of-sight to procurement and projects.

FAILLA: There's been this interesting evolution in the focus of strategy. Recently, the focus was on setting renewable energy targets and it seems like, within the last year, the focus has shifted to carbon emission reduction targets, which are getting more and more aggressive. What's your sense for what's driving the shift in focus to emission reduction targets?

KANDANKULAM: I wouldn't necessarily say that there's a shift in gears, per se. I think that the word is out in terms of renewable energy and how it's probably the greatest tool for reducing carbon emissions within a corporate context.

Now that we're in these unprecedented times due to COVID-19 and work-from-home, I think we're seeing some paradigm shifts that are leading us to bring a larger focus to carbon reductions. The year-over-year increase in renewable procurement from 2018 to 2019 was 44%, the majority of that being in the U.S. The dust hasn't fully settled on the amount of money spent, but we're talking somewhere between \$20 billion and \$30 billion. I think that those who know have done it and now there are people catching up, wanting to get into renewables.

But, once you've done that, what are the other operational needs, the efficiency needs, the change in infrastructure needs, transportation, or materials issues that need to be addressed? That is what is leading towards these larger conversations around carbon mitigation strategies because there are lots of opportunities beyond just energy procurement in terms of pure play acquisition of electrons that need to be addressed. There's building automation and EV strategy, especially with EV last-mile



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strategies for how to get the entire value chain electrified. You're seeing cities talk about electrifying and taking natural gas out of the conversation with ordinances around new builds not having natural gas. There are lots of other ways of looking at carbon mitigation that we're happy to get involved with.

FAILLA: Can you expand on the opportunities that are created by this shift, touching on some of the challenges that arise when someone decides to focus on emissions reduction?

KANDANKULAM: The paradigm will shift on the future of work and how we transact and communicate with each other as well. How we procure is going to change. Looking at commercial buildings, we need to think about how we are going to congregate in these buildings going forward. Post-COVID-19, I think there's going to be a lot of uneasiness around getting maximum capacity in buildings that can potentially house thousands of workers.

Given that, I'm sure there are a lot of real-estate trusts that are looking at the terminal value of those buildings, healthy occupancy and the needs of a residentially housed workforce. What are the bandwidth needs? Are we going to need to shift distributed assets away from commercial and industrial centers to residential centers? Another interesting tidbit about the U.S. as an industrialized nation is that we are #1 for outages. While we focus on outages in the commercial space with resiliency projects and backup generation for these large-scale buildings, how are we going to deploy capital to make our workforce productive while we're working from home? Looking at commercial buildings as stranded assets is going to be part of a matrix of trying to figure out where you manage your costs and productivity and then your license to operate long-term.





"Now that we're in these unprecedented times due to COVID-19 and workfrom-home, I think we're seeing some paradigm shifts that are leading us to bring a larger focus to carbon reductions." —Greg Kandankulam, Senior Manager, Sustainabity, NRG

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Panel: Inspiring Diversity in Energy



Telisa Toliver, General Manager, Renewable Power, Chevron Pipeline & Power



Debra Chanil, Director of Research & Content, Smart Energy Decisions



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Panel: Inspiring Diversity in Energy

CHANIL: One of our inspirations for our series of conversations on "Inspiring Diversity in Energy" is the book, *The Energy Within Us—An Illuminating Perspective from Five Trailblazers*. We've been lucky enough to have some of the authors on our stage already, and we're thrilled to welcome another one with us today. Telisa, can you start with a brief introduction of your role at Chevron? Then, we're going to work our way back to find out how you got there because it's an interesting journey.

TOLIVER: I characterize myself as a small-town girl from Oklahoma who has had the opportunity to travel around the globe and really understand what this whole issue of energy and access to energy is about. I've had the pleasure of working in a lot of different countries and throughout the value chain within the oil and gas industry. In our operations, I've worked in our refineries in the mid-stream in pipeline and power, where I am today. I've also worked in corporate staff. So, I've seen the gamut of the value chain of energy and, as you indicated, and it's been a long journey. I've been in this industry for almost 30 years. In addition to my role at Chevron, I'm also the Chair of the Board of the American Association of Blacks in Energy. It's a very important organization for me and, I think, for the industry today.

CHANIL: Tell us more about that journey because it hasn't been a very linear one. It basically started in college where you did an internship and then were recruited.

TOLIVER: Being from Oklahoma and, of course, being surrounded by the oil and gas industry, I tell people I had absolutely no intention of being in this industry. I went to a historically black university, Tuskegee University, but I also knew I wanted to intern. I thought that was a great way to get

introduced to whatever industry I was going to go into.

I happened to be interviewed by a gentleman from Gulf Oil. I got a couple of offers. You'll see in my book that I talk about selecting the one that offered me the most money at the time, but I was very, very interested in talking with him and about his journey. When I asked him how many African-Americans he had where he worked, he responded, "You're looking at him." There were still the same issues that we're faced with today. Yes, there's been some improvement, but the issues are still there.

I started out in an analyst role and moved around because I am a business grad. I'm a unicorn in this industry because I'm not an engineer, but I've been able to go where I felt there were opportunities. I've taken a lot of risk in my career because I don't have a linear path and I never had one. I went to those places where I thought I could make a difference, where I felt the company needed me and where I had an interest. I've been in the business development field and commercial field for most of my career. So, while I haven't been on a traditional path, I wouldn't trade it for the world because it's enabled me to have a real breadth of experience.

CHANIL: Taking risks is certainly one theme that runs through your journey. Another one is developing relationships.

TOLIVER: I think, at the end of the day, business development and success are about building relationships and trust. You have to do that over your career. You have to find people that you connect with and that you admire. Some of these relationships happen organically and some of them happen because you make them happen.

When I'm mentoring employees at Chevron or outside of the company, I always tell them that it's important to have relationships within your workspace but also outside of it. You have to have people to bounce things



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off of, folks that you can learn things from but who can also help you in your career over time. Particularly in business development, relationships matter and relationships are very important to achieving goals.

CHANIL: You started off being mentored and you, in turn, are now mentoring other people. , A lot of our energy managers watching are probably in a position to help out other people. Any advice on how to do that? Where do you start?

TOLIVER: Particularly, if you're focusing on diversity, I think the women and minorities in our organizations may or may not always have the access to leadership that others do. It's very important to give them the same opportunities and relationships that others have in the organization. I think leaders can be visible role models in that space so that others can mimic that behavior. It's important because you need to have someone who believes that you can achieve whatever you're trying to do in your career. You need that advice, someone to teach you about what works in one culture versus another. All companies have different DNA and cultures and you need to be able to learn about that.

What is important when it comes to succeeding in a company? It's critical to have that information. As a leader, you want to bring people up

and help others. For the employees that I talk to, I always tell them, look, if you can find somebody that you respect, reach out to them. They'll probably help you. If you're looking for somebody that looks exactly like you, you're not going to succeed. You have to look for people that you respect or people that are in the field or areas that you want to be in and strike up a relationship with them. This isn't your traditional kind of networking. It really is delivering power.





"Particularly in business development, relationships matter and relationships are very important to achieving goals."

-Telisa Toliver, General Manager, Renewable Power, Chevron Pipeline & Power



Panel: Addressing Residual Emissions On the Path to Net Zero



<mark>Stephanie Harris,</mark> Director, Carbon Markets, 3Degrees



Debra Chanil, Director of Research & Content, Smart Energy Decisions



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Panel: Addressing Residual Emissions On the Path to Net Zero

CHANIL: To get a level playing field, let's define residual emissions. What exactly does that mean?

HARRIS: Residual emissions are the emissions remaining after all technically and economically feasible opportunities to reduce emissions in an organization's applicable scopes and sectors have been implemented. This could include direct emissions under Scope 1, emissions from purchased electricity in Scope 2 and, potentially, indirect emissions under Scope 3 depending on where a company draws its boundaries. Residual emissions should decrease over time as more technical and feasible opportunities to reduce emissions for any given company change and evolve.

I think there's still some uncertainty around when to actually address these emissions, given that many greenhouse gas reduction strategies can be implemented over a longer timeframe. A general rule of thumb is to reduce whatever you can today and offset the rest all within a broader strategy that strives to reduce emissions as aggressively and as quickly as possible.

CHANIL: Why is it so important that companies take immediate action on this issue? How does the supply chain fit in?

HARRIS: Many organizations around the globe recognize the importance of taking urgent climate action today. That means they are looking closely at how to tackle all scopes of their emissions. We just mentioned Scopes 1, 2, and 3. For many organizations, there are emissions they will not be able to address in the near term. For example, a lot of companies that 3Degrees works with include transportation-related emissions in their Scope 3 carbon footprint—whether that's emissions from shipping packages or travel or some other activity—but they aren't able to directly reduce their emissions from that part of the business because they don't have direct control.

The same thing can be said for supply chain emissions. Some large organizations are actually able to influence their suppliers and help

implement emissions reduction programs in their supply chain. But a lot of organizations may not directly know the suppliers and their supply chain, or it just may take time for their suppliers to take action on their own. There's a real need to address those Scope 3 supply chain emissions and transportation-related emissions, in the near term.

CHANIL: I can't begin to count how many news items Smart Energy Decisions is running now about companies setting net zero goals. Can you talk about what you're seeing in terms of organizations setting those goals and, specifically, how they're addressing these residual emissions with them?

HARRIS: We're also seeing a lot of organizations stepping up and making stronger, more impactful climate commitments, whether that's a carbon neutrality commitment, setting science-based targets, a long term net zero goal, or some combination of those. Even after these organizations do everything they can to reduce their emissions on the path to achieve these goals and reach net zero, there's likely going to be emissions left over. While there are still ongoing discussions about how residual emissions are addressed under each of these various commitments, there is some general consensus around best practices in the market.

In general, we're working with more and more organizations that are recognizing the role that carbon offsets can play as an instrument to address residual emissions in the near term, while the standards around net zero become more defined and we have better criteria to understand what it means to be net zero. We're also seeing companies use carbon offsets in tandem with a science-based target strategy, for example, to meet an annual carbon neutrality goal.

All of these goals and climate commitments can happen together; they don't have to be mutually exclusive. The ultimate goal is to get us on a path towards these long term, net zero commitments and address those residual emissions with offsets along the way.



Panel: Addressing Residual Emissions On the Path to Net Zero

CHANIL: Let's talk about the process. If I'm a company that wants to assess the options available to meet these goals, how do I go about it? How do I know what makes the most sense for my organization?

HARRIS: If an organization is going to invest in offsets to address its residual emissions, there are a wide range of criteria that it can and should assess when thinking about purchasing offsets. I'll run through the list of some of the criteria that we often focus on with our customers.

First is cost, which tends to be a big driver. The organization's allocated budget for offsets is often the main point of conversation, but there are also criteria like location. Is the carbon offset project in a location that somehow relates to the buyer's organization, or is the project situated in a region that might be otherwise marginalized or suffering some disadvantages?

We also work with our customers to think about co-benefits. In addition to climate and greenhouse gas reduction advantages, what benefits does the project provide? Are there air quality benefits, social impact benefits, habitat protection, biodiversity, etc.? There's a list of things we can look at and assess depending on the project type.

There is also the broader category of whether it's a nature-based solution or some industrial process. Some buyers may prefer nature-based solutions that use natural processes to mitigate emissions or sequester carbon. Other buyers might prefer direct emissions reduction from very well understood industrial processes where there's maybe more clear quantification and less modeling from a greenhouse gas accounting perspective.

Other criteria might be project proponents. Who's involved in the project? Who benefits from the sale of credits? Some buyers might seek to ensure project proponents are consistent with the organization's purchasing philosophy or its sustainability criteria. Overall, there are a lot of different ways that we can help buyers and our customers assess the right projects for them and how they meet their needs and organizational goals.





"Many organizations around the globe recognize the importance of taking urgent climate action today. That means they are looking closely at how to tackle all scopes of their emissions."

-Stephanie Harris, Director, Carbon Markets, 3Degrees



Panel: Collaborating for Customer-Centricity in Achieving Sustainability Objectives





Andre Canguçú, Chief Commercial & Industries and M&A Officer, ENGIE North America



John Failla, Founder and Editorial Director, Smart Energy Decisions



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Panel: Collaborating for Customer-Centricity in Achieving Sustainability Objectives

FAILLA: Let's start by having you tell us a little about yourself and your current role at ENGIE North America. CANGUÇÚ

CANGUÇÚ: I've been in charge of C&I since the beginning of this year. More importantly, I've been in North America since early 2016 and I've been part of the transformation that ENGIE went through from 2016 to today.

FAILLA: ENGIE has certainly evolved over the last 36 months. How has the role of renewable energy in your portfolio of energy services progressed over that time?

CANGUÇÚ: Four years ago, we started this transformation through which the zero-carbon or low-carbon energy transition began and we've been working through that almost on a daily basis. We divested from fossil fuel power plants, and we started to dedicate more toward the renewables area and customer solutions. Just to illustrate how big the transformation was, two years ago in North America we had 700 MW of wind generation, primarily in Canada, nothing in the U.S. By the end of this year, we're going to have more than 3,000 MW in Canada and the U.S. combined. Our idea is to continue to add about 500 to 750 MW per year of newly built renewables.

FAILLA: Two-thirds of the corporate buyers participating in this event have expressed an interest in sourcing renewables outside of North America. There is a dramatically growing interest in sourcing globally. What's ENGIE's involvement with renewable energy on a global scale?

CANGUÇÚ: The transformation of ENGIE is not only in North America. One of the reasons a lot of customers come to us is because of our global presence. Those are global companies with global sustainability goals and there is nothing better than having a global partner that can optimize their renewable procurement process by serving them in multiple geographies.

FAILLA: Along with the growing interest in procurement on a global scale, it's been interesting to see how corporate commitments to renewable energy are scaling rapidly. They're increasingly focused on emission reduction goals. There's almost an arms race for who can have the most dramatic commitment. We're also looking at a new presidential administration that will have a stronger priority to accelerate climate action, which we think will drive more customers to not only adopt renewables but towards even more ambitious goals.

What do you think are the key drivers for this corporate escalation and how well prepared as an industry do you think we are to meet those growing needs?

CANGUÇÚ: I think that renewable acceleration is here to stay. It's a reality. If you look back to the early 2000s, one of the drivers behind the renewable industry was the federal tax incentive to foster the renewable industry. That has always been a bipartisan solution. Even if the federal support is less or more, I think the primary drivers today are state-level and corporate-level pushes. Renewable portfolio standards and corporate sustainability goals are headed in this direction.

Given the evolution of the industry, renewables are at grid-parity with other more traditional sources like gas-fired or ground power in multiple markets. I think we will continue to see the development of the industry. We've been very successful in the last four years. If there's going to be more support at the federal level, that's fantastic news. That's good for companies like us to push the renewable industry even further.



Panel: Collaborating for Customer-Centricity in Achieving Sustainability Objectives

We still have a lot to do when it comes to the massive deployment of renewables such as the grid infrastructure and resiliency, regulatory framework, how to manage the intermittency of those assets, etc. It's going to take a constant evolution of the industry to properly tackle those because the more renewables we will have the more we'll have to deal with those changes. I think storage is one element that could help. Hydrogen could be another potential complementary technology for the industry as well.

FAILLA: How do you take your philosophy around serving your customers and expand it beyond renewable energy into serving their broader set of energy needs?

CANGUÇÚ: That's a great question because that's exactly what ENGIE wants to be doing more and more. We want to help our customers to consume better — meaning cheaper — more efficiently and cleaner. And it's not only renewable power. If you take Ohio State University as an example, we took over their energy-related infrastructure and we're managing it to help them achieve their sustainability goals as well as their resiliency and flexibility needs. We want to do exactly the same for customers in the commercial and industrial space. We want to let them focus on their core business and manage their assets to help make their operation more efficient and seamless so they can achieve their goals of **sustainability**,

resiliency, flexibility, affordability, and predictability—five important words for our customers.

In a nutshell, we want to be their partner managing all aspects of their energy infrastructure—that could be a data center, an industrial facility, or a research facility—and help them, whether that's through renewable supply, a boiler, backup power, or traditional combined heat and power. That's the vision we have to help them as partners throughout their sustainability journey.





"We want to help our customers achieve their goals of sustainability, resiliency, flexibility, affordability, and predictability."

-Andre Canguçú, Chief Commercial & Industries and M&A Officer, ENGIE North America



Panel: The Evolution of McDonald's Sustainability Roadmap





Emma Cox, Global Renewable Energy Lead, McDonald's Corporation



John Failla, Founder and Editorial Director, Smart Energy Decisions



Panel: The Evolution of McDonald's Sustainability Roadmap

FAILLA: It's particularly special to have Emma with us today because about 18 months ago she joined us at the *Innovation Summit* in Houston to talk about McDonald's plans for renewable energy as it relates to its sustainability programs.

COX: I'm thrilled to be here today because we have so much to report in terms of progress and lessons learned. The last time we spoke, I was focused mostly on energy in the U.S. Since then, we've had a lot of success in the U.S. and we've introduced a new department: our global impact team. We're really excited about that addition to our company because it reflects what McDonald's can do. My role will be global moving forward and focused on delivering that impact through renewable energy.

FAILLA: A lot has been done in these in 18 months. Tell us what the journey and the evolution of the sustainability program have been like at McDonald's over the last couple of years.

COX: I honestly believe that taking the time that was needed to build our strategy was the key to our success. It was not built overnight. It was filled with "test to learn"—I like that phrase better than "trial and error" because we learned a lot from some of those tests that maybe weren't as successful as we had originally predicted.

A few things have changed in terms of the size and the focus of our ambition. We really ramped up our implementation pathway and ambition over the last couple of years just based on the initial successes that we've had in the U.S. Also, the focus of our ambition has shifted. We used to just be focused on a key mission to achieve our science-based target. That kicked us into gear. It was our motivation to get us started.

As a reminder to the group, our science-based target is a restaurantbased target to reduce our greenhouse gas emissions by 36% by 2030. We also have a separate supply-chain goal, but my work has been focused on that restaurant piece. That goal is an ambitious target, on which we need to focus on scaling our work to reach.

We've started to think outside of the box and outside of our own goals. How can we achieve those goals and bring others along with us—others meaning small business owners? These buyers wouldn't necessarily have access to renewable energy that McDonald's, using our size and scale, can enable for them. What are the ways in which we can help and move the industry forward to enable more renewable energy access for more people and buyers? That's been our new parallel mission and it has been exciting.

I'm excited also to be able to talk about our 2020 progress. Last year, we announced our first-ever power purchase agreements. Those totaled 380 MW and this year we're adding three additional projects to bring us to 1,130 MW total—583 MW of solar and 547 MW of wind. We're thrilled about this, not just because of the volume, but because of the impacts that come with it.

As we're trying to reach our science-based target goal, we like to equate the progress that we're making to "restaurants' worth of electricity." These deals are 8,000 restaurants' worth of electricity, or 275 million homes/500,000 cars off the road/40 million trees planted, enough electricity to displace one average-sized coal plant, which is also very exciting. The community-based impact metrics are also very near and dear to our hearts. The short-term jobs created are 3,400 with an additional 135 long-term jobs. We estimate the total economic impact is about \$680 million, which is given to these local communities in terms of taxes and payments to landowners.

FAILLA: Can you talk more about this new global impact team?

COX: I think the opportunity for us is going to evolve, but the initial thinking behind creating this department, which reports directly to our



Panel: The Evolution of McDonald's Sustainability Roadmap

CEO, is around McDonald's wanting to do more within our communities, within our worlds, and for our customers. It's not just making a good burger; it's about what more can we do and the impact we can have on the world.

How that comes through from an organizational standpoint is our group. Sustainability, as well as environmental, social, and governance will roll up to this group in terms of the environmental impact. We have a sort of social impact group, so we'll have an entire team focused on what impact we can have in the communities that we serve. We also have our government relations team rolling up to this department. We already work closely with them on policy. Our communications and corporate relations team help tell the story around our impact.

I think this new team makes a lot of sense. Previously, I sat in the global supply chain group, which is still very relevant. We're still very focused on sustainable sourcing and so we do have the skills of the members of our sustainability team embedded where it makes sense.

FAILLA: That's a lot of change in a short period of time and what you've accomplished is substantial. It also begs the question: what's next?

COX: We have a pyramid image to illustrate that work. It starts at the top with our brand purpose and so that's making delicious, feel-good moments for everyone. We want our customers to feel good about the

food that they're eating, about the company that they're buying their food from. Our sustainability framework rolls into our brand promise. As a company we are focused on using our scale for good to ensure that people, animals, and the planet can thrive. Our renewable energy mission rolls up to that framework. And our mission is to establish McDonald's as a leader in renewable energy. What that means is making renewable energy more accessible to everyone, not just McDonald's, while also contributing to or exceeding our existing science-based target. \bigoplus





"I honestly believe that taking the time that was needed to build our strategy was the key to our success. It was not built overnight."

-Emma Cox, Global Renewable Energy Lead, McDonald's Corporation





KEYNOTE SPEAKERS:



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