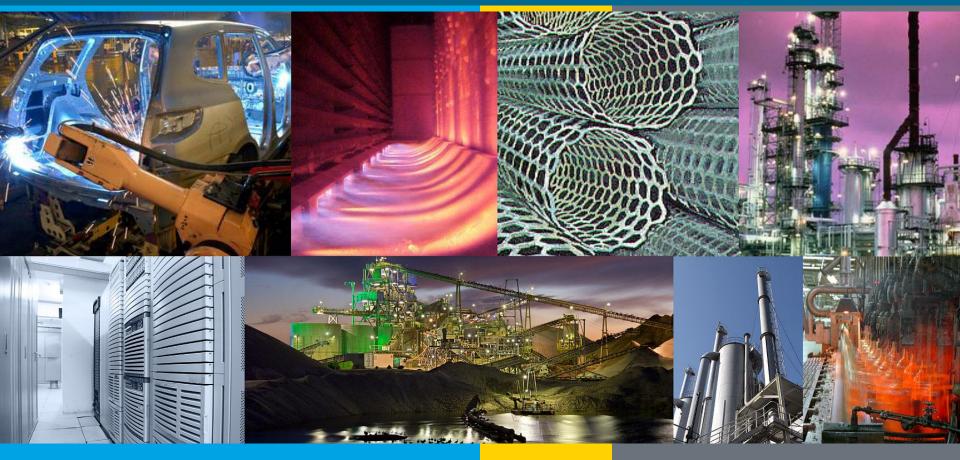
#### ADVANCED MANUFACTURING OFFICE





**Tuesday Webcasts for Industry: Engaging Supply Chains in Energy Management** 

**April 10, 2012** 

## Agenda



- Overview and Welcome
- Engaging Supply Chains in Energy Management
  - Ron Reising, EUISSCA
- 2012 Supplier Sustainability Outreach Program
  - Eric Battino, PepsiCo
- Questions and Answers
- Accessing Slides



# Engaging Supply Chains in Energy Management



### **Electric Utility Sustainable Supply Chain Alliance**

Current members include 16 of the largest electric utilities in the U.S.

- AEP
- Ameren
- APS
- Bonneville Power
- DTE Energy
- Duke Energy
- Exelon
- National Grid

- National Grid
- Northeast Utilities
- NV Energy
- OGE Energy Corp.
- Pacific Gas & Electric
- ♦ PPL Corp.
- San Diego Gas & Electric
- **♦ Tennessee Valley Authority**

# Alliance members represent:

- Combined revenues of over \$100 billion
- Over 44 million customers across 27 states
- Over \$25 billion in non-fuel spend
- The Alliance's vision is to lead the electric utility industry in the achievement of a sustainable supply chain
- Initial focus is on environmental impacts and improvements
- The Alliance is a registered 501(c)6 standards development organization
- For more information visit: www.euissca.org



#### **Initiatives**

- Alliance Goals are to improve the environmental performance of
  - Specific products/services
  - Suppliers' operations
  - Members supply chain operations
- Energy efficiency goal for the Alliance and for suppliers
- Educational services/tools to assist suppliers in achieving GHG and energy efficiency goals.
- Annual survey of over 900 suppliers to track trends and identify areas
  of opportunity
- Working teams target specific categories of spend such as wire & cable, transformers, etc and specific topics such as packaging
- Members also work individually with suppliers through programs like the Green Suppliers Network, E3, Smart Way and other programs.
- Sustainability results save money through water savings, energy savings and landfill avoidance benefiting all stakeholders



### Green Suppliers Network (GSN)



(providers to electric utilities)

Niagara Alcan Atlantic Wood

Price C.O.W. Industries Hendrix Central Moloney Adv Ind Cox

McFarland Cascade Ametek

General Cable Thomas & Betts

Kuhlman Sabre Howard Draka

Preformed Line Products Southwire

Power Partners ABB South Boston

average GSN data for providers to electric utilities

Average Environmental Impact:

\$227,000 per manufacturer per year recurring

Average Total Impact: \$263,000 per manufacturer per year recurring

#### Transformer Specifics

(aggregated)

1.6 million kWh in annual recurring savings identified

30 million gallons of water conservation savings identified

530,000 pounds of solid waste reduction identified

### Wire & Cable Specifics

(aggregated)

1.8 million kWh in annual recurring savings identified

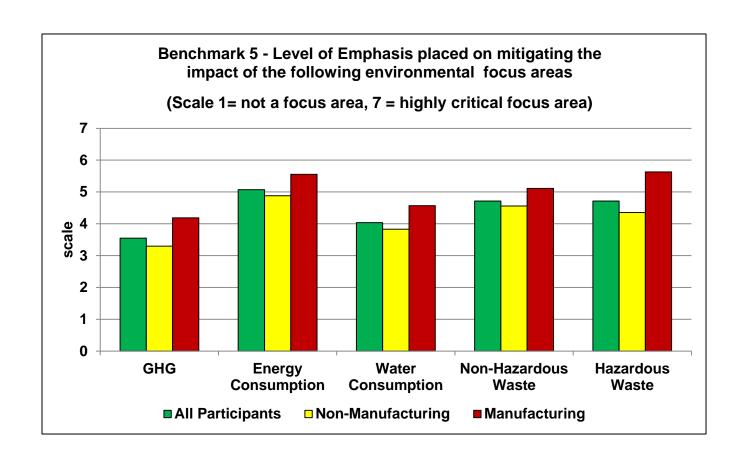
3.6 million gallons of water conservation savings identified

3 million pounds of solid waste reduction identified



<sup>\*</sup>Data does not include Cleaveland Price or Alcan





### **EUISSCA** Goals for ourselves & our suppliers

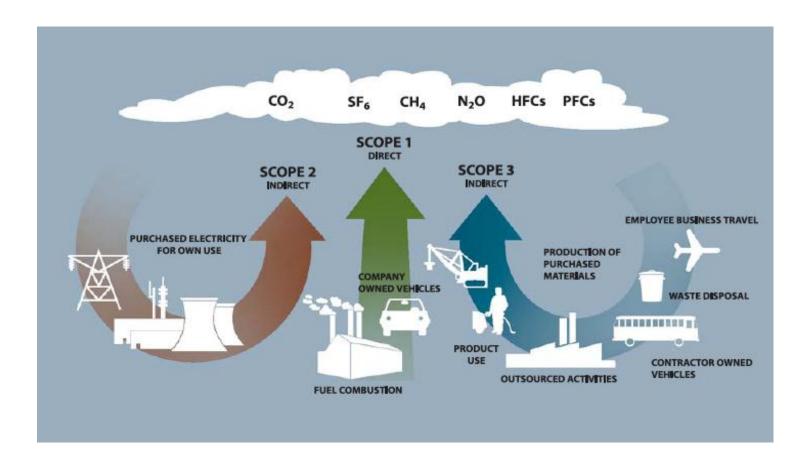
- By year 2015, Alliance members will reduce aggregate supply chain operations energy use by 10% from a 2008 baseline.
- By the end of 2012, a majority of the participating surveyed suppliers of Alliance members will measure GHG emissions and will have established voluntary GHG emission reduction goals





### **Education to our smaller suppliers**

My Scope 1 is Your Scope 2 is Their Scope 3



### **Methods of Education and Outreach**

- Videos and webinars on why they should be concerned about Green House Gases and specifics on areas on which they can focus.
- Stakeholder Engagement Meetings and a Sustainability Summit to refine our plans.
- Using members of our supply chain in LCA studies and working team projects
- Webinars conducted on LEED certification; Smart Way; services available through federal agencies, states & utilities



**Supporting Manufacturing Leadership Through Sustainability** 

# E3: Economy, Energy, and Environment















# For more information about the Electric Utility Industry Sustainable Supply Chain Alliance, please visit <a href="https://www.euissca.org">www.euissca.org</a>.









2012 Supplier Sustainability Outreach Program

# **Supplier Sustainability Outreach Program**

## **Solid Waste**

Align with PepsiCo's goal to eliminate solid waste to landfill

#### Water

to reduce water use 20% by 2015

#### **Speed of Trust**

Performance through shared values and mutual benefit

#### **Energy**

Align with PepsiCo's goal reduce electricity use by 20% and fuel use by 25%

utreach Align with PepsiCo's goal

#### **Productivity**

Leverage People, Process and Technology to drive bottom line savings

#### **Risk Mitigation**

Mitigate risks by focusing on Sustainable Practices and adaptation

#### Growth

*Improve capability* through RECON training, RC Bootcamp



# Outreach Program Fundamentals

A balanced approach to resource conservation (teams, processes and technology) will drive business results with:

- 1. Senior leadership commitment
- 2. Long and short term goals tied to:
  - AOP translating energy, water and waste into business results
  - PDR objectives leader accountability and alignment
- 3. Integration into established business processes
  - Business reviews/scorecards
  - Continuous improvement operations driven programs (CI, LSS, etc.)
  - Regular assessments leveraging resource conservation tools
- Professional development program for building and maintaining leader/team capability



### Building capability - training, resources and tools

- Single point of contact with dedicated RC expert
- ✓ Access to PepsiCo expertise
- ✓ Access to proven partners
- Training and opportunity assessment tools
- ✓ On-site support
- ✓ Invitation to PepsiCo Global Sustainability Summits
- Energy Star Partnership and Resources

"It amazes me that, in such a short time and by a group of people who haven't been in our plant before, you were able to provide such detailed and comprehensive savings ideas."

-Bob Shearer, After ReCon Report-Out Shearer's Brewster Plant, 4/08





# **Program Performance**

- Grew from 12 contract manufacturing locations to almost 50 companies with over a hundred impacted sites.
- 2008-2011
  - -Energy: ~10% reduction (use/unit of production)
  - -Water: ~15% reduction (use/unit of production)
- 2010-2011
  - -Waste: ~40% reduction waste-to-landfill (absolute)
- 2008 2011
  - Building Capability
    - 23 Training Events: over 500 suppliers trained in the US
    - 30 Technical 1 Hour Webcasts: **over 1,500** attendees (suppliers and PepsiCo RC Champions)
    - ~ 130 site visits presenting the program to leadership teams, working with site leaders and their teams to establish sustainability programs, sharing best practices



# Leadership in Sustainability

Partner Leadership in sustainability throughout our supply chain

- Shearer's Foods
  - Only LEED Platinum Food Mfg. site in the world

- John B. Sanfilippo and Son
  - 2010 ENERGY STAR Partner of the Year

 Kroger, Land O Lakes, Rudolph, Oak State, Roskam and many others all developed corporate-wide sustainability programs that are effectively driving significant results in energy, water and waste.



# **Broader Impact**



#### EPA ENERGY STAR

- The outreach program on boarded over 100 new ENERGY STAR Partners which helped PepsiCo secure the national Partner of the Year Sustained Excellence award in 2008, 2009, 2010, 2011 and 2012.
- Oak State and Schulze and Burch were key leaders in the development of a baking industry energy use benchmarking tool by the EPA
- Kroger and Land O Lakes have been key leaders in the development of the EPA ENERGY STAR Dairy focus group and energy bench marking tool.
- Outreach program recognition by industry includes:
  - July 2011 article in Baking and Snack magazine
  - PepsiCo keynote speaker at the first sustainability conferences
    - B&CMA (Biscuit and Cracker Manufacturer's Association)
    - Peanut and Tree Nut Processors Association.
  - American Association of Candy Technicians presented the outreach program and the business value of resource conservation programs in industry.



### **Lessons Learned**

# "Embracers seize the advantage"

-"Embracers" understand the business benefits of operating sustainably within the context of local/global communities and execute an effective program that addresses:

✓ Energy Conservation

✓ Water Conservation

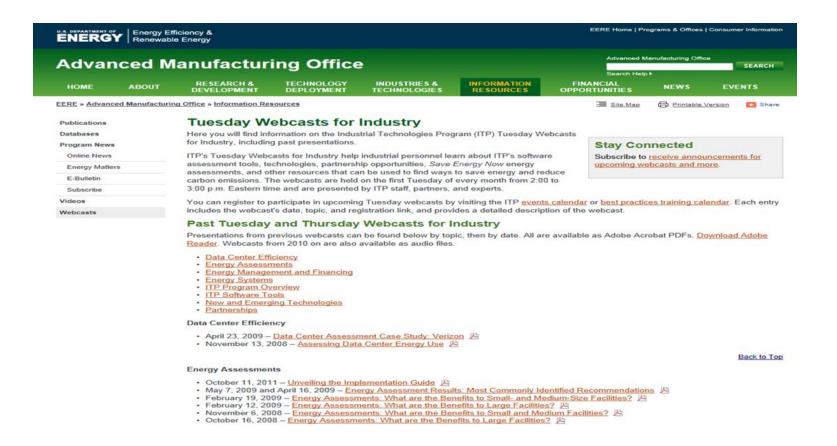
✓ Eliminating Waste-to-landfill

"What I like best about this program is that it makes our (PepsiCo's) suppliers better partners." Bob Aurand, VP Contract Manufacturing



### Slides from Previous Webcasts





To access the slides from this and previous Webcasts, please visit: <a href="http://www1.eere.energy.gov/manufacturing/resources/tuesday\_webcasts.html">http://www1.eere.energy.gov/manufacturing/resources/tuesday\_webcasts.html</a>

# Please join us for our next Webcast.

**Topic:** Tax Rebates/Credits Available for Energy Efficiency Actions

Date and Time: Tuesday, May 8 at 11:00 a.m. PDT/2:00 p.m. EDT

### To Register:

https://www1.gotomeeting.com/register/987465489