Project Summary

Timeline:
Start date: April 9, 2015 (pre-award letter)
Planned end date: December 31, 2018 (6 month extension will be requested)

Key Milestones
1. 1st Finance 101 & 201 Workshops; Sept. 2015
2. 1st EDF Climate Corps Fellowships; Summer 2016
3. CFO Interview Deliverables Suite; Nov. 2016

Key Partners:
- Deloitte Finance
- Institute for Market Transformation (IMT)
- Environmental Defense Fund (EDF)
- Massachusetts Institute of Technology (MIT)

Budget:
Total Project $ to Date:
- DOE: $369,179.86
- Cost Share: $369,179.86

Total Project $:
- DOE: $750,000
- Cost Share: $750,000

Project Outcome:
Increase retail company access to capital for funding energy projects by educating retail energy managers and finance professionals on leading practices.
These new projects represent up to 4 billion kWh in industry attainable energy savings and address EERE Goals 3 & 5 as well as National energy productivity and GHG goals.
Purpose and Objectives

**Problem Statement:** Retail energy managers lack access to capital for implementing energy efficiency projects.

Overcoming financing barriers was identified as a priority market solution by the DOE Better Buildings Alliance (BBA).

BBA is “a platform for commercial building owners, corporate sustainability directors, facilities managers, and engineers to collaborate with other experts, and together work to accelerate adoption of innovative energy efficiency solutions nationwide”.

This project engages influential brands in the retail commercial market.

**Target Market:** The U.S. retail industry, representing tens of thousands of facilities and up to 4 billion kWh in attainable energy savings.

**Audience:** Over 80 retail companies’ energy managers are members of RILA’s Energy Management Program.
RILA Retail Energy Management Program Members

- 7-Eleven
- adidas Group
- Advance Auto Parts
- Aldo Group
- American Eagle Outfitters
- ANN INC.
- Apple
- Bed Bath & Beyond
- Belk
- Best Buy
- Big Lots
- BJ's Wholesale Club
- Burlington Stores
- Canadian Tire
- CarMax
- Costco
- Cracker Barrel
- CVS Health
- Delhaize America
- DICK'S Sporting Goods
- Dillard's
- Dollar General
- Dollar Tree, Inc.
- Eileen Fisher
- Estee Lauder
- Express
- FedEx Office
- Food Lion
- Foot Locker
- GAP
- Giant Eagle
- H&M
- Harris Teeter
- H-E-B
- Hudson's Bay
- Hy-Vee
- IKEA North America
- JCPenney
- J.Crew
- Kohl's
- LEGO
- Lowe's
- lululemon athletica
- LUSH Fresh Handmade Cosmetics
- Luxottica Retail Group
- Macy's
- Meijer
- Neiman Marcus
- NIKE
- Nordstrom
- Petco
- PetSmart
- Publix Super Markets
- RaceTrac
- Ralph Lauren
- REI
- Rite Aid
- Ross Stores
- Safeway
- Sears
- Sephora
- Sheetz, Inc.
- Shoe Sensation
- Staples
- Starbucks
- SUPERVALU
- Target
- Coca-Cola
- The Disney Store
- The Home Depot
- Kroger
- Michaels
- TJX
- Toys"R"Us
- Tractor Supply
- ULTA Beauty
- Verizon Wireless
- VF
- Walgreens
- Walmart
- Wegmans
- Whole Foods Market
A Spectrum of Corporate Conditions

Energy Team
- Part time or one person
- 2-5 people
- Large, multi-focus

Energy Manager
- No finance training
- Some finance literacy
- Finance background

Finance Department
- Skeptical
- Evaluate equally
- Partner & advocate

Financing Approach
- Project by project
- Annual portfolio
- Innovative financing
Impact of Project: Final outcomes will include:

1. Finance Workshops & Tools ✓
2. Retail External Financing Guide ✓
3. Retail Internal Financing Guide ✓
4. Retail Financial Calculator ✓
5. CFO Interview Summary & Tools ✓
6. Education of dozens of retail professionals
7. Energy savings in over 100 buildings
8. 5-8 New Implementation Models
9. Retail Workflow & Approval Maps
10. Articles & Blog Posts
Spotlight: Resources & Workshops

Finance 101

Finance 201

Does energy efficiency align with the CFO’s role?

CFOs & energy managers share goals related to risk, capital & innovation & growth.

- The CFOs primary goal is to manage risk while creating value & improving performance.
- The Energy Managers primary goal is to manage risk while creating value & improving performance.

GREEN BONDS

Bonds are the largest source of capital in the global market. Many of the financiers and investors who offer bonds are interested in the environmental impact of the projects they fund. Green bonds provide a viable channel for investors to provide capital for projects that promote sustainability or mitigate climate change.

- Bond labeling has been a popular tool since bonds were created. Labeled bonds have been used to fund the railroad, aircraft, highway, and war industries. Retailers are starting to take advantage of the benefits green bonds have to offer.

Why should you use it?
- Your company wants to pursue high capital, sustainability bond issuance. The company will use...
Approach

Step 1: Develop Implementation Models

- Research leading practices in the industry
- Document case studies (Implementation Models)

Step 2: Educate the Industry

- Highlight successful Implementation Models through various channels
- Create new resources
- Host in-person and online workshops/trainings

Step 3: Spur Adoption of Models

- Facilitate use of Implementation Models
- Provide support & consultation through partner organizations

RILA will...
The Evolving Role of Retail Finance

Keys to Collaborating with Your Finance Team
What Retail Energy & Sustainability Professionals Should Know

Seven leading practices emerged to improve a department’s relationship with Finance:

1. Initiate Communication
   Even before there’s a proposal to submit, establishing a relationship with your Finance team opens opportunities to informally discuss projects and understand their needs and expectations.

2. Perfect the Project Proposal Template
   Ask Finance what characters their easiest-to-review proposals and emulate them. If Finance does not supply templates, ask for their suggestions on the template you currently use, using a hypothetical project as a model. Ensure that the key metrics, cost/benefit, and assumption detail provides exactly what they need. Study the metrics you are uncomfortable with and ask questions.

3. Plan According to Finance’s Calendar
   Request financial calendar details and plan your project proposals according to Finance’s annual cycle. Ask yourself, when will your Finance team be most amenable to new projects? When might they need to quickly invest excess capital? When is best to socialize a new idea or reintroduce a project?

4. Learn & Integrate the Business’s Priorities
   Articulate how your project complements senior management’s priorities to broaden its appeal. Lead with the project’s best quality from your audience’s viewpoint.

5. Implement Large-Scale Projects in Phases
   A proposal that implements in phases is easier to finance when limited capital is available. Capital is often not all invested during a single planning cycle, leaving flexibility that could allow you to quickly scale up a project. Phased projects can also be easier to course correct, manage, and measure.

Keys to Collaborating with Other Business Units
What Retail Finance Professionals Should Know

To help retail business units understand how to interact with Finance, including interviews with senior finance professionals.

U.S. DEPARTMENT OF ENERGY
Energy Efficiency & Renewable Energy
Approach (Continued)

Key Issues Being Addressed:
1. Energy managers need finance education to better communicate the merits of energy projects
2. Companies require project-by-project funding approval
3. Finance teams see other expenditures as better uses of capital
4. New technologies face skepticism; once proven, there is often no path to scale
5. External financing is not well understood (aside from utility rebates)
... all of which reduce retail energy manager access to capital for projects

Distinctive Characteristics:
• Leverages highly engaged community
• Addresses the key issues above
• Solutions inherently sustain ongoing completion of new energy projects
Spotlight: EDF Climate Corps Fellowships

• Class of 2016:
  – American Eagle
  – Best Buy
  – Express
  – Gap
  – REI

• Project Topics
  – Strategic Planning
  – Business Case Development
  – Revolving Loan Fund
  – HVAC, lighting, plug loads, solar, demand response, submetering, controls

• Potential Project Impact
  – 46 million kWh
  – Over 2,000 facilities
Progress and Accomplishments

Accomplishments & Market Impact:
1. Hosted 12 finance workshops with a combined audience of over 250 and 6 workshops planned for 2017
2. Created 4 Implementation Models (Regency/Trader Joe’s; adidas Group; Whole Foods; Belk) with 3 more in development
3. Summarized CFO interviews in 3 actionable deliverables
4. Facilitated 20 benchmarking calls to date, gathering project input or featuring replicable leading industry practices with between 8-20 companies per call
5. Assisted 5 EDF Climate Corps fellows with summer projects identifying a total of 45,000MW of potential savings if fully implemented

Efforts to Ensure/Accelerate Impact:
• Creating self-guided e-learning versions of financing guides
• Hosting webinar workshops to reach audience unable to attend events
• Leveraging relationships with other industry organizations (utilities, restaurants, landlords, CFO conferences) to expand reach across industries & roles

Planned vs. Actual Impacts: Revised approach to educate CFOs; on track with expectations for this point in the project
Recognition:
Invited to present finance workshop material at 2016 & 2017 DOE Better Buildings Summit and October 2016 and April 2017 EEI Key Accounts Meetings.

Workshops collectively received an average rating of 4.4 out of 5

Lessons Learned:
• To educate CFOs on the value of energy projects, leveraging existing events is more efficient than creating a new event
• Quantifiable outcomes often aren’t measurable until a year after retailers learn about a new concept when new projects have to be incorporated into the annual budgeting process for execution the following year
Project Integration and Collaboration

Project Integration:
• Project staff regularly coordinate with many retailers
• Other relevant stakeholders (e.g., other associations), regularly receive notification of new resources and encouragement to share

Partners, Subcontractors, and Collaborators:
• Deloitte Finance
• Institute for Market Transformation (IMT)
• Environmental Defense Fund (EDF)
• Massachusetts Institute of Technology (MIT)
• Department of Energy (DOE) – through existing projects
• Energy Foundation (EF) – funder & cross promoter

• Edison Electric Institute (EEI),
• International Council of Shopping Centers (ICSC),
• Professional Retail Store Maintenance Association (PRSM),
• Schneider Electric, Altenex, GE,
• Solar Energy Industry Association (SEIA), The Solar Foundation (TSF), American Wind Energy Association (AWEA), and the Wind Energy Foundation (WEF)
Communications:

- In-person Workshops
  - 12 complete
  - 5 additional planned for 2017

- In-person & Virtual Consultations

- Virtual Educational Forums
  - 20+ Monthly Retail Energy Management Program benchmarking calls
  - Webinars

- Virtual Communications
  - As deliverables are completed, cross promotion by IMT, EDF, DOE, EF, DGA
  - Blog posts, articles, & newsletter articles by RILA, IMT, DOE
Continue to execute on 3-step approach while:
1. Creating more DOE resources and increasing visibility, usage
2. Expanding the project’s reach and impact
3. Measuring outcomes

Future tasks:
1. Second round of project EDF Climate Corps Fellowships (up to 9)
2. Updated Calculator, Financing Guides
3. Final Workflow/Approval Map
4. E-learning format of financing guides
5. Finance professional education
REFERENCE SLIDES
## Project Budget

**Project Budget:** $1.5 million total (50% cost share)

**Variances:**
- Minor shifts between budget years based on deliverables pacing
- Corrections made proactively and as actual expenses come in
- No changes impacted the project plan; no budget areas exceeding estimates

**Cost to Date:** 49.2%

**Additional Funding:** Energy Foundation grant ($80,000/year) towards cost share

### Budget History

<table>
<thead>
<tr>
<th></th>
<th>April 9, 2015 – FY 2016 (past)</th>
<th>FY 2017 (current)</th>
<th>FY 2018 – Dec. 31, 2018 (planned)</th>
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<tr>
<td>DOE</td>
<td>$365,984.84</td>
<td>$278,087</td>
<td>$105,928.17</td>
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<tr>
<td>Cost-share</td>
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<td>$105,928.17</td>
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## Project Plan and Schedule – Completed Milestones

**Project Initiation:** April 9, 2015  
**Planned Completion:** December 21, 2018

Go/no-go decision points follow each budget year

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Actual (Planned) Completion</th>
<th>More Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 PMP</td>
<td>Q1, Q5 (Q1, Q5)</td>
<td>Initial delay less than a quarter after award posting in case changes were made to award. No delays for subsequent milestone dates.</td>
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<tr>
<td>2.1 IM Candidates &amp; New IMs</td>
<td>Q1, Q4 (Q1, Q4)</td>
<td>Initial delay less than a quarter after award posting in case changes were made to award. No delays for subsequent milestone dates.</td>
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<tr>
<td>2.2 CFO Interviews</td>
<td>Q5 (Q1)</td>
<td>Delayed due to holiday season, retail financial calendars, &amp; securing sufficient interviewees</td>
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<tr>
<td>3.1 Program Benchmarking Calls</td>
<td>Once a quarter (Once a quarter)</td>
<td>Q1 delayed less than a quarter after award posting in case changes were made to award. No delays for subsequent milestone dates.</td>
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## Project Plan and Schedule – Completed Milestones

<table>
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<tr>
<th>Milestone</th>
<th>Actual (Planned) Completion</th>
<th>More Information</th>
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<tr>
<td>3.2 Financial Calculator</td>
<td>Q4, Q5 (Q4, Q5)</td>
<td>Annual revision</td>
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<tr>
<td>3.3 Finance Workshops (Curriculum, materials)</td>
<td>Q1 (Q1)</td>
<td>Initial delay less than a quarter after award posting in case changes were made to award. No delays for subsequent milestone dates.</td>
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<td>3.4 Example Workflow/Approval Maps</td>
<td>Q4 (Q4)</td>
<td>Annual revision</td>
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<td>3.5 External Financing Guide</td>
<td>Q4 (Q4)</td>
<td>Annual revision</td>
</tr>
<tr>
<td>3.6 Articles/Blog Posts</td>
<td>Q3, Q4, Q6 (Q2, Q4, Q6)</td>
<td>Initial delay less than a quarter after award posting due to holiday season. No delays for subsequent milestone dates.</td>
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<tr>
<td>3.7 Website</td>
<td>Q4 (Q4)</td>
<td>Annual revision</td>
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<td>4.1 Climate Corps Fellowships</td>
<td>Q4 (Q4)</td>
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<tr>
<td>4.2 Direct Retailer Consultations</td>
<td>Q4 (Q4)</td>
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</table>
### Project Plan and Schedule – Future Milestones

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Planned Completion</th>
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<td>Annual revision</td>
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<td>2.1 IMs</td>
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<tr>
<td>3.1 Program Benchmarking Calls</td>
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<tr>
<td>3.2 Financial Calculator</td>
<td>Q9</td>
<td>Annual revision</td>
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<tr>
<td>3.3 Finance Workshops</td>
<td>Q8, Q12</td>
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<td>3.4 Example Workflow/ Approval Maps</td>
<td>Q7, Q11</td>
<td>Annual revision</td>
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<tr>
<td>3.5 External Financing Guide</td>
<td>Q7, Q11</td>
<td>Annual revision</td>
</tr>
<tr>
<td>3.6 Articles/Blog Posts</td>
<td>Q8, Q10, Q12</td>
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<tr>
<td>3.7 Website</td>
<td>Q8, Q12</td>
<td>Annual revision</td>
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<tr>
<td>3.8 Executive Education Workshop</td>
<td>Q8, Q12</td>
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<tr>
<td>4.1 Climate Corps Fellowships</td>
<td>Q8, Q12</td>
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</tr>
<tr>
<td>4.2 Direct Retailer Consultations</td>
<td>Q8, Q12</td>
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