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Energy Management – a Point of No Return

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Our Panelists

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Introduction

Resources 2015 is a joint project between Deloitte and Harrison Group, a YouGov Company

Quantifies customer attitudes and behaviors to inform how to plan for the future

- National US survey
 - Businesses: More than 600 business decision makers responsible for energy management for their company
 - Consumers: More than 1,500 primary or shared decision makers for utilities for the household
 - Online surveys completed March 2015

Business Survey



Resources 2015 Business Highlights

Energy management has passed the point of no return. Businesses now see it as not just a core competency, but an essential aspect of corporate strategy—and there's no turning back

79%

Businesses view reducing electricity costs as essential to competitive advantage

52%

Companies see their efforts as extremely/very successful

93%

Businesses say they have invested funds in energy management programs over the last three years

Resources 2015 Business Highlights

Companies of all sizes made progress against the Deloitte Energy Management Capability Maturity Model (CMM) metrics, and became more self-reliant in terms of energy supply



Energy reduction targets trended higher, but allowed more time to reach goals



More companies indicated they use high-quality data, data management, and advanced analytical tools



Companies reporting on-site generation skyrocketed in 2015

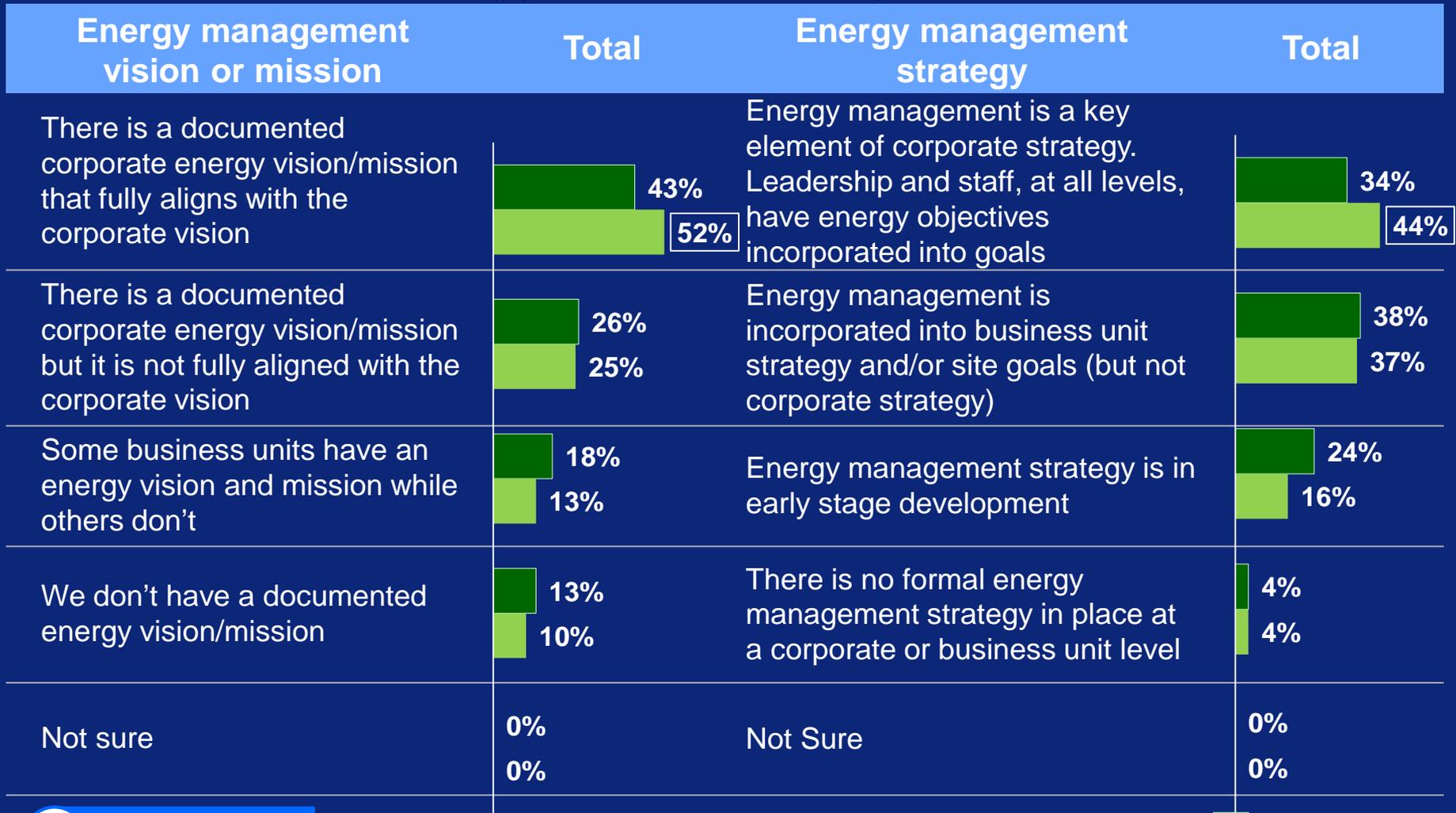


Businesses do not intend to back off commitments, even as focus shifts from cutting costs to growth

Energy Management Capability Maturity Model (CMM) is Organized Around Eight Energy Management Categories

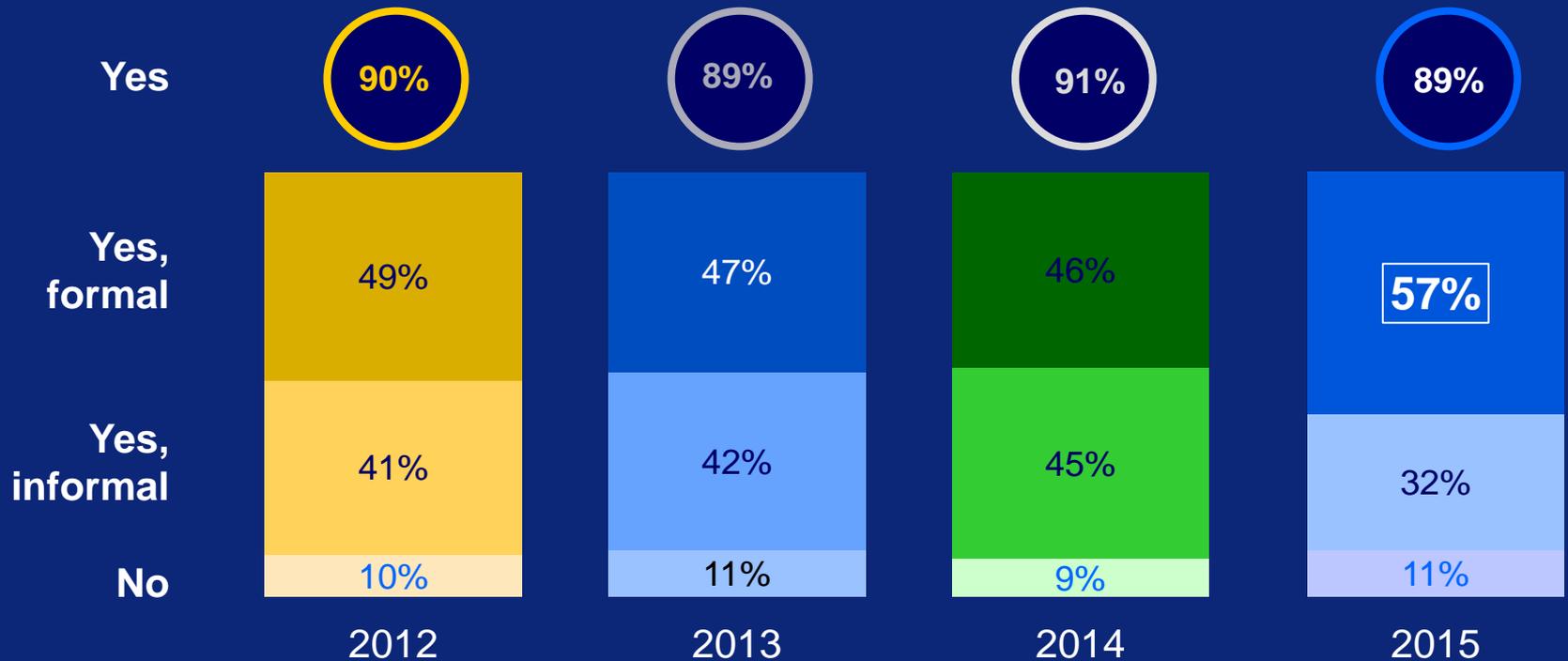


Businesses See Link Between Energy Vision and Business Strategy More Clearly



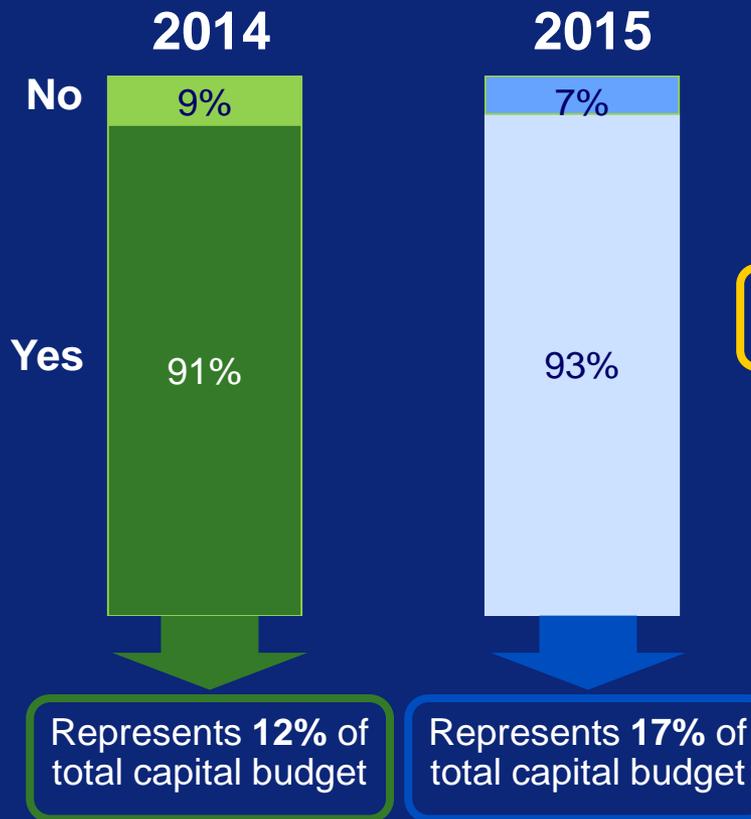
Percentage of Businesses Reporting Formal Energy Management Goals Rose Sharply

Have set goals



Companies are Allocating More Time and Capital Toward Their Targets

Invested funds in energy management over past four years

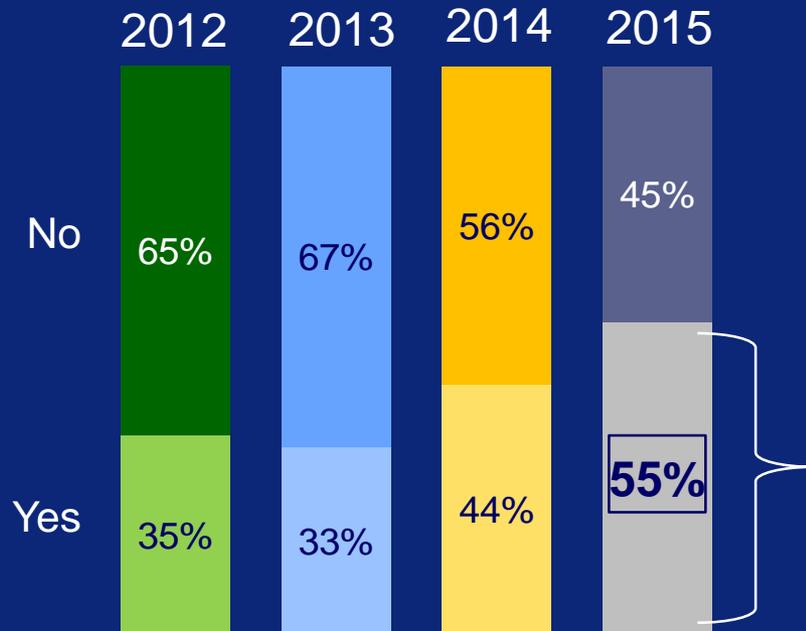


Time to reach goals (years)	Electricity	Natural gas	Transport fuels consumption	Carbon footprint	Electricity
Average (2015)	4.5	4.5	4.4	4.9	4.6
Average (2014)	4.2	4.3	4.1	4.9	4.3
Average (2013)	3.8	3.6	3.7	4.2	3.6
Average (2012)	3.7	3.8	4.2	3.8	*

Q: Approximately how much total capital has your company invested in energy management programs over the past 3 years and what percentage of your company's total capital budget does that represent?

More Than Half Now Report Having Some Form of Onsite Electricity Generation

Have on-site electricity generation



Was not asked in 2015 Study

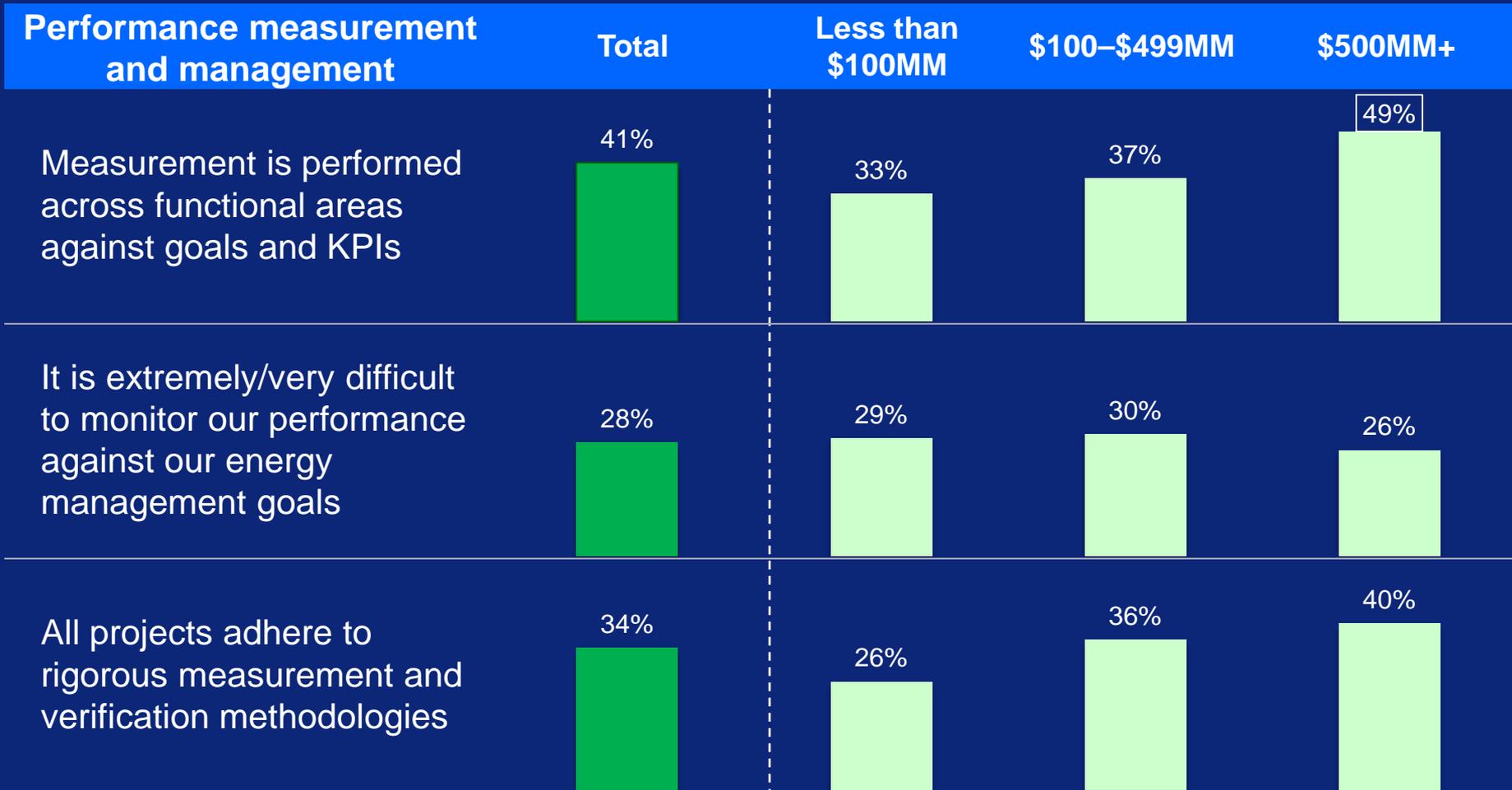
Q: Does your company currently generate any portion of its electric consumption (excluding "emergency" backup generation) through onsite generation, cogeneration or renewable supply systems?

Q: Approximately what percentage of your company's total energy supply is provided by onsite generation, cogeneration and renewable energy sources, and what percentage is provided by other sources?

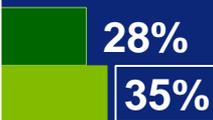
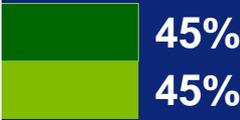
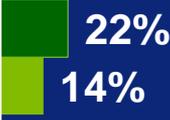
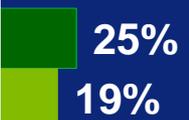
Sources of electricity (Among those who are generating on-site)

Provided by:	% of supply 2015	% of supply 2017 (projected)
Electric power from electricity companies	52%	47%
On-site generation	15%	17%
Renewable sources (wind, solar, etc.)	13%	16%
Cogeneration	9%	10%
Fuel cells	9%	9%
Other sources (Specify)	2%	1%

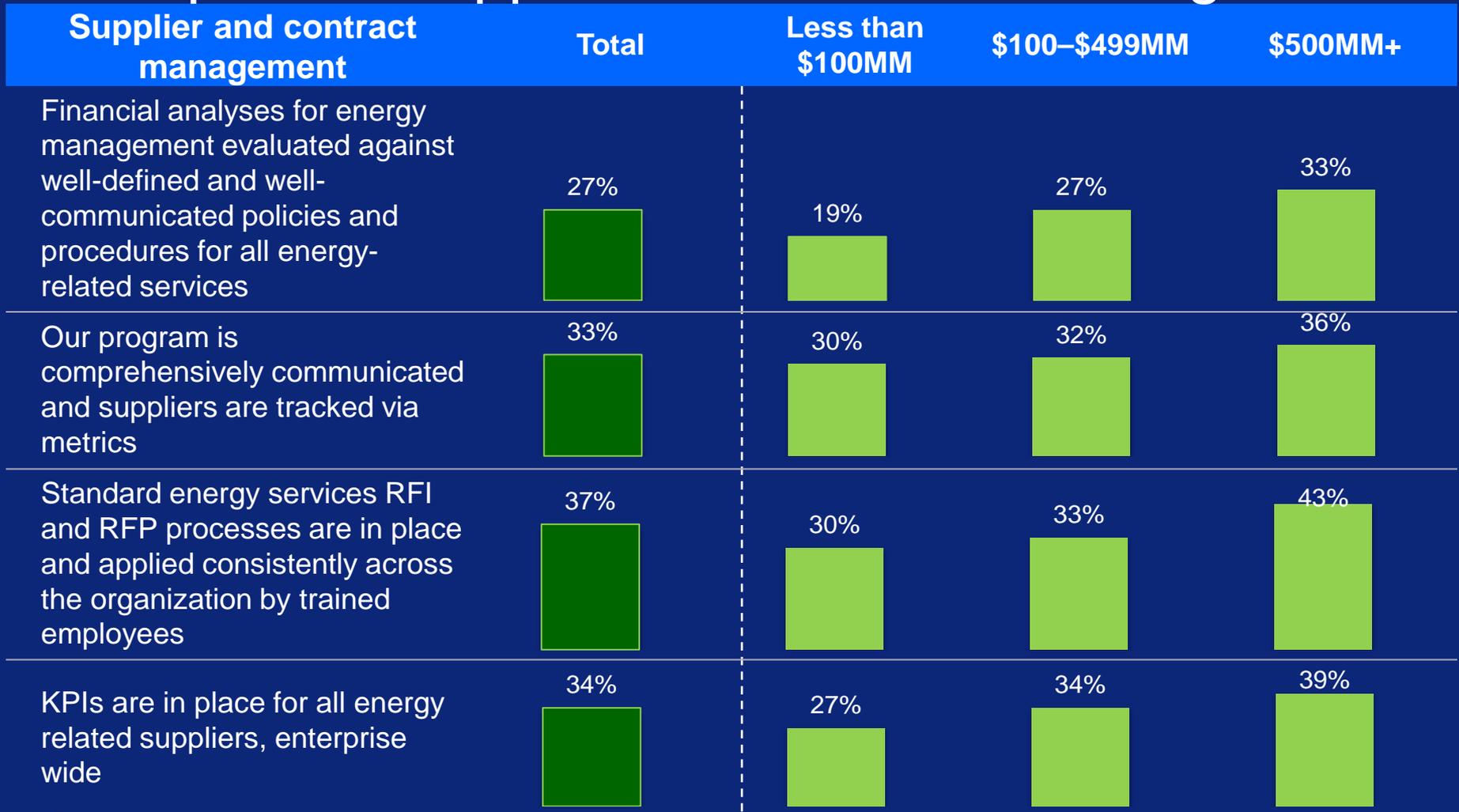
Companies of All Sizes are Gaining Maturity in Measuring Energy Management Performance



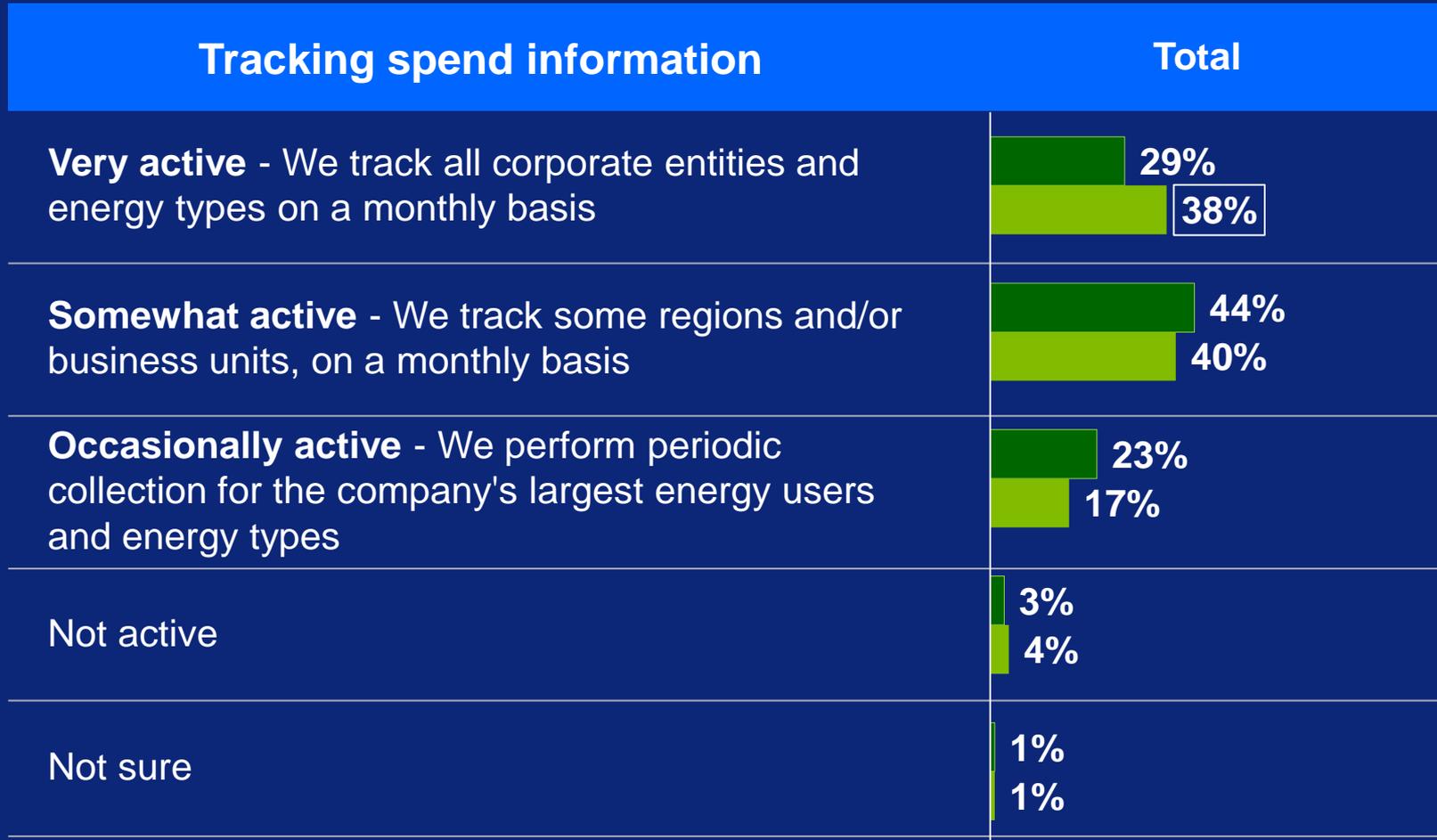
Energy Performance is Increasingly Factored into Operations Planning

Energy performance and operations models/forecasting	Total	Energy alignment inventory/ops. management	Total
Yes - Operations are modeled to account for energy performance across a range of scenarios	 <p>28% 35%</p>	Operations and inventory planning incorporate energy as a key planning parameter	 <p>24% 30%</p>
Somewhat - Historic data is used to predict future operation levels and energy impacts	 <p>45% 45%</p>	Energy costs are frequently considered during large scale capital acquisitions only	 <p>41% 43%</p>
Occasionally - Some historic analysis is performed to identify potential improvement areas	 <p>22% 14%</p>	Energy costs are occasionally considered but are generally limited to inventory and materials considerations	 <p>25% 19%</p>
No	 <p>4% 4%</p>	Energy considerations are not aligned with inventory/operations management	 <p>8% 6%</p>
Not sure	 <p>1% 2%</p>	Not sure	 <p>2% 2%</p>

Companies of All Sizes Making Strides With Respect to Supplier and Contract Management



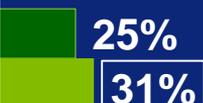
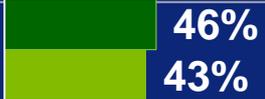
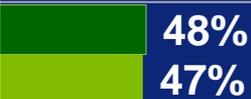
Active Tracking of All Corporate Entities and Energy Types on a Monthly Basis Rose



 2014
  2015

Q: How active is your company in tracking energy spend information across the business?
 Q: Which of the following best describes how your company uses external business intelligence to support developing mid- and long-term energy forecasts?
 Q: Does your company have an understanding of its energy supply and price risk position?

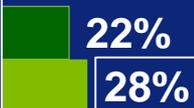
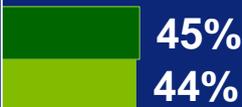
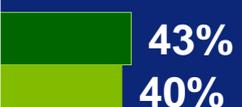
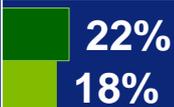
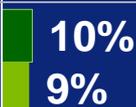
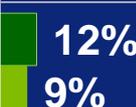
Employees are Slowly Embracing the Merits of Energy Management

Employee engagement/empowerment to energy management	Total	Company has sufficient energy management talent for future needs	Total
There is a corporate program for employees at all levels	 <p>28% 34%</p>	Yes - We employ a Center of Excellence to integrate knowledge and support decisions throughout the company	 <p>25% 31%</p>
Local programs are in place	 <p>46% 43%</p>	Somewhat - Regional or business units share information on energy management and strategies	 <p>48% 47%</p>
No formal programs are in place	 <p>21% 19%</p>	Not really - Pockets of experience exist scattered throughout the company, no formal collaboration	 <p>23% 17%</p>
There is limited/no focus on changing employee behavior towards energy	 <p>4% 3%</p>	No	 <p>3% 4%</p>
Not sure	 <p>1% 1%</p>	Not sure	 <p>1% 1%</p>

Q: Which of the following best describes how engaged and empowered your employees are when it comes to energy management?
 Q: Do you believe your company has sufficient energy management talent to execute its current energy strategies and future needs?

 2014  2015

More Companies are Using Advanced Analytical Tools or Focused on Quality of Energy Data

Focus on quality of data	Total	Data extract/analytical tools to support energy management	Total
Yes - High quality energy data and data management exists across the company	 22% 28%	Yes - Advanced analytical tools are deployed across the company	 20% 27%
Somewhat - Energy data quality and data management varies across the company	 45% 44%	Somewhat - Basic analytical tools are deployed across the company	 43% 40%
Occasionally - Key energy data is tracked but not centrally collected	 22% 18%	Occasionally - Functional groups use some data extracts and analytical tools	 23% 21%
No - We don't have any energy data management capability (i.e., we collect billing data only)	 10% 9%	No - No data extract and analytical tools are available	 12% 9%
Not sure	 1% 1%	Not sure	 2% 3%

 2014
  2015

Concluding Thoughts



What Does This Mean for Businesses?

- Businesses have moved up the maturity curve, deploying new energy management tools and technologies
- With foundations laid, the pace of change will likely accelerate, opening opportunities for companies to drive agendas forward for competitive advantage
- Businesses need to understand their positions on the maturity curve to better evaluate the best path forward
- Maturity scores will help businesses identify strengths and weaknesses and provide insight into broader industry and category excellence
- Business as usual is no longer an option

What Does This Mean for Electricity Providers?

- Opportunities are ripe to re-segment business customers (e.g. by industry or maturity level) and target them with customized energy solutions and incentives
- This may require new business models, such as offering smart energy management technologies or on-site generation installation and maintenance
- While consumers are increasingly aware of provider messaging and are interested in new products and services, they still hesitate to act
- Social media and online campaigns may help move them off the dime, especially younger generations

Reaction From Our Panelists

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Questions?

Further Information Regarding the Resources 2015 Study

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