

# Shifting the Corporate Perspective on Energy: A Service, Not a Commodity

A GTM Creative Strategies White Paper

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# Companies have gained competitive advantage by adopting the view that energy is a service, not a commodity

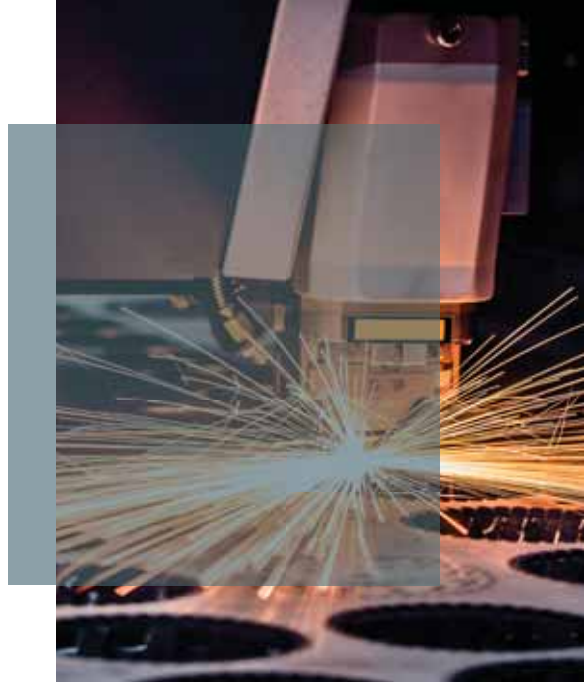
## Introduction

Learning to view and treat energy as a service, rather than as a commodity, is a shift that warrants C-suite-level attention and a new enterprise-wide strategy. A growing number of Fortune 500 companies are making strategic decisions in favor of renewable energy and energy efficiency. This proves that lowering energy costs and carbon footprint is good for business while providing a competitive advantage.

Technology and service choice are becoming very important in energy markets, particularly with the largest energy users in the commercial, industrial and institutional sectors. This is leading large organizations to take a closer look at their energy costs, and to capitalize on emerging options for controlling this significant expenditure. Along the way, they discover that becoming more strategic about energy allows them to not merely cut costs, but also meet sustainability goals and enhance their overall business performance and their brands.

Within most large organizations, energy is handled primarily as a cost — specifically, as a line item in the facility operations budget. For Fortune 500 organizations, energy often is their second or third largest operating expense, sometimes totaling hundreds of millions of dollars per year. The good news is that this cost is, to a large extent, quite controllable. Also, opportunities are growing for companies to earn substantial returns, and even to realize new revenue streams, through strategic investments in energy. These things become possible when companies shift how they think about managing energy.

A new business and organizational model, Energy-as-a-Service (EaaS) is helping many large companies fundamentally change their relationship with energy through changing how they procure and manage energy. These companies have gained competitive advantage by adopting the view that energy is a service, not a commodity. This mindset shift enables companies to take a comprehensive,



enterprise-wide view of energy, encompassing both supply and demand, to develop strategic approaches that achieve their goals.

This paper addresses five issues:

1. The current strategic value of energy to large organizations.
2. What EaaS is, and how it can work.
3. Obstacles to realizing full benefits from the energy market.
4. Best practices supported by the EaaS model.
5. Steps on the path to EaaS.

## Energy's Strategic Value to Large Organizations

Getting strategic about energy is quickly becoming good business. This starts with understanding the true role of energy: it's an enabler. Energy quietly provides services that allow companies to accomplish their mission, ideally without increasing risk.

Examples of business services provided by energy include:

- Enabling production at factories
- Providing safe and functional workplaces for employees
- Maintaining uptime for data centers, communications and cloud services
- Satisfying stakeholder demands for sustainability goals

Thus, energy supports nearly every aspect of a company's business: production, economic, health, safety and sustainability. However, most large organizations still view, and treat, energy primarily as a commodity that is not strategic to the company's core business.

Here is a closer look at several types of strategic value associated with energy.

**Risk.** Most companies are unable to quantify the risks associated with their implicit energy strategy. In an era of historically low energy prices, few companies have quantified the exposure they have to potential energy price increases. Even fewer organizations understand their exposure to potential climate change regulatory initiatives, clean plant policies or renewable energy mandates.

**Energy expenditures.** At Fortune 500 organizations, energy is often the second or third largest operating expense — sometimes totaling hundreds of millions of dollars per year. In the past five years, several large organizations started to shift their thinking around energy with the addition of one word: “Energy is our second highest *controllable* expense.”

This amplified corporate focus on energy is appropriate given the vast expenditures that large energy users make on energy. Each year, commercial, industrial and institutional users spend more than \$260 billion on electricity and natural gas, according to the U.S. Energy Information Administration. Additionally, these large companies also spend at least another \$100 billion on capital projects, directly or indirectly, through power purchase agreements, to reduce their energy spend, reduce their carbon footprint and ensure reliability of their energy supply.

**Savings.** Companies can realize substantial energy cost savings, from both how they obtain energy and how they consume it. In the next 10 years, the U.S. Environmental Protection Agency estimates that large companies could reduce their total energy spend by 30 to 50%, by applying best practices in energy management and procurement.



Energy efficiency upgrades and strategies such as demand response deliver savings on energy use. On the supply side, savings can come from intelligent procurement and distributed energy assets. Increasingly, large companies are leveraging commodity procurement expertise to contract with the best energy retailers, to ensure that they are on the best utility tariffs, and that their energy bills are accurate.

One of the largest energy opportunities for organizations is the falling cost of several key energy technologies, such as solar and storage. This can reduce the financial risk associated with acquiring energy assets, and also bring down costs for power purchase agreements (PPAs) and energy services contracts. For instance, according to the Solar Energy Industries Association, the cost to install solar photovoltaic panels dropped by 18% from Q2 2015 to 2016. For behind-the-meter installations, an assortment of financing and leasing options are emerging that can be executed for minimal up-front cost. Meanwhile, utility-scale solar power purchase agreements are now being signed for as low as 3 to 5 cents/kWh.

Battery storage costs are also dropping. Prices for lithium-ion batteries, in particular, are projected to drop by half in the next five years. This alone won't quite make battery storage cost-competitive with grid-supplied power. However, battery storage can provide many valuable services. For example, the technology allows companies to use more of the renewable energy they produce, which can help meet sustainability goals. Storage also can compensate for the intermittence of renewable energy sources, enhance power quality and reliability, and reduce utility demand charges by serving loads during peak periods.

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Companies with the most advanced energy strategies also are executing PPAs with off-site renewable projects. This increases the renewable content of their overall energy portfolio, while also locking in today's low energy prices, often for decades.

**Sustainability.** Mounting pressure to improve sustainability is starting to raise corporate awareness of the strategic role of energy. Shifting to more efficient energy consumption is a good starting point toward meeting sustainability targets, while also improving the bottom line. Still, many companies struggle to meet aggressive sustainability targets, even while renewable energy is becoming cost competitive.

A growing number of large companies have made highly public commitments to specific carbon reduction targets. For instance, through the RE100 Initiative, 81 companies — including Bloomberg LP, General Motors and Microsoft — have committed to shifting to 100% renewable energy use by a target date. Also, according to the Carbon Disclosure Project, more than 1,000 companies worldwide have calculated a price for carbon for their internal accounting.

Corporate sustainability programs provide strong motivation for companies to adopt the EaaS perspective. In a recent survey by PwC, 85% of large U.S. companies that are purchasing, or intend to purchase, renewable energy cited their sustainability programs (especially carbon emission reduction targets) as a key motivation. But these initiatives are good for business too. Seventy-six percent of companies surveyed were motivated by an attractive return on investment, and nearly 60% were seeking to limit exposure to energy price variability.

Such motivations have spurred some noteworthy achievements. For instance:

- **Microsoft.** Since 2014, Microsoft has met 100% of its energy needs via renewable energy power purchase agreements and by purchasing renewable energy certificates and offsets.
- **Bloomberg LP.** Solar systems installed at this company's offices in San Francisco and Princeton, NJ produce over 2.7 GWh per year. A "remote net metering" project (where sites with poor solar characteristics benefit from a solar array on an alternate site with excellent solar characteristics) that was funded by Bloomberg at New York City's JFK Airport is expected to produce 1.8 GWh per year, saving the company almost \$100,000 annually. And a recently announced 20-year, 20-megawatt renewable PPA will supply about half of the energy consumed by Bloomberg's New York City offices.
- **Proctor & Gamble.** This leading manufacturer of consumer products is building a 50-megawatt biomass cogeneration plant next to their existing facility in Albany, Georgia. This will supply 100% of the steam and 70% of the electricity used at the site. P&G is also building a 100-megawatt wind farm in Texas — capacity equivalent to the energy needed to manufacture 100% of the company's fabric and home care products.

# Opportunities in Evolving Energy Markets, Regulations and Policies

In some states, utilities, regulators, distributed energy resource (DER) providers, and independent system operators are starting to move toward a more transactive model. This is starting to allow large commercial, industrial and institutional organizations to become active players in the energy market.

When proposing the transactive energy market model in 2014, the California Public Utilities Commission indicated that energy services are a key concept in transactive energy. Rather than a traditional market comprised of energy suppliers, distributors, and three classes of customers (residential, commercial, industrial), there would be three groups of active players:

- Transport services (grid asset owners)
- Intermediaries (exchanges and system operators)
- Energy services

This last category is intriguing. Energy services would include market-engaged entities that formerly were viewed strictly as passive consumers of energy. A transactive energy market could provide a business case for these players to profit from offering energy services or supply. For instance, commercial, industrial, institutional or municipal entities with substantial renewable or storage assets might more easily realize revenue streams from grid services — and utilities might be their customers.

Continued on pg. 8

A leading example of a transactive energy market is being developed in the State of New York, under the Reforming Energy Vision (REV) initiative to provide a clean, affordable and resilient statewide energy system. As REV moves forward, organizations with facilities in New York will have an early opportunity to experiment with cutting-edge strategies for energy market engagement, including offering and receiving new energy services.

These regulatory changes offer an important opportunity for large organizations: to become active players in the energy market, selling excess energy into the market to offset their energy expenses. This provides a competitive advantage over the majority of corporations, which still view energy as a commodity.

## EaaS: What it is, how it can work

We define EaaS as the comprehensive management of your energy portfolio including energy assets, operations and services that span supply, demand and program management. EaaS is customized and optimized to achieve business results for each specific, large energy user. It encompasses strategy, solutions and partnerships.

The EaaS model includes several key components to support an enterprise-wide energy strategy that enhances business as well as operations.

**Choice, not commodity.** To understand EaaS, it is helpful to contrast it to the traditional “energy as commodity” utility business model. The traditional one-size-fits-all model treats all classes of utility customers the same. Customized offerings are limited or non-existent for individual customers.

The emerging EaaS business paradigm is fundamentally about customization of energy offerings for the largest energy users. This supports choice in:

- How energy is generated, and the environmental impact of that generation
- Who owns those energy generation assets: the user, the supplier or a third party



# 72%

of large companies headquartered in the U.S. are actively pursuing additional renewables purchases

- Energy project financing
- Dependence on grid and/or distributed energy resources
- Redundancy and resilience built into energy capabilities
- Pricing and payment mechanisms
- Billing options, such as consolidating energy bills nationally vs. being billed by individual utilities

**Comprehensive, risk adjusted perspective.** EaaS involves examining an organization's energy supply and demand, as well as operational and organizational metrics, to develop a holistic view of energy. This empowers companies to develop effective roadmaps across these goals:

- Cutting energy usage and costs
- Meeting sustainability targets
- Improving resilience and redundancy
- Predictability for energy costs, in the short term and across future decades
- Focusing energy initiatives across a national footprint.

EaaS also means not basing plans on popular technology trends, but rather integrating new technology appropriately into strategic plans. This involves simultaneously evaluating and comparing new technologies, alternative retrofit priorities, offsite and onsite energy asset alternatives, to develop solutions that meet the company's strategic roadmap. It also requires evaluating the myriad incentives, tariffs, policy and regulatory considerations in those tradeoffs.

In addition, EaaS entails a portfolio approach that matches risks with potential rewards over time. Research by PwC found that 72% of large companies headquartered in the U.S. are actively pursuing additional renewables purchases. Furthermore, 63% of these companies indicated that their interest in this strategy has increased in the last six months. This strategy seems to have staying power. Eighty-five percent of the companies surveyed which had purchased renewable energy in the past planned to make additional purchases in the next 18 months. But when weighing long-term renewable PPA options, companies must consider:

- How much energy can and should we procure on a long-term basis?
- Where can we commit to long-term energy supply?
- How could we mitigate commodity risks, especially in an energy market with historically low prices?

Currently, the energy supply portfolio of most companies entails considerable risk associated with exposure to possible increases in commodity and energy prices. Similarly, there are risks associated with deploying new technologies and retrofit programs — as well as risks associated with the vendors and the assumptions baked into forward-looking prices that are used to justify investments in new technologies.

**Enterprise view, locally executed.** An enterprise-wide view of energy that encompasses demand, usage and costs across an organization's entire footprint must still weigh location-specific opportunities and constraints. Solar may make sense in California, while offsite renewables work in ERCOT and retrofits are appropriate in older facilities.

**Predictable pricing, committed outcomes.** Vendor claims of performance for energy technologies and strategies don't always pan out. Large energy users have repeatedly been disappointed by vendors when they ask to validate savings based on financial models, but see little change in actual expenditures.

Locking in energy prices for the long term is the first step in mitigating risks related to energy price volatility. The next step is to lock in savings over an agreed baseline. To do this, companies need access to full market analytics of pricing forecasts, technological and program capabilities, and a detailed understanding of energy usage.

**Delegation of spending, capital and services – not personnel.** EaaS is not about outsourcing your energy team. Companies implement EaaS with a trusted advisor who is ready to assume responsibility for a company's energy programs and spending.

An effective EaaS partner manages contracts and bills across the enterprise, and also monitors energy usage and spending, so the company can take corrective action to drive energy savings. The partner and company collaborate to create an energy realization roadmap, outlining key programs that meet strategic goals. The partner also guides the company on capital spending and financing options to deploy energy assets in ways that minimize the impact on balance sheets and credit lines. This delegation of spending and authority frees the company to focus on its core business.

**Managed risk and complexity.** A typical enterprise does not have a large enough energy team to effectively track all the potentially important technology, market and policy trends. Delegating this complexity to an EaaS partner who is focused on the company's goals simplifies the relationship with energy. The EaaS partner's energy expertise helps the company take full advantage of available value in the energy marketplace. Ideally the EaaS partner provides full transparency about options, risks and benefits.

## Obstacles to achieving full energy market benefits

Despite the overwhelming evidence of the real potential for energy savings, most companies are moving only slowly to capture them. Thirty-eight percent of companies surveyed said they had yet to implement significant energy retrofit projects, according to an Edison Energy white paper, *The New Energy Future*, which is based on a study commissioned by its parent company, Edison International, to understand the energy practices of the largest C&I energy users. About two-thirds of companies said they were underinvesting in the realization of the energy savings they knew to be there. There are many reasons for this failure to realize the full value in today's energy market.



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**Complexity and jargon.** The increasing complexity of the energy landscape often breeds confusion and frustration. Lacking familiarity with energy markets, the dense technical language endemic to this field can become an obstacle to executives who must consider and approve energy projects. It's understandable why many executives often prefer to push all of this aside by saying that they are not in the business of energy management.

Business schools, executive development programs and accounting systems still largely neglect to nurture a deep awareness of the business impact of energy. When it isn't easy to see, quantify or understand a factor that permeates an enterprise, it's hard to factor it into a business strategy.

**Risk tolerance.** In general, executives don't clearly understand their own tolerance for energy-related risk, or how to mitigate that risk. Beyond risks associated with volatile energy prices, there's also the risk that new technologies or renewable energy sources may not perform as predicted. Also, unproven vendors with new business models might fail, or power grids might become less reliable. Discounting energy risk detracts from the urgency to address energy strategically.

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**Internal resources.** Most large organizations lack sufficient in-house staff and resources to manage a holistic, enterprise-wide energy strategy. Facility managers charged with energy responsibilities mostly operate within their own silo, with limited staff, budget and time — while also vying with other departments for the same capital expenditure budget. It's challenging to formulate a strategy, and act on it, when every day is filled with the demands of keeping the lights on.

This leads to missed opportunities, especially regarding new technology developments and supply options. The market of energy supply- and demand-side options is highly fragmented. It's nearly impossible for energy or facility managers to keep pace with new offerings, as well as the myriad of new providers — sometimes with business models that are not straightforward or well established. It can be hard to decide which energy technology and services a company needs, who to buy them from, and whether they're really getting what they paid for. But figure it out they must; by 2023, it's expected that large companies will obtain nearly one-third of their energy from sources other than their local utility or retail energy providers, according to The New Energy Future white paper.

Perhaps the most important hurdle to creating an effective enterprise energy strategy is that energy remains mostly invisible and unfamiliar to corporate executives. Thus, in The New Energy Future white paper, 45% of large companies cited lack of executive interest as a key barrier to energy-related investments.

**Tariff, policy and regulatory environments.** For the foreseeable future, most large companies will continue to buy a substantial portion of their power from their local utilities. This is getting more complicated, too. There's an ever-shifting array of new and updated utility programs, and more tariff options than before. Furthermore, utilities are offering demand management programs, technology incentives and agreements for companies to use their own assets (such as energy storage) to provide grid services. Simply navigating current and future utility options is often more than most energy managers can handle alone.

Then there are internal hurdles, especially for procurement policies. In most large organizations, utility bills are paid from the facilities operations budget. However, renewable energy purchases are handled through the procurement process. In the past, it was common for large organizations to have policies precluding long-term contracts for supply. This makes sense when purchasing something that is likely to get cheaper over time; but since energy prices are expected to rise, long-term power purchase agreements can save considerable money. Increasingly companies are realizing this and pursuing long-term PPAs.

**Partner selection.** Companies often lack experience in renewable energy purchasing, and can benefit from outside expertise and adopting industry best practices. More tools are becoming available to support this learning process. For instance, Altenex, an Edison Energy company, has published its renewable energy

41%

of companies cited the lack of a credible partner as a barrier to investing in energy

purchase agreement for commercial, industrial and institutional organizations. This document addresses common, and commonly overlooked, pitfalls — such as the impact of maintenance scheduling on renewable energy production.

But even with such support, companies lacking available staff or capital may be unable to pursue renewable opportunities. In The New Energy Future white paper, 41% of companies cited the lack of a credible partner as a barrier to investing in energy.

Utilities, vendors and energy services providers aren't generally seen by energy managers as having a comprehensive, unbiased perspective on the universe of potential solutions nor the national or global reach they need to serve their organization. Nor do energy managers generally believe that these providers fully comprehend the energy strategy challenges that large organizations face. This is where independent guidance can prove valuable.

**Competing strategic priorities.** The most fundamental reason why most companies underfund their energy programs may simply be that they do not view energy strategically. It can seem more logical to put available capital toward traditional core functions, such as developing new offerings and markets, or responding to competition and customers. Therefore, even when an energy project arises that offers a clearly good return with low risk, it can be challenging to obtain internal financing. One of the reasons that energy teams are understaffed is because executives are reluctant to put resources toward energy. Partners or advisors who can help arrange financing and provide expertise can be especially beneficial.

## Best Practices: How Leading Companies View and Manage Energy

The growing accumulation of EaaS experience highlights several practices that are critical to success.

There is a direct correlation between the first two best practices. Companies that are leading the way in EaaS focus on the business relevance and value of energy. Most executives do not wish to be burdened by deep engagement in energy. Nor do they want energy to overwhelm the company's resources and balance sheet. Partners who can help energy personnel build trust with the C-Suite can be critical to success.

**Energy is about business, not engineering.** Most energy professionals have an engineering background, since energy projects often involve technology and design challenges. While engineering expertise is necessary, it is not sufficient to realize all the value available from energy.

Increasingly, it is imperative to consider not merely energy alone, but rather the business of managing energy. Energy investments often require capital, as well as approval of forward-looking pricing assumptions. Thus, corporate financial

professionals must get comfortable with energy project analyses. The vocabulary of business, especially return on investment, is needed to translate energy and sustainability recommendations into actionable financial recommendations.

Early in implementing an EaaS strategy, the most obvious opportunities are more about business than technology, or even than energy supply and consumption. For instance, Edison Energy worked with a large retailer that was spending \$850,000 per year to purchase Renewable Energy Credits to meet their sustainability goals. Through their renewable offtake agreement, the client was able to not only reduce their exposure to price volatility and realize savings — the RECs then came bundled with the contract eliminating that annual expense.



It is imperative to consider not merely energy alone, but rather the business of managing energy

**Align with business priorities.** To focus executive attention on energy, it is helpful to align EaaS with typical top C-suite priorities — especially those of the chief financial officer:

- **Profit preservation.** To ensure good shareholder returns, companies must control expenses and maximize revenues without undermining long-term viability or flexibility. Volatile energy costs can undermine a company's profitability, requiring extra efforts to boost revenues or cut other costs in compensation. But beyond mere cost management, energy offers versatile potential to improve a company's overall bottom line. For instance, The New

## Renewable Energy at Kohl's

**U.S. retailer Kohl's.** In 2007, Kohl's began procuring power for several stores via a 20-year PPA for solar power. This meets about 40% of the electricity needs of its stores. In addition, Kohl's has installed 163 solar power systems at its locations, across 15 states. The largest of these systems is at the company's E-Fulfillment Center 3 in Edgewood, Maryland — where 8,360 solar panels generate over 3 million kWh per year.

Through its solar initiatives, Kohl's offsets its use of 50 MW of conventionally generated electricity per year. The retailer estimates that this eliminates more than 45,192 metric tons of carbon dioxide annually. Additionally, in 2007 Kohl's began purchasing renewable energy credits equivalent to 100% of their national load, and was recognized by the U.S. EPA with multiple Green Power Leadership Awards.

Kohl's is far from alone in venturing into both renewable energy PPAs and on-site renewable energy generation. PwC's survey indicated that 80% of large U.S. companies are planning to diversify their renewables portfolios to include multiple types of transactions and investments.



# 24%

believe they lack an accurate overview of how much energy they consume

Energy Future white paper found that companies often reap returns of 20% or more by investing in energy efficiency retrofits or updating procurement strategies. Similarly, long-term renewable PPAs can form a crucial energy price hedge. Conducting return-on-investment analyses of energy-related expenditures and initiatives can persuade CFOs to adopt the EaaS perspective.

- **Maintaining brand reputation.** For most CFOs, sustainability has become a core branding question with clear business (and thus financial) value. Achieving sustainability goals often requires integrating energy strategy with sweeping changes in areas such as supply chain, marketing or even corporate culture. Behind-the-meter measures such as energy efficiency retrofits or installing solar systems at facilities count toward sustainability targets, but rarely are they of sufficient scale to meet corporate targets. Large-scale, long-term purchases of renewable energy typically are needed to tip this balance. CFO engagement in EaaS can build support for needed changes to corporate procurement policies and thorough analysis of renewable energy offerings.
- **Budget forecasting and certainty.** CFOs are tasked with managing financial risk, which includes forecasting and controlling future spending. However, companies can only manage costs that can be accurately quantified — and too often, total energy costs are unclear. The ReD Associates Energy Decisions study found that more than half of large companies cannot currently aggregate their utility bill payments across the enterprise — and at least 24% believe they lack an accurate overview of how much energy they consume.

**Centralize the energy team.** The enterprise-wide energy management function tends to be most effective when it's centralized within the organization, not parceled out facility by facility. In the last decade, 71% of companies with revenues exceeding \$1 billion have centralized their energy management, according to The New Energy Future white paper. This yields efficiencies in procurement and project execution. It also concentrates buying power across business units. Furthermore, centralizing energy management can also address the thorny problem of accurately assessing the company's annual total energy spend — which can elevate the amount of C-suite attention to energy.

Companies that successfully adopt EaaS tend to create a cross-departmental energy team that reports to, and involves, C-suite executives. This helps free the enterprise energy strategy from getting stuck in the silos of particular departments or facilities. Close collaboration with top executives supports alignment of energy priorities, sustainability priorities, and business priorities. It also helps engage and maintain executive attention, which helps in shifting corporate culture.

**Establish enterprise-wide energy metrics.** A company's energy team can set achievable targets and stretch goals for renewables, energy efficiency and sustainability. If top executives also adopt these as their personal career goals, this can strongly influence project success. Establishing enterprise-wide metrics to

measure progress toward these goals essential; and these should align with other key metrics already in use within the organization. Energy success should never contradict business or operational success.

**Focusing energy priorities and initiatives.** Developing an effective enterprise-wide energy strategy involves exploring various directions: adding distributed energy resources, purchasing renewable energy, energy efficiency, load management and more. This can easily get overwhelming. For instance, Altenex currently is tracking over 4,500 renewable energy projects across North America. Analyzing and comparing this constantly shifting set of data is a complex and demanding task. Therefore, it helps to limit the number of projects underway at any given time, and to have clear metrics to track progress and success.

Pursue parallel efforts, such as launching some energy efficiency projects while also negotiating a PPA. In addition to direct project benefits, conducting diverse projects under a single strategy can also encourage collaboration among departments that historically may have not worked together.

However, while pursuing initial projects in your strategy, be mindful about how many efforts can be practically managed. Advisors can help companies select feasible, complementary efforts that both capitalize on opportunity and support this learning curve.

**Find the right partner.** An independent, experienced partner with a firm grounding in all aspects of the evolving energy landscape can save a company (and its shareholders) considerable money, time, frustration and worry. It takes practice to learn how to quickly and accurately evaluate hundreds or thousands of renewable energy offerings, energy management schemes, and energy efficiency offerings to find the best match for your company — and to re-evaluate prior energy choices to ensure that they fit current conditions and priorities. This includes comparing various technology solutions, such as assessing whether a fuel cell might yield more benefits than solar or battery storage.

Experienced partners also are often well positioned to evaluate solutions that combine technology and market elements — such as strategies that leverage solar, storage and demand response to maximize benefits, including utility incentives.

**Workforce planning.** Workforce is a key long-term consideration, as well as a significant expenditure. Data from Edison Energy suggests that large commercial and industrial organizations typically are understaffed to meet their enterprise-level energy program needs. Much of this can be met through an EaaS partner, avoiding the need to build energy-related overhead within the organization, which diverts capital from mission-critical needs.

Leveraging your EaaS partners can provide results faster and for less cost than through direct hiring or staff reallocation. Accountability for the energy program remains with the company; the EaaS provider assumes the role

of an extended team member, with responsibility to meet the terms of the contracted service agreement.

Also, companies might consider the types of capabilities that will be needed to implement their energy strategy: engineering, business, technical, executive, administrative and operational. Where do these capabilities currently exist within the organization, and where might it make sense to recruit new talent? Often it is easier to justify new hires to support an enterprise-wide initiative with core business value — which means the EaaS perspective may help correct the common problem of understaffing in energy management.

## Conclusion

As large organizations explore how a more strategic approach to energy might support their long-term business and sustainability goals, it helps to gather some initial information and consider these key questions:

1. What does energy do for your organization? What roles does it play, and what services does it provide? What core aspects of your business might be more difficult or impossible if energy became less reliable or too costly?
2. How much energy risk can your organization safely tolerate, and what level of energy risk are you facing today, or likely to face in coming years? How are you currently managing this risk?
3. How is your energy generated — whether from your own assets, or from your local utilities? Do you rely on fossil fuels, such as diesel generators? What is the carbon footprint of your energy use, considering all of these sources? Who owns the assets that generate and deliver your power?
4. How, and how much, does your organization currently pay for energy? Are your existing pricing and payment mechanisms optimal? Are there opportunities to consolidate energy billing across your enterprise?
5. How much do you depend on local utility grids — for grid services as well as energy delivery? What is the condition of their grid infrastructure, and is congestion a problem?
6. What level of power reliability do you require, and how are you ensuring it? What level of redundancy and resilience is built into your energy capabilities?

The answers to these questions can spark deep, useful and challenging conversations across your enterprise — from the boardroom to the administrative staff. Increasingly, investors and analysts are growing interested in these matters, too.

These questions and answers also can spark creativity and collaboration, as well as more firmly connect a culture of sustainability to the mission of your organization. Where the answers to these questions are unclear, independent experts might help uncover them — and the opportunities they might offer.

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