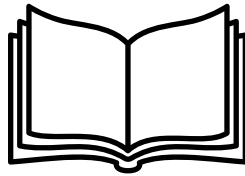


Building the Business Case for Clean Energy Procurement



Workbook

The first step in an organization's clean energy procurement journey is to establish an articulated business case.

The business case guides clean energy procurement efforts and aligns solutions with broader organizational goals and values.

Building — and periodically refining — the business case helps establish decision-maker buy-in, communicate the benefits of clean energy to internal stakeholders, identify best-fit solutions, and simplify the project approvals process.

This workbook will help you think through:

- Questions to ask as you build your business case for clean energy
- Project-specific criteria you may want to prioritize during procurement
- Who you will need to engage internally to develop a successful project

As you work through the following pages, check off which questions are likely to apply to your organization, then:

- Make note of considerations to explore and who in your organization should be engaged in finalizing your goals and strategies
- Ask your energy provider or strategic consultant to help you understand how to best achieve your goals



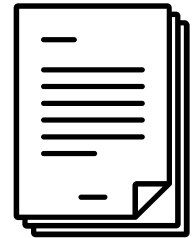
WHY

WHAT

WHO

Why is your organization pursuing clean energy?

Your organization's "Why?" may include some variation of meeting the needs of critical stakeholders, managing risk, competitive positioning, or other factors.



LEADERSHIP

- Does your organization want to keep pace with competitors that are pursuing climate action?
- Does your organization prefer to be seen as a market leader with aggressive energy goals?
- Is your company willing to take on extra risk in order to lead?

CUSTOMERS

- Are your customers asking your organization to step up on climate action?
- For business-to-consumer (B2C) companies: Would your public brand benefit from clean energy procurement?
- For business-to-business (B2B) companies: Are your key customer companies demanding that you reduce your emissions so they can clean up their supply chains?

EMPLOYEES

- Are employees and job candidates asking about your organization's clean energy or sustainability goals? Even in more traditional industries, new generations of employees are [demanding that employers take action](#) to increase sustainability and corporate responsibility.

INVESTORS

- Are investment analysts interested in your organization's climate goals and performance? It is becoming [increasingly mainstream for investors](#) to use environmental, social, and governance (ESG) criteria to make asset management decisions.
- Does your company need to react accordingly?

RISK MITIGATION

- Is your organization concerned about the resilience of its business model in the face of climate change or shifting government regulation?
- Could a clean energy solution such as on-site solar plus storage help keep critical infrastructure online in the event of a power outage?
- Might proactive clean energy procurement protect your company from fines or uncomfortable mandatory disclosures in the future?

ENERGY COST MANAGEMENT

- Is your organization interested in using clean energy to manage exposure to energy price fluctuations?
- Could diversifying your energy supply mix increase financial predictability?

REPUTATION AND POSITIVE PRESS

- Would your organization's reputation benefit from positive press related to clean energy procurement?
- Could your company's storytelling around procurement highlight community benefits, such as job creation or decreased pollution?

ADVOCACY GROUPS

- Is your organization the target of pressure from advocacy groups urging action on climate and sustainability?
- Could proactive clean energy procurement decrease the likelihood of being on the receiving end of targeted advocacy campaigns?

COMPETITIVE OPPORTUNITIES/THREATS

- What actions are your organization's peers taking on climate and clean energy?
- Have you benchmarked where you stand in relation to their goals?
- Do you need to maintain parity with your company's peers by procuring clean energy, or could doing so proactively be a source of differentiation that leads to a competitive advantage?

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What are your project-specific criteria for success?

Once you understand why you are procuring clean energy more generally, you will want to refine your goals for each specific transaction. These goals will inform the type of project(s) your organization pursues. Keep in mind that employing a portfolio approach to your clean energy procurement may help you achieve multiple goals.



PROJECT SCALE

- Would your organization prefer to address all or most of its needs with a single clean energy project?
- Would it be more comfortable with executing several smaller deals to meet its goals?
- Would your company be most comfortable starting small and working up to more complex deals?

RISK PROFILE

- What kinds of risk is your organization comfortable taking on?
- Does your company have the capacity to manage multiple moving pieces? More complex clean energy deals require in-depth risk analysis and sustained effort from many different stakeholders.

CARBON REDUCTION IMPACT

- How will your company evaluate the greenhouse gas reduction/displacement potential of a project?
- Does your organization prefer solutions that lead to new clean energy generation being added to the grid (sometimes referred to as additionality)?

LOCATION

- Does your organization want a solution located close to its load centers?
- Will project storytelling focus on demonstrating a clear link between the project and the organization's energy use?
- Does the project type offer any financial benefits or hedges against future energy cost increases?

FINANCIAL OR CONTRACT REQUIREMENTS

- Does your organization have defined financial or contract restrictions that projects are expected to meet?
- Is there a required rate of return or payback period for contracts the company will typically execute?
- Are there expected contract lengths or terms that will limit which clean energy procurement options you pursue?

CO-BENEFITS

- Does your company have any existing diversity, equity, inclusion, and justice (DEIJ) goals that could/should be included in your clean energy procurement efforts?
- Are there external impacts or benefits to stakeholders that your organization would like to support? Check any that may appeal to your company:
 - Benefits such as equitable workforce development programs, paid training, and the creation of high-quality employment opportunities
 - Benefits to community health through improved air quality
 - Investment in schools or community funds that may help gain buy-in from nearby residents
 - Prioritization of contracting partners that are owned by women, people of color, or veterans
 - Benefits to the environment through inclusion of pollinator habitats or other agricultural elements in project design, the repurposing of brownfield sites/previously disturbed land, and/or inclusion of low-carbon materials in project construction
- Will your company prioritize social and environmental criteria in your decision-making? Should you signal that these criteria are “need to have” or “nice to have”?
- Additional co-benefits may come at a cost premium. Even if such criteria may not ultimately win out over cost concerns, should your company ask these questions in its requests for proposals (RFPs) to better understand options and send market signals of demand?

Interested in learning more about possible co-benefits? Check out the following:

- [Maximizing Community Co-Benefits Through Clean Energy Procurement](#)
- [CEBI Low-Carbon Solar Resources](#)

PUBLIC RELATIONS OPPORTUNITIES

- Are there specific solution types that would result in positive press for your organization?
- What kind of narrative might complement your organization’s communications efforts? A health care company, for example, might prioritize projects with positive health benefits. A project in a specific location could improve your company’s reputation and license to operate in that area.

PUBLIC GOALS

- Does your organization have publicly stated goals?
- If so, how aggressive is the approach and pace your organization wants to take to meet those goals? Your organization’s approach to meet or exceed its goals will help define the scale and timing of the projects you choose.

ENERGY TYPE

- Does your organization prefer a certain technology type (solar, wind, hydropower, geothermal, etc.)?
 - How does your organization define clean energy? Organizations define “clean” in different ways, and certain technologies may not be acceptable to a particular organization.

- Does your company want to match its generation to its energy load profile? Clean energy technologies have different generation profiles — solar produces energy during the day while wind generates more at night.
- Might the technology you choose have pricing implications?

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Who are the key internal stakeholders you need to engage?

As you build your business case and define project-specific priorities, it is very important to engage your internal stakeholders and build an internal deal team. Depending on the clean energy deal type, these transactions can represent significant, long-term financial commitments. They may require chief financial officer (CFO), chief executive officer (CEO), or even board approval. To get approval, you will need broad-based, internal support.



TECHNICAL VALIDATION

The clean energy deal needs to be economically sound and align with your company's accounting and procurement guidelines.

Who on your team will need to vet the project before it is submitted for approval?

STAKEHOLDER BUY-IN

Who will be impacted by the clean energy procurement deal?

- Facilities and maintenance teams** may be impacted by on-site installations or require special training to properly implement energy efficiency upgrades.
- Procurement teams** may be impacted if a deal results in a change of relationship with their existing utility.
- Accounting, control, treasury,** and even **tax teams** may be involved in certain procurement mechanisms.
- Legal teams** may not have the internal expertise to review a clean energy transaction and may need to bring in outside counsel.
- Public relations/marketing teams** may be impacted when it comes time to announce your procurement success — or if a previously announced deal encounters unexpected challenges.
- If your company has established **DEIJ commitments** or a team leading on this topic, DEIJ leaders might want to weigh in on your procurement approach.

Clean energy deals can be complex, so **engage stakeholders early and often** to help them understand not only the sustainability benefits but also the risks and benefits inherent to *their teams* for each deal.

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Practical Tips from Experienced Clean Energy Customers

Think about your company culture. What would best motivate stakeholders and get them on board with a complex undertaking? (Check all that apply)

- Informal, one-on-one coffee meetings and water cooler chats
- Group workshops
- CEO mandates or publicly announced targets
- Other options? _____

Identify a high-level executive sponsor to support your effort. Do you have someone to whom you can turn when you encounter internal resistance?

Engage the support staff and trusted advisors of department heads so they can support your work in educating key decision-makers.

With which key staff will you set up meetings?

Communicate consistently and frequently throughout the process. Do not worry about over-communicating. Worry about under-communicating.

Investigate in detail, clearly define, and get validation for your company's approval process to avoid last-minute surprises. Ask your legal team who is authorized to sign the contract for this type of deal.

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