

Case Study

CLEAN
AIR



COOL
PLANET

The Corporate Program

at work with **Shaw's**
Supermarkets

The working relationship between Shaw's Supermarkets, the second-largest grocery chain in the region, and Clean Air-Cool Planet illustrates the way CA-CP engages and advises corporations.

Shaw's operates more than 200 outlets across six states, with an operating profit exceeding \$230 million. The retail grocery business is energy intensive, requiring around-the-clock heating, cooling and lighting, as well as extensive transportation, offering ample opportunities for greenhouse gas reductions. Since 2000, we have collaborated with Shaw's on more than 30 projects designed to minimize greenhouse gas emissions, ranging from store operations to energy conservation, transportation and renewable energy investment. We focused initially on two areas: energy monitoring and lighting.

Clean Air-Cool Planet

Clean Air – Cool Planet (CA-CP) is a science-based, non-partisan 501(c)(3) organization working with corporations, communities, and campuses in the Northeast to reduce emissions of pollutants that cause global warming.

The goal of the corporate program is to provide businesses with solutions for energy saving that suit their needs, make financial sense, and lower carbon dioxide (CO₂) emissions. Clean Air - Cool Planet works by forming partnerships with companies to effect changes at the local level. We encourage the use of, and investment in, renewable energy sources. We educate people on the economic, health and environmental benefits of reducing air pollution.

CA-CP annually presents Climate Champion awards to leaders in corporate, campus, and community action on climate change. In 2003, Shaw's received the inaugural award for corporate action on climate change, an award shared in 2005 by Bank of America.

In the past five years, we also:

- ◆ acted as facilitator between Shaw's and technology suppliers, scientists, regulators, architects and consultants;
- ◆ provided Shaw's with environmental intelligence and technical assistance to help refine a corporate-wide energy strategy;
- ◆ invited Shaw's to participate in our annual Northeast Corporations for Climate Action forums, both through sponsorship and by taking part in panels and forums to teach other companies about Shaw's' successful energy strategies;
- ◆ helped Shaw's become one of the first supermarket chains to offer customers a means to offset the carbon emissions associated with their homes and businesses;
- ◆ and retired green tags¹ on their behalf.

We regularly publish the success of Shaw's' energy saving efforts in order to show others what can be done. This also enhances the public's perception of Shaw's as an environmentally responsible company.

Finding solutions

Our first meeting with Shaw's involved several of our board members and staff, as well as energy and environmental consultants. During the meeting, Kathy Loftus, then director of Energy and Environmental Management at Shaw's, presented

¹ **Green tags** "When electricity from a renewable energy producer is used or sold into the power markets as simply electricity, without taking any environmental credit for the source of that power, the environmental attributes of that renewable energy can be sold or traded separately as a commodity, called green tags. Green tags (also known as green energy certificates and tradable renewable certificates) provide an additional revenue stream to the project and can be sold to companies and consumers anywhere in the country. In this way, companies and consumers can choose green power even if their local utility does not offer a renewable-based power product." [From the US Department of Energy, Energy Efficiency and Renewable Energy (EERE) office] We regularly help our partners with such environmental financing. After Shaw's was taken over by Albertsons in 2004, they purchased \$30,000 in green tags, designed to offset emissions in three Rhode Island stores, as a pilot program. We retired the tags on their behalf.

an overview of the company's energy policies and highlighted future energy goals and requirements. Shaw's had previously implemented a state-of-the-art sub-metering system, capable of monitoring (remotely) up to 16 electrical circuits per store. This innovative system saves time, energy and maintenance costs and enables store managers to review daily energy-consumption "exception reports" and flag any anomalies, allowing problems to be diagnosed quickly and sometimes corrected remotely through the energy management software. When maintenance experts are needed, they can be given a more detailed description of the problem than before this system was in place, saving more time and money.

Following that initial meeting, we arranged consultative discussions of Shaw's performance requirements for refrigeration equipment, energy savings and financial returns on investment. Together, CA-CP and Shaw's tested a number of manufacturer's energy claims and, where necessary, made adjustments to store energy systems to better suit Shaw's needs.

Next, we called on the services of a member of the CA-CP network of energy experts, Steve Cowell, CEO of Conservation Services Group (CSG) of Westborough, MA. His team worked with Shaw's to conduct audits of electricity usage at locations in Massachusetts, New Hampshire and Vermont. Subsequently, product demos were arranged to test a range of new equipment to determine its suitability for Shaw's.



Barrington, RI, store purchases renewable energy

Return on Investment

CA-CP understands that companies require a good return on their investments and we support projects that are financially viable for our partners. At Shaw's, our network partner CSG was able to identify a number of manufacturer and utility rebates and incentives. One of them, through Efficiency Vermont, saved Shaw's a considerable amount of money on retrofits when the company took over a number of stores in Vermont formerly operated by the Grand Union chain.

Return on investment from our chain-wide projects was quite good. The sub-metering and monitoring project for 110 stores was estimated to cost slightly over \$2 million. Project managers expected some 5 percent of the cost to be met by utility companies in the form of end-use energy efficiency rebates. In the end, the project cost was a little under \$2 million, because Shaw's negotiated a lower installation price, and utility incentive payments accounted for a higher percentage of the total project cost. The resulting savings from a range of conservation and efficiency projects were \$3.7 million annually. Not only did the projects pay for themselves in the first year, but they provided a net gain of \$1.7 million. Total annual savings were equivalent to some \$150 million in product sales in the low-margin grocery business.

From an environmental point of view, Shaw's' new energy monitoring systems reduced electricity consumption by 23 million kWhs a year. This effort alone avoids 17,500 tons of CO₂ – the equivalent of 88 barrels of oil a day, or taking five cars off the road for a year. The annual reductions also include 71 tons of SO₂ and 24 tons of NO_x.

The company's innovative energy policies also bore fruit in other ways. In 2004, the Shaw's division was sold by J Sainsbury to Albertsons, Inc. of Boise, Idaho, the second-largest supermarket company in the country, which operates supermarkets and pharmacies under a number of banners including Albertsons, Savon and Osco. In making the acquisition announcement, Albertsons cited low operating costs as a result of the lower energy costs as a key factor in their decision to buy Shaw's.



New LEED-standard store in Worcester

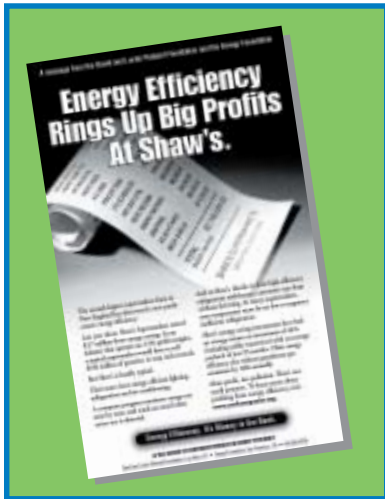
Perhaps the single most outstanding piece of evidence of the company's commitment to reducing greenhouse gas emissions is the recent completion of the first LEED-standard² grocery store in the Northeast region, in Worcester, MA. Fulfilling one of the

2 LEED standard "The LEED (Leadership in Energy and Environmental Design) Green Building Rating System® is a voluntary, consensus-based national standard for developing high-performance, sustainable buildings. Members of the U.S. Green Building Council representing all segments of the building industry developed LEED and continue to contribute to its evolution." [From the U. S. Green Building Council]

commitments Shaw's made to Cool Planet when they began working with us, that they would create the most energy efficient grocery store in the region, the store is expected to achieve energy savings of more than 25 percent over that of a standard store.

Communicating Success

Another way in which CA-CP is able to make a difference is through publicity. We work to give our business partners public credit for their responsible environment policies and use their example to show others what can be achieved. Before CA-CP met with Shaw's, the retail grocer had already made successful strides in energy conservation, but had done little to publicize this. With our help, the environmental section of the company's website went from four lines in 2001 to more than ten printed pages in 2004, including photos of projects, a breakdown of initiatives and a list of steps that suppliers, vendors and customers could take to help fight climate change.



Energy Foundation ad

Another example of our ability to promote the energy-saving efforts of our business partners came up through one of our funders. The Energy Foundation approached us with an idea to run a series of advertisements about the cost effectiveness of business action on greenhouse gases. They asked if we could identify Northeast corporations who had demonstrated leadership in this area. Over the course of three months, CA-CP worked to secure commitments and managed to take two (out of five) slots for our business partners, one being Shaw's and the other Verizon Communications. There was no cost to Shaw's or Verizon, and the result was a quarter-page advertisement in the *Wall Street Journal* and the *New York Times*, highlighting the companies' responsible energy policies with a solid financial angle.

For Shaw's, this was the first time they had been featured in either newspaper. Shaw's' parent company, J Sainsbury plc, took note of the positive publicity and gave it a prominent mention in their annual report and corporate sustainability report.

Later in 2003, we included Shaw's in a DVD as an example of an environmentally responsible business and invited CEO Paul Gannon to speak about climate change. This DVD, distributed to opinion leaders and policymakers throughout the region, is in regular use at meetings, workshops and conferences.

Encouraging policy change

At a policy level, CA-CP has brought business support to the climate action plan developed by the New England Governors and Eastern Canadian Premiers. We helped convince Shaw's of the need to lend support from the business community for the plan. We helped draft a letter, signed by Paul Gannon, to the acting governor of Massachusetts, Jane Swift, encouraging the state to live up to the 2001 agreement and making the business case for action on climate change.

We have been able to use Shaw's example in a number of ways to demonstrate to others what can be done. CA-CP produced a three-page case-study on the energy conservation efforts, and resulting cost savings, made by Shaw's and included this in a publication of 24 such reports entitled *Cool Solutions to Global Warming, Success Stories from the Northeast*. The piece was also featured in one of the largest daily newspapers in New Hampshire, which generated a regional Associated Press article, and a cover story in a state-wide business publication in Maine, a core market for Shaw's.

CA-CP also helped Shaw's to enhance its image with its customers by developing a climate-change message that was displayed in Shaw's stores throughout New England. Through subtle messaging, check-out monitors told the story of the CA-CP/Shaw's partnership and the resulting reduction of the chain's environmental footprint. The campaign was rolled out in April, 2003, at more than 180 locations.



Shaw's' Gannon on camera for Cool Planet DVD

Leveraging our contacts

We brought together Shaw's and Sun Power Electric, a division of CSG, to launch a first-in-the-nation program to support green electricity at the retail level. The campaign, funded by the state of Rhode Island, offered customers shopping in three Shaw's stores the chance to switch from traditional fossil-fuel based electricity and purchase green power along with their groceries. Shaw's also committed to purchasing 25 percent of the electricity to run those Rhode Island stores from solar- and methane-power projects in the region.

The future

Since 2000, CA-CP has engaged and advised businesses, like Shaw's, looking to reduce their environmental footprint. During this time, we built a unique network of contacts in the areas of science, business, government and consultancy. In our work with dozens of businesses, from multinational corporations to local hospitals, we have developed a core group of best practices, which we will increasingly suggest as standard operating procedure for businesses interested in achieving significant progress in reducing the threat of global warming.

In addition to an inventory of greenhouse gases and all feasible action on energy efficiency and renewable energy purchase measures, these include:

- ◆ An employee benefit program, like that created by The Timberland Company, which includes incentives to purchase hybrid or other fuel efficient vehicles.
- ◆ Employee education programs like that created by Verizon Corporation.
- ◆ Customer education efforts like the one cited above, by Shaw's.
- ◆ Working up- and downstream with suppliers and customers, as Interface Fabrics has done, to create more climate friendly goods and purchasing programs.
- ◆ Green-the-Fleet efforts like those undertaken by Oakhurst Dairy and LL Bean.
- ◆ Efforts to generate power from renewable energy like those of Staples, Inc.

Our organization is growing; we have recruited more professional staff and qualified volunteers. Our network of partners is expanding and our existing affiliations are deepening. We look forward to many more successes and exciting projects in the years to come.

If you would like information about how you can work with Clean Air - Cool Planet, please contact:

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