

Decarbonization Mistakes to Avoid

Lessons learned from the front lines of decarbonization

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INSIGHT ENERGY



Decarbonization Mistakes to Avoid

We'll cover three cautionary tales that provide examples of key mistakes to avoid on your decarbonization journey

- 1 The Tier 1 Supplier who set a goal that was too big**
- 2 The Manufacturer who got their wires crossed**
- 3 The Distributor who only harvested low hanging fruit**

The Tier 1 Supplier who set a goal that was too big

SITUATION

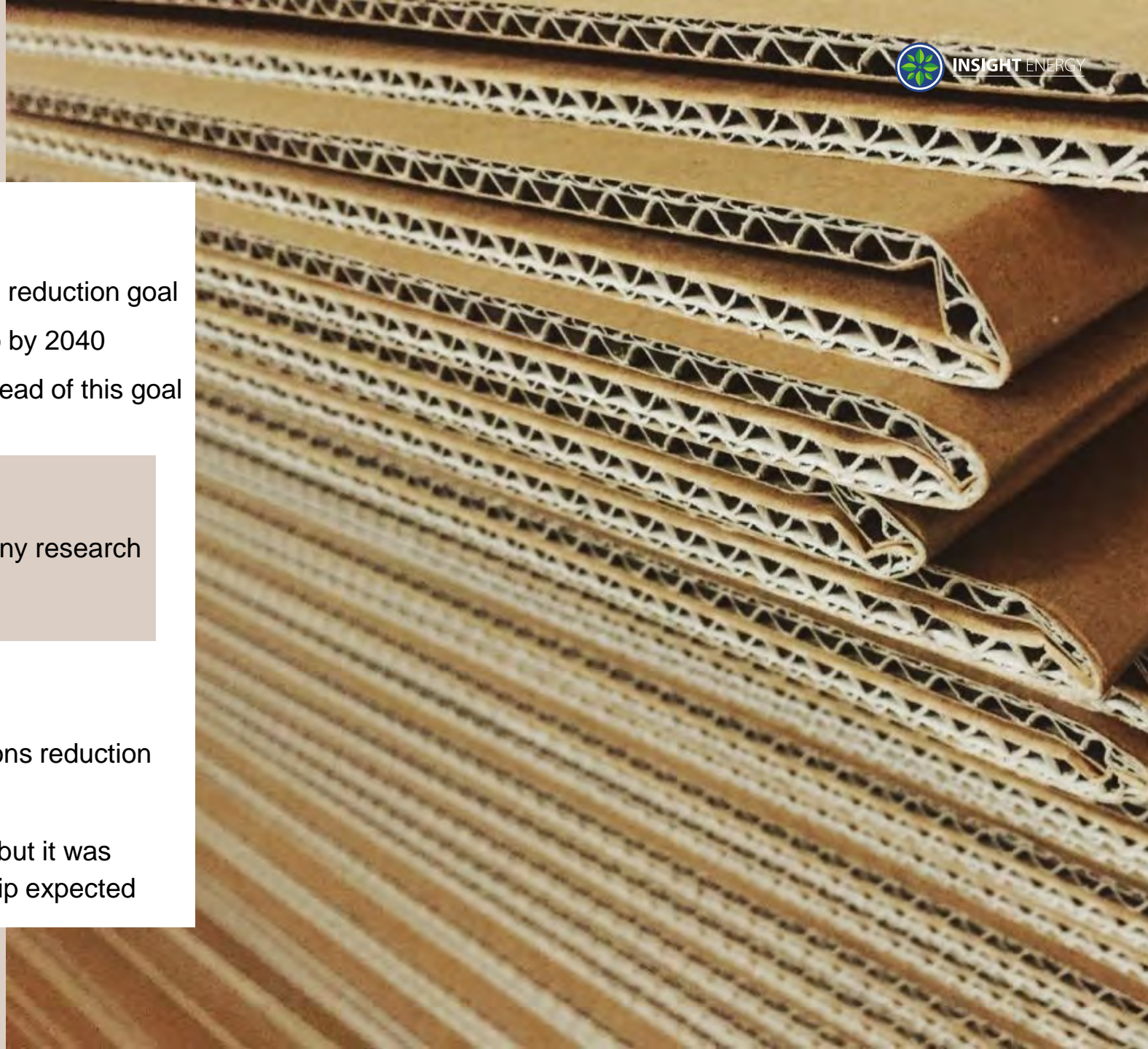
- Supplier's #1 customer asked them to set a GHG reduction goal
- Eager to respond, Supplier set a goal of Net Zero by 2040
- Supplier had made very limited ESG progress ahead of this goal

MISTAKE

- Set a GHG reduction goal without conducting any research about its feasibility or cost

OUTCOME

- New CSO brought in ISG to help develop emissions reduction plan to help hit new goal
- A reasonable pathway to the goal was identified, but it was more costly and effortful than Supplier's leadership expected



The Manufacturer who got their wires crossed



SITUATION

- Manufacturer set goal to procure 100% renewable energy
- Leadership told team it was their responsibility to achieve the goal and the ESG Manager and Energy Manger both acted independently

MISTAKE

- ESG and Energy Management team were not coordinated in implementing a solution

OUTCOME

- During a pre-sale screening ISG identified that both parties were independently working to buy RECs; one for 30% more than the other!
- Increased internal coordination averted accidentally buying double the required amount of RECs

The Distributor who only harvested low hanging fruit

SITUATION

- Distributor wanted to jump start their sustainability program
- Focused on “quick wins” to show results in Year 1
- Executed all their efficiency projects with < 2-year paybacks

MISTAKE

- Set unrealistic expectations on the cost and ROI of the entire sustainability program

OUTCOME

- High quality decarbonization projects were delayed due to the internal miscommunication, putting the company behind on their ESG plan

Key Decarbonization Mistakes to Avoid



- 1 Do your research before setting goals**
- 2 Be clear on who is responsible for execution, especially related to energy**
- 3 Communicate the entire plan rather than teasing “quick wins”**



Insight Energy Overview

Insight Energy works with leading clients across all industries to develop and execute savings and sustainability strategies that drive decarbonization and EBITDA improvement

➔ **6,000+ projects** driving emissions and EBITDA improvement, with active projects addressing over **\$8B in spend**

➔ **20+ years of experience** offering clean energy procurement advisory services to over 400+ clients

➔ **63,000 GWh and 100M MMBtu** of annual electricity and natural gas procurement experience respectively

➔ Active client engagements represent **6 GW of renewable energy procurement programs**

➔ Streamlined access to over **500 global developers** and advanced analytics for utility-scale clean energy projects

➔ **Global energy management coverage** in North America, LATAM, EMEA, and APAC

Private Equity Engagements



Client Engagements





Sustainability Advisory Services

Carbon Management and Decarbonization Solutions to advance any sustainability program

PLAN

Measure

Calculation of enterprise greenhouse gas emissions; all scopes

1. Advisement on industry standards + best practices
2. Energy baselining and GHG measurement
3. Renewable + Carbon Free power usage baselining

Target

Peer benchmarking and modeling to inform internal and external goalsetting

1. Industry and competitor activity analysis
2. Budgetary modeling and target feasibility assessment
3. Submission to relevant parties (e.g. SBTi, RE100)

Roadmap

Strategic advisory, financial analysis and project planning

1. Technical and financial evaluation of strategies
2. Stakeholder and C-Suite engagement and alignment
3. Project roadmap and program budget forecasting

IMPLEMENT

Source

Unbiased, expert led vendor sourcing to pick the perfect partner and products

1. Unbiased, competitive vendor sourcing
2. Capital advisory and third-party project financing
3. Turn-key implementation and incentives capture

Report

Results tracking and communication of program progress

1. Ongoing energy and emissions measurement
2. Internal and external communication support
3. Submission to relevant parties (e.g. CDP, EPA)

End-to-end sustainability advisory program, from initial measurement to implementation and reporting.

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The Industrial who jumped into the deep end

SITUATION

- Industrial wanted to go 100% renewable on large load
- Immediately engaged numerous vendors for quotes on Virtual Power Purchase Agreements for 100% of their load

MISTAKE

- Immediately jumped to the most complex solution without reviewing other options

OUTCOME

- Industrial engaged ISG to provide quote, but ISG identified that VPPAs weren't a viable solution for them
- Advised Industrial to start with operational and energy efficiency before leveraging complex, long-term solutions

