

**Changing business for good.**



# **How Green Power Delivers Value to REI**

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- 
- A person stands on a rocky outcrop in the foreground, arms raised in a gesture of triumph or joy. The background is a vast, deep canyon with a river winding through it. A waterfall is visible on the left side of the canyon. The sky is bright and hazy, suggesting a sunrise or sunset. The overall scene is one of natural beauty and outdoor adventure.
- Consumer co-op founded in 1938
  - 3.5 million active members
  - \$1.3B annual sales - 2007
  - 104 Stores in 27 States + REI.com

***We inspire, educate and outfit  
for a lifetime of outdoor adventure  
and stewardship.***

# Sustainability (where mission meets metrics)



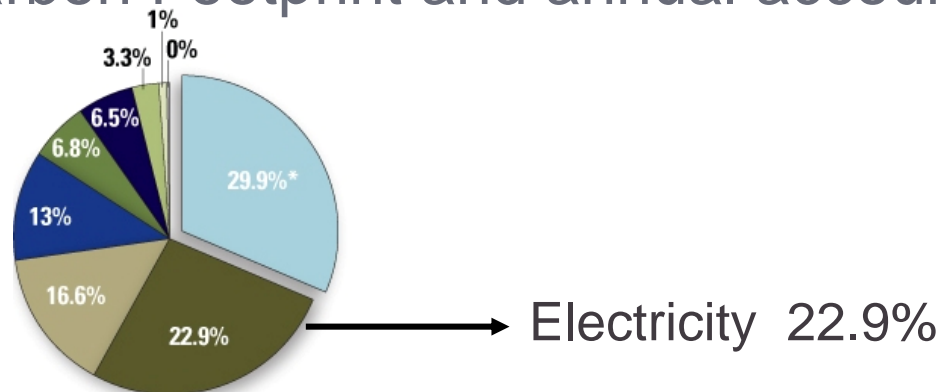
- It started with employees



- From random acts of kindness to a frameworks-based strategic focus



- Example: Carbon Footprint and annual accounting



# Climate Change and Energy



- Aspiration: to be a climate-neutral company by 2020
- 2007 electricity usage: 55,498 MWh
- Energy Strategy:

## GOAL

Energy Efficiency: Zero kWh growth

Green Power: 100% target

## ACTUAL

9.9% vs 13.5% sales

approx 21%

[ 20% in energy contracts  
+1% (11 stores) onsite generation ]



# REI has REC experience



240,000 RECs 2007 – 2010



*Climate Neutral Travel*



# Committed to 100% qualified renewable energy

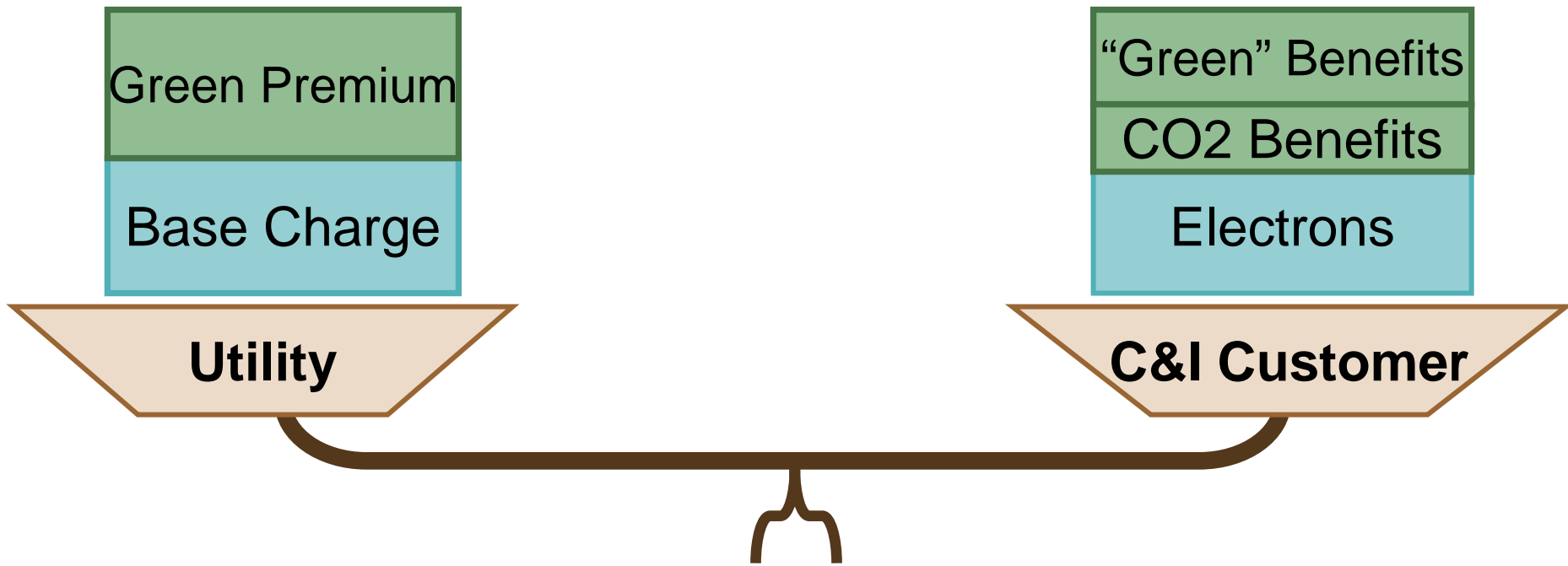


- Since 2006 over 25,000 MWh of Green Power deals
- Over 10,000 MWhrs/ year

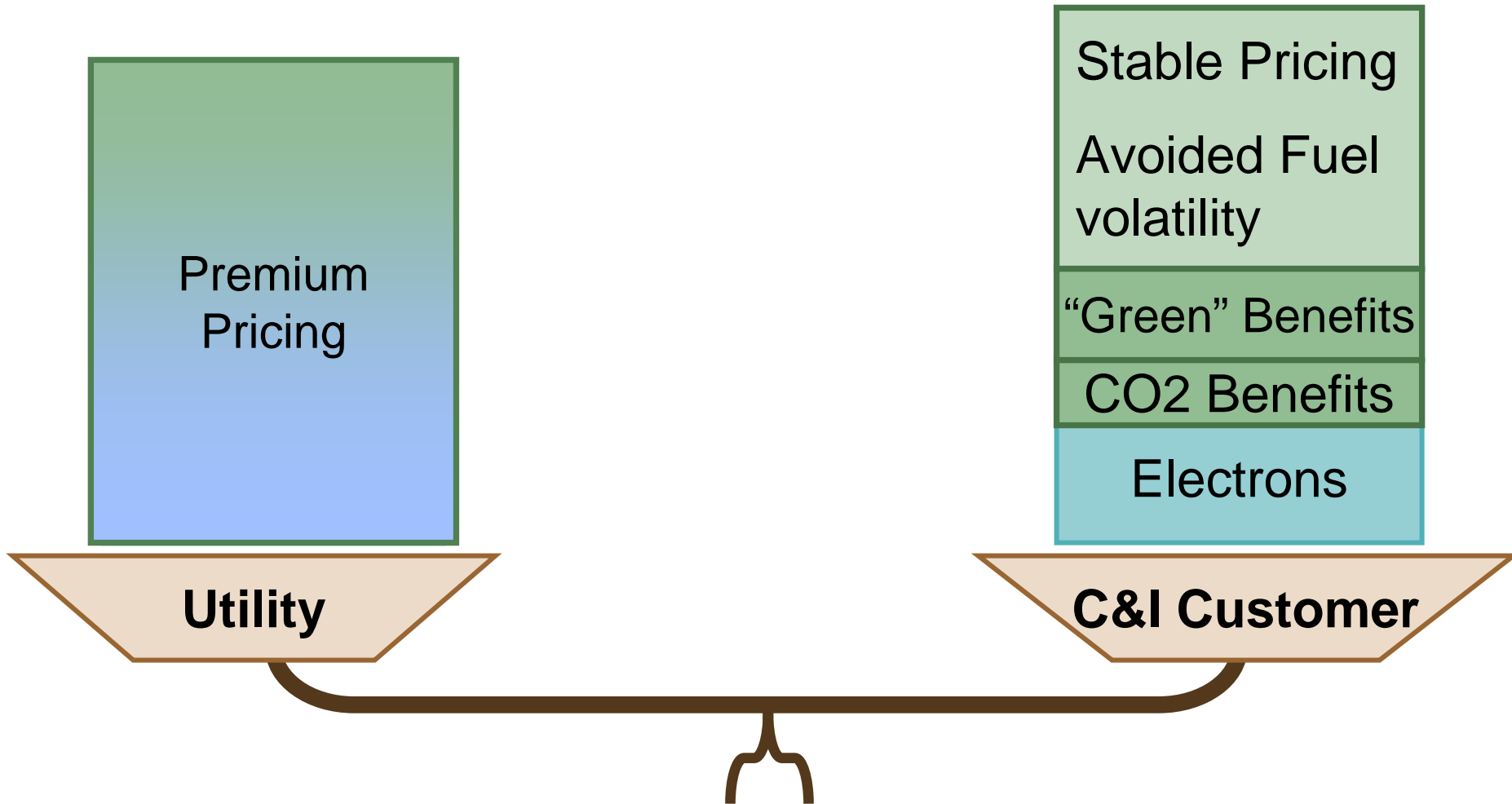


***Adding 6 stores in 2009: 2,500 MWhrs/yr***

# Green Power “Pitch”



# Green Power Value Proposition

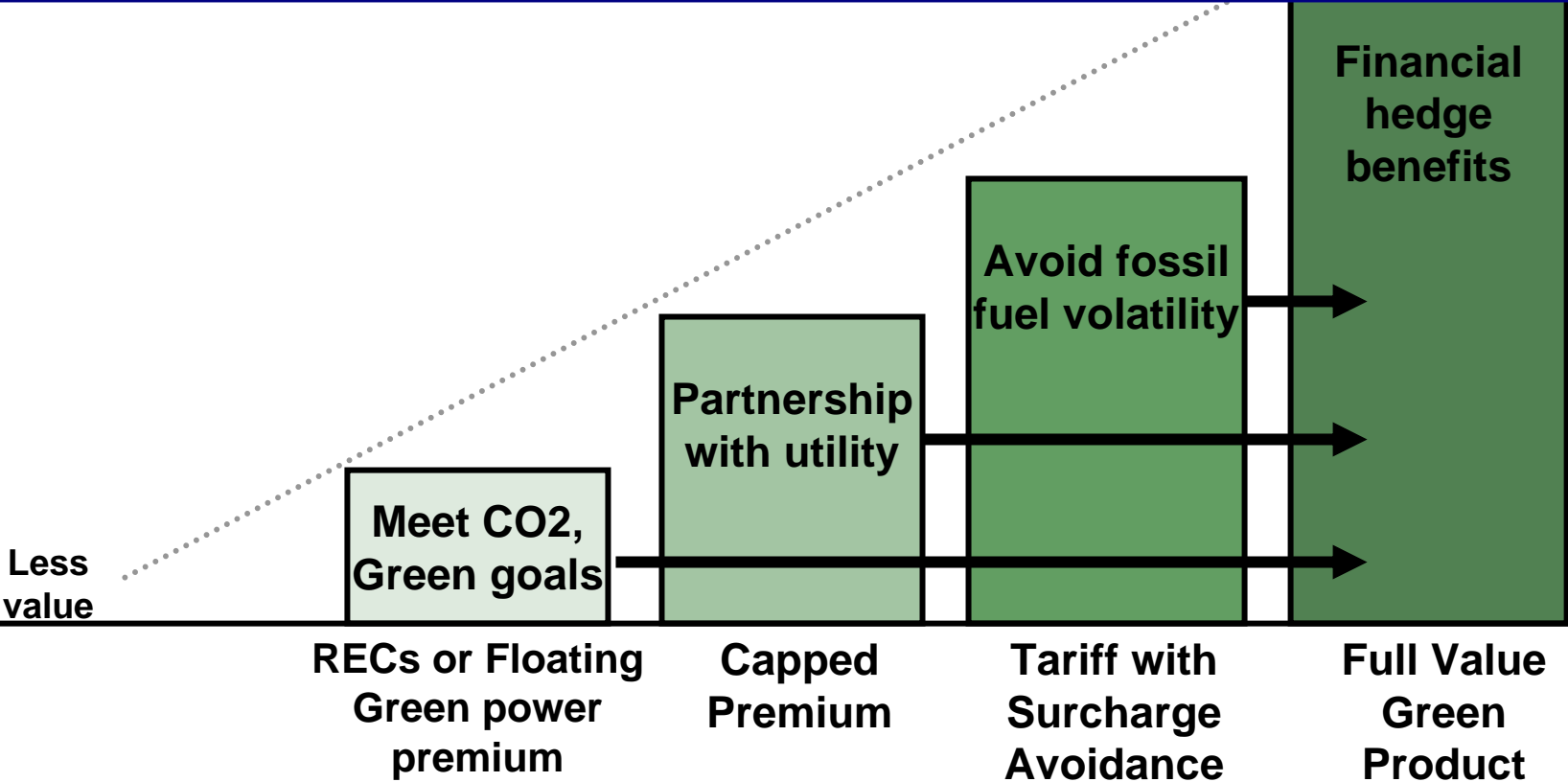


# Business Value of Green Energy Products



<b>Actual Spend</b>	<b>\$ 229,279</b>	<b>\$ 969,002</b>	<b>\$ 628,278</b>
<b>“Brown Power” Pricing</b>	<b>\$ 200,876</b>	<b>\$ 852,404</b>	<b>\$ 665,809</b>
<b>Net Cost/Benefit</b>	<b>\$ (28,402)</b>	<b>\$ (116,598)</b>	<b>\$ 37,531</b>
<b>Returns</b>	<b>(12.4%)</b>	<b>(12.0%)</b>	<b>+ 6%</b>

Least value



# REI Green Power Requirements



## 1. Quality

- Independently verified source and chain of custody
- Green-e certified



## 2. Financial value

- Hedge value
- Fixed prices
- Avoided fuel cost adjustments
- Tariff escalation tied to renewable cost



## 3. Premium – based on Net Present Value calculation

# Conclusions



1. Green Power products can (and do) deliver financial benefits
2. Few suppliers have crafted Green Power products with a complete value proposition for C&I customers
3. C&I customers will pay for value
  - Suppliers can make a profit will driving investment in renewable generation
4. Any utility can offer differentiated power products
  - IOU's, Municipals, co-ops and 3<sup>rd</sup> Party providers
5. Regulators and NGOs can help



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- People
- Community
- Environment

**Stewardship Reports**

- 2007
- 2006 - Archive

**Report to Members**

- President's Message
- Chairman's Message
- Financial Information
- Corporate Officers
- Board of Directors

**Company Information**

- 100 Best
- Background

**Newsroom**

- Current press releases
- Archived press releases

## REI Stewardship

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# Questions?

REI's passion for the outdoors runs deep. Our core purpose is to inspire,