Why the World's Most Successful Companies Have Turned to Renewable Energy

■ Freddy Sharpe, CEO Climate Friendly

The way the world creates and uses energy has been in the spotlight and the Climate Change negotiations in Paris last year have given global economies another boost to increase clean electricity production. Governments all over the world are striving to find solutions that curb their countries' carbon emissions.

To reduce emissions effectively in the long-term, governments must work together with businesses to transform the fossil fuel dependent energy sector. Germany's 'Energiewende' (energy transformation) and Obama's Clean Power Plan show that the way we produce and consume energy can be changed. If the USA and Germany can change, so can Australia. The right set of policies can stimulate investments in clean energy and Australia has the opportunity to showcase innovative technologies such as generating electricity from ocean waves and to install large-scale wind and solar farms to harvest energy from nature. Rooftop solar and battery storage will also transform energy production and the way we use the electricity grid in the next decades.

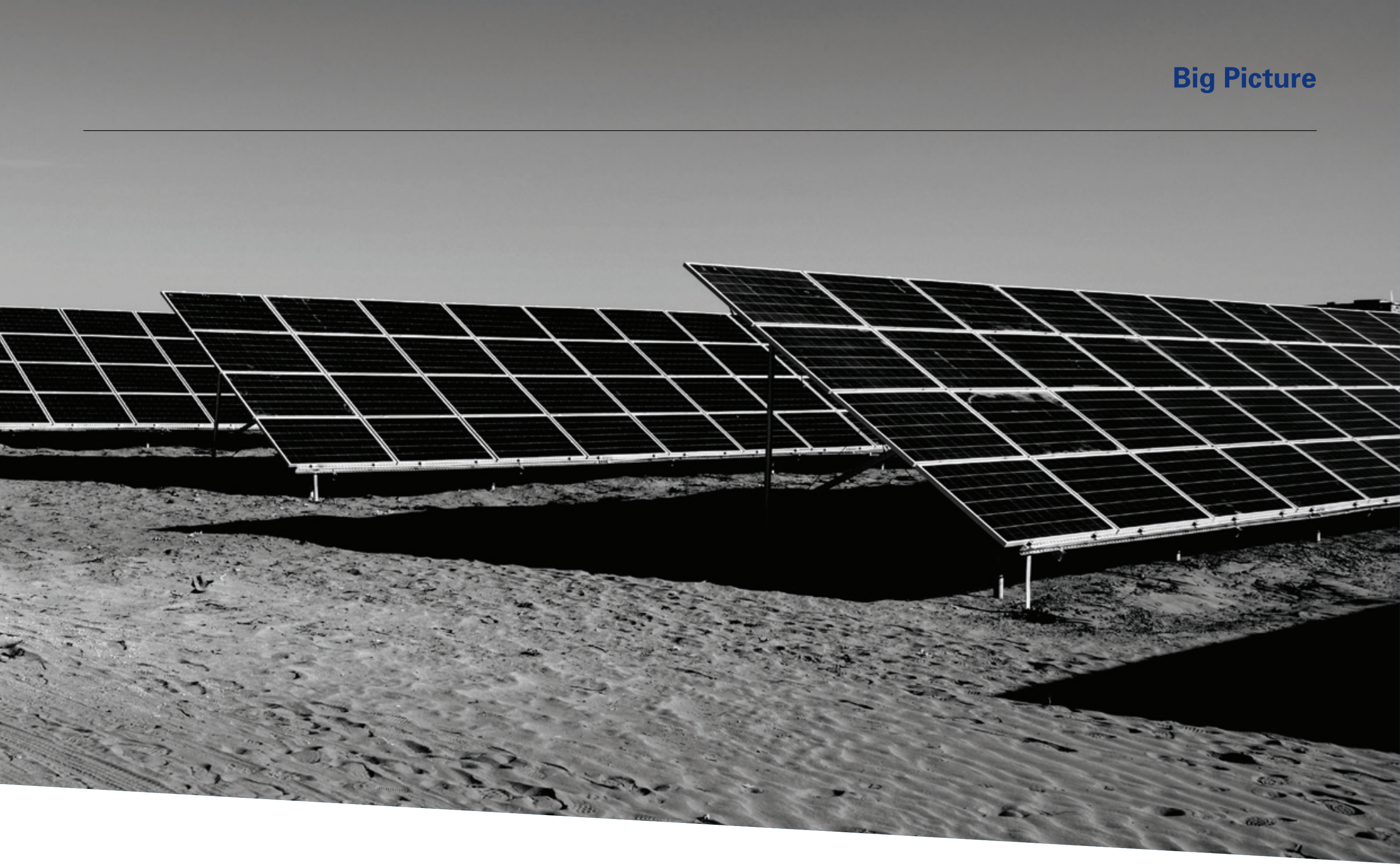
The Burning Question is:

How well will we do it?

Companies are diversifying their own energy mix for several reasons. They want to hedge against volatile energy prices, protect themselves from shortages in energy supply, take advantage of falling renewable energy technology costs and source renewable energy to achieve their sustainability targets.

HERE ARE FOUR OPTIONS THAT ARE AVAILABLE TO COMPANIES IN AUSTRALIA:

POWER PURCHASE AGREEMENTS	GREENPOWER
ROOFTOP SOLAR	GOLDPOWER



While Government policies and incentives are important, corporate Australia is also vital to driving this change. Companies can choose how they want to create, purchase and use energy. While investments in renewable energy have stalled recently, we can once again look to countries like Germany or the USA. American companies like Google, Apple, Microsoft and others are leaders in sourcing renewable energy for their operations around the world.

Power Purchase Agreements (PPAs)

In Australia, compared to other countries, electricity is expensive and network costs are significant. Many organisations are now putting solar PV on the roofs of their facilities. An excellent approach, but one that reduces their fossil fuel consumption by only a fraction.

The market has considerable potential to follow the American market with PPAs and Australian and international businesses can reap the benefits from entering into long-term power purchases that hedge them against rising electricity costs. But how can it be done?

Companies with significant electricity consumption can now enter a direct purchase agreement with a wind farm or solar farm operator. While the energy is still distributed through the grid, the price for the electricity is locked in for 10 years or more and protects the buyer from rising electricity costs. The buyer also acquires the environmental attributes (Renewable Energy Certificates) from the renewable energy purchase and can therefore, report lower emissions under their local and global reporting requirements such as National Greenhouse and Energy Reporting (NGER), National Carbon Offset Standard and CDP reporting.

Renewable Energy Certificates (RECs)

Companies that don't want to enter long-term contracts or have a high capital expenditure on their own rooftop solar system can demonstrate their sustainability credentials by purchasing Renewable Energy Certificates. RECs are available in many forms and many countries. In Australia, RECs are typically known as GreenPower and bought and sold based on spot prices which have surged to over $80 per MWh in recent months. Internationally, there's a variety of renewable energy products available that are based on international standards, including GoldPower, a REC product available at a fraction of the cost of GreenPower but with many of the same features and benefits.

Climate Friendly is a founding member of the Business Renewables Center established with the Rocky Mountain Institute and helps companies globally to access the renewable energy that's right for them. The company is also well known for its high quality suite of climate change solutions internationally and in Australia.

To find out more about Climate Friendly visit:
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