

ENERGISE

EMPOWERING CHANGE | INSPIRING PEOPLE | DELIVERING NET ZERO



USING ESOS TO DEVELOP A NET ZERO STRATEGY
DURING LOCKDOWN AND RECOVERY

USING ESOS FOR STRATEGY



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OVERVIEW

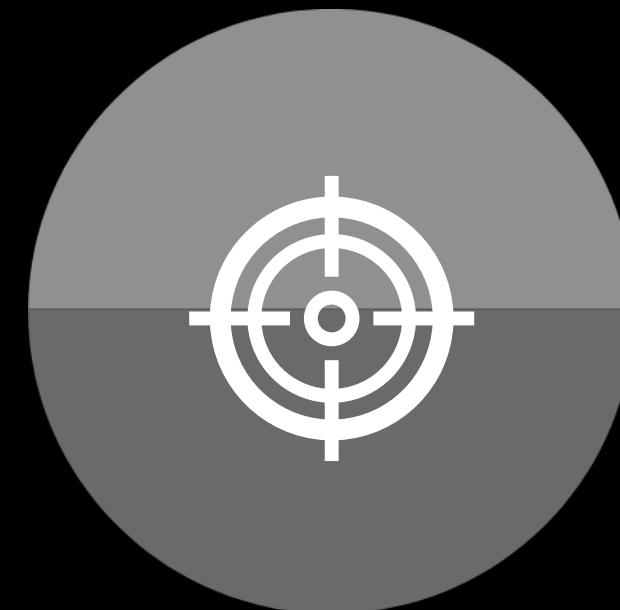
USING ESOS TO DEVELOP A NET ZERO STRATEGY DURING LOCKDOWN & RECOVERY



Creating a successful Net
Zero framework



Producing a strategy
from ESOS



Example of success &
why now?



Discussion/Questions &
Answers

USING ESOS FOR NET ZERO

PROGRESS ON STRATEGY

THE UK POSITION

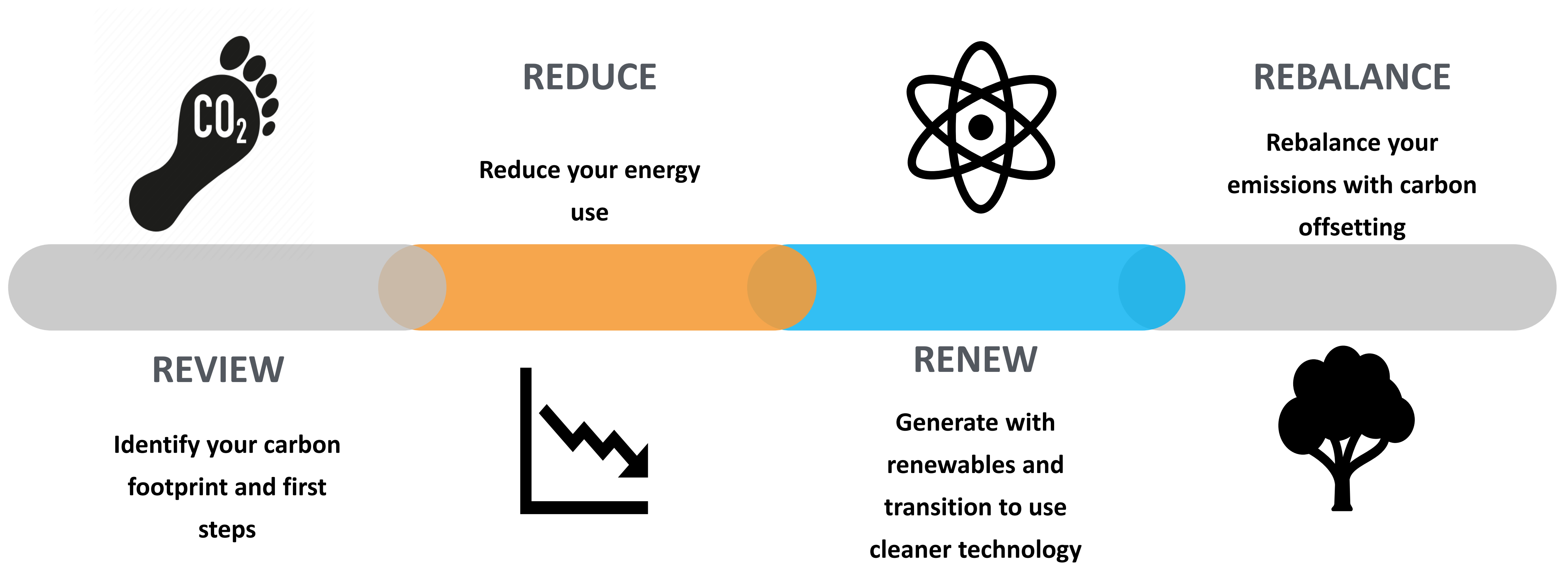
Net Zero status (July 2019) \\ Turnover £ p.a.	Total	<£35 million	>£35m < £50m	>£50m <£100m	>£100m <£250m	>£250m <£500m	>£500m <£750m	>£750m <£1bn	>£1bn
Already net zero	8%	14%	13%	0%	6%	0%	7%	7%	12%
Intending to go net zero (various time frames)	47%	45%	55%	69%	52%	58%	71%	52%	36%
No plans to go net zero	45%	41%	32%	31%	42%	42%	22%	41%	52%

SOURCE: YouGov

CREATING A SUCCESSFUL NET ZERO FRAMEWORK



NET ZERO FRAMEWORK



NET ZERO STRATEGY

8 KEY ASKS

TO ALIGN WITH PARIS AGREEMENT

01

Net zero emissions

02

Strengthen
commitments every
five years

03

Attach a meaningful
cost to carbon

04

New and additional
investment in climate
change solutions

05

Transparency and
accountability

06

Commit to the
highest end of
ambition

07

Adapt to build
resilient economies &
communities

08

Take action now

STRATEGY DEVELOPMENT

	CONTEXT	APPROACH	FORECAST	DELIVER	IMPROVE
CREATE	What are the right questions to ask ourselves?	What future needs do we need to plan for?	What does the future look like for us?	How do we implement the changes?	How should we setup our strategy to constantly evolve?
REFRESH	What issues need to be addressed?	Has our view of the future changed?	Have our assumptions changed?	Can we improve the delivery/execution?	Are our measures of success good enough?

STRATEGY DEVELOPMENT

	CONTEXT	APPROACH	FORECAST	DELIVER	IMPROVE
EXECUTIVE	Agree on process and scope	Review findings	Select initiatives	Agree long-term goals	Assess overall progress and take action
MANAGERS	Create proposed scope and process	Do analysis; interpret findings	Produce models/projections	Suggest/monitor KPIs and deliver action plans	Provide updates/watch-out for triggers for review
WORKFORCE	Articulate hopes and wishes for strategy	Provide input	Provide input	Support delivery	Understand changes if needed
CUSTOMERS	Articulate hopes and wishes for strategy	Provide input	Provide input		
STAKEHOLDERS	Feed in views via board/stakeholder engagement				

STRATEGY

FRAMEWORK (QUALITATIVE)

LEVEL 1 (VALUES, VISION, MISSION)

LEVEL 2 (STRATEGIC PRIORITIES)

LEVEL 3 (STRATEGY MAP & BUSINESS GOALS)

LEVEL 4 (KPIs AND METRICS)

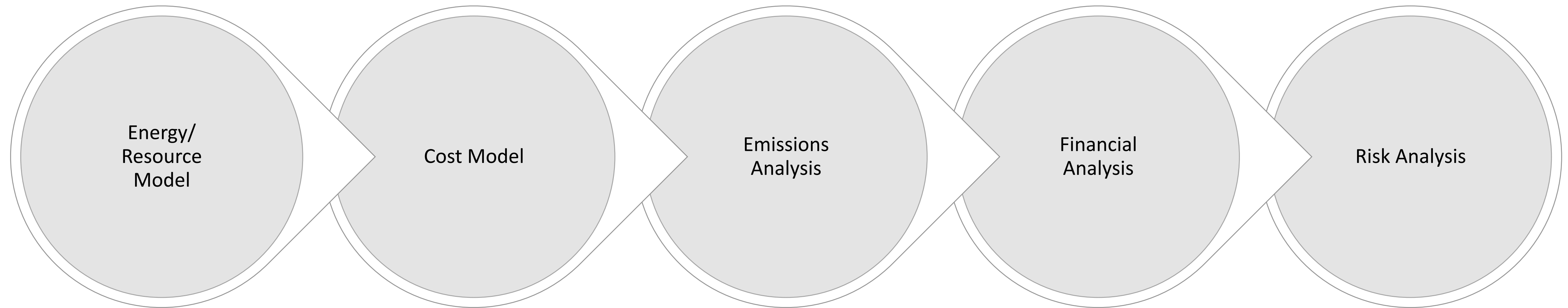
LEVEL 5 (ACTION PLANS)

More abstract

Less abstract

STRATEGY

FRAMEWORK (QUANTITATIVE)



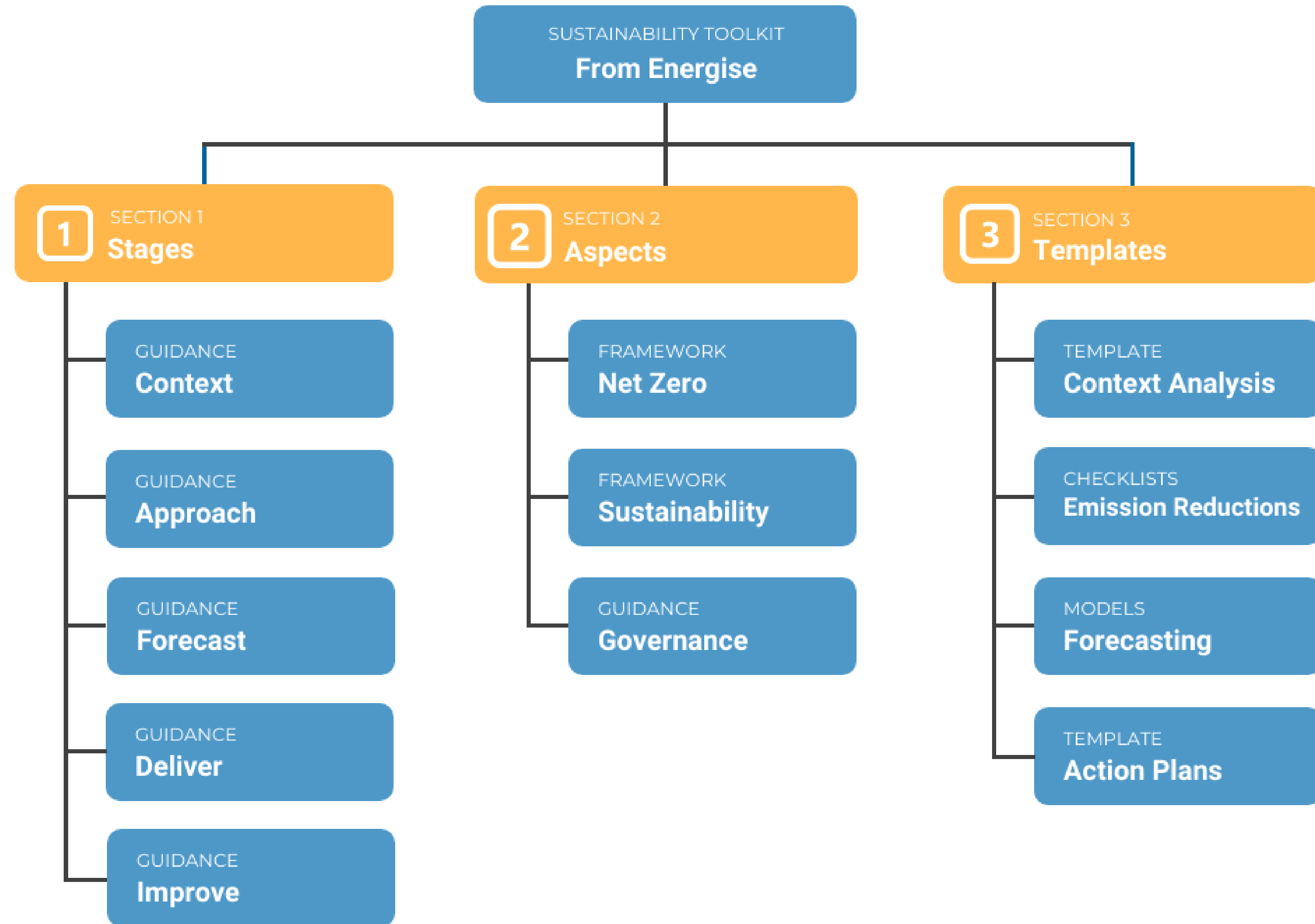
- Energy/Resource Balance
- Baseline
- Proposed Scenario

- Feasibility
- Development Costs
- Ongoing Costs
- Project Costs
- Annual Costs and Savings

- Baseline Resource Model
- Baseline GHG System
- Proposed Resource Model
- Proposed GHG System

- Financial Parameters
- Financial Viability
- Yearly Cash Flows
- Cumulative Cash Flows
- Annual Income
- Project Costs/Summary

- Sensitivity Analysis
- Risk Analysis



PRODUCING AN ENERGY STRATEGY FROM ESOS



NET ZERO STRATEGY

FROM ESOS DATA

NET ZERO STRATEGY

RESOURCE BALANCE

EMISSIONS ANALYSIS

Surveys &
Recommendations

Energy Use Report

Energy Balance

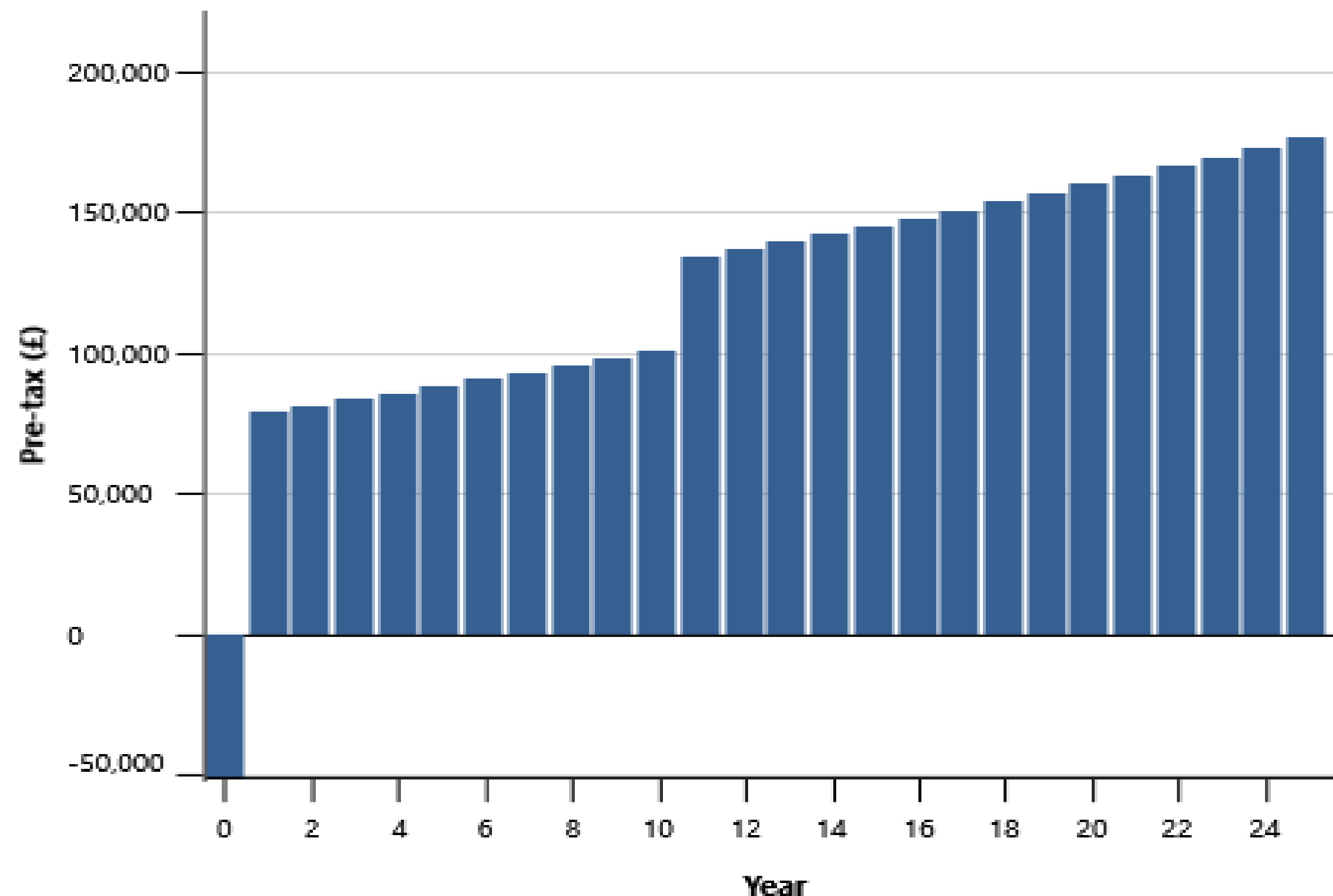
Energy Use Report
(converted to
Carbon)

May wish to
extend to Scope 3
in time

NET ZERO STRATEGY

COST MODEL

BUILDING THE BUSINESS CASE – GETTING THE MESSAGE ACROSS IN THE BOARD ROOM



YOU NEED TO UNDERSTAND HOW TO GET THE MESSAGE AROUND VALUE ACROSS IN THE BOARD ROOM. WHAT MATTERS TO THE EXECUTIVE TEAM?

- Contribution to achieving goals and objectives
- Better use of resources
- Better vision of the future
- Contribute to sustainability
- Achieve cost savings
- And what metric/method of presentation?



NET ZERO STRATEGY

COST MODEL

BUILDING THE BUSINESS CASE

WAYS TO PRESENT FINANCIAL DATA

- Simple Payback
 - *Represents the length of time that it takes for a proposed facility to recoup its own initial cost, out of the revenue or savings it generates*
- Net Present Value
 - *The value of all future cash flows, discounted at the discount rate, in today's currency*
- Internal Rate of Return
 - *Represents the true interest yield provided by the project equity over its life before income tax*
- Benefit-Cost Ratio
 - *Ratio of the net benefits to costs of the project. Ratios greater than 1 are indicative of profitable projects*
- Debt Service Coverage
 - *Ratio of the operating benefits of the project over the debt payments.*

EXAMPLE & WHY NOW?





NET ZERO STRATEGY

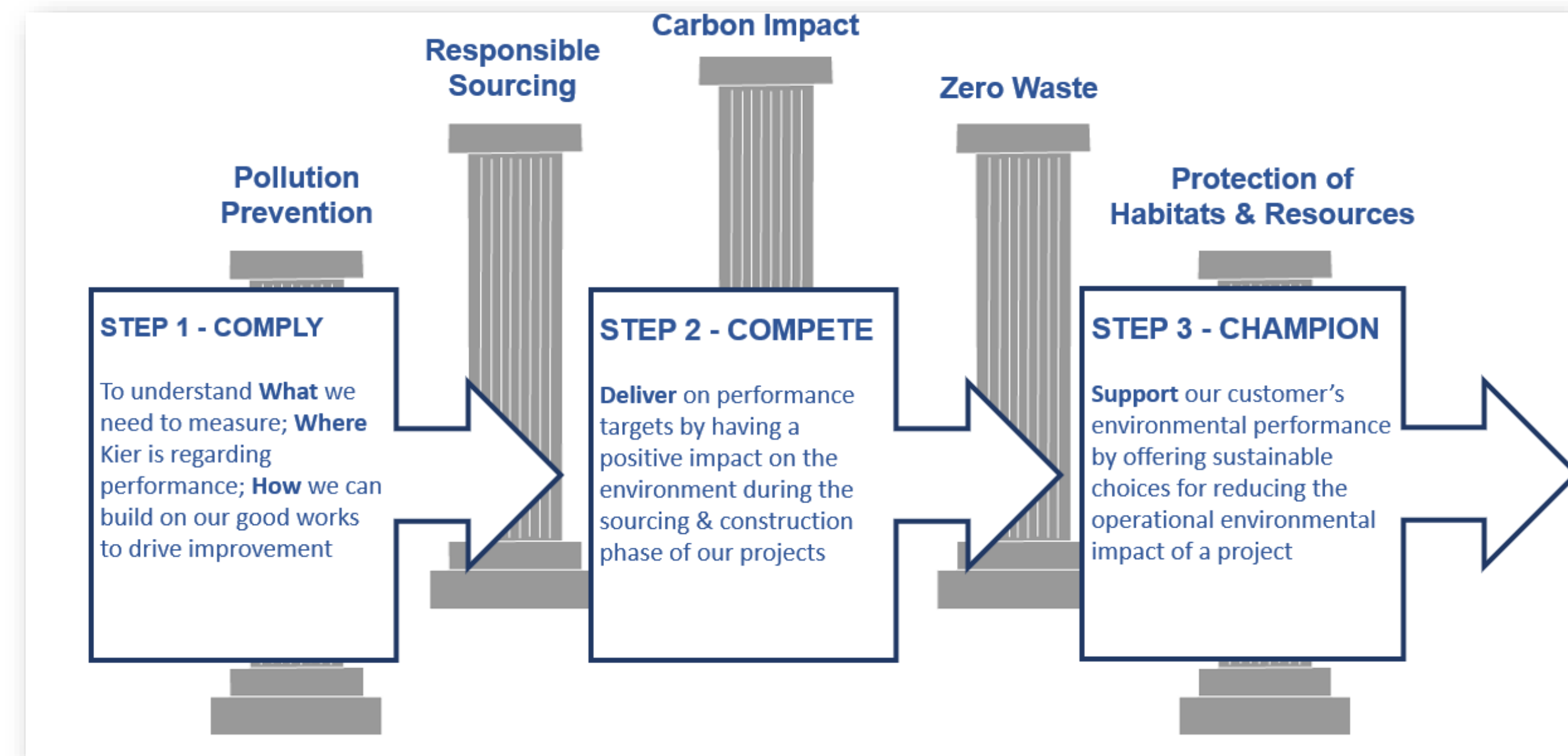
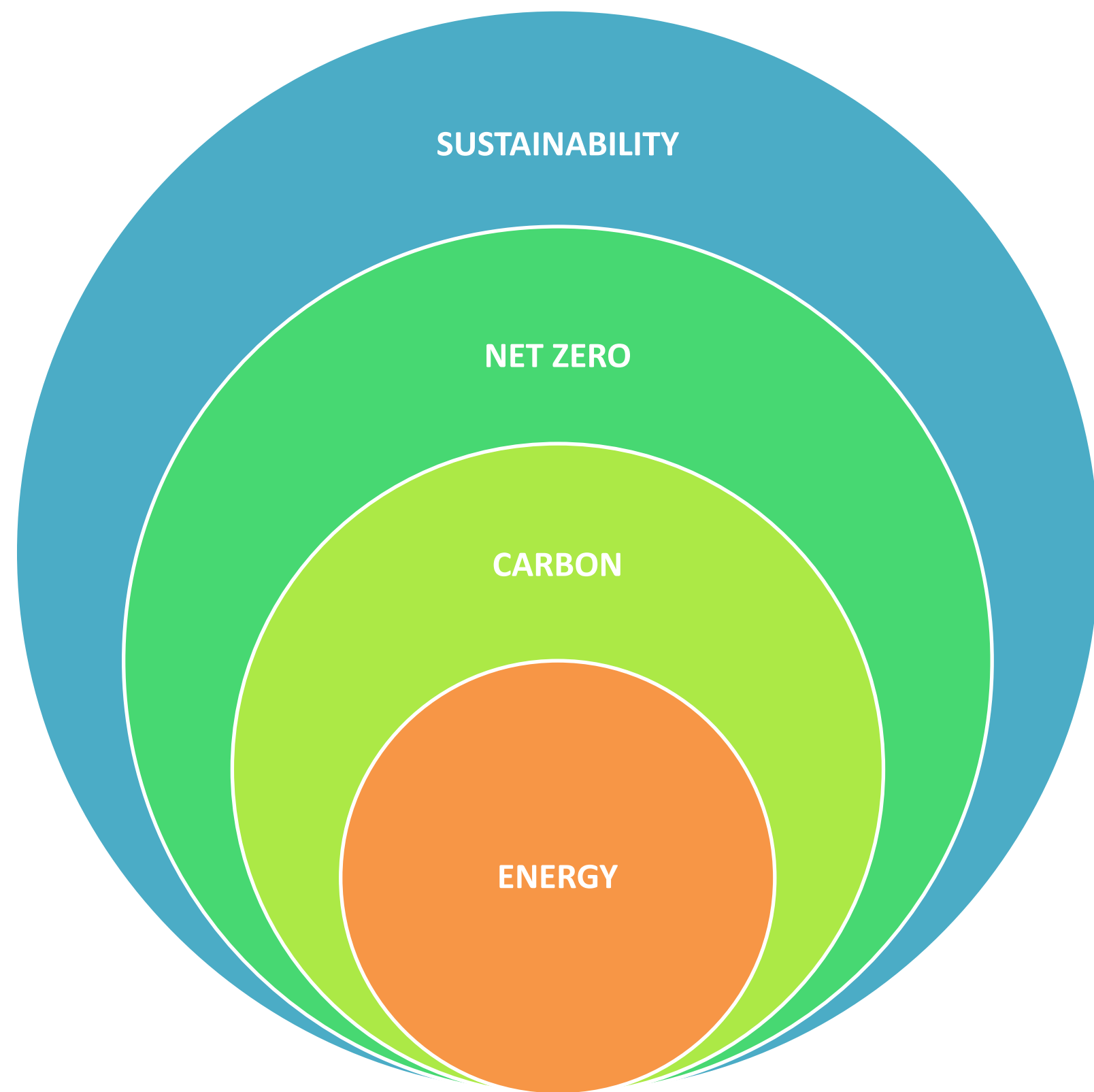
STORY

ESOS PHASE ONE

- Large company (multi-billion turnover); multiple business streams
- ESOS data set used from Phase One to produce energy strategy
- ESOS completed in 2015; Strategy in 2016; Implementation started in 2017
- First year results:
 - 4,350 people directly interacted with the strategy
 - 153 fully costed business cases within the business
 - Delivered over £775k savings
 - Energy usage fell above target

NET ZERO STRATEGY

EVOLUTION





NET ZERO STRATEGY

WHY NOW?


REASONS

- Most organisations having to review strategy, Net Zero strategy should align
- Referring to earlier analysis, many organisations don't have a Net Zero strategy yet
- Analysis released last week by Energy Live News/Future Net Zero showed:
 - $\frac{3}{4}$ of organisations don't intend to push back their Net Zero ambitions because of COVID-19
 - c. 80% believe this is a time to capitalise upon
- Sky News poll of population showed that the biggest concern after COVID-19 was the Environment
- Whilst many people are busy, some have more time, and this may be an effective way to use it
- There is an opportunity, if your sites are closed, to consider key aspects of operational setup that might support your Net Zero strategy

SUSTAINABILITY TOOLKIT: SUSTAINABILITY & NET ZERO STRATEGY FRAMEWORKS



SUSTAINABILITY TOOLKIT

NET ZERO HUB SI 

SUSTAINABILITY TOOLKIT

Welcome to the Sustainability Toolkit. The layout and menu below will allow you to access each of the resources. If you have any questions or need any support, then please use the Net Zero Hub contact options from the My Hub section on the menu.

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graph TD; Root[SUSTAINABILITY TOOLKIT From Energise] --> S1[SECTION 1 Stages]; Root --> S2[SECTION 2 Aspects]; Root --> S3[SECTION 3 Templates]; S1 --> S1_1[GUIDANCE Context]; S1 --> S1_2[GUIDANCE Approach]; S1 --> S1_3[GUIDANCE Forecast]; S1 --> S1_4[GUIDANCE Deliver]; S1 --> S1_5[GUIDANCE Improve]; S2 --> S2_1[FRAMEWORK Net Zero]; S2 --> S2_2[FRAMEWORK Sustainability]; S2 --> S2_3[GUIDANCE Governance]; S3 --> S3_1[TEMPLATE Context Analysis]; S3 --> S3_2[CHECKLISTS Emission Reductions]; S3 --> S3_3[MODELS Forecasting]; S3 --> S3_4[TEMPLATE Action Plans];
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1 SECTION 1 Stages

- GUIDANCE Context
- GUIDANCE Approach
- GUIDANCE Forecast
- GUIDANCE Deliver
- GUIDANCE Improve

2 SECTION 2 Aspects

- FRAMEWORK Net Zero
- FRAMEWORK Sustainability
- GUIDANCE Governance

3 SECTION 3 Templates

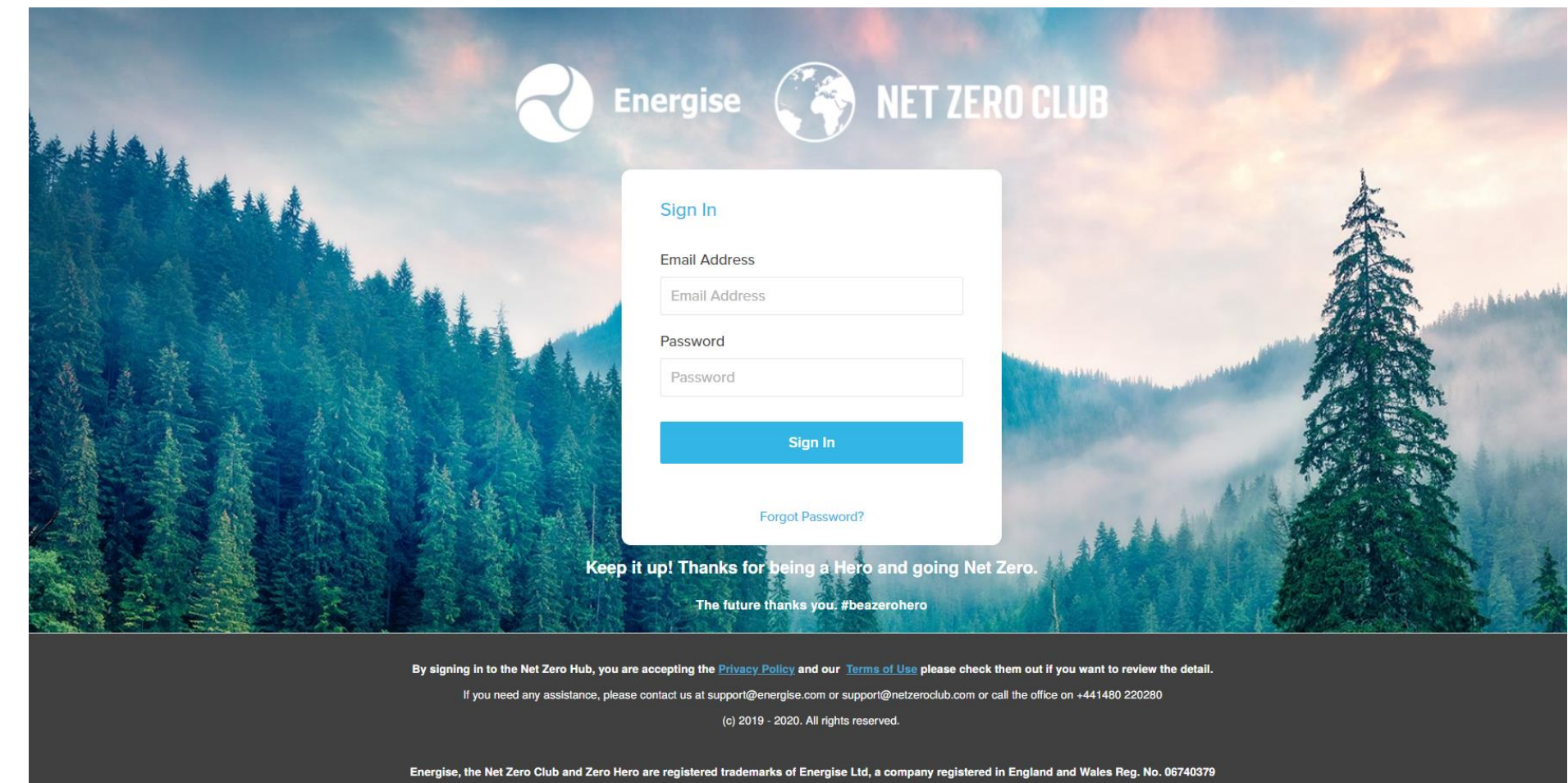
- TEMPLATE Context Analysis
- CHECKLISTS Emission Reductions
- MODELS Forecasting
- TEMPLATE Action Plans

Sustainability Framework **Net Zero Framework**

ENERGISE

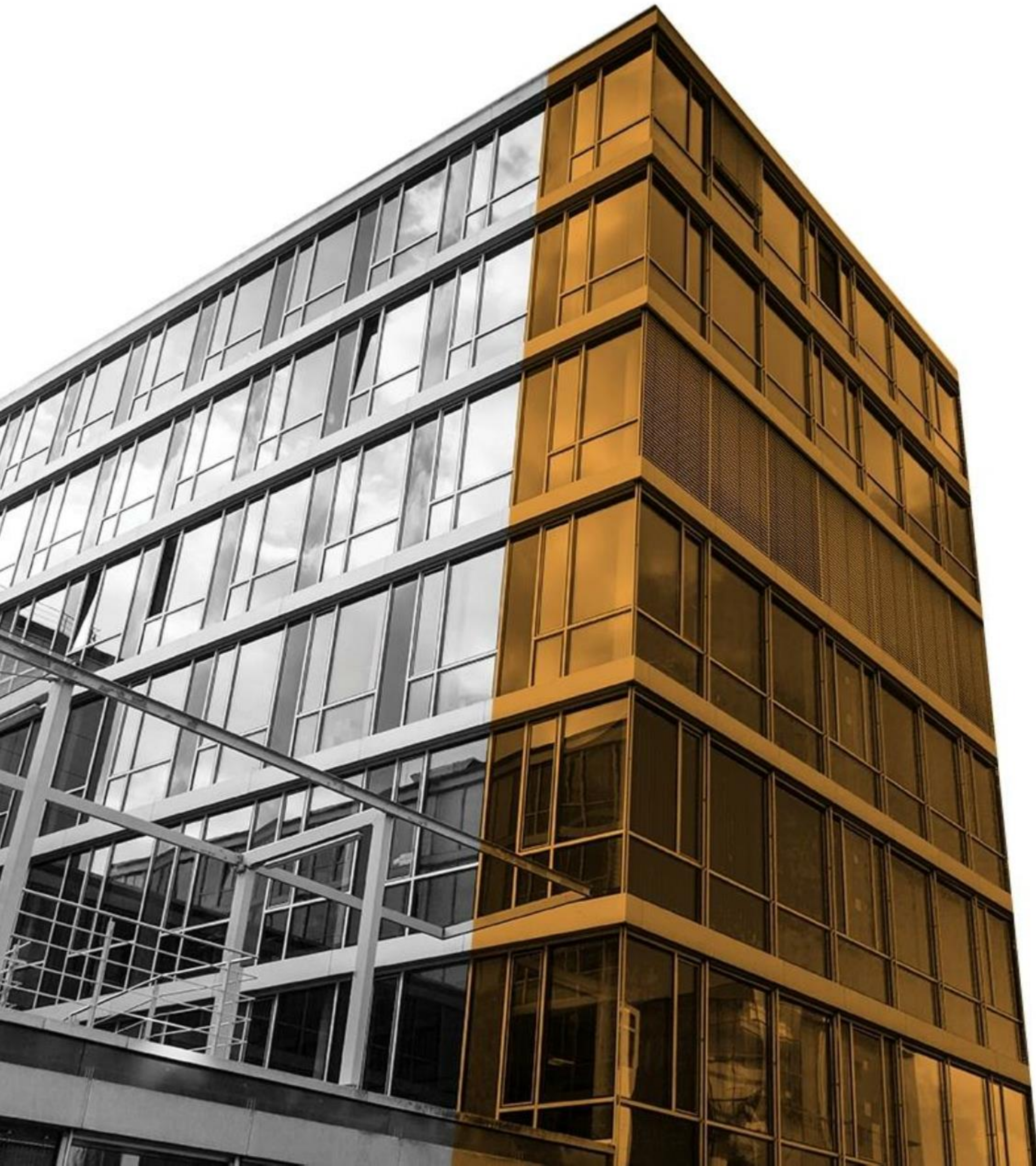
SUSTAINABILITY TOOLKIT

- Toolkit is available from our Net Zero Hub (www.netzerohub.com)
- You can request an account from support@netzerohub.com or by completing the registration form at: <https://survey.zohopublic.eu/zs/YEB8VT>
- One account per organisation
- Other features on the same account (Empower Level):
 - Sustainability Toolkit
 - Sector Guides
 - Access to “Trusted” – our solutions library
 - Ask an Expert
 - Knowledgebase
 - The Energise Index
 - Reduce & Renew module
 - Forum



QUESTIONS?





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