

Energy Policies for Economic Growth

2019 Energy Policy Summit
NCSL Legislative Summit
August 5, 2019



A map of the United States showing the locations of Walmart retail units and distribution centers. The map is overlaid with a semi-transparent blue rectangle containing text and bullet points. The text and bullet points are white and yellow. The map shows major cities and states across the United States, with Walmart locations marked by small red dots. The text is centered on the map.

Walmart in the United States

- 5,362 Retail Units

- 176 Distribution Centers and Other Transportation and Logistics Facilities

- Over 1.5 Million Associates

Walmart's 2025 Energy Commitments

- In 2005 we set an aspirational goal to be powered 100% by renewable energy
- On November 4, 2016 we announced new sustainability goals for 2025 that build on our existing energy goals
 - Be supplied by 50% renewable energy
 - Use a combination of energy efficiency and renewable energy to reduce emissions in our operations by 18 percent
 - Target is science-based, which is the level of decarbonization needed to keep global temperature increase below 2°C compared to pre-industrial temperatures

BUILDING ON OUR SUSTAINABILITY GOALS



**BE SUPPLIED BY
50% RENEWABLE ENERGY**

As of 2015, 25% of our operations were powered by renewable energy

Walmart 

BUILDING ON OUR SUSTAINABILITY GOALS



REDUCE GREENHOUSE GASES BY

18%

We are the first retailer to set science-based targets for emissions reductions

Walmart 

Project Gigaton™

Six Pillars of the Program



Energy

Renewable Energy
Energy Efficiency
Fleet Efficiency



Agriculture

Fertilizer
Optimization
Animal Agriculture



Waste

Food and Solid
Waste Reduction



Packaging

Using Recycled
Content
Recycling



Deforestation

Avoid Deforestation



Product Use

More energy
efficient products

Learn more and commit at
walmartsustainabilityhub.com



Service to Our Customers and Communities



Technology is driving change in our core business and will change how we use energy



Mission: Use less, pay less, and serve it sustainably





Reduce Cost and Usage

Identify and scale innovation to tackle our biggest energy demands: Lighting, HVAC, Refrigeration. Identify savings opportunities. Enable optimal facilities maintenance practices.

Secure Resource Supply

Prioritize, pursue, and secure on-site and off-site renewable energy supplies and storage solutions

Service to Our Customers

Ensure business continuity, enable emerging customer and internal business technologies

Three Channels to Secure Resource Supply

Off-Site

- In deregulated retail markets, structure for renewable energy to replace other energy, both physically and on the bill
- Texas Retail Energy, a wholly owned subsidiary of Walmart
- Virtual Power Purchase Agreements

On-Site

- Replaces grid energy with energy from on-site resource
- Reduce operating costs for the site
- Net metering compensation is not a driver

Utility Partner

- Work with utilities to develop workable and economic structures within the confines of regulatory compact
- Some potential models
 - Green tariff or sleeved resource
 - Shared resource (community or large scale)
 - On-site partnerships

Sounds Great! So it all comes down to price right? No...

Off-Site

- Limited number of deregulated retail markets
- Participation caps
- Pressure within some of the markets to erode customer ability to shop for generation service

On-Site

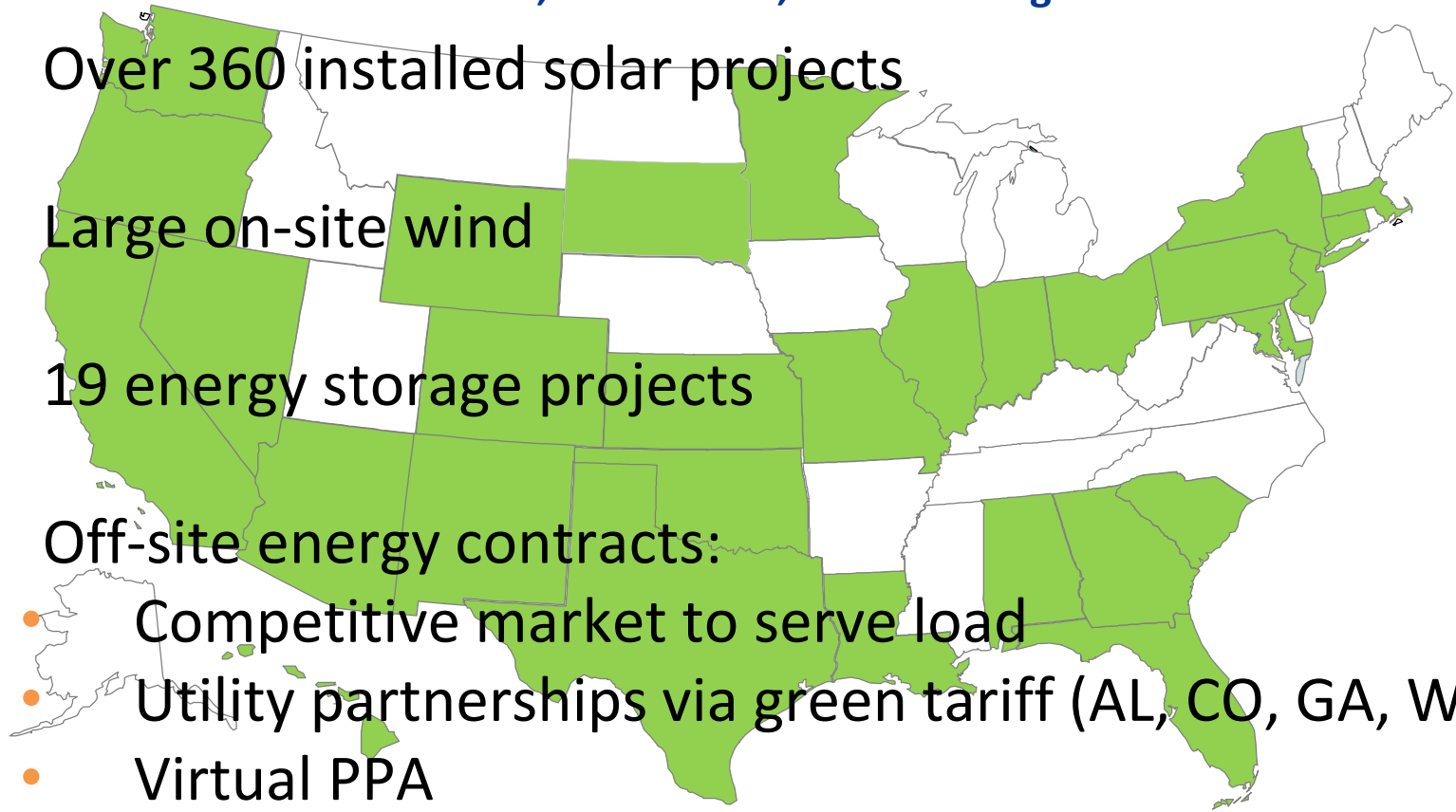
- Not all states allow third party financing of on-site generation systems (power purchase agreements/lease with production guarantee)
- System size restrictions
- Standby rates

Utility Partner

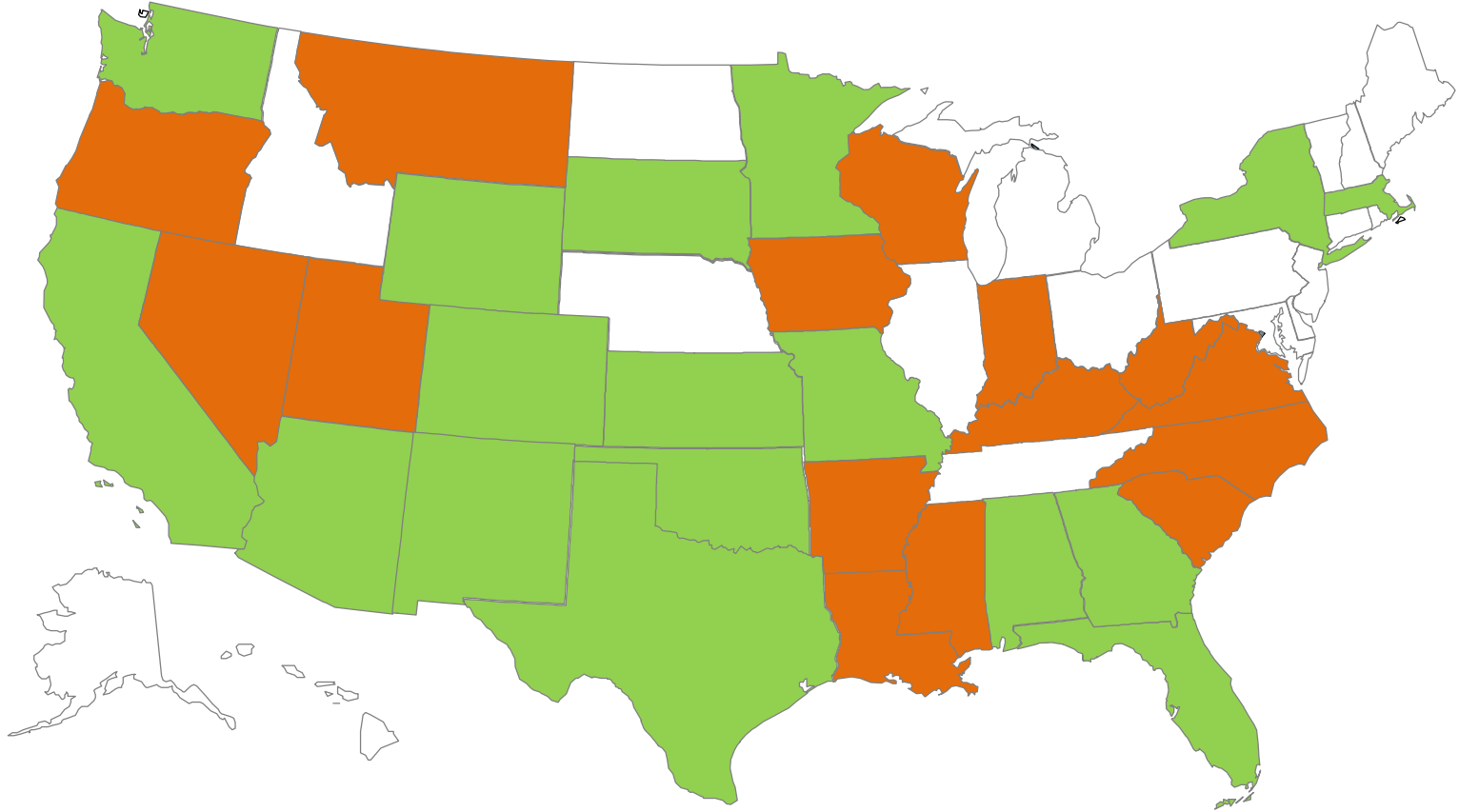
- A willing buyer needs a willing seller
- Approval process and ratemaking concerns
- Full requirements contracts
- Speed to market
- Impacts on non-participants
- Administration and marketing costs
- New vs. existing customers

Walmart Renewable Energy in the U.S. (operating or agreements in place): 29 States, Puerto Rico, and Counting

- Over 360 installed solar projects
- Large on-site wind
- 19 energy storage projects
- Off-site energy contracts:
 - Competitive market to serve load
 - Utility partnerships via green tariff (AL, CO, GA, WA)
 - Virtual PPA



Where We Have Engaged with Utilities & Participated in Utility Programs



(Utility Discussions or Collaboration/Regulatory/Legislation)



How can energy policy drive economic development?



- **Enable Options:** Access to supply choices in both regulated and deregulated markets and project financing (PPA/lease/own)
- **Be Customer Focused:** Easy access to data, enable resiliency, common sense energy efficiency specs, and cost-based, rational and understandable rates
- **Be Cost Focused**
- **Be Risk Focused:** Utility shareholders are compensated for utility business risks and customers are not – don't offload utility risk on to customers (formula rates, CWIP, riders, etc.)