Energy Policies for Economic Growth

2019 Energy Policy Summit
NCSL Legislative Summit
August 5, 2019
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
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](http://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.)