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## *3rd Annual Forum Northeast Corporations for Climate Action*



Leaders from across the Northeast gathered in Portsmouth, NH, on October 27th to talk about opportunities for cost savings and competitive advantage presented by the need to act on global warming. More than 30 companies from throughout the region were represented at the forum, as were communities, higher education, and government agencies.



### **Positioning Ahead of the Climate Change Curve?**

**Chris James, Connecticut's Director of Air Planning and Standards**, led off the day's discussions by outlining the current landscape of greenhouse gas regulation and policy, making the case that climate action is associated with increasing opportunity and climate inaction with increasing risk.

As evidence, James pointed to the recent adoption of several state Climate Action Plans and to:

- accompanying mechanisms such as renewable portfolio standards;
- the actions of state treasurers such as Connecticut's Denise Nappier in leveraging the \$1 trillion in combined assets they control to bring climate change shareholder resolutions and thus shape behavior; and
- the development of the Regional Greenhouse Gas Initiative - a registry being developed for use in the Northeast for tracking the mandatory reporting of greenhouse gas emissions.

***The half-day forum was packed with informative presentations, Q & A sessions, and lots of high-energy networking - as well as an opportunity to learn more about the upcoming [Global Warming Solutions 2005](#), CA-CP's June climate conference in New York City, where implications for the financial, corporate and investment sectors will be examined in-depth.***



Building off of the policy framework laid out by James, and pointing to imminent ratification of the international Kyoto Protocol and the extensive intellectual and legal capital being expended in Europe on creating international market-based carbon reduction infrastructure,

**Ken Colburn, executive director of the Northeast States for Coordinated Air Use Management (NESCAUM)** followed up with this message to public and private entities: Corporations that don't want to be *behind* the curve had better "get in the game - now."

Colburn cited examples of major international corporations (Dupont, Dow, BP) who, recognizing the financial implications of energy and climate issues, have saved themselves millions through efficiency projects while simultaneously reducing their carbon footprints. Colburn also pointed out that carbon trading markets and mechanisms (most notably the EU's), though still not fully implemented, are an inevitable addition to the global financial structure. As a result, he noted, corporations that familiarize themselves with the complexities of carbon markets and trading, including "vocabulary" like CDM's (clean development mechanisms), allocations, and global warming potential, are in a better position to harvest "low-hanging fruit" in external carbon reduction opportunities.

Colburn stated strongly that there will be increasingly negative consequences for businesses - and other entities - that remain "standing on the sidelines" of climate action; he also cautioned against leaving states to address climate issues piecemeal and "on the cheap," calling instead for coordinated efforts and serious investment.

***NESCAUM's Ken Colburn warns, "It's getting late" to be acting on the climate issue, given the benefits of action versus risks of continued inaction.***



Shifting from a big-picture to the corporate inside view, **Chris Powell of United Technologies Corporation (UTC)** took the podium to relate how reducing corporate emissions is in line with the multi-national billion-dollar company's philosophy of "adding business value while minimizing risk." Powell said that UTC spends hundreds of millions of dollars on energy every year, with half of that cost borne in the Northeast. UTC began inventorying and decided to act to reduce its greenhouse gas footprint in 1997, wanting to minimize its risk exposure in the face of likely future carbon constraints and rising energy prices. Having completed their inventory, the company came up with a list of potential projects and chose to implement some and reject others based on investment costs and paybacks (ROI) and a goal of 25% GHG emissions reduction. Now, seven years later, UTC has surpassed that goal and is on track to meet or surpass emissions reductions of 40% (normalized for revenue) with completion of current projects - all focused on efficiency and renewable energy.

For UTC, these reductions have proved financially as well as environmentally beneficial; Powell noted, "If we had priced projects in 1997 with a barrel of oil at \$55, we'd have done all of them," instead of rejecting some opportunities because of longer estimated payback times. He said the company looks at managing its climate risk from three angles: opportunities to reduce emissions from its operations, suppliers and products. Powell also said that making good business decisions depends upon "certainty," knowing what to expect - and that this need for certainty applies to the question of when carbon caps will be a feature of the policy landscape, and what trading schemes will result.



***The Department of Energy's Mike Scarpino delivers a reality check: 'We can't wait for the "hydrogen economy," still years off, to address fossil fuel dependence or achieve energy security.***

#### **The Business Case for Biodiesel**

It's impossible, according to the **U. S. Department of Energy's Mike Scarpino**, to consider climate change risks and solutions without talking about transportation. Scarpino, manager of the [Clean Cities Program](#), noted in his presentation at the forum that the transport sector accounts for the "lion's share" of GHG regulation, and sobered the audience by sharing that falling U.S. petroleum production (and production capacity) coupled with rising U.S. petroleum demand adds up to \$3 billion per week paid by the US for foreign oil. Scarpino noted that this is money that could be creating more jobs and more livable communities at home, and said that, of the three ways to address petroleum consumption from transportation - reducing vehicle miles traveled, increasing fuel efficiency, or increasing the use of alternative fuels - the latter option is perhaps the simplest in terms of skirting initial institutional obstacles. This is especially true of biodiesel, by far the fastest growing of alternative fuel options.

Providing one corporation's biodiesel experience, **Anne Butter of L.L. Bean** recounted how the company became interested in alternative fuels after donating to Acadia National Park's Island Explorer propane-powered bus fleet. The positive feedback and outcomes of the propane bus project got the company's president thinking about opportunities presented by alternative fuel vehicles; he thus created a task force - of which Butter was a member - to research the subject and make recommendations.

In 2003, the company installed an 800-gallon tank of B20 (a mix of 20 percent biodiesel and 80 percent traditional diesel) on-site and did a test project, running a third of their fleet (two tractors and a box delivery truck) on the fuel. The test was completely successful, and as a result L.L. Bean purchased six diesel buses with which to transport customers participating in its Outdoor Discovery Programs, running them on biodiesel; since then, Butter says, the company has used 20,000 gallons of biodiesel and "never had any reported problems, even in very cold weather."

The fuel keeps the engines in their diesel buses running more smoothly and is remarked upon as cleaner burning and more pleasant to work with by employees. The only downside, Butter noted, is the cost premium, which L.L Bean hopes to see decrease as more tax and other incentives are created and as more corporations learn about its benefits, increasing demand and lowering the price.

**Gene Gebolys, president of biodiesel distributor [World Energy](#)**, shares Butter's optimism for future of the biodiesel industry. World Energy supplies half of all biodiesel in the United States; they have seen the business grow from a dismissed and denigrated "fringe" option to the alternative fuel of choice.

Gebolys explained to forum attendees that while we're used to rapid, "revolutionary" changes in communication technologies and thus hoping for the same type of energy revolution with hydrogen, energy is the most capital-intensive component of the world economy and the vast majority of that energy capital is invested in fossil fuels – therefore, changes in energy technology will happen in a much slower, more "evolutionary" fashion. It is practical to acknowledge this with "hybrid fuel systems" like biodiesel, Gebolys said, in the same way that we do with the increasing use of hybrid drive systems. Biodiesel works with existing technology to achieve tangible, immediate benefits and yet, because it requires no heavy capital investment, is flexible enough to require no exit strategy.

When asked about the obstacles to integrating biodiesel into the mainstream and combating lingering skepticism, ignorance or misinformation, especially on the part of vehicle dealers, Gebolys noted that, contrary to occasional rumor, biodiesel poses no risks to engines and does not void manufacturers' warranties. He referred his audience to the [national biodiesel board](#) and the [National Renewable Energy Laboratory](#) for more information.

### **The Bottom Line**

Wrapping up the day's formal presentations, **Harbec Plastics President Bob Bechtold** brought together the discussion of big-picture drivers, benefits and impediments to climate action with the perspective of technical and day-to-day business imperatives. Bechtold, who is a member of CA-CP's Board of Directors, told the story of how, motivated equally from an internal environmental commitment, a desire to keep his company viable, and an engineer's love of problem solving, Bechtold guided his upstate New York plastics injection-molding operation toward securing a reliable energy supply, lower operating expenses, creation of a more pleasant working environment *and* cuts in its carbon dioxide emissions equivalent to the burning of nine fewer barrels of oil daily.

Referring his audience to CA-CP's [newly-released case study](#) on Harbec Plastics for project details, Bechtold noted and outlined briefly how he achieved all of these benefits through a combination of equipment upgrades, sustainable building choices, energy efficiency retrofits, and exploration of distributed generation and renewable (wind) energy investments. Bechtold said that while in early stages his efforts were considered risky or unorthodox business strategies, he is pleased to be increasingly able to share his story with colleagues, "and tell them, I'm eating their lunch."



***L.L. Bean's  
Anne Butter  
talks biodiesel.***



***Bob Bechtold's presentation recounting Harbec Plastics' GHG reductions epitomized the underlying principle of CA-CP's 3rd Annual Northeast Corporations for Climate Action Forum: Attention to energy choices and related climate impacts creates healthier bottom lines, job growth, enhanced competitiveness, reduced risks, and the prestige of leadership for corporations.***