



## Corporate America Boosts Commitment to Renewable Energy

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Written by John Egan for Industrial Info Resources (Sugar Land, Texas)--Corporate America is expanding its commitment to renewable energy, spurring construction of new utility-scale generation projects as well as smaller units of onsite renewable generation. Companies as diverse as Amazon.com Incorporated (NASDAQ:AMZN) (Seattle, Washington), Dell Incorporated (Round Rock, Texas), Alphabet Incorporated (NASDAQ:GOOG) (Mountain View, California), Procter & Gamble (NYSE:PG) (Cincinnati, Ohio) and Wal-Mart Stores Incorporated (NYSE:WMT) (Bentonville, Arkansas) are contracting with developers to build dedicated renewable generation facilities, signing contracts with utilities to purchase more renewable electricity or building new distributed generation facilities on their property.

The increased use of renewable energy by corporate America likely will spur increased demand for providers of equipment and services tied to renewable generation. In addition to increased business for manufacturers of wind turbines and solar panels, the greater embrace of green energy by corporate America also could spur construction of new gas-fired generation as well as electric storage projects.

“The U.S. power market continues to evolve in interesting ways,” said Britt Burt, Industrial Info's vice president of research for the global Power Industry. “Many of these consumer-oriented companies that plan to increase their use of renewable energy are doing so in response to expectations by consumers, and increasingly investors, that companies find ways to reduce their carbon dioxide (CO<sub>2</sub>) footprint and minimize pollution and waste.”

In late 2015, Amazon Web Services Incorporated (AWS), a unit of Amazon.com, signed a power purchase agreement with EDP Renewables North America (Houston, Texas) for 100 megawatts (MW) of wind power that will come from a windfarm scheduled to be built in Paulding County, Ohio. That project will power three data centers AWS plans to build near Cincinnati. This is the fourth renewable

generation project the company is undertaking. Last year, it announced commitments with developers to build a 150-MW windfarm in Benton County, Indiana; a 208-MW windfarm in North Carolina; and a solar generation facility in Virginia. AWS has not scheduled the construction kickoff date for the Paulding County, Ohio, windfarm, but it expects it to be operating by May 2017. The firm has a long-term goal of using only renewable energy to power its infrastructure around the world.

Earlier this month, Google announced it had signed contracts to buy 401 MW of renewable energy from two windfarms that are scheduled to be built in Oklahoma. The Internet search giant will purchase 200 MW from the \$350 million Bluestem wind farm, which Renewable Energy Systems Americas Incorporated (RES Americas) (Broomfield, Colorado) is building in Beaver County, Oklahoma, and has signed a power purchase agreement for 201 MW from the Great Western Windfarm, which EDF Renewable Energy (San Diego, California) plans to build in Oklahoma's Woodward and Ellis counties. The Bluestem project, which will use 60 Vestas V117 3.3-MW turbines, is scheduled to be operating by yearend 2016. The Great Western Windfarm, with total investment value (TIV) of about \$400 million, is scheduled to begin construction in late 2016 and be operating by yearend 2017. That project will use 51 Vestas V100 2.2MW turbines and 30 Vestas V117 3.3MW turbines.

EDF Renewable Energy also signed a deal in late 2015 with Procter & Gamble where the developer will supply the consumer goods company with 96 MW of windpower from its 123-MW Tyler Bluff Wind Project, which will be built in Cooke County, Texas. The renewable energy will power factories where P&G makes fabric and home care products like Tide, Downy, Gain, Mr. Clean and Dawn. The project is scheduled to be operating by yearend 2016.

Wal-Mart vowed to double the number of on-site solar energy projects at its U.S. stores, Sam's Clubs and distribution centers by 2020 compared to its 2013 baseline.

Apple Incorporated (NASDAQ:AAPL) (Cupertino, California), which already runs its U.S. operations on 100% renewable energy, will bring an estimated 280 MW of clean power generation online by yearend 2016 by investing in projects in California, Arizona, Nevada, North Carolina and Oregon.

Other well-known household brands that pledged to increase their use of renewable energy include: Facebook Incorporated (NASDAQ:FB) (Menlo Park, California), General Motors Company (NYSE:GM) (Detroit, Michigan), The Hewlett-Packard Company (HP) (NYSE:HPQ) (Palo Alto, California), International Business Machines Corporation (IBM) (NYSE:IBM) (Armonk, New York); and Levi Strauss & Company (San Francisco, California). Many of these commitments were made in the run-up to the U.N. Summit on Climate Change in Paris in late 2015, where over 200 countries adopted goals to reduce carbon dioxide (CO<sub>2</sub>) emissions.

Financial services companies also have expanded their commitment to financing and investing in renewable energy. Bank of America Corporation (NYSE:BAC) (Charlotte, North Carolina), pledged to expand its global environmental business initiative to \$125 billion by 2025. The activities covered under this initiative include lending, investing, capital raising, advisory services and developing financing solutions for clients around the world. The bank already has provided over \$39 billion in financing for low-carbon activities since 2007. Another big bank, The Goldman Sachs Group (NYSE:GS) (New York, New York), recently dramatically expanded its global clean energy financing and investment activities by \$110 billion by 2025. For more on that, see November 23, 2015, article--Goldman Sachs Boosts Clean Energy Commitment by \$110 Billion.

Not surprisingly, a variety of electric utilities and power developers also are expanding their commitment to renewable energy. Some of these firms include Berkshire Hathaway Energy, a unit of Berkshire Hathaway Corporation (NYSE:BRKA) (Omaha, Nebraska); Pacific Gas & Electric Company (San Francisco, California), a unit of PG&E Corporation (NYSE:PCG) (San Francisco); Portland General Electric Company (NYSE:POR) (Portland, Oregon); Iberdrola USA (New Gloucester, Maine), a subsidiary of Iberdrola SA (Bilbao, Spain), which owns electric utilities in New York and Maine; and developer Invenergy LLC (Chicago, Illinois).

Most of these developers, utilities and non-energy companies expanded their commitment to renewable energy before the recent extension of the federal Production Tax Credit (PTC) and Investment Tax Credit (ITC). The five-year extension of both tax credits, through yearend 2020, will lower the cost of renewable energy those firms build or buy.

Companies' increased use of renewable energy also could spur construction of some additional gas-fired generation to back up the renewable energy. As well, electricity storage projects, which are being more closely investigated by utilities and

regulators, could grow significantly because of the planned expansion of renewable energy generation in the U.S.

“The extension of federal tax credits, coupled with ongoing improvements in the design and operation of renewable generation, will continue to improve renewable energy's cost-competitiveness,” noted Burt. “The Obama administration's Clean Power Plan, coupled with state actions to increase the Renewable Portfolio Standard (RPS), likely will keep project developers, suppliers of equipment and services, utilities, banks and consumer-product companies that expanded their commitment to renewable energy, busy for some time to come.”

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