



Why using renewable energy has become a *strategic business imperative*

Companies often underestimate the complexities and variables involved in transitioning to renewable energy

The transition to a 100 percent renewable energy model by 2030 for internal company operations and by 2040 for franchise and third-party processes are ambitious goals – and a strategic imperative for forward-thinking businesses. This shift absolutely delivers environmental benefits but it also creates a competitive advantage, bolsters resilience, and drives long-term profitability.

Many companies fail to recognize the cost-saving opportunities that come with sourcing renewable energy. The specifics will vary by region but, overall, the costs for renewable energy are declining. Moreover, in some markets, investing in greener options can help companies lock in more stable energy agreements and mitigate exposure to the volatility of electricity prices. Companies interested in self-generation can also take advantage of government subsidies, tax credits, and other incentives, reducing initial investments and shortening payback periods.

There are also benefits that are less quantifiable. Early adopters can gain a competitive edge by getting ahead of regulatory changes and customer preferences, setting industry standards, and influencing market trends. Progressive energy policies can also foster community goodwill and create local jobs.

A number of variables must be considered and optimized to fully capitalize on the cost-saving

opportunities from sourcing renewable energy. These include fluctuating energy demand and supply dynamics, price volatility of traditional and renewable energy sources, and the availability of hedging instruments to manage cost uncertainties. Additionally, regulatory environments and technological advancements play crucial roles in shaping these opportunities.

Let's unpack some of these complexities

Companies transitioning to renewable energy will encounter a number of options and products, and their selection criteria needs to be influenced by operational costs, environmental quality, organizational characteristics, regional specificities, and product features. Hence, there is no clear-cut answer regarding which product or sourcing mechanism is best for a specific type of facility in a given region at any particular time. Therefore, this requires a systematic and data-driven approach to determine the optimal mix of options.

Key considerations for a strategic renewable energy transition

Organizational DNA: Every company is unique. Industry, size, locations, and operational footprint determine energy needs and the ideal renewable energy mix. Understanding your organizational

100%
renewable model
by 2030

DNA is the first step to tailoring a strategy that aligns with your specific goals.

Regional landscape: The availability, maturity, and regulatory environment for renewable energy and electricity markets vary significantly across regions. Navigating these complexities requires a nuanced understanding of the local landscape to identify the most viable and cost-effective solutions.

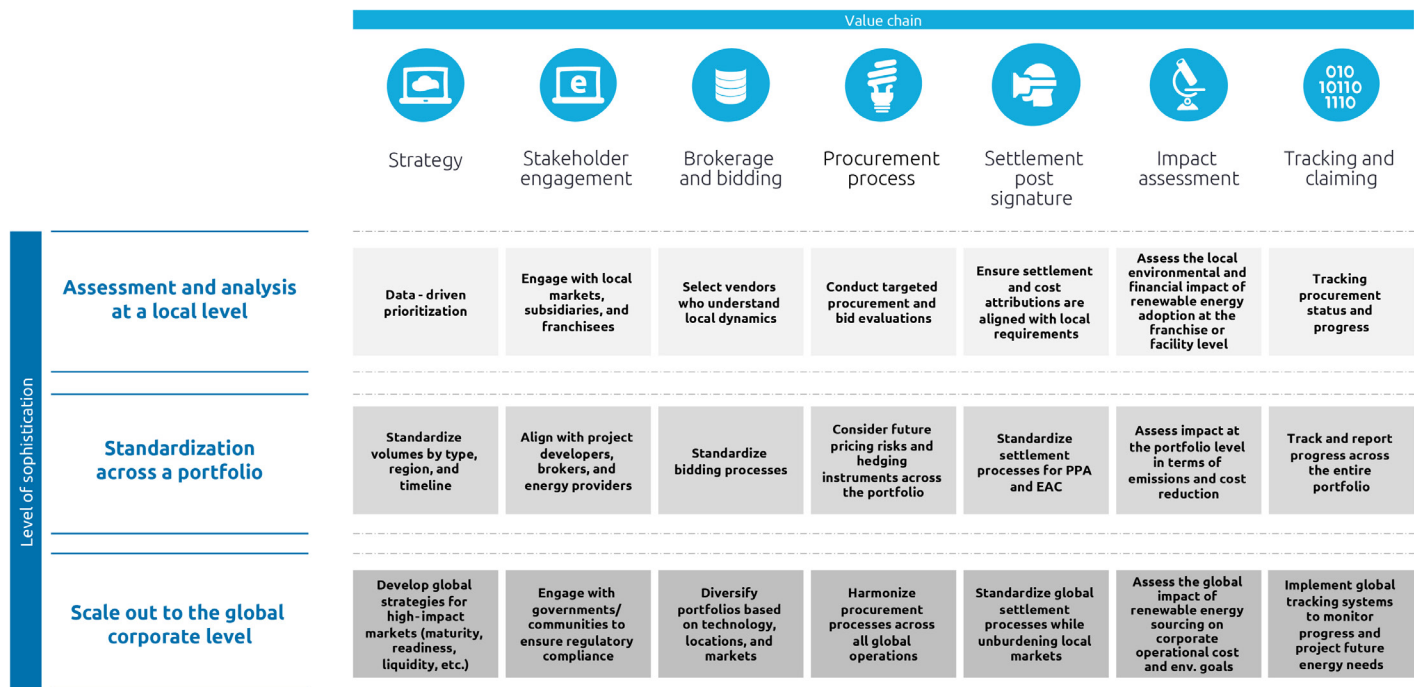
The product spectrum: Renewable energy sourcing options are not a “one-size-fits-all” proposition. Corporate/Virtual Power Purchase Agreements (PPAs) and Energy Attribute Certificates (EACs) from a range of technologies – such as solar, wind, geothermal, and biomass – have distinct advantages and considerations. Understanding the characteristics of each option empowers you to choose the best fit for your needs and risk tolerance.



The following table outlines key variables that must be carefully analyzed and strategically integrated to capitalize on the cost-saving and competitive advantages of renewable energy sourcing. It considers three levels of

sophistication: local, portfolio, and global corporate. Whether you are sourcing energy for a single facility, managing a portfolio of sites, or scaling operations across a global enterprise, these factors are crucial for optimizing your approach.

This table also highlights the significance of understanding and adapting to local market conditions, including the involvement of subsidiaries or franchises.



Transitioning to renewable energy for a retail giant

Here is a how a company with thousands of retail stores spread across various regions, facing the challenge of transitioning to 100 percent renewable energy by 2035, approached the journey.

Systematic evaluation of needs:

The company conducted a thorough evaluation of its energy requirements by analyzing internal data, including energy usage

patterns, peak times, and current operating costs. This information was then matched against available renewable energy options to assess both financial viability and environmental impact.

Leveraging scale for negotiation:

With significant energy consumption across its vast network of stores, the company recognized its bargaining power. It used this leverage to negotiate favorable terms in PPAs and EACs. This reduced energy costs

and accelerated the development of new renewable energy projects.

Proactive risk management:

Understanding the risks involved in transitioning to renewable energy – such as technological uncertainties, price fluctuations, and regulatory shifts – the company developed a proactive risk management strategy. This approach navigated potential pitfalls and ensured a smoother, more successful transition to a sustainable energy model.

This transition to renewable energy came with a number of challenges and opportunities

Scaling and standardization: One of the biggest hurdles was scaling the renewable energy strategy across all regions. The company developed scalable strategies and standardized contracts to simplify the expansion, reducing complexity and ensuring consistency across its operations.

Competition and regulation: As demand for renewable energy projects soared, the company had to contend with competitive pressures and a rapidly changing regulatory environment, including new incentives like the IRA tax credits. However, by staying agile and informed, these potential obstacles were turned into opportunities, capitalizing on the evolving landscape to enhance the energy strategy.

Diversification for resilience: To mitigate risks and increase resilience, the company diversified its renewable energy portfolio.

By investing in a mix of projects, technologies, and geographies, it reduced dependence on any single source. This diversification also enabled it to better adapt to regulatory changes and emerging requirements.

Empower the transition with us

We simplify this journey and meet our clients where they are in their energy transition. Leveraging our global presence, data-driven approaches, and technology expertise, we offer end-to-end services across key areas.

Drive sustainability strategy and governance: We help define a clear vision, set ambitious goals, and establish governance structures. Our [Business for Planet Modeling](#) tool provides data-driven insights and future-proof strategies.

Re-engineer for sustainability: We help optimize processes, reduce waste, and minimize carbon footprints. Solutions like the [Energy Command Center](#) and [Green Core with SAP](#) leverage

data and technology for efficiency and transparency.

Migrate to sustainable technology: Our [Sustainable IT](#) approach optimizes energy use and reduces the carbon footprint of your technology operations.

Maximize ESG management and reporting: We understand the importance of transparency in ESG reporting. We can help navigate its complexities, ensure transparency, and build stakeholder trust. Our [Carbon Reporting and Management](#) and [ESG Lens](#) solutions leverage data to drive informed decision-making.

Capgemini shares your commitment to a sustainable future. We aim to achieve carbon neutrality by 2025 and net zero by 2030, and we are committed to helping our clients reduce their emissions and save 10 million tons of carbon dioxide (CO₂) over the next six years. The time to act is now – for your business and our planet.

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