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Majority of Large U.S. Manufacturers Make Commitments to Save Energy and Reduce Emissions

Barriers to Greater Participation in Energy Efficiency Efforts Remain

WASHINGTON, D.C. (June 26, 2018)—Forty-three percent of the largest manufacturers in the United States have established robust public targets to reduce their energy use while seventy-nine percent have set ambitious public goals to reduce their greenhouse gas emissions. There is a strong overlap of companies pursuing both strategies. Plus, more companies are setting energy efficiency targets than renewable energy goals. These are some of the key findings in *“Committed to Savings: Major U.S. Manufacturers Set Public Goals for Energy Efficiency,”* an analysis released today by the Alliance for Industrial Efficiency (“The Alliance”).

The Alliance’s examination of 160 of the nation’s largest companies with a combined 2,100 manufacturing facilities in the United States, includes a wide range of industries from aerospace and defense to food, beverages, and tobacco as well as those in healthcare, household products, apparel, chemicals, technology and automotive sectors.

“We discovered that instituting energy efficiency targets helps manufacturers save money, improve performance and increase competitiveness,” said Jennifer Kefer, Executive Director of the Alliance. “Setting public targets also signals to shareholders and funders that companies are good actors and worthy investments.”

“By adopting goals to increase energy efficiency and making those goals public, companies demonstrate a commitment to controlling costs and reducing climate risk. These goals and commitments are of increasing interest to investors,” said Kristina Friedman, Vice President at Calvert Research and Management.

The companies that are pursuing these public energy efficiency targets are located nationwide, but the heaviest concentrations are in Texas and California, followed by Ohio, Illinois, North Carolina, Georgia, Michigan, Indiana, Pennsylvania, and Virginia—states with large industrial sectors in the Midwest, Northeast and Southeast.

Cummins, Inc., a major U.S. manufacturer of heavy-duty engines, components and power generators, headquartered in Columbus, Indiana, is one of these companies. “Setting our first public greenhouse gas and energy reduction goal in 2006 inspired our whole environmental sustainability program,” said Laurie Counsel, Global Environmental Relations Director at Cummins. “We set a goal, achieved it, were proud of it, and were recognized for it. It added to our brand value and sense of accomplishment.”

Counsel estimates that since 2006 Cummins has saved \$40 to \$50 million annually through its energy efficiency efforts.



Minnesota's **Cargill, Inc.**, a global provider of food and agricultural products, has embraced energy saving targets for 20 years. "The benefits of setting public targets are numerous. They help align and motivate the entire organization, provide focus and drive innovation," said Peter Dahm, Cargill's Sustainability Director, Operations and Natural Resources. "We also set public targets because our senior leadership saw the value in sustainability. They said, 'Cargill wants to be a leader in sustainability, and this is one action leading sustainability companies take.'"

ArcelorMittal, the world's largest steel producer with its U.S. headquarters in East Chicago, is saving more than \$257 million annually by using energy-saving technologies, some of which were partially funded through utility incentive programs. "Utility programs and other incentives help make energy efficiency projects possible. They reduce the upfront costs, and help us meet our payback thresholds sooner," said Larry Fabina, ArcelorMittal's Manager of Continuous Improvement.

According to a 2015 Department of Energy report to Congress, among the barriers to industrial end-use energy efficiency are provisions that weaken utility industrial efficiency programs by creating special exemptions for large energy users ("opt-outs"). Utilities also create obstacles by imposing prohibitive standby rates on companies that use combined heat and power (CHP) and waste heat to power systems (WHP). Ultimately, companies that do not set energy efficiency targets because of these barriers lose out on big savings and risk falling behind the competition.

Instead, the Alliance's analysis suggests states and utilities need to be part of the solution to help manufacturers become more efficient. Recommendations for supporting good programs and policies and removing barriers to energy efficiency include: helping manufacturers meet their ambitious climate and energy targets by supporting state energy efficiency resource standards, financial incentives for energy efficiency, and decoupling policy; removing barriers to industrial energy efficiency such as industrial opt-outs and burdensome standby rates; and fostering dialogues between utilities and large customers to ensure that industrial energy efficiency programs meet participants' needs.

"State governments should help manufacturers become more energy efficient," says the Alliance's Kefer. "When companies reduce their energy use, it makes them more competitive, creates job opportunities, and lowers utility bills for all consumers."

"If Cummins can do it, other companies can too. You don't have to be a company full of energy experts. You just have to be willing to learn," encourages Laurie Counsel.

The full report and company case studies are available at: <http://bit.ly/AllianceEEreport>

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The Alliance for Industrial Efficiency is a diverse coalition that includes representatives from the business, labor, contractor and academic communities. We are committed to enhancing manufacturing competitiveness and saving energy and money through industrial energy efficiency, particularly in the form of clean and efficient CHP and WHP.