



RENEWABLE ENERGY SOURCING IN HOSPITALITY

Accenture Point of View

August 2022

Accenture Strategy & Consulting

Introduction – The Sustainability Imperative

It is widely acknowledged that this decade needs to be one of climate action. Without taking bold steps now, the hospitality industry will not be able to achieve its net zero carbon target set for 2050 and avert climate catastrophe. Taken together, procurement of renewable electricity and energy consumption reduction are seen as the key levers to achieve these targets. These targets can be challenging to achieve when leased facilities are franchised, operate independently, and are dispersed geographically.

Legislation is driving us slowly to net zero by 2050, but the complexities of stakeholder relationships in the ownership and operation of hotels creates potential friction to decarbonization. For hotel operators, increased awareness of environmental issues is changing corporate and leisure customers' expectations and catalyzing their response to the climate emergency. As well as being an increasing part of their brands, decarbonization also creates financial benefits for operators via the reduced operational costs stemming from energy efficiency.

Many of our clients look to us to understand where renewable procurement via on-site or off-site solutions could add value and support green transition goals. We evaluate options on how renewable energy contracts could be structured and executed from differing operating model perspectives. Accenture has extensive experience supporting hotels and hotel operators through change management whilst achieving a high stakeholder engagement success rate.

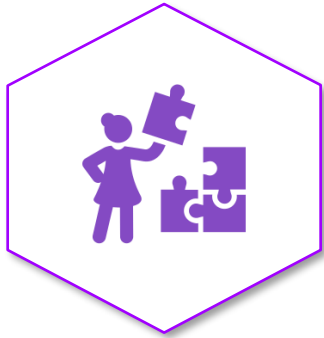
Our decisions of today define our world of tomorrow. By increasing ambitions and actions, we have the ability to protect the world's most vulnerable tourism destinations and communities. It is time for all travel & tourism stakeholders to increase ambitions and play their part in preserving our sector's most important assets - our people and planet.



Source: World Travel & Tourism Council (2021). *A Net Zero Roadmap for Travel & Tourism. Proposing a new target Framework for the Travel & Tourism Sector*. London. Available at <https://www.accenture.com/us-en/case-studiesnew/travel/net-zero-roadmap>

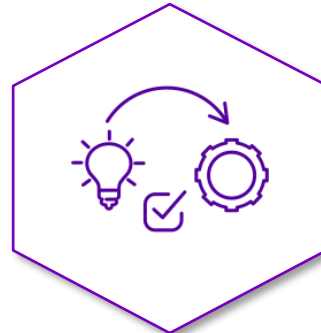
We support clients in **End-to-End Renewable Energy Services** from strategy to implementation and monitoring

END-TO-END RENEWABLE ENERGY SERVICES



RENEWABLE ENERGY ROADMAP

- Define **objectives and constraints** as a starting point for the RE procurement options recommendations development.
- Evaluate the **RE options available per location / market**, including an overview of the financial leverages.
- Develop **recommendations for Renewable Energy Roadmap** including risk and financial considerations and success factors.
- Present the results as basis for the **future pathway(s)** to follow.



IMPLEMENTATION SUPPORT

- Undertake a **market scan** and define project / counterparty selection criteria.
- Conduct on-site or off-site RFPs using the **Station A and LevelTen Energy Marketplaces**.
- **Short-list projects** based on selection criteria and due diligence outcome.
- Negotiate and contract physical / virtual **PPAs**.
- **Procure Environmental Attributes** and work with local utilities to sign up for **green tariff programs** (if applicable).



MONITORING AND CONTROL

- Support **market communications**.
- Develop **ways of working, operating procedures** and reporting structures.
- Provide **on-going reporting** on project construction and commissioning.
- Develop **analytics dashboards** to continuously monitor progress of assets or PPA(s) towards the set RE goal and course correct, as necessary.





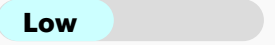
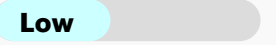


SUPPORT TO ACHIEVE GOAL

- Offer **continuous support** such as near-time **energy monitoring and optimization**, supply-demand opportunities to help you meet your energy and GHG targets in the most effective way.

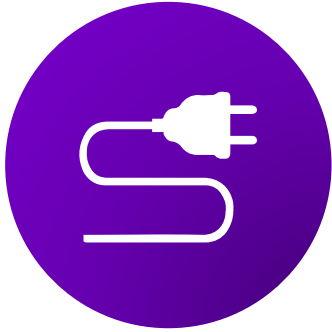
There are different **renewable energy sourcing alternatives** available that vary in creditability and by market

Illustrative

	ONSITE PV	PHYSICAL PPA (DIRECT WIRE)	PHYSICAL PPA (REMOTE)	VIRTUAL PPA	UTILITY GREEN TARIFF	UNBUNDLED RECS
LOCATION	On-site	Near Site	Off-Site	Off-Site	Off-site	Off-site
OWNED BY	Corporate / 3 rd party	3 rd party	3 rd party	3 rd party	Utility	3 rd party
ENERGY SUPPLIED BY	Direct wire to site	Direct wire to site	Public electricity grid	Public electricity grid	Public electricity grid	-
COMMITMENT	Capital Expenditure / Long-term contract	Long-term (power + certificates)	Long-term (power + certificates)	Long-term (price hedge + certificates)	Short-term (power + certificates)	Short-term (certificates only)
PURCHASE MODEL	Engage with RE developer	Engage with RE developer	Engage with RE developer	Engage with RE developer	Engage with local utility/retailer	Engage with REC broker/power exchange
BENEFITS	<ul style="list-style-type: none"> • Additionality • Reduces grid consumption • Can save costs 	<ul style="list-style-type: none"> • Well-regarded by ext. stakeholders (adds new renewable capacity) • Can deliver price advantages (e.g., price hedge) • Upfront savings 			<ul style="list-style-type: none"> • Shorter lead time, easy to implement • Usually, no Capex or obligations 	<ul style="list-style-type: none"> • Simple, shorter lead time, easy to implement
DRAWBACKS	<ul style="list-style-type: none"> • Owner responsible for maintenance • Exposed to regulatory risks 	<ul style="list-style-type: none"> • Long-term contracts (often 10+ years) • Complexity: Longer lead times and higher effort • Complex pricing mechanisms 			<ul style="list-style-type: none"> • No additionality • Low flexibility • May be the only available RE option 	<ul style="list-style-type: none"> • Least impactful in “real-world” CO₂ reduction terms • No cost benefits
CREDIBILITY SCORE*						

* Indicates how credible a sourcing type is on the renewable energy sourcing spectrum

We understand the **unique complexities** of renewable energy procurement in the hospitality sector



Low individual demand for properties

Recommendations:

- Aggregate demand within a region to execute large-scale Virtual Power Purchase Agreements (PPA)
- Aggregate demand for properties under same electricity supply utility for physical PPAs



Managed and leased hotels

Recommendations:

- Evaluate the feasibility of utility green tariff program
- Evaluate MI investment in RE projects for creating Energy Attribute Certificates (EAC), which can be utilized by properties for establishing green credentials



Varied RE options across countries

Recommendations:

- Create regional RE procurement playbooks to show RE options available in the region and provide a step-by-step guide to procure various RE options
- Conduct KX workshop with MI's internal teams and property owners on various aspects of RE procurement

Renewable Energy Sourcing Strategy

PROJECT OVERVIEW

- The client, a global hotel chain, was increasingly focusing on transforming towards a carbon neutral organization.
- Against this background, the client asked Accenture to develop a renewable energy (RE) sourcing strategy and roadmap for Europe, Middle East Africa, and the Asia Pacific regions.
- Accenture leveraged its “Renewable Energies Assessment Framework” to evaluate the expected impact and feasibility of different RE options.
- More specifically, Accenture identified the top countries in a region with cumulative energy demand of at least 70% of the regional usage. These focus countries were then analyzed in detail for various RE options, while the feasibility of only unbundled RECs were explored for remaining countries.

PROJECT OUTCOMES

- ✓ As-Is Assessment (incl. electricity and location profile)
- ✓ List of prioritized opportunities (incl. benefit and cost)
- ✓ Scenario modelling (incl. short-term vs. long-term comparisons)
- ✓ Strategy and roadmap (incl. procurement playbook, governance model and risk mitigation plan)





Thank You