

The Staples logo consists of the word "STAPLES" in white, uppercase, sans-serif font, set against a red rectangular background that is tilted slightly to the right.

**STAPLES**

that was easy.™

# Developing an Integrated Renewable Energy Strategy

## US EPA Climate Leaders Partners Meeting

October 6, 2004

# Staples

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- Invented office superstore concept 1986, Brighton, MA
- \$13.2 billion reseller of office products and services
- Serving consumer and businesses of all sizes from home based businesses to Fortune 500 Companies
- Largest operator of office superstores in world, over 1600 stores
- Business channels serviced through mail order, e-commerce, contract and retail

# 4 “Cornerstones” of Staples Environmental Commitment

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- Purchase and promotion of products containing post consumer recycled materials
- Recycling initiatives
- Energy conservation and renewable power procurement
- Environmental education for associates and customers

# Why is Staples motivated in these areas?

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- Supports Staples environmental commitments and CSR goals
- Reduces corporate GHG footprint and impact on climate change
- Reduces operating expenses associated with purchased power
- Competitive advantage

# Staples Energy Programs have been focused on these areas:

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- Retrofits
- Energy Management Systems
- Green building design
- Direct renewable power purchases from utilities
- REC's purchases from wind, landfill gas, biomass
- Distributed power purchase via "Solar Services" model

# Retrofits:

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Lighting: T-8s, T-5s, LEDs

HVAC: High efficiency roof top units

EMS: Conveyer controls, motion sensors,  
photo sensors

# Energy Management Systems:

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- 1300+ location US managed from Home Office, Framingham, MA
- Lighting, HVAC loads

# Green Building Design

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- 100-150 sites/year
- Prototypical Review
- Building envelop
- Lighting
- HVAC
- Skylighting
- Controls
- Energy Star Equipment



# Direct Renewable Purchases

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Prior to 2003 <2% of Staples total US. Energy portfolio of energy was from renewables

Set 5% goal for 2003

# Staples Traditional Renewable Power Purchase

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## Goal

Increase use of renewables from <2% to 5% in 2003 at an affordable cost to the business

## Challenges

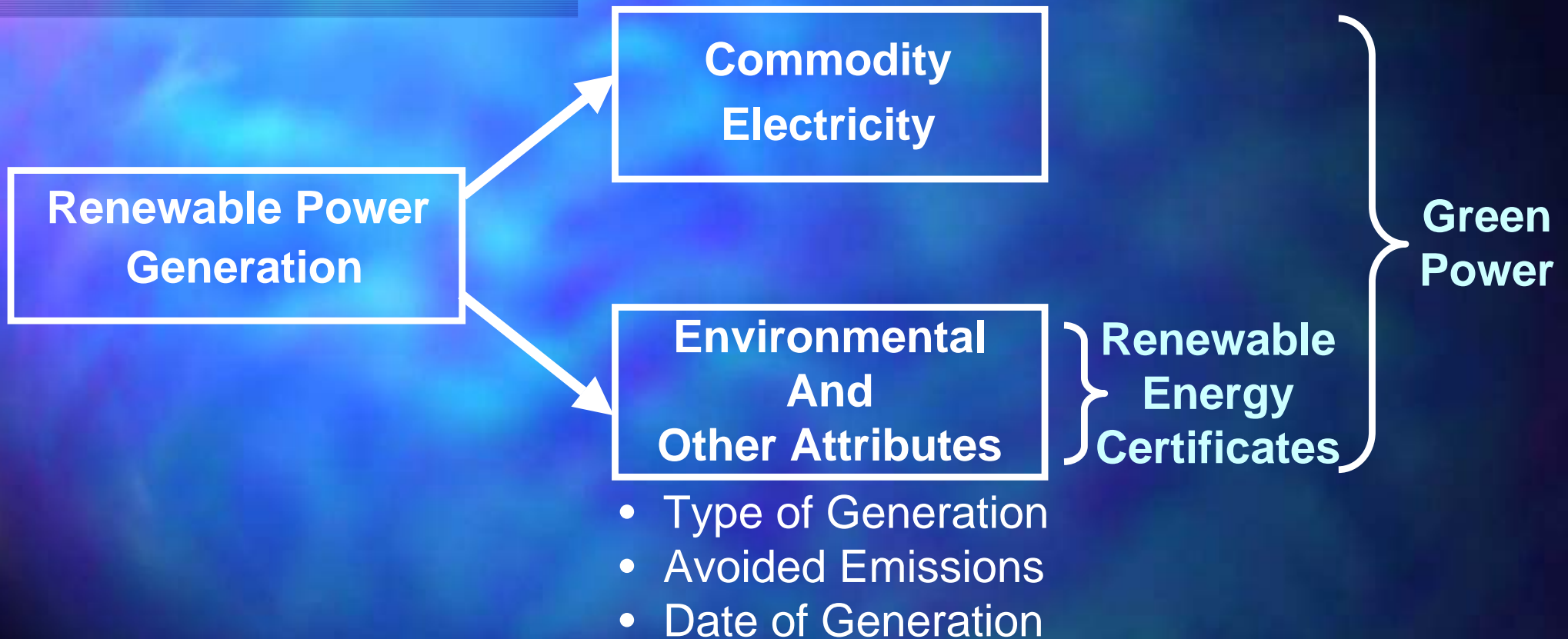
- 200+ utilities/ESCOs
- Administrative complexities
- High transaction costs
- Lack of options and competition in many markets
- Inability to aggregate total load and leverage our purchase

# RECs as an Alternative Option?

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- Do RECs create real environmental benefits if not sourced locally?
- Do RECs stimulate growth in green power markets?

# What Is A Renewable Energy Certificate (REC)?



# Staples REC Purchase

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- 46,000 MWh/year
- 10% Wind
- 90% Biomass and landfill gas
- 3 year contract
- Reinvestment of energy conservation savings into expanded renewable purchasing and achieving a higher GHG reduction
- Renewable power now accounts for 10% of Staples total U.S. power requirements doubling our 2003 goal

# Benefits Staples Derived from REC Purchase

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- Lower cost - leveraged pricing through aggregated loads and more open competition
- Greater variety of renewable options
- Simplified Transactions - (1) contract (1) bill no change in utility provider vs. 200± different contracts, bills and renewal dates
- Exceed corporate GHG Targets

# Staples historic view of solar energy (ownership model)

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- High initial cost
- Poor return on investment
- Other technologies and strategies generate similar GHG benefits and better rates of return

# Energy Conservation and Renewable Power Procurement

## What is the “services model”?





# Staples Solar Services Challenges

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- New concept
- Most facilities leased
- Length of agreement
- Roof warranties

# Staples Proposed Sites

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- (1) Staples Retail DC - Rialto, CA 280kW System
- (1) Staples Contract FC - Ontario, CA 280kW System
- (1) Staples Contract and Commercial Office - Edgewood, NJ 125 kW System

# Benefits of “solar services” model to Staples

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- No Capital Investment
- No Maintenance expense
- Hedge against fuel price increases
- Load Shedding
- GHG reductions
- REC - ownership
- Cost KWh at or below cost of power off of the grid
- Opportunity to integrate solar into our overall renewable strategy at an affordable cost

# Economic/Environmental Benefits

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- Energy Conservation/Green Building Design
- 12.3% reduction in consumption/sq ft of RE since 2001
- 46,000,000 Kwh saved in 2001-2002  
19,000,000 Kwh saved in 2002-2003
- \$6.5 million savings @ .10 Kwh
- 50,000,000+ Kwh in renewable energy purchases 2003
- Significant GHG reductions by developing an integrated approach
- Strategically position Staples to more effectively operate in a “carbon constrained” environment

# Staples and Our Customers

## “Partners in Sustainability”

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- Embracing sustainability as a core cultural value is good, smart business
- Staples is committed to building a business strategy around sustainability and environmental stewardship
- Educate and inform those customers who are not currently activated in these areas
- Provide an offering of products and services to customers who are activated and continue to add “richness” and value to our Staples brand
- “Staples... make it easy to make a difference”