

Financial Modelling of Carbon Reduction Investment Strategies 'Marginal Abatement Cost MAC Curves'

How to reduce costs, business risks, energy usage and carbon emissions while maximise investment returns.

Linking Energy and Finance

Defra stated that UK organisations could make £7m a day in energy efficiency savings, equating to £25 billion worth of cost reductions for UK plc. Energy is currently a cheap commodity and even with smart energy procurement most organisations could be wasting up to 40% of their spend. We will show you firsthand examples of how organisations have transformed their energy and cost base through integrated carbon reduction strategies with little or no upfront investment.

With the recent Energy Market Review (EMR) and the government putting a carbon floor price in place, energy costs are likely to dramatically increase over the next few years. Finance officers are now responsible for the vital role of reducing energy (carbon) costs whilst managing cost volatility and meeting government targets and reporting requirements. Your challenge is in building an integrated sustainability strategy that enables you to make informed investment decisions based on the right quantitative and qualitative data and supported with appropriate return on investment modelling.

As leaders, you constantly want more evidence that sustainability investments will create tangible returns but all too often investment opportunities get missed when a soft business cases are presented without the correct energy data and financial modelling to establish the true investment potential.

The Royal Mail is one of the biggest property owners, employers and logistics & distribution companies in the world. In 2006 they embarked on an energy transformation journey that saved them £35m a year, reducing their energy spend by 45%. Dr Martin Blake, then head of Sustainability for the Royal Mail Group, who led this work, will share his experiences and insights.

Investment Grade MAC Curves

Marginal Abatement Cost (MAC) curve have been around for some time to assess government policy and national energy investment strategies. Using MAC curves in an organisational or corporate setting is a comparatively new technique and requires access to energy and investment data combined with technical informational and risk & costs modelling. When skilfully developed, a MAC curve can be a fantastic and extremely informative investment tool that allows allow you to accurately evaluate between projects and balance ROI with carbon reduction, regulatory and financial targets.

What will you learn?

The seminar has brought together the experts who will break down the critical aspects of aligning your sustainability strategy to a solid financial plan. This will help you reduce risks, costs and emissions at better understood financial rates of return. You will benefit from:

- Examples of businesses cases which have supported investment decisions in creating attractive ROIs
- Understand the data requirements - qualitative, quantitative and financial - needed for accurate business modelling
- Insights into how Marginal Abatement Cost curves really works and how it they are used to provide the basis for investment decisions
- The necessity for embedding longer term adaption strategies into your business plans
- How to align financial and sustainability objectives to create clear actions that you can replicate

Our seminar speakers

Dr Martin Blake – Chairman - Carbon Zero Solutions

For seven years, up until October 2010, Dr Blake led the Social Responsibility and Sustainability Teams at Royal Mail as well as designing and deploying an international award winning Carbon Management Programme to combat climate change. (Royal Mail is the largest single employer in the UK and has one of the largest fleets of trucks and vans in Europe, with 35,000 vehicles and over 30 Boeing 737's transporting 85 million pieces of mail every day to 27 million addresses.) During those seven years Royal Mail won over 75 National and International awards for CSR. He also saved Royal Mail in excess of £38m using MAC curves.

David Strong – Technical Director – Carbon Zero Solutions

David is currently Chairman of the EU Energy Performance of Buildings Directive Implementation Advisory Group (DIAG) and acts as a special advisor to the European Commission on energy demand issues. In 2007 he chaired the Quality of Life Challenge, Built Environment Group which advised the Conservative Party on environmental policy. He is a member of the 2012 Olympic Village and Stratford City Environment Review Panel.

Jonathan Lydiard-Wilson – Director – ENERGYQUOTE JHA

Jonathan pioneered ENERGYQUOTE JHA's Risk Management, Strategy, Carbon and Sustainability services focusing on processes used within financial institutions and the evolving carbon markets and adapting them to the dynamic requirements of today's industrial and commercial organisations. With a background in building business models, raising capital, change management and technology, Jonathan has worked successfully with companies at a global and local level to produce custom-made solutions supported by clear business objectives that can be practically implemented within individual energy and carbon strategies. Jonathan is passionate about sustainability and is a key influencer in the drive for companies to adopt the Marginal Abatement Cost Curve (MACC) methodology for emissions reduction as best practice.

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