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REI and Novar Partnership: A Model Energy Partnership for Retail

Executive Summary:

Recreational Equipment, Inc. (REI) is a national outdoor gear and apparel retailer dedicated to inspiring, educating and outfitting its members and the community for a lifetime of outdoor adventure and stewardship. The company is a cooperative and boasts more than 3.7 million active members and 110 retail stores. Its 2008 sales reached \$1.4 billion.

In addition to its commitment to help individuals of all ages enjoy nature, REI is implementing innovative business solutions that address its long-term goal to be climate-neutral by 2020. The company is a success story of how healthy financial performance and social/environmental responsibility are not mutually exclusive, but rather complement each other in a strong business strategy.

As part of this strategy, REI selected Novar, the global leader in multi-site energy management, in 2000 as its energy management system provider. In late 2008, REI further partnered with Novar's Strategic Services organization to find ways to drive additional, incremental savings and help REI further reduce its energy consumption in the areas of lighting and HVAC, without compromising store comfort and shopping experience for its customers.

REI's stores are unique in their design. As a result, Novar focused on creating a thoughtful and individualized energy management plan specific to each location, which included:

- Working directly with REI's various business partners to ensure that the co-op's equipment and technology respond appropriately to utility alerts 24 hours a day, seven days a week;
- Enhancing REI's solar power merits by installing a metering system to collect real-time data;
- Remotely troubleshooting and diagnosing facility issues;
- Proactively monitoring energy usage and applying business intelligence tools to report measurable results;
- A Demand Response curtailment strategy that can be aggregated into REI's overall Demand Response program.

Today, Novar supports more than 80 REI stores, and the number of stores featuring energy management systems will increase in 2010.

The installation of Novar energy management systems has reduced REI's store energy consumption significantly. Electric consumption has been reduced up to 30 percent, while natural gas goes down by 30-70 percent in a retail location. The incremental annual electric savings are over 2.2 megawatts — enough to power 2,350 homes on an annual basis. Overall, these savings represent an average utility bill reduction of 23.6 percent per store.

REI and Novar continue to leverage new ideas and initiatives in an effort to reach the co-op's long-term environmental stewardship goal, which also reap financial benefits.