



A Guide for Earning Stakeholder Buy-In for Solar Power

With any large project, it is important to identify key stakeholders and their interests to win approval for a solar power project. By aligning stakeholder goals with solar power benefits, you can earn necessary support and begin building a team to implement a solar project. The following guide identifies common company goals and concerns as well as specific departmental objectives to consider when preparing a solar presentation.

Align Solar with Company Goals

It's vital to identify over-arching company goals and show how solar power aligns to those objectives first. Typically, solar power meets corporate social responsibility (CSR) goals, environmental and sustainability objectives, and operational cost-reduction goals.

- **Corporate Social Responsibility (CSR), Identity, and Leadership Goals.** CSR goals often play into company identity, industry leadership, and brand goals, and those can interlink with public relations objectives. Researching company CSR goals and how your organization has defined its public identity by these standards will help you to see how solar can further these goals.
- **Environmental and Sustainability Goals.** Environmental and sustainability goals may fall under CSR initiatives, but not always. These goals focus on renewable energy goals, waste-reduction goals, Leadership in Energy & Environmental Design (LEED) goals, and others.
- **Operational and Financial Goals.** Investigating company energy usage and cost-reduction initiatives will help you show how solar energy is a cost-savings tool, not just another capital expenditure.

Evaluate Departmental Goals

A solar project touches many different departments from the facilities team to finance to real estate. As a result, a solar project must also meet departmental goals and work within each department's guidelines. By getting stakeholders from each department on board with the project, you can simultaneously build a team to drive and implement the solar project. Here are some of the departments to involve.

Real estate and legal departments

The real estate team will almost always be involved with investments that involve adding equipment to a site, and the legal team is concerned about the liabilities of any investment. Consequently, these two departments' goals revolve around reducing liability. The real estate and legal teams will want to know if a site lease has to be re-structured to accommodate the long lifespan of a project. They'll tend to look more favorably upon projects with bankable solar partners, as those projects will be considered less risky.

Facilities department

The facilities team's goals focus on improving the quality of company buildings and enhancing energy management. Similar to the real estate and legal teams, they are also concerned about risks posed by technology, especially for roof-mounted projects. They don't want another addition to their to-do list that may break down.

Operations and finance departments

When you research the operations and finance teams, you'll need to find out what the current priorities for expenditures are



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as well as company guidelines for investments. The better you understand company financial goals, debt tolerance, operating earnings, current credit rating, capital allocation, and requirements for ROI, the better you can develop a solar presentation that can win support from these teams.

Sustainability department

The sustainability team can potentially be one of your biggest allies or greatest obstacles. Obviously, renewable energy generation goals will fall under this team's purview. However, the sustainability team may have ranked other sustainability initiatives higher. That could put a solar project on the backburner. Consequently, winning support from this team may mean showing how solar is more vital and beneficial than other sustainability initiatives such as energy-efficiency or supply chain improvements. Find out what their critical goals are so that you can create a matrix of pros and cons to show the greater benefits of solar.

Senior management

Senior management cares about the over-arching company goals outlined earlier, but they also have strong interests in expanding the business competitive advantage, generating value for shareholders, and improving employee recruitment and retention. Speaking to these interests can further build support from senior managers and the board of directors.

Present the Solution

Once you've identified critical goals, you can develop a presentation that can speak directly to each objective. The following are some ideas about how to align solar benefits with the goals and concerns outlined above.

Highlight the Solar Opportunity for Company Goals

A study by Navigant Research found that 79% of consumers have a favorable view of solar energy. This favorable view of solar power means that solar can enhance an organization's public identity and meet CSR goals. A solar project naturally can be the basis for public outreach campaigns to bolster the brand and show social leadership through environmental stewardship.

Obviously, clean solar energy meets sustainability goals by improving energy management and reducing the company's carbon footprint. In some regions, solar may also meet environmental mandates and regulations. Forward-thinking companies with specific renewable energy goals and who are interested in LEED certifications will naturally see how solar aligns with those objectives.

Solar power can also meet financial goals, but this is where you may find the most resistance. You will have to prove to multiple stakeholders that solar power can improve electric cost predictability and save money for the long-term. Building a persuasive case on this point can involve showing how electric rates have historically increased and illustrating the likelihood of continued increases as more coal-fired plants are closed. For example, data from the U.S Energy Information Administration shows an overall increase in commercial electric rates from 7.25 cents per kWh in Jan 2001 to 10.62 cents per kWh in February 2015. That's a 46% increase in electric rates over 14 years. Because of long-term electric rate uncertainty, solar may save your company thousands or even millions of dollars over the lifespan of a system. Establishing how solar serves the company's long-term financial health will be one of your most persuasive arguments.

Outline Financial Opportunity

To outline the financial opportunity of solar power in detail, you should define project financial metrics in accordance with the



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financial standards of your organization. Typically metrics that can be used include internal rate of return (IRR), net present value (NPV), and levelized cost of energy (LCOE). Projections for energy output, the discount rate used, avoided utility costs, and other key data should all be clearly presented.

However, many solar champions run into financial rules that are too restrictive (such as too short of a time period for a return on investment) or don't correctly value solar power. You may have to help stakeholders to see the importance of using different valuations. For instance, NPV is a comprehensive way to analyze investment decisions. NPV allows your organization to create a long-term value for solar power and not undervalue it with a narrow focus on short-term or upfront costs. It also allows for easy cross-comparisons with other investments.

The challenge can be with choosing the appropriate discount rate. Often, the discount rate should be your company's weighted average cost of capital (WACC) since this is the financial cost to any investment, although this can change depending on the different risks involved. If the NPV using the WACC discount rate is positive, then the investment should be made.

Of course, the risk can be avoided almost completely through a PPA. This is one of the big reasons PPAs are so popular (however, PPA financiers are still exposed to operating risk). Consequently, recommending an ownership model (direct purchase, lease, or PPA) often depends on organizational financial goals, risk tolerance, and restrictions. Explaining when, where, and why a specific ownership model makes sense will help earn stakeholder confidence in your financial model and in approving a solar project.

Build Departmental Stakeholder Support and Consensus

Many of your discussions with department stakeholders will be a mix of risk mitigation and solar benefits conversations. Here are some thoughts on how best to align solar with those goals and concerns.

Real estate and legal departments

To show the real estate and legal teams that solar is a low-risk proposition, it is important to outline how solar is a proven technology. Solar photovoltaic technology has few moving parts and a long-history of use, which is why it presents limited risks to the physical site and the company as a whole. Working with a proven solar partner with strong backing further assuages concerns about vendor risk. The real estate department will also want to see that the solar system works within established site lease guidelines and timeframes. By selecting a site or sites where the property is owned by your organization or which already have long-term leases can help to address the issue of putting up a solar system for several decades.

Facilities department

Since the facilities team is always interested in maintaining and improving buildings, showing how solar is a step forward in energy management, electrical cost reduction, and modernization can help win support from this department. Showing opportunities for comprehensive O&M service agreements may help them feel more comfortable with solar since they won't be concerned about having to fix things that could break. This is a department where you're likely to talk about specific technologies and how they'll physically impact a site. If there's a roof system involved, you'll need to be prepared to show how solar won't invalidate existing roof warranties.

Operations and finance departments

As discussed earlier, the operations and finance teams will care the most about economic returns, so it's vital to clearly show how solar saves money and offers greater long-term financial predictability. A solar financial model should clearly illustrate how



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available company financial resources can be efficiently used within current fiscal constraints and guidelines. It should also take advantage of solar incentives and show how the right utility rate structure can offer the best financial outcome.

Sustainability department

Obviously, this team is likely to be one of the departments most willing to sign on to a solar project if they aren't already the main driver for it. Outlining how much clean energy the system can produce each year and the amount of carbon emissions being offset are important data points to help the team see how much of their goals they can achieve through a solar project. Solar power can also help to meet their PR, CSR, philanthropic, and community-outreach goals.

Senior management

Beyond previously mentioned opportunities, other persuading arguments for winning senior management include strategic leadership and competitive advantage. Solar initiatives can be a differentiator to help win over more customers. For instance, "a record-high 71% of Americans consider the environment when they shop, up from 66% in 2008." Consequently, letting consumers know that their products are made with or are supported by solar power can potentially help sales. Depending on shareholders and local job markets, solar power can also be considered as a value-add for shareholders and a way to attract more talented employees while improving retention.

Mitigate Risks and Common Stakeholder Concerns

Some risks and concerns about solar power will be shared across departments. Here are a few common concerns for which you should be prepared.

Roof issues

For rooftop systems, the facilities and real estate teams will be concerned about how the system will impact roof integrity. There can also be concern about roof age because if the roof needs to be replaced within a few years, internal stakeholders will want to know how easily a solar system can be removed and re-installed. The number of penetrations required to bolt the system to the roof is another issue. If you've already got a system type selected, then you can use examples from other projects to show how solar poses minimal risk to roof integrity. Some solar systems are self-ballasting, and that can mitigate concerns about roof damage and invalidating existing roof warranties. Explaining how a solar partner handles existing roof warranties to ensure that they are still valid with a system installed will further ease concerns.

Staff involvement

Stakeholders will want to know how much time their staff will have to dedicate to a solar project. Part of the day-to-day business impact will depend on the solar partner with whom you are working. Vertically-integrated companies offering turnkey solutions can require less time from staff since there is only one point of contact. This reduces cross-coordination needs and potentially reduces the number of meetings. Creating projections of the time needed from each department can help set expectations. For the legal and finance teams, they will want to know how much time may be needed for contract negotiations.

Vendor risks

Installer and manufacturer risks are also very common concerns. In some projects, installers and manufacturers are two different organizations, requiring you to research the background of two different companies. For a vertically-integrated solar partner, there's only one company to evaluate. Being able to show internal stakeholders a company's financial backing, history in solar power, number of MWs installed/manufactured, and other key business elements can mitigate concerns about the



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solar company potentially going out of business and not honoring warranties or workmanship.

O&M concerns

Another common concern will be about O&M. Solar systems are highly reliable systems, but with really large systems, the potential for a failure increases. If your company already has a fully-qualified maintenance team that can handle the OSHA requirements for solar O&M, this may not be a concern. For many other companies, signing up for an O&M service agreement will be important for ensuring long-term production and providing peace of mind.

Final Steps to Earning Approval

With company and department goals in mind, you can create a solar go/no-go matrix for a portfolio of company sites. Then you can illustrate execution and a timeline for project completion. With this kind of research for when, where, and how to go solar, stakeholders will be able to see that this is a well-developed initiative, building further comfort for taking on a new project.

While it is impossible to make stakeholders choose one decision or another, you can earn sincere consideration for solar power with a thorough presentation aligned to company and departmental goals. Because of this careful and diligent work, if you do get the go-ahead, you will also have created an internal solar team ready to take the next steps to successfully implementing a solar project.

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