

SRP COMMERCIAL BUSINESS CASE STUDY: WALGREENS CO.



Samantha Thorn, Manager, Walgreens Co.

ENERGY EFFICIENCY AT THE CORNER OF HAPPY AND HEALTHY

Walgreens Co. rolls savings into new energy-efficient equipment in its retail stores and fulfillment centers with rebates from SRP.

The Walgreens Co. motto, “At the corner of happy and healthy,” reflects its commitment to both customer and environmental health, which includes pursuing opportunities to reduce the company’s carbon footprint.

By investing in energy-efficient equipment, advanced technologies and renewable energy sources, Walgreens has reduced corporate energy usage and costs by 30%. SRP’s Business Solutions rebate programs are helping Walgreens reach its corporate commitment to reduce energy usage by an

additional 20% by 2020. To date, Walgreens has completed 286 energy efficiency projects through the SRP Standard and Custom Business Solutions rebate programs, saving 8,559,792 kilowatt-hours (kWh) and earning \$547,000 in rebates over two program years.

“When you look at the potential energy savings, along with attractive SRP rebates, tax incentives, return on investment and paybacks, these upgrades just make good business sense,” said Nick Finia, Sr. Manager of Maintenance and Energy Capital Projects at Walgreens. “They are a win-win for everyone involved, Walgreens and SRP.”

Deborah Rudy, SRP Strategic Energy Manager, worked with Laura Hill, Walgreens Lead Senior Tax Analyst, to consider rebate and energy-saving opportunities for lighting, refrigeration, HVAC and energy management systems in Walgreens stores and fulfillment centers.

LIGHTING

Nearly all Walgreens retail stores in SRP's territory have completed lighting upgrades through the Standard Business Solutions rebate program. Energy-efficient lighting measures included re-lamping stores from T8 28-watt lamps to high-efficiency T8 25-watt lamps. Brighter stores have created more attractive product displays and led to a measurable increase in sales, according to Walgreens. Not only do customers appreciate the great lighting, but store employees have also noted improvements, with managers reporting that their workspaces look better and brighter than they did with the previous lighting systems.

SAVING POWER AND MONEY

Customer: Walgreens Co.

Number of projects: 286

Measures implemented: Refrigeration, lighting, HVAC and chillers

Facility types: Retail stores and industrial

Total electricity savings: 8,559,792 kWh

Total Standard and Custom Business Solutions rebates over two program years: \$547,000

REFRIGERATION

Walgreens replaced open-faced coolers with energy-efficient refrigerated cases that include LED case lighting, high-efficiency evaporator motors and anti-sweat heater controls. The replacement decreased cold-air spill into the nearby store aisles and enabled stores to shut down one of their two cooler compressors. Most Walgreens stores in SRP territory are seeing a measurable return on investment from these refrigeration upgrades, including increased sales of milk and other perishable items.

"People purchase more refrigerated items from closed doors than open cases, and in addition to keeping the cool items cool, the aisles are more comfortable for shoppers. They don't have to put on a sweater to go into the store," Hill said jokingly.

"The SRP Business Solutions rebate program is one of the easier programs to work with across the nation."

**— Laura Hill, Lead Senior Tax Analyst,
Walgreens Co.**



Energy-efficient refrigerated cases that include LED case lighting can have a measurable return on investment.

HVAC

To avoid unplanned equipment failure and assist with equipment right-sizing and energy efficiency goals, Walgreens will replace HVAC rooftop units older than 13 years. Walgreens locations that once used several rooftop units now have been retrofitted with a fewer number of high-efficiency, rebate-eligible units. So far, 73 HVAC units have been replaced. Twenty-one of those were replaced with economizers to yield higher energy savings. Variable-frequency drives are also being installed on all units rated at 5 tons or higher.

FULFILLMENT CENTERS

Walgreens has also implemented energy conservation initiatives at its fulfillment centers. For example, up until a year ago, its 120,000-square-foot facility in Tempe, Arizona, was cooled with an 18-year-old chilled-water system. The system was inefficient and unreliable, and it had high maintenance expenses.

After reviewing the projected energy savings from new equipment and the significant rebates from SRP, the Walgreens Corporate Facilities department replaced the chillers. The three new 220-ton, oil-free, magnetic-bearing chillers increase energy savings and minimize environmental impact. As a result, the Tempe fulfillment center has decreased annual energy costs by 25%.

To further increase energy savings, Walgreens added an optimization control system for the three chillers and replaced two older air compressors with new high-efficiency variable-speed air compressors.

"The SRP team, in collaboration with their program administrator, Nexant, made several visits to our site, provided research to answer specific questions and offered a depth of knowledge," said Roman Cupryk, HVAC Master Technician at Walgreens. "The team orchestrated the upgrades and facilitated the rebate process by prescribing exactly what steps needed to be taken to qualify."

SAVINGS INVESTED IN AN ENERGY-EFFICIENT FUTURE

Nationally, the retailer has saved millions of dollars by participating in rebate programs such as SRP Business Solutions. Rebates from these programs have helped Walgreens reduce payback time on improvements made. "This is a retail-friendly program, and electricity is one of our highest expenses," Hill said. "SRP programs provided us with an opportunity to save money and reinvest in more energy-efficient projects at other facilities."

"We did research internally to justify the cost of the project, but the ultimate confirmation was the utility bills one year later — a 15%–25% savings on the entire building." — Roman Cupryk, HVAC Master Technician, Walgreens Co.





"The rebates are generous. Working with the SRP program team (Deborah Rudy at SRP and Darren Gest of Nexant) has been easy and one of the better programs in the nation. SRP Business Solutions is a great way for companies to partner with SRP to reduce energy consumption and help protect the environment," Hill continued.

Rudy added, "As Walgreens continues to expand, it's great to see their ongoing effort to improve and upgrade the electrical and mechanical systems at Valley retail stores. It's also great to know that SRP rebate programs have contributed to Walgreens' mission of a greener future."

SRP rebate programs are operated on a first-come, first-served basis until all funding has been committed. Customers are eligible for as much as \$300,000 in rebates per program year.

Most measures and projects require preapproval before new equipment is ordered, purchased or installed. Specific details and applications for SRP Business Solutions programs and services are available through SRP energy managers, at savewithsrpbiz.com or by calling the program administrator at (602) 236-3054.

CUSTOMER PROFILE: WALGREENS CO.

Walgreens Co. operates 8,221 drugstores at locations in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. Walgreens offers retail, specialty, infusion, medical facility, mail and respiratory services.

In addition to completing other energy efficiency upgrades across the United States, Walgreens has installed solar panels in more than 150 locations and electric vehicle charging stations in several locations. Thousands of facilities have an energy management system that monitors electricity, water, lighting and refrigeration temperatures.



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