



**ELECTRIC UTILITY INDUSTRY
SUSTAINABLE SUPPLY CHAIN ALLIANCE**

Strategic and Operating Plan 2011-2013



Updated December 2010

The information in this publication is subject to change.

Copies of this and other Electric Utility Industry Sustainable Supply Chain Alliance publications can be obtained through the Alliance website, euiisca.org, or from the Alliance Executive Director. Address comments or changes or requests for copies to:

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Message from the Chair

The initiative to create the Electric Utility Industry Sustainable Supply Chain Alliance was first conceived in 2008 by a group of electric utility supply chain executives who recognized the potential benefits of working together to “green” the electric utility industry supply chain. A major milestone was reached in January 2009 when the Alliance was registered as a 501(c)(6) non-profit corporation.

Much of the initial work of the Alliance focused on organizational matters including the creation of the Alliance bylaws and establishment of a governance structure as a standards development organization under federal law. An Alliance website was launched to facilitate sharing of Alliance work products, to encourage public comment and to publish approved materials. Since its formation, the Alliance has established relationships with interested non-governmental organizations and we are grateful for their input and feedback.

Substantive work has also been accomplished, including the development and publishing of voluntary supply chain environmental standards in April 2009. An initial survey of Alliance members and their suppliers was conducted in mid-2009 and a second survey was conducted in 2010. The first Alliance category working team completed a lifecycle assessment of wood poles used for electricity distribution. Additional category working teams have been launched for transformers, wire and cable, and vehicle fleets.

Since its inception, the Alliance has been steadily lengthening its planning horizon. The Strategic and Operating Plan outlines the 2011-2013 strategies and shorter-term tactical plans that will enable the Alliance to build its work thus far. We are excited about the prospects for the Alliance and are highly motivated to continue its work. A lot of positive momentum has been created that we are confident will result in great accomplishments over the next three years.

Desmond Bell, Chair
SVP and Chief Procurement Officer
Pacific Gas and Electric Company

M. Bridget Reidy, Past Chair
SVP and Chief Supply Officer
Exelon

Introduction

Purpose of this document

The Alliance strategic plan outlines the organization's commitment to success for 2011-2013. The plan describes the mission, vision, values, and guiding principles of the Alliance as well as an outline of strategic initiatives and goals for 2011-2013.

The strategic plan serves several purposes:

- A communication tool for Alliance members, other electric utilities, suppliers to the industry, and other key stakeholders
- A touchstone throughout the next three years as progress of the Alliance is measured
- The foundation for successful teamwork by communicating to those involved with the Alliance what needs to be done and how this important work is to be accomplished



The Alliance operates in an ever-changing world in which the concept of sustainability and its application to the electric utility industry supply chain is evolving. As a result, the strategic and operating plan is a “living document” that will be updated at least annually.

The Alliance Operating Plan describes the key initiatives and associated desired outcomes that will be the focus of the Alliance's work in 2011.

Mission, Vision, Values, and Guiding Principles

Mission — Why we exist

As a qualified Standards Development Organization, it is the mission of the Alliance to work together with stakeholders to develop voluntary consensus standards for the creation of a supply chain¹ that is environmentally responsible, efficient, cost effective, and positively impacts communities. We intend to:

- Minimize the impacts on the environment of our supply chain operations and the products and services we source
- Continue to emphasize supplier diversity, protect the health and safety of our employees, and contribute to the well being of the communities we serve
- Utilize lifecycle economics and efficient supply chain operations while ensuring the reliable delivery of products and services

Vision — Where we want to go

To lead the electric utility industry in the achievement of a sustainable supply chain

Values and Guiding Principles — How we act

Policy

The Alliance's policy is to encourage the widely based participation of diverse stakeholders whose business or other interests may be directly affected by the standards developed and other work produced by the Alliance. Consistent with this approach, the Alliance invites participation by the public in the development of standards, through meetings, webcasts, teleconferences, and other means.

¹ The scope of the Alliance mission does not include fuels used for generation of electricity.

The values governing the Alliance are as follows:

Values

- **Independence** – The Alliance is an independent body. While it may have informal liaisons to trade associations, other standards organizations, and government agencies, the Alliance is a separately incorporated, fully independent, organization
- **Openness** – The Alliance conducts its standards development activities in the open. Interested parties, regardless of membership, have the opportunity to participate meaningfully in the standards development process. The Alliance holds meetings soliciting input from interested parties in the development of standards that are publicly noticed, along with agendas and items set for discussion. The Alliance uses the Internet to publicize its activities (euissca.org) and also holds meetings via Internet webcasts
- **Inclusivity** – All interested parties have the opportunity to participate in the standards development activities of the Alliance
- **Voluntary** – Participation in the Alliance is voluntary, and adherence to its standards is voluntary and not a condition of membership or participation. The Alliance does not maintain any enforcement mechanism for standards adopted by the Alliance
- **Consensus-Based Decisions** – The voting procedures are intended to encourage decisions based upon consensus. “Consensus” constitutes general agreement, but not necessarily unanimity, and includes a process for attempting to resolve objections by interested parties and fair consideration of all comments. The disposition of objection(s) and the reasons why are documented and made publicly available. Members are given an opportunity to change their votes after reviewing the comments
- **Membership Driven** – The Alliance is intended to be membership driven
- **Develop Standards, Not Policy** – The working teams of the Alliance are not expected or encouraged to create policy in their standards absent being requested to do so by the Executive Committee. Rather they endeavor to develop standards that can be implemented at each member’s

discretion

- **Incorporate Best Practices** – To the extent reasonable, the standards developed reflect standardization and streamlining of activities chosen as best practices from among existing and reasonably anticipated policies and practices
- **Broad Applicability** – The standards established are structured such that they can be applicable to the electric utility industry as a whole

Guiding Principles

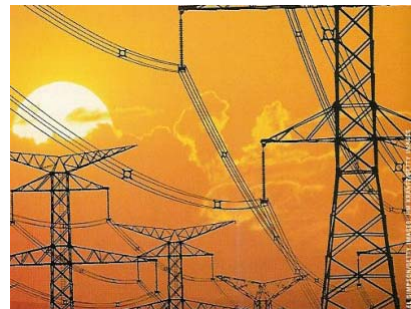
1. Members of the Alliance commit that their current sourcing processes include, as a minimum standard:
 - ✓ Compliance with all applicable environmental laws and regulations, as well as the environmental requirements of their companies;
 - ✓ Compliance with all applicable safety laws and regulations, as well as safety requirements of their companies; and
 - ✓ Compliance with all applicable requirements for the engagement of diverse businesses.
2. Procurement of fuel is not included in the scope of the Alliance. None of the individual representatives participating in the Alliance are responsible for the purchase of fuel for member companies. Alliance members commit to share best practices, metrics, and standards developed by the Alliance with the fuel procurement staff in their companies.
3. On an annual basis, the Alliance will track and report on progress and performance improvement and communicate its goals and progress externally.
4. Through Working Teams, as defined in the by-laws, the Alliance commits to:
 - ✓ Evaluate supply chain operations with respect to reducing air emissions and improving energy use, water consumption, recycling, waste minimization and other eco-efficiency measures;
 - ✓ Evaluate the eco-efficiency (e.g., natural resource use, energy intensity, material recycling, such as packaging) of commodities used in the utility industry;
 - ✓ When evaluating greenhouse gas emissions, consider all six greenhouse gases (i.e., carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride);
 - ✓ Collaborate with stakeholders, including suppliers and

environmental NGOs, on the development of voluntary best practices, metrics and standards; and

- ✓ Establish an appropriate mechanism for suppliers to report their performance data (e.g., publicly available data, self verification, third party endorsements).

Compliance with Federal and State Laws and Regulations

It is the policy of the Alliance to comply with all applicable federal and state laws and regulations, including the antitrust laws. The purpose of the antitrust laws is to preserve and promote competition. Any conduct that violates federal or state antitrust laws is contrary to the best interests of the Alliance and its membership and is, therefore, not tolerated. To this end, the Alliance has developed a formal Antitrust Compliance Policy, which can be found on the Alliance website (www.euissca.org). All members and participants in the Alliance are required to certify that they will adhere to this policy.



Alliance Strategic Goals and Initiatives

GHG Emissions and Energy Consumption Goals

It is the intent of the Alliance to address GHG emissions through energy consumption reduction (a key driver of GHG emissions) in the supply chain operations of our members over time. Further, it is our intent to influence our suppliers to reduce their GHG emissions. Accordingly, the Alliance has established the following goals for addressing GHG emissions and energy consumption reduction.

- ✓ **By year 2015, Alliance members will reduce aggregate supply chain operations energy use by 10% from a 2008 baseline.***
- ✓ **By the end of 2012, a majority of the participating surveyed suppliers of Alliance members will measure² GHG emissions and will have established voluntary GHG emission reduction goals**

In order to accomplish its goals and achieve other improvements in sustainability, the Alliance has organized its strategies and initiatives around three key elements of the electric utility industry supply chain:

- Supply chain operations of electric utilities
- Products and services sourced by electric utilities
- Operations of suppliers to the electric utility industry

Alliance initiatives for these elements are discussed below.

Supply Chain Operations

Supply chain operations refers to the processes owned by the supply chain organizations in our member companies. Generally, these processes include sourcing, inventory management, warehousing and materials management, transportation and logistics, and materials recovery. The Alliance believes that improving the sustainability of members' own supply chain operations is essential if the Alliance is to successfully promote standards for other electric utilities and suppliers to the industry.

² Measurement of GHG emissions may be accomplished by direct measurement- based methodology (technology such as continuous emissions monitoring systems) and calculation-based methodology (documented emission factors, mass balance, extrapolation, interpolation or reasonable engineering judgment).

* Alliance supply chain operations energy use 2008 Baseline - 2,840,000mmBTUs.

Therefore, supply chain operations is the first strategic focus of the Alliance.

The Alliance will focus on improving the energy efficiency of its supply chain operations as the highest-priority means of reducing GHG emissions in supply chain operations. Energy use in supply chain operations is concentrated in three areas: (1) the supply chain distribution network; (2) facility lighting and heating, ventilation, and air conditioning; and (3) supply chain transportation and logistics. The Alliance will develop voluntary consensus standards for improving energy efficiency in these areas.

The Alliance will compile and publicize the voluntary standards for improving the energy efficiency of supply chain operations as they are developed. The Alliance will also encourage the adoption of these voluntary standards across the industry to promote and facilitate improved energy efficiency in supply chain operations by other electric utilities.

Products and Services

The sustainability of the products and services sourced by electric utilities is the second strategic focus of the Alliance. In looking at sustainability, the Alliance considers the lifecycle of a product or service. The lifecycle of a product or service begins with its design and/or specification by the buyer and proceeds through the manufacturing of the product or delivery of the service by the supplier, use of the product by the buyer, and disposition of the product at the end of its useful life.

The Alliance addresses sustainability of the products and services its members buy category by category. Product and service categories are prioritized based upon the amount of annual spend, sustainability issues and risks, the degree to which the category is associated with the electric utility industry, and the speed with which significant sustainability improvements can be achieved. Once a category is selected, a working team is created to assess the sustainability of the category lifecycle. Involvement of suppliers and other stakeholders in working team activities is actively encouraged.

Each category working team assesses sustainability issues across the lifecycle of the product or service. Based upon the results of the lifecycle assessment, each category working team compiles and publishes sustainability standards for the product or service. These voluntary standards are published initially in draft form so as to provide the opportunity for all stakeholders to provide feedback. Adoption of the standards by Alliance members, other electric

utilities, and suppliers is actively encouraged by the Alliance.

Alliance members are committed to adoption and promotion of the standards developed by the Alliance. The Alliance recognizes, of course, that the individual circumstances of electric utilities and suppliers differ and that the pace and extent of adoption may vary. Adoption of Alliance voluntary standards by the electric utility industry is encouraged by the involvement of stakeholders including nonmember utilities during the drafting process, publicizing of the standards at industry conferences, through industry trade associations, and through the Alliance website. Adoption of Alliance standards by suppliers is accomplished through supplier outreach and education and by including the standards as criteria in the purchasing process of Alliance members.

The methodology by which the Alliance performs lifecycle assessments of the products and services used by electric utilities is under constant review. Our methodology will be refined as more experience is gained through the category working teams. To date, Alliance category working teams have focused primarily on environmental impacts of the category. Over time, we expect that the product and service lifecycle assessments will begin to address other aspects of sustainability.

Supplier Operations

The sustainability of the operations of suppliers to the electric utility industry is the third strategic focus of the Alliance. Based upon its second survey issued to suppliers in 2010, the Alliance has concluded that it has an opportunity to encourage suppliers to sharpen their focus on sustainability. For example, of suppliers responding to the survey:

- Fewer than 50% are required to adhere to an established policy on environmental management
- Fewer than 40% have a formally established environmental management system in place
- Fewer than 24% measure and trend GHG emissions

Over the next few years, the Alliance will continue its outreach and education initiatives targeting its suppliers. These initiatives will: (1) promote greater awareness of sustainability issues, including the importance of identifying and reducing GHG emissions and (2) adoption of programs to improve sustainability of supplier operations. Supplier outreach and education initiatives will support achievement of the Alliance GHG emission reduction

goals by encouraging reduced energy use and GHG emissions by its suppliers.

The Alliance will survey its suppliers annually in order to track the progress of its supply base in improving its sustainability performance. The Alliance may create supplier recognition programs in order to encourage participation in the annual Alliance survey and adoption of voluntary standards.

Stakeholder Engagement

The Alliance will continue to involve suppliers and other key stakeholders in its activities in a number of ways. The Alliance will publicize its activities and work products through press releases and public notices. It will hold teleconferences and webinars to inform interested parties of its plans, activities, and work products. Alliance subcommittees and working teams will continue to involve suppliers, trade associations, nonmember utilities, and others in their activities.

The Alliance will also expand the number and type of stakeholders engaged in Alliance activities. To date, the Alliance has successfully engaged suppliers, government agencies, trade associations, technical stakeholders and non-governmental environmental organizations. Going forward, the Alliance is committed to expanding the participation of these groups as well as reaching out to other stakeholders such as engineering firms, environmental firms, and subject matter experts in the Alliance member companies and other organizations.

Operating Plan

2011 Operating Plan

The 2011 Operating Plan outlines key initiatives that will support the achievement of the Alliance's strategic goals. Priorities include the following: (1) Alliance integration – to more effectively integrate work products to enhance the value proposition of the organization and its influence across the industry, (2) Marketing and Communications – to better promote and communicate the Alliance's brand across multiple stakeholder groups and (3) Green Standards and Adoption – to develop and promote the adoption of consumable green standards that will influence the industry and supply base towards reducing our overall impact on the environment. Completing these initiatives laid out in the Operating Plan fully supports the Alliance's vision to lead the electric utility industry in the achievement of a sustainable supply chain.

EUISSCA 2011 OPERATING PLAN						
Electric Utility Industry Sustainable Supply Chain Alliance Vision: To lead the electric utility industry in the achievement of a sustainable supply chain						
Alliance Mission	2011 Alliance Priorities	#	Key 2011 Initiatives	Desired Outcome	Completion	Owner
As a qualified Standards Development Organization, it is the mission of the Alliance to work together with stakeholders to develop voluntary consensus standards for the creation of a supply chain that is environmentally responsible, efficient, cost effective and positively impacts communities.	Green Standards and Adoption	1	Share innovative sustainable practices and adopted green standards at quarterly meetings	Leverage sustainable knowledge and practices across Alliance membership, supply base, external experts and other environmental organizations to facilitate member adoption of best practices	Quarterly	Executive Committee
		2	Promote adoption of "Be Green" Standards (utilities)	Influence environmental impact reductions across the electric utility industry and by members as a result of Alliance work product adoption	Dec 2011	Be Green Team / GHG Team
		3	Enhance and distribute 2011 survey	Gather targeted utility and supplier data regarding implementation of Alliance green standards and improvements in environmental performance	Sept 2011	Survey Team
Alliance Approach		4	Develop recommended green standards for utility product/services	Prioritize and complete category LCAs to develop and promote adoption of green standards for utility products/services	Sept 2011	Category Working Teams
Minimize the life cycle impacts on the environment of our supply chain operations and the products and services we source		5	Educate utilities / suppliers and track adoption of green standards for products / services and supplier operations	Promote green standards across the industry to influence key suppliers in the development of GHG reduction targets and plans	Dec 2012	Category Working Team / Supplier Education
		6	Engage environmental NGOs and technical stakeholders	Promote and validate work products, strategies and priorities of the Alliance with NGOs and technical stakeholders	Semi-Annual	NGO Team
Continue to emphasize supplier diversity, protect the health and safety of our employees, and contribute to the well being of the communities that we serve	Alliance Integration	7	Greater integration between subcommittees and working teams	Enhance benefits to Alliance members and influence across the industry via integrating work products and encouraging their adoption	Feb 2011	Executive Committee
		8	Provide clear processes and direction to subcommittees and working teams	Build an infrastructure for teams that enables them to successfully achieve objectives with an emphasis on timely delivery of actionable recommendations	Feb 2011	Executive Committee
Utilize lifecycle economics and efficient supply chain operations while ensuring the reliable delivery of products and services	Marketing and Communications	9	Develop integrated marketing and communications strategy and plan	Enhance Alliance brand across multiple stakeholder groups to influence the industry and increase membership	March 2011	Secretary
		10	Host Signature Alliance Event	Increase influence on the industry by promotion of Alliance's messages, work products and key results to a broad group of stakeholders	Q4 2011	Executive Committee

Measuring Success

Metrics

The Alliance has established benchmark metrics by which it will measure its success. Each of these metrics will be tracked for Alliance member performance and supplier performance:

Table 1 – Metrics

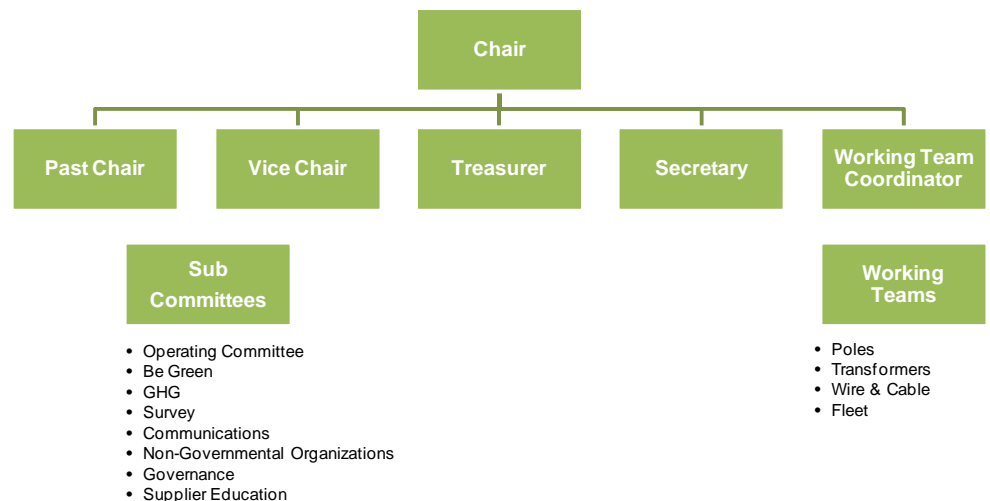
Metric	Supplier Metrics	Alliance Metrics
% That measure and trend GHG emissions	√	
% That have established voluntary GHG emission reduction goals	√	
% Reduction in collective energy consumption of supply chain operations of Alliance members		√

Through its annual survey, the Alliance tracks a number of metrics in addition to the ones shown above. In 2009, baselines for Alliance metrics were established through surveys of Alliance members and many of their suppliers. The survey will serve as the main channel (1) to track the Alliance's progress towards reaching its goals and (2) to measure the impact of the Alliance's influence across the industry and associated supply chains.

Organization and Governance

The Electric Utility Industry Sustainable Supply Chain Alliance, Inc. is a Delaware non-stock, nonprofit corporation governed by an Executive Committee that is elected annually. The Alliance is organized as a voluntary consensus standards development organization under the Standards Development Organization Advancement Act of 2004. Membership of the Alliance comprises North American investor-owned electric utilities. The Alliance accomplishes its work primarily through subcommittees and working teams. Subcommittees typically have an on-going mission, such as communications. Working teams are created to: 1) develop category-specific standards for evaluating environmental attributes of materials and services provided to the electric utility industry; and 2) research and develop recommendations to address other issues related to the purpose of the Alliance. The Alliance Executive Committee and its current subcommittees and working teams are illustrated in Figure 1 below.

Figure 1 – Alliance Organization



The organization depicted above reflects the current configuration of the Alliance. Going forward, working teams will be disbanded upon completion of their assignments and new working teams will be formed. Subcommittees may also be changed, eliminated, or added as the needs of the Alliance evolve.

Additional information about the Alliance and additional details about the roles and responsibilities of the Executive Committee, subcommittees and working teams can be found on the Alliance's website at www.euissca.org.