THE ROLE OF PPAs and VPPAs IN PARAMOUNT GLOBAL'S EMISSIONS REDUCTION STRATEGY

STUDENT AUTHOR

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OBJECTIVES

The goal of this project is to create a strategic plan for how power purchase agreements (PPAs) and virtual power purchase agreements (VPPAs) will fit into Paramount Global's emissions reduction strategy. More specifically, the objectives are to:

1. Review Paramount's energy consumption and Scope 2 emissions to identify priority facilities for procuring renewable energy
2. Compare and contrast PPA/VPPA financing structures to understand the potential monetary costs, benefits, and risks of procuring off-site renewable energy
3. Expand upon the CBS100 strategic plan to identify specific renewable energy projects to support Paramount in increasing renewable energy procurement across global operations

SIGNIFICANCE

In 2015, 196 countries formed and signed the Paris Agreement, which aims to limit global temperature increase as a direct result of greenhouse gas emissions associated with anthropogenic climate change. The goal of the Paris Agreement is to contain global temperature change to a maximum of 2°C, and ideally 1.5°C above pre-industrial levels to avoid the worst effects of climate change (1). In order to attain this goal, countries need to drastically reduce their greenhouse gas emissions by 2030 with the ultimate target of achieving net zero emissions by 2050 (2). Corporations like Paramount play a key role in ensuring these targets are achieved.

To meet their ambitious targets, companies are leaning heavily into renewable energy procurement. As of 2022, more than 340 corporations have committed to 100% renewable electricity targets through RE100 (3). Renewable energy has gained popularity not only because it decreases greenhouse gas emissions, but also because it can increase resiliency and reduce operating costs. That said, direct renewable energy generation and ownership can be a challenge due to complex site ownership structures, facility capabilities, and capital investments. In response, many companies are turning to power purchase agreements (PPAs) and virtual power purchase agreements (VPPAs) to meet their goals. These agreements allow companies without traditional energy expertise and infrastructure to participate in the renewable energy market (4). More companies exploring and investing in these renewable energy projects can help accelerate the global transition to a low carbon economy to ensure we avoid catastrophic climate change.

BACKGROUND

Paramount Global is a global media and entertainment company delivering content to diverse audiences through networks, studios, streaming services, live events, and more. While its operations are not very

carbon intensive relative to a manufacturing company's, it recognize its responsibility to curb its emissions in line with science-based targets. In 2020, Paramount's Scope 2 emissions totaled 134,333 metric tons of CO_2e, which is the equivalent of driving 29,000 cars for a year (5). These emissions resulted from 448,197 MWhs of electricity, 12% of which was from renewable sources (6). While this represents an increase in renewable energy from previous years, Paramount is committed to further reducing its impacts. Paramount seeks to accelerate its company-wide response to climate change by developing an action plan for increasing renewable energy via on-site solar, PPAs, and VPPAs.

Paramount (formally ViacomCBS) was formed in late 2019 from the merger between Viacom and CBS. Since then, the company has been working to update and consolidate its global climate strategies. Prior to the merger, CBS Corporation had enlisted the help of the Bren School to develop CBS100, a detailed strategy for how CBS's US operations could reach 100% renewable energy. Paramount hopes to expand upon the excellent work done through the previous group project by targeting legacy Viacom sites, including international locations. In addition, the project should dive deeper into the complicated financing structures available to renewable energy buyers, as these structures have evolved in recent years. Finally, Paramount would like to explore opportunities, including potential co-benefits, for offsetting emissions that cannot yet be reduced.

EQUITY

Paramount operates in numerous states and countries where fossil fuels make up the vast majority of the grid. Burning fossil fuels releases particles into the air, which often disproportionately impact marginalized communities. Lower income communities are often located closer to industrial areas where fossil fuels are burned. Emissions from these sites can directly harm these communities' health. More indirectly, these communities often lack the resources to mitigate climate impacts. For example, they often cannot afford air conditioning or ventilation systems. They are also less resilient in the event that a climate disaster, like a wildfire or hurricane, strikes (7).

This group project can encourage bringing new renewable energy projects onto the grid, which can improve air quality for vulnerable populations. On a broader level, by reducing Paramount's emissions, this project can help prevent the worst effects of climate change, protecting disadvantaged communities worldwide.

AVAILABLE DATA

Paramount has the following data readily available and can provide it to Bren students upon the signing of a non-disclosure agreement (NDA):

- Electricity invoices
- Company-wide and site-specific GHG emissions and calculation methodology
- Facility data (machine specifications, square footage, addresses, etc)
- Site-specific climate risk assessment
- CBS100 materials (previous Bren Group Project)
- Clean Energy Buyers Alliance (CEBA) membership resources

In addition, Paramount expects the students to take advantage of numerous publicly available GHG reduction resources from existing frameworks such as SBTi.

POSSIBLE APPROACHES

- For Paramount owned sites, assess viability for on-site solar through GIS (or comparable) analysis using location, roof area, weather conditions, and other identified factors

- Conduct in-depth research on different PPA & VPPA financing structures in the different states and countries in which Paramount operates. Run sample financial analyses using current energy spend, capital costs, and projected savings.
- Create a framework for Paramount Strategic Sourcing team to assess the environmental and financial costs and benefits of a specific PPA or VPPA project
- If time, develop a framework for Paramount to assess the environmental and financial costs and benefits of carbon offsets
- Compile all findings – policy research, market conditions, example projects, and offsets – to recommend a renewable energy procurement strategy for Paramount's global operations. This strategy should include specific site and project recommendations, potential costs and savings, and estimated timelines

DELIVERABLES

In addition to the required Bren School deliverables, this group project should result in one or more of the following:

- Strategic Plan for significantly increasing renewable energy procurement via PPAs/VPPAs; recommendations for offsets where renewable energy procurement is not yet feasible
- Report of opportunities, considerations, and costs for different VPPA/PPA financing structures
- Feasibility assessment of rooftop solar installation or other onsite renewable energy systems for company-owned facilities, with a focus on Legacy Viacom sites.

INTERNSHIP

Paramount is able to provide one internship for a Bren student during Summer 2022.

BUDGET

It is not anticipated that the proposed project would require additional funding beyond the $1,300 contributed by the Bren School.

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