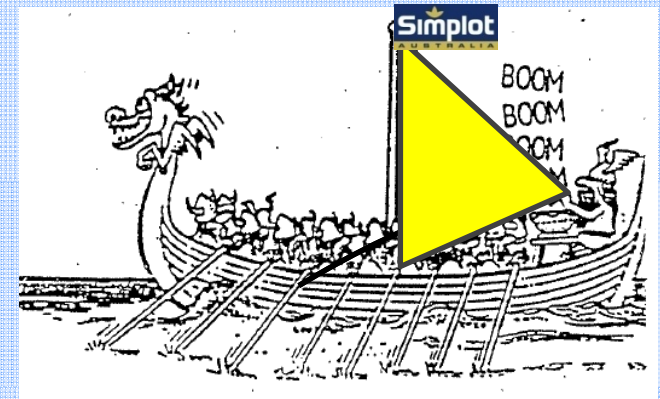




# TPM



# Getting on board the right boat!



# Is this energy efficient?



Utility Vehicle – and  
guess who pays for it?



# Energy Efficiency

## Sharing our companies personal journey

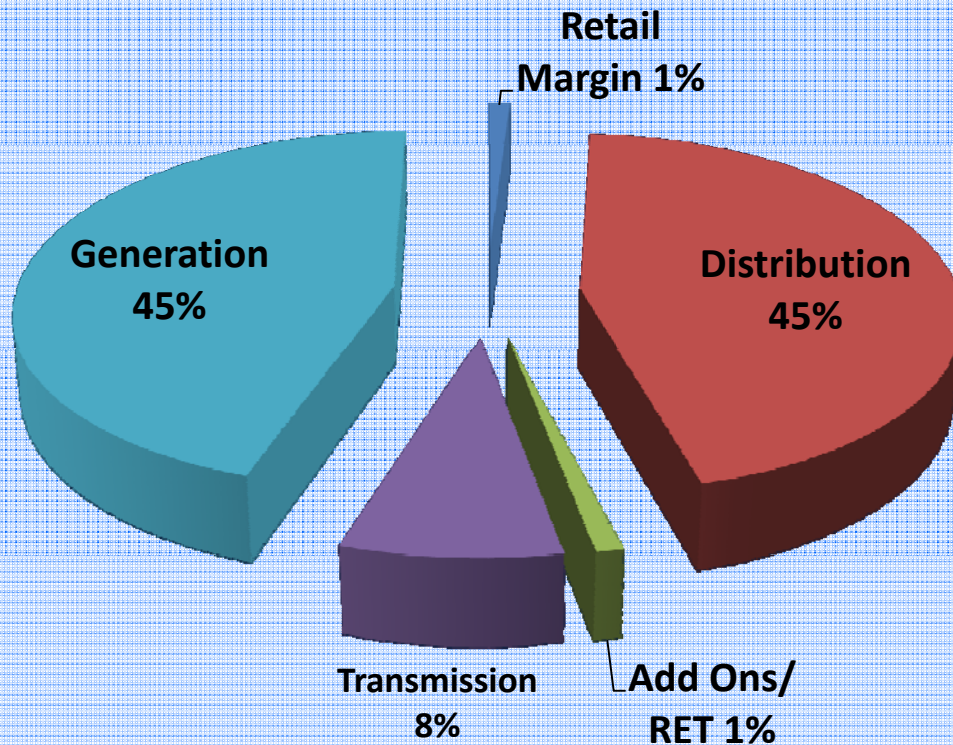
- Starting the journey
- Compliance
- Building culture
- Moving forward
- Tearing down the “Green” curtain!

***Not here today to advocate that we are doing all things right and that we are a stand out company***





# Electricity – know what you pay for!



## Generation (negotiated)

- Power stations
- Their cost to make electricity and send it down wires to you

## Retail margin (negotiated)

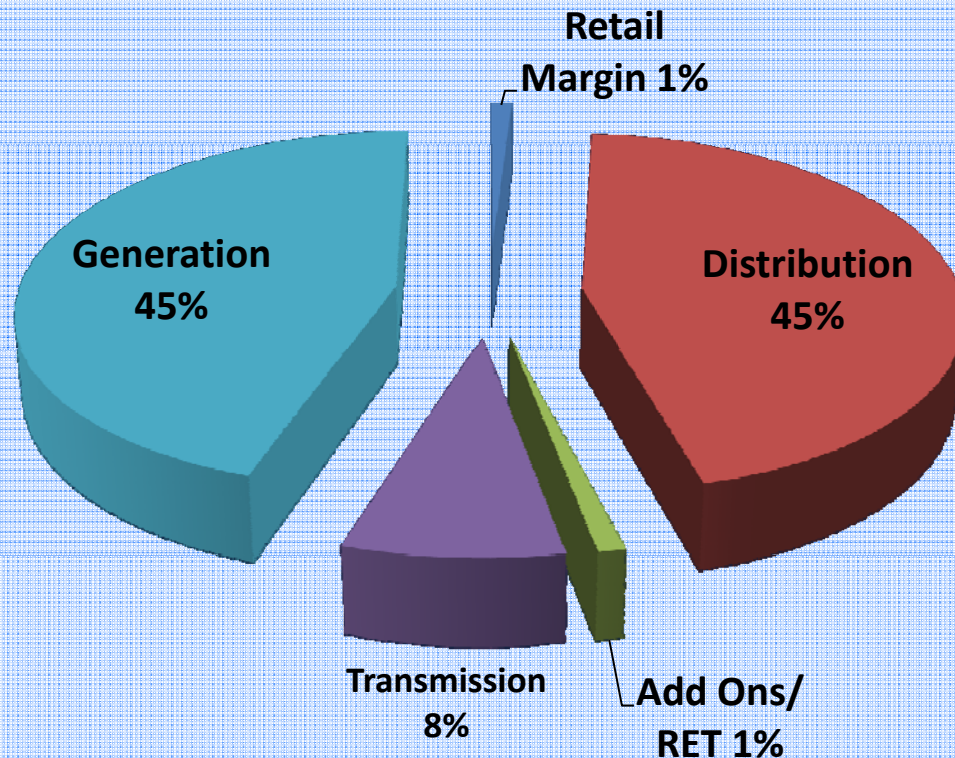
- What the retailer makes per kWh you use

## Add On's / RET (regulated)

- Ancillary costs
- Renewable Energy Charge
- Others



# Electricity – know what you pay for!



## Transmission (regulated)

- High voltage poles and wires that transport electricity from power stations to substations which lowers voltage

## Distribution (regulated)

- Poles and wires from substations to home and work



# Electricity – costs are rising

## 2001 to 2010

- Cost to produce electricity has remained reasonably constant
- Cost to distribute electricity has increased by 3.5% per year

## 2009 & 2010

- AER determination on distribution charges
- Cost to distribute electricity will increase an average by 7% per year over next 4 years



# Electricity – costs are rising

## Cost of Carbon?

- \$23/ tonne
- Consumers (home and work) will pay
- Power station types will change
  - carbon capture & storage
  - gas fired
  - renewable energy, wind, solar, hydro
- The cost to make electricity will increase and we will pay!



# Question

**Who wants to pay twice as much for their electricity?**



**T**oday

**P**ower

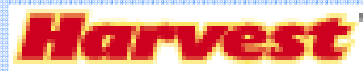
**M**atters







# Who are we?



**Our Brands - \$ 1.75 billion sales**





# Sites

**NSW - Bathurst & Kelso Production facilities**

**VIC - Echuca & Pakenham Production facilities**

**TAS - Ulverstone & Devonport Production facilities**

**Top Cut Meats - across Australia**

**Mr. Chips - NZ**





# Simplot Energy Sources

- Electricity
- Natural Gas
- Coal
- LPG
- Diesel / Petrol





# Energy Our Plants

Site Energy – **1,300,000 Gj**

Australia's Total Energy – **0.05%**

Total Supply Chain Costs – **in range of 5-8%**

## So why worry about energy efficiency?

- EEO & ESAP Legislation compliance
- Growing awareness rising energy costs
- Impact of a less carbon intensive world
- Saving money makes sense!
- Sustainability part of the culture of our business



# EEO & ESAP Legislation Compliance

## **EEO** not just an acronym for Equal Employment Opportunity!

- Took us a while to realise this – wasn't on anyone's radar
- Guess who worked it out first and got the job!
- Duplication of process across states can be frustrating!
- Our approach – get on with it and do best possible job



# Getting Started

## In the beginning – there was me

- Energy Efficiency was not a focus across Simplot
  - Focus on capital projects – not specifically energy related or energy intensity considered
  - Energy just seen as an everyday cost
  - “whack a bigger motor in to be sure attitude”



# Partner with a Consulting Group

## Our Energetics relationship expanded

- Assisted in areas of **education & compliance**
- **Briefed** Supply Chain Senior Mgt
- Expanded this awareness out across business
- Expanded **data collection** process
- Involvement in a range of **project investigations**
- **Brought up to date expertise** into our business and still continue to.



# Building a Culture – Getting Started

- EEO Assessment across sites – Mgt review a good starting point
- Appointed site based Energy Efficiency Coordinators – part of existing roles
- Formed site based Energy Committees – mandates established



# Building a Culture – Getting Started

- Targeted % reductions GJ / tonne processed
- Established an Energy / Environment SharePoint site to be used for all document storage
- Established a monthly internal energy report – actual performance to target and relevant articles of interest



# Building a Culture – Building Momentum

- Introduced a new logo across the business to add focus





# Building a Culture – Building Momentum

- Energy efficiency checklists created for:
  - Capital Projects
  - Major Maintenance
  - TPM<sup>3</sup> Teams
- Capital project approval includes energy efficiency sign off sheet



# Building a Culture – A Big Change!

- October 2010 JR Simplot USA Sustainability Conference
- Three days on energy efficiency!
- JRS joined US Dept of Energy “25 in 10” program
  - Improve energy intensity (Gj / tonne processed)
  - 25% over 10 years





# Building a Culture – Adjustments on the Home Front!

- Renamed EEO Co-ordinators “Energy Champions” & redefined role
- Set up Corporate Energy Efficiency Steering Group
- Adopted “25 in 10” as a Supply Chain goal
- Involvement in US Energy Steering team and more sharing of opportunities





# Building a Culture – Stop Press!

- In May this year our USA CEO invited Simplot Australia to join their Global “25 in 10” program
- Our MD accepted this invitation
- Interest in energy efficiency just got elevated!
- The adage:

**“my boss is interested in this so I am fascinated”  
really helps.**





# Building a Culture – Learning's from Conference



## Culture Eats Strategy Every Time!



# Energy Champions have to...

## Leaders / Managers have to...

- Clearly describe what needs to be achieved and what needs to change
- Clearly translate their end goals to provide meaning & purpose to others
- Practice what they preach!
- THEY NEED TO LEAD!





# Building a culture

- Building culture is an ongoing process
- Normal range of level of belief and interest
- Don't give up!



# Moving Forward – Measure & Manage



**“You can only control what you measure”**

- How many thousands of time have you heard that saying in recent months???????
- Fundamental TPM process!
- When our journey started – front of gate metering was the main measuring method
- Metering projects in various stages of installation and commissioning



# Moving Forward – Measure & Manage Real Time

- Develop reporting that helps you make money
  - Know when you are wasting energy and alarm
- Start off reporting energy use by
  - shift
  - line
  - services
  - get people use to terminologies
- My utopia = real time visibility Gj / tonne or case being alerted to variances from standard – reacting real time



# Moving Forward – Target Setting

- Target % Gj / tonne reductions or Gj / m<sup>2</sup> office space
- Model plant usage
  - Simplot predicts Gj / tonne by month and year end
  - Review monthly
  - Project modeling



# TPM<sup>3</sup> and Energy Efficiency are Aligned

- Less Downtime / waste – run time of equipment reduced
- Quicker changeovers – less idle time & waste of energy
- Eliminate waste by using it – use waste forms of energy for heating
- Turning things off when not needed – where practical



# TPM<sup>3</sup> and Energy Efficiency are Aligned

- Operator Equipment Management (OEM) – great way to educate on sustainability / energy efficiency
- Build energy efficiency into mandates
- Consider energy savings when doing Cross-functional Focused Equipment & Process Improvement Teams – every downtime minute saved saves a minute of energy use as well!
- Reducing waste improves energy efficiency – water usage reduction projects save water and energy!



# New Role for Operators

- Frontline Safety & Environment
- Frontline Quality
- Frontline Equipment Care
- **Frontline Energy Efficiency**
- Achieve the Production Plan
- Formal Continuous Improvement



# Tim Wood wastes Energy – don't you forget!

<b>T</b> is for Transport Waste	Energy wasted in transfer
<b>I</b> is for Inventory Waste	Energy wasted in goods movement in and out and in holding
<b>M</b> is for Motion Waste	Energy wasted in excessive movement
<b>W</b> is for Waiting Waste	Energy wasted in holding things in situ
<b>O</b> is for Over producing Waste	Energy used in generating waste and disposing
<b>O</b> is for Over processing Waste	Energy wasted in making too much
<b>D</b> is for Defect Waste	Energy wasted in dumping and remaking



# Thank you

