

# POWER PLAY

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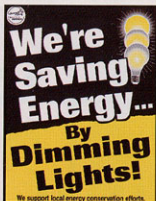
It wasn't that long ago — January — when the chain was besieged by annoying rolling blackouts that hit 40 of its stores in northern California in the midst of California's looming energy crisis.

Some Raley's stores were losing power for 30 to 90 minutes at a time, forcing the chain to revert to backup generators to run emergency lighting and front-end systems. In one instance, Raley's had to close a store in San Jose when it had power problems following one of the daily outages.

That was then. This is now. Like many among its supermarket brethren, especially on the West Coast, Raley's circled the wagons.

Faced with rising energy costs due to a crumbling utility infrastructure (the state's largest utility, Pacific Gas and Electric went into bankruptcy; others remain on the brink), Raley's and all others cut back.

"We turned off 20% of our lights back in March and April," Estberg said. "We con-



Supermarkets are working with the EPA's Energy Star program to conserve energy.

time to do that today."

The dimmed-store policy played well. "We got positive feedback from our customers," Estberg said.

Moreover, in all of its non-24-hour stores, Raley's installed nightshades that pull down over all of the stores' refrigerated cases, keeping cold in. The initial investment for the shades was steep, \$10,000 per store, Estberg said.

However, he estimates that within 22 years, the investment

will pay for itself. From then on out, Raley's stands to save \$3,500 per year per store for using the shades, Estberg said. "That's a lot of money," he added.

Additionally, Raley's is in the process of installing energy management systems in 36 of its stores that didn't have it. "It's a two- to three-year installation program," Estberg said.

The energy management systems are computer controlled and are designed to manage the operation of lights, HVAC heating and cooling systems and all refrigerated cases more efficiently.

Additionally, Raley's went around and upgraded the chain's lighting systems, installing more energy-efficient fixtures in stores that needed it.

Estberg estimates that Raley's saved an across-the-board 10% on energy consumption by making the aforementioned moves.

However, he also said it's close to impossible to translate the savings in energy consumption to real dollar

amounts. While Raley's cut back total energy consumption by 10%, the volatile energy costs were increasing in some cases as much as 50%.

When this year's Food Marketing Institute 2001 Energy and Technical Services Conference gets under way today at the Renaissance Hotel in Cleveland, Estberg will be on a panel with other facilities managers, telling his story.

"We're going to talk about what we are going to do in the future, too," Estberg said.

In the immediate future, most major supermarket

**"A lot of people are looking at generator sets. We are close to an installation. We should have one within the next two months."**

Ed Estberg  
senior director, facilities  
Raley's

chains are looking at installing generator sets, Estberg said. Currently, most supermarkets have backup generator support in stores it can switch to in the case of a blackout.

These generators are natural gas powered and small, car-

rying enough load to run emergency lighting and the front-end systems only.

However, the generator sets Raley's and others are looking at would be natural gas powered as well but will pack enough power to run an entire store's power supply at full tilt.

"A lot of people are looking at these generator sets," Estberg said. "We are close to an installation on one in one of our stores sometime in the next two months."

Estberg explained that the logic behind using the generator sets is not only to have the system in place in case power shortages hit, but to do "peak shaving" as well.

"We would run the generators during peak times when electricity is the most expensive," Estberg said. He explained that the rates in California are so varied that during peak times, noon to 6 p.m., for instance, rates are much higher.

Raley's intends to use the generators to "shave" their rates during those peak times, he said.

The only rub right now, he said, is that the generator sets are expensive, about \$225,000 per store.

However, if utility rates keep going up like they have been, the investment may well be worth it, Estberg said.

In the long-term future, Estberg sees fuel cells as perhaps one way around the high cost of energy consumption.

"I'd say seven to 10 years down the road, fuel cells will be taking the place of the generator sets," he added.

Peter Larkin, president of the California Grocers Association, a trade association representing all of the food retailers in that state, said he has been very pleased with the efforts of not only Raley's but all supermarket operators in that state, including Albertson's, Boise, Idaho; and Safeway, Pleasanton, Calif.; and others.

"California has done a remarkable job in conserving energy," Larkin said. "On top of that, we have had, by all accounts, a cooler-than-normal summer. So, that has helped, too."

Larkin said he likes to think that the food retailing industry has led the way in setting the example for conserving energy.

"All of the operators have had a commitment to reduce energy

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