OUR FIVE-YEAR PLAN

ACCELERATING THE LOW-CARBON ENERGY TRANSITION

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INTRODUCTION

The future—for all of us—hangs in the balance as runaway climate change increasingly is becoming an existential threat. We at Rocky Mountain Institute believe we must have a plan to face that future and shape it in the direction that will do the most good, and make a difference in accelerating the low-carbon energy transition.

To do this, together with supporters like you, we are embarking on an innovative path to grow our impact and become the most influential energy transition organization in the world. RMI has grown 28 percent a year for the past five years and our impact has been global. In the past year alone we helped bring India's government and industry leadership together to chart a course to meet their breathtaking commitment to 100 percent vehicle electrification by 2030, and are currently supporting that effort. We provided research that resulted in new U.S. fuel-efficiency standards for trucks that are expected to cut over 1 billion tons of CO_2 emissions. And we helped launch an energy blockchain consortium to facilitate millions of secure energy transactions per minute to occur on our electric grids, finally bringing our solar panels' and car batteries' value to energy markets. However, now is the time to scale our impact even more.

At the urging of our Board of Trustees, RMI recently engaged in a yearlong process of self-examination, detailed market analysis, and interviews with over 30 thought leaders triggered by the increased urgency of climate change and opportune changes in the energy world. The result is our new five-year plan, which we proudly share with you in these pages. It describes the transformation that we are making—a transformation rooted in our 35-year-strong tradition of excellence and focused on the future and the vastly larger role that RMI must play.

We mean to catalyze businesses, governments, and above all markets to embrace the clean energy revolution in time to stop global temperatures from rising by two degrees or more. To do that we are evolving into an institute that is larger and more engaged with an ever-expanding constellation of businesses, markets, geographies, and collaborators, including you.

We occupy a unique position as a business-oriented nonprofit in the energy space that is not only a think tank, but also a do tank. This five-year plan shows how we will drive transformative projects in enough markets and work with enough partners to scale our impact and influence on the energy system. We hope you will join us and help us achieve these ambitious goals. With your support and insight, we can make more of a difference and strengthen the gathering forces—creating clean air, energy security, job growth, and sustainable economic development, while slowing planetary warming. We are truly at an inflection point. We invite you to join us on this urgent journey.

WHAT WE DO

Rocky Mountain Institute transforms global energy use to create a clean, prosperous, and secure low-carbon future. That is our mission. That is our passion. And every day, every member of our team of over 200 works tirelessly to achieve it.

Why? Because just like you, we wish for our families and loved ones all that the energy revolution makes possible: climate protection, clean air and water, reduced poverty, a strong economy, better security, and resilient energy systems.

To achieve this, RMI is driving the global energy transition from fossil fuels to efficiency and renewables by working in partnership with governments, industries, and companies to reengineer energy systems. We are disrupting industries by advancing new technologies, shaping markets, and investing in innovative ideas to help them scale. All the while, we are growing our influence and impact by building on our long-standing reputation as a trusted, independent source of technical expertise, research, and analysis.

We know that profit does not have to be pitted against our planet, and that this transition can be made economically and made now. By collaborating with diverse partners, we boldly tackle the toughest long-term problems—challenges often ignored by those held to short-term results, we spread solutions rapidly, and we drive impact on a global scale—which is the scale of climate change.

OUR MISSION

Rocky Mountain Institute transforms global energy use to create a clean, prosperous, and secure low-carbon future.

OUR VISION

A world thriving, verdant, and secure, for all, for ever.

HOW WE DO IT

RMI pioneers whole-system solutions for the energy transition that can be replicated and implemented now. We don't do it alone. With philanthropic support, we work together with businesses, communities, institutions, entrepreneurs, and other NGOs to cost-effectively shift to efficiency and renewables. We drive impact with rigorous research and bold action—RMI is a "think, do, and scale" tank. As an independent, nonpartisan nonprofit, we convene and collaborate with diverse partners to accelerate and scale solutions, boldly tackling the toughest long-term problems. And we address specific market needs through our groundbreaking market affiliates—rapidly developing market change agents that are tethered to and supported by RMI, and also have the necessary autonomy so that they can quickly adjust to market opportunities.

Through **whole-systems design, innovative network engagement,** and **deep techno-economic analysis** using **world-class talent** to promote **market-oriented approaches**, we are transforming the global energy system.

WHAT WE DO

WHERE WE'VE BEEN, WHERE WE'RE GOING

Amory Lovins cofounded Rocky Mountain Institute as a 501(c)3 nonprofit in 1982 in Snowmass, Colorado. Amory became interested in energy conservation during the 1973 oil crisis, and wrote a landmark article for *Foreign Affairs*, "Energy Strategy: The Road Not Taken?"—still the publication's most reprinted article. The article described the two energy choices then facing the nation: the hard path, continuing to rely on dirty centralized energy generation; and the soft path, combining energy efficiency with a shift to decentralized renewable supply. RMI was formed to pioneer the soft energy path.

RMI was built on the belief that a few talented individuals—with an independent perspective, an ability to work across boundaries, and a robust knowledge of economics and technologies—could transform resource use and build a better world for all its inhabitants. Over 35 years, we have proven that to be true.

Aided by pioneers like RMI, markets have achieved a lot. In 2015, the world used energy 32 percent more efficiently than 25 years earlier, an essential achievement as the world economy more than doubled in size, according to the U.S. Energy Information Administration. And globally, renewables have been the largest source of new generation for two years in a row, at rapidly decreasing cost.

Our organizational commitment to increased impact, evolution, and growth has greatly influenced this progress. RMI expanded to Boulder, Colorado, in 2004. Since 2012, RMI has grown from 65 full-time employees and a budget of $10 million to over 185 employees and FY17 revenues of $36 million. In 2014, Sir Richard Branson's Carbon War Room merged with and began operating as part of RMI. In 2015, RMI moved from its longtime office location in Snowmass into its new net-zero energy RMI Innovation Center in nearby Basalt. Today, we have offices in Basalt and Boulder, Colorado; New York City; Washington, D.C.; and Beijing, and we have significant operations in Austin, Texas; San Francisco; London; and Johannesburg.

Over the past decade, RMI's work has scaled internationally, with 50 percent of our work now outside the United States. The number of RMI's programs has grown; we have teams operating remotely in the Caribbean, sub-Saharan Africa, and India; and new approaches for impact, such as membership platforms, business spinoffs, and social change labs, have emerged.

Today, with our new five-year plan, we resolve to do even more, even faster, to address the urgent issue of climate change and capture the many additional economic, environmental, and security benefits associated with the clean energy transition. In doing so, over the next five years, we seek to become the most influential energy-related change organization in the world. Read on to learn more about the journey we can take together.

RMI'S VALUES

RMI has committed to a set of organizational values and guiding principles that shape our community and culture.

Lasting Impact: We are accountable to have impact and deliver it through teamwork and external collaboration.

Bold Innovation: We encourage and support entrepreneurship and business building. We foster creativity and innovation.

Effective Frugality: We use our resources thoughtfully and transparently. We promote a healthy balance between work and personal life.

Unrivaled Team: We attract, motivate, develop, and retain the best group of diverse people. We combine humility in our behavior with boldness in our strategic thinking.

THE CURRENT SITUATION

Averting the worst impacts of climate change and creating a clean, prosperous, and low-carbon future is an urgent global task. Fortunately, RMI has been working on this challenge for 35 years and is uniquely positioned now to help transition the energy system to become low carbon and sustainable. Today:

- **The economics of the energy transition have rapidly improved.** Renewables are taking over as the cheapest source of power, and the costs of energy efficiency and batteries have dropped drastically.
- **Our energy system is getting smarter** as we deploy IT to manage our energy demand. We will soon see massive opportunities to integrate renewables, smart appliances, and electricity-based HVAC technologies into intelligent and responsive electrical grids.
- **The politics of the energy transition have tipped.** Virtually every national government has signed the Paris Agreement. At the same time, over 2,000 leaders from U.S. states, cities, businesses, and universities joined a coalition dedicated to continuing strong U.S. climate leadership through the "We Are Still In" effort.
- **Climate change is speeding up**, and the world is not on track to hit the target from the Paris Agreement of keeping global average temperature increase to well below 2 Celsius degrees.

Alongside these developments in the energy space, the philanthropic community is changing. Funders are increasingly coordinating and consolidating around big bets, and exercising more investment-style discipline. At the same time, a fragmented field of civil society organizations is struggling to sufficiently collaborate and scale its impact.

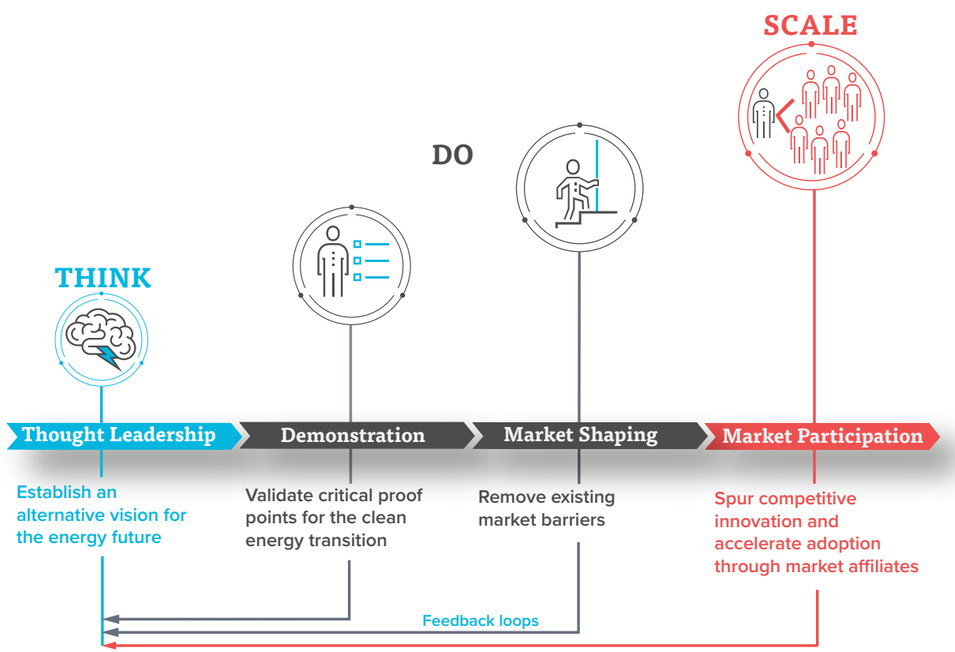
For these reasons, we need to urgently change our operating model, and we need to expand and scale up our impact—we must accelerate the energy transition if we are to create our vision of a world thriving, verdant, and secure, for all, for ever.

OUR STRATEGY

RMI's efforts protect the environment, increase jobs and prosperity, support a more secure world, improve people's health, and provide access to electricity in parts of the developing world. Over the next five years, we plan to radically expand those impacts as we both grow our organization and increase our impact per unit of resource. To increase our impact we will augment our "think-and-do" approach with a scaling commitment. We plan to double or triple the size of the organization while increasing its overall impact on the global energy transition tenfold. In the end, only the deployment of energy transition solutions at scale results in meaningful impact.

For us to be effective we have to think, do, and scale. We do that through our four approaches: thought leadership, demonstrations, market shaping, and market participation. The first three of these are largely executed within what we define as RMI's "core," with market participation frequently coming from our "market affiliates," which we describe below.

ROCKY MOUNTAIN INSTITUTE'S THEORY OF CHANGE



THOUGHT LEADERSHIP

Through our thought leadership we shape an alternative vision for the energy future. We do this by being a trusted, independent source of technical expertise, research, and analysis. This was articulated in our *Economics of Grid Defection* report—RMI's most downloaded report—which broke the story on grid-competitive solar-plus-batteries systems and their potential impact on the grid. We also do this by crafting integrative energy transition scenarios. We did this with *Reinventing Fire: China* and our work in both Rwanda and India, where we are pulling together comprehensive solutions into a compelling and economic business case that allows stakeholders to see what is possible and motivates them to take action.

However, it is not enough to just be a thought leader; it is also important to convene market leaders to express that thought and co-develop solutions with them. We ensure our insights have market impact by testing and refining these ideas with others and then amplifying the messages through tactical communications. We see a significant need to scale up this communications effort.

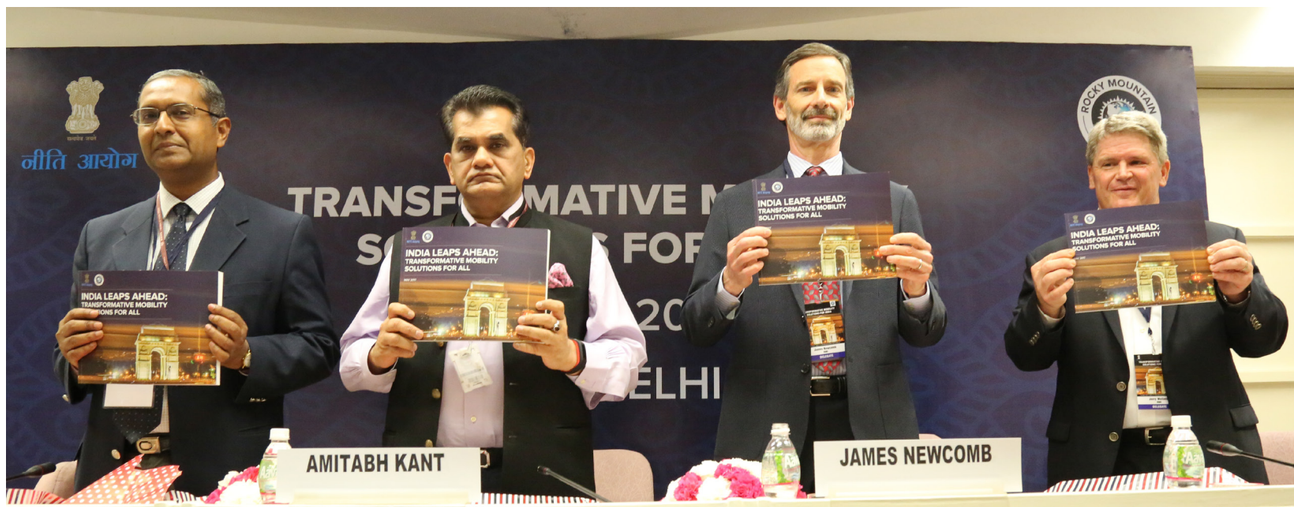
THOUGHT LEADERSHIP

RMI's report on **grid defection** broke the story on grid-competitive solar-plus-batteries systems and was cited in Barclay's downgrade of the U.S. utilities.

RMI's work on ***Reinventing Fire: China*** provided technical and economic analysis along with policy recommendations to help inform energy decisions in China, including its commitments to the UNFCC process and the creation of its 13th Five-Year Plan.

RMI, along with the Indian Government's premier think tank NITI Aayog, produced a report, ***India Leaps Ahead: Transformative Mobility Solutions for All***, summarizing India's opportunity to lead the world in advanced passenger transport while saving $330 billion and 1 gigaton of carbon dioxide emissions, all by 2030.

In Rwanda, RMI worked with development partners and the private sector to create a shared vision for and approach to **rural electrification**, and revealed $1 billion in long-term savings through an integrated resource plan.



OUR STRATEGY

DEMONSTRATIONS

Through **demonstrations** we prove that select solutions for the clean energy transition are both possible and profitable. We do that with pilot projects that are first-of-a-kind demonstrations, as we did with Almono, the largest zero-energy community in the United States, and in our work with the Fort Collins utility that allowed more homes to implement renewables and efficiency in this Colorado town.

We also do this by collaborating with companies to transform their existing practices and to implement progressive business models to advance a distributed energy future. For instance, our work with Seattle-Tacoma International Airport is helping it become one of the first airports in the world to provide sustainable aviation fuels to its airlines as part of its regular fueling service. In Austin, Texas, our integrated commuting solution is aggregating demand for shared commuting solutions, helping the city to become a pioneer for the adoption of "new mobility."

We work with leading organizations to complete these projects in the marketplace and establish new best practices. We then promote these successes to ensure they're replicated around the world.

DEMONSTRATIONS

RMI's work with Almono, a 180-acre development in Pittsburgh, shows how pursuing net-zero energy is not a cost, but rather a significant value driver that can create new income streams. The integrative business model RMI developed for Almono can be used to **develop net-zero energy districts** around the world.

RMI and SkyNRG joined with the Port of Seattle to help supply all airlines at Seattle-Tacoma International Airport with **sustainable aviation biofuels**. Replacing just 1 percent of their standard fuel would reduce tens of thousands of tons of carbon emissions annually.

RMI's mobility team—partnering with Movability Austin and Capital Metro—launched an **integrated commuting solution** for employees of two downtown Austin companies, Whole Foods Market and GSD&M. The program integrates shuttle service between company offices and downtown Austin transit hubs and on-demand mobility options (carshare, bikeshare, ride-hailing) as a single package.

In Colorado, RMI helped the city of Fort Collins design a new **integrated utility services model** to get more residential homes implementing energy efficiency and renewable energy. The Fort Collins Efficiency Works Neighborhood program won the Energy Innovator Award from the American Public Power Association.

SHAPING MARKETS

Shaping markets sounds audacious, and it is. We use change laboratories to remove existing market barriers. We perfected this process though our Electricity Innovation Lab (e-Lab), which brings together stakeholders from all sides of the electricity system to create a clean, efficient, affordable, reliable, and resilient electricity grid.

We create practical solutions to overcome market barriers in our work with market leaders and influencers. The Business Renewables Center has helped corporations purchase over 8,000 megawatts of large-scale renewable energy. Our trucking program's work with the North American Council for Freight Efficiency is another example. We build demand for fuel-efficient trucks by providing credible, unbiased third-party information on available efficiency technologies. Our Confidence Reports have evaluated more than 60 technologies to date.

SHAPING MARKETS

RMI's **e-Lab** assembles leading projects from around the country to support and advance innovative work at the distribution edge of the electricity system. Since 2013, e-Lab Accelerator has brought together dozens of teams from around the country working on resilient community microgrids, battery energy storage, electric-vehicle adoption and grid integration, progressive utility business models, and more.

RMI and the North American Council for Freight Efficiency held the **Run on Less** cross-country roadshow, in which seven trucks drove over 50,000 miles using efficiency technologies available on the market today. The fleets proved that over 10 mpg is possible (compared to today's average of 6 mpg) and revealed a road map for other North American fleets to lower fuel costs and emissions from their equipment.

MARKET PARTICIPATION

Finally, we are scaling up by greatly increasing our **market participation** to spur competitive innovation and get solutions adopted faster. Our market affiliates are the key to this. They are leading and disruptive market players that fill unmet market needs and spur market change. An example is WattTime, a new subsidiary of RMI. Its technology algorithm determines the real-time carbon intensity of the grid to allow businesses and consumers to shift when they use electricity to minimize their carbon footprint.

We also increase our market participation by managing purpose-built networks specifically designed to deploy and scale solutions. Black Bear Energy assists large real estate owners in procuring renewable energy and storage, and the Energy Web Foundation aims to develop a market standard for how blockchain technology is used across the energy sector to ultimately speed the transition to clean energy.

MARKET PARTICIPATION

RMI's subsidiary organization **WattTime** produces technology that automatically detects local, real-time grid emissions when people and companies use electricity. Joining with RMI helped WattTime grow while empowering more customers to time their loads to choose clean energy and reduce their carbon footprints.

Blockchain technology—the technology underpinning the Bitcoin virtual currency—is one of the most potentially disruptive technologies since the Internet. RMI and Grid Singularity formed the **Energy Web Foundation** to help blockchain technology play a significant, game-changing role in the global electricity system's transition to a more secure, resilient, cost-effective, and low-carbon grid.

IMPLEMENTATION

RMI is known for rigorous analysis and bold action to transform global energy use. Over the past 35 years, RMI has worked effectively with governments, utilities, regulators, technology providers, and other stakeholders to bring about transformational change. Now we have the ability to create even more impact. To achieve our plan, we will focus our efforts on five things:

- Focus on the biggest problems
- Improve our core performance
- Expand geographically
- Increase our influence
- Develop market affiliates

FOCUS ON THE BIGGEST PROBLEMS

RMI is rapidly growing and diversifying. Because our teams focus on different opportunities, we have a clear set of criteria for them to decide which projects to pursue. To ensure we apply our unique skills and resources where they can have the biggest long-term impact, the criteria we use are the urgency of an activity; the effects an activity will have on greenhouse gas emissions, the economy, security, and resilience; and the robustness of the theory of change that underlies the project.

IMPROVE OUR CORE PERFORMANCE

Core performance is critical to both keeping RMI on a secure financial footing, and allowing us to efficiently focus on the right topics. We must be able to fund and focus on the right problems, and we must have the capability to seize opportunities to achieve our mission as they arise.

We will increase our efficiency and effectiveness by upgrading our management model, financial management, operational systems, and institutional capacity, and enforcing strategic and operational discipline. We continue to invest in our people, and will strengthen our learning and development function.

EXPAND GEOGRAPHICALLY

Globally, an estimated 1.2 billion people lack access to electricity (about 1 billion of whom are in Africa and India). The average Indian consumes less than 5 percent of the electricity consumed by the average American. And China has surpassed the U.S. as the largest energy economy. If these regions and countries follow a conventional energy pathway, their residents, the environment, and the planet all suffer.

Our work in China, India, Africa, and the Caribbean has demonstrated both that there is demand for what RMI has to offer, and that we can operate effectively outside the United States. We plan to build a permanent presence in one or two additional critical geographies over the next five years to drive the global energy transition, with India being one prime candidate. We will also be active in two to three new regions where we advise and leverage local resources.

INCREASE OUR INFLUENCE

Given our small size, we are very proud of the strong reputation for forward thinking about energy that we have built, particularly among peers in our field. Our goal is to continue to elevate awareness of our ideas and solutions to the topmost decision makers. Through focused efforts engaging CEOs and entrepreneurs, policy makers and regulators, investors and analysts, and other energy leaders, we will increase our overall influence in the system. By increasing our profile with the most important leaders in the world, we ensure we are front of mind to those making decisions that affect energy infrastructure and markets. When a tough problem comes up on energy-related transitions, we want the top decision makers to ask, “What does RMI think about this issue?” and “How would RMI solve it?”

DEVELOP RMI MARKET AFFILIATES

No organization can tackle every challenge inherent in creating a clean, prosperous, and secure low-carbon energy system. So in addition to executing a robust set of core programs—and partnering extensively with other organizations—RMI stands up and/or supports organizations to overcome specific market-based challenges. We will call these purpose-built organizations RMI market affiliates.

RMI plans to organize itself around core programs and a growing number of market affiliates. Market affiliates will take many shapes and have unique operational needs. They’re more autonomous, which lets them be as nimble as required by the markets in which they operate. Some are for-profit spinoffs (like Black Bear Energy), and others are nonprofit (like the Energy Web Foundation). Some are legal subsidiaries (like WattTime), and others are freestanding organizations with a particularly close tie to RMI (like the North American Council for Freight Efficiency). As market affiliates, they benefit from RMI’s experience, depth of programmatic expertise, networks, and support functions such as marketing and development.

RMI market affiliates provide a clear mechanism to scale impact beyond what can be achieved within RMI’s core structure. Because of their nimbleness and likely diversity of activities, they give us the opportunity to incubate ideas that the market is not moving on to offer significant strategic value to the broader set of RMI activities. Balancing market-affiliate opportunities with the need to maintain a strong and well-resourced core, we anticipate having between five and 10 fully operational market affiliates within five years.

“The ground is shifting. We cannot just stand here. Unquestionably, between today’s and tomorrow’s energy systems loom inflection points where immense fortunes will be made and lost. What will be your legacy? When your shareholders in this decade, and later your grandchildren in your retirement, ask what you did to meet humanity’s supreme energy challenge, how will you answer?”

—Amory B. Lovins, *RMI Cofounder and Chief Scientist*

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