



Business Case Study:
Neutrogena Corp.

Background

- Type of Business: Provider of skin-care products
- Location: Los Angeles
- Size: 500 employees, more than 24,000 square feet
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Summary

On July 12, 2001, at a ceremony with representatives from state and local government, Neutrogena unveiled a 200 kW, \$1.4 million solar power system at the company's headquarters – the first and largest solar power project of its kind in Los Angeles. Financial support of \$1 million from Los Angeles Department of Water and Power's (LADWP) Solar Power Incentives program, along with design and installation work by an outside consultant, made the project possible. The goals were to reduce Neutrogena's energy consumption by 20 percent; provide power equivalent to that used by 100 average-sized Los Angeles homes; and eliminate 513,000 pounds of carbon dioxide annually. Results were seen immediately, setting Neutrogena on track to meet its projected annual savings of \$49,926 and payback time of six years.

Referenced in Business Guides:

- #1, "Reduce Energy Use in Commercial Facilities Through Conservation Measures and and Efficiency Improvements"

Plan

Neutrogena hired outside consultant PowerLight Corp. to help gather data on Neutrogena's current energy use, including annual electrical bills, peak demand energy use and LADWP electrical rates.

The Director of Facilities at the company headquarters worked with Johnson & Johnson and the LADWP to search for ways Neutrogena could cut its energy use and minimize its environmental impact on Los Angeles. LADWP's solar power incentives program motivated the company to begin planning a solar energy project. The

process required two months for paper work, a six-month waiting period and two months for installation.

Neutrogena's objectives were to ease the energy burden on the company and minimize its environmental impact on Los Angeles.

Programs: Conservation

✓ **Alternative and/or renewable energy sources:** PowerLight designed and installed a 24,000-square-foot Siemens 200-kW solar panels system at Neutrogena's headquarters. The project was completed in August 2001.

Programs: Efficiency

✓ **Lighting:**

- Upgraded all fluorescent lights from T12s to T8s;
- Installed a new lighting system that included 33 Hubbell, REG-2, 250-watt, metal halide type fixtures, M-59 lamps, safety lenses per manufacturer specifications, an occupancy sensor and a timer.

Budget and Finance

The photovoltaic system cost \$1.4 million and was financed by: \$400,000 from the company management budget, \$1 million from LADWP's Solar Incentive Program and a state and Fed tax credit of \$100,000. The LADWP program provided a \$5-per-watt incentive to install systems manufactured inside the city of Los Angeles, and a \$3-per-watt incentive for systems manufactured outside the city. Total cost of lighting retrofits was \$75,000, which was offset by \$30,000 in rebates.

Results

Neutrogena saw immediate savings from its photovoltaic system, which was expected to generate annual savings of \$49,926 and a return on its investment in six years. In one year, between August 2001 and April 2002, Neutrogena saved 326,880 kW as result of the solar panel system, compared with energy usage between August 2000 and April 2001.

- August-October 2001: Saved \$9,566 in avoided energy costs and 165,312 kW.

- October-December 2001: Saved \$3,296 in avoided energy costs and 39,456 kW.
- December 2001-February 2002: Saved \$12,268 in avoided energy costs and 97,344 kW.
- February-April 2002: Saved \$2,170 in avoided energy costs and 24,768 kW.
- The lighting retrofit also delivered big energy and financial savings: 47,420 kWh and \$15,603 in avoided energy costs.

Lessons Learned

Neutrogena learned that California businesses have every reason to implement a solar power system: Sunlight is abundant in the State and utility incentive programs make it a cost-effective project.