

PUBLIC

utilita 
life with power

Carbon Footprint Report

1 April 2019 –
31 March 2020



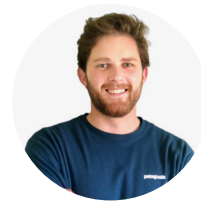
FOREWORD

Measuring and reporting our annual carbon footprint is an important part of our ambition to be a more sustainable organisation. We have a **target to be net-zero carbon by 2030** with annual targets for each year along the way.

Measuring our carbon footprint means we can:

- ✓ Track our progress towards net-zero.
- ✓ Pick the most cost-effective opportunities to reduce our carbon footprint and pass the savings onto our customers.
- ✓ Ensure new innovations have a low-carbon footprint from the outset and where possible ensure they help our customers to reduce their environmental impact and, in turn, ours.
- ✓ Be completely transparent about the headway we make each year towards our goal of net zero by 2030.

This is a first of its kind report for Utilita. It is the starting point from where we will begin reducing our footprint - our baseline. Next year's report, measuring our 2020 emissions, will include an update on our transition to net-zero.



→ **ARCHIE LASSETER**
SUSTAINABILITY LEAD

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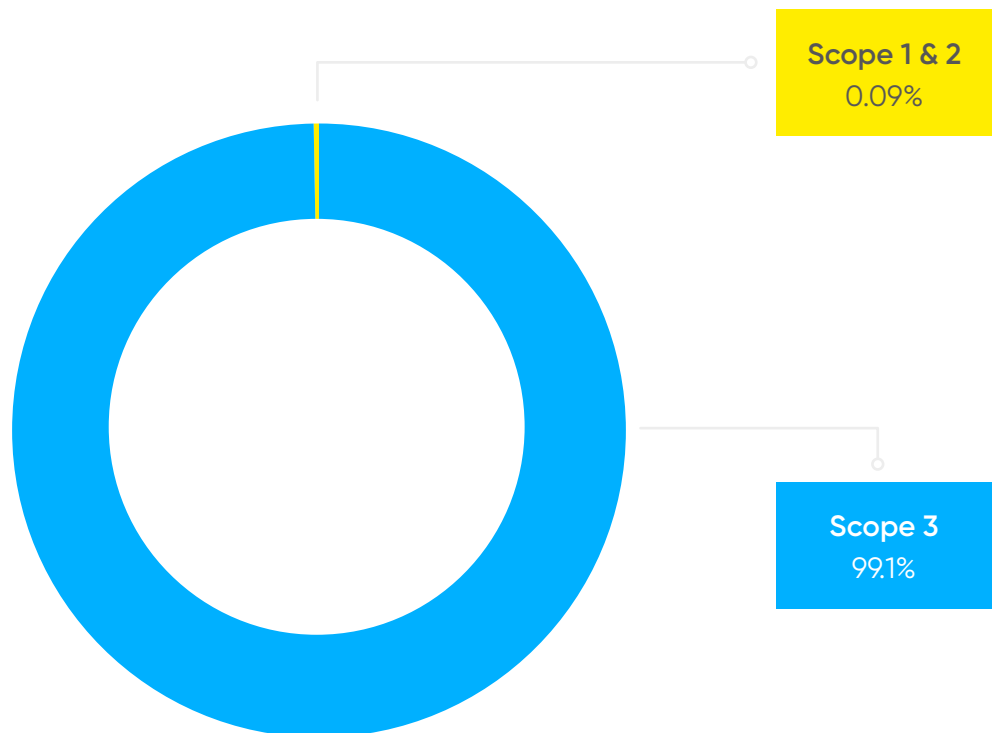
> 2019 Carbon Footprint: The highlights

To calculate our carbon footprint, we have used the internationally recognised Greenhouse Gas Protocol standard. **See appendix 1** for an explanation of how this standard works.

Between April 1st 2019 and March 31st 2021 Utilita was responsible for 2.46m tonnes of carbon dioxide or equivalent (mtCO₂e); roughly equivalent to 1.25m passenger cars driven for one year.

Of this 2.46 mtCO₂e, 1,425.5 tCO₂e were Scope 1, 758.5 tCO₂e were Scope 2, and 2,453,757.8 tCO₂e were Scope 3.

2019 EMISSIONS



We reported on eight out of fifteen categories for Scope 3 emissions. The remaining six were either already accounted for elsewhere or not relevant. **See appendix 2** for a full breakdown of emissions by Scope 3 category.

To calculate this carbon footprint, the underlying activity data was provided by Utilita to EcoAct who independently calculated our carbon footprint.

> 2019 Carbon Footprint: The detail

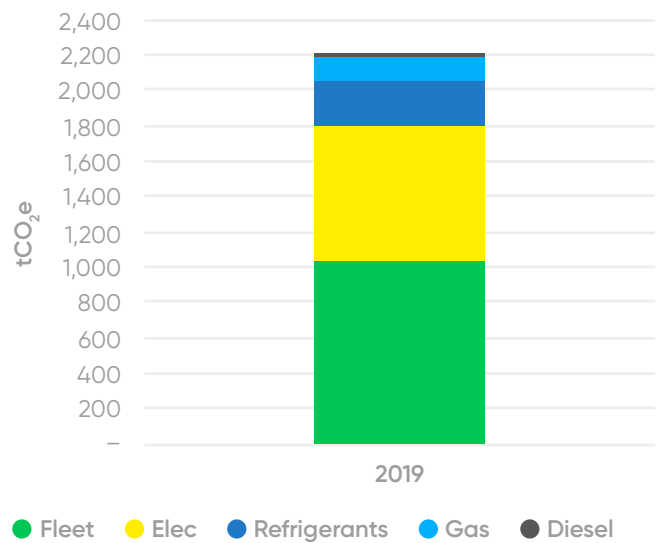
SCOPE 1 & 2 EMISSIONS IN 2019 AND PATHWAY TO NET-ZERO

For Scope 1 and 2, most of our footprint came from Scope 1. The largest Scope 1 emissions source was from fuel our fleet of leased vehicles used. Our engineers and sales force use these vehicles to travel the country installing smart meters, giving our customers vital visibility of their energy use and spend, and to sign new customers up.

We also used a small amount of gas to heat some of our buildings, a tiny amount of diesel in a backup generator in our headquarters and one of our air conditioning units had a small refrigerant leak.

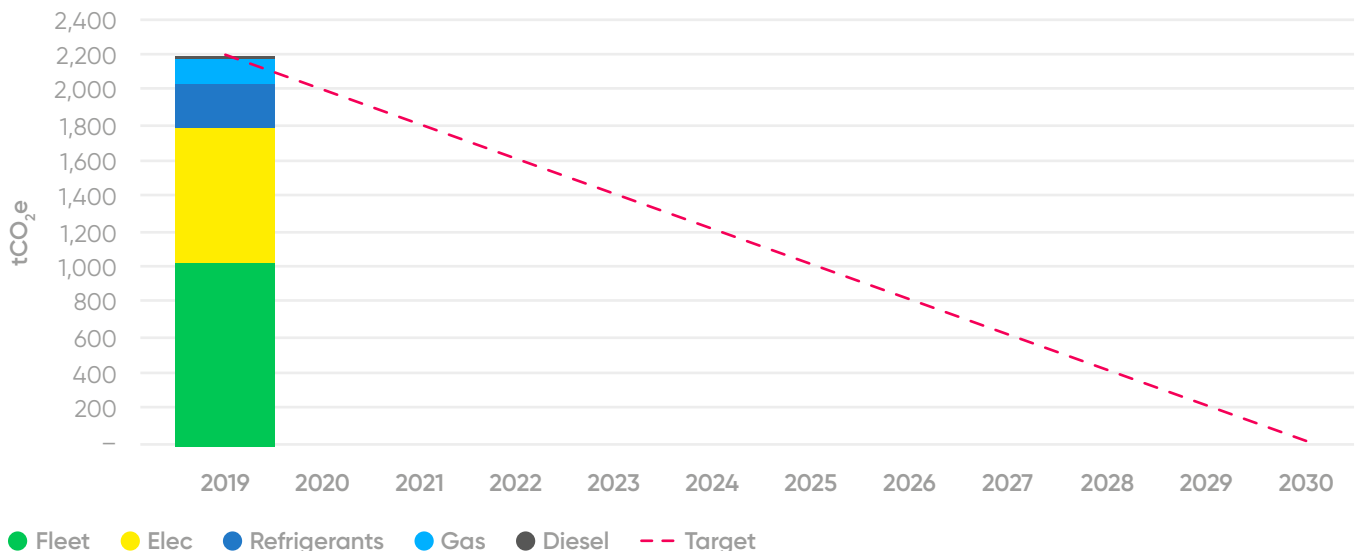
The second largest source was from Scope 2. The electricity we used in our buildings to keep the lights on and air conditioning running to ensure all Utilita staff have a comfortable environment to work in.

2019 SCOPE 1 & 2 EMISSIONS



Starting from 2,184 tCO₂e in 2019 and reducing Scope 1 & 2 emissions by 9.1% each year, down to net-zero by 2030 will look something like the graph below.

NET ZERO BY 2030: SCOPE 1 & 2 EMISSIONS

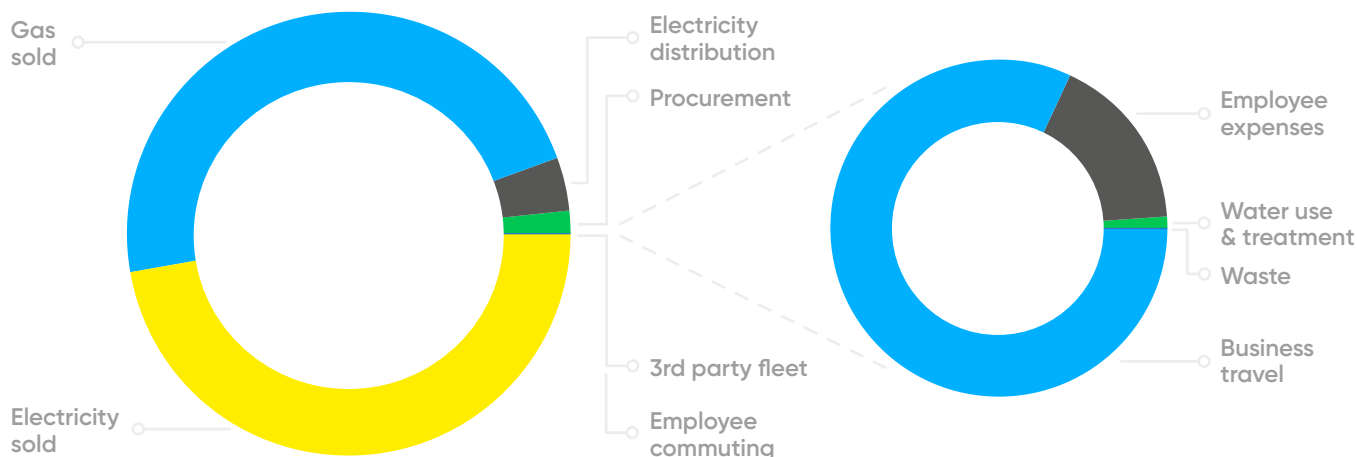


SCOPE 3 EMISSIONS IN 2019 AND PATHWAY TO NET-ZERO

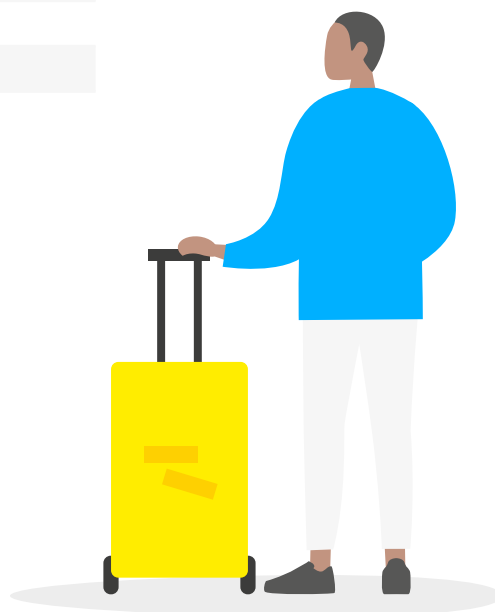
Scope 3 emissions comprised 99.91% of total emissions in 2019; 95% of these Scope 3 emissions came from the gas and electricity our customers use - 48.4% from electricity, 46.6% from gas. The other noticeable emission sources

came from distributing electricity around the country on the national network of overhead cables and the procurement of products and services we need to run Utilita day-to-day, from stationery to datacentres.

2019 SCOPE 3 EMISSIONS



Scope 3 emissions source	tCO ₂ e	Share
Electricity sold	1,188,157	48.42%
Gas sold	1,142,920	46.58%
Electricity distribution	90,128	3.67%
Procurement	28,755	1.17%
3rd party fleet	1,952	0.08%
Employee commuting	939	0.04%
Business travel	714	0.03%
Expenses	179	0.01%
Water use & treatment	9	0.0004%
Waste	4	0.0002%



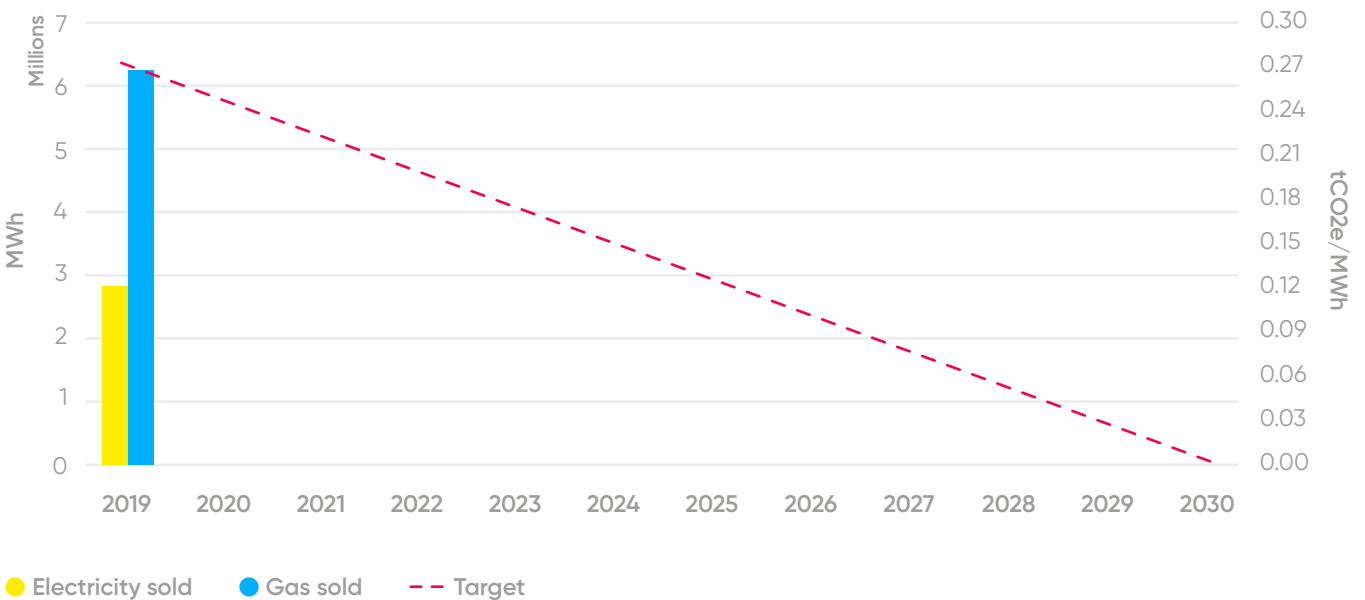
Utilita's growth as a business is predominantly based on how much gas and electricity we sell. Like our net-zero target for Scope 1 & 2, we could have a target based on reducing total emissions for Scope 3. However, this would mean selling less gas and electricity, or shrinking the business.

There is a better way to achieve net-zero and grow the business. We can reduce the carbon content of the energy we sell. If the gas and electricity we sell has zero carbon content it doesn't matter how much we sell, the total carbon emissions will be zero.

Therefore, we will track our progress to net-zero for our Scope 3 emissions by measuring the carbon content or carbon intensity. This means dividing total Scope 3 emissions by the total megawatt-hours sold, using the unit tCO₂e/MWh.

In 2019 we sold 9,074,624 MWh (gas and electricity combined) and produced 2,453,758 tCO₂e of Scope 3 emissions. Resulting in a carbon intensity of 0.2704 tCO₂e/MWh. Reducing this by 9.1% each year down to net-zero by 2030 will look something like the graph below.

NET ZERO BY 2030: SCOPE 3 EMISSIONS



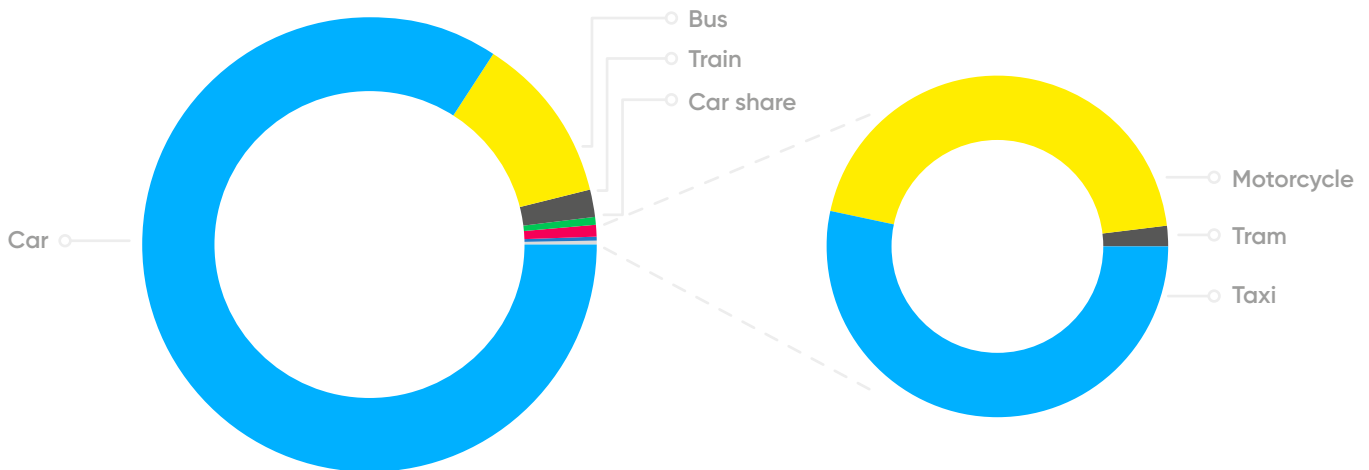
> Breakdown of emissions by Scope 3 category

Some of the Scope 3 categories can be broken down further. For example, we can see emissions from different modes of transport for employee commuting and business travel.

Also, emissions from our offices come from a mix of Scope 1, 2 and 3 and it can be more useful to see all these in one place.

EMPLOYEE COMMUTING

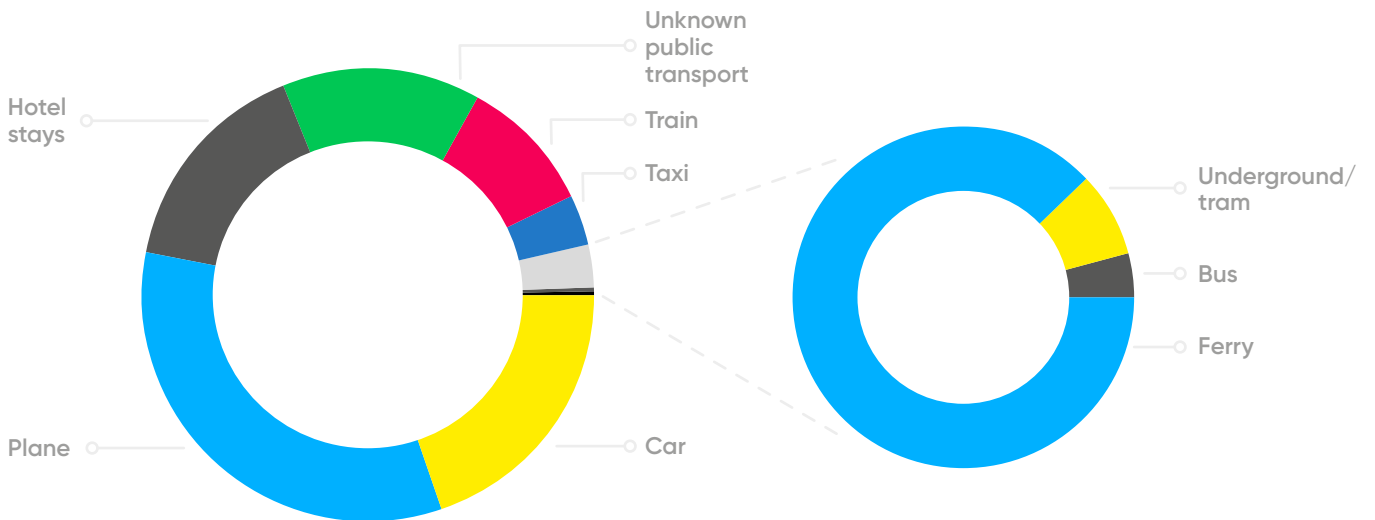
tCO₂e PER MODE OF TRANSPORT



Mode of transport	Total Kilometres in 2019	tCO ₂ e
Car	3,377,015	793
Bus	807,261	112
Train	306,322	17
Walk	185,943	0
Cycle	73,941	0
Car share	48,884	6
Taxi	30,779	6
Motorcycle	30,095	5
Tram	4,345	0.2

BUSINESS TRAVEL

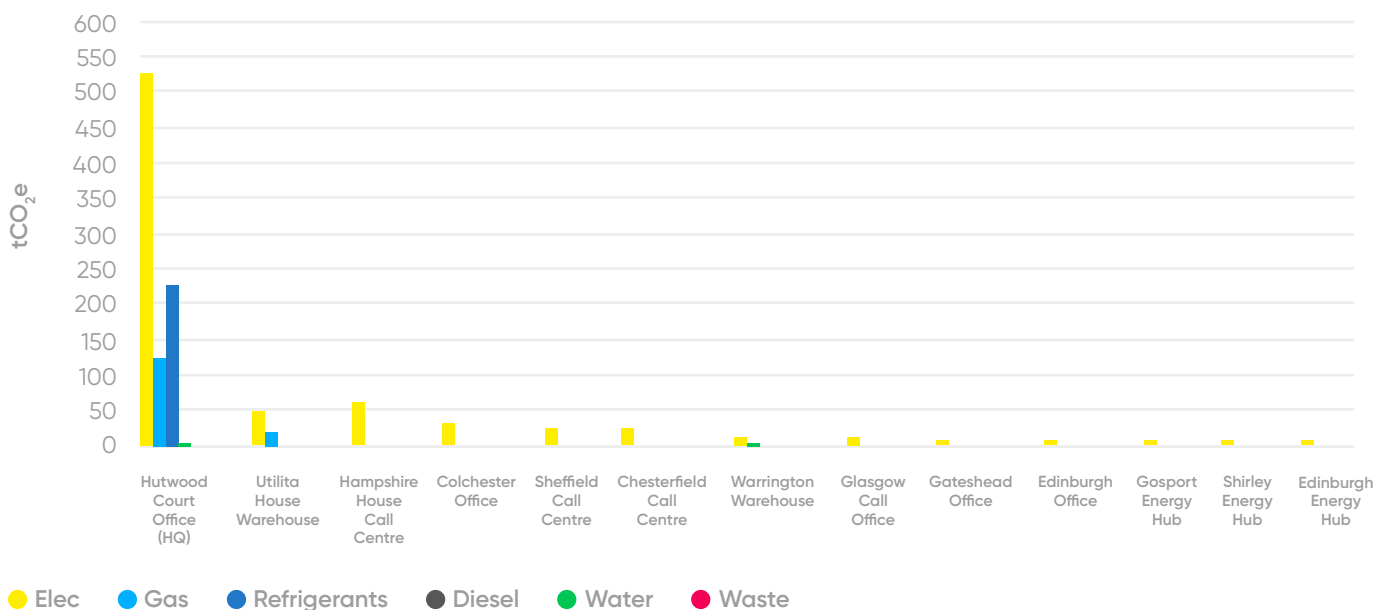
tCO₂e PER MODE OF TRANSPORT



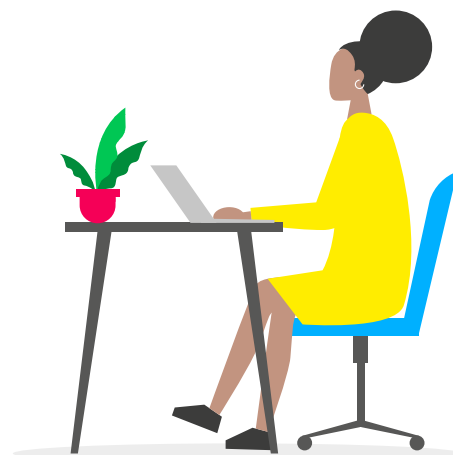
Mode of transport	tCO ₂ e
Car	141
Plane	239
Hotel stays	112
Unknown public transport	102
Train	70
Taxi	25
Ferry	22
Underground/tram	2
Bus	1



EMISSIONS BY OFFICE



Office	Emission Source (tCO ₂ e)							Total
	Electricity	Gas	Refrigerants	Diesel	Water	Waste		
Hutwood Court Office (HQ)	524	122	233	1	3	1.5	885	
Utilita House Warehouse	44	23	0	0	1	0.53	69	
Hampshire House Call Centre	58	0	0	0	1	0.1	59	
Colchester Office	34	0	0	0	0.1	0.025	34	
Sheffield Call Centre	28	0	0	0	1	0.31	29	
Chesterfield Call Centre	26	0	0	0	1	0.31	27	
Warrington Warehouse	7	0	0	0	2	0.6	10	
Glasgow Call Centre	7	0	0	0	1	0.3	8	
Gateshead Office	6	0	0	0	0.05	0.03	6	
Edinburgh Office	6	0	0	0	0.05	0.01	6	
Gosport Energy Hub	6	0	0	0	0.04	0.1	6	
Shirley Energy Hub	5	0	0	0	0.02	0.02	5	
Edinburgh Energy Hub	5	0	0	0	0.01	0.02	5	



> Appendix 1: The Greenhouse Gas Protocol Standard

This standard provides a framework for categorising all the different sources of carbon emissions. Categorising is helpful because it helps you keep track of all the different sources of carbon emissions and identify new ones. Below are some definitions of the different categories and a few examples:

SCOPE 1:

This category is otherwise known as direct emissions. It is for things we do that directly pollute our immediate environment. For example:

- ✓ We sometimes need to burn diesel in a generator as a back-up source of energy to keep our phone lines open so customers can continue to call us even if we have a power cut. The act of burning diesel creates localised pollution.
- ✓ Most of our smart meter engineers have vans which use diesel to drive around the country installing smart meters.

SCOPE 2:

This category is otherwise known as indirect energy emissions. It is for things we do that produce pollution but not in our immediate environment. For example:

Coal and gas are burned to produce the electricity that we use in our buildings. But this burning happens at the power station, nowhere near our building. But we are still responsible for this pollution, even though it is happening indirectly.

SCOPE 3:

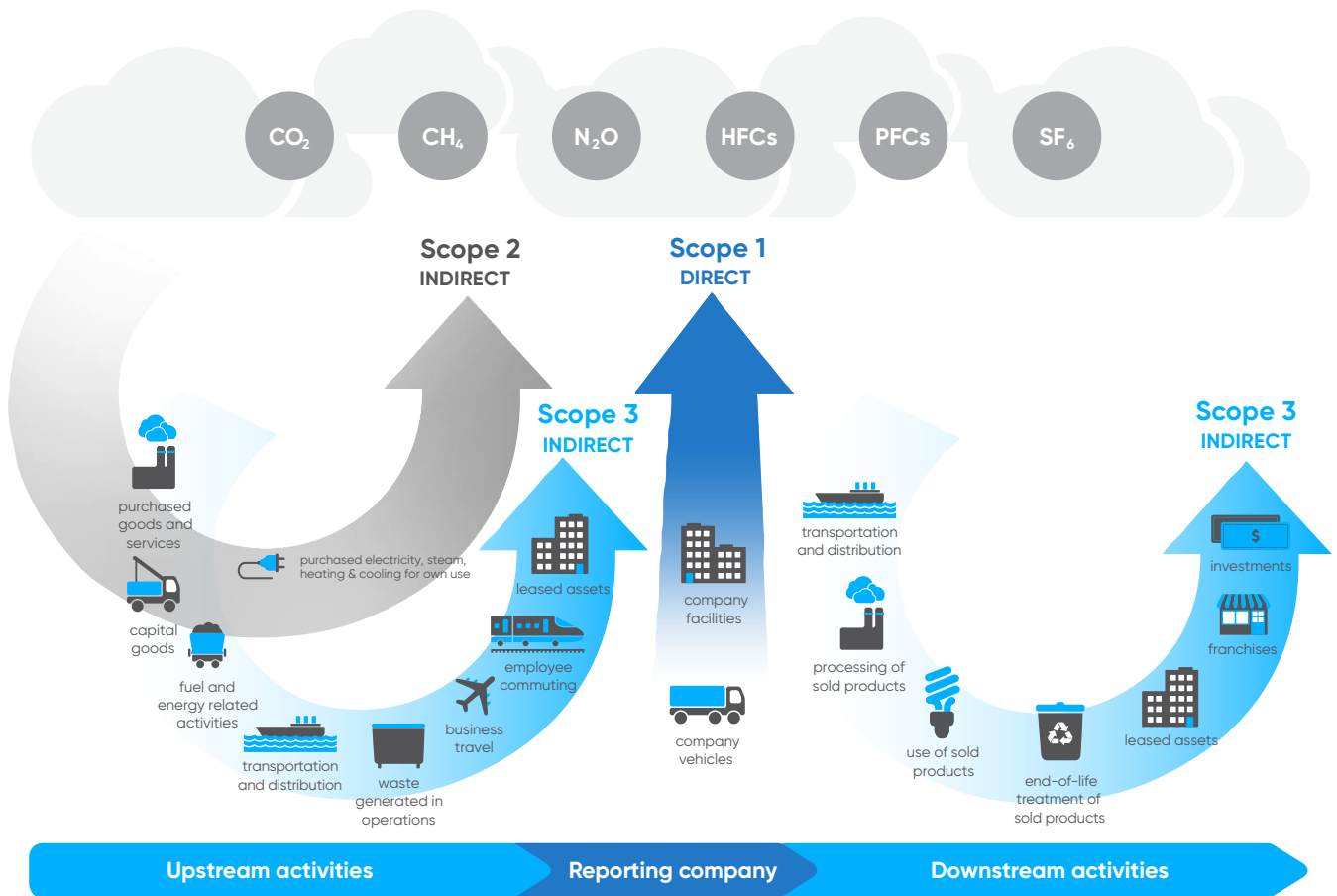
This category is for all other sources of emissions not included in Scope 1 and 2. It is otherwise known as indirect supply chain emissions. It is easiest to split this category down into two sub-categories, upstream Scope 3 and downstream Scope 3.

Upstream Scope 3:

In total there are eight further sub-categories of upstream Scope 3 emissions. However, a simpler definition is that these are all the emissions from producing a product or service up to the point the customer buys or uses it. For example, Utilita sells gas for our customers to use to heat their homes. The upstream Scope 3 emissions of this gas will be from pumping that gas from under the North Sea and around the country to our customers' homes.

Downstream Scope 3:

All the emissions produced after the customer buys or uses goods or services. For example, a customer using the gas we've sold them by burning it in their boilers or cookers.



The full Greenhouse Gas Protocol standard is available at: <https://ghgprotocol.org/corporate-standard>

> Appendix 2: Emission by Greenhouse Gas Protocol categories

Not all categories are relevant to Utilita's operations. We simply don't do some of the activities of upstream and downstream Scope 3 emissions. So, before we start calculating

emissions, we must rule out some of the categories. The below table shows which categories remain relevant to Utilita:

Scope 3 category	tCO ₂ e	Comments
Category 1 - Purchased Goods and Services	28944	-
Category 2 - Capital Goods		Capital goods purchased were already included in Category 1. The procurement data provided by Utilita to EcoAct for Category 1 contained expenditure on capital goods.
Category 3 - WTT and T&D	1188157	-
Category 4 - Upstream Transportation and Distribution	1952	-
Category 5 - Waste	4	-
Category 6 - Business Travel	714	-
Category 7 - Employee Commuting	939	-
Category 8 - Upstream Leased Assets		Upstream leased assets were already included in Category 1. The procurement data provided by Utilita to EcoAct for Category 1 contained expenditure on upstream leased assets.
Category 9 - Downstream Transportation and Distribution	90128	-
Category 10 - Processing of Sold Products		Utilita does not sell products, so this category is not relevant.
Category 11 - Use of Sold Products	1142920	-
Category 12 - End-of-Life Treatment of Sold Products		Utilita does not sell products, so this category is not relevant.
Category 13 - Downstream Leased Assets		No assets leased by Utilita that have not already been included in Scope 1 and 2.
Category 14 - Franchises		Utilita does not have any franchises.
Cat 15 - Investments		Utilita does not have any investments.

● Scope 3 categories that have not been reported