



Cabinet Office

## **CARBON REDUCTION PLAN GUIDANCE**

### **Notes for Completion**

Where an In-Scope Organisation has determined that the measure applies to the procurement, suppliers wishing to bid for that contract are required at the selection stage to submit a Carbon Reduction Plan which details their organisational carbon footprint and confirms their commitment to achieving Net Zero by 2050.

Carbon Reduction Plans are to be completed by the bidding supplier<sup>1</sup> and must meet the reporting requirements set out in supporting guidance, and include the supplier's current carbon footprint and its commitment to reducing emissions to achieve Net Zero emissions by 2050.

The Carbon Reduction Plan should be updated regularly (at least annually) and published and clearly signposted on the supplier's UK website. It should be approved by a director (or equivalent senior leadership) within the supplier's organisation to demonstrate a clear commitment to emissions reduction at the highest level. Suppliers may wish to adopt the key objectives of the Carbon Reduction Plan within their strategic plans.

A template for the Carbon Reduction Plan is set out below. Please complete and publish your Carbon Reduction Plan in accordance with the reporting standard published alongside this PPN.

# Carbon Reduction Plan Template

Supplier Name: SSE Heat Networks Limited

Publication Date: September 2024

## Commitment to achieving Net Zero

SSE Heat Networks Limited is committed to achieving net zero across all scopes of carbon emissions by 2050 at the latest. As a limited company under the SSE plc umbrella, SSE Heat Networks Limited aligns with SSE plc's vision of being a leading energy company in a net zero world. To achieve this, our strategy is to create value for shareholders and society in a sustainable way by developing, building, operating, and investing in the electricity infrastructure and businesses needed in the transition to net zero. Sustainability is one of SSE's core values, defined as 'we do things responsibly to add long-term value'.

SSE plc aims to achieve net zero greenhouse gas emissions across scopes 1 and 2 by 2040 (subject to security of supply requirements) and for the remaining scope 3 emissions by 2050. SSE plc's long-term net zero ambitions are supported by a series of interim targets approved by the Science Based Targets Initiative (SBTi). These targets are aligned to the Paris Agreement and a 1.5°C pathway, and meet the strict SBTi criteria which requires that they cover scope 1, 2 and 3 GHG emissions. SSE plc's Net Zero Transition Plan<sup>1</sup> outlines SSE's net zero aligned targets and describes 17 actions to reduce material GHG emissions across scopes 1, 2 and 3.

As a national clean energy champion, SSE Plc has announced its Net Zero Acceleration Programme Plus.<sup>2</sup> The company has committed to investing around £10m a day to aid the transition to net zero and reduce reliance on imported sources of energy. This equates to an £18bn 5-year investment of capital expenditure to the end of March 2027.

SSE plc publishes a Sustainability Report<sup>3</sup> on an annual basis, which provides an overview of the performance and progress against the strategy. SSE Heat Networks Limited is included within the scope of this report.

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<sup>1</sup> Net Zero Transition Plan: <https://www.sse.com/media/fplphyky/nztp-report-oct22-final.pdf>

<sup>2</sup> Net Zero Acceleration Programme Plus: <nzap-plus.pdf>

<sup>3</sup> SSE plc Sustainability Report 2024 <sse-plc-sustainability-report-2024.pdf>

## Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

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|--|
| <b>Baseline Year: 2018<sup>4</sup></b>   |
| <b>Additional Details relating to the Baseline Emissions calculations.</b>   |
| Annually SSE Plc GHG data is assured by PwC <sup>5</sup> , which includes SSE Heat Networks Limited data. There are some exclusions as stated in the GHG reporting criteria. <sup>6</sup> SSE Heat Networks Limited constantly review standards and data points for materiality and relevance with a view to improving data quantity and quality annually. In 2022/23, SSE Heat Networks Limited re-baselined it's data to include additional scope 3 emission sources that are now able to be reported. This had a minor impact on the carbon footprint. The carbon footprint is calculated on an operational control basis. As more reliable methods for data calculation become available, SSE Heat Networks Limited will continue to improve the scope and data quality of it's emissions. |

|                                      |                                 |
|--------------------------------------|---------------------------------|
| <b>Baseline year emissions: 2018</b> |                                 |
| <b>EMISSIONS</b>                     | <b>TOTAL (tCO<sub>2</sub>e)</b> |
| Scope 1 <sup>7</sup>                 | 26,640                          |
| Scope 2 <sup>8</sup>                 | 2,512                           |
| Scope 3 <sup>9</sup>                 | 2,337                           |
| <b>Total Emissions</b>               | <b>31,488</b>                   |

<sup>4</sup> 2018 calendar year (January 2018 to December 2018)

<sup>5</sup> PwC Assurance Statement: [Disclaimer related to PwC's limited assurance opinion | SSE](#)

<sup>6</sup> GHG reporting criteria: [sse-s-ghg-and-environmental-reporting-criteria-2024.pdf](#)

<sup>7</sup> Scope 1 includes stationary and mobile combustion equipment as well as fugitive emissions.

<sup>8</sup> Scope 2 includes purchased electricity. Steam, heat and cooling are not purchased.

<sup>9</sup> Scope 3 includes business travel (hotel, air, rail), grey fleet, employee commuting & homeworking, electricity T&D losses and upstream leased assets. We are working to collect data for: upstream transportation and distribution, waste generated in operations, and downstream transportation and distribution.

## Current Emissions Reporting

| Reporting Year: 2023/24 <sup>10</sup> |                            |
|---------------------------------------|----------------------------|
| EMISSIONS                             | TOTAL (tCO <sub>2</sub> e) |
| Scope 1                               | 26,578                     |
| Scope 2                               | 650                        |
| Scope 3                               | 2,259                      |
| <b>Total Emissions</b>                | <b>29,487</b>              |

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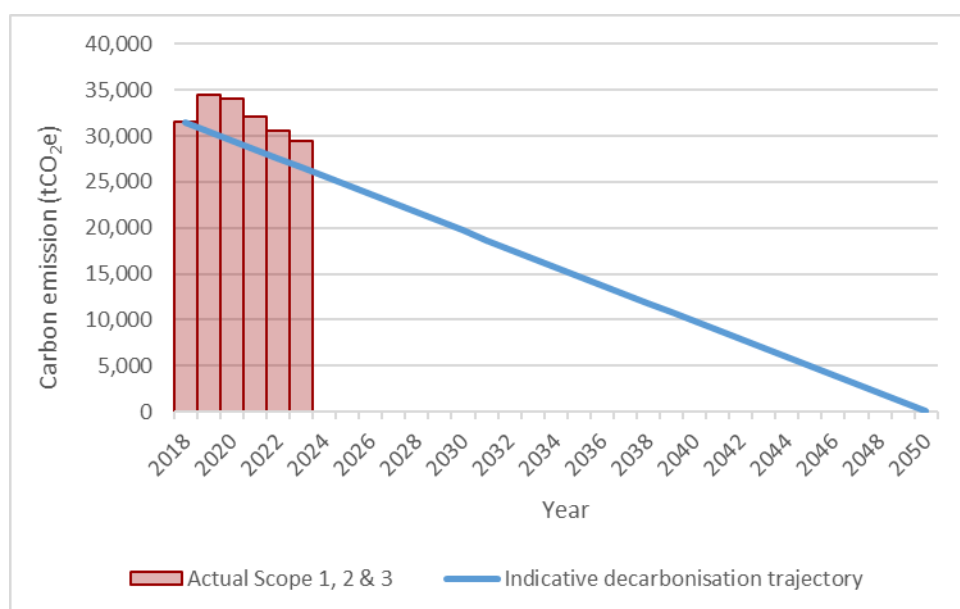
<sup>10</sup> To align with SSE plc carbon reporting, SSE Heat Networks Limited now reports on a financial year basis (01 April to 31 March annually).

## Emissions reduction targets

To continue our progress to achieving net zero by 2050, SSE Heat Networks Limited has adopted the following carbon reduction targets:

- **Scope 1:** Reduce the carbon intensity of scope 1 GHG emissions by 80% by 2030, from the 2018 baseline.
- **Scope 1 & 2:** Reduce absolute scope 1 and 2 carbon emissions by 72.5% by 2030 from the 2018 base year; from 29,152 to 8,017 tCO<sub>2</sub>e.
- **Scope 3:** Reduce absolute GHG emissions from the use of products sold by 50% by 2034 from the 2018 base year.
- **Scope 1 & 3:** 100% of new company provided vehicles and hired vehicles up to 3.5t will be electric from April 2025.
- **Scope 3:** Engage with 50% of suppliers, by spend, to set a science-based target by 2024.

Progress against our 2050 net zero target can be seen in the graph below. The blue line indicates a linear reduction to zero carbon emissions.<sup>11</sup> In reality, due to market and technological factors it is unlikely our decarbonisation trajectory will remain constant.



*Note: The carbon reduction graph shows a 2,001 tCO<sub>2</sub>e (6 %) reduction in 2023/24 against the baseline. This decrease can primarily be attributed to the decarbonisation of electricity used at our sites and a reduction in gas use at some facilities.*

<sup>11</sup> SSE plc defines net zero as the point where emissions are as close to zero as reasonably practical using abatement solutions. SSE will neutralise any remaining emissions using removal solutions that counterbalance emissions that remain unabated.

# Carbon Reduction Projects

## Completed Carbon Reduction Initiatives

The 6% reduction in carbon emissions in 23/24 compared to the 2018 baseline is due to implementation of the following environmental management measures and projects:

- The business ISO 14001 certificate was renewed in 2024, following a successful recertification audit by 3<sup>rd</sup> party verifiers, NQA.
- In 2023/24, regular reporting via the online supplier data capture portal commenced at a number of the construction and operational sites, supporting improvement of the measurement of the scope 3 carbon emissions from suppliers working on our sites.
- Successful delivery of a contractor partners day, which provided information on carbon reporting and an introduction to the supplier online data capture portal, with the aim of helping to raise climate awareness with our suppliers.
- Encouraging carbon conscious practices within our supply chain through the application of the SSE Sustainable Procurement Code and by engaging suppliers to submit sustainability data to our Sustainable Performance Management and Ratings Tool<sup>12</sup>, including their scope 1 and scope 2 carbon emissions data.
- 50% of SSE Heat Networks Limited's fleet vehicles were electric in 2023.
- Optimisation of the operation of the Combined Heat and Power pumps (CHP) at the Heat and Energy centres, which has resulted in a reduction in gas consumed and subsequently a reduction in carbon emissions.
- Implementation of emissions tools to monitor performance, run profiles, and carbon emissions at the Heat and Energy centres.
- Installation of digital phone lines and hardware at the Heat and Energy sites, to enable remote access to the CHPs. This has resulted in less downtime (resetting CHPs and diagnosing faults remotely), less travel to site for the heat team and the CHP contractors.
- The Heat and Energy team are finalists for the Edie Net Zero Awards<sup>13</sup>, due to the decarbonisation projects they have implemented.
- Consulting with all of our Heat and Energy Centre Customers on an annual basis to ensure that lower carbon intensity solutions are proposed and plans are developed for low carbon retrofits at the appropriate time. Example initiatives that have been implemented include:
  - Electrification of energy centres
  - Decarbonisation feasibility studies
  - Installation of heat pumps
- We are developing new, low carbon energy networks that will serve local businesses and assist in the decarbonisation of the local area such as a new low carbon district heating and electricity scheme in Aire Valley, Leeds.

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<sup>12</sup> Sustainable Performance Management and Ratings Tool - [Ecovadis](#)

<sup>13</sup> Edie Net Zero Award - [2024 Finalists: edie Net-Zero Awards](#)

In future, we plan to continually improve our environmental performance through implementation of the following measures:

- Increased supplier engagement and delivery of contractor awareness days focused on environment, sustainability and climate action, to help identify how we can support suppliers in setting climate action targets and in their decarbonisation journey.
- Continued rollout of the supplier online data capture portal across all our construction and operational sites, to improve visibility of our scope 3 carbon footprint.
- Expand and improve our scope 3 carbon emissions data collection processes.
- Embed the carbon assessment questions within the project evaluation process for new and acquired assets, to screen new projects based on their likely carbon impact.
- Continue to support our suppliers to develop their net zero plans, allowing them access to learning material through our sustainability supply chain school partnership.
- Further installation of alternative generation technologies (e.g., heat pumps) where appropriate.

## Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard<sup>14</sup> and uses the appropriate UK Government emission conversion factors for greenhouse gas company reporting<sup>15</sup>.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard<sup>16</sup>.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

### Signed on behalf of the Supplier:

  
Nathan Sanders (Oct 8, 2024 13:51 GMT+1)

Date: 08/10/2024

<sup>14</sup> <https://ghgprotocol.org/corporate-standard>

<sup>15</sup> <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

<sup>16</sup> <https://ghgprotocol.org/standards/scope-3-standard>