



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 entity 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: October 2023

## 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 £18bn of capital expenditure by the end of March 2027.

## 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.

<b>Baseline Year: 2018<sup>3</sup></b>
<b>Additional Details relating to the Baseline Emissions calculations.</b>

<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](https://www.sse.com/media/fplphyky/nzap-plus.pdf)

<sup>3</sup> 2018 calendar year (January 2018 to December 2018)

Annually SSE Plc GHG data is assured by PwC<sup>4</sup>, which includes SSE Heat Networks Limited data. There are some exclusions as stated in the GHG reporting criteria.<sup>5</sup> We constantly review standards and data points for materiality and relevance with a view to improving data coverage and quality annually. This year, we have re-baselined SSE Heat Networks Limited's data to include additional scope 3 emission sources we are now able to report. This has had a minor impact on our carbon footprint. Our carbon footprint is calculated on an operational control basis.

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<sup>4</sup> PwC Assurance Statement: <https://www.sse.com/sustainability/policies-and-assurances/>

<sup>5</sup> GHG reporting criteria: <https://www.sse.com/media/flejnebg/ghg-and-water-criteria-document-2022-23.pdf>

<b>Baseline year emissions: 2018</b>	
<b>EMISSIONS</b>	<b>TOTAL (tCO<sub>2</sub>e)</b>
<b>Scope 1<sup>6</sup></b>	<b>26,640</b>
<b>Scope 2<sup>7</sup></b>	<b>2,512</b>
<b>Scope 3<sup>8</sup></b>	<b>2,337</b>
<b>Total Emissions</b>	<b>31,488</b>

## **Current Emissions Reporting**

<b>Reporting Year: 2022/23<sup>9</sup></b>	
<b>EMISSIONS</b>	<b>TOTAL (tCO<sub>2</sub>e)</b>
<b>Scope 1</b>	<b>28,191</b>
<b>Scope 2</b>	<b>813</b>
<b>Scope 3</b>	<b>1,584</b>
<b>Total Emissions</b>	<b>30,588</b>

<sup>6</sup> Scope 1 includes stationary and mobile combustion equipment as well as fugitive emissions.

<sup>7</sup> Scope 2 includes purchased electricity. Steam, heat and cooling are not purchased.

<sup>8</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.

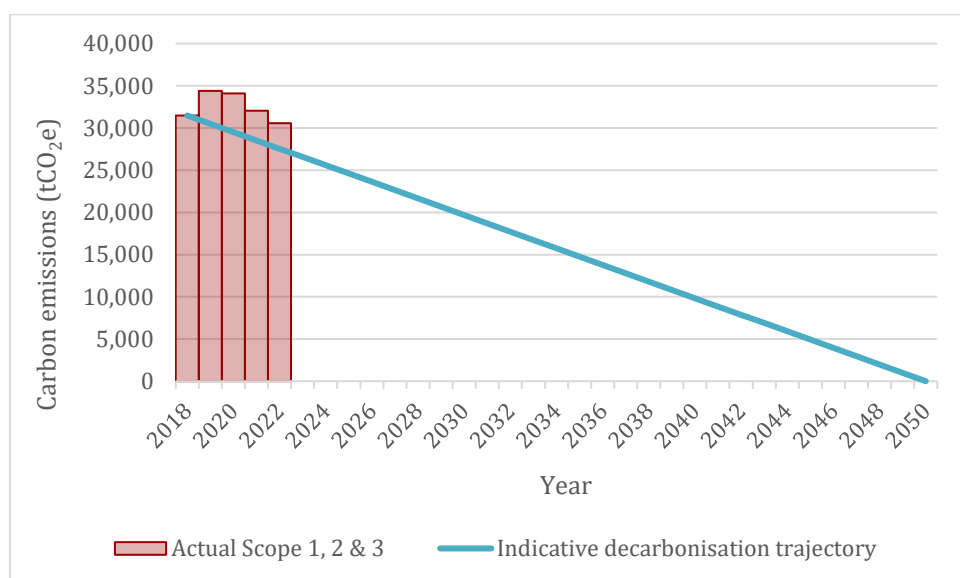
<sup>9</sup> To align with SSE plc carbon reporting, SSE Heat Networks Limited now reports on a financial year basis (01 April to 31 March annually).

## 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>10</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 901 tCO<sub>2</sub>e (3 %) reduction in 2022/23 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>10</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 following environmental management measures and projects have been completed or implemented since the 2018 baseline. The scope 1, 2 and 3 carbon emission reduction achieved by these schemes equates to 901 tCO<sub>2</sub>e, a 3% reduction against the 2018 baseline and the measures will be in effect when performing the contract.

Example carbon reduction projects include:

- Optimising the running of the heat centres and using marginal emission tools for Combined Heat and Power pumps to enable them to run when it provides a carbon benefit to the grid.
- 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 we have undertaken 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 £25m low carbon district heating and electricity scheme in Aire Valley, Leeds.
- Further embedding the ISO 14001 management system across the business. Our capability was audited and re-certified in 2023 by 3<sup>rd</sup> party verifiers, SGS.
- 100% of SSE Heat Networks Limited's fleet vehicles were electric in 2022.
- We hired a dedicated Carbon & Climate Lead in November 2022. Key focus areas include:
  - broadening the range of Scope 3 carbon emission sources we are able to report
  - developing a strategy for the decarbonisation of our major emission sources.
- We have developed and piloted an online data capture portal to enable us to measure and report the carbon emissions from suppliers working on our construction sites.
- Participating in the Powering Net Zero Pact<sup>11</sup> Scope 3 Working Group which seeks to develop a consistent approach to understanding and quantifying scope 3 carbon emissions across the supply chain. The Powering Net Zero Pact brings together different companies across all tiers of the power sector – including civils, shipping, renewables, electrical engineering and others – that are committed to a fair and just transition to net zero carbon emissions.

In the future, we hope to implement further measures such as:

- Further installation of alternative generation technologies (e.g., heat pumps) where appropriate
- Improve network performance to enable the use of heat pumps on more sites
- The development team are working with experts to look at energy from waste, data centre, sewer heat recovery and deep geothermal sources.
- Our new online data capture portal is to be used on all new construction projects and will improve our visibility of our scope 3 carbon footprint.

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<sup>11</sup> <https://www.sse.com/sustainability/poweringnetzeropact/>

- Hold a Carbon Action supplier day to raise climate action awareness, outline our expectations of suppliers, and determine how we can assist suppliers on their decarbonisation journey.
- Developing a process to consider the carbon impact of new assets before they are operational.
- Support suppliers to develop their net zero plans, allowing them access to learning material through our sustainability supply chain school partnership.
- Expand and improve our scope 3 carbon emissions data collection processes and proactively innovate and implement new carbon reduction ideas.

## 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>12</sup> and uses the appropriate UK Government emission conversion factors for greenhouse gas company reporting<sup>13</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>14</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 3, 2023 12:13 GMT+1)

Date: **03/10/2023**

<sup>12</sup> <https://ghgprotocol.org/corporate-standard>

<sup>13</sup> <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

<sup>14</sup> <https://ghgprotocol.org/standards/scope-3-standard>