



Annex

**NGET_A11.05 - Environmental Action
Plan and Methodology**

December 2019

As a part of the NGET Business Plan Submission

nationalgrid

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1. Definitions

Title	Definition
Aspect	An environmental aspect is an element of an organisation's activities, products or services which can interact with the environment.
Environmental Action Plan	Term used by Ofgem to describe Transmission Owners focus on three environmental impact areas: the decarbonisation of energy networks, reducing network's other environmental impacts and supporting the transition to an environmentally sustainable low-carbon energy system.
Inherent risk	The risk arising from a specific hazard before any control measures have been taken to manage it.
Impact	An environmental impact is any change to the environment, whether positive or negative
Residual risk	The exposure arising from a specific risk after appropriate control measures have been put in place and which are assumed to be effective.
Lifecycle	Consecutive and interlinked stages of a product (or service) system, from raw materials from natural resources to final disposal. Life cycle stages include acquisition of raw materials, design, production, transportation/ delivery, use, end-of-life treatment and final disposal.

2. Introduction

Purpose of the document

This document:

- summarises National Grid's Electricity Transmission approach and methodology to developing an Environmental Action plan for the RIIO-T2 period, and
- sets out the specific environmental targets which it intends to achieve by the end of the 2021/22-2025/26 period.

Background to this document

For the new regulatory period of RIIO-T2, Ofgem has decided to introduce a common environmental framework across Electricity Transmission, Gas Transmission and Gas Distribution. Within this framework, Ofgem expects companies' focus to be on the following impacts:

- Decarbonising the energy networks – with a focus on business carbon footprint and embedded carbon in networks
- Reducing networks' other environmental impacts i.e. pollution to local environment; resource waste; biodiversity loss; and other adverse effects that are specific to each sector
- Supporting the transition to an environmentally sustainable low-carbon energy system

As part of this new environmental framework, in the [RIIO-T2 Business Plan Guidance](#) Ofgem set out that companies should embed considerations for these three impact areas into their RIIO-T2 business plans in the form of an Environmental Action Plan (EAP), including a robust methodology setting out:

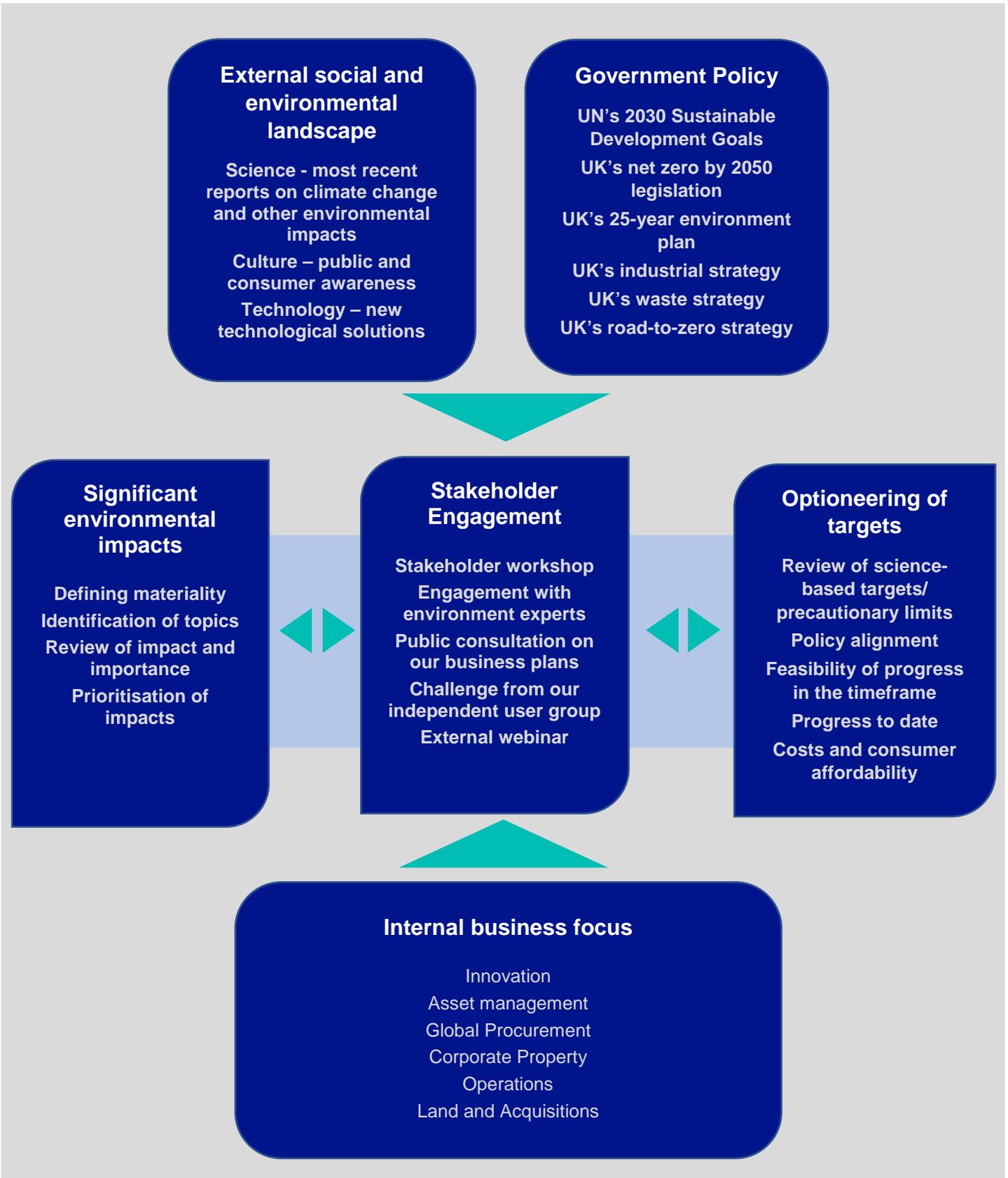
- a comprehensive review of the significant environmental impacts arising from its network
- the opportunities and challenges for addressing material impact areas
- an options analysis to identify value for money impact reduction initiatives
- evidence that consideration of impacts was coordinated with the company's wider business planning
- evidence that wider stakeholders have been involved in the assessment processes and decisions

Summary of Environmental Action Plan Methodology

Figure 1 below identifies the key areas that drove and supported the development of the Environmental Actions Plan methodology, the optioneering process and the supporting and influential blocks within it. Within this process, there were two fundamental principles we looked-for:

1. Setting sustainability priorities for the period of RIIO-T2 (2021-2026) that were relevant to us and our stakeholders,
2. When monitoring, and managing performance, setting challenging but realistic targets that we could assess our performance against.

Figure 1. Summary of Electricity Transmission’s Environmental Action Plan Methodology



Our climate commitment for greenhouse gas reduction

We will agree funding with Ofgem to reduce our 'controllable business carbon footprint' by at least 34% by 2026, in line with our net-zero pathway

- We will:
- Reduce our 'controllable' scope 1 and scope 2 greenhouse gas emissions by 34% by 2026 and 50% by 2030 (from a 2018/19 baseline)
 - Purchase 100% of electricity we use from renewables
 - Replace 100% of our fleet with Alternative Fuel Vehicles (AFVs), where market alternatives are available today (2019)
 - Deliver carbon neutral construction using PAS 2080 and current business assumptions
 - 75% of National Grid's top 250 suppliers (by category/spend) will have carbon reduction targets
 - Reduce carbon emissions for our business transport by 10% on T1 averages
 - We will focus on an efficiency-first approach to decrease the carbon emissions from our office energy use by 20% from a 2019/20 baseline
 - We will create a substation energy efficiency programme

Making the most out of our assets and preserving precious resources

We will use circular economy principles to make the most out of our natural resources

- We will:
- Pilot and implement circular economy principles by aligning our business to international recognised standards, e.g. BS 8001 - circular economy standards
 - Align our Procurement Strategy to international recognised standards, e.g. ISO20400 Sustainable Sourcing Standard
 - Achieve zero waste to landfill on all waste streams
 - Increase our construction recycling and composting rates and set a target from a 2020/21 baseline
 - Increase our operational and office recycling rates from 45% and 46% (respectively) to 60%
 - Reduce the waste tonnage (from a 2018/19 baseline) and water use (from a 2019/20 baseline) at our offices by 20%
 - Maintain our high standards of oil containment and pollution management

We will care for the natural environment

We will protect and give material consideration to the value of nature

- We will:
- Increase environmental value of non-operational land by 10% against a natural capital/biodiversity baseline (2% per annum)
 - Deliver Net Gain by at least 10% or greater in environmental value (including biodiversity) on all construction projects (including those delivered by third parties building on our land)

Leadership for change

We will act as leaders to advance environmental good practice

- We will:
- Take bold steps to tackle our SF₆ emissions and stimulate the market to more rapidly meet our stakeholders needs
 - We will have senior leadership accountability which reflects our corporate focus on the environment
 - Have an engaged workforce on environmental issues that lead by example
 - Drive forward industry in areas where we are leading by sharing our expertise, data and tools. We will work collaboratively with other Transmission Owners to deliver this.
 - Be an environmental leader for the energy industry by actively contributing and shaping the discussions in external working groups

3. A comprehensive review of the significant environmental impacts from our network

The first step in developing an environmental plan for the Electricity Transmission business involved carrying out a comprehensive review of the significant environmental impacts created from our network. This involved a review of the environmental aspects that relate to our activities, products and services, to which it can control and those it can influence. A review of Electricity Transmission’s environmental aspects is done annually, consistent with our **NGUK/PM/SHE211 Environmental Aspects Procedure** and externally accredited Environmental Management System.

A similar exercise was carried out by Electricity Transmission during the RIIO-T1 period, when it created its stand-alone sustainability strategy in March 2019, [‘Delivering our environmental future’](#). This strategy set a strategic vision to build a sustainable electricity network, with key areas of focus up to 2021.

3.1 Step 1: identification of environmental aspects

To identify the environmental topics that we should focus during RIIO-T2, a bottom up approach was taken. Our Safety, Health, Environment and Sustainability (SHES) business advisors, in conjunction with representatives from the Electricity Transmission business mapped business activities against the impact on the environment they have throughout the lifecycle of our operations and value chain as represented by Figure 3.

Figure 3. Environmental impact across the lifecycle



Raw materials: any activity undertaken for the acquisition of raw materials, used to create the end products.

Design: how the product/ services is designed. Future risks from other aspects of the life cycle can be considered at this stage and deigned out of the product/ service

Manufacturing: how the product/ services is created. This can be an energy intensive part of the life cycle.

Transportation/ logistics: the packaging, transport and logistics involved with delivering the services/ products to the destination

Use/ operation: the impact of the product/ service during its intended use.

End of life treatment: disposal of the product/ service at the end of life. Having recyclable/ reusable aspects is highly important, following the waste hierarchy.

This process involved the:

- identification of activities, products and services undertaken, or those that the Company has influence over
- evaluation of significant environmental impacts by determining the inherent impact or risk of the activity as if there were no managerial controls in place, as well as the residual risk following an evaluation of the control measures that have been put in place and which are assumed to be effective.

Significant aspects are the starting point to ensure target setting is done on what is material and significant to our business to manage risks effectively and deliver a positive impact. This is an integral part of our organisation. This process is designed to identify and give significance to sustainability and environmental efficiencies; reduce risk and deliver societal improvements.

We reviewed our Environmental Aspects and Impacts register, aligned to ISO14001:2015 to ensure that all our significant risks and opportunities had been considered. The summary of the aspects and impact register are below in Table 1 & 2. This is a summary of the Environmental Aspects and Impacts register, aligned to ISO14001:2015 to ensure that all our significant risks and opportunities have been considered.

Table 1- Electricity Transmission’s high impact / high risk environmental aspects

Design	Transportation/ logistics	Use/ Operation	End of life treatment	Indirect activities
<ul style="list-style-type: none"> •Capital carbon from construction design •Visual impact from infrastructure/ asset •Loss of natural capital/ biodiversity 	<ul style="list-style-type: none"> •Business travel •Operational travel •Employee travel 	<ul style="list-style-type: none"> •Fugitive emissions (SF₆) from equipment •Oil loss from equipment •Light and use of energy from fixed sites •Use of land for asset infrastructure, including non-operational land around sites •Excessive use of water 	<ul style="list-style-type: none"> •Generation of waste from our offices •Generation of waste from our operational waste (substations) •Generation from waste from our construction (e.g spoil) •Decommissioning of plant and equipment •Disposal of waste to landfill rather than reusing or recycling 	<ul style="list-style-type: none"> •Poor supplier or supply chain management using unsustainable resources •Environmental impacts associated with extraction, manufacture, storage and delivery of products and services procured and used by National Grid

Table 2 - Electricity Transmission’s high impact/ high opportunity environmental aspects

Design	Transportation/ logistics	Use/ Operation	End of life treatment	Indirect activities
<ul style="list-style-type: none"> •Reduction in capital carbon from construction design as much as it is feasible and offset the remaining to deliver net zero construction •Incorporate assessment of visual impact at the beginning of every project •Incorporate net gain at a design stage, so no biodiversity is lost. 	<ul style="list-style-type: none"> •Alternative Fuel Vehicles to reduce impact on transport and logistics 	<ul style="list-style-type: none"> •Find alternatives to Fugitive emissions (SF6) with a lower GWP and remove it completely from the system •Purchase 100% renewable energy •Enhance the land of our non-operational site to improve natural capital •Reduce water use at our sites •Focus on energy efficiency 	<ul style="list-style-type: none"> •Follow the waste hierarchy, focussing on reusing and recycling •Focus on circular economy models - cradle to cradle models rather than cradle to grave 	<ul style="list-style-type: none"> •Supplier engagement on sustainability issues •Mandated requirements for suppliers to follow

3.2 Step 2: Defining material impact areas

We live in a constantly changing world. Therefore, at National Grid, our stakeholder views on sustainability issues are pivotal to ensure we focus on significant aspects important to us, but also on aspects important to them. Materiality helps us identify and prioritise the sustainability issues that matter most to our business and to our stakeholders.

An issue is considered material to National Grid if it meets these three conditions:

1. It’s an environmental aspect that is considered high risk/ high opportunity for the business;
2. It’s important to our stakeholders – such as consumers, customers, employees, government, investors, NGOs and suppliers; or a concern has been voiced in the scientific community and policy circles;
3. It’s required by the regulator for inclusion in the plan.

3.3 Step 3: An assessment of the external landscape

From this initial internal review of our business impacts we compiled a list of areas for consideration, that were grouped under the following three themes:

- Our Climate Commitment for greenhouse gas reduction
- Responsible Asset Use
- Caring for the Natural Environment.

The final step for identifying topics involved horizon scanning and market research. This included reviewing upcoming legislation, consideration of macro trends and using global sustainable frameworks such as the 2030 United Nations Sustainable Development Goals. This is pivotal as there is a constant changing political, social, economic and environmental landscape, ever increasing and complex regulatory frameworks and trends that continued to develop.

We also received specific requirements from Ofgem for inclusion in the EAP. From this review, we identified several commitments for consideration that aligned with our other areas and range of best practice that we grouped under the theme of:

- Leadership for change

Detail on the findings from the external landscape horizon scanning are provided in Annex 1.

3.4 Step 4: Review of impact and importance

A review of the impact of each area was considered and mapped against its importance for both National Grid and our stakeholders. The result of the impact/importance materiality map is shown below.

Figure 4- Impact and importance matrix



4. Methodological choices

In assessing what targets to apply in our environmental action plan, we have followed two approaches:

- What to (target oriented) – we have followed this approach when there has been a direct policy or scientific target that we should be aiming for. Or the industry is clear on what the target should be.
- What if (scenario oriented) – we followed this approach when there is little policy or scientific guidance, then we looked at our performance to date and where we could get to within five years.

For these two approaches, we assessed what methods or tools are available to our organisation to achieve the target proposed in the environmental plan. When a target has been chosen on a ‘what to’ or ‘what if’ can we be found in Annex 2 -Target Optioneering.

4.1 Prioritising target setting

Based on the impact analysis and aligning with National Grid’s Group priorities, we prioritised three tiers for developing targets:

1. Topics in which we would set a numerical target
2. Topics in which we would make commitment statements
3. Topics which have not been included in the Environmental Action Plan

4.2 Target optioneering

The next step in the process involved talking with Electricity Transmission’s internal teams including:

- Innovation
- Asset management
- Global Procurement
- Corporate Property
- Operations
- Land and Acquisitions

We then assess performance to date in this area and discuss what type of target setting we could aim for, be it a numerical target or a commitment statement and review the different options. The process we undertook can be found in Annex 2. Target Optioneering. The justification on why we chose the target in our Environmental Action Plan is also present.

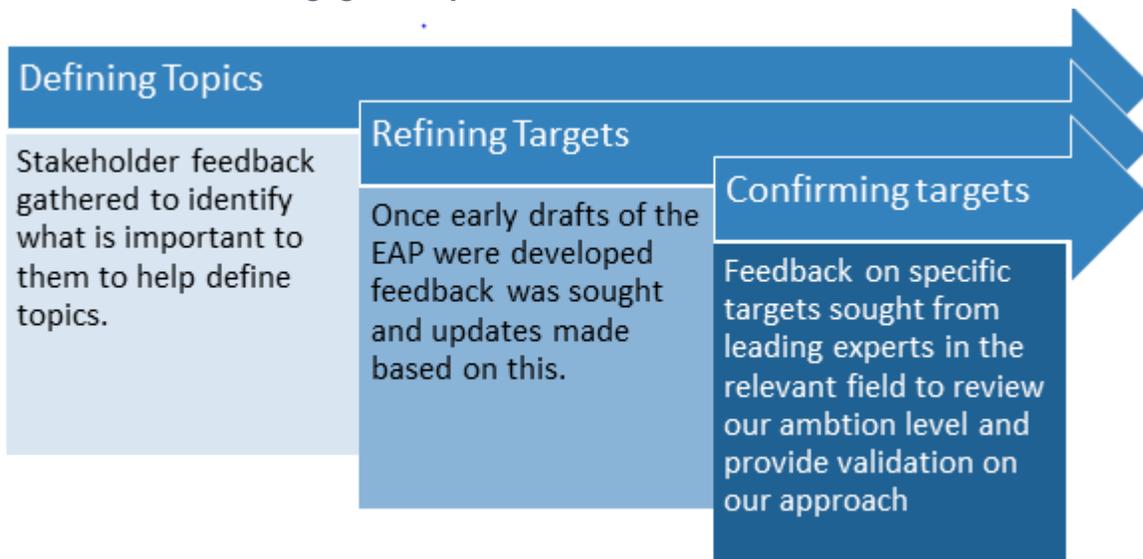
4.3 Obtaining Feedback

Environmental impacts considered important to our stakeholders

Part of being a responsible business means listening to our stakeholders, customers and consumers and acting on that feedback. Stakeholder feedback has been an integral part of the process throughout defining the EAP and has been on-going throughout development.

A high-level overview of Stakeholder feedback through key stages of development are shown in Figure 5 below. Full information on our stakeholder engagement on the Environment are given in our Environment and Communities log provided in annex A11.08.

Figure 5 - stakeholder engagement process



4.4 Embedding our impact across the business plan

The EAP’s scope is for our direct environmental footprint, however we recognise the largest impact we can have is in facilitating, and promoting the decarbonisation of energy, heat and transport. This is a fundamental part of our business plan and is considered throughout the plan, from the future system chapter to the net zero chapter.

Elements of our EAP commitments are also integrated throughout the plan as they are related to core business decisions; such as our fleet replacement programme.

4. National Grid's RIIO-T2 Environmental Action Plan

Our Climate Commitment to deliver net zero							
Strategy (What)	Tactic (How)	Measurement (Metrics)	RIIO-T1 Commitment	T2 baseline and 2026 end position	Other Voluntary Commitment Target ('Our Contribution' or ET Strategy)	RIIO-T1 Performance (18/19) Red = not currently on track; Amber = at risk of not delivering; Green = on track to deliver	Expert body to confirm targets and measures
We will take bold steps to tackle our SF ₆ footprint and show industry leadership	Stop designing with 132kV SF ₆ assets in new builds by 2021	Year of policy implementation	N/A		N/A	7% increase in SF ₆ emissions from a 2012/13 baseline - we had an unexpected SF ₆ leakage event in 18/19. We have prioritised measures to reduce the most significant leaks and made an asset replacement proposal for the T2 period.	Aim to achieve accredited Science Based Targets will allow us to demonstrate our ambition.
	Stop using 275/400kV SF ₆ assets in new builds by 2024 (once 2 solutions are available), sending clear market signals to support this (in 2020)	Year of policy implementation	N/A		N/A		
1 of 3 Net Zero pathway investments towards a science based target (SBT) of 34% scope 1 & 2 emissions reduction We will reduce GHG emissions from insulating gases by at least 33% in the T2 period (assumes funding granted by Ofgem to support this)	i) agreeing funding with Ofgem and deliver a targeted SF ₆ asset replacement programme ii) continue with leakage control through our incentive iii) continue to use collaboration and innovation to develop alternative technologies so that we no longer have to buy equipment that uses SF ₆ as an insulating gas.	Tonnes of CO ₂ e	N/A	From 280,472 tonnes of CO ₂ e in 2019 (using AR5) to 187,916 Tonnes of CO ₂ e by 2026 -33% of scope 1 emissions	At the start of T1, we expected SF ₆ volume to increase. We since made an ambitious voluntary commitment to reduce our emissions by 20% from 2012 to 2021		SBTi have confirmed that our calculation of 50% for 2030 is correct and therefore our 34% is an interim target International SF ₆ experts confirmed that a leak detection and repair focus alone was not adequate to reach SBTs for Net Zero. Engagement with every mainstream vehicle manufacturer (plus a trailblazer) enabled us to build our fleet vehicle replacement plan.
2 of 3 Net Zero pathway investments towards a science based target (SBT) of	i) this commitment translates to 60% ET fleet replacement at today's market availability (2019)	% vehicle replacement	N/A	From 3.59% (30/836) electric fleet in 2019	Our Contribution: Deploy 30 vans in ET's commercial fleet (100% van	All 30 vans have been ordered to arrive in September 19	Webinar engagement with

<p>34% scope 1 & 2 emissions reduction</p> <p>- Operational fleet - replacing 100% with alternative fuel vehicles, where alternatives are available today (2019)</p>	<p>ii)the benefit will be a 54% reduction in ET fleet emissions and -1% of scope 1 emissions</p> <p>ii) we will install and maintain charge-points across 234 ET sites to enable our fleet commitment</p> <p>iv) we will work with DNOs to ensure efficient use of infrastructure</p>			<p>to 60.00% (499/836) electric fleet by 2026, -1% scope 1 emissions</p>	<p>replacement by 2030)</p>		<p>Supply Chain experts at the Supply Chain Sustainability School - 83% were satisfied our commitment for carbon disclosure and targets in the supply chain was ambitious enough</p>
<p>3 of 3 net-zero pathway investments towards a science based target (SBT) of 34% scope 1 & 2 emissions reduction</p> <p>-Purchased electricity - We will purchase 100% of our metered electricity from renewable sources</p> <p>- We will focus on an efficiency-first approach to decrease the carbon emissions from our office energy use by 20%</p>	<p>We will purchase 100% renewable sources for all our metered electricity, by 2026</p> <p>We will focus on an efficiency-first to decrease the carbon emissions from our office energy use by 20% from a 2019/20 baseline to 2026. Efficiency projects could include measures such as:</p> <ul style="list-style-type: none"> • AM&T (metering and proactive energy management) • LED Lighting & Control Upgrades • HVAC Optimisations • BMS Upgrades and Optimisations • Variable Speed Drives & Controls • Heat Recovery & Domestic Hot Water Generation • Renewables (Solar PV and Biomass CHP) 	Tonnes of CO ₂ e	N/A	<p>-100% scope 2 emissions</p> <p>19,279 tonnes of CO₂e in 2019 to 15,432 tonnes CO₂e, and renewable sources</p>	N/A	-46% in T1	
<p>We will create a substation energy efficiency programme</p>	<p>We will assess the benefit of and implement initiatives to make our substation energy use more efficient and support energy reduction by 2026</p>	Tonnes of CO ₂ e	N/A	Energy efficiency upgrades	N/A	Ad hoc updates with other initiatives	
<p>A transparent approach to transmission losses</p>	<p>We will continue to report annually on the actions we have taken to reduce the transmission losses induced by our network as well as any activities that have impacted on the losses.</p>	Actions taken	T1 – requirement for losses strategy	License obligation to report on actions	N/A	License obligation to report on actions	
<p>Reduce carbon emissions for our business transport by 10% from 2021 to end of 2026</p>	<p>Reduce vehicle use by promoting rail and virtual meetings, promote EVs on company car scheme and install Electric car charging points at substation sites. Business transport included private use of vehicles for business, company cars and hire cars. Flights and trains travel are also</p>	Tonnes of CO ₂ e	N/A	3,494 tCO ₂ e, T1 average to 3,145 tCO ₂ e in 2026	N/A	-33% from business transport	

	included in this. Our operational fleet vehicles are not included in this.					
75% of National Grid's top 250 suppliers (by category/spend) will have carbon reduction targets	Engage with supply chain to set carbon reduction targets for suppliers engaged through the CDP supply chain program (top 250 by category/spend) by 2026	# of suppliers with reduction targets	N/A	From 49% of the top 250 (globally) to 75% with carbon reduction targets	Our contribution' in 2012 to have 80% of top 250 suppliers reporting to the CDP supply chain programme	96% of top 250 suppliers (globally) disclosing to CDP Received 'A' rating for supplier engagement from the Climate Disclosure Project
Achieve Net Zero carbon construction based on current business assumptions*	We will reduce our capital carbon impact as much as it's possible from 2019/20, we will implement PAS2060 and PAS2080 in our organisation and create an offsetting policy to achieve net-zero. *current business assumptions mean, that our calculated 180,000tCO _{2e} can be offset with up to £2.5m in 2026	Tonnes of CO _{2e}	N/A	31,000 tonnes of CO _{2e} in 2019 to ~0 tonnes of CO _{2e} in 2026	Our contribution' in 2017, we set a target to reduce the carbon intensity of our construction projects by 50% by 2020/21	50% reduction in carbon intensity achieved

Responsible Asset Use' Commitments

Strategy (What)	Tactic (How)	Measurement (Metrics)	RIIO-T1 Commitment	T2 baseline and 2026 end position	Other Voluntary Commitment Target ('Our Contribution' or ET Strategy)	RIIO-T1 Performance (18/19)	Expert body to confirm targets and measures
We will fully embed sustainability and responsible sourcing within the procurement process	We will implement the ISO20400 sustainable sourcing process	Alignment to ISO 20400 standard - Sustainable Procurement Guidance Standard	N/A		N/A	Procurement strategy has been created, but it is not aligned to ISO 20400	Industry bodies such as WRAP or work with accreditation bodies such as CCEQUAL to assess our targets.
We will extend the life of equipment by refurbishment	Refurbishment activities for certain assets	# of refurbished assets	N/A		In 'our contribution' in 2012 we had a target to 'reuse or recycle' 100% of recovered assets - the target for RIIO-T2 focuses on	This will be measured from 2019/20	Feedback from MIROG: Qualitative targets need a

					extending the life of these assets as much as it is feasibly possible		standard aligned to them
We will reduce the waste intensity of our construction projects year on year from a 2019/20 baseline	Use new methods that reduce waste in construction; baseline to be defined by end of T1	Tonnes of waste/ £100,000	N/A	Baseline to be defined in 2020/21	Internal measurement only.	-	Feedback from the Waste Facilities Audit Association
On construction projects, we will achieve zero waste to landfill and we will Increase the recycling or reuse materials used on construction projects - we will baseline and set recycling targets annually for T2	We expect to be achieving zero waste to landfill on all waste streams by end of T1, and from this data we will baseline and set recycling targets annually for T2	% of waste recycled	N/A	From 97% waste diverted from landfill to 100% waste diverted from landfill and baseline the % recycled content in 2020/21	Internal measurement only.	97% of construction waste is diverted from landfill, data for recycled content not available	“Environmental commitments look good. You might want to consider putting these into context with where you are currently e.g. today % of our waste is either recycled or other etc. Adding a general statement of principal such as diverting waste to other uses giving both economic & social benefits – shifting waste to a potential resource”
We will recycle 60% of our operational and office waste	Increase awareness in NGET on waste segregation and achieve 60% by 2026	% of waste recycled	N/A	From 46% office recycling and 45% operations in 2019 to 60% office and operational recycling by 2026	Target for 'our contribution' 2017 was to achieve 100% landfill diversion in our offices and 95% on our operational sites. The focus for RIOT2 is to move up the waste hierarchy to recycling	45% of operational waste recycled and 93% of waste is diverted from landfill, whilst 46% of our office waste is recycled and 95% of it diverted from landfill	
We will reduce the waste we create at our offices (waste tonnage) by 20% from a 2019/20 baseline	Continue the implementation of our commitment to remove all single use plastics in our offices and other single-use waste created by our operations, by 2026. Offices are our core occupied location in the UK: Warwick, Wokingham, Solihull, Eakring, Derby and Warrington.	Tonnes of waste	N/A	-Waste to be baselined in 2020	Internal target to remove all single use plastics in our offices by 2020/21		

Reduce water use in our offices by 20% by the end of RIIO-2 compared to 2019/20 baselines	Baseline water use at our main offices in 2019/20, implement an employee engagement campaign and evaluate water efficiency technology by 2026. Offices are our core occupied location in the UK: Warwick, Wokingham, Solihull, Eakring, Derby and Warrington.	Litres of water	N/A	-Water to be baselined in 2020	N/A	-	
We will pilot and implement circular economy principles	We will align our business to international recognised standards, e.g. BS 8001 – circular economy standard Analyse current reuse projects for their circularity and refine to create circular processes; work with OMU and Refurb centres. Purchase products that can be recycled / reused, by 2026	# of Pilots that implement circular economy principles, circularity metric defined Process to purchase products that can be recycled/reused	N/A	From no pilots to align with BS8001 – circular economy standard	N/A	-	
We will maintain our high standards of oil containment and pollution management	Maintain agreed ENA/EA standards for cable leaks	# of litre of oil lost to the environment	N/A	Maintain agreed ENA/EA standards for cable leaks	N/A	9,717 litres of unrecovered oil	N/A

Caring for the natural environment							
Strategy (What)	Tactic (How)	Measurement (Metrics)	RIIO-T1 Commitment	T2 baseline and 2026 end position	Other Voluntary Commitment Target ('Our Contribution' or ET Strategy)	RIIO-T1 Performance (18/19)	Expert body to confirm targets and measures
10% increase in environmental value on all non-operational land by the end of the T2 period – prioritising deprived urban areas.	Natural Capital tool is used to assess how land can be developed and used to enhance the value of ecosystem services. Sustainability action plans on how we manage our land are managed and monitored. We will have achieved a 10% increase by 2026 from a 2020/21 baseline. The NGET estate is currently 2798 hectares and environmental value is measured in Biodiversity units and £ natural capital	£ Natural Capital Biodiversity (# units)	N/A	+10% on 2021 baseline by 2026,	NGET strategy: enhance the value of 30 natural sites by 2020/21 in NGET's non-operational land	29 sites enhanced with a natural capital approach	Natural England or the Natural Capital Coalition. We have had positive confirmation from the Natural Capital Coalition that setting our baseline and achieving a 2% target is an ambitious first step for T2. There is a natural decline of habitats if left unmaintained and because preventing this decline requires maintenance, the normal practice is to exclude this decline from targets (assuming a static baseline). For T2 our preference is to follow the standard practice and assume a static baseline to achieve our 2% target.
Deliver 10% Net Gain in environmental value (including biodiversity) on all construction projects (including those delivered by third parties)	Net Gain target is applied on all schemes that impact habitats and lead to permanent or temporary habitat loss, negative impacts on the habitat condition or provision of ecosystem function e.g. screening, flood management, recreation. To be baselined in 2021 and delivered thereafter.	10% Net gain on all construction projects #projects and % net gain	N/A	From a baseline defined in 2020/21 to +10% net gain on all projects impacting habitats	Our contribution' 2012: Drive net gain in environmental value (including biodiversity) on major construction projects by 2020	Biodiversity net gain approach embedded in Network Development Process	

Improve the visual impact of our assets in designated landscapes	We will continue with the stakeholder-led approach for Visual Impact Provision project selection.	# of kms of overhead line removed from AONBs/ natural park	We will begin work to reduce the visual impact of existing transmission assets in at least one AONB/national park	We will deliver Dorset plus other T1 funded projects	N/A	Dorset project approved by Ofgem	N/A – via SAG group
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Leadership for change

Strategy (What)	Tactic (How)	Measurement (Metrics)	RIIO-T1 Commitment	Other Voluntary Commitment Target ('Our Contribution' or ET Strategy)	RIIO-T1 Performance (18/19)	Expert body to confirm targets and measures
We will lead in transparency on capital carbon and natural capital using data and tools to collaborate and drive environmental progress	Share tools, data, expertise and insights and work together with TO's to develop consistent approach.	We aspire to have a consistent industry approach to capital carbon and natural capital impact evaluation by 2026	N/A	N/A	Started to map out collaboration projects with the TOs	N/A
We will be an environmental leader for the energy industry	Actively contribute and shape the discussions in external Working Group i.e. EVs, Aldersgate and consultations.	# of groups and meetings attended and consultations	N/A	N/A	We are on numerous groups	N/A
We will have senior leadership accountability which reflects our corporate focus on the environment	Our leadership bonus plans incentivise the delivery of financial, strategic and operational measures. Measures are subject to change to ensure we drive the right focus on our short-term	Not tracked within this plan	N/A	N/A	-	N/A

	and annual priorities. For further information please see chapter 13, Transparency					
Implement a comprehensive employee engagement programme on environmental issues.	Implement a comprehensive employee engagement programme on environmental issues including waste, reduction in plastics and employee travel	Define measure in 2020/21	N/A	N/A	Environmental champions network and annually update our communications engagement strategy for key issues and initiatives	N/A
Carbon pricing is influencing decisions and whole life costing is assessed in the decision-making process	Whole life costing is assessed in the decision-making process Other sustainability impacts (e.g. carbon pricing) are embedded in decision making	A clear framework for the different decision making points	N/A	N/A	Carbon Pricing was embedded in our Network Development Process 2018/19	N/A
We will deliver a transparent approach to stakeholders on our sustainability performance	Publish Electricity Transmission environmental performance annually and shared for feedback with stakeholders	Annual publication of results and feedback	N/A	N/A	Specific performance for NGET is published an annual 'delivering our environmental performance' report and have new website pages	N/A
Educate the public on environmental issues through our education centres, community events and the role of energy and its impact	Management of four environmental education centres (EECs) and report more widely on the benefit they have on the public	# of visits	N/A	N/A	Management of four environmental education centres which in 2018/19 brought over 40,000 visitors	N/A

Annex 1. Summary of External landscape assessment

Aspects	Legislation	Alignment to UN Sustainable Development Goals	Other macro trends	Stakeholder Feedback
<p>Capital carbon from infrastructure</p>	<p><u>Climate Change Act 2008 (2050 target amendment) order 2019 to achieve net-zero by 2050</u></p> <p>Although there is no legislation dictating the terms for reduction in capital carbon, there is a strong 'push' by the UK government to reduce carbon emissions to meet legally binding commitments, set by the Climate Change Act 2008 (2050 target amendment)</p>	<p><u>Goal 9: Industry, Innovation and Infrastructure</u></p>  <p>Targets under Goal 9:</p> <p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and cross-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p> <p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>	<p><u>Infrastructure carbon review 2015:</u> The infrastructure industry is one of the biggest contributors of UK CO_{2e} emissions.</p> <p>The Infrastructure Carbon Review sets out a series of actions for government, clients and suppliers to reduce carbon from the construction and operation of the UK's infrastructure assets, in line with the UK's climate change commitments.</p> <p><u>The World Green Building Council's call to action on embodied carbon</u> - Embodied carbon emissions have been overlooked in the past but as shown by milestone research from the Intergovernmental Panel on Climate Change (IPCC), achieving drastic cuts in all carbon emissions over the next decade is critical to keeping global temperature rise to 1.5°C. Addressing upfront carbon is therefore crucial to fighting the climate crisis.</p> <p><u>High profile companies are committing to net-zero construction-</u> Skanska UK commits to net-zero carbon emissions on all its UK projects by 2045 across its project portfolio and other companies includes WSP, Ecotricity and Patagonia have set a target for its entire UK business to become carbon neutral by 2025</p> <p><u>New standard on carbon management in infrastructure</u> – PAS</p>	<p><u>Stakeholder workshop (June 2018):</u> 77% of stakeholders who attended our Stakeholder Workshop in June 2018 believed we should aim to be carbon neutral, and that we should do this by firstly ensuring that we minimise our carbon emissions wherever possible. Carbon offsetting was largely seen as something we should do once we have exhausted opportunities to minimise emissions</p> <p><u>2019 T2 consumer testing</u> - from a nationally representative sample, 1000, consumers were asked when they wanted us to be net-zero. 60% said they wanted us to be net-zero by 2030 or 2040. Costs were not presented but respondents were told that the earlier it was, the more expensive it would be.</p>

			<p>2080 aims to achieve a systematic process for infrastructure delivery in which carbon management under the direct control of the value chain is the main focus.</p> <p><u>Extinction rebellion protesters</u> – Extinction rebellion protested want a carbon-free UK by 2025</p> <p><u>Cultural analysis research</u> – highlighted that it has now become mainstream for companies to make “zero” announcements with respect to sustainability e.g. zero waste and net-zero carbon etc.</p>	
<p>Environmental net gain (including biodiversity)</p>	<p><u>Spring statement 2019</u> - net gain is now mandated for new housing and infrastructure developments under the Town and Country Planning Act regime.</p> <p>Government has decided to include provisions for a mandatory 10% net gain of 'biodiversity units' for all new development under the <u>Town and Country Planning Act 1990</u> that result in a loss of habitat, in the Environmental (Principles and Governance Bill) due to be laid before parliament in October 2019 and expected to take affect ~2022.</p> <p><u>UK's 25 Year Environmental Plan</u> The very first action in the very first chapter of the 25 Year Environment Plan is to embed 'environmental net gain'. The government is committed to leaving our environment in a better state than we</p>	<p><u>Goal 15: Life on land</u></p>  <p>Targets under goal 15:</p> <p>15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.</p>	<p><u>019 State of Nature Report</u> –documents how human impacts are driving sweeping changes in wildlife in the UK. There's been an incredible loss of nature in the UK since the 1970s. The UK is faced with the unprecedented decline of our natural environment</p> <p><u>Environment in multiple crisis – Institute for Public Policy Research report (2019)</u>- The UK is described as one of the most nature-depleted countries in the world. The report is define as the 'age of environmental breakdown' to better highlight the severity of the scale, pace and implication of environmental destabilisation resulting from aggregate human activity.</p>	<p><u>Stakeholder workshop (June 2018):</u></p> <p>66% of stakeholder who attended our Stakeholder Workshop in June 2018 believed that we should focus on net gain as long as the additional costs are reasonable.</p> <p><u>Feedback on our targets from the Natural Capital Coalition</u> – Achieving a 2% target is an ambitious first step. There is a natural decline in habitats if left unmaintained so to prevent this decline, some maintenance is needed. This is referred to as a declining baseline. The industry standard is to assume a static baseline. This static baseline is also our preferred approach for our first regulatory commitment.</p>

	found it through our 25-year Environment Plan.			
<p>Travel: business, operational and employee</p>		<p>Goal 13: Climate Action</p>  <p>13.2 Integrate climate change measures into national policies, strategies and planning</p>	<p>Committee of Climate Change Net Zero report: The transport sectors is the fastest-growing contributor to climate change, accounting for 23% of global energy-related greenhouse gas emissions. Extensive electrification, particularly transport is needed to achieve net zero.</p> <p>EV100 the Climate Group: EV 100 is a global initiative bringing together forward looking companies committed to accelerating the transition to electric vehicles. Since The Climate Group launched EV1004 in September 2017, 31 major companies with over US\$0.5 trillion in combined revenue have joined to accelerate the transition to EVs. This has included other energy companies such as SSE.</p> <p>Science based targets: Fleet emissions is considered scope 1 emissions which we have to reduce under Science based targets.</p>	
<p>Insulating gases and leakage from SF₆</p>	<p>UK F-Gas regulations 2015: the purpose of the regulations is to minimise emissions of fluorinated Greenhouse Gas (FGG) with the intention to reduce emissions by 70% to 78% by 2050 compared to 1990 levels. NG, as operators of equipment that contain SF₆ shall take precautions to prevent the leakage of the said gas. NG must take all measures which are technically and economically feasible to minimise leakage of FGG.</p>	<p>Goal 13: Climate Action</p>  <p>13.2 Integrate climate change measures into national policies, strategies and planning</p>	<p>Latest Climate change science: The Intergovernmental Panel on Climate Change (IPCC) published a special report in October 2018 which found that limiting global warming to 1.5°C is needed to mitigate the worst impacts of climate change</p> <p>Public perception and awareness of climate change science: thousands of climate protestors blockaded key London landmarks as part of the Extinction Rebellion protests in 2019, and across the globe,</p>	<p>Stakeholder workshop (June 2018): 65% of workshop attendees said we should focus on overall volume of SF₆ leaked and continue efforts to find alternatives.</p> <p>September 2019, International SF₆ expert engagement – 70% of experts agreed that an aggressive replacement approach for the most leaking assets more appropriate than leak detection and repair only. Those that didn't</p>

	<p><u>Climate Change Act 2008 (2050 target amendment) order 2019</u> - this target would effectively mean that the UK will end its contribution to global emissions by 2050</p> <p><u>Clean Growth strategy 2018:</u> Clean growth means growing our national income while cutting greenhouse gas emissions. The strategy sets out our proposal for decarbonising all sectors of the UK economy by 2020s</p> <p><u>International Context:</u> the UK is party to the UN Framework Convention on Climate Change (UNFCCC) and has signed and ratified the Paris Agreement, an international agreement on climate change. The key aim of the Paris Agreement is to hold the increase in the global average temperature to well 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C.</p>		<p>thousands of school children have also left school to protest against more action on climate change</p> <p><u>Regulatory requirements:</u> In the business planning guidance, Appendix 2, Ofgem have mandated that Transmission owners should adopt science-based target for company to reduce its scope 1 and 2 BCF by 20XX, without relying on international GHG offsetting</p>	<p>agree were primarily located in Japan where we believe the networks are younger with more modern and effective gas containing assets.</p>
<p>Loss of oil, fuels or chemical and failure of secondary containment</p>	<p><u>The control of pollution (OilStorage) Regulations</u> - aims to reduce the number of pollution incidents. Over a sixth of all pollution incidents affecting the environment involve oil. Most incidents are caused by leaking oil from tanks or pipework, tanks being over-filled or vandalism.</p>	<p><u>No alignment to SDGs</u></p>	<p>Regulatory control – strong enforcement from the Environment Agency</p>	<p>No specific feedback given from stakeholders</p>
<p>Light and use of energy from fixed sites</p>	<p><u>The Energy Savings Opportunity Scheme Regulations 2014:</u> ESOS is a mandatory energy assessment</p>	<p><u>Goal 13: Climate Action</u></p>	<p>RE100: RE100 is a global corporate leadership initiative bringing together influential business committed to</p>	<p>No specific feedback given from stakeholders</p>

	<p>scheme for organisations in the UK that meet the qualification criteria. Climate Change Act 2008 (2050 target amendment) order 2019 - this target would effectively mean that the UK will end its contribution to global emissions by 2050</p>	 <p>13.2 Integrate climate change measures into national policies, strategies and planning</p>	<p>100% renewable electricity. Over 200 companies have made the commitment to go 100% renewable.</p> <p>Science Based targets: Energy use is considered scope 2 emissions which we have to reduce under Science based targets</p>	
<p>Use of land for asset infrastructure, including non-operational land around sites</p>	<p>25 Year Environment Plan – the plan aims to boost the productivity by enhancing our natural capital. The UK intends to use a ‘natural capital’ approach as a tool to help make key choices and long-term decisions. Using a natural capital approach, we are likely to take better and more efficient decisions that can support environmental enhancement</p> <p>Natural Capital Committee As recommended by the Natural Capital Committee, there are benefits in increased productivity from our natural resources and a lessening of the demand placed on them.</p>	<p>Goal 15: Life on land</p>  <p>Targets under goal 15:</p> <p>15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.</p>	<p>2019 State of Nature Report –documents how human impacts are driving sweeping changes in wildlife in the UK. There’s been an incredible loss of nature in the UK since the 1970s. The UK is faced with the unprecedented decline of our natural environment</p> <p>Environment in multiple crisis – Institute for Public Policy Research report (2019)- The UK is described as one of the most nature-depleted countries in the world. The report defines the modern day as the ‘age of environmental breakdown’ to better highlight the severity of the scale, pace and implication of environmental destabilisation resulting from aggregate human activity.</p>	<p>See Natural Capital Coalition feedback</p>
<p>Use of water</p>	<p>The Environment Act 1995 – places a duty for companies to promote the efficient use of water by customers</p>	<p>Goal 14: Life on water</p>  <p>Targets for goal 14:</p> <p>14.7 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply</p>	<p>Although water use is not a significant material aspect for our business, it is an aspect that is of great importance around the world and is considered a key goal in the United Nations Sustainable Development Goals.</p>	<p>No stakeholder feedback</p>

		<p>of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p>		
<p>Waste and resource management</p>	<p><u>The Environmental Protection Act 1990:</u> The Environmental Protection Act deals with issues relating to waste on land, defining all aspects of waste management and places a duty on local authorities to collect waste. As a business, you have a duty to ensure that any waste your company produces is handled safely and within the law.</p> <p><u>UK 2020 waste targets:</u> There is an EU target for the UK to recycle at least 50% of household waste by 2020, 65% by 2035</p>	<p><u>Goal 12: Responsible consumption and production</u></p>  <p>Targets for goal 12:</p> <p>12.5 by 2030, achieve the sustainable management and efficient use of resources</p>	<p><u>Plastics crisis:</u> Currently, 12.7 million tonnes of plastic ends up in our oceans each year, and the consequences for sealife are tragic, from choking turtles to poisoning whales. There is a world-wide movement to reduce plastic consumption at personal and workplace level.</p> <p><u>Resource depletion:</u> We are consuming resources <i>faster than it can be</i> replenished. 2019's Earth's overshoot day demonstrated that we are using up nature 1.75 times faster that it can be replenished.</p> <p><u>Zero waste targets and declaration:</u> There are companies and organisations that are committing to zero waste targets by 2030, including the C40S GROUP and companies like IKEA and Apple are pushing for targets on. This was described as becoming mainstream in our cultural analysis research.</p> <p><u>Following the Waste Hierarchy:</u> The Waste Hierarchy sets out a hierarchy of options for managing waste in terms of what is best for the environment. This is what is considered best practice, including the 5Rs: refuse, reuse, reduce, repurpose, recycling.</p>	<p><u>Feedback from MIROG:</u> Qualitative targets need a standard aligned to them</p> <p><u>Feedback from Independent Stakeholder User group:</u> recycling target could be more ambitious (from 60% to 70%)</p> <p><u>Feedback from the Waste Facilities Audit Association –</u> “Environmental commitments look good. You might want to consider putting these into context with where you are currently e.g. today % of our waste is either recycled or etc – and adding a general statement of principal such as diverting waste to other uses giving both economic & social benefits – shifting waste to a potential resource”</p>

<p>Supply chain management</p>	<p>No legislation set for the sustainability management of the supply chain</p>	<p>Goal 13: Climate Action</p>  <p>13.2 Integrate climate change measures into national policies, strategies and planning</p>	<p>CDP supply chain: There is power in procurement. For most organizations, the environmental impact within their supply chain significantly outstrips the impact related to their own operations. The decisions they make when purchasing goods and services, and the way they influence their suppliers, offers a far greater opportunity for positive change than could be achieved through acting only on areas within their direct operational control.</p> <p>Leading companies cut supply chain emissions: Carbon emissions in supply chains are on average four times those of company's direct operations. The number of large companies taking serious action to tackle greenhouse gas emissions in the supply chains has doubled.</p>	
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Annex 2. Target optioneering

Our commitment to deliver net zero										
Environmental aspect	Does a baseline exist? And has performed been measured	Performance (2018/19)	Is there a specific government policy/ scientific target we should be aiming for?	Methodological choice	Type of target	Pioneering of targets				Targets chosen for our Environmental Action Plan
						Option 1	Option 2	Option 3	Option 4	
Controllable carbon (scope 1 and 2)	Yes - since 2012/13	0.4% reduction from a 2012/13 baseline	Yes - UK's net zero legislation and regulatory requirement for a science-based target	What to'	Numerical target	<u>Do nothing</u> - not set a target, climate targets from businesses are still voluntary	<u>Voluntary target</u> - 45% reduction in controllable carbon by 2026 from a 2012/13 baseline (based on 20% reduction from RIIO-1 and additional 25% reduction from further reductions in fleet, energy use and SF ₆)	<u>Science based target</u> - 50% by 2030 from a 2018/19 baseline (interim target NGET calculated at 34% by 2026) - this is based on a 34% reduction in both scope 1 and scope 2 (a minimum of 33% reduction in SF ₆ emissions)	<u>Net zero before 2050</u> - set a net zero target that is more ambitious than government legislation and that is aligned with the views of some of our stakeholders	We will aim for a 34% reduction in our controllable carbon by 2026 and 50% by 2030 from a 2018/19 baseline, advocating and designing mechanisms where we could go further. Additional speed & cost will need to be confirmed through CBA and with consumers through research and testing.
Justification	We as National Grid Electricity Transmission are in complete support of the UK's net-zero commitment and seek to play our critical role in enabling this transition to happen in the best way for consumers. As such, we aim to achieve a climate change target that is aligned with the latest climate change science as researched by the Intergovernmental Panel on Climate Change to achieve a 1.5°C world. At this time we have decided not to go for net zero before 2050 because that will involve achieving that target using carbon offsetting. Best practice standards suggest organisations should look to reduce their emissions as much as possible first before they offset. As there's still a lot that we can do to further reduce our emissions at greater speed, going for carbon neutrality early may not be the best in the long-term as the focus should go on reducing the root of our emissions.									
Energy use	Yes - since 2012/13	46% reduction in office energy use from a 2012/13 baseline	No - but CDP Index influencing global companies to make the move to 100% renewable electricity.	What to'	Numerical target	<u>Do nothing</u> - not set a target, purchasing renewable energy is still voluntary	<u>Purchasing 100% renewable energy for 0% emissions in energy</u> - make a commitment to purchase 100% renewable	<u>Focusing on energy efficiency in our substations and offices</u> - though there is lack of clarity on the data in subs	N/A	We will purchase 100% of our electricity from renewable sources by 2026, adding an efficiency target for offices with an ambition for efficiency at substations

								energy by 2026			
Justification	There are several FTSE100 companies that have made a voluntary commitment to purchase 100% renewable energy. There is currently a 1-1.5% premium on the cost of buying renewable vs fossil fuel-based electricity. We aim to use our procuring power to contract for the long term with a renewable energy source which will 1) contribute additional renewables to the network with long term confidence given via a power purchase agreement and 2) protect consumers from price increases driven by demand in renewable contracts. We will also be focusing on energy efficiency and we can set a clear target for offices now. We are unable to make a clear target on substations until we have assessed the data. We will therefore assess the energy usage at metered sites and implement a substation energy efficiency programme.										
Fleet	Yes - since 2012/13	30 vehicles purchased for EV pilot	Yes - Road to zero - petrol and diesel ban by 2040	What to'	Numerical commitment	<u>Do nothing</u> - wait until government goal of 2040	<u>60% transition to EV fleet</u>	<u>70% transition to EV fleet</u>	<u>100% transition to EV fleet</u>	We will transition 100% to EV fleet by 2026, where market alternatives are available today (2019)	
Justification	The Committee on Climate Change stated that the switch to electric needs to happen even earlier – with no new petrol & diesel sales called for by ideally 2030, and 2035 at the latest – to meet legislated net-zero ambitions. We want to adopt 100% alternative fuel fleet by 2026, but today we know only 60% of our fleet has market alternatives and therefore this ambition translates to 60% of fleet at the market availability in 2019.										
Embodied carbon	Yes - since 2015/16	50% reduction from a 2015/16	No	What if'	Numerical target	<u>Do nothing</u> - not set a target but focus on continuous improvement	<u>Focus on maximum carbon reduction</u> - without offsetting residual emissions	<u>Net zero construction</u> - focus on reducing the impact of residual emissions	N/A	We will achieve net zero construction by 2026, based on current business assumptions outlined in the EAP	
Justification	We have decided to go for a more ambitious target of net-zero construction having received feedback from our stakeholders that we should do this by firstly ensuring that we minimise our carbon emissions wherever possible. Carbon offsetting was largely seen as something we should do once we have exhausted opportunities to minimise emissions, which is where we will be by the end of the RIIO-T2 period. We have done a lot of work during the RIIO-T1 period by setting clear targets, since 2015 we have embedded carbon in our decision-making, working with our suppliers and collaborating across the industry. By the end of RIIO-T2, we will be in a good position to reduce our emissions as much as its physically possible through PAS 2080 and PAS 2060 and focus on the residual emissions that can be offset. We assume that 180,000tCO ₂ e can be offset with up to £2.5m										
Supply chain engagement	Yes - since 2015/16	85% of our top 250 suppliers report their emissions on CDP	No	What if	Numerical target	<u>Do nothing</u> - not set a target for suppliers	<u>Suppliers have a target on reporting emissions</u> - 100%	<u>Suppliers have a target on setting emissions target</u> - 70%	N/A	75% of National Grid's top 250 suppliers (by category/spend) will have carbon reduction targets	
Justification	As for the period of RIIO-T1 we have focused on engaging with our supply chain on climate change and ensuring that they report their emissions, we decided to go for a target that was focused on our suppliers having an emissions reduction target, demonstrating a step change from RIIO-T1 to T2, as well as having a target that focused more on impact vs engagement.										

Making the most out of our assets and natural resources										
Environmental aspect	Does a baseline exist? And has performed been measured	Performance (2018/19)	Is there a specific government policy/ scientific target we should be aiming for?	Methodological choice	Type of target	Pioneering of targets				Targets chosen for our Environmental Action Plan
						Option 1	Option 2	Option 3	Option 4	
Circular economy	No	Not measured, though there are pockets of good practice within the business e.g. circularity of OMU oil	No	What if	Commitment statement	Do nothing - not focus on circular economy, but on the waste hierarchy	Align the Electricity Transmission to a standard focused on the circular economy principles e.g. BS 8001 circular economy standard	N/A	N/A	We will pilot and implement circular economy principles by aligning our business to a circular economy standard like BS 8001 – circular economy
Justification	As this an aspect that we have not measured in the business, it is an area that needs increasing focus if we are serious about being a responsible and resource efficient company. There needs to be equal focus on resources as on waste.									
Sustainable Procurement	No	Sustainable Procurement strategy and Sustainable Procurement Policy - but no alignment to an internal standard	No	What if	Commitment statement	Do nothing - not focus on sustainable procurement	Update sustainable procurement strategy and policy but with no alignment an internationally recognised standard	Align the Global Procurement function to an internationally recognised standard	N/A	We will align our Procurement process to a recognised international standard e.g. ISO20400 Sustainable Sourcing Standard
Justification	Considering the push for more action from top businesses to focus on the supply chain, it makes sense to ensure our internal strategies and policies are aligned to what is considered best practice in the industry. Our stakeholders such as CDP and the Supply Chain Sustainability School also support this approach.									
Zero waste to landfill	Yes - since 2016/17	97% of ET's construction waste is diverted and 93% of operational waste is diverted	No	what if	Numerical target	Do nothing - not focus on zero waste to landfill	Maintain the 97% diversion from landfill	Achieve zero waste to landfill by 2026	N/A	We will achieve zero construction waste to landfill by 2026
Justification	As there is only a small proportion of waste that is sent to landfill, there should be a minimum focus on ensuring that the waste hierarchy is respected and that no waste is sent to landfill.									

Construction - recycling	Yes - since 2016/17	NGET's construction waste data is incomplete. This will be baselined in 2020/21	No	What if	Commitment statement	Do nothing	Achieve a 70% recycling rate	Achieve a 80% recycling rate	Baseline the data in 2020/21 and set a target	Increase our construction recycling and composting rates and set a target from a 2020/21 baseline
Justification	We cannot include a specific % target for construction projects at this stage due to an incomplete data set. We will focus on collecting data to develop a robust baseline from which to set a target.									
Operations and offices - recycling	Yes - since 2018/19	45% of ET's operational waste is recycled and 46% of offices waste is recycled	No	What if	Numerical target	Do nothing - not have a target on waste recycled	Achieve a 60% recycling rate	Achieve a 70% recycling rate	N/A	Improve the recycling rate at all of our office and operational sites from 46% & 45% in 2018/19 to 60% in 2026
Justification	We have gone for a 60% recycling rate rather than a 70% rate, even though the Independent Stakeholder User group has encouraged us to increase this target. This is because there is a lot of work that needs to be undertaken to analyse performance and set up a platform for our operational sites to improve in this area. National policy is to send 65% of municipal waste by 2035. The Scottish TOs that also have a 70% recycling rate which includes construction and offices. ET is ensuring that the different types of waste streams is appropriately targeted (including separate targets for construction, operations and offices)									
Offices- waste reduction	No	Not measured	No	What if	Numerical target	Do nothing - not focus on waste reduction	Achieve a 20% reduction on waste	Achieve 20+ waste reduction target	N/A	We will reduce the waste we create at our offices (waste tonnage by 20%) from a 2018/19 baseline
Justification	As this has not been area of focus during RIIO-T1, we didn't want to set something which was over ambitious and which we couldn't deliver, but felt it was important to focus on waste reduction as this is the priority aspect in the waste hierarchy.									
Offices - water	No	Not measured	No	What if	Numerical target	Do nothing - not focus on water efficiency	Achieve a 20% reduction on our water use	Achieve a 20%+ water use reduction target	N/A	We will achieve a 20% reduction target on our water use against a 2019/20 target for our main offices
Justification	As we have done for waste, we have gone for a target that we think is feasible. As this has not been area of focus during RIIO-T1, we didn't want to set something which was over ambitious and which we couldn't deliver, but felt it was important to focus on water use as this is becoming an increasing area of importance for our stakeholders.									

Caring for the natural environment										
Environmental aspect	Does a baseline exist? And has performed been measured	Performance (2018/19)	Is there a specific government policy/scientific target we should be aiming for?	Methodological choice	Type of target	Pioneering of targets				Targets chosen for our Environmental Action Plan
						Option 1	Option 2	Option 3	Option 4	
Natural capital	Yes - since 2014/15	29 sites have been enhanced with a natural capital approach	No	What if	Numerical target	Do nothing - not focus on natural capital	Continue to focus on number of sites (50 NGET sites)	Focus on natural capital/baseline improvement (10%)	Focus on natural capital/baseline improvement over 10%	We will increase environmental value of non-operational land by 10% against a Natural Capital/Biodiversity baseline (2% per annum)
Justification	During the period of RIIO-T1 we focused on the number of sites that were being enhanced and not the % improvement. For RIIO-T2 we wanted to focus on the outputs for improvement. Feedback from Natural England also highlights that a 10% improvement is quite an ambitious target as work needs to be completed to prevent natural decline too.									
Net gain	No	Commitment to deliver net gain by 2020	Yes - environment bill, new legislation to achieve 10% net gain is expected to be mandated for new housing and infrastructure developments under the Town and Country Planning Act regime from 2022.	What to	Numerical target	Do nothing - not deliver net gain and not deliver on the legislation requirement	Deliver a 10% net gain and greater	Deliver +10% net gain	N/A	We will deliver Net Gain by at least 10% or greater in environmental value (including biodiversity) on all construction projects (including those delivered by third parties building on our land)
Justification	During RIIO-T1 we have focused on ensuring we deliver net gain, and in RIIO-T2 we are focusing on ensuring we continue with our proposals to deliver Net gain by at least 10% or greater. We haven't gone for a target that is more ambitious than what will be legislated because we need to ensure that our processes and ways of working are aligned, before we go for anything that is more ambitious. We also believe that we should compensate whenever we are impacting habitats.									

We didn't do an optioneering process for the 'Leadership for change' commitments, as they are non-numerical. These are some of the enablers that will help transform the Electricity Business to be a more sustainable business.