



# Discretionary Reward Scheme 2018 – 2021



**SGN**  
Your gas. Our network.









# Introduction

I'm proud to present this summary of SGN's work over the last three years, highlighting our commitment to the environment, social value creation and to reducing the risk of carbon monoxide poisoning.

Our work to improve outcomes and services for vulnerable customers has been driven by our over-arching commitment to make a **positive impact** on individuals and communities through our activities. That strategic driver, underpinned by stakeholder and customer priorities, is firmly embedded in SGN's mindset. Over this last year, it has been a powerful enabler as the pandemic has amplified the need for our alertness and ability to respond quickly to those most in need of our care. Thanks to the momentum we've created over the previous two years, our partners, processes and teams were primed and able to step-up to the challenge of enhanced customer delivery during lockdown.

Our commitment to the environment and a **shared future** of heat without carbon has been another mainstay and priority focus over RIIO-GD1. The final years of this price control have seen a significant ramp-up in activity, both in our efforts to reduce our own environmental impact today, and our role in building the pathway to net zero over the coming decades.

Our efforts have been recognised and rewarded externally too: in March 2021 we won the award for Excellence in Social Responsibility and Awareness at the customer focussed 2021 CCA Awards and we were shortlisted for the Most Effective Vulnerability Strategy. We received CSR Project of the Year at the Charity Times Awards for our work with disability charity Scope, and in 2020 we received Utility Week's prestigious Utility of the Year Award.

We are grateful to all our partners who have helped us devise, develop and deliver many valued social outputs, a reduction in our environmental and carbon footprint and our ongoing role to provide heat and warmth to customers in our net zero future. In doing so we have helped improve how we manage our business and deliver a better experience for our customers.

John Morea, Chief Executive Officer

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## Social outputs: Making a positive impact



### Energy solutions and safeguarding for the fuel poor and consumers in vulnerable situations

Throughout RIIO-GD1 we have consistently reviewed our approach to serving vulnerable and fuel poor customers to reflect our improved knowledge and experiences revising the support and solutions we provide accordingly. Our strategic approach has been:

- Treating vulnerability through a holistic and needs-based approach, using our network of partners to provide timely, relevant and tailored services and support
- Listening to and developing our people to improve our understanding of vulnerable customers' needs, empowering staff to help customers they identify as being in a vulnerable situation
- Contributing in the community through targeted support for fuel poor and vulnerable households

In this third year we have added a fourth focus area:

- Understanding the impacts of Covid-19 in different vulnerable customer groups and adapting our behaviour and processes accordingly.

Over the past three years, we have supported relevant charities and vulnerable communities with funding and our own staff volunteering, amounting to over **£600,000** of support. Recognising the far-reaching impacts of the pandemic, we donated a further **£190,000** to affected communities through relevant charities to setup foodbanks, address loneliness and social isolation, support young people and much more.

### Going the extra mile to support fuel poor households

Three years ago, we gave back **£20m** of allowances to customers, enabling us to deliver tailored solutions in each of our network areas and ultimately lifting more households out of fuel poverty. Overall, we have delivered the most fuel poor gas connections of any Gas Distribution Network (GDN). At **29,525**, our total achieved Fuel Poor Network Extension Scheme (FPNES) connections over RIIO-GD1 for both our networks is **2,028** over our combined revised target of **27,497**, and **48%** over our original eight year combined target of **20,000**.

### Exceeding targets in Scotland

In Scotland we have installed **3,896** gas connections to fuel poor households in the last three years, bringing our GD1 total to **20,672**, **21%** over our uplifted GD1 target of **17,130**. Despite reaching our target, stakeholders asked us to continue providing FPNES connections as first-time central heating remains one of the most efficient ways of addressing fuel poverty.

### Addressing funding shortfalls in southern: our Central Heating Grant Fund

Our stakeholders identified lack of available funding as a major barrier to connecting fuel poor households. In response, we created a **£10m** Central Heating Grant Fund to bolster our fuel poor connections activities.

Our fund incentivises greater collaborative working with partners by allowing them to blend our funding with other sources of finance, such as Energy Company Obligation

(ECO) and the Affordable Warmth Solutions (AWS) Warm Homes Fund (WHF).

We worked with housing associations, local authorities and other key stakeholders to help them identify, qualify and access financial support for eligible households. Our involvement increased the likelihood of bids being successful by reducing the amount of funding required from schemes such as the WHF, meaning more households overall could be supported. Over the last three years we have provided gap funding for **2,205** central heating systems in our southern network.

### Adding value to partners and innovating with data

By partnering with housing associations and local authorities we were able to help them work with energy suppliers to receive ECO funding for 'whole-house' solutions. We introduced a new process to provide FPNES funding to Utility Infrastructure Providers (UIPs), ensuring another **703** fuel poor households received a new gas connection and heating system.

We have improved our awareness of fuel poor households through greater and smarter use of our data. The Energy Saving Trust has helped us develop a predictive model using relevant datasets to forecast the likelihood of an off-gas property being in fuel poverty, allowing us to target our activities in areas likely to have a high concentration of fuel poor households. Examples of our data targeted approach over the last three years include our partnership which we jointly led with Dorset Council where we made **370** fuel poor connections at Melcombe Regis and provided **1,500** LED lightbulbs, **173** cavity wall insulations, **69** loft insulations and **50** new smart meters. With Arun District Council we made **304** fuel poor connections and provided first-time central heating funding of **£723,000**. We have mapped **40** regions likely to be eligible and within connectable distance to the existing gas network.

*"I have seen the joy of a couple who overnight became able to enjoy a warm home, as the result of a new gas network connection and affordable central heating."*

Martin Cave, Chairman of Ofgem, after visiting the Arun project

### Maintaining our service through the pandemic

Enforced lockdowns and customer concern during the 2020/21 pandemic dramatically slowed our fuel poor connections rate. We responded with a renewed programme of engagement with partners and customers to encourage connections and take advantage of our FPNES scheme.

We used our data mapping tool to target key partners and regions where connection opportunities were most likely and established a dedicated taskforce focussed on installing connections as soon as circumstances permitted. Despite the pandemic, we added another **7,359** FPNES connections in the last three years.

### Warmworks in Scotland

We've been helping vulnerable customers find better energy tariffs, change suppliers and have delivered a step-change in services to help customers manage debt.

Our partnership with **Warmworks**, the Scottish Government's flagship national energy efficiency scheme, has helped **505** households use our Help to Heat scheme to connect to our network in the last three years.

We teamed up with SSEN to provide funding for Warmworks to use for activities such as loft clearance and remedial work, allowing customers to benefit from funded energy saving measures, including first-time central heating installations.

In the last three years, Warmworks have used over **£38,000** of our contributions to support **167** households. Overall, our partnership with Warmworks has enabled **4,424** measures to be installed in the last three years, with an average annual fuel saving of **£991** (for households receiving a Help to Heat gas connection) and **£318** (for households receiving enabling funds).



### Our pioneering referral app is now industry best practice

Our stakeholders and frontline employees have been instrumental in designing our referral app, which is now being used as industry best practice. The app gives our staff immediate access to the tools they need to support vulnerable customers such as services and delivery partners.

Customers select the service they need and their details are sent to the relevant partner for that area. Partners include Agility ECO, Community Energy South, Home Energy Scotland, Fire and Rescue and Scottish Fire & Rescue Service. Services include:

**Safe and well visits:** These have become an even more important tool during the pandemic. Local fire and rescue services carry out safety checks, helping customers remain independent in their own home.

**Energy advice:** Our expert partners offer confidential, independent advice on home energy efficiency, help with switching to more affordable tariffs and support with clearing energy bill debt.

**Energy Help Hub:** We were the first GDN to fund a dedicated energy and benefits advice service designed for customers with disabilities by partnering with the charity Scope.

**Appliance repair scheme:** We were the first network to offer an appliance repair voucher scheme to help vulnerable customers pay for servicing or repairs if our engineers had to disable appliances on safety grounds. Vouchers help vulnerable customers restore their heating and cooking facilities swiftly and safely. In the last three years, we've provided **365** vouchers to customers.

#### Priority Services Register (PSR) and Locking Cooker Valves (LCVs):

Our engineers are trained to refer eligible customers to the PSR and offer fitting of LCVs. In the last three years we've fitted **582** LCVs and we have directly referred **9,638** customers to the PSR.

#### New services added for Covid-19:

**Befriending service:** We've partnered with Age Scotland and Age UK to refer isolated or lonely older people to their telephone friendship service.

**Essential food delivery:** Our new partnership with Morrison's supermarket provides emergency food essentials for customers shielding or in financial hardship.

**Fuel voucher scheme:** Working with National Energy Action (NEA), we provide customers with a payment towards their energy bills or prepayment meter if they're worrying about the cost of turning on their heating.

**Covid-19 Careline:** A dedicated vulnerable customer team proactively contacted **6,072** PSR customers where their gas supply was turned off in order to provide the right support, signposting to assistance with getting them back on supply as quickly as possible and to refer them to appropriate support services from our partners.

As a result of these enhanced services we've made **1,443** partner referrals.

### Partnering to enhance support for fuel poor households and consumers in vulnerable situations

Our **Warm and Well Milton Keynes outreach scheme**, with Western Power Distribution (WPD), National Energy Foundation and most recently Anglian Water is a three-year project and an example of how we are targeting areas of high deprivation to give more people access to support. Using WPD's social indicator map, we've delivered more outputs year-on-year for the same level of funding: advice and clients supported to **900** households, **421** tariffs switched, energy efficiency measures provided, or warm home discounts received, **179** PSR referrals, **97** wellbeing interventions, **23** CO discussions and **seven** boilers repaired/upgraded.

We partnered with **Community Energy South** to develop a network of **401** trained Energy Champions to provide energy efficiency and tariff switching advice. The partnership has helped us reach **1,703** customers through **255** energy cafes and clinics. Almost half of the network has been focussed on reaching ethnic minority communities. The scheme has achieved an average saving of **£228pa** per household.

We partnered with **Changeworks** in Scotland during the initial coronavirus lockdown, converting our planned Energy Cafes into a series of films providing households with clear advice about where to get energy support. We created an Emergency Intervention Fund for customers in desperate need of meter top-ups in response to a huge surge in calls for support from vulnerable customers. The four films have been viewed **24,423** times across a range of channels including Twitter, Facebook and YouTube and **54** households were supported with gas and electricity top-ups, food vouchers and home insulation measures.

In southern we were a lead partner in the **Home and Well** initiative along with SSEN, Portsmouth Water, the NHS Foundation and Citizens Advice. This initiative ensured those coming out of hospital were going into safe and warm homes, reducing their likelihood of readmission. Over **700** customers benefited through this community partnership approach.

### Improving our understanding of vulnerable customers' needs

We've significantly improved our ability to recognise and support vulnerable customers through systemic training for our workforce in all parts of our business. Our Customer Toolkit gives staff enhanced awareness of different

vulnerability personas, such as age, hearing, sight, physical and mental health, fuel poor, mobility and language. Over **1,500** frontline engineers have completed 'You make the difference' training to improve the quality and content of our communication, and we've produced training videos to share best practice techniques.

We've also provided vulnerable circumstances training for **3,099**

engineers and contractors to spot vulnerability resulting in greater volumes of activity through our referral app.

During the last three years, we have trained a further **2,169** of our employees as **Dementia Friends** and this training has also been included as part of our induction process for new employees.

In June 2019 we established a first of its kind programme to improve customer service and support from utilities companies for disabled people. We became the founding partner with disability equality charity **Scope** to help us improve a range of activities, from recruitment and training, to stakeholder engagement focus groups and operational practices on site. Our aim is to share best practice and training resources across our and other utility sectors.

Scope has also helped us improve our communication to support a higher quality service. Our customer facing staff have asked for support with how to deal sensitively with disabled customers, without feeling 'awkward'. Scope has provided awareness training and supported behavioural change through video modules, which give our engineers improved confidence when serving and responding to disabled customers in their home. Developed with Scope and UKPN, the project won **Corporate Social Responsibility Project of the Year** at the 2020 Charity Times awards.

To support our teams to recognise vulnerability through changed circumstances, we've set up a new **partnership with the NSPCC** giving employees access to the charity's 'You make the call' training. The course shows how to identify and help families where neglect or abuse is a risk.



## CO (carbon monoxide) safety outputs: Reducing CO risk



### Continuing to build on our eight-year strategy

Since the start of RII0-GD1 we've looked for opportunities to reduce the risk of CO poisoning in homes, workplaces and beyond. Our focus over the past three years continues to be in delivering the three key areas of our strategy: **driving behaviour change, grassroots awareness and partnership working.**

### Managing CO risk through the pandemic

Public-health advice to stay at home during the lockdown over this last year has meant that more people have spent more time at home. Given the pandemic, people have been more vigilant about any changes in health, in particular awareness of symptoms like coughing and shortness of breath. Unfortunately, these and other symptoms could also indicate CO poisoning. When the stay-at-home guidance became clear, we recognised the risks of CO going unchecked or being misdiagnosed. Other changes in customer behaviour that heightens CO risk include:

- nervousness about having someone in the home leading to cancelled annual gas safety checks
- the financial impact of Covid-19 forcing prioritisation of other household essentials over 'maintenance' activities
- for many who have been impacted by Covid-19 personally, appliance health has not been a priority

Working in partnership with organisations like Fire and Rescue services helped us get our message out quickly to the right audiences. We provided advice and literature to a number of relevant organisations providing in-home services to people who were shielding or needed extra help and organisations representing hard to reach communities. These included RNIB - one of the UK's leading sight loss charities, Royal Association for Deaf People, Age UK and Age Scotland, Changeworks, Greener Kirkcaldy, Fire and Rescue Teams, Care and Repair Teams, HandyPerson services and people coming out of hospital.

We have also arranged for an extra **1,250** carbon monoxide monitors for partners to pass on to people with gas appliances who may not be able to buy their own alarm. A number of these monitors were specialist devices tailored to those with sensory impairment, with functions such as strobe lights and vibrating pads, and combined CO and smoke alarms with oral warnings.

With a significant proportion of the population working and learning from home during lockdowns, our operations teams reported an increase in the number of calls to our gas emergency number in certain areas within both our networks. Our partners such as Fire & Rescue Services also reported they were noticing a decrease in appliance servicing due to concerns about people entering homes and increased financial difficulties. To increase awareness and educate people about the importance of CO safety, we adopted a data driven approach, running a 10-week **CO Awareness Facebook film and advertising** campaign, in

**21 hotspot** postcode areas across our two networks, targeted at the areas that had received the highest call volumes for battery-related CO issues.

- Our ads were seen by **529,216** people
- A further **4,930** people went on to visit our dedicated CO information page on our website to find out more – a **151% year on year increase** on views of that page during the same time period.



Demonstrating that our campaign was successful in raising awareness of CO and the importance of regularly testing your CO alarm amongst our target audience. As a result, we also saw a reduction in CO related calls of **33%** across these hotspot postcode areas.

### Making a difference for hard to reach groups

In 2019 we reached out to new parents via **Mumsnet** to provide CO awareness information. Our six week campaign providing advice on appliance servicing and having a CO alarm installed received **142,857** views.

We've extended our reach by targeting **refugees and asylum seekers** in our network areas in Scotland and Southern. We partnered with National Energy Action (NEA), SSEN, the Scottish Refugee Council, Tamil Women's Group and Migrant Help UK to train a network of **38** Energy Champions to engage these hard to reach communities by raising CO awareness and giving energy advice, including how to take control of bills and join the PSR.

The project provides practical energy advice that can be passed onto family members and out through community groups. Engagement was previously through face-to-face workshops, and these have been replaced by video and online sessions during the pandemic. These sessions make a significant impact as they build confidence in how home energy systems work and different options available in terms of tariffs and suppliers. Moving to a Zoom platform has put us in front of people and groups that otherwise wouldn't have been able to attend the sessions.

The outreach programme includes an offer of a CO alarm to any customer who doesn't have one or can't afford one.

### Focus on children and future customers

Working with schools and school children is essential if we are to establish a shared CO awareness culture in the future. Since April 2018, we have reached over **3,780** pupils, engaging them through gas safety and CO awareness talks in **12** schools. We have subsequently used data mapping to keep in contact with the headteachers of the **3,756** primary schools across our Scotland and southern footprints, in particular those with a high proportion of children on free



school meals (an indicator of higher levels of deprivation and fuel poverty). We provided CO learning resources, as well as information on the PSR, our fuel poverty scheme and energy advice available from our partners the Energy Saving Trust and Home Energy Scotland. We've also followed up by engaging with **40** schools in the most deprived areas to ensure they had received, understood and shared the information.

We supported the **Junior Citizen Child Safety Event** in 2019 and 2020 for children in year 6, highlighting gas safety



matters, CO and streetworks safety in a fun, interactive and enjoyable way. The 2020 event took place at Surrey Fire & Rescue Headquarters and included its participation, along with Surrey Police, RNLI, Hope UK and

Children and Family Health Surrey. The two-week programme was supported by **21** SGN staff and attended by **947** pupils from **18** schools. The planned February 2021 event was postponed due to the pandemic.

Responding to low CO risk awareness levels among the 16-24 age group, we launched our sector's first **student-led digital campaign** with Edinburgh and Southampton Universities. Our three student ambassadors for each university upload stories and posts on their Instagram, Snapchat, Facebook and TikTok accounts, reaching second and third year students in rented accommodation with CO safety and awareness messages.

Our ambassadors have posted **33** times around CO awareness, with a total reach of **16,400**. Following this initial engagement campaign, a short awareness survey was conducted, completed by **169** respondents. Over **66%** of respondents reported they are now clear on the action they should take if concerned about the presence of Carbon Monoxide.

We have also partnered with **West College Scotland**, Scotland's largest further education college, to create a CO awareness module, developed and tested by involving **170** college students. The module is now available to over **22,000** students at the college and has been shared with other colleges across both our footprints.

We held dedicated CO sessions with our **Future Thinkers Panel**, a group of sixteen 14-to-16-year olds who have provided us with deeper insight into how we can most effectively engage with this age group. The Panel has identified **11** key recommendations across three categories: in-school activities and linking with other organisations; publications and promotion materials; and the use of social media and preferred channels of engagement. We've used these recommendations to inform our CO awareness campaigns for this age group.

Recognising the challenges faced by parents to keep children occupied at home during the first Covid-19 lockdown, we launched SGN's own digital CO awareness and education material aimed at 5-11 year olds. **George and Friends** is aimed at making sure children and their families stay safe and well at home, providing free activities such as online and printable guides with facts and fun puzzles to test children's knowledge.

Since the start of the pandemic our Learn about CO material has been accessed **520** times and our CO quiz has been completed **53** times.



### Joining forces to improve CO alarms and awareness



Following our 2019 survey of frontline engineers about the issue of CO in customers' homes, we've been finding innovative solutions to minimise erroneous callouts due to faulty alarms or dead batteries in CO alarms.

We have produced **CO alarm sound videos** that help customers understand the different sounds CO alarms make, such as distinguishing between CO being detected and a low-battery warning. We have shared the videos with other GDNs and we have promoted these through our own and local channels, local authority websites and the videos are hosted and promoted by United Against CO on YouTube. They are also available on the CoGDEM (The Council of Gas Detection and Environmental Monitoring) website as a resource under the heading 'Understanding CO Alarm Sounds'. By the end of March 2021, the videos had been viewed **52,276** times.

In 2019 we started to investigate the opportunity for a first-of-its-kind '**spoken warning**' CO alarm, that would broadcast pre-recorded messages explaining exactly what the customer is required to do. While some digital app-based solutions exist, we specifically wanted to target the community who don't have access to smart phones or the internet – often the most elderly and vulnerable in communities. By receiving unambiguous messaging from a CO detection device, these residents would avoid the need for a home visit from an engineer and remove the associated coronavirus risk. We partnered with the RNIB to test the viability of such a product and create a prototype. During testing we identified a suitable, but not well known, existing product on the market. We subsequently partnered with Scottish Fire and Rescue Service to pilot the use of **200** of these 'speaking' combined CO and smoke alarms for distributing to customers who need alarms of this specialist type.

### Proactive appliance servicing

We held a series of CO roundtables in November 2019 where expert stakeholders asked us to do more to support customers in financial difficulty and do more to mitigate the risk of CO poisoning. These comments echoed those from a survey of our own engineers, who told us that they don't like walking away from a property where appliances clearly needed servicing but customers were not able to pay. We now have a pilot scheme for an expanded appliance repair voucher programme for **boiler servicing** in three depot areas. We trained our engineers to ask key questions in vulnerable households where there were signs of hardship and a poor servicing history of the boiler, identified by customer concerns over gas going off or the need for regular relighting of boiler. Taking this pilot forward, we have developed a national partnership with the charitable organisation **Care and Repair** to provide appliance servicing as part of their support package to vulnerable customers.

**CO Awareness Week** is an annual event run by United Against CO which we support each year, but 2020 was the first year that we participated for the full week, joining organisations from across the UK to raise awareness of the dangers of CO poisoning. We delivered a cross-channel campaign using social media, traditional media, our website, radio, the SGNapp and Digital Hub. The social media campaign alone reached **8,929** via Facebook and **27,651** via Twitter. A highlight was our involvement with RNIB's Connect Radio channel on the Daily Connect show, with an audience of **135,000** blind and visually impaired listeners. SGN's Grant Taylor was interviewed and radio presenter Steven Scott explained that CO awareness had not been covered before on the show and the RNIB was extremely pleased to be approached by SGN to share our CO safety messages with them.

## Environmental outputs: Building a shared future

We maintain our dual focus on how we can play a part in the UK's net zero ambitions: working on future energy solutions to decarbonise the gas network and minimising our own environmental impact, linked to the UN Sustainable Development Goals.

### Developing future energy solutions for net zero

Over the last three years we've engaged extensively with stakeholders about our role in decarbonising energy; activities have included three CEO hosted Future of Heat specialist stakeholder panels in Scotland and teaming up with the other GDNs to discuss the future of heat with national UK stakeholders at a joint event in London in 2019.

### Socialising hydrogen

A consistent and clear finding from our engagement with well-informed stakeholders is that customer choice must be a central component of decisions on the future of heat. We have responded by taking action to assess the social appetite for hydrogen by engaging with stakeholders and communities who have little or no knowledge of the topic. We've partnered with a local environmental charity, Greener Kirkcaldy, to build on an existing Council-funded energy advice project in Levenmouth, Fife, an economically deprived area and the proposed site for our H100 Fife project. We ran two different surveys, the first to baseline the attitudes of **261** representative households towards their heating system. Building on the survey findings, we then ran a more in-depth survey reaching **70** residents, focusing on their use and perceptions of natural and green gas heating. The first survey found that **81%** of households ranked gas as their preferred heating technology and **60** out of **84** comments mentioned energy costs.

The second survey supported the findings of our initial survey that whilst there is a high level of confidence in natural gas and an appetite to reduce household emissions, the cost of fuel is a primary concern. Respondents also lacked the confidence to use an unfamiliar technology.

This project has given us useful insight into how to communicate effectively with deprived and hard to reach groups.

We collaborated with Changeworks to gain a deeper understanding of the perceived concerns, barriers and benefits of decarbonised heat from people with disabilities and lone parents, again increasing our ability to communicate effectively and with relevance to these and other vulnerable customers on the future of heat.

We have acted on Changeworks recommendations for improvement with frontline staff training, approaching customers through welfare calls, and engaging with user groups to support the development of communications campaigns.

The research highlighted important message considerations: communicating benefits of energy transition should favour health-related outcomes over carbon ones, and we have adapted the project communications and community engagement plan for our **world-first H100 Fife** project in response.

### Partnerships and collaboration

We're part of a common voice to help inform government policy decisions on future energy solutions and are now working with over **45** partners to support this goal.

Hy4Heat project is investigating if hydrogen can replace natural gas in buildings and gas appliances and we have a leading role helping to model potential risks associated with the switch from natural gas to hydrogen. We surveyed our frontline engineers to improve our knowledge of natural gas characteristics in relation to gas escapes, using the data to identify process changes, site actions or training requirements for hydrogen.

Since 2019 we have been part-funding and participating in Gas Goes Green, the world's first comprehensive programme to decarbonise the national gas grid and transform our

networks to deliver clean gas. Through our participation in the Gas Goes Green Steering Group, we have contributed to communications materials, policy asks, messaging, narratives and media work. Collectively, we aim to meet the challenges and opportunities of climate change in the most cost effective and least disruptive way possible, engaging widely to deliver programmes and initiatives across the country.

We are a founding member of NECCUS, an industry-led partnership to support Scottish industry with meeting the clean industrial growth challenge and the Scottish and UK net zero targets. We have developed a roadmap to set out how net zero industrial clusters can be achieved, supported by accelerated deployment of carbon capture, usage and storage (CCUS) technologies and the development of the Scottish hydrogen supply chain.

### Scottish pathway: a decarbonisation roadmap for Scotland

We have directly invested in, and led the drive for funding for, a two-year study with key stakeholders National Grid Gas and Scottish Government to understand the appetite and implications for different pathways to decarbonisation using the gas networks by 2030 and 2045. The aim is to understand the shape of the Scottish gas network under two scenarios: a 'Steady Pathway' where a single town and some industry is converted to 100% hydrogen by 2030 and an 'Accelerated Pathway' where large parts of the gas distribution network in Scotland is switched to 100% hydrogen by 2030.

Stakeholders have helped us to identify blockers, develop priorities and a roadmap outlining the key challenges along the way. The report, produced by Arup and published in 2021 concluded that under the Accelerated Pathway, the gas network would play a significant role in the 2030 decarbonisation targets. Under the Steady Pathway a hydrogen town and 20% blending by volume can be achieved based on the current activities, but would not allow Scotland to achieve its 2030 decarbonisation targets.

### Leading the change for green gas legislation

We're at the forefront of discussions to advise and influence the Gas Safety Management Regulations (GSMR schedule 3) to permit greater volumes of green gas (biomethane and hydrogen) onto the network. Building on our pioneering Opening Up the Gas Market project (2014-16), the last three years have applied that evidence to form industry and safety consensus on the changes required that would lead to a step-change in volumes of green gas in the network.

We chair a cross-industry IGEM group focussed on providing the recommended framework for policy makers to adopt and allow more green gas onto the network. The group includes all the GDNs with NGGT, Energy UK and representatives from industry and is a great example of whole system collaboration in practice.

***"One of the ways in which SGN is taking a leadership role is in the development of new specification for Gas Quality for the UK. A revised specification is essential to drive a change in the regulatory framework which can allow more decarbonised gases onto the network."***

Ian McCluskey, Institution of Gas Engineers and Managers (IGEM)

The IGEM Group work has already led to changes that benefit consumers, in how we source the Liquefied Natural Gas (LNG) used in the Scottish Independent Undertakings (our five standalone independent gas networks in remote areas of Scotland).

### Local energy planning

We've been developing partnerships with local authorities to address climate change and optimise network and energy planning:

**Hydrogen Sussex:** The group, made up of local gas and electricity networks, local authorities and local businesses, is coordinating activity around hydrogen for heat and transport in the region.



**The Outer Hebrides:** As part of a **£335m** investment group, we have been working with the Western Isles Council to support its feasibility planning and research and are a member of the project steering group for the 100% Green Hydrogen Hub.

**Climate Ready Clyde:** We are a Board member of Climate Ready Clyde, along with all local authorities in the region, Glasgow and Strathclyde Universities, NHS, Transport for Scotland, Scottish Environment Protection Agency (SEPA) and Scottish Government, helping to develop a climate risk and opportunity assessment, financial reports and a wider climate adaptation strategy for the Glasgow city region.

#### Showing leadership through our Whole System Charter

In 2019 we embarked on establishing our Whole System Charter to provide a platform that brings the energy sectors together to help meet Scotland's net zero emissions targets. The Charter has now been ratified, with the five major energy infrastructure companies in Scotland committing to a future of collaboration, integration and joint co-operation on activity. The four principles underpinning the Charter are: **Work together, through coordination and cooperation; manage uncertainty; develop whole system tools and processes, and demonstrate our commitment to net zero.** We anticipate this charter being extended to include other GB network companies, enabling further whole system delivery of net zero at a national level by 2050.

#### Our strategy for becoming a carbon net-zero business

In 2019 we participated in the Climate Leadership Framework (CLF), a new scheme run by the Carbon Trust, and became the only energy company to work with Carbon Trust to test and refine the CLF. Carbon Trust has supported the development of our targets and has helped us analyse and identify key contributing elements to our scope 3 emissions (the indirect emissions which are out of our direct control). In 2020 we successfully retained the Carbon Trust Standard for the ninth consecutive year, having achieved a **6.6%** reduction in our carbon footprint.

Following extensive internal and external reviews in 2018, we identified a number of UN Sustainable Development Goals (SDGs) as being important to us as a business and important to our key stakeholders. In January 2019 we held Sustainability Roundtable Events in Glasgow and London where stakeholders told us we should have a much more ambitious approach to carbon reduction, aligning with the more ambitious Scottish Climate Change Plan.

Last year we set up an Environment Advisory Panel to challenge us and provide expert advice on our environmental strategy and action plan. Our plan is built around five pillars that demonstrate our long-term commitment to reducing our carbon footprint and becoming a net-zero business. Senior management team bonuses are now linked to the achievement of these environmental targets.

#### Setting targets, acting, measuring and reporting

We have developed our CO<sub>2</sub>e reductions targets to align with the Paris Agreement and to clearly set out our emissions reduction roadmap to meet our net zero 2045 target. We have embraced the opportunities of the 'circular economy' and applied creativity to how we deal with waste. One example is our innovative approach to Gas Holder Demolition, where we have increased the proportion of materials we recycled from **86%** in 2017/18 to **95%** in 2018/19.

One of the innovative improvements we've driven is working with suppliers to recycle our old polyethylene pipes for other uses, such as drainpipes. From 2018/19 to 2020/21 this initiative has diverted **697 tonnes** of waste from landfill. In a similar vein, following our tri-annual 'End User Computer Transformation' review of our employee computer devices, we have passed on **228** laptop computers to Horley Town Council and their partners at the Raven Housing Trust to support home learning for disadvantaged families.

We are also measured by Climate Disclosure Project (CDP), which runs the global disclosure system for companies, cities

and regions to manage their environmental impacts.

Companies are awarded performance grades relating to climate change and environmental stewardship from A to D-. Last year we received a **B** performance grade, which puts us two grades above the 'oil and gas storage and transportation' category average. In a separate CDP measurement for engagement with suppliers, we scored **A-**, putting us in the top quartile for our sector.

#### Supporting growth in biomethane

Our annual satisfaction surveys for biomethane stakeholders has shown our services have improved across **11** out of **13** metrics over the last three years, with the biggest improvements being achieved in "our performance once connected to the SGN network" (the lowest scoring metric in our first survey in 2019). At the end of R110-GD1 we have connected the equivalent of just over **250,000** homes to green biomethane gas, saving over **551,000** tonnes of CO<sub>2</sub>e annually and connected **42** biomethane plants.

One exciting project is the continued evolution of our ground-breaking site at Poundbury. By adding Carbon Capture and Storage (CCS) technology, in January 2021 Poundbury has taken an important step towards showing how communities can achieve net zero heating using CCS to offset carbon. The next stages are to remove propane from the gas blend, added to comply with current regulations but which significantly increases the carbon footprint of the gas, and offset any residual greenhouse gas emissions by local tree planting.

#### Improving customer outcomes with innovation

We've been pioneering the use of robotics to reduce the cost, time and environmental impact of streetworks. Over the past three years, our innovative CISBOT robot has enabled us to:

- Remediate **40.6km** of pipe
- Reduce costs by over **£19m**
- Reduce the duration of projects by **6,523 days**

And we have welcomed Cadent adopting the technology as industry best practice.

We have been recognised by Transport for London (TfL) at the inaugural Roadworks Charter Awards 2020 by winning Best Use of Lane Rental Funding category.

#### Sustainable procurement and the Supply Chain Sustainability School

We are reducing the carbon footprint associated with our supply chain and have become a Partner to the Supply Chain Sustainability School (SCSS). By the end of the year we had invited **38** of our suppliers (equating to approximately **60%** by spend of our supply chain) to join the SCSS.

We have developed three learning pathways that our suppliers will need to be aware of, relating to circular economy, carbon reporting and biodiversity. We have commissioned 'Support the Goals' to carry out research on our supply chain's support for our selected SDGs, assigning a sustainability rating to each supplier (SGN is rated **4-stars** by Support the Goals).

We have used SCSS to provide an Executive Learning Pathway for our Leadership Team (LT) covering the key topics, including: sustainability at work; the circular economy; UN-sustainable development goals, and embodied/embedded carbon. LT members are encouraged to assign this learning to their direct employees and so far **97** employees have accessed learning resources through SCSS.









# Contact us



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