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Anna Kulhavy  
Ofgem

**22 January 2021**

Dear Anna,

We welcome the opportunity to provide feedback on the draft RII0-2 Environmental Reporting Guidance document. The following numbers in bold relate to the paragraph numbers in the governance document and comments relate specifically to that paragraph unless otherwise stated.

Firstly we welcome the detail and prescription in both the scope and format of the Annual Environmental Report (AER), including the metrics, measurement and guidance to be used by companies. As we have highlighted in our response to the draft determinations, the environmental impact of regulated networks is of increasing concern to consumers. The ability to assess networks commitments to reducing their environmental impact, and their progress against them provides a new level of transparency in this area of networks operation. We therefore support Ofgem in maintaining this level of detail and prescription in the Environmental Reporting Guidance document in order to ensure that information in AERs is always as consistent and comparable as possible, while also being accessible by Ofgem, stakeholders and customers.

We welcome the proposed restriction that AERs should be between 40-45 pages and note that in a number of areas Ofgem permits the use of annexes. We would recommend that it is made clear in the document that annexes, while permitted, should only be used in a very limited way

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and should not be used exhaustively. Companies should make every effort to convey all relevant information within the AER document. This encourages transparency and ensures information is accessible.

**Paragraphs 3.1. - 3.4.** set out the information required in the initial pages of the AER. We recommend that there should also be a requirement within these paragraphs that each company should state its commitment for 'Net Zero business carbon footprint (BCF) by 20xx', and demonstrate progress towards achieving this. Many companies stated such commitments in business plans<sup>1</sup> and where these exist, they should be repeated in AERs in the dashboard indicators. Where possible these should be described in comparable terms, ensuring clear information about whether the target is inclusive of leakage or scope 3 emissions.

**Paragraph 3.4.** Sets out the dashboard indicators which convey a company's key environmental performance indicators. We support this proposal to ensure key information is conveyed simply. We would therefore recommend the following:

- *"Annual change in licensee's business carbon footprint excluding losses/shrinkage"* should also state the Science Based Target of the company.

Yours sincerely

Sam Hughes

Policy Researcher

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<sup>1</sup> [https://www.ofgem.gov.uk/system/files/docs/2020/07/draft\\_determinations\\_-\\_gd\\_sector\\_0.pdf](https://www.ofgem.gov.uk/system/files/docs/2020/07/draft_determinations_-_gd_sector_0.pdf) page 45