

AD Annual Environmental Report Guidance

Section	Section Title	Requirement	Comment
Consultation questions			
1.	the general requirements for the publication of the AER that is proposed in the draft Guidance?		We welcome the general requirements of the publication of the AER as proposed in the draft guidance. Specific comments are outlined against each section below.
2.	the structure of the AER that is proposed in the draft Guidance		No comments. We welcome the proposed EAR structure proposed in the draft guidance.
3.	the content of the AER that is proposed in the draft Guidance?		Please see specific content responses within the table below.
4.	the environmental impact measures to be included in the Dashboard that are proposed in the draft Guidance?		Please see specific content responses within the table below.
5.	the type of information about the licensee's implementation of their EAP commitments that is proposed in the draft Guidance?		Please see specific content responses within the table below.
6.	any of the environmental topics to be included in the AER that are proposed in the draft Guidance?		No comments. We welcome the environmental topics to be included in the AER as proposed in the draft guidance.
7.	any of the specific metrics to be included in the AER that are proposed in the draft Guidance?		Please see specific content responses within the table below.
8.	the proposal that licensees report on the life cycle impact of supply chain categories where data is available?		No comments. We welcome the reporting of life cycle impact reporting where possible as proposed in the draft guidance.
1.4			<p>Paragraph 9.1.4 of the proposed Special Condition 9.1 (AER) provides that "the licensee must prepare an [AER] in accordance with the [ERG]". Whilst there is therefore an obligation to comply with the ERG when preparing the AER, this paragraph makes no provision for the ERG to form part of the licence. The obligation to comply with the Guidance applies regardless of whether the Guidance forms part of the licence and the ERG does not form part of the licence.</p> <p>Accordingly the words in paragraph 1.4 "as if it were part of their gas transmission, electricity transmission or gas distribution licence" are incorrect and superfluous and should be deleted.</p> <p>We suggest that 1.4 mirrors the provisions of 9.1.4 of Special Condition 9.1 and refers to the licensee must prepare an [AER] in accordance with the [ERG]".</p>
3.4	Dashboard indicators	Climate change impacts: Annual change in shrinkage - GD only	At the point in the guidance, the dashboard requires that only GD report on the changes to shrinkage on an annual basis, whereas in sections 3.16 and 3.19 the guidance references that this applies to GT as well. This is a conflicting statement with other mentioned sections. NGGT's view would be to remove the requirement for reasons set out in our response to section 3.16 and 3.17 below.
3.4	Dashboard indicators	Waste and Recycling	The identified metrics are for waste recycled and final destination of waste but these do not include other aspects of the waste hierarchy of reduce and reuse. We suggest that these are added as metrics too, so that reporting does not provide a skewed view of generated waste and takes account of the full working practices of our organisation, through the adoption of the waste hierarchy.

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3.4	Dashboard indicators	Local Environment	The measure of annual investment (£m) in natural environment betterment is not a good measure of performance. It is an input measure, which has previously been declared as an inaccurate way of measuring environmental benefits (i.e. outputs). A better, output focused measure will need to be identified; something similar to the mechanism we are proposing in the environmental ODIs or for consistency across the networks a measure such as number of hectares improved.
3.4	dashboard indicators	Sustainable Procurement	Please can Ofgem provide clarification as to how 'meeting the suppliers code' can be measured? Based on past engagement we would expect the requirement to link only to the environmental aspects of the code (not wider sustainability) therefore could performance/reporting via CDP be considered as acceptable evidence
3.4 / 3.70	Dashboard indicators / Environmental Incidents	Environmental incidents	Both sections refer to reporting on environmental incidents, which NGGT & NGET have no objections to continuing in RIIO-2. However, some additional clarification is required on what Ofgem requires licensees to add in these sections of the EAR. NGGT & NGET have internal processes broadly aligned to the requirements of the environmental permits under which we operate from the Environmental Regulators. It would be beneficial, for consistency, for Ofgem to define specifically what it is requiring licensees to submit and what the thresholds for an incident are.
3.6	EAP Commitments	The licensee should include a RAG status for the performance of commitment against implementation milestones	What is the expectation from Ofgem, is this a quantitative (as mentioned earlier in the guidance) or a control opinion? The latter would be easier to include, whilst the former would require greater calculation. Our view would be to follow a control opinion but provide progress against a programme where one is available. Please can Ofgem clarify the intention here.
3.10	Connecting low carbon generation (ET only)	Capacity of renewable and low carbon generation that connected to the licensee's network in the reporting year	Further clarification is required here: <ul style="list-style-type: none"> How does Ofgem intend that low-carbon generation is defined for these purposes? What scope of generation type is included in the definition?
3.10	Connecting low carbon generation (ET only)	The licensee's score from the Quality of Connections survey	Further clarification is required here: <ul style="list-style-type: none"> Will the score be based on the full customer journey (9 stages) or the Project Development & Delivery' stages (6 stages) - further clarity of scope needed. We think that the development and delivery stages would only be relevant for this. Is this just for low-carbon connections or all connections? Clarity on scope needed. What is the purpose of putting the score on this EAR? Whilst NGET used to report it for EDR we question the purpose of putting this into the EAR? <p>Typo in 5th bullet: "survey"</p>

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3.11	Innovation	All licensees must report on the top three contributing innovation activities to the low carbon transition that they have undertaken in the year.	It must be clearly articulated what type of innovation should be reported through this product. Is it only the projects funded through NIA or is it all BAU innovations too? Also, which type of environmental benefit would Ofgem want to see included - purely Net Zero or all environmental innovations? Please can Ofgem also clarify whether it is just financial benefits that should be reported on or are qualitative ones valid too?
3.12	SBTi Validation	Licensees are required to compile an SBT for GHG reductions and, have them successfully validated by the SBTi	<p>Within our EAP BP, NGGT set out that it would develop a SBT in 2023. However, the SBT Initiative has not produced the guidance or validation routes for the Oil & Gas sector, with delays set to continue into 2021. What are the timescales and contingencies for delivery, as guidelines and validation routes are out of the control of NGGT?</p> <p>NGGT's view would be that timelines for delivery should follow the lead times of the SBTi; i.e. a two-year time to develop following the successful launch of the Oil and Gas guidance from the SBTi</p>
3.16	GT Shrinkage	GD and GT licensees must report of Shrinkage	Currently shrinkage is reported bi-annually. It is recognised that this should continue, however, it is NGGT's view that this should not form part of annual environmental report, as shrinkage is predominately a commercial function. Whereas there are some fugitive losses contained within shrinkage, these represent a significantly small proportion of the whole. Please see further comments in response to 3.17 below.
3.17	Business Carbon Footprint Table	Table setting out what is required to be reported on a annual basis for BCF	<p>The table outlines the criteria required for reporting each year, however the metric isn't clear. In previous sections (3.14) it outlines that certain criterion should be reported in tonnes of CO₂e, however in sections 3.16, a requirement is to report shrinkage but doesn't include a standard metric (NGGT's preferred is GWh). The confusion is highlighted in the table in section 3.17 where there are rows to include shrinkage, and it is assumed that expectation is to convert GWh shrinkage to CO₂e to provide conformity and an absolute total of scope 1 and 2 CO₂e emissions.</p> <p>The concern is that it would be inappropriate to include shrinkage within the business carbon footprint, as although this gas is unaccounted for, it is not wholly lost to the atmosphere. Predominately the differences in unaccounted for gas (UAG) are down to meter inaccuracies as reported within the current UAG bi-annual reports. Greater analysis shows that there have been days in the recent past where shrinkage has been positive, i.e. there is more gas in the network than meter validation can account for. Whereas it is understood that shrinkage does contain some fugitive emissions, NGGT feels other measures would be more accurate for including within the BCF. Calculating 2018/19 UAG as a CO₂e emission on the BCF is approximately 2.1Mt/CO₂e providing a >500% increase in NGGT's BCF for scope 1 and 2 emissions. This would be a perverse measure and confuse the issue of reducing NGGT's direct emissions.</p> <p>Commitments within the Business Plan and Environmental Action Plan have set out activities to improve the scope and accuracy of fugitive emission surveys through the application of MORFE (for example). A robust leak detection and repair (LDAR) programme is the preferred industry route for improving reporting (scope, accuracy etc.).</p>
3.17	Table 6	BCF	Business mileage is not split into transport categories, therefore could Ofgem please clarify how emissions from business travel e.g. car, train, flights should be reported. We suggest changing category name to business travel instead of mileage. It should also be noted that this is a scope 3 emission so will be reporting in the new scope 3 reporting as well as this table.
3.17	Table 6	BCF	Can we add scope 1,2,3 to the emissions categories for transparency to stakeholders

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3.17	Table 6	BCF	For EVs we will have charging on site, this means that we could account for the electricity emissions as part of building energy or operational transport. Please can Ofgem clarify its preference here. We would suggest that it is reported as part of operational transport so that emissions from offsite charging are accounted for, but we would ask for consistency on this across the GDNs and TOs.
3.17	Table 6	BCF	For NGGT, should compressor running emissions be included in this table? In the table, can we also include a line for VSD emissions (this will be an estimate)?
3.18	Climate change impacts	A column chart showing the evolution over time of the CO ₂ e intensity of an operational mile travelled.	Would this need to include helicopter miles?
3.23	Sulphur hexafluoride (SF ₆) gas emissions	Interventions in the year that the licensee has completed from its Insulation, including an estimate of the impact of those activities on SF ₆ emissions.	Please can Ofgem clarify how it intends to define an SF ₆ intervention? More clarity is needed. Is this a quantitative table? Is Ofgem expecting just the number, or is it more qualitative and is Ofgem expecting a description of each intervention made?
3.23	Sulphur hexafluoride (SF ₆) gas emissions		Instead of SF ₆ , wouldn't this be better to be called insulating gases? Then we can have one line for Insulated gases emissions, and another line for alternatives. At the moment, there is no mention or opportunity to demonstrate where alternatives are being used in our network.
appendix 1	Scope 3 table	Scope 3 reporting	It would be useful for the category names to have the GHG protocol classification so that it's clear for stakeholders what's being reported.
appendix 1	Scope 3 table	Scope 3 reporting	Can Ofgem provide more clarity on the "confidence in data" column - this seems quite subjective with the potential of networks filling this column differently.
appendix 1	Scope 3 table	Scope 3 reporting	Could Ofgem provide some guidance on the RAG status to ensure consistency across the companies
3.47	embodied carbon reporting	as built and design stage reporting	<p>By leading the reporting based on projects completing in the reporting year then it will be driven by projects designed, tendered and developed in RIIO-1. We would prefer to have reporting lead by the design stage so that we can proactively report the emissions for projects developed in RIIO-2 from year 1 of the period. We have updated our internal requirements and tender frameworks for RIIO-2 to support our RIIO-2 commitments.</p> <p>We would suggest reporting on the projects that complete the relevant design stage within the year; then in a separate chart or table we can report the projects that have completed construction within the year, and where possible based on data we have from RIIO-1 (which may not cover all schemes) we can include a comparison to the design stage footprint. We are updating our carbon data sources for the start of RIIO-2 so projects that began in RIIO-2 that close out in RIIO-2 may use different carbon data sets and therefore may not necessarily be directly compared. We propose to include a commentary on this to ensure it is transparent to stakeholders.</p>
3.53	embodied carbon reporting	Intensity metrics	The unit of tCO ₂ e/m is stated as an intensity measure for pipeline projects. Please can Ofgem confirm if the m refers to metre or mile. We would prefer to use metric.
3.58	Sustainable procurement, resource use and waste	Supply Chain	For % of suppliers that implement sustainability management system, we are unsure of what exactly is referred to by sustainability management system, please can Ofgem provide a clarification.
3.58	Sustainable procurement, resource use and waste	The 80% of spend on suppliers by value split into categories of products and	Does the 80% need to be ET/GT specific? NGET's commitment for 80% of suppliers is at UK level. Please can Ofgem provide clarification.

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		services - The licensee must present categories in appropriate data tables, with supporting visuals such as charts. For example, a stacked column chart to present the composition of 80% of spend over time.	
3.58	Sustainable procurement, resource use and waste	Supply Chain	As per the comment in the dashboard section - we need more clarity on what is needed as evidence to demonstrate meeting the code, or if this is left completely up to network companies to define themselves. For instance does participating in the Carbon Disclosure Programme meet that requirement?
Table 12	Sustainable procurement, resource use and waste	Supply Chain	Should the other KPIs in supply chain be included in the table as well?
3.59	Sustainable procurement, resource use and waste	Resource use and waste	<p>Please can Ofgem clarify what is meant by the requirement on 'top 10 materialsconsumed directly and where relevant by the supply chain'. Is Ofgem only looking for consumables or any material purchased within the reporting year? Please can Ofgem provide further guidance. Please note if this is for materials purchased (not just consumed) then we can make an assumption over what the end of life could be.</p> <p>Also, please could Ofgem clarify the level of detail that is expected on this from the supply chain.</p>
3.59		The licence must provide a breakdown of how they segregate their direct waste streams, for example, metal, wood, organics, dry mixed recyclables ²⁸ , hazardous, and/or general. The licensee should use t/£m as the default normalised reporting unit for these figures. The percentage contribution to the total of direct waste reported should also be provided for each waste stream category	<p>This could be a really long table. Is it necessary to provide this level of detail? Also how does Ofgem expect the t/£m to be reported? Is this for the total organisational waste? We do this for our construction waste, but haven't used for our total organisational waste. This could fluctuate from year to year.</p>
3.59	Sustainable procurement, resource use and waste	Resource use and waste	In final destination of waste reporting % re-use is referenced. Depending on the reuse route then materials may never be classed as waste and therefore not included in our waste reporting (e.g. reuse of aggregate). Could Ofgem please provide an industry standard definition for the categories to ensure a consistent approach across the network operators. We will also need to include anaerobic and aerobic digestion as an end of life option.

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3.59	Sustainable procurement, resource use and waste	Resource use and waste	the t/£m measure - is the £m to be based on company revenue?
Table 13	Sustainable procurement, resource use and waste	Total waste	Please can Ofgem clarify what is the value of this table, when all other data has already been provided before.
3.60	Table 13 - Total Waste	Total waste tables	Should this table be split out or replicated for other commitments within the EAP, i.e. splitting out office, site and construction waste? Without splitting it out, it may be difficult to determine whether certain targets and commitments have been reached and would be dwarfed by the amount of waste generated by construction projects. Our suggestion would be to broaden the scope of the table or provide separate tables for office and site waste.
3.61	Climate change resilience	A high level summary of research, monitoring and ongoing analysis undertaken by the licensee on the climate change risks across its network	This is something that will not change significantly as the Met Office models are only updated every 10 years. While we can report in the first year on the completion of studies etc. with no future funding allowance, it will be something of a repeat/holding message after that. There might be some merit in Ofgem looking at how reporting processes could be developed - especially helping to make adaptation an ongoing regulatory thought, rather than a snapshot every 5 years. OFGEM and DEFRA should collaborate in some way on this - or at least suggesting something that links the two regimes together to create an ongoing process, even informally, might be a good starting point.
Table 15	Local Environment	scheme to enhance or restore local env value	<p>Could further information on timescales be provided by Ofgem? Could an example line of the table be completed by Ofgem so we can understand what type of information Ofgem wishes to receive in this table?</p> <p>Can we add additional columns to the table to make it more relevant for our work to help stakeholders understand what we are doing?</p>
3.62	Local Environment	Enhancing the local environment	What constitutes a local community scheme? And how does Ofgem define "enhance the environment in the local community"?
3.64	Local Environment	Enhancing the local environment	<p>Please can Ofgem provide clarification as to what is expected from these line items? Is it a page with a graphic of what our landholding looks like which is updated annually with any changes? Like an infographic style? Is it a dashboard? Further clarification is required here.</p> <p>We are happy to provide the NCV at portfolio level for the report. If more detailed site information is needed we would suggest we provide this in an appendix instead of the main report.</p>
Table 16	Local Environment	Biodiversity	Can we add a column showing % change as well? We can RAG status this to help show stakeholders our performance against our commitments.
Table 16	Local Environment	Biodiversity	Can we split the table into project type - e.g. OHL, Cable, Substation as these different scheme types will have very different challenges for net gain (for example if it is on our own land or that of 3rd party)
Table 16	Local Environment	Biodiversity	<p>Please can we add a comment column.</p> <p>Would it be worthwhile to add another column with the percentage change? This would then associate our performance with our targets and commitments.</p> <p>Can Ofgem also clarify what they mean by offsite assessments</p>
Table 17	Visual amenity schemes in designated areas (ET only)	Non-technical mitigation projects per annum	Is the intent for non-technical mitigation projects a simple count of approved projects or delivered projects? Please can Ofgem provide clarification.

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3.69	Oil loss from fluid-filled cables and transformers (ET only)	Oil loss from transformers/ cables	How does Ofgem intend to define oil loss? For cables we can report on top ups, and an estimate of recovery calculated from sampling the saturation of any spoil recovered from the leak location to give a net loss so this is fairly easy, for transformer leaks do we mean lost to the environment (i.e. not contained by the bund or within the site drainage system / separator) or would we consider any oil leaked from the transformer as a loss? (in this case we would probably assume anything used for top-up was replacing a loss). More clarity on this is needed from Ofgem. We don't have the values on ancillary equipment. Will ancillary equipment be include - what is the scope of equipment? Please can Ofgem provide further clarification.
3.69	Oil loss from fluid-filled cables and transformers (ET only)	Oil in service (litres)	Ofgem needs to clarify scope - for cables that is fairly straight forward to calculate from the route km for each voltage plus what is in the tanks. For substations is this limited to transformers or also including CTs, VTs, bushings, capacitors, circuit breakers etc and do we extend this to also include diesel stored for standby generation/ black start? There are estimates for transformers but including the other equipment will need further work. Please can Ofgem provide further clarification.
3.70.	Local Environment	Environmental incidents	More guidance from Ofgem on the definition of reportable incident would be helpful. We may proactively engage with regulators on incidents as best practice but they may not have been mandatory to report.