Annual Environmental Report

A summary

WALES&WEST UTILITIES

At Wales & West Utilities, we're committed to doing everything we can to respond to the climate emergency and deliver a positive impact on the environment. This summary of our Annual Environmental Report (AER) sets out the key steps we have taken in 2022-23 to deliver against our targets on climate change impact, energy system decarbonisation, resource use and waste, sustainable procurement, and managing the local environment. By publishing this data and summary, we aim to hold ourselves accountable for progress and to help others to engage with our activity.

Reducing emissions

We are ahead of schedule on reducing "shrinkage" – that is gas lost from within our network. Our target was to reduce this by 2% a year – with a 10% reduction from 2021-26. In 2022-23, driven by carefully targeted mains replacement and pressure management, we've reduced shrinkage by 4%, taking our total reduction to 7% already in the first two years of this five-year period. This has helped drive down our overall emissions.

To improve operational efficiency, programme management and to deliver better value for the consumer, we made the strategic decision to insource our mains replacement programme in 2021. This change, while beneficial in many aspects, has had a noticeable impact on our carbon emissions as the workforce and associated fleet vehicles are now included within our Scope 1 business carbon footprint. We have also seen increases in emissions in some areas compared to 2020-21 and 2021-22 due to our transition to more normal working conditions following Covid lockdown restrictions. However, when considering all business factors that contribute to our business carbon footprint, we have seen an in-year reduction of 3% overall.

Managing resources and waste

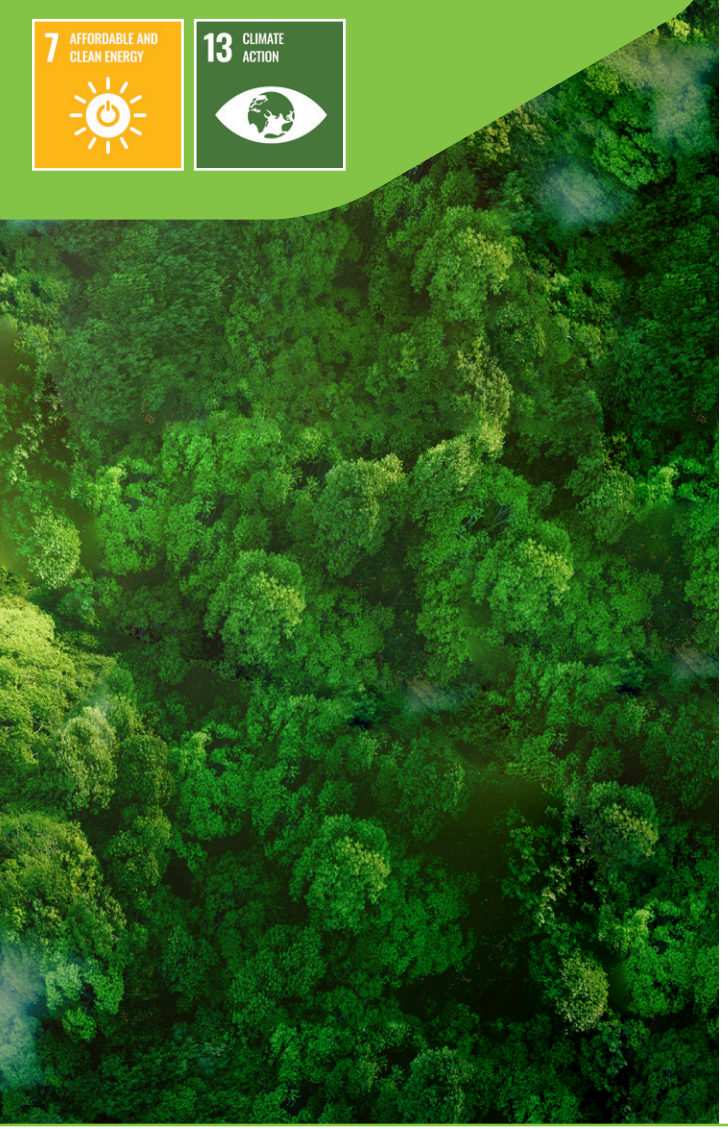
Our ambitions around Resource Use and Waste are challenging but we've seen great progress in this area. With a goal of sending a maximum of 20% waste to landfill by 2026 we are currently sending only 6% with 94% of waste either being recycled, reused, recovered, or incinerated for energy derived fuel sources. We maintained our 5% office waste reduction targets as the lockdown limitations lifted and we started to repopulate our offices. New waste legislation changes due to take effect in Wales in early 2024 will expand our opportunities for recycling and help us achieve our 25% ambition. We will continue to seek out initiatives that will allow us to deliver environmental improvements whilst still delivering value for money.

We also have an ambition to limit PE gas pipe waste to 5%. Last year we recorded 13% pipe waste for the 2021-2022 period, this year we have seen that decrease to 9%, thanks in part to the use of innovative technology that allows us to utilise more pipe coils than we could previously. We have been working with a company that removes our PE pipe waste and then recycles it into secondary plastic pipe products. So, whilst our waste percentage is currently higher than our ambition, 100% of what is wasted is diverted from landfill and brought back into use, contributing to our circular economy principles. We are continuing to focus our efforts in this area to reduce our waste volumes and seek opportunities for re-use.

Other information

Further information on the contents of this summary document, and other areas that contribute to our Environmental Action Plan can be found in our comprehensive 2022-23 Annual Environmental Report. You can also find out more about our activity on innovation and delivering the transition of the energy system in our Delivering Innovation report.

Climate change impacts



Ambition	Progress 2022-23	RAG indicator*
Change in total business carbon footprint including losses/shrinkage	**3% in year reduction against 2021-22** **5% reduction against 2020-21 baseline**	●
Our long-term greenhouse gas reduction ambition, to reduce GHG emissions by 37.5% by 2035 (WB 2°C, aligned with a science-based methodology and excluding shrinkage)	**9.8% increase against 2019-20 baseline** (increase due to in-sourced workload and increased workforce)	●
Annual change in business carbon footprint excluding losses/shrinkage in comparison to its end of RIIO-2 target	**16.2% increase against 2021-22** (driven by post-lockdown workload increase)	●
Change in total shrinkage (Reduce gas loss to atmosphere by 10% by 2026)	**4% in year reduction against 2021-22** **7% reduction against 2020-21 baseline**	●
Ensure 75% of company cars are hybrid or ultra-low-emission vehicles by 2026	**85%**	●
Move commercial fleet from Euro V to Euro VI compliant vehicles over GD2	**80%**	●
Reduce carbon emissions associated with non-operational travel by 5% by 2026	**27% reduction**	●
Offset 100% of our rail and air travel carbon footprint	**2,700 tonnes (HGVs included in 2022-23)**	●

* Red indicates progress against the milestone is at significant risk and highly likely to be missed. Amber indicates progress is delayed but likely to be achievable before the end of the price control period. Green indicates progress against implementation milestones is on track.

Contribution to energy system decarbonisation

Ambition	Progress 2022-23	RAG indicator*
Current renewable energy capacity within the network	**1.78 TWh which is enough to heat around 150,000 homes**	**N/A**
Continue to proactively facilitate the connection of green gas	**20 biomethane connections with the 20th connected during 2021-22**	**N/A**
Annual investment in ongoing innovation activities that are primarily supporting decarbonisation and or protecting the environment	**£2.2m**	**N/A**

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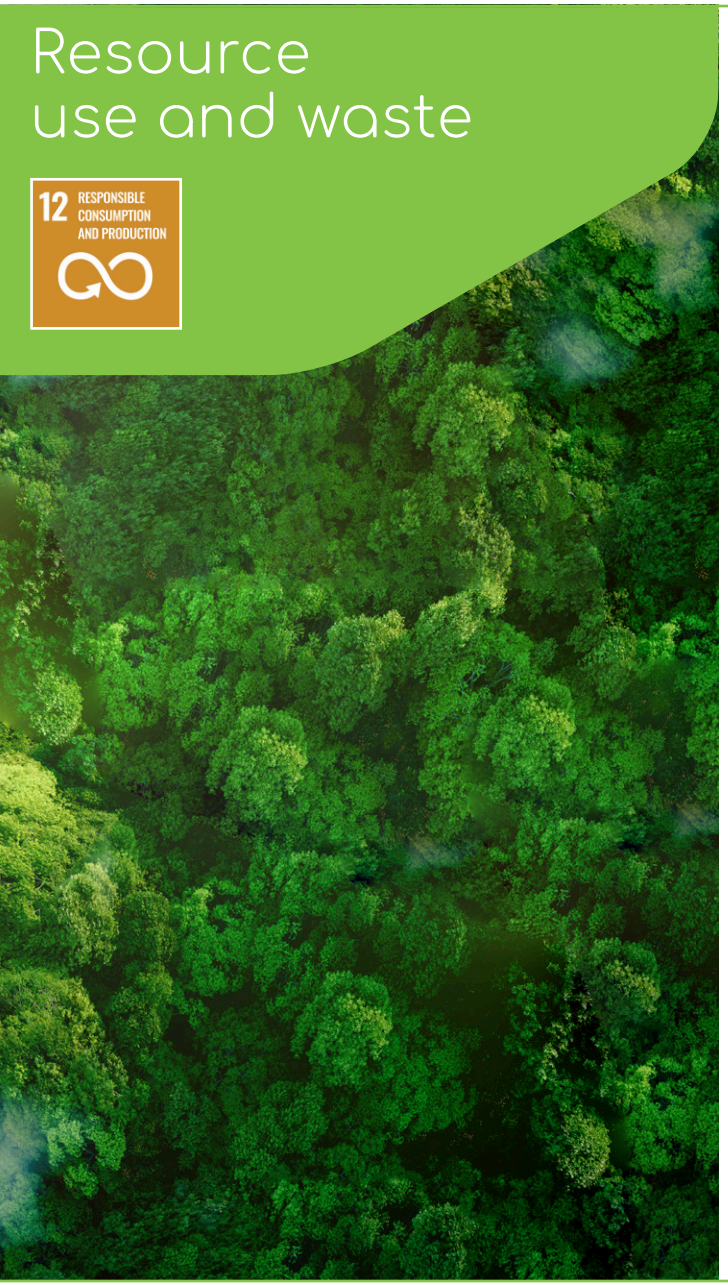
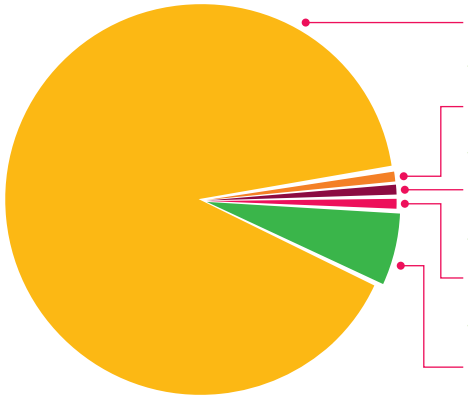
Resource use and waste



Ambition	Progress 2022-23	RAG indicator*
Annual total waste (office, network depots, spoil)	232,191 tonnes	N/A
Fate of waste: 	94.1% of total waste <1% of total waste <1% of total waste <1% of total waste 5.8% of total waste	N/A N/A N/A N/A N/A
Reuse and recycle at least 80% of excavated spoil by 2026	94% reuse	●
Increasing use of recycled aggregate to greater than 20% by 2026	21% used	●
Reduce office waste by 25% by 2026	5% reduction against baseline	●
Reduce paper consumption by 75% by 2026	49% reduction against baseline	●
Limit PE gas pipe waste to 5% by weight by 2026	9%	●
Send a maximum of 20% waste to landfill by 2026	6%	●
Deliver a minimum of 80% waste reused and recycled by 2026	94%	●

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Sustainable procurement

Ambition	Progress 2022-23	RAG indicator*
Proportion of suppliers meeting our supply chain charter supplier code or equivalent	76% of suppliers (by value)	●
Percentage of suppliers (by value) that have their own sustainability metrics or KPIs'	76%	●

Local environment

Ambition	Progress 2022-23	RAG indicator*
Annual investment in schemes to enhance/restore local environmental quality	£0.84m	N/A
Land area being treated in schemes to enhance/restore local environmental quality	2.69 hectares	N/A
Number of reportable environmental incidents	0	●
Planting five trees for every tree we cut down	Felled 370 trees Commissioned 1850 to be planted autumn 2023	●
Delivering 85 land management outputs by 2026	During 2022-23 we delivered 22 of our 85 land management outputs	●

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