

Guernsey Electricity Environmental Sustainability Strategy

2020-2025



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Foreword



In the two years since we launched our first Environmental Sustainability Strategy, the world has seen a dramatic shift in public interest and government action on climate change. We recognise the need for all businesses to increase their efforts to improve environmental sustainability performance. We further believe that the energy sector should take the lead in creating a greener and sustainable island.

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of loops and a horizontal stroke at the end.

Alan Bates

CEO, Guernsey Electricity

In response to the need for a shift change in climate action, we have launched a Climate Change Statement, revised our five-year Environmental Sustainability Strategy, and committed to achieving ISO14001:2015 certification of our Environmental Management System within the next financial year. These steps place environmental sustainability and climate change firmly at the heart of our business.

As always, our island community is our priority and we remain fully committed to providing a safe, stable, value-for-money energy system. We shall explore all opportunities to increase energy efficiency for our customers, improve where we get our energy from as an island, and ensure an energy system that supports decentralised renewables and the phase out of fossil fuel generation on-island.

I believe that placing environmental sustainability at the core of the business is not only the right thing to do, it also makes good business sense and benefits GEL's customers and the island. I fully support this strategy and look forward to the exciting times ahead as we continue our energy transition towards a low-carbon future.

Overview

In 2017, when Guernsey Electricity launched its first Environmental Sustainability Strategy, the importance of managing the environmental impacts of the business was a key corporate strategic requirement. It was acknowledged at the time that the next decade was set to be challenging yet thought provoking as GEL strives to respond to various drivers, including an evolving energy policy, carbon reduction targets, changes in the fuel market and rapid innovations in the energy system.

Over the last two years climate change has risen to become a top agenda item, in part in response to new evidence which predicts a 3°C increase in temperature by the end of this century. The United Nations has advised that ‘unprecedented’ changes would be needed to reduce greenhouse gas (GHG) emissions, requiring serious effort at every level of society. Many countries are now revising the previously ‘80% reduction of carbon emissions on 1990 levels by 2050’ targets and are now aiming for carbon neutrality by 2050. The UK has legislated for net zero carbon emissions by 2050 and at the British-Irish Council Summit Meeting in June 2019 the States of Guernsey committed to set a climate crisis action plan in 2020.

In recognition of this call to action, Guernsey Electricity has revised its Environmental Sustainability Policy and five-year Environmental Sustainability Strategy and issued a Climate Change Statement, as presented below. This document provides a summary of Guernsey Electricity’s new five-year Environmental Sustainability Strategy, inclusive of new and increasingly ambitious environmental sustainability objectives and targets for the period 2020–2025.

This Environmental Sustainability Strategy underpins how Guernsey Electricity intends to deliver the Climate Change Statement across the business, using the framework of our ISO14001:2015-aligned Environmental Management System (EMS).

The ultimate aim of this Strategy is to embed the question: ‘How do our activities impact our island today and tomorrow, and can we do better?’ into all business decisions.

Climate Change Statement

Climate change is one of the biggest **challenges** the world faces today. We have **big environmental aspirations** for our small island community.

We believe that the energy sector must **take the lead** in creating a greener and **sustainable world**. We understand our role and how we can help tackle climate change for our society.

We envisage a future where all our energy supplies come from **renewable** and **sustainable** sources. We will enable an energy system that supports renewables and reduces reliance on fossil fuels. We will **embrace new technologies** for everyone's benefit and enjoyment. This is the greatest contribution **we can, and will, deliver**.

Alone we can do a little. But together as a community we can do so much, delivering a sustainable energy future for Guernsey.



Strategy Objectives

To reflect Guernsey Electricity’s aspirations, our strategic environmental sustainability objectives are as follows:

- To explore all opportunities across all business activities and resources to encourage and drive environmental sustainability performance improvements and initiatives that benefit our community, the island and our climate.
- To quantify the environmental performance of Guernsey Electricity-owned assets and business activities within Guernsey Electricity-owned site boundaries.
- To achieve a phased transition from heavy fuel oil to a product less damaging to the environment and which aligns with the strategic investment strategy for the business.
- To explore and develop a business case for carbon offsetting and route to carbon neutrality.
- To develop a corporate social responsibility (CSR) programme that prioritises ways to promote energy efficiency and the environment within our island community.

Sustainability can be defined as ‘meeting the needs of people and business today without reducing the capacity of the environment to provide for future generations’.

Strategy Targets

Over the five-year strategy period, the business shall continue to focus on managing environmental sustainability risks and opportunities as part of our ISO 14001:2015-aligned EMS. The following strategic targets have been developed to drive continual improvement in our environmental sustainability performance and inform our EMS action plan:

YEAR 0-1 (2020-2021)	YEAR 2-3 (2021-2022)	YEAR 3-5 (2023-2025)
Achieve ISO14001 EMS Certification, inclusive of putting in place an action plan to deliver on the environmental and sustainability performance and continual improvement targets for the business.	Develop a Guernsey Electricity action plan and glidepath to achieve carbon neutrality and zero pollution.	Phase out carbon emissions from on-island generation, with the exception of the testing of back-up generators, through the installation of a project that shall cease the need for hydrocarbon generation on-island.

Journey to Carbon Neutral

At Guernsey Electricity, our journey to carbon neutral started in 2000 with the installation of a subsea cable between Jersey and Guernsey, GJ1. The GJ1 cable has enabled 60MW of our 89MW maximum energy to be imported, thus greatly reducing the amount of energy that needs to be generated on-island using fossil fuels.

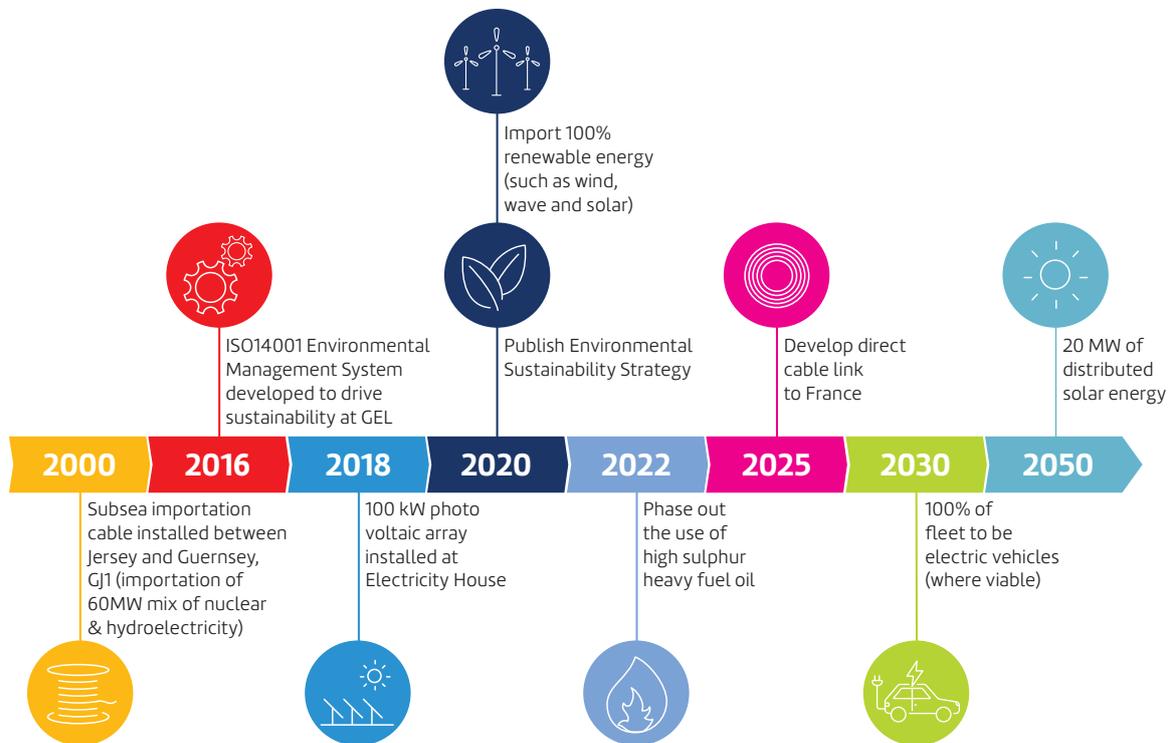
The subsea cable also enabled Guernsey Electricity to select what type of energy was imported. Between 2000 and 2019, Guernsey Electricity specifically selected a lower carbon mix of energy - 34% from hydro-electric and 52% nuclear - which reduced the carbon intensity of Guernsey's electricity still further.

In 2018 GEL invested in a 100kW solar photovoltaic array, the largest at the time in the Channel Islands, on the south-facing roof pitches of the Central Stores building at the Vale Power Station.

At the start of 2020, we took the decision to revise our imported energy mix so that in a typical year electricity supplied to our customers shall be 90% from renewable sources.

Guernsey Electricity's long-term strategy is to continue to invest and plan for a carbon-neutral future. To achieve this energy transition, Guernsey Electricity is committed to the following corporate environmental sustainability targets:

- I. 100% of imported energy to be from renewable sources from 2020;
- II. Phase out the use of high sulphur fuel by 2022;
- III. Develop a direct cable link to France by 2025;
- IV. Convert 100% of (all viable) vehicles by 2030;
- V. Continue to invest in distributed solar arrays across the island reaching a total installed capacity of up to 20MW by 2050; and
- VI. Ultimately phase out the use of all hydrocarbons from our generation strategy.



Guernsey Electricity's current approach to the Environment

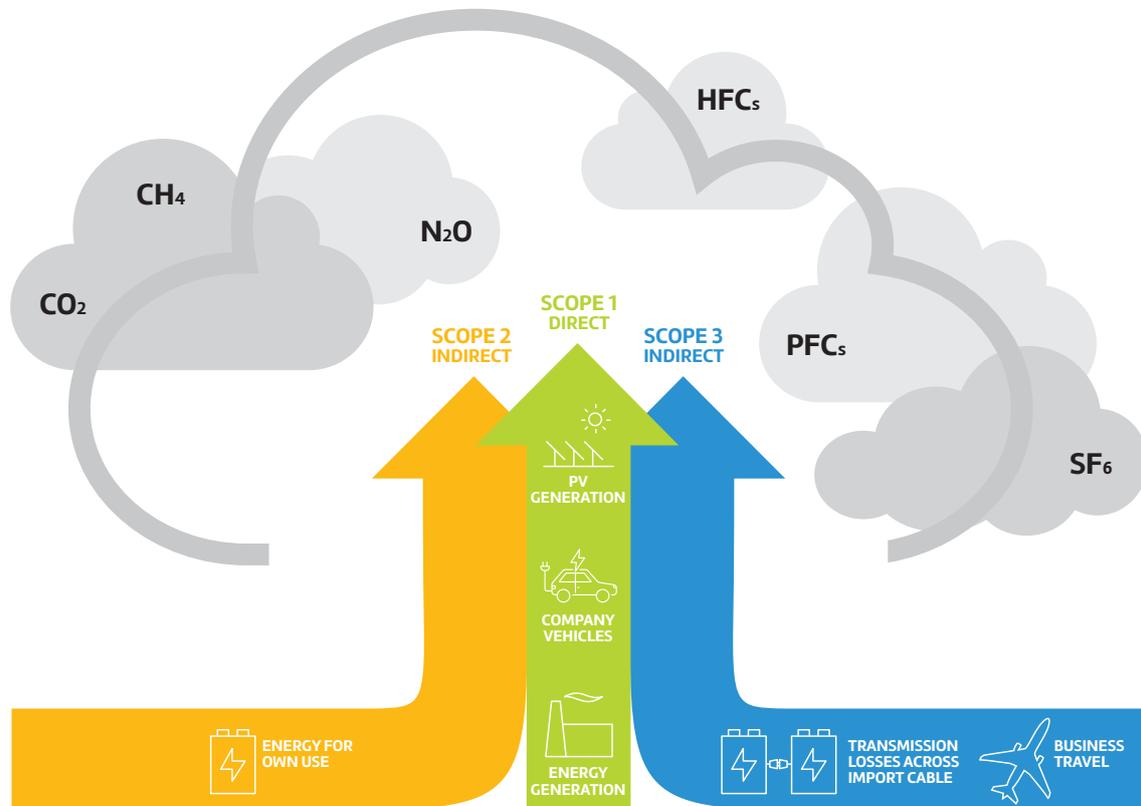
GHG Reporting: Leading the Way

Since 2018, we have been reporting our greenhouse gas (GHG) emissions in accordance with best practice guidelines and the requirements outlined in the Paris Agreement, which shall come into force internationally in 2020.¹

This methodology has enabled us to disclose all of our GHG emissions, rather than just carbon as

previously reported. Our data can also be broken down into direct emissions sources, such as fuel used in energy generation and company vehicles, as well as indirect emissions, for example imported electricity. This is possible using the international accounting tools, the GHG Protocol and the UK's Environmental Reporting Guidelines.

Guernsey Electricity greenhouse gas emissions are categorised into three groups or 'scopes', as defined in the Greenhouse Gas (GHG) Protocol. Scope 1 includes direct emissions from GEL owned or controlled sources. Scope 2 includes indirect emissions from the generation of purchased electricity, steam, heating and cooling activities by the company. Scope 3 includes all other indirect emissions that occur in GEL's value chain.



¹It is acknowledged that the United Kingdom is a signatory to the Paris Agreement, though this has not been extended to the Bailiwick at the time of writing this Strategy.

Sustainable Development Goals

Sustainable development in a business context is the process whereby companies seek to manage their financial, societal (including governance) and environmental risks, obligations and opportunities. The internationally recognised principles of sustainable development are the UN Sustainable Development Goals (SDGs) – 17 interconnected sustainable development-related goals launched by the UN in 2015 to provide a blueprint for countries and businesses to adopt to help achieve a better and more sustainable future for all by 2030.

As part of the revised five-year Strategy, Guernsey Electricity has mapped the objectives and targets within this strategy against the guidelines released by the International Chamber of Commerce in 2017 to support the implementation of the UN SDGs within the corporate sector. This mapping exercise and our ISO14001 EMS shall provide the robust framework to assess the impacts of our business on the environment in which we operate, which in turn shall enable us to focus and manage our environmental sustainability risks, obligations and opportunities in an integrated way.

‘The Sustainable Development Goals provide all businesses with a new lens through which to translate the world’s needs and ambitions into business solutions. These solutions will enable companies to better manage their risks, anticipate consumer demand, build positions in growth markets, secure access to needed resources, and strengthen their supply chains, while moving the world towards a sustainable and inclusive development path.’

Source: UN Sustainable Development Goals Business Forum



Source: UN.org

‘Environmental sustainability requires long-range thinking and strategic planning for the future. This includes appreciating that, at times, regulation and demand will lag behind the best interests of industries, customers and communities. The companies with the best sustainability practices will suffer the least when legislation and consumer demand fundamentally alter the business case in favour of strong environmental management.’

Source: UK Climate Change Committee



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