WALES & WEST UTILITIES

Annual Environmental Report

2024 – 2025

1 OCTOBER 2025

WALES&WEST UTILITIES

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Introduction

Who we are

At Wales & West Utilities, we're dedicated to our important role, to transport gas to homes and businesses using our 35,000 kilometres of gas pipelines. We don't sell gas. We look after our pipes and assets to keep the gas flowing safely and reliably.

Together, our skilled, 2,000-strong workforce serves 7.5 million people, from North Wales to South Cornwall. Every day of the year, round the clock, our colleagues make sure that energy safely and continuously reaches homes and businesses. In fact, the reliability of our gas delivery has been 99.97% since 2021.

Our communities are the reason we do what we do. While much of our network is out of sight, the benefits of our services are felt every day. To keep dinner cooking, cups of tea brewing, hot showers flowing and industries moving.

We're also dedicated to making sure our most vulnerable customers are safe and warm in their homes – through extra services, projects across the UK with partner organisations, carbon monoxide alarms, and education.

Responding to gas emergencies and looking out for any vulnerable customers are also part of our core business. As a gas distributor, evolving our practice to ensure we're helping to protect communities, and care for and enhance the environment, has always been a crucial part of both our day-to-day operations and future strategies.

But the way we use energy is changing. Today, as we plan for RIIO-GD3, evolving our business to keep pace with a greener energy future has become more necessary than ever.

Renewable sources like solar, wind, biomethane and hydrogen are replacing traditional fossil fuels. As your gas distribution network (GDN), we're committed to supporting this transition and helping the UK reach net zero emissions.

In addition to our daily operations, which already include connecting and transporting biomethane, we're investing in innovation to explore how our existing infrastructure can carry other green gases, such as hydrogen.

In 2023, we launched our first Sustainability Strategy, setting out clear actions to create a cleaner, greener future to benefit everyone. By decarbonising heat, power, industry, and transport, we aim to deliver a net zero-ready network by 2035. Our efforts to enhance biodiversity and improve air, land, and water quality will support environmental net gain and strengthen our communities.

We've aligned our goals with the United Nations Sustainable Development Goals (SDGs); we are reducing our environmental impact and we're encouraging others to do the same.

Finally, our refreshed business Ambition, Priorities, and Values reflect a stronger focus on sustainability—something our colleagues, customers, and stakeholders told us matters deeply.

These principles guide everything we do, from strategic decisions to how we support our people at Wales & West Utilities. They help us stay focused on our customers and the future as we navigate a rapidly changing energy landscape and respond to the cost-of-living and geopolitical challenges.

Welcome

Welcome to our fourth Annual Environmental Report (AER). At the heart of our business is a deep commitment to tackling the climate emergency. We're focused on supporting our customers through a just transition to green energy while actively reducing our own environmental footprint. This report—and those that follow—will help hold us accountable, tracking both our progress and areas where we need to improve.

In October 2024, our Executive team and senior managers completed the Environmental Management for Directors course, accredited by the Institute of Leadership and Management. This training sharpened our understanding of environmental legislation, responsibilities, and best practices. It also inspired our leadership to reflect; to challenge current approaches, and to commit to continuous learning in this vital area.

This ambition has seen innovations such as Project GREEN thrive in the last year. As part of the project, we trialled cutting-edge environmental solutions. From near-zero emission welfare units to pioneering the "decanting" of natural gas, we proved that it's possible to embed substantial carbon reductions in our business-as-usual operations, helping pave the way for a lower emissions way of working.

We've continued to support a hybrid working model, which has helped us maintain lower levels of non-operational business travel. Meanwhile, our company car fleet now includes 97% hybrid and ultra-low-emission vehicles (ULEVs), far exceeding our 75% target by the end of RIIO-GD2. Our latest Energy Savings Opportunity Scheme (ESOS) Assessment also identified new opportunities to reduce carbon across our operations. You can find our Action Plan on the government's ESOS website, and we'll publish our first progress report in December 2025.

We're continuously driving to reduce our gas shrinkage, our largest single source of emissions. One of our key achievements this year has been a 3% reduction in gas lost from our network—exceeding our annual target of 2%. This brings our total reduction to 13% over the first four years of the RIIO-GD2 price control period, surpassing our five-year goal of 10%. These results are largely thanks to targeted mains replacement and pressure management programmes. While we're proud of this progress, we remain mindful of external factors like weather that may influence future performance, and we'll continue to monitor these closely.

Effective waste management remains a priority. We're working closely with our supply chain to

embed circular economy principles and reduce our environmental impact. We've continued to embrace challenges along the way, acknowledging the ambitious nature of our zero waste to landfill aims and will continue to learn and improve throughout RIIO-GD2 and beyond. The evolving legislative landscape in this area reinforces the importance of our efforts.

We trust you will find this report insightful. If you'd like to discuss its contents or explore opportunities to collaborate, please don't hesitate to get in touch at ourenvironment@wwutilities.co.uk

Graham Edwards
Chief Executive

Our environmental responsibilities

It's our ambition to help communities and the environment thrive by delivering reliable, affordable and sustainable energy that will help power a green recovery and get the UK to net zero.

Preserving and enhancing our environment is a top priority for us, but while we're progressing toward net zero, we acknowledge that aspects of our work can occasionally have a negative impact. We accept our responsibilities and strive to reduce and eliminate them, recognising the complexities of our role as a GDN and the ecosystems we work in.

Since Wales & West Utilities was established in 2005, we've had an environmental management system (EMS) accredited to the ISO 14001 standard. The foundation of the EMS is the Aspects and Impacts register. This is a risk register that maps the different ways our company's activities interact with the environment (our aspects) and the resulting effects on the environment (our impacts). The register also tracks the measures we take to minimise harm. Working with our supply chain, partners, and other stakeholders, we aim to deliver best practices and lead innovation, showing businesses and society the benefits of looking after the environment.

Our environmental roadmap sets out a path towards an environmentally sustainable network, outlining how we will achieve our 2050 net zero ambitions with the support of our stakeholders. This paved the way for our first Environmental Action Plan (EAP), published in 2019 to cover the 2021–2026 period. This plan has since been updated to focus on the subsequent period from 2026 to 2031. Both plans are designed with a long-term perspective. To develop them, we began with our goals and worked backward to define the specific actions we would undertake in 2020, throughout the RIIO-GD2 regulatory period, and in the years that follow.

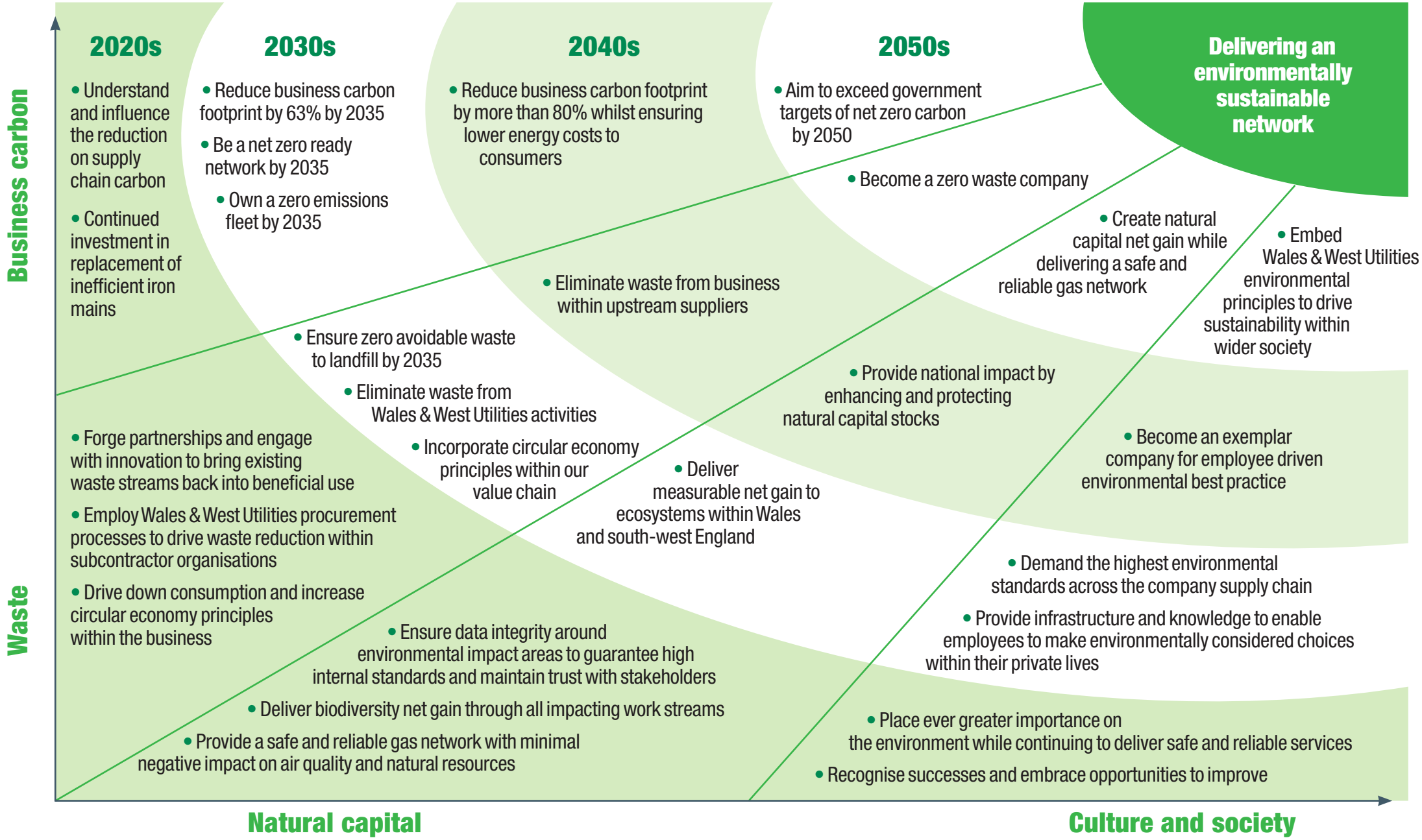
Our Action Plans exist within the wider context of our Sustainability Strategy, published in 2023. The strategy translates the big idea of sustainability into the actions we're taking; it establishes our long-term overall vision for the business, plus the key milestones we plan to meet during our delivery. Shaped by stakeholder input, the strategy is a platform for further engagement, and for the development of our business plan for 2026-2031.

We've made the company's existing Ambitions, Priorities and Values central to our Sustainability Strategy and Environmental Action Plan, reflecting the strengths of the organisation as well as our positive reputation with customers, colleagues, and the communities we serve. The social and economic benefits that we'll deliver through our Sustainability Strategy and Business Plans are underpinned by our sound environmental management.

In 2024-25, we've collaborated with key internal and external stakeholders and industry experts to update our EAP for the next regulatory period, RIIO-GD3, which starts in April 2026. We've leveraged our experiences from RIIO-GD2 and our long-term ambitions to lay out the next phase of our environmental journey in RIIO-GD3. This action plan forms a key part of our overall Business Plan and is published on our website. While work is ongoing with the regulator to finalise the regulatory price control and confirm funding and performance indicators, it is available for review and was subject to public consultation in early 2025.

Long term, the goals of our environmental roadmap are growing and will require us to prioritise the environment alongside other business commitments, collaborate with a range of external partners, and embrace innovative thinking and technologies. You can find out more about our RIIO-GD2 EAP here.

How we aim to deliver an environmentally sustainable network



Our priorities and approach to environmental improvement have been driven through stakeholder engagement. Stakeholder describes any individual, group or organisation that has a connection to our business. In the case of this plan, views and expectations from customers, peers, colleagues, our Independent Stakeholder Group (ISG) and government have all helped to shape it.

Most of our stakeholders care about the environment and delivering clean, reliable, and affordable energy. We take this duty seriously and have developed the following core principles to hold in check how we approach the delivery of our EAP.

Legal compliance – Environmental law provides guidance that we work to, making sure the company always meets a minimum standard of environmental regulations.

Collaboration – Working with others gives us opportunities to increase knowledge sharing and the positive impacts of our activities.

Transparency – We provide clear, straightforward and reliable information on our impacts, our progress against targets, and our ongoing strategy. We seek feedback and respond to concerns and ideas from our partners, stakeholders, and the communities we work in.

Continual improvement – We are committed to best practices and continual environmental improvement, aiming to meet increasingly ambitious targets. We use Key Performance Indicators (KPIs) to monitor performance and identify potential risks, enabling us to take proactive corrective action. This commitment is reflected in the ISO 14001 accreditation of our Environmental Management System.

Holistic – Environmental impacts are complex and connected. We think about all the environmental impacts of our decisions and use that knowledge to make the right decisions.

Value for money – It's our view that making the best business decisions should go hand in hand with making great decisions for the environment. It's therefore important to us to maximise the environmental benefit of any investment made. We use effective procurement procedures to drive down costs and encourage thinking in new ways.

Mapping our targets to external guidance

Our EAP is firmly rooted in our commitment to sustainable business practices. We balance environmental priorities with those of our wider business, to support the United Nations Sustainable Development Goals (UNSDGs) and the Well-being of Future Generations (Wales) Act 2015 (WFG). These landmark pieces of legislation require organisations to consider the long-term impact of their decisions on people and the planet.

The UNSDGs are a global blueprint for a sustainable future, offering a set of 17 goals and 169 targets to be met by 2030, covering a broad range of social, economic, and environmental issues. In contrast, the WFG Act is a specific piece of Welsh legislation that requires public bodies to consider the long-term impact of their decisions on people and the planet. While the UNSDGs provide a universal framework of goals, the WFG Act establishes a legal duty for Welsh organisations to think and act sustainably in their day-to-day operations.

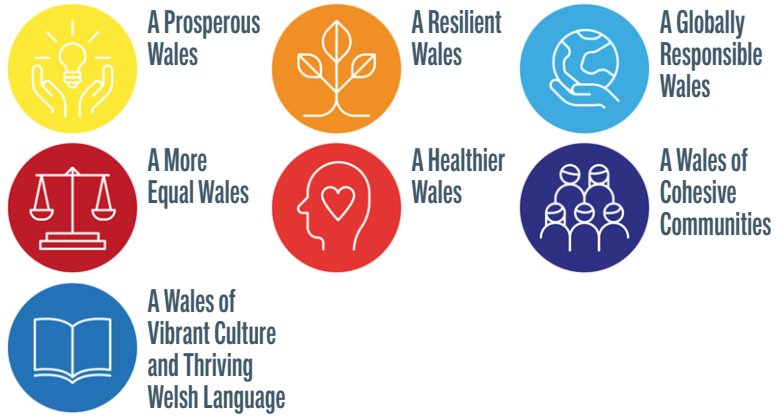
The UNSDGs show how our actions contribute to global efforts, while the WFG Act ensures we meet our specific legal obligations within Wales. By aligning our sustainability targets with these frameworks, we demonstrate our dedication to a sustainable future and provide transparency to our stakeholders.

The United Nations Sustainable Development Goals

Our ambitions align with the following sustainable development goals:

The Well-being of Future Generations (Wales) Act 2015

Our ambitions align with the following well-being goals for Wales and the principles apply across our network:



For more information on how our ambitions align with the goals, please see our Sustainability Strategy: sustainability-strategy-2023.pdf (wwutilities.co.uk)

Dashboard indicators

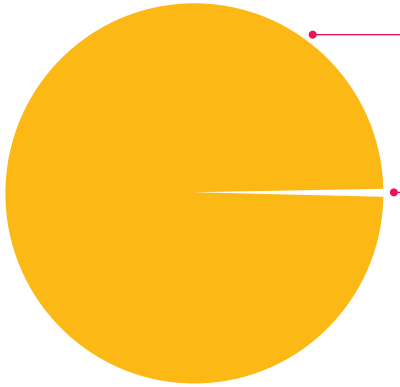
Our Key Performance Indicators show our in-year performance against Ofgem's assessment criteria and our own commitments. Where applicable, the status indicator shows how our in-year progress relates to our RIIO-GD2 targets.

I.1	Contribution to energy system decarbonisation	2024-25 Update
I.1.1	Annual addition of low-carbon and renewable energy capacity connected to the network	An additional site connected to our network in March 2025, bringing our total to 22 biomethane entry sites which have capacity to supply the equivalent annual demand of over 160,000 homes.
I.1.2	Annual investment in ongoing innovation activities that are primarily supporting decarbonisation and/or protecting the environment	£6.3m which includes £4.3m of NIA and £1.97m of SIF funding.

I.2	Climate change impacts	2024-25 Update	Status
I.2.1	Licensee's long-term greenhouse gas reduction ambition, to reduce greenhouse gas (GHG) emissions by 37.5% by 2035 (well below [wb] 2°C) aligned with a science-based methodology and excluding shrinkage	11% increase against 2019-20 baseline due to change in business model (see table 6 for further information).	
I.2.2	Annual change in licensee's business carbon footprint excluding losses/shrinkage in comparison to its end of RIIO-GD2 target*	7% increase against 2023-24 (see table 6 for further information).	
I.2.3	Annual change in total shrinkage (reduce gas loss to atmosphere by 10% by 2026)	3% reduction (see tables 6-10 for further information).	

* No carbon target (excluding shrinkage) was proposed in our 2019-20 business plan reflecting the expected increases associated with the change in our business model.

I.3	Resource use and waste	2024-25 Update	Status
I.3.1	Annual total waste (office, network depots, spoil)	209,972 tonnes	—
I.3.2	Fate of waste		



Recycle	99.8% of total waste	—
Reuse	0% of total waste	—
Recover	<1% of total waste	—
Incineration	<1% of total waste	—
Landfill	<1% of total waste	

I.4	Sustainable procurement	2024-25 Update	Status
I.4.1	Proportion of suppliers meeting the licensee's environmental supplier code or equivalent	71% of suppliers (by value)	

I.5	Local environment	2024-25 Update	Status
I.5.1	Annual investment in schemes to enhance/restore local environmental quality	£1.72 million	—
I.5.2	Land area being treated in schemes to enhance/restore local environmental quality	1.11 hectares	—
I.5.3	Net change in biodiversity units from network development projects granted planning consent in the year that impact the local environment	0% change	—
I.5.4	Number of reportable environmental incidents	0	

Note: Status indicators are only included for key performance indicators with relevant targets.

For further details on these Key Performance Indicators, please see Section 5 below and our AER summary which can be found in Appendix 3.

Environmental Action Plan commitments and environmental impacts

Environmental Action Plan (EAP) commitments

Our EAP, with its ambitions and commitments, was developed in collaboration with a range of stakeholders. They gave feedback that we needed to address the following areas:

- our business carbon footprint – including embodied carbon
- consumption, waste, and circular economy
- natural capital
- culture and society
- our ambitions.

In our EAP, we set out ambitions that stretch past the current price control period which, at the time of writing this report, is scheduled to end in 2026. Our ambitions demonstrate where we want to be as a business, subject to the appropriate funding, legislation, control, and technological developments that allow us to meet them. Our ambitions include:

Short and long-term science aligned ambition

Reduce our GHG emissions by 37.5% by 2035 (wb2ºC) striving for 63% by 2035 (1.5ºC) and to be a carbon net zero company by 2050.

Resource use and waste ambitions

Be a zero-waste company by 2050 and send zero waste to landfill by 2035.

More than 80% of our suppliers (by value) will meet the environmental standards set out within our supply chain charter by 2026.

Natural capital ambition

Achieve natural capital net gain across all our activities by 2050, deliver measurable biodiversity and ecosystem services net gain by 2035, and achieve biodiversity net gain on impacting work from 2026.

Over RIIO-GD2, our activities will support us in meeting our commitments, which in turn will help us achieve our longer-term ambitions. Tables 1, 2, and 3 below summarise our progress against those commitments.

TABLE 1 – Status update on EAP carbon commitments

EAP carbon commitment	Description and expected benefit	Target year	Implementation milestones	RAG indicator* 2023-24	RAG indicator* 2024-25
Reduce gas loss to atmosphere (shrinkage) by 10% by 2026.	Reduce gas shrinkage by 10% against the 2020-21 baseline through the continued replacement of old metal pipe and services per year. This commitment will produce the greatest carbon reduction from our most significant carbon emissions source.	2026	• Change in business model in 2021 brought our mains replacement in-house. • 410km of metallic mains replaced in 2024-25. • 1,745km replaced in RIIO-GD2 to date. • 13% CO_2e reduction from 2020-21 baseline by the end of 2024-25.		
Ensure 75% of company cars are hybrid or ultra-low-emission vehicles by 2026.	Excluding shrinkage, our fleet has the biggest impact on our Scope 1 emissions. We will reduce the carbon impact of our fleet and associated air quality impacts by: • swapping out traditional internal combustion engine vehicles for zero or ultra-low-emission and hybrid vehicles, where operationally suitable and cost-effective. • improving the efficiency of internal combustion vehicles where green alternatives are not available. • reducing vehicle use.	2026	• Implementation of employee incentive to choose ULEV & EV made prior to 2021. • Installed a total of 69 vehicle charging points up to March 2025. • 97% company cars are hybrid or ULEV by the end of 2024-25.		
Refresh our commercial fleet from Euro 5 to Euro 6 compliant vehicles over RIIO-GD2		Annual	• 99% by the end of 2024-25.		
Reduce carbon emissions associated with non-operational travel by 5% by 2026.		2026	• Impact of COVID-19 from 2020 to 2021 supressed results for 2021-22. • 26% reduction from baseline by the end of 2024-25. The continuation of our hybrid working model has helped us exceed our emissions reduction target for non-operational travel of 5% by 2026.		
Collaborate with others to understand and take opportunities to reduce our fleet and tooling emissions.	Ultra-low-emission vehicles and tools are not available for all the operations we complete to deliver a safe and reliable gas network. By collaborating with third parties and distribution networks we continue to understand and take advantage of the potential for alternatively fuelled fleet vehicles and tools.	2026	• Building our green fleet strategy. • Working with industry leaders to trial fuel cell electric vehicles (FCEVs).		

* 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.

TABLE 1 – Status update on EAP carbon commitments (cont.)

EAP carbon commitment	Description and expected benefit	Target year	Implementation milestones	RAG indicator* 2023-24	RAG indicator* 2024-25
Practically reduce our building energy use, ensuring environmental efficiencies with all new properties are considered and installed.	By striving to achieve excellent energy performance standards within new properties we will improve energy efficacy across our property portfolio and reduce our Scope 1 and 2 emissions. Forging green energy contracts and collating sufficiently detailed reporting will allow our energy use to be interrogated and improved over time.	2026	• Site identification 2021-22. • Our primary energy consumption has been with certified green electricity since April 2021, with a temporary four-month period on a non-green tariff in 2024. • Construction of the Bristol Depot was completed in 2022, and it was awarded an A-rated energy performance certificate. • In March 2025 we submitted our ESOS Action Plan in line with Phase 3 requirements. Our first report against this plan will be submitted at the end of 2025.		
Publicly report on and look to reduce our Scope 3 and embodied carbon emissions.	Determining our Scope 3 business carbon footprint (BCF) (starting with a streamlined assessment using the GHG Protocol S3 Evaluator tool) in line with industry best practice will allow us to identify hotspots and to focus our future carbon reduction efforts.	Annual	• Initial Scope 3 assessment completed 2021-22. • Carbon assessments and environmental impact questions are now included in Pre-Qualification Questionnaire (PQQ) and Invitation to Tender (ITT) evaluations. • In the 2024-25 reporting period we have seen a big improvement in the reduction of our use of newly extracted aggregate. From 85% in 2023-24, we reduced use of newly extracted aggregate to 46% by the end of 2024-25, achieving a low of 25% in November 2024.		
Offset 100% of our rail and air travel carbon footprint.	During any one year, business requirements result in our employees taking air and rail travel. We will offset 100% of these emissions with accredited, additional and transparent offsets supporting global decarbonisation where our emissions have been unavoidable.	Annual	• 2,200 tonnes of CO_2e offset in 2024-25 (heavy goods vehicle (HGV) emissions included in 2024-25 offsets). Bringing our total offset for air, rail and HGV to 7,370 tonnes of CO_2e in the price control so far.		

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TABLE 1 – Status update on EAP carbon commitments (cont.)

EAP carbon commitment	Description and expected benefit	Target year	Implementation milestones	RAG indicator* 2023-24	RAG indicator* 2024-25
Continue to proactively facilitate the connection of green gas.	The use of green gas reduces the environmental impact of the gas we distribute within our network. By proactively supporting external business to connect their green gas to our network we are working towards the decarbonisation of heat.	2026	• 22 biomethane connections with the 22nd connected during 2024-25: providing enough capacity to heat the equivalent of over 160,000 homes.		
Update our climate risk management with the latest government issued climate change projections.	Use up-to-date government issued climate change projections to assess the risk of climate change to the network and protect it into the future. We are working together with other gas distribution networks and industry experts to assess climate change risks. This collaborative effort helps us provide a complete, UK-wide, and network-specific risk report to the government.	2026	• In collaboration with the other GDNs, we responded to the fourth round of Climate Adaption Consultations in 2022-23. • In December 2024, we published our fourth round of adaptation reporting: wwu-arp4-report.pdf		

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TABLE 2 – Status update on EAP resource management and waste commitments

EAP circular economy commitment	Description and expected benefit	Target year	Implementation milestones	RAG indicator* 2023-24	RAG indicator* 2024-25
Send a maximum of 20% waste to landfill by 2026.	Landfilling waste delivers a range of negative environmental impacts including biodiversity loss, ground gas generation and release of sequestered carbon. By embedding circular economy principles within the business, we will reduce the amount of material we landfill and the negative impacts it causes. By reusing and repurposing waste streams we will give traditional wastes we generate a new purpose. By repurposing our spoil and promoting the use of recycled aggregate we will reduce the depletion of finite virgin material.	2026	• 0.06% sent to landfill in 2024-25.		
Deliver a minimum of 80% waste reused and recycled by 2026.		2026	• 99.8% waste reused and recycled in 2024-25.		
Reuse and recycle at least 80% of excavated spoil by 2026.		2026	• 99.5% excavated spoil reused or recycled in 2024-25, exceeding our 2026 target for the current year.		
Increasing use of recycled aggregate to greater than 20% by 2026.		2026	• 54% achieved in 2024-25, exceeding our 2026 target of 20% for the current year.		
Reduce office waste by 25% by 2026.	In addition to tackling our material waste streams, we will reduce the waste by increasing the reuse, repurpose and recycle disposal routes.	2026	• 3% increase from our baseline in 2024-25.		
	Status update: Status Update: While we have seen a decrease of 12% in our office waste production compared to 2023-24, it remains a small increase from our 2019-20 baseline. This is largely due to site clearances in addition to our business-as-usual office waste collections. Further to the waste legislation changes that came into effect in Wales in April 2024, England introduced similar changes in April 2025 which has further expanded our opportunities for recycling. We will continue to seek initiatives to enable delivery of the environmental improvement while still delivering value for money.				
Reduce paper consumption by 75% by 2026.	By committing to operating within the highest tiers of the waste hierarchy, we will work harder to reduce our consumption in addition to investing in better disposal practices.	2026	• The impact of COVID-19 from 2020 and our new hybrid working policy has positively affected our results. • 53% paper reduction (against 2019-20 baselines) saving around 214 trees from being cut down.		

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TABLE 2 – Status update on EAP resource management and waste commitments (cont.)

EAP circular economy commitment	Description and expected benefit	Target year	Implementation milestones	RAG indicator* 2023-24	RAG indicator* 2024-25
Eliminate single use plastic by 2022.	We are committed to eliminating single use plastics where viable alternatives exist. Our single use plastic targets exclude plastics required to deliver a safe and reliable gas network and where viable cost-effective alternatives don't exist. However, we will seek to collaborate and innovate within these complex areas to determine alternatives to current practices.	2022	• Migrate from reducing consumable single use plastic by 2022 to reducing plastic packaging over RIIO-GD2. • A trial concluded in 2022 to eliminate the use of operational plastic bags (except for hazardous waste). • In March 2022 we began rolling out stainless steel bottles to our operational teams and removed the single use plastic bottles from our procurement catalogue. • In our canteen areas, we have replaced all plastic cutlery with wooden alternatives and takeaway boxes are now biodegradable. We continue to explore safe alternatives for coffee cup lids, and in the meantime have implemented an environmental tax to incentivise the use of reusable options instead.		
	Status update: We have made great strides to eliminate consumable single use plastics. Where cost and availability have impacted our commitment, we will continue to seek out alternatives that deliver the environmental improvement while still delivering value for money.				
We have ambitions to limit polyethylene (PE) gas pipe waste to 5% by weight by 2026.	PE pipe and fittings contribute significantly to our Scope 3 BCF. All waste PE pipe is collected from depots to be recycled by manufacturers into new PE pipe. However, by ensuring we are efficient in our use of PE pipe we limit unnecessary manufacturing impacts.	2026	• 12% pipe not used and recycled in 2024-25 (100% of our PE waste is recycled into lower grade pipe).		
	Status update: Pipe waste levels showed no significant change in 2024-25, attributable to the earlier introduction of Infinity Coils and re-banding techniques to bring shorter coils back into use. As we move into more complex mains replacement activities, there is a risk that this benefit may be eroded. This is a major focus for the business with significant executive oversight and involvement. We will continue to seek opportunities to reduce our waste levels where available.				

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TABLE 2 – Status update on EAP resource management and waste commitments (cont.)

EAP circular economy commitment	Description and expected benefit	Target year	Implementation milestones	RAG indicator* 2023-24	RAG indicator* 2024-25
Embed circular economy principles within the business, and measure the success of associated outcomes	We are continually reviewing our procurement practices and strengthening circular economy themes within them, including: • setting clear performance requirements. • encouraging collaboration and innovation. • considering end of life costs within design action.	2026	• Continued membership with the Supply Chain Sustainability School and engagement with industry working groups to support sustainability themes in supply chain. • Built life cycle considerations into tender events from 2022.		
Auditing a minimum of five of our main contractors (by value) annually	To ensure robust and reliable data is provided, we are committed to undertaking environmentally focused procurement audits of suppliers, focussing on the top 80% by value. This audit programme will lag the regulatory reporting year, ensuring appropriate time and resource is assigned to the process.	2026	• The task of sourcing a digital solution to managing supplier data is continuing, with the scope and premarket engagement nearing completion. The new system must manage all established supply chain metrics, monitor accreditations and the prerequisites of a safe gas operation, while also having the capacity to accept emerging themes as the business focus shifts over time. In coming months, the most appropriate solution will be agreed with implementation expected in 2026. • The latest Supplier Charter was published in May 2025, accompanying the supplier mapping process which is currently underway and now includes requests for information on Single Use Plastics, Returnable Packaging options and Carbon reporting to begin building a picture of opportunities ahead of mobilising any system solution.		

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TABLE 3 – Status update on EAP natural capital commitments

EAP commitment	Description and expected benefit	Target year	Implementation milestones	RAG indicator* 2023-24	RAG indicator* 2024-25
Develop a robust and accurate reporting tool for measuring biodiversity value.	Biodiversity is valuable but is also essential to the success of the ecosystem services on which we depend. In line with best practice, Wales & West Utilities has adopted the Defra Biodiversity Metric for monitoring and recording biodiversity units on sites. By applying the metric to available long-term land assets, we are working towards increased biodiversity benefits within our network which do not present an unacceptable financial/ operational burden. Although increased biodiversity does not always support increased ecosystem services, understanding and looking to improve ecosystem services is our long-term ambition.	2026	• In line with UK standard reporting mechanisms, we have committed to using the Defra Biodiversity Metric to determine and report on the biodiversity value. During 2021 we contributed to the design of the NATURE Tool; a free to use assessment model that allows us to understand the contribution we have to ecosystem services. • In 2022 we designated 0.49hectares of our new Bristol Depot for long-term biodiversity provision. The site includes construction of a newt pond. • Progress on this site is ongoing, with a 19% BNG improvement achieved to date. • In 2024 our land remediation works at Quakers Yard in south Wales concluded with large-scale biodiversity enhancements. • See section 10 for more information on our biodiversity projects.		
Understand, monitor, and promote biodiversity within our long-term land assets.		2026			
Develop and monitor a tool to robustly quantify our contribution to ecosystem services from these assets.		2026			
Planting 5 trees for every tree we cut down	To ensure the integrity of the network we are sometimes required to remove trees which represent a risk to the pipeline and (therefore) the communities in which we work. We recognise that this has a negative impact on biodiversity within our network. As such we are committed to addressing this impact by collaborating with stakeholders within Wales and the south-west to support afforestation across the network in long-term managed schemes.	2026	• During the 2024-25 year we identified 837 trees that were posing a safety risk to the network and needed to be cut down. To support our commitment, we have commissioned the planting of 4,185 trees in the autumn of 2025. In addition to this, we have also planted 22 trees in collaboration with South Gloucestershire Council. Taking our total planted in respect of the year to 4,207, and 10,758 over the price control so far.		

* 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.

TABLE 3 – Status update on EAP natural capital commitments (cont.)

EAP commitment	Description and expected benefit	Target year	Implementation milestones	RAG indicator* 2023-24	2024-25
Understanding the impact our business has on air quality and making significant steps to minimise it.	Poor air quality is a significant risk to human health. By trying to understand our impact on air quality we will seek out and implement initiatives that improve the air quality for customers within our network.	2026	• We continually assess and evaluate the air quality impacts associated with purchased gas and company vehicles, with the first review taking place in 2021-22. We will look to improve and broaden the assessment over the coming years. • In 2023-24 we launched our Cycle to Work scheme to encourage our colleagues to reduce their commuting emissions and our impact on air quality. In 2024-25 68 people signed up to this benefit, taking it to 96 enrolled since it was introduced.		
Delivering 85 land management projects (over 70 sites).	We own a portfolio of former gas production sites and have a duty of care to ensure that these sites do not represent a significant risk to human health or the environment. By proactively managing the sites and remediating where appropriate we are reducing the risk that the sites represent.	2026	• During 2024-25 we delivered 10 of our 85 land management outputs. This resulted in a total of 79 projects achieved so far during RIIO-GD2.		

* 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.

Decarbonisation, biomethane and other low-carbon gas connections

Greening the gas network is a key part of our vision for the future, and during RIIO-GD2 we're committed to making this happen – to making sure green gas is connected to our network and innovating to support the energy system transition.

By adapting our gas distribution network to meet the forecasted changes linked with progress to a net zero-ready network, we are committed to establishing ourselves as leaders in the decarbonisation of gas distribution systems. In addition, we're keen to promote connections that support renewable energy and reduce the net carbon and greenhouse gas emissions of energy networks.

Building biomethane connections

22 biomethane sites connected to our network have the capacity to deliver **1.87** TWh of green gas into our network which is enough to meet the annual demand of more than **160,000** homes

Our 22nd connection was the fifth site to connect to the largest medium pressure network, a network that supplies an area that spans Swindon to Honiton in the south-west of England and resulted in a small increase in connected capacity since last year's reporting.

We're working with developers to connect and commission a further eight sites that have booked capacity with us over the next few years. In total, the 30 sites could provide heat to 220,000 homes. The Government's Green Gas Support Scheme (GGSS) has triggered an increased interest in this area resulting in 60 entry enquiries for biomethane in the last regulatory year, alongside three enquiries for hydrogen blending and six for synthetic methane.

Our proactive approach

We recognise there are a variety of gas producers that may want to connect to our network, and we seek to meet customer needs by offering a range of services to suit.

When we receive an enquiry, our initial response is provided free of charge and where possible within 15 working days, to give developers an early view on project feasibility. This can be followed by a capacity study that we charge for to recover cost. The results are returned to customers within 30 working days and will provide the details of the capacity available to them with any daily and seasonal variations. We offer virtual or in-person discussions depending upon the need and circumstance.

There is a fixed charge associated with the booking of entry capacity which is held and put towards the connection costs including purchase of Wales & West Utilities owned assets. We use a "minimum connection" model where we own the remotely operated valve, to control gas entry to our network, and everything downstream of it which is just the entry pipeline. We also own the communications equipment to ensure robust monitoring and control of the green gas into our network.

Before a connection can be made, we must satisfy ourselves that the gas to be injected is compliant with the relevant regulations or, if not, that exemptions have been agreed and put in place in advance of injection. We require gas quality and functional safety assessments along with a Network Entry Agreement (NEA) which sets out the technical and operational conditions for the connection.

Current incentives under the GGSS along with wider net zero policies continue to be effective in stimulating interest for entry enquiries in our network area. This is after a few years of very small numbers of enquiries and no new sites connecting which appeared to be due at least, in part, to the diminishing Renewable Heat Incentive (RHI) – meaning that new projects were not feasible for potential gas producers. We are aware that government issued a Call for Evidence in 2024 on future support for biomethane,

and we will monitor developments closely.

Getting the incentives right is important but there is another issue that the networks are increasingly facing as we connect more green gas, and this is where demand is constrained either seasonally or daily. This means that too much gas is being produced for local demand, so having to curtail injection, causing issues for the gas producers. To resolve these issues and facilitate future green gas entry connections, we are actively supporting new technologies and developing ways of controlling the network so that the demand for green gas is there when needed and meets green gas availability, eliminating the need to curtail green gas injection.

Trialling new solutions and projects

Our research into new solutions to automate control of our distribution networks and increase capacity for biomethane entry started back in 2018 with our project OptiNet, where we collaborated with Cadent to trial new technological applications on the gas network. We successfully led and completed the Smart Pressure Control trial which allows our gas sites to change their pressure setpoints automatically in response to system pressures at the entry and extremity points to satisfy both. We continue to support the OptiNet project and await the trial results from Cadent's compressor part of the project so that final reports can be published, and the project closed with industry learning communicated following closure.

We are now applying the learning from the smart pressure control part of the OptiNet project and are working on several projects to roll out the solution on our distribution network. A successful roll out will allow the connection of further green gas entry sites in addition to supporting those with booked capacity already. The most ambitious of these projects is in the south-west part of our network where we will be controlling 11 natural gas feeds into a large medium pressure network in support of the five biomethane sites already connected and freeing up capacity for a further three sites that have enquired.

The first of its kind reverse compressor project for us is due to commission during 2025 and will support an existing customer to export their maximum entry capacity requirements and allow for future site expansion. The compressor will move green gas from the constrained medium pressure (MP) network into the high-pressure (HP) system where there is sufficient demand to take the gas away throughout the year. This approach creates an artificial demand on the MP system and allows the biomethane entry site to stay where it is and continue injecting into the MP network. We are supporting this project as it further decarbonises the immediate MP network and starts to decarbonise the higher-pressure tier that the green gas is being compressed into. The project will create a blueprint for future installations where required to facilitate more green gas into our network area.

Our performance in 2024-25

Over the last year, we took 12 days on average to respond to the 60 initial enquiries for biomethane and took an average of 29 days to respond to the nine capacity study requests, which is better than the volunteered standard of service timescales (15 and 30 working days respectively) as indicated above in Our Proactive Approach.

We transported 783.40GWh of green gas in the 2024-25 year which is comparable to last year, being a minor 0.3% lower than the previous year's total. We are expecting a steady increase in green gas transported in future years as our projects to manage system pressures more effectively complete allowing the sites to flow and as we connect more sites. We connected a new site to the network in March 2025 which will add to the yearly volume of green gas transported once it has been injecting for longer.

The majority of internal KPIs are around gas quality monitoring at the entry point. We continue to work with the connected sites to keep these issues to a minimum. Although we have seen a slight increase in Ofgem audit actions this year, we are attributing this to our new connection and site personnel changes where further training is required. These Ofgem audit actions cover non-compliance issues to areas such as the Gas Act and Regulation breaches as well as observations requiring site/process improvements. To put this into context, for the winter period 2024-25, across the 22 entry sites, we had to stop entry of gas to our network 128 times remotely from our control room. This was primarily due to poor gas quality but in a small number of cases due to maintenance activities and system issues.

Our approach to delivering improvements

Biomethane

We support two biomethane working groups, now facilitated by IGEM's Future Energy Networks (FEN) instead of the ENA. The Gas Entry Connections Technical Working Group (TWG) is a network-only group, while the Entry Customer Network Forum includes both suppliers and customers from across the industry. We continue to collaborate with colleagues in other distribution networks and with customers, promoting cooperation and standardisation in this area of the industry.

We have used the TWG to standardise and improve our capacity study process and customer-facing reports. Additionally, we have developed and published several working instructions and guides to assist biomethane customers with complex, day-to-day operations. These initiatives aim to support national consistency across green gas processes.

The latest enhancement to our green gas capacity study is the inclusion of a high-level blending feasibility assessment. This provides customers with a clearer understanding of the likelihood of achieving a compliant gas blend that minimises or eliminates the use of propane. There are several reasons for reducing propane use: it increases the carbon intensity of the gas – negatively impacting the environment – and it adds significant cost for developers.

To support reverse compression modelling, we have engaged with our software supplier to receive training and technical support. This has enabled us to accurately model potential compressors, assess their operation, and understand any network impacts before installation. (Further information is available in the Trialling New Solutions and Projects section above.)

Building on previous engagement events, we continue to work with customers and stakeholders to maximise green gas injection to the grid and support new gas connections to our network. Over the past year, we've engaged with developers exploring more diverse biomethane sources, such as synthetic methane, to help the industry unlock its full potential. We are also seeing

TABLE 4 – Connections activity for low-carbon sources of gas (per year)

Biomethane connections	2021-22	2022-23	2023-24	2024-25
Enquiries	27	27	45	60
Connection studies	3	9	6	9
Capacity of connection studies	2,250 SCMH	10,500 SCMH	3,400 SCMH	15680 SCMH
Connections	1	0	1	1
Capacity connected	600 SCMH	0 SCMH	450 SCMH	700 SCMH
Volume (energy value) of biomethane injected	707.4 GWh	739.94 GWh	786.06 GWh	783.40 GWh
Average monthly flow rate (all connections)*	58.95 GWh/month 5,441,518 SCM/month 7,456 SCMH/month	61.66 GWh/month 5,999,552 SCM/month 7,800 SCMH/month	65.50 GWh/month 6,046,587 SCM/month 8,398 SCMH/month	65.28 GWh/month 6,026,163 SCM/month 8,370 SCMH/month
Other green gas**				
Enquiries	3	4	1	9
Connection studies	0	0	0	2
Capacity of connection studies	0 SCMH	0 SCMH	0 SCMH	1650 SCMH
Connections	0	0	0	0
Capacity connected	0 SCMH	0 SCMH	0 SCMH	0 SCMH
Volume (energy value) of other green gas	0 GWh	0 GWh	0 GWh	0 GWh
Average monthly flow rate (all connections)*	0 SCMH	0 SCMH	0 SCMH	0 SCMH

*Irrespective of connection date. GWh – Gigawatt hours, SCMH – Standard cubic metres per hour.

**Examples of other green gases can include hydrogen and synthetic methane.

an increase in existing biogas producers switching from power generation to gas-to-grid, driven by government tariffs and subsidies.

Throughout 2024-25, discussions have continued around propane addition and recent gas quality issues. These conversations have led to increased interest in blending solutions, including the use of blending tees to reduce propane requirements. While we support the principle of blending tees, we have not yet trialled this equipment in our network. However, we are currently supporting a first-of-its-kind trial in the south-west region and expect to see results later this year.

Hydrogen

We have received 17 speculative enquiries for blending hydrogen into our network. Eight of these have been received since 2021, with three of those coming in the last regulatory year.

Working with other GDNs, we have engaged with our software suppliers and have completed a training package that will allow us to use existing hydrogen-ready modelling tools to complete the network analysis required. Work is underway to identify, understand and address the changes that will have to be made to regulations, systems, and processes to accommodate hydrogen in our network. We participate in industry programmes including a Hydrogen Research & Development programme and related industry coordination groups, which are considering the changes that will be needed for networks to transport hydrogen, either as a blend of up to 20% by volume or in repurposing existing networks for 100% hydrogen. These programmes are analysing the impacts on all areas including safety, customers, and regulatory requirements. Work is being carried out collaboratively across UK networks to ensure the most efficient use of resources, while learning is via shared stakeholder engagement.

Innovating for decarbonisation and environmental protection

Innovation plays a key role in developing options and evidence to back the low-carbon transition as well as new approaches that could enhance environmental protection. We work collaboratively with other networks and a range of third parties to deliver leading-edge projects that are dedicated towards decarbonisation of the gas network. We use Ofgem funding mechanisms such as the Strategic Innovation Fund (SIF) and the Network Innovation Allowance (NIA) in addition to other funding sources external to the organisation.

In 2024-25, our innovation portfolio included projects that explored a range of subjects:

- Developing the evidence base for low-carbon hydrogen conversion
- Understanding the impact of new technologies
- Understanding energy system development in the areas we serve
- How to better support customers in vulnerable situations through the energy transition.

In 2024-25 we invested £6.3m in innovation and net zero related projects combined across all funding mechanisms, which includes £4.3m of NIA and £1.97m of SIF funding. Case studies on some of these projects are provided later in the report.

A full report on our innovation activity, including further case studies on specific projects, can be found here. Additionally, we also spent £2.0m in net zero related delivery activity through the net zero and reopener development fund.

TABLE 5 – Innovating to support the low-carbon transition and to protect the environment

Innovation	Issue or barrier	Annual achievements	Expected benefits	Timescales
NextGen Electrolysis – Wastewater to Green Hydrogen	Production cost of green hydrogen is high due to the barriers presented by the current technology in use, which involves not only sources of carbon-free electricity such as solar or wind power but also pure water and purification equipment. It also requires expensive membranes made from rare metals to carry out the necessary electrolysis. We have already proven innovative membraneless technology can produce green hydrogen from less pure water sources, but we need to carry out further trials to see how this technology can be deployed at scale and in the context of a GDN.	The beta phase of this project involves running two separate trials – one at a Welsh Water treatment facility near Cardiff and another at the Yeo Valley production site in Cannington. With Welsh Water, we will be using effluent water and sea water and the company's existing solar power to produce hydrogen for onsite office heating and hot water via a Worcester Bosch boiler. This will give the team the opportunity to assess an industrial site using 100% hydrogen for heating and hot water for their office building. At Yeo Valley, our team will use the company's on-site solar power and various sources of water, including that used in the production process, captured rain water and borehole/river water to produce hydrogen. We are investigating using on-site blending equipment to combine up to 20% hydrogen with natural gas to the existing boilers used in the process for producing yoghurts. This will give us the opportunity to assess near-term use of hydrogen for an industrial customer and better understand the operational and safety requirements for blending technology and future network integration.	Testing the distributed hydrogen production model will give us a much better understanding of how early adopters can decarbonise and could reduce the operational barriers for smaller scale hydrogen production. Not only that, excess hydrogen could be blended into the local gas network in the future, while this technology may offer cost savings due to co-location and through using the heat and oxygen produced in the process for other applications. By using impure water and reducing the requirement for purification entirely, the NextGen system would save 1.5 million litres per GWh of hydrogen produced. This project will ultimately enable lower-cost green hydrogen that helps the UK hit its net zero targets while minimising disruption to the consumer.	Start date: October 2024 Planned project end date: September 2028

TABLE 5 – Innovating to support the low-carbon transition and to protect the environment (cont.)

Innovation	Issue or barrier	Annual achievements	Expected benefits	Timescales
Accelerating progress	The Climate Change Act 2008 created legally binding carbon budgets to achieve net zero by 2050, which means significant emissions reductions are required by the 2030s on the pathway to the longer-term goal. Under the Act, the government has to set five-year "carbon budgets" at least 12 years in advance. The fifth carbon budget (2028-2032) requires a 52% reduction on 1990 emissions, while the sixth requires reductions of 78% by the end of its period (2037). The Committee on Climate Change (CCC) has already raised concern about these targets, stating it believes the previous government's policies and plans were insufficient to achieve the targets. Therefore, further steps will need to be taken to accelerate emissions reductions. This study aimed to identify practical, cost-effective and realisable ways in which the gas networks could support the further decarbonisation required.	This desktop study sought to understand the different technical options for increasing contributions by GDNs to reducing emissions, with a focus on the 2030s targets. We worked with IGEM Future Energy Networks, other GDNs and the supplier Frontier Economics. Split into four workstreams, this research project first considered potential opportunities for reductions across the gas value chain, focusing on measures that can be supported or delivered by the GDNs, including: • reducing gas system emissions • using gas to facilitate wider decarbonisation • decarbonising gas use, for example, by using hydrogen, blended gas and biomethane. We then estimated the scale and cost-effectiveness of emissions savings for each of these measures and compared them to "business-as-usual" counterfactual scenarios to analyse how effective each would be. Following this, our researchers set out the specific policy and regulatory changes that would be needed to facilitate those options and proposed further areas for investigation that could support additional 2030s emissions reduction.	Successful completion of this project has given us a deeper understanding of the realistic, achievable and cost-effective options available to gas distribution networks to contribute to the reduction of emissions. It has also given us a clearer view of the policy and regulatory changes needed to enable the acceleration of emission reductions targets in the UK. If carried out, the quantified measures identified by the study could tackle 23% of the gap to meeting carbon budget six emissions goals (2033-2037) for UK industry and buildings. These cost-effective, feasible decarbonisation measures would also allow for further energy system flexibility. Recognising these benefits require policy and regulatory changes to be delivered, the findings have been communicated to a range of stakeholders, including government and regulators.	Start date: November 2024 End date: February 2025

Climate change impact

Governments and companies worldwide are pledging to achieve net zero greenhouse gas emissions by 2050 in response to a growing climate emergency. As a gas distribution network, we are committed to supporting the transition to greener energy through the gas we distribute and the way we run our business.

Our **Scope 1** emissions are:

- Gas consumption associated with heating
- Fuel consumption associated with running our fleet and company cars
- Shrinkage, the gas that we use to run the distribution network, gas that leaks out of our assets and gas that is stolen from the network.

Our **Scope 2** emissions are:

- Our purchased electricity consumption.

Our ambition, backed by scientific research, is to reduce our Scope 1 and 2 emissions, by up to 37.5% by 2035 (wb2°C) – excluding shrinkage. We know this will be challenging and do not expect to see a linear decrease in our emissions. Laying the foundations for further reductions in the future, we are working to reduce emissions where feasible. Our shrinkage reduction target is 10% by 2026, the end of RIIO-GD2. This will rely on us meeting a tough mains replacement programme and continuing to proactively manage our system pressures.

Business carbon footprint – Scope 1 and 2

The following table reflects the Scope 1 and 2 carbon emissions across all our work streams and the geography in which we operate.

TABLE 6 – Scope 1 and 2 Business carbon footprint

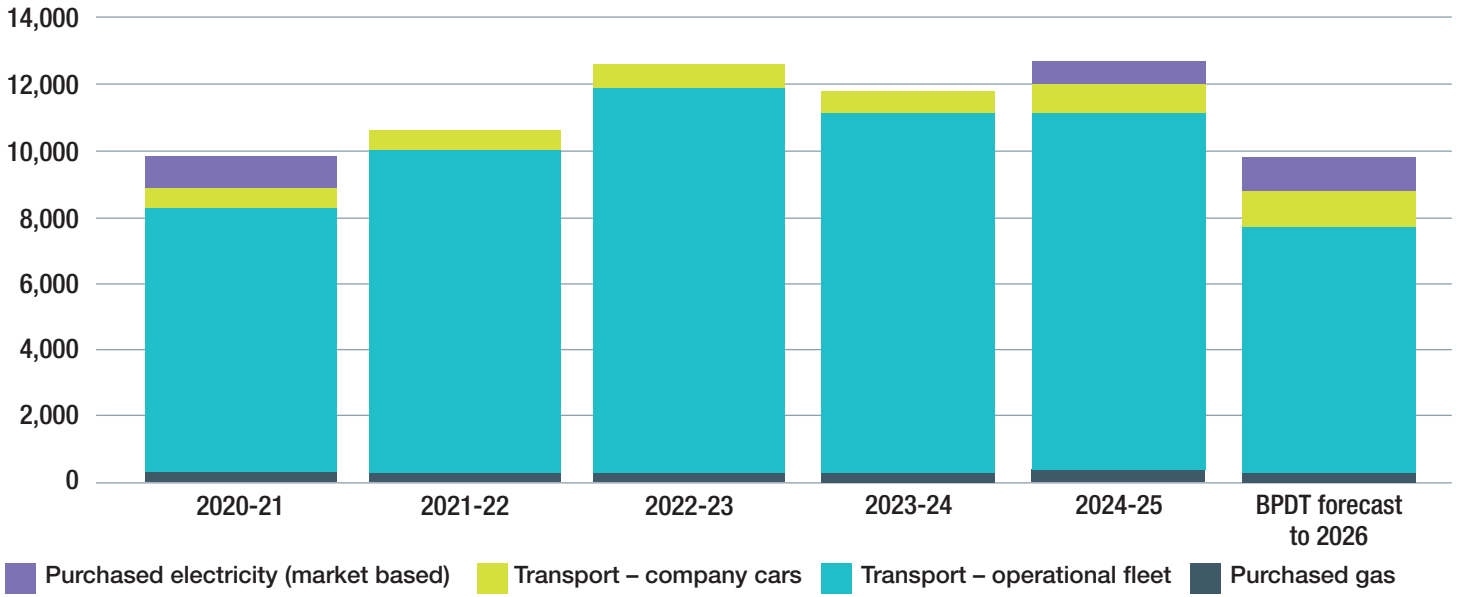
Emissions in tCO_2e	Specific area	2020-21	2021-22	2022-23	2023-24	2024-25	Comments
Building energy use	Purchased gas	215	256	187	202	311	Increase primarily reflects a necessary adjustment to our billing records following a recent supplier transition.
	Building – electricity (location based)	903	927	833	907	917	As expected, we have seen purchased electricity used to charge vehicles begin to rise and impact the total amount purchased.
	Building – electricity (market based)	N/A	0	0	0	526	We purchased certified green electricity for all consumption from April 2021. In 2024-25 a delay in switching suppliers resulted in four months out-of-contract on a “brown” supply. All 2024-25 market-based emissions were offset with verified carbon offsets.

TABLE 6 – Scope 1 and 2 Business carbon footprint (cont.)

Emissions in tCO_2e	Specific area	2020-21	2021-22	2022-23	2023-24	2024-25	Comments
Operational transport	Road (operational fleet and company cars)	8,677	10,453	12,166	11,588	11,722	Carbon emission increase was anticipated between 2021 and 2023 reflecting the comparative impact of COVID-19 and changes to our business model. See below for details.
Fugitive emissions	IIGs	N/A	N/A	N/A	N/A	N/A	Not applicable.
Fuel combustion	Diesel	N/A	N/A	N/A	N/A	N/A	Scope 1 and 2 fuel combustion noted in building energy use and operational transport, above.
	Gas	N/A	N/A	N/A	N/A	N/A	
Gas shrinkage		386,071	374,185	360,945	348,937	337,000	See tables 7 to 10 for more details.
Total excluding shrinkage (market based)		9,795	11,636 (10,709)	13,186 (12,353)	12,697 (11,791)	12,951 (12,560)	Variances year on year largely due to the fleet. Baseline set in 2019-20. In July 2021 contractors (Scope 3) were onboarded as Wales & West Utilities staff (Scope 1) and workload then increased for the larger workforce.
Total including shrinkage (market based)		395,866	385,821 (384,894)	374,131 (373,299)	361,635 (360,728)	349,951 (349,560)	Reduction of 13% against 2019-20 baseline.
Carbon (Scope 1 and 2 in tonnes CO_2e) / £m turnover		870	833	722	641	634	Reduction in emissions and increasing turnover resulting in a decrease year-on-year.
Carbon (Scope 1 and 2 in tonnes CO_2e) / GWh gas throughput of the network		6.5	6.7	7.4	7.3	6.6	Reduction in both throughput and emissions resulting in a decrease year-on-year.
Renewable energy generated (kWh)		134,387	130,883	120,570	121,374	102,434	We generate solar electricity across our network to support the green electricity network.

CHART 1 – Composition of total Scope 1 and 2 emissions excluding shrinkage over time

Scope 1 and 2 market based carbon emissions (tCO_2e)



Note: 2021-22 onwards shows market-based emissions with purchased zero carbon emissions electricity. However, during 2024-25, we were put on out-of-contract rates resulting in four months on a "brown" energy tariff. This resulted in a small number of market-based emissions being reported in the 2024-25 year. In the forecast emissions sourced from the 2019 Business Plan Data Tables (BPDT) Table 5.10 calculated using location-based electricity supply.

Emissions impacts of COVID-19: then and now

Our Scope 1 and 2 transport carbon emissions for 2020-21 clearly show the impact of COVID-19. Many work streams significantly reduced due to government directives on working from home – which naturally lowered emissions, particularly from transport.

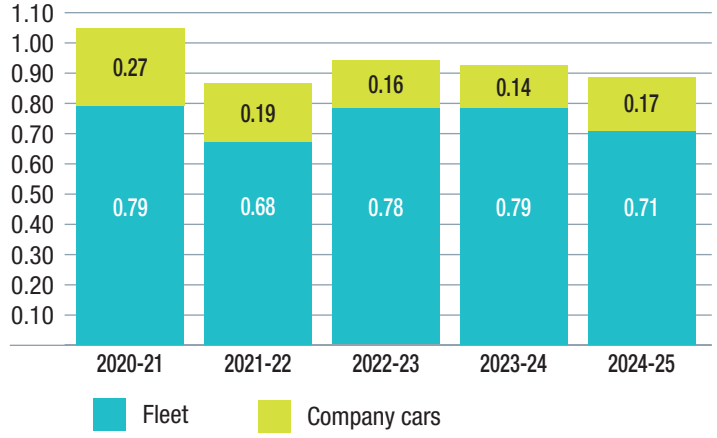
In addition, in 2021-22, we insourced our mains replacement work, a strategic shift that increased our direct employee numbers and, consequently, the associated vehicles reported in our Scope 1 emissions. As anticipated, with the first full year following lockdown restrictions, and with the new insourced mains replacement work, 2022-23 saw an expected rise in emissions.

Energy supplier and vehicle changes

Regarding our Scope 2 emissions from purchased (market-based) electricity, these dropped to zero in April 2021 when we switched to a renewable energy supply. Unfortunately, in 2024-25, we faced a four-month delay in our energy supplier transition due to a supplier system error, temporarily placing us on an out-of-contract, "brown" energy tariff. Since these emissions were beyond our control, we decided to offset them with verified carbon offsets.

The decision to insource our mains replacement work has given us greater direct control over the vehicles our colleagues use. This also enhances our ability to convert them to green alternatives, once viable options become available. Despite a 47% increase in our company car fleet since 2021-22, largely due to insourcing the mains replacement activity, we've only seen a 9% increase in associated emissions. This positive outcome is thanks to the introduction of more fuel-efficient vehicles and an increasing number of ULEVs, PHEVs, and EVs within our fleet.

CHART 2 – CO_2e intensity of an operational mile travelled, expressed in $kgCO_2/mile$



While we've continued introducing more hybrid and ultra-low-emission vehicles into our company car fleet, our carbon intensity has slightly increased. This is mainly because the Defra conversion factor

for plug-in hybrid vehicles (PHEVs) rose by 42% in 2024. Defra updated this factor to better align with real-world data and more accurately reflect actual PHEV emissions.

The overall carbon intensity of miles travelled by our operational fleet has decreased slightly, falling from 0.79 in 2023-24 to 0.71 in 2024-25. During COVID-19 we experienced challenges procuring new vehicles due to poor market conditions and a lack of suitable new vehicles, and so the fleet became older and less efficient. Additional vehicles were also hired to grow the fleet to remove the need for vehicle sharing, which then led to an increased carbon footprint. When our fleet vehicles reach their end of life, we currently replace like for like in the absence of suitable ultra-low or zero emission alternatives, however prioritising newer and more efficient options. Our Transport team continue to future-proof our fleet by exploring greener alternatives for investment in the coming years.

Some of our work to reduce our business Scope 1 and 2 emissions is detailed in the following case studies.

CASE STUDY – Project GREEN – A blueprint for sustainable operations

Project GREEN was launched to integrate net zero ambitions and innovative environmental solutions into daily operations. This initiative aimed to identify, trial, and adopt lower-emission alternatives, merging routine mains replacement programs with new ideas to significantly reduce emissions.

Our approach involved extensive market research and trials of lower/zero-emission alternatives for tools, generators, welfare units, and heavy machinery. We explored diverse power sources like solar, hydrogen, batteries, and hydrotreated vegetable oil (HVO). These alternatives not only lowered emissions but also offered benefits such as reduced noise, less vibration, and improved mobility.

Key initiatives include the Boss Deep Green Sustainable Welfare Unit. A four-week trial showed significant environmental and operational improvements over standard diesel units. This innovative unit uses solar panels and a 10kW lithium-ion battery for near-zero emissions and silent operation. It also features a rainwater harvesting system that recycles water for toilet flushing and a SOLARTrack™ system for real-time monitoring, and operating primarily

on solar/battery power with HVO biofuel backup.

Over 27 weeks, HVO was trialled as a direct diesel replacement in vans, pickups, and plant machinery without requiring engine modifications. This demonstrated up to 90% lower emissions compared to conventional diesel with an estimated saving of over 12,000kg of CO_2e.

The Emissions Mitigations Project showcased an innovative approach to reduce emissions during mains decommissioning. Instead of venting or flaring natural gas, we "decanted" it by safely transferring gas from a medium pressure system into a low-pressure system, recirculating most back into the network. This drastically reduced gas released into the atmosphere by over 45,000kg CO_2e, mitigating greenhouse gas emissions and local environmental impacts. Although the process took longer, the environmental benefits were substantial.

Project GREEN has demonstrated significant potential in reducing our environmental footprint and integrating innovative, lower-emission solutions. Through collaborative efforts and successful trials, we have identified effective alternatives and quantified substantial environmental and operational benefits. The insights gained will continue to guide our commitment to sustainability and net zero ambitions and have informed potential activity in RIIO-GD3, subject to final price control determinations.

CASE STUDY – Vyntelligence

In 2021, we strategically implemented Vyntelligence, an intelligent video platform designed to enable customers to capture and submit short, guided videos of their reported issues. This innovative solution allows our expert teams to conduct remote visual assessments, significantly reducing the need for physical site visits and their associated emissions. When a physical visit is still required, the remote assessment often provides valuable pre-information that helps us determine if a visit to the property is genuinely necessary.

Since its deployment, Vyntelligence has enabled a reduction of 48.6 tonnes of CO_2 equivalent (tCO_2e) in our operational emissions, with 10.4 tCO_2e saved in this reporting period. This significant cumulative figure highlights the long-term, sustained environmental benefit of this digital transformation. Beyond direct emissions reduction, this initiative also offers broader positive impacts. It optimises resource allocation by ensuring field teams are dispatched only when essential, leading to more efficient operations. Additionally, it significantly enhances customer experience with faster assessments and delivers cost savings from reduced travel and maintenance.

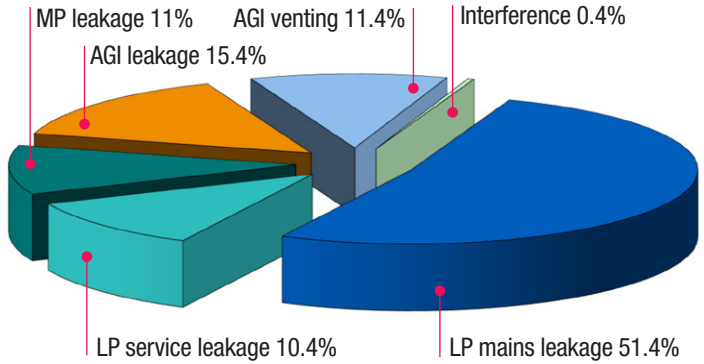
Business carbon footprint – shrinkage

Gas shrinkage is the volume of gas that is lost or used within a gas transportation network.

We calculate and report these volumes annually using the Ofgem-approved Shrinkage and Leakage Model*. The model breaks down shrinkage into three main categories:

- **Leakage:** This is gas that escapes from the network's pipes and equipment. It includes leaks from low and medium pressure mains, above-ground installations, and venting, as well as damage caused by third-party interference.
- **Own use gas:** This is gas used by our equipment to run the network. For example, we use a small amount of gas for pre-heating at pressure reduction stations. This prevents the gas from becoming too cold, which could damage equipment and freeze the ground.
- **Theft of gas:** This is unmetered gas that is used illegally. It is taken from the network before it reaches a customer's meter.

CHART 3 – Wales & West Utilities 2024-25 leakage breakdown



The following tables provide a breakdown of leakage volumes changing over RIIO-GD2.

TABLE 7† – Leakage volumes

GWh	2021-22	2022-23	2023-24	2024-25
Low-pressure mains	162.5	153.5	146.4	139.9
Medium pressure mains	30.9	30.6	30.3	29.9
Services	34.8	33.9	31.2	28.4
AGIs	73.1	72.9	73.4	73.1
Interference	1.1	1.1	1.0	1.0
Total	302.4	292.0	282.2	272.3
Target total	306.0	300.3	294.2	288.0

TABLE 8† – Leakage emissions

tCO_2e	2021-22	2022-23	2023-24	2024-25
Total	370,892	358,071	346,121	334.003
Target total	375,285	368,350	360,807	353,226

TABLE 9† – Other shrinkage volumes

GWh	2021-22	2022-23	2023-24	2024-25
Own use	6.5	5.7	5.6	5.9
Theft	11.4	10.1	9.8	10.5
Total	17.9	15.7	15.4	16.4

TABLE 10† – Other shrinkage emissions

tCO_2e	2021-22	2022-23	2023-24	2024-25
Own use	1,189	1,038	1,017	1,082
Theft	2,104	1,836	1,799	1,915
Total	3,293	2,874	2,816	2,998

Leakage emissions in more detail

As set out in Table 8, leakage emissions reduced by 12,118 tCO_2e from the previous year, equating to a 3% reduction in annual emissions, and a 13% overall reduction this price control period due to continual replacement of old metallic mains with low leakage polyethylene (PE), and pressure management in the low-pressure (<75mbar) networks. Pressure management ensures that pressures are not too low so that we maintain

*The current SLM is the Ofgem approved version v1.4 on 16 September 2014

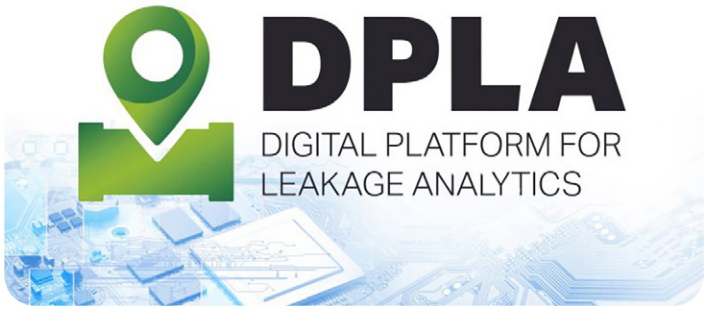
† Tables 7-10 show our shrinkage and leakage volumes and emissions in Regulatory Years 2021-22, 2022-23, 2023-24 and 2024-25. Please note the values contained have been rounded to an appropriate level of accuracy. This may cause immaterial discrepancies between the totals presented within this document and the summation of their constituent parts. However, each individual figure is correct in its rounded form.

security of supply for our gas consumers and not too high particularly where areas have a large proportion of metallic mains pipes. However, pressures can be influenced by factors outside of our control such as extreme weather conditions which lead to increased demand. As such, harsher than average winter conditions in the future could adversely impact on future shrinkage performance.

We are in the process of replacing pneumatic controllers (which automatically vent gas as part of normal operation), with either low or no emissions solutions. In 2024-25, we replaced or have started the process of replacing the controllers at five sites. On estimation, this equates to reducing 1,147 tCO_2e per year based on an assumption of 17,000 scm of gas vented annually per site with a Jetstream system. This is based, through measurement, on a British Gas report from 1994 titled, “Review of natural gas venting from the transmission system”. There is a further site with these controllers scheduled to be replaced before the end of the price control period.

Digital Platform for Leakage Analytics (DPLA) collaborative project

We are working in collaboration on the DPLA project with SGN, NGN and National Gas, Cadent as project lead, and Guidehouse, as technical experts. The project aims to demonstrate how to identify, predict, and locate gas leaks in the gas distribution network by means of data driven leakage modelling and methane leak detection technologies. Success would unlock the ability to proactively identify and remediate sources of leaks from the gas networks to reduce gas loss to the atmosphere, reduce carbon emissions, and improve safety. The collaborative efforts of the project mean that solutions will be applicable to all UK gas networks, helping us respond to the Global Methane Pledge and improve shrinkage monitoring. In 2024-25, we trialled an advanced leak detection vehicle in the cities of Cardiff and Bristol to gain first hand understanding of what the capabilities are. The technology showed the potential to detect and quantify gas leaks which would enable us to survey our gas network and prioritise work to address the highest sources of emissions. This trial will continue into 2025-26.



Business carbon footprint – Scope 3

Our Scope 3 carbon emissions are the result of activities not owned or controlled by us but are a consequence of the work we do. Between 2013 and 2021 we reported on a limited number of our Scope 3 emissions categories but committed to increased reporting and improving the quality of our Scope 3 emission data over RIIO-GD2. Working with a specialist consultant we benchmarked our 2019 Scope 3 emissions using primary data and the Greenhouse Gas Protocol Evaluator Tool.

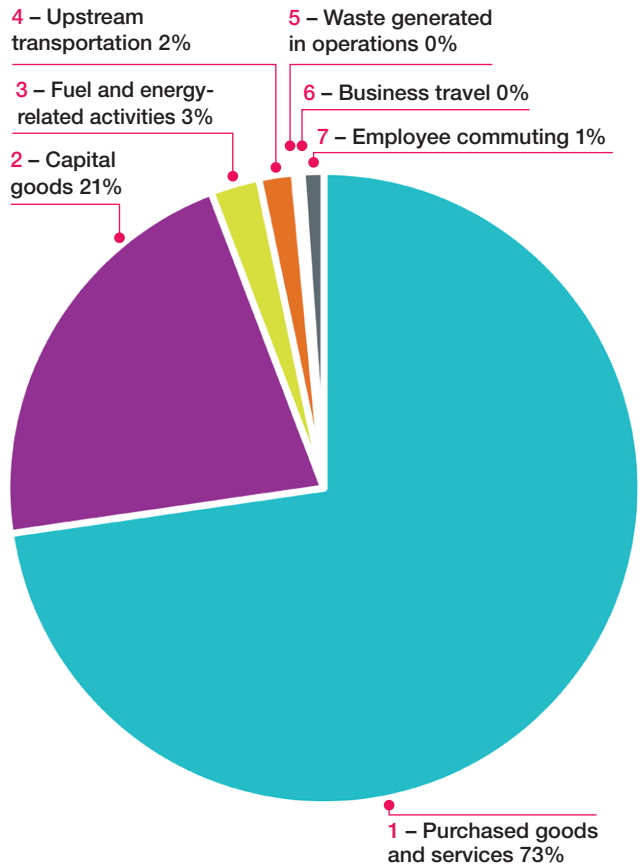
The assessment highlighted that Scope 3 categories 8 to 15 were either not applicable or material to us and therefore could be discounted. A list of the Scope 3 categories and their description is provided in the glossary.

A summary of the initial screening assessment, as our 2019-20 baseline, is presented below and demonstrates that a significant proportion of the carbon falls within Purchased Goods and Services and Capital Goods. Based on this assessment, and in line with the other GDNs, we plan to prioritise primary data sources that fall within the first seven Scope 3 categories, improving Scope and data quality over time. We will continue to highlight new areas of reporting and improvement, and we will tackle our most significant issues of getting reliable primary data from our supply chain.

TABLE 11 – 2019-20 Scope 3 baseline assessment using primary data and spend analysis

Category	Description	Footprint tCO_2e	% of Total Scope 3
1 – Purchased goods and services	Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year, not otherwise included in Categories 2 – 8.	65,836	72.7%
2 – Capital goods	Extraction, production, and transportation of capital goods purchased or acquired by the reporting company in the reporting year.	19,445	21.5%
3 – Fuel and energy related activities	Extraction, production, and transportation of fuels and energy purchased or acquired by the reporting company in the reporting year, not already accounted for in Scope 1 or Scope 2.	2,224	2.5%
4 – Upstream transportation	• Transportation and distribution of products purchased by the reporting company in the reporting year between a company's tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by the reporting company). • Transportation and distribution services purchased by the reporting company in the reporting year, including inbound logistics, outbound logistics (e.g. of sold products), and transportation and distribution between a company's own facilities (in vehicles and facilities not owned or controlled by the reporting company).	1,674	1.8%
5 – Waste generated in operations	Disposal and treatment of waste generated in the reporting company's operations in the reporting year (in facilities not owned or controlled by the reporting company).	198	0.2%
6 – Business travel	Transportation of employees for business related activities during the reporting year (in vehicles not owned or operated by the reporting company).	142	0.2%
7 – Employee commuting	Transportation of employees between their homes and their worksites during the reporting year (in vehicles not owned or operated by the reporting company).	1,020	1.1%

CHART 4 – 2019-20 Scope 3 baseline assessment using primary data and spend analysis



In RIIO-GD2 we have focused on increasing the scope of primary data reported within our Scope 3 emissions footprint; the results are presented in table 12, right.

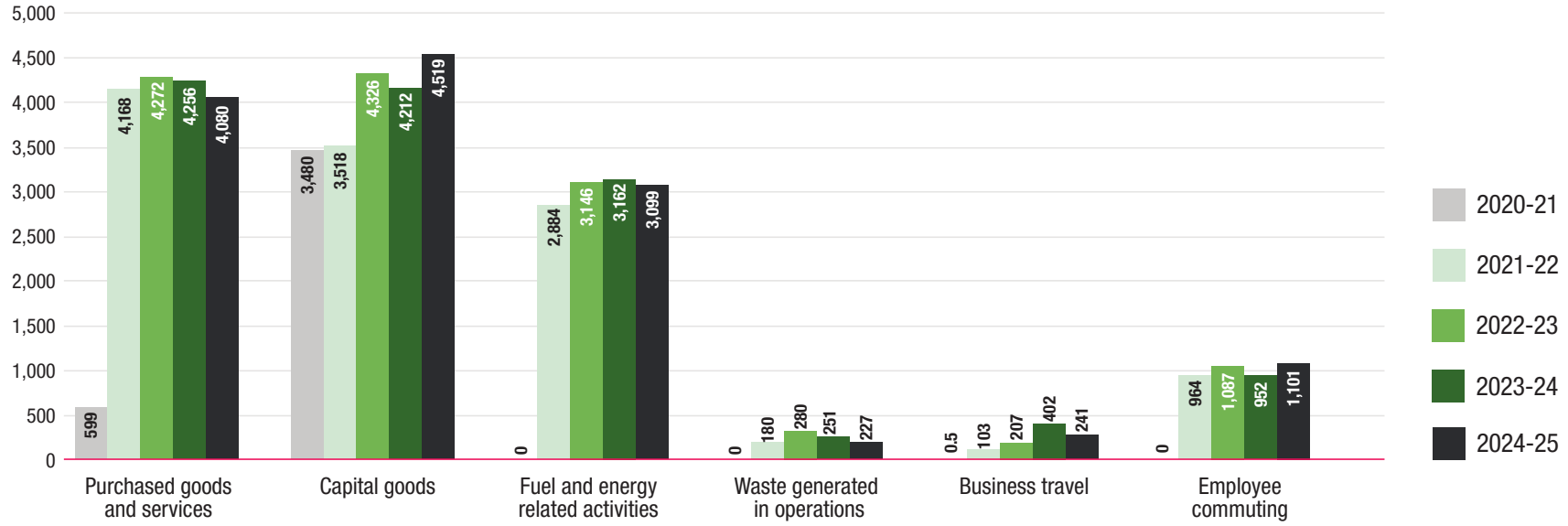
TABLE 12 – Scope 3 carbon reporting

Descriptions	Footprint tCO_2e 2020-21	Footprint tCO_2e 2021-22	Footprint tCO_2e 2022-23	Footprint tCO_2e 2023-24	Footprint tCO_2e 2024-25	Comments
Purchased goods and services	599	4,168	4,272	4,256	4,080	In 2021-22, in line with regulatory reporting requirements, we included reinstatement materials in our reporting; this led to an increase in emissions reported from 2020-21.
Helicopters (pipeline surveys)	49	65	72	75	68	
Contractor vehicles	549	140	0	0	0	We changed our business model in July 2021; contractor vehicles that were in Scope 3 are now in Scope 1.
Reinstatement materials	N/R	3,963	4,200	4,181	4,013	This includes internal and contractor reinstatement materials.
Capital goods	3,480	3,518	4,326	4,212	4,519	
PE pipe and fittings	3,480	3,349	4,101	3,943	3,972	Data provided directly from the suppliers.
Copper and steel pipe	N/R	163	215	207	362	Data provided by purchase orders – 2024-25 captured additional non-stock items not previously reported.
IT (purchased equipment)	N/R	7	10	62	185	Data provided by purchase orders.
Fuel and energy related activities	–	2,884	3,146	3,162	3,099	
Well To Tank (WTT) gas consumption	N/R	42	32	33	51	Converted from Scope 1 and 2 source data.
WTT and transportation and distribution electricity consumption	N/R	345	293	297	302	
WTT fuel	N/R	2,498	2,821	2,831	2,745	
Waste generated in operations	–	180	280	251	227	
Spoil to landfill	N/R	153	231	217	206	
Office and depot waste	N/R	24	45	31	19	Data provided by waste management contractors.
IT	N/R	0.1	0.03	0.07	0.02	
Water supply waste	N/R	2	4	2	3	Data provided by utilities invoices.
Business travel	0.5	103	207	402	241	
Private vehicles	–	44	130	55	90	2020-21 reported private vehicles in Scope 1.
Rail	–	1	4	6	9	Data provided by third-party corporate travel company. Increased flight emissions in 2023-24 reflect resumed business travel after COVID-19 restrictions.
Flights	–	–	3	275	86	
Hotels	–	54	66	60	49	
Hire cars, taxis, buses	0.5	5	5	6	7	
Employee commuting	–	964	1,087	952	1,101	
Commuting	N/R	518	893	812	929	Calculation based on results of an employee survey.
Homeworking	N/R	446	194	141	172	
Total gross Scope 3 carbon	**4 ,080**	**11,817**	**13,319**	**13,235**	**13,268**	
Carbon offset	N/R	-70	-2,700	-2,400	-2,200	Carbon offsetting rail and air emissions (including helicopters) along with emissions associated with our HGVs since 2022-23 via certified additional international offsets.

Notes: N/R = not recorded. Our Scope 3 reporting excludes Upstream Transportation in 2021-22 carbon accounts, reflecting business organisation and fuel being included within Scope 1 emissions. Values below 1 are reported to the first significant figure.

CHART 5 – Breakdown of Scope 3 emissions 2020-25

Scope 3 emissions (tCO_2e)



CASE STUDY – Carbon offsetting and responsibly handling unavoidable emissions

We understand the ever-increasing importance of achieving net zero by 2050 and realise the impact our business and work has on the environment. While our focus is to reduce our emissions through improved efficiencies, systems and processes, some emissions are unavoidable – and that is where carbon offsetting comes in.

Carbon offsetting is an opportunity for us to compensate for some of the unavoidable emissions generated within our day-to-day business, and we have done so through purchasing Gold Standard and Verified Carbon Standard (VCS) credits to offset our unavoidable air and rail travel emissions. In 2022-23 we conducted a review of our fleet to determine the availability of lower emission alternatives. As mentioned earlier in the report, this review highlighted that such alternatives are not currently available for our HGVs and as such, we made the decision to include these emissions in our unavoidable carbon offsets.

This year, due to a delay in a contract change, our green electricity contract expired, and we were temporarily placed onto brown electricity. Recognising the significant impact these additional emissions had, we took the decision to offset them separately with verified carbon offsets that specifically support cookstoves in Malawi and Bangladesh.

We are always looking to improve the environment in areas that are impacted by our work, but it is important to recognise that greenhouse gas emissions are a global issue and that developing countries frequently bear a disproportionate share of the consequences.

Among the few confirmed carbon offsets available in the UK, planting trees is the most common option. Given our significant tree planting efforts on our five-for-one programme, we have instead focused our carbon offsetting strategy on supporting projects in developing countries, such as India and Africa, that promote energy-efficient biomass cookstoves, renewable energy, and clean drinking water. We will continue to offset our unavoidable emissions as we work towards achieving net zero.

Embodied carbon

Embodied carbon describes the carbon released when producing materials. It is estimated based on the energy used to extract and transport raw materials, as well as the emissions created during manufacturing processes.

Over RIIO-GD2 we will report embodied carbon on new construction projects that meet the threshold requirements, and we will work with other GDNs to ensure consistency in methodology. We also track the embodied carbon of materials and services we use daily through our Scope 3 reporting. The following graph shows the embodied carbon emitted during the 2024-25 regulatory year and is a baseline for future reporting on embodied carbon reduction.

The embodied carbon chart demonstrates the importance of efficient management of our core activities and continuing to proactively manage our operational fleet, which is a significant source of embodied carbon. The complexity and volume of our work also influence our overall carbon footprint, as these factors directly impact resource consumption and waste generation.

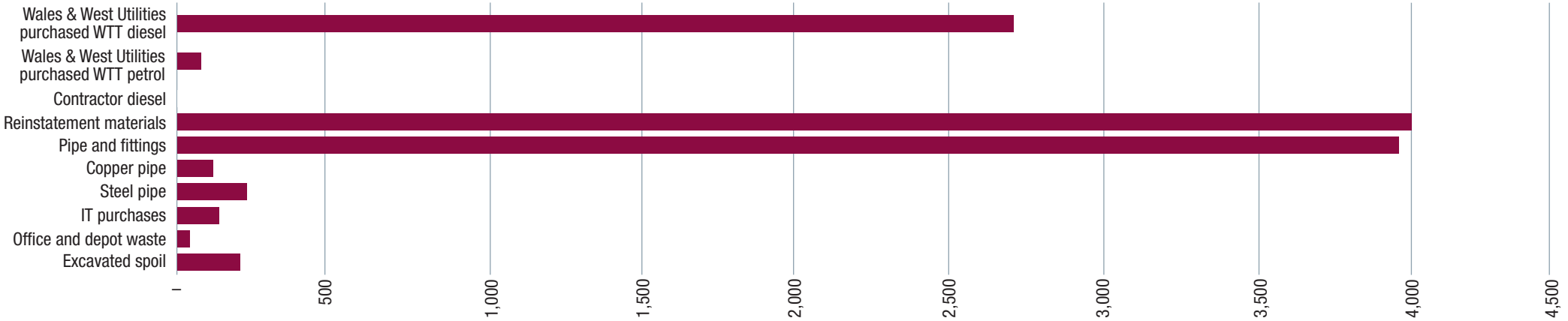
During RIIO-GD2 we propose to monitor our embodied carbon against the metrics in table 13 below.

We will work closely with our supply chain throughout RIIO-GD2 to improve the quality of our embodied carbon reporting. See section 8 for more details.

TABLE 13 – Status update on our 2021-25 embodied carbon and ambitions

Embodied carbon source	Description	Footprint tCO_2e 2021-22	Footprint tCO_2e 2022-23	Footprint tCO_2e 2023-24	Footprint tCO_2e 2024-25
Total embodied carbon	We will show how we are improving and seeking carbon efficient solutions over RIIO-GD2.	25.08 tCO_2e/km pipe replaced	26.58 tCO_2e/km pipe replaced	23.38 tCO_2e/km pipe replaced	28.10 tCO_2e/km pipe replaced
		22.21 tCO_2e/£m turnover	22.47 tCO_2e/£m turnover	20.18 tCO_2e/£m turnover	20.84 tCO_2e/£m turnover

CHART 6 – Embodied carbon 2024-25 (tCO_2e)



Sustainable procurement

We procure goods and services from over 1,100 suppliers who are key to supporting our environmental ambitions. We strive to find ways to improve supplier engagement, including the most effective ways to communicate our ambitions and expectations for a sustainable supply chain.

Sustainability and our Supplier Charter

Key to this communication is our Supplier Charter, refreshed at least annually to ensure that the topics which are important to our business now, and in the future, are clearly defined. The 2025 publication has been refined to better highlight the themes our suppliers will be asked to support, as we continue our sustainability journey. Established minimum standards of compliance remain. Whether legislative, contractual terms, or ethical standards, the core principles required to provide a safe and reliable service are reviewed to ensure they remain relevant and comprise the bulk of the Charter.

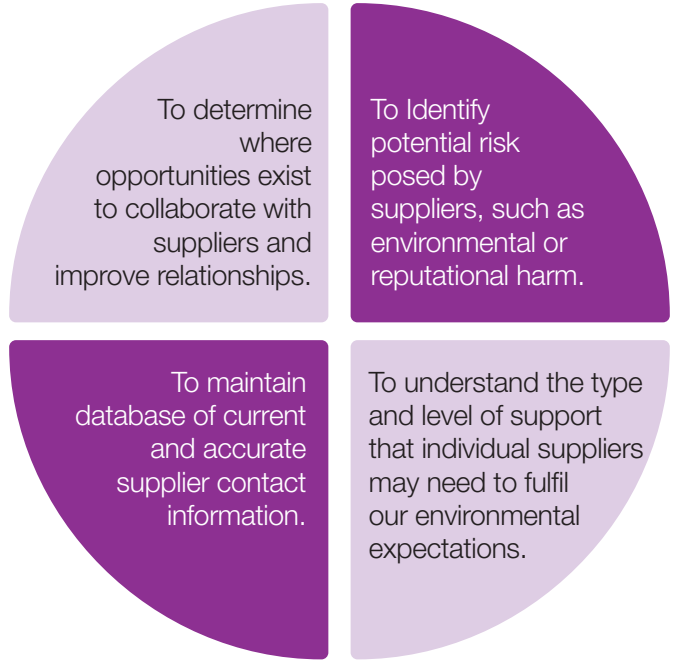
Decision making and sharing information

We place increased focus on our company Priorities and Values, highlighting the overarching themes that guide our decision making. We make sure that the Charter correlates to our PQQ to ensure alignment with supplier acceptance protocols. A newsletter for the supply base is one of our new developments; to share the directions we are taking on environmental topics. Suppliers will be able to gain insight into how best to position themselves in support of our plans, whether in existing contracts or through winning new or additional business. “Pipeline: where ideas flow”, is a newsletter section within our Supplier Charter, that we will refresh more frequently and publish separate to the Charter if it proves to boost engagement.

Suppliers and support for our environmental plans

Which suppliers can best support our environmental plans? Mapping our supply base is an activity we continue each year, gaining useful insights into supplier awareness and measuring the effectiveness of our activities. Alongside data gathered in support of our Modern Slavery and Real Living Wage initiatives, we try to build a picture of which suppliers are best positioned to support environmental plans or offer potential collaboration. For example, understanding where single use plastics or returnable packaging exists helps us explore opportunities to source and specify more environmentally beneficial products in the future. Knowing which suppliers are actively measuring their carbon footprint and developing carbon reduction plans, provides useful feedback to guide our sourcing of a digital solution to supplier data management. Additional questions have been included in this year’s survey on topics supporting the EAP, such as product lifecycle analysis and end of life opportunities. Where necessary, we supplement the survey through desktop analysis of a supplier’s web presence and publications.

In 2025, the objectives of our supplier mapping are:



Sustainable procurement practices and plans

Each year our company-wide environmental ambitions become further embedded into our procurement practice. The redevelopment of our PQQ has seen environmental and sustainability considerations become more prominent, now providing a consistent approach to supplier selection across all procurement categories while retaining the flexibility to manage specific activities.

Continued membership of the Supply Chain Sustainability School (SCSS) has enabled internal training and learning for colleagues across a range of topics, supporting the development of industry best practices and solutions. A learning pathway has been developed to provide a minimum standard of awareness for all members of the Procurement team, providing a basic understanding of terms and concepts relating to topics such as carbon reporting, waste reduction, and social value. Our SCSS membership allows us to share the resource with our supply chain and the Supplier Charter references the potential benefits from supplier involvement.

Our next steps include:

- Continue to map the current supply base and assess against key environmental objectives, establish a foundation to help shape future activity, and amend supplier questionnaires to address emerging themes.
- Develop tools and metrics to measure and record environmental performance through PQQs and contract management.
- Engage with internal stakeholders to ensure that our approach supports long-term environmental goals and strategic ambitions.
- Periodically review and publish the Supplier Charter.

TABLE 14 – Sustainable procurement performance indicators

Supply chain	2021-22	2022-23	2023-24	2024-25
Percentage of suppliers (by value) meeting licensee's supplier code	74% (87% of suppliers questioned in benchmark of 80% of spend)	76% (83% of respondents in benchmark of 95% of spend)	78% (93% of respondents in benchmark of 85% of spend)	71% (98% of respondents in benchmark of 71% of spend)
Percentage of suppliers (by value) that have their own sustainability metrics or KPIs	45% (54% of suppliers questioned in benchmark of 80% of spend)	71% (77% of respondents in benchmark of 95% of spend)	71% (85% of respondents in benchmark of 85% of spend)	70% (90% of respondents in benchmark of 71% of spend)

Efficient resource use and waste management

Effective resource use and waste management is critical for the conservation of natural resources, making it central to ensuring a sustainable future. As waste production grows globally, so does the urgency with which we must focus on reduction, re-use, and recycling.

We are adopting a circular economy approach, where resources are kept in use in a closed-loop system rather than thrown away, wherever possible. This will help us cut our reliance on new raw materials and re-use previously used materials.

The waste hierarchy is a fundamental principle that underpins our approach to waste management, and we use it to drive environmental improvement, moving away from disposal to the prevention of waste creation.

Through RIIO-GD2 we have committed to a range of resource use and waste targets. See Table 2 for more information.

TABLE 15 – Key materials used during the reporting period 2024-25

Resource	Volume consumed	Environmental impact	Actions taken
Aggregate	44,065 tonnes	Potential environmental impacts associated with aggregate extraction including changes to the landscape, loss of habitat, noise, dust, erosion, and sedimentation.	• We proactively seek to reduce the number and volume of excavations we dig. Utilising techniques including inserting new PE pipe into the pipe already buried in the ground. • Where we must dig, we seek to use recycled aggregate as backfill material, this reduces the impact of the resource use and reduces demand on virgin aggregate. Recycled aggregate requires specific conditions for it to be an effective product, and the UK weather can make that challenging at times. • During 2024-25, against a RIIO-GD2 commitment of 20%, we used 54% recycled aggregate as back fill material (15% in 2023-24). We continue to work with our suppliers to improve our performance in this area.

TABLE 15 – Key materials used during the reporting period 2024-25 (cont.)

Resource	Volume consumed	Environmental impact	Actions taken
Reinstatement materials	**Tarmac** 37,307 tonnes **Concrete** 12,764 tonnes **Paving** 3,288 tonnes **Soil** 6,120 tonnes	Asphalt, concrete, and brick production are carbon intensive and utilise a range of raw materials including aggregate and water.	Where feasible, we reduce the size of our excavations through innovative solutions and favouring pipe insertion over open-cut methods. This allows us to limit the volume of reinstatement materials consumed. We are working collaboratively with our reinstatement supply chain to identify opportunities to further reduce the impact of our reinstatement activities.
Diesel – fuel within the operational fleet	4,220,583 litres	Burning diesel releases carbon dioxide, a greenhouse gas, into the atmosphere. Diesel engines also emit particulate matter (PM) and nitrogen oxides (NO_x) which contribute to the production of ground-level ozone and acid rain resulting in a negative effect on human health and biodiversity.	• We proactively manage our operational diesel fleet, ensuring the vehicles are well maintained and moving towards efficient Euro 5 engines, currently 99% (96% in 2023-24). • We are investigating ULEV and ZEV alternatives across the fleet. • We have incentivised the ULEV and EV cars in our “user chooser” company car scheme. • Where network capacity has allowed, we have increased the number of EV charging points to 69 across our depots and offices, supporting company and personal ULEV and EVs. • We have invested in battery operated tools and machinery where available and continue to trial technologies in this space.
PE and metal pipe	1,941 tonnes	The principal impacts associated with the manufacture of PE and metal pipe are associated with resources depletion and energy consumption.	• We employ a number of initiatives to support the efficient use of PE pipe including our investment in coil banding systems at main depots, and use of service coil bags rolled out across our geography. • 100% of the PE waste disposed of through our third-party provider is recycled and made into secondary plastic pipe products.

Other actions taken in the year, which have less physical impact but support embedding environmental behavioural change within the business include:

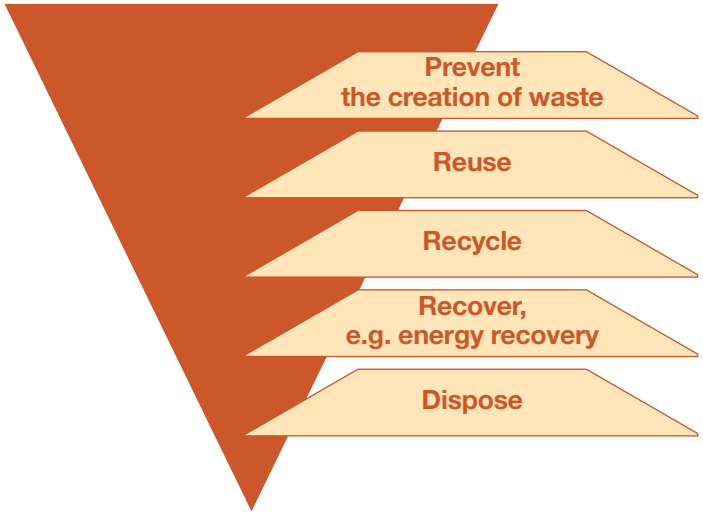
TABLE 16 – Other materials focus areas for Wales & West Utilities during the reporting period

Resource	Environmental impact	Actions taken
Paper	Paper production requires enormous amounts of energy and water and can have negative environmental impacts including deforestation and air pollution. Although paper is widely recycled in the UK, paper waste remains an issue, with 26% of paper going to landfill.*	• We have dedicated recycling bins for paper to ensure it is diverted from landfill. • We worked from home during COVID-19 where possible, which reduced the amount of paper we used as part of our normal working practices. Since returning to working in the office we are encouraging staff to continue keeping printing and other paper usage to a minimum. • In 2021-22 we trialled recycled paper, testing its compatibility with office equipment. Further testing criteria were identified during 2022-23 to ensure the paper meets accessibility needs of our internal and external stakeholders.
Single use plastic	Many types of plastics are recyclable, but it takes up to 500 years for plastic to fully decompose. Every year, the UK throws away enough plastic to circle the globe five times.†	• Moved from SUP teabags and coffee point sundries to sustainable alternatives. • Stationery framework tender includes environmentally friendly SUP free or recycled content at reduced cost. These items were implemented in 2022. • Reusable water bottles were issued to operational colleagues from March 2022. • In 2022-23 all plastic cutlery in our canteen areas was replaced with wooden alternatives. An environmental tax has been added to takeaway cups to incentivise the use of reusable alternatives.
Used Coffee Grounds	Coffee grounds, when disposed of in landfills, contribute to greenhouse gas emissions as they decompose without oxygen. They are also a valuable resource rich in nitrogen, phosphorus, and potassium, which are beneficial for soil health and plant growth. Diverting them from landfill and repurposing them reduces waste and provides a sustainable alternative to chemical fertilisers.	• Colleagues and visitors at our head office are encouraged to collect used coffee grounds for use as a natural fertiliser and soil improver in their gardens. • This initiative promotes waste reduction and provides an environmentally friendly resource to our employees. • On average this diverts around 8kg of coffee grounds per week from waste streams.

* Paper Waste Facts and Statistics | Waste Managed

† Recycling Facts

Waste summary



Initially focusing on reducing consumption and the generation of waste, as well as diverting waste from landfill through reuse, recycling, and recovery, we expect to achieve our ambition to send zero waste to landfill by 2035.

The segregation of waste throughout both operational and support sides of the business is commonplace, which allows us to increase the recycled content of our waste streams. New and revised legislation offers additional opportunities to divert waste from landfill by encouraging recycling and recovery. However, we continue to look for new opportunities to divert waste from landfill. The following table shows how we performed during the year.

TABLE 17 – Year on year comparison of waste produced

	2021-22	2022-23	2023-24	2024-25
Total metric tonnes of waste produced directly by the company	150,614	232,191	221,328	209,972
Tonnes per £m turnover	325	448	392	380

TABLE 18 – Waste statistics

	Reuse	Recycle	Recovery with energy	Incineration	Landfill
Total (tonnes/%)	–	209,483 99.8%	154 <1%	214 <1%	122 <1%
Spoil	–	208,778 99.4%	–	–	99 <1%
PE waste	–	189 <1%	–	–	–
Mixed recycling	–	198 <1%	–	–	–
Cardboard	–	32 <1%	–	–	–
Plastic wrapping	–	4 <1%	–	–	–
Pallets	–	81 <1%	–	–	–
Non-recyclable (general waste)	–	–	154 <1%	151 <1%	23 <1%
Hazardous waste	–	–	–	63 <1%	–
Metal waste	–	201 <1%	–	–	–
IT waste	–	0 <1%			

Our performance against our RIIO-GD2 target of sending a maximum of 20% waste to landfill was met in the first reporting year. Although this is a great start, we are continually looking for areas to further improve. Here are some of the activities that we're engaging in.

CASE STUDY – Taking Responsibility: Our "Sorted!" Waste Management Campaign

Effective waste management is a foundation of our commitment to environmental responsibilities. Wales took a significant step forward with new workplace recycling legislation, which came into force on 6 April 2024. This law requires businesses to segregate a wider range of materials for recycling, including food waste, paper and card, glass, plastic packaging, and metal. To prepare our colleagues and to ensure compliance in readiness for these changes, we developed our internal campaign, "Sorted!". This doesn't just explain the changes; it equips our colleagues with the knowledge and resources they need to recycle effectively across all our Welsh depots.

Information banners featuring the "Sorted!" logo and clear explanations of the legislation changes were placed prominently at each depot in Wales. These banners also detail the new waste streams, and which bin each type of waste belongs in. We also replaced all the bins at each site with clearly labelled options for the new waste categories, giving colleagues an opportunity to adjust ahead of the changes and making it easy for them to do the right thing.

Having successfully implemented the changes in Wales, we built on this experience to prepare for the changes to workplace recycling in England. "Simpler Recycling" was introduced by the UK Government on 31 March 2025. Our "Sorted!" campaign expanded to include a series of videos, which featured our Sustainability and Environment Manager along with colleagues from around the business discussing the waste changes and how to identify different types of waste. In anticipation of these changes in England, we developed our "Sorted Week" campaign and launched it on 31 March. It included a "Sorted!" newsletter, a "really rubbish quiz", and the circulation of information posters, all designed to help communicate the rules and ensure a smooth transition.

By prioritising responsible waste management and supporting our colleagues, we demonstrate our commitment to a cleaner, more sustainable future.

Local environment

Climate change resilience

The risk from climate change has potential to impact on the resilience of our network, and we recognise the pivotal role we play in delivering a safe and secure supply of gas to our customers. We've committed to use up-to-date, government issued, climate change projections to assess the risk of climate change to our network.

In 2024 our physical climate-related risks were re-assessed and re-scored to produce an Adaptation Reporting Power (ARP) report* which we have submitted to the UK Government's Department of the Environment, Farming and Rural Affairs (Defra). ARP reporting is an expectation for organisations with a public-facing function and enables the UK Government to support its assessment of national adaptation plans under the Climate Change Act 2008.

In addition, we wrote a Climate Resilience Strategy (CRS) in 2024, as required by Ofgem for the business plan period RIIO-GD3 (2026-2031). This was concurrent with the ARP risk analysis and reporting process. The Strategy commits us to long-term climate change adaption and risk management up to 2100, and proposes RIIO-GD3 as a time for modelling and analysis to build the evidence case for investments in resilience in the 2030s and 2040s. We will be developing "adaptation pathways" from 2025 onwards. They will combine the risk scoring of ARP with long-term strategic priorities of the evolving CRS to inform investment and wider business planning.

For our ARP risk scoring exercise, we used UK Government guidance to consider four scenarios:

1. **Short term** (which we interpreted as covering the present to the end of the next regulatory price control period, 2025 – 2031) with recently experienced frequencies and intensity of extreme weather events, including Storms Ciara and Dennis (2020), and the 2022 heat waves acting as benchmarks.
2. **Medium term** (2031 – 2050) with two degrees of warming above pre-industrial levels.
3. **Long term** (2050 – 2100) with two degrees of warming above pre-industrial levels.
4. **Long term** (2050 – 2100) with four degrees of warming above pre-industrial levels.

In the ARP4 assessment 109 risks were identified. Of the climate variables considered, those that produced the most risks were precipitation, temperature and sea level. Others included wind, cloud cover, humidity, and lightning.

Precipitation hazards generate risks associated with:

- Not being able to access pipelines and above ground infrastructure because of surface water and river flooding
- Damage to pipes running alongside and over rivers from erosion of banks and debris carried downstream in floods
- Mobilisation of pipes from saturated ground
- Increased potential for corrosion of metal pipes
- Inundation of depot yards
- Flooding of trenches and excavations.

Temperature hazards generate risks that are largely associated with:

- Overheating of electrical equipment
- Evaporation of volatile liquids
- Poor performance of adhesives
- Resins and bonding processes
- Heatstroke of staff working outside
- Increased demand of supply in extreme cold
- Ground movement causing strains on pipes
- Sea level rise is recognised as a potential hazard for the medium and long term.

Climate change risks are documented, maintained, and updated in our climate risk register. The environmental management system, which is maintained according to ISO 14001 standards and audited externally each year, also documents

* wwu-arp-report.pdf

climate related risks material to environmental performance. Both registers document the inherent and managed risk scores.

Our active management of climate risks is primarily embedded within day-to-day inspection and maintenance operations that feed through to the intervention programme. Examples include:

- Identifying erosion during river crossing surveys and determining appropriate actions to mitigate the risk to protect the integrity of the asset
- Higher peak river levels putting above ground water crossings at risk of being hit by floating debris
- Bridge structures (highways / disused railway lines) becoming damaged, weakened or needing to be replaced, resulting in us having to relocate assets that may be attached to them.

From experience of extreme weather events over the last 10 years, we consider ourselves to be in a position to remain resilient in the face of short-term physical risks. Underground gas infrastructure is less vulnerable to extreme weather than, for example, overhead cables. Our analysis reassures us that impacts on above ground infrastructure would be localised to the asset and the process it supports, and are unlikely to lead to a major loss of supply or result in a risk to the whole system.

Enhancing the local environment

Operating in a sustainable manner to protect and enhance our natural environment is essential to us as a responsible business. The following section details how we focus our attention on biodiversity, air quality and land management.

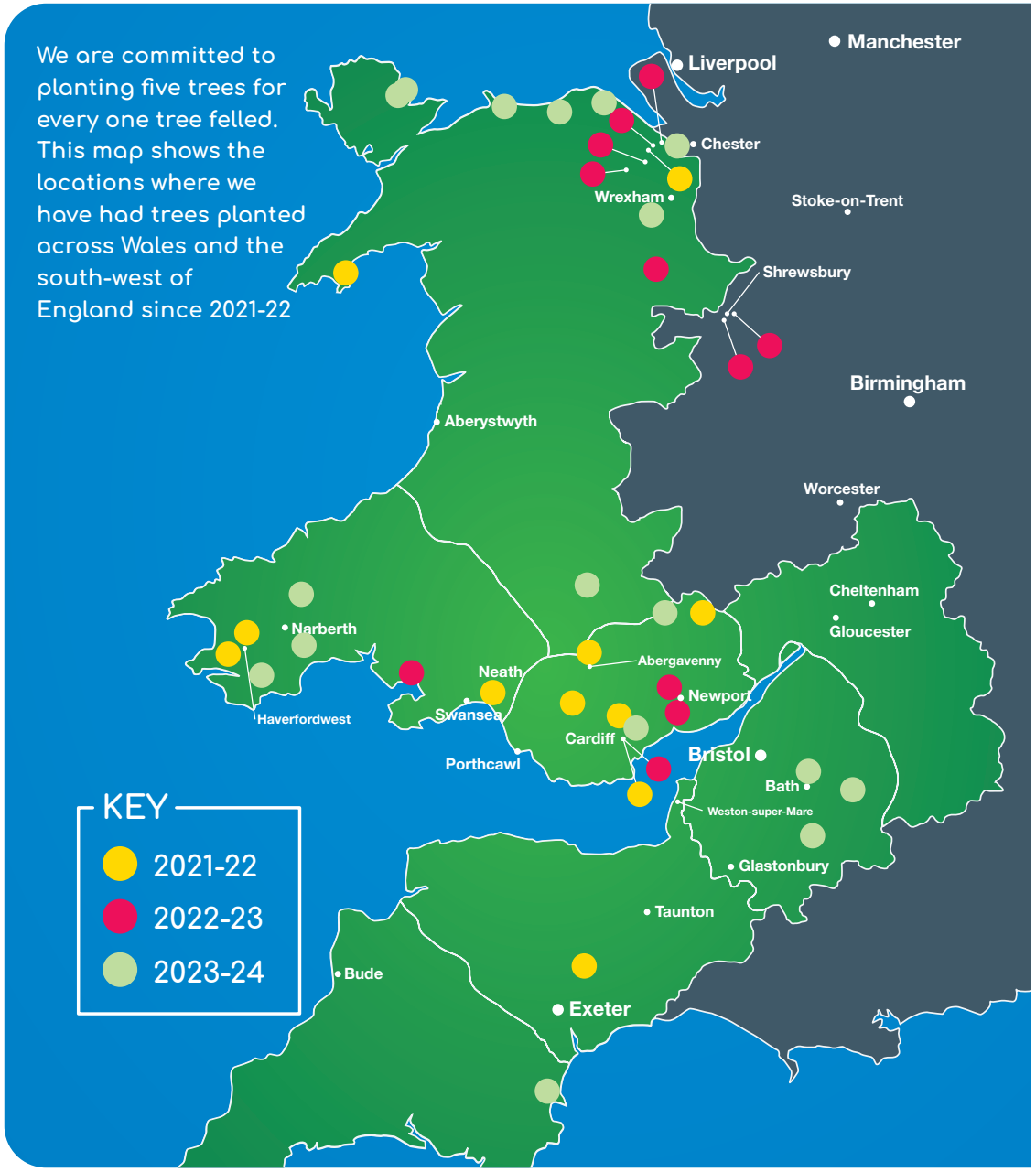
While our gas distribution network comprises many sites, most have limited land footprints. These sites primarily serve functional purposes like gas assets and storage equipment, offices, or depots. This unique portfolio structure means a one-size-fits-all approach to natural capital valuation is not the most efficient use of resources.

Therefore, we're focusing on a targeted approach using the approved Defra Metric for individual site assessments. This allows us to tailor our efforts to areas with the most significant potential for improvement and deliver the greatest value for our customers.

We have not set a de-minimis area limit; although some of our sites may be small, we will continue to look for potential natural capital enhancements where appropriate.

TABLE 19 – In-year schemes to enhance or restore local environmental value

Scheme name	Location	Description	Environmental benefit	Timescales
Land management projects	Wales & West Utilities network	See land management section for more information.	Reducing the impact on water quality while bringing the site into beneficial use for the wider community. Supporting the local authority's plans for brownfield sites.	2024-25
Tree planting	South Gloucestershire	Colleagues volunteered their time to support South Gloucestershire Council's robust tree planting programme by planting 22 trees in a community space in Bristol.	Biodiversity benefits to local environment by providing natural habitat for wildlife. Benefits people in the surrounding area by having a positive effect on mental health and wellbeing, reducing stress and encouraging outdoor exercise.	February 2025
Tree planting	Wales & West Utilities network	Planting of a further 4,185 trees as a continuation of the "Five for One" Policy (3,135 trees planted in 2023-24).	Improved air quality through pollutant absorption, providing natural habitat for wildlife.	Data captured 2024-25. Planting to commence in autumn 2025.



CASE STUDY: Partnering up for ambitious tree planting

When carrying out our gas pipe maintenance and replacement programme, it's sometimes an inevitable part of our work underground that we must remove trees to gain access to pipes. To counter this, and as part of our commitment to enhance biodiversity, we have pledged to plant more trees than we take down and are making strides towards achieving this.

To help in our goal, we have proudly partnered with Stump Up for Trees, an ambitious community-based charity dedicated to woodland creation and enhancing biodiversity in the Bannau Brycheiniog area of south-east Wales (previously known as the Brecon Beacons).

We directly contributed £10,000 towards their planting programme, enabling the planting of more than 1,660 trees in the south Wales valleys and river catchments, bringing 1.4 hectares of landscape back into management for nature.

By planting the right trees in the right places, and with an ambition to plant one million trees, Stump Up for Trees aims to enhance local ecosystems and inspire the next generation to appreciate the value of trees and take direct environmental action.

These new woodlands will bring a multitude of benefits to the Bannau Brycheiniog, including enhanced biodiversity with new habitats, improved carbon reduction to combat climate change, and better water management. This project is an example of how strategic partnerships can deliver significant positive impact on critical environmental challenges.

CASE STUDY: Creating a lasting positive legacy at Kingskerswell

When we turned a period of necessary disruption into an opportunity for ecological enhancement and community engagement, we not only supported vital local ecosystems but also strengthened our ties with the Kingskerswell community.

Our essential mains replacement work in Kingskerswell took nearly two years to complete and was crucial for ensuring the long-term safety and reliability of the gas network in the area. Recognising the community and environmental impacts caused by this essential work, we partnered with the Kingskerswell Action Group to create a lasting positive legacy for the community and local environment.

Together we transformed a large, prominent bank in the area into a vibrant haven for pollinators. This involved the planting of pollinator-friendly plants and wildflowers, a carefully planned ecological intervention designed to significantly boost local biodiversity, enhance green areas, and promote a strong sense of community pride through shared environmental spaces. We are proud of this collaborative effort and the positive, flourishing legacy it has created.

Land management

In Year four of RIIO-GD2, our Land Management department completed 10 of our target 85 projects across 70 sites required for delivery during our five years of RIIO-GD2. This brings the number of projects delivered so far in RIIO-GD2 to 79, which is on track to meet our goals.

As part of our long-term land management programme, we arranged further assessments this year, including site visits that contribute to the monitoring and maintenance of our assets. These activities have been carried out as part of our duty of care under environmental legislation, to ensure that our assets do not pose a significant risk of significant harm to human health, controlled waters (surface and groundwater bodies) and the environment.

As stated in our Business Plan (2021–2026), our long-term ambition will see environmental risks reduced to a minimum and the divestment of sites, where appropriate, to reduce ongoing costs to consumers. In Year four, eight sites were subject to investigation/monitoring. Upfront investment in site investigation/monitoring has two positive gains for consumers and the environment as follows:

1 The refinement of sources of contamination results in the reduction of remediation areas/volumes and therefore provides better value for consumers as there is less to make right.

2 In addition, this approach is considered more sustainable given that reduced remedial volumes result in fewer vehicle movements for the export of contamination and importation of clean material.

In Year four, Land Management completed two land remediation projects at our site in Tywyn, north-west Wales and Quakers Yard, south Wales. Land remediation is the process of cleaning up contaminated soil and water at historical gas production sites.

At Tywyn, the 0.13ha site was subject to excavation and off-site disposal of hot spots of contamination. Grossly impacted soils above the water table were excavated and approximately 70m^3 of material was exported directly offsite for disposal. Two dilapidated redundant buildings were demolished to allow investigation of ground conditions beneath. No contamination was identified beneath the buildings. A total of 316 tonnes of MOT Type 1 virgin quarried aggregate was imported for use as general fill to the excavations and placed within the top 300mm as the remediation “clean cover”. As agreed in our planning conditions, a hibernaculum for slow worms and snakes was also installed at the site.

The Quakers Yard project has been the largest and most logistically challenging land management remediation project undertaken in RIIO-GD2. Pre-works included significant public engagement including a dedicated drop-in event to engage with the local community and creation of a public website for providing project updates. Ahead of the main works commencing in 2024, significant ecological surveys were also undertaken.

The main remedial works included the excavation and treatment of approximately 413m^3 of impacted material including removal of gross tar material associated with a former tar tank and former processing areas. A total of 4,059m^3 of material was turned over with only 51m^3 of material sent off site for disposal (~1%). The contamination was stabilised and solidified within an area of the site away from the river.

Due to on-going erosion and the potential for failure of the riverbank, approximately 86m of riverbank was re-engineered using a soft-engineering approach (using live willow) with the design agreed with Natural Resources Wales (NRW) under a Flood Risk Activity Permit (FRAP).

Biodiversity enhancements were also undertaken at the site post-works including the establishment of hibernacula, bug hotels, an otter holt, two kingfisher nest boxes, bird and bat boxes (installed on mature trees at the site boundary) and the planting of over 800 trees/ shrubs across site. Two benches and two information boards constructed of recycled plastic were also installed at the site. The boards focus on the gasworks history of the site and the ecology of the river. This site is now under short to medium term monitoring to demonstrate the remediation has been successful.

Biodiversity

CASE STUDY – Biodiversity enhancements at Bristol

Foxes, badgers and five species of bat are among the welcome visitors to our biodiversity net gain (BNG) enhancing project at our Bristol Depot. Our site is part of the Bristol Wildlife Network Sites that provide wildlife corridors in designated spots across the city. Once we established the great potential to substantially enhance biodiversity, ecosystem services, and amenity value, we considered a range of BNG options and discussed them in detail with local planning authorities.

The site homes, or has the potential to home, protected species such as bats, reptiles, great crested newts, and specially protected birds among other creatures, and we hope the work we're carrying out here will be successful in attracting such species.

Managing existing dense scrub areas, planting up native trees, and creating a wildlife pond are some of the actions we've taken so far to increase the cover of woodland and boost biodiversity value. It's about making the most of existing features as well as introducing new. By retaining a dead wood tree, we're encouraging invertebrates into the ecosystem. We're also fortunate to have a mature sycamore tree on site, which brings aphids and their varied predators, including ladybirds, hoverflies, and birds. Work is ongoing and delivered on a timeline that is sympathetic to the natural environmental cycles of the site.

Early in 2025, we further enhanced the site by planting native hazel and hawthorn trees. These species were specifically chosen for their significant benefits to local wildlife. Hazel (Corylus avellana) is a fantastic tree for biodiversity, providing an early source of pollen for bees in spring and producing nuts that are a vital food source for dormice, squirrels, and jays.
Its dense growth also offers excellent nesting and roosting sites for birds. Hawthorn (Crataegus monogyna), with its fragrant white flowers in spring, supports a wide range of pollinators including bees and hoverflies. In autumn, its vibrant red berries provide a crucial food source for many bird species like thrushes, helping them to build up their energy reserves for migration or the colder months. Both species also contribute to creating a diverse and resilient woodland habitat, strengthening the wildlife corridors within the Bristol Wildlife Network Sites.

TABLE 20 – Impact on biodiversity

Project description	Baseline units	Post intervention units	Total net unit change	Percentage net change to date
Bristol BNG	4.31	5.14	1.04	19.2%

Air quality

Air pollution is not only a major risk to human health; it has significant impacts on the environment. Air quality is an important issue to our employees and Senedd Research highlights that Wales has some of the poorest air quality in the UK, where an estimated 1,000-1,400 deaths per year can be attributed to air pollution exposure.

We are committed to understanding and minimising our impact on air quality during RIIO-GD2. Working with specialist consultants, we have established how to convert our operational activities into air quality data that can be monitored.

Key air quality impacts from Wales & West Utilities

Vehicles/sitework – Petrol or diesel-powered non-road mobile machinery (NRMM) and our operational and company fleets all emit nitrogen oxides (NO_x), particulate matter (PM_{10} and $PM_{2.5}$).

Energy plant – Gas boilers emit NO_x (and some PM_{10} and $PM_{2.5}$ but at a very low rate).

To benchmark our air quality impact, we have used data on our fleet operations in litres of fuel and miles driven and the kWh of gas consumed (including shrinkage). The assessment is detailed in the table following:

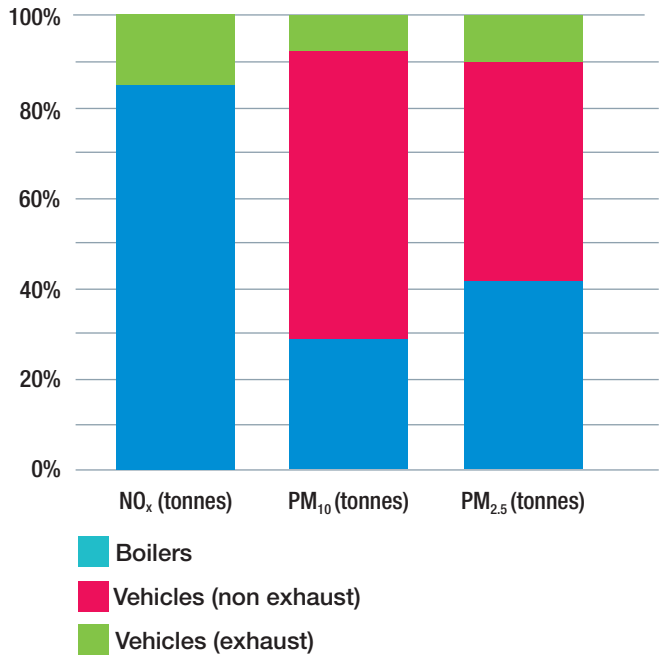
TABLE 21 – Air quality analysis

Emission source	NO_x (tonnes)	PM_{10} (tonnes)	$PM_{2.5}$ (tonnes)
Vehicles (exhaust)	13.717	0.108	0.108
Vehicles (non-exhaust including brake, tyre and road abrasion emissions)	–	1.049	0.548
Boilers	76.290	0.470	0.470
TOTAL	**90.007**	**1.628**	**1.127**

Our EAP goals and commitments will help to lessen our impact on air quality over RIIO-GD2. The steps we anticipate taking include the following:

- **Reduce travel** by targeting a reduction in non-operational travel and promoting virtual team meetings.
- **Improve the energy efficiency of buildings** to reduce boiler use.
- **Promote the use of alternative fuels**, electric or hybrid vehicles and proactively investigate EV and other ULEV options for our operational fleet.

CHART 7 – Air quality impacts in 2024-25



Environmental incidents

We're committed to making continuous improvements in managing our environmental impacts. Our independently accredited ISO 14001 environmental management system provides the foundation from which we drive legal compliance and environmental performance throughout the business.

During the reporting period, we successfully retained our ISO 14001:2015 accreditation with no major nonconformities. Our lead auditor was again impressed with our high levels of compliance, commenting, "… another excellent visit and the expected high standards were clearly observed."

Our environmental performance is further demonstrated by the absence of environmental incidents reported to, or actions taken by, our environmental regulatory authorities (EA, NRW).

Statement on scope and quality

Data assurance statement

This is the fourth year we have published an AER. Ofgem require that annual submissions be uploaded on the licensee's website.

The 2024-25 AER was completed in line with the Regulatory Instructions and Guidance (RIGs) and in line with the RIIO-GD2 Environmental Reporting Guidance (Version 1.0) and on this basis a full Data Assurance Guidance process has been conducted.

Members of the management team prepared methodology statements and completed risk assessments for the AER, which was then passed to the Head of Regulation and Internal Audit for review. All tables were subject to the requisite first line assurance i.e. data preparer, second person review, business lead sign-off and executive sign-off, and these review stages included the following checks:

- Agreeing data that aligns with already published information where possible – including the RRP, Regulatory Accounts and Consolidated statutory financial statements, where such information has already been subject to varying levels of validation and data assurance.
- Agreeing data that aligns with the underlying workbooks.
- Reperforming calculations to ensure the correct results within the tables.
- Ensuring the commentary is aligned with the tables.

A final review has been undertaken by members of our Executive team. Information on the methodology, assumptions and estimations are provided in Appendix 1.

Appendix 1 – Methodology

Assumptions, methodologies and data sources used in the calculation of data within the AER are provided below.

Our confidence in the data is assigned using the qualitative assessment.

Red We have significant concerns on the data and analysis applied and have developed a strategy to improve the data.

Amber We have moderate concerns over the quality of data, but the analysis applied is within appropriate tolerances of the prescribed reporting requirements. We have developed a strategy to improve the data.

Green We have confidence that the data and analysis is within appropriate tolerances of the prescribed reporting requirements. However, improvements can be made.

ASSUMPTIONS TABLE 1 – Decarbonisation biomethane

Category	Methodology and assumptions	Data source	RAG rating
Annual addition of low-carbon and renewable energy capacity connected to the network	Maximum hourly flow capacity of the connected site, in the regulatory year.	Primary asset data.	

ASSUMPTIONS TABLE 2 – Innovation

Category	Methodology and assumptions	Data source	RAG rating
Annual investment in on-going innovation activities that are primarily supporting decarbonisation and/or protecting the environment	Year four of RIIO-GD2 we spent £8.3 million on innovative projects dedicated to decarbonisation. This figure reflects all external and internal spend on innovation projects.	Primary financial data.	
Innovating for decarbonisation and to protect the environment	Refer to published Wales & West Utilities 2024-25 Innovation Report.	Wales & West Utilities Annual Innovation Report	

ASSUMPTIONS TABLE 3 – Scope 1 and 2

Category	Methodology and assumptions	Data source	RAG rating
Licensee's long-term greenhouse gas reduction target, aligned with a science-based methodology (excluding shrinkage)	Target reduction of 37.5% by 2035 (wb2ºC equates to 2.5% annual reduction from baseline 2020. Actual % reduction to date calculated using 2019-20 RRP baseline and 2021-22 RRP Market based Scope 1 and 2.	RRP submissions.	
Annual change in licensee's business carbon footprint excluding losses/shrinkage in comparison to its end of RIIO-GD2 target	Calculated % reduction against 2019-20 RRP baseline using 2021-22 RRP Market based Scope 1 and 2.	RRP submissions.	
Annual change in total shrinkage (reduce gas loss to atmosphere by 10% by 2026)	Annual change calculated as % reduction from previous year using 2022-23 and 2023-24 RRPs data (GWh) converted to tCO_2e using Ofgem defined conversion factors. Target of 10% reduction by 2026 is against 2021-22 baseline.	RRP submissions.	
Ensure 75% of company cars are hybrid or ultra-low-emission vehicles by 2026	Total hybrid/ULEV as a % of total company cars. Target of 75% by 2026 is against 2021-22 baseline.	Primary data.	
Move commercial fleet from Euro V to Euro VI compliant vehicles over RIIO-GD2	Total Euro VI complaint vehicles as a % of total commercial fleet vehicles.	Primary data.	
Reduce carbon emissions associated with non-operational travel by 5% by 2026	Target of 5% reduction by 2026 is against 2021-22 baseline.	Primary data.	

ASSUMPTIONS TABLE 4 – Scope 3 and embodied carbon

Category	Methodology and assumptions	Data source	RAG rating
Purchased goods and services	**Helicopters** – Fuel consumption data provided by contractor and converted using Defra factors. **Contractor Vehicles** – data provided by contractor, converted using Defra factors. **Reinstatement materials** – contractor data converted into volumes, then tonnes and then into carbon using the Defra factors.	**Helicopters** – Secondary data provided by supply chain. **Contractor Vehicles** – Secondary data provided by supply chain. **Reinstatement materials** – Primary data.	
Capital goods	**PE Pipe and Fittings** – data provided by contractors with no conversion required. **Copper and Steel pipe** – Primary purchase data converted into weight (kg) and then into carbon. Where pipe length and/or diameter detail was not available, conservative assumption applied. **IT (purchased equipment)** – Primary data converted using Defra factors.	**PE Pipe and Fittings** – Secondary data provided by supply chain. **Copper and Steel pipe** – Primary data. **IT (purchased equipment)** – Primary data.	
Fuel and energy related activity (not included in Scope 1 or 2)	**WTT Energy consumption / T&D Losses** – Utility consumption reports provided by third party and converted using Defra factors. **WTT Fuel** – third party and primary data combined and then converted using Defra factors.	**WTT Energy consumption / T&D Losses** – Secondary data provided by supply chain. **WTT Fuel** – Secondary data provided by supply chain / primary data.	

ASSUMPTIONS TABLE 4 – Scope 3 and embodied carbon (cont.)

Category	Methodology and assumptions	Data source	RAG rating
Upstream transportation and distribution	Not applicable in 2021-22, carbon associated with this category is incorporated and reported elsewhere.	N/A	N/A
Waste generated in operations	**Spoil to Landfill** – Primary data converted using Defra factors. **Non-Spoil Waste Data** – Primary data provided by third party collected waste (in tonnes) converted using Defra factors. **IT (disposal)** – Third party certified data provided and converted using Defra factors. **Water** – Third party data converted using Defra factors.	**Spoil to Landfill** – Primary data. **Non-Spoil Waste Data** – Secondary data provided by supply chain. **IT (disposal)** – Primary data. **Water** – Secondary data provided by supply chain.	
Business travel	**Business mileage (Private vehicles)** – Mileage expense primary data recorded in miles and converted using Defra factors. **Rail/Air/Hotel** – Third party data provided by booking agent, converted using Defra factors. **Bus/Hire Car/Taxi** – Primary data converted using Defra factors.	**Business mileage (Private vehicles)** – Primary Data. **Rail/Air/Hotel** – Secondary data provided by supply chain. **Bus/Hire Car/Taxi** – Primary Data.	
Employee commuting	**Employee commuting / Homeworking** – Data from employee survey converted using Defra factors.	Primary and estimated data.	

ASSUMPTIONS TABLE 5 – Resource, waste and circular economy

Category	Methodology and assumptions	Data source	RAG rating
Annual total waste (office, network depots, spoil) and fate of waste	**Spoil to Landfill** – Primary data split by Landfill, Recycled and Exempt (and aggregate by material type), converted using Defra factors. **Non-Spoil Waste Data** – Primary data provided by third-party collected waste (in tonnes) converted using Defra factors.	Primary and secondary data.	
Reuse and recycle at least 80% of excavated spoil by 2026	Primary data with total recycled spoil as a % of total spoil. Target of 80% by 2026 is against 2021-22 baseline.	Primary data.	
Increasing use of recycled aggregate to greater than 20% by 2026	Primary data with total recycled aggregate as a % of total aggregate. Target of 20% by 2026 is against 2021-22 baseline.	Primary data.	
Reduce office waste by 25% by 2026	2019 baseline uplifted to reflect current waste data sources. Excludes hazardous waste.	Office and depot waste primary data from supplier.	
Reduce paper consumption by 75% by 2026	Primary data showing total prints (volumes of A4/A3, colour/black and white). Compared to 2019-20 baseline.	Primary data.	
Limit PE gas pipe waste to 5% by weight by 2026	Data provided by contractor and collated as % of waste disposed of against purchased.	Secondary data provided by supplier.	
Sustainable procurement	Data collected via supplier feedback.	Primary and secondary data.	

ASSUMPTION TABLE 6 – Local environment

Category	Methodology and assumptions	Data source	RAG rating
Impact on biodiversity – Bristol BNG	Forecasted data provided by external ecological assessment using Defra Metric.	Primary data provided by expert consultants.	
Air quality	Conversion of carbon accounting data using EEA & NAEI 2023 Emission Factor Database.	Wales & West Utilities 2024-25 carbon accounting data.	
Land management	Methodology for assessment is in line with Ofgem RIGs.	RRP submissions.	

Appendix 2 – Glossary

Biodiversity
Refers to the variety of animal and plant life in a particular area. This can include animal species, plants, fungi and microorganisms. Each of these species and organisms work together within Ecosystem Services.

CV
The amount of heat produced by a fuel's combustion at constant pressure and under "normal" (standard) circumstances is known as its calorific value (i.e. to 0oC and under a pressure of 1,013 mbar).

CHP
Combined Heat and Power systems are a technology that produces electricity and thermal energy at high efficiency using a range of technologies and fuels.

Ecosystem Services
Ecosystem Services are the direct and indirect contributions ecosystems (known as natural capital) provide for human wellbeing and quality of life. This can include regulating services such as water purification, flood control, carbon storage and climate regulation.

Embodied Carbon
Defined in the UK Green Building Council as, "The total greenhouse gas emissions (often simplified to "carbon") generated to produce a built asset. This includes emissions caused by extraction, manufacture/processing, transportation and assembly of every product and element in an asset, as well as the activities associated with the operational and end of life processes.

Environment Agency (EA)
A non-departmental public body, established in 1995 and sponsored by the United Kingdom government's Department for Environment, Food and Rural Affairs, with responsibilities relating to the protection and enhancement of the environment in England.

FCEV
An FCEV, or Fuel Cell Electric Vehicle, is a type of electric vehicle that uses a hydrogen fuel cell to generate electricity for propulsion. Unlike battery electric vehicles (BEVs), FCEVs do not rely on a large battery pack to store electricity.

Fugitive emissions
Leaks and other irregular releases of gases or vapours from a pressurised containment. Reported within Scope 1.

GDN
Gas Distribution Network.

GGSS
The Green Gas Support Scheme is a government environmental scheme that provides financial incentives for new anaerobic digestion biomethane plants to increase the proportion of green gas in the gas grid.

GWh
Gigawatt hours is a unit of energy used to represent the output of large quantities of electricity.

ITT
An Invitation to Tender (ITT) is a formal document inviting shortlisted companies to submit detailed proposals and bids for a specific project or contract.

Location Based
Location-based carbon reporting is a method for calculating and reporting a company's indirect greenhouse gas (GHG) emissions from purchased electricity. It is based on the average carbon intensity of the power grid in the geographic location where the electricity is consumed.

Market Based
Market-based carbon reporting is a method for calculating and reporting a company's indirect greenhouse gas (GHG) emissions from purchased electricity (Scope 2). It focuses on a company's energy purchasing decisions rather than the physical location of consumption.

Natural Capital
Natural capital refers to the elements of the environment that provide valuable goods and services and can be considered as a stock that provides a flow of benefits to people and the economy. Capital assets include water, forests and clean air.

Natural Resources Wales (NRW)
Is a Welsh Government sponsored body, which became operational from 1 April 2013, with responsibilities to look after these natural resources and what they provide for us: to help reduce the risk to people and properties of flooding and pollution; to look after special places for well-being, wildlife and timber; and to work with others to help us all to manage them sustainably.

NIA
Network Innovation Allowance is a funding mechanism provided by the regulator, OFGEM, to allow networks to take forward innovation projects that have the potential to deliver longer-term financial and environmental benefits to consumers.

Own Use Gas (OuG)
Own Use Gas is gas used for pre-heating to prevent gas falling to subzero temperatures.

PQQ
A Pre-Qualification Questionnaire is used to evaluate potential companies via a bidding process.

RAG Rating/Indicator
A RAG indicator or RAG rating is a simple, colour-coded system used to quickly and visually communicate the status of a project, task, or key performance indicator (KPI). The acronym RAG stands for Red, Amber, and Green, like a traffic light.

RRP
Refers to the Regulatory Reporting Pack that is submitted to Ofgem on an annual basis. A number of key data requirements within the AER will be derived from our RRP submissions. The assessment of that data is completed in line with Ofgem published Regulatory Instructions and Guidance (RIGs).

Scope 1
Emissions are direct greenhouse gas emissions that occur from sources that are controlled or owned by the organisation. Can include items such as company vehicles and company facilities.

Scope 2
Emissions are indirect greenhouse gas emissions associated with the purchase of electricity

Scope 3
Emissions are Indirect emissions as a result of the activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly impacts in its value chain. These can include employee commuting, capital goods and waste generated in operations. Details of the individual Scope 3 categories are available here.

Shrinkage
Refers to the natural gas which is lost from the transportation network.

SIF
The Strategic Innovation Fund is a funding mechanism for the Electricity System Operator, Electricity Transmission, Gas Transmission and Gas Distribution sectors. The SIF aims to find and fund ambitious, innovative projects with the potential to accelerate the transition to net zero.

tCO_2e
Tonnes (t) of carbon dioxide (CO_2) equivalent (e) is a standard unit for counting GHG emissions regardless of whether they are from carbon dioxide or another gas such as methane.

Theft of Gas (ToG)
Theft of Gas is unmetered gas that is lost upstream of the consumers meter and emergency control valve.

TWh
A Terawatt-hour is a unit of energy used for expressing the amount of produced energy, electricity and heat.

UNSDG's
The United Nations approved the Sustainable Development Goals (SDGs), also known as the Global Goals, in 2015 as a universal call to action to eradicate poverty, safeguard the environment, and ensure that by 2030, all people enjoy peace and prosperity.

VCS
Verified Carbon Standard is a standard for certifying carbon emissions reductions.

wb2ºC
The Paris Agreement's goal is to limit global warming to well below 2 degrees Celsius (wb2ºC), preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

Well-being of Future Generations Act
The Well-being of Future Generations (Wales) Act 2015 requires public entities in Wales to consider the long-term consequences of their choices, to collaborate more effectively with individuals, communities, and each other, and to prevent long-term issues such as poverty, health disparities, and climate change.

WTT
A Well-to-Tank emissions factor, also known as upstream or indirect emissions.

WTW
A Well-to-Wheel emissions factor are also called "in-use" emissions as they are proportional to the fuel or energy consumption of the vehicle (= Well-To-Tank + Tank-To-Wheel).

ZEV
A Zero Emission Vehicle (ZEV) is a car, van, bus, or other motor vehicle that produces no tailpipe emissions while driving. This means they don't release harmful pollutants like carbon dioxide (CO_2) or nitrogen oxides (NO_x) into the air.

Appendix 3 – Annual Environmental Report – a summary

Contribution to energy system decarbonisation	2024-25 Update	RAG
Current renewable energy capacity within the network.	1.87 TWh which is enough to heat around 163,000 homes	N/A
Continue to proactively facilitate the connection of green gas.	22 Biomethane connections with the 22nd connected during 2024-25	N/A
Annual investment in ongoing innovation activities that are primarily supporting decarbonisation and/or protecting the environment.	£8.1m which included £4.3m of NIA and £1.97m of SIF funding	N/A

Climate change impacts	2024-25 Update	RAG
Our long-term greenhouse gas reduction ambition, to reduce GHG emissions by 37.5% by 2035 (wb2ºC, aligned with a science-based methodology and excluding shrinkage).	11% increase against 2019-20 baseline	
Annual change in business carbon footprint excluding losses/ shrinkage in comparison to its end of RIIO-GD2 target.	7% increase against 2023-24	
Change in total shrinkage (reduce gas loss to atmosphere by 10% by 2026).	3% in year reduction against 2023-24 13% reduction against 2019-20 baseline	
Ensure 75% of company cars are hybrid or ultra-low-emission vehicles by 2026.	97%	
Move commercial fleet from Euro V to Euro VI compliant vehicles over RIIO-GD2.	99%	
Reduce carbon emissions associated with non-operational travel by 5% by 2026.	26% reduction	
Offset 100% of our rail and air travel carbon footprint.	2,200 tonnes offset	

Resource use and waste		2024-25 Update	RAG
Annual total waste (office, network depots, spoil).		209,972 tonnes	N/A
Fate of waste:	Reuse	0% of total waste	N/A
	Recycle	98.8% of total waste	N/A
	Recover	<1% of total waste	N/A
	Incineration	<1% of total waste	N/A
	Landfill	<1% of total waste	N/A
Reuse and recycle at least 80% of excavated spoil by 2026.		99% reuse and recycle	
Increasing use of recycled aggregate to greater than 20% by 2026.		54% used	
Reduce office waste by 25% by 2026.		3% increase against baseline	
Reduce paper consumption by 75% by 2026.		53% reduction against baseline	
Limit PE gas pipe waste to 5% by weight by 2026.		12%	
Send a maximum of 20% waste to landfill by 2026.		<1%	
Deliver a minimum of 80% waste reused and recycled by 2026.		99.8%	

Sustainable procurement	2024-25 Update	RAG
Proportion of suppliers meeting our environmental supplier code or equivalent.	71% (98% of respondents in benchmark of 71% of spend)	
Percentage of suppliers (by value) that have their own sustainability metrics or KPIs.	70% (90% of respondents in benchmark of 71% of spend)	

Local environment	2024-25 Update	RAG
Annual investment in schemes to enhance/restore local environmental quality.	£1.72 million	N/A
Land area being treated in schemes to enhance/restore local environmental quality.	1.11 hectares	N/A
Number of reportable environmental incidents.	0	
Planting five trees for every tree we cut down.	Felled 837 trees Commissioned 4,185 to be planted autumn 2025.	
Delivering 85 land management outputs.	During 2024-25 we delivered 10 of our 85 land management outputs.	

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