

WALES & WEST UTILITIES

Annual Environmental Report

2025 – 2026

1 OCTOBER 2026

Contents

1 Introduction	3
2 Chief Executive message	4
3 Our environmental responsibilities	6
4 Dashboard indicators	10
5 Environmental Action Plan commitments, ambitions and environmental impacts	12
6 Decarbonisation, biomethane and other low-carbon gas connections	21
7 Climate change impact	29
8 Sustainable procurement, resource use and waste	41
9 Efficient resource use and waste management	43
10 Local environment	47
11 Statement on scope and quality	55
12 Appendix 1 – Methodology	56
13 Appendix 2 – Glossary	62
14 Appendix 3 – Annual Environmental Report – summary table	64

Introduction

Who we are

At Wales & West Utilities, we're dedicated to safely transporting gas to homes and businesses through 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, 2,200-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 2023, we launched our first [Sustainability Strategy](#), setting out clear actions to create a cleaner, greener future to benefit everyone. Since then we've continued to move forward: during 2025-26, we published an update on progress against our Strategy and received Ofgem's Final Determinations on our RIIO-GD3 Business Plan, which included a dedicated Environmental Action Plan, a Climate Resilience Strategy and an Innovation Strategy. By acting now, we aim to continue to run a highly resilient network which can adapt to evolving risks, and support efforts to mitigate climate change risks by decarbonising heat, power, industry, and transport. Our efforts to enhance biodiversity and improve air, land, and water quality will support environmental net gain

and strengthen our communities.

This report covers the final year of the RIIO-GD2 price control period and focuses primarily on our environmental performance and progress during that year. However, as this marks the completion of a five-year regulatory period, the report also brings together key achievements, trends and outcomes from across the full 2021-26 period, providing a broader view of the progress we have made towards our environmental and sustainability ambitions.

A positive force for society

We exist to serve our communities. While much of our network is out of sight, and largely underground, the benefits of our services are felt every day – to keep dinner cooking, cups of tea brewing, homes heated, 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, and carbon monoxide alarms and education.

Responding to gas emergencies and looking after 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.

Improving our environmental impact

But the way we use energy is changing. Today, as we plan for a sustainable future, we are embracing

the opportunities presented by a greener energy system and evolving our business to help drive the transition.

Renewable and lower-carbon energy sources such as solar, wind, biomethane and hydrogen are playing an increasingly important role in the UK's energy system. As your gas distribution network, 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, and preparing for a range of plausible future scenarios.

Embedding best practice across our business

We've aligned our goals with the United Nations Sustainable Development Goals (SDGs) and Well-being of Future Generations (Wales) Act 2015 (WFG Act). Through this, we are reducing our environmental impact and 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. They help us stay focused on our customers and the future as we navigate a changing energy landscape.

Chief Executive message

Welcome to our fifth and final Annual Environmental Report (AER) of the RIIO-GD2 Price Control. At the heart of our business is a commitment to supporting customers with cleaner energy options, while achieving better environmental outcomes from our own activity. We want to do things right, by supporting our customers through a just transition to green energy, while we actively reduce our own environmental footprint. This report – and those that follow – hold us accountable, tracking our progress.

As a business, we operate in some of the most sensitive and beautiful landscapes in the country, from the mountain peaks of the Eryri National Park to the clifftops of Cornwall. We recognise that our activities, and the energy we bring to communities and businesses across these areas, have an impact on the environment locally and nationally. This is the starting point for our Environmental Action Plan: establishing what these impacts are and seeking opportunities to mitigate them and improve outcomes for people and the planet.

An organisational culture of taking responsibility for the environment starts at the top. In late 2024, our Executive team and relevant members of our senior leadership team completed the Environmental Management for Directors course, accredited by the Institute of Leadership and

Management. This investment strengthened our understanding of environmental legislation, responsibilities and best practice, while reinforcing the importance of environmental leadership across our business. The progress highlighted throughout this report shows how that learning is being translated into action – from strategic planning and operational performance to the delivery of projects that support both our customers and the environment.

Our commitment to responsible infrastructure investment is visible in our Eryri National Park pipeline replacement, finished in 2025. This essential project has safeguarded future gas supplies for around 5,000 customers while successfully keeping environmental protection at its heart. Working closely with environmental specialists, local communities, regulators and landowners, we delivered a scheme to protect sensitive habitats and heritage assets, support local businesses, and achieved biodiversity net gain. It showed that, with careful planning and collaboration, we delivered essential network upgrades while enhancing the precious landscapes within which we operate.

A significant milestone has been the Final Determination from our regulator, Ofgem, including



on our [Environmental Action Plan](#) (EAP), for RIIO-GD3. Developed as part of our business planning process, it builds on the progress we made in RIIO-GD2 and sets a clear direction for the next phase of our environmental journey. It reflects our ambition to further reduce emissions, protect and enhance nature, improve resource efficiency and embed sustainability at the heart of decision-making across our business. As part of this, our RIIO-GD3 ambitions include reducing Scope 1 and 2 greenhouse gas emissions by 6% and gas shrinkage by 16%, helping to support the UK's response to the climate emergency.

In RIIO-GD2, we've continued to reduce emissions across our operations. Our hybrid

CHIEF EXECUTIVE MESSAGE

working model and transition to lower-emission vehicles have contributed to a 23% reduction in non-operational business travel emissions compared with our baseline, significantly exceeding our 5% target. While 99% of our company car fleet now comprises hybrid and ultra-low-emission vehicles, surpassing our RIIO-GD2 target of 75%. We strengthened our approach to energy efficiency through our 2024-25 Energy Savings Opportunity Scheme (ESOS) assessment. Following which, we developed our ESOS Action Plan and published our first progress report in December, both of which are available on the government's [ESOS website](#).

We remain focused on reducing gas shrinkage, our largest single source of emissions. Several significant third-party incidents during the year and changed reporting processes offset the benefits of our mains replacement and pressure management programmes. This means that in 2025-26 while we achieved an underlying 3% reduction in gas losses through mains replacement, overall shrinkage emissions are roughly flat compared to the previous year. Taking a longer view, our cumulative reduction over RIIO-GD2 stands at 13%, surpassing our five-year target of 10% that was accepted by Ofgem and demonstrating the long-term effectiveness of our approach. While these unforeseen events highlight the influence that external factors can have on annual performance, they do not diminish the long-term impact that mains replacement has on reducing emissions. Without these incidents we calculate that we would have been reporting an underlying reduction of 16% across RIIO-GD2. We continue to closely monitor the causes and impacts of such incidents, working

proactively to identify opportunities to mitigate risks and improve performance wherever possible.

We also continue to strengthen our approach to resource efficiency and the circular economy, working closely with our supply chain to reduce waste and maximise the value of materials used across our operations. We remain committed to learning, improving and identifying new opportunities to reduce our impact throughout RIIO-GD3 and beyond, whilst adapting to new and evolving regulatory requirements. Our plans were

set out in detail in our new [Environmental Action Plan](#), and we will share our progress in annual environmental reports each year.

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 ourevironment@wwutilities.co.uk.

Graham Edwards
Chief Executive



Our environmental responsibilities

Trusted to deliver safe and reliable energy today, while supporting a green energy future, keeping our communities connected.

Preserving and enhancing our environment is a top priority. We recognise that our work maintaining critical national infrastructure, providing services to customers and supporting decarbonisation can occasionally have negative impacts. We accept our responsibilities for these impacts 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 practice and drive innovation, helping reduce environmental impacts and improve outcomes for people and nature across our network.

Our approach is guided by our long-term [Sustainability Strategy](#), which translates our environmental, social and economic ambitions into

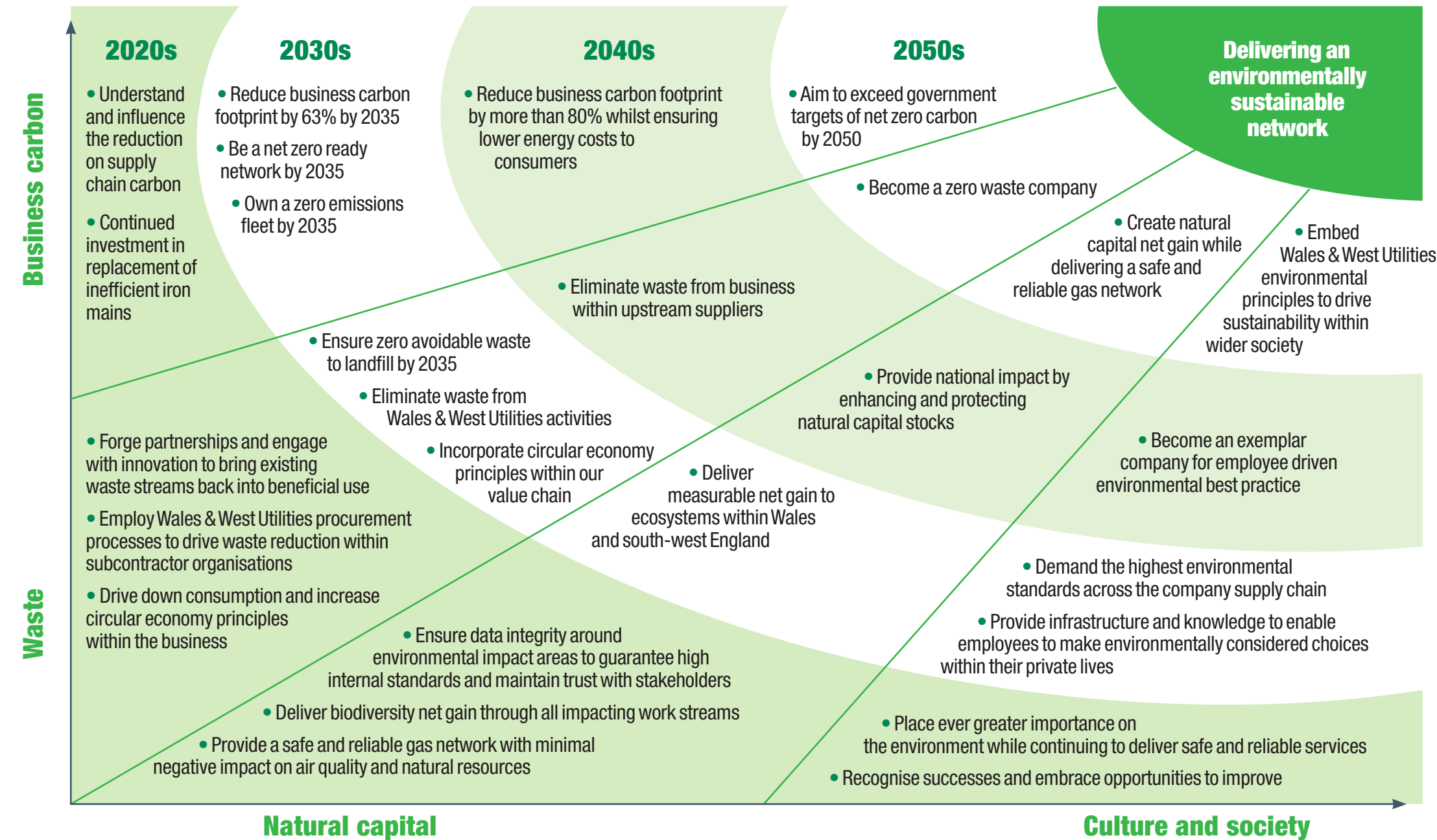
practical actions and measurable outcomes. We published an update on our progress in [2025](#). The Strategy provided a long-term vision which informed our environmental delivery in RIIO-GD2 and development of our RIIO-GD3 Environmental Action Plan. Our Strategy and Plans are shaped by engagement with customers, stakeholders, colleagues and industry experts, to reflect the priorities and expectations of the communities we serve.

We've made the company's 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.

Delivering our long-term environmental ambitions will require us to balance environmental priorities alongside other business commitments, collaborate with a wide range of stakeholders, and embrace innovative thinking and technologies. The dashboard indicators presented in the following section summarise our performance against key RIIO-GD2 environmental ambitions during the reporting year.



How we aim to deliver an environmentally sustainable network



RIIO-GD2 Environmental Action Plan Roadmap

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. The views and expectations from customers, peers, colleagues, our Independent Stakeholder Group (ISG) and government have all helped to shape it.

Stakeholder engagement undertaken throughout RIIO-GD2 consistently demonstrated strong support for the environment and delivering clean, reliable, and affordable energy. We recognise that stakeholders expect us to make meaningful environmental progress while ensuring costs remain proportionate and customer value is maintained. 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 (EMS).
- **Holistic** – Environmental impacts are complex and connected. We aim to consider both direct and indirect environmental impacts of our decisions.
- **Value for money** – It's our view that making the best business decisions includes consideration of the environmental impact of our work and how we can improve it. We use effective procurement procedures to drive down costs and encourage thinking in new ways.

Mapping our targets to external guidance

Our [Sustainability Strategy](#) and EAP are 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 Act). Both frameworks 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. 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 publicly funded devolved Welsh organisations to think and act sustainably in their day-to-day operations.

The UNSDGs show how our actions contribute to global efforts, while applying the framework of the WFG Act ensures that as a private company with a public duty we are working to the same principles as the public sector in Wales. By aligning our sustainability targets with both UNSDGs and the WFG Act, we demonstrate our dedication to a sustainable future and provide transparency to our stakeholders. Both our Sustainability Strategy and this document link actions and commitments to specific UN and WFG goals – look out for the relevant icons below in each section.

Our 2023 Sustainability Strategy is being refreshed in 2026 and we aim to publish a new and updated version in 2027. We published our [Progress Report](#) in 2025.

The United Nations Sustainable Development Goals

Our ambitions align with the following sustainable development goals:

7

AFFORDABLE AND
CLEAN ENERGY

Affordable and
Clean Energy

8

DECENT WORK AND
ECONOMIC GROWTH

Decent Work
and Economic
Growth

9

INDUSTRY, INNOVATION
AND INFRASTRUCTURE

Industry,
innovation and
Infrastructure

12

RESPONSIBLE
CONSUMPTION
AND PRODUCTION

Responsible
Consumption
and Production

13

CLIMATE
ACTION

Climate Action

15

LIFE
ON LAND

Life On Land

17

PARTNERSHIPS
FOR THE GOALS

Partnerships
for the 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:

A Prosperous
Wales

A Resilient
Wales

A Globally
Responsible
Wales

A More
Equal Wales

A Healthier
Wales

A Wales of
Cohesive
Communities

A Wales of
Vibrant Culture
and Thriving
Welsh Language

For more information on how our ambitions align with the goals, please see the latest performance report on our current Sustainability Strategy.

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	2025-26 Update	
I.1.1	Annual addition of low-carbon and renewable energy capacity connected to the network	No new sites connected during 2025-26, but two existing sites expanded capacity. In total our existing 22 connected biomethane entry sites have capacity to supply the equivalent annual demand of over 170,000 homes	
I.1.2	Annual investment in ongoing innovation activities that are primarily supporting decarbonisation and/or protecting the environment	£8.2m comprising £6.4m of NIA and £1.8m of SIF funding	
I.2	Climate change impacts	2025-26 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	10% 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*	1% decrease against 2024-25 (see table 6 for further information)	●
I.2.3	Annual change in total shrinkage (reduce gas loss to atmosphere by 10% by 2026)	0% reduction reported due to third-party incidents; underlying reduction of 3% achieved (see tables 7–10 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	2025-26 Update	Status															
I.3.1	Annual total waste (office, network depots, spoil)	218,999 tonnes (see tables 15-17 for further information)	—															
I.3.2	Fate of waste	<table><tr><td>Recycle</td><td>99.7% of total waste</td><td>—</td></tr><tr><td>Reuse</td><td><1% of total waste</td><td>—</td></tr><tr><td>Recover</td><td><1% of total waste</td><td>—</td></tr><tr><td>Incineration</td><td><1% of total waste</td><td>—</td></tr><tr><td>Landfill</td><td><1% of total waste</td><td>●</td></tr></table>	Recycle	99.7% of total waste	—	Reuse	<1% of total waste	—	Recover	<1% of total waste	—	Incineration	<1% of total waste	—	Landfill	<1% of total waste	●	
		Recycle	99.7% of total waste	—														
		Reuse	<1% of total waste	—														
		Recover	<1% of total waste	—														
		Incineration	<1% of total waste	—														
Landfill	<1% of total waste	●																

I.4	Sustainable procurement	2025-26 Update	Status
I.4.1	Proportion of suppliers meeting the licensee’s environmental supplier code or equivalent	66% of suppliers (by value)	●

I.5	Local environment	2025-26 Update	Status
I.5.1	Annual investment in schemes to enhance/restore local environmental quality	£1.19 million	—
I.5.2	Land area being treated in schemes to enhance/restore local environmental quality	0.85 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](#) and our AER summary which can be found in [Appendix 3](#).

Environmental Action Plan commitments, ambitions and environmental impacts

RIIO-GD2 EAP commitments

Our dedicated Environmental Action Plan was published in 2020 as part of our Business Plan for RIIO-GD2 (2021-26). Its ambitions, and commitments, were developed in collaboration with a range of stakeholders, who 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.

The EAP established a series of long-term environmental ambitions which extend beyond the RIIO-GD2 price control period and provide a direction of travel for our environmental journey. These ambitions demonstrate where we want to be as a business, recognising that progress depends on factors such as funding, legislation, policy and technological developments. Our ambitions include:

Short and long-term science aligned ambition

Reduce our GHG emissions by 37.5% by 2035, aligned with the Paris Agreement's Well-Below 2°C (wb2°C) pathway, while striving for a 63% reduction

by 2035 in line with a 1.5°C pathway, and achieving net zero carbon emissions by 2050.

Resource use and waste ambitions

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

Throughout RIIO-GD2, our activities supported delivery of the ambitions set out in our EAP, helping us progress towards these longer-term ambitions. Tables [1](#), [2](#) and [3](#) summarise our performance during the final year of RIIO-GD2 and our progress against those ambitions.

As we move into RIIO-GD3 (2026-31), we will be building on this progress and seeking to meet the ambitions set out in our new [Environmental Action Plan](#).



TABLE 1 – Status update on EAP carbon commitments

EAP carbon commitment	Description and expected benefit	Target year	Implementation milestones	RAG indicator*	
				2024-25	2025-26
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. 435km of metallic mains replaced in 2025-26. 2,183km replaced in RIIO-GD2 to date. 13% CO₂e reduction from 2020-21 shrinkage baseline by the end of RIIO-GD2 (2025-26).		
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	2026	- Implementation of employee incentive to choose ULEV & EV made prior to 2021. - Installed a total of 85 vehicle charging points up to March 2026. 99.33% company cars are hybrid or ULEV by the end of RIIO-GD2 (2025-26).		
Refresh our commercial fleet from Euro 5 to Euro 6 compliant vehicles over RIIO-GD2.	- improving the efficiency of internal combustion vehicles where green alternatives are not available - reducing vehicle use.	Annual	99.92% by the end of RIIO-GD2 (2025-26).		
Reduce carbon emissions associated with non-operational travel by 5% by 2026.		2026	- Impact of COVID-19 from 2020 to 2021 suppressed results for 2021-22. 23% reduction from baseline by the end of RIIO-GD2 (2025-26). 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*	
				2024-25	2025-26
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 (REGO certified) 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, for which emissions were offset (see table 6 for further information). • 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 was submitted at the end of 2025.		
Publicly report on and look to reduce our Scope 3 and embodied carbon emissions.	Determining our Scope 3 (starting with a streamlined assessment using the GHG Protocol S3 Evaluator tool) business carbon footprint 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. • We continued to improve our performance reducing the use of newly extracted aggregate in 2025-26 to 41% following a significant reduction from 85% in 2023-24 to 46% in 2024-25.		
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	• 2,638 tonnes offset in 2025-26 bringing our total offset for air, rail and additional HGV offsets to 10,008 tonnes in 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.

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

EAP carbon commitment	Description and expected benefit	Target year	Implementation milestones	RAG indicator*	
				2024-25	2025-26
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 as at final year of RIIO-GD2: providing enough capacity to heat the equivalent of over 170,000 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. Work with other GDNs and industry experts to determine and deliver a GDN holistic, UK and network specific assessment of the risk.	2026	- In 2025-26, following receipt of Ofgem’s Final Determination, we confirmed our Climate Resilience Strategy as part of the RIIO-GD3 Business Plan. - In 2025-26, we began implementing our climate resilience strategy, establishing internal governance structures and incorporating climate-related risks identified in our ARP4 report into the Corporate Risk Management Framework.		

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

EAP circular economy commitment	Description and expected benefit	Target year	Implementation milestones	RAG indicator*	
				2024-25	2025-26
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 re-using 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	• 0.1% sent to landfill in 2025-26.		
Deliver a minimum of 80% waste reused and recycled by 2026.		2026	• 99.7% waste reused and recycled in 2025-26.		
Reuse and recycle at least 80% of excavated spoil by 2026.		2026	• 99.9% excavated soil reused or recycled in 2025-26, exceeding our 2026 target for the current year.		
Increasing use of recycled aggregate to greater than 20% by 2026.		2026	• 59% achieved in 2025-26, 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 re-use, re-purpose and recycle disposal routes.	2026	• 21% increase from 2019-20 baseline by the end of RIIO-GD2 (2025-26).		
Status update: Office waste increased by 21% against our 2019-20 baseline, largely due to site clearance works associated with the development of new, more energy-efficient depots and operational facilities. While this has increased waste in the short term, these investments will help reduce our long-term environmental impact. Changes to waste legislation in Wales and England have also created further opportunities to improve recycling performance, and we will continue to identify ways to reduce waste and improve resource efficiency.					
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. • 59% paper reduction in RIIO-GD2 (against 2019-20 baselines) saving around 237 trees from being cut down.		
Status update: Significant progress was made towards our paper reduction target through the implementation of digital document management and SharePoint-based solutions across the business. These changes, alongside our hybrid working arrangements, have helped us achieve a 59% reduction in paper consumption. While we did not fully achieve our ambitious target of a 75% reduction by 2026, the actions taken have embedded more efficient digital ways of working across the organisation and delivered a substantial and sustained reduction in paper use. As we move into RIIO-GD3, paper consumption will continue to be managed through our wider resource efficiency activities.					

* 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 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*	
				2024-25	2025-26
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 have also introduced a small charge on disposable coffee cups to encourage the use of reusable options instead.		
Status update: We have made significant progress towards eliminating consumable single-use plastics across our operations, with a range of items successfully replaced by more sustainable alternatives. However, experience during RIIO-GD2 has demonstrated that complete elimination is not currently achievable in all cases at present due to product availability, operational requirements, safety considerations and value for money. As a result, while progress remained on track during the early years of the programme, the status moved from amber to red as it became clear that some remaining single-use plastic items could not be replaced within the RIIO-GD2 timescales. We continue to seek practical alternatives that deliver environmental benefits while maintaining safety, operational effectiveness and value for money.					
We have ambitions to limit PE gas pipe waste to 5% by weight by 2026.	PE pipe and fittings contribute significantly to our Scope 3 business carbon footprint. 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	• 13% unused pipe recycled in RIIO-GD2 (2025-26). • 100% of our recovered PE “waste” is recycled into lower-grade pipe.		
Status update: Pipe waste levels showed no significant change in 2025-26, attributable to the earlier introduction of infinity coils and re-banding techniques to bring shorter coils back into use, while remaining pipe waste continued to be recycled into lower-grade pipe. As our programme evolves, we will continue to evaluate and implement opportunities to improve material utilisation and reduce waste where practical. This remains an area of ongoing focus for the business.					

* 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 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*	
				2024-25	2025-26
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 latest Supplier Charter was published in May 2025 alongside the supplier mapping process. This work incorporated requests for information on single-use plastics, returnable packaging options and carbon reporting, helping to build a clearer understanding of opportunities across the supply chain and inform future sustainability initiatives. Work is ongoing to adapt the Charter to a Supplier Code of Conduct requiring acceptance rather than acknowledgement and ultimately becoming embedded in the supplier acceptance process. • We are progressing development of a digital solution designed to manage established supply chain metrics, monitor accreditations and oversee the prerequisites of a safe gas operation, while retaining the flexibility to accommodate emerging priorities as business requirements evolve over time. By the end of the reporting period, evaluation of potential solutions was ongoing, with implementation of the selected supplier management system scheduled for completion in 2027.		

* 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

EAP commitment	Description and expected benefit	Target year	Implementation milestones	RAG indicator*	
				2024-25	2025-26
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. • The Quakers Yard Project made the shortlist in the “Best Re-Use of Materials” and “Best Biodiversity Net Gain or Enhancement on a Brownfield Project” at the 2025 Brownfield Briefing Awards. The project also won an International and a World “Green Apple Award” from The Green Organisation for environmental improvement. • Further details on our local environment work can be found in Section 10: Local Environment.		
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			

* 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*	
				2024-25	2025-26
Planting five 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 2025-26 year we identified 643 trees that were posing a safety risk to the network and needed to be cut down. To support our commitment, we commissioned the planting of 3,215 trees in the autumn of 2026. This will bring our total planted to 13,973 trees over the RIIO-GD2 price control period. With 2,777 trees felled during the same period, this represents a net increase of 11,196 trees.		
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 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 2025-26, 83 colleagues signed up to this benefit, taking it to 201 enrolled since it was introduced in RIIO-GD2.		
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 2025-26 we delivered six of our 85 land management outputs. This means our target of all 85 projects has been achieved 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. We are committed to connecting increasing volumes of green gas to our network and driving innovation that supports the transition to a low-carbon energy system.

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.

There has been a small increase in connected capacity since last year's report due to two sites in the south-west region increasing their booked capacity by 400 scm/h per site.

We're working with developers to connect and commission a further nine sites that have booked capacity with us over the next few years. In total, the 31 sites could provide heat to 250,000 homes. There has been a continued interest in this area resulting in a further 22 entry enquiries for biomethane in the 2025-26 regulatory year, alongside one enquiry for landfill gas.

Biomethane is generally produced constantly across the year, whereas gas demand is higher in winter. To help balance the impact of this we are working with existing and new biomethane producers on initiatives to increase capacity for biomethane in our network, especially in areas with high potential and lower summer demand. Further details on this are provided below. We're also supporting industry initiatives to develop evidence on the future role of biomethane, such as the [Green Gas Taskforce](#).

Our proactive approach

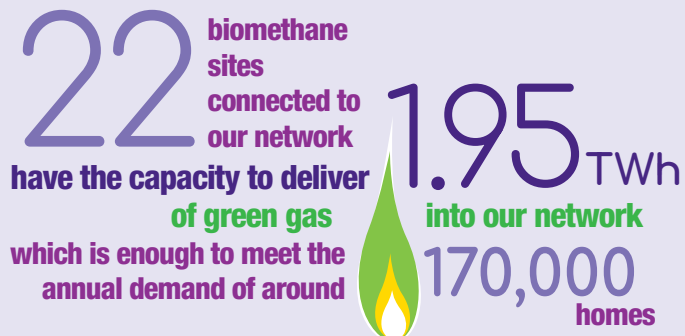
We recognise there are a variety of gas producers that may want to connect to our network, and we seek to meet network entry customer needs by offering a range of services to suit.

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 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 (ROV), 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. Everything upstream of the ROV is owned by the developer, including gas quality monitoring equipment.

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

Building biomethane connections



Entry Agreement (NEA) which sets out the technical and operational conditions for the connection.

Current incentives under the Green Gas Support Scheme (GGSS), along with wider government decarbonisation and farming policies continue to stimulate 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. Following a Call for Evidence in 2024 on future support frameworks for biomethane, and short-term extension of the existing GGSS scheme, we are monitoring further developments and their potential impact on our network.

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 and deploying new solutions and projects

Increasing volumes of biomethane resulting from new connections means we need to think differently

This year we celebrated 10 years of biomethane production from one of our connected plants, Cannington in Somerset. For the past decade, green gas produced here has met virtually all of the demand in the neighbouring village of Nether Stowey, a community of around 1,400 people. For much of the year, the biomethane flows further in our network to the town of Bridgwater and beyond.

We worked with Cannington Enterprises to host an event in the village hall in November 2025 marking this anniversary, which was covered in *The Times* and on *BBC Points West*.



about where gas is produced and sourced in the UK, how we operate our network and how it interacts with the wider gas system.

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 (SPC) 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.

Pressure management supporting biomethane entry

We are now applying the learning from the SPC trial and are working on several projects to roll out the solution more widely on our distribution network to

help those already connected and facilitate new connections. The most ambitious of these projects is in the south-west part of our network where we will ultimately be controlling 11 natural gas feeds from higher pressure tiers into a large medium pressure network, in support of the five biomethane sites already connected. This will also make capacity available for a further three biomethane sites that have enquired, but reverse compression (further details below) would likely be required to accommodate yet more connections. We have progressed the phase 1 installation through the RIIO-GD2 period and have just four remaining control sites and five extremity locations to complete before the system can “go-live” in early GD3.

Reverse compression: moving gas up the system

During 2025-26 we worked intensively to support a first of its kind reverse compressor project for an existing customer to be able to export their maximum entry capacity requirements into our network, even in periods of lower gas demand and allow for future site expansion. This compressor moves green gas from our constrained medium pressure (MP) network into our high-pressure (HP) system where there is sufficient demand to utilise the gas throughout the year. The site became operational in June 2026, a major milestone for Wales & West Utilities and a first for the UK gas industry.

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 supported 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 contribute towards a blueprint for future installations where required to facilitate more green gas into our network area. We are also leading on an IGEM industry guidance document for third-party owned and operated compressors with gas networks.

In the Final Determinations for RIIO-GD3, all GDNs have been allocated funding for reinforcement of the gas network to overcome capacity constraints for biomethane entry. We are developing an approach in collaboration with the other GDNs to apportion the allowed spend of £4m per year to support sites and decarbonise the network.

To find out more about our work or make an enquiry for green gas entry or capacity funding, please visit [Energy Boosting With Biomethane | Wales & West Utilities](#).

Our performance in 2025-26

Over the last year, we took 13 days on average to respond to the 28 initial enquiries for biomethane and took an average of 31 days to respond to the five capacity study requests, which is in line with the voluntary standard of service timescales (of 15 and 30 working days respectively) as indicated above in Our Proactive Approach.

We transported 873GWh of green gas in the 2025-26 year which is 11% higher than the prior year's total. We are expecting a steady increase in green gas transported in future years as projects to

manage system pressures through smart pressure control and compression are implemented, improving site injection capacity, and as we connect more sites. Although we did not connect any new sites during 2025-26, two sites have increased their booked capacity which will add to the yearly volume of green gas transported. We also received 22 new connection enquiries during the year, demonstrating continued market interest in green gas injection.

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 but have seen a slight increase in Ofgem audit actions this year. These Ofgem audit actions cover non-compliance issues to areas such as the Calculation of Thermal Energy Regulations which support settlement arrangements and protect customers from being over-charged as a result of lower calorific value gas being transported in the network, as observations requiring site/process improvements. We work with plant operators to help them understand requirements and improve performance.

The Wales & West Utilities gas control centre monitors a range of gas quality parameters on a continuous basis to support the Thermal Energy Regulations and Gas Safety Management Regulations. Real time monitoring on-site diverts non-compliant gas away from the network and the gas control centre has the ability to isolate sites through use of a remotely operable valve.

Our approach to delivering improvements Biomethane

We support two biomethane working groups

facilitated by IGEM’s Future Energy Networks (FEN). The Gas Entry Connections Technical Working Group is a network-only group, while the Green Gas Technical 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.

The formation of the [Green Gas Taskforce](#), brought new drive and focus to the biomethane industry. The development of four key workstreams looking at grid entry unit/connection process/capacity increase standardisation and entry site performance, has set the agenda for the industry groups mentioned above with the aim of increasing the number of new connections and volume of biomethane transported across GB gas networks.

Throughout 2025-26, discussions have continued around propane addition with the recent gas quality issues and high carbon content. We are set to become the first GDN to support a blending tee installation to reduce propane requirements at a site that has been connected to the network since 2018. This project is due to be completed in 2026-27 and will give us invaluable experience in managing blend points on the system.

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

Biomethane connections	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Enquiries	27	27	45	60	22	181
Connection studies	3	9	6	9	5	32
Capacity of connection studies	2,250 SCMH	10,500 SCMH	3,400 SCMH	15,680 SCMH	5,000 SCMH	36,830 SCMH
Connections	1	0	1	1	0	3
New capacity connected	600 SCMH	0 SCMH	450 SCMH	700 SCMH	0 SCMH	1,750 SCMH
Volume (energy value) of biomethane injected	707.4 GWh	739.94 GWh	786.06 GWh	783.40 GWh	873 GWh	3,889.8 GWh
Average monthly flow rate (all connections)*	7,456 SCMH	7,800 SCMH	8,398 SCMH	8,370 SCMH	9,327 SCMH	8,270 SCMH
Other green gas						
Enquiries	3	4	1	9	1	18
Connection studies	0	0	0	2	0	2
Capacity of connection studies	0 SCMH	0 SCMH	0 SCMH	1,650 SCMH	0 SCMH	1,650 SCMH
Connections	0	0	0	0	0	0
New capacity connected	0 SCMH	0 SCMH	0 SCMH	0 SCMH	0 SCMH	0
Volume (energy value) of other green gas	0 GWh	0 GWh	0 GWh	0 GWh	0 GWh	0
Average monthly flow rate (all connections)*	0 SCMH	0 SCMH	0 SCMH	0 SCMH	0 SCMH	0

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

Novel green gases and increasing production

While biomethane is a proven technology with potential to scale up significantly, other sources of low-carbon methane could provide further potential to decarbonise UK gas supplies. In 2025-26 we started working with Rivan Industries on the connection of a new synthetic gas facility to our network in Wiltshire, which produces gas from [green hydrogen and captured carbon](#). The site is due to be operational in late 2026.

We are also supporting projects which could increase green gas production potential, as part of our wider innovation portfolio – see Innovating for Decarbonisation and Environmental Protection below.

Hydrogen

We received 17 speculative enquiries for blending hydrogen into our network to date.

Across RIIO-GD2, we worked with the other gas networks, government and regulators to advance understanding of the potential for repurposing networks for use of blended and dedicated hydrogen. This programme of work analysed impacts across asset management, safety, customer and legislative and regulatory topics. It contributed to the Health and Safety Executive's (HSE) assessment of evidence for [100% hydrogen heating](#), and policy decisions and developments on hydrogen blending. The HSE has concluded that overall, the HSE "...considers that it is potentially feasible to convert the natural gas system for use with 100% hydrogen", and the government's decision in principle supports [hydrogen blending](#) in distribution networks. We are continuing to monitor

legislative developments and work with government, the HSE and other partners on the implementation of hydrogen blending and repurposing.

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 2025-26, 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 2025-26 we invested £8.2m in innovation and net zero related projects combined across all funding mechanisms, comprising £6.4m of NIA and £1.8m 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 at [wwwu-annual-nia-summary-25-26.pdf](#)

Additionally, we also spent £2.2m in net zero related delivery activity through the net zero and reopener development fund.

Across the whole of RIIO-GD2, we have invested £15m in innovation related projects and have deployed innovation projects to benefit our consumers and the energy system transition, some of which are referenced in our annual innovation summary for 2025-26 (link above).



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 on-site 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 rainwater 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
Understanding future energy loads from data centres	The demand for data centre capacity is expanding rapidly, particularly in the United Kingdom, which has the largest capacity in Europe. Data centres have enormous power demands, collectively consuming 2.5% of the UK’s electricity – a figure that could rise to 6% by 2030. These centres need a dependable, uninterrupted flow of electricity to power servers and supporting equipment and to provide cooling. This is currently sourced from the local grid, but to reduce emissions and secure supply, many data centres are considering generating power on site using natural gas or hydrogen. This study looked at how the gas distribution industry could help.	Project partners Apollo and Stantec started by interviewing experts in energy network infrastructure, development strategy, installation and data centre operation. They then conducted a review of academic journals, industry reports and institutional publications to understand the current state of the UK sector, key energy infrastructure constraints, emerging trends and relevant energy technologies. Following this, the team assessed areas of the gas network that could feasibly meet the current and projected needs to support data centre connections. They also developed a GIS map to evaluate where data centres are in relation to the existing network. The team used the findings to generate case studies that explored the likely outcomes of converting a number of existing data centres to be powered by gas, blend or 100% hydrogen. Researchers then collated the results into a final report and accompanying resources that will allow us to engage with interested stakeholders in future.	This project enabled us to see whether it is currently feasible for the network to be repurposed to support decarbonisation at data centres using either blended or 100% hydrogen and further underlines the value of converting the networks to carry the low-carbon gas. It identified several data centre sites where gas network connection could provide a viable alternative to constrained electricity supplies, improve data centre development timescales and enable growth in new regions. It also demonstrated how existing gas infrastructure could be future proofed to support blended and 100% hydrogen supply for lower-carbon operation. This work also helps all gas distribution networks plan for delivering blended and 100% hydrogen to data centres by identifying the scale and timing of needs as well as any potential barriers and challenges. Ultimately, repurposing the networks to carry hydrogen has the potential to save millions of pounds with minimal gas customer disruption versus alternative decarbonisation solutions.	Start date: September 2024 End date: May 2025

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

Innovation	Issue or barrier	Annual achievements	Expected benefits	Timescales
Commercial vehicle fleet – development of Total Cost of Operation model	Decarbonisation of UK transport requires companies to change their commercial vehicle fleets to battery electric vehicles (BEVs) or alternatives. Our fleet has a more challenging and varied range of duties than most others, including vehicles required to provide on-site power and able to meet our duty to respond quickly to escapes. Alongside this, our recharging capacity is more limited due to our geography and the demographic make-up of our engineering colleagues, which means BEVs may not be the most efficient option. We also need to be mindful of cost to assure value for money for our customers. A future-proof Total Cost of Operation (TCO) model that takes our operational needs into account and is able to assess the costs, operational risks and capabilities of a range of options will enable us to better evaluate the options before we transition our fleet.	Project partner Frazer-Nash carried out desk-based research to gather the necessary data, including Wales & West Utilities fleet specific data rapid charge point locations, rapid charger use and existing fleet information. They then developed an initial proof of concept of the model to confirm the accuracy of their assumptions and the information gathered. Next, the team developed the fleet Feasibility and Cost Models and defined a set of scenarios to run them against, based on different vehicle use cases such as varying payloads or towing capabilities and restrictions along with a range of other variables. They also made sure the Cost Model could quickly identify appropriate fleet mixes and replacement strategies that balance cost and risk. Frazer-Nash then refined the models, developed an intuitive dashboard, incorporated Zero Emission Vehicle policy and technology factors and developed training materials. They also trained colleagues on how to use the model and engaged stakeholders before delivering the technical documents and final report.	Decarbonisation of our vehicle fleet is a vital part of our programme to deliver a net zero gas network. This project enables us to optimise our future investments in moving to a zero-emission operational vehicle fleet while minimising operational risk to our emergency response duties and additional costs, which ultimately benefits the consumer. The primary output is a TCO tool that integrates operational feasibility assessment with lifecycle cost modelling. This will enable us to replay historic demand and account for refuelling opportunity, seasonal variations, emergency response requirements and infrastructure availability in any decision we make on decarbonising our commercial vehicle fleet. Although specific to our own circumstances, the results are expected to be of value to all UK gas distribution networks that have similar operational vehicle fleets as the model should allow any equivalent dataset to be loaded into it. The modelling framework can also be updated as technologies, costs, policies and infrastructure evolve. It can also serve as an evidence base to support investment decisions, future trials, infrastructure planning and engagement with regulators and suppliers.	Start date: March 2025 End date: April 2026

Climate change impact



As a gas distribution network, we recognise our environmental impacts and are committed to reducing emissions from our network and the operation of our business, while maintaining secure supplies and high levels of customer service.

Our Scope 1 emissions are:

- Gas consumption associated with our own heating of our buildings,
- Fuel consumption associated with running our commercial vehicle fleet and company cars, and
- 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 we operate.

Our Scope 2 emissions are:

- Our purchased electricity consumption.

Our Scope 3 emissions are:

- Emissions arising from activities within our value chain, including purchased goods and services, capital projects, waste management, employee business travel, and other indirect sources not directly owned or controlled by the business.

Our ambition, in line with 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. Our work in RIIO-GD2 has laid foundations for further reductions in the future, and we are working to reduce emissions where feasible.

In assessing performance, we also recognise the importance of considering the underlying primary activity data, such as fuel and energy consumption,

alongside reported emissions. While emissions remain the primary measure of progress, changes in emissions factors can influence reported outcomes over time, meaning primary activity data can provide a more direct insight into the effectiveness of our operational decarbonisation efforts.

Shrinkage emissions are our most significant greenhouse gas impact, representing 96% of our Scope 1 and 2 emissions. We surpassed our shrinkage reduction target for RIIO-GD2, reducing emissions by 13% against a target of 10%. This was primarily delivered through a successful mains replacement programme and continuing to proactively manage our system pressures. We have now set a new more ambitious target to reduce shrinkage emissions by 16% in RIIO-GD3, supported by ongoing mains replacement and pressure management, alongside the use of new advanced leakage detection technology.

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 ₂ e	Specific area	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total RIIO-GD2 (2021-26)	Comments
Building energy use	Purchased gas	215	256	187	202	311	222	1,178	Reconciliation of physical meter readings with estimated bills has provided greater accuracy this year.
	Building – electricity (location based)	903	927	833	907	917	746	4,329	More accurate metering, site rationalisation, and the development of more efficient depot facilities, combined with a reduction in the electricity conversion factor, have contributed to lower purchased electricity emissions.

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

Emissions in tCO ₂ e	Specific area	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total RIIO-GD2 (2021-26)	Comments
Building energy use	Building – electricity (market based)	N/A	0	0	0	526	36	562	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. In 2025-26, renewable electricity status could not be verified for one site due to a shared supply arrangement with a separately managed metered site.
Operational transport	Road (operational fleet and company cars)	8,677	10,453	12,166	11,588	11,722	12,163	58,093	Carbon emission increase was anticipated between 2021 and 2023 reflecting the comparative impact of COVID-19 and changes to our business model. Small year-on-year variations also result from updates to Defra emission factors and normal fluctuations in the underlying activity data used to calculate emissions. See below for details.
Fugitive emissions	IIGs	N/A	N/A	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	N/A	N/A	Scope 1 & 2 fuel combustion noted in building energy use and operational transport, above.
	Gas	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Gas shrinkage		386,071	374,185	360,945	348,937	337,000	337,155	1,758,223	See Tables 7 to 10 for more details.
Total Scope 1 – excluding shrinkage		8,892	10,709	12,353	11,791	12,033	12,385	59,271	
Total Scope 2 (market based)		903 (N/A)	927 (0)	833 (0)	907 (0)	917 (526)	746 (36)	4,329 (562)	
Total Scope 1+2 excluding shrinkage (market based)		9,795	11,636 (10,709)	13,186 (12,353)	12,697 (11,791)	12,951 (12,560)	13,131 (12,421)	63,600 (59,834)	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) increasing our reported Scope 1 emissions.

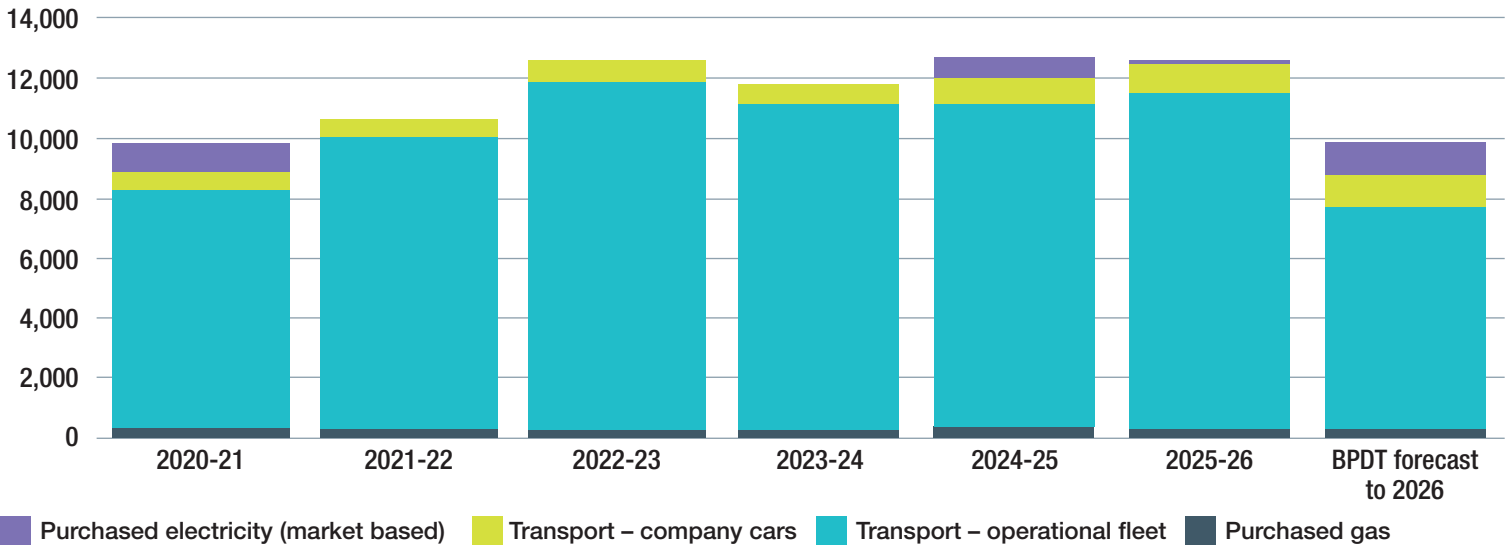
Notes: Highlighted rows indicate Scope 1 (direct) emissions. Unhighlighted rows represent Scope 2 (indirect) emissions. Note the values contained have been rounded to an appropriate level of accuracy. This may cause immaterial discrepancies between the totals presented within this document and the summation of their constituent parts. However, each individual figure is correct in its rounded form.

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

Emissions in tCO ₂ e	Specific area	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total RIIO-GD2 (2021-26)	Comments
Total Scope 1+2 including shrinkage (market based)		395,866	385,821 (384,894)	374,131 (373,299)	361,635 (360,728)	349,951 (349,560)	350,286 (349,576)	1,821,823 (1,818,057)	More information can be found in the following sections for Scope 1 and 2, and in “Business carbon footprint – shrinkage” on page 34 .
Carbon (Scope 1 and 2 in tonnes CO ₂ e) / £m turnover		870	833	722	641	634	590		Reduction driven by increased turnover (in year prices) relative to emissions.
Carbon (Scope 1 and 2 in tonnes CO ₂ e) / GWh gas throughput of the network		6.5	6.7	7.4	7.3	6.6	7.1		The increase reflects both lower gas throughput and an increase in emissions, partly due to the impact of third-party incidents (see page 34). As this metric is measured per GWh of throughput, a reduction in throughput combined with higher emissions results in an increased emissions intensity.
Renewable energy generated (kWh)		134,387	130,883	120,570	121,374	102,434	119,666	594,927	We generate solar electricity across our network to support the green electricity network. Annual solar generation is subject to variation due to changes in solar irradiance, weather conditions and system performance.

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

Scope 1 and 2 market based carbon emissions (tCO₂e)



The 2019 Business Plan Data Table (BPD) forecast shown in Chart 1 was developed using our previous operating model, prior to the insourcing of mains replacement activities. As a result, direct comparisons between actual emissions and the original forecast should be viewed in the context of this significant change to the structure and reporting boundary of the business.

Transport emissions: COVID-19 and insourcing impacts

The lower level of Scope 1 and 2 emissions reported in 2020-21 reflects the impact of COVID-19 restrictions. During this period, many work activities were reduced and government work-from-home guidance led to fewer vehicle movements and lower transport emissions. In 2021-22, we insourced our mains replacement work, a strategic shift that increased our direct employee numbers and the associated vehicles reported within our Scope 1 emissions. Combined with the easing of COVID-19 restrictions and a return to more normal operational activity, this contributed to the increase in emissions observed in 2022-23. Since then, emissions have remained broadly stable as we have balanced operational requirements with ongoing efforts to improve fleet efficiency and reduce emissions.

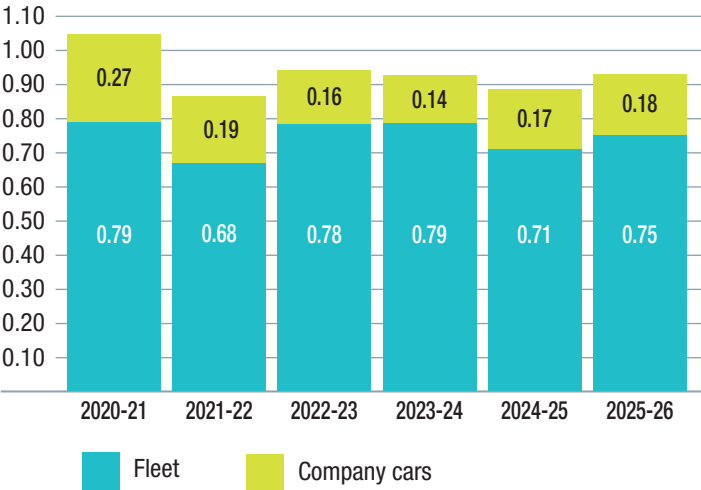
Energy supplier and vehicle changes

Our Scope 2 emissions from purchased (market-based) electricity reduced to zero in April 2021 when we switched to renewable electricity suppliers. In 2024-25, we experienced 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. As these emissions were beyond our control, we offset them using verified carbon offsets. In 2025-26, a small number of market-based emissions remained where renewable electricity evidence was unavailable for a third-party managed supply.

From 2021-22 onwards, market-based emissions have reflected the purchase of certified

renewable electricity, with the exceptions noted above. Forecast emissions presented in the 2019 BPDT Table 5.10 (shown in Chart 1) were calculated using location-based electricity emission factors and are therefore not directly comparable with our market-based Scope 2 emissions.

CHART 2 – CO₂e intensity of an operational mile travelled, expressed in kgCO₂e/mile



While we continued to introduce more hybrid and ultra-low-emission vehicles into our company car fleet, carbon intensity increased slightly over the period. This reflects a combination of changes in vehicle usage and updates to Defra emissions conversion factors, which are periodically revised to better reflect real-world vehicle performance.

The overall carbon intensity of miles travelled by our operational fleet also increased slightly between 2023-24 and 2025-26. While performance improved in 2024-25, the subsequent increase

reflected a combination of factors, including an ageing vehicle fleet following procurement challenges experienced during and after the COVID-19 period. Delays in vehicle replacement meant older, less fuel-efficient vehicles remained in service for longer, resulting in higher emissions per mile travelled than would have been achieved with newer vehicles. The trend was also influenced by updates to Defra emission factors and continued improvements in the scope and accuracy of fleet activity data captured within the reporting boundary. Additional vehicles were introduced to support operational requirements and remove the need for vehicle sharing, while increased operational mileage from heavy goods vehicles also contributed to the overall increase. Changes in the carbon intensity of the company car fleet were similarly influenced by Defra emission factor updates and evolving vehicle choices made to meet operational and practical requirements. As vehicles reach the end of their operational life, we continue to replace them, prioritising newer and more efficient models. We have also instructed contracted fleet suppliers to make suitable ultra-low or zero-emission alternatives available where they can deliver the same, or better, operational performance as fossil fuel vehicles.

CASE STUDY – Exploring Hydrogen as a Low-Carbon Fleet Solution

As part of our commitment to reduce operational carbon emissions and support the transition to a low-carbon future, we continued to explore alternative fuel technologies for our vehicle fleet during 2025-26.

During the year, we developed plans for a green hydrogen vehicle trial in partnership with Ford and a range of hydrogen technology specialists. The project was designed to assess the potential role of hydrogen fuel cell technology in supporting the decarbonisation of operational fleets, particularly where vehicle range, payload and operational requirements can present challenges for conventional electric vehicles.

The trial, which commenced in summer 2026, involves a prototype Ford Transit light commercial vehicle powered by a hydrogen fuel cell. Hydrogen for the project is produced and supplied by Protium Green Solutions, with refuelling taking place at the Hyppo Hydrogen Solutions site in Swansea, supported by Fuel Cell Systems.

Preparation work undertaken during 2025-26 focused on establishing the partnerships, infrastructure and operational arrangements required to test the technology in real-world conditions. The trial builds on previous hydrogen vehicle work and has been designed to evaluate vehicle performance across a range of day-to-day operational activities.

The learning generated from the project will help inform future fleet decarbonisation decisions and strengthen our understanding of the opportunities and challenges associated with hydrogen-powered vehicles. The initiative also supports wider industry efforts to reduce emissions from commercial vehicle fleets, particularly for operators requiring longer ranges, higher payloads and enhanced towing capability.

Looking ahead, insights from the trial will be used to assess the potential role of hydrogen within our future fleet strategy as we continue to work towards reducing emissions from our operations.



CASE STUDY – Digital Transformation of Employee Emissions Reporting

Over the past year, we continued to improve the quality and accuracy of our carbon reporting by transforming how employee commuting and homeworking data is collected across the business. Recognising the importance of robust data in understanding and reducing our Scope 3 emissions, we reviewed our existing reporting process and identified opportunities to make it more accessible, efficient and user-friendly.

Historically, commuting and homeworking information was collected

through an Excel-based survey process, achieving an average employee response rate of around 65%. While this provided valuable insight, feedback from colleagues highlighted opportunities to simplify the process and make participation easier across a range of devices.

Working closely with internal stakeholders, we designed and developed a new online survey platform in-house based on feedback received from employees and managers. The

new system can be accessed from any device, making it easier for colleagues to complete the survey, while a dedicated manager portal provides real-time visibility of completion rates across teams and enables targeted follow-up where required.

The introduction of the new platform significantly improved both the efficiency and visibility of the reporting process. As a result, the 2025-26 survey achieved a response rate of 92%, representing a substantial

increase in participation and providing a more comprehensive picture of commuting and homeworking patterns across the organisation.

The improved response rate has enhanced the quality and reliability of the underlying data used to calculate emissions, supporting more accurate Scope 3 reporting and enabling better-informed decision-making. Colleague feedback on the new system was overwhelmingly positive, with users highlighting the simplicity and

accessibility of the online approach.

By developing the solution internally and responding directly to employee feedback, we have created a more effective and scalable process for collecting sustainability data. This represents an important step in improving the accuracy of our carbon footprint reporting and strengthening our understanding of the emissions associated with employee commuting and homeworking, helping to inform future carbon reduction initiatives.

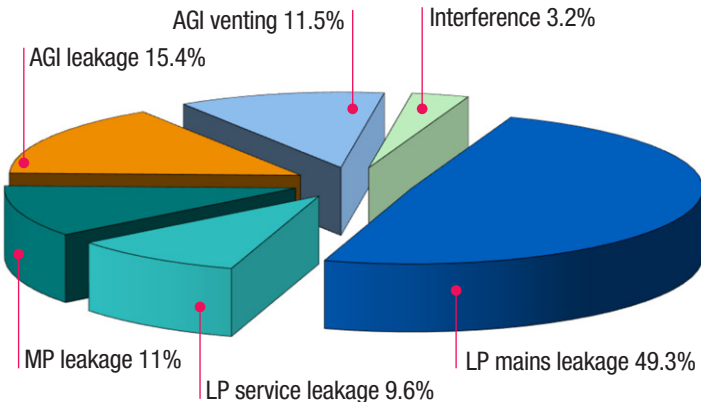
Business carbon footprint – shrinkage



Gas shrinkage is the volume of gas that is stolen, lost or used within a gas transportation network. We calculate and report these volumes annually using the Ofgem-approved Shrinkage and Leakage Model (SLM)*. 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 2025-26 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	2025-26
Low-pressure mains	162.5	153.5	146.4	139.9	134.4
Medium-pressure mains	30.9	30.6	30.3	29.9	30.0
Services	34.8	33.9	31.2	28.4	26.2
AGIs	73.1	72.9	73.4	73.1	73.4
Interference	1.1	1.1	1.0	1.0	8.6
Total	302.4	292.0	282.2	272.3	272.6
Target total	306.0	300.3	294.2	288.0	282.2

TABLE 8† – Leakage emissions

tCO ₂ e	2021-22	2022-23	2023-24	2024-25	2025-26
Total	370,892	358,071	346,121	334,003	334,361
Target total	375,285	368,350	360,807	353,226	346,130

TABLE 9† – Other shrinkage volumes

GWh	2021-22	2022-23	2023-24	2024-25	2025-26
Own use	6.5	5.7	5.6	5.9	5.5
Theft	11.4	10.1	9.8	10.5	9.8
Total	17.9	15.7	15.4	16.4	15.3

TABLE 10† – Other shrinkage emissions

tCO ₂ e	2021-22	2022-23	2023-24	2024-25	2025-26
Own use	1,189	1,038	1,017	1,082	1,009
Theft	2,104	1,836	1,799	1,915	1,786
Total	3,293	2,874	2,816	2,998	2,795

Leakage emissions and the impact of interference

As set out in Table 8, leakage emissions remained substantially below our target level in 2025-26, but increased by 358 tCO₂e from previous year, equating to a 0.1% increase in annual emissions. This increase was primarily driven by several large-scale leak incidents resulting from third-party

*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, 2024-25 and 2025-26. 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.

damage to the network, including a significant incident in the south-west. The reported position also reflects ongoing improvements to our shrinkage and leakage reporting methodologies. We are preparing for Ofgem’s transition towards observed shrinkage reporting where available and will refine our approach for RIIO-GD3 in line with regulatory guidance.

Overall RIIO-GD2 results

The final year shrinkage and leakage emissions is a 13% reduction from the starting position at the end of RIIO-GD1 in 2020-21 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 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.



Advanced leakage detection

In 2025-26, we continued trialling the vehicle mounted advanced leak detection technology in other areas of the network, further expanding the experience in our workforce. The technology detects and quantifies gas leaks which enables us to address the highest sources of methane emissions as we are provided with sufficiently granular location data which informs operatives on where in the field to investigate. The data collected will feed into the Digital Platform for Leakage Analytics (DPLA) to provide a view of our network emissions.

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 continue to prioritise primary data sources that fall within the first seven Scope 3 categories, improving scope and data quality over time. Throughout this section, examples of the progress made to expand our Scope 3 reporting boundary, improve data quality and increase the use of primary emissions data are highlighted. 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.

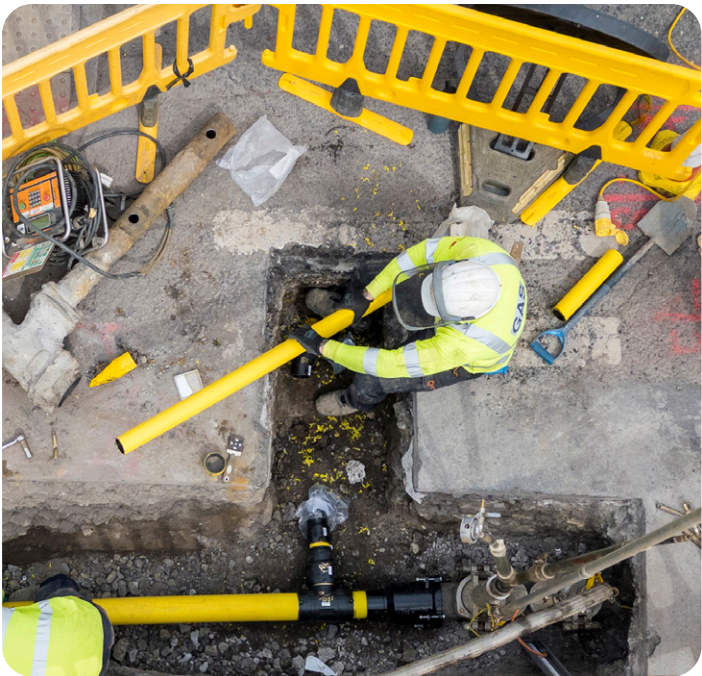
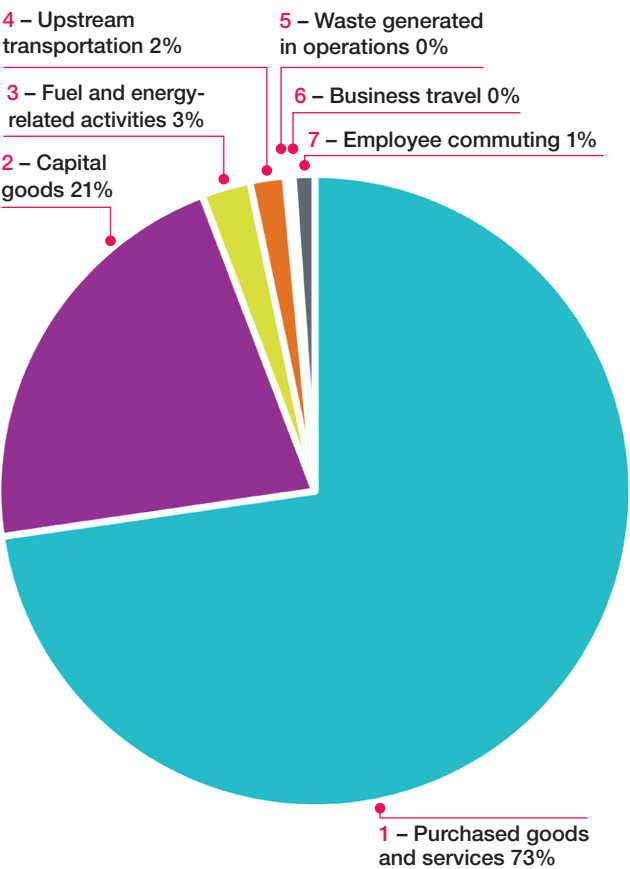


TABLE 11 – 2019-20 Scope 3 baseline assessment using primary data and spend analysis

Category	Description	Footprint tCO ₂ e	% 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, below.

TABLE 12 – Scope 3 carbon reporting

Descriptions	Footprint tCO ₂ e 2020-21	Footprint tCO ₂ e 2021-22	Footprint tCO ₂ e 2022-23	Footprint tCO ₂ e 2023-24	Footprint tCO ₂ e 2024-25	Footprint tCO ₂ e 2025-26	Comments
Purchased goods and services	599	4,168	4,272	4,256	4,080	4,359	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	431	Updated reporting following GHG Protocol Scope 3 guidance. This expanded the scope of reported emissions and contributed to the increase compared with previous years.
Contractor vehicles	549	140	0	0	0	0	We changed our business model in July 2021; contractor vehicles that were in Scope 3 are now in Scope 1.
Water (supply)	–	–	–	–	–	2	Updated reporting following GHG Protocol Scope 3 guidance.
Reinstatement materials	N/R	3,963	4,200	4,181	4,013	3,925	This includes internal and contractor reinstatement materials.
Capital goods	3,480	3,518	4,326	4,212	4,519	4,103	
PE pipe and fittings	3,480	3,349	4,101	3,943	3,972	3,493	Data provided directly from the suppliers.
Copper and steel pipe	N/R	163	215	207	362	347	Data provided by purchase orders.
IT (purchased equipment)	N/R	7	10	62	185	263	Data provided by purchase orders. Increase driven by the planned refresh of laptops and smartphones to maintain a secure, supported and future-ready IT estate.
Fuel and energy related activities	–	2,884	3,146	3,162	3,099	3,120	
Well To Tank (WTT) gas consumption	N/R	42	32	33	51	37	Converted from Scope 1 and 2 source data.
WTT and transportation and distribution electricity consumption	N/R	345	293	297	302	288	
WTT fuel	N/R	2,498	2,821	2,831	2,745	2,796	

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 less than one are reported to one significant figure.

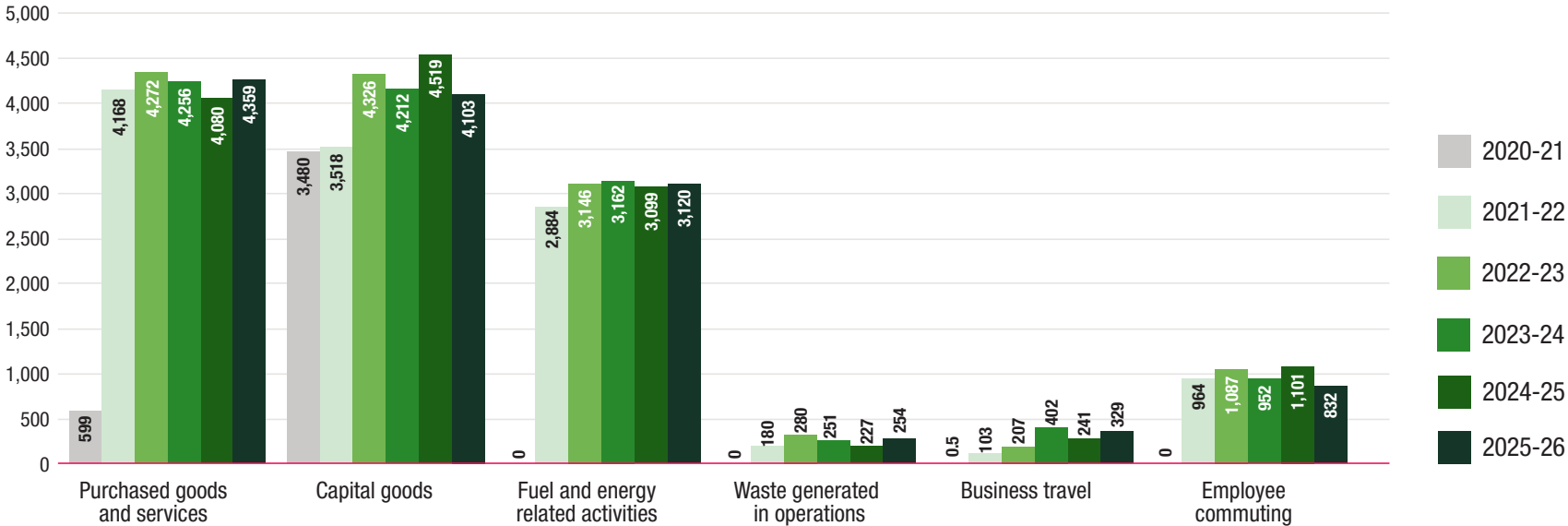
TABLE 12 – Scope 3 carbon reporting (cont.)

Descriptions	Footprint tCO ₂ e 2020-21	Footprint tCO ₂ e 2021-22	Footprint tCO ₂ e 2022-23	Footprint tCO ₂ e 2023-24	Footprint tCO ₂ e 2024-25	Footprint tCO ₂ e 2025-26	Comments
Waste generated in operations	–	180	280	251	227	254	
Spoil to landfill	N/R	153	231	217	206	220	
Office and depot waste	N/R	24	45	31	19	33	Data provided by waste management contractors.
IT	N/R	0.1	0.03	0.07	0.02	0.01	
Water disposal	N/R	2	4	2	3	2	Data provided by utilities invoices.
Business travel	0.5	103	207	402	241	329	
Private vehicles	–	44	130	55	90	98	2020-21 reported private vehicles in Scope 1.
Rail	–	1	4	6	9	8	Data provided by third-party corporate travel company. Increased flight emissions from 2023-24 reflect resumed business travel patterns after COVID-19 restrictions.
Flights	–	–	3	275	86	171	
Hotels	–	54	66	60	49	45	
Hire cars, taxis, buses	0.5	5	5	6	7	7	
Employee commuting	–	964	1,087	952	1,101	832	
Commuting	N/R	518	893	812	929	670	Calculation based on results of an employee survey. We achieved an improved response rate of 92% this year, up from 65% in the previous year, reducing the proportion of estimated data to just 8%.
Homeworking	N/R	446	194	141	172	162	
Total gross Scope 3 carbon	4,080	11,817	13,319	13,235	13,268	12,997	
Carbon offset	N/R	-70	-2,700	-2,400	-2,200	-2,638	Carbon offsetting rail and air emissions (including helicopters) along with emissions associated with our HGVs since 2022-23, and a small amount of brown electricity consumed in the year, 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 less than one are reported to the first significant figure.

CHART 5 – Breakdown of Scope 3 emissions 2020-26

Scope 3 emissions (tCO₂e)



During RIIO-GD2, we improved our understanding of Scope 3 emissions, moving from predominantly spend-based calculations to increasing use of activity-based primary data. During RIIO-GD3, we will continue to expand the use of material primary data sources and improve data quality and coverage over time, strengthening our understanding of Scope 3 emissions and supporting future target development.

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. This review highlighted that such alternatives were not available for our HGVs at the time and, as such, we made the decision to include these

emissions in our unavoidable carbon offsets for RIIO-GD2. As we come to the end of the price control period, a further review has demonstrated that these technologies have progressed and, in RIIO-GD3, we will return to offsetting only unavoidable air and rail emissions. 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 cook-stoves, 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 committed to report embodied carbon on new construction projects that meet the threshold requirements, and we 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 2025-26 regulatory year.

The embodied carbon chart below, 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, along with pipe and fittings and reinstatement materials. The complexity and volume of our work also influence our overall carbon footprint, as these factors

directly impact resource consumption and waste generation.

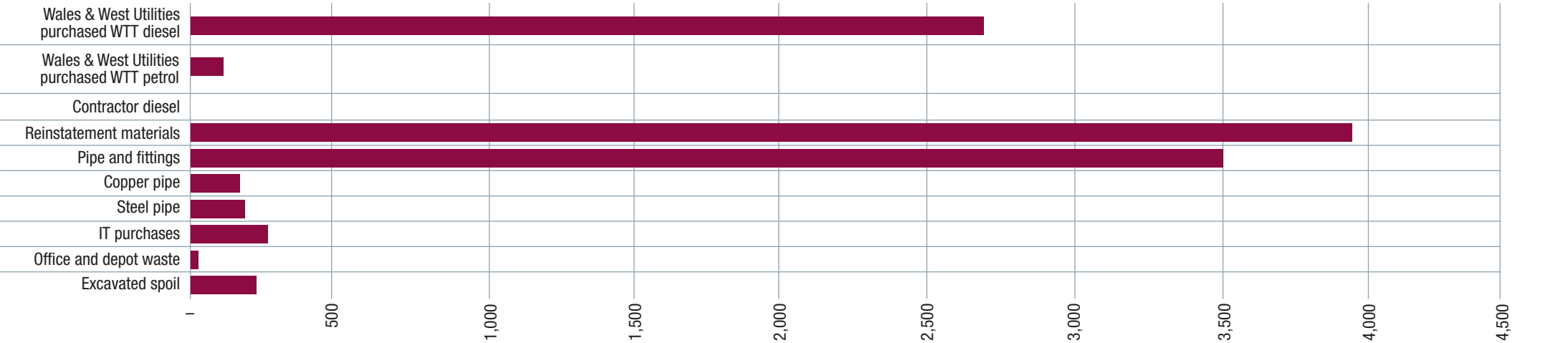
During RIIO-GD2 we monitored our embodied carbon against the metrics in table 13 below.

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 2021-26 embodied carbon and ambitions

Embodied carbon source	Description	Footprint tCO ₂ e 2021-22	Footprint tCO ₂ e 2022-23	Footprint tCO ₂ e 2023-24	Footprint tCO ₂ e 2024-25	Footprint tCO ₂ e 2025-26
Total embodied carbon	We monitored and reported total embodied carbon intensity throughout RIIO-GD2.	25.08 tCO ₂ e/km pipe replaced	26.58 tCO ₂ e/km pipe replaced	23.38 tCO ₂ e/km pipe replaced	28.10 tCO ₂ e/km pipe replaced	25.47 tCO ₂ e/km pipe replaced
		22.21 tCO ₂ e/£m turnover	22.47 tCO ₂ e/£m turnover	20.18 tCO ₂ e/£m turnover	20.84 tCO ₂ e/£m turnover	18.64 tCO ₂ e/£m turnover

CHART 6 – Embodied carbon 2025-26 (tCO₂e)



Sustainable procurement, resource use and waste



Over the past year we have engaged with more than 1,300 suppliers who provide a diverse range of goods and services. Every supplier is key to supporting our environmental ambitions, so we are continually striving to improve engagement and communication of our ambitions and expectations for a sustainable supply chain.

Sustainability and our Supplier Charter

Our Charter is an important engagement tool, raising awareness and setting out the minimum standards required of the supply base. Reviewed at least annually, the Charter highlights the topics that are essential to our business today, along with emerging themes that will become more relevant over time. Whether legislative, contractual, or ethical, the core principles required to provide a safe and reliable service are reviewed to ensure they remain relevant. The latest version is shared through an annual supply chain survey, where all suppliers are required to read and accept its contents. Inclusion of the Charter in the supplier acceptance process helps give our supply chain sight of our expectations.

Decision-making and sharing information

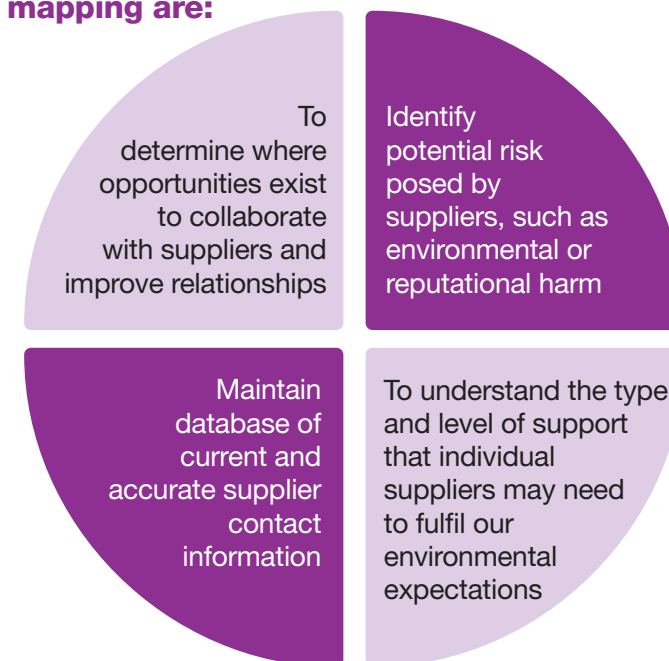
We place increased focus on our company Priorities and Values, highlighting the overarching themes that guide our decision-making. We make sure that the Charter correlates to our Pre Qualification Questionnaire (PQQ) to ensure alignment with supplier acceptance protocols. A newsletter for the supply 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

Mapping our supply base is an activity we continue each year to assess which suppliers can best support our environmental plans, 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 2026, 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.

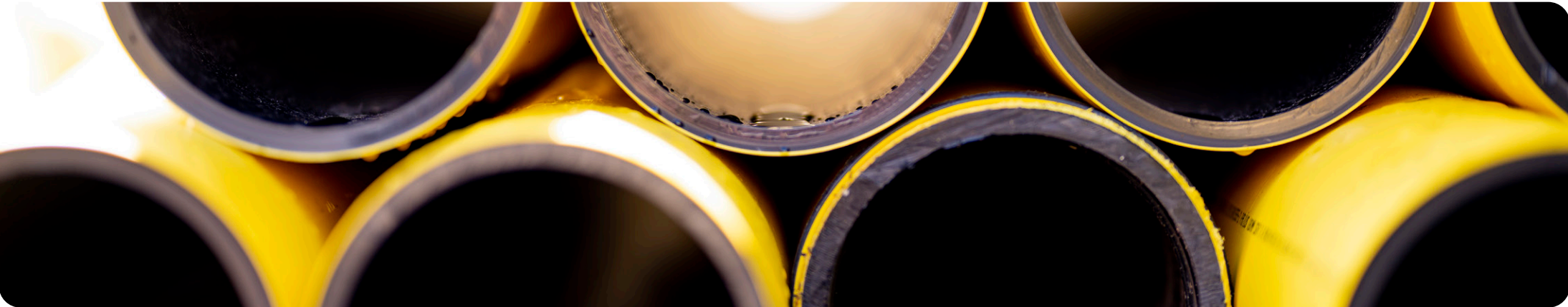
Continued membership of the Supply Chain Sustainability School (SCSS) has enabled internal training and learning for colleagues across a range of topics, supporting the development of industry best practices and solutions. A learning pathway has been developed to provide a minimum standard of awareness 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.
- Review the Supplier Charter contents and adapt to a Supplier Code of Conduct. Position updated document within the supplier approval process. Make acceptance of the Code a prerequisite of becoming an approved supplier.

TABLE 14 – Sustainable procurement performance indicators

Supply chain	2021-22	2022-23	2023-24	2024-25	2025-26
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)	66% (94% of respondents in benchmark of 88% 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)	61% (93% of respondents in benchmark of 88% 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.](#)

Resources summary

The key materials we use directly and the activities to reduce our usage are summarised below.

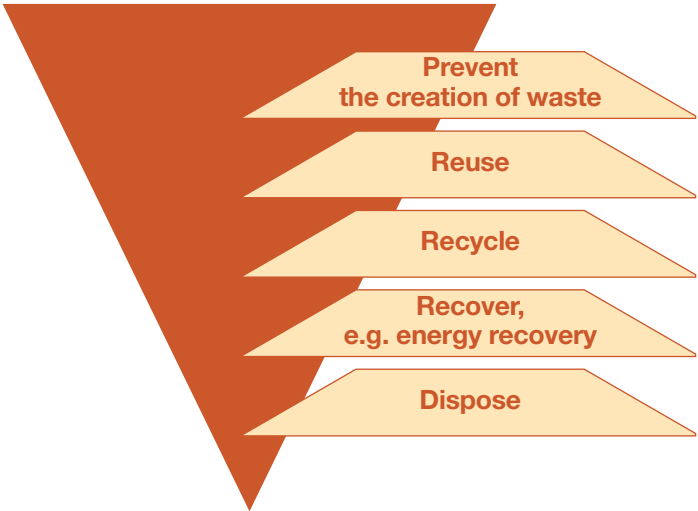
TABLE 15 – Key materials used during the reporting period 2025-26

Resource	Volume consumed	Environmental impact	Actions taken
Aggregate	42,573 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 2025-26, against a RIIO-GD2 commitment of 20%, we used 59% recycled aggregate as back fill material (54% in 2024-25). We continue to work with our suppliers to improve our performance in this area.

TABLE 15 – Key materials used during the reporting period 2025-26 (cont.)

Resource	Volume consumed	Environmental impact	Actions taken
Reinstatement materials	Tarmac 40,654 tonnes Concrete 10,805 tonnes Paving 3,352 tonnes Soil 6,353 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. Please see the Driving Circular Economy Solutions Through Sustainable Material Management case study for more information on this work.
Diesel – fuel within the operational fleet	4,370,856 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 99.92% (99% in 2024-25). • We are investigating ULEV and ZEV alternatives across the fleet, including innovation on alternative vehicles. • 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 85 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	1,687 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.

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 16† – Year on year comparison of waste produced

	2021-22	2022-23	2023-24	2024-25	2025-26
Total metric tonnes of waste produced directly by the company (tonnes)	150,614	232,191	221,328	209,972	218,999
Tonnes per £m turnover (in year prices)	325	448	392	380	369

TABLE 17† – Waste statistics

	Reuse	Recycle	Recovery with energy	Incineration	Landfill
Total (tonnes/%)	32 <1%	218,269 99.7%	205 <1%	223 <1%	270 <1%
Spoil	–	217,567 99.3%	–	–	217 <1%
PE waste	–	196 <1%	–	–	–
Mixed recycling	–	201 <1%	–	–	–
Cardboard	–	34 <1%	–	–	–
Plastic wrapping	–	2 <1%	–	–	–
Pallets	32 <1%	48 <1%	–	–	–
Non-recyclable (general waste)	–	–	205 <1%	169 <1%	53 <1%
Hazardous waste	–	–	–	55 <1%	–
Metal waste	–	218 <1%	–	–	–
IT waste		2 <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 was a great start, we continually look for areas to further improve. While the total metric tonnes of waste

generated can fluctuate in line with workload levels and the nature of activities undertaken, our focus remains on reducing waste and maximising the proportion diverted from landfill. Here are some of the activities that we’re engaging in.

† Note the values contained in tables 16-17 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.

CASE STUDY – Driving Circular Economy Solutions Through Sustainable Material Management

Over the past three years, we have continued to build on our commitment to sustainable practices by increasing the use of recycled and secondary aggregates across our operations. Through supplier collaboration, material innovation and close engagement with operational teams, we have identified opportunities to reduce reliance on virgin resources, lower costs and support the transition towards a more circular economy.

Through a review of material sourcing and supply chain opportunities, we successfully introduced Eco-aggregate as a sustainable alternative to virgin stone across a number of operational areas. This material not only reduces demand for newly quarried resources but is also exempt from the Aggregates Levy, delivering both environmental and commercial benefits and significantly increasing recycled material usage within our reinstatement activities.

The use of recycled aggregates can present technical challenges depending on local geology and material characteristics. To address this, we worked collaboratively with suppliers to develop high-quality recycled aggregate products capable of meeting the compaction, certification and performance standards required for network reinstatement. This approach has enabled the adoption of reliable, year-round sustainable alternatives without compromising quality or operational performance and contributed to the south region achieving a landmark 90% recycled

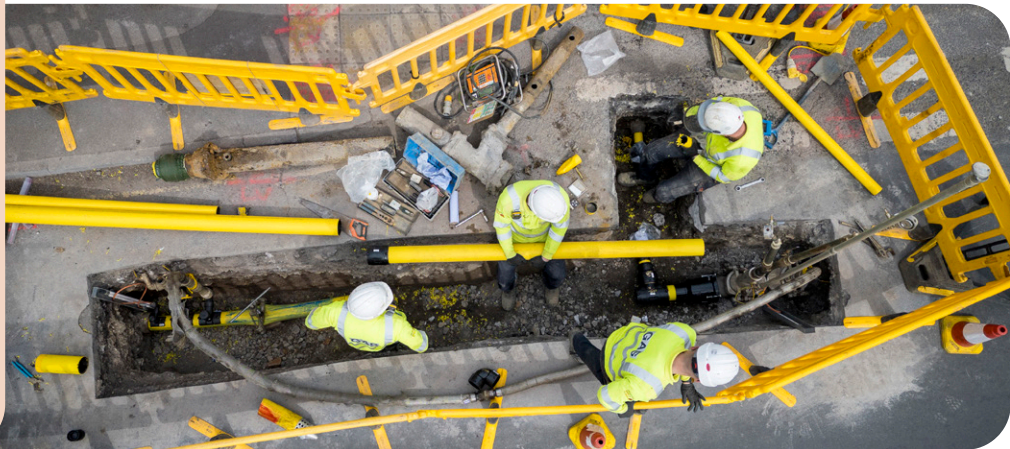
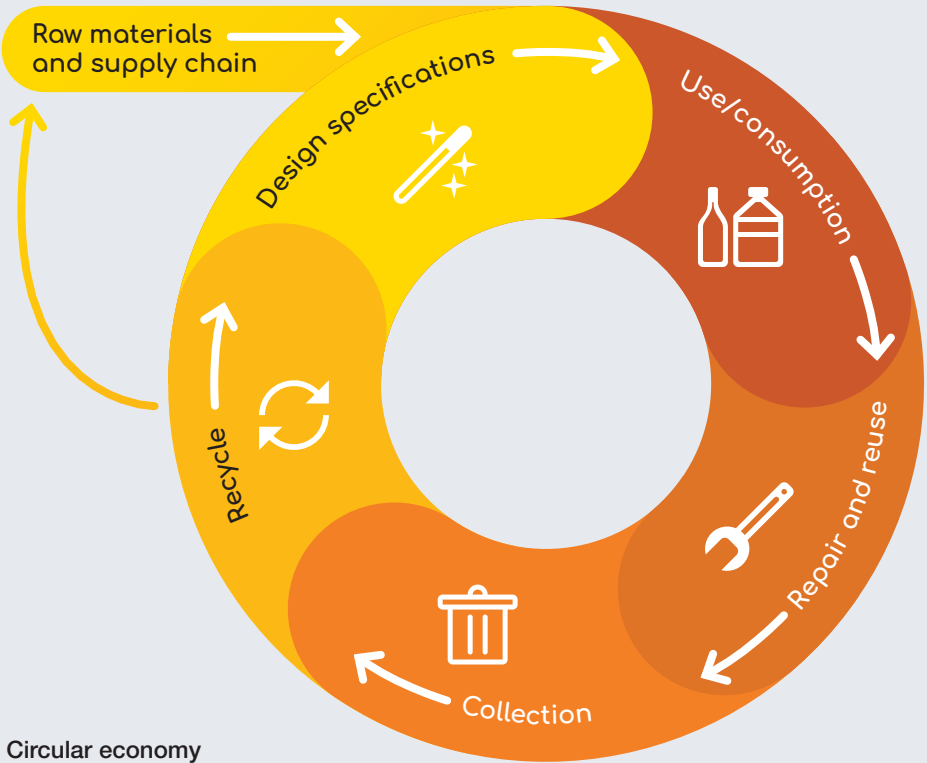
material usage rate during 2025.

One of the most significant innovations developed during this period has been the Gwydr Gwyrd project, delivered in partnership with Recresco. This pioneering recycling initiative transforms waste glass into sustainable reinstatement sand, creating a practical alternative to traditional quarried materials.

The project delivers a number of important benefits:

- **Reducing resource consumption** – by replacing traditional sand with recycled glass-derived material.
- **Supporting a circular economy** – enabling waste glass to be processed and repurposed into valuable construction materials for use within the network.
- **Creating a scalable solution** – following successful trials, the project has demonstrated the potential for wider implementation across the network, supporting Wales & West Utilities' long-term environmental ambitions.

Together, these initiatives have significantly increased the proportion of recycled materials used across our operations. They demonstrate how innovation, collaboration and sustainable material management can deliver environmental benefits while maintaining the high standards of safety, quality and performance required across our network.



Local environment



Climate change resilience

The long-term risk from climate change must be considered in assessing the resilience of our network. We are committed to working with government and other infrastructure operators to maintain a resilient energy network in the face of a changing climate.

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.

We developed a Climate Resilience Strategy as part of the RIIO-GD3 business plan. Our 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. Climate change risks are documented, maintained, and updated in our climate risk register.

In 2025-26 we have:

- Established a senior manager lead for climate resilience overseeing a Climate Resilience Co-ordination Group with representatives from all parts of the business.
- Started to meet with Public Service Boards in Wales and local and combined authorities in England with the aim of targeting collaboration on the most material issues.
- Mapped the vulnerability of assets to peatland fires.
- Scoped a project that will map the vulnerability of assets against local environmental and topographical conditions under a range of future climate scenarios.
- Consolidated our ARP4 risks into a more manageable list and incorporated this into the Corporate Risk Register.
- Held a climate resilience expert briefing for Executive Directors and senior managers.

Our ongoing active management of climate risks is primarily embedded within day-to-day inspection and maintenance operations that feed through to the asset 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 able 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. We are committed to undertake detailed analysis of asset vulnerabilities in RIIO-GD3 to inform business planning for the next price control period and will work with Ofgem and other gas networks to adapt our sector to the changes we are all experiencing.

Enhancing the local environment



Operating in a sustainable manner to protect and enhance our natural environment is essential to us as a responsible business, taking into account our impact on local environmental considerations such as biodiversity, air quality and land management.

While our gas distribution network includes many sites, most have a limited land footprint. These sites primarily serve functional purposes like gas assets

and storage equipment, offices, or depots. This portfolio structure means a one-size-fits-all approach to natural capital valuation is not the most efficient use of resources.

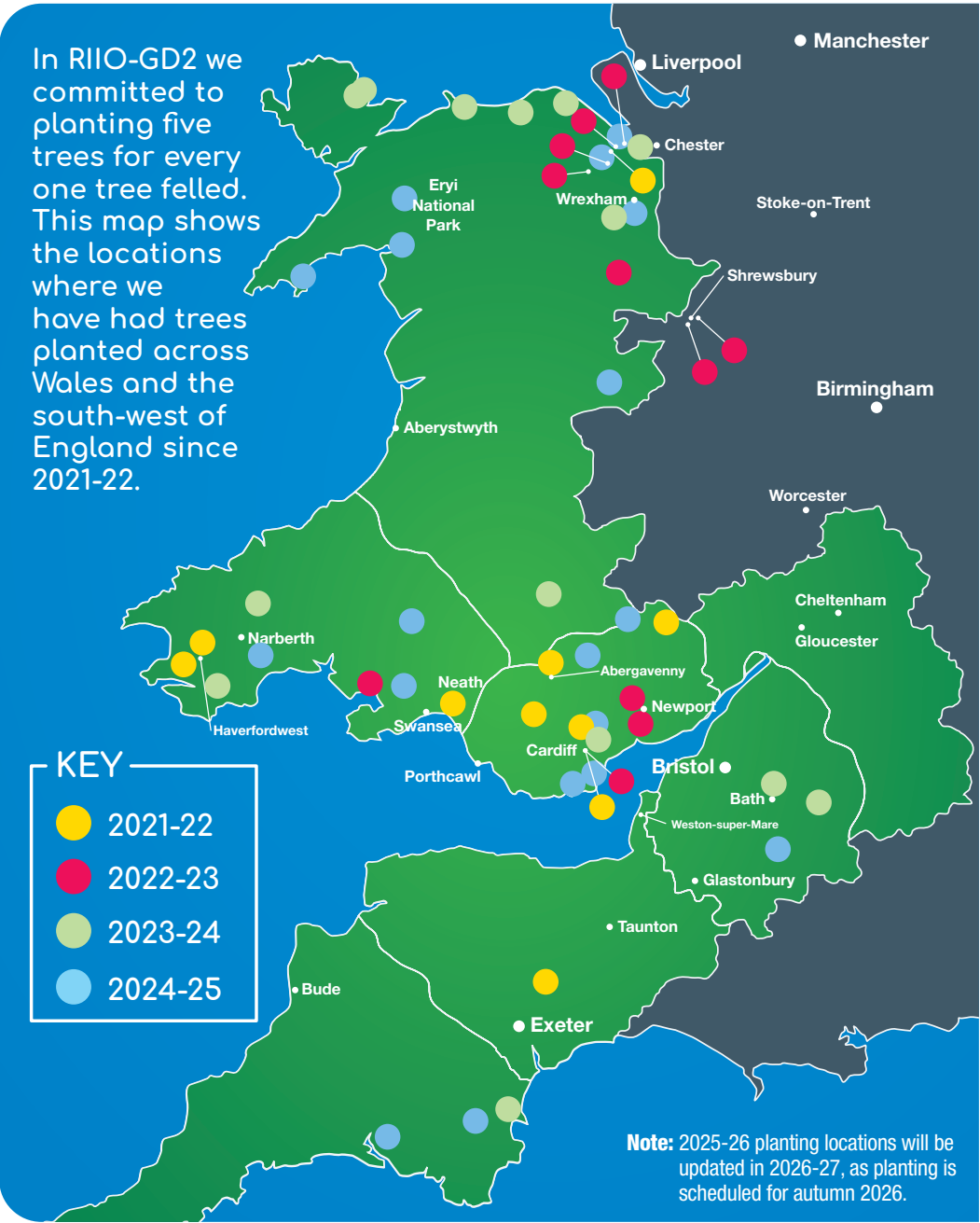
Therefore, we’re focusing on a targeted approach using the approved Defra Metric for individual site assessments. This allows us to tailor our efforts to areas with the most significant potential for improvement and deliver the greatest value for our customers.

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 18 – 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 sites into beneficial use for the wider community. Supporting the local authority’s plans for brownfield sites.	2021-26
Tree planting	Wales & West Utilities network	Planting of a further 3,215 trees as a continuation of the “Five for One” Policy (4,185 trees planted in 2024-25).	Improved air quality through pollutant absorption, providing natural habitat for wildlife.	Data captured in 2025-26. Planting to commence during the next tree planting season in autumn 2026.





CASE STUDY: Supporting Nature and Community in Shaldon

Following the completion of gas network upgrade works in Shaldon, Devon, we partnered with Shaldon Parish Council to deliver a project that provides lasting benefits for both the local community and the environment. Through a £1,000 contribution linked to our investment in upgrading gas pipes in the Ringmore Road area, we supported biodiversity enhancements at the recently renovated King George V playing field.

The funding helped establish pollinator-friendly planting throughout the site, creating valuable habitat for insects and other wildlife while increasing biodiversity in the area. By introducing a wider variety of native plants, the project has enhanced the local ecosystem

and contributed to a greener, more attractive public space for residents and visitors to enjoy. In addition, a willow walk was created to provide a natural feature that encourages people to connect with nature and enjoy the outdoor environment. The willow planting offers aesthetic, recreational and environmental benefits, creating an appealing space for families using the nearby play park while also supporting local biodiversity.



The project is an example of how our work can leave a positive legacy beyond the delivery of essential infrastructure upgrades. By working closely with local communities, we can identify opportunities to enhance the natural environment, improve community spaces and create lasting value alongside our investment in maintaining a safe and reliable gas network. Through this partnership, the biodiversity improvements at Shaldon will continue to benefit wildlife, residents and visitors for years to come, creating a healthier and more resilient environment for the local community.

Land management



In the fifth and final year of RIIO-GD2, our Land Management department completed the final six of our target 85 projects across 70 sites required for delivery during our five years of RIIO-GD2. This means we successfully delivered our RIIO-GD2 EAP ambitions.

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, under current use, 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 RIIO-GD2 Business Plan (2021–26), 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 five, four 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 five, Land Management completed two land remediation projects at our sites in Machynlleth, north-west Wales and Menai Bridge, north Wales. Land remediation is the process of cleaning up contaminated soil and water at historical gas production sites.

Land remediation – Machynlleth pre-works included significant public engagement including a dedicated drop-in event to engage with the local community, and several phases of letter drops were undertaken to provide project updates. The 0.1 ha site was subject to excavation and off-site disposal of two zones of contamination. Zone 1 focused on the former process areas of the site and the area was fully turned over to the base of contamination/ groundwater. Grossly impacted soils above the water table were excavated and circa 660 m³ of material was excavated, with 437 m³ exported directly offsite for disposal. 223 m³ was suitable for re-use on site at depth. Zone 2 addressed a former infilled below ground gasholder tank which contained tars. A volume of 96 m³ from this structure was removed and disposed of off-site.

A total of 1,007 tonnes of MOT Type 1 virgin quarried aggregate, Welsh slate, inert clay and topsoil was imported to site. Other than the clay, the materials were used as general fill to the excavations and placed within the top 300 mm as the remediation “clean cover” above an orange

geotextile barrier. The clay was used to form a low permeability “barrier wall” to prevent off-site contamination migrating onto the Wales & West Utilities site.

As agreed in our planning conditions, species of hawthorn, blackthorn, elder, hazel and hornbeam were planted along the western and southern boundaries as part of biodiversity off-setting and enhancements.



Biodiversity information board at Quakers Yard

Land remediation – Menai Bridge 0.13 ha of site was remediated. The main remedial works included the excavation of 450 m³ of material with 193 m³ requiring treatment, 197 m³ suitable for re-use and 60 m³ disposed of off-site. (Impacted material included gross tar associated with a former gasholder and spent oxide.) Treatment was achieved by mixing the contamination with a pre-determined mixture of pulverised fuel ash and cement which set solid as a monolith and effectively locked up the contamination.

This was confirmed by post-works laboratory leaching tests. The treatment of stabilisation/solidification is considered more sustainable than excavation and disposal of material off-site, because it treats and manages contamination in situ or on site, significantly reducing the environmental impacts associated with transporting and disposing of large volumes of soil. The entire land parcel (0.13 ha) had a surface cover layer installed which comprised an orange geotextile barrier with 545 tonnes of imported

Type 1 Welsh slate/stone as a surface dressing. Given the restrictions of tree planting over live gas mains which are present beneath most of the site, biodiversity enhancements were limited to installing bird boxes at the boundary of the site.

These two remediation sites are now under short to medium term monitoring to demonstrate the remediation has been successful. Both remediation sites are now classified as a low risk in terms of land contamination.

Biodiversity

CASE STUDY – Eryri (Snowdonia) National Park High-Pressure Pipeline



In 2025, we completed the replacement of approximately 15 km of high-pressure gas pipeline located in the Eryri National Park. The existing pipeline, which delivers a safe and reliable gas supply to around 5,000 customers including local homes, schools, and businesses, needed replacing due to its age and condition. This proactive replacement removed the risk of future leaks and deterioration, ensuring the long-term integrity of the gas distribution network.

Protecting wildlife and history

Before any construction began, we conducted an intensive and extended environmental survey programme to fully understand and protect the environment, wildlife, and history along the entire proposed route. This comprehensive data gathering included over 80 individual surveys. Our ecologists conducted detailed

checks for protected species like badgers, bats, dormice, otters, water vole, migratory fish, and nesting birds, as well as documenting ancient woodland, hedgerows, and rare plants. Simultaneously, archaeological surveys, including geophysical tests and trial pits, were undertaken. These surveys revealed two significant historical discoveries: a potential Palaeolithic settlement (evidence of early human activity) and an animal enclosure.

The low-impact route design

The detailed survey information allowed our team to design a highly adaptive route that actively avoided sensitive areas, resulting in a significantly lower-impact solution. To directly mitigate potential harm, we implemented 25 re-routes away from protected species habitats, heritage sites, and valuable landscapes.

To avoid surface disturbance entirely in key



Grass reinstatement along the route

CASE STUDY – Eryri (Snowdonia) National Park High-Pressure Pipeline (cont.)

areas, we utilised nine sections of Horizontal Directional Drilling (HDD)—a sophisticated underground tunnelling technique—to pass the pipeline beneath features like major rivers, roads, and sensitive habitats. Our final, low-impact design was rigorously scrutinised and approved by both the Department for Energy Security and Net Zero (DESNZ) and the Eryri National Park authorities, confirming that the work would have no likely significant effects on natural resources, as assessed through the Habitats Regulations Assessment (HRA).

Our biodiversity net gain commitment

We are committed to biodiversity net gain (BNG), which means we must leave the environment in a measurably better way than before our work started, ensuring long-term ecosystem resilience. This commitment was enforced across all stages of the project.

A key part of our promise was fulfilled by ensuring that all areas of land disturbed during construction have been appropriately reinstated following the project completion, as approved by regulatory bodies. Furthermore, the final scheme did not cause any significant change to the local shape of the land (topography) with only one tree requiring removal, which was done with care under ecology supervision. As part of the final restoration and enhancement works, we worked closely with local tree nurseries to deliver approximately 465m of new hedgerow planting across the route. In addition, hedgerows that were temporarily removed

during construction were carefully stored at a local nursery and successfully replanted following the completion of the project, helping to restore habitat connectivity and support local biodiversity.

Collaboration and local economic support

We focused on ensuring the project delivered benefits to the local area, both through high standards of work and by supporting the local economy.

Hiring local: We were committed to sustainability by hiring local people to work on the site, ensuring project investment flowed directly back into the community.

Specialist skills: To respect the unique character of the landscape, we employed a local stone wall specialist to meticulously rebuild stone walls disturbed during the work. This ensured the walls were reconstructed using traditional methods and materials, preserving local heritage.

Community care: Working effectively with local landowners and farmers was essential. We ensured farming operations and livestock were protected by installing temporary fences, gates, and access points in collaboration with them. As a lasting benefit, we donated the fencing and gates to the farmers once the project was over. This completed project is a strong example of how essential infrastructure upgrades can be delivered successfully while adhering to stringent environmental protection and BNG standards.



Post works hedge planting

TABLE 19 – 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 Researchers](#) tell us Wales has some of the worst 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 understand and minimise our impact on air quality during RIIO-GD2. Working with specialist consultants we 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 (PM₁₀ and PM_{2.5}).

Energy plant – Gas boilers emit NO_x (and some PM10 and PM2.5 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 below.

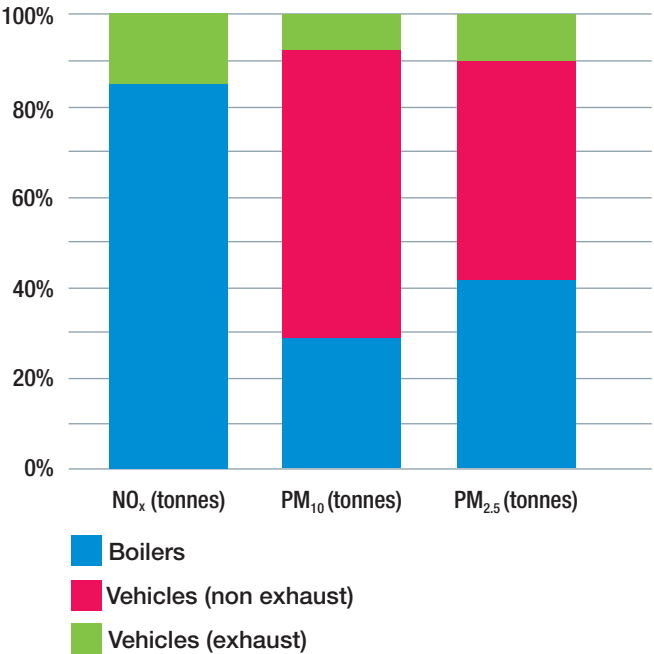
TABLE 20 – Air quality analysis

Emission source	NO _x (tonnes)	PM ₁₀ (tonnes)	PM _{2.5} (tonnes)
Vehicles (exhaust)	14.649	0.114	0.114
Vehicles (non-exhaust including brake, tyre and road abrasion emissions)	–	1.228	0.643
Boilers	75.980	0.468	0.468
TOTAL	90.629	1.810	1.225

During RIIO-GD2, we undertook a range of activities through our EAP that were designed to reduce our impact on air quality. These activities included:

- **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 2025-26



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, "...it was once again pleasing to observe the high standards and controls of the main environmental aspects at Wales & West Utilities".

Our environmental performance is further demonstrated by the absence of environmental incidents reported to, or actions taken by, our environmental regulatory authorities (the Environment Agency and Natural Resources Wales).



Statement on scope and quality

Data assurance statement

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

The 2025-26 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 Regulatory Reporting Pack (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. Independent data and process audits were also carried out, involving detailed reviews to agree the submissions details aligned with source data on a sample basis and reperforming calculations where required, to ensure correct results were recorded.

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 using the RAG rating described below.

The Scope 1, 2, and 3 business carbon footprint data reported within this AER has been subject to limited public assurance. Further information on the assurance approach, scope and assurance statement is available on our [website](#).

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 ongoing innovation activities that are primarily supporting decarbonisation and/or protecting the environment	Year five of RII0-GD2 we spent £8.2m 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 2025-26 Innovation report.	Wales & West Utilities Annual Innovation Report – www-annual-nia-summary-25-26.pdf	

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 (wb2°C) 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 RRP data (GWh) converted to tCO ₂ e 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 5 to Euro 6 compliant vehicles over RIIO-GD2	Total Euro 6 compliant 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 – Secondary data provided by supply chain	
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) – Secondary data provided by supply chain 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 – Secondary data provided by supply chain	
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 (2023) and NAEI (2026) Emission Factor Database.	Wales & West Utilities 2025-26 carbon accounting data	
Land management	Methodology for assessment is in line with Ofgem RIGs.	RRP submissions	

Appendix 2 – Glossary

Ambition

A specific goal or target set within our Environmental Action Plan, outlining defined objectives and milestones for environmental performance.

BEV

Refers to Battery Electric Vehicles, a pure electric car powered entirely by rechargeable battery pack and an electric motor, with zero tailpipe emissions.

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.

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.

Commitment

An overarching pledge or strategic directive aligned with broader societal or global sustainability goals.

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 0°C and under a pressure of 1,013 mbar).

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.

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.

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.

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.

tCO₂e

Tonnes (t) of carbon dioxide (CO₂) 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.

UNSDGs

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.

wb2°C

The Paris Agreement's goal is to limit global warming to well below 2 degrees Celsius (wb2°C), 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 (CO₂) or nitrogen oxides (NO_x) into the air.

Appendix 3 – Annual Environmental Report – summary table

Contribution to energy system decarbonisation	2025-26 Update	RAG
Current renewable energy capacity within the network	1.95 TWh which is equivalent to the heating demand of around 170,000 homes	N/A
Continue to proactively facilitate the connection of green gas.	22 biomethane connections	N/A
Annual investment in ongoing innovation activities that are primarily supporting decarbonisation and/or protecting the environment	£8.2m which included £6.4m of NIA and £1.8m of SIF funding	N/A

Climate change impacts	2025-26 Update	RAG
Our long-term greenhouse gas reduction ambition, to reduce GHG emissions by 37.5% by 2035 (wb2°C, aligned with a science-based methodology and excluding shrinkage)	10% increase against 2019-20 baseline	●
Annual change in business carbon footprint excluding losses/shrinkage in comparison to its end of RIIO-GD2 target	1% decrease against 2024-25	●
Change in total shrinkage (reduce gas loss to atmosphere by 10% by 2026)	0% in-year reduction against 2024-25 13% reduction against 2019-20 baseline	●
Ensure 75% of company cars are hybrid or ultra-low-emission vehicles by 2026	99.33%	●
Move commercial fleet from Euro V to Euro VI compliant vehicles over RIIO-GD2	99.92%	●
Reduce carbon emissions associated with non-operational travel by 5% by 2026	23% reduction	●
Offset 100% of our rail and air travel carbon footprint	2,638 tonnes offset	●

* 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.

APPENDIX 3 – ANNUAL ENVIRONMENTAL REPORT – SUMMARY TABLE

Resource use and waste		2025-26 Update	RAG
Annual total waste (office, network depots, spoil)		218,999 tonnes	N/A
Fate of waste	Reuse	<1% of total waste	N/A
	Recycle	99.7% 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		99.9% reuse and recycle	●
Increasing use of recycled aggregate to greater than 20% by 2026		59% used	●
Reduce office waste by 25% by 2026		21% increase against baseline	●
Reduce paper consumption by 75% by 2026		59% reduction against baseline	●
Limit PE gas pipe waste to 5% by weight by 2026		13%	●
Send a maximum of 20% waste to landfill by 2026		<1%	●
Deliver a minimum of 80% waste reused and recycled by 2026		99.7%	●

Sustainable procurement		2025-26 Update	RAG
Proportion of suppliers meeting our environmental supplier code or equivalent		66% (94% of respondents in benchmark of 88% of spend)	●
Percentage of suppliers (by value) that have their own sustainability metrics or KPIs		61% (93% of respondents in benchmark of 88% of spend)	●

* 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.

APPENDIX 3 – ANNUAL ENVIRONMENTAL REPORT – SUMMARY TABLE

Local environment	2025-26 Update	RAG
Annual investment in schemes to enhance/restore local environmental quality	£1.19 million	N/A
Land area being treated in schemes to enhance/restore local environmental quality	0.85 hectares	N/A
Number of reportable environmental incidents	0	●
Planting five trees for every tree we cut down	Felled 643 trees Commissioned 3,215 to be planted autumn 2026	●
Delivering 85 land management outputs	During 2025-26 we delivered six of our 85 land management outputs	●

* 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.

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Front cover image: An aerial view of Happy Valley (Cwm Maethlon), on the southern edge of Eryri (Snowdonia) National Park.

