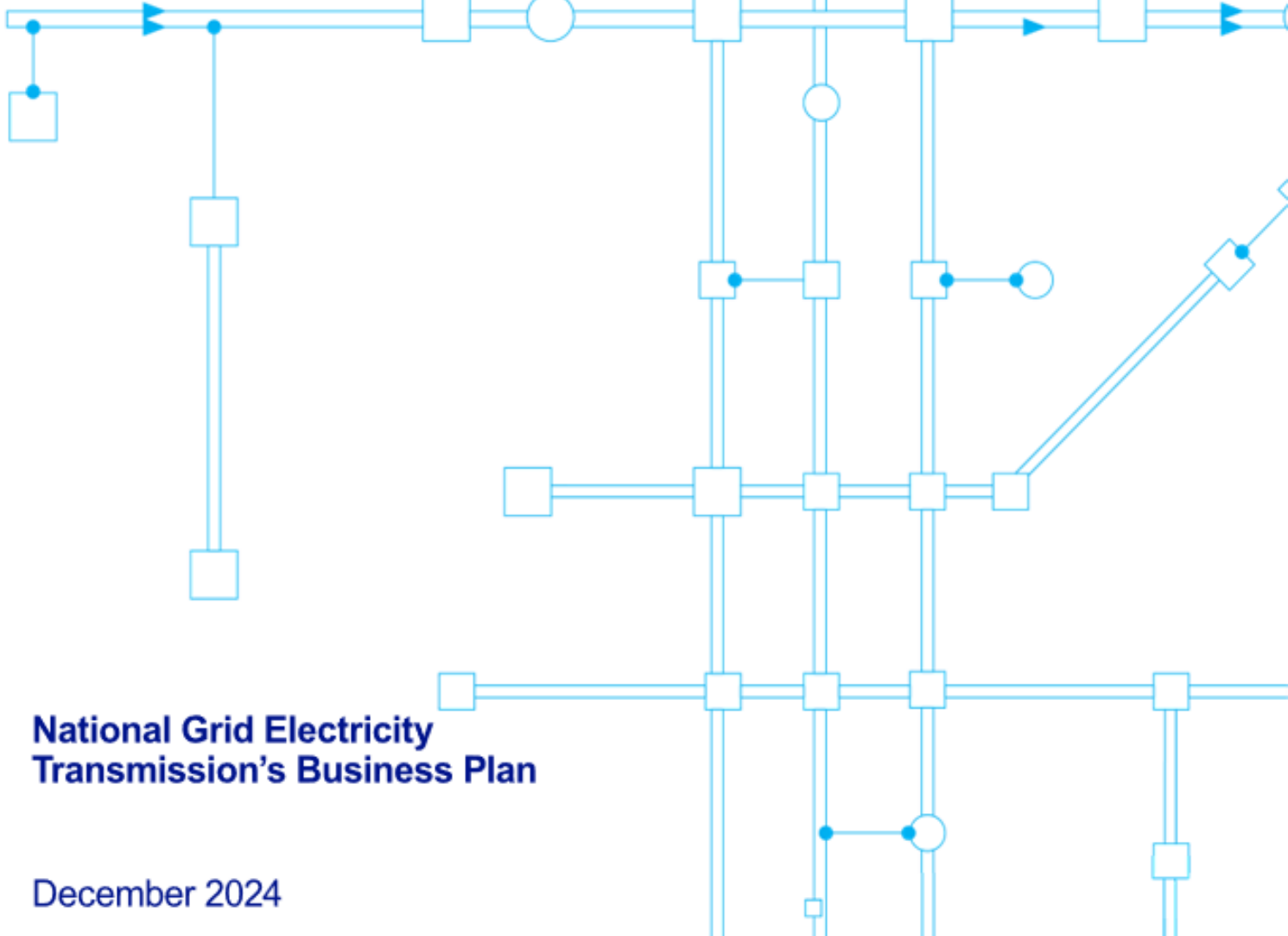


R110-T3

Atypical Non-Load, Non-Lead EJP Summary

UIOLI Provision for Emerging Low Carbon Opportunities



UIOLI Provision for Emerging Low Carbon Opportunities

Executive Summary

Background

The proposed investment is aimed at supporting low carbon opportunities to mitigate environmental impacts arising from network activities, as well as contributing to broader environmental and policy objectives. This investment seeks an uplift on the capital programme expenditure to be split across three distinct funds: low carbon materials, carbon compensation, and emerging low carbon opportunities.

Investment Drivers

There are several drivers of this investment informed by regulatory, policy, and stakeholder expectations:

- Ofgem's 2024 sector-specific methodology decision (SSMD) requires networks in RIIO-ET3 to mitigate environmental impacts from network activities, consider biodiversity, and address climate impacts in new construction.
- The UK government has committed to a 68% reduction in emissions by 2030 and achieving a net zero economy by 2050, as well as a net zero power system by 2030.
- Feedback from stakeholders which highlighted decarbonisation as a top priority, and emphasised the importance of making the electricity system greener.
- Alignment with the Science Based Target (SBT) and the Construction Leadership Council's ConstructZero programme to meet external best practice and industry standards.

Options

Several options were evaluated to achieve the desired low carbon construction outcomes ranging from maintaining current practices to going significantly beyond this.

Preferred Solution

The preferred solution balances the need for decisive action in reducing emissions with cost efficiency. This option allows for significant investment in low carbon construction materials and emerging opportunities, while also supporting carbon compensation projects with environmental and social benefits.

The preferred solution involves:

- Low Carbon Construction Materials: Investing in low emission steel, low carbon concrete, and alternatives to diesel such as Hydrogenated Vegetable Oil (HVO), based on extensive research and market analysis.
- Carbon Compensation: Funding high integrity projects that deliver additionality, monitoring and permanence while also benefiting nature and communities, such as woodland creation projects and energy retrofits in low-income housing.
- Emerging Low Carbon Opportunities: A flexible fund to support innovative low carbon materials and techniques, including low-carbon aluminium, ultra-low carbon concrete, and 3-D printed concrete assets.

Timeline

The investment will be deployed over the RIIO-ET3 period. Delivery of the proposed solutions will be monitored through a governance framework to ensure funds are used effectively and deliver meaningful outputs.