ENVIRONMENTAL ACTION PLAN

ED3-S14

CONTENTS

1.	Executive Summary	3
2.	Stakeholder Engagement and Drivers for Change	7
2.1	How stakeholder engagements shaped our plan	7
2.2	Why investment is needed	9
2.3	Our Double Materiality Assessment (DMA)	10
3.	Our ED3 Commitment, outputs, investments and the Benefits to Consumers	11
3.1	ED3 targets dashboard and overview of our outputs	11
3.2	Overview of our funding request	18
4.	Our RIIO-ED2 Track Record and Lessons Learned	21
4.1	Our RIIO-ED2 performance	21
4.2	Case Studies of our RIIO-ED2 investments	22
5.	Our Long-term Approach and ED3 Strategy	23
5.1	Our long-term vision and approach	23
5.2	Our strategic approach in ED3	24
6.	Our ED3 EAP Outputs in detail	27
6.1	Climate Change Mitigation	27
6.2	Pollution And Nuisance Reduction	34
6.3	Responsible Resource Use	39
6.4	Supporting Nature	42
6.5	Governance, Reporting And Skills	46
7.	Implementing our ED3 EAP	49
7.1	Delivering on our RIIO-ED2 Foundations	49
7.2	Governance, Monitoring and Accountability	49
7.3	Delivery Capability and Resource Readiness	49
7.4	Supply Chain and Delivery Partners	50
7.5	Managing Delivery Risks	52
7.6	Continuous Improvement and Adaptive Delivery	52
Appendix A: EAP Investment Breakdown and Business Plan References		53
Appendix B: EAP Methodology		54
Appendix C: EAP Option Assessment		56
Appendix D: Long Term Strategy Summaries		65
Appendix E: SF_6 Transition Strategy		67
Appendix F: Stakeholder Engagement		76
Appendix G: Ofgem minimum requirements		79

1. EXECUTIVE SUMMARY

Our Plan

The world faces a growing climate and nature crisis, with rising temperatures, extreme weather, biodiversity loss and resource pressures increasing risks and costs for communities, businesses and ecosystems. In response, urgent action is needed to reduce emissions, restore nature and make more efficient use of resources. These challenges are not only environmental concerns. They are increasingly important considerations in operating and developing a reliable, resilient and affordable electricity network.

Our two licence areas create distinct environmental and delivery challenges: remote and island networks, subsea connections, extensive rural overhead infrastructure and internationally important habitats in northern Scotland sit alongside more densely populated and highly utilised networks in central southern England. These regional differences shape where environmental risks arise, how interventions are prioritised and the solutions that provide best value for the communities we serve.

Our proposed Environmental Action Plan (EAP) investment of £158.56m will deliver a targeted ED3 environmental programme that tackles the material risks created by a larger, ageing and more intensively used network. The plan concentrates expenditure on pollution prevention, greenhouse-gas reduction and nature recovery, with delivery embedded in asset replacement, reinforcement and operational programmes. It is designed to reduce environmental liabilities and future cost, strengthen resilience and provide transparent evidence for investments and outcomes for our customers and stakeholders.

Our ED3 Commitment and headline metrics

We seek to build on our strong foundations established across previous price control periods and take another significant step forward in reducing the environmental impacts arising from our network operations.

Our ED3 EAP commitment clearly reflects this: We will reduce Scope 1 and 2 greenhouse gas emissions by 55% by 2032/33 from a 2019/20 baseline, in line with the Science Based Targets Initiative (SBTi), and help manage Scope 3 emissions by ensuring that suppliers representing 55% of our supply-chain spend have set their own Science Based Targets.

In addition, we will deliver environmental improvements as captured by the following primary metrics:

- Reduce the risk of pollution by removing ~247.74km of fluid filled cables (FFC) representing over [redacted] of the total FFC across our network during the course of ED3[1]. This is part of our long-term plan for full removal by 2050.
- Implement Nature-based Solutions (NbS) to support carbon removals and wider ecosystem services that our industry and communities rely on, by achieving the creation or restoration of 1,294 hectares of peatland, woodland and seagrass habitats by 2033.

Investment required and supporting evidence

The £158.56m investment is concentrated on interventions with a clear asset, environmental or statutory need. The most material investments include:

- £73.33m to replace ageing FFC which can contaminate land and water where these fail;
- £14.58m to replace leaking or higher-risk SF_6 assets and actively support the transition to lower-impact alternatives;
- £12.95m for bunding to provide additional provisions for oil containment to limit the consequences of a potential leak;
- £12.23m to address the visual impact of overhead line power infrastructure; and
- £9.90m to restore peatland, woodland and seagrass to address habitat degradation, remove or avoid carbon and strengthen water, biodiversity and resilience benefits.

[1] 163.12km through asset replacement drivers and 84.62km via investments in the EAP

The table below shows how the full portfolio is allocated and the BPDTs and supporting IDPs that evidence the need, cost and proposed intervention.

Priority	Investment	Key components*	BPDT	Key supporting IDPs
Climate change mitigation	**£27.7m**	SF_6 £14.58m; EV charging £6.62m; lower-carbon fuels £4.78m; energy efficiency £1.44m; embodied-carbon tool [redacted]	CV22, C6, C11	SF_6; Alternative Fuels; EV Chargers
Pollution and nuisance	**£94.1m**	FFC £73.33m; bunding £12.95m; depot controls £2.69m; PCB £2.62m; creosote £2.17m; noise £0.35m	CV22, C5	FFC; Bunding
Responsible resource use	**£2.9m**	Resin buckets £2.50m; supply-chain management £0.44m	CV22; Indirect Opex	EAP / supply-chain evidence
Supporting nature	**£30.2m**	Visual amenity £12.23m; nature-based solutions £9.90m; biodiversity duties and BNG £8.08m	CV20, CV22	Visual Amenity; NBS; Biodiversity Net Gain
Governance, reporting and skills	**£3.6m**	Continual improvement £3.27m; reporting £0.25m; culture £0.05m; ISO 14001 £0.03m	Indirect Opex	EAP governance and deliverability evidence

*Full line-item values and annual phasing are in Appendix A.

Why intervention is required

Network growth and electrification increase the number of assets and volume of construction activity that must be managed from an environmental point of view. In addition, climate change further accelerates physical and operational pressures across our assets which raise need for environmental management. At the same time, legacy SF_6 equipment, oil-filled cables, PCBs and pollution-control gaps create quantifiable emission, leakage, clean-up, compliance and resilience risks. Inaction would leave these risks in the asset base for longer, increase exposure of communities and consumers to future regulatory and carbon costs, and defer interventions until they are more disruptive or expensive.

Our long-term ambition is to operate a network that is environmentally, socially and economically sustainable. Our EAP plan applies a risk-based hierarchy: prevent and remove the highest environmental risks; integrate environmental improvement with planned asset work; use whole-life cost and option appraisal; and fund nature, circularity and reporting measures where there is a defined consumer, statutory or resilience benefit. Priorities were informed by operational evidence, consumer and stakeholder research, our May 2026 Double Materiality Assessment (DMA), and detailed appraisal in the EAP and supporting investment justifications.

Figure 1-1. Our EAP priorities



Our RIIO-ED2 track record

Throughout RIIO-ED2 we have made significant progress in reducing environmental impacts and embedding sustainability across our business operations. Benchmarking indicates that SSEN Distribution has established a strong foundation for environmental delivery, particularly in carbon management, governance, environmental reporting and natural capital.

Our key achievements include:

- Provisioning of NbS: We are on track to deliver our RIIO-ED2 targets of 258 hectares of woodland creation and 522 hectares of peatland restoration. The programme has established robust delivery partnerships which provide confidence for scaling in ED3.
- Meeting PCB compliance: We sampled oil in 19,000 ground-mounted transformers, drained and refilled hundreds of transformers and replaced thousands of pole-mounted units. Live-line testing and statistically based sampling targeted intervention while reducing waste and customer disruption.
- An operating model that delivers: Across RIIO-ED2, we established experienced environmental teams, governance, supplier relationships, reporting systems and practical delivery routes across emissions reduction, pollution prevention, biodiversity and assurance.

Deliverability of our ED3 plan

Our two licence areas create distinct environmental and delivery challenges: remote and island networks, subsea connections, extensive rural overhead infrastructure and internationally important habitats in northern Scotland present very different challenges to those we face across much more densely populated and highly utilised networks in central southern England. These regional differences dictate where and what environmental risks arise, how interventions are prioritised and the solutions that provide best value for the communities we serve.

- Our EAP reflects our integrated approach to manage environmental issues across engineering, asset-management, procurement and environmental delivery rather than set up as a standalone programme. This allows FFC, SF_6, bunding and nature interventions to be coordinated with replacement, reinforcement and resilience work.
- The ED3 Delivery Strategy assesses workforce, specialist environmental capability, supplier capacity and partner arrangements against our proposed activity and investment volumes. Scale-up resourcing requirements will be met through targeted recruitment, specialist support and via our existing frameworks.
- The largest programmes of activity are a continuation or scale-up of proven RIIO-ED2 approaches. FFC and SF_6 volumes are asset-led; nature delivery builds on established procurement and partnerships; and annual reporting, ISO 14001 certification and named executive ownership provide a control framework for delivery.

Key delivery risks and mitigations:

Key risk	Mitigation measures in place
Technology maturity	Phased deployment, pilot projects and asset-class standardisation before scale-up.
Supply-chain capacity	Early procurement and supplier engagement, existing frameworks and circular sourcing approaches.
Regulatory change and environmental permitting	Flexible investment plans, periodic review and early engagement with regulators and permitting bodies.
Workforce capability and capacity	Targeted recruitment, specialist support, competency frameworks and structured professional development.
Data quality and reporting platforms	Environmental reporting platform, standardised dashboards and assurance of reported performance.

Accountability and value for customers

Performance will be governed through the SSEN Distribution Executive Committee, with the EAP Steering Committee responsible for implementation, reporting and intervention. We will publish the Annual Environmental Report (AER) throughout ED3, maintain ISO 14001 certification and transition to ISO 14001:2026 by April 2029. Scope 1, Scope 2 and integrated Scope 3 reporting will begin in Year 1 (2028/29); emerging measures including SF_6, embodied carbon, PFAS, waste and circular economy will move towards common sector definitions by Year 3 (2030/31).

We will deliver value for our customers through whole-life option appraisal, coordinated delivery and greater reuse, refurbishment and material recovery avoid unnecessary expenditure and disruption. We will continue to build customer and stakeholder trust through transparency enabled by our annual reporting, refined outputs and consistent sector metrics which showcase what these investments have delivered.

Our ED3 commitments supported by this strategy

	ED3 Commitment	Metric
More resilient networks for customers		
We will modernise our network and assets, and strengthen climate resilience	**Compared to a 'do-nothing baseline', we will reduce overall network risk by targeting investment on our highest-risk assets, rebuilding or undergrounding ~350km of high-risk overhead line and replacing ~250km of climate-vulnerable cable, removing 20% of network risk in SEPD and 12% in SHEPD by the end of ED3.**	Add environmental monitoring to all grid and primary substations to monitor climate conditions and determine future climate resilience investments.
Ensuring a responsible and sustainable business		
We will continue to reduce our environmental impact while growing our network	**We will reduce Scope 1 and 2 greenhouse gas emissions by 55% by 2032/33 from a 2019/20 baseline, in line with the Science Based Targets Initiative, and help manage Scope 3 emissions by ensuring that suppliers representing 55% of our supply-chain spend have set their own Science Based Targets.**	Reduce our Scope 1 and 2 greenhouse gas emissions by 55%, in line with our 1.5°C-aligned Science Based Target, and help manage Scope 3 emissions by ensuring that suppliers representing 55% of our supply-chain spend have set their own Science Based Targets.
		Reduce the risk of pollution by removing 245.28km of fluid filled cables (FFC) representing over [redacted] of the total FFC across our network during the course of ED3. This is part of our long term plan for full removal by 2050.
		Implement Nature-based Solutions (NbS) to support carbon removals and wider ecosystem services that our industry and communities rely on, by achieving the creation or restoration of 1,294 hectares of peatland, woodland and seagrass habitats by 2033.

2. STAKEHOLDER ENGAGEMENT AND DRIVERS FOR CHANGE

2.1 HOW STAKEHOLDER ENGAGEMENTS SHAPED OUR PLAN

We consulted extensively throughout the development of our ED3 Business Plan (ED3 – BP01) ensuring that stakeholder insights directly informed the strategy, this engagement involved a broad range of stakeholder segments, as highlighted in Figure 2-1 and a summary of engagement is presented in Appendix F: Stakeholder Engagement.

Figure 2-1. Key Stakeholders for EAP Engagement

Consumers	Customers	Policy Makers and Influencers	Communities and Local Decision Makers	Wider Industry and Value Chain	Partners and Enablers
• Domestic Customers • Customers in vulnerable situations • Next generation bill payers • SMEs • Major energy users	• Distributed generation customers • Landowners/ farmers	• Government • Research bodies, policy forums and think tanks • Consumer groups • Regulators	• Local authorities • Charities • Academic institutions • Housing associations	• DNOs • Transmission • Gas Distribution Networks • Water • Consultants • Energy suppliers • Other supply chain • Storage and renewable providers/ installers • Transport and highways agencies	• Current and future employees • Contractors • Service partners

Stakeholder engagement has been fundamental to shaping our ED3 EAP. Throughout RIIO-ED2 and the development of our ED3 Business Plan (ED3 – BP01), we engaged with customers, communities, regulators, environmental organisations, local authorities, supply chain partners, industry bodies and our Independent Stakeholder Group (ISG) through research, surveys, workshops, webinars and targeted discussions. This engagement was complemented by our DMA, consumer research, operational experience and technical analysis to ensure the plan reflects both stakeholder priorities and material environmental risks.

Stakeholders generally viewed our proposed environmental priorities as ambitious, achievable and aligned to the challenges facing the electricity network. Across all stakeholder groups, climate change adaptation, emissions reduction, pollution prevention, sustainable infrastructure and biodiversity enhancement emerged as key areas of focus. There was also strong support for increasing the use of NbS, strengthening circular economy approaches and embedding environmental considerations within business planning and decision-making.

A consistent theme throughout engagement was the need to balance environmental ambition with affordability, reliability and resilience. While specialist stakeholders generally advocated for greater environmental ambition, consumers placed greater emphasis on ensuring investments deliver clear value for money and tangible benefits for customers, communities and the wider energy transition. Stakeholders recognised the importance of reducing environmental impacts and improving climate resilience but also highlighted the need to prioritise interventions that strengthen network resilience, support long-term affordability and deliver measurable environmental outcomes.

Engagement also highlighted a clear tension between environmental ambition and wider customer priorities. Although consumers and specialist stakeholders expressed strong support for NbS and circular economy approaches, environmental initiatives were often deprioritised when funding trade-offs and potential bill impacts were considered

alongside other investment choices. The Fair Future Panel supported environmental principles and wanted environmental outcomes protected within the ED3 plan, however, reliability, resilience and affordability consistently emerged as higher priorities when trade-offs were required.

We engaged with the ISG throughout 2025 and 2026 to help shape the EAP. Initial proposals were shared in November 2025, followed by more in-depth sessions in April and June 2026, and a stakeholder deep-dive workshop in August 2026. The full EAP was then issued to the ISG for review, with feedback from [redacted] helping to inform the final plan. The ISG also recognised the importance of balancing environmental investment with affordability and highlighted the need for greater transparency on how funding trade-offs have been considered in practice. The engagement findings described above reinforce this challenge and demonstrate why environmental ambition must be considered alongside affordability, deliverability, resilience and customer bill impacts.

Stakeholder feedback has directly informed the development of our ED3 EAP, shaping our priorities, outputs, and targets. In developing the final portfolio, stakeholder views were considered alongside statutory obligations, environmental risks, RIIO-ED2 delivery experience, engineering requirements and affordability considerations. As a result, the EAP considered environmental ambition alongside affordability, deliverability, resilience and customer bill impacts. This resulted in a targeted approach that reflects stakeholder support for environmental action whilst balancing wider customer and network priorities, regulatory obligations and practical delivery considerations. The resulting plan provides a balanced and evidence-led approach that delivers environmental improvement while supporting a resilient, reliable and affordable electricity network for customers.

Table 2-1. Stakeholder Engagement key feedback and our response

Stakeholder group	Key feedback	Response in ED3 plan
Customers	Maintain affordability while improving environmental performance	Focus on value-for-money and resilience-led interventions
Communities	Protect and enhance local environments	Biodiversity and environmental enhancement outputs
Regulators	Deliver measurable outcomes and robust evidence	Quantified targets and performance monitoring
Supply chain	Increase collaboration and circularity	Circular economy and sustainable procurement outputs
Environmental stakeholders	Greater ambition on climate and nature	Enhanced targets and delivery outputs

Stakeholder engagement has played a central role in shaping our EAP and ensuring that our proposed investments reflect the priorities of customers, communities, regulators, environmental organisations, local authorities, supply chain partners and wider industry stakeholders. Through targeted engagement activities, our DMA and ongoing stakeholder dialogue, we have sought to understand both the environmental impacts most important to stakeholders and where SSEN Distribution can deliver the greatest value for customers.

Stakeholders highlighted the growing importance of climate change adaptation, biodiversity enhancement, pollution prevention and resource efficiency. Feedback reinforced the need to take a long-term view of environmental risks, particularly those associated with more frequent and severe weather events, while ensuring environmental considerations are embedded within asset management, network planning and operational decision-making. This has informed the development of our ED3 priorities and strengthened the integration of environmental objectives across the wider business plan.

Engagement also demonstrated strong support for collaborative approaches to delivery, recognising that many environmental challenges cannot be addressed by network operators alone. Stakeholders encouraged greater partnership working with environmental organisations, local communities, landowners and supply chain partners to maximise environmental outcomes and deliver wider societal benefits. This feedback has influenced our approach to biodiversity, nature-based solutions, circular economy initiatives and sustainable procurement.

Finally, stakeholders emphasised the importance of transparency, accountability and measurable outcomes. In response, we have established clear outputs, targets, and performance measures to demonstrate progress throughout ED3 and provide confidence that investment will deliver environmental improvements, enhance network resilience and generate long-term value for customers.

2.2 WHY INVESTMENT IS NEEDED

Environmental impacts and risks are expected to increase as the network grows to support electrification and as climate-related pressures intensify. Table 2-2 summarises the potential consequences of inaction and the benefits our proposed ED3 interventions will deliver.

Table 2-2. Environmental priorities under current position and with ED3 intervention

Environmental Priority	Current Position	Without ED3 Intervention	With ED3 Intervention	Consumer and Network Benefit
Climate Mitigation	Network operations continue to generate emissions from fleet, buildings and operational activities.	Emissions remain higher for longer, increasing transition risk and delaying progress towards net zero objectives.	Delivery of targeted decarbonisation programmes and operational emissions reductions aligned with corporate carbon targets.	Reduced exposure to future carbon-related costs, more efficient operations and support for regional decarbonisation objectives.
	SF_6 remains essential in parts of the existing asset base and is a significant source of operational greenhouse gas emissions.	Continued emissions from ageing assets and slower transition to lower-emission technologies. Increasing exposure to future regulatory and carbon-related costs.	Accelerated leakage reduction, gas recovery, asset replacement and deployment of alternative technologies where technically viable.	Reduced environmental liabilities, improved asset performance, lower future replacement costs and support for net zero delivery.
Pollution and nuisance reduction	Environmental risks remain associated with oil-filled assets, air and noise pollution, PFAS, construction activities, waste management and operational activities.	Increased risk of pollution incidents, clean-up costs, environmental damage and regulatory enforcement. Reduced public trust in infrastructure	Targeted pollution prevention measures, asset replacement, environmental controls and enhanced management systems.	Reduced incident costs, improved environmental performance, lower business risk and enhanced network resilience.
Responsible resource Use	Significant volumes of materials are required to maintain and develop the network.	Continued reliance on virgin materials, increased waste generation and higher material procurement costs.	Increased asset reuse, refurbishment, remanufacture and material recovery through circular economy principles.	Better value from customer-funded assets, reduced material costs and improved supply chain resilience.
	Environmental impacts arise throughout asset and material supply chains.	Increased exposure to resource scarcity, supply-chain disruption and embodied carbon impacts.	Stronger sustainability requirements, supplier engagement and responsible procurement practices.	Greater supply-chain resilience, reduced delivery risk and better long-term value for customers.
Supporting Nature	Network activities interact with and can destroy habitats, species and wider ecosystems across our licence areas.	Biodiversity impacts associated with network construction and operation would persist, with increasing consenting, delivery and reputational risks.	Delivery of biodiversity enhancement, habitat management and nature-positive interventions alongside network investment.	Reduced project delivery risk, improved stakeholder support, enhanced natural capital and more resilient landscapes.
Governance, reporting and skills	Environmental capability and culture Environmental responsibilities are increasingly embedded within business operations and supply chains.	Greater risk of inconsistent environmental performance, incidents and missed opportunities for improvement.	Enhanced workforce capability, governance, assurance and supply-chain competency programmes.	Better decision making, more efficient delivery and reduced environmental and operational risk.

2.3 OUR DOUBLE MATERIALITY ASSESSMENT (DMA)

Double Materiality Assessment (DMA) is a key element of sustainability reporting that considers both the impact of a company's activities on the environment and society (impact materiality) and the impact of sustainability issues on the company's financial performance (financial materiality). It supports strategic decision-making, planning, and risk management, helping ensure readiness for evolving sustainability reporting and compliance requirements and alignment with industry best practice. The DMA is also an important lens for investors, providing insight into how sustainability-related risks and opportunities may influence long-term business performance, resilience, and value creation.

Completed in May 2026, SSEN Distribution's DMA gathered insights through research, 49 surveys, 16 interviews, and stakeholder scoring exercises involving employees and external stakeholders, including charities, community groups, local authorities, suppliers, and consultants.

The assessment identified 19 material ESG topics, providing a comprehensive view of sustainability-related risks, opportunities, and business impacts. Environmental and governance topics emerged as the highest priorities, with stakeholders particularly focused on energy transition delivery, network performance, and nature-related issues. Environmental topics are highlighted in Figure 2-2 below.

The DMA findings directly informed the prioritisation of environmental topics within the EAP, particularly in relation to climate change, value chain impacts, responsible resource use, sustainable procurement and nature-related risks, further insights are provided in Section 5.2 and Appendix F: Stakeholder Engagement. The highest-ranking environmental topics were translated into the strategic priorities, our headline environmental commitment, outputs, and performance measures described in Section 3, ensuring that the EAP focuses on areas that are material from both an environmental and business perspective.

Together, stakeholder and consumer evidence, our assessment of the drivers for change and the DMA provide the foundation for our ED3 EAP. These evidence sources have helped us identify the environmental issues that are most material, understand stakeholder expectations and focus investment on areas where action is likely to deliver the greatest environmental and customer value. Section 6 shows how this evidence has been translated into strategic priorities, measurable outputs and long-term environmental outcomes.

Figure 2-2. Our ESG Double Materiality Assessment



3. OUR ED3 COMMITMENT, OUTPUTS, INVESTMENTS AND THE BENEFITS TO CONSUMERS

3.1 ED3 TARGETS DASHBOARD AND OVERVIEW OF OUR OUTPUTS

Our ambition to reduce the environmental impact of our operations is clearly reflected in our ED3 EAP commitment:

We will reduce Scope 1 and 2 greenhouse gas emissions by 55% by 2032/33 from a 2019/20 baseline, in line with the Science Based Targets Initiative, and help manage Scope 3 emissions by ensuring that suppliers representing 55% of our supply-chain spend have set their own Science Based Targets.

Our ED3 EAP outputs set out in Table 3-1 translate our 2050 vision (*To lead the transition to a low-carbon, nature-positive network while operating as a responsible steward of the environment and the communities we serve*) into tangible environmental actions and targets that are designed to be specific, measurable, achievable, relevant, and time bound.

These have been informed by the stakeholder and consumer evidence set out in Section 2.1 and Appendix F: Stakeholder Engagement, our assessment of material environmental impacts, RIIO-ED2 delivery experience, option appraisal and consideration of affordability and deliverability. Further detail on the EAP methodology we use provided in Appendix B: EAP Methodology. Further evidence supporting individual targets and investment volumes is provided in Section 6 and where required, the associated Investment Decision Packs (IDPs). Table 3-2 provides our ED3 EAP targets dashboard and the key metrics that will be used to monitor delivery and performance. We have aligned our metrics with the common metrics and defined terms provided in Appendix 5 of the Ofgem BPG.

Governance of our EAP outputs

The outputs in Table 3-1 comprise both formal ED3 Business Plan commitments and wider EAP strategic outputs. All outputs are subject to the same governance, monitoring and accountability arrangements set out in Section 7.2, with an identified senior accountable owner and performance monitored against applicable targets, trajectories, milestones, expenditure, risks and benefits. Progress will be reviewed through our established environmental performance governance and reported through our Annual Environmental Report, with corrective action and escalation undertaken where delivery materially deviates from plan.

Table 3-1. Our ED3 EAP Outputs

Theme/Strategic Goals	Output	Target	Consumer benefit
Climate change mitigation: Mitigate climate risk by reducing emissions	**Business Plan Commitment** Reduce our Scope 1 and 2 greenhouse gas emissions by 55%, in line with our 1.5°C-aligned Science Based Target and help manage Scope 3 emissions by ensuring that suppliers representing 55% of our supply-chain spend have set their own Science Based Targets.	• Reduce Scope 1&2 emissions by 55% by 2033 from a 2019/20 baseline. • Report Scope 1, 2 and integrate Scope 3 emissions reporting from Year 1 of ED3. • Achieving at least 55% of our supply-chain, by value, accredited with Science-Based Targets by 2033.	• Societal benefits from reduced carbon emissions reflecting stakeholder expectations for long-term decarbonisation. • Transparent reporting on our business carbon footprint, demonstrating stakeholders demand for improved measurement, transparency and granular reporting. • SBTs are independently validated, giving consumers confidence that the company is taking credible action on climate change. • Reducing emissions across operations, energy use, and the supply chain helps lower our footprint.

Theme/Strategic Goals	Output	Target	Consumer benefit
			• With our Scope 3 targets we will work with suppliers to improve sustainability and reduce emissions.
	Strategic Output Reduce sulphur hexafluoride (SF_6) emissions from our assets and transition to lower impact alternatives by taking an alternative first approach where technically and commercially viable and improve transparency of consistent reporting.	• Reduce SF_6 emissions by 55% by 2033 from a 2019/20 baseline. • Manage the total SF_6 bank in line with alternatives for newly installed assets. • Report annually on the total SF_6 bank, leakage and use of recycled and virgin SF_6 from Year 1 of ED3. • Continually improve our leakage detection, monitoring and measurement across SF_6 assets. • Collaborate with other DNOs to develop a common SF_6 Emissions Methodology that details what is accounted for in SF_6 reported data.	• Strengthens readiness for future restrictions on SF_6 and reduces the risk that consumers face higher transition or compliance costs in later price control periods. • Provides transparent reporting on the volume of SF_6 on our network meeting stakeholder needs for better understanding, measurement and long-term strategies.
	Strategic Output Measure, report and progressively reduce embodied carbon in our infrastructure and materials by embedding carbon assessment into project design and working with the supply chain and other DNOs to improve methodologies and lower-carbon solutions.	• Use the embodied carbon calculator at the design stage for all projects over £1m beginning and ending in ED3 and record the reductions identified through the design process. • Report annually on the number and proportion of applicable projects completing embodied carbon assessment. • Work collaboratively with DNOs to establish common carbon assessment. methodology that recognises existing baseline reductions • Use the resulting evidence to develop project and material specific reduction measures as data maturity improves during ED3. • Reduce embodied carbon by 5% per million £ procurement spend for in-scope projects.	• Societal benefits from reduced carbon emissions reflecting stakeholder expectations for long-term decarbonisation. • Targeting embodied carbon through supply chain, reflecting expectations for supply chain decarbonisation and evidence-based practices.
Pollution and Nuisance Reduction: Prevent pollution and protect our communities from local environmental impacts	**Strategic Output** Reduce pollution risks from our assets, operations and network build - through targeted action, better monitoring and safer alternatives where practical	• Reduce the risk of pollution by removing ~247.74km of FFC during ED3 (163.12km through asset replacement drivers and 84.62km EAP) representing over [redacted] of the total FFC across our network. With a long-term ambition for full removal by 2050. • FFC: Reduce volume of fluid used to top up our cables of 20% from baseline year 2025/26. • PCBs: Report annually on the number of assets identified, sampled, confirmed as contaminated and removed or decontaminated.	• Societal benefits delivered by reducing the likelihood and consequences of pollution incidents affecting communities, land and water with strong expectation from stakeholders to meet environmental compliance and reduce pollution risks. • Transparent reporting on management of pollution risks from our assets and operations demonstrating stakeholder demand for improved measurement, transparency and granular reporting. • Compliance with legislative requirements protecting the

Theme/Strategic Goals	Output	Target	Consumer benefit
		• Oil Pollution: Implement Transformer oil containment measures at 112 sites. • PFAS: Conduct a PFAS environmental risk screening for our network, provide details on PFAS used in our network and produce an action plan by Year 3 of ED3 to monitor environmental risks and implement appropriate mitigation. • Creosote Pollution: Purchase 14,500 wood poles with creosote alternatives to use in high-risk locations. • Depot Pollution: Implement pollution control improvements to 33 depot sites by 2033.	health of consumers and their local environment highlighting stakeholder expectations for reducing direct environmental impacts and delivering local benefits. • Provides an evidence-based understanding of PFAS, an emerging environmental risk to determine value of future intervention for consumers. • PCB risk-based modelling and targeted in-service testing avoids unnecessary asset replacement expenditure while enabling safe and efficient sampling with minimal interruptions to customers.
	Strategic Output Reduce the impact of noise from our assets and operations on the communities we serve by consistently recording, investigating and addressing substantiated noise concerns	• Record the number of received noise complaints • Report on the number of noise-related complaints and actions taken to reduce noise pollution. • By 2028, procure [redacted] additional soundproofing sets for mobile diesel generators and secure dedicated vehicle capability to support their timely deployment when required.	• Efficient actions to reduce noise pollution and report on these actions reflecting stakeholders' importance to wellbeing impacts.
	Strategic Output Manage local air quality impacts from our assets by monitoring and reporting NOx emissions and actions taken to reduce air pollution, supporting improved air quality and environmental outcomes for customers and communities.	• Measure, record and report NOx emissions in alignment with the Scottish Pollutant Release Inventory from Year 1 of ED3.	• Compliance with environmental legislative requirements. • Improving local air quality highlighting stakeholder expectations for reducing direct environmental impacts and delivering local benefits.
Responsible Resource Use: Build infrastructure in a sustainable and responsible way	**Strategic Output** Optimise resource use, implement circular economy principles and opportunities within procurement, asset management and delivery decisions and reduce waste from our operations	• Adopt practices and measures to minimise the consumption of natural, material, and energy resources, and to reduce the generation of waste across operational activities, construction works, asset management processes, and corporate functions (including decommissioning & end of life activities). • Maintain our Zero Waste to Landfill target through to 2033 (excluding compliance waste) and report on % of waste diverted from landfill. • Achieve a recycling rate of ≥80% of total measurable materials where feasible (capital programme only) by 2033,	• Societal benefits from lower whole-life costs, reduced waste to landfill and increased recycling and re-use highlighting strong stakeholder support for circular economy leadership and reducing material waste. • Transparency on waste generation, recycling, re-use and disposal highlighting stakeholder demands for robust reporting and evidence of responsible resource use.

Theme/Strategic Goals	Output	Target	Consumer benefit
		applying to both SSEN and key alliance partners. • Achieve a reuse rate of ≥5% of total measurable materials where feasible (capital programme only) by 2033, applying to both SSEN and key alliance partners. • Work collaboratively with other DNOs to establish a consistent reporting methodology for monitoring Zero Waste to Landfill and measuring circularity for ED3. • Embed Circular Economy principles in procurement and asset management processes by Year 3 of ED3.	
	Strategic Output Identify, prioritise and address material sustainability impacts, risks, dependencies and opportunities across our operations and value chain.	• Review and apply mitigations for the 12 managed and strategic DMA focus areas by end of Year 2 ED3. Review remaining 7 focus areas by end of ED3. • Maintain and annually review our Human Rights Action Plan to identify, manage and mitigate human rights risks across our operations and supply chain.	• Reduces exposure to long-term risks and supports stronger economic growth reflecting stakeholder support for our approach to deliver Double Materiality Action Plan.
	Strategic Output Enhance application of our Sustainable Supplier Code (SCC) and improve monitoring and reporting of supplier environment & sustainability data	• All suppliers signed up to the SSC for new contracts/frameworks from Year 1 ED3. • ≥80% of suppliers (by value) meeting our SSC by 2033. • Report on actual percentage of suppliers meeting our SSC.	• Promoting high standards of environmental management across our supply chain.
Supporting Nature: Protect and restore nature, delivering natural capital benefits and improve visual amenity in and around our licence areas	**Strategic Output** Implement Nature-based Solutions (NbS) to support carbon removals and wider ecosystem services that our industry and communities rely on, by achieving the creation or restoration of 1,294 hectares of peatland, woodland and seagrass habitats by 2033.	• Achieve 723 hectares of peatland restoration and 564 hectares of native woodland creation to provide up to 65,000 tCO_2 avoidance and removals. • Achieve 7 hectares of seagrass planting to provide coastal protection to assets and communities and tackle climate change, through the delivery of multiple ecosystem service benefits.	• A transformational and longer-term approach for net zero, that provides a legitimate and transparent record of carbon abatement highlighting stakeholder expectation for stronger focus on nature recovery and biodiversity integration. • Reputational benefits in taking NbS approach and delivers additional ecosystem service benefits to communities reflecting stakeholder expectation to integrate nature into planning, procurement and investment decisions.
	Strategic Output Deliver nature-recovery activities in accordance with our biodiversity duties, manage material nature-related risks and improve	• Report on delivery of the nature recovery activities undertaken in accordance with our legal Biodiversity Duties annually through the Annual Environmental Report (AER), including delivering biodiversity enhancement measures and land management improvements.	• Societal benefits from improved biodiversity and natural capital. Stakeholders expect stronger focus on nature recovery and biodiversity integration that delivers visible, local environmental value.

Theme/Strategic Goals	Output	Target	Consumer benefit
	biodiversity across our land, assets and network activities.	• Deliver a minimum of 12 interventions, including land management changes and nature-inclusive design features, across our sites and assets to protect and enhance biodiversity in compliance with legal duties and to deliver societal benefits from nature.	
	Strategic Output Reduce the visual amenity impacts of our Overhead Lines (OHLs)	• Underground up to 21.93km of OHL or utilise NbS where technically and commercially viable to meet stakeholder requests to re-establish natural beauty. • Report on the use of the Undergrounding Use It or Lose It (UIOLI) allowance.	• Improved visual amenity for our communities supported by stakeholder interest in undergrounding flexibility and alternatives.
Governance, Reporting & Skills: Provide effective governance & reporting and grow environmental & sustainability competence across the workforce ensuring a just transition	**Strategic Output** Continue our certification of our ISO 14001 environmental management system and use as the framework for managing our environmental outputs.	• Maintain ISO 14001 certification during ED3. • Transition to ISO14001:2026 by April 2029.	• Ensures we manage our environmental impacts consistently and responsibly, reduce risks and inefficiencies, and deliver long-term value to our customers.
	Strategic Output Standardise our environmental reporting processes and produce and report annually on our environmental action plan	• Embed our Environmental Reporting tool and build standardised reporting dashboards from Year 1 of ED3. • Publish our AER annually during ED3.	• Ensures credible and transparent reporting of how customer funding has been used.
	Strategic Output Run a consistent reporting pilot for less mature and emerging environmental impact areas throughout the early years of ED3, converging on a single, common, sector-agreed approach for each by the end of Year 3	• Collaboratively confirm through the ENA which EAP impact areas are classified as emerging/less mature for ED3 reporting purposes — initially proposed as Scope 3 emissions, SF_6 emissions, embodied carbon, PFAS, waste to landfill and circular economy. • Publish a pilot reporting methodology for each identified area within Year 1 of ED3, including provisional metrics, data sources and known limitations. • Report pilot findings and methodology refinements annually through the AER during Years 1–2 of ED3. • Converge on a single common, standardised metric, definition and reporting format for each area by Year 3 of ED3, in line with Ofgem's baseline expectations, and apply it consistently for the remainder of ED3.	• Ensures credible and transparent reporting of how customer funding has been used. • Enables consistent and comparability of performance across DNOs.

Table 3-2. Our ED3 EAP Targets Dashboard

Target	Metric Name	Measurement Unit	Metric Details	Y1	Y2	Y3	Y4	Y5	Measure at end ED3
Reduce Scope 1 & 2 emissions by 55% by 2033 from a 2019/20 baseline	Scope 1 & 2 BCF Reduction Target	%	Boundary: BCF Scope 1 & 2 Emissions including/excluding losses Reporting Frequency: Annually Baseline Year: 2019/20 Absolute Mandatory	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Reduce SF_6 emissions by 55% by 2033 from a 2019/20 baseline	SF_6 Emissions Reduction Target	%, kg and tCO_{2e}	Boundary: SF_6 Emissions Reporting Frequency: Annually Baseline Year: 2019/20 Relative Mandatory	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Reduce annual FFC oil top up by 20% by year 2033	FFC Leakage Reduction Target	litres top up in %	Boundary: FFC oil top up Reporting Frequency: Annually Baseline Year: 2025/26 Absolute Mandatory	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Replace 84.62km of FFCs where the driver is stakeholder or environmental risk.	FFC Removed Target	Km	Boundary: FFC Replacement km Reporting Frequency: Annually Baseline Year: N/A Absolute Mandatory	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Implement oil containment measures at 112 sites.	Oil Containment Measures at Transformer Sites	No. sites	Boundary: Bunding at transformer sites Reporting Frequency: Annually Baseline Year: N/A Absolute Voluntary	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Purchase 14,500 wood poles with creosote alternatives to use in high-risk locations	Creosote Poles Reduction Measure	No. non-creosote wood poles purchased	Boundary: Non-creosote wood poles purchased Reporting Frequency: Annually Baseline Year: N/A Absolute Voluntary	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Implement pollution control measures at 33 depots.	Pollution Control Measures at Depot Sites	No. Depots	Boundary: Oil & Pole Stores Reporting Frequency: Annually Baseline Year: N/A Absolute	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

			Voluntary						
Maintain our Zero waste to landfill target through to 2033 (excluding compliance waste)	Recoverable Waste Diverted from Landfill	%	Boundary: Recoverable waste diverted from landfill Reporting Frequency: Annually Baseline Year: N/A Absolute Mandatory						
Achieve a recycling rate of ≥80% of total measurable materials where feasible by 2033.	Percentage of Waste Recycled	%	Boundary: Recycling of materials as a percentage of total measurable materials, where feasible (capital programme only) Reporting Frequency: Annually Baseline Year: N/A Absolute Mandatory						
Achieve a reuse rate of ≥5% of total measurable materials where feasible (capital programme only) by 2033, applying to both SSEN and key alliance partners.	Percentage of Waste Reused	%	Boundary: Reuse of materials as a percentage of total measurable materials, where feasible (capital programme only) Reporting Frequency: Annually Baseline Year: N/A Absolute Mandatory						
≥80% of suppliers (by value) meeting our SSC by 2033	Percentage of Suppliers meeting our SSC	%	Boundary: % of suppliers (by value) meeting SSC Reporting Frequency: Annually Baseline Year: N/A Relative Mandatory						
Achieve 1,294 hectares of peatland restoration, native woodland creation and seagrass planting	Peatland restoration, native woodland creation and seagrass planting measure	Ha	Boundary: Ha of peatland restoration, native woodland creation and seagrass planting Reporting Frequency: Annually Baseline Year: N/A Absolute Voluntary						
Underground up to 21.93km of OHL or utilise NbS where technically and commercially viable to meet stakeholder requests to re-establish natural beauty	OHL Removed Target	Km	Boundary: Km of OHL undergrounded or NbS utilisation Reporting Frequency: Annually Baseline Year: N/A Absolute Mandatory						

3.2 OVERVIEW OF OUR FUNDING REQUEST

We are seeking allowances of £158.56m across both licence areas to deliver our ED3 environmental outputs, targeting the areas of greatest environmental risk, stakeholder priority and customer value. Building on RIIO-ED2 foundations, the investment will deliver measurable outcomes including a 55% reduction in Scope 1 and 2 emissions, a 55% reduction in SF_6 emissions, replacement of 84.62km of high-risk FFC and 14,500 wood poles, restoration of 1,294 hectares of habitat, and improved visual amenity across up to 21.93km of overhead line routes. The programme also includes targeted enabling capabilities, including carbon assessment, environmental data and reporting, supplier assurance and workforce competence, ensuring robust governance, accountability and efficient delivery of benefits throughout ED3. Figure 3-1 summarises our investment across our five strategic priorities, with funding phased to maximise delivery efficiency and societal value throughout ED3 as shown in Table 3-3. Further detail on the proposed investments and rationale is provided in Section 6.1 to 6.5 with Appendix A: EAP Investment Breakdown and Business Plan References providing a summarised view of where investment is captured in Business Plan Data Tables (BPDTs) and IDPs / Engineering Justification Papers (EJPs).

Figure 3-1. Summary of our ED3 EAP Funding Request and summary of the activities

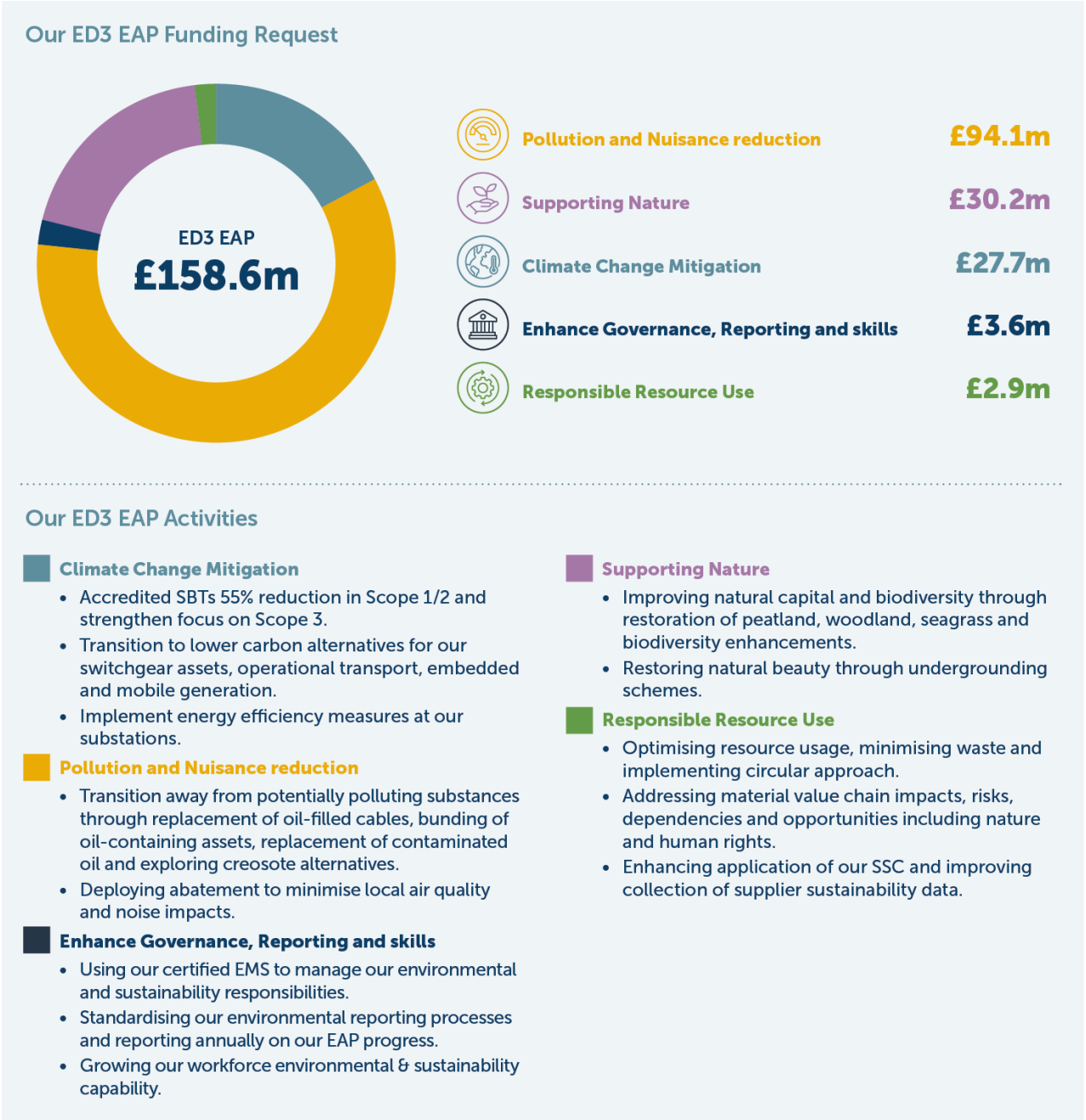


Table 3-3. Our ED3 funding profile

	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	ED3 Total
Funding request (£m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	158.56

3.2.1 EAP LINKAGES WITH THE WIDER BUSINESS PLAN

The environmental outcomes set out in this plan should not be considered solely as the result of dedicated EAP investment. Many of the most significant environmental improvements proposed for ED3 will be delivered and supported through wider business plan investments, including climate resilience interventions, asset management programmes, network development activities, innovation projects and operational delivery programmes. Integrating environmental objectives across these activities enables multiple benefits to be delivered through a single intervention, improving environmental performance while enhancing network resilience, reducing asset and operational risk, supporting reliability and minimising whole-life costs. This whole-business approach ensures customers receive maximum value from investment by delivering environmental improvements alongside the core outputs required to operate, maintain and develop the network. Table 3-4 - summarises the EAPs interfaces with our overall ED3 Business Plan (ED3 – BP01). Key linkages are also highlighted in the relevant environmental impact area sections (6.1.1 to 6.4.2) and links to the Deliverability Strategy is covered in detail in Section 7.

Table 3-4. ED3 EAP Business Plan Linkages

ED3 Business Plan Document	EAP Interfaces	Environmental Outcome	Primary Funding Route
Climate Resilience Strategy (ED3-S03)	Works alongside the EAP to deliver a more resilient network while supporting wider environmental outcomes. Climate resilience investments can also contribute to biodiversity enhancement, pollution prevention and reduced environmental impacts from severe weather events, enabling multiple benefits from a single intervention.	Climate resilience, pollution prevention, and support nature	Climate Resilience Strategy + Asset Investment
Network Asset Management Strategy (NAMS) (ED3-S12)	A key delivery mechanism for several EAP outcomes. Asset management strategy and replacement programmes support SF_6 reduction, embodied carbon reduction, pollution prevention and circular economy objectives by embedding environmental considerations into asset design, maintenance, refurbishment and replacement decisions.	Embodied carbon reduction, pollution prevention, circular economy thinking, sustainable procurement	EAP + Asset Management Strategy + Asset Management Programmes
Long-Term Integrated Network Plan (LINP) (ED3-S02)	Aligns with significant environmental programmes in the EAP to reduce the network's environmental impact over ED3. Ensures environmental outcomes are considered alongside future network growth, decarbonisation requirements and resilience needs. Helps identify opportunities to deliver environmental improvements through strategic network investment.	Network BCF emission reduction, embodied carbon reduction	EAP + LINP + Network Development Plans
Innovation Strategy (ED3-S09)	Supports the development and deployment of innovative technologies, tools, materials and approaches that can deliver better environmental outcomes, improve resilience and provide value for customers. Enables delivery of environmental benefits more efficiently respond and to adaptively respond to emerging environmental risks, evolving regulation and developing markets.	BCF emission reduction, pollution prevention, waste reduction, circular economy application and support nature	EAP + Innovation Strategy
DSO Strategy (ED3-S10)	Supports EAP outcomes through greater network flexibility and more efficient use of network assets. Flexible solutions can reduce the need for traditional	Network BCF emission reduction (losses) and, circular economy application	EAP + Load Related Investment / Network Reinforcement

	reinforcement, lower environmental impacts and facilitate the integration of low-carbon technologies.		
Scottish Islands Strategy (ED3-S17)	Aligns the EAP with the specific environmental, resilience and decarbonisation challenges faced by island communities through place-based investment.	Network BCF emission reduction (diesel), climate resilience, pollution prevention	EAP + Scottish Islands Strategy + Network Investment
Delivery Strategy (ED3-S05)	Demonstrates deliverability of EAP by confirming that workforce requirements, specialist environmental expertise, supplier capacity and delivery partner arrangements are sufficient to support proposed programme volumes. Ensures environmental outputs are fully integrated into wider ED3 delivery planning and that any additional capability requirements can be met through targeted recruitment, specialist support and existing framework agreements.	EAP – climate change mitigation, pollution and nuisance reduction, responsible resource use, supporting nature and enhancing governance, reporting & skills	EAP + Delivery Strategy
Cost assessment and Benchmarking (ED3-S02)	Supports assessment of EAP investments and wider business plan interventions to demonstrate that they are efficient, evidence-led and good value for customers.	Consumer benefit	EAP + Cost assessment & Benchmarking

4. OUR RIIO-ED2 TRACK RECORD AND LESSONS LEARNED

4.1 OUR RIIO-ED2 PERFORMANCE

We have delivered substantial improvements in environmental performance during RIIO-ED2, establishing a strong foundation for further progress in ED3. The lessons learned, capabilities developed and outcomes achieved through RIIO-ED2 directly inform the priorities, headline commitment, outputs, and investment proposals within this plan.

Our strong RIIO-ED2 performance is underpinned by effective governance, clear strategic direction and robust accountability through our governance framework and Science Based Targets. Success was further enabled by adopting flexible delivery approaches, allowing us to respond pragmatically to challenges and accelerate alternative solutions where needed, such as the deployment of Hydrotreated Vegetable Oil (HVO) to reduce emissions from mobile generation. Collaborative delivery models with external partners also played a key role, supporting the successful implementation of woodland, peatland and seagrass nature-based solutions. In parallel, improvements in data quality, reporting and governance systems strengthened transparency, performance monitoring and decision-making, providing a stronger foundation for delivering environmental outcomes at scale.

Key RIIO-ED2 lessons shaping ED3

- Environmental performance and network resilience are increasingly interdependent.
- Early intervention reduces long-term cost, risk and future adaptation requirements.
- Whole-life asset management delivers better environmental and customer outcomes.
- Strong environmental capability, governance and accountability are critical to successful delivery.
- Stakeholders increasingly expect measurable environmental outcomes, transparency and evidence of value.
- Environmental objectives are most effectively delivered when embedded within wider asset management, network investment and operational decision-making.
- Partnership-led approaches can accelerate delivery and unlock outcomes that cannot be achieved by the network operator alone.
- Improved environmental data, monitoring and reporting enables better prioritisation, risk management and investment decisions.
- Many environmental interventions deliver wider benefits through improved resilience, reduced operational risk and lower whole-life costs.
- Environmental ambition must be supported by clear delivery plans, measurable targets and robust evidence of consumer value.

Full details on our RIIO-ED2 performance can be read within our Annual Environmental reports[2]. [redacted].

Performance challenges relating to SF_6 emissions and fluid-filled cables have provided important learning opportunities and have informed targeted ED3 interventions. During RIIO-ED2, we implemented dedicated "back to green" plans for both SF_6 and fluid-filled cables, strengthening asset management, monitoring and operational controls. These actions are already delivering improvements, particularly in reducing SF_6 emissions, demonstrating the effectiveness of our targeted interventions. Progress on fluid-filled cables has been more challenging, reflecting the age and condition of parts of the asset base and the limited level of RIIO-ED2 allowances available to support proactive replacement and refurbishment programmes. ED3 provides the opportunity to build on the learning from RIIO-ED2 and take more targeted action to address the underlying causes of cable fluid leakage. As a result, our ED3 EAP combines proven strengths with focused improvements, ensuring continued progress towards a more resilient, affordable and environmentally sustainable network.

[2] SSEN Distribution Annual Environmental Reports
[3] Ofgem Annual Report: Electricity Distribution 2024-25

4.2 CASE STUDIES OF OUR RIIO-ED2 INVESTMENTS

CASE STUDY: **NATURE-BASED SOLUTIONS (NBS) FOR CARBON REMOVALS**

Delivering high-integrity carbon removals while restoring natural habitats

We are investing in woodland creation and peatland restoration to deliver high-integrity carbon removals and wider environmental benefits. Through partnerships across SHEPD and SEPD, we are on track to meet our RIIO-ED2 targets of 258 hectares of woodland and 522 hectares of peatland restored, supporting biodiversity, water quality and ecosystem resilience.



NbS can provide immediate, verifiable carbon benefits while strengthening community value and long-term environmental stewardship. These projects demonstrate our commitment to nature-positive climate action, responsible land management and delivering environmental outcomes that extend far beyond carbon alone.

CASE STUDY: **PCB COMPLIANCE PROGRAMME**

Ensuring full compliance with strengthened PCB legislation while minimising customer disruption

We delivered a sector-leading programme to remove legacy PCB contamination from older transformers in line with strengthened environmental legislation. Using a statistically based sampling approach and innovative live-line oil testing, we targeted only assets requiring intervention, reducing waste, minimising customer interruptions and improving network reliability.



The programme involved sampling the oil contained in 19,000 Ground Mounted Transformers (GMTs), draining and refilling hundreds of transformers and replacing thousands of pole-mounted units. It ensures full compliance by 2025 while demonstrating our commitment to environmental stewardship, efficient asset management and delivering statutory obligations in a way that protects customers and communities.

5. OUR LONG-TERM APPROACH AND ED3 STRATEGY

5.1 OUR LONG-TERM VISION AND APPROACH

2050 VISION STATEMENT
To lead the transition to a low-carbon, nature-positive network while operating as a responsible steward of the environment and the communities we serve

In RIIO-ED2, we made a significant step change in how we manage our environmental and sustainability responsibilities. We strengthened our governance, improved our data, embedded clearer controls, and delivered measurable improvements that have built trust with stakeholders, communities and regulators. This solid performance provides a strong foundation for ED3 but rising environmental expectations and the accelerating energy transition mean we must continue to evolve. We recognise that maintaining trust requires continuous improvement and demonstrable value. By prioritising investments that reduce future operating, environmental and compliance costs, improve resilience, support the transition to net zero and minimise environmental risks, we can deliver long-term value for customers through a more reliable network, reduced exposure to future costs and a healthier environment for the communities we serve. Our environmental footprint, our role in mitigating climate impacts, and our responsibility to protect the nature and landscape of the communities we serve demand that we continue to improve how we manage environmental impacts and opportunities.

Our long-term environmental and sustainability approach is built on a clear ambition: **to lead the transition to a low-carbon, nature-positive network while operating as a responsible steward of the environment and the communities we serve**. This approach has been shaped by extensive stakeholder engagement, including consumer research, stakeholder workshops, supply chain engagement days and ISG challenge, which consistently highlighted the need to balance environmental and sustainability ambitions with affordability, transparency and long-term value, We recognise that our network has a real and lasting footprint on the natural world, and we take seriously our responsibility to minimise that impact, mitigate climate risks, and enhance the places where our infrastructure sits. Grounded in globally recognised frameworks — the UN SDGs, ISO 14001 and the SBTi — our approach ensures we understand not only our environmental impacts, but also the wider risks, dependencies and opportunities that shape our role in society. These frameworks provide a consistent basis for understanding environmental impacts, prioritising action and measuring progress, helping us move beyond compliance and focus investment where it delivers the greatest environmental and customer value. They support evidence-based decision making and provide confidence that environmental priorities remain aligned with long-term business needs, stakeholder expectations and regulatory requirements. Our long-term overall vision, priority actions, objective and targets, risks and mitigation for our material environmental impacts are detailed in Appendix D: Long Term Strategy Summaries.

Our material impacts and priority actions are integrated into our business plan and overseen by both the Distribution Board and the SSE plc Board, ensuring environmental responsibility is embedded at the highest levels of governance. We have developed holistic long-term strategies for our most significant impacts — including SF_6, FFC, sustainability, nature and alternative fuels — with clear pathways to reduce harm, accelerate decarbonisation and strengthen resilience.

We monitor and report progress transparently through our AER and SSE Group's integrated reporting, giving stakeholders confidence that we are delivering meaningful improvements and holding ourselves to account. These arrangements support SSE's ambition to be restless every day until we make electricity clean, affordable and available for all and reinforces our mission to **power communities to thrive today and create their electrified tomorrow**.

Stakeholder engagement has shaped how we define our role in society. Feedback from consumers, policy stakeholders and our ISG highlighted expectations to act as responsible environmental stewards, deliver tangible local benefits, and provide clear justification of cost and value for money. In response, we recognise that our licence to operate is grounded in public trust. By reducing our environmental footprint, mitigating climate impacts and respecting the nature and landscape of the communities we serve, we aim to demonstrate that a modern electricity network can be both **responsible and regenerative**, supporting a resilient, affordable and sustainable energy future for all.

5.2 OUR STRATEGIC APPROACH IN ED3

Building on the progress made in RIIO-ED2 and extensive stakeholder feedback, the ED3 EAP adopts a broader and more integrated approach to environmental sustainability. The strategy expands beyond decarbonisation and pollution prevention to incorporate circular economy principles, recognise nature as a valuable asset, and support a fair and resilient transition while minimising environmental impacts.

The EAP aims to deliver **clear, targeted, and credible actions** that decarbonise operations, reduce local environmental impacts, promote ethical and sustainable value chains, and enhance nature across licence areas. Strong governance, transparent reporting, and empowered colleagues will underpin delivery, ensuring meaningful and lasting environmental outcomes for customers, communities, and the environment.

Figure 5-1. Our ED3 EAP Strategic Priorities



Our ED3 Strategic Priorities

- ***Climate Change Mitigation***
  We will decarbonise our operations in line with accredited SBTs, delivering a transparent and credible pathway to net zero that reflects the unique characteristics of our network. Across both SEPD and SHEPD, our approach balances decarbonisation with resilience, recognising the challenges of serving remote rural and island communities, maintaining weather-resilient networks, and reducing reliance on carbon-intensive solutions where technically feasible. Through targeted outputs on operational emissions reduction, SF_6 reduction, embodied carbon management and supply-chain collaboration, we will reduce whole-life carbon impacts while maintaining network reliability and affordability. This approach was strongly supported by stakeholders through our Greener Horizons engagement programme, who recognised our SBTi-aligned pathway as a credible means of managing climate risk and demonstrating environmental leadership.

- ***Pollution and Nuisance Reduction***
  We will manage our most material environmental aspects to reduce pollution risk and minimise impacts on local communities, while transitioning away from our most harmful substances. Minimising SSEN's direct environmental impact ranked 5th out of 8 priorities in consumer research, this shows clear support for reducing our direct environmental footprint and protecting the places where our infrastructure sits. This priority is delivered through targeted reductions in pollution risk from FFCs, PCBs, PFAS, creosote and oil-containing assets, helping reduce environmental incidents, protect communities and avoid future remediation and compliance costs

- ***Responsible Resource Use***
  We will optimise resource use, improve reporting, embed circular economy principles into asset management and strengthen ethical, sustainable value chains. Stakeholders strongly support early and responsible investment, with 79% agreeing that investing more now is worthwhile if it enables a more circular economy for future generations. All stakeholders we engaged with supported making value-chain management a top priority for SSEN and our suppliers. This priority is delivered through our outputs to reduce waste from our operations, take actions to address sustainability value chain impacts and risks and enhance the application of our Sustainability Supplier Code. This will be supported by an increased focus on resource use reporting.

- ***Supporting Nature***
  We operate across some of Great Britain's most environmentally significant landscapes, including remote island ecosystems, internationally important peatlands, the Flow Country World Heritage Site, National Parks and National Scenic Areas. As the network operator in these regions, we are uniquely positioned to protect and restore nature while supporting resilient energy infrastructure. Our approach goes beyond minimising environmental impacts, focusing on measurable improvements in biodiversity, landscape quality and ecosystem health through nature recovery, visual amenity projects and nature-based solutions. Stakeholders strongly supported this approach, recognising the role that well-evidenced nature-based solutions can play in improving resilience and delivering wider benefits. By enhancing the natural environment alongside our network, we will create lasting value for customers, communities and the ecosystems on which they depend.

- ***Governance, Reporting and Skills***
  Strong governance, transparent reporting and well-equipped colleagues will underpin all our outputs. Stakeholders call for greater transparency from Distribution Network Operators (DNOs), including clear oversight of how consumer bill money is spent, to build trust and justify bill increases. This ensures we deliver consistently, maintain trust, and continue to strengthen our environmental performance over time. This priority is delivered through strengthened environmental reporting, assurance arrangements, management systems and workforce capability, ensuring outputs can be delivered effectively, measured consistently and independently evidenced.

Our five strategic priorities are not delivered in isolation. Many of our proposed investments address more than one environmental impact area simultaneously, and we have designed our ED3 programme to capture these synergies wherever possible, maximising the value we deliver for the funding requested.

Asset replacement programmes deliver compounding benefits: Our SF_6 asset replacement and FFC programmes reduce direct emissions and pollution risk, while also creating opportunities to specify recycled and lower-embodied-carbon materials at the point of replacement — directly advancing our circular economy and embodied carbon outputs at limited incremental cost.

Wood pole replacement supports pollution, biodiversity and visual amenity outcomes together. Replacing creosote-treated poles reduces land and water pollution risk, and where this work is co-ordinated with our undergrounding and nature-based solutions programmes in the same geographic area, it also reduces habitat disturbance and improves visual amenity — a single intervention window rather than three separate rounds of disruption to the same communities.

Undergrounding for visual amenity strengthens climate resilience. Where we underground overhead lines to meet stakeholder requests to restore natural beauty, this also reduces exposure to storm-related outages, supporting our climate resilience objectives beyond the primary visual amenity driver.

NbS deliver resilience, biodiversity and community value from a single investment. 80% of stakeholders we engaged recognised the resilience value of NbS, provided they are evidence-based and used as part of a wider toolkit — our peatland, woodland and NbS programmes are therefore designed to contribute to network resilience objectives as well as our biodiversity and nature recovery targets.

Supply chain engagement underpins multiple outputs. Our work with suppliers on the Sustainable Supplier Code, embodied carbon reduction, and Scope 3 emissions reporting draws on the same supplier relationships and data infrastructure, allowing us to sequence engagement efficiently rather than running parallel, disconnected supplier initiatives.

Where interventions are co-ordinated in this way, we prioritise delivery in the same geographic areas and delivery windows, reducing cumulative disruption to communities and improving whole-life value for consumers. Section 7 - Implementing our ED3 EAP sets out how our delivery planning identifies and sequences these opportunities in practice.

Without further environmental action in ED3, the environmental impacts of SSEN Distribution's network expansion are expected to increase compared with RIIO-ED2 as more infrastructure is required to support the transition to net zero. This would lead to higher embodied carbon emissions, greater resource use, more waste generation, and increased supply chain impacts, while also increasing the risk of customers bearing higher long-term costs associated with environmental compliance and asset replacement.

Although operational emissions (Scope 1 and 2) are likely to continue falling through fleet electrification and grid decarbonisation, a lack of focus on embodied carbon, network design optimisation and supplier engagement would result in higher Scope 3 emissions. Continued inaction on SF_6 leakage, circular economy initiatives, and sustainable procurement would further increase greenhouse gas emissions, waste and supply chain environmental impacts.

Environmental risks would also grow as assets age. Without ongoing management of oil-filled assets, replacement of high-risk FFCs, and transition away from creosote-treated poles, risks to land and water would increase. Similarly, insufficient focus on biodiversity and natural capital could lead to greater habitat disturbance and biodiversity loss, while reducing opportunities to deliver nature-positive outcomes.

Overall, a ‘do nothing’ approach would leave us unable to meet Ofgem’s expectations for EAPs, limiting our ability to demonstrate environmental leadership, deliver benefits to customers and communities, and support long-term environmental objectives linked to the energy transition. Together, our environmental assessment, stakeholder evidence, RIIO-ED2 experience and prioritisation methodology have shaped a focused set of ED3 strategic priorities. The ED3 headline commitment, outputs and targets in Section 3 turn these priorities into measurable actions that deliver our long-term environmental objectives while creating value for customers, communities and the environment.

6. OUR ED3 EAP OUTPUTS IN DETAIL

6.1 CLIMATE CHANGE MITIGATION

6.1.1 BUSINESS CARBON FOOTPRINT (BCF) SCOPE 1, 2 AND 3

Proposed Output:

Reduce our Scope 1 and 2 greenhouse gas emissions by 55%, in line with our 1.5°C-aligned Science Based Target and help manage Scope 3 emissions by ensuring that suppliers representing 55% of our supply-chain spend have set their own Science Based Targets.

Performance Measures and Reporting Metrics:

- *Reduce Scope 1 and 2 emissions by 55% by 2033 from a 2019/20 baseline.*
- *Report Scope 1, 2 and integrate Scope 3 emissions reporting from Year 1 of ED3.*

Funding Request: £12.84m (SHEPD £4.53m, SEPD £8.3m) (Alternative fuels, EV chargers, Substation energy efficiency)

Reference to BPDT/IDP: CV22 – Environmental Reporting, C6 – V&T (Non-op), C11 – V&T (CAI)

SSEN_ED3_ENV_AlternativeFuels, SSEN_ED3_ENV_EVChargers

Business Carbon Footprint (BCF)

The UK Government is committed to reach net zero by 2050 following the Climate Change Act, whilst the Scottish Government is aiming for 2045. At SSEN, we are a central part of this energy transition by enabling low carbon technology generation connections, smart grids and flexibility services.

Our own operational carbon emissions form our BCF, and our EAP contains targeted actions to reduce these emissions and support delivery of our Scope 3 reduction targets. By managing and reducing our BCF, we will support a credible pathway to net zero while reducing the environmental impact of our operations. Through transparent reporting of Scope 1, 2 and 3 emissions, we will provide customers and stakeholders with clear visibility of our progress, enabling effective scrutiny of our performance and accountability for delivering our net zero outputs. Our footprint is made up of emissions under three different scopes, illustrated in Figure 6-1 and described below:

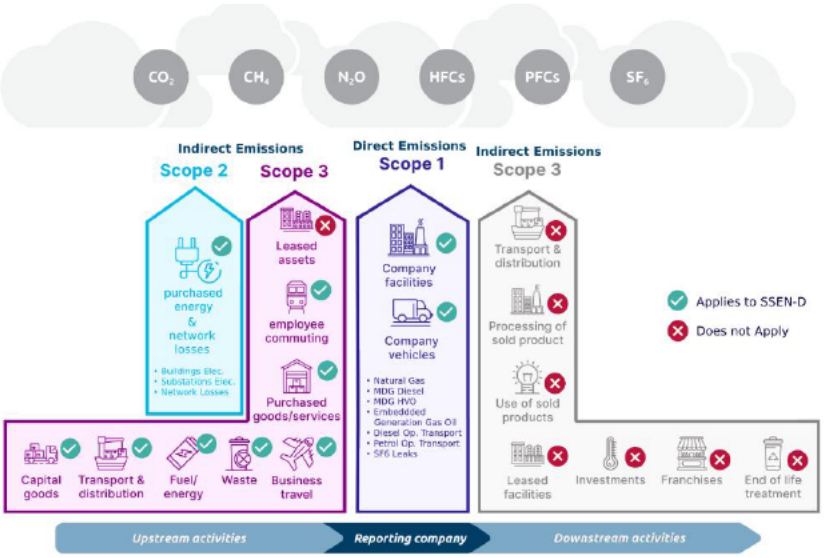
Scope 1 – Direct GHG emissions: These are greenhouse gas (GHG) emissions from sources that are owned or controlled by us. They are composed by our fuel consumption for Operational Transport, Mobile Generation, Embedded Generation and buildings. SF_6 leaks from the Network are also a part of this scope.

Scope 2 – Indirect GHG emissions: For us, these include all the electricity consumed in our buildings, depots and substations. Network losses from electricity distribution are also part of our Scope 2 emissions as defined by Ofgem.

Scope 3 – Other indirect GHG emissions: Scope 3 contains all other emissions from the upstream and downstream of our activities across multiple categories. The main categories are Purchased Goods & Services and Capital Goods. These will be composed by everything with a cost associated, especially projects and new assets for the network.

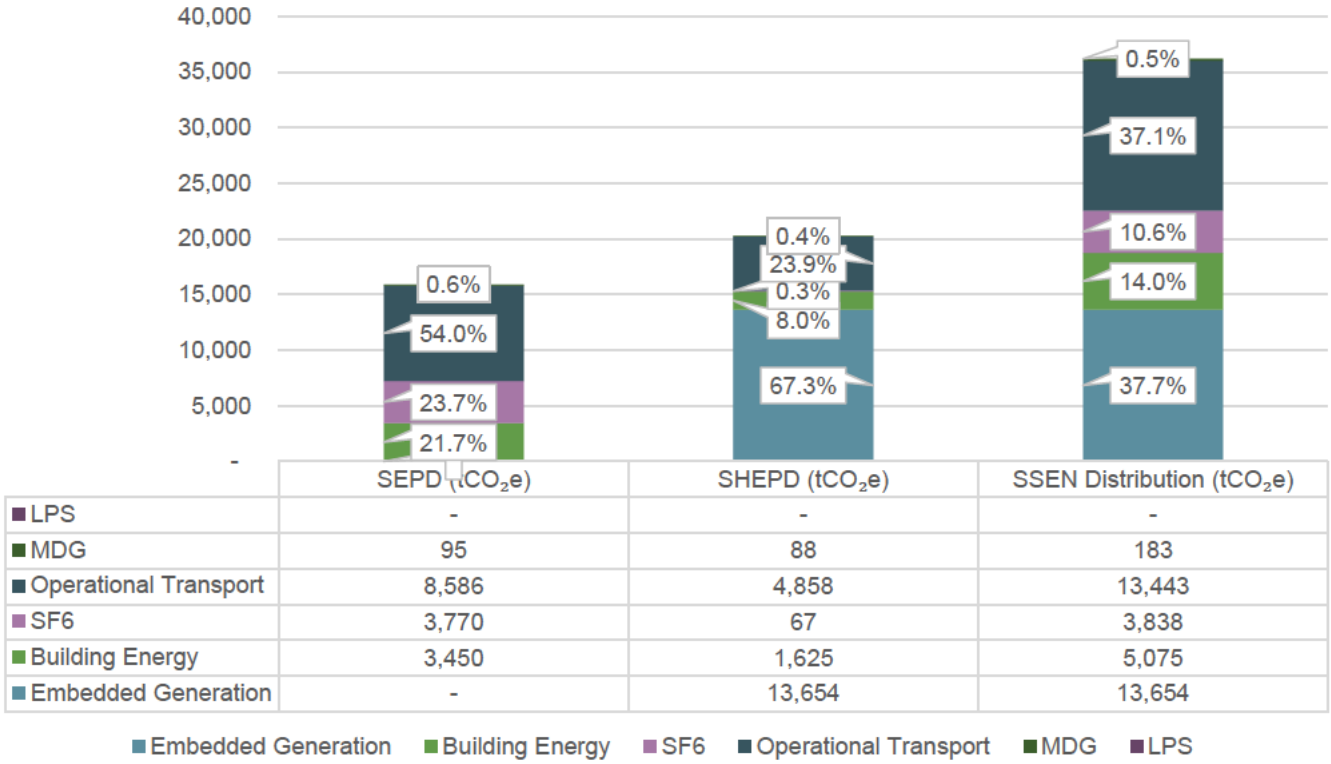
We will report emissions from the categories in Figure 6-1.

Figure 6-1. GHG Protocol Scopes and our reporting categories



Our total emission proportions can be seen in Figure 6-2:

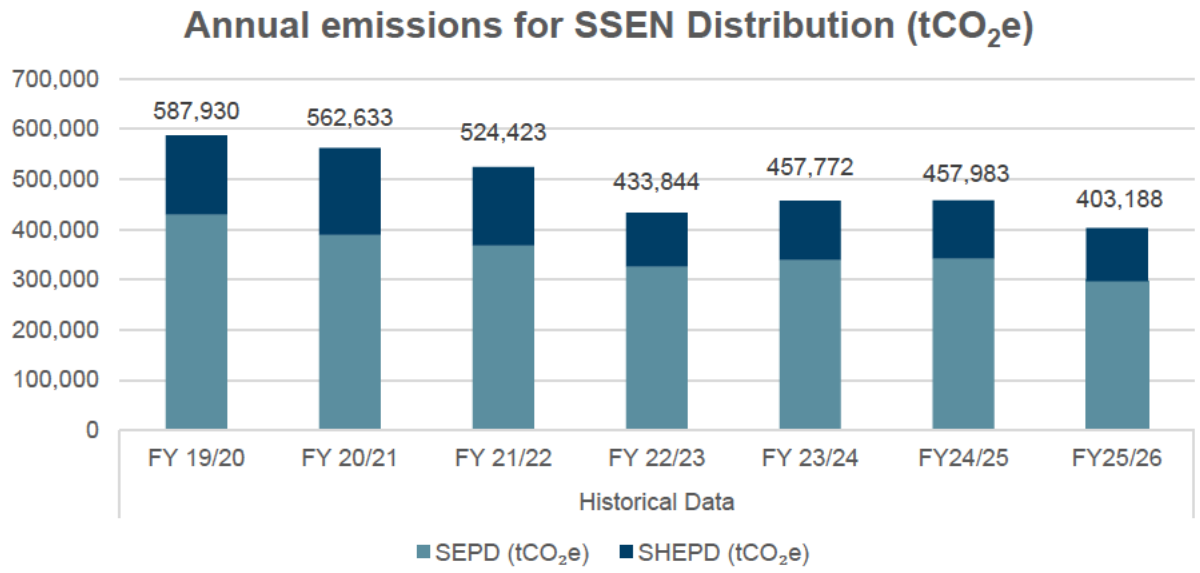
Figure 6-2. Carbon emissions, excluding losses (tCO_2e) for FY2025/26



	SEPD (tCO_2e)	SHEPD (tCO_2e)	SSEN Distribution (tCO_2e)
LPS	-	-	-
MDG	95	88	183
Operational Transport	8,586	4,858	13,443
SF6	3,770	67	3,838
Building Energy	3,450	1,625	5,075
Embedded Generation	-	13,654	13,654

We have calculated our GHG emissions consistently and are on track to meet our RIIO-ED2 targets. We continue to improve our understanding of our BCF and have been able to track more contributions to our footprint and identify hotspots for reduction. While Electricity Losses make up 91% of our combined Scopes 1 and 2 emissions, the remaining emissions primarily comprise the combustion of fuels for operational transport, mobile generation and embedded generation on the Scottish Islands. Figure 6-3 presents the evolution of our Scopes 1 and 2 emissions throughout the years. We have been switching the fuel types used on our mobile generation fleet to drive down emissions and aim to continue this transition approach for other key areas of our business, while also exploring other more permanent solutions. We have independently verified our footprint during RIIO-ED2 and aim to follow the same approach for ED3. Our carbon reduction targets are described in the Networks Science-Based Targets Initiative (SBTi) section.

Figure 6-3. Scopes 1 and 2 BCF emissions FY19/20 to FY25/26 for SSEN Distribution (tCO_2e)



Reducing our Buildings Carbon Emissions

Carbon emissions from electricity and gas usage across SSEN's buildings were reported as 5,075 tCO_2e in 2025/26. While most of these occur on our substations, they also account for our offices and depots sites fully or partially occupied by SSEN Distribution.

We currently use renewable electricity in all our offices and depots, evidenced through Renewable Obligation Certificates. In substations, uncontrolled energy is typically consumed for heating and lighting, dehumidification and cooling equipment, oil pumps, air compressors and battery chargers to maintain secure network operation and resilience. The power supplies to substations are usually supplied by the grid transformer and associated auxiliary/earthing transformers. Presently, our substations have their electricity consumption calculated through estimates since they are not metered. These estimates go into a separate category from network losses.

As part of these works in ED3, we are continuing with our substation efficiency work and aim to upgrade 37 substation sites with new double glazing, upgraded doors, LED lighting and heating/lighting controls. We will also be metering all 37 sites to show a losses baseline before the efficiency works are carried out and the improvements once works have been completed. This is a key part of the process as any real reduction will only be measurable once data is available and trustworthy. We are requesting funding of £1.44m to complete our substation energy efficiency improvements.

While our immediate focus is on improving the accuracy of substation energy consumption data, we will also consider opportunities to collect more granular consumption information where practical. This will strengthen our evidence base for energy efficiency initiatives, enhance reporting transparency, and provide flexibility to respond to evolving industry expectations regarding the timing, location and source of renewable electricity consumption.

Addressing Network Losses

Network losses are an inherent part of operating an electricity distribution network and are influenced by network utilisation and the volume and type of generation connected. As electrification increases, improving our understanding of losses and optimising network performance can reduce carbon emissions, lower whole-system costs, and deliver benefits for consumers. Our approach to managing losses is set out in our DSO Strategy (ED3-S10), and we will continue to report associated emissions annually.

Losses account for 91% of SSEN Distribution's Scope 1 and 2 business carbon footprint and are categorised as either technical or non-technical. Technical losses, which represent the majority of losses, arise from the transmission of electricity through network assets, while non-technical losses are primarily associated with theft and metering inaccuracies.

To keep losses as low as reasonably practicable, we will:

- Install efficient network assets and equipment.
- Improve processes to reduce metering errors and identify theft.
- Balance loss reduction measures against the costs and benefits for customers.

Reducing Embedded Generation Carbon Emissions and Improving Island Resilience

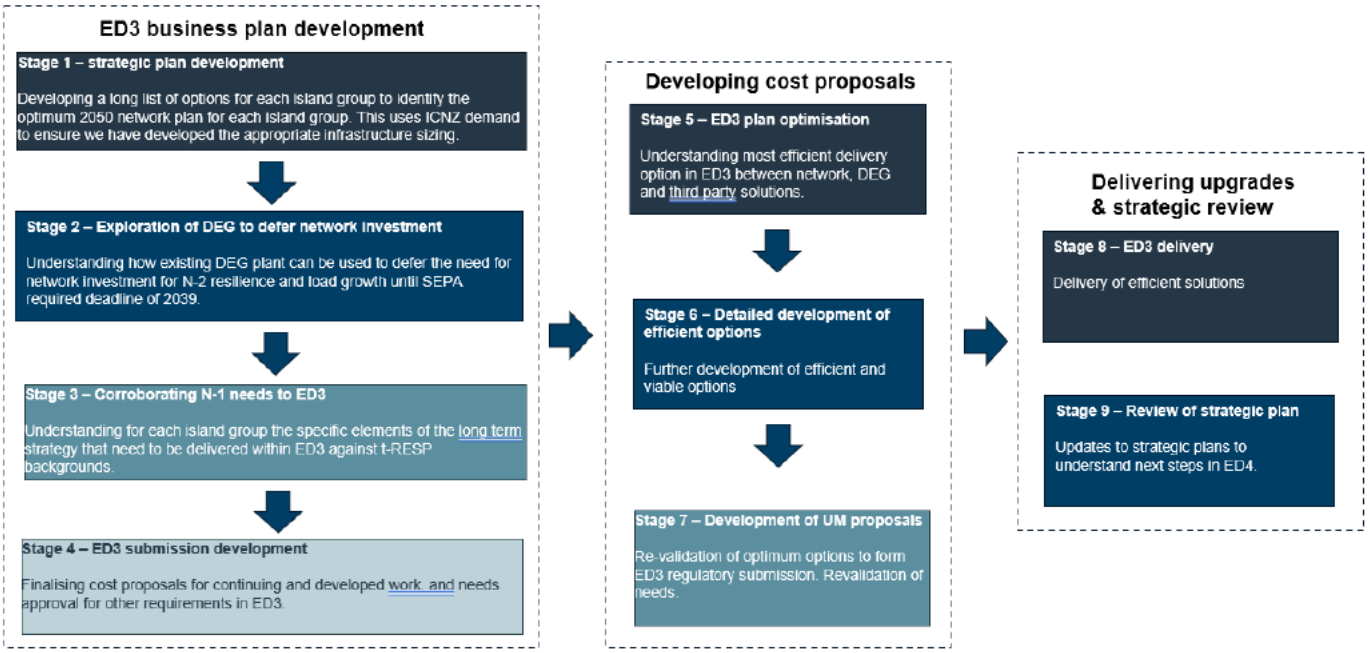
We operate seven embedded generation stations that provide essential backup power to some of Scotland's most remote island communities. Many of these assets are nearing the end of their operational life, with some engines dating from the 1960s and 1970s and are currently reliant on diesel fuel, making them a significant source of carbon emissions when operated.

During 2025/26, increased running hours at sites including Battery Point, Arnish and Loch Carnan highlighted the ongoing importance of embedded generation in maintaining security of supply during major network refurbishments and fault-related events. Island networks are particularly vulnerable due to their dependence on submarine cable connections, where fault restoration can be complex and weather dependent. Embedded generation therefore provides a critical resilience function during prolonged outages.

Our ED3 approach is to ensure that security of supply is maintained while reducing long-term dependence on fossil fuel-based generation and ensuring delivery remains affordable for customers. Figure 6-4 summarises the development of our ED3 Scottish Islands Strategy (ED3-S17). We have completed the first stage which confirms we will continue with delivery of a 66kV circuit from Skye to Harris (as agreed by Ofgem in their Final Determination to SSEN's January 2025 HOWSUM submission) and request development funding for network upgrades and

reinforcement for North Uist, Coll, Mull, Shetland and Orkney islands. Further detail on our proposals is set out in our Scottish Islands Strategy including our options analysis to ensure proposals deliver long-term consumer value.

Figure 6-4. Scottish Islands ED3 Strategy



Reducing Mobile Generation Carbon Emissions

We also operate a fleet of Mobile Generators, which are deployed during planned and unplanned works to maintain supply while the network is being repaired or upgraded. At the start of RIIO-ED2, these generators operated entirely on diesel. Over the past two years, we have begun transitioning to a lower-carbon biofuel, Hydrotreated Vegetable Oil (HVO). Figure 6-5 and Figure 6-6 show the consumption volumes for SEPD and SHEPD across Years 1 to 3 of RIIO-ED2, illustrating the shift from diesel to HVO over this period.

Figure 6-5. Mobile generation fuel consumption in litres by type of fuel for the SEPD licence area during RIIO-ED2

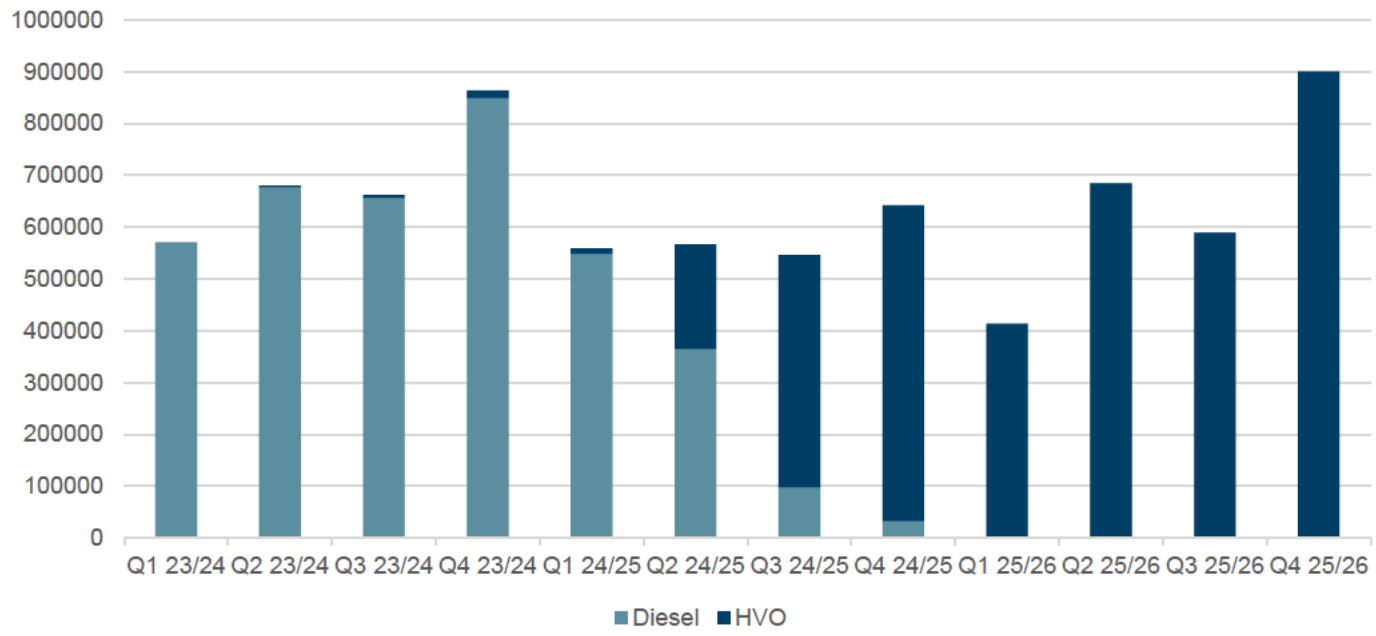
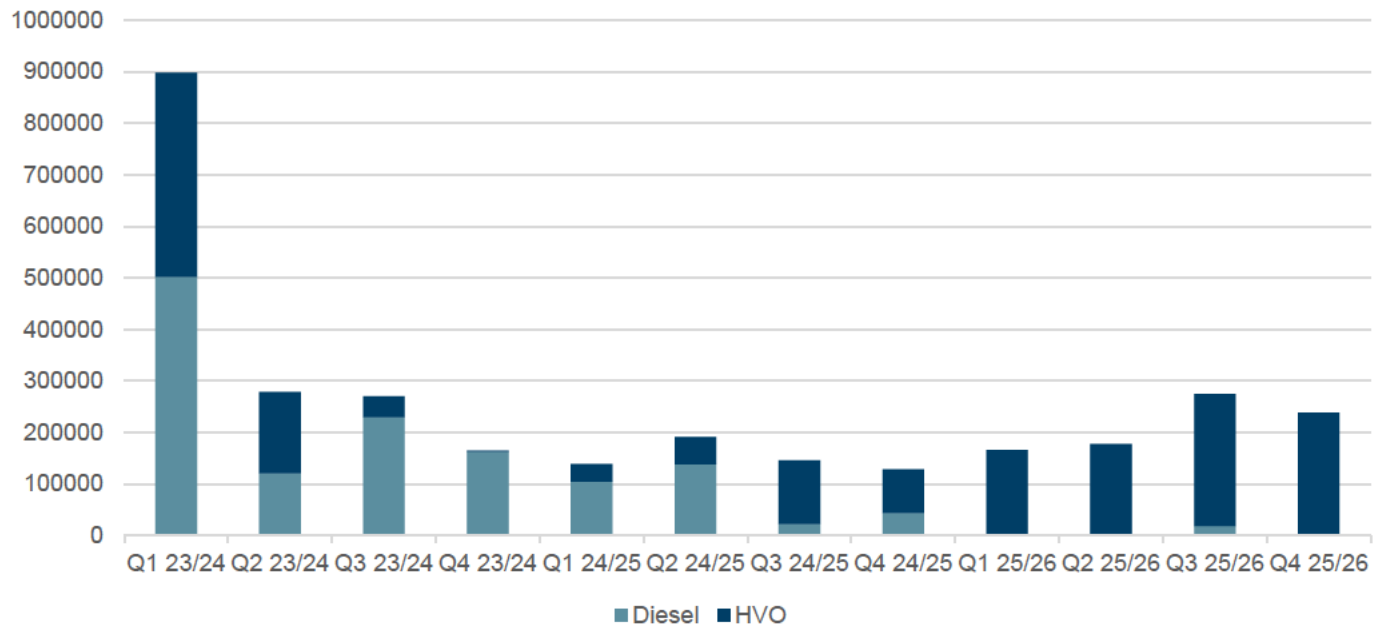


Figure 6-6. Mobile generation fuel consumption in litres by type of fuel for the SHEPD licence area during RIIO-ED2



This shift has saved over 14,000 tonnes of Scope 1 emissions of CO_2e during the first three years of RIIO-ED2. Scope 1 emissions are those caused by the combustion of fuel. Biofuels still have a share of emissions called 'Out of Scopes'. These are carbon emissions that are compensated during the growth of the plant from which the biofuel is produced. While these are net zero emissions in the lifecycle, they exist. Transitioning to battery-powered solutions could help to remove these from the equation altogether.

Biofuels are produced from renewable biological resources, such as agricultural residue, plants, algae, and waste streams, meaning supply can be regenerated rather than extracted from finite reserves. This makes our emergency generation power systems less vulnerable to fossil fuel price volatility, geopolitical disruptions and import dependencies. Domestic production of biofuels from locally accessible feedstocks can help to increase the stability and robustness of energy systems.

We align our biofuel procurement to Renewable Fuel Assurance Scheme-approved suppliers and verification through Renewable Fuel Declarations (RFDs). These verify the life cycle GHG emissions savings of biofuels placed on the UK market by approved suppliers, compared to fossil fuels, and that the feedstock comes from a sustainable source with assurance on the chain of custody.

We will continue to explore alternative lower carbon fuels and technologies during ED3. We are also seeking to implement the use of mobile substations as part of a multi-faceted approach to drive down emissions, by reducing mobile generation, and deliver faster fault recovery.

Reducing Operational Transport Carbon Emissions

Our Operational Transport fleet is another area where diesel continues to be the main fuel in use. Electrification of the fleet remains as the principal goal to reduce carbon emissions in this area, but market immaturity limiting the availability of large electric vehicles has been a blocker. We have trialled HVO use for some vehicles during Years 2 and 3 of RIIO-ED2 and are actively pursuing it as a transitional solution to meet reduction targets. We are therefore requesting funding of £4.78m for ED3 to manage the transition to lower carbon fuel types for our operational vehicle fleet. This allows us to shift our fuel consumption to use biofuels for our operational transport in line with the current approach to Mobile Generation implemented throughout RIIO-ED2. The shift would follow the same path as our carbon reduction Scope 1 targets to meet yearly reduction targets. This transition would avoid an estimated 40,000 tonnes of CO_2e during ED3.

As our Electric Vehicle (EV) fleet continues to expand in line with our sustainability, decarbonisation, and environmental outputs, there is a critical requirement to facilitate mobilisation by investing in a resilient and future-proof EV charging network. We are therefore requesting funding of £6.62m for the installation of 38 high-capacity EV superchargers across offices and depots, alongside 76 EV chargers at substations, to enable operational readiness, support fleet

electrification, and remove charging constraints. The funding will also support with the maintenance upgrade of 129 sites across SEPD and SHEPD. The proposed infrastructure will ensure reliable charging access across key operational locations, support the transition to low-carbon transport, and contribute directly to emissions reduction while safeguarding business continuity and long-term network efficiency.

6.1.2 SULPHUR HEXAFLUORIDE (SF_6) EMISSIONS AND TRANSITION PLANNING

Proposed Output:

Reduce sulphur hexafluoride (SF_6) emissions from our assets and transition to lower impact alternatives, by taking an alternative first approach, where technically and commercially viable and improve transparency of consistent reporting.

Performance Measures and Reporting Metrics:

- *Reduce SF_6 emissions by 55% by 2033 from a 2019/20 baseline*
- *Manage the total SF_6 bank in line with alternatives for newly installed assets*
- *Report on the total SF_6 bank, leakage and use of recycled and virgin SF_6 from Year 1 of ED3*
- *Continually improve our leakage detection, monitoring and measurement across SF_6 assets*
- *Collaborate with other DNOs to develop a common SF_6 Emissions Methodology that details what is accounted for in SF_6 reported data.*

Funding Request: £14.58m (SHEPD £4.18m, SEPD £10.40m)

Reference to BPDT/IDP: CV22 – Environmental Reporting SSEN_ED3_ENV_SF6

Sulphur hexafluoride (SF_6) is one of the most potent greenhouse gases, with a global warming potential around 22,800 times that of CO_2 and an atmospheric lifetime of thousands of years. Its long persistence means emissions released today remain in the atmosphere far beyond the 100-year timeframe conventionally used to compare greenhouse-gas warming impacts, making effective management and transition particularly important. SF_6 remains present across our legacy asset base because of its long-standing use as a highly effective electrical insulator, and a significant number of assets across the SEPD and SHEPD networks still contain SF_6. However, during RIIO-ED2 we have strengthened leakage management, monitoring and asset controls and begun deploying SF_6-free and lower-impact alternatives across our network.

While reported SF_6 emissions are higher in SEPD than SHEPD, this largely reflects differences in network ownership boundaries, as 132 kV assets are classified as transmission assets in the north of Scotland and therefore sit outside the SHEPD distribution network.

ED3 therefore represents the next stage of an established transition, rather than the start of our response. We will reduce SF_6 emissions by 55% by 2033 from our 2019/20 baseline, target leaking and poor-performing assets for intervention, strengthen asset-level tracking and leakage detection, and take an ‘alternative first’ approach to new and replacement equipment where proven solutions are technically and commercially viable. Our approach also recognises the rapidly changing external landscape: EU restrictions are accelerating the move away from SF_6 and influencing manufacturer investment and product availability, while some transitional fluorinated-gas alternatives may themselves be affected by future PFAS regulation. We will therefore phase the transition by technology maturity and voltage level, while strengthening recovery, reuse and recycled-gas arrangements for the legacy fleet. Appendix E sets out this transition strategy in full.

6.1.3 NETWORKS SCIENCE-BASED TARGETS INITIATIVE (SBTI)

Proposed Output:

Reduce our Scope 1 and 2 greenhouse gas emissions by 55%, in line with our 1.5°C-aligned Science Based Target and help manage Scope 3 emissions by ensuring that suppliers representing 55% of our supply-chain spend have set their own Science Based Targets.

Performance Measures and Reporting Metrics:

- *Reduce Scope 1 and 2 emissions by 55% by 2033 from a 2019/20 baseline.*
- *Report Scope 1, 2 and integrate Scope 3 emissions reporting from Year 1 of ED3.*
- *Achieving at least 55% of our supply-chain, by value, accredited with Science-Based Targets by 2033.*

Funding Request: N/A

Reference to BPDT/IDP: N/A

We remain committed to our SBTs that were set in 2021. We were the first UK DNO to set net zero aligned targets and we are still on track to achieve them. Our targets are in line with the level of decarbonisation required to meet the most ambitious goal of the Paris agreement – to limit global warming to 1.5 C above pre-industrial levels[4]. Verified by the SBTi, we're cutting emissions further and faster by:

- Committing to reduce our combined Scopes 1 and 2 emissions by 55% by 2033 from a 2019/20 baseline.
- Continuing delivery of the target of achieving at least 55% of our supply-chain, by value, accredited with Science-Based Targets by 2033, following a review and revalidation of our Scope 3 targets.

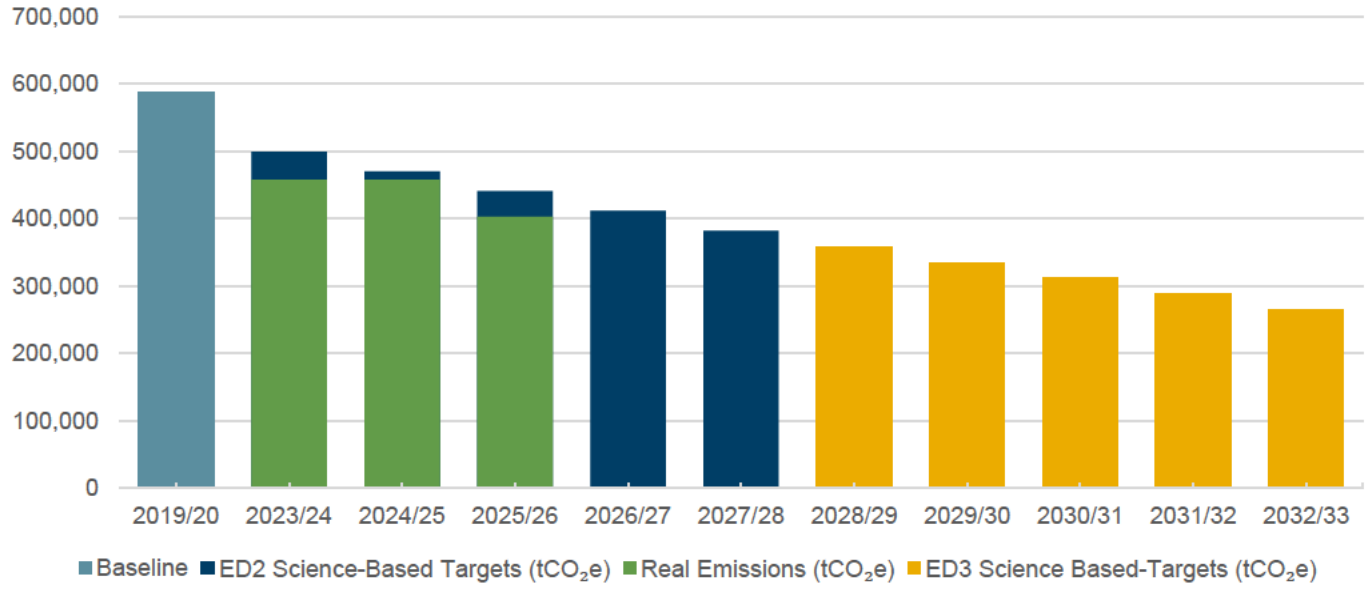
A 55% reduction of our emissions equates to over 300,000 tonnes of CO_2e, this is equivalent to consuming over 116 million litres of diesel, more than we have consumed since 2017/18.

Figure 6-7 shows our targets for RIIO-ED2 and ED3 and how we've been performing against them to date. We are shortly due to re-verify our SBTs and commit to updating and publishing any revised SBTs and trajectories through our annual reporting.

Transition to a Low-Carbon Economy

SSEN Distribution is a critical enabler of the transition to a low-carbon economy and delivery of the Government's clean power ambitions through facilitating faster and more certain connections for homes, businesses, community energy projects and low-carbon technologies (LCTs). While the benefits of these activities are not directly reflected within our BCF emissions reporting, they play an important role in enabling wider decarbonisation across the communities we serve. For more detail on how we are enabling electrification of heat and power please see our Connections Strategy (ED3-S16).

Figure 6-7. Science-Based Targets throughout price control periods (tCO_2e)



[4] Following SBTi guidance, our targets will be reviewed 5 years after the first submission, and they'll be revalidated ahead of ED3.

6.1.4 EMBODIED CARBON IN INFRASTRUCTURE AND MATERIALS

Proposed Output:

Measure, report and progressively reduce embodied carbon in our infrastructure and materials by embedding carbon assessment into project design and working with the supply chain and other DNOs to improve methodologies and lower-carbon solutions.

Performance Measures and Reporting Metrics:

- *Use the embodied carbon calculator at the design stage for all projects over £1m beginning and ending in ED3 and record the reductions identified through the design process.*
- *Report annually on the number and proportion of applicable projects completing embodied carbon assessment.*
- *Work collaboratively with other DNOs to establish a common carbon assessment methodology that recognises existing baseline reductions.*
- *Use the resulting evidence to develop project and material-specific reduction measures as data maturity improves during ED3.*
- *Reduce embodied carbon by 5% per million £ procurement spent for in-scope projects.*

Funding Request: [redacted] (Embodied Carbon tool)

Reference to BPDT/IDP: CV22 – Environmental Reporting

During RIIO-ED2, a structured approach to measuring embodied carbon was introduced for all major projects over £10 million. Carbon impacts were assessed at both the design stage and as-built stage to improve understanding of emissions and influence project decisions. To date, 21 projects have completed the design-stage assessment, helping to inform more sustainable material selection, construction methods, and procurement choices, with additional projects expected to provide a comprehensive evidence base by the end of RIIO-ED2.

Significant engagement with internal teams, contractors, and suppliers has supported implementation, including training, guidance, and collaboration to identify opportunities for lower-carbon materials and construction techniques. This has included exploring options such as low-carbon concrete, recycled steel, and material reuse approaches.

Building on this foundation, ED3 aims to move beyond measurement towards actively reducing embodied carbon through design optimisation, material substitution, supplier engagement, circular economy principles, and lower-carbon construction methods. Improved measurement and reporting will enhance data quality, support industry-wide benchmarking, stimulate innovation and embed carbon considerations alongside cost and reliability in project decision-making. We will report carbon from different stages of the project life cycle: Product/Material (raw materials supply, transport, manufacturing), and construction (transport, installation/construction).

To support this, [redacted] of funding is proposed for a centralised embodied carbon tool. While the primary benefit is improved data collection, reporting quality, consistency, and decision-making, the tool is also expected to enable future carbon reductions by providing better insight into carbon hotspots and opportunities for improvement across project lifecycles.

6.2 POLLUTION AND NUISANCE REDUCTION

Proposed Over-arching Output:

Reduce pollution risks from our assets and operations through targeted intervention, improved monitoring and transition away from higher-risk substances where technically and commercially viable and proportionate. Focusing on oil containing assets including Fluid Filled Cables (FFCs) and oil storage, polychlorinated biphenyl (PCBs), Per- and Polyfluoroalkyl Substances (PFAS), wood pole preservatives and their storage

This overarching output combines the pollution-related outputs detailed in sub-sections 6.2.1, 6.2.2, 6.2.4, 6.2.6 and 6.2.7 that detail the action we will take to reduce pollution risks from FFCs, oil storage, PCBs, PFAS and creosote, and depot oil and pole stores.

6.2.1 POLYCHLORINATED BIPHENYL (PCB)-RELATED POLLUTION

Proposed Output:

Identify, test and remove outstanding PCB-contaminated equipment identified through the industry statistical cohort model and asset testing, maintaining compliance with environmental requirements throughout ED3.

Performance Measures and Reporting Metrics:

- *Report annually on the number of assets identified, sampled, confirmed as contaminated and removed or decontaminated and adherence to the PCB regulations and the requirements set out in RPS 246.*

Funding Request: £2.62m (SHEPD £0.75m, SEPD £1.87m)

Reference to BPDT/IDP: CV22 – Environmental Reporting

Polychlorinated Biphenyls (PCBs) are hazardous persistent organic pollutants that can accumulate in the environment and pose risks to human health. Although banned from new electrical equipment in 1986, many older transformers across UK electricity networks were installed before the ban and may still contain PCB-contaminated oil.

Legislative changes required all equipment containing PCB concentrations above regulatory thresholds to be identified and removed from service by 31 December 2025. In response, SSEN delivered a comprehensive RIIO-ED2 programme of testing, decontamination, and replacement of potentially affected assets. Ground-mounted transformers were sampled and tested directly, while pole-mounted transformers were assessed using an industry-developed statistical cohort model - developed collaboratively across all GB DNOs through the ENA - to identify and prioritise likely contaminated units.

This programme enabled SSEN to identify, manage, and remove PCB-contaminated assets from its network, ensuring compliance with updated regulations and reducing the environmental risks associated with these legacy pollutants.

We successfully delivered all RIIO-ED2 commitments and regulatory deadlines for PCB removal, completing the planned programme and removing most PCB-contaminated assets from our network. Although the main programme is complete, a small, long-tail of PCB-related activity remains. We have over 16,000 PMTs remaining in service that were manufactured before 1987. These assets have been classified low-risk by the statistical cohort model, and we must continue to monitor the contamination risk as they are removed from the network at the end of their useful lives. This includes:

- testing the assets when removed at the end of their useful lives
- updating the statistical cohort model for PMTs with test results
- testing or replacing PMTs that are re-classified as high-risk through updates to the statistical cohort model,
- ensuring ongoing compliance with POPs regulations as new information emerges.

These remaining activities are essential to maintain full compliance, protect the environment, and ensure no PCB-contaminated assets remain in service over the long term. During RIIO-ED2, we supported development of an innovative tool (the Lancet) to retrieve oil samples from PMTs whilst they remain in service, without interrupting customer supplies. This is undergoing final stage trials, and we expect its deployment to enable more efficient sampling and testing of high-risk PMTs, along with confirmation that fewer replacements are required.

To manage our small, long-tail of PCB-related activity responsibly, continued funding will be required in ED3 allowing us to respond when PMTs are reclassified from low-risk to high-risk following updates to the statistical cohort model.

- Sample and test PMTs reclassified high risk by updates to the statistical model,
- Replace PMTs that return positive test results or cannot be safely sampled and tested in service,
- manage safe disposal and environmental assurance, and
- maintain robust governance and reporting to demonstrate ongoing compliance.

The funding is based on an estimated requirement to sample and test 500 assets, reclassified as high risk, and to replace 250 assets.

While the scale of activity is significantly smaller than the RIIO-ED2 programme, it remains a critical component of our environmental responsibilities, and we are committed to eliminating legacy pollutants from our network. The need for this work will continue beyond ED3, until all PMTs manufactured before 1987 have been removed from the network.

6.2.2 OIL POLLUTION INCLUDING FLUID FILLED CABLES (FFC)

Proposed Output:

Manage the pollution risk of our oil containing assets including Fluid Filled Cables (FFCs) through targeted interventions where technically and commercially viable and proportionate.

Performance Measures and Reporting Metrics:

- *Reduce volume of fluid to top up our cables of 20% from baseline year 2025/26*
- *Remove 84.62km FFC during the course of ED3. With a long-term ambition for full removal by 2050*
- *Implement Transformer oil containment measures at 112 sites (62 primary and 50 secondary)*

Funding Request: £86.28m (SHEPD £9.86m, SEPD £76.43m)

Reference to BPDT/IDP: CV22 – Environmental Reporting, SSEN_ED3_ENV_FFC, SSEN_ED3_ENV_Bunding

Reference to BPDT/IDP: CV22 - SSEN_ED3_ENV_FFC

Fluid-Filled Cables

FFCs represent an ageing population of legacy assets and therefore have increased maintenance and intervention costs. The leakage of oil from FFCs represents a national challenge for all DNOs, and leakage rates are reported annually. There are significant differences in leakage rates across DNOs with our SHEPD network having one the lowest leakage rates, whereas the SEPD network has one of the highest, which is acknowledged by the Environment Agency (EA) through a memorandum of understanding. Progress on replacement of FFCs has been challenging, reflecting the age and condition of the asset base and the limited level of RIIO-ED2 allowances available to support proactive replacement and refurbishment programmes. ED3 provides the opportunity to build on the learning from RIIO-ED2 and take more targeted action to address the underlying causes of cable fluid leakage. We plan to implement a proactive cable oil leakage reduction programme during the ED3 period, comprising increased replacement of FFC with solid cable. This strategy has been endorsed by key external stakeholders who have expressed concern over the risk of pollution and provided letters supporting investment, demonstrating strong backing from local water companies for the proposed approach.

With an ageing asset base and against a net zero backdrop of increasing electricity demand, it can be expected that the FFC failure rate will increase in future without proactive replacement interventions, thus increasing quality of service risks for customers. Therefore, our intervention programme for the ED3 period is focused on high-risk cables, mainly in SEPD and also includes our subsea FFCs. This programme provides a balance between FFC oil leakage reduction, cost and deliverability and will align our FFC leakage performance targets with sector benchmarks and meet stakeholder expectations.

During the ED3 period, we plan to remove ~247.74 km of FFC which represents [redacted] of the total FFC across our network and have a long-term ambition for full removal by 2050. The total FFC replacement programme includes 163.12km delivered through asset replacement drivers and a further 84.62km delivered through environmental drivers. To enable replacement of the 84.62km, we are requesting £73.33m of funding under CV22.

Bunding

In line with The Oil Storage Regulations 2001 (England) and 2006 (Scotland), Primary transformer sites that contain in excess of 201L of oil require bunding as a secondary containment. For ED3, 62 primary sites across SHEPD and SEPD have been identified as needing bunding installed to meet regulations.

In addition, and in line with the Water Resource Act (WRA) (1991), we are also proposing to install bunding at 50 secondary transformer sites across both SHEPD and SEPD. Under the WRA, operators must ensure that activities do not cause or knowingly permit polluting matter to enter controlled waters (inland waters, Ground water, Territorial Water). Appropriate pollution-prevention measures, including suitable secondary containment where there is a risk of spills or leaks affecting controlled waters, should be implemented to manage this risk. We have carried out a Risk Assessment against our secondary transformer portfolio and have identified [redacted] assets that meet our criteria of requiring bunding.

We are requesting £12.95m to install bunding at the identified primary sites and the initial tranche of prioritised secondary sites during ED3. The secondary-site programme has been limited to 50 of the [redacted] assets meeting the risk criteria because delivering the full population within one price control would not be practical or affordable. The first 50 sites have been prioritised according to asset age and expected longevity, focusing investment on assets expected to remain in service for the longest period and avoiding expenditure on assets likely to be replaced in the near term. The remaining sites will be incorporated into the longer-term investment programme and reprioritised as asset and environmental risk information develops.

6.2.3 AIR POLLUTION

Proposed Output:

- *Manage local air quality impacts from our operations by monitoring and reporting NOx emissions in alignment with the Scottish Pollutant Release Inventory and actions taken to address air pollution, supporting improved air quality and environmental outcomes for customers and communities.*

Performance Measures and Reporting Metric:

- *Measure, record and report NOx emissions in alignment with the Scottish Pollutant Release Inventory from Year 1 of ED3.*

Funding Request: N/A

Reference to BPDT/IDP: N/A

Local air quality impacts from our operations primarily arise from operational transport, mobile generation and embedded generation emissions. During ED3, we will continue to mitigate these impacts through fleet electrification, expanded use of HVO and battery mobile generators and upgrades to our embedded generation and mobile generation fleet to ensure we meet air quality compliance standards. And we'll commit to providing a qualitative commentary on progress and actions undertaken in respect of addressing local air pollution in our annual environmental report. We'll also report our material NOx emissions from our Embedded Generation fleet in alignment with the Scottish Pollutant Release Inventory from Year 1 of ED3.

6.2.4 PFAS POLICY

Proposed Output:

Determine the level of environmental risk from the use of PFAS in our network, improve monitoring and produce an action plan to monitor environmental risks and implement appropriate mitigation where technically and commercially viable and proportionate.

Performance Measures and Reporting Metric:

- *Conduct a PFAS environmental risk screening for our network, provide details on PFAS used in our network and produce an action plan by Year 3 of ED3 to monitor environmental risks and implement appropriate mitigation and annually report on progress in the AER.*

Funding Request: N/A

Reference to BPDT/IDP: N/A

PFAS are persistent chemicals used in virtually every industry to ensure durable products. They are widely used in electricity networks because they provide exceptional insulation, thermal stability, and fire resistance—properties that are difficult to replace with current alternatives. These same properties make PFAS a risk as they do not readily degrade and can cause long-term environmental contamination and human health effects. In response to this risk, Defra published the first national PFAS Plan in February 2026[5] which establishes a coordinated, long-term strategy to minimise environmental and human exposure while allowing time for transition to safer alternatives. To address PFAS risks, we're committing to developing a PFAS policy to support understanding of PFAS sources and materiality across our network and supply chain, undertaking an assessment of environmental risks and how these will be managed, and determining the approach to PFAS use and alternatives over ED3 and the longer term. We'll also work collaboratively with the ENA to develop a long-term approach like European power sector associations[6]. An evidence-gathering and risk-screening approach is proportionate at this stage because the prevalence and materiality of PFAS across electricity network assets are not yet sufficiently understood to justify a funded intervention programme. Completing this

[5] PFAS Plan - GOV.UK
[6] Joint statement from power industries on PFAS ban – E.DSO

work during ED3 will allow future interventions to be targeted according to evidence, environmental risk and value for customers, rather than committing expenditure before the scale and location of the risk are established.

6.2.5 NOISE POLLUTION

Proposed Output:

Reduce the impact of noise from our assets and operations on the communities we serve by consistently recording, investigating and addressing substantiated noise concerns where technically and commercially viable and proportionate.

Performance Measures and Reporting Metrics:

- *Record and monitor received noise complaints*
- *Report on the number of noise-related complaints and actions taken to reduce noise pollution*
- *Procure [redacted] soundproofing sets for mobile diesel generators and dedicated vehicle capability to deploy*

Funding Request: £0.35m (SHEPD £0.00m, SEPD £0.35m)

Reference to BPDT/IDP: CV22 – Environmental Reporting

Noise nuisance issues may arise from the fixed plant and equipment installed on our network such as transformers, the temporary plant and equipment we use during faults such as mobile generators or from our operational activities where we are developing and maintaining the network. For ED3, we're committing to reducing the impact of noise from our assets and operations on the communities we serve by consistently recording, investigating and addressing substantiated noise concerns. We'll investigate all noise complaints ensuring that they are within permitted noise range levels, and report on any actions taken. We'll continue to consider noise impacts in our planning process, in our equipment selection criteria when selecting and procuring equipment and in our planning of operational activities. We've also worked with other DNOs to ensure that we're all using a standardised reporting methodology to improve consistency, transparency and comparability of performance across the sector.

During the first three years of RIIO-ED2, we received an average of 62 noise complaints each year, with 60% relating to the use of mobile diesel generators in the more densely populated parts of SEPD. We deploy hybrid and battery generators where technical feasible, but current market availability and capacity constraints mean that physical noise mitigation remains necessary. We're therefore requesting £0.35m of funding to procure [redacted] additional soundproofing sets and secure dedicated vehicle capability, improving the speed and consistency with which additional noise mitigation can be deployed.

6.2.6 CREOSOTE POLLUTION

Proposed Output:

Reduce the pollution risk of preservatives used on our wood poles through targeted interventions where technically and commercially viable and proportionate and by establishing a transition pathway to reduce our reliance on creosote.

Performance Measures and Reporting Metrics:

- *Purchase 14,500 wood poles with creosote alternatives to use in high-risk locations*
- *Produce a long-term transition plan by Year 3 of ED3*

Funding Request: £2.17m (SHEPD £0.87m, SEPD £1.3m)

Reference to BPDT/IDP: CV22 – Environmental Reporting

Creosote is a tar-based wood preservative, consisting largely of Polycyclic Aromatic Hydrocarbons (PAHs), used to extend the life of wood utility poles to around 50 years. Its use is regulated by the GB Biocidal Products Regulation[7] and current approvals run to February 2033. However, the PAHs within Creosote are hazardous, carcinogenic and can potentially pollute soil and water through leaching. We have over 1 million creosote-treated wood poles in service on our network with 20,000 replaced annually, presenting significant challenges for safe handling and disposal. To reduce the pollution risk, we've committed to producing a long-term transition plan by Year 3 of ED3. We'll continue to work with pole suppliers on alternatives and progress innovative approaches such as the APPEAL[8] project testing alternative preservative treatments and our newer CREOS-OUT[9] project which aims to develop a biological cleaning solution to break down the PAHs in creosote whilst in service. We're also seeking investment to deliver a structured replacement programme for creosote-treated wood poles, separate to the existing replacement programme for end-of-life poles, in

[7] The Biocidal Products Regulations 2001
[8] Environmentally Acceptable Wood Pole Pre-treatment Alternatives to Creosote (APPEAL) | ENA Innovation Portal
[9] CREOS-OUT | SSEN Innovation

high-risk locations with safer and more sustainable alternatives, aligning with our ambition to eliminating legacy pollutants from our network.

Alternative copper-oil treated timber poles are estimated to cost around 35% more than traditional creosote-treated poles. Composite poles are substantially more expensive, typically costing 60-70% more than alternative-treated timber poles and around 2.5-4 times the cost of creosote poles. Targeting 14,500 replacements at high-risk locations enables environmental benefits to begin during ED3 while maintaining affordability, operational performance and flexibility as alternative products and supply chains mature.

6.2.7 DEPOT POLLUTION RISKS

Proposed Output:

Reduce the pollution risk of our depot oil & pole stores through targeted interventions where technically and commercially viable and proportionate to implement pollution control improvements.

Performance Measures and Reporting Metrics:

- *Implement pollution control improvements at 33 sites*

Funding Request: £2.69m (SHEPD £1.88m, SEPD £0.81m)

Reference to BPDT/IDP: CV22 – Environmental Reporting

We have identified 33 operational depot sites requiring pollution-control improvements, comprising 21 wood-pole stores and 12 oil storage sites. Improvements will include measures such as impermeable hardstanding, improved bunding, secure roofing, controlled drainage and strengthened spill response arrangements, selected according to the risks present at each site. We're, therefore, requesting funding of £2.69m to complete this identified programme during ED3, reducing pollution risks to surrounding communities, land and water while supporting continued environmental compliance.

6.3 RESPONSIBLE RESOURCE USE

6.3.1 RESOURCE USE AND WASTE REDUCTION

Proposed Output:

Optimise resource use, implement circular economy principles and opportunities within procurement, asset management and delivery decisions and reduce waste from our operations

Performance Measures and Reporting Metrics:

- *Adopt practices and measures to minimise the consumption of natural, material, and energy resources, and to reduce the generation of waste across operational activities, construction works, asset management processes, and corporate functions (including decommissioning & end of life activities).*
- *Maintain our Zero waste to landfill target through to 2033 (excluding compliance waste) and report on % of waste diverted from landfill.*
- *Achieve a recycling rate of ≥80% of total measurable materials where feasible (capital programme only) by 2033, applying to both SSEN and key alliance partners.*
- *Achieve a reuse rate of ≥5% of total measurable materials where feasible (capital programme only) by 2033, applying to both SSEN and key alliance partners.*
- *Work collaboratively with other DNOs to establish a consistent reporting methodology for monitoring Zero Waste to Landfill for ED3.*

Funding Request: £2.50m

Reference to BPDT/IDP: CV22 – Environmental Reporting

During RIIO-ED2, we strengthened our waste monitoring, reporting and contractor management arrangements, increasing recycling rates, reducing waste sent to landfill and introducing new processes to improve compliance in streetwork activities. Building on these foundations, we will adopt more ambitious waste targets in ED3 and fully embed circular economy principles across our Network Asset Management Strategy (ED3-S12), procurement processes, Sustainable Supplier Code and wider supply chain arrangements. This reflects the growing importance of material efficiency as we invest in the network required to support electrification, helping reduce environmental impacts, improve value for customers and mitigate risks associated with increasingly constrained raw material supply chains.

Stakeholders strongly supported our circular approach to asset management, which will be implemented during ED3 and is described in more detail within our Network Asset Management Strategy (ED3-S12). This work will also be informed by SSE Group's circularity programme, funded by Zero Waste Scotland, which is developing a circularity baseline and action plan to identify and address material risks and opportunities across the business.

We will also continue to collaborate with the ENA to support the development of a consistent reporting methodology for monitoring Zero Waste to Landfill for ED3, enabling improved monitoring, benchmarking and continuous improvement over time.

A key area of focus is reducing waste associated with cable jointing activities. Currently, three-part resin used in this process generates around 80,000 contaminated buckets each year that cannot be conventionally recycled due to hardened resin residues and must therefore be disposed of as general waste. This represents a significant waste stream and limits progress against our waste reduction and recycling ambitions. To address this, we have worked with procurement to assess the feasibility of transitioning to a two-part resin solution that would eliminate the need to dispose of contaminated buckets through general waste. While the alternative resin carries a higher unit cost, it offers a substantial opportunity to improve circularity and reduce waste. We are therefore seeking £2.5m of funding to support the transition. This proposal will also build on learning from our Alternative Jointing 2[10] innovation project, which is assessing alternative jointing techniques and materials to reduce the environmental impacts of cable-jointing activities.



Figure 6-8. Example used resin bucket in general waste skip.

6.3.2 SUPPLY CHAIN SUSTAINABILITY

Proposed Output:

Identify, prioritise and address material sustainability impacts, risks, dependencies and opportunities across our operations and value chain.

Performance Measures and Reporting Metrics:

- *Review and apply mitigations for the 12 managed and strategic Double Materiality Assessment (DMA) focus areas by end of Year 2 ED3. Review remaining focus areas by end of ED3*
- *Maintain and annually review our Human Rights Action Plan to identify, manage and mitigate human rights risks across our operations and supply chain*

Funding Request: £0.435m (DMA actions, Sustainable supply chain events and Low Carbon Concrete)

Reference to BPDT/IDP: Indirect Opex

Proposed Output:

Enhance application of our Sustainable Supplier Code (SCC) and improve monitoring and reporting of supplier environment & sustainability data

Performance Measures and Reporting Metrics:

- *All suppliers signed up to the SSC for new contracts/frameworks from Year 1 ED3.*
- *≥80% of suppliers (by value) meeting our SSC by 2033*
- *Report on actual percentage of suppliers meeting our SSC*

Funding Request: N/A – As per previous output

Reference to BPDT/IDP: As per previous output

SSEN Distribution has made substantial progress in embedding sustainability across its supply chain during RIIO-ED2, creating a strong foundation for ED3. Through extensive supplier engagement, including events involving over 400 suppliers and webinars reaching more than 1,000 individuals, the company has promoted collaboration on key sustainability issues such as carbon reduction, biodiversity, water conservation and modern slavery.

[10] NIA SSEN 0075 Alternative Jointing 2 | SSEN Innovation

A key achievement has been the introduction of the **Sustainable Supplier Code (SSC)** in 2023, which sets out eleven sustainability metrics aligned to the UN Sustainable Development Goals. By March 2026, suppliers representing 67% of supply chain spend had signed up. Procurement processes have also been strengthened by embedding environmental, social and economic value requirements into major contracts and working with suppliers to reduce Scope 3 emissions through lower-carbon and circular economy materials.

In ED3, SSEN Distribution plans to build on this progress by making the SSC mandatory for all new contracts from April 2028, introducing a climate resilience metric, and implementing mandatory supplier assurance and corrective action processes. Ecovadis sustainability ratings will be required for contracts above £5m, while social value and sustainability requirements will continue to be embedded throughout procurement and tendering processes. Human rights and modern slavery controls will also be strengthened through enhanced due diligence and supply chain assurance measures.

To support these initiatives, SSEN Distribution is requesting:

- £0.1m to advance sustainable supply chain management activities, including assurance, risk management and industry collaboration on sustainable materials.
- £0.3m to support the adoption of low-carbon concrete and development of lower-carbon alternatives through potential university partnerships, helping deliver ED3 embodied carbon targets.
- £0.04m to continue annual sustainable supply chain events, supplier webinars and the Sustainable Supplier Awards.

Overall, the proposed investment aims to improve supply chain sustainability, resilience and ethical performance, reduce environmental impacts and Scope 3 emissions, and deliver better long-term value for consumers while supporting net zero objectives.

6.3.3 CIRCULAR ECONOMY

Proposed Output:

Optimise resource use, implement circular economy principles and opportunities within procurement, asset management and delivery decisions and reduce waste from our operations

Performance Measures and Reporting Metrics:

- *Adopt practices and measures to minimise the consumption of natural, material, and energy resources, and to reduce the generation of waste across operational activities, construction works, asset management processes, and corporate functions (including decommissioning & end of life activities).*
- *Work collaboratively with other DNOs to establish a consistent reporting methodology for monitoring Zero Waste to Landfill for ED3.*
- *Embed Circular Economy principles in procurement processes and asset management processes by Year 3 of ED3.*

Funding Request: N/A

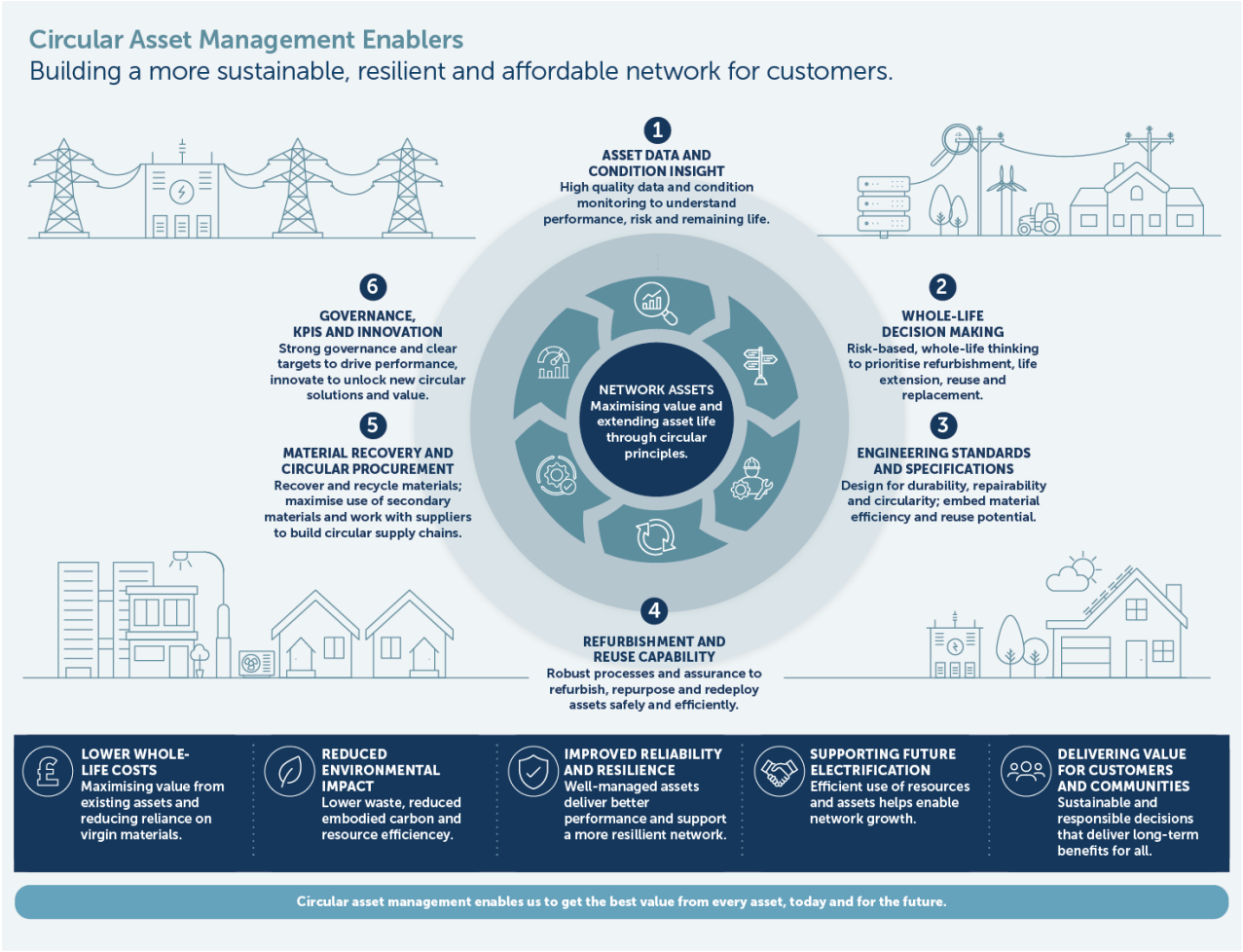
Circular economy is an emerging environmental priority for ED3 and represents an important opportunity to reduce the environmental impacts associated with the development, operation and maintenance of our network. We've recently developed a circular approach to asset management, informed by stakeholder feedback and have embedded this approach within our ED3 NAMS. Our approach seeks to integrate circular economy principles into asset planning, procurement, maintenance and replacement activities.

Circularity is closely linked to our wider value chain, as much of the environmental impact occurs during the extraction, manufacture, transport, use and end-of-life management of network assets. By adopting circular economy principles, we aim to reduce demand for virgin materials and maximise opportunities to rethink, repurpose, reduce, reuse, recycle, repair and recover assets and materials. This will help keep resources in use for longer, minimise waste and reduce whole-life environmental impacts.

Through procurement and supplier engagement, we will work with suppliers to improve resource efficiency, promote lower-impact materials and encourage take-back, refurbishment and recycling schemes. This will support a more resilient and sustainable supply chain while reducing embodied carbon, waste and resource consumption across the network lifecycle.

Recognising that approaches to measuring resource circularity in electricity networks continues to evolve, we are participating in an SSE Group-led circularity project, supported by Zero Waste Scotland, to establish a circularity baseline and develop a prioritised action plan. We will also continue to collaborate with the ENA and industry partners to support the development of consistent circularity metrics and methodologies, enabling improved monitoring, benchmarking and continuous improvement over time.

Figure *6-9: Circular economy asset management enablers*



6.4 SUPPORTING NATURE

6.4.1 NATURAL CAPITAL AND BIODIVERSITY (INCLUDING MARINE BIODIVERSITY)

Proposed Output:

Deliver nature-recovery activities in accordance with our biodiversity duties, manage material nature-related risks and improve biodiversity across our land, assets and network activities.

Performance Measures and Reporting Metrics:

- *Report on delivery of the nature recovery activities undertaken in accordance with our legal Biodiversity Duties annually through the Annual Environmental Report (AER), including delivering biodiversity enhancement measures and land management improvements.*
- *Deliver a minimum of 12 interventions, including land management changes and nature-inclusive design features, across our sites and assets to protect and enhance biodiversity in compliance with legal duties and to deliver societal benefits from nature.*

Funding Request: £2.48m (SHEPD £0.87m, SEPD £1.61m)

Funding Request for BNG: £5.60m (SHEPD £1.45m, SEPD £4.15m)

Reference to BPDT/IDP: CV22 – Environmental Reporting, SSEN_ED3_ENV_BNG

Proposed Output:

Implement Nature-based Solutions (NbS) to support carbon removals and wider ecosystem services that our industry and communities rely on by achieving the creation or restoration of 1,294 hectares of peatland, woodland and seagrass habitats by 2033.

Performance Measures and Reporting Metrics:

- *Achieve 723 hectares of peatland restoration and 564 hectares of native woodland creation to provide up to 65,000 tCO_2 avoidance and removals.*
- *Achieve 7 hectares of seagrass planting to provide coastal protection to assets and communities and tackle climate change, through the delivery of multiple ecosystem service benefits.*

Funding Request: £9.9m (SHEPD £4.57m, SEPD £5.33m)

Reference to BPDT/IDP: CV22 – Environmental Reporting
SSEN_ED3_ENV_NBS_CARBONREMOVALS_ECOSERVICES

Why Nature is Critical

Investment in nature is essential to maintaining short and long-term network resilience, regulatory compliance and stakeholder trust. Evidence from IPBES[11] and the UK Government[12] identifies biodiversity loss as a material risk to economic stability, supply chains and infrastructure resilience. At the same time, national and international policies, including the Global Biodiversity Framework, UK Biodiversity Strategy and statutory biodiversity duties, are driving increased expectations for organisations to assess and manage nature-related risks and impacts.

For SSEN Distribution, investing in nature recovery and natural capital will help meet legal obligations, support Ofgem's net zero and growth objectives, reduce environmental and compliance risks, strengthen climate resilience through nature-based solutions, and maintain our social licence to operate as there is strong customer support to take action in this space. It will also enable proactive management of nature-related dependencies and opportunities across our assets, landholdings and supply chain, helping protect long-term business value while supporting national biodiversity goals. Investing in natural capital, preventing wildlife faults and managing risks, such as Invasive Non-Native Species (INNS), on our network will prevent customers being directly impacted by interruptions to supply or the health or economic risks posed by INNS.

While these investments are concerned with the management of habitats and species to achieve biodiversity outcomes, operational vegetation management is detailed in the Climate Resilience Strategy and the Network Operating Costs Strategy. The Climate Resilience Strategy encompasses vegetation growth, resilience and condition modelling to improve the targeting of vegetation management activities and better understand how changing climate conditions influence vegetation-related risks in ED3. The Network Operating Costs Strategy sets out our approach to LiDAR-enabled vegetation management to improve visibility of vegetation near overhead lines, enabling more targeted tree cutting, better identification of high-risk areas, and improved network resilience. Further detail on these outputs is provided within the Climate Resilience Strategy and Network Operating Costs Strategy

SSEN Distribution delivers its operations across the varied geographies and landscapes of its licence areas in the north of Scotland and central southern England. These are rich with important habitats and species, and designated areas including nationally designated SSSIs, European designations such as SPAs and SACs, as well as character areas such as National Parks, National Landscapes and National Scenic Areas.
As part of RIIO-ED2, SSEN Distribution developed a Natural Capital Baseline to map habitats across its sites and network. This baseline assesses the ecosystem services provided by these habitats, quantifies their value to local communities, and highlights differences in natural capital and ecosystem service provision between the SHEPD and SEPD licence areas, as shown in Table 6-1.

[11] IPBES (2026). Methodological Assessment on the Impact and Dependence of Business on Biodiversity and Nature's Contributions to People of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.
[12] HM Government (2026), Global biodiversity loss, ecosystem collapse and national security, A national security assessment.

Table 6-1. Ecosystem service values provided across our licence areas, taken from our Natural Capital Baseline

Ecosystem Service		SHEPD (£/year)	SEPD (£/year)
	Air Pollutant Removal	41,925,881	98,978,277
	Carbon Sequestration	87,286,396	17,798,277
	Flood Regulation	28,789,084	22,523,005

For statutory undertakers operating at this scale, including SSEN, proportionate action on nature recovery is:

- The application of the Mitigation Hierarchy to avoid, minimise, restore and compensate impacts, consistent with achieving nature positive outcomes.
- Managing the land we directly own or control in a way that enhances biodiversity, in a manner consistent with our statutory duties and operational requirements.
- Incorporating nature-inclusive design features into the assets we build and operate, such as green roofs, nesting boxes, rain gardens, and artificial reefs.
- Managing compliance risks and the direct environmental impacts of construction and operational activities, including those relating to protected species and sites, invasive non-native species (INNS), biosecurity, and BNG requirements, as applicable.
- Identifying and addressing nature-related risks and dependencies, while also realising opportunities across the value chain, including upstream impacts such as the sourcing of raw materials (e.g. the biodiversity impacts associated with copper mining and processing).
- Addressing climate and wider network resilience risks through NbS, including applications such as carbon sequestration, natural flood management, and asset protection (for example, as demonstrated through innovation initiatives such as Strategic Innovation Fund (SIF)[13] (Nature4Networks).

Deliver nature recovery activities in accordance with our legal biodiversity duties and responsibly manage natural capital

SHEPD and SEPD face distinct environmental challenges, from remote island and marine ecosystems to urban and managed landscapes. Our biodiversity programme reflects these regional differences, targeting local ecological priorities and stakeholder needs rather than applying a one-size-fits-all approach. Table 6-2 details the action we will take to deliver our work in line with our legal biodiversity duties:

Table 6-2. Summary of ED3 Natural Capital and Biodiversity actions

Theme	ED3 Activity	Need addressed
Managing Natural Capital	Address material nature impacts, risks and opportunities across our Value Chain informed by our DMA	Nature underpins every value chain. SSEN relies on healthy ecosystems for resources, stable operations, and long-term resilience, while potentially contributing to nature loss through land use, pollution, emissions, and resource extraction through its Value Chain. An action plan will be established from the DMA and Value Chain interventions actioned.
	Deliver land management improvements on operational sites through habitat creation or enhancement	This will achieve biodiversity uplifts and ecosystem service benefits that contribute to nature positive and local community wellbeing outcomes. Opportunity areas will be assessed and enhanced through measures such as habitat restoration, through measures including ground maintenance changes and habitat restoration, where operationally feasible.
	Continuously improve our Natural Asset Platform (NAP)	The NAP provides a standardised and centralised business platform for tracking the natural capital impacts of our capital projects and land management interventions. Using our biodiversity baseline and tool allows efficient delivery of projects, avoiding and minimising impacts to habitats.
Managing Biodiversity Risks	Comply with Statutory BNG requirements	Complying with statutory requirements set out in the National Planning Policy Framework 4 (NPF4, Scotland), the Environment Act 2021 (England) and the National Planning Policy Framework (NPPF, England). Further detail in the EJP SSEN_ED3_ENV_BNG. SSEN developed and established the BNG Cost Principles for electricity networks price controls, as agreed by DNOs through the ENA and referenced by Ofgem in ED3 guidance.

[13] Nature4Networks | SSEN Innovation 10179252 | ENA Innovation Portal

	Identify material INNS, plant pathogens and biosecurity risks and establish an action plan to address these	Distribution must fully understand the material risks from INNS and plant pathogens to its network and operations, and how climate change is exacerbating this. As such, we will complete investigations, including interrogating existing data and conducting surveys, to understand the scale of INNS and plant pathogens across our network, the different species of concern and required control measures between SHEPD and SEPD, and identifying the material risks and establishing an action plan to mitigate.
	Install PMT shrouding and bird deflectors on existing assets to minimise wildlife faults in hotspot locations	Network faults cause customer impacts, which in certain circumstances may be serious, as well as impacting the confidence customers have in our ability to deliver an effective service. Where we have known and emerging issues on our existing network that cause faults, we must act to resolve them. This work will focus on wildlife interaction hotspots on our network, such as on the Scottish islands where a lack of trees makes our poles attractive for nesting.
Nature-inclusive Design	Retrofit swift and other bird nesting boxes to suitable operational buildings	During ED3 we will identify where nature-inclusive design features can be incorporated into our built assets to become standard design features. The Natural Environment Bill was passed in Scotland in January 2026 and made the inclusion of swift bricks in new housing mandatory. Consistent with this drive to support swift and other building-dependent bird populations, we will retrofit swift and other bird nesting boxes to suitable operational buildings during ED3.
	Install artificial reef-building subsea mattresses as part of subsea cable deployment, where licensing allows	Our subsea cable construction activities can have negative impacts on marine biodiversity and there are opportunities to incorporate features, such as artificial reefs, into marine structures, such as mattresses, in line with PAS 1401:2025; a key standard for nature-inclusive marine structures. The majority of our subsea work takes place around the Scottish islands but also includes SEPD subsea connections.

We will invest £2.48m in these biodiversity measures across our land and network assets to deliver a minimum of 12 interventions, including land management improvements, biodiversity risk mitigation and nature-inclusive design features, across our sites and assets to protect and enhance biodiversity. This investment is in accordance with our legal biodiversity duties, reduces environmental and operational risks, improves network reliability by reducing wildlife-related faults, and delivers measurable biodiversity improvements across the areas in which we operate. These outcomes will help create a more resilient and sustainable network while protecting long-term value for customers.

Implement nature-based solutions to support carbon removals and wider ecosystem services

Building on the success of its RIIO-ED2 nature-based solutions (NbS) programme, including peatland restoration, woodland creation and seagrass projects, the company plans to continue investing in these habitats throughout ED3. These initiatives deliver carbon removals while also providing wider environmental, community and economic benefits.

As in RIIO-ED2, peatland restoration and woodland creation targets have been set based on forecast residual emissions to 2043, supporting the pathway to net zero by 2045. Targets are aligned with the Woodland Carbon Code and Peatland Code, which provide independently verified, government-backed assurance that projects are scientifically robust, transparent and aligned with international standards.

The strategy also reflects forecasts that carbon credit prices will rise over time, making early investment in nature-based carbon removals more cost-effective. Delaying investment would require a larger habitat area to offset the same volume of emissions over a shorter period, resulting in higher overall costs.

Seagrass targets for ED3 have been developed with delivery partners to be realistic and achievable, building on strong progress in RIIO-ED2. Beyond carbon benefits, seagrass projects support local jobs, community volunteering, wellbeing, coastal fishing economies, and greater resilience to coastal storm damage affecting communities and electricity infrastructure. They also contribute valuable evidence to support the future development of a Seagrass Carbon Code.

Our ambition is to create or restore at least 1,294 hectares of peatland, woodland and seagrass habitat by 2033.

6.4.2 VISUAL AMENITY IMPACTS

Proposed Output:

Reduce the Visual amenity impacts of our Overhead Lines (OHLs).

Performance Measures and Reporting Metrics:

- *Underground up to 21.93km of OHL or utilise NbS where technically and commercially viable to meet stakeholder requests to re-establish natural beauty.*
- *Report on the use of the Undergrounding Use it or Lose It (UIOLI) allowance*

Funding Request: £12.23m (SHEPD £2.2m, SEPD £10.03m)

Reference to BPDT/IDP: CV20 – Visual Amenity SSEN_ED3_ENV_VisualAmenity

We will continue to deliver stakeholder-supported undergrounding schemes in National Parks, National Scenic Areas (Scotland) and National Landscapes (England), Environmentally Sensitive Areas, Heritage Coastlines, National Nature Reserves and Sites of Special Scientific Interest. Targeting [redacted]km in SHEPD and [redacted]km in SEPD during ED3. These targets are informed by RIIO-ED2 delivery experience and updated unit cost assessments. The £12.23m request is based on updated unit costs and anticipated stakeholder demand, with costs estimated at a portfolio level to reflect the Visual Amenity delivery model, where schemes are identified and developed during ED3. The proposed funding split reflects regional variation in network size and the volume of qualifying overhead lines, with SEPD having greater opportunities for Visual Amenity schemes due to its larger network footprint. Delivery will focus on maximising stakeholder value while maintaining affordability.

Visual Amenity remains a stakeholder-led investment, and we will build on our RIIO-ED2 engagement programme and enhanced online information to ensure continued awareness and participation throughout ED3.

Undergrounding overhead lines helps protect and enhance landscapes of high environmental, cultural and scenic value by reducing visual intrusion and preserving the distinctive character of designated areas. It can also improve network resilience by reducing weather-related faults, such as those caused by falling trees.

Visual amenity schemes are in nationally important landscapes that support tourism, recreation and local economies. Reducing the visual impact of OHLs helps protect these areas, including National Parks, National Landscapes, National Scenic Areas, Conservation Areas, World Heritage Sites and Site of Specific Scientific Interest (SSSIs). The recently designated Flow Country World Heritage Site in SHEPD licence area also presents a significant opportunity to enhance visual amenity within a globally important landscape.

Alongside traditional undergrounding, we are exploring innovative nature-based alternatives through our Ofgem SIF-funded Nature4Networks[14] (N4N) project. This includes trialling linear woodland screening as a potential lower-impact solution for reducing the visual effects of overhead lines. Subject to successful trial outcomes, these nature-based approaches could be deployed where appropriate, in line with Ofgem's recognition of NbS as a viable alternative to undergrounding.

6.5 GOVERNANCE, REPORTING AND SKILLS

6.5.1 MANAGING OUR ENVIRONMENTAL IMPACT

Proposed Output:

Continue certification of our ISO 14001 environmental management system and use as the framework for managing our environmental and sustainability commitments.

Performance Measures and Reporting Metrics:

- *Maintain ISO 14001 certification during ED3.*
- *Transition to ISO14001:2026 by April 2029.*

Funding Request: £0.032m

Reference to BPDT/IDP: Indirect Opex

We were proud to achieve ISO 14001 certification of our Environmental Management System in 2023 and have used it to assist us with managing our environmental and sustainability responsibilities in a systematic manner during RIIO-ED2. In April 2026, a revised edition of ISO14001 was released[15] to ensure stronger alignment with key environmental priorities such as climate change, biodiversity and resource efficiency, place a greater emphasis on leadership and strong governance as well as strengthening requirements around managing impacts across operations and value chains. To ensure we can transition to the updated standard and maintain certification throughout ED3, we're requesting funding of £0.032m for [redacted].

[14] 10179252 | ENA Innovation Portal Nature4Networks | SSEN Innovation
[15] ISO - ISO 14001:2026 published – raising the bar for environmental performance

6.5.2 REPORTING OUR ENVIRONMENTAL PERFORMANCE

Proposed Output:

Standardise our environmental reporting processes and produce and report annually on our environmental action plan.

Performance Measures and Reporting Metrics:

- *Embed our Environmental Reporting tool, build standardised reporting dashboards from Year 1 of ED3.*
- *Publish our AER annually during ED3.*

Funding Request: £0.25m

Reference to BPDT/IDP: Indirect Opex

During RIIO-ED2, we've worked towards digitising the collection, analysis and reporting of our environmental and sustainability data to provide credible and transparent monitoring and reporting of our environmental and sustainability performance. We report annually to Ofgem according to Standard Licence Condition 46: Regulatory Instructions and Guidance and publicly disclose our environment & sustainability performance through our AER and SSE Group's integrated reporting, giving stakeholders confidence that we are delivering meaningful improvements and holding ourselves to account. We've also worked collaboratively with DNOs to ensure we are using common, standardised data metrics, definitions, methodologies and reporting formats for EAP targets. In ED3, we'll be continuing our digitisation journey, expanding the scope of our data collection and improving the quality, verification and reporting of data. To enable these improvements and support the production of our AER, we're requesting funding of £0.25m for ED3.

6.5.3 PERFORMANCE MEASURES AND REPORTING OF EMERGING AREAS

Proposed Output:

Run a consistent reporting pilot for less mature and emerging environmental impact areas throughout the early years of ED3, converging on a single, common, sector-agreed approach for each by the end of Year 3

Performance Measures and Reporting Metrics:

- *Collaboratively confirm through the ENA which EAP impact areas are classified as emerging/less mature for ED3 reporting purposes — initially proposed as Scope 3 emissions, SF_6 emissions, embodied carbon, PFAS, waste to landfill and circular economy.*
- *Publish a pilot reporting methodology for each identified area within Year 1 of ED3, including provisional metrics, data sources and known limitations.*
- *Report pilot findings and methodology refinements annually through the AER during Years 1–2 of ED3.*
- *Converge on a single common, standardised metric, definition and reporting format for each area by Year 3 of ED3, in line with Ofgem's baseline expectations, and apply it consistently for the remainder of ED3.*

Funding Request: N/A

Reference to BPDT/IDP: N/A

The maturity of reporting frameworks varies across our EAP impact areas. While methodologies and metrics for Scope 1 and Scope 2 emissions are well established and consistently applied across the sector, areas such as Scope 3 emissions, SF_6 emissions, embodied carbon, PFAS, waste to landfill and circular economy remain less mature, with no single agreed common standardised sector-wide methodology. Introducing metrics, targets and reporting requirements prematurely could lock in approaches before the evidence base, data quality and industry consensus have sufficiently developed, reducing consistency and comparability of performance across DNOs.

In line with Ofgem's baseline expectations, we classify Scope 3 emissions, SF_6 emissions, embodied carbon and waste to landfill as less mature reporting areas for ED3, while PFAS and Circular Economy are emerging areas of environmental interest. To support the development of a robust and proportionate performance reporting framework, we will undertake a structured reporting pilot during ED3. In Year 1, we will publish our proposed methodologies and baseline data, using the early years to test, refine and improve these approaches. Through collaboration with the ENA and other DNOs, we will agree a single common standardised sector-wide methodology by Year 3, which will then be adopted for reporting across the remainder of ED3.

This approach enables transparent reporting from the outset while allowing evidence, methodologies, metrics and data to mature. It avoids embedding reporting requirements before there is a sufficiently robust evidence base and supports the development of consistent, comparable approaches across the sector. This is consistent with our proposals for addressing Scope 3 emissions, SF_6 emissions, embodied carbon, PFAS, waste to landfill and circular economy

outlined in Sections 6.1.1, 6.1.2, 6.1.4, 6.2.4, 6.3.1, and 6.3.3 respectively. While our operational management of SF_6 is well established, sector-wide reporting methodologies and the transition to SF_6-free technologies continue to evolve. In particular, technology availability, approval status and supply-chain maturity differ by voltage class, requiring a phased and evidence-led transition.

6.5.4 IMPROVING ENVIRONMENTAL CULTURE

Proposed output:

- *Strengthen environmental and sustainability competence across our workforce so that environmental requirements are consistently incorporated into operational, procurement and investment decisions.*

Funding Request: £0.05m

Reference to BPDT/IDP: Indirect Opex

We recognise that to achieve our environment & sustainability ambitions requires collective action across our workforce and to be successful we need to commit to growing our internal competence, accountability and capability to maximise opportunities, minimise risks and stay ahead of evolving regulations and stakeholder expectations. Employee Great Place to Work Surveys have shown [redacted] of Distribution employees understand how their work contributes towards SSE's net zero strategy, which is [redacted] lower than the energy & utilities norm. We also identified competency as a key risk area from our ISO14001 baseline assessment. Therefore, for ED3, we're requesting funding of £0.05m to develop & embed environment & sustainability training and resources and improve communications to drive culture change ensuring we embed environment & sustainability considerations into everyday thinking.

7. IMPLEMENTING OUR ED3 EAP

7.1 DELIVERING ON OUR RIIO-ED2 FOUNDATIONS

Delivering our environmental and sustainability outputs requires our colleagues to understand both the requirements that apply to their roles and the decisions they must take to manage environmental impacts effectively. Employee survey results show that [redacted] of our employees understand how their work contributes to SSE's net-zero strategy, while the ISO 14001 baseline assessment identified competency as a key risk area. We are therefore requesting £0.05m to develop and embed targeted training, role-specific resources, competency arrangements and communications across relevant business functions.

Delivery will focus on roles with material responsibilities for climate change, biodiversity, circular economy, pollution prevention, sustainable procurement and environmental reporting. We will report on training coverage and use employee survey results and competency assessments to evaluate whether understanding and capability are improving. This will provide a measurable link between the investment, workforce capability and the consistent delivery of environmental outputs.

7.2 GOVERNANCE, MONITORING AND ACCOUNTABILITY

Delivery of the EAP will be overseen through SSEN Distribution's established governance framework.
We will monitor ED3 environmental outputs using our ISO 14001-certified EMS and assign each delivery goal to an identified business owner responsible for tracking progress against outputs, annual trajectories, delivery milestones, expenditure, risks and expected benefits set out in Section 3 and 6, supported by the Strategic Planning & Sustainability team. This will enable underperformance to be identified early, corrective action to be implemented promptly and delivery progress to be reported transparently to stakeholders. Monitoring will be supported by environmental data systems, programme reporting, asset-level tracking and supplier reporting where relevant. For our key metrics; BCF and SF6, we will undertake external assurance of key metrics in line with the wider SSE Group level assurance activities. Our ED3 delivery plan embeds governance through:

- Programme-led planning, ensuring environmental requirements are integrated early and delivered alongside wider network upgrades.
- Risk-based sequencing and improved data quality, ensuring environmental investments are technically justified and deliverable within market and resource constraints.

Progress against outputs will be monitored through:

- Monthly operational performance reviews
- Quarterly Environmental Performance Reviews
- Annual EAP reporting
- ISO14001 management review processes
- Board and Executive Committee oversight

Each output will have an identified accountable owner at senior level, with clear responsibility for delivery, expenditure, performance reporting, risk management and corrective action implementation. Where performance deviates materially from agreed milestones or trajectories, corrective action will be triggered through regular monitoring. Accountable delivery owners will review variances and identify root causes, including delivery constraints, supply chain issues, cost pressures or changes in external requirements. Where performance risks cannot be resolved within normal delivery arrangements, corrective plans will be developed and escalated through the appropriate governance route. These may include revised delivery plans, reprioritisation of activities, strengthened controls, additional resource of supplier support. This ensures that underperformance is identified early, addressed transparently and managed through accountable governance throughout ED3. Environmental performance will be reported through the Annual Environmental Report and relevant regulatory reporting mechanisms.

7.3 DELIVERY CAPABILITY AND RESOURCE READINESS

The majority of ED3 environmental outputs will be delivered through established operational, engineering, asset management, procurement and environmental teams already responsible for managing environmental performance

across the business, supported by specialist expertise where required. Environmental interventions are integrated into business planning and asset investment processes, enabling activities to be delivered alongside wider network replacement, reinforcement and resilience programmes. This approach helps minimise customer disruption, maximise delivery efficiencies and ensure environmental considerations are embedded within core business activities.

Delivery capability has been assessed through the wider Delivery Strategy (ED3-S05), confirming that workforce requirements, specialist environmental capability, supplier capacity and delivery partner arrangements are sufficient to support the proposed EAP programme volumes. Where additional capability is required, this will be secured through targeted recruitment, specialist support and existing framework agreements.

Delivery confidence is supported by our RIIO-ED2 experience, where we established and delivered environmental programmes across emissions reduction, pollution prevention, biodiversity improvement and environmental reporting. These programmes created experienced delivery teams, mature governance arrangements, proven supplier relationships and validated delivery approaches that will continue into ED3. This significantly reduces mobilisation risk and enables activities to build on existing capability and lessons learned rather than requiring entirely new delivery arrangements.

Further detail on workforce planning, resource requirements, delivery partner arrangements and supply chain capacity is provided in the Delivery Strategy (ED3-S05). Responsibility for delivery is embedded across the business, with relevant outputs reflected in individual annual performance objectives and supported by environmental specialists, supply chain expertise, and data and reporting capabilities.

We will continue to strengthen environmental competence across the workforce through targeted training, knowledge sharing and development programmes in areas including climate change, biodiversity, circular economy, pollution prevention and sustainable procurement. Building on the governance, systems, supplier relationships and specialist expertise established during RIIO-ED2, these arrangements provide a strong foundation for the efficient and consistent delivery of increasingly complex environmental requirements throughout ED3.

7.4 SUPPLY CHAIN AND DELIVERY PARTNERS

Delivery of our ED3 Environmental Action Plan relies on a diverse network of suppliers, contractors, delivery partners and specialist organisations. Through RIIO-ED2, we have established strong supply chain relationships, governance arrangements and sustainability frameworks that provide a robust foundation for ED3 delivery.

We have undertaken extensive engagement with our supply chain throughout RIIO-ED2, including supplier engagement events, webinars and collaborative workshops, engaging with more than 400 suppliers directly and over 1,000 individuals through targeted sustainability engagement activities. This engagement has helped build supplier capability, improve understanding of environmental requirements and create a collaborative environment where suppliers actively contribute to the development and delivery of sustainability objectives.

A key enabler of delivery has been the introduction of our Sustainable Supplier Code (SSC) in 2023. The SSC establishes clear expectations across environmental, social and governance performance and is aligned to material United Nations Sustainable Development Goals. As of March 2026, suppliers representing 67% of our total supply chain spend have signed up to the code. During ED3, the SSC will become mandatory for all new contracts and framework agreements from April 2028, with compliance monitored through structured assurance activities and corrective action plans where required.

To support our suppliers with sustainability training and guidance we use the Supply Chain Sustainability School (SCSS) where, as of March 2026, we had 48.41% of active suppliers by value.

As part of our ongoing work, engagement and feedback from suppliers, we are proud to have held our Supply Chain Sustainability Awards over the last 2 years. We have welcomed 62 submissions across several categories; low carbon, social value, circular economy, engineering, nature & people/culture. Each award recognises a project that has made a significant contribution to a sustainability innovation in a particular category. The successful projects/initiatives demonstrated a tangible and impactful benefit to the three pillars of sustainability – society, the economy and the environment. These awards allow us the opportunity to showcase the great work our suppliers are carrying out.



Figure 7-2: 2025 Sustainable Supplier Days. Shirley Robertson presenting Murdo McNeilage and Sam West from Dalcour Maclaren with their award for winning the Nature category.



Figure 7-1: 2025 Sustainable Supplier Days. Shirley Robertson presenting Kimberley Bowcutt from Tower Suppliers with the award in the Circular Economy category.

Our procurement processes have also evolved significantly during RIIO-ED2. Environmental sustainability, social value and responsible business practices are now embedded within major procurement frameworks, supplier selection processes and contract management arrangements. Sustainability requirements continue to be incorporated into Invitation to Tender processes, ensuring environmental considerations are embedded from the earliest stages of project development and procurement.

To support delivery of increasingly complex environmental outputs during ED3, we will continue to strengthen collaboration with suppliers on areas as shown in Figure 7-3 Areas for supplier collaboration during ED3.

Figure 7-3. Areas for supplier collaboration during ED3

- Decarbonisation and embodied carbon reduction
- Circular economy and resource efficiency initiatives
- Sustainable material innovation
- Nature recovery and biodiversity enhancement
- Climate resilience and adaptation measures
- Human rights and modern slavery risk management

We have already established a proportionate risk-based human rights and modern slavery assurance process through Factory Acceptance Testing and supplier due diligence activities. This provides an additional layer of governance within our supply chain management framework and supports the responsible sourcing of materials and equipment throughout ED3.

Our delivery approach also recognises the importance of innovation and market development. We will continue to work collaboratively with suppliers, universities, industry bodies and network operators to develop lower-carbon materials, improve supply chain resilience and accelerate the deployment of sustainable alternatives. This includes targeted work on low-carbon concrete, circular economy initiatives and the identification of alternative materials that can reduce environmental impacts while maintaining network reliability and value for consumers.

Our RIIO-ED2 work to deliver NbS through habitat creation and restoration has established a robust approach to procuring and delivering these types of works in a credible way, informed by best practice, aligned with national strategy and policy, and backed by government and regulators. This puts us in a strong position for delivery of our nature outputs in ED3.

The delivery capability established through RIIO-ED2 provides confidence that our supply chain is well positioned to support ED3 delivery. Continued supplier engagement, structured assurance, long-term partnerships and collaborative innovation will help ensure that environmental outputs are delivered efficiently, sustainably and in a way that maximises value for customers and communities.

Based on our RIIO-ED2 delivery performance, established governance arrangements, workforce capability assessments, supplier engagement activities and ED3 planning work, we are confident that the EAP can be delivered within the proposed price control period. Delivery risks remain, particularly in areas influenced by technology maturity, regulatory change and supply chain availability, but proportionate mitigation measures have been established to manage these uncertainties and support successful delivery.

7.5 MANAGING DELIVERY RISKS

Table 7-1 summarises our key delivery risks and mitigation. Delivery risks will be reviewed regularly through our delivery governance process. Programme governance arrangements and mitigation plans updated where required.

Table 7-1. Summary of key delivery risks and mitigation

Key Risk	Mitigation
Technology maturity	Phased deployment and pilot projects, Asset Class Standardisation
Supply chain constraints	Early procurement and supplier engagement, Executing our Circular approach
Regulatory change	Flexible investment plans and periodic review, Strong stakeholder engagement with regulators
Environmental permitting	Early stakeholder and regulator engagement
Workforce capability & Capacity	Training and specialist support, securing competent resource, utilising competency frameworks and structured professional development training programmes for capability uplift
Data quality & Platforms	Environmental reporting platform and assurance

7.6 CONTINUOUS IMPROVEMENT AND ADAPTIVE DELIVERY

Environmental risks, expectations, technology availability and regulatory requirements will continue to evolve throughout ED3. Our delivery approach is therefore designed to remain adaptive.

Progress against outputs, environmental outcomes, stakeholder feedback, innovation activity, emerging technologies, regulatory developments and lessons learned will be reviewed periodically to identify opportunities to improve performance, increase delivery efficiency and strengthen environmental outcomes. Where emerging technologies or new evidence demonstrate a more effective approach, these will be considered and incorporated where appropriate.

Learning generated through implementation, supplier engagement, innovation programmes and wider industry experience will be used to continuously improve delivery. This adaptive approach ensures the EAP remains relevant, deliverable and aligned with customer, stakeholder and regulatory expectations throughout ED3.

Taken together, the governance, workforce, supplier, assurance and risk-management arrangements described in this chapter provide confidence that the ED3 EAP can be delivered efficiently, transparently and at scale. These arrangements build directly on RIIO-ED2 experience and enable us to translate the outputs and targets set out in Section 3 and Section 6 into measurable outcomes for customers, communities and the environment throughout ED3. Continuous monitoring, accountable ownership and adaptive delivery arrangements will ensure that environmental benefits continue to be delivered effectively even as technologies, stakeholder expectations and regulatory requirements evolve.

APPENDIX A: EAP INVESTMENT BREAKDOWN AND BUSINESS PLAN REFERENCES

Table AA-1. EAP investments and EJP references

Strategic Priority	Investment	Total Cost (£m)	BPDT	EJP Reference	Year on Year Cost (£m)				
					2029	2030	2031	2032	2033
Climate Change Mitigation	SF_6 asset replacement	14.58	CV22	SSEN_ED3_ENV_SF6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Lower carbon fuels	4.78	C11	SSEN_ED3_ENV_AlternativeFuels	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Substation energy efficiency improvements	1.44	CV22	N/A	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	EV chargers	6.62	C6 & C11	SSEN_ED3_ENV_EVChargers	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Embodied Carbon Tool	[redacted]	CV22	N/A	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Pollution and nuisance reduction	UGC Fluid Filled Cables Replacement	73.33	CV22	SSEN_ED3_ENV_FFC	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Bunding	12.95	CV22	SSEN_ED3_ENV_Bunding	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	PCB removal	2.62	CV22	N/A	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Noise pollution abatement	0.35	CV22	N/A	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Creosote alternatives	2.17	CV22	N/A	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Depot pollution control measures	2.69	C5	N/A	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Responsible Resource Use	Resin Buckets	2.5	CV22	N/A	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Supply Chain Management	0.44	Indirect Opex	N/A	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Supporting Nature	Visual Amenity	12.23	CV20	SSEN_ED3_ENV_VisualAmenity	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Nature Based Solutions	9.9	CV22	SSEN_ED3_ENV_NBS_CARBONREMOVALS_ECOSERVICES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Meeting our Legal Biodiversity Duties	2.48	CV22	N/A	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Meeting our Legal Biodiversity Duties - BNG	5.60	CV22	SSEN_ED3_ENV_Biodiversity Net Gain	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Governance, Reporting & Skills	ISO14001 Certification	0.03	Indirect Opex	N/A	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Environmental Reporting	0.25	Indirect Opex	N/A	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Environmental Culture	0.05	Indirect Opex	N/A	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Environmental Continual Improvement	3.27	Indirect Opex	N/A	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

APPENDIX B: EAP METHODOLOGY

Figure AB-1 below summarises the methodology we have used for developing our ED3 EAP. Through our ISO14001 certified Environmental Management System (EMS), we undertake a systematic assessment of our environmental aspects and impacts through a 5-step process (1. Identify hazards, 2. Identify impact & likelihood, 3. Evaluate risks & controls, 4. Record, prioritise and act, 5. Monitor & review) and use a qualitative risk matrix to determine materiality of environmental impact. Environmental aspects with an inherent risk rated medium and above or a compliance obligation are classified as significant and are addressed if they are within our influence or control. Through our assessment we have identified 99 significant environmental aspects/impacts out of 155 with Figure AB-2 providing a summarised view alongside our key challenges and opportunities. Please refer to Section 2.1 and Appendix F: Stakeholder Engagement for how stakeholders have helped to shape our plan.

Figure AB-1. EAP Methodology

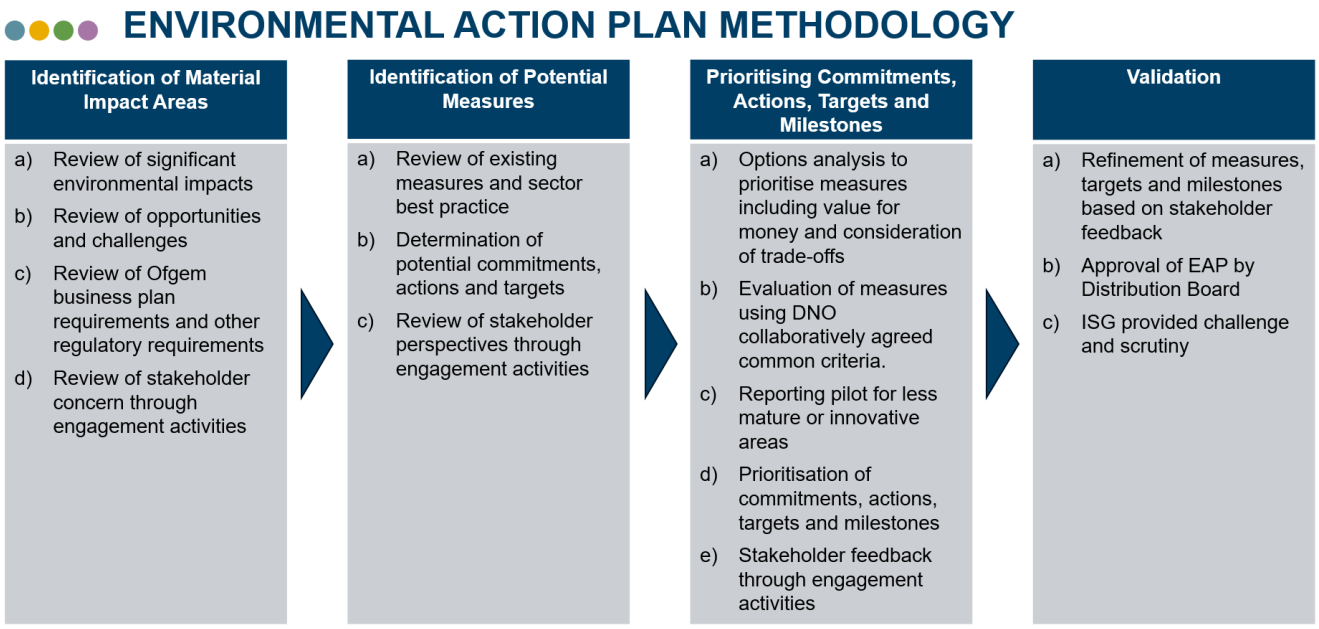
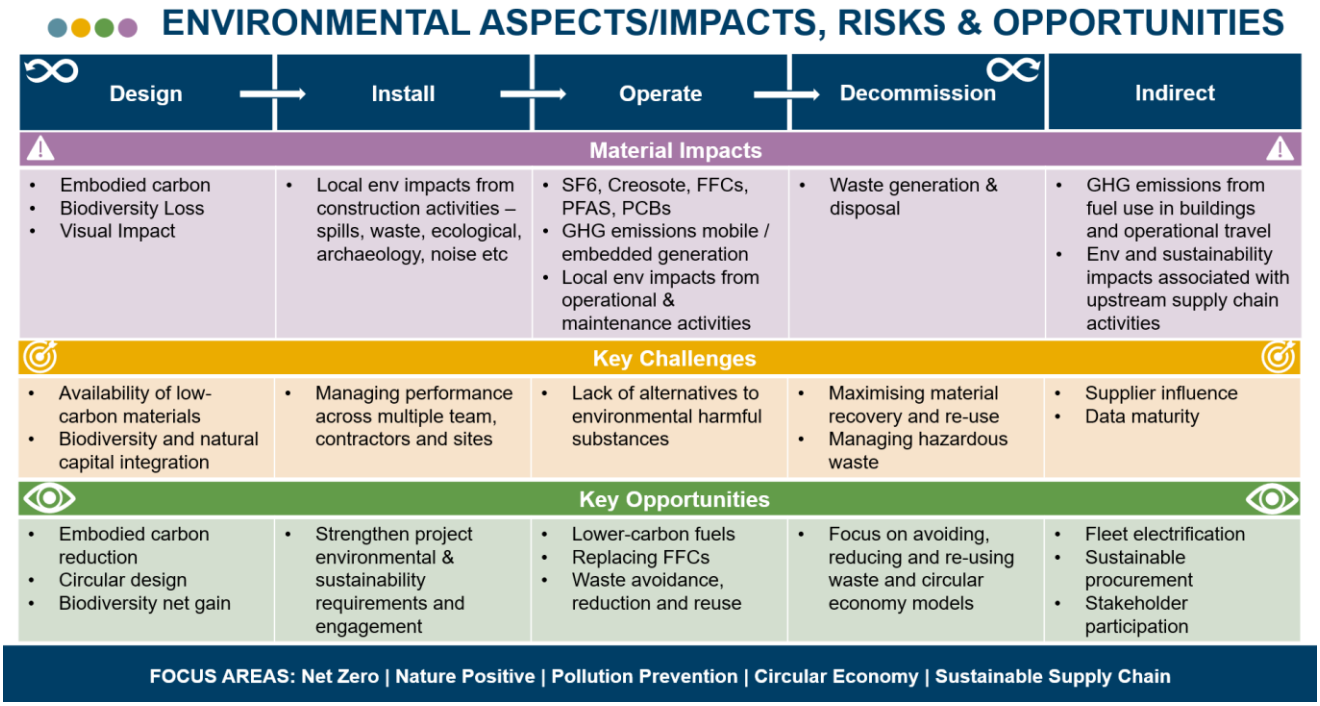


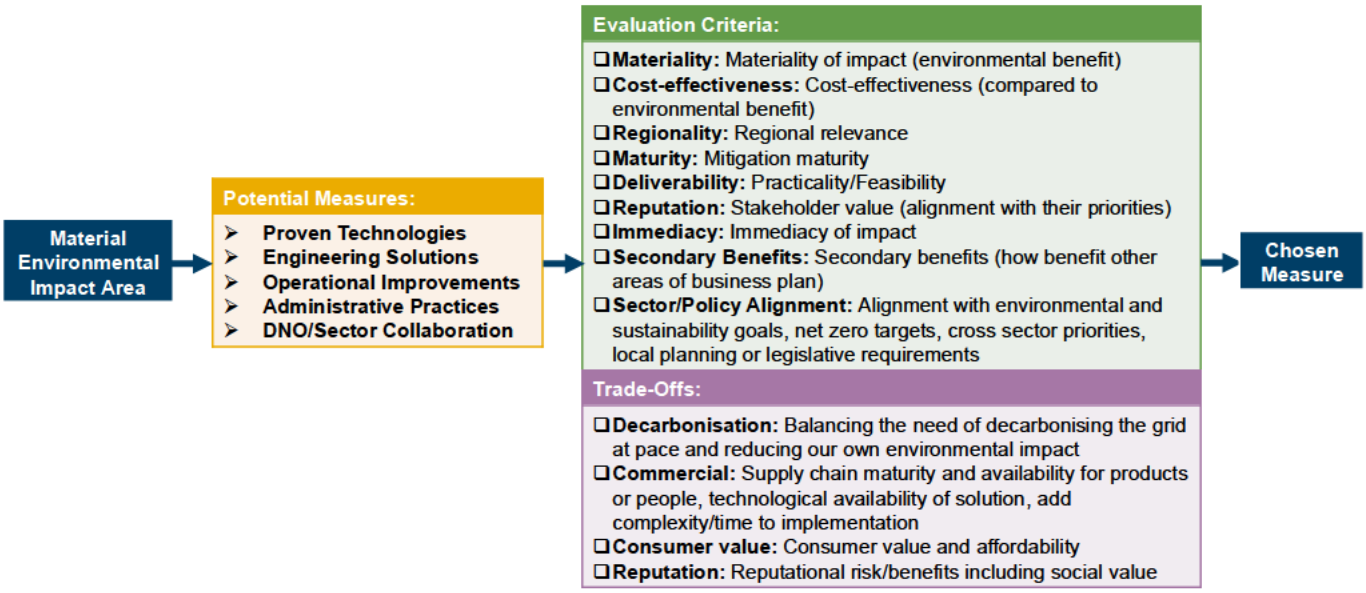
Figure AB-2. Summary of Significant Environmental Aspects, Key Challenges and Opportunities



Ofgem has outlined in its business plan guidance that they expect EAPs to set out consistent baseline expectations and use standardised metrics for target setting and reporting, where possible with the baseline expectations reflecting the minimum level of ambition, they expect companies to demonstrate for individual impact areas. Figure 0-1 in Appendix G: Ofgem minimum requirements detail Ofgem's baseline expectations for the various environmental impact areas and how they map to our EAP. Our EAP goes above and beyond these minimum expectations for material environmental impact areas, demonstrating our ambition **to lead the transition to a low-carbon, nature-positive network while operating as a responsible steward of the environment and the communities we serve**.

To develop and prioritise our EAP outputs, we applied a common, structured and criteria-based methodology aligned with Ofgem's Business Plan Guidance and developed collaboratively across the sector through the Energy Network Association (ENA), summarised in Figure AB-3.

Figure AB-3. EAP Options Analysis Methodology



For each environmental impact area, we identified a broad range of potential measures at both DNO and sector level and assessed these measures against relevant evaluation criteria and trade-offs to determine the most appropriate measure. The outputs of our option analysis are summarised in Appendix C: EAP Option Assessment. For transparency, we have also justified why the most appropriate alternative measure was not chosen. Prioritisation decisions were informed by a proportionate evidence base, including where appropriate, baseline performance data, benchmarking, stakeholder feedback, feasibility assessments, cost and risk information, and sector best practice – with details for each environmental impact area provided in Sections 6.1 to 0. This process enabled us to identify the actions and targets that deliver the greatest environmental benefit and value for consumers while supporting our long-term environmental objectives.

APPENDIX C: EAP OPTION ASSESSMENT

Environment Impact Area: BCF (Scope 1, 2, 3)

Potential Measures	**DNO-Specific**	a) Cover Scope 1 and 2 categories in our BCF b) Cover Scope 1, 2 and 3 categories in our BCF, using spend-data for relevant areas of Scope 3 and estimates where data is unavailable c) Cover Scope 1, 2 and 3 categories in our BCF, striving to use supplier specific data for Scope 3
	Sector Wide Best Practice	Reduce controllable BCF, report on BCF Scope 1 and 2 emissions using the GHG Protocol Corporate Accounting and Reporting Standard and perform spend based appraisal to report on GHG Protocol Scope 3 – Categories 1 to 7.
Evaluation Criteria		**Materiality**: scope coverage and ambition **Cost-effectiveness**: value and impact of reductions **Deliverability**: data management and supplier influence **Reputation:** external credibility of approach **Sector/Policy alignment:** future-proofing decisions
Trade-offs		**Decarbonisation:** Balancing the need of decarbonising the grid at pace and reducing our own environmental impact **Commercial:** Supply chain maturity to reduce emissions and collect better data
Measure Chosen and Justification		**Cover Scope 1, 2 and 3 categories in our BCF, using spend-data for relevant areas of Scope 3 and estimates where data is unavailable -** provides a balanced approach and evolves our current BCF calculation, while we work with the supply chain to evolve the calculation of emissions associated with our Purchased Goods & Services and Capital Goods. The most appropriate alternative measure is *Cover Scope 1, 2 and 3 categories in our BCF, striving to use supplier specific data for Scope 3* which was not prioritised due to the overall immaturity of Scope 3 emissions monitoring and reporting, and its overall impact in our footprint.

Environment Impact Area: SF_6 emissions and transition planning

Potential Measures	**DNO-Specific**	a) Continue existing SF_6 leak reduction and asset replacement programme. b) Accelerate replacement of high-risk SF_6 assets with lower-emission alternatives. c) Commit to phased adoption of SF_6-free switchgear where technically and economically feasible.
	Sector Wide Best Practice	Align with ENA and industry commitments to reduce SF_6 emissions and transition towards SF_6 free technologies as they become commercially available and suitable for network applications.
Evaluation Criteria		**Materiality:** SF_6 has a very high global warming potential and is a significant source of operational greenhouse gas emissions. **Cost-effectiveness:** balance emission reductions with replacement costs. **Deliverability**: availability and maturity of alternative technologies. **Reputation:** alignment with net zero targets. **Sector/Policy Alignment:** supports decarbonisation objectives and future regulatory expectations.
Trade-offs		**Decarbonisation:** significant emissions reduction opportunity. **Commercial:** accelerated replacement may increase costs and asset interventions. **Reliability:** transition must maintain network resilience and operational performance.
Measure Chosen and Justification		**Commit to a phased adoption of SF_6-free switchgear where technically and economically feasible, supported by ongoing leakage reduction and targeted replacement of high-risk assets.** This provides a balanced approach that reduces emissions while recognising current technology and supply chain constraints. The most appropriate alternative measure is *accelerate replacement of high-risk SF_6 assets with lower-emission alternatives* which was not prioritised due to the lack of availability and maturity of alternative technologies.

Environment Impact Area: Networks SBTi

Potential Measures	**DNO-Specific**	a) Have carbon reduction targets not accredited by SBTi. b) Scope 1 and 2 emissions reduction in line with SBTi c) Scope 1, 2 and 3 emissions reduction in line with SBTi and mandatory targets for suppliers with SBTi d) Scope 1 and 2 emissions reduction in line with SBTi and voluntary targets for suppliers with SBTi
	Sector Wide Best Practice	Set SBTi Targets in accordance with SBTi requirements and report on progress.
Evaluation Criteria		**Materiality**: scope coverage and ambition **Cost-effectiveness**: value and impact of reductions **Deliverability**: data management and supplier influence **Reputation:** external credibility of approach **Sector/Policy alignment:** future-proofing decisions
Trade-offs		**Decarbonisation:** Balancing the need of decarbonising the grid at pace and reducing our own environmental impact **Commercial:** Supply chain maturity to reduce emissions **Reputation:** Alignment with recognised global standard, and SSE net zero transition plan
Measure Chosen and Justification		**Scope 1 and 2 emissions reduction in line with SBTi and voluntary targets for suppliers with SBTi** – provides a balanced approach to reducing emissions and building collaborative supplier relationships to move towards addressing full value chain emissions, aligns with Sector wide best practice. The most appropriate alternative measure is *Scope 1, 2 and 3 emissions reduction in line with SBTi and mandatory targets for suppliers with SBTi* which was not prioritised due to the overall immaturity of Scope 3 emissions monitoring and reporting, and its overall impact in our footprint.

Environment Impact Area: Embodied carbon in infrastructure and materials

Potential Measures	**DNO-Specific**	a) Maintain and update the embodied carbon tool developed during RIIO-ED2 for projects over £10m b) Maintain and update RIIO-ED2 tool and develop targets associated to project stages and types of materials for projects over £1m c) Procure an embodied carbon tool and developed targets associated to projects stages and types of materials for projects over £1m
	Sector Wide Best Practice	Implementation of embodied carbon monitoring and reporting frameworks.
Evaluation Criteria		**Materiality**: scope coverage and ambition **Cost-effectiveness**: value and impact of reductions **Deliverability**: data management and supplier influence **Reputation:** external credibility of approach **Sector/Policy alignment:** future-proofing decisions
Trade-offs		**Decarbonisation:** Balancing the need of decarbonising the grid at pace and reducing our own environmental impact **Commercial:** Supply chain maturity to reduce emissions and collect better data
Measure Chosen and Justification		**Procure an embodied carbon tool and developed targets associated to projects stages and types of materials for projects over £1m –** provides a central platform to consolidate projects, account for different carbon, assets and materials datasets, allow quick and simple updating of information, project comparison and material tracking. Targets for use of sustainable and low carbon materials can be set on contracts, and carbon savings can be discussed already in the design phase. The most appropriate alternative measure is *Maintain and update RIIO-ED2 tool and develop targets associated to project stages and types of materials for projects over £1m* which was not prioritised because it would require significant internal resource to develop, maintain and update the existing tool, creating a higher delivery and governance burden than the preferred option.

Environment Impact Area: PCB pollution

Potential Measures	**DNO-Specific**	a) Accept risk of PCB contamination and manage only through testing and disposal at end of life b) Intervene to test high risk assets for PCB contamination and decontaminate or remove assets with confirmed PCB levels >50ppm c) Test all assets regardless of modelled PCB contamination risk and decontaminate or remove assets with confirmed PCB levels >50ppm
	Sector Wide Best Practice	PCB contamination risk classification determined by statistical model using data shared by all GB DNOs and intervene to test high risk assets for PCB contamination and decontaminate or remove assets with confirmed PCB levels >50ppm.
Evaluation Criteria		**Reputation:** minimum expectation of compliance **Sector/Policy Alignment:** statutory obligation under PCBs Regulations
Trade-offs		**Consumer value:** statistical model and targeted testing minimises expenditure to focus on high risk only **Reputation:** damage if we break the law
Measure Chosen and Justification		**Intervene to test high risk assets for PCB contamination and decontaminate or remove assets with confirmed PCB levels >50ppm -** This is a statutory obligation supported by Regulatory Position Statement 246 allowing use of statistical modelling to manage contamination risk. There is no alternative measure.

Environment Impact Area: Oil pollution including FFC

Potential Measures	**DNO-Specific**	a) Maintain existing oil containment and monitoring arrangements, replacing FFCs at end of life. b) Proactively replace high-risk FFCs and implement enhanced oil containment measures at transformer sites in environmentally sensitive locations. c) Accelerate replacement of all FFCs and install enhanced oil containment measures at transformer sites regardless of risk profile.
	Sector Wide Best Practice	Set pathway for reducing FFC in service, oil pollution reduction programmes and monitor progress.
Evaluation Criteria		**Materiality**: maintain/ reduce risk of oil leak **Maturity:** proven technology in place to replace existing FFC. **Deliverability:** Similar scope and scale with RIIO-ED2 commitments and delivery. **Reputation:** Stakeholder value (alignment with their priorities) **Sector/Policy Alignment:** Alignment with environmental and sustainability goals for oil containment.
Trade-offs		**Environmental Protection:** Greater intervention reduces the likelihood and consequence of oil leaks but may require accelerated asset replacement. **Consumer Value:** A risk-based approach targets investment where environmental benefit is greatest while avoiding unnecessary expenditure. **Commercial:** Increased replacement activity may increase short-term costs but can reduce pollution risks and future incident costs.
Measure Chosen and Justification		**Proactively replace high-risk FFCs and implement enhanced oil containment measures at transformer sites in environmentally sensitive locations** – provides a proportionate risk-based approach targeting investment where environmental benefit is greatest while avoiding unnecessary expenditure. The most appropriate alternative measure was to *accelerate replacement of all FFCs and install enhanced oil containment measures at transformer sites regardless of risk profile* which was not prioritised because it would result in significantly higher costs for consumers compared to value.

Environment Impact Area: Air pollution

Potential Measures	**DNO-Specific**	a) Provide a qualitative commentary on progress and actions undertaken in respect of addressing air pollution. b) Adopt air quality emission targets for our embedded generation, mobile generation and fleet.
	Sector Wide Best Practice	Ensuring compliance with standards and regulations for air emissions.
Evaluation Criteria		**Reputation:** minimum expectation of compliance **Sector/Policy Alignment:** statutory obligation under Environmental Permitting
Trade-offs		**Reputation: Transparency**
Measure Chosen and Justification		**Provide a qualitative commentary on progress and actions undertaken in respect of addressing air pollution** – improves transparency and aligns with existing environmental regulatory frameworks. The alternative measures is not appropriate as it conflicts and duplicates with existing environmental regulatory regimes.

Environment Impact Area: PFAS policy

Potential Measures	**DNO-Specific**	a) Determine the level of environmental risk from the use of Per- and Polyfluoroalkyl Substances (PFAS) in our network and produce an action plan to monitor and control impacts. b) Implement comprehensive PFAS management programme, including inventory development, monitoring, substitution planning and reporting requirements.
	Sector Wide Best Practice	Collaboratively develop a PFAS policy during ED3 across DNOs to improve understanding of PFAS use in network assets, identify emerging risks, share best practice and establish a consistent industry response to future regulatory developments.
Evaluation Criteria		**Materiality:** Immature understanding the extent of PFAS potential environmental risks associated with network assets and operations. **Cost-effectiveness:** Collaboration avoids duplication of effort and shares costs to improve understanding across the sector**.** **Deliverability:** Allows policy development to evolve alongside emerging evidence and regulation. **Reputation:** Demonstrates proactive management of emerging environmental issue and responds to increasing stakeholder interest. **Sector/Policy Alignment:** Supports consistent industry approach and positions for future regulatory or legislative requirements.
Trade-offs		**Commercial:** Limited information currently exists regarding PFAS prevalence in electricity network assets, creating uncertainty around the scale of future interventions that may be required. **Environmental Protection:** Early action improves understanding of potential risks but may identify future management or replacement costs. **Regulatory Uncertainty:** PFAS regulation continues to evolve, making it important to maintain flexibility while gathering evidence and developing a proportionate response.
Measure Chosen and Justification		**Collaboratively develop a PFAS policy during ED3 across DNOs -** provides a proportionate response to an emerging environmental issue while recognising the current uncertainty surrounding PFAS regulation and environmental impacts. The most appropriate alternative measure was *to implement a comprehensive PFAS management programme* which was not prioritised because the current evidence base does not yet justify a significant programme of intervention, and further industry-wide understanding is required before determining the most effective long-term approach.

Environment Impact Area: Noise pollution

Potential Measures	**DNO-Specific**	a) Implement noise mitigation measures for all noise-related concerns received from stakeholders. b) Implement noise mitigation measures where noise is found to originate from our assets and is occurring at a level, duration, or pattern capable of causing disturbance.
	Sector Wide Best Practice	Align with industry wide standards for equipment and noise assessment and comply with planning and nuisance regulation.
Evaluation Criteria		**Materiality** – assessment of impact on customers and compliance **Cost-effectiveness** – mitigation option costs versus environmental benefit

	Deliverability – practicality of deploying mitigation **Reputation:** Responsiveness to stakeholder concerns and community expectations. **Sector/Policy Alignment:** Consistency with planning conditions, environmental health requirements and industry standards.
Trade-offs	**Consumer Value:** A proportionate approach ensures investment is targeted towards noise issues that are demonstrably causing disturbance, avoiding expenditure where impacts are negligible. **Reputation:** Failure to respond appropriately to genuine noise concerns can damage stakeholder trust and community relationships. **Operational Considerations:** Noise mitigation may require modifications to existing assets, operational restrictions or additional maintenance.
Measure Chosen and Justification	**Implement noise mitigation measures where noise is found to originate from our assets and is occurring at a level, duration, or pattern capable of causing disturbance.** This provides a proportionate, evidence-based approach that focuses resources on situations where network equipment is having a material impact on customers and communities. It balances environmental performance, customer value and deliverability while ensuring compliance with relevant planning and nuisance requirements. The most appropriate alternative measure was *to implement mitigation measures for all noise-related concerns*. This was not prioritised because it could result in investment being directed towards issues that are not caused by network assets or are not of a level likely to cause disturbance, reducing overall value for customers.

Environment Impact Area: Creosote pollution

Potential Measures	**DNO-Specific**	a) Continue the phased replacement of creosote-treated poles at end of life with like-for-like creosote-treated poles where permitted. b) Adopt copper oil-based preservatives (e.g. Tanasote, RVP) for new and replacement timber poles while retaining creosote-treated poles in service until end of life. c) Adopt copper oil-based preservatives for all new and replacement poles and deploy composite poles where technically and economically justified.
	Sector Wide Best Practice	Align with evolving ENA standards for engineered poles and updated wood pole specifications, such as ENA TS 43-18, ENA TS 43-40, ENA TS 43-88 and support industry adoption of modern biocidal products regulation authorised preservatives.
Evaluation Criteria		**Materiality:** Replaces creosote with BPR-authorised preservatives, reducing the potential for preservative leaching to the environment. **Environmental Benefit:** Significant reduction in preservative leaching from newly installed poles while maintaining network resilience. **Whole-Life Performance:** Maintains pole durability and asset life comparable to existing creosote-treated poles. **Deliverability:** Existing treatment facilities can transition to copper oil systems through phased investment and supplier engagement. **Immediacy:** Environmental benefits are realised immediately for newly installed poles. **Secondary Benefits:** Composite poles can reduce woodpecker damage and offer advantages in areas susceptible to lightning strikes or severe weather. **Sector Alignment:** Supports a practical industry-wide transition while standards, manufacturing capability and supply chains continue to mature.
Trade-offs		**Decarbonisation:** Retaining sustainably sourced timber as the primary pole material supports lower embodied carbon than steel or concrete alternatives. **Commercial and Consumer Value:** Expands the supplier base, improving competition, supply resilience and long-term value for consumers. **Reputation:** Reduces environmental and reputational risks associated with creosote use while maintaining asset performance and network reliability. **Constraints:** Delivery depends on supplier capacity, treatment facility conversion and industry readiness. Composite pole deployment remains application-specific and supply chains continue to develop.
Measure Chosen and Justification		**Adopt a phased transition from creosote-treated poles to copper oil-based timber preservatives, supplemented by composite poles where technically and economically justified.** This approach reduces environmental risk associated with creosote use while maintaining the operational, structural and whole-life performance benefits of timber poles. It also supports a practical and deliverable transition that can be implemented through existing supply chains and treatment infrastructure. Deployment will initially focus on LV networks and new installations, with wider adoption as standards, manufacturing capacity and industry experience mature. Composite poles will be used where site-specific benefits justify their application. The most appropriate alternative measure was *the full and immediate replacement of creosote-treated poles with alternative materials or preservative systems*. This was not prioritised because it would result in significantly higher costs, place greater pressure on developing supply chains and offer limited additional environmental benefit compared with a phased, risk-based transition approach.

Environment Impact Area: Depot Pollution Risks

Potential Measures	**DNO-Specific**	a) Maintain existing depot environmental management arrangements. b) Implement enhanced pollution prevention inspections and risk assessments across operational depots, with targeted mitigation measures at higher-risk sites. c) Undertake comprehensive pollution prevention upgrades at all depots.
	Sector Wide Best Practice	Apply pollution prevention measures aligned with environmental permitting requirements, pollution incident response procedures and good practice guidance for fuel, oil and chemical storage.
Evaluation Criteria		**Materiality:** potential environmental harm from spills and contamination. **Cost-effectiveness:** prioritisation according to environmental risk. **Deliverability:** ease of implementation across the estate. **Reputation:** stakeholder expectations regarding pollution prevention. **Sector/Policy Alignment:** regulatory compliance and environmental stewardship.
Trade-offs		**Consumer Value:** targeted interventions avoid unnecessary expenditure. **Environmental Protection:** investment focused on highest-risk locations.
Measure Chosen and Justification		**Implement enhanced pollution prevention inspections and risk assessments across operational depots, with targeted mitigation measures at higher-risk sites -** delivers a proportionate, risk-based approach while maintaining compliance and minimising environmental risk. The most appropriate alternative measure was to *undertake comprehensive pollution prevention upgrades at all depots* which was not prioritised because it would result in significantly higher costs for consumers compared to value.

Environment Impact Area: Resource use and waste reduction

Potential Measures	**DNO-Specific**	a) Maintain existing levels of waste reporting and management. b) Increase reuse, recycling and landfill diversion performance through internal targets. c) Adopt ambitious resource efficiency and circularity targets across all material streams.
	Sector Wide Best Practice	Common DNO approach to monitor • % reused/recycled. • % diversion from landfill. • Tonnage of waste per £m DNO turnover. Reporting against each company's stated methodology with comparison against its own baseline.
Evaluation Criteria		**Materiality:** waste generation and resource consumption impacts. **Cost-effectiveness:** reducing disposal costs and material consumption. **Deliverability:** existing waste management processes and supply chain capability. **Reputation:** stakeholder expectations relating to waste reduction. **Sector/Policy Alignment:** alignment with waste hierarchy principles.
Trade-offs		**Consumer Value:** investment in reuse and recycling may increase short-term operational costs but reduce long-term disposal costs. **Commercial:** availability of reuse and recycling markets varies by material stream.
Measure Chosen and Justification		**Support the collective DNO approach of reporting percentage reused/recycled, percentage diverted from landfill and waste intensity metrics.** This provides consistent sector reporting while encouraging continual improvement in resource efficiency and waste reduction. The most appropriate alternative measure was *adopting ambitious resource efficiency and circularity targets across all material streams* which was not prioritised due to the overall immaturity of circularity monitoring and reporting.

Environment Impact Area: Supply chain sustainability

Potential Measures	**DNO-Specific**	a) All suppliers signed up to a Sustainable Supplier Code (SSC) for new contracts/frameworks from 2028 and ≥80% of suppliers (by value) demonstrating they are meeting the SSC by 2033. b) Report on actual percentage of suppliers meeting a SSC. c) Assess suppliers against ESG criteria with improvement programmes for higher-risk supplier.
	Sector Wide Best Practice	Sustainable Supplier Codes are already in use across the sector and provide a structured framework for addressing sustainability topics
Evaluation Criteria		**Materiality**: minimum % spend across supply chain. This will vary as frameworks and contracts change but captures the most material suppliers. **Cost-effectiveness**: ensures true sustainable growth is being delivered for customers across value chains through a multi-capitals lens. **Regionality:** Individual suppliers would make the actions they are taking under the code specific to their context. **Maturity:** Already applied in RIIO-ED2. **Deliverability**: Demonstrated in RIIO-ED2 and should be maintained level of performance for ED3. **Reputation:** Sustainable Supplier Code reflects stakeholder expectations around action on social and environmental impacts. **Immediacy:** Challenge will be to maintain and grow with expanding supply chain in face of growth. **Secondary Benefits:** Maturity in some parts of supply chains may be greater than in DNOs and we can learn and progress from our supply chain. **Sector/Policy alignment:** Various policy, legislative and best practice requirements and expectations across sustainability topics.
Trade-offs		**Decarbonisation:** Would form a fundamental part of a Sustainable Supplier Code requirement for suppliers to demonstrate. **Commercial:** Supply chain maturity will vary from supplier to supplier and sector. **Consumer value:** Multi-capitals lens for code themes. **Reputation:** Strong supply chain sustainability performance reduces the risk of environmental, social and governance issues affecting SSEN's reputation while strengthening stakeholder confidence.
Measure Chosen and Justification		All suppliers signed up to a Sustainable Supplier Code (SSC) for new contracts/frameworks from 2028 and **≥80% of suppliers (by value) demonstrating they are meeting a SSC by 2033.** This provides a stretching and measurable outcome that goes beyond requiring suppliers simply to sign up to a code. By linking performance to supplier spend, the measure focuses effort on the most material suppliers and encourages active supplier engagement and continuous improvement throughout the value chain. The most appropriate alternative measure was *reporting the percentage of suppliers meeting a Sustainable Supplier Code without a target*. This was not prioritised because it would primarily represent a monitoring activity rather than an output and would provide less incentive for continuous improvement across the supply chain.

Environment Impact Area: Circular economy

Potential Measures	**DNO-Specific**	a) Continue existing asset recovery and reuse practices and report performance through existing waste management processes. b) Develop a structured circular economy framework for assets including targets and supply chain collaboration. c) Implement a comprehensive circular economy programme across procurement, asset management and supply chains.
	Sector Wide Best Practice	DNOs to collaborate during ED3 to develop a common circular economy approach and agree consistent requirements for asset refurbishment, reuse and circularity measurement.
Evaluation Criteria		**Materiality:** reduction in resource consumption and embodied carbon. **Cost-effectiveness:** value generated from asset life extension and material recovery. **Deliverability:** maturity of refurbishment and reuse markets. **Reputation:** stakeholder expectations regarding resource stewardship. **Sector/Policy Alignment:** supports circular economy principles and net zero ambitions.
Trade-offs		**Commercial:** refurbishment and reuse markets are still developing for some asset types. **Decarbonisation:** extending asset life can reduce embodied carbon impacts. **Consumer Value:** potential reduction in whole-life costs.

Measure Chosen and Justification	**Collaborate with DNOs, suppliers and procurement teams during ED3 to develop a common circular economy framework and minimum circularity metrics -**provides the evidence base required to establish robust and consistent future performance measures while supporting sector-wide alignment. The most appropriate alternative measure was *Implement a comprehensive circular economy programme across procurement, asset management and supply chains with mandatory requirements* which was not prioritised because circularity metrics, refurbishment markets and industry-wide standards are still developing, and a framework-first approach provides a more deliverable and evidence-based pathway.

Environment Impact Area: Natural capital and biodiversity (inc. marine biodiversity)

Potential Measures	**DNO-Specific**	a) Narrative report on activities undertaken to deliver against Legal Biodiversity Duties in relevant jurisdiction. b) Establish Science-based Targets for Nature (SBTN). c) Taskforce for Nature-related Financial Disclosure (TNFD)
	Sector Wide Best Practice	Delivering against Legal Biodiversity Duties to conserve and enhance biodiversity across operations is a minimum compliance requirement.
Evaluation Criteria		**Materiality**: DNOs have a legal duty to conserve and enhance biodiversity in the course of delivering their functions (i.e. not just construction). Both SBTN and TNFD are currently voluntary. **Cost-effectiveness**: Identifying material nature dependencies, impacts, risks and opportunities (IROs) allows businesses to direct their focus and resources to addressing those that will deliver greatest benefits or risk reduction. **Regionality:** In addition to identifying (IROs) associated with direct business activities within region, the entire business value chain is considered. **Maturity:** Many energy 'group' structures will have future reporting requirements against the UK Sustainability Reporting Standards (SRS) that will require the disclosure of financially material information from DNOs. DNOs should position themselves to be ready for these future requirements. **Deliverability**: Compliance with legal biodiversity duties is a minimum requirement. SBTN and TNFD is likely to be a new or relatively new activity for DNOs. **Reputation:** Credible, evidence-based and transparent reporting on nature responsibilities and activities across value chains is a stakeholder expectation. **Immediacy:** The frameworks and tools exist to establish the assessment of and reporting on nature. **Secondary Benefits:** Protecting, restoring and enhancing nature delivers multiple ecosystem service benefits to society e.g. carbon reductions, pollination, air & water purification etc. **Sector/Policy alignment:** Contributes to the Global Biodiversity Framework, UK NBSAPs and national biodiversity strategies.
Trade-offs		**Decarbonisation:** Protecting, restoring and enhancing nature delivers multiple ecosystem service benefits to society e.g. carbon reductions. **Commercial:** Protecting, restoring and enhancing nature delivers multiple ecosystem service benefits to society e.g. carbon reductions, pollination, air & water purification etc. Investing now provides resilience to climate change impacts and models suggest costs to protect and restore nature will increase over time. **Consumer value:** Protecting, restoring and enhancing nature delivers multiple ecosystem service benefits to society e.g. carbon reductions, pollination, air & water purification etc. **Reputation:** Credible, evidence-based and transparent reporting on nature responsibilities and activities across value chains is a stakeholder expectation.
Measure Chosen and Justification		**Narrative report on activities undertaken to deliver against Legal Biodiversity Duties in relevant jurisdiction.** While DNOs can work individually on establishing SBTN and TNFD assessment and reporting, these are currently voluntary requirements. Meeting Biodiversity Duties is a legal requirement and DNOs should provide narrative reporting on how they've discharged their duties.

Environment Impact Area: Visual Amenity Impacts

Potential Measures	**DNO-Specific**	d) Reduce the visual amenity impacts of our Overhead Lines (OHLs) through targeted undergrounding. e) Undergrounding a fixed length of overhead line regardless of location-specific circumstances.
	Sector Wide Best Practice	Continue to utilise the established Undergrounding Use-it-or-Lose-it Allowance mechanism.
Evaluation Criteria		**Materiality:** Extent of visual improvement delivered to communities, landscapes and designated areas. **Deliverability:** Practicality and feasibility of undergrounding, including technical constraints, environmental impacts and planning consents. **Cost-effectiveness:** Balance between investment costs and the visual and environmental benefits achieved. **Reputation:** Alignment with stakeholder priorities and local community expectations. **Sector/Policy Alignment:** Supports wider landscape protection objectives and existing regulatory mechanisms for visual amenity enhancement.
Trade-offs		**Consumer Value:** Undergrounding can deliver significant visual benefits but is substantially more expensive than overhead line replacement. A targeted approach ensures investment is focused on locations where benefits are greatest. **Environmental Considerations:** While undergrounding removes visual impacts, it can create temporary construction impacts and disturbance during installation. **Resilience and Operations:** Underground assets may reduce certain weather-related impacts but can be more complex and costly to repair when faults occur. **Reputation:** Visual intrusion from overhead infrastructure can negatively affect local communities, tourism and stakeholder perceptions, particularly in environmentally sensitive areas.
Measure Chosen and Justification		**Reduce the visual amenity impacts of overhead lines through targeted undergrounding.** This provides a flexible and proportionate approach that seeks to maximise environmental and community benefits while recognising the high cost of undergrounding. It allows solutions to be tailored to local circumstances and supports delivery of stakeholder-led visual improvement projects. The most appropriate alternative measure was *undergrounding a fixed length of overhead line regardless of location-specific circumstances*. This was not prioritised because it may not deliver the greatest visual benefit per pound invested and would provide less flexibility to use alternative solutions where these achieve comparable outcomes more efficiently.

APPENDIX D: LONG TERM STRATEGY SUMMARIES

This appendix details the executive summaries of our long-term strategies for sustainability, FFC, nature and alternative fuels. Our SF_6 strategy is set out in full in Appendix E: SF6 Transition Strategy. Please see our website for externally published versions of our SF_6 strategy, FFC strategy and Nature strategy.

Sustainability Strategy

Our five ambitions that underpin our Sustainability strategy guide a comprehensive sustainability strategy that strengthens network reliability, supports our people, enhances customer service, accelerates climate action and enables a just and ambitious pathway to Net Zero.

Vision: Powering a Sustainable Future Through Five Ambitions



Priority Actions:

- ❑ Build a Fully Sustainable and Transparent Supply Chain Required to Enable Net Zero
- ❑ Embed a Just Transition Across All Network Planning and Delivery ❑ Reduce High-Impact Leaks and Business Emissions
- ❑ Accelerate the Network Upgrades and System Planning ❑ Accelerating our Climate-Resilient Network
- ❑ Deliver an inclusive customer experience

Targets/Commitment

RIIO-ED2 Commitment: *Distribution committed to maintain, update and publicly report against our Sustainability Strategy*

Science-Based Target (SBT): *In 2021, we set ambitious SBTs verified by the Science-Based Targets Initiative (SBTi) in line with a 1.5°C trajectory.*

- RIIO-ED2 Target: 35% Reduction in Scope 1 and 2 emissions
- RIIO-ED3 Target: 55% Reduction in Scope 1 and 2 emissions

Net Zero by 2050 at the Latest

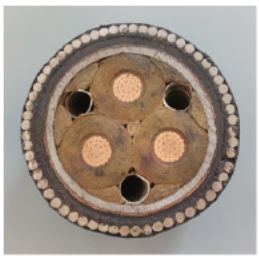
Risks	Mitigation
Delivery delays on climate resilience and net zero infrastructure	Ensure strong engagement with local authorities to align investment with local decarbonisation timelines
Inability to meet emissions and leakage reduction targets	Continue to strengthen engineering and supplier partnerships to accelerate asset alternatives
Just Transition – unequal access to the benefits of the energy transition	Expand targeted support for communities with limited access to low-carbon technologies
Decline on customer experience as network transitions	Continue to enhance customer communication

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Fluid Filled Cable (FFC) Strategy

Fluid-filled cables (FFC) use a non-conductive dielectric fluid to enhance insulation and cooling. Older oil-filled variants risk environmental harm if leaks occur due to aging, shifting ground conditions, or third-party damage, leading to operational challenges, higher maintenance needs, and reliability concerns.

Vision: To achieve long-term removal of Fluid - Filled Cable from our network by 2050



Priority Actions:

- ❑ Improved leak detection and repair
- ❑ Alternative first approach to replacement
- ❑ Targeted asset replacement for worst performers and environmental risk
- ❑ Industry wide collaboration and innovation into alternatives ensuring robust management of changes
- ❑ Embed enduring governance, monitoring & performance framework

Targets/Commitment

RIIO-ED1 Target: 15% Reduction in oil Leakage

RIIO-ED2 Target: Replace 21km fluid-filled cable for £15.1M

RIIO-ED3 Target: Worst performing circuits and high environmental risk. (247.74km) [redacted]

Complete replacement by 2050 at the Latest

Risks	Mitigation
Poor performance in leakage investigation and repairs	Monthly leakage forum and supply chain response framework for investigation and repairs
Failure to secure and spend business plan funding	Established business planning process and regular performance monitoring
Failure to record oil leak	Implement auditing and performance tracking
Local support and concent to replacement project.	Innovation and collaboration

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Nature Strategy

The term nature collectively describes ecosystems, habitats, species, natural processes and the interactions between them. Every individual, society and business depends upon nature for its success, whether for materials such as minerals, metals and timber, the provision of clean air and water,or for health and wellbeing. Through their actions however, individuals, society and businesses can all impact nature, both negatively and positively.

Vision: To halt and reverse the loss of biodiversity, ultimately contributing to the achievement of the Global Biodiversity Framework


Seagrass Planting

Priority Actions:

- ❑ Comply with legislation, regulation and policy applicable to nature
- ❑ Implement the Mitigation Hierarchy
- ❑ Understand SSEN-D's impacts and dependencies on nature
- ❑ Utilise Nature-based Solutions to address business challenges
- ❑ Set credible and robust science-based metrics, and track and report performance.
- ❑ Ensure that nature is embedded as a material consideration in business decisions.

Targets/Commitments

RIIO-ED2 Commitments:
NAP – Baseline the natural capital of our networks and track changes.
NbS – Restore 522 hectares of peatland and create 258 hectares of woodland.
CVP – Plant 17 hectares of seagrass in the seas around our licence areas.

RIIO-ED3 Proposed Commitments:
- NbS for resilience, carbon removals and other ecosystem service benefits
- Managing our land for biodiversity gains
- Delivering marine biodiversity enhancements
- Embed nature inclusive design
- Prevent network faults due to wildlife intrusion

Nature Positive Business that contributes to:
UK National Biodiversity Strategy & Action Plan
- Halt and Reverse Biodiversity Loss by 2030

Scottish Biodiversity Strategy
- Nature Positive by 2030
- Restored and Regenerated Biodiversity by 2045

Risks	Mitigation
Establishing a route to market for delivery in line with regulated business procurement requirements.	Working with Procurement and Legal teams to establish and agree approach to contract.
Nascent nature market means supply of credible projects within region may be limited.	Ensuring cost point is accurate, presenting attractive investment terms and credible business to work with.
Lack of understanding of Value Chain nature impacts, risks, opportunities (IROs) and dependencies.	Complete Value Chain mapping and Double Materiality Assessment to identify material nature IROs.

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Alternative Fuels Strategy

Diesel is the main fuel for our Embedded Generation Station and our Operational Transport. **Diesel** corresponds to most of our business carbon footprint Scope 1 emissions, so we need to take action to reduce its consumption, transition to sustainable alternatives in the form of other fuels and technologies.

Vision: To enable the long-term removal of diesel from our generation and transport.


Embedded Generation Station

Priority Actions:

- ❑ Maintain security of supply for all our costumers
- ❑ Explore alternative fuels for Embedded Generation
- ❑ Expand biofuel trials on Operational Vehicles
- ❑ Explore battery-storage alternatives instead of fuel generation (biofuel or diesel)
- ❑ Embed enduring governance, monitoring & performance framework

Targets/Commitment

RIIO-ED2 Target: Reduce emissions from mobile generation and reduce reliance on our back up fixed embedded generation

Science-Based Target (SBT): *In 2021, we set ambitious SBTs verified by the Science-Based Targets Initiative (SBTi) in line with a 1.5°C trajectory.*

RIIO-ED2 Target: 35% Reduction in Scope 1 and 2 emissions

RIIO-ED3 Target: 55% Reduction in Scope 1 and 2 emissions

Net Zero by 2050 at the Latest

Risks	Mitigation
Biofuel's availability and supply chain origins	Establish requirements for procurement of biofuels
Failure to secure and spend business plan funding	Established business planning process and slower adoption of biofuels
Inability to meet emissions and leakage reduction targets	Continue to strengthen engineering and supplier partnerships to accelerate asset alternatives
Increase emissions due to volume of work	Transition to more sustainable fuels and battery alternatives

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APPENDIX E: SF_6 TRANSITION STRATEGY

EXECUTIVE SUMMARY

We will manage SF_6 across ED3 and beyond through an end-to-end strategy that reduces emissions, strengthens asset-level inventory control, improves monitoring and measurement, manages legacy equipment safely, and accelerates transition to SF_6-free or lower-impact alternatives where technically and economically viable. This strategy addresses Ofgem's ED3 expectation that each DNO sets out a comprehensive SF_6 strategy covering emissions, inventory, leakage risk management, monitoring and measurement, practical operational arrangements, transition away from SF_6, asset-level tracking and periodic assurance.

Our approach is to maintain a clear line of sight from **asset inventory → leakage management → monitoring and operational controls → transition planning → reporting and assurance**. It builds on the existing SSEN Distribution SF_6 strategy, which already requires an alternative-first approach, lifecycle recording of SF_6 usage, minimisation of emissions during installation, operation, maintenance and end-of-life recovery, and monthly monitoring of SF_6 KPIs.

Our strategic objective is to reduce SF_6 emissions by **55% by 2033 from a 2019/20 baseline**, aligned with our ED3 EAP commitment and Science Based Target pathway, while reporting from Year 1 of ED3 on the **total SF_6 bank, leakage and the use of recycled and virgin SF_6**. Delivery will be governed through SSEN Distribution's asset management, environmental management and business plan assurance frameworks, with operational controls delivered through the established SF_6 standards and work instructions referenced in this strategy.

This strategy sets out a phased and pragmatic risk-managed transition approach rather than a uniform technology replacement pathway across all voltage classes. We believe that this balances decarbonisation, operational reliability, safety, supply chain maturity, affordability, and network deliverability for ED3 and beyond. The approach combines:

1. Our asset inventory and risk profile,
2. Managing and reducing emissions from leakage,
3. Monitoring, measurement and asset level tracking,
4. Risk based targeted deployment of mature SF_6-free technologies,
5. Long-term circular lifecycle management (response to virgin SF_6 ban),
6. Developing operational resilience under future regulatory and supply chain uncertainty.

ASSET INVENTORY AND RISK PROFILE

We will maintain asset-level inventory records for all SF_6 equipment and associated cylinders / storage vessels. Inventory records will include the asset identifier, location, voltage, manufacturer / model, nameplate gas mass, operational status, gas type, monitoring arrangements, inspection regime, top-up history, recovered gas, decommissioning status and disposal / recycling outcome. Our existing procedure requires SF_6 asset and inventory records to be maintained through Maximo, the SF_6 Inventory Management process and supporting activity records. This will enable us to report the total SF_6 bank, absolute emissions, leakage rate and virgin versus recycled gas use in a consistent and auditable way.

We will implement end-to-end asset-level tracking across the full lifecycle: installation, commissioning, operation, inspection, top-up, gas recovery, transfer, storage, reuse / recycling, failure and decommissioning. Our existing reporting methodology already requires records of installation, service-life use emissions and final-use / disposal emissions, with emissions calculated from measured gas added and recovered at asset level.

The ED3 baseline position has been forecasted using RIIO-ED2 actuals and forecasted outturn position, we shall confirm figures in year 1 of ED3 reporting through reconciled asset and inventory records and reported as follows:

- **Total SF_6 bank 31,211.29KG**
- **Asset volumes by key voltage category**

Table AE1. Asset volumes by voltage category

Voltage	SHEPD	SEPD	SSEN-D
LV	0.00	0.00	0.00
HV	1,641.97	6,026.21	7,668.18
EHV	3,822.22	10,046.03	13,868.25
132kV	0.00	9,674.86	9,674.86
Total	**5,464.19**	**25,747.10**	**31,211.29**

Our risk profile is driven by the size and age of the installed SF_6 bank, the leakage history of specific assets and asset families, operational criticality, outage constraints, safety considerations, site feasibility and the maturity of available replacement technologies. Currently our inventory is reviewed periodically and the risks associated are reviewed and actioned as necessary through our governance risk frameworks. ED3 decisions will therefore prioritise interventions that provide the strongest balance of emissions reduction, safety, network resilience, deliverability, affordability and long-term environmental value.

ED3 TARGETS AND PERFORMANCE TRAJECTORIES

We will manage SF_6 during ED3 against a clear set of targets and trajectories covering absolute SF_6 emissions, total SF_6 bank, leakage rate, monitoring coverage and the use of virgin versus recycled or reclaimed SF_6. This will provide a transparent line of sight between our ED3 Environmental Action Plan commitment to reduce SF_6 emissions by 55% by 2033 from a 2019/20 baseline, our operational leakage-management activities, and our longer-term transition towards SF_6-free or lower-impact alternatives where technically and commercially viable.

The ED3 baseline position will be confirmed using reconciled asset-level inventory records, gas-use records and emissions reporting data. Exact values cannot be confirmed until we know the size of the SF_6 bank at the start of ED3. The confirmed baseline will include, as a minimum: annual SF_6 emissions in kg and tCO_2e; total SF_6 bank in kg; leakage rate as a percentage of bank; monitoring coverage; and the volumes of virgin, recycled, reclaimed, reused, recovered and disposed SF_6.

Table AE2. SF_6 ED3 objectives and targets

ED3 Objective	Target
SF_6 emissions	55% reduction by 2033 from 2019/20 baseline
SF_6 bank	Manage total SF_6 bank in line with alternative deployment strategy
Leakage	Reduce leakage rate from 0.64% to 0.29%
Circular gas management	Achieve 95% utilisation of recycle SF_6 for top-up activities by end-of ED3.
Asset tracking	100% lifecycle tracking of SF_6 assets

ED3 management & target framework

Our targets will be managed across five complementary measures:

Absolute SF_6 emissions (Target)
We will reduce annual SF_6 emissions by 55% by 2033 from a 2019/20 baseline. This target will be expressed in both kg SF_6 and tCO_2e once the confirmed baseline value is populated. Annual trajectory values will be used to monitor progress through ED3 and to identify whether corrective action is required.

Total SF_6 bank (Target)
We will manage the total SF_6 bank through a forward-looking trajectory that reflects the expected balance between new assets, asset replacement, SF_6-free alternatives, gas recovery and decommissioning. The bank trajectory will be reported in kg and reviewed annually. We recognise that the SF_6 bank trajectory may be influenced by network growth, technology maturity, asset replacement volumes, site-specific constraints and supply-chain availability. As a result, the bank trajectory will be used as a management and transparency tool, supported by clear explanations of any material variance from the forecast trajectory.

Leakage rate (Target)
We will monitor and manage leakage as both an absolute emissions measure and as a leakage rate expressed as a percentage of the total SF_6 bank. This ensures that performance is not assessed solely by the scale of the asset base and allows leakage risk to be tracked consistently as the bank changes over time. Leakage performance will continue to inform investigation, repair, replacement and investment-prioritisation decisions.

Monitoring coverage (Monitor & Manage)
We will improve the completeness and quality of monitoring arrangements across the SF_6 asset base. Each SF_6-containing asset will have a defined monitoring route recorded at asset level, which may include remote pressure monitoring, alarms, planned inspection, maintenance routines or sealed-unit monitoring arrangements. Monitoring coverage will be recorded and will be improved during ED3 where data or coverage gaps are identified.

Virgin versus recycled SF_6 use (Monitor &Manage)
We will report the use of virgin, recycled, reclaimed and reused SF_6 from Year 1 of ED3. Over the period, we will seek to reduce reliance on virgin SF_6 where technically appropriate, operationally safe and commercially available, supported by strengthened recovery, reuse and circular gas-stewardship arrangements. The final target split will be confirmed once baseline usage, recovered gas volumes and supplier arrangements have been validated.

Managing and reviewing trajectories through ED3

The ED3 trajectories will be actively managed through annual reporting, internal performance review and periodic assurance. Progress will be reviewed against the confirmed baseline, annual trajectory values and end-of-period target values. Where actual performance diverges materially from the trajectory, we will assess the cause, agree corrective action and explain the variance through the appropriate governance and reporting route.

Trajectory reviews will consider:

- asset-level leakage performance and repeat top-up history;
- changes to the installed SF_6 bank from new connections, reinforcement, replacement, decommissioning and recovery;
- the availability, maturity and approval status of SF_6-free or lower-impact alternatives;
- delivery volumes and timing of targeted asset replacement;
- supply-chain readiness, lead times and availability of recycled or reclaimed SF_6;
- changes in regulation, standards or reporting methodology;
- data-quality improvements arising from inventory reconciliation and assurance.

Progress will be reported through ED3 environmental reporting and the Annual Environmental Report. Key SF_6 metrics will be subject to appropriate internal review and assurance, with performance used to inform leakage management, monitoring improvements, investment prioritisation and updates to the SF_6 transition pathway.

Table AE3. SF_6 Strategy ED3 trajectory

Target area	Metric	Baseline value	Year 1 trajectory	Year 2 trajectory	Year 3 trajectory	Year 4 trajectory	Year 5 / 2033 target	Notes / review basis
Absolute SF_6 emissions	kg SF_6 emitted and tCO_2e	2019/20 baseline: 168.77 kg / 3,966 tCO_2e	102.95 kg / 2,419 tCO_2e	96.20 kg / 2,261 tCO_2e	89.45 kg / 2,102 tCO_2e	82.70 kg / 1,943 tCO_2e	75.95 kg / 1,785 tCO_2e, equivalent to 55% reduction from 2019/20 baseline	Primary ED3 emissions target; reviewed monthly against actual emissions
Total SF_6 bank[16]	kg SF_6 installed in on-	[Baseline bank:	31,183kg	31,099 kg	30,987kg	30,875kg	30,651kg	Management trajectory to

[16] The SF_6 bank reduction value should be regarded as a forecast rather than a formal target. Delivery of this forecast is dependent on approval of our ED3 plans by Ofgem, the successful implementation of the RIIO-ED2 and ED3 investment programmes, and the availability of SF_6-free alternative equipment within the supply chain. The forecast also does not include any allowance for the additional costs associated with SF_6 alternatives that may arise from changes to F-Gas Regulations.

	network equipment, with reporting boundary confirmed in baseline methodology	31,211KG kg]						reflect additions, replacements , recovery, decommissio ning and SF_6-free alternatives
Leakage rate[17]	Leakage as % of total SF_6 bank, with supporting kg leakage value	Baseline leakage rate: 0.64% / 168.77 kg	0.39% / 102.95 kg	0.37% / 96.20 kg	0.34% / 89.45 kg	0.31% / 82.70 kg	Target leakage rate: 0.29% / 75.95 kg	Used alongside absolute emissions to track performance relative to bank size

LEAKAGE MANAGEMENT

Active Containment Strategy and managing existing SF_6 Fleet

RIIO-ED2 activities demonstrated that targeted leakage management and enhanced monitoring programmes can significantly improve emissions performance without widespread immediate asset replacement. Consequently, our near-term ED3 operational strategy continues to prioritise active containment of the existing SF_6 fleet while maintaining network reliability and minimising operational disruption.

Existing SF_6 assets are expected to remain operational across sections of the network for several decades, particularly at strategically important and technically constrained voltage classes. Operational learning from RIIO-ED2 also highlighted the importance of improving long-term gas stewardship capabilities alongside physical asset management.

Leakage risk will be managed through active containment of the existing SF_6 fleet, targeted intervention on poor-performing assets, improved monitoring coverage and timely repair or replacement decisions. The ED3 approach is not to treat top-ups as a long-term substitute for intervention, but to use top-up and leakage records as a key signal for asset risk, performance and investment prioritisation.

This approach enables continued safe operation of legacy infrastructure while reducing environmental exposure and supporting future reclaimed gas resilience aligning with our circular asset management approach. An internal pilot project has been identified to explore the viability of developing in-house leak management capability. This is intended to enhance our ability to respond to leaks quickly and in a more cost-effective manner.

Operational management of SF_6 emissions, gas handling, inventory records, recovered gas and associated documentation will be undertaken in accordance with internal policies and procedures.

A summary is outlined below:

[17] This target framework will be updated once the final ED3 baseline values, annual trajectory values and target values are confirmed through reconciled asset, inventory and emissions records.

Table AE4. Summary of operational management of SF_6 emissions, gas handling, inventory records, recovered gas and associated documentation



MONITORING, MEASUREMENT AND ASSET-LEVEL TRACKING

Monitoring arrangements will cover **all SF_6 equipment categories**. Equipment with pressure monitoring will be tracked through alarms, inspections and maintenance records; equipment without remote monitoring will be included in inspection routines and asset records will record the relevant monitoring method and coverage status. For **sealed units**, SSEN Distribution will record the nameplate gas mass, equipment category, inspection / alarm arrangement, and any pressure loss, top-up, failure or end-of-life recovery event at asset level. Monitoring coverage will be reported as **[Monitoring coverage percentage]** and will be improved during ED3 where gaps are identified.

Practical Operations are covered by governed internal policies, summarised as follows; All **top-up**, recovery, failure and decommissioning events will be recorded using the applicable gas activity record, including substation, asset category, operational ID, manufacturer, serial number, gas type, reason for top-up, pressure, cylinder references, weights before and after use, amount added, suspected failure quantity, recovered gas at decommissioning and gas future use. Bottles must be weighed before and after use at the time of top-up, and pressures must be checked with a calibrated digital gauge before and after top-up.

Equipment failures will be recorded as SF_6 emission events. For life-ending failures, where there is no positive record of gas recovery, the reporting assumption will be that the full nameplate mass of the relevant SF_6 compartment has been emitted. For disruptive failures, the gas quantity lost will be recorded against the asset and aligned to the

equipment rating plate unless recovery evidence demonstrates otherwise. Please refer to the 'Governance, Assurance and Reporting' section for further information on governance of failures.

Recovered gas will be managed as used SF_6. Where gas is removed for maintenance, repair or end-of-life recovery, it will be tested before reuse to confirm compliance with the applicable impurity requirements. Contracts or purchase orders for **recovery and disposal** will require SF_6 by-products to be neutralised during recovery, recycling and disposal, and used SF_6 will be classified, labelled, transported and disposed of in accordance with procedure.

Virgin and **recycled** SF_6 use will be monitored separately during ED3. We will report **[Virgin vs recycled gas usage]**, **[Recovered gas volumes]**, and the quantity of gas reused, recycled, reclaimed or destroyed. In preparation for reduced availability of virgin SF_6, the current ED3 transition plan includes engagement with a UK-based supplier to recycle SF_6 from decommissioned assets and develop circular gas stewardship arrangements

Data quality will be supported through Maximo, SF_6 inventory records, activity records, reconciliations and periodic assurance. The operational requirements for emissions records and gas-use reporting will remain governed by approved internal processes, which requires Maximo records for SF_6 emissions over the lifetime of equipment, including installation, service life and end-of-life emissions. The strategic outcome for ED3 is to strengthen the completeness, consistency and assurance of this data so that EAP reporting is credible, comparable and capable of supporting investment and transition decisions.

All SF_6 inventory and emissions data is maintained within a controlled asset management and reporting framework and reconciled periodically to ensure completeness and accuracy

RISK BASED TARGETED DEPLOYMENT OF SF_6-FREE TECHNOLOGIES

We will transition away from SF_6 in a phased, risk-based and evidence-led manner. We apply an "alternative first" approach for new installations and material switchgear interventions where SF_6-free or lower-impact alternatives are technically and commercially viable, while recognising that technology maturity, supplier readiness, space constraints, safety requirements and network operability vary across the asset base.

The ED3 transition pathway will therefore focus on:

- deploying SF_6-free or lower-impact alternatives where proven and viable;
- targeting poor-performing SF_6 assets for replacement or retrofit where this delivers environmental and customer value;
- using pilot deployments and supplier engagement to build confidence in emerging technologies;
- maintaining safe and reliable operation of legacy assets where immediate replacement is not economic, deliverable or technically appropriate;
- strengthening circular gas stewardship, including recovery, reuse and recycled gas arrangements.

Current transition evidence recognises regulatory uncertainty and immaturity in the supply chain, in response we have set out a phased deployment approach aligned with technology maturity, supplier capability and operational criticality.

SF_6 Maturity Assessment and Transition Readiness

RIIO-ED2 implementation demonstrated that while SF_6 leakage reduction remains achievable through targeted interventions and active asset management, full-scale transition away from SF_6 is constrained by varying technology maturity across voltage classes, supplier readiness, GB-specific approval requirements, and operational deliverability challenges, particularly at 33kV – 66kV voltages. Lessons learned from RIIO-ED2 also highlighted the increasing importance of early supplier engagement, long-term procurement planning, workforce readiness, and circular gas management planning in preparation for future regulatory change.

Table AE5. SF_6 alternatives installed in our licence areas and IIG types

SF_6 Alternatives Installed	SHEPD	SEPD	IIG Type
HV	44	4	Air
EHV	4	0	Air
132kV	0	4	C4-FN

ED3 therefore represents the next phase of maturity in our SF_6 transition strategy. The focus moves beyond leak reduction alone toward long-term transition planning, strategic deployment of mature SF_6-free technologies, and development of a circular SF_6 stewardship framework capable of supporting critical legacy assets beyond the proposed 2035 virgin SF_6 servicing ban.

RIIO-ED2 deployment experience confirmed that technology maturity and operational readiness vary significantly across voltage classes and switchgear applications. Mature and commercially deployable SF_6-free solutions are now available for 11kV primary distribution and several 66–132kV applications, largely based on C4-FN and clean-air insulation technologies. However, our operational experience and wider industry evidence continue to demonstrate constraints at 33kV distribution, where compact Ring Main Unit (RMU) availability, GB-specific approvals, operational integration, and supplier diversity remain limited.

Our network characteristics create additional transition complexity due to the operational significance of 33kV infrastructure, geographically dispersed network areas, transmission and distribution interface requirements, and increasing renewable integration demands. However, during RIIO-ED2 we initiated pilot deployment activities to assess the operational viability, performance, and integration requirements of emerging SF_6-free technologies across multiple voltage applications. The current number of installed non-SF_6 switchgear assets and pilot deployments is summarised in Table AE5.

While SF_6-free alternatives are generally considered relatively mature at higher transmission voltages, the availability of proven SF_6-free solutions at UK distribution voltage levels remains limited. ED3 planning assumptions therefore recognise that long-term operation of mixed SF_6 and SF_6-free switchgear fleets is likely to continue for multiple regulatory periods.

Our maturity assessment is summarised in Table AE6 below. We continue to identify pilot projects, with first-of-a-kind deployments in ED3 expected to demonstrate the maturity of synthetic air as a long-term alternative to SF_6, supporting compliance with the anticipated ban across different voltage levels ahead of any new legislative requirements.

Table AE6. Maturity assessment summary

Voltage Level	Synthetic Air (RAG + status)	Other Alternatives (RAG + status)	Maturity
132 kV	🟡 – Emerging; partial approvals and product development	🟢 – C4-FN partially approved	Limited availability; reliance on C4-FN as interim; synthetic air not fully mature
33 kV	🟡 – Approval in progress; multiple suppliers	🟡 – N_2 and vacuum + air (RMU) in progress	Most active development area; competing solutions emerging
11 / 6.6 kV	🟡 – Perspective; suppliers available	🟢 – Oil fully approved and adopted	Mature non-SF_6 solutions already available; transition largely achievable.

Aligned with the regulation requirement, we expect maturity to develop in phases by voltage level, with implementation likely to begin at lower voltages (e.g. <24 kV) before progressing upward. While alternatives are available at 132 kV, these are currently considered interim solutions, and a longer-term transition away from C4-FN will be required by 2032. We are committed to continuing our work with the supply chain and industry to establish credible alternatives across voltages, through continued innovations, pilot programmes and testing approvals.

DEVELOPING OPERATIONAL RESILIENCE UNDER FUTURE REGULATORY AND SUPPLY CHAIN UNCERTAINTY

The Regulatory Imperative: UK Uncertainty and EU Transition Acceleration

The EU has established a structured and time-bound regulatory approach to SF_6 phase-out through Regulation (EU) 2024/573, including phased restrictions across voltage classes and a proposed prohibition on virgin SF_6 servicing from 2035. While the UK currently operates without equivalent statutory transition dates, wider European market direction is increasingly expected to shape supplier production strategies and future technology availability.

Table AE7. Future regulatory development for SF_6

Effective Date	≤24 kV	>24–52 kV	52–145 kV (≤50 kA)	>145 kV / >50 kA	Ban / Restriction
Jan-26	☑	☐	☐	☐	SF_6 prohibited in new switchgear up to and including 24 kV
Jan-28	☐	☐	☑	☐	Gases with GWP ≥1 prohibited in new switchgear from 52–145 kV (up to and including 50 kA)
Jan-30	☐	☑	☐	☐	SF_6 prohibited in new switchgear above 24 kV up to and including 52 kV
Jan-32	☐	☐	☐	☑	SF_6 and gases with GWP ≥1 prohibited in new switchgear above 145 kV or above 50 kA
Jan-35	☑	☑	☑	☑	Virgin SF_6 prohibited for use in maintenance and repairs, except when the gas is recycled or in technical/emergency situations

Through RIIO-ED2 engagement with suppliers and industry stakeholders, we observed increasing alignment of manufacturer investment and product development towards EU-driven markets and voltage classes. This is beginning to influence product availability, lead times, and approval prioritisation for GB-specific applications, particularly for constrained 33kV and niche distribution configurations. However, it is noted that 33kV is expected to fall within a later phase of the SF_6 ban, with implementation anticipated around 2030.

ED3 planning therefore assumes that, in the absence of clearer UK regulatory direction, transition pathways may increasingly be influenced passively by wider European supply chain dynamics and manufacturing prioritisation. Additionally, we recognise that transitional technologies using fluorinated gas mixtures with GWP >1, including C4-FN-based solutions, may only provide medium-term transition pathways pending future PFAS and fluorinated gas regulation developments.

To manage this uncertainty operationally, we will continue to adopt a phased deployment approach aligned with technology maturity, supplier capability, and operational criticality, rather than relying on fixed transition deadlines across all voltage levels. Any changes in legislation during the ED3 period will need to be accommodated through flexible and adaptive funding and delivery mechanisms, given the current level of uncertainty.

We will monitor developments in alternative IIGs and broader industry innovation, ensuring our operational colleagues are equipped with the latest knowledge and training to support the safe and efficient operation of the network.

GOVERNANCE, ASSURANCE AND REPORTING

Governance will be maintained through established asset management, environmental management and regulatory reporting routes. SF_6 performance will be identified and recorded through our operational and asset management systems. This data is monitored and reported monthly basis to our Customer and Performance Committee, where performance is tracked and issues escalated for director intervention where required. Asset related issues are escalated through to our Distribution Asset Management Steering Group and emissions data is reported through our Strategic Environmental, Social and Governance Committee, which is a Sub Committee to our Executive committee, and has Distribution Board membership.

The monthly SF_6 Leakage Forum, tracks practical progress against targets, reviews leakage investigations and repairs, shares best practice, and develops action plans. Escalations will flow to the Distribution Asset Management Steering Group and the Reducing Carbon Emissions Working Group, which monitor progress and provide leadership in line with corporate objectives.

SF_6 data quality will be assured through Maximo work orders, attached activity records, inventory reconciliation, and regular review of data quality through the Data Governance Tool – Axon, with shortfalls reported to the Accountable Person for continual improvement. ED3 EAP reporting also commits to external assurance of key BCF and SF_6 metrics in line with wider SSE Group assurance activities, supported by ISO 14001-certified environmental management governance.

We will report annually to our stakeholders through the Annual Environmental Report and regulatory reporting process, using common metrics and definitions where available. ED3 reporting will include absolute SF_6 emissions in kg and tCO_2e, total SF_6 bank in kg, leakage rate as a percentage of bank, granular leakage by voltage level, top-up volumes, recovered gas, virgin versus recycled gas use, asset replacement volumes, monitoring coverage, and assurance findings. We will collaborate with other DNOs to develop a common SF_6 Emissions Methodology that details what is accounted for in SF_6 reported data.

Compliance with SF_6 management processes and data quality requirements will be subject to periodic internal review and external assurance through SSEN's wider environmental reporting governance arrangements.

Ofgem ED3 minimum requirement coverage

Table AE8. Ofgem ED3 minimum requirement coverage

Ofgem ED3 SF_6 requirement	Where addressed in this strategy
SF_6 emissions management	Strategic objective; emissions and inventory management; ED3 outputs
Inventory management	Emissions and inventory management; monitoring and asset-level tracking
Leakage risk management	Leakage risk management
Monitoring and measurement across all SF_6 assets	Monitoring, measurement and asset-level tracking
Top-ups	Leakage risk management; monitoring and tracking
Sealed units	Monitoring and measurement
Equipment failures	Monitoring and tracking; emissions reporting
Recovered gas	Emissions and inventory management; circular gas stewardship
Virgin versus recycled SF_6	ED3 outputs; transition away from SF_6
End-to-end asset-level tracking	Monitoring, measurement and asset-level tracking
Periodic assurance	Governance, assurance and reporting

APPENDIX F: STAKEHOLDER ENGAGEMENT

Table AF1. Summary of stakeholder feedback, impact on business plan and intended benefits

	Type of Engagement Undertaken	Stakeholder Groups	Summary Feedback	Impact on Business Plan and Intended Benefits
Climate Change Mitigation (business carbon footprint, SF_6, SBTi, environmental reporting)	Research (Consumer Priorities Research, Ofgem ED3 Consumer Panel Deliberative Research); Webinars (Future-Proofing Power – Reliability, Climate Resilience & Network Integrity Webinar; Closing the Loop – Our Circular Asset Management Approach Webinar); Workshops and forums (Sustainable Supplier Engagement Days); Bilaterals and expert engagement (environmental impact consultants).	Domestic Consumers, SMEs, Future Consumers, Contract Partners, Consultants, DNOs / IDNOs, Industry Partners / Peers.	Stakeholders strongly supported an ambitious Science-Based Targets approach, with 81% supporting the SBTi pathway, while emphasising the importance of transparent environmental reporting, robust evidence and stronger supplier support to enable delivery. Stakeholders also encouraged continued collaboration with industry and DNOs on alternative technologies and approaches to support long-term decarbonisation objectives, while recognising ongoing uncertainty around future regulatory requirements for SF_6 alternatives. Consumer Priorities Research highlighted that while environmental action is valued, affordability and value for money remain primary considerations for customers, with support reducing where costs become more visible or insufficiently justified. Consumer Priorities Research also identified minimising environmental impact as a lower-order priority relative to affordability and value for money, highlighting the importance of demonstrating clear customer benefit alongside environmental ambition. Stakeholders also encouraged continued collaboration on the deployment of alternative technologies and approaches to support long-term decarbonisation objectives.	The business plan retains a 1.5°C Science-Based Target pathway, including 55% reductions in Scope 1 and 2 emissions and SF_6 emissions by 2033. It strengthens environmental reporting, supplier transition support and transparency, while adopting an alternative-first approach where technically and commercially viable. The plan also reinforces collaboration with suppliers and industry partners to support delivery of decarbonisation ambitions while balancing environmental leadership with affordability and customer value. Maintaining this ambitious decarbonisation pathway helps reduce the environmental footprint of network operations, manage long term cost, support reliable and resilient network performance, and ensure customer benefit from a more sustainable network delivered at efficient cost.
Supporting Nature (nature-based solutions, biodiversity, natural capital)	Research (Nature and Human Rights Impacts and Dependencies through the Value Chain Phase 1 Final Report); Online engagement events (Environmental Action Plan stakeholder workshops); Policy and regulatory engagement (policy-maker engagement); Wider stakeholder engagement (local authorities, NGOs and delivery partners)	Local and Combined Authorities, DNOs / IDNOs, Contract Partners, Energy Suppliers, Industry Partners / Peers, Policy Makers, Resilience Partners, Environmental Stakeholders.	Stakeholders consistently supported nature-based solutions as a strategic priority, emphasising the need for authentic, place-based projects delivered in partnership with local communities and trusted organisations. Preferences were strongest for peatland restoration (78%), followed by woodland creation and seagrass initiatives (both 56%), with lower support for saltmarsh restoration (39%), demonstrating broad support for a diverse portfolio of nature-based interventions. Stakeholders also highlighted opportunities across wider habitat types, including urban habitats and blue carbon solutions, while stressing that nature-based solutions should be evidence-led and deployed alongside wider resilience measures rather than as standalone interventions. Support was strongest where projects could demonstrate long-term environmental benefits, with 81% supporting their use as a resilience tool when integrated within a broader toolkit. Stakeholders also identified cost, land availability, public confidence and demonstrating long-term effectiveness as important considerations for wider deployment.	The business plan broadens and strengthens the nature-based solutions offer, including outputs across peatland restoration, woodland creation, seagrass planting and saltmarsh restoration. The strategy positions nature-based solutions as delivering carbon reduction, resilience, ecosystem service and community benefits, while maintaining a balanced approach that complements rather than replaces traditional network interventions. The plan also adopts a wider natural capital approach, supporting habitat creation, enhancement and biodiversity outcomes beyond minimum compliance requirements, while ensuring delivery remains evidence-led and aligned with long-term environmental value. This benefits customers through improved climate resilience, enhanced biodiversity and long-term environmental improvements that support community wellbeing. Nbs can also provide value for money by complementing traditional engineering interventions while delivering wider community benefits.
Pollution and nuisance reduction (oil, FFCs, PCB,	Research (Consumer Priorities Research); Webinars (Future-Proofing Power – Reliability, Climate Resilience & Network Integrity Webinar; Closing the	Governments, Regulators, Consultants, Local and	Stakeholders consistently expected SSEN to take practical action to reduce direct environmental harm associated with network operations and legacy assets. Stakeholders highlighted opportunities to strengthen pollution prevention, improve management of fluid-filled cables, PCB-	The business plan strengthens its approach to pollution prevention and environmental risk management through targeted action on fluid-filled cables, PCB-related risks, bunding, depot pollution controls, air quality improvements, noise mitigation and creosote

noise, air quality, creosote, depot pollution controls)	Loop – Our Circular Asset Management Approach Webinar); Policy and Regulatory Engagement; Bilaterals and expert engagement (environmental consultants, regulators)	Combined Authorities, Domestic Consumers, SMEs, Water, Contract Partners, Industry Partners / Peers.	related risks, air quality and noise impacts, and reduce environmental risks associated with legacy infrastructure. Water sector stakeholders also highlighted opportunities for greater collaboration and expertise sharing on groundwater and water quality protection. Stakeholders also emphasised the importance of considering wider wellbeing impacts associated with air quality and noise, while water sector stakeholders called for greater collaboration and expertise sharing on groundwater and water quality protection. Consumer Priorities Research confirmed that reducing direct environmental impacts remains an important expectation for customers, although affordability and long-term value continue to be higher priorities overall.	alternatives. Enhanced reporting on pollution-related performance measures improves transparency and accountability, while strengthened collaboration on environmental risk management supports better management of groundwater, water quality and wider environmental impacts. The plan also recognises that some interventions remain constrained by feasibility, regulatory and cost considerations, reflecting stakeholder feedback on the need to balance environmental ambition with deliverability. Customers benefit from reduced environmental risks, helping to protect local communities, water resources and the natural environment. These measures reduce the likelihood and impact of pollution incidents while supporting a resilient network and long-term value.
Responsible Resource Use (waste, reuse, material efficiency, embodied carbon)	Research (Consumer Priorities Research, Ofgem ED3 Consumer Panel Deliberative Research); (SSEN ED3 Stakeholder Engagement Workshops, March 2026); Sustainable Supplier Engagement Days Perth and Reading; Consultant Engagement; Report (Double Materiality Assessment Surveys, Interviews, Risk Scoring)	Domestic Consumers, SMEs, Contract Partners, Consultants, Industry Partners / Peers.	Stakeholders supported a more circular approach to infrastructure delivery, emphasising opportunities to improve material reuse, asset recovery and longer-life asset design. Stakeholders highlighted practical opportunities including cable recovery and reuse, reuse of wood poles, and embedding circular economy principles within asset design and procurement decisions. Feedback also reinforced that a significant proportion of environmental impacts occur upstream within the supply chain, highlighting the importance of procurement decisions, embodied carbon management and collaboration with suppliers to drive better environmental outcomes.	The business plan embeds circular economy principles throughout procurement and asset management, including outputs to maintain zero waste to landfill, improve recycling and reuse rates, and develop a material circularity target for ED3. The strategy strengthens embodied carbon reporting, supplier collaboration and whole-life asset management, reflecting stakeholder expectations that environmental impacts should be addressed across the full asset lifecycle. It also expands the focus on material efficiency, asset recovery and circular procurement practices, helping to reduce upstream environmental impacts while supporting long-term network resilience. This benefits customers by improving resource efficiency, reducing waste and whole-life costs, and maximising the value of network investment. These measures support long-term affordability while delivering a more sustainable and resilient network.
Supply chain sustainability / value chain impacts / double materiality	Sustainable Supplier Engagement Days; Webinars (Future-Proofing Power – Reliability, Climate Resilience & Network Integrity Webinar; Closing the Loop – Our Circular Asset Management Approach Webinar); Report (Double Materiality Assessment Surveys, Interviews, Risk Scoring).	Contract Partners, Consultants, Industry Partners / Peers.	Stakeholders strongly supported a more structured approach to managing value-chain impacts, with suppliers unanimously supporting the double materiality assessment and greater alignment of social value metrics across the supply chain. Stakeholders reiterated that upstream activities, including onshore and subsea works, substation equipment, fuel procurement and fleet operations, represent the most significant source of environmental impact. Feedback also highlighted gaps in supplier readiness, with only 43% of participants currently operating a biodiversity policy while 45% do not. Supplier engagement further indicated strong readiness to adopt the Supplier Sustainability Code, with 32.5% already signed, 45% intending to sign and 20% planning to adopt in future, providing confidence in the pathway towards over 80% compliance by value by 2033. Stakeholders further highlighted limited progress towards Science-Based Targets and called for greater supplier support, training and clearer compliance guidance to support delivery and improve environmental performance.	The business plan expands the application of the Supplier Sustainability Code to all new suppliers from 2028, with an output to achieve over 80% compliance by value by 2033. Mandatory assurance requirements strengthen the quality, consistency and transparency of environmental reporting, supported by corrective action plans where required. Enhanced monitoring, reporting and integration of double materiality assessment outcomes improve oversight of supply-chain risks and dependencies, while targeted supplier support, training and guidance help drive progress on sustainability performance, biodiversity considerations and Science-Based Target adoption. This directly responds to stakeholder calls for greater accountability, supplier progression and more effective management of value-chain impacts. This benefits customers through better management of supply chain risks, improved accountability and transparency, and more efficient delivery of environmental outputs. These measures support long term value for money and a more sustainable and resilient network.
Supporting Nature (nature-based solutions, biodiversity,	Webinars (Future-Proofing Power – Reliability, Climate Resilience & Network Integrity Webinar; Closing the Loop – Our Circular Asset Management Approach Webinar);	Local and Combined Authorities, Contract Partners,	Stakeholders consistently expressed strong expectations that SSEN should take a proactive role in protecting and restoring biodiversity across its activities. Stakeholders highlighted the need to embed biodiversity considerations across compliance, planning and the wider value chain, including tenders, investment decisions and operational	The business plan strengthens SSEN's approach to biodiversity and natural capital management through enhancements to the Natural Asset Platform (NAP), to be based on user feedback and policy changes (e.g. forthcoming Scottish Biodiversity Metric) delivered through continual improvement. Supported by targeted actions

natural capital)	Bilaterals (Nature Positive and Natural Capital Partner Engagement, Policy Maker Engagement), Workshops (ED3 Stakeholder Engagement Workshops Perth, Reading and Online)	Consultants, Industry Partners / Peers	activities, while also supporting greater involvement in community-led biodiversity initiatives. Concerns were raised regarding the environmental impact of some current practices, including the use of mature trees for utility poles, given their significant ecological value. Stakeholders also recognised opportunities to enhance biodiversity and nature recovery through the management of power line corridors and wider habitat connectivity initiatives, reinforcing the view that SSEN has an important enabling role in supporting biodiversity and natural capital outcomes. Stakeholders expressed the importance of working collaboratively with trusted partners and local communities on NbS, while acting authentically and ambitiously to deliver meaningful, place-based benefits.	through the Climate Resilience Strategy (ED3-S03). The strategy broadens its nature-inclusive design outputs and adopts a natural capital approach that extends beyond statutory Biodiversity Net Gain requirements to include habitat creation, enhancement and measurable biodiversity uplift. Targeted measures, including PMT shrouding and bird deflectors, ensure biodiversity improvements are delivered alongside network reliability, while capability development and integrated planning support a more strategic and coordinated approach to biodiversity and natural capital delivery. This benefits customers through improved network resilience, enhanced biodiversity, healthier local environments and long-term value from sustainable network planning. We will build on our RIIO-ED2 work throughout ED3 by continuing to collaborate with trusted partners and actively involve local communities, including through volunteering opportunities that support our NbS initiatives.
Supporting Nature (nature-based solutions, biodiversity, natural capital)	Webinars (Future-Proofing Power – Reliability, Climate Resilience & Network Integrity Webinar; Closing the Loop – Our Circular Asset Management Approach Webinar); Surveys (Linear Woodlands Willingness-to-Pay Survey), Bilaterals (Biodiversity and Natural Capital Partner Engagement, Policy Maker Engagement), Workshops (Local Authority, NGO and Delivery Partner Stakeholder Workshops).	Domestic Consumers, Local and Combined Authorities, Contract Partners, Consultants, Industry Partners / Peers, Policy Makers, Environmental Stakeholders, Resilience Partners.	Stakeholders showed strong support for greater flexibility in the use of undergrounding, with 80% recognising the potential value of this approach. However, stakeholders also highlighted that undergrounding can, in some circumstances, be more environmentally disruptive than initially assumed, reinforcing the need for careful assessment of environmental impacts. In this context, stakeholders identified linear woodland planting as a potential alternative capable of delivering similar visual amenity and environmental outcomes while reducing disruption. Consumer willingness-to-pay research undertaken through the Nature4Networks project demonstrated support for both approaches, with customers valuing undergrounding of 1.5% of lines at £2.27 and linear woodlands at £2.68, although the difference was not statistically significant.	The business plan strengthens flexibility within its visual amenity and environmental enhancement approach by seeking Ofgem's approval to extend eligibility to additional protected sites such as SSSIs, SPAs, and Local Nature Reserves. It also recognises linear woodlands as a credible nature-based alternative to undergrounding where supported by evidence, while retaining undergrounding as the default ED3 delivery approach. This creates optionality to deploy nature-based solutions where appropriate, through the Nature4Networks programme, ensuring decisions remain grounded in a robust evidence base and continue to deliver value for customers, communities and the environment. Customers benefit through enhanced local environments and visual amenity, while ensuring investment is targeted where it delivers the greatest value and environmental benefit.
Across all policy areas	Webinars (Future-Proofing Power – Reliability, Climate Resilience & Network Integrity Webinar; Closing the Loop – Our Circular Asset Management Approach Webinar); Surveys (Nature4Networks Willingness-to-Pay Survey), Forums (Independent Stakeholder Group), Bilaterals (Biodiversity and Natural Capital Partner Engagement); Next Generation Bill Payers School Engagement (Circular Economy and Nature Recovery); Research (Consumer Priorities Research, Ofgem ED3 Consumer Panel Deliberative Research).	Domestic Consumers, Next Generation Bill Payers, Industry Partners / Peers, Contract Partners, Consultants, Independent Stakeholder Group Members.	Stakeholders and consumers expressed broadly neutral views on paying higher bills for additional environmental benefits, with Consumer Priorities Research highlighting affordability and value for money as key considerations, particularly for financially vulnerable households. While stakeholders recognised the value of environmental investment, support weakened where costs were highly visible or insufficiently justified, reinforcing the importance of fairness, transparency and accountability within the ED3 framework. There was support for early, preventative investment where it could reduce longer-term costs, although views differed on how costs and benefits should be distributed, particularly where customers may not directly benefit from specific investments. Stakeholders also raised concerns regarding power interruptions for households reliant on continuous electricity for health needs and called for a balanced approach to environmental ambition, affordability and customer protection.	The business plan strengthens transparency and accountability through clearer communication of how customer funding is used and the outcomes delivered through annual reporting. It adopts a regionally tailored approach to investment, combining stakeholder priorities with asset-specific evidence to ensure local needs are reflected while delivering wider environmental outcomes. In response to stakeholder feedback on affordability, fairness and vulnerability, the plan prioritises value for money and ensures environmental investments are delivered alongside network resilience and service improvements, particularly for customers with critical health needs. This approach balances long-term environmental ambition with affordability, transparency and customer protection. This benefits customers through greater transparency, targeted local investment, improved resilience and value for money while helping protect vulnerable customers.

APPENDIX G: OFGEM MINIMUM REQUIREMENTS

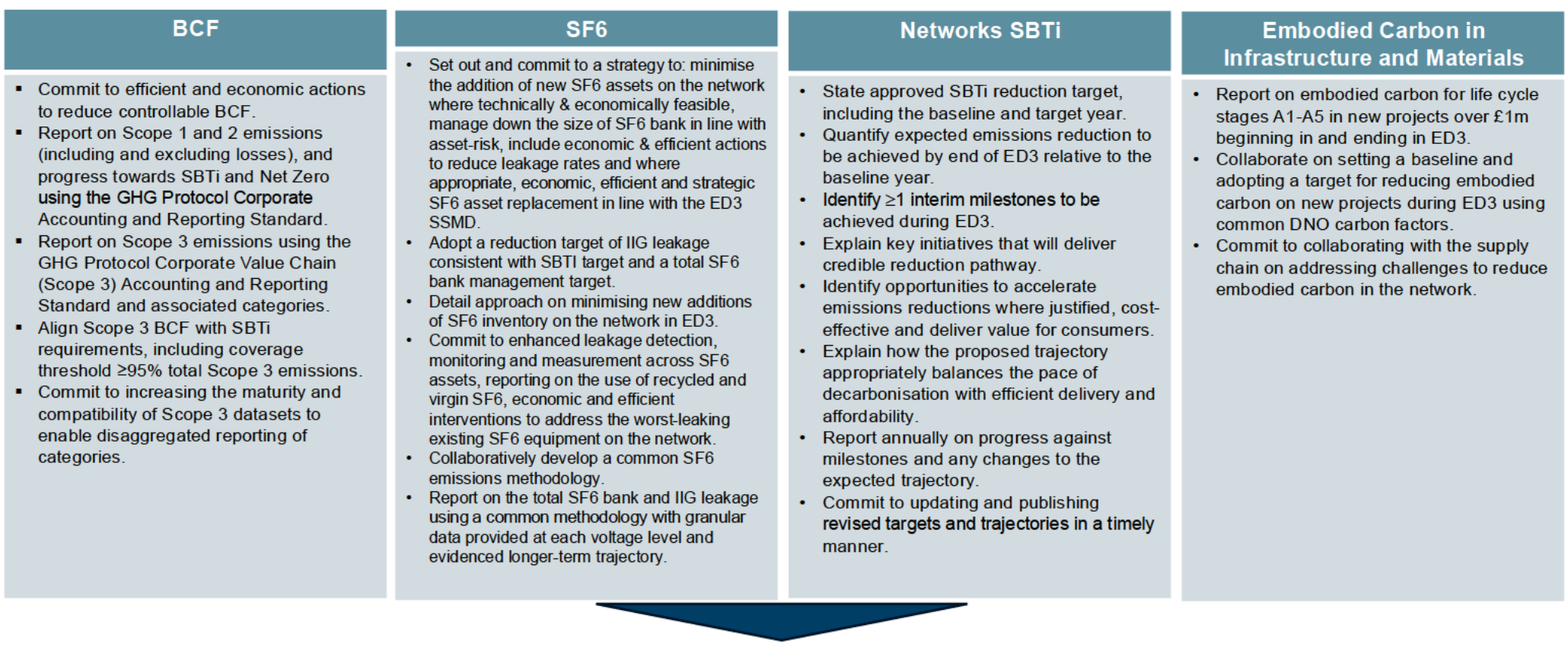
Table AG1 below provides details of where in the EAP, Ofgem's minimum requirements are discussed.

Table AG1. Ofgem ED3 Minimum Requirement Coverage

Business Plan Guidance References	Requirement	Relevant Section in this document
4.30	**Submit EAP**	EAP, Section 6 Our EAP Outputs & Appendix A ED3 Business Plan (ED3 – BP01)
4.31/4.32	**EAP methodology**	Section 2.1 & Appendix F – How stakeholder engagements shaped our plan Section 3 – Our ED3 EAP Commitment, outputs, investments and benefits to consumers Section 5.1 – Our long-term vision and approach Section 5.2 – Our strategic approach in ED3 Section 6 – Our ED3 EAP Outputs in detail Appendix B and C – EAP Methodology and EAP Option Assessment
4.33/4.34/4.35	**Core environmental impact areas**	Section 3 – Our ED3 EAP Commitment, outputs, investments and benefits to consumers.
4.36	**SMART targets and appropriate milestones**	Section 3 – Our ED3 EAP Commitment, outputs, investments and benefits to consumers.
4.37	**Emerging environmental impacts**	Section 6.5.3 – Performance measures for emerging environmental impact areas
4.38	**Baseline expectations and standardised metrics**	Targets Dashboard in Section 3 – Our ED3 EAP Commitment, outputs, investments and benefits to consumers Section 5 – Our ED3 EAP Commitments, investments and benefits to consumers.
4.39/4.40	**EAP structure & accessibility**	Executive Summary Section 3.1 – ED3 targets dashboard Sections 6 – Outputs, prioritisation and actions and costs for each impact area
4.41	**Prioritisation of environmental actions**	Appendix B - EAP methodology
4.42/4.43	**Evaluation of potential measures**	Appendix B - EAP methodology
4.44	**Best practice and Sector-wide reference baseline**	Appendix C - Sector-wide best practice and alignment
4.45	**Potential measures**	Appendix C - Potential environmental measures that could be deployed in ED3
4.46	**Prioritisation of environmental measures**	Appendix C - The outcome of our evaluation of potential measures that could be deployed in ED3
4.47	**Decision-making evidence**	Section 2 – Stakeholder Engagement and Drivers for Change Section 4 – Lessons Learned for ED3 Sections 6 - for each environmental impact area

Figure AG-1 shows how our EAP maps to the environmental impact area minimum requirements specified by Ofgem.

Figure AG-1. Mapping to Ofgem environmental impact area minimum requirements



PCB-related pollution	Oil pollution (inc. Fluid Filled Cables)	Air pollution	PFAS policy	Noise pollution
▪ Commit to reporting on the identification and volume of outstanding PCB-contaminated equipment on the network. ▪ Commit to reporting on the removal of outstanding PCB-contaminated equipment on the network. ▪ Commit to reporting on adherence to the PCB Regulations and the requirements set out in RPS 246.	• Adopt a % target for reductions in the volume of fluid (oil) used to top up cables. • Adopt a target for km of FFC to be removed in ED3. Where fluid-filled cable replacement is already included within Network Asset Risk Metric reporting, DNOs should cross-reference existing commitments rather than separately counting the same intervention. • Adopt a risk-based programme for installation of bunding at transformer sites. • Evidence a dynamic risk-based approach to identifying and prioritising FFC removal and pollution mitigation.	• Provide a qualitative commentary on progress and actions undertaken in respect of addressing air pollution where is has been identified as a material consideration in the EMS.	• Commit to developing understanding of PFAS on the network and supply chain (i.e. beyond operations only). • Commit to developing and maintain a strategic policy outlining their approach to, and use of, PFAS during ED3. This policy should set out commitments to identifying, managing, reducing, and where feasible eliminating PFAS risks; and phasing out PFAS where suitable alternatives exist; and embedding PFAS considerations into procurement processes, supplier requirements, and contractual arrangements. • Collaborate with other DNOs to develop a consistent reporting pilot before and during ED3, with a commitment to converge on a single common approach for the reporting of PFAS by year 3 of ED3.	▪ Agree a common approach to recording noise complaints associated with fixed DNO infrastructure or projects. ▪ Commit to reporting the number of substantiated noise-related complaints recorded in ED3. ▪ Commit to reporting on actions taken to reduce noise pollution in ED3.

How this maps to our EAP

- We have set commitments to reduce pollution risks from our assets, operations and network build - through targeted action, better monitoring and safer alternatives where practical, reduce the impact of noise from our assets and operations and report on actions taken to reduce air pollution.
- We have set targets for reducing oil top-ups of cables, removing FFCs, implementing oil containment and pollution control improvements at sites, replacing creosote treated wood poles and completing a PFAS risk screening as well as to report annually on our progress across PCB-related pollution, oil pollution, air pollution, PFAS and Noise pollution.
- We have agreed to work collaboratively with other DNOs to develop a PFAS policy and reporting pilot and agree a common approach to recording noise complaints.
- We have gone beyond minimum requirements by committing to a long-term ambition to fully remove FFCs by ED6, deploy enhanced oil containment and pollution control improvements and produce a long-term transition plan away from creosote.

Further detail is provided in Section 6.2 Pollution and Nuisance Reduction

Resource Use and waste reduction

- Adopt practices and measures to minimise the consumption of natural, material, and energy resources, and reduce the generation of waste across operational activities, construction works, asset management processes, and corporate functions including decommissioning & end-of-life activities.
- Update procurement processes to embed Circular Economy principles.
- Adopt or maintain targets for:
  - zero waste to landfill
  - recycling of materials as a percentage of total measurable materials, where feasible (capital programme only) applying to both DNO's and key alliance partners.
  - reuse of materials as a percentage of total measurable materials, where feasible (capital programme only), applying to both DNO's and key alliance partners.
- Commitments to reporting on actual waste to landfill, recycling and reuse as a percentage of total.
- Report using a common Zero Waste to Landfill reporting standard such as GRI 306: Waste 2020 and collaboratively establish a consistent reporting methodology for ED3 (including clear scope boundaries for supply chain).

Supply chain sustainability

- Adopt high standards of environmental management in its **supplier code, including** requirements for public disclosure of metrics and cascading code to their suppliers that are material to the company's inputs.
- Adopt a target of more than 80% of suppliers (by value) meeting the code in ED3.
- Commit to reporting on actual percentage of suppliers (by value) meeting the code.

Circular economy

- Commit to designing, operating, leasing/renting, repairing, remanufacturing and managing network assets and corporate activities in a way that keeps materials, components, and resources in use for as long as possible, minimises waste, and maximises the rethinking, repurposing, reduction, **reuse, recycling, repair, recovery of assets at the end of their life.**
- Commit to collaborating through an industry working group to develop a common approach to circular economy principles in ED3, including consideration of procurement practice, the treatment of asset refurbishment, remanufacturing, material reuse and end-of-life asset management. DNOs should seek to identify options for measuring resource circularity in electricity networks from start of ED3 and to be coordinated through an appropriate industry forum such as the ENA.
- In Yr2 of ED3 publish a joint update setting out the options considered for measuring circularity within electricity networks; an assessment of the advantages and limitations of each approach; and a preferred approach for trialling circular economy metrics in ED3.
- Subject to the findings of the Year 2 review, DNOs should trial one or more common circular economy metrics from Yr3 of ED3 to assess data quality, practicality and comparability, and to support the development of a longer-**term sector-wide reporting framework.**

How this maps to our EAP

- We have set commitments to optimise resource use, implement circular economy principles and opportunities within our processes and reduce waste, take action to address material sustainability value chain impacts, risks, dependencies and opportunities, enhance application of our Sustainable Supplier Code (SSC) and improve monitoring and reporting of suppliers.
- We have set targets for maintaining our zero waste to landfill target, achieving a recycling and re-use rate of ≥90% of total measurable materials where feasible by 2033, maintaining our Human Rights action plan, all suppliers to be signed up to the SSC for new contracts/frameworks and ≥80% of suppliers (by spend) meeting our SSC by 2033 as well as to report annually on our circular economy and waste reduction progress and the actual percentage of suppliers meeting our SSC.
- We have agreed to work collaboratively with other DNOs to identify a common Zero Waste to Landfill reporting methodology, a common approach to circular economy principles and develop **proposals for circularity economy metrics.**
- We have gone beyond minimum requirements by committing to address material supply chain impacts, risks and opportunities and mandating sign-up to our SSC.

Further detail is provided in Section 6.3 Responsible Resource Use

Natural capital and biodiversity

- Adopt an appropriate methodology to assess net changes in biodiversity, using a suitable habitat-based biodiversity metric **under statutory BNG requirements from different options for** new connections and network projects.
- Set out the materiality threshold for new connections and network projects that require reporting on biodiversity.
- Set out the action they will take to improve marine biodiversity where appropriate for geographic region.
- Report on changes in natural capital and ecosystem services provision if company has an EAP commitment directly linked to such measures in ED3.
- Encouraged to apply common BNG Cost Principles (adoption optional) to provide a unified approach for how UK energy network cost BNG requirements across investment programmes and projects. It aims to establish a clear and transparent basis for how BNG is costed for a price control, ensuring consistency in approach while allowing individual **businesses to tailor delivery to their local context and regulatory** requirements, and operational models.

Visual amenity impacts

- Commit to reporting on use of the Undergrounding use-it or lose-it allowance in ED3 (including overhead line removed in **km, the length of underground cable installed in km, and** expenditure (including on nature-based solutions, habitat restoration and screening/planting)).

How this maps to our EAP

- We have set commitments for implementing Nature-based Solutions (NbS) to support carbon removals and wider ecosystem services, deliver nature recovery activities in line with our legal biodiversity duties and responsibly manage natural capital and reduce the visual amenity impact of our overhead lines (OHL).
- We have set targets for achieving 723 hectares of peatland restoration, 564 hectares of native woodland creation and 7 hectares of seagrass planting by 2033, deliver a minimum of 12 biodiversity interventions and underground 21.93km of OHL or utilise NbS where technically and commercially viable as well as report on the delivery of nature recovery activities and use of the visual amenity allowance.
- We have gone beyond minimum requirements by committing to implement NbS to support carbon removals and wider ecosystem services and responsibly manage natural capital.

Further detail is provided in Section 6.4 Supporting Nature