

CASE STUDY:

RIIO Environment Business Plan Review

UK Gas Utility

Overview

Gas utility companies are expected to submit 'well-justified' business plans geared towards low carbon economy to comply to Ofgem's new RIIO framework commencing in 2013.

Enzen supported the company by undertaking a comprehensive review of the Business Carbon Footprint based on global best practice standards and delivered a well justified low carbon roadmap.

Highlights

- Enzen reviewed the Business Carbon Footprint to ensure Ofgem compliance
- Enzen along with the business stakeholders, developed a Low Carbon strategy leading into a well-justified Asset Management Plan
- Enzen as part of the engagement, has identified innovative clean energy initiatives supported by high level business case

Adapting to RIIO

Ofgem's new RIIO regulatory framework aims to bring about a shift from 'low cost energy delivered as sustainably as possible to sustainable energy delivered at the lowest cost possible'. GDNs are expected to deliver well justified business plans with a strong emphasis on delivery of key environmental outputs ranging from publishing their Business Carbon Footprint to facilitation of bio-methane to grid connections.

Positive financial and reputational rewards are available where performance exceeds prescribed targets while disincentives exist to prevent and punish non-compliance.

Enzen's Contribution to RIIO

The Enzen team is accomplished in the energy and environment sector and in the interpretation of Ofgem regulations. Enzen is also well positioned to support the gas utility companies in adapting their strategies and business plans to meet RIIO sustainability guidelines and smooth the transition to low carbon operations.

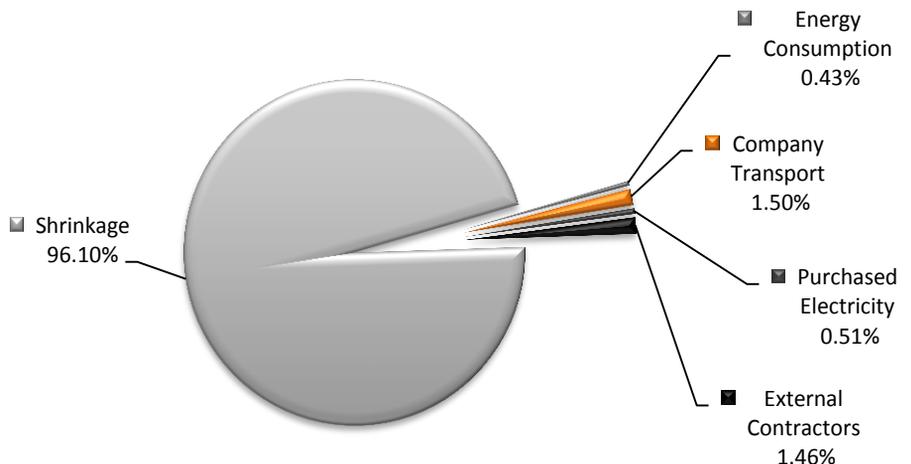
Enzen's Engagement Scope

Enzen, over a six week period, has reviewed the Business Carbon Footprint of the company and has driven forward the network's Environment/Asset Management Plan for submission to Ofgem.

Enzen's Approach & Solutions

- Our team has followed a best practice approach of reviewing, estimating and reporting the Business Carbon Footprint in line with Ofgem regulatory requirements. A customised Fish Bone Dashboard was developed to provide a comprehensive snapshot of the organisation emissions and to aid low carbon strategy development:

Business Carbon Footprint Analysis

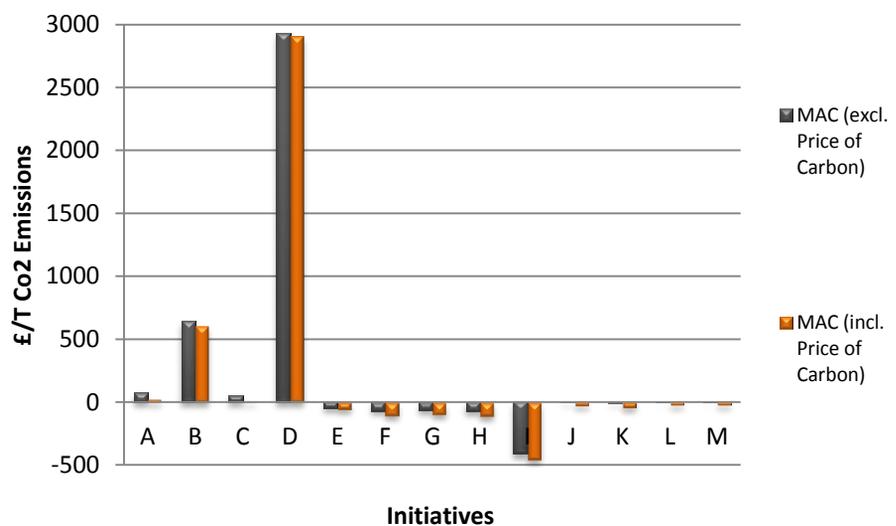


Key Benefits

- Comprehensive strategy and roadmap to realise low carbon economy during the RIIO period
- Estimated savings of 10,651tCO₂e per year on implementing the initiatives
- Robust case for obtaining innovation related funding from Ofgem.

- Once the emissions were base-lined and key stakeholder consultations were conducted, our team focused on the delivery of a well justified Environment or Asset Management Plan.
- Using key qualitative and quantitative metrics such as Marginal Abatement Cost Analysis, Scenario Forecasting and Enzen's customised Competitive Scoreboard Model, the team identified, evaluated and prioritised carbon reduction initiatives for subsequent implementation during RIIO-GD1.
- These emission saving initiatives were subsequently synergised and integrated into a Low Carbon Roadmap offering potential carbon savings of approximately 10,000tCO₂e per year with corresponding justified Business cases and Implementation time-lines .

Marginal Abatement Cost - Scenario Analysis



Enzen Delivered Client-Benefits

- Engaging Enzen as an advisory partner in this strategic assignment paved the way for the company to drive forward a Low Carbon Roadmap for implementing select carbon reduction initiatives offering an annual emission saving potential of circa 10,000 tCO₂e during RIIO-GD1.
- This engagement led to delivery of a 'well justified' RIIO Environment Business Plan, contributed to an improved sustainability strategy, as well as enhanced financial, stakeholder and reputational benefits for the company.
- The company, through this engagement has satisfied Ofgem in terms of the third party study of the Business plan and in embedding industry-wide best practices and knowledge.
- Enzen has identified few innovative schemes with associated business cases that are proposed to be piloted during the RIIO period as part of the low carbon commitment.

