ContourGlobal Limited

Transition Assessment | Energy | United Kingdom

The Entity and Business Activities

ContourGlobal Limited is an independent power producer that produces energy from fossil and non-fossil sources. It is privately owned by KKR Infrastructure, which acquired 100% of the company in 2022.

Activity	% of Revenue	Business Activity Description
Non-renewables	79.5	Production of energy from non-renewable sources (including coal, natural gas and fuel oil).
Renewables	20.5	Production of energy from renewable sources (solar, wind and hydropower).

Note: 2024 revenue data.

Source: Sustainable Fitch, ContourGlobal feedback

Summary

The outcome of Sustainable Fitch's Transition Assessment for ContourGlobal is 'Substantial Transition =', indicating substantial progress in its transition, including through the adoption of a comprehensive, clear long-term target to reach net zero, and its demonstrated progress via emissions reductions and transition-related investment and revenue. The company has also adopted goals targeting emissions reductions by 2030, and it articulated plans to significantly expand its renewable-based generation capacity.

ContourGlobal has begun implementing its transition plan already, as shown by its declining emissions in recent years – a trend that accelerated in 2024 in a large part due to the closure of its largest coal-fired power generation asset. In terms of financial actions, renewables such as wind and solar account for an increasing share of the company's total revenue, with further investment in transition-related activities and projects likely to continue to support its decarbonisation goals. To assist with financing these plans, ContourGlobal has developed a green bond framework, for which we have provided a Second-Party Opinion.

The company has a clear coal phase-out policy, but it continues to invest in thermal gas capacity, tempering its otherwise steady decarbonisation progress. Over the longer term, it intends to deploy carbon capture and storage at scale as part of its plan to reach net zero by 2040.

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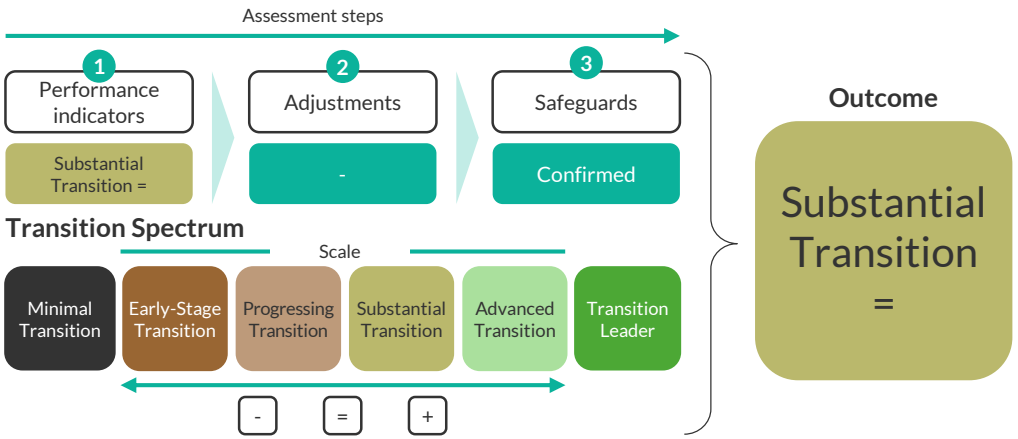
ContourGlobal – Transition Assessment Process



Note: The assessment builds on a transition spectrum, offering extra granularity with additional sub-stages to each stage, such as "-, "=" or "+".
Source: Sustainable Fitch

ContourGlobal Transition Plan and Pathway – Strengths and Weaknesses

\+ Ambitious 2040 net-zero target covering Scopes 1, 2 and 3 GHG emissions

\+ Substantial reduction in GHG emissions, especially over 2024

\+ Rapid phase-out of coal-fired power generation capacity

\+ Material share of revenue from green and decarbonising activities

\- Expansion of some fossil fuel (thermal) generation capacity planned

\- Emissions intensity is still high, requiring more rapid shift to low-carbon technologies to deliver on targets

Source: Sustainable Fitch

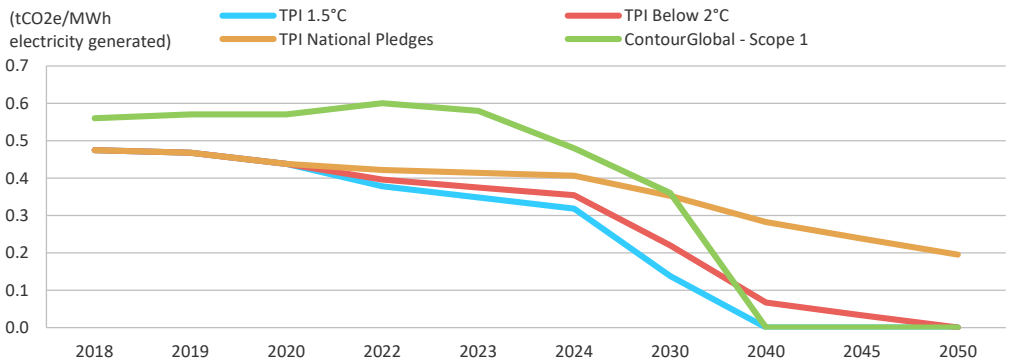
ContourGlobal's Transition Assessment – Performance Indicator Scores

	2050 Aim		Score	Out of
Emissions Ambition	1.1	Targeted reduction in absolute Scopes 1 and 2 emissions	4	4
	1.2	Targeted reduction in absolute Scope 3 emissions	4	4
	1.3	Targeted reduction in intensity life cycle (Scopes 1, 2 and 3 emissions)	4	4
	2030 Aim			
	1.4	Targeted reduction in absolute Scopes 1 and 2 emissions	4	5
	1.5	Targeted reduction in absolute Scope 3 emissions	2	5
	1.6	Targeted reduction in intensity life cycle (Scopes 1, 2 and 3 emissions)	4	4
Emissions Reduction	**Long Term (since 2015)**			
	2.1	Achieved reduction in absolute Scopes 1 and 2 emissions	3	5
	2.2	Achieved reduction in absolute Scope 3 emissions	2	5
	2.3	Achieved reduction in intensity life cycle (Scopes 1, 2 and 3 emissions)	1	4
	Short Term (previous three years)			
	2.4	Achieved reduction in absolute Scopes 1 and 2 emissions	5	5
	2.5	Achieved reduction in absolute Scope 3 emissions	3	5
	2.6	Achieved reduction in intensity life cycle (Scopes 1, 2 and 3 emissions)	2	4
Financial Actions	**Transition Investments**			
	3.1	Decarbonising percentage (of total annual investments)	0%	–
	3.2	Green percentage (of total annual investments)	12%	–
	3.3	Total green and decarbonising percentage (of total annual investments)	2	5
	3.4	Green-to-decarbonising investments ratio	5	5
	Transition Revenue			
	3.5	Green and decarbonising annual revenue growth (%)	1	5
	3.6	Green and decarbonising annual revenue (percentage of total revenue)	4	5

Source: Sustainable Fitch, ContourGlobal feedback

ContourGlobal Aiming for Rapid Decarbonisation

ContourGlobal's emissions intensity of power generation mapped against TPI pathways



Note: Data for 2030 calculated as 40% fall versus 2022 baseline, as disclosed in green bond framework; TPI National Pledges scenario consistent with 2.6 °C warming pathway. Net zero by 2040 leaves 600,000tCO2e of residual absolute emissions in 2040 under high-investment scenario, with abatement via carbon capture and storage.
Source: Sustainable Fitch, TPI - sector benchmark for electricity utilities, ContourGlobal green bond framework and data

Transition Plan Review

ContourGlobal is a private, UK-based power-generation company with a presence in 20 countries. In 2024, it had a total of 5.5GW of installed capacity across seven technologies, with fossil fuel-based production accounting for about two-thirds of its overall capacity. It had unadjusted revenue of USD1.81 billion in 2024.

The company is actively implementing its long-term transition plan, which includes a target to achieve net zero across its Scopes 1, 2 and 3 emissions.

Following the appointment of a new CEO, 2024 has seen ContourGlobal increase the ambition of its transition plan, as shown by it bringing forward its net-zero target date to 2040 from 2050 and expediting the transitioning of its asset portfolio by eliminating its exposure to higher-carbon coal assets and adding significant renewable energy-based generation capacity.

Decarbonisation Levers

The main levers for decarbonising the business and achieving the plan's objectives include:

- expanding renewable energy capacity, particularly wind and solar technologies;
- enhancing energy management and efficiency capabilities;
- pursuing opportunities across batteries, fuel blending and carbon capture; and
- rapidly phasing out coal by 2027.

As of September 2024, about 46% of ContourGlobal's total installed generation capacity came from fossil gas or liquid fuel assets, with an additional 19% coming from coal. Renewables accounted for 19% of installed capacity, with high-efficiency cogeneration accounting for 14%.

The company plans to focus its portfolio of generating assets decisively towards renewables in the coming years. By 2030, ContourGlobal plans to more than quadruple its renewable capacity, to 4.7GW from 1.1GW in September 2024, which would then account for over 50% of its total targeted generation capacity.

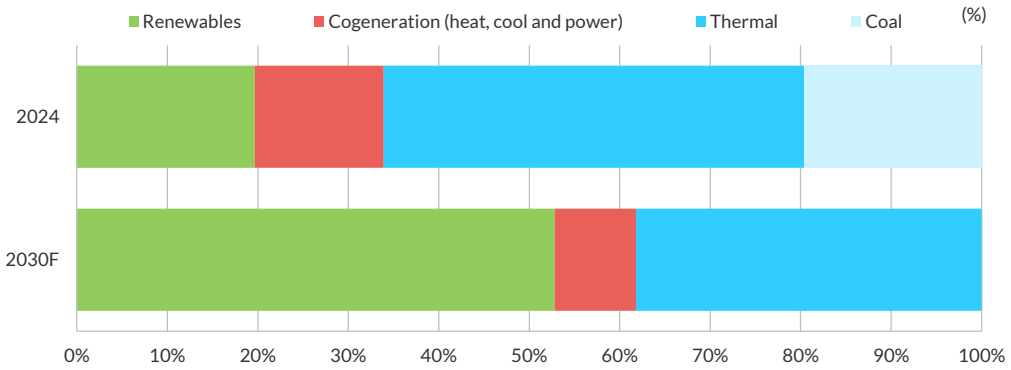
Under current capex plans, this expansion will involve the addition of 17.9MW of solar PV capacity to its solar plants in Italy, the acquisition of two solar PV sites in the US (total capacity of 151MW) and the expansion of the company's wind parks in Austria, which it plans to increase the capacity of by 43% to 231MW by 2029.

ContourGlobal is also planning to develop a 400MW solar PV and battery energy storage system asset at its former Maritsa coal power site.

That said, current projects will only go part of the way towards achieving the company's 2030 renewables capacity ambitions. Additional, and larger, clean energy projects would need to be added to the pipeline to transition the business in the coming years. The company is also planning to add around 0.8GW of thermal capacity by 2030.

ContourGlobal Plans Shift to Renewables

Share of Total Generation Capacity



Note: Total installed capacity is 5.6GW in 2024, planned increase to 8.9GW by 2030.
Source: Sustainable Fitch, ContourGlobal investor presentation (September 2024)

Beyond renewable energy, the company has also indicated interest in several additional green and decarbonising activities that could further contribute towards shifting its overall business model. This includes biofuels, biomethane and hydrogen, among others. These opportunities are currently positioned as key decarbonisation levers for ContourGlobal in the longer-term, beyond 2030.

GHG Emissions Profile

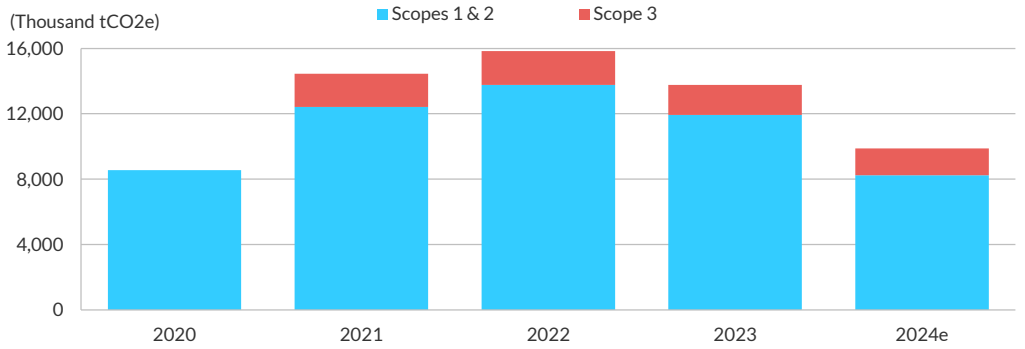
ContourGlobal's current GHG emissions profile is heavily influenced by its fossil fuel-based power generation assets, which accounted for two-thirds of its installed capacity as of September 2024. Around half of the company's total emissions were produced by its coal plants in 2022.

The closure and repurposing of ContourGlobal's 908MW Maritsa coal-fired power plant in Bulgaria in early 2024 supports the company's interim decarbonisation goals by reducing emissions from this carbon-intensive component of its asset portfolio. Indeed, 2024 marked a significant shift in the company's emissions profile – total disclosed GHG emissions fell by 28% compared to the previous year (based on 2024 data covering Q1–Q3 and estimated data supplied by the company for Q4).

In terms of technologies, the remainder of the company's production-related emissions are largely due to natural gas-based generation.

Scope 1 the Largest Share of ContourGlobal's GHG Emissions Footprint

Disclosed GHG Emissions Data 2020-2024



Note: Estimated data for 2024 based on confirmed data for Q1-Q3 and estimates for Q4, based on compnay management reports; no Scope 3 data for 2020; Scope 2 typically less than 1% of ContourGlobal's total carbon footprint.
Source: Sustainable Fitch, ContourGlobal data

In terms of carbon accounting, Scope 1 direct emissions – those produced from businesses, activities and assets owned or controlled by the company – represent the largest component of its emissions footprint, accounting for 83% of the roughly 9.8 million tCO2e the company reports it emitted in 2024.

Meanwhile, value chain emissions (Scope 3) remained consistent in contributing to 16%–17% of the total emissions in recent years, while other indirect emissions – Scope 2, comprising energy purchased and used –added minimally to the total at less than 1% between 2020 and 2024.

ContourGlobal has reported Scope 3 data as of 2021 and includes its most material categories in its measurements and disclosure, with latest available data covering categories 1, 3, 4, 5, 6, 7, 10, 11 and 15. Of these, category 3 contributes to the largest share (80%) of total value chain emissions.

In terms of GHGs, the company confirms historical disclosures include CO2, sulphur hexafluoride, hydrofluorocarbon and chlorofluorocarbons fluorinated gases within its reporting perimeter.

Alignment with Sector Pathway

ContourGlobal's targeted emissions pathway represents a significant departure from its historically emissions-intensive business model. In recent years, the company's emissions intensity has been well above the relevant sector benchmarks set by the Transition Pathway Initiative (TPI).

As of 2024, ContourGlobal's Scope 1 carbon intensity – that is, the emissions intensity covering direct emissions from electricity production – stood at 0.48tCO2e/MWh of electricity generated.

This is 18% higher than the TPI benchmark for a 2.6°C-aligned scenario for 2024 (0.406tCO2e/MWh), and 51% above the level required under the TPI's 1.5°C-aligned scenario (0.318tCO2e/MWh). Taking indirect and value chain emissions into consideration, the company's full life-cycle intensity was also well above the TPI's benchmarks, at 0.62tCO2e/MWh.

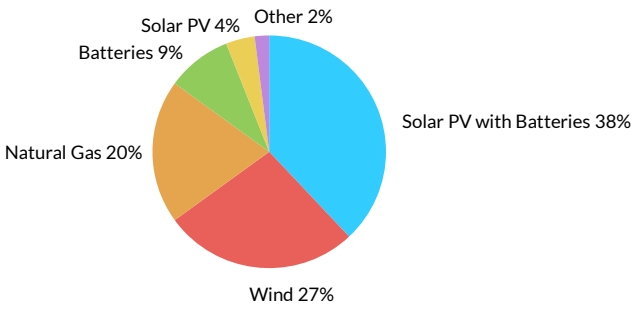
That said, data from the past two years point to a downwards trajectory, with Scope 1 emissions intensity falling by 20% since its peak in 2022.

ContourGlobal has set ambitious targets to decarbonise over the next 15 years. If ContourGlobal's transition plans and related targets are fully realised, this would potentially bring the company in line with the TPI's 2.6°C pathway by 2030 and with its 1.5°C pathway by 2040.

For more details about ContourGlobal's scenario alignment, see chart on pg. 2.

Solar and Wind Positioned to Account for Majority of Targeted Capacity Expansion

Share of potential planned capacity increase by 2030



Note: Reflective of a possible scenario in which ContourGlobal achieves its targeted 8.9GW installed capacity by 2030.
Source: Sustainable Fitch, ContourGlobal investor presentation (September 2024)

Transition Plan Implementation Progress

As a cornerstone of its commitment to the energy transition, ContourGlobal is addressing its most material emissions source by phasing out its coal-fired generation assets by 2027.

Coal currently accounts for about 20% of its total installed capacity of 5.6GW and 12% of its EBITDA. This compares to 2020, when coal accounted for 22% of total installed capacity, which was 4.8GW, and 19% of EBITDA.

However, non-coal thermal generation remains the most important component of ContourGlobal's overall portfolio, with an additional 0.8GW of thermal capacity planned for 2030. This expansion creates the risk of additional future emissions and carbon lock in. The company indicates it would make extensive use of carbon capture and storage to address this, particularly between 2030 and 2040. Indeed, its high-investment scenario includes 5.1 million tCO2e of carbon capture and storage capacity in place by 2040.

Targeted additional renewable energy capacity expansion is 3.6GW, supported by significant green investments and strategic focus. The intended expansion is positioned to focus largely on solar PV assets with accompanying battery storage, as well as onshore wind assets. Almost half of this expansion is targeted for the US.

ContourGlobal has also identified additional green or low-carbon areas of growth, including hydrogen, biomethane and biogas, as well as carbon capture. These are not yet supported by specific investment or capacity targets, unlike its broader intention towards conventional renewables.

These plans may significantly reshape the company's emissions profile and overall carbon footprint in the short-to-medium term. As the company sheds its most carbon-intensive assets and continues to rapidly scale up the renewable portion of its portfolio, these emissions would expectedly decrease. Already, 2024 has seen an acceleration in the decline in the company's Scope 1 emissions, which reduced by 31% in 2024 (based on estimated full-year emissions) versus a 13% decline in 2023.

Scope 3 emissions, notably category 3 (which includes purchased fuels), have also steadily declined in recent years, in line with the declining role of heavy emitting technologies in ContourGlobal's asset portfolio. However, further progress on this front could be tempered by additional use of natural gas.

Sustainable Fitch Transition Assessment

The following sections explains our scoring of each of the Performance Indicator elements of the Transition Assessment, as well as the Adjustments and Safeguards.

Emissions Ambition

ContourGlobal has a formal target to achieve net zero by 2040. This target includes its Scopes 1, 2 and 3 emissions, without the exclusion of relevant locations, assets or subsidiaries. Accordingly, performance indicators 1.1 and 1.2 under the Transition Assessment receive the top score of '4'.

Given the company's net-zero target for absolute emissions covers all three GHG emissions Scopes, we consider this to indicate that its life-cycle intensity would also reach net zero by the target date; as a result of this, performance indicator 1.3 also receives a score of '4'.

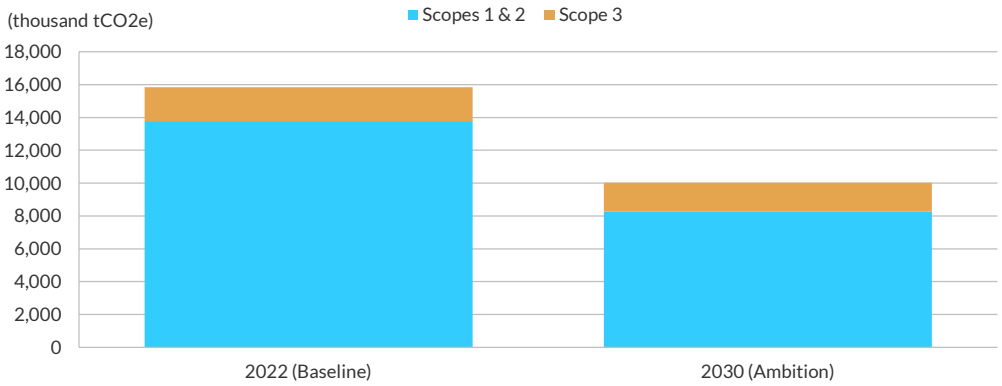
ContourGlobal has also set interim GHG emissions reductions targets for 2030. For its Scopes 1 and 2 emissions, it has committed to reducing emissions by 40%, and as a result receives a score of '4' for indicator 1.4. ContourGlobal has also adopted a target to reduce its Scope 3 emissions by 15%, resulting in a '2' score for indicator 1.5, in line with our Transition Assessment methodology. In both cases, these targets reference a 2022 baseline.

Using a weighted approach to assess performance indicator 1.6, we assigned it a score of '4' due to the company's interim intensity target.

Contour Global includes its most material Scope 3 emissions categories within both its near-term and long-term ambitions.

Near-term Targets to Materially Reduce Overall Emissions

Expected emission reduction based on targets for Scopes 1 & 2 emissions and Scope 3 emissions



Source: Sustainable Fitch, ContourGlobal data

Collectively, overall emissions for ContourGlobal would decrease by 37% by 2030, based on the targets it has set for its Scopes 1, 2 and 3 emissions.

Emissions Reduction

Long-term changes in emissions performance are difficult to assess for the company, given the limited historical data for before 2020.

As a result, we took into consideration observable trends in available data. Based on the earliest available data from 2019, ContourGlobal's combined Scopes 1 and 2 emissions have decreased by 27% versus 2024, for which the company has provided preliminary full year GHG emissions data, based on confirmed data for Q1-Q3, and estimated data for Q4, supplied by the company in management reports. This data was validated by ERM, which the company has chosen to review its GHG emissions inventory.

Under performance indicator 2.1, which considers long-term changes in emissions performance, this decrease is scored at a '3'.

Decreases in direct emissions (Scope 1) are attributable to the company's changing energy mix, with 2024 being a major year for the company's decarbonisation via the retirement of its largest coal asset. Indirect Scope 2 emissions are largely immaterial to the company's overall carbon footprint.

Changes in Scope 3 emissions under performance indicator 2.2 have been scored as '2', reflecting a decrease of 19% in 2024 relative to 2021, which is the earliest year available for Scope 3 emissions data. Long-term changes in life-cycle emissions intensity under performance indicator 2.3 have been scored as '1', reflecting a broad decreasing trend.

More recent progress on emissions is evident from the company's latest 2024 data. Scopes 1 and 2 emissions have decreased by about 34% relative to 2021, resulting in a top score of '5' under performance indicator 2.4.

Similarly, Scope 3 emissions and life-cycle intensity have also decreased over the near term, although not as significantly, resulting in scores of '3' and '2' under performance indicator 2.5 and 2.6, respectively.

Financial Actions

Our analysis of ContourGlobal's transition-related investments considers its EU taxonomy-aligned and eligible capex and opex line items, classifying them as greening, decarbonising or not applicable in line with the definitions outlined in our Transition Assessment methodology.

Green and Decarbonising Investment

In 2024, ContourGlobal's transition-related investment (capex plus opex) totalled USD148.8 million, which is 12% of its overall USD1.27 billion of investments, resulting in a score of '2' for performance indicator 3.3. On its own, transition-related capex accounted for about 30% of overall capex. However, the indicator score was affected by the smaller share (8%) of transition-related opex as a percentage of overall opex.

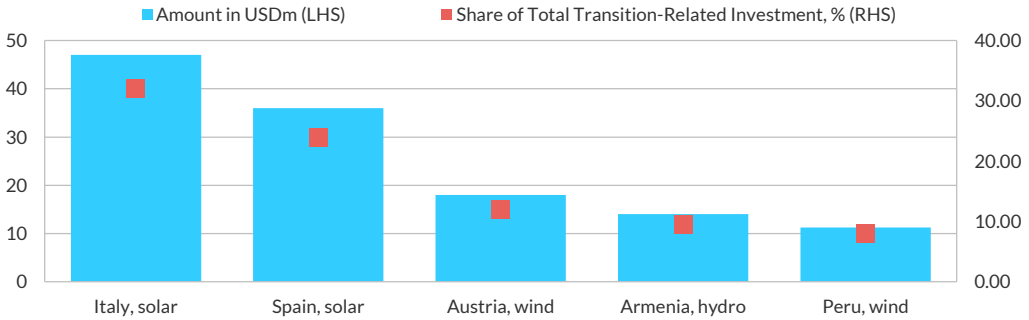
All the transition-related investment line items disclosed to us were for activities classified as green under our Transition Assessment methodology. Consequently, the company more than exceeds the threshold for achieving the top score of '5' for indicator 3.4, which assesses the ratio of green versus decarbonising investments.

Of the green investments made in 2024, the largest capex allocations were for developing the company's solar and wind generation capacity. Its solar PV assets in Italy received the single-largest allocation at 27% of total transition-related investment, followed by the USD18.2 million allocated to the company's wind parks in Austria (12% of the total).

ContourGlobal states it is planning to raise additional capital to support its low-carbon transition. In November 2024, it developed a green bond framework detailing its medium-term objectives and eligible uses of proceeds, for which we have provided a Second-Party Opinion.

Solar and Wind Project Contributing the Most to ContourGlobal's Transition-Related Investment

Top Five Allocations for Transition-Related Investment in 2023



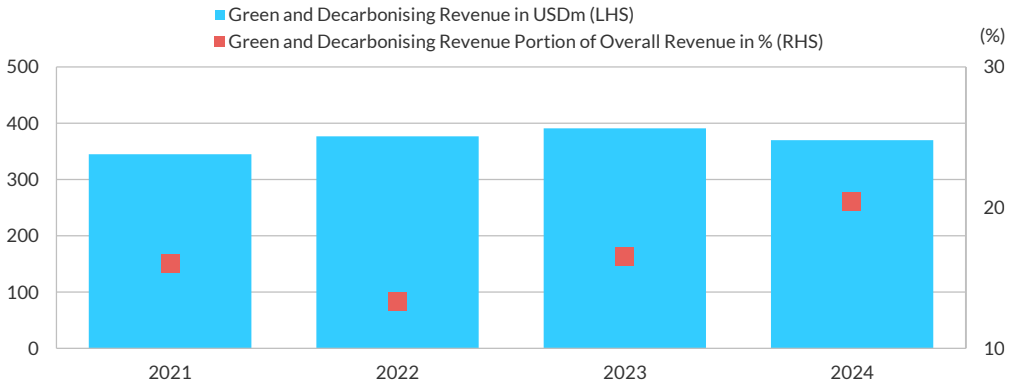
Note: Investment includes capex plus opex; transition-related covers data for greening and decarbonising projects. Source: Sustainable Fitch, ContourGlobal data

Green and Decarbonising Revenue

Revenue relating to green and decarbonising activities amounted to around USD370 million in 2024, which is about 20.5% of the company's annual unadjusted revenue of USD1.81 billion. Under performance indicator 3.6, this resulted in a strong score of '4' due to a meaningful portion of the company's earnings being tied to renewable energy generation. The contribution of green and decarbonising revenues to overall revenue has consistently increased over the last three years.

Green and Decarbonising Revenue Continues to Grow against Overall Revenue

Revenue attributable to green and decarbonising activities against total annual revenue



Source: Sustainable Fitch, ContourGlobal data

Overall revenues from green and decarbonising activities decreased by 5.4% in 2024 relative to 2023 but grew by about 7.2% since 2021. Despite this near-term decrease, transition-related revenue continues to be made, resulting in a score of '1' under performance indicator 3.5.

The share of EBITDA from renewables has remained largely consistent, at around a-third of total EBITDA in the period covering 1Q24–3Q24 and in 2023, while coal's share has continued to decline, from 15% in 2023 to 11% in 1Q24–3Q24.

Adjustments

No adjustments (either negative or positive) were applied to company's assessment, based on available information and data.

	Potential Adjustment	Commentary
1	Positive adjustment if there is a commitment not to finance or acquire new fossil fuel plants	The positive adjustment was not applied as no such commitment exists. The company is rapidly phasing out the use of coal but is positioned to expand its fossil gas-based generation capacity by 0.8GW by 2030.
2	Negative adjustment if emissions reductions achieved involve offsets for more than 5% of the total delivery	The negative adjustment was not applied as the company does not currently rely on offsets to achieve emission reductions.
3	Positive adjustment if average energy generation portfolio's life-cycle emissions are below 100gCO2/kWh	The positive adjustment was not applied as the company's average life-cycle emissions exceed 100gCO2/kWh. Based on its latest emissions data, combined Scopes 1 and 3 life-cycle emissions appear to be around 670gCO2/kWh.
4	Negative adjustment if chosen emissions accounting methodologies do not capture material categories (related to GHG Protocol for Scope 3)	The negative adjustment was not applied as the company has included all relevant Scope 3 categories in its disclosure and targets.
5	Positive adjustment if executive remuneration is linked to quantifiable emissions-related targets (greater than or equal to 20% of total variable pay)	The positive adjustment was not applied as the company's emissions-related remuneration structure does not meet our threshold. Transition-related objectives with emissions benefits are formally incorporated into executive remuneration, but these do not constitute quantifiable emission targets that meet or exceed 20% of total variable pay.

Source: Sustainable Fitch, data supplied by Contour Global

The company is rapidly phasing out its coal-based generation assets, but it has not committed to phasing out future fossil fuel-based generation assets. Based on its disclosure, thermal generation capacity is expected to increase from the present 2.6 GW to 3.4 GW by 2030. As a result, adjustment 1 was not applied. Adjustment 3 was not applied based on calculations from the company's current portfolio emissions.

No penalties were applied based on adjustments 2 and 4, as the company does not rely on the use of offsets and has complete emissions accounting for its most relevant emissions.

Adjustment 5 was not applied as it does not meet the adjustment's threshold. ContourGlobal currently includes a range of transition-related metrics and outcomes as part of its executive bonus structure. The threshold requires an overall quantifiable remuneration link for emissions reductions of at least 20% of total variable pay.

Safeguards

The safeguards considered for the "Substantial Transition" category for the Power Generation sector include: an ambition to achieve net zero by 2050 for Scopes 1, 2, and 3; demonstrating progress on emissions reductions across all three Scopes over both the long and short term; and demonstrating progress on transitioning with at least some revenue being derived from transition-related products or services.

ContourGlobal satisfies the first safeguards, based on its net-zero commitment targeting its Scopes 1, 2 and 3 emissions by 2040. Based on data provided by the company, its Scopes 1 and 2 emissions have decreased by over 34% between 2021 and 2024, which satisfies the second safeguard.

Moreover, in 2024, 20.5% of the company's revenue were linked to the sale of renewable energy, so it comfortably meets the third safeguard.

Minimum safeguards covering the "Progressing Transition" category are satisfied by the company's net-zero target, which address Scopes 1, 2 and 3 emissions on an absolute and intensity basis and include both 2030 and 2040 reduction targets. In addition, the safeguard concerning a portion of investments being directed towards transitioning is satisfied based on the company's current green and decarbonising capex and opex figures.

Appendix – Methodology: Energy Sector

The Transition Assessment builds on the work of the Sustainable Markets Initiative and its Energy Transition Task Force's transition framework.

Transition Assessment – Core Elements

Our transition assessment is primarily a quantitative analysis, for comparability reasons, calibrating the scoring against benchmark climate scenarios. Additionally, it incorporates qualitative elements and analyst judgement. The framework integrates both backward-looking and forward-looking indicators. The full methodology report can be accessed here.

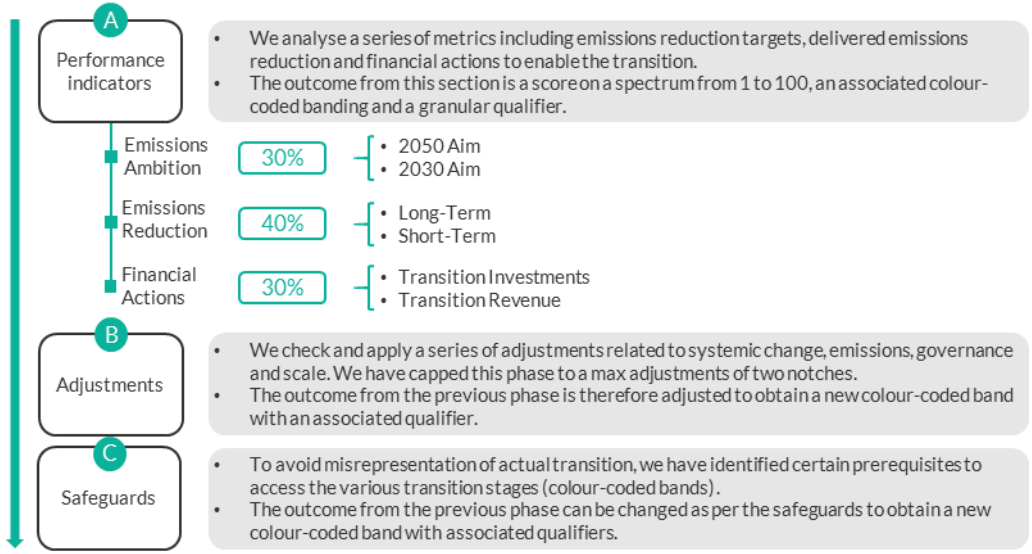
The three main areas assessed are:

Emissions Ambition (out to 2050 and 2030). This section is a set of quantitative indicators assessing the ambitiousness of the entity's long-term and intermediary targets, in absolute and intensity terms.

Emissions Reduction (long-term and short-term). This section helps measure quantitatively the actual emission reduction achieved over two different timeframes. The indicators show commitment and achievement.

Financial Actions (investments and revenue). This section tracks the financial flows apportioned towards transition and transition-enabling investments, as well as the actual revenue generated from them.

Analytical Process:



Energy Sector Decarbonisation

As the sector contributing the most to global GHG emissions, decarbonising power generation is essential for achieving the goals of the Paris Agreement. Under the International Energy Agency's (IEA) net-zero emissions scenario, absolute GHG emissions from the "electricity and heat" sector need to decline by 102% between 2021 and 2050.

Decarbonisation would need to occur rapidly in the short-to-medium term as well, with GHG emissions needing to reduce by 44% by 2030 and 97% by 2040 compared to 2021, when the sector generated 12,511tCO2.

To help benchmark companies against different decarbonisation pathways and temperature outcomes, the TPI developed benchmark pathways based on IEA modelling that set out emissions intensities for specific sectors that align with 1.5°C, Below-2°C and national pledges scenarios. Under the TPI's global 1.5°C sector benchmark for electricity utilities, the emissions intensity of electricity production, measured in tCO2/MWh, would need to be at or below 0.138tCO2e/MWh) by 2030, representing a 47% decline compared to an average company's performance in 2021, and reaching zero by 2050.

Shift from Fossil Fuels to Renewables

Meeting these steep emissions reduction requirements requires a fundamental shift across the power generation sector away from fossil fuel-based technologies and towards renewable sources of power such as solar PV, wind and hydropower.

Coal-fired power, the largest single source of emission from energy, accounting for 45% of combustion-related emissions in 2022, according to the IEA, would need to be phased out worldwide by 2040 under a Paris-aligned pathway, with a phase out as early as 2030 in the case of OECD countries. Other fossil-fuel-based operations, including natural gas power plants also need to be retired in the coming decades if global warming is to be limited to 1.5°C.

Meanwhile, renewables-based generation capacity would need to ramp up significantly, along with a major expansion in grid capacity and energy storage solutions. This is because numerous other sectors will also rely on electrification to reach net zero, from heat, to transport, to steel manufacturing; this will create an increase in demand for electric power.

Material GHGs

While CO2 accounts for the largest share of GHG typically emitted by power companies, methane (CH4) is also a highly material GHG. CH4 is responsible for 30% of the rise in global temperatures since pre-industrial times, with over 80x the warming potential of CO2 over a 20-year period, and the sector accounts for over a third of methane emissions from human activity, according to the IEA.

Taking practical steps reduce CH4 emissions and including this key GHG in emission targets and historical data reporting is therefore also critical for materially transitioning the sector.

Status: Solicited

The Assessment was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.