

# Consultation on PR24 operational greenhouse gas emissions performance commitments definitions

## South East Water response

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# 1. Introduction

This paper sets out South East Water's (SEW) response to Ofwat's Consultation regarding PR24 operational greenhouse gas emissions performance commitment definitions.

We appreciate the opportunity to comment and feedback on the Ofwat consultation. Please find our responses below and trust they are useful to informing and confirming future guidance.

## 2. Answers to questions/ response

### **Q1: Do you have any comments on our proposal to include additional reporting categories in the definitions of our PR24 operational GHG emission PCs?**

Overall we are supportive that reporting boundaries should be expanded to improve our view of GHG reporting – for SEW the inclusion of emissions from chemicals seems the most notable. However, when new reporting is introduced there is an element of caution that initially there is a stage of understanding and improving consistent reporting. Hence, ideally a numbers of years reporting would be in place before having trust and confidence in the expanded scope items before being integrated into performance commitment reporting.

### **Q2: Do you have any comments on our proposal to allow companies to claim GHG emissions reductions when trading bioresources?**

The consultation outlines “that companies will be able to include reductions achieved through the export of renewable energy (providing they retain the appropriate certificates, e.g., Renewable Energy Guarantees of Origin (REGOs) and Renewable Gas Guarantees of Origin (RGGOs) certificates).” Overall we do not disagree with this approach, however as a water-only company we are constrained with our overall ability to export renewable energy to the grid with any materiality. We have no waste activity to draw renewable energy from, and our current limited land holdings also ensures more traditional forms of renewable energy are also very limited. Subsequently we envisage that our energy requirements will continue to be dependent on the grid and therefore subject to location based reporting. The observation, therefore, is that by the nature of our uncontrollable business operating design we will have less opportunities to take advantage of securing GHG reductions achieved via export of renewable energy to the grid.

### **Q3: Do you have any comments on our proposal to use one version of the CAW throughout PRR24 to assess progress against the PCs?**

We are supportive that one version of the Carbon Accounting Workbook (CAW) should be used throughout the PR24 price control period to consistently assess progress against the relevant Performance Commitments. We assume the Ofwat terminology of “one version” of CAW assumes that all emission factor assumptions are frozen within the “one version” for the PR24 period assessment (rather than simply adopting the model calculations and assumptions).

We note that in reality the CAW evolves each year to take account of revised emission factors but also adapts to improving and emerging accounting methods. As such we assume Ofwat will be aware that alongside a static PR24 version there will also be parallel APR version that will likely deviate in performance output from the PR24 performance commitment version.

### **Q4: Which version of the CAW do you consider it is feasible to use throughout PR24 and why?**

At the time of PR24 final determination we expect CAW version 18 will be in place. Given this will be the most up-to date version available we consider this the most appropriate to link to performance commitment assessment reporting.

As noted above, in parallel to PC reporting we expect the industry to continue using an annually updated CAW for APR purposes.

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