



# 2020 OVO Group Ltd Scope 1 and Scope 2 carbon emissions basis of preparation

## 1. Overview

### 1.1. Purpose of this document

This document outlines the reporting approach used by OVO Group Ltd (“OVO”) to report on Scope 1 and Scope 2 carbon dioxide equivalent (CO<sub>2</sub>e) emissions.

### 1.2. Metrics

This document covers the following metrics:

- Scope 1 carbon emissions (tCO<sub>2</sub>e)
- Scope 2 carbon emissions (Market-based) (tCO<sub>2</sub>e)
- Scope 2 carbon emissions (Location-based) (tCO<sub>2</sub>e)
- Scope 1 and Scope 2 carbon emissions intensity relative to revenue (Market-based) (tCO<sub>2</sub>e/£m)
- Scope 1 and Scope 2 carbon emissions intensity relative to revenue (Location-based) (tCO<sub>2</sub>e/£m)

## 2. Scope

### 2.1. Organisational boundaries

There are two methods for establishing organisational boundaries that are described in the Greenhouse Gas Protocol standard: the equity share and control (financial or operational) approaches. An operational control consolidation approach was used to account for emissions. Table 1 describes the entities that are within the operational boundary approach.



**Table 1: Organisational boundaries**

Inclusions	Exclusions
<p>All owned reporting entities that OVO has operational control over including:</p> <ul style="list-style-type: none"> <li>• OVO Group Ltd</li> <li>• OVO Energy Ltd (trading as “OVO Energy”, “Boost”, and “Lumo”)</li> <li>• OVO Field Force Ltd</li> <li>• Kaluza Ltd (trading as “Kaluza”)</li> <li>• Spark Energy Ltd (trading as “Spark”)</li> <li>• Corgi HomePlan Ltd (trading as “CORGI”)</li> <li>• Intelligent Energy Technology Ltd (trading as “Kaluza”)</li> <li>• Hybrid Energy Solutions Ltd (trading as “ChargedEV”)</li> <li>• OVO Energy Spain S.L.L. (trading as “OVO Energy Spain”)</li> <li>• OVO Energy SAS France (trading as “OVO Energy France”)</li> <li>• OVO Energy Pty Ltd (trading as “OVO Energy Australia”)</li> <li>• Corgi Network Ltd (trading as “Kantan”)</li> <li>• Kantan Ltd</li> <li>• OVO (S) Energy Services Ltd (trading as “SSE Energy Services”)</li> <li>• OVO (S) Electricity Ltd</li> <li>• OVO (S) Metering Ltd</li> <li>• OVO (S) Home Services Ltd</li> <li>• OVO (S) Energy Solutions Ltd</li> <li>• OVO (S) Retail Telecoms Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Emissions from entities where OVO has no operational control, including associates</li> <li>• Entities that are dormant or have no headcount</li> </ul>

## 2.2. Reporting period

Reporting is aligned to the calendar year (i.e. 1st January - 31st December).

## 2.3. Carbon emissions sources

**Table 2: Scope 1 and Scope 2 emissions sources**

Inclusions	Exclusions
<b>Scope 1</b>	
<p><b>Buildings</b> Emissions associated with the combustion of fuels in the premises that OVO operates including gas, diesel and refrigerant loss.</p>	N/A
<p><b>Fleet</b> Emissions associated with the combustion</p>	Emissions associated with the combustion of fuels in company vehicles, grey fleet



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of fuels in the vehicles that OVO operates including petrol and diesel vehicles.	(personally owned cars used for company business) and rental vehicles.
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<b>Scope 2</b>	
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<b>Buildings</b> Emissions associated with the electricity used in the premises that OVO operates.	N/A
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<b>Fleet</b> Emissions associated with the electricity used in the vehicles that OVO operates.	Emissions associated with the electricity used in company vehicles, grey fleet (personally owned cars used for company business) and rental vehicles.
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### 3. Calculation methodology

#### 3.1. Unit of measure

Scope 1 and Scope 2 carbon emissions are reported in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). This includes all greenhouse gas emissions.

Scope 1 and Scope 2 carbon emissions intensity is reported in tonnes of carbon dioxide equivalent relative to revenue (tCO<sub>2</sub>e/£m). We use independently audited revenue figures (£m) provided by OVO's Finance team. The scope of our environmental reporting is in line with the company's financial reporting boundary.

#### 3.2 Emissions factors

Market-based emissions factors are used where available. For market-based emissions reporting, the following hierarchy of emission factors is applied:

1. Emissions factors provided by electricity attribute certificates or equivalent instruments
2. Emissions factors provided by contracts for electricity, such as power purchase agreements (PPAs)
3. Emissions factors provided by energy suppliers
4. Emissions factors provided by the Association of Issuing Bodies (AIB) for the residual mixes in Europe
5. Other grid-average emission factors (subnational or national)
6. Factors provided by the International Energy Agency (IEA).

For location-based emission reporting, the following hierarchy of emission factors is applied:

1. Regional or subnational emission factors
2. National production emission factors
3. Factors provided by the International Energy Agency (IEA).

#### 3.3. Constituent indicators and data sources



**Table 3: Constituent indicators and data sources**

<b>Emission source</b>	<b>Description</b>	<b>Business unit</b>	<b>Data source and collection process</b>	<b>Unit</b>
<b>Scope 1</b>				
<b>Building gas use</b>	Purchased gas	All business units	Gas consumption information is based on supplier invoices or meter readings provided directly to OVO where OVO holds the contract or to OVO through the respective landlord at the site. Invoices are based on actual meter readings or estimated consumption from billing systems.	kWh
<b>Building diesel use</b>	Diesel fuel consumed by backup emergency generators	All business units	Diesel consumption is calculated by the number of hours the generators are used for. The estimation is based on the estimated run time per annum and fuel consumption as per the machine's specification.	Litres
<b>Refrigerant loss</b>	Refrigerant loss from air conditioning systems	All business units	Emissions from refrigerants are based on maintenance reports issued by our Facilities department and third-party service providers. Where quantity leaked is unknown, the refrigerant loss is estimated using the kg/m <sup>2</sup> leaked of the sites where the data is available.	Kg
<b>Commercial fleet petrol and diesel vehicle use</b>	Fuel used by vehicles leased by OVO	Field force	Fuel is bought using fuel cards from independent fuel suppliers. Fuel card data is provided by independent fuel suppliers to the OVO Fleet team.	Litres
<b>Scope 2</b>				
<b>Building electricity use</b>	Purchased electricity	All business units	Electricity consumption information is based on half-hourly consumption data or invoices provided from the supplier directly to OVO where OVO holds the contract or to OVO through the respective landlord at the site. Invoices are based on actual meter readings or estimated consumption from billing systems.	kWh
<b>Commercial fleet electric vehicle use</b>	Electricity used by vehicles leased by OVO	Field force	Every electric vehicle is fitted with an odometer. Records of mileage are automatically fed into the fleet telematics system. A mileage report for the relevant period is pulled from the system.	Miles



### 3.4. Calculations

The following calculation is applied to convert activity data into carbon dioxide equivalent emissions:

$$\text{Activity data} \times \text{emission factor}$$

The following calculation is applied to calculate Scope 1 and Scope 2 carbon emissions intensity relative to revenue:

$$\text{Scope 1 and Scope 2 carbon emissions (tCO}_2\text{e)} / \text{Revenue (£m)}$$

### 3.5. Estimations

Where information is unavailable in time for year-end reporting deadlines, for example due to delayed invoices, we estimate data by extrapolating primary data for previous months of the year.

Actual floor area data is used when it is available and if data is not available, floor area will be estimated using rent and floor area of the sites where the data is available and calculated by site type.

For sites where electricity and gas consumption is unknown (e.g. serviced or multi-tenanted sites where the landlord has control over utilities and it hasn't been possible to obtain the data), full-year estimates are made using the latest energy intensity data (kWh/m<sup>2</sup>) from the Building Energy Efficiency Survey (BEES)<sup>1</sup> published by the Department for Business, Energy & Industrial Strategy, and multiplying that to the floor area coverage of the sites where consumption is unknown. A materiality assessment of the data estimated was conducted and shows that the estimated amount of consumption represents less than 5% of OVO Group overall consumption used in the carbon footprint calculations.

To measure fugitive refrigerant emissions from air conditioning equipment leakage, the following methodology is used: Total loss = size of unit – amount removed. Where fugitive refrigerant emissions data are not available, the average amount of quantity leaked per floor area (kg/m<sup>2</sup>) of the site where the data is available for the current reporting year was multiplied to the floor area coverage of the sites where the leakage is unknown. If data are not available for the current year the estimations will use the best available historical data.

Power generators are not used by the sites on a regular basis but only as back up power in emergency situations. To account for the quantity of fuel consumed during maintenance checks, a minimum amount of fuel consumed per year per m<sup>2</sup> was estimated by assuming that the onsite generators would be run for 15 minutes every week on all sites that have confirmed that they have onsite power generators.

Residual mix scope 2 market based emission factors for European countries use data published by AIB. Starting from 2019, AIB only publishes CO<sub>2</sub> factors and the CO<sub>2</sub>e factors

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<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/570017/Overarching\\_report\\_excel\\_tables\\_publish.xlsx](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/570017/Overarching_report_excel_tables_publish.xlsx), Figure 3.9 and Figure 3.7, Office, Storage (for Depot sites), Upper quartile, 2014-15



are no longer published due to a change of the methodology used. In order to estimate the CO<sub>2</sub>e emission factors, CO<sub>2</sub> residual mix factors will be uplifted using the ratio between CO<sub>2</sub> and CO<sub>2</sub>e from the AIB 2018 dataset.

### 3.6. Assumptions

In the case of sites where data are estimated or sites where it has not been possible to obtain the supplier-specific electricity fuel mix for market-based reporting, a hierarchy of emissions factors is applied as outlined in section 3.2.

### 3.7. Restatements

Every effort is made to ensure that data we report is accurate. However, should more accurate data become available for prior years, we will only restate if it results in a movement of more than 5% in the reported data.

When significant structural changes (e.g. acquisitions, divestments or mergers) occur during the reporting period, the base year emissions are recalculated for the entire year. Current year emissions are also recalculated for the entire year to maintain consistency with the base year recalculation. Science-based Target initiative guidance allows companies to exclude up to 5% of Scope 1 and 2 emissions when setting targets<sup>2</sup>. To align with this guidance, OVO will apply the significance threshold of 5% for deciding on historic emissions recalculations.

When insignificant organisational changes occur during the reporting period (less than 5%), the base year emissions are not recalculated and current year emissions are accounted for from the date of acquisition to the date of divestment.

When prior year figures are restated, details will be provided alongside the reported data.

During the 2020 reporting period, OVO Group underwent a significant structural change following the acquisition of OVO (S) Energy Services Ltd (trading as “SSE Energy Services”). OVO (S) Energy Services Ltd accounted for 81% of our Scope 1 and Scope 2 base year emissions. The base year emissions were recalculated for the entire year to include OVO (S) Energy Services Ltd and current year emissions were recalculated for the entire year to maintain consistency with the base year recalculation. Further information will be provided alongside the reported data.

## 4. Data reporting frequency

### 4.1. Reporting frequency

**Internal reporting:** information is gathered and monitored internally on a quarterly basis.

**External reporting:** information is reported on an annual basis in the Annual Accounts and on the website.

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<sup>2</sup> <https://sciencebasedtargets.org/resources/legacy/2019/03/SBTi-criteria.pdf>