ELECTRIC UTILITY ALIGNMENT WITH THE SDGs & THE PARIS CLIMATE AGREEMENT: WHY, WHAT and HOW?

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Questions for an investor (AO, AM) that mean well

- 10,000 businesses involved in UN Global Compact
- $103.4 trillion of AUM aligned with 6 PRI principles (2020)
- More than 125 ESG data providers

Has this helped?
Are the SDGs beyond checking the box?
Could it be that it has contributed to greenwashing and SDG rainbow-washing?
No, No, Yes -> Why?

- No standardized metric and reporting
- Limits itself to headline (ex: carbon price)
- Self reporting is too vague or unreliable

Focus on (positive) contribution and ignore “do not harm”

Comparison with best in class instead of best fit for the future
CCSI’s wants to bring conceptual clarity on “sustainability”

(1) **Product**: Is the utility on the path to reach zero carbon emissions by 2050 or earlier?

(2) **Production process**: Is the utility’s production process socially and environmentally sustainable?

(3) **Value chain responsibility**: Is the utility’s supply and value chain aligned with the SDGs and PCA?

(4) **Corporate Citizenship**: Is the utility a good corporate citizen?
* Develop the specificities of the framework
* Benchmark 10 leading utilities by market cap:


* Compare with leading sustainability frameworks

1) **Product:** is the utility on the path to reach zero carbon emissions by 2050 or earlier?

Carbon intensities (reported and targeted) in metric tons of Co2e per MWh electricity generation

More than half are not on target and don’t even claim to be carbon neutral by 2050 and 80% still have coal in portfolio by 2030!
2) **Production process**: Is the utility’s production process socially and environmentally sustainable?

- Sustainable water use, waste minimization, environmental stewardship, minimizing methane fugitive emissions and labor policies.
- **Example “sustainable water use”**: Who has targets? What abstains from non-renewable water intake? Who returns the water in clean condition? Who monitors water according to highest standards?

**100% report on many aspects but for most it is headline declaration**

- Inclusive consultation process and outreach to marginalized communities
- Adoption of the UN Guiding Principles of Business and HR
- Helping with achieving fair transition post coal closure

**50% utilities are negligent on:**

- Powering operations with renewable energies
- Building resilience and adaptive capacity of project affected communities
- Adequately anticipating closure and reclamation
- Following due process for land acquisition and avoiding competition with arable land

**80% of utilities still ignore altogether:**
3) **Value chain responsibility:** Is the utility’s supply and value chain aligned with the SDGs and PCA?

| 100% report involvement in: | • Developing models for smart cities and piloting them, advancing the EV market  
| | • Programs to develop smart grids, use of tariff systems, sensitivity consumer programs on energy efficiency  
| | • Programs on biogas  |

| More than 50% utilities are negligent on: | • Collaboration with the building sector to change the building codes  
| | • Interact with upstream suppliers to monitor their alignment with SDG/PCA and select them on this basis  
| | • Collect Scope 3 along the value chain  |

| 80% of utilities still ignore altogether: | • Collaborating with the heavy industry on green fuels  
| | • Proactively involved in internationally connected grids  |
4) Corp. Citizenship: Is the utility a good corporate citizen?

- Responsible participation in policy making: OpenSecrets.org and InfluenceMap: P
- Responsible tax payments: P
- Independent corporate oversight and climate responsibility on the board: I
- Gender equality: I
- Technology transfer: I
- Collaboration with education on the energy transition: I

P: Problematic, I: Insufficient
Pillar 3 on Value chain and Pillar 4 on corporate citizenship are often not picked up.
Thank you

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