

Looking to the future

Chair of Sustainability Committee

"As a Board we want customers and stakeholders to see us as a force for good and our safety performance and sustainability agenda are key to achieving this."

Perry



Our priorities for 2021/22

Firstly, I would like to thank my colleagues at Cadent for their outstanding commitment and dedication during the past year. Everyone truly stepped up to the challenge of continuing to safely deliver energy to our customers during unprecedented times through hard work and determination. I am very proud of what has been achieved over the last 12 months and excited by what the future will bring.

At Cadent, we are constantly striving to demonstrate to our customers and broader stakeholders that we are a force for good; an organisation committed to *easier warmth*, *fairer opportunities* and a *greener society*. Underpinning this commitment is a relentless focus on customer service and safety, of our employees and the public.

As a monopoly license holder we have responsibility and opportunity to continue to deliver sustainable services for the long term public good. We'll continue to operate efficiently and drive innovation to benefit society and our customers.

We are committed to keeping all of our customers on gas, without interruption, throughout the year. To continue to do so will require the upgrade of over 1,640km of our pipeline network each year for the next five years. This will not only improve the safety and reliability of the network, but also reduces the level of gas leakage from aged iron pipes, cutting CO₂ emissions and future-proofing the network so that it can safely transport the low-carbon gases of the future, such as hydrogen.

Our safety performance this year has been outstanding. One example is that we will arrive at the scene of a potential gas escape in an average of 35 minutes from the reported time, against our regulated target of one hour. And we continue to be committed to responding as quickly as possible within the hour to keep our customers safe.

I spoke above about enabling *easier warmth* as an essential element of being a force for good in the eyes of our customers and broader stakeholders that includes our colleagues at Cadent. It is estimated that over 2-million households within our network live in

fuel poverty and we serve many customers who find themselves in vulnerable situations. We will continue to offer support and numerous additional services, that go considerably beyond our regulatory obligations, designed to address fuel poverty and protect vulnerable customers in need.

Easier warmth is not just about today, but also about the future, which is why we are continuing to engage with thousands of customers and key stakeholders to ensure that the UK's energy transition is customer-centric in design reflecting the needs of different customer groups. No two customers are the same.

Becoming a force for good is also about creating *fairer opportunities*. We will do this in a number of ways. We continue to promote a company culture that provides equal opportunities for all, creating a truly diverse and inclusive working environment. But we are aiming to go further, extending our reach beyond Cadent, into our supply chain and the communities we serve. We have a role to play in helping to create the workforce of the future, working with schools and other educational providers, to identify the skills required to pursue a successful career in a hydrogen-powered world.

Our core business activity is to transport natural gas from the national transmission system into millions of homes and businesses. Methane natural gas is a fossil fuel and a greenhouse gas. Both the leakage of methane from our network, and the burning of methane once delivered to our end customers, releases greenhouse gases and contributes to climate change. Being a force for good means endeavouring to create a *greener society*. Our long-term focus is replacing the natural gas with low-carbon alternatives, such as hydrogen, but in the shorter term we have set ourselves some very stretching science-based targets to reduce our carbon footprint, supporting biodiversity and reducing waste.

For the UK to achieve net zero greenhouse gases by 2050, it will be necessary to decarbonise the provision of heat and Cadent will need to adapt to facilitate achieving this. We recognise that we have a significant role to play in ensuring a green, responsible and sustainable future. As a key player in the current and future energy landscape of the UK, we have a responsibility to set an example in the way we operate as a business, and we will seek to minimise our day to day environmental footprint.

Through the Cadent Foundation, we are investing at least 1% of annual post-tax profits into community schemes based on the three Force for Good themes described earlier enabling us to make an even greater difference in these areas.

Finally, I want to touch on COP26. It represents an important opportunity to showcase how innovation can position the UK as a leader in the development of a hydrogen economy on the world stage. We have several key priorities for the next period, focusing on developing the case for hydrogen, undertaking extensive consumer research to inform our thought leadership and demonstrating hydrogen at scale safely. We will be progressing our support for the regulatory framework that will enable hydrogen blending with natural gas to become a reality.

This is important as it will unlock significant demand for hydrogen that will in turn stimulate producers to increase their investment and scale up production. Lastly, we will progress our plans to demonstrate how a town conversion to hydrogen could happen safely, whilst also building on our economic assessments and consumer research, to ensure that heat decarbonisation is fair and just.



Perry Noble
Chair of the Sustainability Committee