Mind the green gap.

OVO's Climate Transition Plan

How OVO is moving towards net zero

What's inside.

1. Foreword

At OVO, we believe there's a better way to do energy. One that doesn't rely on fossil fuels, which make companies vulnerable to market instability. Transitioning the energy system to net zero is key, if we want to protect customers from problems seen in recent years. The energy industry in the UK makes up around 10 to 15% of the country's total emissions. So the transition is also fundamental to helping the nation meet its net zero goals.

In 2019, we faced a global pandemic, which pushed our country into lockdown. In 2021, the world's industries rebooted and global energy demand boomed, which pushed wholesale energy prices sky high. And, in 2022, Putin's invasion of Ukraine intensified these price rises further. All the while, our climate continues to change. Reports of record temperatures and extreme weather events have become commonplace. The energy crisis. The cost of living crisis. The climate crisis. All are having an unprecedented impact on our customers' lives.

Something that's always stood out to me about OVO is our challenger nature. We're not afraid to call out what isn't working. We launched our sustainability strategy, Plan Zero, back in 2019 and were the first energy retailer to set a net zero target. Since then, our commitment to fighting the climate crisis has been unwavering. With the release of our Climate Transition Plan strengthening that commitment, let's get on with building a zero carbon future that our customers and planet deserve.

OVO's goal with Plan Zero is ambitious: to reach net zero by 2035. This means enabling the greening of the UK electricity grid with homegrown renewables and encouraging our customers to electrify their home heating and vehicles. We know this will take a fundamental reshaping of our energy system. While we've made good progress, we know we need to go further – and faster.

Electricity is the lynchpin of our climate transition. Here in the UK, we're lucky to have one of the world's greenest electricity grids. We've made great progress in decarbonising our electricity supply over the last decade, and renewables have now overtaken fossil fuels as the grid's main energy source. However, as we encourage customers to switch to electric heating and cars, electricity demand is set to grow. And with that, we need to continue the build out of renewables, and make sure that our investments are as efficient and effective as possible.

The biggest challenge for OVO's net zero transition is going to be home electrification. The majority of our customers' homes are heated by gas boilers. Electric options like heat pumps exist, but remain out of reach for many. This needs to change. At OVO, we're actively lobbying to make these technologies more accessible and attractive for all.

The next three years are pivotal for the energy transition and the decarbonisation of heating. OVO's Climate Transition Plan is more than just a roadmap. It's our pledge to help reshape the energy landscape and deliver on net zero.

David Buttress

CEO

2. OVO's plan on a page

This is our first transition plan, covering 2025 to the end of 2027. It outlines the road ahead for OVO, our partners, and stakeholders, so that we can continue on this journey together. We'll report annually on our progress in delivering this plan in our Annual Report, from next year.

Ambition

We're committed to reaching a net zero position by 2035 across our Scope 1, 2, and 3 emissions.

We're aiming to deliver this in a way that:

- Contributes to the wider economic transition
- Strengthens our resilience as a business
- Respects and enables nature to flourish
- Ensures a just transition that benefits everyone
- Helps our customers adapt to a changing world
- Aligns with the latest climate science and calls out greenwashing

Action

We need to:

- Decarbonise our own operations
- Help green the UK electricity grid
- Support customers in switching to electric heating and vehicles
- Engage and enable our suppliers to decarbonise

We'll drive this through:

- **Policy:** advocating for supportive policies across government, regulators, and industry
- **Products:** offering our customers products and services that help them decarbonise their home energy use
- **Perception:** making sense of the transition for our customers through advocacy, campaigning, and engagement

Dependencies

Our progress relies on:

- Adequate green skills across the economy
- Strong customer engagement in the transition
- A supportive policy landscape
- Available green financing options

Accountability

We'll measure our progress through a robust governance framework and frequent reporting to make sure we're on track to meet our goals.

3. Ambition

OVO's net zero target

In 2019, we launched OVO's sustainability strategy, Plan Zero, using 2018 as our baseline year. Since then, we've made good progress in cutting our operational emissions. We've also seen big changes in the way the UK's grid electricity is generated and how our customers use energy.

OVO's operational emissions

Scope 1 and 2

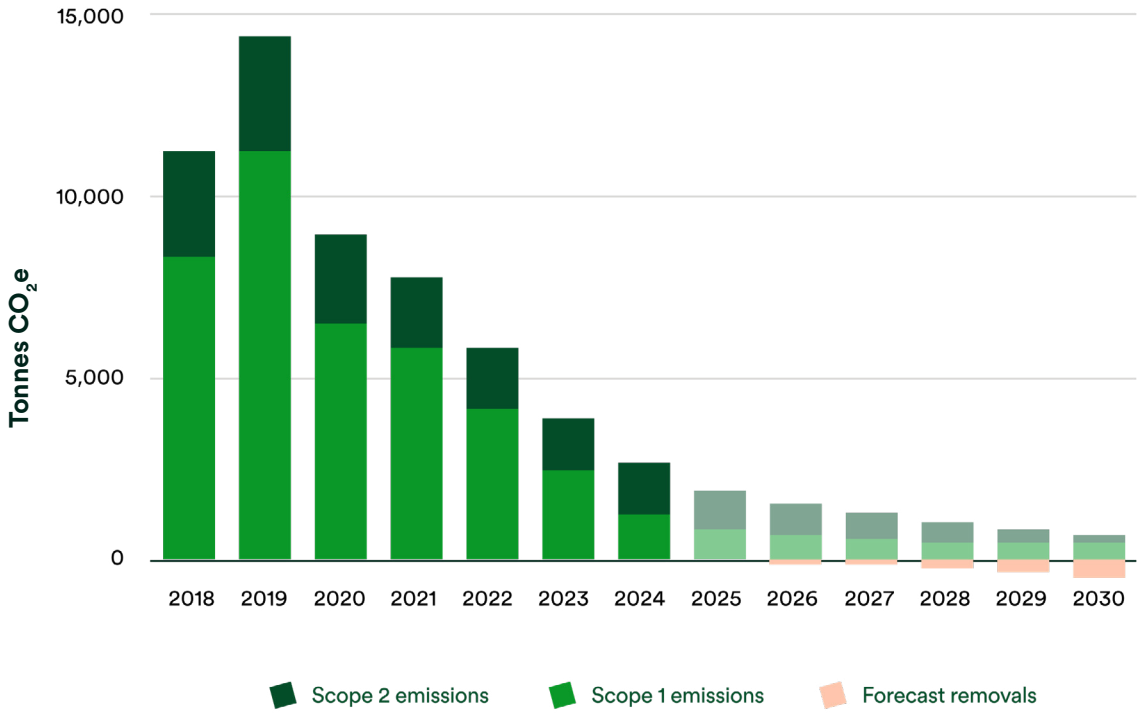
Progress to date:

- 88% reduction in Scope 1 emissions, largely driven by electrifying our fleet of engineering vehicles.
- 59% reduction in location-based Scope 2 emissions, due to consolidating our property portfolio and the greening of the electricity grid.
- Overall, we've achieved an 80% reduction in our operational emissions since 2018.

Priorities going forward:

- Finalising the switch to a 100% EV fleet.
- Moving into our new, more efficient Bristol office.
- Procuring renewable electricity in ways that support additional renewable capacity on the grid.

OVO operational emissions (actual and forecast out to 2030)



OVO's value chain emissions

Scope 3

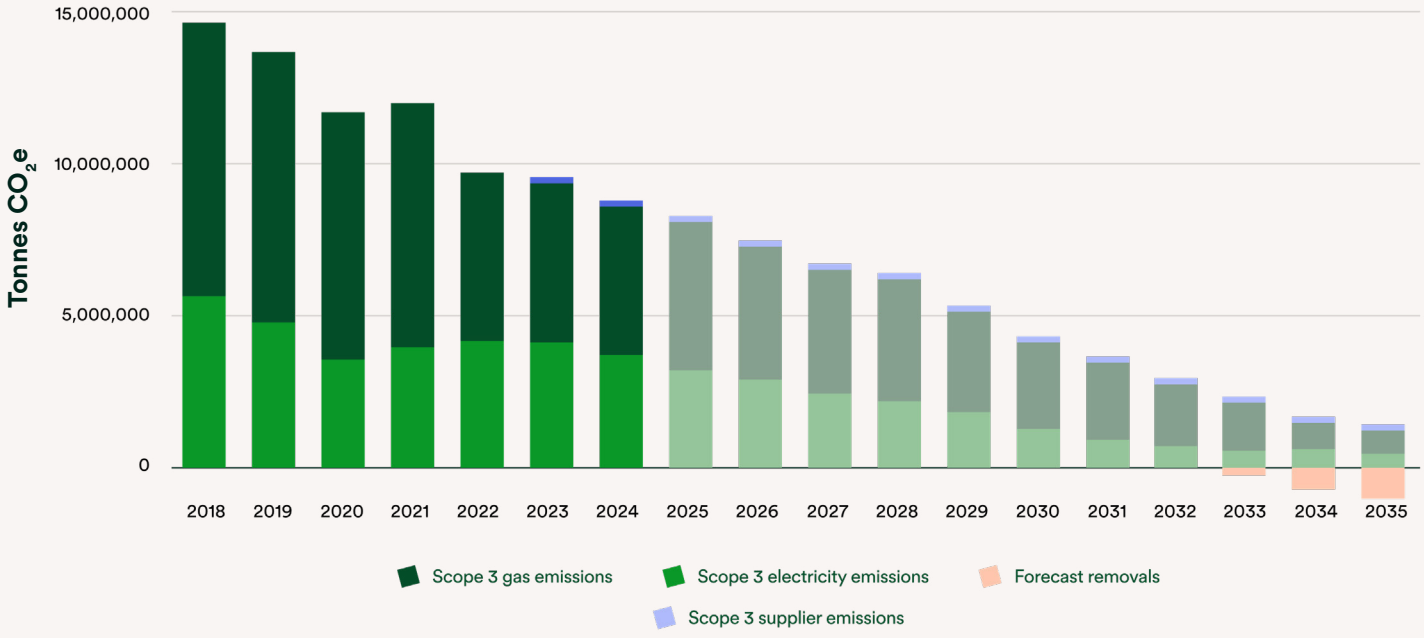
Progress to date:

- OVO stopped using REGOs to claim a "green" fuel mix due to greenwashing concerns. So now, our progress reflects the actual decarbonisation of the UK electricity grid.
- 43% reduction in emissions from electricity sold, largely due to more renewable power being added to the grid.
- We've continued the roll-out of smart meters to our customers, enabling more flexible electricity use. We've also started piloting flexibility products that reward customers for using electricity when the grid is greenest.
- 36% reduction in our emissions from gas sold. However this was largely driven by the energy crisis prompting customers to use less. This shows how urgent the transition is, to protect people in future.

Priorities going forward:

- Continuing the smart meter roll-out to enable flexible electricity use.
- Driving the electrification of heat through retrofitting technologies like air source heat pumps.
- Supporting the greening of the grid by investing in community renewable power.

OVO's value chain emissions (actual and forecast out to 2035)



OVO's wider strategic objectives

The main objective of our transition is achieving net zero by 2035. But we want to do this with our customers at the centre. The transition should take everyone along on the journey – and ultimately strengthen our resilience as a business.

Contribute to the economy-wide transition

As one of the UK's largest energy retailers serving nearly 4 million homes, we know OVO's progress relies on systemic changes in energy generation, management, and use. The greening of the grid and the electrification of heating and transport are crucial. We must use our influence to make this change happen. Through OVO's advocacy strategy, Making Energy Better, we'll prioritise lobbying for policies that make energy greener, more affordable, and efficient. While focused on OVO, this plan can help the entire energy retail industry pivot towards net zero.

Manage OVO's climate-related risks

Climate change presents significant physical risks (like storms, heatwaves, and floods) and transitional risks (like policy changes impacting our business, especially gas sales). On the other hand, the transition also offers huge opportunities, particularly in rolling out decarbonisation tech like solar, batteries, and heat pumps to our customers. We disclose against the Taskforce for Climate-related Financial Disclosures (TCFD) in our Annual Report and integrate climate risk into our standard risk management. This plan outlines how we're managing these risks at OVO – as well as seizing the opportunities.

Transition with our natural world in mind

Alongside the global climate crisis, we're facing another in the weakening of biodiversity in nature. As a business with a large carbon footprint, we know these emissions have a negative impact on the natural world. We also know that we can't reach net zero without nature – so our transition plan has to reflect that. We've completed our first Taskforce on Nature-related Financial Disclosures (TNFD) aligned assessment, to understand OVO's reliance on nature and what it allows us to do as a business. This identified our energy value chain as a key priority to focus on. This plan shows how OVO are transitioning with the natural world in mind.

Ensure the transition is just and inclusive

At OVO, we think about the idea of a "just" transition broadly, to make sure it's fair for everyone. Whether that's workers in the fossil-fuel industry, workers in the low-carbon supply chain, our customers, or the general public. For our engineers, this means helping them build skills for future roles. For supply chain workers, we have to ensure fair treatment. For customers, we must make sustainable choices more accessible and affordable. For the public, it's about lobbying for their best interests. This plan sets out how we're creating a just transition for all.

Help customers adapt to the changing environment

The UK climate is already changing, with higher average temperatures. The Climate Change Committee forecasts suggest hotter summers and wetter winters. UK homes are often poorly adapted to handle this. Traditionally, OVO's customer support has focused on helping vulnerable customers get through winter and stay warm. Now, we must also help customers stay cool and safe during extreme heat. This plan shows how we're partnering with the Green Alliance to lobby for a national adaptation effort, and supporting customer adaptation too. You can also read more in our Annual Report.

Align with the latest climate science and call out greenwashing

OVO were one of the first UK energy companies committed to net zero, with a SBTi-validated near-term target. Customer trust is vital for the transition. Vague green claims like "carbon neutral", "green", and "renewable" erode trust and confuse customers. At OVO, we have a track record of calling out greenwashing, such as moving away from REGO-backed "renewable" tariffs as standard in 2023 and advocating for market-wide reform. We're committed to following the latest climate science and making sure our actions deliver real-world emission reductions – rather than just looking good on paper.

4. Action: decarbonising our operations

At OVO, our operations have a minimal impact on our total carbon emissions – less than 0.03%. But it's still important that we practice what we preach when it comes to decarbonisation, and do all we can to reduce OVO's operational impact.

We employ around 4,000 people. They work from one of OVO's three main hubs (Bristol, Glasgow, London), from home, or on the road as part of our engineering fleet, helping customers all over the country.

We've made good progress in decarbonising our Scope 1 and 2 emissions. Over the last couple of years, we've consolidated our property portfolio into our three main hubs, and continued electrifying our fleet of vans. We're almost there and expect to reach net zero for these operational emissions by 2030, but there's still work to do.

What we want to achieve

1. Power OVO's offices with renewable electricity that genuinely adds green capacity to the grid
2. Finish switching our van fleet to a 100% EV fleet
3. Ensure that our energy use across our buildings and fleet is as efficient as possible

What are the main challenges?

Choosing a renewable electricity tariff

In 2023, we called out "100% renewable" tariffs backed by REGO certificates as greenwashing (see more here). Lots of companies procure "renewable" electricity tariffs as a way of claiming that the electricity used in their operations has no carbon impact. However, we know tariffs backed solely by REGOs don't result in any actual decarbonisation. When electricity is used, it has a carbon impact reflecting the carbon intensity of the grid, and companies should factor this into their carbon accounts.

We think businesses should use their significant buying power to support the growth of **new** renewable generation in the UK. Renewable electricity tariffs should build **additional** green capacity, not just claim existing green power. Currently, most "100% renewable" business tariffs don't do this. We'll only claim our office power is "renewable" if our tariff directly funds new renewable projects feeding the UK grid.

Actions we're taking

OVO's offices

- **New Bristol office:** we're moving our Bristol hub to a new office, ensuring it's built and fitted out to the BREEAM Excellent standard. We're focused on minimising waste during the move and decommissioning of the current office, reusing as much of the furniture and tech from our old office as possible. The new office has optimisation tools to help us use energy efficiently, and is fitted with its own solar generation capacity.
- **Electricity procurement:** OVO are committed to sourcing 100% of our office electricity from new, additional renewable generators by 2030. Since tariffs guaranteeing this aren't widely available for businesses yet, we're lobbying for reform in how green tariffs are marketed. We want "100% renewable" tariffs to genuinely build new renewable capacity. Once we're able to, we'll switch to these tariffs where we can, as and when the current contracts expire.
- **Reporting:** until tariffs are available that truly build out new renewable generation, we'll report OVO's electricity emissions using a locations-based method (reflecting the actual carbon intensity of the grid). We'll only claim "net zero" electricity use under market-based accounting if our tariff demonstrably builds additional renewables.

Our fleet of vehicles

- **Fleet electrification:** we've made great progress switching OVO's vans from petrol and diesel to 100% electric. We're in the final stages, with only four petrol and hybrid vans left to swap. This has taken huge amounts of collaboration from across the business, and we're proud of the OVO fleet team and engineers for leading on this.
- **Charging:** we're continuing the roll-out of home chargers for engineers, making sure they have access to charging infrastructure.
- **Logistics:** we're continually improving logistics and planning to help us optimise routes and minimise mileage.

Key dependencies

This table sets out the key dependencies of our transition. For each dependency, we've specified what we need to see from the market to enable our progress and what OVO are doing to respond to this. We've also specified whether we're leading, influencing, or managing the dependency – depending on our position in the industry that it sits within.

Dependency	What we need from the market	OVO's action	Who we're engaging with	Our role	Supported objectives
Availability of 100% renewable electricity tariffs that align with our carbon accounting position.	To drive renewable energy growth in the UK, B2B retailers must offer 100% renewable tariffs sourced from new renewable generation capacity. While our Greener Electricity add-on does this for our domestic consumers, we can't use it ourselves as we don't operate in the B2B market. Recognising the significant purchasing power of large corporations, we're advocating for widespread availability of these tariffs across the business sector.	OVO are advocating for a change in the way that renewable tariffs are branded as "green". Green tariff rating agencies often base their marking criteria on certificate-based schemes like REGOs. We're calling on them to move away from this. Instead, agencies should focus on whether the tariff is adding extra green power to the grid and how flexibly electricity can be used.	Other energy retailers with similar goals, like Good Energy. Green tariff rating agencies like Uswitch. Marketing authorities including the ASA and CMA.	Influence positive action.	Contribute to economy-wide transition. Align with the latest climate science and call out greenwashing.

5. Action: decarbonising our value chain

Our value chain (or Scope 3) emissions account for over 99% of OVO's total carbon footprint. These emissions mainly come from the supply chains of the energy that we procure and sell to our 4 million customers. They cover everything, from the extraction of fossil fuels that are used within the energy system, to the transmission of power across the National Grid, to our customers using electricity and gas in their homes. This impact can be split into three main categories:

- Electricity sold to OVO's customers (which makes up about a third of our emissions)
- Gas sold to OVO's customers (which makes up about two thirds of our emissions)
- Emissions from OVO's suppliers (which makes up about 1% of our Scope 3 emissions)

Greening the grid

Over the last decade, the UK government has prioritised the decarbonisation of our electricity grid, moving us away from our reliance on fossil fuels like coal for power, towards renewable electricity generators like wind turbines and solar panels. The government has incentivised this through subsidy schemes like the Contracts for Difference (CfD) scheme and the Renewables Obligation, which have helped to build out around 95% of the existing renewable power on the grid. There's been great progress on greening the UK electricity grid. But there's further to go.

The UK is yet to develop enough renewable generation to run the grid solely on fossil-free electricity – although the government has ambitious targets to do so by 2030, which we support. We also expect electricity demand to grow significantly as industries and technologies electrify. At OVO, we want to encourage the switch away from fossil-fuel heating systems and vehicles (like gas boilers and diesel and petrol cars) to electric solutions (like heat pumps and EVs). With this switch, demand for electricity will grow.

We're at a pivotal point in the decarbonisation of the UK electricity grid. Investment in the greening of the grid needs to be as efficient as possible, but the current market isn't always directing money to the right players.

Electrification of heating

Progress on the electrification of heating has unfortunately been slower. The Heating and Buildings Strategy, published in 2021, had detailed the aim to roll-out 600,000 heat pumps a year by 2028. The UK's currently way off this target – installing 60,000 in 2024. Collectively, we need to scale up the roll-out of heat pumps significantly if we want to stay on track to meet our national net zero goals.

The slow roll-out has largely been due to the expense of installing and running this technology, even with the support of government grants. At the same time, customers have been facing a cost of living crisis and the energy industry has been focused on support, meaning the roll-out has been less of a priority.

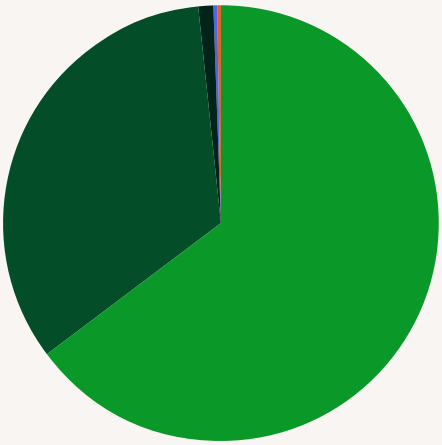
Beyond cost, there's no "one size fits all" approach to the electrification of heating. Some of our customers own their homes, some privately rent, some live in social housing. They live in a range of property types, from terraced or detached houses, to flatshares, maisonettes, and bungalows. And not all of our customers are able or willing to make changes to the way that they heat their homes.

Continuing to rely on fossil fuels like gas for our heating systems will leave us vulnerable to further energy price shocks, from geopolitical events that can shake our system. Diversifying and electrifying our energy system will help to limit these vulnerabilities, and provide more energy independence for the UK.

OVO's carbon footprint

What do we need to do to get to net zero?

Our total emissions for 2024 were just over **9 million tonnes**, largely coming from the electricity and gas that we sell to our customers. The below pie chart shows the areas of impact that made up our emissions profile for last year. In order to get net zero, our main areas of focus are:



Suppliers	Engaging our suppliers on decarbonisation
Electricity sold	Greening the grid
Gas sold	Electrifying heating

Operations | Suppliers | Gas sold | Electricity sold | Business travel, waste, and working from home

What we want to achieve

1. Enable efficient investment in the greening of the grid
2. Encourage our customers to electrify their heating and vehicles
3. Engage our suppliers on their decarbonisation efforts

How are we going to achieve this?

We know OVO won't achieve this alone. This transition is only going to work if government, industry, and consumer priorities align and enable each other's progress. As a non-vertically integrated energy retailer (which means we don't own any generation assets), we see OVO's role as an enabler of wider changes in the system. We'll aim to influence this through the following:

- **Policy:** advocating for supportive policies across government, regulators, and the industry
- **Products:** offering OVO's customers products and services that help them decarbonise their home energy use
- **Perception:** making sense of the transition for our customers through advocacy, campaigning, and engagement

6. Decarbonising our value chain: greening the grid

A third of our carbon emissions come from our customers' use of electricity in their homes. While we expect electricity use to increase as we electrify heating and vehicles, the carbon intensity of the grid should come down towards 2030, as the roll-out of renewable power continues.

This roll-out has been broadly successful over the last decade or so. We've moved from a grid that was predominantly reliant on coal, to a record year for renewable generation feeding onto the grid last year.

Energy consumers and businesses alike want to signal their demand and support for renewable power by choosing 100% renewable tariffs. However, these tariffs are often marketed as "renewable" through certificate-based matching exercises, which do little to actually support the build out of renewable power on the grid. We think that a lot of investment is being wasted on these schemes that deliver little impact from a decarbonisation perspective.

While we need large updates to our infrastructure and power networks, we have the opportunity to put community energy at the heart of the next phase of the transition. Since the ban on onshore wind power has been lifted, communities have the opportunity to develop and own local renewable generation assets, and benefit from using energy when generation is plentiful.

The build out of new renewable generation is important. But it's not enough to just add more green power to the grid. There also needs to be a fundamental change in the way we use electricity. Currently, the grid is demand driven. Consumers want to use electricity in their homes and it's readily available, on demand. If demand outstrips supply, fossil-fuel power stations are simply fired up, which can deliver electricity to the grid. In a future world where we're reliant on renewable power, we need to flip this equation.

This means that electricity use becomes supply led. As an energy supplier, we need to help our customers to use electricity differently. Our customers' electricity use needs to be flexible, shifting to times when the grid is green to make the most of plentiful renewable generation. This can be done by incentivising behaviour change, or automating electricity use – like charging up vehicles at the greenest times.

To do that, our grid needs to be smart and connected. We need a deeper understanding of our customers' electricity demand – what they need and when – to be able to match this to supply. Smart meters are a key enabler of this. The roll-out of these across our customers' homes has been broadly positive. But we still have some way to go with getting them into everyone's homes.

In order for this transition to work, we need to make decarbonisation technology accessible to all and roll it out quickly at scale.

What we want to achieve

1. Ensure that investment in renewable power is as efficient as possible
2. Support communities in owning their local power
3. Incentivise our customers to use electricity flexibly, and be rewarded for doing so

What are the main challenges?

REGOs and greenwashing

When electricity is generated by renewable generators like wind turbines or solar panels in the UK, Ofgem issues a Renewable Energy Guarantee of Origin (REGO) certificate for every MWh produced. These certificates help to track the amount of renewable power on the grid.

However, under current rules, energy suppliers can brand their electricity sold to customers as "renewable" by using these certificates. In simple terms, a supplier can buy power on the wholesale energy market, which can come from a range of sources including coal and gas. They can then "match" this electricity to REGOs and brand it as "renewable".

We know that people choosing "renewable" tariffs often think that their home is powered entirely by renewable power. However, regardless of the tariff that a customer chooses, the electricity being delivered into their homes comes from the grid – which is powered by a mix of renewable and fossil fuelled sources.

We also know that consumers think that by choosing a "100% renewable" electricity tariff, they're supporting the growth of renewable power in the UK. OVO did some research with Cornwall Insight to investigate this, and found that the trading of REGO certificates does not effectively grow the amount of renewable electricity on the grid.

We think that using these certificates to claim that market power is "100% renewable" is greenwashing. After looking into this in 2023, we moved away from this practice and have been lobbying for change to the REGO system since.

We now account for the carbon from the electricity sold to OVO customers by using a location-based grid emission factor. This considers the carbon intensity of the UK grid as a whole, rather than using certificates to claim a proportion of the renewable power on the grid. To account for the carbon generated from the electricity sold to customers, we simply multiply the total volume of electricity used by OVO customers by this national average grid factor. We think this is a more accurate way of accounting for the impact of our customers' electricity use. To illustrate the point, if all of our customers were all on "100% renewable" tariffs that we'd backed with REGOs, we could have claimed a 3,000,000 tonne reduction in our carbon footprint last year, but there would have been no actual additional decarbonisation.

The decarbonisation of the UK electricity grid has been progressing well, and our government has clear objectives around a fossil free grid by 2030. However, we also expect that electricity demand in the UK will grow significantly. In the domestic energy sector, we expect to see this as home heating and transport move away from fossil fuels and towards electric alternatives. But we expect significant growth in electricity demand from other sectors too, including tech and the rise in data centres required to power AI. So it's not just about continuing to green the grid – **we need to grow it too.**

Community energy

In the last few years, we've seen good growth in **community energy projects** in the UK. Largely motivated by the energy crisis and shocks to wholesale energy costs, communities are banding together to develop local renewable energy generation assets and take advantage of their own home grown energy resources. While growth has been steady, we have an opportunity to supercharge the power of our communities and put them at the heart of the energy transition – which we expect the government to do under the Local Power Plan. However, there are a number of barriers that communities face when it comes to community energy.

While there are resources available to help guide communities through the process, building an investment case and pitching for funding are processes that are often new to community members. This process is also often time consuming and resource intensive, meaning that community members need to be able to allocate a reasonable amount of time and resources to the project. The regulatory framework that surrounds community energy is also complex. The energy industry is regulated, meaning that any players that supply energy to customers, large or small, are subject to a host of different supply licensing conditions. Community energy projects can be exempt from some of these, but the rules are difficult to interpret and apply. So without the appropriate legal counsel or energy industry expertise, community groups may be vulnerable to various regulatory breaches or legal risks if the regulatory landscape isn't correctly navigated.

Specifically, **Supplier Licence Exemptions** set out the conditions under which suppliers can provide electricity to consumers without having to obtain a formal supplier licence. The Small Supplier Licence Exemption states that if a generator produces less than 5MW (and less than 2.5 MW of this goes to domestic consumers) then the generator is exempt from paying environmental policy costs on this power. However, if this power goes through the public network, the generator needs to establish a relationship with a licensed supplier (the "facilitating supplier") to carry out a range of activities associated with supply to the consumer.

While we know that some community groups use this exemption as a way to supply energy to their local consumers more cheaply, we're concerned that this exemption creates a loophole, meaning that the cost savings aren't passed onto the community. While we agree that community energy projects should receive significant financial subsidy and support from the government, we think that this exemption specifically is not fit for purpose. We're also concerned that the amount of avoided costs claimed through the exemption could grow significantly (estimates from **Cornwall Insight** are that this could be between £680m and £3.6bn by 2030) as community energy projects grow under the Local Power Plan. This avoided cost would need to be recovered, ultimately pushing energy costs higher for other consumers.

Smart, flexible electricity use

As the grid continues to become more reliant on renewable generation (which can be intermittent), we need to enable electricity use to match consumer demand with renewable supply. A key enabler of this flexible electricity use is the roll-out of smart meters, so we know in real time what demand there is on the grid, and how we can manage this to match supply.

Over the last few years, we've made good progress in rolling out smart meters across our customer base, achieving an installation rate of 64% (as at the end of 2024). However, encouraging the remaining households to install one remains a challenge.

Smart meters make for more flexible electricity use. We've started trialling this with customers who already have smart meters. Power Move is our flexibility proposition that rewards customers for shifting their electricity use to outside of peak demand times. These are times when fossil fuels typically make up a higher percentage of the power on the grid, meaning using electricity then is more carbon intensive. At a national level, we've conducted demand flexibility trails with the National Energy System Operator (NESO) to understand how households can help to balance the grid by shifting their electricity use towards times of plentiful renewable generation. These domestic flexibility trials have been broadly successful, showing how consumer flexibility can enable a grid powered by renewables.

However, domestic flexibility is just one part of the puzzle. Storage assets like batteries can stockpile energy when there's an excess of supply, and discharge it when energy demand outstrips supply. The roll-out of EVs in the UK has been positive, with roughly 20% of all new cars registered this year being electric. We expect growth in this area to continue, as the government has a target of phasing out sales of all new petrol and diesel cars by 2035. We know that there's a lot of untapped potential from asset flexibility (for example, using the batteries in our customers' homes and EVs to help balance the grid by charging up when renewable generation is plentiful, and discharging to meet demand). We should make use of this where we can. At OVO, we've demonstrated the potential of V2G (Vehicle-to-Grid) technology for balancing the grid with our tech platform, Kaluza, for a number of years.

As well as providing these products we should consider both domestic and asset flexibility when designing the market of the future. For example, we should make sure that assets like EV batteries are efficiently supporting the grid from a cost and carbon perspective. And consumers should be rewarded for reducing their consumption at peak times as standard, but in a way that doesn't penalise those who can't flex their energy use.

Carbon accounting rules

The GHG Protocol provides the methodology that companies follow to calculate the emissions generated from their operations, products and services, and supply chain. The GHG Protocol's main corporate standard was last updated in 2004. Sustainability practice has moved on significantly since then, and new climate science has helped consumers, governments, and businesses understand their role in the net zero transition. At the moment, we think that the GHG Protocol's **Corporate Standard** doesn't let organisations capture the full impact that they can have – both positive and negative.

Location-based versus market-based

Businesses can apply two different emissions factors to their electricity use to calculate their emissions. A location-based factor that reflects the average carbon intensity of the grid, and a market-based factor that reflects the "carbon intensity" of any purchased renewable tariffs. As we explained in the section on REGOs, renewable attribute certificates do very little to actually decarbonise electricity, meaning that claiming any electricity used under these tariffs as zero carbon is misleading and greenwashing. We think that corporations should only be able to claim decarbonisation in their carbon accounts if actual, additional atmospheric decarbonisation has occurred as a result of their actions.

Flexible electricity use

At the moment, companies are asked to calculate the emissions from their electricity use by using an annual carbon intensity figure (either location-based or market-based). This approach doesn't allow businesses to reflect any carbon benefits from flexing their electricity use to times when the grid is greener. This is a key enabler of the transition to a grid which is much more reliant on renewable generation. We think that corporations should be able to claim any carbon avoided by shifting their activities to greener times.

Avoided carbon emissions

Encouraging the sale of some products can actually negatively impact a company's emissions profile, even if the products themselves cut emissions. For example, we're aiming to help customers switch away from petrol and diesel vehicles to electric alternatives. In this scenario, this switch would have a sizable decarbonisation impact for the customer (it saves about **1.5 tonnes** of carbon a year for each diesel or petrol car switched to electric). However, our emissions profile would look worse from this switch under current carbon accounting rules. This is because we don't account for any of the initial diesel or petrol sold to power the old vehicle. The only impact we'd reflect in our accounts would be an increase in our customers' electricity use – which would have a negative impact on our emissions, even though the EV has a positive effect on decarbonisation. Our concern is that this encourages incorrect priorities within corporate action plans. We think that carbon accounting rules should be updated to include avoided carbon as standard.

Actions we're taking

Policy: advocating for supportive policies across government, regulators, and industry

1 Stopping greenwashing of "100% renewable" electricity tariffs

Challenge: Energy suppliers can use REGO certificates to "green" their electricity supply. This practice does very little to actually grow the greenness of the grid, meaning consumers are being misled about the impact that their choices in energy tariffs are having.

Action: Since moving away from this practice in 2023, OVO have called for reform of the REGO market to channel more investment into the build out of new, additional renewables. For example, if the market were to issue a higher proportion of REGOs to unsubsidised, new renewable generators, then purchasing renewable electricity backed by these certificates would become a way to genuinely support the build out of more renewable power on the grid.

2 Making sure community energy projects feel the benefits of producing greener electricity

Challenge: The Small Supplier Licence Exemption in the Supply License Conditions allows "facilitating" energy suppliers to potentially take advantage of energy projects that have opted for the exemption. This leaves generators and communities vulnerable to regulatory risk, but also means that they're not having the value of the exemption passed onto them. The exemption states that if a generator produces less than 5MW (and less than 2.5MW of this goes to domestic consumers) then the generator is exempt from paying environmental policy costs on that power. However, if the power goes through a public network, the generator needs to establish a relationship with a "facilitating" licensed supplier. This supplier can effectively claim the exemption, and doesn't necessarily have to pass this saving onto the generator or communities receiving the power. At OVO, we're concerned that this is driving up costs for other consumers, who'll need to pick up the bill of avoided policy costs elsewhere. We also think it's an inefficient way for the government to provide financial support to community energy projects.

Action: OVO presented our research on the inefficiencies of the Small Supplier License Exemption to the ESNZ Committee on community energy earlier this year. We'll continue to advocate for the reform of the Small Supplier Exemption Regulations with a fair, transparent, and accessible scheme that directly benefits local communities, and incentivises new community owned renewable generators – but does so in a way that doesn't disproportionately burden other consumers with covering the costs.

3 Helping define accurate carbon accounting methods

Challenge: At the moment, the carbon accounting methodology defined by the GHG Protocol doesn't allow businesses to reflect the full impact that they can have on the transition. There there are three main ways that the GHG Protocol restricts the accuracy of a business' carbon impact. Firstly, by allowing market-based accounting on electricity use without requiring that this equates to real life decarbonisation. Secondly, flexible electricity use isn't acknowledged, because calculations use an annual emissions factor. Finally, products and services that avoid carbon for customers might detrimentally impact a corporation's carbon footprint.

Action: Over the last year or so, the GHG Protocol has started consulting on updates they'd like to make to their corporate standard. OVO fed into these consultations on the development of the guidance and we expect the draft Protocol to be published this year. We'll review the proposed standard and push for further tweaks if the draft doesn't satisfy our concerns around impact quantification. We'll also keep advocating for Scope 4 accounting to allow businesses to account for the positive benefit their decarbonisation products and services have, which wouldn't otherwise be recognised.

4 Improving price incentives for customers to shift their energy use to greener times

Challenge: Prices within the retail market aren't always cost-reflective. This means that consumers who bring down the costs of the energy system by shifting their energy use outside of peak demand periods don't always see the full benefits of doing so in their bills. There's further work to be done to make default tariffs represent a fair deal for all consumers. The default tariff is now based on the retail price cap, which at the moment is set to reflect an "average" use profile. This means that consumers who are on a default tariff and who use the grid in periods when it's most constrained – and therefore at its most expensive and often most carbon-intensive – don't pay the true costs of their energy use. In effect, the energy use of these "peaky" users is subsidised by other customers, since the costs of building out the grid and increasing supply during periods of peak demand are socialised across the whole customer base. As grid constraints increase, this will mean more cross-subsidisation by customers who do shift their demand and provide flexibility to the grid, but there'll be fewer cost incentives for them to do so. However, there'll always be a sizeable cohort of vulnerable customers who'll find it more difficult to respond to price signals that encourage them to shift their demand, and who might be disadvantaged by more cost-reflective pricing.

Action: OVO think price regulation should be rooted in the principle that everyone should pay a fair price for the energy that they use, whoever they are and however they use energy. The price customers pay for each unit of energy should be a good reflection of the cost of buying that energy and delivering it to them. As our grid becomes cleaner and smarter, customers should be able to feel the full financial benefit of the green choices they make without subsidising anyone else's high-carbon consumption patterns. In line with this principle, single-rate default tariffs might need to reflect the higher cost of a customer not shifting their energy use according to the needs of the grid. At the same time, robust price protections must be in place to protect vulnerable customers who are less able to engage with the innovative tariffs in the retail market or shift their energy use.

5 Increasing the adoption and efficiency of flexible storage assets on the grid

Challenge: Decarbonising the grid isn't just about constructing new wind and solar farms: customers need to be empowered to use electricity in a smart and flexible way. Storage assets like batteries can stockpile energy when there's an excess of supply, and discharge it when energy demand outstrips supply. When these actions are coordinated across the whole customer base, they'll be a vital help in balancing the grid. There's a long way to go to get enough storage assets online in the grid, and the upfront costs of these technologies need to be brought down, so they're more affordable for customers. More innovation is also needed to unlock the full flexibility potential of storage assets and other complementary low-carbon products. For example, vehicle-to-grid (V2G) technology lets consumers use their EV batteries to discharge electricity back to the grid at times of peak demand. But the government and industry need to work together to put these innovative propositions in the hands of customers.

Action: We need to remove the barriers to entry into flexibility, allowing domestic assets (like solar batteries and EVs) to compete on an equal footing with other flexibility providers. We need the right level of consumer protections and licensing requirements for third-party flexibility providers so that there can be a level playing field and good outcomes for consumers. And, importantly, there's much more to be done to make customers aware of the potential of domestic flexibility assets, the value they can provide, and how they can access them.

Products: offering our customers products and services that help them decarbonise their home energy use

Product	How it helps
Greener Electricity	Greener Electricity is OVO's tariff upgrade that provides customers with power that's 100% traceable to renewable sources. However, more importantly, we invest this money into PPAs from new renewable generation projects, like these ones, that haven't received government subsidies. Usually, if a project doesn't get government subsidy backing, it's difficult for it to demonstrate that it'll make stable revenue from its generated power. One of the ways we can strengthen the business case for these projects is by offering an above-market price for their REGOs. This way, they can become financially viable and the generator can demonstrate to investors that they'll have a stable, sufficient income source once they start generating. We feel that this approach gives customers a way of signalling their support for renewables, and genuinely supports the growth of renewable electricity on the grid.
Solar panels	One of the main ways that consumers can reduce their reliance on a national energy system is by generating their own electricity at home. OVO offer a competitive solar installation package and SEG rate to encourage the uptake of solar panels. At OVO, we also understand that not everybody is ready or able to install solar panels just yet. Customers might not be in a position to afford the technology yet, or live in homes where they don't have the agency to do so (e.g. rental properties). OVO customers can bank up to five free solar panels for staying with us for just two years through Beyond, our rewards programme. This will help customers to make the switch with an added incentive in the future when they're ready.
Vehicle to Grid (V2G) smart charging	OVO have a range of smart charging options for our customers with EVs. We help them charge up their batteries at a discounted rate when the grid is greener and take advantage of times when renewable generation is plentiful. EVs can also help to balance the grid, as their batteries can charge up with greener electricity when demand is lower, and discharge this power back onto the grid when demand is high. This can help replace the need for fossil-fuel power generation to meet spikes in demand. At OVO, we're investing in our technology platform, Kaluza, to ensure that all flexible storage assets on the grid are balancing it as efficiently as possible.
Flexible electricity use	Consumers can play their part in balancing the grid by flexing their electricity use to times when renewable generation is plentiful, or away from times when demand or strain on the grid is significant. Power Move is OVO's behavioural flexibility proposition, that rewards customers for shifting their electricity use out of peak times to when the grid is greener. This helps to reduce strain on the grid.

Product	How it helps
Batteries	As renewable energy sources like wind and solar are inherently variable, a key part of enabling a grid reliant on these energy sources will be the need for real-time balancing of supply and demand. While consumers can play a part in this by flexing their electricity use, smart and automatic flexible assets will play a key role. Battery Boost is OVO's battery tariff add-on which will charge up our customers' batteries at a cheaper rate when the grid is at its greenest and release their greener power when demand is high. This means our customers can take advantage of the grid when renewable power is plentiful, and help to balance the grid.
Smart meters	The roll-out of smart meters to OVO's customers helps us to understand how much energy they're using and when. This will help us know when demand is high, and how flexible electricity use and smart assets can help us to balance the grid in the future when we're more heavily powered by renewables.
Community energy	In 2024, we partnered with community-owned wind turbine Ambition Community Energy (ACE) in Lawrence Weston in Bristol. As the energy offtaker for the turbine, we rewarded customers in the area for using energy when the turbine's generation was plentiful. Through partnerships like this one, we can not only incentivise community ownership of local renewable generation but also local matching of supply and demand.

Perception: making sense of the transition for our customers through advocacy, campaigning, and engagement

Some of the challenges around greening the grid come down to how consumers perceive the energy transition. Smart meters have a broadly negative perception from those who haven't yet installed them. Renewable tariffs are also ranked by green rating agencies in a largely inconsistent way, and many of these methodologies are still reliant on certificate-based greening. This creates a confusing environment for consumers to understand what the best actions are for them to take, in the transition to net zero.

Here are our priorities for helping to shift consumer perceptions

1 Improving the smart meter roll-out

Challenge: Research shows that 45% of homes without a smart meter would reject one if offered it. We need to make sure that the roll-out of smart meters to these remaining customers is encouraged, while respecting customer choice. This means we need to keep offering customers positive reasons and benefits for adopting the technology, making a smart meter something that they actively want.

Action: The government should consult as soon as possible on its approach to the smart meter roll-out from 2025, as the current framework ends soon. We need a more effective policy framework that better reflects where the UK is with the roll-out, aligns with the principle of customer choice, and puts enough focus on the operability of existing smart meters as well as new installations. OVO will keep offering products and services that are smart enabled, particularly around flexible electricity use, to encourage customers to make the switch to smart.

2 Preventing green tariff marketing making misleading claims

Challenge: There are a number of green tariff rating agencies that give customers information on how "green" their energy tariff choices are. The methodologies used by these different rating agencies vary, but many are still reliant on certificate-based greening mechanisms like REGOs, RGGOs, and carbon offsets to measure the "greenness" of energy tariffs. This often gives consumers inconsistent signals on what "green" in an energy sense actually means, and how their buying choices are having an impact.

Action: OVO are advocating for the reform of the way that green tariffs are rated. We don't believe that gas should be included in any definition of a green tariff. We also believe that renewable tariffs should build out additional renewable generation and encourage flexible electricity use. It's great to see other energy retailers like Good Energy and Utilita also start to advocate for these changes in the way that green tariffs are marketed, which we support. We're actively speaking to the rating agencies on how we can support their changes in approach to measuring "greenness".

3 Giving support and guidance to community energy groups and projects

Challenge: The process of establishing community energy is often confusing, time and resource intensive, and difficult for those without energy experience to navigate. Community groups often lack the time or legal expertise to navigate the regulatory landscape with confidence.

Action: At OVO, we want to put community energy at the heart of the energy transition. General guidance for community energy projects exists, but we've identified a gap in specific guidance around project financing and establishing offtaker agreements with energy suppliers. As such, we've worked with Thrive Renewables, Community Energy England, and UK100 to create specific guidance on community energy projects. This will be published on the Community Energy England website in the summer of 2025.

4 Reassuring customers that their energy prices won't be determined by a "postcode lottery" if zonal pricing comes in

Challenge: There's a risk that people might expect huge price differentials depending on region, and that prices will go up. In reality, modelling currently suggests that zonal pricing should bring down the cost of the system for all consumers, because it means more efficient use of existing renewables and energy infrastructure.

Action: OVO will keep working with the market and the regulator to ensure that any market reforms brought in don't penalise consumers based on location. For example, the regulator could design an intervention that prevents extreme price differentials for consumers.

Key dependencies

This table sets out the key dependencies of our transition. For each dependency, we've specified what we need to see from the market to enable our progress and what OVO are doing to respond to this. We've also specified whether we're leading, influencing, or managing the dependency – depending on our position in the industry that it sits within.

Dependency	What we need from the market	Our action	Who we're engaging with	Our role
Update in carbon accounting rules	Update corporate carbon accounting standards so that market-based factors (like certificates) for "greening" electricity use are only allowed if they reflect genuine reductions in atmospheric carbon. Ensure corporate carbon accounting standards incentivise and recognise businesses using electricity flexibly – rewarding energy use when the grid is greenest and discouraging use during peak demand. Enable corporations, through updated accounting standards, to claim avoided carbon emissions resulting from the sustainable products and services they provide to consumers.	Respond to standard setter consultations with evidence, advocating for methodology changes. Share internal research and findings with other businesses. Collaborate with sustainability professionals via the CAA to develop updated standards and promote carbon footprinting best practices.	Standard setters like the WBCSD, the GHG Protocol and the Science-Based Targets initiative. We're members of the Carbon Accounting Alliance (CAA) which brings together 750+ member organisations to enhance the carbon accounting landscape.	Influence positive action.
Green tariff marketing	Update green tariff marketing to accurately reflect and reward retailers for tariffs that demonstrably support the build-out of new renewable generation (additionality). Ensure green tariff marketing recognises and rewards retailers for tariffs that successfully encourage flexible electricity consumption by consumers.	Provide key green tariff rating agencies with proposed methodology changes for grading tariff "greenness". Engage with other retailers holding similar positions to build market consistency. Engage with marketing regulators (ASA, CMA) to make sure green energy claims are accurate and not misleading.	Green tariff rating agencies and price comparison websites. Peer energy retailers with similar positions. Marketing regulators like the ASA and CMA.	Influence positive action.
Green financing of transition technologies	Ensure a wide range of accessible public and private financing options are available for consumers to fund investments in transition technologies (like solar panels). Include specific, affordable financing mechanisms within this range, such as low-cost loans, grants, subscription models, and the option to include low-carbon technologies in salary sacrifice schemes.	Continue providing green financing options for transition technologies. Offer customers the ability to earn free solar panels (up to 5) via the Beyond rewards programme to reduce upfront installation costs.	Private finance providers.	Influence positive action.
Decarbonisation of UK electricity grid	Achieve rapid and efficient investment in, and deployment of, new renewable generation onto the UK electricity grid. Establish a stable and supportive government policy environment that effectively incentivises the build-out of new renewable generators. Obtain clear definition from the government on the specific role community energy will play within the overall energy transition (e.g. via the expected Local Power Plan or similar policy).	Continue installing solar panels on customers' homes. Invest in the development of new renewable power through the Greener Electricity add-on. Advocate for energy policy changes, including: Reforming the REGO market to ensure investment flows to new renewable projects. Reforming community energy regulations to provide effective financial support to generators and consumers.	Government and DESNZ. Ofgem. ESNZ Select Committee. Peer energy retailers and large energy intensive businesses.	Lead progressive change.
Consumer engagement and sentiment towards transition	Rebuild consumer trust in the energy sector, addressing concerns arising from the recent energy and cost of living crises. Counter disinformation surrounding new energy technologies (like smart meters, EVs, solar panels, batteries) by ensuring accurate, clear, and accessible information is widely available. Generate genuine consumer demand for, and confidence in adopting, these key transition technologies.	Continue incentivising smart meter uptake by offering smart-enabled propositions (like Power Move) that reward customers for flexible electricity use.	Smart Energy GB.	Influence positive action.
Adequate green skills	Develop a sufficiently large and skilled workforce (estimated requirement of 362,000 workers by 2035) capable of installing and maintaining the technologies needed for home decarbonisation and achieving net zero targets. Secure a significant increase in focus and investment from both the public and private sectors specifically targeted at developing green skills and creating green jobs to close the current decarbonisation skills gap.	Invest internally to upskill 15,000 green jobs (advisors, surveyors, installers) by 2035. Implement the Climate Confidence programme to develop climate literacy among OVO staff. Identify (via the OVO Foundation) opportunities and advise the government on improving climate education in the UK.	Learning institutions like Business in the Community and IEMA. Government and Department for Education.	Influence positive action.

7. Decarbonising our value chain: electrification of heat

Around two thirds of our carbon emissions come from our customers' use of gas. Unlike our electricity footprint, we can't decarbonise this emission source as gas can't be greened. Instead, we need to move away from using it for heating entirely. The technology to do this already exists – like air source heat pumps. The government has been clear that the decarbonisation of domestic heating relies on the roll-out of heat pumps, and the previous government set a target of hitting 600,000 installations of heat pumps a year by 2028. But their uptake across the market has been slow to date.

Our net zero transition hinges on the decarbonisation of heat. And this is reliant on the roll-out of heat pumps across OVO's customer base. Heat pumps are still out of reach for many customers because of their installation and running costs. People who've made the switch already are mostly homeowners who are able to pay, and want a more environmentally friendly way to heat their homes. But, to drive mass market adoption, we need to go beyond green. Consumers need to want heat pumps not just because they're greener, but because they're better. Better from a cost perspective, better from a comfort perspective – and they just so happen to be better from a sustainability perspective.

What we want to achieve

1. Making electrification of heat technologies like heat pumps more accessible and affordable
2. Strengthening of government support mechanisms for the decarbonisation of heat
3. Improving perception of heat pumps by consumers so they become promoters of the technology

What are the main challenges?

Barriers to heat pump uptake through installation and running costs

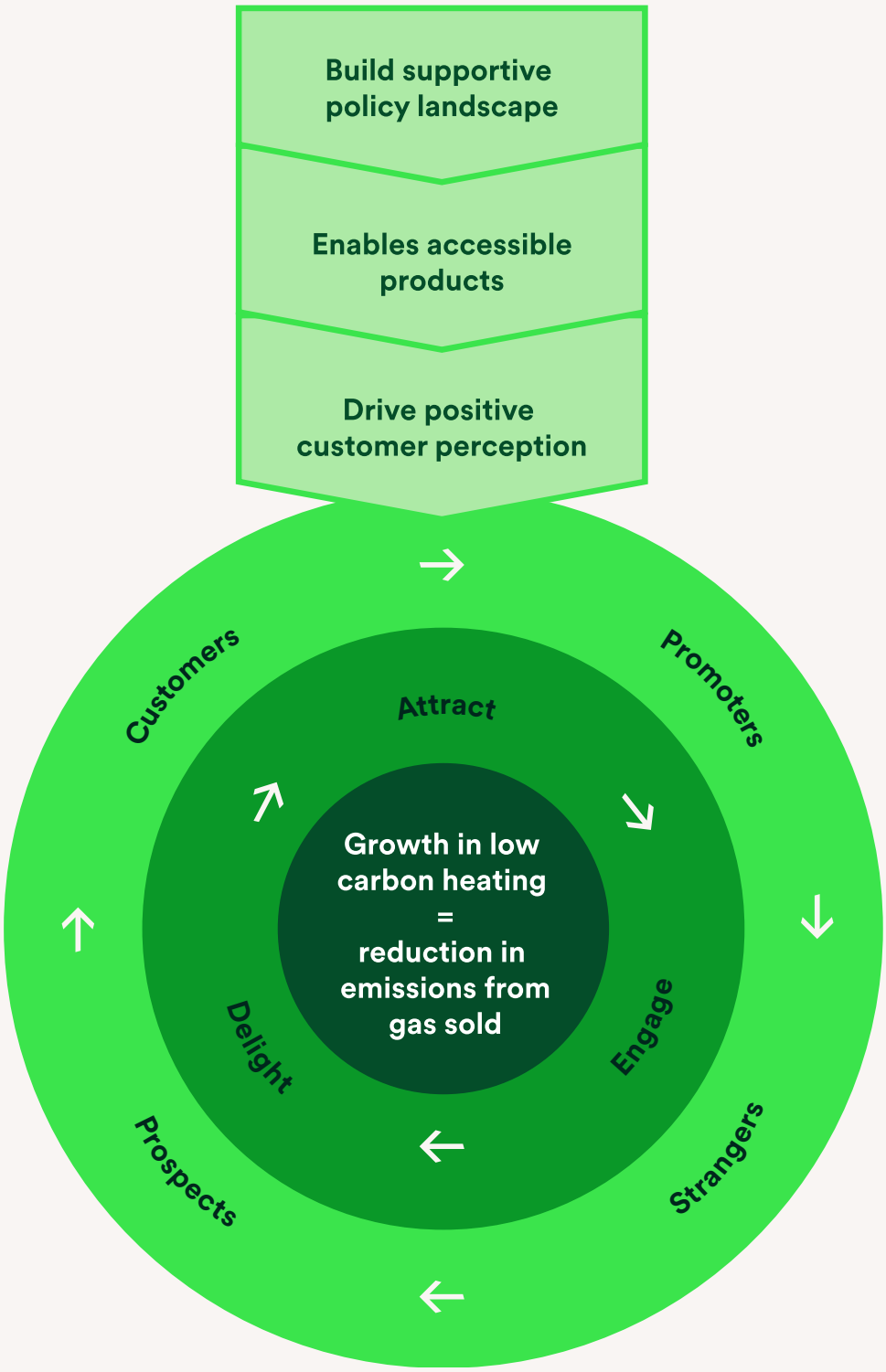
Even though the government provides funding grants (like the £7,500 you can get towards a heat pump and other technologies through the Boiler Upgrade Scheme), uptake of these schemes has been lagging. The typical cost of installing a heat pump ranges between £12,500 to £14,000 (before the Boiler Upgrade Scheme grant), meaning they're still a significant investment for the majority of households.

Heat pumps have a much higher coefficient of performance than gas boilers, meaning they're much more efficient at turning energy into heat. However, in the UK today, the electricity unit rate is typically more expensive than gas per unit, which impacts the running cost of heat pumps. One reason for this is because electricity unit rates reflect lots of different policy costs that help with the decarbonisation of the grid like the Renewables Obligation. While these costs are important to fund renewable schemes, concentrating them on the electricity unit rate means that people could be financially penalised for electrifying their heating systems.

Some people don't think heat pumps are for them

While people are becoming more aware of heat pumps and other electric heating technologies, many are still unsure about how they can benefit their homes, beyond being greener. Some homeowners still worry that heat pumps might not be effective in cold weather or that the technology isn't compatible with their property types. At OVO, we think that if a heat pump isn't appropriate for a home, other electrification of heat technologies should be explored.

Moving from OVO's influence to OVO's control



Standards on private rentals and new builds

Recently, the government has consulted on tighter energy efficiency standards for landlords, requiring that rental properties achieve a minimum Energy Performance Certificate (EPC) rating of C or above by 2030. At OVO, we welcome this, and energy efficiency is a key part of enabling heat decarbonisation. But there are currently no requirements in place for landlords to decarbonise the heating systems of their properties. This means that people who rent are entirely dependent on their landlords to fund and install heat pumps or similar technologies into their homes, which they aren't required to do.

EPC ratings also only focus on the cost of powering and heating a home at the moment – rather than the carbon intensity of a home's energy use. This is being reformed, but this requirement would still mean that fossil fuelled heating systems like gas boilers would be prioritised over heat pumps as they're cheaper to run.

Hassle factor

Consumers sometimes see installing a heat pump as time consuming or invasive. While heat pumps can work in every home, they perform best in homes that are well insulated, with radiators that are slightly larger than their gas-powered system counterparts. This is because heat pumps warm to a lower temperature than gas boilers. So if a homeowner needs to improve the insulation in their property, as well as replace radiators, this can add additional costs to the project – as well as being a hassle. There's also a risk that if heat pumps are installed in homes without sufficient insulation, or large enough radiator size, they might not work as effectively, so this needs to be carefully considered by the installers and homeowner.

Actions we're taking

OVO believe that the main barriers facing the roll-out of heat pumps are affordability, ease of installation, and lack of market incentives or regulation to encourage their uptake. We plan to spend the next few years calling for appropriate reforms to the policy landscape that surrounds heat decarbonisation. We'll then use our voice to showcase how our customers can benefit by making the switch to electric heating – which we think will build demand.

Policy: advocating for supportive policies across government, regulators, and industry

1. Put in place the right regulatory levers to accelerate heat decarbonisation

1 Calling for the backstop date for gas boilers to be reinstated

Challenge: The backstop date for gas boilers was scrapped by the government, meaning there's no hard deadline for encouraging the switch away from gas heating systems. The Clean Heat Market Mechanism (CHMM), which provides boiler companies with heat pump installation targets (as a percentage of total installs), is also currently under consultation. OVO are supportive of their proposed targets for the 2026 period.

Action: We recommend that the government reinstate a clear backstop date for the installation and sale of new gas boilers. This will provide certainty to the boiler industry on when their transition to decarbonised heat solutions needs to happen.

2 Advocating for the implementation of the Future Homes Standard (FHS)

Challenge: the outcome of the consultation on the Future Homes Standard (FHS) means all new homes in the UK should have decarbonised heating as standard. OVO is fully behind this. However, the FHS has not yet been confirmed or implemented by the government.

Action: OVO responded to the FHS consultation, and we're currently waiting on a formal response from the government. We're hoping to see the government confirm the inclusion of a requirement for decarbonised heating in the FHS, and to implement this as soon as possible. We're also continuing to advocate for electrified heating solutions to be prioritised as the decarbonisation default, rather than unproven technologies like hydrogen-ready boilers.

3 Reforming the EPC (Energy Performance Certificate) criteria

Challenge: At the moment, EPCs are calculated exclusively on the cost of meeting a home's energy needs. Since switching to low carbon heating doesn't always result in lower running costs, due to the artificially high price of electricity, this means that these heating systems can end up reducing a home's EPC score – despite being much cleaner. This methodology creates disincentives for the decarbonisation of heat across all housing types. EPC ratings inform decisions about buying and selling a home, including eligibility for green mortgages. They also form the basis of the Minimum Energy Efficiency Standards (MEES) in the private rental sector, and importantly determine whether homes are eligible for energy efficiency schemes like the Energy Company Obligation (and which measures they receive). We know that heat pumps are essential to our net zero journey – and should provide reliable bill savings once action is taken to rebalance electricity and gas prices. But the lack of value afforded to low carbon heating by EPCs means that customers who would benefit from a heat pump often don't or can't access one.

Action: In February, the government set out its proposals to reform EPCs to include three new headline measures to accompany the existing energy cost metric: heating system, fabric performance, and smart readiness. OVO believe these proposals are a very positive step and, once they're implemented in 2026, should begin to properly incentivise the installation of the low carbon and smart domestic products that are needed to reach net zero. The success of this will depend on how these new metrics are combined and presented as part of the new certificate. It also hinges on how they're integrated with the range of policies and schemes that make use of EPC ratings to support energy efficiency and decarbonisation. We'll continue to engage with the government on how this can be done in a way that benefits consumers and decarbonisation.

4 Calling for clarity on using hydrogen-ready boilers

Challenges: While we believe it's important to consider a range of decarbonisation of heating technologies, the market continues to bank on the efficacy of hydrogen compatible boilers for domestic heating. The government has funded some trials on using hydrogen as a source for home heating, with limited success. However, the Climate Change Committee has been clear that hydrogen compatible boilers won't make up the domestic heating system of the future. We risk wasting time and investment as an industry on a technology which continues to rely on fossil fuels – when we could be focusing on the roll-out of electric heating solutions like heat pumps.

Action: OVO think the government should provide clarity on the future of hydrogen heating and confirm that it won't be suitable for domestic heat.

2. Making heat pumps more affordable

5 Advocating for price rebalancing

Challenge: Gas is currently cheaper than electricity. This is because policy costs (like the Renewables Obligation that helps to fund the roll-out of renewable power on the grid) are concentrated onto the electricity unit rate rather than gas. This means that switching from a gas boiler to a heat pump could cost a customer more in running costs. Price rebalancing aims to reduce these costs, making them comparable with their gas alternatives.

Action: OVO are hopeful that the government will implement price rebalancing, as we think – and our industry peers agree – that this is a key enabler of the net zero transition. The government has indicated that they're going to do this for those who switch to electric heating solutions, which would incentivise customers. Price rebalancing has the potential to correct market distortions that are negating the inherent benefits of green technologies. Heat pumps are more efficient and, currently, high electricity prices are an artificial and counterproductive way of restricting their roll-out. We expect that a consultation will come out on this soon – when it does, OVO will respond. We know that rebalancing prices will have some distributional impacts across households, particularly those who are less able to make the switch to low-carbon heating. We think these impacts must be minimised as far as possible. Price rebalancing should sit alongside the introduction of a social tariff, to ensure that vulnerable households are able to access affordable energy.

6 Calling for funding that helps with the upfront costs of electric heating

Challenge: Installing heat pumps, storage heaters, and insulation often means a significant upfront cost. There are currently government funding schemes in place, but the uptake of these schemes isn't high. The Boiler Upgrade Scheme (BUS) provides customers with the majority of the upfront cost of a heat pump, particularly given the recent expansion of the funding from £5,000 to £7,500. However, it's still the able-to-pay market who are most able to take advantage of the scheme. The Department of Energy Security and Net Zero needs to explore ways in which additional funding could be put in place, or existing funding made more targeted. This would give lower-income households greater access to upfront cost support. For example, means-tested loans could supplement the main BUS scheme.

Action: At OVO, we'll keep calling for additional funding to be made available to lower income households.

7 Reforming the Energy Company Obligation (ECO) scheme

Challenge: The ECO scheme aims to tackle fuel poverty and help reduce the carbon emissions of lower income households. We need to make sure that we're equipping homes to be net zero ready under the ECO scheme – otherwise they'll have to retrofit their heating system again later down the line. To do this, the scheme needs to properly incentivise installers to fit low-carbon heating systems. The way in which ECO is currently structured means that installers have to raise a home by at least two bands from their starting EPC rating. At the moment, electric heating systems do not generally contribute positively to EPCs as they can cost more to run, so the industry is still fitting gas boilers in recipients' homes under the ECO scheme.

Action: OVO believe the next iteration of ECO should return to a measure-based (rather than EPC-based) scoring system. This would lead to better incentives for low carbon heat, a wider range of tech that can meet customers' needs, and create better outcomes for consumers. As we approach the end of the ECO4 scheme, this a prime opportunity to influence the design of the next iteration of ECO.

3. Making installations of heat pumps easy and effective

8 Campaigning for more support with insulation

Challenge: Because heat pumps warm to a lower temperature than gas boilers, households need to be physically more efficient for them to achieve the same level of warmth. In the UK, we have the highest rate of home temperature loss in Europe, meaning our homes are quite inefficient at keeping the heat in.

Action: The right mix of energy efficiency support is needed to get homes to a suitable standard for heat pump installation. These will be different for different housing types and tenures – for example, ECO for homeowners, Warm Homes Grants via local authorities for social housing, and minimum energy efficiency standards for private rentals. We'll continue to campaign for strengthened government support on the roll-out of efficiency measures to ensure that heat pump installations are set up for success.

9 Advocating for better planning rights for green tech

Challenge: At the moment, homeowners often need to get planning permission to install heat pumps or other low carbon technologies in their homes. At OVO, we believe that the vast majority of heat pump installations should be covered by permitted development rights. This would mean less red tape for customers to get through to make the switch.

Action: OVO welcome the government's recent expansion of permitted development rights for heat pump installation. We recommend that they keep reviewing and expanding these rights to make the heat pump installation journey hassle-free in as many housing types as possible.

10 Investing in green skills

Challenge: We're currently facing a decarbonisation skills gap in the UK, and don't have the right amount of workers skilled in decarbonisation technologies needed for the transition.

Action: We need to invest in training for those working in the installation and maintenance of gas boilers, so they can transition into new industries and sectors with the right skillsets. At OVO, we're investing in the creation of green jobs, and have launched our Climate Confidence programme, which aims to develop the climate literacy of our people at OVO.

11 Increasing people's understanding of the support available to them

Challenge: Funding support schemes like the BUS are great but they're often difficult to understand, decipher, and implement.

Action: We want to provide information to our customers on the support available to them, in a way that's easy to understand and accessible. At OVO, we have Energy Experts who can visit our customers' homes and provide them with a detailed breakdown of what they'll need to do to transition their homes away from fossil fuels and improve their energy efficiency. Our zero carbon living advisors also help to demystify what support is available and how to navigate these processes.

12 Encouraging planned upgrades of home heating systems

Challenge: It's estimated that up to 70% of gas boiler installations are done in a non-emergency scenario. Therefore, there's a significant opportunity for people to plan for the upgrading of their heating systems.

Action: The installation of electric heating systems should be clear in terms of the timing and resources required to fit the technologies. At OVO, we think this will help customers plan appropriately for installing electric heating.

13 Campaigning for regulatory reform on heat pump installations

Challenge: Currently, it takes about four to five days to install a heat pump in a home. We should aim to make having a heat pump fitted as quick and easy as a gas boiler, so that consumers aren't put off by the additional time investment.

Action: We believe that it's possible to get the time it takes to install a heat pump down to two days with the right regulatory reform (e.g. open data on the Gas Safe Register). We also want installers, manufacturers, and distributers to collaborate – for instance, sharing information about specific heat pump models. OVO will continue to support the industry's conversations on efficiencies, and understand from our franchise installers what the challenges are and how we can campaign for these barriers to be removed.

We expect the Warm Homes Plan to trigger a range of consultations on the issues above. We expect that the next 2 years will be pivotal in developing the policy landscape for the decarbonisation of heat.

Perception: making sense of the transition for our customers through advocacy, campaigning, and engagement

As well as making installing electric heating more accessible, we need to change the public's perception of these technologies. Some people feel unsure of how heat pumps work, or how they could benefit their homes. This isn't helped by negative press about heat pumps being ineffective, and rising energy bills. Overall, this leads to collective confusion or negative sentiment.

However, heat pumps are proven to work in climates much colder than the UK's. 60% of the homes in Norway are warmed by heat pumps and they're seen as practical, reliable, and green – a perception that has been fuelled by a range of public awareness campaigns (like **this one**) and positive community experiences.

Therefore, we need to work on improving consumer perception of the technology. We've seen great organisations like NESTA running campaigns like "**Visit a Heat Pump**", giving people the opportunity to see a heat pump working in real homes and learn more about what it's like to have one from current owners. The Department of Energy Security and Net Zero has recently launched a consumer campaign aimed at encouraging the uptake of the technology called "**Warm and Fuzzy**". It's great to see the government focusing on this. At OVO, we've put out a lot of social media content with Heat Geek, aiming to bust myths that surround heat pumps.

There are lessons to be learned from the uptake of EVs. We've seen a huge swing towards positive consumer sentiment over the last few years. This is largely because government policies and incentives have resulted in lower running costs, improved charging infrastructure, and competition between EV manufacturers to drive down costs to the consumer.

If we want to stimulate significant growth in the electrification of heat, we feel there's still a gap in consumer campaigning, which needs to be addressed. The actions on products and policy that we've discussed in this chapter are key enablers for customers to use technologies like heat pumps, but we need to attract customers in the first place. In the coming years, OVO will launch a consumer campaign that will focus on the benefits of the technology from a carbon, cost, and comfort perspective – likely once the policy changes consulted on as part of the Warm Homes Plan start to land.

We also recognise that it's not just our customers that we need to take on this journey. Our engineers who visit our consumers homes every day are the face of the transition. They're trusted by our customers on the best actions people can take for their homes and energy use. It's vital that they advocate for transition technologies in the home, and genuinely feel that these benefit consumers.

Products: offering our customers products and services that help them decarbonise their home energy use

Once we advocate to fix the policy landscape that surrounds the decarbonisation of heat and build consumer appetite for the products through consumer campaigning, we'll be in a position to expand the roll-out of our heat pump products to the mass market. However, we do have these products available to those ready to make the switch today.

Product	How it helps
Heat Pump Plus and free heating credit	OVO's Heat Pump Plus tariff add-on artificially rebalances the price of electricity. Essentially, it charges a lower rate for the electricity used to power heat pumps in our customers' homes. This makes the price of heating their homes and hot water with electricity comparable to gas. We also understand that not everybody is ready to switch to electric heat just yet. With our rewards programme Beyond, customers can bank up to a year's worth of free heating credit when they stay with OVO for two years. This helps them prepare to make the switch, with an added incentive in the future.
Heat pump installations	We can install heat pumps in our customers' homes, alongside our partners like Heat Geek. We've also launched air source heat pump installations through our franchise model, ensuring that our customers can access local experts in their area.

Key dependencies

This table sets out the key dependencies of our transition. For each dependency, we've specified what we need to see from the market to enable our progress and what OVO are doing to respond to this. We've also specified whether we're leading, influencing, or managing the dependency – depending on our position in the industry that it sits within.

Dependency	What we need from the market	OVO's action	Who we're engaging with	Our role
Affordability of heat pump technology	Adequate financial support for the upfront investment costs of heat pumps and other decarbonisation of heat technologies – from both public and private investment channels. Rebalancing of energy policy costs, to make the cost of running a heat pump comparable with a gas boiler.	Continue to campaign on price rebalancing, working with the government to understand how price rebalancing could be implemented without penalising customers who aren't able to make the switch just yet. Provide green financing options for transition technologies. Offer customers the ability to earn free heat pump heating hours via the Beyond rewards programme to reduce running costs.	Policy makers like DESNZ, Ofgem, and the government. Private financers.	Lead progressive change.
Consumer appetite to switch	Consumers choosing to retrofit their homes with decarbonisation of heat technologies, like insulation and heat pumps. Consumers are incentivised and rewarded for doing so, meaning they choose to switch, rather than feeling forced to.	Run a consumer campaign to highlight the benefits of electrification of heat to change consumer perception of the technology. Support national campaigns on heat decarbonisation, such as DESNZ's "Warm and Fuzzy" campaign. Offer heat decarbonisation products that reward customers for switching to electrified heat, like Heat Pump Plus.	Policy makers like DESNZ, Ofgem, and the government. Consumer champion groups and charities.	Lead progressive change.
Requirements for all property types to decarbonise heating	Stronger requirements on landlords, social housing, and future homes being built to decarbonise heating systems.	Continuing to campaign on more ambitious energy efficiency and decarbonisation of heat requirements for all property types.	Policy makers like DESNZ, Department for Levelling Up, Housing and Communities (DLUHC), Ofgem, and the government Housing charities.	Influence positive action.
Growth of low carbon heating market	Supportive regulatory levers to encourage the growth in decarbonisation of heat technologies, such as a backstop date for new gas boilers, revisions to the FHS and EPC criteria, and clarity around the role of hydrogen in domestic heating. Certainty on the government's expectation of the low carbon heating market. Stable supply of heat pump and electrification of heat technologies.	Respond to the government's Warm Homes Plan, which aims to upgrade millions of homes with warm, future-proofed homes that are cheaper to power. Continuing to engage with our heat decarbonisation suppliers to understand, manage, and address any risks relating to supply. Actively collaborating with heat pump manufacturers to drive up adoption of the technology.	Policy makers like DESNZ, Ofgem, and the government. Heat pump manufacturers like Vailliant, Mitsubishi Electric, and Viessmann.	Lead progressive change.
Easy and effective installations of heat pumps	Easy to understand and adopt support for consumers who want to install heat pumps. Strong guidance and expertise from trusted experts to guide consumers through their heat decarbonisation journey. Considerations of other upgrades that may be required to maximise the effectiveness of the electric heat technology. The government should continue to drive high quality installations that meet the needs of the household.	Continue to provide advice to consumers through our Energy Experts and Zero Carbon Living Advisors, and via our website and advice forums. Continue to provide streamlined and effective heat pump installations for our consumers. Continue to advocate for updates to the ECO scheme so that there's more flexibility for installers to fit according to the needs of the households, rather than to hit EPC criteria.	Consumer champion groups Housing charities Policy makers like DESNZ, Ofgem, and the government.	Influence positive action.

Dependencies like adequate green skills and consumer engagement and sentiment towards the transition are also applicable to the electrification of heat. However, to avoid duplication, we haven't included them again in the table above. Please see page 25 for more details.

8. Decarbonising our value chain: engaging with our suppliers

The emissions from our suppliers and their supply chains are relatively low compared to the sale of electricity and gas to our customers, making up just 1.5% of our total footprint. However, OVO procure lots of technologies like heat pumps and solar panels. These technologies are a key enabler of our net zero transition. We need to make sure we're procuring and sourcing these in a responsible manner. We recognise that the value chains of these technologies often pose significant environmental or social risks, and we want to make sure that we're identifying, managing, and responding to these – to minimise the negative impact that these supply chains could have.

What we want to achieve

1. Engage with and enable our suppliers to decarbonise, to support our net zero by 2035 ambition
2. Manage the environmental, social, and governance risks across our supplier base
3. Strengthen the resilience of our supply chain to climate-related risks

What are the main challenges?

Data availability

At the moment, we apply a spend-based estimate to calculate our emissions across our supplier base. While this gives us an indication of our material suppliers, improving this calculation approach by using actual data would give us a more accurate picture.

No "one size fits all" approach

Our suppliers are all unique – and they offer us unique products and services from a range of locations globally. This means that their approach to decarbonisation, and our approach to enabling this, needs to be tailored depending on their operations.

Actions we're taking

Category specific approach to procurement

OVO have started splitting our supplier base into different categories to manage – for example, technology, commercial metering, and so on. For each of these categories, we've defined an ESG risk landscape, which details the material sustainability risks across that category. Then, for each risk landscape, we've drafted a series of questions that aim to understand how our current and potential supplier manages these specific risks. We've started to pilot these specific questions on a couple of categories alongside our standard sustainability questionnaire. We'll continue to roll out until we've covered all categories, and start to embed ESG as a qualifier in tenders. We've also started to provide tailored training to procurement and supplier management teams responsible for those categories, so they're educated on the specific ESG risks to identify, manage, and mitigate across their categories.

Supplier improvement plans

At OVO, we currently measure supplier performance by checking their adherence to our Supplier Code of Conduct. However, by using these ESG risk categories and the Supplier Governance Toolkit (which is the framework for how we manage our suppliers in a consistent way), we can begin to develop supplier improvement plans for each category. For these, we'll set a goal that we want the category to aim towards (this could cover any sustainability issue across environment, social, or governance). Then we'll define the baseline of current performance against these goals. This will help us to identify gaps or weaknesses in supplier performance and build action plans to enable their progress, as well as working together on joint initiatives.

Data quality

A key aspect of the supplier improvement plans will be to improve our understanding of data availability for each supplier. We can then use this to strengthen our carbon emission quantification for our supplier base, which will help us to monitor performance too.

9. Accountability

Metrics and targets

The overarching ambition of this plan is to put us on the right trajectory to reach a net zero position across Scopes 1, 2, and 3 by 2035. This ambition is enabled by a number of other metrics and targets, made up of:

- Net zero across our Scope 1 and 2 (operational) emissions by 2030, driven by:
  - A 100% electric fleet by the end of 2025
  - Offices powered by 100% renewable electricity, which builds out additional renewable power to the grid by 2030
- A near-term target of reducing our Scope 3 emissions by 70% by 2030, in line with our validated Science-Based Target
- Absolute reduction of our Scope 3 emissions by at least 90% by 2035, relying on permanent removals for the remaining 10% in line with SBTi's current net zero standard

These climate quantified targets are underpinned by our qualitative strategic objectives

- Contribute to the economy-wide transition
- Manage our climate-related risks
- Transition with our natural world in mind
- Ensure the transition is just and inclusive
- Adapt to our changing environment
- Align with the latest climate science and call out greenwashing

Our performance

Business Area	Emission Inventory	Emission Source	2018	2019	2020	2021	2022	2023	2024
Operations (buildings)	Scope 1	Diesel (for buildings)	133	159	133	18	15	6	4
	Scope 1	Natural gas (heating)	1,034	1,090	1,051	1,015	943	306	113
	Scope 1	Refrigerants	178	18	132	60	77	250	176
	Scope 2	Purchased electricity (for buildings)	3,217	2,933	2,141	1,691	131	86	556
Operations (fleet)	Scope 1	Petrol (for fleet)	206	518	477	401	2,632	1,345	695
	Scope 1	Diesel (for fleet)	6,765	9,502	5,332	4,320	221	22	4
	Scope 2	Electricity (for fleet)	5	21	42	52	763	1,214	763
Energy sold to customers	Scope 3: Category 3	Electricity sold to customers – upstream emissions	5,544,397	4,707,412	3,879,763	4,163,708	3,580,206	3,654,198	3,152,369
	Scope 3: Category 3	Gas sold to customers – upstream emissions	1,095,433	1,006,124	902,028	1,131,152	901,214	843,912	819,362
	Scope 3: Category 11	Gas sold to customers – downstream combustion emissions	7,880,952	7,736,339	6,936,677	6,608,667	5,289,634	5,110,096	4,960,652
Supply chain	Scope 3: Category 1	Purchased goods and services	N/A	N/A	N/A	N/A	N/A	148,533	129,700
	Scope 3: Category 2	Capital goods	N/A	N/A	N/A	N/A	N/A	3,695	2,647
	Scope 3: Category 4	Upstream T&D emissions (from supply chain)	0	0	0	0	0	0	971
Areas where OVO have control	Scope 3: Category5	Waste produced in our offices	3	33	13	6	9	14,912	35
	Scope 3: Category 6	Business travel	N/A	N/A	N/A	234	687	3,312	4,477
	Scope 3: Category 7	Employee commuting	0	0	4,668	3,079	1,994	3,126	3,091
Total emissions (in tCO_2e)			**14,534,081**	**13,464,116**	**11,718,275**	**11,870,342**	**9,776,599**	**9,785,219**	**9,076,482**

The net in net zero: carbon removals

In the past, we've built a good understanding of Voluntary Carbon Markets and, now, we have a clear position against traditional carbon offsetting, over greenwashing concerns. At OVO, we don't think that businesses should rely on carbon offsets or certificate based schemes to reach their net zero goals – focusing on reduction and avoidance in the first place.

However, **carbon removals** are a different story. To get to net zero, we'll need to remove carbon from the atmosphere for any emissions that we can't avoid or reduce. Currently, the carbon removals market is being scrutinised over concerns of how valid the removal credits actually are. The market hasn't scaled yet, and we'll need gigatonnes of removals available in the future to achieve global net zero targets.

Therefore, we see the importance of supporting this market now, so that it scales to the level we need to support our net zero ambition – without compromising on permanence and durability.

Over the coming years, we'll test different types of projects, varying from technology-based removals like Direct Air Capture and Enhanced Weathering to nature-based removals like reforestation of trees and mangroves. We'll be assessing the risks associated with these projects to help inform our medium and long term strategy on carbon removals, leading up to 2035.

Phases of the removals plan

2025

Engage and understand the latest movements in the market, and start building out a medium and long term removals strategy based on scientific guidance

2026

Buying our first removals credits, mixed portfolio with varying levels of risk, starting with around 100 tCO_2e across different projects

2027

Following revised SBTi guidance, we'll continue to increase that contribution. Our ambition is to keep ramping it up in the coming few years to cover our Scope 1 and 2 emissions, as the guidance evolves.

Governance

The governance of our climate transition is broadly embedded within existing governance frameworks.

Board oversight on climate change

OVO Board and Directors:

Our commitment to transitioning to a net zero business goes right to the top at OVO. Our Board oversees the strategic direction of the business. They're consulted on an ad hoc basis on relevant sustainability information.

Risk Committee:

Climate change is included as a principal risk in our corporate risk register. Therefore, any risk that is flagged as material to the business is assessed to understand whether climate change plays a role in it.

Leadership roles and responsibilities

Leadership team:

Our CEO is responsible for our transition to a net zero future, and establishes our overarching strategy as a business to meet these goals. Our leadership team align their departments to this strategy, and are given updates on our performance regularly to see our progress.

Making Energy Better steering committees:

Making Energy Better is our advocacy strategy, where we lobby and campaign on specific policy issues that enable the transition for our customers. This strategy is structured around three pillars: **Greener, Affordable,** and **Electric**. For each pillar, we have a designated leadership team sponsor who chairs a steering committee for their pillar.

Management level

Sustainability Team:

Our Sustainability Team is responsible for managing and steering climate transition workstreams across the business.

Making Energy Better working group:

Our MEB working group is made up of representatives from policy, public affairs, sustainability, energy, and corporate affairs. This group works to deliver the workstreams of the three Making Energy Better pillars and meet on a weekly basis.

You can see more on our climate-related risk management in our TCFD disclosure in our annual report.

Our policies

Our policies detail our approach to supporting our net zero ambition and strategic objectives.

Environment policy

This outlines our environmental commitments, which set out how we plan and manage our business.

Human rights policy

This details our commitment to respecting and upholding the human rights of our people, supply chain workers, customers, and communities.

Supplier Code of Conduct

This sets out our expectation of our suppliers and their conduct in relation to environmental, social, and governance related practices.

Code of Conduct

This defines what we expect of our people in terms of behaviour and ethics – and also includes details of how our people can raise concerns.

OVO's Carbon Accounting Position

This details our approach to calculating the carbon emissions we're responsible for as a business, as well as any evidence that sits behind these positions where they deviate from standard practice.

Implementing our plan

Culture, skills, and engagement

Plan Zero, our sustainability strategy, has become the foundation of our culture here at OVO and is structured around 3 key pillars:

Climate

Reach true net zero by 2035

Customer

Be the UK's most trusted company

Culture

Be the UK's best place to work

While this transition plan is very much focused on our priorities from a climate perspective, our culture at OVO is a key enabler of our progress. Our people are the bedrock of our sustainability strategy. Without our culture of innovation and sustainability-first, our Plan Zero progress would be minimal.

We put Plan Zero at the heart of our people's journey at OVO. When people join our business, Plan Zero is introduced through the onboarding process, so sustainability is at the forefront. Each year, the Internal Communications Team and Sustainability Team also host Day Zero – a day focused entirely around Plan Zero, with sessions to inspire and engage our people on the work we're doing to move our business towards a net zero future. Teams are also encouraged to take their volunteering allowance (2 paid days per year), and there are a range of Plan Zero-aligned charities that we support as part of this work.

We regularly ask our people about their thoughts on Plan Zero through our employee engagement survey that runs twice a year. Overall, sentiment is broadly positive and we've set a target to achieve a score of 9/10 (we're on track at 8.8 in 2024).

Incentives and remuneration

Our remuneration package considers a number of different financial, growth, and customer targets – including targets around customers opting for our decarbonisation products and services.

Skills, competencies, and training

Whether our people work on the front line handling our customers' queries, installing smart meters in homes, or developing the next innovative proposition to help people cut carbon – everyone at OVO has a part to play in the energy transition.

In 2024, we launched our Climate Confidence programme at OVO with the aim of strengthening climate literacy across the business, and making sure that everyone understands how their role plays a part in achieving net zero. The programme consists of the following modules:

- **Leadership team sessions:** in the winter of 2024, the Sustainability Team ran a series of tailored training sessions with each Leadership Team member and their direct reports on Plan Zero and what the transition to net zero means for their department. We commit to hosting these sessions annually.
- **Refreshed sustainability core learning modules:** OVO Learn is our internal learning platform, which contains core modules that all of our people are expected to complete. Last year, we refreshed our core sustainability content on the platform. These general modules now cover: Climate, Carbon and Plan Zero, Adaptation and Mitigation, and the Energy Transition.
- **Department specific training:** we're in the process of rolling out a series of department-specific training sessions that provide a much more tailored view of sustainability risk within their teams, and linking individual roles to Plan Zero objectives.

Thanks for your time

This Climate Transition Plan is more than just a roadmap.

It's our pledge to help reshape the energy landscape and deliver on net zero by 2035. The road ahead is challenging, but the destination is non-negotiable. We know what needs to be done, but success will depend on an urgent and united effort from the energy industry, our customers, regulators, and the government. We're keeping our eyes fixed firmly on that destination – cheaper and greener energy that's better for people and the planet, powered by UK renewables. Let's get to work.

This Climate Transition Plan includes forward-looking statements that involve potential risks, assumptions, and uncertainties. Consequently, actual results may differ from those suggested by these statements. These forward-looking statements encompass all non-historical information, including future plans and objectives. Please be aware that these forward-looking statements are not guarantees of future performance. They are based on the information available to us on the date of this plan and, therefore, we cannot assure you that any specific expectation will be realised. We advise readers not to rely excessively on these statements, as they reflect our perspective only as of their respective dates. Furthermore, statements about past trends or activities should not be interpreted as a guarantee that these trends or activities will continue. Except as required by our legal or regulatory obligations, we do not intend to update or revise any forward-looking statements, whether due to new information, future developments, or other factors. Nothing within this Climate Transition Plan is intended to exclude any liability that cannot be excluded under applicable law.

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