

Assessing low-Carbon Transition

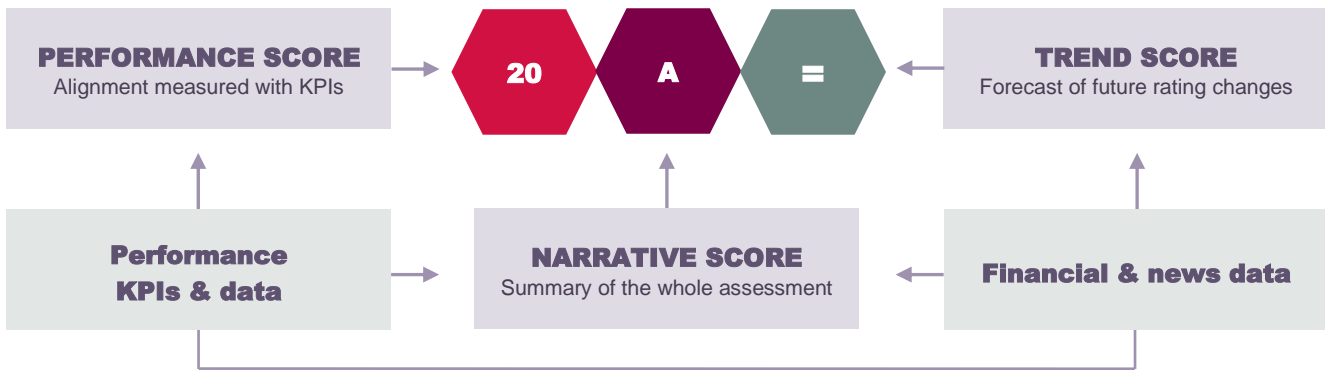


Electricity

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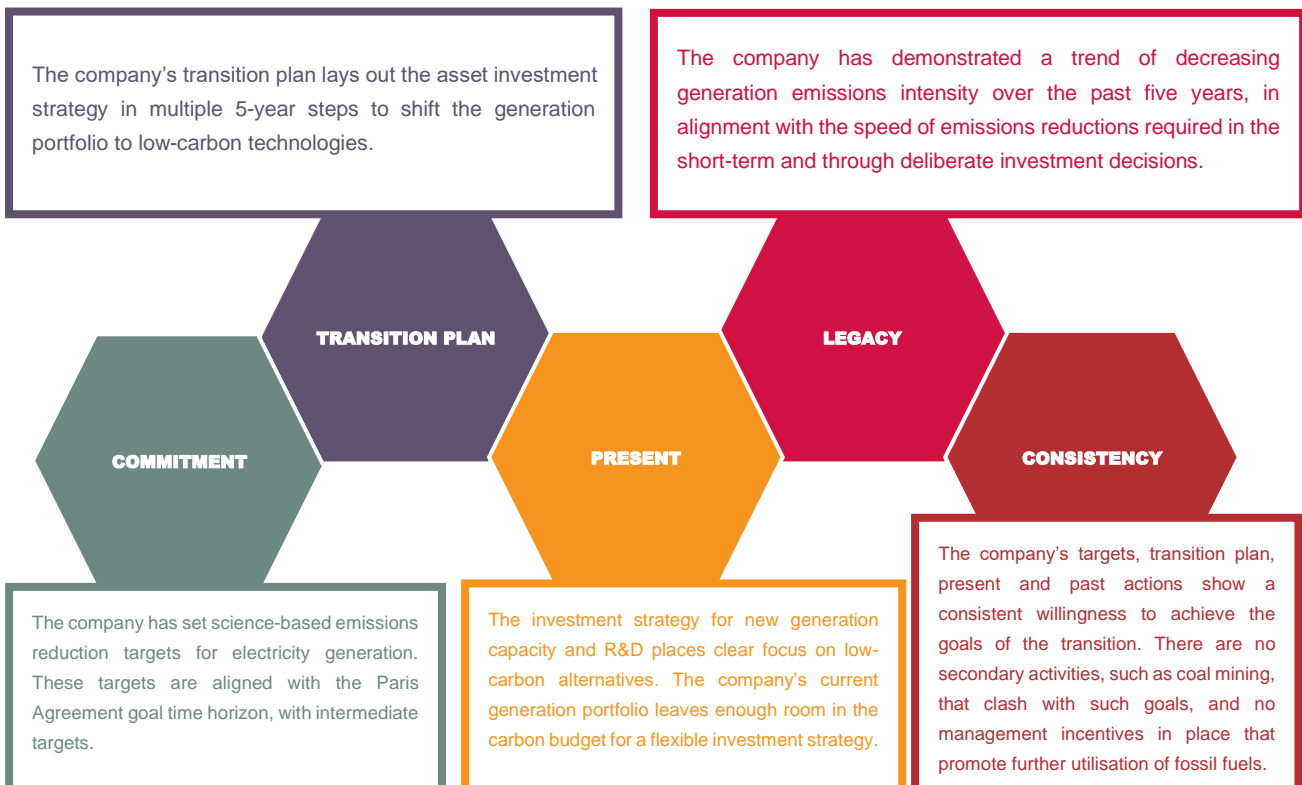
THE ACT RATING

The ACT rating is based on 3 scores (performance, narrative and trend) as shown in the diagram below.



The maximum achievable rating is 20A= and the minimum is 1E=. To achieve the maximum score, a company must be completely aligned with the low-carbon transition.

ALIGNED STATE FOR ELECTRICITY GENERATORS¹



CONTEXT & PRINCIPLES OF THE ACT ELECTRICITY METHODOLOGY

Currently, the generation of electricity is one of the major contributors to global greenhouse gas (GHG) emissions, representing about 25% of global total emissions (14 GtCO₂e in 2020)ⁱⁱ. Electrification of end uses is one of the main foreseen levers to transition to a low-carbon world, implying massive increase of global electricity generation.

The ACT methodology considers companies producing and/or retailing electricity. The indicators and their weightings vary depending on the type of activities covered by the company and their respective share.

The methodology rewards companies that contribute to the low-carbon transition of the sector, including supply of low-carbon electricity on both large and local scales, upgrades to grids and infrastructures, demand-side management, and contribution to carbon capture use and storage technologies.

BENCHMARK

The ACT electricity methodology uses robust and internationally acknowledged low-carbon scenarios aligned with a 1.5°C ambition. The key to all decarbonization scenarios is the rapid deployment of low-carbon electricity generation technologies.

Various relevant scenarios providing electricity sectoral pathway(s) have been identified.ⁱⁱⁱ

The benchmark considers CO₂ emissions arising from electricity production. Emissions intensities are based on secondary energy supply.

The benchmark is applicable in a Sectoral Decarbonisation Approach.

PERFORMANCE INDICATORS

MODULE (% = MODULE WEIGHTING)	INDICATORS*
1. TARGETS (15%)	Alignment of scope 1+2 emissions reduction targets
	Alignment of scope 3 upstream emissions reduction targets
	Time horizons of targets
	Achievement of past and current targets
2. MATERIAL INVESTMENT (0-33%)	Trend in past emissions intensity for generated electricity
	Locked-in emissions
	Trend in future emissions intensity for generated electricity
	Share of low-carbon CAPEX investments
3. INTANGIBLE INVESTMENT (5-7%)	R&D spending in low-carbon technologies
	Company low-carbon patenting activity
4. SOLD PRODUCT PERFORMANCE (8-31%)	Trend in past emissions intensity for retailed electricity d
	Trend in future emissions intensity for retailed electricity
	Contribution to low-carbon electricity generation
	Energy efficiency services share
	Interventions to reduce life-cycle emissions of low-carbon assets
5. MANAGEMENT (12%)	Oversight of climate change issues
	Climate change oversight capability
	Low carbon transition plan
	Climate change management incentives
	Climate change scenario testing
	Fossil fuel power incentives
6. SUPPLIER ENGAGEMENT (4-10%)	Strategy to influence suppliers to reduce their GHG emissions
	Activities to influence suppliers to reduce their GHG emissions
7. CLIENT ENGAGEMENT (6-12%)	Strategy to influence clients to reduce their GHG emissions
	Activities to influence clients to reduce their GHG emissions
8. POLICY ENGAGEMENT (5%)	Company policy on engagement with trade associations
	Trade associations supported do not have climate-negative activities or positions
	Position on significant climate policies
	Collaboration with regulators and legislators
9. BUSINESS MODEL (10%)	Revenue from low-carbon products and/or services
	Changes to business models

* More information on the indicators and module rationales are available in the full methodology.

ⁱ See also aligned state for electricity retailers in full methodology, section 8

ⁱⁱ UNEP. Emissions gap report. 2022.

ⁱⁱⁱ See full methodology, section 6.1.1