



# Utility Decarbonization Practices

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**motivepower**  
ideas, implemented



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# 86%

of utilities believe decarbonization is important to their corporate operating objectives and financial plan.

# 32%

of utilities are not managing themselves against decarbonization metrics. As climate goals become more aggressive, we expect this number to decrease.

# 41%

of decision makers around decarbonization within utilities are Directors and 26% are Executives: decarbonization decisions are primarily top-down.

# 36%

of utilities engaged in public relations campaigns are promoting renewable energy options – they are seeing the value in educating their customers.

## Introduction

With climate change already causing increased frequency and severity of catastrophic weather events, utilities are facing the immediate need for a cohesive decarbonization strategy. Traditionally, utility approaches to decarbonization have been decentralized throughout and organization, but to effectively combat challenges brought on by climate change, they'll need more robust decarbonization strategies.

Zpryme and Motive Power are announcing the creation of the **National Public Utility Council (NPUC)** in order to share useful information among utilities to help further their decarbonization goals and prepare for federal regulation requirements. The Council will grow a compendium of knowledge to share across the nation's utilities.

To kick off the NPUC, Zpryme and Motive Power surveyed over 80 sustainability and innovation-focused utility respondents. The survey was followed by a roundtable discussion with NPUC representatives. With insight from the survey and roundtable discussion, this report explores:

- How utilities view their decarbonization efforts
- Utility strategies around decarbonization efforts
- How information and metrics for decarbonization efforts are shared

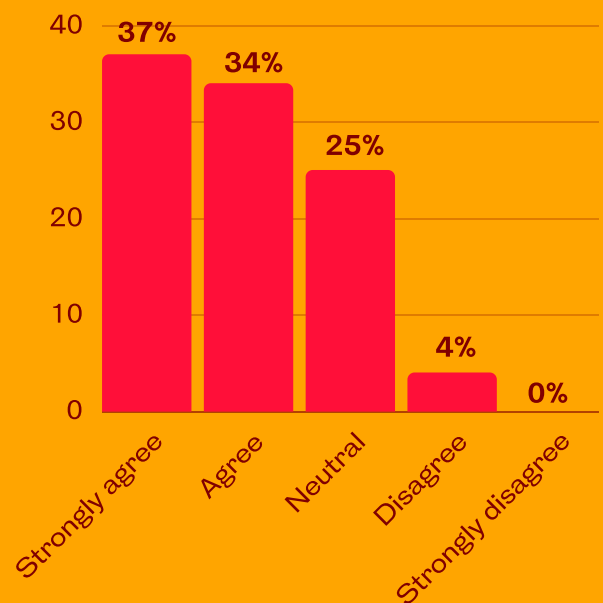
# Approaching Decarbonization

71% OF RESPONDENTS BELIEVE THAT THEIR UTILITY IS BEING PROACTIVE ABOUT FIGHTING CLIMATE CHANGE (FIGURE 1).

This is encouraging, but we should also keep in mind that our survey takers (sustainability professionals, Energy Thought Summit attendees) are highly engaged in transformation and decarbonization efforts. Subsequent surveys will target customers to understand how proactive they feel their utilities are in fighting climate change.

FIGURE 1

**My utility is proactively leading in the effort to fight climate change**



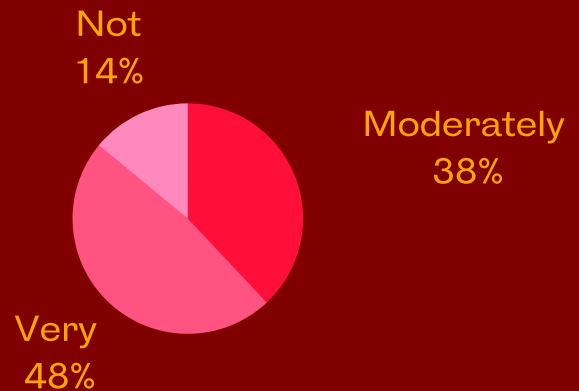
**“We think about decarbonization in everything we do.”**

EMERGING TECHNOLOGIES  
MANAGER AT A SOUTHERN  
MUNICIPAL UTILITY

86% of respondents believe decarbonization is important to their corporate operating objectives and financial plan (Figure 2). As one roundtable participant put it, “you can’t have service to the planet without service to the customer,” meaning environmental goals and business goals are intertwined, not only because of customer pressure but for increasing reliability in general. We believe these types of metrics will only increase as failing to account for decarbonization will not be acceptable in the near future.

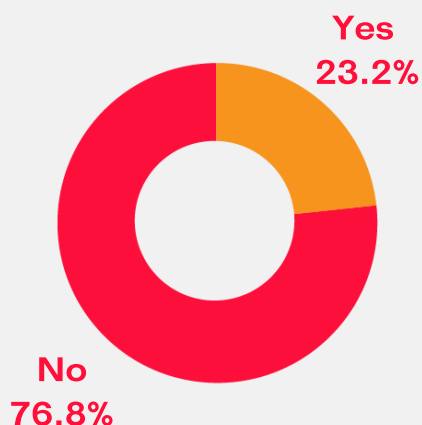
## FIGURE 2

How important is decarbonization in your utility's corporate operating objectives and financial annual plan?



## FIGURE 3

Does your utility have a decarbonization department?



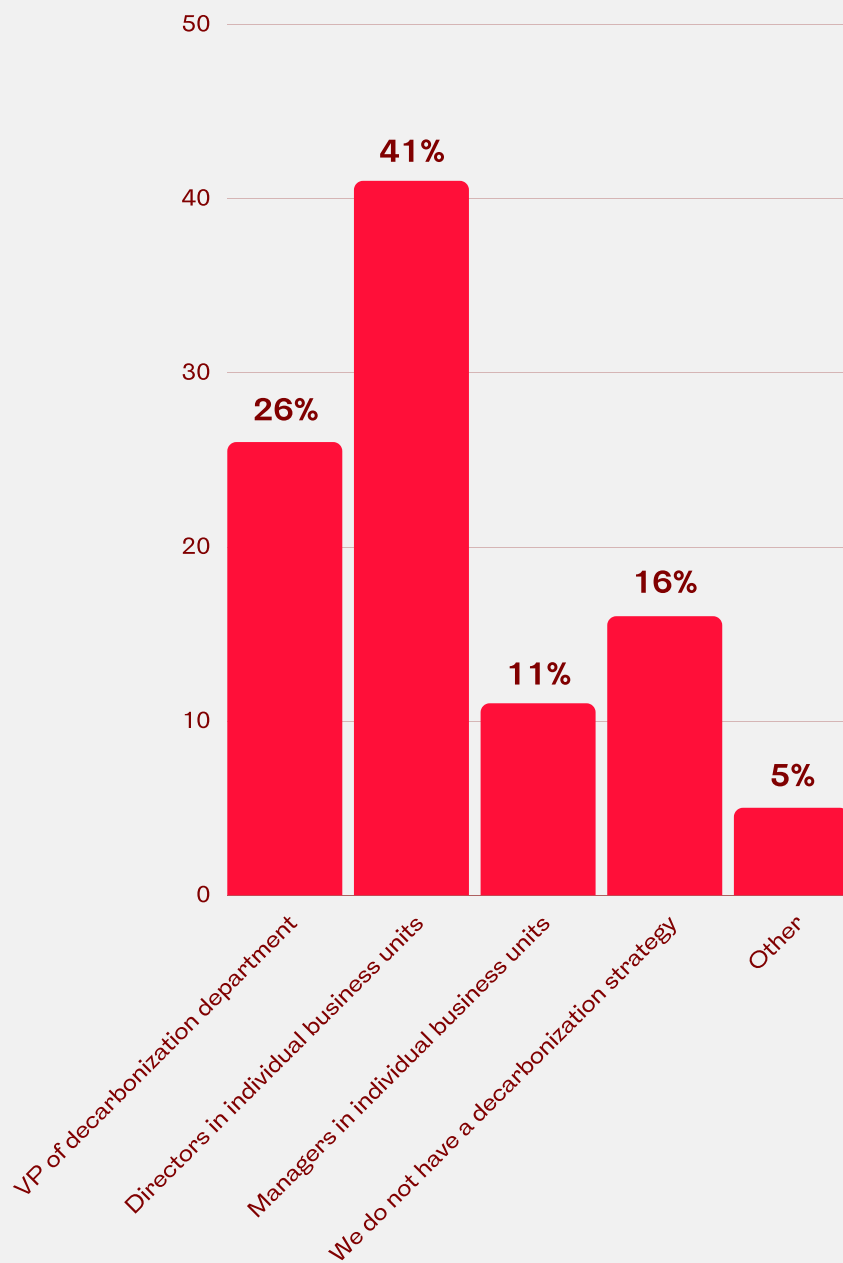
It was surprising that almost 1/5 of respondents do already have a dedicated decarbonization department (Figure 3).

Currently, most utility decisions around decarbonization are being made in other departments, but we expect others to follow suit in creating departments solely dedicated to decarbonization and sustainability. Utilities will need to dedicate more resources and make more concentrated efforts if they are serious about combating climate change.

Utilities largely have decarbonization strategies, even if they don't have a decarbonization department – only 16% of respondents currently have no strategy. Decision making is top-down, with Directors (41%) and Executives (26%) making decisions (Figure 4).

## FIGURE 4

Who leads your utility's decarbonization strategy?



41%

Directors

26%

Executives

16%

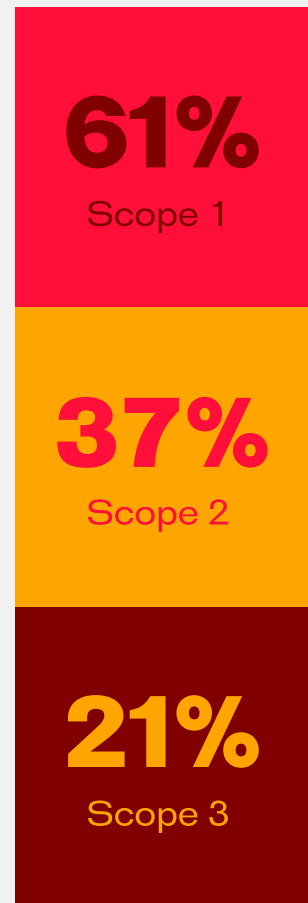
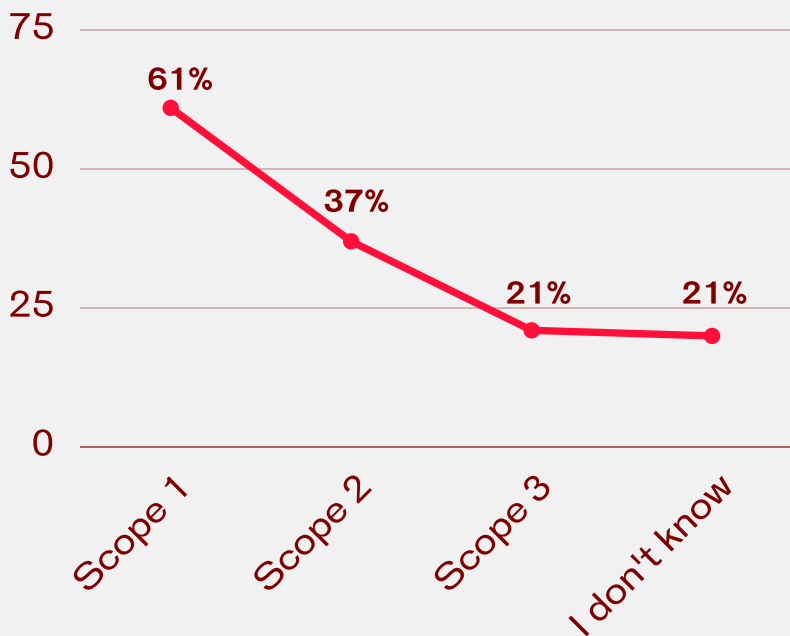
No Strategy

# Current Decarbonization Strategies

Over half of respondents are working on direct emissions. Further segmenting the data, 10% are working on all three, and 17% are working on two scopes simultaneously (Figure 5). It is encouraging that two thirds of respondents are actively working on GHG emissions, and we expect this number to increase as decarbonization and climate goals become more aggressive.

## FIGURE 5

Which section of the GHG Emissions scopes is your utility working on?



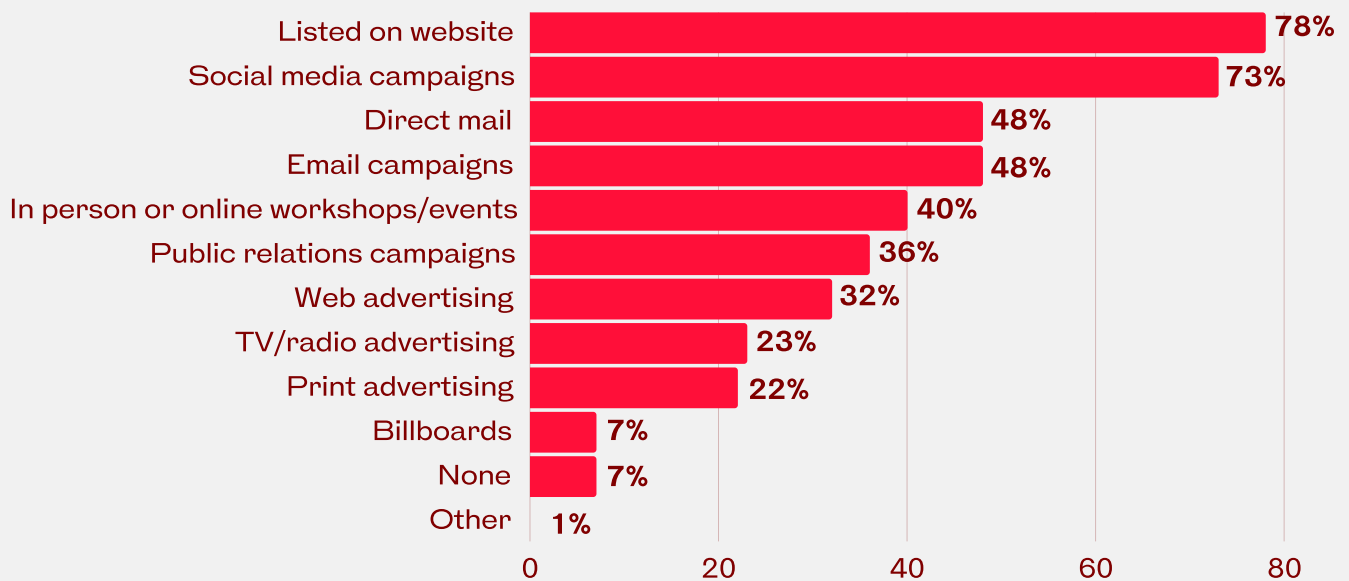
The Greenhouse Gas Emissions scopes, however, are not necessarily household knowledge, even within the industry and for employees actively working on decarbonization efforts. 20% of respondents were not familiar with them, and neither was one roundtable participant. The participant pointed out that from a branding perspective, “Scope 1, Scope 2, and Scope 3 are a barrier and hard to understand” and that the value for utilities was not apparent. The NPUC intends to develop a framework around these scopes that will help utilities focus on their decarbonization strategies.

In regard to programs explaining renewable energy generation options, utilities are focusing on digital community outreach. 78% of respondents say they have information on their websites, and 73% are using social media. Traditional media is still being used (48% still use direct mail campaigns), but digital is the focus.

A surprising stat was the 36% that say they are engaged in public relations campaigns, demonstrating that utilities are making an effort and have a coordinated strategy to put messaging around renewables. Future surveys and round-tables should explore how utilities are measuring the effectiveness of this outreach and which methods are they finding most effective.

## FIGURE 6

**Which methods does your utility employ with respect to community outreach programs explaining renewable energy generation options?**



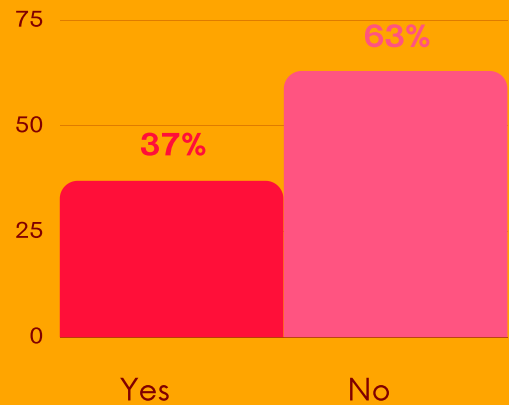
**"The more a customer understands decarbonization/clean energy, the more they see [us] as a favorable company."**



Over a third of respondents (37%) (Figure 7) are engaged with an environmental nonprofit, meaning that utilities are interested in working with partners on decarbonization efforts. Some utilities don't understand the value of engaging with a nonprofit, but some might not yet understand what the options are or how to strategize. The NPUC will further help to educate utilities, facilitate partnerships, and help them align and be proactive with some PR messaging.

## FIGURE 7

Is your utility engaged with an environmental nonprofit?



### Some of the open-ended answers in response to asking utilities to expand on their answers in Figure 7:

- “Haven't been approached and aren't actively looking”
- “We haven't been able to identify a non-profit that we feel comfortable with pursuing this improvement.”
- “Because we have not been approached and our members don't seem to feel it is an important issue for them.”
- “We partner with a number of non-profits regarding how to choose and effectively and safely install and use renewables.”
- “We support NC Green Power, a non-profit organization by alerting customers to their mission and collecting donations from monthly billings.”
- “Sponsor local environmental group focused on clean environment (Clean water, clean energy, clean air). Sponsorship includes funding of ~50% of agency overhead (\$250K), executive presence/oversight, IT support.”

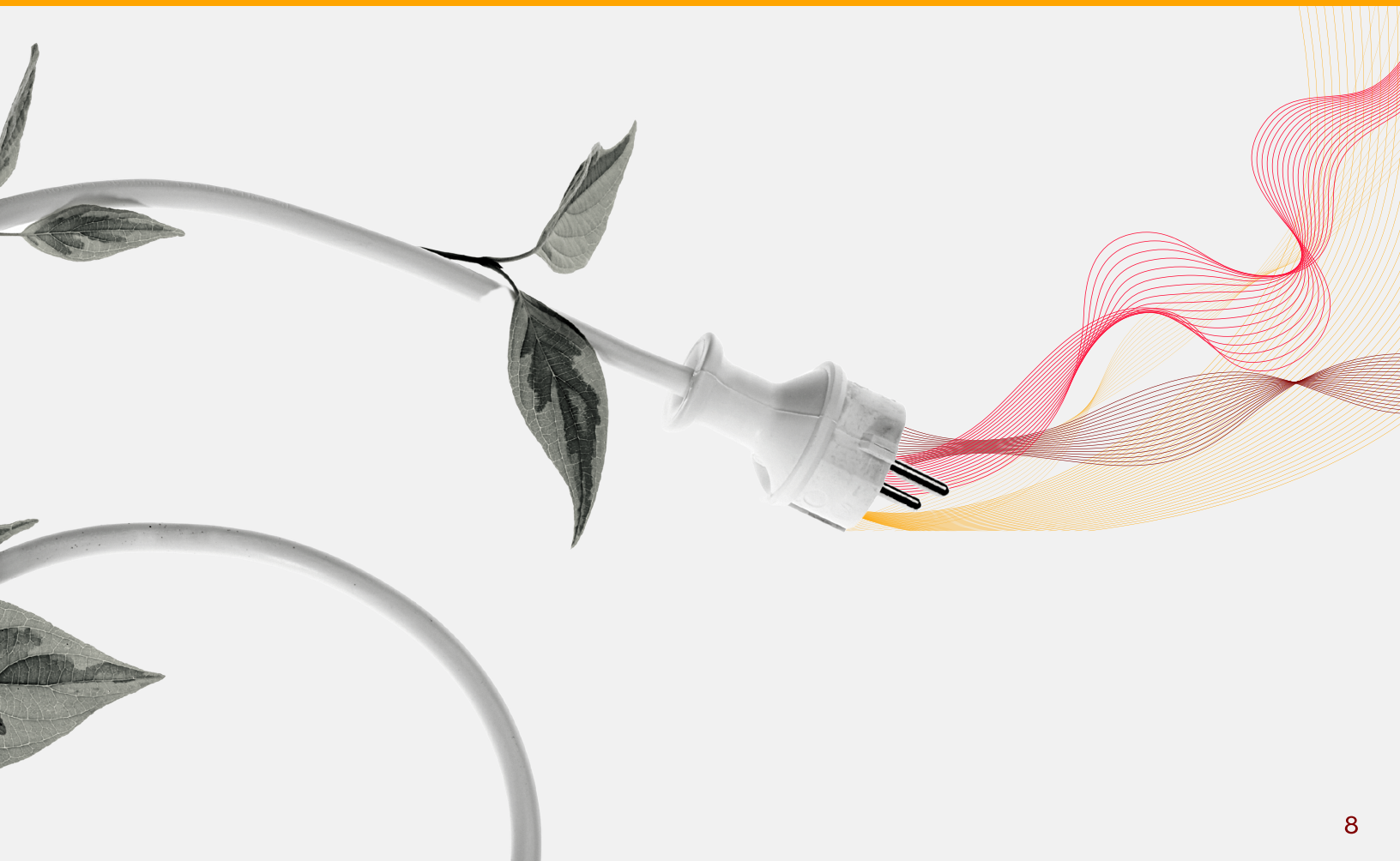
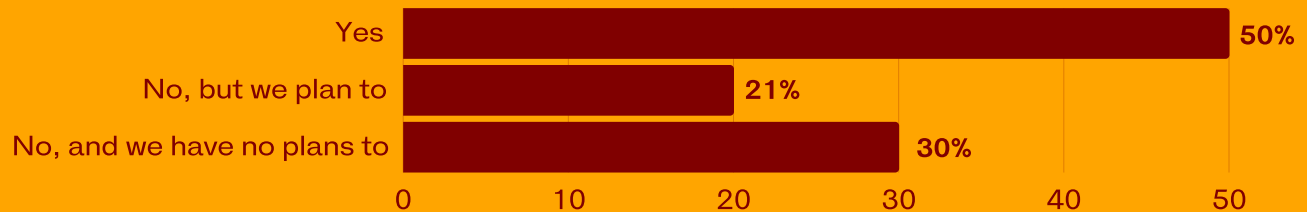
# 30%

no plans to work  
with commercial  
clients

Surprisingly, almost 30% of respondents said they have no plans to work with commercial clients on developing energy generation management technology (Figure 8). As the industry changes, and customers, particularly large C&I customers, demand more renewables and have the ability to generate power at their own facilities, will utilities be able to maintain their status as trusted energy advisors?

## FIGURE 8

Is your utility working with major commercial clients on developing energy generation management technology?



# Disseminating Decarbonization Information

There is strong interest (60%) among respondents to learn how their organization ranks among others in decarbonization efforts (Figure 9). We expect that number to increase, especially after the results of the 2020 presidential election. The Biden administration will have a heavier focus on clean energy and sustainability, and with local and state governments setting more aggressive climate action goals, more organizations will be tracking benchmarks. Utilities are also looking for comparative information to help strategize. One roundtable participant told us they were “always looking for precedent across the country. The more we understand the more we can connect with other people.”

FIGURE 9

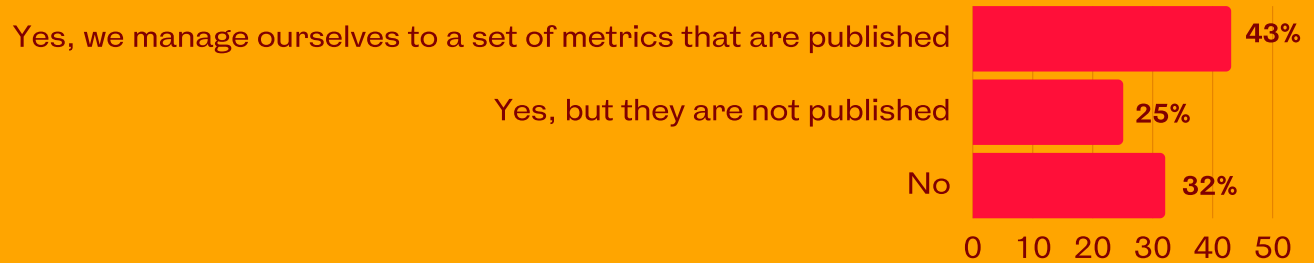
Would you be interested to learn where your utility ranks in terms of efforts toward decarbonization across the United States?



When it comes to sharing information about decarbonization efforts, 43% of respondents' utilities manage themselves to a set of metrics that are published, and another 25% of respondents say they measure themselves to a set of metrics, but those metrics aren't published (Figure 10). In line with Figures 1 and 9, we believe these numbers will increase as climate goals become more aggressive and customers demand more information about utility sustainability practices.

# FIGURE 10

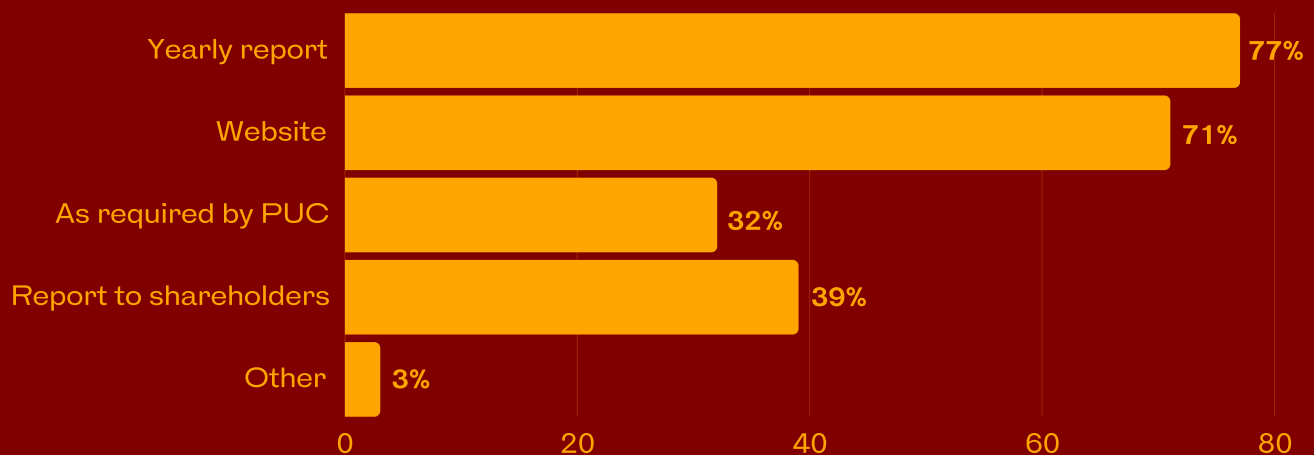
**Does your utility manage itself to a set of decarbonization metrics?  
Are those metrics published?**



Of the respondents who do publish the metrics against which they are measured, most of them are publicly available, either in a yearly report (77%) or on their website (71%) (Figure 11).

# FIGURE 11

**Where are your decarbonization metrics published?**



Most utilities believe they are proactive in decarbonization and have metrics for tracking their efforts, but there is still frustration at the speed at which decarbonization is occurring in the electric utility industry. This survey along with NPUC conversations have shown that the information ecosystem surrounding these efforts throughout the industry could be improved upon to help utilities strategize on tackling the most important ecological and business challenges we face.

## Recommendations:

- **Share!** Sharing stories of successes AND failures with your utility peers is key to building confidence for innovation.
- **Be precise.** Conversations are most useful when focused on specific problems and frameworks are clear.
- **Prepare.** We know legislation mandating stricter decarbonization and climate goals is coming. Start planning and developing your strategies now.



Transitioning towards decarbonization is going to require collaboration across the industry, and the NPUC is here to help. To get involved, contact:

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