IJGlobal ESG Corporate Transition – Energy – Utilitas

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Utilitas – the largest district heating and cooling operator and renewable power producer in Estonia – wins the IJGlobal ESG Corporate Transition Award in the energy category for an "ambitious decarbonisation plan" that it aims to deliver by 2027.

According to one the judges: "Utilitas' targets are ambitious and comprehensive – and provide clear metrics which demonstrate their progress against those targets."

Utilitas – as well as providing heat to 185,000 households – operates 592km of networks, 3 combined heat and power (CHP) plants, 9 solar parks and has a 79MW operational wind portfolio.

The utility in 2021 set a target to reach net zero emissions by 2030 and the board approved an ambitious investment plan to achieve this.

Utilitas at the time set itself the goal by 2030 to:

- completely decarbonise district heating – decreasing the carbon intensity of produced and purchased heat and cooling in networks to 0g CO_2/kWh, from 204g/kWh in 2008
- generate all power from renewable sources – increasing to 100% from 12% in 2008

The need to transition to a clean and domestically produced energy supply was made all the more urgent in Europe in 2022 after Russia's invasion of Ukraine. Due to that, Utilitas reviewed its strategy and accelerated its carbon neutrality plan – now aiming to reach its goals 3 years earlier, by 2027.

According to the submission: "Utilitas believes the only way to ensure security of supply and a reasonable price of energy in the short and longer term – as well as mitigating the worst impacts of climate change – is to deliver the energy transition as quickly as possible. And Utilitas is playing a key role in driving this change in Estonia."

Utilitas' targets cover all Scope 1 and Scope 2 and a portion of Scope 3 emissions (heat purchased from third parties). It has invested more than €450 million in decarbonisation projects since 2008 and foresees a further €500 million by 2027 under its accelerated plan.

By the end of calendar year 2022, Utilitas had decreased the carbon intensity of heat production by 65% since 2008, from 204g/kWh to 72g/kWh. Over the same period, the share of energy from renewable sources increased almost 5x – from 12% to 68%.

According to the submission: "All Utilitas' network areas qualify as efficient district heating networks for the purposes of the European Energy Efficiency Directive and use renewable fuels when operating at the base load. Utilitas aims to reduce network heat losses to <10% and in 2022 achieved 12.4%. Utilitas has now refurbished >67% of its network, renovating 26km in 2022.

"Crucially, Utilitas has made this progress while managing its wider environmental impact and not losing sight of security of supply and affordability.

"100% of Utilitas' biomass is locally sourced and certified under leading sustainability regimes (FSC, PEFC). Utilitas suppliers must provide evidence that the biomass meets the sustainability criteria set out in the EU's RED II directive and that forest protection requirements are followed; forest renewal measures are in effect; and the wood did not come from protected areas. All Utilitas energy production units are now also certified according to PEFC.

"In terms of security of supply, availability of Utilitas' district heating service was 99.99% in 2022. And diversification of fuel supply meant Utilitas was relatively insulated from price volatility, particularly in areas where dependence on gas is lower. The price of heating was kept stable in Tallinn, for example, despite gas and other fuel prices reaching unprecedented heights."