

Green Financing Framework

September 2022



Contents

- FOREWORD 3
- SECTION 1: INTRODUCTION..... 4
 - 1.1 Background..... 5
 - 1.2 Purpose and Principles..... 6
 - 1.3 Our commitment to sustainability and delivering net zero 7
- SECTION 2: OPERATIONAL FOCUS..... 8
- SECTION 3: OUR ENVIRONMENTAL ACTION PLAN (EAP) 10
- SECTION 4: GREEN FINANCING FRAMEWORK 14
 - 4.1 Introduction..... 15
 - 4.2 Use of proceeds..... 16
 - 4.3 Exclusions 18
- SECTION 5: PROCESS FOR PROJECT EVALUATION AND SELECTION..... 20
- SECTION 6: MANAGEMENT OF PROCEEDS..... 22
- SECTION 7: REPORTING 24
- SECTION 8: SECOND PARTY OPINION..... 26
- SECTION 9: EXTERNAL VERIFICATION..... 28
- ANNEX 1: CASE STUDIES..... 30
 - Energy Efficiency - Smart Street 30
 - Renewable Energy - Green recovery 31
- IMPORTANT NOTICE 32

I am pleased to present our Green Financing Framework. This framework sets out our plans for investment to decarbonise our network and reduce the environmental impacts of our activities.

Climate change and global warming are key risks facing our world, and it is essential that we all take steps to reduce our impact on the environment, in line with the Paris Climate Agreement signed by 195 countries, including the United Kingdom. The UK aims to have net zero carbon emissions by 2050, while Greater Manchester, the largest city region in our operating area, has set a more ambitious target of 2038. Electricity North West, the Distribution Network Operator for the North West of England, has also committed to a net zero target of 2038.¹

We have a vital and strategic role in the North West to limit greenhouse gas emissions, improve the natural biodiversity and ensure we have a minimal impact on the environment. We are not a passenger nor merely an enabler. We are a driving force. We will lead by example and lead others both in the industry and in our region.

Overall electricity demand is expected to rise as people move away from fossil fuels for transport and heating towards electric alternatives. We are investing and will continue to invest in our network to support the region in achieving its net zero ambitions.

Our business plan for 2023 to 2028 represents a step change² in the level of investment we will be making in the network. A significant part of the increase is attributable to investment in the net zero transition: our plan will ensure that the network is ready for 630,000 electric vehicles expected on the region's roads by 2028, as well as significant electrification of heat. It will put the network in a strong position as the net-zero transition continues to accelerate.

The transformation of the energy system requires transformation of our business. We simply will not get where we need to be as a country or as a network operator if we do not change. We know that this change will take leadership. Leadership of the business of course, but also leadership in terms of stepping forward as energy experts with a critical role to play, helping customers and stakeholders on the journey. Our Green Financing Framework intends to demonstrate to investors how investment in Electricity North West will lead to long-term environmental benefits, both for customers across our region, from Macclesfield to Carlisle, and to the wider world.

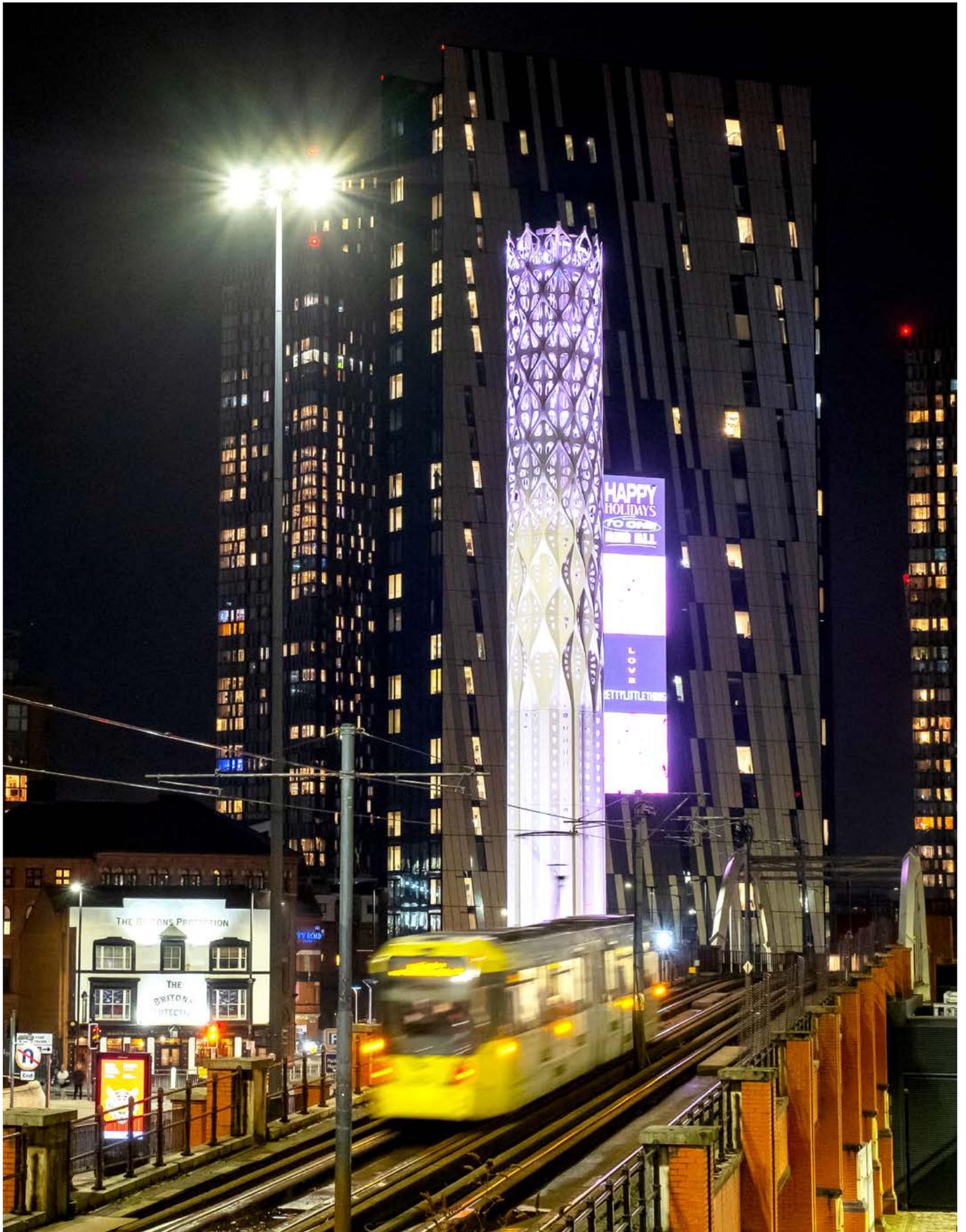


David Brocksom
Chief Financial Officer

¹ <https://www.enwl.co.uk/globalassets/go-net-zero/net-zero/documents/leading-the-north-west-to-net-zero.pdf>

² Our final business plan represents a 33% increase in annual spend - <https://www.enwl.co.uk/globalassets/about-us/regulatory-information/rrio2/december-final-submission/our-plan-to-lead-the-north-west-to-net-zero-2023-28.pdf>, page 100

Section 1: Introduction



Section 1

1.1 Background

Electricity North West Limited manages the distribution of electricity to 2.4 million homes and businesses in the North West of England. We are one of the 14 electricity distribution network operators (DNO) in the UK, and we are regulated by the Office of Gas and Electricity Markets (Ofgem).³

Electricity enters our network from the National Grid and, increasingly, from locally connected generation.

We build, operate and maintain the network, which includes 13,000 kms of overhead power lines, more than 44,000 kms of underground electricity cables and nearly 500 major substations.

Our network in the North West is one of the most reliable in the country and covers the diverse communities between the beautiful Lake District landscapes to the bustling city of Manchester and all the wonderful towns and villages located in-between.



³ <https://www.ofgem.gov.uk/>

1.2 Purpose and Principles

Our organisational ‘Purpose and Principles’⁴ recognise the crucial role we play in our communities and the increasing reliance our customers will have on electricity in the future.

Our overarching Purpose is that ‘Together we have the energy to transform our communities’, which is backed up by our Principles of being ‘switched on, adaptable and taking pride’.

Our Purpose and Principles reflect the essential role we play in the North West of the UK, and in the lives of our customers. They acknowledge how our role is changing alongside our customers’ needs and embody what we do, the value we bring, and how we will meet the challenge of enabling modern life for our customers and communities.



⁴ <https://www.enwl.co.uk/about-us/aboutus/purpose--principles/>

1.3 Our commitment to sustainability and delivering net zero

Our vision is to lead the North West to net zero

We are central to the net zero transition in our region, and to support the transition of the UK as a whole, managing power flows from a range of sources in a wider network, as we move away from fossil fuels towards electricity for heating and transport. We do all this while keeping costs as low as we can for customers.

The net zero transition will undoubtedly result in very significant increases in network demand by 2050, driven by both renewable generation connections and new demand, such as electric vehicles and heat pumps.

Our key challenge is to provide the capacity to allow customers to adopt these technologies whenever they wish to. While much uncertainty exists around the future technology mix, what is certain is that electricity forms a critical part of the UK’s net zero strategy and our plan is designed to be flexible to meet that demand in an efficient and timely manner.

The whole energy system is getting more and more interlinked, so when we develop our plans we need to consider the entire system, not just the local distribution network. We are finding new ways of providing the capacity that people need. Using traditional techniques this would mean simply building a bigger network which can be expensive and disruptive.

We are conscious of our wider role in the communities that we serve and society as a whole.

Our ED2 business plan⁵ outlines £1.8bn we project to spend over the five years to 2028 and it was built using the feedback received over two years of engagement with 18,000 customers and stakeholders.

Our headline commitments are:

- Leading the region to net zero by 2038
- Reducing the time people are without power by 20%
- Delivering at least 9/10 level of customer service.



⁵ <https://www.enwl.co.uk/globalassets/about-us/regulatory-information/rri02/july-2021-submission/draft-plan/draft-business-plan-2023-2028.pdf>



Section 2

Our network exists to distribute electricity to homes and businesses in the North West of England, as well as enabling locally generated electricity to be exported to the National Grid.

A secure and reliable supply of electricity is fundamental to sustaining our modern way of life and achieving future societal goals in terms of health, wellbeing and prosperity.

The electricity network both facilitates the achievement of environmental goals, and also has an environmental impact of our own that needs to be managed. Our future investment programme is substantially focused on achieving these two goals, as well as ensuring continued high levels of resilience and reliability through programmes of asset renewal.

As we move towards net zero, electricity usage is likely to rise significantly, and we need to invest to ensure that capacity is available for future renewable generation connections, as well as far higher volumes of low carbon technologies.

We will also invest to enable the network to be run in a smarter, more flexible and digitalised way, which will deliver the future capacity and services we need at the most efficient cost to customers.

We aim to demonstrate leadership in our actions to both address the business carbon footprint (BCF) of our own activities and act as an exemplar for other businesses in the North West looking to deliver similar change. This includes investing in our vehicle fleet and building stock.

In parallel, we remain focused on reducing the environmental impact of our equipment and operations and will invest to substantially further reduce sources of pollution, such as oil leakage, as well as managing electrical losses from our network.

This will be delivered through a mix of targeted programmes addressing specific issues, such as removing Polychlorinated Biphenyls (PCBs) from our transformers and opportunistic actions to install new equipment of improved environmental performance (quieter, more efficient, less polluting) in the course of our routine renewal activities.

Continuing our recent investment to ensure that the network remains resilient to future potential climate impacts also forms a key part of our investment plan, ensuring that our levels of resilience adapt to the consequences of a changing climate. This is focused on increased management of vegetation close to our overhead lines to prevent damage from trees which are expected to grow more quickly due to climate change and ensuring our substations are resilient to higher predicted flooding levels.

Further details of our plans to manage the environmental impact of our network and reduce the environmental impact of our own operations are set out in our new Environmental Action Plan (EAP).

Section 3: Our Environmental Action Plan (EAP)



Section 3

In December 2021 we published our ‘Environmental Action Plan’, which sets out our strategy to meet our stakeholders expectations by becoming a net zero carbon organisation by 2038 and looking after our natural environment. Our stakeholders have asked us to provide leadership within the region in which we operate and to be an exemplar across multiple areas.

The EAP influences all our planning processes and decisions, resulting in an integrated approach with carbon reduction fully factored in as we progress towards our longer-term goals.

The North West of England is geographically diverse, from the serene landscapes of the Lake District, Peak District and Yorkshire Dales national parks, to the bustling urban centres in the south of our region. It encompasses coastline, mountains, lakes, moorland, freshwater, woodland and the green spaces of our towns and cities, and provides habitat for a wide range of flora and fauna.

Our region’s role in the industrial revolution was pivotal to the growth and technology we see today, but it has come at a cost to our environment. Inaction now would contribute to the acceleration of climate change caused by greenhouse gas emissions, a decrease in the natural biodiversity of our landscape, an increase in pollution from the leakage of contaminants and the further depletion of natural resources.

It is clear from UK government policy, our regional local authorities, and our stakeholders, that we must achieve decarbonisation rapidly to avoid the worst impacts of climate change.

We have already made great strides to improve our performance and limit the impact of our operations on the environment - but we simply cannot stop there. We need to go further. Our customers and stakeholders have clearly indicated that we should show more ambition than the government’s aspiration to achieve Net Zero carbon by 2050.

In the EAP, we set out our responsibilities to the environment and the steps we will take during RIIO-ED2 to continue our decarbonisation journey, reduce the wider environmental impacts of our network activity and also to look after our environment. We hold ourselves to account on progress and ambition in these areas, and the commitments set out in this EAP demonstrate how we will lead the way in RIIO-ED2 and beyond.

The EAP reflects our views and those of our customers and stakeholders, and as such exceeds the baseline requirements of Ofgem’s RIIO-ED2 business plan guidance.⁶ By taking the actions set out in this plan, we believe we will become a leader in sustainability within the North West.

⁶ <https://www.ofgem.gov.uk/publications/riio-ed2-business-plan-guidance>

Section 3: Our Environmental Action Plan (EAP)

Our EAP includes clearly defined deliverables, outputs and environmental benefits. Outputs are quantified and extend beyond Ofgem's baseline requirements. It covers BCF, including addressing Scope 3 by working with suppliers; provides a commitment to Science Based Targets (SBT);⁷ and an evaluation of Embodied Carbon.

Progress on the implementation of our EAP and environmental performance is reported annually in

accordance with our licence obligation to publish an annual environmental report, which ensures we are formally accountable at least on a yearly basis and is available on our website, and can be found if you click [here](#).

Our strategy includes the following goals and objectives relating to net zero and protecting our natural environment:

| | |
|---|---|
| Waste and recycling | <ul style="list-style-type: none"> • Become more resourceful and send no more than 5% of our waste to landfill • Increase our recycling rate to at least 70% |
| Biodiversity | <ul style="list-style-type: none"> • Enhance 100 sites using biodiversity initiatives and look to achieve a measurable net gain from 2025 • Plant 10,000 trees per year • Begin to track the impact of network projects on natural capital |
| Water consumption | <ul style="list-style-type: none"> • Reduce the amount of water consumed per colleague |
| Fluid filled cables | <ul style="list-style-type: none"> • Reduce the average leakage rate to less than 25,000 litres per year • Continue to use sophisticated leak detection methods and replace cables most at risk from severe leaks |
| Polychlorinated biphenyls (PCBs) | <ul style="list-style-type: none"> • Remove all equipment containing more than 50ppm of PCBs from our network |
| Buildings Energy | <ul style="list-style-type: none"> • Converting five sites to Net Zero during RIIO-ED2 will reduce our BCF by ~582 tCO₂e per year |
| Fleet | <ul style="list-style-type: none"> • The conversion of a proportion of our operation transport to electric vehicles (EVs) will save ~988 tCO₂e per year |
| Lease cars | <ul style="list-style-type: none"> • The conversion of our company lease cars to EVs will save ~535 tCO₂e per year • The continuing incentivisation scheme for colleagues to choose EVs for their private vehicles should make further carbon reductions, including on associated business mileage |
| Electrical distribution losses | <ul style="list-style-type: none"> • Annual savings of 8 GWh through proactive replacement measures, equating to ~1,698 tCO₂e per year, against a backdrop of increasing losses overall |
| Sulphur hexafluoride | <ul style="list-style-type: none"> • A reduction of ~340 tCO₂e per year through reducing our leakage rate of sulphur hexafluoride (SF₆) to no more than 0.3% of the total inventory on the network. |

⁷ In 2021 we committed to have our decarbonisation targets validated by the Science Based Targets initiative (<https://sciencebasedtargets.org>).



Section 4: Green Financing Framework



Section 4

4.1 Introduction

In line with our commitment to the environment and the circular economy, and to support our purpose, vision and business strategy, Electricity North West has chosen to create this Green Financing Framework (referred to as the “Framework” in this document).

We intend to use this Framework to raise green bonds or green loans (hereafter collectively known as ‘Green Debt Instruments’ or GDI), to fund eligible use of proceeds, as described herein.

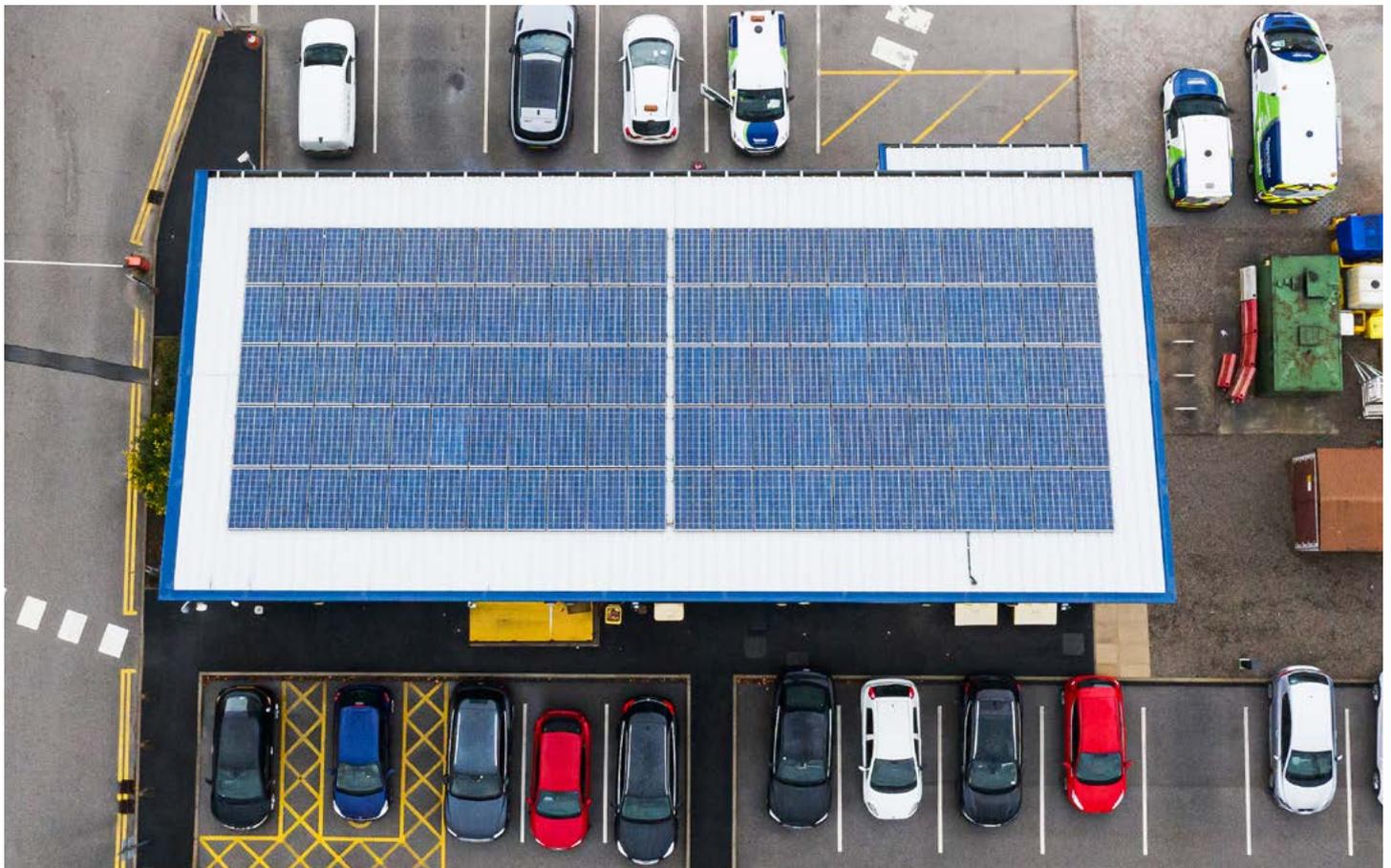
The Framework is aligned with the ICMA Green Bond Principles (GBP) (2021)⁸ and the LMA Green Loan Principles (GLP) (2021),⁹ framed by four core components:

- Use of Proceeds
- Process for Project Evaluation and Selection

- Management of Proceeds
- Reporting.

In addition, the Frameworks is (as described below) aligned to the relevant United Nations’ Sustainable Development Goals (UN SDGs) and the EU’s classification of environmentally sustainable economic activities (as per the EU Taxonomy Delegated Acts, the “EU Taxonomy”)¹⁰ for: Climate Change Mitigation and Climate Change Adaptation, and additionally for Pollution prevention and control, and Protection and restoration of biodiversity and ecosystems, whilst these objectives criteria remain under development.

Where possible, Electricity North West will follow best practices in the market. As such, we will periodically review the Framework’s alignment to updated versions of the GBP and the GLP, and EU Taxonomy (for the remaining four objectives still under development) as and when they are released. Accordingly, this Framework may be updated and amended as and when relevant.



⁸ ICMA GBP: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

⁹ LMA GLP: <https://www.lma.eu.com/documents-guidelines/documents/category/green--sustainable-finance#green-loan-principles139>

¹⁰ [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI_COM:C\(2021\)2800&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI_COM:C(2021)2800&from=EN)

4.2 Use of proceeds

An amount equivalent to the net proceeds raised from any Electricity North West Green Debt Instrument issued under this Framework will be allocated, in part or in full, to finance or refinance the following ‘Eligible Green Projects’ that were originated, approved, financed or have been completed no earlier than three years prior to the issuance of the Green Debt Instrument.

| ICMA/LMA Eligible Green Projects category ¹¹ | Description of investments and examples of eligible project expenditure | Contribution to the United Nations Sustainable Development Goals | Contribution to the EU’s Environmental Objectives and EU Economic Activity ¹² |
|---|--|---|--|
| Renewable energy | <p>Connect and/or integrate low-carbon electricity generation sources to the grid.</p> <p>Indicative examples:</p> <p>Network reinforcement: to increase the capacity of the renewable generation connected to the network and accommodate additional loads from new low carbon technologies, including EV charging points connected to the network.</p> | <p>Target 7.2: By 2030, substantially increase the share of renewable energy in the global energy mix.</p> <p>Target 13.2: Integrate climate change measures into policies, strategies and planning.</p> | <p>Environmental objective: Climate Change Mitigation.</p> <p>Substantial contribution to climate change mitigation (1.a): generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid.</p> <p>Selected economic activity: Transmission and distribution of electricity.</p> |
| Energy efficiency | <p>Replacement and/or improvements of assets to increase energy efficiency, reduce energy losses, and/or enhance resilience of the grid, including Smart grid technologies.</p> <p>Indicative examples:</p> <p>The roll out of monitoring devices on the LV underground network, supporting the more efficient planning of network investment to meet future requirements.</p> <p>Smart Street: Our innovative programme to install active voltage control management on the LV network to run the network more efficiently and result in lower end user electricity consumption.</p> | <p>Target 7.3: By 2030, double the global rate of improvement in energy efficiency.</p> <p>Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies.</p> | <p>Environmental objective: Climate Change Mitigation.</p> <p>Substantial contribution to climate change mitigation (1.b): Improving energy efficiency, except for power generation activities that are referred to in Article 19(3).</p> <p>Selected economic activity: Transmission and distribution of electricity.</p> |

¹¹ ICMA “Green and Social Bonds: A high-level mapping to the Sustainable Development Goals” [link](#)

¹² The EU Taxonomy Environmental Objectives as defined in Article 5, amendment 41 and Article 6: http://www.europarl.europa.eu/doceo/document/TA-8-2019-0325_EN.html

| ICMA/LMA Eligible Green Projects category | Description of investments and examples of eligible project expenditure | Contribution to the United Nations Sustainable Development Goals | Contribution to the EU's Environmental Objectives and EU Economic Activity |
|--|--|--|--|
| Pollution prevention and control | <p>Investment in projects that protect the environment, and/or reduce waste and greenhouse gas emissions.</p> <p>Indicative examples:</p> <p>Asset replacement: Testing and replacing transformers with excess Polychlorinated Biphenyls (PCBs).</p> <p>Replacement of oil/gas insulated 33kV and 132kV cables.</p> | <p>Target 12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil.</p> | <p>Environmental objective: Pollution prevention and control.</p> <p>Selected economic activity: Transmission and distribution of electricity.</p> |
| Green Buildings | <p>Renovations of existing buildings that achieve energy savings of at least 30% in comparison to the baseline performance before the building renovation or achieve BREEAM certification of "Very Good"¹³.</p> <p>Indicative example:</p> <p>Renovation: transform depots to be Net Zero in terms of Business Carbon Footprint.</p> | <p>Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p> | <p>Environmental objective: Climate Change Mitigation.</p> <p>Substantial contribution to climate change mitigation (1.b): Improving energy efficiency except for power generation activities that are referred to in Article 19(3).</p> <p>Selected economic activity: Construction and renovation of new buildings.</p> |
| Climate Change Adaption | <p>Projects aimed at protecting the distribution network from the impacts of climate change.</p> <p>Indicative examples:</p> <p>Asset improvement: Improvement of flood defences at major substations, mitigating the risk of flooding from coasts, rivers and flash flooding.</p> | <p>Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p> | <p>Environmental objective: Climate Change Adaptation.</p> <p>Substantial contribution to climate change adaptation (1.a): adaptive solutions that substantively reduce the (risk of) adverse impact of the current and expected future climate on that economic activity itself, without increasing the risk of an adverse impact on other people, nature and assets.</p> <p>Selected economic activity: Transmission and distribution of electricity.</p> |
| Environmentally Sustainable Management of Living Natural Resources and Land Use | <p>Investment that protects the environment and/or restores the biodiversity and ecosystems.</p> <p>Indicative examples:</p> <p>Undergrounding: Specific works undertaken to replace overhead lines with underground cables within Designated Areas (National Parks and Areas of Outstanding Natural Beauty).</p> <p>Planting: improve biodiversity at our substation sites through planting schemes.</p> | <p>Target 15a: Mobilise and significantly increase from all sources financial resources to conserve and sustainably use biodiversity and ecosystems.</p> | <p>Environmental objective: Protection and restoration of biodiversity and ecosystems.</p> <p>Selected economic activity: Transmission and distribution of electricity.</p> |

¹³ For the construction of any new green buildings (as applicable), a BREEAM certification of "Excellent" would be required for spend to be eligible.

Section 4: Green Financing Framework

| ICMA/LMA Eligible Green Projects category | Description of investments and examples of eligible project expenditure | Contribution to the United Nations Sustainable Development Goals | Contribution to the EU's Environmental Objectives and EU Economic Activity |
|---|--|--|--|
| Clean Transportation | <p>Projects that would reduce greenhouse gas emissions from transport.</p> <p>Indicative examples:</p> <p>Hybrid/Electric Vehicles: Replacing petrol and/or diesel cars in our transport fleet with new hybrid or fully electric vehicles (any hybrid vehicles only included until 2025, and only if meeting EU Taxonomy requirements¹³).</p> | <p>Target 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all improving road safety, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.</p> | <p>Environmental objective: Climate Change Mitigation.</p> <p>Substantial contribution to climate change mitigation (1.c): Increasing clean or climate-neutral mobility.</p> <p>Selected economic activity: Transmission and distribution of electricity.</p> |

4.3 Exclusions

Any project related to the following activities and/or sectors will be excluded from the Eligible Green Projects:

- Exploration, production, and transport of fossil fuels
- Mining
- Deforestation and forest degradation
- Armaments and defence
- Tobacco
- Gambling
- Activities violating the rights of indigenous populations or activities in protected areas.

¹³ Emissions no higher than 50g CO₂/km.



Section 5: Process for Project Evaluation and Selection



Section 5

We will ensure that any project which is designated as an Eligible Green Project will be subject to the following due diligence, in order to ensure that it meets the criteria, as set out above in Section 4.2 ('Use of Proceeds').

To ensure proper assessment and governance, we have established a Sustainable Financing Committee (known hereafter as the 'Committee') as part of a Committee that reports into Electricity North West's Board of Directors.

The Sustainable Financing Committee is comprised of:

- Chief Executive Officer
- Chief Financial Officer
- Head of Corporate Finance and Investor Relations
- Engineering Director
- Head of Financial Control
- Other representatives of the Company may attend as required as subject matter experts.

The Committee will meet at least annually, and usually semi-annually, to review and assess projects against the Framework's criteria, and conducting the appropriate environmental risk assessments.

The Board has delegated to the Committee the following roles and responsibilities:

- To review the content of Electricity North West's Framework, and (where judged appropriate) to update it to reflect changes in corporate strategy, technology, and market developments;
- To review the project list, assess project eligibility and material risk for potential allocation towards any GDI in accordance with the pre-determined Eligibility Criteria, as set out in Section 4.2 (Use of Proceeds) and this Section 5 (Process for Project Evaluation and Selection) of this Framework;
- To monitor that an amount equivalent to the GDI's net proceeds are utilised in accordance with the uses, as specified in the Framework;
- To review the allocation of the proceeds to the Eligible Green Projects, and to determine if any changes are necessary (for instance, in the event that projects or expenditures have been cancelled, sold, or otherwise become ineligible);
- To exclude projects or investments that no longer comply with the eligibility criteria, or have been disposed of, and replace them as soon as practicable possible;

- To review the Management of Proceeds (see Section 6 below); and
- To prepare allocation and impact reports associated with the Framework, and to review and approve what is to be reported in the annual reports (see Section 7 below);

We strive to bring about positive environmental impacts from our operational and capital activities, and we may update the selection criteria in accordance with any developments in our sustainability and environmental policies.

The evaluation and selection of Eligible Green Projects is compliant with our corporate and sustainability objectives, as well as with the applicable national, EU and international environmental standards and regulations. This helps to ensure a stringent management of any potential negative environmental impacts. To support this, and inform our project and investment decisions, we apply the following sustainability policies:

- Environmental Policy Statement
- RIIO-ED1 Business Plan Commitments (2015-2023)
- RIIO-ED2 Business Plan Commitments (2023-2028)¹⁴
- External policies such as ENA Engineering Technical reports.

Electricity North West's approach to environmental sustainability is described in our Environmental Report that is published annually on our website.

Electricity North West's approach to environmental sustainability is described in our Environmental Report that is published annually on our [website](#).

¹⁴ RIIO-ED2 Business Plan Commitments are yet to be finalised.

Section 6: Management of Proceeds



Section 6

We intend to allocate an amount equivalent to the net proceeds from our outstanding GDI to a portfolio of Eligible Green Projects (known as the ‘Eligible Green Project Portfolio’ or the ‘Portfolio’), which comprises individual new and/or existing work programmes and projects, selected in accordance with the use of proceeds criteria and the project evaluation and selection process that is presented above.

Proceeds may be allocated to refinancing existing Eligible Green Projects to the level of expenditure spent at the time of settlement, and/or allocated to new Eligible Green Projects to cover ongoing expenditure. Relevant expenditure includes both green capital expenditure and green operating expenditure.

Pending the full allocation to the Portfolio, we may use any unallocated funds for either debt repayment and/or temporary treasury investments (including deposits with money market funds), prioritising ESG-aligned products where possible.

We will establish an internal register which will be reviewed annually by the Committee to account for any re-allocation, repayments, or drawings on the Eligible Green Projects and expenditures within the Portfolio. The register will contain relevant information, including:

- Details of the GDIs, including the principal amount of the relevant instruments and the net proceeds
- Details of the use and application of proceeds, including:
- Summary of Eligible Green Projects to which the proceeds of the GDI have been earmarked in accordance with this Framework
- Amount of allocation per category
- Any unallocated GDI's proceeds, yet to be earmarked against Eligible Green Projects
- Estimated environmental impact, where available
- Other relevant information.



Section 7

The GBP and GLP require issuers/borrowers to provide information on both the allocation of proceeds, and the expected impact of the Eligible Green Projects.

On an annual basis, we will produce both an allocation report and an impact report on the Portfolio, where feasible, as detailed below.

This reporting will be updated annually until the full allocation of the net proceeds of any GDI issued.

The report will be published on our [website](#), and will include the following details:

Allocation reporting

- The total amount of proceeds allocated to the Eligible Green Projects

- Breakdown of allocation by Eligible Category
- Split between refinancing versus new financing
- The year of relevant investment/disbursement
- Details on where the balance of unallocated proceeds are designated, and
- Relevant case studies and information concerning specific projects financed.

Impact Reporting

We intend to align, on a best effort basis, the reporting with the portfolio approach described in ICMA's "Handbook – Harmonized Framework for Impact Reporting" (2021).

Below are examples of impact indicators that may be reported:

| | |
|--|---|
| Renewable energy | <ul style="list-style-type: none"> • Additional capacity of renewable energy connected (MW) • Number of EV charging points connected • Number of Heat Pumps installed at properties connected to our network. |
| Energy efficiency | <ul style="list-style-type: none"> • Estimated CO₂ emissions avoided (tCO₂e) • Electrical losses prevented (MWh) • Number of customers covered by Smart Street technology. |
| Pollution prevention and control | <ul style="list-style-type: none"> • Reduction in oil leakage (litres) • Length of oil/gas filled cable replaced • Number of PCB transformers replaced. |
| Green Buildings | <ul style="list-style-type: none"> • Estimated CO₂ emissions avoided (tCO₂e) • Number of EV charging points connected • Number of buildings and/or total sq. meters renovated and achieving BREEAM certification of "Very Good". |
| Climate Change adaption | <ul style="list-style-type: none"> • Number of sites flood protected • Number of substations remediated with flood protection to 1 in 100-year events. |
| Environmentally Sustainable Management of Living Natural Resources and Land Use | <ul style="list-style-type: none"> • Length of cable under-grounded • Number of trees planted. |
| Clean Transportation | <ul style="list-style-type: none"> • Estimated CO₂ emissions avoided (tCO₂e) • Number of EV charging points connected • Number of diesel/petrol vehicles replaced with electric vehicles. |

Any modifications or adjustments to the allocation or impact reporting will be reported in a timely manner.

Section 8: Second Party Opinion



Section 8

We have commissioned DNV Business Assurance Services UK Limited (“DNV”) to conduct an external review of this Framework, commenting on:

- Framework alignment with GBP and GLP, and mapping to the EU Taxonomy;
- The environmental benefits expected from the underlying project categories; and
- The Alignment of the framework with Electricity North West’s broader sustainability strategy.

DNV has reviewed the Framework content, claims made by Electricity North West in the evidence provided and underlying assets, and has confirmed the Framework’s alignment with the GBP and GLP, and has set out its judgment in a “Second Party Opinion” document.

DNV’s “Second Party Opinion” is available on our website [\[link\]](#).



Section 9

We intend to commission a 'limited assurance' or external verification report regarding the allocation of the proceeds from any GDI issued under this Framework.

Such report will be issued annually until all the proceeds of the relevant GDI have been fully allocated, confirming that an amount equal to the net proceeds of the GDI have been allocated in compliance with the eligibility criteria set out in this Framework.

This limited assurance or external verification will be made available on our website here [\[link\]](#).

Energy Efficiency - Smart Street

Smart Street is our world-leading innovation that uses voltage optimisation techniques to enable the extra capacity required for more low carbon technologies to connect to the local distribution network, while also reducing carbon emissions and costs to customers.

Smart Street subtly alters and manages the amount of electricity flowing through our network of cables and into customers' homes, creating the UK's first actively optimised network. This reduces consumption while saving customers' money, without affecting their usage behaviour in any way.

Smart Street has proved to deliver energy savings by stabilising and reducing voltage, without affecting our customers' power quality. Smart Street findings show that the innovation can reduce customers' energy consumption by up to 8% – equivalent to a £60 reduction in annual energy bills.

The project has been rolled out to 64,000 customers in the North West, as part of a £18m project funded under the Innovation Rollout Mechanism (IRM) in our price period ED1 (2015-2023). In our next price period (2023-2028) we will extend the roll-out to a further 250,000 households.

This technology can increase the available capacity of the network, with deployment targeted where we expect clusters of low carbon technologies, such as solar panels and heat pumps. This enables more efficient use of the current network – avoiding costly network upgrades and enabling the transition to Net Zero across the North West.

By controlling the output voltage of our distribution transformers, the Smart Street project will provide the following benefits:

1. Releasing capacity on the network leads to a quicker connection process for low carbon technologies (LCTs), facilitating a wider adoption.
2. An overall reduction in carbon emissions due to a reduction in energy consumption, reinforcement and technical losses
3. A reduction in energy consumption, which potentially translates to a reduction in the customer's electricity bill
4. Utilising a Social Return on Investment (SROI) approach to articulate the wider or societal benefits to consumers shows the direct financial benefit for 250,000 customers is estimated to be £39.11 per year on average. Over a 10-year period the net present value is £50m.

Steve Cox, Distribution system operation director at Electricity North West, said: "Smart Street involves our engineers installing unique technology on the electricity network that will reduce customer bills and help facilitate the transition to a low carbon economy.

"Electric vehicles, heat pumps and other low carbon technologies are the future, but they also place a greater demand on our electricity network. Meanwhile, things like solar panel technology are having the opposite effect, with generated energy being sent back onto the network.

"This technology from Electricity North West will ensure that the performance of appliances in people's homes and businesses, such as kettles, washing machines and televisions are always working as efficiently as possible.

"We operate one of the most reliable networks in the UK and it's our job to keep the power flowing for our customers, so that electricity is available wherever and whenever it's needed. But we felt that we could do more to improve efficiency on the network, which is why we created Smart Street.

"We knew that if we could supply electricity at a more optimised level for our customers, we could save our customers money on their electricity bills and support important regional and national decarbonisation targets.

"Through a range of comprehensive trials, we've seen the positive impact that this technology has, so now, with Ofgem's backing, we're excited to be applying it to the power network at scale."

Renewable Energy - Green recovery

To stimulate economic recovery and support delivery of decarbonisation benefits for customers we brought forward more than £20m of investment into schemes that will have a significant economic impact in driving the UK's green recovery.

From February 2021 to August 2021 we identified 11 projects across the region that will support the transition to lower carbon technologies across the region. These projects aim to strengthen strategic reinforcement, electric vehicle charging and LCT and network monitoring and will accelerate low regrets, shovel ready network investment in the remainder of the RIIO-ED1 period (2015-2023).

A public consultation was launched to help prioritise the schemes and suggest any others for consideration. The feedback process was part of a national exercise, co-ordinated with energy regulator Ofgem, to ensure that communities across the country are involved in deciding where to focus immediate investment to kick-start the green recovery. The investment will also support the government's 10-point plan to make the UK net zero carbon by 2050.¹⁵

One of the key projects identified was the electrification of Windermere ferry. This major £650k project is set to take place from October in Windermere, upgrading the power network. The work will see 6 kms of underground electricity cables replaced and installed throughout the town.

The new cables will help create crucial additional capacity to facilitate the installation of Windermere's first electric ferry. The new supply will also allow several electric car charging points to be installed. More details on each project can be found on our website enwl.co.uk/greenrecovery.

Our SROI modelling has identified the wider or societal benefits of our green recovery portfolio over a 10-year period, including a net present value of £133m.

Below is a list of 11 projects identified to accelerate the green recovery, which straddle the two of the ICMA categories of Clean transportation and renewables:

Clean Transportation

1. Strategic reinforcement of the network in the North Carlisle area
2. Strategic reinforcement of the network in the Lancaster/Forton area
3. Strategic reinforcement of the network in the Heywood/Birch area
4. Network reinforcements for EV charging hubs and on-street parking across the North West
5. Service unlooping to support low carbon technologies across the North West
6. Strategic reinforcement in the Windermere lakeside area.

Renewables

7. Pre-Sense low-voltage network monitoring programme
8. Enablement works to support electric heating in Greater Manchester
9. Strategic reinforcement in the Carlisle/Morton area
10. Monitoring of high density LCT in the Godley Green Garden Village area, Greater Manchester
11. Strategic reinforcements around the Mayfield regeneration project in central Manchester.

¹⁵ <https://www.gov.uk/government/publications/the-ten-point-plan-for-a-green-industrial-revolution/title>

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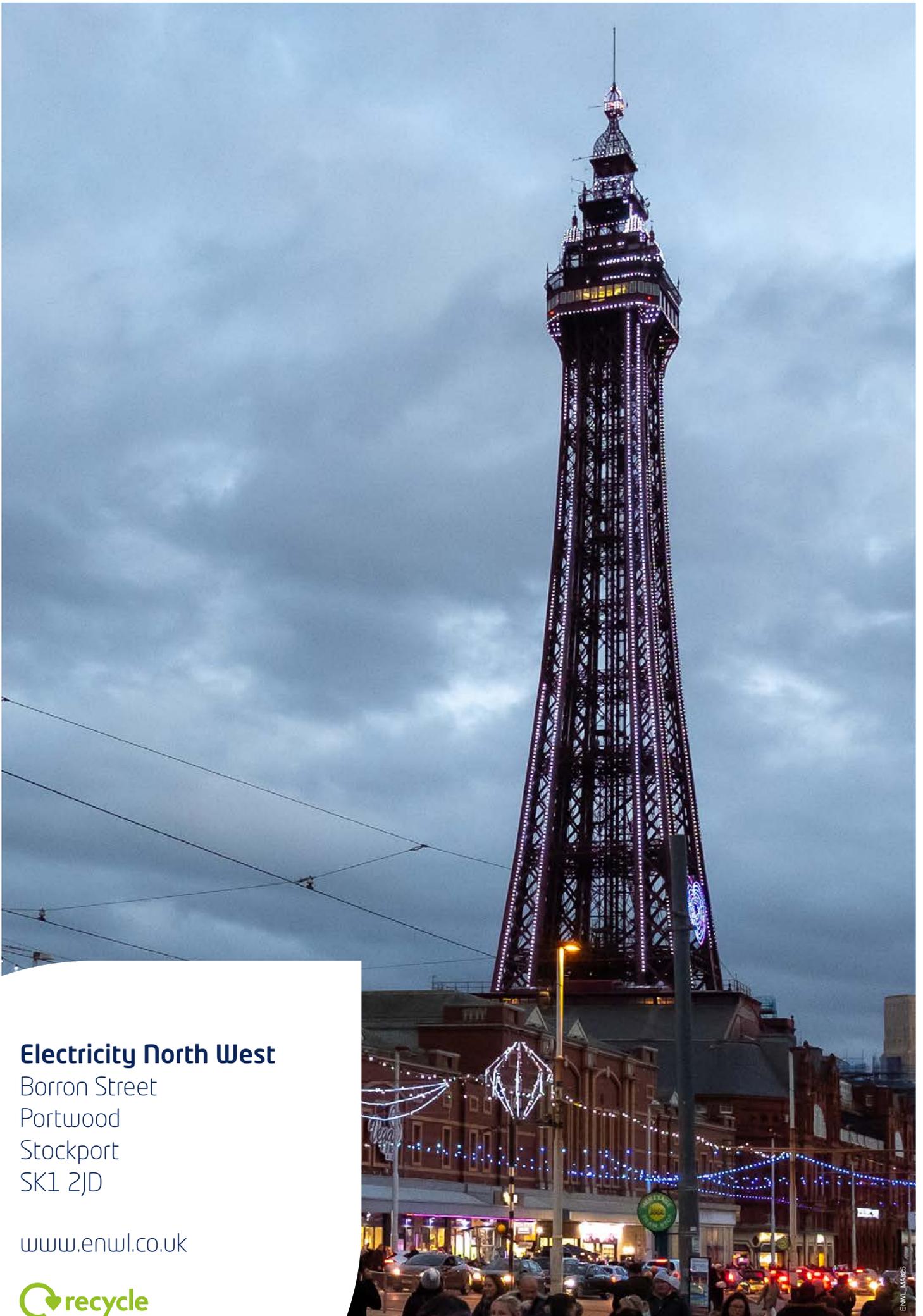
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