

**DIVE BRIEF**

Xcel, Dominion dispute global utility assessment, say they are on track to meet 1.5 degree climate target

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Dive Brief:

- Despite significant commitments to reduce carbon emissions, only a fraction of electric utilities around the world are on track to meet climate goals sufficient to limit global warming to 1.5 degrees Celsius, according to a report released last week by CDP, the World Benchmarking Alliance and ADEME, the French Agency for Ecological Transition.
- Electric utilities have made more progress than other economic sectors, according to the report. However, the report also concludes only three of what the report lists as the world's 50 most influential electric utilities are on track to meet goals consistent with preventing warming over 1.5 degrees.
- Two U.S. utilities ranked highly by the report, Xcel Energy and Dominion Energy, say their own internal studies suggest they are on track that aligns with the 1.5 degree target.

Dive Insight:

Electric utilities have taken a leading role — by necessity — in efforts to decarbonize the global economy, according to CDP, a nonprofit that runs environmental disclosure systems for 13,000

companies worldwide. But two U.S. utilities disagree about the alleged inadequacy of their progress toward global climate benchmarks.

Of the 50 companies assessed by CDP and its partners, just three — Orsted, EDP and AES Corp. — are on track to meet goals that align with the 1.5 degree scenario outlined by the International Energy Agency (IEA).

"Many companies, particularly those that scored really high, have in many cases reduced emissions significantly over the last five years," said Simon Fischweicher, head of corporations and supply chains for CDP North America. "But we've hit the point in our combating climate change where we can't just applaud progress, but need to see progress in line with what we need to do scientifically to stay within a carbon budget."

Utilities began working toward climate-related targets earlier than most other industries, which has put them in a "strong starting position" compared to sectors such as the automotive and oil and gas industries, Fischweicher said. In addition, he said, utilities have recently made significant progress toward setting goals and creating internal plans for decarbonization, though 19 of the 50 assessed utilities either had no long-term plans beyond 2024, had no goal for direct carbon emissions or had set goals that lacked sufficient detail to be assessed.

However, few utilities have validated those plans with a third party to ensure they are scientifically sound and aligned with IEA targets, Fischweicher said. And many utilities still plan to employ large quantities of coal and gas generation well into the future to meet growing electrical demand.

According to the report, fossil fuels will still account for 49% of energy generated by the 50 assessed utilities in 2035, compared to

the 22% required to limit warming to 1.5 degrees.

"There has been a significant increase in renewable energy, Fishweicher said, but we're still seeing a high volume of gas and coal locked into future emissions. Many North American companies are seeing that their emission intensity trends are not going to improve in the future and may even worsen."

However, Fishweicher noted that the analysis was based solely on information that was publicly available as the report was assembled, and that companies could have plans to retire fossil fuel generation earlier than has been publicly disclosed.

In a statement to Utility Dive, a spokesperson for Xcel Energy indicated that the company has plans to retire the company's coal fleet earlier than previously anticipated. Xcel Energy was the top-ranked North American utility in the 2021 Electric Utilities Benchmark, and ranked 10th overall.

Work with a leading climate modeling expert has confirmed that Xcel Energy is on a path to reduce emissions in line with the 1.5 degree target, according to the company's statement.

Dominion Energy, which ranked third for North America and 14th overall, similarly held that the company is on track to help limit warming to 1.5 degrees. The company has made strong progress toward its own net zero goal, and has reduced carbon emissions 43% since 2005, according to company spokesperson Rayhan Daudani.

"As a supporter of the Paris Agreement on climate and the Task Force on Climate-related Financial Disclosures we've modeled several 1.5-degree scenarios which demonstrate Dominion Energy can achieve its goals without straying from our mission of providing safe, affordable and reliable service to our customers," he said in an email.

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