



Assessment of SSE's transition plan

About SSE

SSE is a multinational, FTSE 100 energy company headquartered in Perth, Scotland. The SSE group has seven business units comprising SSE renewables, SSE Transmission and SSE Thermal, which includes fossil gas generation. They operate across the UK and Ireland with 350 separate sites as well as internationally (in Europe and Japan).

By the end of 2023, it reported 2.4 GW of wind, solar and battery capacity - yet it remains the third largest climate polluter in Scotland as a result of its large fossil gas capacity.

CEO Alistair Phillip-Davies, in post since 2013, will retire in 2025. The recruitment of his replacement will be led by SSE board chair, Sir John Manzoni, formerly of BP. Under its leadership, the company moved its UK business into a new Swiss holding company for the purpose of avoiding a possible nationalization.

SSE's transition plan in a nutshell

While developing 1.8GW of new fossil gas capacity, SSE aims to reach net zero by 2040 across scope 1 and 2 emissions by 2040, and scope 3 emissions by 2050. Whilst the company has progressed in part towards renewables, they continue to invest in fossil gas expansion with carbon capture and storage and they have no public plans to close their existing gas assets. They also have biomass and incineration plants amongst their portfolio. The company no longer operates any coal assets, having closed their final coal-fired power station in 2020.

The company has often referred to itself as a "world leader" with reference to their development of a "just transition plan" in 2020, alongside a progress report in 2023 and a strategy update in 2024. The plans include 10 KPIs through which the company will assess their own progress on their transition plans. These plans refer to SSE's overall operations and do not detail how particular assets of theirs will transition, where workers will move to or how they will be supported, or how those workers have been involved, if at all, in developing said plans.

Quality of SSE's transition plan

1. Emission reduction plan

SSE made significant progress in reducing GHG emissions from electricity generation before its 'base year' in 2017/18. From its peak emissions in 2006/07, SSE's scope 1 GHG emissions had already reduced by 61% by 2017/18, and emissions have continued to fall. This was largely due to the phase out of coal power in the UK.

SEN transmission published a plan in 2024 to “deliver at least £22 billion of critical grid infrastructure by 2031”. They also have four core business goals they link to the Sustainable development goals (SDGs) which are to cut carbon intensity by 80%, increase renewable energy fivefold, enable low-carbon generation and demand and champion a fair and just energy transition.

SSE has committed to achieving net-zero by 2040 across its scope 1 and 2 emissions by 2040 (subject to security of supply conditions) and across its scope 3 emissions by 2050, which is late regarding the need to decarbonize the power sector by 2035 in EU/OECD countries and 2040 in the rest of the world, as outlined in the Net Zero by 2050 (NZE) scenario from the International Energy Agency (IEA).¹

2. Energy planning

Pushing for a chimera

The company no longer operates any coal assets, having closed their final coal-fired power station in 2020. However, SSE is developing 1.8GW of new fossil gas capacity in Peterhead in Aberdeenshire, Scotland, and in Keadby, in North Lincolnshire, England.

Both plants will rely on carbon capture and storage, which is an unproven, expensive and inefficient technology. While the company claims that CCS on both plants will be able to capture at least 90% of emissions, this has never been achieved anywhere else in the world, despite CCS having been in development since the 1970s. It is estimated that there has been \$83 billion in CCS investments since the early 1990s – yet there are only 40 operational CCS projects globally, capturing only 0.1% of global CO₂ emissions, with almost 80% of large-scale CCS projects cancelled or put on hold.²

The company has no commitments or plans to phase out gas. They do not publicly detail how they would wind down their existing, unabated gas assets. Their renewables plans are fully integrated with their plans to develop further fossil gas capacity, as detailed in their plans to ensure a “security of supply” across their networks.³

3. Capex allocation

SSE's overall gross CAPEX for the period 2024-2026 amounts to £20.5 billion. They do not break down this allocation by specific energy source, making it hard to ascertain genuinely renewable investment commitments. They briefly detail their CAPEX division in their Net Zero Acceleration Programme Plus, where they set out that 55% of CAPEX will be focused on electricity networks; 35% of capex on renewable; and 10% of capex on flexible power, which refers to their fossil gas generation with CCS.⁴ Whilst their CAPEX allocation is largely in renewables, this is undermined

¹ International Energy Agency (IEA), [Net Zero by 2050 Scenario](#), May 2021

² Carbon Tracker, [Curb Your Enthusiasm: Bridging the gap between the UK's CCUS targets and reality](#), March 2024, p.11

³ SSE, [From targets to action - SSE's Net Zero Transition Plan](#), October 2022, p.9

⁴ SSE, [Powering sustainable growth](#), March 2024, p.5

by their continued investments in and expansion of their fossil gas assets, which are woven throughout their renewables investments.

4. Climate planning: strategy and governance

SSE monitors and reports on their climate strategy, in ways that directly benefit the company's leadership. These four goals are, alongside other factors, linked to their executive remuneration policy. If they meet these goals, according to their own standards and assessment, SSE's executive leadership are paid a larger bonus. As a consequence, achieving net zero targets directly financially benefits SSE's leadership, irrespective of their other investment commitments. For example, their net zero objectives are offset by the Thermal side of the business which still invests in gas and biofuels.

5. Transparency

SSE were given the opportunity to address the assessment criteria, and they were unable to do so. Consequently, this analysis was completed using the data from SSE's sustainability and annual report. Where information was not publicly available, this was highlighted to SSE, and they were given a further opportunity to answer questions on their transition plans. They did not respond/declined to do so.

Within the publicly available data, we noted some transparency issues within their reporting. The company does not report on their methane emissions. Additionally, they combine their targets for solar power generation and battery storage, making it hard to ascertain the specificities of each. Finally, they do not have a gas power phase out plan that does not deploy carbon capture and storage. They do not detail a scenario where carbon technology is not feasible or likely captures at a much lower rate than anticipated.