

THE STATE OF DECARBONIZATION

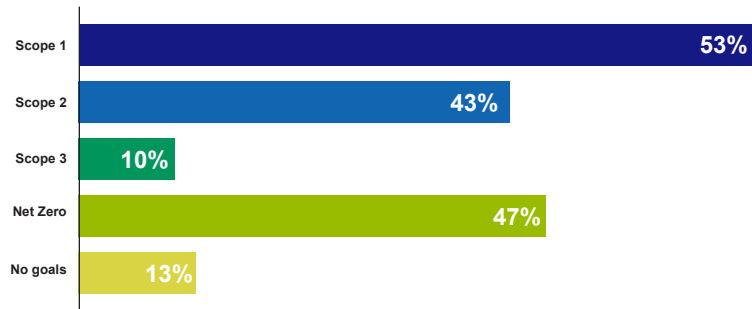
A CLOSER LOOK AT THE GOVERNMENT SECTOR

The State of Decarbonization Report includes results from a variety of organization types. With this special addendum, let's dive deeper into results for the Government sector, which includes cities and municipalities. Government respondents face the same challenges and look to the same solutions as their peers in the commercial, industrial, and institutional sectors. However, results of this study find regulatory and legal risk leads strongly as the single most important driver for creating and implementing decarbonization strategies among government entities, which stands apart from its ranking as third most important among total respondents. Additionally, the survey found government entities are slightly off pace when it comes to setting emissions reduction goals, landing at eight percentage points behind total respondents across Scopes 1, 2, and 3, though leading by about one point on net-zero goals.

EMISSIONS REDUCTION GOALS

Q: Which best describes your organization's emissions reduction goal? (Select all that apply)

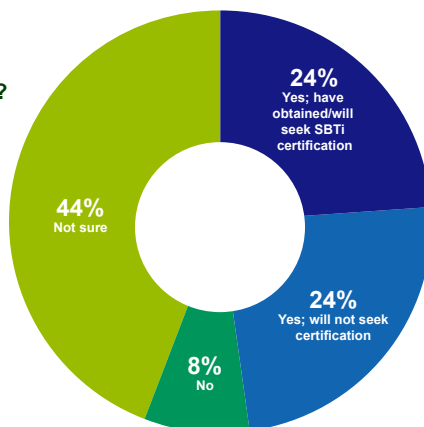
Overall, government entities are slightly off pace when it comes to setting emissions reduction goals, landing at eight percentage points behind total respondents across Scopes 1, 2, and 3, though leading by about one point on net-zero goals.



SCIENCE-BASED TARGETS

Q: Is your goal science-based?

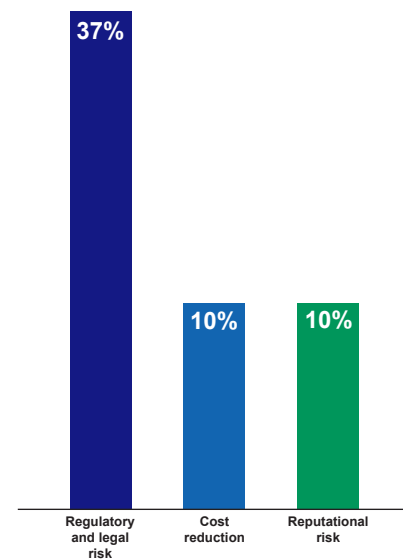
Nearly half of government respondents report setting science-based targets, with an even split on preference for SBTI certification. There appears to be an opportunity for education on this type of targeting among government entities, as 44% declare being unsure if their goals are science-based.



TOP DRIVERS

Q: Which of the following is the SINGLE MOST IMPORTANT driver behind your organization's pursuit of decarbonization strategies? (Select one only)

Regulatory and legal risk leads strongly as the single most important driver for creating and implementing decarbonization strategies among government respondents, which stands apart from its ranking as third most important among total respondents.



Drivers of decarbonization are strongly differentiated by type of organization. Where cost reduction and reputational risk tie for the top drivers among all respondents, they land at a distant second for government organizations.

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CHALLENGES TO DEPLOYING OPTIONS TO REDUCE EMISSIONS

Q: Which of the following are challenges to deploying options to reduce emissions? (Select all that apply)

Financial concerns carry the lead as challenges for Scope 1 and Scope 2 deployment among government respondents, with unfavorable economics and lack of capital to invest ranked as the top two challenges for both scopes.

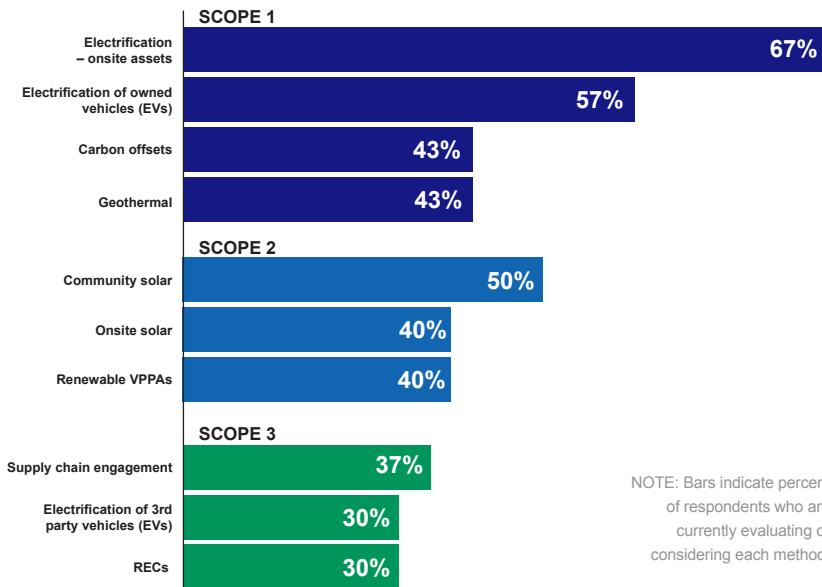
Challenges in Scope 3 take on a different tone, with lack of internal stakeholder buy-in and little policy/regulatory support tied for the top two challenges cited by government respondents

Challenges	Scope 1	Scope 2	Scope 3
Unfavorable economics	53%	47%	30%
Lack of capital to invest	53%	43%	33%
Lack of internal stakeholder buy-in	43%	27%	40%
Little policy/regulatory support	33%	33%	40%
Lack of available technology	30%	30%	33%
Lack of knowledge on available options	23%	27%	37%
Difficulty finding/selecting suppliers	20%	20%	13%

TOP METHODS BEING EVALUATED/CONSIDERED TO REDUCE EMISSIONS

What's next for government organizations looking to reduce emissions? Different scopes call for different solutions.

Q: Which best describes your organization's position on implementing each of the following options for reducing your emissions?



NOTE: Bars indicate percent of respondents who are currently evaluating or considering each method.

Electrification leads the way for government entities among methods being evaluated or considered to reduce emissions, with the electrification of assets landing at 67% among the group followed by electrification of owned vehicles at 57%.

For Scope 2 emissions, government respondents track with the overall group on ranking community solar, onsite solar, and renewable VPPAs as the top three methods for evaluation and consideration.

While electrification of third-party vehicles ranks first in methods already implemented for Scope 3 among government, supply chain engagement ranks first in methods being evaluated or considered next, followed by a tie between continued electrification of third-party vehicles and RECs.

As the government sector strives to reduce its environmental impact, NRG is ready to support your journey with smart energy solutions and advisory services. Together, we can build customized strategies and help measure your progress toward a low-carbon future.



Scan the QR Code to download the complete State of Decarbonization Report.

Source: The 2022 State of Decarbonization report