# THE STATE OF DECARBONIZATION

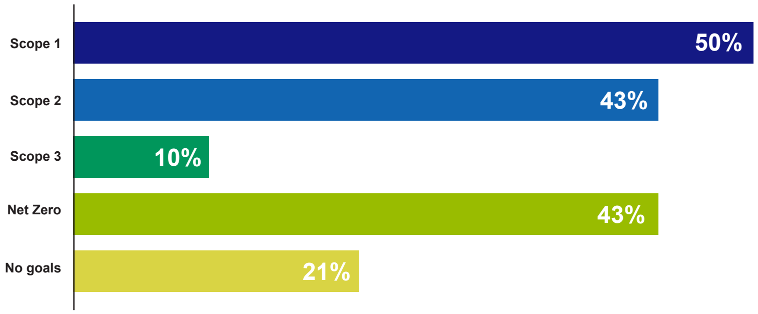
## A CLOSER LOOK AT INSTITUTIONS

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 Institutional sector, which includes higher education and healthcare. Institutions face the same challenges and look to the same solutions as their peers in the commercial, industrial, and government sectors. Results of this study, however, find interesting degrees of difference in responses from institutions compared to total responses. For example, institutions have been slower than their counterparts to set emissions reduction goals. While they are using science-based methods to set these goals, they rarely approach SBTi certification. And areas of uncertaintly regarding Scope 3 abound, particularly a lack of knowledge of available options for emissions reduction and difficulty finding and selecting suppliers.

### EMISSIONS REDUCTION GOALS

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

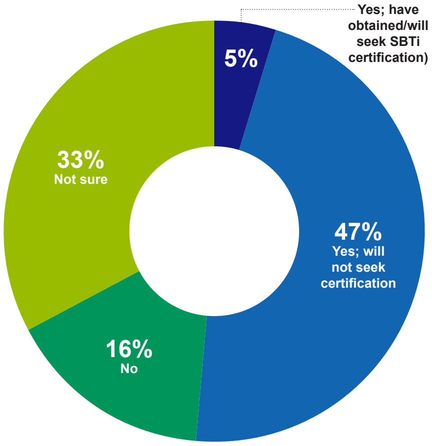
Overall, institutions are slightly behind the curve when it comes to setting emissions reduction goals - 9 points behind the total on Scope 1, 2, and 3, though only 3 points behind for net-zero goals. No goals are reported by 21% of institutions, compared to 15% of total respondents.




### IS YOUR GOAL SCIENCE-BASED?

**Q:** Is your goal science-based?

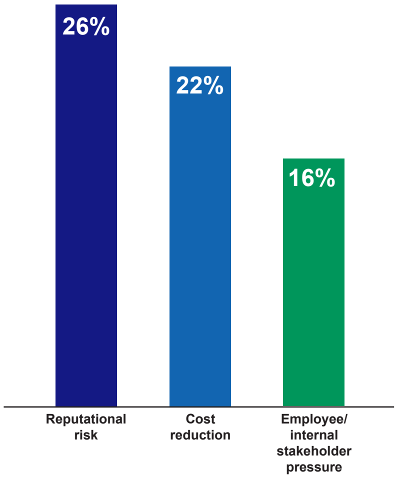
Science-based targets appear to be a priority at institutions, with 52% declaring they are using these methods. However, there is a stark difference in the preference for SBTi certification,as only 5% of this group will seek that certification, The remaining 47% will not.




### TOP DRIVERS

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

Reputational risk and cost reduction top the list of single most important drivers for creating and implementing decarbonization strategies among institutions, as they do for total respondents.




A total of 16% of institutions also cite employee/internal stakeholder pressure as the most important driver affecting decarbonization strategies for their organization.This is not surprising as Interest in issues surrounding climate change has long been of great importance among higher education students and faculty.

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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)*

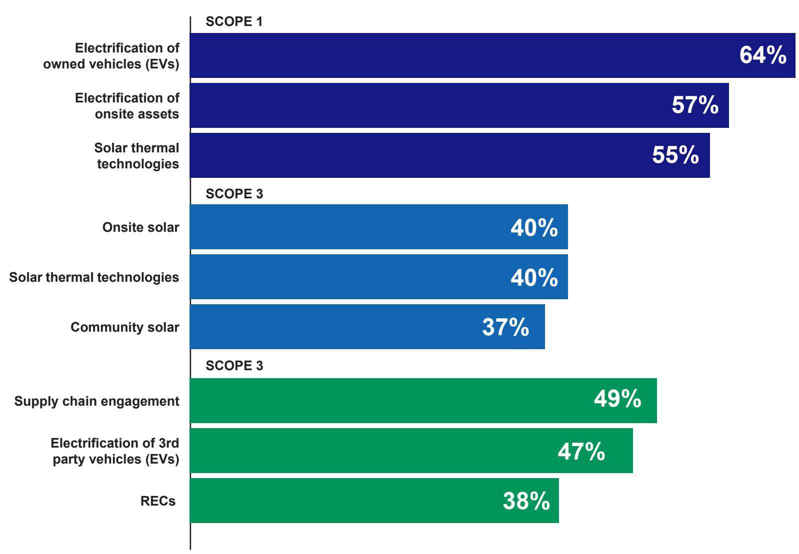
Unfavorable economics - including the fear of increased costs - is the top barrier cited by Institutions considering their emissions reduction strategies across Scopes 1 and 2. Lack of capital is tied for the top spot for Scope 2 and ranks second and third for Scopes 1 and 3, respectively. Uncertainties around Scope 3 are apparent for institutions as lack of knowledge of available options and difficulty finding and selecting suppliers are higher for this Scope than others.

| | Scope 1 | Scope 2 | Scope 3 |
|---|---|---|---|
| Unfavorable economics | 64% | 50% | 55% |
| Lack of capital to invest | 59% | 50% | 34% |
| Lack of internal stakeholder buy-in | 36% | 24% | 29% |
| Lack of available technology | 28% | 22% | 26% |
| Little policy/regulatory support | 22% | 24% | 29% |
| Lack of knowledge on available options | 17% | 17% | 31% |
| Difficulty finding/selecting suppliers | 9% | 14% | 26% |

## TOP METHODS BEING EVALUATED/CONSIDERED TO REDUCE EMISSIONS

What's next for institutions 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 *(for each scope)?*




With energy efficiency programs already implemented by 59% of institutions, attention is turning to electrification of vehicles (64%) and onsite assets (57%) to tackle Scope 1 emissions.

Solar solutions are key for cutting Scope 2 emissions, as onsite solar and solar-themed technologies are tied at the top among methods being evaluated or considered, with community solar close behind in third place.

Scope 3 options are currently implemented by no more than 8% of institutions but close to 50% are evaluating or considering supply chain engagement (including supplier requirements for emissions) and electrification of third-party vehicles (EVs).

As institutions strive to reduce their environmental impact, NRG is ready to support your journey with smart energy solutions and advisory services. Together, we can build custom strategies and help measure your progress toward a low carbon future.

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

Source: 2022 State of Decarbonization Report