HIAL Airports Limited Footprint 2022

In accordance with the UK Government's Conversion Factors for Company Reporting

Report for Highlands and Islands Airports Limited (HIAL)

VERSION 01



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GLOSSARY

	Definition
Arisings	Materials forming the secondary or waste products of industrial operations.
ATM	Air traffic movements – an aircraft take-off or landing at an airport. For airport traffic purposes one arrival and one departure is counted as two movements.
Carbon dioxide equivalent (CO ₂ e)	The carbon dioxide equivalent (CO_2e) allows the different greenhouse gases to be compared on a like-for-like basis relative to one unit of CO_2 . CO_2e is calculated by multiplying the emissions of each of the six greenhouse gases by its 100-year global warming potential (GWP).
Carbon footprint	A carbon footprint measures the total greenhouse gas emissions caused directly and indirectly by a person, organisation, event or product. A carbon footprint is measured in tonnes of carbon dioxide equivalent (tCO ₂ e).
Emission factor	An emission factor is a representative value that attempts to relate the quantity of a pollutant released to the atmosphere with an activity associated with the release of that pollutant.
GHG	Greenhouse gas – a gas in an atmosphere that absorbs and emits radiation within the thermal infrared range. This process is the fundamental cause of the greenhouse effect. The primary greenhouse gases in Earth's atmosphere are water vapour, carbon dioxide, methane, nitrous oxide, and ozone.
Outside of Scope	All fuels with biogenic content (e.g. 'Diesel and petrol (average biofuel blend)') should have the 'Outside of Scope' emissions reported to ensure a complete picture of an organisations' emissions are created. The emissions are labelled 'Outside of Scope' because the Scope 1 impact of these fuels has been determined to be a net '0' (since the fuel source itself absorbs an equivalent amount of CO_2 during the growth phase as the that CO2 is released through combustion).
PAX	Number of passengers in the reporting year.
APU	The auxiliary power unit that supplies power to ground operations when an aircraft is stationary.
САА	Civil Aviation Authority, a source of aviation statistics.
GSE	Ground Support Equipment such as vehicles that assist operations at the airport.

PROJECT SUMMARY

BACKGROUND

HIAL is a public corporation owned by the Scottish Ministers and subsidised by the Scottish Government in accordance with Section 34 of the Civil Aviation Act 1982. HIAL operates and manages 11 airports in total; Barra, Benbecula, Campbeltown, Dundee, Inverness, Islay, Kirkwall, Stornoway, Sumburgh, Tiree, and Wick. The 2022 financial year for HIAL covers the period 1st April 2021 to 31st March 2022.

The calculation of the annual carbon footprint will help HIAL and the individual airports understand the different areas which contribute to their overall carbon footprint and monitor changes on a yearly basis. HIAL has committed to creating a Net Zero Aviation Zone by 2040 and so this process will help identify improvement opportunities, which will ultimately reduce HIAL's carbon footprint and associated costs. In addition, the carbon footprint will also form the baseline for emission reduction targets, allowing HIAL to measure the success of any management strategies implemented.

CARBON FOOTPRINT SUMMARY

All emissions have been calculated in line with the GHG Protocol, to ACA Level 3+ standard and ISO 14064-1. The emissions sources included are shown in the figure below.

Emissions figures are reported using the Market-Based methodology unless clearly indicated otherwise. A location-based baseline emissions profile can be seen towards the end of this report. For a detailed explanation on this, please see this slide.

The emissions included within each scope of the footprint can be seen below.

A detailed explanation of the methodology and assumptions used to estimate the footprint can be found in the technical annex.

Scope 2 "Indirect Emissions"

• Electricity used by HIAL Airports

Scope 3 *"Indirect Emissions"*

- Aviation emissions: LTO, engine testing
- Passenger surface access
- Fuel used in vehicles and ground support equipment owned by third parties
- Staff commute & business travel
- Tenant electricity
- Electricity well-to-tank and transmission and distribution losses
- Waste: Disposal & virgin material production
- De-Icer used on aircraft by third parties
- Water supply and wastewater treatment
- Non-road construction vehicles

Scope 1 "Direct Emissions"

- Natural gas
- Fuel used in: Vehicles and ground support equipment owned by HIAL Airports, generators and other equipment
- Refrigerant gases lost to atmosphere from chillers and air conditioners
- De-icer used on ground by HIAL Airports



SUMMARY: Market-Based REPORTING

The Market-Based methodology as outlined in the GHG Protocol, allows for organisations to report their carbon emissions reflecting their energy procurement decisions.

For HIAL Airports, all electricity is purchased under a zero emissions contract that is fully backed by Renewable Energy Guarantees of Origin (REGO) certificates. This means that under Market-Based reporting rules, the Scope 2 electricity emissions are reported as zero emissions. Outside of scope emissions have not been included in the chart for simplicity, but these account for 0.1% of emissions and are reported for all fuels that contain a biofuel component. The following slides show the emissions reported under this methodology.

79,000 tCO₂e/year

96.7% from Scope 3 emission sources

Market-Based Emissions Figures

Scope 1 "Direct Emissions"

Emissions produced from sources linked to a company's assets.

2,577 tCO2e (3.3%)

Scope 2

"Indirect Emissions"

Emissions produced by the generation of electricity purchased from third parties and consumed in the company's assets.

0 tCO2e (0%)

Scope 3 "Indirect Emissions"

Emissions that arise as a consequence of the activities of the company, but occur from sources not owned or controlled by the company.

76,373 tCO2e (96.7%)

Outside of Scope

Emissions from fuels with biogenic content. Scope 1 impact of these fuels has been determined to be net "0"

50 tCO2e (0.1%)



CARBON FOOTPRINT ANNUAL EMISSIONS TRENDS – Market-Based

The table below shows the figures from the charts on the previous slide, as well as the % year-on-year (y-o-y) change.

Emissions by Scope	2019	2020	2021	2022
Scope 1	2,734.99	2,568.29	2,671.88	2,577.01
Scope 2	0.00	0.76	0.00	0.00
Scope 3	620.90	117,279.41	43,176.95	76,373.21
Outside of Scope	8.95	25.04	10.06	49.65
Total emissions	3,364.84	119,873.49	45,858.89	78,999.87
Total % y-o-y change	N/A	3462.5%	-61.7%	72.3%

BY SCOPE AND AIRPORT

* Percentages shown are of total HIAL emissions (2022)





CARBON FOOTPRINT SCOPE 1 EMISSION SOURCES

Scope 1 emissions are produced from sources linked to a company's assets.

For HIAL, the major emissions sources in this category include the emissions from gas oil used in heating systems and airport owned operational vehicle fuel. Other smaller sources include fuel burnt during fire training and refrigerant gasses lost to atmosphere from cooling systems.



3.3% of total emissions

Market-Based Emissions Figures



- Diesel
- Gas Oil
- Kerosene
- Natural gas
- Petrol
- Refrigerant Gases
- Fire Training

CARBON FOOTPRINT SCOPE 2 LOCATION AND Market-Based EMISSIONS

Scope 2 emissions relate to the electricity consumption at the airport. These can be calculated using the following two methodologies:

- Location-based method; this reflects the average emissions intensity of macro-scale (regional/national) electricity grids where energy consumption occurs. Companies reporting using this method should use the regional/National Grid average emission factor. In the UK, this would be sourced from the Defra/DECC UK Government conversion factors for Company Reporting.
- **Market-based method**; this reflects the emissions from the electricity that a company is purchasing. Energy suppliers in the UK are already required, by law, to disclose to consumers the fuel mix and GHG emissions associated with their portfolio or tariffs. This airport selects to purchase electricity that is greener than the National Grid average emissions factor. The advantage of procuring electricity that is higher in renewable energy content than that of the National Grid is outlined in the table below:

	Location-based (tCO ₂ e)	Market-based (tCO ₂)
Airport Electricity Emissions (Scope 2)	1,779	0

• Here, market-based emissions are zero because the HIAL purchased 100% green electricity from its energy suppliers. REGO certificates have been provided for each airport which indicates that the supply is 100% renewable.

CARBON FOOTPRINT SCOPE 3 EMISSION SOURCES

Scope 3 emissions are those that arise as a consequence of the activities of the company, but occur from sources not owned or controlled by the company.

For HIAL, the major emission source in this category is from aviation fuel. Other sources include passenger surface access, third party electricity and operational vehicle fuel, staff commute, business travel, waste and water supply/treatment.



96.7% of total emissions

Market-Based Emissions Figures



ANNUAL SUMMARY: Market-Based reporting





ANNUAL EMISSIONS TRENDS: Market-Based reporting

Market-Based tCO2e	2019	2020	2021	2022
Scope 1 – Total	2,735	2,568	2,672	2,577
Natural gas	45	24	32	42
Airport GSE	700	394	508	520
Fuel (heating and power)	1,836	1,960	1,759	1,898
Business travel	20	15	86	3
Refrigerants	20	16	17	44
Airport de-icer	0	85	208	0
Fire training	115	74	61	70
Scope 2 – Total	0	1	0	0
Airport electricity	0	1	0	0
Scope 3 - Total	621	117,279	43,177	76,373
Tenant electricity	0	0	0	0
Tenant fuel (heating)	0	26	13	101
Electricity WTT & T&D	620	571	460	707
Third party GSE	0	443	45	303
Third party de-icer	0	51	14	34
Water	0	32	52	61
Climb, Cruise and Descent (CCD)	0	52,425	16,246	44,360
Landing Take-off (LTO)	0	36,022	21,999	26,568
Aircraft engine tests	0	14	2	33
Passenger surface access	0	19,004	3,429	3,006
Staff commute	0	6,989	759	792
Business travel	1	327	69	128
Waste	0	1,376	90	279
Out of Scopes – Total	9	25	10	50
Diesel	8	10	4	41
Petrol	1	1	2	2
Wood	0	13	4	6
Total	3,365	119,873	45,859	79,000

CARBON FOOTPRINT ANNUAL EMISSIONS TRENDS

Emissions have increased for 2022 across most of the emissions categories due to the increase in air traffic movements (49.2%) and passenger numbers (135.6%) in comparison to 2021.

Emissions sources with the largest change from 2021:

- Waste (Scope 3) emissions have increased by 68% because of the increase of waste generation within the airport due to increased passenger numbers post-COVID.
- Climb, Cruise and Descent (Scope 3) emissions have increased by 63% because of the increased number of flights compared to in 2021 with COVID restrictions still in place internationally.
- Business travel (Scope 3) emissions have increased by 46% because of the significantly reduced figures in 2020 and 2021 due to COVID-19.
- Landing Take-Off (Scope 3) emissions have increased by 17% because of the increased number of flights compared to 2021 with COVID restrictions still in place internationally.
- Passenger surface access (Scope 3) emissions have decreased by 14% despite the increase in passengers.
- Airport de-icer (Scope) emissions have decreased completely to zero emissions because of HIAL's effort to replace Konsin with a new potassium formate de-icer.

LOCATION BASED EMISSIONS

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CARBON FOOTPRINT SUMMARY: LOCATION BASED REPORTING

Location based emissions by scope for HIAL Airports in 2022. This reflects the average emissions intensity of the grid on which the electricity consumption occurs.

All emissions have been calculated in line with the GHG Protocol, to ACA Level 3+ standard and ISO 14064-1.

80,902 tCO₂e/year

Location Based Emissions Figures

Scope 1 "Direct Emissions"

Emissions produced from sources linked to a company's assets.

2,577 tCO₂e (3.2%)

Scope 2

"Indirect Emissions"

Emissions produced by the generation of electricity purchased from third parties and consumed in the company's assets.

1,779 tCO₂e (2.2%)

Scope 3 *"Indirect Emissions"*

Emissions that arise as a consequence of the activities of the company, but occur from sources not owned or controlled by the company.

76,496 tCO₂e (94.6 %)

Out of Scope

Emissions from fuels with biogenic content. Scope 1 impact of these fuels has been determined to be net "0"

50 tCO2e (0.1%)



CARBON FOOTPRINT ANNUAL EMISSIONS TRENDS – LOCATION BASED

The table below shows the location based figures from the charts on the previous slide, as well as the % year-on-year (y-o-y) change of the different emissions scopes.

Emissions by Scope	2019	2020	2021	2022
Scope 1	2,734.99	2,568.29	2,671.88	2,577.01
Scope 2	2,340.91	2,270.45	1,879.20	1,779.02
Scope 3	614.56	119,541.24	43,256.85	76,496.15
Outside of Scope	8.95	25.04	10.06	49.65
Total emissions	5,699.41	124,405.02	47,817.99	80,901.84
Total % y-o-y change	N/A	2082.8%	-61.6%	69.2%

ANNUAL EMISSIONS BY SOURCE – LOCATION BASED

Location-Based tCO2e	2019	2020	2021	2022
Scope 1 – Total	2,735	2,568	2,672	2,577
Natural gas	45	24	32	42
Airport GSE	700	394	508	520
Fuel (heating and power)	1,836	1,960	1,759	1,898
Business travel	20	15	86	3
Refrigerants	20	16	17	44
Airport de-icer	0	85	208	0
Fire training	115	74	61	70
Scope 2 – Total	2,341	2,270	1,879	1,779
Airport electricity	2,341	2,270	1,879	1,779
Scope 3 - Total	615	119,541	43,257	76,496
Tenant electricity	0	145	81	123
Tenant fuel (heating)	0	26	13	101
Electricity WTT & T&D	614	569	459	707
Third party GSE	0	443	45	303
Third party de-icer	0	51	14	34
Water	0	32	52	61
Climb, Cruise and Descent (CCD)	0	52,425	16,246	44,360
Landing Take-off (LTO)	0	38,141	21,999	26,568
Aircraft engine tests	0	14	2	33
Passenger surface access	0	19,004	3,429	3,006
Staff commute	0	6,989	759	792
Business travel	1	327	69	128
Waste	0	1,376	90	279
Out of Scopes – Total	9	25	10	50
Diesel	8	10	4	41
Petrol	1	1	2	2
Wood	0	13	4	6
Total	5,699	124,405	47,818	80,902



KEY STATS INTENSITY METRICS COMPARISON OVER TIME – 1

Intensity metrics allow comparison over time against other factors that fluctuate and have an impact on the environmental performance of the airports. The two chosen key performance indicators are aircraft traffic movements (ATM) and passenger numbers (PAX).

This chart shows intensity metrics for Scope 1&2 kgCO₂e/PAX and kgCO₂e/ATM for both <u>location and Market-Based</u> reporting methodologies. Note that the impacts of COVID-19 on airport operations led to increased carbon intensity per ATM and PAX in 2020 and 2021.



KEY STATS INTENSITY METRICS COMPARISON OVER TIME – 2

This chart shows intensity metrics for Scope 1&2 kgCO₂e/passenger (PAX) and kgCO₂e/air traffic movement (ATM) for both location and Market-Based reporting methodologies.

Note that the impacts of COVID-19 on airport operations led to increased carbon intensity per ATM and PAX in 2020 and 2021.

	2019	2020	2021	2022
ATM	135,707	90,106	52,486	78,304
PAX	1,771,649	1,685,363	392,682	925,101
% Change in ATM (year-on-year)	N/A	-33.6%	-41.8%	49.2%
% Change in PAX (year-on-year)	N/A	-4.9%	-76.7%	135.6%
kgCO ₂ e/ATM (Scope 1&2 Location Based)	37.4	53.7	86.7	55.6
kgCO ₂ e/PAX (Scope 1&2 Location Based)	2.9	2.9	11.6	4.7
% Change in ATM (year-on-year)	N/A	43.6%	61.5%	-35.8%
% Change in PAX (year-on-year)	N/A	0.2%	303.7%	-59.4%

THE FOLLOWING SECTIONS PROVIDE A SUMMARY OF THE METHODOLOGY ADOPTED BY RICARDO TO CALCULATE THE 2022 FOOTPRINT FOR HIAL The standard approach to carbon footprinting is to use the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard developed by World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI); this sets out a corporate accounting and reporting methodology for GHGs.

SCOPE 1 EMISSIONS

Scope 1 emissions are defined as direct GHG emissions arising from sources that are owned or controlled by the company. The emissions result from activities that the company can have direct influence on through its actions. Airports' emissions that are included are: natural gas use, company owned vehicles fuel use, fuel use for business travel, refrigerant gas use (from leaks during maintenance or malfunction), wood pallets and diesel use for fire training, propane combustion and kerosene combustion.

SCOPE 2 EMISSIONS

Scope 2 emissions are associated with the use of electricity imported from the grid or from a third-party supplier of energy in the form of heat or electricity. These indirect GHG emissions are due to upstream emissions from the production and delivery of fuel to power stations. The airport can influence the amount of electricity it uses; however, it has little control over the generation of the electricity and these emissions are therefore classed as Scope 2.

SCOPE 3 EMISSIONS

Scope 3 emissions are defined as those arising as an indirect consequence of the use of goods or services provided by the company. The airport does have some influence over Scope 3 emissions but the activities are not under its control. Sources included by the airport include aircraft (all aircraft movements up to a height of 1,000m above aerodrome level), employees commuting to the airport, passenger surface access to the airport, airside vehicle activities by third party operators, waste disposal, water (supply and treatment), airport business travel and engine testing.

OUTSIDE OF SCOPE EMISSIONS

As per UK Government GHG Conversion Factors for Company Reporting guidance, Outside of Scope factors have been used to account for the direct carbon dioxide (CO_2) impact of burning biomass and biofuels. The emissions are labelled 'outside of scope' because the Scope 1 impact of these fuels has been determined to be a net '0' (since the fuel source itself absorbs an equivalent amount of CO_2 during the growth phase as the amount of CO_2 released through combustion). As a result, full reporting of any fuel from a biogenic source have included the 'outside of scope' CO_2 value, documented to ensure complete accounting for the emissions created.

The uncertainties associated with carbon footprint calculations can be broadly categorised into scientific uncertainty and estimation uncertainty. Scientific uncertainty arises when the science of the actual emission and/or removal process is not completely understood. For example GWP values involve significant scientific uncertainty. Estimation uncertainty arises any time GHG emissions are quantified. Estimations have been made within this footprint where areas have uncertainty have arisen.

PASSENGER SURFACE ACCESS

Emissions are based on a survey completed for HIAL airport passengers, conducted in 2020. The survey provided the mode of passenger transport and home postcodes of those in the sample. The first part of each postcode was used to calculate the distance travelled to the airport. The distance by road was used as a conservative estimate and Island locations were excluded from the analysis as these passengers would most likely be arriving by air. This was then scaled to the total number of passengers throughout the 22/23 financial year.

• Transport mode: Where multiple modes of travel were provided, the main mode was taken as the primary mode

The following assumptions were made to for transport modes:

- Private car journeys: Engine type split from latest statistics from <u>UK Government for South East of England</u>.
- **Taxi Journeys**: 33 out of 110 hackney taxis that make journeys to the airport are now battery electric vehicles.
- **Coach journeys**: There are three service providers who transfer passengers to the airport: Stagecoach, National Express and Arriva. The engine type of these fleets has been provided by the service providers, and for those with the lower emission Euro-6 compliant engines an <u>appropriate emissions factor</u> was used to reflect the reduction in emissions from these journeys.
- Other journey types: For other journey types, the best matching emissions factor from the UK Government GHG Conversion Factors for Company Reporting has been used.

LANDING TAKE-OFF CYCLE (LTO)

The LTO cycle is split into several stages which are shown in the diagram below, and consist of all fuel consuming movements below 1,000m altitude. The emissions from aircraft above 1,000m are calculated separately as Climb, Cruise and Descent (CCD) emissions, and have been included within HIAL Airports' footprint.

Fuel usage for each aircraft from the LTO cycle are calculated by using fuel burn rates (kg/second) from the <u>ICAO Databank</u> (Jet engines) or <u>FOCA Aircraft</u> <u>Piston Engine database</u> (Piston engines) for each aircraft, multiplied by the time the aircraft spends in each section of the LTO cycle (e.g. Taxi Out, Initial Climb). Fuel use is then converted to carbon emissions using the emissions factor for aviation fuel provided by the UK Government.

Additional efforts have been made to improve the accuracy of the LTO calculations in 2022 to reflect the impact of aircraft fuel efficiency improvements that were not otherwise captured by the methodology used in previous years.

One improvement to the methodology was accounting for the fuel savings from the use of wingtips on aircraft. New designs for the tips of the aircraft wings can reduce drag and improve fuel efficiency. An example of a modern wingtip design is shown below.

Wingtips can reduce fuel burn by <u>4-6%</u> for larger aircraft, which reduces the carbon emissions by the same amount. A 4% reduction in fuel use was used as a conservative estimate of fuel burn savings for the calculations for HIAL Airports' LTO emissions. Note that wing tip fuel burn savings only apply to the following LTO stages: Take-off, Initial climb, Climb out.





CLIMB, CRUISE AND DESCENT (CCD)

The ACA scheme outline three methodologies for the allocation of CCD emissions:

- 1. Half way approach: Where emissions from half of the distance of all flights going to/from the airports is allocated to the reporting airport.
- 2. Departing only approach: Emissions for the full flight distance for departing aircraft are allocated for the reporting airport.
- 3. Fuel sales approach: Emissions for all fuel sold at the airport is allocated to the reporting airport.

Of the three options above, it was decided to utilise the first approach as this is perceived to be the most neutral and comprehensive methodology.

Data provided by HIAL included the following information for each aircraft movement in 2022: Carrier, aircraft ICAO code, Arriving/departing, destination/origin airport, and date of movement.

Flight distance was calculated with the great circle equation, utilising the origin and destination airport latitude and longitude. This flight distance was uplifted by 5.5% to reflect the fact that aircraft do not fly in a perfect straight line from one airport to another. This figure has come from studies carried out by Ricardo Energy and Environment for the UK Department for Transport, and is an update to the commonly used figure of 9%.

Fuel kg/km in-flight for each aircraft type is calculated using data from the EMEP-EEA Fuel Database.

Emissions are calculated from the fuel consumption per flight, using the BEIS emissions factor for aviation turbine fuel.

No non-carbon warming impacts have been taken into account as part of the CCD emissions.

LANDING TAKE-OFF CYCLE (LTO)

See previous slide with details of updates to methodology this year.

BUSINESS TRAVEL

Accounts data was provided for business travel (Scope 1 & 3). All transport mode data was provided in £ value and converted to distance travelled using the cost/km from <u>Carbon Footprint and Project Register Tool</u> (CFPRT). The CFPRT collates cost data for all forms of public transport across the UK, and is managed and updated by Sustainable Network Scotland and Resource Efficient Scotland.

Distance travelled was converted to emissions using the appropriate emissions factors from UK Government GHG Conversion Factors for Company Reporting.

STAFF COMMUTE

For staff commute, the 2019 staff travel survey data was utilised. The final data was scaled to the full HIAL airports' staff in 2022. The survey respondents provided information on their modes of transport, distance travelled to work and number of days worked per week. This was scaled up to reflect a full working year by assuming that there are 250 working days per year (Mon-Fri) and each staff member has 25 days of leave per year.

Total annual distance travelled was converted to emissions using the appropriate emissions factors from UK Government GHG Conversion Factors for Company Reporting.

UTILITIES

Utility emissions include electricity (HIAL Airport and third parties), natural gas, fuel used for heating and power, water supply and wastewater treatment, de-icer usage (aircraft and ground), and refrigerant lost to atmosphere from cooling systems. Data was provided by HIAL Airports and converted to emissions using the appropriate emissions factors from UK Government GHG Conversion Factors for Company Reporting.

OPERATIONAL VEHICLES

Operational vehicle fuel use was calculated by using fuel volume data provided by HIAL Airports for their own and third-party operations, including fuel used in offroad construction vehicles. Fuel volume was converted to emissions using the appropriate emissions factors from UK Government GHG Conversion Factors for Company Reporting.

WASTE

Tonnage of waste was assumed based on bin collection frequency and size as no raw data was available. Tonnes of different types of waste in various size of containers were based on conversion factors from the Department for Environment, Food & Rural Affairs (DEFRA) UK Waste Classification Scheme. The emissions for waste disposal and virgin material production were calculated by using the appropriate factors from UK Government GHG Conversion Factors for Company Reporting.



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