

Ørsted guidelines for procurement of renewable electricity



Ørsted has set a clear expectation towards all suppliers to use 100 % renewable electricity by 2025, as one of the levers to meet its 2040 net-zero target.

By 2025 at the latest, we expect all our suppliers to cover their electricity consumption with renewable electricity when providing products or services to Ørsted.

Renewable electricity is a mature and readily-available product, which is why we are promoting it as one of the many solutions needed to decarbonise the supply chain of renewables. Procuring renewable electricity should be seen as one of the first steps in a science-based corporate climate strategy.

Communication on renewable electricity products

We advise all suppliers to carefully consider any green claims they communicate based on the use of renewable electricity. We refer to the RE100 initiative's [guidance](#) in this area.

About these guidelines

Because the market for renewable electricity products, including certificates, can be difficult to navigate, we have created these guidelines to help Ørsted's suppliers select the best-quality solutions.

We have created a hierarchy, with products ranked by their overall quality. We have assessed the climate impact of each renewable electricity product by considering the additionality of each product, its contribution to the build-out of renewable capacity, and its overall contribution to the decarbonization of society. Solutions above the dotted line meet Ørsted's renewable electricity expectations.

We encourage all suppliers to select the highest-ranked solutions available to them.



	Renewable Electricity Product	Description
Meets Ørsted's expectation	1	Energy savings Reduction of electricity consumption through energy efficiency initiatives.
	2	On-site generation Generation of own on-site renewable electricity. E.g., rooftop solar PV systems on office buildings.
	3	Off-site generation Establishment of own off-site renewable generation capacity greenfield project, where the company itself purchases the renewable electricity certificates from the project. E.g., a manufacturing company that develops and owns its own wind turbines outside its manufacturing sites.
	4	Equity share in renewable asset Direct investment in equity share of renewable capacity, where the company itself purchases the renewable electricity certificates from the project. E.g., acquiring a 40% ownership share in an offshore wind farm, that is still operated by the energy company.
	5	PPA (Pre-FID) Establishment of a power purchase agreement (PPA) for planned renewable asset, where the final investment decision (FID) is dependent on the PPA. E.g. a PPA with an offshore wind farm that has not yet been built, and the PPA will support the decision to build the wind farm.
	6	PPA (Post-FID or subsidized asset) Establishment of PPA for planned renewable asset where investment decision has been made, or the asset is already operational, or the PPA will not influence the investment decision because the asset already receives government subsidies.
	7	Renewable electricity certificates (higher quality) Purchase of renewable electricity certificates that (1) are in line with Greenhouse Gas Protocol requirements , (2) are from wind, solar or sustainable biomass, and (3) have traceability to specific assets.
Does not meet Ørsted's expectation	8	Renewable electricity certificates (lower quality) Purchase of renewable electricity certificates that do not meet Greenhouse Gas Protocol requirements, or are from hydro or non-sustainable biomass, or without traceability.
	9	Non-renewable electricity certificates Purchase of certificates from non-renewable sources, i.e., nuclear or fossil with carbon capture and storage (CCS).
	10	Offsets as a stand-alone tool Purchase of carbon credits from carbon offsetting projects. Carbon credits are not considered by the Greenhouse Gas Protocol to be equivalent to renewable electricity certificates, and therefore they cannot be used as a tool to source renewable electricity.

Additional long-term considerations to guide procurement of renewable electricity

Where possible, we encourage our suppliers to also strive towards the two considerations outlined here in their choice of renewable electricity products. These considerations will help ensure that suppliers' actions drive tangible decarbonization of electricity generation and of their local power grids in the long term.

- **24/7 time-based matching:** Aim to have each hour of electricity fully matched by renewable power generated at the same time (instead of averaging on an annual basis).
- **Local sourcing:** Aim to have sourcing take place within the national or state grid where consumption takes place (instead of anywhere in large regions such as Europe).