

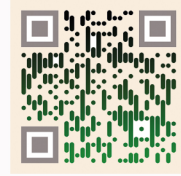
DISCERN SUSTAINABILITY

PROJECT: CLEAN ENERGY TRANSITION

Client: State-owned Enterprise Listed Power Producer

Sub-sector: Thermal power and renewables

Activity Category: Bespoke research, strategic advice



THE BRIEF

The client's generation portfolio is dominated by coal-fired power plant in the Chinese eastern seaboard. Discern Sustainability was engaged to:

- Perform a materiality assessment of the sustainability risks and opportunities the company faces, given its current fleet and location-bound nature
- Synthesise changing patterns in investment and policy internationally and under China's 5-year plans
- Make recommendations on the strategic direction of its sustainability agenda.

DEVELOPMENT OF THE PROJECT

The report involved extensive desk research and 2 field visits, resulting in a 10,000 word report, the findings of which were presented in person, to the full board.

THE REPORT

- Balanced the ambitious targets China has set itself as regards air quality and decarbonisation and projected future bottlenecks in clean supply, given a range of growth scenarios
- Examined the feasibility of making a rapid but ordered transition to a portfolio where the share of renewables and gas would overtake critical and sub-critical coal
- Assessed what the second-order effects would be, in terms of possible feedback effects from plausible changes in bond yields and share price. Set out communication strategy to cause least turbulence.

VALUE TO THE CLIENT

- Weighed ambitious targets China has set itself as regards air quality and decarbonisation and projected future bottlenecks in clean supply, given a range of growth scenarios
- Factored in constraining and the enabling factors unique to China
- Balanced nature of the report in terms of trade-offs between the sometimes conflicting needs of different stakeholders
- Appraisal of how capital markets would likely respond to such a plan and manner of communication.

