

Driving Change Together: A Collective Path Towards a Nature-Positive Energy Sector

In a nutshell:

In today's global landscape, the energy sector, a critical pillar of the global economy, faces mounting pressure to align with evolving environmental expectations. As universal agreements and regulations come into effect, companies are expected to demonstrate greater transparency in their environmental practices.

Leading Spanish energy companies have made significant strides in the Natural Capital and Energy Working Group of the Natural Capital Factory. The project focuses on adapting a previously established materiality matrix to align with reference tools such as ENCORE and the TNFD framework. The aim is to support companies in meeting the increasing demands of environmental regulations and voluntary disclosure frameworks.

In the initial phase, the project identified and qualitatively assessed the impacts and dependencies of 14 energy technologies and sub-technologies on ecosystem services. A methodology was also developed to evaluate the importance of natural capital to the business operations of the participating companies.

In the current second phase, and considering global principles and objectives regarding natural capital, regulatory frameworks for sustainability disclosure (i. e. the European taxonomy for sustainable activities, CSRD, CSDDD), and recommendations from international organizations like the Capitals Coalition and TNFD, efforts are being made to achieve interoperability among all of them.

Project details:

Organisations involved: Coordinators: [Azentúa](#), [Ecoacsa](#), [Natural Capital Factory](#)

Members: [EDP](#), [Endesa](#), [Enagás](#), [Iberdrola](#), [Naturgy](#), [Redeia](#), [Repsol](#)

Year: 2024

Location: Spain

<https://bit.ly/4e1NtWP>

Read more about the project here:

<https://capitalscoalition.org/>



Fostering alignment

The working group's overarching goal is to achieve interoperability among regulatory frameworks, analytical methodologies, processes, and metrics for sustainability disclosure in the energy sector

- The scope has been expanded to include more technologies, with new additions such as green hydrogen and biomethane plants, fuel-powered thermal plants, battery storage facilities, bio-refineries, offshore pipelines, and underwater transmission lines. The system for evaluating the impacts and dependencies on ecosystem services has been further adapted to align with the TNFD framework. Moreover, efforts are underway to establish consensus on the application of the LEAP approach and the use of TNFD's recommended metrics.
- To enhance the robustness of this initiative, the working group is also collaborating closely with the TNFD team to define scenarios and conduct risk and opportunity analyses. These analyses will explore the potential consequences of biodiversity loss and climate change, along with the ways in which governments, markets, and societies might respond, and the implications for corporate strategy and financial planning.
- Another important goal of the working group is to extend its focus to value chain integration, recognizing that natural capital dependencies and impacts stretch far beyond individual company operations.

Key objectives include:

- Enhance cooperation among energy companies, enabling a unified method towards capital's approach that leverages shared knowledge, while also contributing to reinforce the sector's role in driving nature-positive practices.
- Expand the initial materiality matrix of the impacts and dependencies of ecosystem services and adapt it to widely accepted tools and reference frameworks.
- Establishing a comprehensive and harmonized approach to assessing natural capital risks and opportunities.
- Promoting the integration of biodiversity and natural capital considerations into corporate sustainability reporting and decision-making processes.
- Enhancing alignment with global frameworks such as the TNFD and the European regulatory landscape (i. e. CSRD, ESRS, CSDDD) to ensure companies meet both regulatory obligations and voluntary commitments.
- Providing leadership in developing scalable, nature-positive business models that can be adopted by the global energy sector and beyond.
- Collaborating on risk scenario development to explore future impacts of biodiversity loss and climate change and integrating these into business strategy and financial planning.