Embracing circular economy

The Red Eléctrica Group is a global manager of essential and neutral infrastructures, through which it guarantees electricity supply and telecommunications. It is present in Spain and Latin America and its activity is characterized by a continuous commitment to innovation and a strong commitment to sustainability.

Red Eléctrica is internationally renowned for its commitment to sustainability and the development of circular economy models. In 2018, it signed and became a member of the Circular Economy Pact, which committed the business to implementing initiatives that foster the development of responsible consumption and circular economy models throughout the value chain. In 2019, as part of its effort to fulfill this commitment, Red Eléctrica drew up its 2030 Circular Economy roadmap, which set out the strategy and guidelines needed to turn the company into a leader in the implementation of circular economy methodology by 2030.

To manage this transformation process effectively and objectively, Red Eléctrica decided it needed a tool that would allow it to measure the sustainability impact of the initiatives in the roadmap. Doing so would enable the organization to set measurable objectives, project them over time, and measure them regularly.

Capgemini’s work has provided Red Eléctrica with a powerful tool to assess the positive externalities generated by its company strategy, and to determine its viability and efficiency.

Overview

Client: Red Eléctrica Group
Region: Europe
Industry: Energy & Utilities
Client challenge: Red Eléctrica needed a tool that would enable it to measure the sustainability impact of the initiatives in its circular economy roadmap.
Solution: With Capgemini as its partner, Red Eléctrica introduced a tool to help set measurable objectives and project them over time.
Benefits:
• Continuous assessment and improvement mechanisms to maximize the impacts of its initiatives
• Improved decision-making by implementing new sustainable initiatives into the roadmap
• More efficient Circular Economy roadmap through cost-benefit analysis of its sustainability initiatives
Red Eléctrica planned to monetize these objectives to establish a single unit of measurement for all dimensions of environmental sustainability (greenhouse gas emissions, polluting emissions, hazardous waste, consumption of water and material resources, etc.). The company asked Capgemini to help develop its sustainability impact monetization model and tool and apply them to the business’ Circular Economy roadmap.

**Better understanding sustainability impacts**

Together, Red Eléctrica and Capgemini Invent developed a model to calculate the monetary value of the individual and aggregate sustainability contributions resulting from the company’s actions as part of its Circular Economy strategy. This work has provided Red Eléctrica with a powerful tool that informs decision-making based on the impact of the organization’s sustainability initiatives and their direct effect on its income statement. As a result, the business can now assess the positive externalities generated by the strategy and determine its feasibility and efficiency.

The model can monetize the impact of the roadmap initiatives on the circular economy’s five dimensions: materials, water, energy, greenhouse emissions and polluting emissions, and waste and contaminated soils. This covers the end-to-end resource life cycle, beginning with obtaining and transforming the raw materials and continuing all the way through to their disposal or recovery.

**The results**

Implementation of the Circular Economy strategy demonstrates the leadership of the Red Eléctrica Group in the field of sustainability, putting it at the forefront of sustainable development. Having a model that monetizes sustainability impacts has made Red Eléctrica a global leader in the implementation of such tools.

Implementation of this model has enabled the organization to:

- Establish measurable objectives for the impact of its strategy on the analyzed sustainability dimensions
- Monitor the actual impact of its sustainability initiatives
- Introduce continuous assessment and improvement mechanisms to maximize the impacts of its initiatives
- Balance resources to foster the development of initiatives with a greater capacity to generate positive sustainability impacts
- Enhance decision-making by implementing or incorporating new sustainable initiatives into the roadmap
- Improve the efficiency of the Circular Economy roadmap through cost-benefit analysis of its sustainability initiatives
- Make its sustainability objectives and achievements more transparent
- Demonstrate the company’s contribution to promoting the circular economy.
Collaboration between Red Eléctrica and Capgemini

The companies spent six months working together on the project, which featured four lines of work:

- Definition of the quantification and monetization methodology to measure the impact of sustainability initiatives
- Development of the reporting and monetization tool
- Analysis and monetization of the impact of the initiatives in the circular economy roadmap
- Analysis and assessment of the results of the roadmap monetization exercise and recommendations.

This gave Red Eléctrica the opportunity to demonstrate its commitment to sustainable transformation. The initiatives in the Circular Economy roadmap cut across the organization and involve many of its areas. The commitment and involvement of all areas, particularly sustainability, which led the project on behalf of Red Eléctrica, were key to the success of the project.

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