

# Product Innovation Standard: Driving the market for low carbon solutions

## Concept Note

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### The Opportunity

Our changing climate – due to human-caused greenhouse gas (GHG) emissions – is causing sea level rise and increasing the frequency of extreme weather events<sup>1</sup>. The world needs to rapidly reduce GHG emissions and change our current energy mix to get on the trajectory that limits average global temperature rise to 2 °C and avoid increasing the risk of devastating impacts<sup>2</sup>. Together with strong national reduction commitments and strategies, technology and innovation are needed to provide the pathways to reduce emissions. More and more companies – both large and small – are responding to the challenge of climate change by providing innovative products and services. In some cases, companies may claim that these innovative products “avoid” GHG emissions in society by enabling emission reductions or by providing the same or similar function as existing products in the marketplace but with less GHG emissions.



What is the full potential of innovation to reduce GHG emissions? In the last 5 years, the US patent office has issued over 1.9 million patents in the US and abroad. Even if just 3 percent of these were low-carbon solutions capable of saving 1 million metric tons over that same 5 year period, they could contribute almost 60 GT of GHG reductions, 4 times the current emissions gap<sup>3</sup>.

However, a significant barrier for companies to bring low carbon innovation to scale is market uncertainty and customer acceptance<sup>4</sup>. Companies need to be able to credibly and consistently quantify potential emissions savings and communicate these to customers and stakeholders. Furthermore, companies need to set targets to increase the market of these products to actually achieve these savings. These are just some of the gaps that a GHG Protocol standard on Product Innovation could fill.

### Why GHG Protocol?

As the international standard setter for corporate and product-level GHG emissions, GHG Protocol has a proven track record of developing high quality, consensus-based global standards and guidance. In October 2011, GHG Protocol released the *Product Life Cycle and Corporate Value Chain (Scope 3) Standards*, in response to the demand for internationally accepted methods to enable GHG management of companies’ value chains and the products and services they provide. Therefore GHG Protocol is well positioned to address the increasing interest in understanding the emissions changes or effects that occur

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<sup>1</sup> What we know now: the reality, risks and response to climate change. The AAAS Climate Science Panel, 2014.

<http://whatwewknow.aaas.org/>

<sup>2</sup> <http://www.wri.org/resources/data-visualizations/infographic-global-carbon-budget>

<sup>3</sup> The Emissions Gap Report 2013, UNEP Synthesis Report:

<http://www.unep.org/publications/ebooks/emissionsgapreport2013/>

<sup>4</sup> C2ES, The Business of Innovating: Bringing Low-Carbon Solutions to Market.

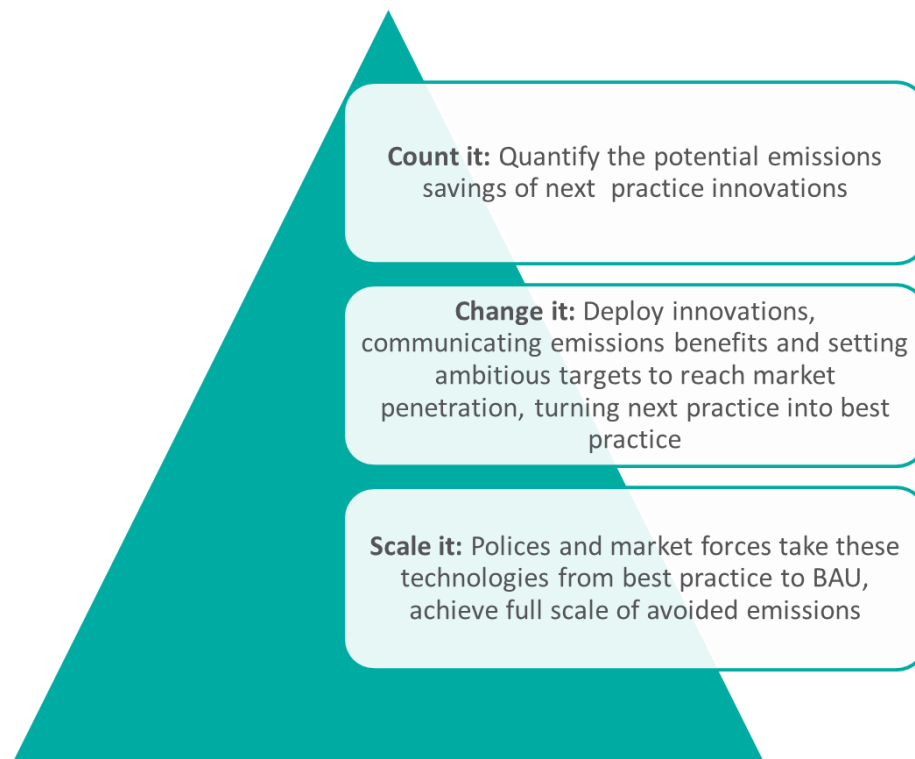
<http://www.c2es.org/initiatives/business-innovation/report>



as a consequence of a product's development or uptake, and what impact incorporating these innovative products into their portfolio would have on a company's value chain.

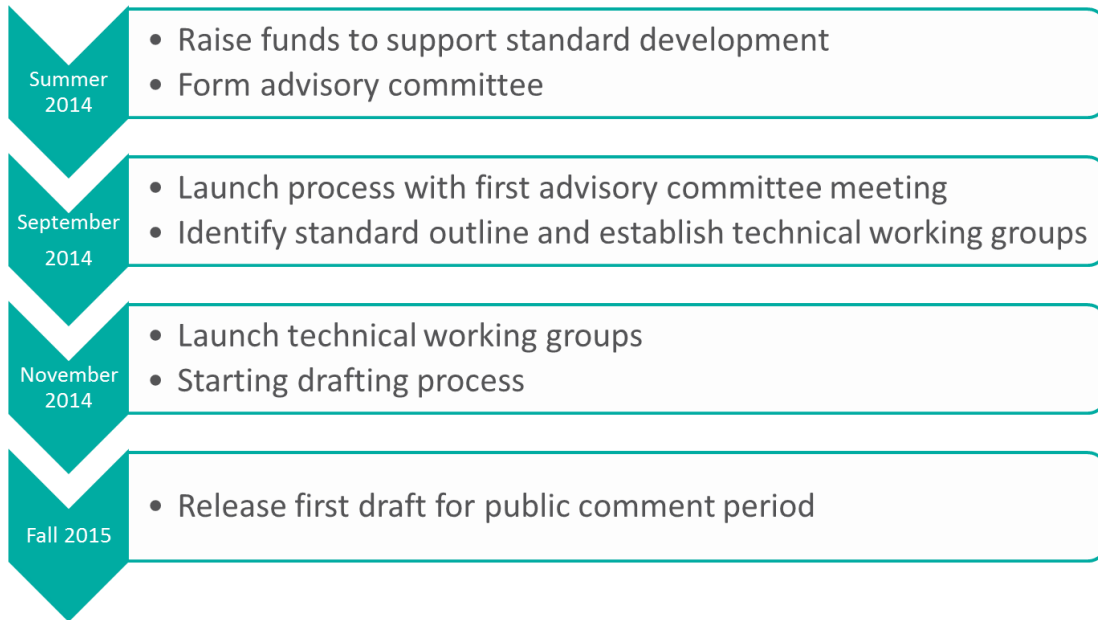
## Our Approach

The first step in any GHG Protocol Standard development process is to survey stakeholders, which was completed in December of 2013. Of the 375 respondents, 79 percent agreed there is a strong demand and need for a standard on quantifying and communicating the avoided emissions of products<sup>5</sup>. To ensure that this standard supports the need to reduce green-washing and drive real reductions, we propose to include specificity around target setting to drive the conversion of low-carbon innovations from next practice to business as usual (BAU), as illustrated in the following figure.



All GHG Protocol Standards are developed through an inclusive, international, consensus-based, multi-stakeholder process. We are in the final stages of planning the standard development process, which will include the formation of an advisory committee and several technical working groups. A proposed timeline is included below.

<sup>5</sup> [http://www.ghgprotocol.org/files/ghgp/Avoided%20emissions%20survey%20report\\_final%20draft.pdf](http://www.ghgprotocol.org/files/ghgp/Avoided%20emissions%20survey%20report_final%20draft.pdf).



## Getting Involved

If you are interested in supporting this effort through funding and/or participation in the development process, please contact Cynthia Cummis ([ccummis@wri.org](mailto:ccummis@wri.org)). You can also stay abreast of any developments by signing up for our mailing list: <http://www.ghgprotocol.org/standards/avoided-emissions>.

## About GHG Protocol

The GHG Protocol, a partnership between WRI and WBCSD, is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage GHG emissions. It provides the accounting framework for nearly every GHG standard and program in the world – from ISO 14064 to the Carbon Disclosure Project – as well as hundreds of GHG inventories prepared by individual companies worldwide.