

Proposal for Technical Working Group on Scope 2 Accounting and Reporting

June 2013

Outline

- I. Scope 2 accounting and reporting proposal summary
- II. Status of development process
- III. Proposed operational criteria and eligibility features
- IV. Example reporting
- V. Response to common questions

I. Proposal for scope 2 Guidance

Based on analysis and the feedback from the TWG, a *location-based method* and a *contractual claims method*¹ can each offer different decision-making value to companies, and yet both can fall short of achieving all the ideal goals of a scope 2 accounting method based on the inventory objectives described in Section II. Grid-distributed electricity represents a unique emission source that has both locational dimensions and market-based, contractual dimensions, and the two accounting methods examined here each emphasize these two dimensions distinctly as a basis for consumer GHG accounting.

Based on feedback received during the recent public comment process, GHG Protocol proposes this accounting and reporting guidance:

1. Method choice

- The Guidance **recommends** that companies **select the calculation method** that best supports their business goals, GHG reduction strategy, and reflects the choices present in the reporter's electricity market.
 - The Guidance will outline the two primary calculation methods for scope 2 accounting: a **location-based method** (using either advanced grid studies or grid average emission factors), and a **market-based contractual claims method** (using the instruments designated in a given jurisdiction to convey GHG emission claims to consumers). The Guidance will not designate one method as inherently superior or preferable, but will identify the variations in each methods' underlying principles and objectives and the types of decisions it can inform.
 - Both methods can produce GHG inventories that inform different types of decisions related to electricity purchasing and electricity use (see Section II). Further, the decision-making value of any inventory can vary due to individual data quality as assessed based on data quality indicators.²
- The Guidance **recommends** that all users in the **same jurisdiction use the same method**, and this can be facilitated through country-level authorities (in the case of mandatory corporate reporting) or by voluntary program design, as well as through harmonization over time.

¹ See Extended Method Analysis for a more detailed description of these two methods

² Ibid.

2. Contractual claims criteria

- If the contractual claims method is selected, then certain **minimum** operational criteria **shall be met**. In addition, the Guidance may **require** or **recommend that reporting entities disclose** program eligibility and other features of their electricity purchases. The TWG will decide on the finalized list for operational criteria, and whether and which eligibility features should be disclosed (see Section III of this proposal).

3. Additional reporting guidance

- **Electricity consumption**: The Guidance **recommends** companies to report on energy consumption in MWh or KWh separately, for added transparency
- **Disclosure of other method results**: The Guidance **recommends** that companies **separately report** a secondary electricity emissions estimation using whichever method was *not* used for scope 2 calculations and reporting. Thus, there would be one scope 2 calculation figure required for a complete corporate inventory, and an optional but recommended disclosure of scope 2 calculated using the other method. This is intended to increase transparency and inform a broader array of decisions about electricity purchasing and use.
- **Avoided emissions estimation**: Consistent with chapter 8 of the *Corporate Standard*, this Guidance will describe how companies **may separately report an** estimation of GHG emissions avoided from a project or action. This quantification should be based on project-level accounting, with methodologies and assumptions documented (including to what the reduction is being compared).

II. Status of development process and decision-making

1. On what basis is the GHG Protocol making the recommendations reflected in this Proposal?

Many factors have been considered as part of the GHG Protocol consultation on scope 2 accounting, including:

- Accounting principles
- Inventory objectives
- Practitioner experience, and
- Likelihood of widespread international adoption

As for accounting principles and inventory objectives, the tables below reflect the overall *Corporate Standard* inventory objectives and a tailored set of proposed objectives for scope 2 specifically, based on the definition of scope 2 and the nature of the electricity emissions. Our assessment demonstrated that both methods had the potential to meet these objectives in varying degrees.³

³ See Extended Method Analysis for a more detailed description of these two methods

| Table 1. Established <i>Corporate Standard</i> objectives for GHG inventories |
|---|
| <ul style="list-style-type: none"> • Represent a faithful, fair and true account of a company's GHG emissions |
| <ul style="list-style-type: none"> • Fulfill the five GHG Protocol principles |
| <ul style="list-style-type: none"> • Allow for assessment of risks and opportunities associated with changing electricity and GHG emissions costs⁴---also stated as an understanding of its emissions profile and any potential GHG liability or "exposure"⁵ |
| <ul style="list-style-type: none"> • Recognize activities that in aggregate change global GHG emissions⁶. |

| Table 2. Proposed objectives for a scope 2 inventory calculation method |
|--|
| <ul style="list-style-type: none"> • Support effective decision-making and GHG reduction activities |
| <ul style="list-style-type: none"> • Avoid double counting between scope 2 inventories |
| <ul style="list-style-type: none"> • Accurately represent electricity supply chains, including how electricity is generated, distributed, purchased and used by consumers on a given grid |
| <ul style="list-style-type: none"> • Reflect a fully integrated practice applied consistently throughout a region or market |
| <ul style="list-style-type: none"> • Follows best practices for GHG emission claims established by local jurisdictions |

As for practitioner experience and likelihood of adoption, to date the Technical Working Group (TWG) has not reached clear consensus, and sustained opposition remains about which method should be recommended, with differing rationales and preferences on the particular conditions which must be in place in order for companies to use a given method. This split, along with the assessment of the decision-making value present in both scope 2 calculation methods, aligned well with a "method choice" approach.

2. What does "decision-making value" mean for scope 2?

As noted in the objectives above, the information in a corporate inventory should ultimately inform corporate decision-making and support GHG reduction activities. But as described in the December TWG clarification document, "GHG reduction activities" related to electricity use may be challenging to precisely define, as each scope 2 calculation method imposes a different "boundary" around the specific electricity emissions for which a company is responsible. An individual scope 2 inventory may show increases or decreases over time depending on changes in either the total quantity of electricity consumed by the company, or the GHG-intensity of the emission factor used for calculation. It is possible for an individual inventory calculated using either scope 2 method to show *reductions* that do *not* reflect or correspond to historic, system-wide GHG emission reductions in the local power sector – making "GHG reduction activities" more ambiguous.

To prevent and mitigate climate change, corporate GHG accounting should ultimately support absolute reductions in GHG emission across the entire electricity production sector over time. While it may be challenging to precisely link these reductions to the consumption patterns or market-choices of individual consumers, for the purposes of this Guidance it may be helpful to categorize at least three types of inter-related decisions an individual consumer can act upon

⁴ GHG Protocol Corporate Standard , p. 27

⁵ GHG Protocol Corporate Standard , p. 11

⁶ GHG Protocol Corporate Standard , p. 59

related to their grid-distributed electricity use, all of which can individually and collectively impact GHG emissions from electricity production systems. These include:

- *Facility-siting decisions*
Some of the first decisions a company makes are where to locate its offices and facilities. The location of the facility (and the facility itself) where a company operates and consumes energy carries GHG implications. For companies renting office spaces, choosing a highly-efficient building can ensure structural support for lower levels of electricity use. In addition, any facility contributes to the overall demand in that region and therefore the GHG emissions associated with the production mix in that area. A decision to locate production in a low GHG-intensity grid means that using electricity locally will produce few emissions. However, if a claims-based contractual system is also operating within a given market, a facility-siting decision would also need to take into account how generation emissions are effectively distributed to end-users within that jurisdiction as well as what market options a consumer can exercise: see bullet on influencing supply mix.
- *Demand-related decisions*
Once a facility has been chosen, a company can make behavioral decisions regarding its electricity consumption as well as using more efficient equipment and conducting building retrofits where possible. In addition, more temporally-precise information on electricity use (a possibility through some smart grid and other utility programs) can also help consumers use equipment during low-cost and low-GHG emitting periods, optimize local grid load and related emissions.
- *Decisions to influence grid mix of resource technologies*
The mix of generation technologies on a given grid is the result of many variables, including the historic regulatory, financial and physical characteristics of the jurisdiction, as well as the current market dynamics of supply/demand for particular resources. A company can theoretically pursue a variety of actions to try to influence these factors directly or indirectly, including where it acts as:
 - An investor (investing in new low-carbon technologies)
 - A project developer (creating onsite or other generation projects)
 - An advocate (using available political or other channels to advocate for low-carbon technology-promotion policies, etc.)
 - A consumer

The consumer role aligns most closely with the activity and information captured in scope 2. Where market-based consumer options are available, a company can express demand for low-carbon technologies by:

- Establishing contracts such as PPA's directly with low-carbon generators (often overlapping with the "project developer" role)
- Negotiating with its supplier or utility to supply more low-carbon energy
- Switching to a low-carbon electricity supplier, where available
- Purchasing certificates from low-carbon energy generation

Depending on a variety of economic and policy circumstances, these actions may vary in their effectiveness at creating changes in the mix of generation technologies within a short time-scale. Most require *aggregate* consumer decisions about product or supplier in order to substantially change the resource mix over time. But all of these

benefit from, and may depend on, a market-based, contractual accounting system that confers specific GHG-emission attribute claims associated with purchases, functioning as a demand-signaling mechanism.

III. For TWG discussion: proposed operational criteria and disclosure on eligibility and other features

To date, there is no internationally-harmonized or consistent precedent for data quality features for contractual instruments used for scope 2 accounting and claims. Therefore, the GHG Protocol proposes to adapt data quality criteria such as those laid out in the *Scope 3 Standard* and other discussed TWG criteria to ensure integrity in the contractual claims method for accounting.

1. Terminology

The term “criteria” in the context of contractual instruments for GHG accounting can take on numerous definitions that reflect a variety of programmatic and market-specific objectives. For the purposes of this Guidance, we have proposed dividing the discussion of criteria into two categories: operational criteria and program eligibility and other features.

- **Operational criteria:** These criteria relate to the integrity of the market instruments as reliable conveyers of GHG emissions information, as well as system-wide GHG allocation features and the prevention of double counting. Specifically, it includes those qualities which allow contractual instruments and other data sources to function together as a complete representation of physical generation, and which ensure accurate allocation of GHG emissions from generators to end-users throughout a defined geographic and/or market electricity grid. These criteria address the minimum operational features necessary to implement electricity emissions allocation to consumers.
- **Program eligibility and other features:** This category describes the qualities and features about the energy generation whose emission attributes the instrument is conveying. Certification programs (e.g., Green-e) and electricity labels (e.g., Eko Energy) typically identify generation source qualities such as technology type, the year of a project's implementation and its geographic location that make the source “eligible” for either certification or inclusion in a label/program. Because certificates are the primary means of conveying attributes in most markets, the certification program or label's eligibility criteria significantly impact what energy generation sources will convey a GHG emission rate attributes and likely be used in GHG accounting. In addition, companies may identify their own set of preferred features in a purchase or project, such as purchasing within the same state/country/grid, only purchasing certificates from projects developed in the last 6 years, etc. The concept of “additionality,” derived from offset accounting, has also be interpreted as a means to limit GHG emission-rate attribute claims to only those electricity contracts or certificate purchases that were the “decisive reason” for a new energy project to be established. Some TWG members have discussed translating this additionality concept into market-specific features or “tests.”

All of these program eligibility and other features are criteria designed to fulfill market objectives, policy goals and consumer expectations, and are decisions that the GHG Protocol believes should be made by certification programs, companies, reporting programs, and jurisdictional policy makers. This Guidance does not seek to establish market-specific restrictions or policies of this nature due to the international and principle-based structure of GHG Protocol publications (see policy

neutrality discussion in Section V). Therefore, this Guidance will **not require specific generation features or program eligibility to be present** in order for the instrument to be used in scope 2 GHG accounting. However, TWG members have emphasized the importance of these features in assessing a company's purchasing activities in the context of its range of market options. Therefore, to enhance the transparency of the scope 2 inventory, the Guidance **may require or recommend disclosure of eligibility** features of contractual purchases.

| Table 3. Proposed Operational Criteria (*required) |
|---|
| For all contractual claims instruments and information |
| ✓ The contractual instrument must convey with it the GHG emission rate attributes associated with the quantity of electricity produced. |
| ✓ The contractual instrument must be the only instrument or information source carrying the GHG emission rate attribute |
| ✓ The instrument is used by an organization or consumer within the region defined by the market or program. Many programs emphasize interconnected electricity regions or consistent jurisdictional frameworks. |
| For tracking certificates or utility programs/labels based on certificates: |
| ✓ Is the instrument identified with a unique serial number, and certified by a 3 rd party? |
| ✓ Is the instrument tracked through an external system and retired or canceled once a claim in a GHG inventory has been made? |
| ✓ Does the program/certification body ensure that no other instrument conveying similar attributes has been issued from the same generation? |
| ✓ Energy purchasing mechanisms produced in on-site facilities where energy has been consumed by the host company may be either retained for the on-site consumer or sold off. If sold off, has the GHG emissions associated with the consumed energy been estimated at grid average (or another specified factor) rather than assumed to be "zero"? |
| Residual mix |
| ✓ Does the local grid system or purchasing program provide residual grid emission factors that remove contractually-claimed emission rates from averages available for other consumer scope 2 calculations? If not, does it identify a procedure or threshold by which factors will be adjusted? |
| Criteria for electric utility-specific emission factors |
| ✓ Is the utility or supplier-specific emission factor calculated and disclosed (preferably publically) according to existing best-practice methods, such as The Climate Registry Electric Power Sector Protocol? |
| ✓ Has the utility disclosed whether and how tracking certificates are used in the emission factor calculation? |
| Criteria for contracts in jurisdictions without certificate tracking |
| ✓ Is the contract and claim associated with it assured or verified by a 3 rd party? |
| ✓ Is the GHG emission rate attribute removed from utility-specific or grid average figures? |

| Table 4. Proposed disclosure on eligibility features (*required or recommended) for purchases, particularly certificates, contracts and supplier-labels built on certificates <i>Some of these criteria will be disclosed in a certification program or label's criteria.</i> | |
|---|---|
| ✓ | Technology type —What is the technology type of the claimed energy? |
| ✓ | Facility vintage —In what year was the facility established that created in the certificate/contract? |
| ✓ | Regulatory surplus — Were the MWh's reflected in this instrument used to meet a supplier regulatory requirement? (If separate regulatory instruments were issued from those MWh's that contain GHG emission rates, then this is not allowed as per required operational criteria. If the instrument structure does not already cover this as operational criteria, as with US) |
| ✓ | *Cap and Trade —Is the energy instrument purchased from facility affected by a cap and trade policy, either as a directly regulated entity or as part of a regulated sector? |
| ✓ | * Offsets —Is the energy instrument from a project producing other instruments such as offset credits? |
| ✓ | Funding – did the plant receive public subsidy such as a feed-in tariff? |

IV. Example calculations

| Table 5. Example calculations if contractual method is chosen | |
|--|--|
| Basic formula | |
| Electricity consumption x [emission factor for each GHG] = GHG emissions Assume 100 MWh's consumed total for facility/ies in this example | |
| <i>If instrument(s) do not meet operational criteria, the Guidance recommends that companies still report the emissions associated with any contractual instruments associated with their electricity purchasing and use</i> | |
| <i>If contractual instrument meets operational criteria, then consider:</i> | |
| <ul style="list-style-type: none"> • Certificate purchases • Supplier-specific emission rates • Contracts such as PPA's • Residual mix adjusted for claimed contractual attributes | |
| If zero-emissions/renewable certificates purchased or retained for 100% of consumption | |
| 100 MWhs x 0 tons GHG/MWh = 0 tonnes CO ₂ e Total emissions = 0 tonnes CO ₂ e | |
| If zero-emissions/renewable certificates purchased or retained for 50% of consumption + supplier-specific emission rate for rest of consumption | |
| 50 MWhs x 0 tons GHG/MWh = 0 tonnes CO ₂ e 50 MWh's x 0.5 tons GHG /MWh = 25 tonnes CO ₂ e Total emissions = 25 tonnes CO ₂ e | |
| If zero-emissions/renewable certificates purchased or retained for 50% of consumption + residual mix rate for rest of consumption | |
| 50 MWhs x 0 tons GHG/MWh = 0 tonnes CO ₂ e 50 MWh's x 0.75 tons GHG /MWh = 37.5 tonnes CO ₂ e Total emissions = 37.5 tonnes CO ₂ e | |

| |
|---|
| If PPA with renewable project established for 50% of consumption + grid average rate for rest of consumption |
| 50 MWhs x 0 tons GHG/MWh = 0 tonnes CO ₂ e 50 MWh's x 0.6 tons GHG /MWh = 30 tonnes CO ₂ e Total emissions = 30 tonnes CO ₂ e |
| If supplier-specific emission factor available for 100% of consumption |
| 100 MWhs x 0.3 tonnes GHG/MWh = 30 tonnes CO ₂ e Total emissions = 30 tonnes CO ₂ e |
| If supplier-specific renewable energy label available for 100% of consumption |
| 100 MWhs x 0 tonnes GHG/MWh = 0 tonnes CO ₂ e Total emissions = 0 tonnes CO ₂ e |

V. Responses to common questions

1. *Why does this proposal provide more flexibility than past proposals/discussions?*
2. *Shouldn't all reporters be required to use the same method?*
3. *What if I am required to report emissions from electricity use for mandatory programs or other government policies?*
4. *Does this proposal distinguish between different contractual instruments and their eligibility criteria? Aren't there "best practices" in contractual/market activities, from a GHG accounting point of view?*
5. *Why isn't additionality required in this proposal?*
6. *Does a contractual claims method ensure complete coverage and allocation of electricity emissions?*
7. *Does all contractual information reflect the "GHG risks/opportunities" on a given grid?*
8. *Can you easily compare different corporate purchases (i.e., comparing RECs to supplier programs to PPAs)?*
9. *What is the role of double counting? Does this proposal eliminate it?*
10. *How does the GHG Protocol approach policy neutrality in this situation?*

1. Why does this proposal provide more flexibility than past proposals/discussions?

Providing flexibility for companies can be more effective where each method can serve different decision-making needs and better reflect the context of the emission source (here, electricity grids). While it is less definitive than a single hierarchy, the flexibility enables varying corporate and programmatic goals, while providing greater requirements around transparency and the risks/opportunities associated with each method. We believe it also better aligns with past GHG Protocol approaches where multiple methods are supported by stakeholders.

2. Shouldn't all reporters be required to use the same method?

Ideally, *every* user within the same electricity market or grid region (including sub-national or national) should use the same calculation method, as this would enhance consistency, minimize double counting, and better inform decision-making within the areas highlighted by each method – i.e., all consumers experience equal incentive to reduce consumption, consider facility citing, and consider the market-based choices to influence the generation supply on the grid. However, the fragmented and often limited data sets currently in place, combined with the variation in jurisdictional policies for contractual tracking, may make a given method less reflective of a company's risks/opportunities and goals. Most contractual claims systems are still evolving to function as a fair and true account of consumer

emissions, and *requiring* voluntary GHG inventory reports to adhere to often emerging and controversial market-based claims systems may not be a supportable approach at the current time.

3. What if I am required to report emissions from electricity use for mandatory programs or other government policies?

Specific corporate GHG reporting programs and regulations may require locational or other allocation methods for scope 2. Such programs may also have a different set of objectives for corporate reporting than the GHG Protocol principles. Companies should note in the inventory the context for their choice of scope 2 method and emission factor, and may disclose separate quantification of emissions from electricity use using other methods as described.

4. Does this proposal distinguish between different contractual instruments and their eligibility criteria? Aren't there "best practices" in contractual/market activities, from a GHG accounting point of view?

No, this contractual claims method does not *require* purchases to meet programmatic eligibility criteria or demonstrate other features such as additionality. Instead, it will require the fulfillment of minimum operational criteria (see above list for the distinction between these two), and recommend or require disclosure of program eligibility and other features to enhance transparency. This Guidance recognizes that an individual *purchase, action or project* may have different types of market effects or grid impacts, but these impacts are challenging to quantify outside of the realm of scope 2 accounting (i.e., pertaining only to the allocation of generation emissions to consumers in a way that reflects the risks/opportunities from using electricity as well as the nature of the emission source). This Guidance does not aim to serve a programmatic purpose of designating which instruments meet which types of goals or have the most impact outside of the inventory boundary. Programs and other industry groups may also provide more tailored best-practices for individual markets.

5. Why isn't additionality required in this proposal? Isn't that necessary to ensure total GHG reductions?

Additionality is a complex concept to apply to a scope 2 electricity accounting method. For one, it would generally to specific types of *projects* issuing specific instruments rather than as a governing principle applying to a method that aims for full contractual accounting for all electricity emissions. Inherently, a contractual accounting method applying to an electricity market or grid jurisdiction relies on the certification and tracking schemes established for that jurisdiction to convey attributes. Those electricity purchases, actions or projects that reflect a more material or decisive involvement by a company (i.e., starting a PPA with a new project which required the long-term revenue stream, or installing on-site energy project) may *individually* contribute more significantly to GHG reductions in the electricity sector from historic levels, rather than relying on cumulative market forces alone. However, evaluating the relative impact and using it as a distinguishing factor for the scope 2 method falls outside of the realm of indirect scope 2 accounting. In addition, these instruments are evaluated in terms of their ability to convey an emission factor, not an absolute reduction (as with an offset).

Overall, contractual purchases or choices do not necessary reduce atmospheric emissions or represent absolute atmospheric emission reductions: they convey a claim to the GHG emissions rate attribute of a specific quantity of electricity production. Certificates and other tracking instruments must be distinguished from offset credits in this way, and

different types or purchases and projects will vary in the impacts they may have on the market or the historic emissions from the grid.

6. Does a contractual claims method ensure complete coverage and allocation of electricity emissions?

Most jurisdictions have not integrated all contractual information data sets (contained within certificates, contracts, or supplier-specific information) using a consistent, centralized method that accounts for all claimed energy attributes and minimizes double counting. Instead, certificates may be tracked in registries, while contracts such as PPA's are bilateral agreements without formal tracking, and many electricity suppliers calculate and disclose their emission rate separately using a combination of contract, certificate, and owned-asset information. A residual mix can "fill in" for non-tracked energy using production mix information. Ideally, a contractual accounting system would consistently account for all electricity emissions within a defined geographic and/or market boundary. But the *operational criteria* in this Guidance can ensure minimum qualities are in place while recognizing areas where markets can improve completeness of information.

7. Does all contractual information used in a scope 2 inventory reflect the "GHG risks/opportunities" on a given grid?

The emissions information contained in contractual instruments may *not* provide a complete or representative picture of regulatory/price risks in a given jurisdiction. Certificates and supplier labels may be aligned *with* or *independent of* other relevant policies, taxes on CO₂ from electricity, etc.

8. Can you easily compare different corporate purchases (i.e., comparing RECs to supplier programs to PPAs)?

The contractual instruments designated to convey emission rate attribute claims are a function of that jurisdiction's contractual systems. These instruments vary in their objectives and technology coverage (i.e., all generation vs. a green power or renewables certificate scheme); some aim to simply track electricity attribute information, and others aim to stimulate voluntary demand for renewable energy and promote new renewable energy built. While all may be carriers of GHG emission rate attributes, these differences in purpose and eligibility features can make *individual purchases or projects* difficult to compare in terms of *market effects* or *system-wide impacts*.

9. What is the role of double counting? Does this proposal eliminate it?

Double counting occurs in scope 2 when more than one consumer claims the same electricity emissions. Every two scope 2 accounting method should add up to the same total levels of emissions within a defined, but distributed across scope 2 inventories following different principles. Therefore, double counting between companies in the same grid using the *same method* should be minimized, though this is more problematic for most contractual information sources that are not integrated consistently as a data set. There would still be double counting between companies in the same grid using *different calculation methods*, which is inherent in any situation where multiple methods for an emission source are provided. The Guidance will encourage users in the same grid or jurisdiction to use the same calculation method, and anticipate that programs and policy-makers will standardize this where applicable.

10. How does the GHG Protocol approach "policy-neutrality" in this situation?

The GHG Protocol has established that its standards are designed to be "program or policy neutral" in the context of its standards' compatibility with other GHG Programs (most of

which are built on GHG Protocol framework).⁷ However, a slightly different dimension of “policy neutrality” has been discussed by the TWG: namely, the desire that the Guidance not incorporate any potentially subjective policy *preferences* into its set of criteria for evaluating and recommending contractual instruments for scope 2 calculation. To more clearly define the application of this concept to the scope 2 Guidance, the following proposed dimensions of policy-neutrality include:

1. *Recognizing inherent policy-dependency of a market-based accounting method*
Contractual instruments and related attribute claims are the function of specific market programs and supporting electricity sector policies. Therefore, the contractual claims method would only be appropriate in jurisdictions that administer applicable instruments and tracking infrastructure. The method is therefore *policy-dependent*. We seek to ensure that our Guidance is not designed solely in order to *support* the policy preferences of market programs or actors, but to recognize their role in jurisdictional policies and evaluate their application to voluntary GHG accounting in accordance with the *Corporate Standard*.
2. *Seek consistent principles for application across diverse policy settings*
Every country or geopolitical entity governs its electricity grid distribution systems and markets according to different regulatory and economic frameworks. Rather than create market-specific guidance that addresses the specific, often changing policy dimensions of contractual instruments within the jurisdiction, this Guidance seeks to draw common principles across similar types of jurisdictions in order to describe where and how a method may be used for voluntary GHG accounting.
3. *Avoiding recommendations on broader electricity policy design*
The goal of this Guidance is *not* to recommend electricity policy design features broadly, but to evaluate whether contractual claims tracking as practiced today can fulfill the goals of the GHG Protocol for corporate accounting. Certain policies may be interpreted to have greater “benefits” to a consumer or otherwise more effectively achieve policy goals related to promoting low-carbon electricity generation. However, any system design features discussed in the Guidance seek to relate only to the operation of this GHG accounting system across the electricity sector.
4. *Avoiding imbalanced incentive emphasis*
Our standards do not seek to incentivize particular mitigation behavior, policies, technologies or programs over others. Rather, they seek to provide an accurate, consistent account for any number of actions or behaviors that could be undertaken by companies.
5. *Independent development basis*
Finally, that we have an independent basis for developing our Guidance which does not solely or disproportionately represent the views of a particular policy jurisdiction or other constituency.

⁷ GHG Protocol Corporate Accounting and Reporting Standard, p. 4