



Template for submitting proposals related to GHG Protocol's *Corporate Standard*, *Scope 2 Guidance*, *Scope 3 Standard*, *Scope 3 Calculation Guidance* and market-based accounting approaches

(Optional)

Proposal instructions

GHG Protocol is conducting four related surveys in reference to the following GHG Protocol standards, guidance and topics:

1. Corporate Accounting and Reporting Standard (Revised Edition, 2004) ("Corporate Standard")
2. Scope 2 Guidance (2015)
3. Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) ("Scope 3 Standard"), and Technical Guidance for Calculating Scope 3 Emissions, version 1.0, 2013 ("Scope 3 Calculation Guidance")
4. Market-based accounting approaches

The survey is open until February 28, 2023. To fill out the survey, [click here](#).

As part of the survey process, respondents may provide proposals for potential updates, amendments, or additional guidance to the *Corporate Standard*, *Scope 2 Guidance*, *Scope 3 Standard*, or *Scope 3 Calculation Guidance*, by providing the information requested in this template. You may also use this template to provide justification for maintaining a current approach on a given topic.

Submitting proposals is optional. Respondents may submit multiple proposals related to different topics.

Proposals should be as concise as possible while providing the requested information. Submissions that are outside of the template may not be considered. Proposals may be made publicly available.

To submit the proposal, please save this file and fill out the fields below. When you've completed your proposal, please send the file as an attachment to info_ghg@ghgprotocol.org. Please name your file STANDARD_Proposal_AFFILIATION, e.g., *Scope 2_Proposal_WRI*.

Respondent information

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If proposals are made publicly available, would you like your proposal to be made publicly available? Please write either “Yes” (make publicly available) or “No” (do not make publicly available).

Yes

If your proposal is made publicly available, would you like it to be made publicly available with attribution (with your name and organization provided) or anonymous (without any name or organization provided)? Please write either “With attribution” or “Anonymous”.

With attribution

Proposal and supporting information

- 1. Which standard or guidance does the proposal relate to (Corporate Standard, Scope 2 Guidance, Scope 3 Standard, Scope 3 Calculation Guidance, general/cross-cutting, market-based accounting approaches, or other)? If other, please specify.**

General/cross-cutting

- 2. What is the GHG accounting and reporting topic the proposal seeks to address?**

The Clean Energy Buyers Institute (CEBI), a 501c3 research nonprofit, would like to offer a proposal in our Recommendation 4 herein providing rationale and guidance on how to improve the processes that the Greenhouse Gas (GHG) Protocol employs to make updates to drive maximum voluntary decarbonization action.

This proposal is informed by research conducted under CEBI's Next Generation Carbon-Free Electricity Initiative ("NextGen CFE Initiative"), which aims to expand the menu of clean energy procurement options available to energy customers globally to ensure more powerful, targeted market signals exist to accelerate private sector investment in driving down greenhouse gas emissions and leading to systemic electric grid decarbonization. This research was informed by input from over 100+ energy customers, solution providers, and voluntary market stakeholder organizations (i.e., standards bodies, energy attribute certificate registries, data providers, customer leadership programs, government representatives, think tanks, NGOs, and academic researchers) gathered through a dozen workshops as well as numerous interviews and small group meetings. The outcome of this work are informed proposals for how to introduce updated voluntary market system infrastructure to enable customers to pursue the most impactful procurement decisions that they can—through enhanced energy attribute certificates (EACs), more granular and consistent energy and emissions data, new or modified customer leadership programs, and clarified greenhouse gas accounting.

3. What is the potential problem(s) or limitation(s) of the current standard or guidance which necessitates this proposal?

The current approach that the GHG Protocol undertakes to make updates to the Greenhouse Gas Protocol requires too much time, too many resources, and has the unintended and concerning effect of chilling the voluntary carbon-free electricity (CFE) market during its multi-year undertaking.

4. Describe the proposed change(s) or additional guidance.

CEBI recommends that the GHG Protocol develops a new process and governance structure for updating the GHG Protocol so that the process is:

- more dynamic;
- updated more frequently, assuming the GHG Protocol achieves the pre-requisites detailed below to ensure longevity and certainty around the GHG Protocol's fundamentals;
- allows for piloting new approaches;
- considers the potential additional staff capacity and resources necessary to fulfill any new GHG Protocol requirements;
- considers the negative market implications of GHG Protocol changes (e.g., reducing voluntary CFE procurement, reducing investments in grid decarbonization, etc.);
- elevates the needs of and options available to market stakeholders outside the U.S. and E.U. to attract investments;
- and, as a whole, does not require multiple years per update.

In other words, the GHG Protocol should make more agile updates, where possible. This means creating a straightforward process by which the GHG Protocol can identify opportunities and receive

external requests to implement specific non-major improvements, clarify gaps in guidance, clarify parts of the guidance that users find unclear, etc., for updates that do not require stakeholder engagement processes that demand significant stakeholder resources. This would lead to more frequent versions of the GHG Protocol that provide incremental improvements.

In order for the GHG Protocol to execute this Recommendation 4 in an effective and reasonable way and avoid potential negative disruptions to voluntary CFE grid decarbonization investments, there are several pre-requisites that the GHG Protocol must first execute:

- Increasing its internal expertise on voluntary CFE and carbon markets (e.g., CFE procurement, how supplier engagement and supplier decarbonization projects work and are accounted for, knowledge and access to existing Scope 3 data sets to understand the reductions accounting challenges, etc.);
- Including practitioners in decision-making at all levels to ensure alignment with corporate procurement and investment processes; and
- Clarifying the types of incremental updates that do not require extensive stakeholder engagement processes.

CEBI also invites the GHG Protocol to leverage insights from outside parties like CEBI that engage active, diverse GHG users in order to inform these ongoing improvements.

5. Please explain how the proposal aligns with the GHG Protocol decision-making criteria and hierarchy (A, B, C, D below), while providing justification/evidence where possible.

A. GHG Protocol accounting and reporting approaches shall meet the GHG Protocol accounting and reporting principles (see Annex for definitions):

- Accuracy, Completeness, Consistency, Relevance, Transparency
- Additional principles for land sector activities and CO₂ removals: Conservativeness, Permanence, and Comparability if relevant

CEBI's Recommendation 4 does not address accounting or reporting approaches, but instead focuses on improving the process the GHG Protocol uses to make updates.

B. GHG Protocol accounting and reporting approaches shall align with the latest climate science and global climate goals (i.e., keeping global warming below 1.5°C). To support this objective (non-exhaustive list):

- Direct emissions reported in a company's inventory should correspond to emissions to the atmosphere. Reductions in direct emissions reported in a company's inventory should correspond to reductions in emissions to the atmosphere.
- Indirect emissions reported in a company's inventory should in the aggregate correspond to emissions to the atmosphere. Reductions in indirect emissions reported in a company's inventory should in the aggregate correspond to reductions in emissions to the atmosphere.

CEBI's Recommendation 4 does not address climate goals directly, but instead focuses on improving the process the GHG Protocol uses to make updates so that energy customers and other stakeholders can dedicate more attention and resources are allocated to progressing toward these goals rather than updating accounting rules.

C. GHG Protocol accounting frameworks should support ambitious climate goals and actions in the private and public sector.

- Would this proposal enable organizations to pursue more effective GHG mitigation/decarbonization efforts as compared to the existing standards and guidance? If so, how?
- Would this proposal better inform decision making by reporting organizations and their stakeholders (e.g. related to climate-related financial risks and other relevant information associated with GHG emissions reporting)?

CEBI's Recommendation 4 does not address climate goals and action directly, but instead focuses on improving the process the GHG Protocol uses to make updates so that energy customers and other stakeholders have an accounting framework that accommodates and incentivizes even more ambitious climate goals and can dedicate more attention and resources to advancing toward these goals rather than updating accounting rules.

D. GHG Protocol accounting frameworks which meet the above criteria should be feasible. (For aspects of accounting frameworks that meet the above criteria but are difficult to implement, GHG Protocol should provide additional guidance and tools to support implementation.)

- What specific information, data or calculation methods are required to implement this proposal (e.g., in the case of scope 2, data granularity, grid data, consumption data, emission information, etc.)? Would new data/methods be needed? Are current data/methods available? How would this be implemented in practice?
- Would this proposal accommodate and be accessible to all organizations globally who seek to account for and report their GHG emissions? Are there potential challenges which would need to be further addressed to implement this proposal globally? What would be the potential solutions?

CEBI's Recommendation 4 does not necessitate new accounting criteria.

6. Consistent with the hierarchy provided above, are there potential drawbacks or challenges to adopting this proposal? If so, what are they?

N/A

7. Would the proposal improve alignment with other climate disclosure rules, programs and initiatives or lead to lack of alignment? Please describe.

N/A

8. Please attach or reference supporting evidence, research, analysis, or other information to support the proposal, including any active research or ongoing evaluations. If relevant, please also explain how the effectiveness of the proposal can be evaluated and tracked over time.

Please consider the following resources that informed CEBI's Recommendation 4:

CEBI's Next Generation Carbon-Free Electricity Procurement Activation Guide, which specifies the ways to evolve the voluntary market system—namely, through enriched EACs, more granular and consistent data, updated customer leadership programs, and enhanced greenhouse gas accounting—to expand the menu of CFE procurement options available to customers to send more targeted, powerful market signals and optimize decarbonization impact: https://cebi.org/wp-content/uploads/2022/10/Community-Guide_Oct31st_v1.pdf

CEBI's 101 overview about why EACs are essential to functioning voluntary markets: <https://cebuyers.org/blog/with-enhanced-energy-attribute-certificates-energy-customers-can-use-their-voluntary-procurement-to-send-more-powerful-and-targeted-market-signals-for-systemic-grid-decarbonization/>

RECS International's annual growth of global voluntary clean energy markets in the US, Europe, and international markets: https://recs.org/app/uploads/2022/10/REC22078_Annual2021-FINAL.pdf

CEBA's U.S. CFE capacity additions enabled by customer CFE deals: <https://cebuyers.org/deal-tracker/>

BloombergNEF's research on energy transition trends and the role of the private sector in energy transition investments: <https://assets.bbhub.io/professional/sites/24/Energy-Transition-Investment-Trends-Exec-Summary-2022.pdf>

Allied Market Research's research on the billions of dollars in additional revenue that customers provide: <https://www.alliedmarketresearch.com/renewable-energy-certificates-market>

Sol Systems publication about the role that EACs play in terms of additional revenue in the revenue stack generated by CFE resources: <https://www.solsystems.com/reimagining-rec-markets/>

Lawrence Berkley Labs' research on the interwoven, complementary relationship between policymaker action and customer action: https://eta-publications.lbl.gov/sites/default/files/rps_status_update-2021_early_release.pdf

International Energy Agency's How customers' procurement complements policymaker action: <https://iea.blob.core.windows.net/assets/4a07d1b5-1beb-4611-874d-7acd4f21d9eb/AdvancingDecarbonisationthroughCleanElectricityProcurement.pdf>

CRS Accounting for Standard Delivery Renewable Energy: <https://resource-solutions.org/document/030921/>

WattTime's research on accounting for decarbonization impact: <https://www.watttime.org/app/uploads/2022/09/WattTime-AccountingForImpact-202209-vFinal2.pdf>

REsurety's research on Scope 2 accounting and driving the next phase of grid decarbonization: https://resurety.com/wp-content/uploads/2022/10/Making_It_Count_White_Paper.pdf

Green Strategies and The NorthBridge Group report, supported by Clean Air Task Force, about corporate CFE procurement and GHG accounting: <https://www.greenstrategies.com/new-white-paper-on-corporate-clean-energy-procurement-and-ghg-accounting/>

9. If applicable, describe the process or stakeholders/groups consulted as part of developing this proposal.

In 2022, CEBI formed a community of 100+ energy customers, solution providers, and voluntary market system stakeholders as part of our NextGen CFE Initiative. CEBI convened a dozen total workshops as well as numerous small group meetings and 1:1 calls to develop robust guidance about how to evolve the voluntary market system and activate the future of clean energy procurement. CEBI's complete NextGen CFE Procurement Activation Guide is available online via https://cebi.org/wp-content/uploads/2022/10/Community-Guide_Oct31st_v1.pdf.

More specifically, CEBI convened seven workshops (of the total 12 NextGen CFE Initiative workshops) and small group meetings representing diverse organizations and perspectives in 2022 about how to update the GHG Protocol to better motivate and reflect verifiable implementation of next generation CFE strategies. In our most recent workshop in December 2022, CEBI polled participants and received high overall support for Recommendation 3: over 92% of 35+ poll participants indicated general support for extending market-based instruments and the market-based method to Scope 3 accounting.

10. If applicable, provide any additional information not covered in the questions above.

CEBI expects that the proposal summarized in this recommendation, along with the additional and separate recommendations CEBI is submitting to the GHG protocol, would help expand the global participation in CFE markets while in parallel further motivate customers to optimize the

decarbonization impact of procurement decisions—hastening greater volumes of grid decarbonization investments and directing these investments to the places and times that are the most carbon-intensive.

CEBI encourages the GHG Protocol to apply the following three principles to all updates being considered and implemented:

Guiding Principle #1: GHG Protocol updates should help expand CFE procurement options for energy customers rather than narrow them.

Guiding Principle #2: GHG Protocol updates should encourage ambition without unduly limiting options for energy customers given their diverse skillsets, resources, and geographic dispersal.

Guiding Principle #3: GHG Protocol updates should maintain yet enhance the momentum of the current voluntary CFE procurement market—enabled by market-based accounting—that is demonstrably complementing policymaker action in decarbonizing the grid.

Also, if the GHG Protocol finds that more research is needed to adequately understand the implications of updates to the market-based method, particularly in terms of whether these updates would accelerate or hinder the deployment of CFE resources on electric grids across the globe, then CEBI encourages the GHG Protocol to initiate a research process that gathers expert analyses and the perspectives of customers that are setting and executing CFE procurement strategies.

Proposal Annex

GHG Protocol Decision-Making Criteria and Hierarchy

- A. First, GHG Protocol accounting and reporting approaches shall meet the GHG Protocol accounting and reporting principles:**
- Accuracy, Completeness, Consistency, Relevance, Transparency
 - Additional principles for land sector activities and CO₂ removals: Conservativeness, Permanence, and Comparability if relevant
 - (See table below for definitions)
- B. Second, GHG Protocol accounting and reporting approaches shall align with the latest climate science and global climate goals (i.e., keeping global warming below 1.5°C). To support this objective (non-exhaustive list):**
- Direct emissions reported in a company's inventory should correspond to emissions to the atmosphere. Reductions in direct emissions reported in a company's inventory should correspond to reductions in emissions to the atmosphere.
 - Indirect emissions reported in a company's inventory should in the aggregate correspond to emissions to the atmosphere. Reductions in indirect emissions reported in a company's inventory should in the aggregate correspond to reductions in emissions to the atmosphere.
- C. Third, GHG Protocol accounting frameworks should support ambitious climate goals and actions in the private and public sector:**
- Accounting framework/s would enable organizations to pursue more effective GHG mitigation/decarbonization efforts as compared to the existing standards and guidance
 - Accounting framework/s would better inform decision making by reporting organizations and their stakeholders (e.g. related to climate-related financial risks and other relevant information associated with GHG emissions reporting)
- D. Fourth, GHG Protocol accounting frameworks which meet the above criteria should be feasible to implement for the users of the frameworks.**
- For aspects of accounting frameworks that meet the above criteria but are difficult to implement, GHG Protocol should provide additional guidance and tools to support implementation.

GHG Protocol Accounting and Reporting Principles

Principle	Definition
Accuracy	Ensure that the quantification of GHG emissions (and removals, if applicable) is systematically neither over nor under actual emissions (and removals, if applicable), and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable assurance as to the integrity of the reported information.
Completeness	Account for and report on all GHG emissions (and removals, if applicable) from sources, sinks, and activities within the inventory boundary. Disclose and justify any specific exclusions.

Consistency	Use consistent methodologies to allow for meaningful performance tracking of emissions (and removals, if applicable) over time and between companies. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.
Relevance	Ensure the GHG inventory appropriately reflects the GHG emissions (and removals, if applicable) of the company and serves the decision-making needs of users – both internal and external to the company.
Transparency	Address all relevant issues in a factual and coherent manner, based on a clear audit trail. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.
Conservativeness (Land Sector and Removals Guidance)	Use conservative assumptions, values, and procedures when uncertainty is high. Conservative values and assumptions are those that are more likely to overestimate GHG emissions and underestimate removals, rather than underestimate emissions and overestimate removals.
Permanence (Land Sector and Removals Guidance)	Ensure mechanisms are in place to monitor the continued storage of reported removals, account for reversals, and report emissions from associated carbon pools.
Comparability (optional) (Land Sector and Removals Guidance)	Apply common methodologies, data sources, assumptions, and reporting formats such that the reported GHG inventories from multiple companies can be compared.