GHG Protocol
Standards Update Process:

Topline Findings From Scope 2 Feedback

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Agenda

• Introduction from Pankaj Bhatia

• Greenhouse Gas Protocol standards update: background and process

• Topline findings from Scope 2 Guidance survey and proposal submissions

• Next steps

• Q&A
Greenhouse Gas Protocol

- Greenhouse Gas (GHG) Protocol standards and guidance enable companies, cities and countries to:
  - measure, manage and report greenhouse gas emissions from their operations and value chains
  - track progress toward their emissions targets

- GHG Protocol provides the world's most widely used greenhouse gas accounting standards for companies
  - >10,000 companies report to CDP using standards

- GHG Protocol develops accounting and reporting standards through inclusive global multi-stakeholder development processes that include representation from businesses, academia, governments, NGOs and civil society
GHG Protocol is now foundation of most climate programs

30
Standards, guidance documents, calculation tools, and online training materials released since 2004

90%
of Fortune 500 companies using GHG Protocol’s Standards to calculate emissions

330+
Cities reporting to the CDP explicitly name the GHG Protocol’s GPC as their primary emissions inventory methodology (2022)

Sources: Press search, GHG Protocol website, CDP data (2022)
Historic revision of the GHG Protocol Corporate Standard(s) kicks off this year
Process to update the GHG Protocol Corporate Standards

- Global survey feedback and proposals submission (Nov 2022 – 14 Mar 2023)
- Developing workplans and forming governance bodies (Q2-Q3 2023)
- Multi-stakeholder revision/development of standards based on survey outcomes (2023-2024)
- Finalize & publish Updated Standards and Guidance (~2 years)

We are here
Scope 2 survey response profiles

- Company
- Consultant supporting with GHG reporting
- Industry group
- Non-profit organization/NGO/civil society
- Other
- Provider of data/product related to GHG reporting
- Academia/research
- Government institution
- GHG reporting program or initiative
- Electric grid operator
- International agency
Main themes proposed within responses (in no order):

1. **Maintain dual reporting requirement** or **require a single reported number**

2. For both **data** requirements **AND** market-based **quality criteria** requirements:
   a) Stipulate **specific requirements** or **keep interpretation flexible**
   b) Create **granularity** or **keep broad**

3. **Introduce a third** emissions impact reporting requirement

4. Develop additional **guidance for new technologies**

5. **Align with policy, regulatory, and voluntary GHG disclosure programs**
1. Responses on dual reporting

Main themes proposed within responses (in no order):

A. Maintain dual reporting requirement

B. Require reporting of a single number
   B1. Report only location-based (LB)
   B2. Report only market-based (MB)

Most cited reasons include:

They show and do different things; both are important

Dual-reporting is confusing, it leads to double counting; many companies do not adhere to dual-reporting requirement

It is the most accurate method with respect to physically undifferentiable electricity; simplest

It is necessary to incentivize action; only way to track consumer choice; residual mix eliminates double counting
2. Responses on data (LB & MB) and quality criteria (MB) requirements

- Create granularity
- Maintain flexibility
- Create specificity
- Keep broad
2a. Responses on **specific** vs. **flexible** data and quality criteria requirements

<table>
<thead>
<tr>
<th>Stipulate specific requirements</th>
<th>Maintain flexibility in interpretation</th>
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<tbody>
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<td>Enables comparison between organizations</td>
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<td>Could reduce greenwashing</td>
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- Could reduce greenwashing
- Grid modeling exercises demonstrate emissions reductions linked when specificity is used
- Needs to be easy and accessible to all
- Flexibility needed where data and procurement options are inconsistent
- Specificity should be left to regulatory and programmatic GHG disclosure programs
### 2b. Responses on granular vs. broad data and quality criteria requirements

<table>
<thead>
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<th>Create granularity</th>
<th>Keep broad</th>
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<tr>
<td>• More closely aligns with physical delivery of electricity</td>
<td>• Doesn’t preclude market participation from orgs with fewer resources</td>
</tr>
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<td>• Reduces issue with double counting</td>
<td>• Needed where data and procurement options are unavailable or difficult to access</td>
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<tr>
<td>• Enables scaling of new clean technologies and emission reduction strategies</td>
<td>• Granularity could restrict market development and investment in grids that need it most, leading to equity concerns</td>
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<td>• Allows for greater avoided emissions impacts from dirtier grids as opposed to local, clean ones</td>
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**Most cited reasons include:**

- Empirical research indicates that procurement with:
  - a) hourly matching to consumption,
  - b) deliverability and
  - c) additionality

  may improve alignment of inventory and system-wide emissions\(^1\)

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\(^1\)IEA, TU Berlin, and Princeton University
3. Responses on introducing a new emissions impact reporting requirement

Most cited reasonings on:

**Why** report emissions impacts in scope 2:
- Aligns reduction of organization’s emissions with a reduction in atmospheric emissions
- There is currently nowhere meaningful to report, and **it needs to go somewhere to be valued**

**Where** to report emissions impacts:
- A. **Replace** LB and/or MB
- B. **In addition to** LB and MB

**How to implement** reporting of emissions impacts:
- Need for sufficient marginal emission rate **data availability**
- **Compatibility with current inventory methods** and target-setting programs, such as SBTi, must be considered
4. Development of additional guidance for specific technologies is needed

Which technologies would benefit from updates or additional guidance or clarification?

- Energy storage technology
- More geographically granular grid emission data
- Hydrogen as an "energy carrier"
- More time-granular grid emissions data
- EV charging and grid integration
- Demand-side load management
- Advanced metering infrastructure
- Other
5. Policy, regulatory, and voluntary program alignment is needed

- Harmonization could reduce confusion and simplify reporting

- Key areas identified for potential harmonization include:
  - Climate-related financial reporting policy and standards
  - Low-carbon hydrogen regulations
  - Utility/state/federal procurement programs
  - Science-based Targets Initiative (SBTi), RE100, and other target/goal-setting programs
Key themes from Scope 2-related proposals

(in no order)

- Introduce more granular data requirements for LB and/or MB
- For MB, introduce more precise quality criteria for procurement of carbon-free electricity
- Introduce new requirement for reporting of avoided emissions in addition to (or in replacement of) LB and/or MB
- For MB, introduce additionality or causality criteria
- For MB, require bundling of EACs and delivered electricity
- Report LB only where MB cannot be reported, such as where reliable residual mix data is unavailable
- For MB, adjust order of operations to reflect utility or supplier decarbonization alongside voluntary procurement
- Develop guidance for calculating residual mix data
- Develop guidance on allocation of emissions from waste-to-energy, IT, and other sector-specific accounting
- Adopt a new framework that mimics financial and cost accounting
Next steps

Interested in participating or receiving updates about future standard/guidance development or update processes? Please [subscribe](#) to the GHG Protocol email list to receive future notifications and updates.
Thank you

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