



# Scope 2 Technical Working Group Meeting

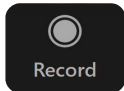
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**Meeting #1**

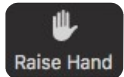
**October 16, 2024**



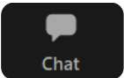
## Meeting information



This meeting is recorded.



Please use the Raise Hand function to speak during the call.



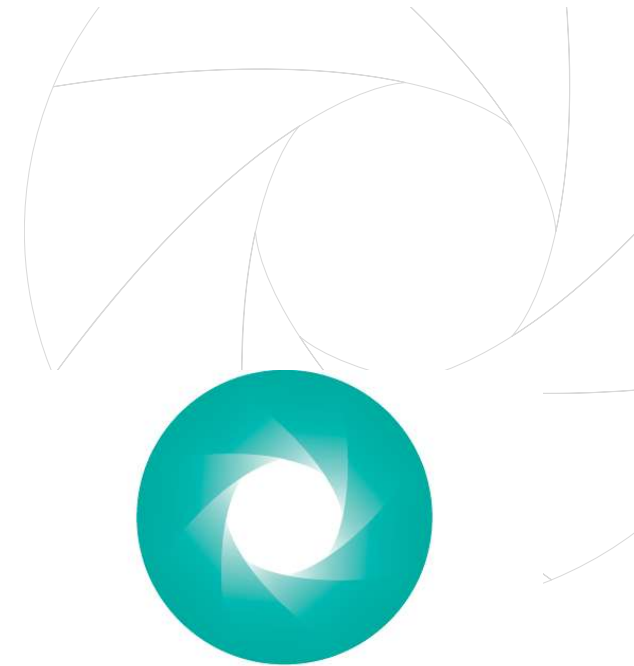
You can also use the chat function in the main control.



Recording, slides, and meeting minutes will be shared after the call.

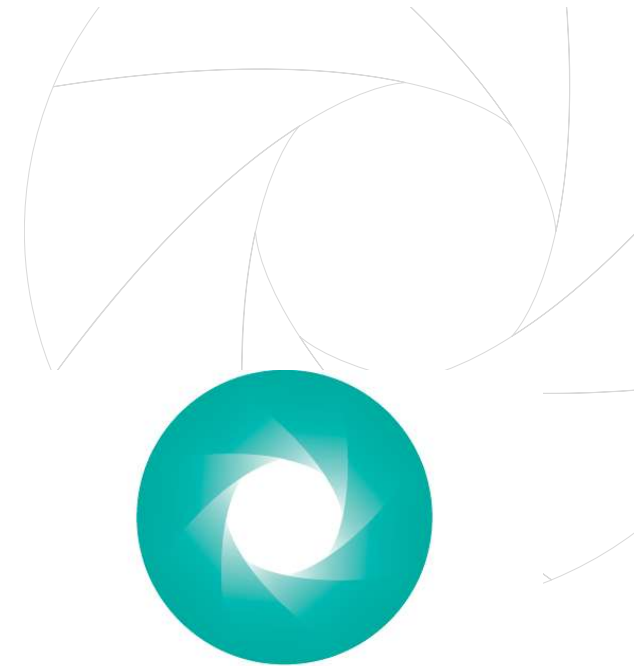
# Agenda

- Housekeeping and ways of working (15 min)
- Standard Development Plan overview (30 min)
- Workplan (20 min)
- Decision making criteria (45 min)
- Navigating the discussion paper (5 min)
- Next steps (5 min)



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# Housekeeping and Ways of Working



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## Housekeeping: Trust and confidentiality in TWG meetings

- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not disclose any confidential information** of their employers, related to products, contracts, strategy, financials, compliance, etc.
- In TWG meetings, **Chatham House Rule** applies:
  - “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”
- **Compliance and integrity** are key to maintaining credibility of the GHG Protocol
  - Specifically, all participants need to follow the **conflict-of-interest policy**
  - **Anti-trust rules** have to be followed; please avoid any discussion of competitively sensitive topics\*

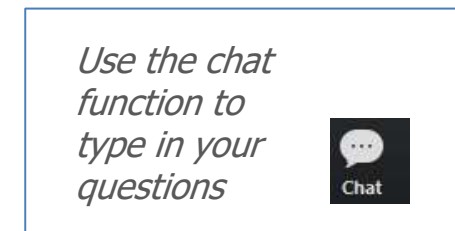
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\* Such as pricing, discounts, resale, price maintenance or costs; bid strategies including bid rigging; group boycotts; allocation of customers or markets; output decisions; and future capacity additions or reductions

## Zoom logistics and recording of meetings

### Zoom Meetings

- All participants to stay muted unless speaking
- Please turn on your video
- Please include your full name and company/organization in your Zoom display name



### Meetings will be recorded and shared with all TWG members for:

- Facilitation of notetaking for Secretariat staff
- To assist TWG members who cannot attend the live meeting or otherwise want to review the discussions

*Recordings will be available for a limited time after the meeting; access is restricted to TWG members only.*

## Documents sharing

### TWG members (SharePoint):

- **SharePoint with restricted access** (TWG members and Secretariat – internal use only) will be used for all relevant documents for TWG members.
- TWG members **are granted view only access** for their TWG's folder and cannot make changes to sub folders and documents.
- Documents will be uploaded by Secretariat **in pdf format** as default five days prior to a TWG meeting.
- Documents for TWG member track change edits or comments to be uploaded as .docx .
- Documents not posted to the GHG Protocol website are for **internal use only** and should not be circulated.

### Public (GHG Protocol Website):

- **Selected TWG documents** will be posted on the [Governance Document Repository](#) on the GHG Protocol website after TWG meetings. These include:
  - Meeting agendas
  - Meeting slides
  - Meeting minutes
  - Discussion papers
- Not to be published: internal working documents of TWGs

## Meeting participation, quorum and consensus

- **Meeting participation** (TWG ToR 5.4)
  - Active participation and attendance is expected; let the Secretariat know if you will miss a meeting
- **Quorum** (TWG ToR 6.1)
  - Defined as a majority of members present. Any member that is unable to take part in a meeting but chooses to provide written input to the Secretariat in advance shall be counted towards fulfilling the quorum
  - Recommendations shall not be formally agreed upon during a TWG meeting unless there is a quorum present
- **Consensus** (TWG ToR 6.2)
  - Aim is to develop consensus standards and reach maximum level of agreement possible
  - Consensus defined as lack of sustained objection, as determined by the Secretariat
  - If consensus cannot be reached, options will be presented to the ISB
  - Members are expected to make recommendations based on established *Decision-making Criteria*



## Meeting times

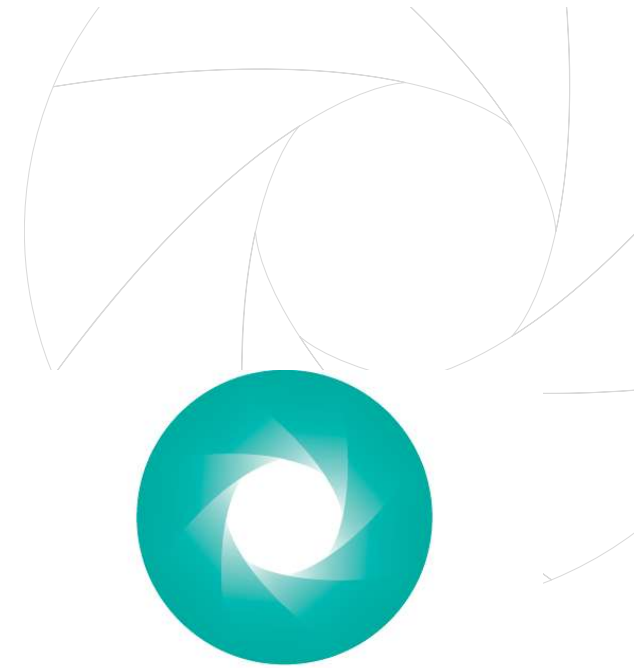
### Assumptions

- **'Comfortable' meeting hours are defined as 6am to 10pm**
- **Goal 1: maximize the comfortable meeting hours for as many TWG members as possible,** over the course of the Standard setting/revision process
- **Goal 2: do not systematically place some members into uncomfortable working hours**

Based on analysis of TWG members and their time zones:

- Meeting duration is set at 2 hours to avoid running into 'uncomfortable' hours
- **Default meeting time: 9-11 am EST** works (being in between 6 am and 10 pm) for 80% of TWG members, however disadvantages East Asia/Oceania
- **Alternate meeting time: 5-7 pm EST** works for 64% of TWG members, however disadvantages Europe
  - Alternate time will be used every 3<sup>rd</sup> meeting
  - Meeting times may be revised if deemed necessary

# Standard Development Plan overview



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## Summary of feedback from global stakeholder survey and consultation

- The Secretariat received submissions from over 400 organizations to the [Scope 2 Stakeholder Survey](#) and approximately 70 [proposal submissions](#) related to topics in the Scope 2 Guidance.
- Survey respondents represented 39 countries across 6 continents and included companies, consultants, industry groups, non-governmental organizations, academia, and governments.

### Suggested improvements:

- Improve the structure of GHG Protocol standards
- Promote alignment with voluntary and regulatory climate programs
- Clarify the objectives of the current accounting methods
- Make technical improvements to the current location- and market-based accounting and reporting requirements, and simultaneously elevate the role of project accounting
- Change the reporting requirements within scope 2
- Add clarifications and new guidance

## Objectives of the revision to the scope 2 standards and guidance

- Ensure the standard’s continued effectiveness in meeting its objectives.
- Incorporate advancements in research and science, current uses of the standard and of resulting GHG inventory data, stakeholder feedback, and best practices in implementing the standard since it was published.
- Promote interoperability with key mandatory and voluntary climate disclosure and target setting programs and standards.
- Improve coherence and integration across GHG Protocol standards and guidance.
- Provide additional guidance and clarifications to reduce the need for interpretation, where possible.
- Improve structure and presentation where needed to improve user-friendliness, legal interpretation, and ease of verification.

Refinements to the objectives will be considered during the standard revision process.

## Scope 2 Standard: Scope of work

### Scope of work **Phase 1:**

- A. Clarify objectives and consider any changes to the required reporting methods
- B. Location-based method technical improvements
- C. Market-based method technical improvements
- D. Role of project-based accounting methodology relative to scope 2 accounting
- E. Guidance for regional variation in energy markets
- F. Interaction with policies and programs

### Scope of work **Phase 2:**

- A. TWG consultation on any additional topics as necessary from Phase 1
- B. Interactions across Scope 2 and Scope 3
- C. Guidance for purchased steam, heat, and cooling
- D. Utility-specific guidance and clarification on T&D losses
- E. Technical methodology guidelines for data providers
- F. Technology-specific guidance

## Out-of-scope items addressed elsewhere by GHG Protocol

- Corporate Standard or Scope 3 Standard updates included in those Standard Development Plans
- Accounting for emissions of biogenic CO<sub>2</sub> or CO<sub>2</sub> removals, addressed in the Land Sector and Removals Standard
- Role of market-based instruments in GHG reporting outside of scope 2, to be addressed in Actions and Market Instruments workstream
- Role of project or intervention accounting methods outside of scope 2, to be addressed in Actions and Market Instruments workstream
- User manual for compiling and calculating GHG inventories according to the Corporate Standard or to emission factors and calculation tools, under development via GHG Protocol Technical Support

## Phase 1 detailed topics (1/2)

### 1) Clarify objectives and consider any changes to the accounting and reporting requirements of the Scope 2 Standard

- a. Clarify the objectives and purpose of the scope 2 location-based and market-based methods
- b. Clarify the objectives and purpose of dual reporting of the location-based and market-based methods in scope 2
- c. Clarify the relationship between scope 2 inventory accounting and electricity sector project accounting methodologies such as in the GHG Protocol *Guidelines for Quantifying GHG Reductions from Grid-Connected Electricity Projects*
- d. Explore whether alternative or additional scope 2-related metrics should be included in a GHG emissions report

### 2) Location-based method technical improvements

- a. Determine whether to require or recommend more accurate data than currently required, such as hourly data or consumption-based grid average emissions data
- b. Clarify how to account for electricity generated and consumed from on-site projects within the reporting company's organizational boundary using the location-based method

### 3) Market-based method technical improvements

- a. Review the Scope 2 Quality Criteria to consider revisions to the market boundary and vintage criteria requirements
- b. Review the Scope 2 Quality Criteria to consider new requirements related to impact, additionality, or resource newness
- c. Clarify how to account for carbon-free electricity and renewable power supplied under utility programs or regulatory compliance schemes in the market-based method
- d. Evaluate if updates to the emission factor data hierarchy are appropriate (e.g., residual mix, grid average, fossil- or thermal-only emission factors, order of operations, etc.)

## Phase 1 detailed topics (2/2)

### 4) Role of project-based accounting methodology relative to scope 2 accounting

- a. Clarify the relationship between scope 2 inventory accounting and electricity sector project accounting methodologies such as the GHG Protocol Guidelines for Quantifying GHG Reductions from Grid-Connected Electricity Projects
- b. Determine how and to what extent the quantification and reporting of GHG emission impacts of grid-connected electricity projects using the project method is required by the standard
- c. Clarify potential interactions between carbon credits sourced from carbon-free generation facilities and EACs from the same resource

### 5) Guidance for regional variation in energy markets

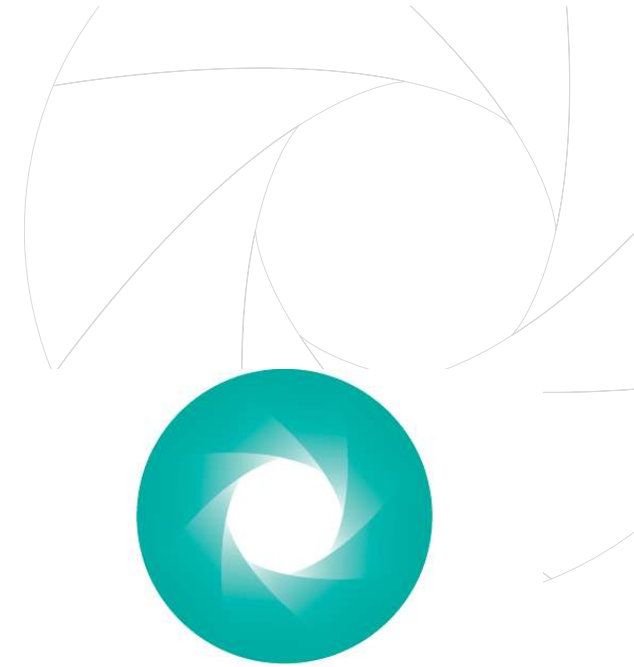
- a. Consider the development of guidance and additional examples of scope 2 calculations for the location-based and market-based methods for various energy markets globally
- b. Create additional guidance for accounting for the purchase and sale of energy associated with “off-grid” energy generating installations, including microgrids

### 6) Interaction with policies and programs

- a. Clarify what each scope 2 accounting method/metric represents and provide directions and recommendations for their use by mandatory disclosure rules, target-setting programs, and for individual reporters



# Workplan



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# Detailed Workplan: Phase 1 development

	Q4 2024					Q1 2025							Q2 2025			Q3 2025
	Oct 16	Nov 6	Nov 26	Dec 17	Dec 18	Jan 9	Jan 29	Feb 19	Mar 5	Mar 19	Apr 2	Apr 16	Apr 30	May 14	Jun	Jul
Meeting #	1	2	3	4	5	6	7	8	9	10	11	12	13	14		
Topic	Standard Development Plan	Changes to the required reporting methods	Location-based method improvements	Market-based method improvements		Project accounting interaction with scope 2	Review LB method redline changes	Review MB method redline changes	Continued discussions on redline changes					Finalize Recommendation Interim Guidance for ISB feedback		
Meeting Material Focus	Standard Development Plan (SDP)	Discussion Paper and survey #1 on: <i>Changes to the required reporting methods</i>	Discussion Paper and survey #2 on: <i>location-based method improvements</i>	Discussion Paper and survey #3 on: <i>market-based method improvements</i>		Sections from Discussion Papers #1-3  <i>Inventory and Project Accounting: A Comparative Review</i>	LB-related redlines and supporting analysis	MB-related redlines and supporting analysis	Redlines and supporting analysis					Final draft of redline changes and supporting analysis	Phase 2 begins	
TWG Tasks	<ul style="list-style-type: none"> <li>Complete survey #1 by Monday, Oct 28, 04:00am EDT</li> </ul>	<ul style="list-style-type: none"> <li>Complete survey #2 by Monday, Nov 18, 03:00am EST</li> </ul>	<ul style="list-style-type: none"> <li>Complete survey #3 by Monday, Dec 9, 03:00am EST</li> <li>Begin development of location-based method redlines and supporting analysis; due Jan 9<sup>th</sup></li> </ul>	<ul style="list-style-type: none"> <li>Begin development of market-based method redlines and supporting analysis; due Jan 29<sup>th</sup></li> </ul>		<ul style="list-style-type: none"> <li>Submit first draft of location-based method redlines and supporting analysis</li> </ul>	<ul style="list-style-type: none"> <li>Submit first draft of market-based method redlines and supporting analysis</li> </ul>		<ul style="list-style-type: none"> <li>Submit final recommendations for Phase 1 redlines and supporting analysis by May 2<sup>nd</sup></li> </ul>						ISB Review of Phase 1 Draft Interim Guidance	

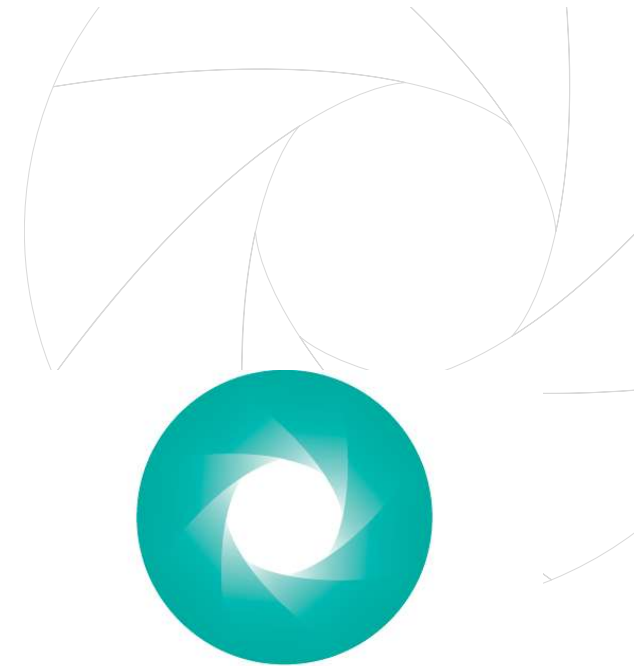
## 12-month meeting schedule: Zoom registration links to be provided

Date	Time
Wednesday, October 16, 2024	09:00 EDT/15:00 CEST/21:00 CST
Wednesday, November 6	09:00 EST/15:00 CET/22:00 CST
Tuesday, November 26	17:00 EST/23:00 CET/(+1) 06:00 CST
Tuesday, December 17	09:00 EST/15:00 CET/22:00 CST
Wednesday, December 18	09:00 EST/15:00 CET/22:00 CST
Thursday, January 9, <b>2025</b>	17:00 EST/23:00 CET/(+1) 06:00 CST
Wednesday, January 29	09:00 EST/15:00 CET/22:00 CST
Wednesday, February 19	09:00 EST/15:00 CET/22:00 CST
Wednesday, March 5	17:00 EST/23:00 CET/(+1) 06:00 CST
Wednesday, March 19	09:00 EST/15:00 CET/22:00 CST
Wednesday, April 2	09:00 EDT/15:00 CEST/21:00 CST
Wednesday, April 16	17:00 EDT/23:00 CEST/(+1) 05:00 CST
Wednesday, April 30	09:00 EDT/15:00 CEST/21:00 CST
Wednesday, May 14	09:00 EDT/15:00 CEST/21:00 CST

Date	Time
Wednesday, June 4, 2025	17:00 EDT/23:00 CEST/(+1) 05:00 CST
Wednesday, June 25	09:00 EDT/15:00 CEST/21:00 CST
Wednesday, July 16	09:00 EDT/15:00 CEST/21:00 CST
Wednesday, August 6	17:00 EDT/23:00 CEST/(+1) 05:00 CST
Wednesday, August 27	09:00 EDT/15:00 CEST/21:00 CST
Wednesday, September 17	09:00 EDT/15:00 CEST/21:00 CST
Wednesday, October 8	17:00 EDT/23:00 CEST/(+1) 05:00 CST
Wednesday, October 29	09:00 EDT/14:00 CET/21:00 CST
November 2025 +	To be scheduled Q1 2025

Time Zones	
EDT/EST	Eastern Daylight Time / Eastern Standard Time
CEST/CET	Central European Summer Time / Central European Time
CST	China Standard Time

# Decision making criteria



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## GHG Protocol Decision-Making Criteria

- Purpose: Support the GHG Protocol Secretariat, Technical Working Groups, and Independent Standards Board in evaluating GHG Protocol accounting and reporting approaches to determine which option among a defined set of options best adheres to the criteria and should be pursued.
- Summary version:

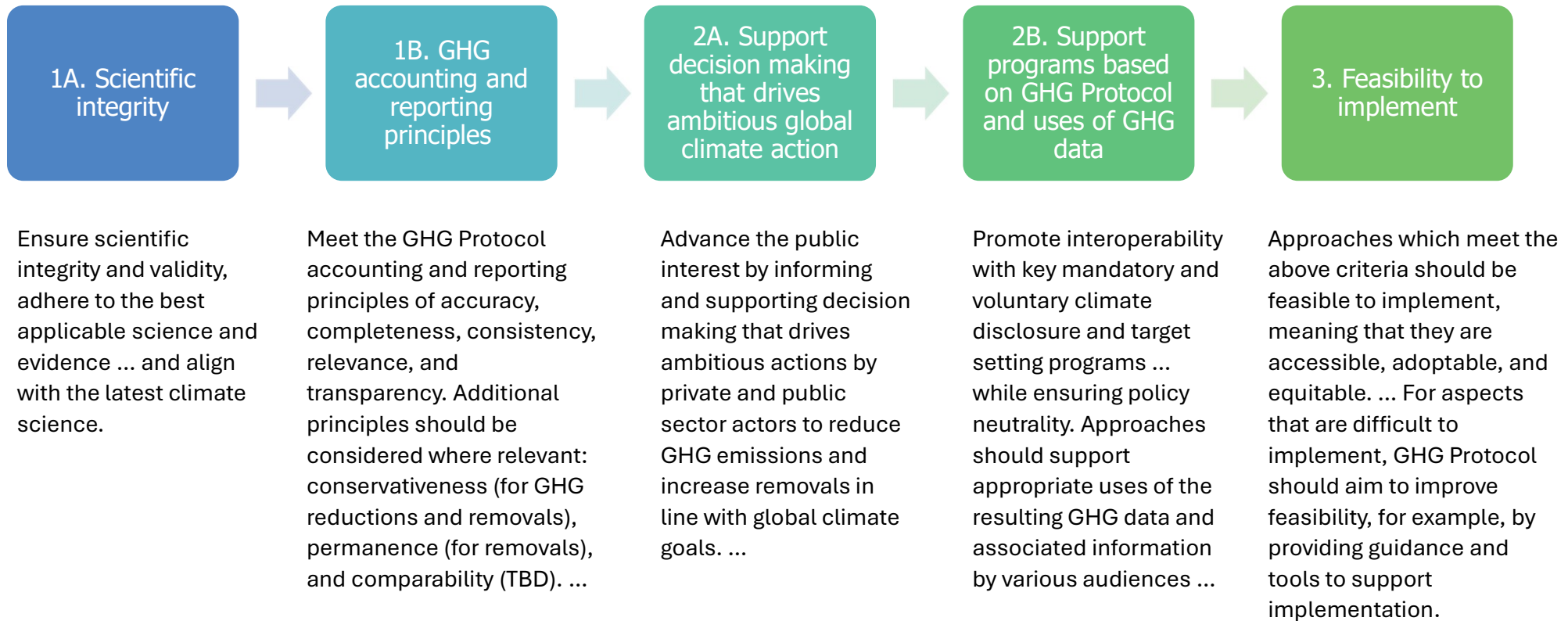


- Full version:



*Note:* This is a summary version. For further details, refer to the full decision-making criteria included in the annex to the Governance Overview, available at <https://ghgprotocol.org/our-governance>.

## GHG Protocol Decision-Making Criteria



*Note:* This is a summary version. For further details, refer to the full decision-making criteria included in the annex to the Governance Overview, available at <https://ghgprotocol.org/our-governance>.

## Applying the decision-making criteria

<i>Illustrative example</i>	Option A: Name	Option B: Name	Option C: Name
1A. Scientific integrity	Yes (aligned)	No (not aligned)	Yes (aligned)
1B. GHG accounting and reporting principles	Yes (aligned)	No (not aligned)	Yes (aligned)
2A. Support decision making that drives ambitious global climate action	Yes (aligned)	Mixed	Yes (aligned)
2B. Support programs based on GHG Protocol and uses of GHG data	Mixed	Mixed	Yes (aligned)
3. Feasibility to implement	No (not aligned)	Yes (aligned)	Yes (aligned)

- **Evaluating options:** Describe pros and cons of each option relative to each criterion. Qualitatively assess the degree to which an option is aligned with each criterion through a green (most aligned), yellow (mixed alignment), red (least aligned) ranking system. Some criteria may be not applicable for a given topic; if so, mark N/A.
- **Comparing options:** The aim is to advance approaches that ideally meet all decision criteria (i.e., maximize pros and minimize cons against all criteria). If options present tradeoffs between criteria, the hierarchy should be generally followed, such that, for example, scientific integrity is not compromised at the expense of other criteria, while aiming to find solutions that meet all criteria.

*Note:* This is a summary version. For further details, refer to the full decision-making criteria included in the annex to the Governance Overview, available at <https://ghgprotocol.org/our-governance>.

## Spectrum of alignment to decision-making criteria

Assessment rating	Description
<b>Not applicable (N/A)</b>	The option's alignment with this criterion cannot be assessed because its evaluation is dependent on the results from another section of the discussion paper.
<b>No (not aligned)</b>	The option is not aligned with the criterion.
<b>Mixed / No</b>	The option has mixed alignment with the criterion but is more strongly weighted towards misalignment.
<b>Mixed</b>	The option has mixed alignment with the criterion.
<b>Mixed/Yes</b>	The option has mixed alignment with the criterion but is more strongly weighted towards alignment.
<b>Yes (aligned)</b>	The option is aligned with the criterion.



## Corporate Standard accounting principles: for inventories

- A. 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.
- B. 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.
- C. Consistency:** Use consistent methodologies to allow for meaningful performance tracking of GHG emissions (and removals, if applicable) over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.
- D. 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.
- E. 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.

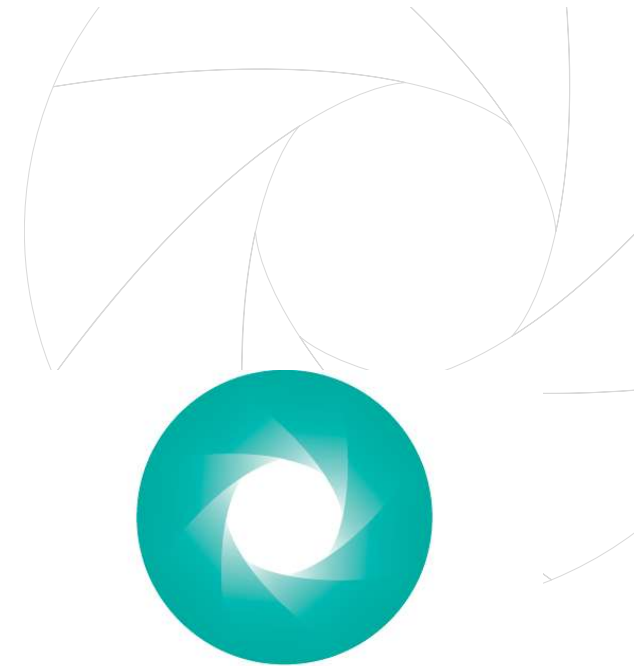
## Project Protocol accounting principles: for projects

- A. Accuracy:** Reduce uncertainties as much as is practical.
- B. Completeness:** Consider all relevant information that may affect the accounting and quantification of GHG reductions and complete all requirements.
- C. Consistency:** Use data, methods, criteria, and assumptions that allow meaningful and valid comparisons.
- D. Relevance:** Use data, methods, criteria, and assumptions that are appropriate for the intended use of reported information.
- E. Transparency:** Provide clear and sufficient information for reviewers to assess the credibility and reliability of GHG reduction claims.
- F. Conservativeness:** Use conservative assumptions, values, and procedures when uncertainty is high.

## Deep dive on GHG Protocol Principles across both the Corporate Standard and the Project Accounting Standard

Principle	Corporate Standard	Project Accounting Standard (Project Protocol)
<p><b>Completeness</b></p>	<p><b>Account for and report on all GHG emission sources and activities within the chosen <u>inventory boundary</u>. Disclose and justify any specific exclusions.</b></p> <p>All relevant emissions sources within the chosen <b><u>inventory boundary</u></b> need to be accounted for so that a comprehensive and meaningful <b>inventory</b> is compiled.</p> <p>In practice, a lack of data or the cost of gathering data may be a limiting factor. Sometimes it is tempting to define a minimum emissions accounting threshold (often referred to as a materiality threshold) stating that a source not exceeding a certain size can be omitted from the <b>inventory</b>. Technically, such a threshold is simply a predefined and accepted negative bias in estimates (i.e., an underestimate). Although it appears useful in theory, the practical implementation of such a threshold is not compatible with the completeness principle of the GHG Protocol Corporate Standard. In order to utilize a materiality specification, the emissions from a particular source or activity would have to be quantified to ensure they were under the threshold. However, once emissions are quantified, most of the benefit of having a threshold is lost.</p>	<p><b>Consider all relevant information that may affect the accounting and quantification of GHG reductions, and complete all requirements</b></p> <p>All relevant information should be included in the quantification of GHG reductions.</p> <p>Among other things, this means that <u>all the GHG effects</u> of a <b>GHG project</b> should be considered and assessed (Chapter 5), all relevant technologies or practices should be considered as <b><u>baseline candidates</u></b> (Chapter 7), and all <b><u>relevant baseline candidates</u></b> should be considered when estimating <b><u>baseline emissions</u></b> (Chapters 8 and 9).</p> <p>The GHG project’s monitoring plan should also specify how all data relevant to quantifying GHG reductions will be collected (Chapter 10). Finally, notwithstanding areas where there is flexibility and discretion, all requirements within relevant chapters should be completed to quantify and report GHG reductions.</p>

# Navigating the discussion paper

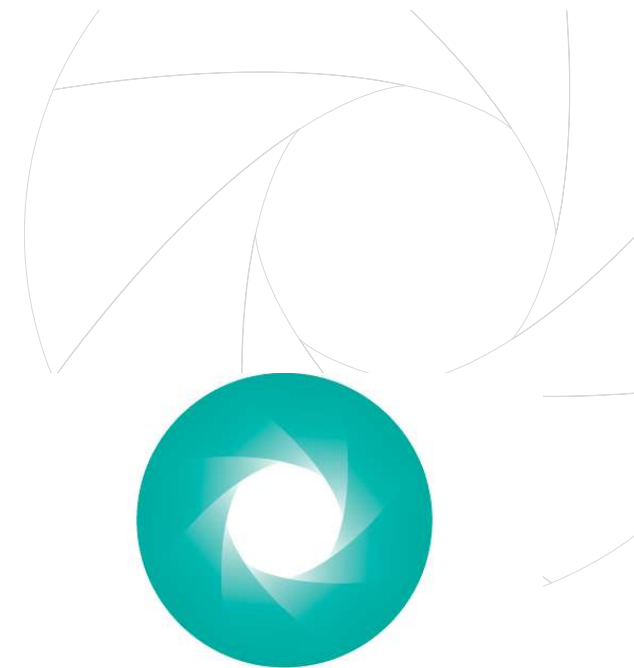


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## Navigating the discussion paper

- Pre-reading for meetings #2 - #6 will be shared via discussion paper.
- Discussion paper will be published in sections.
  - The first section, '*Changes to the required reporting methods*' will be distributed immediately following Meeting #1.
- Each section outlines proposed options for updates that represent feedback received from stakeholders.
- The Secretariat has assessed each option using the GHG Protocol Decision-Making Criteria.
- TWG members are asked to **review** the Secretariat's analysis and **provide feedback** via a Microsoft Forms survey.
- Results from the survey will be used to inform areas of alignment and disagreement to facilitate a better understanding of areas to focus discussion on in Meeting #2.
- **Survey #1 MUST be submitted no later than Monday, October 28, 2024 by 04:00am EDT / 09:00am CET / 16:00pm CST.**

# Next steps



## GREENHOUSE GAS PROTOCOL

## Next steps

Meeting #2: Changes to the required reporting methods

- Date: November 6, 2024
- Time: 09:00 – 11:00 EDT / 15:00 – 17:00 CEST / 21:00 – 23:00 CST

### Action needed:

- Read discussion paper '*Changes to the required reporting methods*' provided on Thursday, October 17, 2024
- Complete survey #1 on analysis of options **by Monday, 28 October 2024, 04:00am EDT / 09:00am CET / 16:00pm CST**



**Thank you!**

## Contact information

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