

# Scope 2 TWG Meeting Minutes

## Meeting number 8

Date: 19 February 2025

Time: 9:00 – 11:00 EST

Location: "Virtual" via Zoom

## Attendees

### Technical Working Group Members

1. Simone Accornero, Flexidao
2. Enam Akoetey-Eyiah, I-TRACK Standard Foundation
3. Avi Allison, Microsoft
4. Matthew Brander, The University of Edinburgh
5. Yenhaw Chen, Taiwan Institute of Economic Research
6. Jessica Cohen, Constellation Energy Corporation
7. James Critchfield, EPA
8. Killian Daly, EnergyTag
9. Abhilash Desu, Science Based Targets Initiative (SBTi)
10. Stuti Dubey, The D-REC Organization (Global Energy Equity & Climate Action Foundation)
11. Pengfei Fan, China Electric Power Planning & Engineering Institute (EPPEI)
12. Neil Fisher, The NorthBridge Group
13. Aileen Garnett, Genesis Energy Limited
14. Matthew Gray, TransitionZero
15. Svend Brun Fjendbo Hansen, Ørsted
16. Peggy Kellen, Center for Resource Solutions
17. Emma Konet, Tierra Climate
18. Holly Lahd, Center for Green Market Activation
19. Stephen Lamm, Bloom Energy
20. Erik Landry, GRESB
21. Lissy Langer, Technical University of Denmark (DTU)
22. Irina Lazzerini, United Nations Development Programme (UNDP)
23. Kelly Lichter, PepsiCo
24. J. Andrea Méndez Velásquez, Atmosphere Alternative
25. Gregory Miller, Singularity Energy
26. Alex Perera, WRI
27. Yiwen Qiu, Independent
28. Henry Richardson, WattTime
29. Alexandra Styles, HIR Hamburg Institut Research
30. Devon Swezey, Google
31. Kae Takase, Renewable Energy Institute
32. Linda Wamune, Energy Peace Partners
33. Sophia Wang, Gilead Sciences

### Guests

None present

### GHG Protocol Secretariat

1. Kyla Aiuto
2. Chelsea Gillis
3. Michael Macrae
4. Allison Leach

### Documents referenced

1. Mentimeter polling

Item	Topic and Summary	Outcomes
1	<b><i>Welcome and goals of meeting</i></b> The Secretariat welcomed members of the TWG and discussed the goals of the meeting, which include polling members on various criteria for the market-based method.	N/A
2	<b><i>Context for consideration</i></b> The Secretariat presented some relevant context from prior meetings, including the decision-making criteria.	N/A
3	<b><i>Summary of key issues raised in revisions</i></b> The Secretariat outlined the key issues from the market -based method revisions submitted by members of the TWG.	N/A
	<b><i>Process for using Miro for between-meeting progress on issues</i></b> The Secretariat explained the process for using the online Miro board for sharing ideas and questions outside of TWG meetings.	N/A
4	<b><i>Issue 1: Vintage and market boundaries</i></b> The Secretariat polled members of the TWG on 9 questions related to the market-based quality criteria of vintage and market boundaries.	See summary of outcomes
5	<b><i>Next steps</i></b> The Secretariat reviewed next steps, including the planned discussion topics for the next meeting on March 5 <sup>th</sup> .	N/A

## Summary of discussion and outcomes

### 1. Welcome and goals of meeting

- The Secretariat welcomed attendees, reviewed logistics, and confirmed that minutes and resources would be shared post-call.
- The Secretariat reviewed the goals of the meeting which included soliciting feedback from the group on the key issues identified across market-based revision proposals, following which, the meeting would focus on Issue #1, Vintage and Market Boundaries. Indicative polling during the meeting would be used to help identify areas of alignment and divergence on questions related to vintage and market boundaries.

#### Summary of discussion

N/A

#### Outcomes (e.g. recommendations, options)

N/A

### 2. Context for consideration

#### Summary of discussion

- The Secretariat briefly revisited the decision-making criteria and hierarchy, and reviewed the assessments discussed in meetings #4 and #5 of various proposed improvement to the market-based method submitted through the 2023 global stakeholder survey.
- The Secretariat noted that most revision proposals submitted included elements of Options B, C, and D as initially discussed in meetings #4 and #5.
- Option E is now being discussed in the subgroup.

#### Outcomes (e.g. recommendations, options)

N/A

### 3. Summary of key issues raised in revisions

#### Summary of discussion

- The Secretariat reviewed market-based revision submissions sent in by the working group members and provided an opportunity for any clarifications from the authors.
  - Six proposals were received in the timeframe requested to be reflected in this meeting.

#### Outcomes (e.g. recommendations, options)

N/A

### 4. Issues identified for discussion on market-based method revisions

#### Summary of discussion

- The Secretariat outlined six key issues identified for discussion from the MBM revision submissions sent in by the TWG members. These issues will be addressed and unpacked over the coming meetings, with the planned focus of today's meeting on Issue #1.
- The Secretariat highlighted some of the key questions for discussion on each of the issues:
  - Issue 1: Vintage and market boundaries
  - Issue 2: Causality, additionality, incrementality, "standard supply service" and voluntary procurement.
    - Secretariat noted an open question about if these issues should combined (as they are presently) are separated (i.e., causality, incrementality, additionality as a standalone issue, and treatment of standard supply service and voluntary procurement as another standalone issue).
  - Issue 3: Estimated vs actual activity data
    - Secretariat noted this may overlap with the same topic in the location-based method.
  - Issue 4: Treatment of the residual mix, including use of the grid-average emission rate in the market-based method hierarchy
  - Issue 5: Dual reporting, goal setting and tracking and additional metrics
    - This will assess the use of both the location- and market-based methods in target/goal setting and tracking, as well as in disclosure programs.
  - Issue 6: Purposes, Uses and Claims and clarifications on reporting impacts
    - Continuous evaluation and discussion on purposes will occur, inherent within all the questions related to the above issues.
- The Secretariat asked members to share feedback on this list of issues. One member mentioned that 'theory of change' should be added to the list of topics. The Secretariat noted that this is encapsulated in the concept of 'purposes' within Issue 6. A member asked the group to define the concept of 'theory of change' and another member referred to chapter 11 of the Scope 2 Guidance.

#### Outcomes (e.g. recommendations, options)

N/A

### 5. Process for using Miro for between-meeting progress on issues

#### Summary of discussion

- The Secretariat described the process for using Miro outside of meetings for between-meeting progress on outstanding questions related to the identified issues, as well as any additional issues that need to be resolved. The Secretariat also noted that Scope 2 TWG meetings will now transition to a cadence of every-other week, and that using the Miroboard could help identify which issues require more or less discussion time within meetings.

#### Outcomes (e.g. recommendations, options)

- N/A

## 6. Issue 1: Vintage and market boundary Scope 2 Quality Criteria

### Summary of discussion

#### Vintage / Temporal matching

- The Secretariat presented the first topic for polling during the meeting: Vintage / Temporal matching and reviewed the four TWG member proposals that made changes related to this topic.
- Vintage / Temporal matching:
  - Members discussed if EACs should be required to meet a temporal matching requirement. Some proposal authors responded that an EAC is a useful way to meet the requirement but if there are other means (e.g. through supplier-specific emission factors) then they should also be considered in the requirements.
  - Members discussed how to determine if data should be considered 'available' in a particular country.
  - A member questioned if the same requirements for data granularity should apply to the location- and market-based based method. The Secretariat noted this question could be included as a section for discussion in the Miro board.
  - Members discussed the importance of transition periods and consideration of existing VPPAs to prevent the stranding of assets.
- The Secretariat introduced questions for discussion and polling.
- Question 1.1: Should the name for the Scope 2 Quality Criteria 4, Vintage, be updated?
  - Some members agreed that the use of 'vintage' is confusing as it could be mixed up with generator age.
  - A member questioned the difference between the language 'temporal matching' and 'temporal correlation.' They noted that the proposals with these definitions seemed to have general alignment to increase temporal granularity.
  - Members discussed if 'matching' should imply exact match and 'correlation' means as close as possible.
    - A proposal author mentioned that had considered 'correlation' as more general than an exact match.
    - A member noted that in the Scope 2 Quality Criteria, the language is focused on the things that must apply, and that it is helpful to have wording that is exact.
  - A member highlighted that changing temporal deliverability to an exact match could limit the ability for long-term VPPAs to claim generation that they are already locked in to (e.g. solar VPPA).
- Question 1.2: Should the requirement for Scope 2 Quality Criteria 4, Vintage, be updated?
  - Members asked if the phrase "the same period" could refer to hourly as well, which was clarified to be true.
- Question 1.3: 'Is a temporal hierarchy for contractual instruments needed to define and apply the requirement in question 1.2?'
  - A member questioned whether the same hierarchy would apply to all reporting entities or whether it would only apply to certain entities.
    - The Secretariat clarified that there is no temporal hierarchy in the current guidance and the question relates to whether, in general, there should be a hierarchy. Subsequent questions related to application of the hierarchy.
- Question 1.4: Should the same hierarchy for temporal matching apply to all reporting entities regardless of geography, size, and/or volume of consumption?

- A revision author clarified that the threshold they proposed was “5 GWh/year of load per region” which would give an exemption from hourly matching to a vast number of companies but require more stringent requirements from the companies that have more impact.
  - A member asked for clarification to the proposal authors about the consumption threshold proposed for meeting an exemption, questioning whether the threshold was intended to reflect a reporting entity’s capacity to report using increased granularity, or reflect the relative importance of granular reporting for that the quantity of load.
    - A member clarified that the smaller consumption volume was considered against both feasibility and impact.
  - Members discussed if a threshold should be defined based on regions.
    - A member raised that, in many developing countries, even multinational companies don’t have access to emission factors as access to this information.
  - Some members discussed the importance of feasibility considerations for bringing in companies starting to calculate their GHG emissions.
- Question 1.5: When using the applicable hierarchy, should the most precise temporal interval for which both activity data and contractual instruments are available be required (shall), recommended (should), or allowed (may)?
    - A member asked for clarification on what the answer “*Only [data with specific precision] shall be used. Other temporal intervals (even if more precise) shall not be used*” (option D) means. The Secretariat noted that it means there is only one option required by every reporter (e.g. even if hourly emission factors and activity data are available, only annual matching should be used).

#### Market boundaries / spatial matching

- The Secretariat presented the second topic for polling during the meeting: Market boundaries / spatial matching and reviewed the four member proposals received with changes related to this topic.
  - A member clarified that Proposal 1 did not go into detail on how to define spatial deliverability.

The Secretariat introduced each question for discussion followed by polling.

- Question 1.6: Should the name for the Scope 2 Quality Criteria 5, Market boundaries, be updated?
- Question 1.7: Should the description of Scope 2 Quality Criteria 5, Market boundaries, be updated to reflect a more spatially deliverable boundary?
- Question 1.8: If spatial deliverability is required per question 1.7, how should the requirement be applied?
  - A member highlighted the importance of aligning market-based reporting across the scopes.
  - A proposal author noted the specific definitions of market boundaries in different markets, highlighting that they used ‘market zone’ in their proposal as market boundary is already defined for the EU GO system.
  - Members discussed the impact of transmission congestion on deliverability.
    - One member noted that, in theory, you could track congestion, but the administrative burden to do so needs to be weighed.
    - One member highlighted that if congestion problems are ignored then the electricity cannot be considered “deliverable.” They emphasized the importance of reflecting congestion, imports and trading in order to prove deliverability.
  - A member raised a concern for the increased complexity for reporters, highlighting the end goal of consistent implementation.

- A member noted that whilst it's not the reality to consider the European market as one deliverable market, it is also important not make the boundary so small that it is impossible to meet.
  - A member asked if the GHG Protocol is going to commit to maintaining and updating a list of spatial boundaries as proposed in Proposal 2 and 3, to which the Secretariat responded that a proposed solution should first be developed, after which the Secretariat could consider the capacity and funding requirements to provide that solution.
  - A member noted that another option could be "market deliverability" as many proposals suggested that market boundaries should be related to the deliverability of the energy and not the deliverability of the energy attribute certificate.
  - Members discussed the intersection between the changes to deliverability requirements and the theory of change that underpins the market-based method. Some members suggested that this should be more explicitly discussed by the TWG.
- Question 1.9: If a set of conditions is required to meet spatial deliverability per question 1.8, what conditions should be used to define spatial deliverability for matching contractual instruments with activity data in the market-based method?
    - Members discussed the differences between options B and C, "*...With evidence that power can be physically delivered between them*" and "*...With evidence power can be physically delivered without intra-regional transmission constraints incl through contractual mechanisms where applicable,*" respectively.
    - A member highlighted that introducing a deliverability requirement would restrict the ability of communities with micro-grids, such as in sun-Saharan Africa to sell EACs outside of the microgrids.
      - Some members raised an interest in exemptions for these regions.
    - Some members noted that deliverability requirements should involve suppliers and supplier disclosures.
    - Some members noted that the details need to be defined in order to respond to this question.

#### Outcomes (e.g. recommendations, options)

The results of the polls are detailed below, and include responses of TWG members who were absent from the meeting:

- Question 1.1: Should the name for the Scope 2 Quality Criteria 4, Vintage, be updated?
  - a. Leave as is ("Vintage"): 5
  - b. "Temporal matching": 12
  - c. "Temporal correlation": 14
  - d. Other (please describe in chat): 2
  - e. Needs more information (please describe in chat): 0
- Question 1.2: Should the requirement for Scope 2 Quality Criteria 4, Vintage, be updated?
  - a. Be issued and redeemed as close as possible to the period of energy consumption (no change): 4
  - b. Be issued and redeemed in the same period as the energy consumption to which the instrument is applied: 15
  - c. Be issued and redeemed for the same hour as the energy consumption to which the instrument is applied: 12
  - d. Need more information (please describe in chat): 2
- Question 1.3: 'Is a temporal hierarchy for contractual instruments needed to define and apply the requirement in question 1.2?'

- a. Yes: 30
  - b. No: 1
  - c. Other (please describe in chat): 1
  - d. Need more information (please describe in chat): 0
- Question 1.4: Should the same hierarchy for temporal matching apply to all reporting entities regardless of geography, size, and/or volume of consumption?
    - a. Yes, all reporting entities should have the same hierarchy (based on data availability), regardless of geography, size, or volume of consumption: 13
    - b. No, there should be different hierarchy for reporting entities depending on geography, size, or volume of consumption (thresholds to be determined): 19
    - c. Other (please describe in chat): 1
    - d. Need more information (please describe in chat): 1
  - Question 1.5: When using the applicable hierarchy, should the most precise temporal interval for which both activity data and contractual instruments are available be required (shall), recommended (should), or allowed (may)?
    - a. ...Shall be used: 25
    - b. ...Should be used: 6
    - c. ...May be used: 2
    - d. Only [data with specific precision] shall be used. Other temporal intervals (even if more precise) shall not be used: 0
    - e. Need more information (please describe in chat): 1
  - Question 1.6: Should the name for the Scope 2 Quality Criteria 5, Market boundaries, be updated?
    - a. Leave as is ("Market boundaries"): 6
    - b. "Spatial boundaries ": 0
    - c. "Spatial correlation": 5
    - d. "Deliverability and market boundaries": 19
    - e. Other (please describe in chat): 2
    - f. Needs more information (please describe in chat): 1
  - Question 1.7: Should the description of Scope 2 Quality Criteria 5, Market boundaries, be updated to reflect a more spatially deliverable boundary?
    - a. Be sourced from "the same market" (No changes): 6
    - b. Be sourced from "generation that is deemed spatially deliverable" (details to be defined): 26
    - c. Other (please describe in chat): 1
    - d. Needs more information (please describe in chat): 0
  - Question 1.8: If spatial deliverability is required per question 1.7, how should the requirement be applied?
    - a. With a specific definition per each country or geographic region (if so, details to be determined): 6
    - b. With a set of conditions to be met (if so, details to be determined): 3
    - c. Combination of A and B: 22
    - d. No changes, leave as is: 2
    - e. Other (please describe in chat): 0
    - f. Needs more information (please describe in chat): 0
  - Question 1.9: If a set of conditions is required to meet spatial deliverability per question 1.8, what conditions should be used to define spatial deliverability for matching contractual instruments with activity data in the market-based method?
    - a. ...Regardless of physical power deliverability: 4
    - b. ...With evidence that power can be physically delivered between them: 23

- c. ...With evidence power can be physically delivered without intra-regional transmission constraints incl through contractual mechanisms where applicable: 4
- d. Other (please describe in chat): 0
- e. Needs more information (please describe in chat): 2

An opportunity was provided to several TWG members were unable to attend the meeting to share their polling preferences asynchronously. Please see the final presentation materials for a complete analysis of all feedback.

## 5. Next steps

### Summary of discussion

- The Secretariat reviewed next steps, which included:
  - Posting the poll results within 5 business days.
  - The next meeting, on March 5<sup>th</sup>, will share feedback from the ISB on Scope 2 TWG discussion topics, as well as begin discussion on market-based method Issue #2, 'Role of causality, incrementality, standard supply service, and voluntary procurement'

### Outcomes (e.g. recommendations, options)

N/A

## Summary of written submissions received prior to meeting

N/A