

Consequential electric sector emissions impact measure subgroup

Meeting number 2

Date: 06 March 2025

Time: 9:00 – 11:00 EST

Location: "Virtual" via Zoom

Attendees

Technical Working Group Members

1. Simone Accornero, Flexidao
2. Avi Allison, Microsoft
3. Enam Akoetey-Eyiah, I-TRACK Standard Foundation
4. Priya Barua, Clean Energy Buyers Alliance
5. Matthew Brander, The University of Edinburgh
6. Charles Cannon, RMI
7. Yenhaw Chen, Taiwan Institute of Economic Research
8. Jessica Cohen, Constellation Energy Corporation
9. Abhilash Desu, Science Based Targets Initiative (SBTi)
10. Studi Dubey, DRECs Initiative
11. Neil Fisher, The NorthBridge Group
12. Emma Konet, Tierra Climate
13. Stephen Lamm, Bloom Energy
14. Holly Lahd, Center for Green Market Activation
15. Gregory Miller, Singularity Energy
16. Yiwen Qiu, Independent
17. Henry Richardson, WattTime
18. Wilson Ricks, Princeton University

Guests

None present

GHG Protocol Secretariat

1. Kyla Aiuto
2. Elliott Engelmann
3. Michael Macrae
4. Michaela Wagar
5. Hande Baybar
6. Nisalyna Bontiff

Documents referenced

1. Consequential subgroup Part 1 Proposal submissions

Item	Topic and Summary	Outcomes
1	<i>Welcome and goals of meeting</i> The Secretariat welcomed members and discussed the meeting goals.	N/A
2	<i>Overview of submitted materials</i> The Secretariat reviewed key elements of the two proposals submitted by TWG members: Proposal 1 (Routine reporting) and Proposal 2 (Ad hoc assessments). The TWG members provided clarifications on the proposals including the important distinctions on the use for each of them.	N/A
3	<i>Discussion</i> TWG members discussed details of each proposal, including the appropriate applications of marginal emission rate data, the meaning of 'induced emissions,' and how to describe the meaning of 'induced – avoided' emissions within a statement of impacts.	N/A
4	<i>Next steps</i> The next meeting is on March 20 th at 10AM EDT. The meeting will focus on key questions important for ISB consideration, and a discussion of the appropriate claims for the proposed methods.	A list of key questions was suggested to be developed for initial feedback from the ISB on the suitability of the subgroup's proposals for further exploration by the TWG.

Summary of discussion and outcomes

1. Welcome and goals of meeting

Summary of discussion

- The Secretariat announced that the meeting time for this subgroup will be pushed back by 1 hour.
- The goal of the meeting is to focus on the overarching structure of the proposals, rather than the details. Part 1 deliverable consists of the statement of consequential emissions measure for the electricity sector, but less on the details of the calculations. The intended outcome of today's meeting is to gain alignment on what changes are necessary on the proposals related to consequential disclosure statement.
- The Secretariat noted the importance of considering the decision-making criteria in evaluating proposals today.

Outcomes (e.g. recommendations, options)

N/A

2. Overview of submitted materials

Summary of discussion

- Secretariat reviewed key elements within Proposal 1: Routine reporting.
 - A TWG member emphasized that in Proposal 1 a 'percentage value' for *Avoided Emissions/Induced Emissions* was also included as additional metric.
 - A TWG member clarified that the granularity of the emission factor needs to be the same for consumption and generation calculations in the same region, which the Secretariat noted will be further evaluated in the Part 2 deliverable of the subgroup.

- The Secretariat presented their interpretation of an example statement structure for proposal #1. A TWG member noted that the example statement appeared to be more detailed than intended from the proposal.
- Regarding a question about how to verify and report on additionality for avoided emission calculations, a TWG member gave the example to have a clear definition of additionality and then describe how the project meets that definition in a qualitative description within a GHG report. A TWG member raised a question on who and how additionality would be determined, to which other TWG members offered possible solutions such as an approved list of additionality tests as well as more strict open-ended tests.
- Secretariat reviewed key elements of Proposal #2: Ad-hoc assessments.
 - TWG members commented that Proposal #2 appears to be similar to the standardized project accounting approach already outlined within the GHG Protocol *Guidelines for Quantifying GHG Reductions from Grid Connected Electricity Projects*.
 - TWG members noted that this proposal was intended to add language within the Scope 2 Guidance that highlights these concepts then redirects users to the other GHG Protocol standards for project accounting.
 - TWG member observed that the difference between the proposals is that the Ad Hoc Assessment (Proposal 2) is used before implementation of projects as a test on potential secondary impacts prior to the action, whereas Proposal 1 is related to the routine disclosure of the project impacts after the fact.
 - TWG member suggested that the ad hoc assessment wouldn't be required to be done for every project, but instead that the assessment would be done for projects that seem to have possible adverse consequences.
 - Other TWG members agreed on the interpretation that ad hoc assessments should be used before the project to evaluate impacts prior to making the intervention and afterwards using the routine assessment to report on the impacts over the life of the project.
 - A TWG member questioned whether the main point of differentiation between the proposals is that one includes the evaluation of all the organization's consumption (Proposal 1) whereas ad hoc assessments are for single projects only (Proposal 2). Clarifications were made that in Proposal 1, companies would have the incentive to report anything that could pass the additionality or causality bar. In Proposal 2, if companies are interested in evaluating whether there are significant secondary effects, they can do so, but are not required to for every single project
 - A TWG member provided a simplified explanation that Proposal 1 is a requirement for transparent reporting, and proposal 2 is a tool to help companies inform expectations around what might change in routine reporting after deploying projects.

Outcomes (e.g. recommendations, options)

N/A

3. Discussion

Summary of discussion

Overall, TWG members appeared to agree on the value of reporting avoided emission impacts associated with specific actions. The discussion centered on the methodological approach to the proposed emissions impact calculations, the implications of using marginal emission factors, and how these proposals relate to broader climate commitments and corporate reporting.

- TWG members discussed whether the proposals had similarity to carbon offsetting and whether that posed conflicts with existing methodologies for calculating carbon offsets as well as how the proposals would interact with a corporate emissions inventory.
 - Some TWG members expressed concern that the proposals resemble carbon offsets, particularly regarding including avoided emissions from sources not currently eligible in other programs (e.g., Nationally Determined Contributions (NDC) commitments).
 - The need for consideration between the proposals' definition of additionality, and additionality as defined in the context of UNFCCC Article 6, was also highlighted.

- A TWG member clarified that while the proposals have similar methodological elements for calculating offsets by using emission sources and sinks that can be influenced by a renewable energy project, the goal is not about using carbon offsets in the inventory.
- It was clarified by the proposal authors that Proposal 2 aims to provide guidance for companies on accurately quantifying impacts from projects, while avoiding the incorporation of offsets into the inventory. Proposal 1's routine reporting of impacts was not intended to be a reporting of offsets in an inventory but a separate type of reporting alongside the inventory.
- TWG members discussed whether the use of marginal emission rate data was valid for application to a company's full electricity load to measure 'induced emissions.'
 - There was a question about what the term 'induced emissions' mean. A TWG member clarified that it provides information on how much emissions could be avoided if a company takes action, i.e., potential avoided emissions.
 - A TWG member clarified that the marginal emission factors for the operating margin and build margin represent the baseline of what would have happened in the absence of the project that's being assessed. Some members raised concerns that multiplying marginal emission factors by load may not be appropriate, as this is mainly relevant for ex ante decision making.
 - The significance of understanding the distinction between induced emissions and average emissions was emphasized.
- Disagreement also surfaced on whether netting of 'induced' and avoided emissions as suggested in Proposal 1 was appropriate.
 - There were discussions about the implications of net impacts and how overall emissions claims should accurately reflect a company's operations. Some members suggested that the netting of numbers might not be necessary, while others highlighted its importance for certain companies.
 - Some TWG members noted that while separate numbers (induced emissions, and avoided emissions) may hold individual value, netting these figures for an overall net impact assessment is also relevant to consider.
 - The need for clarity on terms and their implications for target-setting was a recurring theme.
- There was a suggestion from TWG members to align on key questions for further discussion with new ISB members, focusing on the consequences of different emission reporting methods and their impact on procurement decisions and inventory emissions. The group recognized that any changes in reporting practices could significantly affect how companies approach their emissions reduction strategies.

Outcomes (e.g. recommendations, options)

- A TWG member offered to take the next steps of developing a list of key recommendations for this subgroup to take to the ISB.

4. Next steps

Summary of discussion

- The Secretariat noted that the next subgroup meeting is on March 20th at 10AM EDT.

Outcomes (e.g. recommendations, options)

- The Secretariat will circulate the workplan of the subgroup as a reminder on the scope of work.
- A TWG member will lead on developing a key set of questions for early feedback from the ISB.
- The Secretariat asked that next updates to proposals should focus on what the key claims are.
- The Secretariat asked for submissions of real worked examples of application of the proposal.

Summary of written submissions received prior to meeting

N/A