

# Actions and Market Instruments

## Meeting Minutes

Meeting number 1.05

Date: 26 March 2025

Time: 9:00 – 11:00 ET

Location: "Virtual" via Zoom

### Attendees

#### Technical Working Group Members

1. Ana Isabel Aubad Lopez, Atmosphere Alternative
2. Ana Carolina Avzaradel Szklo, VCMi - Voluntary Carbon Markets Integrity Initiative
3. István Bart, Environmental Defense Fund
4. Anastasia Behr, UL Solutions
5. Giulia Camparsi, Science Based Targets initiative
6. Kim Carnahan, Center for Green Market Activation
7. Andres Casallas, World Business Council for Sustainable Development
8. Subrata Chakrabarty, World Resources Institute
9. Jonathan Crook, Carbon Market Watch
10. Cynthia Cummis, Deloitte & Touche
11. Christopher Duck, Climate Impact Partners
12. Gilles Dufresne, European Commission
13. Nermin Eltouny, Integral Consult
14. Autumn Fox, Mars
15. Michael Gillenwater, Greenhouse Gas Management Institute
16. Tim Hamers, ERGaR - European Renewable Gas Registry
17. Grant Ivison-lane, CIBO Technologies
18. Injy Johnstone, University of Oxford
19. Hiromi Kawamata, The Japan Iron and Steel Federation
20. John Kazer, Carbon Trust
21. Kristin Komives, ISEAL
22. Hans Näsman, CDP
23. Inken Ohlsen, AP Moller Maersk
24. Silvana Paniagua, SustainCERT SA/ Value Change Initiative
25. Thuy Phung, PepsiCo
26. Jason Pierce, Eastman
27. Patric Puetz, Smart Freight Centre
28. Steven Rosenzweig, General Mills
29. Andrew Rudyy, BHP
30. Kai Nino Streicher, SustainCERT SA / Value Change Initiative
31. William Tyndall, AJW Inc.
32. Emma van de Ven, Rabobank

#### Guests

None Present

#### GHG Protocol Secretariat

1. Nisalyna Bontiff
2. Alejandra Bosch
3. Natalia Chebaeva
4. Elliot Engelman
5. Adrienne Gillbride
6. Iain Hunt
7. Kevin Kurkul
8. David Rich
9. Michaela Wagar

### Documents referenced

1. None

Item	Topic and Summary	Outcomes
1	<b><i>Housekeeping</i></b> The Secretariat presented the agenda and key housekeeping items were highlighted, including rules and expectations around the sharing of information, Zoom meeting logistics, guidelines, procedures, shared values, and an update to the TWG meeting schedule.	No specific outcomes.
2	<b><i>Review of v1 proposals</i></b> Members provided an overview of their framework proposal submissions and time was made available for other members to ask clarifying questions.	No specific outcomes.
3	<b><i>Discussion questions</i></b> The Secretariat facilitated further discussion of the submitted proposals through key questions, working definitions, and the identification of cross-cutting subject matter.	No specific outcomes.
4	<b><i>v2 proposals &amp; next steps</i></b> Time was made available at the end of the meeting to field remaining questions from TWG members. A recap of the next steps was provided to conclude the meeting.	<ul style="list-style-type: none"> <li>• The Secretariat will share a feedback form for working group members.</li> <li>• The Secretariat will share additional materials in advance of the next working group call.</li> </ul>

## Summary of discussion and outcomes

### 1. Housekeeping

- The Secretariat presented the agenda and key housekeeping items were highlighted, including rules and expectations around the sharing of information, Zoom meeting logistics, guidelines, procedures, shared values, and an update to the TWG meeting schedule.

#### Summary of discussion

- A member requested an update on the current status of the Scope 2 workstream.
  - The Secretariat noted that they will explore the possibility of adding this to the agenda of an upcoming meeting.

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

- No specific outcomes.

### 2. Review of v1 proposals

- Members provided an overview of their framework proposal submissions and time was made available for other members to ask clarifying questions.

#### Summary of discussion

- Some TWG members suggested that it would be helpful if proposal submitters provided a brief explanation of the overall structure and ideas of their respective proposals.
- The member who submitted proposal #1 provided an overview of key elements of their proposal.

- Some members asked if biogas would be the primary driver for the inclusion of a market-based scope 1 reporting element.
  - The proposal submitter responded that biogas, biomethane, renewable natural gas (RNG) are the main purpose but that other use cases such as biogenic carbon dioxide (CO<sub>2</sub>) could also apply.
- Some members suggested that one difference across proposals was whether or not there is a need for a market-based scope 1 reporting element.
  - A member suggested that a market-based scope 1 reporting element theoretically could be included in frameworks but suggested that the intended outcome would be different than for other scopes.
  - Some members suggested that it should be included because they believe that biofuel certificates are an important lever for companies to decarbonize their scope 1 emissions.
  - One member expressed curiosity as to whether there are other applications for market-based scope 1 beyond sustainable fuels, gas, or energy.
  - Some members suggested that the group be clearer on terminology, suggesting that a certificate is not a lever but rather a mechanism to represent a chain of custody.
- Some members requested clarification from the proposal submitter on whether Beyond Value Chain Mechanisms (BVCM) would apply to any scope.
  - The proposal submitter responded that outside inventory aspects would not be attributed to a specific scope.
- The member who submitted proposal #2 provided an overview of key elements of their proposal.
- The member who submitted proposal #3 provided an overview of key elements of their proposal.
- The member who submitted proposal #4 provided an overview of key elements of their proposal.
  - Members further discussed the importance of boundaries within the framework proposals highlighting that it is crucial to focus on cross-sectoral elements.
  - One member requested additional clarity on boundaries, particularly regarding actions considered beyond value chain adjacent.
    - The proposal submitter responded that those would be part of the BVCM which was excluded from the proposal.
    - Some members suggested that there is a difference in companies investing in landscape initiatives depending on whether those companies have high landscape impacts based on their operations.
    - One member requested clarification on how to define where an intervention or market-based claim lies related to the physical boundary.
    - One member responded that they believe this goes beyond the uncertainty issue, highlighting it should be about certain actions and whether and how they fit into or outside of the value chain.
    - One member suggested that the purpose should be to set up alignment with SBTi.
  - Some members suggested that the group should establish a clearer definition of certificates and credits.
    - Some members suggested categorizing volume-based claims as certificates and outcome-based claims as credits.
    - Another member requested clarification on the definition of consequential and whether it is primarily forward-looking.
      - The Secretariat responded that consequential accounting can be both forward- and backward-looking.
  - One member requested clarity about whether a company making a BVCM investment would functionally redefine the investment as within value chain and therefore scope 3 relevant.
    - One member suggested that the TWG would need to define what is considered an asset or investment.
    - One member added that there is a clear physical aspect to most scope 3 categories and boundaries but that finance may be a special case.

- Another member added that category 15 is a very different concept from other scope 3 categories and needs separate thinking.
- One member asked whether association testing would be a prerequisite given limited traceability for scope 3.
- Some members noted that most of the proposals were focused on emissions and suggested that the role of removals should be clarified within proposals.
- The member who submitted proposal #5 provided an overview of key elements of their proposal.
  - A member requested clarification around the boundaries of the example included with the proposal.
- The member who submitted proposal #6 provided an overview of key elements of their proposal.
  - One member asked for clarification of the difference between contribution categories mentioned within this proposal.
  - The proposal submitter responded that the difference is based on the definitions of boundaries and traceability, but is open to exploring whether it is needed as a category.
  - A member asked for clarification on whether the market-based statement is an inventory or a sum of impacts.
    - Some members responded that it depends on using project or inventory accounting is used.
    - A member suggested that the topic needs further discussion.
    - Some members suggested that they believe the mixture of attributional and consequential accounting in the same column could pose challenges.
- The member who submitted proposal #7 provided an overview of key elements of their proposal.
  - Members posed questions about the boundaries of the statements in the proposal.
  - A member asked for more insight into how the proposals address categories that include both primary and secondary data.
- One member noted that according to ISO 14064-3 there is a clear difference between inventory accounting (historical information and changes between inventories is verified), whereas project or consequential accounting is a prediction about future performance whose assumptions are validated.
- A member asked whether there are cases where inventory and consequential accounting yields the same result.
- The member who submitted proposal #8 provided an overview of key elements of their proposal.
- One member suggested that the group should consider the potential advantages and disadvantages of allowing individual claims or actions to be reflected in different reporting elements.
  - Some members expressed that it may be important to have choice in reporting from a practitioner point of view.
- One member suggested that the group should consider how to limit or avoid cherry picking.
  - A member suggested that this could be addressed by minimizing the number of required ledgers and making other ledgers optional.
- The member who submitted proposal #9 provided an overview of key elements of their proposal.

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

- No specific outcomes

### **3. Discussion questions**

- The Secretariat facilitated further discussion of the submitted proposals through key questions, working definitions, and the identification of cross-cutting subject matter.

#### Summary of discussion

- The Secretariat presented working definitions for select key terms to facilitate conversation.
  - Some members suggested that the terms may be better represented through a table highlighting underlying concepts.

- Some members suggested that the Secretariat adjust the definitions.
  - One member suggested that there is overlap of concepts within the proposed definitions and that they should be adjusted to be mutually exclusive.
  - The Secretariat suggested that there are overlapping concepts, but suggested that the topic be tabled to allow for further development.
- The Secretariat asked the group whether a cross-sector physical traceability requirement should be adopted to clarify which chain-of-custody models can and cannot be used in the physical inventory.
  - A majority of members suggested that a cross-sector physical traceability requirement should be adopted, but many members stated that more information may be needed to determine an answer.
  - Some members suggested that there is often difficulty when trying to differentiate between book and claim and mass balance chain of custody models.
  - Some members suggested having different market-based categories and a prioritization hierarchy regarding traceability requirements in the physical inventory.
  - Some members suggested that the multiple statements introduced in the proposals reduces the pressure on determining a traceability requirement and allows things to be reflected in inventory as is possible for each sector.
    - One member responded that having several sector-specific approaches may be difficult, especially for companies with varied operations.
- The Secretariat asked the TWG members whether the AMI TWG should be developing a framework that provides guidance for existing market mechanisms or consolidate the market into a standardized approach and whether the same result can be achieved using fewer approaches/reporting elements.
  - Some members suggested that there is too much variation between industries, mechanisms, legislation, etc. to require a standardized approach, but that a strong framework and guidance will encourage natural convergence over time.
  - Some members suggested that the group should establish minimum necessary standards and allow each industry to establish additional standards and requirements.
  - Some members suggested that at a minimum, the TWG should establish quality criteria to define high quality market mechanisms.
  - One member suggested that the working group should develop a framework that provides guidance for existing market mechanisms while at the same time guiding entities that do not necessarily fall within the general categories.
  - One member suggested that a standardization should be more of a priority than guidance.
    - One member responded that consensus on definitions and concepts is valuable.
  - Some members mentioned that from an assurance perspective, it would be preferred if the standards outline whether or not a particular market mechanism was fit for purpose.
  - Some members suggested that it will be challenging to standardize an approach given the breadth of types of claims that are or may be within the market.
  - One member suggested that the group should be wary of punishing early movers who are investing significant money and suggests the possibility of allowing for a transition pathway.
  - Some members commented that if a company cannot adequately report on the impact of the investments they made, they will not make those investments.
  - A member suggested that the core problem is how to enable the aggregation of data with disparate levels of uncertainty or confidence.
  - One member commented that it is critical that whatever standard developed within the AMI TWG needs to be forward-looking.
  - Some members mentioned that they think the TWG needs to consistently define traceability across impact metrics.
  - Some members suggested that the focus should be on why certain mechanisms need to go into the inventory and how this relates to existing programmatic requirements.
  - Some members suggested that whatever the TWG produces should be translated simply for non-technical audiences.

- Some members proposed extracting key questions in the meeting to return to during the upcoming open discussion meeting.
  - The Secretariat responded that a feedback form for the open discussion meeting agenda will be circulated, and the Secretariat will try to include proposals for any additional key questions.

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

- No specific outcomes

#### **4. v2 proposals & next steps**

- The Secretariat highlighted the March 28<sup>th</sup> deadline for topic submissions from TWG members for the open discussion meeting.
- The next open discussion meeting was scheduled for April 2<sup>nd</sup> at 9 am ET.
- The next TWG meeting was scheduled for Wednesday, April 23<sup>rd</sup> at 9 am ET.

#### Summary of discussion

- N/A

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

- The Secretariat will share a topic submission form with working group members.
- The Secretariat will share an agenda for the open discussion call on April 2<sup>nd</sup>.
- The Secretariat will share additional materials in advance of the next working group call.

### **Summary of written submissions received prior to meeting**

1. N/A