

# Scope 2 TWG Meeting Minutes

Meeting number 18

Date: 04 September 2025

Time: 17:00 – 19:00 EDT

Location: "Virtual" via Zoom

## Attendees

### Technical Working Group Members

1. Avi Allison, Microsoft
2. Priya Barua, CEBA
3. Pete Budden, NRDC
4. Charles Cannon, RMI
5. Yenhaw Chen, Taiwan Institute of Economic Research
6. Jessica Cohen, Constellation Energy Corporation
7. Killian Daly, EnergyTag
8. Abhilash Desu, Science Based Targets Initiative (SBTi)
9. Stuti Dubey, The D-REC Organization (Global Energy Equity & Climate Action Foundation)
10. Pengfei Fan, EPPEI
11. Neil Fisher, The NorthBridge Group
12. Aileen Garnett, Genesis Energy
13. Zoe Godijn, Rio Tinto
14. Matthew Gray, TransitionZero
15. Svend Hansen, Ørsted
16. Mariné Iriart, Secretaria de Transición Energética - Gobierno de Córdoba
17. Peggy Kellen, CRS
18. Emma Konet, Tierra Climate
19. Matthew Konieczny, Watershed
20. Stephen Lamm, Bloom Energy
21. Lissy Langer, Technical University of Denmark (DTU)
22. Irina Lazzerini, UNDP
23. Kelly Lichter, PepsiCo
24. Alain Mahieu, ENGIE
25. J. Andrea Méndez Velásquez, Atmosphere Alternative
26. Gregory Miller, Singularity Energy
27. Gisele Morgado, DNV
28. Yiwen Qiu, Independent
29. Henry Richardson, WattTime
30. Wilson Ricks, Princeton University
31. Alexandra Styles, Hamburg Institute
32. Henrik Sundberg, H&M Group
33. Devon Swezey, Google
34. Kae Takase, Renewable Energy Institute
35. Sophia Wang, Gilead Sciences

## Guests

N/A

### GHG Protocol Secretariat

1. Elliott Engelmann
2. Chelsea Gillis
3. Michael Macrae
4. Alley Leach

Item	Topic and Summary	Outcomes
1	<b><i>Welcome and goals of meeting</i></b> The Secretariat previewed the agenda, to discuss key revision areas to support Phase 1 consultation, and a summary of the next steps.	N/A
2	<b><i>Supporting materials for phase 1 public consultation</i></b> The Secretariat reviewed ISB feedback on certain phase 1 topics and initiated a discussion on refining those topics prior to phase 1 public consultation. These topics included a legacy clause, exemptions to the hourly matching requirement, Standard Supply Service, and location-based spatial granularity requirements.	N/A
3	<b><i>Next steps</i></b> The Secretariat shared next steps, including the steps to support public consultation and the next meeting date of September 17 <sup>th</sup>	N/A

## Summary of discussion and outcomes

### 1. Welcome and goals of meeting

#### Summary of discussion

- The Secretariat outlined housekeeping and previewed the agenda.
- The Secretariat reminded members that documents shared with the TWG on the TWG SharePoint should not be distributed until they have been posted on the GHG Protocol Governance Repository.
- The Secretariat reviewed the agenda for the meeting, including addressing key areas of additional discussion highlighted by the ISB. Topics include:
  - Implementation details of legacy clause
  - Exemptions to hourly matching
  - Standard Supply Service
  - Location-based emission factor hierarchy (further consideration of “local” spatial boundary)

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

N/A

### 2. Supporting materials for phase 1 public consultation

#### Summary of discussion

- The Secretariat reviewed the items requested for additional input on public consultation and reiterated the critical role of the TWG in shaping this input.
- The Secretariat addressed the treatment of the marginal impact method in public consultation and reiterated that the Secretariat will include key aspects of the proposal in the consultation, alongside targeted questions.
- The Secretariat addressed questions about the format of the public consultation and described the use of survey tools.
- Legacy Clause
  - The Secretariat recapped previous discussions on the development of a legacy clause, and shared some data provided by TWG members showing that the vast majority of long-term contracts have been executed in the United States and Europe.
  - The Secretariat reviewed key questions that require discussion on the details of a legacy clause, including contract length, execution date, resource location vs location of

- consumption, time of generation vs time of consumption, construction/recommission date, original off-taker, contract type, and pricing.
- What length of contract should be considered “long-term”.
    - Several members advocated for any contract length to be eligible.
    - One member advocated for a minimum contract length of 10 years.
  - Cut-off date after which new contracts would no longer be eligible to meet a legacy clause.
    - Several members advocated for the implementation date of the Scope 2 Standard.
    - One member noted that some contracts have long development phases before they are signed so would advocate for a cut-off date that does not exclude contracts already in development.
    - One member noted a need to consider treatment of contracts signed by companies below an exemption threshold that move into a requirement for hourly matching.
  - Should a legacy clause exempt the hourly matching requirement, the deliverability requirement, or both?
    - One member noted that the most important criteria to exempt as part of a legacy clause is the deliverability requirement, as this will impact many VPPAs that are currently non-deliverable. Regarding the hourly matching criteria, many contracts will still have some amount of temporal overlap with an organization’s electricity consumption, and therefore the TWG should consider maintaining the hourly matching criteria.
    - Several members noted that both the deliverability requirement and hourly matching requirement should be exempted by a legacy clause, as the original contract was signed under rules that permitted broad regional and temporal matching.
    - Several members noted that in order to protect future long-term investments in decarbonization actions, it is essential that a legacy clause exempts both the hourly matching and deliverability requirements. Not doing so could have a chilling effect on future investments.
  - Transferability of legacy-eligible contract instruments.
    - One member noted that the purpose of a legacy clause is to reward organizations that took a risk to sign long-term contracts under existing rules, and that allowing transfer of EACs does not follow the spirit of legacy treatments.
    - Other members responded that GHG Protocol should not try to determine why companies invested in long term projects and that some organizations may have made long-term investments with the understanding that excess EACs would continue to be available for transfer and sale.
    - Members noted that there may be similar examples in financial accounting that could be applied to consideration of this point, including IFRS.
    - Members noted that sales of legacy-eligible instruments should be allowed if this was an existing practice by the reporting organization prior to current discussions on the matter, but should not cover situations in which an organization decides to monetize EACs from legacy eligible projects for the first time in the future.
  - How should production hours from annual legacy contractual instruments be matched with load?
    - Several members noted that proportional, rather than even, distribution across sites is a more appropriate solution.
    - Several members advocated for requiring proportional distribution and not allowing organizations to choose which hours to apply legacy EACs.
    - Several members noted that the exemption should only apply to EACs in legacy contracts that cannot be matched in time and location, and that EACs from legacy eligible contracts that can be matched to load in time and location should be required to do so.
    - Several members noted that the legacy exemptions should be optional, meaning companies can allocate EACs that are already time and location matched first, before applying the exemptions to the rest.
  - If a company has consumption in multiple regions, which region’s consumption should non-deliverable contractual instruments be matched with?

- There was discussion on whether within existing market boundaries (e.g., AIB countries in Europe) legacy instruments should apply proportionately to all countries of consumption.
    - One member noted that there would be a cost increase in matching one country's consumption with a Legacy contract rather than proportionately allocating it to 10 different countries and then needed to procure contracts to match the remaining consumption of those 10 countries. One member noted that non-deliverable legacy instruments should not be freely assigned across all regions and should either remain tied to region of origin or applied to markets with sufficient renewable penetration.
    - One member noted that the legacy contract should be assigned to the specific location applied at the time of adoption of the new reporting requirements.
  - Should a legacy clause be permanent or time-limited?
    - Several members advocated for a permanent legacy clause.
    - One member noted that there could be loopholes in contract terms that would make a permanent legacy clause a target for gaming.
    - Several members noted that there should be restrictions for companies signing excessively long contracts in the few years before the Scope 2 Standard is executed, but that contracts signed prior to today could be permanently exempted.
    - One member advocated for a time limit to the legacy exemption at some point in the future and cited equity issues globally, and the simplicity of a single cut-off date after which no legacy treatments exist for any organizations.
    - One member noted that if an asset can't be used by someone in a region it could be sold to someone in that region.
    - Several members advocated for asset age as another consideration for legacy clause eligibility.
    - One member noted that if a resource would qualify as Standard Supply Service then it should not be part of a Legacy Clause.
  - Reporting and claims guidance – how should organizations using a legacy clause characterize associated claims?
    - Several members supported requiring that organizations disclose the percentage of their total electricity consumption covered by legacy EACs.
    - One member noted that contractual procurement is relevant for fossil resources as well.
- Exemptions to hourly matching
  - The Secretariat reviewed past discussions and polling on exemptions, and the ISB's feedback on the topic.
  - The Secretariat reviewed the load-based exemption proposal, as well as a proposal based on SME status.
  - One member noted that exemptions based on SME status address feasibility concerns, whereas the load-based exemption is designed to address the impact of the method. So, both exemptions should be allowed.
  - Several members noted that if mitigating reporting complexity is the goal, then exemptions based on SME status should be utilized.
  - Several members agreed that the larger the exemptions the weaker GHG P reporting is as a tool to compare companies and facilitate ambitious climate action.
  - One member noted a point of comparison on SME status would be the Corporate Sustainability Reporting Directive of the EU, which is loosely based on SME status.
  - One member noted that some definitions of SMEs in use, citing an example in Taiwan, result in perverse outcomes, and therefore other types of exemptions should also be used.
  - One member noted that the definition of SME in Japan is primarily based on capital and number of employees and it varies by industry.
  - One member of the Corporate Standard Secretariat summarized a similar debate that took place in the Corporate Standard TWG. The Corporate Standard TWG decided to align their recommended definition of SMEs with SBTi's company categorizations.

- Standard Supply Service.
  - The Secretariat described feedback from ISB on considering a fallback option in the case that SSS registry systems do not materialize in time, or to a sufficient degree globally.
  - An alternative approach would assume that any resource constructed or recommissioned before a particular date to be SSS, and any resource constructed or recommissioned after that date to be assumed not SSS. A newer resource could qualify as SSS if it can demonstrate that it meets the definition of SSS.
  - One member noted that this solution muddles an incrementality requirement with the definition of SSS and proposed that a more appropriate test would require that resources actively prove they have SSS designation in all cases.
  - One member noted that this solution could allow for gaming, if organizations claim there is not enough data and then are able to claim more resources as SSS.
  - Several members agreed that claiming SSS does not need to be a guarantee, and there doesn't need to be mechanism for claiming it unless a reporter can prove or estimate their allocation appropriately.
  - Several members noted that the proposed solution could create significant double counting issues.
- Location-based spatial boundaries.
  - The Secretariat summarized past discussions and considerations on spatial boundaries, and shared ISB feedback on whether nodal-level boundaries are potentially too granular.
  - One member noted that the term "nodal" has been fixated on, but that the intent was for all "local" boundaries to be considered as the highest granularity, but with no hierarchy within the category of local.
  - One member noted that using the most granular emission factor makes sense in theory but setting it as a requirement is a fairly burdensome requirement to impose whenever such data is accessible. Some members suggested having the "shall" requirement apply to balancing regions in the hierarchy and only encouraging or allowing for use of more granular spatial boundaries where accessible.
  - Several members noted that it is risky to reward organizations for being sited very close to renewable energy facilities at random or penalize organizations for being randomly close to fossil generating units. However, members noted that this could also incentivize companies to locate new loads near abundant renewable energy resources, which should be encouraged.
  - One member noted several examples such as Los Angeles or Seattle, where there could be perverse outcomes based on specific situations and power resources.
  - Some members noted that if deliverability grid regions are appropriate for the market-based method, they should be considered as sufficient for the location-based method as well.
  - Some members agreed on the value of a standardized methodology and emission factor applied to all load within a region for comparability, rather than allowing companies to choose.
  - Some members noted that there needs to be guidance that if a company is intentionally co-locating with generation facilities that there should be a requirement somewhere to report those emissions so it's not obfuscated.

Outcomes (e.g. recommendations, options)

N/A

### 3. Next Steps

#### Summary of discussion

- The next meeting date is September 17<sup>th</sup>
- The TWG meeting scheduled for October 8<sup>th</sup> has been cancelled.
- The Secretariat asked TWG members to share feedback on the tasks to support public consultation for the location-based method, market-based method, and consequential accounting by Sept 10<sup>th</sup>.

Outcomes (e.g. recommendations, options)

N/A