

# **Scope 2 Technical Working Group Meeting**

## **Meeting #18**

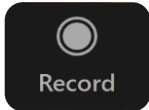
**September 4, 2025**



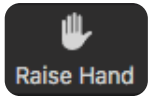
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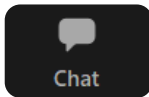
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This meeting is recorded.



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.



Be mindful of sharing group discussion time; keep comments as succinct as possible.

## TWG 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  - Not to be published: internal working documents of TWGs

# Agenda

1. Housekeeping
2. Goal of today's meeting
3. Material to support Phase 1 consultation
  - A. Legacy Clause
  - B. Exemptions to hourly matching
  - C. Standard Supply Service
  - D. "Local" spatial boundaries for LBM emission factor hierarchy
4. Next steps



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# Goal of today's meeting



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## Goal of today's meeting

Discussion on material to support public consultation, specifically:

- Implementation details of Legacy Clause
- Exemptions to hourly matching
- Standard Supply Service
- Location-based emission factor hierarchy (i.e. further consideration of “local” spatial boundary)

# **Supporting materials for Phase 1 consultation**

## Tasks to support consultation: for discussion today

### Location-based method

1. Provide recommendations or alternatives to using nodal-level power flows as the most granular spatial boundary in the emission factor hierarchy.

### Market-based method

2. Legacy clause implementation details:
  - Eligibility criteria and cut-off dates
  - Treatment of legacy EACs
  - Reporting and claims guidance
  - Time-bound vs. permanent legacy clause
3. Exemptions to hourly matching implementation details:
  - Eligibility criteria and consideration of cut-off dates
4. Consideration of fallback option for Standard Supply Service that provides a workable backstop in case registry systems or supplier allocation do not materialize quickly enough.



# Tasks to support consultation: Consequential

## Additionality Criteria

1. Provide examples of existing additionality frameworks and tests that have been proposed or in use for the electricity sector.
2. Provide case studies of real-world applications of any of the above types of additionality tests on projects.

## Marginal Emission Rates

3. Provide examples of existing marginal emission rate datasets, with descriptions of key methodological aspects.
4. Provide any overarching criteria or methodology that should be required for both build and operating margin rates.
5. Given uncertainties inherent in the calculation of marginal emission rates, should avoided emissions quantification that use marginal emission rates include uncertainty margins or conservativeness principles to ensure proper communication of impacts? If so, please suggest approaches for consideration.

# Legacy clause



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## Legacy Clause – data on existing long-term contracts

*Data analysis provided by TWG member*

## Legacy Clause eligibility considerations

- ☐ Conformance with current Scope 2 Quality Criteria
- ☐ Contract length
- ☐ Contract execution date
- ☐ Where resource is located vs where demand occurs
- ☐ Time of generation vs time of consumption
  
- ☐ Resource construction/recommission date (is this significant?)
- ☐ Original off-taker of contract (is this significant?)
- ☐ Contract type e.g. PPA, vPPA vs. attribute only contract (is this significant?)
- ☐ Pricing conditions i.e. contract provides energy price hedging (is this significant?)

## Eligibility criteria and cut-off dates – for discussion

1. What length of time should be considered a “long-term” contract? Or should any contract length be considered?
  - A. Contracts longer than X years
  - B. Any contract length provided it meets other eligibility requirements
2. What should be the cut-off date after which new contracts would no longer be eligible to meet a legacy clause?
  - A. Publication date of S2 standard
  - B. Implementation date of S2 standard (post phase-in period)
  - C. Completion of Phase 1 (Final approval by ISB and Steering Committee on key requirements)
  - D. Other (please explain)
3. Should a legacy clause exempt the hourly matching requirement, the deliverability requirement, or both?
  - A. Exempt both hourly matching & deliverability requirement
  - B. Exempt hourly matching
  - C. Exempt deliverability requirement
4. If a corporation holds a legacy-eligible contract (e.g., a vPPA), but sells the associated EACs to a third party, should the buyer of those EACs be allowed to claim them under the Legacy Clause?
  - A. No - Only the original offtaker with the legacy-eligible contract should be allowed to claim the EACs under the Legacy Clause.
  - B. Yes - The buyer of the EACs should be allowed to claim them under the Legacy Clause, as long as the EACs originate from a contract that qualifies.
  - C. Other (please explain)

## Treatment of legacy contractual instruments – for discussion

5. How should production hours from annual legacy contractual instruments be matched with load?
  - A. Legacy contractual instruments can be matched with any hour
  - B. Legacy contractual instruments must be evenly distributed across all hours of matched consumption
  - C. Legacy contractual instruments must follow the estimated hourly profile of the generation source (i.e. hourly matching should not be exempt in a Legacy Clause)
  - D. Other (please explain)
  
6. If a company has consumption in multiple regions, which region's consumption should non-deliverable contractual instruments be matched with?
  - A. Legacy contractual instruments can be matched with any region's consumption
  - B. Legacy contractual instruments must be evenly distributed across all regions of consumption
  - C. Other (please explain)

## Time-limited vs permanent legacy clause – for discussion

7. Should a legacy clause be *permanent* or *time limited*? If permanent, contracts that don't meet new hourly or deliverability requirements could continue to count for their full duration. If time-limited, this ability would only apply for a defined period after the Scope 2 update.
- A. *Permanent* - Legacy Clause may be applied for full duration of eligible contract
  - B. *Time limited* - Legacy Clause may be applied until specific date for all contracts (e.g. 2032, 2040 etc.)
  - C. *Time limited* - Legacy Clause may be applied for X years after date of construction/recommission of resource
  - D. *Time limited* – Legacy Clause may be applied for X years after contract execution date
  - E. *Partially limited* - Legacy Clause initially exempts both the hourly and deliverability requirement, however after a specific date only the hourly requirement is exempted.
  - F. *Partially limited* - Legacy Clause initially exempts both the hourly and deliverability requirement, however after a specific date only the deliverability requirement is exempted
  - G. Other (please explain)

## Reporting and claims guidance - for discussion

8. How should organizations using a legacy clause disclose and characterize associated claims in inventory reporting and public communications? (Consider alignment with comparability, transparency, and consistency)

### Meeting #14 Poll result:

- 50% of TWG members support that companies shall disclose contracts for which they have applied the clause.
- 28% of TWG members support that companies should disclose contracts for which they have applied the clause.

### Considerations for disclosure raised by TWG member(s) in *tasks to support consultation MBM*:

- Disclosure of the percentage of their total electricity consumption covered by claimed legacy EACs.
- Requirement to separately report what Scope 2 market-based emissions would have been had they not chosen to apply the legacy exemption to any of their EACs.
- Requirement to report whether legacy contracts are using annual or some other non-hourly matching basis and what market boundary is being applied



# Exemptions to hourly matching



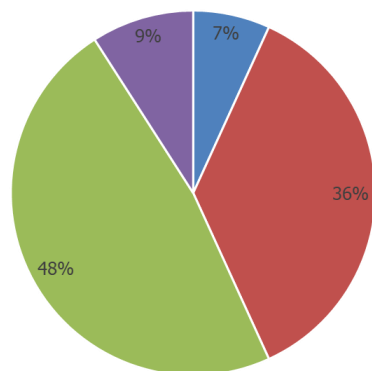
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## Exemptions to hourly matching

Draft text: *Companies with annual consumption up to **[X] GWh/year** in a **specific market boundary** may use a monthly or annual accounting interval for Criteria 4 for all operations within that market boundary in accordance with the contractual instruments temporal data hierarchy.*

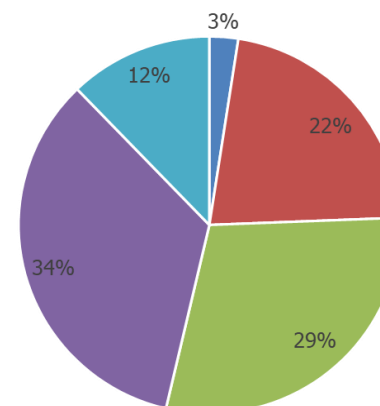
### Meeting #14 Poll results:

**Poll Question 3. At what aggregation level should a threshold be applied?**



- Facility - refers to a single utility meter or billing address.
- Site – refers to a contiguous or functionally integrated operation under common control.
- All company load within a grid region - total electricity use across all sites/facilities under common control within the same deliverability-aligned region.
- Other

**Poll Question 4. What threshold of electricity consumption volume is appropriate for determining which companies are required to apply the hourly matching requirement?**



- Less than 5 GWh/year
- 5 GWh/year
- 10 GWh/year
- Greater than 10 GWh/year
- N/A. No threshold should be used.

## Exemptions to hourly matching

### For discussion:

- What needs to be considered in setting an exemption threshold  $\geq 10$  GWh per market boundary?
- Advantage/disadvantages of basing an exemption on SME status rather than a MWh volume-based exemption?
- Should exemptions to hourly matching expire after a specific date? (e.g. 2040, align with legacy clause, etc.)

### Additional research required on:

- Proportion of companies in different regions and corresponding load that would meet an exemption threshold if set at different values (e.g. a 10, 15 GWh per region) or using SME thresholds.

# Standard Supply Service



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## Standard Supply Service

- ISB feedback emphasized the importance that Standard Supply Service (SSS) can be applied in a way that is **practical, transparent, and accessible across markets**. ISB requested exploration of a fallback option that provides a workable backstop in case registry systems or supplier allocation do not materialize quickly enough.
- **Current proposed approach**  
Supplier allocates SSS resources to customers on a pro rata basis. If a supplier does not provide allocations, companies may claim their share using data from a credible centralized registry or third-party database tracking eligible SSS resources within the market boundary.
  - **Advantages:** Produces the highest-quality allocation, ensuring that SSS is tied to resources based on eligibility criteria.
  - **Disadvantages:** Dependent on supplier allocation systems or third-party registries that may take time to establish.
- **Alternative approach for discussion**  
As a backstop when SSS data is unavailable, allocate resources as “Standard Supply Service” based on resource age:
  - Any resource constructed or recommissioned prior to 20XX would be automatically eligible to be claimed pro-rata as Standard Supply Service under the fallback methodology.
  - Any resource constructed or recommissioned after 20XX would not automatically qualify as SSS, and by default could be eligible for voluntary claims under MBM quality criteria. However, if a post-20XX resource is clearly SSS (e.g., state-sponsored with cost recovery), it must be treated as SSS and cannot be claimed voluntarily.
  - **Advantages:** Simple, universally applicable fallback; Removes need to test legacy (pre-20XX) resources; Reduces dependence on complex registries.
  - **Disadvantages:** Grey zone for post-20XX resources may require vigilance; Blunt age cutoff less precise than full SSS criteria.

# **“Local” spatial boundaries for LBM emission factor hierarchy**



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## Local spatial boundaries

- ISB feedback indicated interest in more critically examining the use of nodal-level power flows as the most granular spatial boundary in the location-based emission factor hierarchy. ISB noted nodal-level power flows may not reflect how grids are planned/operated so their use could potentially produce normative inconsistencies.
- Current proposed text uses the examples nodal, city, county and balancing region interchangeably as examples of local spatial boundaries.

### ***Draft highest precision location-based emission factor:***

Spatial Boundary	Temporal Granularity	Type
Microgrid-specific or Local (e.g. nodal, city, county, balancing area subregion, in the case of wide-area synchronous grids)	Hourly	Consumed
	Monthly	
	Annual	

- Meeting #7 Poll 3 result indicated the following:
  - 18% support for “nodal” to be included as a level of precision for spatial boundaries
  - 50% support for “local” (city, county) to be included as a level of precision for spatial boundaries
  - 87% support for “grid balancing region” to be included as a level of precision for spatial boundaries

## Local spatial boundaries

### Considerations raised by TWG member(s) in *tasks to support consultation LBM*

- Local emission factor reflects intra-regional variation in the electricity that is delivered, especially if a balancing area is expansive.
- Region-level dispatch accounts for regional power flow constraints and flow constraints along individual lines, meaning to some extent, nodal level power flows, injections, and withdrawals are considered in planning grid operations.
- Local emissions factors could make the LBM more actionable for abatement planning.
- Encouraging the use of more local emissions factors (compared to a regional emission factor) provides information that is distinct from the information already provided by the MBM.

### For discussion

- Are nodal-level spatial boundaries too granular for the location-based emission factor hierarchy?
- Should the location-based emission factor hierarchy suggest that the boundaries nodal, city, county and subregion can be used interchangeably? Or should the most granular (i.e. nodal) be used where accessible?



## Next steps

- Meeting #19: Wednesday, September 17<sup>th</sup>, 09:00 EDT/15:00 CEST/21:00 CST
- Cancelling TWG meeting scheduled for Oct 8th
- Continue development of *tasks to support consultation: LBM, MBM & Consequential*. Please send to Secretariat prior to September 10th for consideration in next TWG meeting.

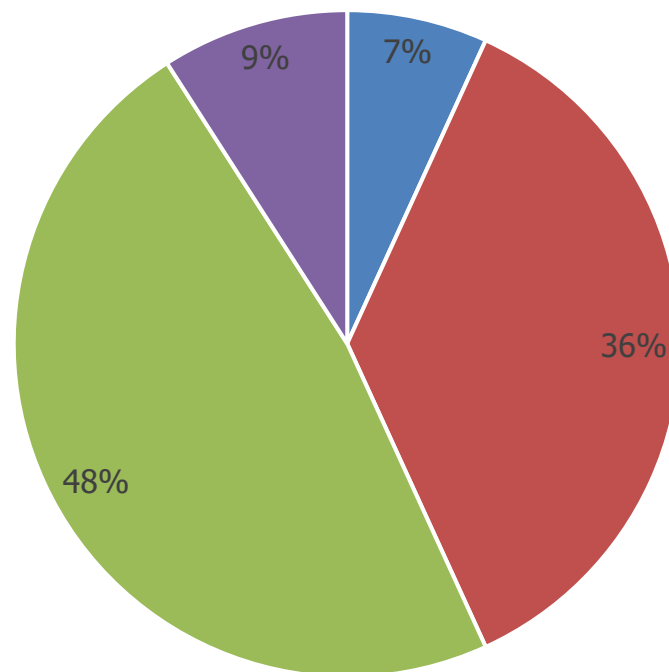
## Thank you!

If you'd like to stay updated on our work, please [subscribe](#) to GHG Protocol's email list to receive our monthly newsletter and other updates.



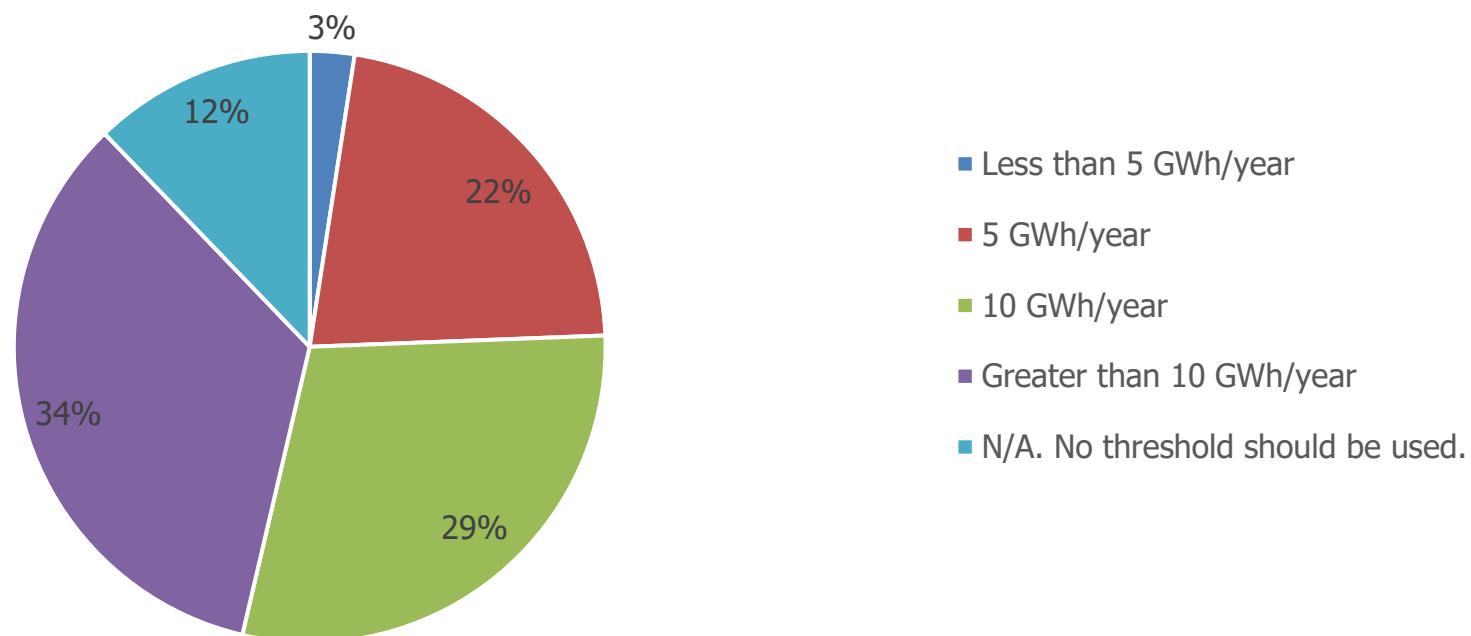
# **Supplementary slides**

## Meeting #14, Poll Question 3. At what aggregation level should an exemption threshold be applied?

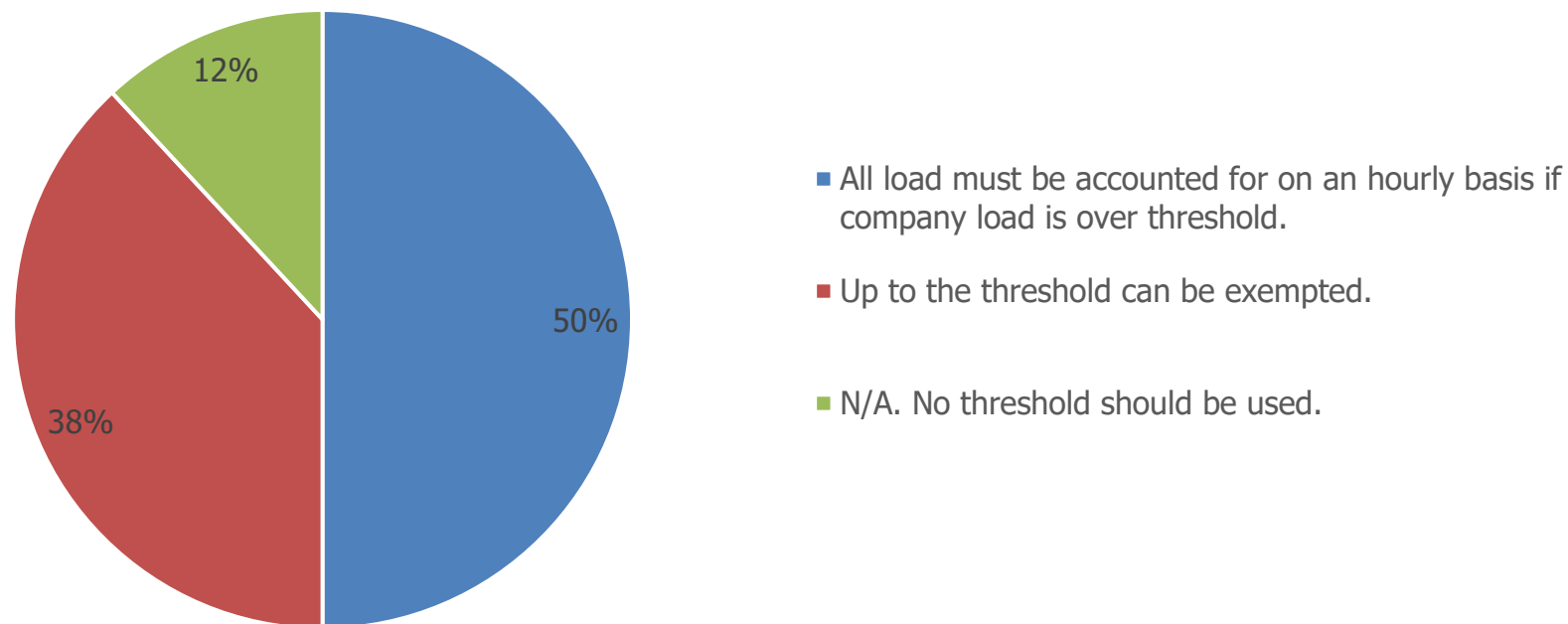


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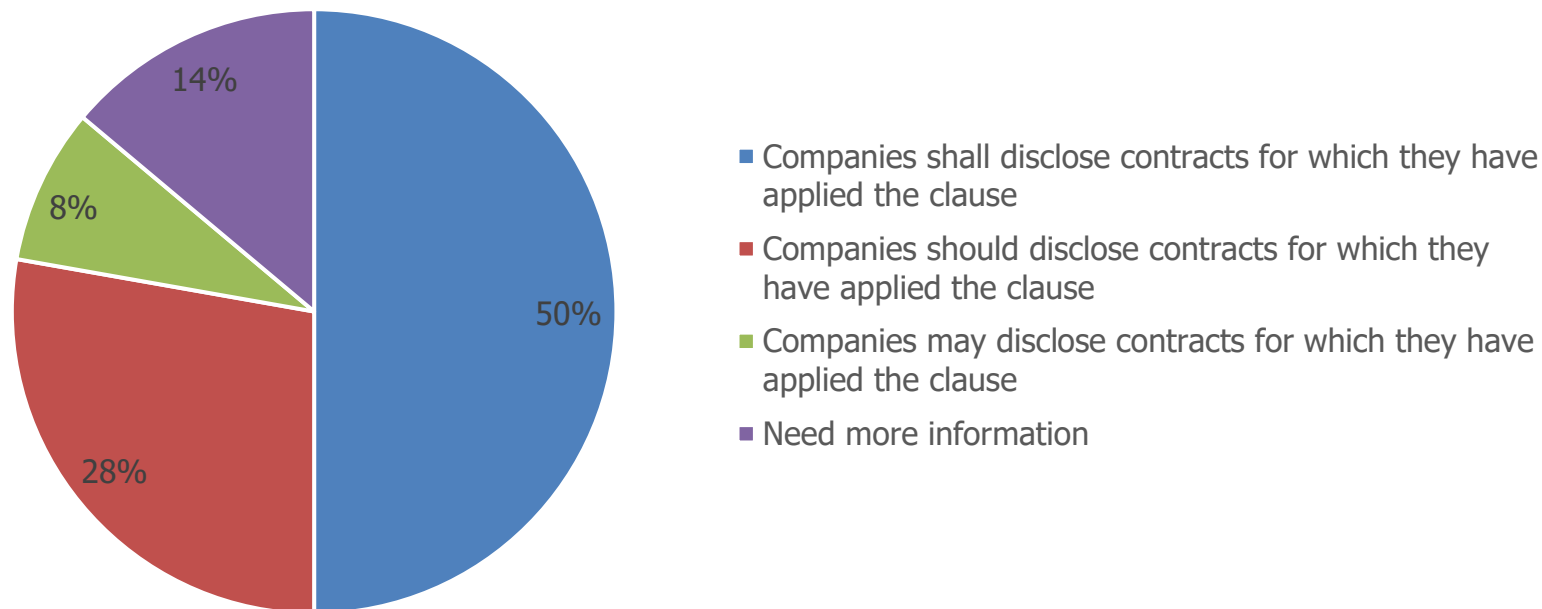
## Meeting #14, Poll Question 4. What threshold of electricity consumption volume is appropriate for determining which companies are required to apply the hourly matching requirement?



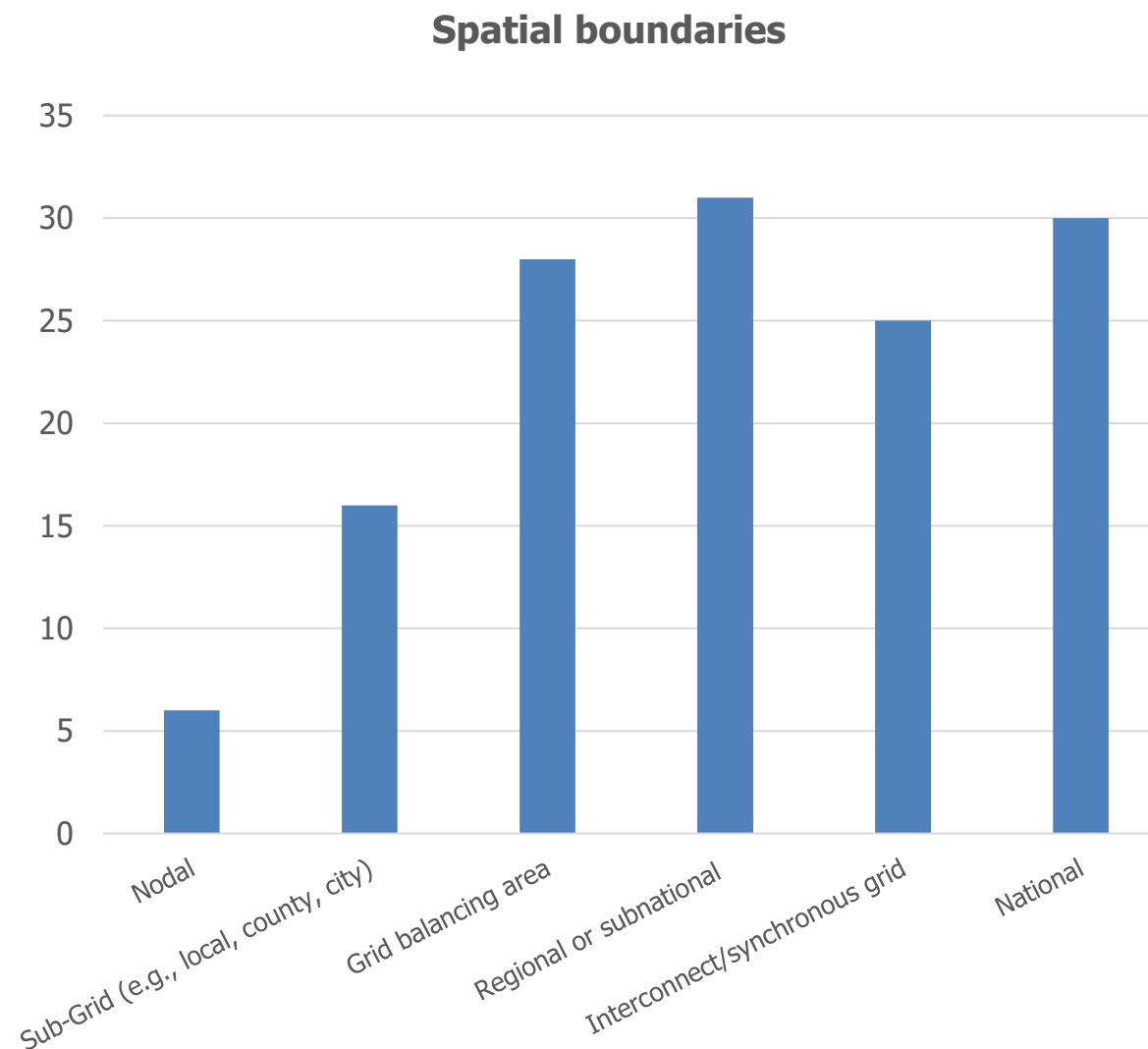
**Meeting #14, Poll Question 5. Is load up to a certain amount exempted, or must all load be accounted for on an hourly basis if the company load is over a certain threshold?** (e.g., If a company consumes 100 GWhs of electricity annually in the region, do they need to match all GWhs hourly, or can they exempt 5 GWhs from the hourly requirement?)



## Meeting #14, Poll Question 8. If a legacy clause is included, should companies be required (shall), recommended (should), or allowed (may) to disclose contracts for which they have applied the clause?

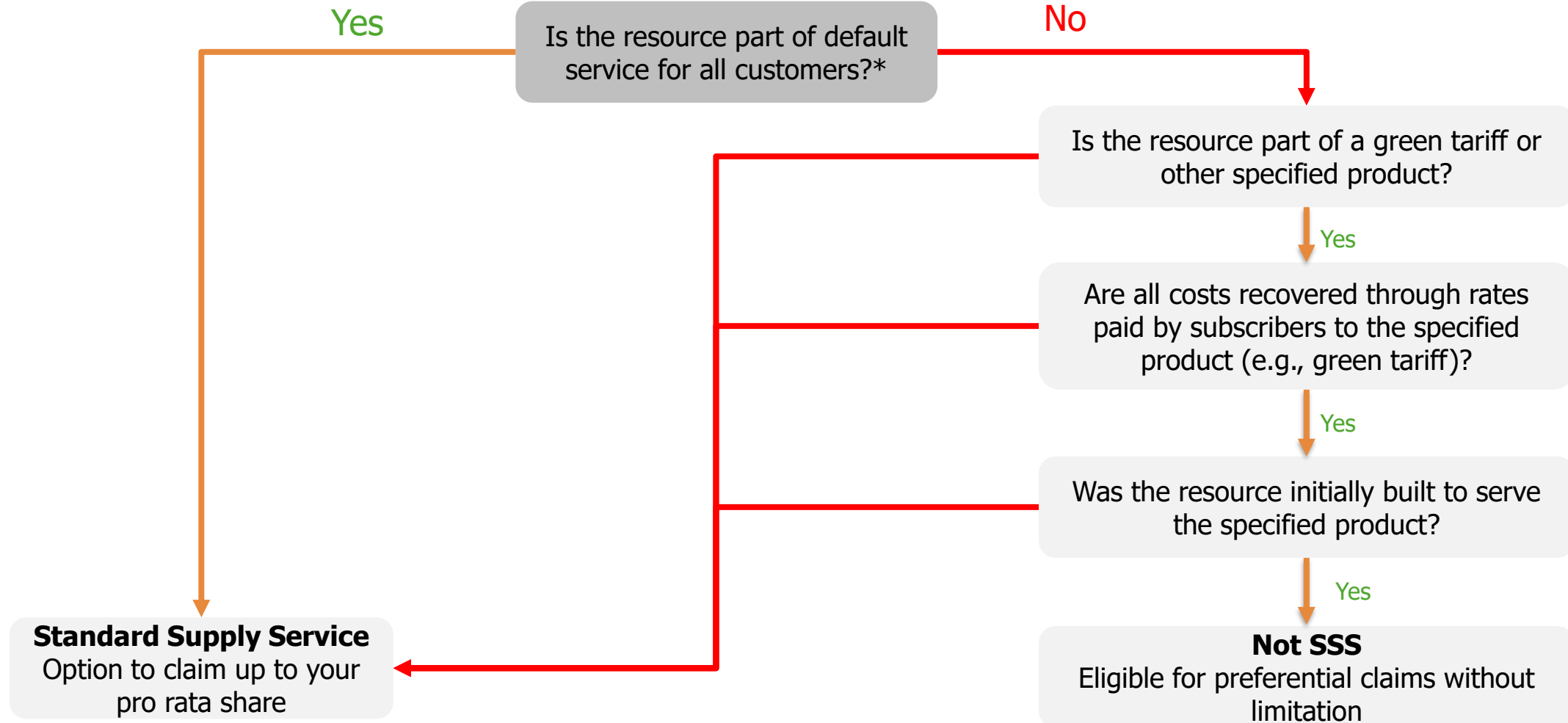


## Meting #7, Poll 3: For each criterion, which level(s) of precision should be included?



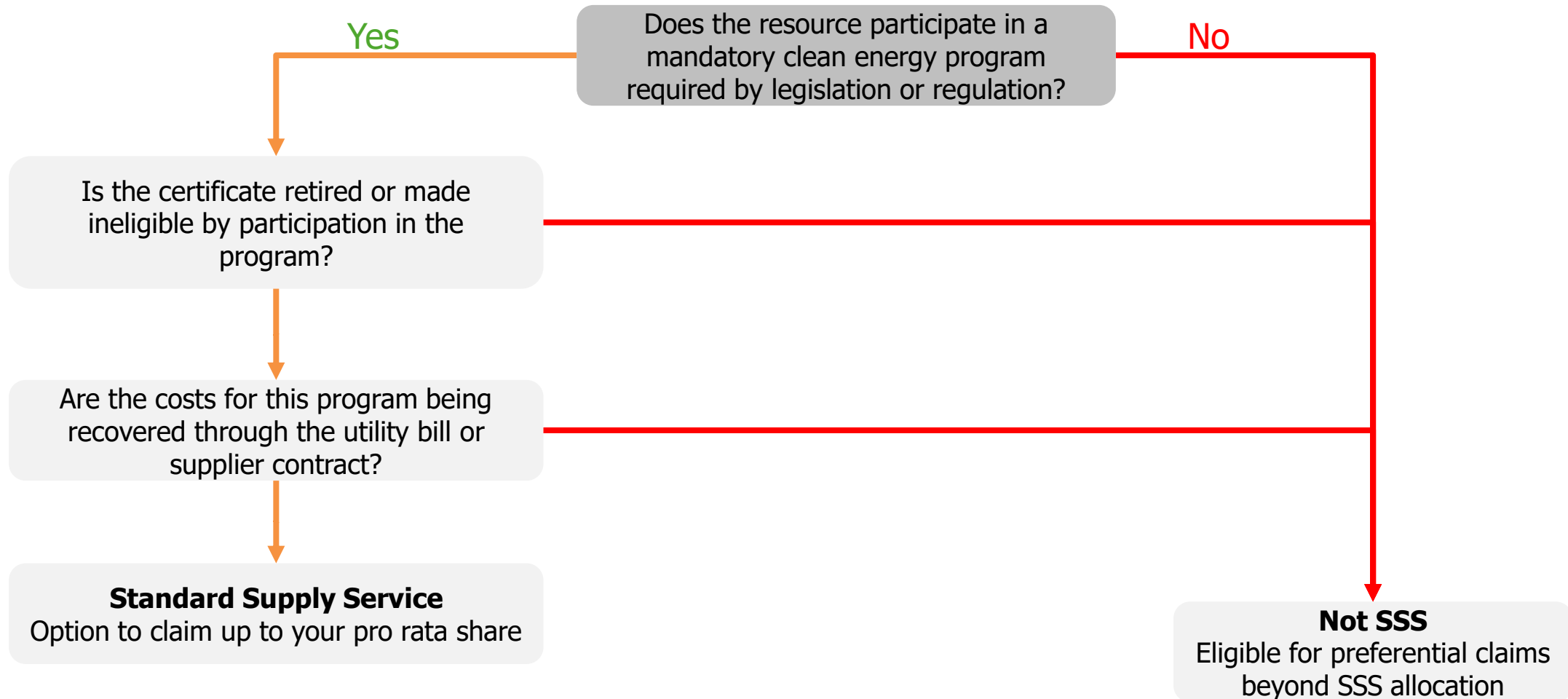


## SSS Designation Decision Tree: Monopoly supplier or facilities with regulated cost recovery



\* Some territories with monopoly suppliers also have publicly owned and/or policy mandates, compliance programs or subsidies. In these cases, the fact that the resource is part of default service from a monopoly supplier and is therefore SSS supersedes any exceptions to a SSS designation.

## SSS Designation Decision Tree: Policy Mandates / Compliance Programs



## SSS Designation Decision Tree: Publicly owned

