

# Scope 2 TWG Meeting Minutes

## Meeting number 19

Date: September 17 2025

Time: 17:00 – 19:00 EDT

Location: "Virtual" via Zoom

## Attendees

### Technical Working Group Members

1. Avi Allison, Microsoft
2. Pete Budden, NRDC
3. Matthew Brander, University of Edinburgh Business School
4. Stephen Buskie, WBCSD
5. Charles Cannon, RMI
6. Yenhaw Chen, Taiwan Institute of Economic Research
7. Jessica Cohen, Constellation Energy Corporation
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. Neil Fisher, The NorthBridge Group
12. Andrew Glumac, CDP
13. Matthew Gray, TransitionZero
14. Svend Hansen, Ørsted
15. Mariné Iriart, Secretaria de Transición Energética - Gobierno de Córdoba
16. Peggy Kellen, CRS
17. Emma Konet, Tierra Climate
18. Matthew Konieczny, Watershed
19. Stephen Lamm, Bloom Energy
20. Erik Landry, GRESB
21. Lissy Langer, Technical University of Denmark (DTU)
22. Kelly Lichter, PepsiCo
23. Alain Mahieu, ENGIE
24. J. Andrea Méndez Velásquez, Atmosphere Alternative
25. Gregory Miller, Singularity Energy
26. Alex Perera, WRI
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. Linda Wamune, Energy Peace Partners
35. Sophia Wang, Gilead Sciences

### Guests

Alexander Bassen, ISB Chair

### GHG Protocol Secretariat

- |                      |                   |                  |
|----------------------|-------------------|------------------|
| 1. Elliott Engelmann | 3. Michael Macrae | 5. Pankaj Bhatia |
| 2. Chelsea Gillis    | 4. Alley Leach    |                  |

| Item | Topic and Summary                                                                                                                                                                                                                                                                                                                                                                                                                    | Outcomes |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 1    | <b><i>Welcome and goals of meeting</i></b><br>The Secretariat previewed the meeting agenda and discussed plans to collect feedback on draft public consultation materials.                                                                                                                                                                                                                                                           | N/A      |
| 2    | <b><i>Discussion with ISB Chair</i></b><br>The Independent Standards Board Chair took questions from TWG members.                                                                                                                                                                                                                                                                                                                    | N/A      |
| 3    | <b><i>Electric Sector consequential metrics</i></b><br>The Secretariat outlined plans for the public consultation related to the Electric Sector Consequential metrics and initiated a discussion on refining the proposed consultation questions.                                                                                                                                                                                   | N/A      |
| 4    | <b><i>Supporting materials for phase 1 public consultation</i></b><br>The Secretariat outlined draft text and questions to be included in the public consultation on the following phase 1 topics: legacy clause, exemptions to the hourly matching requirement, Standard Supply Service, deliverable market boundaries, and location-based spatial granularity requirements. Members discussed refinements related to these topics. | N/A      |
| 5    | <b><i>Next steps</i></b><br>The Secretariat shared next steps, including the launch of public consultation in October and the next meeting date on November 18 <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 reviewed the agenda for the meeting, including
  - Opportunity to provide feedback directly to the ISB Chair
  - Discussion of what's included in consultation related to Electric Sector Consequential metrics:
    - Avoided emissions calculation formula
    - Treatment of additionality
    - Marginal emission rate methodologies
    - Build and operating margin weighting
  - Discussion of several topics related to the phase 1 public consultation on Scope 2 Inventory revisions:
    - Implementation details of a legacy clause
    - Exemptions to hourly matching
    - Standard Supply Service
    - Location-based emission factor hierarchy (further consideration of "local" spatial boundary)
- The Secretariat outlined what steps had already been taken with the TWG to support public consultation.
- The Secretariat shared that there is one more ISB meeting scheduled in September to discuss the scope 2 public consultation.

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

N/A

## 2. Discussion with ISB Chair

### Summary of discussion

- The ISB Chair noted that this is an opportunity for TWG members to provide their questions and comments to him directly.
- One TWG member asked when the ISB will provide a full reporting structure for the electric sector.
  - The ISB Chair and GHG P Director provided an update on the status of the Action and Market Instruments (AMI) TWG.
- One TWG member asked how the ISB sees their leadership role and willingness to progress ideas for which there is not a lot of existing precedents.
  - The ISB Chair noted that if ideas are science-based, in line with their guiding principles, they are open to innovation.
- There was a discussion about the theory of change for scope 2.
  - One TWG member asked if the ISB has a particular theory of change for scope 2.
  - The ISB Chair noted that the ISB is a mixed group and does not have one single viewpoint on a theory of change.
  - One TWG member asked if there is a risk of there being multiple theories of change present in ISB decisions they could cannibalize each other and have a negative impact on the market.
  - The ISB Chair noted that the Steering Committee is also part of the governance process and have a role in correcting decisions if necessary.
- One TWG member asked how the ISB thinks about impact, and noted a concern that decisions being made in the scope 2 market-based method are counter-productive to reducing emissions.
  - The ISB Chair clarified that the ISB agrees that impact is important. The ISB's decision to move the impact metric into the Actions and Market Instruments (AMI) TWG is for a more systematic approach.
- One TWG member shared their observation that additionality isn't required for the market-based method but was included as part of the marginal impact metric proposal.
  - The ISB Chair emphasized that "additionality" has many definitions and interpretations, and that GHG Protocol should take a systematic approach to this topic. The Chair noted that these questions fall within the remit of the Actions and Market Instruments (AMI) TWG, which is tasked with developing consistent approaches for assessing additionality and other consequential impacts.
  - One TWG member noted that the location- and market-based methods reflect a consumer's indirect responsibility and should not be used to make claims about external impact, so there is no justification for an additionality test in these methods.
- A TWG member requested clarification around the implementation timeline of the Standards, given the time and resources required to update the Standards, and the pace of change in the market generally.
  - The ISB Chair noted that the question of phased implementation is still under consideration.
- A TWG member asked about how the ISB considers the importance of emissions being verifiable and being able to confirm that an action has happened without needing a counter-factual analysis.
  - The ISB Chair noted that the ISB has not yet made a decision on verifiability and are open for input on that.
- A TWG member noted that they have not yet seen the opportunity for scientific rigor to define the concept of additionality and asked what the ISB's approach is where there is not academic literature.
  - The ISB Chair noted that as well as academic research and peer reviewed research, it's also relevant how global international institutions are defining additionality (e.g. IPCC).
- A TWG member asked how the Scope 2 TWG can help support the AMI TWG.
  - The Chair noted the value of integrating the knowledge of the Scope 2 TWG into the work of AMI and highlighted that the Secretariat would share details of that process.

The ISB Chair thanked the TWG for their contributions and left the meeting.

## 3. Electric sector consequential metrics

### Summary of discussion

- The Secretariat outlined the proposed topics for consultation related to Electric Sector Consequential metrics, including:
  - Background information on consequential/project accounting concepts/avoided emissions quantification and GHG Protocol's approach to ongoing development of this accounting method through the Actions and Market Instruments working group.
  - An avoided emissions formula (MWhs procurement) x (Marginal Emission Rate) = Avoided Emissions impacts in tCO<sub>2e</sub>
  - Treatment of additionality
  - Marginal emission rates
  - Build and operating margin weighting approach.
- A TWG member suggested adding an explanation of how electric sector consequential metrics relate to existing methods, the Secretariat noted that this could potentially fit in the background section.
- Some TWG members requested clarification regarding whether the Scope 2 TWG would see the text going to public consultation prior to its release. The Secretariat noted that this meeting was the opportunity to provide feedback.
- A TWG member questioned whether a topic should be included related to the impact of induced emissions in an impact assessment.
  - The Secretariat reiterated the feedback shared from the July ISB meeting, that the consultation questions should focus on avoided emissions quantification, and not on the measurement of induced emissions.
- A TWG member noted that it's important that consultation background information explains what a consequential reporting method is. The Secretariat noted that they would further evaluate this.
- A TWG member noted that the final draft submitted by the consequential subgroup did not use the terms "induced" and "avoided emissions", but rather "consumption emissions impact" and "procurement emissions impact". The Secretariat noted that they would further evaluate this.
- Several TWG members expressed recognition of the subgroup's work to develop the marginal impact metric proposal.

### Additionality

- The Secretariat provided an overview of the proposed background information and questions to include in consequential consultation related to 'additionality'.
- A TWG member noted it is important to clarify how information on or proof of additionality would be handled, noting in their view that GHG Protocol might have to lean more on options like "positive lists" rather than a complex financial additionality review.
- There was a discussion about the difference between project additionality and the original marginal impact method proposal which required projects to be additional relative to the emission factor baseline and whether the appropriateness of either depends on the claim being made.
- Members discussed the value of introducing another question for consultation that asks if there are other additionality tests that would be appropriate. The Secretariat noted that this topic would be included in the consultation materials.
- There was some discussion on whether the subgroup proposal includes a performance standard additionality test.
- A TWG member shared a view that in the subgroup proposal, the build margin functions as a sufficiently legitimate backstop to mitigate the impact of projects that are not truly additional.
- A member noted that 'additionality' has a specific meaning that will be near impossible to prove in clean energy. A member asked if using a term other than "additionality" had been considered.
  - A TWG member noted that the term "causality" had been considered.

### Marginal emission factor methodologies

- The Secretariat shared a slide outlining the summary of marginal emissions factor methodologies suggested by TWG members and proposed consultation questions.
- A TWG member clarified that operating and build margin are not directly analogous to short- and long-run marginal emission rates. Short- and long-run marginal emission rates should encompass both the build and operating margin.
  - The Secretariat proposed a follow-up to confirm how to best describe these terms.

- There was some discussion on whether statistical regression and empirical analysis are different methods or should be merged and if a question related to economic redispatch should be added.
  - The Secretariat proposed a follow-up to explore how to best describe these terms.

#### Operating and build margin weighting

- The Secretariat shared a slide outlining the different operating and build margin weighting approaches suggested by TWG members and proposed consultation questions.
- A TWG member noted that there are other approaches that could be added to the list.
- A TWG member noted that the appropriateness of different weighting approaches will vary depending on what type of granularity of data you have and suggested adding a question on how the type of data affects the appropriateness of the weighting method.
  - The Secretariat noted that they would take this under consideration.

### **4. Supporting materials for Phase 1 consultation**

#### Summary of discussion

- The Secretariat presented proposed draft text, informed by outcomes of the last meeting, and questions for the TWG to provide feedback on. Members continued discussion on these topics.

#### Legacy Clause

- The Secretariat recalled ISB guidance from their July meeting that GHG Protocol should seek detailed feedback on how a legacy clause might be implemented.
- The Secretariat noted that in meeting #18 the TWG did not reach consensus on design details of a legacy clause, but they provided helpful feedback to outline a first draft of proposed text for TWG consideration.
- The Secretariat outlined the draft text and asked for feedback.
- In the discussion, there was mixed support for draft text that legacy contractual instruments 'shall be allocated proportionately across all hours and regions of consumption' rather than at the company's discretion.
  - Some members noted that a contract which meets a legacy clause should be able to be matched to consumption in whatever way the contract was originally set up.
  - Some members shared that this concept was considered in meeting #18 as an approach to identify what portion of consumption legacy contractual instruments should be allocated to. For example, if 50% of an organization's load is covered by a PPA then which hours are those contractual instruments allocated to and which 50% are still subject to hourly matching.
  - Some members noted that the language in the draft text is unclear.
  - One member commented that there should be a rule to ensure that daytime production from legacy solar PPAs are not always applied to energy consumption at night.
  - The Secretariat noted the value of consultation feedback on whether a defined allocation approach is necessary.
  - Some members noted they are unsupportive of any draft text that requires legacy contractual instruments to be matched to the reporter's consumption on an hourly basis within the defined market boundaries where possible.
  - One member shared that if a legacy clause requires a business to change how contracts are allocated to load, it is not a legacy clause.
- One member noted an additional consultation question could be included on whether different treatment is warranted for utilities versus other entities regarding a time-limit to a legacy clause.
  - The Secretariat noted that this could be a sub-question to the consultation question related to a time limited legacy clause.
- Some members raised concern that the draft text does not read like a legacy clause and noted the importance of clarity.
  - The Secretariat acknowledged the feedback and explained that the reason for sharing the draft text with the TWG was to gather their reactions.
- One member shared that they saw value in consultation questions considering the interaction between a legacy clause and Standard Supply Service.

- The Secretariat noted the importance of remaining aware of other disclosure programs and the larger emission reporting and disclosure ecosystem for understanding why people want to see the disclosure of legacy clause information in the first place.

#### Exemption to hourly matching

- The Secretariat recalled that in the previous meeting the TWG discussed some of the details of what an exemption to hourly matching could look like, including whether there was interest in implementing an exemption for companies that are classified as SMEs. The Secretariat presented four proposed options, informed by the previous discussion, to go to consultation.
- The Secretariat noted that the specifics of what a load-based exemption threshold would be and whether that threshold should be applied at a market boundary or site level will be open for feedback in public consultation.
- A member noted that it would be clearer if the options still under consideration are clearly noted.
- There was a discussion concerning whether the exemption relates to both hourly matching and deliverability; the Secretariat clarified that it is just hourly matching.
- A member noted that it is difficult to provide feedback on whether an exemption per market boundary is appropriate as the deliverable market boundaries have not been defined yet for the U.S.
  - The Secretariat noted that a question on deliverable market boundary definitions for the U.S. is a proposed question for consultation.
- Members discussed the value of including a consultation question on why there should be an exemption. The Secretariat noted that there are alternative positions relating to whether an exemption should be introduced, so the consultation intends to capture those positions.
- One member noted that deliverable market boundaries may change (e.g. Singapore increasing grid interconnections) so an entity may move above a threshold without any changes to their load.
- One member suggested providing exemptions from meeting the new deliverable boundaries rather than the hourly matching requirement.
- One member suggested the consultation should provide a description of the concept of deliverability and questioned its validity.

#### Standard Supply Service

- The Secretariat noted that in meeting #18 there was not strong support across the TWG for a fallback for how to allocate standard supply service based on resource age.
- The Secretariat outlined a proposed consultation question relating to a scenario where registries to allocate standard supply service are not yet developed. The Secretariat noted that there has already been interest from some independent third-party entities in developing this, so it may take less time to develop than expected.
- The Secretariat asked TWG members to consider a scenario where reporters do not have information about Standard Supply Service and whether there should be a fallback restriction to prevent voluntary buyers from making procurements from specific resources based on resource age.
  - One member suggested that this concept should be framed more generally as whether incrementality or additionality should be a requirement in the market-based method.
  - One member noted that if there are EACs available then it is not standard supply service so there shouldn't be a mechanism that limits what EACs you can procure.
  - One member noted that the proposed consultation question is perhaps unnecessary and is more confusing than it is helpful.

#### Deliverable market boundaries

- The Secretariat outlined the proposed questions for consultation related to deliverable market boundaries. There were no questions from the TWG or further discussion on this topic.

#### LBM emission factor hierarchy

- The Secretariat outlined a proposed change to the location-based emission factor hierarchy based on discussions from meeting #18. The proposal is to remove the examples of local emission factors in the top level of the hierarchy and replace this with 'balancing area subregion'.

- The Secretariat outlined the proposed questions for consultation related to the location-based emission factor hierarchy. There were no questions from the TWG or further discussion on this topic.

## 5. Next Steps

### Summary of discussion

- There was a discussion about whether the TWG would see further draft text prior to consultation.
  - The Secretariat noted that most of the draft text had already been reviewed by the TWG in the memo provided prior to the indicative voting on the TWG's recommendation to the ISB regarding the proposed revisions. For more open-ended topics, the Secretariat noted that these have been further developed in the past months to evaluate how to best seek feedback through consultation.
  - The Secretariat noted there is one more meeting with the Independent Standards Board to review topics prior to the final preparation work for public consultation.
  - The Secretariat noted the importance of respecting the roles and remit across the TWG, Secretariat, and the ISB in this process.
  - The Secretariat highlighted that feedback can be provided through the public consultation process and then the TWG will have the opportunity to work together further in the new year.
- The Secretariat noted that the TWG would receive further communication in the next couple of weeks related to consultation.

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

N/A