

Actions and Market Instruments Technical Working Group

Meeting # 2.05

GHG Protocol Secretariat team:

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May 20, 2026

Agenda

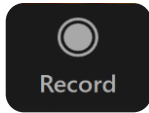
- Welcome & Housekeeping (5 min)
- Theories of change - discussion (50 min)
- Additionality – overview and working session (55 min)
- Baselines – call for volunteers (5 min)
- Next steps (5 min)



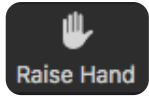
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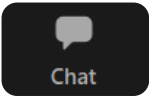




This meeting is recorded.



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.

Guidelines and Procedures

TWG members should **not disclose any confidential information** of their employers, related to products, contracts, strategy, financials, compliance, etc.

In TWG meetings, **Chatham House Rule** applies:

- “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”

Compliance and integrity are key to maintaining the credibility of the GHG Protocol

- Specifically, all participants need to follow the **conflict-of-interest policy**
- **Anti-trust rules** have to be followed; please avoid any discussion of competitively sensitive topics*

* Such as pricing, discounts, resale, price maintenance or costs; bid strategies including bid rigging; group boycotts; allocation of customers or markets; output decisions; and future capacity additions or reductions

AMI TWG Shared Values

- Always **be respectful**
- Take space, make space
- There are **no bad ideas or questions**
- **Be pragmatic** – balance perfect with actionable
- **Be open** to differing points of view and **curious** about all sides of a discussion
- **Keep integrity** at the heart of decision-making and consider real word impacts
- **Keep focus** on the long-term goal of developing an effective standard

Plan for our TWG meetings in 2026 – some modifications needed

Meeting	Date	Topic
2.01	Jan 28, 2026	Workplan, white paper, public consultation
2.02	Feb 25, 2026	Quality and eligibility criteria
2.03	Mar 25, 2026	Statement 2 and 3 structure
2.04	Apr 22, 2026	Traceability, quality and eligibility criteria
2.05	May 20, 2026	Theory of change, additionality, baselines
2.06	Jun 17, 2026	(Public consult feedback), Statement 4, Prep. for in-person meeting
2.07	June 30-July 2, 2026	In-person meeting Amsterdam
2.08	Sep 09, 2026	Revisiting key topics from in-person meeting
2.09	Oct 07, 2026	Plan for Standard drafting
2.10	Nov 04, 2026	TBD, key topics as necessary
2.11	Dec 02, 2026	TBD, key topics as necessary

Today's Objectives

1. Lay out a framework for integrating theories of change considerations into AMI work
2. Advance discussion on additionality requirements for statement 2 and 3 (within the context of theories of change)

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Theory of change helps us making implicit assumptions and beliefs more explicit and transparent, leading to informed design choices

- As we are getting closer to decision-making around specific design elements in AMI, we need to have a common understanding of the underlying theory of change, i.e. how design choices should lead to the outcomes we are seeking to enable
- Past discussions (e.g. first discussions on additionality) have shown that agreement on a theory (how design choices lead to desired outcomes) is important – in some cases there might be competing theories and no right or wrong
- Design elements, use cases, reporting claims – all are connected, choices must be made cohesively based on an agreed theory of change
- It is very likely that different theories of change apply between statements - having clarity will allow for more effective design choices

We intend to have an interactive session, pre-read shall prepare for discussion and joint work on a Miro Board

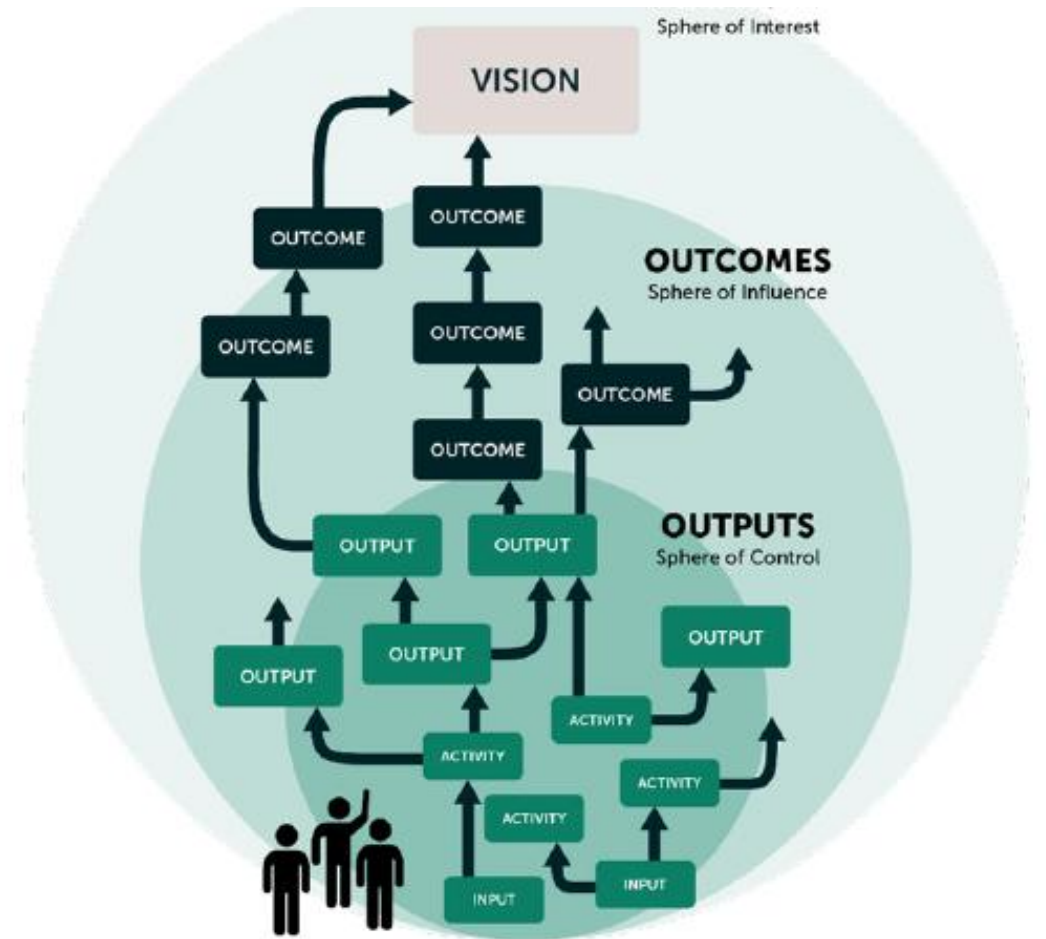
- This session will:
 - Lay out a framework for discussing theory of change
 - Start with a high-level theory of change for AMI overall so far
 - Then drill down to a proposed theory of change for statement 2 and 3, to be discussed and adjusted by the TWG
- Pre-read materials on Vision, Mission, Purpose of Statements and GHG Protocol decision making criteria are intended to facilitate an informed discussion
- While theory of change describes our conceptual thinking, it is important that it will be backed by empirical evidence

Theory of change: definition

- Theory of change is a method for describing your theory about how and why change is supposed to happen. It illustrates how actors, activities and outcomes relate to each other within your context and outlined the steps you can take to achieve a bigger goal (Erasmus University, 2026).
- It contains three spheres –sphere of control, sphere of influence and sphere of interest.

The AMI Standard theory of change explains how the creation of such standard will result into the contribution to GHG Protocol vision and mission.

AMI's theory of change is a conceptual framework which outlines the most important elements and connections between them, together with the key assumptions.





Recap: GHG Protocol Mission and Vision

- GHG Protocol's **mission** is to develop the most credible, accessible, and widely used greenhouse gas accounting and reporting standards and to proactively facilitate their global adoption and implementation.
- Our **vision** is that all private and public entities account for their GHG emissions, enabling an acceleration in reductions in line with the global warming limits required by climate science.



Recap: Purpose of AMI (from white paper)

The purpose [of the AMI Standard/Guidance] is to:

- Enable companies to account for and report on impactful decarbonization actions that are currently not reflected in the physical inventory, by establishing a credible, transparent multi-statement accounting and reporting framework
- Provide transparency in distinguishing between actions and market instruments accounted for under different statements in a GHG report, including those accounted for in the physical GHG inventory and those accounted for in other statements beyond the physical GHG inventory
- Strengthen the integrity and credibility of corporate climate action through rigorous, accurate, credible, and transparent GHG accounting and reporting approaches, providing a cross-sector standard that can be used as a foundation for sector-specific requirements and guidance
- Incentivize companies and financiers to make impactful investments in lower-carbon products, projects, and actions; enable stakeholders (e.g., investors and NGOs) to better evaluate the impacts and effectiveness of a company's decarbonization efforts; empower customers (B2B and B2C) to make informed procurement choices that support their own climate objectives



Recap: Goals and objectives of AMI (from white paper)

The goals and objectives [of the AMI Standard/Guidance] are to:

- Support GHG programs and companies by providing accounting and reporting elements to help with setting and tracking progress toward decarbonization targets, and by setting safeguards and quality criteria to ensure the credibility of reported impacts
- Address the appropriate role of actions and market instruments within corporate GHG accounting and reporting, providing a comprehensive and transparent multi-statement accounting and reporting structure beyond the physical inventory, with disaggregated reporting between statements as well as within statements for the impacts of actions and market instruments
- Enable target-setting programs to make policy decisions on how various types of actions and market instruments could be recognized under corporate mitigation targets
- Improve the comparability and consistency of reported information across organizations, including by providing a list of commonly accepted terms and definitions of actions, instruments, impacts, and related concepts to create clarity and consistency



GHG Protocol decision-making criteria play a role in the context of theory of change



- All five decision-making criteria are critical to understand and make effective decisions within the GHG Protocol governance structure
- For this conversation we will focus on understanding theories of change within the context of criteria 2A i.e. the role of statements in driving ambitious global climate action

Decision-making criteria	Description
2A. Support decision making that drives ambitious global climate action	<ul style="list-style-type: none"> • Third, approaches should advance the public interest by informing and supporting decision making that drives ambitious actions by private and public sector actors to reduce GHG emissions and increase removals in line with global climate goals. • GHG Protocol accounting frameworks should accurately and completely measure emissions such that the resulting GHG data informs effective individual and systemwide GHG mitigation action in line with global climate goals. Accounting approaches should not support or incentivize actions that are contrary to global climate goals. • Approaches should provide the necessary information to support sector-specific decarbonization in line with climate goals.



Recap: Physical GHG inventory purpose from white paper

The purpose of the physical GHG inventory is to:

- Provide a comprehensive accounting and disclosure of an organization's annual GHG emissions resulting from its activities in its operations and value chain.
- Serve as the foundation for the ecosystem of corporate GHG accounting and reporting.
- Serve as a primary basis for setting GHG emissions reduction targets and tracking progress.
- Inform mitigation strategies by providing information on major sources of emissions and trends in the reporting company's operations and value chain.
- Inform investors and other stakeholders about the reporting entity's climate-related risks and opportunities.



Recap: Market-based GHG inventory purpose from white paper

The purpose of the market-based GHG inventory is to:

- Create opportunities for organizations to account for and report on actions/investments that are not eligible for reporting within the physical GHG inventory (e.g., qualified contractual agreements for the purchase of goods and services from a common activity pool), but which result in measurable value chain decarbonization (in sectors such as chemicals, transport, steel, cement, and agriculture).
- Standardize accounting and reporting approaches and integrate eligibility criteria, safeguards, and quality criteria for the procurement and reporting of market instruments, so that reporting organizations and stakeholders can have confidence in GHG emissions reporting.
- Allow for targets to be set and progress to be tracked against targets (if market instruments are eligible under target-setting program rules).



Recap: GHG impact statement purpose from white paper

The purpose of the GHG impact statement is to:

- Provide quantification and reporting of the outcomes of corporate actions on climate change mitigation within or beyond an organization's value chain.
- Incentivize investment, financing, and mitigation through solutions where a reporting organization cannot reduce emissions in the physical GHG inventory.
- Recognize corporate contributions to GHG mitigation within value chains, sectors, and globally.
- Inform mitigation actions by identifying emission reduction opportunities based on quantified GHG impact.
- Allow for targets to be set and tracked against consequential or impact-based targets (if market instruments or other types of mitigation intervention are eligible under target-setting program rules).



Recap: Non-GHG indicators statement purpose from white paper

The purpose of the non-GHG indicators statement is to:

- Provide additional means of reporting on climate mitigation progress through indicators, separately from attributional and consequential GHG accounting.
- Provide robust and clear—ideally simple, easy-to-measure, and easy-to-communicate—key performance indicators that might influence organizations’ decarbonization actions and other decisions, and that can be used to track performance without GHG quantification.
- Allow for targets to be set and progress to be tracked against non-GHG indicator targets (if eligible under target-setting program rules).

Miro exercise: Statement-specific theories of change

- Please follow the link in the chat to access the Miro board
- TWG members will have the opportunity to provide feedback on theories of change and add their thoughts

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Research question: What additionality tests exist that could be used in the context of market-based accounting?

Definition of additionality:

“Additionality, as a concept, describes the relationship between cause and effect. For any cause and effect, the effect can be described as additional if it would not have occurred in the absence of the cause”

(ISO 14064-1)

Schafer, Herlev Gebara, Bjørn, and Brander (2025). Identifying options for additionality tests in the context of scope 2 market-based accounting

<https://www.tandfonline.com/doi/full/10.1080/17583004.2025.2473910>

Additionality paper - Schafer et al (2025)



Research method:

1. Searching offset methodologies, academic articles, and reports from governments, NGOs, etc.
2. Documenting distinct tests, and also whether they are applied in the context of market-based scope 2

Additionality paper - Schafer et al (2025)



Findings:

Name of test	Short description	Examples of guidance/standards for test in context of scope 2/electricity consumption
1. Legal, Regulatory, or Institutional Test	The outcome must not be required (or effectively required) by any official policies, regulations, guidance, or industry standards.	US Department of Energy (2023) Ever.Green (2024) Green-e (2024)
2. First-of-its-kind	The project must be the first-of-its-kind within a given geographical region.	-
3. Common Practice Test	The project must not be common practice within the jurisdiction where it is located.	-
4. Investment Tests	The project must not be financially viable or the most financially attractive option in the absence of the intervention.	Ever.Green (2024) Rocky Mountain Institute (2022) European Commission (2023)

Additionality paper - Schafer et al (2025)



Findings:

Name of test	Short description	Examples of guidance/standards for test in context of scope 2/electricity consumption
5. Timing Test	The timing of an outcome should reflect the temporal order or proximity of a cause-effect relationship for the outcome to be considered additional.	RE100 (2022) US Department of Energy (2023) European Commission (2023) Ever.Green (2024)
6. Barrier test	There must be barriers to a project that an intervention is able to remove.	-
7. Performance standard	The project achieves a level of emissions (or other performance metric) lower than a selected benchmark level.	-
8. Positive lists	Lists of project-types that are considered to be additional.	UK Green Building Council (2021) RE100 (2022)
9. Quasi-experimental tests	Comparison of the project site to a control site(s).	

Additionality paper - Schafer et al (2025)

Findings:

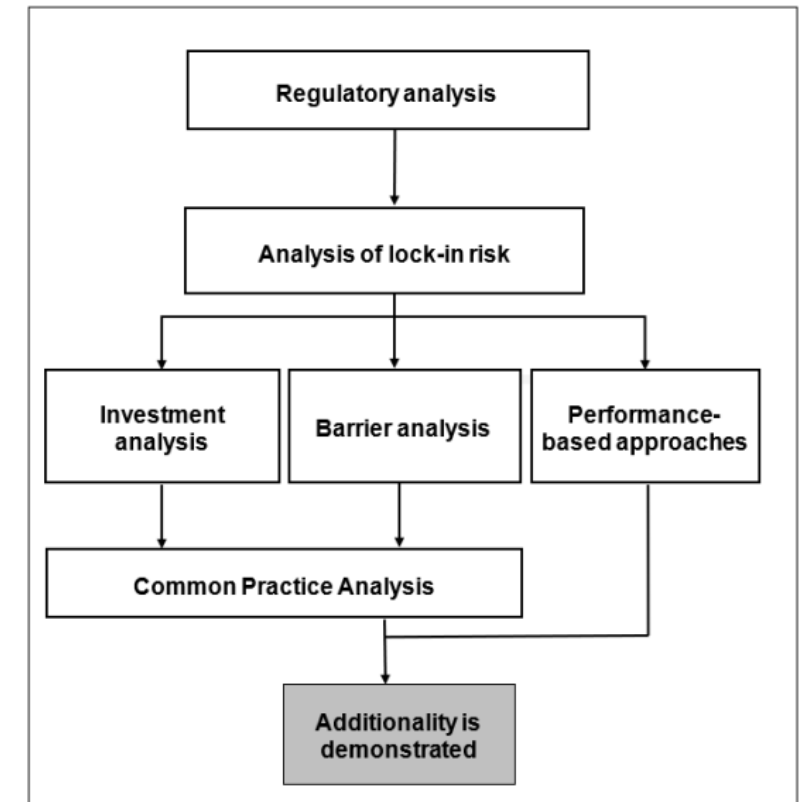
Name of test	Sub-type of test	Examples applied to scope 2
Investment Tests	Simple Cost Analysis.	-
	Investment Comparison Analysis.	-
	Investment Benchmark Analysis.	-
	Change in financial metric test.	Ever.Green (2024)
	Contract Duration. The duration of the contract must make a material difference to the financial viability of the outcome.	Ever.Green (2024)
	'Procurement factor' showing that the revenue from an EAC exceeds a threshold percentage of the costs of renewable generation. Price of EAC/LCOE.	Rocky Mountain Institute (2022)
	The project must not have received any form of subsidy or government financial support.	European Commission (2023)

Additionality paper - Schafer et al (2025)

Other considerations:

1. **No test is perfect** and there will always be false positives and false negatives – right level of stringency is a policy choice.
2. Good to think in terms of **‘likelihood’ of additionality.**
3. **Combinations of test** can be used to ensure robustness.

Figure 1. Flowchart of the approaches to demonstrate additionality



Additionality – fundamental considerations for TWG discussion

“Additionality, as a concept, describes the relationship between cause and effect. For any cause and effect, the effect can be described as additional if it would not have occurred in the absence of the cause” (ISO 10464-2)

The question we have to solve as TWG is **if additionality requirements as such shall be set for statements 2 and 3 respectively, and if yes, which kind of tests** for additionality shall be performed.

It refers to respective theories of change, i.e. **by which kind of statement design can an intended outcome** (e.g. promoting actions beyond business as usual leading to measurable decarbonization) **be best achieved.**

For statement 2 specifically, it has to be discussed if the theory of change that creating demand (EACs from a pool of low-carbon commodities such as SAF, green steel or electricity) without an explicit additionality requirement sufficiently stimulates supply (investments in low-carbon commodities/electricity) leading to the intended emission reductions (current Scope 2 approach) – or if other approaches are needed for AMI.

1. Hypothesis for statement 2: to be discussed – depends on theory of change and if we intend to take the Scope 2 MBM approach as a reference or not.
2. Hypothesis for statement 3: the consequential accounting approach implies additionality requirements; the question rather is “how” but not if: which additionality tests should be required?

Summary of miro board comments in favor of additionality in statement 2

- Suggestion that additionality is necessary to ensure that the objective of reporting impactful reductions is achieved
 - This idea is supported by some research related to the scope 2 market-based method
- Suggestion that it avoids “shuffling” negative outcomes to non-reporters without achieving systemwide impact, acknowledging that the GHG Protocol is a voluntary reporting initiative
- Suggestion that it aligns with the way that statement 2 may be interpreted or communicated, e.g. as a GHG reduction relative to the physical inventory representing a reduction in atmospheric emissions
- Suggestion that an additionality requirement can be applied within an attributional method that uses emission rates (not only when it is a change in emissions). Within attributional accounting you can determine whether the company did something that made a specific emission rate exist that otherwise would not have existed in the absence of that action.
- Suggestion that the lowest cost certificates in any certificate market will always be those that are non-additional, which means that all the non-additional attributes/certificates need to be 'consumed' first before there is any incremental 'nudge' at the margin for the first certificate that achieves additionality
 - This could also divert resources away from impact interventions
- Suggestion that additionality could be one quality criteria that is weighted alongside other quality criteria in order to develop overall impact (e.g. if additionality is not required, other quality criteria should be strengthened)

Summary of miro board comments opposed to additionality in statement 2

- Suggestion that it is not aligned with scope 2 market-based method
- Suggestion that additionality is not compatible with an attributional statement as the approach is seeking to allocate an existing pool of emissions rather than quantify a reduction
- Suggested challenges with feasibility
 - Can be difficult to prove additionality
 - Regulatory surplus may be dependent on variable exogenous market changes that are difficult to assess
 - Suggestion that assessing financial additionality is not well aligned with the complexity and multi-variable nature of decision-making
- Suggestion that a regulatory additionality requirement would create complexities and inequality for operations effected by different regulatory environments
- Suggestion that it would discourage collaboration by creating competing demands for the same reduction (e.g. opposition to regulatory-driven reductions that may then be considered non-additional)

Additionality – approach for TWG discussion in the meeting

The following questions will be discussed (involving Miro Board co-working):

1. Statement 2: Are there alternatives to additionality requirements (list of tests as outlined in the article shared) that can/shall be applied to statement 2 and meet the intended objectives re. outcomes? Which types of additionality (proxies) or above alternative criteria should be required?
2. Statement 3: Which types of additionality (proxies) should be required? Pros and cons, options to be excluded? Should there be a sequence of different additionality tests?
3. Are the tests sector agnostic? Do we need to differentiate by sectors?

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Baselines: We started reviewing existing materials/sources on baselines and will synchronize with ISO 14064-2 work

Existing materials:

- GHG Protocol for Project Accounting Standard
- GHG Protocol Policy and Action Standard
- ISO 14064-2 WD2
- ICVCM
- VCM programs and methodologies
- VCI
- AIM Platform Standard
- TCAT
- GHGMI/SEI 2026: A reporting statement for corporate mitigation intervention impact
- WBCSD Guidance on Avoided Emissions
- Others?

The AMI Standard will define the following methodological elements (draft):

- Approaches to determine the GHG baseline: project-specific baselines, performance / industry benchmarks, market-based “most likely alternative” scenarios, modeled scenarios, or comparison groups
- Time horizon: static (remain the same during the project period), dynamic (change over time during the project period), lifetime.
- Emissions factors: average, marginal.
- Ex-ante, ex-post: both mandatory or not.
- Data sources: in line with the quality criteria, the data sources should be universal or disclosed in detail if custom.
- Calculation of the baseline: standard to provide basic calculations, elaborate in the guidance.

We are seeking volunteers who want to help outlining baseline requirements



Summary of the Project Protocol on baselines

Approaches to baselines

- 1) Project specific baseline: tailored analysis for an individual project.
 - Identifies baseline scenario through structured analysis of the project activity and its alternatives;
 - Requires defining geographical, temporal, legal, economic, market conditions;
 - Baseline candidates are screened and the candidate which represents the most common practice is chosen.
- 2) Performance standard baseline: uses predefined benchmarks/emission rates for similar projects.
 - Produces an estimate of baseline emissions using a GHG emission rate derived from a numerical analysis of the GHG emission rates of all baseline candidates.
 - GHG emission rate can be time-based and production-based.

Requirements for both approaches:

- baseline candidates should provide the same product or service as the project activity
- project developers should outline when and why the product or service provided by baseline candidates will not be the same as the project activity.

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Next Steps

Asks for TWG Members

- Review pre-read material in advance of the next TWG meeting

Next Meeting Dates

- **TWG meeting**
 - June 17th
- **In-person workshop**
 - June 30th – July 2nd

Thank you!

Contact information

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