

Actions and Market Instruments Technical Working Group

In-person workshop – Day 1

GHG Protocol Secretariat team:

Ralf Pfitzner, Alejandra Bosch, Yumzhana Daneeva, Kevin Kurkul, David Rich

June 30, 2026
Amsterdam

Introduction and welcome

11:30 – 12:30



GREENHOUSE
GAS PROTOCOL

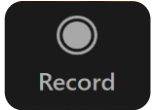


WORLD
RESOURCES
INSTITUTE

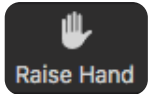


World Business
Council
for Sustainable
Development

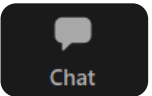
Housekeeping for our in-person/ hybrid meeting



All sessions will be recorded.



Please use the Raise Hand function to speak during the call / signal with your hand you want to speak.



You can also use the chat function in the main control.

Ground rules

- One person speaks at a time
- Be mindful of participants joining online
- For those joining online: Please have your camera on
- Please put your mobile phones on mute and limit the use of computers, tablets etc.



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

Your workshop team

GHG Protocol Secretariat



Alejandra Bosch



David Rich



Kevin Kurkul



Ralf Pfitzner



Yumzhana Daneeva

Agenda – Day 1

Time	Topic
11:00 - 12:30	Intro, goals, and icebreaker
1:00 – 2:00	Lunch
2:00 – 2:30	Introductory remarks from GHG Protocol CEO
2:30 – 3:30	Revisiting theory of change
3:30 – 4:00	Break
4:00 – 6:00	Topic breakout: Quality criteria and eligibility criteria
4:00 – 6:00	Topic breakout: Traceability
4:00 – 6:00	Topic breakout: Baselines

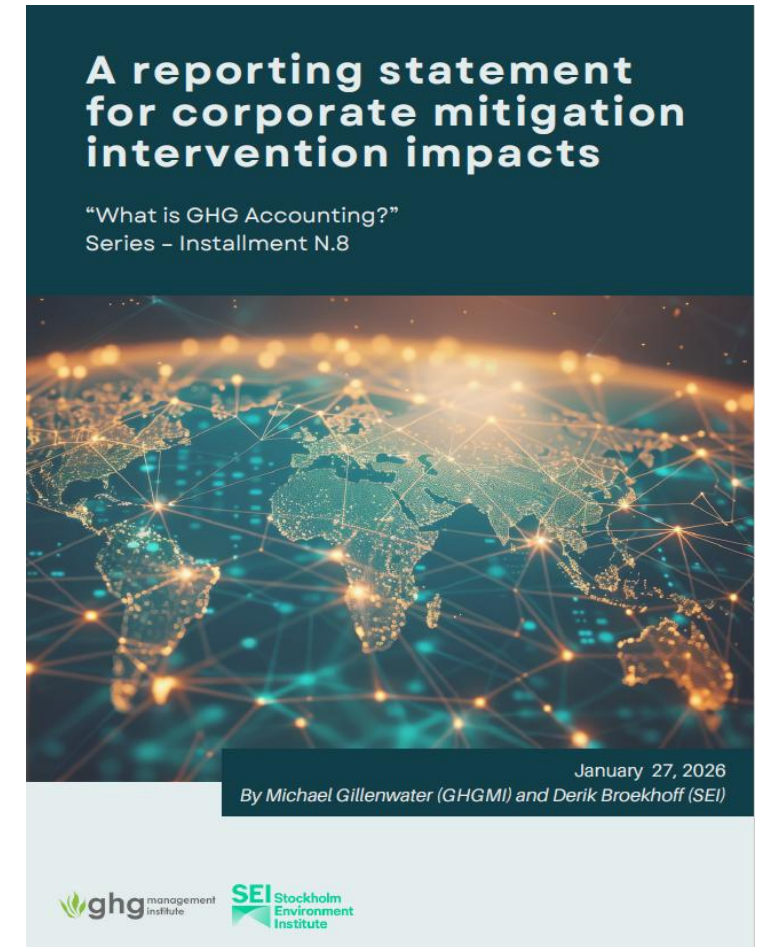
Agenda – Day 2

Time	Topic
9:00 - 9:15	Intro
9:15 – 10:00	Breakout report back
10:00 – 11:30	Avoided emissions from products
11:30 – 12:00	SBTi update
12:00 – 1:00	Lunch
1:00 – 2:30	Reporting claims
2:30 – 3:00	Break
3:00 – 5:30	Topic breakout: Statement 2 design
3:00 – 5:30	Topic breakout: Statement 3 design

Agenda – Day 3

Time	Topic
9:00 – 9:15	Intro
9:15 – 10:00	Breakout report back
10:00 – 11:30	Topic breakout: Double counting and mutual exclusivity
10:00 – 11:30	Topic breakout: Operationalizing additionality
11:30 – 12:00	Breakout report back
12:00 – 1:00	Lunch
1:00 – 4:00	Examples and bringing topics together
4:00 – 4:30	Content wrap up – revisiting decisions
4:30 – 5:00	Next steps and path forward
5:00 pm	Workshop concludes

What happened since our last meeting – a dynamic environment with contributions from AMI TWG member (organizations)



What happened since our last meeting – a dynamic environment with contributions from AMI TWG member (organizations)



International
Standard

ISO 22095-3

Chain of custody —
Part 3:
Requirements and guidelines for
book and claim

Chaîne de contrôle —
Partie 3: Exigences et lignes directrices pour la réservation et
réclamation

Reference number
ISO 22095-3:2026(en)

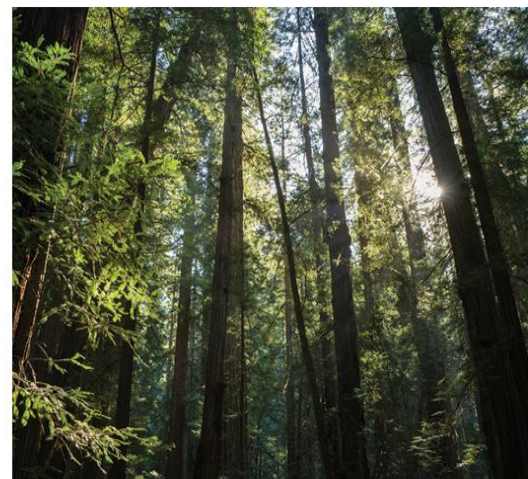
Licensed to TWG- for the purpose of review for GRI
2026-02-12
Single-use license only; copying and networking prohibited

● ISO 2026

TCAT TASK FORCE FOR
CORPORATE ACTION
TRANSPARENCY

JUNE 2026

V1.1 Mitigation Action Accounting and Reporting Guidance



„Market mechanisms/EACs are a critical unlock for value chain action“¹⁾

Barriers to value chain action...



Physical Proximity

Low carbon products may be produced physically far from where their customers show demand



Value Chain Complexity

Demand and willingness to pay for low carbon products may be with end brands, rather than direct customers



Fragmented emissions

S3 footprints may be spread across suppliers even though emissions are concentrated in a few raw materials



Commitment timeframes

While climate targets are long term, procurement of physical materials is often locked to shorter-term cycles

...how EACs help

Geographic Flexibility

EACs allow customers to serve demand pools across markets without disruption of physical value chains

Value Chain Flexibility

EACs allow suppliers of low carbon products to serve indirect customers without physical traceability

Volume Flexibility

EACs allow customers to aggregate exposure to low carbon commodities enabling bulk sourcing

Time Flexibility

EACs enable long term certificate offtakes even if customers are not able to commit to physical purchases

!) Source: BCG; slide copied from “The Next Generation of Corporate Climate Action” – Event at London Climate Action Week June 24; AMI TWG prefers other terms

„...and the ecosystem is mobilizing; now is the moment to lean in,,¹⁾

Flagship deals being announced	Sector specific rule-books being developed	Demand coalitions forming
Steel Stegra & Microsoft	Steel WorldSteel CoC	Steel Sust. Steel Buyers Platform
Ammonia Yara & Pepsico	Ammonia AEA	Ammonia 3Degrees
Cement Heidelberg EvoZero	Cement GMA / GCCA	Trucking, Cement, Chemicals GMA
SAF American Airlines - Google	Aviation SAFc	Aviation SABA
Maritime Katalist EACs	Transport Smart Freight Centre	Heavy Industry First Movers Coalition
Chemicals Dow & P&G	Power Northbridge power EACs	Pharmaceuticals Sust. Markets Initiative
	Maritime Katalist EACs	

1) Source: BCG; Slide copied from “The Next Generation of Corporate Climate Action” – Event at London Climate Action Week June 24

Why companies want to integrate market instruments

1

Market instruments can help companies overcome barriers to accounting for their emissions-reduction measures

Average-based inventories struggle to capture low-carbon procurement without primary supplier data, or when effects fall outside the value chain – e.g. a dairy with no direct link to feed producers can instead buy certificates traced to the same region.

2

They could incentivise the financing of capital-intensive decarbonisation technologies in the value chain

Demonstrating progress on sectoral transitions lets producers recoup investment or fund further decarbonisation – e.g. a steelmaker selling part of its output as 'green' at a premium to fund replacing energy-intensive processes.

3

They can be a transition tool where physical supply of lower-emissions commodities or fuels is structurally constrained

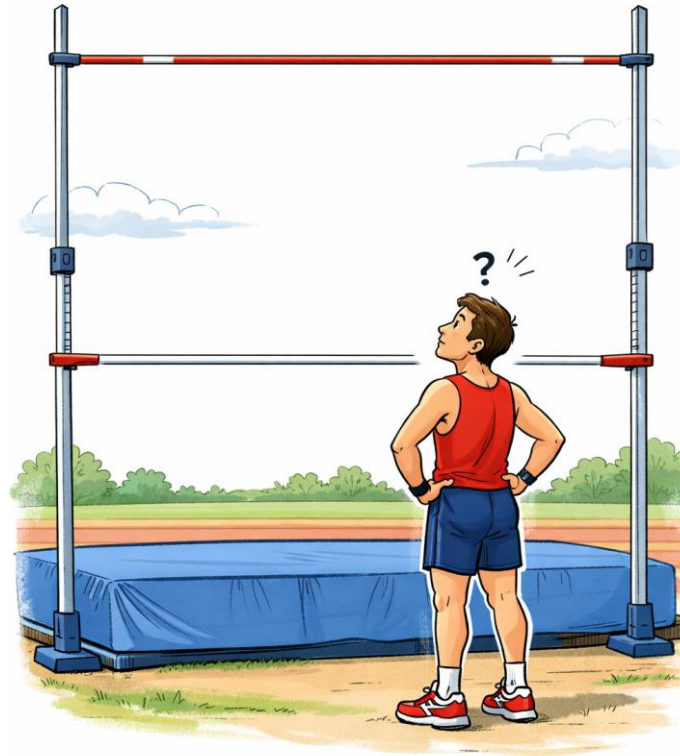
Where supply is limited and unevenly distributed – e.g. sustainable aviation and maritime fuels – instruments can connect demand and supply until those fuels become more widely available.

The risks of allowing market instruments without guardrails

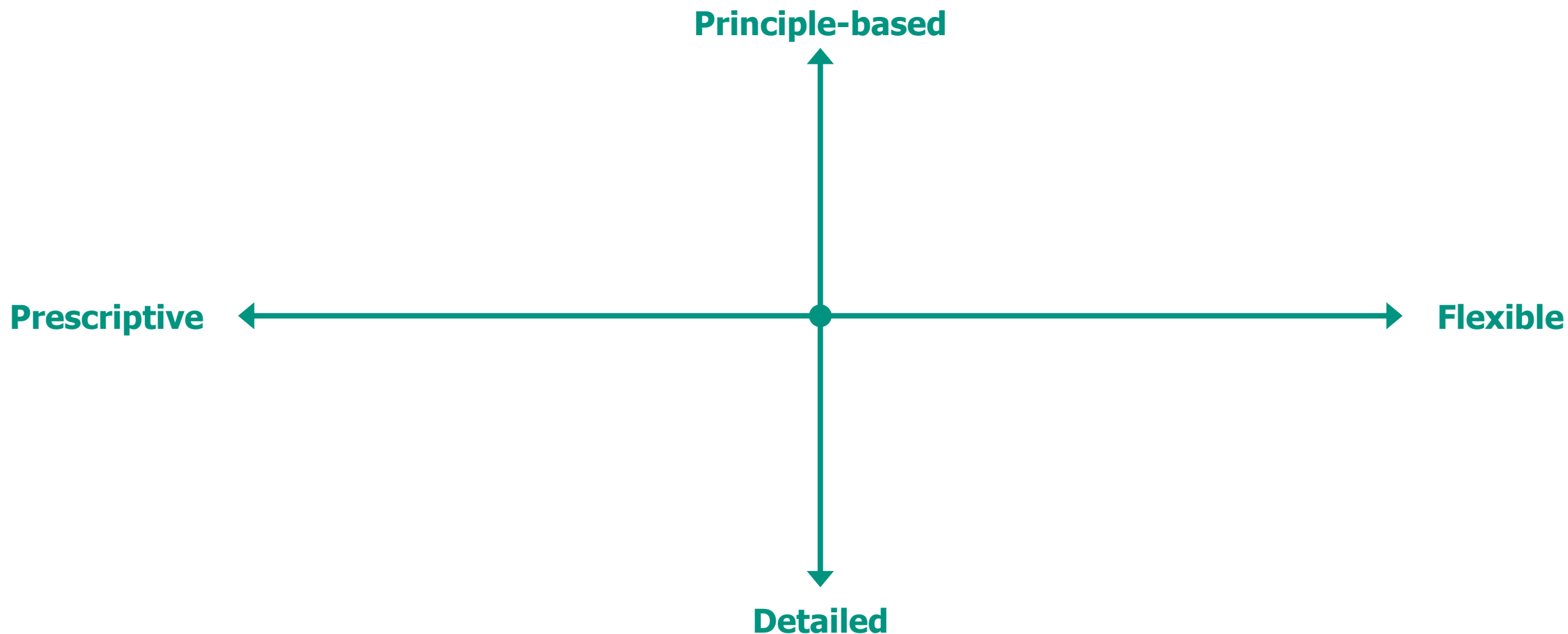
Without appropriate guardrails...

- 1 They may reward existing practices rather than driving new emissions reductions**
Instruments should support reductions beyond business as usual – e.g. selling certificates for already-common scrap-based steel recycling lowers product-level emissions but need not go beyond what the sector already does.
- 2 Meeting surging demand for lower-emissions products may have unintended consequences**
A supported technology can create new risks elsewhere – e.g. SAF made from limited biomass can divert feedstock from chemicals, power and land transport, and compete with agriculture for land.
- 3 They could fund incremental action, potentially delaying system-level change**
Low-ambition interventions risk locking in fossil reliance – e.g. steelmakers may delay H2DRI investment by selling reductions from recycled steel; minimum technology or decarbonisation requirements for claims can address this.

Setting the bar high - but not too high



When setting requirements in the AMI standard, we need to balance different aspects – no one size fits all



Objectives of our AMI TWG workshop

- Get insights on topics not yet covered broadly in TWG
- Discuss potential controversial topics and align – find constructive ways forward (or define options clearly)
- Take (provisional) key decisions that enable moving forward on key topics to draft writing stage
- Connect the dots – making interdependencies transparent how certain aspects are connected
- Continue building the AMI TWG team

Discussion of standard structure triggered by ISO cooperation led to three main options - many criteria relevant for decision making

Defining option space

Option A: Corporate Standards Suite consists of multiple interrelated standards



Option B: Single Corporate Standard with multiple parts



Option C: Single consolidated Standard



Applying evaluation criteria

- User friendliness
- Adoption by regulators
- Adoption by programs
- ISO view
- Conformance claims
- Resource implications
- Future revision cycles (flexibility, resources, coherence, additions)
- Timeline risks

ISB discussion and recommendation

April 23:
Clear vote for
Option B:
single
standard with
multiple parts

SC discussion /
decision

May 19
SC votes for
Option B:
single
standard with
multiple parts

Following Option B agreement, Secretariat and ISO discussed how best to implement Option B - Option B4 favored, relevant for AMI

Option B1: Parts organized by workstream/topic area

- Introduction, general requirements
- Physical inventory: general requirements
- Physical inventory: scope 1

• Scope 2

• Physical inventory: scope 3

- AMI Statement 2: Market-based inventory
- AMI statement 3: GHG impact statement
- AMI statement 4: Non-GHG indicators

Original assumption

Option B2: Parts organized by statement

- Introduction, general requirements
- Physical inventory: general requirements
- Physical inventory: scope 1
- Physical inventory: scope 2
- Physical inventory: scope 3

• AMI Statement 2: Market-based inventory

• AMI statement 3: GHG impact statement

• AMI statement 4: Non-GHG indicators

ISO WG4 convenor original suggestion

Option B3: Parts organized by workstream & statement

- Introduction, general requirements
- Physical inventory: general requirements
- Physical inventory: scope 1

• Physical inventory: scope 2

• Physical inventory: scope 3

• AMI Statement 2: Market-based inventory

• AMI statement 3: GHG impact statement

• AMI statement 4: Non-GHG indicators

Option B4: Two parts

- Introduction, general requirements
- Physical inventory: general requirements
- Physical inventory: scope 1
- Physical inventory: scope 2
- Physical inventory: scope 3

• AMI Statement 2: Market-based inventory

• AMI statement 3: GHG impact statement

• AMI statement 4: Non-GHG indicators

Compromise/hybrid options

Draft standard outline - Part 2: Actions and Market Instruments

- Statement 2: Market-based GHG inventory
 - Principles
 - Boundaries
 - Data and calculation
 - Eligibility criteria and quality criteria
 - Tracking progress over time
 - Verification and assurance
 - Reporting
- Statement 3: GHG impact of actions
 - Principles
 - Boundaries
 - Data and calculation
 - Eligibility criteria and quality criteria
 - Tracking progress over time
 - Verification and assurance
 - Reporting
- Statement 4: Non-GHG indicators (TBD)
- Glossary

Workplan 2026-early 2027 milestones

Activity	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Remark
TWG Meetings	▲	▲	▲	▲	▲	▲	▲	▲					
RFI Feedback		▲	■	■	■	▲							
Other inputs.													
Phase 2 topic development													
Draft Standard.													

RFI closed Quant. eval. Qualitative eval. Summary Report ISB

Scope 2 conseq. Acc ISO WD 2 Feedback evaluation

content,, drafting Include RFI/ ISO Feedback

TWG discussion Review ISB overview Standard to ISB ISB review and approval for public cons.

Welcome from GHG Protocol Leadership

14:00 – 14:30



GREENHOUSE
GAS PROTOCOL



WORLD
RESOURCES
INSTITUTE



A conversation with the GHG Protocol CEO, Tim Mohin



Theory of change

14:30 – 15:30



WORLD
RESOURCES
INSTITUTE



Purpose for conversation

- Revisit the theory of change flows from TWG meeting 2.05, updated to integrate TWG feedback
- Refresh our collective understanding of theories of change to help inform upcoming conversations in the workshop
- We will first briefly review a summary of the TWG feedback on statement 2, and then review the updated theory of change flows for statements 2 and 3

Summary of TWG members' responses on Statement 2 Theory of change

- Overall
 - Suggestion that if the system is intending to measure decreases in emissions that it be very clear about what the decrease is relative to
 - Suggestion that the two pathways may not be mutually exclusive
 - Suggestion that the theory should align with that of the scope 2 market-based method
 - Suggestion that measuring decreases in emissions should be limited to statement 3
- On additionality
 - Suggestion that evaluations of additionality do not align well with the multi-faceted nature of investment and purchasing decision-making
 - Suggestion that additionality is necessary in the context of a voluntary system to avoid “shuffling” emissions
 - Suggestion that additionality is very difficult to prove in practice
 - Suggestion that additionality is not necessary to substantiate use claims

Summary of TWG members' responses on Statement 3 Theory of change (1/2)

- On Assumptions:
 - Observation that Statement 3 involves not only emission reductions impact but multiple impact types - such as avoided emissions, system-wide effects.
 - Clarification that Statement 3 complements but does not replace Scope 1, 2, 3 and especially Category 15.
- On Positive Outputs:
 - Proposal to add "avoidance of double counting and double claiming"
 - Proposal to add "support for scaling climate solutions"
 - Recommendation to emphasize the importance of increased transparency on avoided emissions and better contextualization of Scope 1, 2, 3 emissions
- On Negative Outputs:
 - Suggestion to include the risk of incomparable metrics across sectors
 - Suggestion to include the risk of misinterpretation without clear category boundaries
 - Comment highlighting the potential uncertainty in impact estimates

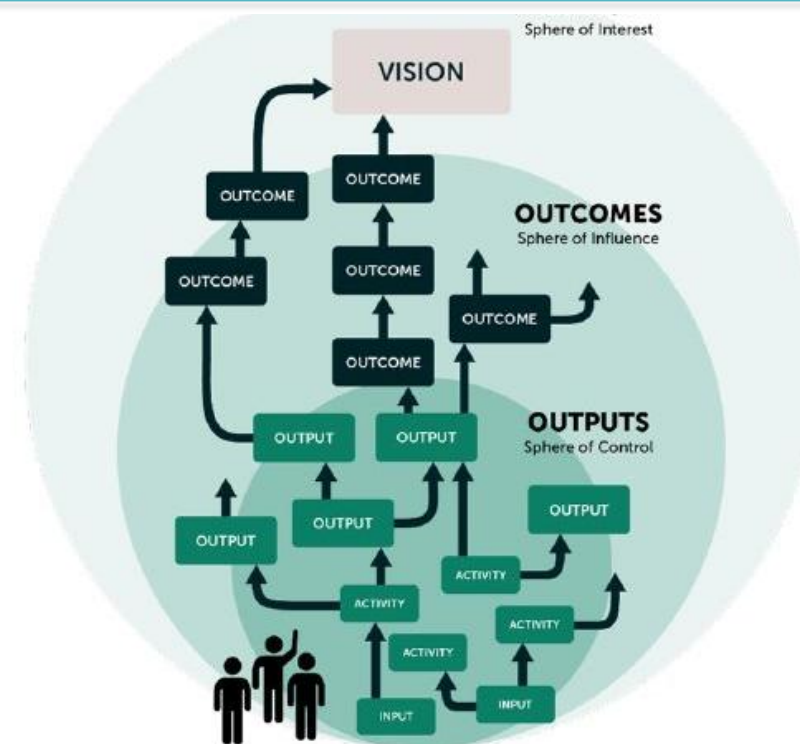
Summary of TWG members' responses on Statement 3 Theory of change (2/2)

- Avoided emissions should be reviewed separately given its fundamental difference from other categories
 - Proposal to restructure the theory of change or create a separate theory of change for avoided emissions of sold products
- Suggestions to further determine the requirements/safeguards in the theory of change chart and include:
 - Requirement for clear definitions of all categories
 - Guidance for uncertainty quantification and communication
 - Double-counting prevention
 - Sector-specific comparability guidance
 - Disclosure of assumptions and data source
 - Clear definition of a relationship with Scope 3 Category 15

Conclusion on the updated theory of change: Statement 3

In general, theory of change for Statement 3 received several qualitative additions with no existing parts amended. Overall, no major changes observed.

- Expanded parts:
 - Assumptions
 - Positive outputs
 - Negative outputs
- Structural change:
 - Adding a new part - "safeguards/requirements" which correlates with some quality criteria



Topic breakout: Quality criteria and eligibility criteria

16:00 – 18:00



WORLD
RESOURCES
INSTITUTE



Summary of previous outcomes

- Quality criteria (QC) and eligibility criteria (EC) were originally discussed by the TWG during meeting 2.02 in February
- Feedback from the TWG was used to form a subgroup, which met three times throughout March and April to advance discussion of the quality criteria
- Based on subgroup feedback and further analysis, the Secretariat developed a first draft of QC text to bring into discussion today
- Additionally, a first draft of eligibility criteria for statements 2 and 3 were prepared by the Deloitte team

Summary of previous outcomes

Definition of quality criteria

- A set of integrity requirements that shall be met for actions or market instruments to be accounted for and reported in the actions and market instruments portion of the multi-statement GHG reporting structure (i.e. statement 2 or statement 3).
- Basis for quality criteria
 - ICVCM Core Carbon Principles (for carbon credits)
 - SBTi Corporate Net Zero Standard v2.0 (partial/as applicable)
 - GHG Protocol Land Sector and Removals Standard/Guidance (partial/as applicable)
 - AIM Platform (partial/as applicable)
 - TCAT (partial/as applicable)
 - TWG discussions

Agenda

- 30 minute blocks of review
 - 10 minutes for initial TWG review and miro board post its
 - 20 minutes for discussion of key topics
- Block 1: criteria 1, 2, 3, 4
- Block 2: criteria 5, 6, 7, 8, 9
- Block 3: criteria 11, 12, 13, 14
- 15 minutes for wrap up and review

Quality criteria to discuss

1. Quantified
2. Additionality
3. [Intervention record / Tracking]
4. Transparent documentation
5. Temporal alignment
6. Credible baselines
7. Permanence
8. Leakage
9. Unique attribution
10. Avoid double counting
11. Verification
12. Governance
13. [Contribution toward net zero transition (ICVCM) / Contribution to decarbonization / System-level impact (SBTi)]
14. Sustainable development benefits and safeguards

Topic breakout: Traceability

16:00 – 18:00



WORLD
RESOURCES
INSTITUTE



White Paper content

Physical GHG inventory

- Emissions (and removals, if applicable) from a common activity pool are allocated to end users based on physical relationships and physical flows of goods and services.
- It allows chain of custody models that establish physical traceability to the reporting company.
- It also accounts for average emissions from a shared pool if the reporting company's physical traceability does not exceed that shared pool.

Statement 2: Market-based GHG inventory

- It allocates emissions associated with the reporting entity's activities from a common activity pool, based on qualified contractual arrangements for the purchase of goods and services (across scopes).
- It allows chain of custody models that establish contractual traceability from suppliers to the reporting company.

Statement 3: GHG impact statement

- The GHG impact statement provides a dedicated, structured statement for reporting on the impacts of actions taken by the reporting entity inside and outside its value chain (e.g., emissions avoided, reduced, or removed). It applies to actions such as projects, interventions, investments, production/sale of products, and purchase/consumption of products.

Questions to respond

Standard

- What is the level of traceability required to use supplier-specific emission factors in the Physical GHG inventory?
- What are other mechanisms that can be used to establish physical connectivity, besides CoC models?
- Is traceability or Chain of Custody models relevant to Statement 2?
- Is traceability or Chain of Custody models relevant to Statement 3?
- Matching the volume sourced (and what happens with the excess) – pending QC / EC.
- Geographical and temporal considerations (including for book and claim) – pending QC / EC.

Guidance

- Guidance on: technical feasibility, specified characteristics, transfer boundaries, product groups, distribution, attribution and allocation.
- Guidance on interpreting claims that correspond to the traceability or CoC model used
- How does LSRS impact traceability fits here?

Summary of previous outcomes

Physical GHG Inventory

- There were different perspectives on the level of physical traceability that should be required, which resulted on three different proposals being drafted (see following slides).

Statement 2

- In general, physical traceability was not considered as relevant. However, Scope 2 MBM puts and emphasis on deliverability.
- The discussion should be resumed after defining eligibility criteria.

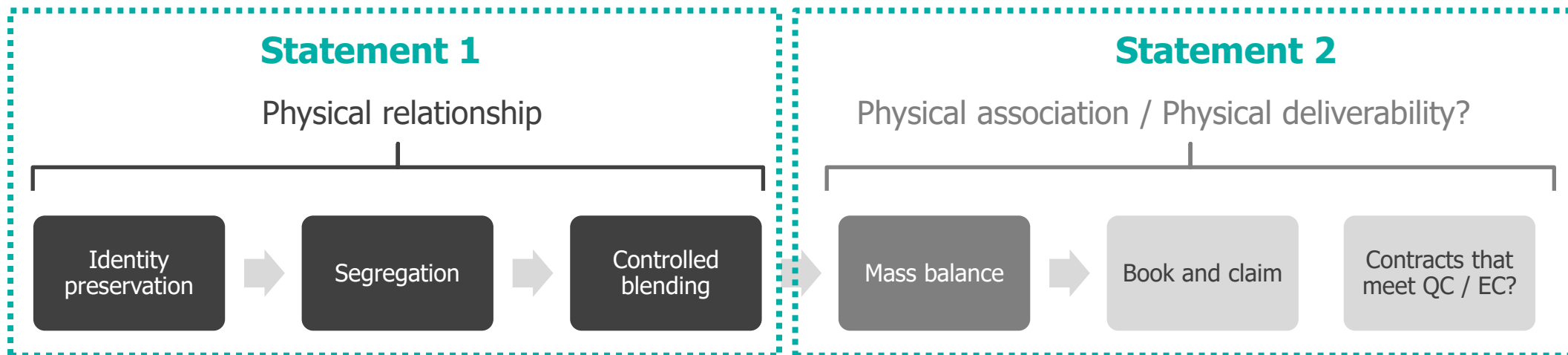
Statement 3

- Physical traceability was not considered relevant, but what exceeds statement 1 or 2 could be reported here.
- The discussion should be resumed after defining traceability for statement 1 and 2.

Additional outcomes

- There are many challenges on implementing Chain of Custody models, a proposal was drafted to use other mechanisms to complement CoC models.
- Traceability applies differently to each sector, case studies or examples can illustrate applicability across sectors.

Proposal 1



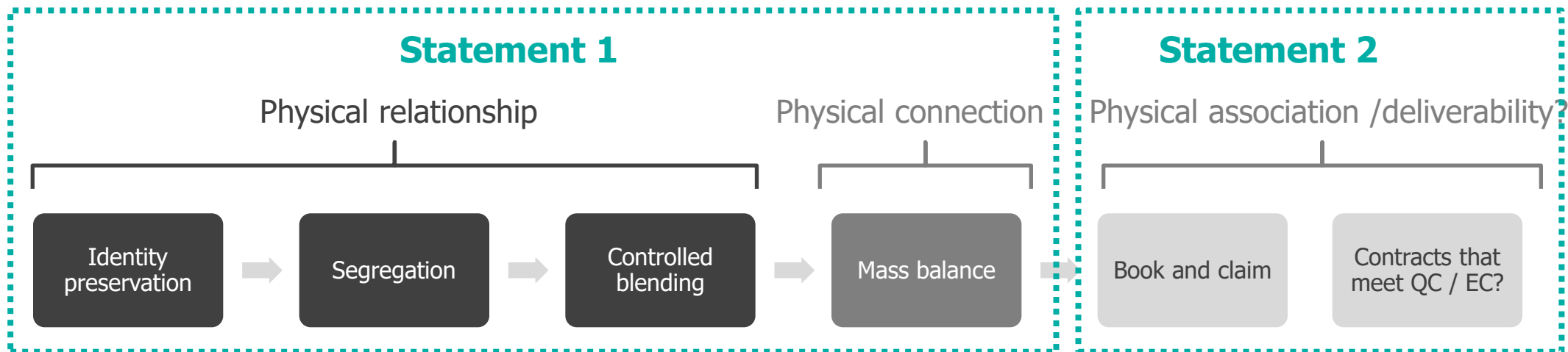
Requirements

1. To use a supplier-specific emission factor in the Physical GHG inventory companies **shall** have physical traceability to the supplier. To demonstrate physical traceability, companies **shall** apply identity preservation, segregation or controlled blending chain of custody models, and meet the following criteria:
 - No double counting between statement 1 and 2, within the same or different companies (Pending QC / EC).
2. To use an emission factor in the Market-based GHG inventory companies **shall** have physical association (deliverability?) to the value chain, and meet the following criteria:
 - Matching the volume sourced (Pending QC / EC).
 - Geographical and temporal considerations (Pending QC / EC).

Recommendations

- Companies **should** have third-party verification.

Proposal 2a



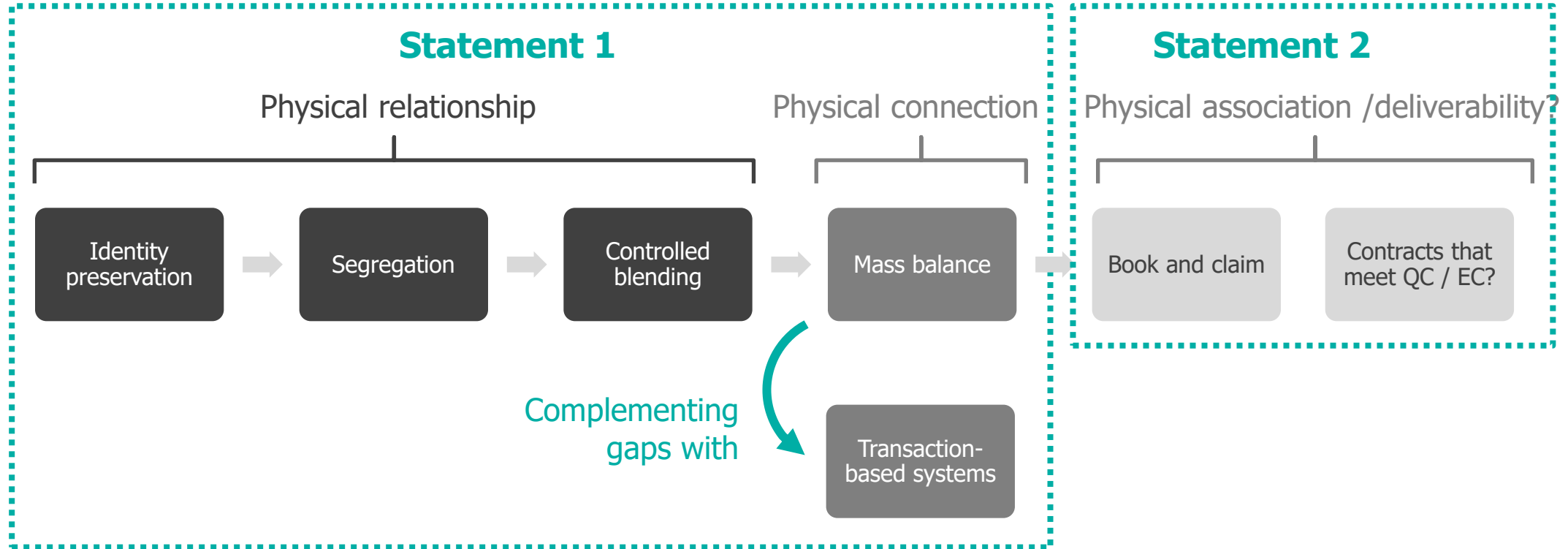
Requirements

- To use a supplier-specific emission factor in the Physical GHG inventory companies **shall** have physical traceability to the supplier. To demonstrate physical traceability, companies **shall** apply identity preservation, segregation, controlled blending or mass balance chain of custody models. Mass balance chain of custody models **shall** meet the following criteria:
 - *Transfer boundary. Pending to be defined.*
 - Reconciliation period. Define and disclose a reconciliation period that is representative for the process and that does not exceed the evaluation period. It **should** not exceed 12 months.
- To use an emission factor in the Market-based GHG inventory companies **shall** have physical association to the value chain, and meet the following criteria:
 - Matching the volume sourced (Pending QC / EC).
 - Geographical and temporal considerations (Pending QC / EC).

Recommendations

- To use a supplier-specific emission factor in the Physical GHG inventory companies **should** have third-party verification.

Proposal 2b



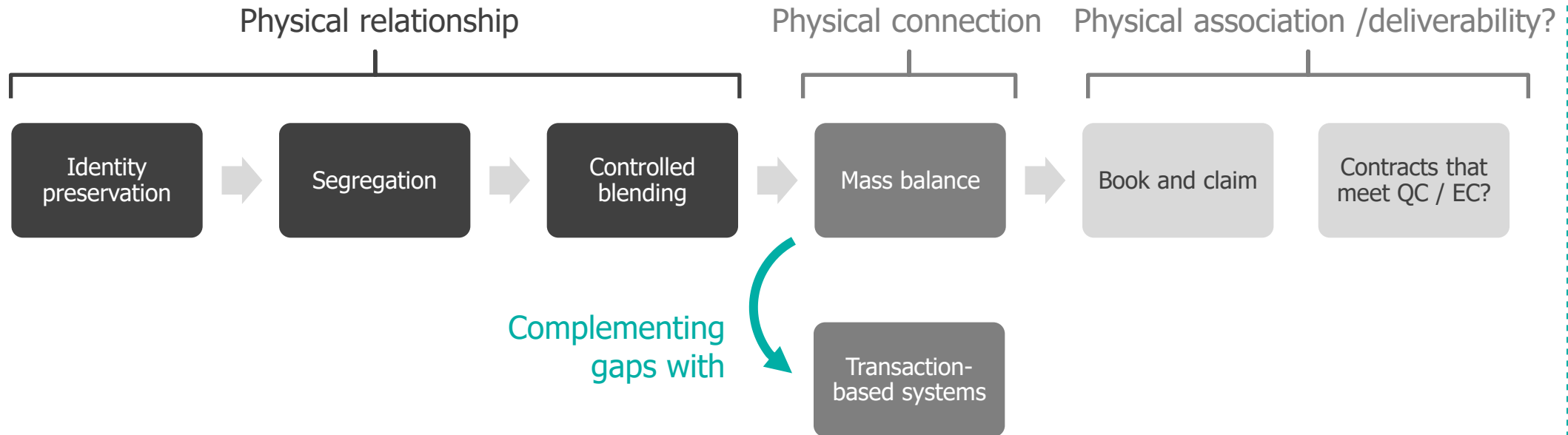
Requirements

- *Same as Proposal 2a*
- *Pending to define additional criteria for transaction-based systems*

Statement 1

LCA / Average
emission factors

Statement 2



Requirements

1. Report in the physical GHG inventory using LCA or average emissions factors from a common activity pool (*following the corporate standard, scope 2 and scope 3 standard*).
 2. To use an emission factor in the Market-based GHG inventory companies **shall** have physical association to the value chain, and meet the following criteria:
 - Matching the volume sourced (Pending QC / EC).
 - Geographical and temporal considerations (Pending QC / EC).
- Companies **shall** disclose the level of physical association / deliverability.

Evaluate proposals against decision-making criteria

A company can use supplier-specific emission factor in the Physical GHG inventory when they have physical traceability.

		1A. Scientific integrity	1B. GHG accounting and reporting principles	2A. Support decision making that drives ambitious global climate action	2B. Support programs based on GHG Protocol and uses of GHG data	3. Feasibility to implement
Companies shall have physical traceability if they use supplier-specific emission factors in the <u>Physical GHG inventory</u> .	Proposal 1. Physical traceability can be demonstrated with identity preservation (IP), segregation (S) and controlled blending (CB) chain of custody (CoC) models.					
	Proposal 2a. Physical traceability can be demonstrated with IP, S, CB and Mass balance with additional criteria CoC models.					
	Proposal 2b. Physical traceability can be demonstrated with IP, S, CB and Mass balance CoC models complemented with transaction-based systems, with additional criteria.					
Companies shall report supplier-specific emission factors in <u>Statement 2</u> .	Proposal 3. The level of traceability is a quality criterion to be disclosed.					

Topic breakout: Baselines

16:00 – 18:00



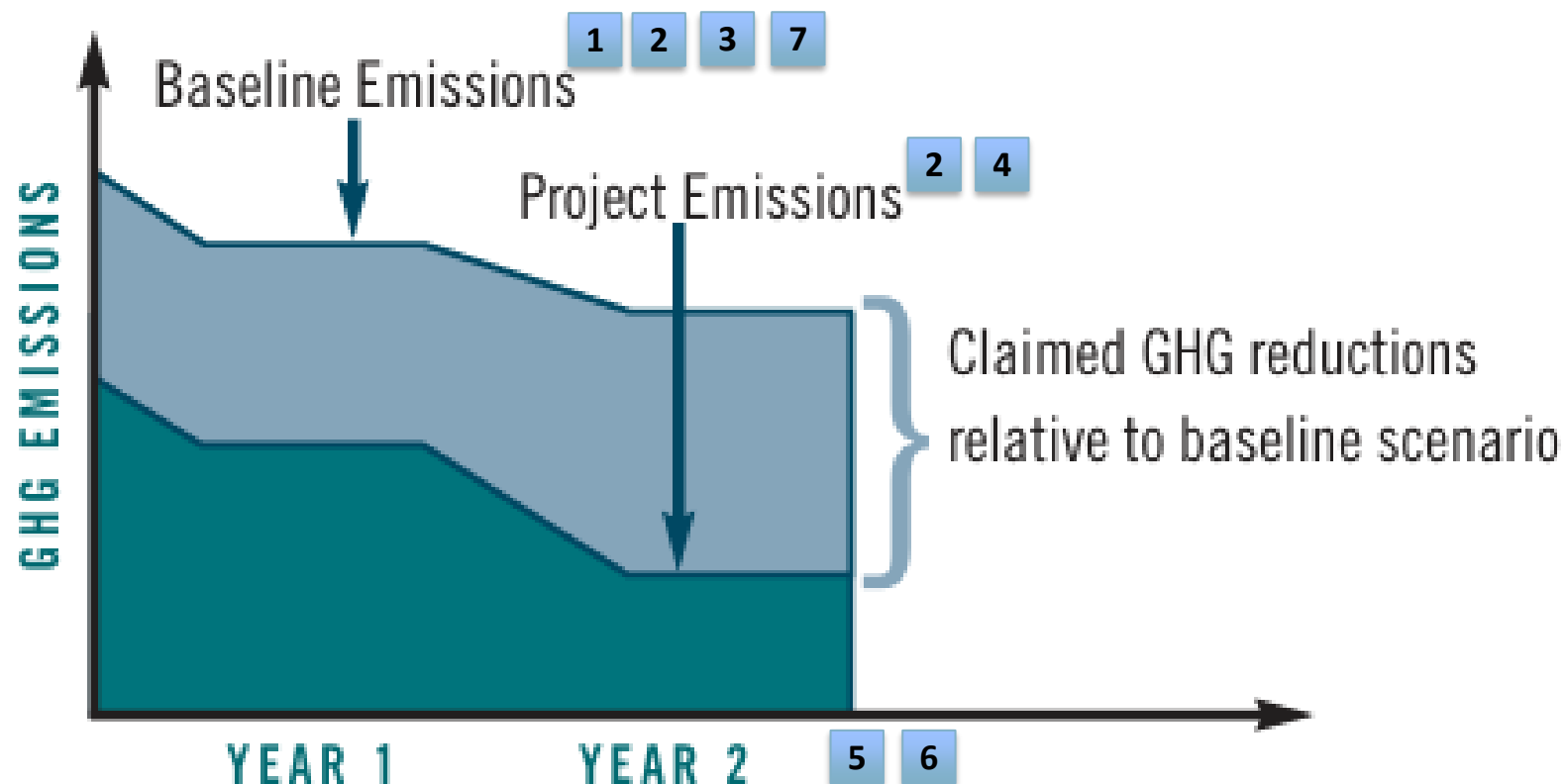
GREENHOUSE
GAS PROTOCOL



WORLD
RESOURCES
INSTITUTE



Statement 3: Baselines – how do they work? Several questions to be answered for draft standard chapter



- 1** How to set a baseline – baseline methods
- 2** Which emission factors to apply (average, marginal)
- 3** How to calculate baseline emissions
- 4** How to calculate intervention emissions
- 5** Time horizon of baseline (static, dynamic)
- 6** Ex post vs ex ante calculations
- 7** Review of baseline assumptions

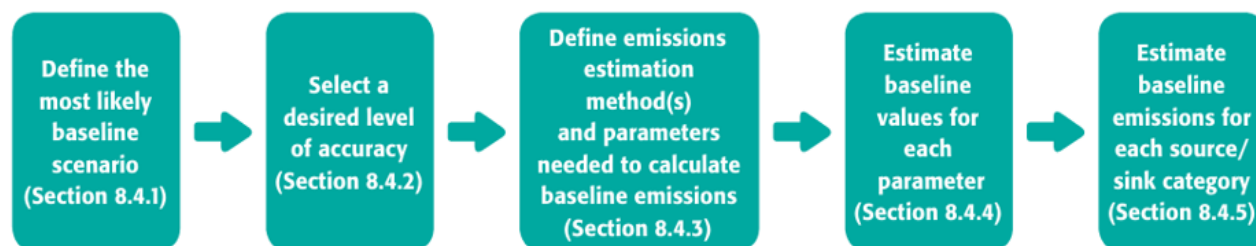
We captured all relevant sources for baseline methodology development

Sources of information:

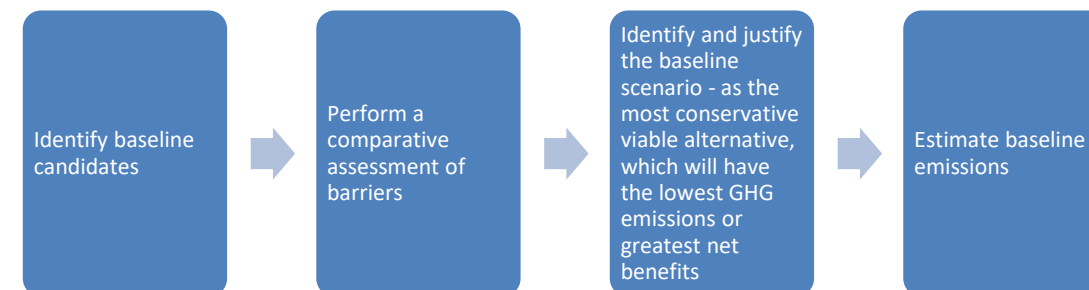
- GHG Protocol for Project Accounting Standard
- GHG Protocol Policy and Action Standard
- ISO 14064-2 WD2 and ISO Q&A on baseline scenario
- ICVCM
- AIM Platform Standard
- TCAT
- GHGMI/SEI 2026: A reporting statement for corporate mitigation intervention impact
- WBCSD Guidance on Avoided Emissions

Typical steps in setting the baseline

Scenario method¹



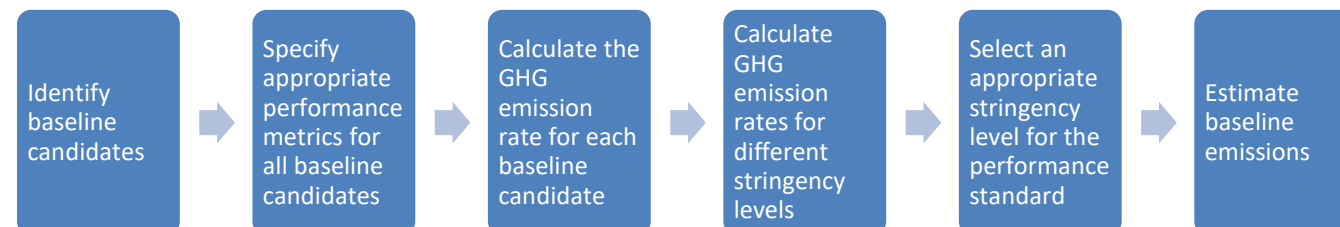
Project-specific procedure²



Comparison method¹



Performance standard procedure²



Source:

1. GHG Protocol Policy and Action Standard
2. Own chart based on GHG Protocol Project Standard

Draft chapter: main elements

1.1 General requirements:

- The organization shall determine a GHG baseline scenario for any action to be accounted for in its GHG impact statement
- The baseline scenario represents what would have happened in the absence of the action being assessed. (Policy and Action)
- The boundary of the baseline scenario shall be consistent with the defined intervention boundary and time period.
- The baseline shall be based on transparent assumptions and, data sources and all methods, data sources, assumptions shall be justified and documented.
- Where uncertainty exists, conservative assumptions shall be applied. *Degree of conservativeness in the quantification of baseline emissions or removals is based on the level of the overall uncertainty, taking into account the choice of assumptions, models, parameters, data sources, measurements methods and other factors.* (ICVCM)

1.2 Selection of GHG baseline scenario: which approaches should be included in AMI?

1. Project-specific procedure (Project Protocol)
 - Project-specific procedure produces an estimate of baseline emissions for a project activity's primary effect through the identification of a baseline scenario linked to the specific circumstances surrounding the project activity. The baseline scenario is identified through a structured analysis of the project activity and the baseline candidates
2. Performance or industry benchmark baseline (Project Protocol)
 - 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.
3. Scenario method (Policy and Action)
 - Defines a baseline scenario that represents the conditions most likely to occur in the absence of the action for each source or sink category included in the GHG assessment boundary.
4. Comparison group method (Policy and Action)
 - Identifies an equivalent comparison group for each source or sink category included in the GHG assessment boundary.
 - Estimate emissions and removals from the comparison group and the action group over the GHG assessment period for each source/sink category and greenhouse gas included in the GHG assessment boundary.
5. Other methods (open for suggestions)

Which calculation methods should be included in AMI?



1.6 Calculation of baseline emissions

Project-specific procedure	Performance or industry benchmark baseline	Scenario method	Comparison group method
• Baseline is built by comparing realistic alternatives for a specific project. • The barriers affecting each option are assessed. • The baseline scenario becomes the most plausible alternative given the barriers. • If barriers didn't work, most conservative options is chosen (lowest emissions) or highest net benefits	• Baseline is a data-driven industry benchmark as emission rates are collected from many comparable candidates and then aggregated • Stringency level should be determined in order to choose the benchmark (around the average, above the average, or best-performing) • Baseline emissions = benchmark rate x project activity level	• Defines a baseline scenario that represents the conditions most likely to occur in the absence of the action • The typical method of estimating emissions from a source or sink category is to multiply activity data by an emission factor • A variety of equations, algorithms, and models may be used to estimate baseline emissions (bottom-up, top-down methods, extrapolation, simulation models etc).	• Compares one affected by an action with an equivalent group that is not affected by that action, and comparison group acts as a proxy for baseline scenario • Collect activity data and emissions factors for both groups and estimate emissions for each source/sink; apply parameters (GWP). • Aggregates estimated baseline emissions across all categories of sources and sinks, avoiding double counting to estimate total baseline emissions.

1.3 Baseline time period



- The time period shall be one year for the reporting year (calendar year or other 12-month reporting period), quantified ex-post.
- A GHG baseline can be static (remain the same during the project period), dynamic (change over time during the project period) (ISO).

1.4 Baseline parameters and emission factors: requirements

Marginal VS Average emission factors: Users may use either marginal emission factors or average emission factors. Users should choose emission factors that are most appropriate and representative for the individual context (Policy and Action).

Marginal factors are more accurate than average.



- Use marginal if you have them
- Use average if marginal is not available

1.5 Data sources

1.7 Baseline review and updating

- Baseline scenarios shall be quantified (and verified) on an ongoing basis. (Project Protocol and ISO). Periodic review ensures the baseline reflects the contemporary plausible alternative (e.g., a rapidly decarbonizing grid), safeguarding against issuing credits for emissions reductions that would have happened anyway. (ISO)
- ? • The ambition of the baseline should be enhanced upon update and/or review. Quantification methodologies should ensure that the approach to updating and reviewing the baseline **increases the ambition** of the baseline over time. (ICVCM)

Regular review of the baseline scenario using latest available data or actual measurements is necessary.



- The companies shall recalculate baselines **every two to three years and no later than five years**, even for solutions with long lifespans.(WBCSD)

OR

- The companies shall update or review the baselines **at a frequency that appropriately reflects changing circumstances**. These circumstances could include changes in government policies and legal requirements. (ICVCM)

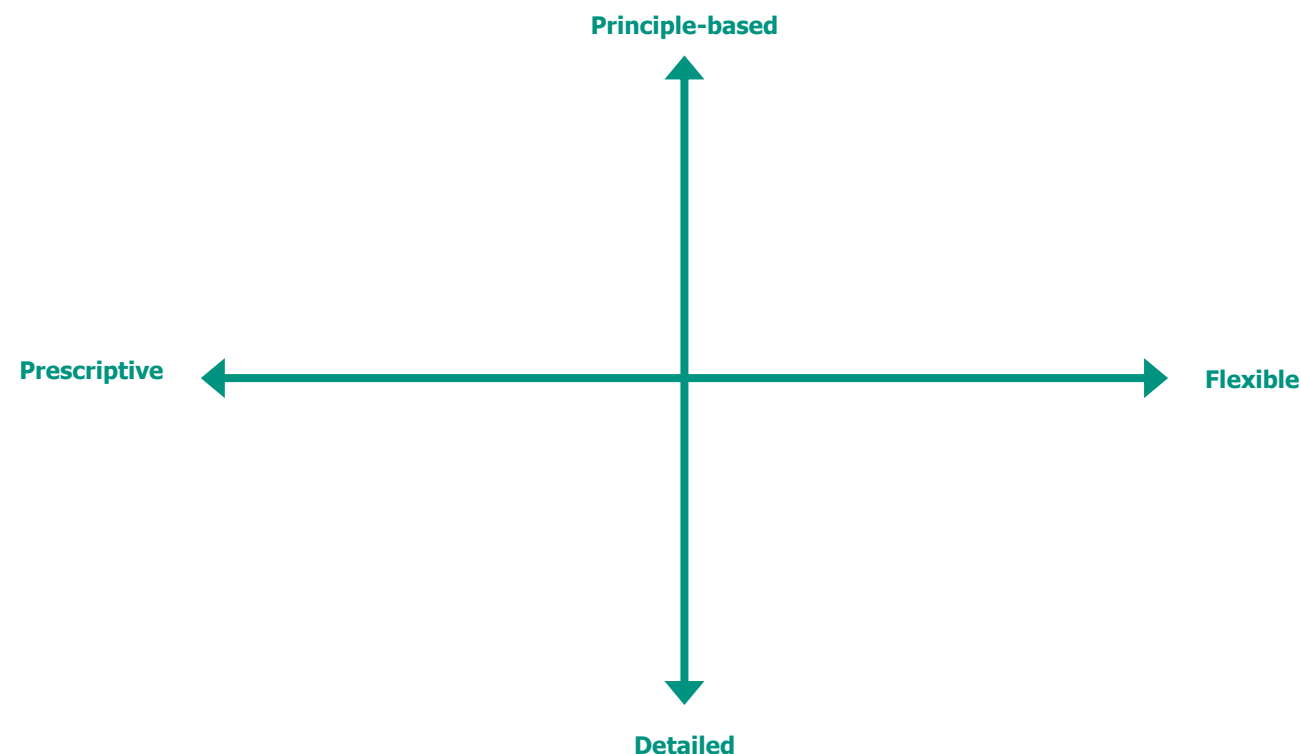


Level of stringency: Companies shall calculate GHG emissions rate in correspondence the following levels of stringency:

- Option A: Top quartile GHG emission rate - **25th percentile**
- Option B: Top quartile GHG emission rate - **10th percentile**
- Option C: Companies **may choose a level** of stringency. Companies shall report the selected stringency level and associated performance standard and justify why it was chosen.
- Option D: other

How prescriptive should the standard be in defining baseline-setting approaches?

Pros for being prescriptive	Cons for being prescriptive
More comparability of scenarios	Limited ability to reflect context-specific conditions
Simpler instructions for companies	Reduced flexibility to use evolving methodologies – risk of locking in the certain approach
Less ability to game the results	Potential misalignment with real-world emissions management and operation
Higher stakeholder credibility and confidence in reported numbers	



Thank you!

Contact information

Ralf Pfitzner	consultant-pfitzner@wbcsd.org
Alejandra Bosch	alejandra.bosch@ghgprotocol.org
Yumzhana Daneeva	daneeva@wbcsd.org
Kevin Kurkul	kevin.kurkul@ghgprotocol.org
David Rich	david.rich@ghgprotocol.org
AMI Secretariat	AMIGHGP@wri.org

