

Scope 2 Technical Working Group Meeting

Meeting #23

Oct 6, 2026

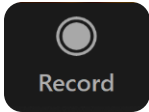


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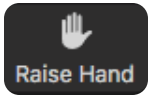


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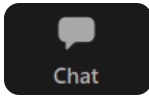




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Please use the Raise Hand function to speak during the call.



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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 - Not to be published: internal working documents of TWGs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. Secretariat updates**
- 4. Process updates**
 1. TWG member feedback (August survey)
 2. TWG member feedback August survey: MBM
 3. TWG member feedback August survey: LBM
 4. The AMI multi-statement reporting framework
 5. September ISB meeting
- 5. In-person/hybrid TWG workshop (October 20-22, Washington DC) - draft agenda**
- 6. ISO feedback on public consultation proposal**



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Goal of today's meeting



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Goal of today's meeting

1. Review progress since the last TWG meeting (public consultation feedback, ISO feedback, TWG survey feedback, ISB feedback)
2. Prepare for upcoming October 20-22 TWG in-person/hybrid workshop
3. Hear from ISO representative on WG4 feedback to public consultation proposal

Secretariat updates



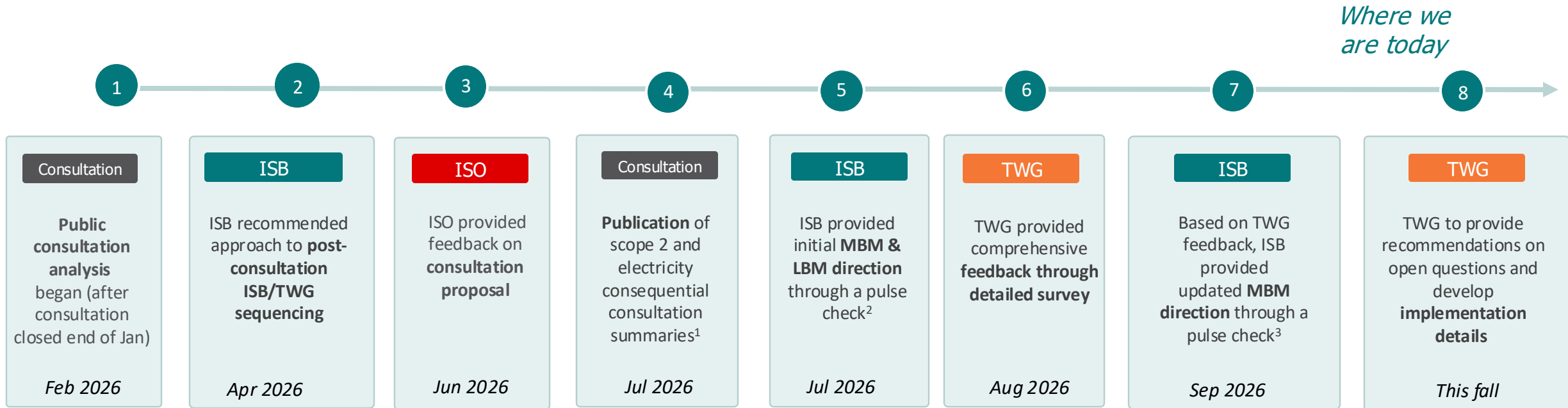
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Process updates



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Pathway from public consultation to now



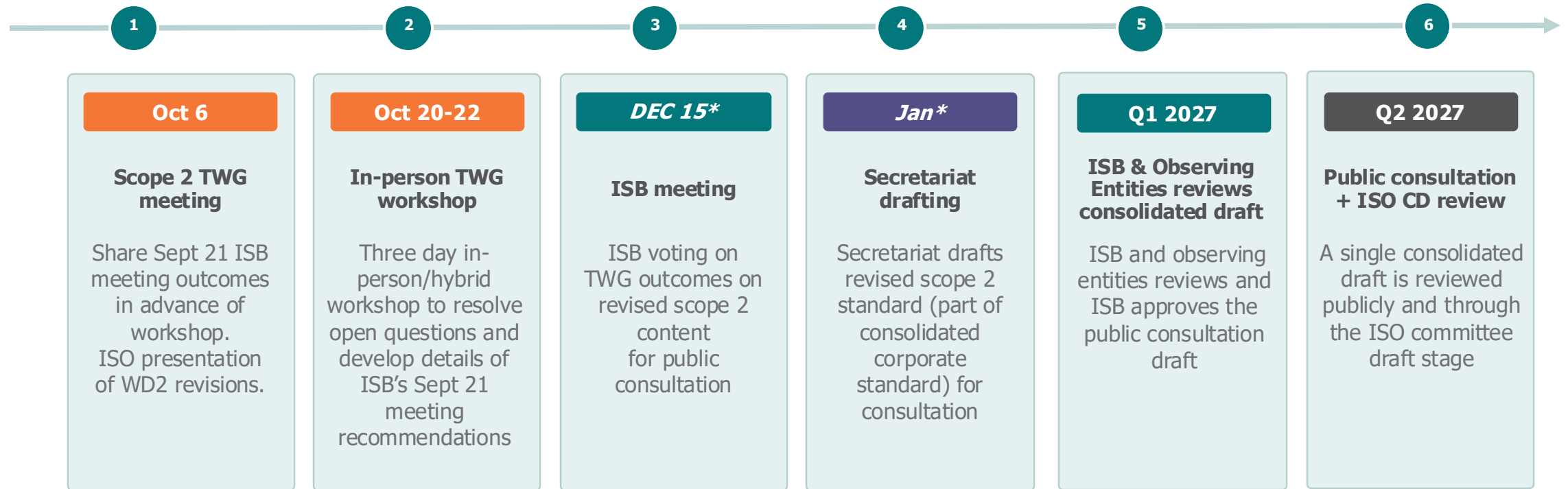
Resources

¹ [Scope 2 Public Consultation Summary of Feedback Executive Summary](#)

² [ISB - Meeting Minutes - 2026.04.23](#)

³ [ISB - Meeting Minutes - 2026.07.14](#)

Remaining workplan to produce revised scope 2 standard (as part of consolidated Corporate Standard) for public consultation



Where we are today

1. TWG member feedback (August survey)



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Context: Public consultation feedback summary & ISB direction in July

The public consultation (Oct 2025 to Jan 2026)

received **nearly 1,100 responses** from **56 countries**.

The summary of feedback, published in July, identified key themes for both MBM and LBM methods.

Market-based method

Respondents broadly agreed the method should support climate action, but they disagreed on how. Two theories of change were prevalent as described in the TWG memo and consultation executive summary. The consultation proposal sat between the two and did not fully satisfy either view.

Location-based method

Respondents supported the definition of “accessible.” Views were split on the emission factor hierarchy, with concerns about comparability and cost.

ISB direction and TWG input

In July the ISB asked the TWG for more work on both LBM and MBM methods. For the market-based method, that means approaches that reflect both theories of change. For the location-based method, it means refining the proposal to respond to the mixed feedback. TWG members received memos and options for both methods and shared their views through the August survey.

Request for input from TWG members on overall direction post-consultation

In August, TWG members were provided with a memo and asked to share their feedback on the overall direction of the MBM and LBM, as well as design and implementation details.

Questions on the MBM included:

- Do you support the proposed two-metric framework for the market-based method? Why or why not?
- Do you have any general feedback on method 1? Do you have any general feedback on method 2?
- Are there other options, previously discussed or new, that would better meet the decision-making criteria?
- How should reporting on method 1 and 2 be set in the standard, i.e., should both, either, or neither be required, recommended, or optional?
- How could implementation of this proposed revision be structured to minimize strategic and administrative disruption for organizations with existing scope 2 reporting obligations or targets?

Questions on the LBM included:

- How precise should the emission factor be? Which approach to location (local, grid or national) and to time (hourly, monthly or annual) best meets the decision-making criteria? Should using the most precise factor be required or recommended?
- Should companies be able to use more precise data that isn't free?
- Which data should companies be able to rely on? How should "accessible" data be defined, and which sources should count as credible?
- Is there a better combination? Could elements of different approaches be combined to better meet the decision-making criteria?

2. TWG member feedback

August survey: MBM



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TWG survey feedback

TWG feedback reflected three broad perspectives on the roles of Method 1 and Method 2 and how each should be reported:

1

Method 1 as the inventory method, with Method 2 reported separately as a procurement or matching metric.

2

Method 2 retained as a tCO₂e inventory method, generally as the baseline approach, with Method 1 optional or recommended.

3

A single market-based figure, although views differed on what that figure should measure and the criteria that should underpin it.

The feedback also identified potential areas of convergence. Across different perspectives, members raised:

- The need to consider **continuity** for existing targets and investments
 - protect continuity for targets established under the 2015 Scope 2 Guidance, particularly around 2030
 - provide appropriate treatment for existing contracts and investments
 - consider implementation across markets with different capabilities
- Include **additional indicators** to provide greater transparency about procurement characteristics.
- Develop **consequential accounting** as a complementary way of providing information about wider system-level impact.

TWG Feedback Theme 1: Method 1 as the inventory method, Method 2 reported as a separate procurement or matching metric

Summarized feedback from members who favored this approach:

- **Inventory integrity.** Members argued that annual, broad-boundary purchasing does not connect purchased attributes to the electricity used, so it should not produce an inventory tCO₂e value.
- **Inventory impact.** Members argued that if annual, broad-boundary purchasing continues to produce a Scope 2 inventory emissions reductions, the market signal required to drive decarbonization of the grid is weakened.
- **Incentive to use Method 1.** If both methods report tCO₂e, members expected most companies to choose the easier Method 2, leaving Method 1 largely unused.

Implementation feedback

Some of these members highlighted the role that method 2 could have within a reporting framework to let companies show procurement and track existing annual matching goals. Some noted that this metric should be phased out over time.

- **Transition management.** Members argued corporates have signed long-term contracts so retaining method 2 as a supplementary metric provides commercial continuity while the market adapts to method 1.
- **Complementary information.** Reporting method 2 alongside method 1 provides external stakeholders, investors, and rating agencies with a complete view procurement effort, contractual rights, and financial support for zero-carbon generation. Some pointed to AMI Statement 4 as the appropriate place for this metric.
- **Alignment with existing reporting frameworks.** Maintaining Method 2 ensures historical trend continuity for corporate sustainability reporting.

Some members who favored method 1 did not support method 2 as a separate metric to track matching goals, but noted that supplementary information on electricity procurement could be reported using consequential methods outside of the inventory.

TWG Feedback Theme 2: Method 2 reported in tCO₂e within the inventory

Summarized feedback from members who favored this approach:

- **Continuity.** Members said keeping tCO₂e for Method 2 preserves existing inventories, targets, disclosures and financial reporting, and recognizes long-term investments made under the 2015 Scope 2 Guidance.
- **Comparability and aggregation.** Members noted that a tCO₂e value can be summed across sites and combined with the rest of the inventory.
- **Global feasibility.** Members saw Method 2 as the consistent baseline for all reporters because it works in every market regardless of hourly data or certificate infrastructure. Some said this would remove the need for a legacy clause or complex transition rules.
- **Incentive for driving voluntary procurement.** Members described targets set in tCO₂e as a main driver of voluntary procurement, and were concerned that a non-GHG Method 2 would weaken that driver.
- **Differentiate methods through disclosure.** Members suggested showing the differences between methods through disclosed attributes and claims, not by changing the unit.

Implementation feedback

Members had different views on whether there should be a hierarchy between methods:

- **Method 2 as required baseline:** Some members who favored this approach supported Method 2 being required and Method 1 optional or recommended.
 - **Comparability.** maintains a comparable baseline across all organizations
- **Equal status of both methods:** Some members who favored this approach supported both methods having equal requirements (i.e. both required or both optional)
 - **Reduces cherry picking:** Prevents selective cherry-picking of favorable figures while preserving legacy target tracking.
 - **Equity:** avoids dividing organizations into 'high' and 'low' integrity categories.
 - **Regional adaptability:** having different metrics and prioritising them equally accommodates for regional differences
 - **Operational flexibility:** Both methods represent valid routes to reporting market-based outcomes and allowing for either provides operational flexibility.

TWG Feedback Theme 3: A single market-based figure within the inventory

Some members noted their opposition to a two-metric approach, favoring one market-based figure. There was no alignment among these respondents on what that metric should be, suggestions include:

1. **Consultation proposal** (hourly matching, deliverability, Standard Supply Service)
2. **Hourly matching and deliverability** (+ separate consequential metrics)
3. **Best available data hierarchy + disclosure of granular criteria** (hourly matching, proximity, resource age)
4. **Method 2 + percentage disclosure of electricity meeting Method 1**
5. **Required monthly matching, principle-based market boundaries, anti-banking of EACs**

These respondents agreed on one market-based figure in the inventory but not on what should qualify for it. The AMI structure accommodates the single-figure point, with key indicators and/or consequential accounting (Statement 3) alongside. Which procurement qualifies for Statement 2 remains the open question.

TWG feedback on transition mechanisms and legacy contracts

Treatment of existing contracts was a major theme in both the public consultation and TWG feedback. Consultation respondents broadly supported a transition mechanism for qualifying pre-existing contracts. Investors and disclosure programs raised concerns about comparability. TWG members were asked whether a two-metric approach removes the need for a legacy clause.

Some members said a two-metric approach can do the work of a legacy clause

- If Method 2 is required and Method 1 optional or recommended, existing contracts keep reporting under Method 2 unchanged. Method 1 then needs no legacy clause.
- If both methods are required, Method 2 can act as the legacy mechanism for a defined period and then sunset. Suggested periods were about 5 to 10 years.

Many members said a legacy clause is still needed if Method 1 is the primary or only method

- Existing contracts would count in Method 1 even if they do not meet hourly matching or deliverability.
- Some would add disclosure of legacy volumes, and in some cases proportional allocation.

Points raised across views

Long-term PPAs and other contracts signed in good faith should continue to be recognized, with disclosure of the share of load they cover.

Any transition treatment should have a fixed end date and clear labels, so users can tell transitional figures apart from new method results.

Consultation feedback also raised design details. These include the eligibility cutoff date, contract signature versus commercial operation date, sunset length, transfers, and whether contract extensions count as new contracts.

3. TWG member feedback August survey: LBM



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LBM options for TWG development (shared with TWG in July)

- The consultation feedback highlighted the balance required in the design of the LBM.
- Requiring the most precise accessible emission factor incentivizes organizations to reduce reported emissions through load-shifting or through facility siting or relocation, but feedback indicates it can also reduce the simplicity and feasibility of the method and, in some cases, may reduce comparability between organizations.
- To support the TWG the Secretariat identified a preliminary set of options for adjusting the proposal that respond to the consultation feedback. These options address stakeholder concerns regarding accuracy, comparability, and feasibility by adjusting each component: spatial granularity, temporal granularity, emission factor type, requirement strength (“shall” or “should”), and definition of accessible.
- These are intended as a starting point for the TWG's development, not a fixed or exhaustive list.



Options for development of the location-based method (shared with TWG in July)

Options to address feedback	Spatial granularity	Temporal granularity	Use of emission factor beyond definition of "accessible"
Option 1A. (as proposed)	Shall use the most precise spatially granular factor for which activity data is available	Shall use the most precise temporally granular accessible factor (after spatial) for which activity data is available	May use a more granular emission factor even if not free and publicly available.
Option 1B.	Shall use uniform "official" boundaries & emission factor type	Shall use annual matching	No need for definition of accessible. May separately disclose a granular LBM number (e.g., may use "local boundary" or hourly emission factor)
Option 1C.	Shall use uniform "official" boundaries & emission factor type	May use the most precise temporal granularity accessible for which activity data is available	May use a more temporally granular emission factor even if not free and publicly available. May separately disclose a LBM number using a Local Boundary separately
Option 1D.	Should use the most precise spatially granular factor for which activity data is available	Should use the most precise temporally granular accessible factor (after spatial) for which activity data is available	May use a more granular emission factor even if not free and publicly available.
Option 1E.	Shall use the most precise spatially granular factor for which activity data is available	Shall use the most precise temporally granular accessible factor (after spatial) for which activity data is available	Shall not use a more granular emission factor than accessible.
Option 1F.	Shall use the most precise spatially granular factor for which activity data is available	Shall use the most precise temporally granular accessible factor (after spatial) for which activity data is available. If hourly emission factors are accessible but corresponding activity data is not available shall use load profiles to approximate hourly data from monthly or annual data.	May use a more granular emission factor even if not free and publicly available.

Options	Definition of accessible	Definition of credible source
Option 2A (as proposed)	Free, publicly available, from a credible source	Government agency, System operator, Recognized registry, Accredited statistics body and Independent methodology meeting minimum criteria
Option 2B	Free, publicly available, from a credible source and without undue cost or effort	Government agency, System operator, Recognized registry, Accredited statistics body and Independent methodology meeting minimum criteria
Option 2C	Free, publicly available, from a credible source	Define "credible" as from "authoritative sources" such as those from governments, grid operators, or international organizations (i.e. exclude third party data providers)

- Blue = as proposed in consultation,
- Orange = difference from consultation proposal



Three core groups of alignment across LBM feedback

Group 1) Granularity & scientific integrity

- Require most granular data accessible
- Permit or require load profiles to bridge interval data gaps
- Allow data from verified non-authoritative sources

Subgroup 1A) Granularity + data equity

- Restrict use of paid emission factors

Subgroup 1B) Granularity via official sources only

- Require use of official grid data

Group 2) Standardized comparability baseline

- Require standardized boundaries
- Prioritise feasibility for temporal granularity (e.g., required use of annual reporting or allow optional granularity)
- Don't require use of load profiles

Group 3) Principles & authoritative sources

- Retain the consultation proposal 'shall' for geographic and temporal granularity where accessible
- Restrict eligible datasets to recognised public authorities.



TWG feedback on LBM: use of independent data sources

Almost all members agreed that if emission factors from independent data providers are allowed they should meet governance criteria (e.g. publicly documented calculation methodologies, open system boundaries, transparent QA/QC procedures, version control, and reproducible data pipelines).

Allow independent sources

Independent providers fill critical data gaps, as authoritative datasets do not always exist globally or publish granular data. Independent providers actively innovate and provide granular emission factors. Some official bodies lack carbon accounting expertise or rely on outdated modelling

Restrict to authoritative sources

- Official sources directly align corporate reporting with national regulatory mandates and system operator boundaries
- Independent data providers may use different modelling and assumptions, creating a risk that organizations on the same grid report materially different figures.

Proposed alternatives

- Prioritize authoritative sources where published factors meet required granularity benchmarks.
- Assign automatic precedence to mandatory statutory reporting factors over independent datasets.
- Permit independent datasets strictly if they are free and publicly accessible.
- Require third-party audit of independent methods against GHG Protocol standards before their factors are eligible.
- Establish a centralized directory of eligible emission factor sources

4. The AMI multi-statement reporting framework



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TWG feedback related to AMI multi-statement approach

Several things members wanted reporters to be able to show do not fit in a single market-based inventory figure.

- **How carbon free electricity was bought.** Members wanted users to see procurement quality, such as contract type, length, if EACs were purchased bundled or unbundled etc.
- **The wider impact of procurement.** Members wanted a way to show the effect of actions the inventory misses, such as financing additional clean energy resources in higher-emitting grids than where the reporting organization uses electricity.
- **Purchases that don't meet the proposed new requirements.** Some members suggested a place outside the inventory for procurement such as annual or non-deliverable purchasing.

The broader AMI reporting architecture could allow different information to serve different purposes:

- The inventory gives an attributional account of emissions.
- Statement 3 gives complementary information on wider emissions impacts.
- Additional indicators give more detail on how electricity was procured.

Scope 2 is one part of a broader reporting framework being developed by AMI

The AMI TWG is developing a framework in which companies report different types of climate information in separate statements, each with its own purpose.

Public GHG Report

Actions and market instruments reporting options

1. Physical GHG inventory

Scope 1

Scope 2 – location based

Scope 3 (by category)

2. Market-based GHG inventory

Scope 1 related, TBD

Scope 2 – market-based

Scope 3 related (by category), TBD

3. GHG impact statement

Electric sector consequential impacts

4. Key indicators (not expressed in CO₂e)

Electric sector key indicators

Accounting method

Attributional

Attributional

Consequential

Indicators (% , \$, ...)

The AMI TWG sets the overall framework and the purpose of each statement. The Scope 2 TWG develops the electricity-specific details that fit into it.

TWG feedback related to AMI multi-statement approach

TWG members' feedback addresses all four statements, demonstrating a role for each

Statement 1

Physical GHG Inventory, LBM

- Members discussed how granular emission factors should be, which data sources count as credible, and the trade-off between accuracy and comparability.

>> Where it fits. Location-based method design continues with the Scope 2 TWG at the October workshop.

Statement 2

Market-based GHG Inventory, MBM

- Views differed on which procurement should count, ranging from annual matching within existing market boundaries to hourly matching, deliverability and incrementality.
- Views differed on whether one or two methods are reported, and which is required.
- Members across perspectives raised continuity for existing targets, contracts and reporting.
- Some members questioned whether impact criteria such as incrementality belong in an attributional inventory. Others saw them as aligning the method with the decision-making criteria.

>> Where it fits. This is the core of the Scope 2 revision. In the AMI framework, Statement 2 allocates emissions based on qualified contractual instruments. The September ISB pulse check set a direction, and key details are open for TWG recommendation (slides 42 and 43).

Statement 3

GHG Impact Statement, Consequential Methods

- Members supported a consequential metric for electricity procurement, reported outside the inventory.
- It could capture actions the inventory misses, such as procurement in higher-emitting grids, storage and load shifting.
- Members noted its value depends on recognition by reporting and target-setting programs.

>> Where it fits. The ISB supported developing an electricity-sector consequential methodology starting in Q2 2027. Resourcing decisions sit with the Steering Committee and GHGP CEO.

Statement 4

Key Indicators

- Members saw indicators as a way to show how clean electricity was procured, such as share matched hourly, contract type and length, market boundary, and generator age.
- Some saw indicators such as % MWh matched as a home for procurement that does not meet new Statement 2 requirements.
- Some preferred indicators remain recommended rather than required.

>> Where it fits. The AMI framework includes a place for key indicators. The Scope 2 TWG can develop the electricity-specific indicators that fit into it.

The AMI TWG sets the overall framework and the purpose of each statement. The Scope 2 TWG develops the electricity-specific details that fit into it. The options on the following slides are built within this framework.

TWG feedback on a consequential accounting metric (Statement 3) for electric sector procurement

TWG member feedback showed support for developing consequential accounting metric for electric sector procurement outside of the inventory

- Consequential metrics capture broader system-level impacts of electricity procurement decisions that are not visible through attributional inventory accounting alone, such as investing in higher-emitting grids outside the value chain.
- Consequential metrics belong as a supplementary disclosure (such as AMI Statement 3) to preserve the integrity of corporate GHG accounting.
- Some members saw pairing Methods 1 and 2 with Statement 3 as a better way to reflect impact than an incrementality requirement inside the inventory.
- Several members suggested the “Marginal Impact Method”, either as an alternative method or paired with Method 2.
- The value of a Statement 3 metric depends on recognition by reporting and target-setting programs, since consequential results do not currently count toward most corporate targets
- A minority view argued that consequential results could be used to substantiate inventory reductions.

Sept ISB Meeting outcome: Support for developing an electricity sector consequential accounting methodology for Statement 3

In July 2025, the ISB directed that further development of consequential methods continue under the AMI TWG before sector-specific work resumed. At the September 2026 meeting, the ISB reviewed progress of the AMI TWG and feedback on the recent RFI. Following that review, the ISB deliberated on whether, when, and how to develop an electricity sector methodology for Statement 3.

Disclaimer: This pulse check represents ISB input to the Steering Committee and GHG Protocol CEO, who will make decisions on resourcing and prioritization.

- **Whether to do the work.** ISB members unanimously supported developing an electricity sector specific consequential accounting methodology for Statement 3.
- **Timing.** ISB members unanimously supported starting this work in Q2 2027, during the public consultation.
- **Approach.** There was broad support for two possible approaches. One is developing the methodology through a joint Scope 2 and AMI TWG subgroup. The other is co-developing it with one or more external partners.



TWG feedback on additional indicators for electric sector procurement

TWG member feedback noted that aggregate emissions or volumetric match totals alone can mask qualitative differences in how carbon free electricity was procured, and additional indicators could be used to distinguish different procurement types.

- If multiple methods are reported for Scope 2, additional indicators (such as %hourly matched, %long-term PPA) could help explain differences and prevent stakeholder confusion.
- Commonly named indicators included contractual instrument type, contract length, market boundary, time interval, generator age, technology, share of procurement meeting Method 1, and public support status.
- Some members argued that indicators reported separately allow the Scope 2 inventory to remain strictly attributional whilst providing decision-useful information for users.
- Several members who prefer a single market-based figure see indicators as the main way to show procurement quality, reporting one tCO₂e total with the share meeting hourly matching, deliverability, or incrementality.
- Some members emphasized that additional indicators should remain recommendations “should” rather than requirements “shall” to avoid overwhelming reporters with data.
- Members flagged that each required indicator would need its own assurance criteria in mandatory reporting.
- Some suggested disclosure programs such as CDP or GRI could define supplementary disclosures rather than the standard.

5. September ISB meeting



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Process overview: synthesizing feedback into options for the ISB

- 1. Analyzed feedback.** Secretariat reviewed feedback from public consultation responses, TWG responses to the August survey, input from ISO Working Group 4, and the AMI multi-statement framework RFI feedback.
- 2. Developed three options for ISB consideration** Structured to balance Integrity, Impact, and Feasibility, leaving reporting requirements, e.g., whether either method is required, open for further TWG development. The purpose of the options was to give the ISB a structured basis for weighing the choices and trade-offs raised in the feedback.
 - **Option A** reflects feedback that Method 1 should be the inventory method and Method 2 a separate purchasing metric.
 - **Option B** reflects feedback that both methods should produce tCO₂e within the inventory.
 - **Option C** reflects feedback on transition, continuity, and existing contracts. It combines elements of A and B over time.
- 3. Shared feedback analysis and options with the ISB (September).** Briefed the ISB on the analysis alongside the three pathways to guide their September discussion.

Method 1 and Method 2 as presented for the September ISB meeting

<u>Method Details</u>	<u>Method 1</u> Hourly matching, deliverability, incrementality	<u>Method 2 (based on 2015 Guidance MBM)</u> Annual matching, existing market boundaries
Temporal requirement	Hourly (shall)	Annual (or monthly)
Geographic sourcing requirement	Deliverability (shall) Market boundaries aligned with grid	Existing market boundaries
Incrementality/ vintage	Age limit on eligible resources for voluntary claims (shall)	No requirement
Transition mechanism	Transition/phase-in period until [TBD] No legacy contract provision for method 1	Transition/sunset period until [TBD] Legacy contracts continue to be reflected in method 2
Components for feasibility	Load profiles (may), transition period	None needed
Unit of measure	tCO ₂ e	TBD [tCO ₂ e or %MWh matching, volume of EACs, or other metric after]

Options for ISB consideration based on TWG feedback

Starting in 2030...

Option A: Two methods with different metrics

- Method 1 - reported in tCO₂e in the inventory
- Method 2 - reported as an alternative metric (e.g., % match) outside of the inventory
- No Method 2 phase out
- Existing long-term PPAs and contracts continue to be reported under Method 2 outside the inventory

Option B: Two methods with the same metric (tCO₂e)

- Method 1 - reported in tCO₂e in the inventory
- Method 2 - reported in tCO₂e in the inventory
- No Method 2 phase out
- Existing long-term PPAs and contracts continue to be reported under Method 2 in the inventory

Option C: Two methods in tCO₂e with phased transition for method 2 metric

- Method 1 – reported in tCO₂e in the inventory
- Method 2 –
 - Transition/Legacy period (until [~2033-2035]): Reported in tCO₂e within the inventory
 - Post-transition: reported in alternative metric outside the inventory
- Existing long-term contracts, PPAs, etc., continue to be reported under Method 2
 - Transition period (until [~2033-2035]): reported in the inventory
 - Post-phase out: reported outside the inventory

Items flagged for the ISB that require further technical development with TWG:

- Reporting requirements names for each method (e.g., both optional, at least one required, etc.)
- Technical method details
 - Deliverability boundary details
 - Incrementality design details
 - Standard Supply Service (may/should/shall)
- Appropriate alternative metric for method 2 if reported outside of the inventory (e.g., % CFE matched)
- Phase out date in option C

ISB September meeting overview

During the meeting, the ISB:

1. Evaluated and discussed public consultation results, TWG survey feedback, and three preliminary options for the MBM relative to the decision-making criteria.
2. Agreed to draw from elements across the three preliminary options into a new hybrid proposal deemed to further improve alignment with the decision-making criteria.
3. Identified priority areas requiring additional TWG input before finalizing.
4. Conducted a pulse check indicating unanimous support for the new proposal and priority areas requiring further TWG recommendation and development.

September meeting ISB feedback on Method 1 and Method 2

The ISB reached agreement that Method 1 is what Scope 2 should transition to, with the key question being the best pathway to reach it. The ISB highlighted the desire to connect updates to scope 2 with the AMI multi-statement structure.

- Accounting for and reducing emissions through Method 1 currently presents feasibility challenges for many users, as highlighted in consultation feedback. This method faces regional disparities related to current EAC infrastructure and availability of other purchasing mechanisms.
- The MBM is a value-chain inventory metric, and there should be a plausible physical connection between the generated electricity and load for an EAC to be claimed within the value chain. Other EAC procurement is valid, but should be reported separately, not within the value chain.
- Lack of a physical connection in the 2015 *Scope 2 Guidance* (e.g., Method 2) is a critical and visible credibility issue for the GHG Protocol. It is readily understood from outsiders that unmatched EACs cannot support inventory claims, and continuing to allow such descriptions would give the GHG Protocol the appearance of approving false claims.
- Method 1 aligns with research* demonstrating that in Statement 2 the Market-Based Method can more effectively drive decarbonization if it requires that corporate scope 2 accounting is matched hourly, is deliverable, and supports funding of new capacity (incrementality).
- Downstream organizations may not wish to require Method 1 for a given purpose (e.g., as a basis for non-inventory claims, a requirement in legislation, and so forth), and therefore creation a non-matched non-inventory EAC disclosure number should be provided for that purpose.

» AMI multi-statement approach

The ISB highlighted the desire to connect the scope 2 work to the AMI multi-statement structure, including:

- **Statement 1**, to report emissions from use based on physical activities within a company's operations and value chain.
- **Statement 2**, to report emissions from use allocated through qualified contractual arrangements and market instruments.
- **Statement 3**, to define how companies could report consequential GHG impacts of actions not reported in Statements 1 and 2.
- **Key Indicators**, to define how Method 2 actions (using non-emissions metrics) or other indicators could be formally recognized after the transition cut-off date.

September ISB meeting – Feedback on three options for MBM

The ISB reached agreement that Method 1 is what Scope 2 should aim to achieve, with the key question being the best pathway to reach it.

Option A

Method 1 reported in tCO₂e in the inventory, Method 2 reported as an alternative metric

- Provides a compromise by recognizing two separate theories of change and providing Method 2 with a defined role outside the inventory.
- Anticipate significant data improvements by 2030. An extended transition timeline could provide more runway time if needed, rather than defaulting to Option C.
- Setting a firm transition date provides a clear market signal.
- The MBM is currently not required where data are not available. If companies don't have data by 2030, they would still not be obligated to report under it.

Option B

Two methods with the same metric (tCO₂e)

- Offers flexibility for external frameworks and regulators to emphasize either method depending on their specific program objectives.
- Requires transparent framing so data users can clearly distinguish Method 1 from Method 2.
- Least preferred option by ISB members

Option C

Two methods in tCO₂e with phased transition for Method 2 metric

- Provides a pragmatic bridge toward Method 1 that accommodates current market constraints and protects existing contracts without requiring a legacy clause, with TWG advising on the timeline.
- Recognizes that while Method 1 reflects the direction of travel, the data maturity in many markets is not yet there today.
- May inadvertently prolong reliance on the 2015 Guidance by moving back the firm end date.
- Allows flexibility to decide on the transition pathway and timeline.

Pulse check: Scope 2 – hybrid proposed approach based on ISB discussion

ISB members were asked to provide directional input on the MBM. 10/10 ISB members indicated support for the following approach:

After the effective date of the revised standard (assumed to be 2030):

1. Companies shall report scope 2 location-based method (LBM).
2. Companies [*shall/should/may*] report scope 2 market-based method (MBM) in Statement 2 if data is available that meets the quality criteria. If a company reports scope 2 market-based method emissions:
 - A. Companies may report using the 2015 Scope 2 Guidance MBM until 203X.
 - B. Companies should report using the new MBM until 203X.
 - C. Prior to 203X, companies shall disclose whether they are applying the 2015 Scope 2 Guidance or new MBM.
 - D. After 203X, if a company reports scope 2 market-based method emissions, companies shall report using the new MBM if data that meets the quality criteria is available.
3. Electricity procurement activities not reported in statement 2 may be reported in statement 3 (GHG impact of actions, using consequential methods subject to development and approval) or key indicators (e.g., % CFE matched).
4. All existing contracts may be reported in statement 2 using the *2015 Scope 2 Guidance* MBM until 203X. After 203X, contractual instruments may be reported in statement 2 if they meet the new scope 2 MBM statement 2 requirements or may be reported in statement 3 (GHG impacts of actions, using consequential methods) and/or through key indicators. No legacy clause provision other than transition timeline.

Pulse check: Scope 2 – hybrid proposed approach based on ISB discussion

Open questions where the ISB asked the scope 2 TWG to develop recommendations:

1. Names or ways to refer to each MBM
2. Reporting requirements for MBM (shall/should/may for #2 in previous slide).
3. Technical details to implement Method 1
 - A. Deliverability boundary details
 - B. Incrementality design details
4. Appropriate alternative metric for reporting using the 2015 Scope 2 Guidance MBM after 203X outside of the market-based inventory (e.g., % CFE matched)
5. What is the earliest feasible date the TWG thinks new data and technology would be available to support the new MBM method? What are the specific regions with data gaps currently and what is the expected availability of data for those regions? What empirical evidence exists about impacts to market investment with consideration of AMI multi-statement approach?
6. What should the year be in #2 in the previous slide (i.e., what year should 203X be)?
7. Should there be a single date in #2 in the previous slide or should there be a period of time where both current and new MBM methods co-exist before the 2015 Scope 2 Guidance sunsets?
8. If there is a period of time where both current and new MBM methods co-exist, each method would need a different name; there would need to be a required disclosure of whether the current method or new method was used; and TWG to advise on whether both metrics [may/should] be reported side by side or companies [may/should/shall] only report one.
9. Standard Supply Service (may/should/shall)

Deliverability design details could include:

Responses to consultation feedback on how to demonstrate plausible deliverability. For example, principles for boundaries that reflect how the grid physically operates, defined market boundaries, guidance on selecting boundaries, and alternative methods for cross-border delivery. Procurement that does not meet deliverability can still be reported outside Statement 2 (item 3, previous slide).

Incrementality design details could include:

Qualifying operational events within [X] yrs (e.g., new build, repowering, clean conversion, upgrade, or life extension); original off-taker; pro-rata grid-share allocation; qualifying storage

5. In-person/hybrid TWG workshop (October 20-22, Washington DC) - draft agenda



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In-person/hybrid TWG meeting objectives

In September the ISB unanimously supported a direction for the market-based method and asked the TWG to develop recommendations for open questions. The October hybrid meeting is dedicated to developing those recommendations.

Meeting objectives:

- 1. Work within ISB direction:** Develop the details of the market-based and location-based methods within the direction ISB supported.
- 2. Bring evidence:** Ground discussion in evidence where possible, especially on the three things the ISB asked for:
 - What is the earliest feasible date the TWG thinks new data and technology would be available to support the new MBM method?
 - What are the specific regions with data gaps currently and what is the expected availability of data for those regions?
 - What empirical evidence exists about impacts to market investment? (with consideration of AMI multi-statement approach)
- 3. Use the decision-making criteria:** Explain how each proposal balances integrity, impact, and feasibility
- 4. Deliver recommendations for ISB:** Reach alignment on TWG recommendations for the ISB on 15 December, when it votes on the revised Scope 2 content for public consultation. Where views still differ, outline options and the reasoning for each.

After the TWG meeting the ISB Chair wrote to the TWG to ask that they answer the questions provided by the ISB and to confirm that new ideas or proposals on how to deliver the overall direction are welcome. Proposals for a different direction will be captured after the workshop for the ISB to consider alongside TWG recommendations.

Draft topics for in-person/hybrid TWG workshop with materials to follow prior to the meeting

Market-based method (key topics)

- Reporting and disclosure requirements
 - during the transition, e.g., both metrics [may/should] be reported side by side or companies [may/should/shall] only report one.
 - post transition, [should/shall/may] report scope 2 MBM if data is available that meets the quality criteria.
 - Disclosure requirements, so users know which method underlies a reported figure.
- Date/s for transition
 - [203X] “shall” requirement for new MBM
 - [203X] phase out date of 2015 Scope 2 Guidance MBM.
- Implementation details for new MBM
 - Deliverability
 - Incrementality
 - Standard Supply Service

Location-based method (key topics)

- Location-based method emission factor hierarchy
- Definition of accessible
- Definition of credible source

Additional topics

- Direct line, BTM guidance & new fossil capacity.
- Residual mix & fallback emission factor
- Load profile shaping guidance
- Initial scoping discussion on key indicators for electricity procurement reporting after 203X outside of the market-based inventory

6. ISO feedback on public consultation proposal



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Overview of ISO-GHGP Partnership



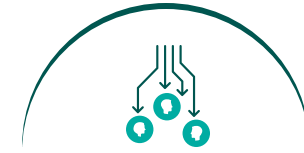
Context

ISO and GHG Protocol **join forces to meet global demand** for consistent and comparable GHG accounting



Objectives

- **Deliver co-branded standards** for GHG measurement and reporting
- **Establish a common global language** for GHG accounting
- **Reduce fragmentation**, simplify compliance, and support decarbonization



Scope of work

Three levels:

- **Corporate,**
- **Project and**
- **Product**

Deep dive into scope of work and mode of collaboration



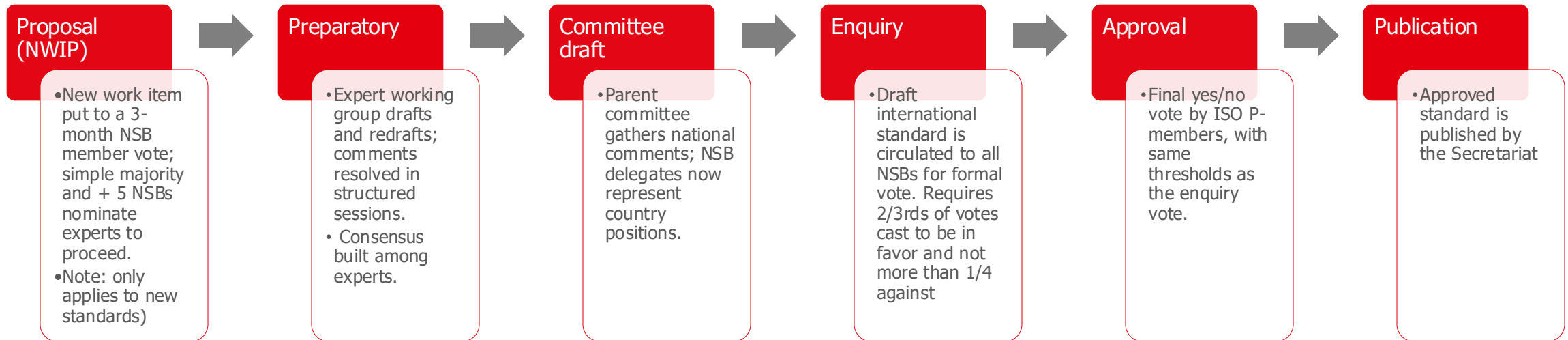
Scope	GHG Protocol Standards	ISO Standards	Collaboration mode
Corporate	- Corporate Accounting and Reporting Standard - Scope 2 Guidance - Scope 3 Standard - Actions and Market Instruments	- ISO 14064-1 - ISO 14064-4 Guidance for the application of ISO 14064-1	Mode 1: GHG Protocol leads the standard development process; ISO may adopt it ¹
Project	GHG Protocol for Project Accounting	ISO 14064-2	Mode 2: ISO leads the standard development process; GHG Protocol may adopt it ¹
Product	Product Life Cycle Accounting and Reporting Standard	ISO 14067	Mode 3: GHG Protocol and ISO co-develop the standard via a Joint Working Group

GHG Protocol Decision-Making Criteria



Note: This is a summary version. For further details, refer to the full decision-making criteria included in the annex to the Governance Overview, available at <https://ghgprotocol.org/our-governance>.

How ISO builds consensus

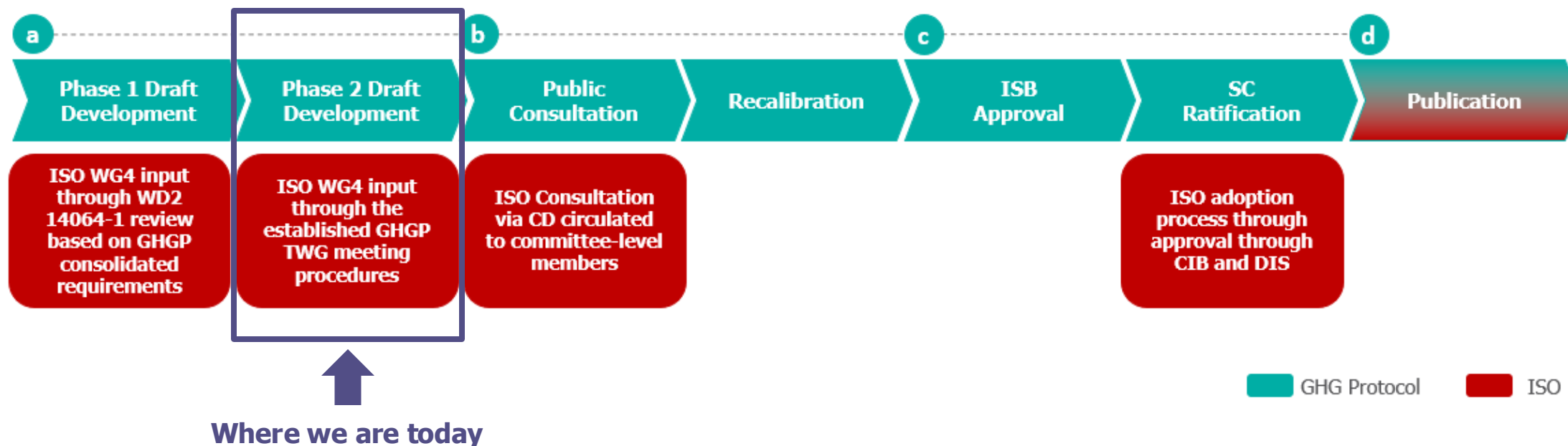


- The process for updating ISO 14064-1 is currently at **preparatory stage**
- Between March 31 and May 11, ISO WG 4 were provided a copy of existing GHG Protocol standards text that combined existing, published requirements and recommendations, and any requirements or recommendations that had, by that time, been established through GHGP's ongoing revision process.
- After the commenting process was closed, comments were analyzed by the WG4 LT. This amounted to ~3000 total comments across the corporate suite of standards
- Comments were discussed and addressed in comment resolution sessions, where each topic was presented before experts provided live feedback on discussed GHGP text, existing ISO WD-1 text, and any other options developed by the WG4 LT. Polls were conducted as needed.
- Where consensus was achieved the agreed text was finalized in-meeting. Where consensus was not achieved, unresolved options were retained while text for each option was updated based on comments resolution.



GHG Protocol – ISO partnership: Corporate Standards

- **GHG Protocol leads the development of Corporate Standards** through its established TWGs and ISB, in accordance with its [Standard Development and Revision Procedure](#)
- **ISO's integration** into each step of the standard development process is summarized in the figure below.
- **ISO will follow its own rules and procedures** as set out in the [ISO/IEC Directives](#).



See section 9 (Workplan and timeline) in the [Standard Development Plan](#) for the consolidated Corporate Standard for more information.

Refresher: ISO feedback was provided in July

- On July 29th, ISO's feedback on scope 2 topics was shared with the TWG via two documents. The TWG was requested to review these ISO inputs as part of their feedback in the August survey.
- **ISO feedback: Scope 2 June 12 WG4 review**
 - proposed consolidated shall/should/may statements for Scope 2 as
 - provided by ISO WG4.
- **ISO feedback: Comprehensive report for changes to Scope 2 from WD2 of ISO 14064-1**
 - a full report of feedback from ISO. This report also serves as meeting minutes for WG4 discussion in June 8th – June 12th meetings.
- Further details on ISO's work to be discussed by ISO representative



ISO-TC207-SC7-WG4 Scope 2

October 10th, 2026
TC207/SC7/WG4

Selected topics

- MBM - Whether the MBM is required (may/should/shall)
- LBM - Definition of credible sources
- MBM - Fossil fallback emission factors
- MBM - Standard Supply Service
- MBM - Temporal granularity
- MBM - Market boundaries

ISO N documents



ISO/TC 207/SC 7/WG 4 N 359

ISO/TC 207/SC 7/WG 4 "Quantification and reporting of greenhouse gas emissions and removals at organizational level"

Convenorship: AFNOR

Convenor: GRAU Anne MME



ISO14064-1 WD2 revised_final_clean_2026-08-31

Document type	Related content	Document date	Expected action
Project / Draft		2026-09-01	INFO

Description

Please see the final revised WD2 of ISO14064-1.

We restructured clause 5 and 6 based on their content and received comments.

We also revised the required section of reporting (clause 10.5.1) and deleted the recommended and optional reporting clause 10.5.3 and 10.5.4 as we left it for CD stage to be populated with corresponding text.

We also copied the base year text we agreed for scope 2 to clause 8.1 and 8.2 as it was removed without realizing that we already had an agreement for that.

We changed account to quantify where it made sense.

We will share this file with the GHG P secretariat and JW8. This text will form the basis of ISO position during GHG P TWG discussions where GHG P text is compared to ISO text.

Thank you for your dedication and contribution for the revision of this document.

WG4 Leadership Team



ISO/TC 207/SC 7/WG 4 N 330

ISO/TC 207/SC 7/WG 4 "Quantification and reporting of greenhouse gas emissions and removals at organizational level"

Convenorship: AFNOR

Convenor: GRAU Anne MME



Comprehensive report for changes to Scope 2 from WD2 of ISO14064-1

Document type	Related content	Document date	Expected action
Meeting / Minutes	Meeting: VIRTUAL 12 Jun 2026	2026-06-29	

Description

Please note that this report serves as the official report on the WG4 meetings held from 8 to 12 June.



Preliminary situation

- ISO 14064-1:2018: location-based mandatory, market-based optional
- ISO 14064-1 WD2: 2 options were proposed

	Scope 2 - LB	Scope 2 - MB	Scope 3 - LB	Scope 3 - MB	Conditions?
Statement #1	Mandatory	NA	Mandatory	NA	
Statement #2	NA	Mandatory / optional?	NA	Mandatory / optional?	

Level of support from ISO WG4

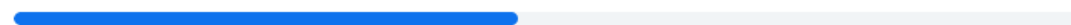
Poll#3

No consensus was reached

1. What option do you prefer about Statement 2 being mandatory or optional? (select only one) (single_choice)

answered

Option 1 : Statement 2 is mandatory only for scope 2 47%



option 2 : Statement 2 is optional 53%



	Scope 2 - LB	Scope 2 - MB	Scope 3 - LB	Scope 3 - MB	*Conditions?
Statement #1	Mandatory	NA	Mandatory	NA	
Statement #2 (option 1)	NA	Mandatory*	NA	Optional	If EACs present in the market
Statement #2 (option 2)		Optional*		Optional	If use EACs

Outcome – Section 6.5.3

The organization **shall** quantify and report its scope 2 emissions on an annual basis, representing GHG emissions that occurred within a 12-month period. The organization **may** report on other time periods to align with the organization's financial reporting.

Option 1 (modified GHG P option based on WD2 comments):

When contractual instruments are present in any market where the organization has operations, the organization **shall** quantify and report its scope 2 emission according to market-based method in statement #2 and location-based method in statement #1.

Note 1: This is called “dual reporting”.

If the organization's operations are only in markets that do not provide EACs, the organization **shall** quantify and report the scope 2 emission only based on location-based method.

The organization **shall** assess contractual instruments used in the market-based method for their conformity to Scope 2 Quality Criteria given in [Annex E](#) . If all of the activity data and GHG emissions factors are identical between location-based and market-based method for the organization's energy consumption, the organization **may** quantify and report only location-based method for its scope 2 emissions in statement #1.

Option 2 (modified ISO14064-1 option based on WD2 comments):

The organization **shall** quantify its scope 2 emissions using location-based method and report them in statement #1. The organization **may** quantify its scope 2 emissions using the market-based method and report its scope 2 emissions in statement #2, if the organization uses EACs.

Outcome – section 6.9.3.2 LB emission factors

The organization **shall** use GHG emission factors for *grid average mix* which are published by recognized and authoritative sources (e.g., national, state, or regional governments, grid system operators, international organizations).

NOTE 1 Accessible GHG emission factors are those that are publicly available, free to use, and from a credible source (such as a government agency, system operator, or recognized registry).

- Except in 6.9.3.3.2 residual mix, the term “credible source” is not used
- “Recognized and authoritative sources” is used, with a shall statement
- “Accessible” is also used, with shall statements

Examples:

- The organization **shall** apply GHG emission factors in location-based method that represent the most detailed geographic area for which accessible data are available (e.g. sub-national balancing area, operational grid boundary, national boundary).
- The organization shall apply location-based GHG emission factors that represent the most temporally granular GHG emission factor accessible, consistent with the temporal granularity of the available activity data.

Outcome – section 6.9.3.2 LB emission factors

- Non definition in WD2
- defining "accessible" emission factors as those that are :
"publicly available, free to use, and from a credible source (such as a government agency, system operator, or recognized registry)."
- WG4 requirement :
GHG emission factors shall be from recognized and authoritative sources
(e.g., national, state, or regional governments, grid system operators,
international organizations).

Outcome – Section 6.9.3.3.2 residual mix

When applying the market-based method, the organization **shall** use a GHG emission factor for the *residual mix* for the portion of the organization's electricity consumption that is not covered by contractual instruments.

NOTE This intends to avoid double counting of GHG emissions already tracked through contractual instruments within the market boundary.

Where available, residual mix data **should** be based on all-generation tracking systems or similar jurisdictional grid operator data that accounts for imports, exports, and known contractual instruments.

GHG emission factors for the residual mix **should** reflect the highest temporal matching available for the relevant market boundary.

GHG emission factors for the residual mix **should** reflect an appropriate level of temporal matching, taking into account data availability and regional applicability.

The organization **shall** not attempt to calculate their own residual mix. The organization **may** calculate a GHG emission factor for the residual mix, if a GHG emission factor for the residual mix is not readily available. If the organization calculates a GHG emission factor for the residual mix, then the organization **shall** justify, document and report the calculation method and the results.

In cases where a residual mix is not available from a **credible** source for a given market boundary, and the electricity the organization consumes within this market boundary is not fully covered by contractual instruments, the organization **may** use grid average mix used in location-based method for the portion of the organization's electricity consumption that is not covered by contractual instruments. Grid average mix used in such cases **shall** match the market boundary of the contractual instrument used for the organization.

When the organization uses the grid average mix as proxy for residual mix in the market-based method, the organization **shall** match the geographic boundary used in location-based method for the locations where it uses grid average mix. The organization **shall** disclose percentage of consumption covered by grid average mix within its scope 2 emissions quantified using the market-based method.

Outcome – section 6.9.3.3.2 residual mix

Argument principal	Punitive and unrealistic	100% fossil assumption - not reflect the actual generation mix - overstates emissions, - penalizes organizations without access residual mix data
Proposal	Grid average mix (location-based method) as fallback — more accurate, still conservative	- more accurate representation of actual grid emissions - still being conservative: - grid average mix includes all generation sources without removing tracked attributes
strong guardrail	boundary matching + disclosure boundary matching: match its location-based scope 2 boundary to the market boundary for the locations where it uses grid average mix in its scope 2 market-based inventory disclosure of % covered: disclose the percentage of its electricity consumption covered by grid average mix.	- prevents cherry-picking; - practical for markets without residual mix data

Outcome – SSS removed

The GHG Protocol representatives were given the floor to explain the SSS concept and to answer questions from ISO experts during the June 8th WG4 meeting.

WG4 then reached a full consensus to remove the SSS criterion from the standard.

The discussion concluded that:

- The SSS framework would require ISO to make *regulatory determinations* about how electricity is funded and allocated in specific jurisdictions — decisions that are the purview of national energy regulators, not international standards, and would conflict with *ISO neutrality principles* (ISO/IEC Directives, Part 2).
- The mechanism risks contradicting *international free trade agreements* and national energy policies by imposing a specific model of electricity attribute allocation.
- The SSS quality criterion would have created an *implementation dependency* on an external entity maintaining jurisdiction-specific databases, which is unprecedented for ISO standards.
- The underlying anti-double-counting intent is addressed through the *residual mix mechanism* (Clause 6.6.3.3.2) and quality criteria for *unique claims* and *retirement* (Annex E, Criteria 2 and 3).

Level of support from ISO WG4: consensus

Why ?	WG4 conclusions	Key supporting points
Requires regulatory and policy determinations that belong to national or international jurisdictions.	- Decisions on electricity funding and allocation are the purview of national energy regulators, not international standards. → conflict with ISO neutrality principles. (ISO/IEC Directives, Part 2). Risk of contradicting international free trade agreements and national energy policies by imposing a specific model of electricity attribute allocation.	- Sovereign autonomy — Countries should retain the right to decide how public funds are used and how renewable energy resources are allocated. - SSS would require separate registry and tracking infrastructure that does not exist today, and distribution mechanics for partially funded projects are undefined. - regulatory interference. i.e. EFRAG had already recommended GHG Protocol leave market boundary definitions to jurisdictions. - Applying uniform rules across different regulatory contexts may lead to unintended consequences. - Mandating the use of SSS and the related fossil-fuel default approach could create inconsistencies and inequities across regions, particularly for developing countries
SSS creates dependency on external entities and infrastructure	The SSS quality criterion would create an implementation dependency on an external entity maintaining jurisdiction-specific databases → unprecedented for ISO standards.	- Would require separate registry and tracking infrastructure that does not exist today. - Distribution mechanisms for partially funded projects remain undefined.
SSS is unnecessary because the objective is already addressed elsewhere	- The underlying anti-double-counting intent is addressed through the residual mix mechanism (Clause 6.6.3.3.2) and quality criteria for unique claims and retirement (Annex E, Criteria 2 and 3). - Ambiguity in SSS definition.	No additional SSS criterion is needed to achieve the intended integrity objective.
Additional concerns raised during consultation	SSS would strip buyers of their paid-for claim, undermining the financing model that contributes to the energy transition.	- Unclear whether NDC-related projects, government-facilitated tenders, sandbox pilots or mandated programmes would be captured. - Efficient market outcomes — EAC sales to the voluntary market prevent cost passthrough to uninterested consumers, support nascent green technologies, and help recover public funding.

Outcome – Annex E.5. Criterion 4: Temporal matching**WG4 - Compromise :**

Monthly: mandatory (shall).

- Exception: if monthly not feasible → lower resolution (quarterly or **annual**) allowed under conditions.
- **Annual** : mandatory (shall).
- **Hourly:** optional (non consensus about should/may).

Anti-Banking Provision (New): EAC accumulation across reporting periods. Contractual instruments shall not be rolled over between annual reporting periods avoiding banking of EACs.

Change	Description	Source
Three-level hierarchy framework	Adoption of a three-level framework for temporal matching: Annual (shall), Monthly (shall), Hourly ([should/may]). Hourly matching remains optional due to a lack of consensus (10 votes for "should", 15 for "may").	N330 (pp. 16-17), N327 (Annex E.5)
Anti-banking provision	Prohibition on carrying over contractual instruments between annual reporting periods ("shall not be rolled over"). Objective: avoid the accumulation of EACs from one year to another, which would distort temporal matching.	N330 (p. 17), N327 (Annex E.5)
Removal of exemption thresholds	Exemptions based on consumption thresholds (e.g., 5/10/50 GWh) proposed in WD2 are removed. Rationale: considered arbitrary, discriminatory, and unnecessary since hourly matching is no longer mandatory.	N330 (p. 17), Annual matching after WD2.docx
Exception to monthly matching	If monthly matching is not feasible (lack of data, infrastructure constraints, or market constraints), instruments with lower temporal resolution (quarterly or annual) may be used, provided that the approach is justified, documented, and reported.	N330 (p. 17), N327 (Annex E.5)
Activity data by level	Annual: Data based on an annual bill or meter. Monthly: Data based on a bill, a meter, or a flat average (annual consumption divided by 12). Hourly: Use of the best available precision (e.g., hourly meter, load profile, flat average).	N330 (pp. 17-18), N327 (Annex E.5, Table E.1)

Mandatory hourly matching considered inapplicable in most markets where EAC tracking systems do not yet support hourly granularity

- metering infrastructure is insufficient
- hourly GHG emission factors are not published.
- create barriers for organizations in developing economies

Exemption thresholds in WD2 seen as arbitrary and discriminatory against smaller organizations, and difficult to implement.

Mandatory hourly matching *exclude organizations in developing economies* from market-based reporting

- contradicting ISO's global applicability principle.

Market design flaw

Hourly matching EACs present a major market design flaw in a voluntary market, making them unsuitable for an international standard. Hourly EACs create a cherry-picking loophole that makes it impossible to obtain hourly prices.

Academic papers don't test demand behaviour

Not a single academic paper studies demand behaviour in the face of hourly premiums. The studies are therefore insufficient to justify the mandatory use of hourly EACs in Scope 2 market-based calculations.

Outcome - Annex E.5, Criterion 5

Change from WD2	WG4 resolution
Deliverability concept	"Deliverability" concept removed.
Demonstrating deliverability	All references to "demonstrating deliverability" were deleted.
Table E.3	Prescriptive table of approved methodologies, country-specific listings, and alternate methodologies removed.
Country-specific provisions	African power pool listings, ENTSO-E references, and all country-specific provisions were removed.
Overall approach	Replaced with a principle-based framework for determining market boundaries.
Cross-border provisions	Simplified to require mutual EAC recognition and double counting prevention.
Safeguards retained	Consistency requirement added; disclosure requirement retained.
Legacy contracts	Contractual instruments procured under pre-publication agreements meeting applicable quality criteria shall remain eligible for a transition period not exceeding 10 years; extensions or amendments shall comply with the new requirements.

Outcome - Annex E.5, Criterion 5 (1/2)

When applying the market-based method, the organization **shall** use contractual instruments purchased for its electricity consumption only from generators located within the same market boundary as the organization's electricity-consuming facility.

The market boundary **shall** be defined as the geographic area within which an electricity sector operates under a common regulatory, institutional, or interconnection framework that enables the exchange of electricity and associated EACs.

Market boundaries **shall** be determined by reference to one or more of the following:

- a) jurisdiction of a national or multinational electricity regulatory authority;
- b) interconnected grid system operated by a single transmission system operator or power pool (e.g., ENTSO-E, PJM, GCCIA, SAPP, ASEAN Power Grid);
- c) geographic scope defined by the jurisdiction's energy legislation as the area within which contractual instruments are legally valid and transferable.

NOTE Hierarchy of a, b, c above **can** be applied.

Where an organization's consuming facility is located within a market boundary that is adjacent to another market boundary through cross-border attribute tracking agreements, contractual instruments from the adjacent boundary **may** be used, provided the tracking system ensures mutual recognition of EACs and prevents double counting.

Outcome - Annex E.5, Criterion 5 (2/2)

Contractual instruments **shall** clearly disclose the geographic location of the generation facility from which the associated EACs are derived.

A consistent and recognized mechanism for tracking and retiring certificates **shall** be in place to prevent double counting of GHG emission attributes within or across market boundaries.

The organization **shall** use the same market boundary consistently for:

- a) sourcing contractual instruments;
- b) calculating or applying the residual mix (see [6.9.3.3.2](#));
- c) determining the location-based emission factor for dual reporting purposes when residual mix is not available.

The organization **should** use the same market boundary consistently for determining the location-based emission factor for dual reporting purposes.

The organization **shall** disclose the market boundary applied and the basis for its determination.



Thank you for your
attention

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.





Overview of TWG resources provided post consultation

Scope 2 Public Consultation Feedback

- [Scope 2 Public Consultation Summary of Feedback \(PDF\)](#)
- [Scope 2 Public Consultation Summary of Feedback Executive Summary \(PDF\)](#)
- [Scope 2 Public Consultation Feedback Raw Data \(XLSX\)](#)

Electricity-Sector Consequential Methods Public Consultation Feedback

- [Electricity-Sector Consequential Methods Public Consultation Summary of Feedback \(PDF\)](#)
- [Electricity-Sector Consequential Methods Public Consultation Feedback Raw Data \(XLSX\)](#)

Consolidated Corporate Standard - Standard Development Plan (SDP)

- [Consolidated Corporate Standard - Standard Development Plan \(SDP\)](#)

ISO Scope 2 Public Consultation Feedback (published on TWG SharePoint)

- Cover letter to explain how ISO input is collected and considered for Scope 2
- ISO feedback: Scope 2 June 12 WG4 review
- ISO feedback: Comprehensive report for changes to Scope 2 from WD2 of ISO 14064-1

Scope 2 Memos (published on TWG SharePoint)

- TWG memo - LBM
- TWG memo - MBM

Summarized feedback from TWG members on each option, relative to decision making criteria; each option reflects a different way of balancing integrity, impact, and feasibility

Option A: Two methods with different metrics (Method 1 reported in tCO₂e in the inventory, Method 2 reported as an alternative metric)

Integrity

- Reported tCO₂e reflects generation plausibly available to serve the reporter's load.
- Addresses the known integrity shortcomings of the 2015 Guidance by not having Method 2 as a tCO₂e metric.
- Provides users with a complete view of procurement effort, contractual rights, and financial support for CFE outside of the inventory.
- A single transition date to Method 1 provides transparency and comparability for users.

Impact

- Research on how inventory rules shape procurement consistently finds that hourly matching, deliverability, and incrementality deliver greater emissions reductions than the 2015 *Scope 2 Guidance*.
- Allowing organizations to account for all electricity procurement outside of the inventory maximizes market participation and supports a large, accessible market for EACs.
- Concern that a metric for procurement not in tCO₂e does not align well with other reporting programs or existing targets.

Feasibility

- Taking actions to reduce Scope 2 emissions under Method 1 is more challenging than under the 2015 Guidance.
- The selected transition date would need to meet market infrastructure capacity.
- Provides an option for reporters to continue to report their existing procurements that don't meet Method 1 outside of the inventory.

Option B: Two methods with the same metric (tCO₂e)

Integrity

- There are known integrity shortcomings of the 2015 *Scope 2 Guidance* MBM.
- Differences between methods are the disclosed attributes and claims, rather than the metric.
- Presenting two distinct methods in the same metric (tCO₂e) risks confusing users.

Impact

- Targets set in tCO₂e are a main driver of voluntary procurement, and a non-GHG Method 2 could weaken that driver.
- Allowing for two different methods in tCO₂e maximizes market participation and supports a large, accessible market for EACs.
- If both methods become available to report tCO₂e, members expected most companies to choose the easier Method 2, leaving Method 1 largely unused.

Feasibility

- Keeping tCO₂e for Method 2 preserves existing inventories, targets, disclosures and financial reporting.
- A tCO₂e number can be summed across sites and combined with the rest of the inventory.
- Method 2 works in most markets regardless of hourly data or certificate infrastructure.
- Companies would continue to be able to report their existing procurements to reduce their reported Scope 2 emissions.

Option C: Two methods in tCO₂e with phased transition for method 2 metric

Integrity

- Makes progress towards resolving the integrity shortcomings of the 2015 Guidance by beginning the transition away from using Method 2 as a tCO₂e metric, without immediately phasing it out.
- A staggered transition date would have relatively less transparency and comparability for users than a single transition date.

Impact

- Reduces market disruption by maintaining accessibility and demand for EACs while market infrastructure develops.
- May delay grid decarbonization impacts if companies continue relying on Method 2 rather than adopting procurement practices under Method 1.
- Allowing all procurement methods to be recognized outside the inventory post-transition preserves broad market participation and accessibility for EACs.

Feasibility

- Provides reporting continuity and preserves existing tCO₂e based targets and disclosures during the transition window.
- Allows companies to transition to Method 1 in alignment with internal and external reporting cycles to minimize strategic and administrative disruption.
- Companies can continue reporting procurements as Scope 2 emission reductions until ready to transition, provided they disclose this methodology to the market.
- A staggered transition date could be tied to market readiness or company size.