Updates on Power Accounting Guidelines development

September 25, 2012

CRS Renewable Energy Markets conference
Scope 2 Total = Consumption MWh \times Emission Factor

- Purchase and apply an offset credit to reduce any scope’s emissions
- Efficiency
- Conservation
- Install Onsite RE to reduce grid purchase (any emissions from owned/operated become scope 1)

What emission factor should companies use?
- Grid average
- eGRID sub-region
- IEA country-level defaults
- Contractual instruments
  - REC’s
- Utility green power labels
- Power purchase agreements

www.ghgprotocol.org
Company’s performance based on 4 different emission factors:

- **Production-based locational grid average**: 0.45 tons/MWh
- **Supplier-based contractual**: 0.63 tons/MWh
- **Consumption-based locational grid average**: 0.39 tons/MWh
- **Certificate-based contractual**: 0 tons/MWh
Basic rationale for grid average

**Practical**
- Widely available publications on geographic EF’s
- Easier for reporting programs to standardize
- Easier to compare performance

**Reflection of Reality**
- Shared resource that individuals cannot direct, so shared responsibility for the composition of the grid generation
- Liability and costs may be more aligned with overall grid trends

**Incentive**
- Goal is reductions in electricity sector: grid average shows when there is still more to reduce
- Shared responsibility is a better incentive for efficiency and on-site efforts
Basic rationale for contractual methods

**Practical**
- Contractual information can be more reliable in some places than the grid figures

**Reflection of Reality**
- Most liberalized grids are managed through contracts between parties, separate from physical electricity flows
- Consumers DO have differentiated responsibility for the mix of resources on the grid, and contracts can reflect that
- Better risk reflection

**Incentive**
- Consumer choices should have differentiated choices, and be able to drive more low-carbon energy
- Without this method, no incentive for procurement shifts
1. **CAN?** Evaluate whether and how both methods can produce emission factors that fulfill quality criteria applicable to all types of emission factors

2. **SHOULD?** Define assumptions and intent of both methods, and how they align with GHG Protocol standard principles and goals

3. **HOW?** Determine how other concerns and consumer expectations about the contractual method should be addressed
1. **CAN?** Evaluate whether and how both methods can produce emission factors that fulfill quality criteria applicable to all types of emission factors
   - Attributes  
   - Ownership  
   - Double counting  
   - Geographic/Temporal

2. **SHOULD?** Define assumptions and intent of both methods, and how they align with GHG Protocol standard principles and goals
   - Relevance  
   - Completeness  
   - Consistency  
   - Accuracy  
   - Transparency

3. **HOW?** Determine how other concerns and consumer expectations about the contractual method should be addressed
   - Additionality?  
   - Regulatory surplus?  
   - Public subsidy?  
   - Technology type?
**Option #1:** Recommend a **physical consumption** basis for quantifying scope 2

**Option #2:** Recommend that a **contractual method** for quantifying scope 2

**Option #3:** Redefine parameters of scope 2, possibly as a required **dual-reporting category** that necessitates two emissions totals: one based on a physical quantification method, and a one based on contractual quantification.
Potential hierarchy of preference for emission factors:

#1. Contractual information, including certificates, contracts or supplier-specific information that meets criteria

#2. Adjusted grid-average figures at local, regional, or national level

#3. Un-adjusted grid-average figures at local, regional, or national level

What if contractual instruments do not meet the requirements today?

How do we recommend reporting in the transition to a “more ideal” contractual tracking and allocation system?
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<tr>
<td>Scoping Workshops</td>
<td>Washington D.C., US - Dec 2010</td>
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<td>Mexico City, Mexico – May 2011</td>
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<td>Technical Working Group Drafts and Discussion</td>
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Materials to date and summaries of scoping workshops available on project website


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