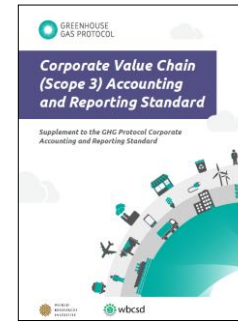


# GREENHOUSE GAS PROTOCOL

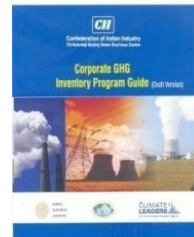
## **Updates on Power Accounting Guidelines development**

September 25, 2012

CRS Renewable Energy Markets conference

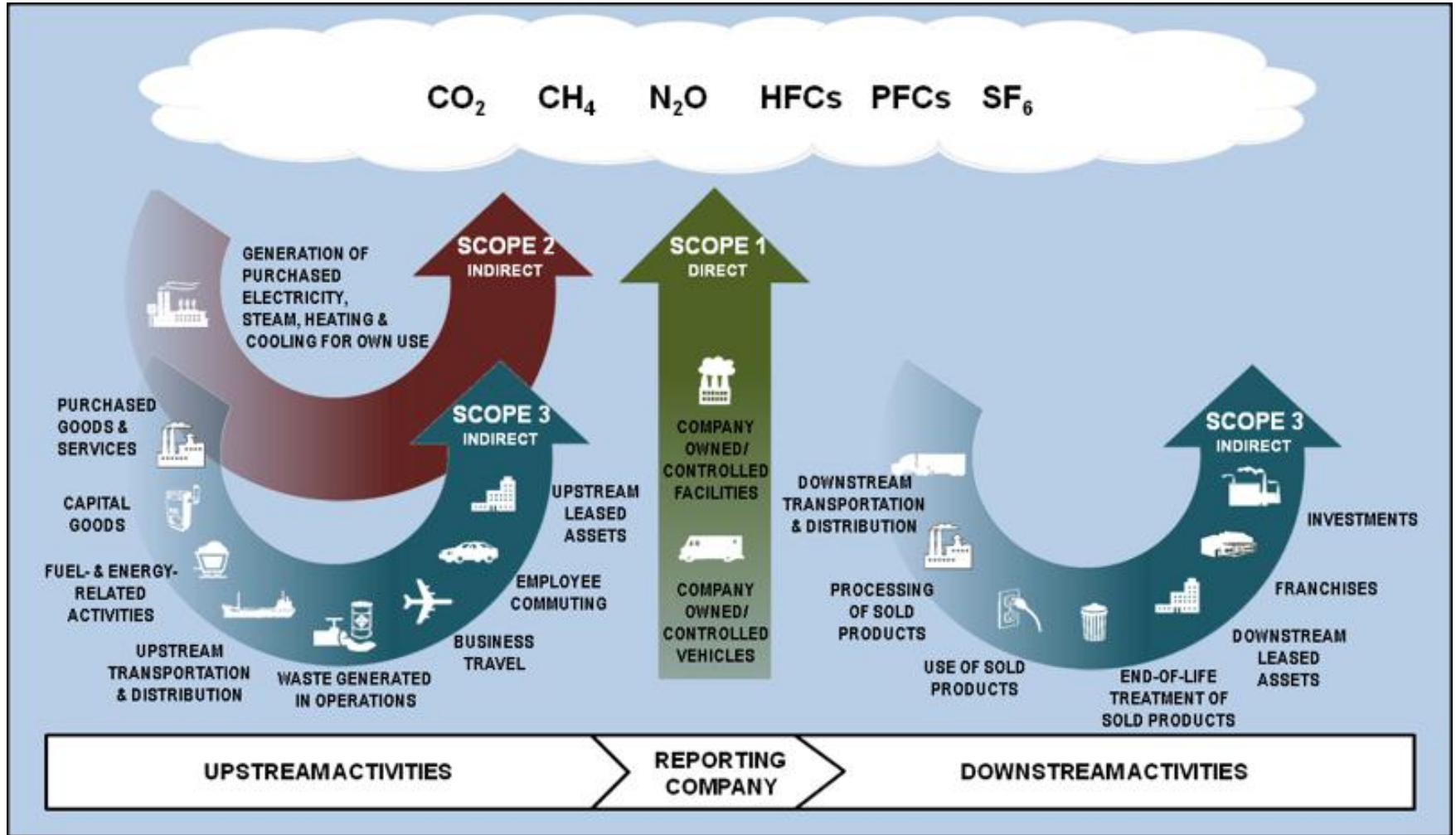


## GHG Protocol Standards



CARBON DISCLOSURE PROJECT





# GREENHOUSE GAS PROTOCOL

$$\text{Scope 2 Total} = \text{Consumption MWh} \times \text{Emission Factor}$$



**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

## Company's performance based on 4 different emission factors:

**0.45**  
tons/  
MWh

**Production-  
based**  
*locational grid  
average*

**0.63**  
tons/  
MWh

**Supplier- based**  
*contractual*

**0.39**  
tons/  
MWh

**Consumption-  
based**  
*locational grid  
average*

**0 tons/  
MWh**

**Certificate-  
based**  
*contractual*

## 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?**

## Scoping Workshops

Washington D.C., US - **Dec 2010**  
London, U.K. – **Jan 2011**  
Mexico City, Mexico – **May 2011**

## Technical Working Group Drafts and Discussion

Summer 2011-present

## Public comment

End of year 2012

## Publication

February 2013

STAKEHOLDERS



CARBON DISCLOSURE PROJECT



Materials to date and summaries of scoping workshops available on project website

<http://www.ghgprotocol.org/feature/ghg-protocol-power-accounting-guidelines>

Contact: Mary Sotos  
[mary.sotos@wri.org](mailto:mary.sotos@wri.org)  
202-729 7627