

# Actions and Market Instruments Technical Working Group

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## Meeting #1.02

**GHG Protocol Secretariat team:**  
Kevin Kurkul, Michaela Wagar

**December 4, 2024**

# Agenda

- Introduction (20 minutes)
- Background & level setting (35 minutes)
- Use cases (60 minutes)
- Next steps (5 minutes)



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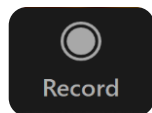


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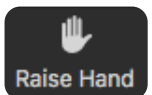


## Today's Objectives

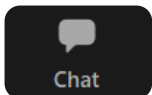
1. Discuss feedback from the last meeting
2. Review the development of the GHG Protocol Corporate Accounting and Reporting Suite of Standards
3. Discuss the use cases of corporate GHG accounting and reporting
4. Identify use cases that should be prioritized by the actions and market instruments standard



This meeting is recorded.



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



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



Recording, slides, and meeting minutes will be shared after the call.

## Guidelines and Procedures

- TWG members should **not disclose any confidential information** of their employers, related to products, contracts, strategy, financials, compliance, etc.
- In TWG meetings, **Chatham House Rule** applies:
  - “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”
- **Compliance and integrity** are key to maintaining the credibility of the GHG Protocol
  - Specifically, all participants need to follow the **conflict-of-interest policy**
  - **Anti-trust rules** have to be followed; please avoid any discussion of competitively sensitive topics\*

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\* 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

## Member Updates

- Please welcome our new members:
  - Emma Watson, Science Based Targets Initiative
  - Jonathan Crook, Carbon Market Watch
  - Andres Casallas, World Business Council for Sustainable Development
  - Subrata Chakrabarty, World Resources Institute

## Feedback Form Questions/Requests

### Can colleagues sit in if a member is not able to attend?

- **No**, members are expected to participate as individuals and may not send someone in their place. Written feedback can be provided before or after a meeting and recordings will be available if a meeting is missed.

### Will there be a physical meeting?

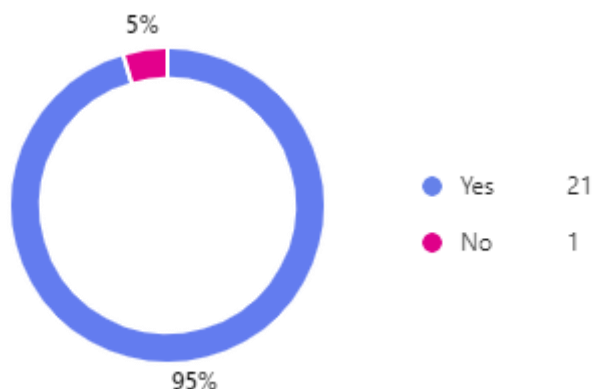
- **There is not a physical meeting currently planned.** If/when it is deemed strategically necessary, members will be notified significantly in advance.

### Are there members involved in other initiatives?

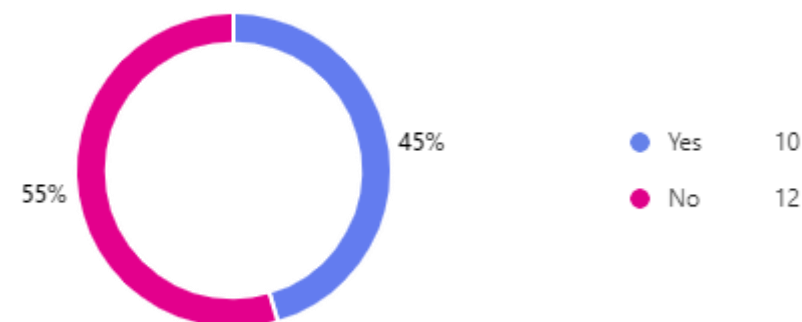
- We will use the **feedback form following this meeting** to gather a list of the relevant initiatives that members are participating in.

## Feedback – Meeting times

Can you regularly attend a call  
at 9 AM EDT (New York)?



Can you regularly attend a call  
at 4 PM EDT (New York)?



- To mitigate issues around establishing quorum, for the moment **we are proceeding with only 9 am EDT meetings**
- We will continue to revisit this decision throughout the process to see if there is an alternative solution that works for the group

## 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

## Summary of Feedback on SDP and Scope of Work

The following requests and suggestions were received through the feedback form after last meeting:

- **Prioritize clarity and standardization** of terms and definitions
- Address **purpose as a first step**
- Additional information on **how the workstreams will overlap and coordinate**
- **Continual alignment checks** with other programmatic and regulatory actors

## Standardizing Terms & Definitions

- Working definitions will be introduced throughout the development process to **facilitate effective collaboration during TWG conversations** as shown below:

**Working Definition** – A draft definition of a term intended to facilitate ease of understanding and conversation between working group members

- The Secretariat, with input from TWGs, is undertaking an internal process to produce a GHG Protocol glossary to standardize terms and their definitions across the corporate suite of standards.
- Final recommendation of terms and definitions relevant to the AMI workstream will be made by the AMI TWG** to the ISB for approval.

## Technical Working Group Overlap

- The four update TWGs may at times discuss the same or similar cross-cutting topics
- In cases of overlap, a **lead working group** will be established based on the scope of work laid out in the workstream's standard development plan
  - If a working group discusses a topic for which they are not the lead, they may make a **recommendation to the lead working group**
  - The lead working group will then take the recommendation into consideration and ultimately make a **recommendation to the ISB**

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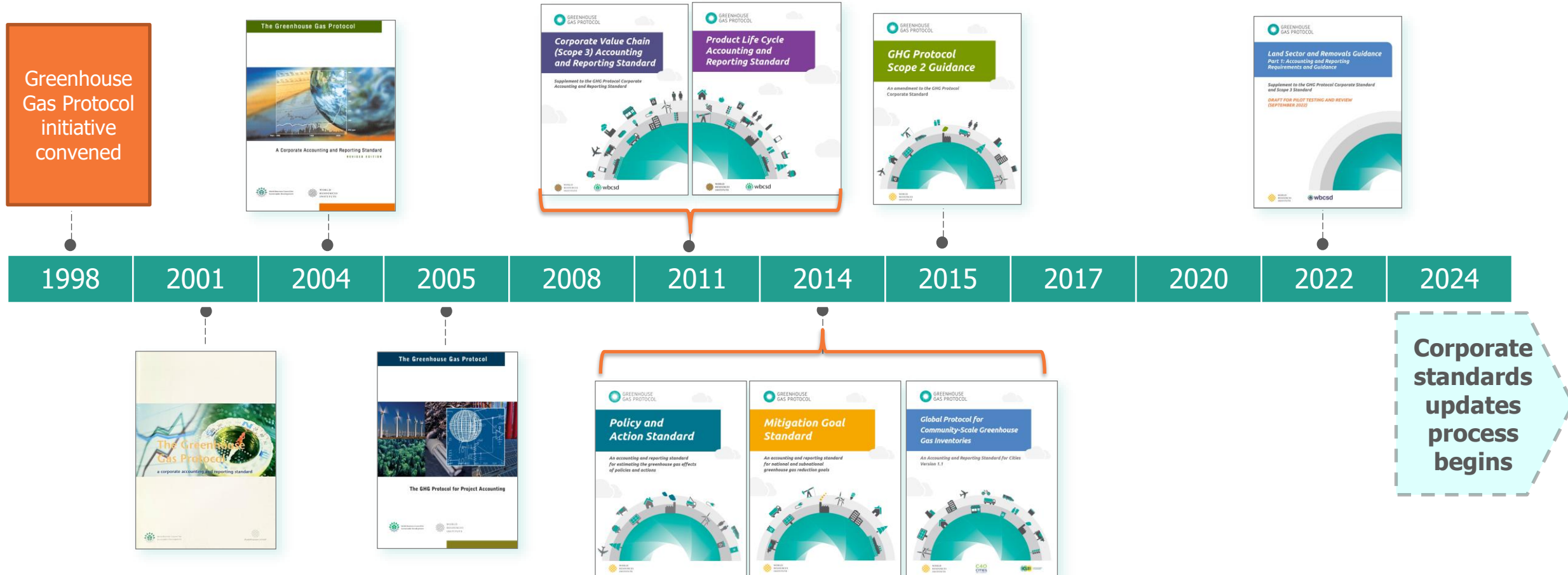
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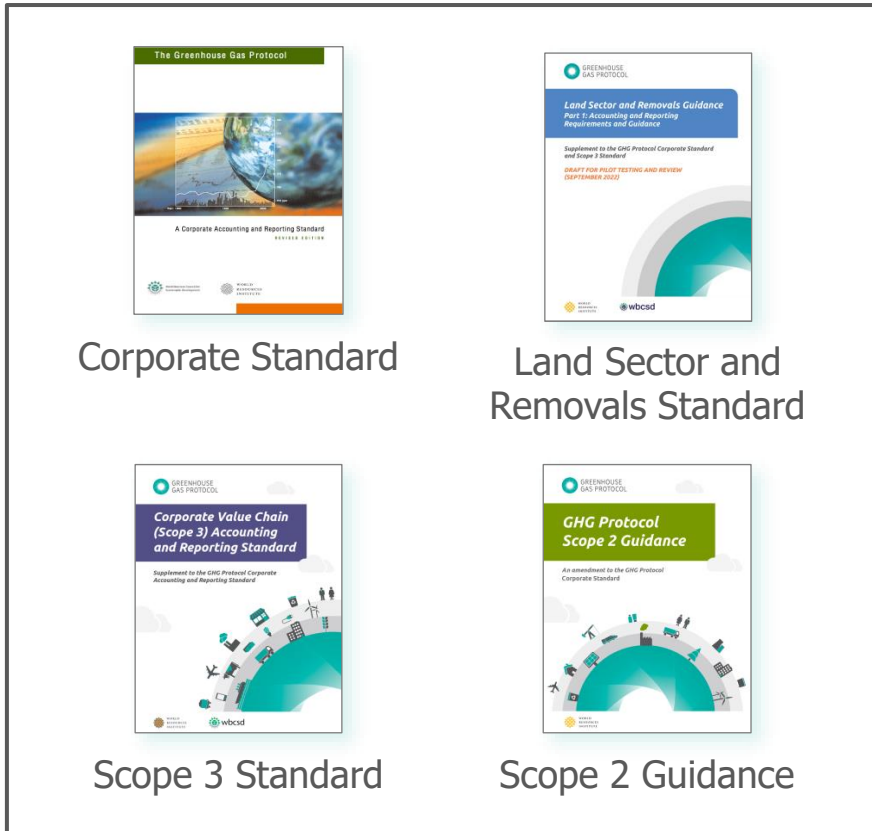


# History of GHG Protocol standards

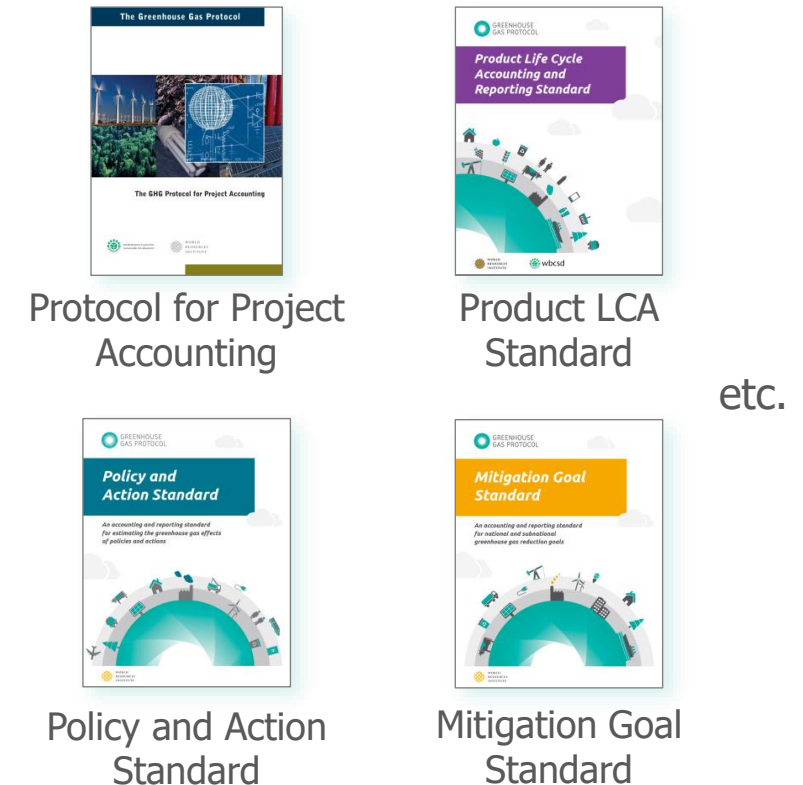


# GHG Protocol Standards

## Corporate Suite of Standards



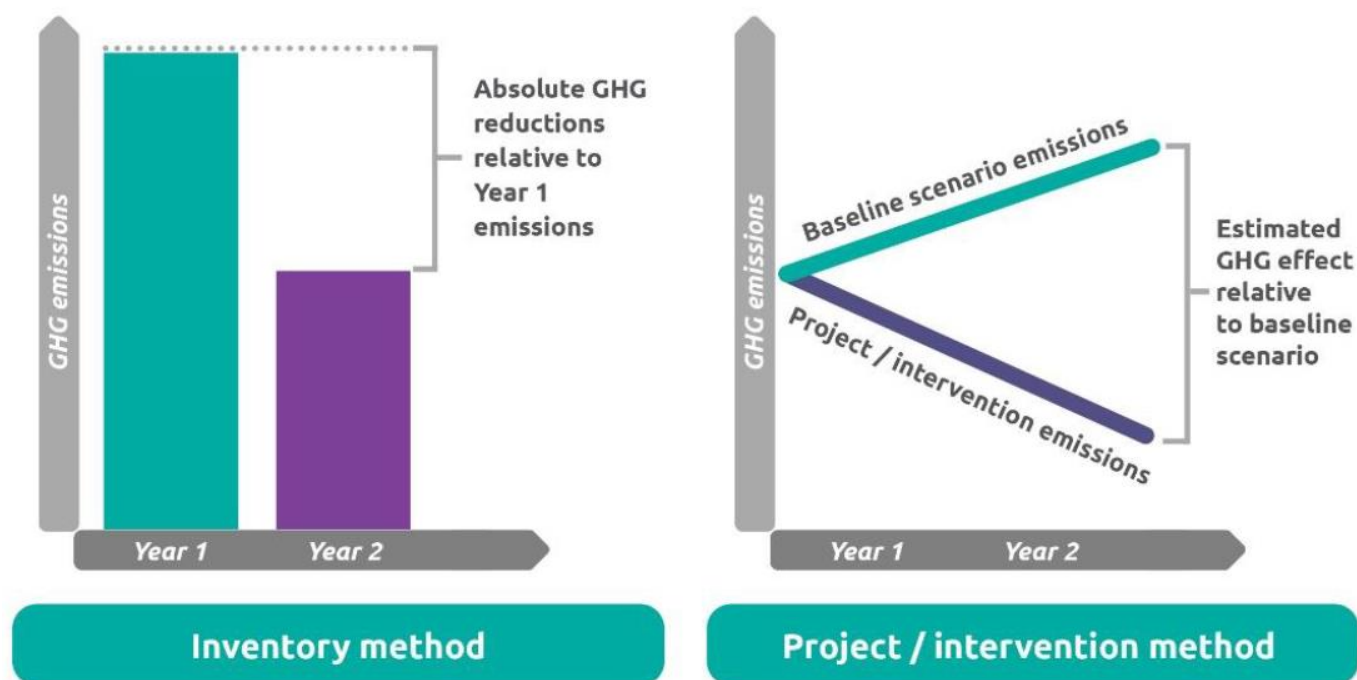
Referenced by but not  
part of the Corporate  
Standard suite  
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# GHG Protocol provides standards for both Inventory and Project/Intervention accounting

- **Inventory accounting methods**
  - track GHG emissions and removals within a defined inventory boundary over time relative to a historical base year
- **Project/Intervention accounting methods**
  - used to quantify the impacts on GHG emissions or removals of specific projects, actions, or interventions, by estimating systemwide GHG impacts relative to a counterfactual baseline scenario

**Figure 11.3** Comparison of inventory and project or intervention accounting methods



# GHG Protocol Corporate Reporting

## GHG Report (Inventory Report)

### Inventory

- Scope 1
- Scope 2 (location-based + market-based)
- Scope 3 (by category)

### "Reported Separately"

- GHG trades
- Project-based emissions, reductions or removals
- Avoided emissions

**Reporting Element** – An individual component of the GHG report that provides unique information (e.g. inventory, category, table, statement etc.)

*Note:* Non-comprehensive, refer to Corporate Standard, chapter 9, for full reporting requirements (e.g. p. 63-64), and the Scope 3 Standard, chapter 11 (e.g. p. 120)

## “Reported Separately”

### Corporate Standard

- “It is important for companies to report their physical inventory emissions for their chosen inventory boundaries separately and independently of any GHG trades they undertake” (pg 60)
- “These [project-based] reductions may be separately quantified, for example using the *GHG Protocol Project Quantification Standard*, and reported in a company’s public GHG report under optional information in the same way as GHG trades” (pg 61)

### Scope 2 Guidance

- “companies can report avoided grid emissions from energy generation projects separately from the scopes using a project-level accounting methodology” (pg 28)
- “If an electricity supplier purchases offsets on behalf of their customers, the reporting customers should report the offsets separately from the scopes.” (pg 56)

### Scope 3 Standard

The following “must be reported separately from the company’s scope 1, scope 2, and scope 3 emissions”:

- “Information on project-based GHG reductions calculated using the project method” (pg 122)
- “Information on avoided emissions (e.g., from the use of sold products)” (pg 122)

## Land Sector and Removals Standard

- The standard covers:
  - Land management, land use change emissions
  - CO<sub>2</sub> removals and storage
  - Biogenic products and technological removals across the value chain (scope 1, scope 2, scope 3)
- The standard also discusses topics that are designed to serve as **inputs to the AMI workstream** for evaluation on cross-sector application. These topics include:
  - Evaluating impacts of actions
  - Accounting for credited GHG reductions and removals
  - Interim traceability guidelines



## High-level survey feedback

- Significant interest across surveys for enabling **methods to account for and recognize the impact of mitigation actions**
  - Current disclosure and target-setting programs mainly focus on inventory accounting, i.e., within the “scopes”
  - Methods to account for mitigation impacts need to be clarified and recognized within target- and goal-setting programs
- Many respondents requested that the **GHG Protocol provide clarity on**
  - **Accounting methods** applicable to both impacts within and outside the “scopes”
  - And, around the **reporting** of use and claims associated with project impacts, market-based instruments, etc.
- Respondents want to **maximize harmonization between the requirements of different voluntary and regulatory reporting programs**

## Key Issues

### Issue 1: "Reported Separately" isn't sufficient

- Stakeholder feedback consistently addresses the need for additional clarity on the reporting structure, and potential for inclusion of various types of instruments within GHG Protocol corporate reporting
- The market surrounding contractual emissions claims has grown exponentially since the CS was published and there is a need for more robust guidance to promote impactful reduction efforts while avoiding greenwashing

### Issue 2: Need for a cohesive vision of corporate GHG reporting

- Additions to the Corporate Standard were written as standalone documents and focused on subsets of the report or sector specific guidance, not the report as whole
- When attempting to evaluate the potential inclusion of a specific instrument within a GHG report that aligns with the GHG Protocol Corporate Standard suite, the boundaries and/or limitations of the report and individual elements (e.g. the inventory) are not clear

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## Survey Feedback: Stakeholder perspectives vary on needs

- Evaluating any changes to reporting structures or instrument treatment will require assessing alignment and potential conflicts between accounting objectives.
- The following list summarizes some of the major objectives identified by survey respondents:
  - **Enhance emissions accounting and incentivize investments:**
    - Ensure emissions accounting rewards investments in low-carbon products on a life cycle basis.
    - Promote accounting framework that recognizes emission reduction efforts.
    - Encourage collaborative mitigation strategies and private financing in value chains.
    - Emphasize the role of GHG accounting standards in supporting cost-effective emissions reductions.
  - **Establish GHG Inventories purpose as exclusively physical accounting of emissions & removals:**
    - Focus only on measuring a company's physical emissions to enable evaluation and improvement of for process efficiency, climate-related financial risk, and other objectives.
    - Use other reporting metrics and disclosures to quantify impacts outside a GHG Inventory.
  - **Enable comparability and alignment:**
    - Enable comparability between companies using GHG Protocol standards.
    - Align GHG Protocol with existing compliance market systems to reduce reporting discrepancies and administrative burdens.

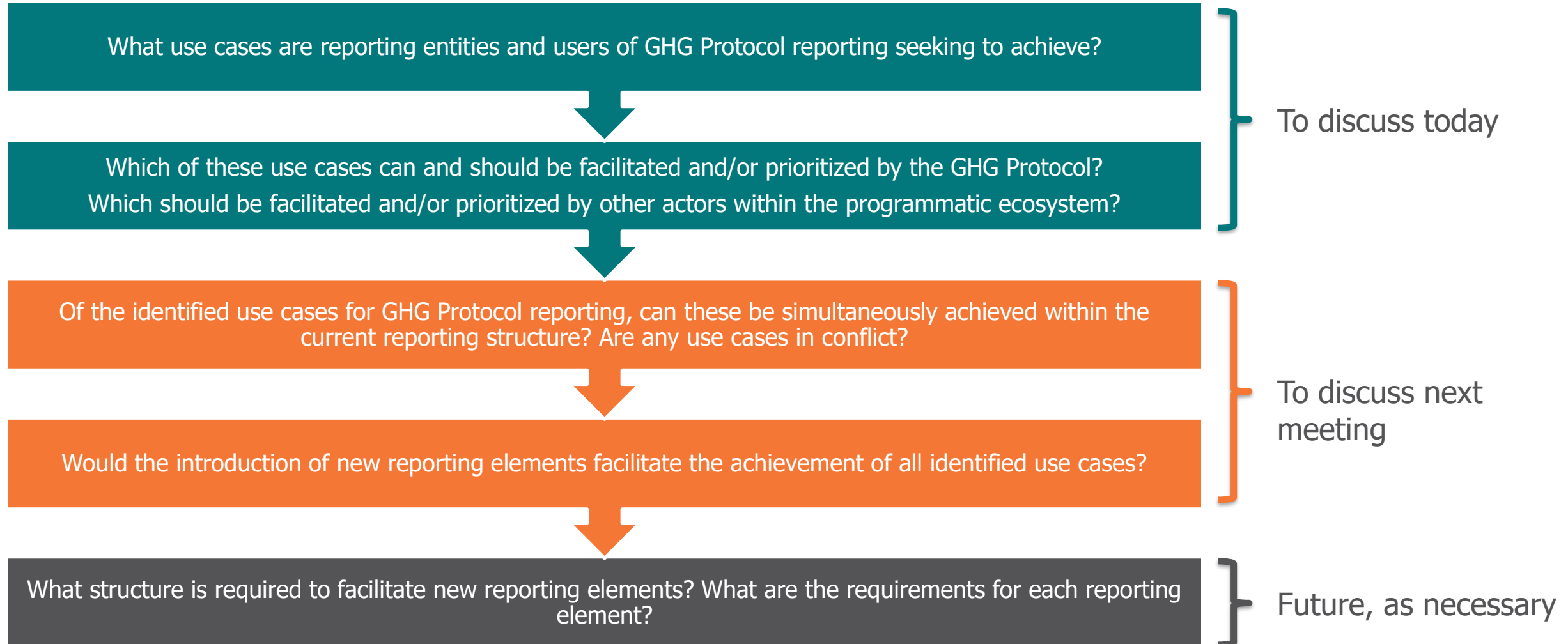
## Objectives, purposes and goals to use cases

- GHG Protocol standards reference several interrelated concepts used to highlight the intent behind and value of a corporate inventory and emissions report. Within the Corporate Standard, we see reference to:
  - “The standard and guidance were designed with the following **objectives** in mind...”
  - “A well-designed and maintained corporate GHG inventory can serve several business **goals**...”
  - “A key **purpose** of the *GHG Protocol Corporate Standard* is to provide companies with guidance on how to develop inventories that provide an accurate and complete picture of their GHG emissions...”
- While we will look at examples of these concepts from several standards to illustrate existing thinking, for our current discussion we want to generalize to **use cases**

**Use cases** – Real world function that accounting and reporting facilitates

*\*Please see the appendix and the associated standards for further information on objectives, goals, and purposes*

## Strategic questions relevant to AMI workstream



## Example use cases of the GHG data

### By the reporter:

- Provision of information to use internally to **manage and reduce GHG emissions**
- Establish base year emissions and **track emissions over time**
- **Public reporting** of GHG emissions (e.g., on website, in ESG reports)
- Participation in **voluntary reporting programs**
- Compliance with **mandatory reporting programs**
- Setting and monitoring progress against externally validated **targets**
- **Benchmarking performance** compared to competitors/peers
- Provision of information to **value chain partners** for use in their scope 3 emissions inventories

### By other stakeholders:

- **Customers (business-to-business):** Use of suppliers' GHG data to quantify scope 3 emissions or evaluation of suppliers' emissions performance to inform procurement decisions
- **Reporting programs:** Provision of data to stakeholders (e.g., investors)
- **Investors:** Evaluation of companies' climate risks and opportunities to inform investment decisions
- **ESG rating agencies:** GHG inventory data as an input to evaluate companies' climate/ ESG performance
- **NGOs:** Evaluation of companies' climate performance and transparency of disclosures
- **Researchers:** Analysis of companies' emissions and use of GHG data in research

## **Activity: Identifying use cases of corporate GHG reporting**

### **Whiteboard activity:**

What are the use cases of corporate GHG accounting and reporting?

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Development

## Next Steps

- Feedback form will be circulated
  - Please submit by December 13<sup>th</sup>
- Next meeting
  - Wednesday, January 15<sup>th</sup>

**Thank you!**

## Contact information

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# Appendix

*Draft for TWG Discussion*



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## Objectives of the *Corporate Standard* (Introduction, p.3)

The standard and guidance were designed with the following objectives in mind:

- To help companies prepare a GHG inventory that represents a true and fair account of their emissions, through the use of standardized approaches and principles
- To simplify and reduce the costs of compiling a GHG inventory
- To provide business with information that can be used to build an effective strategy to manage and reduce GHG emissions
- To provide information that facilitates participation in voluntary and mandatory GHG programs
- To increase consistency and transparency in GHG accounting and reporting among various companies and GHG programs

## Objectives of the *Scope 3 Standard* (section 1.2, p.4)

The standard was developed with the following objectives in mind:

- To help companies prepare a true and fair scope 3 GHG inventory in a cost-effective manner, through the use of standardized approaches and principles
- To help companies develop effective strategies for managing and reducing their scope 3 emissions through an understanding of value chain emissions and associated risks and opportunities
- To support consistent and transparent public reporting of corporate value chain emissions according to a standardized set of reporting requirements

## Business goals cited across corporate standards suite

| Corporate Standard<br>(Chapter 2, p.10)                                                                                                                                                                                                                                                                                                                                   | Scope 2 Guidance<br>(section 2.1, p.15)                                                                                                                                                                                                                                                                                                                                                                                                                                                | Scope 3 Standard<br>(table 2.1, p.12)                                                                                                                                                                                                                                                                                                                                                                                    | Land Sector and<br>Removals Guidance<br>(Draft) (ch.2, p.13)                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Managing <b>GHG risks</b> and identifying <b>reduction opportunities</b></li> <li>Public reporting and participation in <b>voluntary GHG programs</b></li> <li>Participating in <b>mandatory reporting programs</b></li> <li>Participating in <b>GHG markets</b></li> <li>Recognition for <b>early voluntary action</b></li> </ul> | <ul style="list-style-type: none"> <li>Identify and understand the <b>risks and opportunities</b> associated with <b>emissions from purchased and consumed electricity</b></li> <li>Identify internal <b>GHG reduction opportunities</b>, set reduction targets, and track performance</li> <li><b>Engage energy suppliers</b> and partners in GHG management</li> <li><b>Enhance stakeholder information</b> and corporate reputation through transparent public reporting</li> </ul> | <ul style="list-style-type: none"> <li>Identify and understand <b>risks and opportunities</b> associated with <b>value chain emissions</b></li> <li>Identify <b>GHG reduction opportunities</b>, set reduction targets, and track performance</li> <li><b>Engage value chain partners</b> in GHG management</li> <li><b>Enhance stakeholder information</b> and corporate reputation through public reporting</li> </ul> | <ul style="list-style-type: none"> <li>Identify and understand <b>climate impact risks and opportunities</b></li> <li>Set <b>GHG targets and track performance</b></li> <li><b>Inform strategies</b> to reduce emissions and enhance removals</li> <li><b>Enhance transparency and stakeholder information</b> through public reporting</li> </ul> |

## Purpose of the *Scope 2 Guidance* (Section 1.4, p.7)

“This guidance acts as an amendment to the *Corporate Standard*, providing updated requirements and best practices on scope 2 accounting and reporting...

...The revisions in this guidance should enhance the relevance, completeness, consistency, transparency, and accuracy of reported scope 2 totals. Companies can use these reported totals to set targets, reduce GHG emissions, track progress, and inform their stakeholders.”

## Purpose of the *Land Sector and Removals Guidance (draft)* (Part 1, Section 1.2, p.4)

“The *Land Sector and Removals Guidance* is intended to improve the accuracy, completeness, consistency, relevance, transparency, and comparability of companies’ GHG inventories by providing clarity on the steps, methods and data needed to calculate GHG emissions and removals from land-based activities and technological CO<sub>2</sub> removal activities.”

## Objectives of project (intervention) accounting standards

| <b>Project Protocol</b><br>(chapter 1, p.5)                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Policy and Action Standard</b><br>(chapter 1, pp.56)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Provide a credible and transparent approach for quantifying and reporting <b>GHG reductions from GHG projects</b></li><li>• Enhance the <b>credibility of GHG project accounting</b> through the application of common accounting concepts, procedures, and principles</li><li>• Provide a platform for <b>harmonization</b> among different project-based <b>GHG initiatives and programs</b></li></ul> | <ul style="list-style-type: none"><li>• To help users <b>assess the GHG effects of specific policies</b> and actions in an accurate, consistent, transparent, complete, and relevant way</li><li>• To help policymakers and other decision makers develop effective strategies for managing and reducing GHG emissions through a <b>better understanding of the emissions impacts of policies and actions</b></li><li>• To support <b>consistent and transparent public reporting of emissions impacts</b> and policy effectiveness</li><li>• To create more international <b>consistency and transparency</b> in the way the <b>GHG effects of policies and actions</b> are estimated</li></ul> |