

Consequential electric sector emissions impact measure subgroup

Meeting number 6

Date: 22 May 2025

Time: 10:00 – 12:00 ET

Location: "Virtual" via Zoom

Attendees

Technical Working Group Members

- | | |
|-----------------------------------------------------------|----------------------------------------------|
| 1. Avi Allison, Microsoft | 10. Alain Mahieu, ENGIE |
| 2. Priya Barua, Clean Energy Buyers Alliance | 11. Henry Richardson, WattTime |
| 3. Charles Cannon, RMI | 12. Matthew Brander, University of Edinburgh |
| 4. Abhilash Desu, Science Based Targets Initiative (SBTi) | 13. Linda Wamune, Energy Peace Partners |
| 5. Stuti Dubey, DRECs Initiative | 14. Jessica Cohen, Constellation Energy |
| 6. Neil Fisher, The NorthBridge Group | 15. Simone Accornero, FlexiDAO |
| 7. Hannah Hunt, Heineken | 16. Wilson Ricks, Princeton University |
| 8. Emma Konet, Tierra Climate | 17. Enam Akoetey-Eyiah, I-TRACK Foundation |
| 9. Stephen Lamm, Bloom Energy | |

Guests

None present

GHG Protocol Secretariat

- | | |
|----------------------|-------------------|
| 1. Elliott Engelmann | 3. Chelsea Gillis |
| 2. Michael Macrae | 4. Kevin Kurkul |

Documents referenced

1. Consequential subgroup Part 1 Proposal submission, Proposal 1

Item	Topic and Summary	Outcomes
1	<i>Welcome and goals of meeting</i> The Secretariat welcomed members and discussed the meeting goals.	N/A
2	<i>ISB feedback</i> The Secretariat shared recent feedback and pulse check results from the Independent Standards Board on the direction of subgroup Proposal 1.	Specific feedback from the ISB was requested by TWG members on where concerns stem from on the potential for overestimation of avoided emissions using this method.
3	<i>Issue 5: Temporal and geographic granularity</i> The Secretariat shared the two proposed hierarchies for Issue 5: temporal and geographic granularity. Discussion primarily centered what temporal resolution should be required within the hierarchy.	Clearer distinction on how and why hierarchies for activity data and marginal emission factor granularity would be used is needed within the draft.
4	<i>Issue 6: Emission factors and build margin methodology</i> Examples were shared how production profile data could be used to create marginal emission factors for different technology types. The discussion centered on the necessary accuracy of build and operating margin weighting, and whether the GHG Protocol should prescribe specific data sets for use or develop guidelines for data providers without referencing specific data sets.	N/A
5	<i>Issue 7: Feasibility</i> The group was posed the question whether the proposed metric was intended to be reported as a requirement alongside the dual reporting requirement of the location- and market-based methods. There were mixed perspectives on whether it should be a requirement or a recommendation.	N/A
6	<i>Next steps</i> The Secretariat shared next steps including the plan for bringing the subgroup proposal to the full TWG for the June 25th vote and the July ISB meeting for decision.	N/A

Summary of discussion and outcomes

1. Welcome and goals of meeting

Summary of discussion

- Secretariat noted the goals of the meeting to review the ISB meeting feedback about Proposal 1 and then to discuss Issues 5-7.
- The Secretariat noted that the plan for taking the final deliverable to the full Scope 2 TWG ahead of the June 25th TWG vote would be discussed toward the end of the call.

Outcomes (e.g. recommendations, options)

N/A

2. ISB Feedback

Summary of discussion

- The Secretariat recapped what had been presented to the ISB in the May meeting.
- The Secretariat indicated that only nine of eleven ISB members were in attendance. Additionally, the polling exercise represents a 'pulse check' meaning it does not indicate any formal decision.
- The Secretariat shared the ISB pulse check results on the question:
 - Do you support the TWG's direction toward developing additional metrics such as Proposal 1 to reflect electric-sector emission impacts not captured in value chain inventories and to support use cases like strategic procurement or disclosure?
 - Yes, the TWG is moving in the right direction. (4)
 - No, I have major concerns or objections with the current TWG approach. (3)
 - Abstain. (2)
- The Secretariat summarized the high-level comments made by the ISB regarding
 - There is support for continued development and evaluation of consequential accounting and reporting methodologies for the electric power sector.
 - Some members raised concerns that Proposal 1's methodology could result in overestimation of calculated avoided emissions impacts.
 - Further information was requested on the intended uses of this methodology.
- The Secretariat turned to the TWG members for questions related to the ISB feedback.
- TWG members asked for specific feedback from the ISB on why there was cause for concern on overestimating avoided emissions, citing the additionality requirement proposed as well as the confirmation of netting not against inventory totals but a separate measurement of induced emissions from total load. There was discussion about the considerations the ISB had raised regarding additionality tests.
 - The Secretariat indicated in response that due to the nascency of this idea, there is an inability to empirically test the method.
 - The Secretariat confirmed they would pass along specific concerns from the ISB when they are provided.
 - Length of contracts and stringency of financial additionality test was clarified to have been discussed by the ISB.
 - There was interest raised in contract lengths being longer than 10 years in order to pass an additionality test, however a TWG member noted that anecdotally, project developers think 8-10 years is sufficient.
 - A member noted that the consequential accounting proposal is applying more stringent requirements than under the inventory accounting market-based method. Under the current MBM a reporter has no information about the real impact of a zero market-based inventory.
 - There was question on whether the ISB believes that carbon credit quantification mechanisms should influence how these electric sector consequential assessments are developed, even though this method is not to generate a carbon credit.
 - The Secretariat indicated that is important to clarify and address how and why this method to quantify avoided emissions claimed by the reporting organization differs from carbon credit schemes in order to give the necessary context to ISB members.
- A member asked if there is an opportunity for TWG members to have direct discussions with the ISB.
 - The Secretariat noted that there has been consideration about if it would be appropriate.
 - The Secretariat noted it might be valuable for the ISB to see more data or tangible project examples for the additionality tests.
- A member asked if the ISB had seen that build margin is part of the proposal and not just operating margin, which they'd indicated should help alleviate concerns about overestimation of emissions. The secretariat confirmed the ISB has reviewed this in detail.
- A member asked if the ISB can disclose what they think the right direction would be if they are not supportive of this approach.
 - The Secretariat clarified that rather than having a specific other alternative, the ISB has emphasized that it needs to be developed in a robust way.

- A member asked, given the varied responses in the pulse check, what voting results are needed from the ISB to move this proposal forward.
 - The Secretariat stated that there was potential for the ISB to give approval for the framework to be taken to public consultation, including also questions on technical detail still under development. The Secretariat also noted that there is additional opportunity for ISB engagement in Q3 prior to public consultation.

Outcomes (e.g. recommendations, options)

- Specific feedback from the ISB was requested by TWG members on where concerns stem from on the potential for overestimation of avoided emissions using this method.

3. Issue 5: Temporal and geographic granularity

Summary of discussion

- The Secretariat outlined the two proposed hierarchies for Issue 5: temporal and geographic granularity, noting the similarities in what had also been proposed for the location- and market-based methods.
- Within temporal hierarchies, it was proposed to be able to use production-profile weighted information to take annual or monthly factors and turn them into hourly factors, which is difference from what has been proposed for the location- and market-based methods.
- There was discussion on the importance of spatial granularity for the emission factors used
 - It was added that there needs to be clearer distinction in terminology when referencing the boundary for reporting or netting versus the granularity of the emission factor. In this instance, the granularity of the emission factor was the topic of discussion.
 - A member suggested that there is value in not aligning the with the grid deliverability conditions that have been proposed for the market-based method. The intent of this method is to create both a practical and impactful solution for procurement where it may no longer be possible for claims within the market-based method—one that reflects the differential emission impacts because of transmission constraints.
 - A member noted that some markets may not have the highly granular emission factors.
- The Secretariat posed a question whether hyper-local marginal emission factors exist outside of the US and Europe.
 - No clear answer was provided. A member noted that they probably could be calculated for some other markets that have detailed pricing structures.
- A member noted that allowing profiled load data makes the method more accessible. The Secretariat asked if the use of profiled loads should be a “shall” requirement.
 - A member noted that certain countries may not be able to access hourly data so profiled loads allows them to do hourly granularity.
- Energy storage-specific application of this method was discussed:
 - A member offered the perspective that, for energy storage, if you have hourly load data and hourly emission factors, you should be required to use that temporal resolution – a shall requirement otherwise the scientific integrity of the method is compromised. It doesn’t make sense to use annual data for energy storage.
 - The Secretariat asked if there are specific scenarios where if you don’t have hourly emission factors you should not be able to count avoided emissions.
 - A member suggested that the accounting would need to be done even without hourly data. It would just be reflected as net load. It would be added to the reporting entity’s total load, just as it is today in the location-and market-based methods. The idea is that if you want to show avoided emissions from energy storage, hourly data is required.
 - A member reiterated that the only way to recognize avoided emissions from time-shifting technology is to use hourly data.
- A member asked if the scientific integrity of this method is also compromised by not using hourly for technology like solar. A member responded that they should then use profiled data.
 - A member said that in some locations there needs to be an option less granular than hourly so that they can report, but this is an edge case.
- A member raised overall concerns in the use of any ‘shall’ statements across this revised standard, given that the feasibility in complying with them could create unintended consequences of companies

walking away from the standard. If there is a 'should' or 'shall' statement, it needs to be accompanied by a justification and explanation of how it can be implemented by a full range of reporting organizations. The feasibility of implementation needs to be proven.

- The Secretariat noted that some discussion of different values of each method and the different requirements could be helpful.

Outcomes (e.g. recommendations, options)

- Clearer distinction on how and why hierarchies for activity data and marginal emission factor granularity would be used is needed within the draft.

4. Issue 6: Emission factors and build margin methodology

Summary of discussion

- A member outlined some examples of using production profile data to create marginal emission factors for different technology types including a flat generation profile, and a solar and wind profile.
- It is important to use actual historical generation data not modelled generation data.
- The Secretariat suggested that it is possible to also do this for load, for example for C&I load. The hourly weighting concept could be applied to annual consumption for a C&I building by using the weighted emission factor to get at an approximation of the hourly curve.
- A member noted that whilst hourly may seem difficult for reporting organization, it is the norm that electricity suppliers use everyday. It is important to create tools that allow reporters to use the best available data (including apply profiles to less granular data) to make it easier to report higher quality information. We need to recognize that the impacts are different depending on the hour and location electricity is produced and consumed.
- A member offered the perspective that if this is a *performance metric* then perhaps it doesn't need to be perfectly aligned with reality. However, it will be more credible and more easily defensible if it is more tied to reality.
- A member noted that build margin and weight factor hasn't been used in an official capacity before, and there needs to be a strong justification for why we have chosen this methodology. Any evidence base that can be built on a build margin and choice of a weight factor will be important.
- The Secretariat outlined an example of an established approach for a build margin methodology.
 - A member noted that whilst this methodology makes sense, the UNFCCC approach hasn't been identified as based on significant analysis. Thus, developing a more robust explanation as to why a specific weighting has been chosen is needed, rather than making an arbitrary selection.
 - A member noted the 50:50 ratio is simple and appealing, but feels a bit too much like sacrificing integrity in the name of feasibility. We can still make it simple once we've done the work, but we should do the digging to justify the method.
 - There was some discussion about exactly what UNFCCC methodology represents.
- There was discussion on a subgroup task about building an alternative build margin weighting to the 50:50 weight.
 - A member noted that they could share something with the group next week.
- There was discussion about the specific criteria that data providers would need to meet to be used under the standard
 - A member asked if the proposal should try to build something in where reporters use the same EF set across all their calculations. This was suggested to avoid outcomes where companies cherry pick a lower EF for induced and then select a higher EF for avoided.
 - A member emphasized that a reporter should not be trying to calculate build margin or operating margin themselves.
 - It was emphasized by the Secretariat that rather than providing a list of data sets that should be used, the standard should provide guidance/criteria for data providers that would make their data acceptable.
 - A member highly encouraged the Secretariat to consider providing a list of data sets to provide companies with the necessary direction they need.

- A member noted that there could be two parts of this guidance: one with the specific guidance of what a dataset would need to meet, and another that outlines specific datasets that have been verified.

Outcomes (e.g. recommendations, options)

- N/A

5. Issue 7: Feasibility

Summary of discussion

- The Secretariat summarized the ideas put forward by proposal authors including exemptions for reporting and additionality requirements.
- The Secretariat posed the discussion question on whether the subgroup supports the entire proposal as a 'shall' requirement for reporting alongside both the location- and market-based methods for all companies.
 - One TWG member had the perspective that if it wasn't a 'shall' companies would not do it.
 - There was support for the MBM and the impact metric to be equal footing (i.e. have the same level of requirement to report).
 - It was also discussed that the interaction with SBTi and mandatory disclosure programs will be important in how the method is used.
 - A member had the opinion that whether this becomes a 'should' or 'shall' requirement, it should match the market-based method. If it's a 'should' then market-based should also be a 'should.'
 - A member suggested that there would be a strong incentive for companies to use the impact metric even if it is not a 'shall' requirement because the current proposed changes to the market-based method make it significantly more difficult to get to zero scope 2 emissions within the inventory. A member had the perspective that if it is a 'shall' requirement and the exemptions aren't strong enough there will be push back on it.
 - Another member supported that for the overall reporting requirements, both consequential and market-based method should be a 'shall' requirement.
- A member also noted that there needs to be a separate conversation on differentiated requirements, thresholds, and exemptions for the granularity of data that should be used in this method.
 - A member voiced a lack of support for exemptions from requirements to use the most accurate data because accurate accounting should be a foundational requirement, not something that certain reporting entities can be exempted from. However, it should be implemented with enough of a timeline to develop the tools that make it feasible to implement.
 - Another member echoed support for the ability to take advantage of the long lead time to develop the tools necessary to make this feasible.
- There was discussion about the concept of a legacy clause in this method and whether it is applicable here given that the method is nascent and hasn't existed before.
 - Some members suggested that legacy contracts would need to have met the additionality requirements when they came online.
 - A member raised support for a legacy clause for projects without any additionality requirements. A discussion followed on if all projects organizations have engaged with previously are likely to pass the proposed additionality tests and what that implies.
 - Some member suggested this type of legacy clause would undermine the integrity of what the subgroup is trying to do.
 - A member noted it might be useful to move away from the term additional and instead call this a causal test in order to clearly focus on project additionality as opposed to system additionality.

Outcomes (e.g. recommendations, options)

- N/A

6. Next steps

Summary of discussion

- The Secretariat summarized next steps, including:
 - Draft document to be made available to the subgroup by authors no later than June 6th.
 - Final discussion at June 12th subgroup meeting.
 - Final deliverable to be made available for full scope 2 TWG by June 18th.
 - Voting on consequential proposal 1 at full scope 2 TWG meeting on June 25th.
 - Including the proposal 1 with the recommendation to the ISB for consideration at their July meeting.
 - Pending further revisions to address feedback, seek to bring the marginal impact metric to public consultation with the scope 2 standard revision draft in Q4 2025.
- The Secretariat encouraged TWG members to be open within the proposal about areas where more details and analysis might be needed.

Outcomes (e.g. recommendations, options)

- N/A

Summary of written submissions received prior to meeting

N/A