

RENEWABLE ENERGY MARKETS ASIA 2023 PANEL DISCUSSION

GHG PROTOCOL: IMPORTANT UPDATES



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**Renewable Energy
Markets™ Asia 2023**

GHG PROTOCOL: IMPORTANT UPDATES



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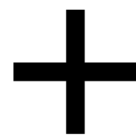
About GHG Protocol

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- 20-year partnership between World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD)
- Establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions
- Sets standards but is NOT a reporting program
- Also offers:
 - Trainings
 - Calculation tools
 - Built on the GHG Protocol review service



WORLD
RESOURCES
INSTITUTE

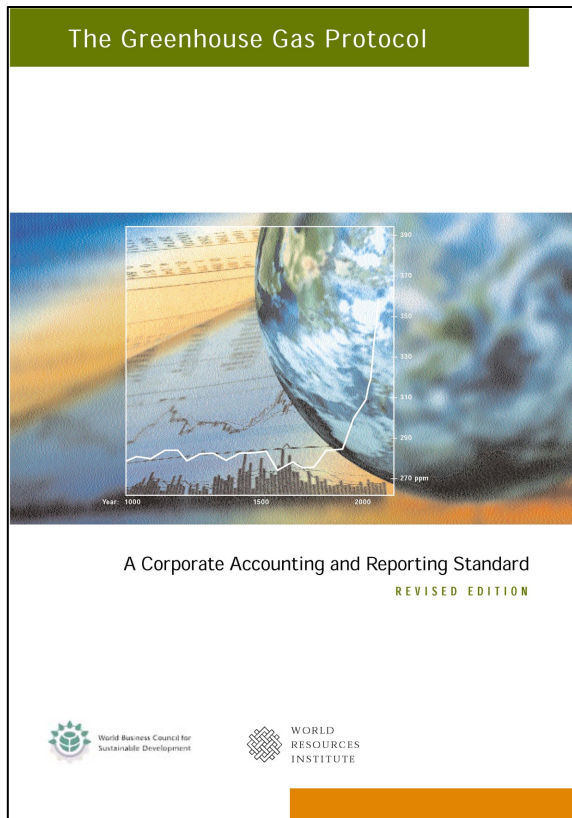


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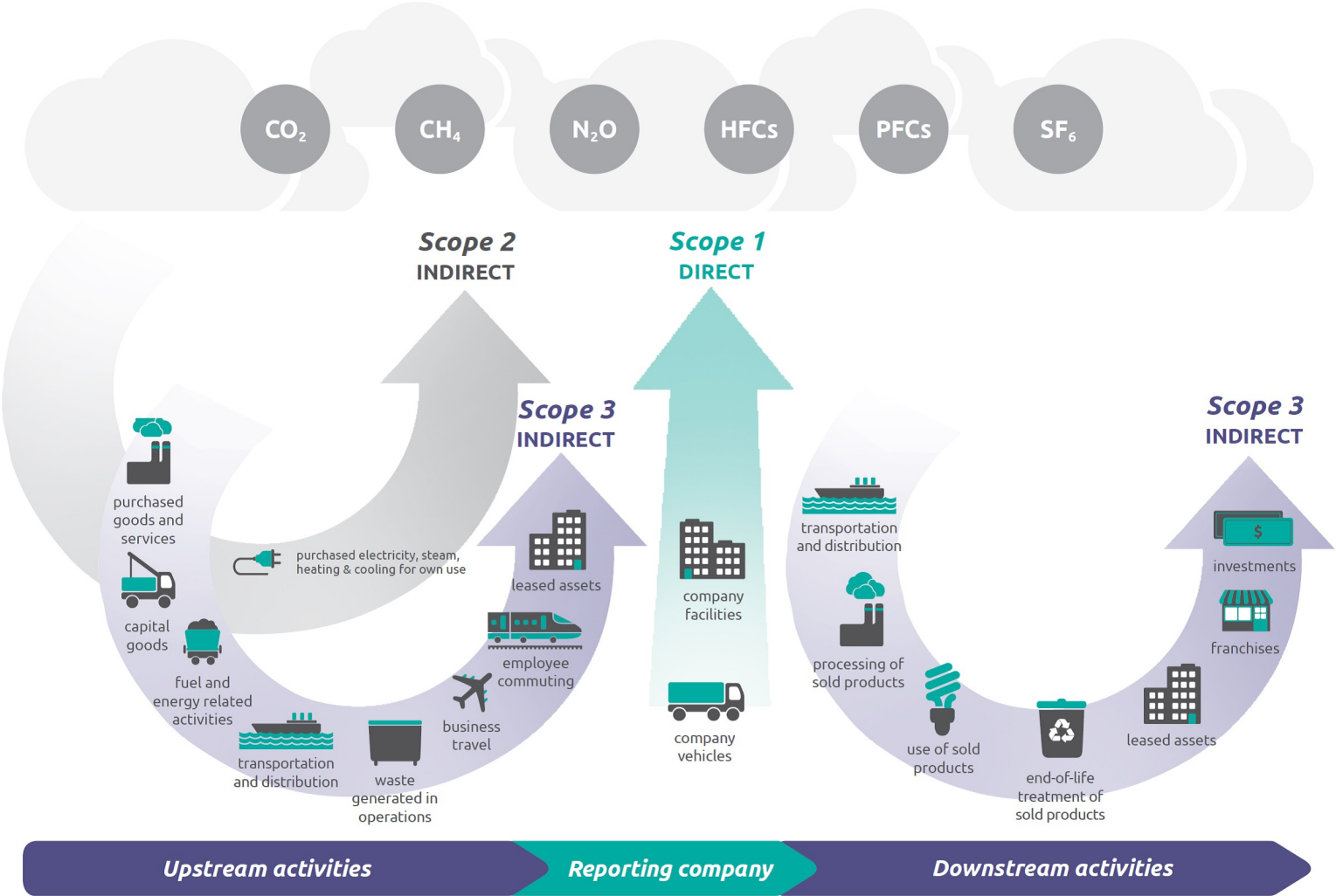
GREENHOUSE
GAS PROTOCOL

The Corporate Accounting and Reporting Standard (Corporate Standard)



- First published in 2001, update 2004
- Provides the accounting framework for most corporate emissions reporting programs and tools
- Accounts for the emissions a company is directly or indirectly responsible for (attributional)

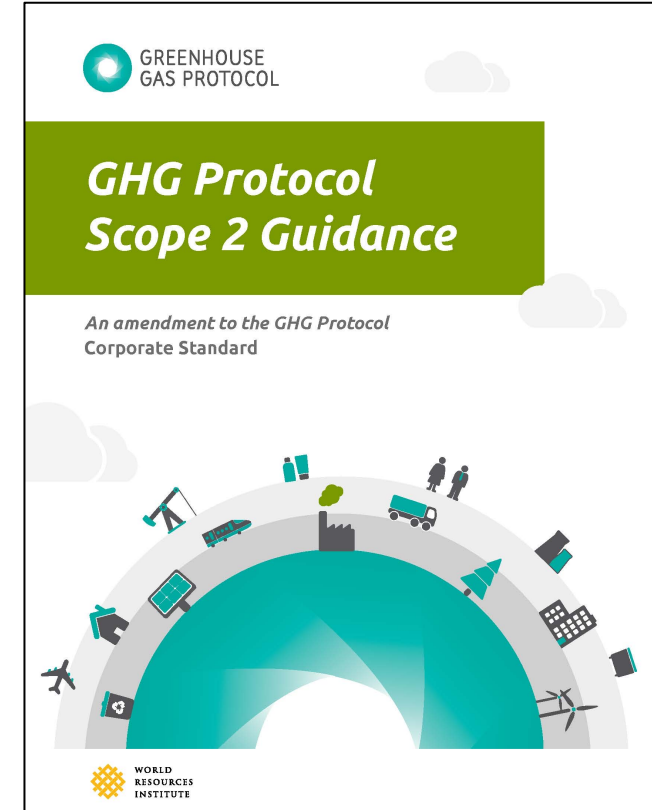
GHG Protocol scopes and emissions



Source: [WRI/WBCSD Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard \(PDF\)](#)

Scope 2 Guidance

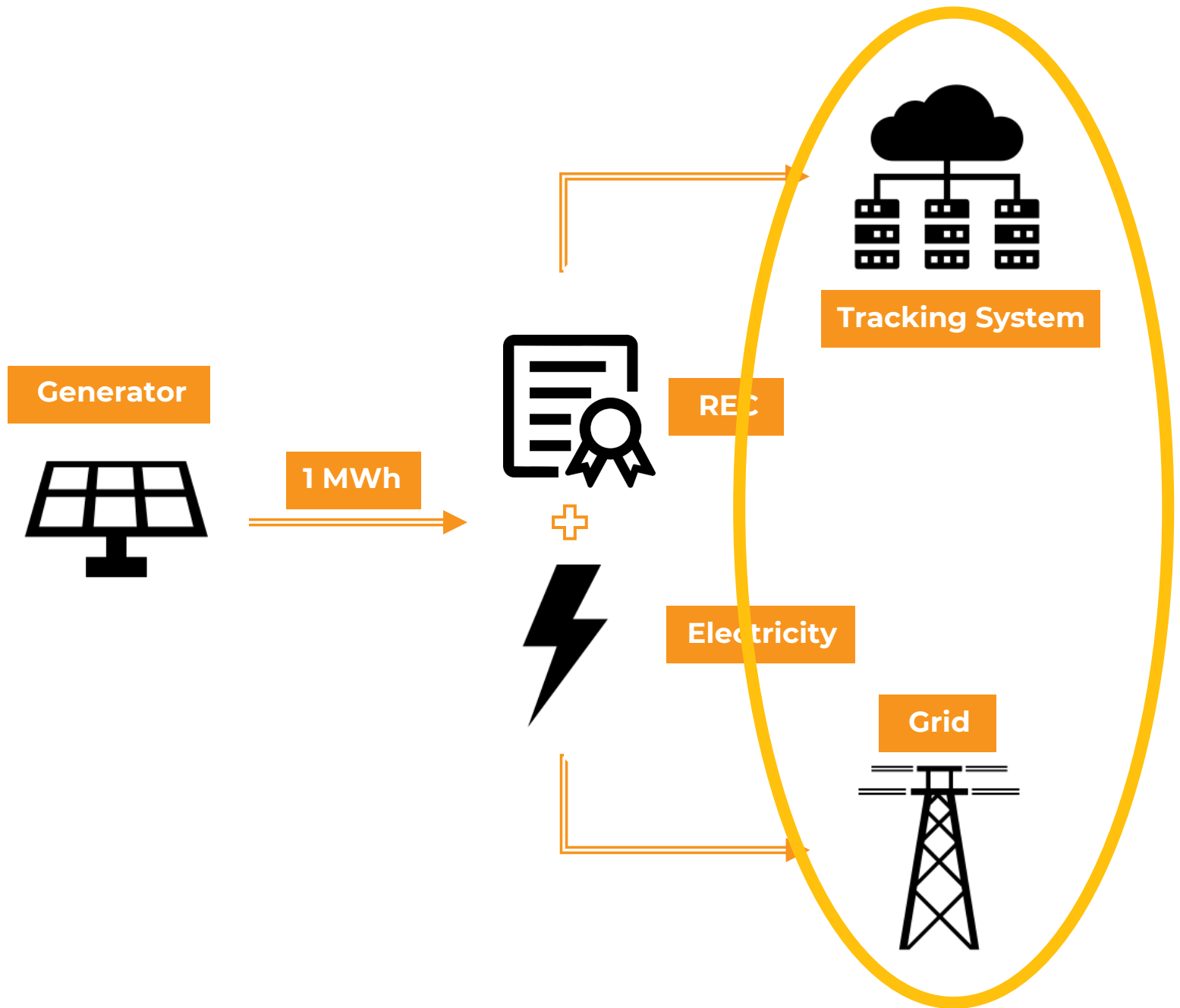
- Published in 2015
- Adopts an “attributional” accounting approach
- Requires “dual reporting” of market-based and location-based Scope 2 totals
- Provides “quality criteria” for contractual instruments that are eligible to be reflected in the market-based Scope 2 total
- Requires calculation and use of “residual mix” for unspecified purchases and null power under the market-based method (or disclosure of its absence).



Importance for Renewable Energy Markets

Renewable Energy Certificates (RECs)

1 REC represents the renewable attributes of 1 MWh of specified electricity generation



All renewable energy procurement methods involve RECs

Self Generation

(Lease and Own Generation)

Onsite self-generation
or lease

Offsite self-generation
or lease

Direct Purchasing

(Purchase from a Generator)

Onsite PPA

Offsite physical PPA

Virtual PPA

Direct attribute-only
purchase

Retail Purchasing

(Purchase from a Supplier or Utility)

Utility green pricing

Competitive green power

Community renewables

Direct access tariff

Unbundled certificates

GHG Attributes of Renewable Energy

Attribute	Associated Claim
1. Direct emissions associated with specified generation – tons/MWh	Claimed as the indirect (Scope 2) emissions of the user
2. Avoided grid emissions: net change in emissions on the grid due to the specified generation	Claimed as an attribute of the generation of the user's electricity

- **NOTE:** RECs are different from offsets
- **Offsets are:**
 - Measured in tonnes of CO₂ or CO₂-e
 - the output of projects that avoid or reduce emissions to the atmosphere
 - Meet additionality test requirements
- RECs reflect *generation* that *may* avoid emissions on the grid while offsets are from projects that have specifically been proven to avoid or reduce emissions

GHG Protocol Update

Why Update Now?

- Response to GHG accounting and reporting developments including:
 - Science Based Targets initiative (SBTi)
 - Trend toward net-zero targets
 - Mandatory climate disclosure regulations
 - Use of the standards by thousands of companies
- Academic research on use and impact:
 - Renewable energy certificates threaten the integrity of corporate science-based targets (Nature Climate Change)
 - What really happens when emissions vanish (Bloomberg)

Review Process

1. Needs assessment:

Survey	Responses
Corporate Accounting and Reporting Standard	375
Scope 2 Guidance	403
Corporate Value Chain (Scope 3) Standard and Scope 3 Calculation Guidance	354
Market-based accounting approaches	343
Stand-alone Proposals	230

2. Updating GHG Protocol's governance structure
3. Determine scope of any updates and additional guidance
4. Convening Technical Working Groups and Review Groups (Q2 or Q3 2023)

Subscribe to [GHG Protocol email list](#) for more next steps.

Key Survey Questions

- Is market-based accounting impactful? If not, what changes are needed to ensure impact?
- Should generation be matched more closely to the time of consumption?
- Should more specificity be incorporated in the definition of market boundaries for the purpose of GHG accounting?
- Should the Scope 2 quality criteria be updated or expanded?