



CRS

center for
resource
solutions

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Submitted electronically via: comments@sasb.org

Regarding: Center for Resource Solutions Comments on Sustainability Accounting Standards Board (SASB) Program for Technology & Communications Sector

Background

Center for Resource Solutions (CRS) appreciates the opportunity to submit comments on the proposed revisions to TC0101, TC0102, TC0103, TC0201, TC0301 and TC0401. CRS is a 501.c.3 nonprofit organization. CRS creates policy and market solutions to advance sustainable energy, in part through the Green-e Energy consumer protection program. Green-e Energy certifies sales of high-quality renewable electricity and RECs to customers throughout the US and Canada. Nearly three quarters of US retail voluntary renewable electricity and Renewable Energy Certificate (REC) purchases are certified through Green-e Energy. We appreciate SASB's effort to include renewable energy in disclosure guidance and accounting standards and for referencing Green-e.

As background to our comments, only through the purchase and use of RECs can any electricity user in the US and Canada accurately claim to be using renewable electricity. A REC represents the non-electricity attributes, including all the environmental attributes, of one megawatt-hour of renewable electricity generation. RECs are the means to track generation and consumption of renewable electricity, because the sources of electricity put onto the grid cannot physically be tracked through individual electrons; some form of contractual accounting must be used for such tracking, and this is accomplished through RECs.

RECs may be bought and sold independent of electricity, or bundled with electricity purchased through a renewable power purchase agreement (PPAs) or voluntary renewable electricity program offered by an electric service provider or utility. Likewise, on-site generation facilities generate electricity and RECs. In all cases, the REC is the way to track and account for the fact that the electricity generation was renewable, and also make the claim of using renewable electricity from the generating facility.

Our comments are applicable to all SASB standards that reference renewable energy use by reporting entities, and we hope that SASB will consider these comments and issues during the development and revision of all SASB standards.

Renewable PPAs and On-Site Generation Must Include RECs

In order for SASB's rules to encourage and facilitate use of renewable electricity, the guidance language should be clear throughout SASB standard accounting metrics that all renewable power purchase agreements (PPAs) should also explicitly include and convey Renewable Energy Certificates (RECs) as part of those agreements. Likewise, RECs from any renewable electricity generated on-site must be retained and not sold in order for the registrant to accurately claim to be using the renewable electricity from that generator. We feel that this is in line with the intent of the draft language but that the language would be more easily understood and used with these clarifications. If RECs are not included as part of a PPA or on-site generation use, it allows for the possibility of multiple parties claiming the same environmental benefits of a unique MWh of renewable electricity generation, because the REC buyer would make the same claim that the purchaser of the electricity without the REC would attempt to make.



Add Reference to Voluntary Renewable Electricity Programs

In addition to PPAs, standalone REC purchases, and on-site generation, renewable electricity can also often be bought through a voluntary renewable electricity option offered by an electric utility or other electric service provider. If Green-e Energy certified, these options offer renewable electricity that the customer would not have received through default electricity service. We read SASB's provision of not allowing disclosure of "the renewable portion of the energy drawn from electricity grids" (.04 in TC0101, TC0102, TC0103, TC0301 and TC0401, and .15 in TC0201) as a way to encourage registrants to proactively purchase renewable electricity beyond what they would get through their default electricity service.

Distinguish between Electricity and Energy,

We suggest further clarification as to what is meant by the use of the term "renewable energy" in .04 in TC0101, TC0102, TC0103, TC0301 and TC0401, and .15 in TC020. If this term is meant to include both electricity and other forms of energy (such as thermal) we would encourage clarification as to what is included under the definition of "renewable energy". If only electricity is meant to be included here, we would recommend the term "renewable electricity" to be used throughout the section for clarity. Where RECs are mentioned, we encourage SASB to state that they are only to be associated with electricity.

Along these lines, we recommend that all disclosures and accounting involving RECs should be applied prior to conversion from kilowatt-hours to gigajoules. This is because RECs are linked to electricity that is measured in MWh, and so the registrants' calculations will be simplified with this clarification.

Distinguish between Renewable and Non-renewable Electricity Sources

The current guidance is not clear on how and whether to report electricity purchases that are not specifically from renewable sources. Most electricity purchased and used by companies adopting SASB's accounting standards will be the default electricity service provided by their electric utility. Such electricity is sourced from a variety of resource types, and will have emissions associated with its generation. Registrants should report such emissions resulting from the generation of the electricity they purchase that is not specifically renewable.

Appropriate Reference to Green-e Energy Certification

Regarding the use of "i.e." (that is) as opposed to "e.g." (for example) when stating that "RECs that are certified (i.e., through Green-e)", Green-e Energy is prominent in the US and Canada, but should only be a SASB requirement if registrants are based in these two countries. If SASB's intent is for its standards to be used outside of these countries, "e.g." may be more appropriate; however, under certain circumstances Green-e Energy certification may be possible outside of North America.

Suggested Language

Taking all of these recommendations together, we suggest the following general language for any SASB standard that includes energy consumption, assuming that the original language is meant to apply only to electricity use: "The registrant shall disclose renewable electricity data for renewable electricity it directly produces on-site and consumes, or which it purchases through certified (i.e., through Green-e Energy) voluntary renewable electricity programs offered by electric service providers or utilities or through certified renewable energy certificates (RECs), or purchases through renewable power purchase agreements (PPAs). Registrant shall not disclose the renewable portion of the electricity purchased through its default electricity service." If electricity is included as only one type of "renewable energy" in this specific section, the term "electricity" in the above language could be changed to "energy" and the following language can be added prior to the last sentence: "For all renewable energy consumed as electricity through any of the means listed above, RECs must be retired on behalf of all renewable electricity reporting by registrant."



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RECs Should Be Applied to Scope 2 Emissions Only

Finally, CRS supports the inclusion of emissions from purchased electricity use (scope 2 emissions) to the proposed disclosure for the Environmental Footprint of Data Center and Office Hardware (TC0401), and would also support inclusion of scope 2 emissions reporting to the proposed disclosure guidance in all applicable SASB standards. It is possible to achieve zero emissions from electricity use in most cases by consuming 100% renewable electricity; however, we acknowledge that some fuel sources commonly considered renewable (e.g. biomass) may not be recognized as zero emissions fuel sources by all reporting guidelines and standards.

Please feel free to contact us with any questions you may have on these comments or if we can be of any further assistance to you on electricity and greenhouse gas accounting in SASB standards. We have worked closely with the US Green Building Council on the renewable electricity and carbon offset portions of their LEED standards, and have provided support to other standards such as Cradle to Cradle and Green Seal around the same issues, and we would be happy to assist SASB as well. We can be reached at 415-561-2100 and energy@green-e.org.

Thank you,

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