CRS Comments on the draft Advanced and Indirect Mitigation Platform Electricity Annex

1. **Are there other requirements or recommendations in the QAR that would benefit from electricity-intervention specific guidance, in particular, with respect to the concept of additionality? If additional guidance would be beneficial, please specify why and any suggestions, including referencing external guidance, where relevant.**

Yes, see CRS responses to the QAR Standard, particularly consultation questions # 50-52 and 63.

2. **Do you have any overall feedback or suggestions on Chapter 1?**

Regarding Figure 1, step 3: "supplier or customer method" references the "same market boundary" but does not specify what that market boundary is. Current Greenhouse Gas Protocol (GHGP) Scope 2 Guidance (2015 version) does not specify what a market boundary is, but clarifies that markets for certificates are typically determined by political or regulatory boundaries rather than just physical grid interconnection. This means market boundaries can be limited to a single country or group of countries that recognize each other's certificates as fungible and available to any consumers located therein" (page 65). RE100's Technical Criteria refer to geographic market boundaries as an area in which the laws and regulatory framework governing the electricity sector are sufficiently consistent between the areas of production and consumption" (page 27). CRS recommends that AIM provide more specific qualifications around what constitutes as a "market boundary" for the supplier or customer method using existing standards as a guide. Further, it is generally unclear what "electricity sourcing or use region" refers to, and how that is different from the "market boundary". CRS recommends clarifying this.

CRS has proposed a sectoral approach to market boundaries, outlined here: https://resource-solutions.org/electricity-sector-defined-market-boundary-proposal/. This proposal posits market boundaries as those limited to the geographic boundaries of the electricity sector(s) in which the reporting entity's electricity-consuming operations are located, inclusive of linked electricity sectors where they exist. An electricity sector encompasses the entire system of physical infrastructure, markets, and regulatory frameworks involved in the generation, transmission, distribution, and consumption of electricity. CRS is happy to expand on this idea further as it relates to the AIM Electricity Annex.

Regarding Figure 1, step 4: As presented, it is unclear whether companies can use both the substitution (attributional) and consequential method to report results of a single intervention in two different ledgers simultaneously. This raises a broader question about how the separate reporting ledgers work and whether they're mutually exclusive or whether a single intervention could be reported multiple times across different ledgers. CRS requests clarification In the case that a company must choose one method to use for each

intervention, apart from the different criteria for each method, we also request clarification on how should make that choice.

3. **Do you agree that companies should be able to convert electricity subcomponents? If so, should companies be able to convert both from MWhs to tonnes CO_2e and tonnes CO_2e to MWhs, or only in one direction? Why?**

CRS supports allowing companies to convert electricity subcomponents for the limited purpose of sizing and locating interventions (i.e., estimating activity data)**.** Conversions from MWh to tonnes CO_2e and from tonnes CO_2e to MWh are acceptable in this context, provided that: 1) all tonnes being converted and aggregated are exclusively electricity-related emissions; and 2) the emissions factors used are appropriate for the location, as precise as practicable, reflect the most recent available data, and are applied consistently within a given geographic area**.**

CRS does not support use of these conversions for purchases/interventions or claims. A company should not purchase electricity in MWh and convert it to tonnes CO_2e to support an offset claim, niether should it purchase offsets in tonnes CO_2e and convert them to MWh to make a renewable electricity use claim.

4. **If a company is assuming that all upstream electricity consumption occurs in the same location as the tier 1 supplier, how geographically specific should that location be? Same country, or should it be more specific (balancing authority, ISO/RTO, grid)? Should these options also be presented as a hierarchy?**

CRS recommends that companies use the most geographically specific information that is known or can be reasonably assumed for upstream electricity subcomponents. As a general rule, the geographic boundary for these assumptions should not extend beyond the country level, or in limited cases a clearly defined multi-country market (e.g., U.S./Canada or EU-wide grids), consistent with how emissions factors and electricity markets are typically structured.

Where a company lacks any credible information on the upstream supplier's electricity location, applying a country-level (or defined multi-country market) factor is appropriate. Otherwise, more specific information may enable more precise or different interventions. Given the focus of these interventions on onsite generation, batteries, and transmission improvements, these particular interventions may require more precise location information. But other interventions, like EAC purchases or contracts from offsite facilities, would only require country or market location information.

CRS supports presenting these options as a hierarchy that prioritizes increasing geographic specificity when data quality allows, while maintaining country (or defined multi-country market) as the default minimum level where no finer information exists.

5. **Do you have any overall feedback or suggestions on Chapter 2?**

Regarding p. 6, line 4: CRS requests clarification on the intended scope of "electricity interventions." This section states that interventions "include, but are not necessarily limited to" the items listed in lines 5–11. However, subsequent references and examples in the Annex appear to rely exclusively on these three interventions. As written, this could be interpreted to mean that qualifying electricity interventions are limited to only those listed.

CRS recommends that AIM explicitly clarify whether other common electricity interventions—such as the purchase of EACs, including from offsite projects—are eligible. CRS further recommends expanding the illustrative list and updating related references and examples throughout the Annex to reflect a broader, non-exhaustive set of intervention types, consistent with the stated intent of this section.

6. **Do you have any overall feedback or suggestions on Chapter 3?**

CRS is supportive of the two methods for determining whether the size of the electricity intervention is less than the quantity of the targeted electricity subcomponents presented in Chapter 3 (p.14, lines 1–22), but recommends clarifying that they should not be applied simultaneously for the same intervention or subcomponent.

CRS also recommends tightening the framing. The two methods are only fully equivalent and interchangeable if the same emissions factors are used across electricity subcomponents and interventions. In that case, covering 100% of electricity in MWh would also cover 100% of electricity-related emissions in tonnes CO_2e (and vice versa).However, if different emissions factors are applied, for example if interventions use a different factor than the underlying electricity subcomponents, or if aggregated subcomponents rely on varying factors, then it may be possible for the reported intervention size in MWh to exceed the quantified MWh of electricity subcomponents, or for coverage in tonnes CO_2e to imply a different level of MWh coverage than intended. CRS recommends the Annex explicitly acknowledge this potential mismatch and specify that consistent emissions factor application is a prerequisite for claiming equivalence between the methods.

7. **Do you have any overall feedback or suggestions on Chapter 4?**

CRS recommends clarifying the implications of the market-boundary language in Table 5. As written, the reference to "the same market boundary as defined by the GHG Protocol Scope 2 Guidance in place at the time the intervention's binding agreement is signed" could result in significantly smaller market boundaries than those otherwise applied for Scope 3 accounting. This could materially affect how companies size and allocate electricity-related Scope 3 interventions, and may influence whether stakeholders view the guidance as practical or usable. CRS requests that the Annex explain how these potentially narrower boundaries should be handled in Scope 3 contexts, and whether any guardrails are intended to ensure consistency across reporting periods. CRS again suggests considering our proposal to base market boundaries on electricity sectors, as seen here: https://resource-solutions.org/electricity-sector-defined-market-boundary-proposal/.

CRS is generally supportive of including both the supplier/customer method and the sourcing/use method, but suggests the document more clearly indicate when each approach is preferable. In particular, CRS views the supplier/customer method as likely to be more accurate where supplier-specific electricity information is available or can be reasonably estimated. By contrast, the sourcing/use method appears to rely on residual mix factors as a default in the absence of supplier-specific data, which may reduce precision and could create perverse incentives to remain at a lower-data level. CRS recommends reframing these approaches as a hierarchy that prioritizes use of supplier/customer data where feasible, with sourcing/use (and residual mix defaults) positioned as a secondary option when higher-quality, supplier-specific information cannot be obtained.

8. **Do you agree with a regional boundary for substitution accounting for electricity interventions? Please explain your perspective.**

CRS agrees that a regional boundary can be appropriate for substitution accounting for electricity interventions, provided it is driven by data constraints rather than procurement flexibility. Companies should use the most geographically precise information available, and regional boundaries should only be applied where a company can reasonably estimate that upstream electricity consumption occurs within that broader region.

CRS does not support expanding boundaries to larger regions in order to increase purchasing options or reduce costs. Likewise, where more specific location data exist, it should not be aggregated upward simply to justify broader regional matching. The Annex should make clear that boundary setting must follow available evidence about where consumption occurs, with regional defaults used only when finer-grained data are not available.