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INTERVIEW: GHG Scope 2 Guidance review results could influence US REC market, procurement strategies

- GHG Scope 2 Guidance review could reshape US REC market
- Geographical boundaries may impact REC supply/demand
- Texas REC supply isolated from rest of US under revision

The Green House Gas Protocol Scope 2 Guidance is currently under review, and the results could reshape the voluntary Renewable Energy Certificate market in the US and influence REC procurement strategies, Peggy Kellen, senior director of policy and market development at the Center for Resource Solutions, told Platts, part of S&P Global Energy, in an interview.

“Geographical boundaries would have a greater impact on the supply and demand relationship and unbundled REC prices than temporal boundaries (e.g. hourly),” Kellen said.

“The core reason is that there are currently no accommodations for grandfathering procurement that fall outside proposed market boundaries,” Kellen said.

Part of the debate surrounding the guidance centers on physical barriers. Currently, the North American market is considered a single market, encompassing both the US and Canada as a single market. However, under the revision, it is expected that the geographical barriers for market-based accounting will change to “require that all contractual instruments used in the market-based method are sourced from generation deemed deliverable to the consuming load,” according to a public consultation document on the Scope 2 revisions.

“Ultimately, disagreement about the specific boundary reveals a more fundamental disagreement about what physical deliverability means in the context of electricity procurement and market-based accounting,” Kellen said.

About 45% of the renewable energy certified by the Green-e Energy program in 2024 was generated in Texas, according to data from the Center for Resource Solutions’ 2025 Green-e Verification report. About 4% of the total Green-e retail customers are in Texas, according to the same report.

“Even the largest boundaries—the three major grid interconnections—would isolate Texas supply from the rest of the country, which would have a dramatic effect on the voluntary REC market,” Kellen said.

While the Guidance’s public consultation period is open until Jan. 31 and the updated version is not expected until 2027, some end-users are evaluating their procurement strategies.

“Many buyers are already being encouraged to assess their current procurement and understand how much hourly matching they can already document,” Kellen said.

The current proposal includes a grandfathering clause for long-term agreements that were closed before the update is finalized. This addresses the temporal matching and has not necessarily tackled the geographical constraints.

The current Guidance revision is not the only important factor to consider next year in the REC market. The market is related to the political landscape and physical power needs in the US.

“Overall, next year’s REC market will reflect a convergence of expiring federal incentives, rising electricity costs, and new large loads, the GHG Protocol’s phased rules and legacy provisions, and shifting state approaches,” Kellen said, “all of which are reshaping procurement incentives and market behavior.”

Platts assessed the Texas Green-e Eligible Wind REC 2025 at $1.95/MWh and $2.05/MWh for Front-Half and Back-Half, respectively, Dec. 24.