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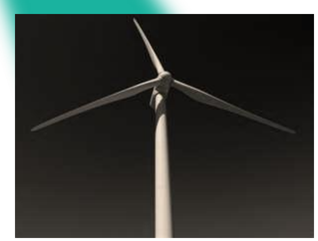
Overview of GHG Protocol *Power Accounting Guidelines*



RECs Market Meeting

Amsterdam, Netherlands

March 21, 2012

Mary Sotos
Project Lead, GHG Protocol
World Resources Institute

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- *Who is the GHG Protocol?*
- *Why, and how, is the GHGP addressing renewable energy accounting questions?*
- *How has the GHGP framed the accounting questions?*
- *Next steps*

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understanding, tracking and communicating emissions

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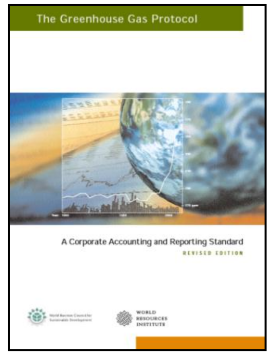
Technical basis for voluntary and mandatory corporate reporting programs worldwide

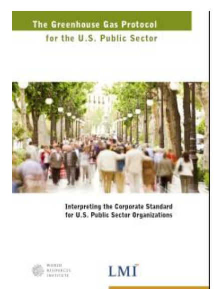
WBCSD/WRI GHG Protocol



EPA Climate Leaders Guidance

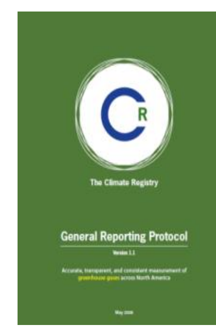
Global Reporting Initiative reporting guidelines

ISO 14064 Standards



Public Sector Protocol – basis for EO 13514 reporting

Carbon Disclosure Project survey



The Climate Registry Protocol

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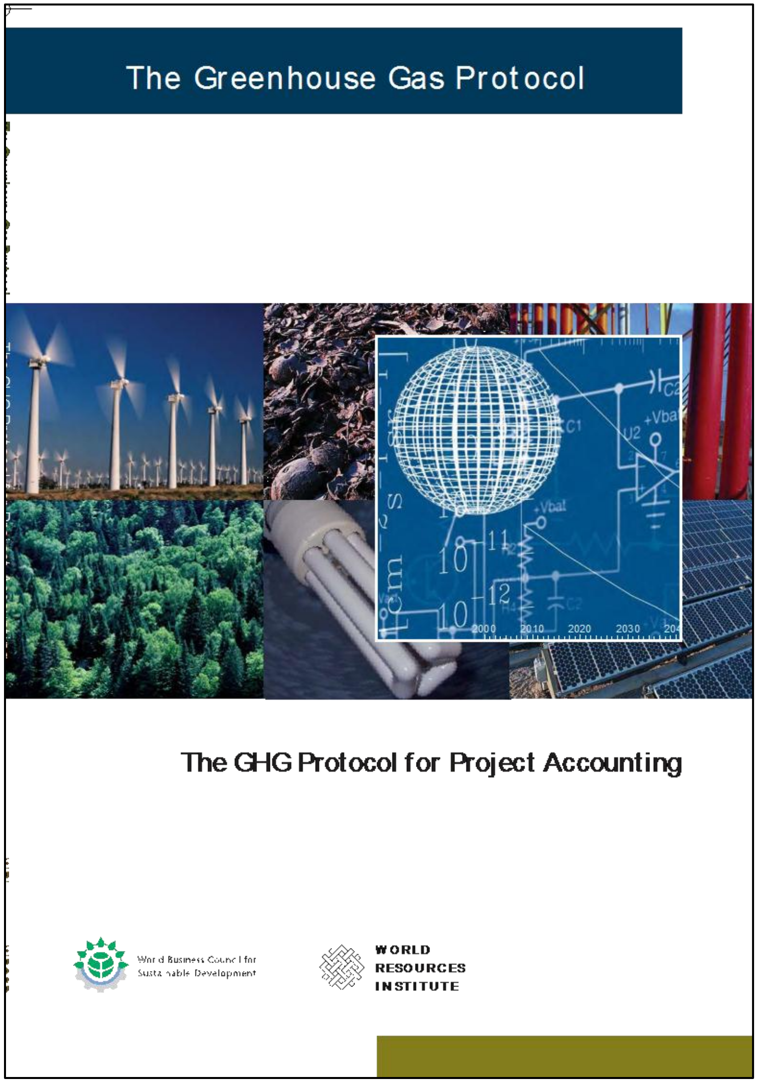

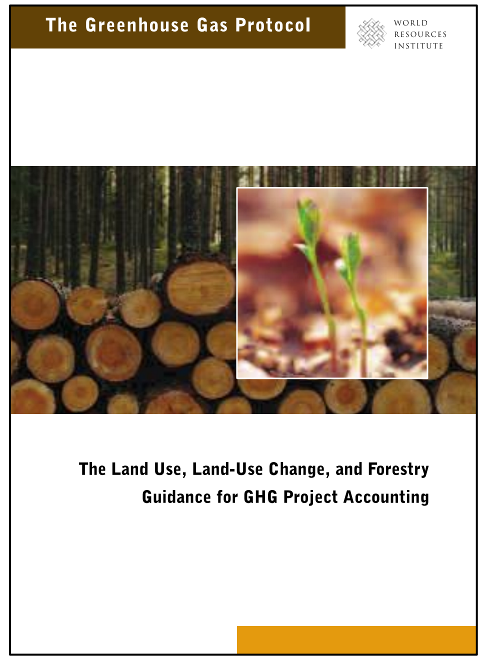

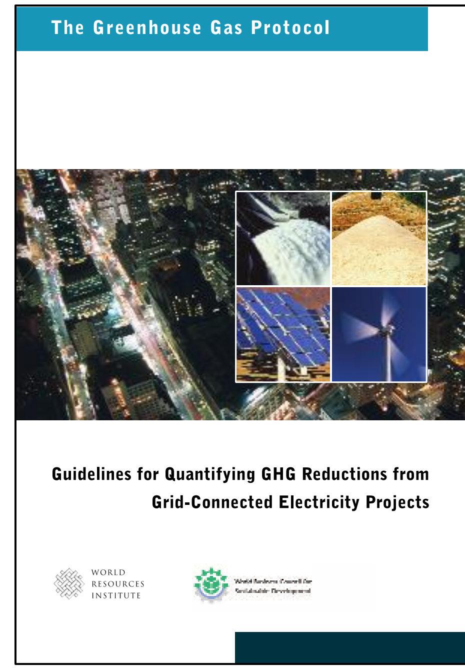

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Different basis for calculating scope 2 profile

Physical footprint

Estimated with grid average emission factor (national, regional, local)

Effectively allocates generators' emissions (scope 1) across all end-users in that system

Contractual footprint

An alternative emissions profile reflecting the impact of purchased electricity based on ownership of instruments available within given policy jurisdiction

Typically designed to foster demand for low-emitting energy through clear tracking and ownership of relevant "attributes" from the generation

Supplier-level products, or direct purchasing

Instruments prevalent in EU vs. US → capped vs. uncapped power sectors

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What is Different?

Different instruments

Different accounting and reporting practices

Different expectations about how companies should use contractual mechanisms to mitigate their scope 2 emissions

What is Needed?

- Guidance on how contractual instruments fit into the “fair and true” documentation of corporate scope 2 GHG emissions

- Common analytical framework to understand these instrument and policy-context differences, and establish minimum criteria for assuring accurate accounting

- Transparent calculation and reporting procedure

- Consistent disclosure

- Common principles and language to discuss corporate action

GHG Protocol approach:

1. Survey instruments and their purposes, objectives, assumptions within their policy context

2. Define key disclosure requirements necessary to achieve accurate accounting at an individual and system-wide level

3. Identify elements in systems supporting those claims

4. Identify policy considerations for programs

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STAKEHOLDERS

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

RECS Market Meeting 2012
The power of transparency

defra
Department for Environment
Food and Rural Affairs

Programa Brasileiro
GHG Protocol

Walmart
Save money. Live better.

SONY
make.believe

Öko-Institut e.V.
Institut für angewandte Ökologie
Institute for Applied Ecology

GREENPEACE

Østfoldforskning

Microsoft

eDF
ENERGY

CARBON DISCLOSURE PROJECT

R The Climate Registry
North America's Leaders Solving
Climate Change Together

pepsi

NREL
NATIONAL RENEWABLE ENERGY LABORATORY

DOW

Green
Mountain
Energy

ghg management
institute
Online training, networking, professionalizing

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- *Who is the GHG Protocol?*
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Attributes

- Does the instrument legally state that it contains attributes of GHG emissions from generation?

Application

- Does the instrument and/or the program certifying or administering it indicate that it is intended for corporate indirect electricity emissions claims (scope 2)?
-
- Does the relevant certification or regulatory body identify that these purchases should *not* be used as scope 2 mechanisms?

- Is the purchase applied to a facility's consumption in keeping with the geographic use boundaries specified by the instrument or program?

Market Integrity

- Are verification measures in place for the instrument and its issuance?

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“Ownership” primarily framed here as prevention of double counting

- **Preventing explicit double counting:** Instrument certification/verification, use of registries, clear retirement
- **Preventing implicit double counting:** Much more involved process of how emissions are allocated to end users

- Requires coordination of multiple actors and functions – tracking + calculation
  - In U.S., sub-regional grid average emission factors not designed to incorporate and reflect volumes of green power transactions – concern that impact is “neglible” currently

- Integrating multiple mechanisms into system
  - E.g., “factor out” both voluntary RECs and contracts, while retain for the average those projects receiving public support mechanisms

Avoiding explicit double counting

- Is the instrument identified with a unique serial numbers and tracked through an external system?
- Is the instrument retired or canceled once a claim in a GHG inventory has been made?
- Does the program/certification body ensure that no other instrument conveying similar attributes has been issued from the same generation?
- Energy purchasing mechanisms produced in on-site facilities where energy has been consumed by the host company may be either retained for the on-site consumer or sold off. If sold off, has the GHG emissions associated with the consumed energy been estimated at grid average (or another specified factor) rather than assumed to be "zero"?

Avoiding implicit double counting

- Does the program or certification system acknowledgement the implicit double counting with other electricity generation information used for corporate scope 2 accounting?

- Does the local grid system or purchasing program provide a plan or threshold by which factors will be adjusted?

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Broader concept of eligibility for corporate claims

Regulatory Quota – sometimes ownership question

Financial Support – identify threshold of what other types of support are “enough” (Subsidies, tax credits, FiT?)

Vintage – drive new projects

Technology – specifying types to achieve enviro outcomes or spur innovation

Environmental Performance – Other impacts beyond GHG’s

Geographic Boundaries – Local economic/enviromental benefits

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Project Timeline

Scoping Workshops

- Washington D.C., US - Dec 2010 – *US market issues*
- London, U.K. – Jan 2011 – *Primarily focused on UK issues, some EU*
- Mexico City, Mexico – May 2011 – *Overlap of CDM offsets/contracts*

Technical Working Group Drafts and Discussion

- 3 work streams – Started Aug 2011, hiatus, start back in Dec 2011 – *Survey instruments/jurisdictions, examine case studies*

Public comment

- April/May 2012 - *Drafts for wider circulation*

Publication

- Fall 2012 – *Further outreach, smaller publications possible thereafter, pending funding*

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Materials to date and summaries of scoping workshops available on project website:

http://www.ghgprotocol.org/feature/ghg-protocol-power-accounting-guidelines

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