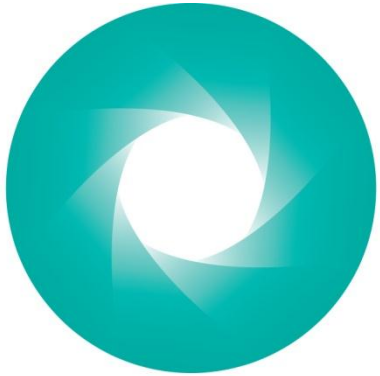

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Updates on Power Accounting Guidelines development

September 25, 2012

CRS Renewable Energy Markets conference

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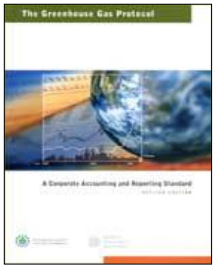
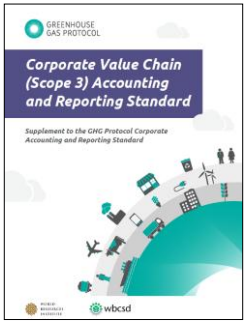
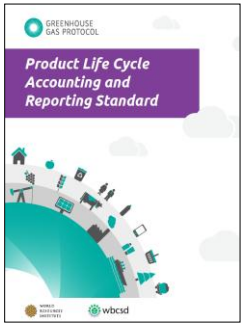
WORLD RESOURCES INSTITUTE

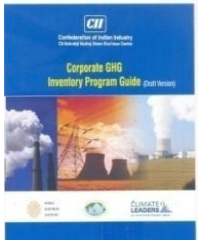
wbcsd







GHG Protocol Standards



The Consumer Goods FORUM
The Global Network Serving Shopper & Consumer Needs

ISO International Organization for Standardization

SUSTAINABILITY CONSORTIUM

CARBON DISCLOSURE PROJECT

CLIMATE LEADERS
U.S. Environmental Protection Agency

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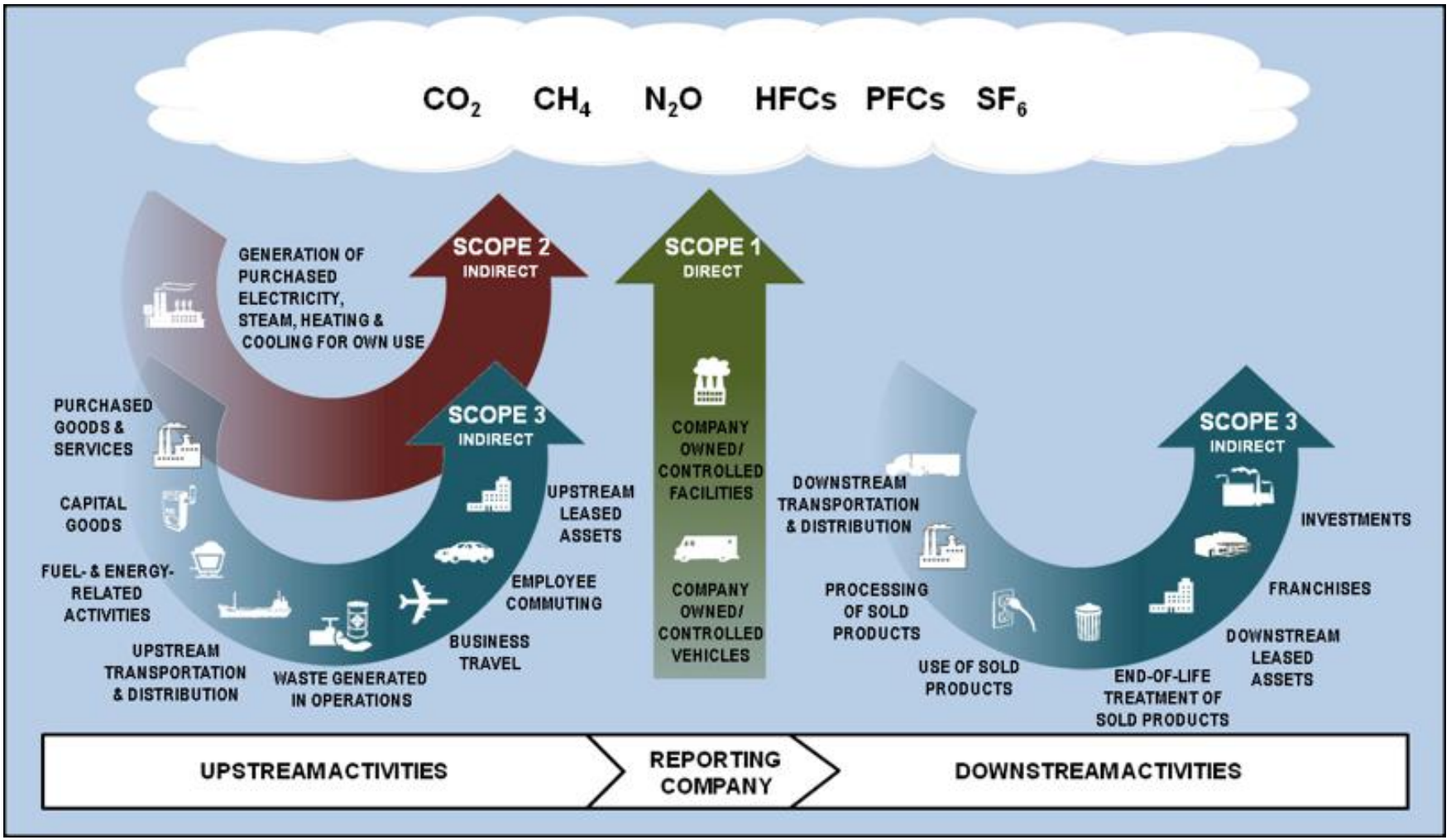

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Scope 2 Total = **Consumption MWh** X **Emission Factor**

Purchase and apply an offset credit to reduce any scope's emissions

Efficiency

Conservation

Install Onsite RE to reduce grid purchase (any emissions from owned/operated become scope 1)

What emission factor should companies use?

Grid average
eGRID sub-region
IEA country-level defaults

Contractual instruments
REC's
Utility green power labels
Power purchase agreements

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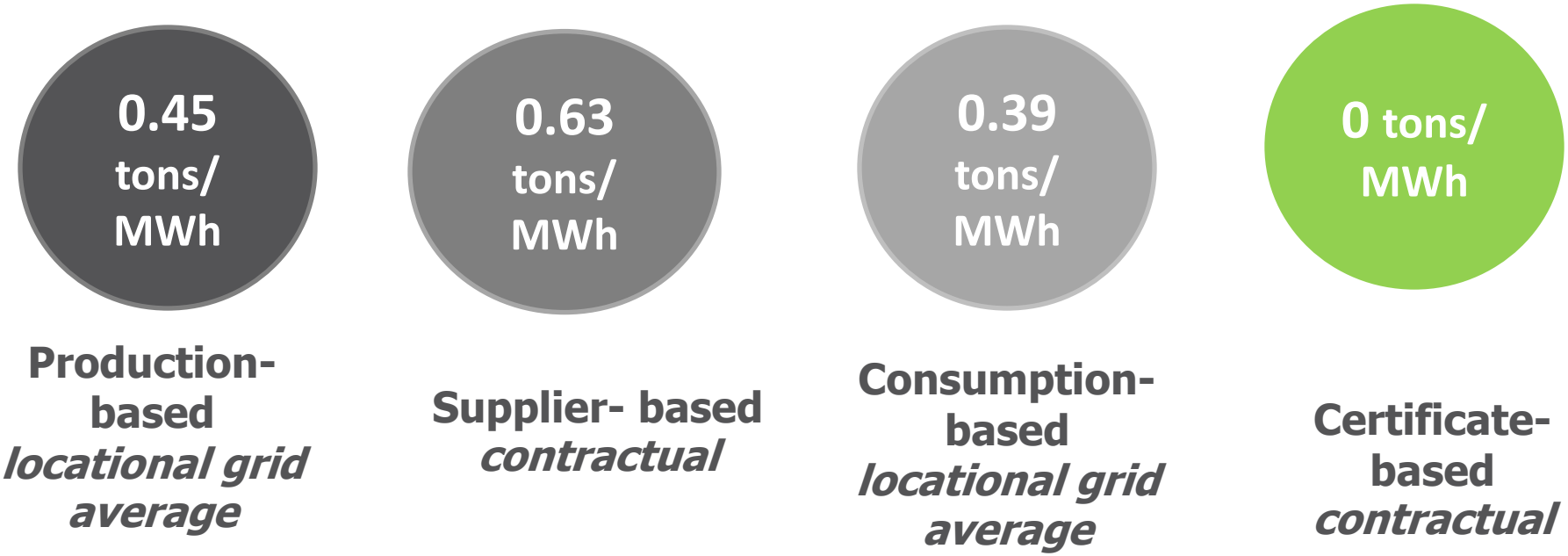
Company's performance based on 4 different emission factors:



Production-based *locational grid average*

Supplier- based *contractual*

Consumption-based *locational grid average*

Certificate-based *contractual*

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Basic rationale for grid average

Practical

- ✓ Widely available publications on geographic EF's
- ✓ Easier for reporting programs to standardize
- ✓ Easier to compare performance

Reflection of Reality

- ✓ Shared resource that individuals cannot direct, so shared responsibility for the composition of the grid generation
- ✓ Liability and costs may be more aligned with overall grid trends

Incentive

- ✓ Goal is reductions in electricity sector: grid average shows when there is still more to reduce
- ✓ Shared responsibility is a better incentive for efficiency and on-site efforts

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Basic rationale for contractual methods

Practical

- ✓ Contractual information can be more reliable in some places than the grid figures

Reflection of Reality

- ✓ Most liberalized grids are managed through contracts between parties, separate from physical electricity flows
- ✓ Consumers DO have differentiated responsibility for the mix of resources on the grid, and contracts can reflect that
- ✓ Better risk reflection

Incentive

- ✓ Consumer choices should have differentiated choices, and be able to drive more low-carbon energy
- ✓ Without this method, no incentive for procurement shifts

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1. CAN? **Evaluate whether and how both methods can produce emission factors that fulfill quality criteria applicable to all types of emission factors**

2. SHOULD? **Define assumptions and intent of both methods, and how they align with GHG Protocol standard principles and goals**

3. HOW? **Determine how other concerns and consumer expectations about the contractual method should be addressed**

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1. CAN? Evaluate whether and how both methods can produce emission factors that fulfill quality criteria applicable to all types of emission factors

- Attributes Ownership Double counting Geographic/Temporal

2. SHOULD? Define assumptions and intent of both methods, and how they align with GHG Protocol standard principles and goals

- Relevance Completeness Consistency Accuracy Transparency

3. HOW? Determine how other concerns and consumer expectations about the contractual method should be addressed

- Additionality? Regulatory surplus? Public subsidy? Technology type?

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Option #1: Recommend a **physical consumption** basis for quantifying scope 2

Option #2: Recommend that a **contractual method** for quantifying scope 2

Option #3: Redefine parameters of scope 2, possibly as a required **dual-reporting category** that necessitates two emissions totals: one based on a physical quantification method, and a one based on contractual quantification

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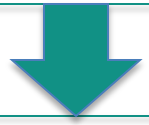
Potential hierarchy of preference for emission factors:

#1. Contractual information, including certificates, contracts or supplier-specific information that meets criteria



#2. Adjusted grid-average figures at local, regional, or national level

#3. Un-adjusted grid-average figures at local, regional, or national level

What if contractual instruments do not meet the requirements today?

How do we recommend reporting in the transition to a "more ideal" contractual tracking and allocation system?

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Scoping Workshops	Washington D.C., US - **Dec 2010** London, U.K. – **Jan 2011** Mexico City, Mexico **– May 2011**
Technical Working Group Drafts and Discussion	Summer 2011-present
Public comment	End of year 2012
Publication	February 2013

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STAKEHOLDERS

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

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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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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