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DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi Corporate Net-Zero Standard Scope 2 Expert Working Group (EWG) Meeting Minutes

11 & 12 June 2025

15:30 - 17:30 BST [Option A]

09.00 - 11.00 BST [Option B]

Virtual

DISCLAIMER

The meeting notes provided herein are intended to capture the discussions, decisions, and actions taken during the meeting to the best of the note-taker's ability. While efforts have been made to accurately represent the proceedings, it is essential to acknowledge that these minutes are a summary and may not capture every detail or nuance of the discussions held.

While every effort has been made to respect the confidentiality of sensitive information, please be aware that the meeting minutes may contain references to discussions or materials considered confidential or privileged. The unauthorized disclosure, distribution, or use of such information is strictly prohibited. If you believe any sensitive information has been improperly disclosed, please contact the SBTi.

Meeting minutes are subject to revision and amendment. The content may be updated or modified based on corrections, additions, or clarifications deemed necessary by the SBTi.

Session decisions which are deemed interim, unresolved items or confidential will not be shared publicly to protect the confidentiality of the Standard before publication and to prevent sending premature signals to the market.

As per clause 6 in the EWG Terms of Reference, members serve on the EWG in their individual capacity as technical experts.

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Meeting participants

Expert Working Group Members present:

Option A

1. Drew Beyer, RMI
2. Elliott Engelmann, World Resources Institute / GHG Protocol
3. Nicholas Fedson, CDP
4. Peggy Kellen, Center for Resource Solutions
5. Skye Lei, ServiceNow
6. Doug Miller, Energy Peace Partners
7. Alex Piper, EnergyTag
8. Mohanad Salah, Sidi Kerier For Petrochemicals Company (SIDPEC)
9. Erik Landry, GRESB

Option B

1. Matthew Brander, University of Edinburgh
2. Nicholas Fedson, CDP
3. Matt Konieczny, Watershed
4. Aindrias Lefèvre-Laoide, EDF Group
5. Mohanad Salah, Sidi Kerier For Petrochemicals Company (SIDPEC)
6. Kae Takase, Renewable Energy Institute
7. Roble Velasco-Rosenheim, The I-TRACK Standard Foundation
8. Lucile Bourguet, Fortescue
9. Molly Walton, We Mean Business Coalition
10. Rachel Swiatek, Climate Gro

Guest speakers:

Option A

1. Sybrig Smit, NewClimate Institute
2. Nicholas Fedson, CDP

Option B

1. Sybrig Smit, NewClimate Institute
2. Nicholas Fedson, CDP

SBTi:

Option A

1. Scarlett Benson, EWG Lead
2. Ayla Dincay, Buildings Lead
3. Emma Watson, Head of Corporate Standards
4. Abhilash Desu, Senior Target Analyst

Option B

1. Scarlett Benson, EWG Lead
2. Ayla Dincay, Buildings Lead
3. Emma Watson, Head of Corporate Standards
4. Abhilash Desu, Senior Target Analyst

Technical Council Observers:

Option A

1. Michael Gillenwater

Note on the format of these minutes: This meeting was held twice to accommodate the time zones of the Expert Working Group (EWG) members. The content presented by the SBTi team was consistent across both sessions, and participants in each meeting engaged with the same interactive exercises. To avoid duplication, these meeting minutes present the shared content (presentations and framing) and include summaries of participant discussions from the Option A and Option B meetings.

Meeting agenda

Welcome	15 min
Scope 2, electricity and related targets in CDP data (Nicholas Fedson, CDP)	15 min
Corporate renewable electricity procurement: key findings from RE special edition of the Corporate Climate Responsibility Monitor (Sybrig Smit, NCI)	15 min
Granular energy procurement: research and policy (Wilson Ricks, Princeton University)	25 min
Q&A followed by break	20 min
Discussion	25 min
Wrap-up & next steps	5 min

Note: Please refer to the meeting slide deck for accompanying material

Meeting objectives

- This session marked the first of two focusing on procurement instruments and matching requirements.
- The aim of this session was to build foundational understanding in preparation for a more interactive discussion in the next session.
- The focus was framing proposed criteria related to contractual instruments, time and geographical matching, particularly referencing criterion CV 15.4 in the draft Standard.
- The session featured presentations from Nick Fedson (CDP), Sybrig Smit (NewClimate Institute), and a recorded presentation from Wilson Ricks (Princeton University).

1. Welcome & logistics

The session began with a welcome from the SBTi team, followed by logistical reminders on confidentiality, competition law compliance, and conflict of interest disclosures, as well as an overview of technical and procedural participation guidelines.

2. Summary of guest speaker presentations

a. Nick Fedson (CDP) gave a presentation on scope 2, electricity and related targets in CDP data.

- Presented in both Options A and B.
- Key insights from the analysis of ~9,500 companies from CDP's 2023 data set:
 - Limited ambition in renewable electricity sourcing; most claims aligned with the global grid average.
 - Location-based reporting remains more common than market-based for smaller companies; dual reporting more prevalent among larger consumers.
 - Unbundled Energy Attribute Certificates (EACs) remain the most used instrument, though Power Purchase Agreements (PPAs) deliver significant volumes with relatively fewer users.
 - Europe: Dominated by unbundled EACs and supplier contracts.
 - Asia: Large PPA volume, but half comes from one company (hydropower PPA).
 - North America: PPAs are more widely adopted and spread across more companies.
 - Residual mix availability is inconsistent globally, impacting the integrity of market-based reporting.
 - Location-based targets are the most commonly set, but market-based targets dominate among larger electricity consumers.

b. Sybrig Smit (NewClimate Institute) delivered a deep dive into corporate renewable electricity procurement by presenting key findings from 10 major companies in the tech and fashion industries.

- Presented in both Options A and B.
- Key insights:
 - All 10 companies had some form of 100% renewable electricity (RE) target, but wide variation and ambiguity in claims, resulting in incomparable claims and often lack of clear impact metrics.
 - Definitions of “carbon-free” electricity sometimes include nuclear and fossil CCS, creating false comparability with renewables.
 - Diverse procurement strategies with limited transparency around additionality, timing, and location.
 - Onsite generation remains rare in both sectors: <1% of electricity demand.
 - Many companies signal intention to shift toward PPAs, but unbundled EACs are still commonly used.
 - Recommendations included clearer separation between tracking instruments and emissions claims and stronger differentiation between procurement methods in standards.
 - The data predates the 2023-24 and emerging AI-related electricity demand could shift conclusions rapidly

c. Wilson Ricks, Princeton University – Granular Procurement & System Impact

- A pre-recorded presentation played in both sessions.
- Key insights:
 - Granular (hourly and locational) matching:
 - Better reflects physical realities of power systems: Grids must balance supply and demand in real time.
 - Drives investment in critical technologies (e.g., storage, clean firm power).
 - The aim is to build access to clean power at all hours and locations.
 - Significantly improves emissions impact over annual, volumetric matching.
 - Three main principles:
 - Hourly matching: Match supply and demand hour by hour - in all standards (with the GHG Protocol exemptions for small users)
 - Deliverability: Clean power must be physically deliverable to point of use
 - Incrementality: Procured power must come from new generation
 - Standards such as 24/7 Carbon-Free Energy and proposed revisions to the GHG Protocol are increasingly moving toward granularity, though challenges include regional deliverability definitions and data limitations.

3. Open discussion & Q&A

The Q&A and discussion segment followed the presentations and included both clarifying questions and broader reflections. Many points were raised across both Option A and Option B sessions, with some unique contributions by participants in each group. Below is a synthesis of key themes and specific questions raised.

Shared themes across both sessions

a. Clarifications on procurement instruments

- *Question:* What constitutes a “contract with supplier” as used in the CDP data?
 - **Response:** Defined as a contract with an electricity supplier (not a generator) where renewable energy is delivered as part of a utility offering (e.g. green tariffs). These often involve EACs but may also include contractual delivery without them.
- *Question:* Are unbundled EACs being phased out or still considered valid?
 - **Response:** EACs remain the most common tool in use, though there’s growing interest in transitioning to PPAs and more impactful constructs. Debate continues about their climate efficacy versus ease of use and availability.

b. 100% renewable electricity claims

- Participants discussed the wide variance in how 100% RE claims are articulated by companies (e.g. “matching,” “sourced from,” “used by”).
 - This raised concerns about **comparability**, **credibility**, and **accountability** across reported targets.

c. Reporting vs. Impact

- One participant highlighted the distinction between:
 - Scope 2 emissions *inventory accounting* (which must align with actual electricity use in time and space)
 - Broader *climate impact* (e.g., displacing fossil power somewhere on the grid)
- Several participants supported separating **reporting**, **claims**, and **target-setting** into distinct frameworks to reduce confusion and allow for clearer accountability.

d. Granular matching and system impact

- Strong interest was expressed in the findings of Wilson Ricks’ presentation:
 - Granular procurement is more effective at reducing emissions but significantly more complex and expensive.
 - Some expressed concerns about whether these requirements could be realistically implemented across all markets.

Option A

a. Quality differentiation in market-based instruments

- *Question:* Should SBTi or GHG Protocol differentiate more clearly between high- and low-impact procurement methods (e.g. PPAs vs. unbundled EACs)?

- **Response** (from presenters and discussion): Yes, there's a need to move beyond "all market-based instruments are equal." Current systems lack incentives for high-quality action.

Option B

a. Global equity and feasibility

- *Comment:* One participant raised concerns about how new standards requiring hourly data would exclude many regions and countries, especially in Sub-Saharan Africa.
 - "We don't have hourly data, and introducing such requirements would further reduce already limited demand."

b. Trade-offs between accuracy and participation

- *Question:* Will making accounting more granular (e.g. hourly/location-based) disincentivize participation due to increased complexity and cost?
 - **Response:** Thresholds for applicability (e.g. by company size or electricity use) are being discussed in the GHG Protocol revision. The aim is to balance rigour with feasibility.

c. Purpose of Scope 2 accounting

- A foundational question was raised: *Are we trying to report a company's emissions as accurately as possible, or are we trying to maximize system-wide emissions reductions?*
 - This sparked a discussion on **inventory accounting** versus **consequential impact**, and whether parallel metrics might be needed.

d. Regional and market constraints

- Participants noted disparities between regions in terms of data access, availability of residual mixes, and regulatory structures.
 - Some called for flexibility in standard-setting to avoid penalising companies operating in data-scarce markets.

4. Summary and next steps

- The upcoming session (June 26) will focus on discussion and co-development of proposals.
- A summary of parked questions and additional materials will be circulated.
- Members are encouraged to continue sharing reflections via email or the follow-up survey.
- A reminder was given about upcoming sessions in July and August and the planned in-person meeting.

Parking lot questions raised in the first session (both options):

- How do current clean energy procurement processes work in practice - including contract structures and data availability - and what are the key barriers and opportunities for scaling the use of granular certificates (GCs) given current levels of market availability and data infrastructure?
- What should trigger the end of indirect mitigation being eligible?
- Does this work with vector change?