



Corporate Net-Zero Standard V2.0 revision Scope 2 Expert Working Group

Session 1: Orientation & Vision, May 15 & 19

Emma Borjigin-Wang, SME Research Scarlett Benson, EWG Lead Ayla Dinçay, Buildings Lead

Housekeeping | Disclaimer and antitrust



- Disclaimer Please note, this document is for information purposes only in order to inform discussions and for no other purpose.
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For example, do not discuss company-specific information on:

- current or future prices, pricing strategies, or price related information;
- output, capacity, inventory levels, or costs;
- data related to market share;
- current or future business model transformation strategies.

Members are responsible for halting any activity that may violate this policy and reporting it immediately to SBTi.

Housekeeping | Conflict of interest declaration

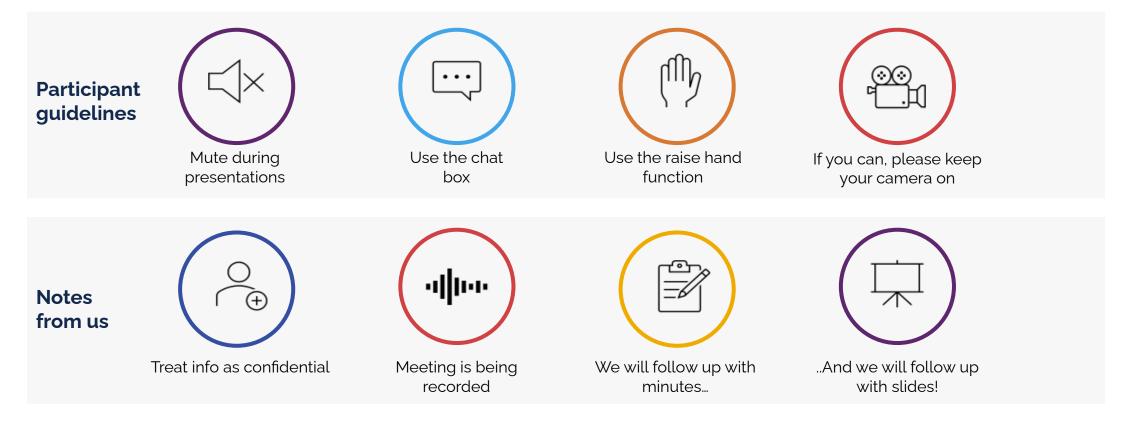


- As per the <u>EWG Terms of Reference</u> and the <u>SBTi COI policy</u>, conflicts of interest must be declared
- At the start of each meeting the chair will ask members if a new COI has arisen
- A Conflict of Interest may be:
 - Actual: A true conflict exists between a Party's duties with the SBTi and their private interests.
 - Potential: Where a Party has personal or private interests that could conflict with their duties with the SBTi, or where it is foreseeable that a conflict may arise in future.
 - Perceived: Where an unbiased observer could reasonably form the view that a Party's private interests could influence their decisions or actions.

ARE THERE ANY COI THAT THE SBTi SHOULD BE AWARE OF?

Housekeeping | Video-conference guidelines





Finally, please have your devices ready to use...







- Welcome & introductions (20 min)
- **Orientation** (20 min)
 - Scope 2 EWG objectives and overview of the sessions
 - Where we are coming from: Existing scope 2 rules in CNZS v1.2
 - What are we proposing: scope 2 proposals in CNZS v2.0
- Global Overview of Power Market Structures (15 min)
 Elcin Akcura, World Bank
- **Q&A** (10 min)
- **Break** (5 min)
- Briefing: GHG Protocol scope 2 revision process (5 min)
- SBTi's proposed direction for scope 2 under CNZS 2.0 (40 min)
- Discussion: aligning on vision and principles for scope 2 (30 min)
- Wrap-up & next steps (5 min)



Welcome | Scope 2 EWG



SBTi Team



Scarlett **Benson** EWG Lead

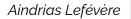


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Alex Piper



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Elliott Engelmann



Emma Saraff



Erik Landry



Jinfeng Zhou



Kae Takase



Lucile Bourguet



Matt Konieczny



Matthew Brander



Mohanad Salah



Molly Walton



Nicholas Fedson



Peggy Kellen



Rachel Kitchin



Rachel Swiatek



Velasco-Rosenheim



Skye Lei



Chris St John Cox

Engaging effectively | Tools and channels for your input



Pre-reads

- Help you orient yourself and prepare for the session.
- Provide useful background information.
- May also address questions raised in previous sessions or surveys.

Different tools used to facilitate the discussion

- We will use various tools to facilitate discussion (e.g., Miro board, Mentimeter, breakout rooms).
- To manage time effectively, we may not be able to take questions or open the floor for discussion during presentations.

Post-session surveys

- We follow up each session with a survey.
- Offer an additional opportunity to share your thoughts, insights, or feedback on the topics discussed.

Email the team anytime

 The SBTi team's inboxes are always open—feel free to reach out with any questions!



Parking lot for questions

Questions that are not directly relevant to the session topic or require further exploration can be added to the parking lot.

These questions will be addressed in one of the following ways:

- During subsequent sessions
- In meeting minutes or pre-reads
- As part of pilot testing

To add a question to the parking lot, please post it in the chat and clearly indicate that it should be followed up later. ("A question to the parking lot: ...")

All parking lot questions will be documented in the meeting minutes.



Scope 2 in CNZS revision process | High-level overview

Drafting

Research



Finalization of the standard

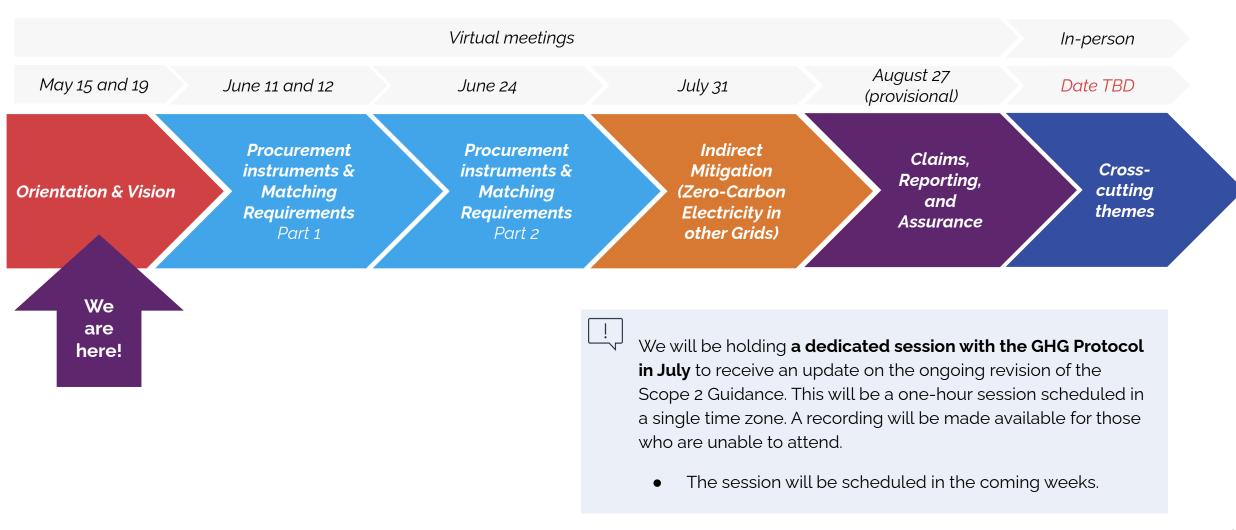
Overall development process

Consultation

 Insights from internal and external stakeholders Call for Evidence and power sector pathways modelling 	 Development of the scope 2 conceptual framework Drafting of criteria Integration of feedback from the Technical Council 	 Public consultation & feedback analysis EWG engagement Piloting the standard with companies 	 Integrating feedback from consultation phase into the final draft Submission to the Technical Council for approval
		Consultation phase stages	
	Initial draft publication and public consultation	Iteration	Pilot testing
	Consultation surveyQ&A webinar	 Feedback summary report Deliberation with the EWG between May and September 	Pilot testing with companies
	March 18th Initial draft published	June 1st Public consultation ends	
	April 10th EWGs Welcome meeting		

Scope 2 EWG virtual sessions | Schedule





Scope 2 EWG virtual sessions | Sessions overview



Session	Overview	Discussion items
Overview & Vision	Introduce the rationale, vision, and roadmap for updating scope 2 target methodologies. Frame key debates, share expert insights, and set expectations for the collaborative process.	 Role of scope 2 targets in accelerating electricity system decarbonization Potential differentiation of requirements across market contexts
Procurement instruments & Matching Requirements	Part 1: Develop a shared understanding of corporate electricity procurement options. Explore how temporal and geographical matching influence the credibility and impact of scope 2 claims, and discuss trade-offs in sourcing approaches. Part 2: Deepen the discussion by examining electricity market structures and access constraints. Assess how these shape methodology design and the potential for differentiated requirements across contexts.	 Impact of different electricity market structures on ZCE access and procurement options Appropriate chain of custody models for electricity sourcing Design of temporal and geographical matching requirements to support system transformation Relevance of electricity market context in setting timelines for 100% ZCE sourcing
Indirect Mitigation (Zero-Carbon Electricity in other Grids)	Examine the role of indirect mitigation where direct zero-carbon electricity (ZCE) access is limited. Discuss legitimacy, design, and safeguards of contribution-based approaches to support credible net-zero-aligned electricity system change.	 Conditions under which ZCE access may be legitimately constrained Role of contributions beyond the physical value chain Approaches to determining scale of action Eligibility criteria and guardrails for indirect mitigation measures
Claims, Reporting, and Assurance	Define principles for credible, transparent scope 2 claims. Discuss reporting, assurance, and tracking of mitigation actions to ensure consistency and accountability across actors and markets.	 Suitable accounting methods for indirect mitigation Ensuring comparability and transparency in reporting and tracking Framing of indirect mitigation actions

Scope 2 in CNZS V1.2 | Primary Scope 2 Criteria



C3 - Scope 1 and scope 2

The targets shall cover company-wide scope 1 and scope 2 emissions, as defined by the GHG Protocol Corporate Standard.

- Company-wide scope 1 and 2 emissions are required to be covered
- GHG Protocol's definitions are required to be followed

C9 – Scope 2 accounting approach

Companies shall disclose whether they are using a location- or market-based accounting approach as per the GHG Protocol Scope 2 Guidance to calculate base year emissions and to track performance against a science-based target. The GHG Protocol requires measuring and reporting scope 2 emissions using both approaches. However, a single and consistent approach must be used for setting and tracking progress toward a SBT (e.g., using location-based approach for both target setting and progress tracking).

- Company can choose to use the location- or market-based accounting approach for scope 2
- Selected approach **are required to** be used for setting and tracking progress toward a SBT

Scope 2 in CNZS V1.2 | Relevant Criteria



C19 - Level of ambition for scope 1 and 2 targets

At a minimum, scope 1 and scope 2 targets shall be consistent with the level of decarbonization required to keep global temperature increase to 1.5°C compared to pre-industrial temperatures. This applies to both near-term and long-term targets.

C20 - Absolute targets

Absolute reduction targets for scope 1 and scope 2 are eligible when they are at least as ambitious as the minimum of the approved range of emissions scenarios consistent with the 1.5°C goal or aligned with the relevant 1.5°C sector-specific absolute pathway (long-term targets only).

C21 – Intensity targets

Intensity targets for scope 1 and scope 2 emissions are only eligible when they are modeled using an approved 1.5°C sector pathway applicable to companies' business activities.

C27 - Renewable electricity (scope 2 only)

Targets to actively source renewable electricity at a rate consistent with 1.5°C scenarios are an acceptable alternative to scope 2 emission reduction targets over emissions from the generation of procured electricity. The SBTi has identified 80% renewable electricity procurement by 2025 and 100% by 2030 as thresholds (portion of renewable electricity over total electricity use) for this approach, in line with the recommendations of RE100. Companies that already source electricity at or above these thresholds shall maintain or increase their use of renewable electricity to qualify. For long-term targets, companies shall maintain 100% renewable electricity procurement beyond 2030.

- Scope 1 and scope 2 targets are required to align with limiting global warming to 1.5°C.
- Applies to both near-term and long-term targets.
- Absolute reduction targets for scope 1 and 2 are eligible
- Absolute reduction targets are required to meet minimum ambition levels of a relevant sector-specific pathway or the cross-sector 1.5°C pathway.
- Intensity reduction targets for scope 1 and 2 are eligible
- Intensity reduction targets are required to meet minimum ambition levels of a relevant sector-specific pathway.
- Renewable electricity sourcing targets can substitute for scope 2 targets.
- 80% renewable electricity by 2025 and 100% by 2030, aligned with 1.5°C scenarios and RE100 guidance.
- Companies already meeting these thresholds are required to maintain or increase their renewable electricity use.

Scope 2 in CNZS v2 | Why are we revising the approach?



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi's evolution from an initiative to a globally used gold standard

Need to ensure effectiveness of different EACs

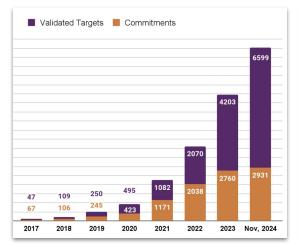
across markets with diverse

SBTi's growth in power market structures

Concerns about the integrity in market-based mechanisms

GHG Protocol's revision process, including the Scope 2 Guidance

Demand for more nuanced recognition of interventions





ANNOUNCEMENT | 07.26.2023 | SARAH.HUCKINS@WRI.ORG GHG Protocol Releases Summary of Scope 2 Guidance Survey Feedback

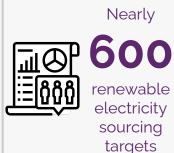
Summary Report of Scope 2 Guidance Survey Feedback Now



Report Part 2: **Environmental Attribute** Certificates - Electricity

A synthesis of the relevant evidence on environmental attribute certificates for electricity submitted to the Science Based Targets initiative during the 2023 call for evidence on the

March 2025





Scope 2 in CNZS v2 | What are we proposing?

Where sourcing zero-carbon electricity within the grids in which the company powers its operations is not

IV. Companies shall provide a justification for not sourcing zero-carbon electricity in the grids from which

possible, companies shall contribute to zero-carbon electricity in other grids as an interim measure to

I. Contributions to zero-carbon electricity in other grids shall count towards scope 2 targets as an interim measure.
 II. Companies shall report their contributions to zero-carbon electricity in other grids separately from

III. Companies shall ensure that zero-carbon electricity sourcing in other grids results from real

address the corresponding portion of scope 2 emissions.

companies are powering their operations.

abatement measures, such as grid decarbonization efforts.

their own scope 2 emissions.

C15.5



CNZS-C15: Companies shall set targets to abate scope 2 emissions from purchased or acquired electricity, steam, heat and cooling

Company category: All companies
Assessment stage: Initial Validation, Renewal Validation

C15.1	Companies shall set a scope 2 location-based emissions reduction target and either a scope 2 market-based emissions reduction target or a zero-carbon electricity target to address scope 2 emissions using applicable net-zero aligned benchmarks and methods, as indicated in Table E.1.	R15.1	Companies should aim to achieve zero-emissions electricity as early as possible in higher-income countries and in other regions where sourcing zero-emissions electricity is feasible.
C15.2	Companies shall cover total (i.e. 100%) scope 2 emissions within their targets.	R15.2	Companies should procure contractual instruments that result in additional renewable energy production, thereby directly contributing to grid decarbonization.
C15.3	The use of zero- or lower-carbon energy to achieve emissions reductions or zero-carbon electricity targets shall be substantiated through the sourcing of the respective energy carrier and its delivery to the point of use, either with physical traceability (e.g. on-site generation or direct line) or via the grid from which the site sources its energy. Energy delivered via the grid used to achieve emissions reductions or zero-carbon electricity targets shall be accompanied by contractual instruments that meet, at a minimum, the GHG Protocol Scope 2 Guidance Quality Criteria.	R15.3	Companies that have already achieved net-zero aligned scope 2 performance should make direct investments within their value chains to facilitate value chain partners and suppliers located in countries with low-levels of grid decarbonization to address their electricity, heat, steam, and cooling use, or to buy eligible zero-carbon electricity. Companies should strive to achieve the highest possible standards of energy efficiency in their
C15.4	Where possible, companies shall procure contractual instruments conveying a zero-carbon electricity attribute that matches their operational electricity use both in time and geographic location.	R15.4	operations.

Scope 2 in CNZS v2 | What are we proposing?



Two major updates...

- Companies would be required to set two separate scope 2 targets; one location-based target and either a market-based target or a zero-carbon electricity target
- SBTi is providing further clarity on scope 2 mitigation mechanisms

... to address current challenges with scope 2

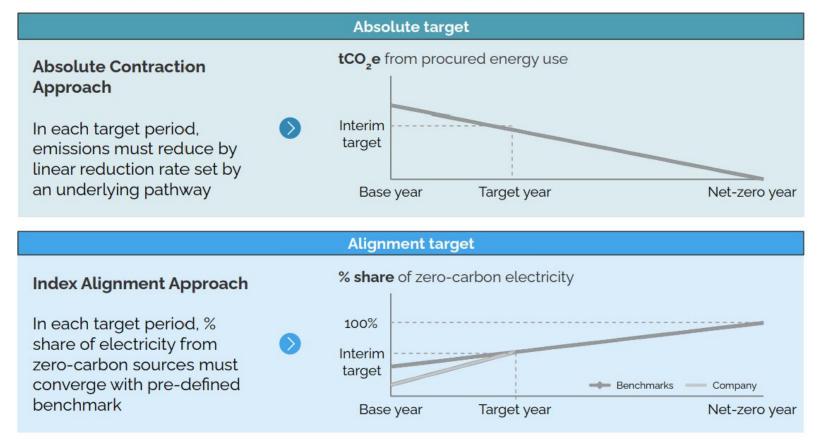
	CNZS V2.0 major updates			
Scope 2 challenges	Market/ZCE AND location-based targets	Best-practice market mechanisms	How does this help?	
Only tracking market-based renewable energy procurement does not directly incentivize companies to support grid-wide emission intensity reduction			 Mandatory location-based targets mean companies are incentivized to take actions that support the reduction of the broader grid carbon intensity, in addition to the reduction in intensity of company-specific, market-based procurement 	
 Use of unbundled renewable energy certificates (RECs) and guarantees of origin (GO) certificates often fails in driving renewable energy deployment 			 Incentivization of high-integrity, time- and geographically-matched market-mechanisms sourced in the same market ensures the credibility and effectiveness of scope 2 target setting targets 	

Scope 2 in CNZS v2 | What are we proposing?



Question from pre-meeting survey: how do market-based and ZCE targets differ?

Location-based and market-based targets use absolute emissions reduction method and zero-carbon electricity targets use electricity sourcing alignment method



Reminder on definitions

Zero-carbon electricity (ZCE):

Electricity that is characterized by total GHG emissions per unit of generation that are less than or equal to zero, accounting for both direct and fuel-cycle emissions. This definition excludes embodied emissions related to the construction of electricity infrastructure.

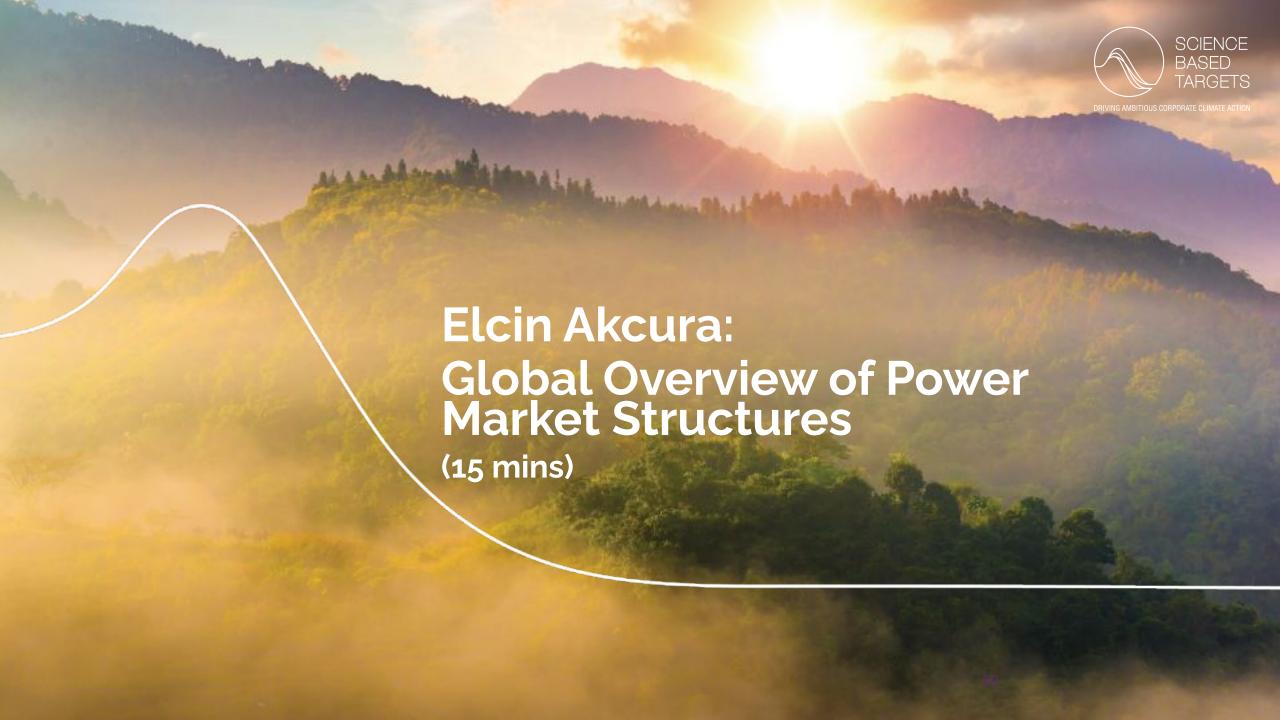
Fossil-fired electricity with carbon capture and sequestration (CCS) and certain renewable resources, such as sustainably sourced biomass, are not classified as zero-carbon due to potential emissions associated with their lifecycle and operational practices (adapted from Climate Group).

Today's session | Later on we will open the floor for discussion on...

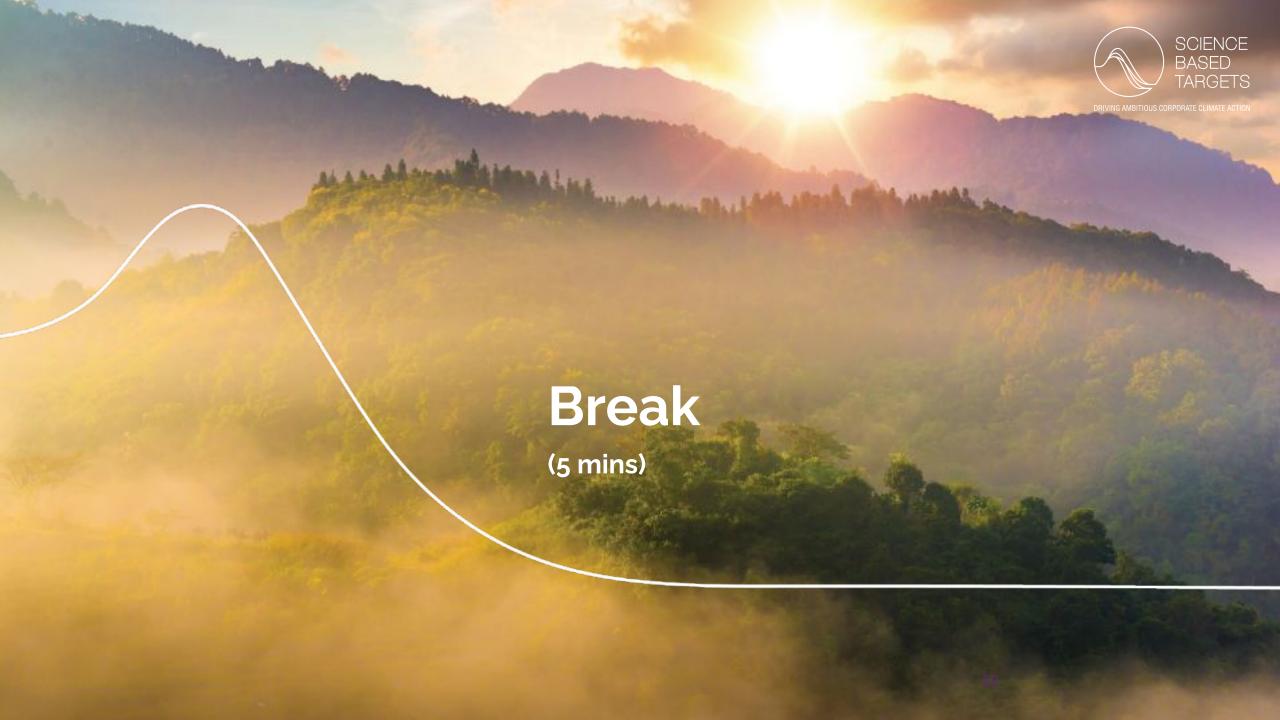


How can scope 2 targets be designed to reflect real-world complexity while maintaining ambition and accountability?

Should the standard differentiate requirements to reconcile operational realities across diverse electricity market contexts? How?









GHG Protocol (GHGP) is also in the process of reviewing their Scope 2 Guidance



Background and context

- GHGP carried out a Scope 2 Stakeholder Survey and received feedback / proposals for changes from >400 organizations.
- Based on this feedback GHGP is working to revise its Scope 2 standards and guidance.
- GHGP has formed a Scope 2 Technical Working Group (TWG) to improve and refine the guidance on accounting for Scope 2 emissions, ensuring clarity and consistency in how companies report indirect emissions from purchased electricity.

Scope 2 technical working groups (TWGs)

- Scope 2 Main TWG: Works on the overall Scope 2 Guidance, ensuring it's aligned with the GHGP Corporate Standard and making necessary updates.
- Consequential Accounting Sub-TWG:
 Focuses on the quantification and reporting of consequential GHG emission impacts from a reporting organization's electricity sector actions. This includes developing recommendations for accounting and reporting on emissions avoided by a company's electricity-related investments.

GHGP's scope 2 revision process is split into 2 phases and is due to conclude in 2026



Timeline		Q4 2024	Q1-2 2025		Q3 2025	2026	
Phase		Phase 1			Phase 2		
Key topics & outcomes	•	 Clarify objectives and consider any changes to the required reporting methods 		•	TWG consultation on a necessary from Phase	any additional topics as 1	
	•	Location-based method technical improvements		•	Interactions across Scope 2 and Scope 3		
	*Market-based method technical improvements		•	Guidance for purchased steam, heat, and cooling			
	•	Role of project-based accounting methodology relative to scope 2 accounting		•	Utility-specific guidance and clarification on T&D losses		
	Guidance for regional variation in energy markets		•	Technical methodolog	gy guidelines for data		
	•	Interaction with policie	es and programs	providersTechnology-specific guidance		guidance	



What we will cover...



Principles for the development of SBTi Standards



CNZS V2: "intervention hierarchy" conceptual framework



CNZS V2 public consultation draft and open questions to be resolved



CNZS V2: scope 2 conceptual framework



Why does the SBTi require scope 2 targets at all?



or visit **menti.com** and use code **8435 8348**







CNZS V2: "intervention hierarchy" conceptual framework



CNZS V2 public consultation draft and open questions to be resolved



CNZS V2: scope 2 conceptual framework

Principles for SBTi standards



SBTi MISSION: To drive science-based climate action in the corporate sector consistent with limiting warming to 1.5°C

Well-defined principles are needed to steer and justify expert judgments that must be applied when it comes to designing standards, and the selecting the technical foundations that underpin them.

The principles express the **high-level goals and values** that we seek to serve in development of technical foundations.



Ambition
SBTi standards aim to drive bold and transformative emissions reductions aligned with the 1.5°C climate goal



RigorousSBTi standards should be informed by the best available science,



Transparent
SBTi standards should ensure
transparency by making all relevant
information publicly accessible



Robust

SBTi standards should be rigorous and impartial, safeguarding the independence of the standard-setting process.



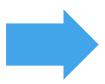
Actionable
SBTi standards should offer clear,
measurable steps that enable
organizations to take effective and
immediate climate action.



Responsible
SBTi standards should support an equitable net-zero transition by recognizing diverse contexts and minimizing risks to broader sustainability goals.







CNZS V2: "intervention hierarchy" conceptual framework



CNZS V2 public consultation draft and open questions to be resolved



CNZS V2: scope 2 conceptual framework

The CNZS V2.0 draft proposes introduction of an "intervention hierarchy"



Emission source is addressed at the activity and/or entity level

The draft standard continues to prioritize **direct mitigation**, i.e. actions and interventions that can be linked to specific emission sources in the company's value chain through a robust chain of custody model.

For instance, measures to minimize emissions by implementing efficiency measures or switching towards lower-emitting suppliers, commodities or products.

i.e. abating the emission source itself

If not feasible*

Emission source is addressed at the **activity pool level**

When traceability to a specific emissions source in the value chain cannot be established, companies may rely on emissions data and interventions at the 'activity pool' level to assess performance over time and substantiate progress against targets.

Examples include an 'upstream supply pool', such as a supply shed from which companies source a specific commodity, or a 'downstream activity pool', such as the electricity grid powering a company's sold products.

i.e., abating an equivalent amount of emissions that are **geographically linked** and **comparable** to the emission source If not feasible*

Emission source is addressed through **indirect mitigation**

When traceability either to the specific emissions source or the activity pool cannot currently be established, or if insurmountable barriers persist in addressing a source of emissions, indirect mitigation can play a role to drive transformation relevant to a company's value chain and comparable to direct mitigation as a time-limited measure to address indirect emissions.

For example, the procurement of sustainable aviation fuel following a book-and-claim approach to achieve targets against jet-fuel-related emissions.

i.e., abating an equivalent amount of emissions that are **comparable** to the emission source

^{*} Feasibility will be defined throughout the consultation and pilot process



Principles for the development of SBTi Standards



CNZS V2: "intervention hierarchy" conceptual framework



CNZS V2 public consultation draft and open questions to be resolved



CNZS V2: scope 2 conceptual framework

Building a conceptual framework for CNZS V2 scope 2 From activities to outputs



Activities Outputs

- Research and evidence gathering
- Public consultations
- Targeted stakeholder engagement
- Consultative groups (e.g. EWGs)
- Engagement with academia
- Standard development
- Target validation
- Mobilization campaigns

- Commitment process
- Near-term target setting criteria
- Long-term target setting criteria
- Disclosure criteria (requirements)
- Criteria assessment indicators
- Protocol for non-conformance
- Target setting recommendations
- Optional leadership recognition to address ongoing emissions
- Target dashboard with accompanying claims, e.g. nature of commitment



Reminder on definitions

Activities: The specific actions or processes that are designed to achieve the desired outputs, outcomes, and ultimately, impacts.

Outputs: The tangible, immediate, and intended products or consequences of an activity within SBTi's control or influence; the direct result of inputs.

Building a conceptual framework for CNZS V2 scope 2 From outputs to intermediate outcomes



Outputs



Intermediate outcomes

- Commitment process
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- Long-term target setting criteria
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- Companies reduce electricity, heat, steam and cooling (EHSC) usage from the grid through efficiency measures
- Companies build or finance zero-carbon electricity generation for direct usage (direct line and on-site)
- Companies finance other zero-carbon electricity development through impactful interventions (ideally in their own grid(s), but otherwise in other grids)
- Companies engage with policymakers to accelerate grid infrastructure development and decarbonization



Reminder on definitions

Outputs: The tangible, immediate, and intended products or consequences of an activity within SBTi's control or influence; the direct result of inputs.

Intermediate outcomes: The changes that occur as a result of the program's activities and outputs, often in the short to medium term.

Building a conceptual framework for CNZS V2 scope 2

From intermediate outcomes to impacts



Intermediate outcomes



Impacts

- Companies reduce electricity, heat, steam and cooling (EHSC) usage from the grid through efficiency measures
- Companies build or finance zero-carbon electricity generation for direct usage (direct line and on-site)
- Companies finance other zero-carbon electricity development through impactful interventions (ideally in their own grid(s), but otherwise in other grids)
- Companies engage with policymakers to accelerate grid infrastructure development and decarbonization

- Emissions from EHSC decrease over time
- Zero-carbon electricity generation increases over time
- Transition away from fossil fuels
- Improved grid infrastructure and stability



Reminder on definitions

Intermediate outcomes: The changes that occur as a result of the program's activities and outputs, often in the short to medium term.

Impacts: The long-term, systemic changes that the program aims to achieve.



Principles for the development of SBTi Standards



CNZS V2: "intervention hierarchy" conceptual framework



CNZS V2 public consultation draft and open questions to be resolved



CNZS V2: scope 2 conceptual framework

Building a conceptual framework for CNZS V2 scope 2 From outputs to intermediate outcomes



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Design features that underpinned the draft scope 2 criteria



1

Claims based on the impact of a company's physical operations and value chain on the climate

2

Prioritization of attributional accounting

3

Basis in scenarios that limit warming to 1.5°C

4

Consideration of meaningful mitigation activities in all geographies

5

Balance of accurate accounting and incentivizing action

The draft V2.0 Standard proposes 5 criteria and 4 recommendations on scope 2 targets

Where sourcing zero-carbon electricity within the grids in which the company powers its operations is not

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C15.5



CNZS-C15: Companies shall set targets to abate scope 2 emissions from purchased or acquired electricity, steam, heat and cooling

Company category: All companies
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	•		
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C15.	Companies shall cover total (i.e. 100%) scope 2 emissions within their targets.	R15.2	Companies should procure contractual instruments that result in additional renewable energy production, thereby directly contributing to grid decarbonization.
C15.	point of use, either with physical traceability (e.g. on-site generation or direct line) or via the grid from which the site sources its energy. Energy delivered via the grid used to achieve emissions reductions or zero-carbon electricity targets shall be accompanied by contractual instruments that meet, at a minimum, the GHG Protocol Scope 2 Guidance Quality Criteria. Where possible, companies shall procure contractual instruments conveying a zero-carbon electricity	R15.3	Companies that have already achieved net-zero aligned scope 2 performance should make direct investments within their value chains to facilitate value chain partners and suppliers located in countries with low-levels of grid decarbonization to address their electricity, heat, steam, and cooling use, or to buy eligible zero-carbon electricity. Companies should strive to achieve the highest possible standards of energy efficiency in their operations.







Conceptual framework for CNZS V2 scope 2



Open questions to be resolved



CNZS V2 public consultation draft

There are a number of open questions to be resolved... ...and different ways of addressing them



Types of questions that could be addressed through literature review, data analysis, or technical modelling.

- How do different electricity market structures influence a company's ability to access zero-carbon electricity?
- How can a science-based emissions reduction pathway be developed for companies using market-based accounting methods?
- In which countries can companies access electricity consumption and emissions data at required temporal (e.g., hourly) and geographic (e.g., nodal) granularity?
- How do trajectories under existing scope 2 targets compare to those under the proposed new criteria?
- Are refinements/ clarifications required to the zero-carbon electricity definition?

Types of questions that could be tested with companies to understand operational realities, data access, and readiness.

- Are companies able to accurately report LBM and MBM values with temporal and geographical matching in the absence of finalized GHGP guidance?
- Are companies accurately applying the GHGP Scope 2 market-based emission factor hierarchy (e.g., using residual mix when contractual information is missing)?
- What documentation do companies retain for contractual instruments?
- Do companies understand the definition of ZCE, and are they able to model ZCE targets using the required inputs and methodologies?

Types of questions that involve trade-offs, interpretation, or value-based decisions requiring expert deliberation.

- Should the standard differentiate requirements based on differences in electricity markets? What would be an effective and fair approach?
- Which types of matching and sourcing requirements are most likely to drive energy system transformation?
- What chain of custody models best reflect real-world electricity procurement while ensuring integrity and traceability?
- When should a company be able to resort to indirect mitigation? What types of actions should count as indirect mitigation? How should the scale action be determined? How should companies report and claim indirect mitigation?
- What role should consequential accounting play in scope 2 target-setting? When is it most appropriate, and how should results be interpreted?

Note: this is not an exhaustive list of open questions



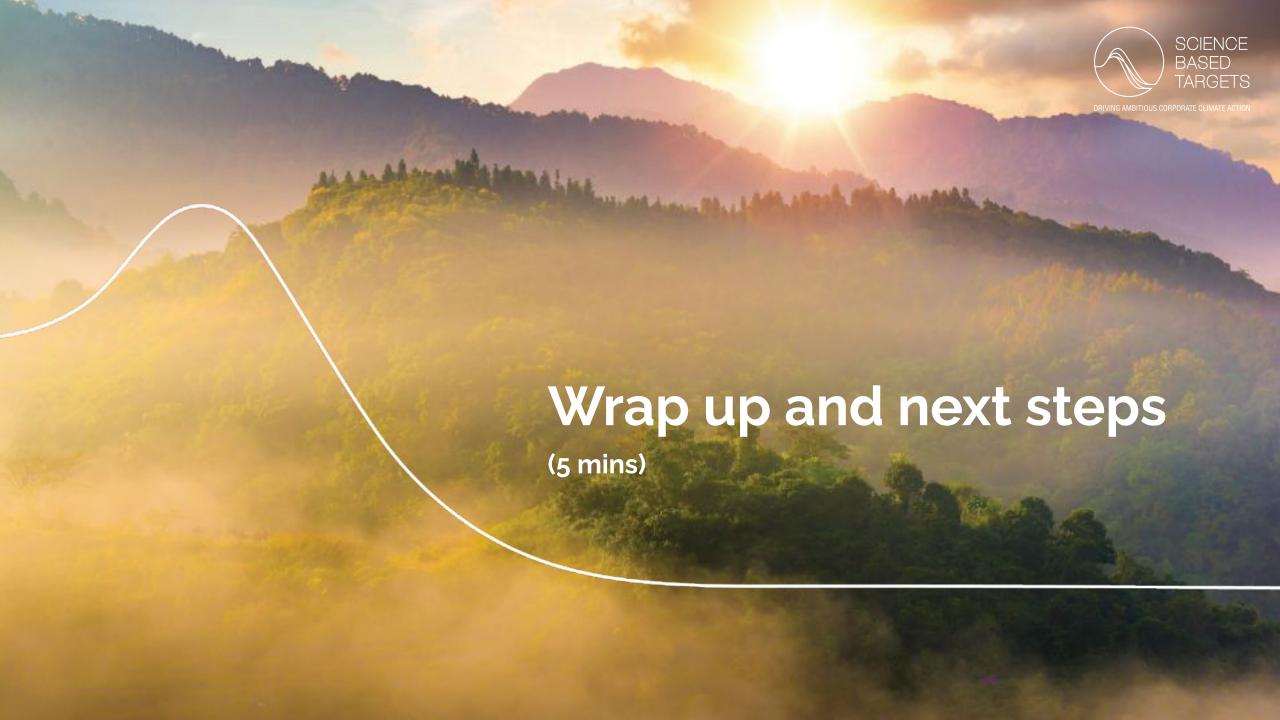
Let's open the floor for discussion...



How can scope 2 targets be designed to reflect real-world complexity while maintaining ambition and accountability?

Should the standard differentiate requirements to reconcile operational realities across diverse electricity market contexts? How?

Other questions or comments that you would like to share...?



What to expect between now and our next meeting on 11th or 12th June





Post-meeting survey will be shared by next week





Pre-reads for our next meeting will be shared 5 days in advance

Any questions?

You can reach us at <u>scarlettbenson@sciencebasedtargets.org</u> and <u>ayladincay@sciencebasedtargets.org</u>

Our Next Session

Overview

Discussion items

• Impact of different electricity market structures on ZCE access and procurement options

instruments & Matching Requirements

Part 1 (11th and 12th June): Develop a shared understanding of corporate electricity procurement options. Explore how temporal and geographical matching influence the credibility and impact of scope 2 claims, and discuss trade-offs in sourcing approaches.

- Appropriate chain of custody models for electricity sourcing
 Design of temporal and geographical matching requirements to support system transformation
- Relevance of electricity market context in setting timelines for 100%
 ZCE sourcing



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