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DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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

**Scope 2 EWG, Session 7: Procurement types & claims**

16/12/2025

Option A: 09:00-10:30 CET

Option B: 17:00-18:30 CET

Virtual

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## Meeting participants

### Option A:

Expert Working Group Members present:

1. Matthew Brander, University of Edinburgh
2. Matt Koneiczny, Watershed
3. Aindrias Lefèvre-Laoide, EDF Group
4. Mohand Salah, Sidi Kerier For Petrochemicals Company (SIDPEC)
5. Kae Takase, Renewable Energy Institute
6. Roble Velasco-Rosenheim, The I-TRACK Standard Foundation

SBTi

1. Nick Fedson, Scope 2 Lead
2. Emma Watson, Head of Corporate Standards

### Option B:

Expert Working Group Members present:

1. Drew Beyer, RMI
2. Lucile Bourguet, Fortescue
3. Elliott Engelmann, WRI (GHG Protocol)
4. Christine St John Cox, Energy Systems Catapult
5. Peggy Kellen, Center for Resource Solutions (CRS)
6. Rachel Kitchin, Stand.earth
7. Skye Le, ServiceNow
7. Doug Miller, Energy Peace Partners
8. Alex Piper, EnergyTag
9. Rachel Swiatek, Climate Group

Observers

1. Joshua Taylor, ISEAL
2. Michael Gillenwater, Greenhouse Gas Management Institute

SBTi

3. Nick Fedson, Scope 2 Lead
4. Emma Watson, Head of Corporate Standards

**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 & introducing the focus for the meeting	15 min
Procurement types & CoC models Discussion on physical PPAs Discussion on virtual PPAs Discussion on contracts with suppliers	70 min
Conclusion & next steps	5 min

## Meeting objectives

The session aimed to:

- Outline the need for more credible scope 2 claims guidance to distinguish between LCE purchasing and LCE attribute matching.
- Gather feedback from EWG members on the proposed direction to define procurement types and require target performance claims to distinguish between purchasing and attribute matching.

## Welcome & logistics

The session began with a welcome from the SBTi team, followed by reminders on confidentiality and antitrust guidance, and housekeeping. No new conflicts of interest were raised.

## Part 1: Outlining three needs and a proposed solution

Three needs for the scope 2 chapter were identified at the start of the session:

- Credible claims guidance is needed for scope 2. Companies' energy-related claims are being increasingly challenged, and LCE frameworks to date have enabled 'use' claims for LCE based on purchases of energy attribute certificates, which are not credible. An important reference is ISEAL claims guidance that instructs that no use claims are possible for chains of custody models that involve mixing of certified and non-certified commodities.
- In parallel, the scope 2 chapter needs to distinguish, as do the scope 1 and 3 chapters, between emissions reductions achieved physically (when activities are physically traceable to the emissions they are associated with) and emissions reductions achieved at the activity pool level (when activities are not physically traceable to the emissions they are associated with).

- There is a need to explain in greater precision the exemptions to the matching criteria (C16.3-C16.6) based on the RE100 and 24/7 frameworks.

The proposed solution from SBTi is to:

- Develop a standardized list of LCE procurement types that companies shall use to categorize the actions they take to meet their LCE alignment targets.
- Identify which procurement types constitute purchases of LCE and which constitute matching LCE attributes to separate electricity purchases.
- Require target performance claims to distinguish between the progress attributable to LCE purchasing and attributable to matched LCE attributes.
- SBTi emphasized that this proposal affects claims only, and not target achievement. Companies may meet their targets through any combination of purchasing and attribute matching.
- Explain exemptions to the matching criteria based on references to specific procurement types (for example, RE100 exempts purchases from on-site generation, generation transmitted through a private wire, LCE delivered passively due to mandates on electricity suppliers, and long-term, project-specific contracting done as the original off-taker from the age limit)

## Part 2: Introducing procurement types defined by RE100 and linking to CoC models

- SBTi introduced the procurement types defined by RE100 which are split into:
  - Contracts with generators
    - Physical power purchase agreement
    - Financial (virtual) power purchase agreement
  - Contracts with electricity suppliers
    - Project-specific contract with supplier
    - Retail contract with supplier
  - Unbundled EAC purchase
  - Default delivered LCE
    - Default delivered LCE from the grid, supported by EACs
    - Default delivered LCE from the grid in a market with at least 95% LCE and where there is no mechanism for tracking LCE
- SBTi's initial proposal is to differentiate by CoC model and add a new category for non-grid LCE (which RE100 groups with physical power purchase agreements)
- SBTi explained the following claim categories were proposed to be assigned to each, with a discussion around an improved definition of a physical power purchase agreement, and a discussion around the potential for purchasing claims across VPPAs and contracts with suppliers to be the structure for the session.

Procurement type	CoC model	Use claim	Purchase claim	Attribute match
On-site/private wire LCE	Identity preservation	Yes	Yes	Yes
Physical PPA	Mass balance	No	Yes	Yes
Financial (virtual) PPA		No	Unclear	Yes
Project-specific contract with supplier		No	Unclear	Yes
Retail contract with supplier		No	Unclear	Yes
Unbundled EAC purchase		No	No	Yes
Default delivered LCE		No	No	Yes

## Discussion

### Option A meeting:

- One EWG member praised the proposed direction of travel and said that the distinctions between use, purchase, and attribute match provided needed clarity and credibility for LCE arrangements. They also cautioned around the complexity and variety in PPAs that may mean defining a PPA is elusive.
- One EWG member praised the direction of travel, saying it provided much greater clarity than current bundled/unbundled distinctions, while raising caution about the difficulty in reaching a usable definition of an LCE purchase, especially around how a company will prove its procurement fits into purchasing or attribute matching. Likewise, they expressed concern that procurement type definitions could be placed at risk by legislation, including CBAM, which may define a power purchase agreement itself. They also questioned how re-sold electricity would be treated under a PPA, given a user may often have to sell electricity at the times it is not using electricity. SBTi clarified that re-sale was not being considered in this framework.
- One EWG member raised concerns that the claim types could create a perceived hierarchy even if not intended and stressed that SBTi should not identify on-site/private wire purchasing (conveying a use claim) as ‘better’ than the others. They also raised practical concerns about how stakeholders will interpret the claims, given the concepts are new, and given the matching criteria already establish a close physical relationship between electricity consumption and LCE generation. They also cautioned around prescriptive procurement type definitions, and that real-world arrangements vary incredibly wildly. For example, some nuclear contracts in France may not fit clearly into the contract with generator or contract with supplier category.
- One EWG member expressed concerns around change management and grandfathering of changes. SBTi clarified this framework had no impact on target

progress or achievement, but was only meant to introduce transparency at the claims stage.

#### Option B meeting:

- One EWG member emphasized that it was essential for SBTi to articulate the reasoning (distinguishing between physical and activity pool mitigation) behind the separation of use, purchase and attribute matching claims. They suggested that it was not in SBTi's remit to define claims when disclosure rules in markets should do this, but rather that SBTi could choose which actions it wishes to incentivize. They also disagreed with the characterization of grid-based LCE arrangements with a physical deliverability criterion as mass balance, instead viewing it as book-and-claim. Similarly, they also pointed out that treating on-site arrangements as identity preservation may be less simple for grid-connected facilities.

## Part 3: Discussion around physical PPAs

- SBTi presented initial thinking around an improved definition of a physical power purchase agreement to begin characterizing LCE purchasing, since there is significant overlap between the physical power purchase agreement and contract with supplier procurement categories. Two ideas for differentiating physical PPAs from contracts with suppliers were presented: (1) the nature of a PPA as a bilaterally or multilaterally negotiated contract contrasting with a contract with supplier not offering the buyer the same level of control and (2) the types of risk taken on in a PPA (most prominently volume and shape risk) compared to a contract with supplier (where these risks are not present).

### Discussion

#### Option A meeting:

- Two EWG members raised concerns that some contracts with supplier offer significant customization for the buyer
- One EWG member raised a concern around resource shuffling that could allow gaming of any definition
- One EWG member echoed the concern around gaming but supported efforts to make a distinction given that the CBAM debate is another area where a more robust PPA definition is sought
- Two EWG members suggested an additionality lens to the definition
- One EWG member emphasized that some markets by design always involve an electricity supplier in any physical PPA
- One EWG member raised concerns on the basis that some contracts with suppliers may still carry similar volume and shape risks, albeit shared among a larger pool of buyers
- There was a discussion of the validation challenges for SBTi created by specific definitions

### Option B meeting:

- One EWG member raised concerns that these definitions would create greater confusion for stakeholders than the transparency sought and would not benefit companies' decision-making around their procurement actions
- One EWG member expressed concerns that SBTi's remit on scope 2 should not extend past what counts to meet an LCE target, which does not value purchasing over attribute matching, and emphasized that accurate definitions would be hard to reach and could conflict with expectations already set by buyers and sellers
- One EWG member expressed concerns about how companies would be able to aggregate their claims and that this differentiation could create confusion
- One EWG member queried whether this distinction was aimed at capturing impact
- One EWG member emphasized that companies are more interested in classifications that capture impact rather than the purchasing/matching distinction

## Part 4: Discussion around financial/virtual PPAs

SBTi opened the floor to views around how VPPAs should be treated given the financial relationship with electricity is similar to a physical PPA, and whether a separate electricity purchase could still permit an LCE purchasing claim.

### Discussion

#### Option A meeting:

- One EWG member emphasized that the separate electricity purchase should not contain any preferential purchase of electricity from fossil fuels and suggested that a solution would be to disclose on some characteristics of all electricity procurement, not only of the mechanisms used to meet the LCE target

#### Option B meeting:

- One EWG member expressed concerns around use of physical, financial and contractual traceability

## Part 5: Discussion around contracts with supplier

SBTi presented three modes of relationship between LCE and end-user in supplier contracts: (1) supplier owns and operates LCE, (2) supplier has PPA with LCE generator, (3) supplier purchases unbundled EACs to pair with electricity it sells. SBTi opened the floor to views on whether LCE purchasing claims could be possible in any of these modes and queried whether other modes should be considered.

### Discussion

#### Option A meeting:

- Similar concerns were raised about gaming across the three modes of underlying relationship between LCE and end-user when a supplier is involved

- One EWG member suggested that physical traceability should be limited to on-site or private wire arrangements and that attempting to define contractual/financial traceability to create purchasing claims is too complex. It would reduce complexity in interpretation of grid-based claims.

#### Option B meeting:

- One comment was made about the challenge of linking CoC models with the market-based method and activity pool concept and that SBTi may be creating more complexity than needed
- Several EWG members commented on the risks of trying to generalize and differentiate claims based on the complex underlying LCE arrangements
- One EWG member commented that impact would be a preferred focus for users of the Standard
- One EWG member suggested that procurement types similar to RE100's should be used and disclosure on them required, without introducing the purchased/attribute matched idea

## 5. Conclusion and next steps

The SBTi shared the next steps as follows:

- Proposed definitions of procurement types and a proposed solution for addressing the need in scope 2 to define physical and activity pool level emissions reductions will be circulated in January