GREENHOUSE GAS PROTOCOL

GHG Protocol Update

Presentation to SBTi Scope 2 EWG

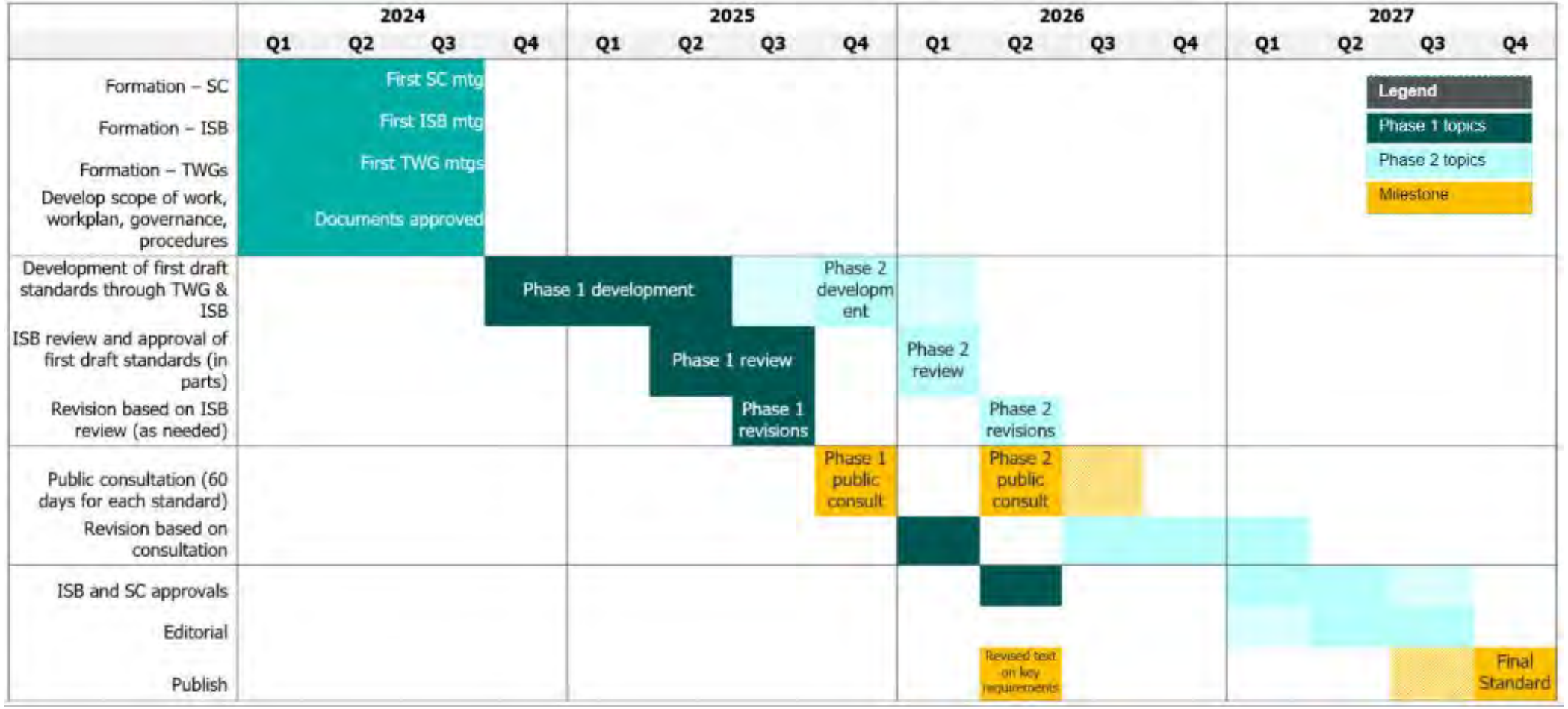
July 17, 2025

WORLD RESOURCES INSTITUTE

World Business Council for Sustainable Development

GREENHOUSE GAS PROTOCOL

Overview of Scope 2 TWG Timeline



WORLD RESOURCES INSTITUTE

World Business Council for Sustainable Development

GREENHOUSE GAS PROTOCOL

Summary of key Location-Based Method Revisions

- Clarifies LBM purpose as a grid-intensity inventory method grounded in emissions from deliverable electricity within defined spatial and temporal boundaries, supporting transition risk assessment and abatement planning.

- Updates emission factor hierarchy based on:
  1. Spatial boundaries
  2. Temporal granularity
  3. Emission factor type (prioritizing consumption-based, inclusive of imports)

- Requires use of the most precise emission factor accessible for which activity data is also available.

- Defines "accessible" as publicly available, free to use, and from a credible source.

GREENHOUSE GAS PROTOCOL

Location-based Method Discussion Areas

- Further detail and examples of "accessible" emission factors.
  - What does publicly available mean?
  - How do define credible sources?

- Global availability of emission factors.

GREENHOUSE GAS PROTOCOL

Summary of key Market-Based Method Revisions

- Clarifies MBM purpose as an inventory method that reflects energy consumption matched with deliverable generation, whether through contractual instruments or residual mix, enabling abatement planning and supporting clean energy market development.
- Strengthens quality criteria for contractual instruments:
  - Hourly matching (required above a threshold; estimated hourly data allowed)
  - Deliverability (same market boundary or meets criteria to demonstrate deliverability)
- Enables estimated data for hourly matching to support feasibility and broad implementation.
- Introduces Standard Supply Service globally to ensure fair, proportionate claims for shared, regulated, or publicly funded generation, allocating only a reporter's rightful share and preventing inflated claims.
- Requires fossil-based emission factor where residual mix is unavailable, to prevent over-crediting and reinforce conservative defaults. Excludes Standard Supply Service and voluntary claims from residual mix to avoid double counting.

GREENHOUSE GAS PROTOCOL

Market-based Method Discussion Areas

- Precise definition of "deliverability" in all regions globally.
- Precise application of Standard Supply Service in all regions globally.
- Whether thresholds should be considered as an exemption to the hourly matching requirement, and if so, what is an appropriate threshold.
- Whether to include a legacy clause for existing contracts, and if so, what are the details of the clause (what kind of contracts, permanent vs. temporary, how to match/apply MWhs to load, etc...).

GREENHOUSE GAS PROTOCOL

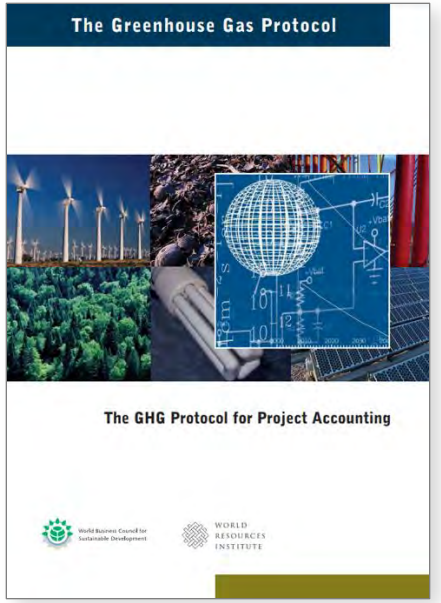
Inventory (attributional) Accounting

- Tracks GHG emissions and removals within a defined inventory boundary over time
- Main accounting method used by corporations, organizations, cities, and governments to quantify and report emissions
- Rules and procedures outlined in the GHG Protocol Corporate Standard, Scope 2 Guidance, Corporate Value Chain (Scope 3) Standard, and upcoming Land Sector Guidance

GREENHOUSE GAS PROTOCOL

Project (consequential) Accounting

- Estimates the emissions effects from projects, actions, or interventions relative to a counterfactual baseline
- Used to evaluate the emissions impact of projects
- Rules and procedures outlined in the GHG Protocol for Project Accounting



WORLD RESOURCES INSTITUTE

World Business Council for Sustainable Development

GREENHOUSE GAS PROTOCOL

Summary of Marginal Impact Method

- Quantifies emissions from consumption activities and procurement activities using marginal emission rates.
- Nets the two values to report a "net impact" number.
- Designed to provide reporting organizations with alternative options to influence emissions with their electricity consumption and procurement.
- Designed to complement, not replace, inventory accounting and reporting.
- Key components of methodology include:
  - Additionality requirement for procurement activities.
  - Use of build and operating margin emission factors to quantify impacts.
  - Hourly and geographically granular emission factors preferred.
  - No geographic limitations on procurement activities (may be outside operational value chain).

GREENHOUSE GAS PROTOCOL

Marginal Impact Method Discussion Areas

- What is an appropriate additionality test?
  - Which components are included? (regulatory, timing, positive list, financial, common practice, barrier, etc…)
  - What is a sufficient level of rigor?

- What is an appropriate use of marginal emission factors?
  - How to weight build and operating margins.
  - Methodological requirements for calculation of emission factors.

- How does consequential accounting for the electricity sector fit in with other impact approaches in other sectors? Can these be harmonized?

Q&A

GREENHOUSE GAS PROTOCOL

Thank you!

If you'd like to stay updated on our work, please subscribe to GHG Protocol's email list to receive our monthly newsletter and other updates.