

Corporate Net-Zero Standard V2.0 revision

Scope 2 Expert Working Group

Session 5: Discussion on refinements to the scope 2 section.

Scarlett Benson, EWG Lead
Ayla Dinçay, Buildings Lead
Abhilash Desu, Senior Target Analyst

- **Disclaimer** - Please note, this document is for information purposes only in order to inform discussions and for no other purpose.
- The information provided by SBTi (including information supplied by third-parties) in this document is furnished on a confidential basis and must be treated as confidential.
- No such information may be divulged to any third party without the prior written approval of SBTi.
- This information shall not be used for any other purpose. SBTi reserves all rights in this document.

Antitrust Caution – Do not engage in any discussion, activity or conduct that may infringe on any applicable competition law.

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.

- As per the [EWG Terms of Reference](#) and the [SBTi COI policy](#), 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?

Video-conference guidelines

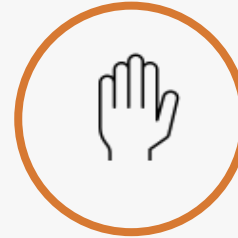
Participant guidelines



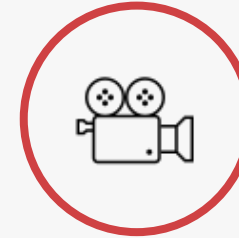
Mute during presentations



Use the chat box



Use the raise hand function



If you can, please keep your camera on

Notes from us



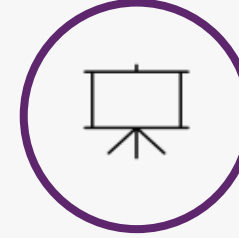
Treat info as confidential



Meeting is being recorded



We will follow up with minutes...



..And we will follow up with slides!

AGENDA

Welcome & introducing the focus for today

10 min

Presentation & discussion:

45 min

C15.2 Coverage

C15.3 Target-setting approach

C15.6 Eligible zero-carbon sources; & C15.7 Eligible sourcing methods

Break

10 min

Presentation & discussion:

45 min

C15.9 Use of EACs

R15.1 Indirect mitigation

Closing & next steps

5 min

Welcome | Scope 2 EWG

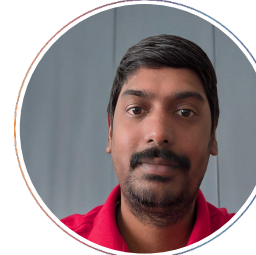
SBTi Team



Scarlett Benson
EWG Lead



Ayla Dinçay
Buildings Lead



Abhilash Desu
Senior Target Analyst



Aindrias Lefèvre



Alex Piper



Doug Miller



Drew Beyer



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



Roble Poe Velasco-Rosenheim



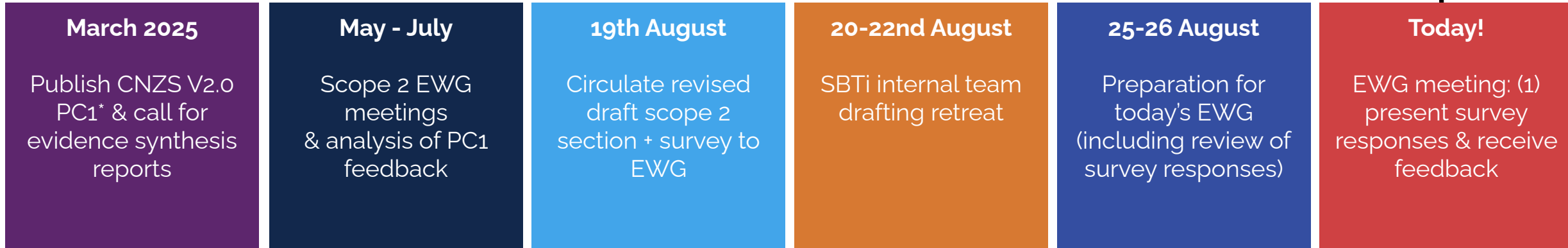
Skye Lei



Chris St John Cox

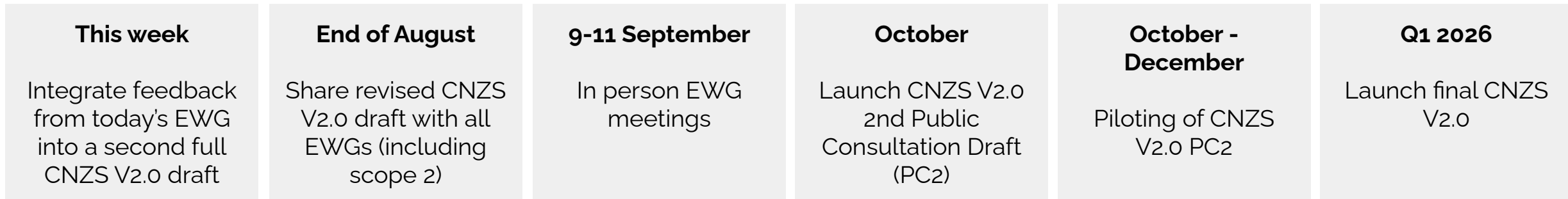
Process | Where are we and what is next?

Key steps to date...



**PC1 = first public consultation draft*

Next steps...



Pre-read proposal: criteria & recommendations

CNZ-15: Overarching criterion

C15.1: Target structure

C15.2: Coverage

C15.3: Target-setting approach

C15.4: Target ambition

C15.5: Substantiation of progress & performance

C15.6: Eligible zero-carbon sources

C15.7: Eligible sourcing methods

C15.8: GHG accounting

C15.9: EAC quality criteria

R15.1: Indirect mitigation

R15.2: Accelerated ambition

R15.3: Additionality

R15.4: Value chain grid decarbonization

15.5: Energy efficiency

Summary of changes compared to the CNZS V2.0 public consultation draft

1. Greater flexibility in **target-setting approach** (no mandatory location-based targets, but disclosure still required).
2. Revised **coverage rules**: near-term targets limited to markets with supplier choice; long-term remains 100%.
3. **Ambition** clarified: zero emissions by 2040 explicitly stated.
4. Clear separation of criteria on **progress, eligible sources, and sourcing methods**.
5. **Clarity on quality criteria for EACs**: physical deliverability + hourly matching requirement for large consumers (>10 GWh/year).
6. **Indirect mitigation** moved from a requirement to a recommendation (R15.1).

Pre-read proposal: criteria & recommendations

CNZ-15: Overarching criterion

C15.1: Target structure

C15.2: Coverage

C15.3: Target-setting approach

C15.4: Target ambition

C15.5: Substantiation of progress & performance

C15.6: Eligible zero-carbon sources

C15.7: Eligible sourcing methods

C15.8: GHG accounting

C15.9: EAC quality criteria

R15.1: Indirect mitigation

R15.2: Accelerated ambition

R15.3: Additionality

R15.4: Value chain grid decarbonization

15.5: Energy efficiency

Priority topics for EWG input via survey (and that we would like to discuss today)

1. **Target coverage (C15.2):** Feedback on whether companies should be allowed to exclude electricity in markets without supplier choice from near-term targets, and views on the alternative options for defining market boundaries.
2. **Target-setting approach (C15.3):** Should SBTi remove the requirement for mandatory location-based targets, leaving companies free to choose between emissions-reduction and sourcing-based targets?
3. **Eligible sources and sourcing methods (C15.6–C15.7):** Confirmation on which zero-carbon sources and procurement methods should count.
4. **EAC quality criteria (C15.9):** Views on the added requirements for physical deliverability and hourly matching. Three options are presented — (a) make hourly matching mandatory for large consumers now, (b) defer until GHG Protocol finalizes, (c) phase in at a later validation cycle.
5. **Indirect mitigation / constrained markets (R15.1 & Annex 2):** Input on the shift from requirement to recommendation, and perspectives on defining “how much” action (MWh-for-MWh, emissions-based, or carbon price approaches) and “what counts” (in-grid vs. out-of-grid actions, systemic vs. project-level).

Today's session | What we hope to get out of today's session

- **Share results of the EWG survey:** Present priority topics from survey to all members as a prompt for open discussion. The survey will remain open until the end of this week, allowing those who have not yet responded to contribute. We will share the full survey results next week.
- **Gather feedback on the proposals:** Hear directly from EWG members about what aspects of the proposal they find strong, and where they would like to see further improvements.
- **Clarify areas of alignment and divergence:** Identify where there is consensus within the EWG, and where significant differences remain that we should aim to address during the in-person meeting.
- **Ensure inclusive input:** Since not all members will be able to attend the September in-person meeting, this session and the survey is an important opportunity to hear from everyone.
- **Prepare for September's in person:** Gather input now to make sure we are fully prepared for a constructive and productive in-person session.

AGENDA

Welcome & introducing the focus for today

10 min

Presentation & discussion:

45 min

C15.2 Coverage

C15.3 Target-setting approach

C15.6 Eligible zero-carbon sources; & C15.7 Eligible sourcing methods

Break

10 min

Presentation & discussion:

45 min

C15.9 Use of EACs

R15.1 Indirect mitigation

Closing & next steps

5 min

C15.2 Coverage

C15.2. Coverage

What we proposed

Targets to decarbonize the electricity, steam, heat, and/or cooling that companies purchase or otherwise acquire for their operations shall, at a minimum, cover:

- Near-term targets: 100% of electricity purchased or otherwise acquired in locations where it is permitted to choose their electricity supplier in the base year.
- Long-term targets: 100% of the electricity, heat, steam, and cooling purchased or otherwise acquired by the company.

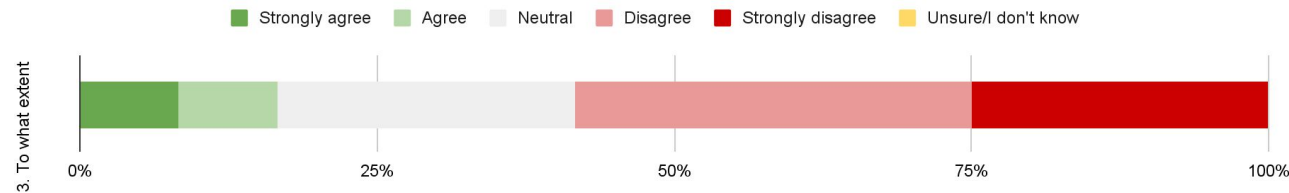
- To what extent do you agree with the proposed change to allow companies, when setting their near-term targets, to exclude electricity purchased and consumed in markets where companies cannot choose their electricity supplier (i.e., no market choice) and can demonstrate that there are no eligible ZCE sourcing methods available?
- Which of the provided options for the criterion C15.2 do you prefer?
 - A - additional conditions to the local market, e.g. availability of instruments that meet quality criteria
 - B - Markets with an existing EAC system
 - C - Deliverability requirement

C15.2. Coverage

Key survey insights

1. Majority of respondents either neutral or disagree with proposal to allow companies to exclude electricity from constrained markets from target boundary.

3. To what extent do you agree with the proposed change to allow companies, when setting their near-term targets, to exclude electricity purchased and consumed in markets where companies cannot choose their electricity supplier and can demonstrate that there are no eligible ZCE sourcing methods available?



2. No clear preference over alternative approaches.

3. Examples of feedback received:

- If scope 2 is excluded in certain markets, **alternative measures** such as policy engagement or zero-carbon project investments **should be required** to ensure continued progress.
- Constrained markets need **clear criteria, templates, and a reference list of grids** to ensure fairness, prevent misuse, and support companies in emerging markets.
- The phrase about choosing electricity suppliers in C15.2.1 is **overly restrictive and should be removed**.
- Flexibility is valuable, but exemptions should be **based on EAC market availability rather than retail choice**.

C15.2. Coverage

Pause for reflections

Targets to decarbonize the electricity, steam, heat, and/or cooling that companies purchase or otherwise acquire for their operations shall, at a minimum, cover:

- Near-term targets: 100% of electricity purchased or otherwise acquired in locations where it is permitted to choose their electricity supplier in the base year.
- Long-term targets: 100% of the electricity, heat, steam, and cooling purchased or otherwise acquired by the company.

- To what extent do you agree with the proposed change to allow companies, when setting their near-term targets, to exclude electricity purchased and consumed in markets where companies cannot choose their electricity supplier (i.e., no market choice) and can demonstrate that there are no eligible ZCE sourcing methods available?
- Which of the provided options for the criterion C15.2 do you prefer?
 - A - additional conditions to the local market, e.g. availability of instruments that meet quality criteria
 - B - Markets with an existing EAC system
 - C - Deliverability requirement

C15.3 Target-setting approach

C15.3. Target-setting approach

What we proposed

Target-setting approach: Companies shall set targets using either or both of the following approaches:

- Emission reduction targets (i.e., a percentage reduction in scope 2 CO₂e emissions);
- Targets to increase the share of electricity purchased or otherwise acquired from zero-carbon sources meet the quality criteria defined in C15.9 (i.e., percentage of total electricity use).

- To what extent do you agree with the proposed criterion C15.3 outlining the eligible target-setting approaches?
- Should SBTi retain a mandatory location-based scope 2 target requirement in some form to ensure continued focus on grid decarbonization outcomes alongside contractual procurement progress?
- Do you agree that location-based targets play a unique role in tracking grid-level decarbonization and supporting broader climate transition planning, even where companies have limited ability to directly influence the grid mix?

C15.3. Target-setting approach

Key survey insights

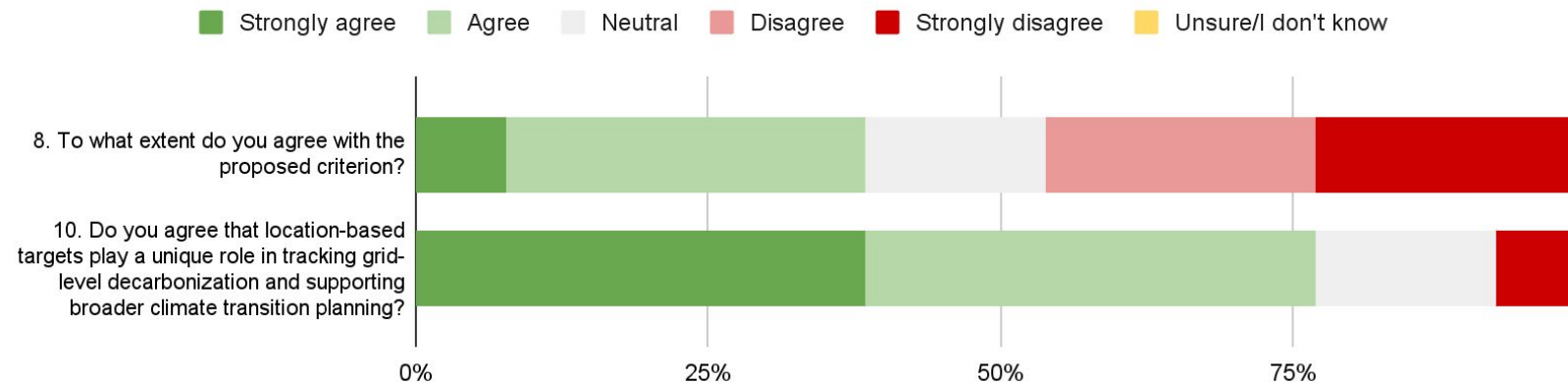
1. Feedback was split, with some respondents supporting the proposed criterion as written, while others disagreed with it.

2. Majority of respondents agreed with the role of location-based targets.

3. Examples of feedback received:

- The **inclusion of market-based approaches is important** as they incentivize procurement and demand-side support for system-wide decarbonization.
- **A separate ZCE sourcing target is not necessary**, as it is essentially the same as an emissions target and avoids the issues implied by this question.

Eligible target-setting approaches and the role of location-based targets



C15.3. Target-setting approach

Pause for reflections

Target-setting approach: Companies shall set targets using either or both of the following approaches:

- Emission reduction targets (i.e., a percentage reduction in scope 2 CO₂e emissions);
- Targets to increase the share of electricity purchased or otherwise acquired from zero-carbon sources meet the quality criteria defined in C15.9 (i.e., percentage of total electricity use).

- To what extent do you agree with the proposed criterion C15.3 outlining the eligible target-setting approaches?
- Should SBTi retain a mandatory location-based scope 2 target requirement in some form to ensure continued focus on grid decarbonization outcomes alongside contractual procurement progress?
- Do you agree that location-based targets play a unique role in tracking grid-level decarbonization and supporting broader climate transition planning, even where companies have limited ability to directly influence the grid mix?



**C15.6 Eligible zero-carbon
sources**

C15.7 Eligible sourcing methods

C15.6. Eligible zero-carbon sources

C15.7. Eligible sourcing methods

What we proposed

Eligible zero-carbon sources: Companies may substantiate reductions in market-based scope 2 emissions, or demonstrate the purchase or acquisition of zero-carbon electricity, when that electricity is generated from any of the following eligible sources:

- Wind
- Solar
- Zero-emissions geothermal
- Marine (wave and tidal)
- Sustainably sourced biomass (including biogas)
- Sustainable hydropower
- Nuclear (fission and fusion)

Eligible sourcing methods: Companies may substantiate reductions in market-based scope 2 emissions, or demonstrate the purchase or acquisition of zero-carbon electricity, when that electricity is sourced using any of the following methods:

- Self-generation from facilities owned by the company
- Physical power purchase agreement
- Project-specific supply contract with electricity supplier
- Retail supply contract with electricity supplier
- Default delivered renewable electricity from the grid, supported by EACs
- Default delivered renewable electricity from the grid in a market with at least a 95% renewable generation mix and where there is no mechanism for specifically allocating renewable electricity
- Unbundled procurement of energy attribute certificates, including financial/virtual power purchase agreements.

C15.6. Eligible zero-carbon sources

C15.7. Eligible sourcing methods

What we proposed

Eligible zero-carbon sources: Companies may substantiate reductions in market-based scope 2 emissions, or demonstrate the purchase or acquisition of zero-carbon electricity, when that electricity is generated from any of the following eligible sources:

- Wind

Eligible sourcing methods: Companies may substantiate reductions in market-based scope 2 emissions, or demonstrate the purchase or acquisition of zero-carbon electricity, when that electricity is sourced using any of the following methods:

- Self-generation from facilities owned by the company
- Physical power purchase agreement
- Project-specific supply contract with electricity supplier
- Retail supply contract with electricity supplier

- To what extent do you agree with the proposed criterion C15.6 outlining eligible energy sources?
- To what extent do you agree with the proposed criterion C15.7 outlining eligible sourcing methods?
- To what extent do you agree with defining the eligible sources and sourcing methods in the Standard?

- Nuclear (fission and fusion)

- Unbundled procurement of energy attribute certificates, including financial/virtual power purchase agreements.

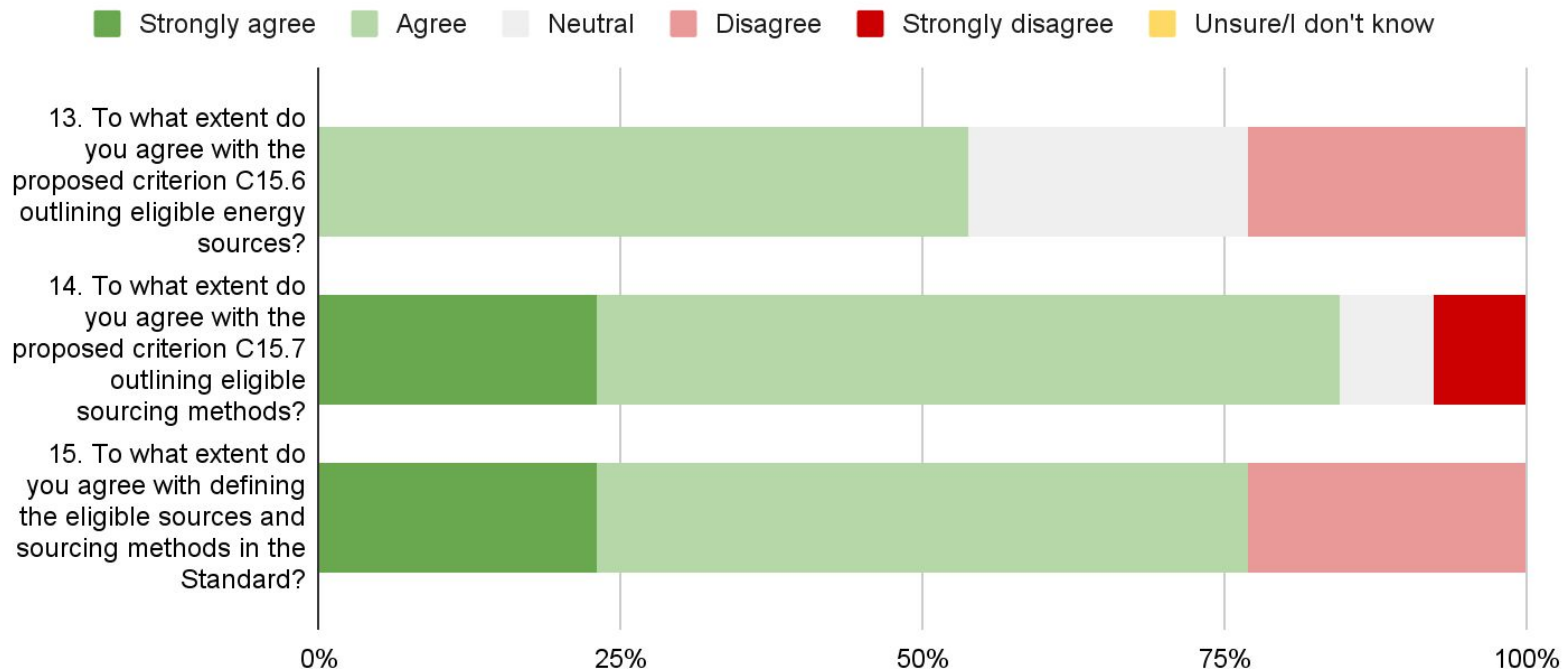
C15.6. Eligible zero-carbon sources

15.7. Eligible sourcing methods

Key survey insights

1. Feedback was split, with some respondents supporting the proposed criterion as written, while others disagreed with it. Majority of respondents agreed with the role of location-based targets.

Eligible energy sources and sourcing methods



2. Examples of feedback received:

- Default delivery to the grid should only apply **when no voluntary procurement occurs**, and must require that **no EACs are generated and sold elsewhere**.
- The term “sustainable” should apply **to all energy sources**. But also - defining specific sources without clear criteria may add little value and could conflict with GHGP rules.
- An “Other” category should be added to accommodate additional sources or future methods.
- SBTi should adopt a science-based, technology-neutral definition of zero/low-carbon electricity based on LCA carbon intensity.

C15.6. Eligible zero-carbon sources

C15.7. Eligible sourcing methods

Pause for discussion

Eligible zero-carbon sources: Companies may substantiate reductions in market-based scope 2 emissions, or demonstrate the purchase or acquisition of zero-carbon electricity, when that electricity is generated from any of the following eligible sources:...

Eligible sourcing methods: Companies may substantiate reductions in market-based scope 2 emissions, or demonstrate the purchase or acquisition of zero-carbon electricity, when that electricity is sourced using any of the following methods:...

- To what extent do you agree with the proposed criterion C15.6 outlining eligible energy sources?
- To what extent do you agree with the proposed criterion C15.7 outlining eligible sourcing methods?
- To what extent do you agree with defining the eligible sources and sourcing methods in the Standard?

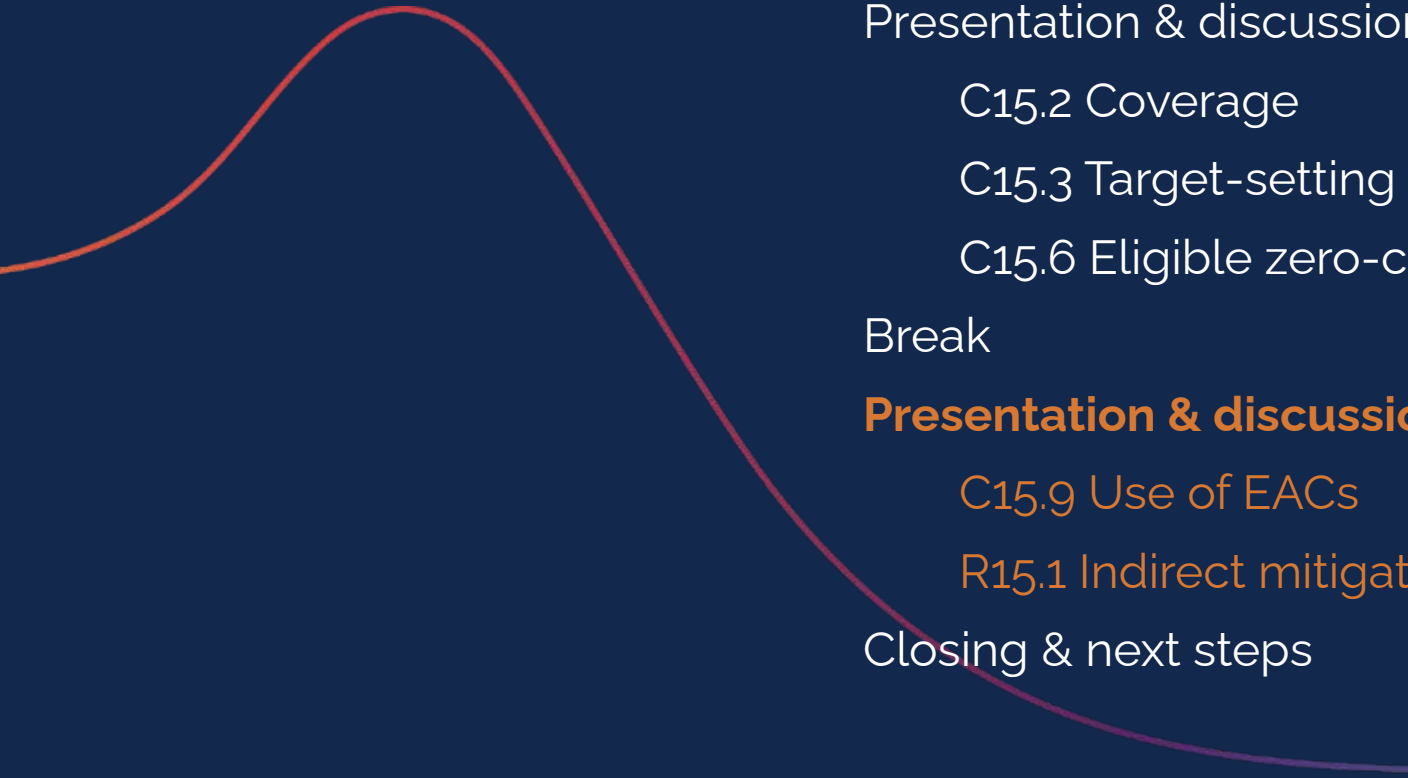


SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Break (10 min)

AGENDA



Welcome & introducing the focus for today	10 min
Presentation & discussion:	45 min
C15.2 Coverage	
C15.3 Target-setting approach	
C15.6 Eligible zero-carbon sources; & C15.7 Eligible sourcing methods	
Break	10 min
Presentation & discussion:	45 min
C15.9 Use of EACs	
R15.1 Indirect mitigation	
Closing & next steps	5 min

C15.9. Use of EACs

C15.9. Use of EACs

What we proposed

The use of energy attribute certificates (EACs) to substantiate emissions reductions or zero-carbon electricity sourcing claims shall meet, at a minimum, the GHG Protocol Scope 2 Guidance Quality Criteria, and is subject to the following additional requirements:

- [Physical deliverability requirement] Physical deliverability shall meet, at minimum, the requirements in [the revised GHG Protocol Scope 2 Guidance (draft) or the 24/7 Carbon-Free Coalition Technical Criteria v1.0].
- [Time matching requirement] Companies with annual electricity consumption volume of [10 GWh/year] within a single deliverability boundary shall procure contractual instruments conveying a zero-carbon electricity attribute that matches their operational energy use on an hourly basis.

Survey questions

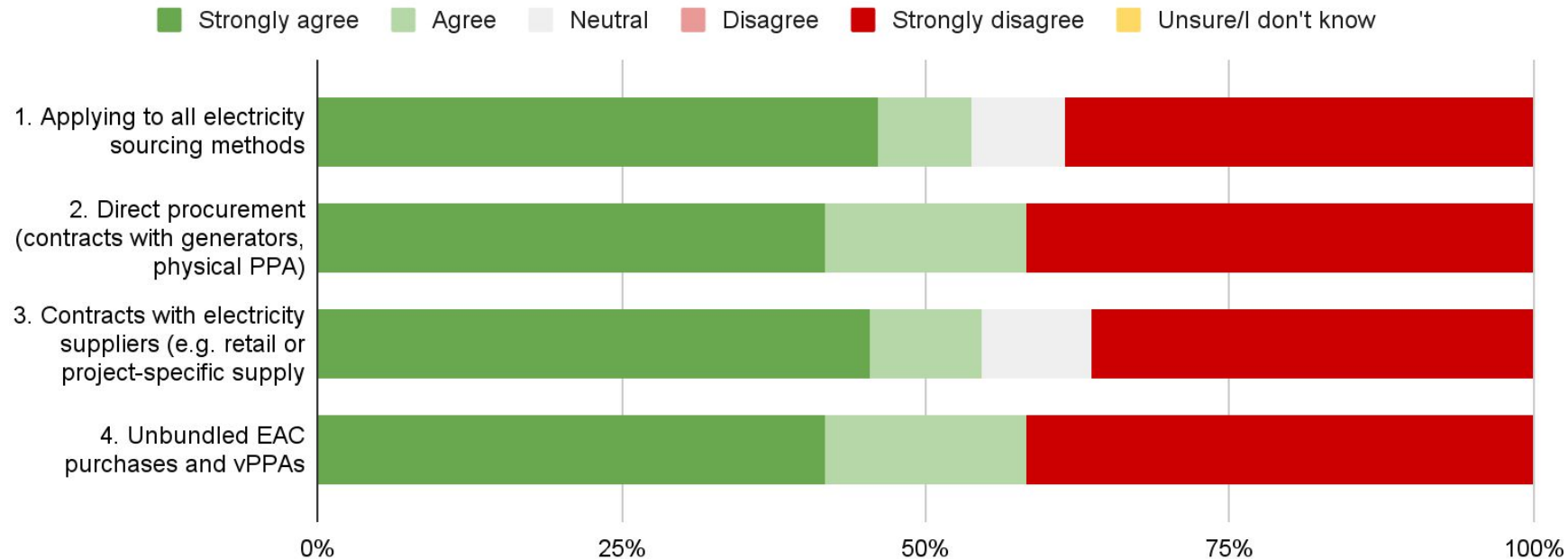
- To what extent do you agree with the proposed criterion outlining quality criteria for energy attribution certificates?
- Indicate your level of agreement with applying the proposed EAC quality criteria to the following sourcing options.
 - All electricity sourcing methods
 - Direct procurement
 - Contracts with electricity suppliers
 - Unbundled EACs and vPPAs
- To what extent do you agree with the proposed requirement for companies with large consumption to hourly match their procured energy?
- To what extent do you agree with the proposed definition for the market boundary?

C15.9. Use of EACs

Key survey insights

1. **More than half of the respondents agreed with applying the quality criteria to all sourcing options, but there was also some strong opposition.**

18. Indicate your level of agreement with applying the proposed EAC quality criteria to the following sourcing options:



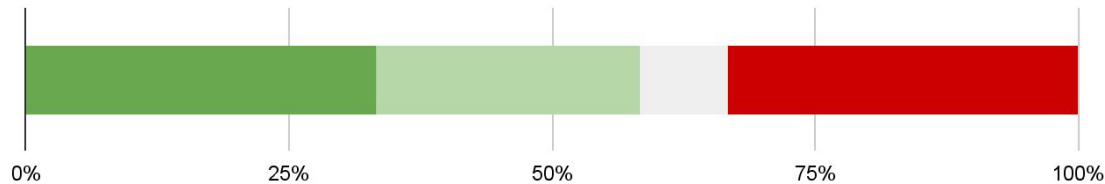
C15.9. Use of EACs

Key survey insights

2. More than half of the respondents agreed with the proposed definition for a market boundary, but nearly one-third opposed it.

19. To what extent do you agree with the proposed definition for the market boundary?

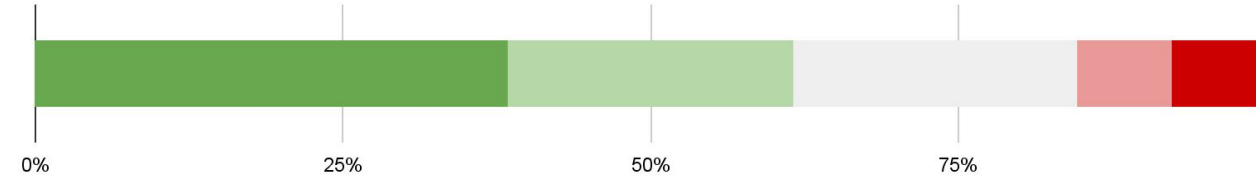
Strongly agree Agree Neutral Disagree Strongly disagree Unsure/I don't know



3. More than half of the respondents agreed with the proposed requirement for companies with large consumption to hourly match their procured electricity.

20. To what extent do you agree with the proposed requirement for companies with large consumption to hourly match their procured energy?

Strongly agree Agree Neutral Disagree Strongly disagree Unsure/I don't know



4. Examples of feedback received:

- SSS criteria should be included, as highlighted in the GHGP proposal, which restricts claims on publicly supported renewables and requires compliance with all GHGP quality criteria.
- Hourly matching should not be required; companies should be encouraged to procure ZCE when and where the grid is most carbon-intensive.
- Quality criteria - including hourly and deliverability requirements - must apply consistently across all sourcing methods to ensure integrity, with deliverability ideally clarified at the bidding zone level (per the 24/7 CFE Coalition).

C15.9. Use of EACs

Pause for reflections

The use of energy attribute certificates (EACs) to substantiate emissions reductions or zero-carbon electricity sourcing claims shall meet, at a minimum, the GHG Protocol Scope 2 Guidance Quality Criteria, and is subject to the following additional requirements:

- [Physical deliverability requirement] Physical deliverability shall meet, at minimum, the requirements in [the revised GHG Protocol Scope 2 Guidance (draft) or the 24/7 Carbon-Free Coalition Technical Criteria v1.0].
- [Time matching requirement] Companies with annual electricity consumption volume of [10 GWh/year] within a single deliverability boundary shall procure contractual instruments conveying a zero-carbon electricity attribute that matches their operational energy use on an hourly basis.

Survey questions

- To what extent do you agree with the proposed criterion outlining quality criteria for energy attribution certificates?
- Indicate your level of agreement with applying the proposed EAC quality criteria to the following sourcing options.
 - All electricity sourcing methods
 - Direct procurement
 - Contracts with electricity suppliers
 - Unbundled EACs and vPPAs
- To what extent do you agree with the proposed requirement for companies with large consumption to hourly match their procured energy?
- To what extent do you agree with the proposed definition for the market boundary?

R15.1 Indirect mitigation

R15.1. Indirect mitigation

What we proposed

Where electricity consumption is excluded from the near-term target boundary in line with C15.2, companies should contribute to zero-carbon electricity to take responsibility for, at a minimum, the corresponding portion of scope 2 emissions.

- Companies shall provide a justification for not sourcing zero-carbon electricity in the grids from which companies are powering their operations.
- Companies shall report their contributions to zero-carbon electricity separately from their own scope 2 emissions.
- Companies should ensure that zero-carbon electricity sourcing results from real abatement measures, such as grid decarbonization efforts or financial contributions to ZCE generation in other grids.

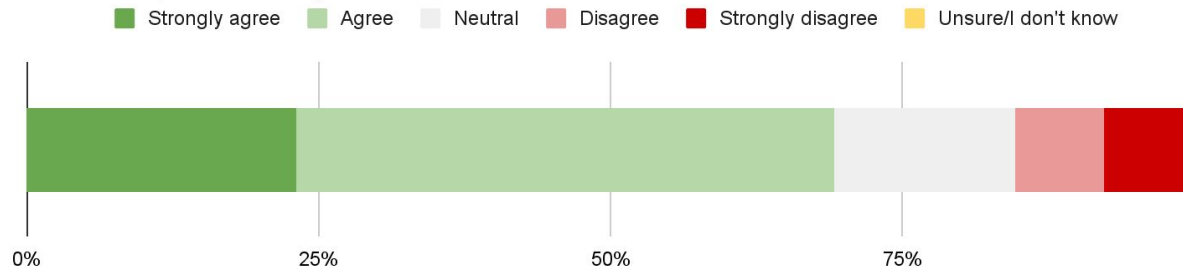
- To what extent do you agree with the proposed formulation of this recommendation on companies contributing to ZCE to take responsibility for scope 2 emissions excluded from the near-term boundary due to constrained markets (see C15.2)?
- Should actions to contribute to ZCE be required or recommended?
- Which approach do you prefer for defining how much action a company should take to assume responsibility for unaddressed scope 2 emissions?
- Please indicate your level of support for the provided categories of actions.
- How should location be factored into what counts as a valid action?

R15.1. Indirect mitigation

Key survey insights

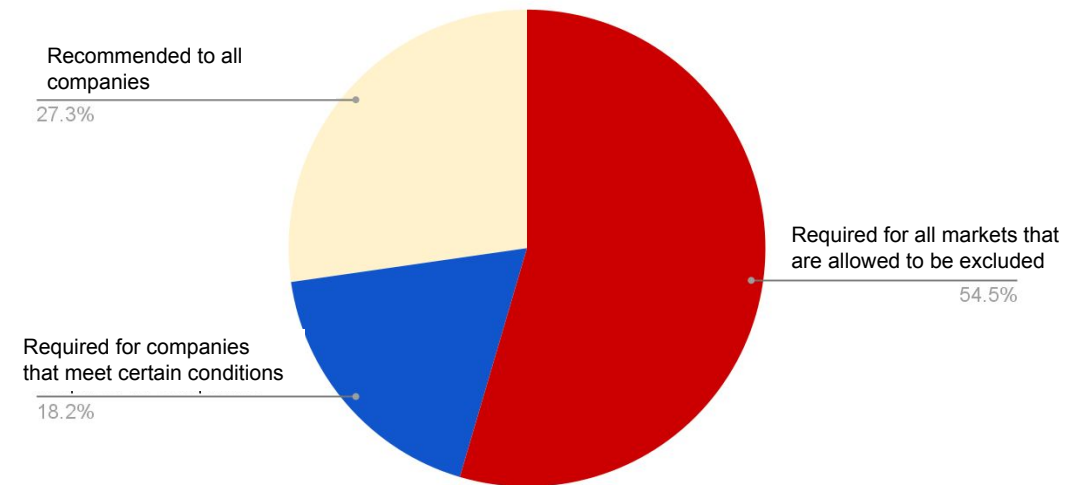
1. While more than half of the respondents agreed with the proposed recommendation, more than 25% opposed it..

25. To what extent do you agree with the proposed formulation of this recommendation on companies contributing to ZCE to take responsibility for scope 2 emissions excluded from the near-term boundary due constrained markets (see C15.2)?



2. Two-thirds of respondents were in favor of requiring contributions to ZCE.

26. Should actions to contribute to ZCE be required or recommended?

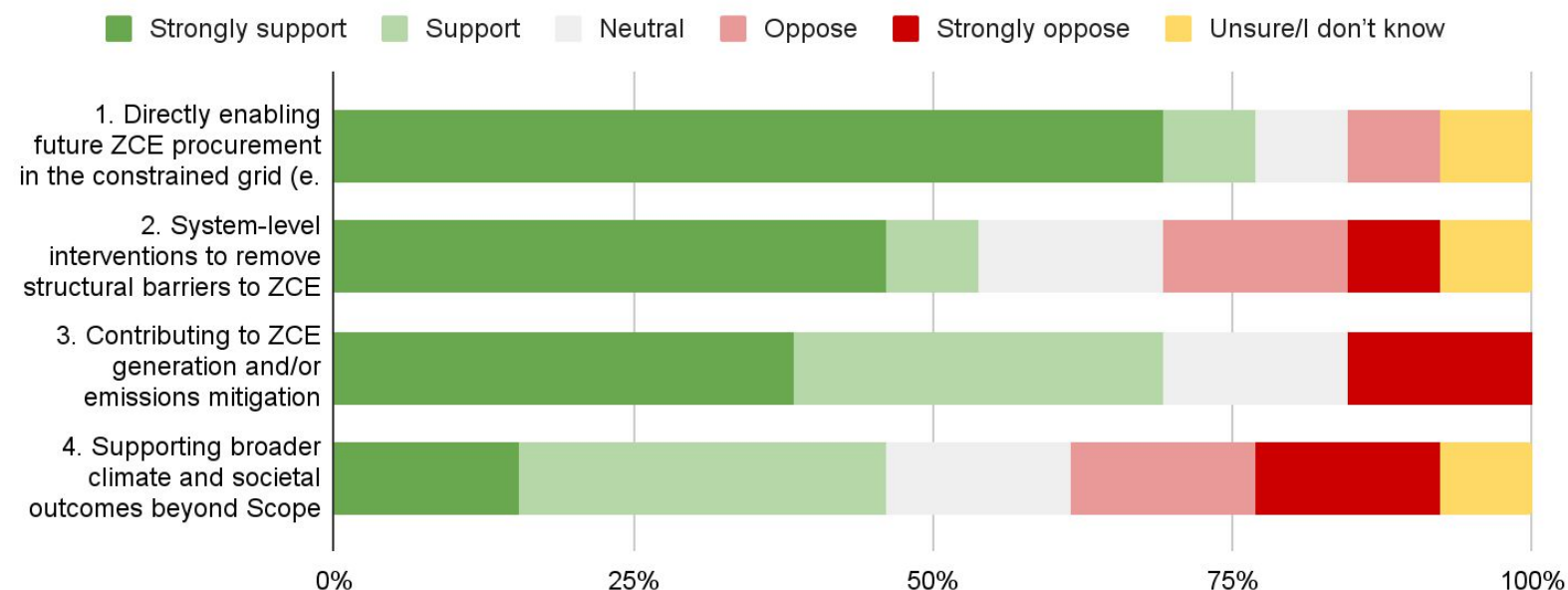


R15.1. Indirect mitigation

Key survey insights

3. When asking respondents of their support for different categories of actions, the strongest support was given to directly contributing to ZCE in the constrained grid (e.g. financing RE generation or T&D infrastructure), followed by contributing to ZCE generation and/or emissions mitigation within or outside the constrained grid (e.g., purchasing market-based instruments that do not meet quality thresholds, ideally in higher-emissions grids)

28. Please indicate your level of support for each of the following categories of actions.



R15.1. Indirect mitigation

Pause for reflections

Where electricity consumption is excluded from the near-term target boundary in line with C15.2, companies should contribute to zero-carbon electricity to take responsibility for, at a minimum, the corresponding portion of scope 2 emissions.

- Companies shall provide a justification for not sourcing zero-carbon electricity in the grids from which companies are powering their operations.
- Companies shall report their contributions to zero-carbon electricity separately from their own scope 2 emissions.
- Companies should ensure that zero-carbon electricity sourcing results from real abatement measures, such as grid decarbonization efforts or financial contributions to ZCE generation in other grids.

- To what extent do you agree with the proposed formulation of this recommendation on companies contributing to ZCE to take responsibility for scope 2 emissions excluded from the near-term boundary due to constrained markets (see C15.2)?
- Should actions to contribute to ZCE be required or recommended?
- Which approach do you prefer for defining how much action a company should take to assume responsibility for unaddressed scope 2 emissions?
- Please indicate your level of support for the provided categories of actions.
- How should location be factored into what counts as a valid action?

AGENDA

Welcome & introducing the focus for today

10 min

Presentation & discussion:

45 min

C15.2 Coverage

C15.3 Target-setting approach

C15.6 Eligible zero-carbon sources; and
C15.7 Eligible sourcing methods

Break

10 min

Presentation & discussion:

45 min

C15.9 Use of EACs

R15.1 Indirect mitigation

Closing & next steps

5 min

What to expect between now and the in-person meetings in London between 9-11



The pre-session survey will be open until the end of the week.



Today's **slides and minutes** will be uploaded to our shared folder. Also the survey responses will be uploaded before the in-person meeting.



Pre-reads for the in-person meeting will be shared 5 days in advance.

Any questions?

You can reach us at scarlettbenison@sciencebasedtargets.org and ayladincay@sciencebasedtargets.org

Science Based Targets Initiative is a registered charity in England and Wales (1205768) and a limited company registered in England and Wales (14960097). Registered address: First Floor, 10 Queen Street Place, London, England, EC4R 1BE.


SBTI Services Limited is a limited company registered in England and Wales (15181058). Registered address: First Floor, 10 Queen Street Place, London, England, EC4R 1BE.

SBTI Services Limited is a wholly owned subsidiary of Science Based Targets Initiative.

 sciencebasedtargets.org

 [@ScienceTargets](https://twitter.com/ScienceTargets)

 [Science Based Targets](https://www.youtube.com/ScienceBasedTargets)

 [/science-based-targets](https://www.linkedin.com/company/science-based-targets)

 info@sciencebasedtargets.org