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DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi POWER SECTOR NET-ZERO STANDARD PILOT TEST PARTICIPANT TERMS OF REFERENCE

Version 1.0

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ABOUT SBTi

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a UK charity, with a subsidiary SBTi Services Limited, which hosts our target validation services. Partner organizations who facilitated SBTi's growth and development are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).

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The SBTi reserves the right to revise this document according to a set revision schedule or as advisable to reflect the most recent emissions scenarios, regulatory, legal, or scientific developments, or changes to GHG accounting best practices.

The information and any proposed change or modification within this document are preliminary and subject to change based on stakeholder input, organizational needs, and other considerations as applicable.

“Science Based Targets initiative” and “SBTi” refer to the Science Based Targets initiative, a private company registered in England number 14960097 and registered as a UK Charity number 1205768.

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VERSION HISTORY

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1. INTRODUCTION

This document outlines the Terms of Reference for the companies participating in the pilot test for the SBTi Power Sector Net-Zero Standard. The project will be carried out according to the [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#).

2. ABOUT THE SBTi POWER SECTOR NET ZERO STANDARD PROJECT

The SBTi Power Sector Net-Zero Standard provides a framework for companies across the power sector to set near- and long-term science-based targets aligned with limiting global warming and achieving net-zero emissions by 2050 at the latest.

The draft SBTi Power Sector Net-Zero Standard builds on, and will replace the [SBTi Quick Start Guide for Electric Utilities \(2020\)](#), expanding its scope to cover a more comprehensive list of sector activities and emission sources across the sector's value chains, including power generation, electricity transmission and distribution, electricity storage, trade and retail. The SBTi Power Sector Net-Zero Standard introduces new metrics, targets, and activity-based segmentation to reflect different operational realities, while aligning with the latest version of the SBTi Corporate Net-Zero Standard V2. The project main deliverables are as follows:

- SBTi Power Sector Net-Zero Standard
- SBTi Power Sector Standard Target-setting Tool
- Synthesis Report: Power Sector Pathway
- Synthesis Report: Power Sector Metrics and Methods

The Standard development process includes two rounds of public consultation and a pilot testing. Feedback from both the pilot testing and public consultation will further inform revisions to the draft. For more details, the Terms of Reference for the SBTi Power Sector Net-Zero Standard development project can be found [here](#).

3. PILOT TEST GOVERNANCE

3.1 Governance

The pilot testing of the SBTi Power Sector Net-Zero Standard will be conducted collaboratively by the SBTi and SBTi Services. Participants in the pilot testing will engage with both entities throughout the process. Any data submitted by pilot test participants will be shared between the SBTi and SBTi Services for the purposes of this pilot, in compliance with the [SBTi Data Privacy Policy](#). This Terms of Reference provides an overview of the roles and responsibilities of SBTi and pilot test participants. Detailed terms of the agreement between SBTi Services and the participants will be specified in the contract issued by SBTi Services.

Pilot test participants will provide documented feedback as part of the development of the project. Participants in the pilot test do not have any decision-making authority over SBTi standards or standardized instruments, such as guidance, tools and methods.

Any potential strategic decisions or revisions to SBTi standards will be conducted according to the SBTi [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#), overseen by our [Technical Governance](#).

3.2 Antitrust

Pilot participants shall not engage in any discussion, activity or conduct that may infringe on any local or international antitrust or competition law. For example, the following shall not be discussed during any meeting of the pilot testing:

- a. Current or future prices, pricing strategies or price related information.
- b. Output, capacity, inventory levels or costs.
- c. Data related to market share.
- d. Current or future marketing strategies.

4. OBJECTIVES OF THE PILOT TEST

The objective of this pilot test is to thoroughly test the understanding and feasibility of implementation of the SBTi Power Sector Net-Zero Standard, assess clarity and completeness of the Standard's scope and applicability and determine the feasibility of target validation against the criteria proposed.

The key objectives of the pilot test are to:

- a. Ensure the SBTi Power Sector Net-Zero Standard and Target-setting Tool are robust, clear and practical.
- b. Identify any challenges for implementing the SBTi Power Sector Net-Zero Standard across the four key business activities within the Standard's scope.
- c. Inform the development of SBTi Power Sector Net-Zero Standard final draft before it is sent for approval.

- d. Test the feasibility of validating companies against the standard and the clarity of the written requirements.

The pilot testing will ensure the viability of the Standard's criteria by evaluating it using real-world data from impacted companies. Data and feedback from participants of the pilot testing will be used to inform revisions to the materials prior to their finalization.

The SBTi is not seeking feedback on the scientific underpinnings of the SBTi Power Sector Net-Zero Standard through this process. The purpose of the pilot test is to test clarity of the resources and applicability in real-world contexts, rather than the concepts and principles underpinning the criteria and recommendations within the SBTi Power Sector Net-Zero Standard.

The key output of this pilot testing is a revised version of the SBTi Power Sector Net-Zero Standard, with supplementary material, supported by the following deliverables:

- Pilot Testing Feedback Report
- Basis of Conclusions Report

An estimated timeline of pilot test deliverables, milestones and meetings can be found in Annex A of this document.

The pilot test is independent of the SBTi official target validation process and will not lead to an approved target. All companies (regardless of participation in pilot test) shall use the final SBTi Power Sector Net-Zero Standard respecting specified timelines when it is published for official target validations. Companies must use valid and published versions of SBTi standards and tools to set and submit targets for official target validation.¹ Targets set using draft pilot materials are not counted as part of an official target validation.

Though independent of the SBTi validation process, participation in the pilot test can support companies' subsequent target validation against the finalized standard by providing companies with a detailed understanding of expected requirements in the SBTi Power Sector Net-Zero Standard, once published.

5. COMPOSITION OF THE PILOT TEST SAMPLE

The SBTi Power Sector Net-Zero Standard pilot test companies represent one or more of the following business activities relevant to the scope of the SBTi Power Sector Net-Zero Standard:

- **Power generation**
Any company engaged in power generation from low-carbon sources such as renewables (solar, wind, hydro, geothermal), biomass, nuclear, fossil fuel equipped

¹ Alternative methods or tools may be considered where this has been specified within SBTi standard requirements and will be assessed on a case by case basis prior to agreement.

with CCS² or power generation from unabated fossil fuel sources (e.g. coal, oil, natural gas not equipped with CCS³).

- **Transmission and distribution**

Any company engaged in operation of transmission systems that convey the electricity from the generation facility to the distribution system and distribution of electricity through operation of distribution systems (i.e., consisting of lines, poles, meters, and wiring) that convey electric power received from the generation facility or the transmission system to the final consumer.

- **Trade and retail** (incl. retail of purchased electricity)

Any company engaged in sale of purchased electricity to the user, such as retail of purchased electricity, activities of electric power brokers or agents that arrange the sale of electricity via power distribution systems operated by others, operation of electricity and transmission capacity exchanges for electric power.

- **Storage of electricity**

Any company engaged in conversion of electrical energy into a form of energy which can be stored, the storing of such energy, and the subsequent reconversion of such energy into electrical energy (e.g. operation of pump storage facilities, compressed air storage facilities, or battery storage facilities).

Companies shall have a complete GHG inventory and comply with the applicability criteria set out in the SBTi Power Sector Net-Zero Standard based on materiality of emissions or revenues from the activities in scope described above. The pilot test sample is selected to cover a diverse range of companies in terms of:

- Coverage of power sector activities
- Diverse geographical representation
- Regulatory environment (e.g. regulated vs. deregulated electricity markets)
- Degree of vertical market integration
- Emissions profile
- Business size
- Power generation portfolio (e.g. low carbon vs. unabated fossil fuel power generation, particularly coal, and relevance of biomass)

The SBTi shall use best endeavors to achieve diversity among pilot test companies, however, the outcomes of the pilot test shall not be invalidated by its inability to achieve an optimum level of diversity.

² Within this Standard, fossil fuel power generation with CCS is considered low-carbon where capture rate is 95% at a minimum.

³ Fossil fuel generation with CCS where the capture rate is less than 95% is included in the 'unabated' fossil fuel category for the purpose of this Standard.

6. SELECTION OF PILOT TEST COMPANIES

The SBTi will hold an open call for applications to join the SBTi Power Sector Net-Zero Standard pilot test through which any company can apply. The Power Sector Project Team may identify and invite companies to apply to participate in the pilot test based on their relevance to the scope of the SBTi Power Sector Net-Zero Standard.

Applications will be assessed through an evaluation of the needs of the Power Sector Project Team, and based on sample size and diversity needed for the pilot test.

Pilot test participants retain their position for the duration of the SBTi Power Sector Net-Zero Standard pilot test, but can also resign at any point. Pilot test participants shall inform the SBTi in writing if they would like to voluntarily terminate their participation before the pilot testing period is complete with a notice period of at least 10 working days, and follow the applicable termination requirements and measures specified below.

The SBTi retains the right to terminate pilot test participation (e.g. due to breaching of applicable SBTi policies or regulations, any term in this document, project termination, etc.) with immediate effect.

- a. The SBTi will communicate the reason for termination to the participant.
- b. If the participant is dissatisfied with the reason for termination, they have a right to raise a complaint to standardscomplaints@sciencebasedtargets.org.

In case of termination of participation in the pilot test, the following requirements and measures will apply:

- a. Pilot test participants shall agree to delete all materials provided to them by the SBTi during the pilot test and inform the SBTi when they have done so in writing.
- b. Pilot test participants shall then be removed from all further communications regarding the pilot test.
- c. Pilot test participants shall inform all parties that they previously informed of their participation in the pilot that they are no longer part of the pilot in writing.

If participants resign or are terminated during the pilot test, the SBTi may replace these participants with additional participants. The SBTi will inform the pilot test companies about the finalization of the project, and the conclusion of the pilot test.

7. OBLIGATIONS AND TIMEFRAME

7.1 Timeframe

The Power Sector Net-Zero Standard SBTi Power Sector Net-Zero Standard pilot test will run for six weeks. Commencing on March, 2026.

The expected hours needed to participate in this pilot test will depend on several factors, including the status of the data available to the participants and the complexity of the participant's operations in the sector. Participation in this pilot test requires certain obligations, such as data pre-preparation, as outlined in section 7.2. Assuming this pre-preparation is complete, a target of moderate complexity is estimated to require 20-30 hours to complete the target calculations and target submission form, and to participate in engagement with the SBTi, as needed.

7.2 Pilot Participant Obligations

By agreeing to participate in the pilot test, participants are obligated to:

- Adhere to the terms set out in the signed contractual agreement with SBTi Services regarding participation in this pilot testing.
- Adhere to this Terms of Reference document.
- Have a familiarity with the SBTi's existing cross-sector resources, including the draft Corporate Net-Zero Standard V2.0 and Corporate Near-Term Criteria.
- Have a comprehensive GHG inventory prepared in accordance with the GHG Protocol, prior to beginning the pilot test.
- Deliver relevant data needed to evaluate applicable criteria from the SBTi Power Sector Net-Zero Standard and the feasibility of validation against the criteria.
- Provide detailed feedback through surveys, emails, office hours, and 1-on-1 meetings.
- Engage with the SBTi through submission of written questions, office hours, and direct 1-on-1 meetings. submission of written questions, office hours, and direct 1-on-1 meetings..

7.3 SBTi Obligations

SBTi staff will:

- Provide the necessary resources to participants in the pilot test
- Arrange the [webinars, workshops, office hours, one-to-ones when requested, deep dive interviews] indicated in the pilot-test project timeline and any additional meetings deemed necessary by the Power Sector Net-Zero StandardPower Sector team.

7.4 Engagements

Engagement with pilot test participants will be primarily through the following activities:

- Participants will be encouraged to submit written questions to the SBTi directly throughout the pilot test period. On at least a weekly basis, the SBTi will provide answers to received questions either directly to the asker, or will share the question and answer (anonymously) to all participants if the question has relevance to multiple participants. This will allow for important answers to be shared with all participants on a rolling basis while maintaining the anonymity and confidentiality of individual participants' data.

- The SBTi will host office hours twice a week during the pilot testing period. Participants will be encouraged to book individual time during the office hours period to discuss the pilot testing with the SBTi on a 1-on-1 basis. Participants are encouraged to send questions to be discussed in advance of a scheduled office hours session.
- Participants will also be encouraged to request longer 1-on-1
- The SBTi will endeavor to arrange engagement opportunities with sufficient notice and hold meetings at a reasonable time of day. If participants cover a wide range of time zones, the SBTi may repeat meetings and will offer office hours opportunities at multiple times.

7.5 Confidentiality

Members shall not distribute materials that are not available in the public domain to any person in advance of publication without explicit written permission of the SBTi. Members agree to treat as confidential any information provided to them by the SBTi while participating in the pilot test.

No material obtained during the pilot can be used for any other purpose except for the purpose of the SBTi Power Sector Net-Zero Standard Power Sector Net-Zero Standard pilot test.

7.6 Data Protection

Please note that any personal data you provide will remain confidential and will be processed in accordance with all relevant SBTi policies, including but not limited to [Data Privacy Policy](#) and all relevant and applicable data protection and data privacy regulations and legislation. All information collected by the SBTi will be used solely for the purposes of this [activity], except where participants have provided explicit consent for other uses. The SBTi shall retain information in accordance with its [Data Privacy Policy](#), [Standard Operating Procedure](#), or any regulatory or legislative requirements.

7.7 Language

All written and oral communication, including but not limited to meetings, emails and discussions, shall be conducted in the English language. The SBTi may arrange for the provision of interpreters for meetings or translations of documents upon request.

8. ACKNOWLEDGEMENT

Pilot test participation is voluntary. Pilot test participants do not receive any financial remuneration and the pilot test is independent of the SBTi official target validation process that would lead to an approved target.

Pilot test participants are not expected to provide funding to the SBTi. In instances where a pilot test participant is a funder of the SBTi, this will not confer any special status in the pilot

test, project governance or oblige the funding organization to participate in the pilot test, nor will it confer any special status in official target validations once the Power Sector Net-Zero Standard has been finalized and implemented.

The SBTi may publicly acknowledge pilot test participants as contributors to Power Sector Net-Zero Standard SBTi Power Sector Net-Zero Standard on the SBTi website. However, this is not a requirement, nor is it a requirement for the participant to publicly state their participation or commit to the SBTi. Participants will have the option to declare their preferred level of confidentiality prior to the pilot test commencing.

9. COMMUNICATIONS

Pilot test participants shall not use the SBTi logo in any capacity relating to the pilot.

Pilot test participants and the SBTi shall use the following wording when communicating about pilot test participation and will not portray or imply any other association or collaboration between the member and the SBTi:

- *Participant of the Science Based Targets initiative (SBTi) pilot test for SBTi Power Sector Net-Zero Standard OR*
- *“[Member name] participates in the Science Based Targets initiative’s (SBTi) pilot test for the development of SBTi Power Sector Net-Zero Standard. Pilot Test participants have an informative role only, and decisions on final technical resources will be made by the SBTi Technical Council or the Board of Trustees.”*

In circumstances in which a full description of the pilot test group is required, pilot test participants shall use the following wording:

- *The SBTi Power Sector Net-Zero Standard pilot test participants are a group of volunteer organizations with relevant activities to the scope of the SBTi Power Sector Net-Zero Standard that act in an informative capacity to the SBTi by testing the resources of SBTi Power Sector Net-Zero Standard using real world data, during the development of the project.*

Members of the pilot test participants group must not conflate participation in the pilot test to SBTi target validation and must not use their role in the pilot test group to make claims about target validation decisions. Members of the pilot test group that have an existing SBTi validated target can continue to communicate their target following the guidelines for target reporting outlined in existing SBTi standards and guidance.

Pilot test participants should not comment publicly on the pilot test or act as a SBTi spokesperson on behalf of the pilot test as a whole or other pilot test participants.

Any media/journalist enquiries about the work of the pilot test should be forwarded to and managed via the SBTi Communications Department (communications@sciencebasedtargets.org). Any general enquiries regarding the pilot test should be sent to powersector@sciencebasedtargets.org.

ANNEX A: ESTIMATED TIMELINE FOR SBTi POWER SECTOR NET-ZERO STANDARD PILOT TEST

Time	Key milestones
December, 2025	Publication of call for applications
January, 2026	Selection of pilot test participants Sharing of 'Welcome package'
March, 2026	Pilot Test kick off
March and April, 2026	Open hours and Q&A
April and May, 2026	Pilot test participants target development & submission
May, 2026	Target review
May, 2026	Final workshop



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