

Comments Submitted on Behalf of EPP

Link to full survey on Scope 2 Updates Survey: [Scope 2 Survey Memo.pdf \(ghgprotocol.org\)](#)

17. Do you think there is a need for updates related to the scope 2 market-based method?

- No (no update needed)
- **Minor update (clarifications or additional guidance needed)**
- Major update (major changes or revisions needed)
- No opinion/Not sure

18. Please explain your selection. You may enter brief comments here or submit a more detailed proposal using the proposal template

Energy Peace Partners (EPP believes organizations should continue to be allowed and encouraged to use market-based methods to match electricity consumption with contractual instruments for renewable energy on a per-MWh basis and count that electricity consumption as zero emissions. Market-based methods allow for RECs to be used to support new and high-impact projects from countries with low levels of electrification and renewable energy usage.

37. Based on the past seven years' worth of data, under the current market-based accounting framework, is there empirical support for the premise that market-based scope 2 accounting framework results in collective changes in low-carbon energy supply and global atmospheric GHG emission reductions? Please explain, including empirical justification on why or why not.

The presence of market-based accounting has led to the global growth of new renewable energy purchases, which have led to projects that may otherwise not have been built. According to CEBI, Since 2014, commercial and industrial customer-led procurement of wind, solar, and battery storage has amounted to 64.5 gigawatts (GW) of new CFE capacity in the United States alone—equivalent to 41% of all new clean capacity additions during this timeframe. We have also seen corporations, such as Apple, require renewable energy procurement of its supply chain partners in markets like Taiwan. The corporate pressure has led to the opening up of new market transaction opportunities, including a 920 MW CPPA, signed by TSMC. Without market-based accounting and instruments, this corporate demand would not otherwise be able to be expressed in the market. For EPP, we work directly with project developers in countries with low levels of electrification, primarily in Sub-Saharan Africa. These developers and projects consistently face financing challenges and struggle to realize full project

financing, and rely on market-based instruments such as the Peace Renewable Energy Credit (P-REC) to help finance new projects. Instruments such as the P-REC have helped to mobilize close to \$1M in new renewable energy and have the potential to scale this to \$100M of new RE investments.

Chapter 7, Criteria 5 “Market Boundaries” states all contractual instruments shall “Be sourced from the same market in which the reporting entity’s electricity-consuming operations are located and to which the instrument is applied.” Currently certificate market-boundaries encompass broad geographic regions such as entire continents and span multiple physical grid boundaries (i.e., see Scope 2 Guidance, page 64: “...markets for unbundled certificates have often been less constrained than those for electricity itself”).

39. What are the trade-offs between continuing this practice as compared to introducing more specific guidance on the Market Boundary quality criteria? Please briefly explain

We believe that in markets in which credible certificates exist and market boundaries are well-defined, certificates should be sourced in-market. However, there are many locations globally that do not have well-defined markets or market boundaries, nor credible certificate markets. There are also markets in which distributed generation may be a preferable sustainable development pathway (i.e. energy access achieved without central grid). In these situations, we believe the guidance should allow for flexibility in the application of certificates across markets. One idea could be the creation of a market-boundary hierarchy, that would, for example, suggest best practice as sourcing within market where possible and progressing further out (e.g. neighboring market, neighboring country, then regional), while expressing some limitations (e.g. no applications of certificates on separate continents).

Please provide any additional considerations or context related to new clarifications or guidance in scope 2, maintaining the existing Scope 2 Guidance without changes, changes in the current location-based and/or market-based methods, or new methodological options that account for indirect reductions and meet GHG Protocol decision criteria (for more information on the decision criteria, please see the annex of the proposal template)? You may enter brief comments here or submit a more detailed proposal using the proposal template.

EPP believes the current guidance seems to have been developed with a bias toward industrialized countries with functioning grids, leaving out pathways for RE development and climate mitigation in the least developed countries, e.g., in sub-Saharan Africa where 1) RE development would have outsize socio-economic impact 2) ensuring that these countries chart a green clean energy path sooner rather than later is in the global interest. We believe the GHG Protocol should explore the possibility of including more impact-related metrics associated with market-based instruments. In particular, we would advocate for exploring new methods to capture and report social and community co-benefits associated with the



market-based instruments. We believe that guidance should consider the potential impact on all countries globally and not limited to economically advantaged or central-grid oriented countries.