GHG Protocol Scope 2 guidance review

RECS' general position

About RECS energy certificate association

For over 20 years RECS has been committed fighting climate change and accelerating the energy transition by supporting the purchase of renewable energy through robust, reliable, transparent markets. Energy Attribute Certificates (EACs) are the tools we use to unlock this vision. At RECS we support the development of both existing and new EAC markets around the world. We engage with a wide range of stakeholders, including governments, market participants and consumers, and provide the knowledge and information they need to boost consumer demand for renewable energy. RECS works to provide the knowledge, motivation, and confidence needed to buy 100% renewable energy. More information can be found at www.recs.org.

Background

The GHG Protocol Corporate Accounting and Reporting Standard sets out how companies and other organizations should measure and report on their greenhouse gas (GHG) emissions. The Standard was last updated in 2015 with the publication of specific guidance on scope 2 emissions – those from purchased or acquired electricity, steam, heat, and cooling[1]. The Greenhouse Gas Protocol is a crucial tool for corporates working to cut their emissions and for assessing the impact of their actions. It is the world's leading authority and international standard-setter on corporate GHG accounting[2] and the scope 2 guidance was only published after 4 years of expert discussion and negotiation. ***RECS insists that any changes to the guidance on scope 2 emissions must in no way compromise or undermine this authoritative tool that is relied upon by climate conscious corporates around the world.***

In launching a review of its guidance on scope 2 emissions the GHG Protocol team states that it is seeking to ensure that guidance remains relevant and to determine the need for and scope of additional guidance building on the existing set of corporate GHG accounting and reporting standards for scope 1, scope 2, and scope 3 emissions. Their stated goal is that any additional guidance supports and enhances the implementation of the GHG Protocol standards. They highlight a further key focus of ensuring harmonization and alignment with accounting rules under development through major disclosure initiatives including the US Securities and Exchange Committee (SEC), European Commission (e.g.,

1 Scope 1 = emissions from direct activities e.g., running boilers or vehicles. Scope 2 = emissions from indirect activities e.g., electricity bought from a separate supplier. Scope 3 = emissions from related activities e.g., emissions from supply chain partners.

2 https://ghgprotocol.org/corporate-standard

EFRAG), and others. ***Given the strength and importance of the current guidance, RECS only sees scope for updates that maintain and enhance its fundamental basis. However, RECS will suggest (see below) five changes that highlight new developments and best practices that could strengthen the current guidance and help corporates to deliver additional positive impacts through their energy procurement.***

To inform their review, the GHG protocol team commissioned studies on current practices in corporate GHG inventory reporting. This research is being supplemented by a global survey and stakeholder consultations (to which this paper is in part responding) to inform the need and scope of additional guidance. The protocol team has stated that any additional guidance will be developed through an inclusive, global, multi-stakeholder development process, with participation from businesses, NGOs, academia, and governments worldwide. ***As the industry association representing the users of energy attribute certificates around the world, RECS has a deep understanding of role of these certificates in helping to tackle climate change by supporting the transition to renewable energy and thereby cutting overall emissions.***

Developed in collaboration with RECS members from all major EAC markets (GOs, North American RECS, and IRECs) ***this paper states RECS' general views on the current scope 2 guidance and proposes five key revisions to enhance it. RECS encourages its members, partners, and other stakeholders to draw from this paper when engaging in the process of reviewing the scope 2 guidance.*** Broadly, all considerations made in this paper on the benefits of market-based reporting for power also apply to green gases such as biomethane and renewable hydrogen.

An overview of the current guidance

The GHG Protocol Scope 2 guidance document recognises that all electricity consumers have significant opportunity to reduce their emissions by reducing their electricity use and by buying any power they still need from low-carbon and/or renewable sources. At the most basic level, the guidance recommends multiplying activity data (MWh of electricity consumption) by source and supplier-specific emission factors to arrive at the total GHG emissions impact of a corporation's electricity use. The guidance puts forward two methods for calculating a corporation's emissions from purchased electricity.

1. A location-based method: This reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). Using this method, a corporate can multiply its total electricity consumption (in MWh) by the average level of emissions per MWh of the grid area from which they take power.
2. A market-based method: This reflects emissions from the energy that companies have purposefully chosen by buying from a specific generator or supplier. A corporate can prove such power purchases by acquiring and cancelling the relevant energy attribute certificates (EACs).

Each of these methods can lead to the reporting of corporate scope 2 emissions. Therefore, the guidance states that:

> *Companies with any operations in markets providing product or supplier-specific data in the form of contractual instruments shall report scope 2 emissions in two ways and label each result according to the method: one based on the location-based method, and one based on the market-based method. This is also termed "dual reporting."*

The guidance further states that:

> *These two scope 2 accounting methods each provide a different "decision-making value" profile – that is, different indications of performance and risks, revealing different levers to reduce emissions and reduce risks. Ultimately, system-wide emission decreases are necessary over time to stay within safe climate levels. Achieving this requires clarity on what kinds of decisions individual consumers can make to reduce both their own reported emissions as well as contribute to emission reductions in the grid. Working backward from those decisions to the methods used to calculate emissions, there are three types of decisions companies can make that impact overall electricity grid emissions. These decisions include facility siting, the level and timing of demand, and supporting supply shifting.*

While all corporations should read the full guidance in detail, these key points set out the essential 'how' and 'why' of corporate scope 2 reporting:

- Where possible, corporates should report their emissions as calculated using both the location-based and the market-based methods: dual reporting.
- If market-based and/or location-based reporting is not possible, corporates should report using the best available data, as set out in the guidance.
- The different emissions calculation methods can provide different data that can inform corporate electricity procurement.
- Corporates should use as much data as possible, from the best sources available to decide:
    - Where to site their facilities
    - How much electricity to consume and when
    - How their procurement choices can influence the overall power system

Understanding the role of EACs

In order to properly understand the current guidance, as summarised above, it is important to properly understand what energy attributes certificates (EACs) are and the various functions they serve. Broadly, EAC market pioneers, including RECS, designed these certificates to ensure market transparency and integrity. ***EAC schemes provide a reliable mechanism through which consumers can identify and choose the energy they want to pay for and to make verifiable claims about the attributes of that energy (such as when, where and with what*** technology it was produced).

Such was the success of the European guarantee of origin scheme established by RECS and the AIB, EU legislators designated it as the sole means of demonstrating to final customers the share or quantity of energy from renewable sources in an energy supplier's energy mix. ***The reduction of individual emissions by using EACs is key to incentivise the consumer to***

pay additional amount of money to finance renewable energies. Where market structures allow for it, EACs can act as a market signal and provide private financial support that encourages additional renewable energy development that ultimately cuts overall emissions.

In more detail, there can be differences in the role of EACs depending on the market they are used in. For example, in immature markets, EACs often provide critical (sometimes the only) revenue surety to developers/asset owners. In emerging markets, where renewable energy infrastructure may not be a business-as-usual option, EACs are a means to generate additional income that can ultimately lead to new asset capacity and generation, which otherwise would not have been viable. In a mature market, given RE generators' high capital costs, EACs (both voluntary and compliance) can provide important additional income, critical to de-risking an energy project. For instance, the EPA suggests that unbundled RECs allow for greater revenue generation[3] which ultimately makes renewable energy development a more attractive investment opportunity.

The complexity of power markets means that no single factor can realistically be credited with triggering an on/off switch for project viability. However, it is clear that EACs can provide significant financial support to renewable energy producers[4]. In Europe in 2022, well over 800TWh of GOs were issued by AIB member countries[5]. GOs prices in 2022 were stable at around €2MWh for the first half of the year, before climbing to around €10MWh as the market tightened towards the end of the year before re-stabilising at around €8MWh heading into 2023. *The EU GO market therefore provides billions of Euros of income to renewable energy producers and/or State budgets. For example, the French state received 126 M€ in 2022 from GO auctions. This state income can and should complement publicly funded support for the energy transition. The value of a GO is almost pure profit to producers as they cost little or nothing to obtain. This profit can, and in RECS' view should (given the strong market signal from consumers), be invested into more renewable energy generation. Such investment in new renewables accelerates the energy transition and displaces fossil fuel power generation – cutting overall EU GHG emissions.* With developers increasingly able to self-fund new renewables thanks to EAC values, governments can focus their support for renewables on newer technologies and/or on generation in more challenging locations. *A recent report for the Dutch government makes this clear, stating that the value of guarantees of origin is an important factor in determining whether positive investment decisions can be made for offshore wind projects since the Dutch government no longer provides financial support for such projects.*[6]

Regarding non-electricity energy carriers, the use of a market-based reporting accounting mechanism under is critical to support the growth of the biomethane and renewable hydrogen sectors in Europe and should help the EU achieve its objectives of 35bcm of domestic biomethane production and 20 million tonnes of renewable hydrogen production

3 https://www.epa.gov/lmop/unbundle-electricity-and-renewable-energy-certificates
4 https://www.ecohz.com/news/how-demand-for-renewables-can-propel-europes-energy-transition
5 https://www.aib-net.org/facts/market-information/statistics/activity-statistics-all-aib-members
6 https://www.rijksoverheid.nl/documenten/publicaties/2020/03/05/the-business-case-and-supporting-interventions-for-dutch-offshore-wind

and import by 2030. A well-functioning and robust certificate system for these gasses is in place in the EU, underpinned by legislation. Countries such as Denmark, Germany and the UK, are leading the way and ensuring that biomethane can be supplied to customers demanding a green gas supply. As a result, there are more and more examples where ***new biomethane plants (representing additional biomethane production) are being planned and developed in the UK, Denmark, and other countries in Europe without subsidies, only on the back of the value of contracts for the purchase of biomethane via the grid using certificates.*** In other cases, developers of biomethane plants are building the value of biomethane certificates into their business modelling, even when those plants receive subsidies under Government support mechanisms. This value is having a positive impact on financing and commercial decision-making processes i.e. marginal projects which would not have been economically viable through subsidies alone can be taken forward because of the certificate value.

The market-based approach has enabled the development of a comprehensive legislative and regulatory framework in Europe that incentivises companies to contribute to the energy transition through their consumer choices. ***Therefore, in RECS' view, Renewable energy markets based on EACs clearly support additionality, help to accelerate the energy transition, and cut emissions by displacing fossil fuels. Every purchase of renewable energy attributes provides additionality. As such, consumers making the additional effort of buying renewable energy should benefit by being able to reduce their scope 2 emissions.***

Key updates to enhance the current guidance

RECS recommends key updates to enhance the current guidance based on 5 simple aims:

1. Simplifying and updating the text
2. Limiting the role of the location-based method
3. Encouraging the most impactful purchasing options
4. Recognising that many stakeholders are still learning about scope 2 emissions
5. Enhancing the role of all stakeholders in the energy transition

1. Simplifying and updating the text

Simplifying the text of the scope 2 guidance and providing greater clarity and focus on its core principles will improve its readability and make it easier for people to understand its essence. Clarity and understanding can be further improved by updating case-studies and providing recent practical examples (the current text uses examples from 2012 and 2013 that have lost applicability and relevance). The review process should provide space for all stakeholders to identify which paragraphs should and could be simplified for easier understanding, and/or updated to match the current market situation and practices.

2. Recognising the drawbacks of the location-based method

There are a several important drawbacks to the location-based method for calculating and reporting scope 2 emissions. First, it is inherently imprecise. Second, it allows companies to make emissions reductions claims that they did little or nothing to support. Third, it provides no individual incentive to act. Forth, it allows for double counting of the renewable attributes of a given unit of energy. ***Any use of the location-based method should take***

these limitations into account, and stakeholders should work to address them as far as is possible.

Because location-based reporting reflects the average emissions intensity of the local grids on which energy consumption occurs, it is inherently imprecise. For example, ***if a consumer uses electricity at night or when there is no wind they can still claim the average emissions factor for the total grid mix regardless of what technologies were producing power at the time they were consuming it.*** Furthermore, there can be many interpretations of what the grid mix is because ***the Scope 2 Guidance does not give clear boundaries of the territorial unit to consider when using the location-based method.*** There is a clear incentive for corporates to use the most favourable grid mix available to them regardless of how accurately it reflects their consumption. Due to this imprecise use of grid mix emissions factors, ***location-based accounting also has the drawback that corporates can account for emissions reductions at the grid level that are unrelated to their own procurement practices and investments.*** In addition, the location-based method reduces the incentive of organisations to act individually to support renewables through its procurement policies. *Under this method a corporate might be making the most impactful purchases of renewable energy possible, but they would only benefit in the same way as all other electricity consumers on the same grid.*

Finally, allowing the use of the location-based method at the same time as the market-based method can quickly lead to institutionalised double counting. Under the dual-reporting regime, all companies should be reporting their scope 2 emissions calculated using ***both*** the location-based and the market-based accounting methods. This means that the same attributes are being counted in two different ways and are thereby being counted twice. For example, if 'Company A' is reporting zero scope 2 emissions because it covered all of its power consumption using French GOs, while 'Company B' is reporting very low scope two emissions because it consumed power in France, which is almost 100% renewable (hydro), without buying the related GOs, then double counting of some or all of those attributes has occurred.

RECS understands from its members that this double-counting is made worse by corporates often choosing whether to calculate their scope 2 emissions using either the market-based or location-based method, rather than using both. This makes the double counting more difficult to detect because any comparison of the two accounting methods becomes impossible.

RECS's proposals for addressing the drawbacks of location-based reporting are offered below.

3. Encouraging the most impactful purchasing options

RECS is pleased to see what seems to be a desire to encourage companies to make the most impactful purchase of renewable energy that they can, and in doing so helping to accelerate the energy transition. In particular, the current guidance's Chapter 11, titled "How Companies Can Drive Electricity Supply Changes with the Market-Based Method", should be updated. This chapter mentions only the market-based approach because it is generally accepted that individual stakeholders cannot drive the energy transition through

the location-based method. RECS supports updating the contents of Chapter 11 and giving it more weight and visibility in the updated version of the Scope 2 Guidance. A well-known example of rules to encourage impactful renewable energy purchasing is the CDP/Climate Group/RE100 paper on "Business leadership in the transition to renewable electricity".[7] RECS provides guidance to market participants on maximising the reliability and impact of buying renewable energy.[8]

4. Recognising that many stakeholders are still learning about scope 2 emissions

The review of the guidance on measuring and reporting corporate scope 2 emissions should recognise that many stakeholders are still learning about scope 2 emissions and that EAC markets are just starting to reach maturity. However, as EAC markets do mature and bring supply and demand into equilibrium, market-based mechanisms that support renewable energy clearly support the overall energy transition. ***Europe, for example, has developed a multi-billion euro GO market that provides important additional income to renewable energy producers and encourages the development of more renewable energy generation capacity.***

Such additional income, which is the result of thousands, if not millions, of market-based decisions, has led to positive dynamics in many countries by supporting other drivers, including the cost-efficiency of renewables. ***That the "location-based numbers" are now moving in the right direction is at least in part thanks to the role of the market and market-based mechanisms for buying renewable energy.***

However, these markets have taken time to mature and should be judged on current trends rather than historical data. It is only in the couple of years, after 20 years of dedicated development, that prices for European GOs have risen significantly. This market still experiences some price volatility but with future prices retaining significant value for producers now is not the time to undermine this system. ***The benefits of markets may have been a long time coming, but now they are being felt it would be foolish to deprive ourselves of them. Given the urgency of the climate challenge, RECS sees no reason to turn our back on any tool that allows consumers to choose renewables and can also provide an important source of funding for the energy transition.***

5. Enhancing the role of all stakeholders in the energy transition

There is no single solution to the climate crisis. As an association representing a range of energy traders, producers, and consumers around the world, RECS has observed that ***the development of a renewable energy market facilitated by EACs has allowed many stakeholders to actively engage in the energy transition.*** For example, important campaigns like RE100, CDP, and SBTi, all of which drive corporates and other organisations to support the transition to sustainable business practices, are based on the market-based approach.

The review of the GHGP guidance for corporates reporting their scope 2 emissions logically focuses on corporates. However, the role and impact of smaller consumers should not be overlooked. There is no energy transition without engagement from small and medium sized

7 https://www.there100.org/sites/re100/files/2020-09/RE100%20Leadership%20report.pdf
8 https://recs.org/news/recs-international-publishes-guidance-for-market-participants/

companies, who may also want or need to report on their emissions as part of their supply chain obligations. If the measuring and reporting of scope 2 emissions becomes too burdensome for such participants, for example by only recognising long-term PPAs as legitimate means of buying renewable energy, they will likely be lost from the process.

Renewable energy markets, which depend on EACs, have allowed the general goal of using more renewable energy to become a concrete topic with which all market actors can actively engage. The market is starting to deliver on this aim that was, until recently, primarily the focus of academics and environmental activists. Even NGOs which are traditionally sceptical of market-based solutions, such as Greenpeace, are making use of the information communicated in EACs when assessing the environmental claims of energy suppliers and making recommendations to consumers.

Those consumers who want to make what they perceive to be the greatest impact on the energy transition possible, be it though a strong PPA deal or by becoming 100% renewable as soon as possible, can only do so if renewables markets and EACs are respected. Furthermore, ecolabels such as the EKO Energy label, which has financed 79 renewable energy projects in more than 20 developing countries over the past 7 years, are dependent on EACs and renewable energy markets. Finally, new developments in renewable energy purchasing, such as hourly matching of production and consumption, also rely on EACs and the market mechanism.

The next step for authors of the GHG Protocol Corporate Accounting and Reporting Standard

RECS respects the desire of the GHG Protocol Corporate Accounting and Reporting Standards authors, the WRI and WBSCD, to review the standard and its guidance on scope 2 emissions. However, ***RECS also encourages these organisations to do more to actively encourage the understanding and appreciation of these important texts.*** For example, for several years, it was up to market players, including RECS and many of our members to highlight and communicate the protocol and its guidance to energy consumers. In particular, ***the WRI and WBCSB should provide guidance on how to use the location-based method***. For example, it would save many users a lot of time and frustration if WRI published lists of location-based numbers or provided a clear explanation on how to use this method in practice. ***The authors could, and should, also encourage corporates to make much greater use of Chapter 11 on additional impact and to share their own experiences, from which others could learn and benefit.***

Finally, if any changes are made to the GHG Protocol Corporate Accounting and Reporting Standards and related scope 2 guidance, their publication should be handled with great care. In the aftermath of the original publication of the GHG Protocol Scope 2 Guidance in 2015 it was largely up to the users of the standard to explain and defend the choices made in its development. Therefore, this was done in an uncoordinated way, without the involvement of WRI or WBCSD due to the lack of dedicated contact people in these organisations. Many of the criticisms of the standard and guidance which are still being raised today date back to this period. The same mistake should not be repeated following this review and subsequent publication of any revisions.

The next step for location-based scope 2 emissions reporting

No human-developed system is perfect, including the measuring and reporting of scope 2 emissions via either the market-based or location-based methods. However, market-based reporting is proving its worth. As EAC markets mature and bring supply and demand into equilibrium, market-based mechanisms that support renewable energy clearly support the overall energy transition. Location-based reporting on the other hand suffers from a number of significant drawbacks that should be considered in any revisions of the GHG Protocol and its guidance on scope 2 emissions reporting.

For example, the protocol and guidance could provide ***much clearer guidance on the territorial boundaries of a consumer's grid and the related emissions factors that can therefore be reported. RECS believes that the grid emissions factor should encompass the full interconnected grid (e.g., all interconnected European internal energy market countries) from which a consumer's power could come.*** Doing this would prevent cherry-picking of a definition of 'location' that best suits the reporting entity's needs and should be instituted, especially if there is no market for energy attribute certificates and thereby no possibility to use the market-based method. However, where a renewable energy market based on EACs is in place, this measure would not address the problem of double counting of attributes described above.

By putting market-based reporting and location-based reporting on an equal footing the GHG protocol and guidance are institutionalising the double counting of renewable energy attributes. Two different methods of counting attributes logically lead to attributes being counted twice. Therefore, in countries or regions where a market-based energy attribute certificate system is in place, RECS makes the following:

1. ***The measuring and reporting of attributes using the location-based method should only be done to provide indicative information*** on the attributes of total energy generation in that location. It should not be used to report a corporate's scope 2 GHG emissions under the protocol.
2. ***If a corporate is not actively buying EACs to cover their energy consumption, they should report the residual mix for that location.*** In some locations this may require the development of residual mix calculations. While Europe has a robust and long-standing residual mix, other countries with renewable energy markets are still developing their residual mix methodologies, including some I-REC market countries.

In order to have an accurate understanding of a corporate's scope 2 emissions and to avoid any double counting of renewable energy attributes, RECS supports downgrading the use of location-based accounting wherever an EAC market is in place.

The next step for advanced EAC schemes

In order to further strengthen renewable energy markets and scope 2 emissions reporting using the market-based method, RECS does support the ongoing development of EAC schemes to make them as efficient and impactful as possible. ***In RECS' view, the next step***

for advanced EAC schemes like the European guarantee of origin system is total market transparency through full disclosure and GHG values on EACs.

Total market transparency through full disclosure and GHG values on EACs

EACs are not inherently limited to renewables and can document the attributes of any type of electricity. Where this is done, it is called 'full disclosure' and can bring total transparency to energy markets. ***RECS strongly supports the use of full disclosure because it requires all power consumers to prove the origin of all the power they consume – ensuring a level playing field between renewable and non-renewable electricity sources.*** Currently, end-users willing to consume renewable electricity must go through the process of acquiring and cancelling EACs while consumers of non-renewables face no such requirements when consuming the residual mix[9]. ***RECS asserts that if all end-users have to actively purchase energy attributes and prove the origin of their electricity consumption, end-users will be more aware of where their electricity comes from – encouraging them to buy renewables.***

Legislators and regulators should see clear benefits in full disclosure schemes. They provide total transparency of the energy being produced and consumed, MWh by MWh. This clarity can enhance the implementation of energy policies and the tracking of targets. As stated above, full disclosure should also facilitate more conscientious energy buying, and provide more motivation to buy renewable energy over fossil fuels. This should add to the income for renewable energy producers allowing public authorities to redirect (not reduce) their renewable energy support budgets to emerging technologies and/or current technologies in areas where their development is more economically or practically challenging.

There are two principal ways of implementing a full disclosure scheme: Full Production Disclosure and/or Full Consumption Disclosure.

Full Production Disclosure (FPD)

Every producer must or may receive a certificate for every MWh of power they put on the grid, regardless of the generation technology used. FPD makes certificates available for all generators which simply means that every MWh is certified without specifying what must happen with that certificate.

Full consumption disclosure (FCD)

A certificate must be cancelled for every MWh consumed and, therefore, no claims can be based on the residual mix. With all end users having to prove the origin of the power they use there is complete transparency on electricity consumption and a level playing field for those using renewable or non-renewable electricity since every MWh (renewable or not) must be claimed through the same system. Within an FCD system, different market participants can be responsible for cancelling energy attribute certificates. For example, consumers can mandate suppliers to cancel certificates on their behalf (See 'full supplier disclosure').

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9 The residual mix is the grid attribute (emission, radioactive waste, etc.) average that is not allocated to a specific individual or end-consumer. If a consumer uses grid electricity without the cancelation of a GO certificate (or other reliable tracking mechanism) then they are obligated to use the residual mix when calculating/reviewing their consumed electricity attributes (footprint).

RECS' View

RECS believes that renewable energy markets are proving their worth, and that wherever such markets are in place, the market-based approach to scope 2 emissions reporting should take precedence. If, in these countries, location-based reporting remains possible, it should be downgraded to an indicative reference number. Location-based reporting should only be used as a definitive account of a company's scope 2 emissions if no EAC market is established in the area of their energy consumption. Indeed, EU law states that GOs are the sole means of demonstrating to final customers the share or quantity of energy from renewable sources in an energy supplier's energy mix. If this is the standard that applies between European energy suppliers and their customers, why should it not be the standard that applies to corporates reporting their scope 2 emissions?

RECS also supports the use of full disclosure regulations to further develop advanced EAC schemes because it requires all power consumers to prove the origin of all of the power they consume. We believe if all end-users have to actively purchase energy attributes and prove the origin of their electricity consumption, end-users will be more aware of where their electricity comes from – encouraging them to buy renewables. ***RECS International advocates for the use of full consumption disclosure systems, supported by provisions for end-users who want to mandate their supplier (an entity that supplies either power and/or EACs) to cancel certificates on their behalf.*** Full production disclosure can be seen as a prerequisite for a full consumption disclosure because the EACs have to be available for consumers to acquire and cancel them.

Importantly, as regards scope 2 emissions reporting, if every unit of energy consumed has to be certified, then every consumer knows from where the power they have paid for comes. ***If every EAC also carried a GHG value stating the grams of emissions for the MWh of energy, then all consumers would know the emissions value of the energy they have bought.*** This would remove any lack of clarity over the ownership of every unit of energy, or the responsibility for the emissions that are attributed to that energy.

In short, EACs are the only way for energy users to purchase a specific energy product and to make claims based on what they have bought. As such, they must be recognised and respected as the cornerstone of corporate scope 2 reporting. This reporting allows stakeholders to scrutinise corporate energy procurement practices, and, if needed, to call on those corporates to make more impactful purchases. The more global EAC schemes are standardised and harmonised, the more efficient and effective they can become at supporting the energy transition and the easier they will be for all stakeholders to use and understand.