GHG Protocol Electricity-Sector Consequential Methods Public Consultation Response

Introduction

ACORE is publicly sharing its full response to the Greenhouse Gas Protocol Electricity-Sector Consequential Methods public consultation that closed on January 31. This document includes only those questions for which ACORE submitted a response, excluding the demographic questions at the beginning of the survey. Text from the GHG Protocol's public consultation is presented in italics. For multiple-choice or multiple-select questions, the responses that ACORE selected are underlined and bolded.

Key elements of ACORE's response include the following key points, with more detail in the full response that follows:

- ACORE supports the development of the consequential methodology, but it should not be used as justification for requiring hourly matching and deliverability under the Scope 2 market-based method.
- The consequential methodology should include the induced consumption half of the equation.
- Emissions impact should be reported annually to ensure comparability.
- ACORE is generally aligned with the additionality pathway outlined by the Consequential Subgroup (requiring the Regulatory Test and the Timing Test, with projects either needing to pass the Positive List Test or the Financial Analysis Test).

Responses

18. What potential benefits, challenges, or unintended consequences do you foresee with developing and using consequential accounting methods for

electricity-sector actions? Please include any practical considerations (e.g., feasibility, data needs, costs, comparability, clarity of claims).

ACORE supports the development of a consequential accounting method for electricity-sector actions. Establishing this pathway could encourage additional participation from voluntary purchasers by enabling corporates to report on investments that fall outside the parameters of the market-based method of the Scope 2 inventory. However, a consequential accounting methodology for electricity-sector actions should not be viewed as a replacement for the market-based method or used as justification to implement new requirements to the Scope 2 quality criteria.

The consequential method provides an additional information stream for stakeholders. A net impact metric, included in the proposal from the Scope 2 Technical Working Group Consequential Subgroup, would allow stakeholders to assess a company's overall emissions impact against a baseline. Both the induced consumption and avoided emissions are fundamental to understanding the overall picture of a company's impact.

Providing a reporter with the ability to disclose the total emissions that their actions have avoided could be a fundamental driver for additional action. However, to maximize incentives for companies, and to provide critical context for readers of sustainability reports, this must be paired with an induced consumption metric. This methodology would enable companies to disclose their impacts on a percentage basis, in addition to the absolute basis, allowing readers to compare a company's level of spurred avoided emissions to the emissions it is responsible for inducing.

Most members of the general public do not have, and should not be expected to have, the in-depth understanding necessary to contextualize the quantity of avoided emissions that a company reports. By reporting its induced consumption, a company provides a benchmark against which stakeholders can measure its actions to spur additional development of clean energy. Accordingly, it provides a minimum threshold for companies to achieve to demonstrate that they are avoiding as many tons of CO2e as they are inducing. This also provides the foundation for companies to go above and beyond and

demonstrate clear leadership in power sector decarbonization. Thus, a consequential accounting method could serve as a key pathway alongside the Scope 2 inventory.

24. Should the emissions impacts of electricity projects be calculated and reported each reporting year, or should the emissions impacts for the entire lifetime of a project be reported once at the outset of the project?

Select only one:

- ***Reported each year***
- *Reported once for the lifetime of the project*

25. Please explain your answer to question 24

Annual reporting of the emissions impacts for projects is fundamental to providing consistent, comparable, and contextualized information to readers. Reporting the impacts only once could make it harder to compare companies' performance internally across years and externally to other reporters. From year-to-year, there could be significant variability in the number of projects that commence operations and thus significant swings in the emissions impact one year to the next. For stakeholders, this makes it more difficult to discern the overall impact that an individual reporter has on power sector decarbonization. Additionally, an annual disclosure cadence for the consequential methodology would sync better with the annual inventory reporting, providing a more useful supplementary information stream for readers.

26. For each of the provided additionality tests, indicate which tests should be included (required or optional) in a framework designed to assess additionality for renewable energy projects?

For these questions, "required" indicates a mandatory test, such that all projects must pass the test in question to be eligible. "Optional" indicates that a test can be used to demonstrate additionality, but is not mandatory. For optional tests, projects have the choice for which tests they use to demonstrate additionality.

	Required	*Optional*	*Not required*
Regulatory test	•		
Timing test	•		
Financial analysis test		•	
Barrier Test			•
Common practice test			•
Positive list		•	
Performance standard			•
Contractual/tenor test			•
First-of-its-kind test			•

28. For each of the provided additionality tests, please indicate which tests are feasible to implement.

Select all that apply:

- ***Regulatory test***
- ***Timing test***
- ***Financial analysis test***
- *Barrier test*
- *Common practice test*
- ***Positive list***
- *Performance standard*
- *Contractual/tenor test*

- *First-of-its-kind test*
- *None (no tests are feasible)*

29. Please provide additional context or information on which tests are or are not feasible to implement.

There is no one-size-fits all approach to additionality that would be appropriate for all interventions. ACORE suggests a technology/intervention-specific approach to additionality.

ACORE considers the regulatory test and the timing test to be relatively feasible and important guardrails to prevent greenwashing. For the timing test, beginning of construction could be the metric against which additionality is measured. Most U.S. clean energy projects without a long-term commitment from a credit-worthy offtaker cannot secure efficient financing and will not achieve a Final Investment Decision (FID). [See Norton Rose Fulbright's Cost of Capital 2026, https://tinyurl.com/36cv4ht9]. However, project sponsors must begin planning a project long before an offtaker comes in, but often with the understanding that the project would not proceed to construction without offtake. Basing the timing test off of earlier hurdles in the planning process would not reflect real-world conditions and introduce significant barriers to meaningful offtake. When implementing the timing test, it is fundamental to ensure that reporters can claim credit for actions that enable repowers, uprates, and delayed decommissionings, in addition to new-build generation. Repowers, uprates, and delayed decommissionings are pivotal actions that ensure the sustained success of clean energy buildout, and preventing companies from reporting on their credit here could create adverse incentives that lead to inefficient, more carbon-intensive outcomes.

ACORE considers the positive list test to be a more feasible option to determine additionality. Articulating a set of parameters under which contracts could qualify as additional allows buyers a clear framework of the procurements that would be eligible. However, to implement a successful positive list test, there must be a delineation of criteria that reflect real-world contract structures that drive clean energy deployment and include solar and wind. Implementation of clear rules

could thus spur further levels of clean energy procurement by enhancing buyer confidence that they will receive credit for the duration of the contract.

While the positive list test would be the most feasible to implement, having the financial analysis test as another pathway to prove additionality, as proposed by the Consequential Subgroup, could be a way to include corporate activity that plays a meaningful role in spurring new clean energy infrastructure that would otherwise be unlikely to reach commercial operations.

Requiring the first-of-its-kind or common practice tests in the electricity sector may discourage investment away from projects that need corporate procurement to achieve FID. Projects of many varieties, including more established technologies, may need a long-term commitment from a credit-worthy offtaker to attain financing. One of the most impactful actions corporates can take is to leverage their creditworthiness and capital to mitigate the revenue risk present in clean electricity projects. While clean electricity projects are increasingly cost-competitive, financiers make investment decisions on whether they expect project revenues to cover project obligations, rather than whether a project generates cheaper electricity on a levelized basis. Thus, while merchant solar and wind projects may be providing cheaper electricity for the ratepayer, the actual return that the project receives will be dependent on the marginal clearing price in the wholesale market. With a long-term power purchase agreement in place, tax equity and debt providers can expect consistent revenue generation and are able to offer viable terms that enable project construction.

The barrier and performance standard tests appear highly subjective and complex to understand, with potentially high compliance costs. Requiring these tests could discourage procurement.

31. Should regional differences be considered in additionality tests (e.g. different combinations of additionality tests would be relevant or appropriate for different regions)?

Select only one:

- *Yes*
- ***No***
- *Unsure, depends on details*