GHG Protocol Scope 2 Public Consultation Response

Introduction

ACORE is publicly sharing its full response to the Greenhouse Gas Protocol Scope 2 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 opposes the proposed updates to the definitions of Scope 2 and the market-based method.
- ACORE supports implementing hourly matching and deliverability in the market-based method of Scope 2 accounting as "may" provisions, rather than "shall" provisions.
    - The proposal as written could particularly reduce the feasibility of procurement for many participants in the voluntary market for clean energy, with particular ramifications to the volume of long-term power purchase agreements (PPAs) signed.
- ACORE fully supports the development of a robust legacy clause if required hourly matching and deliverability go into effect.
- ACORE supports the development of consequential accounting, but it is concerned that stakeholders are asked to evaluate significant changes to the market-based method before having a detailed consequential proposal.

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Section 3: Definitions

Proposed Definitions

For ease of reference, ACORE has copied the proposed definitions and market-based method purposes here.

***Proposed scope 2 definition update**: The proposed revision is to refine the definition of scope 2 emissions outlined above to emphasize its role within an attributional value chain GHG inventory. It would clarify that scope 2 must only include emissions from electricity generation processes that are physically connected to the reporter's value chain and exclude any unrelated emissions.*

***Proposed location-based method (LBM) definition update**: Previously defined by average generation factors across defined geographic boundaries, the proposed revision is to specify that emissions should reflect generation physically delivered at the times and locations where consumption occurs and explicitly recommend that imported electricity should be included in location-based emission factor calculations.*

***Proposed market-based method (MBM) definition update:** The proposed revision is to retain the contractual instrument as the basis for allocation while specifying temporal correlation and deliverability*

requirements for matching the underlying electricity to the reporter's consumption.

Proposed purposes of the market-based method include:

- *Estimating emissions based on physical and contractual relationships to electricity supply*
- *Influencing electricity suppliers and generation resource supply mix across the grid*
- *Risk and opportunity assessment related to contractual relationships.*
- *Enabling abatement planning and reduction target setting*
- *Incentivizing policy engagement*

Responses

*18. Please provide any feedback on the proposal to refine the **definition of scope 2**, to emphasize its role within an attributional value chain GHG inventory and clarify that scope 2 must only include emissions from electricity generation processes that are physically connected to the reporter's value chain, excluding any emissions from unrelated sources? Please note that feedback on specific changes to the location- and market-based method can be provided in sections 4 and 5. (< 300 words / 4,000 characters)*

ACORE opposes the proposed definition for scope 2. While ACORE supports changes to the definition of the location-based method to better reflect a reporter's consumption, ACORE maintains that the market-based method of calculating scope 2 emissions should reflect a reporter's procurement of clean electricity, separate from its usage. Adjusting the definition of scope 2 to include "scope 2 must only include emissions from electricity generation processes that are physically connected to the reporter's value chain and exclude any unrelated emissions" undermines the purpose of a dual-reporting framework. Consumption and procurement are distinct activities, and the dual reporting structure provides reporters' stakeholders two different information streams. In ACORE's view, the addition of a "physical connection" requirement to the proposed scope 2 definition is suited for the location-based method but not the market-based method.

The original Scope 2 Guidance distinguished the purpose of the market-based method from that of the location-based method, stating that "[i]n contrast to the location-based method, this allocation pathway represents contractual information and claims flow, which may be different from underlying energy flows in the grid. The certificate does not necessarily represent the emissions caused by the purchaser's consumption of electricity." The current definition has enabled clean energy buyers to make significant and impactful investments and establishes that reporters should not be conflating their purchase of electricity with real-time energy flows on the grid.

The corresponding proposed changes to the market-based method that arise from aligning with this new definition could have significant real-world impacts that lead to reduced impact and feasibility, while not necessarily raising integrity.

*19. Please provide any feedback on the proposed clarification to the **LBM definition** to reflect scope 2 emissions from generation physically delivered at the times and locations of consumption, with imports included in LBM emission factor calculations where applicable? Please note that feedback on specific changes to the location-based method can be provided in section 4. (< 300 words / 4,000 characters)*

ACORE supports the updates to the definition of the location-based method. Since the establishment of the original Scope 2 Guidance, the location-based method has provided stakeholders with useful information related to the emissions associated with their consumption of electricity. The proposed specification that location-based "emissions should reflect generation physically delivered at the times and locations where consumption occurs" fits the purpose of the location-based method while enhancing the information provided by these disclosures. Additional granularity in the location-based method provides stakeholders clearer information on the emissions associated with an entity's electricity consumption and would enable reporters to make informed decisions on their consumption pattern. For instance, hourly granularity in location-based reporting could help support a decision to engage in demand-side management practices in the hour(s) where emissions peak on the local grid.

*20. Please provide any feedback on the proposal to clarify the **MBM definition** to retain its existing basis, quantifying Scope 2 from contractually purchased electricity via contractual instruments, while specifying temporal correlation and deliverability when matching instruments to consumption? Please note that feedback on specific changes to the market-based method can be provided in section 5. (< 300 words / 4,000 characters)*

ACORE does not support the proposed market-based method definition update to specify "temporal correlation and deliverability requirements for matching the underlying electricity to the reporter's consumption." This addition undermines the dual-reporting structure by muddying the distinction between consumption and procurement, which represent fundamentally different activities in the electricity sector. Under existing definitions, the location-based method definition reflects a company's energy consumption, while the market-based method definition reflects energy procurement. The proposed MBM definition would no longer reflect the full scope of a company's procurement. While companies can choose to allocate more of their procurement in line with the proposed revisions to Criteria 4 and 5, aligning the definition of the market-based method to incorporate hourly matching and deliverability does not fit the purpose of reflecting "emissions from electricity that companies have purposefully chosen" [GHG Protocol Scope 2 Guidance, 4.1.12, page 26].

Allowing companies to "purposefully choose" electricity when they allocate capital provides the framework for buyers to engage in a robust and growing voluntary market for clean electricity. Tying temporal correlation and deliverability into the definition of the market-based method changes its purpose and does not meet GHG Protocol's aim of policy neutrality. As outlined in its Governance Overview: "GHG Protocol should support multiple types of data relevant to multiple policies or programs and provide guidance on how to use or adapt GHG Protocol standards for specific policy purposes… the standard is not designed to favor one policy mechanism over another," [Greenhouse Gas Protocol, "Governance Overview," available at https://ghgprotocol.org/sites/default/files/2024-09/Governance-Overview.pdf].

By adhering to the original distinction between market-based and location-based accounting, GHG Protocol can ensure reporters can make high-integrity claims while pursuing different policy goals. However, the hourly matching and deliverability requirements associated with the updated MBM definition could cause significant reductions in the impact and feasibility of corporate procurement.

22. Please provide any feedback on the proposed purposes of the market-based method. Please note that feedback on specific changes to the market-based method can be provided in section 5. (< 300 words / 4,000 characters)

ACORE disagrees with the proposed purposes of the market-based method. While the market-based method provides a pathway to estimate emissions based on contractual relationships to electricity supply, it is not suited to estimate emissions based on physical relationships. A reporter's relationship to its physical grid is best communicated via the location-based method, and the two methods serve in tandem to communicate relevant information streams to stakeholders.

Changing the purpose of the market-based method to include "physical relationships" may also serve to undermine other aims of the market-based method, including the ability to influence generation resource supply mix across the grid. The introduction of hourly matching and deliverability requirements into the market-based method aims to more closely approximate the physical nature of electricity consumption, but it could lead to the unintended consequence of lowering corporate procurement volumes. Under the current guidance, companies can aggregate their load across sites and/or regions, enabling them to sign high-impact long-term power purchase agreements (PPAs) that may require a larger offtake commitment than the company could make on behalf of an individual site. PPAs have become a critical driver of spurring additional deployment, allowing companies to leverage their capital to influence resource mix across the grid. If the introduction of these new requirements to the market-based method incentivizes companies to move away from signing PPAs and towards purchases of spot market RECs that meet these

requirements, it may reduce the ability of companies to drive meaningful impact through their clean energy purchasing.

Section 5: Market-Based Method

Update to Scope 2 Quality Criterion 4 (Hourly Matching)

70. All respondents, please select your preferred exemption threshold per deliverable market boundary.

Select only one:

- *5 GWhs*
- *10 GWhs*
- ***50 GWhs***

71. On a scale of 1-5 do you support an update to Quality Criteria 4 to require that all contractual instruments used in the market-based method be issued and redeemed for the same hour as the energy consumption to which the instrument is applied, except in certain cases of exemption.

Select only one:

- ***1 - No Support***
- *2 - Little Support*
- *3 - Neutral*
- *4 - General Support*
- *5 - Full Support*

74. Please provide concerns or reasons for why you are not supporting, if any.

Select all that apply:

- ***More information is necessary to understand how investments not matched on an hourly basis will be accounted for and reported via the framework under development by the Actions & Market Instrument TWG***
- ***Hourly matching should follow an optional 'may' rather than a required 'shall' approach***
- *Hourly matching should follow a recommended 'should' rather than a require 'shall' approach*
- ***Concern about negative impact on comparability, relevance and/or usefulness of MBM inventories***
- ***Concern that a phased implementation would be insufficient for development of the infrastructure necessary (e.g., registries, trading exchanges, etc.) to support hourly contractual instruments***
- *Concern that administrative, data management, and audit challenges posed by this approach would place an undue burden and costs on reporters*
- *Concern that requiring hourly matching does not create meaningful improvements to inventory accuracy*
- ***Concern that a requirement for hourly contractual instruments could discourage global participation in voluntary clean energy procurement markets***
- *Other (please explain)*

75. Please provide comments regarding your concerns or reasons for why you are not supportive.

ACORE does not support hourly matching as a "shall" provision but supports establishing it as a "may" provision. Aligned with GHG Protocol's commitment to policy neutrality, GHG Protocol would best serve its stakeholders by providing optional guidance for companies to take this approach, while preserving the ability of corporate buyers with different procurement philosophies to pursue impactful capital allocations.

Mandating hourly matching could lead to lower levels of corporate procurement, particularly diminishing the volume of long-term contracts, which would lead to lower capacity deployments of clean energy and higher emissions overall.

Clean energy projects, which face most of their costs upfront, rely on project financing to raise the capital necessary for construction. Project developers typically finance clean energy, such as wind, solar, and energy storage projects, by raising a combination of financing sources, including investments in federal energy tax credits (i.e., tax equity and transferability), equity investment, and debt financing. Clean energy projects do not typically secure these critical sources of project financing until a PPA with a creditworthy offtaker is signed [ACORE, "Bridging Demand and Financing: Voluntary Offtake in Clean Energy," available at: https://tinyurl.com/3kc5km3s].

The added difficulty of in-region hourly procurement could cause some buyers to curtail procurement and/or shift their procurement practices away from long-term contracts to spot-market purchases. According to a Green Strategies poll in May 2025, 78% of respondents were not confident that they would be able to source clean electricity under hourly matching requirements with tighter geographic boundaries (using balancing authority/RTO boundaries in the U.S. and bidding zones within Europe). [See Scenario 2 in Green Strategies' Scope 2 Accounting Revisions: Practitioners' Perspectives, available at https://tinyurl.com/mv3r7mue].

PPAs play a fundamental role in de-risking projects and enabling financing, while secondary REC purchases maintain an important market function. Any reduction in PPA volume associated with the inability of corporates to procure long-term contracts could lead to significantly lower capacity deployments, diminishing impact and leading to an unintended consequence of higher emissions.

While some academic studies support moving towards an hourly matched, deliverable accounting framework, other academic and expert voices disagree that it would have beneficial impacts. Recently, 31 experts, including various researchers representing eleven academic institutions, signed an open letter stating, "No expert consensus has been established that 24x7 energy matching is the

only—or even necessarily the most effective—method for incentivizing real-world carbon-reducing decisions and rigorously measuring the carbon impact of those decisions." [See "Open Letter: Expert Consensus on Carbon Impact," available at https://expertconsensusoncarbonimpact.com/].

GHG Protocol would best meet its decision-making criteria by providing guidance for reporters who seek to pursue an hourly matched and deliverable procurement strategy, while retaining optionality for other approaches. The GHG Protocol can support multiple policy goals and procurement strategies by providing differentiated language to allow stakeholders to identify the procurement strategy of a given reporter. However, requiring hourly matching and deliverability could raise barriers to entry and limit the tools available for developers to mitigate revenue risk, heightening financing costs and leading to fewer clean energy projects. With a lack of consensus that the hourly matching and deliverable framework is imperative for accounting integrity, the potential negative effects to impact and feasibility prevent ACORE from supporting this proposal as written.

Update to Scope 2 Quality Criterion 5 (Deliverability)

83. On a scale of 1-5 do you support an update to scope 2 Quality Criteria 5, to require that all contractual instruments used in the market-based method be sourced from the same deliverable market boundary in which the reporting entity's electricity-consuming operations are located and to which the instrument is applied, or otherwise meet criteria deemed to demonstrate deliverability to the reporting entity's electricity-consuming operations?

Select only one:

- ***1 - No Support***
- *2 - Little Support*
- *3 - Neutral*
- *4 - General Support*
- *5 - Full Support*

86. Please provide reasons of concern or why you are not supporting, if any.

Select all that apply:

- *Proposed deliverability requirements do not improve alignment with GHG Protocol Principles*
- ***Concern that narrower market boundaries restrict companies' abilities to invest in areas where renewable energy development could yield the greatest decarbonization impact***
- ***Concern that narrower market boundaries could prompt a shift away from long-term agreements (i.e., PPAs) to spot purchases (unbundled certificates)***
- ***Sourcing contractual instruments within deliverable market boundaries should follow an optional "may" rather than a required "shall" approach***
- *Sourcing contractual instruments within deliverable market boundaries should follow a recommended "should" rather than a required "shall" approach*
- *Concern that the defined market boundaries do not align with mandatory or voluntary reporting requirements in your region*
- *Support deliverability in principle, but the proposed market boundary for my region does not reflect deliverability*
- *Market boundaries should be defined as the geographic boundaries of electricity sectors, which align with national, and under certain circumstances, multinational boundaries*
- *Exemptions to matching within deliverable market boundaries should be allowed for markets lacking sourcing options*
- *Other (please explain)*

87. Please provide comments regarding your selected reasons for why you are not supporting.

Instituting new requirements to demonstrate deliverability could make corporate procurement less feasible, unintentionally harming the

market for voluntary procurement of clean energy and shifting corporate procurement strategies in ways that do not maximize impact.

The current rules, while in need of an update, support a variety of procurement strategies that have unique impacts on the growth and operation of clean energy projects. Some companies seek to target projects in fossil fuel-heavy regions that would cover a portion of their load, with the aim to maximize emissions displacement. Across the U.S., state and local policies have an outsized impact on the speed of clean electricity buildout, and corporate commitments in regions less supportive of clean energy can be critical to clearing additional hurdles. Removing the levers available for buyers of clean energy to cross outside of their own region could lead to slower uptake of clean energy capacity in fossil-heavy grids. While in-region deep decarbonization can be the driving paradigm for a buyer's procurement strategy, other strategies can emphasize maximizing emissions reductions regardless of region or prioritize the time-value of emissions reductions. By preserving flexibility, GHG Protocol can drive the biggest impact, allowing companies to make procurements based on their own decarbonization theory of change.

For instance, Boston University, which has a goal to match all of its electricity consumption with renewable energy by 2040, signed a 20-year PPA to procure the RECs of a 48-megawatt wind farm in South Dakota, and this long-term commitment facilitated the necessary financing for construction. By pursuing a project in the region with the second-highest emissions intensity in the U.S., rather than a project in its own cleaner region, Boston University saved two to three times more carbon emissions [per Pragmatic Carbon, "Optics over Impact," available at https://pragmaticcarbon.com/resources].

Beyond discouraging certain types of impactful cross-boundary procurements, requiring deliverability could limit the ability of companies to engage at all in long-term PPAs. For companies with many distributed sites that span regions, the proposed updates to Criterion 5 could prevent them from aggregating their distributed loads to sign power purchase agreements. PPAs typically require procurement of over 250 GWh per year, which many companies can only achieve through aggregation of sites that span the proposed

boundaries [per Pragmatic Carbon, "Caught in the Middle", available at https://pragmaticcarbon.com/resources]. Even with a potential consumption threshold exemption, none of the proposed exemption options would retain sufficient in-region load for a company to feasibly sign a long-term offtake agreement. Thus, the inability of corporates to aggregate their load to sign a PPA could lead companies to cover their load in each redefined market boundary through spot market REC purchases or exiting the market entirely.

As mentioned in ACORE's response to question 75, long-term offtake is imperative to spurring deployment of clean energy. 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]. If the addition of deliverability and hourly matching requirements cause more clean energy projects to have full or significant merchant exposure, it could lead to a material slowdown in the rollout of clean energy infrastructure and higher power sector emissions.

The GHG Protocol can perform its role as a voluntary standard-setter by providing companies guidance on how they can report a market-based inventory that fully conforms to the proposed update to Criterion 5, but mandating this approach may diminish impact without substantially improving integrity.

88. For the United States, which of the following market boundaries would best uphold the principle of deliverability and align with the decision-making criteria? (Please see the table Proposed methodologies for demonstrating deliverability for references to these options):

Select only one:

- *The US EPA's Emissions & Generation Resource Integrated Database (eGRID)*
- *DOE Needs Study Regions (45V)*
- *Wholesale market/balancing authority*
- *Unsure*

- ***Other***

89. If you selected options (a), (b) or (c) for question 88 please explain why this option best upholds the principle of deliverability and balances integrity, impact, and feasibility of the MBM. Please also provide comments on the relative feasibility challenges of applying the other options.

ACORE does not support the proposed update to Criterion 5 to make deliverability a requirement. However, if the GHG Protocol chooses to adopt market boundaries for deliverability, aligning the requirement with synchronous grids, i.e., establishing the Eastern Interconnect, Western Interconnect, and ERCOT as the three market boundaries for the continental United States, would be more feasible for the market than the three options listed. While the challenges of adopting this approach should not be understated and could still have negative impacts on the ability of corporates to sign impactful PPAs, this approach could preserve the voluntary offtake market to a greater degree than the other proposals and lead to a higher impact in overall emissions reductions through new clean energy. The ability of clean energy buyers to aggregate load is beneficial to signing long-term power purchase agreements, and the ability of companies to do this could be diminished under any shrinking of market boundaries. However, dividing the continental U.S. into three boundaries, rather than the 22 in the eGRID option for example, would lead to better outcomes for clean energy deployments.

Combined Questions on Updates to the Market-Based Method

130. Are the proposed feasibility measures (e.g., use of load profiles for matching, exemptions to hourly matching, legacy clause, and phased implementation) sufficient to support implementation of the proposed market-based revisions at scale?

Select only one:

- ***1 - Insufficient***

- *2 - Somewhat sufficient*
- *3 - Sufficient*
- *4 - Moderately sufficient*
- *5 - Highly sufficient*
- *No basis to assess*

*132. Please provide any additional comments regarding **phased implementation** that need adjustment to support implementation of the proposed market-based revisions at scale. Explain how changes would make implementation feasible without undermining accuracy and integrity of the MBM.*

ACORE does not support the proposed adjustments to Criteria 4 and 5. However, if those adjustments are adopted, a phased implementation approach would be critical. The continued development of implementation details, including specific effective dates, in conjunction with a clearly defined legacy clause that respects the significant capital commitments that companies have made for the lives of their contracts, will be critical for evaluating feasibility.

146. Considering the full set of proposed revisions to the market-based method as discussed previously in this consultation, would the existence of a separate metric outside of scope 2 to quantify the emissions impact of electricity-related actions change your perspective on the proposed revisions?

Select only one:

- *Yes*
- *Somewhat*
- ***No***
- *I do not support the development of impact metrics outside the scope 2 inventory.*

149. If you answered "no" to question 146, please explain why a separate impact metric for electricity projects does not change your view of the proposed market-based inventory revisions.

ACORE supports the development of consequential accounting. However, absent information on the framework for the impact metric, we cannot evaluate whether it can support a robust market for corporate procurement. The growth of corporate procurement over the past decade, and particularly the increasing volume of vPPAs, has facilitated the growth of clean energy and led to falling emissions in the U.S. power sector. With no explicit consequential proposal to evaluate, and major questions still under consideration, it is unclear whether the consequential metric would drive impactful procurement. Thus, while we support the effort to establish consequential guidance, its development does not mitigate ACORE's market concerns regarding proposed new hourly matching and deliverability requirements in the market-based method.

152. In your view, balancing scientific integrity, climate impact, and feasibility, what scope 2 revisions or combination of revisions are most appropriate? Please address each of the three core decision-making criteria: integrity, impact, and feasibility in your answer, and describe how the approach satisfies each criterion.

Preserving and updating the location-based method allows companies to more accurately track their usage, while the market-based method should continue to enable impactful procurement. Establishing hourly matching and deliverability as "may" provisions in the market-based method, in concert with updates to the location-based method, balances the three decision-making criteria.

This approach would ensure integrity by avoiding usage claims under the market-based method, while providing companies the ability to communicate how their procurements are temporally matched and sourced closer to their own load. Likewise, GHG Protocol can delineate how companies can disclose their procurements that do not meet this hourly matched and deliverable framework to ensure that companies are supporting the integrity of the Protocol and not undermining it. There are differing opinions on the best accounting approaches to

ensure scientific integrity, and hourly matching and deliverability requirements do not represent a consensus. [See "Open Letter: Expert Consensus on Carbon Impact," available at https://expertconsensusoncarbonimpact.com/].

In testimony before the Minnesota Public Utilities Commission (PUC), experts from the Brattle Group analyzed the costs and benefits of an annual versus an hourly matching approach for Minnesota's carbon free standard. Through their literature review, they found that no one procurement strategy has been established as superior and went on to highlight the "central problem that hourly matching incurs higher costs without delivering on the hypothesized benefits." [See "Comments of Dr. Kathleen Spees and Dr. Long Lam before the MN PUC, https://www.brattle.com/wp-content/uploads/2025/03/Expert-Testimony-of-Dr.-Kathleen-Spees-and-Dr.-Long-Lam-before-the-Minnesota-Public-Utilities-Commission.pdf].

The optional framework would support multiple strategies of impactful procurements, facilitating the buildout of more clean energy projects and lower emissions. This approach would also be feasible, allowing for the continued growth of the infrastructure necessary for more granular accounting while ensuring that the barriers to entry are not prohibitively high for new entrants into the market.

Section 6: Hourly Matching Exemption Threshold

153. ***Option 1.*** *Companies with annual consumption up to [X] GWh/year in a deliverable market boundary may use a monthly or annual accounting interval for Criteria 4 for all operations within that market boundary in accordance with the contractual instruments temporal data hierarchy.*

Option 2*. Companies that meet the small and medium company categorization may use a monthly or annual accounting interval for Criteria 4 for all operations within that market boundary in accordance with the contractual instruments temporal data hierarchy.*

***Option 3**. Companies with annual consumption up to [X] GWh/year in a deliverable market boundary or meet the small and medium company categorization may use a monthly or annual accounting interval for Criteria 4 for all operations within that market boundary in accordance with the contractual instruments temporal data hierarchy.*

***Option 4**. Companies with annual consumption up to [X] GWh/year in a deliverable boundary and meet the small and medium company categorization may use a monthly or annual accounting interval for Criteria 4 for all operations within that market boundary in accordance with the contractual instruments temporal data hierarchy.*

On a scale of 1-5 do you support allowing for exemptions to hourly matching using one of the options (1-4) described above?

Select only one:

- *1 - No Support*
- *2 - Little Support*
- *3 - Neutral*
- ***4 - General Support***
- *5 - Fully Support*

154. Please provide your reasons for support, if any.

Select all that apply:

- *Reflects a reasonable balance of integrity, impact and feasibility as organizations under a threshold collectively contribute to fewer Scope 2 emissions than the largest consumers*
- ***Encourages organizations under a threshold to continue to engage in voluntary procurement using an annual procurement approach***
- *Provides a more equitable approach for reporting as hourly matching could be more challenging for organizations under a threshold*
- *Reduces transition strain on the electricity market and hourly matching infrastructure*
- *Other (please provide)*

155. Please provide any additional comments regarding your reasons for support.

While ACORE does not support requiring hourly matching, if the final guidance adopts the updated Criterion 4 as proposed, an exemption may help foster some procurement that would otherwise not occur. However, for companies that may be eligible for the exemption, they would still not be able to aggregate their loads from across market boundaries. For smaller companies, this may mean that they lack the load to engage in long-term contracted procurement, even as one of multiple in an aggregated PPA. Thus, although the hourly exemption may help preserve some level of engagement in the market from smaller companies, these buyers may still face high barriers to entry.

158. What evidence and/or reasoned rationale supports the need for exemptions (e.g., data access, costs, feasibility)?

Clean energy buyers of various sizes have communicated concerns that procurement volumes would decrease if hourly matching and deliverability requirements are adopted under Scope 2 guidance. Both investors and developers have communicated concerns that lower corporate procurement would lead to fewer clean energy capacity deployments. According to a Green Strategies' poll from May 2025, 78% of respondents were not confident that they would be able to source clean electricity under hourly matching requirements with tighter geographic boundaries (using balancing authority/RTO boundaries in the U.S. and bidding zones within Europe). [See Scenario 2 in Green Strategies' Scope 2 Accounting Revisions: Practitioners' Perspectives, available at https://www.greenstrategies.com/report-release-scope-2-accounting-revisions-practitioners-perspectives/].

166. Should exemptions be time-limited (i.e. phased-out over time) or ongoing?

Select only one:

- *Time-limited (i.e. phased out over time)*

- ***Ongoing***
- *Unsure*
- *Do not support exemptions*

169. In exercising the exemption, should the organization be considered in conformance with the Corporate Standard and Scope 2 Standard?

Select only one:

- ***Yes, organizations using the hourly matching exemption should be considered in conformance***
- *No, organizations using the hourly matching exemption should NOT be considered in conformance*
- *A separate conformance level should be defined for companies exercising the exemption*
- *Unsure*
- *Other (please explain)*

170. Please provide any additional comments regarding your response to question 169.

If there is an exemption established in the final guidance, companies should not be unduly discriminated against for using it. In ACORE's view, considering companies exercising the exemption as nonconformant or partially conformant would undermine the purpose of the exemption. Furthermore, this could reduce incentives for clean energy procurement and raise an additional barrier to entry for smaller companies that may not have participated in the market previously.

Section 7: Legacy Clause Considerations

171. On a scale of 1-5 do you support introduction of a Legacy Clause to exempt existing long-term contracts that comply with the current Scope 2 Quality Criteria from being required to meet updated Quality Criterion 4 (hourly matching) and Quality Criterion 5 (deliverability)?

Select only one:

- *1 - No Support*
- *2 - Little Support*
- *3 - Neutral*
- *4 - General Support*
- ***5 - Fully Support***

172. Please provide your reasons for support, if any.

Select all that apply:

- *Reflects a reasonable balance of integrity, impact and feasibility as existing long-term contracts reflect significant financial and operational commitments to energy resources*
- *Encourages organizations with legacy contracts to continue to engage in voluntary procurement using an annual procurement approach*
- ***Provides a more equitable approach by ensuring that early adopters of Scope 2 Guidance are not disadvantaged***
- ***Helps maintain trust and market confidence in long-term contracts***
- *Provides a pragmatic pathway for organizations to transition to updated Quality Criteria*
- *Other (please provide)*

173. Please provide any additional comments regarding your reasons for support.

Since the establishment of the Scope 2 Guidance in 2015, corporate buyers of electricity have helped spur clean energy deployments. Due to dynamics of electricity markets, multi-year contracted procurements are fundamental for many projects to obtain necessary upfront financing. Over the past decade, companies have signed these long-term contracts with the understanding that they would receive contractual instruments, and that they would be able to apply these to their Scope 2 emissions under the market-based method in accordance

with guidance from the GHG Protocol. Changing the rules of the game after these contracts have been signed but while offtakers are still obligated to receive contractual instruments would unfairly disadvantage corporate buyers that have abided under the existing framework and would erode the needed confidence and trust to support robust future procurement. Requiring hourly matching and deliverability under the market-based method could materially reduce the volume and impact of corporate procurement. However, if these requirements are adopted, a legacy clause that is optimized for feasibility and market confidence is fundamental to ensuring that corporate buyers have sufficient trust in the rules of the game to execute further long-term contracts.

176. Which date should determine a contract's eligibility under a Legacy Clause?

Select only one:

- ***Contract signed prior to implementation date of the Scope 2 Standard (post phase-in period)***
- *Contract signed prior to publication date of the Scope 2 Standard*
- *Other (please explain)*
- *Do not support Legacy Clause*

178. If a Legacy Clause is included, please provide comments on the following design elements to balance integrity, impact, and feasibility of the MBM. Respond only to items relevant to your context.

a. *Eligibility by instrument type and term: Define which instruments qualify (e.g., PPAs, utility green tariffs, supplier-specific contracts, unbundled certificates) and any minimum original term, including treatment or eligibility of perpetual or undefined-term contracts.*

All instruments contractually agreed upon under existing rules should be eligible for the legacy clause. Furthermore, applying legacy protection at the asset level would ensure that existing clean energy generation projects remain financially solvent and

continue to produce emissions-free electricity for the technical lifetime of the project. For instance, many wind farms are expected to re-contract multiple times over their 20–30-year lifetime. Without legacy protection at the asset-level, the business case for refinancing and re-contracting operational assets would be significantly weakened, and projects would risk premature retirement.

b. <u>Duration of legacy treatment: Specify the time limit or maximum remaining term after which updated Scope 2 Quality Criteria apply to all contracts.</u>

Legacy treatment should apply for the duration of the contract. Offtake agreements perform a critical risk mitigation function in project financing that enables financing. Depending on the market and technology, longer durations may be necessary to advance certain projects to construction. Establishing a maximum duration for legacy treatment undermines the significant support that voluntary buyers provided projects when they signed multi-year contracts.

c. Allocation rules to prevent legacy contractual instruments being used to target the most challenging hours or locations.

d. <u>Transfers and resale requirements when legacy instruments are sold or transferred to third parties.</u>

Guidance should allow legacy instruments to be sold or transferred and retain eligibility to ensure continuity. For instance, if a generator signed a long-term offtake agreement under existing guidance with a counterparty that goes defunct, it should be able to transfer the existing agreement to a new offtaker, ensuring that the power producer continues to receive the level of revenue risk mitigation it expected when it signed the contract, maximizing the likelihood that the project can avoid default.

e. Extensions and amendments: Define how contract extensions or material amendments after the cutoff affect eligibility (e.g., whether the extended or modified portion is treated as a new contract subject to updated Scope 2 Quality Criteria).

f. *Disclosures: Scope and granularity of disclosures for any use of a Legacy Clause (for example separate presentation of MBM results with and without legacy-treated instruments, percentage of contracts covered, share of load covered, expected end date of legacy status).*

g. *Pre-effective-date guardrails: Approaches to discourage contracting intended solely to expand legacy eligibility before the cutoff (for example, disclosure of execution date and negotiation timeline).*

h. *Global equity: Approaches to address regional concentration of eligible contracts and related equity considerations.*

181. Some stakeholders have outlined a preference for transition tools other than a legacy clause as a way to balance continuity and comparability for the scope 2 MBM. Which transition approach best balances continuity and comparability for the Scope 2 MBM whilst maintaining integrity, impact, and feasibility?

Select only one:

- ***Legacy clause: allow existing contracts that meet current quality criteria to continue to be reported under the MBM as described in Question 178.***
- *Uniform effective date: rather than using a legacy clause, instead apply the updated quality criteria to all contractual instruments from a specific date following a defined lead time. Include a separate disclosure that disaggregates results affected by contracts signed prior to this date.*
- *Other (please specify)*