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GHG Protocol Initiative

An Update on the Corporate Accounting & Reporting Standards

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Sustainable Development



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GHG Protocol: some background....

- Convened in 1998 by WBCSD & WRI
- Mission: to develop international GHG accounting & reporting standards for business through an inclusive & transparent multi-stakeholder process
- 2 modules: *corporate inventories & GHG projects*





Benefits of a common standard

- Simplify measurement & reporting
- Harmonization across international borders & different initiatives
- Improve comparability & credibility
- Minimize the cost of developing a GHG inventory
- Establish a common foundation for GHG markets





Business using GHG Protocol: Corporate Standards (as participants of schemes/initiatives or for own purposes)

- ❖ Alcan Aluminum, USA
- ❖ Alcoa, USA
- ❖ AstraZeneca, UK
- ❖ AstraZeneca, UK
- ❖ BP, USA
- ❖ Bethlehem Steel, USA
- ❖ Birka Energi, Sweden
- ❖ The Body Shop, UK
- ❖ Cinergy, USA
- ❖ Eastman Kodak, USA
- ❖ CODELCO, Chile
- ❖ DuPont
- ❖ Edison Mission Energy, USA
- ❖ Ford, USA
- ❖ ENDESA, Spain
- ❖ Green Mountain Energy, USA
- ❖ Holcim, USA
- ❖ IBM, USA
- ❖ IKEA International, Sweden
- ❖ International Paper, USA
- ❖ Interface, USA
- ❖ Johnson & Johnson, USA
- ❖ Kansai Electric Power, Japan
- ❖ Lockheed Martin, USA
- ❖ Miller Brewing Co., USA
- ❖ Mirant, USA
- ❖ National Renewable Energy Laboratory, USA
- ❖ Nike, USA
- ❖ Norm Thompson Outfitters, USA
- ❖ Norsk Hydro, Norway
- ❖ N.V. Nuon Energy, Netherlands
- ❖ Pechiney, France
- ❖ Philips & Yaming, China
- ❖ PWC, New Zealand
- ❖ PSEG, USA
- ❖ SC Johnson, USA
- ❖ Seattle City Light, USA
- ❖ Simplex Paper & Pulp, India
- ❖ Sony Electronics, Japan
- ❖ STMicroelectronics, Switzerland
- ❖ Suncor, USA
- ❖ Tata Steel, India
- ❖ Tokyo Gas, Japan
- ❖ Volkswagen, Germany
- ❖ We Energies, USA
- ❖ 500 PPM GmbH, Germany





Climate Initiatives

(based on or informed by GHG Protocol)

Voluntary Climate Initiatives

- ◆ U.S. EPA Climate Leaders Program
- ◆ WWF Climate Savers Program
- ◆ Respect Europe Business Leaders Initiative for Climate Change (BLICC)
- ◆ USAID Greenhouse Gas Pollution Prevention Program

GHG Registries

- ◆ California Climate Action Registry
- ◆ Wisconsin GHG registry
- ◆ WEF Global Registry

Reporting Initiatives

- ◆ Global Reporting Initiative
- ◆ CERES Sustainable Governance Initiative
- ◆ French REGES Protocol

Industry Initiatives

- ◆ WBCSD Cement Protocol
- ◆ International Forum of Forest and Paper Associations
- ◆ International Aluminium Association
- ◆ NZ Business Council for Sustainable Development
- ◆ European, Japanese, Canadian, and Australian Cement Industry Associations

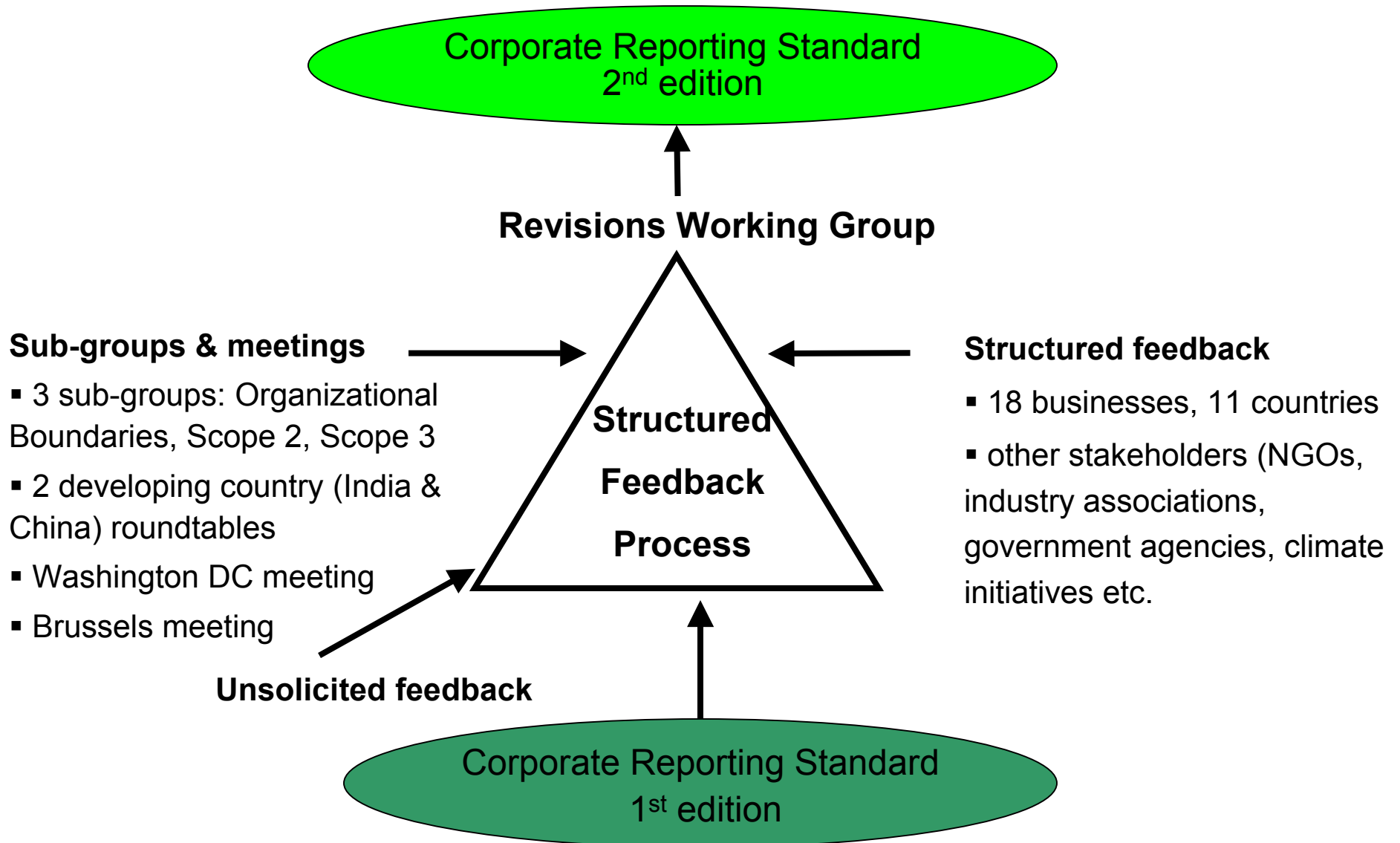
Trading Schemes

- ◆ UK Emissions Trading Scheme
- ◆ Chicago Climate Exchange

Other

- ◆ European Bank for Reconstruction & Development
- ◆ Climate Neutral Network

Structured Feedback Process





Key Challenges in Producing the 2nd Edition

- Add refinements, additional guidance, without compromising the strength of the existing standards
- Integrate the emerging project module
- Achieve the right level of prescriptiveness
- Provide more business case studies/examples



Changes to the 2nd Edition Setting Organizational Boundaries

- **Companies can now choose between Equity or Control approaches**
- **Added three criteria to the definition of ‘Control’:**
 - Control of Operating and HSE Policies
 - Holds the Operating License
 - Financial Control
- **Quantitative threshold removed for equity ownership**
- **Added guidance on accounting of GHGs from contracts and leases**
 - Finance Lease
 - Operating Lease



Changes to the 2nd Edition Setting Operational Boundaries

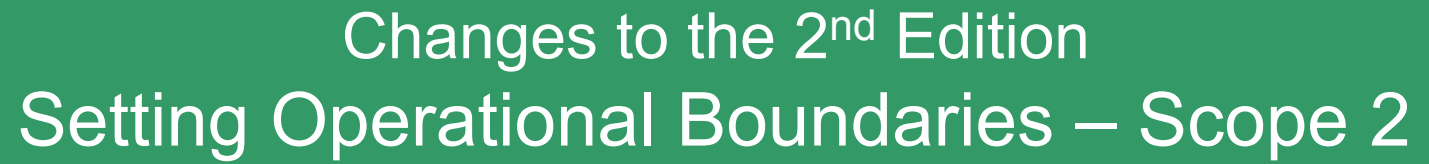
3 Scopes remain the same:

- Scope 1: Direct emissions (required)
- Scope 2: Indirect Emissions - imported electricity, heat, or steam (required)
- Scope 3: Other relevant indirect emissions (optional)

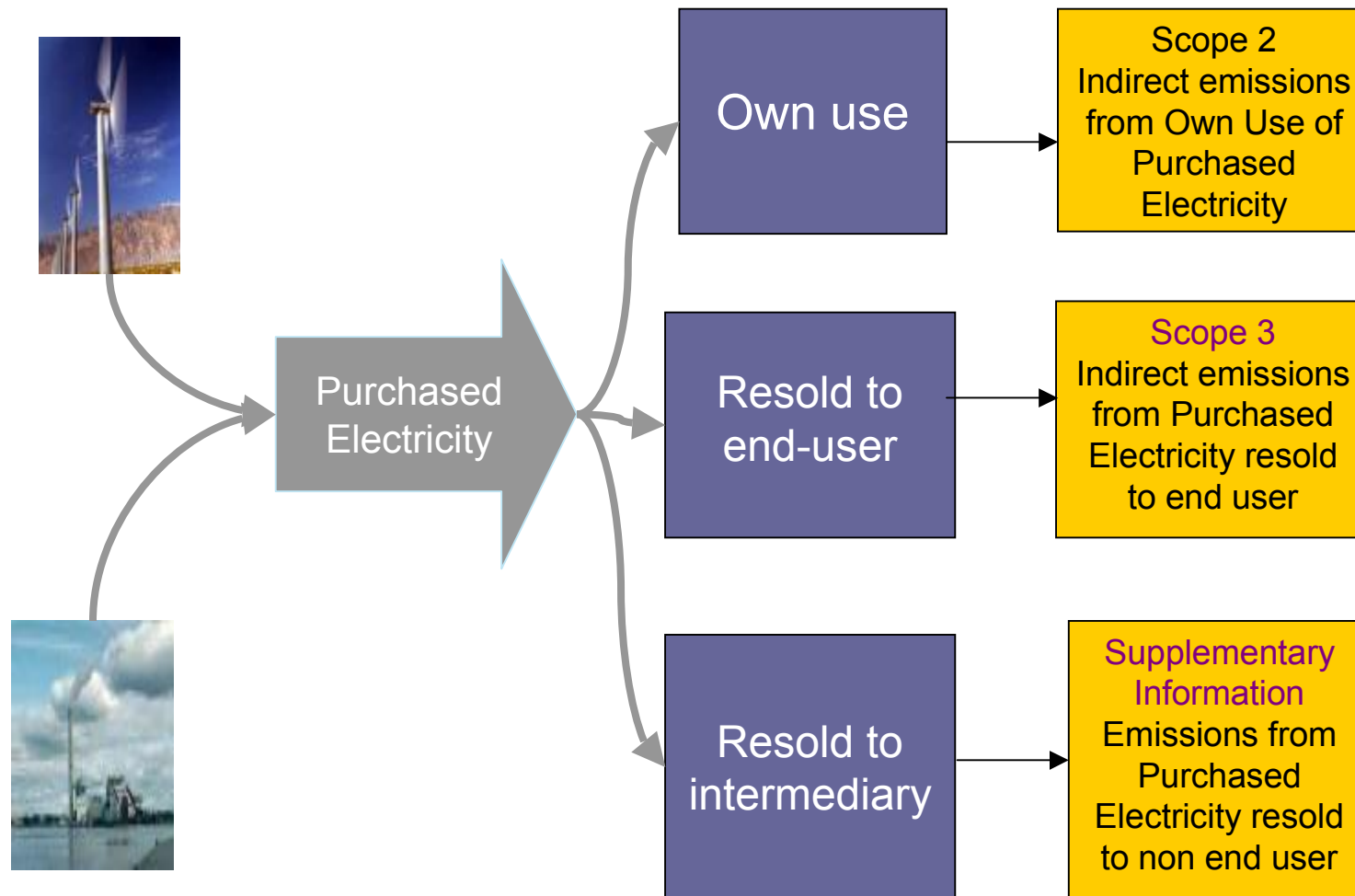


Changes to the 2nd Edition Setting Operational Boundaries

- **Scope 2 definition changed to avoid double counting within the scope**
- **Refined guidance on emissions associated with transmission & distribution losses:**
 - The entity that owns or controls the T&D equipment shall report in scope 2
 - The end user will report in Scope 3
- **More guidance on how to account for Scope 3 emissions**
- **Scope 3 categories expanded, more examples provided**



Changes to the 2nd Edition Setting Operational Boundaries – Scope 2





Changes to the 2nd Edition Tracking Emissions Over Time

- Formerly “Setting a Historic Performance Datum”
- More focus on comparing “like with like” and generating a consistent data set over all reported years
- Provide an optional renewed base year approach that allows base year updates at regular intervals.



Changes to the 2nd Edition

New Chapter - Voluntary GHG Targets

- Reasons for setting a target
- Specific steps in setting a target
 - Choose absolute or intensity target
 - Decide target boundary
 - Decide on use of external offsets
 - Choose fixed or “rolling” target
 - Decide level of reduction
- Tracking performance against the target



Changes to the 2nd Edition Other Changes

- **Reductions & Offsets**
 - Distinction between organizational & project-based reductions
 - Linkages to Project Module accounting requirements
- **Identifying & Calculating Emissions:**
 - Emission factor guidance refined to recommend Powerpool EF data as more accurate than state or utilities that generate little or none of their delivered electricity
- **Managing Inventory Quality:**
 - Additional guidance on thinking about uncertainty
- **Verification**
 - Guidance on materiality and material discrepancy
 - Section on using verification findings



Producing the 2nd Edition New Calculation Tools

- International Forum of Forest and Paper Associations Pulp & Paper Sector Calculation Tools
- Aluminium Institute Protocol & Calculation Tools
- International Iron and Steel Institute Calculation Tools (under development)
- Guidance on choosing emissions factors, tracking electricity flows, and CHP in the Stationary Tool
- Uncertainty Tool
- Office Guide



Next Steps...

- Complete revisions and new chapters
- Obtain RWG approval
- Publish 2nd Edition by September 2003
- Development of new calculation tools & upgrading of existing tools
- Outreach & adoption
- Development of project guidelines

Thank You!

www.ghgprotocol.org