IETA

MAKING NET ZERO POSSIBLE

IETA Comments to Greenhouse Gas Protocol: Scope 2 Guidance

Submission Deadline: 31 January 2026

Question	Proposed IETA Response
1-17 (Demographic Qs)	N/A; IETA will **not** submit anonymously. IETA submits as an "industry group" (Q14) a "Global trade association spanning several sectors" (Q17)
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?	For more than 25 years, IETA has been the leading global business voice on robust market solutions to tackle climate change while driving clean finance at scale. IETA represents a broad and diverse group of stakeholders (300+ members worldwide) that includes carbon offset project developers, insurance providers, standards, investors, banks and financial institutions, law firms, funds, and businesses who are at the forefront of climate action. IETA's expertise is regularly called upon to inform carbon market solutions that deliver measurable climate outcomes, address economic competitiveness and carbon leakage concerns, balance efficiencies with social equity, and support a just transition. In short, IETA's global focus continues to be on pragmatic decarbonization through well-designed, high-integrity market-based mechanisms in pursuit of realizing the goals of the Paris Agreement. Broadly, IETA is concerned that the separation of the Corporate Standard, Scope 2, Scope 3, and Actions & Market Instruments (AMI) drafts and public consultation periods does not support the integrity of the process to update the GHG Protocol. To allow participants to consider and understand the interactions and co-dependences of the proposed updates, including ensuring market instruments have comparable treatment across different products, the GHG Protocol should offer a combined public consultation – or at least greater transparency across different protocols – to enable a comprehensive review of all sections before finalizing any updates. Attributes and market-based mechanisms should be treated in a consistent manner across the GHG Protocol. Consistent to their purpose and intended function, attributes are fungible entities (when utilizing consistent units of measurement), and systems should be designed to encourage the most cost-effective and quickest action in the private sector. This is in part through cooperative market-based mechanism implementation and functionality[1]. Importantly, accounting guidance must be tethered to existing real-world systems, or else it risks stifling clean energy investment and mitigation efforts.

[1] The Economic Potential of Article 6 of the Paris Agreement and Implementation Challenges", IETA, University of Maryland and CPLC. Washington, D.C. License: Creative Commons Attribution CC BY 3.0 IGO

	Regarding this Scope 2 Guidance, IETA supports optional greater granularity in time and location matching left up to an entity's discretion and best judgement. However, the proposed shift to mandatory hourly matched and physically deliverable procurement & use hampers energy market functionality. IETA finds the proposed amendments to core definitions and functions to be misaligned to current United States (and global) electricity regulatory program design[2], costlier[3], and result in less emissions reduction[4], while also mischaracterizing attribute purpose and function. [1] The Economic Potential of Article 6 of the Paris Agreement and Implementation Challenges", IETA, University of Maryland and CPLC. Washington, D.C. License: Creative Commons Attribution CC BY 3.0 IGO [2] As noted in the U.S. Federal Registrar 26 CFR Part 1 https://www.federalregister.gov/d/2024-31513/p-394 The U.S. Government acknowledged that hourly tracking of EACs is not yet widely available on a standardized basis. In a U.S. DOE survey (Rachael Terada, Director, Technical Products, Center for Resource Solutions, Readiness for Hourly: U.S. Renewable Energy Tracking Systems (Jun. 15, 2023), available at https://resource-solutions.org/wp-content/uploads/2023/06/Readiness-for-Hourly-U.S.-Renewable-Energy-Tracking-Systems.pdf) of nine existing tracking systems, two respondents indicated that their systems are tracking on an hourly basis, although software functionality remains limited. [3] Bistline, J., Blanford, G., Diamant, A., Kaye, A., Livengood, D., Zhu, Q., & Fonseca, F. R., System Effects of Carbon-Free Electricity Procurement: Regional Technology and Emissions Impacts of Voluntary Markets (2025), https://arxiv.org/abs/2511.03049. [4] Barth, A., Tai, Humayun., & Noffsinger, J., Rethinking your company's clean-power strategy, McKinsey & Co. (Feb. 12, 2025), https://www.mckinsey.com/industries/electric-power-and-natural-gas/our-insights/rethinking-your-companys-clean-power-strategy [5] The Economic Potential of Article 6 of the Paris Agreement and Implementation Challenges", IETA, University of Maryland and CPLC. Washington, D.C. License: Creative Commons Attribution CC BY 3.0 IGO
22. Please provide any feedback on the proposed purposes of the market-based method.	IETA understands and acknowledges there may be areas in Scope 2 in need of updating, but disagrees with the proposed changes to the purpose and function of the Market-Based Method. Accounting for the attributes and emissions associated with electricity procurement is distinct from accounting for electricity consumption. For this reason, the Market-Based Method should remain separate from consumption-based accounting, as this separation is essential to driving grid-wide emissions reductions and investment. Annual matching has proven effective in driving decarbonization through healthy market functionality. More granular reporting should therefore remain optional, enabling greater precision where it adds value and where companies choose to pursue

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[3] Bistline, J., Blanford, G., Diamant, A., Kaye, A., Livengood, D., Zhu, Q., & Fonseca, F. R., System Effects of Carbon-Free Electricity Procurement: Regional Technology and Emissions Impacts of Voluntary Markets (2025), https://arxiv.org/abs/2511.03049.
[4] Barth, A., Tai, Humayun., & Noffsinger, J., Rethinking your company's clean-power strategy, McKinsey & Co. (Feb. 12, 2025), https://www.mckinsey.com/industries/electric-power-and-natural-gas/our-insights/rethinking-your-companys-clean-power-strategy

	it, without compromising the market dynamics that support decarbonization at scale. Systems should be designed to encourage the most cost-effective– private-sector action[1]. In Europe, for example, the proposal contradicts the functioning of the integrated European electricity market and undermines the ambition of achieving a truly integrated electricity market. [1] The Economic Potential of Article 6 of the Paris Agreement and Implementation Challenges", IETA, University of Maryland and CPLC. Washington, D.C. License: Creative Commons Attribution CC BY 3.0 IGO
48. Please provide any additional comments regarding your concerns or reasons why you are not supporting (if any). In response to: do you support the update to the requirement to use the most precise location-based emission factor accessible for which activity data is also available?	IETA supports well-functioning and well-designed market-based solutions to achieve verifiable, cost-efficient emissions reductions at scale. We are concerned that greater precision emission factor usage requirements are misaligned with the current regulatory and policy landscape. The impact of such changes without the readiness of the broader landscape is reduced investment and emissions reductions, as well as potentially higher energy costs.
74. Please provide concerns or reasons for why you are not supporting, if any. [Check all that apply] In response to: 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.	Boxes IETA intends to check: - 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 - 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
75. Please provide comments regarding your concerns or reasons for why you are not supportive. In response to: 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.	IETA supports accurate carbon accounting and reporting wherever pragmatic and achievable and consistency and comparability can be maintained. In this instance, we reiterate concerns around the impact of a mandatory hourly matching approach and instead support it as an optional pathway, with potential for an eventual phased approach. Mandatory hourly matching would be to the detriment of global clean energy markets, investment, and emissions reduction due to its infeasibility for many current participants. As **stated** by the GHG Management Institute in May 2025, "While this higher temporal and market boundary matching proposal appears promising, it could have unintended consequences for corporate GHG target setting, project financing,

	and renewable energy market mechanisms, potentially slowing the clean energy transition." Hourly precision significantly fragments markets by narrowing the set of buyers and sellers who can transact, which weakens price discovery, increases costs, and makes it more difficult for offtakers to manage risk. As liquidity falls, hedging and financing become more expensive, raising the cost of capital for clean energy projects. Mandatory hourly reporting undermines the market mechanisms that enable clean energy and emissions reductions to scale efficiently in the first place. Increased costs and more difficult procurement are likely to reduce the amount of renewable energy procured, thereby reducing impact compared to the current guidance. Proposed changes have already impeded market investment, increased costs for future supply of renewable energy, and delayed contract negotiations. As markets and data become available, IETA may support a phased approach for hourly matching. Any update should be based on market readiness, including availability of hourly instruments, data, registries, and expanded feasibility measures, cost considerations, and only follow robust and transparent public consultation. Lastly, to ensure viability and harmonization, the GHG Protocol should coordinate engagement and updates with AMI workstream. There is inherent overlap across workstreams on the treatment of attributes and IETA hopes to see feasible, pragmatic and environmentally sound consistency and alignment across GHG Protocol workstreams and updates.
86. Please provide reasons of concern or why you are not supporting, if any. Response to: 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?	Boxes IETA intends to check: - 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 - Sourcing contractual instruments within deliverable market boundaries should follow an optional "may" rather than a required "shall" approach - Market boundaries should be defined as the geographic boundaries of electricity sectors, which align with national, and under certain circumstances, multinational boundaries
87. Please provide comments regarding your selected reasons for why you are not supporting Response to: do you support an update to scope 2 Quality Criteria 5, to require that all	IETA supports accurate carbon accounting and reporting wherever pragmatic and achievable and consistency and comparability can be maintained. However, the proposed mandatory physical deliverability approach would be to the detriment of global clean energy markets, mitigation efforts, and energy costs. Simply put, larger boundaries more reflective of real-world electricity systems allow for

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?	greater market participation, liquidity, cost-effective emission reduction and clean energy investment. Overly strict boundaries risk the opposite. As **stated** by the GHG Management Institute in May 2025, "While this higher temporal and market boundary matching proposal appears promising, it could have unintended consequences for corporate GHG target setting, project financing, and renewable energy market mechanisms, potentially slowing the clean energy transition." Because GHG emissions are global, limiting environmental attributes to narrow geographic boundaries reduces access to cost-efficient emissions reductions. Requiring strict physical deliverability constrain entities' ability to aggregate electricity load across broader geographic regions and contract more efficiently. This approach could deter power purchase agreements that have supported large-scale, low-carbon energy projects. To ensure viability and harmonization, the GHG Protocol should coordinate engagement and updates with AMI workstream. There is inherent overlap across workstreams on the treatment of attributes and IETA hopes to see feasible, pragmatic and environmentally sound consistency and alignment across GHG Protocol workstreams and updates.
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)?	5 (fully support)
173. Please provide any additional comments regarding your reasons for support.	IETA strongly supports a legacy clause if hourly matching and physical deliverability become mandatory. Companies must be allowed to continue claiming the attributes associated with existing renewable energy contracts for the duration of existing contracts via such a clause to ensure market integrity and functionality. Recognition of legacy contracts avoids penalizing early investors in lower-carbon energy procurement. Lack of such a clause risks undermining market activity and creating significant uncertainty. The proposed changes could damage confidence in long-term procurement strategies and suppress investment in the short-term as the new system is imposed.