

GHG Protocol: changes to the Scope 2 standard

A Eurelectric consultation response

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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Eurelectric response to the GHG Protocol : changes to the Scope 2 standard

Selected Questions on Definition & Purpose

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?

The concept of “physical connectivity” is not sufficiently clear. We suggest restricting the definition to the direct emissions during generation of consumed electricity, heat or cooling.

In addition, “physical connectivity” would contradict the logic of the market-based method, which is premised on contractual, not physical, allocation of generation attributes. Energy Attribute Certificates (EACs) and Guarantees of Origin (GOs) represent a legally defined and auditable claim to electricity attributes within a defined market boundary, regardless of physical grid connectivity. In the case of Europe, the market boundary of the GO market is the EU/EEA area.

Furthermore, we recommend clarifying the Scope 2 definition to avoid misclassification of transmission & distribution (T&D) losses in liberalised electricity markets. The Scope 2 boundary should apply only to entities that purchase electricity. In most EU/EEA jurisdictions, network operators (TSOs/DSOs) do not buy or sell electricity; only retailers and end users purchase electricity. For reporters that do not purchase electricity (e.g., TSOs/DSOs in liberalised markets), T&D losses should not be reported in Scope 2. Instead, losses associated with customers' purchased electricity should be reported in Scope 3, Category 3 by end users.

Selected Questions on the Location-Based Method

23. On a scale of 1-5, do you support the update to the location-based emission factor hierarchy to identify the most precise location-based emission factor accessible according to spatial boundaries, temporal granularity, and emission factor type (consumption or production)?

Eurelectric supports improving the LBM hierarchy to prioritise precision, provided implementation remains pragmatic. We recommend a score of 2 (little to moderate support), reflecting agreement with the principle but caution on feasibility. The hierarchy should balance spatial and temporal granularity with practical usability and data availability.

In the spirit of simplification, the changes should avoid imposing requirements that increase administrative burden. Furthermore, by allowing different reporting entities to report according to different geographic areas (i.e. of varying granularity), there is a risk the proposed changes distort comparability. One boundary category for all would be preferable.

Any requirements to move towards increased granularity should happen in a gradual manner and take into account market readiness and technical and procedural feasibility, and ensure the benefits outweigh the costs for all stakeholders involved.

To this end, the Greenhouse Gas Protocol should provide a clear, comprehensive impact assessment of its proposed changes to Scope 2 emissions reporting before introducing

them. To inform the Scope 2 changes and an accompanying impact assessment, the GHG Protocol should also consult additional relevant stakeholders in the specific EU/EEA context, such as the European Commission, national regulators, European Free Trade Association institutions, etc. These exchanges should go beyond the current consultation phase.

31. Do you agree that “local boundary” should be listed as the most precise spatial boundary for LBM emission factors? If not, select which should be listed as the most precise spatial boundary?

- a. Yes, I support local boundary as the most precise spatial boundary
- b. No, a more precise spatial boundary should be added
- c. No, a less precise spatial boundary should be used. Use Operational grid boundary
- d. No, a less precise spatial boundary should be used. Use Grid-wide or national boundary
Example for electricity in Europe: ENTSO-E grid connected area as one boundary
- e. Other (describe)

44. On a scale of 1-5 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?

- Scale of 1 (no support) – 5 (fully support)

45. Please provide your reasons for support, if any (select all that apply).

- a. Improves accuracy and scientific integrity of LBM results
- b. Strengthens transparency and public verifiability
- c. Enhances comparability across reporters and frameworks
- d. Better reflects grid operation in time and space, reduces misallocation
- e. Enables emission changes from storage and demand-flexibility to be reflected more accurately
- f. Prioritizes consumption-based factors that include imports/exports
- g. Aligns emission factor precision with available activity data
- h. Aligns positively with mandatory or voluntary reporting requirements in your region
- i. Enables use of load profiles when hourly activity data are unavailable
- j. Provides a common, accessible baseline for inventories
- k. Supports phased improvement as data availability expands
- l. Improves decision-usefulness for external disclosures
- m. Other (please provide)

47. Please provide your concerns or reasons for why you are not supporting (select all that apply).

- a. Concern about negative impact on comparability, relevance and/or usefulness of LBM inventories
- b. Concern that administrative, data management, and audit challenges posed by this approach would place an undue burden and costs on reporters
- c. Concern that the most precise spatial boundary in the LBM emission factor hierarchy, “local boundary”, is too narrow to require even when accessible
- d. Accessible factors may be less accurate than non-accessible options and primary users of emission reporting data may expect the most representative factors
- e. Material differences to inventory accuracy are too small to justify cost
- f. Concern about the update cadence or representativeness of datasets (hourly/monthly)
- g. Other (please provide)

48. Please provide any additional comments regarding your concerns or reasons why you are not supporting (if any).

We recognise the value of improving temporal and spatial granularity in location-based emission factors, as this can better reflect grid operations and thus paint a more detailed picture of Scope 2 emissions. However, strict application of the “most precise location-based emission factor available” requirement raises significant concerns.

First, regarding comparability, highly granular factors can vary widely in availability and quality across regions, especially when activity data also differ across reporting entities. Mandating their use could fragment reporting practices and undermine comparability between companies and jurisdictions. For that reason, one boundary category for all would be preferable.

Second, regarding integrity, in some cases, more granular emission factors than the current system may not be more accurate than well-established broader averages, particularly if they lack robust quality control or timely updates. Using such factors could hamper the effective, correct use of the location-based method.

While finer geographical granularity may seem desirable, it does not necessarily guarantee reliable factors nor reflect the physical reality of the grid. For most cases, national-level factors are more robust and practical. Local boundaries should be reserved for isolated grids such as insular systems.

Third, regarding feasibility: Applying local and hourly factors risk imposing disproportionate administrative and cost burdens, requiring new IT systems, data pipelines and assurance processes. Smaller entities and multi-country operators would face particular challenges. The incremental accuracy gains may not justify these costs.

Fourth, the definition of a “accessible source” (as referenced in section 4.1.2) needs to be clarified to ensure consistency across jurisdictions, particularly on the credibility aspect.

If the proposed changes were to take effect, the GHG Protocol should publish a comprehensive, updated list of data sources that should be allowed to be used to report this location-based emission factor.

In addition, the Greenhouse Gas Protocol should provide a clear, comprehensive impact assessment of its proposed changes to Scope 2 emissions reporting before introducing them. To inform the Scope 2 changes and an accompanying impact assessment, the GHG

Protocol should also consult additional relevant stakeholders in the specific EU/EEA context, such as the European Commission, national regulators, European Free Trade Association institutions, etc. These exchanges should go beyond the current consultation phase.

Finally, any move towards increased granularity should happen in a gradual, phased manner, to allow stakeholders to adapt.

50. For concerns that the most precise spatial boundary (local boundary) is too granular to be required even if emission factors are accessible, please outline why and identify whether reporting at this level of granularity should be a “may”, “should” or “shall not” requirement?

Local boundaries are too granular to mandate universally. While they improve theoretical accuracy, they risk undermining comparability and might be difficult to apply in practice. Reporting at this level should be a “may” requirement, not “shall.” For most EU/EEA contexts, operational grid boundaries provide a more practical balance between integrity and feasibility. Furthermore, it is important that the revision of the GHGP does not go against the principle of the European internal market and the Agreement on the European Economic Area on the four freedoms. That should be the main principle in defining any boundaries in this context.

65. Which two measures would most reduce burden in your context? (select up to 2)

- a. Standardized publication of consumption-based emission factors by grid/system operators
- b. Load profile hierarchy/templates to approximate hourly activity data when meters are unavailable
- c. Phased implementation (staged effective dates)
- d. API/automated access to emission factor datasets
- e. Example calculations and disclosure templates
- f. Assurance safe-harbors for estimates
- g. Other (specify)

There is a focus on the challenges with matching of the consumption side due to the lack of hourly meter data, but the same problem exists on the production side as well. Guarantees of origin can only be issued retroactively. Even though production is measured accurately, the retrospective hourly matching of production and consumption, along with hourly trading of guarantees of origin, significantly increases complexity, costs and administrative burden. This would require significant IT system development and time. A quick implementation of such a change is not feasible. A potential solution to not having access to real-time data could be the use of load profiles.

67. For which reporting year would your organization be ready to apply the revised Scope 2 Standard based on these proposed changes in its GHG inventory? For example, if the Standard is published in 2027, the reporting year 2027 inventory is typically prepared and reported in 2028:

- a. Earlier than reporting year 2027 (already aligned)
- b. Reporting year 2027 (inventory prepared in 2028)
- c. Reporting year 2028 (inventory prepared in 2029)
- d. Reporting year 2029 (inventory prepared in 2030)
- e. Reporting year 2030 (inventory prepared in 2031) or later

- f. Later than Reporting year 2030
- g. Not applicable

Selected Questions on the Market-Based Method

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

- a. 5 GWhs
- b. 10 GWhs
- c. 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.

- a. Scale of 1 (no support) – 5 (fully support)

72. Please provide reasons for support, if any (select all that apply)

- a. Improves accuracy and scientific integrity of MBM results
- b. Strengthens transparency and supports public verification
- c. Enhances comparability across reporters and frameworks using GHG Protocol data
- d. Better reflects grid operation, reduces misallocation of generation (e.g., “solar at night”)
- e. Reduces risk of greenwashing/time-shifting claims by aligning claims to time of use
- f. Improves decision-usefulness for external disclosures
- g. Helps create price signals for times and places where renewables are not already abundant
- h. Helps accelerate the development of technologies that will be needed at scale for fully decarbonized grids
- i. Enables emission changes from storage and demand-flexibility to be reflected more accurately
- j. Improves risk and opportunity assessment related to contractual relationships
- k. Other (please explain)

73. Please provide comments regarding your reasons for support.

In the long term, Eurelectric generally welcomes the move towards more granular and transparent carbon accounting, thereby improving the level of detail and integrity of emissions reporting and helping to create price signals for times and places where clean electricity is not already abundant – provided the proposed changes are actually shown to contribute to cutting emissions and incentivising more renewables and storage build-out.

In any case, the move towards increased granularity should be done while ensuring harmonisation across the EU/EEA and a realistic, phased implementation timeline. We

emphasise the need to assess technical feasibility, costs and market impacts in a clear, comprehensive impact assessment. More granular matching should be conditional on the development of the cost gap (i.e. the costs of supplying more granular or even 24/7 contracts vs consumers' willingness to pay), as well as on the corresponding infrastructure, particularly at the national registries level.

In first instance, "more granular time matching" should mean a move beyond annual matching towards shorter time intervals, such as monthly or quarterly, while fully retaining feasibility. Any move to hourly matching should remain voluntary. Only if and when hourly matching is proven to be a positive development for all stakeholders by an impact assessment and if there is sufficient willingness to pay from consumers for such hourly matching, should a move to hourly matching in the long run be considered.

In summary, we welcome more granular time matching in the long run, but only once infrastructure and markets are ready. Until then, any move to increase granularity should remain voluntary, and a progressive agenda is needed.

74. Please provide concerns or reasons for why you are not supporting, if any (select all that apply)

- a. 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
- b. Hourly matching should follow an optional 'may' rather than a required 'shall' approach
- c. Hourly matching should follow a recommended 'should' rather than a required 'shall' approach
- d. Concern about negative impact on comparability, relevance and/or usefulness of MBM inventories
- e. 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
- f. Concern that administrative, data management, and audit challenges posed by this approach would place an undue burden and costs on reporters
- g. Concern that requiring hourly matching does not create meaningful improvements to inventory accuracy
- h. Concern that a requirement for hourly contractual instruments could discourage global participation in voluntary clean energy procurement markets
- i. Other (please explain)

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

Eurelectric acknowledges the positive intent behind introducing more granular matching for Scope 2 reporting in the long run, as it aims to improve accuracy and increase the integrity of the current system by aligning claims to time of use.

However, we hold a predominantly critical view of making this requirement mandatory for the foreseeable future, due to significant barriers that must be addressed before such an approach becomes feasible and beneficial:

Key Barriers

1. **Market Integrity & Liquidity Risks:** Mandatory hourly matching would fragment the single European GO market into thousands of sub-markets, eroding liquidity and increasing EAC price differences across the EU/EEA internal energy market. This fragmentation risks driving up procurement costs and undermining the efficiency of the EU/EEA's integrated electricity market.
2. **Impact on Renewable Procurement & PPAs:** Hourly matching risks discouraging voluntary renewable energy procurement and long-term Power Purchase Agreements (PPAs), which have been critical drivers of renewable deployment. Higher complexity and cost could reduce corporate appetite for PPAs, slowing down investment in new renewable capacity.
3. **Administrative, Cost & Infrastructure Burden:** Hourly matching introduces substantial administrative and financial burdens, as it requires highly granular data, upgraded verification systems and new operational skills. Beyond the increased complexity for all market participants, national registries and IT infrastructures across Europe are not yet equipped to support hourly issuance, redemption and verification of certificates. Delivering these upgrades would require significant investment in new data pipelines and assurance processes, creating disproportionate costs – particularly for SMEs and multi-country operators – while offering only limited incremental accuracy gains compared to annual or monthly matching.
4. **Limited Impact on Flexibility:** Strict hourly matching does not yet align with the realities of Europe's power system. Without a consistent EU wide framework enabling storage to claim and transfer GOs, hourly rules could unintentionally discourage flexibility by preventing consumers from recognising stored renewable energy. A more flexible temporal approach offers a more workable step that enhances accuracy while appropriately valuing storage and demand response. Moreover, we remain cautious that hourly GO revenues alone would provide a strong investment signal for flexibility assets under current market conditions.
5. **Risk of Unintended Consequences:** Narrow deliverability requirements combined with hourly matching could distort procurement strategies, restrict cross-border flexibility and undermine the principles of the EU/EEA internal energy market.

Recommended Approach

- Maintain voluntary adoption of hourly matching, with a “may” rather than “shall” approach.
- Implement a phased approach, starting with annual matching and then monthly, only increasing granularity once infrastructure and market readiness are demonstrated.
- Ensure harmonisation across the EU/EEA and take into account the specificities of an integrated electricity market like the EU/EEA.
- Carry out a comprehensive impact assessment that covers technical feasibility, cost implications and market effects. Engage with EU/EEA stakeholders like the European Commission, national regulators, EFTA institutions, etc. to inform this process, including beyond this current consultation.

- Introduce exemptions for smaller consumers and a robust legacy clause to protect existing contracts and assets, ensuring continuity and investment stability.

In short, Eurelectric supports improving transparency and integrity in principle but strongly cautions against premature and overly complex and costly mandatory hourly matching. Such a shift would impose disproportionate burdens, undermine the single EU/EEA energy market and create unintended consequences for renewable investment.

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?

- a. Scale of 1 (no support) – 5 (fully support)

85. Please provide comments regarding your selected reasons for support.

In the long term, Eurelectric welcomes the move towards more granular and transparent carbon accounting, thereby improving the level of detail and integrity of emissions reporting and helping to create price signals for times and places where clean electricity is not already abundant – provided the proposed changes are actually shown to contribute to cutting emissions and incentivising more renewables and storage build-out.

In any case, the Greenhouse Gas Protocol should provide a clear, comprehensive impact assessment of its proposed changes to Scope 2 emissions reporting before introducing them. To inform the Scope 2 changes and an accompanying impact assessment, the GHG Protocol should also consult additional relevant stakeholders in the specific EU/EEA context, such as the European Commission, national regulators, EFTA institutions, etc. These exchanges should go beyond the current consultation phase.

86. Please provide reasons of concern or why you are not supporting, if any (select all that apply)

- a. Proposed deliverability requirements do not improve alignment with GHG Protocol Principles
- b. Concern that narrower market boundaries restrict companies' abilities to invest in areas where renewable energy development could yield the greatest decarbonization impact
- c. Concern that narrower market boundaries could prompt a shift away from long-term agreements (i.e., PPAs) to spot purchases (unbundled certificates)
- d. Sourcing contractual instruments within deliverable market boundaries should follow an optional "may" rather than a required "shall" approach
- e. Sourcing contractual instruments within deliverable market boundaries should follow a recommended "should" rather than a required "shall" approach
- f. Concern that the defined market boundaries do not align with mandatory or voluntary reporting requirements in your region
- g. Support deliverability in principle, but the proposed market boundary for my region does not reflect deliverability

- h. Market boundaries should be defined as the geographic boundaries of electricity sectors, which align with national, and under certain circumstances, multinational boundaries
- i. Exemptions to matching within deliverable market boundaries should be allowed for markets lacking sourcing options
- j. Other (please explain)

It is important to point out that the proposed GHGP revisions would contradict the fundamental principles of the EU internal energy market, which now enables Guarantees of Origin to be traded and claimed across all EU and EEA member states. The geographic boundary of the electricity market in the case of the EU/EEA should remain set at EU/EEA level, not at national or bidding zone level.

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

Eurelectric recognises the long-term potential of introducing more granular and transparent carbon accounting. Over time, aligning contractual instruments more closely with physical electricity flows in a way that recognises the integrated nature of the EU/EEA electricity market could enhance the accuracy, integrity and credibility of Scope 2 reporting and help support system-level decarbonisation.

However, we strongly caution against mandatory application of narrow market boundaries – such as ENTSO-E bidding zones – at this stage, due to a number of significant barriers:

Key Barriers

1. **Fragmentation of the GO Market & Liquidity Risks:** Applying deliverability at bidding-zone level would fragment the single European GO market into dozens of quasi-isolated sub-markets, eroding liquidity and increasing EAC price differences across the EU/EEA internal energy market. This fragmentation risks driving up procurement costs and undermining the efficiency of Europe's integrated electricity market.
2. **Contradiction with EU Internal Market Principles:** The EU/EEA is and must remain a single market for electricity, where both electricity and EACs can be traded freely across Member States. Narrow boundaries contradict this principle and risk creating artificial barriers to trade.
3. **Impact on Renewable Investment & PPAs:** Restricting procurement to local bidding zones would undermine renewable energy investment in resource-optimal regions (e.g., wind in the North, solar PV in the South) and reduce demand for cross-border PPAs, which remain an important part of the PPA market in Europe. This could slow renewable deployment and increase costs for corporate buyers.
4. **Misalignment with Market Design & Physical Reality:** Europe's electricity system is highly interconnected and operates under implicit market coupling. Physical transmission rights (PTRs) have been phased out in favour of financial transmission rights (FTRs), which do not confer physical nomination rights. Requiring proof of physical deliverability ignores this reality and risks constraining established EU market design choices.

Recommended Approach

- Maintain voluntary adoption of deliverability requirements, with a “may” rather than “shall” approach.
- Define deliverable market boundaries at the EU/EEA integrated market level, aligned with AIB/EECS systems and cross-border GO transferability, to reflect Europe’s physical and economic reality.
- Conduct a comprehensive impact assessment before introducing any mandatory changes, covering technical feasibility, cost implications and market effects.
- Engage relevant EU stakeholders (European Commission, national regulators, EFTA institutions, etc.) to ensure alignment with internal market principles and avoid unintended consequences for renewable investment and corporate procurement strategies.

In summary, Eurelectric recommends a “may” rather than “shall” approach and does not support mandatory application of the proposed deliverability requirement. We advocate for an approach that reflects Europe’s integrated electricity market and avoids unintended consequences for renewable investment and corporate procurement strategies.

90. For deliverable market boundaries (outside of the United States) identified in the table Proposed methodologies for demonstrating deliverability: Deliverable Market Boundaries, please provide comments on whether these market boundaries:

- appropriately reflect the deliverability of electricity in that region
- align with mandatory or voluntary reporting requirements in that region, please provide an example of the programmatic requirements and the impacts of these proposed changes on alignment
- are likely to cause any region-specific feasibility challenges (provide specific examples)
- If you prefer a different deliverable market boundary than identified in the table Proposed methodologies for demonstrating deliverability: Deliverable Market Boundaries, please describe this boundary
- Please clearly identify the region you are referring to in your comments.

The proposed deliverable market boundaries do not appropriately reflect the realities of electricity deliverability in Europe. The EU/EEA operates as a highly interconnected single electricity market, governed by principles of free movement and harmonised trading rules. GOs, as defined in Directive (EU) 2018/2001 (RED II) and reinforced under RED III, are transferable independently of physical electricity flows and recognised across all EU/EEA Member States. Introducing narrow boundaries such as bidding zones or local grids would fragment this integrated market, erode liquidity and undermine cost efficiency.

From a technical perspective, physical deliverability cannot be demonstrated at bidding-zone level. Since market liberalisation, cross-zonal capacity booking has relied on long-term transmission rights (LTTRs) for hedging, remunerated via congestion income from day-ahead trades. Physical Transmission Rights (PTRs) have been phased out in the EU’s Single Day-Ahead Coupling (SDAC) and replaced by Financial Transmission Rights (FTRs), which do not confer physical nomination rights. Academic literature (Batlle López et al., 2014, Joskow & Tirole, 1998, Harvey et al., 1996) confirms the superiority of financial rights for welfare gains. Therefore, requiring proof of physical delivery on interconnectors is not feasible in Europe’s market design.

To preserve environmental integrity while maximising efficiency and fairness, the market boundary for contractual instruments should be set at the level of the EU/EEA integrated electricity market, not fragmented bidding zones. This reflects the physical and economic reality of an interconnected system, supports portfolio synergies across borders, sustains financing models for new renewable capacity (including VPPAs), and ensures a level playing field for buyers regardless of local resource endowment.

GOs are legal instruments under Directive (EU) 2018/2001, proving the renewable origin of energy and facilitating trade. Pursuant to the Directive, GOs are transferable independently of the energy to which they relate. Any restriction on their transferability or mutual recognition would therefore impede the free movement of goods and services, undermining the internal market and the EU's renewable energy objectives.

In a well-coupled market where national governments share regulatory frameworks, markets and infrastructure – as in Europe – multinational electricity sectors should be recognised by the GHG Protocol. Narrow boundaries risk undermining renewable deployment by restricting procurement to local price areas rather than resource-optimal regions (e.g., wind in the North, solar in the South). Eurelectric therefore recommends defining deliverable boundaries at the EU/EEA integrated market level, aligned with AIB/EECS systems and accompanied by a comprehensive impact assessment and stakeholder consultation before any implementation.

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?

- a. Scale of 1 (insufficient) – 5 (highly sufficient)
- b. No basis to assess

139. Please estimate the anticipated change in procurement cost (i.e., price paid) for hourly-matched, deliverable EACs and/or PPAs relative to your current sourcing strategy. Assume 3 is your current external cost.

- a. Scale of 1 (much less) – 5 (much more)

140. What are the assumed main drivers affecting procurement price differences for hourly/deliverable EACs/PPAs relative to your current sourcing strategy (select all that apply):

- a. Hourly matching and deliverability requirements may change prices due to supply available at specific times and locations of demand
- b. Shaping/firming or storage products required to align hourly supply with load
- c. Contract tenor or credit/collateral requirements that increase all-in price
- d. Need to structure multiple smaller PPAs instead of one large, aggregated contract, reducing economies of scale and increasing fixed transaction and development costs
- e. If an entity elects to self-supply hourly matched, deliverable EACs exclusively via PPAs (and not use secondary/spot EAC markets), over-procurement may be needed to ensure full hourly coverage across deliverable sites and periods

- f. Procurement costs to purchase EACs in secondary/spot markets to cover residual hours
- g. Other (please explain)
- h. None

Other: IT and admin costs resulting from increased granularity that negatively impact the balance sheet of a renewable energy project.

141. Please provide any additional comments on the anticipated change in costs for hourly-matched, deliverable EACs, PPAs, etc. relative to current practices. If applicable, please include comments if and how this would impact your procurement strategy for carbon free electricity?

In any case, the Greenhouse Gas Protocol should provide a clear, comprehensive impact assessment of its proposed changes to Scope 2 emissions reporting – including on the costs of EACs and broader implications for the PPA market in the EU/EEA and beyond – before introducing them.

In addition, we see the following risks:

- **Administrative and data burden:** hourly matching requires granular data, verification systems, IT infrastructure and skills upgrading. This increased complexity increases costs – which are especially burdensome for smaller entities – and drives up the price of EACs and PPAs.
- **Market fragmentation and reduced liquidity:** hourly matching and bidding zone-level deliverability requirements would fragment the GO market into thousands of sub-markets (one market per hour of the year, per bidding zone), reducing liquidity and increasing volatility. This could lead to extreme price spreads, for example between peak and off-peak hours, making procurement unpredictable and costly and potentially undermining efficient build-out of renewables across Europe.
- **Impact on PPAs:**
 - Demand for corporate PPAs is often driven by bundled GOs and the renewable energy claims that stem from them. Mandatory hourly and locational matching would make PPAs more expensive and harder to structure – especially when moving towards 100% matching, a key demand of many consumers today – particularly for single-technology projects and developers. This could discourage long-term contracting and slow renewable build-out.
 - Moreover, in the current market we are already seeing limited appetite for granular certificates due to their increased price, further underlining the concern that a mandatory granular approach would harm the market for long-term renewable energy procurement.
 - In addition, a higher procurement price risks shortening the contract tenors of PPAs, which in turn risks making it harder for projects to get built and/or increases the risk profile of a renewable energy project, attracting fewer investors.

In summary, in the short term and for a significant period, it is essential to take a voluntary approach to granular matching. Mandatory granular matching, especially if it happens too early, could be detrimental to the market. Should the move to mandatory increased

granularity happen, this should be accompanied by significant communication and education efforts to ensure that energy/certificate buyers not able to meet “100% renewable” claims in the new, granular system still have an interest in entering long-term procurement contracts.

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?

- a. Yes
- b. Somewhat
- c. No
- d. I do not support the development of impact metrics outside the scope 2 inventory.

147. If you answer “yes” or “somewhat” to question 146, which of the following rationale captures your views (select all that apply).

- a. Allows for continued investment in electricity projects outside of my deliverable market boundary
- b. Provides a complementary metric to quantify actions such as energy storage or demand response
- c. Causes less disruption of existing electricity procurement practices
- d. Provides additional relevant information for users of GHG data
- e. Provides additional approaches for target setting
- f. Other (please specify)

148. Please provide comments regarding your selected choices in question 147.

Eurelectric sees long-term value in developing a complementary metric outside Scope 2 to capture broader system-level impacts of electricity-related actions, such as investments in storage and demand response. This metric could provide additional insights into decarbonisation impacts, help preserve flexibility for cross-border procurement strategies and support more informed decision-making beyond attributional accounting.

However, we emphasise that this metric should not replace or undermine Scope 2 inventory accounting. Its role must be clearly distinguished from the attributional Scope 2 metric to avoid confusion in target-setting and compliance frameworks. Specifically:

- The objectives and requirements of the two metrics must be clearly defined.
- The ‘additionality’ requirement should not apply to inventory accounting, as this introduces complexity and unverifiable assumptions (e.g., proving that shifting consumption from peak hours reduces emissions).
- The new metric should remain optional, transparent and practical, ensuring that disclosures remain clear and decision-useful.

While this complementary metric could enrich reporting, it cannot compensate for the potential decline in voluntary renewable procurement that may result from proposed Scope 2 changes. Therefore, its integration must strike the right balance between informational

depth and usability, and be accompanied by robust guidance to prevent unintended market distortions.

In summary: Eurelectric supports exploring this consequential metric as a voluntary, clearly scoped tool that adds value without compromising the integrity or comparability of Scope 2 inventories. Its successful implementation depends on clarity of purpose, optional adoption and strong safeguards against complexity and confusion.

Selected Questions on Exemptions to Hourly Matching

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

- Scale of 1 (no support) – 5 (fully support)

154. Please provide your reasons for support, if any (select all that apply).

- a. 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
- b. Encourages organizations under a threshold to continue to engage in voluntary procurement using an annual procurement approach
- c. Provides a more equitable approach for reporting as hourly matching could be more challenging for organizations under a threshold
- d. Reduces transition strain on the electricity market and hourly matching infrastructure.
- e. Other (please provide)

163. Which of the four draft eligibility options for an exemption to hourly matching reflect the most reasonable balance of integrity, impact and feasibility of the MBM? Apply the exemption threshold selected in question 159.

- a. Option 1
- b. Option 2
- c. Option 3 [volume threshold OR SME threshold]
- d. Option 4
- e. None of the above (please explain)

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

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

Selected Questions on 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)?

- Scale of 1 (no support) – 5 (fully support)

172. Please provide your reasons for support, if any (select all that apply).

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

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

A strong legacy provision is critical to ensure investment stability and safeguard both agreements and assets financed under the current regulations. All PPAs executed prior to the implementation of the new Scope 2 rules must remain governed by the existing framework for the full term of their contracts. Furthermore, since many renewable assets are expected to undergo multiple re-contracting cycles over their 20–30-year lifespan, legacy protection should be applied at the asset level rather than solely to individual agreements. Without such measures, the viability of refinancing and re-contracting operational assets would be substantially undermined.

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

- a. Contract signed prior to implementation date of the Scope 2 Standard (post phase-in period)
- b. Contract signed prior to publication date of the Scope 2 Standard
- c. Other (please explain): Exemption should apply to any existing contracts and assets (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)
- d. Do not support Legacy Clause

181. Which transition approach best balances continuity and comparability for the scope 2 MBM whilst maintaining integrity, impact, and feasibility?

- a. Legacy clause: allow existing contracts that meet the current Scope 2 Quality Criteria to continue to be reported under the MBM as described in your response to Question 178.
- b. 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. The lead time would seek to facilitate companies having time to consider changes to existing contracts. Contracts executed before the effective date could continue to be used during the lead time, with separate, clearly labelled disclosure identifying results affected by those contracts.
- c. Other (please specify): Legacy clause: allow existing contracts and assets that meet the current Scope 2 Quality Criteria to continue to be reported under the MBM as described in your response to Question 178.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



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