

# Instructions and Definitions:

## Electric Company Carbon Emissions and Electricity Mix Reporting Database for Customers

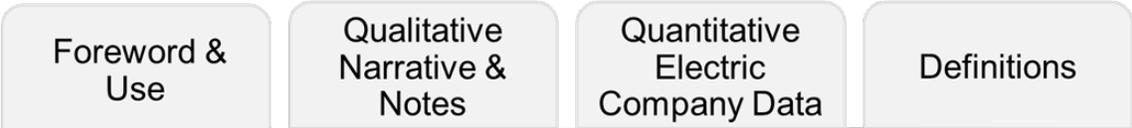
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### OVERVIEW

This document and companion reporting database (Excel spreadsheet) contain instructions and guidance to electric companies for providing carbon emissions (CO2) intensity rates to customers for the purpose of Scope 2 greenhouse gas accounting. Specifically, this document instructs electric companies to make accounting adjustments to the carbon emissions intensity rates of delivered electricity to support GHG emissions accounting and the ownership and retirement of renewable and/or zero-carbon attributes when completing the reporting database. The database also includes the energy resource mix for electricity delivered (i.e., owned generation and purchased power) at the operating company level.

The goal of the database is for retail electric companies to provide timely data to customers on the customer’s estimated carbon emissions per megawatt-hour consumed and the electric company’s current resource mix, differentiating between total supply on the grid and that which the customer can claim as having received in default service given sale and retirement of clean attributes.

The reporting database includes the following elements:



### QUALITATIVE NARRATIVE & NOTES

The qualitative tab provides a section to expand upon methodologies used in calculations and any other details as applicable.

Column(s)	Data to Report
A - C	<p><b>Company Information</b></p> <p>Operating Company Name, state(s), data year. One data entry line may be used for multiple states. Each entry line should have a corresponding quantitative entry line.</p>
D	<p><b>Narrative:</b> Clean energy transition &amp; carbon reduction goals.</p>
E	<p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>Whether and how RECs are accounted for in the utility specific residual mix carbon emission intensity rates.</li> <li>If data follows a state or regional reporting protocol</li> <li>CO2e</li> </ul>
F	<p><b>Link(s):</b> Public Reduction Goal/Announcement(s)</p>

# QUANTITATIVE ELECTRIC COMPANY DATA

The quantitative data should be reported at the operating company level by year. One data entry line may be used for multiple states. Each line should have a corresponding qualitative narrative entry line.

Column(s)	Data to Report
A - C	<b>Company Information</b> Operating Company Name, state(s), data year. One data entry line may used for multiple states.
D - G	<b>Delivered Electricity and Emissions Intensity Information</b> Total electricity delivered by operating company, the percent from owned generation, the percent from purchased power, and the percent of total that comes from unknown generation sources.
H	<b>Utility Specific Residual Mix Emissions Rate for Delivered Electricity</b>

## Utility Specific Residual Mix Emissions Rate Formula and Instructions

For many customers, their greenhouse gas accounting calls for “residual mix” carbon emissions rate that can be applied to energy consumption that is not tied to specified products such as a PPA, Green Tariff, or other voluntary renewable products.<sup>1</sup>

**Utility Specific Residual Mix Emissions Rate** is the average annual CO2 emissions rate (in lbs. per MWh) of electricity delivered to customers, including renewable generation for which RECs are retained by the utility and retired in the reporting year, with accounting adjustments made for specified green energy products where another entity (e.g., a customer, a different electric company) owns the renewable attributes.

### Utility Specific Residual Mix Emissions Rate Formula

Rate = lbs CO2 / MWh

$$\frac{\text{Sum of (Delivered Electricity by Gen Source (MWh) x Emissions Rate (\frac{\text{lbs CO2}}{\text{MWh}})) - Delivered Electricity of Specified Products (MWh) x Emissions Rate (\frac{\text{lbs CO2}}{\text{MWh}}))}{\text{Total Electricity Delivered (MWh) - Delivered Electricity of Specified Products (MWh)}}$$

- **Specified Products:** Electric companies that generate renewable energy and RECs that are fully or partially sold to 3<sup>rd</sup> parties outside of their system or retired on behalf of customers should make calculations consistent with rules and methodologies that are consistent with their jurisdictions and business practices. These specified products include (but may not be limited to):
  - RECs that are retired on behalf of a specific customer or group of customers. For example, subscribers to a green tariff program that retires RECs on their behalf; community solar gardens; or, other voluntary program that retires RECs for subscribers.<sup>2</sup>
- **Delivered Electricity:** Annual sales to retail customers from owned generation and purchased electricity.
- For market purchases where emissions are unknown or undifferentiated, use applicable regional or national emissions rate, including: ISO/RTO-level emission factors; The Climate Registry emissions factors; or, eGrid emission factors.<sup>3</sup>
- To avoid double counting, line losses should not be included in the emissions intensity calculations because customers report them as Scope 3 emissions.
- CO2 emissions from biogenic fuels should be excluded in the calculations.

<sup>1</sup> Sotos (2015), 8.

<sup>2</sup> In some states, community solar programs do not convey or retire the RECs to subscribers, in which case no adjustment would be made.

<sup>3</sup> This guidance is consistent with EEI’s environmental, social, governance (ESG), and sustainability-related reporting template used to provide the financial sector with more uniform and consistent ESG/sustainability data and information.

## Utility Specific Residual Mix Emissions Rate Examples

### Example 1: Green Tariff Program

- A utility delivers 100,000 MWh of electricity to its retail customers.
- 80,000 MWh of electricity are generated by conventional resources at 1,500 lbs CO<sub>2</sub>/MWh.
- 20,000 MWh are from owned wind resources with an emissions rate of 0 lbs CO<sub>2</sub>/MWh.
- Of the 20,000 MWh of wind, 15,000 MWh are used for RPS compliance (i.e., RECs are retired) and 5,000 MWh are used for a green tariff program that retires RECs on behalf of subscribers.

Utility specific residual mix emissions rate is calculated as:

Energy Source	CO2 Emissions			Energy Delivered minus Specified Products	
	MWh	Intensity (lbs/MWh)	CO2 Emissions (lbs)	Energy Source	MWh
Conventional	80,000	1,500	120,000,000	Conventional	80,000
Wind	20,000	0	0	Wind	20,000
				Green Tariff Program	(5,000)
<b>Totals</b>			<b>120,000,000</b>		<b>95,000</b>

Utility specific residual mix emissions rate:

$$(120,000,000 \text{ lbs CO}_2) / (95,000 \text{ MWh}) = 1,263 \text{ lbs CO}_2/\text{MWh}$$

### Example 2: Green Tariff Program and Wholesale Market Purchase

- A utility delivers 185,000 MWh of electricity to its retail customers.
- 135,000 MWh of electricity are generated by conventional resources at 1,500 lbs CO<sub>2</sub>/MWh.
- 30,000 MWh of electricity are net purchases from the wholesale PJM market and the PJM system average CO<sub>2</sub> emissions rate is 950 lbs/MWh.
- 20,000 MWh are from owned wind resources with an emissions rate of 0 lbs CO<sub>2</sub>/MWh, of which 15,000 MWh are used for RPS compliance (i.e., RECs are retired) and 5,000 MWh of wind is used for a green tariff program that retires RECS on behalf of subscribers.

Utility specific residual mix emissions rate is calculated as:

Energy Source	CO2 Emissions			Energy Delivered minus Specified Products	
	MWh	Intensity (lbs/MWh)	CO2 Emissions (lbs)	Energy Source	MWh
Conventional	135,000	1,500	202,500,000	Conventional	135,000
PJM Wholesale	30,000	950	28,500,000	PJM Wholesale	30,000
Wind	20,000	0	0	Wind	20,000
				Green Tariff Program	(5,000)
<b>Totals</b>			<b>231,000,000</b>		<b>180,000</b>

Utility specific energy mix emissions rate:

$$(231,000,000 \text{ lbs CO}_2) / (180,000 \text{ MWh}) = 1283 \text{ lbs CO}_2/\text{MWh}$$

### Example 3: Renewable Energy PPA with and without RECs

For utilities that recognize zero emissions renewable energy regardless of whether they received the REC with the energy (do not apply null emissions).

- A utility delivers 200,000 MWh of electricity to its retail customers.
- 190,000 MWh of electricity are generated by conventional resources at 1,100 lbs CO<sub>2</sub>/MWh.
- 10,000 MWh are from renewable resources via PPA with an emissions rate of 0 lbs CO<sub>2</sub>/MWh.
- Of the 10,000 MWh of renewable resources, 6,000 MWh are from wind resources and 4,000 MWh are from solar resources.
- The utility owns and retires the RECs for the solar energy but does not own (and did not retire) the RECs associated with the wind energy.

Utility specific residual mix emissions rate is calculated as:

Energy Source	CO <sub>2</sub> Emissions			Energy Delivered minus Specified Products	
	MWh	Intensity (lbs/MWh)	CO <sub>2</sub> Emissions (lbs)	Energy Source	MWh
Conventional	190,000	1,100	209,000,000	Conventional	190,000
Solar PPA	4,000	0	0	Solar PPA	4,000
Wind PPA	6,000	0	0	Wind PPA	6,000
<b>Totals</b>			<b>209,000,000</b>		<b>200,000</b>

Utility specific energy mix emissions rate:

$$(209,000,000 \text{ lbs CO}_2) / (200,000 \text{ MWh}) = 1,045 \text{ CO}_2/\text{MWh}$$

### Example 4: Renewable Energy PPA with and without RECs sales

For utilities that recognize null emissions for renewable energy in which the RECs were sold and/or not received.

- A utility delivers 200,000 MWh of electricity to its retail customers.
- 190,000 MWh of electricity are generated by conventional resources at 1,100 lbs CO<sub>2</sub>/MWh.
- 10,000 MWh are from renewable resources via PPA with an emissions rate of 0 lbs CO<sub>2</sub>/MWh.
- Of the 10,000 MWh of renewable resources, 4,000 MWh are from solar resources and 6,000 MWh are from wind resources.
- The utility retires the 4,000 MWh of RECs associated with the solar energy on behalf of all its customers. The utility sells the 6,000 MWh of RECs associated with the wind energy.
- The regional EPA eGRID emission factor is 1,000 lb CO<sub>2</sub>/MWh, which is applied to the wind energy MWhs to account for the off-system sale of the associated RECs.

Utility specific residual energy mix emissions rate is calculated as:

Energy Source	CO <sub>2</sub> Emissions			Energy Delivered minus Specified Products	
	MWh	Intensity (lbs/MWh)	CO <sub>2</sub> Emissions (lbs)	Energy Source	MWh
Conventional	190,000	1,100	209,000,000	Conventional	190,000
Solar PPA	4,000	0	0	Solar PPA	4,000
Wind PPA	6,000	1,000	6,000,000	Wind PPA	6,000
<b>Totals</b>			<b>215,000,000</b>		<b>200,000</b>

### Utility specific energy mix emissions rate:

$$(215,000,000 \text{ lbs CO}_2) / (200,000 \text{ MWh}) = 1,075 \text{ lbs CO}_2/\text{MWh}$$

\*Note that this methodology follows the WRI Scope 2 protocol and avoids double counting of REC retirements by applying a null emission factor (e.g., EPA eGRID emission factor or other applicable residual mix emission rate) to the MWh for which the RECs were sold consistent with the WRI Scope 2 protocol.

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### Utility Average Emissions Rate for Delivered Electricity

#### Utility Average Emissions Rate Formula

- Utility Average Emissions Rate is the average CO2 lbs per MWh of electricity delivered to customers, including all renewable generation and purchases.
- Utility Average Emissions Rate Formula:

$$\frac{\text{Sum of} \left( \text{Delivered Electricity by Source (MWh)} \times \text{Emissions Rate by Generation Source} \left( \frac{\text{lbs CO}_2}{\text{MWh}} \right) \right)}{\text{Total Electricity Delivered (MWh)}}$$

- Delivered Electricity: Annual sales to retail customers from owned generation and purchased electricity.
- For market purchases where emissions are unknown or undifferentiated, use applicable regional or national emissions rate, including: ISO/RTO-level emission factors; The Climate Registry emissions factors; or, eGrid emission factors.<sup>4</sup>
- To avoid double counting, line losses associated with independent / regional transmission operators should not be included in the emissions intensity calculations because customers report them as Scope 3 emissions.
- CO2 emissions from biogenic fuels should be excluded in the emissions intensity calculations.

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If the information provided complies with guidance on emissions accounting established by the below protocols:

- The Climate Registry's Electric Power Sector Protocol
- World Resources Institute/World Business Council for Sustainable Development GHG Protocol Scope 2 Guidance
- Other

If the company takes a different approach from the instructions or uses a different protocol than those listed above, provide details of the methodology used to calculate CO2 emissions intensity rates in the Qualitative Narrative Tab, Column E "Notes" section.

K

Whether all emissions included in intensity rates were certified using EPA Part 75 emissions monitoring.

L

If emissions have been verified, and if so, to what level.

M

If intensity rates have been verified, and if so, to what level.

<sup>4</sup> This guidance is consistent with EEI's environmental, social, governance (ESG), and sustainability-related reporting template used to provide the financial sector with more uniform and consistent ESG/sustainability data and information.

<b>N - X</b>	The resource mix (%) for delivered electricity, as specified in the numerator of the utility <b>average</b> emissions rate formula.
<b>Y - AI</b>	The resource mix (%) for delivered electricity, as specified in the numerator of the utility <b>specific</b> residual mix emissions rate formula.

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## DEFINITIONS

**Contractual Instruments.** Any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims. Markets differ as to what contractual instruments are commonly available or used by companies to purchase energy or claim specific attributes about it, but they can include energy attribute certificates (RECs, GOs, etc.), direct contracts (for both low-carbon, renewable, or fossil fuel generation), supplier-specific emission rates (such as green tariffs and some community solar programs), and other default emission factors representing the untracked or unclaimed energy and emissions (termed the residual mix) if a company does not have other contractual information that meets the Scope 2 Quality Criteria.<sup>5</sup>

**Delivered Electricity.** Annual sales to retail customers from owned generation and purchased electricity.

**Emissions Free Energy Certificate (EFEC).** An EFEC represents the clean energy attributes of 1 MWh of zero-carbon electricity and conveys the environmental and social attributes of the generated electricity to customers.

**Energy Attribute Certificate (EAC).** A category of contractual instrument that represents certain information (or attributes) about the energy generated but does not represent the energy itself. This category includes a variety of instruments with different names, including certificates, tags, credits, or generator declarations. For U.S. utilities, EACs used are often RECs.<sup>6</sup>

**Limited and Reasonable Assurance.** Assurance engagements can be conducted at two levels, reasonable and limited, to provide stakeholders with an independent and objective opinion on the reliability and credibility of information disclosures, in this case total emissions and emission intensity rates of electricity delivered to end customers.

- **Limited Assurance** is a reduced level of assurance that involves an assurance provider expressing a conclusion about whether **they are aware of any material modifications** that should be made to the disclosure for it to be in accordance with disclosure requirements. It is equivalent to the assurance provided in an interim review of financial statements. Limited assurance relies more heavily on representations made by the company's management team as an information source. It may entail auditing emission sources that cover 80-90% of total emissions sources; utilizing a smaller sample size for testing data; and involves an underlying assumption that the data control system is reliable.
- **Reasonable Assurance** involves the practitioner expressing an opinion about whether the subject matter is in accordance with relevant criteria in all material aspects **and free from material misstatement**. This level of assurance is equivalent to that provided in an audit. Reasonable assurance is more evidence based. It may entail auditing emission sources that cover 90-95% of total emission sources; utilizing a larger sample size to audit selected emission sources; and involves assessing the design, existence, and effectiveness of data control systems.
- In addition to ISO 14064, there are several financial auditing standards that have been adapted for emissions related assurances, including the American Institute of Certified Public Accountants (AICPA) standards: AT-C 105 Concepts Common to All Attestation Engagements; AT-C 210 Review Engagements; and, AT-C 205 Assertion-Based Examination Engagements. In Europe, the relevant standards are the International Auditing and Assurance Standards Board's International Standard on Assurance Engagements (ISAE) 3000.

**Null Electricity (or Power).** The underlying power remaining when the RECs have been stripped off and sold elsewhere. Null power is not renewable but is the unspecified and undifferentiated power that has the attributes of the

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<sup>5</sup> Sotos (2015), 9.

<sup>6</sup> Ibid

overall system mix or the residual mix where specified power purchases have been removed.

**Owned Generation Mix.** The total megawatt-hours (MWhs) and percentage of electricity generated by utility owned assets in a reporting year. Owned generation mix is not adjusted for sales or purchases of electricity.

**Renewable Energy Certificate (REC).** A REC represents the clean energy attributes of 1 MWh of renewable electricity and conveys the environmental and social attributes of the generated electricity to customers.<sup>7</sup>

**Utility Average Emissions Rate.** The average CO<sub>2</sub> lbs per MWh of electricity delivered to customers, including all renewable generation and purchases.

**Utility Specific Residual Mix Emissions Rate.** The average annual CO<sub>2</sub> emissions rate (in lbs. per MWh) of electricity delivered to customers, including renewable and/or zero-carbon generation for which attributes are retained by the utility and retired in the reporting year, with accounting adjustments made for specified green energy products where another entity (e.g., a customer, a different electric company) owns the renewable attributes.

**Verified:** As used here, “verified” means that the data (emissions and emission intensity rates) provided has been third-party verified by an accredited, independent body (i.e., a verifier) using standards approved for use against the GHG protocols, thus verifying emissions assertions against those protocols. Standards may include ISO 14064 or another standard accredited by the American National Standards Institute (ANSI) National Accreditation Board (ANAB).

“Verified” does not simply mean the electric company is applying a particular GHG accounting protocol. If this is the case, the electric company should indicate in the template which protocol it is following but specify that the reported data has not been third-party verified.

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<sup>7</sup> ACCC Renewables Accelerator (2019).

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## REFERENCES

American Cities Climate Challenge Renewable Accelerator. (2019). "Glossary of Terms." <https://cityrenewables.org/glossary/>.

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