*Sustainable Growth Coalition Case Study*

# Utility/Customer Collaboration on Uniform GHG and Renewable Energy Reporting

*May 2020*

Environmental INITIATIVE

*Powerful Partnerships, Effective Solutions*

SUSTAINABLE GROWTH COALITION

# Purpose

The Sustainable Growth Coalition (the Coalition), a business-led partnership focused on advancing corporate sustainability, works to advance the growth and prosperity of our state and keep the region, communities and companies competitive. Our vision for Minnesota's Clean Energy Future is to help our state advance beyond the current greenhouse gas emission reduction targets of 80% by 2050 and that Minnesota will be known for increasing access to affordable, reliable, clean energy to improve racial, economic, social and public health outcomes and fueling economic growth for all Minnesotans.

The Sustainable Growth Coalition members have worked to develop resources to streamline members' sustainability reporting, including CO2 emissions factors, residual mix CO2 intensity, and renewable goal-based claims and methodologies. The approaches outlined here can more accurately quantify the true carbon footprint and renewable share of large companies' purchased electricity, which helps utility customers capture a fuller value for their clean energy investment. Corporate sustainability leaders rely on data-based approaches to build the business case towards clean energy. The value of clean energy investments can be better captured through agreed-upon claims and reporting practices, which reduce reputational risk and avoid confusion from poorly understood claims. Carbon and renewables reporting accuracy bolsters confidence in the reporting entity by investors and customers, and better positions the reporting companies to capture a fuller value of their energy and carbon-reduction focused decisions.

As an ultimate outcome, this effort aims to decrease greenhouse gas emissions because it will enable more strategic investments in lower-carbon energy sources. Decisions can be informed by the tools made available by this project through increased accuracy of an organization's understanding of their carbon footprint and renewable electricity.

# Context

Many companies use U.S. Environmental Protection Agency (EPA) eGRID emissions factors for their carbon emission reporting. While this has the benefit of being simple, uniform, and publicly accessible, it has two flaws: 1) eGRID data reflects regional grid intensity at least 2-3 years ago (currently the latest data is for 2018)[1], and 2) most Coalition member headquarters and MN-based operations are located in utility service territories with carbon emissions intensity lower than the eGRID regional averages for these regions. As a result, applying the eGRID emissions intensity (lbs of CO2/MWh) to their electricity consumption results in companies appearing further from their carbon goals than they actually are. Therefore, in this resource, we are highlighting corporate usage of best practice methodologies for other utility customers to more accurately calculate a company's carbon footprint using location-specific data from the utility serving the load.

By working with both utilities and their large customers (members of the Coalition), we are working to highlight best practices that can be used as a resource by any company. This is also helping to streamline interactions between utilities and utility customers; for example, Coalition member Xcel Energy reports that customer requests are now consistently in the following categories, and the tools highlighted in this case study help the utility respond quickly and consistently to these inquiries:

- Calculation of carbon reductions, including both through standard grid energy mix and voluntary renewables
- Carbon emission intensities/kWh factors

This outcome is a testament to the power of building business-focused relationships and we continue to work towards similar outcomes through the work of the Coalition.

[1] See https://www.epa.gov/energy/emissions-generation-resource-integrated-database-egrid

# Target Corporation Case Study

As a Minnesota-based company with a national presence, Target works with hundreds of utilities across the country to power stores and distribution centers. Target also has ambitious clean energy and climate goals that provide Target stakeholders business value and reduce operating risk. These goals are:

- Reduce Target's Scope 1, 2, and 3 emissions 30% by 2030 (2017 baseline).
- Source 100% of Target's electricity from renewable sources by 2030 (60% by 2025).

To accurately report on Target's progress towards these goals Target annually requests energy generation mix data and CO2 intensity emission factors from utilities serving Target facilities. Target uses this data, along with energy consumption data, in clean energy and greenhouse gas (GHG) emissions calculations for public reporting. Historically, the response rate among utilities for these data requests has been low. On average, only 20 percent of utilities respond, and only half of those replies are responsive to the data request. In addition, utilities have provided little documentation supporting the data responses provided.

To improve response rates, in 2018 Target partnered with the Edison Electric Institute, who collaborated with its member companies, corporate customers, and World Resources Institute (WRI) on a standard utility data template. The goal of the template is to provide utilities guidance on calculation methodologies that are consistent with the data needs of customer sustainability reporting. The template also aims to standardize the data customers are requesting to reduce survey fatigue among responding utilities. The template was finalized in April 2020, and in summer 2020 a small group of Edison Electric Institute member utilities will pilot test the template. [A link to the template is provided as an Appendix.]

# Renewables Accounting – Utility Resources and Methodology

Utility customers have a range of corporate sustainability goals; these targets may be based on carbon or greenhouse gas emission reduction, renewable energy as a share of the customer's total electricity consumption, or other frameworks. Currently, more uniform practices and resources are available for carbon or greenhouse gas-based goals, such as the Edison Electric Institute/World Resources Institute Emission Factor Template and various well-accepted GHG protocols (WRI GHG Protocol, The Climate Registry, etc.). If a company has a renewable energy-based goal, fewer resources are available and there is less commonly agreed upon industry protocol on which to rely.

A "Certified Renewable Percentage," based on retirement by the utility of current-year RECs on behalf of all retail customers, provides a metric that customers can use to credibly claim the portion of their standard mix electricity that is renewable in that year. The Certified Renewable Percentage forms the starting point for customers' claims; it can be combined with voluntary "green tariff" or other renewable products, as long as these also retire RECs on customers' behalf, to reach higher levels of renewable electricity. (See attached information sheet from Xcel Energy.)

Momentum for the development of the Certified Renewable Percentage (CRP) approach was garnered from the Coalition's facilitation of utility and utility customer collaboration. Coalition members expressed interest at a member meeting in 2017 in exploring a tool developed by a utility in another state; Xcel Energy was able to build on an effort in the works thanks to this feedback from Coalition members; the Coalition subsequently facilitated discussions between members and Xcel Energy demonstrating aggregate demand and providing additional design guidance for CRP; in turn, Xcel Energy responded to this customer interest by finalizing and rolling out the methodology.

We are working to raise awareness regarding this approach so that it can inform and influence industry protocol. We will work towards exploring the application of this approach as a nationally-accepted best practice by partnering with national stakeholders to advance their current efforts in this area.

# GHG Accounting Protocol – Utility resources and methodologies

Other resources are available for utility customers to develop and report on their goals. For example, CO2 intensity emission factors can be found in the attached example from Xcel Energy, which provides three options: a basic CO2 intensity – simply the total CO2 divided by total generation (option 1); a CO2 intensity metric for customers who use The Climate Registry, World Resources Institute or ISO protocols for Scope 2 market-based reporting (option 2); and a "residual mix" CO2 intensity that adjusts for any RECs sold or retired on behalf of subscribers to voluntary renewable energy products (option 3).

# Appendix

- **Xcel's Energy's Certified Renewable Percentage info sheet for Minnesota**
- **Xcel Annual Carbon Intensity info sheet (2019)**
- **Edison Electric Institute: Electric Company Carbon Emissions and Electricity Mix Reporting Database**

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*Environmental Initiative, a nonprofit organization dedicated to solving environmental problems collaboratively, convenes the Sustainable Growth Coalition.*

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