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EBF response to the GHG Protocol Scope 2 Guidance Public Consultation

Response submitted via GHG protocol online survey

While the EBF welcomes the GHG Consultation on the Scope 2 Guidance, we are concerned about its potential impact on PPAs market.

Although the business model and emissions profiles of financial institutions limit their exposure to GHGP standard revisions, they face potential indirect impacts through the market impacts affecting their clients.

The consultation proposes to tighten the Market-Based Method (MBM) by turning two quality criteria into binding (“shall”) requirements:

- Hourly matching (Quality Criterion 4). Contractual instruments (EACs, PPAs, VPPAs) would need to be matched to electricity consumption in the same hour, rather than annually or monthly.
- Deliverability/market boundary constraints (Quality Criterion 5). Electricity attributes must come from generation that is physically deliverable to the consuming load, defined through relatively narrow grid or market boundaries.

While these changes are framed as accounting refinements, intended to strengthen the integrity, accuracy, scientific integrity, and comparability of the MBM for Scope 2 accounting, the consultation itself acknowledges that they would reshape incentives in electricity markets, not just reporting outcomes.

The EBF is concerned that these proposed revisions would have significant negative impacts on the market conditions for renewable energy development by constraining the scope for voluntary procurement of renewable energy. This, in turn, could negatively impact both decarbonization and energy security objectives.

We'd like to highlight that renewable energy projects—especially utility-scale wind and solar—depend on:

- long-term PPAs with creditworthy counterparties;
- predictable cash flows to unlock project finance,
- tax equity,
- and debt

If the proposed Scope 2 changes, it will shrink the pool of corporate buyers able or willing to sign long-term PPAs, reduce average PPA tenor or volume and increase price volatility and structuring complexity. As a consequence, financing costs will rise, risk premia will increase, and marginal projects will not reach financial close.

This change could create a paradox: reported emissions may look more precise but investment, deployment, and grid decarbonization will slow down.

A strong legacy provision is critical to ensure investment stability and safeguard for, both, agreements and assets financed under the current regulations. All PPAs signed prior to the implementation of the new Scope 2 rules must remain governed by the existing framework for the full term of their contracts. The extension of the PPAs also must be covered. 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, whose investment decision was taken under the existing framework, would be substantially undermined.

For the aforementioned reasons, we believe the GHGP should maintain current definitions and treat hourly matching and deliverability as an optional “may” pathway.

Making them mandatory would hinder renewable energy procurement, delay the transition to a carbon-free grid, and create unnecessary logistical burdens and costs.