

Greenhouse Gas Accounting Standards: Applications and Approaches

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Greenhouse Gas (GHG) accounting standards

The slide features a teal background with a grid pattern. On the left, there is an illustration of a factory with smokestacks emitting red dots representing emissions, with a globe icon next to it. On the right, there are four overlapping circular icons representing different currencies: a yellow circle with a dollar sign (\$), a red circle with a yen sign (¥), a large cyan circle with a euro sign (€), and a blue circle with a pound sign (£). The CEU logo is in the top left and top right corners.

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Content

- Why do we need a standard for GHG accounting?
- What is a “good GHG accounting standard”?
- Approaches and challenges to developing a good GHG accounting standard
- The role of ISO in standardizing GHG accounting

Who needs a GHG accounting standard?

- Individual companies
 - Companies with significant climate impacts
 - Service companies (e.g. verifiers of inventories, brokerage of GHG projects)
 - Other companies (e.g. investors)
 - Non-business organizations (e.g. municipalities, International Financial Institutions)
- Voluntary initiatives
 - GHG reporting (e.g. WWF Climate Savers)
 - Voluntary GHG management initiatives (e.g. WWF “Golden standard”)
- National regulatory schemes
 - Inventories; Emission trading schemes; National “projects”, economic instruments
- International schemes
 - Inventories; Emission trading schemes; Flexible mechanisms



Selected businesses using GHG accounting GHG Protocol



- Alcan Aluminum, Canada
- CODELCO, Chile
- Philips & Yaming, China
- Volkswagen, Germany
- Tata Steel, India
- Sony Electronics, Japan
- Norsk Hydro, Norway
- ENDESA, Spain
- IKEA International, Sweden
- ST Microelectronics, Switzerland
- The Body Shop, UK
- BP, USA
- Eastman Kodak, USA
- Ford, USA
- Lockheed Martin, USA
- Nike, USA
- IBM, USA
- International Paper, USA
- Interface, USA
- Johnson & Johnson, USA

Source:
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Selected schemes requiring GHG accounting



(adopted from: Meridian Inst./Battelle, July 2002)

- US DOE 1605b
- US EPA Climate Leaders
- California Climate Action Registry
- New Jersey Open Market Emissions Trading Registry
- Wisconsin Voluntary ERT Registry
- Climate Neutral Network
- Climate Trust
- Global Reporting Initiative (GRI)
- WWF Climate Savers
- WWF Gold Standard
- World Bank Prototype Carbon Fund
- Australia Greenhouse Challenge
- EU GHG Emissions Trading Scheme
- UK Emissions Trading Scheme
- Netherlands ERUPT/CERUPT

22 Institutions and Processes identified as of January 2003

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Why using a standardized approach to GHG accounting



- Internal objectives:
 - ✗ Provide technical guidance
 - ✗ Ensure consistency of a GHG management scheme
- External objectives:
 - ✗ Meet legal or other requirements
 - ✗ Enhance credibility of a GHG management approach (e.g. in communications with stakeholders)
 - ✗ Risk management
 - ✗ Enhance compatibility between GHG schemes

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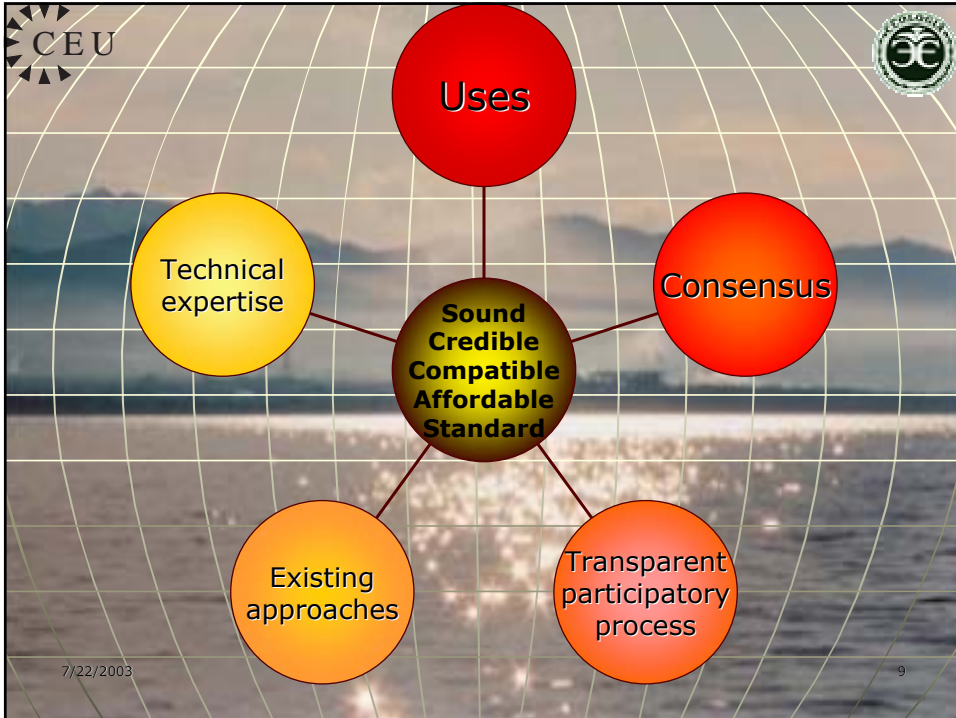
An effective GHG accounting standard



- Technically sound
- Widely applicable, flexible
- Affordable
- Compatible with major schemes/regimes
- Compatible with other standards
- Widely recognized

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Approaches to developing standards

- Specific standards for particular schemes or purposes (corporate, voluntary, national, international or other)
 - ✗ Examples: WB PCF Guidelines, American Petroleum Institute Guidelines, UK ETS Regulations
 - ✗ Advantage: “Fit for purpose”
 - ✗ Disadvantages:
 - Capacity is not always sufficient to develop a good standard
 - Credibility and comparability may suffer
- Multiple-use (generic) standards
 - ✗ Example: GHG Protocol,
 - ✗ Advantages: Higher capacity, comparability and credibility

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The GHG Protocol Initiative

- ▣ Convened in 1998 by WBCSD & WRI
 - ✗ Mission: to develop international GHG accounting and reporting standards for business through an inclusive and transparent multi-stakeholder process
 - ✗ 350+ stakeholders (incl. Businesses, NGOs, governments and inter-government organizations) contributed to and reviewed the corporate inventory standard
- ▣ 2 modules: corporate inventories & GHG projects
 - ✗ Corporate standard published in 2001, tested by 30+ companies in 9 countries, peer reviewed
 - ✗ Second edition scheduled for release in mid-2003
 - ✗ The project module is currently road-tested



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Potential role of ISO

- ▣ Organization:
 - ✗ Work on GHG accounting started in 1999 at the level of ISO (in 2002 in TC 207)
 - ✗ 69 full member bodies + 26 liaison organizations
 - ✗ Vision: international, regime-neutral, consensus-based, wide participation
- ▣ GHG accounting standard aims to be:
 - ✗ Widely applicable standard, reflecting a variety of perspectives and uses
 - ✗ Regime-neutral
 - ✗ Based on best practice

Challenges to the ISO GHG accounting standard

- Ensure wide participation:
 - ✘ Developed and developing countries
 - ✘ Variety of expertise (management, accounting, standardization, climate change etc.)
 - ✘ Participation of users: industry, services, governments, NGOs
- Ensure accountable consensus-based process
- Ensure compatibility
 - ✘ Compatibility with WRI/WBCSD GHG protocol
 - ✘ Defining “regime neutrality” especially in relation to UNFCCC
- Ensure technical rigor
 - ✘ Dealing with issues on which no scientific consensus or best practice exists
- Deliver the standard(s) on time

Summary

- There are several approaches to GHG accounting and a need for international standardization
- ISO is well positioned to develop a GHG accounting standard
- However, in order to deliver an effective standard many challenges should be overcome



Thank you!

■ More information:

✘ www.ecologia.org (ECOLOGIA Website, GHG accounting section)

✘ www.ghgprotocol.org (WRI/WBCSD GHG Protocol)

✘ www.tc207.org (TC 207 Website)

✘ cherpa@ceu.hu (Aleg Cherp)

