

Greenhouse Gas Sustainability Developments

GHG Protocol consults on amendments to Scope 2 Guidance and Consequential Electricity-Sector Emissions Impacts

What you need to know

- On October 20, the GHG Protocol proposed amendments to the Scope 2 Guidance and requested input on its Actions and Market Instruments workstream.
- The proposed amendments to the location-based method include an update to the emissions factor hierarchy and would require entities to use the most precise emissions factor accessible for which activity data is also available.
- The proposed amendments to the market-based method include updates to the Scope 2 quality criteria that would generally require contractual instruments be matched to the entity's energy consumption on an hourly basis and sourced from the same market boundary as the entity's electricity consuming operations.
- Stakeholders are encouraged to submit feedback by 19 December 2025.

Overview

On 20 October 2025, the Greenhouse Gas (GHG) Protocol [proposed amendments](#) to its [Scope 2 Guidance \(2015\)](#) (the “proposed amendments”) that would maintain the dual reporting requirement of both the location-based method and the market-based method, while introducing revisions to each method. The proposed amendments to the location-based method include an update to the emissions factor hierarchy and would require entities to use the most precise emissions factor accessible for which activity data is also available. The proposed amendments to the market-based method include updates to the Scope 2 quality criteria that would generally require contractual instruments be matched to the entity’s energy consumption on an hourly basis and sourced from the same market boundary as the entity’s electricity consuming operations. The market-based method would also be amended to require the use of fossil-based emissions factors where no residual mix emissions factor is available. The definitions of Scope 2 GHG emissions, the location-based method and the market-based method would also be updated to reflect these changes, but the consultation only describes the updates and does not include specific amendments.

The GHG Protocol is also seeking input on measures that are meant to make the proposed amendments more feasible and a transition measure that would continue to allow the use of legacy agreements entered into before the amendments become effective.



The GHG Protocol proposed the amendments to address key concerns raised by stakeholders about the Scope 2 Guidance, including: revisions that would aim to clarify the intended purposes of each method to improve the alignment with GHG accounting and reporting principles; help ensure Scope 2 inventories are internally consistent; and support a fair and accurate representation of electricity purchase and use claims. The proposed amendments are part of the GHG Protocol's project initiated in November 2022 to update its corporate suite of standards and guidance. The GHG Protocol indicated that additional updates to its Scope 2 Guidance will be covered in future public consultations.

The GHG Protocol also requested input on consequential accounting methods for estimating avoided emissions from electricity-sector actions (the "[Consequential Electricity-Sector Emissions Impacts consultation](#)") that will support its Actions and Market Instruments workstream, which is aimed at developing standardized, sector-agnostic requirements for quantifying and reporting GHG impacts of actions relating to electricity.

The publication and effective dates for the proposed amendments and Actions and Market Instruments guidance are expected to be aligned so that any new location-based method and market-based method requirements would begin at the same time as the related Actions and Market Instruments guidance. The effective date of the proposed amendments has not been decided, but it is expected that the amendments would not be effective as soon as they are issued (i.e., there would be a transition period). However, early adoption would be encouraged. The GHG Protocol has requested feedback on the effective date in the public consultation.

The proposed amendments currently do not influence the application of other reporting frameworks such as GRI, ESRS or ISSB Standards, given these frameworks refer to the current version of the GHG Protocol. These reporting frameworks will have to consider amending the references to the GHG Protocol as soon as the updated version of the GHG Protocol Standards and Guidance is available.

Comments on these public consultations are due by 19 December 2025.

Key proposed changes

Location-based method

The proposed amendments include an updated emissions factor hierarchy that would require entities to prioritize accessible emissions factors in the following order:

- Those that have the most precise location information (e.g., local boundary, operational grid boundary, grid-wide or national boundary)
- Those that have the most precise time matching (e.g., hourly, monthly, annual)
- Those based on consumption, which reflect electricity imports, exports and stored electricity produced in a previous time period, instead of those based on production

For example, if an entity is choosing between a national emissions factor with hourly data and a local emissions factor with annual data, it would choose the local emissions factor under the proposed amendments because the location information is more precise. Similarly, if an entity is selecting between a production-based factor and a consumption-based factor with the same precision of location information and time matching, the entity would choose the consumption-based factor.

Under the proposed amendments, entities would not be required to use emissions factors that are not accessible; "accessible" is defined as publicly available, free of charge and sourced from credible sources. That is, if a higher-quality factor exists but is not publicly available, is not from a credible source or requires payment, it may be used, but an entity would not be required to use it even if it ranks higher in the hierarchy. Credible sources has not been defined, but the GHG Protocol anticipates providing more guidance on what constitutes a credible source in the future.

Entities would be required to use the most precise location-based method emissions factor accessible for which activity data is also available. For example, if an entity has access to hourly emissions factors but only has annual activity data, the entity would

not be required to calculate location-based method emissions on an hourly basis and instead could use annual emissions factors. However, entities that want to use more granular time matching may use load profiles, which approximate when power is typically consumed over the course of a day and throughout the year in a given sector or for a given type of entity, to account and report their location-based method emissions.

Market-based method

Criterion 4 of the Scope 2 Quality Criteria would be revised to require hourly matching of contractual instruments, such as energy attribute certificates or power purchase agreements, to the actual consumption of electricity. That is, entities would be required to use contractual instruments derived from the most precise data available for purposes of calculating market-based method emissions. For example, where hourly contractual instruments are not available, production load profiles would be required to be applied to monthly or annual contractual instruments to estimate hourly data. This is a clear distinction from the location-based method, where load profiles may be used and the market-based method where they must be used when using contractual instruments.

To support the feasibility of this requirement, the proposed amendments would allow the use of load profiles to approximate hourly loads from monthly or annual activity data and to approximate the hourly granularity of monthly or annual time-stamped contractual instruments. The proposed amendments would also include exemptions for some entities to enhance feasibility, as discussed in the next section.

The proposed amendments would also revise criterion 5 of the Scope 2 Quality Criteria to require that all contractual instruments used in the market-based method be sourced from the same market boundary as the entity's electricity-consuming operations and to which the instrument is applied, or otherwise meet criteria deemed to demonstrate deliverability (i.e., electricity from a generator could plausibly be part of the mix serving the entity through an electrically connected grid) to the entity's electricity-consuming operations. The proposed amendments include methodologies for making this determination in several prominent locations throughout the world. An entity that applies the approved methodology would have a sufficient basis for demonstrating deliverability without being required to provide further evidence. Where contractual instruments involve more complex or cross-border supply arrangements, entities would apply alternate methodologies that provide evidence of physical delivery or demonstrate excess transmission capacity with price differentials between adjacent markets.

The proposed amendments would introduce new requirements for GHG accounting for electricity from publicly funded, mandated or shared resources (i.e., Standard Supply Service), such as those delivered through default utility service or government clean energy programs. The proposal would only allow an entity to claim its proportionate share of environmental attributes based on its electricity use. If another entity does not claim its share, that portion cannot be transferred or used to substantiate claims by another entity, helping to avoid double counting.

Under the proposed amendments, residual mix emissions factors would explicitly exclude Standard Supply Service and contractual instruments voluntarily claimed. Although residual mix emission factors should reflect the most precise time matching accessible for the relevant market boundary, hourly matching would not be required.

When a residual mix emissions factor is not accessible for a given market, entities would be required to use either a fossil fuel-only grid-average or fossil fuel emissions factor, such as for natural gas, oil or coal, for any consumption not matched with Standard Supply Service or voluntary contractual instruments. The option to use a grid-average emissions factor that is allowed under the current Scope 2 guidance would be eliminated.

How we see it

The proposed amendments would require entities to match energy consumption with contractual instruments used from the same market boundary (i.e., deliverability) on an hourly basis, which would likely require significant effort by entities to report under the market-based method. Entities would likely need to revise their current processes and systems to collect data at much more granular level.

Implementation measures for feasibility

The proposed amendments would introduce several measures to support feasibility, including:

- An exemption threshold that would allow entities to use contractual instruments based on monthly or annual data instead of hourly data, as described above. The public consultation does not include an exact threshold, but is seeking feedback on several options that would be based on a certain amount of gigawatt-hours of consumption in a market, a small and medium-sized entity categorization, both or either of them. This exemption would only apply to hourly matching, so entities would still need to meet the deliverability requirements relating to criterion 5 described above.
- The use of load profiles, following a hierarchy from facility-specific to supplier-provided to standardized load profiles, when hourly activity data or contractual instruments are not available. This approach would enable entities that want to use activity data or contractual instruments on an hourly basis to do so.
- A phased implementation approach that would give entities, data providers and service platforms time to adapt and develop the necessary tools and processes to implement the updated guidance.
- A legacy clause transition option that would grandfather qualifying existing contracts so that entities are not penalized for long-term agreements made before the updates become effective. This would allow entities to use contractual instruments from existing arrangements that meet the Scope 2 Quality Criteria to calculate the market-based method even if the contractual instruments do not meet the proposed hourly matching and deliverability requirements, for as long as the related agreement is in effect.

Consequential electricity-sector emissions impacts

The GHG Protocol is seeking feedback on the Consequential Electricity-Sector Emissions Impacts consultation to inform sector-agnostic requirements for quantifying and reporting GHG impacts of actions (e.g., avoided-emissions methods that estimate the system-wide effects of clean-energy procurement and investment outside corporate inventories). Specifically, the GHG Protocol is seeking feedback on this consultation on the following:

- A formula for quantifying emissions impacts from electricity projects
- Treatment of additionality (i.e., the principle that claimed emission reductions or avoided emissions must result from actions that would not have occurred otherwise)
- Approaches for determining marginal emission rates (i.e., the emissions factors that represent how changes in electricity generation or consumption affect grid emissions)
- Approaches for weighting build and operating margin impacts when estimating the emissions effects of electricity projects

Next steps

Entities that will be significantly affected by the proposed amendments should consider responding to the public consultation by 19 December 2025. Following the public consultation period, the GHG Protocol will compile and publish a summary of all stakeholder comments. The feedback submitted during the public consultation process will be evaluated in line with the GHG Protocol's Standard Development and Revision Procedure and weighed against the GHG Protocol's decision-making criteria and hierarchy detailed in Annex A of GHG Protocol's Governance Overview (i.e., integrity, impact and feasibility). The GHG Protocol will also work on other topics leading to proposed amendments to the Scope 2 Guidance. A public consultation on these other topics is expected in Q2-Q3 2026. The GHG Protocol's Scope 2 Technical Working Group will then collaborate with the GHG Protocol's Independent Standards Board to issue a final updated standard, which is not expected until late 2027.

How we see it

GHG Protocol's decision-making criteria and hierarchy prioritizes integrity (i.e., science and principles), then impact (i.e., support ambitious global climate action and programs), and finally feasibility (i.e., implementation feasibility). This means that, for example, integrity would not be compromised for decisions that might have greater impact and more feasibility. As a result, the GHG Protocol could introduce changes that are difficult to implement but have greater integrity or impact.

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EYG no. EYG no. 008913-25Gbl

ED None

UKC-041642 (UK) 10/25.

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