

ISO standard on Greenhouse Gas accounting at the entity level

Issue paper by ECOLOGIA (July 2003)

INTRODUCTION

ECOLOGIA has prepared this paper to identify key issues in the first part of the forthcoming ISO standard on greenhouse gas (GHG) accounting: *Greenhouse gases – Part 1 (ISO 14064-1.1): specification for the quantification, monitoring and reporting of entity emissions and removals*. The paper is aimed primarily at an audience of NGOs, and ECOLOGIA welcomes views, opinions and comments on this issue paper from any interested NGOs.

This issue paper focuses on identifying how four important principles should be reflected in an effective GHG standard:

- **transparency**
- **environmental integrity**
- **alignment with best practice**
- **alignment with key climate initiatives**

For an elaboration of these principles, please see ECOLOGIA's "NGO Position Paper on the GHG Accounting Standard Under Development by the ISO" at <http://www.ecologia.org/ems/ghg/>.

HOW TO READ THIS PAPER

Issues in this paper are formatted according to their status in the current (July '03) working draft of the ISO greenhouse gas standard, with formatting signals as follows:

- Issues addressed adequately in the current draft standard (normal text)
- Issues currently addressed in part but for which ECOLOGIA will advocate revisions in upcoming drafts (underlined)
- Issues currently excluded from the draft standard (blue)

More detailed information about the status of key issues in the current draft of the standard may be found in ECOLOGIA's report "Recent Developments and Next Steps" [put web address here] for the entity accounting part of the standard.

KEY ISSUES

Quantification and reporting of direct GHG emissions and removals. The standard should require quantification and reporting of all direct GHG emissions and removals:

- ✧ Separately for each of the six Kyoto GHGs
- ✧ Separately for emissions and removals
- ✧ Separately for externally acquired “credits” and “allowances”

Materiality. The standard should require that sources of emissions be omitted from quantification and reporting only if they are immaterial for the purpose of compiling the inventory *and* there are significant technical/cost obstacles in quantifying them. The standard should require entities to report any exclusion of specific sources.

Indirect emissions. The standard should require indirect emissions to be reported separately from direct emissions. Indirect emissions should be divided into two separately reported categories: *energy indirect emissions* (from imported electricity, heat, steam or other energy products; similar to ‘Scope 2’ emissions in *The GHG Protocol*) and all other indirects (similar to ‘Scope 3’ emissions in *The GHG Protocol*).

The standard should require entities to quantify and report all energy indirects, or at least to justify the choice not to report energy indirects.

Entity boundaries. The standard should require entities to quantify emissions at the facility level in order to allow for:

- a) Complete, consistent, accurate and transparent reporting in accordance with the standard’s reporting requirements.
- b) Consolidation of facility-level data to an entity-level inventory to meet specific regime or organization defined quantification and reporting requirements;
- c) Recalculation of past data resulting from any retrospective change to calculation methodologies;
- d) Recalculation of the data resulting from ownership changes through all asset acquisition and divestment;
- e) Independent verification of emissions and/or removals data.

The standard should require inclusion of the method used for drawing entity boundaries in the GHG report.

Quantification methodologies. The standard should require use of internationally recognized GHG quantification methodologies. A list of such methodologies should be included in the standard.

Time series. The standard should require entities to ensure comparability of data over time.

Data management system. The standard should require entities to have a GHG data management system¹.

Reporting plan. The standard should require entities to consider and document the following while planning a GHG inventory report:

- a) Purpose and objectives of the report;
- b) Intended usage and potential users of the report;

¹ The current wording requires a “data management process” with elements of continuous improvement to be established.

- c) Overall and specific responsibilities for producing the report;
- d) Frequency with which reports will be issued;
- e) Period for which the report is valid;
- f) Format of the report;
- g) Data and information to be included in the report;
- h) Methods of dissemination and the policy on report availability;
- i) If appropriate, report verification procedure.

The standard should require entities to document the above items in a formal reporting plan and to make that plan publicly available.

Report content. The standard should require GHG reports to contain:

- a) Description of the objectives and intended usage of the report;
- b) Authorship of reporting;
- c) Description of the reporting entity including confirmation of and justification for the entity boundaries;
- d) Justification for the exclusion of any sources;
- e) Reporting period covered;
- f) Base year and base year emissions (if established);
- g) Where entities have adjusted their base year, or other year's GHG inventory, a description and justification for the adjustment.
- h) Gross direct GHG emissions and removals separately quantified in tonnes of CO₂-e for each of the six Kyoto GHGs.
- i) A description of the quantification methodologies used.
- j) Separate line items for gross GHG emissions reductions or removal enhancements generated from internal projects and GHG emissions reductions or removal enhancements acquired from external projects;
- k) A declaration that the report has been prepared in accordance with *ISO 14064, Greenhouse gases - Part 1: Specification for the quantification, monitoring and reporting of entity emissions and removals*;
- l) A statement on the nature of inventory verification.

Publicly available information on reporting. The standard should require entities to make their policy on reports communication publicly available.

Verification. The standard should deal with verification of entity reports in a separate part of the standard (*ISO 14064, Greenhouse gases - Part 3: Specification and guidance for validation, verification and certification*). It should require any GHG claims/reports to be accompanied by a statement on the nature of verification.