

Renewable Energy in Electric Utilities & Power Generators

Project consultation briefing document



**INTEGRATED
THINKING
PRINCIPLES**



**INTEGRATED
REPORTING
FRAMEWORK**



**SASB
STANDARDS**

Overview

This document has been prepared by the SASB Standards technical staff to facilitate consultations with companies, investors, and subject matter experts regarding potential changes to the SASB Electric Utilities & Power Generators Standard.

The global electric utilities industry is expected to see an increase in demand for electricity coupled with emissions reduction goals. The SASB Standards Board approved a [standard-setting project](#) in July 2021 to evaluate relevant and useful measurements to capture company performance on the transition to renewable energy as a decarbonization pathway.

The approved [standard-setting project](#) will investigate ways to measure company performance beyond renewable portfolio standards in metric IF-EU-110a.4 within the Greenhouse Gas Emissions & Energy Resource Planning disclosure topic (displayed below from the Industry Standard):

IF-EU-110a.4. (1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market.

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Greenhouse Gas Emissions & Energy Resource Planning	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations	Quantitative	Metric tons (t) CO ₂ -e, Percentage (%)	IF-EU-110a.1
	Greenhouse gas (GHG) emissions associated with power deliveries	Quantitative	Metric tons (t) CO ₂ -e	IF-EU-110a.2
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	IF-EU-110a.3
	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market ²	Quantitative	Number, Percentage (%)	IF-EU-110a.4

Use of Feedback

Responses and perspectives provided during consultations will not be attributed to any individual or organization in documents or materials distributed externally. Input will inform the SASB Standards Board's decision making. The tentative plan is to release an exposure draft¹ of proposed revisions with an accompanying Basis for Conclusions explaining the Board's rationale for the proposed revisions to the Standard around the third quarter of 2022.

¹ An Exposure Draft contains proposed updates to the Standard, reflected using redline, and is subject to a 90-day public comment period. See more detailed information in the SASB Standards Board's [Rules of Procedure](#).

Consultation Objectives – Disclosure Preparers

Objectives	Questions
<p>Understand the main drivers / financial levers behind your business’s transition to renewable energy, including:</p> <ul style="list-style-type: none"> • The role that different policy types and regulations play to shape your business strategy • The impact your regional market structure has on your business’s ability to transition to renewable energy • What data your business collects and tracks to guide your decision making in the transition to renewable energy 	<p>When you think of the key drivers or financial levers behind your business’s transition to renewable energy as a decarbonization pathway, are there specific drivers or levers that are driving the transition more than others?</p> <p>How does your business’s role in the electricity value chain influence your transition to renewable energy?</p> <p>What do you currently disclose on your business’s transition to renewable energy?</p> <ul style="list-style-type: none"> - How have disclosure users responded to that information? - Are you planning on disclosing any additional information in the future? <p>What additional information have disclosure users requested from your business on the transition to renewable energy?</p> <ul style="list-style-type: none"> - Is it information you are tracking? - Is it available to disclose?
<p>Understand decision-usefulness of different disclosure concepts</p>	<p>What is your business’s strategy to transition to renewable energy?</p> <ul style="list-style-type: none"> - What specific elements of that strategy do you think best convey your strategy to disclosure users? <p>How do regulations and policies in your operating jurisdiction impact your business strategy on renewable energy?</p> <ul style="list-style-type: none"> - How do you think those impacts can best be conveyed to disclosure users? <p>How does your business benchmark its performance on the transition to renewable energy?</p> <p>How do you view the use of historical information, such as the historical change in the energy generation mix, playing a role in disclosure?</p> <ul style="list-style-type: none"> - What specific areas do you think play an important role in disclosure? <p>How do you view the use of forward-looking information, such as the estimated future energy generation mix, phase out plans of high carbon-intensity energy sources or renewable energy goals,</p>

Objectives	Questions
	<p>playing a role in disclosure?</p> <ul style="list-style-type: none"> - What specific areas do you think play an important role in disclosure? <p>Are there disclosure provisions in the technical protocol of metric IF-EU-110a.3 (please see pages 6 – 8 for reference) that you think could be separately highlighted based on the relevance of the information to disclosure users when considering the transition to renewable energy?</p> <ul style="list-style-type: none"> - What are those specific provisions?

Consultation Objectives – Disclosure Users

Objectives	Questions
<p>Understand decision-usefulness of different disclosure concepts</p> <p>Understand what data points are used to analyze company performance on the transition to renewable energy</p> <p>Understand the assumptions made in analysis from information gaps</p>	<p>What information is helpful to you to compare relative company performance on the transition to renewable energy in the industry and how do you use it?</p> <ul style="list-style-type: none"> - How do you measure performance in this area? - How do you account for differences in regional market structures? <p>What data do you lack / desire to analyze company performance on the transition to renewable energy in the industry?</p> <ul style="list-style-type: none"> - Where do you often have to make assumptions? <p>How do you view disclosure on business strategy within the transition to renewable energy?</p> <ul style="list-style-type: none"> - What specific elements of that strategy do you think best convey the strategy to disclosure users? <p>How do you view the use of historical information, such as the historical change in the energy generation mix, playing a role in disclosure?</p> <ul style="list-style-type: none"> - What specific areas do you think play an important role in disclosure? <p>How do you view the use of forward-looking information, such as the estimated future energy generation mix, phase out plans of high carbon-intensity energy sources or renewable energy goals, playing a role in disclosure?</p>

Objectives	Questions
	<ul style="list-style-type: none"> - What specific areas do you think play an important role in disclosure? <p>Are there disclosure provisions in the technical protocol of metric IF-EU-110a.3 (please see pages 6 – 8 for reference) that you think could be separately highlighted based on the relevance of the information to disclosure providers when considering the transition to renewable energy?</p> <ul style="list-style-type: none"> - What are those specific provisions? <p>How do you view the impact of renewable energy regulations and policies on business strategy in the industry?</p> <ul style="list-style-type: none"> - What information helps you understand those impacts?
<p>Understand industry risks and opportunities</p>	<p>What do you see as the greatest risks and opportunities for the industry in its transition to renewable energy?</p>

Consultation Objectives – Subject Matter Experts

Objectives	Questions
<p>Understand the main drivers behind the transition to renewable energy, including:</p> <ul style="list-style-type: none"> • The role that different policy types and regulations play to shape business strategy • The impact of regional market structures on the transition to renewable energy <p>What data businesses are collecting and tracking to guide decision making in the transition to renewable energy</p>	<p>When you think of the key drivers behind the industry's transition to renewable energy as a decarbonization pathway, are there specific drivers that are driving the transition more than others?</p> <p>How do different roles in the electricity value chain influence the transition to renewable energy?</p> <ul style="list-style-type: none"> - How could performance be compared on the transition across these roles? <p>What are your views on what is currently disclosed on the transition to renewable energy?</p> <ul style="list-style-type: none"> - How do you think disclosure users have responded to that information? <p>What additional information do you think would be decision-useful if disclosed?</p> <ul style="list-style-type: none"> - Is it information that you think can tracked and disclosed?

Objectives	Questions
<p>Understand decision-usefulness of different disclosure concepts</p>	<p>What are the different strategies you see to transition to renewable energy within the industry?</p> <ul style="list-style-type: none"> - What specific elements of that strategy do you think best convey the strategy to disclosure users? <p>How do you view the impact of renewable energy regulations and policies on business strategy within the industry?</p> <ul style="list-style-type: none"> - How do you think those impacts can best be conveyed to disclosure users? <p>How do you view the use of historical information, such as the historical change in the energy generation mix, playing a role in disclosure?</p> <ul style="list-style-type: none"> - What specific areas do you think play an important role in disclosure? <p>How do you view the use of forward-looking information, such as the estimated future energy generation mix, phase out plans of high carbon-intensity energy sources or renewable energy goals, playing a role in disclosure?</p> <ul style="list-style-type: none"> - What specific areas do you think play an important role in disclosure? <p>Are there disclosure provisions in the technical protocol of metric IF-EU-110a.3 (please see pages 6 – 8 for reference) that you think could be separately highlighted based on the relevance of the information to disclosure users when considering the transition to renewable energy?</p> <ul style="list-style-type: none"> - What are those specific provisions? <p>How do you think businesses in the industry can benchmark their performance on the transition to renewable energy?</p>

Metric IF-EU-110a.3 Technical Protocol

IF-EU-110a.3. Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets

- 1 The entity shall discuss its long-term and short-term strategy or plan to manage its Scope 1 greenhouse gas (GHG) emissions.
 - 1.1 Scope 1 emissions are defined according to *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* (GHG Protocol), Revised Edition, March 2004, published by the World Resources Institute and the World Business Council on Sustainable Development (WRI/WBCSD).
 - 1.2 The scope of GHG emissions includes the seven GHGs covered under the Kyoto Protocol—carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃).

(Technical protocol continued on next page)

- 2 The entity shall discuss its emission reduction target(s) and analyze its performance against the target(s), including the following, where relevant:
 - 2.1 The scope of the emission reduction target (e.g., the percentage of total emissions to which the target is applicable);
 - 2.2 Whether the target is absolute- or intensity-based, and the metric denominator, if it is an intensity-based target;
 - 2.3 The percentage reduction against the base year, with the base year representing the first year against which emissions are evaluated toward the achievement of the target;
 - 2.4 The timelines for the reduction activity, including the start year, the target year, and the base year;
 - 2.5 The mechanism(s) for achieving the target; and
 - 2.6 Any circumstances in which the target or base year emissions have been, or may be, recalculated retrospectively or the target or base year has been reset.
- 3 The entity shall discuss its strategy to manage risks and opportunities associated with the GHG emissions regulatory environment, which may include, but are not limited to:
 - 3.1 Any changes it has made or plans to make to its business structure or model
 - 3.2 The development of new technologies or services
 - 3.3 Any changes it has made or plans to make to its operational process, control, or organizational structures
 - 3.4 Influencing the regulatory or legislative process and outcomes, including but not limited to, interactions with regulators, regulatory agencies, utility commissions, legislators, and policymakers
- 4 The entity may discuss its involvement in green power markets, including the number of customers served (by customer category) and the corresponding electricity generated.
 - 4.1 Green power markets are defined as an optional utility service that allows customers the opportunity to support a greater level of utility company investment in renewable energy technologies.
 - 4.2 The entity may disclose instances where the provision of green power markets are required by state renewable portfolio standards.
- 5 The entity shall discuss the activities and investments required to achieve the plans and/or targets, and any risks or limiting factors that might affect achievement of the plans and/or targets.

(Technical protocol continued on next page)

- 6 The entity shall discuss the scope of its strategies, plans, and/or reduction targets, such as how they relate to different business units, geographies, or emissions sources.
- 7 The entity shall discuss whether its strategies, plans, and/or reduction targets are related to, or associated with, emissions limiting and/or emissions reporting-based programs or regulations (e.g., the EU Emissions Trading Scheme, Quebec Cap-and-Trade System, California Cap-and-Trade Program), including regional, national, international, or sectoral programs.
- 8 Disclosure of strategies, plans, and/or reduction targets shall be limited to activities that were ongoing (active) or reached completion during the reporting period.

London Office

The Helicon, Third Floor,
1 South Place,
London EC2M 2RB

San Francisco Office

1045 Sansome Street,
Suite 450, San Francisco,
CA 94111

info@thevrf.org
valuereportingfoundation.org

Value Reporting Foundation

The Value Reporting Foundation is a global nonprofit organization that offers a comprehensive suite of resources designed to help businesses and investors develop a shared understanding of enterprise value—how it is created, preserved and eroded.

**VALUE
REPORTING
FOUNDATION**