

16-June-2022
The EnergyTag Initiative
86-90 Paul Street
London
United Kingdom

For Proposed Rule No. S7-10-22:

The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Honorable Chairman Gensler,

Thank you for this important and ambitious proposal and for taking public comments on the matter. The [EnergyTag Initiative](#) brings together over 300 organisations from around the world, including the world's largest clean energy producers and consumers and energy tracking experts with the aim of building a market for Granular Energy Attribute Certificates (i.e. hourly RECs). This will enable consumers to understand the source of their energy supply on a highly granular temporal (hourly) and geographical basis, bringing certificate closer to physical grid realities. In March 2022, EnergyTag [published](#) the world's first voluntary Standard for Granular Certificates (GCs), a landmark in making GCs available to enable new carbon-free procurement options for the most ambitious consumers. It also helps ensure full compatibility with conventional annual Energy Attribute Certificate (EAC) schemes, such as U.S. renewable energy certificate (REC) registries. The Standard is the first of its kind and has widespread support from [key stakeholders](#), including numerous notable U.S. companies. Dozens of energy tracking registries have developed software solutions for hourly tracking and are currently scaling up. EnergyTag and our partners are actively working with the current EAC registries to accelerate the availability of GCs, with development already underway across the world.

GCs are required to move electricity traceability and scope 2 carbon accounting from the annual tracking common today to the hourly tracking needed to address renewable variability and incentivise flexibility and ultimately totally decarbonise the electricity system. GCs enable more precise procurement that send market signals promoting more time-sensitive decarbonization to electric grids compared to monthly or annual procurement. **The hourly accounting facilitated by GCs also provides an additional layer of transparency on the performance of organizations compared to the annual methods seen today.** Clearer recognition of a given company's adoption and use of hourly accounting would help future-proof Proposed Rule No. S7-10-22.

EnergyTag commends the U.S. Securities and Exchange Commission (SEC) for promoting greater transparency on climate-related disclosures as an important signal to organizations to reduce greenhouse gas emissions. Given its unique expertise in accounting instruments and its global scope, EnergyTag encourages the SEC to consider the following specific comments in order to enhance the Proposed Rule's efficacy, durability, and interoperability with fast-changing energy markets and customer needs:

- 1. Enable registrants to report their clean energy sourcing and scope 2 emissions on an hourly basis.** Many companies are making efforts to go beyond annual accounting of their scope 2 emissions and energy sourcing to promote investments in the systemic decarbonization of electric grids. Moreover, [research from UC Davis](#) has shown that annual accounting can induce significant bias (up to 35%) when compared to hourly scope 2 accounting. Companies should therefore be enabled to report emissions on an hourly basis once GCs/hourly EACs are available. This is an essential part of future-proofing this regulation and maximising transparency for stakeholders.
- 2. Define Renewable Energy Certificates (RECs) instead as Energy Attribute Certificates (EACs) to align with global standards lexicon and promote a technology-agnostic approach to carbon-free electricity (CFE) procurement.** EACs are a more expansive definition that better reflects current and next generation investments that companies are making to advance systemic electric grid decarbonization. EACs represent a more technology inclusive approach to all CFE resources for any megawatt-hour (MWh) generated without polluting carbon, including renewable resources as well as large hydro and nuclear resources. EACs also encompass standards beyond RECs in the United States, such as Guarantees of Origin (GOs) in Europe and International RECs (I-RECs) in more than 50 countries in Africa, Asia, and Latin America.
- 3. Permit registrants to report their EACs on a percentage or volumetric basis.** Many companies will be discouraged from procuring CFE if they must report the volume of MWh procured because this may reveal their cost structure to their customers and competitors. Many companies may also consider the volumes of EACs they procure as confidential and proprietary information. By allowing companies to report the percentage progress they have made toward achieving 100 percent CFE rather than the amount of MWh procured, this will provide clearer and more actionable information to investors and applies to both annual and hourly accounting.
- 4. Accept EACs procured through different CFE product offerings and allow companies to report differentiated impacts from CFE procurement.** EACs are available in the market in different forms, from unbundled EAC products (where EACs are sold separately from electricity) to bundled EAC products like power purchase agreements (PPAs) and utility green tariff program participation. Companies procure different CFE products to meet their unique goals and requirements. While EACs are the common denominator across CFE product offerings and should be reported to provide evidence of CFE procurements, companies that procure CFE also want to have the option to disclose additional details about how their different forms of procurement create different benefits (e.g., new CFE projects, community benefits, avoided emissions, etc.).

We thank you for working to promote market transparency so investors and consumers can consider climate risk more effectively in decision-making. We hope this proposed rule will be adopted with our comments.