June 17, 2022

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission 100 F Street NE
Washington, D.C. 20549

Re: File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Secretary Countryman,

Redaptive Inc. welcomes the renewed focus from the Securities and Exchange Commission (SEC) on Environmental, Social and Governance (ESG) and climate-related topics. The Commission’s focus on ESG and climate change disclosures will improve data collection and dissemination and will aid investors in making decisions.

About Redaptive

Redaptive was founded in 2015 with the mission to change the way that commercial and industrial (C&I) enterprises identify and implement energy efficiency initiatives to achieve their sustainability goals. To fulfill our mission, we utilize our proprietary technology-enabled platform to identify, validate, and implement energy efficiency and sustainability-focused initiatives across a C&I customer’s entire real estate portfolio.

On average, 30% of the energy used in commercial buildings is wasted, according to the U.S. Environmental Protection Agency. Our Data as a Service (DaaS) offering leverages our hardware and software services to continuously monitor energy consumption to identify ongoing inefficiencies within customers’ facilities and provide easy access to data for sustainability reporting. Our Energy as a Service (EAAS) offering, helps our customers scale energy efficiency and power generation technologies across their distributed real estate without upfront capital, structured as a performance contract. Both offerings provide real emissions reductions and thereby reduce customer dependence on fossil fuel resources.

We are a leading provider of energy efficiency and data solutions for C&I enterprises, with projects throughout North America and Europe. Our technology-enabled platform leverages our proprietary hardware and software to analyze energy spend and provide solutions that enable our customers to understand their energy usage, reduce their energy consumption, lower their operating and maintenance costs, and realize environmental and economic benefits. Since 2015, we have saved our customers approximately 2.96 billion kWh and avoided approximately one million tons of CO2 emissions.

Redaptive Supports the Commission’s focus on ESG and Climate-Related Disclosures

Redaptive supports the Commission’s efforts to enhance and standardize climate-related disclosures. Increasing social and investor pressure to disclose emissions reduction goals has led companies worldwide to adopt various emission reduction targets. Since 2015, over 1,700 companies have committed to achieving sustainability goals as set by the Science Based Targets Initiative (SBTi) which involves development of an emissions reduction target and annual sustainability reporting.
Furthermore, initiatives for goal setting escalated in 2020 despite the major impacts of the COVID-19 pandemic. While the Renewable Energy 100 (RE100) initiative seeks to accelerate the change towards zero carbon emission grids, more than 300 global companies have committed to targeting 100% renewables by 2030 as of August 2021, an increase of 52% from 2019. Notably, 60% of the Fortune 500 has made a climate or energy commitment. These commitments are critical to meeting the challenges of the climate crisis, but as the Commission has noted, there is considerable variation in the content, detail, and location of climate-related disclosures.

Redaptive supports the requirement to disclose Scope 1 and Scope 2 emissions as well as the proposed qualitative disclosures on climate risks and opportunities. These proposed requirements will be a major step forward in providing investors with critical climate information in a standardized form.

In reviewing the proposal, Redaptive supports several key elements of the climate-related disclosure approach contemplated by the Commission but believes that additional clarification and flexibility for registrants is needed in several areas, both in terms of the data provided as well as with the flexibility and the timing of the required disclosures.

**Use of Established Frameworks**

Redaptive supports the Commission’s decision to utilize existing reporting guidance and frameworks such as the Greenhouse Gas Protocol (GHG Protocol) and the Task Force on Climate-related Financial Disclosures (TCFD). Use of these already well-recognized frameworks will ease adoption and allow for alignment with many existing processes.

**Scope 3 Emissions Disclosure Needs Further Definition and Flexibility**

Scope 3 emissions reporting is a developing field, with best practices and methodologies still in refinement. As such, calculation of Scope 3 emissions requires estimates. Redaptive is supportive of the inclusion of Scope 3 emissions reporting in the proposed rule. As the GHG Protocol has noted, reporting of some Scope 3 emissions can help identify potential risks and spheres of influence that may be of value to investors even if the emissions data is not perfectly accurate. Redaptive would urge the SEC to allow registrants to be able to include this information as “furnished” not “filed,” which would limit their exposure for including what may be less than fully accurate, but potentially helpful, information.

Redaptive would also urge the SEC to clarify the boundaries by which Scope 3 emissions would be reported. The current guidance under the GHG Protocol does not define the boundaries of the value chain but contemplates a value chain that goes beyond initial customers. The SEC should clarify that only those categories under Scope 3 that are relevant and material to a company’s business be required to be included in the reporting. This will reduce the potential of double reporting value chain emissions.

**Disclosure Rules Should Adopt Adequate Safe Harbor Provisions for Data Submissions**

In addition to the safe harbors that have been proposed for Scope 3 emissions and forward-looking statements, Redaptive would recommend that the safe harbors also apply to governance information and disclosed results of scenario analysis, and that these safe harbors provide full protection from both third-party litigation and from action by the SEC itself.
Carbon Offsets and RECs are Distinct Instruments, and Should be Disclosed as Part of a Registrant’s Emissions Mitigation Strategy

Renewable Energy Credits (RECs) and carbon offsets are important tools to assist registrants in meeting their greenhouse gas emission reduction and sustainability goals, especially as companies seek to achieve net-zero targets. Redaptive supports the definition of a carbon offset as the equivalent of one ton of carbon dioxide equivalent (CO2e) that has not been emitted. This definition can be refined to differentiate a ton that has been removed, reduced, or avoided.

Redaptive supports the proposed approach for registrants to report carbon offsets and RECs as part of their mitigation strategy, not as part of their emissions accounting. Redaptive supports the proposal’s definition of a REC to mean a credit or certificate representing each purchased megawatt-hour (1 MWh or 1000 kilowatt-hours) of renewable electricity generated and delivered to a registrant’s power grid.

Conclusion

The world is on the cusp of an unprecedented transition to cleaner energy, used more efficiently than ever before. As companies step forward to participate and lead in this transition, having comparable, transparent, and consistent information available to investors will be critical in measuring and accelerating progress. Redaptive appreciates the opportunity to participate in the comment period on The Enhancement and Standardization of Climate-Related Disclosures for Investors proposed rule.

Sincerely,

Elizabeth Tate

Head of Government Relations & ESG
Redaptive, Inc.
Liz.Tate@redaptiveinc.com