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Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
rule-comments@sec.gov

File Number S7-10-22

RE: RIN 3235-AM87, The Enhancement and Standardization of Climate-Related Disclosures for Investors

Arcadia Power, Inc. ("Arcadia") appreciates the opportunity to provide input on the "Proposed Rule: The Enhancement and Standardization of Climate-Related Disclosures" issued March 21, 2022 by the Securities and Exchange Commission ("SEC" or "Commission"). Arcadia commends the Commission for taking the first step to require clear and consistent reporting standards for climate and Environment, Social and Governance ("ESG") disclosures to inform and educate investors on the risks associated with climate change.

The Commission's mandate to protect investors; ensure fair, orderly and efficient markets; and facilitate capital formation necessitates reporting on climate-related risks. In the past five years natural disasters accounted for \$764.9 billion in losses, or 86% of the previous ten years, in the United States.¹ The United States utility sector is particularly vulnerable. As a result, rating agencies downgraded more than nine energy companies due to climate risks over the past three years. The U.S. grid has sustained more than \$20 billion in damage in the past five years.² The climate crisis is already impacting our environment, communities and the financial markets.

In order to fulfill the Commission's mandate, it should promote disclosures that meet certain guidelines intended to ensure the accuracy and comprehensiveness that are vital to financial markets. At a minimum, we believe that any disclosure requirements that are adopted by the Commission must:

- Be based on actual reported energy consumption data.
- Include detailed and accurate emission data based on standardized calculations using actual reported energy consumption data.
- Be easily accessible, transparent, clear, and decision-useful to all investors across different levels of sophistication.
- Be published in annual and quarterly SEC filings and included in the audited financial statements or a separate audited climate disclosure statement.

¹ <https://www.ncei.noaa.gov/access/billions/summary-stats/US/2017-2021>

² <https://techxplore.com/news/2022-01-climate-disasters-threaten-grids-billions.html>

- Include quantitative metrics based on actual reported energy consumption data and qualitative information about governance, strategy, and risk management.
- Include all total greenhouse gas emissions (Scopes 1, 2, and 3).
- Be in a machine-readable format to allow investors and other stakeholders to easily use this information and compare, analyze, and identify discrepancies which could be the basis for shareholder pressure and enforcement action.

About Arcadia

Arcadia is a climate technology company enabling the zero-carbon economy. By unlocking high-fidelity, global energy data, Arcadia's Arc software platform empowers any company, in any industry, to act on their environmental impact and build the next generation of energy products and climate tech solutions. Arc democratizes access to data from more than 9,500 utility providers in 52 countries, covering more than 95% of US residential and commercial utility accounts.

While not directly relevant to this proceeding, Arcadia also manages the nation's leading community solar program, helping to tackle energy injustice while spurring economic growth with more than 750MW of solar under management. Arcadia's purchase of Genability in 2021 expanded the company's capabilities and commercial reach and scope to include utility data from 2,000+ utilities, 160,000 energy tariffs, 2 million energy tariff line items and the maintenance of more than 350,000 energy tariff updates per year across North America.³ Genability's data capabilities accelerated Arcadia's aggressive decarbonization through data vision and facilitated the release of Arcadia's utility data insights software platform, Arc. Arc fuses the U.S.'s most comprehensive and powerful tariff engine with the U.S.'s leading utility data platform. Energy tariffs are the technical documents that determine how much a company pays for energy.

On May 24th, 2022, Arcadia announced the acquisition of Urjanet, the largest commercial dataset of utility data. Arcadia now has specific utility consumption and usage data for more than 9500 electricity, natural gas, water, waste, telecommunications and cable providers in more than 52 countries around the world for commercial and industrial users and residential electricity data for more than 2000 electric utilities in North America. With the acquisition of Urjanet, Arcadia's database went from an 80 percent coverage rate of U.S. utility customers to 95 percent coverage. The 95 percent United States coverage rate includes utility coverage in electricity, natural gas, waste, water, telecommunications and cable. According to James Dice of Nexus Labs, The Lens, "Arcadia is in an AMAZING position to be the utility aggregator for commercial buildings." Dice went even further when he said, "This is also about digitizing and automating as much of the decarbonization process as possible."⁴

We have provided this information about Arcadia to illustrate the availability of actual reported energy data. Arcadia tracks utility-grade meter interval data in real time for commercial businesses,

³ www.arcadia.com

⁴ <https://www.nexuslabs.online/the-lens-arcadia-urjanet/>

suppliers, partners, and households through our software platforms and APIs. This is where ESG reporting comes in, particularly as it relates to the “E” and all forms of energy.

Arcadia has the actual reported energy consumption data for Scope 2 and Scope 3 reporting today. Arcadia already works with 30% of the Fortune 500 on ESG reporting. The days of energy data and emission intensity being elusive, opaque and difficult to report are over. Arcadia’s utility data insights can not only provide companies with the inputs and tools to accurately report their emission intensity data in real time, we can also provide these reports to businesses in their preferred format, the required format the Commission chooses or both.

For example, one platform that many companies utilize is the U.S. Environmental Protection Agency’s ENERGY STAR Portfolio Manager. Arcadia enables Portfolio Manager users to seamlessly integrate their utility bill data directly into Portfolio Manager. An online tool that helps organizations measure and track energy use and greenhouse gas emissions, Portfolio Manager is used to benchmark more than 40% of commercial building space in the U.S., making it the de facto industry standard. More than 35% of the Fortune 500, including half of the largest U.S. healthcare organizations, major league sports teams, colleges and universities, and major cities use ENERGY STAR Portfolio Manager.⁵ Arcadia has integrated with Portfolio Manager to enable streamlined reporting for our customers.

The solutions below are a snapshot of Arcadia's current offerings. As you can see, Arcadia already provides solutions to companies to aid in climate-related disclosures, as well as procurement of clean energy to offset emissions.

- **Energy Management:** Conduct granular energy analysis in less time and with more detail to drive energy efficiency and savings.
- **Energy Procurement:** Make faster, more reliable energy procurement decisions with enhanced visibility into historical consumption and cost.
- **Sustainability Reporting:** Propel your sustainability programs to success with accurate metrics and data-driven reporting.⁶

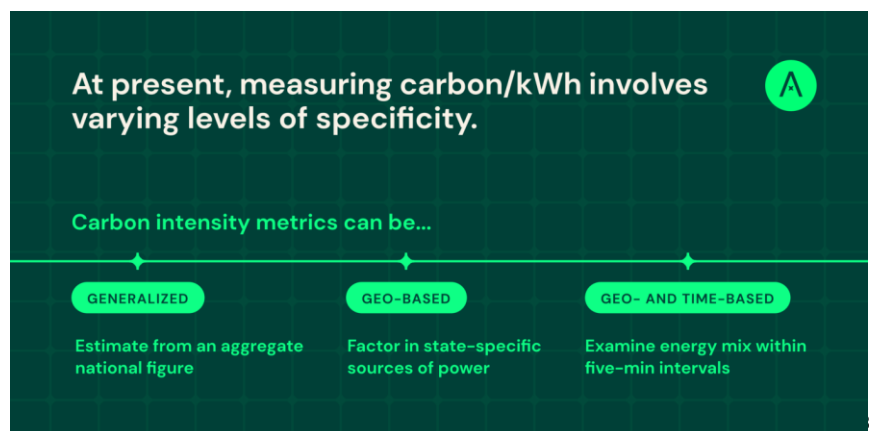
Absent access to actual reported energy consumption data, companies will find it impossible to accurately report on energy emissions to properly inform investor decision making. Emission calculations are often informed by regional level estimates and generalized inputs resulting in substantial deviations between calculated emissions and real emissions. Research from U.C. Davis demonstrates that when averaged regionally across a longer time span, emissions intensity data may differ from actual emissions by as much as 35%, even when the data is from the latest available year.⁷ Open access and control over energy usage data and costs will make it possible for businesses and industries to properly calculate the emissions of the energy their companies, supply chain and even their employees consume and enable the companies to contract for products and

⁵ <https://urjanet.com/resources/urjanet-and-energy-star-portfolio-manager-integration/>

⁶ <https://urjanet.com/solutions/>

⁷ Gregory J Miller et al 2022 Environ. Res. Lett. 17 044073

services that reduce and/or offset energy consumption. Utilizing actual reported energy consumption data is fundamental to informing investors of climate and investment risks.



Arcadia has connected more than 1.35 million utility accounts around the world – representing 75k GWh of energy demand annually and almost \$20 billion in yearly utility bills. However, only 9% of companies use software for accurate ESG reporting.⁹ One reason for the low uptake is a lack of standardized and enforced ESG reporting requirements in the U.S. Other reasons are data availability (access) and integrity (accuracy and completeness). According to a survey of 300 finance, accounting, sustainability, and legal executives at public companies with over \$500 million in revenue, 57% indicated that data availability (access) and data quality (accuracy or completeness) remain the greatest challenges with respect to ESG disclosures.¹⁰ Arcadia’s energy data capabilities eliminate those challenges, reducing the reporting challenges associated with emission intensity disclosures for companies while informing investors of potential climate risks more accurately.

Accurate ESG disclosures give investors the meaningful insight they need and provide an important level of granularity into businesses' social and environmental impacts. According to a 2021 Workiva Inc. survey, 70 percent of investors who responded believe that companies are responsible for demonstrating ESG performance to investors. Additionally, for 43 percent of respondents, data is king. They noted that they’re more likely to trust ESG performance when provided with numbers and data over qualitative descriptions alone.¹¹

Question Responses:

106. Should we require a registrant that is required to disclose its Scope 3 emissions to describe the data sources used to calculate the Scope 3 emissions, as proposed? Should we require the proposed description to include the use of: (i) emissions reported by parties in the registrant’s value chain, and whether such reports were verified or unverified; (ii) data concerning specific activities, as

⁸ <https://medium.com/the-arcadia-source/why-esg-is-broken-and-how-to-fix-it-6ef7700ff0db>

⁹ <https://www.weforum.org/agenda/2021/10/no-1-esg-challenge-data-environmental-social-governance-reporting/>

¹⁰ <https://dart.deloitte.com/USDART/home/publications/deloitte/heads-up/2022/sec-proposed-rule-climate-disclosure>

¹¹ <https://newsroom.workiva.com/featured-stories/press-releases/news-details/2021/The-Power-of-Transparency-Individual-Investors-Demand-ESG-Data-They-Can-Trust/default.aspx>

reported by parties in the registrant's value chain; and (iii) data derived from economic studies, published databases, government statistics, industry associations or other third-party sources outside of a registrant's value chain, including industry averages of emissions, activities, or economic data, as proposed? Are there other sources of data for Scope 3 emissions the use of which we should specifically require to be disclosed? For purposes of our disclosure requirement, should we exclude or prohibit the use of any of the proposed specified data sources when calculating Scope 3 emissions and, if so, which ones?

Yes, companies that are required to report on Scope 3 emissions should provide detailed information on their respective data sources. Why? Because the data exists. And, given the data exists and is easily accessible, the insights the data can provide are extremely helpful in helping to create a comprehensive disclosure profile. This consumption and usage data is geographically specific. It is fuel specific by location. It is also time specific which is extremely important particularly for electric utilities that have a variety of fuel sources generating at any given moment, let alone, day, week, month or year. For example, a utility that has a large portfolio of solar generating during peak work hours in the summer is going to have a less intense carbon footprint than a location that is being heated during the day in winter months with natural gas. Change any single variable, day, hour, location, and the emission impact changes. This makes and illustrates the necessity to use actual data. Arcadia's data set is the most comprehensive and the most current on the market. Other data sources use data that is old, most of the time by several years. In a world when climate change impacts become more acute daily and the time of day, season and geographic location of when the energy is generated determines the emission intensity, data that is several years old is not representative, nor is it indicative.

124. Should we require a registrant to disclose the methodology for calculating the GHG emissions, including any emission factors used and the source of the emission factors, as proposed? Should we require a registrant to use a particular set of emission factors, such as those provided by the EPA or the GHG Protocol?

Registrants should be required to disclose the inputs used for calculating the GHG emissions. Regarding the disclosure of the methodology required for calculating the GHG emissions, whatever methodology is used should include formulas that can be traced and audited and that are transparent regarding underlying assumptions, calculations and data sources.

126. Should we require a registrant to disclose, to the extent material, any use of third-party data when calculating its GHG emissions, regardless of the particular scope of emissions, as proposed? Should we require the disclosure of the use of third-party data only for certain GHG emissions, such as Scope 3 emissions? Should we require the disclosure of the use of third-party data for Scope 3 emissions, regardless of its materiality to the determination of those emissions? If a registrant

discloses the use of third-party data, should it also be required to identify the source of such data and the process the registrant undertook to obtain and assess the data, as proposed?

Yes, third-party data when calculating GHG emissions should be disclosed regardless of the particular scope of emissions. The provenance of the source data should be included and when relevant the registrant should disclose how the registrant sourced the data.

128. Should we require a registrant to disclose, to the extent material, any gaps in the data required to calculate its GHG emissions, as proposed? Should we require the disclosure of data gaps only for certain GHG emissions, such as Scope 3 emissions? If a registrant discloses any data gaps encountered when calculating its Scope 3 emissions or other type of GHG emissions, should it be required to discuss whether it used proxy data or another method to address such gaps, and how its management of any data gaps has affected the accuracy or completeness of its GHG emissions disclosure, as proposed? Are there other disclosure requirements or conditions we should adopt to help investors obtain a reasonably complete understanding of a registrant's exposure to the GHG emissions sourced by each scope of emissions?

Again, data is imperative to accurately report on GHG emissions. Should gaps in data exist, a qualitative description should be included that outlines the steps being taken to resolve those gaps and an associated timeline. Generally Accepted Accounting Principles (GAAP) accounting should serve as a model for climate disclosures. It would provide a standardization that would help with reporting and literacy between companies, investors and the Commission.

132. Should we require a registrant to follow a certain set of published standards for calculating Scope 3 emissions that have been developed for a registrant's industry or that are otherwise broadly accepted? For example, should we require a registrant in the financial industry to follow PCAF's Global GHG Accounting & Reporting Standard for the Financial Industry when calculating its financed emissions within the "Investments" category of Scope 3 emissions? Are there other industry-specific standards that we should require for Scope 3 emissions disclosure? Should we require a registrant to follow the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard if an industry-specific standard is not available for Scope 3 emissions disclosure? If we should require the use of a third-party standard for Scope 3 emissions reporting, or any other scope of emissions, how should we implement this requirement?

Yes. Standardization of ESG disclosures is imperative for accuracy, transparency and understanding for investors. A working group should be convened to establish a standard for emissions reporting that ensures the most accurate reporting is used to provide investors with comprehensive information regarding businesses' social and environmental impacts throughout the value stream.