



Comments Submitted By:

Clean Energy Buyers Association

1425 K Street Northwest, Suite 1110
Washington, District of Columbia, 20005

For Proposed Rule No. S7-10-22:

The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Honorable Chairman Gensler,

Thank you for accepting public comments on this important matter. Climate change poses both threats and opportunities to American businesses and disclosing such is an important part of both mitigating risk and capitalizing on opportunities.

The Clean Energy Buyers Association (CEBA), representing more than 310 member companies would like to share our overall support for Proposed Rule No. S7-10-22 and its adoption, with our suggested modifications herein, insofar as the Final Rule empowers and enhances transparency for the private sector to further scale decarbonization efforts in the U.S. and abroad.

CEBA is a 501c6 business association with over 310 member companies representing more than \$7 trillion in revenues and 16 million employees. CEBA activates a community of energy customers and partners to deploy market and policy solutions for a carbon-free electricity system. CEBA's aspiration is to achieve a 90% carbon-free U.S. electricity system by 2030 and to cultivate a global community of customers driving clean energy.

CEBA supports the overall intent and expected impact of Proposed Rule No. S7-10-22. CEBA also applauds the U.S. Securities and Exchange Commission (SEC) for promoting greater transparency on climate-related disclosures and the anticipated incentive this rule would create upon its adoption for companies to reduce their greenhouse gas emissions.

Given our unique membership and areas of expertise, CEBA encourages the SEC to prioritize enabling companies to set and achieve ambitious decarbonization targets through carbon-free electricity procurement. CEBA requests that the SEC consider the following specific recommendations to enhance the Proposed Rule's efficacy, durability, and interoperability with fast-changing energy markets and customer needs in the Final Rule:

- 1. Change the phrase "Renewable Energy Certificates (RECs)" to "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 greenhouse gases. 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. This definition also reflects that EACs are going to evolve over time to reflect additional information on, for example, CFE matching on an hourly- and location-basis, and avoided, or displaced, marginal grid emissions from CFE procurement.

- 2. Permit registrants to report their carbon offsets and EACs on a percentage basis 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 competitors. Many companies may also consider the volumes of carbon offsets and EACs they procure as confidential and proprietary information. By allowing companies to report the percentage progress they have made toward their goals rather than the amount of MWh procured, this will provide clearer and more actionable information to investors.
- 3. 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 physically or virtually 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 types of benefits (e.g., new CFE projects, community benefits, avoided emissions, etc.).
- 4. Recognize challenges that companies will experience for Scope 3 disclosures across emission sources due to the complexity of Scope 3 estimations:** There are various sources of greenhouse gas emissions upstream and downstream that contribute to a company's Scope 3 emissions and data needed to measure emissions and emission reductions can be extremely limited. Estimated calculations for emissions originating from each Scope 3 source will vary in complexity. For example, it may be easier to estimate the emissions from a company's staff travel compared to the production of each component in its upstream supply chain. Given the challenges of gaining access to necessary data to make these estimates and to accommodate a company's best efforts for accurate estimates, the Final Rule should balance accuracy with best efforts to estimate each source of Scope 3 emissions.



- 5. Allow companies to use market instruments for disclosure of Scope 3 emission strategy and reductions:** In line with the May 2022 guidance entitled “Renewable Electricity Procurement on Behalf of Others: A Corporate Reporting Guide” that was recently published by the U.S. Environmental Protection Agency (EPA), companies should be able to apply market instruments like EACs from CFE procurement as part of the strategy and emission reductions they report for their Scope 3 emissions.

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 guidance so that the Final Rule will further catalyze companies to scale their global decarbonization efforts.

Sincerely,

Miranda Ballantine
CEO, Clean Energy Buyers Association (CEBA)