

# Executive Summary Open Consultation: WBCSD Guidance on Avoided Emissions

# 1. Introduction

## Background on the Avoided Emissions Guidance update

In March 2023, WBCSD published its first cross-sector [Guidance on Avoided Emissions](#), developed with input from over 60 multinational companies and expert organizations. This Guidance was presented at the 2023 Sapporo G7 Climate, Energy and Environment Ministers' Meeting. The work of WBCSD was referenced in the final communiqué and the Guidance was received positively by business, finance, and policy stakeholders. Since then, WBCSD expanded its work on avoided emissions, aiming to develop more standardized approaches in avoided emissions accounting and provide an implementable knowledge base for standard setters to build on when approaching the topic in their respective governance and technical working groups. Since the launch, WBCSD continuously tested the Guidance with member companies and expert stakeholders to further sharpen and enhance it as the intervention-based emissions landscape and emerging methodologies are still in early adoption phases.

Looking ahead, WBCSD plans to improve the Guidance's technical quality, paving the way for potential integration into broader standards for corporate climate action and market-based mechanisms. Drawing on insights from cross-sectoral and sector-specific testing and reviewing over 10 current frameworks, WBCSD is opening a public consultation period to gather feedback on key elements and refinements needed to enhance the Guidance's effectiveness in supporting standardized avoided emissions methodologies.

## Purpose of this consultation

For the first time, WBCSD initiates an open public consultation for feedback on the Guidance on Avoided Emissions. The aim is to develop a robust and practical Guidance that considers the perspectives of a broad set of stakeholders.

Over a period of 2 months stakeholders are invited to review and share feedback on the themes and refinement proposals summarised in this document and detailed in the Open Consultation – Technical Document.

Each refinement comes with a set of questions included in an [online survey](#). Responses will be consolidated to inform and steer the further refinement of the Guidance document. While all feedback will be reviewed not every response can be incorporated into the enhanced Guidance.

## How to read this document?

This Executive Summary document helps respondents to navigate the open consultation to get an overview of the themes and refinements to contribute to the content which is relevant to them.

In this document, you will find a description of 5 themes covering 10 key refinements. More detail about the refinements can be found in the [Open Consultation – Technical Document](#) which gives a complete description of the refinement with examples and further explanation – helping stakeholders formulate responses to the online consultation survey.

The 5 themes cover 1) Clarity on definitions related to avoided emissions, 2) Eligibility criteria for making claims, 3) Improvements on methodological guidance, 4) Data and traceability

and 5) Implementation of the Guidance in practice. Under each of these themes, refinements are suggested as summarised in the pages which follow.

### **How to submit your feedback?**

After reading the refinements in the Open Consultation - Technical Document, feedback can be submitted through an [online survey](#) covering the themes and refinements. The survey will be open for feedback until **18<sup>th</sup> January 2025**. Within each refinement, respondents are invited to provide detailed feedback, including specific alternative proposals in cases of disagreement, expressions of support in cases of agreement, and suggestions for improvement.

Note that it is possible to answer selected parts of the survey and it is not mandatory to provide an answer to all questions. WBCSD will also consider partially completed surveys that have been submitted. Progress in the online survey can be saved and picked up at a later stage before the responses would be submitted.

Lastly, with regards to the information submitted, WBCSD abides by its privacy policy which can be accessed under [this link](#).

## Clarity on definitions

General clarity on the concepts presented in the Guidance and those in corporate climate actions and accounting need clarification. For example, Scope 3.11, carbon removals, offsetting. Types of AE solutions and system expansion in AE claims require definition. For example intermediary and end-use solutions, and the methodological implications of these. Guidance on how to incorporate system expansion to help with this definition is given.

### *1. Relationship Avoided Emissions (AE) and GHG inventory*

This refinement provides further explanation on the relationship between concepts in Avoided Emissions and carbon accounting. Avoided emissions (AE) assessments and GHG inventories are calculated differently, as AE focuses on a forward-looking comparison of a low-carbon scenario against a hypothetical baseline, while GHG inventories assess past emissions relative to a base year. Climate solution providers often experience an increase in their emissions (scope 1, 2, and 3) as they produce solutions that help reduce emissions for users, which may not be fully captured in traditional inventories.

The Guidance proposes that solution providers can complement their GHG accounting with a reference to their AE assessments to highlight the mitigation potential of their sold products and services. In that way, they can be recognized for their contributions to decarbonization outside of their own operations.

For detailed explanation of this refinement, see page 6 of the [Open Consultation - Technical Document](#).

### *2. Types of avoided emissions solutions & system expansion to AE claims*

This refinement specifically defines two avoided emission solution types based on existing definitions from the GHG Protocol: intermediary solutions, which are inputs requiring further processing before end-user consumption, and end-use solutions, which are directly consumed without additional modification. System expansion is introduced to clarify at which levels AE claims can be made and how this relates to the two solution types. Key principles of system expansion include verifying the direct decarbonizing impact of intermediary solutions, ensuring a functional unit can be defined for wider systems, and confirming that intermediary solutions contribute to an end-use AE impact.

For detailed explanation of this refinement, see page 8 of the [Open Consultation - Technical Document](#).

## Eligibility criteria

The Guidance uses eligibility criteria to help determine whether avoided emissions claims can be made. It does so by through three gates. Gate 1: Climate action credibility specifies a minimum level of actions in the transition to net zero at company level. Gate 2: Latest climate science alignment, stipulates criteria at solution level to ensure alignment with a 1.5°C and Well-below 2°C for Scope 3 pathway. Gate 3: Contribution legitimacy, which defines that an eligible solution should have a decarbonizing, direct and significant impact. Together these gates aim to ensure a high level of integrity when making avoided emissions claims.

### *Gate 1: Climate action credibility*

This refinement proposes: a.) minimum requirements a company should meet in terms of climate action credibility; b.) criteria for existing net-zero transition frameworks which companies can use to meet the requirements, incl. third-party review; c.) supplementary list of frameworks that can be used; d.) requirements for companies that do not comply with the framework criteria. Overall, the aim is to strengthen inclusive language and emphasize the build on existing corporate governance and net-zero transition frameworks.

For detailed explanation of this refinement, see page 12 of the [Open Consultation - Technical Document](#).

### *Gate 2: Latest climate science alignment*

This refinement proposes further clarity of eligibility for two overall types of solutions that do not comply with macro-mitigation solutions covered by IPCC AR6 or the EU Taxonomy. Type 1 consists of a) Radically new innovations and b.) Fossil-derived products required for end-use solutions to function. These are addressed in the Guidance and require specific reasoning and demonstration to be eligible. Type 2 consists of other fossil fuel related solutions that are not addressed by the Guidance and the reasoning for it.

For detailed explanation of this refinement, see page 14 of the [Open Consultation - Technical Document](#).

### *Gate 3: Contribution legitimacy*

This refinement proposes a specific rule for a solution to be eligible, which includes the concepts 'Decarbonizing', 'Direct' and 'Significant' impact. For each concept a definition is formulated to support users in assessing the eligibility of the solution. The proposal also stipulates under which conditions the two archetypes of solutions (intermediary and end-use) can be assessed.

For detailed explanation of this refinement, see page 17 of the [Open Consultation - Technical Document](#).

## Methodology

This theme provides the definition of a reference scenario giving further guidance on forward-looking and year-on-year approaches grounded in life cycle assessment thinking. More concrete examples on reference scenarios aim to help users apply the Guidance more practically. The refinement on allocation is founded in use-cases, depending on which an allocation approach can be taken. Such approach helps ensure that the contributions of AE from multiple components are accurately reflected and that practical methods for allocating can be implemented.

### *Reference scenario & timeframe*

This refinement proposes that forward-looking (FW) and year-on-year (YoY) approaches in avoided emissions (AE) assessments require to define a reference solution that reflects widely-used, state-of-the-art technologies fulfilling the same function as the AE-assessed solution. For replacements, the reference should consider both existing stock and new sales, remaining fixed for the solution's lifespan. Periodic recalculations are essential to ensure accuracy as market conditions or methodologies evolve, with a best practice of annual updates and a minimum of every 2-3 years. This ensures AE assessments remain relevant, accurate, and aligned with current data and science.

For detailed explanation of this refinement, see page 20 of the [Open Consultation - Technical Document](#).

### *Allocation*

This refinement proposes allocation approaches for avoided emissions (AE) based on the purpose of the assessment, distinguishing between corporate decision-making, reporting, and value chain collaboration. Two main situations guide allocation: between intermediary and end-use solutions, and across intermediary solutions contributing to one end-use solution, with emphasis on the latter. Key principles for accurate allocation include well-defined system boundaries, transparency, and collaboration with value chain actors. The hierarchy of allocation prioritizes exact contributions, followed by proportion according to other relationships, equal split, and baseline fixed shares for cases lacking precise data. While exact contributions are ideal for accuracy, other approaches allow flexibility when data is limited.

For detailed explanation of this refinement, see page 24 of the [Open Consultation - Technical Document](#).

## Data & Traceability

This theme covers more ground on requirements to support cost- and time-effective data collection. It gives examples of good practice for data collection to help users in the practical application of the Guidance. Additionally, the topic of Traceability is identified for further deepening, as it helps to increase the accuracy and credibility of AE assessments, thereby improving the integrity of claims. Overall, this allows for higher quality data to be generated, exchanged and integrated into decision-making processes.

### *Data*

This refinement includes a proposal for a data hierarchy which stipulates minimum data quality recommendations to select and use data in avoided emissions calculations. It specifies this for both intermediary and end-use solutions. Given the various challenges of data quality and availability for avoided emissions calculations the proposal also includes good practice examples to help users enhance their data collection process over time.

For detailed explanation of this refinement, see page 26 of the [Open Consultation - Technical Document](#).

### *Traceability and impact monitoring*

This refinement guides companies on how to adopt traceability and impact monitoring of avoided emissions (AE) to enhance the accuracy and credibility of their climate strategies and low-carbon solutions. It summarizes the benefits of monitoring, whilst recognizing that implementing traceability is challenging, as it requires tracking mechanisms, collaboration across the value chain, and addressing data-sharing gaps. A major gap is identified around use phase emissions. The proposal includes a selection of tools that could address this.

For detailed explanation of this refinement, see page 29 of the [Open Consultation - Technical Document](#).

## Implementation

This refinement aims to provide more detail on aggregation of avoided emissions across intermediary and end-use solutions to prevent double counting. Furthermore it aims to provide explicit guidance on consolidation and more in-depth reporting requirements. These concepts help to increase transparency and interpretation of the reported information which can be used more effectively in decision-making.

### *Aggregation, consolidation and reporting*

This refinement proposes an approach to aggregating and reporting avoided emissions (AE) for transparency and accuracy. Four conditions define how AE may be consolidated: (1) distinct end-use solutions with separate AE can be summed up; (2) the same end-use solution sold in different markets can only be summed up under conditions specified (3) intermediary and end-use solutions should not be summed to avoid double counting; and (4) multiple intermediary solutions can be aggregated under conditions that prevent overlap. For reporting, companies should disclose recalculation policies and report original and recalculated AE figures to maintain transparency. Additional reporting requirements include key KPIs, methodology and data quality, recalculations, and relevant context.

For detailed explanation of this refinement, see page 31 of the [Open Consultation - Technical Document](#).