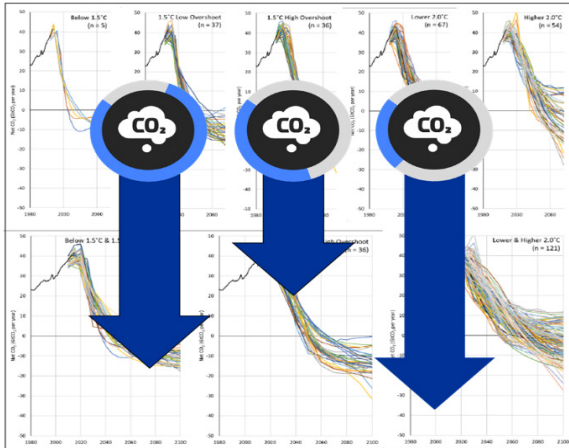


Company Emissions Target Setting Based on Sound Science



IPCC SR1.5 global net CO₂ pathways for various global average temperature outcomes. There is more than one emissions pathway consistent with a temperature outcome and the uncertainty represented by ranges is significant and relevant. (Rose and Scott, 2020 – Adapted Figure 2-2)

Background, Objectives, and New Learnings

While decarbonization efforts are actively underway, stakeholder interest in companies worldwide setting greenhouse gas (GHG) emissions targets that are aligned with international climate goals (i.e., limiting global warming to well below 2°C) has given rise to proposed methodologies and benchmarks. However, EPRI research has found that these methodologies and benchmarks do not account for the full body of available science and insights, or the unique constraints and opportunities of individual companies. The use of these methodologies can result in GHG emissions targets that may not be appropriate for a company and society given, among other things, a company’s specific assets, markets, systems, regulatory environment, and potential role in overall regional emissions reductions and other societal objectives.

This project would establish a new methodological approach for companies to inform the setting, refreshing, contextualization, evaluation, and validation of GHG emissions targets. The new approach would focus on establishing a rigorous and comparable process of target setting, recognizing that a single, quantitative endpoint (e.g., net zero by 2050) may not be practical for all companies. Furthermore, the process will be grounded in the vast body of applicable science, including key insights gleaned from the hundreds of GHG emissions pathways consistent with

Benefits include:

- A scientific foundation and new public scientifically sound methodological approach for setting, updating, evaluating, and validating greenhouse gas emissions targets
- Public resources to facilitate stakeholder education and engagement on emissions target setting
- A collaborative forum for sharing ideas, and a cross-sector advisory coalition
- Technical insights relevant to climate & ESG disclosure and reporting decision-making, with opportunities to discuss evolving disclosure expectations and developments

keeping global average temperature to below 1.5 and 2°C (e.g., Rose and Scott, 2018, 2020), as well as company needs for low-carbon transition risk management and societal objectives of economy-wide decarbonization.

Benefits

The project and resulting methodology intend to provide participating companies with a GHG target setting approach that considers and accounts for (1) a technical understanding of global emissions pathways and their relationship to individual companies, (2) analyses evaluating company transition and target setting uncertainties and risks, and (3) cross-sector interactions and unique qualities that impact individual sector and company roles in overall regional emissions reductions. This two-year project would also provide participating companies multiple opportunities for engagement with peers and expert speakers, and EPRI with the ability to actively participate in public, stakeholder, and scientific fora where company emissions target setting is being explored. Finally, the project intends to provide resources to facilitate stakeholder education and engagement, and for companies to respond to stakeholder requests to set scientifically-grounded GHG emissions targets consistent with international goals. By doing so, the project helps ground conversations, manage reputational risk, and enhance stakeholder relationships.

Project Approach and Summary

This project includes four primary tasks:

Task 1: Coalition Building

This task develops an advisory coalition that provides a diversity of perspectives (e.g., finance, reporting, trade, environmental), enhances credibility for the methodological approach, and facilitates application and validation activities. The intent is for coalition organizations to be acknowledged on the final methodology.

Task 2: Project Participant Collaboration

This task establishes a collaborative forum for the following: (1) interaction between companies, EPRI technical experts, and appropriate stakeholders, and (2) learning the methodology. A mix of webcasts and in-person project meetings (co-located when possible) with related events to leverage travel efficiencies) seeking to provide participants the opportunity to inform the technical research, learn from speakers, share experiences related to responding to stakeholder requests, and learn the methodology developed in Task 3.

Task 3: Methodology Development

This task focuses on the production of the company GHG target setting approach and technical guidance document. The methodology is expected to be a comparable process for developing and communicating tailored, practical, grounded, and defensible transition targets and pathways for individual companies. EPRI experts and participating companies, with coalition expert input, would develop an approach to setting, updating, contextualizing, evaluating, and validating emissions targets that is explicitly derived from the body of scientific knowledge regarding GHG emissions management and scenarios and their appropriate application to individual companies and different emissions scopes. The methodology would apply to utilities (power, gas, and T&D), as well as other sectors, and connect to other activities, such as risk management and planning. This task would also include external review of the methodology.

Task 4: Socialization and Educational Outreach

The establishment of a new methodology requires significant socialization and educational outreach to stakeholders, policymakers, and the scientific community. This task provides the resources for EPRI to actively participate and engage in a wide range of educational activities. Where appropriate, EPRI can coordinate presentations to feature participating company leadership efforts.

Deliverables

Planned deliverables from this project include:

- Regularly scheduled webcasts to discuss the relevant science, technical work and learn from invited speakers
- An annual workshop of project member companies to discuss research and facilitate participant sharing
- EPRI engagement and educational outreach to elevate project activities and share results
- Technical updates and reports as appropriate
- Published methodology freely available for uptake and application

Price of Project

The price to participate in this annual project is \$15,000 for 2023 and \$35,000 for 2024. Alternately, this project is included with annual membership in Project Set 201E in 2023 and 2024, or through a combination of 201E membership and supplemental funding. Supplemental funding for this project qualifies for Self-Directed (SDF) funds.

Project Status and Schedule

The methodology will be developed in the first year from project launch. The other tasks will be on-going throughout the two-year project, with educational outreach a significant focus in year two. The project will launch with a minimum of 20 participants (inclusive of P201-E members). The total scope associated with this notice is based on 26 participants (inclusive of P201-E members). Additional participation will facilitate additional scope.

Who Should Join

Any company worldwide that is (a) considering, or may need to consider, setting, refreshing, contextualizing, evaluating, or validating an emissions target, (b) seeking research to inform requests around establishing scientifically-grounded targets, (c) requesting emissions targets from companies, or (d) wishing to learn more about the relevant science.

Contact Information

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