Contents

Scope

The starting point for the programme is ***electricity***.

1. **Users**
   Users are defined as:
   A. Primary Users:
      a. Banks
      b. SMEs
      c. Asset managers
      d. Third parties (e.g. accountants, accountancy software firms, carbon accountants, auditors, consultants and advisors)
   B. Data Providers:
      e. Primary data providers (e.g. energy companies, utilities, smart meter providers, national grid, asset managers)
   C. Stakeholders
      f. Government and regulators (DESNeZ, Ofgem)
      g. Standards bodies (e.g. PCAF, ISSB)
      h. Reporting bodies and users of outputs (e.g. CDP, LSEG, Bloomberg)
      i. Universities

   The 'decision makers' will vary across organisations, however, in this programme, it could be a regulator or code body or a voluntary code adopted by industry through the Advisory and Steering Groups. Summaries of the business case for each user are included in the FAQ https://icebreakerone.org/perseus-faq/

2. **Data needs**
   The task is to identify which primary data links to material impact for each user. We also wish to gather a list of 'all the data needs' so they can be added to the long-term roadmap.

   For *electricity* we want to know, for each user, what specific data is needed, and at what level of resolution. For example,
      a. Spend

b. kWh (total consumption and total generation)
c. kgCO2e (including methodology, supplier, time resolution)
d. Time resolution (e.g. annual, quarterly, monthly, 30-minute, bill-based, smart meter) and aligned with reporting needs vs impact incentives and recommendations
e. Source
    i. Data (e.g. retailer, landlord, smart meter, aggregator, third party)
    ii. Supply (reserve capacity, power factor, national grid, tariffs, renewable energy)
        1. Generation/contract information on the supply (PPAs, REGOs, generation mix)
f. Asset resolution (e.g. company, primary asset, sublet)

3. **Reporting needs**
   The task is to identify what the reporting needs are for each user, related to electricity. For example,
    a. Which reporting framework is being used? (e.g. PCAF, TCFD, ESOS)
    b. Which emission reporting models/methodologies are being used? (e.g. GHG protocol)
    c. What emissions factors/algorithms are being used (e.g. national grid, supplier-source, Defra, DESNeZ, Ofgem)
    d. What time resolution and formats are required for reporting?

4. **Impact and decision-making needs**
   The task is to identify 'so what'. Specifically:
    a. What impact or influence does assurable electricity data make to the risk profile of reporting on lending (Scope3 cat 15)?
    b. What impact or influence does continuous access to this data have on the risk profile of lending and other financial products and incentives (e.g. tax incentives)?
    c. What impact or influence does access to assurable data have on reporting and standards? (e.g. PCAF, TCFD, ISSB)
    d. What impact or influence does access to assurable data have on regulation and policy? (e.g. DESNeZ)
    e. What impact or influence does access to assurable data have on users of reporting data? (e.g. CDP, LSEG)
    f. And, combined, what is the impact of these and/or influences on SMEs?

Collective agreement on our assessment and direction

The core questions for this group are around impact and influence:

a. Does it help unlock access to net zero finance for SMEs? (to help SMEs decarbonise; change behaviour; increase resilience)
b. Does it reduce risks for users?
c. Does it bring efficiency to users?
d. Does it help users to identify opportunities for energy efficiency?

For each of these questions, we wish to address

a. If not, why not?
b. If so, why and at what scale?
c. What are blockers, incentives, and opportunities (e.g. benchmarking)?

Outputs

Outputs from this AG1 are to:

a. Summarise the needs of users.
b. Highlight the value cases.
c. **Recommend and agree** a cohesive (whole-of-market) approach for electricity.

These outputs will be used as direction for, and inputs into the other AGs, to enable the other AGs (technical, legal, communications, policy) to unpack what they need to do and prioritise the questions they must address. The outputs of the combined AGs will be used as the basis for implementation in the demonstrator.

Process

The process for each of these questions will be:

1. User categorisation and ecosystem map
2. User questionnaire on data needs
3. User questionnaire on reporting needs
4. User questionnaire on impact
5. Interim synthesis report circulated
6. Discussion at AG meeting
7. Iteration on synthesis report
8. Discussion at AG meeting
9. Snagging/iteration on synthesis report
10. Formal sign off

Changes and comments from v2023-05 AG1 meeting

- Regarding kgCO2e - it is important to discuss **where and how the calculation takes place**, i.e. pre, in, or post-platform, and ensure the methodology is open-source and robust. Need to differentiate between standard location-based, market-based and time-of-use carbon information.
- It is **essential for banks to lean in and say what their compliance needs are** to ensure reporting frameworks are the way in which bodies and regulators are collecting information on emissions are collecting the right information
- Formatting changes (clearer headings, adding specifics)
- Adding in universities as a stakeholder to engage with
- Note the importance of separating total energy consumption and total energy generation as it cannot always be used as a proxy.
- having the correct metrics in there and for the right time periods (e.g. annual kWh, year-on-year change) allows for the removal of manual reporting
- net zero finance is used to deliver value to SMEs through the mechanisms of decarbonisation, behaviour change, increase resilience

Background

Assurable supply chain data is fundamental to fighting greenwashing

As $trillions[1] flow to combat Net Zero, the future of green investment faces some tough challenges. These include alignment around common reporting standards, definitions of 'green taxonomies' and mandatory reporting frameworks. All of these processes include the assessment of 'footprints' of real economy businesses (e.g. Scopes 1, 2 and 3 - and soon Scope 4 in 'avoided emissions').

The EU is also regulating[2] against greenwashing. The Green Claims Directive would oblige Member States to enact legislation that ensures that traders can and should substantiate their "explicit environmental claims". This means the financial economy needs to be able to trust the environmental data from the real economy.

The primary data feeding into these footprints are consumption data such as energy, materials, transport and goods. The level of rigour that we expect from our financial reporting systems is, however, not yet in place for non-financial data.

We need to put in place the 'rails' to enable assurable data flow to connect from the real economy to the financial sector in a highly scalable, repeatable, and extensible manner. To help design and implement these rails, we are picking a single starting point, electricity, as this is foundational to all GHG reporting, applies to every business and, arguably, is 'the most digital'.

The rails that we need to put in place don't require the invention of new standards. To address the market needs we can build on existing standards and processes. These include:

- **Impact**: Reporting, and the data requirements related to impact;
- **Technical**: the technical and operational mechanisms and processes for sharing Smart Data;
- **Legal**: the legal basis, liability frameworks and consent processes for sharing Smart Data;
- **Communication**: the process for aligning on language that enables clear engagement;
- **Governance**: the policy and regulatory frameworks that can support and steer controls for the market of Smart Data;

Together, these form the basis of developing trust in the market, laying the foundations to both automate GHG reporting and ensure that it can be assured.

1 https://www.reuters.com/business/environment/investments-270-trillion-needed-meet-net-zero-targets-by-2050-study-shows-2022-10-07/

2 https://www.whitecase.com/insight-alert/eu-proposes-green-claims-directive-combat-greenwashing

Endorsements

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