

Introduction

Overview and Goals of the Climate Leaders Program

Climate Leaders is an EPA industry-government partnership that works with companies to develop long-term comprehensive climate change strategies. Partners set a corporate-wide greenhouse gas (GHG) reduction goal and inventory their emissions to measure progress. By reporting inventory data to EPA, Partners create a lasting record of their accomplishments. Partners also identify themselves as corporate environmental leaders and strategically position themselves as climate change policy continues to unfold.

Climate Leaders Partners commit to:

- Develop a corporate-wide GHG inventory of all sources of the six major gases (CO₂, CH₄, N₂O, HFCs, PFCs, and SF₆) using the Climate Leaders GHG Inventory Protocol.
- Set an aggressive corporate-wide GHG emissions reduction goal to be achieved over the next 5 to 10 years.
- Develop a corporate GHG inventory management plan.
- Annually report inventory data and document progress towards their reduction goal.
- Publicize their participation, reduction pledge, and accomplishments achieved through the program.

In return, EPA provides:

Recognition

- Press events
- Articles and public service announcements in business and trade publications
- Speaking engagements at industry conferences
- Case studies highlighting Partner achievements

Technical Assistance

- Assistance developing a GHG inventory
- Review of Partner's inventory management plan
- Assistance setting a GHG reduction goal
- Peer exchange through Climate Leaders Partner meetings

Credibility

- A credible, transparent GHG reporting mechanism that will develop with the science
- Assurance that Partners have created a high-quality GHG management process

Overview of Climate Leaders Greenhouse Gas Inventory Protocol

The Climate Leaders GHG Inventory Protocol defines how Partners inventory and report their GHG emissions. The Protocol consists of three major parts:

1. Climate Leaders Design Principles (this document)

The Design Principles of the Protocol include overall guidance on issues such as defining inventory boundaries, identifying GHG emission sources, defining and adjusting a base year, reporting requirements, and goal-setting guidance. The Design Principles also define the minimum level of data Partners must report under Climate Leaders and various optional emission and reduction sources that a Partner may elect to report.

2. Core Modules (separate guidance documents)

The Core Modules have specific guidance pertaining to the calculation and accounting of GHG emissions from core emissions. Core emissions include “direct” emission sources (sources that a Partner owns or controls) and “indirect” emissions associated with electricity purchased. All Partners are required, as a minimum, to report all core emissions.

3. Optional Modules (separate guidance documents)

The Optional Modules provide GHG accounting guidance pertaining to other emissions sources that the Partner has some influence over but are beyond the Partner’s core emissions. These sources may include activities such as employee commuting programs, off-site waste disposal, or carbon offsets investments.

Relationship to the WRI/WBCSD GHG Protocol

The Climate Leaders GHG Inventory Protocol is based on an existing corporate GHG inventory protocol developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

Through a collaborative process involving representatives from industry, government, and non-governmental organizations (NGOs), WRI and WBCSD developed generally accepted accounting practices for measuring and reporting corporate greenhouse gas emissions. The WRI/WBCSD GHG Protocol Corporate Standard (GHG Protocol) consists of a corporate accounting and reporting standard and separate calculation tools. The Design Principles are based on the GHG Protocol corporate accounting and reporting standard. They provide detailed guidance, enhanced clarity, and a streamlined document to fit more precisely the needs of the Climate Leaders program. These Design Principles also include specific reporting requirements, and goal-setting guidance specific to Climate Leaders Partners.

All changes and additions to the GHG Protocol made by EPA are identified using italics beginning in Chapter 1 of this document. These changes and additions are summarized below:

Changes

- Merged standards and guidance sections to eliminate redundancy, streamline, and focus information.
- References to other reporting or trading programs are removed.
- GHG Accounting and Reporting Principles chapter:
 - ◆ Defines goals as achieving GHG reduction goal
 - ◆ Notes that the scope should be, at a minimum, all U.S. operations
- Setting Organizational Boundaries chapter:
 - ◆ Now includes section on leases
- Setting Operational Boundaries chapter:
 - ◆ Introduces Climate Leaders core direct, core indirect, and optional emissions
 - ◆ Section on leases moved to Setting Organizational Boundaries chapter
- Tracking Emissions Over Time chapter:
 - ◆ Defines the base year as the most current year that a Climate Leaders Partner has data available
 - ◆ Adds Table 5-1 to clarify rules for adjusting base year emissions.
- Identifying and Calculating GHG Emissions chapter:
 - ◆ Emphasizes Climate Leaders core and optional module guidance instead of GHG Protocol calculation tools
 - ◆ Section on rolling up data moved to Reporting chapter
 - ◆ Table 6-1, Example Data Collection Roadmap added
 - ◆ Reference information on CO₂-equivalent and Global Warming Potential added
- Managing Inventory Quality chapter:
 - ◆ Adds references for uncertainty analysis
 - ◆ Adds Table 7-1 to efficiently present information originally presented as text in GHG Protocol
 - ◆ Reorganizes chapter to streamline material
- Tracking Progress Towards the GHG Reduction Goal chapter:
 - ◆ Was previously titled Accounting for GHG Reductions
 - ◆ Expands the GHG Protocol section to address achieving the reduction goal and relevant accounting
 - ◆ Adds a section on accounting for project-based offsets
 - ◆ Enhances offsets and credits for meaningfulness and clarity
 - ◆ Graphics added

- Reporting GHG Emissions chapter:
 - ◆ Clarifies Climate Leaders requirements
 - ◆ Now includes roll-up of data to corporate level
- Guidance on Setting a GHG Reduction Goal chapter:
 - ◆ Provides guidance specific to the Climate Leaders program on the target type, target base year, target time period, use of project offsets or credits, target level, and progress against the target
 - ◆ Figure 11-1 added to illustrate methods for achieving the goal
- Appendix 1:
 - ◆ Reflects the Climate Leaders Core and Optional Modules

Additions

- New graphics to enhance clarity, meaningfulness, and usability
- A section on Climate Leaders Reporting requirements
- Appendix 2: provides useful information on unit conversion and fuel properties
- Appendix 3: Climate Leaders Inventory Management Plan checklist
- Appendix 4: Climate Leaders Annual Reporting Form

The Climate Leaders Core and Optional Modules are based on the WRI/WBCSD calculation tools. The differences between the modules and the tools are summarized below:

- All Climate Leaders Core Modules recommend U.S. specific emission factors for U.S. facilities, as opposed to the International Panel on Climate Change (IPCC) factors given by WRI/WBCSD.
- The Climate Leaders Modules provide, in some instances, guidance on the preferred choice of methods and activity data for reporting under Climate Leaders.