



TCB Digest for Executives: SBTi, Carbon Credit Confidence, Big Tech

June 4, 2024

Welcome to the 20th edition of our Digest for Executives – a summary of key climate-related events, publications, and insights for cross-functional corporate leaders. The United Nations-backed Science Based Targets initiative (SBTi) remained in the headlines amid controversy about how it plans to revise its net zero standard, one of the most important benchmarks for corporate climate credibility. [Will carbon credits be permitted to offset supply-chain \(Scope 3\) emissions, or not?](#) In the meantime, to shore up confidence in the voluntary carbon market, [Treasury Secretary Janet Yellen unveiled](#) “responsible participation” guidelines for the development of offset markets.

SBTi issued a timeline that includes a discussion paper scheduled for July; stay tuned for more analysis of this issue by The Climate Board as that release date approaches.

Big Tech was also in the news: Microsoft joined a coalition committing to purchase nature-based carbon removal credits, while acknowledging that the power demands of the AI boom put its previous climate goals in peril.

Corporate & Disclosure Updates

- [SBTi Releases Plans for the Corporate Net-Zero Standard Major Revision](#) (SBTi, May 9)
- SBTi is currently in the process of [revising their Net-Zero Standard](#), with plans to publish the Draft Standard for public consultation by the end of the year. Updates to the Net Zero Standard are likely to involve Scope 3 Target Setting as well as the use of Environmental Attribute Certificates (EACs), including carbon credits, as these are two focus areas outlined by SBTi. This July, SBTi plans to publish a paper outlining their thinking on potential changes to Scope 3 target setting as well as an Assessment of Evidence on the Effectiveness of EACs in Corporate Climate Targets, with a focus on carbon credits. SBTi is currently [welcoming feedback](#) on these two efforts. Notably, an announcement from SBTi that they had decided to “extend use [of EACs] for the purpose of abatement of Scope 3 related emissions...,” [last month](#) sparked widespread discussion--some highlighted the [positive implications](#) for the VCM, and some was quite negative, including significant [pushback](#) from SBTi staff--prompting SBTi to publish a [clarification](#) that current standards remain intact and any changes will be informed by evidence with further discussion on potential changes to be published this July.

- [Microsoft's AI Investment Imperils Climate Goals as Carbon Emissions Jump 30](#) (Bloomberg, May 15) - [Microsoft publicly committed to becoming carbon negative by 2030 four years ago](#) - however, Microsoft's emissions are 30% higher than they were when that pledge was made, due in part to the immense data processing power that artificial-intelligence technology requires. Microsoft's challenge highlights the broader dilemma for companies who aim to be leaders in both AI and climate - Microsoft is one of the biggest corporate participants in both power-purchase agreements and renewable energy credits; it told Bloomberg it plans to focus on the former and phase out the latter.
- [Tech Giants Google, Meta, Microsoft, and Salesforce Launch 20 Million Ton Nature-Based Carbon Removal Buyers Coalition](#) (ESG Today, May 22) - The tech firms' "Symbiosis Coalition" has a collective commitment to contract up to 20 million tons of nature-based carbon removal credits, aiming to signal strong demand for this market - which is so far at an early stage. The Intergovernmental Panel on Climate Change (IPCC) recently estimated that nature-based solutions, including restoration projects, could remove a significant amount of carbon dioxide from the atmosphere by 2030.
- [US Unveils Policy to Boost Carbon Offset Market Integrity](#) (Reuters, May 28) - Amid controversies over high-profile projects that failed to quantifiably decrease emissions, the U.S. [moved to bolster confidence](#) in the voluntary carbon market (VCM). [The new principles](#) jointly released by the White House, Treasury, and the Departments of Energy and Agriculture highlight the necessity of real and measurable decarbonization, the importance of high-quality credits, and facilitating "efficient market participation." The Integrity Council for Voluntary Carbon Markets (ICVCM) said the government's guidelines aligned with its own principles; critics pointed out that the new principles are neither binding nor enforceable. said the government's guidelines aligned with its own principles; critics pointed out that the new principles are neither binding nor enforceable.

Government & Regulatory Updates

- [10 Big Biden Environmental Rules, and What They Mean](#) (The New York Times, May 9) - The Biden administration has been working to finalize a series of environmental regulations and make them difficult to unwind in the future. These include a new final rule from the EPA that will [bolster methane reporting](#) and new [subsidies for sustainable aviation fuel](#). The administration has also aimed to bolster the case for electrified vehicles, cut pollution from power plants, ban asbestos, remove "forever" chemicals in tap water, and protect endangered species and wilderness. Tim Mohin, a leader in the sustainability field, points out on [his blog](#) that these efforts have resulted in the most progressive period for U.S. climate policy in history, but noted that persuading voters who are either unaware of these moves or do not think they are working remains a challenge for Biden.

- [New Rules to Overhaul Electric Grids Could Boost Wind and Solar Power](#) (The New York Times, May 13) - The Federal Energy Regulatory Commission approved major changes to the planning and funding of U.S. electric grids, aiming to facilitate expansion of interstate high-voltage power lines and wind and solar energy. Currently, there are not enough high-voltage lines being built to cope with potential damage from extreme weather or facilitate a shift to renewables as electricity demand rises. The ruling aims to bolster long-term planning by requiring grid operators to identify needs 20 years in the future, rather than maintaining a reactive stance to problems or external requests.

Climate Updates

- [World's Largest Direct Air Capture Plant Starts Sucking CO2 From the Sky](#) (Canary Media, May 8) - The world's largest direct air capture plant, located in Iceland and operated by [Climeworks](#), started operations in May. Its technology separates carbon dioxide from the air and stores it underground. Methods to "reverse" carbon emissions, including direct air capture, have been heavily researched in recent years; critics favoring other solutions argue that these projects could give oil and gas companies license to keep emitting fossil fuels.

Publications

- [BloombergNEF New Energy Outlook 2024](#) - This report includes long-term energy and climate scenarios for the transition to a low-carbon economy. Its executive summary asserts that achieving carbon neutrality by 2050 will be challenging: compared with the "base case" economic transition scenario, [the world would need to dedicate an extra \\$34 trillion to the clean energy transition before 2050 in order to reach a net zero goal](#) - bringing total investment to \$215 trillion.

More Must-Reads

- The New York Times, May 7 - [Giant Batteries Are Transforming the Way the U.S. Uses Electricity](#)
- Harvard Law School Forum on Corporate Governance, May 8 - [The Missing "T" in ESG](#)
- The New York Times, May 13 - [How an Obscure Agency Became a Linchpin for Climate Policy](#)
- The New York Times, May 15 - [Few Chinese Electric Cars Are Sold in U.S., but Industry Fears a Flood](#)
- Reuters, May 22 - [A Program Meant to Help Developing Nations Fight Climate Change is Funneling Billions of Dollars Back to Rich Countries](#)
- Bloomberg, May 29 - [How One of the Most Revered Climate Groups Descended Into Chaos](#)

- Bloomberg, June 2 - [Global Banks Start Targeting a New Breed of Real Estate Risk](#)

Upcoming Events

- Verdantix, June 6 - [Navigating Financed Emissions: Tools For Achieving Net Zero Goals](#)
- Moody's June 13 - [Green Tech Innovation: Prosperity and Pitfalls in the IRA Era](#)
- Moody's, June 27 - [Europe: Leader or Laggard in Green Tech Innovation?](#)

Thank you,

The TCB Team