BCSE Submission to the Science Based Targets initiative (SBTi) On the Draft Corporate Net-Zero Standard Version 2.0 Second Public Consultation

December 12, 2025

The Business Council for Sustainable Energy (BCSE) appreciates the opportunity to provide comments on the second consultation draft of the Corporate Net-Zero Standard Version 2.0 (CNZS V2.0). BCSE is a coalition representing a broad spectrum of energy technologies—including renewable energy, energy efficiency, natural gas, energy storage, sustainable transportation, and emerging low-carbon solutions. Council members include energy developers, utilities, large corporate energy buyers, and technology providers. Many BCSE members rely on SBTi guidance to set credible, science-based net-zero targets, and we value the Standard's role in driving investment and accelerating decarbonization across the global economy.

These comments focus on areas of the CNZS V2.0 draft that are most material to BCSE members, particularly Scope 1, 2, and 3 treatment of low-carbon fuels and feedstocks, electricity procurement, and environmental attribute certificates (EACs). They build on BCSE's prior submissions to SBTi, including our May 2025 comments on the first CNZS V2.0 consultation and our November 3, 2025 submission on the Draft Power Sector Net-Zero Standard.

1. Comments on the Corporate Net-Zero Standard (CNZS) Version 2.0

1.1 Readability and Ease of Use

BCSE Response: Somewhat disagree.

BCSE appreciates the significant level of technical rigor reflected in the CNZS V2.0. However, BCSE somewhat disagrees that the Standard is readable and easy to understand. While scientific robustness is critical, the current draft introduces an unnecessary level of complexity across concepts, methodologies, and cross-referenced materials that may impede practical implementation at the speed and scale required for meaningful climate action.

Linkages between the Corporate Standard, sector-specific standards, and supporting documents are often cumbersome, with inconsistent terminology and limited clarity on how key concepts should be operationalized. For example, the term "sustainably sourced" appears multiple times in the Power Sector Standard but is not defined in the SBTi glossary or in the Pathways Synthesis Report. Such gaps create ambiguity for companies seeking to apply the guidance in good faith.

BCSE recognizes the challenge of balancing rigor with usability. However, if target-setting frameworks are to support widespread adoption and accelerate decarbonization, they must remain practical, intuitive, and easy to navigate. Streamlined structuring, clearer definitions, and improved cross-document consistency would materially improve the readability and usability of CNZS V2.0.

1.2 Ambition of the Standard

BCSE Response: Somewhat disagree.

BCSE is concerned that CNZS V2.0 is not fully ambitious in driving the depth and scale of decarbonization needed as it does not fully integrate the low-carbon fuels and feedstocks. BCSE welcomes and supports SBTi's proposal in C13.2 to allow market-based procurement of low-carbon fuels and feedstocks for Scope 1 emissions. This is an important and overdue alignment with real-world market mechanisms—particularly mass balance and book-and-claim systems—that enable companies to accelerate decarbonization today.

However, significant barriers remain that may prevent companies from fully leveraging these tools. In particular:

- The sustainability criteria and integrity principles proposed for low-carbon fuels and feedstocks require substantial clarification to avoid inconsistent application and uncertainty for companies making long-term investments.
- The Standard does not sufficiently rely on lifecycle carbon intensity (CI) as a foundational metric for assessing emissions impact of low-carbon fuels, despite the critical role lifecycle analysis plays in identifying pathways with the highest verifiable climate benefits.
- Without additional clarity, the proposed framework risks creating market uncertainty, which could discourage investment in urgently needed fuel and feedstock pathways—including biomethane—that must scale rapidly to meet global climate objectives.

Current SBTi and related accounting frameworks primarily consider biomethane within direct thermal applications, inadvertently overlooking other verifiable, science-aligned uses such as electricity generation, transportation fuel, and pipeline injection. This limits the ability of companies to deploy biomethane in the applications that provide the greatest greenhouse gas benefit and that are most aligned with grid decarbonization needs. For more information on this topic, as well as remedies, please consider the submission made to this survey by the American Biogas Council.

BCSE urges SBTi to modernize the Standard to reflect the full decarbonization potential of certified biomethane and other low-carbon fuels, ensuring that pathways delivering the most impactful GHG reductions are fully recognized and incentivized.

1.3 Actionability of the Standard

BCSE Response: Somewhat disagree.

BCSE somewhat disagrees that the Corporate Net-Zero Standard V2.0 is fully actionable in its current form. While BCSE notes SBTi's progress, the draft introduces several practical challenges that limit near-term feasibility.

First, the proposed revisions to Scope 2 requirements, especially the introduction of new temporal and geographic matching constraints for market-based emissions accounting, depend on market structures that are not yet mature or universally available. Companies need additional clarity, more comprehensive data availability, and a deeper understanding of alternative accounting methodologies before they can commit to implementing these changes at scale.

Second, the proposed changes to Scope 3 Category 11 present particular challenges for companies that manufacture complex electric commercial and industrial equipment. For many of these product categories, no independent, third-party standards currently exist that define "high efficiency" or "best-in-class" performance benchmarks relative to minimum energy performance standards. Without such definitions, companies cannot apply the prescriptive efficiency-based approach proposed in CNZS V2.0 in a consistent or verifiable manner.

BCSE believes these prescriptive options should remain available as voluntary pathways for companies that can use them. However, BCSE recommends that SBTi retain a quantitative Scope 3 GHG emissions reduction target option within the Net-Zero Standard. Maintaining a quantitative pathway is essential to ensure the Standard remains workable across diverse industries and product types.

Further, as noted in other sections, the sustainability criteria and integrity principles for low-carbon fuels and feedstocks remain insufficiently defined, and the Standard does not yet fully leverage lifecycle carbon intensity as a core tool to differentiate among decarbonization options. Greater clarity and a stronger emphasis on lifecycle CI would enable companies to take meaningful and confident action while accelerating market development for fuels and feedstocks that offer the largest climate benefits.

1.4 Ability of the Standard to Assure Credibility

BCSE Response: Somewhat disagree.

BCSE somewhat disagrees that CNZS V2.0, as currently drafted, fully assures the credibility of corporate climate action. BCSE acknowledges and appreciates the positive steps included in the update, but credibility ultimately depends on clear, consistent accounting rules that reward real emissions reductions and align with emerging guidance from the broader carbon accounting ecosystem.

In particular, BCSE urges SBTi to:

- Fully integrate lifecycle carbon intensity (CI) for low carbon fuels into its core framework, ensuring that companies can pursue and receive credit for investments that produce the greatest verifiable climate benefit.
- Close current gaps between SBTi, GHG Protocol, and other leading standards

- Ensure that fuels and feedstocks that offer substantial, validated GHG reductions—such as certified biomethane—are recognized across the full range of credible applications.

Without alignment around lifecycle CI, the Standard risks under-recognizing high-impact, low carbon pathways and inadvertently discouraging investments essential for achieving global net-zero goals. Strengthening this alignment will bolster the credibility of corporate targets and reinforce the environmental integrity of SBTi's framework.

2. Assurance and Forward Guidance

2.1 Assurance Requirements for Companies Seeking Validation

BCSE Response: Yes – a phased approach would be appropriate (e.g., extending to Category B companies by 2035).

BCSE supports the use of assurance as a tool to strengthen credibility, comparability, and confidence in reported emissions and progress toward science-based targets. However, assurance requirements must be implemented in a scalable and proportional manner to avoid creating unintended burdens—particularly for smaller companies or those with limited internal capacity.

BCSE recommends a phased approach that prioritizes high-emitting or large companies first while providing adequate time for smaller entities to prepare. Extending assurance requirements to Category B companies by 2035 is a reasonable pathway that balances rigor with feasibility and allows markets for assurance services to mature. A phased structure would also give companies time to build internal systems, develop measurement capabilities, and align with evolving GHG Protocol guidance, improving both the quality and the consistency of reported data.

2.2 Benefits of Early Illustrative Detail on Post-2035 Requirements

BCSE Response: Somewhat agree

Providing early illustrative detail on post-2035 requirements offers several meaningful benefits for companies and stakeholders:

- Supports mid- to long-term planning by giving early visibility into future expectations and enabling companies to structure decarbonization pathways that align with SBTi's long-term trajectory.
- Enables earlier alignment of strategies, investments, and resources, which is critical for capital-intensive, multi-decade investment decisions.
- Helps companies make informed decisions about their SBTi participation by clarifying feasibility, risk, and readiness.

- Provides clarity for investors and external stakeholders on the direction of travel, enhancing confidence in corporate net-zero strategies and supporting alignment with capital markets and sustainability expectations.

Offering early insights into post-2035 expectations strengthens the usability of the Standard and improves predictability for all actors involved in long-term decarbonization planning.

3. Scope 2, Low-Carbon Electricity (LCE), and Hydropower

3.1 Commissioning and Repowering Date Limits for LCE Eligibility

BCSE Response: Somewhat disagree with a strict 10-year limit.

BCSE does not support applying a uniform 10-year commissioning or repowering limit for low-carbon energy (LCE) eligibility, particularly for hydropower, which is a capital-intensive asset class with typical lifespans near 100 years and substantial ongoing maintenance requirements. This limit would render most existing U.S. hydropower ineligible for LCE recognition despite its essential contribution to advancing grid decarbonization, flexibility, and reliability.

Key considerations for hydropower include:

- Hydropower's long economic life: widely used cost and planning assumptions reflect multi-decade recovery periods and long asset lives.
- Impact on the existing U.S. hydropower fleet: a 10-year limit would make the majority of U.S. hydropower ineligible for corporate Scope 2 purposes, jeopardizing reinvestment in hydropower assets and undermining decarbonization and reliability objectives.
- Need for a regional and technology-specific exception: SBTi should adopt either a U.S. region-based hydropower-specific exception to the 10-year limit, or a longer eligibility window aligned with approaches such as RE100's 15-year criterion. Additionally, for the U.S. specifically, relicensed projects should be considered to have new commissioning dates given that significant new investments are be made to upgrade or overhaul facilities.
- Repowering should be measured at the unit level: hydropower repowering typically occurs at the turbine or generator unit level, not across entire facilities. Eligibility criteria should reflect this reality to avoid disincentivizing incremental but meaningful performance improvements.

BCSE strongly urges SBTi to adopt a more flexible, hydropower-appropriate eligibility standard that supports continued investment in existing clean energy infrastructure, aligns with real-world asset lifecycles and financial structures, and avoids criteria that inadvertently discourage low-carbon generation essential to grid decarbonization.

The 10-year limit is also a challenge for other emerging technologies with more perceived risk in the early stages of commercialization, including carbon capture and storage (CCS) projects. These projects need longer off-take agreements to raise capital. Further, of concern for CCS projects is the definition of low carbon energy, which requires a minimum 95% capture rate for CCS plants. This is too restrictive in the near-term and SBTi should lower the rate.

3.2 Standardization of Low-Carbon Electricity Procurement Types

BCSE Response: Yes – SBTi should provide a list of procurement types to guide classification, but should not prescribe a hierarchy.

BCSE supports the development of a clear, standardized list of low-carbon electricity (LCE) procurement types—such as on-site generation, power purchase agreements (PPAs), utility green tariffs, and unbundled certificates—to help companies consistently classify their clean electricity procurement as "purchasing" or "matching." Such guidance would provide valuable clarity and support more uniform implementation of Scope 2 rules across markets, especially as SBTi integrates new temporal and geographic matching requirements.

However, while standardized terminology is important, SBTi should not prescribe a hierarchy that prioritizes some procurement mechanisms over others. Different markets, regulatory structures, and grid conditions create legitimate variation in how companies can access low-carbon electricity. Prescriptive hierarchies risk limiting viable procurement pathways, disadvantaging companies operating in regulated or capacity-constrained markets, and unintentionally suppressing investment in certain clean energy options, including hydropower and other regionally important resources.

A classification list without hierarchy would ensure transparency and consistency while preserving the flexibility needed for companies to pursue the most impactful procurement options available in their respective markets.

3.3 Long-Term and Near-Term Milestones for Low-Carbon Energy Use

BCSE Response on long-term milestones: Reach 100% low-carbon energy by 2050, with no distinction between electricity and heat.

BCSE supports a long-term milestone of achieving 100% low-carbon energy across company value chains by 2050, consistent with global net-zero pathways. Maintaining a unified milestone for both electricity and heat avoids unnecessary fragmentation and reflects the reality that many decarbonization technologies—such as electrification, renewable fuels, thermal energy storage, heat pumps, and district energy—can serve both end uses.

BCSE Response on near-term milestones: Company-determined 5-year milestones within the overall pathway to reach 100% low-carbon energy.

BCSE supports allowing companies to determine their own 5-year near-term milestones as long as they align with a credible pathway to reach 100% low-carbon energy by 2050. Flexibility is essential because companies operate in markets with varying availability of low-carbon technologies, procurement mechanisms, and enabling policies; energy procurement options differ significantly by region, utility structure, and infrastructure constraints; and companies require the ability to sequence investments strategically as technologies mature and markets evolve.

4. Sector-Level Interventions and Advanced Market Commitments (AMCs)

4.1 Inclusion of AMCs as Eligible Sector-Level Interventions

BCSE Response: Somewhat disagree

BCSE appreciates SBTi considering Advanced Market Commitments (AMCs) within the Corporate Net-Zero Standard. However, more information is needed to understand how AMCs will be defined and how they could be used to address emissions.

However, BCSE urges SBTi to clarify that AMCs can be used across all Scope categories, not limiting this mechanism to Scope 3. Further, SBTi should provide pathways for project-based actions.

Overall, AMCs can be an impactful tool to spur investment in emerging low-carbon technologies by providing long-term demand certainty and reducing project-level financial risk.

As an example, for pathways such as biogas, biomethane, and other low-carbon fuels and feedstocks, AMCs can help unlock deployment at scale, accelerate cost reductions, and expand availability of climate-beneficial alternatives for sectors with limited decarbonization options.

4.2 Design Principles for Ensuring Credible Use of AMCs

BCSE Response: Somewhat disagree

At this stage, more information is needed to understand how AMCs could be incorporated into the CNZS V.20. AMC use should be grounded in clear safeguards and performance criteria to ensure credible outcomes Issues for consideration include:

- Lifecycle carbon intensity (CI) should be the foundation for AMC eligibility.
- Eligibility should require independent certification and transparent documentation, with verification frameworks that meet SBTi-aligned standards for measurement, reporting, and sustainability guardrails.
- AMCs should prioritize high-impact pathways and guard against double counting, ensuring that AMC-backed volumes are traceable, unique, and credited to a single purchaser or intervention claim.

AMCs should be designed to accelerate market formation, not replace direct emissions reduction actions. They should complement, rather than substitute for, company-level reductions and should be recognized specifically as sector-level interventions.

5. Integrity Principles and Environmental Attribute Certificates (EACs)

5.1 Gaps and Missing Principles in Annex E

BCSE Response: Somewhat disagree

BCSE believes that the proposed integrity principles in Annex E require further development, and the permitted survey response length is not sufficient to fully address the complexity of this issue—particularly where fuels and feedstocks interact across scopes. For example, biomethane used to generate electricity may lead to overlapping or sequential claims across Scope 1 and Scope 2, raising nuanced accounting considerations that cannot be resolved without additional guidance.

If SBTi intends to establish functional, durable principles for EACs, BCSE strongly recommends deeper engagement with a broad set of experienced stakeholders, including low-carbon fuel and feedstock experts, gas certificate system operators, registry developers, and voluntary market practitioners. BCSE also encourages SBTi to draw from existing leading work in this area, including the Let Green Gas Count Coalition's high-level recommendations on renewable gas attribute systems.

Pipeline-injected renewable gas, such as biomethane, currently represents the most mature EAC market for low-carbon fuels. These existing frameworks, like book and claim, provide a strong foundation for credible EAC system design and can help guide SBTi toward effective, balanced, and practicable integrity principles.

5.2 Assessment of Annex E Principles for Energy and Commodity EACs

BCSE Response: Somewhat reasonable – the principles are directionally appropriate but may be difficult to apply in practice or require further technical development.

BCSE agrees that the Annex E principles point in the right direction conceptually but believes they require substantial refinement before they can be applied consistently across energy and commodity EAC markets. The principles do not yet reflect the complexity of how low-carbon fuels and feedstocks function across supply chains and scopes—particularly in cases where fuels such as biomethane are injected into pipelines, transformed, or used to generate electricity later claimed as Scope 2.

Because these interactions span multiple scopes and accounting boundaries, companies need clearer, more technically robust guidance to avoid inadvertent double counting, misalignment across standards, or inconsistent application. BCSE recommends that SBTi collaborate closely with low-carbon fuel and feedstock experts, EAC registry operators, and market practitioners;

draw from established best practices such as the Let Green Gas Count recommendations; and further clarify key elements—including Accuracy, Exclusive Issuance, Traceable Chain of Custody, Expiry, Transparency, Verifiability, and Double Claiming protections—to ensure they are implementable and aligned with real-world market systems.

With additional technical development, these principles can become a strong foundation for credible EAC use. As written, however, they require further refinement to be practical and fully fit-for-purpose in guiding corporate climate action.

6. Minimum Responsibility Level for Recognition

BCSE Response: No – the proposed 1% minimum responsibility level is too high and may limit participation.

BCSE believes that the proposed 1% minimum responsibility threshold for recognition may unintentionally restrict participation, particularly for companies with diverse value chains, complex emissions profiles, or limited ability to influence certain upstream or downstream activities.

Lowering the minimum threshold—or allowing proportional recognition based on credible intervention impact—would encourage broader engagement while still upholding environmental integrity. A more flexible approach would better reflect real-world conditions and support greater participation across sectors, especially those where opportunities for high-impact interventions vary significantly across Scope 1, 2, and 3 emissions sources.

7. Consultation Process and Support for Effective Participation

BCSE Response: Somewhat disagree

BCSE notes that the deadline and turnaround time for this second draft of the Corporate Net-Zero Standard V2.0 were extremely short, particularly given the time of year in which it was released.

In addition, the survey design focuses narrowly on specific elements of the draft, offering minimal space for broader or section-wide input. The 100-word response limit also can limit the ability for nuanced explanation.

8. Conclusion

The Business Council for Sustainable Energy appreciates the opportunity to comment on the Corporate Net-Zero Standard Version 2.0 second consultation draft. BCSE supports SBTi's overarching objective of providing a rigorous, science-based framework for corporate net-zero targets while improving clarity, actionability, and usability.

We urge SBTi to strengthen the Standard by fully integrating lifecycle carbon intensity, modernizing treatment of low-carbon fuels and feedstocks (including biomethane), refining integrity principles for EACs, adopting flexible yet credible Scope 2 and LCE criteria, and designing assurance and responsibility mechanisms that encourage broad participation while maintaining environmental integrity.

BCSE and its members stand ready to engage further with SBTi staff and expert working groups to help refine these elements and support implementation of a robust, practical Corporate Net-Zero Standard that can be widely adopted across sectors and geographies.

Please contact Lisa Jacobson, BCSE President, with any questions about this submission (ljacobson@bcse.org).