

S2 E7 – Corporate Catalyst: An emissions first approach to achieving global decarbonisation

Baringa's Energy Innovators Podcast

Ellen:

Hello, and welcome to Baringa's Energy Innovators Podcast, where we help you make sense of the energy transition's greatest challenges and opportunities. I'm your host, Ellen Fraser, a partner in Baringa's Energy and Resources sector group. I love to decode the enormously complex energy industry challenges and look for simple, effective solutions for clients. In this podcast series, we speak with leading industry experts to learn how they're putting people first and creating impact that lasts to fuel their energy transition.

Faraz:

If there's one thing to take away from this study, it's around the corporate role to help accelerate the phase-out of coal. You just see the immense amount of coal and the number in the report is 825,000 tonnes, but a lot of this emission impact out of the 1.7 or the 3.2 billion tonnes essentially coming from displacing coal from these five countries and elsewhere.

So really the biggest thing we can do for power sector decarbonisation is ensure that coal stays in the ground, and by deploying renewables in these locations, we can help to make sure that happens. Because back to my point, in order to get this energy transition, we need decarbonization, but also cost and reliability, and a lot of countries in the world are building new coal plants because they need that capacity at the most optimal cost.

Ellen:

Today, I'm very happy to be joined by Faraz Ahmad, Amazon's Head of Net-Zero Electricity, and Hannah Simmonds, a Baringa expert in corporate decarbonisation. Faraz and Hannah joined me to discuss an independent Baringa study commissioned by Amazon to assess the global decarbonisation impact of the corporate sector adopting an emissions first approach, prioritising renewables procurement to where it has the highest grid decarbonisation impact. We discussed the key findings of our study, its relevance and importance to players across the renewable value chain globally, and why Amazon and the Emissions First partnership are advocating for change.

Welcome, both. Perfect, so let's get started then. Help me understand, Faraz, the reason for Amazon initiating this study.

Faraz:

Great, thank you. Just for some context, Amazon founded the Climate Pledge in 2019, which is a goal to be net-zero across all scopes by 2040. Amazon is the world's largest corporate buyer of renewables, a position its held for four years in a row, and electrification is the key decarbonisation pathway for the company.

As Amazon has now reached its goal of matching its annual consumption with the 100% renewables on the same annual volume, the next question becomes our path to net-zero and how we can maximise our decarbonisation impact. And in my mind, I had to reframe this problem as a time-bound problem. In other words, it's not about decarbonisation per se, but the rate of decarbonisation that matters. And how we can ensure that every resource, whether that's time,

people, dollars spent, has the maximum good decarbonisation impact, and that really resonated with me.

And so with that spirit, in 2022, Amazon co-founded the Emissions First partnership, which is a coalition with nine other corporates, outlining our principles for how Scope 2 accounting needed to be modernised. And this Scope 2 accounting is governed by a body known as the Greenhouse Gas Protocol.

Ellen:

Perfect, thank you. Fascinating intro. Yeah, wonderful. And why is that such an important topic for the Amazon and the Emissions First partnership? Help me understand that.

Faraz:

Yeah, so we wanted objective independent evidence of the potential of this emissions first approach. And there's a variety of reasons why renewable generation needs to be developed and built, capacity and other reasons. But if you look at purely from an emissions lens here for the corporate sector, we know that each unit of electricity has a different emissions impact based on its time and location. So I always give the analogy of if you have everything being the same and you have a choice between procuring two PPAs, we know that a PPA in, say, West Virginia has a high decarbonisation impact than one in, say, California. And this could apply in Europe, say Poland versus Spain.

And so the approach is is that if we now try to assess the emissions impact of the renewables procurement and we were to really prioritise this going forward with the whole corporate sector adopting this, what does that actually mean and how valuable is that? And particularly we want to understand how this could accelerate the current trajectory for grid decarbonization.

So the reason for this study in a sense was really try to quantify what I call the size of the price in terms of cumulative emission reduction, cost, speed, and also energy equity as well. It's my personal opinion that we are not going to have a sustainable energy transition unless we also address energy equity. There's been recent data from IRENA showing that 85% of global renewables investment is benefiting less than half of the world's population. So the regional divergence that we actually see now is actually increasing, not decreasing.

Ellen:

And help me understand that energy equity point. What does that really mean?

Faraz:

We want to try and ensure that grid decarbonisation is benefiting multiple regions, multiple countries around the world, and this can apply in any geographical context. So if you're an organisation, you can apply this for a particular grid, like the UK or Texas. There will be some regions of the grid that are more emission intensive than others. You could apply this at a national level, like say the US, where certain regions are more emission intensive than others, and I give the example there between West Virginia and California. And you can apply this at a global level for multinational. Like Amazon, we have operations in a multitude of countries around the world, and so we have consumption and procurement available in all of these locations. So that's what we meant, energy equity, how do we make sure that it's not all going to the easiest places?

One of the things that we've anecdotally observed in the power sector is because in the current Greenhouse Gas Protocol rules, every unit of electricity is essentially treated the same in terms of emissions impact. What tends to happen is developers and procurers tend to go to what I call the

easiest location. So example, West Texas, where you see an overbuild of renewables with transmissions constraint, or California where you see the duck curve.

But actually when you're seeing the emission impact of that, it's not actually having as much marginal emissions impact as you think it may have. And what it really is is because everything's treated the same, we go to this what I call the lowest dollar per megawatt-hour, where actually if we were to measure the emissions impact, you could actually see different metrics of dollar per tonne CO2.

Ellen:

Yeah, perfect. Super helpful. Thank you. And I mean, we've obviously loved doing the work with you, which is fantastic, but why did you select Baringa particularly to do this work with you?

Faraz:

There were a few key reasons why we chose Baringa. First and foremost, we needed a global perspective across multiple regions, countries of the world, and Baringa definitely provided that. Secondly, Baringa had some specific IP and dataset modelling related to its location margin emissions, or what I call LME datasets. And that was very valuable as we're trying to assess the emission impact for each hour as we go out to 2040.

And also, Baringa had already developed their own reference scenario for how grids around the world are decarbonizing on their current trajectory. And so that provided the baseline to compare the acceleration if the corporate sector was then to adopt this emissions first approach of prioritising renewable procurement where it has the biggest grid decarbonation impact.

Ellen:

Thank you. That's good, great. And, Hannah, great that we won the work. Well done on getting involved in that, that's super. How did we approach the work?

Hannah:

Yeah. I think, and just to start as well, I wanted to reiterate just how much we've enjoyed doing the study. And particularly with a lot of the conversations we're having with our clients at the moment and the fact that the Greenhouse Gas Protocol is currently running a consultation process looking at Scope 2 emissions reporting and how they can evolve the standards around that to have the greatest impact, it's a very relevant topic that we're having a lot of conversations about. So it's been a great process to be a part of.

And I think when we approached the study and we thought about what are we trying to quantify and what are we looking at, there were really two key parts to that. One part was obviously looking at just how much demand do we think would be addressable. How many corporates around the world do we think are going to engage with this topic of taking more of an emissions first approach to their decarbonisation strategies, and where is that demand coming from as well? As Faraz alluded to in his introduction, a lot of that demand is concentrated in markets like the US and Europe where PPAs have become a lot more commonplace as tools to driving that decarbonisation of the grid. We use data from places like the RE100, the EIA, the IAA, to get a picture of where that corporate demand exists today.

And the second part of the question was, well, if you take that corporate demand and you procure it and relax market boundaries and you can procure that where that demand will have the greatest decarbonisation impact, what is the decarbonisation impact it will have? What does a megawatt of solar or a megawatt of wind actually do to decarbonise the grid? And that depends on, as Faraz said, quite a lot of different factors, mostly the location of it and the time of that generation.

So we had to use Baringa's data to take a view of that. What we looked at modelling is what the marginal generator is. So what is the last generator on the grid that if you bring in a megawatt-hour of solar or wind, that you are actually displacing from the generator? If you have markets in Southeast Asia or India for example, they're very coal-dominated markets. So if you bring on a megawatt of solar or wind, then you are displacing that very high emissions intensity generation of coal. Whereas if you bring it in a market like the UK for example, you're displacing gas, which is obviously a lot lower emissions. So obviously what you are displacing and the time [inaudible 00:10:29] that generation is incredibly important.

And so that's what we spent an awful lot of time looking at and modelling. And we had to effectively take a view of what the marginal generator is in each country to look at what you're actually displacing. And that's where a lot of our key findings come from.

Ellen:

That's perfect. And just to help me understand, because I certainly have nowhere near the level of technical expertise that you have, Hannah, that's really what we're getting at here, which is the potential to displace much dirtier, if you like, power production in a different geography than where necessarily the power is being consumed. Right?

Hannah:

Exactly, exactly. So what we're trying to do is we're trying to assess, and it depends on a couple of things. The big things are what is the marginal generator in each market? Is it coal, is it gas, is it hydro, is it nuclear? That has a big impact. And then how much renewables do you have in the market already?

You take a market like Spain, there's already a huge amount of solar. So if you bring more solar online, it's not going to have quite the same impact as if you're bringing wind on because that generation happens at different times of the day. So we had to look at what the renewable mix was on each grid and how we expect that to evolve over time to be able to create this as accurate a possible a view as to what the decarbonisation impact would be of each unit of renewable generation that comes online.

Ellen:

And that's really where the Amazon driver is coming from, isn't it, is starting to rethink the geographical boundaries, if you like, between generation and consumption, if I've understood correctly. Is that right?

Faraz:

Well, I think it really depends on the organisation. The intent of this study was not to prescribe what a particular procurement strategy should be. I mean, like I said, given how Amazon is a very heterogeneous business, we're in a multitude of countries around the world, we are already operating in countries in Asia Pacific and South Africa and a lot of other countries around the world.

So for us, it's not necessarily about de-linking our procurement consumption because we have consumption in so many countries around the world. But if you're a small business, you may want to think about, "Well, actually, does it make sense for me just to buy renewable energy certificates in my local area, or do I want to think about buying in a slightly different area of my own country? Or perhaps at a different country within the EU where they may be, because I believe that I can have a bigger decarbonisation impact there."

Ellen:

Ellen:

What did the study actually find, what were the key findings from that report?

Hannah:

Yeah, and I think it's really interesting because I think Baringa do a number of studies looking at all sorts of things. And sometimes you do the studies and you do all the work and the analysis and you stand back and you go, "Oh, I didn't really find anything hugely interesting really in it." But I think when we did this study, the sheer volume of insights and depth of insights was really powerful.

I think the sheer scale of the opportunity in terms of the decarbonisation impact that you can get from a more emissions first approach is really significant. When we think about the scale of coal use globally and where renewables investments are happening in markets, that investment isn't going into necessarily the countries that need it most. And so when we look at this, the key finding was that we expect 1.7 billion tonnes of carbon to be saved over the next 15 years by taking this emissions first approach. And that's based on 325 terawatt hours of corporate demand shifting mostly from the US and Europe to Asia Pacific. So key markets like India, Indonesia, Vietnam, South Africa, and Poland are the key markets where you see this increased shift of renewables deployment having this massive impact.

Ellen:

Yeah, wonderful. And any builds on that from you, Faraz?

Faraz:

Yeah, so the scale was obviously insightful by itself, but I think the other thing to just emphasise here is just the potential upside. So there's the 1.7 billion tonnes, but that's under a base case of corporate demand. If we actually expand that to, say, all of the electricity consumption from the RE100 or so, that goes up to a 3.2 billion tonnes. So just a significant increase. And then you think about what are the small and medium-sized sectors as well who weren't included in the study, it's even more. So there's clearly a huge amount of emissions that are accumulatively being reduced.

I think the other key aspect for me is around the cost aspect. As with this energy transition, everyone's very sensitive to the cost. And a couple of really good points here is that we talked about metrics, and if you actually evaluate this on a dollar per tonne CO2 avoided, that cost is actually less than half of what it would be otherwise.

Ellen:

Wow.

Faraz:

You're optimising the dollar spent to have the biggest impact.

And if you look at now from a per megawatt-hour basis, so just a unit price, that's actually 20% cheaper than domestic equivalent as well. And that's often because some of these markets in India and Asia Pacific are cheaper than some markets in Europe. So from a cost perspective, cost optimization, every organisation has a finite amount of resources, time, dollars, et cetera. And this is what we're trying to say, you can actually lower that cost or optimise at that spend accordingly.

And then a big also so-what or aha moment for me as well, it's just the importance of relaxing market boundaries. For the listeners who may not be familiar, in the current Greenhouse Gas Protocol, the

market boundaries is the construct where essentially the accounting rules, if you have consumption in one region or call it one market boundary, your procurement should be in the same region. And when the annual volume is essentially equalised on an annual basis, then your Scope 2 emissions goes to zero.

What this is actually going to show is that if you relax those market boundaries, you can actually have a far bigger impact in terms of cumulative amount of emission reduced, but also the energy equity is improved. So in the base case here there's about 85 billion on investment shifting into developing economies by 2040, and that almost doubled in the high-case scenario.

Ellen:

That's absolutely fascinating. So what you're basically saying is it's a faster and a cheaper route to the decarbonisation outcome if the-

Faraz:

If we relax these constraints.

Ellen:

If we relax the constraints around ... the reporting constraints effectively.

Faraz:

The locations, exactly. And that's really the thinking behind the emissions first approach, is can we accelerate the grid decarbonisation trajectory that we have.

Ellen:

Yeah, yeah. Now, when people hear relaxing reporting constraints, their head may go to, "Well, hang on a second, that's a fudge." We're looking to soften regulatory requirements effectively. Help me understand and just be really clear with me why that's not a fudge, and actually it's really important for the global economy to engage in this debate.

Faraz:

Yeah, absolutely. I'll give you a couple of examples. And this has actually been documented by RE100 and other corporates as well, so it's not just an Amazon-specific problem that's accounted. So let's give an example of, say, Singapore for example, which under the current Greenhouse Gas Protocol is a specific market boundary, because the construct is that the procurement has to be seen in the same location or market boundary as the consumption. If there is no utility scale projects available in Singapore, as a corporate you really have no other options of where you can buy, so you can't buy in Malaysia over the border, et cetera.

What tends to happen is that corporates essentially stymied and will have to spend a lot of effort on policy or the mechanisms to try to get these options available. Where if you're thinking about it from a climate change or emission perspective, it is better or more worthwhile to redirect that time and dollar spent into, say, a neighbouring country with at least the minimum amount of decarbonation impact. We wanted to make sure that the avoided emissions would be at least as much, if not more by, say, doing a project nearby in, say, Malaysia or within the region.

And so that's what I mean is right now we've got some of these bottlenecks or obstacles that occur, and what tends to happen is that because there's no options available, that corporate procurement or corporate investment doesn't occur.

Ellen:

Yeah, interesting, really. So it becomes a blocker effectively to progress.

Faraz:

It becomes a blocker. So we're trying to say, well, what's the next best thing? Well, the next best thing is if we can't do it in country A, can we do another project in country B, which has at least, or if not greater, the amount of avoided emissions potential.

Ellen:

Yeah, perfect. Understood.

Faraz:

And this is back to my point at the beginning, this is a time-bound problem. It's the rate of decarbonisation that matters here. And so we have to try to make sure that we're always maximising that rate for every resource that we're putting in.

Ellen:

Understood, good. And, Hannah, you're keen to build?

Hannah:

Yeah. And I think another key finding of the study that relates to this is also around curtailment. And actually, if you look at markets today that are having some of these challenges, I've spoken about Spain before so just to stay on that theme, they've got a lot of solar has been developed in Spain. And they are now having issues where they are, in order to get the most ... maximise that solar generation, they're needing to explore things like batteries and storage and more demand-side flexibilities in order to actually try and make the most of that renewable generation.

Whereas actually what we've seen in our study is because we're deploying renewables in markets that are currently left behind, so they've got minimal renewables deployment already today and they're coal-dominated, but it's really around that minimal renewables deployment. Because it means that actually when you bring solar and you bring wind online, you don't need the storage technologies because you don't reach times of the day where your renewable generation is higher than your demand on the grid, which is what you're having in some markets with high renewables deployment.

So actually taking this emissions first approach also means that you are getting the most bang for your buck out of the renewables deployed because you're actually being able to use all of that generation from those assets. And so we see that over about the next 10 years, the need for some of those more enabling technologies around the renewables assets are actually minimal. I think we expect about 1% of curtailment. And then that obviously increases as you then start to reach some of those boundaries, but you actually have a much more efficient deployment of those renewables as well.

Ellen:

Yeah, perfect.

Faraz:

Yeah. And that's not to negate the role of those technologies like batteries and lower flexibility. They absolutely have a role for capacity for revenue maximisation, et cetera. Just here we're looking at purely from a sustainability and decarbonisation impact, and just saying that there's other locations or technologies that can be deployed sooner to have a maximum impact.

Ellen:

I'm now sat back from this, thinking, why on earth are we not doing this? It seems actually staggeringly obvious when you think about, coming back to that point, the faster, the cheaper, and almost the fairer transition when you think about it in that way as well. What needs to change to allow this to happen? What are the enablers for progress in this area?

Hannah:

Yeah. I think really this change, it's a market signal to people to say, "We've got some critical markets that are being left behind in the energy transition and we need to support them in their rollout of renewables."

So there are a few things that need to happen. Corporates can't just do this alone. You need to have regulatory changes that allow them to claim benefit for these investments, and you also need governments and regulators to enable some of these changes as well. At the moment, a lot of the markets that we are looking at that would have large scale renewables deployment in them as a result of this emissions first approach, actually PPAs aren't prevalent or aren't even existent in these markets. Actually you need some of that maturity in these markets to go alongside it happening because today those mechanisms just don't exist. To be able to enable this type of regulatory change to take place.

Ellen:

Yeah, helpful.

Faraz:

Yeah. And that policy and regulatory framework to allow corporates to engage and engage directly in electricity markets and have PPAs is important. You see in some markets where that has ... Like in the US for example, I think the latest statistic from CEBA, the Clean Energy Buyers Association, is what, 35% of renewables being added to the grid today is because of corporate offtake. And in other countries, like in Vietnam, it's essentially where others starting from scratch.

So how can we enable a regulatory framework where corporates can engage and then begin to drive an offtake and investors can come in and deploy capital to develop projects.

Ellen:

But it's interesting, because does this require every single regulatory framework of participating countries to change? Is that what we need or is this major geographies need to be on board with this?

Hannah:

Yeah, I think it's much more the latter. I think it's about major geographies needing to be involved. In our study, about 80% of the impact happens across five markets. I think I've said already, India, Indonesia, Vietnam, Poland, and South Africa. So actually you can get 80% of the benefit by just trying to unlock the opportunity in those five markets.

Ellen:

Okay. The major geographies basically really need to consider their regulatory framework to create that-

Hannah:

Exactly, exactly.

Ellen:

... updated framework.

Hannah:

Yeah. And we do see as well in some markets when we engage with some of our local market experts as part of this study, because they actually said things like Greenhouse Gas Protocol sets the standards that they follow to a large extent. So actually if you see this change in the standards and you see this market signal, then actually they would look to change their own regulation and government policy around renewables development in those markets. So you shouldn't underestimate the significance of a change like this coming from the Greenhouse Gas Protocol.

Ellen:

Yeah, perfect. Thank you. And sorry, just to pick on one point because interestingly you haven't mentioned China and there's a good reason behind that from what I understand.

Hannah:

Yes. We have excluded China as part of the study and also any other markets that are under UK, US, or EU sanctions. The reason for this is it purely puts limits and barriers in terms of cross-border trades by corporates. So we have excluded some of those large markets as part of this study.

But I think the important thing to stand back and to say is even with excluding China, the impact is significant. So actually if this did come into effect and that wasn't a barrier, then actually you've just got even more to go at as well.

Ellen:

Yeah, perfect. Understood.

Faraz:

I would just add, if there's one thing to take away from this study, it's around the corporate role to help accelerate the phase-out of coal. You just see the immense amount of coal and the number in the report is 825,000 tonnes, but a lot of this emission impact out of the 1.7 or the 3.2 billion tonnes essentially coming from displacing coal from these five countries and elsewhere.

So really the biggest thing we can do for power sector decarbonisation is ensure that coal stays in the ground, and by deploying renewables in these locations, we can help to make sure that happens. Because back to my point, in order to get this energy transition, we need decarbonization, but also cost and reliability, and a lot of countries in the world are building new coal plants because they need that capacity at the most optimal cost.

Ellen:

From what I understand, and it's wonderful to hear the study's taken quite an altruistic approach in terms of what can happen at an overall global systems level, help me understand what it means specifically for your organisation, for Amazon.

Faraz:

Yeah. It fundamentally affirmed the emissions first approach. It quantified the size of the impact that could have. And if you look at the acceleration here required, it's on the order of 18 to 36 months, which is quite significant in a global context in terms of accelerating the power sector decarbonization. And so that really matters.

We'd like to take this and showcase this to the Greenhouse Gas Protocol to show around why this kind of emission-based approach of renewables procurement really does matter. And we'd also like to show this for evidence to mobilise capital and regulatory reforms in these key countries and other institutions to ensure that we can actually ensure development of renewable projects in these locations in Asia-Pacific, South Africa, and Poland.

Ellen:

Yeah, perfect. And forgive me the provocative question, but I'm assuming that Amazon isn't saying, "Let us deliver the same decarbonisation impact for less money." You're saying, "Let us effectively deliver significantly more decarbonisation impact for the same that we would be investing anyway."

Faraz:

No, absolutely. We want to maximise the decarbonisation impact. And by having the right accounting system and measuring what matters, which is emissions, we can actually ensure that any strategy is objectively adequate based on the right metric. And it will also then mitigate some of the broader criticism that that may have had.

Because one of the fundamental things to realise is that we're improving all the time. When the Greenhouse Gas Protocol started in 2015 or so, a decade ago, the cumulative amount of corporate renewables was like less than one gigawatt. We're now at approximately over 100, maybe 120 gigawatts now. So it's been a huge success story. We now have a huge amount of renewables being built because of corporate offtake.

But we're now entering really the next phase of power sector decarbonization, where it's not just about adding more renewables to the grid, but it's around how do we ensure that we can accelerate the adequate decarbonisation impact. And we can do this now because we have better data. We now know that emission impact is varying based on time and location, not only across grids, but also within grids. And that's a point that's often not well understood as well, is the variation within grids because of, for example, transmission constraints.

Ellen:

Yeah, perfect. Super. Thank you. And that gives a good view in terms of almost global relevance and specifically what Amazon is taking from that. Hannah, help us understand what it means for other Baringa clients as well.

Hannah:

Yeah, definitely. And I think that is the interesting thing about this, it does have implications across the energy value chain. So I think for a lot of the clients that I work with, specifically corporates, when they're setting their energy strategies and thinking about their renewables procurement, it's really thinking about, "How do I have the most impact?"

And also just thinking ahead to some of these changes that might be coming about in the future. I think if you think about contracts that if you're signing a PPA, that's a 10-year contract, so that's going to be ending in 2035, 2036, 2037. These changes are likely to happen over the tenure of that PPA. So thinking about how the contracts you're signing up for today have that longevity of relevance is really important. And even when you think about supply contracts for corporates, they're three-year contracts that are set up, making sure that those are fit for purpose in the future is going to be really critical.

I think also for governments and grid operators around the world, particularly in some of these markets where we are seeing this shift and we're saying that a lot of the benefit can come from, making sure that they are open and available for business for this type of corporate procurement is incredibly important. And I think if you think about some of the messages that often come out of corporates, how do we actually direct more investment into these emerging and developing economies and how do we redirect it? And this is a mechanism to allow that. So you need to make sure that both sides of the equation are lining up if you've got corporates wanting to put money into these markets, that governments and regulators and policymakers are set up to be able to receive it. And I think also finally as well, generators as well, thinking about if you're a solar developer, if you're a wind developer, thinking about the location of your projects and making sure that those are happening in markets that are open and available to more renewables deployment is going to be really important.

Ellen:

Yeah, perfect. Sorry, go on.

Faraz:

Yeah, I also just wanted to add one more thing, which is around the role of small and medium-sized businesses. This is something that I think about a lot, that in terms of the energy transition, we need to broaden participation, not just to large corporates, but to these small businesses as well throughout the supply chain.

And we need to make sure that we've got multiple onboarding ramps here. So if you are a small business and you're buying a renewable energy certificate or a Guarantee of Origin, et cetera, that's perfectly valid and fine, but you could also begin to understand what the impact of that is if we can begin to augment that with emissions impact, avoided emissions, on that. So whatever procurement strategy it is, whether you are doing it locally, whether you're doing, say, a large number of small projects or one large project in emission in terms of country, that's all fine. But by measuring what matters in terms of emissions we can begin to understand the impact that that's actually truly having.

Ellen:

Yeah, amazing. Thank you. And, Hannah, it's a really good segue actually. What else are we doing with clients in this space to help them on that journey? Because it sounds like there are big implications for regulators, for generators, for many of the typical clients, but also big implications for a range of different business sizes as well. And you're obviously very passionate from an Amazon standpoint, Faraz, around different business sizes and smaller ones. Where are we helping, Hannah?

Hannah:

Yeah, so on the corporate side, most of my clients are the corporate. So as I said at the start, with the Greenhouse Gas Protocol currently running its consultation process, it's a very live question that a lot

of clients are asking is, "What's likely to happen? How can I prepare for that? How can I mitigate against certain events that are coming forward?"

So we are helping to actually look at their demand, look at their ability to sign these long-term contracts, and trying to help them understand which ones can actually minimise my risk. "Where shall I sign a PPA? Where can I have the most impact?" So we are helping clients in very live discussions. I'd say most of those conversations are with the large energy users, so lots of utilities, infrastructure players that have a significant demand that are probably just slightly ahead of the curve in thinking about these things.

We're also working with energy suppliers to help them think about their future offering into the market. So I think suppliers have a huge role to play in this, particularly with the medium-sized business market as well. Maybe corporates who don't have enough demand to sign a PPA but want to do as much as they possibly can to help the decarbonisation of grids, whether that's in their markets or globally. So working with suppliers to help them think about, "What are the needs of my customers? How can I best serve them? And then how do I actually test that and trial it in the markets?" We're having a number of discussions there as well.

And Baringa also works with governments and regulators around the world on these topics. So again, helping them think through, "What are the different eventualities, what are the different scenarios that might play out that I'll need to react to in future?"

Ellen:

Yeah, wonderful. Thank you. Any builds on that, Faraz?

Faraz:

I would just encourage listeners to visit emissionsfirst.com to review the objectives and principles of this corporate coalition to modernise Scope 2 accounting. Please reach out to us. We'd love if there's any questions or clarifications we can provide and potentially discuss new joiners. We've had more allies and more entities, and not just corporate buyers, but other partners who are wanting to build this ecosystem to improve the electricity accounting.

Ellen:

Yeah, perfect. Very, very clear in terms of where people go for more information. So yeah, thank you for that. Wonderful.

Thank you both so much for joining the conversation. I've really, really enjoyed understanding more around Amazon's approach to decarbonisation challenges and how you plan on adopting the findings of the study, so thanks so much for that. Wonderful, Hannah, to hear about the implications for different stakeholders and also how we're helping clients in this space as well. So thank you.

And exactly as Faraz said, if you want to find out more on this topic, please reach out to Hannah or to Faraz. And when we post this on LinkedIn, et cetera, then we'll make sure that all the right links are there for people to be able to click through. And we, of course, from a Baringa standpoint, we'd love to discuss how we can help manage your energy sourcing portfolio and support with sourcing challenges.

If you've enjoyed this episode, why not subscribe and be notified for future episodes as soon as they're available. We would love to hear from you. Thanks so much, both.

Hannah:

Thank you very much.

Faraz:

Thank you so much.