**Study on incentivizing energy efficiency measure in Supply Chain**

**Feedback from stakeholder consultations**

| ***Name*** | ***Organization*** | ***Incentivizing efficiency in manufacturing of intermediary products via traditional GHG accounting and offsets creation*** | ***Labelling/rating/indexing of intermediary products***  |
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| Vivek Adhia | World Resource Institute | 1. For intermediary products the traditional GHG accounting will form the base for setting baselines etc. and then use this in rating, labeling scheme. If there are multiple layers then source of data has uncertainty especially in Scope 3 emissions.2. There could be differential prices for these credits, which can be harmful. 3. The offset market is not attractive for offsets from such projects | 1. Transparent product labeling scheme will be driven by end consumers and will work well. For intermediary product labelling/rating will be B2B model. It makes sense to label intermediary products. 2. For labeling of intermediary products out need to bring out the benefits very clearly. End product manufacturer also needs to define policy for buying rated intermediary products from. Look at labeling approach first and then look at offsetting approach.  |
| Juerg Grutter | Juerg Consulting | 1. Energy Efficiency projects have huge rebound effects. Second issue is difficulty of additionality. Third issue is double counting because in a host country there can be regulations to reduce emissions from certain sectors that may be a part of the supply chain project. There is leakage issue with upstream emissions.  | 1. There is not much of a market for labeling of intermediary products.2. Quantify the GHG emissions from intermediary products but do not issue credits. The intermediary product manufacturer should speak to end product producer and ask for incentive.  |
| Fleming Ray | DNV | 1. The approach is difficult to generalize. How many methodologies for different sectors can be developed?2. How to ascertain that the emission reductions are significant to warrant an offset project.3. Double claiming will be a big risk | 1. Easier to manage2. Labels are simpler3. Speak to Walmart etc. to understand better how this may drive procurement |
| Mary Jade | Consultant | 1. Double claiming is fine, double counting is not.2. Methodologies should have inbuilt procedures to tackle double claiming3. Additionality is not an issue | 1. Labelling is not a good option. Different benefits may mean different things across geographies.2. Sustainability matrix is complicated3. Traditional GHG approach can be used to create methodologies that will be used to quantify emission reductions that form the basis of a rating system |
| Tilmann Silber | South Pole Carbon | 1. No answer to double claiming.2. It is not clear how the offset market would respond to such credits.3. MRV Is very difficult4. Link the emission reductions directly to the product e.g. say that this soap reduced XtCO2 | 1. Important to quantify the benefits2. There could be an appetite for end-product manufacturers to incentivize measures by giving preferential treatment to intermediary product manufacturers. |
| Liam Salter | Gold Standard Board | 1. The idea that carbon crediting could form part of an ‘in-supply chain’ incentive structure has not really been looked at. This Is one option for the value add of GS an approach to crediting that you can graft onto other standards? | 1. Most product standards essentially set minimum criteria that the supply chain has to adhere to e.g. ‘recycled’ or ‘organic’. However mechanisms to incentivize ‘beyond compliance’ performance are lacking. In other words ‘organic’ means I grow the cotton to standard it doesn’t matter if I then dye it in an energy inefficient factory that dumps chemicals in the river. I still get the label. A system that provides a structure for delivering incentives through the supply chain is the next step. Sustainable Apparel Coalition is starting to look at this in their product design index. |
| Tom Baumann | GHG Management Institute | 1. Issuing Offsets would not be ideal scenario, as offset methodologies for scope 3 are very challenging generally2. There would also be issues around double claiming as the reductions happen at the upstream facility which might be regulated3. It would be challenging to determine whether the offsets are unique | 1. Ideal way or incentivizing would be by the way of procurement guidelines / incentives by the buyer of these coatings |