



Japan Gas Association turned in open letter GHG Protocol Secretariate
on the revision of the GHG Protocol

January 31, 2024

The Japan Gas Association

In full awareness of the urgent need to act on climate change, Japan Gas Association (JGA) is aiming to substitute natural gas with e-methane up to 90% by the year of 2050. e-methane is produced from power and CO₂ which will not increase the overall CO₂ concentration in the atmosphere.

Aiming to reflect the environmental benefit of emerging new carbon recycled fuels in GHG Protocol, JGA together with other 17 companies, associations, and organizations turned in open letter on January 25th (JST) to GHG Protocol Secretariate to advocate for a pivotal update to the Greenhouse Gas Protocol (GHG Protocol) which is scheduled to be updated this year.

In the open letter, we proposed the inclusion of a market-based approach for carbon recycled fuels, including e-methane, e-fuels and Sustainable Aviation Fuels in Scope 1 as for Market-based approach, use of certificate, already available for power in Scope 2.

This proposed update can help reshape the landscape of emissions reduction strategies and redefine the role that low-carbon fuels can serve as a positive solution towards a more sustainable future.

GHG Protocol, a widely recognized and respected framework for accounting and reporting greenhouse gas emissions, should reflect the evolving needs of our time.

Incorporating market-based accounting into the Scope 1 emissions reporting would have a profound impact on how businesses measure and manage their emissions, and how quickly they transition to a low-carbon economy.

In submitting the open letter, we received warm gratitude from the GHG Protocol Secretariat for our interest in the revision and exchanged opinions with the GHG Protocol Secretariat on our proposal.

JGA will continue to communicate with the GHG Protocol Secretariat, aiming to develop rules that recognize the emission reduction benefit of recycled carbon fuels including e-methane, which will contribute to the achieving of a true decarbonized society.

For further inquiry please contact below

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Proposal for Inclusion of Market-Based Accounting in Scope 1 of the GHG Protocol Update

25 January 2024

Dear GHG Protocol Secretariat,

In full awareness of the urgent need to act on climate change, the undersigned companies, associations, and organisations together advocate for a pivotal update to the Greenhouse Gas Protocol (GHG Protocol). We propose the inclusion of a market-based approach and the recognition of low-carbon fuels¹ certificates in the GHG Protocol's Scope 1 inventory. This proposed update can help **reshape the landscape of emissions reduction strategies** and redefine the role that low-carbon fuels can serve as a positive solution towards a more sustainable future.

The urgency of addressing climate change is undeniable. That's why we believe that the GHG Protocol, as a widely recognized and respected framework for accounting and reporting greenhouse gas emissions, should reflect the evolving needs of our time. Incorporating market-based accounting into the Scope 1 emissions reporting would have a profound impact on how businesses measure and manage their emissions, and how quickly they transition to a low-carbon economy.

Implications for the Inclusion of Market-Based Accounting in Scope 1 GHG Protocol

This proposal follows the already established market-based approach in Scope 2 GHG Protocol that has been instrumental in increasing renewable electricity use. By allowing the usage of low-carbon fuel certificates within Scope 1 inventory calculations, we can unlock a multitude of benefits:

Greater Real-World Impact: By integrating market-based solutions, the GHG Protocol update will have a tangible and measurable impact on emissions reduction, aligning with the global climate goals outlined in the Paris Agreement.

Global Leadership: Embracing a market-based approach demonstrates our collective commitment to leading the fight against climate change. This approach has already gained traction and success in the renewable energy sector, and it's time for us to extend its reach through the GHG Protocol.

More Flexibility and Viability: Businesses often face challenges when transitioning to low-carbon alternatives due to infrastructure limitations and technological barriers. Allowing the use of certificates enables businesses to make meaningful emissions reductions using the existing infrastructure and demand-side facilities without compromising operational viability, and paving the

¹Low Carbon fuels are fuels that have fewer emissions, resulting in a lower carbon footprint compared to traditional fossil fuels. They can be used to generate electricity for industrial facilities, heat and power systems. These fuels either reduce lifecycle carbon emissions or recycle carbon. They are produced through various methods, including biological and chemical processes or a combination of these processes. Examples of low-carbon fuels include sustainable aviation fuel, biodiesel, biomethane, e-fuels and e-methane. Reference: ["Low Carbon Fuels and Energy Sources Basics"](#) Energy.gov, accessed October 31, 2023

way for more technological advances.

Stronger Market Incentives: Including low-carbon fuel certificates in the Scope 1 inventory will create a strong economic incentive for industries to shift towards greener energy sources. This would stimulate demand for low-carbon fuels and drive innovation and investment in their production.

The net-zero energy systems of the future will be a combination of various technologies impacting how we produce and use energy. Alongside electrification, green hydrogen, and sustainable bioenergy, Carbon Capture and Utilisation (CCU) technologies applied to recycled carbon fuel generation will play a major role in reducing and removing emissions across key sectors to balance emissions that cannot be avoided – a critical part of the “net” zero goals. Therefore, there is also a need in the future to provide new guidance on emissions accounting for recycled carbon fuels or CCU technologies that are not currently included in GHG protocols.

The time for action is now

We need all stakeholders to work together to drive this essential update to the GHG Protocol. In championing this cause of the inclusion of a market-based approach into the GHG Protocol update, we are signing this open letter and joining forces with a growing number of partners from a variety of industries that commit to sustainable practices and innovation. Together, we can influence policy changes that have far-reaching implications for the future of our planet and generations to come.

We trust the WRI and the WBCSD will therefore consider this issue seriously.

Sincerely,

Our Signatories (by alphabetical order)



About Daigas Group

The Daigas Group was launched in 2018 as a group brand of a corporate group led by Osaka Gas, the second largest gas supplier in Japan with a history going back more than one century. Osaka Gas aims to achieve carbon neutrality across Daigas Group by 2050 as a goal set in the Carbon Neutral Vision released in January 2021 and Energy Transition 2030 released in March 2023. To realize this ambition, the company pursues net zero solutions, including e-methane, and drives e-methane technology development through R&D activities and demonstration projects in Japan to promote its wide usage. It also proceeds with several feasibility studies to produce e-methane in strategic locations, such as North America, South America, Australia, the Middle East, and Southeast Asia.



About European Biogas Association

The European Biogas association, founded in February 2009, is committed to the deployment of sustainable biogas and biomethane production and use throughout the continent. The EBA fully believes in the future potential of renewable gas in Europe. EBA counts today a well-established network of nearly 250 national associations and other organisations covering the whole biogas and biomethane value chain across Europe and beyond.



About Eurogas

Founded in 1990, Eurogas is an association of 94 companies and associations, spanning the entire length of the gases value chain. Its members cover wholesale and retail gas markets, the distribution

of natural renewable and low carbon gases and their derivatives and the use of gas in transport. Eurogas also represents technology providers including companies active on value chain methane emissions management.

Eurogas is committed to accelerate the transition to climate neutrality through dialogue and advocacy on optimising the use of gases. Together with its members it produces research, responds to consultations, provides input to studies, analyses the impact of EU political and legislative initiatives, and communicates key findings to EU stakeholders. An established structure of expertise ensures that Eurogas' views are defined and endorsed by experts in the energy field.



About European Renewable Gas Registry

ERGaR is the European Renewable Gas Registry. It facilitates the cross-border trade of renewable gas certificates in Europe. Furthermore, it provides a forum for all stakeholders in the renewable gas certification supply chain.



About Francegaz

France gaz (www.francegaz.fr) represents the French gas industry, responsible for all fuel gases (natural gas, renewable gases, liquid gases, hydrogen). It brings together gas players across the entire gas chain, committed to producing renewable gases, aiming for carbon neutrality by 2050, ensuring France's security of supply, and enabling all customers to be committed players in the energy transition. A member of the Conseil Supérieur de l'Énergie and Medef, France gaz is also a member of the European associations Eurogas and Marcogaz, as well as the International Gas Union.



About Hycamite

By splitting methane, Hycamite produces affordable, clean hydrogen and solid, high-value industrial-grade carbon products. Hycamite is a fast-growing and award-winning company founded in Kokkola, Finland in 2020 to fight climate change. Hycamite's technology is a thermo-catalytic decomposition (TCD) process based on the company's proprietary family of catalysts. The technology is a product of more than 20 years of research at the University of Oulu.

Hycamite's mission is to decarbonize industry, and our vision is to pave a clean way for our customers with the most profitable decarbonization solutions.



About International Gas Union

The International Gas Union (IGU) is a global organisation, which represents more than 150 members in over 80 countries, covering more than 90% of the global gas value chain. The members of the IGU are national associations and commercial entities of the gas industry worldwide, engaged in every aspect of the gas supply chain, from production of natural, renewable, hydrogen and other low and zero-carbon gases through their transportation, delivery, and all the way to end-use. www.igu.org



THE JAPAN GAS ASSOCIATION

About the Japan Gas Association

The Japan Gas Association (JGA), an organisation of city gas utilities, contributes to the economy and people's welfare in Japan by promoting the sound development of the general gas utility business as well as the major gas-related projects and gas pipeline projects and by coordinating the stable energy supply, ensuring safety and addressing environmental issues. JGA has approximately 200 member companies. In November 2020, JGA declared that the gas industry would take on the

challenge of "carbon neutralising gas in 2050," and expressed its determination to realise a decarbonized society.



About Mitsubishi

Mitsubishi Corporation (MC) is a global integrated business enterprise that develops and operates businesses together with its global network of around 1,700 group companies. MC has 10 Business Groups that operate across virtually every industry: Natural Gas, Industrial Materials, Chemicals Solution, Mineral Resources, Industrial Infrastructure, Automotive & Mobility, Food Industry, Consumer Industry, Power Solution and Urban Development. Through these 10 Business Groups plus the addition of its Industry Digital Transformation Group and Next-Generation Energy Business Group, MC's current activities have expanded far beyond its traditional trading operations to include project development, production and manufacturing operations, working in collaboration with our trusted partners around the globe. With an unwavering commitment to conducting business with integrity and fairness, MC remains fully dedicated to growing its businesses while contributing to a prosperous society.



About Mitsui O.S.K Lines

MOL, headquartered in Japan, is a leading shipping company, operating on a global scale with about 800 vessels in service. The company develops various social infrastructure businesses centered on ocean shipping, as well as technologies and services to meet ever-changing social needs including environmental protection. The MOL fleet includes dry cargo ships, liquefied natural gas (LNG) carriers, car carriers, and tankers. In addition to the traditional shipping businesses, MOL also offers wellbeing & lifestyle businesses such as real property, terminal operation, and ferry service, as well as social infrastructure businesses such as logistics and offshore wind power. With one of the largest merchant fleets and about 140 years of history, experience, and technology, MOL will make a leap forward to become a global social infrastructure company, support people's daily lives from the blue ocean, open the way to a prosperous future, and deliver new value to all stakeholders.



SAIBU GAS HOLDINGS

About Saibu Gas Holdings

Saibu Gas Holdings Co., Ltd. supplies gas energy in Northern Kyushu region as its core business and expands into power and other energy sectors as a “comprehensive energy and lifestyle services company”.

In September 2021, Saibu Gas Holdings Co., Ltd. formulated a guideline named “Saibu Gas Group Carbon Neutrality 2050” and declared that we are committed to realizing the decarbonized society.

Santos

About Santos

Santos provides reliable, affordable energy for progress and seeks to provide lower carbon energy over time. We are a global energy company with operations across Australia, Papua New Guinea, Timor-Leste and the United States. Santos is an important Australian domestic gas supplier and LNG supplier in Asia. The company is committed to supplying critical fuels such as oil and gas, and abating emissions through carbon capture and storage, energy efficiency projects, use of renewables in our operations and high-quality offsets. Santos will also seek to develop low-carbon fuels as customer demand evolves.



About The Scheduled Airlines Association of Japan

The Scheduled Airlines Association of Japan is an industry organization consisting of 19 Japanese scheduled air carriers. We work to solve various problems in the air transport business and to promote sound development of the air transport business in Japan.

We contribute to "development of the Japanese economy" and the realization of a "sustainable society including decarbonization" through the air transportation business.



About South Pole

South Pole, recognised by the World Economic Forum as a Social Enterprise, has been at the forefront of decarbonization since 2006. With its global climate solutions platform, South Pole develops and implements comprehensive strategies that turn climate action into long-term business opportunities for companies, governments and organisations around the world. South Pole is also a leading project developer and has provided nearly 1,000 projects in over 50 countries with climate finance to reduce over a gigaton of CO2 emissions, and to provide social benefits to less privileged communities who are particularly vulnerable to climate change.



About STX Group

STX Group is a leading global environmental commodity trader and climate solutions provider. For over 25 years, STX teams have been at the forefront of the global transition towards a low-carbon economy. By leveraging its expertise in accurately pricing pollution and emissions, it has helped to cultivate trust in market-based solutions to the decarbonization of the economy.

With its trading and Corporate Climate Solutions offerings, STX ensures that money flows to hundreds and thousands of projects that make the world a greener place, while providing corporations with the certified proof-points of their contributions to environmental progress.

After acquiring Vertis and its subsidiary Strive in December 2021, the STX Group now boasts a diverse team of nearly 500 employees from over 50 countries. Headquartered in Amsterdam, the Netherlands, STX Group has 13 offices around the world and an annual trading volume of over EUR 4 billion. For more information, please visit <https://stxgroup.com/>



About Toho Gas

Based on "Toho Gas Group 2050 Carbon Neutrality Initiative", we are promoting low carbonization and decarbonization at customer locations, with the pivot being the three types of energy of gas, hydrogen, and electricity, and tackling the challenge of achieving carbon neutrality in our entire value chain.



About Tokyo Gas

Tokyo Gas is the largest city gas supplier in Japan and a Japanese integrated energy company with diverse businesses spanning electricity generation, energy retailing, engineering solutions, upstream LNG, and real estate development. As part of the Tokyo Gas Group's management vision "Compass 2030," Tokyo Gas has been taking actions to realize a decarbonized society by tackling the challenge of achieving "Net-Zero CO₂." As an energy provider for the Tokyo metropolitan area, Tokyo Gas supports its customers' decarbonization efforts by promoting the sophisticated use of LNG. At the same time, Tokyo Gas focuses on renewable energy power plant development, CCUS utilization, hydrogen production technology development, and commercialization of e-methane(e-NG) and other hydrogen carriers. In order to establish supply chains for e-methane(e-NG), Tokyo Gas is currently carrying out feasibility studies in North America, Malaysia, Australia, and other regions with trading companies and global energy companies. Tokyo Gas will lead the transition to a decarbonized society by achieving both stable energy supply and decarbonization.



About World Biogas Association

The World Biogas Association is the global trade association for the biogas, landfill gas and anaerobic digestion sectors, dedicated to facilitating the capture, treatment and recycling of the 105bn tonnes of methane-emitting organic wastes generated by humans every year through biogas. We seek to support all organisations working in the biogas industry at the international level across the world to achieve this, including: national associations; biogas operators and developers; supply chain; water companies; the agricultural sector; waste companies; and academic & research institutions.
www.worldbiogasassociation.org