

EUISSCA VOLUNTARY ENERGY USE INDEX REPORTING GUIDELINES

Purpose

As a part of its effort to lead the electric utility industry in the achievement of a sustainable supply chain, as set forth in its Strategic Plan 2010 – 2012,¹ the Electric Utility Industry Sustainable Supply Chain Alliance (EUISSCA), referred to as the Alliance in this document, establishes these guidelines for the processes by which members, on a voluntary basis, will report, on an individual basis, the energy use from their supply chain operations. The energy use information from the individual members that choose to participate will be aggregated and reported as the Alliance energy use index. This information will be used to track progress towards the Alliance’s Voluntary Energy Use Reduction Goal.

Background

The *EUISSCA Strategic Plan 2010 – 2012* that was established by the Alliance contains goals that call for the establishment of voluntary GHG reporting guidelines and a baseline measure of aggregate annual GHG emissions² and energy use of Alliance members’ supply chain operations. It also calls for the establishment of a voluntary GHG reduction goal for the GHG emissions from Alliance members’ aggregate supply chain operations.³

In subsequent Alliance meetings, these goals were refined to focus on the establishment of an energy use reduction goal for Alliance members’ aggregate supply chain operations, since an energy use reduction goal would more clearly and directly address the main sources of GHG emissions from members’ supply chain operations.

These guidelines for energy use reporting are therefore designed to ensure consistency among Alliance members with regard to energy use accounting and reporting from supply chain operations, as well as to allow reporting to the Alliance to be aggregated in a consistent and meaningful way.

The aggregate energy use from Alliance members’ supply chain operations will be referred to as the “energy use index.”⁴ The Alliance’s voluntary energy use reduction goal for Alliance members’ supply chain operations will be established against this index, and progress towards the goal will be tracked annually over time.

¹ The EUISSCA Strategic Plan 2010 – 2012 is available on the Alliance’s website (www.euissca.org).

² Including the WRI/WBCSD Scope 1 and Scope 2 energy use of the six major greenhouse gases.

³ The EUISSCA Strategic Plan also establishes a GHG Reduction Program Goal for Alliance members’ key suppliers. This goal will be addressed in a separate document.

⁴ Since energy use for the Alliance will be comprised of each member’s supply chain operations energy use, and as they have uniquely defined their scope, the accounting of these aggregate Alliance energy use will be referred to as an “energy use index” rather than an inventory.

Using the energy use index as a measure of performance will serve as an example for suppliers, and disclosed energy use reductions will be materially real, as they are based on the individual members' guideline-conformant energy use reports.

Accounting and Reporting Principles

Energy Use Reporting Methodologies – The majority of Alliance members already conduct voluntary GHG reporting through widely-accepted GHG reporting protocols, which are predominantly based on the World Resource Institute/World Business Council for Sustainable Development (WRI/WBCSD), *A Corporate Accounting and Reporting Standard Revised Edition*, 2004. Because reporting according to these protocols necessitates the collection of energy use data (in part or in whole as defined by these guidelines), Alliance members may use these existing protocols to facilitate participation towards the Alliance voluntary energy use reduction goal.

Completeness – Alliance members shall include in their baseline and annual performance report the electricity use, stationary fuel use, and mobile fuel use of their supply chain operations as defined by the organizational boundaries of their supply chain operations.

Where members choose to exclude one or more of the activities in which energy is used in their supply chain operations, they shall disclose the activities deemed significant that are excluded and provide a brief rationale for doing so to the Alliance. The Alliance shall publicly disclose in aggregate the activities from which energy use is reported by members as well as the activities from which energy use is not reported, in its baseline and annual performance reports.

With regard to reporting boundaries, each Alliance member shall define the boundaries for their supply chain operations within which they will report. Members are encouraged to include in their supply chain operations baseline and annual performance reporting the main activities that represent the majority of the energy used in the supply chain operations under the scope of responsibility of their respective Chief Supply (or Procurement) Officer. For the purposes of these guidelines, supply chain operations may include facilities and/or transportation that support the supply chain of the Alliance member's company. Appendix A identifies, but does not limit, the range of potential activities that members could include as part of their supply chain operations.

Where members choose to exclude activities under the Chief Supply (or Procurement) Officer, they shall identify the activities excluded and provide a brief rationale for not including them. Where members include activities beyond the Chief Supply (or Procurement) Officer, they shall identify the activities, quantify the energy use associated with them, and provide a brief rationale for including those activities. The Alliance shall publicly disclose the boundaries of the supply chain operations on which members have chosen to report.

Because the activities within each member's reporting boundary will vary due to their organizational structures, except as provided elsewhere in these guidelines, it is essential that each member consistently report on the same activities, so that energy use can be tracked over time. Consistent reporting of energy use from these sources will improve members' insight into the energy use of their supply chain operations.

Relevance – Members are committed to ensure that the Alliance energy use index appropriately reflects the energy use of their supply chain operations as required by these guidelines. The Alliance energy use index shall serve as an example, especially for suppliers, of how entities can take steps to report and reduce their energy use, and therefore, their GHG emissions.

Consistency – Each Alliance member company shall consistently use the organizational boundary and reporting methodology that it has chosen to allow for a meaningful comparison of energy use over time. It is essential that each member company consistently use the same boundary and methodology over the term of the goal, so that a meaningful aggregate comparison of progress towards the goal can be disclosed.

However, we recognize that boundaries and methodologies can change over time. If an Alliance member's boundary changes (e.g. if a new warehouse is built), which results in a material difference (as defined by each member) in its annual report, the member shall disclose this change to the Alliance, so that the Alliance can disclose such changes in its annual reporting.

If a methodology used by an Alliance member changes (e.g., if a meter is installed at a facility where fuel use was estimated before), unless the member anticipates that the change will result in a material difference (as defined by each member) in reported energy use, the member may use the updated methodology for its next years' reporting without having to apply the new methodology to past years' reporting, as members should be able to use the most up-to-date and accurate methodologies available to calculate their energy use.

To account for methodological changes, each member company shall disclose to the Alliance any such changes that are deemed material, so that the Alliance can disclose such changes in its annual reporting.

Transparency – Each Alliance member company and the Alliance as an entity shall address all relevant issues in a factual and coherent manner. Alliance members shall disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.

Accuracy – Alliance members shall ensure that energy use quantification is within the scope of these guidelines, and that uncertainties have been reduced as far as practicable. Implementation of these guidelines will enable the Alliance members to report with sufficient accuracy to enable the Alliance to credibly and meaningfully demonstrate that its members have reported the energy use from their selected supply chain operations.

Boundaries

Geographic – The default boundary for the Alliance voluntary energy use reduction goal shall include all of a Member’s supply chain operations in the US. Members shall disclose to the Alliance where they have chosen to exclude certain US locations and shall provide a brief rationale for the exclusion.

Alliance members that include non-US energy use (i.e., energy consumption that occurs outside the United States) in either their baseline or annual performance report shall disclose the location, activity, and amount of such energy use. At its discretion, the Alliance may choose not to include such non-US energy use in its energy use index.

Organizational – Generally, activities and assets that are not under a member’s direct operational control (e.g., outsourced logistics) should not be included in a member’s energy use report where they have little if any direct ability to affect energy use reductions.

As a matter of policy, the procurement and use of fuels for electricity generation is outside the scope of these guidelines, and any reported energy use associated with fuel for generation will not be included in the Alliance energy use index.

The approach that members utilize shall be used consistently throughout the term of the Alliance voluntary energy use reduction goal, except to the extent such inconsistencies are immaterial. Any organizational exceptions members have chosen to take shall be disclosed and a brief description of the rationale for the exception shall be provided.

The Alliance shall publicly disclose an aggregated summary description of the approach members have utilized for defining their boundaries and shall generally describe the extent to which members have taken exception to these guidelines.

Operational – Energy use from biomass resources (e.g. wood chips, biodiesel) may be reported optionally. Members may choose to include such optional energy use in their baseline and annual reporting and shall disclose such additions and a brief rationale for including them to the Alliance. The Alliance shall publicly disclose the extent to which such optional energy use has been included.

Energy use associated with upstream suppliers and downstream customers is outside the scope of the Alliance voluntary energy use reduction goal and shall not be included in members’ baseline or annual reporting. Supplier energy use and GHG emissions are addressed via the Alliance strategic goal for Supplier GHG emissions.

Tracking Energy Use

The Alliance shall track and publicly disclose the aggregate performance of Alliance members' supply chain operations energy use (i.e. the energy use index) based on the annual energy use of its members, compared to the aggregate base year energy use.

Base Year – The Alliance shall use 2008 as the base year against which it will measure its progress towards achieving the Alliance voluntary energy use reduction goal. This base year is consistent with the establishment of the Alliance and allows members to be recognized for progress that they have made through their individual efforts. Each member shall report their energy use for the base year to the Alliance, as developed in accordance with these guidelines, and the Alliance shall aggregate the collective energy use reported by its members into an Alliance base year energy use index, expressed in mmBtu.

Estimating Energy Use - Each member that participates in the Alliance voluntary energy use reduction goal shall quantify their 2008 base year energy use. It is recognized that in some instances members may not have empirical data, nor may activity level data (e.g., fuel and electricity quantities used) be available. It is acceptable for members to estimate their base year energy use using estimates based on extrapolation or proxy data, as long as this methodology is used consistently year over year. The Alliance shall generally disclose the extent to which extrapolation and proxies have been used for estimating base year energy use for the Alliance base year energy use index.

Changes to Base Year Energy Use - Changes to members' base year energy use may be necessary in the case of significant changes in the geographic, organizational, or operational boundary of members' supply chain operations (e.g. in the case of a corporate merger, acquisition/divestiture of major assets, or insourcing/outsourcing of key activities). In these situations, a description of the geographic, organizational, or operational changes to a member company's boundary shall be disclosed to the Alliance, and the members' base year energy use, as well as all subsequent years' energy use, shall be recalculated according to the new boundary. The Alliance shall disclose as part of its annual public reporting the extent and impact of these changes to the Alliance's energy use index.

There shall not be any adjustment to members' base year energy use for organic growth of members' activities (i.e., in conjunction with growth of members' businesses), such as the expansion of a warehouse or an increase in the number of fleet used for supply chain operations in order to serve additional customers.

Identifying and Calculating Energy Use – Members are encouraged to use measured energy use data wherever possible. Where conversions need to be made to derive energy use (e.g., square footage to energy use), they shall be calculated consistently over time as noted these guidelines.

Where an Alliance member changes the methodology or assumptions it utilizes, to the extent that there is a material difference in the energy use reported, such exceptions and changes shall be disclosed to the Alliance along with a description of the methodology

and/or assumptions and a brief rationale for the change. The Alliance shall disclose as part of its annual public reporting the extent of such exceptions and changes.

Energy Use Tracking – The Alliance shall maintain a database of members’ individual and aggregate supply chain operations base year and annual energy use. The Alliance shall use this database for annual reporting of aggregate energy use and to track performance against base year energy use.

Alliance members shall report their annual energy use data to the Alliance using the template in Appendix B by the end of Q2 of the following calendar year. The Chief Supply (or Procurement) Officer or another executive of the Alliance member’s company shall affirm that, to the best of his/her knowledge after all appropriate inquiry, and except as set forth in the submittal, the data submitted was prepared in accordance with these guidelines. Any exceptions taken with these guidelines and/or changes from prior reporting periods shall be disclosed and described as required by these guidelines. Alliance members’ facility level data is not required to be disclosed.

Reporting and Disclosure

On an annual basis, individual members reporting under these guidelines should report their information to the Alliance’s Administrator by the end of Q2, who will then aggregate and summarize the reported information so that no information is attributable to a particular member company. Individual information will not be disclosed publicly without prior approval from the individual member and counsel for the Alliance.

At the beginning of Q3, a committee of volunteers from participating member utilities shall review and assess this information and the Alliance’s performance relative to its energy use reduction goal. The committee may also make recommendations regarding the energy use reporting guidelines, members’ energy use reports, and/or progress towards the energy use reduction goal.

Subsequent to review by the volunteer committee as well as by Alliance members in general, the Alliance shall report its progress and performance on the voluntary energy use reduction goal for each calendar year, no later than the end of Q4 the following year.

The Alliance shall publicly disclose and maintain on its website the following information:

- Alliance Voluntary Energy Use Index Guidelines;
- Alliance aggregate base year energy use (mmBtu), with disclosure of exceptions to the guidelines;
- Alliance aggregated annual energy use (mmBtu), with disclosure of exceptions to the guidelines;
- Alliance aggregated energy use broken down by fuel type as listed in Appendix B; and
- Alliance Voluntary Energy Use Reduction Goal;

- Progress towards achieving the Alliance Voluntary Energy Use Reduction Goal;
- Links to Alliance member's Carbon Disclosure Project, The Climate Registry or other member company public GHG reporting (at the discretion of each member).

Assurance

The Alliance members who choose to report their individual energy use from their supply chain operations shall assure the integrity of the Alliance energy use information that they disclose through affirmation. Each member company shall affirm it has prepared its data in accordance with these guidelines. At the Alliance level, the Alliance Chair shall provide an affirmation that the Alliance has developed and reported its progress on the Alliance voluntary energy use reduction goal in accordance with these guidelines. This is consistent with the Alliance Guiding Principles. Appendix C provides the form of affirmation that the members and the Alliance shall provide.

The Alliance does not plan to pursue third-party verification of its aggregate energy use index; however, it does encourage its members to pursue such verification where it is warranted by the benefits received.

Electric Utility Industry Sustainable Supply Chain Alliance Energy Use Reduction							
	Sourcing	Inventory Mgmt	Warehousing	Materials Mgmt	Transport & Logistics	Material Recovery	Other
Fuels	Stationary Fuel Use: ex. facility natural gas use, diesel auxiliary engines, portable equipment that cannot move on its own						
	Mobile Fuel Use: ex. on-road and off-road company-owned/leased vehicles & equipment						
Electricity	Purchased Electricity						
Optional	Biofuels						

APPENDIX B – Voluntary Energy Use Reduction Reporting Template

Revision 0

EUISSCA Energy Use Reporting Template
11/23/2010

Company Name: _____
 Date Submitted: _____
 Name of Responsible Party: _____
 Email of Contact: _____
 Phone Number of Contact: _____
 eGRID subregion for majority of facilities for which you are reporting electricity use: _____

ENERGY USE (mmBTU)	2008	2009	2010	2011	2012	2013	2014	2015
Total Electricity Use (kWh)								
Total Electricity Use (mmBTU)								
Total Stationary Fuel Use (mmBTU)								
Coal								
Coke								
Distillate Fuel Oil (#1, #2, and #4)								
Residual Fuel Oil (#5, #6)								
Gasoline								
Diesel								
Natural Gas								
CNG								
LNG								
LPG/Propane								
Kerosene								
Other								
Total Mobile Fuel Use (mmBTU)								
Motor Gasoline								
Diesel Fuel (#1 and #2)								
Residual Fuel Oil (#5, #6)								
Kerosene								
Propane								
CNG								
LNG								
LPG/Propane								
Jet Fuel								
Aviation Gasoline								
Other								
Total Fuel Use (mmBTU)								
TOTAL ENERGY USE (mmBTU)								

Scope Description:

Guideline Exceptions & Rationale:

APPENDIX C – Form of Alliance Member Company Energy Use Reporting Confirmation

Affirmation of Conformance and Completeness

On behalf of my below identified Company, I hereby affirm that these data are complete and accurate for the [Insert Reporting Period] reporting period, after all appropriate inquiry, that to the best of my information, knowledge and belief, the supply chain operations energy use reported by our Company has been compiled in conformance with the Electric Utility Industry Sustainable Supply Chain Alliance (EUISSCA) Voluntary Energy Use Index Reporting Guidelines. Any exceptions taken have been fully disclosed to the EUISSCA in conformance with the EUISSCA Energy Use Index Reporting Guidelines.

Alliance Member Name: _____

Signature: _____ **Date:** _____

Name: [Alliance Member Company’s Chief Supply/Procurement Officer or EUISSCA Chair]

Address: [Alliance Member Company’s Chief Procurement Officer or EUISSCA Chair Address]

Phone Number: [Alliance Member Company’s Chief Supply Officer or EUISSCA Chair phone number]

Name of Protocol Used: _____