

An Introduction to Assessing Planned Greenhouse Gas Emissions Impact

Executive Summary

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In *An Introduction to Assessing Planned Greenhouse Gas Impact*, the Project Frame (“Frame”) community aims to briefly provide a high-level overview of how investors assess planned impact, or the change in future greenhouse gas (GHG) emissions that a proposed climate solution could realistically deliver, compared to the status quo and relating to its activities. It offers an outline of a methodological framework that investors can follow to assess and categorize the potential impact of their investment.

This framework will serve as the foundation with which the Project Frame community will discuss more complex concepts, such as classifying impact, choosing baseline scenarios, and attribution. It builds on existing work from the GHG Protocol, Mission Innovation, Prime Coalition, and ECT Alliance (a collaboration between Breakthrough Energy Catalyst and CDP).

POTENTIAL & PLANNED IMPACT

The potential impact differs from the planned impact that a proposed climate solution may have, as the former may take market share away from a status quo technology. The potential impact is aligned with the Total Addressable Market (TAM), while the planned impact can be compared to the financial concept of Serviceable Obtainable Market (SOM).

Learn more with the [Project Frame Glossary](#).

Framework Overview

- **ARTICULATE THE THEORY OF CHANGE**, explaining how the proposed climate solution could reduce GHG emissions and thus provide the foundation for all assessments.
- **DEFINE THE UNITS OF IMPACT**, including the unit of the proposed climate solution and the status quo or incumbent unit, to enable comparison against a baseline scenario.
- **ESTIMATE EMISSIONS PER UNIT** for both the proposed climate solution and the status quo or incumbent using quality data while stating key assumptions and being clear on timeframes.
- **CALCULATE THE UNIT IMPACT** by subtracting the emissions per unit from the status quo or incumbent.
- **ASSESS COMMERCIAL VOLUMES** of the proposed climate solution to understand whether emissions reductions will occur once or continually after implementation.
- **REPORT REALIZED EMISSIONS REDUCTIONS** to validate their approach to assessing planned impact and continue developing best practices.
- **UPDATE YOUR ESTIMATES** by collecting actual data to support your impact estimates.

Key Takeaways

THERE ARE MANY WAYS TO ASSESS IMPACT. Investors make different choices that shape the calculations they use, how they report, and more.

DETAILS MATTER. Each step is complex and requires further discussion to create consensus among the Frame community.

BE CLEAR ABOUT YOUR ASSUMPTIONS. Qualitative analysis and perspectives on how the change may occur fundamentally affect calculations and should be documented clearly.

TRANSPARENCY IS ESSENTIAL. Investors should share the assumptions and reasoning behind their emissions reductions figures when publicly reporting so as to improve emissions impact assessment as a field.

BALANCE OPTIMISM. While hopes for emissions reduction and commitment to climate solutions stem from optimism, conservatism is recommended when assessing forward-looking emissions impact.

PROCESSES WILL IMPROVE WITH GREATER TESTING. New innovations are consistently entering the market and methodologies to assess those proposed climate solutions will improve as they are tested against additional case studies.

Taking Action

To address the gap that exists related to forward-looking emissions impact assessments, Frame is working with investors to establish guidelines and best practices for more transparent assessment processes and reporting.

Frame is a coalition of more than 200 investors from five continents, representing 80 venture capital and private equity investors and over \$40 billion in raised investment dedicated to climate.

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