

RECOMMENDATIONS FOR THE

Development of the Net-Zero Data Public Utility

Recommendations Development Process

November 2022

CLIMATE DATA STEERING COMMITTEE

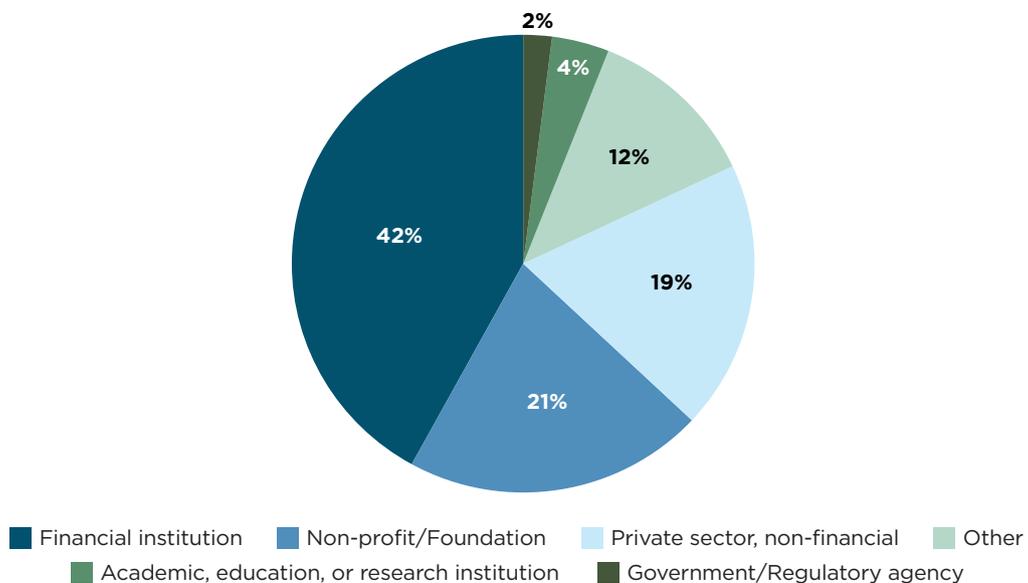
Recommendations Development Process

On 21 September 2022, the Climate Data Steering Committee’s (‘Committee’ or ‘CDSC’) released its *Draft Recommendations for the Development of the Net-Zero Data Public Utility*. These draft recommendations were developed through review of existing relevant literature and a targeted open survey, conducted through the Committee’s Technical Working Group, to better understand the most pressing climate data needs of a wide range of market participants. The release of the Committee’s Draft Recommendations was accompanied by a four-week public consultation and other forms of external engagement (including via the CDSC’s Focus Groups — discussed in further detail below). The CDSC has taken the responses to the public consultation and feedback received from its external engagement efforts into consideration in compiling its [final form report here](#).

PUBLIC CONSULTATION ON DRAFT RECOMMENDATIONS

As a result of a four-week public consultation, the Committee collected 58 full and 108 partial responses via the consultation survey on its Draft Recommendations. From these responses, the Committee considered over 200 individual comments. Below is a breakdown of respondents by organization type:¹

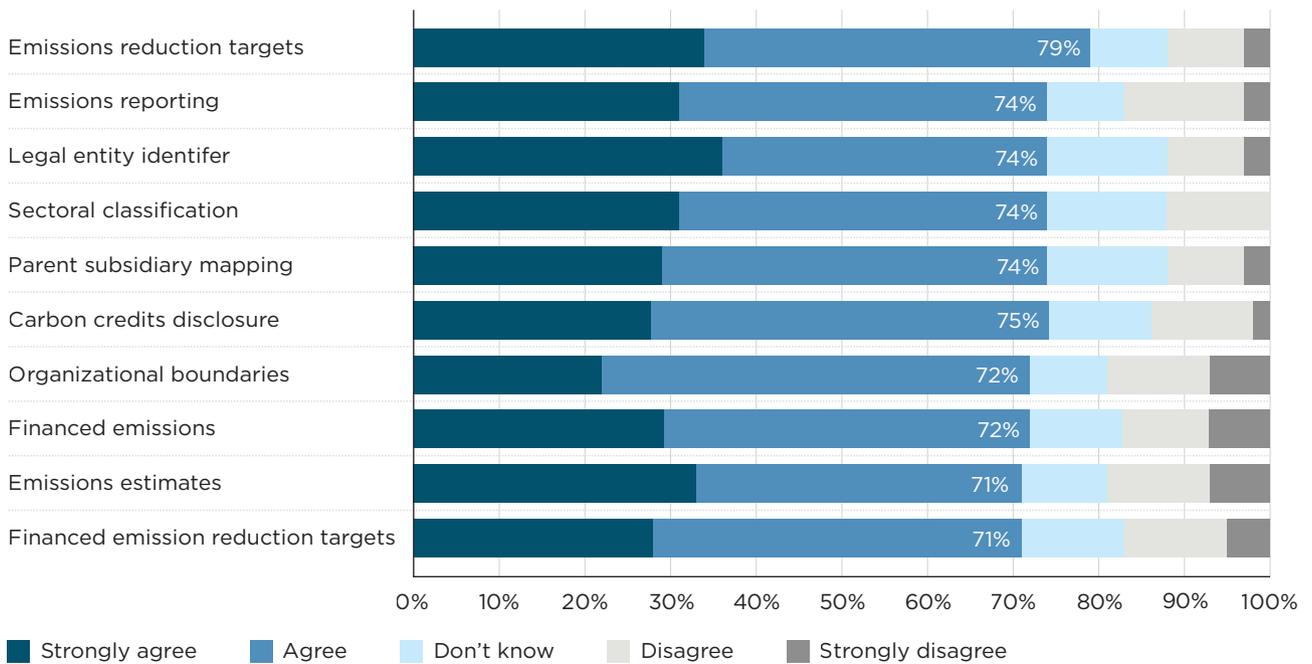
Figure 1: Respondent breakdown



¹ For respondents who disclosed their organization type, N=99. “Other” included individuals, students, utility companies, communities, financial centers, and multistakeholder initiatives.

When asked ‘To what extent do you agree with each of the recommendations for the development of the Net-Zero Data Public Utility?’, at least 70% of respondents either agreed or strongly agreed with each of the CDSC’s Recommendations (see Figure 2 below).² The upper bound was 79% for the Emissions Reduction Targets Recommendation. The lower bound was 71% for the Emissions Estimates and Financed Emission Reduction Targets Recommendations.

Figure 2: Percentage of respondents that agree with each of the CDSC recommendations



ONGOING EXTERNAL ENGAGEMENT

In addition to the public consultation on its Draft Recommendations, the Committee also considered feedback received from other forms of external engagement, including the CDSC Focus Groups and the NGO & Civil Society Advisory Panel.

With a view to establishing ongoing feedback mechanisms as the Utility is designed and built, the Committee plans to continually engage with a variety of market participants to gather industry expertise and climate data experience to provide strategic insights, user feedback, and enable participation in product testing, including the following forums:

- In October 2022, the Committee launched a Financial Institution Focus Group and an Assurance and Verification Provider Focus Group. The Committee also plans to launch a Corporate/Real

² For respondents who responded to this set of questions, N=58.

Economy Focus Group in Q4 2022. Focus Groups are open to all Financial Institutions, Assurance and Verification Providers, and Corporates (as applicable). Participants can sign up on a rolling basis, and organizations can bring additional colleagues to sessions depending on the topic(s) being discussed. Sign up forms and governance charters are available on the [CDSC website](#).

- It is intended that Focus Groups will meet monthly and run through COP28 in November 2023. Focus Groups will be asked to provide strategic advice and insights to the CDSC Technical Lead³ to assist with the CDSC's work. Feedback from the Focus Groups will be used to iterate and improve work on the creation of the NZDPU pilot across its features, including its data models, and product functionality.
- Focus Groups are intended to represent a diverse group of organizations to allow for more fruitful discussion and a more holistic perspective of the challenges facing financial institutions, assurance and verification providers, and corporates (once the Corporate/Real Economy Focus Group is established), from a data collection and usage perspective.
- Recognizing the unique and crucial work being done in the collaborative climate data space, the Committee has also convened an NGO and Civil Society Advisory Panel. The Advisory Panel was launched in Summer 2022 and welcomes new participants on a rolling basis. Similar to Focus Groups, it is intended that the Advisory Panel will meet monthly and feedback from the Panel will be used to iterate and improve work on the creation of the NZDPU pilot across its features, including data models, product functionality, and overall product strategy. In addition, the panel will provide advice as the Committee builds out its recommendations on a SME and private company data strategy and considers mechanisms to support capacity building efforts and climate disclosure in EMDEs.

ENHANCEMENTS TO DRAFT RECOMMENDATIONS

In response to feedback collated from survey responses, external engagement initiatives, and bilateral discussions, the CDSC has made the following key enhancements (among others) to the Recommendations contained in the report:⁴

- **Organizational Boundaries Recommendation:**
 - Amended recommendation reflects that whichever organizational boundary is chosen by an entity, the NZDPU should encourage entities to report the full extent of emissions in their operational boundary. That is, if a company is reporting under a control approach and has excluded any equity investments from their operational emissions because they do not have control over the investee, these emissions should be accounted for in Scope 3 Category 15, Investments. If a company cannot report for all operations that fall within their established organizational boundary, a field should be created to capture the coverage of the omission.
- Clarified language in the **Emissions Estimates Recommendation** to distinguish between third-party modeled data and an entity's own emissions inventory:
 - The Committee recognizes the need to integrate emission estimates within a firm's own emissions inventory. If a firm has chosen to use any third party or modeled data to estimate all or a percentage of its own emissions, the coverage should be disclosed, and a flag should be applied. Similarly, for financed emissions, financial institutions will be encouraged to provide the percentage of

³ The Technical Lead of the Climate Data Steering Committee's Technical Working Group liaises with the Service Provider and Public Policy members of the CDSC. For more information on the Committee, please visit www.nzdpu.com.

⁴ The Committee notes that it has considered all feedback received via the public consultation survey, including queries relating to proposed structure and funding. Such topics are being actively considered and further details will follow in due course.

reported data from their portfolio firms, as well as a data quality score. Ultimately, more accurate and consistent emissions data will allow for the development of increasingly robust emissions estimate model outputs.

- Amended the **Emissions Reduction Target Recommendation** to reflect that firms disclosing an intensity target should be encouraged to either disclose the emissions reduction if the target were to be achieved or an absolute emissions reduction target. Where an intensity target is used, the denominator intensity metric data should also be collected.
- Added a new **Assurance and Verification Recommendation**:
 - The Committee recommends that the NZDPU capture fields that indicate where assurance and/or verification have been performed. The Committee anticipates that these fields could become increasingly granular over time. The NZDPU should contain details around the level of assurance (e.g., limited assurance, reasonable assurance) and the relevant standard the data has been assured or verified against, and the name of the provider. The Committee also recommends the NZDPU should allow for users to upload evidence of assurance or verification into the data upload portal.
- Added language to emphasize the importance of **sectoral targets** (where appropriate) in both the Emissions Reduction Target and Financed Emission Reduction Target Recommendations.

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