

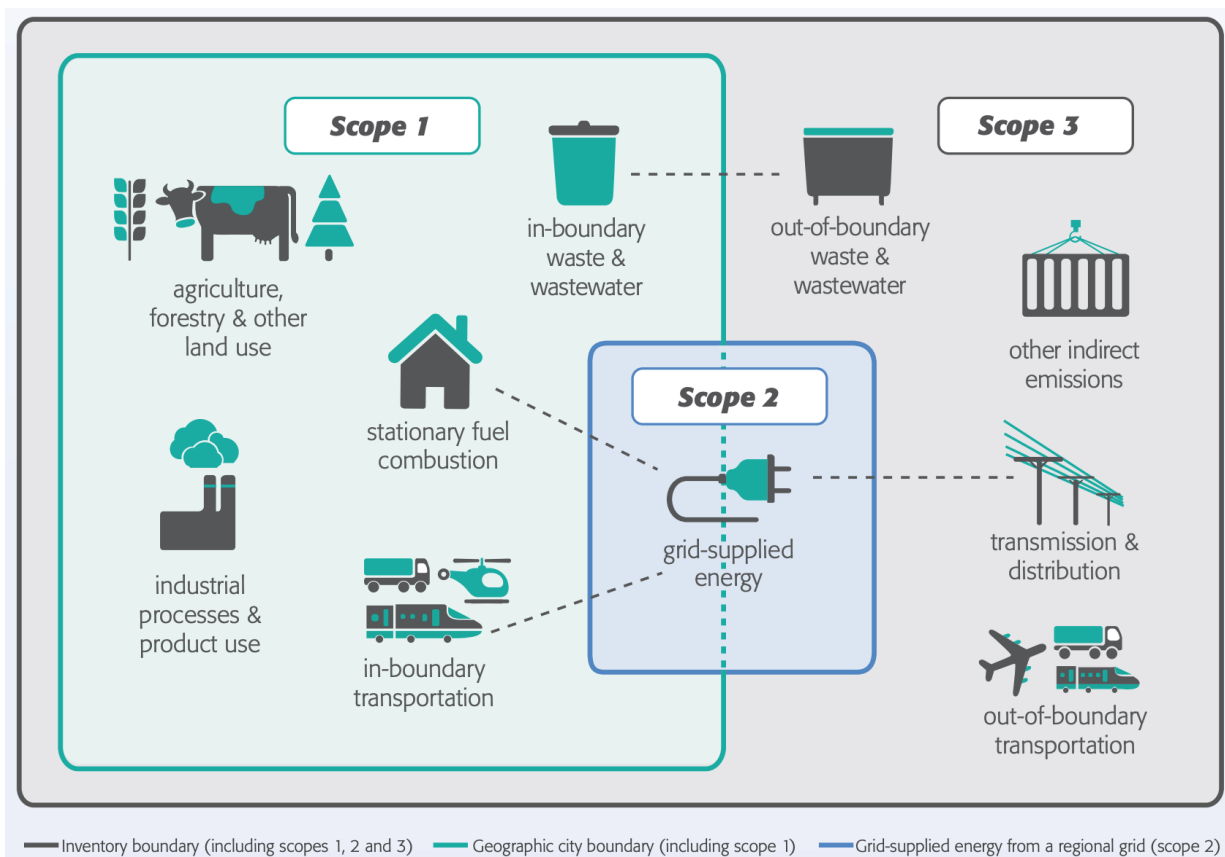
## FAQ: Including Scope 3 Emissions in Your Climate Action Plan

With unprecedented investment from the Environmental Protection Agency specifically for climate action planning at the state and metro levels, there is a new opportunity to include Scope 3 emissions as a key climate action and economic development strategy. This FAQ provides background on Scope 3 emissions and rationale for their inclusion.

### Q: What are Scope 3 Emissions?

Greenhouse gas (GHG) inventory protocols separate emissions sources by Scope:

- Scope 1 includes emissions that physically happen within a jurisdiction, typically vehicle emissions and gas combustion in buildings and industry (and landfills within boundary).
- Scope 2 reflects the emissions caused by electricity generation for the kWh consumed within a jurisdiction.
- Scope 3 includes out-of-boundary emissions that are attributable to a jurisdiction's activities, such as the food they consume or the building materials they use in construction.



Source: *Global Protocol for Communities (GPC)*. While a small portion of Scope 3 emissions are required under GPC, “other indirect emissions” which includes the supply chains for food, good, and building materials a community consumes can be as large as Scope 1 and 2.

### **Q: Why haven't Scope 3 emissions been included before?**

Established GHG inventory protocols (e.g. Global Protocol for Communities) for sector-based emissions do not require most Scope 3 emissions sources. They have only required Scope 1 (direct emissions within boundary) and Scope 2 (electricity used within boundary), even though for many communities, Scope 3 emissions are significantly greater than Scope 1 and 2 emissions. Historically, estimating Scope 3 emissions has been difficult due to lack of data. They have also been considered less within jurisdictional control. Some have concerns that including them will distract from actions related to building energy usage and transportation.

### **Q: Why add Scope 3 emissions now?**

Data is increasingly available across all sectors, and quantification methodologies are improving. Even without the ability to precisely measure changes over time for a specific jurisdiction, the magnitude of some Scope 3 emissions warrants consideration. Increasingly, jurisdictions, particularly in the Global North, are recognizing our responsibility to address the emissions impacts of our consumption. As more jurisdictions embrace a whole-of-economy approach, it makes sense to address these emissions sources.

### **Climate-Beneficial Economic Development**

To identify economic development strategies with the highest potential for climate pollution reduction, regions should include all relevant emissions sources related to the region's economic activities. Scope 3 emissions related to products we import into our states and metropolitan regions are significant. These emissions data provide critical information for directing economic development that both builds regional economic resilience and supports international climate goals. Scope 3 emissions categories illuminate sectors that typically hold more economic development potential beyond what are often considered "green jobs". The job opportunities within Scope 3 emissions sectors can also build supply chain resilience to disruptions like COVID-19 through diversification and strategic domestication and regionalization of certain production activities.

### **Conducive to Cross-Regional Collaboration**

The GPC method was derived by applying the national inventory protocol to smaller scales. What is lost in this translation is the interdependence of municipalities with neighboring jurisdictions and other regions. As the Climate Pollution Reduction Grant (CPRG) emphasizes, cross-jurisdictional collaboration is essential for climate pollution reduction at the national level.

Having this bigger picture in mind places regional strategies and actions in a fuller context. As some opponents to local climate pollution reduction initiatives observe, *it does not matter if one municipality is carbon neutral tomorrow*. Climate pollution reduction must happen at the global scale. Each region has a unique role to play within the global transition, and highlighting those opportunities based on their constellation of assets and capabilities will allow them to step into their most effective contribution.

The difference may be captured in a shift in framing from “how does my jurisdiction eliminate the climate pollution it generates within its boundaries” to “what would my jurisdiction look like if it were thriving and contributing in a world that eliminated climate pollution”. By leveraging each other’s strengths, states and regions can achieve deeper overall climate pollution reductions.

### **Domestic Markets for Clean American Products**

A risk of mandating American industries to reduce their climate pollution is that their products may become less cost competitive compared to products from unregulated countries. In order to mitigate this risk, American consumer markets must recognize the value of clean (low carbon) American products. Including Scope 3 emissions in populous metropolitan regional planning allows for these markets to value clean products at the same time that American industries begin to produce them. It would align the CPRG outcomes with the coordinated efforts of other Federal agencies:

- **Alignment with Federal Funding for Building Materials.** The need to stimulate supply and demand of clean products in concert is evident in the pairing of funding from DOE, EPA, GSA, and FHWA. The DOE is anticipated to fund \$5.8B for advanced technology retrofits for steel, aluminum, cement, concrete, glass, and other energy intensive industrial processes, which would yield lower carbon building materials. Another \$5B seeks to create markets for these materials, through GSA (\$2.15B) and FHWA (\$2B) to procure lower carbon materials and EPA (\$350M) to create disclosure and labeling of carbon intensity. Metropolitan regions can further support market development by creating incentives and policies aligned with Federal direction.
- **Alignment with USDA Climate Smart Commodities Funding.** The USDA is investing in agricultural practices that emit less GHGs and store more carbon in soil. Through their [Partnerships for Climate-Smart Commodities](#), USDA is investing \$3.1 billion to support a diverse range of farmers, ranchers, and private forest landowners applying climate beneficial practices to their agricultural lands. A key outcome of this effort is to create and expand markets for America’s climate-smart commodities.
- **Alignment with Buy Clean-Buy Fair policies** ([BlueGreen Alliance | Buy Clean](#), Federal [Executive Order 14057](#))

### **Q: How do we add Scope 3 emissions and strategies to our Climate Action Plan?**

The process has three main steps:

1. Include Scope 3 emissions in your baseline inventory
2. Develop place-based and/or cross-regional strategies for addressing these emissions, through policies, incentives, strategic economic development, or other mechanisms
3. Calculate the projected GHG emissions reduction attributable to each strategy

**Join the Conversation!** Partners with expertise and experience in these steps are convening to develop strategies and measures, and tools for measuring their impacts. These include various forums including the EPA’s CPRG Technical Assistance Forums and the West Coast Climate and Materials Management Forum. Email [info@westcoastclimateforum.com](mailto:info@westcoastclimateforum.com) to follow up.

**Q: What are examples of Scope 3 GHG reduction opportunities?**

Actions that reduce excess consumption and waste of materials or that favor lower carbon materials would reduce Scope 3 emissions. Below are some examples across a few key sectors.

<b>F O O D</b>	Improve inefficient and inequitable food systems to ensure all people have affordable access to healthy, minimally processed food options. This could be done in partnership with neighborhood retail economic development strategies and/or public health partners.
	Create rural-urban partnerships to reduce inefficiencies and waste throughout the food supply chain, and to direct urban food spending toward regenerative agricultural practices to make them economically viable for rural communities.
<b>B U I L D I N G S</b>	Adopt low carbon concrete and steel requirements and/or whole building lifecycle analysis for public and/or private construction.
	Build a robust regional deconstruction and reuse market that creates more local jobs than demolition and regional supply chain logistics for the redistribution and sale of reclaimed materials.
	Build regional supply chains and demand for low carbon building materials, including those grown agriculturally or as an agricultural byproduct, creating new revenue streams for rural communities.
	Several cities in the San Francisco Bay Area have included strategies specifically for embodied carbon in buildings, which can be found <a href="#">here</a> .
<b>G O O D S</b>	Support the local repair, reuse, and refurbishment/remanufacturing economies for durable goods, appliances, electronics, apparel, etc. This could include workforce development opportunities for youth entering vocational training, creating alternative paths to high quality livelihoods.
	Incubate circular economy business models for consumer goods and packaging to continue circulating economically valuable materials within the regional economy rather than importing materials that leave the region as waste materials with depleted value - but include appropriate standards and management controls to ensure that “circular” services are both circular <i>and</i> reduce GHG emissions.

**Q: What are examples of inventories or plans that include consumption based emissions?**

<b>S T A T E</b>	<p><a href="#">Oregon Department of Environmental Quality's</a> consumption based emissions inventory showed that more than half of the consumption-based emissions occur in other states or nations and are not included in the sector-based inventory, and that while in-boundary emissions are declining moderately, consumption-based emissions are still increasing.</p>
	<p><a href="#">Minnesota's Climate Action Framework</a> includes educational campaigns on products and climate impacts to drive individual consumption and behavior change. Contains capacity building for program implementation, best practices, and resources to encourage more sustainable consumption and sustainable materials and products. Supports the transition to a more sustainable consumption economy through financial incentives for MN businesses.</p>
<b>C O U N T Y + M E T R O</b>	<p><a href="#">Bay Area Air Quality Management District's 2017 Clean Air Plan</a> contains a section on Conscientious Consumption and a consumption-based emissions inventory conducted by UC Berkeley.</p>
	<p><a href="#">King County's Communitywide Consumption-based Emissions Inventory</a> in 2022 conducted a deep dive into each consumption based sector.</p>
	<p><a href="#">Multnomah County's 2015 Climate Action Plan</a> with City of Portland was an early example of CBEI and explained the relationship of CBEI to traditional inventories.</p>
	<p><a href="#">Marin County's Climate Action Plan 2030</a> contains a consumption-based emissions inventory and measures addressing building materials.</p>
<b>C I T Y</b>	<p><a href="#">Seattle's Communitywide Consumption-based Emissions Inventory</a> with King County also examined emissions from each consumption based sector.</p>
	<p><a href="#">Portland's Climate Emergency Work Plan</a> includes measures on embodied carbon from food and building materials, in addition to the 2015 CAP with Multnomah County.</p>
	<p><a href="#">San Francisco's 2021 CAP</a> sets reduction targets for consumption based emissions (40% or 30mtCO<sub>2</sub>e by 2030 and 80% or 10mtCO<sub>2</sub>e by 2050) and contains a chapter on responsible production and consumption.</p>
	<p><a href="#">Oakland's Equitable Climate Action Plan</a> includes a lifecycle inventory that shows that materials are responsible for 40% of emissions. Their related strategies address food systems, building materials, and repair/reuse economies.</p>
	<p><a href="#">Albany California's Climate Action and Adaptation Plan</a> includes a consumption based emissions inventory conducted by UC Berkeley that shows consumption-based emissions are magnitudes greater than in-boundary emissions. Their strategies include a section on a carbon free economy and the role of a small city.</p>