

## Business Development Lizenz / Training Material

### Modul 2 / Video 6 Topic: Development of a Scenario XDC

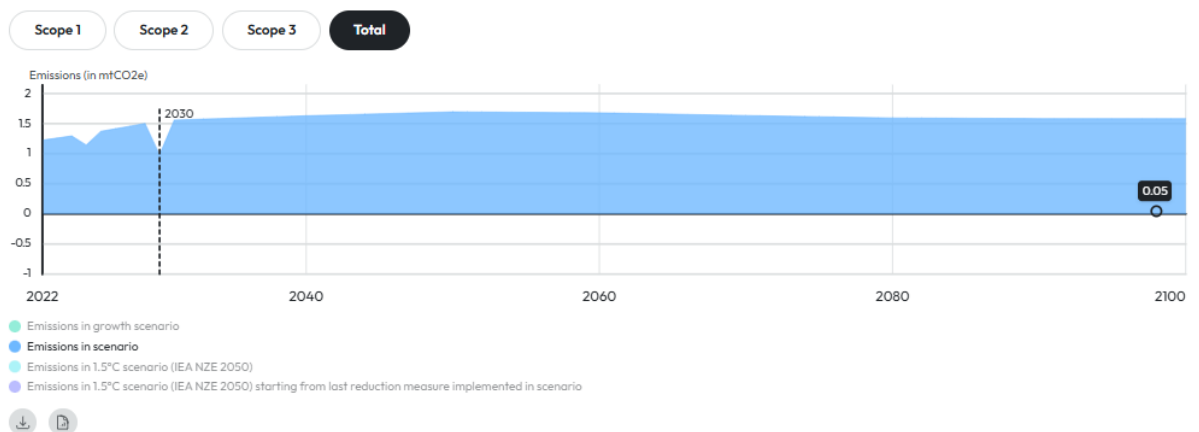
#### Questions

- 1) All else equal, how will the Scenario XDC from a one-time measure differ from that of a continuous measure?
  - a) The Scenario XDC of the one-time measure will be lower than the continuous measure
  - b) The Scenario XDC of the one-time measure will be equal to the continuous measure.
  - c) The Scenario XDC of the one-time measure will be higher than the continuous measure.
  
- 2) Is this reduction a continuous or a one-time measure?

#### Your Climate Impact in Scenario

The figure below shows you the development of emissions when considering your planned emission reduction measures. Beyond this, it displays the 1.5°C target pathway from the point of implementation of your last reduction measure.

#### Emissions when considering reduction measures



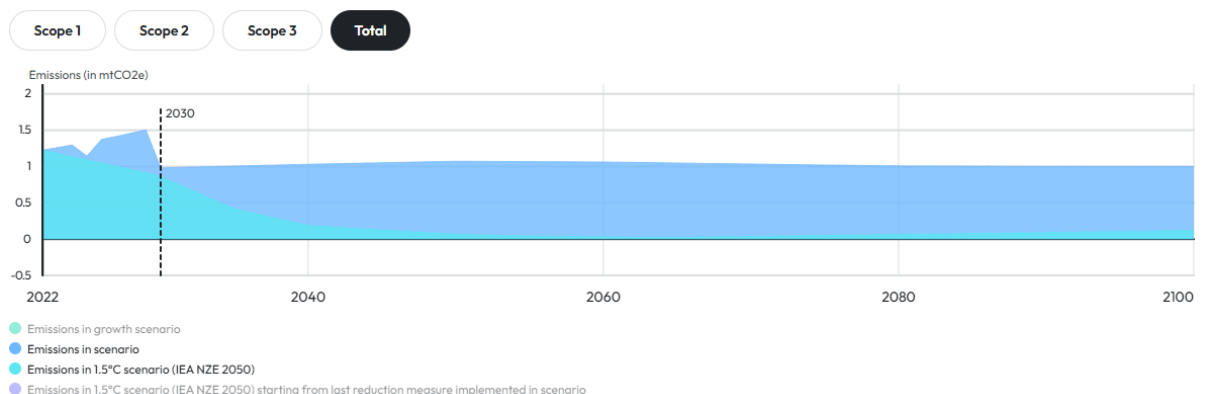
- a) Continuous reduction.
- b) One-time reduction.
- c) No reduction.

- 3) All else equal, how will the Scenario XDC be affected from a later implementation date?
- The Scenario XDC will be higher with a later implementation date.
  - The Scenario XDC will be the same with a later implementation date.
  - The Scenario XDC will be lower with a later implementation date.
- 4) If we have two equal measures to be implemented in the same year, with the only change being the capital expenditure (CapEx) which measure will have a higher Scenario XDC?
- The measure with the higher CapEx.
  - Both measures will have the same Scenario XDC.
  - The measure with the lower CapEx.
- 5) If a company has entered only measures for Scope 1 and Scope 2, how will their Scope 3 emissions in scenario change over time?
- The Scope 3 emissions in scenario will increase with Baseline growth assumptions.
  - The Scope 3 emissions in scenario will remain constant.
  - The Scope 3 emissions will follow decrease at the same rate as Scope 1 and Scope 2 measures.
- 6) With these measures, will this company be on a 1.5°C pathway in 2030?

### Your Climate Impact in Scenario

The figure below shows you the development of emissions when considering your planned emission reduction measures. Beyond this, it displays the 1.5°C target pathway from the point of implementation of your last reduction measure.

#### Emissions when considering reduction measures

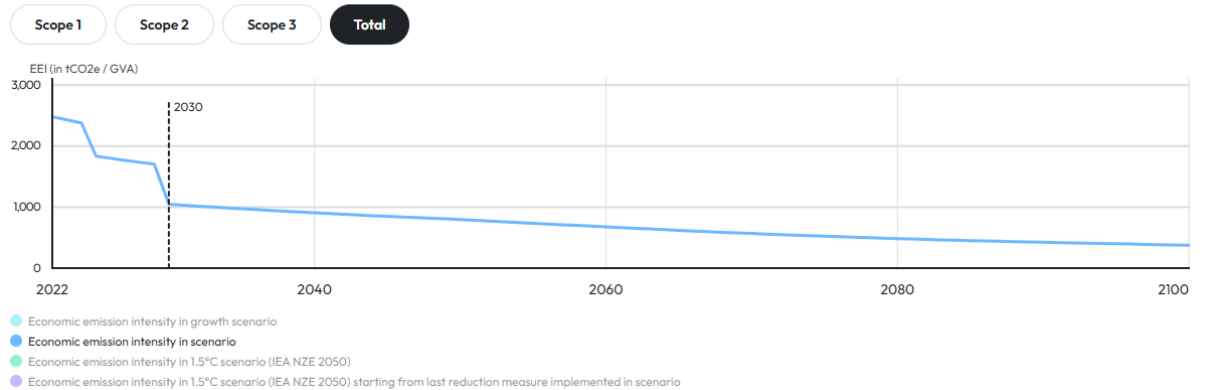


- Yes.
- No.

7) Is this reduction a continuous or a one-time measure?

- a) Continuous reduction.
- b) One-time reduction.
- c) No reduction.

Development of economic emission intensity (EEI) in scenario



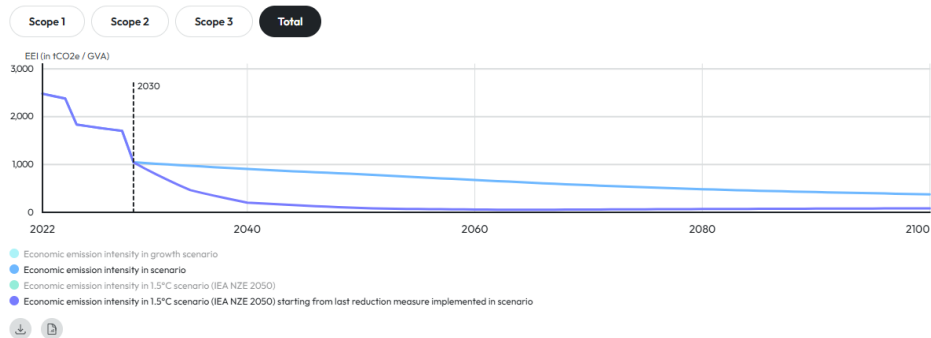
8) If a company has entered only measures for Scope 1 and Scope 2, how will their Scope 3 EEI in scenario change over time?

- a) The Scope 3 EEI in scenario will increase.
- b) The Scope 3 EEI in scenario will remain constant.
- c) The Scope 3 EEI in scenario will decrease.

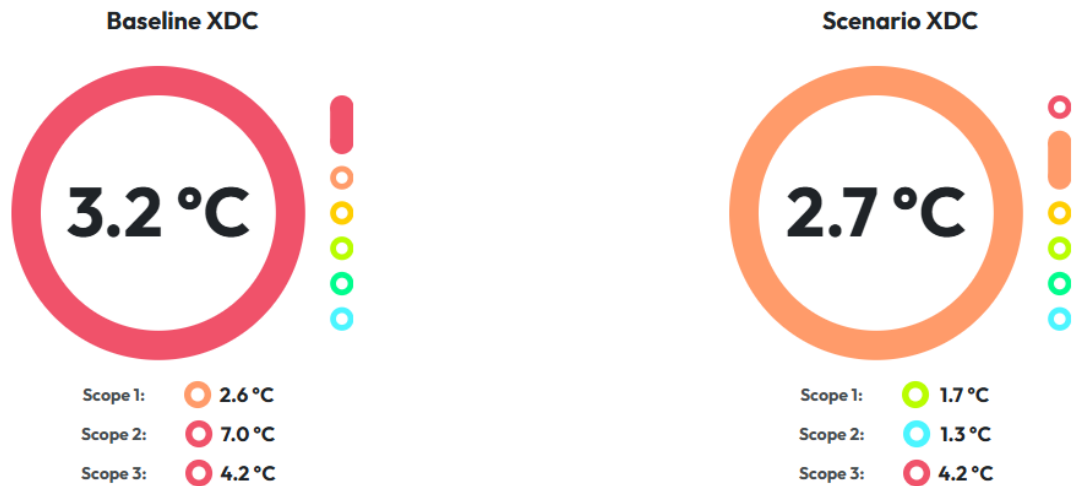
9) Given this graph, when was the year of the last measure?

- a) 2025.
- b) 2030.
- c) 2040.

Development of economic emission intensity (EEI) in scenario



- 10) Despite this company's emissions reduction plan and how effective it is – don't just look at the overall Scenario XDC, but also consider each scope. How can the potentially improve their climate performance?



### Answers

- 1) All else equal, how will the Scenario XDC from a one-time measure differ from that of a continuous measure?
- a) The Scenario XDC of the one-time measure will be lower than the continuous measure
  - b) The Scenario XDC of the one-time measure will be equal to the continuous measure.
  - c) **The Scenario XDC of the one-time measure will be higher than the continuous measure.**

If everything is equal, then the only consideration is how many emissions are being removed by a particular measure. A one-time measure only affects emissions for a single year before going back to their normal emissions amount the following year.

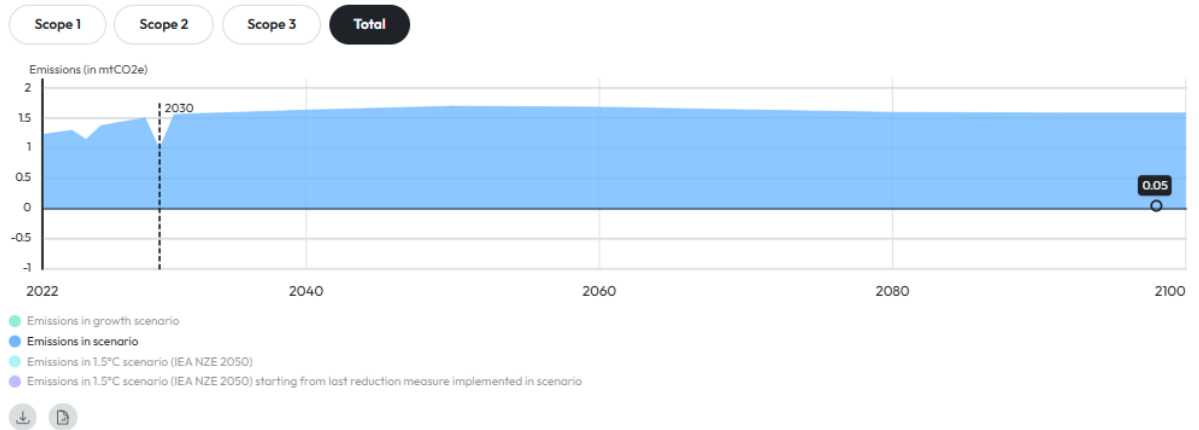
A continuous reduction means that the emissions will no longer be emitted going forward. Given this, the Scenario XDC would be lower here and thus higher for the one-time measure.

## 2) Is this reduction a continuous or a one-time measure?

### Your Climate Impact in Scenario

The figure below shows you the development of emissions when considering your planned emission reduction measures. Beyond this, it displays the 1.5°C target pathway from the point of implementation of your last reduction measure.

#### Emissions when considering reduction measures



- a) Continuous reduction.
- b) One-time reduction.**
- c) No reduction.

Given that the emissions only decrease for one year, this measure is a one-time reduction.

## 3) All else equal, how will the Scenario XDC be affected by a continuous measure with a later implementation date?

- a) The Scenario XDC will be higher with a later implementation date.**
- b) The Scenario XDC will be the same with a later implementation date.
- c) The Scenario XDC will be lower with a later implementation date.

All else equal, the more emissions emitted between a given base year and 2100, the higher the Scenario XDC. If a particular measure is to occur in 2030 but then occurs in 2035 – this represents five years where emissions did not fall. Thus, the Scenario XDC would be higher.

4) If we have two equal measures to be implemented in the same year for the same company, with the only change being the capital expenditure (CapEx) which measure will have a higher Scenario XDC?

- a) The measure with the higher CapEx.
- b) Both measures will have the same Scenario XDC.**
- c) The measure with the lower CapEx.

CapEx is completely independent from any Scenario XDC calculation. So, whether the CapEx is high or low, the Scenario XDC will remain the same regardless.

5) If a company has entered only measures for Scope 1 and Scope 2, how will their Scope 3 emissions in scenario change over time?

- a) The Scope 3 emissions in scenario will increase with Baseline growth assumptions.**
- b) The Scope 3 emissions in scenario will remain constant.
- c) The Scope 3 emissions will follow decrease at the same rate as Scope 1 and Scope 2 measures.

If no measure is included, then the emissions will grow with Baseline assumptions. In this case, Scope 3 will not be assumed to decrease at the same rate as Scope 1 and Scope 2, but will grow at the default rate.

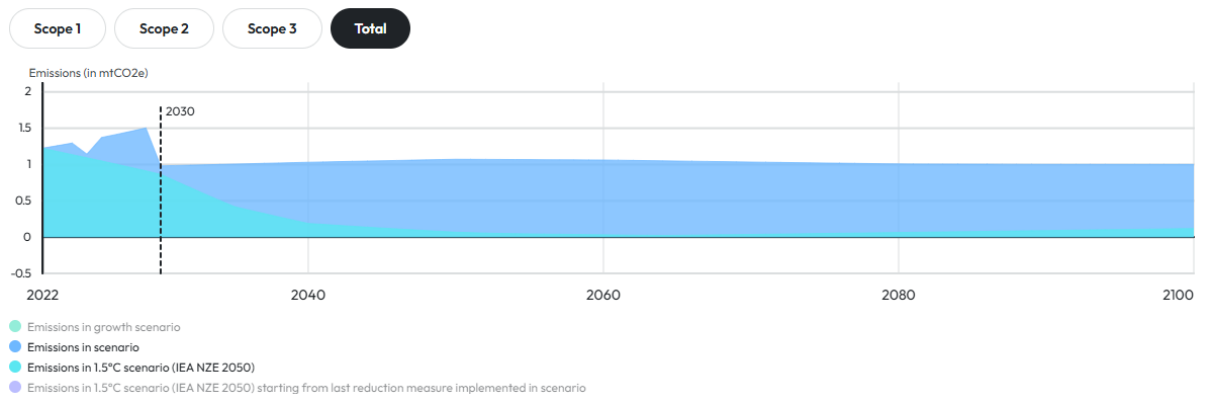
There's also a temporal effect here. If there are no more measures after 2030, for example, then emissions will grow after 2030.

6) With these measures, will this company be on a 1.5°C pathway in 2030?

#### Your Climate Impact in Scenario

The figure below shows you the development of emissions when considering your planned emission reduction measures. Beyond this, it displays the 1.5°C target pathway from the point of implementation of your last reduction measure.

##### Emissions when considering reduction measures



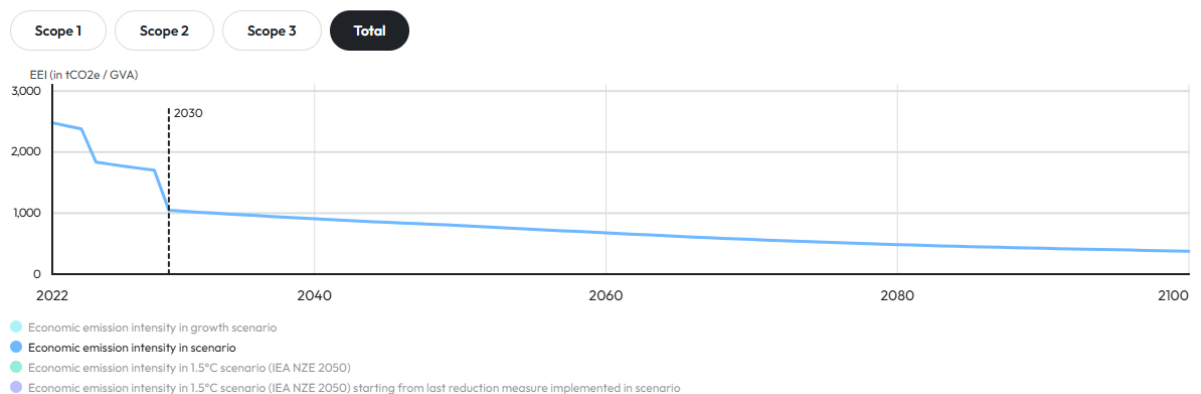
- a) Yes.
- b) No.**

Although the measure have had an effect on the emissions and they come close to being 1.5°C aligned pathway for 2030, the measures were not quite strict enough to reach alignment in that year.

**7) Is this reduction a continuous or a one-time measure?**

- a) Continuous reduction.**
- b) One-time reduction.
- c) No reduction.

**Development of economic emission intensity (EEI) in scenario**



Since the EEI doesn't pop back up to its assumed level, we can tell that this is a continuous measure. For example, in the measure in 2030, the EEI goes down significantly in that year and stays near that level (even though it is decreasing) until 2100.

**8) If a company has entered only measures for Scope 1 and Scope 2, how will their Scope 3 EEI in scenario change over time?**

- a) The Scope 3 EEI in scenario will increase.
- b) The Scope 3 EEI in scenario will remain constant.
- c) The Scope 3 EEI in scenario will decrease.**

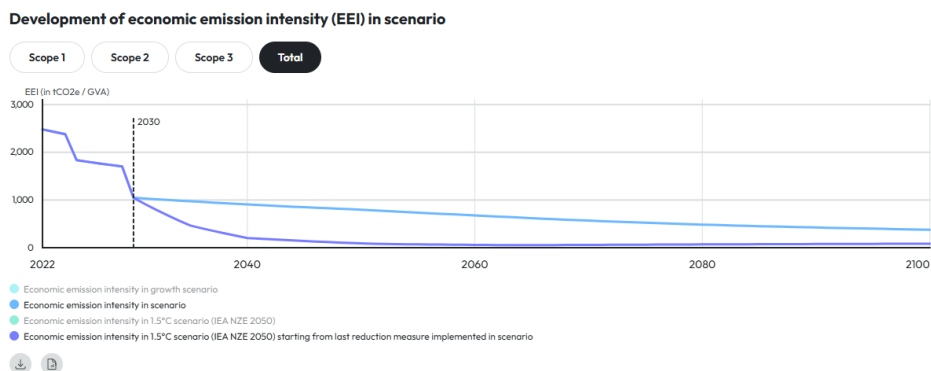
The Scope 3 EEI will decrease not because of the decrease in Scope 1 and 2, the Scope 3 EEI will decrease because the EEI decreases by default.

The EEI is the Emissions / GVA – with a growth rate being applied to emissions and GVA for each additional year. Since the growth rate of emissions is lower than the

growth rate of the GVA (even though both have positive growth rates), the EEI will decrease over time.

9) Given this graph, when was the year of the last measure?

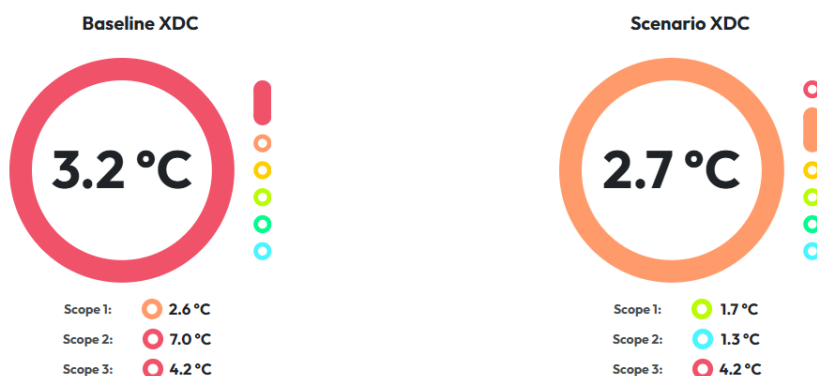
- a) 2025.
- b) 2030.
- c) 2040.



In this graph, there's an option that shows the 1.5°C pathway after the last measure has been taken. This allows companies to see their 1.5°C pathway after the measures have been taken, so that they can understand the size of future measures potentially needed, if they do not have a Paris-aligned strategy.

Given that the two curves begin to diverge in 2030, we can tell this is the year of the last measure.

10) Despite this company's emissions reduction plan and how effective it is – don't just look at the overall Scenario XDC, but also consider each scope. How can the potentially improve their climate performance?



The company has significantly reduced Scope 1 and 2 emissions. While Scope 1 is still higher than 1.5°C, with this strategy, there has been an improvement of nearly 1°C.

The main issue is that Scope 3 has stayed the same. This suggests that there is either no plan or the plan they have put in place is simply too weak to be effective.

Weak Scope 3 measures are especially problematic since most companies have the majority of their emissions in Scope 3. So while the company has made progress in terms of Scope 1 and 2, the lack of ambition for Scope 3 has blunted the overall impact of their emissions reduction plan.