

Europacable recommendation on the accounting of Scope 3 – Cat. 11 emissions from energy and communication cables

Brussels, 20 December 2024

This communication is intended for Europacable members and may be used in their interactions with external stakeholders.

Europacable, the voice of Europe’s leading wire and cable manufacturers, recommends that emissions resulting from the use of sold products (Scope 3 – Cat.11) regarding energy and communication cables as well as their accessories should be considered as indirect emissions.

Energy and communication cables, together with accessories, transport electricity between two locations. During this transport, part of the energy is lost, as the passage of the electric current through the conductor produces heat, known as Joule effect. This energy loss is not related to a direct consumption of energy by the cable, but due to the inherent resistivity of the conductive material when electricity is transmitted through the conductor. Therefore, the cable in operation should not be considered as responsible for direct emissions.

Background

Scope 3 is an important indicator of the contribution of a company to climate change. Within this, assessing scope 3 downstream emissions is key for auditing and financial communities. “Without recognising the scope 3 emissions of a company, it is not possible to fully understand and assess its contribution to climate change. Scope 3 is often where major emissions sources exist within investment portfolios.”¹ Under the CSRD², members companies may be required to report their scope 3 emissions. Alternately, when not submitted to the CSRD obligations, they may commit to report, as part of their engagement to address climate change.

Scope 3 emissions are now widely recognised in the auditing and financial communities worldwide as “inherently harder for a company to measure as they stem from processes which take place across its value chain and are not directly within the company’s control”³.

¹ *IIGCC Discussion Paper: Investor approaches to scope 3: its importance, challenges and implications for decarbonising portfolios*
https://139838633.fs1.hubspotusercontent-eu1.net/hubfs/139838633/2024%20resources%20uploads/IIGCC_Investor_approaches-to-scope-3_Final_Jan-2024.pdf

² Corporate Sustainability Reporting Directive

³ *The challenges of mapping carbon emissions: Scope 3*
<https://www.robeco.com/en-uk/insights/2023/09/the-problem-child-of-carbon-emissions-scope-3-part-two>

In GHG carbon accounting, the category 11 of Scope 3 (“Use of sold products”) includes emissions from the use of goods and services sold by the reporting company. Those emissions are divided into two types:

- direct use-phase emissions;
- indirect use-phase emissions.

Within the GHG Protocol standards, products having direct use-phase emissions are:

- Products that directly consume energy (fuels or electricity) during use;
- Fuels and feedstock;
- GHGs and products that contain or form GHGs that are emitted during use.

Products having indirect use-phase emissions are products that indirectly consume energy (fuels or electricity) during use.

The minimum boundary of category 11 includes direct use-phase emissions of sold products. Companies may also account for indirect use-phase emissions of sold products and should do so when indirect use-phase emissions are expected to be significant.

For indirect emissions, it is specified that the reporting company should calculate emissions by creating or obtaining a typical use-phase profile over the lifetime of the product and that, ideally, an agreement should be reached by sector (e.g. industry associations and trade bodies) on common rules for use phase assumptions.

Recommended approach for investors

While Europacable recognises that the impact on the value chain is key for financial perspectives, Europacable strongly recommends investors not to integrate Scope 3 – Category 11 emissions into investments decision, for the following reasons:

- Emissions related to the use of sold products for cables and accessories are considered as **indirect use emissions**,
- Uncertainty and variability in assumptions, data and methodology limit the reliability and comparability of GHG accounting results. Scope 3 use phase GHG accounting results rely significantly on complex assumptions such as cable lifetime, use rate, intensity, as well as on the source of the data used for the emission factors. Although Europacable has developed an information document on GHG Scope 3 use phase accounting, providing recommended assumptions per market application to promote greater consistency in measurement and reporting practices, following the methodology provided in that document is voluntary and does not guarantee a common approach by cable manufacturers.

Additional information

In many instances, scope 3 downstream emissions, including the use of sold products, “are extremely dependent on usage assumptions. When aggregated over

the whole life cycle, this explains why scope 3 downstream can become so dominant.”⁴

The GHG Protocol suggests that the development of sector-specific guidance, extending beyond the Protocol, could promote greater consistency in measurement and reporting practices with respect to the selection of relevant categories, suitable metrics, and appropriate data sources, among other considerations for each sector.⁵ Based on this, in 2023, Europacable has developed an information document for its members, including use phase and lifetime scenarios for different market applications, focusing on cat. 11 emissions (“Use of sold products”). Such assumptions could be used by individual companies to calculate the Scope 3 use phase emissions. This document can be obtained by contacting Europacable⁶.

About Europacable

Europacable is the voice of Europe’s leading wire and cable producers. High-quality, sustainable power and telecommunication cables, produced by our members in Europe, empower electrification and digitalisation of our societies. Founded in 1991, Europacable represents the largest cable makers in the world providing global technology leadership, as well as highly specialized small- and medium sized businesses from across Europe.

With our future being ever more electrified and digitalised, cable technology will be the core backbone of Europe’s energy and telecommunication infrastructures. Sustainable, low-carbon manufacturing and high-performance cables are essential to achieve Europe’s climate neutrality objectives by 2050. Europacable is committed to the principles of free enterprise and fair trade. Our members employ over 80.000 people of which more than 50% in Europe, generating a worldwide turnover over € 70 billion in 2023.

Europacable is a member of EuroFSA, FEEDS, Orgalim, RGI, WindEurope, CurrentOS, and a partner of CENELEC and EUEW. Europacable is listed in the European Commission’s Transparency Register under 453103789-92. www.europacable.eu

⁴ *The challenges of mapping carbon emissions: Scope 3*

<https://www.robeco.com/en-uk/insights/2023/09/the-problem-child-of-carbon-emissions-scope-3-part-one>

⁵ *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*

https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf

⁶ contact@europacable.eu