

Net-zero - Northmore Gordon

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Net-zero

Net-zero is a target state of zero net greenhouse gas emissions. There is currently no universal standard defining exactly what achieving net-zero means for different organizations. The Science Based Targets Initiative is working on developing standards for companies. For governments, net-zero typically covers all Scope 1 emissions within their jurisdiction. For businesses, it usually encompasses Scope 1 and Scope 2 emissions, though some organizations also include Scope 3 emissions. Any net-zero claim requires a defined framework, complete boundary statement, and full supporting documentation including exact wording, calculations, source documents, assumptions, and approver signatures.

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What does the term 'net-zero' mean?

Net-zero is a target state of zero net greenhouse gas emissions. There is currently no universal standard defining exactly what achieving net-zero means for different organizations. The Science Based Targets Initiative is working on developing standards for companies. For governments, net-zero typically covers all Scope 1 emissions within their jurisdiction. For businesses, it usually encompasses Scope 1 and Scope 2 emissions, though some organizations also include Scope 3 emissions. Any net-zero claim requires a defined framework, complete boundary statement, and full supporting documentation including exact wording, calculations, source documents, assumptions, and approver signatures.

Is a net-zero strategy the same as a regulatory reporting obligation?

No. A net-zero strategy is a voluntary organizational objective targeting zero net greenhouse gas emissions. It is distinct from mandatory reporting requirements under frameworks such as ASRS (Australian Sustainability Reporting Standards). Interest in net-zero does not automatically establish mandatory reporting duties. However, an existing net-zero strategy can provide useful material for developing NSW Climate Change Mitigation and Adaptation Plans (CCMAPs), provided it is mapped against current regulatory requirements rather than assumed to be sufficient independently. The regulatory pathway and voluntary strategy require separate assessment.

How does Northmore Gordon support organizations developing net-zero pathways?

We offer carbon advisory services that connect emissions information with engineering, procurement, and investment decisions. This includes transition planning—a work package defining options, assumptions, dependencies, ownership, and financial implications related to decarbonization pathways. We also provide Scope 1, 2, and 3 inventory support to help organizations understand organizational emissions across all scopes, and opportunity assessment to prioritize reductions. Additionally, we supply the Net Zero Platform component for portfolio planning, site views, and progress tracking toward net-zero objectives. These services help organizations establish baselines and develop credible transition strategies.

What is the relationship between net-zero targets and transition planning?

Transition planning develops the specific pathways and strategies organizations use to move toward net-zero emissions. A transition workplan should connect each emissions-reduction opportunity to its owner, implementation dependencies, capital requirements, operating assumptions, and progress evidence. However, a roadmap cannot guarantee future emissions targets—outcomes depend on pathway assumptions and actual implementation. Our transition-planning services include climate-risk and scenario analysis, electrification feasibility assessment, and the financial implications of decarbonization options. Organizations must track decisions and progress separately and explain uncertainties rather than treating forecasts as certainties.

What evidence and documentation are required to support a net-zero claim?

A net-zero claim asserting that an organization has achieved zero greenhouse gas emissions requires comprehensive documentation. Organizations must maintain a claim file containing the exact wording of the claim, supporting calculations, source documents, reporting period, key assumptions, and approver information. The boundary statement must document which entities or activities are included, the reporting period, the accounting framework applied, data sources, and any exclusions. If the public wording changes, the same evidence must still support it. Forecast and realized outcomes must be kept distinct, and partial or conditional results should not be converted into unqualified whole-business claims without appropriate qualification.

How should organizations separate net-zero strategy from compliance reporting obligations?

Organizations should build one data map but document how each reporting output is constructed separately. A net-zero strategy is voluntary and may inform planning, but regulatory reporting obligations—such as NGER, Safeguard Mechanism, ASRS, or NSW CCMAP requirements—have their own separate applicability tests, thresholds, and deadlines. An emissions inventory prepared for net-zero strategy purposes may serve as an input to regulatory reporting, but boundaries, methods, and required disclosures must be reconciled and documented. Do not copy a result from one boundary into another without checking how it was prepared. Our carbon advisory services help organizations identify applicable obligations and map their net-zero work to regulatory requirements where they apply.

What role does renewable electricity procurement play in net-zero strategies?

Renewable electricity procurement through instruments like REGOs (Renewable Electricity Guarantee of Origin) can contribute to Scope 2 emissions reduction under market-based accounting approaches. Our moREnewable100 service procures renewable energy certificates without changing existing electricity supply contracts, providing multi-site coverage, procurement flexibility, and RE100-aligned sourcing. However, renewable-electricity attributes are distinct from physical energy reductions or carbon offsets and serve different accounting purposes. Purchasing renewable certificates does not reduce Scope 1 or Scope 3 emissions. Organizations must document the intended claim, instrument type, ownership, retirement evidence, and applicable accounting framework. The claim must not exceed what the certificates actually support.

How does carbon accounting framework selection affect net-zero planning?

Selecting the correct accounting framework is necessary before collecting data or making net-zero claims. GHG Protocol provides different standards for corporate inventories, value chains, product lifecycles, and project accounting. A boundary statement must document which framework is being applied. Scope 2 accounting uses GHG Protocol's Scope 2 Guidance, which addresses purchased electricity and other acquired energy with specific quality criteria for contractual instruments. The chosen framework determines what evidence is acceptable and which boundaries apply. Our carbon advisory services help organizations establish appropriate boundaries and select applicable accounting methodologies. Different frameworks may produce different results from the same underlying data.

Can organizations claim net-zero status while purchasing carbon offsets?

Purchasing carbon offsets does not automatically establish a net-zero or net-negative position without applying the relevant reporting framework correctly. Offsets represent a separate instrument family from physical emissions reductions and renewable-electricity attributes. Do not subtract purchased offsets from an emissions inventory without following the specific accounting standard applicable to the organization's stated framework. Scope 1 and Scope 2 emissions must be reduced or eliminated through actual operational change, renewable energy adoption, or efficiency improvements—not simply by offsetting them. Our services include environmental-attribute due diligence to verify offset eligibility and ensure claims are properly supported. Organizations must maintain separate records of physical reductions and purchased instruments.