**RESNET® SDC 1600 Draft Meeting Minutes**

**November 18th, 2024**

<https://zoom.us/j/93726200479>

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| **PRESENT**  | **ABSENT** | **STAFF** |
| SDC MEMBERSDavid GoldsteinMike BrowneRoland RissserBrendan O’BrienAnna KellyCraig SinnamonPhilip FaireySteve Byers | Leo JansenJonathon ArnoldAsa Foss | Jackie DiazRick Dixon |

**Call to Order/Roll Call:** 12:02 PM CT

**Review Agenda**

**Review Prior Meeting Minutes**

**Report of Task Group**

**Discussion of Draft Standard 1580**

Discussion over the procedure of accepting/accepting in principle/rejection of comments

**Comment 1:**

The comment requests a definition of the term "real social discount rate" within the standard. This term appears in an equation in the draft standard but lacks a corresponding definition. The term "real social discount rate" is used to calculate the present value of future costs associated with carbon emissions, excluding general inflation. This approach emphasizes the higher value of current emissions reductions over future reductions due to their immediate social and economic benefits, such as improved health outcomes and environmental sustainability.

Phillip explains the economic foundations of discount rates, distinguishing between nominal discount rates (which include inflation) and real discount rates (which exclude inflation). The term “social” further reflects that these costs are externalities borne by society rather than individual users. Phillip also highlights that the 0.03 value cited in the standard is consistent with the default used in the Cambium database. While Cambium uses a “real discount rate,” it does not explicitly define or label it as a “real social discount rate.”

The committee debates whether to revise the term to simply "social discount rate" or retain "real social discount rate" for consistency with other standards, such as RESNET 301. Concerns are raised that using inconsistent terminology could create confusion or appear misleading. Additionally, some members advocate for including a footnote or clarification to explain the exclusion of inflation, as this is critical for readers unfamiliar with economic terminology.

The group agrees to maintain "real social discount rate" in the standard to ensure alignment with existing terminology and provide clarity about its application in the context of carbon emissions. Phillip notes that while the Cambium database supports the use of a real discount rate, it does not provide a definition for this term, reinforcing the need for the standard to define it explicitly.

To address the feedback, the committee decides to draft a definition for "real social discount rate" that aligns with its use in the equation. The definition will focus on the concept’s economic and environmental relevance, ensuring readers understand its role in valuing the present and future costs of carbon emissions. This approach balances technical accuracy with accessibility for readers who may not have an economics background. The committee also acknowledges that this term will likely be revisited as part of periodic updates to reflect evolving methodologies and data.

**Comment 2:**

The comment is regarding modifications to the draft standard, which includes three key aspects: moving references to building performance standards from the scope to the purpose section, adjustments to the renewable energy section, and clarifications around renewable energy certificate ownership and accounting.

In the first part of the comment, the committee acknowledges the simplicity of moving the building performance standards reference, agreeing it aligns with improving the organization and clarity of the standard.

The second part of the comment focuses on the renewable energy section, where NBI proposes replacing specific language about wood pellets with broader but more restrictive language. This revision includes terms such as "high levels of SO2 gases," which the committee questions for being undefined and ambiguous. Phillip notes that standards require measurable and specific thresholds to ensure clarity and enforceability. The group considers rejecting this portion of the comment unless the commenter can provide a clearly defined threshold.

The third part addresses clarifications around RECs, with some committee members expressing appreciation for the specificity of the proposed modifications. However, concerns are raised about the implications of a 15-year time requirement for RECs and how this interacts with evolving carbon markets. The group discussed whether shorter-term RECs, particularly those tied to emerging attribution certificate markets, might warrant consideration to better accommodate current market dynamics.

The conversation also explores whether biomass should be included as a renewable energy source under strict conditions, such as the originally proposed 90% reduction in carbon emissions. Phillip argues against including biomass, citing concerns over its carbon accounting credibility and the potential for manipulation. Others suggest that some forms of biomass (e.g., locally sourced wood or byproducts from business operations) could provide valid, lower-carbon energy solutions. The group agrees that a high standard for emissions reductions, such as the 90% threshold, could allow for some inclusion of biomass while maintaining rigorous criteria.

The committee accepts the comment in principle and rewrite the section, combining elements of the commenter’s suggestions with original language from the standard. They agree to reach out to the commenter for additional clarification on specific points, such as defining thresholds for "high levels" and reevaluating the REC provisions. The updated draft will aim to balance the practicality of implementing the standard with ensuring it maintains clear, enforceable, and rigorous criteria.

**Other Business**

None

**Adjourn**

1:01 PM ET