

Interlinkages between Articles 4, 6 and 13 and timing issues

Workshop on robust accounting under Article 6 of the Paris Agreement

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Introduction

No homogenous view what accounting is:

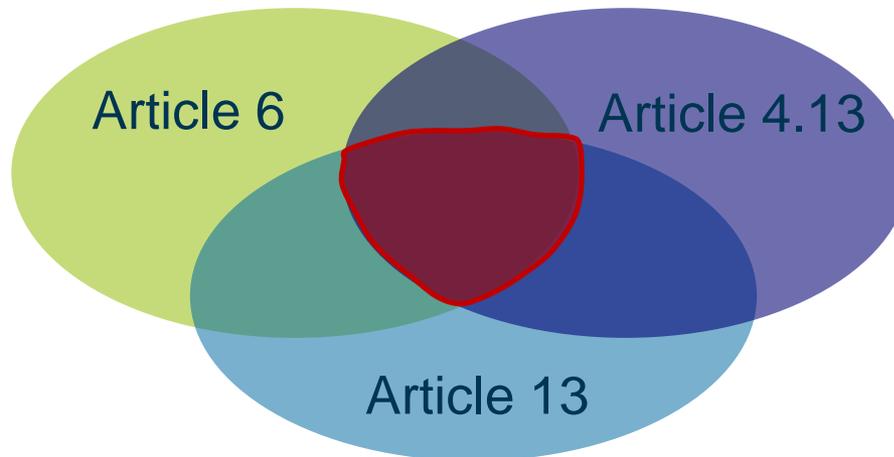
Some examples from discussion on accounting guidance:

- Accounting guidance defines how and which greenhouse gas (GHG) emissions and removals and other relevant parameters should be taken into account when demonstrating progress towards NDCs. Accounting guidance is to ensure that the principles outlined in Article 4, paragraph 13 of the PA agreement are implemented.
- Accounting is the process where Parties use information from their national greenhouse gas inventories and other sources to track progress and compare outcomes against NDCs. Guidance for accounting should promote TACCC and environmental integrity, and help Parties accurately understand and track progress toward NDCs
- Accounting of NDC is a set of methodologies used to measure implementation of NDC including anthropogenic emissions/removal of GHG;
- Being responsible for a Party's NDC
- Accounting of NDCs is a procedural obligation

⊖ No homogenous views on linkages between accounting guidance, Article 6 and Article 13

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Linkages between Article 4.13, Article 6 and Article 13



Linkages between Art. 4.13, Art. 6 and Art. 13

- Application to defined greenhouse gases
- Definition of metrics to calculate CO₂ equivalents
- Registry and/or ITL as key component of accounting
 - Article 6: includes detailed provisions
 - Accounting guidance: registry and transaction log mentioned in text under APA3 as part of components of accounting system
 - Article 13: registry and/or transaction log should be part of reporting and review of tracking progress
- Centralized accounting database (as in Article 6 text)
 - Appears in Art. 6 text, but may be relevant for accounting guidance and may also play a role for the tracking of progress of NDCs under Article 13 and could have link to technical expert review

Linkages between Art. 4.13, Art. 6 and Art. 13

- Requirement to ensure that double counting is avoided is mentioned under Article 6, 4 and 13
 - Article 6: text further defines double counting and how to prevent
 - Article 13: link to Art. 6, but double counting also relevant for reporting on financial support to developing countries

Corresponding Adjustments:

- Article 6: reference to corresponding adjustment for emissions and removals covered by NDCs → procedure how and when CA are implemented
- Article 13: reporting on corresponding adjustments based on
 - Option A: reporting guidance under Article 6 → reference to guidance
 - Option B: reporting guidance under Article 13
- Article 4 – guidance for accounting for NDCs:
 - Option A: restate principle to avoid double counting and refer to Article 6
 - Option B: Describe how corresponding adjustments are linked to other elements of NDCs
 - Option C: no need for guidance, all guidance covered under Article 6

Linkages between Art. 4.13, Art. 6 and Art. 13

- Requirement to ensure environmental integrity
 - Article 6: text includes further definition
 - Article 13: principle mentioned, but no further elaboration
 - Accounting guidance under Art. 4.13:
 - Option A: Parties shall account in a way that EI is ensured,
 - Option B: Accounting guidance to include provisions how to ensure EI

Linkage to tracking of progress/ achievement of NDCs

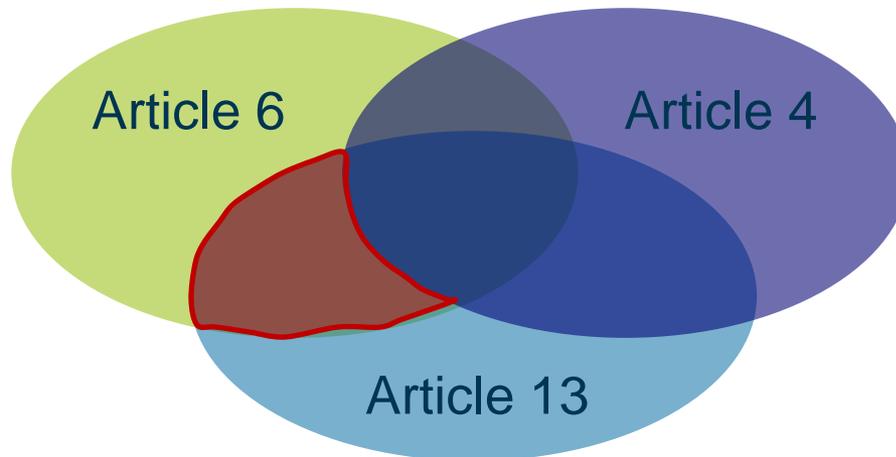
- “Tracking or accounting balance”:
 - structured summary of all relevant quantified components that were determined as being part of the NDC for the relevant target year/ target period
 - Part of information on tracking / achieving progress under Art. 13
 - Relevant mostly related to Article 6
 - Tracking of corresponding adjustments in accounting of NDCs
 - Tracking of use of ITMOs / Art. 6.4 emission reductions in accounting of NDCs
- Purpose:
 - Clarity and transparency of tracking of implementing and achieving progress of individual countries and accounting calculation
 - Assist Parties in reporting on implementing and achieving progress
 - Comparability across Parties and NDCs while respecting nationally determined character

Linkage to tracking of progress/ achievement of NDCs

- Question whether Article 6 activities take place inside or outside scope of NDCs:
 - Not all NDC submissions include clear scope of NDCs in terms of gases, sectors, source categories
 - Scope can be clarified as part of information describing the NDC under Article 13, but no agreement among Parties to do so
 - Linkage to discussion of ICTU guidance under APA3

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Linkages between Article 6 and Article 13



Linkages between Article 13 and Article 6

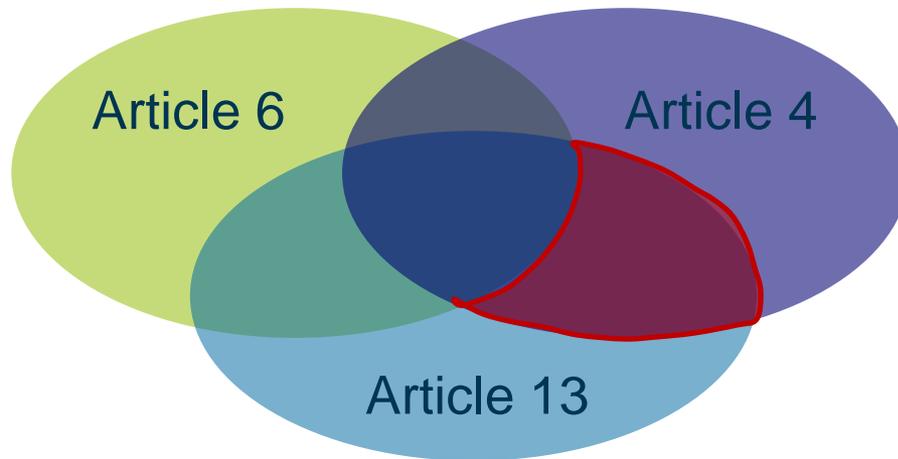
- Reporting of information to track progress with NDCs – where to integrate guidance:
 - Option A: List information requirements in guidance under Article 6
 - Refer to guidance under Art. 6 in section on tracking of progress and integrate information into biennial reports under Art. 13
 - Own reports under Art. 6, not linked to Art. 13
 - Option B: List information requirements in MPGs under Art. 13: more difficult to achieve consistency with Article 6 discussions
- Reporting of information to track progress with NDCs – potential content: (for each year of NDC period)
 - Information on issuance/ creation of ITMOs / emission reductions
 - Transfers, acquisitions
 - Corresponding adjustments
 - Other qualitative information related to Article 6

Linkages between Article 13 and Article 6

- Review of information related to Art. 6
 - By technical expert review team under Article 13:
 - only the information is listed under Art 13.7b (tracking of progress)
 - MPGs under Art. 13 to outline tasks of TERT related to Art. 6 and information sources of TERTs (e.g. registry/ ITL information)
 - By own body under Article 6
 - Use both options for different purposes → define linkages

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Linkages between Article 4 and Article 13, but not necessarily Article 6



Linkages between Article 13 and Article 4

- Application to methodologies of IPCC Guidelines for GHG inventories ○ Parties may apply different methodologies under Art. 6
- Definition of IPCC sectors and source categories ○ Parties may define different categories under Article 6 or may use IPCC sectors and source categories

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Timing issues

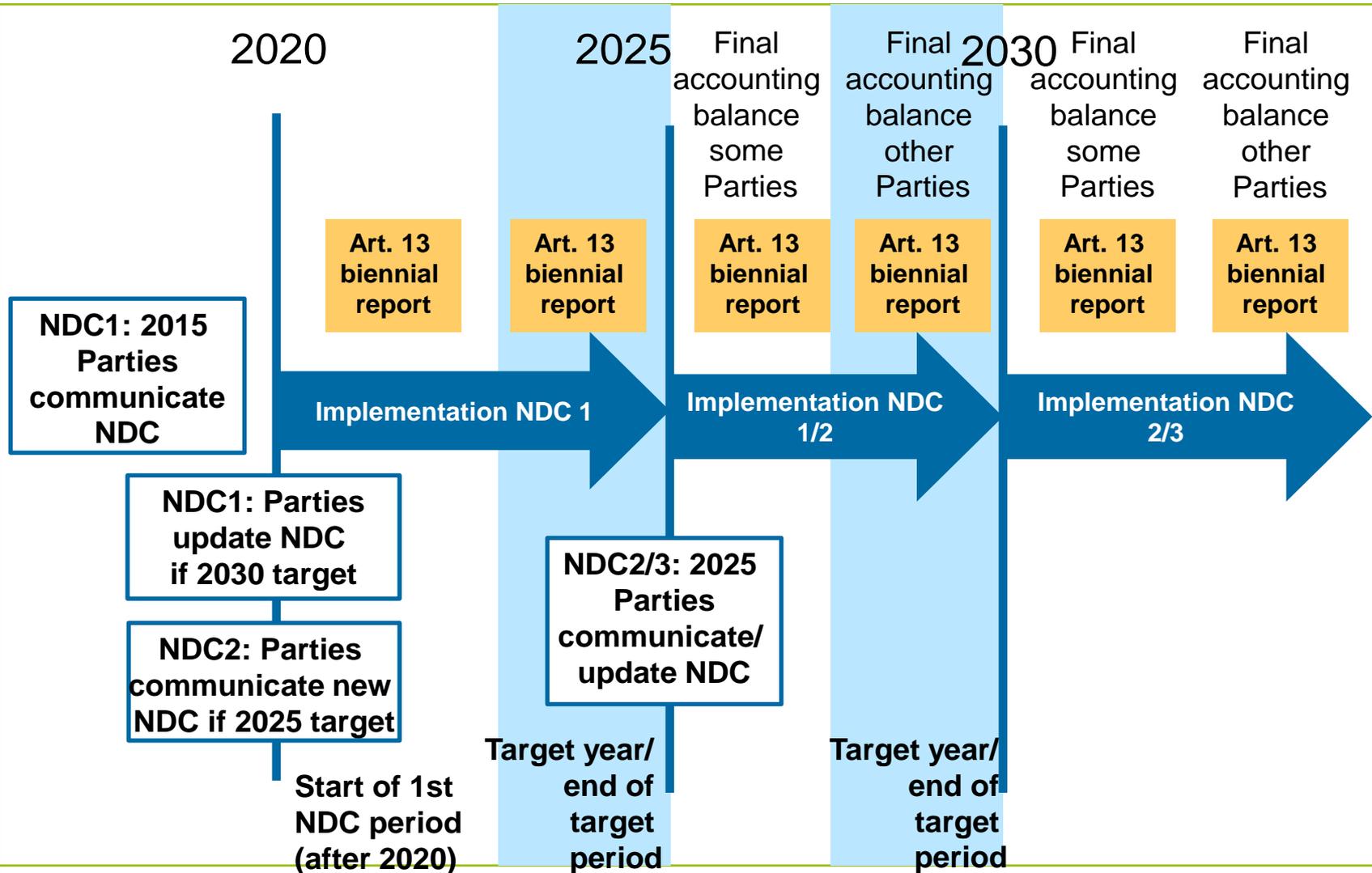
Timing of reporting

- Article 4: ICTU for NDCs as part of submission of NDCs
 - "ex-ante" information, some Parties propose to include information on how Party expects to account for NDC
- Apart from NDC submission no ex-ante reports under Art. 13
- Article 13: tracking of progress in one report every two years, GHG inventories for developed countries on annual basis
 - ex-post information (apart from projections)
- Starting year for reporting under PA not yet agreed
- Latest GHG inventory for t-2 for developed countries, for developing countries under debate, but not all developing countries have data available to report on t-2
- ○ longer gap between emissions and reporting for GHG inventories than for Article 6 implementation?
- No separate ex-post report after achievement of NDC, integration of information on achievement in regular biennial report

Timing issues

- Developing countries may need more time to compile data for GHG inventories (currently year t-4 compared to t-2 for developed countries) than developed countries
 - ‘Buying Party’ may need units earlier than ‘selling’ Parties knows that it may be able to sell
 - Corresponding adjustments (if related to GHG inventories) may not be implemented at the same point in time for the selling and buying Parties
 - How to ensure and check correspondance?
 - Review that checks developed country Party may not yet have information from developing country Party.
 - Accounting database may get information at different points in time
 - What happens when corresponding adjustments do not match after a review is completed?

Application of accounting guidance within NDC cycle



Timing issues

- Lack of common time periods of NDCs
 - Overlapping NDCs in certain periods, some Parties already completed 1st NDC, others not
 - No homogenous point in time when achievement of NDCs is reported and assessed
 - No homogenous point in time when Parties may take a decision to use Article 6 units
 - No true-up period or true-up period report
 - Transfers have to happen before the final report that reports on achievement of NDCs, but only this report includes information on final GHG inventories for the target year/ period that shows the final progress achieved domestically
 - Parties need to acquire units at the same time when they get the information about how much they need.

Thank you for your attention!

Do you have any questions?



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