

# Transition of the CDM to Article 6.4

ICAP IETA Carbon Markets Virtual Pavilion

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# What can be transitioned?

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1. Regulatory documents
2. Institutional arrangements
3. Projects
4. Certified emission reductions (CERs)

# Regulatory documents: PS / PCP / VVS

Documents	Issues to be addressed
Project / PoA standard	<p><b>Many elements suitable but amendments needed, e.g.</b></p> <ul style="list-style-type: none"> <li>• Activities other than projects / programmes (e.g. sectoral crediting)</li> <li>• Host Party arrangements for accreditation, methodologies and renewal of crediting periods</li> <li>• Approval / authorization</li> <li>• Crediting periods and conditions for renewal</li> <li>• Overall mitigation in global emissions</li> <li>• Avoiding double issuance</li> <li>• Addressing non-permanence</li> <li>• Avoidance of negative environmental and social impacts</li> <li>• Appeals procedure</li> </ul> <p>⇒ <b>At least one year for revision</b></p>
Project / PoA cycle procedure	
Validation & verification standard	

# Regulatory documents: Methodologies

Documents	Issues to be addressed
Methodologies	<p><b>Methodologies need some updating, e.g.</b></p> <ul style="list-style-type: none"> <li>• Activities other than projects / programmes (e.g. sectoral)</li> <li>• Ambition of baselines (below BAU)</li> <li>• Consistency with NDCs and LTSs</li> <li>• Host Party arrangements for methodologies and renewal of crediting periods</li> <li>• Contribution to host Party NDC</li> <li>• Treatment of policies</li> </ul> <p>⇒ <b>Many methodologies, work programme of several years</b></p>
Tools	
Guidance	
Procedure for development / revision of methodologies	<p><b>Only few changes needed, e.g.</b></p> <ul style="list-style-type: none"> <li>• Host Party arrangements for methodologies and renewal of crediting periods</li> </ul> <p>⇒ <b>Revision within one year possible</b></p>

# Regulatory documents: Accreditation

Documents	Issues to be addressed
Accreditation standard	<b>Few amendments needed, e.g.</b> <ul style="list-style-type: none"> <li>• Competencies</li> </ul>
Accreditation procedure	⇒ <b>Revision within one year possible</b>
Performance monitoring	

# Institutional arrangements

Documents	Issues to be addressed
Designated Operational Entities (DOEs)	<p><b>Option 1: Temporarily use CDM accreditation system</b></p> <ul style="list-style-type: none"> <li>• Avoids duplication, simpler for DOEs and project participants</li> <li>• Raises operational issues, e.g. with regard to performance monitoring and responsibility for accreditation / suspension</li> </ul> <p><b>Option 2: Establish new accreditation system</b></p> <ul style="list-style-type: none"> <li>• Possible time delays for issuance</li> <li>• Parallel operation to the CDM more cumbersome for DOEs</li> <li>• May include specific guidance on new A64 requirements</li> </ul>
CDM Registry	<p><b>Option 1: Amend CDM registry</b></p> <p><b>Option 2: Develop a new registry</b></p>
Panels & Working Groups	<p><b>Option 1: Temporary use of CDM methodologies and accreditation panel</b></p> <p><b>Option 2: Establish new panels</b></p> <ul style="list-style-type: none"> <li>• At least two Supervisory Body meetings necessary</li> </ul>
Designated National Authorities	Up to Parties to designate same or different institution

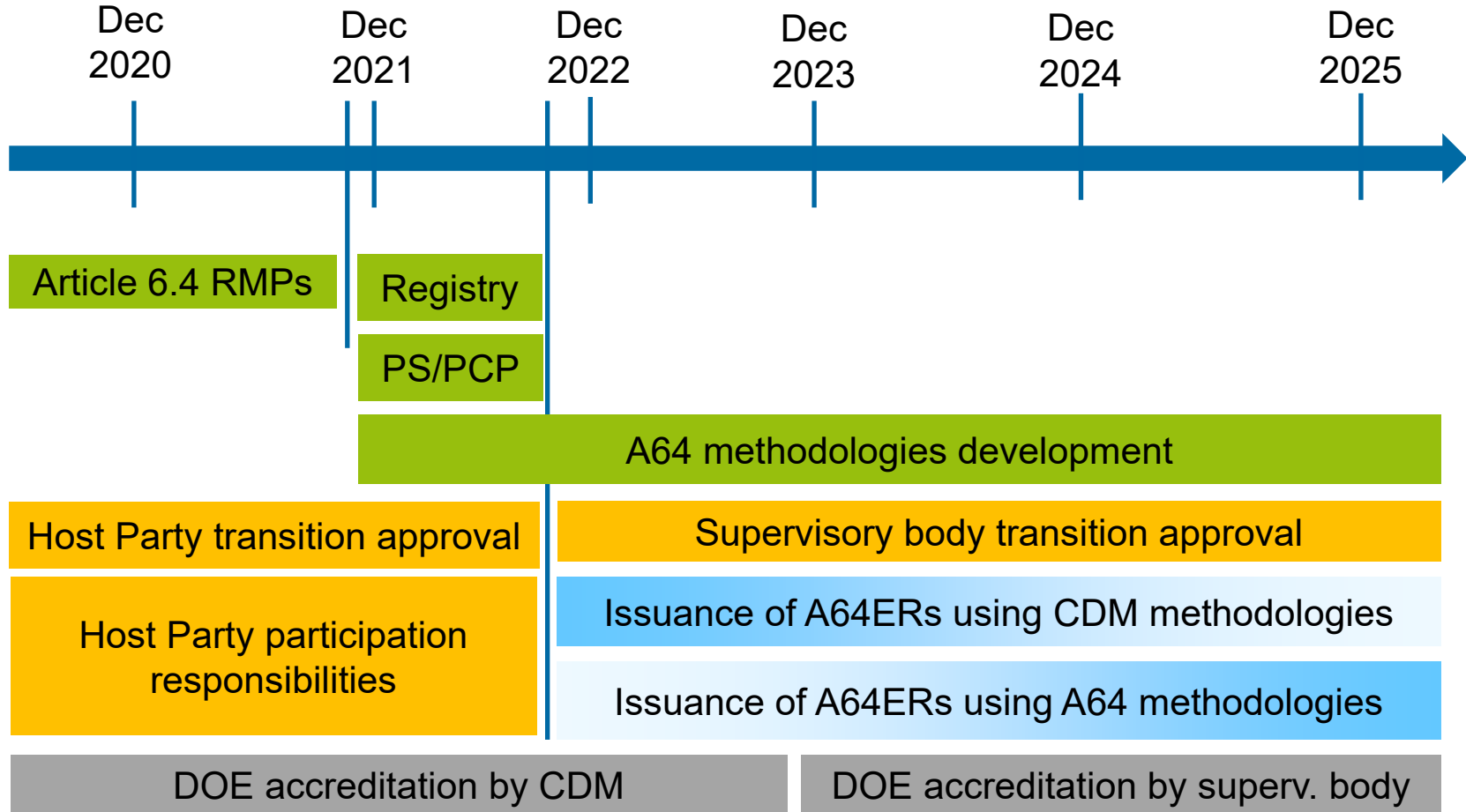
# Project transition

## Key principles

- Host Party approval
- Compliance with Article 6.4 rules (possibly with temporary exceptions)
- Clear division of responsibilities between CDM and A64, for example:

	CDM	Article 6.4 mechanism
<b>Issuance</b>	Emission reductions or removals occurring <b>until 31 December 2020</b>	Emission reductions or removals occurring <b>on or after 1 January 2021</b>
<b>Registration</b>	Projects with a start of first crediting period <b>until to 31 December 2020</b>	Activities with a start of first crediting period <b>on or after 1 January 2021</b>
<b>Accreditation</b>	Accreditation, suspension, performance monitoring <b>until 31 December 2023</b>	Accreditation, suspension, performance monitoring <b>as of 1 January 2024</b>

# Possible transition schedule





# Conclusions

- CMA and CMP transition guidance essential at COP26
- Clear division of responsibilities important
- No gap in claiming emission reductions but delay in issuance unavoidable
- No need to reinvent the wheel but substantial revision of CDM regulatory documents necessary
- Supervisory body may prioritize
  - Implementation of A64 registry
  - Adoption of PS / PCP / VVS, drawing on CDM elements
- Develop a detailed transition plan in 2021?

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# Thank you for your attention!

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