

Updates on the JCM and Article 6 of the Paris Agreement

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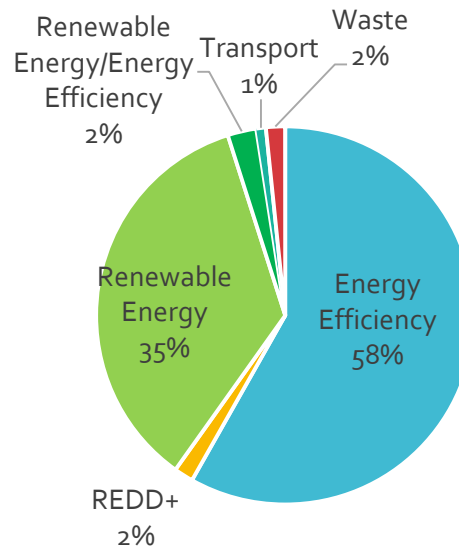
The JCM today

- **17** partner countries
(Mongolia, Bangladesh, Ethiopia, Kenya, Maldives, Viet Nam, Lao PDR, Indonesia, Costa Rica, Palau, Cambodia, Mexico, Saudi Arabia, Chile, Myanmar, Thailand, and the Philippines)
- **493** JCM credits issued
(378 credits to Japan, 115 credits to partner countries)
- **20** registered projects
- **120** Model Projects in the pipeline
- **40** approved MRV methodologies

As of September 27, 2017

JCM Financing Programme by MOEJ

120 projects in 17 partner countries*



Renewable Energy
Solar
Micro hydro
Biomass

Renewable Energy/ Energy Efficiency
Co-generation System
PV and Refrigerating
PV and Production line

Transport
Digital Tachographs

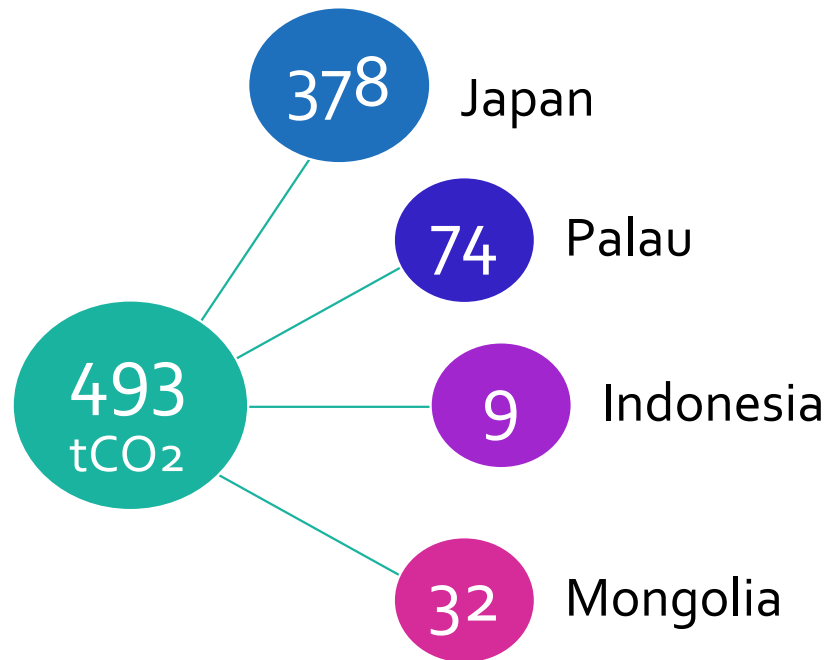
Waste
Waste to Energy

Energy efficiency
Loom
Steam boiler
Burner
Electrolysis tank
LED
Production line
Optimization
Pump
Water heater
Air-conditioning
Refrigerating
Transmission/Transformer
LED Streetlights
Boiler (heating)
Smart Grid

REDD+
Controlling Slash and burn

*FY2013-2017, as of June 26, 2017

JCM Credits Issued



- JCM Model Projects are expected to deliver at least half of JCM credits issued to the Government of Japan.
- Some partner countries have implemented requirements for credit allocation to the Government.
- JCM credits are not internationally tradable. But the domestic transaction of credits in each country are up to each country.

The JCM is being discussed under negotiations for Article 6, paragraph 2 of the Paris Agreement

“Cooperative approaches”
(6.2)

- Decentralized from the UNFCCC
- Cooperation between Parties
- Use of internationally transferred mitigation outcomes (ITMOs) towards NDCs
- Possible schemes covered: JCM, Linked Emission Trading Systems (ETS)

“A mechanism authorized and guided by UNFCCC” (6.4)

- Centralized authority & guidance by UNFCCC
- Share of proceeds for mechanism operation and & for adaptation of developing countries
- Possible schemes covered: “improved” CDM and JI, new mechanism

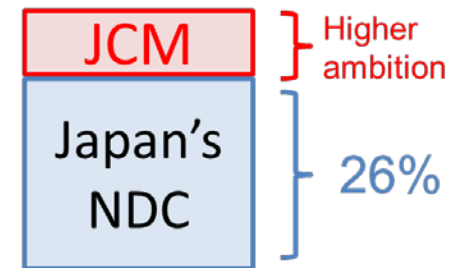
“Non-market approaches”
(6.8)

- Covers mitigation, adaptation, finance, technology transfer, and capacity building
- General framework is already defined under the Paris Agreement
- Possible schemes covered: Adaptation Benefit Mechanism

- Parties are negotiating guidance for Article 6.2.
- ITMO scope needs to be defined. Its form may cover quantifiable emission reductions “units” transferred between countries, such as JCM credits, units from international ETS link, and units from the mechanism referred to in Article 6.4.

The JCM and NDC: Japan Case

- Accumulated emission reductions or removals by fiscal year 2030 through governmental JCM programs are estimated to be **50 to 100 million t-CO₂**.
- The amount of emission reductions and removals acquired by Japan under the JCM will be appropriately counted as Japan's reduction.

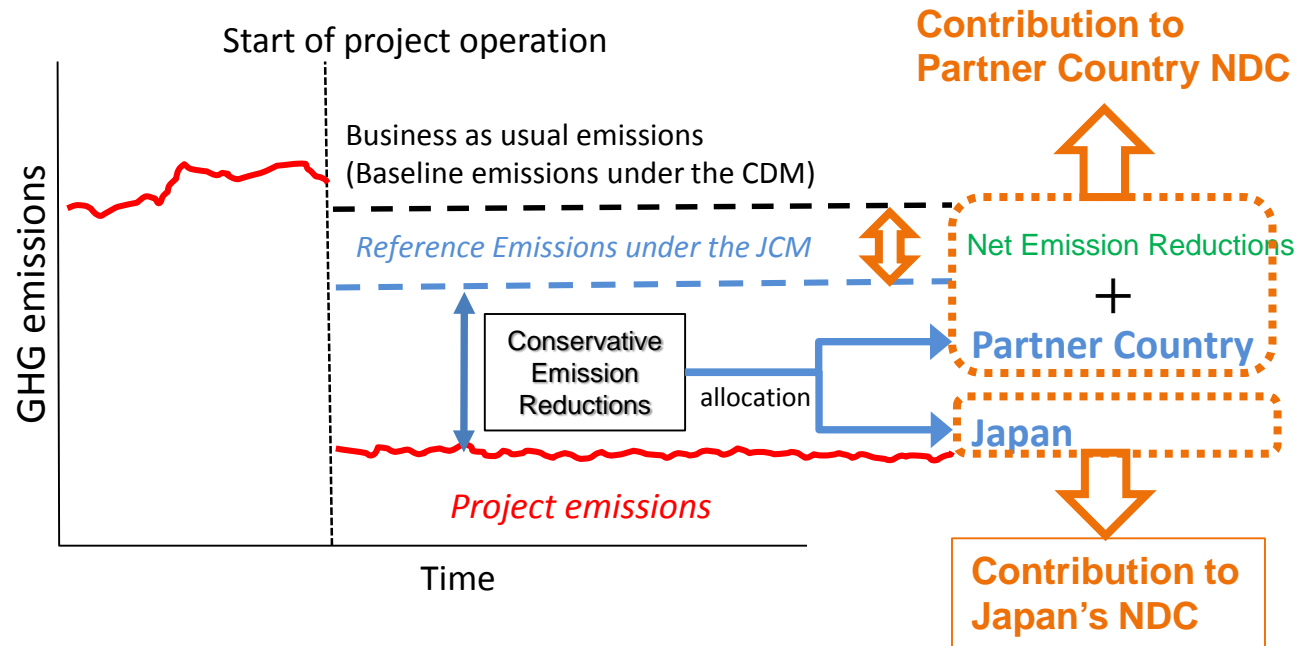


The JCM and NDC: Other Countries Case

From 17 JCM partner countries:

- **14** has emission reduction target
 - 5 has both conditional and unconditional targets.
 - Treatment of JCM credits towards the different targets needs to be clarified.
- **12** countries has single-year target (2025 and 2030).
 - Intention on how to account multi-year credits generated outside the target year for the NDCs needs to be clarified.
- Some countries already agreed to extend the JCM cooperation to 2030.

The JCM and NDC Other Country Case



* Net emission reductions are not measured under the JCM scheme. Partner country may address those reductions to increase the contribution towards their NDC.

Key issue: robust accounting of credits

Avoidance of double registration/issuance

- Projects registered under more than one international crediting schemes.
- May lead to double issuance of credits.
- Need coordination between operators of different schemes in one country and between partnering countries.
- Need to ensure project participants' understanding.

Avoidance of double counting/use/claim

- Issued unit is used twice towards mitigation pledge (by more than one country).
- Needs international guidance on emissions reporting.
- Need proper treatment of credits under each scheme (retirement, cancellation, transfer).
- Needs clear policy for accounting of multi-year credits towards single year reduction targets.

Some of the other elements raised by Parties in negotiation process for Article 6.2 guidance

Overarching issues, governance, participation

- National prerogative
- Sustainable development and avoiding negative ecological impacts
- Incentives for higher ambition
- Review process for guidance
- Eligibility and requirements for participation of activities

Environmental integrity

- Establishment of baselines

ITMO, transparency, robust accounting

- Scope and definition of ITMO (note: units, CO₂, or not CO₂)
- ITMO MRV, issuance, tracking
- ITMO issued before 2020
- Avoiding double counting of outcomes, double counting with other processes, double usage
- Emissions and accounting balance, compilation and accounting reports
- Impact of scope, types, time period, vintage of mitigation outcomes

Others

- Registries (international/multilateral/regional/national) and database
- Limits and safeguards
- Links between Article 6 and Article 4, 10, 13, 14, and 15

Negotiation process for Article 6.2 guidance



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