

Current Status of Negotiation Article 6 of Paris Agreement

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Remaining issues on Paris Rulebook

-Article 6 of Paris Agreement-

1. Background of negotiation

- ◆ COP24 (2018) at Katowice Not agreed among parties
- ◆ COP25 (2019) at Madrid Not agreed among parties
- ◆ COP26 (2020) at Glasgow Postponement in 2021

2. What is needed to adopt at COP26

- ◆ Article 6.2: Adopt the guidance (corresponding adjustment and reporting etc)
- ◆ Article 6.4: Adopt the rules, modalities and procedures (Design of new mechanism and transition of CDM etc)
- ◆ Article 6.8: Adopt the work programme on non market approach

3. Progress in 2020

- ◆ Many informal consultations and meetings were organized outside of UNFCCC.
- ◆ Informal consultations on Article 6 under UNFCCC were organized during November Dialogue.

Structure of draft texts on Article 6

(COP25 presidency texts version3)

Article 6.2 (Guidance)

- Draft Decision on CMA (Future work programme)
- Definition of ITMOs
- Participation responsibilities
- Application of Corresponding Adjustments (CA)
- Reporting and Review
- Recording and Tracking
- Ambition in mitigation and adaptation actions

Article 6.4 (Rules, Modalities and Procedures)

- Draft Decision on CMA (Future work programme)
- Definition of Art6.4
- Membership and Rules of Supervisory body
- Participation responsibilities
- Methodology
- Share of Proceeds (SOP)
- OMGE
- CDM Transition

Article 6.8 (Work Programme)

- Draft Decision on CMA (Future work programme)
- Principle
- Establishment of Non Market Approach forum
- Governance and Modalities
- Work programme activities
- Report

Most of elements in the draft decisions on Article 6 were developed, but some remaining issues were left to get the consensus.

CMA : Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

OMGE : Overall Mitigation in Global Emissions

Basic concept of Corresponding Adjustment

Basic rules for avoidance of double counting is written in “Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement”

77(d)(ii) An emissions balance reflecting the level of anthropogenic emissions by sources and removals by sinks covered by its NDC adjusted on the basis of corresponding adjustments undertaken by effecting an addition for ITMOs first-transferred/transferred and a subtraction for ITMOs used/acquired, consistent with decisions adopted by the CMA on Article 6;

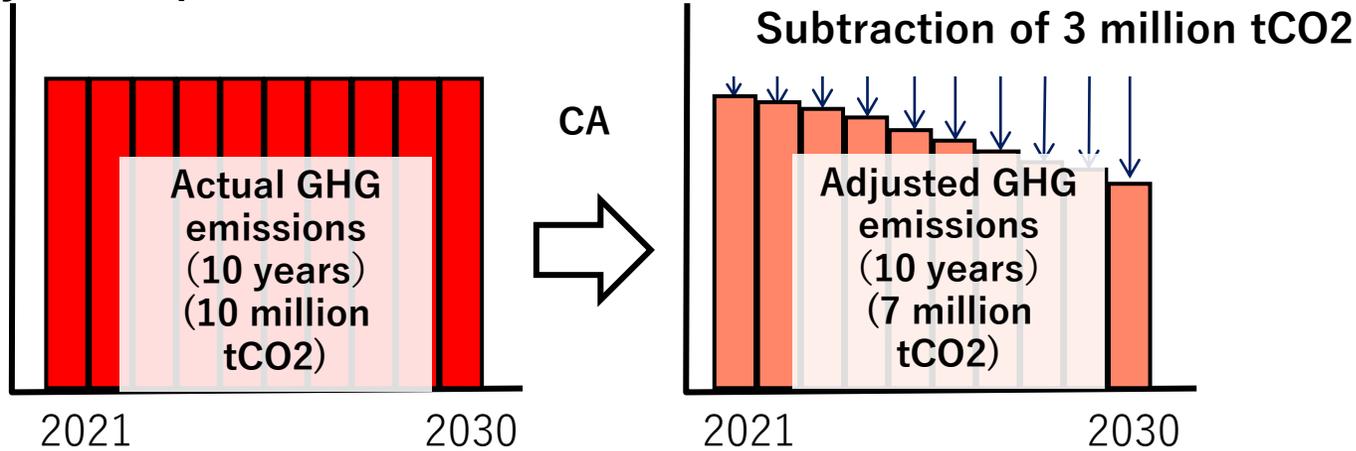
Corresponding adjustments may be undertaken by effecting:

**an addition (+) for ITMOs first-transferred and;
a subtraction (-) for ITMOs used;**

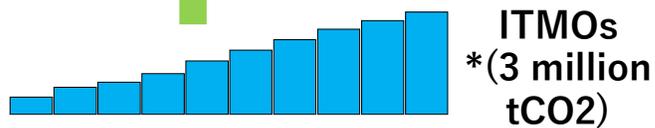
to the GHG emissions including sinks

Example: Concept of Corresponding Adjustment (CA)

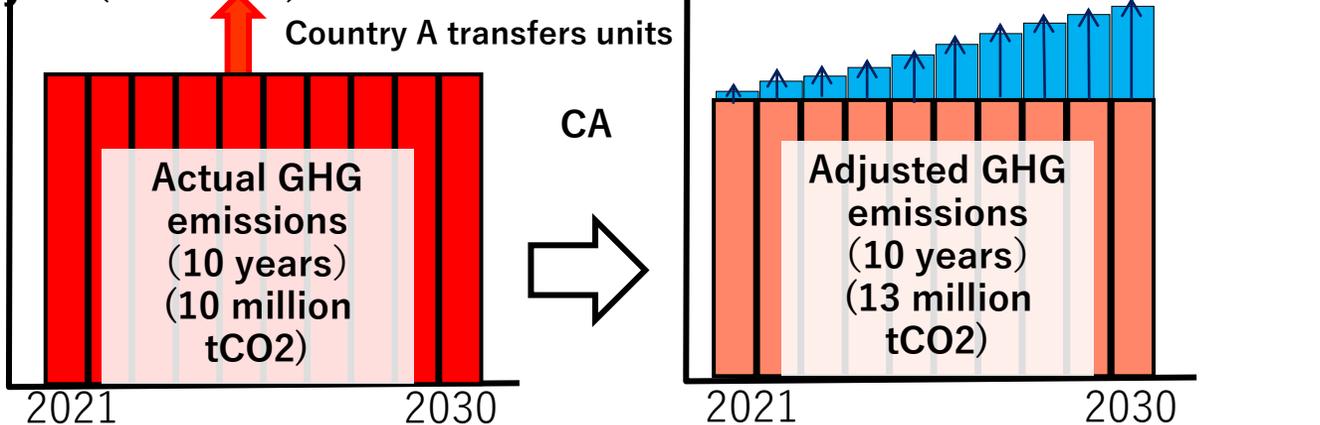
Country B (Acquire and Use)



Country B acquires ITMOs and uses it for achieving NDC target



Country A (Transfer)



Article 6.2 can help parties not only achieve NDC but also to raise ambition.

- Methods for CA should be selected by participating parties.
- Acquired and transferred of ITMOs should be collected and reported under Article 6.2.
- Authorization is required when a participating party transfers ITMOs.

Initial Report, Annual Information and Regular Information

(Proposal by the President: Version 3 of 15 December 00:50 hrs)

Initial report

- Participation responsibilities
- NDC description (If participating Party has not yet submitted a BTR)
- **ITMO metrics and the method for Corresponding Adjustment (CA)**
- Party's mitigation information in its NDC in tCO₂ eq (or methodology for quantification of NDC in tCO₂ eq if not possible)
- Description of the approach, the expected mitigation and the participating Parties involved

Annual Information

- **ITMO authorization, First transfer, Transfer, Acquisition, Holdings, Cancellation, Use towards NDCs**
- Authorization of ITMOs for use towards other international mitigation purposes (such as CORSIA)
- Voluntary cancellation
- Specifying the cooperative approach
- Other international mitigation purposes
- First transferring participating Party
- Using participating Party
- Year in which the mitigation occurred
- Sector and activity type

Regular information

- Participation in cooperative approaches (fulfilling participation responsibilities and Information on the authorization etc)
- **Information on each cooperative approach which party participates (ensuring environmental integrity, measurement for mitigation outcomes etc)**
- Annual information (Annual and cumulative emissions and removals, Annual and cumulative quantity of ITMOs, Annual emission balance and application of corresponding adjustments etc)

➤ **Outline for those information above may be developed after COP26 and be adopted at the future CMA session.**

Future CDM after 2020

1. Background

- CDM Executive Board (EB) operates in accordance with CMP guidance every year.
- Since CMP16 has been postponed in 2021 because of covid-19 pandemic, CDM EB discussed the future operation after 2020.

2. Main decisions at 108th CDM EB

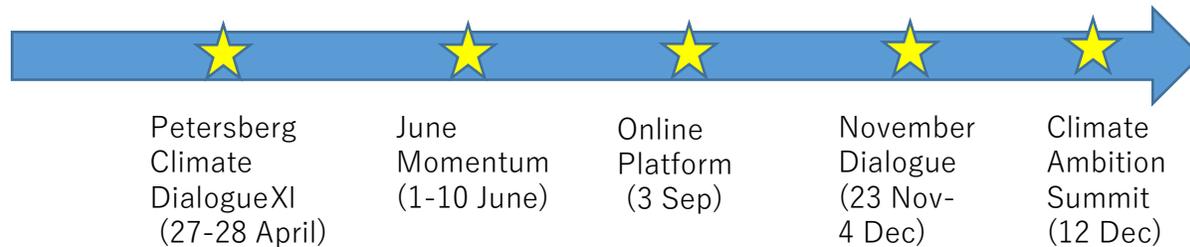
- CDM DB will continue to process requests for registration, issuance of credit, renewal of crediting periods in 2021
- Registration fees are not charged
- At the point of receiving the request, the secretariat should request the project participants to acknowledge and accept the risk that it may not be possible for certified emission reductions (CERs) to be issued for the emission reductions achieved
- All completed submissions by project participants to the secretariat shall be recorded as provisional” and only be finalized by the Board after guidance from the CMP16 (Nov 2021).

3. Timing of CDM transition to Article 6.4 of Paris Agreement will be depending on the decision at COP26 (Nov 2021)

What happened after COP25

Events organized in 2020

On 1st April 2020, UNFCCC announced the postponement of SB52 and COP26.



- SBSTA chair indicated at November dialogue that the similar format will be organized in 2021 to resolve remaining issues on Article 6.
- UK will also plan to have bilateral and multilateral consultations in 2021 to develop outcomes in COP26.
- There were also several events on Article 6 outside of UNFCCC negotiation (such IEA-IETA-ERPI event, ERCST, Klik foundation and other webinars organized by international organisations).

During the November dialogues, there were two events on the Article 6.

- 24 November: Informal meeting of the SBSTA Chair with Heads of Delegation and regional Coordinators
“Dialogue on outstanding Article 6 issue”
- 26 November: Informal meeting of Article 6 experts
“Baselines and additionality in the 6.4 mechanism”

Planned events organized in 2021



Towards COP26 in Glasgow, UK

- Informal meetings to exchange views by Article 6 experts will be very useful for further understandings to resolve remaining issues.

- Meetings outside of UNFCCC negotiation will be also helpful as well.

- Advanced exercise work for future preparation of Article 6 implementation (especially Art6.2) could be useful for considering the future work programme under Article 6 of Paris Agreement after 2022.
 - Corresponding Adjustment
 - Reporting
 - Recording and Tracking

Thank you for your kind attention!

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