

SUBMISSION BY CYPRUS AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES

This submission is supported by Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia and Serbia.

Nicosia, 21 September 2012

**Subject: EU submission on the implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol
*SBSTA agenda item 11(d)***

1 Background/Introduction

At CMP 7 (decision 1/CMP.7) in Durban 2011, SBSTA was invited to assess and address the implications of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Protocol. At its 36th session, the SBSTA (SBSTA 36) acknowledged the importance of the work for the implementation of the second commitment period under the Kyoto Protocol and the considerable amount of work to be done on the several methodological decisions.

To facilitate progress in the work, SBSTA 36 requested the secretariat to prepare a technical paper on the implications, including those arising from the implementation of the previous decisions on methodological issues, and options how to address them by 1 September. The technical paper FCCC/TP/2012/6) was published on the UNFCCC website on 27 August 2012. The EU appreciates the comprehensive and timely work by the Secretariat.

SBSTA 36 also invited Parties to submit their views by 21 September on the implications of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8, and on how these implications should be addressed. The SBSTA further requested the secretariat to make the submissions available at the UNFCCC website and compile them into a miscellaneous document before the workshop, which will discuss the technical paper and consider the views of Parties before SBSTA 37. This workshop will take place 8 - 10 October 2012 in Bonn.

The SBSTA will continue the consideration of the work at its 37th session, taking into account the technical paper, submissions by Parties and the workshop report, with a view of preparing draft decisions for consideration and adoption by the CMP at its eight session (CMP 8). The SBSTA also agreed, if appropriate, to develop further elements of this agenda item to be implemented in 2013, with a view to preparing further decisions for consideration and adoption by the CMP at its ninth session (CMP 9).

The EU welcomes the opportunity to submit its views on the implications of the decisions 2/CMP.7 to 5/CMP.7 on the methodological decisions and on how these implications should be addressed and captured in a decision to be adopted in Doha. The EU submission builds on the technical paper by the secretariat. The EU has structured the submission as follows:

- EU approach and priorities to the work
- Reaction to the secretariat's TP general, details and additional issues, organised by relevant methodological decision
- Annexes (Revised decisions 13/CMP.1, 15/CMP.1, and 22/CMP.1 with proposed changes in track change mode)

2 EU views on approach and priorities

The EU's objective is the adoption of ratifiable amendments of the Kyoto Protocol for a second commitment period under the Kyoto Protocol as part of the package of decisions that will be agreed in Doha. It is extremely important to ensure a rigorous, robust, comparable and transparent reporting and accounting of GHG emission reductions, accounting of sinks and reporting of information under Article 7 of the Kyoto Protocol for the second commitment period. The discussions on the implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol as well as the technical paper prepared by the secretariat show that a large amount of technical details need to be addressed in decisions to implement a second commitment period under the Kyoto Protocol. This technical work is also essential to ensure a smooth transition between the first and second commitment period. The EU believes that the 2nd commitment period of the Kyoto Protocol should be fully operational from 1.1.2013 onwards and aims at completing all required changes on the methodological decisions at CMP 8. This is an extremely important issue for the EU that must be resolved as part of the decisions of the Doha package.

For those methodological decisions for substantial and material changes are required for the application in the second commitment period, new decisions with all necessary changes and amendments should be adopted for the second commitment period, while decisions adopted at the first session of the CMP should remain in place for the ongoing implementation of the first commitment period. This approach – the preparation of new decisions for the 2nd commitment period - should be applied for example to decision 13/CMP.1, 14/CMP.1, 15/CMP.1, 20/CMP.1 and 22/CMP.1. This approach ensures that there are no ambiguities related to the implementation of decisions 1/CMP.7 to 5/CMP.7 in the second commitment period. The related decisions should specify that the Annexes apply to the second commitment period starting. It should also be clarified when the new decisions starts to apply and when the decisions for the 1st commitment period will cease to be applicable (after the final compliance assessment for the first commitment period is completed).

The EU is not in favour of revisions that make the existing decisions applicable to both commitment periods, because some of the differences between the first and the second commitment period are difficult to address in such approach (e.g. for the change in mandatory LULUCF activities, the text would need to specify that forest management can be elected and is mandatory).

For those methodological decisions adopted at the first session of the CMP or any relevant COP decisions for which only references need to be updated (either references to the new amendments or references to new decisions for the second commitment period), an overarching decision (or several overarching decisions) could be adopted that specifies all changed references in all paragraphs of the respective decisions for the second commitment period.

A very general clause stating that all references in CMP.1 decisions should be read as references to decisions CMP.1 as revised by subsequent decisions of the CMP may be ambiguous as not all references related to CMP.1 may need to be replaced and further analysis is required whether such approach would be feasible or whether such overarching decisions should clearly specify all individual references in all paragraphs that change for the 2nd commitment period.

The EU is concerned about the short time period remaining until Doha in which a large amount of technical modifications need to be agreed, for which no draft legal text yet exists. Therefore the EU prepared draft revised decisions including the respective annexes for the most important methodological decisions 13/CMP.1 (accounting modalities under Article 7, paragraph 4), 15/CMP.1 (reporting under Article 7 of the Kyoto Protocol) and 22/CMP.1 (review under Article 8 the Kyoto Protocol) which are attached to this submission. The objective of these drafts is to advance the work under this agenda item as fast as possible. These drafts follow the approach outlined above to adopt new decisions for the second commitment period. In some areas the draft decisions include options that reflect ongoing discussions under AWG-KP. Some of these options do clearly not represent the EU's views. They were however included to provide an overview on the implications of ongoing discussions under AWG-KP on the decisions considered under SBSTA agenda item 11(d). Thus, the inclusion should not be understood in a way that the EU agrees with these options. This is particularly relevant in the draft proposed text for the annex to decision 13/CMP.1.

As addressed in paragraph 86, 94 and 95 of the technical paper, the EU believes that the process under SBSTA agenda item 11(d) should also cover implications of decision 1/CMP.7 and the changes that arise from the proposed amendments to the Kyoto Protocol. The implementation of these decisions in the methodological decisions is crucial for a functioning of a second commitment period. The changes and modifications proposed by the EU in this submission already address the implications of decision 1/CMP.7 and the proposed amendments to the Kyoto Protocol.

However, as part of this analysis of decision 1/CMP.7 for this submission, some questions arose that may be further considered in the work under AWG-KP: In decision 1/CMP.7 the amendments of Article 3, paragraph 1bis and Article 3, paragraph 7bis and 8bis are inserted after the existing paragraphs 1 and 7 of the Protocol. The modification of Article 3, paragraph 8 'substitutes' the existing subparagraph 8 and Annex A also 'replaces' the current Annex A. If the amendments enter into force prior to the final compliance assessment at the end of the additional period for fulfilment of commitments (potentially only in 2015 or even 2016 if delays occur), the replacement of Annex A and substitution of Article 3, paragraph 8 may lead to an ambiguous situation for the assessment of compliance for the first commitment period because the basis of the commitments was partly substituted and partly not.

In the view of the EU, implications of the implementation of decisions 1/CMP.7 to 5/CMP.7 do not only refer to the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol, but also to decisions 2/CMP.1 (principles, nature and scope of KP mechanisms), 3/CMP.1 (CDM), 9/CMP.1 (JI) and 11/CMP.1 (IET) due to the linkages between methodological decisions with the participation requirements in these decisions. The EU would wish to address the technical implications of these linked issues under this agenda item taking into consideration any related further considerations under the AWG-KP.

The highest priority for the work should be on decision 13/CMP.1. A new decision applying for the 2nd commitment period should be adopted in Doha. Also the other decisions that require substantial changes have a high priority such as decision 15/CMP.1 on reporting because Parties need to know what they should report prior to a final adoption of commitments for the second commitment period. Some decisions are important for a transition into the second commitment period, such as decision 12/CMP.1 with the guidance to registry systems and decision 14/CMP.1 and these decisions require few changes in the view of the EU and should therefore also be prioritized. Decision 22/CMP.1 is also important in the EU's view as well as the linkages to the mechanism decisions with the view to ensuring continuously operating systems between the first and second commitment period.

For some decisions the work could continue after the session in Doha with a view to adopt decisions at CMP 9:

- Decisions 18/CMP.1 (criteria for cases of failure to submit information related to LULUCF activities): the ongoing IPCC work related to LULUCF activities under the Kyoto Protocol may be useful for this decision.
- Decision 19/CMP.1 (guidelines for national systems): the EU assumes that very few changes apply to this decision.
- Decision 20/CMP.1 (Adjustments under Article 5, paragraph 2): the revised decision is only necessary for the review of the first inventory for the second commitment period, which is due in 2015. Experiences from the ongoing implementation of adjustments during the inventory review may still be useful for the revision.
- Decisions related to training of review experts.

The EU notes that further changes to decision(s) may need to be considered and that the EU's consideration of necessary changes of the methodological decisions under the Kyoto protocol has been advanced significantly, but not yet fully completed. The EU looks forward to advancing the work further based on submissions by other Parties and via the discussions at the workshop in October.

3 EUs comments on the TP

3.1 General implications

3.1.1 Cross references to decisions

The secretariat has identified six methodological decisions (13/CMP.1, 14/CMP.1, 15/CMP.1, 22/CMP.1, 24/CMP.1 and 8/CMP.5), where updates to the decisions from 2/CMP.7 to 5/CMP.7 need to be made in preamble, decision or annex text. With regard to decisions 13/CMP.1, 14/CMP.1, 15/CMP.1 and 22/CMP.1, the EU believes that these decisions should be revised for adoption by CMP 8 and implementation of CP2, and has included proposals for updating the references in the Annex.

With regard to the decisions 24/CMP.1 and 8/CMP.5, addressing the conduct and training for reviews, the EU believes that revising these decision is not urgently needed. Updating the referencing would be part of the further work.

3.1.2 Changes in methodologies in accordance with Decision 4/CMP.7

The technical paper identified the need to update references to new IPCC guidelines in several decisions including 13/CMP.1, 15/CMP.1, 20/CMP.1 and 22/CMP.1. In the proposed revised version for these decisions, the reference to new methodological guidelines is included. For the other decisions, the EU believes the changes should be addressed applying option c) in the secretariat's TP in a slightly revised form: *“through one overarching decision, indicating that the guidance from the Revised 1996 IPCC Guidelines, the IPCC good practice guidance and the IPCC good practice guidance for LULUCF is superseded by the new IPCC guidance as adopted or encouraged and clarified by the Conference of Parties, and any subsequent clarifications agreed by the Conference of Parties, for the decisions applicable to the second commitment period”*.

3.1.3 Accounting for forest management

In accordance with decision 2/CMP.7, accounting for forest management will be mandatory in CP2, whereas it was an activity Parties could elect to account for in CP1. This implies technical changes to decisions 13/CMP.1, 18/CMP.1 and 20/CMP.1. For decisions 13/CMP.1 and 20/CMP.1 respective changes are included in the draft revised decisions in the annex to this submission.

For decision 18/CMP.1, the change should be addressed in the overarching decision (secretariat's option c)) *“indicating that forest management has become mandatory in the second commitment period and clarifying that, for the purposes of the second commitment period, the relevant decisions should be read as to include forest management under Article 3, paragraph 4, as a mandatory activity.”*

See also the Annex with the draft revised decisions.

3.2 Decision 13/CMP.1 (Modalities for the accounting of assigned amounts under Article 7.4)

This decision seems incorrectly placed as a decision relating to Article 5 of the Kyoto Protocol in cluster 1 in the technical paper. The title of the decision “Modalities for the accounting of assigned amounts under Article 7, paragraph 4 of the Kyoto Protocol” already specifies that the decision belongs in the cluster of decisions relating to Article 7 of the Kyoto Protocol.

3.2.1 General issues

In general, a new decision addressing the accounting modalities should be prepared and adopted for the second commitment period with all necessary changes and amendments while decision 13/CMP.1 should remain in place for the ongoing implementation of the first commitment period. This approach applies to all suggested specific proposals below.

As addressed in paragraph 95(a) of the technical paper, all references to assigned amount pursuant to Article 3, paragraphs 7 and 8 in decision 13/CMP.1 should be updated in line with the proposed amendments to the Kyoto Protocol. Taken into account decision 1/CMP.7, the revised reference would read ‘assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis’: This wording is reflected in the proposals for draft revised decisions, noting that the amendments to the KP are still under discussion under the AWG KP leading to further changes that – if adopted - should then be taken into account.

As addressed in paragraph 96 of the technical paper, all references to ‘commitments under Article 3, paragraph 1’ should be changed to ‘commitments under Article 3, paragraph 1bis’ for the new decisions for the second commitment period.

As addressed in paragraph 97 of the technical paper, the reference to ‘Party included in Annex I’ or ‘Party included in Annex I with a commitment inscribed in Annex B’ needs to be revised to take into account the amendments of the Kyoto Protocol. Taking into account decision 1/CMP.1 this reference should read “Party included in Annex I with a commitment inscribed in the third column of the table contained in Annex B”. An abbreviated way for this reference should be applied throughout a revised decision after the first reference to such long term.

The multiple references to ‘elected activities under Article 3, paragraph 4’ also need to be replaced in a consistent way throughout the decision taking into account the mandatory character of forest management under Article 3.4 in the second commitment period (see above and the annex).

References to CMP.1 decisions within the decisions that are revised as part of the work process under this agenda item, need consistent revision at the end of this process.

3.2.2 Issues and options addressed in the technical paper

Paragraph 87/TP, paragraph 1 of decision 13/CMP.1

In line with the general approach for this decision described above, a reference to the second commitment period should be inserted in paragraph 1 to clarify for which period the new decision applies.

Paragraph 87/TP, Paragraph 2 of decision 13/CMP.1

Paragraph 2 of decision 13/CMP.1 needs to be updated specifying when the report to calculate the assigned amount for the second commitment period referred to in Article 6 of the Annex to decision 13/CMP.1 should be submitted. In the view of the EU, this should happen in conjunction with the inventory submission due by 15 April 2015.

Paragraph 30/TP, paragraph 1 of the annex to decision 13/CMP.1

In the TP, it is proposed to include additional definitions, such as “Kyoto Protocol unit”, “valid”, non-permanent Kyoto Protocol unit” and “transaction” as additional definitions in section I.A. In the view of the EU it is not necessary to define these terms.

Paragraph 17 and 97/TP, paragraph 5 of the annex to decision 13/CMP.1:

The reference to the first commitment period in paragraph 5 shall be replaced by a reference to the second commitment period. The references to Annex B need to be replaced by references consistent with the amendment of the Kyoto Protocol (‘third column of the table contained in Annex B’). The duration of the commitment period in the first sentence can be deleted and the multiplication factor for the number of years should be replaced by ‘duration of the commitment period in years’ to achieve a decision that covers both options proposed for the length of the commitment period under AWG-KP. In subparagraph (a) a reference to the choice of base year for NF₃ consistent with the amendment of the Kyoto Protocol needs to be inserted.

Paragraph 23/TP, Paragraph 12 of the annex to decision 13/CMP.1:

- Subparagraph 12(d) requires a modification due to the mandatory character of forest management in the 2nd commitment period.
- Subparagraph 12(e): a more specific reference to decision 27/CMP.1 should be included in this paragraph.
- Transfers by the Party of units generated from market-based mechanisms should be included in the subtractions and additions under Paragraphs 11 and 12.

Several cancellation types defined in different decisions are not taken into account in the current paragraph 12 and should be added.

- A new subparagraph should be added to take into account the cancellation of units for the purposes of replacing tCERs and for the purposes of replacing ICERs in accordance with decision 5/CMP.1.
- A new subparagraph should be added to take into account the cancellation of units in the event of net reversal of storage for CCS project activities and the lack of certification reports in accordance with decision 10/CMP.7.

- A new subparagraph should be added to take into account the cancellation after the end of the additional period for fulfilling commitments of a commitment period of all units held in a registry that have not been carried over to a subsequent commitment period (paragraph 36 of decision 13/CMP.1).

Paragraph 12bis:

A new paragraph 12bis is proposed that addresses the cancellation of all units after compliance assessment at the end of a commitment period in conjunction with paragraph 36 because this type of cancellation is currently not properly defined in decision 13/CMP.1. A separate paragraph is required as this type of cancellation is not part of the cancellations for compliance assessment, but happens after such assessment.

Paragraph 88/TP, paragraph 23 of the annex to decision 13/CMP.1:

The title of the section is “Issuance of ERUs, AAUs and RMUs”, however paragraph 23 could also be read related to transactions of CERs and it seems that a link to the CERs was not the intention in the original drafting of this paragraph under such heading. Therefore it is suggested to add ‘of its AAUs’ after transactions in the first line that clarifies that first AAUs for CP2 have to be issued, subsequently they can be transferred. This addition clarifies that transactions related to CERs, such as issuance and forwarding to Parties’ and project participants accounts or the forwarding of the share of proceeds do not depend on the issuance of assigned amount for CP2.

In the first commitment period, this paragraph was irrelevant in practice, because the registries became operational after the assigned amount was established and transactions could not take place immediately upon establishment of assigned amount due to the lack of operational registries.

Paragraph 18/TP, paragraph 25 of the annex to decision 13/CMP.1

1. Related to the options proposed in paragraph 25 of the TP related to the election of annual or commitment period accounting, the EU proposes a wording that ‘the decision of a Party shall remain fixed for the commitment period **to which it relates.**’
2. The reference to elected activities under Article 3.4 should be replaced due to the mandatory accounting of forest management under Article 3.4 in CP2. It is proposed to use “resulting from its activities under Article 3, paragraph 3, from forest management under Article 3, paragraph 4 in the second commitment period and from its elected activities under Article 3, paragraph 4, accounted in accordance with decision 16/CMP.1 and decision 2/CMP.7.
3. As highlighted previously the initial report should be submitted together with the first inventory submission for CP2, consequently the election of annual or commitment period accounting will no longer be made prior to the commitment and the related reference should be revised and linked to this report.

Paragraph 19/TP, paragraph 26 of the annex to decision 13/CMP.1

Technical corrections of the reference level for forest management will be dealt with during the review process under Article 8 and questions of implementation may arise from this process. The technical corrections can also lead to additional issuance of RMUs or to cancellations of units if more RMUs were issued than would have been allowed with the technical corrections applied. Such corrections can be summed up in the CRF accounting table for LULUCF activities and taken into account in the final issuance/ cancellation of units. In the view of the EU, this does not affect the accounting modalities as specified in decision 13/CMP.1, but decisions 15/CMP.1 and 22/CMP.1

Paragraph 20/TP, paragraph 31 of the annex to decision 13/CMP.1:

In a separate decision for the second commitment period, the reference to decision 16/CMP.1 for the limit on net acquisitions of CERs should be replaced by a reference to paragraph 19 of decision 2/CMP.7.

Paragraph 24/TP, Paragraph 43 of the annex to decision 13/CMP.1:

Subparagraph (d) requires to make publicly available all transaction records for each single transaction which is not implemented for CP1. The requirement to make each single transaction publicly available should be deleted. Any important issues or discrepancies are captured in the SIAR reports that are forwarded to the review. This current practice should be reflected in the text. .

Paragraph 25/TP, paragraphs 44-48 of the annex to decision 13/CMP.1

The EU agrees with the proposal in the TP to revise the requirements for public accessible information, in particular for those parts of information relevant for the registry security. This concerns in particular paragraph 45(e), which should be deleted. Paragraph 47(a) should refer to those account types that are also used in the SEF tables, this means to aggregate Party and entity accounts and not to 'each account'. Due to confidentiality reasons only acquiring and transferring registries should be listed in the public information related to subparagraphs (d) and (f).

In addition paragraph 47 should be amended to publish information in all cancellation accounts specified under the proposals for Article 12 above. For paragraph 44 the EU believes that there is no need to specify the means to make data available to the public. In paragraph 45 (d) and (e) the EU proposes to delete the subparagraphs related to the identification of account holders as this information was abused and led to security problems of the registries in the past.

Paragraph 27 TP/Paragraph 47 and 49(b) and (c)

As suggested in the TP, the requirement to report on or publish serial numbers should be deleted for the reasons explained in the TP.

Paragraph 28 TP/ paragraph 52 of the annex to Decision 13/CMP.1

In line with the suggestion in the TP, paragraph 52 should be revised to take into account the limits for RMUs and CDM project activities for the second commitment period. Following from decision 2/CMP.7, it is also necessary to amend this paragraph to record any changes to the forest management reference level during CP2.

Paragraph 29 TP/ paragraph 61 of the annex to Decision 13/CMP.1

The TP suggests to stop publication of the annual compilation and accounting reports. In the view of the EU these reports should remain public.

3.2.3 Additional issues to be addressed in a new decision on “Modalities for the accounting of assigned amounts under Article 7, paragraph 4 of the Kyoto Protocol” for the 2nd commitment period

Annex to decision 13/CMP.1:

General: References to any units from market-based mechanisms to be established under the Convention or its instruments should be included in several paragraphs, such as for the addition and subtraction of assigned amount and for the compliance assessment (see annex with draft revised decision text).

Paragraphs 1 to 4 of the annex to Decision 13/CMP.1

These paragraphs include a reference to global warming potentials valid for the first commitment period, which have been revised in decision 4/CMP.7, therefore the reference need to be replaced for the second commitment period.

Paragraph 6 of the annex to decision 13/CMP.1

References to assigned amount calculation paragraphs in KP amendments need to be included. The demonstration of the capacity to account for emissions and assigned amounts is implicit in the reporting of GHG inventories and SEF tables and does not need to be added as independent criterion. Thus the capacity to account for emissions and AA is already demonstrated annually during the inventory review and does not require a separate reporting and should be deleted in this paragraph. It is also not necessary to specify that the report has two parts, and paragraphs 7 and 8 should be merged into one.

Paragraph 7 of the annex to decision 13/CMP.1:

This paragraph requires rephrasing for the approach to be taken in the 2nd commitment period. In the view of the EU, the report to calculate the assigned amount for the second commitment period, should be submitted in conjunction with the inventory submission due by 15 April 2015 because this is the earliest point in time when a consistent recalculated inventory time series can be submitted for this purpose in accordance with decision 4/CMP.1. This approach requires more substantial changes than proposed in the technical paper:

- Subparagraph (a): It is not necessary to report two times GHG inventories for the time series from the base year up to the most recent year in the same submission and subparagraph a can be deleted.
- Subparagraph (b): References to the base year for NF₃ for the second commitment period should be included. It should be clarified that for Annex I Parties that participated in CP1, the base year for HFCs, PFCs and SF₆ which was already identified should keep being the same.
- Subparagraph (d): It should be clarified which exact inventory submission will be the basis of the AA calculation (submission due by 15 April 2013) and that this submission should include recalculated base year emissions for the second commitment period.
- Subparagraph 8(e): reference to correct decision for the calculation of CPR depends on the outcomes of SBSTA and 2 options should be included in the draft legal text until an agreement is reached under SBSTA.

- Subparagraph 8(f): requires clarification that for those Parties that already selected definitions, these definitions should be maintained in the 2nd commitment period.
- New subparagraph is required to identify the approach how a Party intends to account for HWP as a consequence of decision 2/CMP.7 (see i in legal text proposal).
- New subparagraph is required to identify whether a Party intends to exclude emissions from natural disturbances in the 2nd CP (see (j) in legal text proposal).
- Subparagraph 8(e): The information in subparagraph (e) is not necessary because the national system is also described in the annual inventory submission and reviewed as part of the inventory review. Only for Parties without a QUELRO in CP1 that join CP2, this should be part of the requirements for CP2.
- Subparagraph 8(f): The information in subparagraph (f) is not necessary because the national registry is also described in the annual inventory submission and reviewed as part of the inventory review. Only for Parties without a QUELRO in CP1 that join CP2, this should be part of the requirements for CP2.

Paragraph 11 of the annex to decision 13/CMP.1:

Subparagraph 11(e) requires a modification due to the mandatory character of forest management in the 2nd commitment period.

Paragraph 15 of the annex to decision 13/CMP.1:

All options discussed related to carry-over in AWG-KP should be reflected in a draft legal text. After reaching an agreement in AWG-KP, the corresponding option should be kept.

Paragraph 18 of the annex to decision 13/CMP.1:

The concept of ‘distinct’ registry systems seems ambiguous and does not clearly refer to specific requirements. It is suggested to clarify that consolidated registries accounts should keep national administrators and should fulfil the requirements set out in the respective decision.

Paragraph 19 of the annex to decision 13/CMP.1:

Paragraph 19 includes a reference to ‘technical standards to be adopted’ which should be replaced by ‘technical standards adopted by decision 24/CP.8’. This paragraph should also reference the data exchange standards for registries.

Paragraph 21 of the annex to decision 13/CMP.1:

Additional cancellation accounts should be listed in paragraph 21 in order to have a complete list of all cancellation accounts in accordance with registry data exchange standards and in line with the additions made in paragraph 12 that defines the cancellation types.

Paragraph 36 of the annex to decision 13/CMP.1:

This paragraph contains a reference to paragraph 12(f). Paragraph 12(f) refers to other cancellations by the Party that should be subtracted from the assigned amount at the end of the additional period for fulfilling commitments for the compliance assessment. This reference does not fit here because carry-over happens after compliance assessment. This mistake was clarified by inserting a new subparagraph 12bis for cancellations after the end of a commitment period and this new paragraph should then be referenced in this paragraph.

Paragraph 37 of the annex to decision 13/CMP.1:

This paragraph requires changes of some references and it is also proposed to correct the reference to the deduction for non-compliance to the related CMP.1 decision.

Paragraph 42 of the annex to decision 13/CMP.1:

The list of automatic checks for discrepancies is incomplete when compared with the data exchange standards for registries and in particular infringements to required cancellations should be included.

Paragraph 50 of the annex to decision 13/CMP.1:

The paragraph 50 should be amended by a sentence specifying that the information in the compilation and accounting database shall be publicly available at the UNFCCC website following the annual review under Article 8, the application of any adjustment under Article 5, paragraph 2, and the resolution of any relevant questions of implementation.

Paragraph 55 of the annex to decision 13/CMP.1:

The current provisions only require the recording of net emissions and removals from LULUCF activities, but not the accounting quantities which are different from the total net emissions and removals. Thus, the information relevant for the accounting is not correctly captured by the current provisions and references to the accounting quantities should be added.

Paragraph 57 of the annex to decision 13/CMP.1

This paragraph requires annual updating of the CPR level for each Party. However, the CPR calculation based on assigned amount does not change after the initial review. The paragraph should be more precisely address which information for which Parties should be updated by when.

Paragraph 58 of the annex to decision 13/CMP.1

Additional cancellation subparagraphs suggested for paragraph 12 should be reflected in this paragraph as well.

3.3 Decision 15/CMP.1 (Guidelines for the preparation of information required under Article 7)

3.3.1 General issues

In the technical paper decision 15/CMP.1 (Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol) is addressed under Cluster 2. The changes required in this decision are related to the adoption of new methodological and reporting guidelines in accordance with decision 4/CMP.7 on Greenhouse gas, sectors and source categories, common metrics to calculate the CO₂ equivalence of anthropogenic emissions by sources and removals by sinks and other methodological issues, and the decision 2/CMP.7 on Land use, land-use change and forestry, adoption revised accounting provision for LULUCF activities in the second commitment period.

In the decision and in its annex the references to the new IPCC methodological guidance needs to be updated. As the good practice guidance for the LULUCF activities and supplementary guidance for wetlands are still under development, the EU suggest the following way of referencing to the guidance : “ *2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse gas Inventories (hereinafter referred to as IPCC guidelines) as elaborated by any supplementary and good practice guidance by the IPCC adopted or encouraged, with any subsequent clarifications by the Conference of Parties*”.

In Doha the work on reporting tables for LULUCF activities under Articles 3.3 and 3.4 should be initiated and revised tables should be developed in parallel with the IPCC’s ongoing work on methodologies for LULUCF reporting and accounting in the 2nd commitment period of the Kyoto Protocol to ensure that reporting tables are available for the first submission for the second commitment period.

3.3.2 Issues and options addressed in the technical paper on the annex to the decision

Paragraph 5

The paragraph addresses how to reference the new methodological guidance, see EU proposal above.

Paragraph 6(a)

The paragraph addresses how to reference the new methodological guidance, see EU proposal above. In addition, a reference to decision 2/CMP.7 should be added.

Paragraph 6(b)(ii)

The EU agrees with the suggested update of decision 16/CMP.1 to decision 2/CMP.7.

Footnote 5 to paragraph 6(d)

See above on how to reference the new methodological guidance, the reference should be both to 2006 IPCC guidelines and the ongoing methodological work.

Paragraph 9(d)

The whole paragraph 9 should be changed to account the revised accounting rules for Article3, paragraph 4 activities (see proposal in the revised decision 15/CMP.1).

3.4 Decision 20/CMP.1 (Good practice guidance and adjustments under Article 5.2)

3.4.1 General issues

In general, it is important that a revised decision related to adjustments takes into account the revised source categories and sectors agreed as part of the revision of guidelines for annual GHG inventories for Annex I Parties. There is also the need to revise the conservativeness factors in the Annex in order to make those consistent with the revised uncertainty estimates in 2006 IPCC Guidelines. The guidelines should also be reassessed in the light with existing experiences with adjustments. In the view of the EU, few changes arise from this perspective, but in some areas some more flexibility for the ERTs in specific situations may be useful to ensure the best result possible.

In the decision text and in its annex the references to the new 2006 IPCC methodological guidance needs to be updated. As the good practice guidance for LULUCF and supplementary guidance for wetlands are still under development, the EU suggest the following way of referencing to the guidance: “*2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse gas Inventories (hereinafter referred to as the IPCC guidelines) as elaborated by any supplementary and good practice guidance by the IPCC adopted or encouraged, with any subsequent clarifications by the Conference of Parties*”. The use of forest reference levels in the 2nd commitment period and potential corrections thereof, also need to be reflected in the guidelines.

3.4.2 Issues and options addressed in the technical paper

Paragraph 13c TP/ paragraphs 18, 20(b) and 21 of the annex to Decision 20/CMP.1

To address the issue that the accounting for forest management (FM) has become mandatory in the 2nd commitment period, the EU would support option b of rephrasing the text in the relevant paragraphs.

Paragraph 32 TP/ paragraph 11 of Decision 20/CMP.1

The EU would suggest rephrasing the paragraph so that it refers to final year of the commitment period.

Paragraph 33 TP/ paragraphs 13(c),18 and 69 of the annex to Decision 20/CMP.1

The mentioned paragraphs are suggested to be modified to include wetland drainage and rewetting.

Paragraph 34 TP/ paragraph 13 of the annex to Decision 20/CMP.1

The concept of forest management reference levels need to be considered in connection with possible adjustments.

Paragraph 35 TP/ paragraph 43 of the annex to Decision 20/CMP.1

The paragraph should be revised to include a reference to the correct section of the 2006 IPCC guidelines.

Paragraph 36 TP/ paragraph 63 of the annex to Decision 20/CMP.1

Nitrogen trifluoride should be added to the list of fluorinated compounds.

Paragraph 37 TP/ appendix III of the annex to Decision 20/CMP.1

The EU believes that appendix III of the revised Decision 20/CMP.1 should be modified to take into account the new sectoral divisions and gases implemented in the revised version of Decision 15/CP.17. Furthermore, the conservativeness factors should be updated to take into account the revised uncertainty estimates from the 2006 IPCC Guidelines.

3.4.3 Additional issues to be addressed in a new decision on “Good practice guidance and adjustments under Article 5, paragraph 2, of the Kyoto Protocol”

Paragraph 28 of the annex to Decision 20/CMP.1

The choice of adjustment methods at the moment is very prescriptive and more flexibility should be included for specific situations.

3.5 Decision 22/CMP.1 (Guidelines for review under Article 8)

3.5.1 General issues

The revision of the guidelines for review under Article 8 for the second commitment period should on the one hand address the necessary changes for the implementation in the second commitment period. On the other hand it should also address the considerable problems that occur with the implementation of the review in the first commitment period. The annual reviews have significant delays and it is difficult to gather sufficient experienced experts. The EU therefore suggests a slightly modified approach for the second commitment period: the initial checks and status reports should be produced every year. The individual inventory review should only take place every second year and review the two most recent inventory years in the same review. In the first and the last year of the second commitment period, an individual inventory review should be undertaken for all Kyoto Parties to have a robust basis for the assessment of compliance for all Parties and an assessment of the recalculations due to methodological changes at the beginning of the commitment period.

Unnecessary elements as specified in the technical paper should be deleted. This in particular relates to the review of the national registries. If registries continue to work without discrepancies and problems, there is no need for continued review. However, some Parties may only have commitments under the Kyoto Protocol in the second commitment period and still need to establish their national registries. In such cases a specific need for review arises which should also be addressed in the revised guidelines. In a similar way, national systems do no longer need a separate thorough review, but only a review of changes or related to problems that were identified. If new Parties join CP2, a thorough review of the national system should of course occur.

It is also important that the revision for the second commitment period takes into account the changes in the revised guidelines for the reporting of Annex I national GHG inventories.

3.5.2 Issues and options addressed in the technical paper

Paragraph 69 TP/ paragraph 12(a) of the annex to decision 22/CMP.1

The EU proposes to elaborate independent decisions for CP2 which can easily accommodate the inclusion of NF₃.

Paragraph 70 TP/ paragraph 12 of the annex to decision 22/CMP.1

The EU suggests that the ‘initial report’ for CP2 is submitted in conjunction with the first inventory for CP2. Paragraph 12 (inventory information) can be deleted from this report as it is not necessary to submit two inventories at the same time and also from the review guidelines for the initial report as an inventory review is conducted at the same time. The ‘initial’ review in the 2nd commitment period, should focus on the assigned amount calculation and on the information provided on the accounting of LULUCF activities.

Paragraph 71 TP/ paragraph 14 of the annex to decision 22/CMP.1

The EU believes that it is not necessary to conduct an in-country visit for the ‘initial report’ due to the large number of reviews that will have been already conducted for most of the Parties. If additional Parties join in the second commitment period, they should be subject to an in-country review.

Paragraph 72 TP/ paragraph 15 of the annex to decision 22/CMP.1

The annual review should continue to look at changes of the national system and the national registries, but the focus of the review of these elements should be on any problems that were identified as part of the inventory review for national systems or as part of the SIAR reports for registries.

Paragraph 73 TP/ paragraph 19 and 132 of the annex to decision 22/CMP.1

The practice implemented in decision 10/CMP.6 to review small Parties with low emissions in a centralized review of national communications should continue in the 2nd commitment period.

Paragraph 74 TP/ paragraph 52 and 59 of the annex to decision 22/CMP.1

The secretariat should perform the initial checks.

Paragraph 75 TP/ paragraph 67 of the annex to decision 22/CMP.1

The direction of the ERT should be deleted from paragraph 67

Paragraph 76 TP/ paragraph 81 of the annex to decision 22/CMP.1

The paragraph 81 should be modified to be applicable for the second commitment period. additional modifications arise from the EU proposal to conduct the individual inventory review every second years for the two most recent years submitted (see Annex with draft revised decision text)

Paragraph 77 TP/ paragraph 86 and 88 of the annex to decision 22/CMP.1

The EU supports streamlining of the review of registries and SEF tables by referring to SIAR reports. The review of registries can be significantly streamlined when only those procedures are kept, that are implemented for CP.1. Due to a large number of automatic checks, fewer checks by ERTs are necessary.

Paragraph 78 TP/ paragraph 97 of the annex to decision 22/CMP.1

The EU supports the proposal for streamlining the review of national systems in a revised decision taking into account the experiences with the implementation in CP1.

Paragraph 79 TP/ paragraph 111 and 119 of the annex to decision 22/CMP.1

The registries of those Parties that have been thoroughly reviewed in CP1, so not need to be subject to a review in CP2 again because any problems in the functioning would immediately be identified by the ITL. The review should not duplicate ITL functions.

3.6 Other decisions

3.6.1 Decision 12/CMP.1 (Registries)

The TP assesses that there does not seem to be a need for substantive changes of decision 20/CMP.1 apart from streamlining and security measures. The EU believes that the strengthening of the security requirements already occurred as part of fast reaction of the forum of registry administrators, the secretariat and Parties as well as part of the DES standards and it may not be necessary to further specify the need for security standards which are already addressed in a general way in the guidelines.

3.6.2 Decision 14/CMP.1 (Standard electronic format for reporting Kyoto Protocol units)

The EU supports the addition of a line for ‘wetland drainage and management’ in the tables.

Annex of the TP – suggestions for the annex to decision 14/CMP.1

Paragraph 3

The first SEF tables for CP2 should be submitted together with the first inventory submission due by 2015.

Tables 1 and Tables 2(a)

The EU would propose to add lines for all types of cancellation accounts (as specified in the proposal for a revised decision 13/CMP.1, paragraph 12).

Table 3

The EU supports the introduction of ‘replacement and ‘cancellation’ columns in this table

3.6.3 Decision 3/CMP.1 9/CMP.1 (JI) and 11/CMP.1 (international emission trading) – linkages to eligibility requirements

As outlined in the technical paper in paragraph 98, issues relating to the operation of flexibility mechanisms (Articles 6, 12 and 17 of the Kyoto Protocol) are related to the methodological issues because relevant reporting and review provisions are a major factor in determining Parties’ eligibility under the mechanisms. Therefore, the potential impact of changes in KP decisions and amendments on eligibility requirements and decisions 3/CMP.1, 9/CMP.1 and 11/CMP.1 should be included in the considerations under the 11(d) agenda item.

The reference to Parties in the chapeau of paragraph 2 of the annex to decision 11/CMP.1 and of paragraph 21 of decision 9/CMP.1 should be revised to ‘Party included in Annex I with a commitment inscribed in the third column of the table contained in Annex B to the Kyoto Protocol’.

Parties included in Annex I with a commitment inscribed in the third column of the table contained in Annex B to the Kyoto Protocol that also had commitments in CP1, should remain eligible between the first and the second commitment period. There will be no gap in the submission of inventories and the review thereof between the first and the second commitment period, thus questions of implementation will be identified without interruption. Unless the enforcement branch of the compliance committee decides that a Party does not need to meet one or more of the eligibility requirements, these Parties should keep being eligible. The continuous annual process of assessment of compliance with reporting requirements across both commitment periods does not require any separate or additional procedure for these Parties.

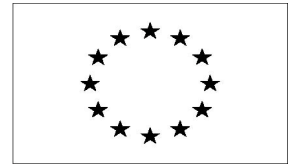


In Bangkok AWG-KP has started discussion on the eligibility to use flexible mechanisms for Kyoto Parties without a QUELRO for the second commitment period. Any decisions adopted related to this issue under AWG-KP should be reflected in the work under this agenda item.

The technical paper proposes specific options for changes of the eligibility requirements for the second commitment period. EU may present more specific views related to these proposals at a later stage.

Decision 1/CMP.17, paragraph 83 defines a new market-based mechanism. This decision also has impacts on the methodological decisions under the Kyoto Protocol, e.g. related to accounting of units, reporting and review of units from market based-mechanisms. The EU addressed these implications in its proposals for revised decisions, however similar implications arise related to other methodological decisions (e.g. decision 14/CMP.1, decisions 2/CMP.1) for which no specific proposals for draft revisions are included in this submission.

The approach applied in decision 13/CMP.1 was that reference to new units from new market-based mechanisms were integrated in those parts of the decision related to compliance assessment while technical issues such as definitions, transaction procedures or issues related to registries should be incorporated in such future decisions on new market-based mechanisms.



Annex

Revised decision 13/CMP.1 with track changes
Revised decision 15/CMP.1 with track changes
Revised decision 22/CMP.1 with track changes