



Roundtable on Article 6.2

SBSTA 11a

AOSIS Presentation

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Priority issues for AOSIS



- **AOSIS supports Article 6, with the following priorities:**
 - **centralized oversight**
 - cooperative approaches **do not erode environmental integrity**
 - **common international accounting framework**
 - **substantial overall mitigation in global emissions**
 - Priority on **domestic mitigation** measures
 - **share of proceeds** for adaptation
 - promoting **sustainable development**
 - creating opportunities and **positive incentives for mitigation**
 - **avoiding incentives that run contrary to the principles and goals** of the Paris Agreement.

Three binding requirements in Article 6.2: each requires guidance



- Parties shall ... promote sustainable development
- Parties shall ... ensure environmental integrity and transparency, including in governance
- Parties ... shall apply robust accounting to ensure, inter alia, the avoidance of double counting
- **Centralized oversight** is needed to ensure that Parties act consistent with guidance adopted by the CMA in these areas

1. How can we ensure that the guidance in relation to environmental integrity is sufficient?



- Guidance is sufficient when there is confidence that use of Article 6 **does not erode NDCs individually or in aggregate**
- **This requires** guidance to ensure the quality of ITMOs and the quality of the systems through which they move
 - Provisions to ensure that “**hot air**” is not created and transferred
 - Application of common minimum standards that ensure ITMOs represent **real, measurable, additional, verified, permanent emission reductions**
 - **common international accounting framework**, to ensure no double counting or claiming of reductions takes place, ensure transparency
 - **third party technical review**, to ensure agreed Article 6 criteria are met before ITMOs are issued
 - **Centralized systems** to check transfers – registries, ITL, accounting database, unit identifiers and vintages
 - **Limits** on issuance / transfer / use will require consideration
 - **Ongoing reporting** on ITMO transfer/acquisition captured in registries; **corresponding adjustments immediately upon transfer**

Issues for consideration



- To protect environmental integrity, **may need to consider**
 - Quantitative restrictions on transfers, e.g., to address **supplementarity or overselling?**
 - Restrictions on **types of transfers?**
 - Quantitative restrictions on carryover?
 - Restrictions **on use of vintages** of reductions?
 - Restrictions **in sectors** with a high degree of uncertainty in emission estimates?
 - ...?
- Centralized systems could ensure any restrictions that are agreed are properly applied (international transaction log checks).

2. Which accounting approaches are the most suitable and why?



- ITMOs are “outcomes” – retrospective
- **Reflect emission reductions achieved, rather than allowances to emit**
- national accounts – separate from inventories, separate from NDCs – to reflect verified emission levels, with additions and subtractions made, reflecting corresponding adjustments, in tonnes of CO₂-eq
- **Why?** Learning from the Kyoto Protocol, and addressing the need to avoid creation and transfer of surplus and “hot air”, which have the effect of undermining environmental integrity of Parties’ targets.

3. How is mitigation outside the scope of the NDC covered by the guidance?



- Article 6.2 addresses “cooperative approaches that involve the use of internationally transferred mitigation outcomes toward NDCs”; **all approaches involving “use”, including 6.4 transfers for use**, are to be addressed by Article 6.2 guidance
- Given Article 4’s provisions re progression, movement toward economy-wide targets for all Parties, importance of domestic measures, **important not to create perverse incentives**
 - for Parties to maintain sectors outside the scope of their NDCs, where they can be used to generate offsets that do not require corresponding adjustments,
 - that deter Parties from moving to economy-wide emission reduction or limitation targets,
 - that deter Parties from putting mitigation measures in place in certain sectors, to protect these sectors for external investment