


 Environment and
Climate Change Canada
 
 Environnement et
Changement climatique Canada
 






Canada's Presentation on Article 6 paragraph 2

SBSTA 47 Roundtable
November 5, 2017

How can we ensure guidance in relation to environmental integrity is sufficient?

- Ensure clear and robust guidelines on:
 - **Accounting**, including the **avoidance of double counting**
 - **Enhanced transparency** (up-to-date, publicly accessible information on ITMO use)
- Provisions will come from:
 - Guidance on accounting under 6.2, and/or
 - Guidance under 4.13 and/or modalities, procedures and guidelines under 13.13 (re 13.7b)
- Generation and use of ITMOs must reduce global emissions
 - Environmental integrity is key for **confidence** in carbon markets

Page 2 – November-2-17


 Environment and
Climate Change Canada
 
 Environnement et
Changement climatique Canada
 

Which accounting approaches are most suitable?

- **Corresponding adjustment** needed for credibility, transparency and confidence, akin to double-entry bookkeeping
- **Flexible** and **credible** accounting approaches required to promote early action
- **Calculating total net emissions** to account for NDCs (4.13):

± General inventory emissions	<i>Article 13.7(a)</i>
± land sector emissions and removals, as applicable	<i>Article 4.13 and 4.14</i>
± Corresponding adjustments for ITMOs	Article 6
<hr style="border-top: 1px dashed black;"/>	
Net emissions level for NDC accounting	<i>Articles 4.13 and 13.7(b)</i>
- Consider **incentives** created by approaches chosen, and especially to avoid creating perverse ones
 - e.g., NDCs reflecting highest possible ambition; moving over time toward economy-wide targets; priorities projects with long-term emission reductions

Page 3 – November-2-17

Environment and
Climate Change CanadaEnvironnement et
Changement climatique Canada

Canada

How is mitigation outside the scope of NDCs covered by the guidance?

- Four options could be explored to address this issue*
 - Option 1: No corresponding adjustment needed
 - Option 2: Sectors not covered by NDC cannot generate ITMOs
 - Option 3: Host Party must apply adjustment to a quantified component of its NDC
 - Option 4: Sectors not covered can generate 'locked' ITMOs, which can be 'unlocked' for use once the relevant sector is covered and a corresponding adjustment is applied
- Promote **early action** and **cooperation**, while ensuring no double counting through a **corresponding adjustment**

* See Yuji Mizuno, IGES, ["Proposal for Guidance on Robust Accounting - slide 8"](#)

Page 4 – November-2-17

Environment and
Climate Change CanadaEnvironnement et
Changement climatique Canada

Canada

Other Key Considerations

- Like the Paris Agreement, Article 6, paragraph 2 is **Party-driven**
- To properly encourage **bottom-up participation**, including at subnational levels, we need to be aware of perspectives of public and private entities, and involve them, as appropriate
- Guidance needs to provide **flexibility** and create **confidence** to promote participation in cooperative approaches

Page 5 – November-2-17



Environment and
Climate Change Canada

Environnement et
Changement climatique Canada

Canada