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Item 4 (b) of the provisional agenda

**METHODOLOGICAL ISSUES**

**GUIDELINES UNDER ARTICLES 5, 7 AND 8 OF THE KYOTO PROTOCOL**

**Views on the pending parts relating to reporting and review of information on  
assigned amounts and national registries**

**Submissions from Parties**

1. The Subsidiary Body for Scientific and Technological Advice (SBSTA), at its sixteenth session, agreed to consider further document FCCC/SBSTA/2002/INF.3 on the pending parts of the guidelines under Articles 7 and 8 of the Kyoto Protocol relating to reporting and review of information on assigned amounts and national registries, with a view to recommending a decision on this matter for adoption by the COP at its eighth session. It invited Parties to submit, by 1 August 2002, their views on the pending parts of these guidelines (FCCC/SBSTA/2002/6, para. 24 (c) and (e)).
2. The secretariat has received two submissions. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced\* in the language in which they were received and without formal editing.

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\* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

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PAPER NO. 1: DENMARK ON BEHALF OF THE EUROPEAN COMMUNITY AND ITS  
MEMBER STATES AND OF CROATIA, CZECH REPUBLIC, LITHUANIA, SLOVAKIA  
AND SLOVENIA

VIEWS ON THE PENDING PARTS OF THE GUIDELINES UNDER ARTICLES 7 AND 8 OF THE  
KYOTO PROTOCOL RELATING TO REPORTING AND REVIEW OF INFORMATION ON  
ASSIGNED AMOUNTS AND NATIONAL REGISTRIES

Denmark, on behalf of the European Community and its Member States and Croatia, Czech Republic, Lithuania, Slovakia and Slovenia welcomes the opportunity to provide views on the pending parts of the Guidelines under Articles 7 and 8 of the Kyoto Protocol relating to reporting and review of information on assigned amounts and national registries, as invited by the SBSTA at its sixteenth session (FCCC/SBSTA/2002/L.6).

Besides the document FCCC/SBSTA/2002/L.6, the following documents and decisions have formed the main basis for this submission of views:

- FCCC/CP/2001/13/Add.3: Decision 22/CP.7. Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol  
- especially the pending sections on information on assigned amounts (Part I, Section E) and information on national registries (Part II, Section E) contained in the appendix to the decision - as elaborated by the secretariat in document FCCC/SBSTA/2002/INF.3 and by Parties during the sixteenth session of the SBSTA.
- Decision 23/CP.7. Guidelines for review under Article 8 of the Kyoto Protocol - especially the pending sections on information on assigned amounts (Part III) and information on national registries (Part V) contained in appendix I to the decision - as elaborated by the secretariat in document FCCC/SBSTA/2002/INF.3 and by Parties during the sixteenth session of the SBSTA.
- FCCC/CP/2001/13/Add.2: Decision 19/CP.7. Modalities for accounting of assigned amounts under Articles 7, paragraph 4, of the Kyoto Protocol.
- FCCC/SBSTA/2002/INF.3: ANNEX I: Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol.  
Part I: REPORTING OF SUPPLEMENTARY INFORMATION UNDER ARTICLE 7,  
PARAGRAPH 1  
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ANNEX II: Guidelines for review under Article 8 of the Kyoto Protocol  
PART III: REVIEW OF INFORMATION ON ASSIGNED AMOUNTS PURSUANT TO ARTICLE 3, PARAGRAPHS 7 AND 8, EMISSION REDUCTION UNITS, CERTIFIED EMISSION REDUCTIONS, ASSIGNED AMOUNT UNITS AND REMOVAL UNITS  
PART V: REVIEW OF NATIONAL REGISTRIES

This submission is structured in two main sections:

- Comments
- Text to be incorporated to the guidelines for reporting review under article 7 and 8 of the Kyoto Protocol with specific rationales for changes.

In the second section the new text builds upon the text in document FCCC/SBSTA/2002/INF.3 and is shown by the use of “track changes” in compare to FCCC/SBSTA/2002/INF.3.

## COMMENTS

The EU and its Member States and Croatia, Czech Republic, Lithuania, Slovakia and Slovenia see the text on the pending parts of the Guidelines under Articles 7 and 8 of the Kyoto Protocol relating to reporting and review of information on assigned amounts and national registries in FCCC/SBSTA/2002/INF.3 as a good basis for further elaboration of what these pending parts should contain. The comments below addresses the elaborated text proposed in section two of this submission, including possible additions to draft decisions, and could be put under the following headlines:

1. Additional paragraph to the “Proposal of draft decision -/CP.8”
2. Changes related to discrepancies identified by the transaction log
3. Changes related to technical standards for registries
4. Changes related to the report upon expiration of the additional period for fulfilment of commitment period
5. Editorial changes and changes for consistency reasons
6. Additional paragraph to the “draft decision -/CMP.1 (Article 7)”

### 1. Additional paragraphs to the “Proposal of draft decision -/CP.8”

Document FCCC/SBSTA/2002/INF.3 contains in the first annex a “Proposal of draft decision -/CP.8”. Besides the possible modification mentioned in footnote 4 of that annex, this draft decision could also include the provision needed to start the development of the “standard electronic format” mentioned in paragraph 49 of the annex to decision -/CMP.1 (*Modalities for accounting of assigned amounts*).

The EU and Croatia, Czech Republic, Lithuania, Slovakia and Slovenia propose an additional paragraph 3 to cover that purpose:

“3. Request the secretariat, pending availability of resources, to develop by [mid 2004] a standard electronic format for reporting information on ERUs, CERs, AAUs and RMUs.”

An additional paragraph addressing the result of the discussions regarding definitions and modalities for including afforestation and reforestation project activities under the clean development mechanism

(CDM) in the first commitment period started in SBSTA at its sixteenth session, and agreed to be continued at its seventeenth session might also be needed.

## 2. Changes related to discrepancies identified by the transaction log

According to paragraph 43 of the annex to decision -/CMP.1 (*Modalities for accounting of assigned amounts*) discrepancies shall be notified by the transaction log via a record forwarded to the secretariat “for consideration as part of the review process for the relevant Party or Parties under Article 8”.

The EU and Croatia, Czech Republic, Lithuania, Slovakia and Slovenia have proposed changes in section two of this submission to ANNEX I, paragraphs 1bis and 4(d)(v) to ensure that the information on discrepancies and on the procedures used by the Parties with regard to any problems is provided in the Parties’ reports. The suggested changes to ANNEX II, paragraphs 4bis(b-d) and 11(d) deal with the annual review of discrepancies. The merits and scopes of procedures related to discrepancies notified by the transaction log are still being discussed including e.g. procedures for reviews triggered by those discrepancies. In this discussion linkages to the issue of the technical standards for registries are considered. Further specific proposals on this will be presented during the 17th session of SBSTA.

## 3. Changes related to technical standards for registries

With the development of technical standards for registries information about the National Registry’s performance in comparison to these standards will be needed in order to perform a review of the adherence to these standards. The changes suggested in ANNEX I, paragraph 4 and ANNEX II, paragraphs 7(c), 10 and 11bis take these needs into account.

## 4. Changes related to the report upon expiration of the additional period for fulfilment of commitment period

According to paragraph 49 of the annex to decision -/CMP.1 (*Modalities for accounting of assigned amounts*) information on units shall be submitted to the secretariat in a standard electronic format. In ANNEX II, new paragraphs 2(e), 3(d), 4qua(a-c) and 5qua are suggested to provide for a review of this information.

## 5. Editorial changes and changes for consistency reasons

Many of the changes suggested in section two are made in order to:

- have a consistent way of making references;
- ensure that relating text already adopted by the COP is taken into account.

## 6. Additional paragraph to the “draft decision -/CMP.1 (Article 7)”

The current decision text (FCCC/CP/2001/13/Add.3, p. 19) links the mandatory provision of information with the inventory submission due for the first year of the commitment period, which is in April 2010. Information on ERUs, CERs, AAUs and RMUs is more up-to-date and should be reported directly after the first year of the commitment period without additional time gap. The EU would like to follow the general approach taken in the Marrakesh agreements where starting dates are included in the decision text

and not in the guidelines. Therefore we propose the addition of starting date for reporting to the decision text.

An additional paragraph could cover that purpose:

“2bis. Decides that each Party included in Annex I, shall start reporting the information on emission reduction units, certified emission reductions, assigned amount units and removal units in accordance with section I.E of the annex to this decision with the inventory submission due under the Convention in the year 2009.”

**•TEXT TO BE INCORPORATED TO THE GUIDELINES FOR REPORTING AND REVIEW  
UNDER ARTICLE 7 AND 8 OF THE KYOTO PROTOCOL**

ANNEX I

**I. REPORTING OF SUPPLEMENTARY INFORMATION UNDER  
ARTICLE 7, PARAGRAPH 1**

**Information on emission reduction units, certified emission reductions,  
assigned amount units and removal units**

1. Each Party included in Annex I ~~with a commitment inscribed in Annex B to the Kyoto Protocol shall report~~<sup>provide</sup>, in a standard electronic format, the following information on emission reduction units (ERUs), certified emission reductions (CERs), assigned amount units (AAUs) and removal units (RMUs)<sup>9</sup> from its national registry, for the previous calendar year (defined according to Greenwich Mean Time) distinguishing between units valid for different commitment periods:

- (a) The total quantity of ERUs, CERs, AAUs and RMUs in each account specified in paragraph 21 (a) to (f) of the annex to decision -/CMP.1 (Modalities for accounting of assigned amounts) at the beginning of the year;
- (b) The total quantity of AAUs issued on the basis of the assigned amount pursuant to Article 3, paragraphs 7 and 8;
- (c) The total quantity of ERUs issued on the basis of Article 6 projects and the corresponding quantities of AAUs and RMUs that were converted to ERUs;
- (d) The total quantity of ERUs, CERs, AAUs and RMUs acquired from each transferring registry ~~other registries~~ and the identity of the respective transferring accounts and registries;
- (e) The total quantity of RMUs issued on the basis of each activity under Article 3, paragraphs 3 and 4;
- (f) The total quantity of ERUs, CERs, AAUs and RMUs transferred to each acquiring registry ~~other registries~~ and the identity of the respective acquiring accounts and registries;
- (g) The total quantity of ERUs, CERs, AAUs and RMUs cancelled on the basis of activities under Article 3, paragraphs 3 and 4;
- (h) The total quantity of ERUs, CERs, AAUs and RMUs cancelled following determination by the Compliance Committee that the Party is not in compliance with its commitment under Article 3, paragraph 1;
- (i) The total quantity of other ERUs, CERs, AAUs and RMUs cancelled;
- (j) The total quantity of ERUs, CERs, AAUs and RMUs retired;
- (k) The total quantity of ERUs, CERs and AAUs carried over from the previous commitment period;

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<sup>9</sup> As defined in paragraphs 1–4 of the annex to decision -/CMP.1 (*Modalities for the accounting of assigned amounts under Article 7, paragraph 4*), ~~as attached to decision 19/CP.7.~~

(l) The total quantity of ERUs, CERs, AAUs and RMUs in each account specified in paragraph 21 (a) to (f) of the annex to decision -/CMP.1 (Modalities for accounting of assigned amounts) at the end of the year.

(m) The total quantity and serial numbers of ERUs issued on the basis of Article 6 projects, verified under the supervision of the Article 6 supervisory committee, and the corresponding quantities of AAUs and RMUs that were converted to ERUs

***Rationales***

Paragraph 1(a), (f) and (l): The EU would like to keep the obligation of reporting information contained in each account of the national registry under Article 7.4. This ensures the consistency of information with the provisions of paragraph 47 of the annex to decision -/CMP.1 (Modalities for accounting of assigned amounts under Article 7.4). This paragraph requests that the registry user interfaces shows up-to-date account specific information and account-specific information at the beginning of the year.

Transparency and consistency of reporting under Article 7.1 is considerably enhanced if the same structure is followed. As paragraph 47 was already agreed for registry user interface, this provision does not present an additional burden for Annex I Parties that ratified the Protocol as it only means that the public available registry information at the end of the calendar year has to be copied, stored and included in the annual report under Article 7.1. The EU would like to add a reference to the COP 7 decisions that clarifies the provision and the link to the appropriate provisions of the Article 7.4 text.

Paragraph 1(c): According to paragraph 29 of the annex to decision -/CMP.1 (Modalities for accounting of assigned amounts under Article 7.4), ERUs are issued into the registry by converting AAUs or RMUs previously issued by that Party. The corresponding reporting of the issued ERUs and the converted units improves the consistency and the transparency of the reporting and facilitates the review of this information.

Paragraph 1(m): The EU would like to enhance transparent reporting with regard to the two tracks under Article 6.

1.bis Each Party included in Annex I shall report on any discrepancies identified by the transaction log pursuant to paragraph 43 of the annex to decision -/CMP.1 (Modalities for accounting of assigned amounts), specifying whether the relevant transactions were completed or terminated and, in the case where transactions were not terminated, the transaction number and quantity of the AAUs, ERUs, RMUs and CERs concerned and any action taken to correct the problem and resolve any questions of implementation pertaining to the transaction. Upon resolution of questions of implementation relating to discrepancies the Party shall report the date of actions taken to correct the problem according to paragraph 43 (b) in the annex to decision -/CMP.1 (Modalities for accounting of assigned amounts).

***Rationale***

Paragraph 43 of the annex to decision -/CMP.1 (Modalities for accounting of assigned amounts under Article 7, paragraph 4) establishes a link between the review process under Article 8 and the checking procedures of the transaction log with regard to the records of discrepancies. The reporting of such discrepancies by the Parties enhances transparency and provides additional useful information for the review process. Therefore the same link should be included in this part of the reporting guidelines.

Paragraph 43(b) sets time limits for the performance of corrective actions.

Therefore it would be useful that the Party also reports the dates when these actions were performed.

2. Each Party included in Annex I shall report ~~the~~ a calculation of its commitment period reserve at the end of the year calculated in accordance with the annex to decision -/CMP.1 (*Article 17*).

3. The information referred to in paragraph 1 above shall be consistent with the information which is publicly accessible through the national registry of the Party in accordance with paragraphs 44, ~~and~~ 47 and 48 of the annex to decision -/CMP.1 modalities for the accounting of assigned amounts under Article



~~7, paragraph 4 (decision 19/CP.1 (Modalities for the accounting of assigned amounts under Article 7, paragraph 4)).~~

## **II. REPORTING OF SUPPLEMENTARY INFORMATION UNDER ARTICLE 7, PARAGRAPH 2**

### **National registries**

4. Each Party included in Annex I with a commitment inscribed in Annex B to the Kyoto Protocol shall provide a description of how its national registry performs the functions defined under Article 7, paragraph 4, and complies with the requirements of the technical standards for registries as adopted by COP/MOP<sup>10</sup>. The description shall include the following information:

- (a) The name and contact information of the registry administrator designated by the Party to maintain the national registry;
- (b) The names of Any other Parties with which the Party cooperates by maintaining their respective national registries in a consolidated system;
- (c) A description of the database structure used in the national registry;
- (d) A description of how the national registry conforms to the technical standards for the purpose of ensuring the accurate, transparent and efficient exchange of data between national registries, the clean development mechanism registry and the transaction log (decision 19/CP.7, paragraph 1), including:<sup>10</sup>
  - (i) A description of the formats used in the national registry for account numbers, serial numbers for ERUs, CERs, AAUs and RMUs, including project identifiers and transaction numbers;
  - (ii) A list, and the electronic format, of the information transmitted electronically when transferring ERUs, CERs, AAUs and/or RMUs to other registries;
  - (iii) A list, and the electronic format, of the information transmitted electronically when acquiring ERUs, CERs, AAUs and/or RMUs from other national registries or the CDM registry;
  - (iv) A list, and the electronic format, of the information transmitted electronically from the national registry to the independent transaction log when issuing, transferring, acquiring, cancelling and retiring ERUs, CERs, AAUs and/or RMUs, to terminate the relevant transactions;
  - (v) An explanation of the procedures employed in the national registry to prevent discrepancies in the issuance, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs and/or RMUs, to terminate the relevant transactions the event of that it is notified of a discrepancy, and to correct problems in the event of a failure to terminate a transaction subject to notification of a discrepancy;
  - (vi) An overview of security measures employed in the national registry to deter unauthorized manipulations and to minimize operator error and how these measures are kept up to date;

<sup>10</sup> As a consequence of the ongoing consideration of the technical standards by the SBSTA, additional information to that referred to in ~~subparagraphs (i)–(vi) paragraph 4~~ may need to be reported. This information, if any, may be incorporated in the corresponding decision by the COP when consideration of the technical standards has been completed.

(e) A list of the information publicly accessible by means of the user interface to the national registry;

(f) The Internet address of ~~An explanation of how to access information by means of the user-interface to its~~ the national registry.

(g) A thorough description of measures taken by the Party to safeguard and maintain data in order to ensure permanent data storage and to enable reconstruction of the registry in the event of failure.

#### ***Rationales***

Additional requirements for technical standards will be developed. The chapeau text should clarify that those requirements have to be respected in the establishment of the registry. In particular Technical Standards may require the compilation of additional information and reports relevant to the review process.

(d,v): the annex to decision -/CMP.1 (*Modalities for accounting of assigned amounts*) addresses correction and resolution of problems which are also relevant for the procedures addressed in this subparagraph.

(d, vi): Security standards are evolving over time, which should be addressed by the establishment of national registries.

(f): enhanced precision

(g): permanent data storage in case of accidents should be addressed by the reporting, as this is part of a reliable registry system.

## **ANNEX II**

### **PART III: REVIEW OF INFORMATION ON ASSIGNED AMOUNTS PURSUANT TO ARTICLE 3, PARAGRAPHS 7 AND 8, EMISSION REDUCTION UNITS, CERTIFIED EMISSION REDUCTIONS, ASSIGNED AMOUNT UNITS AND REMOVAL UNITS**

#### **A. Purpose**

1. The purpose of this review is:

(a) to ensure that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) and the Compliance Committee have reliable~~adequate~~ information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, ERUs, CERs, AAUs and RMUs of each Party included in Annex I;

(b) to provide thorough and comprehensive assessment of the capacity to account for its assigned amount;

(c) to assess the extent to which the modalities for accounting for the assigned amount have been adhered to.

#### ***Rationale***

This amendment focuses the review on the identification of potential questions of implementation, as well as the compilation of reliable information. This is broadly consistent with the review of national systems. Though, the capacity to account for the assigned amount is also dealt with in review of changes to registries, consistent failure to respect the modalities may also bring this into question.

#### **B. General procedures**

2. The review of information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, ERUs, CERs, AAUs and RMUs, shall consist of the following procedures~~take place in two parts:~~

(a) A thorough review of the calculation of assigned amounts pursuant to Article 3, paragraphs 7 and 8 as reported in accordance with paragraph 6 of the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts), as part of the initial review of each Party included in Annex I performed in accordance with the procedures contained in part I of these guidelines ~~prior to the commitment period and its in-country visit;~~

(b) An annual desk or centralized review of the information ~~reported in accordance with section I.E, “Information on emission reduction units, certified emission reductions, assigned amount units and removal units”, and information on discrepancies reported in accordance with section I.E of the annex to decision -/CMP.1~~ guidelines for the preparation of information under (Article 7 (decision 22/CP.7) of each Party included in Annex I, conducted in conjunction with the annual inventory review;

(c) A desk or centralized review of the information of each Party included in Annex I to be reported upon expiration of the additional period for fulfilment of commitments in accordance with paragraph 49 of the annex to decision -/CMP.1 (Modalities of accounting for assigned amounts).

#### ***Rationales***

Paragraph 2(a): Some procedures will take place for each Annex I Party, other only in case of problems. To clarify this, “of each Annex I Party” has been added in the appropriate procedures.

Paragraph 2(c): The report upon expiration of the additional period for fulfilling commitments is a report provided by Parties to the secretariat which should be included in the review as for other Parties’ reports under Art. 7. The final compilation and accounting report upon completion of the additional period for fulfilment of commitments is not a report by Parties, but a compilation of information by the secretariat. Article 8 of the Kyoto Protocol does not include a review process for compilations performed by the secretariat therefore the EU proposes to include only the Party’s report under this procedure.

### **C. Scope of the review**

3. ~~The review of information on assigned amounts shall cover the calculation by~~ for each Party included in Annex I;

(a) During the initial review, the calculation of its assigned amount pursuant to Article 3, paragraphs 7 and 8 as reported in accordance with paragraph 6 of the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts);

(b) During the annual review, and the information reported in accordance with section I.E, “Information on emission reduction units, certified emission reductions, assigned amount units and removal units and information on discrepancies,”, reported in accordance with section I.E of the annex to decision -/CMP.1 (guidelines for the preparation of information under Article 7 (decision 22/CP.7); and the correspondent information in the Party’s national registry. For this purpose, the secretariat shall copy and store the information defined in section E of the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts) accessible at the user interface of each national registry at the end of each calendar year;

(c) During the review upon expiration of the additional period for fulfilment of commitments, the information to be reported in accordance with paragraph 49 of the annex to decision -/CMP.1 (Modalities of accounting for assigned amounts).

#### ***Rationale:***

The scope should be defined for all review procedures addressed in the previous paragraph, therefore appropriate paragraphs were added.

1. Identification of problems<sup>11</sup>

***Rationale:***

The identification of problems is different for the different procedures established in paragraph 2. Therefore new paragraphs were introduced for each procedure in the following paragraphs:

4. During the initial review ~~t~~The expert review team shall assess whether:

(a) ~~Check whether~~The information is complete and submitted in accordance with paragraphs 6, 7 and 8 of the annex to decision -/CMP.1 (*Modalities of accounting for assigned amounts*)~~section I of the guidelines for the preparation of information required under Article 7, and relevant decisions of the COP and the COP/MOP;~~

(b) ~~Check that~~The assigned amount pursuant to Article 3, paragraphs 7 and 8, is calculated in accordance with the annex to decision -/CMP.1 (*Modalities of accounting for assigned amounts*)~~modalities for the accounting of assigned amounts under Article 7, paragraph 4, and is consistent with reviewed and adjusted inventory estimates; and~~

(c) The calculation of the required level of the commitment period reserve is in accordance with paragraphs 6 to 10 of the annex to decision -/CMP.1 (*Article 17*).

4bis During the annual review the expert review team shall assess whether:

(a) The information is complete and submitted in accordance with section I.E of the annex to decision -/CMP.1 (*Article 7*) and relevant decisions of the COP and the COP/MOP;

(b) The information relating to issuance, cancellations, retirement and carry-over is consistent with information contained in the national registry of the Party concerned and with the records of the transactions log, and shall highlight any discrepancies where it is not consistent;

(c) The information related to transfers and acquisitions between national registries is consistent with the information contained in the national registry of the Party concerned and with the records of the transaction log, and information reported by the other Parties involved in the transactions, and shall highlight any discrepancies where it is not consistent;

(d) The information related to acquisitions of CERs from the CDM registry is consistent with the information contained in the national registry of the Party concerned and with the records of the transaction log, and the CDM registry, and shall highlight any discrepancies where it is not consistent;

(e) ERUs, CERs, AAUs and RMUs have been issued, acquired, transferred, cancelled, retired, or carried over to the subsequent or from the previous commitment period in accordance with the annex to decision -/CMP.1 (*Modalities of accounting for assigned amounts*);

***Rationale***

This is to ensure compliance with the modalities and requirements in respect of all transactions are considered.

(f) The quantities in each account at the beginning of the year reported in accordance with paragraph 1 (a) in section I.E of the annex to decision -/CMP.1 (*Article 7*) are consistent with the quantities in each account at the end of the previous year reported in accordance with paragraph 1 (l) in

<sup>11</sup> Additional elements outlining the problems to be identified as part of a review on information on discrepancies taking account of ongoing work on technical standards for registries are under elaboration and will be presented at SBSTA 17.

section I.E of the annex to decision -/CMP.1 (Article 7) or – in the case of the first reported year – with the assigned amount issued in its national registry;

(g) The required level of the commitment period reserve, as reported, is calculated in accordance with paragraphs 6 to 10 of the annex to decision -/CMP.1 (Article 17)~~decision 18/CP.7;~~

(h) The assigned amount is calculated to avoid double accounting in accordance with paragraph 9 of annex to decision -/CMP.1 (Land use, land-use change and forestry)

~~is consistent with information submitted in previous years and is issued into the national registry in conformity with the modalities for the accounting of assigned amounts under Article 7, paragraph 4;~~

~~(c) Check that are and the modalities for the accounting of assigned amounts under Article 7, paragraph 4, and are consistent with reviewed and adjusted inventory estimates;~~

~~(d) Cross check the information on transfers and acquisitions, including for the purposes of cancelling and retiring, as well as on carry overs to the subsequent commitment period, and highlight any discrepancies;~~

~~(e) Check that t;~~

~~(f) Check that the required level of the commitment period reserve has not been infringed upon at any time.~~

#### ***Rationales***

Paragraph 4bis (b), (c), (d): the reported information could be checked with two sources, with the transaction log information and with the information in the registry itself. The review should ensure that all three sources are consistent, therefore the link to the registry was added.

Paragraph 4(e) has been modified to ensure that acquisition and transfer of units is also assessed for compliance with the accounting modalities.

4ter During the review upon the expiration of the additional period for fulfilment of commitments, the expert review team shall assess whether:

(a) The information is reported in accordance with paragraph 49 of the annex to decision -/CMP.1 (Modalities of accounting for assigned amount);

(b) The information is consistent with the information contained in the compilation and accounting database maintained by the secretariat and with the information contained in the Party's registry;

(c) Aggregate anthropogenic carbon dioxide equivalent emissions for the commitment period exceed the total quantity of ERUs, CERs, AAUs, and RMUs in the retirement account of the Party for the commitment period.

### **D. Timing**

#### ***Rationale***

As different procedures were separated in paragraph 2, this also implies that the section on timing has to address different timing provisions for each review procedure which are provided in the following paragraphs.

5. During the review, the expert review team shall identify problems and notify the Party of them. The Party included in Annex I may correct the problems or provide additional information within the time frame set out in the guidelines (paragraphs 72 to 78), contained in the annex to decision -/CMP.1 (Article 8).

The review of the calculation of assigned amounts pursuant to Article 3, paragraphs 7 and 8, shall be concluded within one year of the due date of submission of the report to facilitate the calculation of the assigned amount pursuant to Article 3, paragraphs 7 and 8 and the annex to decision -/CMP.1 (Modalities of accounting for assigned amount) and shall follow the time frames<sup>11</sup> and procedures established in paragraph [5bis] below.

5bis. The annual review of the information on emission reduction units, certified emission reductions, assigned amount units and removal units reported in accordance with section I.E of the annex to decision -/CMP.1 (Article 7) shall be concluded within one year of the due date of the submission of the information to be reported under Article 7, paragraph 1 and include the following steps:

(a) The expert review team shall list all problems identified, indicating which problems would need corrections to previous accounting of AAUs, ERUs, CERs or RMUs and send this list to the Party included in Annex I no later than twenty-five weeks from the submission due date of the annual inventory, if the information was submitted within six weeks after the submission due date;

(b) The Party included in Annex I shall comment on these questions within six weeks, and where requested by the review team, may provide revisions to the accounting of AAUs, ERUs, CERs or RMUs. The expert review team shall prepare a draft review report within eight weeks of the receipt of the comments on the questions posed and shall send the draft report to the Party concerned;

(c) The Party included in Annex I shall be provided with four weeks to comment on the draft individual review report. The expert review team shall prepare a final review report within four weeks of the receipt of the comments on the draft report.

***Rationale:***

The EU believes that the annual inventory review and the annual review of accounting should be conducted in conjunction, therefore the same time frames should apply. However, the sections on timing for the annual inventory review include the calculation of adjustments, which is not relevant in the same way for the review of accounting. Therefore a new, self-standing section on timing was developed that is consistent with the timing of the annual inventory review, but that excludes the adjustment procedure.

5ter The review of the report upon expiration of the additional period for fulfilment of commitments shall be completed within 8 weeks of the due date of the submission of the information. The expert review team shall prepare a draft report within 4 weeks of the due date of submission of the information. The Party concerned may comment on the draft report within 2 weeks of its receipt. The expert review team shall prepare a final review report within 2 weeks of receipt of comments on the draft report by the Party.

***Rationale:***

The EU believes that the review of the report upon expiration of the additional period for fulfilment of commitments can be undertaken faster than an annual review of similar information, therefore a separate timing was established.

## **E. Reporting**

6. The final review reports referred to in paragraphs 5 to [5ter] above shall include an assessment of the specific problems identified in accordance with paragraphs 4 to [4ter] (identification of problems) above and shall follow the format and outline contained in paragraph 48 of part I of these guidelines.

(a) ~~Identification of problems according to the categories listed in paragraph 4 of this annex;~~

(b) ~~For each problem, a quantitative indication of the magnitude of the part of the assigned amount affected by the problem expressed as a percentage of the assigned amount pursuant to Article 3, paragraphs 7 and 8.~~

### ***Rationale:***

The general provisions in section F (especially paragraph 48) in guidelines under Article 8 apply to all final review reports. The section on reporting can be shortened by only referring to paragraph 48 of part I of the guidelines under Article 8 as those cover all relevant aspects for reporting.

## **PART V: REVIEW OF NATIONAL REGISTRIES**

### **A. Purpose**

7. The purpose of the review of national registries is:

(a) To provide a thorough and comprehensive technical assessment of the capacity of a national registry to ensure the accurate accounting of the issuance, holding, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs and RMUs and the carry-over of ERUs, CERs and AAUs;

(b) To assess the extent to which the registry requirements contained in the modalities for the accounting of assigned amounts under Article 7, paragraph 4, have been adhered to and to assist Parties included in Annex I in meeting their commitments;

(c) To assess the extent to which the national registry conforms to the technical standards for registries adopted by the COP/MOP.

~~(e)~~(d) To provide the COP/MOP and the Compliance Committee with reliable information on national registries.

### **B. General procedures**

8. The review of national registries shall take place in the following way~~two parts~~:

(a) A thorough review of the national registry including an in-country visit shall be conducted as part of the initial review prior to the commitment period and its in-country visit in accordance with paragraphs 11 to 14 in part I of these guidelines;

(b) A desk or centralized review of any ~~reported changes in~~ of the national registry reported in accordance with section I.G, "Changes in national registries" of the annex to decision -/CMP.1 (Article 7); ~~since the first thorough review, conducted in conjunction with the annual inventory review.~~

(c) A thorough review of the national registry shall also be conducted if the final review reports under paragraph 48 in Part I of these guidelines recommend a thorough review of the national registry or if findings related to reported changes in national registries considered by the expert review team lead to the recommendation of a thorough review in the final review report. The expert review team shall use the standard set of electronic tests as described in paragraph [9bis] below for this purpose. A

country-visit shall only be conducted if standardized electronic tests are not sufficient to identify the problems.

***Rationale***

In the EU's view, the review of the national registry includes one thorough review at the beginning, prior to the commitment period. Different triggers (considerable changes in registries, many discrepancies) should lead to a thorough review during the commitment period.

**C. Scope of the review**

1. ThoroughIn-country review

9. The expert review team shall conduct a thorough and comprehensive review of the national registry of each Party included in Annex I. The review of the national registry should cover the extent to which the registry requirements contained in the modalities for the accounting of assigned amounts under Article 7, paragraph 4, and the technical standards for the purpose of ensuring the accurate, transparent and efficient exchange of data between national registries, the clean development mechanism registry and the transaction log, have been adhered to.

9bis During the thorough review, the expert review team shall use a test version of the transaction log and a standard set of electronic tests and sample data to assess the capacity of the registry to perform its functions, including all types of transactions, referred to in the annex to decision -/CMP.1 (Modalities of accounting for assigned amounts) and to assess the adherence to the technical standards for registries adopted by the COP/MOP.

***Rationale:***

An electronic system such as the registry requires different review procedures than reports under Art. 7, especially electronic testing procedures. This is taken into account in the previous paragraph.

2. Review of changes in the national registry

10. The expert review team shall review the information submitted in the supplementary information under Article 7.1 and shall identify significant changes of the national registry that may affect the performance of the functions contained in the annex to decision -/CMP.1 (Modalities of accounting for assigned amount) and the adherence to the technical standards for registries in accordance with relevant COP/MOP decisions. Any significant changes in the national registry reported by Parties included in Annex I, or identified by the expert review team during the in-country visit, which may affect the performance of the registry should be reviewed annually in conjunction with the annual inventory review.

3. Identification of problems

11. The expert review team shall, assess *inter alia* whether:

(a) ~~Check whether~~ The information on national registries is complete and submitted in accordance with the annex to decision -/CMP.1 (Article 7) section I of the guidelines for the preparation of information required under Article 7, and with relevant decisions of the COP and the COP/MOP;

(b) ~~Check whether~~ The registry conforms to the technical standards for the purpose of ensuring accurate, transparent and efficient exchange of data between national registries, the clean development registry and the independent transaction log;

(c) ~~Check whether the issuance and cancellation of units is in accordance with the modalities for the accounting of assigned amounts under Article 7, paragraph 4;~~



~~(d)~~(c) ~~Check whether~~ The transaction procedures, including those relating to the transaction log, are in accordance with the modalities for the accounting of assigned amounts under Article 7, paragraph 4;

~~(e)~~(d) ~~Check~~ There are adequate procedures to prevent and resolve discrepancies in the issuance, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs and RMUs, to terminate the relevant transactions the event of that it is notified of a discrepancy, and to correct problems in the event of a failure to terminate a transaction subject to notification of a discrepancy;

~~(f)~~(e) ~~Check~~ There are adequate security measures to prevent and resolve ~~deter~~ unauthorized manipulations and minimize operator error, and procedures for updating them;

~~(g)~~(f) ~~Check that~~ Information is publicly available in accordance with paragraphs 44 to 48 of the annex to decision -/CMP.1 (*Modalities of accounting for assigned amount*) ~~the modalities for the accounting of assigned amounts under Article 7, paragraph 4; and~~

(g) There are adequate measures to safeguard and maintain permanent data storage in the national registry and to enable its reconstruction in the event of failure.

11.bis Based on the assessment carried out in accordance with paragraph 11 above, expert review teams shall identify any potential problems in, and factors influencing the fulfilment of commitments related to the performance of the functions of the national registry and the adherence to technical standards for national registries. In addition, the expert review team shall recommend how problems could be addressed.

***Rationale:***

Other parts of the guidelines under Article 8 (e.g. paragraph 94 of part IV) include similar summarizing provisions. The text was included to enhance consistency between the different parts of the guidelines under Article 8.

**D. Timing**

12. During the process of the in-country visit, the expert review team shall list all the problems identified and shall notify the Party included in Annex I of the problems identified no later than six weeks after the visit. The Party included in Annex I shall comment on these problems within six weeks of the notification. The expert review team shall prepare a draft of a review report on the national registry within six weeks of the receipt of the comments on the questions posed. Any corrections, additional information or comments on the draft report received from the Party included in Annex I within four weeks after the report has been sent to that Party shall be subject to review and shall be included in the final inventory review report. The expert review team shall prepare a final report on the review of the national registry within four weeks of the receipt of the comments on the draft report. The review of the national registry shall be concluded within one year of the date of submission of the information. Thorough reviews of national registries and reviews of changes in national registries shall follow the time frames and procedures for the annual review of the information to be submitted in accordance with section I.E of the annex to decision -/CMP.1 (Article 7) established in part III of these guidelines.

13. — The review of changes in the national registry shall follow the timetable for the review of annual inventories defined in part II of these guidelines. If either the annual inventory review or the review of changes in the national registry recommends an in-depth review of the national registry, the inventory review of national registries should be conducted, together with the subsequent in-country review of either the annual inventory or the periodic national communication, whichever is the earlier.

***Rationale***

The time frames for the annual review in part III should apply both in the case of thorough reviews of national registries – both in the case of the initial review and reviews initiated in accordance with paragraph 8(c) – and in the case of reviews of any changes reported on an annually basis. Paragraph 12 and 13 could be merged into one simple paragraph with this reference.

**E. Reporting**

13. The final review reports shall include an evaluation of the overall functioning of the national registry and an assessment of the specific problems identified in accordance with paragraphs 11 to [11bis] (identification of problems) above and shall follow the format and outline in accordance with paragraph 48 of part I of these guidelines. ~~14. The following specific elements shall be included in the reports referred to in paragraph 46 (a) and (b) of the annex to decision /CMP.1 (Article 8):~~

- ~~a) Identification of problems according to the categories listed in paragraph 011 above;~~
- ~~b) An evaluation of the overall functioning of the national registry.~~

***Rationale:***

The general provisions in section F (especially paragraph 48) in guidelines under Article 8 apply to all final review reports. The section on reporting can be shortened by only referring to paragraph 48 of part I of the guidelines under Article 8 as those cover all relevant aspects for reporting.

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PAPER NO. 2: NEW ZEALAND IN ASSOCIATION WITH AUSTRALIA, CANADA AND JAPAN

**PENDING PARTS OF THE GUIDELINES UNDER ARTICLES 7 AND 8**

At its sixteenth session, SBSTA agreed to consider further document FCCC/SBSTA/2002/INF.3 on the pending parts of the guidelines under Articles 7 and 8 of the Kyoto Protocol relating to reporting and review of information on assigned amounts and national registries, with a view to recommending a decision for adoption by the COP at its eighth session. SBSTA invited Parties to submit views on these pending parts of the guidelines under Articles 7 and 8 of the Kyoto Protocol.

New Zealand, Australia, Canada and Japan welcome the opportunity to provide our views on the pending parts of the guidelines with the intention of the COP adopting a decision on these matters at its eighth session. The focus of this submission is to provide views on revisions to the text of the Annexes contained in document FCCC/SBSTA/2002/INF.3. The proposed revisions are underlined. Deletions to the text have not been specifically identified to enhance the readability of the document. At this time we have not proposed revisions to the draft decision -/CP.8.

In making this submission, we have sought to reflect the decisions already taken on Article 7, paragraph 4, by the COP at its seventh session.

In our view, the reporting requirements under Article 7 should not lead to duplication of information that will be publicly available directly, or require information at the level of individual units or entity accounts, or require reporting of matters which are tested in the operation of the registry<sup>1</sup>. As such, the annual review process would mainly focus on the report provided by the Party summarising the transactions performed by its registry in the preceding year. Detailed examination of individual transactions, for example, may only be warranted where discrepancies are identified by the transaction log or where problems are identified by the expert review team during the review of assigned amount information. Much like the review of a national system under Article 5, paragraph 1, the initial review would aim to ensure that the registry was able to perform the range of functions required by Article 7, paragraph 4. Subsequent checks would only be required where there were significant changes or discrepancies in the operation of the registry.

In preparing this submission, we have identified some issues that require further consideration and discussion and we have therefore not proposed revisions to the attached text at this time.

The first issue is whether it is necessary to report on the proposed issuance or cancellation of RMUs, or simply to review the actual issuance and cancellation of RMUs in the review of assigned amount information. If it is actual issuance and cancellation of RMUs, then our view is that the transaction log will require annually updated information on the reviewed inventory estimate for net removals and emissions from each LULUCF activity<sup>2</sup> and whether the Party is accounting annually or at the end of the period for each activity. This information is recorded in the compilation and accounting database (see paragraph 55 of the annex to decision -/CMP.1 (*Modalities for the accounting of assigned amounts*)). In our view the transaction log would therefore need to access the compilation and accounting database in order to identify if there were any discrepancy in the issuance or cancellation of RMUs by the Party or, alternatively, the information could also be recorded and kept up to date in the transaction log itself.

The second issue is one of timing for when assigned amount information is reported and the timing for the process of reviewing assigned amount information. The attached text currently proposes including

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<sup>1</sup> For example, a report repeating the message formats in the technical standards for the exchange of data is unnecessary, as the registry would simply fail to communicate with other registries or the transaction log if it did not comply with the technical standards for the exchange of data.

<sup>2</sup> Under Article 3, paragraph 3, and that the Party has elected to account for under Article 3, paragraph 4.

the information in the annual inventory report and then reviewing it in accordance with the timeline for reviewing the greenhouse gas inventory estimates. In our view, following the timing for reporting and review of annual inventory estimates could lead to reviewed assigned amount information required prior to and at the end of the additional period for fulfilment of commitments not being available. If not addressed, then it is possible that the assessment of compliance with commitments under Article 3, paragraph 1, would not have reviewed information on assigned amount. Bearing in mind that assigned amount information is recorded electronically in the registry and would be reported in a standard electronic format, it would be possible to report and review the information in a much shorter timeframe than for inventory estimates. We intend to consider these issues further and look forward to discussing them with other Parties at SBSTA 17.

In our view, items of future work associated with the implementation of the guidelines for reporting information on assigned amounts include the development of a standard electronic format similar to, or an extension of, the existing common reporting format for inventory information. As noted above, the operation of the transaction log and its linkages to the compilation and accounting database may also need to be clarified.

An issue that is beyond the scope of this submission, is consideration of the need for a process to provide checks on the functioning of the CDM registry and the transaction log. The overall integrity of accounting for assigned amount depends on the effective functioning of national registries, the CDM registry and the transaction log. In addition, it may be desirable for the CDM registry to publish an annual report similar to that provided by Parties in relation to assigned amount information.

We look forward to discussing at SBSTA 17 how these issues might be progressed in future work.

**Annex**

**Proposal of draft decision -/CP.8<sup>3</sup>**

**Additional sections to be incorporated in the guidelines for the preparation of the information required under Article 7, and in the guidelines for the review of information under Article 8, of the Kyoto Protocol**

*The Conference of the Parties,*

*Recalling* its decisions 19/CP.7, 22/CP.7 and 23/CP.7,

*Noting* the relevant provisions of the Kyoto Protocol to the United Nations Framework Convention on Climate Change, in particular its Articles 7 and 8,

1. *Decides* to incorporate:

(a) In the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol, the section on “Information on emission reduction units, certified emission reductions, assigned amount units and removal units”, as contained in annex I to this decision;<sup>4</sup>

(b) In the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol, the section on “National registries”, as contained in annex I to this decision;<sup>5</sup>

(c) In the guidelines for review under Article 8 of the Kyoto Protocol, the section on “Review of information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, emission reduction units, certified emission reductions, assigned amount units and removal units”, as contained in annex II to this decision;<sup>6</sup>

(d) In the guidelines for review under Article 8 of the Kyoto Protocol, the section on “Review of national registries”, as contained in annex II to this decision.<sup>7</sup>

2. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt the annexes to this decision in conjunction with the draft decisions -/CMP.1 (Article 7) and -/CMP.1 (Article 8) in accordance with decisions 22/CP.7 and 23/CP.7.

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<sup>3</sup> This draft decision may have to be modified to include provisions for the incorporation of other outstanding parts of the guidelines, such as the review for the reinstatement of eligibility to use mechanisms.

<sup>4</sup> This section will be incorporated in section “E. Information on emission reduction units, certified emission reductions, assigned amount units and removal units” (Decision, 22/CP.7, annex to the draft CMP decision on guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol, FCCC/CP/2001/13/Add.3).

<sup>5</sup> This section will be incorporated in section “E. National Registries” (Decision, 22/CP.7, annex to the draft CMP decision on guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol, FCCC/CP/2001/13/Add.3).

<sup>6</sup> This section will be incorporated in “Part III Review of information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, emission reduction units, certified emission reductions, assigned amount units and removal units” (Decision 23/CP.7, annex to the draft CMP decision on guidelines for review under Article 8 of the Kyoto Protocol, FCCC/CP/2001/13/Add.3).

<sup>7</sup> This section will be incorporated in “Part V: Review of National registries” (Decision 23/CP.7, Annex to the draft CMP decision on guidelines for review under Article 8 of the Kyoto Protocol, FCCC/CP/2001/13/Add.3).

ANNEX I

**I. REPORTING OF SUPPLEMENTARY INFORMATION UNDER  
ARTICLE 7, PARAGRAPH 1**

**Information on emission reduction units, certified emission reductions,  
assigned amount units and removal units**

1. Each Party included in Annex I shall include<sup>8</sup> in its annual greenhouse gas inventory<sup>9</sup>, after the submission of the report referred to in paragraph 6 of the annex to decision -/CMP.1 (*Modalities for the accounting of assigned amounts*), the following information in a standard electronic format on emission reduction units (ERUs), certified emission reductions (CERs), assigned amount units (AAUs) and removal units (RMUs)<sup>10</sup> from its national registry, for the previous calendar year (defined according to Greenwich Mean Time) distinguishing between units valid for different commitment periods:

(a) The quantities of ERUs, CERs, AAUs and RMUs in each account type specified in paragraph 21 (a) and (c) to (f) of the annex to decision -/CMP.1 (*Modalities for the accounting of assigned amounts*) and the total quantities of ERUs, CERs, AAUs and RMUs in all accounts of the type referred to in paragraph 21 (b) of the annex to decision -/CMP.1 (*Modalities for the accounting of assigned amounts*) at the beginning of the year;

(b) The quantities of AAUs issued on the basis of the assigned amount pursuant to Article 3, paragraphs 7 and 8;

(c) The quantities of ERUs issued on the basis of Article 6 projects and the corresponding quantities of AAUs and RMUs that were converted to ERUs;

(c)bis The quantities of ERUs transferred in accordance with paragraph 10 of the annex to decision 18/CP.7;

(d) The quantities of ERUs, CERs, AAUs and RMUs acquired from each transferring registry, where the total quantity of CERs acquired resulting from afforestation and reforestation activities under Article 12 shall be separately identified from acquisitions of other CERs;

(e) The quantities of RMUs issued on the basis of each activity under Article 3, paragraphs 3 and 4;

(f) The quantities of ERUs, CERs, AAUs and RMUs transferred to each acquiring registry, where the total quantity of CERs transferred resulting from afforestation and reforestation activities under Article 12 shall be separately identified from transfers of other CERs;

(g) The quantities of ERUs, CERs, AAUs and RMUs cancelled under paragraph 12(d) of the annex to decision -/CMP.1 (*Modalities for the accounting of assigned amounts*) on the basis of activities under Article 3, paragraphs 3 and 4;

(h) The quantities of ERUs, CERs, AAUs and RMUs cancelled under paragraph 12(e) of the annex to decision -/CMP.1 (*Modalities for the accounting of assigned amounts*) following determination

<sup>8</sup> See comments in covering note regarding further consideration of timing.

<sup>9</sup> As defined in paragraph 2 of decision -/CMP.1 that these guidelines form part of, the reporting of the annual greenhouse gas inventory is voluntary until the first year of the commitment period after the Protocol has entered into force for that Party.

<sup>10</sup> As defined in paragraphs 1–4 of the annex to decision -/CMP.1 (*Modalities for the accounting of assigned amounts*), as attached to decision 19/CP.7.

by the Compliance Committee that the Party is not in compliance with its commitment under Article 3, paragraph 1;

(i) The quantities of other ERUs, CERs, AAUs and RMUs cancelled under paragraph 12(f) of the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts);

(j) The quantities of ERUs, CERs, AAUs and RMUs retired;

(k) The quantities of ERUs, CERs and AAUs carried over from the previous commitment period;

(l) The quantities of ERUs, CERs, AAUs and RMUs in each account type specified in paragraph 21 (a) and (c) to (f) of the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts) and the total quantities of ERUs, CERs, AAUs and RMUs in all accounts of the type referred to in paragraph 21 (b) of the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts) at the end of the year.

1.bis(1) Each Party included in Annex I shall report on any discrepancies identified by the transaction log pursuant to paragraph 43 of the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts), specifying whether the relevant transactions were completed or terminated and, in the case where transactions were not terminated, the transaction number(s) and quantity of the AAUs, ERUs, RMUs and CERs concerned. The Party may also provide its reason(s) for not terminating the transaction.

1.bis(2) Each Party shall report on any actions taken to correct any problem that caused a discrepancy to occur, or any changes to the national registry to prevent a discrepancy from re-occurring, or to resolve any previously identified questions of implementation.

1.ter Each Party included in Annex I shall report on any other corrective actions it has taken relating to the information recorded in its registry, including the transaction number and quantity of AAUs, ERUs, RMUs and CERs involved in each instance, or any changes to its national registry.

2. Each Party included in Annex I shall report the calculation and, where relevant, any recalculation of its commitment period reserve in accordance with the annex to decision -/CMP.1 (Article 17).

3. Where a Party has elected not to report an annual greenhouse gas inventory until the first year of the commitment period after the Protocol has entered into force for that Party, then the Party shall include<sup>11</sup> in its annual greenhouse gas inventory for the first year of the commitment period for that Party, information on assigned amount relating to all previous years after the submission of the report referred to in paragraph 6 of the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts).- The information shall be presented for each year in accordance with paragraphs 1 to 4 of these guidelines.

## **II. REPORTING OF SUPPLEMENTARY INFORMATION UNDER ARTICLE 7, PARAGRAPH 2**

### **National registries**

4. Each Party included in Annex I with a commitment inscribed in Annex B to the Kyoto Protocol shall provide a description of how its national registry performs the functions defined. The description shall include the following information:

(a) The name and contact information of the registry administrator designated by the Party to maintain the national registry;

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<sup>11</sup> See comments in covering note regarding further consideration of timing

(b) Any other Party with which the Party cooperates by maintaining their respective national registries in a consolidated system;

(c) A description of the database structure and capacity of the national registry;

(d) A description of how the national registry conforms to the technical standards for the purpose of ensuring the accurate, transparent and efficient exchange of data between national registries, the clean development mechanism registry and the transaction log (decision 19/CP.7, paragraph 1<sup>12</sup>);

(e) An explanation of the procedures employed in the national registry to prevent and resolve discrepancies in the issuance, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs and/or RMUs;

(f) An overview of security measures employed in the national registry to deter unauthorized manipulations and to minimize operator error and how these measures are kept up to date;

(g) A list of the information publicly accessible by means of the user interface to the national registry;

(h) The internet address of the interface to its national registry.

(i) An overview of the recovery plan employed by the Party to safeguard data and reconstruct the registry in the event of a disaster.

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<sup>12</sup> Note that there may be a CMP.1 decision on technical standards recommended by COP8.



## ANNEX II

### **PART III: REVIEW OF INFORMATION ON ASSIGNED AMOUNTS PURSUANT TO ARTICLE 3, PARAGRAPHS 7 AND 8, EMISSION REDUCTION UNITS, CERTIFIED EMISSION REDUCTIONS, ASSIGNED AMOUNT UNITS AND REMOVAL UNITS**

#### **A. Purpose**

1. The purpose of this review is to ensure that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) and the Compliance Committee have reliable information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, ERUs, CERs, AAUs and RMUs of each Party included in Annex I.

#### **B. General procedures**

2. The review of information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, ERUs, CERs, AAUs and RMUs, shall take place in three parts:

(a) A thorough review of the calculation of assigned amounts pursuant to Article 3, paragraphs 7 and 8, as reported in accordance with paragraph 6 of the Annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts) as part of the initial review;

(b) An annual review of the information on emission reduction units, certified emission reductions, assigned amount units and removal units reported in accordance with section I.E, of the annex to the decision -/CMP.1 (Article 7);

(c) A review of the report upon expiration of the additional period for fulfilment of commitments in accordance with paragraph 49 of the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts).

#### **C. Scope of the review**

3. For each Party:

(a) the initial review shall cover the calculation of its assigned amount pursuant to Article 3, paragraphs 7 and 8 as reported in accordance with paragraph 6 of the Annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts);

(b) the annual review shall cover the:

- (i) information on emission reduction units, certified emission reductions, assigned amount units and removal units reported in accordance with section I.E, of the annex to the decision -/CMP.1 (Article 7);
- (ii) transaction log records, including records of any discrepancies forwarded to the Secretariat by the transaction log pursuant to paragraph 43 of the Annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts);

(c) upon expiration of the additional period for fulfilment of commitments, the review shall cover the report upon expiration of the commitment period in accordance with paragraph 49 of the Annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts) and include oversight of the preparation of the final compilation and accounting report for that Party published by the secretariat.

1. Identification of problems

4. In the initial review the expert review team shall check whether:

(a) The information is complete and submitted in accordance with the relevant provisions of paragraphs 6, 7 and 8 of the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts) section I of the guidelines for the preparation of information required under Article 7, and relevant decisions of the COP and the COP/MOP;

(b) The assigned amount pursuant to Article 3, paragraphs 7 and 8, is calculated in accordance with the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts), is consistent with reviewed and adjusted inventory estimates, and is consistent with the agreement under Article 4, where the Party has reached an agreement to fulfil its commitments under Article 3 jointly with other Parties; and

(c) The Party's calculation of the level for the commitment period reserve is in accordance with the annex to decision 18/CP.7.

4bis In the annual review the expert review team shall check whether:

(e)(a) the information is complete and submitted in accordance with section I.E, "Information on emission reduction units, certified emission reductions, assigned amount units and removal units" of the guidelines for the preparation of information required under Article 7, paragraph 1, and relevant decisions of the COP and the COP/MOP;

(d)(b) The Party's information relating to issuance, cancellations, retirement, transfers, acquisitions and carryover is consistent with information contained in the records of the transaction log, and shall highlight where it is not;

(e)(c) ERUs, CERs, AAUs and RMUs have been issued, cancelled, retired, or carried over to the subsequent or from the previous commitment period in accordance with the Annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts);

(d) The information reported under paragraph 1(a) above on the amount of units in accounts at the beginning of the year is consistent with previously submitted information, including any corrections made to such information, on the Parties account balances at the end of the previous year;

(e) The required level of the commitment period reserve, as reported, is calculated in accordance with paragraph 6 of the annex to decision -/CMP.1 (Article 17);

(f) The quantity of RMUs that the Party proposes to issue in relation to net removals or the quantity of ERUs, CERs, AAUs and RMUs that the Party proposes to cancel in relation to net emissions, as reported in accordance with paragraphs 3 and 4 of the guidelines on reporting of supplementary information under Article 7, paragraph 1, are calculated in accordance with the decision -/CMP.1 (LULUCF)<sup>13</sup> and the guidelines under Article 7, paragraphs 1 and 4;

(g) any discrepancy has been identified by the transaction log and if so:

(i) verify that the discrepancy has occurred and been correctly identified by the transaction log;

(ii) whether the same type of discrepancy has occurred previously for that Party;

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<sup>13</sup> Including avoiding double accounting in relation to cropland management, grazingland management and revegetation under Article 3, paragraph 4, as referred to paragraph 9 of the annex to decision -/CMP.1 (LULUCF).

- (iii) whether the transaction was completed or terminated; and
- (iv) examine the cause of the discrepancy and whether the Party or Parties have corrected the problem that caused the discrepancy.

5. Upon the expiration of the additional period for fulfilment of commitments, the expert review team shall review the information submitted by the Party under Article 7, paragraph 1, to assess whether:

(a) The information provided by the Party within that report is in accordance with paragraph 49 of the Annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts);

(b) There are any problems or inconsistencies in the information provided by the Party in accordance with 4bis (a) to (e) and (g) above;

6. Following the completion of the steps set out in paragraph 5 above and, if possible, resolution of any problems related to the reported information, and taking account the information contained in the compilation and accounting database maintained by the secretariat, the expert review team shall assess whether aggregate anthropogenic carbon dioxide equivalent emissions for the commitment period exceed the total quantity of ERUs, CERs, AAUs, and RMUs in the retirement account of the Party for the commitment period.

#### **D. Timing**

7. The following time frames shall apply for the three procedures for review under this section of these guidelines:

(a) The review of the calculation of assigned amounts pursuant to Article 3, paragraphs 7 and 8, as part of the initial review, shall be concluded within one year of the date of submission of the information and shall follow the time frames and steps for the review of annual inventories defined in paragraphs 72 to 78 of Part II of these guidelines;

(b) The annual review of the information on emission reduction units, certified emission reductions, assigned amount units and removal units reported in accordance with section I.E, of the annex to the decision -/CMP.1 (Article 7) shall be concluded [see comments in covering note regarding further consideration of timing];

(c) The review of the report upon expiration of the additional period for fulfilment of commitments in accordance with paragraph 49 of the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts) shall be completed within 6 weeks of the date of the submission of the information and the final compilation and accounting report for that Party shall be published within 7 weeks of the date of submission by the Party. The expert review team shall prepare a draft report, within 2 weeks of the date of submission of the information, on whether the information in the report is provided in accordance with paragraph 49 of the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts). The Party concerned may comment on the draft report within 2 weeks of receipt of the draft report. The expert review team shall draft the final report within 1 week of receipt of comments by the Party.

#### **E. REPORTING**

11-8. The following specific elements shall be included in the reports referred to in paragraph 46 (a) and (b) of the annex to decision -/CMP.1 (Article 8):

(a) For the review of the calculation of assigned amounts pursuant to Article 3, paragraphs 7 and 8, as part of the initial review, any problems identified in accordance with paragraph 4 above.

(b) For the annual review of the information on emission reduction units, certified emission reductions, assigned amount units and removal units reported in accordance with section I.E, of the annex to the decision -/CMP.1 (Article 7), any problems identified in accordance with paragraph 4bis to 4ter above.

(c) For the review of the report upon expiration of the additional period for fulfilment of commitments in accordance with paragraph 49 of annex to the decision -/CMP.1 (Modalities for the accounting of assigned amounts), any problems identified in accordance with paragraph 5 above.

## **PART V: REVIEW OF NATIONAL REGISTRIES**

### **A. Purpose**

7.9. The purpose of the review of national registries is:

(a) To provide a thorough and comprehensive technical assessment of the capacity of a national registry;

(b) To assess the extent to which the registry requirements contained in the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts), have been adhered to and to assist Parties included in Annex I in meeting their commitments;

(c) To provide the COP/MOP and the Compliance Committee with reliable information on national registries.

### **B. General procedures**

8-10. The review of national registries shall take place in two parts:

(a) A thorough review of the national registry, as part of the initial review and in conjunction with its periodic review;

(b) A review of any reported changes in the national registry in conjunction with the annual inventory review for that year.

### **C. Scope of the review**

#### 1. Initial and periodic review

9-11. The expert review team shall conduct a thorough and comprehensive review of the national registry of each Party included in Annex I. The review of the national registry should cover the extent to which the registry requirements contained in the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts) and the technical standards for the purpose of ensuring the accurate, transparent and efficient exchange of data between national registries, the clean development mechanism registry and the transaction log, have been adhered to.

#### 2. Identification of problems

12. The expert review team shall assess<sup>14</sup> the capacity of the registry to perform its functions, including all types of transactions, in accordance with decision -/CMP.1 (Modalities for the accounting of assigned amounts) and the technical standards for the exchange of data adopted by the COP/MOP.

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<sup>14</sup> A test version of the transaction log and a standard set of electronic tests and sample data could be developed to facilitate this assessment.

~~14.13.~~ The expert review team shall review the national registry, including the information provided on it, to determine whether:

(a) the information on the national registry is complete and submitted in accordance with section I of the annex to the decision -/CMP.1 (Article 7), and with relevant decisions of the COP and the COP/MOP;

(b) the registry conforms to the technical standards for the purpose of ensuring accurate, transparent and efficient exchange of data between national registries, the clean development registry and the independent transaction log;

~~(d)~~(c) the transaction procedures, including those relating to the transaction log, are in accordance with the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts);

~~(e)~~(d) there are adequate procedures to prevent and resolve discrepancies in the issuance, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs and RMUs;

~~(f)~~(e) there are adequate security measures to deter unauthorized manipulations and minimize operator error and procedures for updating them;

~~(g)~~(f) information is publicly available in accordance with annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts);

(g) There are adequate measures to safeguard data and a recovery plan to reconstruct the registry in the event of a disaster.

### 3. Review of changes in the national registry

14. Any significant changes in the national registry reported by Parties included in Annex I, or any problems identified by the expert review team in the course of the review ERUs, CERs, AAUs and RMUs and transaction log records, which may affect the performance of the registry should be reviewed in conjunction with the annual inventory review in accordance with the relevant procedures in paragraphs 12 and 13 above.

### **D. Timing**

~~14.15.~~ The registry review shall follow the timetable for the review of annual inventories defined in part II of these guidelines.

~~15.16.~~ The review of changes in the national registry shall follow the timetable for the review of annual inventories defined in part II of these guidelines.

### **E. Reporting**

~~14.17.~~ The following specific elements shall be included in the reports referred to in paragraph 46 (a) and (b) of the annex to decision -/CMP.1 (Article 8):

(a) Identification of problems according to the categories listed in paragraph 13 above;

(b) An evaluation of the overall functioning of the national registry.

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