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Item 5 (e) of the provisional agenda

Methodological issues

Issues relating to Articles 7 and 8 of the Kyoto Protocol

Views on the proposal for a standard electronic format for reporting supplementary information on emission reduction units, certified emission reductions, assigned amount units and removal units

Submissions from Parties

1. The Conference of the Parties (COP), by its decision 22/CP.8, requested the secretariat to develop, by 15 March 2004, a proposal for an electronic reporting format for reporting supplementary information on emission reduction units, certified emission reductions, assigned amount units and removal units, for consideration by the Subsidiary Body for Scientific and Technological Advice (SBSTA).
2. At the same session, the COP invited Parties to submit, by 30 April 2004, their views on the proposal by the secretariat mentioned in paragraph 1 above. Because the proposal for an electronic format for reporting of supplementary information should reflect the revisions to guidelines under Articles 7 and 8, the secretariat postponed the development of the proposal pending that work. Following agreement on the guidelines at SBSTA 20, the secretariat prepared the proposal for consideration by the SBSTA at its twenty-first session. Parties were informed by the “Message to Parties” from the secretariat, dated 12 July 2004, that the proposal would be available on the UNFCCC web site in early September and that the deadline for submissions relating to this proposal was 8 October 2004.
3. The secretariat has received three such 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.

* 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: AZERBAIJAN

We agree with the proposal by the secretariat for the appropriate electronic format for reporting supplementary information on emission reduction units, certified emissions reductions, assigned amount units and removal units.

PAPER NO. 2: JAPAN

Comments and questions on the proposal for a standard electronic format for reporting supplementary information on emission reduction units, certified emission reductions, assigned amount units and removal units (FCCC/SBSTA/2004/9)

No.	Page	Comments and Questions
1	p15, Table 1 p20, Table 5	"250 Mandatory Cancellation Account" should be defined according to DES Draft 6.
2	p15, Table 1 p20, Table 5	For non-EU parties, should national registry differentiate "Party Holding" from "Entity Holding" by using "120 Operator Holding Account" and "121 Person Holding Account"? Or can the registry manage "Party Holding" and "Entity Holding" by using only "100 Holding Account"?
3	p15, Table 1	Don't ERUs need to be differentiated "ERU converted from AAU" from "ERU converted from RMU"?
4	p16, Table 2(a) p19, Table 4	The national LULUCF reporting format for Kyoto Protocol (e.g. footnote 7 in page 8, FCCC/SBSTA/2004/L.15/Add.1) does not require differentiation of two activities which are "3.3 Afforestation" and "3.3 Reforestation", because two activities subject to same provisions. Since the LULUCF reporting format does not provide information that enables differentiation, the rows of Afforestation and Reforestation in SEF Tables 2(a) and Table 4 should be aggregated.
5	p17, Table 2(b)	Does main table include total quantity of "Independently verified ERUs" in section "Additional Information"?
6	p19, Table 4	How does national registry's administrators get "Corrections" by the compliance committee? Do the administrators get them by Notification function on DES or by e-mail? Anyway, note that these instructions would be notified Acquiring Registry Administrators as well as Transferring Registry Administrators in External Transfer.
7	-	Some parties would acquire CERs prior to First Commitment Period. Do the parties report these CERs in the 2009 SEF submission?
8	-	When are corrections, that has been applied by the compliance committee, notified to Parties for the first time? How frequently are the corrections notified to them?
9	p23	In para 2, a Party shall submit the SEF by 1 February of each year. But supplementary information shall be reported in conjunction with inventory in Decision 22/CP.8 ANX I Para 1, and Parties should report inventories due by 15 April each year in Decision 3/CP.5 Para 2. We think there is an inconsistency above, so which is correct?

PAPER NO. 3: NETHERLANDS ON BEHALF OF THE EUROPEAN COMMUNITY
AND ITS MEMBER STATES, SUPPORTED BY ROMANIA,
BULGARIA AND CROATIA

Views on the proposal by the secretariat for the appropriate electronic format for reporting supplementary information on emission reduction units, certified emission reductions, assigned amount units and removal units

The Netherlands on behalf of the European Community and its Member States welcomes document FCCC/SBSTA/2004/9 and would like to thank the secretariat for preparing the proposal for a standard electronic format (SEF) for reporting supplementary information on emission reduction units, certified emission reductions, assigned amount units and removal units. The EU in general supports the proposal, and believes that it provides a good basis for discussion at SBSTA 21 and the preparation of a draft COP decision on this subject.

General remarks

1. One of the objectives of the secretariat was to fulfil the requirements of paragraph 2 of the material prepared for incorporation into section E of the guidelines for reporting under article 7 of the Kyoto Protocol (contained in the Annex to the draft CMP1 decision appended to 22/CP7). However some reporting requirements are not covered by the proposed SEF contained in FCCC/SBSTA/2004/9. According to annex 1 to FCCC/SBSTA/2004/6/add.2, draft decision -/CP.10. (*Incorporation of the modalities...KP*), Parties have, in addition to the information included in the SEF, also to report additional information as specified in paragraph 3 to 9 of the material prepared for incorporation in section E, and contained in Annex I to the draft decision-/CP.10. This information relates to discrepancies and replacement notifications.
2. The transaction log (ITL) will report only part of this type of information for consideration by expert review teams. Incorporating the information specified in paragraphs 3 to 9 of the annex 1 of draft decision -/CP.10 (*Incorporation of the modalities...*) in to the SEF would, for example, help Parties to specify how they dealt with any notifications from the ITL. This type of information is not included in the discrepancy reports from the ITL and is relevant for the ERT. Including it in a standard format will simplify the work of the ERT. The EU therefore suggests extending the SEF to enable the inclusion of this type of additional information. Paragraphs 7 and 9 require quantitative information; the other paragraphs require qualitative information that could easily be transformed into a tabular format similar to the qualitative tables in the CRF.

General reporting instructions

3. The use of “should” and “shall” ought to be consistent throughout the reporting instructions. The EU suggests to apply consequently “shall”, in order to make sure that all Parties provide complete information. This concerns paragraphs 5, 7, 13, 15b, 26, 33, 36d, 41, 44 and 45;
4. The EU suggest to modify the second sentence of paragraph 1 under general reporting instructions on page 7 of FCCC/SBSTA/2004/9 as follows: “It is designed to facilitate Parties’ reporting on Kyoto units and the review of assigned amount information.”;
5. The third sentence of the second paragraph says that the information should be for the previous calendar year, unless otherwise indicated. The only exception to this rule is in a footnote to that sentence, therefore it would be clearer to include that provision in the paragraph as follows: “Annex I Parties shall submit information for the previous calendar year. The first calendar year for which a Party reports this information shall in addition include any CERs that were

forwarded by the CDM registry to the registry accounts of project participants and Parties involved, under the prompt start of the CDM.”;

6. It is unclear why paragraph 28(b) refers to reporting on expiry in future commitment periods;

Decision text

7. The draft decision -/CMP.1 (*Standard electronic format for reporting Kyoto Protocol units*) paragraph 1 does not refer to an annex that contains the SEF. It is also unclear whether the reporting instructions (first part of Annex I of FCCC/SBSTA/2004/9) would be part of the decision. The EU suggests to change this paragraph as following:

“1. Adopts the standard electronic format for reporting Kyoto Protocol units as contained in annex 1 and reporting instructions as contained in annex 2 to this decision in accordance with paragraphs 2 to 9 of section E of the guidelines for preparation of the information required under Article 7 of the Kyoto protocol (annex to draft decision -/CMP.1 (Article 7), attached to decision 22/CP.7);

8. The draft decision -/CMP.1 (*Standard electronic format for reporting Kyoto Protocol units*) paragraph 2, specifies that Parties submit the SEF by 1 February each year. However, this format is related to additional information to be reported under article 7.1. It has been decided that additional information under Article 7.1 shall be included in a Party’s annual inventory that is submitted until 15 April. Therefore, the EU suggests to keep the deadline of 15 April for the supplementary information as there is no mandate for reporting annual information separated from the annual inventory under Article 7;

The starting date included in paragraph 2 “once a Party included in Annex I to the Convention starts reporting information under Article 7.1 in accordance with decision -/CMP.1 (Article 7), attached to decision 22/CP.7” is not very clear. The start of reporting information under Article 7.1 could be read as the start of reporting complete information under Article 7.1 as part of the annual inventory under the Kyoto Protocol which would only be in 2010. However paragraph 1 of the annex to decision 22/CP.8 clarifies that the information on Kyoto units should be reported earlier in conjunction with the inventories under the Convention. This specific situation does not seem to be clearly covered by the proposed language.

Therefore the EU suggests to delete the second paragraph as it would only duplicate or confuse provisions already agreed upon

Specific remarks on the tables and the reporting instructions for the tables

Various tables

9. The EU’s understanding is that the tables will be adopted together with the reporting instructions contained in Annex I of FCCC/SBSTA/2004/9. However the EU would prefer to clarify titles and provide references to the pertinent provisions under the Kyoto Protocol in footnotes to the tables, in addition to the reporting instructions;
10. The EU suggests to modify the titles in Table 1 and 5 as follows, in order to clarify that totals of these account types should be reported:

Replace	By
Party holding	Party holding accounts
Entity holding	Entities holding accounts
Article 3.3/3.4 net source cancellation	Article 3.3/3.4 net source cancellation accounts
Non-compliance cancellation	Non-compliance cancellation account
Voluntary cancellation	Other cancellation accounts
Retirement	Retirement account
tCER replacement for expiry	tCER replacement account
ICER replacement for expiry	ICER replacement account for expiry
ICER replacement for reversal of storage	ICER replacement account for reversal of storage
ICER replacement for non-submission of certification report	ICER replacement account for non-submission of certification report

Table 1

11. Reporting instructions para 10 (b) add at the end: “Include the quantities of ERUs, CERs, tCERs, ICERs, AAUs and RMUs in all holding accounts for legal entities authorized by the Party to hold Kyoto units.”;

Table 2(a)

12. Replace “credits” by “additions to the assigned amount” and “debits” by “subtractions from the assigned amount”. The language of the tables should be as close as possible to the agreed decisions and provisions on accounting and reporting. The same comment applies to tables 2 (b), 4 and 6(a). Corresponding changes should be made in reporting instructions;
13. Replace “Other” in the heading of the second table by “retirement” which is more in line with the headings chosen in the annex to decision -/CMP.1 (*Modalities for the accounting of assigned amounts*), attached to decision 19/CP.7. The same comment applies to table 4;
14. Cell for RMUs from credits/additions from deforestation should be shaded;
15. On the “credits” or “additions” side, only ERUs and RMUs are relevant, other columns can be deleted, in particular for sub-totals;
16. Reporting instructions para 14(a)(ii) and 14(b)(ii): add at the end “*pursuant to paragraph 29 of the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts), attached to decision 19/CP.7.*” because there is no reference to the provision where conversion is explained;

Table 2(b)

17. Add explanations referring to sub-totals and totals from reporting instructions to the table. (Total = sum of table 2(a) and table 2(b)), sub-total = sum of columns of table 2(b));

Table 3

18. Information on the quantity of expired tCERs and ICERs transferred to a cancellation account in accordance with paragraph 53 of the annex to decision -/CMP.1 (*Afforestation and reforestation ... CDM*) is relevant information for the ERT and is not yet included in the SEF. The EU suggests including this information in table 3 by adding a new category “Cancellations” with two columns: “tCERs” and “ICERs”. In that case, the table could be renamed to “*Expiry, replacement and cancellation*”;

19. Replace “requirement to replace” in the heading of the table by “Expiry”. The reporting instructions clearly require that the “quantity of ICERs/tCERs that expired” should be reported whereas table 3 does not include a column for expiry. Another argument for changing this title is, that the current title does not reflect that tCERs or ICERs in holding or cancellation accounts, do not need to be replaced;
20. Language in rows should be consistent: Same wording should be chosen for tCERs “Replacement of expired tCERs” as for ICERs;

Table 6(a)

21. The sub-total cells for starting values in the credit columns RMUs, tCERs and ICERs should be shaded, as well as the debit columns tCERs and ICERs;
22. It should be clearly indicated in footnotes to the table that corrections from the compliance committee should be added in these tables;

Table 6(b)

23. Noting earlier remarks on table 3, table 6(b) could be renamed to, *Summary information on expiry, replacement and cancellation*; and information on cancellation of expired tCERs and ICERs could be added to this table;
24. The table should also be amended until the year 8 (2015), as ICERs may need to be replaced during this period due to potential reversal of carbon storage or non-submission of a certification report;

Additional tables

25. The EU suggests inclusion of tabular formats to enable Parties to report information as suggested in paragraph 1 of this submission, i.e. the information described in paragraphs 3 to 9 of Annex 1 to FCCC/SBSTA/2004/6/add.2, draft decision -/CP.10 (*Incorporation of the modalities... KP*);
