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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

**Ad Hoc Working Group on Further Commitments  
for Annex I Parties under the Kyoto Protocol**

**Fourteenth session**

**Tianjin, 4–9 October 2010**

Item 3 of the provisional agenda

**Consideration of further commitments for Annex I Parties under the Kyoto Protocol**

## **Views on the Draft Proposal by the Chair**

### **Submissions from Parties**

1. At the thirteenth session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol, the Chair presented “Draft proposal by the Chair”, made available as document FCCC/KP/AWG/2010/CRP.2, and invited Parties to submit their views on his text to the secretariat by 31 August 2010.<sup>1</sup>
2. The secretariat has received seven such submissions. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced\* in the languages in which they were received and without formal editing.

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<sup>1</sup> FCCC/KP/AWG/2010/11, paragraphs 20–21.

\* 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: Argentina

**República Argentina**

**Presentación al GTE-PK**

**Relativa a la Propuesta Borrador del Presidente  
Agosto 2010**

En respuesta a la invitación para presentar hasta el 31 de Agosto los puntos de vista relativos a la Propuesta Borrador (FCCC/KP/AWG/2010/CRP.2) elaborada por el Presidente del Grupo de Trabajo Especial sobre los nuevos compromisos de las Partes Anexo I con arreglo al Protocolo de Kyoto (GTE-PK), presentamos nuestra posición sobre algunos elementos del texto, en particular aquellos incluidos en el Capítulo III: Decisión borrador -/CMP.X Comercio de emisiones y mecanismos basados en proyectos.

En relación al Capítulo III, A: Mecanismo para un Desarrollo Limpio, Captura y Almacenamiento de Carbono, Argentina considera que el desafío que representa el cambio climático significa al mismo tiempo una oportunidad para el mundo en su totalidad de preparar y avanzar hacia un camino de desarrollo sustentable, el cual sea apoyado por tecnologías amigables al ambiente basadas en recursos renovables. En este contexto, las actividades vinculadas al almacenamiento y captura de carbono (ACC) pueden solamente ser contempladas como una extensión del patrón actual de producción y consumo. Asimismo, las actividades de almacenamiento y captura de dióxido de carbono pueden llevar a continuar con la construcción de plantas de energía basadas en combustibles fósiles, posponiendo de esa manera, la implementación de tecnologías de energías renovables por varias décadas más.

Si bien reconocemos que es necesario un periodo de transición en miras a alcanzar un camino de desarrollo sustentable y una nueva vinculación con los recursos naturales, las tecnologías a ser elegidas para dicha transición no deberían retrasar el desarrollo y despliegue de tecnologías amigables al ambiente.

Teniendo en cuenta las consideraciones generales expresadas anteriormente, así como las cuestiones técnicas cruciales aún no resueltas, tales como la confiabilidad a corto y largo plazo en relación a las fugas y otros impactos ambientales no previstos, no apoyamos la inclusión de ACC como una actividad elegible bajo el MDL. Por ello, en relación al texto, apoyamos la opción 1.

Con respecto a **las Líneas de Base estandarizadas**, recientemente hemos presentado nuestra opinión al respecto al OSACT. En resumen, creemos que el desarrollo de líneas de base estandarizadas es una oportunidad para fortalecer la objetividad bajo la cual las actividades de proyecto son inicialmente evaluadas para su registro y posterior monitoreo y verificación para la certificación. A los efectos de la integridad ambiental, resulta esencial asegurar la adicionalidad de las actividades llevadas a cabo estableciendo reglas claras, transparentes y estrictas en miras a demostrar esta condición, y el cuidadoso conteo de la reducción de emisiones definiendo líneas de base conservadoras a partir de las cuales se comparen las emisiones de la actividad de proyecto. Reconocemos las dificultades existentes para desarrollar líneas de base estandarizadas que puedan atender tanto a la adicionalidad como al conteo de reducción de emisiones y que al mismo tiempo puedan tratar con diferentes tipos de actividades y tecnologías en diferentes sectores económicos, regiones y países. En este sentido, estimamos necesario para el desarrollo de líneas de base estandarizadas tener en cuenta, entre otros, los siguientes aspectos: sectores y procesos, diferenciación de tecnología, escala de actividades, regimenes de carga, aportes y rendimientos de producción, antigüedad de la tecnología y agrupación geográfica. Asimismo, dado que el rendimiento de un sector varía a lo largo del tiempo tanto por progresos técnicos inducidos así como por progresos autónomos, las líneas de base requieren ser actualizadas periódicamente. En este sentido, los esfuerzos realizados por países en desarrollo para mejorar el rendimiento en diferentes sectores y subsectores productivos de sus economías deberían ser reconocidos e incorporados en las líneas de base.

Quisiéramos sugerir la organización de un taller técnico dirigido a las Partes que trate estas cuestiones para que las mismas tengan la oportunidad de escuchar a expertos sobre el tema respecto de las ventajas y desventajas de las diferentes opciones y enfoques disponibles para el desarrollo de líneas de base estandarizadas. Asimismo, que sirva como un espacio de intercambio de opiniones relativas al tema y discutan sobre su procedencia. Por ello, en relación con el texto, vemos a la opción 2 como una base para analizar el tema.

En relación a los **Co-beneficios**, creemos que la razón principal para la introducción de los mismos como criterio de elegibilidad para el registro de proyectos bajo el MDL tiene como objetivo establecer una base más justa y menos discrecional al determinar las contribuciones de dichos proyectos al desarrollo sustentable. Consideramos que el MDL debería promover aquellas actividades de mitigación que representan un desafío desde el punto de vista financiero para los países en desarrollo; por ello, los co-beneficios pueden contribuir al desarrollo de opciones de mitigación más costosas para países en desarrollo y aún así seguir siendo costo-efectivas para los países desarrollados.

Los co-beneficios pueden incluir, entre otras cuestiones, el desarrollo y transferencia de tecnologías, el fortalecimiento de capacidades tanto humanas como institucionales, así como las mejoras en la eficiencia energética, la conservación de biodiversidad, el manejo de recursos hídricos y la calidad del aire. La evaluación de los co-beneficios requiere la definición de indicadores; sin embargo, tales indicadores deben ser determinados y acordados por las autoridades nacionales designadas. En este sentido, la opción 2 debería ser desarrollada en mayor profundidad.

En relación a los **Factores de Descuento**, proponemos establecer un mecanismo dentro del MDL para mejorar la distribución de las actividades de proyecto en términos de tipos de GEIs y tecnología utilizada. Este mecanismo debería evitar los desvíos del mercado, tales como aquellos surgidos bajo las reglas actuales del MDL en relación a las actividades que mitigan gases distintos al dióxido de carbono. Asimismo, este mecanismo debería contribuir a asegurar el desarrollo de las opciones de mitigación más costosas para los países en desarrollo.

En este sentido, apoyamos los factores de descuento para ajustar la reducción de emisiones certificadas expedidas para tipos de actividad de proyectos específicos. Por ello, atendiendo a la propuesta borrador elaborada por el Presidente del Grupo, apoyamos la opción 2.

En relación al Capítulo III, C: Otros, nuestra posición es la siguiente:

- Traslado de certificados, favorecemos la opción 1
- Extender la parte de los fondos devengados para expedir los AAU/RMU, apoyamos la opción 2.

En lo que hace referencia a la **suplementariedad**, creemos que si queremos alcanzar los objetivos a mediano y largo plazo en términos de reducción de emisiones, el uso de mecanismos que generan compensación deberían ser limitados a un mínimo y deberían ser orientados para tratar con las actividades financieras en los países en desarrollo. Por ello, estamos a favor de la actual opción 2 del texto, para limitar el uso de mecanismos basados en proyectos que generan compensaciones de reducción de emisiones, sin perjuicio que el porcentaje debería ser posteriormente discutido.

**Argentina**

**Submission to the AWG-KP  
on the Draft Proposal by the Chair**

**August 2010**

In response to the invitation to Parties to submit their views on the Draft Proposal by the Chair (FCCC/KP/AWG/2010/CRP.2) of the Ad-Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) by 31 August 2010, we herein submit our position on several elements of the text, in particular those on Chapter III: Draft decision -/CMP.X Emissions trading and the project-based mechanisms.

Regarding Chapter III, A: Clean development mechanism, **Carbon Capture and Storage**, Argentina strongly believes that the challenge posed by climate change is at the same time an opportunity for the world as a whole to prepare and move towards a sustainable development path supported by environmentally sound technologies based on renewable resources. In this context, carbon capture and storage (CCS) activities can only be seen as an extension of the current pattern of production and consumption. Moreover, carbon dioxide capture and storage activities may prompt further construction of fossil-fuel power plants postponing the implementation of renewable energy technologies for several decades.

Even though we recognize that a transition period is necessary in order to reach a sustainable development path and a new relationship with natural resources, the technologies to be chosen for this transition should not delay the development and deployment of environmentally sound technologies.

Taking into account the general considerations expressed above as well as crucial and unresolved technical issues, such as the short and long-term liability in relation to leakage and other unforeseen environmental impacts, we do not support the inclusion of CCS as an activity eligible under a CDM. Therefore, in relation to the text, we support Option 1.

With regard to **Standardized Baselines**, we recently submitted our views on the issue to SBSTA. In summary, we see the development of standardized baselines as an opportunity to enhance the objectivity under which project activities under the CDM are initially evaluated for registration and later monitored and verified for certification. It is essential for environmental integrity purposes to assure the additionality of the activities undertaken by establishing clear, transparent and stringent rules to demonstrate this condition, and the careful counting of emission reductions by defining conservative emission baselines from which to compare the emissions of the project activity. We recognize the difficulties to develop standardized baselines that can take care of both additionality and emission reductions counting, and at the same time be able to deal with different types of activities and technologies in different economic sectors, regions and countries. In this sense, in the developing of standardized baselines, we deem necessary to take into account, inter alia, the following aspects: sectors and processes, technology differentiation, scale of the activities, load capacity regime, production inputs and outputs, installations vintage, and geographical aggregation. In addition, as the performance of a sector changes over time due to both autonomous and induced technical progress, baselines need to be updated periodically. In this regard, past efforts made by developing countries to improve performance in different economic sectors and subsectors of their economies should be recognized and incorporated into the baselines.

We would like to recommend the organization of a technical workshop on this issue for Parties to have the chance to listen to experts about the advantages and disadvantages of different options and approaches that may be available for the developing of standardized baselines, and to exchange views on the subject among

Parties and discuss how to proceed. Therefore, in relation to the text, we see option 2 as a base to analyze the subject.

In relation to **Co-benefits**, in our view, the main reason for the introduction of Co-benefits as eligibility criteria for registration of projects under the CDM is to establish a more even and less discretionary ground to determine projects' contributions to sustainable development. It is our belief that the CDM should aim to deal with mitigation activities that are financially challenging for developing countries; therefore, co-benefits can contribute to the development of more expensive mitigation options for developing countries and yet be a cost-effective mitigation action for developed countries.

Co-benefits may include, inter alia, technology development and transfer, human and institutional capacity building, as well as improvements in energy efficiency, conservation of biodiversity, management of hydrological resources and air quality.

The evaluation of the co-benefits requires the definition of indicators; however, these indicators are to be determined and agreed by designated national authorities. Therefore, option 2 should be further developed.

On **Discount Factors**, we propose to establish a mechanism within the CDM to improve the distribution of project activities in terms of type of GHG and technology used. This mechanism should avoid market biases, such as those that have arisen under the current rules of the CDM in relation to activities that mitigate gases different from carbon dioxide. Furthermore, this mechanism should contribute to assure the development of the more expensive mitigation options for developing countries.

In this sense, we support discount factors to adjust the certified emission reductions issued for specific project activity types. Therefore, in relation to the Draft Proposal by the Chair, we support Option 2.

Regarding Chapter III, C: Other, our positions are as follows:

- On **Carry-over (banking)**, we favor Option 1.
- On **Share of proceeds for AAU/RMU issuance**, we support Option 2.

On **Supplementarity**, we believe that if we are to achieve ambitious mid- and long-term goals in terms of emissions reductions, the use of mechanisms that generate emission reduction offsets should be limited to a minimum and should be oriented to deal with financially activities in developing countries. Therefore, we are in the line of the text of current option 2, to limit to the use of project based mechanisms that generate emission reduction offsets, although the percentage should be further discussed.

**Submission of the Plurinational State of Bolivia**  
**“Submission of views on the Draft Proposal by the Chair”**

1. Taking into account the urgency of completing the mandate of Decision 1/CMP.1 with a view to implementing the second commitment period in order to ensure deep emission reductions by Annex I Parties and avoiding a gap between the first and second commitment periods, Bolivia is of the view that the AWG-KP must deliver the results of its work for adoption by CMP 6 in Cancun, in accordance with Decision 1/CMP.5. The adoption of the second commitment period of the Kyoto Protocol is the cornerstone of the successful outcomes in Cancun. Therefore, Bolivia would like to enter into full negotiating mode at the start of the next AWG-KP session in Tianjin.
2. In line with the mandate of Decision 1/CMP.5 to deliver the results of its work for adoption by CMP 6, Bolivia insists that the Draft Decisions in Chapters I-V should be numbered as “-/CMP.6”, and not “-/CMP.X”. These Decisions must be tabled for adoption at CMP 6, and there is no justification for an ambiguous deadline, as signified by “CMP.X”.
3. Bolivia would like to start negotiating on the basis of the Draft Proposal by the Chair (FCCC/KP/AWG/2010/CRP.2). Nevertheless, we are of the view that proposals that are inconsistent with the Convention, the Kyoto Protocol and the mandate of the AWG-KP cannot be considered. Therefore, Bolivia does not agree with the inclusion of Option 2 of Paragraph 1 of “Draft decision -/CMP.X Amendments to the Kyoto Protocol pursuant to its Article 3, paragraph 9” in Chapter I, as well as Option B contained in the Annex of Chapter I. They are inconsistent with the mandate given to the AWG-KP as set out in Article 3.9 of the Kyoto Protocol and Decision 1/CMP.1. If these options are included on the basis that they are proposal of other Parties, Bolivia wishes to see a reference in the text to indicate that they are outside the scope and mandate of the AWG-KP. There are other ways to deal with these proposals, either through CMP Decisions or through the procedure specified in Article 20 of the Kyoto Protocol.
4. In order to ensure transparency of this process, Bolivia would also like to refer to its separate submission regarding the Chair’s report of the in-session workshop on the scale of emission reductions to be achieved by Annex I Parties in aggregate and the contribution of Annex I Parties, individually or jointly, to this scale (FCCC/KP/AWG/2010.CRP.1). We call for the following information to be addressed in the report, with a view to ensuring that the report presents a balanced and factual account of the presentations and discussions, and of the underlying scientific and technical information covered:
  - The report should be amended to recognize information provided by a number of presenters that the 25-40% range included in the IPCC report is for stabilization ranges in the order of 2 to 2.4°C (and not 2°C as implied in paragraph 13), and that the associated stabilization ranges for atmospheric concentrations are consistent with around a 50% chance of exceeding 2°C. The omission of this information is material, and risks giving a mistaken impression about the 25-40% range and its relation to a 2°C goal.
  - The report states that it was “noted that this range [i.e. 25-40%] was confirmed in the recent peer-reviewed scientific literature”. This statement is partial, and fails to reflect the significant body of peer-reviewed scientific literature stating that more ambitious reductions are necessary in terms of science and equity. We call for this statement to be deleted on the basis it misrepresents the body of peer-reviewed scientific literature. Or if this statement is to be retained

(on the basis, for example, that it was made by some participants), then we call for explicit recognition that some other participants questioned the range, and that at least one participant submitted information expressing the view that the range is “based on studies involving questionable burden sharing assumptions”.

- The report should be amended to provide a balanced treatment of the 2°C, 1.5°C and 1°C goals, and of the presentation and discussions during the workshop regarding these goals. The report refers throughout to a 2°C goal (six references in relation to 5 topics). By contrast, goals of 1.5°C or 1°C are mentioned once in paragraph 10 and systematically ignored thereafter.<sup>1</sup> Goals of 1.5°C or 1°C, however, were mentioned by participants in relation to cumulative emissions and the carbon budget, the scale of emission reductions and comparability of pledges, the overall assessment of the impact of the use of LULUCF, carry-over and surplus units and the use of mechanisms, as well as increasing transparency of Annex I Parties’ pledges under the Kyoto Protocol. To prevent the appearance of systematic bias, the report should refer to goals of 1.5°C or 1°C in relation to each of these topics (in paragraphs 11, 13, 27 and 28). Paragraph 10 should also note that a 1.5°C goal, like a 2°C goal, was “often referred to” in discussions of Annex I pledges.
- The report fails to set out the full range of estimates relating to the overall assessment of the impact on the effective level of Annex I emission reductions of the use of LULUCF, carry-over and surplus units and the use of mechanism. By presenting the findings of “some participants” and not a summary of information provided by all participants (e.g. the upper and lower levels of estimates for each item) the report provides a partial and misleading view. The report should be adjusted to include all relevant estimates of these items, including the upper estimate by one participant suggesting that on the basis of plausible assumptions regarding the use of surplus allowances this item could constitute around 14% of Annex I 1990 emissions levels.
- Finally, the report notably fails to include any reference, in relation to the transparency of pledges for emission reductions for Annex I Parties to the Kyoto Protocol, to the need for transparency in the amount of the remaining carbon budget associated with a temperature goal of 1.5 or 2°C that Annex I countries will consume based on those pledges. The report references the presentation of only one of the two countries presenting during that session of the workshop, and ignores in its entirety the presentation made by Bolivia noting that Annex I countries will consume more than their fair share of the remaining (not historical) budget within a decade. This should be included in the report.

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<sup>1</sup> The paper presents the 2°C goal and 1.5°C or 1°C goals asymmetrically. It notes *references* to the 2°C goal during the workshop (i.e. it was “often referred to” in the workshop) versus *support* for a 1.5°C or 1°C goal more broadly (“some participants expressed the view that ... temperature increase should be limited to”). In fact, more delegations *support* 1.5°C or 1°C than 2°C, and these more ambitious goals were *often referred to* in relation to Annex I pledges. The asymmetric treatment is, at best, misleading if not inaccurate and must be addressed.

**Submission of the Plurinational State of Bolivia  
regarding the Chair's report of the in-session workshop on the scale of emission  
reductions to be achieved by Annex I Parties in aggregate and the contribution of  
Annex I Parties, individually or jointly, to this scale**

This submission addresses the report by the Chair of the in-session workshop on the scale of emission reductions to be achieved by Annex I Parties in aggregate and the contribution of Annex I Parties, individually or jointly, to this scale (FCCC/KP/AWG/2010.CRP.1).

The report should present an accurate and factual view of the proceedings of the in-session. In this context, we believe that important ideas and information addressed in the presentation and discussions during the workshop have been misstated or omitted from the report, that these failures are material, and that they should be addressed to ensure an accurate and factual account of the proceedings.

In this regard, we call for the following information to be addressed in the report, with a view to ensuring that the report presents a balanced and factual account of the presentations and discussions, and of the underlying scientific and technical information covered:

- The report should be amended to recognize information provided by a number of presenters that the 25-40% range included in the IPCC report is for stabilization ranges in the order of 2 to 2.4°C (and not 2°C as implied in paragraph 13), and that the associated stabilization ranges for atmospheric concentrations are consistent with around a 50% chance of exceeding 2°C. The omission of this information is material, and risks giving a mistaken impression about the 25-40% range and its relation to a 2°C goal.
- The report states that it was “noted that this range [i.e. 25-40%] was confirmed in the recent peer-reviewed scientific literature”. This statement is partial, and fails to reflect the significant body of peer-reviewed scientific literature stating that more ambitious reductions are necessary in terms of science and equity. We call for this statement to be deleted on the basis it misrepresents the body of peer-reviewed scientific literature. Or if this statement is to be retained (on the basis, for example, that it was made by some participants), then we call for explicit recognition that some other participants questioned the range, and that at least one participant submitted information expressing the view that the range is “based on studies involving questionable burden sharing assumptions”.
- The report should be amended to provide a balanced treatment of the 2°C, 1.5°C and 1°C goals, and of the presentation and discussions during the workshop regarding these goals. The report refers throughout to a 2°C goal (six references in relation to 5 topics). By contrast, goals of 1.5°C or 1°C are mentioned once in paragraph 10 and systematically ignored thereafter.<sup>1</sup> Goals of 1.5°C or 1°C, however, were mentioned by participants in relation to cumulative emissions and the carbon budget, the scale of emission reductions and comparability of pledges, the overall assessment of the impact of the use of LULUCF, carry-over and surplus units and the use of mechanisms, as well as increasing transparency of Annex I Parties' pledges under the Kyoto Protocol. To prevent the appearance of systematic bias, the report should refer to goals of 1.5°C or 1°C in relation to each of these topics (in paragraphs 11, 13, 27

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and 28). Paragraph 10 should also note that a 1.5°C goal, like a 2°C goal, was “often referred to” in discussions of Annex I pledges.

- The report fails to set out the full range of estimates relating to the overall assessment of the impact on the effective level of Annex I emission reductions of the use of LULUCF, carry-over and surplus units and the use of mechanism. By presenting the findings of “some participants” and not a summary of information provided by all participants (e.g. the upper and lower levels of estimates for each item) the report provides a partial and misleading view. The report should be adjusted to include all relevant estimates of these items, including the upper estimate by one participant suggesting that on the basis of plausible assumptions regarding the use of surplus allowances this item could constitute around 14% of Annex I 1990 emissions levels.
- Finally, the report notably fails to include any reference, in relation to the transparency of pledges for emission reductions for Annex I Parties to the Kyoto Protocol, to the need for transparency in the amount of the remaining carbon budget associated with a temperature goal of 1.5 or 2°C that Annex I countries will consume based on those pledges. The report references the presentation of only one of the two countries presenting during that session of the workshop, and ignores in its entirety the presentation made by Bolivia noting that Annex I countries will consume more than their fair share of the remaining (not historical) budget within a decade. This should be included in the report.

There is a range of other issues that we believe should ideally have been addressed by the report. But the concerns identified above are material, serious and fundamentally affect the balance and accuracy – and consequently the acceptability – of the report.

We welcome the report of the Chair and we reiterate the importance of ensuring the report provides an accurate and balanced treatment of the in-session workshop. We are willing to provide specific references to presentations and discussions regarding the points identified above if it would facilitate the work of the Chair.

### Paper no. 3: Brazil

Regarding the Document /KP/AWG/2010/CRP.2 and in accordance with our understanding of the placement of the 3 paragraphs proposal submitted by Brazil during the last session of AWG KP we welcome the opportunity to comment on this placement and we would like to request you to change the placement in accordance with the following comments:

- 1) where the document presents as option 3 under option A in page 13 the proposed amendment to Article 3.1 and the new para following Art 3.1 ("Art 3.1 bis") we would like to move it to page 17 under a new option 3 of section B of Option B;
- 2) keep the remaining paragraph of the submitted proposal under its current placement (option B under section F in page 18 the proposed amendment to Art. 3.7.). Alternatively, you could also keep the 3 paras together (as they form a block with cohesion since you cannot have 3.1 bis without the new 3.7) as in 1) above.

## Japan's submission on views on the Draft Proposal by the Chair

Japan welcomes its opportunity to submit its views on the Draft Proposal by the Chair.

### Chapter I

1. Chapter I includes a draft CMP decision entitled “Amendments to the Kyoto Protocol pursuant to its Article 3, paragraph 9”, which also refers to the adoption of the amendments to the Kyoto Protocol at paragraph 1. However, the establishment of a framework which imposes emission reductions obligations only on Annex I Parties that are Parties to the Kyoto Protocol will not lead to a fair and effective global emission reduction.

2. To promote the global emission reduction, the issues dealt with in this draft CMP decision need to be resolved in an integrated manner, i.e., not only in the context of the AWG-KP but also under the whole negotiation including the AWG-LCA. For this reason, we should not prejudge conclusion in the AWG-KP until we reach the conclusions in the whole negotiation including the AWG-LCA.

3. Therefore, the entire draft CMP decision should be left bracketed as it is now. Moreover, Japan would like to recall that the proposed amendment to an annex shall follow the procedures pursuant to the relevant provisions of Article 21 of the Kyoto Protocol.

4. From this perspective, Japan is not in a position to comment on the details of the CMP decision. Under this premise, however, Japan would like to stress that, among others, the amendments to the Kyoto Protocol as suggested at paragraph 1, as well as the provisional application of the amendments to all Parties as suggested at paragraph 3, are unacceptable.

### From Chapter II to Chapter V

5. From the view point of promoting the global emission reduction, it is indispensable to elaborate our considerations on emission reduction targets and mitigation actions by all major economies in a comprehensive manner, and Japan aims to establish a fair and effective international framework where all major economies participate. Japan takes part in the AWG-KP negotiation deeming that the results of its work may provide inputs to such a framework. Based on such a standpoint, Japan provides its principal comments on from Chapter II to Chapter V below.

### Chapter II

6. As for the accounting rule for forest management (FM) in the post 2012 framework, it is essential to ensure the continuity of the accounting rule for FM so as to maintain long-term and continued incentives for sustainable forest management (SFM) activities.

7. Further, the rule should have incentives for SFM activities regardless of the age-class structure of forests, which is not well addressed under Net-net type approach.

8. From these perspectives, on the Chapter II of the Draft Proposal by the Chair, further consideration on FM accounting rule should be based on Gross-net approach (Option 1) or Reference Level approach (Option 2) which is substantially equal to Gross-net for Japan.

### Chapter III

9. As for emissions trading and the project-based mechanisms, any particular technologies such as Nuclear and CCS should not be precluded, it is essential to enhance the visibility of co-benefits, and the Standardized baselines should be used. Further, this issue should be considered in a manner ensuring coherence and consistency with AWG-LCA which is now deliberating new market-based mechanisms.

### Chapter IV

10. As for the coverage of greenhouse gases, HFC-245fa, HFC-365mfc and Nitrogen trifluoride (NF<sub>3</sub>) should be added.

11. As for common metrics to calculate the carbon dioxide equivalence of emissions by sources and removals by sinks, the global warming potentials listed in the column entitled “Global Warming Potential for Given Time Horizon” in table 2.14 of the Errata to the contribution Working Group I to the Fourth Assessment Report of the IPCC should be used by Parties.

12. As for the IPCC Guidelines for National Greenhouse Gas Inventories, the 2006 IPCC Guidelines for National Greenhouse Gas Inventories should be applied since it contributes to more accurate estimating and accounting of anthropogenic emissions by sources and removals by sinks of greenhouse gases.

Paper no. 5: Kazakhstan

In Chapter I to the line starting with “*Having considered...*” after the words “ the Kyoto Protocol” add “and its Annexes”. Among the enlisted documents in footnote 1 the following document FCCC/KP/CMP/2009/L.3 should be mentioned as well.

Option 2 is proposed to be discussed further by Parties.

As for the tables in Annex the option 1 of the table is suggested to be considered and Kazakhstan is inclined for the next quantified emission limitation or reduction commitment period to negotiate the timeframe from 2013 to 2020.

It is suggested in Option B to take into consideration Option 1.4; Option 1 of G; Option 3 of H; Option 2 of I; Option 2 of J.

The paragraph 13 of L suggested completely repeats the paragraph already set in the Kyoto Protocol.

In the proposed text of M the figure 12 should be replaced to 13.

Option 2 of P; Option 2 of T; and Option 1 of Annex A could be taken into consideration.

In Chapter III for A Clean development mechanism the following options could be taken into consideration: Option 2 for Carbon dioxide capture and storage; Option 3 for Nuclear; Option 2 for Standardized baselines; Option 2 for Use of CERs from project activities in certain host Parties; Option 2 for Co-benefits; Option 2 for Discount factors. As for B Joint implementation – Option 3 for Nuclear; Option 2 for Co-benefits. In C section – Option 1 for carry-over (banking); Option 1 for Share of proceeds for AAU/RMU issuance.

In Option 2 for Share of proceeds the name of units to the relevant Kyoto mechanism should be adjusted.

Option 2 for Emissions trading; Option 2 for New market-based mechanism; Option 2 for Supplimentarity are envisioned for further negotiations.

In Chapter IV – Option 1 for A; and in Chapter V – Option 2 could be further considered.

## Submission by Papua New Guinea

### **Subject:**

*Other issues arising from the implementation of the work programme of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol - Land use, land-use change and forestry.*

Papua New Guinea strives for a framework of rules for the accounting of the LULUCF sector under the Kyoto Protocol capable of ensuring proper incentives to any sustainable action which delivers mitigation. To achieve mitigation, carbon stocks can be treated in the three following ways: kept on the land thereby reducing emissions; used as renewable sources of energy (bioenergy); used as renewable material (HWP). All options should be available to countries as far as they are sustainably implemented, therefore a mere shift of carbon stocks among options should not be debited while credits should be delivered only for net increases of carbon stocks.

Accounting provisions shall address different national circumstances, as technical capacity in monitoring and reporting, degree of human control on GHG fluxes and age class structure. Moreover, all business-as-usual removals and reductions in emissions shall be excluded from being credited/debited and GHG fluxes from extreme events should not impact Party's compliance.

In building such a framework of rules it shall be taken into account that the LULUCF sector is the only one which deals with both positive (emissions) and negative (removals) quantities<sup>1</sup>. Consequently, symmetry in the treatments of emissions and removals shall always be ensured in any provision to avoid unbalanced accounting, which definitively would cause distortions in providing incentive to mitigation actions.

### **Accounting for all relevant sources of emissions and sinks**

Complete accounting of all sources and sinks is fundamental for delivering incentives towards real mitigation actions. On the contrary, partial accounting results in distortions which may deliver incentives for mere displacement of emissions. Therefore all activities, excluding Revegetation, shall be mandatorily accounted for and the forest management definition shall encompass all practices implemented by human intervention in forest land.

### **Accounting for deviation from business-as-usual GHG fluxes**

The comparison of GHG fluxes reported for a time period with those that would have occurred in absence of the implemented mitigation actions is the proper way to avoid business-as-usual GHG fluxes being accounted. In this way, a projected reference level, rewards only the results of real mitigation actions and is fully compliant with the principles contained in Decision 16/CMP.1, and in particular with the need to factor out removals due to elements contained in item (f) of paragraph 1 of Decision 16/CMP.1.

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<sup>1</sup> Such quantities will account for credits (removals) or debits (emissions) when included in the reporting of the commitment period. The opposite occurs when the same quantities are included in the reference level (removals will cause debits and emissions credits).

The use of a reference level established as the net emissions/removals in an historical<sup>2</sup> year/period as well as the use of a reference level equal to zero (in case of a gross-net unconstrained accounting), does not factor out business-as-usual GHG fluxes and is not consistent with the principles contained in Decision 16/CMP.1.

Papua New Guinea therefore strongly supports the use of a projected reference level for forest management.

However, a viable option should be provided for those Parties that have particular national circumstances which prevent them from defining and reviewing a projected reference level in a reliable way. For these Parties, a gross-net accounting with a discount rate of 85 per cent should be the option to be chosen. This option does not require a reference level to be set and reviewed and, although it still accounts for a residual portion of business-as-usual GHG fluxes, the discount rate of 85 per cent<sup>3</sup> factors out the removals identified in paragraph 1 (h) of decision 16/CMP.1;.

*The following text is therefore proposed in addition to paragraph 11:*

**11 addendum. For a Party that has not established the reference level based on projections of emissions/removals in the second commitment period, additions to and subtractions from the assigned amount resulting from forest management under Article 3, paragraph 4, and from forest management project activities undertaken under Article 6, shall be subject to the application of an 85 per cent discount rate.**

In addition, also for other land-use activities under Article 3.4 a projected reference level should be used in accounting. However, because of the short time available until the next Conference of Parties, PNG proposes that for each activity the average annual net emissions/removals during the previous commitment period from lands reported under that activity should be used as reference level for the second commitment period in order to reduce as far as possible crediting and debiting of business-as-usual emissions and removals.

*The following text is therefore proposed in substitution of paragraph 9:*

**9. For the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks on lands accounted under cropland management, grazing land management, [wetland management,] and revegetation shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the second commitment period, less [X] times the annual average anthropogenic greenhouse gas emissions by sources and removals by sinks occurred in the first commitment period on those lands, while avoiding double accounting.**

*[X] refers to the number of years in the second commitment period.*

#### Establishing the reference level

The reference level, which shall be calculated as the projected emissions/removals in the next commitment period under a business as usual scenario, has a role in accounting which is equivalent to that of the Assigned Amount since it embeds an amount of allowed emissions which are therefore debit-free. Consequently, similar to the process for fixing the assigned amount, the reference level shall be subject to independent review following current provisions set under Article 8 of the Kyoto Protocol.

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<sup>2</sup> The net-net accounting with an historical reference level is based on the very unlikely assumption of a constant level of business-as-usual GHG fluxes between the reference level and the commitment period.

<sup>3</sup> This value is set consistently with decision 16/CMP.1 which currently rules the LULUCF accounting.

### Applying the reference level

After having been reviewed the reference level shall not be further changed. However, consistency between the reference level and the total annual greenhouse gas net emissions or removals for the commitment period shall be ensured in order not to penalize further improvements of estimates by countries in terms of methodologies, activity data and emissions factors. Therefore, technical modifications to the reported total annual greenhouse gas net emissions or removals for the commitment period shall be applied in order to ensure that additions to and subtractions from the assigned amount are not larger or smaller than they would be without the improvement.

Consistency shall be ensured as follows:

- Lands (same area of land included in both the reference level and the commitment period estimate);
- Pools (same pools included in both the reference level and the commitment period estimate);
- Historical data (same methodology applied in both reference level and commitment period estimate, or consistency ensured where different methodologies are applied);
- Treatment of force majeure events (in case a Party decides to apply force majeure to commitment period estimates then force majeure shall also be applied to historical data used to establish the reference level);

The Subsidiary Body for Scientific and Technological Advice shall elaborate guidance for the application of those technical modifications at its XX+1 session<sup>4</sup>.

### Avoiding non-compliance due to extreme events impact

Emissions and removals in the LULUCF sector are subject to the impact of natural and indirect disturbances. These are occurring with increasing variability and magnitude, as a consequence of climate change. Large fluxes of greenhouse gases may impact the Party's GHG balance so strongly that it makes impossible for the Party to comply with its agreed commitments.

To avoid this, a provision that excludes (i.e. factor out) from the Party's compliance those fluxes generated by extreme fluctuations shall be set.

In setting that provision:

- 1) symmetry shall be ensured:
  - a) in the treatment of net emissions and net removals. Hence, if a Party decides to factor out peaks of net emissions it shall also factor out peaks in net removals;
  - b) between the commitment period and the reference level, so that when peaks in both net emissions and net removals are factored out during the commitment period, those shall also be factored out from historical data used to establish the reference level;
- 2) the access to such a provision shall be voluntary and triggered by the magnitude of the peak that would be factored out compared to the Party's assigned amount (since the scope of this provision is to avoid risk of non-compliance). A meaningful value could be 5% of the assigned amount since it implies the exclusion of a source/sink which is under the threshold of key category.

Finally, for a peak of net emissions, the proper provision is the set aside of lands (since for a reference level based on projected estimates, the carry over does not work in case of net emissions); while for a peak of net removals the carry over should be applied (in this case the set aside of lands would be meaningless).

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<sup>4</sup> the session after the adoption of the revised text of decision 16/CMP.1

*For factoring out peak in emissions/removals from Party's compliance the following text is therefore proposed in substitution of paragraph 19ter:*

**19 ter.** Where force majeure has occurred during a commitment period affecting carbon stocks on lands subject to Article 3, paragraph 3, and [, if elected,] land subject to activities under Article 3, paragraph 4, a Party included in Annex I may, at the end of the commitment period, or annually during the commitment period, exclude from accounting the associated total annual greenhouse gas net emissions from the affected land areas or carry over the associated greenhouse gas net removals to the subsequent commitment period provided that no land-use change has occurred on those lands. Emissions associated with salvage or future harvesting shall not be excluded.

According with provisions set out in paragraph 19ter, if a Party decides to apply force majeure in a year of the commitment period, then force majeure shall be applied to both total annual greenhouse gas net emissions and net removals that exceed the force majeure threshold during the commitment period.

Moreover, total annual greenhouse gas net emissions and net removals which exceed the force majeure threshold shall be factored out from historical data used for establishing the reference level. If needed, a technical modification shall be applied to the reported annual total greenhouse gas net emissions or net removals for the commitment period to ensure consistency in treatment of force majeure with the reference level. The Subsidiary Body for Scientific and Technological Advice shall elaborate guidance for the application of that technical modification at its XX+1 session.

**Комментарии Российской Федерации к переговорному тексту Председателя  
СРГ-КП  
FCCC/KP/AWG/2010/CRP.2 от 06 августа 2010 г.**

1. Документ представляет собой набор проектов решений Конференции Сторон РКИК ООН, действующей в качестве Совещания Сторон Киотского протокола. С учетом количества имеющихся в проектах решений несогласованных положений, а также повторов, документ рассматриваем как основу для дальнейших переговоров по подготовке проектов решений.
2. В таблицах на стр. 5-11 текста приведен перечень стран приложения I к РКИК ООН, с изменениями в обозначении стран с переходной экономикой (квадратные скобки). Хотели бы особо отметить, что любые изменения в приложения к Конвенции вносятся в соответствии с установленными в ней процедурами.
3. Считаем, что продолжительность периода обязательств стран в восемь лет (2013-2020 гг.) является наиболее предпочтительной опцией, т.к. совпадает с периодом обязательств в соответствии с Копенгагенским Соглашением, а пятилетний период недостаточен для внедрения мероприятий по сокращению выбросов. Кроме этого, Российская Федерация отмечает, что наличие количественных обязательств по сокращению выбросов только у стран Приложения I не обеспечит сокращения антропогенных выбросов парниковых газов в атмосфере до уровня, не допускающего опасного антропогенного воздействия на климатическую систему. Необходимо участие в глобальных усилиях всех ведущих эмитентов, в том числе развивающихся стран. При этом важно учитывать национальные обстоятельства стран. Количественные обязательства Российской Федерации о сокращении выбросов на период до 2020 года относительно 1990 года были объявлены в рамках Копенгагенского Соглашения.
4. Российская Федерация исходит из того, что вопрос переноса неиспользованных квот на последующий период обязательств определен статьей 3.13 Киотского протокола.

5. Создание нового рыночного механизма для развивающихся стран могло бы стать стимулом для участия развивающихся стран в глобальных усилиях по предотвращению изменения климата (параграф V на стр.23 текста).

6. Считаем, что вопрос включения новых газов в список газов, имеющих ограничения на выбросы (стр.25 и стр.46 текста) необходимо дополнительно проработать, исходя из особенностей национальных экономик.

7. Считаем, что потенциальные экологические, экономические и социальные последствия для развивающихся стран от мер, предпринимаемых развитыми странами (стр.49) должны оцениваться самими уязвимыми странами на основе информации, предоставляемой странами приложения I в своих сообщениях.

Нужны методологии по учету этих последствий. Но они должны разрабатываться и рассматриваться надлежащим образом под эгидой вспомогательных органов Конвенции и Киотского протокола.

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