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Item 12(c) of the provisional agenda

Methodological issues under the Kyoto Protocol

Implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol

Views from Parties on the implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol, and on how these implications should be addressed

Submissions from Parties

1. The Subsidiary Body for Scientific and Technological Advice (SBSTA), at its thirty-sixth session, initiated its consideration of the implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol.
2. The SBSTA invited Parties to submit, by 21 September 2012, their views on the implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol, and on how these implications should be addressed, and requested the secretariat to compile these submissions into a miscellaneous document.¹

¹ FCCC/SBSTA/2012/2, paragraph 123(b).

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3. The secretariat has received four such submissions from Parties.² 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.

² Also available at <http://unfccc.int/documentation/submissions_from_parties/items/5901.php>.

* 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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* This submission is supported by Albania, Bosnia and Herzegovina, Croatia, Serbia and the former Yugoslav Republic of Macedonia.

Implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol

I. Overview

This submission contains the views of the Australian Government on Implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol (the Protocol), including those relating to Articles 5, 7 and 8 of the Protocol. Australia thanks the Secretariat for its work on the technical paper as well as its presentations at the thirty-sixth session of the SBSTA.

It is vitally important to resolve the rule changes that will be necessary for the continued functioning of the Protocol's mechanisms for Parties to a second commitment period. Discussions of these issues should be the focus and priority for this SBSTA work programme up to, and during, the eighth Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) in Doha, Qatar (Doha). Australia suggests that the remaining non-priority issues be set aside and recommended for inclusion in a SBSTA work programme for 2013.

Australia considers issues relating to the continued functioning of the Protocol's mechanisms in a second commitment period of the Protocol that need to be resolved at Doha can be divided into three categories:

- Rule changes relating to eligibility requirements for accessing the flexible mechanisms including:
 - rules on the timing for submission and review of initial reports; and
 - the link between initial reports, assigned amounts and eligibility.
- The form that the revisions will take including:
 - decision architecture;
 - flexibility of language for future rule changes; and
 - ensuring comprehensive coverage of all necessary revisions.
- Identifying and implementing changes to ensure technical inter-operability of updated decision texts, including:
 - updating of cross-references;
 - ensuring language is updated to accurately reflect Parties' obligations; and
 - the format of serial and transaction numbers.

A further issue which Australia considers a priority is the effective implementation of land sector decisions, including the impact of updates to methodologies, and ensuring that all relevant issues are identified and addressed.

II. Rules on eligibility requirements for accessing the flexible mechanisms

Australia considers that Parties will need to consider the timing for submission and review of Initial Reports to ensure a smooth transition to a second commitment period. A decision on timing for submission and review of Initial Reports should take into account practical constraints arising from the requirement to submit final first commitment period reports in 2014 using *1996 IPCC Guidelines*, and having to implement *2006 IPCC Guidelines* for a second commitment period.¹ A decision on timing should also consider the review of Initial Reports, and facilitate the work of the Secretariat. Australia supports a decision which encourages Parties to submit, at their earliest convenience, Initial Reports noting the above practical limitations.

¹ See decision 4/CMP.7

Australia welcomes the Secretariat's identification of the linkage between eligibility requirements under the Protocol's flexibility mechanisms and submission and review of Initial Reports. We urge Parties to work constructively towards a decision at COP18 to allow continued functioning of the Protocol architecture prior to the issuance of Initial Reports.² In this context Australia considers that Parties who join a second commitment period should not have their ability to access flexibility mechanisms limited by the practical constraints arising from the submission of Initial Reports. Appropriate changes to these provisions will ensure the continued and uninterrupted function of international carbon markets.

III. Form of revisions

Australia encourages Parties to consider the form of the required updates ensuring that revisions are undertaken in a manner that allows for clarity for Parties. Australia also considers that Parties should incorporate flexible language in relation to methodologies which are reasonably expected to be updated in the future.

In examining the implications of decisions 2/CMP.7 to 5/CMP.7 on previous decisions, Parties should look at relevant decisions in their entirety, considering all necessary updates required to a decision in order to make it operational and ensuring a comprehensive coverage of all issues related to the transition to a second commitment period. We further highlight that the issues identified by the Secretariat in decision 1/CMP.7 are also properly within the scope of the existing work item as the implementation of decisions 2/CMP.7 to 5/CMP.7 rests on the decision by Parties to undertake a second commitment period.

IV. Ensuring technical inter-operability of updated decision texts

Australia considers that the implications of decision 1/CMP.7 relating to a second commitment period are wide ranging, and thanks the Secretariat for highlighting relevant decisions in paragraphs 87-93 of its technical paper. Australia welcomes the Secretariat's recognition of the need to update certain references within existing decisions. Australia recognises that in many cases this is a purely administrative process, and encourages Parties and the Secretariat to identify administrative and technical updates which can be included in updated text to be adopted at COP18.

Australia has identified issues with the current drafting of previous decisions relating to a first commitment period such as the use of the terms 'Annex B Parties' and 'Annex I Parties' interchangeably. This issue is particularly relevant to Annex I Parties that have indicated that they do not plan to join a second commitment period of the Protocol. These will remain Annex I Parties, and Parties to the Protocol. However, they will no longer be Parties with commitments inscribed in Annex B of the Protocol. Australia draws Parties' attention in particular to Paragraph 2 and Annex Paragraph 6 of decision 13/CMP.1 as examples of inconsistent use of terminology.

Further elements that may hinder the technical operation of a second commitment period, as contemplated in decisions 2/CMP.7-5/CMP.7 and decided in decision 1/CMP.7, include the process of serial, transaction and account numbers, primarily within decisions 3/CMP.1 and 9/CMP.1. These numbers require inclusion of the commitment period in which the unit was created, the commitment period in which the transaction took place and the commitment period when the account was created. Parties may wish to review these requirements as they may create further impediments to trading, which could contribute to the legal gap. We stress the need for the Secretariat, the Executive Board, the Compliance Committee, and the International Transaction Log and the CDM Registry to be given sufficient guidance by Parties to ensure that they can operate consistently and efficiently to enable a second commitment period.

² For example 13/CMP.1 paragraph 23 indicates that Parties must issue a quantity of AAUs into their national registry that corresponded to their assigned amount 'prior to any transactions taking place for that commitment period'. Parties should consider methodology around allowing for transactions in the absence of an assigned amount/AAUs.

V. Ensuring the operability of land sector decisions

At the seventh CMP in Durban, South Africa, Parties made important progress in relation to the land sector. Parties also requested the IPCC to review and update Supplementary Methodologies for estimating emissions by sources and removals by sinks resulting from land use, land use change and forestry activities under Article 3.3 and 3.4 of the Protocol.³ This process is due to be completed in 2013 and forwarded to the CMP for adoption. In discussing priorities and timing for a forward work programme on this agenda item, Parties should consider decisions which may be impacted by the above IPCC process, for example decision 6/CMP.3 relating to Common Reporting Format tables.

Australia welcomes the Secretariat's identification of the need to update decisions to reflect the new land sector rules. Australia notes that while the technical paper identifies a range of issues that must be considered by Parties, it does not provide a comprehensive audit of all issues that must be addressed in order to implement decision 2/CMP.7. For example, newly agreed natural disturbance, as contained in decision 2/CMP.7 paragraphs 1(a) and 33–35 will need to be included in decision texts.

Australia notes the Secretariat's identification of the application of the definition of reforestation, as per decision 16/CMP.1, to a first commitment period. Australia supports updating this to ensure the application of the reforestation definition for a second commitment period, but emphasises that any re-opening of the scope of this definition would be beyond the scope of this agenda item, and the intention of Parties.

VI. Conclusion

Australia thanks the Secretariat for its work identifying technical issues under this agenda item. Australia looks forward to furthering discussions on issues with Parties at the upcoming technical workshop in Bonn.

Australia considers that the technical workshop will form a useful basis from which Parties can approach the development of a comprehensive package of updated decisions to be taken in Doha that shall reflect the decisions made in Durban. As noted above we suggest that Parties identify key areas of priority for the transition to a second commitment period and establish a framework around which these issues can be taken forward.

³ 2/CMP.7

Paper no. 2: Cyprus and the European Commission on behalf of the European Union and its member States

This submission is supported by Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia and Serbia.

Nicosia, 21 September 2012

**Subject: EU submission on the implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol
*SBSTA agenda item 11(d)***

1 Background/Introduction

At CMP 7 (decision 1/CMP.7) in Durban 2011, SBSTA was invited to assess and address the implications of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Protocol. At its 36th session, the SBSTA (SBSTA 36) acknowledged the importance of the work for the implementation of the second commitment period under the Kyoto Protocol and the considerable amount of work to be done on the several methodological decisions.

To facilitate progress in the work, SBSTA 36 requested the secretariat to prepare a technical paper on the implications, including those arising from the implementation of the previous decisions on methodological issues, and options how to address them by 1 September. The technical paper FCCC/TP/2012/6) was published on the UNFCCC website on 27 August 2012. The EU appreciates the comprehensive and timely work by the Secretariat.

SBSTA 36 also invited Parties to submit their views by 21 September on the implications of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8, and on how these implications should be addressed. The SBSTA further requested the secretariat to make the submissions available at the UNFCCC website and compile them into a miscellaneous document before the workshop, which will discuss the technical paper and consider the views of Parties before SBSTA 37. This workshop will take place 8 - 10 October 2012 in Bonn.

The SBSTA will continue the consideration of the work at its 37th session, taking into account the technical paper, submissions by Parties and the workshop report, with a view of preparing draft decisions for consideration and adoption by the CMP at its eighth session (CMP 8). The SBSTA also agreed, if appropriate, to develop further elements of this agenda item to be implemented in 2013, with a view to preparing further decisions for consideration and adoption by the CMP at its ninth session (CMP 9).

The EU welcomes the opportunity to submit its views on the implications of the decisions 2/CMP.7 to 5/CMP.7 on the methodological decisions and on how these implications should be addressed and captured in a decision to be adopted in Doha. The EU submission builds on the technical paper by the secretariat. The EU has structured the submission as follows:

- EU approach and priorities to the work
- Reaction to the secretariat's TP general, details and additional issues, organised by relevant methodological decision

- Annexes (Revised decisions 13/CMP.1, 15/CMP.1, and 22/CMP.1 with proposed changes in track change mode)

2 EU views on approach and priorities

The EU's objective is the adoption of ratifiable amendments of the Kyoto Protocol for a second commitment period under the Kyoto Protocol as part of the package of decisions that will be agreed in Doha. It is extremely important to ensure a rigorous, robust, comparable and transparent reporting and accounting of GHG emission reductions, accounting of sinks and reporting of information under Article 7 of the Kyoto Protocol for the second commitment period. The discussions on the implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol as well as the technical paper prepared by the secretariat show that a large amount of technical details need to be addressed in decisions to implement a second commitment period under the Kyoto Protocol. This technical work is also essential to ensure a smooth transition between the first and second commitment period. The EU believes that the 2nd commitment period of the Kyoto Protocol should be fully operational from 1.1.2013 onwards and aims at completing all required changes on the methodological decisions at CMP 8. This is an extremely important issue for the EU that must be resolved as part of the decisions of the Doha package.

For those methodological decisions for substantial and material changes are required for the application in the second commitment period, new decisions with all necessary changes and amendments should be adopted for the second commitment period, while decisions adopted at the first session of the CMP should remain in place for the ongoing implementation of the first commitment period. This approach – the preparation of new decisions for the 2nd commitment period - should be applied for example to decision 13/CMP.1, 14/CMP.1, 15/CMP.1, 20/CMP.1 and 22/CMP.1. This approach ensures that there are no ambiguities related to the implementation of decisions 1/CMP.7 to 5/CMP.7 in the second commitment period. The related decisions should specify that the Annexes apply to the second commitment period starting. It should also be clarified when the new decisions starts to apply and when the decisions for the 1st commitment period will cease to be applicable (after the final compliance assessment for the first commitment period is completed).

The EU is not in favour of revisions that make the existing decisions applicable to both commitment periods, because some of the differences between the first and the second commitment period are difficult to address in such approach (e.g. for the change in mandatory LULUCF activities, the text would need to specify that forest management can be elected and is mandatory).

For those methodological decisions adopted at the first session of the CMP or any relevant COP decisions for which only references need to be updated (either references to the new amendments or references to new decisions for the second commitment period), an overarching decision (or several overarching decisions) could be adopted that specifies all changed references in all paragraphs of the respective decisions for the second commitment period.

A very general clause stating that all references in CMP.1 decisions should be read as references to decisions CMP.1 as revised by subsequent decisions of the CMP may be ambiguous as not all references related to CMP.1 may need to be replaced and further analysis is required whether such approach would be feasible or whether such overarching decisions should clearly specify all individual references in all paragraphs that change for the 2nd commitment period.

The EU is concerned about the short time period remaining until Doha in which a large amount of technical modifications need to be agreed, for which no draft legal text yet exists. Therefore the EU prepared draft

revised decisions including the respective annexes for the most important methodological decisions 13/CMP.1 (accounting modalities under Article 7, paragraph 4), 15/CMP.1 (reporting under Article 7 of the Kyoto Protocol) and 22/CMP.1 (review under Article 8 the Kyoto Protocol) which are attached to this submission. The objective of these drafts is to advance the work under this agenda item as fast as possible. These drafts follow the approach outlined above to adopt new decisions for the second commitment period. In some areas the draft decisions include options that reflect ongoing discussions under AWG-KP. Some of these options do clearly not represent the EU's views. They were however included to provide an overview on the implications of ongoing discussions under AWG-KP on the decisions considered under SBSTA agenda item 11(d). Thus, the inclusion should not be understood in a way that the EU agrees with these options. This is particularly relevant in the draft proposed text for the annex to decision 13/CMP.1.

As addressed in paragraph 86, 94 and 95 of the technical paper, the EU believes that the process under SBSTA agenda item 11(d) should also cover implications of decision 1/CMP.7 and the changes that arise from the proposed amendments to the Kyoto Protocol. The implementation of these decisions in the methodological decisions is crucial for a functioning of a second commitment period. The changes and modifications proposed by the EU in this submission already address the implications of decision 1/CMP.7 and the proposed amendments to the Kyoto Protocol.

However, as part of this analysis of decision 1/CMP.7 for this submission, some questions arose that may be further considered in the work under AWG-KP: In decision 1/CMP.7 the amendments of Article 3, paragraph 1bis and Article 3, paragraph 7bis and 8bis are inserted after the existing paragraphs 1 and 7 of the Protocol. The modification of Article 3, paragraph 8 'substitutes' the existing subparagraph 8 and Annex A also 'replaces' the current Annex A. If the amendments enter into force prior to the final compliance assessment at the end of the additional period for fulfilment of commitments (potentially only in 2015 or even 2016 if delays occur), the replacement of Annex A and substitution of Article 3, paragraph 8 may lead to an ambiguous situation for the assessment of compliance for the first commitment period because the basis of the commitments was partly substituted and partly not.

In the view of the EU, implications of the implementation of decisions 1/CMP.7 to 5/CMP.7 do not only refer to the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol, but also to decisions 2/CMP.1 (principles, nature and scope of KP mechanisms), 3/CMP.1 (CDM), 9/CMP.1 (JI) and 11/CMP.1 (IET) due to the linkages between methodological decisions with the participation requirements in these decisions. The EU would wish to address the technical implications of these linked issues under this agenda item taking into consideration any related further considerations under the AWG-KP.

The highest priority for the work should be on decision 13/CMP.1. A new decision applying for the 2nd commitment period should be adopted in Doha. Also the other decisions that require substantial changes have a high priority such as decision 15/CMP.1 on reporting because Parties need to know what they should report prior to a final adoption of commitments for the second commitment period. Some decisions are important for a transition into the second commitment period, such as decision 12/CMP.1 with the guidance to registry systems and decision 14/CMP.1 and these decisions require few changes in the view of the EU and should therefore also be prioritized. Decision 22/CMP.1 is also important in the EU's view as well as the linkages to the mechanism decisions with the view to ensuring continuously operating systems between the first and second commitment period.

For some decisions the work could continue after the session in Doha with a view to adopt decisions at CMP 9:

- Decisions 18/CMP.1 (criteria for cases of failure to submit information related to LULUCF activities): the ongoing IPCC work related to LULUCF activities under the Kyoto Protocol may be useful for this decision.

- Decision 19/CMP.1 (guidelines for national systems): the EU assumes that very few changes apply to this decision.
- Decision 20/CMP.1 (Adjustments under Article 5, paragraph 2): the revised decision is only necessary for the review of the first inventory for the second commitment period, which is due in 2015. Experiences from the ongoing implementation of adjustments during the inventory review may still be useful for the revision.
- Decisions related to training of review experts.

The EU notes that further changes to decision(s) may need to be considered and that the EU's consideration of necessary changes of the methodological decisions under the Kyoto protocol has been advanced significantly, but not yet fully completed. The EU looks forward to advancing the work further based on submissions by other Parties and via the discussions at the workshop in October.

3 EUs comments on the TP

3.1 General implications

3.1.1 Cross references to decisions

The secretariat has identified six methodological decisions (13/CMP.1, 14/CMP.1, 15/CMP.1, 22/CMP.1, 24/CMP.1 and 8/CMP.5), where updates to the decisions from 2/CMP.7 to 5/CMP.7 need to be made in preamble, decision or annex text. With regard to decisions 13/CMP.1, 14/CMP.1, 15/CMP.1 and 22/CMP.1, the EU believes that these decisions should be revised for adoption by CMP 8 and implementation of CP2, and has included proposals for updating the references in the Annex.

With regard to the decisions 24/CMP.1 and 8/CMP.5, addressing the conduct and training for reviews, the EU believes that revising these decision is not urgently needed. Updating the referencing would be part of the further work.

3.1.2 Changes in methodologies in accordance with Decision 4/CMP.7

The technical paper identified the need to update references to new IPCC guidelines in several decisions including 13/CMP.1.15/CMP.1, 20/CMP.1 and 22/CMP.1. In the proposed revised version for these decisions, the reference to new methodological guidelines is included. For the other decisions, the EU believes the changes should be addressed applying option c) in the secretariat's TP in a slightly revised form: *“through one overarching decision, indicating that the guidance from the Revised 1996 IPCC Guidelines, the IPCC good practice guidance and the IPCC good practice guidance for LULUCF is superseded by the new IPCC guidance as adopted or encouraged and clarified by the Conference of Parties, and any subsequent clarifications agreed by the Conference of Parties, for the decisions applicable to the second commitment period”*.

3.1.3 Accounting for forest management

In accordance with decision 2/CMP.7, accounting for forest management will be mandatory in CP2, whereas it was an activity Parties could elect to account for in CP1. This implies technical changes to decisions 13/CMP.1, 18/CMP.1 and 20/CMP.1. For decisions 13/CMP.1 and 20/CMP.1 respective changes are included in the draft revised decisions in the annex to this submission.

For decision 18/CMP.1, the change should be addressed in the overarching decision (secretariat's option c)) *“indicating that forest management has become mandatory in the second commitment period and clarifying*

that, for the purposes of the second commitment period, the relevant decisions should be read as to include forest management under Article 3, paragraph 4, as a mandatory activity.”

See also the Annex with the draft revised decisions.

3.2 Decision 13/CMP.1 (Modalities for the accounting of assigned amounts under Article 7.4)

This decision seems incorrectly placed as a decision relating to Article 5 of the Kyoto Protocol in cluster 1 in the technical paper. The title of the decision “Modalities for the accounting of assigned amounts under Article 7, paragraph 4 of the Kyoto Protocol” already specifies that the decision belongs in the cluster of decisions relating to Article 7 of the Kyoto Protocol.

3.2.1 General issues

In general, a new decision addressing the accounting modalities should be prepared and adopted for the second commitment period with all necessary changes and amendments while decision 13/CMP.1 should remain in place for the ongoing implementation of the first commitment period. This approach applies to all suggested specific proposals below.

As addressed in paragraph 95(a) of the technical paper, all references to assigned amount pursuant to Article 3, paragraphs 7 and 8 in decision 13/CMP.1 should be updated in line with the proposed amendments to the Kyoto Protocol. Taken into account decision 1/CMP.7, the revised reference would read ‘assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis’: This wording is reflected in the proposals for draft revised decisions, noting that the amendments to the KP are still under discussion under the AWG KP leading to further changes that – if adopted - should then be taken into account.

As addressed in paragraph 96 of the technical paper, all references to ‘commitments under Article 3, paragraph 1’ should be changed to ‘commitments under Article 3, paragraph 1bis’ for the new decisions for the second commitment period.

As addressed in paragraph 97 of the technical paper, the reference to ‘Party included in Annex I’ or ‘Party included in Annex I with a commitment inscribed in Annex B’ needs to be revised to take into account the amendments of the Kyoto Protocol. Taking into account decision 1/CMP.1 this reference should read “Party included in Annex I with a commitment inscribed in the third column of the table contained in Annex B”. An abbreviated way for this reference should be applied throughout a revised decision after the first reference to such long term.

The multiple references to ‘elected activities under Article 3, paragraph 4’ also need to be replaced in a consistent way throughout the decision taking into account the mandatory character of forest management under Article 3.4 in the second commitment period (see above and the annex).

References to CMP.1 decisions within the decisions that are revised as part of the work process under this agenda item, need consistent revision at the end of this process.

3.2.2 Issues and options addressed in the technical paper

Paragraph 87/TP, paragraph 1 of decision 13/CMP.1

In line with the general approach for this decision described above, a reference to the second commitment period should be inserted in paragraph 1 to clarify for which period the new decision applies.

Paragraph 87/TP, Paragraph 2 of decision 13/CMP.1

Paragraph 2 of decision 13/CMP.1 needs to be updated specifying when the report to calculate the assigned amount for the second commitment period referred to in Article 6 of the Annex to decision 13/CMP.1 should be submitted. In the view of the EU, this should happen in conjunction with the inventory submission due by 15 April 2015.

Paragraph 30/TP, paragraph 1 of the annex to decision 13/CMP.1

In the TP, it is proposed to include additional definitions, such as “Kyoto Protocol unit”, “valid”, non-permanent Kyoto Protocol unit” and “transaction” as additional definitions in section I.A. In the view of the EU it is not necessary to define these terms.

Paragraph 17 and 97/TP, paragraph 5 of the annex to decision 13/CMP.1:

The reference to the first commitment period in paragraph 5 shall be replaced by a reference to the second commitment period. The references to Annex B need to be replaced by references consistent with the amendment of the Kyoto Protocol (‘third column of the table contained in Annex B’). The duration of the commitment period in the first sentence can be deleted and the multiplication factor for the number of years should be replaced by ‘duration of the commitment period in years’ to achieve a decision that covers both options proposed for the length of the commitment period under AWG-KP. In subparagraph (a) a reference to the choice of base year for NF₃ consistent with the amendment of the Kyoto Protocol needs to be inserted.

Paragraph 23/TP, Paragraph 12 of the annex to decision 13/CMP.1:

- Subparagraph 12(d) requires a modification due to the mandatory character of forest management in the 2nd commitment period.
- Subparagraph 12(e): a more specific reference to decision 27/CMP.1 should be included in this paragraph.
- Transfers by the Party of units generated from market-based mechanisms should be included in the subtractions and additions under Paragraphs 11 and 12.

Several cancellation types defined in different decisions are not taken into account in the current paragraph 12 and should be added.

- A new subparagraph should be added to take into account the cancellation of units for the purposes of replacing tCERs and for the purposes of replacing ICERs in accordance with decision 5/CMP.1.
- A new subparagraph should be added to take into account the cancellation of units in the event of net reversal of storage for CCS project activities and the lack of certification reports in accordance with decision 10/CMP.7.
- A new subparagraph should be added to take into account the cancellation after the end of the additional period for fulfilling commitments of a commitment period of all units held in a registry that have not been carried over to a subsequent commitment period (paragraph 36 of decision 13/CMP.1).

Paragraph 12bis:

A new paragraph 12bis is proposed that addresses the cancellation of all units after compliance assessment at the end of a commitment period in conjunction with paragraph 36 because this type of cancellation is currently not properly defined in decision 13/CMP.1. A separate paragraph is required as this type of cancellation is not part of the cancellations for compliance assessment, but happens after such assessment.

Paragraph 88/TP, paragraph 23 of the annex to decision 13/CMP.1:

The title of the section is “Issuance of ERUs, AAUs and RMUs”, however paragraph 23 could also be read related to transactions of CERs and it seems that a link to the CERs was not the intention in the original drafting of this paragraph under such heading. Therefore it is suggested to add ‘of its AAUs’ after

transactions in the first line that clarifies that first AAUs for CP2 have to be issued, subsequently they can be transferred. This addition clarifies that transactions related to CERs, such as issuance and forwarding to Parties' and project participants accounts or the forwarding of the share of proceeds do not depend on the issuance of assigned amount for CP2.

In the first commitment period, this paragraph was irrelevant in practice, because the registries became operational after the assigned amount was established and transactions could not take place immediately upon establishment of assigned amount due to the lack of operational registries.

Paragraph 18/TP, paragraph 25 of the annex to decision 13/CMP.1

1. Related to the options proposed in paragraph 25 of the TP related to the election of annual or commitment period accounting, the EU proposes a wording that 'the decision of a Party shall remain fixed for the commitment period **to which it relates.**'
2. The reference to elected activities under Article 3.4 should be replaced due to the mandatory accounting of forest management under Article 3.4 in CP2. It is proposed to use "resulting from its activities under Article 3, paragraph 3, from forest management under Article 3, paragraph 4 in the second commitment period and from its elected activities under Article 3, paragraph 4, accounted in accordance with decision 16/CMP.1 and decision 2/CMP.7.
3. As highlighted previously the initial report should be submitted together with the first inventory submission for CP2, consequently the election of annual or commitment period accounting will no longer be made prior to the commitment and the related reference should be revised and linked to this report.

Paragraph 19/TP, paragraph 26 of the annex to decision 13/CMP.1

Technical corrections of the reference level for forest management will be dealt with during the review process under Article 8 and questions of implementation may arise from this process. The technical corrections can also lead to additional issuance of RMUs or to cancellations of units if more RMUs were issued than would have been allowed with the technical corrections applied. Such corrections can be summed up in the CRF accounting table for LULUCF activities and taken into account in the final issuance/cancellation of units. In the view of the EU, this does not affect the accounting modalities as specified in decision 13/CMP.1, but decisions 15/CMP.1 and 22/CMP.1

Paragraph 20/TP, paragraph 31 of the annex to decision 13/CMP.1:

In a separate decision for the second commitment period, the reference to decision 16/CMP.1 for the limit on net acquisitions of CERs should be replaced by a reference to paragraph 19 of decision 2/CMP.7.

Paragraph 24/TP, Paragraph 43 of the annex to decision 13/CMP.1:

Subparagraph (d) requires to make publicly available all transaction records for each single transaction which is not implemented for CP1. The requirement to make each single transaction publicly available should be deleted. Any important issues or discrepancies are captured in the SIAR reports that are forwarded to the review. This current practice should be reflected in the text. .

Paragraph 25/TP, paragraphs 44-48 of the annex to decision 13/CMP.1

The EU agrees with the proposal in the TP to revise the requirements for public accessible information, in particular for those parts of information relevant for the registry security. This concerns in particular paragraph 45(e), which should be deleted. Paragraph 47(a) should refer to those account types that are also used in the SEF tables, this means to aggregate Party and entity accounts and not to 'each account'. Due to confidentiality reasons only acquiring and transferring registries should be listed in the public information related to subparagraphs (d) and (f).

In addition paragraph 47 should be amended to publish information in all cancellation accounts specified under the proposals for Article 12 above. For paragraph 44 the EU believes that there is no need to specify the means to make data available to the public. In paragraph 45 (d) and (e) the EU proposes to delete the

subparagraphs related to the identification of account holders as this information was abused and led to security problems of the registries in the past.

Paragraph 27 TP/Paragraph 47 and 49(b) and (c)

As suggested in the TP, the requirement to report on or publish serial numbers should be deleted for the reasons explained in the TP.

Paragraph 28 TP/ paragraph 52 of the annex to Decision 13/CMP.1

In line with the suggestion in the TP, paragraph 52 should be revised to take into account the limits for RMUs and CDM project activities for the second commitment period. Following from decision 2/CMP.7, it is also necessary to amend this paragraph to record any changes to the forest management reference level during CP2.

Paragraph 29 TP/ paragraph 61 of the annex to Decision 13/CMP.1

The TP suggests to stop publication of the annual compilation and accounting reports. In the view of the EU these reports should remain public.

3.2.3 Additional issues to be addressed in a new decision on “Modalities for the accounting of assigned amounts under Article 7, paragraph 4 of the Kyoto Protocol” for the 2nd commitment period

Annex to decision 13/CMP.1:

General: References to any units from market-based mechanisms to be established under the Convention or its instruments should be included in several paragraphs, such as for the addition and subtraction of assigned amount and for the compliance assessment (see annex with draft revised decision text).

Paragraphs 1 to 4 of the annex to Decision 13/CMP.1

These paragraphs include a reference to global warming potentials valid for the first commitment period, which have been revised in decision 4/CMP.7, therefore the reference need to be replaced for the second commitment period.

Paragraph 6 of the annex to decision 13/CMP.1

References to assigned amount calculation paragraphs in KP amendments need to be included. The demonstration of the capacity to account for emissions and assigned amounts is implicit in the reporting of GHG inventories and SEF tables and does not need to be added as independent criterion. Thus the capacity to account for emissions and AA is already demonstrated annually during the inventory review and does not require a separate reporting and should be deleted in this paragraph. It is also not necessary to specify that the report has two parts, and paragraphs 7 and 8 should be merged into one.

Paragraph 7 of the annex to decision 13/CMP.1:

This paragraph requires rephrasing for the approach to be taken in the 2nd commitment period. In the view of the EU, the report to calculate the assigned amount for the second commitment period, should be submitted in conjunction with the inventory submission due by 15 April 2015 because this is the earliest point in time when a consistent recalculated inventory time series can be submitted for this purpose in accordance with decision 4/CMP.1. This approach requires more substantial changes than proposed in the technical paper:

- Subparagraph (a): It is not necessary to report two times GHG inventories for the time series from the base year up to the most recent year in the same submission and subparagraph a can be deleted.

- Subparagraph (b): References to the base year for NF_3 for the second commitment period should be included. It should be clarified that for Annex I Parties that participated in CP1, the base year for HFCs, PFCs and SF_6 which was already identified should keep being the same.
- Subparagraph (d): It should be clarified which exact inventory submission will be the basis of the AA calculation (submission due by 15 April 2013) and that this submission should include recalculated base year emissions for the second commitment period.
- Subparagraph 8(e): reference to correct decision for the calculation of CPR depends on the outcomes of SBSTA and 2 options should be included in the draft legal text until an agreement is reached under SBSTA.
- Subparagraph 8(f): requires clarification that for those Parties that already selected definitions, these definitions should be maintained in the 2nd commitment period.
- New subparagraph is required to identify the approach how a Party intends to account for HWPs as a consequence of decision 2/CMP.7 (see i in legal text proposal).
- New subparagraph is required to identify whether a Party intends to exclude emissions from natural disturbances in the 2nd CP (see (j) in legal text proposal).
- Subparagraph 8(e): The information in subparagraph (e) is not necessary because the national system is also described in the annual inventory submission and reviewed as part of the inventory review. Only for Parties without a QUELRO in CP1 that join CP2, this should be part of the requirements for CP2.
- Subparagraph 8(f): The information in subparagraph (f) is not necessary because the national registry is also described in the annual inventory submission and reviewed as part of the inventory review. Only for Parties without a QUELRO in CP1 that join CP2, this should be part of the requirements for CP2.

Paragraph 11 of the annex to decision 13/CMP.1:

Subparagraph 11(e) requires a modification due to the mandatory character of forest management in the 2nd commitment period.

Paragraph 15 of the annex to decision 13/CMP.1:

All options discussed related to carry-over in AWG-KP should be reflected in a draft legal text. After reaching an agreement in AWG-KP, the corresponding option should be kept.

Paragraph 18 of the annex to decision 13/CMP.1:

The concept of ‘distinct’ registry systems seems ambiguous and does not clearly refer to specific requirements. It is suggested to clarify that consolidated registries accounts should keep national administrators and should fulfil the requirements set out in the respective decision.

Paragraph 19 of the annex to decision 13/CMP.1:

Paragraph 19 includes a reference to ‘technical standards to be adopted’ which should be replaced by ‘technical standards adopted by decision 24/CP.8’. This paragraph should also reference the data exchange standards for registries.

Paragraph 21 of the annex to decision 13/CMP.1:

Additional cancellation accounts should be listed in paragraph 21 in order to have a complete list of all cancellation accounts in accordance with registry data exchange standards and in line with the additions made in paragraph 12 that defines the cancellation types.

Paragraph 36 of the annex to decision 13/CMP.1:

This paragraph contains a reference to paragraph 12(f). Paragraph 12(f) refers to other cancellations by the Party that should be subtracted from the assigned amount at the end of the additional period for fulfilling

commitments for the compliance assessment. This reference does not fit here because carry-over happens after compliance assessment. This mistake was clarified by inserting a new subparagraph 12bis for cancellations after the end of a commitment period and this new paragraph should then be referenced in this paragraph.

Paragraph 37 of the annex to decision 13/CMP.1:

This paragraph requires changes of some references and it is also proposed to correct the reference to the deduction for non-compliance to the related CMP.1 decision.

Paragraph 42 of the annex to decision 13/CMP.1:

The list of automatic checks for discrepancies is incomplete when compared with the data exchange standards for registries and in particular infringements to required cancellations should be included.

Paragraph 50 of the annex to decision 13/CMP.1:

The paragraph 50 should be amended by a sentence specifying that the information in the compilation and accounting database shall be publicly available at the UNFCCC website following the annual review under Article 8, the application of any adjustment under Article 5, paragraph 2, and the resolution of any relevant questions of implementation.

Paragraph 55 of the annex to decision 13/CMP.1:

The current provisions only require the recording of net emissions and removals from LULUCF activities, but not the accounting quantities which are different from the total net emissions and removals. Thus, the information relevant for the accounting is not correctly captured by the current provisions and references to the accounting quantities should be added.

Paragraph 57 of the annex to decision 13/CMP.1

This paragraph requires annual updating of the CPR level for each Party. However, the CPR calculation based on assigned amount does not change after the initial review. The paragraph should be more precisely address which information for which Parties should be updated by when.

Paragraph 58 of the annex to decision 13/CMP.1

Additional cancellation subparagraphs suggested for paragraph 12 should be reflected in this paragraph as well.

3.3 Decision 15/CMP.1 (Guidelines for the preparation of information required under Article 7)

3.3.1 General issues

In the technical paper decision 15/CMP.1 (Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol) is addressed under Cluster 2. The changes required in this decision are related to the adoption of new methodological and reporting guidelines in accordance with decision 4/CMP.7 on Greenhouse gas, sectors and source categories, common metrics to calculate the CO₂ equivalence of anthropogenic emissions by sources and removals by sinks and other methodological issues, and the decision 2/CMP.7 on Land use, land-use change and forestry, adoption revised accounting provision for LULUCF activities in the second commitment period.

In the decision and its annex the references to the new IPCC methodological guidance needs to be updated. As the good practice guidance for the LULUCF activities and supplementary guidance for wetlands are still under development, the EU suggest the following way of referencing to the guidance : “ *2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse gas Inventories*

(hereinafter referred to as IPCC guidelines) as elaborated by any supplementary and good practice guidance by the IPCC adopted or encouraged, with any subsequent clarifications by the Conference of Parties”.

In Doha the work on reporting tables for LULUCF activities under Articles 3.3 and 3.4 should be initiated and revised tables should be developed in parallel with the IPCC’s ongoing work on methodologies for LULUCF reporting and accounting in the 2nd commitment period of the Kyoto Protocol to ensure that reporting tables are available for the first submission for the second commitment period.

3.3.2 Issues and options addressed in the technical paper on the annex to the decision

Paragraph 5

The paragraph addresses how to reference the new methodological guidance, see EU proposal above.

Paragraph 6(a)

The paragraph addresses how to reference the new methodological guidance, see EU proposal above. In addition, a reference to decision 2/CMP.7 should be added.

Paragraph 6(b)(ii)

The EU agrees with the suggested update of decision 16/CMP.1 to decision 2/CMP.7.

Footnote5 to paragraph 6(d)

See above on how to reference the new methodological guidance, the reference should be both to 2006 IPCC guidelines and the ongoing methodological work.

Paragraph 9(d)

The whole paragraph 9 should be changed to account the revised accounting rules for Article3, paragraph 4 activities (see proposal in the revised decision 15/CMP.1).

3.4 Decision 20/CMP.1 (Good practice guidance and adjustments under Article 5.2)

3.4.1 General issues

In general, it is important that a revised decision related to adjustments takes into account the revised source categories and sectors agreed as part of the revision of guidelines for annual GHG inventories for Annex I Parties. There is also the need to revise the conservativeness factors in the Annex in order to make those consistent with the revised uncertainty estimates in 2006 IPCC Guidelines. The guidelines should also be reassessed in the light with existing experiences with adjustments. In the view of the EU, few changes arise from this perspective, but in some areas some more flexibility for the ERTs in specific situations may be useful to ensure the best result possible.

In the decision text and in its annex the references to the new 2006 IPCC methodological guidance needs to be updated. As the good practice guidance for LULUCF and supplementary guidance for wetlands are still under development, the EU suggest the following way of referencing to the guidance: “*2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse gas Inventories (hereinafter referred to as the IPCC guidelines) as elaborated by any supplementary and good practice guidance by the IPCC adopted or encouraged, with any subsequent clarifications by the Conference of*

Parties". The use of forest reference levels in the 2nd commitment period and potential corrections thereof, also need to be reflected in the guidelines.

3.4.2 Issues and options addressed in the technical paper

Paragraph 13c TP/ paragraphs 18, 20(b) and 21 of the annex to Decision 20/CMP.1

To address the issue that the accounting for forest management (FM) has become mandatory in the 2nd commitment period, the EU would support option b of rephrasing the text in the relevant paragraphs.

Paragraph 32 TP/ paragraph 11 of Decision 20/CMP.1

The EU would suggest rephrasing the paragraph so that it refers to final year of the commitment period.

Paragraph 33 TP/ paragraphs 13(c),18 and 69 of the annex to Decision 20/CMP.1

The mentioned paragraphs are suggested to be modified to include wetland drainage and rewetting.

Paragraph 34 TP/ paragraph 13 of the annex to Decision 20/CMP.1

The concept of forest management reference levels need to be considered in connection with possible adjustments.

Paragraph 35 TP/ paragraph 43 of the annex to Decision 20/CMP.1

The paragraph should be revised to include a reference to the correct section of the 2006 IPCC guidelines.

Paragraph 36 TP/ paragraph 63 of the annex to Decision 20/CMP.1

Nitrogen trifluoride should be added to the list of fluorinated compounds.

Paragraph 37 TP/ appendix III of the annex to Decision 20/CMP.1

The EU believes that appendix III of the revised Decision 20/CMP.1 should be modified to take into account the new sectoral divisions and gases implemented in the revised version of Decision 15/CP.17. Furthermore, the conservativeness factors should be updated to take into account the revised uncertainty estimates from the 2006 IPCC Guidelines.

3.4.3 Additional issues to be addressed in a new decision on "Good practice guidance and adjustments under Article 5, paragraph 2, of the Kyoto Protocol"

Paragraph 28 of the annex to Decision 20/CMP.1

The choice of adjustment methods at the moment is very prescriptive and more flexibility should be included for specific situations.

3.5 Decision 22/CMP.1 (Guidelines for review under Article 8)

3.5.1 General issues

The revision of the guidelines for review under Article 8 for the second commitment period should on the one hand address the necessary changes for the implementation in the second commitment period. On the other hand it should also address the considerable problems that occur with the implementation of the review in the first commitment period. The annual reviews have significant delays and it is difficult to gather sufficient experienced experts. The EU therefore suggests a slightly modified approach for the second commitment period: the initial checks and status reports should be produced every year. The individual inventory review should only take place every second year and review the two most recent inventory years in

the same review. In the first and the last year of the second commitment period, an individual inventory review should be undertaken for all Kyoto Parties to have a robust basis for the assessment of compliance for all Parties and an assessment of the recalculations due to methodological changes at the beginning of the commitment period.

Unnecessary elements as specified in the technical paper should be deleted. This in particular relates to the review of the national registries. If registries continue to work without discrepancies and problems, there is no need for continued review. However, some Parties may only have commitments under the Kyoto Protocol in the second commitment period and still need to establish their national registries. In such cases a specific need for review arises which should also be addressed in the revised guidelines. In a similar way, national systems do no longer need a separate thorough review, but only a review of changes or related to problems that were identified. If new Parties join CP2, a thorough review of the national system should of course occur.

It is also important that the revision for the second commitment period takes into account the changes in the revised guidelines for the reporting of Annex I national GHG inventories.

3.5.2 Issues and options addressed in the technical paper

Paragraph 69 TP/ paragraph 12(a) of the annex to decision 22/CMP.1

The EU proposes to elaborate independent decisions for CP2 which can easily accommodate the inclusion of NF₃.

Paragraph 70 TP/ paragraph 12 of the annex to decision 22/CMP.1

The EU suggests that the ‘initial report’ for CP2 is submitted in conjunction with the first inventory for CP2. Paragraph 12 (inventory information) can be deleted from this report as it is not necessary to submit two inventories at the same time and also from the review guidelines for the initial report as an inventory review is conducted at the same time. The ‘initial’ review in the 2nd commitment period, should focus on the assigned amount calculation and on the information provided on the accounting of LULUCF activities.

Paragraph 71 TP/ paragraph 14 of the annex to decision 22/CMP.1

The EU believes that it is not necessary to conduct an in-country visit for the ‘initial report’ due to the large number of reviews that will have been already conducted for most of the Parties. If additional Parties join in the second commitment period, they should be subject to an in-country review.

Paragraph 72 TP/ paragraph 15 of the annex to decision 22/CMP.1

The annual review should continue to look at changes of the national system and the national registries, but the focus of the review of these elements should be on any problems that were identified as part of the inventory review for national systems or as part of the SIAR reports for registries.

Paragraph 73 TP/ paragraph 19 and 132 of the annex to decision 22/CMP.1

The practice implemented in decision 10/CMP.6 to review small Parties with low emissions in a centralized review of national communications should continue in the 2nd commitment period.

Paragraph 74 TP/ paragraph 52 and 59 of the annex to decision 22/CMP.1

The secretariat should perform the initial checks.

Paragraph 75 TP/ paragraph 67 of the annex to decision 22/CMP.1

The direction of the ERT should be deleted from paragraph 67

Paragraph 76 TP/ paragraph 81 of the annex to decision 22/CMP.1

The paragraph 81 should be modified to be applicable for the second commitment period additional modifications arise from the EU proposal to conduct the individual inventory review every second years for the two most recent years submitted (see Annex with draft revised decision text)

Paragraph 77 TP/ paragraph 86 and 88 of the annex to decision 22/CMP.1

The EU supports streamlining of the review of registries and SEF tables by referring to SIAR reports. The review of registries can be significantly streamlined when only those procedures are kept, that are implemented for CP.1. Due to a large number of automatic checks, fewer checks by ERTs are necessary.

Paragraph 78 TP/ paragraph 97 of the annex to decision 22/CMP.1

The EU supports the proposal for streamlining the review of national systems in a revised decision taking into account the experiences with the implementation in CP1.

Paragraph 79 TP/ paragraph 111 and 119 of the annex to decision 22/CMP.1

The registries of those Parties that have been thoroughly reviewed in CP1, so not need to be subject to a review in CP2 again because any problems in the functioning would immediately be identified by the ITL. The review should not duplicate ITL functions.

3.6 Other decisions

3.6.1 Decision 12/CMP.1 (Registries)

The TP assesses that there does not seem to be a need for substantive changes of decision 20/CMP.1 apart from streamlining and security measures. The EU believes that the strengthening of the security requirements already occurred as part of fast reaction of the forum of registry administrators, the secretariat and Parties as well as part of the DES standards and it may not be necessary to further specify the need for security standards which are already addressed in a general way in the guidelines.

3.6.2 Decision 14/CMP.1 (Standard electronic format for reporting Kyoto Protocol units)

The EU supports the addition of a line for ‘wetland drainage and management’ in the tables.

Annex of the TP – suggestions for the annex to decision 14/CMP.1

Paragraph 3

The first SEF tables for CP2 should be submitted together with the first inventory submission due by 2015.

Tables 1 and Tables 2(a)

The EU would propose to add lines for all types of cancellation accounts (as specified in the proposal for a revised decision 13/CMP.1, paragraph 12).

Table 3

The EU supports the introduction of ‘replacement and ‘cancellation’ columns in this table

3.6.3 Decision 3/CMP.1 9/CMP.1 (JI) and 11/CMP.1 (international emission trading) – linkages to eligibility requirements

As outlined in the technical paper in paragraph 98, issues relating to the operation of flexibility mechanisms (Articles 6, 12 and 17 of the Kyoto Protocol) are related to the methodological issues because relevant reporting and review provisions are a major factor in determining Parties' eligibility under the mechanisms. Therefore, the potential impact of changes in KP decisions and amendments on eligibility requirements and decisions 3/CMP.1, 9/CMP.1 and 11/CMP.1 should be included in the considerations under the 11(d) agenda item.

The reference to Parties in the chapeau of paragraph 2 of the annex to decision 11/CMP.1 and of paragraph 21 of decision 9/CMP.1 should be revised to 'Party included in Annex I with a commitment inscribed in the third column of the table contained in Annex B to the Kyoto Protocol'.

Parties included in Annex I with a commitment inscribed in the third column of the table contained in Annex B to the Kyoto Protocol that also had commitments in CP1, should remain eligible between the first and the second commitment period. There will be no gap in the submission of inventories and the review thereof between the first and the second commitment period, thus questions of implementation will be identified without interruption. Unless the enforcement branch of the compliance committee decides that a Party does not need to meet one or more of the eligibility requirements, these Parties should keep being eligible. The continuous annual process of assessment of compliance with reporting requirements across both commitment periods does not require any separate or additional procedure for these Parties.

In Bangkok AWG-KP has started discussion on the eligibility to use flexible mechanisms for Kyoto Parties without a QUELRO for the second commitment period. Any decisions adopted related to this issue under AWG-KP should be reflected in the work under this agenda item.

The technical paper proposes specific options for changes of the eligibility requirements for the second commitment period. EU may present more specific views related to these proposals at a later stage.

Decision 1/CMP.17, paragraph 83 defines a new market-based mechanism. This decision also has impacts on the methodological decisions under the Kyoto Protocol, e.g. related to accounting of units, reporting and review of units from market based-mechanisms. The EU addressed these implications in its proposals for revised decisions, however similar implications arise related to other methodological decisions (e.g. decision 14/CMP.1, decisions 2/CMP.1) for which no specific proposals for draft revisions are included in this submission.

The approach applied in decision 13/CMP.1 was that reference to new units from new market-based mechanisms were integrated in those parts of the decision related to compliance assessment while technical issues such as definitions, transaction procedures or issues related to registries should be incorporated in such future decisions on new market-based mechanisms.

Annex

Revised decision 13/CMP.1 with track changes

Revised decision 15/CMP.1 with track changes

Revised decision 22/CMP.1 with track changes

Decision ~~13X~~/CMP.18

Modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol for the second commitment period

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, Recalling Article 7, paragraph 4, of the Kyoto Protocol, Recalling decision 19/CP.7,

Being aware of its decisions 2/CMP.1, 3/CMP.1, 9/CMP.1, 11/CMP.1, 15/CMP.1, 16/CMP.1, 19/CMP.1, 20/CMP.1, and 22/CMP.1, 27/CMP.1, 1/CMP.7, 2/CMP.7, 3/CMP.7, 4/CMP.7, 5/CMP.7, #/CMP.8 and ~~decision 24/CP.7,~~

Comment: decision 24/CP.7 is a reference to a draft decision on procedures and mechanisms relating to compliance under the KP. This should be replaced by a reference to decision 27/CMP.1 (final compliance decision)

1. Adopts the modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol for the second commitment period, as contained in the annex to the present decision;

~~2.~~ Decides that Parties included in Annex I shall apply the modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol as contained in the annex to the present decision starting from 1 January 2013 and that decision 13/CMP.1 shall continue to apply to the implementation of commitments of Parties included in Annex I for the first commitment period until the assessment of compliance at the end of the first commitment period is completed.

~~2-3.~~ Decides that each Party included in Annex I with a commitment inscribed in Annex B for the second commitment period shall submit to the secretariat, by 15 April 2015 ~~prior to 1 January 2007 or one year after the entry into force of the Kyoto Protocol for that Party, whichever is later,~~ the report referred to in paragraph 6 of the annex to the present decision in conjunction with the inventory submission for the first year of the second commitment period. The review under Article 8 of this report shall be conducted jointly with the inventory review for the first year of the second commitment period. After completion of the ~~initial~~ review under Article 8 and resolution of any question of implementation relating to adjustments under Article 5, paragraph 2, or its assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis, the assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis, of each Party shall be recorded in the database for the compilation and accounting of emissions and assigned amounts referred to in paragraph 50 of the annex to the present decision and shall remain fixed for the commitment period;

~~3-4.~~ Decides that each Party included in Annex I with a commitment inscribed in Annex B shall submit to the secretariat, upon expiration of the additional period for fulfilling commitments, the report referred to in paragraph 49 of the annex to the present decision;

~~4-5.~~ Requests the secretariat to begin publishing the annual compilation and accounting reports for the second commitment period referred to in paragraph 61 of the annex to the present decision after completion of the ~~initial~~ review under Article 8 and resolution of any question of implementation relating to adjustments under Article 5, paragraph 2, or its assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis, and to forward them to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, the Compliance Committee and each Party concerned;

~~5-6.~~ Requests the secretariat to publish, after the additional period for fulfilling commitments, the final compilation and accounting reports for the second commitment period referred to in paragraph 62 of the annex to the present decision and forward them to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, the Compliance Committee and each Party concerned.

ANNEX

Modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol for the second commitment period⁶

I. Modalities

A. Definitions

1. An "emission reduction unit" or "ERU" is a unit issued pursuant to the relevant provisions in these modalities for the accounting of assigned amounts for the second commitment period and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision ~~2/CP.3~~ 4/CMP:7 for the second commitment period, ~~or as subsequently revised in accordance with Article 5.~~
2. A "certified emission reduction" or "CER" is a unit issued pursuant to Article 12 and requirements thereunder, as well as the relevant provisions in the annex to decision 3/CMP.1 for the second commitment period, and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision ~~2/CP.3~~ decision 4/CMP:7 for the second commitment period ~~or as subsequently revised in accordance with Article 5.~~
3. An "assigned amount unit" or "AAU" is a unit issued pursuant to the relevant provisions in these modalities for the accounting of assigned amounts for the second commitment period and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision ~~2/CP.3~~ 4/CMP:7 for the second commitment period ~~or as subsequently revised in accordance with Article 5.~~
4. A "removal unit" or "RMU" is a unit issued pursuant to the relevant provisions in these modalities for the accounting of assigned amounts for the second commitment period and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision ~~2/CP.3~~ 4/CMP:7 for the second commitment period ~~or as subsequently revised in accordance with Article 5.~~

B. Calculation of the assigned amounts pursuant to Article 3, paragraphs 7bis, 8 and 8bis

5. The assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis, for the ~~first~~ second commitment period, ~~from 2008 to 2012~~, for each Party included in Annex I with a commitment inscribed in the third column of the table contained in Annex B to the Kyoto Protocol⁷ shall be equal to the percentage inscribed for it in the third column of the table contained in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases, and from the sources, listed in Annex A to the Kyoto Protocol in the base year or period, multiplied by the duration of the commitment period in years ~~five~~, taking into account the following:

- (a) The base year shall be 1990 except for those Parties undergoing the process of transition to a market economy that have selected a historical base year or period other than 1990, in accordance with Article 3, paragraph 5, and for those Parties that have selected 1995 as the base year for total emissions of hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride and for those Parties that have selected 1995 or 2000 as the base year for nitrogen fluoride, in accordance with Article 3, paragraphs 8 and 8bis;

⁶ "Article" in these modalities refers to an article of the Kyoto Protocol, unless otherwise specified.

⁷ Hereinafter referred to as a "Party included in Annex I".

- (b) Those Parties for which land-use change and forestry (all emissions by sources and removals by sinks under category 5 of the *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories*) constituted a net source of greenhouse gas emissions in the base year or period shall include in their emissions during that year or period the aggregate anthropogenic carbon dioxide equivalent emissions by sources minus removals by sinks in that year or period from land-use change (all emissions by sources minus removals by sinks reported in relation to the conversion of forests (deforestation))
- (c) (e) Those Parties that have reached an agreement in accordance with Article 4 to fulfil their commitments under Article 3 jointly for the second commitment period shall use the respective emission level allocated to each of the Parties in that agreement instead of the percentage inscribed for it in Annex B.

6. Each Party included in Annex I shall facilitate the calculation of its assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis, for the second commitment period ~~and demonstrate its capacity to account for its emissions and assigned amount~~. To this end, each Party shall submit a report in conjunction with its inventory submission, in two parts, containing the following information specified in paragraphs 7 and 8 below.

7. ~~Part one of the report referred to in paragraph 6 above shall contain the following information, or references to such information where it has been previously submitted to the secretariat:~~

- (a) ~~Complete inventories of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol for all years from 1990, or another approved base year or period under Article 3, paragraph 5, to the most recent year available, prepared in accordance with Article 5, paragraph 2, and relevant decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP), taking into account any relevant decisions of the Conference of the Parties~~
- (b) ~~Comment: the EU assumes that the information for the calculation of assigned amount specified here is reported together with the inventory submission by 15 April 2013. If this information is submitted in conjunction with the inventory, subparagraph a can be deleted.~~
- (b) Identification of its selected base year for hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride in accordance with Article 3, paragraph 8 and of its selected base year for nitrogen trifluoride in accordance with Article 3, paragraph 8bis. For the second commitment period, the base year for hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride in accordance with Article 3, paragraph 8 shall be the same as the base year identified for the first commitment period, where applicable.

Comment: The identification of selected base year for HFC, PFCs and SF6 should continue to be included because Annex I Parties not listed in Annex B for the first commitment period may join the second commitment period.
- (c) The agreement under Article 4 for the second commitment period, where the Party has reached such an agreement to fulfil its commitments under Article 3 jointly with other Parties
- (d) Calculation of its assigned amount pursuant to Article 3, paragraphs ~~7bis, and 8 and 8bis~~, on the basis of its inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol due by 15 April 2013. The inventories shall include recalculated time series of emissions by sources and removals by sinks of greenhouse gases, including base year emissions for the second commitment period in accordance with paragraph 17 of decision 4/CMP.7.

8. ~~Part two of the report referred to in paragraph 6 above shall contain the following information, or references to such information where it has been previously submitted to the secretariat:~~

- (e) Calculation of its commitment period reserve in accordance with

Option 1 [decision 11/CMP.1]

Option 2 [decision X/CMP.8]

Disclaimer: The EU is in favor of option 1. However option 2 is discussed under AWG-KP. In order to reflect all potential options in a draft revised legal text, both options are presented in this subparagraph. The discussion how the CPR is calculated should be resolved within AWG-KP and subsequently only the agreed option should be kept in this subparagraph.

- (f) Identification of its selection of single minimum values for tree crown cover, land area and tree height for use in accounting for its activities under Article 3, paragraphs 3 and 4, for those Parties included in Annex I that did not select a definition of forest for the first commitment period for the second commitment period together with a justification of the consistency of those values with the information that has been historically reported to the Food and Agriculture Organization of the United Nations or other international bodies, and in the case of difference, an explanation of why and how such values were chosen, in accordance with decision 16/CMP.1 and 2XX/CMP.7 (LULUCF). For those Parties that selected its forest definition for the first commitment period, the definition for the second commitment period shall be maintained.
- (g) Identification of its election of activities under Article 3, paragraph 4, for inclusion in its accounting for the ~~second~~first commitment period, in addition to those activities under Article 3, paragraph 4 that were already elected in the first commitment period together with information on how its national system under Article 5, paragraph 1, will identify land areas associated with ~~the all additional elected activities~~ activities and how it ensures that land that was accounted for under Article 3, paragraphs 3 and 4 in the first commitment period continues to be accounted in subsequent commitment periods, in accordance with decision 16/CMP.1 and 2XX/CMP.7 (LULUCF)
- (h) Identification of whether, for each activity under Article 3, paragraphs 3 and 4, it intends to account annually or for the entire commitment period.
- (i) Identification of how it intends to account for ~~of~~ emissions and removals from the harvested wood products pool in the second commitment period pursuant to paragraphs 16, 276 to 32 of decision 2/CMP.7.
- ~~(h)~~(j) Identification of whether it intends to exclude from the accounting in the second commitment period emissions from natural disturbances in areas under afforestation and reforestation under ~~a~~Article 3, paragraph 3 and under forest management under ~~a~~Article 3, paragraph 4, that in any single year exceed the background level in accordance with paragraph 33 of decision 2/CMP.7. If A Party intends to exclude such emissions from the accounting in the second commitment period, it shall provide information on the calculated background levels, how these levels were estimated and how it intends to avoid the expectation of net credits or net debits during the commitment period, including through the use of a margin and how it will ensure that any subsequent removals during the commitment period on the lands affected will also be excluded from the accounting in accordance with paragraph 22 of decision 2/CMP.7

- (a) A description of its national system in accordance with Article 5, paragraph 1, reported in accordance with the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol for those Annex I Parties which did not have a quantified emission limitation and reduction target in the first commitment period.

~~(+)(k)~~ *Comment: Is already reported and reviewed as part of inventory submission continuously during CPI, no need to review again apart from regular inventory review*

- (f) A description of its national registry, reported in accordance with the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol for those Annex I Parties which did not have a quantified emission limitation and reduction target in the first commitment period.

Comment: Is already reported and reviewed as part of inventory submission continuously during CPI, no need to review again apart from regular inventory review

C. Recording of the assigned amounts pursuant to Article 3, paragraphs 7bis, 8 and 8bis

9. After the initial review under Article 8 and resolution of any questions of implementation relating to adjustments or the calculation of its assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis for the second commitment period, the assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis, of each Party shall be recorded in the database for the compilation and accounting of emissions and assigned amounts referred to in paragraph 50 below.

10. Once recorded in the compilation and accounting database referred to in paragraph 50 below, the assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis, of each Party shall remain fixed for the commitment period.

D. Additions to, and subtractions from, the assigned amounts pursuant to Article 3, paragraphs 7bis, 8 and 8bis, for the accounting of the compliance assessment

11. At the end of the additional period for fulfilling commitments, the following additions to the assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis, of a Party shall be made in accordance with Article 3, paragraphs 3, 4, 10, 12 and 13, for the accounting of the compliance assessment for the second commitment period:

- (a) Acquisitions by the Party of ERUs in accordance with Articles 6 and 17
- (b) Net acquisitions by the Party of CERs, where it acquires more CERs in accordance with Articles 12 and 17 than it transfers in accordance with Article 17.
- (c) Acquisitions by the Party of AAUs in accordance with Article 17
- (d) Acquisitions by the Party of RMUs in accordance with Article 17
- (e) Issuance by the Party of RMUs on the basis of its activities under Article 3, paragraph 3, of forest management under Article 3.4, and its elected activities under Article 3, paragraph 4, and from forest management in the second commitment period where such activities result in a net removal of greenhouse gases, as reported in accordance with Article 7, reviewed in accordance with Article 8, taking into account any adjustments applied under Article 5, paragraph 2, accounted in accordance with decision 2/CMP.7 (LULUCF) and subject to any question of implementation relating to those activities having been resolved.

- (f) Acquisitions of units generated from approved activities generated from market-based mechanisms to be established under the Convention or its instruments.⁸
- (g) Option 1: Carry-over by the Party of ERUs, CERs and/or AAUs from the previous commitment period, in accordance with paragraph 15 below.
- (h) Option 2 (G77 proposal): Carry-over by the Party of CERs from the previous commitment period, in accordance with paragraph 15 below
- (i) Addition of units retired from a Party's Previous Period Surplus Reserve account during the additional period for fulfilling commitments of the second commitment in accordance with paragraph 15 below..

Disclaimer: The inclusion of option 2 here does not imply that the EU supports this option. Option 2 was proposed under AWG-KP. In order to reflect all potential options in a draft revised legal text, both options are presented in this subparagraph. The discussion how carry-over may occur should be resolved within AWG-KP and subsequently only the agreed option should be kept in this subparagraph..

(f) —

12. At the end of the additional period for fulfilling commitments, the following subtractions from the assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis, of a Party shall be made in accordance with Article 3, paragraphs 3, 4 and 11, for the accounting of the compliance assessment for the second commitment period:

- (a) Transfers by the Party of ERUs in accordance with Articles 6 and 17
- (b) Transfers by the Party of AAUs in accordance with Article 17
- (c) Transfers by the Party of RMUs in accordance with Article 17
- ~~(e)~~(d) (f) Transfers by the Party units generated from approved activities generated from market-based mechanisms to be established under the Convention or its instruments.
- ~~(d)~~(e) Cancellation by the Party of ERUs, CERs, AAUs and/or RMUs on the basis of its activities under Article 3, paragraph 3, of forest management under Article 3.4 and its elected activities under Article 3, paragraph 4, where such activities result in a net source of greenhouse gas emissions, as reported in accordance with Article 7, reviewed in accordance with Article 8, taking into account any adjustments applied under Article 5, paragraph 2 and accounted in accordance with decision 2/CMP.7 (LULUCF).
- (f) Cancellation by the Party of ERUs, CERs, AAUs and/or RMUs corresponding to the deduction calculated in accordance with paragraph 5 of decision 27/CMP.1 following determination by the Compliance Committee that the Party was not in compliance with its commitment under Article 3, paragraph 1, for the previous commitment period, in accordance with decision 2427/CMP.1P.7

⁸ Future decisions on new types of units may need to be integrated in several parts in this decision. Such future decisions are recognized in those parts of this decision that are related to compliance of Parties included in Annex I for the second commitment period while technical issues such as definitions, transaction procedures or issues related to registries should be incorporated in such future decisions.

- (g) Cancellation by the Party of ERUs, CERs, AAUs and/or RMUs for the purposes of replacing tCERs prior to expiry in accordance with decision 5/CMP.1 and for the purposes of replacing ICERs in accordance with decision 5/CMP.1
- (h) Cancellation by the Party of ERUs, CERs, AAUs and/or RMUs upon request of the CDM Executive Board in the event of net reversal of storage for CCS project activities or the lack of certification reports in accordance with decision 10/CMP.7.
- (e) —
- (i) Other cancellations by the Party of ERUs, CERs, AAUs and/or RMUs.

12bis: After compliance assessment for a commitment period is completed at the end of the additional period for fulfilling commitments of a commitment period, all units held in a Party's registry that are not carried over to a subsequent commitment period [Option 2: and all units held in the Party's Previous Period Surplus Reserve Account of that commitment period] shall be cancelled.

Disclaimer: The inclusion of option 2 here does not imply that the EU supports this option. Option 2 was proposed under AWG-KP. In order to reflect all potential options in a draft revised legal text, both options are presented in this subparagraph. The discussion how carry-over may occur should be resolved within AWG-KP and subsequently only the agreed option should be kept in this subparagraph..

E. Basis for the compliance assessment

13. Each Party included in Annex I shall retire ERUs, CERs, AAUs and/or RMUs and units generated from approved activities generated from market-based mechanisms to be established under the Convention or its instruments for the purpose of demonstrating its compliance with its commitment under Article 3, paragraph 1**bis**.

14. The assessment, after the expiration of the additional period for fulfilling commitments, of the compliance of a Party included in Annex I with its commitment under Article 3, paragraph 1**bis**, shall be based on the comparison of the quantity of ERUs, CERs, AAUs and/or RMUs and units from approved activities generated from market-based mechanisms to be established under the Convention or its instruments, valid for the commitment period in question, retired by the Party in accordance with paragraph 13 above, with its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases, and from the sources, listed in Annex A to the Kyoto Protocol during the commitment period as reported in accordance with Article 7 and reviewed in accordance with Article 8, taking into account any adjustments in accordance with Article 5, paragraph 2, as recorded in the compilation and accounting database referred to in paragraph 50 below.

F. Carry-over

15. **Option 1:** After expiration of the additional period for fulfilling commitments and where the final compilation and accounting report referred to in paragraph 62 below indicates that the quantity of ERUs, CERs, AAUs and/or RMUs retired by the Party in accordance with paragraph 13 above is at least equivalent to its anthropogenic carbon dioxide equivalent emissions of the greenhouse gases, and from the sources, listed in Annex A to the Kyoto Protocol for that commitment period, the Party may carry over to the subsequent commitment period:

- (a) Any ERUs held in its national registry, which have not been converted from RMUs and have not been retired for that commitment period or cancelled, to a maximum of 2.5 per cent of the assigned amount pursuant to Article 3, paragraphs 7**bis** and 8, and 8bis, of that Party

~~(a)~~(b) Any CERs held in its national registry, which have not been retired for that commitment period or cancelled, to a maximum of 2.5 per cent of the assigned amount pursuant to Article 3, paragraphs 7bis, ~~and 8 and 8bis~~, of that Party

(c) Any AAUs held in its national registry, which have not been retired for that commitment period or cancelled.

Option 2: Reflects G77 proposal:

F. Carry-over and Previous Period Surplus Reserve

15. After expiration of the additional period for fulfilling commitments of a commitment period and where ERUs, CERs or AAUs remain in a Party's holding account after final assessment of compliance, the Party may

(a) carry over to the subsequent [second] commitment period any CERs held in its national registry, which have not been retired for that [the first] commitment period or cancelled, to a maximum of 2.5 per cent of the assigned amount pursuant to Article 3, paragraphs 7bis, and 8 and 8bis, of that Party.

(b) transfer any ERUs held in its national registry, which have not been converted from RMUs and have not been retired for the [first] commitment period or cancelled, and any AAUs held in its national registry, which have not been retired for that [the first] commitment period or cancelled, to a Previous Period Surplus Reserve Account for the subsequent [second] commitment period.

Disclaimer: The inclusion of option 2 here does not imply that the EU supports this option. Option 2 was proposed under AWG-KP. In order to reflect all potential options in a draft revised legal text, both options are presented in this subparagraph. The discussion how carry-over may occur should be resolved within AWG-KP and subsequently only the agreed option should be kept in this subparagraph..

~~(a)~~(c) _____

RMUs may not be carried over to the subsequent commitment period.

II. Registry requirements

A. National registries

17. Each Party included in Annex I shall establish and maintain 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.

18. Each Party shall designate an organization as its registry administrator to maintain the national registry of that Party. Any two or more Parties may voluntarily maintain their respective national registries in a consolidated system, provided that each national registry ~~remains distinct~~ retains its national administrator and fulfills the requirements set out in this decision.

19. A national registry shall be in the form of a standardized electronic database which contains, inter alia, common data elements relevant to the issuance, holding, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs and RMUs and the carry-over of ERUs, CERs and AAUs. The structure and data formats of national registries shall conform to technical standards ~~to be adopted by decision 24/CP.8 the COP/MOP~~ for the purpose of ensuring the accurate, transparent and efficient exchange of data between national registries, the clean development mechanism (CDM) registry and the international transaction log.

20. Each ERU, CER, AAU and RMU shall be held in only one account in one registry at a given time.

21. Each national registry shall have the following accounts:

- (a) At least one holding account for the Party
- (b) At least one holding account for each legal entity authorized by the Party to hold ERUs, CERs, AAUs and/or RMUs under its responsibility
- (c) At least one cancellation account for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/or RMUs under paragraph 12 (d) above
- (d) One cancellation account for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/or RMUs under paragraph 12 (e) above
- (e) ~~At least two~~ one distinct cancellation accounts for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/or RMUs under paragraph 12 (fg) above, one for the purposes of replacing tCERs and one for the purpose of replacing lCERs.
- (f) At least one cancellation account for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/or RMUs under paragraph 12 (f) above
- (g) At least one cancellation account for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/or RMUs under paragraph 12 (h) above
- (h) At least one cancellation account for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/or RMUs under paragraph 12bis above
- (e) ~~Option 2 (G77 proposal for carry-over): One Previous Period Surplus Reserve Account to hold units transferred from the first commitment period to be used for retirement during the additional period for fulfilling commitments of the second commitment period in accordance with paragraph 15 above.~~
- (i) One retirement account for each commitment period.

Disclaimer: The inclusion of option 2 here does not imply that the EU supports this option. Option 2 was proposed under AWG-KP. In order to reflect all potential options in a draft revised legal text, both options are presented in this subparagraph. The discussion how carry-over may occur should be resolved within AWG-KP and subsequently only the agreed option should be kept in this subparagraph..

22. Each account within a national registry shall have a unique account number comprising the following elements:

- (a) Party identifier: the Party in whose national registry the account is maintained, identified by means of the two-letter country code defined by the International Organization for Standardization (ISO 3166)
- (b) A unique number: a number unique to that account for the Party in whose national registry the account is maintained.

B. Issuance of ERUs, AAUs and RMUs

23. Each Party included in Annex I shall, prior to any transactions of its AAUs taking place for that commitment period, issue a quantity of AAUs equivalent to its assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis, calculated and recorded in accordance with paragraphs 5 to 10 above, in its national registry.

24. Each AAU shall have a unique serial number comprising the following elements:

- (a) Commitment period: the commitment period for which the AAU is issued
- (b) Party of origin: the Party issuing the AAU, identified by means of the two-letter country code defined by ISO 3166
- (c) Type: an element identifying the unit as an AAU
- (d) Unit: a number unique to the AAU for the identified commitment period and Party of origin.

25. Each Party included in Annex I shall issue in its national registry RMUs equivalent to the net removals of anthropogenic greenhouse gases resulting from its activities under Article 3, paragraph 3, from forest management under Article 3, paragraph 4 in the second commitment period and from its elected activities under Article 3, paragraph 4 in the second commitment period, accounted in accordance with decision 2/CMP.7 46/CMP.1 as reported under Article 7, paragraph 1, following completion of the review in accordance with Article 8, taking into account any adjustments applied in accordance with Article 5, paragraph 2, and resolution of any questions of implementation relating to the reported net removals of anthropogenic greenhouse gases. Each Party shall elect for each activity, as part of the information in the report referred to in paragraph 7 above prior to the start of the commitment period, to issue such RMUs annually or for the entire commitment period. The decision of a Party shall remain fixed for the ~~first~~ commitment period to which it relates.

26. Where a question of implementation is identified by an expert review team under Article 8 in relation to the calculation of the net removals of greenhouse gases from the activities of a Party under Article 3, paragraph 3 or 4, or where adjustments exceed thresholds to be decided according to paragraph 2 of decision 22/CP.7 18/CMP.1, the Party shall not issue the RMUs relating to the reported net removals of anthropogenic greenhouse gases for each activity under Article 3, paragraph 3, from forest management in the second commitment period and for each elected activity under Article 3, paragraph 4, until the question of implementation is resolved.

27. Each RMU shall have a unique serial number comprising the following elements:

- (a) Commitment period: the commitment period for which the RMU is issued
- (b) Party of origin: the Party included in Annex I issuing the RMU, identified by means of the two-letter country code defined by ISO 3166
- (c) Type: an element identifying the unit as an RMU
- (d) Activity: the type of activity for which the RMU was issued
- (e) Unit: a number unique to the RMU for the identified commitment period and Party of origin.

28. Each Party included in Annex I shall ensure that the ~~total~~ quantity of RMUs issued into its registry for forest management activities under ~~pursuant to~~ Article 3, paragraph 4, for the commitment period does not exceed the limits established for that Party as set out in paragraph 13 of decision 2/CMP.7 for the second commitment period 46/CMP.1.

29. Prior to their transfer, each Party shall issue ERUs for the second commitment period into its national registry by converting AAUs or RMUs previously issued by that Party for the second commitment period and held in its national registry. An AAU or RMU shall be converted into an ERU by adding a project identifier to the serial number and changing the type indicator in the serial number to indicate an ERU. Other elements of the serial number of the AAU or RMU shall remain unchanged. The project identifier shall identify the specific Article 6 project for which the ERU is issued, using a number unique to the project for the Party of origin, including whether the relevant reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks were verified under the Article 6 Supervisory Committee.

C. Transfer, acquisition, cancellation, retirement and carry-over

30. ERUs, CERs, AAUs and RMUs may be transferred between registries in accordance with decisions 3/CMP.1, 9/CMP.1, 11/CMP.1 and ~~16/2/CMP.7~~, and may be transferred within registries.

31. Each Party included in Annex I shall ensure that its net acquisitions of CERs from afforestation and reforestation activities under Article 12 for the ~~second~~^{first} commitment period do not exceed the limits established for that Party as set out in paragraph 19 of decision 16/CMP.12/CMP.7.

32. Each Party included in Annex I shall cancel CERs, ERUs, AAUs and/or RMUs equivalent to the net emissions of anthropogenic greenhouse gases resulting from its activities under Article 3, paragraph 3, from forest management in the second commitment period and from its elected activities under Article 3, paragraph 4, accounted in accordance with decision 2/CMP.7 (LULUCF) ~~16/CMP.1~~ as reported under Article 7, paragraph 1, following completion of the review in accordance with Article 8, taking into account any adjustments applied in accordance with Article 5, paragraph 2, and resolution of any questions of implementation relating to the reported net emissions of anthropogenic greenhouse gases, in accordance with paragraph 12 (d) above, by transferring the ERUs, CERs, AAUs and/or RMUs to the appropriate cancellation account in its national registry. Each Party shall cancel ERUs, CERs, AAUs and/or RMUs for each activity for the same period for which it has elected to issue RMUs for that activity.

33. Each Party included in Annex I may cancel ERUs, CERs, AAUs and/or RMUs so they cannot be used in fulfilment of commitments under Article 3, paragraph 1~~bis~~, in accordance with paragraph 12 (~~h~~) above, by transferring ERUs, CERs, AAUs and/or RMUs to a cancellation account in its national registry. Legal entities, where authorized by the Party, may also transfer ERUs, CERs, AAUs and RMUs into a cancellation account.

34. Prior to the end of the additional period for fulfilling commitments, each Party included in Annex I shall retire ERUs, CERs, AAUs and/or RMUs valid for that commitment period for use towards meeting its commitments under Article 3, paragraph 1~~bis~~, in accordance with paragraph 13 above, by transferring ERUs, CERs, AAUs and/or RMUs to the retirement account for that commitment period in its national registry.

35. ERUs, CERs, AAUs and RMUs transferred to cancellation accounts or the retirement account for a commitment period may not be further transferred or carried over to the subsequent commitment period. ERUs, CERs, AAUs and RMUs transferred to cancellation accounts may not be used for the purpose of demonstrating the compliance of a Party with its commitment under Article 3, paragraph 1~~bis~~.

36. Each Party included in Annex I may carry over ERUs, CERs and/or AAUs held in its registry, that have not been cancelled or retired for a commitment period, to the subsequent commitment period in accordance with paragraph 15 above. Each ERU, CER and/or AAU carried over in this manner shall maintain its original serial number and shall be valid in the subsequent commitment period. ERUs, CERs, AAUs and RMUs of a previous commitment period held in the registry of a Party which have not been carried over in this manner shall be cancelled in accordance with paragraph 12~~bis~~(~~f~~) above once the additional period for fulfilling commitments has ended.

Comment: Paragraph 12(f) refers to other cancellations by the Party that should be subtracted from the assigned amount at the end of the additional period for fulfilling commitments for the compliance assessment. This reference does not fit to paragraph 12(f) because it happens after compliance assessment. This mistake was clarified by introducing a new subparagraph 12bis for cancellations after the end of a commitment period.

37. _____ Where the Compliance Committee determines that the Party is not in compliance with its commitment under Article 3, paragraph 1 bis, for the second a-commitment period, the Party shall transfer the quantity of ERUs, CERs, AAUs and/or RMUs corresponding to the deduction calculated in accordance with paragraph 5 of decision 27/CMP.1 ~~calculated in accordance with decision 24/CP.7~~ into the relevant cancellation account, in accordance with paragraph 12_(e) above.

D. Transaction procedures

38. The secretariat shall establish and maintain an international transaction log to verify the validity of transactions, including issuance, transfer and acquisition between registries, cancellation and retirement of ERUs, CERs, AAUs and RMUs and the carry-over of ERUs, CERs and AAUs.

39. A Party included in Annex I shall initiate issuance of AAUs or RMUs by directing its national registry to issue AAUs or RMUs into a specific account within that registry. The Executive Board of the CDM shall initiate issuance of CERs by directing the CDM registry to issue CERs into its pending account in accordance with the requirements in Article 12 and requirements thereunder, as well as the relevant provisions in the annex to decision 3/CMP.1. A Party included in Annex I shall initiate issuance of ERUs by directing its national registry to convert specified AAUs or RMUs into ERUs within an account of that national registry. Subject to notification by the transaction log that there are no discrepancies pertaining to the issuance, the issuance shall be completed when specific ERUs, CERs, AAUs or RMUs are recorded in the specified account and, in the case of ERUs, the specified AAUs or RMUs are removed from the account.

40. A Party included in Annex I shall initiate any transfer of ERUs, CERs, AAUs or RMUs, including those to cancellation and retirement accounts, by directing its national registry to transfer specified ERUs, CERs, AAUs or RMUs to a specific account within that registry or another registry. The Executive Board of the CDM shall initiate any transfer of CERs held in the CDM registry by directing it to transfer specified CERs to a specific account within that registry or another registry. Subject to notification by the transaction log, where applicable, that there are no discrepancies pertaining to the transfer, the transfer shall be completed when the specified ERUs, CERs, AAUs or RMUs are removed from the transferring account and are recorded in the acquiring account.

41. Upon the initiation of any issuance, transfer between registries, cancellation or retirement of ERUs, CERs, AAUs or RMUs, and prior to the completion of those transactions:

- (a) The initiating registry shall create a unique transaction number comprising: the commitment period for which the transaction is proposed; the Party identifier for the Party initiating the transaction (using the two-letter country code defined by ISO 3166); and a number unique to that transaction for the commitment period and initiating Party;
- (b) The initiating registry shall send a record of the proposed transaction to the transaction log and, in the case of transfers to another registry, to the acquiring national registry. The record shall include: the transaction number; the transaction type (issuance, transfer, cancellation or retirement, further distinguished in accordance with the categories in paragraphs 11 and 12 above); the serial numbers of the relevant ERUs, CERs, AAUs or RMUs; and the relevant account numbers.

42. Upon receipt of the record, the transaction log shall conduct an automated check to verify that there is no discrepancy, with regard to:

- (a) In all transactions: units previously retired or cancelled; units existing in more than one registry; units for which a previously identified discrepancy has not been resolved; units improperly carried over; units improperly issued, including those which infringe upon the limits contained in decision ~~decision 2/CMP.7 (LULUCF)+6/CMP.1~~; and the authorization of legal entities involved to participate in the transaction;
- (b) In the case of transfers between registries: the eligibility of Parties involved in the transaction to participate in the mechanisms; and infringement upon the commitment period reserve of the transferring Party;
- (c) In the case of acquisitions of CERs from land use, land-use change and forestry projects under Article 12: infringement of the limits contained in decision ~~2/CMP.7 (LULUCF)+6/CMP.1~~ for the second commitment period;
- (d) In the case of a retirement of CERs: the eligibility of the Party involved to use CERs to contribute to its compliance under Article 3, paragraph 1bis.
- (e) In the case of cancellations specified in paragraph 12 (d), (e), (f) and (g): infringement of a notification from ITL to cancel the specified quantity of units within 30 days.
- ~~(d)(f)~~

43. Upon completion of the automated check, the transaction log shall notify the initiating and, in the case of transfers to another registry, the acquiring registry of the results of the automated check. Depending on the outcome of the check, the following procedures shall apply:

- (a) If a discrepancy is notified by the transaction log, the initiating registry shall terminate the transaction, notify the transaction log and, in the case of transfers to another registry, the acquiring registry of the termination. The transaction log shall forward a record of the discrepancy to the secretariat for consideration as part of the review process for the relevant Party or Parties under Article 8
- (b) In the event of a failure by the initiating registry to terminate the transaction, the ERUs, CERs, AAUs or RMUs involved in the transaction shall not be valid for use towards compliance with commitments under Article 3, paragraph 1bis, until the problem has been corrected and any questions of implementation pertaining to the transaction have been resolved. Upon resolution of a question of implementation pertaining to a Party's transactions, that Party shall perform any necessary corrective action within 30 days
- (c) If no discrepancy is notified by the transaction log, the initiating registry and, in the case of transfers to another registry, the acquiring registry shall complete or terminate the transaction and send the record and a notification of completion or termination of the transaction to the transaction log. In the case of transfers to another registry, the initiating and acquiring registries shall also send their records and notifications to each other
- (d) The transaction log shall record, ~~and make publicly available~~, all transaction records and the date and time of completion of each transaction. The secretariat shall provide summarized information and recommendations related to transactions for which discrepancies occurred as part of the SIAR reports to the review under Article 8.

E. Publicly accessible information

44. Each national registry shall make non-confidential information publicly available on the website of its registry and ~~provide a publicly accessible user interface through the Internet that allows interested persons to query and view it.~~

45. The information referred to in paragraph 44 above shall include up-to-date information for each account number in that registry on the following:

- (a) Account name: the holder of the account
- (b) Account type: the type of account (holding, cancellation or retirement)
- (c) Commitment period: the commitment period with which a cancellation or retirement account is associated
- (d) Representative identifier: the representative of the account holder, using the Party identifier (the two-letter country code defined by ISO 3166) and a number unique to that representative within the Party's registry
- (e) ~~Representative name and contact information: the full name, mailing address, telephone number, facsimile number and e-mail address of the representative of the account holder.~~

46. The information referred to in paragraph 44 above shall include the following Article 6 project information, for each project identifier against which the Party has issued ERUs:

- (a) Project name: a unique name for the project
- (b) Project location: the Party and town or region in which the project is located
- (c) Years of ERU issuance: the years in which ERUs have been issued as a result of the Article 6 project
- (d) Reports: downloadable electronic versions of all publicly available documentation relating to the project, including proposals, monitoring, verification and issuance of ERUs, where relevant, subject to the confidentiality provisions in decision 9/CMP.1.

47. The information referred to in paragraph 44 above shall include the following holding and transaction information relevant to the national registry, by serial number⁹, for each calendar year (defined according to Greenwich Mean Time):

- (a) The total quantity of ERUs, CERs, AAUs and RMUs and units from approved activities generated from market-based mechanisms to be established under the Convention or its instruments in each account type as specified in Table 1 of the SEF at the beginning of the year,

⁹ In the provision of publicly available information, the 'unit' identifier of the serial numbers does not need to display the unique numeric value of the unit serial number individually for each unit, however other parts of the serial number such as unit type, Party of origin or commitment period include relevant information for the identification and query of units and are therefore essential for the presentation of information.

- (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
 - (d) The total quantity of ERUs, CERs, AAUs and RMUs acquired from other registries and the identity of the 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 other registries and the identity of the 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 where such activities result in a net source of greenhouse gas emissions
 - (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**bis**
 - ~~(i)~~ The total quantity of ERUs, CERs, AAUs and RMUs cancelled for the purposes of replacing tCERs prior to expiry in accordance with decision 5/CMP.1 and for the purposes of replacing ICERs in accordance with decision 5/CMP.1 for the purposes of replacing tCERs prior to expiry in accordance with decision 5/CMP.1 and for the purposes of replacing ICERs in accordance with decision 5/CMP.1
 - ~~(h)(i)~~ The total quantity of ERUs, CERs, AAUs and RMUs cancelled in the event of net reversal of storage for CCS project activities or the lack of certification reports in accordance with decision 10/CMP.7
 - (i) The total quantity of other ERUs, CERs, AAUs and RMUs cancelled
 - (j) The total quantity of ERUs, CERs, AAUs and RMUs retired
 - (k) Option 1: The total quantity of ERUs, CERs, and AAUs carried over from the previous commitment period
- Option 2: The total quantity of CERs carried over from the previous commitment period and the total quantity of ERUs and AAUs in the Previous Period Surplus Reserve account.
- Disclaimer: The inclusion of option 2 here does not imply that the EU supports this option. Option 2 was proposed under AWG-KP. In order to reflect all potential options in a draft revised legal text, both options are presented in this subparagraph. The discussion how carry-over may occur should be resolved within AWG-KP and subsequently only the agreed option should be kept in this subparagraph..*
- (l) Current holdings of ERUs, CERs, AAUs and RMUs and any units from approved activities generated from market-based mechanisms to be established under the Convention or its instruments in each account.

48. The information referred to in paragraph 44 above shall include a list of legal entities authorized by the Party to hold ERUs, CERs, AAUs and/or RMUs under its responsibility.

III. Compilation and accounting of emission inventories and assigned amounts

A. Report upon expiration of the additional period for fulfilling commitments

49. Upon expiration of an additional period for fulfilling commitments, each Party included in Annex I shall report to the secretariat and make available to the public, in a standard electronic format, the following information. This information shall only include ERUs, CERs, AAUs and RMUs valid for the commitment period in question:

- (a) The total quantities of the categories of ERUs, CERs, AAUs, ~~and~~ RMUs and units generated from approved activities generated from market-based mechanisms to be established under the Convention or its instruments listed in paragraph 47 (a) to (j) above, for the current calendar year until the end of the additional period for fulfilling commitments (defined according to Greenwich Mean Time)
- (b) The total quantity ~~and serial numbers~~ of ERUs, CERs, AAUs, ~~and~~ RMUs and units generated from approved activities generated from market-based mechanisms to be established under the Convention or its instruments in its retirement account
- (c) The total quantity ~~and serial numbers~~ of ERUs, CERs and AAUs which the Party requests to be carried over to the subsequent commitment period.

B. Compilation and accounting database

50. The secretariat shall establish a database to compile and account for emissions and assigned amounts pursuant to Article 3, paragraphs 7bis, 8 and 8bis, and additions to, and subtractions from, assigned amounts pursuant to Article 3, paragraphs 7bis, 8 and 8bis, for the accounting of the compliance assessment, in accordance with paragraphs 11 and 12 above. The purpose of this database is to facilitate the assessment of the compliance of each Party included in Annex I with its commitment under Article 3, paragraph 1bis. The information of this database shall be publicly available at the UNFCCC website following the annual review under Article 8, the application of any adjustment under Article 5, paragraph 2, and the resolution of any relevant questions of implementation.

51. A separate record shall be maintained in the database for each Party included in Annex I for each commitment period. Information on ERUs, CERs, AAUs, ~~and~~ RMUs and units generated from approved activities generated from market-based mechanisms to be established under the Convention or its instruments shall only include units valid for the commitment period in question and shall be recorded separately for each type of unit.

52. The secretariat shall record in the database for each Party included in Annex I the following information:

- (a) The assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis
- (b) ~~For the first commitment period,~~ the total allowable issuances of RMUs resulting from forest management activities under Article 3, paragraph 4, and limits on net acquisitions of CERs from afforestation and reforestation activities under Article 12 pursuant to decision 2/CMP.7 (LULUCF)16/CMP.1.
- ~~(b)~~(c) During the second commitment period any changes to the total allowable issuance of RMUs resulting from forest management activities under Article 3, paragraph 4 due to technical corrections to forest management reference levels -reported by a Party in accordance with

paragraphs 14 and 15 of decision 2/CMP.7 and reviewed under Article 8 in accordance with decision 2/CMP.7.

53. The secretariat shall record in the database, for each Party included in Annex I, whether it is eligible to transfer and/or acquire ERUs, CERs, AAUs and RMUs pursuant to decisions 9/CMP.1 and 11/CMP.1 and to use CERs to contribute to its compliance under Article 3, paragraph 1~~bis~~, pursuant to decision 3/CMP.1.

- (a) The secretariat shall annually record the following information relating to emissions for each Party included in Annex I, following the annual review under Article 8, the application of any adjustment under Article 5, paragraph 2, and the resolution of any questions of implementation pertaining to emission estimates:
- (b) Aggregate annual anthropogenic carbon dioxide equivalent emissions of the greenhouse gases, and from the sources, listed in Annex A to the Kyoto Protocol for each year of the commitment period that has been reported in accordance with Article 7
- (c) Any adjustments under Article 5, paragraph 2, recorded as the difference, in carbon dioxide equivalent terms, between the adjusted estimate and the inventory estimate reported under Article 7
- (d) Aggregate anthropogenic carbon dioxide equivalent emissions in the commitment period, calculated as the sum of the amounts in subparagraphs (a) and (b) above for all years of the commitment period to date.

55. The secretariat shall annually record in the database the following information for each Party included in Annex I relating to accounting for net emissions and removals of greenhouse gases resulting from its activities under Article 3, paragraph 3, for forest management, and its elected activities under Article 3, paragraph 4 following the annual review under Article 8, the application of any adjustment under Article 5, paragraph 2, and the resolution of any relevant questions of implementation:

- ~~(a)~~—The calculation of whether the activities under Article 3, paragraphs 3 and 4, that have been reported in accordance with Article 7 result in net anthropogenic emissions or net anthropogenic removals of greenhouse gases pursuant to decision 2/CMP.7 (LULUCF)~~16/CMP.1~~
- ~~(b)~~(a) For those activities for which the Party has elected to account annually, the net anthropogenic emissions and removals of greenhouse gases pursuant to decision 2/CMP.7 (LULUCF)~~16/CMP.1~~ for the calendar year and the accounting quantity for activities under Article 3.3 and 3.4.
- ~~(e)~~(b) For those activities for which the Party has elected to account for the entire commitment period, the net anthropogenic emissions and removals of greenhouse gases pursuant to decision 2/CMP.7 (LULUCF)~~16/CMP.1~~ and the accounting quantity for activities under Article 3.3 and 3.4 for all years of the commitment period in the final year of the commitment period.~~the calendar year~~
- ~~(d)~~(c) Any adjustments under Article 5, paragraph 2, recorded as the difference in carbon dioxide equivalent terms between the adjusted estimate and the estimate reported under Article 7
- ~~(e)~~(d) The total net anthropogenic emissions and removals of greenhouse gases pursuant to decision 2/CMP.7 (LULUCF)~~16/CMP.1~~ for the commitment period, calculated as the sum for all years of the commitment period to date of the amounts referred to in subparagraphs (b), (c) and (d) above and resulting total accounting quantities.

56. Where a Party submits recalculated estimates of emissions and removals of greenhouse gases for a year of the commitment period, subject to the review in accordance with Article 8, the secretariat shall make appropriate amendments to the information contained in the database including, where relevant, the removal of previously applied adjustments.

57. The secretariat shall record and update the required level of the commitment period reserve for each Party included in Annex I, in accordance with decision 11/CMP.1. For Parties for which the commitment period reserve is constant during the commitment period, the required level shall be recorded after the completion of the review of the initial report. For Parties for which the commitment period reserve requires annual updating, updated information shall be recorded after the completion of the inventory review for each year during the commitment period.

58. The secretariat shall annually record in the database for each Party included in Annex I the following information relating to transactions, for the previous calendar year and to date for the commitment period, following completion of the annual review under Article 8, including the application of any corrections, and resolution of any relevant questions of implementation:

- (a) Total transfers of ERUs, CERs, AAUs and RMUs
- (b) Total acquisitions of ERUs, CERs, AAUs and RMUs
- ~~(b)~~(c) Total acquisitions and transfers of any units from approved activities generated from market-based mechanisms to be established under the Convention or its instruments
- (b) Net acquisitions of CERs resulting from afforestation and reforestation activities under Article 12
- (d) Total issuances of RMUs relating to each activity under Article 3, paragraphs 3 and 4
- (e) Total issuances of ERUs on the basis of Article 6 projects
- (f) Total of ERUs, CERs and AAUs carried over from the previous commitment period
- (g) Total cancellations of ERUs, CERs, AAUs and RMUs relating to each activity under Article 3, paragraphs 3 and 4
- (h) Total cancellations of ERUs, CERs, AAUs and RMUs following determination by the Compliance Committee that the Party is not in compliance with its commitment under Article 3, paragraph 1bis
- (i) Total cancellations of ERUs, CERs, AAUs and RMUs cancelled for the purposes of replacing tCERs prior to expiry in accordance with decision 5/CMP.1 and for the purposes of replacing ICERs in accordance with decision 5/CMP.1
- (j) The total quantity of ERUs, CERs, AAUs and RMUs cancelled in the event of net reversal of storage for CCS project activities or the lack of certification reports in accordance with decision 10/CMP.7
- ~~(h)~~(k) _____
- (i) Total of any other cancellations of ERUs, CERs, AAUs and RMUs
- (j) Total retirements of ERUs, CERs, AAUs and RMUs.

59. Upon expiration of the additional period for the fulfilment of commitments, and following review under Article 8 of the report submitted by the Party under paragraph 49 above, including the application of any corrections, and the resolution of any relevant questions of implementation, the secretariat shall record in the database the following information for each Party included in Annex I:

- (a) The total additions to, or subtractions from, the assigned amount pursuant to Article 3, paragraphs 7, 7bis, 8 and 8bis, for the accounting of the compliance assessment, in accordance with paragraphs 11 and 12 above
- (b) The total quantity of ERUs, CERs, AAUs and RMUs and units from approved activities generated from market-based mechanisms to be established under the Convention or its instruments in the retirement account of the Party for that commitment period.

60. Upon completion of the Article 8 review of the annual inventory for the last year of the commitment period, and the resolution of any related question of implementation, the secretariat shall record in the database the aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases, and from the sources, listed in Annex A to the Kyoto Protocol of the Party for the commitment period.

C. Compilation and accounting reports

61. The secretariat shall publish an annual compilation and accounting report for each Party included in Annex I and forward it to the COP/MOP, the Compliance Committee and the Party concerned.

62. After the commitment period and the additional period for fulfilling commitments, the secretariat shall publish a final compilation and accounting report for each Party included in Annex I and forward it to the COP/MOP, the Compliance Committee and the Party concerned, indicating:

- (a) The aggregate anthropogenic carbon dioxide equivalent emissions of the Party for the commitment period as recorded under paragraph 60 above;
- (b) The total quantity of ERUs, CERs, AAUs and RMUs and units from approved activities generated from market-based mechanisms to be established under the Convention or its instruments in the retirement account of the Party for the commitment period, as recorded under paragraph 59 (b) above;
- (c) Option 1: Where applicable, the quantities of ERUs, CERs and AAUs in the registry available for carry-over to the subsequent commitment period;
Option 2: Where applicable, the quantities of CERs in the registry available for carry-over to the subsequent commitment period and the quantities of ERUs and AAUs for transfer to the Previous Period Surplus Account of the subsequent commitment period.
- ~~(e)~~(d) Where applicable, the quantity in tonnes by which the aggregate anthropogenic carbon dioxide equivalent emissions exceed the total quantity of ERUs, CERs, AAUs and RMUs in the retirement account of the Party for the commitment period.

Decision ~~15X~~/CMP.81

Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol for the second commitment period

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Recalling Article 7 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change,

Being aware of its decisions 15/CMP.1, 2/CMP.7, 3/CMP.7, 4/CMP.7, 5/CMP.7 and 15/CP.17,

Recalling that Parties have affirmed that the principles in decision 16/CMP.1 govern the treatment of land use, land-use change and forestry activities in the annex to that decision,

~~Having considered decision 22/CP.7,~~

Recognizing the importance of transparent reporting for facilitating the review process under Article 8 of the Kyoto Protocol,

1. Adopts the guidelines for the preparation of information under Article 7 of the Kyoto Protocol for the second commitment period as contained in the annex to the present decision;

2. Requests the Subsidiary Body for Scientific and Technological Advice to initiate the consideration of any supplementary reporting tables required for the reporting of LULUCF activities under Articles 3, paragraphs 3 and 4 for the reporting in the second commitment period in parallel with consideration of supplementary methodologies developed by the IPCC for adoption by the COP/MOP at its ninth session.

~~3. Decides that each Party included in Annex I, bearing in mind Article 7, paragraph 3, of the Kyoto Protocol and the needs of the review under Article 8 of the Kyoto Protocol, shall start reporting the information under Article 7, paragraph 1, of the Kyoto Protocol, using the guidelines in the annex to this submissions, with the inventory submission due under the Convention for the first year of the second commitment period after the Protocol has entered into force for that Party, but may start reporting this information from the year following the submission of the information referred to in paragraph 6 of the annex to decision 13/CMP.1 on a voluntary basis on 15 April 2015;~~

~~2.4. , but may start reporting this information from the year following the submission of the information referred to in paragraph 6 of the annex to decision 13/CMP.1 on a voluntary basis~~Decides that a Party included in Annex I shall fail to meet the methodological and reporting requirements under Article 7, paragraph 1, for the purpose of the eligibility requirements under paragraph 21 of the guidelines adopted under decision ~~16/CP.79/CMP.1~~, paragraph 31 of the guidelines adopted under decision ~~17/CP.73/CMP.1~~, and paragraph 2 of the guidelines adopted under decision ~~18/CP.711/CMP.1~~ if:

- (a) The Party concerned has failed to submit an annual inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol, including the national inventory report and the common reporting format, within six weeks of the submission date established by the Conference of the Parties;
- (b) The Party concerned has failed to include an estimate for an Annex A source category (as defined in ~~chapter 7 of the Intergovernmental Panel on Climate Change Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories~~, hereinafter referred to as the IPCC good practice guidance ~~for the first commitment period and as defined in chapter 4, volume 1 of 2006 IPCC Guidelines for National Greenhouse Gas Inventories~~) that individually accounted for 7 per cent or more of the Party's aggregate emissions, defined as aggregate submitted emissions of the gases and from the sources listed in Annex A to the Kyoto Protocol, in the most recent of the Party's reviewed inventories in which the source was estimated;

(c) For any single year during the commitment period, the aggregate adjusted greenhouse gas emissions for the Party concerned exceed the aggregate submitted emissions, defined as aggregate submitted emissions of the gases and from the sources listed in Annex A to the Kyoto Protocol, by more than 7 per cent;

~~(e)~~(d) At any time during the commitment period the sum of the numerical values of the percentages calculated according to subparagraph (c) above for all years of the commitment period for which the review has been conducted exceeds 20;

~~(d)~~(e) An adjustment for any key source category (as defined in ~~chapter 7 of the IPCC good practice guidance and in chapter 4 of volume 1 of the 2006 IPCC Guidelines for the second commitment period~~) of the Party concerned that accounted for 2 per cent or more of the Party's aggregate emissions of the gases from the sources listed in Annex A was calculated during the inventory review in three subsequent years, ~~unless the Party has requested assistance from the facilitative branch of the Compliance Committee in addressing this problem, prior to the beginning of the first commitment period, and the assistance is being provided;~~

~~4. Requests the secretariat to prepare a report relating to paragraph 4 of section VI.1 of the annex to decision 5/CP.6, based on information contained in national communications from Parties and other relevant sources, for consideration by the Subsidiary Body for Scientific and Technological Advice. This report shall be prepared each time that the review process under Article 8 of the Kyoto Protocol relating to national communications and supplementary information from Parties included in Annex I is completed~~

ANNEX

Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol¹⁰

I. Reporting of supplementary information under Article 7, paragraph 111

A. Applicability

1. The provisions of these guidelines shall apply for the second commitment for each Party included in Annex I which is also a Party to the Kyoto Protocol.

B. General approach

2. Each Party included in Annex I shall include the necessary supplementary information required by these guidelines, for the purpose of ensuring compliance with Article 3, paragraph 1bis, in its annual inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol, prepared in accordance with Article 5, paragraph 2, and submitted in accordance with decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP), taking into account any relevant decisions of the Conference of the Parties (COP). A Party included in Annex I need not separately submit an inventory under Article 12, paragraph 1 (a), of the Convention.

C. Objectives

3. The objectives of these guidelines are:

- (a) To enable Parties included in Annex I to meet their commitments for reporting information in accordance with Article 7, paragraph 1;
- (b) To promote the reporting of consistent, transparent, comparable, accurate and complete information by Parties included in Annex I;
- (c) To facilitate the preparation of the information to be submitted to the COP/MOP by Parties included in Annex I;
- (d) To facilitate the review under Article 8 of inventories and supplementary information under Article 7, paragraph 1, from Parties included in Annex I.

D. Greenhouse gas inventory information

4. Each Party included in Annex I shall describe in its annual inventory any steps taken to improve estimates in areas that were previously adjusted.

5. Each Party included in Annex I shall include in its annual¹² greenhouse gas inventory information on anthropogenic greenhouse gas emissions by sources and removals by sinks from land use, land-use change and forestry activities under Article 3, paragraph 3, ~~and, forest management under Article 3, paragraph 4,~~ and, if any,

¹⁰ Note that additional reporting requirements are included in the annex to decision ~~13~~/CMP.4⁸.

¹¹ "Article" in these guidelines refers to an Article of the Kyoto Protocol or its amendment, unless otherwise specified.

¹² It is recognized in the 2006 Intergovernmental Panel on Climate Change (IPCC) ~~Revised 1996-IPCC Guidelines for National Greenhouse Gas Inventories~~ that the current practice on land use, land-use change and forestry does not in every situation request annual data collection for the purpose of preparing annual inventories based on a sound scientific basis.

elected activities under Article 3, paragraph 4, in accordance with Article 5, paragraph 2, as elaborated by any supplementary and good practice guidance by the IPCC in accordance with decision 2/CMP.17 and as adopted or encouraged, and with any subsequent clarifications, by the Conference of Parties¹³ ~~good practice guidance in accordance with relevant decisions of the COP/MOP on land use, land use change and forestry.~~ Estimates for Article 3, paragraphs 3 and 4, shall be clearly distinguished from anthropogenic emissions from the sources listed in Annex A to the Kyoto Protocol. In reporting the information requested above, each Party included in Annex I shall include the reporting requirements specified in paragraphs 6 to 9 below, taking into consideration the ~~decisions~~ information communicated as part of the report to establish the assigned amount under paragraph 6 of decision 2/CMP.8 (Modalities for the accounting of assigned amounts under Article 7, paragraph 4). ~~selected values in accordance with paragraph 16 of the annex to decision 16/CMP.1.~~

6. General information to be reported for activities under Article 3, paragraph 3, ~~and for forest management under Article 3, paragraph 4 and~~ any elected activities¹³ under Article 3, paragraph 4, shall include:

- (a) Information on how inventory methodologies have been applied taking into account 2006 any IPCC Guidelines for national GHG greenhouse gas inventories ~~good practice guidance on land use, land use change and forestry agreed by the COP,~~ any relevant supplementary and good practice guidance by the IPCC adopted or encouraged, by the COP or the COP/MOP, and any subsequent clarifications agreed by the COP/MOP for the second commitment period and recognizing the principles as laid out in decision 16/CMP.1, for the first commitment period and rules and modalities for accounting in decision 2/CMP.7 for the second commitment period.
- (b) The geographical location of the boundaries of the areas that encompass:
 - (i) Units of land subject to activities under Article 3, paragraph 3
 - (ii) Units of land subject to activities under Article 3, paragraph 3, which would otherwise be included in land subject to forest management or elected activities under Article 3, paragraph 4, under the provisions of paragraph 8-9 of the annex to decision 16/CMP.1-2/CMP.17
 - (iii) Land subject to forest management in the second commitment period and to elected activities under Article 3, paragraph 4

The information aims to ensure that units of land and areas of land are identifiable. Parties are encouraged to elaborate on this information on the basis of any relevant decisions of the COP/MOP on methodological ~~good practice~~ guidance associated with land use, land-use change and forestry ~~under Article 8~~
- (c) The spatial assessment unit used for determining the area of accounting for afforestation, reforestation and deforestation
- (d) Information on anthropogenic greenhouse gas emissions by sources and removals by sinks¹⁴ resulting from activities under Article 3, paragraphs 3 and 4, for all geographical locations reported in the current and previous years, under paragraph 6 (b), above, since the beginning of the commitment period or the onset of the activity, whichever comes later. In the latter case the year of the onset of the activity shall also be included. Once land is accounted for under Article 3,

¹³ The elected activities shall be the same as those identified in the Party's report referred to in paragraph 8 of the annex to decision ~~13-/CMP.18.~~

¹⁴ Such information shall be within levels of confidence as elaborated by any IPCC good practice guidance adopted by the COP/MOP and in accordance with relevant decisions of the COP/MOP on land use, land-use change and forestry.

paragraph 3, or Article 3, paragraph 4, reporting shall continue throughout subsequent and contiguous commitment periods

- (e) Information on which, if any, of the following pools - above-ground biomass, below-ground biomass, litter, dead wood, and/or soil organic carbon - were not accounted for, together with verifiable information that demonstrates that these unaccounted pools were not a net source of anthropogenic greenhouse gas emissions.
- (f) If a Party elects to exclude emissions from natural disturbances from the accounting in the second commitment period, it shall provide information demonstrating that emissions from natural disturbances in any single year exceed the background level, including a margin, where a margin is needed pursuant to paragraph 33 of decision 2/CMP.7. For this purpose a Party shall inter alia include information in accordance with ~~with~~ paragraphs 33 and 34 of decision 2/CMP.7
 - i. showing that all lands subject to the exclusion due to natural disturbance are identified, including their georeferenced location, year and types of disturbances;
 - ii. showing how annual emissions resulting from disturbances and the subsequent removals during the commitment period in those areas are estimated and excluded from the accounting;
 - iii. showing that no land-use change has occurred on lands for which the provisions in paragraph 33 of decision 2/CMP.7 are applied and explaining the methods and criteria for identifying any future land-use changes on those land areas during the second commitment period;
 - iv. that demonstrates that the occurrences were beyond the control of, and not materially influenced by, the Party in the commitment period, by demonstrating practicable efforts to prevent, manage or control the occurrences that led to the application of the provisions contained in paragraph 33 of decision 2/CMP.7;
 - v. that demonstrates efforts taken to rehabilitate, where practicable, the land for which the provisions in paragraph 33 of decision 2/CMP.7 are applied;
 - vi. showing that emissions associated with salvage logging were not excluded from accounting.
- (g) If a Party accounts for greenhouse emissions by sources and removals by sinks from the harvested wood product pool other than by instantaneous oxidation, information on emissions and removals resulting from changes in the harvested wood products pool removed from forests accounted for under Article 3 paragraphs 3 and 4 during the second commitment period. The emission and removal estimates shall be provided separately for activities under Article 3 paragraphs 3 and 4. In addition to these emission and removal estimates, a Party shall include the following information:
 - i. transparent and verifiable activity data for the harvested wood product categories, for estimating the harvested wood products pool for domestic and export markets, as appropriate
 - ii. information on the half-lives used in estimating the emissions and removals for these categories, including information for country-specific half-lives showing that these are at least as detailed and accurate as the default values given in paragraph 29 of decision 2/CMP.7

- iii. if the forest management reference level is based on a projection, information whether emissions from the harvested wood product pool originating from forests prior to the start of the second commitment period have been included in or excluded from the accounting
- iv. information how emissions from the harvested wood products pool that have been accounted for during the first commitment period on the basis of instantaneous oxidation have been excluded from the accounting for the second commitment period
- v. information showing that harvested wood products resulting from deforestation have been accounted on the basis of instantaneous oxidation
- vi. information showing that carbon dioxide emissions from harvested wood products in solid waste disposal sites and from wood harvested for energy purposes have been accounted for based on instantaneous oxidation
- vii. information demonstrating that the accounting modalities specified in paragraphs 16, and 26 to 32 of decision 2/CMP.7 have been applied.

7. Information¹⁵ should also be provided which indicates whether anthropogenic greenhouse gas emissions by sources and removals by sinks from land use, land-use change and forestry activities under Article 3, paragraph 3, and forest management under Article 3, paragraph 4 and, if any elected activities under Article 3, paragraph 4, factor out removals from:

- (a) Elevated carbon dioxide concentrations above pre-industrial levels;
- (b) Indirect nitrogen deposition
- (c) The dynamic effects of age structure resulting from activities prior to 1 January 1990.

8. Specific information to be reported for activities under Article 3, paragraph 3, shall include:

- (a) Information that demonstrates that activities under Article 3, paragraph 3, began on or after 1 January 1990 and before 31 December of the last year of the commitment period, and are directly human-induced
- (b) Information on how harvesting or forest disturbance that is followed by the re-establishment of a forest is distinguished from deforestation
- ~~(c) Information on emissions and removals of greenhouse gases from lands harvested during the each first second commitment period following afforestation and reforestation on these units of land since 1990 consistent with the requirements under paragraph 4 of the annex to decision 16/CMP.1.~~
- ~~(e)(d) Emissions arising from the conversion of natural forests to planted forests.~~

9. Specific information to be reported for forest management under Article 3, paragraph 4, and, any elected activities¹⁶ under Article 3, paragraph 4, shall include:

¹⁵ This recognizes that the intent of the appendix to the annex to decision 16/CMP. 1 is to factor out the effects described in paragraph 7 (a)-(c) of these guidelines for the first commitment period.

¹⁶ See footnote 5.

- (a) A demonstration that activities under Article 3, paragraph 4, have occurred since 1 January 1990 and are human induced
- (b) For Parties included in Annex I that elect cropland management, ~~and/or grazing land management, and/or revegetation and/or wetland drainage and rewetting~~, anthropogenic greenhouse gas emissions by sources and removals by sinks for each year of the commitment period and for the base year for each of the elected activities on the geographical locations reported under paragraph 6 (b) above
- ~~(c)~~ Information that demonstrates that emissions by sources and removals by sinks resulting from forest management under Article 3, paragraph 4 and, any elected Article 3, paragraph 4, activities are not accounted for under activities under Article 3, paragraph 3
- ~~(e)(d)~~ Information that demonstrates that all emissions arising from the conversion of natural forests to planted forests are included under forest management.
- ~~(e)~~ For Parties included in Annex I that elect to account for forest management, under Article 3, paragraph 4, information that indicates to what extent the anthropogenic greenhouse gas removal by sinks offsets the debit incurred under Article 3, paragraph 3, if any, consistent with the requirements under paragraph 10 of the annex to decision 16/CMP.1. Information that demonstrates methodological consistency between the reference level and reporting for forest management- during the second commitment period, including the area accounted for, the treatment of harvested wood products, and the accounting of any emissions from natural disturbances.
- ~~(f)~~ Any technical corrections made pursuant to paragraph 14 of decision 2/CMP.7 to ensure consistency between the reference level and reporting for forest management during the second commitment period, including explanations how IPCC methods for ensuring time-series consistency were applied:
- ~~(g)~~ For the second commitment period related to emissions by sources and removals by sinks resulting from harvest and conversion of forest plantations to non-forest land, accounted under forest management, the following information:
 - i. Identification of all lands and associated carbon pools subject to paragraph 37 of decision 2/CMP:7 including georeferenced location and year of conversion;
 - ii. Demonstration that the forest plantation was first established through direct human-induced planting and/or seeding of non-forest land before 1 January 1990, and, if the forest plantation was re-established, that this last occurred on forest land through direct human-induced planting and/or seeding after 1 January 1960;
 - iii. Demonstration that a new forest of at least equivalent area as the harvested forest plantation is established through direct human-induced planting and/or seeding of non-forested land that did not contain forest on 31 December 1989;
 - iv. Demonstration that this newly established forest will reach at least the equivalent carbon stock that was contained in the harvested forest plantation at the time of harvest, within the normal harvesting cycle of the harvested forest plantation, and, if not, a debit would be generated under Article 3, paragraph 4.

E. Information on emission reduction units, certified emission reductions, temporary certified emission reductions, long-term certified emission reductions, assigned amount units and removal units¹⁷

10. Each Party included in Annex I that is considered to have met the requirements to participate in the mechanisms shall report the supplementary information in this section of the guidelines beginning with information for the first calendar year in which it transferred or acquired emission reduction units (ERUs), certified emission reductions (CERs), temporary certified emission reductions (tCERs), long-term certified emission reductions (lCERs), assigned amount units (AAUs), ~~and removal units (RMUs) and units generated from approved activities generated from market-based mechanisms to be established under the Convention or its instruments~~ in accordance with decision ~~13/CMP.1~~¹⁸ and decision 5/CMP.1 ~~and future decisions of the COP and the COP/COP.~~ ~~This information shall be reported in conjunction with the inventory submission due under the Convention in the following year and until the first inventory submission due under the Protocol.~~

11. Each Party included in Annex I shall report, in a standard electronic format, the following information on ERUs, CERs, tCERs, lCERs, AAUs and RMUs from its national registry for the previous calendar year (based on Universal Time), distinguishing between units valid for different commitment periods:

- (a) The quantities of ERUs, CERs, tCERs, lCERs, AAUs and RMUs in each account type specified in paragraph 21 (a), (e) and (f) of the annex to decision 13/CMP.1, the quantities of ERUs, CERs, AAUs and RMUs in each account type specified in paragraph 21 (c) and (d) of the annex to decision ~~13/CMP.1~~ X/CMP.8, the quantities of ERUs, CERs, tCERs, AAUs and RMUs in the replacement account specified in paragraph 43 of the annex to decision 5/CMP.1, the quantities of ERUs, CERs, lCERs, AAUs and RMUs in the replacement account specified in paragraph 47 of the annex to decision 5/CMP.1, and the quantities of ERUs, CERs, tCERs, lCERs, AAUs and RMUs in all accounts of the type referred to in paragraph 21 (b) of the annex to decision ~~X/CMP.8~~13/CMP.1, at the beginning of the year
- (b) The quantity of AAUs issued on the basis of the assigned amount pursuant to Article 3, paragraphs ~~7, 7bis, 8~~ and 8bis
- (c) The 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 quantity of ERUs issued in accordance with paragraph 24 of the annex to decision 9/CMP.1 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
- (e) The quantities of ERUs, CERs, tCERs, lCERs, AAUs and RMUs acquired from each transferring registry
- (f) The quantity of RMUs issued on the basis of each activity under Article 3, paragraphs 3 and 4
- (g) The quantities of ERUs, CERs, tCERs, lCERs, AAUs and RMUs transferred to each acquiring registry
- (h) The quantity of ERUs transferred in accordance with paragraph 10 of the annex to decision 18/CP.7

¹⁷ These terms are defined in paragraphs 1-4 of the annex to decision 13/CMP.1 and paragraph 1 of the annex to decision 5/CMP.1.

¹⁸ In accordance with paragraph 40 of the annex to decision 5/CMP.1, unless otherwise stated in that annex, all other provisions that pertain to CERs in the guidelines under Articles 7 and 8, as well as the modalities for the accounting of assigned amounts under Article 7, paragraph 4, shall also apply to tCERs and lCERs.

- (i) The quantities of ERUs, CERs, AAUs and RMUs cancelled under paragraph 32 of the annex to decision ~~X/CMP.813/CMP.1~~ on the basis of each activity under Article 3, paragraphs 3 and 4
- (j) The quantities of ERUs, CERs, AAUs and RMUs cancelled under paragraph 37 of the annex to decision ~~X/CMP.813/CMP.1~~ following determination by the Compliance Committee that the Party is not in compliance with its commitment under Article 3, paragraph 1 and 1bis
- (k) The quantities of other ERUs, CERs, tCERs, ICERs, AAUs and RMUs cancelled under paragraph 33 of the annex to decision ~~X/CMP.813/CMP.1~~

Comment: Additional cancellation accounts may be reported if such accounts are agreed as part of the revision of decision 13/CMP.1

- (l) The quantities of ERUs, CERs, tCERs, ICERs, AAUs and RMUs retired
- (m) The quantity of tCERs that expired in its retirement account and tCER replacement account
- (n) The quantity of ICERs that expired in its retirement account and ICER replacement account
- (o) The quantity of tCERs and ICERs that expired in its holding accounts
- (p) The quantities of ERUs, CERs, tCERs, AAUs and RMUs transferred to the tCER replacement account in accordance with paragraph 44 of the annex to decision 5/CMP.1
- (q) The quantities of ERUs, CERs, AAUs and RMUs transferred to the ICER replacement account in accordance with paragraph 48 of the annex to decision 5/CMP.1
- (r) The quantities of ERUs, CERs, ICERs, AAUs and RMUs transferred to the ICER replacement account in accordance with paragraph 49 of the annex to decision 5/CMP.1
- (s) The quantities of ERUs, CERs, ICERs, AAUs and RMUs transferred to the ICER replacement account in accordance with paragraph 50 of the annex to decision 5/CMP.1
- (t) The quantities of expired tCERs and ICERS transferred to a cancellation account in accordance with paragraph 53 of the annex to decision 5/CMP.1
- (u) The quantities of ERUs, CERs and AAUs carried over from the previous commitment period

Comment: The previous subparagraph may require changes depending on work under AWG-KP and the revision of decision 13/CMP.1

- (v) The quantities of ERUs, CERs, tCERS, ICERs, AAUs and RMUs in each account type specified in paragraph 21 (a), (e) and (f) of the annex to decision ~~X/CMP.813/CMP.1~~, the quantities of ERUs, CERs, AAUs and RMUs in each account type specified in paragraph 21 (c) and (d) of the annex to decision 5/CMP.1, the quantities of ERUs, CERs, tCERS, AAUs and RMUs in the replacement account specified in paragraph 43 of the annex to decision 5/CMP.1, the quantities of ERUs, CERs, ICERs, AAUs and RMUs in the replacement account specified in paragraph 47 of the annex to decision 5/CMP.1, and the quantities of ERUs, CERs, tCERS, ICERs, AAUs and RMUs in all accounts of the type referred to in paragraph 21 (b) of the annex to decision ~~X/CMP.813/CMP.1~~, at the end of the year.

12. Each Party included in Annex I shall report on any discrepancies¹⁹ identified by the transaction log pursuant to paragraph 43 of the annex to decision ~~X/CMP.813/CMP.1~~ and paragraph 54 of the annex to decision

¹⁹ Not including any record of non-replacement, which is to be reported separately under paragraph 15 below.

5/CMP.1, specifying whether the relevant transactions were completed or terminated and, in the case where transactions were not terminated, the ~~transaction number(s) and serial numbers and~~ quantities of ERUs, CERs, tCERs, ICERs, AAUs and RMUs concerned. The Party may also provide its explanation for not terminating the transaction.

13. Each Party included in Annex I shall report on any notification it has received from the Executive Board of the clean development mechanism (CDM) directing the Party to replace ICERs in accordance with paragraph 49 of the annex to decision 5/CMP.1.

14. Each Party included in Annex I shall report on any notification it has received from the Executive Board of the CDM directing the Party to replace ICERs in accordance with paragraph 50 of the annex to decision 5/CMP.1.

15. Each Party included in Annex I shall report on any record of non-replacement identified by the transaction log in accordance with paragraph 56 of the annex to decision 5/CMP.1, specifying whether the replacement was subsequently undertaken and, in the case where replacement was not undertaken, the ~~serial numbers and~~ quantities of the tCERs and ICERs concerned. The Party should provide its explanation for not undertaking the replacement.

16. Each Party included in Annex I shall report the ~~serial numbers and~~ quantities of ERUs, CERs, tCERs, ICERs, AAUs and RMUs held in the national registry at the end of that year that are not valid for use towards compliance with commitments under Article 3, paragraph 1, pursuant to paragraph 43 (b) of the annex to decision ~~X/CMP.8+3/CMP.1~~.

17. Each Party included in Annex I shall report on any actions and the date of such actions taken to correct any problem that caused a discrepancy to occur, any changes to the national registry to prevent a discrepancy from reoccurring, and the resolution of any previously identified questions of implementation pertaining to transactions.

18. Each Party included in Annex I shall report the calculation of its commitment period reserve in accordance with the annex to decision ~~18/CP.7~~ 1/CMP.8

19. Each Party included in Annex I shall provide access, upon request of expert review teams, to information held in the national registry relating to holding accounts referred to in paragraph 21 (b) of the annex to decision ~~X/CMP.8+3/CMP.1~~, and other types of accounts and transactions for the previous calendar year, that substantiates the supplementary information reported under paragraphs 11 and 12 above and if required related to the resolution of problems identified during the review.

20. Each Party included in Annex I shall, for the year of submission of the annual inventory for the last year of the commitment period, report the supplementary information described in this section of the guidelines that relates to the accounting of assigned amounts for that commitment period, in conjunction with the report upon expiration of the additional period for fulfilling commitments referred to in paragraph 49 of the annex to decision ~~X/CMP.8+3/CMP.1~~.

F. ~~Changes in N~~national systems in accordance with Article 5, paragraph 1

22. Each Party included in Annex I shall include in its national inventory report a description of its national system and information on any changes that have occurred in its national system compared with information reported in its last submission, ~~including information submitted in accordance with paragraphs 30 to 31 of these guidelines.~~

Comment: The description of national systems seems to be better placed in annual inventories than in national communications. It is not necessary to further specify the elements as these have been included in the reporting guidelines for annual inventories under the Convention.

G. ~~Changes in N~~national registries

23. Each Party included in Annex I with a commitment inscribed in Annex B shall include in its national inventory report a description of its national registry and information on any changes that have occurred in its national registry, compared with information reported in its last submission, including information submitted in accordance with paragraph 32 of these guidelines. This description shall explain how the national registry performs the functions defined in the annex to decision X/CMP.8 and the annex to decision 5/CMP.1 and include the following elements.²⁰

- (i) The name and contact information of the registry administrator designated by the Party to maintain the national registry
- (j) The names of the other Parties with which the Party cooperates by maintaining their national registries in a consolidated system
- (k) A description of the database structure and capacity of the national registry
- (l) A description of how the national registry conforms to the technical standards for data exchange between registry systems 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)21
- (m) A description of the procedures employed in the national registry to minimize discrepancies in the issuance, transfer, acquisition, cancellation and retirement of ERUs, CERs, tCERs, ICERs, AAUs and/or RMUs, and replacement of tCERs and ICERs, and of the steps taken to terminate transactions where a discrepancy is notified and to correct problems in the event of a failure to terminate the transactions
- (n) An overview of security measures employed in the national registry to prevent unauthorized manipulations and to prevent operator error and of how these measures are kept up to date
- (o) A list of the information publicly accessible by means of the user interface to the national registry
- (p) The Internet address of the interface to its national registry
- (q) ~~(i)~~ A description of measures taken to safeguard, maintain and recover data in order to ensure the integrity of data storage and the recovery of registry services in the event of a disaster

H. Minimization of adverse impacts in accordance with Article 3, paragraph 14

23. Each Party included in Annex I shall provide information relating to how it is striving, under Article 3, paragraph 14, of the Kyoto Protocol, to implement its commitments mentioned in Article 3, paragraph 1, of the Kyoto Protocol in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4, paragraphs 8 and 9, of the Convention.

24. Parties included in Annex II, and other Parties included in Annex I that are in a position to do so, shall incorporate information on how they give priority, in implementing their commitments under Article 3, paragraph 14, to the following actions, based on relevant methodologies referred to in paragraph 11 of decision 31/CMP.1:

²⁰ In accordance with paragraph 40 of the annex to decision 5/CMP.1, unless otherwise stated in that annex, all other provisions that pertain to CERs in the guidelines under Articles 7 and 8, as well as the modalities for the accounting of assigned amount under Article 7, paragraph 4, also apply to tCERs and ICERs.

- (a) The progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse-gas-emitting sectors, taking into account the need for energy price reforms to reflect market prices and externalities
- (b) Removing subsidies associated with the use of environmentally unsound and unsafe technologies
- (c) Cooperating in the technological development of non-energy uses of fossil fuels, and supporting developing country Parties to this end
- (d) Cooperating in the development, diffusion, and transfer of less-greenhouse-gas-emitting advanced fossil-fuel technologies, and/or technologies, relating to fossil fuels, that capture and store greenhouse gases, and encouraging their wider use; and facilitating the participation of the least developed countries and other non-Annex I Parties in this effort
- (e) Strengthening the capacity of developing country Parties identified in Article 4, paragraphs 8 and 9, of the Convention for improving efficiency in upstream and downstream activities relating to fossil fuels, taking into consideration the need to improve the environmental efficiency of these activities
- (f) Assisting developing country Parties which are highly dependent on the export and consumption of fossil fuels in diversifying their economies.

25. Where the information referred to in paragraphs 23 and 24 above has been provided in earlier submissions, the Party included in Annex I shall include information in its national inventory report on any changes that have occurred, compared with the information reported in its last submission.

26. The secretariat shall annually compile the supplementary information mentioned in paragraphs 23 to 25 above.

II. Reporting of supplementary information under Article 7, paragraph 2

A. Applicability

27. The provisions of these guidelines shall apply for each Party included in Annex I which is also a Party to the Kyoto Protocol.

B. General approach

28. Each Party included in Annex I shall include the necessary supplementary information required under these guidelines to demonstrate compliance with its commitments under the Protocol in its national communication submitted under Article 12 of the Convention, with the time frames for the obligations established by the Kyoto Protocol, and with the relevant decisions of the COP and the COP/MOP.

C. Objectives

29. The objectives of these guidelines are:

- (a) To enable Parties included in Annex I to meet their commitments for reporting information in accordance with Article 7, paragraph 2;
- (b) To promote the reporting of consistent, transparent, comparable, accurate and complete information by Parties included in Annex I;

- (c) To facilitate the preparation of the information to be submitted to the COP/MOP by Parties included in Annex I;
- (d) To facilitate the review under Article 8 of national communications and of the supplementary information under Article 7, paragraph 2, from Parties included in Annex I.

~~D. National systems in accordance with Article 5, paragraph 1~~

~~30. Each Party included in Annex I shall provide a description of how it is performing the general and specific functions defined in the guidelines for national systems under Article 5, paragraph 1. The description shall contain the following elements:~~

- ~~(a) The name and contact information for the national entity and its designated representative with overall responsibility for the national inventory of the Party~~
- ~~(b) The roles and responsibilities of various agencies and entities in relation to the inventory development process, as well as the institutional, legal and procedural arrangements made to prepare the inventory~~
- ~~(c) A description of the process for collecting activity data, for selecting emission factors and methods, and for the development of emission estimates~~
- ~~(d) A description of the process and the results of key source identification and, where relevant, archiving of test data~~
- ~~(e) A description of the process for the recalculation of previously submitted inventory data~~
- ~~(f) A description of the quality assurance and quality control plan, its implementation and the quality objectives established, and information on internal and external evaluation and review processes and their results in accordance with the guidelines for national systems~~
- ~~(g) A description of the procedures for the official consideration and approval of the inventory.~~

~~31. Where the Party included in Annex I has not performed all functions, the Party shall provide an explanation of which functions were not performed or were only partially performed and information on the action planned or taken to perform these functions in the future.~~

Comment: The EU propose to delete this information from the national communications and to include it in the annual inventories.

E. National registries

32. Each Party included in Annex I shall provide a description of how its national registry performs the functions defined in the annex to decision 13/CMP.1 and the annex to decision 5/CMP.1,²² and complies with the requirements of the technical standards for data exchange between registry systems as adopted by the COP/MOP. 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~~

²² ~~In accordance with paragraph 40 of the annex to decision 5/CMP.1, unless otherwise stated in that annex, all other provisions that pertain to CERs in the guidelines under Articles 7 and 8, as well as the modalities for the accounting of assigned amount under Article 7, paragraph 4, also apply to tCERs and ICERs.~~

- (b) The names of the other Parties with which the Party cooperates by maintaining their 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 data exchange between registry systems 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)²³
- (e) A description of the procedures employed in the national registry to minimize discrepancies in the issuance, transfer, acquisition, cancellation and retirement of ERUs, CERs, tCERs, ICERs, AAUs and/or RMUs, and replacement of tCERs and ICERs, and of the steps taken to terminate transactions where a discrepancy is notified and to correct problems in the event of a failure to terminate the transactions
- (f) An overview of security measures employed in the national registry to prevent unauthorized manipulations and to prevent operator error and of 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) A description of measures taken to safeguard, maintain and recover data in order to ensure the integrity of data storage and the recovery of registry services in the event of a disaster
- (j) The results of any test procedures that might be available or developed with the aim of testing the performance, procedures and security measures of the national registry undertaken pursuant to the provisions of decision 19/CP.7 relating to the technical standards for data exchange between registry systems.

Comment: The EU propose to delete this information from the national communications and to include it in the annual inventories.

F. Supplementary relating to the mechanisms pursuant to Articles 6, 12 and 17

33. Each Party included in Annex I shall provide information on how its use of the mechanisms is supplemental to domestic action, and how its domestic action thus constitutes a significant element of the effort made to meet its quantified limitation and reduction commitments under Article 3, paragraph 1bis1bis, in accordance with the provisions of decision ~~XX/CMP.7 (trading and mechanisms)~~ 5/CP.6 and 3/CMP.7.

G. Policies and measures in accordance with Article 2

34. In providing information under part II, section V, of the guidelines for the preparation of national communications by Parties included in Annex I to the Convention (FCCC/CP/1999/7), each Party included in Annex I shall specifically address policies and measures implemented and/or further elaborated as well as cooperation with other such Parties in achieving its quantified emission limitation and reduction commitment under Article 3, in order to promote sustainable development. Such reporting shall take into account any relevant decision by the COP and the COP/MOP resulting from the process for further consideration of the issue of policies and measures (decision 13/CP.7).

²³ See decision 24/CP.8.

35. With respect to aviation and marine bunker fuels, each Party included in Annex I shall, in pursuit of Article 2, paragraph 2, of the Kyoto Protocol, identify the steps it has taken to promote and/or implement any decisions by the International Civil Aviation Organization and the International Maritime Organization in order to limit or reduce emissions of greenhouse gases not controlled by the Montreal Protocol from aviation and marine bunker fuels.

36. Each Party included in Annex I shall also provide information not reported elsewhere under these guidelines on how it strives to implement policies and measures under Article 2 of the Kyoto Protocol in such a way as to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties and in particular those identified in Article 4, paragraphs 8 and 9, of the Convention, taking into account Article 3 of the Convention.

H. Domestic and regional programmes and/or legislative arrangements and enforcement and administrative procedures

37. Each Party included in Annex I shall report any relevant information on its domestic and regional legislative arrangements and enforcement and administrative procedures, established pursuant to the implementation of the Kyoto Protocol, according to its national circumstances. This information shall include:

- (a) A description of any domestic and regional legislative arrangements and enforcement and administrative procedures the Party has in place to meet its commitments under the Kyoto Protocol, including the legal authority for such programmes, how they are implemented, and procedures for addressing cases of non-compliance under domestic law
- (b) A description of any provisions to make information on these legislative arrangements and enforcement and administrative procedures (e.g. rules on enforcement and administrative procedures, action taken) publicly accessible
- (c) A description of any institutional arrangements and decision-making procedures that it has in place to coordinate activities relating to participation in the mechanisms under Articles 6, 12 and 17, including the participation of legal entities.

38. Each Party included in Annex I shall provide a description of any national legislative arrangements and administrative procedures that seek to ensure that the implementation of activities under Article 3, paragraph 3, and any elected activities under Article 3, paragraph 4, also contribute to the conservation of biodiversity and sustainable use of natural resources.

I. Information under Article 10

39. Each Party included in Annex I shall report its activities, actions and programmes undertaken in fulfilment of its commitments under Article 10.

40. Each Party included in Annex I shall report on the steps it has taken to promote, facilitate and finance the transfer of technology to developing countries and to build their capacity, taking into account Article 4, paragraphs 3, 5 and 7, of the Convention, in order to facilitate the implementation of Article 10 of the Kyoto Protocol.

J. Financial resources

41. Each Party included in Annex II shall provide information on the implementation of Article 11 of the Kyoto Protocol, in particular information on what new and additional financial resources have been provided, in what way these resources are new and additional, and how that Party has taken into account the need for adequacy and predictability in the flow of these resources.

42. Each Party included in Annex II shall provide information on its contribution to the entity or entities entrusted with the operation of the financial mechanism.

43. Any Party included in Annex I that has provided funding for the adaptation fund established in accordance with decision 10/CP.7 shall report on its financial contributions to this fund. In doing so, the Party shall take into account the information reported in accordance with paragraph 6 of decision 10/CP.7.

III. Language

44. The information reported in accordance with these guidelines shall be submitted in one of the official languages of the United Nations. Parties included in Annex I are encouraged to submit a translation of the information under Article 7, paragraph 1, in English, in order to facilitate the annual review of the inventory information under Article 8.

IV. Updating

45. These guidelines shall be reviewed and revised, as appropriate, by consensus, in accordance with decisions of the COP/MOP, taking into account any relevant decisions of the COP.

*2nd plenary meeting 30
November 2005*

Decision ~~22x~~/CMP.18

Guidelines for review under Article 8 of the Kyoto Protocol for the second commitment period

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Recalling Article 8 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change,

Having considered decision 23/CP.7, adopted by the Conference of the Parties at its seventh session,

Recognizing the importance of the review process under Article 8 for the implementation of other provisions of the Kyoto Protocol,

1. *Adopts* the guidelines for review under Article 8 of the Kyoto Protocol as contained in the annex to the present decision for the second commitment period;

2. *Decides* that for each Party included in Annex I the review of the initial report to facilitate the calculation of its assigned amount pursuant to Article 6 of decision #/CMP.8 (replacement of 13/CMP.1) prior to for the second~~first~~ commitment period shall be conducted together with the first regular -inventory review for the first year of the second commitment period initiated upon receipt of the report as mentioned in paragraph 6 of the annex to decision 13/CMP.1. The review of the initial report~~prior to the commitment period for each Party~~, including the procedures for adjustments under Article 5, paragraph 2, between the expert review team and the Party, shall be completed within 12 months of the initiation of the review and a report shall be forwarded expeditiously to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Compliance Committee. ~~Further expertise and resources shall be provided to ensure the quality of the review in the case where review has to take place for several Parties at the same time;~~

3. *Decides to continue with start the periodic review for each Party included in Annex I in accordance with the agreed dates for the submission of when it submits its first national communications under the Kyoto Protocol;*

4. *Decides to start the annual inventory review for each Party included in Annex I for the second commitment period in 2015 for the the year- first inventory submission submitted for the second commitment period that the Party commences reporting under Article 7, paragraph 1;*

5. ~~*Decides to start the annual review in the year following the submission of the report referred to in paragraph 6 of the annex to decision 13/CMP.1 for those Parties included in Annex I that started reporting information under Article 7, paragraph 1, on a voluntary basis earlier than required under Article 7, paragraph 3;*~~

6. ~~*Invites Parties that opt to submit information for review before January 2007 to notify the secretariat at their earliest convenience in order to facilitate the timely establishment of the expert review teams.*~~

ANNEX

Guidelines for review under Article 8 of the Kyoto Protocol²⁴

Part I: General approach to review

A. Applicability

1. Each Party included in Annex I to the Convention which is also a Party to the Kyoto Protocol will be subject to review of information submitted under Article 7 in accordance with the provisions of these guidelines. For these Parties, the review process established under these guidelines shall encompass any existing review under the Convention.

B. Objectives

2. The objectives for review under Article 8 of the Kyoto Protocol are:
- (a) To establish a process for a thorough, objective and comprehensive technical assessment of all aspects of the implementation of the Kyoto Protocol by Parties included in Annex I;
 - (b) To promote consistency and transparency in the review of information submitted by Parties included in Annex I under Article 7 of the Kyoto Protocol;
 - (c) To assist Parties included in Annex I in improving their reporting of information under Article 7 and the implementation of their commitments under the Kyoto Protocol;
 - (d) To provide the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP), and the Compliance Committee, with a technical assessment of the implementation of the Kyoto Protocol by Parties included in Annex I.

C. General approach

3. The provisions of these guidelines shall apply to the review of information submitted by Parties included in Annex I under Article 7, relevant decisions of the COP/MOP and relevant decisions of the Conference of the Parties (COP) specific to Parties included in Annex I.
4. The expert review team shall provide a thorough and comprehensive technical assessment of all aspects of the implementation by a Party of the Kyoto Protocol and identify any potential problems in, and factors influencing, the fulfilment of commitments. The expert review team shall conduct technical reviews to provide information expeditiously to the COP/MOP and the Compliance Committee in accordance with the procedures in these guidelines.
5. At any stage in the review process, expert review teams may put questions to, or request additional or clarifying information from, the Parties included in Annex I regarding a potential problem identified by the team. The expert review team should offer advice to Parties included in Annex I on how to correct problems that they identify, taking into account the national circumstances of the Party. The expert review team shall also provide technical advice to the COP/MOP or the Compliance Committee, upon request.
6. Parties included in Annex I should provide the expert review team with access to information necessary to substantiate and clarify the implementation of their commitments under the Kyoto Protocol, in accordance with relevant guidelines adopted by the COP and/or the COP/MOP and, during the in-country visits, should also provide

²⁴ "Article" in these guidelines refers to an article of the Kyoto Protocol, unless otherwise specified.

appropriate working facilities. Parties included in Annex I should make every reasonable effort to respond to all questions and requests from the expert review team for additional clarifying information relating to identified problems and correct such problems within the time limits set out in these guidelines.

1. Questions of implementation

7. If the expert review team identifies potential problems during the review, it shall put questions to the Party included in Annex I regarding these potential problems and offer advice to the Party on how to correct them. The Party may correct the problems or provide additional information within the time frame set out in these guidelines. Subsequently, a draft of each review report shall be forwarded to the Party subject to review for comment.

8. Only if an unresolved problem pertaining to language of a mandatory nature in these guidelines influencing the fulfilment of commitments still exists after the Party included in Annex I has been provided with opportunities to correct the problem within the time frames established under the relevant review procedures, shall that problem be listed as a question of implementation in the final review reports. An unresolved problem pertaining to language of a non-mandatory nature in these guidelines shall be noted in the final review report, but shall not be listed as a question of implementation.

2. Confidentiality

9. Pursuant to a request from the expert review team for additional data or information or access to data used in the preparation of the inventory, a Party included in Annex I may indicate whether such information and data are confidential. In such a case, the Party should provide the basis for protecting such information, including any domestic law, and upon receipt of assurance that the data will be maintained as confidential by the expert review team, shall submit the confidential data in accordance with domestic law and in a manner that allows the expert review team access to sufficient information and data for the assessment of conformity with the Intergovernmental Panel on Climate Change (IPCC) *2006 IPCC Guidelines for National Greenhouse Gas Inventories Revised 1996 IPCC Guidelines for Greenhouse Gas Inventories as elaborated by the IPCC Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories* and any good practice guidance adopted by the COP/MOP. Any confidential information and data submitted by a Party in accordance with this paragraph shall be maintained as confidential by the expert review team, in accordance with any decisions on this matter adopted by the COP/MOP.

10. An expert review team member's obligation not to disclose confidential information shall continue after termination of his or her service on the expert review team.

D. Timing and procedures

1. ~~Initial~~ Review of report to facilitate the calculation of assigned amount

11. Each Party included in Annex I with a commitment inscribed in the third column of the table contained in Annex B to the Kyoto Protocol shall be subject to review of the initial report to facilitate the calculation of its assigned amount pursuant to Article 6 of the annex to decision #/CMP.8 (replacement of 13/CMP.1) for the second commitment period prior to the first commitment period or within one year after the entry into force of the Kyoto Protocol for that Party, whichever is later.

12. The expert review team shall review the following information contained or referenced in the report referred to in paragraph 6 of the annex to decision [13/CMP.1][X/CMP.8] for each Party included in Annex I together with the inventory submission for the first year of the second commitment period:

- (a) ~~Complete inventories of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol for all years from 1990, or other approved base year or period under Article 3, paragraph 5, to the most recent year available with an emphasis on the base year or period, including the selected base year for hydrofluorocarbons, perfluorocarbons~~

~~nitrogen trifluoride and sulphur hexafluoride in accordance with Article 3, paragraph 8, and the most recent year, for conformity with Article 5, paragraph 2, in accordance with the procedures contained in part II of these guidelines~~

- (b) ~~The calculation of the assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis, and the commitment period reserve, for conformity with the modalities for the accounting of assigned amounts under Article 7, paragraph 4, in accordance with the procedures contained in part III of these guidelines~~
- ~~(c) The information provided related to the accounting of activities under Article 3, paragraph 3 and 4.~~
- (e) ~~The national system pursuant to Article 5, paragraph 1, in accordance with the procedures contained in part IV of these guidelines~~
- (d) ~~The national registry pursuant to Article 7, paragraph 4, in accordance with the procedures contained in part V of these guidelines.~~

13. ~~The first national communication due under the Convention after the Kyoto Protocol has entered into force for that Party will be reviewed prior to the first commitment period in accordance with the provisions of paragraph 19 below.~~²⁵

14. For each Party included in Annex I, the elements specified in paragraph 12 (a) ~~and~~ 12 (e) above shall be reviewed in conjunction with the review of the inventory submission for the first year of the second commitment period. ~~An in-country visit shall be conducted as part of this review.~~

2. Annual review

15. Each Party included in Annex I shall be subject to an annual review of:

- (a) The annual inventory, including the national inventory report and the common reporting format (CRF), for conformity with Article 5, paragraph 2, in accordance with the procedures contained in part II of these guidelines
- (b) The following supplementary information, in accordance with the guidelines for the preparation of the information required under Article 7, section I:
 - (i) Information provided during the commitment period for land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, for conformity with the requirements of relevant decisions of the COP/MOP, in accordance with the procedures contained in part II of these guidelines
 - (ii) Information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, emission reduction units, certified emission reductions, assigned amount units and removal units, in accordance with the procedures contained in part III of these guidelines
 - (iii) Information provided on Changes in national systems and changes thereof in accordance with the procedures contained in part IV of these guidelines

²⁵ This will be the case if this national communication is submitted prior to the first commitment period.

- (iv) Information provided on Changes in national registries and changes thereof in accordance with the procedures contained in part V of these guidelines

16. Information provided on matters relating to Article 3, paragraph 14, and supplementary information in accordance with the procedures contained in part VI of these guidelines. The annual review, including adjustment procedures as part of the review of the annual or base year inventory, shall be concluded within one year of the due date for submission of the information to be reported under Article 7, paragraph 1.

~~17. The elements specified in paragraph 15 (b) (iii) and (iv) above shall be subject to review as part of the annual review only if problems or significant changes have been identified by an expert review team or if the Party included in Annex I reports significant changes in its inventory report as defined in paragraphs 101 and 114 of these guidelines.~~

~~18.~~ 17. The elements described in paragraph 15 above shall be reviewed together for each Party included in Annex I by a single expert review team.

3. Periodic review

19. ~~Each n~~National communications submitted under the Kyoto Protocol by a Party included in Annex I shall be subject to a scheduled in-country review in accordance with part VII of these guidelines, centralized reviews may be organized for small Parties with low emissions in accordance with decision 10/CMP.6.²⁶

E. Expert review teams and institutional arrangements

1. Expert review teams

20. Each submission under Article 7 subject to an individual inventory review shall be assigned to a single expert review team that shall be responsible for performing the review in accordance with the procedures and time frames established in these guidelines. A submission by a Party included in Annex I shall not be reviewed in two successive review years by expert review teams with identical composition.

21. Each expert review team shall provide a thorough and comprehensive technical assessment of information submitted under Article 7 and shall, under its collective responsibility and supported and coordinated by the secretariat, prepare a review report, assessing the implementation of the commitments of the Party included in Annex I and identifying any potential problems in, and factors influencing, the fulfilment of commitments. The expert review teams shall refrain from making any political judgement. If needed, the expert review teams shall calculate adjustments in accordance with any guidance under Article 5, paragraph 2, adopted by the COP/MOP, in consultation with the Party concerned and coordinated by the secretariat to ensure consistent approaches for the calculation of adjustments across Parties.

22. Expert review teams shall be coordinated by the secretariat and shall be composed of experts selected on an ad hoc basis from the UNFCCC roster of experts and will include lead reviewers. Expert review teams formed

²⁶ ~~It is likely that the fourth national communication will be the first national communication under the Kyoto Protocol and that such review will occur prior to the first commitment period: Article 7, paragraph 3, states that each Party included in Annex I shall submit the information required under Article 7, paragraph 2, as part of the first national communication due under the Convention after the Protocol has entered into force for it and after adoption of guidelines for the preparation of information under Article 7. This Article also states that the COP/MOP shall determine the frequency of submission of national communications, taking into account any timetable for submission of national communications decided upon by the COP. Decision 11/CP.4 requests Parties included in Annex I to submit a third national communication by 30 November 2001 and subsequent national communications on a regular basis, at intervals of three to five years, to be decided at a future session, and requires that each of those national communications should be subject to an in-depth review coordinated by the secretariat.~~

for the tasks carried out under the provisions of these guidelines may vary in size and composition, taking into account the national circumstances of the Party under review and the different expertise needs of each review task.

23. Participating experts shall serve in their personal capacity.
24. Participating experts shall have recognized competence in the areas to be reviewed according to these guidelines. The training to be provided to experts, and the subsequent assessment after the completion of the training²⁷ and/or any other means needed to ensure the necessary competence of experts for participation in expert review teams shall be designed and operationalized in accordance with relevant decisions of the COP and the COP/MOP.
25. Experts selected for a specific review activity shall neither be nationals of the Party under review, nor be nominated or funded by that Party.
26. Experts shall be nominated by Parties to the Convention to the roster of experts and, as appropriate, by intergovernmental organizations, in accordance with guidance provided for this purpose by the COP.
27. Participating experts from Parties not included in Annex I and Parties included in Annex I with economies in transition shall be funded according to the existing procedures for participation in UNFCCC activities. Experts from other Parties included in Annex I shall be funded by their governments.
28. In the conduct of the review, expert review teams shall adhere to these guidelines and work on the basis of established and published procedures agreed upon by the Subsidiary Body for Scientific and Technological Advice (SBSTA), including quality assurance and control and confidentiality provisions.

2. Competences

29. Competences required of members of the expert review teams for the review of annual information submitted under Article 7, paragraph 1, are:

- (a) Greenhouse gas inventories in general and/or specific sectors (energy, industrial processes and product use, solvents and other products use, agriculture, land use, land-use change and forestry, and waste);
- (b) National systems, national registries, information on assigned amounts and information related to Article 3, paragraph 14.

30. Competences required of members of the expert review teams for the review of national communications and the supplementary information under Article 7, paragraph 2, are in those areas referred to in paragraph 135 (b) and (c) of these guidelines.

3. Composition of the expert review teams

31. The secretariat shall select the members of the review teams to review the annual information submitted under Article 7, paragraph 1, and to review national communications and the supplementary information under Article 7, paragraph 2, in a way that the collective skills of the team address the areas mentioned in paragraphs 29 and 30 above, respectively.

32. The secretariat shall select the members of the expert review teams with a view to achieving a balance between experts from Annex I and non-Annex I Parties in the overall composition of the expert review teams, without compromising the selection criteria referred to in paragraph 31 above. The secretariat shall make every

²⁷ Those experts that opt not to participate in the training have to undergo a similar assessment successfully in order to enable them to qualify for participation in expert review teams.

effort to ensure geographical balance among those experts selected from non-Annex I Parties and among those experts selected from Annex I Parties.

33. The secretariat shall ensure that in any expert review team one co-lead reviewer shall be from a Party included in Annex I and one from a Party not included in Annex I. Without compromising the selection criteria stated in paragraphs 31, 32 and 33 above, the formation of expert review teams should ensure, to the extent possible, that at least one member is fluent in the language of the Party under review.

34. The secretariat shall prepare an annual report to the SBSTA on the implementation of the reviews, inter alia addressing the composition of review teams; including the selection of experts for the review teams and the lead reviewers, and the actions taken to ensure the application of the selection criteria stated in paragraphs 31 and 32 above.

4. Lead reviewers

36. Lead reviewers shall act as co-lead reviewers for the expert review teams under these guidelines.

37. Lead reviewers should ensure that the reviews in which they participate are performed according to the review guidelines and are performed consistently across Parties by each expert review team. They also should ensure the quality and the objectivity of the thorough and comprehensive technical assessments in the reviews and to provide for continuity, comparability and timeliness of the review.

38. Lead reviewers may be offered additional training to that referred to in paragraph 24 above to enhance their skills.

39. With the administrative support of the secretariat, lead reviewers shall, for each review activity:

- ~~(a)~~ ~~Prepare a brief work plan for the review activity;~~
- ~~(b)~~ ~~Verify that the reviewers have all the necessary information provided by the secretariat prior to the review activity;~~
- ~~(e)(a)~~ Monitor the progress of the review activity;
- ~~(d)(b)~~ Coordinate queries of the expert review team to the Party and coordinate the inclusion of the answers in the review reports;
- ~~(e)(c)~~ Provide technical advice to the ad hoc experts, if needed;
- ~~(d)~~ Ensure that the review is performed and the review report is prepared in accordance with the relevant guidelines;
- ~~(e)~~ Assist the secretariat in the coordination of the communications between the ERT and the Party under review
- ~~(f)~~ Assist in the compilation of the final review reports.
- (g) For inventory reviews, verify that the review team gives priority to individual source categories for review in accordance with the guidelines.

40. Lead reviewers collectively shall also:

- (a) Prepare an annual report to the SBSTA with suggestions on how to improve the review process in the light of paragraph 2 of the present guidelines;

(b) Advise on the standardized data comparisons of inventory information referred to in paragraph 67 below.

~~(b)~~(c) Advise on further measures to improve the efficiency and consistency of the reviews.

41. Lead reviewers shall comprise experts from Parties to the Convention nominated to the UNFCCC roster by Parties, and their collective skills shall address the areas mentioned in paragraph 29 above. During the period when national communications and the supplementary information under Article 7, paragraph 2, are reviewed, additional experts from Parties to the Convention nominated to the UNFCCC roster by Parties will act as lead reviewers whose collective skills relate to the areas referred to in paragraph 30 above. ~~Lead reviewers shall be assigned for a minimum period of two years and a maximum period of three years to ensure the continuity and consistency of the review process. Half of the lead reviewers shall be assigned initially for a term of two years and the other half for a term of three years. The terms of service of lead reviewers for a given period of service shall be designed and operationalized in accordance with relevant decisions of the COP and the COP/MOP.~~

5. Ad hoc review experts

43. Ad hoc review experts shall be selected from those nominated by Parties or, ~~exceptionally and only when the required expertise for the task is not available among them,~~ from the relevant intergovernmental organizations belonging to the UNFCCC roster of experts for specific annual or periodic reviews by the secretariat. They shall perform individual review tasks in accordance with the duties set out in their nomination.

44. Ad hoc review experts shall, as necessary, perform desk review tasks in their home countries and participate in in-country visits and centralized reviews and in review meetings.

6. Coordination by the secretariat

44bis. The UNFCCC secretariat shall coordinate and support the review by

(d) The selection of experts for review teams

(e) The organization of the reviews, including the preparation of a work plan for the review

(f) Provision of all relevant information to the expert review teams

(g) The development of review tools and materials and templates for review reports

(h) Conducting the initial checks as outlined in paragraphs 59 to 64 below

(i) Coordination during the review, together with the lead reviewers, of communications between the ERT and the Party under review

(j) ensuring that the review is performed in line with these guidelines and in a consistent manner, in particular with regard to the identification of questions of implementation and the calculation of adjustments

(k) the compilation and editing of the final review reports, together with the lead reviewers

(l) maintenance of a record of communications between the review teams and Parties

(m) coordination of practical arrangements concerning the review

(n) facilitation of annual meetings of the lead reviewers

(o) design and implementation of training activities for review experts and subsequent assessment of experts' qualifications

- (p) preparation of the Standard Independent Assessment Report (SIAR) to assist the review of national registries and the review of information on emission reduction units, certified emission reductions, and assigned amount units and removal units.

6. Guidance by the SBSTA

45. The SBSTA shall provide general guidance to the secretariat on the selection of experts and coordination of the expert review teams and to the expert review teams on the expert review process. The reports mentioned in paragraphs 35 and 40 (a) above are intended to provide the SBSTA with inputs for elaborating such guidance.

F. Reporting and publication

46. The expert review team shall, under its collective responsibility, produce the following review reports for each Party included in Annex I:

- (a) For the ~~initial~~ review of the report to facilitate the calculation of the assigned amount, a report on the review of the elements described in paragraph 12 (a) to 12 (~~b~~) above in accordance with parts II, III, IV and V of these guidelines
- (b) For the annual review, a status report after the initial check of the annual inventory and a final report on the individual inventory~~annual~~ review of the elements in paragraph 15 above in accordance with parts II, III, IV, V and VI of these guidelines
- (c) For the periodic review, a report on the review of the national communication in accordance with part VII of these guidelines.

47. Review reports for each Party included in Annex I shall follow a format and outline comparable to that set out in paragraph 48 below and shall include the specific elements described in parts II to VII of these guidelines.

48. All final review reports prepared by the expert review team, except for status reports, shall include the following elements:

- (a) An introduction and summary
- (b) A description of the technical assessment of each of the elements reviewed according to the relevant sections on the scope of the review in parts II to VII of these guidelines, including:
 - (i) A description of any potential problems in, and factors influencing the fulfilment of, commitments identified during the review. Any recommendations provided by the expert review team to solve the potential problems
 - (ii) An assessment of any efforts by the Party included in Annex I to address any potential problems identified by the expert review team during the current review or during previous reviews that have not been corrected
 - (iii) Any questions of implementation of the commitments under the Kyoto Protocol
- (c) Possible recommendations by the expert review team on the conduct of the review in subsequent years, including which parts may need to be considered in more depth
- (d) Information on any other issue of concern deemed relevant by the expert review team

- (e) The sources of information used in the formulation of the final report.

49. Following their completion, all final review reports, including status reports on initial checks on annual inventories, shall be published and forwarded by the secretariat, together with any written comments on the final review report by the Party which is subject of the report, to the COP/MOP, the Compliance Committee and the Party concerned.

Part II: Review of annual inventories

A. Purpose

50. The purpose of the review of annual inventories of Parties included in Annex I is:

- (a) To provide an objective, consistent, transparent, thorough and comprehensive technical assessment of annual inventories of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol for conformity with the *2006 IPCC Guidelines for National Greenhouse Gas Inventories Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories*²⁸ as elaborated by the IPCC report entitled *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories*²⁹ and any good practice guidance adopted by the COP/MOP, and with section I of the guidelines for the preparation of the information required under Article 7;
- (b) To assess if adjustments under Article 5, paragraph 2, may be needed and, if so, to calculate adjustments in accordance with relevant decisions of the COP/MOP relating to Article 5, paragraph 2, of the Kyoto Protocol;
- (c) To ensure that the COP/MOP and the Compliance Committee have reliable information on the annual inventories of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol of each Party included in Annex I.

B. General procedures

51. The review should cover:

- (a) The annual inventory, including the national inventory report and the common reporting format (CRF)
- (b) Supplementary information under Article 7, paragraph 1, incorporated in the Party's national inventory according to section I.D, greenhouse gas inventory information, of the guidelines for the preparation of the information required under Article 7.

52. The ~~annual~~ inventory review shall consist of two elements:

- (a) An annual Initial check by the secretariat expert review team, ~~with the assistance of the secretariat~~

²⁸ In these guidelines, the *2006 IPCC Guidelines for National Greenhouse Gas Inventories Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories* are referred to as the IPCC Guidelines.

²⁹ In these guidelines, the IPCC report entitled *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories* is referred to as the IPCC good practice guidance.

- (c) A biennial individual inventory review by the expert review team including an in-depth review for the two most recent years for which inventories were submitted and for which an individual review was not yet performed. For the last year of the second commitment period, an individual inventory review by the expert review team shall be carried out for all Parties.

53. The individual inventory review shall occur in conjunction with the review of assigned amount, review of national systems and changes thereof~~in national systems and changes~~ the review of in-national registries and changes thereof as set out in part I of these guidelines.

54. The recalculated base year inventory, taking into account the need for recalculations arising from decision 4/CMP.7 shall be reviewed together with the inventory submission for the first year of the second commitment period only once prior to the commitment period and adjusted if appropriate.

55. The annual inventory review should be conducted as a ~~desk or~~ centralized review. In addition, each Party included in Annex I shall be subject to at least one in-country visit by an expert review team during the second commitment period as part of its annual review.

56. In-country visits should be scheduled, planned and take place with the consent of the Party included in Annex I subject to review.

57. In years when an in-country visit is not scheduled, an expert review team or the secretariat can request an in-country visit if it believes, based on the findings of the ~~desk or~~ centralized review or the initial checks, that such a visit is necessary to allow for fuller investigation of a potential problem that the team has identified, subject to the consent of the Party included in Annex I. The expert review team or the secretariat shall provide a rationale for the additional country visit and shall compile a list of questions and issues to be addressed during the in-country visit to be sent to the Party included in Annex I in advance of the visit. If such an in-country visit occurs, the expert review team may recommend that a pending scheduled in-country visit is not necessary.

58. If a Party included in Annex I fails to provide to the expert review team the data and information necessary for the assessment of conformity with the IPCC Guidelines ~~as elaborated by the IPCC good practice guidance~~ and any good practice guidance adopted by the COP/MOP, the expert review team shall assume that the estimate was not prepared in accordance with the IPCC Guidelines ~~as elaborated by the IPCC good practice guidance~~ and any good practice guidance adopted by the COP/MOP.

C. Initial checks of annual inventories

1. Scope of the review

59. The ~~expert secretariat review team~~ shall conduct an initial check as a ~~desk or~~ centralized review to examine that each Party included in Annex I has submitted a consistent, complete and timely annual inventory, including the national inventory report and the common reporting format (CRF), and that data contained in the CRF are complete by means of computerized analysis and checks and in the correct format to enable subsequent review stages to occur. The initial check shall identify whether:

- (a) The submission is complete and information has been provided in the correct format in accordance with reporting guidelines on annual inventories;
- (b) All sources, sinks and gases included in the IPCC Guidelines and any good practice guidance adopted by the COP/MOP are reported;
- (c) Any gaps are explained by use of notation keys, such as NE (not estimated) and NA (not applicable), in the CRF and whether there is frequent use of these notation keys;

- (d) Methodologies are documented with notations in the CRF;
- (e) Estimates for carbon dioxide (CO₂) emissions from fossil fuel combustion are reported using the IPCC reference approach, in addition to estimates derived using national methods;
- (f) Estimates for hydrofluorocarbon ~~and~~, perfluorocarbon ~~and sulphur hexafluoride~~ emissions are reported by individual chemical species;
- (g) A Party included in Annex I has failed to submit an annual inventory or the national inventory report or the common reporting format by the due date, or within six weeks of the due date;
- (h) A Party included in Annex I has failed to include an estimate for a source category (as defined in ~~chapter 7~~ Volume 1 Chapter 4 of the IPCC ~~good practice guidance~~ guidelines) that individually accounted for 7 per cent or more of the Party's aggregate emissions, defined as aggregate submitted emissions of the gases and from the sources listed in Annex A to the Kyoto Protocol, in the most recent of the Party's reviewed inventories in which the source was estimated;
- ~~(i)~~ A Party included in Annex I has failed to provide the supplementary information in accordance with paragraphs 5 to 9 of the annex to decision 15/CMP.1.
- ~~(i)~~ The secretariat shall conduct a standardized set of data comparisons to be performed on the electronic common reporting format submissions.

2. Timing³⁰

61. The initial check for each Party included in Annex I shall be performed and a draft status report shall be completed within four weeks after the submission date of the annual inventory and sent to the Party for comment. A delay in the preparation of the draft status report shall not shorten the time available for the Party concerned to comment on the draft status report. The secretariat shall immediately notify the Party concerned of any omissions or technical format problems identified in the initial check.

62. Any information, corrections, additional information or comments on the draft status report received from the Party included in Annex I within six weeks of the submission due date shall be subject to an initial check and shall be covered in the final status report. A delay in the submission of the annual inventory shortens the time available for the Party concerned to comment on the draft status report.

63. The status report on the initial check for each Party included in Annex I shall be finalized within 10 weeks from the submission due date to be used in the individual inventory review.

3. Reporting

64. The status report shall include:

- (a) The date of receipt of the inventory submission by the secretariat
- (b) An indication of whether the annual inventory, including the national inventory report and the CRF, has been submitted
- (c) An indication of whether any source category or gas of a source category is missing and, if so, an indication of the magnitude of the likely emissions of that source category or gas, if possible relative to the last inventory for which the review has been completed

³⁰ For the initial review, the time frames for the initial check may serve as an indication.

- (d) Identification of any inventory problems according to the categories listed in paragraph 60 (g) to (i) above.

D. Individual inventory reviews

1. Scope of the review

65. The expert review team shall, inter alia:

- (a) Examine application of the requirements of the IPCC Guidelines as elaborated by any IPCC good practice guidance adopted by the COP/MOP and the reporting guidelines on annual inventories and relevant decisions of the COP/MOP, and identify any departure from these requirements;
- (b) Examine application of the reporting requirements of section I.D of the guidelines for the preparation of information required under Article 7;
- (c) Examine whether the IPCC ~~good practice guidance~~ guidelines and any other good practice guidance adopted by the COP/MOP was applied and documented, in particular noting the identification of key source categories, selection and use of methodologies and assumptions, development and selection of emission factors, collection and selection of activity data, reporting of consistent time-series, reporting of uncertainties relating to inventory estimates and methodologies used for estimating those uncertainties and identify any inconsistencies;
- (d) Compare emission or removal estimates, activity data, implied emission factors and any recalculations with data from previous submissions of the Party included in Annex I to identify any irregularities or inconsistencies;
- (e) Compare the activity data of the Party included in Annex I with relevant external authoritative sources, if feasible, and identify sources where there are significant differences;
- (f) Assess the consistency of information in the common reporting format with that in the national inventory report;
- (g) Assess the extent to which issues and questions raised by expert review teams in previous reports have been addressed and resolved;

66. Recommend possible ways for improving the estimation and the reporting of inventory information. The expert review team may use relevant technical information in the review process, such as information from international organizations.

~~67. The secretariat shall, under the direction of the expert review team, conduct a standardized set of data comparisons to be performed on the electronic common reporting format submissions to be used in the review process.~~

2. Identification of problems

68. The individual inventory review shall identify any problems for which adjustments under Article 5, paragraph 2, would be appropriate and initiate procedures for calculation of adjustments.

69. Problems should be identified as a failure to follow agreed guidelines under Article 5, paragraph 2, in preparing greenhouse gas inventories, as a failure to follow section I of the guidelines for the preparation of the information required under Article 7, and as a failure to follow agreed methodologies for estimating and reporting activities under Article 3, paragraphs 3 and 4, as adopted by the COP/MOP. These may be further subdivided as problems of:

- (a) Transparency, as defined in the UNFCCC reporting guidelines on annual inventories,³¹ including:
 - (i) Inadequate documentation and description of methodologies, assumptions and recalculations;
 - (ii) Failure to disaggregate national activity data, emission factors and other factors used in national methods at the required level unless an issue of confidentiality exists;
 - (iii) Failure to provide justifications for recalculations, references and information sources for key factors and data;
- (b) Consistency, as defined in the UNFCCC reporting guidelines on annual inventories, including failure to provide consistent time-series in accordance with the IPCC ~~good-practice guidance~~guidelines;
- (c) Comparability, as defined in the UNFCCC reporting guidelines on annual inventories, including failure to use agreed reporting formats;
- (d) Completeness, as defined in the UNFCCC reporting guidelines on annual inventories, including:
 - (i) Gaps in the inventory estimates for source categories or gases;
 - (ii) Inventory data that do not provide full geographic coverage of sources and sinks of a Party included in Annex I;
 - ~~(iii)~~ Failure to provide full coverage of sources in a source category;
- (e) In the assessment of completeness, the expert review team shall consider whether the emissions from a source category which was not estimated -should be considered as insignificant in accordance with paragraph 37 (b) of decision 15/CP.17 and whether a disproportionate amount of effort would be required to collect data for the gas from a specific category with such an insignificant contribution.

71. Accuracy, as defined in the UNFCCC reporting guidelines on annual inventories, including failure to provide estimates of uncertainty and address uncertainty through the application of the ~~good-practice guidance~~IPCC guidelines. The expert review team shall calculate:

- (a) The percentage by which the aggregate adjusted greenhouse gas emissions for a Party included in Annex I exceed the aggregate submitted emissions, defined as aggregate submitted emissions of the gases and from the sources listed in Annex A to the Kyoto Protocol, for any single year;
- (b) The sum of the numerical values of the percentages calculated in paragraph 70 (a) above for all years of the commitment period for which the review has been conducted.

72. The expert review team shall identify whether the same key source category as defined in chapter 4 of volume 1 of the 2006 IPCC guidelines~~7 of the IPCC good-practice guidance~~ was adjusted in previous reviews and,

³¹ "Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual inventories" (FCCC/CP/1999/7) or any subsequent revision of these guidelines by the COP.

if so, the team shall indicate the number of reviews that identified and adjusted the problem previously and the percentage that the key source category contributes to the aggregate submitted emissions, defined as aggregate submitted emissions of the gases and from the sources listed in Annex A to the Kyoto Protocol.

3. Timing

72. The individual inventory review, including adjustment procedures, shall be conducted biennially for each Party included in Annex I and cover the two most recent inventory years and be concluded and shall be concluded within one year of the due date of submission of the information to be reported under Article 7, paragraph 1 of the most recent inventory under review. For the first and the last year of the second commitment period, an individual inventory review shall be conducted for all Parties included in Annex I.

73. At the end of the week in which the centralized or in-country review is conducted, the expert review team shall list all problems identified pertaining to language of a mandatory nature in the guidelines under Article 7, paragraph 1, and indicate which would need an adjustment, and send this list to the Party included in Annex I no later than 25 weeks from the submission due date of the annual inventory, if the inventory was submitted at least six weeks after the submission due date.

~~73-74.~~ The Party included in Annex I shall comment on these questions within six weeks and, where requested by the review team, may provide revised estimates.

~~74-75.~~ The expert review team shall prepare a draft individual inventory review report, which includes, where appropriate, adjusted estimates calculated according to guidance under Article 5, paragraph 2, within eight weeks of the receipt of the comments on the questions posed for the last two inventory years under review and shall send the draft report to the Party concerned.

~~75-76.~~ The Party included in Annex I shall be provided with four weeks to comment on the draft individual inventory review report and, where appropriate, on whether it accepts or rejects the adjustment.

~~76-77.~~ The expert review team shall prepare a final individual inventory review report within four weeks of the receipt of the comments on the draft report.

~~77-78.~~ If a Party included in Annex I, during the above steps, is able to comment earlier than in the time frames given above, the Party concerned may use the time saved to comment on the revised final report. A total of four additional weeks to comment may be granted to Parties included in Annex I whose national language is not one of the United Nations official languages.

4. Procedures for adjustments under Article 5, paragraph 2

79. Adjustments referred to in Article 5, paragraph 2, of the Kyoto Protocol shall be applied only when inventory data submitted by Parties included in Annex I are found to be incomplete and/or are prepared in a way that is not consistent with the IPCC Guidelines as elaborated by the IPCC good practice guidance and any good practice guidance adopted by the COP/MOP.

80. The procedure for the calculation of adjustments shall be as follows:

- (a) During the individual inventory review, the expert review team shall identify problems to which the criteria in the guidance for adjustments under Article 5, paragraph 2, apply. Adjustments should not be applied for not estimated source categories that were identified as insignificant in accordance with paragraph 37 (b) of decision 15/CP.17. The expert review team shall officially notify the Party included in Annex I of the reason why an adjustment is considered necessary and provide advice on how the problem could be corrected;

- (b) The adjustment procedure should only commence after the Party included in Annex I has had opportunities to correct a problem and if the expert review team finds that the Party included in Annex I has not adequately corrected the problem through the provision of an acceptable revised estimate, in accordance with the time frames set out in paragraphs 73 to 78 above and if the expert review team assumes that the change resulting from the adjustment is ~~below~~above [X] kt of CO₂eq.;
- (c) The expert review team shall calculate adjustments in accordance with any guidance under Article 5, paragraph 2, adopted by the COP/MOP, in consultation with the Party concerned and within the time frame set out in these guidelines;³²
- (d) The expert review team shall officially notify the Party concerned of the calculated adjustment(s) within the time frame set out in these guidelines. This notification shall describe the assumptions, data and methodologies used to calculate the adjustment(s), as well as the value of the adjustment(s);
- (e) Within the time frame set out in these guidelines, the Party concerned shall notify the secretariat of its intention to accept or reject the adjustment(s), with its rationale. Failure to respond by this date shall be considered as acceptance of the adjustment(s), as follows:
 - (i) If the Party concerned accepts the adjustment(s), the adjustment(s) shall be applied for the purpose of compilation and accounting of emissions inventories and assigned amounts;
 - (ii) If the Party concerned disagrees with the proposed adjustment(s), it should send a notification to the expert review team, including its rationale, and the expert review team should send the notification along with its recommendation in its final report to the COP/MOP and the Compliance Committee, which will resolve the disagreement in accordance with the procedures and mechanisms on compliance.

81. A Party included in Annex I may submit ~~a revised estimate~~ revised estimates for a part of its inventory for the two previous ~~a years~~ of the commitment period to which an adjustment was previously applied during the most recent individual review, provided that the revised ~~estimate~~ estimates are is submitted, at the latest, in conjunction with the inventory for the last year of the second commitment period ~~year 2012~~. The a full revised CRF should be submitted with the revised estimates, unless the changes due to the revisions are below [X] kt CO₂ equivalents.

82. Subject to a review under Article 8 and the acceptance of the revised estimate by the expert review team, the revised estimates shall replace the adjusted estimates. In the event of a disagreement between the Party included in Annex I and the expert review team regarding the revised estimates, the procedure set out in paragraph 80 (e) (ii) above shall be followed. The option for a Party included in Annex I to submit a revised estimate for a part of its inventory to which an adjustment was previously applied should not prevent Parties included in Annex I from making best efforts to correct the problem at the time it was initially identified and in accordance with the time frame set forth in the guidelines for review under Article 8.

5. Reporting

83. The following specific elements shall be included in the reports referred to in paragraph 46 (a) and (b) above:

³² Special arrangements in the composition of the expert review teams may be needed for the case where an adjustment needs to be calculated.

- (a) A summary of the results of the inventory review, including ~~a description of emission trends, key sources and methodologies~~ and a general assessment of the inventory of
- (b) Identification of any inventory problems according to the categories listed in paragraph 69 above and a description of factors influencing the fulfilment of the inventory-related obligations of the Party included in Annex I
- (c) Information on adjustments, if applicable, including, inter alia,
 - (i) The original estimate, if applicable
 - (ii) The underlying problem
 - (iii) The adjusted estimate
 - (iv) The rationale for the adjustment
 - (v) The assumptions, data and methodology used to calculate the adjustment
 - (vi) A description of how the adjustment is conservative
 - (vii) The expert review team's identification of possible ways for the Party included in Annex I to address the underlying problem
 - (viii) The magnitude of the numerical values relating to an adjusted problem as identified under paragraph 70 above
 - (ix) Recurrence of adjustments as identified under paragraph 71 above
 - (ix) ~~(x)~~—An indication of whether the adjustment was agreed upon by the Party included in Annex I and the expert review team.
- (d) The review report should not restate information included in the inventory submissions, but focus on a concise description of the problems identified by the ERT and the recommendations for improvement.

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

84. The purpose of this review is:
- (a) To provide an objective, consistent, transparent and comprehensive technical assessment of annual information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, emission reduction

units (ERUs), certified emission reductions (CERs), temporary certified emission reductions (tCERs), long-term certified emission reductions (ICERs), assigned amount units (AAUs) and removal units (RMUs) for conformity with the provisions of the annexes to decision 13/CMP.1³³ and decision 5/CMP.1, with the technical standards for data exchange between registry systems and any further guidance adopted by the COP/MOP, and with section I.E of the annex to decision 15/CMP.1;

- (b) To ensure that the COP/MOP and the Compliance Committee have reliable information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, ERUs, CERs, tCERs, ICERs, AAUs and RMUs of each Party included in Annex I.

B. General procedures

85. The review of information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, ERUs, CERs, tCERs, ICERs, AAUs and RMUs, shall comprise the following procedures:

- (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 13/CMP.1 as part of the initial review of the report to facilitate the calculation of the assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis of each Party included in Annex I with a commitment inscribed in the third column of the table contained in Annex B to the Kyoto Protocol performed in accordance with the procedures contained in part I of these guidelines
- (b) An annual review of the information on ERUs, CERs, tCERs, ICERs, AAUs and RMUs and of information on discrepancies reported in accordance with section I.E of the annex to decision ~~15/CMP.1~~ X/CMP.8 for each Party included in Annex I
- (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 13/CMP.1 and of the information referred to in paragraph 20 of the annex to decision ~~X/CMP.8~~ 15/CMP.1.

C. Scope of the review

86. For each Party:

- (a) The initial review of the report to facilitate the calculation of the assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis shall cover the calculation of its assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis, as reported in accordance with paragraph 6 of the annex to decision ~~X/CMP.8~~ 13/CMP.1;
- (b) The ~~regular~~ annual review shall cover the:
 - (i) Information on ERUs, CERs, tCERs, ICERs, AAUs and RMUs reported in accordance with section I.E of the annex to the decision 15/CMP.1

³³ In accordance with paragraph 40 of the annex to decision 5/CMP.1, unless otherwise stated in that annex, all other provisions that pertain to certified emission reductions in the guidelines under Articles 7 and 8, as well as the modalities for the accounting of assigned amounts under Article 7, paragraph 4, also apply to tCERs and ICERs.

- (ii) Standard Independent Assessment report (SIAR) reports prepared by the secretariat
~~Transaction log records, including including information records~~ of any discrepancies forwarded to the secretariat by the transaction log pursuant to paragraph 43 of the annex to decision 13/CMP.1, and any records of non-replacement forwarded by the transaction log in accordance with paragraph 56 of the annex to decision 5/CMP.1, including information records of any discrepancies or non-replacement that were forwarded to the secretariat since the start of the previous review and until the start of the review
- (iii) Information contained in the national registry that substantiates or clarifies the information reported if the Standard Independent Assessment report (SIAR) reports indicate problems. In such cases ~~For this purpose~~ Parties included in Annex I shall provide the expert review team with effective access to their national registry during the review. The relevant parts of paragraphs 9 and 10 of part I of these guidelines shall also apply to this information
- (c) The review upon expiration of the additional period for fulfilling commitments shall cover the report upon expiration of the additional period for fulfilling commitments in accordance with paragraph 49 of the annex to decision 13/CMP.1 and paragraph 59 of decision 5/CMP.1, including the information reported under paragraph 20 of the annex to decision 15/CMP.1, and shall include oversight of the preparation of the final compilation and accounting report for that Party published by the secretariat.

Identification of problems

87. During the ~~initial~~ review of the report to facilitate the calculation of the assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis the expert review team shall assess 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 ~~X/CMP.813/CMP.1~~, section I of the annex to decision ~~X/CMP.815/CMP.1~~, and relevant decisions of the COP/MOP;
- (b) The assigned amount pursuant to Article 3, paragraphs 7 and 8, is calculated in accordance with the annex to decision ~~X/CMP.813/CMP.1~~, and is consistent with reviewed and adjusted inventory estimates;
- (c) The calculation of the required level of the commitment period reserve is in accordance with paragraph 6 of the annex to decision 18/CP.7.

88. During the ~~regular 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 ~~X/CMP.815/CMP.1~~ and relevant decisions of the COP/MOP;
- (b) The information contained in the Standard Independent Assessment Report (SIAR) reports identifies any problems, whether these problems still exist. And whether recommendations from previous reviews have been implemented by the Party, relating to issuance, cancellations, retirement, transfers, acquisitions, replacement and carry over is consistent with information contained in the national registry of the Party concerned and with the records of the transactions log;
- (c) ~~The information relating 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 with information reported by the other Parties involved in the transactions;

- ~~(d) The information relating to acquisitions of CERs, tCERs, and ICERs 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 with the clean development mechanism (CDM) registry;~~
- ~~(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 13/CMP.1;~~
- ~~(f) tCERs and ICERs have been issued, acquired, transferred, cancelled, retired and replaced, in accordance with the annex to decision 13/CMP.1 and the annex to decision 5/CMP.1;~~
- ~~(g) The information reported under paragraph 11 (a) of section I.E. in the annex to decision 15/CMP.1 on the quantities of units in accounts at the beginning of the year is consistent with information submitted the previous year, taking into account any corrections made to such information, on the quantities of units in accounts at the end of the previous year;~~
- (h) The required level of the commitment period reserve, as reported, is calculated in accordance with paragraph 6 of the annex to decision 18/CP.7;
- (i) ~~The assigned amount is calculated to avoid double accounting in accordance with paragraph 9 of the annex to decision 16/CMP.1;~~
- (j) Any discrepancy has been identified in the Standard Independent Assessment Report (SIAR) reports by the transaction log relating to transactions initiated by the Party, and if so the expert review team shall:
 - ~~(i) Verify that the discrepancy has occurred and been correctly identified by the transaction log;~~
 - ~~(ii) Assess whether the same type of discrepancy has occurred previously for that Party;~~
 - ~~(iii) Assess whether the transaction was completed or terminated;~~
 - ~~(iv)(i) Examine the cause of the discrepancy and whether the Party or Parties has or have corrected the problem that caused the discrepancy;~~
 - ~~(v)(ii) Assess whether the problem that caused the discrepancy relates to the capacity of the national registry to ensure the accurate accounting, issuance, holding, transfer, acquisition, cancellation and retirement of ERUs, CERs, tCERS, ICERs, AAUs and RMUs, the replacement of tCERs and ICERs, and the carry-over of ERUs, CERs and AAUs, and if so, initiate a thorough review of the registry system in accordance with part V of these guidelines.~~
- (k) Any record of non-replacement has been sent to the Party by the transaction log in relation to tCERs or ICERs held by the Party, and if so the expert review team shall:
 - ~~(i) Verify that the non-replacement has occurred and been correctly identified by the transaction log;~~
 - ~~(ii) Assess whether non-replacement has occurred previously for that Party;~~

- ~~(iii)~~ Assess whether the replacement was subsequently undertaken;
- ~~(iv)(i)~~ Examine the cause of the non-replacement and whether the Party has corrected the problem that caused the non-replacement;
- ~~(v)(ii)~~ Assess whether the problem that caused the non-replacement relates to the capacity of the national registry to ensure the accurate accounting, holding, transfer, acquisition, cancellation, and retirement of ERUs, CERs, tCERS, ICERs, AAUs and RMUs, and the replacement of tCERs and ICERs, and if so, initiate a thorough review of the registry system in accordance with part V of these guidelines.

89. During the review upon expiration of the additional period for fulfilling commitments, the expert review team shall review the information submitted by the Party under Article 7, paragraph 1, to assess whether:

- (a) The information is reported in accordance with paragraph 49 of the annex to decision 13/CMP.1;
- (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) There are any problems or inconsistencies in the information provided by the Party in accordance with paragraph 88 above;
- (d) The quantity of AAUs, CERs, tCERs, ERUs and RMUs transferred into the tCER replacement account for the commitment period is equal to the quantity of tCERs in the retirement account, and in the tCER replacement account, that expired at the end of the commitment period;
- (e) The quantity of AAUs, CERs, ICERs, ERUs and RMUs transferred into the ICER replacement account for the commitment period is equal to the sum of the quantity of ICERs in the retirement account, and the quantity of ICERs in the ICER replacement account, that expired at the end of the commitment period, and the quantity of ICERs identified by the Executive Board of the CDM as requiring replacement within the registry for the commitment period.

90. During the review upon expiration of the additional period for fulfilling commitments, the expert review team shall review the information submitted in accordance with paragraph 20 of the annex to decision 15/CMP.1 in accordance with paragraph 88 above.

91. Following the completion of the steps set out in paragraph 89 above and, if possible, resolution of any problems relating to the reported information, and taking account of 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 quantities of ERUs, CERs, tCERs, ICERs, AAUs, and RMUs in the retirement account of the Party for the commitment period.

D. Timing

92. The review of the calculation of assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis, as part of the ~~initial~~ review the report to facilitate the calculation of the assigned amount shall be concluded within one year of the due date for submission of the report to facilitate the calculation of the assigned amount pursuant to Article 3, paragraphs 7 and 8, referred to in paragraph 6 of the annex to decision 13/CMP.1 and shall follow the time frames and procedures established in paragraph 93 below.

93. The ~~annual~~ review of the information on ERUs, CERs, tCERs, ICERs, AAUs and RMUs reported in accordance with section I.E of the annex to decision ~~X/CMP.8~~15/CMP.1 shall be conducted biennially in

conjunction with the inventory review and concluded within one year of the due date for the submission of the information 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, tCERs, ICERs or RMUs, and send this list to the Party included in Annex I at the end of the week in which the centralized or in-country review is conducted ~~no later than 25 weeks from the due date for submission 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, tCERs, ICERs 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 for comments
- (c) The Party included in Annex I shall provide its comments on the draft review report within four weeks of receipt of the report. The expert review team shall prepare a final review report within four weeks of the receipt of the comments on the draft report.

94. The review of the report upon expiration of the additional period for fulfilling commitments and of the information submitted in accordance with paragraph 20 of the annex to decision ~~X/CMP.815/CMP.1~~ shall be completed within 14 weeks of the due date for the submission of the information. The expert review team shall prepare a draft report within eight weeks of the due date for submission of the information. The Party concerned may comment on the draft report within four weeks of its receipt. The expert review team shall prepare a final review report within two weeks of receipt of comments on the draft report by the Party.

E. Reporting

95. The final review reports referred to in paragraphs 93 and 94 above shall include an assessment of the specific problems identified in accordance with paragraphs 87 to 91 above and shall follow the format and outline contained in paragraph 48 of part I of these guidelines, as appropriate.

Part IV: Review of national systems

A. Purpose

96. The purpose of the review of national systems is:

- (a) To provide a thorough and comprehensive technical assessment of the capacity of a national system and the adequacy of its institutional, legal and procedural arrangements to produce an inventory of anthropogenic emissions by sources and removals by sinks in conformity with Article 5, paragraph 2;
- (b) To assess the extent to which the guidelines for national systems under Article 5, paragraph 1, have been adhered to, and to assist Parties included in Annex I in meeting their commitments under Article 5, paragraph 1;

- (c) To provide the COP/MOP and the Compliance Committee with reliable information on national systems established under Article 5, paragraph 1.

B. General procedures

~~97.~~—The review of national systems shall take place ~~in two parts~~:

~~97.~~ A desk or centralized review of any reported changes in the national system reported since the first thorough review, conducted as a centralized review in conjunction with the annual inventory review for those Parties that were subject to in-country reviews of annual inventories during the first commitment period with a focus on changes of national systems and findings related to the national system indicated in previous individual inventory reviews.

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98. The review of national systems shall be conducted, as appropriate, through interviews with personnel involved in inventory planning, preparation and management, and through examination of relevant records and documentation, including use of the inventory CRF and preparation of the national inventory report.

99. Based on any findings during the individual inventory review and on findings relating to reported changes in national systems considered by the expert review team to be potentially significant in relation to an identified problem in the inventory of the Party included in Annex I, the expert review team may request an additional country visit to review the relevant components of the national system in conjunction with an in-country inventory review.

100. If a Party included in Annex I has not yet been subject to an in-country review in the first commitment period, a thorough review of the national system should be performed as part of the first country-visit for an inventory review scheduled for this Party.

101. During an in-country review, the review of national systems shall be conducted, as appropriate, through interviews with personnel involved in inventory planning, preparation and management, and through examination of relevant records and documentation, including use of the inventory CRF and preparation of the national inventory report.

~~99,102.~~

C. Scope of the review

1. In-country review

100. The expert review team shall conduct a thorough and comprehensive review of the national system of each Party included in Annex I which has not yet been subject to such review during the first commitment period. The review of national systems should cover:

- (a) Activities undertaken by the Party included in Annex I to implement, and performance of, the general functions described in paragraph 10 of the guidelines for national systems,³⁴ and the specific functions relating to inventory planning, preparation and management in accordance with paragraphs 12 to 17 of those guidelines;

³⁴ The guidelines for national systems for the estimation of anthropogenic greenhouse gas emissions by sources and removals by sinks under Article 5, paragraph 1, of the Kyoto Protocol are referred to as "guidelines for national systems" in the present annex. The full text of the guidelines can be found attached to decision 19/CMP.1.

- (b) Reported and archived information on national systems in accordance with guidelines under Article 5, paragraph 1, and Article 7, including plans and internal documentation relating to the functions mentioned in paragraph 100 (a) above.

2. Regular Review of changes in national systems

~~101.~~ Any significant changes in the functions of the national systems reported by Parties included in Annex I or identified by the expert review team during the in-country visit that may affect the preparation of greenhouse gas inventories in conformity with Article 5, paragraph 2, and the guidelines for national systems should be reviewed annually in conjunction with the annual inventory review. The scope of such a review shall follow the scope set out for the in-country review according to paragraph 100 above.

~~101.~~—

3. Identification of problems

102. The expert review team shall assess whether the Party included in Annex I has established and maintained the specific inventory planning components covered in paragraph 12 of the guidelines for national systems, on the basis of a review of the information provided on the national system under Article 7 and any additional information gathered.

103. The expert review team shall assess whether the Party included in Annex I has completed the inventory preparation components covered in paragraph 14 (a) and (d) of the guidelines for national systems, on the basis of the review of the information provided on the national system under Article 7 and any additional information gathered.

104. The expert review team shall assess whether the inventory preparation components covered in paragraph 14 (c), (e) and (g) of the guidelines for national systems are functioning adequately, on the basis of an assessment of the most recent annual inventory, its consistency with good practice, and any additional information gathered. The expert review team shall assess whether the Party included in Annex I has archived inventory information according to the provisions of paragraphs 16 and 17 of the guidelines for national systems as part of its inventory management. The expert review team shall assess whether the archiving is functioning adequately on the basis of an assessment of:

- (a) The completeness of archived information for a sample of source categories as chosen by the expert review teams, including key source categories, as defined in accordance with IPCC Guidelines and IPCC good practice guidance;
- (b) The ability of the Party included in Annex I to respond in a timely manner to requests for clarifying inventory information resulting from the different stages of the review process of the most recent inventory.

~~106.~~ The expert review team should assess whether components and aspects of the national system were improved following recommendations from the review and whether these improvements will be able to correct for any deficiencies of functions -indicated in previous reviews. In this assessment the expert review team should take into account when the final review reports were published and whether the Party had sufficient time for the consideration of the ERT's recommendations.

~~106-107.~~ Based on the assessment carried out in accordance with paragraphs 102 to 105 above, expert review teams shall identify any potential problems in, and factors influencing, the fulfilment of commitments relating to the functions of national systems according to paragraphs 10, 12, 14 and 16 of the guidelines for national systems. In addition, the expert review teams shall recommend how deficiencies of functions described in paragraphs 13, 15

and 17 of the guidelines for national systems could be improved. These provisions shall apply to both in-country reviews and reviews of changes in national systems.

D. Timing

107. During the process of in-country visit, the expert review team shall list all problems identified, and notify the Party included in Annex I not later than six weeks after the country visit on the problems identified. The Party included in Annex I shall comment on these problems not later than within six weeks. The expert review team shall prepare a draft of a review report on the national system, 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 the Party included in Annex I 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 system within four weeks of the receipt of the comments on the draft report. The review of national systems shall be concluded within one year of the date of submission of the information.

108. The process of review of changes in national systems 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 national systems recommends an in-depth review of national systems, the process of inventory review of national systems should be conducted together with the following in-country review either of the annual inventory or of the periodic national communication, whichever is earlier.

E. Reporting

109. The following specific elements shall be included in the reports referred to in paragraph 46 (a) and (b) above:

- (a) An evaluation of the overall organization of the national system, including a discussion of the effectiveness and reliability of the institutional, procedural and legal arrangements for estimating greenhouse gas emissions
- (b) A technical assessment of the performance of each of the national system functions defined in paragraphs 10 to 17 of the guidelines for national systems, including an assessment of the system's strengths and weaknesses and how improvements previously recommended by the ERT were implemented.
- (c) Any recommendations by the review team for further improvement of the national system of the Party included in Annex I.

Part V: Review of national registries

A. Purpose

110. 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~~ the accurate accounting of the issuance, holding, transfer, acquisition, cancellation and retirement of ERUs, CERs, tCERs, ICERs, AAUs and RMUs, the replacement of tCERs and ICERs, and the carry-over of ERUs, CERs and AAUs;

- (b) To assess the extent to which the registry requirements contained in the annex to decision 13/CMP.1,³⁵ and the annex to decision 5/CMP.1 and any decisions by the COP/MOP 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 data exchange between registry systems adopted by the COP/MOP;
- (d) To provide the COP/MOP and the Compliance Committee with reliable information on national registries.

B. General procedures

~~111.~~ In the second commitment period, a thorough review of national registries shall take place for those Parties that have not yet been subject to such review during the first commitment period and whose registry start operation during the second commitment period, in two parts:

112. A thorough review of a 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 a national registry or if findings relating 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.

~~111-113.~~

- ~~(a) A thorough review of the national registry as part of the initial review in accordance with paragraphs 11 to 14 in part I of these guidelines and in conjunction with its periodic review;~~

~~112-114.~~ A desk or centralized review of any changes of the national registry reported in accordance with section I.G of the annex to decision 15/CMP.1 and of the Standard Independent Assessment Report (SIAR) reports shall take place in conjunction with the annual individual inventory review;

~~112. 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 relating 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 described in paragraph 116 below for this purpose. An in-country visit shall be conducted only if standardized electronic tests are not sufficient to identify the problems.~~

C. Scope of the review

113. 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 ~~X/CMP.8+3/CMP.1~~, the annex to decision 5/CMP.1 and the technical standards for data exchange between registry systems adopted by the COP/MOP have been adhered to.

1. Review of changes in the national registry

114. The expert review team shall review the information submitted as supplementary information under Article 7, paragraph 1, and shall identify any significant changes in the national registry reported by the Party or

³⁵ In accordance with paragraph 40 of the annex to decision 5/CMP. 1, unless otherwise stated in that annex, all other provisions that pertain to certified emission reductions in the guidelines under Articles 7 and 8, as well as the modalities for the accounting of assigned amounts under Article 7, paragraph 4, also apply to tCERs and ICERs.

any problems identified by the expert review team in the course of the review of ERUs, CERs, tCERs, ICERs, AAUs and RMUs through the Standard Independent Assessment Report (SIAR) reports and transaction log records that may affect the performance of the functions contained in the annex to decision ~~X/CMP.813/CMP.1~~, the annex to decision 5/CMP.1 and the adherence to the technical standards for data exchange between registry systems in accordance with relevant COP/MOP decisions. This review should take place in conjunction with the individual inventory annual review in accordance with the relevant procedures in paragraphs 115 to 117 below.

2. Identification of problems

115. The expert review team shall review the national registry, including the information provided on it, to assess whether:

- (a) The information on the national registry is complete and submitted in accordance with section I of the annex to decision 15/CMP.1, and with relevant decisions of the COP and the COP/MOP;
- (b) The registry conforms to the technical standards for data exchange between registry systems for the purpose of ensuring accurate, transparent and efficient exchange of data between national registries, the clean development registry and the international transaction log;
- ~~(c) 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, contained in the annex to decision 13/CMP.1 and the annex to decision 5/CMP.1;~~
- (d) There are adequate procedures to minimize discrepancies in the issuance, transfer, acquisition, cancellation and retirement of ERUs, CERs, tCERs, ICERs, AAUs and RMUs, and in the replacement of tCERs and ICERs, and to take steps to terminate transactions where a discrepancy is notified, and to correct problems in the event of a failure to terminate the transactions;
- (e) There are adequate security measures to prevent and resolve unauthorized manipulations and minimize operator error, and procedures for updating them;
- (f) Information is publicly available in accordance with the annex to decision 13/CMP.1;
- (g) There are adequate measures to safeguard, maintain and recover data in order to ensure the integrity of data storage and the recovery of registry services in the event of a disaster.

~~116. 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 13/CMP.1 and the annex to decision 5/CMP.1, and to assess the adherence to the technical standards for data exchange between registry systems adopted by the COP/MOP. The expert review team may draw upon the results of any other testing relevant to the review of the registry.~~

~~117.~~ 116. Based on the assessments carried out in accordance with paragraphs 115 and ~~116~~ above, expert review teams shall identify any potential problems in, and factors influencing, the fulfilment of commitments relating to the performance of the functions of the national registry and the adherence to technical standards for data exchange between registry systems. In addition, the expert review team shall recommend how problems could be addressed.

D. Timing

118. During the thorough review, 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 start of the review or after the in-country visit, as appropriate. 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 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 due date for submission of the information.

119. The review of changes in the national registry shall follow the time frames and procedures for the ~~annual~~ individual inventory review of the information to be submitted in accordance with section I.E of the annex to decision 15/CMP.1 established in part III of these guidelines. If either the annual review or the review of changes in the national registry recommends a thorough review of the national registry, and if a country visit is considered necessary, this thorough review should be conducted together with the subsequent in-country visit of either the annual inventory or the periodic national communication, whichever is earlier.

E. Reporting

120. 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 115 to 117 above, and shall follow the format and outline in accordance with paragraph 48 of part I of these guidelines.

Part VI: Review of information on the minimization of adverse impacts in accordance with Article 3, paragraph 14

A. Purpose

121. The purpose of the review of information of each Party included in Annex I in relation to Article 3, paragraph 14, is:

- (a) To provide a thorough objective and comprehensive technical assessment of the information submitted relating to how the Party included in Annex I is striving to implement its commitments under Article 3, paragraph 14;
- (b) To assess trends and the extent to which the Party included in Annex I is striving to implement action to minimize adverse impacts on developing countries in accordance with Article 3, paragraph 14, and taking into account any relevant decisions by the COP and the COP/MOP;
- (c) To assist Parties included in Annex I to improve their reporting of information under Article 3, paragraph 14;
- (d) To ensure that the COP/MOP and the Compliance Committee have reliable information on the review of minimization of adverse impacts in accordance with Article 3, paragraph 14.

B. General procedures

122. The review of the information on the minimization of adverse impacts in accordance with Article 13, paragraph 14, shall take place in two parts:

- (a) An annual desk or centralized review of additional information submitted by Parties included in Annex I, conducted in conjunction with the annual inventory review

- (b) A thorough and comprehensive review through in-country visits, conducted in conjunction with the review of national communications.

C. Scope of the review

1. Annual review

123. The expert review team shall, inter alia:

- (a) Check whether the Party included in Annex I submitted the supplementary information in accordance with paragraphs 23 and 25 of the annex to decision 15/CMP.1 on action relating to the minimization of adverse effects under Article 3, paragraph 14;
- (b) For the first year that the Party included in Annex I provides the information mentioned in paragraph 123 (a) above, conduct a desk or centralized review to assess whether each Party included in Annex I has submitted consistent, complete and timely information. For subsequent years, conduct a desk or centralized review to assess whether Parties included in Annex I have submitted information on any changes that have occurred, compared with the information reported in their last submission;
- (c) Notify the Party concerned of any questions the team has regarding information on actions relating to minimization of adverse effects under Article 3, paragraph 14, and relevant decisions of the COP and the COP/MOP;
- (d) Assess the extent to which issues and questions raised by previous reports have been addressed and resolved;
- (e) Recommend possible ways to improve the reporting of information, including possible recommendations to the workshop on reporting methodologies mentioned in decision 9/CP.7.

2. In-country visit

124. Each Party included in Annex I shall be subject to at least one in-country visit by an expert review team during the commitment period in conjunction with the review of the national communication.

125. The in-country review shall provide a detailed examination of supplementary information incorporated in the annual inventory, in accordance with paragraphs 23 and 25 of the annex to decision 15/CMP.1 compiled by the secretariat and reviewed in paragraph 124 above for all years since the initial review.

126. Based on the assessment carried out in accordance with paragraphs 123 and 124 above, expert review teams shall identify any potential problems in, and factors influencing, the fulfilment of commitments under Article 3, paragraph 14, and relevant decisions of the COP and the COP/MOP.

3. Identification of problems

127. The problems identified during the assessment relating to the supplementary information reported in accordance with paragraphs 23 and 25 of the annex to decision 15/CMP.1 shall be identified as relating to:

- (a) Transparency
- (b) Completeness
- (c) Timeliness.

128. Failure to submit supplementary information reported in accordance with paragraphs 23 and 25 of the annex to decision 15/CMP.1 shall be considered as a potential problem.

D. Timing

129. The process of the in-country review shall follow the timetable for the review of the national communication of the Party included in Annex I defined in part VII of these guidelines. The annual review process shall follow the timetable for the review of annual inventories defined in part II of these guidelines. The preparation of the reports should also follow these respective timetables.

E. Reporting

130. The following specific elements shall be included in the report referred to in paragraph 46 (a) and (b) above:

- (a) A technical assessment of the elements specified in paragraphs 123 and 125 above
- (b) An identification of problems in accordance with paragraphs 127 and 128 above
- (c) Any recommendations by the review team for further improvement of reporting by a Party included in Annex I.

Part VII: Review of national communications and information on other commitments under the Kyoto Protocol

A. Purpose

131. The purpose of the guidelines on the review of national communications of Parties included in Annex I, including information reported under Article 7, paragraph 2, is:

- (a) To provide a thorough and comprehensive technical assessment of national communications and information reported under Article 7, paragraph 2, of the Kyoto Protocol;
- (b) To examine in an objective and transparent manner whether quantitative and qualitative information was submitted by Parties included in Annex I in accordance with section II of the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol;
- (c) To promote consistency in the review of the information contained in the national communications of Parties included in Annex I, including information reported under Article 7, paragraph 2;
- (d) To assist Parties included in Annex I to improve reporting of information under Article 7, paragraph 2, and the implementation of their commitments under the Protocol;
- (e) To ensure that the COP/MOP and the Compliance Committee have reliable information on the implementation of commitments under the Kyoto Protocol by each Party included in Annex I.

B. General procedures

132. Supplementary information under Article 7, paragraph 2, shall be incorporated into the national communications and shall be reviewed as part of the review of the communications. ~~Each national~~

communications submitted under the Kyoto Protocol ~~by a Party included in Annex I~~ shall be subject to a scheduled in-country periodic review. Centralized reviews may be organized for small Parties with low emissions in accordance with decision 10/CMP.6

133. Prior to the in-country visit, the expert review team shall conduct a desk or centralized review of the national communication of the Party included in Annex I. The review team shall notify the Party concerned of any questions the team has regarding the national communication and of any focal areas for the in-country visit.

C. Scope of the review

134. The review of the national communication shall also cover supplementary information reported under Article 7, paragraph 2.

135. The individual review shall:

- (a) Provide an assessment of the completeness of the national communication, including supplementary information reported under Article 7, paragraph 2, in accordance with the reporting requirements under Article 7, paragraph 2, and an indication of whether it was submitted on time;
- (b) Provide a detailed examination of each part of the national communication, as well as procedures and methodologies used in the preparation of the information, such as:
 - (i) National circumstances relevant to greenhouse gas emissions and removals;
 - (ii) Policies and measures;
 - (iii) Projections and the total effect of policies and measures;
 - (iv) Vulnerability assessment, climate change impacts and adaptation measures;
 - (v) Financial resources;
 - (vi) Transfer of technology;
 - (vii) Research and systematic observation;¹³
 - (viii) Education, training and public awareness;

¹³ Information provided under this heading includes a summary of the information provided on global climate observation systems.

- (c) Provide a detailed examination of supplementary information provided under Article 7, paragraph 2:
 - (i) Supplemmentarity relating to the mechanisms pursuant to Articles 6, 12 and 17;
 - (ii) Policies and measures in accordance with Article 2;
 - (iii) Domestic and regional programmes and/or legislative arrangements and enforcement and administrative procedures;
 - (iv) Information under Article 10;
 - (v) Financial resources;
- (d) Identify any potential problems in and factors influencing, the fulfilment of commitments relating to each part of the national communication and to the reporting of supplementary information under Article 7, paragraph 2.

136. All common elements in paragraph 135 (b) and (c) above are to be reviewed in conjunction.

Identification of problems

137. The problems identified during the assessment relating to individual sections of the national communication, including supplementary information reported under Article 7, paragraph 2, shall be identified as relating to:

- (a) Transparency
- (b) Completeness
- (c) Timeliness.

138. Failure to submit any section of the national communication shall be considered as a potential problem.

D. Timing

139. If a Party included in Annex I expects difficulties with the timeliness of its national communication submission, it should inform the secretariat before the due date of the submission. If the national communication is not submitted within six weeks after the due date, the delay shall be brought to the attention of the COP/MOP and the Compliance Committee and made public.

140. The expert review teams shall make every effort to complete the individual review of national communications within two years of the national communication submission for each Party included in Annex I.

141. If additional information is requested during the in-country visit, it should be provided by the Party included in Annex I within six weeks after the visit.

142. The expert review team for each Party included in Annex I shall, under its collective responsibility, produce a draft of the national communication review report following the format below to be finalized within eight weeks after the in-country visit.

143. The draft of each national communication review report will be sent to the Party included in Annex I subject to review for comment. The Party concerned shall be provided with four weeks of receipt of the draft report to provide comments on it.

144. The expert review team shall produce the finalized national communication review report taking into account comments of the Party included in Annex I within four weeks of receipt of the comments.

E. Reporting

145. The following specific elements shall be included in the report referred to in paragraph 46 (c) above:

- (a) A technical assessment of the elements specified in paragraph 135 (b) and (c) above
- (b) An identification of problems in accordance with paragraphs 137 and 138 above.

146. The secretariat shall produce a report on the compilation and synthesis of national communications for all Parties included in Annex I in accordance with the decisions of the COP/MOP.

Part VIII: Expedited procedure for the review for the reinstatement of eligibility to use the mechanisms

A. Purpose

147. The purpose of the review of information relating to a request, by a Party included in Annex I, for reinstatement of eligibility to use the mechanisms established under Articles 6, 12 and 17, pursuant to paragraph 2 of chapter X of the procedures and mechanisms relating to compliance, is:

- (a) To provide an objective, transparent, thorough and comprehensive technical assessment of information provided by a Party on matters relating to Articles 5 and 7 which led to the suspension of its eligibility to use the mechanisms;
- (b) To provide for an expedited review procedure for the reinstatement of eligibility to use the mechanisms for a Party included in Annex I which is able to demonstrate that it is no longer failing to meet eligibility requirements under Articles 6, 12 and 17;
- (c) To ensure that the enforcement branch of the Compliance Committee has reliable information to enable it to consider the request of a Party for the reinstatement of its eligibility to use the mechanisms.

B. General procedure

148. The review for the reinstatement of eligibility to use the mechanisms shall be an expedited procedure limited to the review of the matter or matters which led to the suspension of the eligibility. However, the expedited nature of this review procedure shall not compromise the thoroughness of the examination by the expert review team.

149. Any Party included in Annex I that has been suspended from eligibility to use the mechanisms may, at any time following suspension, submit information to the secretariat on the matter or matters which led to the suspension of eligibility. To enable the expert review team to perform its tasks, the information submitted by the Party concerned shall be additional to information previously submitted prior to or during the review that led to the suspension of eligibility. However, information previously submitted by the Party may also be included in the submission, if relevant. The information submitted by the Party shall be reviewed expeditiously in accordance with these guidelines.

150. The secretariat shall organize the review in the most expeditious way possible following the procedures established in these guidelines and taking into account the planned review activities in the regular review cycle. The secretariat shall convene an expert review team for conducting the expedited review procedures established in these

guidelines in accordance with the relevant provisions of section E of part I of these guidelines and shall forward the information referred to in paragraph 149 above to this expert review team.

151. To ensure objectivity, the expert review team for the reinstatement of eligibility shall not be composed of the same members and lead reviewers who formed part of the expert review team that conducted the review which led to the suspension of eligibility of the Party concerned, and shall be composed of members with the necessary expertise for addressing the matter or matters contained in the Party's submission.

152. Depending on the issue that led to the suspension of the eligibility to participate in the mechanisms, the review shall be performed as a centralized review or an in-country review as provided for in parts II, III, IV and V of these guidelines, as deemed appropriate by the secretariat.³⁶

C. Scope of the review

153. The review shall cover the information submitted by the Party. The expert review team may also consider any other information, including information previously submitted by the Party and any information relating to the Party's subsequent inventory, which the expert review team considers necessary in order to complete its task. The expert review team shall assess, consistent with the applicable provisions in parts II, III, IV or V of these guidelines, whether the question or questions of implementation that led to suspension of eligibility have been addressed and resolved.

154. If the expedited review for reinstatement of eligibility relates to the submission of a revised estimate for a part of its inventory to which an adjustment was previously applied, the expert review team shall assess whether the revised estimate is prepared in accordance with the IPCC Guidelines as elaborated by the IPCC good practice guidance or whether the new information substantiates the original emission estimate provided by the Party.

D. Timing

155. A Party included in Annex I that intends to submit information under paragraph 149 above to the secretariat on the matter or matters which led to its suspension of eligibility should provide the secretariat with at least six weeks notice of the date on which it intends to submit such information. The secretariat, on receipt of such notice, should undertake the necessary preparations with the aim of ensuring that an expert review team is convened and ready to start consideration of the information within two weeks of the receipt of the submission of information under paragraph 149 above from the Party concerned.

156. For the expedited procedure for the review for reinstatement of eligibility, the following time frames shall apply from the date of receipt of the information:

- (a) The expert review team shall prepare a draft expedited review report within five weeks of the receipt of information from the Party concerned
- (b) The Party concerned shall be provided with up to three weeks to comment upon the draft expedited review report. If the Party concerned notifies the expert review team, within that period of time, that it does not intend to provide comments, then the draft expedited review report becomes the final expedited review report upon receipt of such notification. If the Party concerned does not provide any comments within that period of time, the draft expedited review report becomes the final expedited review report

³⁶ For example, if the failure to have in place a national system for the estimation of anthropogenic emissions led to loss of eligibility and such a system has not previously been reviewed, the national system shall be reviewed in accordance with part IV of these guidelines, and such a review to include an in-country visit.

- (c) If comments by the Party are received within the time frame indicated above, the expert review team shall prepare a final expedited review report within three weeks of the receipt of comments on the draft report.

157. The time periods in paragraph 156 (a) to (c) above are considered maximum time periods. The expert review team and the Party should strive to complete the review in the shortest time possible. However, the expert review team may, with the agreement of the Party, extend the time periods in paragraph 156 (a) to (c) above for the expedited review procedure for an additional four weeks.

158. Where the start of the consideration of information by the expert review team is delayed due to the Party giving shorter notice than provided in paragraph 155 above, the expert review team may extend the time in paragraph 156 (a) up to the difference in time between the period for notification in paragraph 155 and the actual notification given by the Party.

E. Reporting

159. The expert review team shall, under its collective responsibility, produce a final review report on the reinstatement of eligibility in accordance with the relevant provisions of paragraph 48 of these guidelines and in accordance with the relevant provisions for review reports in parts II, III, IV or V of these guidelines depending on the specific reason for the suspension of eligibility.

160. The expert review team shall include a statement whether the team considered thoroughly all questions of implementation that led to the suspension of the eligibility in the time available for the reinstatement procedure and shall indicate whether there is or is not any longer a question of implementation with respect to the eligibility of the Party concerned to use the mechanisms established under Articles 6, 12 and 17.

Paper no. 3: Japan

Input on implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol
(30 September, 2012)

Japan welcomes the opportunity to submit its input on implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol, in response to the request in the document FCCC/SBSTA/2012/2, as well as the technical paper prepared by the secretariat (FCCC/TP/2012/6), in response to the request by the SBSTA.

Japan is looking forward to exchanging views on this matter with other Parties, and reaching constructive and practical solutions at SBSTA37 and COP18/CMP8.

Methodological issues relating to Articles 5, 7 and 8 of the Kyoto Protocol such as accounting methodologies, reporting requirements and review procedures are valuable and effective tools to tackle climate change. In view of their importance, these tools should smoothly continue and, at the same time, apply to as many countries as possible from 2013. Japan is prepared to continue applying these tools proactively as a Party to the Kyoto Protocol.

Regarding the issues relating to the operation of flexibility mechanisms, Japan recognizes that the CDM is one of the most successful mechanisms and an effective tool to tackle climate change while assisting sustainable development of developing countries. With the aim of preserving its benefits of serving to the sustainable development of developing countries, the CDM should be able to be utilized by as many countries as possible from 2013.

Regarding the revision of relevant decisions on LULUCF, it should accurately reflect the LULUCF rules described in Decision 2/CMP.7. Japan will account and report its emissions from and removals by the LULUCF sector based on Decision 2/CMP.7 and be ready to be reviewed on the reported information for 2013 and onward.

Views on the implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous CMP decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol, and on how these implications should be addressed.

September 2012

Introduction

1. This submission responds to the SBSTA 36 invitation to Parties to submit their views on the implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous CMP decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol, and on how these implications should be addressed (FCCC/SBSTA/2012/L.16, paragraph 3(b)).
2. We note the SBSTA has requested the secretariat to make these submissions available on the UNFCCC website and compile them into a miscellaneous document before the technical workshop scheduled in Bonn from 8-10 October 2012.

Context

3. New Zealand welcomes the technical paper prepared by the Secretariat to assist Parties in identifying the implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on previous CMP decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol. This submission provides New Zealand's preliminary views on issues raised in the technical paper. We look forward to discussing the technical details at the workshop in Bonn and at SBSTA 37 in Doha.

Relevant issues

Reporting and review

4. The revision of relevant decisions on methodological decisions related to the Kyoto Protocol provides Parties with an opportunity to use their experiences from the first commitment period and to streamline decisions where it makes sense to do so. Areas where this could apply are in national system and national registry requirements and the nature of reviews, including the initial report.
5. New Zealand notes the large review load for Annex I Parties, the Secretariat and reviewers that will occur over the 2014-2016 period with the final first commitment period inventory reviews, the true-up report and subsequent review and the 6th national communication and 1st biennial report reviews. There is justification for rationalising the overall review process and re-visiting the requirement for in-depth reviews of the initial reports and the timing of the initial report.
6. In addition, New Zealand does not consider that the requirement for an in-depth review of the national system and national registry as part of the initial review for the second commitment period is necessary. The national registry and national system were thoroughly reviewed during the initial review for the first commitment period and are regularly and comprehensively reviewed as part of

the annual review process for national inventories. The resources that the Secretariat and Parties would need to expend to carry these out are unlikely to result in any benefits.

Registry

7. In relation to technical implication issues in decision 13/CMP.1 New Zealand welcomes the opportunity to review the requirements for publicly accessible information in light of Parties' experiences gained during the first commitment period.

8. New Zealand is a strong supporter of transparency but has some specific concerns with the amount of information related to individual accounts that is publicly available. A particular concern is information that could potentially present a security risk to the account-holder (e.g. phone numbers and email addresses), and information that may be commercially prejudicial to the account-holder (information relating to the types and amounts of units within an individual account). New Zealand would support a decision that addresses these concerns while ensuring sufficient public transparency.

Assigned amounts and initial review for the second commitment period

9. As the technical paper has identified, the start of the second commitment period raises a number of issues around the calculation and recording of assigned amounts, the submission of the initial report and its review. The procedures for the establishment of an assigned amount in decision 13/CMP.1, paragraph 2 and annex, paragraphs 5 - 8, relate to the first commitment period. These provisions need to be updated and consideration given, in light of the short timeframe between the adoption of the amendments to give effect to the second commitment period and its commencement, to an approach that is appropriate for the second commitment period. It is important that the second commitment period can operate in practice from 1 January 2013, or as soon as possible thereafter.

Eligibility under and participation in the Kyoto Protocol flexibility mechanisms

10. As noted in the technical paper, there are interdependent linkages between methodological issues being considered by the SBSTA and the on-going role of the Kyoto Protocol flexibility mechanisms. These issues are clearly critical for implementation of the second commitment period and need greater technical attention.

11. Market-based mechanisms are a vital component of the global effort to reduce greenhouse gas emissions. The flexibility mechanisms, including the Clean Development Mechanism (CDM) and International Emissions Trading (IET), have been essential tools in enabling Parties to take action to address climate change. According to the recent CDM Policy Dialogue High-Level Panel report "in the past decade, the CDM alone has helped nations mitigate approximately one billion tons of greenhouse gas emissions in a manner that realized US\$3.6 billion in savings for developed countries. Over this same period the CDM has mobilized more than US\$215 billion in investments in developing countries".

12. New Zealand agrees that all countries should be able to use CERs, as recommended by the CDM Policy Dialogue's High-Level Panel. We share the Panel's concern that restricting demand for CERs could allow the Kyoto carbon market to disintegrate.

13. Extending access to the flexibility mechanisms to all Parties has several benefits. It will:
- help facilitate global mitigation actions and ambition,
 - assist with maintaining and increasing global demand (as more countries take on mitigation commitments),
 - help preserve the international carbon market architecture, and

- further mobilise finance for climate change action, including through the levy for the Adaptation Fund.

Broad access is a pragmatic decision which reflects the diversity of mitigations actions and commitments Parties have made thus far.

14. If access to the flexibility mechanisms is restricted to only a small group of Parties, there is a risk that this will fragment the international carbon market, as Parties without access will develop their own mechanisms and will use alternative ways to trade them. If not well managed, this fragmentation could threaten the transparency and environmental integrity of unit trading. By contrast, extending access to the flexibility mechanisms for both developed and developing countries, with high standards of reporting, accounting and national systems required of all Parties that wish to participate, would both maintain and help to increase environmental integrity.

15. Restricting access to these mechanisms could also result in less ambitious mitigation targets in the future and impact the ability of developing country Parties to contribute to global emissions reductions.

16. During the Bangkok UNFCCC meeting, a useful spectrum of options for access to the flexibility mechanisms was presented. These options vary in terms of eligibility, i.e. who should have access, when those Parties will become eligible to access the flexibility mechanisms, which mechanisms they could access, and on what conditions.

17. The question of eligibility is a political one that will not be resolved in the SBSTA. It would therefore be unproductive for Parties during the October meeting of the SBSTA to focus on one or two options only in an attempt to pre-empt a Ministerial decision. It is more productive for the SBSTA 11(d) work programme to identify potential solutions to the technical issues for all options, without deciding on the relative priority to be accorded to the options. This will ensure that Ministers are fully informed during their discussions at COP 18 and that the technical solution appropriate to the option they choose can be quickly implemented, ensuring there is no delay in operationalising the second commitment period.

18. The technical issues relating to the operation of the flexibility mechanisms that need to be addressed for all options are identified in the technical paper (in particular, paragraphs 98 – 101). The current eligibility requirements, principally contained in decisions 2/CMP.1, 3/CMP.1, 9/CMP.1, 11/CMP.1, but also linked to decisions relating to the initial report, review and calculation and recording of assigned amounts, were designed for the first commitment period. These need to be revised for the second commitment period to reflect the current circumstances and ensure the smooth operation of the flexibility mechanisms from 1 January 2013.

19. New Zealand believes that the SBSTA has a responsibility to develop options to resolve the issues identified in the technical paper and clarify the criteria under which Parties may be able to access the flexibility mechanisms. This will allow the SBSTA to take forward all the options together effectively for Ministerial consideration. In doing so, Parties may wish to consider the reasons why certain criteria were chosen for the first commitment period, and ways in which those objectives might be met in the current circumstances. In essence, the question would seem to be about what criteria are required to ensure the environmental integrity of units as they are created and traded.

Land-use, land-use change and forestry

Definition of 'reforestation' in the second commitment period

20. In relation to the definition of reforestation in the second commitment period (paragraph 59 of the technical paper), the UNFCCC Secretariat has advised that the definition of reforestation

remains the same for the second commitment and that the second sentence of decision 16/CMP.1, paragraph 1(c) should therefore be read as “for the second commitment period, reforestation activities will be limited to reforestation occurring on those lands that did not contain forest on 31 December 1989”.

Accounting for emissions arising from the conversion of natural forests to planted forests

21. The technical paper has not directly addressed the implications of the decisions in paragraph 5 to the annex to decision 2/CMP.7, which was that “each Party identified in Annex 1 shall report and account for, in accordance with Article 7, all emissions arising from the conversion of natural forests to planted forests.”

22. Notwithstanding the placement of paragraph 5 to the annex 2/CMP.7 under the heading, “B. Article 3, paragraph 3” in the Annex, New Zealand supports the initial IPCC view that emissions associated with these conversions would already be accounted for under Article 3.4 Forest Management.

Addressing a net reversal of storage or a lack of certification reports associated with a CDM carbon capture project activity (paragraph 23 of the technical paper)

23. New Zealand would provisionally support providing for the cancellation of units following a net reversal of storage or a lack of certification reports associated with a carbon dioxide capture and storage project activity under the CDM, through an appropriate amendment to the accounting rules in the annex to decision 13/CMP.1, subject to considering other Parties’ views on this matter.

General approach to addressing the implications of decisions 2/CMP.7 to 5/CMP.7

24. New Zealand supports an approach to addressing the implications of decisions 2/CMP.7 to 5/CMP.7 that favours clarity, simplicity, the avoidance of doubts, and an efficient process regarding future decisions to be made.

25. On this basis, where a number of options exist to address the implications for past decisions, New Zealand would generally support the third option described in paragraph 84 of the technical paper, under Section VII/B *Options for addressing the implications*, which is “to issue a complete new set of revised decisions specifically for the purposes of the second commitment period”.

26. We consider that this approach will best avoid doubt and enhance clarity, by avoiding multiple cross-referencing and retaining first commitment period -specific provisions intact, and will provide the clearest direction for any subsequent decisions required by the CMP on further implications (as noted in paragraph 10).

Prioritisation of issues – and the need for further CMP decisions beyond Doha

27. New Zealand notes the point made in the technical paper, under VII. *Additional Considerations /F. Prioritisations of issues*, that while SBSTA has been requested to prepare draft decisions for adoption by the CMP at its 8th session in Doha, some issues may need to be addressed at subsequent sessions of the CMP.

28. These include, but are not limited to, the decision at Durban to adopt a reference levels approach to Article 3.4 Forest management accounting (introduced through decision 2/CMP.7, annex, paragraphs 12, 14–16, 33(a) and the appendix), which has a number of detailed technical

implications for the decisions referred to in paragraphs 19 and 34 of the technical paper. For example:

- In paragraph 19, the technical paper notes that in relation to the implications for paragraph 26 of the annex to decision 13/CMP.1, “Guidance from Parties would be needed, in particular regarding cases of disagreement on technical corrections for reference levels, and whether such disagreements would lead to a question of implementation and, ultimately, to Parties being unable to issue the RMUs concerned”.
- In paragraph 34, the technical paper proposes that Parties may wish to add the concept of forest management reference levels to the technical guidance on methodologies for adjustments, referred to in paragraph 13 of the annex to decision 20/CMP1.

29. However, the detailed guidance on the recalculation and application of technical corrections to reference levels is still in the process of being developed by the IPCC, as part of its work, under decision 2/CMP.7, to review and update supplementary methodologies for estimating emissions from LULUCF activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, on the basis of, inter alia, chapter 4 of its Good practice guidance for LULUCF. This additional supplementary guidance is not expected to be available for consideration and adoption by Parties until November 2013.

30. New Zealand therefore agrees that final CMP decisions may not be possible on these and other detailed implications of decisions 2/CMP.7 to 5/CMP.7, at the CMP’s 8th session at Doha. We would accordingly support an appropriate sequencing of CMP decisions on implications, including in particular to reflect the 2013 delivery of the Revised Supplementary Methods and Good Practice Guidance for LULUCF. We consider however that any subsequent decisions required should be clearly identified, to ensure that they can be addressed in an effective and focused manner

Specific comments

31. Please see Annex 1 for New Zealand’s detailed comments on the technical paper.

Conclusion

32. New Zealand looks forward to engaging on these issues and discussing the technical details, including all of the relevant decisions identified by the Secretariat in their technical paper, with other Parties at the technical workshop in Bonn (8-10 October 2012) and at SBSTA 37.

ANNEX 1 – DETAILED COMMENTS ON THE TECHNICAL PAPER

The following comments refer to the specific paragraphs of the Technical Paper.

33. Paragraph 12. New Zealand would support option (b) as the preferred option, followed by option (c).
34. Paragraph 14. New Zealand would support option (a) as the preferred option.
35. Paragraph 18. New Zealand would support option (c) as the preferred option.
36. Paragraph 19. Please see New Zealand's general comments on this paragraph in the main body of the submission.
37. Paragraph 20. New Zealand would support option (b) as the preferred option.
38. Paragraph 21. New Zealand would support recording information on reference levels in the CAD.
39. Paragraph 22. New Zealand provisionally supports recording information on technical corrections to reference levels in the CAD, subject to the 2013 Supplementary methodological guidance for LULUCF.
40. Paragraph 23. Please see New Zealand's general comments on this paragraph in the main body of the submission.
41. Paragraph 28. New Zealand would support option (b) as the preferred option.
42. Paragraph 32. New Zealand would support option (b) as the preferred option.
43. Paragraph 34. Please see New Zealand's general comments on this paragraph in the main body of the submission.
44. Paragraph 37. In relation to the suggestion that Parties may wish to consider revising the Tables of conservativeness factors in Appendix III of the annex to decision 20/CMP, New Zealand notes that, given the highly technical nature of these decisions, the implications of any changes require more detailed consideration than provided in the Technical Paper. We would therefore be interested to hear suggestions for how such detailed consideration could be undertaken.
45. Paragraph 44. New Zealand would support adding "Wetland drainage and management" into Table 2(a).
46. Paragraph 46. New Zealand agrees that the forthcoming guidance from the IPCC should be reflected, and would support option (b) as the preferred option.
47. Paragraph 47. New Zealand would support option (b) as the preferred option.
48. Paragraph 48. New Zealand would support option (a) as the preferred option.
49. Paragraph 49. New Zealand would support option (b) as the preferred option.

50. Paragraph 50. New Zealand would support qualifying that paragraph 9(d) is relevant only for the first commitment period.
51. Paragraph 54. New Zealand agrees that decision 5/CMP.1 remains valid for the second commitment period.
52. Paragraph 55. New Zealand would provisionally support making the application of decision 5/CMP.1 to the second commitment period clear and unambiguous, subject to hearing the views of other Parties.
53. Paragraph 56. New Zealand would provisionally support making the application of decision 6/CMP.1 to the second commitment period clear and unambiguous, subject to hearing the views of other Parties.
54. Paragraph 58. If the current provision in paragraph 3, decision 16/CMP.1 for “any future elaboration of these guidelines” is sufficient to encompass the application of the 2006 IPCC Guidelines to the second commitment period, then New Zealand would support leaving this paragraph unaltered.
55. Paragraph 59. Please see New Zealand’s general comments on this paragraph in the main body of the submission.
56. Paragraph 60. New Zealand would support option (b) as the preferred option.
57. Paragraph 62. New Zealand agrees that the guidance contained in Annex 1 to decision 15/CP.10 would need to be revised to be consistent with decisions 2/CMP.7 to 5/CMP.7, and that such revisions should be consistent with revisions made elsewhere to reflect the Durban decisions.
58. Paragraph 64. New Zealand would support the indicated revisions to the CRF tables, and notes that further revisions would also be required to take into account the proposed treatment of natural disturbance emissions (paragraphs 33-36, annex 2/CMP.7), and carbon equivalent forests (paragraph 37, annex 2/CMP.7).
59. Paragraph 65 (a-d). New Zealand would support the suggested revisions, and notes that further revisions would also be required to take into the proposed treatment of natural disturbance emissions (paragraphs 33-36, annex 2/CMP.7), and carbon equivalent forests (paragraph 37, annex 2/CMP.7).
60. Paragraph 66. New Zealand agrees that changes would be required to the CRF Reporter software, and suggests it could be useful to trial the new software for a period, before its final implementation.
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