

# EU INPUT TO ARTICLE 6.2 WORKSHOP

BAKU, 2-4 OCTOBER 2024

## **SESSION 5**

# **AGREED ELECTRONIC FORMAT – ACTIONS**

# Key principles for action types

**Helpful to distinguish between main action types and sub-types**

**Helpful to set out action types in the guidance (rather than only in the table)**

**Ensure that all elements from Glasgow and Sharm El-Sheikh decisions are reflected in the definition of the action types**

**Reflect flexibility provided to Parties to choose different approaches / definitions**

## Issue #1: OIMP

**OIMP = OP + IMP** (para 1f from Glasgow)

(‘Other international mitigation purposes’ = ‘Other purposes’ + ‘international mitigation purposes’)

**Option 1: Differentiate actions by use towards IMP and OP**

**Option 2: Only consider OIMP**

**EU’s preference: Option 2**

- Option 2 may be simpler as it involves less (sub)action types
- Specific use purposes (e.g. CORSIA) can be indicated in other fields

=> Guidance may clarify which approach is used

## Issue #2: Scope of “use or cancellation”

Paragraph 2b from Glasgow allows Parties to choose “**use or cancellation**” as the definition for first transfer. But what does this mean?

### Option 1: Differentiate OP and IMP

- “Use” possible for IMP or OP
- “Cancellation” only possible for OP

Action	Sub-actions
Use	Use towards IMP Use towards OP
Cancellation	Cancellation towards OP

### Option 2: Only consider OIMP

- Enable “use” towards OIMP
- Enable “cancellation” towards OIMP

Action	Sub-actions
Use	Use towards OIMP
Cancellation	Cancellation towards OIMP

**EU’s preference: Option 2**

# Issue #3: Implementation of OMGE

## Glasgow and Sharm decisions foresee different possible OMGE cancellations

1. Mandatory cancellation of Article 6.4 emission reductions  
(always a “first transfer” in the case of authorized Article 6.4 ERs)
2. Voluntary cancellation by participating Parties (paragraph 39 Glasgow)
  - a. Host Party => “First transfer”
  - b. Acquiring Party => “Cancellation” because the ITMO has already been first transferred

## Necessary actions / sub-actions:

Action	Sub-actions
Cancellation	Voluntary cancellation to deliver OMGE (acquiring Party)
First transfer	Mandatory cancellation of Article 6.4 emission reductions to deliver OMGE Voluntary cancellation to deliver OMGE (host Party)



# Issue #4: Transfers to / from the Adaptation Fund



## ITMO pathway through the Adaptation Fund

- The Adaptation Fund will hold an account in the mechanism registry (para 58 Glasgow)
- For authorized A6.4ERs, the transfer to that account is a first transfer (para 39 Sharm)
- Subsequently, other Parties may acquire these A6.4ERs from the Adaptation Fund

=> This ITMO pathway should be distinguished from other “first transfers” and “acquisitions” to allow appropriate reconciliation and summations

Action	Sub-actions
Acquisition	Acquisition from the Adaptation Fund
First transfer	Mandatory transfer of Article 6.4 emission reductions to the Adaptation Fund

# Issue #5: Voluntary contributions to the Adaptation Fund

“Participating Parties and stakeholders using cooperative approaches are strongly encouraged to commit to contribute resources for adaptation, in particular through contributions to the Adaptation Fund (...)” (para 37 Glasgow)

**Option 1: Limit contributions to monetary contributions (no ITMOs)**

**Option 2: Allow Parties to also make voluntary ITMO contributions**

**EU’s view: Option 2**

=> Option 2 provides more flexibility to Parties, without creating any obligation

=> If pursued, the respective action types would need to be reflected

Action	Sub-actions
Transfer	Voluntary transfer to the Adaptation Fund (acquiring Party)
First transfer	Voluntary transfer to the Adaptation Fund (host Party)



# Issue #6: Administrative cancellations

**Should there be the possibility to conduct administrative cancellation of ITMOs, for purposes other than OIMP?**

=> Registry systems usually provide for administrative cancellations

=> There may be cases where such cancellations are necessary (erroneous actions)

**EU's view: Allow for administrative cancellations**

Action	Sub-actions
Cancellation	Administrative cancellation

# Proposed action types (1)

Action	Sub-actions
Acquisition	Acquisition from another Party Acquisition from the Adaptation Fund
Authorization	Authorization Change to authorization Revocation of authorization
Transfer	Transfer to another Party Voluntary transfer to the Adaptation Fund
Use	Use towards achievement of NDCs Use towards OIMP

## Proposed action types (2)

Action	Sub-actions
Cancellation	<ul style="list-style-type: none"><li>Cancellation towards OIMP</li><li>Voluntary cancellation to deliver OMGE</li><li>Administrative cancellations</li></ul>
First transfer	<ul style="list-style-type: none"><li>First transfer to another Party</li><li>First transfer for OIMP when the first transfer is specified as authorization</li><li>First transfer for OIMP when the first transfer is specified as issuance</li><li>First transfer for OIMP when the first transfer is specified as use or cancellation</li><li>Mandatory transfer of Article 6.4 emission reductions to the Adaptation Fund</li><li>Voluntary transfer to the Adaptation Fund</li><li>Mandatory cancellation of Article 6.4 emission reductions to deliver OMGE</li><li>Voluntary cancellation to deliver OMGE</li></ul>

## **SESSION 6**

# **AGREED ELECTRONIC FORMAT – INFORMATION ON ACTIONS**

# What other information on actions?

## Key items currently in brackets:

### Applicable GWP values

Parties are expected to use 100-year AR5 values but some Parties may use AR2 or AR4 for accounting of first NDCs.

### Reversal risk

Can be important for cooperative approaches to address reversals. To be included in the guidance.

### Result of consistency checks

Important for transparency. To be added by CARRP.



**THANK YOU FOR YOUR ATTENTION!**