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Item 9 (b) of the provisional agenda

**METHODOLOGICAL ISSUES**

**Characteristics of national systems and issues relating to adjustments referred to  
in Article 5 of the Kyoto Protocol**

**Submissions from Parties**

**Note by the secretariat**

**Addendum**

1. In addition to the submissions included in document FCCC/SBSTA/1999/MISC. 9, two further submissions have been received.
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.

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\* In order to make these submission available on electronic systems, including the World Wide Web, these contributions have been electronically imported, scanned and/or retyped. The secretariat has made every effort to ensure the correct reproduction of the texts submitted.

**FCCC/SBSTA/1999/MISC.9/Add.1**

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PAPER NO.1: JAPAN

**PRELIMINARY VIEWS ON GUIDELINES FOR NATIONAL SYSTEMS  
UNDER ARTICLE 5.1 AND METHODOLOGIES FOR THE APPLICATION  
OF ADJUSTMENTS UNDER ARTICLE 5.2**

In replying to the request (FCCC/SBSTA/1999/L.3 of 7 June 1999) to provide a submission to the Secretariat describing the opinion on Guidelines for national systems and methodologies for the application of adjustments, Japan submits the following comments:

Comments on Article 5.1

National systems for the estimation of anthropogenic emissions by sources and removals by sinks are important to promote compliance with emissions limitation and reduction commitments by Annex I countries, and to build a compliance regime which prevents non-compliance. Accordingly, in order to provide a basis for proper assessment of the compliance status of each country, it is important that these systems have a high level of credibility which ensures the transparency and verifiability of estimates.

For this reason, in order to adequately ensure the transparency and verifiability of estimates of emissions by sources and removals by sinks, it is important that guidelines be prepared, fully taking into account the results of discussions relating to Good Practice which are now underway in the IPCC Inventory Programme. Guidelines should have some flexibility, in order to allow existing national systems to be used effectively, to the extent that they do not damage the transparency or verifiability, because in many cases the data used in estimates are also utilized for purposes other than estimating greenhouse gas emissions by sources and removals by sinks. For example, Japan compiles much of its data on a fiscal year basis (April through March), and it would be difficult to make changes to compile all these data on a calendar year basis. Circumstances such as these should be adequately considered.

It is important to assess whether or not countries are complying with their responsibilities relating to the preparation of national systems referred to in Article 5.1. Procedures of these assessments should be discussed together with deliberations about the compliance regime for the Protocol.

Comments on Article 5.2

With regard to application of “adjustments” in Article 5.2 “where such methodologies are not used”, it is important to consider what corresponds to such cases, taking into account the results of the discussions on Good Practice, and thereon decide how to make such adjustments in such a way as to allow adequate flexibility.

PAPER NO.2: FINLAND

On behalf of the European Community and its member States

**POSSIBLE ELEMENTS FOR GUIDELINES FOR NATIONAL SYSTEMS AND  
ISSUES RELATED TO ADJUSTMENTS IN ARTICLE 5 OF THE  
KYOTO PROTOCOL**

Finland, on behalf of the European Community and its Member States, welcomes the opportunity to send views on possible elements for guidelines for National Systems and issues related to adjustments.

The following views are preliminary and the EU may further develop its view in light of the discussion in other expert fora.

**Part I. National Systems**

**1. Definition and Scope of Guidelines**

The Guidelines referred to in Art. 5.1 of the Kyoto Protocol should:

- a) define the National Systems as referring to the institutional arrangements and procedures, within a Party, to produce the Party's greenhouse gas inventory for submission to COP via the Secretariat in accordance with the relevant decisions of COP.
- b) specify that the National Systems should produce inventories in accordance with the requirements set out in the Annex I Reporting guidelines agreed by COP, currently contained in Decision 9/CP.2. Revised guidelines will be considered at COP 5 in the light of the draft decision set out in FCCC/SBSTA/1999/L.5.
- c) specify that the National Systems need to be technically competent for interpretation and implementation of the relevant COP decisions, including the guidelines and methodologies referred to by them, notably the Revised 1996 Guidelines for Greenhouse Gas Inventories of the IPCC, and any guidance on good practices that is developed by the IPCC and agreed by COP.
- d) focus on matters that are not already covered in other relevant Guidelines.

**2. Aim of National Systems**

The Guidelines of National Systems should also describe the aims of national systems which include:

- enabling Annex I Parties to monitor the development of their emissions to meet their commitments under Article 3 of the Kyoto Protocol;
- enabling Annex I Parties to develop and improve national procedures to provide emission data of national greenhouse gas inventories ensuring transparency, consistency, comparability, completeness, accuracy and timeliness.

- facilitating the technical review process, the validation and the verification of greenhouse gas inventories.

### **3. Elements of National Systems**

The Guidelines for National Systems should also describe key elements of national systems which can be divided into:

- institutional arrangements,
- procedures for inventory development and management including data collection, processing, quality assessment including estimation of uncertainty, quality management/quality control procedures, communication and storage.

#### **3.1 Institutional arrangements for inventory construction and management**

The guidelines for National Systems should cover the elements relevant to institutional arrangements which are described in the following paragraphs.

The National System will cover a wide variety of activities, which are dealt with in each country by a large number of organisations, sometimes private and sometimes public, with very different fields of expertise. The national institutional structure and organisation may vary widely from country to country due to historical reasons which result in different schemes for public service organisation. As a consequence, in order to apply to all Annex I Parties, guidelines on National Systems must remain at a functional level. Guidance should also be given on the interaction between the identified functions, like reporting, control, and, generally speaking, quality management between those functions. Capacity building is important as a prerequisite for permanent improvement of data quality. The allocation of the functions to given ministries, civil services, private companies or other organisations is an internal national matter, which must be left to the Parties. However, Parties should report on their internal organisation and the quality assurance and quality control measures which they have implemented.

The National System should produce a greenhouse gas inventory by using data gathered from the best available sources, consistent with the IPCC Revised 1996 Inventory Guidelines and any good practices agreed by COP. These sources will often be national statistical sources or those directly responsible for the emissions. The estimates should be mutually agreed between those responsible for the emissions and for the National System. The National System should be used to resolve outstanding issues.

The National System could establish a process for verification and auditing of the national inventory data at the national level.

The National System will usually contain a single national inventory facility responsible for collating the data necessary for the annual inventory, ensuring that estimates are consistent with the relevant guidelines and good practices, and for the archiving functions.

The National System should provide for liaison between government departments and national agencies with responsibilities for emissions and removals, and should be used to resolve outstanding issues.

The National System should provide for liaison with the bodies responsible for national greenhouse gas projections in order to ensure that the projections are consistent with the inventory data.

### **3.2 Procedures for inventory construction and management**

The guidelines for National Systems should cover the elements relevant to procedures for inventory construction and management which are described in the following paragraphs.

The National System needs to gather and archive all relevant inventory information each year, in accordance with the provisions on record keeping set out in para. 35 on p.14 of the Annex to the draft decision FCCC/SBSTA/1999/L.5. The system should provide for access to the data by third parties, which may be required for review purposes and is needed to ensure transparency.

The National System should establish procedures for quality assessment and quality control which cover checking of numerical calculations, identification of data sources, documentation of choices and decisions, data archiving, delegation and identification of responsibilities, and representative data sampling in line with any good practices that may be agreed by COP, taking into account, for example, the existing ISO9000 standard and any other relevant international standards.

With regard to reporting on procedures for data collection, Parties should, wherever relevant, rely on existing documentation on data collection procedures published by national statistical offices or other authorities. Parties should only provide additional documentation when specific data collection procedures have been implemented for the purposes of greenhouse gas inventory construction.

The National System should provide for quantification of uncertainties using any relevant good practices that are agreed by the COP as a result of the current activities in this respect under the IPCC GHG Inventory Programme.

The National System should include a programme for improving the quality of the inventory taking account of the priorities identified for reducing uncertainties. The results of such work could be made available to other Parties, in order to avoid duplication of work and to increase knowledge on emission factors and of estimation methods for emissions and their uncertainties.

In order to be able to register yearly changes in emissions by sources and removals by sinks, it is essential that changes in both emission factors and activity data are being properly monitored and the National System should provide for this.

In general, emissions and sinks should be estimated at the lowest level of aggregation that is consistent with the IPCC 1996 Revised Guidelines, taking into account any good practices relevant to the availability of statistical data.

The National Inventory Report as outlined in UNFCCC reporting guidelines on annual inventories already requests some of the main functions of national systems, such as:

- documentation of procedures for choice and application of methodologies,
- documentation of procedures for selection of emission factors,
- full data documentation,
- documentation of quality assurance and quality control procedures,
- record keeping.

Under the IPCC/OECD/IEA Programme on national greenhouse gas inventories guidance on good practices is currently being developed. Guidance on good practices will include, inter alia, advice on the choice of methodology, emission factors, activity data, and uncertainties, and on a series of quality assessment and quality control procedures which may be applied during the preparation of inventories. This input will be important to the development of Guidelines of National Systems.

## **Part II . Adjustments to methodologies**

### **1. Adjustments to methodologies**

The Adjustments referred to in Art. 5.2 of the Kyoto Protocol refer to adjustments to be applied to a Party's estimations of greenhouse gas emissions and removals where these have not been calculated according to agreed inventory methodologies.

The purpose of the adjustments is to ensure that the inventories are complete and accurate. Agreed definitions of completeness and accuracy are given in FCCC/SBSTA/1999/L.5. Completeness and accuracy are two necessary qualities if the inventory is to be used for assessing compliance.

The EU recognises the free choice of Parties with respect to the methodologies applied. However, there could be two situations where appropriate adjustments could be applied when Parties do not use IPCC methodologies or use methodologies inconsistent with those:

#### **1.2 The inventory is incomplete**

Adjustments for completeness could be applied if Parties submit inventories that are incomplete and do not contain data on all the relevant categories of emissions and removals as defined by the IPCC 1996 Revised Guidelines, especially with regard to main greenhouse gases and important sectors. Procedures and mechanisms could be adopted on how estimation of the missing data could be completed.

### **1.3 Adjustments for adherence to good practices**

Adjustments could be applied if one or more source categories are calculated in a way that is inconsistent with the IPCC 1996 Revised Guidelines, taking into account any good practices approved by COP. This would include inconsistency in the choice of methodology, in the choice of emission factors or other parameters used for estimation, and in the choice of activity data.

Any further views on such possible adjustments should be discussed after the completion of the IPCC's work on good practices.

### **2. Adjustments of emission estimates reported by Annex I Parties**

In the view of the EU, Article 5.2 of the Kyoto Protocol does not refer to adjustments of emission estimations that Parties report e.g. with regard to climate variations and electricity trade patterns. Reporting guidelines indicate that if adjustments to inventory data are carried out, these should be reported in a transparent manner, with clear indications of the method followed. Both the adjusted and unadjusted data should be provided.

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