

Reporting Methodologies on Article 3.14 of the Kyoto Protocol

UNFCCC Workshop on
Reporting Methodologies

Abu Dhabi, September 4-6 2006

Aaron Cosbey

Overview

- Context: The mandate
- Reporting: Lessons from the UNFCCC Process
- Survey of reporting: 4th national communications and RDPs
- Options for consideration

Context

- Decision 31/CMP.1, para. 11, requests the secretariat to organize:

“ ... a workshop on reporting methodologies on ways to minimize adverse social, environmental and economic impacts on developing country Parties of the implementation of policies and measures by Parties included in Annex I in achieving their quantified emission limitation and reduction commitments under Article 3, paragraph 1 [of the Kyoto Protocol].”

Context

- Article 3.14 of the Kyoto Protocol:

"Each Party included in Annex I shall strive to implement the commitments mentioned in paragraph 1 above [on reduction commitments] 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."

Context

- Article 7.1 of the Kyoto Protocol:

"Each Party included in Annex I shall incorporate in its annual inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol ... the necessary supplementary information for the purposes of ensuring compliance with Article 3, to be determined in accordance with paragraph 4 below."

Context

- These mandates culminated in agreement on decision 31/CMP.1:
 - Para. 3: Annex I Parties requested to submit information on compliance with 3.14 as part of annual inventories.
 - This should include information on how they give priority to the six “paragraph 8” actions.

Context: Paragraph 8 actions

- 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, in pursuit of the objective of the Convention*
- 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*

Context: Paragraph 8 actions

- 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 Parties not included in Annex I 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*

Context

- Reporting requirements formalized in decision 15/CMP.1 (Annex):
 - Annex I Parties shall include in their annual inventories information on how they are striving to comply with Kyoto Protocol Article 3.14. (paragraph 23)
 - Annex II Parties, and those Annex I Parties in a position to do so, should incorporate information on how they give priority to the “paragraph 8” actions. (paragraph 24)

Context: The Process

- SBI makes recommendations to COP/MOP based on workshop outcomes
- Guidelines developed by COP/MOP 2
- Annual inventories due April 2010 for those in Annex I who've ratified
- Secretariat to annually compile submitted information re: 31/CMP.1, paragraph 3.

Context: The Process (cont'd)

- Annual review of completeness of submitted information
- Review also by in-country expert team, as part of review of NCs
- Submissions under agreed methodology also reviewed by facilitative branch, compliance committee

Reporting: Lessons from UNFCCC Experience

Surveyed the following:

- UNFCCC guidelines on reporting and review (FCCC/CP/1999/7)
 - Part I: reporting guidelines on national inventories
 - Part II: reporting guidelines on national communications
 - Part III: Reporting guidelines on Global Climate Change Observing Systems
- 15/CMP.1: Guidelines for the preparation of information required under Article 7 of the Kyoto Protocol
 - Annex Part I: reporting of supplementary information under Article 7, paragraph 1
 - Annex Part II: reporting of supplementary information under Article 7, paragraph 2

Reporting: Guiding Principles

- **Transparency:** Assumptions and methodologies used should be clearly explained.
- **Consistency:** Reporting should be consistent in its methodology with reports of past years .
- **Comparability:** Reporting data should be comparable across Parties and across time periods. For this reason, standard reporting formats and templates often used.
- **Completeness:** Reports should cover all data required under UNFCCC and Kyoto obligations.
- **Accuracy:** A relative measure. Reports should not be consistently off the mark in their substance, and uncertainties should be minimized as far as practicable.

Reporting

- Common reporting format (usually involves tables): transparency, comparability, consistency
- Reporting methodologies used:
 - Table only (used mainly for numerical reporting)(e.g., inventory reporting)
 - Narrative only, or table and narrative (used for reporting on less specific obligations)(e.g., Policies and Measures)

Reporting Example: Policies and Measures in NCs

- Policies are listed by sector. Narrative within table provides:
 - Name and short description of the policy or measure
 - Objectives of the policy or measure
 - The GHG affected
 - Type or types of measure (e.g., economic, fiscal)
 - Status of implementation
 - Implementing entity or entities
 - Quantitative estimate of impact (annual basis)

Survey of Reporting

- 4th National Communications
 - Mandate from COP/MOP-1 perhaps too late to include in NC4.
- Reports on demonstrable progress under the Kyoto Protocol.
 - Mandate to report on fulfillment of Article 3 obligations, including 3.14

a) Reduction of market imperfections

- Most discussion was on *implementation* of market-based measures
- Tax regimes on energy products to internalize environmental externalities
- Deregulation of electricity and gas markets

d) Cooperation on greening fossil fuel use

- A number of domestic programmes of action reported: Norway, Japan, Estonia, EU
- EU and UK: EU-China Partnership includes work on zero-emission coal technology, including CCS

e) Improve efficiency of fossil fuel production

- Norway: 4.5% of ODA is devoted to energy-related assistance.
 - E.g., work on gas flaring (Iran, Nigeria)
- Many countries noted support for industrial energy efficiency in developing countries, but no sectors specified

Other Paragraph 8 Areas

- Few responses in remaining areas
 - Removing perverse subsidies
 - Non-energy use of fossil fuels
 - Economic diversification
- This does not mean no such actions undertaken: no specific direction to report on these areas

Reporting on 3.14

- Several reports discussed obligations under 3.14 more generally
- France and UK developing assessment methodologies
- A number of countries discussed characteristics of the KP that aimed to minimize adverse impacts

Options for Consideration

- The task at hand is to develop reporting methodologies.
- Debates on nature of impacts will not be settled here, and are the work of other SB processes.
- In the meantime, best to develop methodologies with some flexibility.

Options for Consideration: Substance of Reporting

- Guidance from 15/CMP.1, Annex, paras. 23-24: include information on six paragraph 8 areas, and on fulfillment of Kyoto Protocol Article 3.14.

Options for Consideration: Substance of Reporting

- One option: table with six paragraphs
8 areas, narrative description
- But this presupposes that these six areas are the *only* ways in which 3.14 can be addressed

Options for Consideration: Substance of Reporting

- More flexible option: Table form with groupings of paragraph 8 areas:
 - Domestic measures (market imperfections, removing subsidies)
 - Support measures (non-energy use of fossil fuels, greening fossil fuel production and use, economic diversification)
- Might include third theme: support to minimize impacts of climate change.

Options for Consideration: Format of Reporting

Project/programme title:			
Purpose:			
Recipient Country	Sector	Total funding	Years in operation
Description:			
Indicate factors which led to project's success:			
Technology transferred:			
Impact on GHG emissions/sinks (optional):			

- Another example: FCCC/CP/1997/7 Part II, Table 6 (technology transfer)
- Supplementary narrative text also required

Options for Consideration

- Need to agree on reporting themes, format
- Thereafter, straightforward exercise
- Reporting methodology is one part of larger 3.14 process (including modelling impacts, assessing vulnerabilities, economic diversification)

Reporting Methodologies on Article 3.14 of the Kyoto Protocol

Background paper:

http://unfccc.int/files/adaptation/adverse_effects_and_response_measures_art_48/application/pdf/background_paper_3.14_reporting_workshop_uae.pdf

Aaron Cosbey

acosbey@sunshinecable.com

acosbey@iisd.ca