



## **NEW ZEALAND**

### **Submission to the APA on Agenda item 3: Further guidance in relation to the mitigation section of decision 1/CP.21 May 2017**

1. New Zealand welcomes the invitation by the APA to present further views on Item 3, “Further guidance in relation to the mitigation section of decision 1/CP.21 on: (a) features of nationally determined contributions, as specified in paragraph 26; (b) information to facilitate clarity, transparency and understanding of nationally determined contributions, as specified in paragraph 28; and (c) accounting for Parties’ nationally determined contributions, as specified in paragraph 31”.
2. These views supplement those set out in our submission of September 2016 on APA agenda item 3 and interventions made at previous sessions of the APA. Our recent submissions on transparency (February 2017) and Article 6(2) guidance (March 2017) should be read alongside this submission.

#### **Context**

3. Nationally Determined Contributions (NDCs) are the primary vehicle for achieving our shared mitigation objectives as set out in the Paris Agreement. Recognising this, Parties have agreed to provide further guidance on three key issues related to NDCs: features, up-front information, and accounting.
4. Our work on providing further guidance on these issues serves our efforts to achieve the mitigation aim of the Agreement (as set out in Article 2(1)(a)) and the mitigation goal in Article 4(1). Each Party decides its own contribution to meeting these efforts according to the principles of national determination and progression in ambition.
5. We want to understand the contribution each country intends to make and the impact it will have. We also want visibility of the country’s achievement as it progresses. To enable this:
  - guidance on NDCs (developed under Article 4) should facilitate understanding what countries’ contributions are and how they will demonstrate (measure) achievement; and
  - guidance on tracking progress (developed under Article 13) should facilitate reporting on progress towards achievement of NDCs at three stages: before, during, and at the end of the period covered by a NDC.

6. Our understanding of the various sub-items under this agenda item is as follows:
- 'Features' describes the characteristics of NDCs – the parameters we have agreed will put boundaries around the principle of national determination in certain key areas.
  - 'Information provided for the clarity, transparency and understanding of NDCs' means, amongst other things, the indicators that will be used to track progress towards achievement of a Party's NDC. Use of appropriate information will also assist our understanding of the aggregate impact of NDCs.
  - 'Accounting' means defining, measuring, and demonstrating achievement of NDCs – it is the comparison of results against goals.

### **3(a) - Features of nationally determined contributions, as specified in paragraph 26**

7. Guidance on 'Features' should help Parties to prepare NDCs. In Article 4 of the Agreement Parties agreed to certain aspects of how an NDC should look. In effect, we have agreed to certain parameters around the overarching principle of national determination. For example:

- Each Party's successive NDC will represent a progression beyond the then current NDC and reflect its highest possible ambition (Article 4(3));
- Developed country Parties should undertake economy-wide absolute emission reduction targets; developing country Parties should continue enhancing their mitigation efforts over time, and are encouraged to continue moving towards economy-wide emission reduction or limitation targets (Article 4(4));
- In communicating NDCs, all Parties shall provide the information necessary for clarity, transparency, and understanding (ICTU) (Article 4(8));
- Each Party shall communicate a NDC every five years in accordance with decision 1/CP.21; (paragraphs 23 and 24: NDCs will be on the basis of either 5 or 10 year periods) (Article 4(9)).

8. These are examples of boundaries around the principle of national determination agreed by Parties in the interests of achieving the mitigation aim and long-term mitigation goal of the Paris Agreement. Over time, informed by experience and by facilitative processes (including the global stocktake established under Article 14 of the Paris Agreement), we may find it useful to agree NDCs should have additional features (for example, a common timeframe).

9. When Parties submit NDCs, they need to ensure they are consistent with the agreed features. Therefore, the guidance on features should confirm and clarify for Parties what these features are.

### **3(b) - Information to facilitate clarity, transparency and understanding of nationally determined contributions, as specified in paragraph 28**

10. ICTU is essential to:

- promote understanding of NDCs, which aids in building mutual trust and confidence and in promoting implementation;
- make clear which indicators a Party will use to track and report progress towards achievement of its NDC;
- promote transparency and allow for easier aggregation of each Party's efforts in the assessment of collective progress towards the long-term mitigation goals of the Agreement for purposes of the Global Stocktake established in Article 14.

11. Submitted INDCs and NDCs reveal considerable variation in content and presentation. This presents challenges in aggregating their collective impact. Decision 1/CP.20 contains a list of information Parties were able to select from 'as appropriate' in communicating INDCs. The guidance on ICTU should assist Parties to clearly and transparently communicate the key information – including goals, baselines, reference levels, metrics, or other indicators – they intend to use to define, measure and demonstrate achievement of NDCs. The guidance can do this by identifying the most appropriate information to communicate in respect of these different elements of NDCs. New Zealand's experience in convening regional workshops on INDCs is that guidance on appropriate information would be welcome.

### **3(c) - Accounting for Parties' nationally determined contributions, as specified in paragraph 31**

#### *Purpose of accounting guidance*

12. In the context of the Paris Agreement, accounting means measuring and demonstrating achievement of (or progress towards achievement of) a NDC. In accounting for NDCs, Parties should, where appropriate, draw from existing approaches under the Convention or the Kyoto Protocol. Where existing approaches are not suitable for its NDC, a Party should explain the accounting methodology it is instead using. In all cases, accounting approaches applied should be appropriate for the NDC and consistent with the principles set out in Article 4(13) of the Agreement. Each Party will need to assure all other Parties its accounting will conform to these principles by clearly explaining accounting methodologies and approaches it applies and including all information relevant for measuring and tracking progress towards achievement of the NDC.

13. Principles-based accounting guidance will help Parties understand how to either draw from existing approaches or apply and explain new approaches, as appropriate. The accounting guidance will assist each Party to ensure its approach to accounting for its NDC is consistent with each of: promoting environmental integrity; transparency, accuracy, completeness, comparability and consistency; and ensuring the avoidance of double counting.

14. New Zealand thinks it important the guidance should also be elaborated in such a way as to support achievement of the Agreement's mitigation aim and long-term goal, with a strong focus on transparency and facilitative peer-review. The guidance should ensure Parties' accounting for NDCs is subject to peer review.

#### *Content of Guidance*

12. Paragraph 31 of Decision 1/CP.21 provides a solid basis from which to elaborate accounting guidance. The guidance could comprise the following:

- I Guidance on accounting methodologies and common metrics
  - A Guidance in relation to accounting methodologies:
    - on general issues relating to accounting for NDCs
    - on selection of methodologies
    - on Article 4.13 principles
    - in relation to quantified baselines/ elements
    - in relation to qualified baselines/ elements
    - in relation to land use
    - in relation to use of ITMOs towards NDCs
  - B guidance in relation to common metrics for accounting for NDCs
- II Guidance on ensuring methodological consistency
- III Guidance on coverage

#### *Process of accounting for NDCs*

13. The accounting guidance should assist Parties by setting out how to define, measure and demonstrate achievement of NDCs in a manner that is consistent with the principles of Article 4. Parties should apply this guidance in regularly reporting progress towards achieving their NDCs as set out in Article 13.5.

14. We see three stages to this process of accounting for NDCs.

#### I Commencement report

Prior to the start of the relevant NDC period (for example, in 2020), New Zealand proposes each Party would submit a 'commencement report' to the UNFCCC. This report would:

- outline how the Party intends to account for its NDC
- explain why that approach is appropriate for the NDC and the Party's national circumstances
- explain how that approach is consistent with Article 4 accounting guidance and the Article 4.13 principles
- clearly communicate the key information, goals, baselines, reference levels, metrics, or other indicators the Party will use to measure, define, and demonstrate achievement of the NDC. This information should be consistent with the information provided for clarity, transparency, and understanding of

the NDC, but it may be more focussed. This information will also be used to track progress towards achievement of the NDC.

Alternatively, a Party that has already provided this information in its NDC could be considered to have met the commencement report requirement; the information would still be subject to technical expert review through the vehicle of its biennial reporting.

## II Progress report

As part of the biennial communication process (described in New Zealand's submission on Transparency, and also referenced in our submission on Article 6.2), each Party should provide a 'progress report' that tracks measurement of progress towards achievement of the NDC. The progress report should use the same information, baselines, reference levels, metrics or other indicators communicated in the commencement report. Where appropriate, the progress report would also include a 'net position report' detailing transfers of ITMOs (refer also to our submission on Article 6.2 guidance). The progress report would be provided in accordance with the modalities, procedures and guidelines developed for the enhanced transparency framework, and would also be subject to facilitative peer review.

## III Achievement report

In the first biennial communication after the end of its NDC, each Party should submit an 'achievement report', showing how it has achieved its NDC. This report should set out the final measurement appropriate to the NDC, for example:

- Absolute, economy-wide NDC: the total of all emissions and removals over the period, accounted for on the basis of the approach, assumptions and methodologies communicated by the Party in its commencement report and applied in its progress reports (including a final net position report with respect to ITMOs where appropriate); or
- Business as Usual NDC: A description of policies and measures included or excluded in the BAU baseline, a description of which assumptions were used in the calculation of the BAU baseline (including data sources for relevant indicators), and a description of when and on what basis these might be recalculated (for example, to bring projections into line with actual data).
- Policies and Measures: a description of implementation of any policies and measures communicated in the NDC, measured against the (qualitative or quantitative) indicators nominated by the Party in its commencement report and applied in its progress reports.

### *Relationship between Articles 4, 6, and 13*

15. As described above, New Zealand considers the (Article 4) guidance on accounting for NDCs should be operationalised through the enhanced transparency framework. While (Article 4) guidance on accounting for NDCs will set out how Parties can define, measure

and demonstrate achievement of NDCs, the (Article 13) guidance will set out how Parties track (and report) that progress. The commencement report, the progress reports, and the achievement report should be submitted under the enhanced transparency framework, while also subject to the guidance on accounting for NDCs.

16. Integration into the transparency framework means that these reports will be subject to facilitative peer review. Following facilitative peer review, each report (commencement, progress, or achievement, as appropriate) should set out how facilitative peer review recommendations have been addressed; how they have been implemented, and (if not), why not.

17. The guidance on accounting for NDCs should specify that, where any mitigation outcomes (including those from the Article 6(4) mechanism) are transferred between Parties and used towards NDC achievement, they become ITMOs and the provisions of Article 6(2) apply.

## **Conclusion**

21. New Zealand looks forward to discussing these issues (at both the meeting of the APA and the roundtable preceding it), with a view to seeking consensus on how guidance to be developed under paragraphs 26, 28, and 31 of 1/CP.21 can best build trust and enable progression of collective ambition over time towards achievement of the mitigation aim and long-term mitigation goal of the Paris Agreement.