



NEW ZEALAND

Submission to the Ad Hoc Working Group on the Durban Platform for Enhanced Action

Work Stream 1

October 2014

Nationally Determined Contributions

Context

This submission responds to the invitation from the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) at the fifth part of its second session held in Bonn from 4 to 15 June 2014, to make submissions on the work of the ADP (FCCC/ADP/2012/3 paragraph 22). This submission addresses up-front information and should be read alongside New Zealand's previous submissions to the ADP Work Stream 1 (March 2012, March 2013 and September 2013, and March 2014) and an accompanying submission on elements of the new agreement.

Summary

- New Zealand recognises that mitigation is the central, though not the only, element of the legally binding agreement. Intended Nationally Determined Contributions (INDCs) should convey the mitigation each Party is able to implement without reliance on yet-to-be-secured finance. Parties may choose to provide other relevant information.
- The minimum information to be provided should comprise a description of the contribution (including its coverage relative to the Party's reported GHG inventory, quantification and baselines or base year as appropriate); the estimated emissions impact of the contribution; and the methodologies and assumptions used to estimate the emissions impact.
- Parties could be invited to submit this information using a checklist, or a template, along the lines of the one attached to this submission. Alternatively, the COP could request the Secretariat to synthesise the information provided in Parties' INDCs in an electronic format from which standardised data for each Party can be extracted.
- Parties need certainty about the rules that will apply to implementation of or accounting for INDCs before they can formally commit to them. Some Parties may wish their tabled INDCs to remain provisional, until such time as the rules are finalised and to exercise the right to make technical adjustments if rule assumptions prove wrong. Parties wishing to put forward provisional contributions must specify up front the rule assumptions on which

this provisionality depends. Alternatively, a decision could be taken that rules under the 2015 agreement will not be applied retrospectively.

- The objectives of the consultative process are:
 - (i) to allow Parties to understand clearly what each INDC means
 - (ii) to allow Parties to assess for themselves whether each INDC represents a fair effort given the Party's national circumstances (recognising this is a political judgment and should not be the basis for requiring change);
 - (iii) to make an assessment of the aggregate ambition represented; and
 - (iv) to encourage those who have not done so to table an INDC.
- New Zealand suggests specific steps for a UNFCCC consultative process that is transparent, pragmatic and efficient.
- INDCs will need to be recognised formally by the Paris COP, for example by a noting decision, and subsequently finalised by submission to the Secretariat along with the Party's instrument of ratification.

Objectives of INDCs

In Warsaw Parties agreed to submit intended nationally determined contributions ahead of the Paris meeting because we have a collective and universal interest in understanding individual and aggregate mitigation efforts before we can conclude an agreement. Mitigation is central to the INDC process because collective mitigation action will determine the climate change impacts faced by Parties (and therefore what adaptation is needed), and certainty about others' intended individual mitigation action will influence the individual mitigation action Parties ultimately commit to. These objectives should drive the Lima COP's decisions about up-front information requirements and the review process so as to ensure they will support efficient assessment and aggregation of the impact of intended mitigation actions.

2. The primacy of mitigation in the INDC process should be reflected in the up-front information provided. Other elements of the new agreement will be defined in separate parallel processes (see accompanying New Zealand submission on elements of a negotiating text). Given the content, legal form of, and rules underpinning the new agreement have yet to be finalised, Parties must look to make progress on INDCs in a way that does not prejudge the outcome of the decisions on these points. Issues such as the nature of adaptation obligations should therefore be determined by our collective adaptation objectives, and not as a by-product of a process to provide clarity about mitigation.

3. New Zealand recognises national determination of mitigation contributions as a major step forward in our efforts to secure an effective agreement. It is a natural consequence of national determination that mitigation contributions will be varied, and the information needed to provide clarity, transparency and understanding of them will vary too. There is no logic to determining up-front information requirements on any basis other than the nature of the contribution being explained. Proposals to differentiate up-front information according to a binary view of development status cannot promote clarity, transparency, and understanding

of the estimated impacts of each contribution. These proposals prejudge the outcome of the negotiation in respect of differentiation and New Zealand cannot support them.

Up-front information

4. Contributions under the new agreement need to be tabled with sufficient and consistent information to enable Parties to understand the contribution each Party proposes to make. Parties need to understand both the aggregate level of ambition represented by the sum of INDCs and the individual level of effort that is being undertaken by each Party.

5. The nationally determined nature of contributions could result in a broad spectrum of types of contributions. New Zealand has previously proposed that a template, or checklist, could help Parties to bring forward their contributions in a consistent and comparable way. We have revised our previously submitted template, taking into account views expressed by Parties during the recent sessions of the ADP. This revised template sets out the information we consider essential to enhancing understanding of each Party's mitigation action and to enable the aggregate impact of proposed mitigation action to be calculated.

Individual level of effort

6. Each Party should table the most ambitious mitigation contribution its national circumstances will allow it to undertake. Parties will seek reassurance that actions of all Parties are broadly comparable in ambition, taking into account national circumstances. Accordingly, Parties' up-front information should make clear the level of effort proposed. We have allowed space in our revised template for Parties to provide an explanation of why their INDC represents appropriate ambition for their national circumstances – the "supporting narrative".

7. New Zealand views the following three pieces of information as essential for enhancing understanding of the individual level of effort:

- (i) the coverage of the contribution relative to the Party's overall emissions profile (as recorded in its latest GHG inventory);
- (ii) estimated macro-economic impact and marginal cost of abatement; and
- (iii) the supporting narrative.

Aggregate level of ambition

8. New Zealand views the following three pieces of information as essential for enhancing understanding of the aggregate level of ambition:

- (i) the coverage of the contribution and metrics for its quantification (including baselines or base year as appropriate);
- (ii) the estimated emissions impact of the commitment;
- (iii) the methodologies and assumptions used to estimate the emissions impact.

9. New Zealand notes that the emissions impacts of absolute, economy-wide targets are relatively easy to aggregate. If Parties, according to their national circumstances, elect to table different types of contribution, then the ex-ante information provided should allow other Parties' to understand the estimated quantified impact of such contributions.

Provisionality

10. INDCs will be submitted prior to the ADP reaching agreement on the rules under which mitigation contributions will be implemented and accounted for. Parties will need to make assumptions about application of rules in order to quantify their contributions. Different rule sets can, in some instances, have a material impact on this quantification. If the finalised rules depart from the assumptions applied by a Party to its INDC, the Party's ability to implement the commitment may be adversely affected, for example because the cost may increase materially. It would be inequitable to hold a Party to an INDC founded on assumptions about rules that subsequently prove to be incorrect, and a technical adjustment should be allowed for.

11. At the same time, it is not helpful to Parties' understanding of individual and collective ambition if INDCs are changed without good cause. Adjustments must be confined to circumstances where changes between assumed and final rules have a material impact. For this reason, any assumptions about rules that could have a material impact on the Party's contribution will need to be clearly articulated in the up-front information accompanying the INDC. Our template anticipates this, by providing fields, for example, for disclosure of assumptions for both land sector accounting and use of markets. Alternatively, another option that could help address the potential risks of a time-lag between tabling INDCs and clarifying rules is for Parties to agree that rules will not apply retrospectively.

New Zealand proposes that the Lima COP:

- **Decides that the minimum up-front information requirements for all Parties comprise coverage of the contribution and metrics for its quantification (including baseline or base year); an estimate of the emissions impact of the contribution; and disclosure of the methodologies and assumptions used to estimate the emissions impact;**
- **Invites Parties to use a template or checklist to submit their INDCs;**
- **Acknowledges the need for a technical adjustment process should rules assumptions underpinning INDCs prove incorrect and have a material impact, for example on cost.**

Consultative process

12. New Zealand sees the aims of the consultative process as allowing Parties to arrive at a clear understanding of the contribution each other Party proposes to make and allowing aggregation of the collective impact of the contributions proposed. This understanding, together with a clearer picture of the landscape of rules that will be applied, is necessary to generate sufficient confidence to allow Parties to finalise their own contributions. Having agreed that contributions will be nationally determined, Parties should not use the process to re-determine the contributions to be made by others. Parties may, of course, choose to adjust their own contributions upwards, on the basis of the consultation, and such adjustments should be actively encouraged.

13. The process needs to be designed in a way that takes account of the available time. It will be necessary to use time efficiently inside and outside the UNFCCC and to prioritise attention to areas of greatest uncertainty. The consultative process should be conducted in a manner which is clear, transparent, pragmatic and streamlined. To this end, New Zealand suggests the process comprise the following steps:

1. Parties submit INDCs by March (or at the latest ahead of the June meeting), and these are published by the Secretariat on the UNFCCC website when received;
2. The Secretariat synthesises the information provided in an electronic format from which standardised core data for each Party can be extracted (or provides an online tool for Parties to complete setting out their own core data);
3. An aggregate calculation of emission reductions is made and published online by the Secretariat;
4. A written Q&A process is conducted via an online forum accessible to the public;
5. The aggregate data is discussed at the June session with a view to encouraging those Parties that have not yet submitted INDCs to do so as soon as possible, and identifying and overcoming barriers that may have prevented them from submitting;
6. Parties have an opportunity to engage bilaterally/regionally/plurilaterally outside and in the margins of the UNFCCC meetings to enhance their understanding of submitted INDCs;
7. Throughout the process Parties have an opportunity to revise INDCs upwards, including in response to the Q&A and direct consultation;
8. The Secretariat will update its synthesis of data received and maintain a running tally of the aggregate emission impact represented by proposed contributions.

14. At Paris, Parties' INDCs will be recognised formally by the COP and become NDCs. This may be achieved, for example, by a noting COP decision. New Zealand suggests that Parties' mitigation commitments for the first commitment cycle under the new agreement would be finalised on their submission to the Secretariat along with the Party's instrument of ratification – indeed, submission of a finalised NDC would be required for ratification.

New Zealand proposes that the Lima COP request the Secretariat to:

- **compile, aggregate and synthesise the information submitted by Parties in their INDC, with a view to estimating the aggregate impact of proposed mitigation action, in an electronic format that allows standardised data about each Party or, alternatively, provides an online tool which Parties will complete for this purpose;**
- **present Parties with this synthesis report at a session of the ADP, to be held after the first half of 2015 but prior to COP21 and update the report as required;**
- **make arrangements for a review process that is transparent, pragmatic and efficient, for example by providing for online written Q&A that is accessible to the public.**

Conclusion

15. New Zealand looks forward to an in-depth discussion of these matters at the October 2014 meeting of the ADP in Bonn.

