

Guidance relating to the clean development mechanism

New Zealand submission to the Subsidiary Body for Implementation:

Views from Parties and admitted observer organizations on possible changes to the modalities and procedures for the clean development mechanism.

March 2013

Introduction

1. In making this submission New Zealand is responding to the invitation to Parties to provide views on possible changes to the modalities and procedures for the clean development mechanism (FCCC/KP/CMP/2012/L.10, paragraph 12 refers).

2. It will be important to consider the broader context for carbon markets when discussing changes to the modalities and procedures for the clean development mechanism. This context includes a number of emerging domestic and regional markets and decisions to elaborate a framework for various approaches and a new market mechanism alongside a new global agreement. These factors have the potential to significantly broaden the number of Parties participating in market mechanisms. New Zealand remains of the view that broad, efficient market mechanisms will continue to be an integral part of effectively combating climate change.

Context

3. Decision 1/CMP.8 which sets out the amendment to the Kyoto Protocol pursuant to its Article 3, paragraph 9 (the Doha Amendment) has implications for how the clean development mechanism is used during the second commitment period of the Kyoto Protocol. Paragraph 13 of that decision clarifies that for the purposes of the second commitment period, from 1 January 2013 onwards, a Party included in Annex I that is also a Party to the Kyoto Protocol may continue to participate in ongoing project activities under Article 12 and in any project activities to be registered after 31 December 2012.

4. The modalities and procedures for the clean development mechanism, set out in Decision 3/CMP.1, outline the rules for participating in the clean development mechanism for the first commitment period. The Doha Amendment has created a distinction between Annex I Parties with a quantified emission limitation and reduction commitment (QELRC) inscribed in the third column of the amended Annex B and Annex I Parties that are a Party to the Kyoto Protocol but do not have a QELRC inscribed in the third column of the amended Annex B.

5. In considering possible changes to the modalities and procedures for the clean development mechanism it will be important to ensure that the modalities and procedures reflect the intent of the Doha Amendment to allow Annex I Parties without a QELRC inscribed in the third column of Annex B to participate in the clean development mechanism.

6. New Zealand looks forward to engaging with other Parties on possible changes to the modalities and procedures for the clean development mechanism.