

FCCC/KP/AWG/2010/CRP.2

6 August 2010

English only

**Ad Hoc Working Group on Further Commitments
for Annex I Parties under the Kyoto Protocol
Thirteenth session
Bonn, 2-6 August 2010**

Agenda item 3

Consideration of further commitments for Annex I Parties under the Kyoto Protocol

Draft proposal by the Chair

Contents

	<i>Page</i>
Chapter I: Draft decision -/CMP.X Amendments to the Kyoto Protocol pursuant to its Article 3, paragraph 9.....	3
Chapter II: Draft decision -/CMP.X Land use, land-use change and forestry.....	26
Chapter III: Draft decision -/CMP.X Emissions trading and the project-based mechanisms	40
Chapter IV: Draft decision -/CMP.X Greenhouse gases, sectors and source categories, common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks, and other methodological issues	46
Chapter V: Draft decision -/CMP.X Consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties	49

Chapter I

[Draft decision -/CMP.X

Amendments to the Kyoto Protocol pursuant to its Article 3, paragraph 9

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Recalling Article 3, paragraph 9, and Articles 20 and 21 of the Kyoto Protocol,

Also recalling decisions 1/CMP.1 and 3/CMP.4,

Recognizing the importance of ensuring the environmental integrity of the Kyoto Protocol,

Having considered the proposals for amendments to the Kyoto Protocol submitted under Articles 20 and 21 of the Kyoto Protocol,¹

Noting the reports of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on its sessions to date and the oral report by the Chair to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its sixth session,

Taking into account the proposed amendments to the Kyoto Protocol contained in the annex to the report of the fifteenth session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol,²

Noting that Parties listed in the table contained in section A of the annex to this decision have provided, in accordance with Article 21, paragraph 7, of the Kyoto Protocol, their written consent to the adoption of an amendment to Annex B to the Kyoto Protocol,

1.

Option 1

Adopts the amendments to the Kyoto Protocol as contained in the annex to this decision;

Option 2

Decides that it shall, as it considers appropriate in the context of the adoption of a protocol pursuant to a -/CP.16 and in order to enable the full, effective and sustained implementation of the Convention beyond 2012 adopt the amendments to the Kyoto Protocol as contained in the annex to this decision;

2. *Takes note* of decisions -/CMP. X on land use, land-use change and forestry, -/CMP.X on emissions trading and the project-based mechanisms, -/CMP.X on greenhouse gases, sectors and source categories, common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks, and other methodological issues, and -/CMP.X on consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties;³

¹ Documents FCCC/KP/CMP/2009/2 to FCCC/KP/CMP/2009/13 and FCCC/KP/CMP/2010/3.

² FCCC/KP/CMP/2010/X.

³ The draft decisions are contained in Chapters II–V.

3. [Decides that the provisions of the amendments contained in the annex to this decision shall apply to all Parties immediately upon the conclusion of the first commitment period under Article 3, paragraph 1, of the Kyoto Protocol, and shall continue to apply on a provisional basis until the entry into force of the amendments for each Party;

4.] Invites Parties to deposit their instruments of acceptance in respect of the amendments contained in the annex to this decision, in accordance with Article 20, paragraph 4, with a view to ensuring that there is no gap between the first and second commitment periods;

[[4][5]. Requests the Subsidiary Body for Implementation to assess the implications of the carry-over of assigned amount units to the second commitment period on the scale of emission reductions to be achieved by Annex I Parties in aggregate for the second commitment period;

[5][6]. Also requests the Subsidiary Body for Implementation to recommend, at its thirty-third session, appropriate actions to be taken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to address the implications referred to in paragraph [3][4] above, for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its sixth session.]]

ANNEX

[A. Annex B

Option 1

The following table shall replace the table in Annex B to the Protocol:

Annex B

Party	Quantified emission limitation or reduction commitment (2008–2012) (percentage of base year or period)	Quantified emission limitation or reduction commitment ([2013–2017] [2013–2020]) (percentage of base year or period)		[(2013–2017][2020)] [Percentage of reference year ((X ₁)[1990] [2000])]]	[(2013–2017][2020)] [Percentage of reference year (X ₂)]
		Quantified emission limitation or reduction commitment	[Base year]		
Australia	108				
Austria	92				
Belarus ^{a[*]}	92				
Belgium	92				
Bulgaria ^[*]	92				
Canada	94				
Croatia ^{b[*]}	95				
Czech Republic ^[*]	92				
Denmark	92				
Estonia ^[*]	92				
European Union	92 ^c	d			
Finland	92				
France	92				
Germany	92				
Greece	92				
Hungary ^[*]	94				
Iceland	110				
Ireland	92				
Italy	92				
Japan	94				
Kazakhstan ^{c[*]}	100				
Latvia ^[*]	92				
Liechtenstein	92				
Lithuania ^[*]	92				
Luxembourg	92				

Party	Quantified emission limitation or reduction commitment (2008–2012) (percentage of base year or period)	Quantified emission limitation or reduction commitment ([2013–2017] [2013–2020]) (percentage of base year or period)		[(2013–2017][2020)] [Percentage of reference year ((X ₁)[1990] [2000])]]	[(2013–2017][2020)] [Percentage of reference year (X ₂)]
		Quantified emission limitation or reduction commitment	[Base year]		
Malta ^f					
Monaco	92				
Netherlands	92				
New Zealand	100				
Norway	101				
Poland ^[*]	94				
Portugal	92				
Romania ^[*]	92				
Russian Federation ^[*]	100				
Slovakia ^[*]	92				
Slovenia ^[*]	92				
Spain	92				
Sweden	92				
Switzerland	92				
Ukraine ^[*]	100				
United Kingdom of Great Britain and Northern Ireland	92				
United States of America ^g	93				

[* Countries that are undergoing the process of transition to a market economy.]

Notes

^a Added to Annex B by an amendment adopted pursuant to decision 10/CMP.2. This amendment has not yet entered into force.

^b Temporary target for Croatia, including decision 7/CP.12. Upon the accession of Croatia to the European Union, the Croatian target shall be replaced by arrangement in line with and part of the European Union mitigation effort.

^c Quantified emission limitation or reduction commitment of the European Community and its member States in the first commitment period. Upon deposit of its instrument of approval to the Kyoto Protocol on 31 May 2002, the European Community had 15 member States.

^d Quantified emission limitation reduction commitment of the European Union and its member States in the second Commitment period. Upon deposit of its instrument of acceptance of the amendment to Annex B to the Kyoto Protocol on [date], the European Union had 27 member States.

^e Kazakhstan has submitted a proposal to amend the Kyoto Protocol to include its name in Annex B with a quantified emission limitation and reduction commitment of 100 per cent for the first commitment period.

^f At its sixteenth session, the Conference of the Parties decided to amend Annex I to the Convention by including the name of Malta (decision 3/CP.15). The amendment will enter into force on 16 October 2010 for Parties that have not notified the Depositary of their non-acceptance of the amendment.

^g Countries that have not ratified the Kyoto Protocol.

Option 2⁴

The following table shall replace the table in Annex B to the Protocol:

Annex B

<i>Party</i>	<i>Quantified emission limitation or reduction commitment (2008-2012) (percentage of base year or period)</i>	<i>Quantified domestic emission reduction commitment (2013-2017) (percentage of base year or period) [i.e. minimum reductions required domestically]</i>	<i>Quantified emission reduction commitment (2013-2017) (percentage of base year or period) [i.e. total reductions required, based on historical responsibility and needs of developing countries]</i>
Australia	108		
Austria	92		
Belgium	92		
Bulgaria ^[*]	92		
Canada	94		
Croatia ^[*]	95		
Czech Republic ^[*]	92		
Denmark	92		
Estonia ^[*]	92		
European Community	92		
Finland	92		
France	92		
Germany	92		
Greece	92		

⁴ Thirty-seven Parties to the Kyoto Protocol have submitted a proposal for amendments to Annex B containing quantified emission reduction commitments for each Party listed in Annex B for a second commitment period from 2013 to 2020. The proposal is contained in document FCCC/KP/AWG/2009/Add.4/Rev.2.

<i>Party</i>	<i>Quantified emission limitation or reduction commitment (2008-2012) (percentage of base year or period)</i>	<i>Quantified domestic emission reduction commitment (2013-2017) (percentage of base year or period) {i.e. minimum reductions required domestically}</i>	<i>Quantified emission reduction commitment (2013-2017) (percentage of base year or period) {i.e. total reductions required, based on historical responsibility and needs of developing countries}</i>
Hungary ^[*]	94		
Iceland	110		
Ireland	92		
Italy	92		
Japan	94		
Latvia ^[*]	92		
Liechtenstein	92		
Lithuania ^[*]	92		
Luxembourg	92		
Monaco	92		
Netherlands	92		
New Zealand	100		
Norway	101		
Poland ^[*]	94		
Portugal	92		
Romania ^[*]	92		
Russian Federation ^[*]	100		
Slovakia ^[*]	92		
Slovenia ^[*]	92		
Spain	92		
Sweden	92		
Switzerland	92		
Ukraine ^[*]	100		
United Kingdom of Great Britain and Northern Ireland	92		

<i>Party</i>	<i>Quantified emission limitation or reduction commitment (2008-2012) (percentage of base year or period)</i>	<i>Quantified domestic emission reduction commitment (2013-2017) (percentage of base year or period) {i.e. minimum reductions required domestically}</i>	<i>Quantified emission reduction commitment (2013-2017) (percentage of base year or period) {i.e. total reductions required, based on historical responsibility and needs of developing countries}</i>
United States of America	93		
Total		[51][50]	[XX]

Option 3

The following table shall replace the table in Annex B to the Protocol:

Annex B

<i>Party</i>	<i>Quantified emission limitation or reduction commitment (2008-2012) (percentage of base year or period)</i>	<i>Quantified domestic emission reduction commitment (2013-2017) (percentage of base year or period)</i>
Australia	108	
Austria	92	
Belgium	92	
Belarus ⁺		
Bulgaria ^[*]	92	
Canada	94	
Croatia ^[*]	95	
Czech Republic ^[*]	92	
Denmark	92	

<i>Party</i>	<i>Quantified emission limitation or reduction commitment</i>	<i>Quantified domestic emission reduction commitment</i>
	<i>(2008-2012)</i>	<i>(2013-2017)</i>
	<i>(percentage of base year or period)</i>	<i>(percentage of base year or period)</i>
Estonia ^[*]	92	
European Community	92	
Finland	92	
France	92	
Germany	92	
Greece	92	
Hungary ^[±]	94	
Iceland	110	
Ireland	92	
Italy	92	
Japan	94	
Kazakhstan [^]		
Latvia ^[*]	92	
Liechtenstein	92	
Lithuania ^[*]	92	
Luxembourg	92	
Malta ^[±]		
Monaco	92	

<i>Party</i>	<i>Quantified emission limitation or reduction commitment</i>	<i>Quantified domestic emission reduction commitment</i>
	<i>(2008-2012)</i>	<i>(2013-2017)</i>
	<i>(percentage of base year or period)</i>	<i>(percentage of base year or period)</i>
Netherlands	92	
New Zealand	100	
Norway	101	
Poland ^[*]	194	
Portugal	92	
Romania ^[*]	92	
Russian Federation ^[*]	100	
Slovakia ^[*]	92	
Slovenia ^[*]	92	
Spain	92	
Sweden	92	
Switzerland	92	
Ukraine ^[*]	100	
United Kingdom of Great Britain and Northern Ireland	92	
United States of America	93	

⁺ Countries that have proposed amendment to the Kyoto Protocol which is still to come into effect.

[^{*} Countries that are undergoing the process of transition to a market economy.]

[^] Country which will request an amendment to Annex B to the Kyoto Protocol to include a target for emission levels.

[±] Country which is under consideration to join Annex I.

Option A

B. Article 3, paragraph 1 and paragraph 1 bis

Option 1

The following paragraph shall be inserted after paragraph 1 of Article 3 of the Protocol:

1 bis. The Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A do not exceed their assigned amounts, calculated pursuant to their quantified emission limitation and reduction commitments inscribed in the third column of the table contained in Annex B and in accordance with the provisions of this Article, with a view to reducing their overall [domestic] emissions of such gases.

Option 1.1: by at least [X][50][49][15] [per cent][QELRO] below 1990 levels in the commitment period 2013 to [2017][2020].

Option 1.2: by 33 per cent below 1990 levels in the commitment period 2013 to 2017 toward the aim of reducing overall emissions of such gases by at least 45 per cent from 1990 levels by 2020.

Option 1.3: by at least 95 per cent below 1990 levels by 2050 through the reduction of greenhouse gases from sources and removals by sinks. This shall be achieved during subsequent periods by the end of 2050.

Option 1.4: by at least [25][30][[at least 45]][X] per cent below 1990 levels by 2020
[and by 80 to [more than][at least] 95 per cent below 1990 levels by 2050]
[and by 80 per cent or more by 2050 compared to 1990 or more recent years]

Option 2

(would apply only if option 2 in section A above is chosen)

Paragraph 1 of Article 3 of the Protocol shall be deleted and replaced by the following paragraph:

1. The Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A do not exceed their total assigned amounts, calculated pursuant to their quantified emission reduction commitments inscribed in Annex B and determined by applying the principle of historical responsibility, their emissions debt and addressing the needs of developing countries⁵ in accordance with the provisions of this Article, with a view to ensuring a fair allocation of the global atmospheric space to all Parties.

⁵ In determining the commitments in this Article, the following criteria are taken into account in order to ensure consistency with the ultimate objective of the Convention and the principles of equity and common but differentiated responsibilities and respective capabilities:

- (a) Responsibility of Annex I Parties, individually and jointly, for current atmospheric concentrations of greenhouse gases;
- (b) The historical and current per-capita emissions originating in developed countries;
- (c) Technological, financial and institutional capacities; and
- (d) The share of global emissions required by developing countries in order to meet their social and economic development needs, to eradicate poverty and to achieve the right to development. Fulfillment by Annex I Parties of the commitments in paragraph 1 of this Article constitutes a contribution to the repayment of emissions debts reflecting excessive consumption of shared atmospheric space and the needs of developing countries.

The following paragraph shall be inserted after paragraph 1 of Article 3 of the Protocol:

1 bis. In fulfillment of their obligations under Article 3, paragraph 1, the Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide equivalent emissions from [domestic] sources of the greenhouse gases listed in Annex A do not exceed their assigned [domestic] amounts, calculated pursuant to their quantified [domestic] emission reduction commitments inscribed in Annex B and in accordance with the provisions of this Article, with a view to reducing their overall [domestic] emissions of such gases by [more than][at least] [50][49] per cent below 1990 levels in the commitment period 2013 to 2017.⁶

Option 3

Paragraph 1 of Article 3 of the Protocol shall be deleted and replaced by the following paragraph:

1. The Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A do not exceed their assigned amounts in accordance with the provisions of this Article, plus their high-trend adjustment amounts if any, with a view to reducing their overall emission of such gases by at least [40] per cent below 1990 levels in the commitment period [2013 to 2017].

The following paragraph shall be inserted after paragraph 1 of Article 3 of the Protocol:

1 bis. High-trend adjustment amounts for each Party included in Annex I whose assigned amounts are equal to their aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in its most recently reviewed inventory shall be the difference between the percentage inscribed for it in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in 1990 multiplied by five and its assigned amounts.

C. Article 3, paragraph 7 bis

Option 1

The following paragraph shall be inserted after paragraph 7 of Article 3 of the Protocol:

7 bis. In the second quantified emission limitation and reduction commitment period, from [2013 to 2017][2013 to 2020], the assigned amount for each Party included in Annex I shall be equal to the percentage inscribed for it in the third column of the table contained in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in 1990, or the base year or period determined in accordance with paragraph 5 above, multiplied by [five][eight]. [Those Parties included in Annex I for whom land-use change and forestry constituted a net source of greenhouse gas emissions in 1990 shall include in their 1990 emissions base year or period the aggregate anthropogenic carbon dioxide equivalent emissions by sources minus removals by sinks in 1990 from land-use change for the purposes of calculating their assigned amount.]

⁶ A Party included in Annex I may, with the agreement of other Parties, meet the difference between its total and domestic assigned amounts under Article 3, paragraph 1, through the financial mechanism operating under the authority and guidance of the Conference of Parties, in the context of their obligation to provide the agreed full incremental costs under the Convention.

Option 2

The following paragraph shall be inserted after paragraph 7 of Article 3 of the Protocol:

7 bis. In the second quantified emission limitation and reduction commitment period, from 2013 to 2017, the assigned amount for each Party included in Annex I shall be equal to the percentage inscribed for it in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in 1990, or the base year or period determined in accordance with paragraph 5 above, multiplied by five.

[D. Article 3, paragraph 9 bis

Option 1

In paragraph 9 of Article 3 of the Protocol, for the words:

the consideration of such commitments

there shall be substituted:

the consideration of commitments for the second commitment period

The following paragraph shall be inserted after paragraph 9 of Article 3 of the Protocol:

9 bis. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall initiate the consideration of [commitments for the third and][any further] subsequent commitment periods at least [[five][seven][Z] years before the end of the commitment period that immediately precedes the commitment period under consideration][seven years before the end of any commitment period].

Option 2

The following paragraph shall be inserted after paragraph 9 of Article 3 of the Protocol:

9 bis. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall initiate the consideration of further commitments at least seven years before the end of any commitment period.]

E. Article 4, paragraph 2

The following words shall be added to the end of the first sentence of paragraph 2 of Article 4 of the Protocol:

, or on the date of deposit of their instruments of acceptance of any amendments to Annex B pursuant to Article 3, paragraph 9 and paragraph 9 bis

F. Article 4, paragraph 3

Option 1

In paragraph 3 of Article 4 of the Protocol, for the words:

the commitment period specified in Article 3, paragraph 7

there shall be substituted:

any commitment period established by the Conference of the Parties serving as the meeting of the Parties to this Protocol

Option 2

In paragraph 3 of Article 4 of the Protocol, for the words:

, paragraph 7

there shall be substituted:

to which it relates]

Option B

B. Article 3, paragraph 1 and paragraph 1 bis

Option 1

The following paragraph shall be inserted after paragraph 1 of Article 3 of the Protocol:

1 bis. The Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A do not exceed their assigned amounts, calculated pursuant to their quantified emission limitation and reduction commitments inscribed in the third column of the table contained in Annex B and in accordance with the provisions of this Article, with a view to reducing their overall [domestic] emissions of such gases.

Option 1.1: by at least [X][50][49][15] [per cent][QELRO] below 1990 levels in the commitment period 2013 to [2017][2020].

Option 1.2: by 33 per cent below 1990 levels in the commitment period 2013 to 2017 toward the aim of reducing overall emissions of such gases by at least 45 per cent from 1990 levels by 2020.

Option 1.3: by at least 95 per cent below 1990 levels by 2050 through the reduction of greenhouse gases from sources and removals by sinks. This shall be achieved during subsequent periods by the end of 2050.

Option 1.4: by at least [25][30][[at least 45]][X] per cent below 1990 levels by 2020
[and by 80 to [more than][at least] 95 per cent below 1990 levels by 2050]
[and by 80 per cent or more by 2050 compared to 1990 or more recent years]

Option 2

(would apply only if option 2 in section A above is chosen)

Paragraph 1 of Article 3 of the Protocol shall be deleted and replaced by the following paragraph:

1. The Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A do not exceed their total assigned amounts, calculated pursuant to their quantified emission reduction commitments inscribed in Annex B and determined by applying the principle of historical responsibility/debt and addressing the needs of developing countries⁵ in accordance with the provisions of this Article, with a view to ensuring a fair allocation of the global atmospheric space to all Parties.

⁵ In determining the commitments in this Article, the following criteria are taken into account in order to ensure consistency with the ultimate objective of the Convention and the principles of equity and common but differentiated responsibilities and respective capabilities:

- (a) Responsibility of Annex I Parties, individually and jointly, for current atmospheric concentrations of greenhouse gases;
- (b) The historical and current per-capita emissions originating in developed countries;
- (c) Technological, financial and institutional capacities; and
- (d) The share of global emissions required by developing countries in order to meet their social and economic development needs, to eradicate poverty and to achieve the right to development.

Fulfillment by Annex I Parties of the commitments in paragraph 1 of this Article constitutes a contribution to the repayment of emissions debts reflecting excessive consumption of shared atmospheric space and the needs of developing countries.

The following paragraph shall be inserted after paragraph 1 of Article 3 of the Protocol:

1 bis. In fulfillment of their obligations under Article 3, paragraph 1, the Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide equivalent emissions from [domestic] sources of the greenhouse gases listed in Annex A do not exceed their assigned [domestic] amounts, calculated pursuant to their quantified [domestic] emission reduction commitments inscribed in Annex B and in accordance with the provisions of this Article, with a view to reducing their overall [domestic] emissions of such gases by [more than][at least] [50][49] per cent below 1990 levels in the commitment period 2013 to 2017.⁶

[C. Article 3, paragraph 1 ter

The following paragraph shall be inserted after paragraph 1 bis of Article 3 of the Protocol:

1 ter. Paragraph 1 bis above shall only apply on the ninetieth day after the date (being a date after the entry into force of the [Agreement]⁷) on which:

- (a) not less than [X] Parties to the Convention have deposited their instruments of acceptance relating to the amendments establishing the commitment period 2013 to 20XX under this Protocol in accordance with Article 20, paragraph 4 or 5, of this Protocol, or deposited their instrument of ratification, acceptance, approval or accession to the [Agreement]; and
- (b) those Parties in subparagraph (a) incorporate Parties to the Convention that:
 - (i) accounted collectively for at least [X] per cent of the total [cumulative] anthropogenic carbon dioxide equivalent emissions of the greenhouse gases for [year] of the Parties to the Convention; and
 - (ii) have each inscribed quantifiable mitigation commitments or actions in either Annex B of this Protocol or Annex A of the [Agreement].]

[D. Article 3, paragraph 1 quater

The following paragraph shall be inserted after paragraph 1 ter of Article 3 of the Protocol:

1 quater. For the purposes of paragraph 1 ter above, “the total anthropogenic carbon dioxide equivalent emissions of the greenhouse gases for [year] of the Parties to the Convention” means the amount communicated for the year [X] or nearest year reported in their national communications submitted in accordance with Article 12 of the Convention.]

E. Article 3, paragraph 1 quinquies

The following paragraph shall be inserted after paragraph 1 quater of Article 3 of the Protocol:

1 quinquies. For the purposes of this Article, any instrument deposited by a regional economic integration organization shall not be counted as additional to those deposited by States members of the organization.

⁶ A Party included in Annex I may, with the agreement of other Parties, meet the difference between its total and domestic assigned amounts under Article 3, paragraph 1, through the financial mechanism operating under the authority and guidance of the Conference of Parties, in the context of their obligation to provide the agreed full incremental costs under the Convention.

⁷ Contemplates the adoption of a new agreement under the Convention.

F. Article 3, paragraph 7

Paragraph 7 of Article 3 shall be deleted and replaced by the following paragraph:

3. In the second quantified emission limitation and reduction commitment period, from 2013 to 2017, the assigned amount for each Party included in Annex I shall be equal to the percentage inscribed for it in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in 1990 multiplied by five or its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in its most recently reviewed inventory multiplied by five, whichever is lower.

G. Article 3, paragraph 7 bis

Option 1

The following paragraph shall be inserted after paragraph 7 of Article 3 of the Protocol:

7 bis. In the second quantified emission limitation and reduction commitment period, from [2013 to 2017][2013 to 2020], the assigned amount for each Party included in Annex I shall be equal to the percentage inscribed for it in the third column of the table contained in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in 1990, or the base year or period determined in accordance with paragraph 5 above, multiplied by [five][eight]. [Those Parties included in Annex I for whom land-use change and forestry constituted a net source of greenhouse gas emissions in 1990 shall include in their 1990 emissions base year or period the aggregate anthropogenic carbon dioxide equivalent emissions by sources minus removals by sinks in 1990 from land-use change for the purposes of calculating their assigned amount.]

Option 2

The following paragraph shall be inserted after paragraph 7 of Article 3 of the Protocol:

7 bis. In the second quantified emission limitation and reduction commitment period, from 2013 to 2017, the assigned amount for each Party included in Annex I shall be equal to the percentage inscribed for it in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in 1990, or the base year or period determined in accordance with paragraph 5 above, multiplied by five.

H. Article 3, paragraph[s] 8[,][and] 8 bis [and 8 ter]

Option 1

The following paragraph shall be inserted after paragraph 8 of Article 3 of the Protocol:

8 bis. Any Party included in Annex I may use [1995] as its base year for hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride, for the purposes of the calculation referred to in paragraph 7 bis above.

Option 2

Article 3, paragraph 8 of the Protocol shall be amended, and a new paragraph 8 bis added as follows:

8. Any Party included in Annex I may use 1995 as its base year for hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride, for the purposes of the calculation referred to in paragraphs 7 and 7 bis above.

8 bis. Each Party included in Annex I shall use 19[xx] as its base year for nitrogen trifluoride, hydrofluoroethers/fluorinated ethers, perfluoropolyethers, and trifluoromethyl sulfur pentafluoride, for the purposes of the calculation referred to in paragraph 7bis above.

Option 3

8 bis. Any Party included in Annex I may use 1995 as its base year for hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride, for the purposes of the calculation referred to in paragraph 7 bis above.

8 ter. Any Party included in Annex I may use 20XX as its base year for nitrogen trifluoride, hydrofluoroethers and perfluoropolyethers for the purposes of the calculation referred to in paragraph X above.

[I. Article 3, paragraph 9 bis

Option 1

In paragraph 9 of Article 3 of the Protocol, for the words:

the consideration of such commitments

there shall be substituted:

the consideration of commitments for the second commitment period

The following paragraph shall be inserted after paragraph 9 of Article 3 of the Protocol:

9 bis. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall initiate the consideration of [commitments for the third][any further] and subsequent commitment periods at least [[five][seven][X] years before the end of the commitment period that immediately precedes the commitment period under consideration][seven years before the end of any commitment period].

Option 2

The following paragraph shall be inserted after paragraph 9 of Article 3 of the Protocol:

9 bis. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall initiate the consideration of further commitments at least seven years before the end of any commitment period.]

J. Article 3, paragraph 12 bis

Option 1

The following paragraph shall be inserted after paragraph 12 of Article 3 of the Protocol:

12 bis. Any [names of units generated from new market mechanisms established under the Kyoto Protocol or Agreement under the Convention] which a Party acquires from another Party to the Convention in accordance with the provisions of [Article [A]]⁸ and [Article [B]]⁹ shall be added to the assigned amount for the acquiring Party.

⁸ "A" refers to the Article(s) of an Agreement under the Convention dealing with new market mechanism(s) if such mechanism(s) is (are) established under that Agreement.

⁹ "B" refers to the Article(s) of the Kyoto Protocol dealing with new market mechanism(s) if such mechanism(s) is (are) established under the Protocol.

Option 2

The following paragraph shall be inserted after paragraph 12 of Article 3 of the Protocol:

[12 bis. Any [names of units generated from new market mechanisms established pursuant to Article[s][X],[Y]]¹⁰ and [Z]]¹¹ which a Party acquires from another Party to the Convention in accordance with the provisions of those Articles shall be added to the assigned amount or to the [amount calculated in accordance with the [target] established in accordance with Article Y] for the acquiring Party.]

K. Article 3, paragraph 12 ter

The following paragraph shall be inserted after paragraph 12 bis of Article 3 of the Protocol:

12 ter. Any [units] generated from new market mechanism established pursuant to Article[s] [Y] and [Z] which a Party transfers to another Party to the Convention in accordance with the provisions of those Articles shall be subtracted from the [amount calculated in accordance with the [target]] for the transferring Party.

L. Article 3, paragraph 13

Paragraph 13 of Article 3 shall be deleted and replaced by the following paragraph:

13. If the emissions of a Party included in Annex I in a commitment period are less than its assigned amount under this Article, this difference shall, on request of that Party, be added to the assigned amount for that Party for subsequent commitment periods.

M. Article 3, paragraph 13 bis

The following paragraph shall be inserted after paragraph 12 of Article 3 of the Protocol:

13 bis Any additions to the assigned amount referred to in paragraph 13 above, shall be limited to [0.1] [X] percent of such Party's assigned amount in the preceding period.

N. Article 3, paragraph 15

The following paragraph shall be inserted after paragraph 14 of Article of the Protocol:

15. The Parties to this Protocol shall undertake and conclude, no later than 31 December 2015, an interim assessment and review of efforts made by Parties included in Annex I to meet quantified emission limitation and reduction commitments for the second commitment period inscribed in Annex B to this Protocol in order to assess progress and determine whether additional measures are needed, based on best available scientific information, to meet the ultimate objective of the Convention. This review shall be completed in sufficient time to enable the Conference of the Parties serving as the meeting of the Parties to this Protocol to specify additional measures to be taken by such Parties, which may include more stringent quantitative emission limitation and reduction commitments.

¹⁰ [X] and [Y] refer to the Article(s) of the Kyoto Protocol dealing with new market mechanism(s) as proposed below, if such mechanism(s) is (are) established under the Protocol.

¹¹ [Z] refers to the Article(s) of an Agreement under the Convention dealing with new market mechanism(s) if such mechanism(s) is (are) established under that Agreement.

O. Article 4, paragraph 2

The following words shall be added to the end of the first sentence of paragraph 2 of Article 4 of the Protocol:

, or on the date of deposit of their instruments of acceptance of any amendments to Annex B [pursuant to Article 3, paragraph 9 and paragraph 9 bis]

P. Article 4, paragraph 3*Option 1*

In paragraph 3 of Article 4 of the Protocol, for the words:

the commitment period specified in Article 3, paragraph 7

there shall be substituted:

any commitment period established by the Conference of the Parties serving as the meeting of the Parties to this Protocol [to which the agreement relates]

Option 2

In paragraph 3 of Article 4 of the Protocol, for the words:

, paragraph 7

there shall be substituted:

to which it relates

Q. Article 6, paragraph 5

The following paragraph shall be inserted after paragraph 4 of Article 6 of the Protocol:

5. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall ensure that a share of the proceeds from approved project activities established under this Article is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.

R. Article 9

Paragraphs 1 and 2 of Article 9 shall be deleted and replaced by the following paragraphs:

1. [The Conference of the Parties serving as the meeting of the Parties to this Protocol shall periodically provide for a comprehensive review of this Protocol. The review shall evaluate the adequacy of, and consider the need for, strengthening the provisions of this Protocol, in particular the long-term goal for emission reductions and the commitments under this Protocol, in order to contribute to the ultimate objective of the Convention. The review shall be conducted in the light of the best available scientific knowledge, in particular the assessments of the Intergovernmental Panel on Climate Change.

2. Based on the review, the Conference of the Parties serving as the meeting of the Parties to this Protocol shall take appropriate action.

3. Appropriate action may comprise, in particular, new quantified emission limitation and reduction commitments for individual Parties as well as a strengthening of existing quantified emission limitation and reduction commitments through amendment of Annex B in accordance with Article 21.[7] New commitments shall lead to absolute emission reductions for the respective Parties compared to the national total greenhouse gas emissions as reported in national greenhouse gas inventories available at the time of the conclusion of the review.

4. The first review according to paragraph 1 above shall start no later than 2014 and conclude no later than 2016.

5. Further reviews shall be conducted every [4] years, unless the Conference of the Parties serving as meeting of the Parties to this Protocol decides otherwise.]

S. Article 15 bis

The following Article shall be added after Article 15 of the Protocol as Article 15 bis:

Without prejudice to the legal status, immunities accorded to the Convention secretariat, officials, a Party or Parties, persons, officials, representatives of Members by the Headquarters Protocol with the Government of the Federal Republic of Germany, the Conference of the Parties serving as the meeting of the Parties to this Protocol shall examine the issue of immunities for persons serving on bodies constituted under this Protocol.

T. Article 17

Option 1

The existing paragraph in Article 17 of the Protocol shall be renumbered Article 17, paragraph 1, and a second paragraph added as follows:

2. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall ensure that a share of the proceeds from the issuance of assigned amount units is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.

Option 2

Article 17 shall be deleted and replaced by the following paragraphs:

1. The Conference of the Parties serving as the meeting of the Parties to this Protocol at its [X] session shall define relevant principles, modalities, rules and guidelines, in particular for verification, reporting and accountability for emissions trading.

2. Parties included in Annex B may participate in emissions trading for the purposes of fulfilling their commitments under Article 3, subject to paragraph 4 and in accordance with eligibility requirements as established in paragraph 2 of the Annex to Decision 11/CMP.1.

3. The Parties not included in Annex B, that meet the requirements, mutatis mutandis, set out in paragraph 2 of the Annex to Decision 11/CMP.1, with [targets] established in accordance with [Article Y], may participate in emissions trading to fulfill those [targets], subject to paragraph 5.

4. Any trading pursuant to paragraph 2 shall be supplemental to domestic actions for the purpose of meeting quantified emission limitation and reduction commitments under Article 3.

5. Any trading pursuant to paragraph 3 shall be supplemental to domestic actions for the purpose of meeting [targets] under [Article Y].

U. Article 18

The existing paragraph in Article 18 of the Protocol shall be renumbered Article 18, paragraph 1, and a second paragraph added as follows:

2. In accordance with paragraph 1 above, the procedures and mechanisms relating to compliance under this Protocol adopted by decision 27/CMP.1 of the Conference of the Parties serving as the meeting of the Parties to this Protocol shall apply. Further procedures and mechanisms to address cases of non-compliance under paragraph 1 above shall be adopted by the Conference of the Parties serving as the meeting of the Parties to this Protocol.

V. Article X

The following Article shall be inserted after Article W:

1. A new market mechanism is hereby defined.
2. The purpose of the new market mechanism shall be to enable Parties not included in Annex I to strengthen their contribution to the ultimate objective of the Convention, to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3, to promote sustainable development.
3. Under the new market mechanism:
 - (a) Parties not included in Annex I may propose, on a voluntary basis, emission thresholds for broad segments of the economy, set significantly below business as usual emissions.
 - (b) [Units] may be issued in respect of emission reductions beyond the emission threshold.
 - (c) Parties not included in Annex I will benefit from emission reduction activities resulting in [units]; and
 - (d) Parties included in Annex I may use the [units] accruing from such activities to contribute to compliance with part of their quantified emission limitation and reduction commitments under Article 3, as determined by the Conference of the Parties serving as the meeting of the Parties to this Protocol.
4. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its [X] session, elaborate modalities and procedures with the objective of ensuring transparency, efficiency and accountability in the preparation, submission, review and approval of proposals for inscribing emissions thresholds and monitoring, reporting and verification of emissions and accounting of units, taking into account the ultimate objective of the Convention, the environmental integrity of the Protocol.

W. Article Y

The following Article shall be inserted after Article X:

1. The Parties not included in Annex I may propose, on a voluntary basis, [targets] in respect of broad segments of the economy with a view to reducing their emissions in those segments significantly from business as usual.

2. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall at its [X] session elaborate modalities and procedures for the additional new market mechanism and shall, as a minimum, ensure that [targets] deviate significantly from business as usual emissions and be established in a conservative manner, taking into account the ultimate objective of the Convention, the environmental integrity of the Protocol.

3. A Party [not included in Annex I] may also issue [units] representing units issued or recognized under mandatory emissions trading systems established by that Party. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its [x] session, elaborate modalities and procedures for this purpose, and shall, at a minimum, ensure that environmental integrity and accuracy is ensured through monitoring, reporting and verification of emissions and accounting for units, taking into account the ultimate objective of the Convention, the environmental integrity of the Protocol.

X. Article Z

The following Article shall be inserted after Article Y:

The Conference of the Parties serving as the meeting of the Parties to this Protocol shall define modalities and procedures to ensure that there is no double counting between the mechanisms established under this Protocol or any other legal instrument under the Convention.

Y. Article 21

Paragraph 4 of Article 21, paragraph 4 shall be replaced with the following paragraph:

4. The Parties shall make every effort to reach agreement on any proposed annex or amendment to an annex by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the annex or amendment to an annex [other than Annex A, B [or ...]] shall as a last resort be adopted by a three-fourths majority vote of the Parties present and voting at the meeting. Amendments to Annex [A,] B [and ...] shall be adopted [by consensus and in relation to Annex B [and ...]], only with the written consent of the Party concerned. The adopted annex or amendment to an annex shall be communicated by the secretariat to the Depositary, who shall circulate it to all Parties for their acceptance.

Paragraph 5 of Article 21 shall be replaced with the following paragraph:

5. An annex, or amendment to an annex other than Annex A[, B [or ...],] that has been adopted in accordance with paragraphs 3 and 4 above shall enter into force for all Parties to this Protocol six months after the date of the communication by the Depositary to such Parties of the adoption of the annex or adoption of the amendment to the annex, except for those Parties that have notified the Depositary, in writing, within that period of their non-acceptance of the annex or amendment to the annex. The annex or amendment to an annex shall enter into force for Parties which withdraw their notification of non-acceptance on the ninetieth day after the date on which withdrawal of such notification has been received by the Depositary.

Paragraph 7 of Article 21 shall be replaced with the following paragraph:

7. Amendments to Annexes A [, B [or ...]] to this Protocol shall enter into force [in accordance with the procedure set out in Article 20][for all Parties to this Protocol six months after the date of the communication by the Depositary to such Parties of the adoption of the annex or adoption of the amendment to the annex].

AA. Annex A***Option 1***

The following table shall replace the list under the heading “Greenhouse gases” in Annex A to the Protocol:

Greenhouse gases

Carbon dioxide (CO₂)
Methane (CH₄)
Nitrous oxide (N₂O)
Hydrofluorocarbons (HFCs)
Perfluorocarbons (PFCs)
Sulphur hexafluoride (SF₆)
Nitrogen trifluoride (NF₃)

Option 2

The following table shall replace the list under the heading “Greenhouse gases” in Annex A to the Protocol:

Greenhouse gases

Carbon dioxide (CO₂)
Methane (CH₄)**12**
Nitrous oxide (N₂O)
Hydrofluorocarbons (HFCs)
Perfluorocarbons (PFCs)
Perfluorinated compounds
 Sulphur hexafluoride (SF₆)
 Nitrogen trifluoride (NF₃)
Hydrofluoroethers/Fluorinated ethers (HFEs)
Perfluoropolyethers (PFPMIE)
Trifluoromethyl sulphur pentafluoride (SF₅CF₃)]

Chapter II

Land use, land-use change and forestry

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Affirming that the implementation of land use, land-use change and forestry activities included under the provisions of the Kyoto Protocol shall be consistent with the objectives and principles of, and any decisions taken under, the Convention and its Kyoto Protocol,

Having considered decision 16/CMP.1,

1. *Affirms* that the principles contained in paragraph 1 of decision 16/CMP.1 continue to govern the treatment of land use, land-use change and forestry activities in the second and subsequent commitment periods of the Kyoto Protocol;
2. *Decides* that anthropogenic greenhouse gas emissions by sources and removals by sinks shall be accounted for in accordance with the annex to this decision;
3. *Also decides* that the information referred to in paragraph 2 above shall be reviewed in accordance with relevant decisions under Article 8 of the Kyoto Protocol;
4. *Agrees* to consider, at its [seventh] session, the need to revise decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol that are relevant to the annex contained in this decision, including those related to reporting and review under Articles 5, 7 and 8 of the Kyoto Protocol;
5. *Also agrees* that it is desirable to move towards complete coverage of managed lands when accounting for the land use, land-use change and forestry sector, while addressing technical challenges and the need to focus on accounting for anthropogenic emissions by sources and removals by sinks;
6. *Requests* the Subsidiary Body for Scientific and Technological Advice to initiate a work programme to explore ways of moving towards more comprehensive accounting of anthropogenic emissions by sources and removals by sinks from land use, land-use change and forestry, including through a more inclusive activity-based approach and a land-based approach, and to report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its [eighth] session on the outcomes of this work programme;
7. [*Requests* the Subsidiary Body for Scientific and Technological Advice to provide guidance for the provision and review of transparent and verifiable data on emissions from the harvested wood products pool, taking into account emission estimation methodologies, as revised and refined by the Intergovernmental Panel on Climate Change, and the fact that the best available data for use in estimating emissions arising from wood harvested by a Party prior to 31 December 2007 [and since 1990] may be data provided in guidance issued by the Intergovernmental Panel on Climate Change;]
8. *Requests* the Subsidiary Body for Scientific and Technological Advice to initiate a work programme to consider and, as appropriate, develop and recommend modalities and procedures for possible additional land use, land-use change and forestry activities under the clean development mechanism (e.g. revegetation, forest management, cropland management, grazing

land management, wetland management, soil carbon management in agriculture and other sustainable land management activities), with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [eighth] session;

9. *Further requests* the Subsidiary Body for Scientific and Technological Advice to initiate a work programme to consider and, as appropriate, develop and recommend modalities and procedures for alternative approaches to addressing the risk of non-permanence under the clean development mechanism (e.g. how to take responsibility for reversals, insurance, buffers and/or credit reserves, exceptions for low-risk activities, and applying a discount factor to the total emission reductions achieved), with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [seventh] session;

10. *Invites* the Intergovernmental Panel on Climate Change to revise and develop, as necessary, supplementary methodologies for estimating anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4 of the Kyoto Protocol, related to the annex to this decision, on the basis of, inter alia, chapter 4 of its *Good Practice Guidance for Land Use, Land-Use Change and Forestry*;

11. *Requests* the Subsidiary Body for Scientific and Technological Advice to consider, following the completion of methodological work by the Intergovernmental Panel on Climate Change outlined in paragraph 10 above, the revised supplementary methodologies related to the annex to this decision, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [xxth] session;

12. *Adopts* the definitions, modalities, rules and guidelines relating to land use, land-use change and forestry activities under the Kyoto Protocol contained in the annex to this decision for application in the second commitment period.

ANNEX

Definitions, modalities, rules and guidelines relating to land use, land-use change and forestry activities under the Kyoto Protocol

A. Definitions

1. For land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4 of the Kyoto Protocol, the following definitions shall apply:

(a) "Forest" is a minimum area of land of 0.05–1.0 hectares with tree crown cover (or equivalent stocking level) of more than 10–30 per cent with trees with the potential to reach a minimum height of 2–5 metres at maturity in situ. A forest may consist of either closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground or open forest. Young natural stands and all plantations which have yet to reach a crown density of 10–30 per cent or tree height of 2–5 metres are included under forest, as are areas normally forming part of the forest area which are temporarily unstocked as a result of human intervention such as harvesting or natural causes, but which are expected to revert to forest;

(b) “Afforestation” is the direct human-induced conversion of land that has not been forested for a period of at least 50 years to forested land through planting, seeding and/or the human-induced promotion of natural seed sources;

(c) “Reforestation” is the direct human-induced conversion of non-forested land to forested land through planting, seeding and/or the human-induced promotion of natural seed sources, on land that was forested but that has been converted to non-forested land. For the second commitment period of the Kyoto Protocol, reforestation activities will be limited to reforestation occurring on those lands that did not contain forest on 31 December 1989;

(d) “Deforestation” is the direct human-induced conversion of forested land to non-forested land;

(e) “Revegetation” is a direct human-induced activity to increase carbon stocks on sites through the establishment of vegetation that covers a minimum area of 0.05 hectares and does not meet the definitions of afforestation and reforestation contained here. It includes direct human-induced activities related to emissions of greenhouse gas and/or decreases in carbon stocks on sites which have been categorized as revegetation areas and do not meet the definition of deforestation;

(f) “Forest management” is [a] [the] system of practices for stewardship and use of forest land aimed at fulfilling relevant ecological (including biological diversity), economic and social functions of the forest, and includes emissions by sources and removals by sinks;

(g) “Cropland management” is the system of practices on land on which agricultural crops are grown and on land that is set aside or temporarily not being used for crop production;

(h) “Grazing land management” is the system of practices on land used for livestock production aimed at manipulating the amount and type of vegetation and livestock produced;

(i) [“Wetland management” is a system of practices for rewetting and draining on land that covers a minimum area of 1 hectare. It includes all lands that have been drained and/or rewetted since 1990 and that are not accounted for under any other activity, where drainage is the artificial lowering of the soil water table and rewetting is the partial or total reversal of drainage;]

(j) [“Planted production forest” [is a forest consisting of [introduced] species, which as at 1990 met all the following criteria: [dominated by] one or two species at plantation, even age class and regular spacing. The “planted production forest”] shall have been established by direct human-induced conversion of non-forest land to forest land [or non-productive forest land to planted production forests] by the planting and/or seeding provisions of an afforestation or reforestation activity;]

(k) [“Equivalent forest” means an area of forest that will achieve at least the same carbon stock over the same period as would have occurred had the area of harvested “planted production forest” been re-established;]

(l) [“Force majeure” means, for the purposes of this decision, extraordinary events or circumstances, defined as those events or circumstances whose occurrence or severity was beyond the control of, and not materially influenced by, a Party [and whose associated total annual greenhouse gas emissions by sources and removals by sinks are a minimum of [X per cent][Y to 5 per cent] of the total national emissions included in the base year].

B. Article 3, paragraph 3

2. For the purposes of Article 3, paragraph 3, eligible activities are those direct human-induced afforestation, reforestation and/or deforestation activities that meet the requirements set forth in this annex and that started on or after 1 January 1990 and before 31 December of the last year of the commitment period.

3. For the purposes of determining the area of deforestation to come into the accounting system under Article 3, paragraph 3, each Party shall determine the forest area using the same spatial assessment unit as is used for the determination of afforestation and reforestation, but not larger than 1 hectare.

3 bis. [In the case of planted production forests [established before 1 January 1990 only], conversion of forest land to non-forest land shall be considered harvesting, and shall not be considered deforestation, where an equivalent forest is established elsewhere on non-forest land that would have qualified for afforestation or reforestation. Equivalent forest shall not be included in a Party's assessment of emissions and removals from afforestation and reforestation activities and must be included in a Party's accounting of forest management under Article 3, paragraph 4, if elected.]

4. [Debits arising from harvesting a unit of land that was subject to afforestation or reforestation between 1 January 1990 and 31 December 2007, and has not been harvested since, shall not be greater than the credits accounted for in total on that unit of land since 1 January 2008.]

5. Each Party included in Annex I shall report, in accordance with Article 7, on how harvesting or forest disturbance that is followed by the re-establishment of a forest is distinguished from deforestation. This information will be subject to review in accordance with Article 8.

C. Article 3, paragraph 4

6. A Party included in Annex I may choose to account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from any or all of the following activities: [revegetation,] [forest management,] [cropland management,] [grazing land management,] [wetland management].

6 bis. [All Parties included in Annex I shall account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from the following: any activity under Article 3, paragraph 4, elected in the first commitment period; and [revegetation,] [forest management,] [cropland management,] [grazing land management,] [wetland management].]

7. [A Party included in Annex I wishing to account for activities under Article 3, paragraph 4, in the second commitment period shall identify, in its report to enable the establishment of its assigned amount pursuant to Article 3, paragraphs 7 and 8, the activities under Article 3, paragraph 4, that it elects to include in its accounting for the second commitment period. Upon election, a decision by a Party will be fixed for the second commitment period. *(Delete or revise if all or some activities are mandatory.)*]

7 bis. [Activities elected by a Party under Article 3, paragraph 4, in the first commitment period shall continue to be accounted for in the second commitment period. This accounting

shall be incorporated into the calculation of its assigned amount pursuant to Article 3, paragraphs 7 and 8.]

8. During the second commitment period, a Party included in Annex I that selects any or all of the activities mentioned in paragraph 6 above (if any), in addition to those already selected for the first commitment period, shall demonstrate that such activities have occurred since 1990 and are human-induced. A Party included in Annex I shall not account for emissions by sources and removals by sinks resulting from activities under Article 3, paragraph 4, if these are already accounted for under Article 3, paragraph 3.

9. For the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from [revegetation,] [forest management,] [cropland management,] [grazing land management,] [wetland management,] under Article 3, paragraph 4, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the commitment period, less [X] times the anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from these eligible activities [in the base year of that Party] [, while avoiding double accounting]. (*Forest management would be deleted from this paragraph depending on the option adopted*).

10. [Option 1: For the second commitment period, a Party included in Annex I that incurs a net source of emissions under the provisions of Article 3, paragraph 3, may account for anthropogenic greenhouse gas emissions by sources and removals by sinks in areas under forest management under Article 3, paragraph 4, up to a level that is equal to the net source of emissions under the provisions of Article 3, paragraph 3, but not greater than 9.0 megatons of carbon times five, if the total anthropogenic greenhouse gas emissions by sources and removals by sinks in the managed forest since 1990 is equal to, or larger than, the net source of emissions incurred under Article 3, paragraph 3.]

[Option 2: *delete the paragraph*]

Accounting for forest management

[Option 1 (*caps*):

11. For the second commitment period, additions to and subtractions from the assigned amount of a Party resulting from forest management under Article 3, paragraph 4, and from forest management project activities undertaken under Article 6 shall not exceed the value inscribed in the appendix^[1], times [x].]

[Option 2 (*reference levels*):

11. For the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest management under Article 3,

¹ [In arriving at the values in the appendix, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol was guided by the application of an 85 per cent discount factor to account for the removals identified in paragraph 1 (h) of decision 16/CMP.1 and a 3 per cent cap on forest management, using a combination of data provided by Parties and by the Food and Agriculture Organization of the United Nations. Consideration was also given to national circumstances (including the degree of effort needed to meet Kyoto commitments and the forest management measures implemented). The accounting framework established in this paragraph shall not be construed as establishing any precedent for subsequent commitment periods.]

paragraph 4, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the commitment period, less [X] times the reference level inscribed in the appendix.²
[11 bis:

Option a: [Neither credits nor debits shall result if net removals or emissions are [between the reference level and zero] [within X per cent³ of the reference level. In this case, credits or debits outside this range shall be generated by the difference calculated with reference to X per cent above or below the reference level according to whether the net removals or emissions are above or below.]]

Option b: [Debits shall not be generated if anthropogenic greenhouse gas emissions by sources and removals by sinks from forest management under Article 3, paragraph 4, in the commitment period result in net removals.]

11 ter. [For the second commitment period, additions to [and subtractions from] the assigned amount of a Party resulting from forest management under Article 3, paragraph 4, and from forest management project activities undertaken under Article 6 shall not exceed [the quantitative limitation inscribed in the appendix, times [x]] [[x] per cent of [its assigned amount in the second commitment period][its anthropogenic net emissions in the base year][the difference between the anthropogenic net emissions in the base year and its assigned amount in the second commitment period] pursuant to Article 3, paragraphs 7 and 8].]

(additional to 11 ter) [The quantitative limitations mentioned in paragraph [11 ter] for the accounting of anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest management under Article 3, paragraph 4, in the commitment period shall not be applied if the reference level of the Party is set on the basis of historical data.]

11 quarter:

[Option a:

11 quater. A Party may reconsider its reference level as inscribed in the appendix and described in paragraph 11 above upon changing the methodologies, coverage of carbon pool and/or activity data used in its accounting of emissions by sources and removals by sinks resulting from forest management for the second commitment period. Such reconsideration shall be based on the elements contained in the footnote to paragraph 11 above and be included in the national greenhouse gas inventory report of the Party. This information will be subject to

² [The forest management reference levels inscribed in the appendix were set transparently, taking into account:
(a) Removals or emissions from forest management as shown in greenhouse gas inventories and relevant historical data;
(b) Age-class structure;
(c) Forest management activities already undertaken;
(d) Projected forest management activities;
(e) Continuity with the treatment of forest management in the first commitment period;
(f) The need to exclude removals from accounting in accordance with decision 16/CMP.1, paragraph 1. Points (c), (d) and (e) above were applied where relevant. [The forest management reference levels also took into account the need for consistency with the provisions of paragraph 21 and the provisions for addressing force majeure contained in paragraphs 19 bis to 19 septies by excluding emissions by sources and removals by sinks due to force majeure.]]

³ "X per cent" refers to a percentage of the reference level. It assumes the same value would apply for all Parties.

review as part of the expert review of the Party's national greenhouse gas inventory in accordance with relevant decisions related to Article 8 of the Kyoto Protocol.]

[Option b:

11 quater. By the SBSTA XX (34, if the decision on *Land use, Land-use Change and Forestry (LULUCF)* is adopted at COP16/SBSTA33), Parties shall submit to the secretariat information on their reference levels for accounting of emissions and removals from forest management. These submissions shall contain transparent information and a comprehensive description on how the elements contained in footnote 2 of paragraph 11 have been taken into account in a transparent, complete, consistent, comparable and accurate way. Models and assumptions should be described and additional information should be provided, for example on domestic harvesting and consumption of wood. Information shall conform to good practice in LULUCF.

11 quater-bis. A Party may submit a revised reference level for inscription in the appendix no later than at SBSTA XX+2. Such revision shall be based on transparent documentation concerning changes due to a broader coverage of pools and/or gases, or recalculation of time series.

11 quater-ter. Before the start of the second commitment period, reference levels shall be reviewed by an expert review team in accordance with guidelines on consistency taking into account the advice in paragraph 11 quater above on the approach and elements in footnote 2 of paragraph 11. These guidelines should be developed by the CMP at its seventh session and any revision to reference levels proposed by the expert review team shall be considered by the CMP at its eighth session and shall be fixed for the second commitment period only.

11 quater-quater. When accounting for forest management, Annex I Parties shall ensure methodological consistency with the reference level, and this shall be reviewed as part of the national inventory report to the Kyoto Protocol for the second commitment period in accordance to any provision and relevant decisions associated with Articles 5, 7 and 8 of the Kyoto Protocol.

11 quater-quinquies. After adoption of the reference level, if historical data on forest management used for calculating the reference level are recalculated in any one inventory submission for the commitment period, a technical adjustment shall be applied to ensure that additions to and subtractions from the assigned amount will not be larger or smaller than they would without the recalculation. The technical adjustment shall be applied before the accounting and the methodology shall be developed by SBSTA XX+1.

11 quater-sexies. After adoption of the reference level, if the reference level does not include a carbon pool, that pool shall not be accounted for any one year of the commitment period, unless that pool is a source, in which case the carbon pool shall be accounted and its contribution to the reference level shall be assumed to be equal to zero, bearing in mind that this assumption does not apply to harvested wood products.

11 quater-septies. Consistency in the treatment of force majeure between the reference level calculation and the net emissions or removals accounted for the commitment period shall be ensured. This applies to both force majeure that affects net emissions as well as net removals.]

[Option 3 (net-net accounting relative to the first commitment period):

11. For the second commitment period, accountable greenhouse gas emissions by sources and removals by sinks resulting from forest management under Article 3, paragraph 4, shall be

equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the second commitment period, less [X]⁴ times the yearly average of anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest management activities for the first commitment period.

11 bis. For those Parties that did not elect forest management as an eligible activity under Article 3, paragraph 4, in the first commitment period, the accountable greenhouse gas emissions by sources and removals by sinks resulting from forest management under Article 3, paragraph 4, in the second commitment period, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the second commitment period, less [X] times the yearly average of anthropogenic greenhouse gas emissions by sources and removals by sinks on forest land remaining forest land during the first commitment period.]

D. Article 12

12. Afforestation and reforestation are eligible projects activities under the clean development mechanism in the second commitment period. Activities additional to afforestation and reforestation will be eligible if agreed by any future decision of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

13. The modalities and procedures contained in decision 5/CMP.1 for afforestation and reforestation project activities under the clean development mechanism, and in decision 6/CMP.1 for small-scale afforestation and reforestation project activities under the clean development mechanism, shall apply, mutatis mutandis, to the second commitment period. Alternative approaches to addressing the risk of non-permanence may apply in accordance with any future decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

14. For the second commitment period, the total of additions to a Party's assigned amount resulting from afforestation and reforestation project activities under Article 12 shall not exceed one per cent of base year emissions of that Party, times [X].

E. General

15. Each Party included in Annex I shall, for the purpose of applying the definition of "forest" as contained in paragraph 1 (a) above, apply the definition of forest selected in the first commitment period.

16. Those Parties included in Annex I that did not select a definition of forest for the first commitment period shall, for the purpose of applying the definition of "forest" as contained in paragraph 1 (a) above, select a single minimum tree crown cover value of between 10 and 30 per cent, a single minimum land area value of between 0.05 and 1 hectare and a single minimum tree height value of between 2 and 5 metres.

17. For the second commitment period, and subject to other provisions in this annex, the additions to and subtractions from the assigned amount of a Party pursuant to Article 3, paragraphs 7 and 8, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks measured as verifiable changes in carbon stocks, and non-carbon dioxide

⁴ This figure could be 5, consistent with a five-year commitment period.

greenhouse gas emissions during the period [1 January 2013] to [31 December [YY] resulting from afforestation, reforestation and deforestation under Article 3, paragraph 3, [and forest management under Article 3, paragraph 4,] that have taken place since 1 January 1990. Where the result of this calculation is a net sink of greenhouse gases, this value shall be added to the assigned amount of that Party. Where the result of this calculation is a net source of greenhouse gas emissions, this value shall be subtracted from the assigned amount of that Party. *(This paragraph may need to be revised in light of decisions on forest management.)*

18. Accounting of anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, shall begin with the onset of the activity or the beginning of the commitment period, whichever comes later.

19. Once land is accounted for under Article 3, paragraphs 3 and 4, all anthropogenic greenhouse gas emissions by sources and removals by sinks on this land must be accounted for throughout subsequent and contiguous commitment periods.

Force majeure

[Option 1: *delete section on Force Majeure*]

[Option 2: *(paragraphs 19 bis through 19 sexies)*]

19 bis. [Each Party shall, for the purposes of applying the definition of force majeure, select a single minimum value in the range [Y to 5 per cent]. The selection made by the Party shall be fixed for the duration of the commitment period. The Party shall explain why and how the value was chosen.]

19 ter. Where force majeure has occurred during the second or subsequent commitment periods affecting carbon stocks on lands subject to Article 3, paragraph 3, and [, if elected,] land subject to activities under Article 3, paragraph 4, a Party included in Annex I may, at the end of the commitment period, or annually during the commitment period, [exclude from accounting the associated total annual greenhouse gas emissions from affected land areas] [or] [carry over the associated greenhouse gas emissions from affected land areas to the subsequent commitment period] provided that no land-use change has occurred on those lands. Emissions associated with salvage or future harvesting shall not be [excluded] [or] [carried over].

19 quater. [When a Party excludes force majeure emissions] [the land areas subject to force majeure must re-enter the accounting when the [carbon dioxide] [greenhouse gas] emissions excluded due to force majeure have been balanced by subsequent removals on those land areas].

19 quinques. A Party included in Annex I that applies the provisions of force majeure shall calculate the emissions and removals subject to the provisions contained in paragraphs [19 bis,]

19 ter and 19 quater above, showing that these emissions and removals comply with the definition of force majeure, and provide information:⁵

[(a) That demonstrates unbiased accounting by ensuring consistency with the treatment of force majeure in inscribed reference levels established according to paragraph X (Forest Management Reference Levels);]⁶

⁵ This list refers to information to be provided related to the implementation of the exclusion of force majeure emissions. The information needed in the case of carry-over still needs to be specified.

⁶ *Only needed if reference levels are used.*

(b) Showing that all lands subject to the provisions contained in paragraph 19 ter above are identified, including the geo-referenced location, year and type of force majeure;

(c) Showing that no land-use change has occurred on lands subject to the provisions contained in paragraph 19 ter above and explaining methods and criteria for identifying any future land-use changes on those land areas;

(d) That demonstrates that the occurrence or severity of the events or circumstances was beyond the control of, and not materially influenced by, the Party, by demonstrating efforts to manage or control, where practicable, the events or circumstances that led to the application of the provisions contained in paragraph 19 ter above;

(e) That demonstrates efforts taken to rehabilitate, where practicable, the carbon stocks on the lands subject to the provisions contained in paragraph 19 ter above;

(f) Describing the system in place to ensure the monitoring and reporting of emissions and subsequent removals occurring on lands subject to the provisions contained in paragraph 19 ter above;

(g) That demonstrates that removals by sinks on lands after force majeure has occurred do not enter the accounting until the provision specified in paragraph 19 quater above has been satisfied;

(h) Showing that emissions associated with the salvage or future harvesting of wood were not [excluded] [or] [carried over].

19 sexes. The supplementary information described in paragraph 19 quinquies above shall be included in the national greenhouse gas inventory reports of Parties. Reporting of actual emissions and removals on affected areas and the information described in paragraph 19 quinquies above shall be included in the common reporting format tables provided by Parties. All information and estimates referred to in paragraph 19 quinquies above will be subject to expert review as part of the expert review of the national greenhouse gas inventory reports submitted by Parties.]

20. National inventory systems established under Article 5, paragraph 1, shall ensure that areas of land subject to land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, are identifiable, and information on these areas shall be provided by each Party included in Annex I in their national inventories in accordance with Article 7. Such information will be reviewed in accordance with Article 8.

21. Each Party included in Annex I shall account for all changes in the following carbon pools: above-ground biomass, below-ground biomass, litter, dead wood, [and] soil organic carbon [and harvested wood products]. A Party may choose not to account for a given pool in a commitment period, if transparent and verifiable information is provided that demonstrates that the pool is not a source.

21 bis. [When accounting for greenhouse gas emissions by sources and removals by sinks, Parties included in Annex I may remove the impacts of inter-annual variability.]

Harvested wood products

[Option 1: *Delete section on Harvested Wood Products.*]

[Option 2: *(paragraphs 21 ter through 21 octies)*]

21 ter. Emissions from harvested wood products removed from forests which are accounted by a Party under Article 3 shall only be accounted by that Party. Accounting shall, as a default, be on the basis of instantaneous oxidation, or may be on the basis of estimates of when emissions occur, provided that verifiable and transparent data⁷ are available on the fate of the harvested wood products.⁸

21 quater. Emissions from harvested wood products removed from afforestation/reforestation projects accounted for under Article 12 shall be accounted, as a default, on the basis of instantaneous oxidation, or on the basis of estimates of when emissions occur, provided that verifiable and transparent data⁹ are available on the fate of the harvested wood products.

21 quinques. Emissions from harvested wood products in solid waste disposal sites shall be accounted for on the basis of instantaneous oxidation.

21 sexies. Emissions that occur during the commitment period from harvested wood products removed from forests prior to 1 January 2013 [and since 1990] shall also be accounted. Emissions from harvested wood products already accounted during the first commitment period on the basis of instantaneous oxidation may be excluded. Emissions from harvested wood products removed from forests prior to 1 January 2013 may be excluded from the forest management reference level and accounting when the forest management reference level is based on a projection of emissions/removals in the second commitment period, subject to the provision regarding consistency in paragraph 21 septies.¹⁰

21 septies. Parties included in Annex I shall maintain methodological consistency in the treatment of accounting for emissions from harvested wood products in the forest management reference level and in the commitment period, and in order to do so shall make a technical modification if necessary, and shall report on how the modification was made.

21 octies. Accounting for emissions from harvested wood products shall use definitions and estimation methodologies consistent with the most recently adopted IPCC Guidelines and any subsequent clarifications agreed by the Conference of the Parties.]

⁷ The Party shall specify product categories and the underlying assumptions used for domestically consumed, and for exported harvested wood products and report separately using nationally specific data on the fate of the wood for its own country and for the importing country.

⁸ Domestically consumed or exported harvested wood products.

⁹ The project shall specify product categories and the underlying assumptions used for domestically consumed, and for exported harvested wood products and report separately using nationally specific data on the fate of the wood in the host country and for the importing country.

¹⁰ *This sentence makes no assumption about the accounting method for Forest Management that will be agreed.*

[APPENDIX (Option 1, paragraph 11)]

<i>Party</i>	<i>Mt C/yr^a</i>
Australia	0.00
Austria	0.63
Belarus	[0.00]
Belgium	0.03
Bulgaria	0.37
Canada	12.00
Croatia	0.265
Czech Republic	0.32
Denmark	0.05
Estonia	0.10
Finland	0.16
France	0.88
Germany	1.24
Greece	0.09
Hungary	0.29
Iceland	0.00
Ireland	0.05
Italy	2.78 ^b
Japan	13.00
Latvia	0.34
Liechtenstein	0.01
Luxembourg	0.01
Monaco	0.00
Netherlands	0.01
New Zealand	0.20
Norway	0.40
Poland	0.82
Portugal	0.22
Romania	1.10
Russian Federation	33.00
Slovakia	0.50
Slovenia	0.36
Spain	0.67
Sweden	0.58
Switzerland	0.50

<i>Party</i>	<i>Mt C/yr^a</i>
Ukraine	1.11
United Kingdom	0.37

^a As listed in the appendix to decision 16/CMP.1.

^b This figure was changed from 0.18 to 2.78 by decision 8/CMP.2.

[APPENDIX (Option 2, paragraphs 11–11quater+++)]

<i>Party</i>	<i>Reference level (Mt CO₂e/yr)</i>	<i>[Quantitative limitation]</i>
Australia	[-9.16]	
Austria	[-2.12]	
Belarus	[-24.93]	
Belgium	[-3.40]	
Bulgaria	[-10.08]	
Canada	[-105.40]	
Croatia	[xx]	
Cyprus ^a	[-0.16]	
Czech Republic	[-3.86]	
Denmark	[0.18]	
Estonia	[-1.97]	
European Union (27)	[-283.20] ^a	
Finland	[-13.70]	
France	[-66.98]	
Germany	[-2.07]	
Greece	[-1.38]	
Hungary	[-0.50]	
Iceland	[xx]	
Ireland	[-0.07]	
Italy	[-15.61]	
Japan	[0.00]	
Latvia	[-12.93]	
Liechtenstein	[xx]	
Lithuania	[-11.48]	
Luxembourg	[-0.26]	
Malta ^a	[-0.05]	
Monaco	[xx]	
Netherlands	[-1.69]	
New Zealand	[17.05]	
Norway	[-14.20]	

<i>Party</i>	<i>Reference level (Mt CO₂e/yr)</i>	<i>[Quantitative limitation]</i>
Poland	[-34.67]	
Portugal	[-0.92]	
Romania	[-29.43]	
Russian Federation	[-89.10]	
Slovakia	[-0.51]	
Slovenia	[-2.73]	
Spain	[-41.53]	
Sweden	[-21.84]	
Switzerland	[0.48]	
Ukraine	[xx]	
United Kingdom	[-3.44]	

^a The European Union total includes Cyprus and Malta. Cyprus and Malta are member States of the European Union but are not Parties to the Convention that are also Parties to the Kyoto Protocol with a commitment inscribed in Annex B to the Kyoto Protocol.

***NOTE:** Parties have made different assumptions in the construction of the reference levels proposed in the appendix above. These assumptions are found in Parties' submissions. See:*
<http://unfccc.int/meetings/ad_hoc_working_groups/kp/items/4907.php>.

Chapter III

Emissions trading and the project-based mechanisms

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Recalling Articles 6, 12 and 17 of the Kyoto Protocol,

[Recognizing that developed country Parties shall achieve their quantified emissions limitation and reduction commitments primarily through domestic reduction efforts,] [Recalling decision 2/CMP.1, paragraph 1,]

Noting the reports of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on its sessions to date,

A. Clean development mechanism

Carbon dioxide capture and storage

Option 1:

1. *Decides* that activities relating to carbon dioxide capture and storage shall not be eligible under the clean development mechanism in the second commitment period owing to unresolved concerns and issues at the international level, including:

- (a) Non-permanence, including long-term permanence;
- (b) Measurement, reporting and verification;
- (c) Environmental impacts;
- (d) The definition of project activity boundaries;
- (e) Issues of international law;
- (f) Issues of liability;
- (g) The potential for the creation of perverse incentives for increased dependency on fossil fuels;
- (h) Safety;
- (i) The absence of insurance coverage to provide compensation for damage to the environment and to the atmosphere resulting from storage site leakage;

Option 2:

2. *Decides* that activities relating to carbon dioxide capture and storage in geological formations shall be eligible under the clean development mechanism in the second and subsequent commitment periods;

3. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for inclusion under the clean development mechanism of the activities referred to in paragraph 2 above, with a view to forwarding a draft decision on this

matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [sixth] [seventh] [eighth] session, including in relation to:

- (a) Non-permanence, including long-term permanence;
- (b) Measurement, reporting and verification;
- (c) Environmental impacts;
- (d) The definition of project activity boundaries;
- (e) Issues of international law;
- (f) Issues of liability;
- (g) Insurance to compensate for leakage;
- (h) The potential for perverse outcomes;
- (i) Safety;

Nuclear

Option 1:

4. *Decides* that activities relating to nuclear facilities shall not be eligible under the clean development mechanism in the second commitment period;

Option 2:

5. *Recognizes* that Parties included in Annex I to the Convention that are also Parties to the Kyoto Protocol are to refrain from using certified emission reductions generated from nuclear facilities to meet their quantified emission limitation and reduction commitments;

Option 3:

6. *Decides* that activities relating to nuclear facilities that commenced operation on or after 1 January 2008 shall be eligible under the clean development mechanism in the second and subsequent commitment periods;

7. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for inclusion under the clean development mechanism of the activities referred to in paragraph 6 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its eighth session;

Standardized baselines

Option 1:

8. *No decision to be made with respect to this issue*

Option 2:

9. *Decides* that, where appropriate, in order to enhance the environmental integrity, efficiency and regional distribution of the clean development mechanism, standardized baselines shall be used on a national or subnational level for specific project activity types in the determination of additionality and the calculation of emission reductions and removals;

10. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the definition, periodic adjustment and use of standardized baselines as referred to in paragraph 9 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its seventh session;

Use of CERs from project activities in certain host Parties

Option 1:

11. *No decision to be made with respect to this issue*

Option 2:

12. [*Decides* that] [*Encourages*] Parties included in Annex I to the Convention that are also Parties to the Kyoto Protocol [should] [to] take reasonable measures [such that 10 per cent of all certified emission reductions used to comply with their quantified emission limitation and reduction commitments in the second commitment period are] [to use] [to increase the selection of] certified emission reductions from project activities hosted in [least developed countries and countries in Africa] [Parties with fewer than 10 registered project activities [since the start of the first commitment period]];

13. *Requests* the Executive Board of the clean development mechanism to include in its annual report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, as of 2011, an update on actions taken relating to the measures referred to in paragraph 12 above;

Co-benefits

Option 1:

14. *No decision to be made with respect to this issue*

Option 2:

15. *Requests* the Executive Board of the clean development mechanism to implement measures in the registration and ongoing assessment of project activities to enhance the visibility of their co-benefits;

Discount factors

Option 1:

16. *No decision to be made with respect to this issue*

Option 2:

17. *Decides* that specified project activities under the clean development mechanism shall generate certified emission reductions equal to the certified level of emission reductions or removals adjusted by a discount factor;

18. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the discount factors referred to in paragraph 17 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its eighth session;

B. Joint implementation

Nuclear

Option 1:

19. *Decides* that activities relating to nuclear facilities shall not be eligible under joint implementation in the second commitment period;

Option 2:

20. *Recognizes* that Parties included in Annex I to the Convention that are also Parties to the Kyoto Protocol are to refrain from using emission reduction units generated from nuclear facilities to meet their quantified emission limitation and reduction commitments;

Option 3:

21. *Decides* that activities relating to nuclear facilities that commenced operation on or after 1 January 2008 shall be eligible under joint implementation in the second and subsequent commitment periods;

22. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for inclusion under joint implementation of the activities referred to in paragraph 21 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its eighth session;

Co-benefits

Option 1:

23. *No decision to be made with respect to this issue*

Option 2:

24. *Requests* the Joint Implementation Supervisory Committee to implement measures in the determination and ongoing assessment of projects under the Joint Implementation Supervisory Committee to enhance the visibility of their co-benefits;

C. Other

Carry-over (banking)

Option 1:

25. *Decides* that limits on the carry-over of units from the first commitment period to the second commitment period shall apply to the carry-over of units from the second and subsequent commitment periods to future commitment periods;

Option 2:

26. *Decides* that there shall be no restrictions on the carry-over of units from the second and subsequent commitment periods to future commitment periods;

Share of proceeds for AAU/RMU issuance

Option 1:

27. *No decision to be made with respect to this issue*

Option 2:¹

28. *Decides* that, to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change [and/or the impact of the implementation of response measures] to meet the costs of adaptation, [0.5] [2] [8] per cent of [assigned amount units] [removal units] [assigned amount units and removal units] [for the second and subsequent commitment periods] for each Party included in Annex I to the Convention with a commitment inscribed in Annex B to the Kyoto Protocol shall be issued and transferred to the specified account of the Adaptation Fund before the remaining units of [this type] [these types] may be issued by that Party;

Share of proceeds for CER issuance

Option 1:

29. *No decision to be made with respect to this issue*

Option 2:

30. *Decides* that the share of proceeds to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation, as referred to in Article 12, paragraph 8 of the Kyoto Protocol, shall be increased to [x] per cent of certified emission reductions [for the second and subsequent commitment periods];

Commitment period reserve

31. *Decides* to review at its eighth session, and revise as appropriate, the design of the commitment period reserve for the second commitment period to support the effective operation of emissions trading, taking into account, inter alia, the relevant rules, modalities, guidelines and procedures for measuring, reporting, verification and compliance;

Emissions trading

Option 1:

32. *No decision to be made with respect to this issue*

Option 2:²

33. *Decides* to enable all Parties to participate in the trading of units generated from all market-based mechanisms;

34. *Decides* to enable all Parties included in Annex I to the Convention with a commitment inscribed in Annex B to the Kyoto Protocol to use units generated from all market-based mechanisms to meet their quantified emission limitation and reduction commitments;

35. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the measures referred to in paragraphs 33 and 34 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its eighth session;

¹ This option may require an amendment to the Kyoto Protocol.

² This option may require an amendment to the Kyoto Protocol.

New market-based mechanisms

Option 1:

36. *No decision to be made with respect to this issue*Option 2:³

37. *Decides* to establish new and additional market-based mechanisms that provide for the voluntary participation of Parties, reflect net contributions to global mitigation efforts by developing country Parties, and are subject to the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

38. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the new and additional market-based mechanisms referred to in paragraph 37 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its seventh session;

Supplementarity

Option 1:

39. *No decision to be made with respect to this issue*

Option 2:

40. *Decides* that, for the second commitment period, the net result of additions to and subtractions from the assigned amount of an Annex I Party resulting from emissions trading and the project-based mechanisms shall not exceed 30 per cent of the percentage inscribed for that Party in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in 1990 multiplied by five.

³ This option may require an amendment to the Kyoto Protocol.

Chapter IV

Greenhouse gases, sectors and source categories, common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks, and other methodological issues

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Recalling Article 3, paragraph 9, and Articles 5, 7, 8, 20 and 21 of the Kyoto Protocol,

Also recalling decisions 1/CMP.1 and 3/CMP.4,

Having considered proposals by Parties relating to greenhouse gases, sectors and source categories, common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks, and other methodological issues,

Taking into account proposals by Parties for elements of draft decisions contained in the annex to the report of the Ad Hoc Working Group on Further Commitments for Annex I Parties to the Kyoto Protocol at its tenth session,

A. In relation to greenhouse gases, sectors and source categories

Option 1:

1. [Affirms] [Decides] that, for the second commitment period of the Kyoto Protocol, the actual emissions of hydrofluorocarbons and perfluorocarbons, including new species included by the Intergovernmental Panel on Climate Change in its Fourth Assessment Report, as well as actual emissions of sulphur hexafluoride, [nitrogen trifluoride], [fluorinated ethers], [perfluoropolyethers] [and] [trifluoromethyl sulphur pentafluoride] should be estimated, [where data [or methodologies] are available,] and used for the reporting of emissions [and shall be included in the coverage of the quantified emission limitation and reduction objectives for the second commitment period];

Option 2:

Provisions of the Kyoto Protocol relating to coverage of greenhouse gases and sectors remain unchanged;

B. In relation to common metrics to calculate the carbon dioxide equivalence of emissions by sources and removals by sinks

2. *Decides* that, for the second commitment period of the Kyoto Protocol, the global warming potentials used by Parties to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks of greenhouse gases listed in Annex A to the Kyoto Protocol shall be those [provided by the Intergovernmental Panel on Climate Change in its Second Assessment Report as referred to in decision 2/CP.3 (“1995 IPCC GWP values”)] [listed in the column entitled “Global Warming Potential for Given Time Horizon” in table 2.14 of the Errata to the contribution Working Group I to the Fourth Assessment Report of

the Intergovernmental Panel on Climate Change], based on the effects of greenhouse gases over a 100-year time horizon, taking into account the inherent and complicated uncertainties involved in global warming potential estimates;

[Note: If the Parties decide to use the Second Assessment Report and to add new gases or new groups of gases to Annex A, then the following text would be added to the paragraph above:

3. *Also decides* that for those greenhouse gases listed in Annex A to the Kyoto Protocol for which values for global warming potentials are not provided in the Second Assessment Report, the values used shall be those listed in the column entitled “Global Warming Potential for Given Time Horizon” in table 2.14 of the Errata to the contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, based on the effects of greenhouse gases over a 100-year time horizon;]

4. *Requests* the Subsidiary Body for Scientific and Technological Advice to conduct an assessment, based on the work of, inter alia, the Intergovernmental Panel on Climate Change, of the implications of the choice of metrics used to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks of the greenhouse gases listed in Annex A to the Kyoto Protocol for the third or subsequent commitment periods;

5. *Also requests* the Subsidiary Body for Scientific and Technological Advice to initiate such an assessment no later than 2015 and present its recommendations on the most appropriate metric and related values to be used by Parties to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, with a view to the Conference of the Parties serving as the meeting of the Parties adopting a decision on the metric and related values;

6. *Decides* that any decision adopted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to change the metric or revise the values used by Parties to calculate carbon dioxide equivalence shall apply only to commitments under Article 3 of the Kyoto Protocol in respect of any commitment period adopted subsequent to that change or revision;

7. *Encourages* the Parties to the Convention, the Kyoto Protocol and any related legal instruments to strive for a consistent approach in relation to the metric and related values used by Parties to calculate the carbon dioxide equivalence of greenhouse gases;

C. In relation to application of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories

8. *Acknowledges* that the Subsidiary Body for Scientific and Technological Advice, at its thirtieth session, agreed to launch a work programme in 2010 to revise the “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual inventories” (hereinafter referred to as the UNFCCC Annex I reporting guidelines) and to address the methodological issues related to reporting when using the *2006 IPCC Guidelines for National Greenhouse Gas Inventories*, with a view to recommending a draft decision on revised UNFCCC Annex I reporting guidelines for adoption by the Conference of the Parties for regular use starting in 2015;

9. *Decides* that, starting with the second commitment period of the Kyoto Protocol, the methodologies for estimating anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol for the greenhouse gases and sectors/source categories listed in Annex A to the Kyoto Protocol shall be consistent with the

2006 IPCC Guidelines for National Greenhouse Gas Inventories as implemented through the revised UNFCCC Annex I reporting guidelines to be adopted through the process referred to in paragraph 8 above;

10. *Also decides* that for the estimation and accounting of anthropogenic emissions by sources and removals by sinks of greenhouse gases under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol shall agree on supplementary methodologies, referred to in paragraph xx of decision -/CMP.5, at its [...] session at the latest which shall be based on, inter alia, chapter 4 of the *Good Practice Guidance for Land Use, Land-Use Change and Forestry* of the Intergovernmental Panel on Climate Change;

11. *Further decides* that time series of emissions by sources and removals by sinks of greenhouse gases, including base year emissions, shall be recalculated for the second commitment period.

D. [In relation to the sector/source categories listed in Annex A to the Kyoto Protocol

12. *Agrees* that for the second commitment period of the Kyoto Protocol:

(a) [The category “Energy/Fuel combustion/Other” includes the subcategory “CO₂ transport and storage”];

(b) The category “Industrial processes/Other” includes the subcategory “electronics industry”;

(c) The category “Waste/Other” includes the subcategory “biological treatment of solid waste”];

E. In relation to cross-cutting issues

13. *Requests* the Subsidiary Body for Scientific and Technological Advice to assess the implications of the action taken in accordance with paragraphs 1–11 above on the decisions that guide the reporting and review under Articles 5, 7 and 8 of the Kyoto Protocol, with a view to preparing relevant draft decisions for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventh session, at the latest;

14. *Also requests* the Subsidiary Body for Scientific and Technological Advice to address any transitional issues arising from actions taken in accordance with paragraphs 1–12 above on the decisions that guide the reporting and review under Articles 5, 7 and 8 of the Kyoto Protocol, with a view to preparing relevant draft decisions for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventh session, at the latest.

Chapter V

Consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties

Recalling that the work of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on the consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties (hereinafter referred to as potential consequences) should be guided and informed by Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol, the relevant provisions and principles of the Convention and the best available relevant scientific, social, environmental and economic information,

Emphasizing that the work of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol should be guided by the ultimate objective of the Convention, as set out in its Article 2,

Noting that a framework for consideration of potential consequences has been established through decisions 15/CMP.1, 27/CMP.1 and 31/CMP.1,

Also noting that additional work on this issue should, in accordance with the provisions, principles and relevant Articles of the Convention and its Kyoto Protocol, build on relevant decisions of the Conference of the Parties and of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, and work being carried out by other bodies and in other processes under the Convention and its Kyoto Protocol, with the aim of maintaining an approach that is coherent with other work under the UNFCCC process,

Further noting that striving to minimize the adverse impacts of mitigation policies and measures is a common concern of both developing and developed countries,

Noting that there could be both positive and negative consequences of mitigation policies and measures,

Also noting that the work on the consideration of potential consequences should focus on minimizing negative potential consequences for Parties, especially developing country Parties,

Noting the challenges in anticipating, attributing and quantifying potential consequences,

Underlining the importance of Article 3 of the Convention in the implementation of Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol,

Noting that the work on potential consequences should benefit from the experiences of Parties and lessons learned, should take into consideration the role of national policies and measures and should consider both negative and positive potential consequences,

Also noting that the impacts of potential consequences may be influenced by the institutional capacity and regulatory framework in Parties not included in Annex I to the Convention,

1. *Urges* Parties included in Annex I to the Convention (Annex I Parties) to support the efforts of Parties not included in Annex I to the Convention (non-Annex I Parties) in strengthening such capacities and frameworks in this regard;

2. *Recognizes* that there is a need to deepen the understanding of potential consequences and any observed impacts and that this can be achieved through various means, including:

(a) The regular and systematic provision by all Parties of information that is as complete as possible on potential and observed impacts of policies and measures, in particular through national communications, and the regular review of this information;

(b) Assessment of potential consequences and observed impacts carried out by, inter alia, relevant national institutions and international organizations;

(c) Information from work being carried out by other UNFCCC bodies that may be relevant in considering potential consequences;

3. *Encourages* Annex I Parties to design their policies and measures under Article 2 of the Kyoto Protocol in order to assist them in striving to implement such policies and measures in accordance with Article 2, paragraph 3, of the Kyoto Protocol.

4.

Option 1:

Decides to establish a permanent forum as a means for Parties to report and evaluate impacts and consequences of policies and measures; this would offer a common space where Parties may provide information on their specific needs and concerns relating to such consequences, and identify ways to minimize negative consequences of the policies and measures adopted by Annex I Parties on non-Annex I Parties;

Option 2:

Decides that Parties should use existing channels, including national communications, and report on observed impacts and specific needs and concerns relating to social, environmental and economic consequences of mitigation actions taken by Parties.
