

Carry-over of Surplus AAUs

Africa Group proposal

Bonn, May 2012

Principles

- Environmental integrity - the number of surplus AAUs which could be carried over from 1CP is a serious problem which needs to be addressed.
- The problem is worse on account of the low levels of ambition currently on the table, and the implications of the LULUCF agreement in Durban.
- The intent of the carry-over proposal is to reward over-achievement; this intent should be preserved and improved.
- The goal of supporting EITs during their transition is different, and should be differentiated if possible.

Elements

- Surplus AAUs can all be carried over but are placed in a special reserve, provided that:
 - The Party is participating in 2CP
 - The Party's QELRO is lower than its 2008 inventory
- Parties may trade 2% of this reserve per year. 1% of revenue to be spent on domestic mitigation; 1% of AAUs to be transferred to the Adaptation Fund
- If Parties are short of AAUs for compliance at the end of 2CP, up to 1% of a Party's AAU total for 2CP can be retired from this fund for compliance purposes, provided adequate units remain in the fund.
- Parties with special circumstances re LULUCF fluctuations may retire up to an amount specified in Annex C, or the 1%, whichever is higher, or an alternative proposal based on ring-fencing LULUCF surplus.
- Any unused units at the end of the second commitment period should be cancelled.





