



UNITED
NATIONS



Framework Convention
on Climate Change

Distr.
GENERAL

FCCC/SBSTA/2003/INF.6
12 June 2003

ENGLISH ONLY

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Eighteenth session
Bonn, 4–13 June 2003
Agenda item 4 (b)

METHODOLOGICAL ISSUES

ISSUES RELATING TO ARTICLES 5, 7 AND 8 OF THE KYOTO PROTOCOL

Report on the intersessional consultations on registries

Note by the Chair of the consultations

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I. INTRODUCTION

A. Mandate

1. The Conference of the Parties (COP), by its decision 24/CP.8, recommended that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP), at its first session, adopt the general design requirements for the technical standards for data exchange between registry systems under the Kyoto Protocol (hereinafter referred to as the data exchange standards), as contained in the annex to that decision (FCCC/CP/2002/7/Add.3).

2. The COP further requested the secretariat, in its development of the transaction log, to undertake work relating to the functional and technical specifications of the technical standards during 2003, subject to the availability of resources, with a view to completing the technical specification prior to the ninth session of the COP and completing the implementation and testing of the transaction log by the tenth session of the COP. The secretariat, in working on these specifications, is to collaborate closely with technical experts.

3. The COP also requested the Chair of the Subsidiary Body for Scientific and Technological Advice (SBSTA), with the assistance of the secretariat, to continue the intersessional consultations with Parties and experts for the purpose of:

(a) Sharing the results of work on the specifications of the technical standards with other Parties and seeking feedback on progress;

(b) Exchanging information and experience in relation to the development and establishment of registry systems;

(c) Preparing any recommendations to the SBSTA on additional actions to establish and maintain registry systems and to implement and update the technical standards, as appropriate.

4. The secretariat was invited by the COP to estimate the specific resource requirements for establishing and maintaining the transaction log, including the elaboration and implementation of the functional and technical specifications of the technical standards, and make this information available to Parties prior to the eighteenth session of the SBSTA. The secretariat was further invited to explore additional sources of funding to meet the resource requirements identified.

5. In addition, the COP requested the SBSTA to report to the COP at its ninth session¹ on progress made in developing the functional and technical specifications of the technical standards, and to make any recommendations for additional actions to establish and maintain registry systems, as appropriate.

B. Scope of the note

6. This report provides information on the intersessional consultations on registries convened by the Chair of the SBSTA and chaired by Mr. Murray Ward (New Zealand). In particular, this report contains information on the consultations held on 2 June 2002 in Bonn, Germany.

¹ Or, if the Kyoto Protocol has entered into force, the COP/MOP at its first session.

II. PROCEEDINGS OF THE CONSULTATIONS

A. Background

7. The consultations on registries in Bonn were attended by approximately 50 participants from Parties and organizations, including participants from 24 Parties included in Annex I to the Convention (Annex I Parties) and five Parties not included in Annex I to the Convention (non-Annex I Parties). Working Paper No. 9 (2003), including its three annexes, had been prepared by the secretariat.² The annexes contain a draft functional specification of the data exchange standards, a draft functional specification of the transaction log and a glossary of terms and abbreviations used. This material had been prepared as a basis on which the secretariat could seek further technical assistance in elaborating the data exchange standards and establishing and maintaining the transaction log.

B. Progress on the data exchange standards and the transaction log

8. The data exchange standards provide a basis for the transactions envisaged under the mechanisms defined in Articles 6, 12 and 17 of the Kyoto Protocol and the modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol. These transactions are the issuance, transfer between registries, cancellation, retirement and carry-over, as appropriate, of assigned amount units (AAUs), certified emission reductions (CERs), emission reduction units (ERUs) and removal units (RMUs).

9. In order for the data exchange standards to be implemented in a compatible manner in all registries and the transaction log, the general design requirements contained in decision 24/CP.8 are being elaborated to the following levels of detail:

(a) A *functional specification*, providing greater detail on *what* needs to be specified by the data exchange standards in the development and operation of registries and the transaction log. A draft functional specification is contained in annex I to the working paper and was presented by the secretariat and discussed during the consultations. This specification translates the general design requirements contained in decision 24/CP.8 into technical language against which the transaction log may be assessed;

(b) A *technical specification*, providing precise technical details of *how* the data exchange standards are to be implemented in each registry and in the transaction log. This technical specification is to be prepared in the second half of 2003, subject to the availability of resources.

10. The draft functional specification of the data exchange standards is based on each registry and the transaction log implementing a sender/receiver module to manage electronic communications, routed through a communications hub integrated with the transaction log, with other systems. The draft specification defines requirements of functions needing to be carried out by registries and the transaction log (functional requirements) and requirements of the manner in which these functions are carried out, with regard to such factors as accuracy, performance and safety (non-functional requirements).

11. This draft functional specification is, therefore, divided into sections dealing with:

(a) The data transfer formats for the electronic communications;

(b) National registries of Annex I Parties and the clean development mechanism (CDM) registry maintained by the CDM Executive Board on behalf of non-Annex I Parties;

(c) The transaction log maintained by the secretariat.

² Working paper No. 9 (2003) and presentations made during the consultations are available on the UNFCCC web site (see <http://unfccc.int/sessions/workshops.html>).

12. Further sections of the draft functional specification deal with the purpose, scope and derivation documents; assumptions and general constraints; interfaces that are to be supported; and documentation.

13. A further draft functional specification of the transaction log, contained in annex II to the working paper, was presented by the secretariat and discussed during the consultations. This specification translates the requirements pertaining to the transaction log contained in decisions 19/CP.7 and 24/CP.8 into technical language which can form the basis of a technical specification. As with the data exchange standards, the draft functional specification identifies functional and non-functional requirements for the transaction log. It also identifies the purpose, scope and derivation documents; assumptions and general constraints; interfaces to be supported; and documentation to be developed.

C. Future work on the data exchange standards and the transaction log

14. The next step in the development of the data exchange standards is the preparation of a technical specification. This, in accordance with decision 24/CP.8, is to be prepared by the secretariat in 2003, in conjunction with its work on the transaction log and in close collaboration with technical experts.

15. The importance of Annex I Parties designating their registry administrators, as appropriate, and identifying technical experts was noted during the consultations. In addition to the need for technical experts to contribute to the work of the secretariat on this issue, it was apparent from the preparation of the functional specifications that many aspects of the management practices relating to the interaction between registries and the transaction log need to be determined.

16. The secretariat provided information, prepared with the assistance of consultants, on options for the implementation of the transaction log and possible resource requirements associated with these. This information is particularly dependent on a number of assumptions and on the manner in which the non-functional requirements of the transaction log would be met. The estimates of resource requirements for the transaction log by itself, not including the cost of collaboration with technical experts, intersessional consultations on registries or specialized expertise for the secretariat, ranged from US\$500,000 to US\$2,000,000 at commercial rates. The estimate will be refined through preparation of the technical specifications of the transaction log.

17. Participants at the consultations noted that the development of the data exchange standards and the transaction log may move ahead only if urgently-needed financial contributions to the Trust Fund for Supplementary Activities are provided in a timely manner. In view of the significant resource requirements that may be necessary, many participants noted the importance of exploring a basis on which the funding of these requirements might be distributed among Parties included in Annex II to the Convention.

D. Development of registries

18. Presentations on the development of national registries were made by participants from the European Commission, Japan, the Netherlands, New Zealand, Switzerland and the United Kingdom. These focused on the approaches being adopted to the development of registries, including on institutional and legislative issues, and the progress on technical work that is being made.

19. Many presenters and other participants stressed the importance of clarity on how to implement the data exchange standards in their national registries. It was noted that this will become critical to the development of some national registries by around the end of 2003. In this light, it was stressed that the secretariat should prioritize work on the technical specification for the data exchange standards this year.
