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Item 6 (a) of the provisional agenda

Methodological issues under the Kyoto Protocol

Criteria for cases of failure to submit information relating to estimates of greenhouse gas emissions by sources and removals by sinks from activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol

Proposals for criteria for cases of failure to submit information relating to estimates of greenhouse gas emissions by sources and removals by sinks from activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol

Submissions from Parties

Addendum

1. In addition to the four submissions contained in document FCCC/SBSTA/2005/MISC.13, three further submissions have been received.
2. In accordance with the procedure for miscellaneous documents, these submissions are reproduced* in the language in which they were received and without formal editing.

* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the text as submitted.

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PAPER NO. 1: AUSTRALIA

Adjustments under the Kyoto Protocol for Articles 3.3 and 3.4

Submission by Australia

The twenty-second session of the Subsidiary Body for Scientific and Technical Advice (SBSTA-22) invited Parties to submit their views on the development of adjustment criteria for GHG emissions and removals covered under Articles 3.3 and 3.4 of the Kyoto Protocol. Australia welcomes the opportunity to present its views on this matter.

Australia's views on Adjustments under the Kyoto Protocol

The adjustments procedure created by Article 5.2 of the Kyoto Protocol enables inventory review teams to make adjustments to Annex I Parties' GHG inventories where Parties' estimates are judged to be incorrect. The procedure was developed to ensure that the trading and compliance systems of the Kyoto Protocol are based on sound, objective data. Australia recognises the importance of an effective process for adjustments to emission estimates in the Kyoto Protocol inventories of Annex I Parties, in cases where appropriate methodologies have not been followed and also notes the progress made on this issue during the trial period for adjustments.

While, as a non-Party to the Kyoto Protocol, Australia will not be subject to the adjustments procedure Australia is of the view that the adjustments procedure should not unduly interfere with the continuous process of inventory improvement managed by individual Parties in accordance with their national circumstances. Australia contends that the adjustments process should be seen as a facilitative process to provide technical assistance to those Parties that are experiencing genuine difficulty with inventory development, rather than as a tool to punish minor errors and oversights.

Australia's views on the treatment of Articles 3.3 and 3.4

In relation to the specific issue of the treatment of adjustments under Articles 3.3 and 3.4, Australia is of the view that the reporting of land use, land-use change and forestry (LULUCF) inventory changes should be treated in the same manner as other inventory sectors.

PAPER NO. 2: JAPAN

Japan's submission for criteria for cases of failure to submit information relating to estimates of greenhouse emissions by sources and removals by sinks from activities under Article 3.3 and 3.4 of the Kyoto Protocol

1. Japan's basic point of view

1.1. Characterization of criteria for cases of failure to submit information

In consideration of "criteria for cases of failure to submit information relating to estimates of greenhouse emissions by sources and removals by sinks from activities under Article 3.3 and 3.4 of the Kyoto Protocol" which Decision 22/CP.7 (Marrakesh Accords) requests the SBSTA (Subsidiary Body for Scientific and Technological Advice) to develop, Parties should note that the development of criteria is intended to assure proper submission of supplementary information required under Article 7.1 of the Kyoto Protocol, and that although the issuance of removal units (RMUs) depends on the submission of information, the submission is independent of the eligibility requirements for the Kyoto mechanisms.

1.2. Structure of criteria

Decision 22/CP.7 (Marrakesh Accords) requests the SBSTA to develop criteria which is similar to those for source categories listed in Annex A of the Kyoto Protocol (hereafter "Annex A criteria"). In this context, it would be appropriate to consider the criteria from the aspects of five items as follows:

- a) Failure to submit an annual inventory within the submission date,
- b) Failure to include an estimate for significant source categories,
- c) Magnitude of adjustments,
- d) Magnitude of adjustments accumulated during the commitment period,
- e) Repetition of adjustments for same categories.

1.3. Failure to submit an annual inventory within the submission date

For this item, it is appropriate to adopt the same provision as the "Annex A criteria" (failure to submit an annual inventory within 6 weeks of the submission date).

1.4. Failure to include an estimate for significant source categories

"Annex A criteria" considers a Party to have failed to meet its requirements if it does not report an estimate for categories which are more than 7 percent of aggregate emissions from the sources listed in Annex A. However, for supplementary information relating to activities under Article 3.3 and 3.4 of the Kyoto Protocol, this failure will not occur because categories which should be reported are completely provided. Therefore, same provision as "Annex A criteria" is not needed.

1.5. Magnitude of adjustments

From the same viewpoint as "Annex A criteria", it is appropriate to compare thresholds for failure with percentage of adjustments to Party's aggregate greenhouse gas emissions and removals. For adjustments for activities under Article 3.3 and 3.4 of the Kyoto Protocol, magnitude of adjustments for each activity should be estimated by using absolute value because estimates for these activities are assumed to be both emission and removal.

1.6. Magnitude of adjustments accumulated during the commitment period

Decision 19/CP.7 (Marrakesh Accords) states that each Party included in Annex B of the Kyoto Protocol shall submit an annual inventory for the commitment period. For activities under Article 3.3 and 3.4, the Party can choose to account annually or over the entire commitment period. It is necessary to note that Party should not be at an advantage or disadvantage due to the choice of accounting methods. Therefore, for Party choosing to account over the entire commitment period, it is appropriate to compare thresholds, same as 1.5 above, with annual average percentage of adjustments, same as 1.5 above, for the commitment period.

1.7. Repetition of adjustments for same categories

This provision is not needed due to same reasons as 1.6 above.

1.8. Application of the criteria regarding to the magnitude of adjustment

The criteria on the magnitude of adjustments should be independently applied to and judged for the six activities, i.e. 1 = Afforestation and Reforestation, 2 = deforestation, 3 = Forest management, 4 = Cropland management, 5 = Grazing land management and 6 = revegetation. Accordingly if the magnitude of adjustments on a certain activity exceeds the criteria, only the RMU for that particular activity will not be issued. The reasoning is as follows:

- 1) Although AAUs are issued for total emissions for categories listed in Annex A of the Kyoto Protocol, RMUs are issued independently for each activity under Article 3.3 and 3.4, and the timing of accounting can be determined independently for each activity;
- 2) Reporting of activities under Article 3.3 is mandatory, but reporting of activities under Article 3.4 is optional; and
- 3) Each activity is independent of each other; inaccurate reporting of a certain activity does not mean that other activities are also inaccurately reported.

2. Example of Criteria

The following criteria comprise failure to the mandate to submit supplementary information relating to activities under Article 3.3 and Article 3.4 (if elected), which is stipulated under Article 7.1 of the Kyoto Protocol.. The failure arisen from (b) or (c) below, a Party is subject to stop issuance of RMUs relating to such particular activities that do not meet these requirements.

- (a) The Party concerned has failed to submit an annual inventory within 6 weeks of the submission date established by the Conference of the Parties.
- (b) For Parties that choose to account annually for a specific activity: If the ratio between the sum of “value C”, the absolute value of the difference of “value A” (the adjusted amount of emissions/removals for each minimum unit) and “value B” (the submitted amount of emissions/removals for each minimum unit), per activity and the sum of the absolute values of emissions/removals for activities under Article 3.3 and 3.4 for the specific year in question, is higher than X%.
- (c) For Parties that choose to account over the entire commitment period for a specific activity: If the ratio between the sum of “value C”, the absolute value of the difference of “value A” (the adjusted amount of emissions/removals for each minimum unit) and “value B” (the submitted amount of emissions/removals for each minimum unit), per activity for all years of the first commitment period and the sum of the all emissions/removals reported for categories listed in the Annex A and absolute values of emissions/removals for activities under Article 3.3 and 3.4 is higher than X%.
(It is necessary to further consider the appropriate value for X, taking account the high uncertainty of estimates in this sector)

$$X[\%] = \frac{\sum_{t=2008}^{2012} D_{\alpha,t}}{\sum_{t=2008}^{2012} \sum_{\alpha=1}^p \sum_{i=1}^q |B_{\alpha,i,t}| + \sum_{t=2008}^{2012} E_t}$$

α : The type of activities under Article 3.3 and 3.4 (e.g. 1=AR, 2=D, 3=FM, ...p)

t : The commitment period year (2008-2012)

i : The minimum unit which is adjusted (e.g. 1=above-ground biomass, 2=below-ground biomass, ...q)

$A_{\alpha,i,t}$: The adjusted emissions/removals for each minimum unit i under activity α in year t

$B_{\alpha,i,t}$: The submitted emissions/removals for each minimum unit i under activity α in year t

$C_{\alpha,i,t}$: The magnitude of adjustments for each minimum unit i under activity α in year t

$$C_{\alpha,i,t} = |A_{\alpha,i,t} - B_{\alpha,i,t}|$$

$D_{\alpha,t}$: The magnitude of adjustments for activity α in year t

$$D_{\alpha,t} = \sum_{i=1}^q C_{\alpha,i,t}$$

E_t : The sum of the all emissions reported for source categories listed in Annex A of the Kyoto Protocol in year t

PAPER NO. 3: SWITZERLAND

SBSTA 23

**Technical guidance on methodologies for adjustments under
Article 5, paragraph 2, of the Kyoto Protocol**

**Cases of failure to submit information relating to estimates of GHG emissions by sources and
removals by sinks from activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol**

1) Switzerland considers that the Marrakech Accords constitute a good framework allowing environmentally integer implementation of the Kyoto Protocol. In particular, decisions 22/CP.7 and 24/CP.4 – and the decisions referred to under these decisions – provide a comprehensive framework for identifying and adequately dealing with possible cases of non-compliance in submitting information under Article 7 of the Kyoto Protocol.

2) Therefore, when developing criteria for cases of failure to submit information relating to estimates of GHG emissions by sources and removals by sinks from activities under Article 3, paragraphs 3 and 4 of the Kyoto Protocol, pursuant to paragraph 2 of decision 22/CP.7 of the Marrakech Accords, we propose to be guided by the following elements :

- **Submission of the information** : Article 7, paragraph 1, of the Kyoto Protocol and draft decision -/CMP.1 (*Article 7*) attached to decision 22/CP.7, paragraph 2
- **LULUCF GHG inventory quality assessment** : Draft decision -/CMP.1 (*Article 7*) attached to decision 22/CP.7, paragraph 3; and decision 15/CP.10 containing a draft decision -/CMP.1 (*Good practice guidance for land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol*)
- **Treatment of the case** : Relevant provisions of decision 24/CP.7 on how the case is raised and how it is dealt with
- **Suppression of RMUs issuance rights** : Draft decision -/CMP.1 (*Modalities for the accounting of assigned amounts*), paragraph 26 of the Annex, attached to decision 19/CP.7, to prevent Parties that are not in compliance on these matters to issue RMUs
- **Resolving the case** : Establishing – consistently with the Marrakech Accords – fair, effective and transparent procedures allowing Parties to remedy timely their situation of non-compliance on these matters – in particular the possibility to reinstate their eligibility as Parties that may issue RMUs.
