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Item 11(a) of the provisional agenda

Methodological issues under the Kyoto Protocol

Carbon dioxide capture and storage in geological formations as clean development mechanism project activities

Views on the eligibility of carbon dioxide capture and storage project activities involving transport of carbon dioxide from one country to another or which involve geological storage sites that are located in more than one country; and on the establishment of a global reserve of certified emission reduction units for carbon dioxide capture and storage project activities

Submissions from Parties and admitted observer organizations

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its seventh session, invited Parties and admitted observer organizations to submit to the secretariat, by 5 March 2012, their views on the eligibility of carbon dioxide capture and storage project activities involving transport of carbon dioxide from one country to another or which involve geological storage sites that are located in more than one country; and on the establishment of a global reserve of certified emission reduction units for carbon dioxide capture and storage project activities (decision 10/CMP.7, para. 6).
2. The secretariat has received three such submissions from Parties. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced* in the language in which they were received and without formal editing.
3. In line with established practice, the submissions received from admitted observer organizations have been posted on the UNFCCC website.¹

* 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 texts as submitted.

¹ <http://unfccc.int/parties_observers/ngo/submissions/items/3689.php>.

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* This submission is supported by Croatia, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey.

SUBMISSION BY DENMARK AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES

This submission is supported by Croatia, the Former Yugoslav Republic of Macedonia, Serbia and Turkey

Copenhagen, 5 March 2012

Subject: Carbon dioxide capture and storage in geological formations as clean development mechanism project activities (SBSTA) – Submission on the eligibility of transboundary projects

1. Introduction

1. At COP/MOP 7 in Durban, draft Decision -/CMP.7 invited Parties to make submissions to the secretariat, by 5 March 2012, on views regarding the eligibility of projects under paragraph 4.(a) of this decision (transport, transboundary), including a possible dispute mechanism, and for the establishment of a global reserve of CERs, referred in paragraph 4.(b) of this decision, with the view of forwarding a draft-decision for consideration by CMP 8.

The EU welcomes the opportunity to submit its views regarding the eligibility of projects under paragraph 4.(a) and looks forward to discussions at SBSTA 36 and COP/MOP 8.

2. General Comments

2. In cases of CCS project which involve the transport of CO₂ from one country to another or which involve storage sites that are located in more than one country, the project shall only be eligible under the CDM as long as there is clear assignment of responsibilities and liabilities, and effectual accounting for emission reductions and any seepage according to solutions for reporting of cross border CCS projects put forward in the 2006 IPCC Guidelines; notwithstanding that the objective should be to avoid any seepage (in accordance with the modalities and procedures for CCS in the CDM), and hence the enforcement of respective responsibilities and liabilities can be ensured for each phase of the CCS project.

Paper no. 2: Nauru on behalf of the Alliance of Small Island States

Carbon dioxide capture and storage in geological formations as clean development mechanism project activities (SBSTA)

**Submission by the Republic of Nauru
on behalf of the Alliance of Small Island States (AOSIS)**

5 March 2012

(a) The eligibility of carbon dioxide capture and storage project activities which involve the transport of carbon dioxide from one country to another or which involve geological storage sites that are located in more than one country; and

(b) The establishment of a global reserve of certified emission reduction units for carbon dioxide capture and storage project activities, in addition to the reserve referred to in paragraph 21(b) of the annex to decision (-/CMP.7).

Introduction

AOSIS welcomes the decision taken for the inclusion of CCS projects as CDM project activities.

Item A: AOSIS is of the view that CCS project activities which cross borders, either due to the transport of carbon dioxide or shared geological storage sites should only be allowed to be considered eligible as CDM project activities when issues in relation to site selection and the liability mechanisms just recently established for a single host country are shown to be effective.

For example, it is noted that paragraph 8 (a – f) of the Durban decision stipulates that the Host Country must establish laws or regulations to cover site selection criteria, assignment rights, means of redress, means of allocating liability etc; and that the environmental and social impact assessments must be conducted according to the laws or regulations of the Host Country. Already, the CDM allows for the implementation of project activities in more than one Host country and so these activities provide clear guidance in addressing the assignment of liability that would at a minimum, require a thorough evaluation of both jurisdictions laws and regulations. It is further noted that the current modalities and procedures arising from CMP 7 allow for a transfer of liability from the project participant and for either the Host Party or the A1 Party that buys the CERs to be responsible for addressing a net reversal of storage and cancellation of the issued CERs. Under these circumstances, it is would be prudent to further consider issues that would allow for a sharing of the liability now prescribed for one Host Party.

Therefore, AOSIS recommends that further work to resolve these methodological issues be pursued and that any decision on this matter not is taken until these issues are resolved.

Item B: AOSIS notes that 5% of the CERs are to be issued to a reserve account of the CDM registry for the purposes of accounting for a net reversal of storage. This reserve account can be closed and the CERs issued only after the last certification of monitoring has been issued as described in paragraph 16 of Appendix B to the CMP 7 decision. In addition to this reserve, it is further contemplated that a global reserve account be established to provide further capacity to account for net reversal of storage. AOSIS is generally supportive of the concept of a global

reserve account that is additional to the individual project reserve accounts. Recognising that net reversal of storage can occur several decades or centuries after project closure, the global reserve should be held for a much longer period (perhaps in perpetuity) than 20 years after the end of the crediting period or the last issuance of CERs as is the case for the project reserve. The suggested amount for the global reserve is 5% of the issuable CERs.

EOR

AOSIS also wishes to comment on the issue of Enhanced Oil Recovery (EOR). Although not explicitly mentioned in the CMP 7 decision, it is noted that some Parties have apparently already stated an interest in seeking to register CCS projects using EOR as CDM project activities. AOSIS is of the strong view that for a project to be eligible there must be a net reduction in emissions. Any downstream emissions from the recovered hydrocarbons would have to be accounted for in the proposed methodology.

Submissions from Pakistan

Item No. 9:

Carbon Dioxide Capture and Storage in geological formations as Clean Development Mechanism Project activities (SBSTA)

Pakistan in principle supports the Carbon Dioxide capture and storage in geological formations for mitigating Green House Gas (GHG) emissions and will like to remain engaged in development of modalities and procedures benefiting the developing country parties which have potential for benefiting from this technology.
