

NEW ZEALAND

Submission to the Ad Hoc Working Group on the Durban Platform for Enhanced Action

Work Stream 1

August 2015

Development of the negotiation text

Context

This submission responds to the various invitations from the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) to make submissions on the work of the ADP (including, amongst others, FCCC/ADP/2012/3 paragraph 22). The submission addresses three aspects of the negotiation text New Zealand considers critical to ensure the Paris COP delivers an effective and credible agreement.

Summary

1. The co-chairs' tool of 24 July 2015 includes among the "provisions whose placement requires further clarity among Parties in relation to the draft agreement or adopting decision" (Part 3); MRV; parameters around INDCs; and, treatment of INDCs after the Paris meeting.
2. New Zealand believes it is critical that each of these issues is addressed in both the agreement and in the draft decision in order to set parameters around the flexibility implied by national determination. These parameters are essential to achieve the consistency, quantifiability, comparability, mutual confidence and reciprocity that lie at the heart of multilateralism and on which this agreement must be based. Without these components we will have a severely unbalanced, and ultimately unsuccessful, agreement.
3. The agreement should record Parties' agreement that mitigation targets will be quantifiable and be either wholly or partly unconditional on finance (except as may be agreed for LDCs and SIDS). The agreement should also provide that in each contribution cycle INDCs will be presented with sufficient up-front information - including information about underpinning methodologies - to ensure other Parties have clarity, transparency and understanding about the intended mitigation target.
4. The accompanying decision should provide for assessment to ensure that NDCs deposited by Parties alongside their instruments of ratification satisfy the requirements of the agreement. It should also create an obligation on Parties whose INDC does not satisfy agreed requirements to adjust their mitigation NDC prior to finalisation.
5. The agreement should set out the purpose of the transparency framework and record Parties' agreement to operate a unified MRV system that builds in flexibility to

accommodate Parties' different national capacities. The adopting decision should initiate a work programme to achieve the transition to that unified system.

6. The agreement should require Parties to comply with rules for accounting for progress towards targets in respect of INDCs or NDCs submitted subsequent to those rules. Alternatively, the agreement could provide that rules will apply to all mitigation NDCs (including to INDCs submitted before the rules) and Parties could have the right to adjust their INDCs before finalisation to take account of the impact of those rules, without reducing their overall effort. The adopting decision should initiate a work programme to develop such accounting rules.

Introduction

1. New Zealand welcomes the efforts of the ADP co-chairs to rationalise the negotiation text. Placement of text proposals in Parts I, II and III of the "tool" of 24 July has, however, highlighted the significant gaps in Parties' common understanding of what is necessary to ensure the Paris Agreement is effective and credible. This submission addresses three of the many issues needed to be covered by the legal text and accompanying decision that are currently addressed in Part III of the "tool". New Zealand has focused on these three issues because of their centrality to the Agreement's ability to effectively achieve the ultimate objective of the Convention.

INDCs

2. In order for the agreement to effectively and credibly deliver on the objective of the Convention it is essential that all Parties can trust each other to deliver on the expectations they will take mitigation targets that are the most ambitious their national circumstances will allow. (We note the legal agreement will create obligations on Parties in relation to adaptation and these will need to be reflected in official communications too.)

3. Maximising ambition requires Parties to set parameters relevant to mitigation targets. The Paris Agreement should therefore:

- define the information to be provided with a mitigation target (using mandatory rather than hortatory language);
- clarify acceptable methodologies and metrics (eg AR4 100 year GWPs);
- establish norms around benchmarking (no backsliding), increasing ambition over time, establishing a direction of travel towards all sectors/gases coverage;
- require mitigation targets to be unconditional on financial support, or at least have an unconditional component (except as may be provided for LDCs and vulnerable SIDS);
- establish principles for elective accounting for land sector sinks/removals and for use of carbon markets to help meet targets (see below);
- set up a process for review of progress with implementation and regular (e.g. 5-yearly) updating of mitigation targets.

4. Given these parameters will be defined only in Paris, and recognising the political challenges of making NDCs integral to the agreement, New Zealand expects they will remain intended/provisional at the Paris meeting, but should be formalised in some way - by being noted in their current form [for example in an INF/MISC document]. Noting would be of practical value if the essential information pertaining to tabled targets could be summarised in this document.

5. The Paris meeting should also launch a work programme to clarify guidelines on operationalising principles set out in the legal text and accompanying decision. Parties can commence domestic processes for ratification/acceptance of the new agreement (with some needing rules for mitigation NDCs to be clear before they can complete this). Parties will lodge (final) mitigation NDCs together with instruments of acceptance, somewhere in the period 2016-2020. Instruments of acceptance will be deposited with the Depositary.

6. New Zealand expects that NDCs will differ from INDCs in two key respects. They will reflect formal obligations under the agreement and therefore will need to reference the rules agreed in and after Paris. But they do not need to include extraneous information (such as narrative on fairness and ambition). This should be removed. It would make sense, too, to present mitigation NDCs in a consistent format (which would nonetheless accommodate the diversity of mitigation targets). An example of how four fictitious INDCs could be presented as standardised NDCs is attached to this submission.

7. Final NDCs would be submitted to and housed by the UNFCCC secretariat. The secretariat could check the NDCs submitted to confirm they meet any information/format requirements set by the agreement and accompanying/subsequent decisions. Parties could then declare, in their instruments of acceptance, that they had submitted an NDC that met the requirements of the agreement.

8. Final mitigation NDCs lodged by Parties will need to conform to the terms of the Paris agreement, and any accounting rules agreed in or after Paris - provided technical adjustments are permitted (see para 21 below). If a principle of non-retroactive application is agreed, we propose the Paris outcome should allow for deviation from the rules, provided the Party disclosed transparently how its approach differed from the final accounting rules and why, so long as the core obligations of providing up front information to enable clarity, transparency and understanding and full greenhouse gas inventory reporting are respected.

9. In New Zealand's view there should be no option to be silent about the assumptions essential to the clarity, transparency and understanding of a mitigation NDC (for example, for land sector accounting, or deviations from BAU), and if a Party's INDC does not meet the core obligations of the agreement, its NDC will need to be revised to bring it into alignment with the rules.

10. To this end, New Zealand proposes that in addition to requirements for quantifiability transparency, comparability and verifiability (Part III, paragraph 9 Option 1), and for

communication of commitments/contributions (Part III, paragraph 88 Option 3, paragraph 90, paragraph 94 Option (a)) Part I paragraph 48.3 Option 1), the legal agreement should contain the following provisions:

Obligation to make a commitment/contribution, defining commitments/ contributions

Commitments/contributions are to:

- Wherever possible represent a progression beyond the previous undertaking of that Party and except in force majeure circumstances should not represent a regression from the previous undertaking of that Party; and
- Include, to the extent possible, an indicative long-term trajectory;
- Be wholly unconditional on finance or at least include an unconditional component, except for commitments/contributions submitted by LDCs/SIDS, which may be wholly conditional or implemented using existing channels of support;
- Include all significant sources of anthropogenic emissions and removals, as defined by IPCC key categories, subject to national circumstances. Any exclusion of key categories of emissions and removals from commitments/contributions, should be explained and Parties should strive to include these over time.

11. New Zealand also considers it important that the accompanying decision, in addition to noting tabled INDCs and urging Parties that have not communicated them to do so (Part II paragraphs 6 and 7), should contain the following paragraphs:

- *Calls on* all Parties to prepare final schedules based on their intended nationally determined mitigation contributions, taking into account the terms of the Agreement, this decision and the decisions to be developed pursuant to the work programme contained in paragraph X of this decision, and to submit these to the Secretariat on ratification of the Agreement;
- *Acknowledges* that a Party may adjust its intended nationally determined contribution to reflect the rules contained in the Agreement and decisions to be taken pursuant to paragraph X of this decision, where these rules differ substantially from that Party's assumptions, prior to communicating its final schedule.

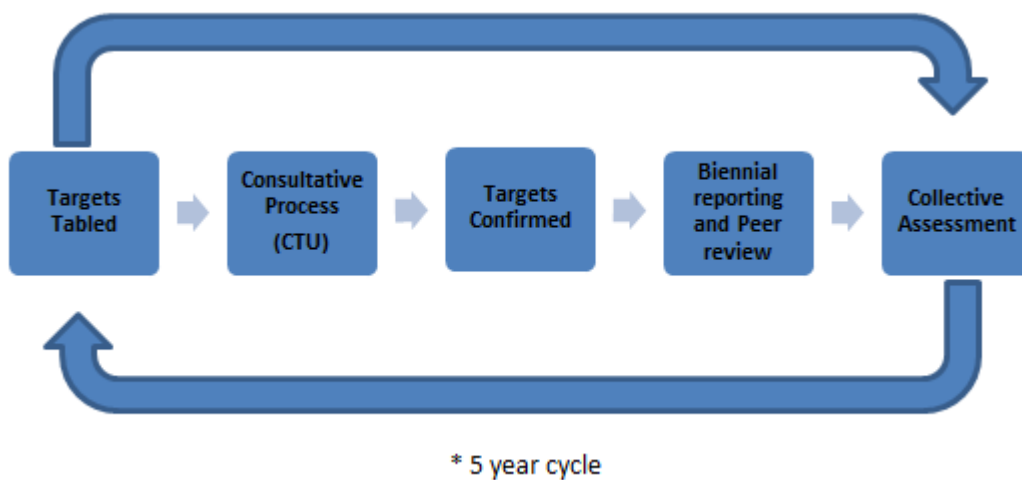
MRV

12. A key purpose of the MRV system is to track Parties' progress towards their mitigation targets and the collective mitigation goal at an individual and aggregate level. This purpose is common to all Parties, and is founded on trust and reciprocity in meeting expectations between all Parties, so it is logical that the mechanisms used are common too. Therefore it is necessary to design a transparency framework that delivers both the consistency to allow certainty of progress and the flexibility to accommodate differences in capacity/capability. A unified system/framework does not imply that all countries do everything in exactly the same way. Instead it should prioritise the concept of continuous improvement through time – not require perfection. The more often a country reports, the more familiar it becomes with what is needed, and the less concerned it can become about trying to ensure everything is perfect before submission. Similarly, reviews should be seen as opportunities rather than threats.

13. The continuous improvement concept does not allow for complacency either – all Parties must strive to improve. Nonetheless we need to promote efficiency without compromising integrity. For example, with 190+ Parties it will not be possible for all to be reviewed annually. We will need to acknowledge that capacity building and assistance with establishing/improving national MRV systems will be required to underpin the common system.

14. New Zealand proposes that new INDCs, for the next contribution cycle, would be communicated by Parties no earlier than 24 months before the expiration of the existing mitigation NDC.

15. The life cycle of the common MRV system may be illustrated as follows:



16. In order to ensure the agreement is supported by an effective MRV system it is necessary for the legal agreement to contain the following provisions:

Consultative process (forward looking)

After their communication, mitigation targets will be subject to a consultative process in order to:

- Enhance the clarity, transparency and understanding of the aggregate effect of the communicated proposed/ intended mitigation commitments/contributions;
- Facilitate understanding of the comparability of effort among Parties proposed/intended mitigation targets;
- Facilitate efforts by Parties that have not communicated their proposed/ intended mitigation targets.

The consultative process shall be in accordance with further guidelines and modalities to be adopted by the governing body, and shall be:

- Common to all Parties;
- Informed by the best available science, including assessments of the IPCC;
- Inclusive, consultative, facilitative, supportive, non-prescriptive, non-intrusive, and non-punitive.

Assessment process (backward-looking)

The governing body shall regularly conduct a collective assessment process to assess the effect/implementation of individual commitments/contributions of Parties as well as the aggregate effect of all Parties' commitments/contributions, in order to assess progress towards achieving the ultimate objective of the Convention [of the Agreement] [as set out in its Article 2].

The assessment process shall be informed by:

- Each Party's progress towards the achievement of its commitments/contributions and the aggregate progress towards achievement of the ultimate objective of the Convention/this Agreement;
- The consultative process established under this Agreement;
- The assessment reports of the IPCC;
- Information reported by Parties on the implementation of their commitments/contributions, and any findings of the expert review process as set out in [the transparency section];
- Any further inputs as elaborated by the governing body.

Parties shall take into account the experience from this process in preparing their successive mitigation commitments/contributions.

The COP/governing body shall further elaborate details and modalities for the communication and formalisation of mitigation commitments/contributions, and the consultative and collective assessment processes.

Communication of INDCs

Parties shall communicate intended nationally determined mitigation contributions 24 months before the expiry of the existing nationally determined mitigation contribution.

17. New Zealand submits the following provisions are also necessary to ensure the efficacy of the MRV system:

Transparency framework

All Parties commit to agree and implement a **unified transparency system** and to continuously improve transparency.

A unified transparency framework, applicable to all Parties, shall be established **to promote transparency of action and support**, by providing information on the implementation of each Party's contributions in an efficient and flexible manner, recognising that the transparency framework will evolve and that Parties with the least capacity may need support to meet their obligations under this Article.

The **transparency framework shall encompass:**

- consideration of the information provided by Parties when communicating their contributions to enhance clarity, transparency and understanding of each contribution;
- reporting through biennial communications;
- technical expert review of the submitted biennial communications to produce a Country Report and a Secretariat Report;
- international peer review of the progress in implementation of contributions; and shall be a unified system with MRV provisions applicable to all Parties from 2021.

18. New Zealand suggests it is also prudent for the decision to provide that if the transparency framework is not completed in time, either all Parties will follow BUR/ICA guidelines or all Parties will follow BR/IAR under the UNFCCC.

Accounting Rules

19. Transparency and comparability of effort require that all Parties define, track and communicate their progress toward their mitigation contributions in a way others can understand. Nonetheless, it is also important that each Party's approach to accounting is appropriate for its own national circumstances. New Zealand has previously proposed the agreement should establish principles for accounting to inform each Party's national determination of methodologies with which to account. New Zealand believes these accounting principles are an important component of the Paris Agreement, along with an accompanying decision that initiates development of guidelines on how these principles should be operationalised by Parties.

20. If Parties wish to ensure the first cycle of mitigation contributions is accounted for under agreed rules, any Party should be entitled to adjust its final mitigation contribution to accommodate the new rules. Alternatively, any accounting rules agreed in or after Paris should only apply to subsequent contribution cycles.

21. New Zealand therefore considers the following provisions are necessary for the agreement:

[In-cycle] Adjustments to commitments/contributions

A Party may, at any time, make an adjustment to increase the ambition of its mitigation target, by way of a communication to the secretariat, for circulation to the Parties, [at least X months] before the adjustment commences.

A Party may exceptionally adjust its mitigation target, if subsequent rules differ substantially from the Party's assumptions, as specified in the information to be provided pursuant to Article X (UFI), provided the level of effort remains equivalent.

Decisions taken pursuant to Articles X (mitigation/transparency provisions mandating accounting and markets rules) shall apply in respect of nationally determined commitments/contributions to be communicated for subsequent commitment/contribution periods. Such decisions shall not apply retroactively.

Articles X (relevant mitigation provisions) shall not apply in cases of force majeure.

22. It is also necessary for an accompanying decision to establish work programmes to operationalise various principles set out in the agreement. New Zealand considers the following matters in particular should be addressed in this decision:

The COP requests the SBSTA, by 2017, to:

- Elaborate the modalities, standards and guidelines for trading mitigation outcomes internationally, under Article X.

The COP requests the SBSTA, by 2017, to:

- Develop common guidelines, pursuant to Article Y, to guide Parties in quantifying and recognising mitigation outcomes in the land sector towards mitigation targets consistent with the principles in Article Y, in order to:
 - Ensure the environmental integrity of actions under this agreement.
 - Accommodate the special biophysical characteristics of the land sector, including in relation to, inter alia, emissions as well as removals, natural disturbance, permanence, legacy and non-anthropogenic effects.
 - Recognise national circumstances, and the need to manage multiple objectives, including global food security.
 - Provide sufficient flexibility to recognise differences in national measurement and reporting capabilities and capacities.
 - Support progression towards greater comprehensiveness, comparability and harmonisation of approaches, over time, building on existing approaches, methodologies and guidance under the Convention and its instruments where applicable.
- Establish realistic and meaningful [reference levels][baselines] for the quantification of mitigation outcomes in the land sector, consistent with agreed principles, and elaborate the modalities for ensuring methodological consistency and the circumstances under which changes to reference levels may occur.

The COP requests the SBSTA and the SBI by 2018, to:

- Develop, rules, modalities and procedures for the cycle of mitigation contributions/commitments, under Article Z, including ex-ante, ex-post, and aggregate evaluation.

23. New Zealand looks forward to an in-depth discussion of these matters at the August/September 2015 Bonn meeting.

Illustrative difference between intended and scheduled NDC's

COUNTRY: FICTITIOUS COUNTRY 'A'		DATE: 31/3/15
Parameter	Action	
Period for defining actions	Start year: 2021	End year: 2027
Type of Commitment	Economy wide reduction target	
Reference year or period	1990 for CO ₂ , CH ₄ , N ₂ O 1995 for HFCs, PFCs and SF ₆	
Quantified action(s)	Reduce greenhouse gases emissions by 50 percent from 1990 levels by 2027	
Sectors	<input type="checkbox"/> Energy (40%) <input type="checkbox"/> Waste (7.5%) <input type="checkbox"/> Industrial processes (5%) <input type="checkbox"/> Land Sector (10%) <input type="checkbox"/> International transport fuels (2.5%) <input type="checkbox"/> Other (Transport) (35%)	
Gases	<input type="checkbox"/> CO ₂ (83%) <input type="checkbox"/> PFCs (0.5%) <input type="checkbox"/> CH ₄ (12%) <input type="checkbox"/> SF ₆ (0.5%) <input type="checkbox"/> N ₂ O (3%) <input type="checkbox"/> HFCs (1%)	
Land sector accounting approach	Net changes in GHGs by sources and removals by sinks resulting from direct human induced land use change and forestry activities, limited to afforestation, reforestation and deforestation since 1990, measured as verifiable changes in carbon stocks in each commitment period, shall be used to meet the commitments under this agreement	
Accounting approach for any intended use of market based mechanisms in fulfilment of commitment:	Commitment will be a responsibility target met through a combination of domestic emissions reductions, domestic sinks, and purchases of international units. Units applied will be generated by UNFCCC market mechanisms and other market mechanisms meeting minimum (UNFCCC agreed) standards of environmental integrity and ensuring no double counting.	
Description of key domestic policies and measures giving effect to commitment	Domestic emissions trading scheme supplemented by renewable energy and energy efficiency schemes.	

COUNTRY: FICTITIOUS COUNTRY 'A'		DATE: 15/3/16
Commitment	Economy wide reduction target to reduce greenhouse gases emissions by 50 percent from 1990 levels by 31 December 2025	
Base year or reference year	1990 for CO ₂ , CH ₄ , N ₂ O 1995 for HFCs, PFCs and SF ₆	
Any sectors excluded from commitment		
Any gases excluded from commitment		
Land sector accounting approach	In accordance with decision X/CP.XX, paragraph X	
Intention to use international market based mechanisms in fulfilment of commitment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

COUNTRY: FICTITIOUS COUNTRY 'B'		DATE: 31/3/15
Parameter	Action	
Period for defining actions	Start year: 2021	End year: 2030
Type of Commitment	Economy wide intensity target	
Reference year or period	2005	
Quantified action(s)	<ul style="list-style-type: none"> Reduce carbon dioxide emissions per unit of GDP by 60 percent by 2030 compared to the 2005 levels; Increase the share of non-fossil fuels in primary energy consumption to 30 per cent by 2030; Increase forest coverage by 45 million hectares and forest stock volume by 1.3 billion cubic meters by 2030 from the 2005 levels. 	
Sectors	<input type="checkbox"/> Energy (75%) <input type="checkbox"/> Land Sector (11%) <input type="checkbox"/> Industrial processes (10%)	
Gases	<input type="checkbox"/> CO ₂ (80%) <input type="checkbox"/> CH ₄ (12%) <input type="checkbox"/> N ₂ O (5%)	
Land sector accounting approach	Country B will factor out land sector emissions other than changes relative to a reference level representing projected BAU land sector emissions. Reference level will be set in accordance with methodologies to be determined by the Conference of the Parties.	
Accounting approach for any intended use of market based mechanisms in fulfilment of commitment:	Use of domestic market mechanisms only	
Description of key domestic policies and measures giving effect to commitment	<ul style="list-style-type: none"> Domestic emission trading schemes Domestic action targets set in relation to energy generation and consumption Domestic afforestation target 	

COUNTRY: FICTITIOUS COUNTRY 'B'		31/3/16
Commitment	Economy wide intensity target to: <ul style="list-style-type: none"> Reduce carbon dioxide emissions per unit of GDP by 60 percent by 2025 compared to the 2005 levels; Increase the share of non-fossil fuels in primary energy consumption to 30 per cent by 2025; Increase forest coverage by 45 million hectares and forest stock volume by 1.3 billion cubic meters by 2025 from the 2005 levels. Overall expected emission impact of X	
Reference year or period	2005	
Any sectors excluded from commitment	Waste, International transport fuels	
Any gases excluded from commitment	HFCs, PFCs, SF6, NF3	
Land sector accounting approach	In accordance with decision X/CP.XX, paragraph X	
Intention to use international market based mechanisms in fulfilment of commitment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

COUNTRY: FICTITIOUS COUNTRY 'C'		DATE: 31/3/15
Parameter	Action	
Period for defining actions	Start year: 2021	End year: 2026
Type of Commitment	Economy wide reduction target including intensity targets for industrial process sector and for agricultural sector	
Reference year or period	1990	
Quantified action(s)	20 per cent reduction in greenhouse gases emissions from 1990 levels by 2026. 7 per cent reduction in emissions per unit of industrial output by 2026. 2 per cent reduction in emissions per unit of agricultural output by 2026.	
Sectors	<input type="checkbox"/> Energy (30%) <input type="checkbox"/> Waste (2.5%) <input type="checkbox"/> Industrial Processes (15%) <input type="checkbox"/> Land Sector (50%) <input type="checkbox"/> International transport fuels (2.5%)	
Gases	<input type="checkbox"/> CO ₂ <input type="checkbox"/> PFCs <input type="checkbox"/> CH ₄ <input type="checkbox"/> SF ₆ <input type="checkbox"/> N ₂ O <input type="checkbox"/> NF ₃ <input type="checkbox"/> HFCs	
Land sector accounting approach	Land-based accounting applying a reference level representing BAU sustainable land sector emissions calculated in accordance with methodology to be determined by the COP.	
Accounting approach for any intended use of market based mechanisms in fulfilment of commitment:	Target will be a responsibility target met through a combination of domestic emissions reductions, domestic sinks, and purchases of international units. Units applied will be generated by UNFCCC market mechanisms and other market mechanisms meeting minimum (UNFCCC agreed) standards of environmental integrity and including standards applied to avoid double counting.	
Description of key domestic policies and measures giving effect to commitment	Economy wide emissions trading scheme. Phase out of inefficient agricultural subsidies by 2022. Introduction of feed-in tariff scheme to support electricity generation using renewable resources from 2021.	

COUNTRY: FICTITIOUS COUNTRY 'C'		DATE: 31/3/16
Commitment	Economy wide reduction target to reduce greenhouse gases emissions by 20% from 1990 levels by 2025, including intensity targets for industrial process sector and for agricultural sector: 7 per cent reduction in emissions per unit of industrial output by 2025. 2 per cent reduction in emissions per unit of agricultural output by 2025.	
Reference year or period	1990	
Any sectors excluded from commitment		
Any gases excluded from commitment		
Land sector accounting approach	In accordance with decision X/CP.XX, paragraph X	
Intention to use international market based mechanisms in fulfilment of commitment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

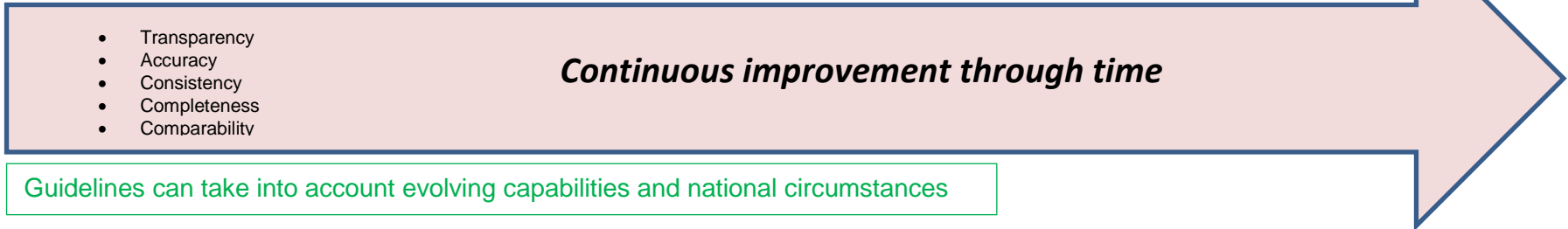
COUNTRY: FICTITIOUS COUNTRY 'D'		DATE: 30/9/15
Parameter	Action	
Period for defining actions	Start year: 2021	End year: 2029
Type of Commitment	Other – sectoral commitment	
Reference year or period	2021	
Quantified action(s)	<p>Reduce use of fossil fuels for electricity generation from 2021 levels by 10% in 2029.</p> <p>If financial and technology support obtained to implement the Walagafa hydro generation scheme reduction in use of fossil fuels for electricity generation could potentially exceed 25% of 2021 levels.</p>	
Sectors	<input type="checkbox"/> Energy (70%)	
Gases	<input type="checkbox"/> CO ₂	
Land sector accounting approach	N/A	
Accounting approach for any intended use of market based mechanisms in fulfilment of commitment:	Country D is willing to participate in any UNFCCC schemes to generate mitigation in developing countries using market incentives.	
Description of key domestic policies and measures giving effect to commitment	Energy Diversification Policy	

COUNTRY: FICTITIOUS COUNTRY 'D'		31/3/16
Commitment	<p>Sectoral commitment to reduce use of fossil fuels for electricity generation from 2021 levels by 10% in 2025.</p> <p>Overall expected emission impact of X</p> <p>If financial and technology support obtained to implement the Walagafa hydro generation scheme reduction in use of fossil fuels for electricity generation could potentially exceed 25% of 2021 levels.</p> <p>Overall expected emission impact of X</p>	
Reference year or period	2021	
Any sectors excluded from commitment	Industrial processes, Land sector, Waste, International transport fuels	
Any gases excluded from commitment	CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃	
Land sector accounting approach	N/A	
Intention to use international market based mechanisms in fulfilment of commitment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

How can a transparency framework deliver both the consistency and flexibility needed to give certainty and reflect differences in capacity/capability?

Purpose of a transparency system/framework is to track the progress of all Parties in implementing their mitigation Concept of reciprocity important

Underlying principles of MRV framework/system:



Propositions: "A single system with common MRV provisions applicable to all Parties from 2020 on." Geneva text, paragraph 145, Option 3
 "A common transparency framework, applicable to all Parties.... shall promote transparency of action and support by providing information on the implementation of each Party's commitments/contributions in an efficient and flexible manner....." Geneva text, paragraph 141, Option 2

Common provisions

Possible Flexibilities

