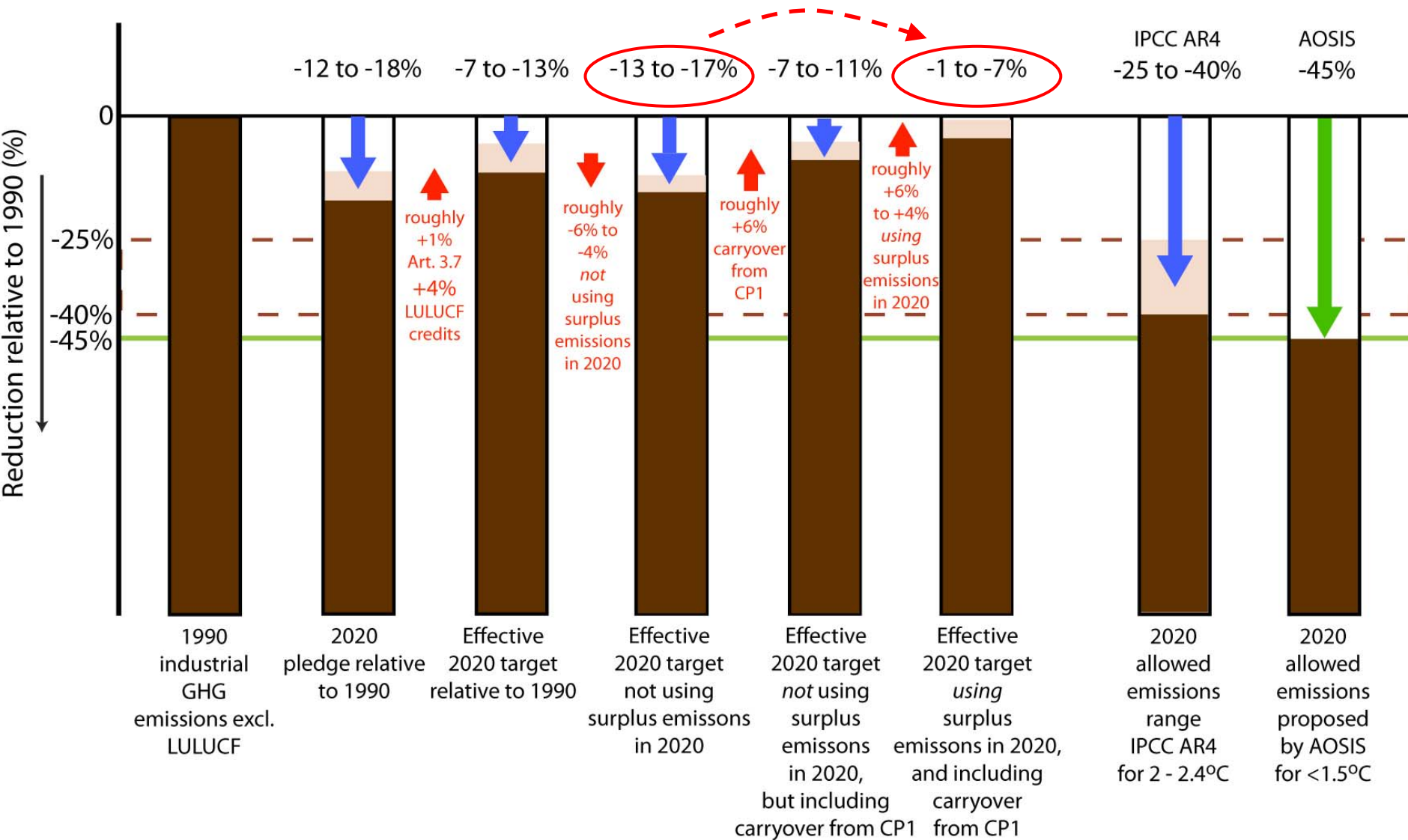


# Aggregate Annex-I reductions including surplus AAUs and LULUCF accounting



# Surplus AAUs

- Aggregate Annex-I target for 2020 is **13 to 17%**, after LULUCF accounting and applying Art. 3.7, **if Parties' surplus emissions in 2020 not transferred to other Parties and no carryover of surplus from CP1**
- Estimated surplus from CP1 for Annex I in aggregate:
  - about 6% of Annex I 1990 emissions without LULUCF if the roughly 10 GtCO<sub>2</sub>eq surplus AAUs is spread out evenly over 2013-2020
- Targets in 2020 are estimated to generate further surplus of:
  - about 6% of 1990 emissions for low end of targets
  - about 4% of 1990 emissions for high end of targets
- Aggregate Annex-I target for 2020 is decreased from 13 to 17% to **1 to 7%**, **if Parties' surplus emissions in 2020 are transferred to other Parties and carryover from CP1 is used**
- This does not include potential additional surplus AAUs that may be built up in 2<sup>nd</sup> 5-year CP and used in 3<sup>rd</sup> CP around 2020

# Possible options to address surplus AAUs

## Supply side:

- Parties asked not to request carryover under Art. 3.13
- Allow carryover, but cap volume carried over
  - e.g., any additions to assigned amount under Art. 3.13 shall be limited to [0.1][x] percent of Parties' assigned amount in the preceding period
- Allow carryover, limit purpose for which carryover AAUs may be used, e.g.,
  - only for domestic use
  - only for domestic use in immediately subsequent CP
  - only for domestic use up to [x] % of commitment, only in subsequent CP
- Place substantial levy on transfer

## Demand side:

- Parties agree not to purchase AAUs carried over under Art. 3.13
- Far stricter A1 targets
- Place substantial levy on acquisition
- Restrict use of acquired AAUs

Multiple additional options, options can be used in combination