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Estonian Presidency
of the Council of the
European Union



EU and its Member States views on Article 6.4



Links to submissions

- October 2017:

[EE-06-10-SBSTA 10 a-b-c EU Submission on Art 6](#)

- March 2017:

[MT-03-21-EU SBSTA 12a b and c EU Submission Article 6](#)

- October 2016:

[SK-10-07-EU Submission on Art 6 4](#)



General key points

Key objectives are to ensure environmental integrity and host country benefits – therefore we must

- Avoid a global increase in emissions (i.e. *all* emission reductions must be accounted)
 - Enable progression of scope and ambition of NDC, avoiding lock-in
- Sustainable development (SD) permeates the whole PA and Article 6
 - To focus on climate-compatible development and promotion of SD is a way to leverage ambition of climate action
- Host parties should
 - Confirm that activities are in conformity with the SDG
 - Report on the contribution of activities to SD and which criteria were used



Q1 – Baselines and additionality

The Art 6.4 mechanism must help countries meet their own NDC, implying that:

- Crediting is consistent with host country mitigation objectives (only additional activities are credited, no inconsistency with the NDC)
- Benefit is shared between host and buyer (not necessarily a full transfer of benefits)
- Baselines are based on ambitious benchmarks, reflecting Best Available Technologies (BAT) – to enable benefits also for the host country (the non-credited part of the reductions)
- The causality of additionality is evaluated (securing benefits of policies for host party NDC)
- Length of crediting period is aligned with mitigation objectives of host party (in particular NDC timescale) to enable progression



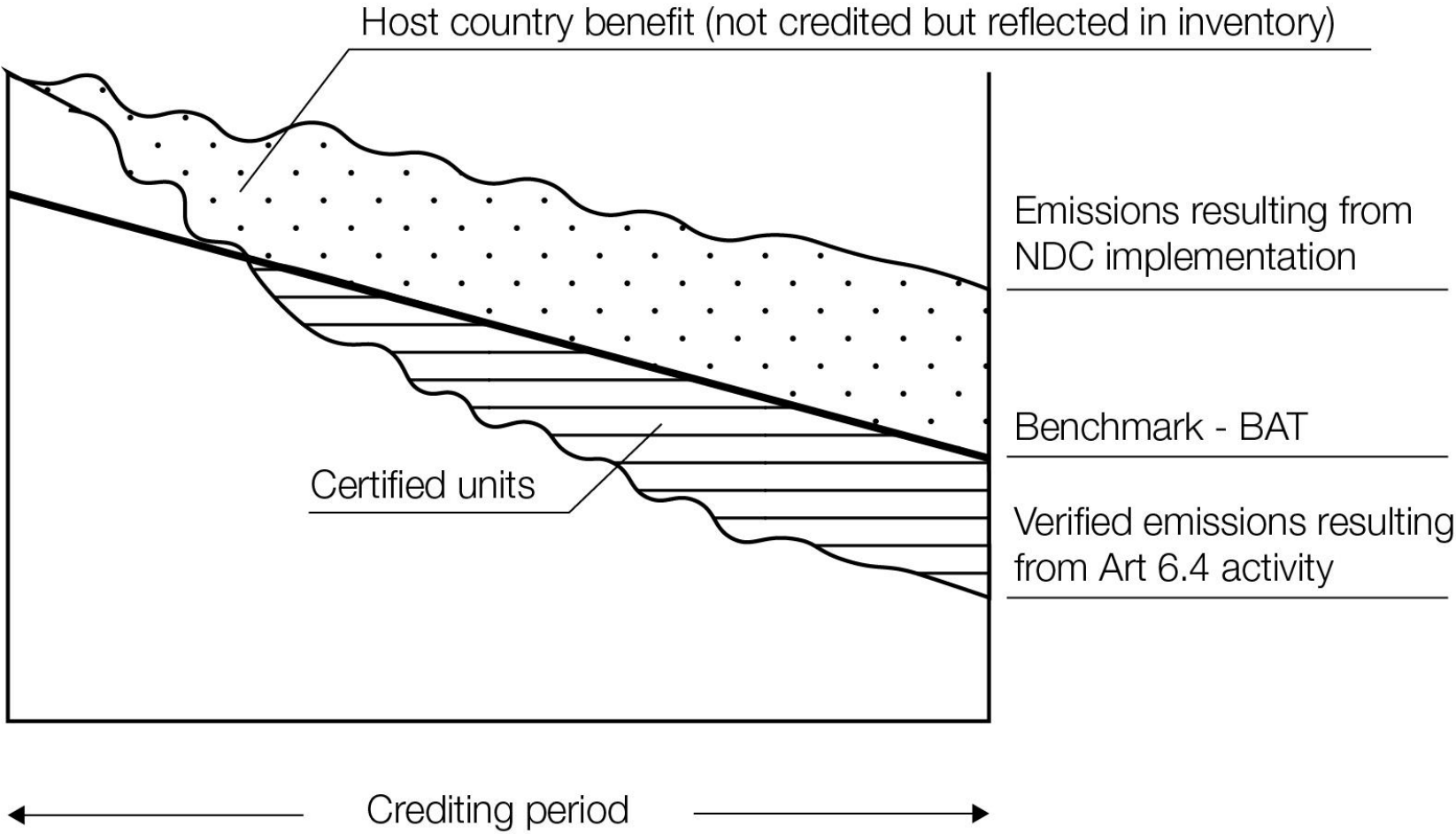
Q2 – No use of emission reductions by more than one Party (1)

We must implement Art 6.4 (a), (c) and (d), and Art 6.5, which implies that:

- The same reduction is claimed only once
 - The benefits are shared between the buyer and the host
 - The buyer benefits from the credited ER
 - The host benefits from the non-credited ER
 - All ER are reflected in the host's inventory
 - The ER are subject to the Art 6.2 guidance when transferred internationally (i.e. subject to corresponding adjustment) – in accordance with Art 6.5 and to ensure environmental integrity
- ⇒ **When ER are transferred, both Parties do a corresponding adjustment in their accounting balance**



Q2 – No use of emission reductions by more than one Party (2)





Q4 - Transition

- KP mechanisms should not continue after the end of KP CP2
 - CDM was developed under the KP – before Parties had NDCs
 - New PA context requires progression of ambition and scope of NDCs
 - Art 6.4 will benefit from lessons learned from existing mechanisms
 - PA makes no provision for transition from the KP
 - In line with long term strategies, activities inconsistent with host objectives should not continue to be credited (avoid lock-in)
- Therefore we must at least
 - Update baseline setting and additionality approaches
 - Address accounting obligations for all Parties
- Existing activities must be re-assessed in accordance with Art 6.4
- Discussion on transition should only occur once we have agreement on the core elements of Art 6.4



Conclusions

On the basis of submissions, presentations, and interventions by Parties, co-facilitators should

- Identify:
 - Areas of convergence
 - Areas of divergence
 - Areas for further work; and
- Prepare draft conclusions for discussion during SBSTA 47 including a mandate to produce draft text for rules, modalities and procedures, to be agreed next year



Thank you very much!



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