

Subsidiary Body for Scientific and Technological Advice

Chair's summary, informal technical expert dialogue on Article 6 of the Paris Agreement

Overall mitigation in global emissions

Background

In relation to Article 6 of the Paris Agreement¹, The SBSTA Chair, Mr Tosi Mpanu Mpanu organized an informal technical expert dialogue on overall mitigation in global emissions on 15 October 2021. At the request of the SBSTA Chair, the dialogue was facilitated by Mandy Rambharos of South Africa and Kim Solberg of the Netherlands. This summary is produced by the SBSTA Chair under his own authority.

This summary aims to capture possible options for further consideration by Parties and Heads of Delegation. It is informal in nature, has no status, and does not provide negotiation text. It does not attempt to provide a record of all views expressed during the dialogue and in submissions, nor indicate the support each of the options appeared to have.

In relation to the topic of the dialogue, as at 20 October 2021, no group had made an informal submission². Submissions made in 2021 by Parties during other informal technical expert dialogues/informal consultations covering the same or related issues are also referred to as necessary.

The informal technical expert dialogue

Interventions made, and the submission, responded to guiding questions provided by the SBSTA Chair:

Guiding questions:

- How can OMGE best be delivered?
- What other unresolved issues have an effect on delivery of OMGE in the mechanism?
- How do these issues relate to the rest of the package (Article 6/the wider Glasgow outcome) and how could resolving these issues contribute to reaching consensus?

An informal technical information slide pack in relation to these issues was prepared by the secretariat.³

Points for further consideration

Interventions focused on a number of options for consideration, as set out below. In each case, the option has been introduced by at least one Party/group, but this summary does not seek to indicate how much support there is among Parties for each option, as Parties are familiar with the views expressed in submissions and interventions. Options identified below are **bolded and placed together**. Non-bolded text represents proposals that did not appear to have alternative proposals or options. Argumentation is not provided in this note given the high level of familiarity of Parties with

¹ Documents relating to Article 6 negotiations since 2016 can be accessed here:

<https://unfccc.int/process/the-paris-agreement/cooperative-implementation>

² <https://unfccc.int/process-and-meetings/the-paris-agreement/cooperative-implementation/submissions-informal-technical-expert-dialogues-on-article-6-of-the-paris-agreement#eq-6>

³ https://unfccc.int/sites/default/files/resource/Art.%206%20presentation%20TEDs_OMGE.pdf

this topic resulting from earlier work. In particular, reference is made to the SBSTA Chair summary note of the informal technical expert dialogue/informal consultations held on 5 June 2021.⁴

OMGE for 6.4

- Nature of obligation
 - **Mandatory cancellation at issuance of proportion of total issued volume**
 - **2 per cent, as a floor, reviewable for increase at any time by the CMA (COP 25 3rd PT)**
 - **X/10/20/30 per cent**
 - **Voluntary cancellation** (*may be in addition to other options*)
 - **Voluntary cancellation (at issuance or other point) by either or both Parties**
 - **Voluntary cancellation of 6.4ERs that were levied for the share of proceeds for adaptation (purchase and cancellation)**
 - **Implementation through other means**
 - **Conservative baselines**
 - **Limited crediting periods**
 - **Engagement in the mechanism itself delivers OMGE**
- Reporting and review
 - **Voluntary reporting**
 - **Mandatory reporting and review (initial report, annual and regular information, Article 6 technical expert review)**
 - Separate line in regular reporting for voluntary cancellations for OMGE (to distinguish from other types of cancellations)
 - **By Supervisory Body**
- Accounting
 - **Corresponding adjustment for full volume issued (i.e. including the percentage that is cancelled at issuance)**
 - **No corresponding adjustment for OMGE portion where there is no international transfer (domestic use)**
 - **Corresponding adjustment only for transferred volume (i.e. excluding the percentage that is cancelled at issuance)**

OMGE for 6.2

- Nature of obligation
 - **Encouragement to voluntarily cancel ITMOs in relation to the cooperative approach, for OMGE**
 - **OMGE is achieved in a similar manner as for the 6.4 mechanism (dependent on that outcome)**
 - **Mandatory OMGE contribution through cancellation of ITMOs at issuance**
- Reporting and review
 - **Voluntary reporting**
 - **Mandatory reporting and review (intention in initial report, cancellations in annual information, regular information, Article 6 technical expert review)**
 - Separate line in regular reporting for voluntary cancellations for OMGE (to distinguish from other types of cancellations)

⁴ <https://unfccc.int/sites/default/files/resource/IN.SBSTA2021.i15b.pdf>
https://unfccc.int/sites/default/files/resource/Inf_note04_Article%206.pdf

- Accounting
 - **Corresponding adjustment for the full volume issued (i.e. including the percentage that is cancelled at issuance)**
 - **No corresponding adjustment for the OMGE portion where there is no international transfer (domestic use)**
 - **Corresponding adjustment only for the transferred volume (i.e. excluding the percentage that is cancelled at issuance)**

Other implementation issues

- Responsible actors (options are not mutually exclusive)
 - **Host Party**
 - **Acquiring Party**
 - **Activity proponents**
 - **Public actors**

Unresolved issues that impact on the delivery of OMGE

- Non-GHG and how to apply OMGE for non-GHG
- Accounting for corresponding adjustments
- Carry-over of CERs, which undermines ambition
- Baselines and additionality for the 6.4 mechanism

Relationship to the rest of the package (Article 6/the wider Glasgow outcome)

- Linked to ambition but not substitute for stronger targets
- Commensurate application to Art.6.2 as to Art.6.4 creates equity and environmental integrity
- Linked to accounting and application of corresponding adjustments
- Implications for the assessment of additionality
- Linked to registries and tracking infrastructure to operationalize OMGE
- Linked to delivery of means of implementation from developed to developing countries and more specifically to the delivery of finance
- Indirectly links to CER transition whereby CERs transitioned would offset equivalent OMGE impact
- Refer to Article 15 if systemic application issues
- Relationship with SOP
 - Distinct issues that need to be treated separately
 - Similar treatment

Other points

- The guidance on application of corresponding adjustments in relation to A6.4ERs is currently misplaced in the 6.4 COP 25 3rd PT and prejudices the outcome of the discussion on accounting and should be relocated
 - To the Art.6.2 guidance
 - To another section of the RMP for the mechanism, i.e. section IX (Avoiding the use of emissions reductions by more than one Party) that applies to both SOP and OMGE
- It may be possible to sequence the solution by deciding first on the method and then on the scale of delivery for OMGE
