Agenda item 3.4.
Paragraph 14 of the annotated agenda

Draft Standard: Addressing non-permanence and reversals

Article 6.4 Supervisory Body – 18th meeting
Bonn, Germany, 6 to 10 October 2025

UNFCCC Secretariat
Mitigation Division

4 Buckets:

1. The post-crediting monitoring period
2. Specification of negligible risk
3. Exit conditions
4. Point of adjustment of authorized A6.4ERs in the risk pool

BUCKET 1: THE POST CREDITING MONITORING PERIOD

40. The post-crediting monitoring period shall start on the first day after the end of the last active crediting period. The post-crediting monitoring period shall continue [for X years] or [until the remaining non-negligible risk is fully remediated].

- 40 bis. Activity participants shall remain responsible for post crediting monitoring for a minimum period of at least X years until the supervisory body, or a third party nominated by the activity participant and approved by the supervisory body and host country, takes over formal responsibility to perform the post-crediting monitoring for the Article 6.4 activity.

BUCKET 2: SPECIFICATION OF NEGLIGIBLE RISK

3 (g). [Negligible risk of reversal: A risk of reversal that would result in a loss [of no more than [X]] percent], [or no more than a maximum percentage to be specified in specific methodologies] of all the A6.4ERs] issued with respect to the total emission reductions and/or net removals achieved by the activity during its active crediting period, calculated over a 100-year timeframe starting from no earlier than the end of the last active crediting period;]

BUCKET 3: Exit conditions (slide 1/2)

44. …Activity participants remain responsible for remediation of non-negligible reversals in respect of A6.4ERs issued to the Article 6.4 activity for emission reductions and/or net removals that are subject to a risk of reversal, and that are not already covered by the risk pool (i.e., in respect of issuances to the Article 6.4 activity from the start of the first crediting period), as referred to in section 6.3 of Appendix 1, until:

a) The cancellation of a corresponding number of A6.4ER units from any Article 6.4 activity to a dedicated cancellation account in the mechanism registry for the purpose of remediation of future reversals. For any authorised A6.4ERs issued to the Article 6.4 activity, the cancellation shall be made using authorised A6.4ERs; or

b) The provision of coverage for remaining potential reversals through insurance policies, or comparable guarantee products, and or a third-party guarantee, including from a host or using country, that has been determined by the Supervisory Body to cover the remaining non-negligible risk of reversal

BUCKET 3: Exit conditions (slide 2/2)

45. Once the activity participant or approved third-party guarantor or insurance provider has cancelled A6.4ERs pursuant to paragraph 44, it may, through a DOE, request the Supervisory Body to terminate its monitoring and reporting obligations in the post-crediting monitoring period at any time during the post-crediting monitoring period. Within 28 days of receiving such a request, the secretariat shall determine whether it complies with paragraph 44. If the secretariat determines that the requirements of paragraph 44 have been satisfied, it shall notify the DOE and activity participants that the Article 6.4 activity is relieved of all obligations under section 3.1 and make this information available on the UNFCCC website.

BUCKET 4: Point of adjustment of authorized A6.4ERs in the risk pool

- Ensure that units are forwarded in the risk pool as MCUs or authorised A6.4ERs

- **The point of adjustment** may include authorisation or issuance, or cancellation - but the “point of first transfer” is not specified (whether forwarding can be specified a first transfer).

➢ **To ask the CMA** noting that authorised units may be forwarded to and held in the pool until cancellation, to address the accounting implications of the pool, and in particular the point of application of corresponding adjustment in respect of authorised A6.4ERs held in the pool, and in particular appropriate accounting arrangements for authorised units forwarded to and/or cancelled in the pool.