

Agenda item 3.5.

Paragraph 14 of the annotated agenda

Concept note: Options for the implementation of paragraph 62 of the ‘Standard: Requirements for activities involving removals under the Article 6.4 mechanism’

Methodological Expert Panel – 13th meeting

13 to 17 April 2026

Bonn, Germany



Procedural background

1. At SBM 017, the SBM requested the MEP to **prepare a concept note on options for the implementation of paragraph 62** of the “Standard: Requirements for activities involving removals under the Article 6.4 mechanism”.
2. At SBM 018, the SBM requested the MEP, **in preparing a concept note** on addressing options for implementing paragraph 62 of the “Standard: Requirements for activities involving removals under the Article 6.4 mechanism” as mandated by SBM 017, **to make a proposal on conditions and criteria for justification of the demonstration of sufficiency of coverage** as indicated in the Information Note: “Elements related to non-permanence and reversals for inclusion in relevant regulatory documents”.
3. At MEP 010, the secretariat consulted the UNFCCC legal department to seek their input on the applicability of paragraph 62 of the Removals Standard and it was confirmed that that the paragraph corresponds to alternate measures to remediate reversals and to measures that can enhance the robustness of the buffer pool.
4. At MEP 010, the Reversals SG discussed and agreed the various elements/structure that will need to be addressed by the concept note.
5. At MEP 011-012, the SG continued to work on the concept note.



Purpose

The purpose of this concept note is:

1. To provide options for implementation of paragraph 62 of the “Standard: Requirements for activities involving removals under the Article 6.4 mechanism”; and
2. To make a proposal on conditions and criteria for justification of the demonstration of sufficiency of coverage of insurance, in order to operationalize the relevant provisions of the Information Note.



Key issues and proposed solutions (1/3)

- The MEP in consultation with the Secretariat analyzed the requirements of para 62 and identified that the provisions of the paragraph that relate to measures to ensure the robustness of the Reversal Risk Buffer Pool and to measures that could provide alternate methods to the Buffer Pool for remediating reversals.
- The concept note has been structured to address:
 - a) Measures to ensure the robustness and resilience of the Reversal Risk Buffer Pool Account;
 - b) Alternative measures to the Reversal Risk Buffer Pool Account for remediation of reversals, including a Monetary Permanence Reserve;
 - c) Use of insurance policies, comparable guarantee products, or third-party guarantees during the post-crediting monitoring period; and
 - d) Risks of authorizing alternatives to the Reversal Risk Buffer Pool Account.



Key issues and proposed solutions (2/3)

- Each of the above segments will be structured as follows:
 - a) Identification of relevant instruments for each of the measures;
 - b) Discussion on each of the instrument, including its pros/cons, implications to the Buffer Pool or other regulatory requirements, and conditions for use under PACM; and
 - c) Recommendations
- This note is informed by the following sources:
 - a) Public input received during prior stakeholder consultations, including but not limited to, "Standard: Addressing non-permanence and reversals in mechanism methodologies" and "Information Note: Elements related to non-permanence and reversals for inclusion in relevant regulatory documents";
 - b) Rules, regulations and standards of other market-based mechanisms; and
 - c) Available academic literature and publicly available data from insurance providers.



Key issues and proposed solutions (3/3)

- During the intersessional time between MEP012 and MEP013:
 - Members of the small group continued drafting of the concept note; and
 - The secretariat's legal team reviewed the content of all subsections of the concept note.



During MEP 013:

- The SG aims **to prioritize**:
 1. Introduce the scope of work and approaches contemplated in the draft to the MEP;
 2. Collect input from the MEP on the concept note; and
 3. Continue the drafting process.



Recommendations to the MEP

MEP will continue working on this agenda item at this meeting and will aim at launching a CfPI out of MEP014.



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