

# Intersessional work on Art. 6.4 Virtual technical workshop

## Transition of activities from the CDM to the Article 6.4 Mechanism

27 September 2022



# Mandate and Scope

**Mandate:** SBSTA to recommend to the CMA on:

- Process for implementation of the transition of activities from the CDM to the Article 6.4 Mechanism in accordance with chapter XI.A of the RMP (Transition of clean development mechanism activities)
- Chapter XI.A of the RMP lists four conditions for transition:
  1. Submission of transition request – [who should send to whom, by when](#)
  2. Submission of approval from host Party to the Supervisory Body – [by when](#)
  3. Compliance with the RMP – [except for 4 below](#)
  4. Continued use of current CDM methodology – [until when](#)
- Transition covers:
  - Registered CDM activities
  - Requests listed as provisional under the temporary measures operated by the CDM Executive Board – [requests for registration, renewal and issuance relating to post-2020](#)

	Registered CDM activities (As at 1 Jan 2021)	Provisional under the temporary measures (As at 31 Aug 2022)
Project activities	7,885	New: 21 (+ 1 under processing) Renewal: 68 (+ 24 under processing) Issuance: 45 (+ 18 under processing)
PoAs	361	New: 8 (+ 1 under processing) Renewal: 4 (+ 2 under processing) Issuance: 1 (+ 5 under processing)
CPAs	2,822	New: 118 Renewal: 33



# Approaches

---

## Approaches to analyses and proposals

- Consider transition process separately on:
  - Activity requirements
  - Procedural requirements
- Focus on the requirements at transition > [Underlying assumption: once transitioned, all cases follow Article 6.4 Mechanism rules](#)
- Who to decide – CMA or the Supervisory Body – is indicative in the technical paper > [CMA needs to decide what to delegate to the Supervisory Body](#)



# Proposals

## Activity requirements

- Crediting period

- The crediting period would have been active as at 1 January 2021 if the crediting under the CDM had continued after the end of the second commitment period of the Kyoto Protocol

	Registered total	Crediting period expired	Crediting period active as at 1 Jan 2021
Project activities	7,885	4,569	3,316
PoAs	361	N/A (0)	N/A (361)
CPAs	2,822	1,230	1,592

- The type (i.e. renewable or fixed) and the number of possible renewals of the crediting period, and the length of the current crediting period, carry over and resume from those under the CDM, to be capped at 5 years for the current crediting period under the Article 6.4 Mechanism if it is renewable
  - Once renewed under the Article 6.4 Mechanism, the length of the new crediting period follows the rules under the Article 6.4 Mechanism for the remaining number of crediting period cycles, taking into account already consumed crediting period cycles under the CDM
  - The same principles apply to PoAs in terms of the PoA period
- Activity design – Clarify the application of:
    - Delivering long-term benefits related to climate change;
    - Minimize and, where possible, avoid negative social impacts;
    - Applicable GWP values



# Proposals

---

## Procedural requirements

- Submission and host Party approval of transition request
  - Submission to CDM DNA, copying 6.4 DNA
  - Process for PoAs with multiple host Parties > [Delegate to the Supervisory Body?](#)
  - A standardized form for transition request > [Delegate to the Supervisory Body?](#)
  - Sequence for finalizing provisional requests for renewal and issuance > [underlying CDM activities shall transition first](#)
  - Host Party approval to cover RMP, paras 40-42 elements (SD contribution, possibility of renewal, relation to NDC, authorization of activity participants, authorization of A6.4ERs for use towards NDCs or international mitigation purposes)
  - Submission of authorization from other Parties may be optional at transition, but required prior to first transfer of A6.4ERs to activity participants authorized by such other Parties
- Fees
  - Transitioning CDM activities - whether to apply registration fee > [If yes, what level?](#)
  - Provisional requests under the temporary measures > [Apply respective 6.4 fees](#)
- SOP for adaptation
  - In-kind contribution (5%) of A6.4ERs for provisional requests for issuance
  - A monetary contribution – at registration for transitioning CDM activities and provisional requests for registration; at issuance for provisional requests for issuance
- Other
  - OMGE and corresponding adjustment are also applicable to provisional requests for issuance



# Proposals

---

## Procedural requirements

- Compliance check
  - Whether to require the involvement of a DOE for validation > May depend on the application of 6.4 methodology
  - Required documentation to be submitted by the activity participants > Delegate to the Supervisory Body?
- Finalization
  - Start of the crediting period > May start as early as 1 Jan 2021, irrespective of the finalization date
  - Effective date of transition > Backdate to as early as 1 Jan 2021 to be consistent with the effective date of deregistration from the CDM

