
**PRELIMINARY DECISION ON A DISAGREEMENT WHETHER TO APPLY AN
ADJUSTMENT TO INVENTORIES UNDER ARTICLE 5, PARAGRAPH 2, OF THE
KYOTO PROTOCOL**

Party concerned: Kazakhstan

In accordance with the “Procedures and mechanisms relating to compliance under the Kyoto Protocol”, contained in the annex to decision 27/CMP.1 (procedures and mechanisms)¹ and adopted under Article 18 of the Kyoto Protocol, and the “Rules of procedure of the Compliance Committee” (the rules of procedure),² the enforcement branch adopts the following preliminary decision.

I. BACKGROUND

1. On 18 February 2019, the secretariat received the report of the expert review team (ERT) of the individual review of the annual submission of Kazakhstan submitted in 2017, contained in document FCCC/ARR/2017/KAZ (2017 ARR), that included a disagreement whether to apply an adjustment for CO₂, CH₄ and N₂O emissions from consumption of coking coal in the category 1.A fuel combustion for 2013, 2014 and 2015.
2. The 2017 ARR, which contains the results of the in-country review of Kazakhstan’s annual submission, submitted in 2017 (2017 annual submission), also included two questions of implementation with regard to reporting the land use, land use change and forestry (LULUCF) information and with regard to reporting on accounting of the Kyoto Protocol units. The review was conducted from 18 to 23 September 2017 in Astana, Kazakhstan in accordance with the “Guidelines for review under Article 8 of the Kyoto Protocol” (annex to decision 22/CMP.1).
3. During the review of Kazakhstan’s 2017 annual submission, the ERT identified underestimations in emission estimates for Annex A sources for 2013, 2014 and 2015 and recommended 14 adjustments in the energy, IPPU, agriculture and waste sectors. Among the emission underestimations identified for the energy sector, the ERT specifically identified an underestimation of CO₂ emissions (and, correspondingly, CH₄ and N₂O emissions) from consumption of coking coal in the category 1.A. fuel combustion for 2013, 2014 and 2015 as reported by Kazakhstan in its original 2017 annual submission.
4. All the adjustments referred to in paragraph 3 above were calculated by the ERT in accordance with the guidance for adjustments under Article 5, paragraph 2, of the Kyoto Protocol (annex to decision 20/CMP.1, in conjunction with decision 4/CMP.11), as reflected in table 6 of section VI to the 2017 ARR. The adjustments were carried out in consultation with Kazakhstan on the basis of the data provided by it. In accordance with decision 22/CMP.1 in conjunction with decision 4/CMP.11,³ the ERT officially notified Kazakhstan of the calculated adjustments.
5. Kazakhstan, when commenting on the draft 2017 ARR, disagreed with the adjustment estimated by the ERT for CO₂, CH₄ and N₂O emissions from consumption of coking coal in the category 1.A fuel combustion for 2013, 2014 and 2015 and subsequently notified the ERT of its disagreement (annex VI to the 2017 ARR).

¹ All sections referenced in this refer to the “Procedures and mechanisms relating to compliance under the Kyoto Protocol”, contained in the annex to decision 27/CMP.1.

² All references to the rules of procedure in this document refer to the rules contained in the annex to decision 4/CMP.2 as amended by decision 4/CMP.4.

³ Decision entitled “Guidelines for review under Article 8 of the Kyoto Protocol” and decision entitled “Implications of the implementation of decisions 2/CMP.7 to 4/CMP.7 and 1/CMP.8 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol, Part II: Implications related to review and adjustments and other related issues”.

6. Also on 18 February 2019, the secretariat received questions of implementation indicated in the report of the ERT on the review of the report to facilitate the calculation of the assigned amount for the second commitment period of the Kyoto Protocol of Kazakhstan contained in document FCCC/IRR/2017/KAZ (hereinafter, IRR).

7. On 14 March 2019, the enforcement branch decided, in accordance with paragraph 2 of section VII and paragraph 1 (a) of section X, to proceed with the questions of implementation (CC-2019-1-2/Kazakhstan/EB). It also decided to consider the questions of implementation and the disagreement whether to apply an adjustment together, following the expedited procedures as contained in paragraph 1 of section X, taking into account the possibility of aligning both procedures set out in paragraph 7 of rule 25 ter of the rules of procedure.

8. On 1 April 2019, the enforcement branch agreed to invite two experts drawn from the UNFCCC roster of experts to provide advice to the branch (CC-2019-1-3/Kazakhstan/EB). One of these experts was part of the ERT which conducted the review of the 2017 annual submission of Kazakhstan.

9. The enforcement branch considered the disagreement whether to apply the adjustment referred to in paragraph 1 above at its thirty third meeting held in Bonn from 29 to 30 April 2019.⁴ During the meeting, Kazakhstan participated in the discussion. During the meeting the branch received advice from the two invited experts.

10. No competent intergovernmental or non-governmental organization provided any information under paragraph 4 of section VIII.

II. INFORMATION SUBMITTED, PRESENTED AND CONSIDERED

11. In its deliberations, the enforcement branch considered the 2017 ARR, including the notification from Kazakhstan provided to the ERT on its rejection of the proposed adjustment to the estimates of CO₂, CH₄ and N₂O emissions from coking coal in the category 1.A fuel combustion, and the advice from the experts invited by the branch.

12. During the review, the ERT noted that CO₂ emissions (and CH₄ and N₂O) from fuel combustion activities associated with consumption of coking coal in the category 1.A fuel combustion as reported in the original submission were underestimated for 2013, 2014 and 2015 (e.g. about 270 Petajoules (PJ) of coking coal were unaccounted for in the estimates for 2015). The ERT, in particular, noted the lack of reliable and verifiable information on whether all coking coal consumption for combustion activities and corresponding emissions for 2013–2015 were included in the category 1.A fuel combustion under the sectoral approach estimates, as well as the use of low country-specific net calorific value (NCV) and carbon content value (emission factor (EF)) for coking coal. The ERT, therefore, recommended in the list of potential problems and further questions that Kazakhstan provide verifiable information with respect to the consumption of coking coal for 2013, 2014 and 2015 and information confirming that these amounts of coking coal and the corresponding emissions were included in the category 1.A fuel combustion under the sectoral approach estimates.

13. In its response to the list of potential problems and further questions raised by the ERT, Kazakhstan submitted tables in the common reporting format (CRF) including revised emission estimates for coking coal consumption for 2015 in category 1.A fuel combustion. The Party revised the data for the apparent consumption of coking coal in 2015 to 236.37 PJ under the reference approach. This new figure for coking coal consumption was reported in CRF table 1.A(b).

14. Having reviewed this additional information, the ERT noted that no explanations or revised estimates and data were provided for coking coal consumption in 2013 and 2014. In addition, the revised 2015 data did not specify whether approximately 31 per cent (74.29 PJ) of the total of 236.37 PJ coking

⁴ Item 4 of the agenda of the thirty-third meeting of the enforcement branch, contained in document CC/EB/33/2019/1.

coal reported in the reference approach were combusted and reported in the category 1.A fuel combustion under the sectoral approach or used for non-energy purposes.

15. Furthermore, the ERT noted that Kazakhstan continued using a low country-specific NCV (24.01 TJ/kt) and carbon content value (24.89 t C/TJ) for coking coal and did not provide background information on the method of calculation or justification for these country-specific values. It also noted that the methodological guidance applied by Kazakhstan⁵ provides the values, but it does not contain any information on the original source of the country-specific NCV and CO₂ EF, the method of calculation/sampling or technical justifications for the values provided.

16. The ERT noted also the information provided by Kazakhstan that the data on the production of coking coal had previously been erroneously reported in CRF table 1.A(b) due to the inclusion of the production of coal concentrate. The ERT, however, did not find that this has been sufficiently substantiated by the information provided by Kazakhstan.

17. Therefore, the ERT disagreed with the revised estimates provided by Kazakhstan in its response. In accordance with the guidance for adjustments under Article 5, paragraph 2, of the Kyoto Protocol (annex to decision 20/CMP.1, in conjunction with decision 4/CMP.11), the ERT carried out the procedures for the calculation of the adjustment for this category, as reflected in table 16 of annex IV to the 2017 ARR. The adjustment recommended by the ERT lead to an increase in Kazakhstan's estimated total greenhouse gas emissions from sources listed in Annex A to the Kyoto Protocol by:

- (a) 5.8% (18 052.255 kt CO₂ eq) for 2013 from 309 096.382 to 327 148.636 kt CO₂ eq;
- (b) 9.0 % (28 323.896 kt CO₂ eq) for 2014 from 314 754.894 to 343 078.790 kt CO₂ eq;
- (c) 3.0 % (8 874.263 kt CO₂ eq) for 2015 from 298 069.639 to 306 943.903 kt CO₂ eq.

18. In its comments on the draft review report contained in Annex VI to the 2017 ARR, when rejecting the proposed adjustments to the CO₂, CH₄ and N₂O estimates from coking coal in category 1.A fuel combustion, Kazakhstan made a number of observations. It is the understanding of the enforcement branch that these include:

- (a) The reason for the difference in the estimates between the reference and sectoral approaches is that coking coal is used for the production of coke, which is subtracted from the calculations. According to the 2006 IPCC Guidelines, fuel used as a raw material, including for processing into other types of fuel, is excluded from calculations in the energy sector and, in this case, the amount of coking coal is taken into account in the industrial processes and product use sector;
- (b) The calculations by the ERT show a significant change in emissions between 2013, 2014 and 2015, which the Party does not consider realistic because such changes in the production of the steel industry did not occur over the years;
- (c) The emissions from coking coal in the last GHG inventory for 1990–2016 were adjusted for 2014 and 2015. In 2014, the value in the reference approach was adjusted, because data in the national energy balance for this year was presented aggregated with other coal and therefore other coal mining was deducted from coking coal mining. In 2015, the adjustment was made due to an adjustment in the production of coking coal. This resulted in decreases of coking coal consumption in the reference approach for these years. Emissions amounted to 21,954 kt in 2014 and 26,026 kt in 2015, correspondingly reducing the difference between the reference and sectoral approaches;
- (d) For 2013, the CFR data on fuel consumption were provided for aggregated subbituminous coal and there were no recalculations for 2013;

⁵ “Guidelines for the calculation of greenhouse gas emissions from thermal power plants and boiler houses” (Order No. 280-e of the Minister of Environment Protection of the Republic of Kazakhstan of 5 November 2010, available at: https://www.egfntd.kz/rus/page/ME_RK.html).

(e) Greenhouse gas emission estimates for coking coal made by Kazakhstan are based on the fuel and energy balance based on national statistical data using and the NCV and CO₂ EF default values from the 2006 IPCC Guidelines for the GHG inventory for 1990–2016 as recommended by the ERT;

19. The ERT considered the comments by Kazakhstan to the draft 2017 ARR and decided to maintain the adjustment in the final report and to consider the comments by Kazakhstan as a disagreement with the adjustment.

20. During the meeting, the experts invited by the branch to provide expert advice (see paragraph 8 above) corroborated the adjustment calculated by the ERT based on the official data as provided by Kazakhstan at various stages of the review process, as reflected in the 2017 ARR. They also noted that some of the data provided by Kazakhstan to the ERT in relation to the estimates for this fuel was not sufficiently transparent. With regard to the concern noted by Kazakhstan on the difference in figures of the adjustments for 2013, 2014 and 2015, respectively (see paragraph 18 (b) above and paragraph 21 below), the experts pointed out that the figures represent the additional missing part of the greenhouse gas emissions associated to the use of coking coal and not the total greenhouse gas emissions from coking coal in the energy sector. Therefore, it cannot be concluded on the basis of the figures reflected in the adjustment that there is a problem with time series consistency.

21. In their intervention, Kazakhstan reiterated its reasons for the rejection of the adjustment (see paragraph 18 above) and pointed out that recalculations would need to be made on the basis of the data included in subsequent annual submissions of Kazakhstan which will be subject to reviews under Article 8 of the Kyoto Protocol. It notified the branch that it maintains its position on the rejection of the adjustment.

III. REASONS AND CONCLUSIONS

22. After considering the 2017 ARR, the additional information provided by Kazakhstan prior and during the meeting, both orally and in writing, and the presentation and advice received from the invited experts, the enforcement branch notes:

- (a) with regard to emission estimates from coking coal in category 1.A fuel combustion referred to in paragraph 1 above, that from the 2017 ARR, and also as confirmed by the experts during the meeting of the branch (see paragraph 20 above), the calculations of the adjustment applied by the ERT are based on the data provided in the 2017 NIR and the data subsequently additionally provided by Kazakhstan during the review;
- (b) that the information and emissions data provided by Kazakhstan in the 2017 NIR do not contain sufficient supporting information with respect to activity data or methods used for the preparation of the emission estimates and that some of the data provided was not fully in line with the methodological requirements under Article 5, paragraph 2, of the Kyoto Protocol and the 2006 IPCC Guidelines (see paragraph 15 above);
- (c) that in accordance with paragraph 11 of decision 20/CMP.1 in conjunction with decisions 3/CMP.11 and 4/CMP.11, an Annex I Party may submit a revised estimate for a part of its inventory of a year of the commitment period to which an adjustment was previously applied, provided that the revised estimate is submitted, at the latest, in conjunction with the annual submission for 2022, which shall be subject to review.

IV. DECISION

23. In accordance with paragraph 5 of section X, the enforcement branch decides that the adjustment calculated and recommended by the ERT in the 2017 ARR with respect to the CO₂, CH₄ and N₂O emission estimates from the consumption of coking coal in the category 1.A fuel combustion of Kazakhstan shall be applied. The adjusted estimates for Kazakhstan for 2013, 2014 and 2015, as contained in the 2017 ARR, shall be inscribed in the compilation and accounting database.

24. This decision shall take effect upon confirmation by a final decision of the enforcement branch.

Members and alternate members participating in the consideration and elaboration of the decision:

Ms. Eva ADAMOVA, Ms. Karoliina ANTTONEN, Mr. Nauman BHATTI, Ms. Rueanna HAYNES, Mr. Gerhard LOIBL, Ms. Marília T. ANTONÍO MANJATE, Mr. Yaw OSAFO, Mr. Ahmad RAJABI, Mr. Orlando REY SANTOS, and Mr. Milan ZVARA.

Members participating in the adoption of the decision:

Ms. Eva ADAMOVA (alternate member serving as member), Ms. Karoliina ANTTONEN, Mr. Nauman BHATTI (alternate member serving as member), Ms. Rueanna HAYNES (alternate member serving as member), Mr. Gerhard LOIBL, Ms. Marília T. ANTONÍO MANJATE, Mr. Yaw OSAFO, Mr. Ahmad RAJABI, Mr. Orlando REY SANTOS, and Mr. Milan ZVARA.

This decision was adopted by consensus in Bonn on 30 April 2019.
