

Informal note by the co-facilitators

on

SBSTA 58 agenda item 14

Rules, modalities and procedures for the mechanism established
by Article 6, paragraph 4, of the Paris Agreement and referred to in decision 3/CMA.3

Version at 13 June 2023 (20:30)

Note: The collection of views contained in this informal note has been prepared by the co-facilitators of the informal consultations on this agenda item under their own responsibility. These views were expressed by Parties during the fifty-eighth session of the Subsidiary Body for Scientific and Technological Advice. They are not exhaustive, have no formal status and should not be considered final in any way. They are intended to assist Parties in advancing discussions on this matter and do not prejudice further work or prevent Parties from expressing additional views at any time.

I. Elements discussed at the informal consultations

1. The informal consultations on Subsidiary Body for Scientific and Technological Advice (SBSTA) agenda item 14 on rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement and referred to in decision 3/CMA.3 held at the fifty-eighth session of the SBSTA were co-facilitated by Kate Hancock (Australia) and Sonam Tashi (Bhutan).

2. Parties considered the following three elements, as mandated by decision 7/CMA.4, paragraph 9:

(a) Consideration of whether Article¹ 6, paragraph 4, activities could include emission avoidance and conservation enhancement activities;

(b) Connection of the mechanism registry to the international registry as per paragraph 63 of the rules, modalities and procedures for the mechanism,² as well as to other registries referred to in decision 2/CMA.3, annex, paragraph 29, if applicable, including the nature and extent of interoperable features;

(c) Provision of a statement by the host Party to the Supervisory Body specifying whether it authorizes Article 6, paragraph 4, emission reductions issued for an Article 6, paragraph 4, activity for use towards achievement of nationally determined contributions and/or for other international mitigation purposes, as defined in decision 2/CMA.3, in accordance with paragraph 42 of the rules, modalities and procedures, including its timing, relevant information on the authorization and any revisions.

3. Chapter II below contains Parties' views on each of the above elements expressed during the fifty-eighth session of the Subsidiary Body for Scientific and Technological Advice (SBSTA), in the order of consideration at the session. It should be noted that this list is non-exhaustive, reflects the diversity of Parties' positions and does not constitute their agreement.

¹ Articles referred to in this note are Articles of the Paris Agreement.

² Contained in decision 3/CMA.3, annex.

II. Views of Parties expressed at the informal consultations

A. Emission avoidance and conservation enhancement activities

4. Regarding the definition and concept of emission avoidance and conservation enhancement activities:

(a) There is a need for clarity and a common understanding regarding which activities could be categorized as emission avoidance or conservation enhancement activities;

(b) It is necessary to have a clear understanding of the scope of activities considered under the definition of emission avoidance that are not covered by the definitions of emission reductions or removals;

(c) The definition of a new mitigation activity type, if any, needs to be aligned with the overall definition of mitigation activities and consistent with nationally determined contributions (NDCs);

(d) It is important to ensure consistency and integrity in all activity types covered by Article 6, paragraphs 2 and 4, due to the linkage between them;

(e) Priority should be given to operationalizing the Article 6.4 mechanism over developing a complicated taxonomy;

~~(f) Additional technical work by the secretariat on potential definitions of these new terms could be useful, making uses of relevant concepts under other frameworks;~~

(g) There is no need ~~and basis~~ to conduct further ~~technical~~ work on the concept of emission avoidance and conservation enhancement activities.

5. Regarding whether Article 6, paragraph 4 activities could include emission avoidance and conservation enhancement activities:

(a) All mitigation activities can be considered as either of the two categories: emission reduction or removal activities;

(b) It is not necessary to specify or include any new category of mitigation activity in addition to anthropogenic “emissions reductions” and “enhancement of removals”, which should be the focus of consideration;

(c) It is not necessary to create another track at the CMA level in addition to the ongoing mandated discussions on removals under the Supervisory Body;

~~(d) Article 6, paragraph 4, activities shall not include emission avoidance activities;~~

(e) There is a need for the CMA to provide guidance to the Supervisory Body on this matter;

~~(f) There is a need for clarity of which activities are already covered under Article 5, paragraph 2;~~

(g) Emission avoidance does not qualify as eligible activities under Article 5, paragraph 2 or Article 6, paragraphs 2 and 4, as they rely on hypothetical scenarios and do not contribute to mitigation efforts;

(h) The focus should be on real emission reductions and removals and should not credit carbon stocks;

(i) Emission avoidance should not be included under Article 6, paragraph 4, in any sector, particularly in the forestry sector;

(j) It is important to include emission avoidance as eligible activities under Article 6, paragraphs 2 and 4, given that:

- (i) The inclusion of emission avoidance under Article 6, paragraphs 2 and 4, has the benefit of broadening collective efforts on mitigation. It will also facilitate technology transfer and the implementation of cost-effective mitigation actions;
- (ii) They contribute to the objectives and goals of the Convention and the Paris Agreement.

B. Authorization by the host Party

6. Regarding the timing of providing authorization:

(a) Authorization is a national prerogative and can be provided at any time as per the need of the host Party. Flexibility should be provided to host Parties in the light of their different capacities and needs;

(b) Authorization shall be provided **at the timing that enables the implementation of pursuant to decision 7/CMA.4, annex I, paragraph 38, whereby the mechanism registry administrator assigns the authorization status at the time of issuance of A6.4ERs;**

(c) — In accordance with decision 7/CMA.4, annex I, paragraph 38, authorization shall be provided prior to issuance of A6.4ERs;

(d) Other possible specific timings for providing authorization are:

- (i) As early as possible;
- (ii) In conjunction with the approval of the activity by the host Party;
- (iii) After validation of the activity;
- (iv) At registration of the activity;**
- (v) At registration of the activity, with the possibility to provide authorization again prior to each issuance;
- (vi) After verification of emission reductions or removals;
- (vii) After verification of emission reductions or removals but before issuance of A6.4ERs;
- (viii) After verification of emission reductions or removals, in the context of the GHG inventory of the host Party;
- (ix) Prior to issuance of A6.4ERs;**
- (x) At issuance of Article 6, paragraph 4, emission reductions (A6.4ERs);
- (xi) Before the first transfer of A6.4ERs;

(e) The timing of providing authorization under Article 6, paragraph 4, needs to be consistent with that under Article 6, paragraph 2;

(f) The timing of providing authorization is linked to discussions on the activity cycle procedure to be developed by the Supervisory Body, thus it would be useful to wait for the outcome of those discussions and address this timing issue at the next session of the SBSTA;

(g) **The timing of providing Any** authorization **after issuance will also would** have impacts on the corresponding adjustment in relation to share of proceeds (SOPs) and overall mitigation in global emissions (OMGE);

(h) The timing of providing authorization needs to be set in a way that does not retroactively affect any preceding processes;

(i) The timing of providing authorization needs to be set in a way that does not obstruct host Parties' capacity to implement their NDCs and long-term low GHG emission development strategies, if they have submitted one.

7. Regarding the information to be included in the statement on authorization:

(a) The content of the statement is a national prerogative and can be determined by the host Party;

(b) The list of information in the synthesis report³ could be used as a starting point for further consideration;

(c) The format of the statement should be accessible and user-friendly. Templates and guidance should be provided to support countries in filling in the necessary information;

(d) The statement template should contain the minimum information to be provided, with options available to provide additional information if desired by host Parties;

(e) The statement template should be consistent with the agreed electronic format under Article 6, paragraph 2;

(f) It is important in the statement to clarify the unit types by authorization, unit uses, active confirmation for non-authorized units, authorization vintages and activity type;

(g) This is linked to discussions on the activity cycle procedure to be developed by the Supervisory Body;

(h) The statement should include a risk management provision (e.g. specify whether the host Party considers potential revision, and if yes, how this could be implemented ~~managed~~), at the discretion of the host Party.

8. Capacity-building is needed for countries to make informed decisions on authorization.

9. Regarding the possibility for revision and/or revocation of the authorization:

(a) Revision and/or revocation is a national prerogative and can be determined by the host Party;

(b) Flexibility to revise or revoke the authorization should be considered in light of different capacities of host Parties;

(c) Revision and/or revocation should be avoided as much as possible, and allowed only in exceptional circumstances, noting that it is important to clarify under which conditions authorization can be revised and/or revoked and how it could be implemented accordingly;

(d) Revision and/or revocation should not be allowed as it may affect:

(i) Legal certainty;

(ii) Credibility and transparency of the Article 6.4 mechanism;

(e) Revision and/or revocation shall not be allowed;

(f) If revision and/or revocation is allowed, it is important to clarify under which conditions authorization can be revised and/or revoked and how it could be implemented accordingly, including which measures are to be in place to mitigate risks associated with revision and/or revocation, following guidance to be provided by the CMA if the host Party chooses to do so;

(g) Once units are first transferred, or transferred to other Parties or entities, revision and/or revocation should not be allowed, as this may have implications on the SOPs and OMGE, certainty of the market and confidence in the investment.

³ FCCC/SBSTA/2023/3, advanced version available at https://unfccc.int/sites/default/files/resource/sbsta2023_03_adv.pdf.

C. Connection between the mechanism registry and the international registry and other registries

10. Regarding the purposes of the connection between the mechanism registry and the international registry and national registries:

- (a) The mechanism registry shall:
 - (i) Allow only the pulling and viewing of data and information contained in the mechanism registry by the international registry, pursuant to decision 7/CMA.4, annex I, paragraph 49, as well as by national registries;
 - (ii) Allow the transfer of units from the mechanism registry to the international registry and national registries, in addition to the pulling and viewing of data and information contained in the mechanism registry by the international registry, pursuant to decision 7/CMA.4, annex I, paragraph 49, as well as by national registries;
- (b) It is important to clarify the functionality of the mechanism registry, whether it should only cover pulling and viewing of data and information, or whether it should also allow the transfer of units;
- (c) Parties should be able to decide the purpose for which they will use the mechanism registry;
- (d) It is important to clarify the cost implications for both functionalities mentioned (pulling and viewing of information and transfer of units, including to national registries).

11. With regard to the functionality of pulling and viewing of data and information:

- (a) It is important to understand how this could be implemented, for example through agreed standards that address the risk of data inconsistency;
- (b) The data and information should be used for annual reporting, Centralized Accounting and Reporting Platform and the Article 6 database;
- (c) The mechanism registry shall, through Party accounts and other relevant accounts, provide all the necessary information to allow host Parties to fill in the required information for the annual and regular information reporting under the Article 6, paragraph 2 infrastructure and for the reporting of the structured summary under Article 13;
- (d) The data and information pulled from the mechanism registry shall be available to national registries.

12. With regard to the transfer of units:

- (a) It is important to clarify how units could be transferred;
- (b) If the international registry is considered as a substitute for national registries, clarification is needed as to how units could be transferred;
- (c) National registries should be able to connect directly to the mechanism registry;
- (d) Parties should transfer the units from the mechanism registry to the international registry or national registries only after they have achieved their NDC targets;
- (e) For the transfer of mitigation contribution A6.4ERs, the following clarifications are needed:
 - (i) Whether mitigation contribution A6.4ERs can be transferred from the mechanism registry to national registries for domestic purposes;

- (ii) Whether there will be any possibility of mitigation contribution A6.4ERs in national registries being able to be transferred internationally following guidance under Article 6, paragraph 2;
 - (iii) Given the fundamental difference between mitigation contribution A6.4ERs and authorized A6.4ERs, it is important to understand how changes in the authorization status of mitigation contribution A6.4ERs could affect corresponding adjustments in relation to SOPs and OMGE;
- (f) The consideration of registries under Article 6, paragraphs 2 and 4, should be closely coordinated to ensure consistency.
13. Other views expressed include the following:
- (a) Capacity-building is important for countries to operationalize and utilize the connection among the mechanism registry, the international registry and national registries;
 - (b) National data should be confidential;
 - (c) Some national information may be confidential, in line with provisions on confidentiality under Article 6, paragraph 2.
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