



**SUBMISSION TO THE ARTICLE 6.4 SUPERVISORY BODY**

**IN RESPONSE TO CALL FOR INPUT ON  
THE PROPOSED OPERATION OF THE MECHANISM REGISTRY  
VERSION: A6.4-SB010-AA-A06**

**by**

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## **About Clean Energy Policy Institute**

**Clean Energy Policy Institute** is a non-governmental research-based institute that advocates for a global clean energy transition through research and policy advisory. Our mission is to facilitate a just energy transition by accelerating the adoption of renewable energy and supporting the growth of carbon markets as a way towards a low-carbon economy. Research areas include clean energy transition, climate finance, and development of carbon markets.

## **About the Author**

Omonigho Erigha is a Senior Energy Policy Advisor at Clean Energy Policy Institute, where she engages in research to promote a global energy transition and development of high-integrity carbon markets. She regularly contributes to both local and international policy discussions on clean energy and carbon markets.

## **Comments**

If you have any comments or questions about this submission, you may reach the author via email at [omonigho.erigha@gmail.com](mailto:omonigho.erigha@gmail.com).

## Introduction

The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) has adopted rules, modalities and procedures for the mechanism established by Article 6, paragraph 4 of the Paris Agreement.

The Supervisory Body has considered the modalities for the operation of the mechanism registry and directed the secretariat to prepare a concept note for the mechanism registry.

The submission is in response to a call for input on the outstanding issues to be resolved for the design of the mechanism registry for Article 6.4.

## Comments on Specific Issues

1. ***Whether entities authorized by a Party to open an account in the mechanism registry may receive A6.4ERs generated for an activity of which the entity is not an official participant?***

Only a Party should be able to receive A6.4ERs generated for an activity in which it is not an official participant. An entity authorised by a Party to open an account (“**authorised entities**”) should only be able to receive A6.4ERs for an activity in which such authorised entity is an official participant.

If an authorised entity is allowed to receive A6.4ERs generated for an activity in which it is not an official participant, it will be unfair to other private entities who are not authorised entities. The authorisation to participate in the Article 6.4 mechanism registry should be tied to a specific project in which that authorised entity participates to ensure that private entities which receive the authorisation are not at unduly advantageous position compared to private entities which do not receive the authorisation.

Furthermore, if authorised entities are not authorised to receive A6.4ERs generated for an activity in which the entity is not an official participant, it will streamline the operations of the mechanism registry and reduce the cost of operation of the registry.

2. ***Whether secondary transfers between accounts in the mechanism registry (“trading”) are allowed?***

To properly consider this issue, it is important to reflect on the wording of paragraph Article 6.4(c) of the Paris Agreement. Pursuant to Article 6.4(c), one of the aims of the mechanism to be established under Article 6.4 is “to contribute to the reduction of emissions levels in the host Party, which will benefit from mitigation activities resulting in emissions reduction that can also be used by another Party to fulfil its nationally determined contribution”.

The primary purpose of the mechanism registry is not for the creation of a secondary market for A6.4ERs but to ensure that a mechanism exists for emissions reduction in a host country to be applied towards the fulfilment of another country’s nationally determined contributions.

In my view, secondary transfers should be limited to the following transfers:

- (i) transfer from a Party and another Party; and
- (ii) transfer from an authorized entity to a Party.

If the mechanism registry permits a Party to transfer to an authorised entity or permits transfers between authorised entities, it will, in my opinion, be at variance with the intent of the Parties to the Paris Agreement.

3. **Whether fees should be charged for using the mechanism registry and what these fees should be?**

There should be no other fees apart from the share of proceeds from administrative expenses.

Please see page 43 of the decisions adopted by the Conference of the Parties serving as meeting of the Parties to the Paris Agreement at its fourth session. In particular, paragraph 59 on page 44 reads as follows:

*“The Supervisory Body may adjust and implement the fee structure and levels **within the boundary to be set by the CMA**<sup>1</sup>, on the basis of the guiding principles of balancing the income and the expenditure, enabling long-term sound operation of the Article 6.4 mechanism, being fair to activity participants and the Supervisory Body.”*

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<sup>1</sup> Emphasis mine