



## Article 6 of the Paris Agreement

### 2023 Webinar Series

#### Webinar # 3

#### Overview of Article 6.4. The Mechanism

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**United Nations** Climate Change  
Regional Collaboration Centres



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Regional Collaboration Centres



# Webinar III | CDM Transition to Article 6.4

Regional Collaboration Centres  
Webinar Series

Tuesday 29 August 2023



# Agenda

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## Section I – Relationship between Article 6.4 and CDM

- Commonalities
- Key differences

## Section II – CDM Transition requirements

- The rules
- The Timeline
- Host countries' considerations

## Section III – Pre-2021 CERs

- Transition of eligible CERs towards first or first updated NDC



# Section I – Relationship between Article 6.4 and CDM



# Understanding Article 6

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A framework for the voluntary participation by Parties and other stakeholders in market and NMAs that support implementation of NDCs while promoting SD.

## Art 6.2

- International cooperation that involves transfers of mitigation outcomes (ITMOs) from one country to another towards achieving NDC Targets.
- Designed up to the participating Parties but requires that ITMOs are not counted twice (double counting), to ensure environmental integrity.
- Decision 2/CMA.3 provides guidance for countries to cooperate in achieving their NDCs through the transfer of mitigation outcomes.

## Art 6.4

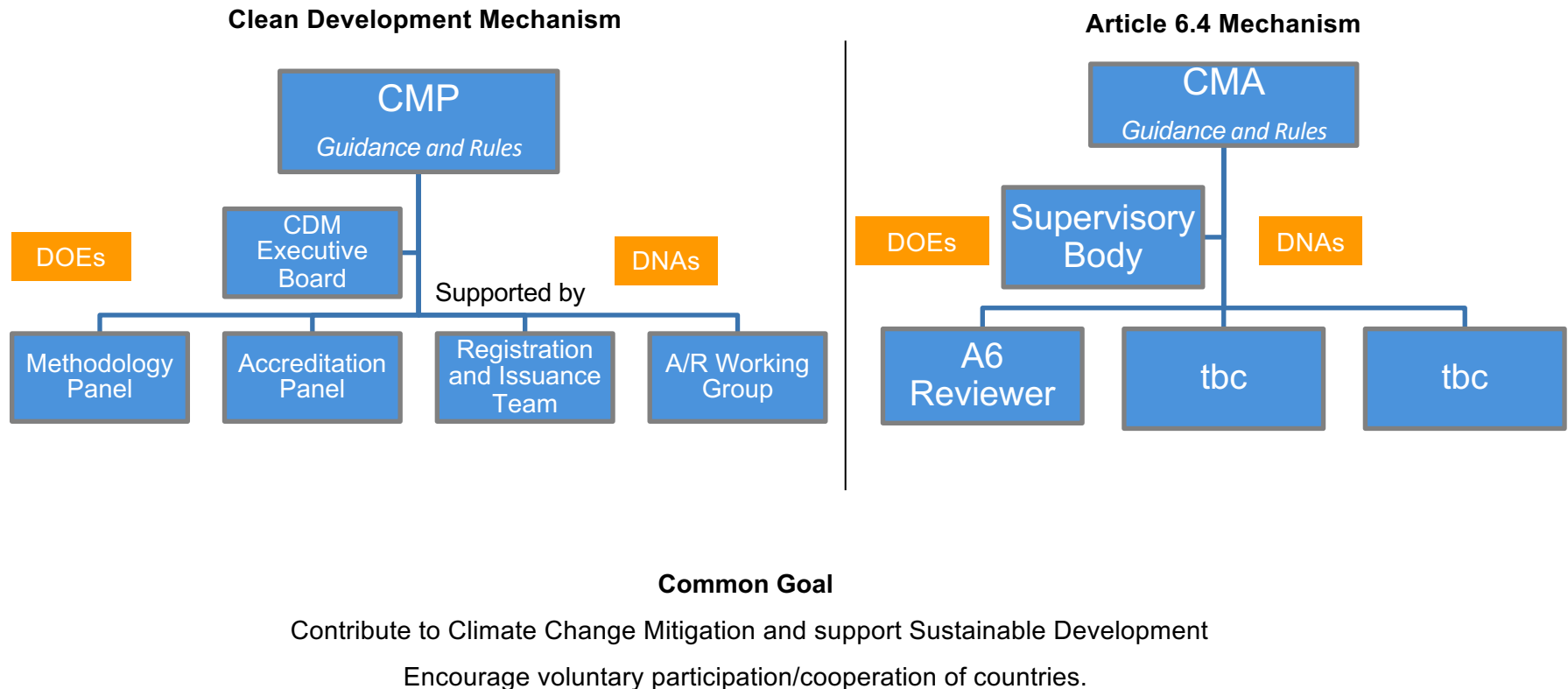
- A centralized mechanism under the purview of the UNFCCC
- Has similarities to the CDM in its design, but has new requirements and characteristics compared to the CDM

## Art 6.8

- Focuses on other types of cooperation that contribute to reaching mitigation & adaptation goals, but do not involve transfer of MOs among cooperating entities



## Relationship between Article 6.4 & CDM - Commonalities



# Relationship between Article 6.4 & CDM – Key differences

## Article 6.4 Mechanism

**All Parties** must have **NDCs** (emission reduction targets)

### Larger role for developing countries

*(e.g., approve project CPs, provision of info to SB on how its participation contributes to SD)*

**All Parties** can participate as **sellers or buyers** of Mitigation Outcomes)

Parties are expected to **report** to the UNFCCC ex-post on how mitigation actions contribute to the NDCs of host and partner countries

## CDM

**Only (some) Annex I Countries** have legally binding emission reduction targets

### Limited role for developing countries

*(i.e. role and commitments of the HC limited to granting of Letters of Approval)*

**Developing countries** participated in the international carbon market as **hosts** for CDM projects (no targets).

The approval of CDM activities implied confirming that participation was voluntary and contributed to SD in the country.



# Key Acronyms of Article 6.4 mechanism

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**SB – Supervisory Body** (CDM – CDM Executive Board)

**AP - Activity Participants** (CDM – Project Participants)

**HP – Host Party** (CDM – Host Country)

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**A6.4ERs** (CER – Certified Emission Reductions)

**Mitigation Contribution Units (MCUs)**

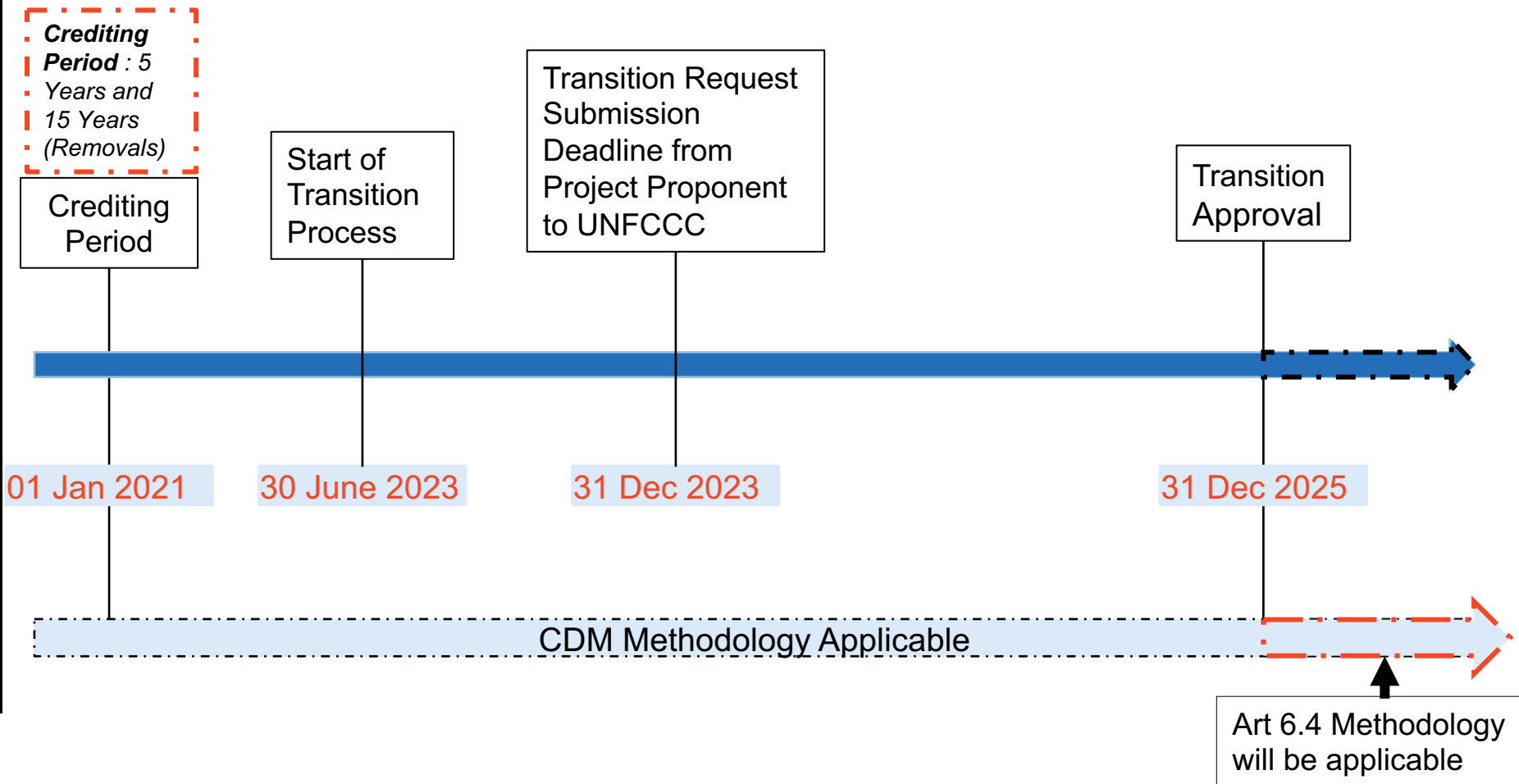
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**PDD**





# Important Timelines CDM Project Activity or POA : Transition.



# Standard for the transition of CDM activities to the Article 6.4 mechanism

CDM activity transition request form <sup>1</sup> (Version 01.0)			
<b>Type of transition request</b> (Tick box(es))	<input type="checkbox"/> Transition of CDM activity <input type="checkbox"/> Finalization of provisional request <sup>2</sup> <input type="checkbox"/> For registration <input type="checkbox"/> For issuance		
<b>Type of activity</b> (Tick box(es))	<input type="checkbox"/> Project activity <input type="checkbox"/> Programme of activities (PoA) <input type="checkbox"/> Including component project activities (CPAs) <sup>3</sup>		
<b>Title and UNFCCC reference number of activities</b>			
<b>Host Party(ies)</b>			
<b>Crediting period type and expiry date of the current crediting period (for a project activity or PoA)</b> (Tick box(es)) (Indicate the hypothetical expiry date under the CDM rules in the DD/MM/YYYY format)	<input type="checkbox"/> Renewable <input type="checkbox"/> In the first crediting/PoA period expiring on _____ <input type="checkbox"/> In the second crediting/PoA period expiring on _____ <input type="checkbox"/> In the third crediting/PoA period expiring on _____ <input type="checkbox"/> In the fourth PoA period expiring on _____ (applicable only for PoAs) <input type="checkbox"/> Fixed, expiring on _____		
<b>Crediting period type and duration of activity (for CPAs)</b> (Tick box(es)) (Add rows as needed)	CPA ref. #	Crediting period type (renewable or fixed)	Expiry date of the current crediting period
<b>Applied methodology</b> (Tick boxes)	<input type="checkbox"/> Continue to apply the currently applied CDM methodology at transition <input type="checkbox"/> Replace the currently applied CDM methodology with an Article 6.4 mechanism methodology <input type="checkbox"/> For project activity <input type="checkbox"/> For both PoA and all CPAs <input type="checkbox"/> For only PoA <sup>4</sup>		
<b>I confirm that the crediting period or the PoA period of the activity was active as of 1 January 2021 and hereby submit request for transition to the Article 6.4 mechanism</b>	Date (DD/MM/YYYY):		
	Names of the entity and the representative of the project participants: <sup>5</sup>		
	Signature:		

## Appendix 1. Form for transition request

As on date 85 projects applied transition



# Section II – CDM Transition requirements



# Transition of CDM Activities to the Art 6.4 Mechanism

## Key Decisions

**Decision 3/CMA.3, annex  
(RMPs), chapter XI.A**

## Details

- ❑ Contains provisions that allow transition of CDM activities to the Art. 6.4 M with conditions
  - Transition request submission
  - Host Party approval submission
  - Compliance with the RMPs

**Decision 7/CMA.4**

- ❑ Elaborated key conditions and processes (elaboration of RMPs)
  - Crediting period or PoA period
  - Activity design
  - Transition process



# State of play

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SB005

- Considered the draft “Standard and procedure for transition of CDM activities to the Art 6.4 mechanism – activity design/attributes & processes to follow respectively
- Agreed to start the process of receiving requests for transition from PPs **on 30 June 2023**; and requested the secretariat to operationalize the submission interface on the UNFCCC website on that date.

SB006

## **Adopted:**

- Standard and Procedure for the transition of CDM activities to Art.6 Mechanisms (enters into force on 1 Jan 2024)
- Procedure for Development, revision and clarification of methodologies and methodological tools
- Procedure for Development, revision and update of standardized baselines
- As of 30 June 2023 - a dedicated portal available to facilitate the submission of transition requests by PPs of eligible CDM PAs and PoAs to the Article 6.4 mechanism.

Transition  
Portal



# Eligibility for transition – Project Activities & PoAs

<b>Activity Type</b>	<ul style="list-style-type: none"> <li>• Shall be among those indicated publicly by the host party to the Supervisory Body.</li> </ul>
<b>Crediting Period/PoA period</b>	<ul style="list-style-type: none"> <li>• <b>Active as of 1 Jan 2021</b></li> <li>• Ends either at the end of the current CDM CP/PoA period or 31 Dec 2025 (whichever is earlier) or as specified by the host party</li> <li>• Type (renewable or fixed) – not to change at or after transition</li> <li>• Renewals - carry over from CDM unless the Host Party specifies no-renewal</li> </ul>
<b>Use of CDM Methodologies</b>	<ul style="list-style-type: none"> <li>• May continue to use currently applied CDM meth until renewal or 31 Dec 2025 (whichever is earlier)</li> <li>• May voluntarily replace the meth or if incompatible with the HP methodological approach</li> <li>• For a PoA that continues applying CDM meths, no new CPAs may be included until renewal of PoA under Art. 6.4</li> <li>• Additionality demonstration is deemed fulfilled if CDM meth is applied</li> <li>• Global Warming Potential – apply values from the IPCC 5AR.</li> </ul>
<b>Additional activity design requirements</b>	<ul style="list-style-type: none"> <li>• Long-term benefits to climate change</li> <li>• Addressing non-permanence (all types of activities) – analysis of risks and planned monitoring and counter measures</li> <li>• Social impacts</li> </ul>



# Procedures for transition of project activities/PoAs

<b>Submission of transition request</b>	<ul style="list-style-type: none"> <li>PPs shall submit their expression of transition by filling the “CDM activity transition request form”</li> <li>Submission of the form to the SB by <b>31 Dec 2023</b></li> </ul>
<b>Global stakeholder consultation</b>	<ul style="list-style-type: none"> <li>Parties, stakeholders, and UNFCCC admitted observer organizations may submit comments within 28 days of the publication of the request for transition on the UNFCCC website.</li> </ul>
<b>Submission of host party approval</b>	<ul style="list-style-type: none"> <li>Fill in the “CDM activity transition approval form”</li> <li>Submit to the Art.6.4 SB through a dedicated interface on the UNFCCC website, by <b>31 Dec 2025</b></li> <li>HP may submit approval only after it has fulfilled participation requirements e.g., nominated Art.6.4 DNA, submitted its NDC etc</li> <li>The secretariat shall publish the host party approval of transition on the UNFCCC website and promptly inform the PPs of the receipt of such approval.</li> </ul>
<b>Submission of additional documentation</b>	<ul style="list-style-type: none"> <li>Addendum to the PDD, PoA-DD and CPA within 6 months of the publication of the host party approval (in case of continued use of currently applied CDM meths).</li> <li>Revised PDD, or PoA-DD/CPA-DDs and a validation report within 1 year (for voluntary/mandatory meth replacement cases)</li> </ul>



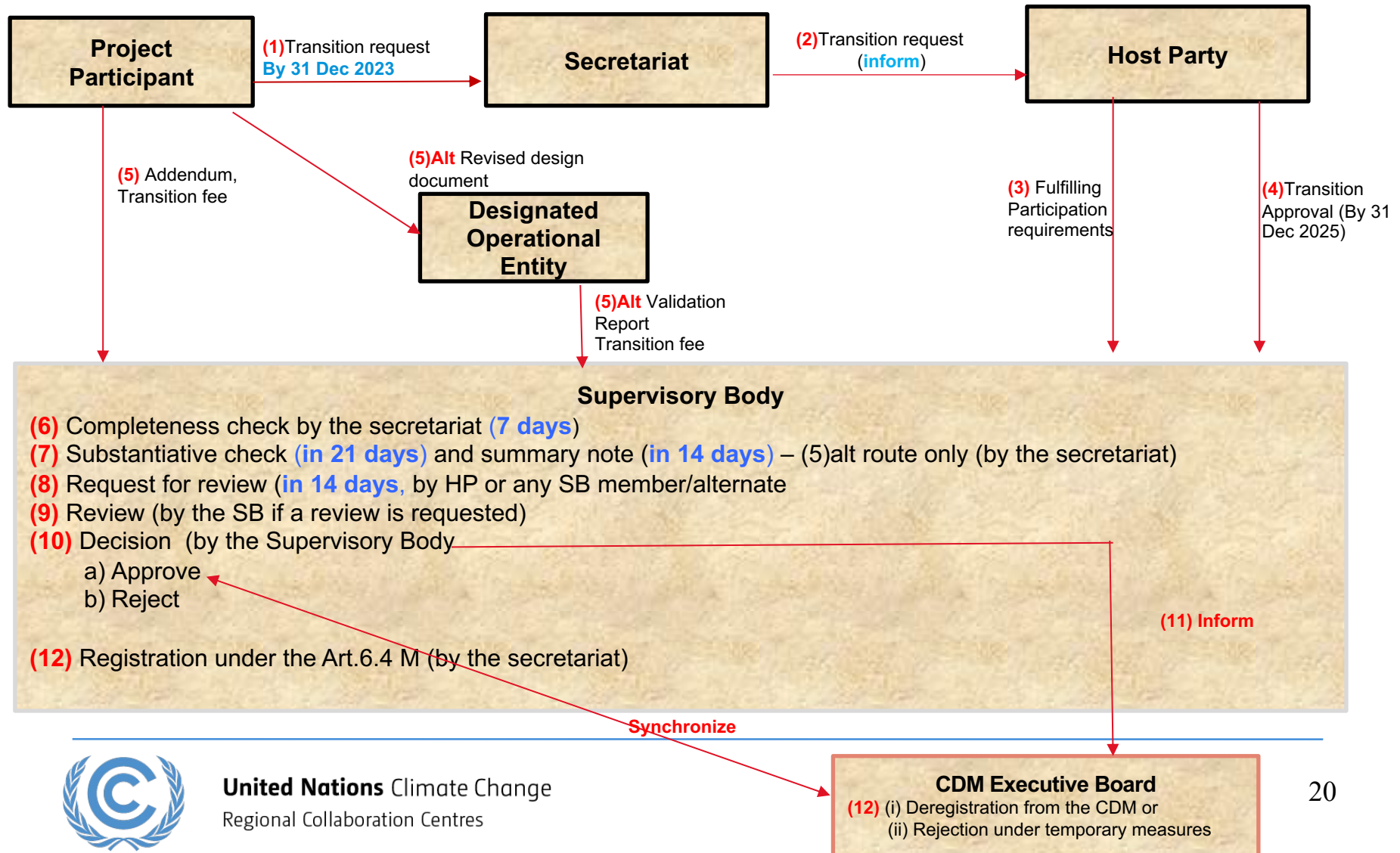
# Transition process cont'd.....

<b>Processing of transition request</b>	<ul style="list-style-type: none"><li>• Upon payment of transition fee (waived for activities in LDCs &amp; SIDs)</li><li>• Completeness check by the secretariat (within 7 days) - prioritizing requests for transition for small-scale CDM PA and PoAs</li><li>• Substantive check (21 days)</li><li>• Preparation of summary note to SB whether to approve the requested transition (within 14 days of the date of publication of additional documentation)</li></ul>
<b>Requesting review of transition request</b>	<ul style="list-style-type: none"><li>• Host party of the transitioning PA/PoA, SB member/alternate (within 28 days of receipt of the notification of the completion of the substantive check)</li><li>• Provide reasons for requesting review</li></ul>
<b>Finalizing transition request</b>	<ul style="list-style-type: none"><li>• If no review is requested, the request for transition shall be deemed approved by the Supervisory Body.</li><li>• The secretariat shall register the activity under the A6.4 mechanism, to be effective on the day it is deregistered from the CDM.</li></ul>





# Schematic illustration of transition process



# Section III – Pre-2021 CERs



# Use of pre-2021 CERs

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**3/CMA.3 Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement (Decision in Glasgow)**

## **XI. Transition of clean development mechanism activities and use of certified emission reductions towards first nationally determined contribution**

*A. Transition of clean development mechanism activities*

### **B. Use of certified emission reductions towards first or first updated nationally determined contributions**

75. Certified emission reductions (CERs) issued under the CDM may be used towards achievement of an NDC provided the following conditions are met:

- (a) The CDM project activity or programme of activities was registered on or after **1 January 2013**;
- (b) The CERs shall be transferred to and held in the mechanism registry and identified as **pre-2021 emission reductions**;
- (c) The CERs may be used towards achievement of the **first NDC only**;

...



# Use of pre-2021 CERs

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75. ...

(d) The CDM host Party **shall not** be required to apply a **corresponding adjustment** consistently with decision 2/CMA.3 in respect of the CERs and not be subject to the **share of proceeds** pursuant to chapter VII above (Levy of share of proceeds for adaptation and administrative expenses)

(e) CERs not meeting the conditions referred to in paragraph 75(a–d) above may only be used for achievement of an NDC in accordance with a relevant **future decision** of the CMA;

(f) **Temporary** CERs and **long-term** CERs shall not be used towards NDCs.



## Contact us

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**THANK YOU FOR YOUR ATTENTION!**

