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Ad Hoc Working Group on Long-term Cooperative Action under the Convention
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Agenda item 3(b)(i)
Measurable, reportable and verifiable nationally appropriate mitigation commitments or actions, including quantified emission limitation and reduction objectives, by all developed country Parties, while ensuring the comparability of efforts among them, taking into account differences in their national circumstances

Report on the third workshop on quantified economy-wide emission reduction targets by developed country Parties

Note by the chair of the workshop

Summary

This report provides a summary of the third workshop on quantified economy-wide emission reduction targets by developed country Parties. The workshop was held in Bonn, Germany, on 17 May 2012, during the first part of the fifteenth session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention. The workshop addressed, through presentations, subsequent question and answer sessions and a general discussion, the following issues: clarification of the nature and level of the targets communicated by developed country Parties; assumptions and conditions associated with the targets; commonalities and differences of approach in measuring the progress towards the targets; comparability of emission reduction efforts by developed country Parties, and options and ways to increase the level of ambition of the pledges; relevant policies and measures to support the targets, and experience with low-emission development strategies; and possible ways forward.

* The second part of the session will be held in conjunction with the eighteenth session of the Conference of the Parties. The opening and closing dates of the fifteenth session, part two, of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention will be determined in due course.

Contents

I. Introduction

Mandate

1. The Conference of the Parties, at its seventeenth session, by decision 2/CP.17, paragraphs 5 and 11, decided to continue, in 2012, the process of clarifying the developed country Parties' quantified economy-wide emission reduction targets (hereinafter referred to as the targets), in particular in relation to the base year, global warming potential values, coverage of gases, coverage of sectors, expected emission reductions, and the role of land use, land-use change and forestry (LULUCF) and carbon credits from market-based mechanisms, and associated assumptions and conditions related to the ambition of the pledges, and to share experiences with the development of low-emission development strategies.

II. Organization of the workshop

2. In response to the mandate outlined in paragraph 1 above, the third in-session workshop was held on 17 May 2012, from 3 p.m. to 6 p.m., in Bonn, Germany, in conjunction with the fifteenth session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA), and was chaired by Mr. Andrej Kranjc (Slovenia). This workshop was built on the approach used at the first and second workshops on assumptions and conditions related to the attainment of the targets by developed country Parties, as requested by decision 1/CP.16, paragraph 38, organized under the AWG-LCA on 3 April 2011 in Bangkok, Thailand, and on 9 June 2011, in Bonn, Germany.

3. At the opening of the workshop, a representative of the secretariat made a presentation based on the update of the technical paper on the targets by developed country Parties to the Convention: assumptions, conditions, commonalities and differences in approaches, and a comparison of the level of emission reduction efforts.[1] The workshop had three sessions, each of which was followed by a question and answer (Q&A) session, and a concluding general discussion. Eight presentations were delivered during the workshop, including seven presentations by representatives of developed country Parties and a presentation by a representative of a group of Parties.

4. This written workshop report was prepared by the chair of the workshop, under his responsibility, assisted by the secretariat. The presentations made, the informal workshop summary and the written workshop report are available on the UNFCCC website.[2]

III. Summary of the proceedings

5. This summary of the workshop's proceedings is structured in a similar way to that used for the first and second workshops (see para. 2 above). In accordance with its mandate (see para. 1 above), the workshop addressed, through presentations, subsequent Q&A sessions and the general discussion, the following issues:

(a) Clarification of the nature and level of the targets communicated by developed country Parties;

[1] FCCC/TP/2012/2.

[2] <http://unfccc.int/meetings/bonn_may_2012/workshop/6659.php>.

(b) Assumptions and conditions associated with the targets;

(c) Commonalities and differences of approach in measuring the progress towards the targets;

(d) Comparability of emission reduction efforts by developed country Parties, and options and ways to increase the level of ambition of the pledges;

(e) Relevant policies and measures to support the targets, and experience with low-emission development strategies;

(f) Possible ways forward.

6. The workshop was well attended and provided an opportunity and space for Parties to share views, and have an open and transparent discussion on the targets and related issues. It showed that there is an emerging common understanding among Parties on the targets, and associated assumptions and conditions. The discussion also demonstrated that there are diverse views remaining with regard to some assumptions and conditions associated with the targets and the comparability of emission reduction efforts. Many presenters noted that the workshop was helpful in identifying further steps and the way forward in the process of clarifying the targets. Parties thanked the secretariat for the update of the technical paper and the presentation on the key messages of the update referred to in paragraph 3 above.

A. Clarification of the nature and level of economy-wide emission reduction targets of developed country Parties

7. The seven presenting developed country Parties made presentations on their respective targets as contained in document FCCC/SB/2011/INF.1/Rev.1, and a representative of a group of Parties made a presentation on the targets of developed country Parties as a group. As all presenting Parties had already given presentations on their targets at previous workshops, at this workshop they provided further detail and more clarity on their targets elaborating on the assumptions and conditions associated with their targets in line with the mandate for this workshop.

8. The presentations were largely based on the information contained in the submissions of views by Parties, which had a submission deadline of 5 March 2012. New information was also presented during the workshop, in particular information related to further clarification of the targets by developed country Parties and any new developments in policies and measures to support the implementation of the targets (see section III.E below). Also, some presenting Parties explained the relationship between their targets and their specific national circumstances.

9. The presenting Parties noted the continued importance of the process of clarification of the targets by developed country Parties. In terms of outcome, this process could lead to a better understanding of the options and ways in which to increase the level of ambition. In addition, a Party mentioned that this process should lead to the identification of transparent, unconditional emission reduction commitments, expressed as a single number, calculated relative to the common base year, and using common methodologies and common accounting rules.

10. During the discussion, a Party noted that some developed country Parties experienced emission growth over the period 1990–2007 as reflected in the compilation and synthesis report of the fifth national communications of Parties included in Annex I to the

Convention (Annex I Parties),[3] and expressed the concern that these Parties need to make greater mitigation efforts in relation to their targets to ensure mitigation efforts comparable with other developed country Parties.

B. Assumptions and conditions associated with the targets

11. Assumptions and conditions, including accounting rules, related to the attainment of the targets by developed country Parties were extensively covered in the presentations, at subsequent Q&A sessions and during the discussion.

12. The presentations and subsequent discussion illustrated that there is a variety of ways in which assumptions and conditions are formulated and regularly evaluated by developed country Parties. The Parties presented their targets, noting that some targets are expressed as a single value and some as a range of values. They also presented the associated conditions that are linked to the level of ambition of the targets of other Parties, the global action, the access to more options to use carbon credits from market-based mechanisms and the comprehensive coverage of LULUCF.

13. Some participants expressed their views on the lack of clarity with regard to the feedback from developed country Parties on whether the conditions associated with some of their higher possible targets have been satisfied (i.e. Kyoto Protocol rules, efforts by other Parties) and whether developed country Parties are ready to move to the higher range of the targets. In the Q&A sessions, participants sought clarity on the specifics of the conditions and noted insufficient transparency of information provided on the targets due to conditionalities associated with the targets and the ranges of possible emission reductions. Some presenting Parties noted that the Parties that they represent are in the process of evaluating the conditions associated with the higher range of their targets with a view to considering the move towards the higher range.

C. Commonalities and differences of approach in measuring the progress towards the targets

14. In their presentations, the Parties provided comprehensive information that is relevant to measuring the progress made towards the targets of developed country Parties in relation to the base year, global warming potential values, coverage of gases and coverage of sectors, and the greenhouse (GHG) emission inventory methodologies used for the calculation of their targets.

15. Most Parties, which had made presentations at the workshop, use 1990 as the base year, except for Australia, which uses 2000, and Canada and the United States of America, which use 2005. Most presenting Parties indicated that they will use the revised global warming potential values adopted by decision 15/CP.17[4] when calculating the targets, except for Australia and the European Union (EU), which are not using the revised values as yet, but plan to do so after internal consideration of their impact.

16. All Parties, which had made presentations at the workshop, provided information on the coverage of gases used in the calculation of the targets. In addition, most presenting

[3] <http://unfccc.int/national_reports/annex_i_natcom/compilation_and_synthesis_reports/items/2736.php>.

[4] Global warming potential values adopted in decision 15/CP.17 are those listed in the column entitled "Global warming potential for given time horizon" in table 2.14 of the errata to the contribution of Working Group I to the IPCC Fourth Assessment Report, *Climate Change 2007: The Physical Science Basis* and are based on the effects of greenhouse gases over a 100-year time horizon.

Parties, except for the EU, acknowledged that in their calculation of the targets they expect to follow decision 15/CP.17 on the coverage of gases for their targets, which requests Annex I Parties to include, as a minimum, information on carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexaflouride (SF_6) and nitrogen trifluoride (NF_3) emissions in their GHG emission inventories reported under the Convention starting from 2015. The EU indicated that its targets cover CO_2, CH_4, N_2O, HFC, PFC and SF_6 emissions.

17. On the coverage of sectors, most presenting Parties noted that they expect to have a comprehensive coverage of sectors, by their targets, including the LULUCF sector, whereas a Party, namely the EU, noted that it is not planning to include LULUCF in the list of sectors covered by its targets. In the Q&A sessions, questions were asked to further clarify the targets in terms of the coverage of sectors, namely with regard to the inclusion of emissions from international bunker fuels.

18. Most Parties elaborated on the role of LULUCF for their targets under the Convention. Switzerland indicated that it will apply the Kyoto Protocol rules for LULUCF under the Convention, whereas Australia noted that it is still considering the implications of decision 2/CMP.7 on LULUCF for its targets.

19. Most developed country Parties clarified their intentions to make use of carbon credits from market-based mechanisms to attain their targets and explained the relationship between the expected contribution of domestic mitigation actions and LULUCF, and the use of carbon credits and supplementarity of the use of such credits. The presenting Parties highlighted the importance of market-based mechanisms, which were viewed as cost-effective supplementary measures that could also help to increase the level of ambition. This includes the market-based mechanisms established under the Kyoto Protocol and the new mechanism under the Convention. However, concerns were raised over the environmental integrity of carbon credits generated through these mechanisms.

20. Some presenting Parties referred to the importance of robust common accounting rules for the adoption of comparable and transparent targets and for measuring the progress towards these targets. Some other Parties emphasized that accounting rules influence the level of targets and stressed the importance of the consistency of such accounting rules for avoidance of double counting and the provision of confidence that a tonne of emission reductions in one country is equal to a tonne of emission reductions in another country.

21. On the methodologies used for the calculation of emissions in relation to the targets, all Parties expect to use the *2006 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories* for reporting their emission inventory as of 2015 consistent with the revised UNFCCC Annex I inventory reporting guidelines adopted by decision 15/CP.17.

22. A Party explained that the progress made towards its target is planned to be assessed by reporting emissions following the relevant reporting guidelines under the Convention. He noted that this is a valid approach provided that carbon credits from international market-based mechanisms are not used for attaining the targets and a comprehensive land-based approach for LULUCF is used in defining the targets.

23. During the discussion, participants raised issues related to the assessment of overall mitigation efforts in terms of contribution of domestic action and the use of carbon credits from market-based mechanisms, which are supplemental to domestic action. They also raised issues related to the impact of diverse accounting rules for the measuring of progress made towards the targets, and on transparency and comparability of mitigation efforts. They further acknowledged the need for further clarity regarding the use of carbon credits from market-based mechanisms and LULUCF and the need for the provision of more consistent long-term incentives for LULUCF activities.

24. The presenting Parties explained their understanding of the role of the first biennial reports by developed country Parties, and of the consideration of these reports, under international assessment and review, to ensure transparency of the targets and of the mitigation efforts made towards achieving the targets and creating confidence that Parties are implementing the necessary measures to that end. During the discussion, a Party raised the issue of the role of the national compliance regime and self-assessment in developed country Parties.

D. Comparability of emission reduction efforts by developed country Parties, and options and ways to increase the level of ambition of the pledges

25. The representative of the secretariat, in her presentation, raised the importance of the clarification of the targets by developed country Parties for providing information to enable consideration by Parties of comparison of the level of emission reduction efforts by developed country Parties. In the update of the technical paper, the comparison of the emission reduction efforts was made based on three different metrics, such as absolute and relative changes in GHG emission levels over different periods of time and relative to different reference years; absolute and relative changes in per capita gross domestic product (GDP) and per capita GHG emissions over different periods of time; and absolute and relative changes in GHG emission intensity in relation to economic output as measured by GDP. While different metrics take into account a variety of national circumstances, application of such metrics may provide different results in terms of the comparison of emission reduction efforts.

26. Participants acknowledged the value of the information contained in the technical paper on the comparison of the level of emission reduction efforts by developed country Parties to facilitate the transparency and comparability of efforts. They also acknowledged that further consideration of comparability of efforts is constrained by the lack of comparable data and transparent information on mitigation efforts, as well as different rules being applied by developed country Parties to LULUCF and different types of carbon credits being used by different market-based mechanisms.

27. Presenting Parties provided their views on the required deep cuts in emissions according to science, as documented in the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, with a view to reducing global GHG emissions so as to hold the increase in global average temperature below 2 °C above pre-industrial levels as enshrined in the Cancun Agreements. Presenting Parties recognized that enhanced mitigation efforts in relation to their targets are needed to close the global ambition gap in the lead up to, and beyond, 2020 as defined by the United Nations Environment Programme's *Emissions Gap Report*.

28. Some presenting Parties called for developed country Parties to increase the level of ambition of their targets by making higher pledges or moving to the higher ranges of their pledges, as well as implementing their targets fully. Other presenting Parties highlighted the importance of not only emission reductions by developed country Parties, collectively and individually, but also of emission reductions by some developing country Parties based on their respective capabilities.

29. One presenting Party proposed to set up a continuous process to assess the ambition gap and identify options to increase the ambition through the following: ambitious and transparent targets by developed and developing country Parties; wide participation and ambitious quantified emission limitation and reduction objectives in the second commitment period of the Kyoto Protocol; effective actions to address the assigned amount

units, which are carried over between the first and second commitment periods of the Kyoto Protocol; and complementary initiatives to close the gap. Another presenting Party raised a concern that the targets set by some developed country Parties, namely Parties with economies in transition, may not result in emission reductions below the baseline levels.

30. Some Parties expressed their views on the importance, for raising the level of ambition, of the ex-ante understanding of targets, the accounting rules and the corresponding expected emission reductions. One presenting Party highlighted the potential climate change impact stemming from the lack of mitigation ambition on vulnerable States.

E. Relevant policies and measures to support the targets and experience with low-emission development strategies

31. Presenting Parties explained their policies and measures aimed at reducing or limiting GHG emissions in relation to their targets. Parties focused on the most recent adopted and planned policies and measures, expected to impact on emission levels in the lead up to 2020 and beyond. Some Parties also presented on their latest emission projections by 2020 under several projection scenarios prepared taking into account different sets of policies and measures, and the impact of the economic down-turn on emission levels.

32. Targets were presented in the context of overall economic development and how the implementation of effective policies and measures, with a view to attaining these targets, facilitates progress in the decoupling of emission growth from economic growth. For example, Canada presented on its policies to achieve real environmental benefits while minimizing the economic costs and contributing to economic renewal and competitiveness.

33. Many of the presentations highlighted the importance of implementing a wide range of policies and measures across all economic sectors and jurisdictions, enabled through domestic legislation, to meet the emission reduction targets. The presentations also addressed domestic policy challenges. Parties reported on the progress made in implementing their domestic legislative and regulatory frameworks as well as on domestic policies at the national, subnational, regional and local levels and international initiatives. The United States of America shared information about its state-level actions. Canada informed participants about its cross-border efforts to align its climate change approach with the approach of the United States of America and its sector-by-sector approach to targeted emission reductions.

34. Some Parties, in particular the EU and New Zealand, highlighted their experience in implementing the emission trading schemes across several different sectors, as pivotal elements of their climate change strategies, and success in terms of current and expected future emission reductions resulting from such schemes. Australia explained that it plans to introduce a new cross-sectoral carbon pricing mechanism that will kick off with a carbon price introduced in 2012 and a cap-and-trade system in 2015. The Parties discussed a variety of other cross-cutting and sectoral policy instruments, including legal, financial and economic measures.

35. Some Parties presented their sectoral strategies aimed at the climate-friendly transformation of their economies through innovation and technological advancement in the energy, industry, transport, agriculture and buildings sectors and the expected long-term mitigation impacts of their policies and measures in relation to the targets. For example, the United States of America's presentation included its new performance standards to reduce emissions from mobile and stationary sources in the energy generation and transport sectors, and the programmes to promote energy efficiency and the use of renewables. Norway's presentation covered its new technology fund, incentives to promote technology

development and emission taxation in the oil sector. During the discussion, participants clarified the scope of the use of non-market policies in the energy sector and their expected mitigation impacts, and the use of policy instruments such as behavioural policies.

36. The Parties informed the participants about the role of their policies and measures in the context of their long-term development, emphasizing the benefits related to the implementation of low-emission development strategies up to 2050 introduced to ensure the transition towards a low-emission economy. For example, Norway and the EU informed the workshop participants of their goals to achieve significant emission reductions to become low-carbon economies by 2050, whereas Switzerland reported on its 2050 energy strategy to increase energy efficiency and the use of renewables. Parties highlighted that the implementation of the low-emission development strategies brings along benefits such as job creation and increased competitiveness, green growth and technological innovation. The Parties presented on the pathways, actions and programmes identified in this context, and the status of their implementation.

F. Possible ways forward

37. Participants suggested a possible way forward to continue the process of clarification of the targets by organizing further workshops, making the submissions of views from Parties, and conducting further analytical work by the secretariat using inputs from Parties provided during the workshop and through submissions and keeping in mind the work under other bodies under the Convention. With regard to further workshops, the Parties made concrete suggestions on how these could be better focused, including structuring the discussions around thematic areas as outlined in decision 2/CP.17, paragraph 5, using a more interactive approach and focusing on specific targeted issues.

38. Parties proposed to further update and elaborate the technical paper contained in document FCCC/TP/2012/2 by strengthening the analysis of the comparability of the levels of emission reduction efforts based on the same metrics.

Annex

Provisional workshop agenda

Opening: (3 p.m–3.20 p.m.)

- Opening remarks by the Chair of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention;
- Organization of the workshop by the chair of the workshop;
- Presentation by the secretariat on an update of the technical paper.

Session I: (3.20 p.m.–4.05 p.m.)

- European Union;
- United States of America;
- New Zealand;
- Questions and answers.

Session II: (4.05 p.m.–4.50 p.m.)

- Australia;
- Canada;
- Switzerland;
- Questions and answers.

Session III: (4.50 p.m.–5.20 p.m.)

- Norway;
- Alliance of Small Island States;
- Questions and answers.

Discussion: (5.20 p.m.–5.45 p.m.)

- General discussion moderated by the chair of the workshop.

Concluding remarks by the chair of the workshop: (5.45 p.m.–6 p.m.)