

Submission by Japan
Views on guidance on cooperative approaches referred to in Article 6, paragraph 2,
of the Paris Agreement

(27 September, 2016)

Japan welcomes the opportunity to submit its views on guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement, as referred to in paragraph 96 of Report of the Subsidiary Body for Scientific and Technological Advice on its forty-fourth session, held in Bonn from 16 to 26 May 2016 (FCCC/SBSTA/2016/2).

Japan expects that the technical work on the guidance will progress further towards adoption at the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA).

Article 6, paragraph 2, of the Paris Agreement makes it clear that the use of internationally transferred mitigation outcomes (ITMOs) towards nationally determined contributions (NDCs) is available for Parties on a voluntary basis. It is prerogative of Parties involved to generate, transfer and use ITMOs. At the same time, those Parties shall promote sustainable development and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the CMA.

The guidance referred to under Article 6, paragraph 2 specifically covers matters regarding accounting of ITMOs, including emission reductions resulting from the mechanism referred to in Article 6, paragraph 4, which are hereinafter referred to as credits/units, towards achieving NDCs. Promoting sustainable development and ensuring environmental integrity and transparency, including governance, should be carried out under the responsibility of the Parties engaging in the cooperative approaches.

The guidance should clearly provide possible measures for the Parties engaging in the cooperative approaches to take in addressing issues on, among others, the avoidance of double counting. Japan has already expressed its views on how to avoid double counting in our submission dated 5th September 2013¹, by distinguishing double counting by several definitions such as “double registration”, “double issuance”, “double usage” and “double claiming”. Japan would like to propose technical measures to avoid double counting which are elaborated from the previous submission in the following.

“Double registration” can be described as one mitigation project being registered under two or more schemes while “double issuance” can be described as issuing credits/units two or more times from the same mitigation outcomes, which may occur as a result of “double registration” of

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http://unfccc.int/files/cooperation_support/market_and_non-market_mechanisms/application/pdf/fva_japan_05092013.pdf

mitigation projects. For avoidance of “double registration” and “double issuance”, Parties participating in one scheme are required to check whether a proposed project for registration has not been registered under other schemes, before registering the project. For that purpose, necessary information to be made publicly available regarding registered projects under each scheme should be harmonized, and requirements for public information disclosure (e.g. project location including coordinates, project activity, name of project participants, etc.) should be identified.

“Double usage” can be described as the use of the same mitigation outcomes in the forms of credits/units two or more times by different Parties. For example, this happens once credits/units already used to achieve a Party’s NDC are transferred to another Party as unused credits/units and used again to achieve the latter’s NDC. It should be prevented by the decrease of the amount of credits/units being recorded in the transferring Party’s registry and increase of the same amount of credits/units being recorded in the acquiring Party’s registry when the international transaction occurs between them. In addition, it is necessary for the transferring Party to check whether those credits/units to be transferred have not been used, prior to such transaction.

“Double claiming” happens in case the credits/units issued based on mitigation outcomes in a Party are used by another Party to offset its emissions, without adjusting the originating Party’s emissions to be estimated. In order to avoid double claiming, whereas the acquiring Party can subtract the amount of the credits/units retired from its emissions to be estimated in assessing the progress and achievement of its NDC, the originating Party which issued the credits/units and transferred them to the acquiring Party should add the amount of credits/units retired or cancelled by the acquiring Party to its own emissions to be estimated in assessing the progress and achievement of its NDC.

For the purpose of addressing issues of “double counting”, the guidance should request the disclosure of information on the amount of credits/units which are issued, acquired and transferred, retired and cancelled by Parties engaging in the cooperative approaches respectively. Such information should be made publicly available in a consolidated manner by the UNFCCC secretariat. Parties should consider this matter in conjunction with the guidance being developed under agenda items 3² and 5³ of the Ad Hoc Working Group on the Paris Agreement (APA).

Other issues, such as how to account credits/units for different types of NDCs and single-year emission reduction targets, and how to deal with credits/units which are issued before 2020, should be further elaborated internationally in conjunction with the issues of “double counting” as mentioned above.

Although there may be a recognition that “guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement”, “rules, modalities and procedures for the mechanism

² Further guidance in relation to the mitigation section of decision 1/CP.21 on: (a) features of nationally determined contributions (NDCs), as specified in paragraph 26; (b) information to facilitate clarity, transparency and understanding of NDCs, as specified in paragraph 28; and (c) accounting for Parties’ NDCs, as specified in paragraph 31

³ Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement

established by Article 6, paragraph 4, of the Paris Agreement”, and “work programme under the framework for non-market approaches referred to in Article 6, paragraph 8, of the Paris Agreement” are linked with one another, there are considerable differences among these three items with regard to the maturity of the substantial discussions. Since the guidance referred to in Article 6, paragraph 2 applies to credits/units, including those resulting from the mechanism referred to in Article 6, paragraph 4, Parties should give priority to develop the guidance referred to in Article 6, paragraph 2 so that it will facilitate mitigation actions both under Article 6, paragraph 2 and Article 6, paragraph 4.

With regard to the timeline, Parties should adopt a work plan at COP22, including organizing workshops and/or requesting the secretariat to prepare technical papers, in order to develop the guidance as soon as possible and no later than 2018, since the work on the agenda item 5 of the APA is also instructed to conclude no later than 2018 by decision 1/CP21.