

Japan's Submission on SBSTA item 12 (a)

Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement

(17 March 2017)

Japan is pleased to submit its views on guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement in line with paragraph 4 of FCCC/SBSTA/2016/L.28. This submission includes the following: elements to be addressed, including their operationalization, in the guidance, overarching issues, and relationships between Article 6, paragraph 2, and other provisions of the Paris Agreement, the United Nations Framework Convention on Climate Change (UNFCCC) and its related legal instruments, as relevant.

Operationalization

Article 6, paragraph 2, of the Paris Agreement makes it clear that the use of internationally transferred mitigation outcomes (ITMOs), including emission reductions resulting from the mechanism referred to in Article 6, paragraph 4 (hereinafter referred to as credits/units) towards achieving nationally determined contributions (NDCs) is available for Parties on a voluntary basis. In order to promote Parties' voluntary actions and to take into account the national circumstances, it is prerogative of Parties to generate, transfer and use ITMOs, provided those Parties promote sustainable development, ensure environmental integrity and transparency, while applying the guidance adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA).

The scope of guidance is limited to the accounting towards the achievement of NDCs, which helps to ensure the transparency. 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.

In terms of the accounting, it is extremely important to avoid double counting in order to realize global emission reduction. In this context, we need to develop a common understanding on the types of double counting and possible measures to address the issues. Japan has provided those measures in its previous submissions dated 5 September 2013 and 27 September 2016, by categorizing the types of double counting into, for example, double registration, double issuance,

double usage and double claiming.¹

The guidance should address various key issues as below.

- 1) How to describe ITMOs,
- 2) The relationship between vintage of credits/units and target year(s) of NDCs (including how to address credits/units issued before 2020),
- 3) The relationship with various types and scopes of NDCs. This includes such issues as how to account credits/units from the sectors not covered by NDCs; how to account if a Party's NDC is not the GHG emission reduction target; how to make arrangements in case ITMOs are generated from Parties, which have conditional targets in their NDCs.

The guidance should provide the reporting format and procedures relating to key issues mentioned above. When a Party acquired credits/units and uses them towards the achievement of NDC, the originating Party should add the amount of credits/units transferred to its own emissions or deduct it from its own removals to be estimated in assessing the progress and achievement of NDCs. The guidance should facilitate the disclosure of information on the amount of credits/units which are issued, acquired and transferred, retired and cancelled by Parties respectively. Such information should be made publicly available in a consolidated manner through the work of UNFCCC secretariat. For this purpose, the development of format and reporting procedure should be developed and implemented in line with the modalities, procedures and guidance of the transparency framework for action and support as referred to in Article 13 of the Paris Agreement.

Regarding the use of credits/units for the achievement of NDCs, the following reporting procedures should be developed taking into account various types of NDCs.

- 1) Data recorded in a registry system(s), which manages credits/units, are reported in the context of tracking progress of NDCs.
- 2) Data to be reported include:
 - (i) Name of the originating Party which issued credits/units under one of the cooperative approaches
 - (ii) Amount of credits/units issued by the originating Party
 - (iii) Amount of credits/units transferred and acquired internationally
 - (iv) Amount of credits/units held on the last day of each year
 - (v) Amount of credits/units used to achieve NDCs
 - (vi) Amount of credits/units cancelled

¹http://unfccc.int/files/cooperation_support/market_and_non-market_mechanisms/application/pdf/fva_japan_05092013.pdf
http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/112_262_131195459180395077-JAPAN_SUBMISSION_ARTICLE_6_PARAGRAPH_2.pdf

- (vii) Vintage of credits/units
- 3) The timing of reporting should be in line with the modalities, procedures and guidelines of the transparency framework.

Overarching issues

In terms of the work program and time line, we should discuss and identify the elements to be included in the guidance at SB46 in May 2017 and decide on the elements to be included in a draft decision on the guidance at SB47 in Bonn in November 2017. The draft guidance should be developed at SB48 in May 2018 and finalized at SB49 to recommend a draft decision for adoption at COP24 in November 2018.

Summary of the credit/unit usage compiled by the UNFCCC secretariat and how the Party facilitate the sustainable development and ensure environmental integrity should also be reported in accordance with Article 13, paragraph 13 of the Paris Agreement.

Relationship with other provisions

We need to address the issue of double counting (double registration and double issuance) with the mechanism to be established under paragraph 4 of Article 6 (the Mechanism) and, in this context, the information on the credits generated from the Mechanism should be included in the summary data to be compiled and reported by the UNFCCC secretariat.