

**CDM-EB90-AA-A05**

## Concept note

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How the information specified in decision 3/CMP.1, appendix D, paragraph 12 can be best made publicly available

Version 01.0



**United Nations**  
Framework Convention on  
Climate Change

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## 1. Procedural background

1. With their decision 6/CMP.11, paragraph 24, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) requested the Clean Development Mechanism (CDM) Executive Board (hereinafter referred to as the Board) to examine how the information specified in decision 3/CMP.1, appendix D, paragraph 12 can be best made publicly available, and the implications thereof, with the view of reporting back to the CMP at its twelfth session.
2. At its eighty-ninth meeting, the Board considered a concept note on the matter and requested the secretariat to prepare a revised proposal for the Board's consideration at a future meeting, but not later than the ninety-first meeting of the Board. The revised proposal would further elaborate on the possible reporting formats of certified emission reduction (CER) transactions, taking into account the principles of confidentiality and transparency.
3. This work relates to the activity "CDM registry - Changes to modalities of communication and transactions" under objective 1(a): "Operate efficient project and entity assessment processes" with a resource allocation as referred to in table 2 on page 12 of the CDM two-year business plan 2016–2017 and management plan 2016 (EB87, annex 1).

## 2. Purpose

4. This concept note: provides information on the reporting practice of the CDM registry with respect to decision 3/CMP.1, appendix D, paragraph 12; identifies the information not currently reported; and proposes reporting formats to better meet the regulatory requirements, taking into account the principles of confidentiality and transparency.

## 3. Key issues and proposed solutions

### 3.1. CDM registry current reporting practice with respect to decision 3/CMP.1, appendix D, paragraph 12

5. The public reporting requirements for the CDM registry are set out in decision 3/CMP.1, appendix D, paragraphs 9 to 12. Paragraph 9 states that the CDM registry shall make non-confidential information publicly available and provide a publicly accessible user interface through the Internet that allows interested persons to query and view it. Paragraph 12 further states that the information referred to in paragraph 9 shall include the following holding and transaction information relevant to the CDM registry, *by serial number, for each calendar year* (defined according to Greenwich Mean Time):
  - a) The total quantity of CERs in each account at the beginning of the year;
  - b) The total quantity of CERs issued;
  - c) The total quantity of CERs transferred and the identity of the acquiring accounts and registries;

- d) The total quantity of ERUs, CERs, AAUs and RMUs<sup>1</sup> cancelled in accordance with paragraph 8 (excess issuance);
  - e) Current holdings of CERs in each account.
6. The CDM registry publishes monthly on its website, in the section “Public reports”, the information required as per paragraph 12 (b). With respect to paragraph 12 (a) and (e), the CDM registry publishes aggregated information on holdings at registry level with a breakdown per unit type and commitment period, also on a monthly basis. With respect to paragraph 12 (c), aggregated information on transfers is included in the Board’s report to the CMP. Aggregated information on transfers from the CDM registry to national registries is also publicly available through the Standard Electronic Format (SEF) tables submitted as part of the national inventory reports of Annex I Parties. Currently, there is no information to be reported as per paragraph 12 (d) in relation to excess issuance.

### **3.2. Information not published by the CDM registry**

7. Information on opening and closing holdings in each account of the CDM registry by serial number as required by paragraph 12 (a) and (e) and information on individual transfers by serial number at acquiring account level as required by paragraph 12 (c) have been classified as confidential by the CDM registry and are not reported publicly.

### **3.3. Additional information that could be made publicly available in relation to decision 3/CMP.1, appendix D, paragraph 12**

#### **3.3.1. Applying the principles of transparency and confidentiality**

8. This section provides information on the applicability of the principles of transparency and confidentiality in the context of the Kyoto Protocol in general and in the context of the CDM registry operations in particular.
9. Access to data is generally expected or preferred. However, exceptions exist in order to protect certain legitimate interests which might be harmed by disclosure of information. The barriers of confidentiality entail trade-offs between openness and privacy, and between private interests and public confidence.
10. Within the Kyoto Protocol, the CMP has provided specific guidance on the applicability of the principles of transparency and confidentiality only with respect to the treatment of information in the review activities under Article 8.<sup>2</sup> In this instance, with respect to transparency, the CMP has determined that information on data sources, assumptions and methodologies used for an inventory should be clearly explained. With respect to confidentiality, the CMP has established that a reporting Party has the right to designate information as confidential in accordance with its applicable laws and regulations. Further, the CMP has requested the secretariat to aggregate information designated as confidential and to implement a procedure for the treatment of confidential information.<sup>3</sup>
11. In the absence of specific guidance by the CMP on confidentiality with respect to information pertaining to the CDM registry and the Kyoto registry system, the secretariat,

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<sup>1</sup> ERUs refers to emission reduction units, AAUs to assign amount units, and RMUs to removal units.

<sup>2</sup> The review process for the national greenhouse gas inventories of Annex I Parties.

<sup>3</sup> For reference, see decision 24/CP.19, annex I, part II, paragraph 4 (a) on transparency, and decision 12/CMP.9, annex II on confidentiality.

as the implementing authority, may classify information as confidential according to pre-determined criteria or on a case-by-case basis.

12. In classifying information as confidential, the secretariat, as the CDM registry administrator, has followed common practice on confidentiality as established by Annex I Parties with respect to their Kyoto registries. Most Parties that operate Kyoto registries have enacted legislation on data protection which prohibits public disclosure of individual transaction-level and individual account-level information.
13. This approach to classifying information as confidential is consistent with the approach taken in the technical review of greenhouse gas inventories from Annex I Parties insofar as it considers what information Parties classify as confidential and it aggregates such information in order to protect its confidentiality. The aggregation approach is also consistent with the SEF tables submitted as part of the national inventory reports of Annex I Parties.
14. Finally, the CDM registry applies the approach to classifying information as confidential consistently across all Parties for which it publicly discloses information by adopting the strictest rules on classification of data as confidential.
15. For all the reasons above, the CDM registry should continue to apply the principle of confidentiality and should not disclose individual account- or individual transaction-level information. It should also continue to protect confidential information through aggregation where relevant. The next section outlines several approaches to making information currently not published by the CDM registry publicly available, as requested by 3/CMP1 appendix D paragraph 12 (a), (c) and (e).

### **3.3.2. Proposed approaches to disclosure of additional information**

#### **3.3.2.1. Disclosing information on holdings - paragraph 12, sub-items (a) and (e)**

16. The CDM registry currently publishes aggregated holdings per commitment period and per unit type. This information could be broken down at host-Party level. In addition, aggregated holdings at the start and at the end of the calendar year could be presented side by side. An example of the proposed reporting format is included in the Appendix as Table 1. Separate tables per commitment period would be required.

#### **3.3.2.2. Disclosing information on transfers - paragraph 12, sub-item (c)**

17. For paragraph 12 (c), which requires disclosure of all transfers at acquiring account level and by serial number, the outgoing transfers could be aggregated at host-Party level. This approach, however, would result in a large proportion of individual transfers being reported – for the past four years of data, over 50 per cent of the reported values would correspond to individual transfers. If further aggregation is established at receiving registry level, over 25 per cent of the reported values would still correspond to individual transfers. This essentially puts projects/programme of activities (POAs) from Parties with only a few projects/POAs at risk of their transactions being clearly identifiable by public users, in comparison to projects/POAs from Parties that host many CDM activities.
18. To ensure that public users cannot identify transfers related to individual projects/POAs, a reporting format could be developed, incorporating the following features:

- a) Reporting values that correspond to less than three<sup>4</sup> individual transfers are not disclosed and are replaced by a “χ” symbol;
  - b) To minimize the effect from undisclosed values, sub-totals could be added, e.g. per UN region for the host-Parties. Care should be taken to ensure that sub-totals do not enable the identification of individual transfers (i. e. a sub-total should aggregate either none or more than one value “χ”).
19. ***The rationale for requesting disclosure of additional information as per paragraph 12 (c) has not been clarified.*** Therefore, several reporting formats at different levels of data aggregation are proposed. Each reporting format is represented by a table included in the appendix to this concept note as follows:
- a) Table 2 – Transfers of CERs aggregated at receiving registry level;
  - b) Table 3 – Transfers of CERs aggregated at host-Party and receiving registry levels;
  - c) Table 3a – Transfers of CERs aggregated at host-Party, UN region and receiving registry levels;
  - d) Table 4 – Transfers of CERs aggregated at host-Party and receiving account levels (this table has been devised merely to illustrate how the lowest level of data granularity proposed may look).
20. The level of data aggregation in table 2 is consistent with the level of data aggregation in the SEF tables submitted as part of the national inventory reports of Annex I Parties. The remaining tables present a lower level of data granularity and the principle of non-disclosing values corresponding to less than three transfers is applied to all of them.
21. For tables 3 and 3 (a), the proportion of reported values that would not be disclosed in the report would be nearly 40 per cent. The estimations are based on analysis of the past four years of data and assume that the recent trend in the annual registry transaction volumes (i.e. a decline from year to year) would not be substantially reversed in the future.
22. Table 4 presents the lowest level of data granularity proposed. For this reporting format, over 60 per cent of the reported values would correspond to less than three transfers. While adding UN region sub-totals is possible, this would not significantly improve the value of the report.
23. Separate tables should be issued for each commitment period. For reporting formats with a lower level of aggregation (i.e. tables 3, 3 (a) and 4), additional tables should be issued for each unit type (i.e. CERs, short-term CERs and long-term CERs), which would result in six tables for the two commitment periods for each of these reporting formats.

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<sup>4</sup> It is considered that the aggregation of only two values does not project the underlying values sufficiently.

## **4. Impacts**

- 24. The disclosure of additional information as per decision 3/CMP.1, appendix D, paragraph 12 may benefit some stakeholders, including market agents and analysts, financial institutions and Parties.
- 25. The costs could be absorbed from existing resources. The proposed work does not foresee any cost implications for third-parties/stakeholders.

## **5. Subsequent work and timelines**

- 26. The preparation of the amended and new reports would require some work internally and from the CDM registry service provider that could be completed within two to three months.

## **6. Recommendations to the Board**

- 27. A reporting format is recommended with respect to each sub-item of decision 3/CMP.1, appendix D, paragraph 12. With respect to paragraph 12 (c), the Board is requested to choose between four possible approaches:
  - a) For paragraph 12 (a) – approve the reporting format included in the Appendix as table 1;
  - b) For paragraph 12 (b) – continue the current reporting practice (i.e. to report on all individual issuance transactions to date);
  - c) For paragraph 12 (c) – approve one of the reporting formats included in the Appendix as tables 2, 3, 3 (a) or 4;
  - d) For paragraph 12 (d) – report data at an individual transaction level when transaction(s) occur;
  - e) For paragraph 12 (e) - approve the reporting format included in the Appendix as table 1.<sup>5</sup>
- 28. An annual CDM registry report could consolidate all data as per paragraph 12 in a single downloadable Excel file and be published by the end of February for the previous calendar year. The first such report will be issued for calendar year 2016 by February 2017.
- 29. The Board may provide further guidance as it deems appropriate.

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<sup>5</sup> The same reporting format would cover the requirements of decision 3/CMP.1, appendix D, paragraph (a) and (e).

## Appendix. Proposed reporting formats

1. Proposed reporting formats for the sub-items of decision 3/CMP.1, appendix D, paragraph 12:
  - (a) Paragraph 12 (a) and (e):
    - (i) Table 1. Information on holdings;
  - (b) Paragraph 12 (c):
    - (i) Table 2. Transfers of CERs aggregated at receiving registry level;
    - (ii) Table 3. Transfers of CERs aggregated at host-Party and receiving registry levels;
    - (iii) Table 3 (a). Transfers of CERs aggregated at host-Party, UN region and receiving registry levels;
    - (iv) Table 4. Transfers of CERs aggregated at host-Party and receiving account levels.

**Table 1. Information on holdings for commitment period X**

Aggregated holdings in the CDM registry for 201X					
Host Party ID	Reported year	CER	tCER <sup>6</sup>	ICER <sup>7</sup>	Total
XX	As at 01.1.1X				
	As at 31.12.1X				
XX	As at 01.1.1X				
	As at 31.12.1X				
XX	As at 01.1.1X				
	As at 31.12.1X				
XX	As at 01.1.1X				
	As at 31.12.1X				

<sup>6</sup> tCERs refers to temporary CERs.

<sup>7</sup> ICERs refers to long-term CERs.



**Table 2. Transfers of CERs aggregated at receiving registry level for commitment period X**

Acquiring registry (examples)	Unit type		
	CERs	tCERs	ICERs
AU			
BE			
DE			
ES			
FI			
FR			
GB			
IR			
IT			
JP			
NL			
NO			
SE			
<b>Total</b>			

**Table 3. Transfers of CERs aggregated at host-Party and receiving registry levels for commitment period X**  
(Confidential information is not disclosed<sup>(a)</sup>)

201X	Host Party																							
Registry	AE	AL	AM	AR	BD	BO	BR	CL	CM	CN	CO	CR	.....	SV	TH	TN	TZ	UG	UY	UZ	VN	ZA	ZM	Grand Total CERs
Total CERs																								
AT																								
AU																								
BE																								
CA																								
CH																								
DE																								
DK																								
ES																								
EU																								
FI																								
FR																								
GB																								
IE																								
IT																								
JP																								
LU																								
NL																								
NZ																								
PT																								
SE																								

<sup>(a)</sup> A “X” symbol in a cell indicates confidential information that cannot be disclosed (i.e. where a cell aggregates less than three transactions).

**Table 3a. Transfers of CERs aggregated at host-Party, UN region and receiving registry levels for commitment period X**  
(Confidential information is not disclosed<sup>(a)</sup>)

201X	Host-Party (Grouped by UN region)																			
Registry	AFRICA						AMERICAS						.....	OCEANIA						Grand Total CERs
	AO	BF	BI	.....	ZW	TOTAL	AG	AR	BB	.....	UY	TOTAL	.....	FJ	PG	.....	WS	TOTAL		
Total CERs																				
AT																				
AU																				
BE																				
CA																				
CH																				
DE																				
DK																				
ES																				
EU																				
FI																				
FR																				
GB																				
⋮																				
PT																				
SE																				

(a) A “X” symbol in a cell indicates confidential information that cannot be disclosed (i.e. where a cell aggregates less than three transactions).

**Table 4. Transfers of CERs aggregated at host-Party and receiving account levels for commitment period X**  
(Confidential information is not disclosed<sup>(a)</sup>)

201X	Host Party																							
Account name/Registry	AE	AL	AM	AR	BD	BO	BR	CL	CM	CN	CO	CR	.....	SV	TH	TN	TZ	UG	UY	UZ	VN	ZA	ZM	Grand Total CERs
Total CERs																								
Name X, AT																								
Name Y, AT																								
Name Z, AT																								
Name X, AU																								
Name X, BE																								
Name Y, BE																								
Name Z, BE																								
Name O, CH																								
Name P, CH																								
Name R, CH																								
Name X, CH																								
Name Y, CH																								
Name Z, CH																								
.....																								
Name X, SE																								
Name Y, SE																								
Name Z, SE																								

<sup>(a)</sup> A "X" symbol in a cell indicates confidential information that cannot be disclosed (i.e. where a cell aggregates less than three transactions).

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