

## **SUBMISSION BY LITHUANIA AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES**

**This submission is supported by Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia and Serbia.**

**Vilnius, 30 September 2013**

**Subject: Implications of the implementation of decisions 2/CMP.7 to 4/CMP.7 and 1/CMP.8 on the previous decisions on methodological issues related to the Kyoto Protocol including those relating to Articles 5, 7 and 8 of the Kyoto Protocol**

### **1 Introduction**

The European Union and its Member States have agreed to the establishment of a second commitment period of the Kyoto Protocol in Durban in 2011. In Doha in 2012, they have taken on commitments for the second commitment period and agreed to implement these as of 1 January 2013. An implementation of these commitments also includes compliance with the accounting and reporting obligations as agreed by the CMP with a view to the second commitment period of the Kyoto Protocol. In order to update and amend the requirements valid for the first commitment period (based on the recent CMP Decisions 2/CMP.7 to 4/CMP.7 and 1/CMP.8), and thereby operationalize the implementation of the second commitment period, the European Union and its Member States follow the work program under agenda item 12 a SBSTA with great interest. Its completion will allow them to effectively implement not only their mitigation commitments, but also to comply with the accounting and reporting requirements in a transparent manner.

The EU has already made several submissions on the operationalization of the accounting and reporting regime for the second commitment period. Together with other Parties to the Kyoto Protocol, the European Union has also noted progress with regard to the reporting on LULUCF activities and the report to facilitate the calculation of the assigned amount completed in decision 2/CMP.8 and, most recently, with regard to the development of Standard Electronic Formats to be used for reporting on the use of units in the second commitment period. Still, as noted by SBSTA 38, there are still many open issues to discuss before the second commitment period becomes fully operational, based on an up-to-date accounting and reporting regime.

SBSTA 38 therefore invited Parties to submit to the secretariat, by 27 September 2013, further information and views on the implications of the implementation of decisions 2/CMP.7 to 4/CMP.7, as well as those of decision 1/CMP.8, on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol, and in particular on the draft changes to the common reporting format (CRF) tables required for the reporting of land use, land-use change and forestry (LULUCF) activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol for the second commitment period, taking into consideration the forthcoming work of the Intergovernmental Panel on Climate Change (IPCC) on the 2013 Revised Supplementary Methods and Good Practice Guidance Arising from the Kyoto Protocol.

This EU submission addresses different areas that were discussed under this agenda item during SBSTA 38 and for which decisions should be adopted at COPMOP 9 in Warsaw in particular

- the Standard Electronic Format for reporting of Kyoto units and related reporting instructions on Kyoto units;
- Accounting modalities as included in decision 13/CMP.1;
- Revision of references in decisions related to Articles 5, 7 and 8;
- CRF tables for KP LULUCF reporting.

The previous submissions made by the European Union and its Member States on this issue remain valid. The current submission should be seen as complementing them.

Apart from the areas mentioned above, there are additional implications arising from decisions 2/CMP.7 to 4/CMP.7 and decision 1/CMP.8 on methodological decisions under Articles 5, 7 and 8, e.g. on review guidelines (Decision 22/CMP.1) or guidelines for adjustment methodologies (Decision 20/CMP.1). These implications were already raised in earlier submissions by the EU and they still need to be addressed after COPMOP 9 in the future under this agenda item.

As the EU envisages a decision or decisions at COPMOP 9 on the issues covered by this submission, the EU provides specific text proposals for the outstanding areas with the intention to advance the discussion as quickly as possible.

## **2 Standard Electronic Format for reporting of Kyoto units**

The EU welcomes the progress made during SBSTA 38 on the standard electronic format (SEF) tables.

In line with the mandate of the agenda item under 12a SBSTA referred to above, it is important that transparent, user-friendly, consistent Standard Electronic Formats which enable an accurate accounting of units are provided for the second commitment period. Decisions 2/CMP.7 to 4/CMP.7 and 1/CMP.8 require a number of changes to be made to the existing Standard Electronic Formats. These changes should implement, and not interpret, the CMP Decisions referred to above.

Any decision on new/amended SEF tables and related reporting instructions for the second commitment period should specify their applicability to the second commitment period. At the same time, it should be made clear in a decision at CMP.9 that the existing decision 14/CMP.1 continues to be applicable for the reporting with regard to the first commitment period until the report after the true-up period) decision 14/CMP.1 should not be used for reporting of Kyoto units for the second commitment period.

As part of the general considerations, the EU wants to highlight, that bracketed paragraph 15 of the instructions of individual tables addressing the share of proceeds and the implementation for Parties that fulfil their commitments jointly, clearly goes beyond the purpose of the text and is not acceptable.

With regard to the tables and instructions contained in document FCCC/SBSTA/2013/L.17 the EU is of the following specific views:

- There is no need to amend the title for the guiding text to the SEF tables. It should be kept as it is in decision 14/CMP.1: “*Standard electronic format for reporting of information on Kyoto Protocol units - I. General reporting instructions*”

**Table 1 Total quantities of KP units by account type at the beginning of the reported year and related instructions**

- Similar to the text in paragraph 2(h), in line 8 of Table 1 it should read ‘cancellation account for **remaining** units after carry-over’ instead of ‘outstanding’ units for the sake of clarity. The same editorial comment applies to table 2(a) and table 4. A footnote should be added to the reporting instructions specifying that ‘remaining units’ are units with an applicable commitment period identifier of 1.
- Line 9, the account title should be ‘*Article 3.1 ter and quarter ambition increase cancellation account*’. The same comment applies to table 2(a) and table 4.
- Paragraph 2 [Each Annex I Party]: The EU proposes to lift the brackets around ‘each Annex I Party’.
- Paragraph 2(f): This paragraph should read at the end “*is not in compliance with its commitment under **Article 3, paragraph 1bis**.*” This refers to the cancellation of CP.2 units at the end of the second commitment period in case of non-compliance with CP.2 commitments. The corresponding cancellations of CP.1 units are reported in the SEF tables as agreed in decision 14/CMP.1 whereas the present revisions apply solely to CP.2. .
- Paragraph 2(i): This paragraph should read at the beginning “*Article 3.1ter and quater ambition increase cancellation account*”. The reference to 1bis seems unnecessary.

### Table 2(a) Annual internal transactions

- In paragraph 6 of the reporting guidance, the first paragraph should read “*under the section ‘Article 3.3 and 3.4 issuance and cancellation’ each Annex I Party shall report the quantity of RMUs issued or the units cancelled for KP LULUCF activities.*”
- In paragraph 8 of the reporting guidance, subparagraph b) a footnote should be added specifying that ‘Remaining units’ are units with an applicable commitment period identifier of 1.
- Under ‘annual transactions’ it is proposed to add a separate row for the PPSR account to clarify the distinction between these different transactions. AAUs carried over to the PPSR seem to be internal transactions as well as retirements from the PPSR account.

### Table 2(b) Annual external transactions

It is proposed to add a separate section to table 2(b) for transfers between PPSR accounts between registries consistent with the proposal for Table 2(a) above. The EU suggests that these transfers, as they concern carried-over CP1 units and not CP2 units, are reported separately from the transfers and acquisitions of CP2 units.

### Table “Share of proceeds – Adaptation Fund”

- Footnote (1): the reference should only be to paragraph 21 of decision 1/CMP.8 as this table does not include share of proceeds as addressed in paragraph 20 and 22 (on CER issuance) which are transferred to the Adaptation Fund from the CDM registry and not from Parties’ registries.
- Footnote (2): This footnote should read: “*Total initial external transfers of AAUs during the reported year.*” The reference to decision 1/CMP.8 seems superfluous. An external transfer is the transfer of a unit from one registry to another registry. The reference to “an account” in another registry therefore seems unnecessary as transfers only happen between accounts. It is also not necessary to specify the tracking by serial numbers which automatically happens for all transactions.
- The Table should be numbered as all other tables.
- Line 2 and Line 3 of the table should refer to issuance of ERUs rather than conversion. The headings should also read “issued” rather than “converted”.
- Paragraph 14: delete this paragraph as it is unclear and doesn’t provide guidance to the table
- Paragraph 15: delete this paragraph. The mandate to develop guidance and reporting instructions on the SEF tables needs to be based on Decision 1/CMP.8 which it implements. It does not extend to an interpretation of decision 1/CMP.8 or to the addition of new requirements. The first sentence of this paragraph is already implicitly included in the subsequent paragraph 16 and therefore not necessary.

- Paragraph 16 in the reporting guidance should read, ‘Party shall report the quantity of units transferred from its registry to another registry and units issued for which a share of proceeds levy applies and the related quantity of units contributed to the Adaptation Fund in accordance with paragraph 21 of decision 1/CMP.8 as follows.’
- Paragraph 16a) "tracked by serial number" is unnecessary here.
- Paragraph 16b) should read "each Party shall report the total quantity of ERUs issued relating to projects...".
- Same issues as above for 16c) insert ‘issued’ after ERUs
- Paragraph 16(a),(b), (c): Bracketed text at the end of each paragraph “These transfers shall also be included in the ‘transfers and acquisitions’ section of table 2(b).

### Additional information

- Additional information: this information is already captured in the orange table on share of proceeds in row 2 and should not be duplicated as amount converted. The footnote is unclear. It should be clarified what the difference is between the two tables and why this information is needed twice on the same page.
- Footnote is unclear and should be deleted.

### Table 2(c) Total annual transactions

- The table should be renamed in total annual additions and subtractions as the retirement is not included in total annual transactions.

### Table 3: Annual expiry, cancellation and replacement

Paragraphs 22: the additions should be modified in the following way: “The units **used to meet this requirement** shall also be reported in table 2(b)” because the units transferred are not those that are subject to replacement or net reversal of storage.

### Table 5(a): Summary information on additions and subtractions

With a view to the objective of preparing a transparent system of Standard Electronic Formats, the EU prefers to report line 1 for the AAUs issued for CP2, line 1bis for any Article 3, paragraph 7ter cancellations and line 1ter for any cancellations following the increase of ambition. The cell for subtractions in row 1 should be shaded.

The text in the reporting instructions should then read as following:

Paragraph 27(a) *In the row ‘assigned amount for the commitment period, in the column ‘additions’ the total quantity of AAUs issued on the basis of its assigned amount under Article 3, paragraphs 7bis, 8 and 8bis.*

Paragraph 27 (a bis) *In the row ‘Article 3, paragraph 7 ter cancellation’, in the column subtraction, the total quantity of AAUs cancelled, if applicable, as a result of the application of Article 3, paragraph 7ter by the Party.*

Paragraph 27 (a ter) *In the row ‘Cancellation following increase in ambition’, in the column subtraction, the total quantity of AAUs cancelled, if applicable, as a result of an increase in ambition of the Party in accordance with Article 3, paragraph 1ter and 1quater and paragraph 8 of decision 1/CMP.8.*

Row 1 Assigned amount for the commitment period: under subtractions, the cells for AAUs should be shaded in line with the comments above and separate lines 1bis and 1ter.

In line with the suggestion on table 2 (a) and 2(b) above, it is proposed to add separate rows for transfers between PPSR accounts under ‘annual transaction’. Transfers from a PPSR account to another PPSR account are limited to 2% of CP1 AA. The EU suggests that these transfers are reported separately.

Paragraph 27(c) should consequently be modified in the following way:  
*In the row ‘Carry over’, under ‘Additions’, the total quantities of AAUs, ERUs and/or CERs that were carried over to the subsequent commitment period, if applicable. AAUs that are carried over shall be transferred to the Parties’ previous period surplus reserve account in accordance with paragraph 24(b) of decision 1/CMP.8.*

Footnote 1 to table 5(a) should be consistent with paragraph 27(a): *In the row ‘assigned amount for the commitment period, in the column ‘additions’ the total quantity of AAUs issued on the basis of its assigned amount under Article 3, paragraphs 7bis, 8 and 8bis shall be reported.*

Footnote 1bis to table 5(a) should be consistent with paragraph 27 (a bis): *In the row ‘Article 3, paragraph 7 ter cancellation’, in the column subtraction, the total quantity of AAUs cancelled, if applicable, as a result of the application of Article 3, paragraph 7ter by the Party shall be reported.*

Footnote 1ter to table 5(a) should be consistent with paragraph 27 (a ter): *In the row ‘Cancellation following increase in ambition’, in the column subtraction, the total quantity of AAUs cancelled, if applicable, as a result of an increase in ambition of the Party in accordance with Article 3, paragraph 1ter and 1quater and paragraph 8 of decision 1/CMP.8 shall be reported.*

### **3 Modalities and procedures for accounting (Decision 13/CMP.1)**

As already stated in the EU’s previous submissions under this agenda item, there are further implications of decisions 1/CMP.8 and 2/CMP.7 to 4/CMP.7 on decision 13/CMP.1 that have not yet been addressed and which need to be implemented for the implementation/ operationalization of the second commitment period.



As regards the modalities and procedures for accounting laid down in Decision 13/CMP.1, there are two reasons for these additional modifications: On the one hand, changes and additions made to the SEF tables and the related reporting instructions should be reflected consistently in the accounting modalities under decision 13/CMP.1. On the other hand, there are additional issues that still need to be addressed, as already raised in previous EU submissions. The suggestions below do not elaborate on changes to references in decision 13/CMP.1 which is covered in section 4 of this submission.

The Annex to decision 13/CMP.1 applies to each Party included in Annex I with a commitment inscribed in Annex B to the Kyoto Protocol. This scope of application needs to be amended to cover Parties included in Annex I with a commitment inscribed in the third column of Annex B to the Kyoto Protocol for the second commitment period.

In addition, a decision including revisions to decision 13/CMP.1 should specify that it applies for the second commitment period (see our similar proposal for the replacement of decision 14/CMP.1 above). The existing decision 13/CMP.1 will continue to apply for the first commitment period up to the completion of the compliance assessment for this period for each Party.

### 3.1 Calculation of assigned amount

The assigned amount calculation needs to be made consistent with the Kyoto amendment adopted at CMP.8. This requires the following changes of the text (changes in bold):

#### **Paragraph 5 of the Annex to decision 13/CMP.1:**

*The assigned amount pursuant to Article 3, **paragraphs 7 bis, 8 and 8bis**, for the **second** commitment period, for each Party included in Annex I with a commitment inscribed in the third column of the table contained in Annex B to the Kyoto Protocol<sup>2</sup> shall be equal to the percentage inscribed for it in **the third column of the table contained in Annex B** of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases, and from the sources, listed in Annex A to the Kyoto Protocol in the base year **or period**, multiplied by **the duration of the commitment period in years**, taking into account the following:*

- (a) *The base year shall be 1990 except for those Parties undergoing the process of transition to a market economy that have selected a historical base year or period other than 1990, in accordance with Article 3, paragraph 5, and for those Parties that have selected 1995 as the base year for total emissions of hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride **and for those Parties that have selected 1995 or 2000 as the base year for nitrogen fluoride**, in accordance with Article 3, paragraphs 8 and 8bis;*
- (b) *No change proposed*
- (c) *Those Parties that have reached an agreement in accordance with Article 4 to fulfil their commitments under Article 3 jointly for the second commitment period shall use the respective emission level allocated to each of the Parties in that agreement instead of the percentage inscribed for it in **the third column of the table contained in Annex B to the Kyoto Protocol**.*

The current footnote 2 'Hereinafter referred to as a "Party included in Annex I" would remain.

### 3.2 Additions to and subtractions from the assigned amount

**Paragraph 11(f)** of the Annex to Decision 13/CMP.1 should be replaced by the following text:

*(f) Carry-over by the Party of ERUs and CERs in accordance with paragraph 24 (a) of decision 1/CMP.8*

*(fbis) AAUs that were carried over and transferred to a Party's previous period surplus reserve account in accordance with paragraphs 24(b), 25 and 26 of decision 1/CMP.8.*

**Paragraph 12** of the Annex to Decision 13/CMP.1 needs to be made consistent with the cancellations listed in the SEF tables. For this purpose, the text of the current paragraph 12 (f) should be amended in the following way:

*(f) cancellation by the Party of any units for voluntary cancellations;*

*(f bis) cancellation by the Party of any units that are remaining after expiration of the additional period for fulfilling commitments and carry-overs, if any, have been undertaken;*

*(f ter) cancellation by the Party of AAUs for ambition increase pursuant to Article 3.1ter and quater and paragraph 8 of decision 1/CMP.8;*

*(f quater) cancellation of AAUs by the Party pursuant to Article 3.7ter;*

*(f quinques) cancellation of tCERs and lCERs by the Party after their expiry, when there has been a reversal of removals in storage in accordance with decision 5/CMP.1, annex, paragraph 49 and appendix D, paragraph 3 and where a certification report has not been provided in accordance with decision 5/CMP.1, annex, paragraph 50 and appendix D, paragraph 3. (Such cancellation only results in a subtraction from the assigned amount if this concerns tCERs and lCERs in holding accounts. For expiring tCERs and lCERs in retirement accounts an equivalent number of units have to be transferred to the replacement account.) ;*

*(f sexies) cancellation of AAUs, ERUs, RMUs, CERs or tCERs by the Party for the purpose of replacing tCERs or lCERs in accordance with decision 5/CMP.1, paragraph 43, 47(a), 47(b) and 47(c).*

A footnote should be added to subparagraph fbis specifying that "remaining units are units with an applicable commitment period identifier of 1".



### 3.3 Carry-over

**Paragraph 15(c)** of the Annex to decision 13/CMP.1 on carry-over of AAUs need to be made consistent with paragraph 24(b) of decision 1/CMP.8 in the following way:

*“Any AAUs held in that Party’s national registry that have not been retired for that commitment period or cancelled shall be added to the assigned amount for that Party for the second commitment period. That part of a Party’s assigned amount consisting of AAUs held in that Party’s national registry that has not been retired for that commitment period or cancelled shall be transferred to its previous period surplus reserve account for the subsequent commitment period, to be established in its national registry.”*

### 3.4 National registries

The list of accounts defined in **paragraph 21** need to be amended consistent with the introduction of the PPSR account and the additional cancellation accounts as included in the SEF tables (the paragraphs refer to the changes proposed to paragraph 12 above):

replacement of 21 (e) by *“At least one cancellation account for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/ or RMUs under paragraph 12(f) above”*;

and addition of the following subparagraphs:

(e bis); *“At least one cancellation account for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/ or RMUs under paragraph 12(f bis) above”*;

(e ter) *“At least one cancellation account for each commitment period for the purposes of cancelling AAUs under paragraph 12(f ter) above”*;

(e quater) *“At least one cancellation account for each commitment period for the purposes of cancelling AAUs and/ or RMUs under paragraph 12(f quater) above”*;

(e quinques) *“At least one cancellation account for each commitment period for the purposes of cancelling tCERs and lCER, under paragraph 12(f quinques) above”*;

(e sexies) *“At least one cancellation account for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/ or RMUs under paragraph 12(f sexies) above”*;

(f bis) *“At least one previous period surplus account under paragraph 11(fbis) above.”*

### 3.5 Issuance of ERUs, AAUs and RMUs

Decision 1/CMP:8 paragraph 19 establishes that **paragraph 23** of the annex of the decision 13/CMP.1 does not apply for the purposes of the second commitment period. This decision should also be reiterated in any decision relating to the specific accounting modalities for the second commitment period.

### 3.6 Transfer, acquisitions, cancellation, retirement and carry-over

This section needs to be amended to take into account the additional types of cancellations agreed in decision 1/CMP.8. Paragraph 36 on carry-over should also be made consistent with decision 1/CMP.8.

#### **Paragraph 32 bis:**

*Each Party included in Annex I shall cancel any units that are remaining after expiration of the additional period for fulfilling commitments and carry-overs, if any, have been undertaken;*

#### **Paragraph 32 ter:**

*Each Party included in Annex I that proposed an adjustment to decrease the percentage inscribed in the third column of Annex B of its quantified emission limitation and reduction commitment in accordance with Article 3, paragraph 1 ter and for which such proposal was adopted by the COPMOP under Article 3, paragraph 1 quater shall cancel an equivalent amount of AAUs according to the adopted adjustment unless it has adjusted the calculation of assigned amount for the second commitment period for this purpose.*

#### **Paragraph 32 quarter**

*Any positive difference between the assigned amount of the second commitment period for a Party included in the Annex I and average annual emissions for the first three years of the preceding commitment period multiplied by eight shall be transferred to the cancellation account of that Party.*

It is proposed that the language from Article 3.7 ter is included here.

In addition a footnote could be added to this paragraph that clarifies the basis for the calculation in this paragraph in the following way:

*“For Annex I Parties to the Kyoto Protocol with a commitment inscribed in Annex B for the first commitment period, the annual emissions for the first three years of the first commitment period should be based on total GHG emissions without LULUCF taken from the compilation and accounting database after the final inventory review for the last year of the first commitment period is completed and respective emissions were registered in the compilation and accounting database. For Annex I Parties to the Kyoto Protocol without a commitment inscribed in Annex B for the first commitment period, this calculation should be based on the annual emissions for the years 2008, 2009 and 2010 provided in the inventory submission for the first year of the second commitment period (which is together with the report to facilitate the calculation of the assigned amount) taking into account any corrections or adjustments during the inventory review.”*

With respect to the calculation necessary for the application of Article 3.7ter the EU would see the need to clarify that annual emissions are equivalent to total GHG emissions without LULUCF. As annual emissions for the respective years can be recalculated every year as part of the regular inventory submissions, the EU also sees a need to clarify on which numerical basis this calculation is conducted. The EU believes that a footnote is sufficient for such technical clarification.

### **Paragraph 32 quinquies**

*Each Party for which an expiry of tCERs and lCERs occurs or for which there has been a reversal of removals in storage in accordance with decision 5/CMP.1, annex, paragraph 49 and appendix D, paragraph 3 or where a certification report has not been provided in accordance with decision 5/CMP.1, annex, paragraph 50 and appendix D, paragraph 3 or to which the need for replacement of tCERs or lCERs in accordance with decision 5/CMP.1, paragraph 43, 47(a), 47(b) and 47(c) was notified, shall cancel the quantity of units equivalent to the notification of the ITL for cancellation or replacement.*

It is proposed to amend paragraph 36 with the text from paragraphs 24 to 26 of decision 1/CMP.8. This would clarify that the section of the accounting modalities which defines the checks that are performed by the ITL serves to implement Decision 17CMP.8.

### **Paragraph 36 should be redrafted in the following way:**

*Each Party included in Annex I may carry over ERUs, CERs and/or AAUs held in its registry, that have not been cancelled or retired for a commitment period, to the subsequent commitment period in accordance with paragraph 15 [correct reference to be checked as proposals for amendments are proposed above] above and relevant provisions of decision 1/CMP.8. Each ERU, CER and/or AAU carried over in this manner shall maintain its original serial number and shall be valid in the subsequent commitment period. ERUs, CERs, AAUs and RMUs of a previous commitment period held in the registry of a Party which have not been carried over in this manner shall be cancelled in accordance with paragraph 12 [correct reference to be checked as proposals for amendments are proposed above] above once the additional period for fulfilling commitments has ended. **Those AAUs which are carried over, shall be transferred to the Party's previous period surplus reserve account for the second commitment period. Units held in a Party's previous period surplus reserve account may be used for retirement during the additional period for fulfilling commitments of the second commitment period up to the extent by which emissions during the second commitment period exceed the assigned amount for that commitment period pursuant to Article 3, paragraph 7 bis, 8 and 8 bis of the Kyoto Protocol.***

### **Paragraph 36bis:**

*Units may be transferred and acquired between previous period surplus reserve accounts. Each Party included in Annex I may acquire up to 2 per cent of its assigned amount for the first commitment period from other Parties' previous period surplus reserve accounts.*

## **3.7 Transaction procedures**

Additional automatic checks are required as a consequence of the additional cancellations introduced in decision 1/CMP.1 and those listed in the amended SEF tables. Paragraph 42 therefore needs to be amended as follows:

**Paragraph 42 (b bis):** *In case of transfers between registries: the eligibility of Parties involved in the transaction to participate in the mechanisms; and infringement upon the commitment period reserve **and infringements upon the limits for transfers between previous period surplus reserve accounts.***

**Paragraph 42 (e bis):** *In the case of cancellations specified in paragraphs 12 f bis, f quarter, f quinquies and f sexies infringement of a notification from the ITL to cancel the specified quantity of units within 30 days.*

**Paragraph 42 (e ter):** *In case of carry-over: infringements on the requirement that carried over units are transferred to the previous period surplus reserve account.*

**Paragraph 43 (d)** should be amended to reflect the current practice of reporting on discrepancies: the revised paragraph should read as follows:

*(d) The transaction log shall record all transaction records and the date and time of completion of each transaction. **The secretariat shall provide summarized information and recommendations related to the implementation of the registry requirements and the transactions for which discrepancies occurred as part of the SIAR reports to the review under Article 8.***

## **3.8 Public accessible information**

The availability of full contact details in the publicly accessible information is prone to fraud and abuse. Therefore the requirement in paragraph 45 (e) to publish the representative name, contact information, mailing address, phone number, fax number, email address of the representative of each account holder should be deleted. The EU proposes the following text to be included in a decision at CMP.9:

*For the second commitment period, Parties shall no longer be obliged to report the information required under paragraph 45(e) of the annex to decision 13/CMP.1*

**Paragraphs 47 (a) and (l)** refer to the holdings of ERUs, CERs, AAUs and RMUs in each account". This information, as it is defined in these paragraphs, is usually confidential. What is actually reported are the total amounts per account type (Party Holding accounts and National Holding Accounts). The EU proposes to add such clarification which is consistent with the current implementation of the requirements. This would result in an addition of 'type' after account in subparagraph (a) and (l).

Another clarification concerns **paragraph 47 (l)**. In this subparagraph, it is actually the holdings at the end of the reporting year that should be reported and not the “current” holdings of every account as specified in the chapeau of the paragraph. Thus, the word ‘current’ should be deleted from subparagraph 47(l).

### 3.9 Report upon expiration of the additional period for fulfilling commitments

The current *paragraph 49* of the Annex to decision 13/CMP.1 defines a reduced content for the report upon expiration of the additional period for fulfilling commitments compared to the SEF tables. In the discussions in SBSTA 38, Parties assumed that the complete SEF tables would be submitted after the end of this period. Therefore this paragraph should be revised for the second commitment period in the following way:

*“Upon expiration of an additional period for fulfilling commitments for the second commitment period, each Party included in Annex I shall report to the secretariat and make available to the public, **the information required in the standard electronic format pursuant to decision X/CMP.9. [no of the decision on the SEF tables to be added].**”*

### 3.10 Compilation and accounting database

**Paragraph 52** of the annex to decision 13/CMP.1 which provides for the recording of some key initial accounting parameters for the commitment period, requires some amendments to address the implications of decision 1/CMP.8 and 2/CMP.7. The below text proposes specific changes (in bold):

52. *The secretariat shall record in the database for each Party included in Annex I the following information:*

(a) *The assigned amount pursuant to Article 3, **paragraphs 7bis, 8 and 8bis***

(b) *For the **second** commitment period, the total allowable issuances of RMUs resulting from forest management activities under Article 3, paragraph 4, and limits on net acquisitions of CERs from afforestation and reforestation activities under Article 12 pursuant to decision 2/CMP.7.*

(c) *During the second commitment period any changes to the total allowable issuance of RMUs resulting from forest management activities under Article 3, paragraph 4 due to technical corrections to forest management reference levels reported by a Party in accordance with paragraphs 14 and 15 of decision 2/CMP.7 and reviewed under Article 8 in accordance with decision 2/CMP.7.*

(c bis) *Any cancellations of AAUs as a result of the application of Article 3, paragraph 7ter.*

(c ter) *Any cancellations of AAUs as a result of an increase in ambition in accordance with Article 3, paragraph 1ter and 1quater and paragraph 8 of decision 1/CMP.8.*

(c quarter) *Any cancellations of Kyoto Protocol units following a determination of the Compliance Committee that the Annex I Party was not in compliance with its commitment under Article 3, paragraph 7 and 8 for the first commitment period.*

*(c quinquies) Any AAUs, ERUs or CERs issued for the preceding commitment period and carried over to the previous period surplus reserve account.*

**Paragraph 55** is incomplete as it requires the recording of the net anthropogenic emissions and removals of greenhouse gases from KP LULUCF activities which are not the same as the accounting quantities that Parties can account for and really use for compliance. Therefore it is proposed to add “**and the accounting quantity for activities under Article 3.3 and 3.4**” to subparagraphs (b) and (c) at the end of these paragraphs and the insertion of “**and total accounting quantities**” after “the total net anthropogenic emissions and removals of greenhouse gases” in subparagraph (d).

**Paragraph 58** on annual records in the database requires some amendments to address the implications of decision 1/CMP.8 and 2/CMP.7. The below text proposes specific changes (in bold):

It is proposed to delete subparagraph h relating to total cancellations of ERUs, CERs, AAUs and RMUs following determination by the Compliance Committee that the Party is not in compliance with its commitment under Article 3, paragraph 1. This cancellation happens at the beginning of the second commitment period and not annually and this provision was moved to paragraph 52 in the proposal above.

In line with suggestions above related to cancellations the following subparagraphs should replace subparagraph (i):

*(i) Total cancellation by the Party of any units for voluntary cancellations;*

*(i bis) total cancellation of tCERs and lCERs by the Party after their expiry, when there has been a reversal of removals in storage in accordance with decision 5/CMP.1, annex, paragraph 49 and appendix D, paragraph 3 and where a certification report has not been provided in accordance with decision 5/CMP.1, annex, paragraph 50 and appendix D, paragraph 3;*

*(i ter) total cancellation of AAUs, ERUs, RMUs, CERs or tCERs by the Party for the purpose of replacing tCERs or lCERs in accordance with decision 5/CMP.1, paragraph 43, 47(a), 47(b) and 47(c).*

In relation to the PPSR, the following amendment is proposed:

*(f) Replace current subparagraph f by ‘Total transfers to and from a Parties’ previous period surplus reserve account and the total holding of units in the previous period surplus reserve account.’*



#### 4 Reporting of Kyoto Protocol units under Article 7.1 (Decision 15/CMP.1)

The changes discussed at SBSTA 38 for the SEF tables need to be reflected in the reporting requirements on information on emission reduction units, certified emission reductions, temporary certified emission reductions, long-term certified emission reductions, assigned amount units and removal units as contained section E in the Annex to decision 15/CMP.1 for the sake of consistency. The proposed text below intends to cover the consequential changes to this section in line with the proposals related to the SEF tables.

##### **E. Information on emission reduction units, certified emission reductions, temporary certified emission reductions, long-term certified emission reductions, assigned amount units and removal units**

**Paragraph 10:** The provisions at the end of paragraph 10 do no longer apply in CP2 and should be deleted:

*Each Party included in Annex I that is considered to have met the requirements to participate in the mechanisms shall report the supplementary information in this section of the guidelines beginning with information for the first calendar year in which it transferred or acquired emission reduction units (ERUs), certified emission reductions (CERs), temporary certified emission reductions (tCERs), long-term certified emission reductions (lCERs), assigned amount units (AAUs) and removal units (RMUs) for the second commitment period in accordance with decision 13/CMP.1, decision 5/CMP.1 and decision [reference to CMP.9 decision on accounting modalities]. This information shall be reported in conjunction with the inventory submission due under the Convention in the following year and until the first inventory submission due under the Protocol. This information shall be reported from its national registry for the previous calendar year (based on Universal Time) in the standard electronic format in accordance with decision [include reference to decision adopting the revised SEF tables], distinguishing between units valid for different commitment periods.*

**Paragraph 10/11:** The EU proposes to shorten paragraph 11 considerably by referring to the decision on the SEF tables. It does not seem to be necessary to repeat the content of the SEF tables in subparagraphs.

**Paragraph 20:** The EU proposes to clarify paragraph 20 in the respect that a separate submission of SEF tables is required after the true-up period:

*‘Each Party included in Annex I shall provide **the information in the standard electronic format in accordance with decision [include reference to decision adopting the revised SEF tables] as part of the** report upon expiration of the additional period for fulfilling commitments referred to in paragraph 49 of the annex to decision 13/CMP.1.’*

## 5 Revision of references

With regard to the outstanding work on references in decisions under Articles 5,7,8, the EU would like to highlight the need to adopt a decision at CMP/9 which clearly sets out all relevant changes to references related to decision 13/CMP.1 in a transparent and user-friendly way, as proposed below.

For decision 15/CMP.1 some amendments have already been adopted in decision 2/CMP.8. The EU proposed some further changes to reporting of units as part of this submission. With these additional changes, there would not be any further changes of references required for the second commitment period in decision 15/CMP.1.

For decisions 14/CMP.1 the changes of references are captured within the work conducted on the SEF tables and related reporting instructions.

For decision 6/CMP.3, the EU assumes that COPMOP 9 adopts revised CRF tables for KP LULUCF activities which would also include any necessary changes of references.

In relation to decisions 20/CMP.1 (guidance on adjustments) and 22/CMP.1 (review under the Kyoto Protocol) the EU already expressed that amendments are necessary to address the implications of decisions 1/CMP.8 and 2/CMP.7 to 4/CMP.7 on these decisions apart from the updating of references. The references should be updated in a future decision together with the other outstanding amendments in the future work under this agenda item after COPMOP 9.

### 5.1 Decision 13/CMP.1

A CMP.9 decision that implements the changes proposed in section ‘modalities and procedures for accounting (Decision 13/CMP.1)’ above, should also address changes of references to address the implications of decisions 2/CMP.7 to 4/CMP.7 and decision 1/CMP.8 in the following way:

*Decides that, for the purposes of the second commitment period, for decision 13/CMP.1 and its annex the following changes shall apply:*

- (a) ‘first commitment period’ shall be read as ‘second commitment period’ in paragraph 25, paragraph 31, paragraph 52 (b) of the Annex to decision 13/CMP.1;*
- (b) References to decision 16/CMP.1 shall be read as references to decision 2/CMP.7 in paragraphs 8 (b), 11(e), 12(g), 25, 28, 30, 32, 42 (a), 42(c), 52 (b), 55(a), (b), (c) and (e), in paragraph 8(c) the reference at the end of the paragraph should be read as “In accordance with decision 16/CMP.1 and decision 2/CMP.1);*
- (c) The reference to paragraph 14 of the annex to decision 16/CMP.1 in paragraph 31 of the Annex to decision 13/CMP.1 shall be read as ‘paragraph 19 to decision 2/CMP.7’*
- (d) References to ‘activities under Article 3, paragraph 3, and its elected activities under Article 3, paragraph 4,’ shall be reads as ‘activities under Article 3, paragraph 3, forest management under Article 3.4 and any elected activities under Ar-*

*ticle 3, paragraph 4' in paragraphs 11(e), 12(d), 25, 32 and 55 of the annex to decision 13/CMP.1*

- (e) The references to 'Article 3, paragraph 1' shall be read as reference to 'Article 3, paragraph 1 bis' in paragraphs 12(e), 13, 14, 33, 34, 35, 37, 42(d), 43(b), 47(h), 50, 53, 58(h) of the annex to decision 13/CMP.1.*
- (f) All references to 'assigned amount pursuant to Article 3, paragraphs 7 and 8' shall be read as 'assigned amount pursuant to Article 3, paragraph 7bis, 8 and 8bis' in decision 13/CMP.1.*

## **6 Reporting guidance for LULUCF activities under the Kyoto Protocol, in particular CRF tables**

The EU also submits views on proposed amendments to the CRF tables for LULUCF activities under the Kyoto Protocol which will result in an amendment to decision 6/CMP.3.

As the IPCC supplement for KP LULUCF activities as well as the IPCC supplement on wetlands have not yet been adopted by the IPCC, these views are initial and may change or be further developed based on the final IPCC guidance and its ongoing consideration by the EU.

The EU could not yet complete its consideration on CRF reporting tables for KP LULUCF activities related to the reporting on natural disturbances.

(see separate Excel file)