

SUBMISSION BY IRELAND AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES

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Subject : Addressing the Implications of the implementation of decisions 2/CMP.7 to 4/CMP.7 and 1/CMP.8 on the relevant decisions adopted for the first commitment period

1 Introduction

CMP 8 invited Parties to submit views on and proposals or elements of proposals to address 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 relevant decisions adopted for the first commitment period, with the aim of finalizing its consideration and proposing for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session any changes to such decisions.

The CMP 8 on the *Implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 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* addressed two key implications, namely:

- The submission date and contents of the report to facilitate the calculation of its assigned amount pursuant to Article 3, paragraphs 7bis, 8 and 8bis, of the Kyoto Protocol for the second commitment period which addresses related changes in relation to decision 13/CMP.1;
- The reporting requirements related to LULUCF activities under Article 3.3 and 3.4 of the Kyoto Protocol for the second commitment period which addresses related changes in relation to decision 15/CMP.1.

The CMP 8 decision also included an agreement that Decision 5/CMP.7 had no implication for the relevant decisions under this agenda item.

The outcome achieved in Doha was part of a work programme on these matters agreed at SBSTA 36 (Bonn, 2012), which included:

- A technical paper by the secretariat (available by 1 September 2012)
- A technical workshop (held in October 2012).

The SBSTA 36 work programme also included provisions for the continuation of work under this agenda item in 2013, with a view to adopting a decision on this matter at CMP 9. The detailed work programme for 2013 was specified in the decision taken in Doha and includes:

- submissions by Parties, by 15 February 2013 with views on and proposals or elements of proposals to address the implications;
- a workshop, to be held prior to SBSTA 38;
- a report on the workshop for consideration by the SBSTA 38;
- a 2nd workshop, prior to SBSTA 39 with the aim of facilitating the work on the common reporting format tables for land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol;
- a report on the workshop for consideration by the SBSTA 39;

The EU has submitted detailed views on the implications of decisions 2/CMP.7 to 5/CMP.7 and on how to address such implications, in particular specific text proposals addressing implications for decisions 13/CMP.1, 15/CMP.1 and 22/CMP.1 which remain valid for the work ahead in 2013.

2 Approach

As highlighted in the report of the workshop held in October, the work should address on the one hand the essential changes arising from decisions taken at CMP 7 and CMP 8, but also improvements arising from the experiences with the implementation of the methodological decisions in the first commitment period.

The EU also highlights the large amount of technical implications that were already identified in the work in 2012 that have not yet been addressed – these implications are documented in the technical paper prepared by the secretariat in 2012, the report of the workshop held in 2012 and Parties' submissions.

The EU believes that the outcome of the work under this agenda item must be comprehensive, clear and user-friendly for those experts involved in the implementation of reporting at the national level as well as for the review experts. The EU still believes that for those methodological decisions for which substantial and material changes are required for the application in the second commitment period, new decisions with all necessary changes and amendments should be adopted for the second commitment period, while decisions adopted at the first session of the CMP should remain in place for the ongoing implementation of the first commitment period until the end of the additional period for fulfilling commitments (true-up period). This approach – the preparation of new decisions for the second commitment period - should be applied for example to the annexes to decision 14/CMP.1 (SEF tables), decision 20/CMP.1 (guidance for adjustments under Article 5.2, decision 22/CMP.1 (guidelines for review), and decision 6/CMP.3 (CRF for LULUCF).

These revised annexes should be attached to an overarching decision, addressing cross-cutting changes such as changes in references.

For those methodological decisions adopted at the first session of the CMP or any relevant COP decisions for which only references need to be updated (either references to the new amendments or references to new decisions for the second commitment period), an overarching decision could be adopted that specifies all changed references in all paragraphs of the respective decisions for the second commitment period.

For those decisions, for which implications were partly addressed in decisions adopted at CMP.8 and for which other changes are still outstanding (decisions 13/CMP.1 and 15/CMP.1), the EU would like to see consolidated documents that integrate all changes into one single guidance document after all necessary changes are adopted to achieve user-friendly documents for those experts that have to implement the accounting, reporting and review requirements.

For all decisions, it should also be clarified when the new decisions start to apply and when the decisions for the first commitment period will cease to be applicable (after the final compliance assessment for the first commitment period is completed).

In the EU's view in the first half of 2013, the work should focus on the outstanding technical issues for all decisions whereas the second half of 2013 should focus more on the GPG for LULUCF and CRF tables for LULUCF activities.

3 Decision 13/CMP.1 – accounting modalities

3.1 Implications previously identified¹ and not yet addressed in the CMP.8 decision:

The following issues have been raised in the technical paper and the EU submission in 2012:

- Modifications of references to Articles of the Kyoto Protocol consistent with the adopted amendments of these Articles agreed at CMP 8 (e.g. references to the assigned amount pursuant to Article 3, paragraphs 7 and 8, references to commitments inscribed in Annex B);

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These implications were identified by the technical paper of the UNFCCC secretariat or in the EU submission.

- Modifications to references to the Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories need to be updated with references to 2006 IPCC Guidelines, references to the IPCC work on the “2013 Revised Supplementary Methods and Good Practice Guidance Arising from the Kyoto Protocol”, the IPCC Guidance on wetlands and with references to Revised UNFCCC reporting guidelines on annual GHG inventories;
- Modifications to references to CMP or COP decisions;
- In paragraphs addressing the assigned amount calculation, the multiplication by 5 needs to be replaced with 8;
- The assigned amount calculation in paragraph 5 of the annex to decision 13/CMP.1 should include NF₃;
- Eligible LULUCF activities for the second commitment period do no longer comprise forest management that is a mandatory activity since 1st January 2013;
- The specification of all existing and necessary account types under paragraph 21 of the annex to decision 13/CMP.1;
- References related to the first commitment period need to be replaced where relevant (e.g. paragraph 25 of the annex to decision 13/CMP.1);
- Publicly accessible information and the recording and publication of serial numbers and transaction records should be modified slightly to achieve requirements that can be implemented.

For these implications, the EU already provided proposals for draft legal text in its submission in 2012.

3.2 Additional implications arising from decision 1/CMP.8:

The following implications arise from the CMP.8 decisions agreed in Doha:

Units from market-based mechanisms

According to Article 12bis, any units from market-based mechanisms to be established under the Convention or its instruments may be used by Annex I Parties to assist them in achieving compliance with their quantified emission limitation and reduction commitments under Article 3. In its submission in 2012, the EU already made specific text proposals for the implications of this provision in decision 13/CMP.1 (paragraphs 11, 12, 47, 51, 59, 62 of the annex to decision 13/CMP.1).

Increase of ambition

Paragraph 8 of decision 1/CMP.8 includes two provisions to enable an increase of ambition during the second commitment period:

1. The adjustment of the calculation of the assigned amount
2. Cancelling of a number of AAUs equivalent to the increase

Implementation of both options would need technical level changes in decision 13/CMP.1 and 14/CMP.1, e.g. in relation to the cancellation accounts.

Continued issuance of ERUs

Decision 1/CMP.8 requests SBI to consider modalities for expediting the continued issuance, transfer and acquisition of ERUs under Article 6 for the second commitment period. The EU is willing to engage in further work under SBI to ensure that the application of this recommendation secures integrity of the KP accounting and MRV system and provides sufficient incentive for Parties to ratify a second commitment period. As this mandate relates to SBI, the EU believes that the SBI should conduct this work and inform SBSTA about any additional technical implications of these discussions on the methodological decisions under Articles 5, 7 and 8, in particular on the accounting modalities.

Previous period surplus reserve

The establishment of a previous period surplus reserve in the national registry needs to be addressed in the accounting modalities of decision 13/CMP.1 and the data exchange standards for registries². This concerns inter alia

- Paragraph 11 and 12 on additions and subtractions from assigned amount;
- Paragraph 15 of the Annex to decision 13/CMP.1 on carry-over where the transfer to the previous period surplus reserve should be mentioned,
- the creation of a Previous Period Surplus Reserve Account in paragraph 21 specifying the account types;
- paragraph 47 related to the reported information;
- paragraph 62 related to the final compilation and accounting report

The EU submission in 2012 already addressed this issue and made specific draft proposals for legal text, which are still relevant. The EU submission in 2012 also clarified the relationship between additional provisions related to the previous period surplus reserve and the rules of the existing decision 13/CMP.1.

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In the view of the EU the revision of the data exchange standards is a task to be performed by registry administrator's forum and is not part of this agenda item.

4 Decision 14/CMP.1 – SEF tables

Decision 14/CMP.1 on SEF tables should be revised in its entirety. A *mutatis mutandis* approach does not seem appropriate for reporting tables.

4.1 Implications previously identified and not yet addressed in the CMP.8 decision:

This decision has not yet been discussed and the implications raised in the EU submission in 2012 remain valid:

- The addition of a line for ‘wetland drainage and rewetting’ in the tables.
- Tables 1 and Tables 2(a): The EU would propose to add lines for all types of cancellation accounts (as specified in the proposal for a revised decision 13/CMP.1, paragraph 12)
- Table 3: the introduction of ‘replacement’ and ‘cancellation’ columns in this table

4.2 Additional implications arising from decision 1/CMP.8:

The following implications arise from the CMP.8 decisions agreed in Doha:

- The introduction of the previous period surplus account in the tables (paragraphs 23 to 25 of decision 1/CMP.1);
- The introduction of a cancellation account for cancelling AAUs equivalent to the decrease of a Party’s QELRC inscribed in the third column of Annex B in the SEF tables (paragraph 8 of decision 1/CMP.8) as well as in relation to Article 3, paragraph 7ter;
- Issuance, transfer or acquisitions of ERUs under Article 6 based on outcomes of the SBI agenda item addressed in paragraph 16 of decision 1/CMP.8.

These implications of CMP decisions adopted in Doha will also need to be addressed in the technical standards for registries. In the view of the EU this is a task to be performed by registry administrator’s forum and is not part of this agenda item.

Additional technical work is necessary to revise the SEF reporting tables and the EU aims to provide input for such technical work for the first Workshop under this work programme in 2013.

5 Decision 15/CMP.1 – Reporting Guidelines

5.1 Implications previously identified and not yet addressed in the CMP.8 decision:

Reporting requirements related to LULUCF activities under the Kyoto Protocol were already agreed in Doha. In addition, the EU provided proposals for draft legal text in its submission in 2012 on other reporting areas. Additional changes compared to those already agreed in Doha are particularly necessary in relation to the following issues:

- In the decision and in its annex the references to the IPCC methodological guidance need to be updated to take into account the 2006 IPCC Guidelines, the IPCC work on the “2013 Revised Supplementary Methods and Good Practice Guidance Arising from the Kyoto Protocol” and the IPCC Guidance on wetlands.
- Updating of references to the assigned amount;
- Reporting of serial numbers;
- Reporting on national registries and national systems in annual inventories instead of the national communication.

For these implications, the EU already provided proposals for draft legal text in its submission in 2012.

In the 2nd half of 2013, the work on reporting tables for LULUCF activities under Articles 3.3 and 3.4 should be initiated and revised tables should be developed in parallel with the IPCC work on the “2013 Revised Supplementary Methods and Good Practice Guidance Arising from the Kyoto Protocol” to ensure that reporting tables and CRF reporter software are available for the first submission for the second commitment period. The EU will provide more specific views and proposals on the CRF tables for LULUCF activities later this year when the IPCC work on the “2013 Revised Supplementary Methods and Good Practice Guidance Arising from the Kyoto Protocol” and on wetlands will be more advanced.

5.2 Additional implications arising from decision 1/CMP.8:

The following implications arise from the CMP 8 decisions agreed in Doha:

- Reporting on other units from market-based mechanisms established under the Convention.
- The reporting on units from flexible mechanisms needs to take into account any changes in the accounting modalities in the annex to decision 13/CMP.1 that addresses the implications of the decisions taken in Doha.

6 Decision 20/CMP.1 – Good practice guidance and adjustments under Article 5, paragraph 2

This decision has not yet been discussed so far and the issues raised in the EU submission in 2012 remain valid:

- A revised decision related to adjustments taking into account the revised source categories and sectors agreed as part of the revision of guidelines for annual GHG inventories for Annex I Parties.
- There is also a need to revise the conservativeness factors in the Annex in order to make those consistent with the revised uncertainty estimates in the 2006 IPCC Guidelines.
- The decision should also be reassessed in line with existing experiences with adjustments.
- Updating of references to the 2006 IPCC Guidelines, “2013 Revised Supplementary Methods and Good Practice Guidance Arising from the Kyoto Protocol” and the IPCC Guidance on wetlands.
- Reflection of the use of reference levels for forest management in the second commitment period and technical corrections thereof and of provisions for natural disturbances and carbon equivalent forests, the inclusion of wetland drainage and rewetting, and the HWP pool.

Additional technical work is necessary to revise the categories and the conservativeness factors and the EU is aiming at providing input for such technical work for the first Workshop in 2013 related to this item. Potential additions to this guidance related to forest reference levels, may only be discussed in autumn together with the CRF tables for LULUCF when a more advanced version of the IPCC report is available.

7 Decision 22/CMP.1 – Review guidelines

7.1 Implications previously identified and not yet addressed in the CMP.8 decision:

This decision has not yet been discussed and the issues raised in EU submission in 2012 remain valid. In addition to the necessary revision of the guidelines for review under Article 8 for the second commitment period, the EU suggested some changes to address the current problems with the timing and availability of experts for the inventory review and the future situation with additional reviews of biennial reports which will put additional strain on the availability of review experts. We suggested a slightly modified approach for the second commitment period: the annual inventory review should consist of the initial checks, status reports and synthesis and assessment checks. The individual inventory review should only take place every second year (centralized and in-country reviews) and assess the two most recent inventory years in one review. In the first and the last year of the second commitment period, an individual inventory review should be undertaken for all Kyoto Parties to have a robust basis for the assessment of compliance for all Parties and an assessment of the recalculations due to methodological changes at the beginning of the commitment period.

The timing and procedure for the review of the report to facilitate the calculation of the assigned amount for CP2 needs to be established. Both the content and the timing of the provision of this report were revised at CMP 8 which now triggers consequential changes to the review guidelines. Without such changes the inventory review for the second commitment period cannot start.

In addition the following issues should be addressed:

- Review of the national registries: If registries continue to work without discrepancies and problems, there is no need for a comprehensive review in conjunction with the review of the reporting facilitating the calculation of the assigned amount for CP2. However, some Parties may only have commitments under the Kyoto Protocol in the second commitment period and still need to establish their national registries. In such cases a specific need for a comprehensive review arises, which should also be addressed in the revised guidelines.
- National systems no longer need a separate thorough review, but only a review of changes or in relation to problems that were identified for the national system during the inventory review. If new Parties join in the second commitment period, a thorough review of the national system should still occur.

- It is also important that the revision for the second commitment period takes into account the changes in the revised guidelines for the reporting of Annex I national GHG inventories such as the revised definition of the notation key ‘not estimated’ and related implications on the review guidelines.
- Updating of references (e.g. to IPCC source categories, other decisions, the Kyoto Protocol amendment)
- The coordination functions of the secretariat should be specified more clearly.
- The responsibility of the UNFCCC secretariat to conduct the initial checks and produce the synthesis and assessment report (currently the guidelines mention that the ERT should conduct these checks as a desk or centralized review);
- The SIAR reports prepared and provided by the UNFCCC secretariat should be mentioned as part of the review of registries
- The practice implemented in decision 10/CMP.6 to review small Parties with low emissions in a centralized review of national communications should continue in the second commitment period should be implemented in a general way in the guidelines.

For these implications, the EU already provided proposals for draft legal text in its submission in 2012. One of the additional issues that arise from the experiences with the implementation of the review in the first commitment period would be a clarification of the identification of questions of implementation in relation to the national system.

7.2 Additional implications arising from decision 1/CMP.8:

The following implications arise from the CMP.8 decisions agreed in Doha:

- Timing and implementation of the review of the report to facilitate the calculation of the assigned amount for the 2nd commitment period.
- Updating of references to the assigned amount.

8 Other areas

Decisions 18/CMP.1 (criteria for cases of failure to submit information related to LULUCF activities) may also require some changes, e.g. the mandatory nature of forest management in CP 2 needs to be reflected. As there is still on-going IPCC work related to LULUCF activities under the Kyoto Protocol by the IPCC in 2013, it is not a priority for the EU to address the implications on this decision in 2013.