

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

This submission is supported by Albania, Croatia, the Former Yugoslav Republic of Macedonia, Iceland, Montenegro and Serbia.

Dublin, 18 February 2013

Subject: Further views on how the joint implementation guidelines and other decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol pertaining to joint implementation should be revised.

I. Introduction and general views

The EU welcomes the opportunity to submit further views on the revision of the JI Guidelines and on the recommendations contained in document FCCC/KP/CMP/2012/5, taking into account, as appropriate, our experiences with implementing the mechanisms under the Kyoto Protocol, including national guidelines.

The EU welcomes the ‘Revised set of key attributes and transitional measures and draft revised joint implementation guidelines’ contained in document FCCC/KP/CMP/2012/5 and the proposals made by the JISC in its annual report in relation to the transition between the old and the new JI guidelines (referred to in paragraphs 25 b, c and d of document FCCC/KP/CMP/2012/4), and look forward to further discussions.

The EU commends the JISC for its efforts undertaken to increase cooperation with all stakeholders, for its outreach activities and for its comprehensive work that resulted in its recommendations on modalities and procedures for the implementation of article 6 of the Kyoto Protocol as contained in FCCC/KP/CMP/2012/5 (“the proposal”).

The EU also welcomes the decisions taken at CMP.8 in Doha enabling the JI mechanism to function after 2012, including the considerations by the Subsidiary Body for Implementation of modalities for expediting the continued issuance, transfer and acquisition of ERUs under Article 6 for the second commitment period.

These procedures should provide sufficient predictability to investors, market stability and credibility. It is imperative that a solution secures the robustness of the accounting and MRV system and provides sufficient incentive for Parties to ratify a second commitment period. The EU will actively engage in further work to secure this aim towards the adoption of a solution as early as possible and preferably at CMP.9.

II. General comments on the SBI procedure

The EU welcomes the proposals contained in FCCC/KP/CMP/2012/5 and FCCC/KP/CMP/2012/4 to be used by Parties as a basis for discussion at SBI 38 for the review of the guidelines.

The EU endorses the set of key attributes decided at CMP.8 and is prepared to engage constructively with other parties to implement those key attributes in the revision of the joint implementation guidelines. These key attributes include:

- a single unified track;
- closely aligned unified accreditation procedures between joint implementation and the clean development mechanisms, taking into account differences in the respective modalities and procedures;
- improved transparency;
- an appeals process;
- transparent and objective requirements to ensure that projects are additional;
- mandatory requirements for host Parties regarding the approval of baselines, monitoring and reporting, including transparent and objective requirements for the setting of standardized baselines.

We look forward to constructive discussions during SBI 38 on revision of the JI Guidelines, with a view to adopting the new set of rules at CMP.9. The revised and streamlined JI procedures should enable JI to reach its potential while ensuring environmental integrity.

In further developing the review procedure, the EU continues to support the view that JI should become a mechanism implemented at the national level under the international guidance and oversight of a new governing body and under the authority of, and with accountability to, the CMP.

III. Specific comments on issues to be addressed

Regarding the issues to be addressed in more detail by the Subsidiary Body for Implementation in preparing the revised Joint Implementation guidelines as in para. 16 of decision -/CMP.8 (Guidance on the implementation of Article 6 of the Kyoto Protocol), namely

- the level of oversight,
- the additionality of Joint Implementation projects, recognizing such concepts as positive lists of project types,

- the issuance model and
- the consistency of projects aimed at enhancing anthropogenic removals by sinks with decision 9/CMP.1, paragraph 4 and Article 3, paragraph 4 of the Kyoto Protocol,

the EU would like to point out the following:

Before the EU could assess an alternative approach to the issuance of units (as proposed in paragraph 49 of the proposal), further details would need to be provided and impacts assessed and taken into account.

Essential standards/key requirements for baseline setting should be set by the governing body. It should be clarified that baselines should generally reflect the respective sectoral contributions towards achieving the quantified emission limitation and reduction obligations of the host country. Consequently, as a minimum, baselines should be at least equal to or lower than the lowest relevant historic activity emission rates.

The new JI procedures should also facilitate the application of innovative methodological approaches leading to net emission reductions and/or avoidance of greenhouse gas emissions for the participating countries. This should include, but would not have to be limited to, the application of standardised ambitious baselines (e.g. based on benchmarks). Using such options should be encouraged in the guidelines as a general rule rather than as an exception. The baseline of JI projects using standardized baselines should be updated regularly, e.g. every three years, according to transparent and objective criteria established *ex ante*. Any such approaches should be predictably defined *ex ante* and not be applied retroactively. Criteria on the establishment of standardized baselines including quality assurance and quality control of data used to establish them should be proposed by the governing body and approved by the CMP. Once national standardized or sectoral baselines have been established, to enhance environmental effectiveness, their use should be mandatory for new projects. However, where existing project-specific (bottom-up) baselines are more ambitious than standardized baselines, bottom-up approaches shall continue to be applied.

Essential standards/key requirements for additionality should be set by the governing body. This process should continue the improvement of the demonstration of additionality (paragraph 31 of the proposal). If project-specific baselines are used, the guidance should clarify *inter alia* that the JI benefits must have been considered necessary in the decision to undertake the project as a JI project activity. In such cases, a public notification process should be implemented taking into account the prior consideration process under the CDM, as appropriate. If standardized or sectoral baselines as described in para. 13 above are used, the concept of prior consideration could be modified, e.g. by providing that these standardized baselines should only be applicable to activities with a start date after the approval of the respective baseline.

If positive lists for additionality are elaborated by the host Parties, those shall be in conformity with specific, objective and transparent criteria which have been set out by the governing body and agreed by the CMP.

Regarding the process of bringing all JI projects fully into accordance with the new JI modalities and procedures (cf. para. 25 c) iv) of document FCCC/KP/CMP/2012/4), it should be clarified that this includes the application of the minimum requirements for baselines outlined above for crediting from 1 January 2014 for JI projects registered prior to that date. Where required, the project baselines shall be updated accordingly. Also, projects that started in CP1 and in CP2 before 1 January 2014 should be scrutinized in order to check whether they can still be considered additional.