

# **Avoiding Double Counting and Corresponding Adjustment: Towards a Landing Zone**

This paper is intended to facilitate discussion and does not represent any Party or group's positions.

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# Background

“...ensure that double counting is avoided on the basis of a corresponding adjustment by Parties...” (Decision 1/CP.21 para 36)

- Different views on scope:
  - whether this applies to all cooperative approaches under 6.2 and 6.4
  - whether this applies to all uses
  - whether this applies to sectors outside NDCs
  - whether this applies to all metrics
- Different views on how corresponding adjustment is conceptualised (corresponding to what?)

# Corresponding Adjustment (CA) in the Revised Informal Notes

## **Basis**

- Option A: Budget-based
- Option B: Emissions-based
- Option C: Buffer registry/ interchange based
- Option D: Emissions reductions based

## **Application**

- Option A: First/only transfer and use
- Option B: All transfers and acquisitions

## **Frequency/Timing**

- Option A: Real-time
- Option B: Periodic (annual/ biennial/ matching reporting period)
- Option C: When demonstrating achievement of NDC
- Option D: When recorded in the CAD

## **Specific Guidance for Single Year NDCs**

- Option A: Vintage creation and transfers only
- Option B: Cumulative CA
- Option C: Comparison to a trend
- Option D: Averaging
- Option E: Representative CA
- Option F: Reporting periodically

## **Related Scope Issues:**

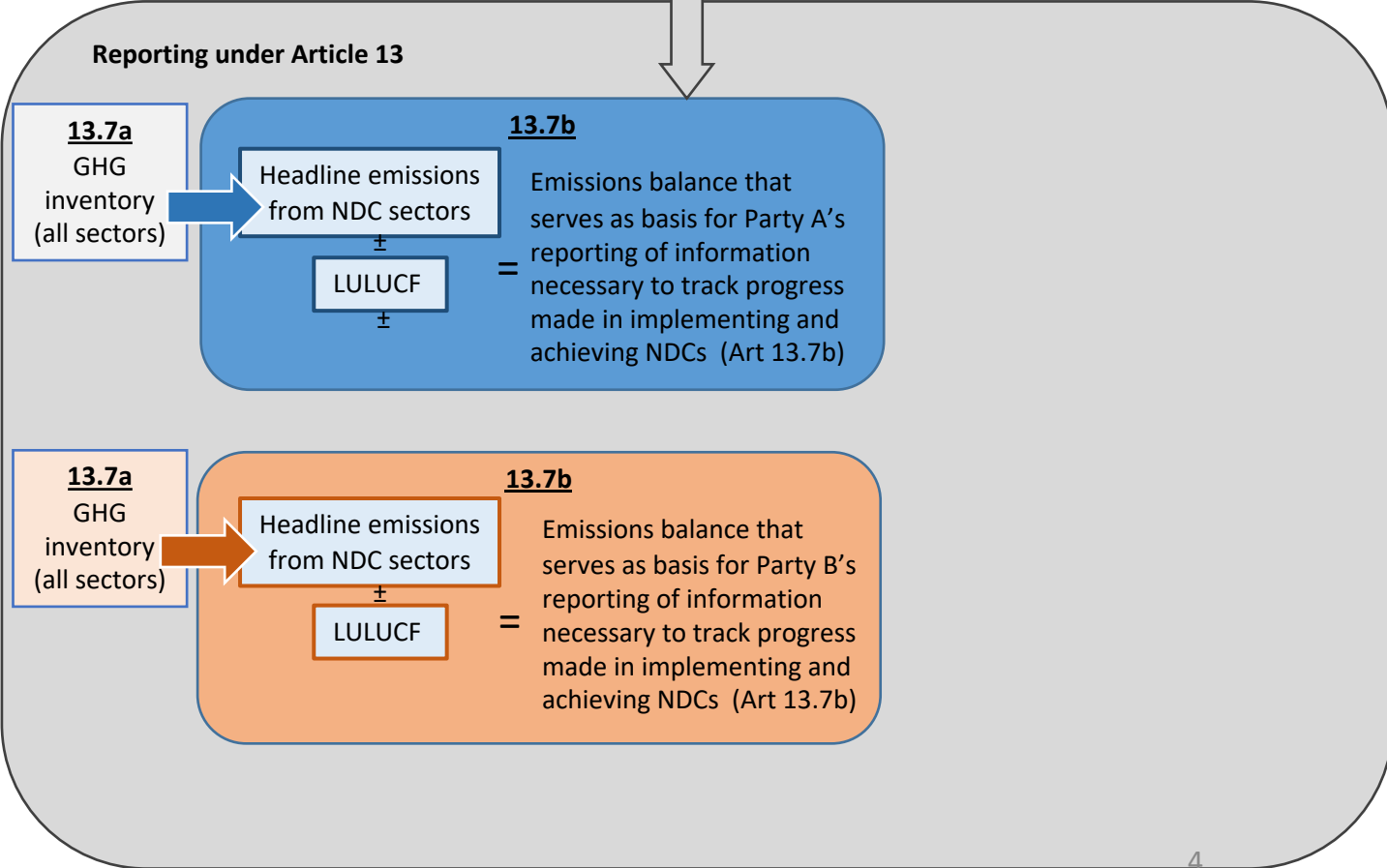
1. Definition of an ITMO (in tCO<sub>2</sub>e/ other metrics/ in tCO<sub>2</sub>e and other metrics)
2. Does CA apply to ITMOs from A6.4M?
  - Option A: Applies to all ERs transferred internationally
  - Option B: Applies where ERs are from sectors covered by the NDC
  - Option C: Applies where ERs are covered by the NDC
  - Option D: Forwarding based
  - Option E: Underlying emission reduction based
3. Can ITMOs be used for purposes other than towards achievement of NDCs?
  - Option A: Yes
  - Option B: NoDoes CA apply?
  - Option A: CA for all as per guidance
  - Option B: Only make CA where from within NDC
4. Sectors inside and outside NDC
  - Option A: only inside NDC
  - Option B: sectors inside and outside NDCDoes CA apply?
  - Option A: CA applies in accordance with Section X
  - Option B: No CA, reporting only
  - Option C: no use of ITMOs from outside NDC
  - Option D: may use ITMOs from outside NDC, only if Party include sector/GHG into the scope of its next NDC and if it makes a CA
  - Option E: no action required

# A Strawman Concept

**Accounting under Article 4.13**

- Guidance on accounting of Parties A and B's NDCs consistent with Paragraph 13 of Article 4, and Paragraphs 31-32 of Decision 1/CP.21
- Additional guidance when Parties A and B voluntarily engage in cooperative approaches which involve the use of ITMOs towards NDCs

Accounting of ITMOs under Article 6



# A Strawman Concept

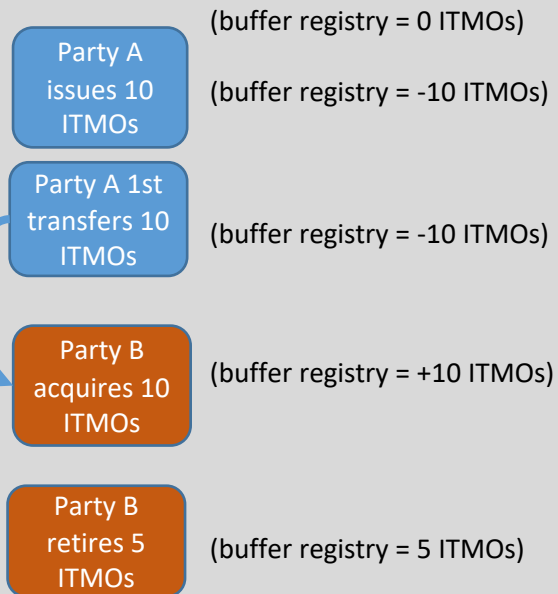
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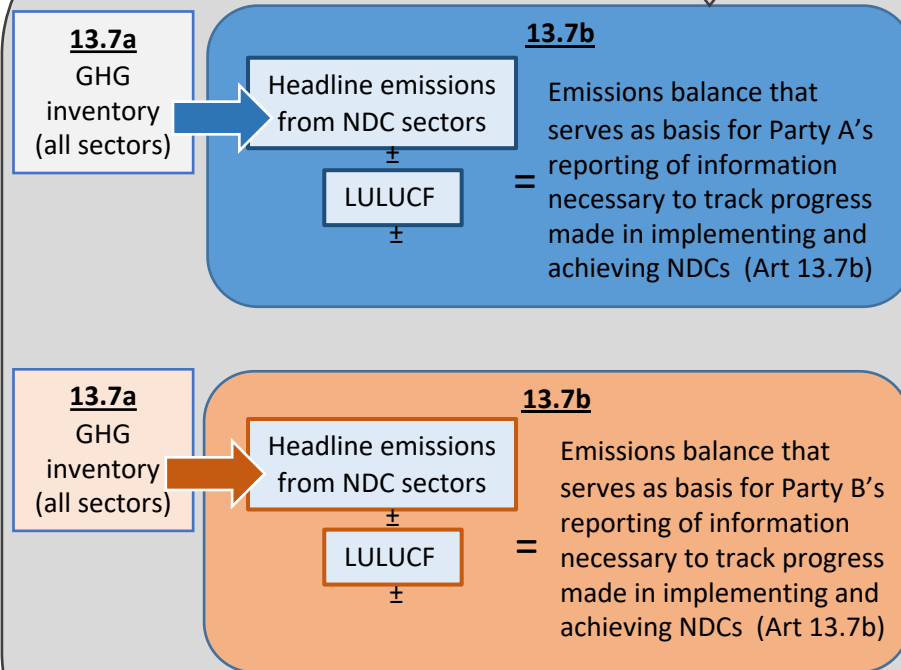
## Accounting of ITMOs under Article 6

### Tracking tools to track ITMO transfers in real-time

- Option 1: Buffer registry/ interchange
- Option 2: International transaction log
- Option 3: distributed ledgers



## Reporting under Article 13



# A Strawman Concept

Flexibility for Parties to choose:

1. Basis (budget/target-based, emissions based, emissions reductions based)
2. Single-year NDC, choose accounting option from specific guidance

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**Accounting of ITMOs under Article 6**

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Party A issues 10 ITMOs (buffer registry = 0 ITMOs)  
 Party A 1st transfers 10 ITMOs (buffer registry = -10 ITMOs)  
 Party B acquires 10 ITMOs (buffer registry = +10 ITMOs)  
 Party B retires 5 ITMOs (buffer registry = 5 ITMOs)

**Reporting under Article 13**

**13.7a** GHG inventory (all sectors) → **13.7b** Emissions balance that serves as basis for Party A's reporting of information necessary to track progress made in implementing and achieving NDCs (Art 13.7b)

Headline emissions from NDC sectors ± LULUCF + X t/CO<sub>2</sub>e

**At the point of 1st transfer**

**13.7a** GHG inventory (all sectors) → **13.7b** Emissions balance that serves as basis for Party B's reporting of information necessary to track progress made in implementing and achieving NDCs (Art 13.7b)

Headline emissions from NDC sectors ± LULUCF - Y t/CO<sub>2</sub>e

**At the point of use**

**Centralized Accounting Database (CAD)**

- Record summaries of transfers, acquisitions and holdings
- Emissions balance determined in accordance with guidance on the basis of reported emission and removals, and ITMOs covered by each participating Parties' NDC

# Conclusion

- Paradigm shift with the Paris Agreement
  - Integral piece to the PA Implementation Guidelines – linkages with Article 4 and 13
  - Applications will be beyond Paris Agreement
  - Robust guidance key to engender trust in the architecture and promote innovation
  - Realities: most NDCs are single-year targets, cooperative approaches are already being implemented, untapped mitigation potential
- Prioritising the issues – towards a landing zone in Katowice
  - Which areas have to be applied uniformly
  - Which areas can offer flexibility for Parties to apply different options, without compromising overall integrity
  - Scope for future review of guidance
  - Staging: 1. basis; 2. timing; 3. scope

Thank you