

CDM Transition: What's new?

Informal Forum on Implementation of Article 6
of the Paris Agreement under the UNFCCC process

August 27, 2019; Santiago Chile

This presentation focuses on the following:

- Reviews new SBSTA50 substance
 - In SBSTA50 text, four categories still under consideration: Activities, ER's, methodologies, accreditation standards
 - (Let's focus on the first three)
- Walks through explicit and implicit options and related questions, including regarding which body does the work and decides.

1. Transition of activities

- All options propose registered CDM activities “may be registered” as A6.4 activities...
 - **Option A:** Period.
 - **Option B:** With relevant host Party approval [if they meet the relevant 6.4 requirements] [during a transition period]
 - **Option C:** Via expedited registration process [if they meet the relevant 6.4 requirements]
 - **Option D:** Never.

1. Transition of activities

- All options propose registered CDM activities
“may be registered” as A6.4 activities...
 - **Option A:** Period₂
 - What do *you* think this one means? :)

1. Transition of activities

- All options propose registered CDM activities “may be registered” as A6.4 activities...
 - **Option B:** With relevant host Party authorization [if they meet the relevant 6.4 requirements] [during a transition period]
 - (Authorization? Approval? Is there a realistic scenarios where a Host Party is not engaged in the registration of an activity under the A6.4 mechanism?)
 - Does the new “A6.4 requirements” condition imply *re-validation*?
 - Would Parties be satisfied with agreeing to “relevant requirements” *in principle* + **work program** on *specifics*?
 - (**Work program:** SBSTA to undertake further work to develop remaining rules, modalities procedures: (h)(ii) Conditions that may be necessary for transition of activities...)

1. Transition of activities

- All options propose registered CDM activities “may be registered” as A6.4 activities...
 - **Option B:** With relevant host Party approval [if they meet the relevant 6.4 requirements] [during a transition period]
 - How long is a “transition period”?
 - A. Through end of current crediting period?
 - B. Through X year (2023? 2025? 2030?)?
 - C. Earlier of A or B?
 - What changes at the *end* of the period? (This points to what exceptions or streamlining are involved *during* the period.)

1. Transition of activities

- All options propose registered CDM activities “may be registered” as A6.4 activities...
 - **Option C:** Via expedited registration process [if they meet the relevant 6.4 requirements]
 - If Parties have to meet relevant 6.4 requirements, is an “expeditious” re-registration process primarily *administrative* streamlining?
 - Otherwise, what do you think this streamlining involves? What does it include? What does it exclude?
 - A. Administrative SoP at (re-)registration waived?
 - B. Related to Host Party (re-)approval?
 - C. Limited reassessment?

1. Transition of activities

GENERAL QUESTIONS

- *Conditionality*: Are there other conditions that may be relevant to transition (This is not currently enabled in 6.4 draft)? e.g.,
 - A. *Timing*: Activities registered [after X date] [in X period]
 - B. *Locale*: Activities in LDCs/SIDS
 - C. *Trigger*: Activities that request new issuance of CERs after X date
- *Full transitioning*: If activities transition with some substantive exceptions, when are those exceptions no longer applicable?
- *Crediting periods* (also not addressed in draft): Do transitioned activities' crediting periods pick up under A6.4 where they left off in CDM (including number of allowed renewals)? If full transition required, any limitations?

1. Transition of activities

- What complementary decisions might be expected on the *CDM* side of the equation?
 - A. Administrative / budgetary resources
 - B. “Sunsets” for new project registration? CER issuance?
 - C. Treatment of activities that do *not* transition but have ongoing obligations, e.g., monitoring
 - D. Infrastructure, in the case that the 6.4 mechanism uses a different (i.e. single, centralized) registry
- *When* would such decisions be taken + by *which body*?

2. Transition of units

- **(Deleted:** (Any) CERs usable by any Party toward NDC (or toward other purposes))
- **Deleted:** Options)
- **101:** CERs issued for reductions achieved [prior to][after] 1 January [2020][2021] usable toward NDCs
- **102:** Or not.
- **103:** A6.4 ERs may be issued to CDM-registered activities [during the transition period for ERs generated after 2020, if activities meet the relevant requirements of 6.4]
- **104:** CERs not cancelled or retired to be transferred to the mechanism registry
- **105:** KP units cannot be used toward NDCs

2. Transition of units

- **(Deleted: (Any) CERs usable by any Party toward NDC (or toward other purposes))**
- **Deleted: Options**
 - Does it make sense that option for use for other non-NDC purposes was deleted?
 - Does it make sense that text elements as “*options*” disappeared (i.e. are all of these possible provisions potentially complementary)?

2. Transition of units

- **(Deleted: (Any) CERs usable by any Party toward NDC (or toward other purposes))**
- **101:** CERs issued for reductions achieved [prior to][after] 1 January [2020][2021] usable toward NDCs
- **102:** Or not.
- **105:** KP units cannot be used toward NDCs
 - CERs issued (by...) *when?*
 - Does it make sense that option for *use for other non-NDC purposes* was deleted?
 - Are 101 and 105 A6.4 questions, given that there's no reference to A6.4 or technical transition steps in these paragraphs and they pertain to use toward NDCs?

2. Transition of units

- 103: A6.4 ERs may be issued to CDM-registered activities [during the transition period, for ERs generated after 2020, if activities meet the relevant requirements of 6.4 as stated in “activities” section]
 - Same questions about “transition period” as for activities
 - *(How long? What happens at the end?)*
 - ERs *generated* but *not* (yet) *issued*?
 - Does this mean that the associated CDM activities have to transition? *First?* (That would be a new concept in this text)
 - If the activity demonstrates that it meets the relevant 6.4 requirements, and it is re-registered, why would we still refer to it as a “CDM-registered activity” in this section? Is this some kind of hybrid where the activity is *confirmed* to meet the 6.4 requirements *without* re-registering under A6.4?

2. Transition of units

- **104:** CERs not cancelled or retired to be transferred to the mechanism registry
 - No time limitation (issued before, issued after i.e. sunset)?
 - As CERs? As A6.4 ERs? As something else, e.g, “transitional A6.4 ERs”?
 - Automatically and all at once? Or *upon request*?

2. Transition of units

GENERAL QUESTIONS

- If “[prior to] [after] 20[20][21]”, is there also a *start* date:
 - “issued for ER’s achieved *between* X year and X year? Or
 - “*After* X year”? Or
 - “ER’s *from activities registered* [after][before] [between]?”
- If restricting *use* toward NDCs, could this include a time limit for use?

2. Transition of units

- What complementary decisions might be expected on the *CDM* side of the equation?
 - A. If transitioning CERs *off* of the *CDM registry*, decisions related to wind-up for CDM registry system?
 - B. If only some issued CERs are allowed to transition, what about those that aren't (so remain on CDM registry, or not? *Are there legal considerations?*)
 - C. Related to B: If only CERs associated with transitioned activities can transition to A6.4 registry / mechanism, what about the CERs from activities that *don't* transition?
- *When* would such decisions be taken + by *which body*?

3. Methodology transition

- Deleted: ~~Options~~
- 107: CDM methodologies shall be valid for A6.4
- 108: CDM methodologies may be relevant for A6.4

3. Methodology transition

- **107:** CDM methodologies shall be valid for A6.4
 - *All* methodologies (seems like it)? *Some*? E.g.,
 - Only those associated with activities that transition?
 - Only those that have been *used* (under which CERs have been issued? Associated with a project ID?)
 - When would (or should) they be updated to A6.4 specs?
 - A. Before any application to *transitioned* + *new* 6.4 activities
 - B. By X year (e.g., 2023? 2025? 2030?)
 - C. At next renewal a transitioned activity's crediting period?
 - D. B or C, whichever comes *first*?

3. Methodology transition

- **108:** CDM methodologies may be relevant for A6.4
 - Relevance based on what?
 - Who decides and what does that mean?
 - Is this another way of saying they may be taken into account in development of new A6.4 mechanism methodologies?