

## Article 6 in the Paris Agreement : Status post SB 50

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November 30, 2019

# Outcomes from Bonn SBSTA 50

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- SBSTA session in Bonn rationalized the text on Art 6 from the two available (and the L text that was present in some people's mind)
- It is a better written and clearer text.
- Has not resolved the ambiguity regarding para 77 d on Transparency – echoes about its weight continue to be present
- Positions have hardened and Parties have gone back to issues that some may have thought as being resolved e.g. metrics

# Outcomes from Bonn SBSTA 50

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- Some issues bracketed that were not before
- Two groups are coalescing around key issues
- Meeting was more tense than expected as a final outcome
- Increasing attention at the HOD level to Art 6

# Thorny issues

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- What is an ITMO? What are the attributes/characteristics of an ITMO? This will include issues such as:
  - Form
  - Metric
  - Inclusion of sinks
  - Article 6.4 mechanism units (A6.4M)
- Corresponding adjustment
  - What gets adjusted: NDC or emissions-based number?
  - Timing of adjustment: at transfer, at usage
  - Amount of adjustment: treatment of single year NDC
- Use of ITMOs for purposes other than NDCs.
- Governance and Rules of Procedures for Art 6.4, including level of decentralization

# Thorny issues

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- What information is made available to the international regulator (CMA)? What gets reported and recorded, timing of the reporting?
- Is there a share of proceeds for Article 6.2?
- Nature of overall mitigation of global emissions (OMGE) for Art 6.4 – voluntary or not?
- Is there an OMGE provision for Art 6.2 at all?
- Avoidance of double counting for Article 6.4.
- Transition of the KP mechanisms to Art 6 of the Paris Agreement

# Update of informals after Bonn

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- The number of “informals” has increased: Santiago, Paris, Climate Weeks
- A significant amount of energy and attention is focused on Article 6
- HoDs are increasingly getting involved and suggesting new modes of work
- There are “plan Bs” but many still kept under wraps not to affect the negotiations
- Recent changes in venue will make many to focus on logistics and less on substance in next three weeks.

# Update of informals after Bonn

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- The SBSTA 50 text is seen as better and is largely owned by Parties.
- There are Parties that still make reference to the old texts and may still want to re-introduce provisions from this texts.
- There is an increase in Party alignment. What started in Katowice as disorganized has now essentially become two blocks
- The blocks are not align on all positions, but on the critical one they are together

# Update of informals after Bonn

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- Parties (or some) accept that there are political issues/issues of principle & operational issues
- This not totally accepted and the line “give negotiators a chance” is still being heard
- It has proven difficult to enter into a discussion to identify any “political issues”
- The discussion of “political issues” can push the discussion into areas that are not desirable as it may uncover “inconvenient truths”.



# Update of informals after Bonn

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- Party, Group and Block positions have hardened
- In “informals” positions are being repeated – it has become somewhat indistinguishable from negotiations
- No landing zone has been offered at this point
- Some Parties may be preparing landing zone proposals
- “No deal is better than a bad deal” – negotiating position or real red line?
- Geopolitical and local politics has spilled over into the debate

# Update of informals after Bonn

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- Some of the technical issues are still not well understood and with too many “moving parts”
- Some issues that still need discussion
  - Infrastructure
  - Single year NDC accounting
  - Safeguards
  - Sustainable development
  - Tracking – no one is sure what an ITMO is. Do we track ITMOs (quantities/units) or transfers?

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## Article 6 political issues

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# Issues of principle(political)

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- The discussion on “issues of principle” should include:
- Expression of the issue in terms of political/principle choices, including the reason why it is an issue with policy/political ramifications
- Discover the issues that are included in the “operational buckets” which depend on this issue of principle?
- Detail how the potential packages/bucket outcomes look like based on different decisions.
- Some of the “issues of principle” that can be examined may include:

# Update of informals after Bonn

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- Some issues are seen as technical choices when they are actually deeply political – and circular
  - Accounting & avoidance of double counting
    - Metrics
    - Conversion factors
    - Corresponding adjustments
    - Buffer/netting account
  - Additionality & Art 6.4 corresponding adjustments
  - Metrics

# Issues of principle: Accounting for what?

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## Accounting for:

- NDCs
- Emissions
- Both
- Double counting of emissions vs double counting for NDC

## Consequences for :

- Metrics; Co2e; multiple metrics; need for conversion factors
- Trading in multiple metrics → similar to a multiple currency bank account → conversion at the time of use → CA in NDC metric
- Corresponding adjustments: buffer/netting account Y/N
- Transparency: report: Inventory; progress towards NDC; Inventory adjusted number

**Other decisions will be driven by what is the accounting for**