



Chair's reflection notes on ERCST' Article 6 workshop on June 24, 2020: renewable energy exchange in integrated grids and Registries

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Roundtable on
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Renewable energy exchange in integrated grids

- When transferring renewable energy and ITMOs on integrated grids, consider **where the emission reduction is generated** and the **effect** on the **inventories** of the host and buying parties.
 - The **metric of the ITMOs** being exchanged and the **metrics of the NDCs** of the parties are key aspects with different implications on how to **account** for the exchange.
- The **decision on how to allocate ITMOs** is laid out in a **private agreement** between the entities involved in the electricity exchange and does not automatically mean that the national Parties will hold ITMOs as a result of the transaction.

Renewable energy exchange in integrated grids

- This topic is tied with the issue of **authorization under Article 6.3.**
- In some business models, investors are rewarded through lower electricity prices for the parties involved, while the ITMOs accrue to the managing company.
 - Will have to agree on whether it will be seen as desirable/realistic that under Article 6 one (private) company would hold emissions reductions since the countries involved will have to make corresponding adjustments.

Registries

This is based on the presentations made, as the discussion was postponed to this session.

- The **infrastructure and technological requirements** for the design of a registry **should not drive the finalisation of the text** and the obligations imposed on Parties.
- An important consideration for registry systems and tracking units with private ownership rights is **how to manage legal and ownership risk**. This has implications for ownership of ITMOs when they are held in different accounts.

Registries

- It is important for ER units that are traded by the private sector to **assess their legal risk**. To achieve this, as was the case in the Kyoto Protocol's ITL, a **control function discussion** could be part of the Article 6 discussion on registries and databases.
- The **A6.2 registry** is focused on recording and tracking, and interaction with other Article 6 infrastructure, while the **A6.4 registry** is focused on accounts - ownership of units.
- One issue that needs further consideration is **how to track transactions between the A6.2 and A 6.4 registries**.

Registries

- The Article **6.2 registry** will provide the **system for reporting** and **support the review of the technical aspects of Article 6**.
 - There is a need to ensure consistency between the A6.2 registry, the Article 6 database and the CARP based on the interaction between these infrastructures.
- It will also be necessary to agree on **what is reported through registries**.
- It will also be necessary to choose whether **Article 6.2 needs a complex registry** or if the **focus** should be on the more tracking-related aspects.

Registries

- Considerations on how to design a registry will include what **tier of information** and **aggregation of data** will be used, the **difference between data and evidence**, which **summary data will be adjusted**, and others.