

Ch-ch-ch-ch-changes...  
turn and face the strange...

ERCST call, 1 September 2021

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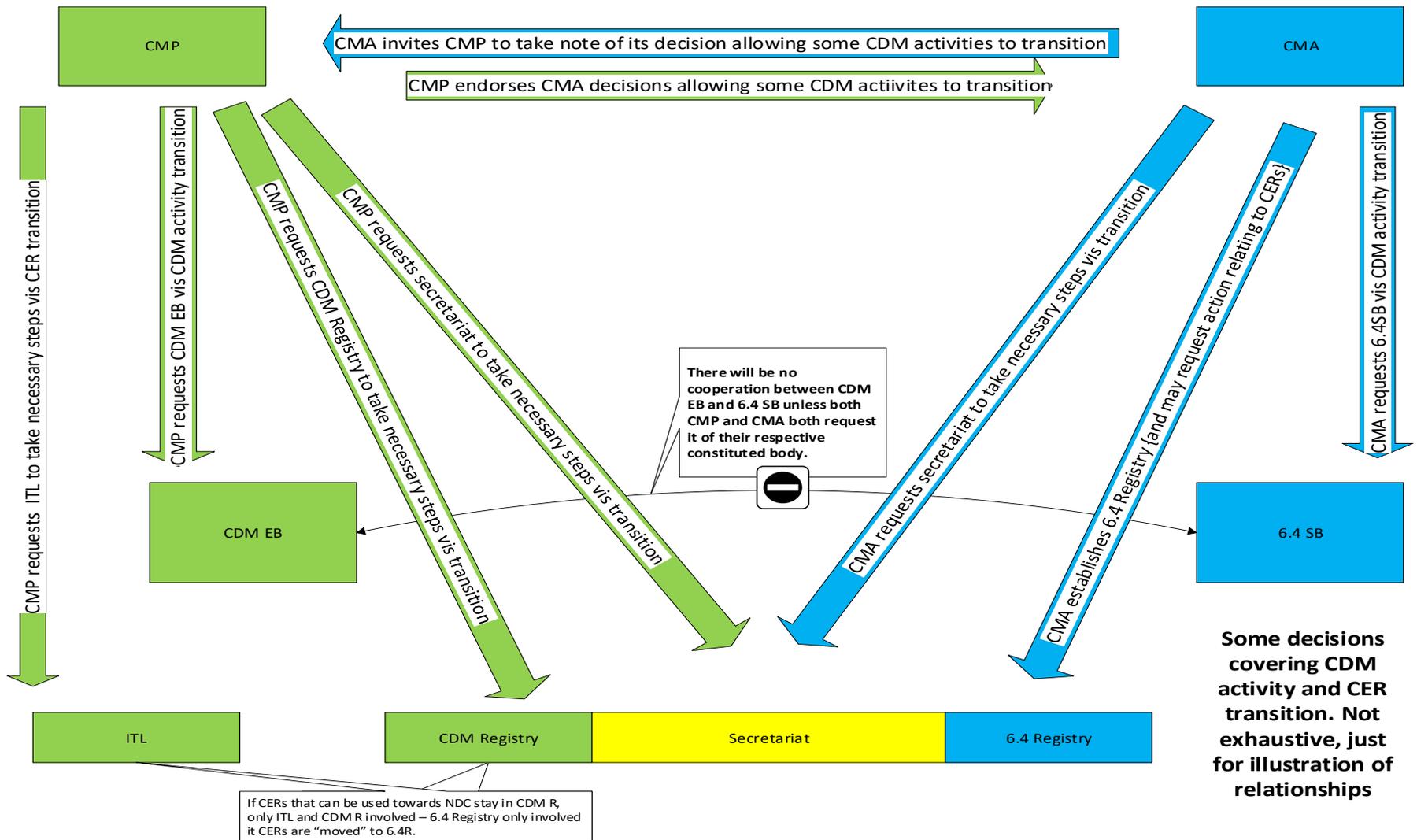
## UNFCCC... one regime, three treaties

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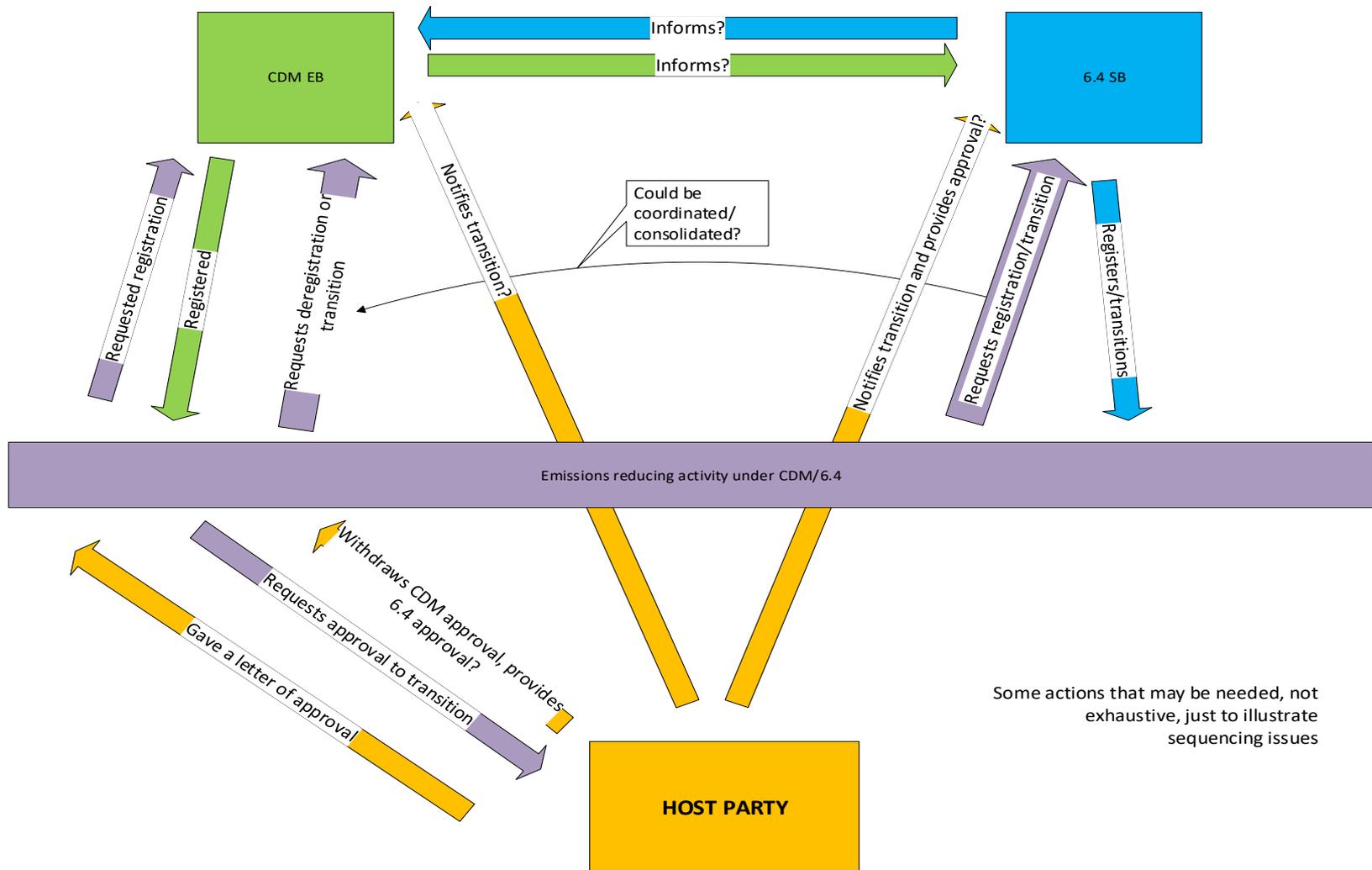
- The CDM is a creature of the **Kyoto Protocol, a multilateral treaty**. Assets (activities, emission reductions) exist under that international legal regime.
  - Transition of Kyoto assets to the Paris Agreement regime would/does need careful procedural and process management.... **And legally sound decisions** of CMA and CMP.
  - As the Glasgow CMA/CMP approaches it is useful to get into detail about what that means.
  - **Parties need to know and then agree what they want. The secretariat's functions include drafting the agreed outcome in a manner that is legally sound.**
  - This presentation *is without prejudice to any A6/CDM outcome*, illustrative in nature and not formal legal advice.
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# CMA/CMP decisions on CDM activity transition and CERs



# What might be the process for CDM activity transition?

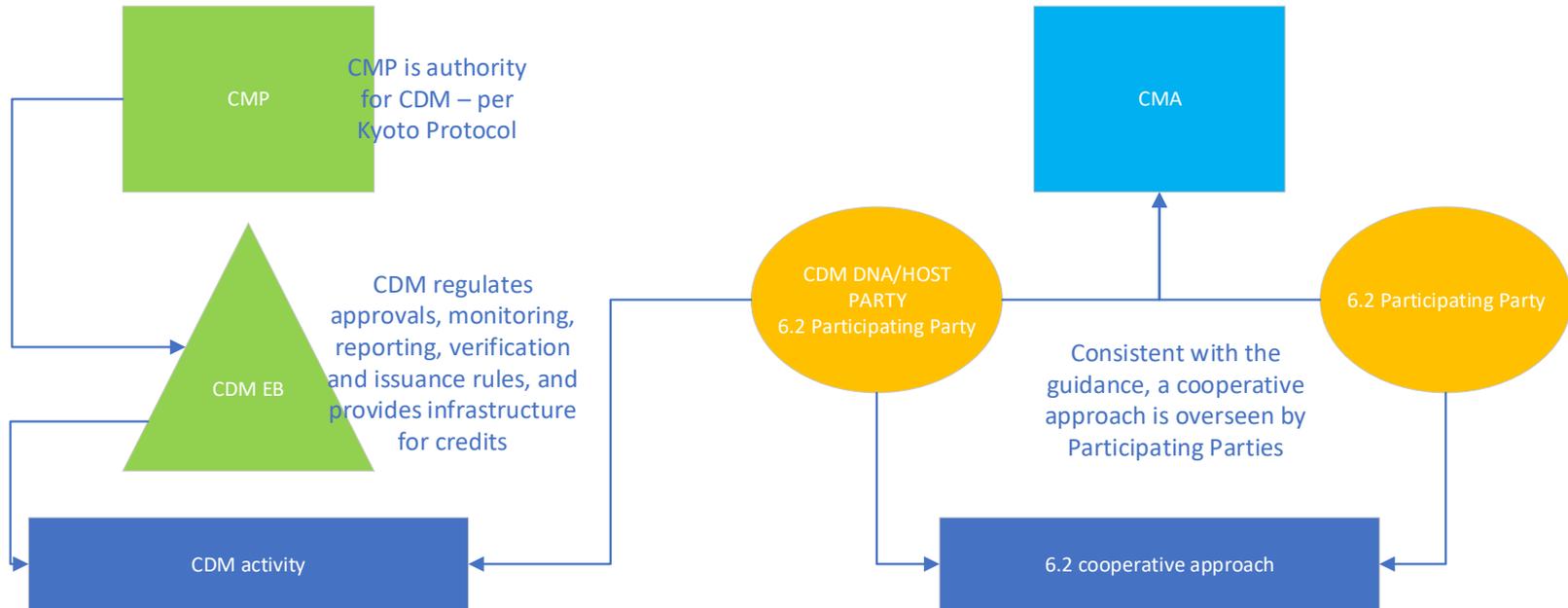


# CMP and CMA decisions on transition related issues

<i>Issue (without prejudice to A6 outcome)</i>	<b>CMP decision text</b>	<b>CMA decision text</b>
<b>Transition issues</b>		
Transitioning CDM activities	Endorses plus invite/request relevant actors to take specified steps	Conditions plus invite/request to relevant actors to take specified steps
Issuance of post-2020 emission reductions from transitioning CDM activities	Issuance coordinated with CMA (emission reductions issued under 6.4 not CDM )	Issuance coordinated with CMP (third Madrid text, issue emission reductions under 6.4 not CDM)
Non-transitioning CDM activities	Guidance (some point in future)	N/A
CER use for NDCs (if any)	Process and infrastructure if implementation is in CDM registry (operated by secretariat under authority of CDM EB). To extent AIP registries involved, guidance to AIPs.	Conditions (which CERs), Method of use ( e.g. place in reserve (CDM Registry?)/cancellation/reporting/accounting)
CERs not to be used for NDCs (if any) (do not meet conditions)	Guidance on holding and uses of such CERs?	N/A
CDM trust fund	Guidance on reallocation of CDM trust fund, if any (including interest/funds returned from CDM Loan Scheme)	If any allocation from CMP, acknowledging and expressing gratitude.
<b>Post-2020 issues</b>		
CDM EB temporary measures (registration, renewal, issuance, A/R)	Decision paragraphs on temporary measures	N/A
CP2 tCERs/ICERs replacement/expiry	Decision paragraphs	N/A
<b>Adaptation Fund</b>		
Serves 6.4 after becomes operational /SOP from CDM per Article 12	Guidance (at some point in future)	See AF decisions on transition aspects. CMA decisions on sources, rate, method etc.



# Can a CDM activity become a 6.2 activity?



- CDM activities with **expired crediting periods**? These are no longer active CDM activities – would be producing post-CDM VERs. Additionality (time of investment decision)?
- CDM activities that have **deregistered voluntarily** from the CDM? These are no longer CDM activities – would be producing VERs (under another standard?).
- Active CDM projects? **Question of CDM post-2020 is with CMP for guidance.** What about differences between baselines for CDM and for 6.4 mechanism – **two UNFCCC mechanisms operating on different rules?**



## The level of decision-making for implementing transition

*Parties will need to be willing to trust the CDM EB/6.4 Supervisory Body to implement the decisions they take.*

	CMP	CDM EB	CMA	6.4SB
Ensuring a coherent transition	√	X	√	X
<b>Parties having control</b>	√	<b>X</b>	√	<b>X</b>
Meeting often to implement transition	X	√	X	√
Working through the technical detail	X	√	X	√
Small group work (panels)	X	√	X	√



# Summary reflections (again)

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- **Go lightly**
    - Create “**positive consequentials**” (if A happens in 6.4, B is deemed to occur in CDM (or vice versa))
    - **Avoid double governance** (do not do it in two bodies when it can be done in just one)
    - **Only regulate the essentials**, leave space for efficiency to be found at administrative level
    - **Minimize burden** on Parties, secretariat, bodies AND stakeholders in the CDM activities that transition
  - When the decision on what to transition has been made, then **focus on the needs of the collective clients**: the project participants that have eligible CDM activities – make it easy for them.
  - **For any CER “transition/use”, use existing infrastructure** to avoid further cost (CDM registry, cancellation processes)
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The cooperative implementation webpage:

<https://unfccc.int/process/the-paris-agreement/cooperative-implementation>

