



Informal Forum on Implementation of Article 6

Article 6: Options paper

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ERCST

Roundtable on
Climate Change and
Sustainable Transition

Article 6: key issues for discussion

INFRASTRUCTURE

- Registries and International Registries
- CARP and Art 6 database

REPORTING

- Tables and outlines for regular information
- Agreed electronic formats for annual information

Art 6 Infrastructure: Registries and International Registries

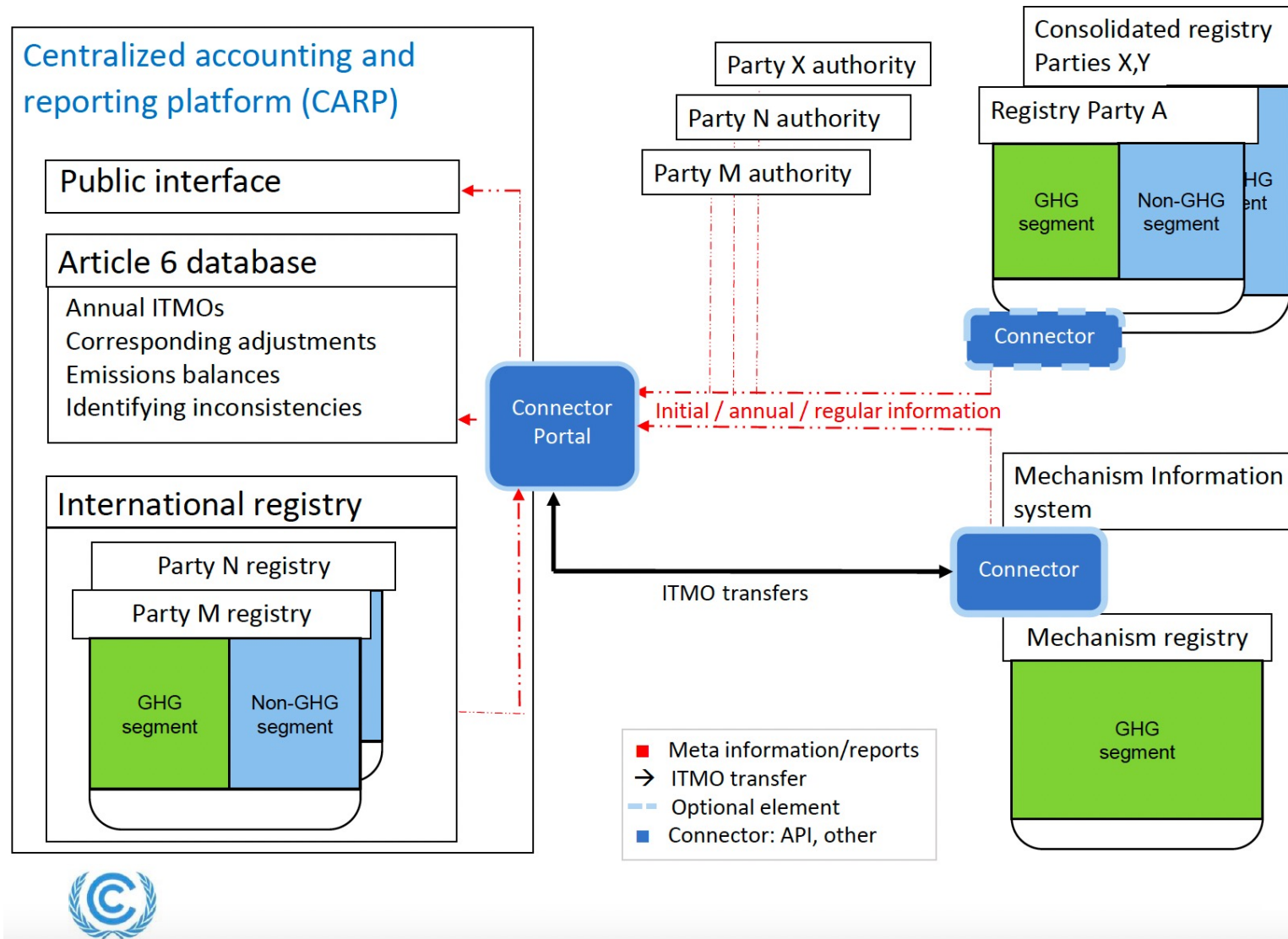
Topics for consideration:

- a) Principles;
- b) Terminology and nomenclature;
- c) Unique identifiers;
- d) Registry specifications;
- e) Designated governmental/national authority;
- f) Capacity-building;
- g) Other considerations.

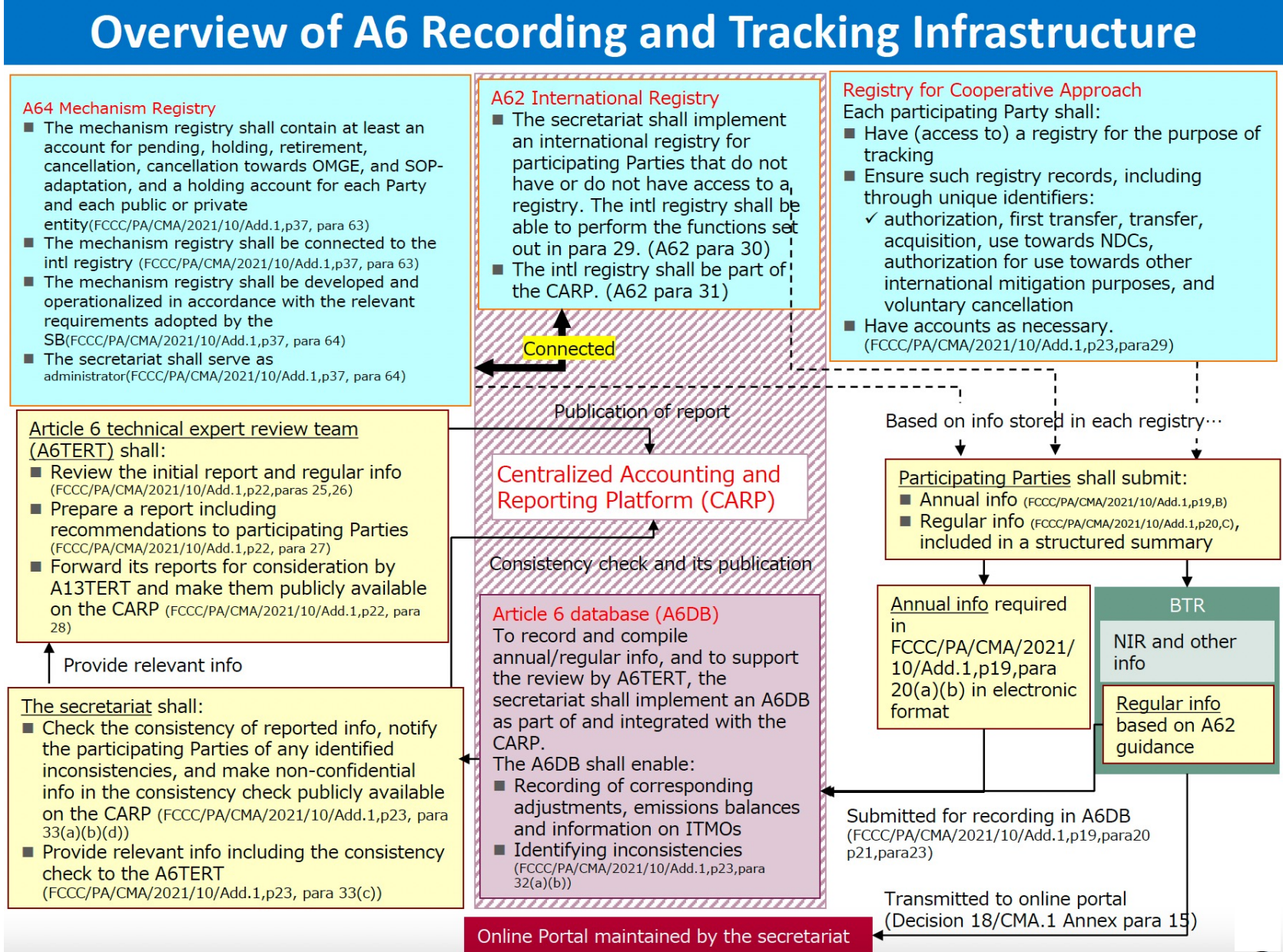
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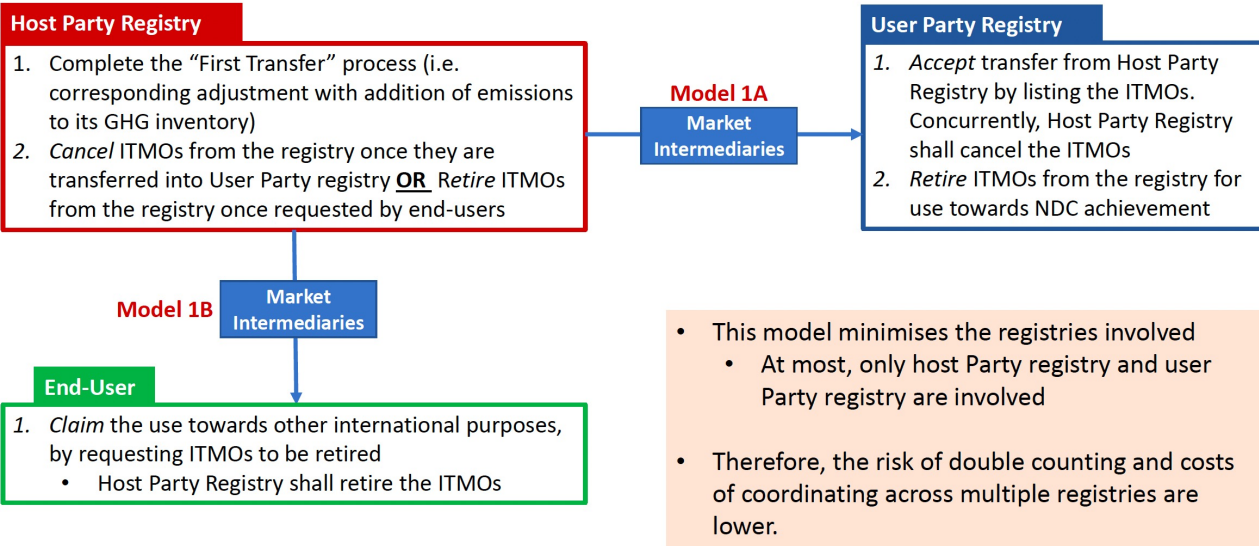
Infrastructure overview: UNFCCC



Infrastructure overview: Japan

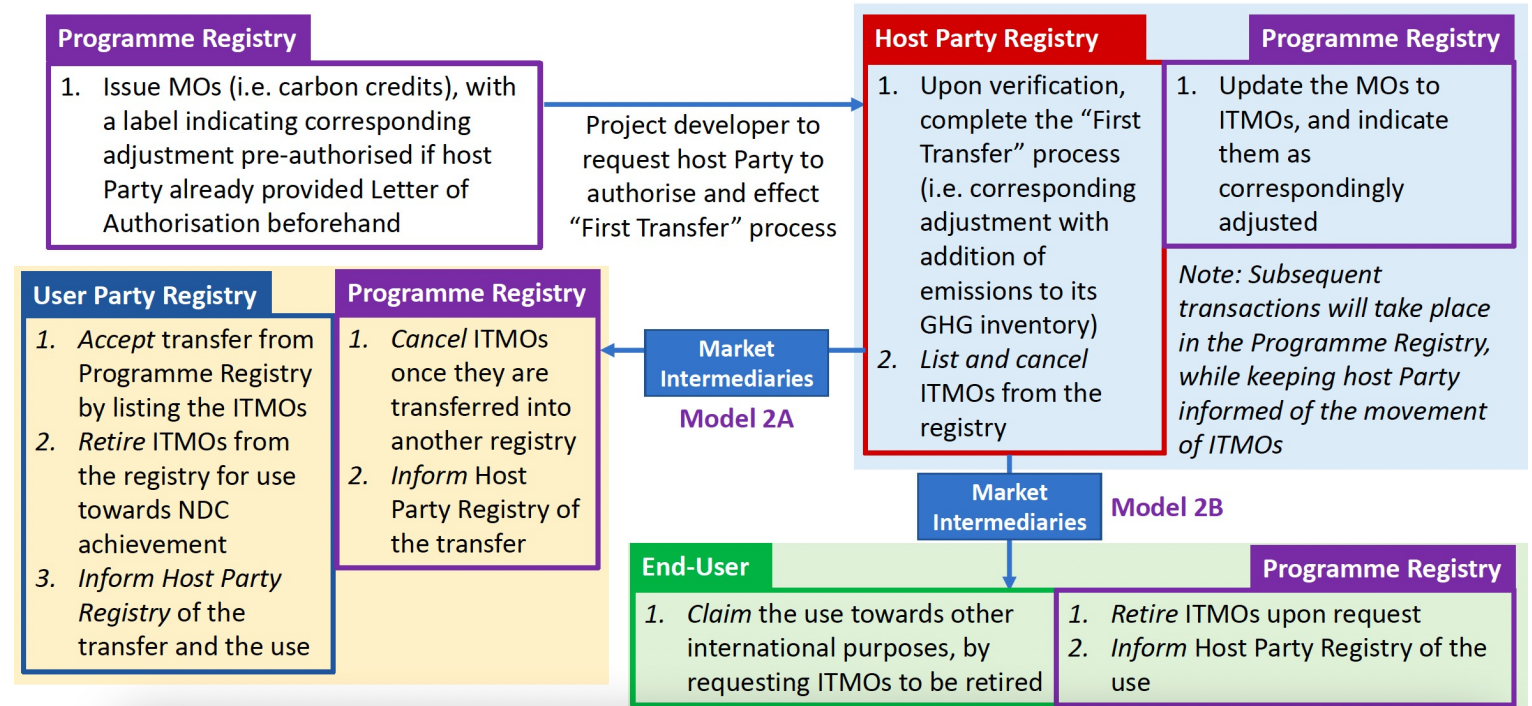


Infrastructure overview: Singapore

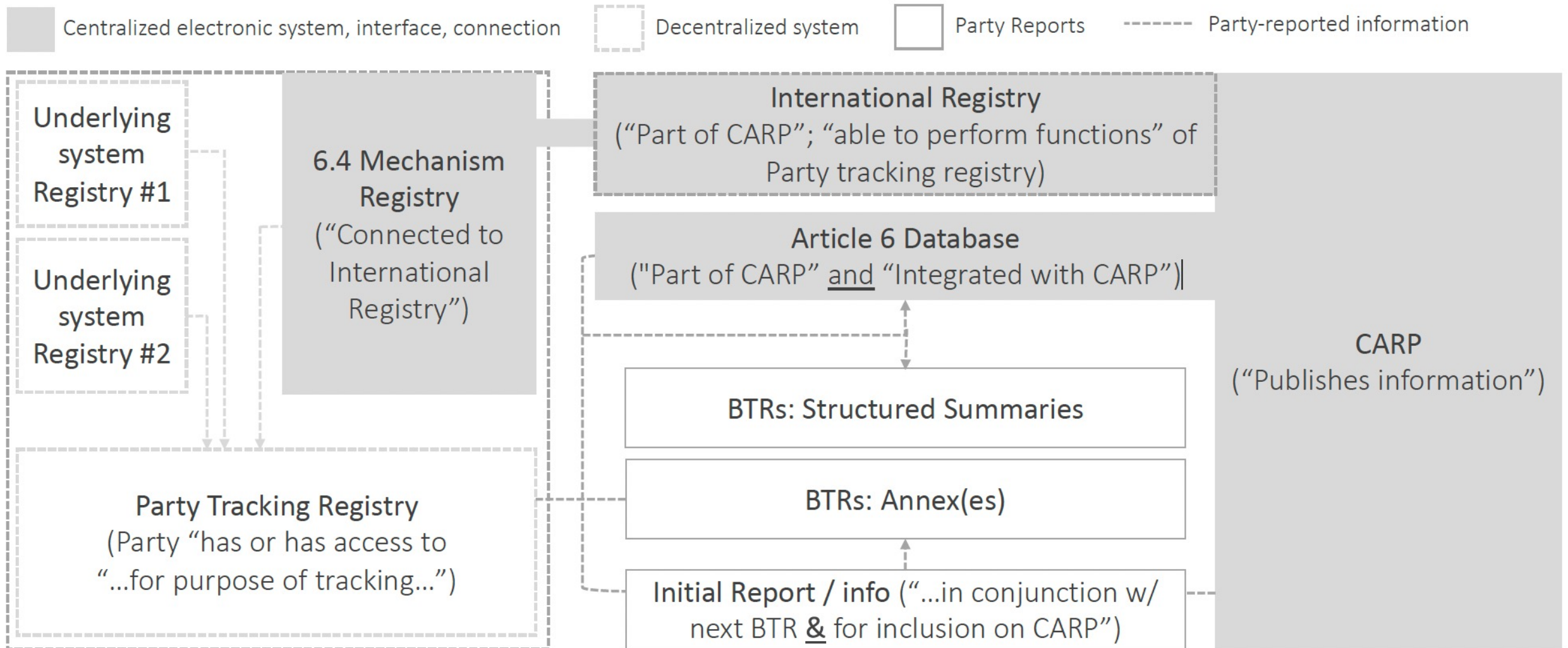


Model 1: More streamlined

Model 2: leveraging from existing mechanism/ infrastructure of VMs



Infrastructure overview: US



Infrastructure: Principles & Terminology and nomenclature

- **Principles**

- Accounting
- Stakeholders' interest
- Design principles
- Functionality
- Flexibility
- Improvement
- Additional safeguards to enhance transparency

- **Terminology and nomenclature**

- Clarify terms such as registry, units, serials, unique identifiers, transactions;
- Boundaries for nomenclature/terminology such as cancellation of ITMOs which may imply no use of ITMOs.

Infrastructure: Unique identifiers (UI)

- Environmental integrity (what is traded and how it is accounted?)
- ITMOs to be recorded through UI as applicable and relate to other objects such as transactions, accounts and database entries.
- Clarification on the process for assigning these identifiers.
- Options for UI for ITMOs
 - a) ITMOs as aggregated **accounting amounts for NDC tracking**;
 - b) ITMOs as **units issued and transfers**;
- Serialization of units;
- Approaches to unique identification:
 - a) Harmonized and universal approach to UI for ITMOs
 - b) UI for ITMOs within a CA

Infrastructure: Registry specification

- (a) The form of a registry:
 - (i) **standardized electronic database,**
 - (ii) **Excel-based tracking of the information.**
- (b) Unique identifiers and what is being uniquely identified (e.g. ITMOs, transactions, entries);
- (c) Account types (closed or open account?);
- (d) Recording of authorization, issuance, and changes in status of ITMOs;
- (e) Procedure for transfers and completion of transactions, based on:
 - (i) Direct linking of registries through common minimum standards to enable intercommunication between registries and the Article 6 database and CARP;
 - (ii) Cancellation in the transferring registry and re-issuance in the receiving registry, tracking the original identifier and with appropriate reconciliation procedure;
- (f) Publicly accessible information;
- (g) Security.

Infrastructure: Designated governmental/national authority

The National governments can:

- **designate a national authority as registry manager** to maintain its registry flexibility to outsource the operational functions of the registry to a non-governmental entity
- **Develop rules and guidelines** necessary for operating the registry.
- The designated governmental/national authority should be **overseen by the governmental authority.**

Infrastructure: Capacity building

- Need for capacity-building through:
 - (a) Agencies and institutions that provide capacity-building support;
 - (b) The provision of the international registry.
- Capacity building for LDCs: particularly access and operating a registry is a participation requirement under Article 6.2;

Other special considerations:

- (a) Models for registries (1 registry tracking ITMOs as units, multiple registries track ITMO amounts (aggregated) or centralised registries integrated with A6.4);
- (b) Registries;
- (c) International registry and its:
 - (i) **Governance**; (administered by CMA, **role of parties?**)
 - (ii) **Funding model**; (self-funding principle, contribution from all transactions, CDM funds, developed countries, supplementary funding)
 - (iii) **Service levels**; (party accounts or party and entity accounts?)
- (d) Article 6.4 mechanism registry

Art 6 Infrastructure: Centralized accounting and reporting platform (CARP) and Article 6 database

Topics for consideration:

- a) Principles;
- b) Integration options;
- c) Shared functions;
- d) Capacity-building;
- e) Other considerations.

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Principles

- Avoiding duplication of work;
- User friendly (interrogable & re-using submitted information)
- Restricted interpretation and protection of confidentiality

Integration Options

- Connection with the registries and international registries (exchange of data should be optional);
- Receive information directly from international registries and interface for national registries and A6.4 registry;
- The international registry is only part and not integrated with CARP; **linkage with Art 6 database?**
- CARP & Art 6 database have an interface/coordination with reporting tools for Art 13 to reduce burden.

CARP & Art 6 database: Shared Information

- **Submission:**
 - Electronic (uploading and information flow directly from registries)
 - Interface/portal to be manually filled by designated person
- Party can download the information submitted;
- Retrieve information for only updating purposes; **option for automated exporting/importing to be explored and finalized by the secretariat.**
- Automated checks for **potential** inconsistencies;
- Report generation for review teams (timeline?)

CARP & Art 6 database: Capacity building & other considerations

- Double-checking support from the secretariat in the learning phase for LDCs

Other Considerations:

- The process of review including the Art 13 of the PA;
- Access to Parties reports (links or direct access) for review teams;
- Inconsistencies checks and communication of the same, rectification process require elaboration

Functions of Art 6 database

- The Art 6 database may provide:
 - Consistency checks and search functions for checks, formulae for some of the calculations, automatic aggregation of information,
 - Storing information,
 - maintaining links,
 - comparability of information,
 - cross-referencing,
 - A6 technical expert review reports,
 - public displaying
 - Transparency etc.

Art 6 Reporting: Topics for tables and outlines discussion

- a) Content;
- b) Format;
- c) Structure;
- d) Alignment of information submitted by Parties to the same cooperative approach;
- e) Application to participating Parties in the mechanism established in Article 6, paragraph 4 of the Paris Agreement;
- f) Minimizing the reporting burden on participating Parties;
- g) Confidentiality;
- h) The interim submission process for initial reports;
- i) Other considerations.

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Reporting: Content of the tables and outlines

Chapter IV. A - Initial Reports

- Paragraph 22 (d) decision CMA.3
- provision of information on **conversion methodologies**

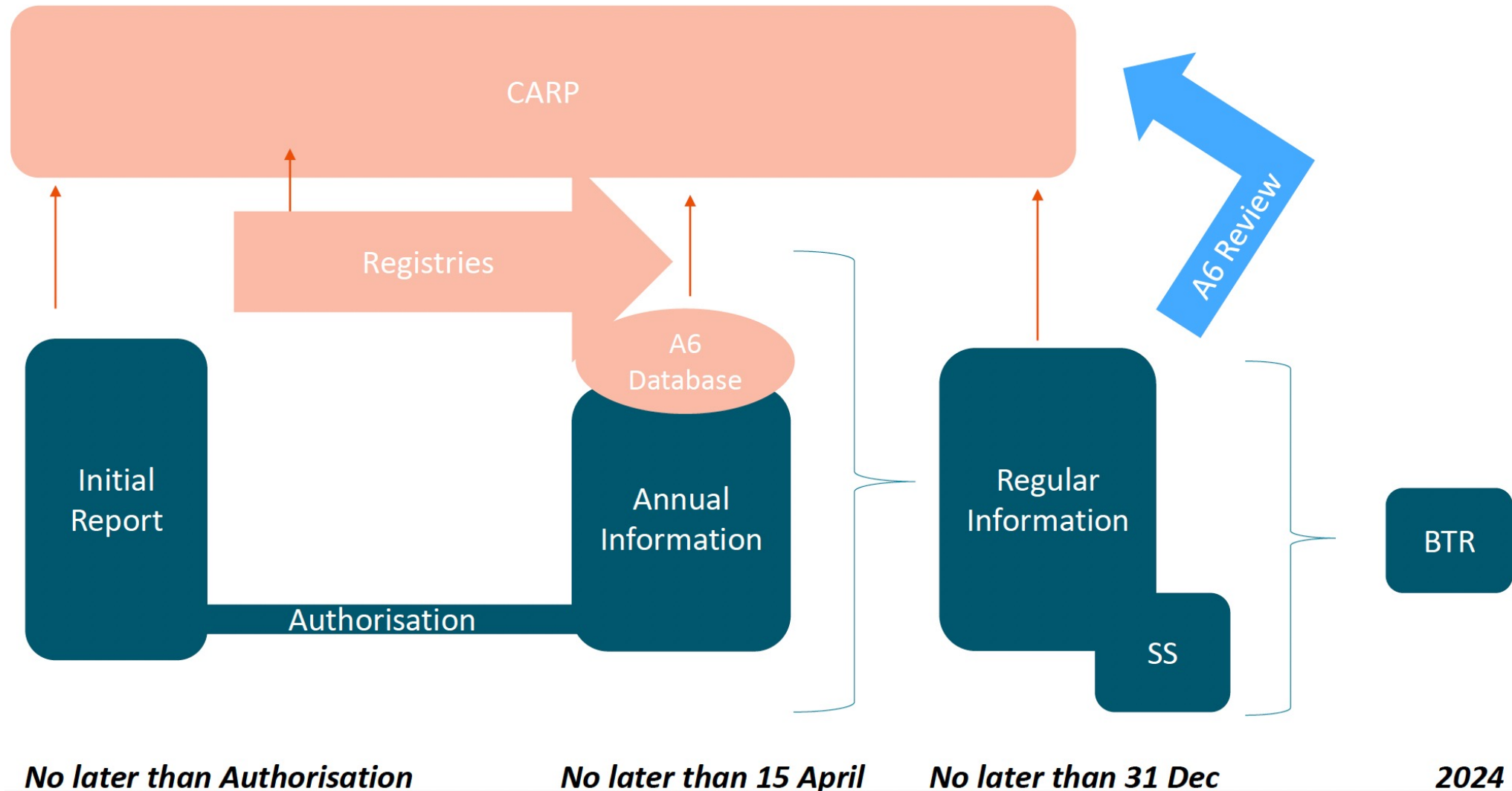
Chapter IV. B – Article 6 annex to the BTR

- Paragraph 23 of decision CMA.3
- Structure summary of BTR (except para 23 (j) included in Article 6 annex to the BTR)

Support for filling in the tables and outlines for Chapter IV. A and IV. B

- The tables and outlines may include example text or guidance for Parties in drafting information
- No new requirements should be listed in the examples
- Capacity building activities should address example text or guidance for Parties in drafting information.

Reporting: coherent sequencing of timelines



Reporting: Format of the tables and outlines

- Format options:
 - a) Common tabular format (CTF) **can include narrative information** (transparency tables used as an example).
 - b) **No requirement of tables** in the initial report as qualitative information will be narrative
 - c) **Mixture of both tables for qualitative information and narrative sections.**
- Agreed formats as per decision 5/CMA.3 can be used for reporting, including:
 - a) Table 4 Structured summary for aggregated information
 - b) Appendix to Annex II for NDC information
- A special annex for confidential information can be developed for the use of Parties.
 - There should be no confidential information collected through the AEF;
 - If some data are to be treated as confidential, rules should be agreed about it, and there should be a balance with transparency;
 - The CDM rules could be used;
 - The details of the first transfer, acquisition and use should be confidential and only the aggregated level should be made public;
 - Each Party should decide and justify what they deem confidential.

Structure of the tables and outlines

Options for Initial reports structure:

A) Four sections:

1. Participation responsibilities
2. Description of NDC
3. Metrics, methods and quantification
4. Information regarding cooperative approach

B) Three sections:

1. Participation responsibilities
2. Description of NDC
3. Information regarding cooperative approach

C) No section

Options for overlapping information:

- A) Breakdown of multiple elements (para 18 (a) refers to chapter II)
- B) Information required for each CA to be replicated for each CA separately.

Initial report structure: EU

4 Sections	Reference	Format	Frequency
1. Participation responsibilities	Para. 4(a)-(f)	Narrative	Once per NDC implementation period & updates in annex to BTR
2. Description of Party's NDC	Para. 18 (b)	Use Table from Appendix to Annex II of decision 5/CMA.3	Idem
3. ITMO metrics, methods for corr. adj., quantification of NDC	Para. 18(c)-(f)	Narrative + some tables	Idem
4. Information regarding each cooperative approach	Para. 18(g)-(i)	Narrative	For each cooperative approach

Art 6 annex to BTR structure: EU

3 Sections	Reference	Format	Content
1. Information related to participation	Para. 21	Narrative	Mainly updates from IR + some new information
2. Information related to each cooperative approach	Para. 22	Narrative	Information related to the implementation of the approaches
3. Annual quantified information	Para. 23	Common tabular format based on Table 4 Structured summary as per Annex II of decision 5/CMA.3	Similar as for structured summary, except for para.23(j): additional tables needed for each cooperative approach (with sectors, Parties, vintages, etc.)

Options for Article 6 annex to the BTR structure:

A) Three sections:

1. Participation responsibilities
2. Information regarding cooperative approach
3. The information in para 23 wherein:
 - Structured summary to the BTR should be used for aggregated information
 - But disaggregated information for each CA should be in Art 6 annex to BTR

B) Same structure and sections as initial reports with add. Requirements (if necessary)

C) Without sections as the initial report.

Reporting: Alignment of information by Parties to the same CA

- Flexibility in language and style of Parties;
- Common name of CA should be used at the minimum;
- Agreed text should be submitted by the Parties;
- Alignment via using drop-down menus of previously submitted or standardized information;
- Alignment of numbers (quantitative information).

Reporting: Application to participating Parties in the mechanism established in Art 6.4

- The reporting requirements for Art 6.4 include:
 - a) Full initial report and Art 6 annex to the BTR
 - b) May not require provisions for all reporting requirements due to centralized governance structure
 - The reporting on Art 6.4 could be minimized or automated to reduce burden.

Reporting: Minimizing the reporting burden on participating Parties

- a) **Information on the Party** and NDCs can be provided once a year per NDC implementation period along with the updated info in regular reporting (optional).
- b) Information to be comprehensive **even in case of duplication** can use the following approach:
 - Copy-paste approach
 - Auto-filling
 - Cross references could be used to link previously submitted info.

Confidentiality

- Should be determined by the Parties; some guidance required **OR** use of existing confidentiality rules;
- Initial reports and Art 6 annex to the BTR info are **not confidential**;
- Reports shall be made available for Art 6 technical expert review.

The interim submission process for initial reports

- Initial report submission could be to the secretariat via portal or a temporary process until CARP is available.

Art 6 Reporting: Topics for Agreed electronic format for annual information

- a) Unique Identifiers;
- b) Common terminology;
- c) Content;
- d) Format;
- e) Structure;
- f) Granularity of information;
- g) Common lists of values;
- h) Confidentiality;

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AEF: Unique Identifiers

- **Options for unique identifiers for ITMOs:**

A) common format for ITMO identifiers can be elaborated with infrastructure and is:

- i. Desirable
- ii. Required
- iii. ITMOs can be accounted amounts and do not require common formats for identifiers

B) ITMO identifiers could stem from underlying registries and could be either:

- i. Serialized identifiers for ITMOs tracked as units
- ii. Global for an ITMO transactions between Parties
- iii. ITMO identifiers could be attributed to Art 6 database database for each line in the AEF submitted by a Party.
- iv. The details of the variables for each ITMO may suffice to uniquely identify a reported amount in the AEF submitted by a Party;

- **Other important aspects for consideration:**

- ensure uniqueness of identifiers;
- ITMO unique identifier would need to follow the ITMO throughout the system;
- ensure consistency in the name and identifiers of CA.

AEF: Common terminology

- The need for a shared definition was mentioned in particular for the following terms: annual (information), acquisition, cancellation, voluntary cancellation, transfer, holdings.

Content

OPTIONS for range of information reported:

- (a) The reporting covers the full lifecycle of the ITMOs, from their authorization to their uses, including if the final use takes place in another Party's registry;
- (b) Information is provided only on what is occurring within the boundaries of the reporting participating Party. This would avoid redundancies and overlaps of reported information between Parties and the need for a feedback mechanism if the use takes place in the registry of another Party.

Other IMPORTANT ELEMENTS for consideration:

- Only Party-level transfers would be reported in the AEF.
- Transfers would not be tracked at detailed entity level.
- Transfers internal to a Party would also not be reported.
- All the amounts relevant to the reported year should be included (**1 January and 31 December of the reported year**)

Format

- The AEF is to be in tabular format. Some Parties referred to it as a CTF

Reporting: AEF Structure

- a) Specific to information listed in para 20 (a) and (b);
- b) Some data fields can be combined/merged (eg. Cancellation & voluntary cancellation) if Parties identify no difference;
- c) Additional fields can be introduced;
- d) Using participating Parties or authorized entities or entities report together the
 - Amount used and the authorized entities that used

OR

 - Amount authorized for OIMP the legal entities authorized to use these amount.

Unique identifier	First transfer etc	Use, cancellation etc
CA with Country X, Y, Z	Type of transactions(quantitative)	
↓	↓	↓

Annual Information: AEF Japan

Table.1 Annual information

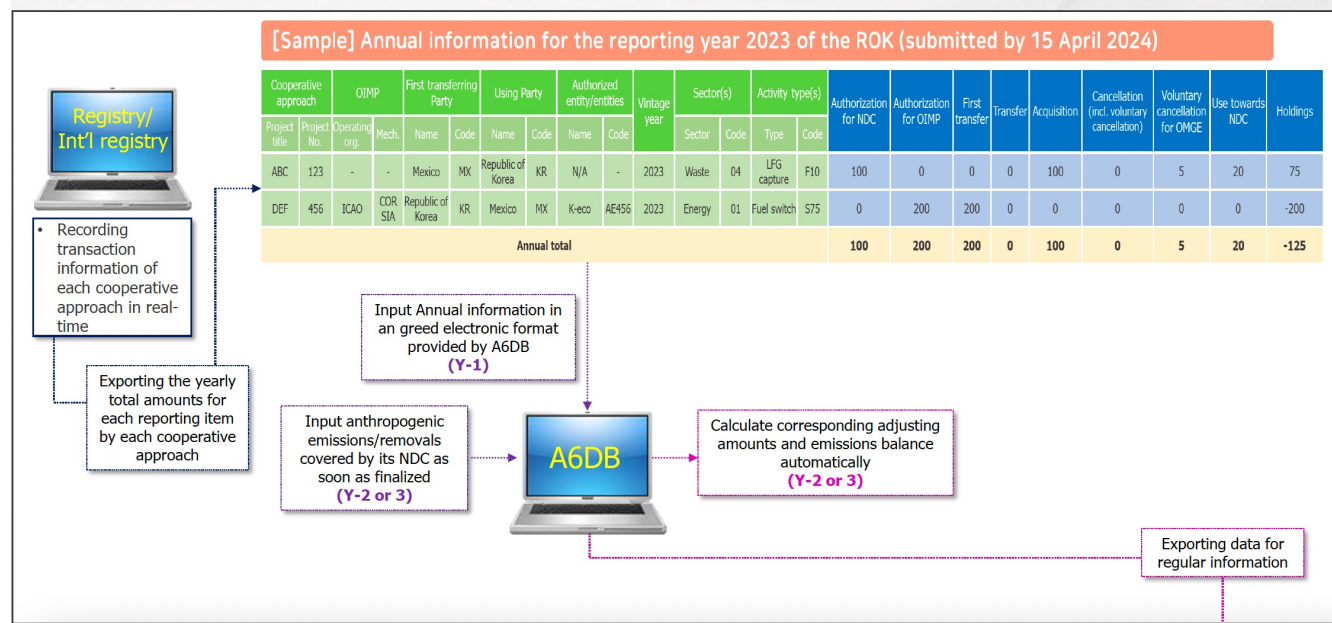
Unit		Authorization of First Transferring Party								Acquisition (first Transfer)		Acquisition (other than first transfer)	Transfer (other than first transfer)	Cancellation	Use towards NDCs
Unique identifier <i>(from start number - to end number)</i>	Quantity	First Transferring Participating Party	Name of the Cooperative Approach	Year in which the mitigation occurred	Sector(s)	Activity type(s)	Date of Authorization (Transferring Party)	Purposes for Authorization (select)	(Specify, if any)	Acquiring Party	Date of Authorization (Acquiring Party)	Party of origination	Party of destination	Purposes for Cancellation (select)	Using participating Party or authorized entity or entities
XXXX:XXXX	10,00	AA	ABC	2022	Energy	Reduction	1-Mar-23	(a) Use towards achievement of NDCs							
XXXX:XXXX	20,00	AA	ABC	2022	Energy	Reduction	1-Mar-23	(a) Use for international mitigation purposes	CORSIA						
XXXX:XYZZ	30,00	AA	ABC	2023	Afforestation	Removal	1-May-23	(b) & (c)	Voluntary markets						
XXXX:XXXX	10,00	AA	ABC	2022	Energy	Reduction	1-Mar-23	(a) & (b) & (c)		BB	1-Mar-23				
XXXX:XXXX	20,00	AA	Art 6.4	2022	Energy	Reduction	1-Mar-23	(a) & (b) & (c)		BB	1-Mar-23				
XXXX:XYZZ	30,00	CC	Art 6.4	2022	Industry	Reduction	1-Mar-23	(a) & (b) & (c)		AA	1-Mar-23				
XXXX:XXXX	10,00	DD	Art 6.4	2022	Energy	Reduction	1-Mar-23	(b) Use for international mitigation purposes	CORSIA			EE			
XXXX:XXXX	20,00	DD	ABC	2022	Energy	Reduction	1-Mar-23	(b) Use for international mitigation purposes	CORSIA			EE			
XXXX:XYZZ	20,00	DD	Art 6.4	2022	Energy	Reduction	1-Mar-23	(b) Use for international mitigation purposes	CORSIA			EE			

Unique identifier /Quantity

Authorization of First Transferring Party

Acquisition/Transfer /Cancellation/Use

Annual Information: AEF Korea



[Sample] Regular information for the reporting year 2023 of the ROK (submitted by 31 December of relevant year)

(metrics: tCO ₂ eq)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual anthropogenic emissions by sources and removals by sinks covered by its NDC or, where applicable, for the emission or sink categories as identified by the host Party (para. 23(a))	0	0	1,000	950						
Annual anthropogenic emissions by sources and removals by sinks covered by its NDC or, where applicable, from the portion of its NDC (para. 23(b))	0	0	N/A	N/A						
Annual quantity of ITMOs first transferred (para. 23(c))	0	0	0	100						
Annual quantity of mitigation outcomes authorized for use for other international mitigation purposes and entities authorized to use such mitigation outcomes (para. 23(d))	0	0	200	0						
Annual quantity of ITMOs used towards achievement of its NDC (para. 23(e))	0	0	20	50						
Net annual quantity of ITMOs (para. 23(f))	0	0	-180	50						
Total quantitative corresponding adjustments used to calculate the emissions balance and/or annual adjusted indicator (para. 23(g))										
[Single-year trajectory based method]	0	0	-180	50						
[Single-year average method]	0	0	-60	-32.5						
[Multi-year]	0	0	-180	50						
The cumulative information in respect of the annual information (para. 23(h))	0	0	-180	-130						
The annual level of the relevant non-GHG indicator (para. 23(i))	0	0	N/A	N/A						
An annual emissions balance (para. 23(k))	0	0	1,180 (1,060)	900 (982.5)						
Assessment of NDC achievement	N/A	N/A	N/A	N/A						

Automatic calculation by the A6DB

Reporting: AEF Granularity of information

Options for the level of disaggregation of reported information:

- a) One line reported in the AEF would correspond to one transaction in the underlying registry (*single identifier or a serial number block*)
- b) Maximum common denominator approach

AEF Common list of values

General list of values for AEF:

- a) Participating Parties/countries;
- b) Possibly for sectors and activity types, based on the existing IPCC14 or CDM15 lists. *Guidance from the secretariat in this area;*
- c) Names of CA could be harmonized by enabling the selection of names previously reported in the system.



Thank you

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