

Authorization of JCM credits

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Authorization for the JCM credits

- In line with the CMA decisions and rules and guidelines of the JCM, **Japan and each partner country needs to national arrangements on authorization for the JCM.**
- Japan proposes effective and simple **authorization arrangements to ensure environmental integrity and enhance foreseeability for mitigation activities.**

What is
“Authori-
zation”?

“Authorization” is act by Parties of **authorizing the use of ITMOs from a cooperative approach** as stipulated in Paris Agreement.

Concept
and
Rational

- Clear and simple process can **enhance foreseeability** particularly for private companies(very important for the success of JCM).
- **JCM cycle covers careful examination of environmental integrity,** enough for A6 authorization(No need to repeat domestic examination).



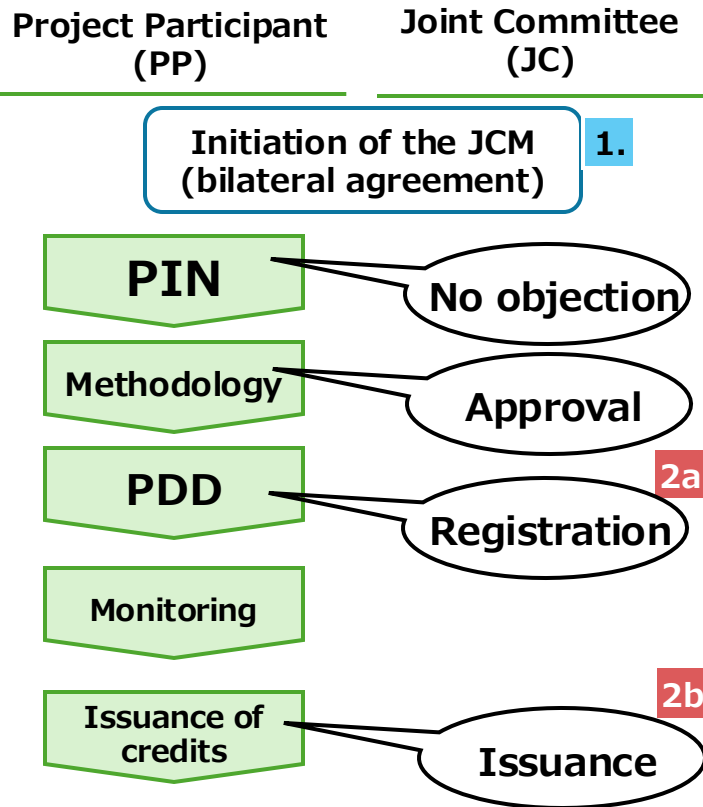
Japan’s proposal of authorization step

- 1: Authorization of the JCM as a cooperative approach
- 2: Authorization ITMOs for each JCM project
 - 2-A Authorize estimated ITMOs at the time of project registration
 - * not waiting for credit issuance to enhance foreseeability
 - 2-B Authorize the quantity of actual ITMOs at the time of credit issuance



Authorization steps proposal for the JCM

- Step 1. **Authorize the JCM as a cooperative approach** at the time of signing of MoC
- Step 2a. **Authorize the estimated quantity of ITMOs** from each project at the time of registration
- Step 2b. **Authorize the quantity of actual ITMOs** and period at the time of credit issuance



1. Authorization of JCM as a cooperative approach

What	Authorization of JCM, incl authorization process
When	At the time of signing of MoC
Report	Copy of authorization attached to an initial report

2a. Authorization of estimated ITMOs from each project

What	the expected quantity of ITMOs, entities, etc.
When	At the time of project registration
Report	Attachment to the 1. authorization

2b. Authorization of final quantity of ITMOs

What	Confirmation of final quantity of ITMOs and period already authorized at 2a. Authorization
When	At the time of issuance of JCM credits
Report	Attachment to the 1. authorization

Decision -/CMA.6 (FCCC/PA/CMA/2024/L.15)

3. Also notes that there are **three components of authorization**, as applicable: **authorization of the cooperative approach**, **authorization of internationally transferred mitigation outcomes and authorization of entities**;

Authorization of JCM as a cooperative approach

Authorization of JCM as a cooperative approach by Japan and each partner country (1/4)



The Government of [Country], hereby authorizes the Joint Crediting Mechanism (“JCM”) between partner countries and Japan as cooperative approaches that involve the use of Internationally Transferred Mitigation Outcomes (ITMOs) and are conducted in accordance with Article 6 of the Paris Agreement and its relevant guidance.

The Government of [Country], hereby declares that we will authorize, as per Article 6, paragraph 3 of the Paris Agreement, the international transfer and use of JCM credits as ITMOs issued based on quantified amount of GHG emission reductions or removals that will be achieved by each proposed JCM project. Such authorization shall be made before or soon after the Joint Committee (“JC”)’s decision to register such project:

The amount of ITMOs subject to such authorization will be the estimated amount of JCM credits at the time of the JC’s decision for registration of the project. The authorized specific amount of JCM credits to be transferred and their corresponding crediting periods will be confirmed by the Government of [Country] as decided at the JC for the issuance of credits.

The Government of [Country] shall report the contents of such authorization to the United Nations in accordance with the Paris Agreement and its relevant decisions/guidance.

Authorization of JCM as a cooperative approach by Japan and each partner country (2/4)



Elements of authorization of the JCM as a cooperative approach will be as follows in accordance with decision X/CMA.6, paragraph 5.

- (a) **Unique identifier:** CA0007
- (b) **Names of Parties and entities:**
Participating Parties: Japan and [Country Name].
Participating entities: Japan will authorize, in subsequent authorization at the time of project registration and credit issuance, project participants from the Japanese side as well as entities that open a holding account in the JCM registry as “authorized entities”.
- (c) **Date and duration:** The date of authorization will be specified at the time of authorization of ITMOs on each project basis. There is no duration of the authorization.
- (d) **First transfer:** Specification of first transfer for use towards the achievement of an NDC is as per decision 2/CMA.3, annex, paragraph 2(a). Specification of first transfer for use for other international mitigation purposes, is the issuance as per decision 2/CMA.3, annex, paragraph 2(b), where a mitigation outcome has been authorized for such purposes.

Authorization of JCM as a cooperative approach by Japan and each partner country (3/4)



- (e) **Use:** The use covered by the authorization will be specified in subsequent authorization at the time of authorization of ITMOs on each project basis..
- (f) **Underlying regulations:** All underlying regulations, frameworks, standards or procedures are set out in the relevant rules, guidelines, and decisions made by the Joint Committee. Those rules, guidelines and decisions are made publicly available on the JCM website (<https://www.jcm.go.jp/>).
- (g) **Change to authorization:** Any changes to authorization of the use of ITMOs shall not apply to, or affect, mitigation outcomes that have already been first transferred unless it is found that the project participants deliberately provided false information that significantly differs from the fact, undermining sustainable development, environmental integrity and transparency as required under Article 6.2 of the Paris Agreement, and the authorization were issued based on such false information. In such cases, the authorization shall be revisited, and if necessary, revised to ensure that any possibility of double counting is avoided and all relevant records and information will be updated accordingly. Further circumstances may be specified in subsequent authorization at the time of project registration and credit issuance.

Authorization of JCM as a cooperative approach by Japan and each partner country (4/4)



- (h) **Quantity of ITMOs**: The estimated amount of ITMOs (t-CO₂ equivalent) will be included in the authorization of ITMOs at the time of project registration and the confirmed quantity of ITMOs (t-CO₂ equivalent) will be included in the authorization of ITMOs at the time of credit issuance.
- (i) **Registry**: The government of Japan uses the JCM Registry for Japan for tracking JCM credits as ITMOs, which is provided for in the Act on Promotion of Global Warming Countermeasures.
JCM registry system for Japan: <https://www.jcmregistry.go.jp>.
- (j) **Other registry**: The JCM registry explained above contains mitigation outcomes or informs their calculation, and transparently tracks the status of underlying mitigation activities.
- (k) **Vintage**: The information on vintage(s) will be specified at the time of authorization of ITMOs on each project basis.
- (l) **Metrics**: The JCM uses GHG metrics and ITMO is measured in t-CO₂ equivalent.
- (m) **Sector**: The information on sector(s) will be specified at the time of authorization of ITMOs on each project basis.
- (n) **Activity type**: The information on activity type(s) and/or activity(ies) will be specified at the time of authorization of ITMOs on each project basis.

Reference



Key decisions on Article 6 Authorization

- **“Authorization” is the act of authorizing the use of ITMOs from a cooperative approach by participating Parties as stipulated in Paris Agreement.**
- Based on the Glasgow guidance, Participating Parties shall submit an initial report including a **“copy of the authorization”** for each cooperative approach.

Paris Agreement Article 6.3

6.2 Parties shall, where engaging on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards nationally determined contributions, promote sustainable development and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement.

6.3 The use of internationally transferred mitigation outcomes to achieve nationally determined contributions under this Agreement **shall be** voluntary and **authorized by participating Parties.**

2/CMA3., annex, para 18. (Glasgow Guidance)

18. Each participating Party shall submit an Article 6, paragraph 2, **initial report** (hereinafter referred to as an initial report) no later than **authorization of ITMOs from a cooperative approach** or where practical (in the view of the participating Party) in conjunction with the next biennial transparency report due pursuant to decision 18/CMA.1 for the period of NDC implementation. The initial report shall contain comprehensive information to:

- (g) Provide, **for each cooperative approach, a copy of the authorization by the participating Party,** a description of the approach, its duration, the expected mitigation for each year of its duration, and the participating Parties involved and authorized entities;

X/CMA6., para 2. and 3. (Article 6.2 decision at COP29 in Baku)

2. Notes that **the authorization of the use of internationally transferred mitigation outcomes from a cooperative approach** is the authorization referred to in decision 2/CMA.3, annex, paragraph 18, a copy of which is submitted as per paragraph 18(g) of the annex to that decision;

Elements of Article 6 Authorization decided in Baku

At CMA6 in Baku, a process, timing and minimum elements of the authorization were decided by the Parties.

X/CMA6., para 5. (Article 6.2 decision at COP29 in Baku)

2. Notes that the authorization of the use of internationally transferred mitigation outcomes from a cooperative approach is the authorization referred to in decision 2/CMA.3, annex, paragraph 18, a copy of which is submitted as per paragraph 18(g) of the annex to that decision;
3. Also notes that there are three components of authorization, as applicable: authorization of the cooperative approach, authorization of internationally transferred mitigation outcomes and authorization of entities;
4. Further notes that participating Party arrangements for authorizing the use of mitigation outcomes referred to in decision 2/CMA.3, annex, paragraph 4(c), may involve a single consolidated authorization process that addresses, or sequential processes that entirely and collectively address, inter alia and as appropriate, the information referred to in paragraph 5 below;
5. Decides that each participating Party shall include in the authorization of use of the internationally transferred mitigation outcomes from each cooperative approach the following elements:
 - (a) A unique identifier for the cooperative approach, obtained from the centralized accounting and reporting platform, where available;
 - (b) The name(s) of the participating Party(ies) and/or entities, if known, covered by the authorization;
 - (c) The date and duration of the authorization, including the final date for mitigation outcomes to be issued, or to be used or cancelled, in connection with the first transfer specified by the Party as per decision 2/CMA.3, annex, paragraph 2(b), as applicable;
 - (d) The specification of the first transfer of the mitigation outcome, as specified by participating Parties, as per decision 2/CMA.3, annex, paragraph 2;
 - (e) The uses covered by the authorization, consistent with decision 2/CMA.3, annex, paragraph 1(d) and (f);
 - (f) The identification of or cross-reference to underlying regulations, frameworks, standards or procedures, including any specific methodologies underpinning the cooperative approach;
 - (g) Where changes to the authorization occur, information on the circumstances in which such changes may occur and a description of the process for effecting such changes in a way that avoids double counting;
 - (h) The quantity of internationally transferred mitigation outcomes, if applicable;
 - (i) Identification of the registry the participating Party has, or has access to, for the purpose of tracking and recording internationally transferred mitigation outcomes;
 - (j) Identification of the relevant registry(ies) in the underlying regulations, frameworks, standards or procedures that (1) contain mitigation outcomes or inform their calculation by the participating Party(ies) and (2) transparently track the status of underlying mitigation activities and outcomes as well as participation and



JCM rules and guidelines related to authorization

- **Rules of Implementation (RoI)** for the JCM sets out arrangements for authorization of JCM credits.
 - *For some partner countries, authorization clauses in adopted are under preparation.
 - ✓ **JCM credits issued in the JCM registry of Japan are authorized by the Partner Country and Japan for the use toward Japan's NDC** (and/or OIMPs as appropriate).
 - ✓ Such JCM credits are **correspondingly adjusted by the Partner Country**.

Rules of Implementation of the Joint Crediting Mechanism (JCM)

Section #. Use of JCM Credits

- #. **Each governments authorize the JCM credits issued in the JCM registry of Japan for the use toward the achievement of Japan's nationally determined contribution** as internationally transferred mitigation outcomes, consistent with the guidance on cooperative approaches, referred to in Article 6, paragraph 2 of the Paris Agreement (hereinafter referred to as “the guidance”).
- #. Each government may authorize part of JCM credits for use for other international mitigation purposes, as appropriate, consistent with the guidance.
- #. **The Government of the Partner Country applies a corresponding adjustment to the JCM credits issued in the JCM registry of the Japan** as well as the JCM credits issued in the JCM registry of the Partner Country and authorized for the use toward other international mitigation purposes, consistent with the guidance.