

Implementing CDM activity transition

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Amy Merrill Steen



Purpose of this presentation

- Purpose
 - To provide **some reflections** on implementing transition of CDM activities to the Article 6.4 mechanism
- Caveats
 - **Chatham House Rule**
 - General presentation, focused on **practicalities** and not focused on addressing positions/interests of Parties and groups
 - Presentation uses **version 3 6.4 Presidency text** - noting it is not agreed - version 2 6.4 Presidency text is similar in many respects in relation to CDM activity transition



Implementation of CDM activity transition

CDM activity transition: the handover of eligible activities from CDM under Kyoto Protocol to the 6.4 mechanism under Paris Agreement. Does not cover all CDM activities, does not relate to all 6.4 activities...

- **Conditions**

- **Approval by the host Party** – the host Party has a CHOICE whether to approve transition – likely base decision depending on its intended engagement in 6.4 – and in deciding what it will allow to transition – could be activity by activity basis, or by activity type/region/scale/etc).
- **Compliance with the RMP for 6.4** – the activity will become a “full” 6.4 activity (but see paragraph 73)

- **Process** (paras 73 and 74)

- Has a **deadline** (31 December 2023 (as at Madrid, foresaw a three year period)
 - Addresses the **crediting basis** (switch of methodology from CDM to 6.4 – see next slide)
 - Addresses the **issuance basis** for transitioned activities (6.4 ERs from 1 January 2021)
 - Provides for faster transition for small scale and POA
 - Further work on the transition still with SBSTA in version 3 of Presidency text...
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Crediting periods and the transition period (para 73 version 3 Presidency Text)

CDM – A crediting period of ten years, non-renewable

Methodology and baseline are applied

CDM - A crediting period of seven years renewable twice

Revalidation of the baseline

Methodology and baseline are applied

Transition Period

31/12/2023

Version 3, 6.4 Presidency text para 73 (b)

Continue to apply CDM methodology to the EARLIER of end of crediting period or transition completion date, after which apply 6.4 methodology.

73(b) that transitioned activities moved to 6.4 methodologies by the end of the transition period.

Version 3, 6.4 Presidency text, para 73 (c) 6.4 ERs issued for emission reductions achieved after 31 December 2020.

6.4 - Paragraphs 31(f), 53,54 Crediting periods for 6.4 activities – do not start before 2020, renewals etc.



The cooperative implementation webpage:

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

In remembrance of Mr Rajesh Sethi
condolences@unfccc.int

