

# Implementing Article 6.4

## Session 2: Options for the Host Party

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# Article 6.4 Registration – High Level Priorities and Responsibilities

- **Global level – SBSTA and CMA**
  - Protect existing ambition – 2021 UNFCCC Synthesis Report shows 2030 projected emission levels are inconsistent with 1.5C
  - Accelerate mitigation by facilitating **new** mitigation activities
  - Ensure all activities satisfy Article 6 requirements (e.g., corresponding adjustments, SOP, OMGE, additionality, avoidance of double counting etc)
  - Ensure A6 activities do not lock in technologies or ambition levels inconsistent with pathways to global goal
- **Host Party level**
  - Ensure all A6 project activities facilitate, rather than hinder, NDC delivery over short and long term, support highest possible ambition
  - Ensure credibility, environmental integrity and domestic benefit, including through conservative baselines that avoid creation of hot air, and minimize risk of overselling

# New A6.4 Activities – Role of Host Party

- Quantify mitigation info in NDC in tCO<sub>2</sub>e, including sectors, sources, GHGs, time periods covered by NDC, reference levels, target levels etc.
- Ensure policies are in place to deliver reductions required by NDCs
- Build systems to track annual level of emissions by sources and sinks covered by NDC
- Plan role of A6 activities and activity baselines in delivery of current and subsequent NDCs
- Develop tracking system for ITMOs transferred and acquired
- Establish Article 6 authorisation process
  - Appoint designated national authority for A6.4, interagency links
  - Consider allowable project types, sectors
  - Consider appropriate project baselines, to retain some project benefit in host inventory
  - Consider crediting period lengths
  - Consider quantitative limits on transfers to avoid overselling
  - Credit pricing
  - SD benefits
  - Develop domestic forms, processes, etc
- Inventories – ensure reporting on all gases included in NDC or covered by potential A6 activity, as required by 18/CMA.1

# Activity transition – role of CMP and CMA

## **CMA**

- Consider risk to Paris Agreement ambition / global GHG levels from possible transition of CDM project activities, including from pricing effects, volume effects and related displacement of new project activity
- Apply appropriate restrictions on any transition
- Take any needed consequential measures to ensure A6.4 nevertheless delivers a substantial overall mitigation in global emissions (OMGE), in keeping with its purpose

## **CMP**

- Assist host Parties with information needs on existing CDM projects

# Activity transition – role of Host Party

- Same elements needed as for new project activities, before considering taking on accounting liability linked to transition.
- Assess inventory of hosted CDM projects against agreed transition criteria
  - What is the potential exposure, in terms of accounting liability?
  - Are projects at risk of discontinuation?
    - If no risk, is there reason to authorize transfer of rights under 6.3 and accept liability?
    - If there is a risk of discontinuation, and useful abatement is being generated, can projects be funded another way?
  - Can transfer of rights to reductions be avoided through domestic project support, support from donors, DBs, RB finance? To buy time until domestic systems in place for Article 6 and plans in place for NDC delivery?
- Consider application of further domestic criteria
- Take decision on whether to support transition of particular activities to A6.4, conditioned on application of any additional domestic criteria