



Informal Dialogue on Article 6 of the Paris Agreement

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Roundtable on
Climate Change and
Sustainable Transition

NDCs and metrics

We looked at 197 NDCs, comparing first round NDCs with updated/second NDCs:

First round:

- 11 of which have no (clear) metric
 - Excluded from the analysis
- 151 have a single metric
- 35 have multiple metrics

Second round:

- 10 of which have no (clear) metric
 - Excluded from the analysis
- 147 have a single metric
- 40 have multiple metrics

Which metrics are used in the NDCs?

- This overview looks at both single and multiple metric NDCs (totals therefore sum up to more than 100%)
- Wide variety of metrics, main ones used:
 - **CO₂e**
 - Includes CO₂ and other GHGs, CO₂e, 100 year Global Warming Potential
 - 161 NDCs (87%) 165 NDCs (84%)
 - 75% (69%) of all NDCs have CO₂e as only metric
 - **Renewable energy indicator**
 - MWh or % of energy mix
 - 28 NDCs (15%) 31 NDCs (16%)
 - **Re/afforestation metric**
 - ha or % of forest cover etc
 - 10 NDCs (5%) 17 NDCs (9%)

Which metrics are used in the NDCs? (2)

- Some less commonly used ones:
 - ***CO2 intensity of GDP***
 - 8 NDCs **4 NDCs**
 - ***Energy efficiency***
 - 5 NDCs **10 NDCs**
 - ***CO2 intensity***
 - 4 NDCs **8 NDCs**
 - ***Carbon neutrality by a given year***
 - 4 NDCs **7 NDCs**
 - ***Peak year***
 - 2 NDCs **3 NDCs**

Which metrics are used in the NDCs?

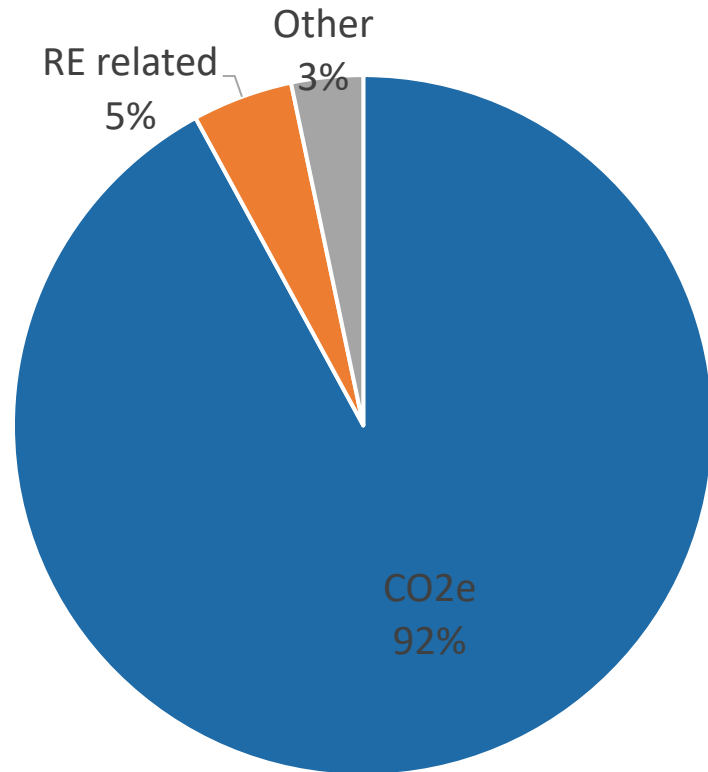
- Metrics used in only 1 or 2 NDCs include:
 - Increasing absorption rate of LULUCF sector
 - Energy efficient stoves
 - Improving grid access
 - Increased total share of EVs
 - Reducing total energy use
 - Reducing fuel wood consumption
 - Protecting carbon sinks
 - Reducing use of conventional transportation fuels
 - Establishing standards
 - Successful implementation of a series of policies

Single metric NDCs

First Round:

151 NDCs have only one metric (81%)

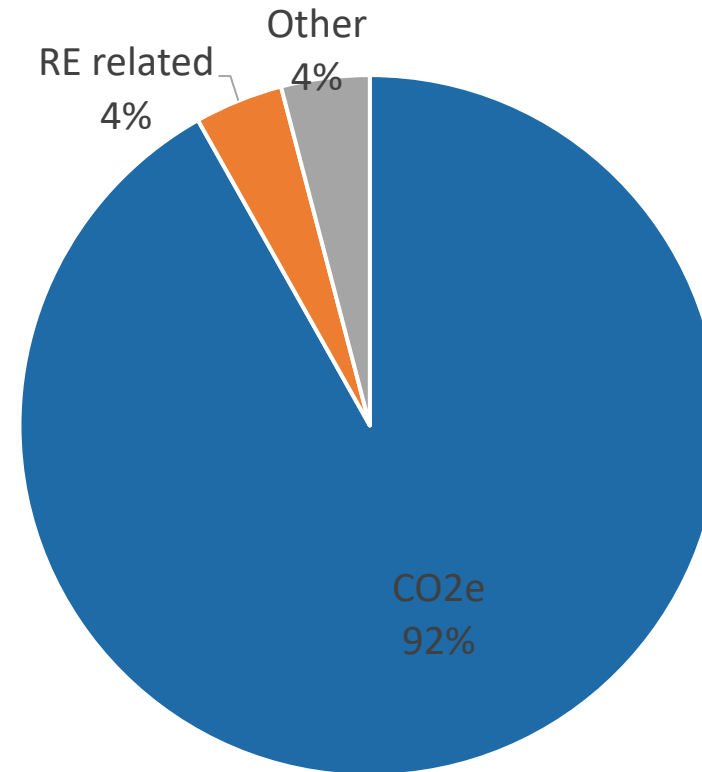
- 139 use CO2e
- 7 use a RE related metric



Second Round:

147 NDCs have only one metric (81%)

- 135 use CO2e
- 6 use a RE related metric



Art 6.2 metrics

- Metrics are referred to in a number of places
 - Decision
 - Art 2: Elaboration of further guidance for non-GHG metrics determined by participating Parties, including on methods for conversion between metrics pursuant to Chapter III of the annex (Corresponding Adjustments) and Chapter IV of the annex (Reporting) by no later than its third session;
 - Annex
 - Art 1: or in other non- greenhouse gas (GHG) metrics determined by participating Parties that are consistent with the nationally determined contributions (NDCs) of the participating Parties; ????
 - Art 7: For ITMOs measured in tCO₂ eq, each participating Party shall apply corresponding adjustments, consistent with this guidance and relevant decisions of the CMA.
 - Art 10: ...non-GHG metrics determined by the participating Parties engaging in a cooperative approach involving ITMOs traded in the same non-GHG metric shall apply corresponding adjustments in a buffer registry by applying an addition to and subtraction from the annual level of the relevant non-GHG indicator ??????

Considerations

- Three Parties
 - First issuing
 - Buying
 - Using
 - Buying and using MAY be the same
- Two types of markets
 - Bilateral/compliance market
 - Secondary markets (buying Party is NOT the using Party)

Considerations

- ITMOs can be
 - ISSUED
 - In the metric of the NDC of the ISSUING Party.
 - An ITMO could have two face values: non GHG metric, its GHG mitigation value
 - USED
 - In the metric of the NDC of the USING Party
 - TRANSFERRED (UNITIL USAGE)
 - In the secondary market in the metric of the Issuing Party

Considerations

- GHG & non metrics are not exclusive, are complementary
 - **Progress towards NDC:** If NDC is in non-GHG metric, the accounting for progress towards NDC needs to be made in non-GHG/metric indicator of the NDC
 - Party compliance needs to be done with respect to the NDC and its metric
 - **Inventory balance** used to for Global Stock take
- ITMOs can only be transferred from a quantified (part) of an NDC
- The GHG impact of an ITMO transfer has to be the emission reduction in the issuing Party

Conclusions

- ITMOs can only be issued in the metric of the ISSUING Party NDC (with a GHG value attached)
- If NDC of Issuing Party & Using Party are in the same metric
 - NO CONVERSION REQUIRED
- IF NDC of Issuing Party & Using Party are in different metrics
 - CONVERSION REQUIRED
- Between ISSUANCE and USE the ITMO, if there is secondary market, ITMOs circulates in the metric that it was issued in.

Art 6.2 metrics

- Annex
 - Art 1: or in other non- greenhouse gas (GHG) metrics determined by participating Parties that are consistent with the nationally determined contributions (NDCs) of the participating Parties; ????
 - Art 6: For ITMOs measured in a non-GHG metric determined by participating Parties, each participating Party shall apply corresponding adjustments consistent with this guidance and relevant future decisions of the CMA.
 - Art 10: ...non-GHG metrics determined by the participating Parties engaging in a cooperative approach involving ITMOs traded in the same non-GHG metric shall apply corresponding adjustments in a buffer registry by applying an addition to and subtraction from the annual level of the relevant non-GHG indicator used by the Party to track progress towards the implementation and achievement of its NDC in accordance with decision 18/CMA.1 and consistent with this chapter III, this guidance and relevant further guidance of the CMA. ??????

Conclusions

- Art 10: ...non-GHG metrics determined by the participating Parties engaging in a cooperative approach involving ITMOs traded in the same non-GHG metric shall apply corresponding adjustments in a buffer registry by applying an addition to and subtraction from the annual level of the relevant non-GHG indicator used by the Party to track progress towards the implementation and achievement of its NDC in accordance with decision 18/CMA.1 and consistent with this chapter III, this guidance and relevant further guidance of the CMA. ?????
- **ALTERNATE Art 10:** Each participating Party with an NDC measured in non-GHG metrics determined by the participating Parties engaging in a cooperative approach involving ITMOs shall apply a corresponding adjustment to the relevant non-GHG indicator used by each Party to track progress towards the implementation and achievement of its NDC in accordance with decision 18/CMA.1 and consistent with this chapter III, this guidance and relevant further guidance of the CMA.
- The CA shall applied at issuance and use of ITMOs; all other transfers shall result in an adjustment to a buffer account starting at 0(zero) at the beginning of each NDC period for each Party

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