



A review: COP 26 & Article 6

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Roundtable on
Climate Change and
Sustainable Transition

COP 26- Outcomes

- **Completion of the Paris Agreement work programme**
 - Common time frames for nationally determined contributions.
 - Methodological issues relating to the enhanced transparency framework for action and support.
 - Modalities and procedures for the operation and use of a public registry for NDCs and for Adaptation Communications.
 - Article 6
 - Cooperative approaches referred to in Article 6.2
 - Rules, modalities and procedures for the mechanism established by Article 6.4
 - Work programme under the framework for non-market approaches (Article 6.8).
- **Global goal on adaptation**
 - Launch of a comprehensive two-year Glasgow–Sharm el-Sheikh work programme on the global goal on adaptation work.
- **Loss & damage**
 - Operationalization of the Santiago network for averting, minimizing and addressing loss and damage
 - Establishes the Glasgow Dialogue between Parties, relevant organizations and stakeholders to discuss the arrangements for the funding of activities to avert, minimize and address loss and damage
- **New global goal on finance**
 - Process to define new global goal on finance has been launched
 - Launch of an Ad hoc work programme to define the new global goal on finance to engage constructively in the actions contained therein.

Article 6 – years in the making!!

- Overall reaction:
- The “progressive” view largely prevailed where it mattered
 - Corresponding Adjustments
 - SOP
 - OMGE
 - Baseline & additionality
 - Transfer of pre-2020 REDD+ units
- Questionable
 - On the treatment of voluntary matters
- Does it matter?
 - Metrics
 - CER transfer
- Not there: 1 (h) (REDD+) – is REDD really included or is it avoidance?

Article 6.2 - definition

- Very convoluted, a menu
- Needs to be read in conjunction with the CA section
- Attempt to impose a UN standard failed through REDD+ (Warsaw Framework for REDD in 1 (h)) but unclear if REDD+ is in
- 1 (c) – “ consistent with the NDCs of the participating Parties” not understood and may create significant restriction on any non-CO2 markets (if they ever get off the ground)
- 1(f) is convoluted
 - ITMOs are international transfers that are **authorized**
 - NDC
 - International mitigation outcome
 - Other purposes

Article 6.2 - definition

- No definition is offered, on purpose, for
 - International mitigation purposes (other than NDC) (ICAO/IMO?) and
 - Other purposes as defined by the first transferring Party (domestic use, Gold Standard?)
- Use is limited to the same NDC period (no banking). For a market that is a very limiting condition and will not incentivize action and create instability at the end of the NDC period.
- Nothing changed
 - Parties can sell in the VM without CA
 - If the VM asks for a CA they can do it (Gold Standard)
 - VM is NOT under any new rules
- 2(b) definition of a first transfer for other uses

Article 6.2 – corresponding adjustments

- Corresponding adjustments are treated differently, but the same, between CO₂ and non-CO₂
- Non CO₂ metrics seems to be wrong in the way the addition and subtraction is worded
- CA are done for ALL transfers of ITMOs (those that have an authorization)
 - For NDC
 - International use (ICAO, CORSIA)
 - Gold Standard
- There is no CA for transfers that do not require them and therefore will not ask for a authorization

Article 6.2 – application of CA

- Questionable logic as it requires to undertake a CA even if it comes from non-NDC sectors
- The option on new approaches for year end NDC does not appear anymore
- Para 9 on CA for non CO₂ seems to be upside down
- No guidance on metric conversion in the decision of annex

Article 6.2 – Safeguards and limits & other

- Start work in 2028 to complete in 2030
- That should create uncertainty for markets ?
- Consideration of emission avoidance (for 2022)
- Very long and complex reporting list – what will be the capacity needed to implement such a list
- No reference to human rights

Article 6.4

- A6.4ER are not only in CO₂ but can be in other metrics
- Some bottom-up elements in terms
 - Methodology
 - Crediting periods
- May include policies
- "shall be designed to achieve emission reductions in host Party" – what about regional projects – West Africa, Bhutan/India ?
- Appeals process – "independent grievance process" to be defined
- All transfers shall have a CA – BIG departure from initial position on large Parties

Article 6.4 – CDM transition

Transfer of activities:

- Request for transfer no later than Dec 2023
- Current CDM meth can be applied until Dec 2025 or end of crediting period (earlier off)

CER Transfer:

- CDM registration after 2013
- Identified as pre-2021 in A6.4 registry
- Use towards first NDC only
- Not required to do a CA
- Temporary CERs and long-term CERs not for use towards NDC
- Other CERs may be considered in the future

CMP guidance to the CDM EB

- CDM EB to collaborate with the Supervisory Board
- Make available infrastructure to Art 6.4
- Deregister CDM projects transitioned to A6.4M
- Transfer money from CDM Trust Fund for the implementation of Art 6.4
- CDM EB will continue to receive and process submission under the temporary measures

Additional slide used in the discussion

Corresponding Adjustment: Uses and claims for Emission Reduction Credits

