

Implementation of Article 6 of the Paris Agreement – status and pathways to COP24

IEA/IETA/EPRI, October 2017



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Focus of presentation

- What is the wider context of the Paris Agreement implementation work?
- What is happening in Article 6 implementation at the moment?
- What are the pathways towards Article 6 implementation by COP 24?

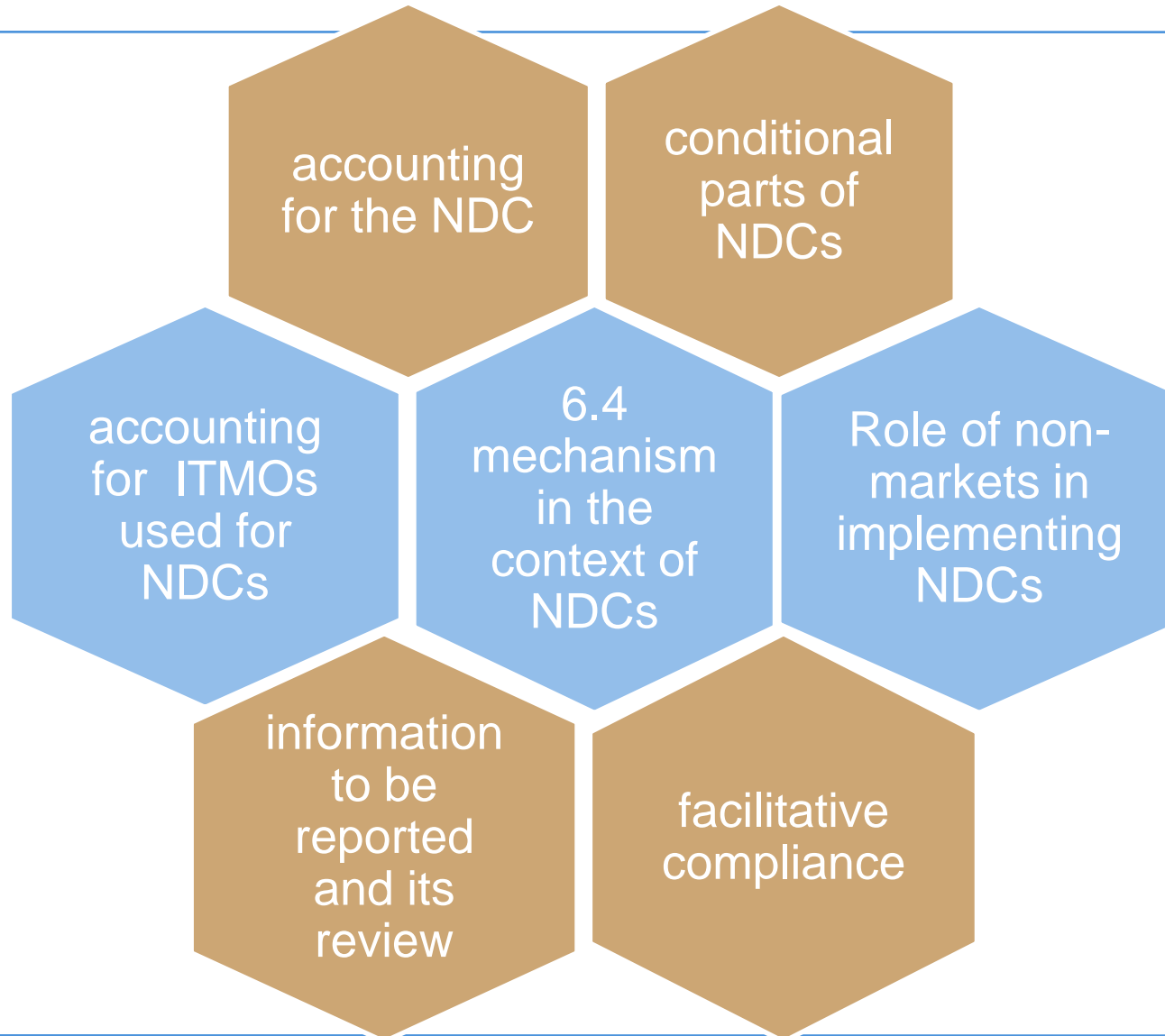


Markets and non-markets within the Paris Agreement

- **Aim of the Paris Agreement**
 - Holding increase in global temperature to well below 2 degrees C and try to limit to 1.5 degrees C
 - Article 6 approaches are tools to support that
- **Ambition in nationally determined contributions (NDCs)**
 - NDCs reflecting highest possible ambition
 - Markets should support, not undermine, that ambition
- **Progression of NDCs over time**
 - Each new NDC should show progression in the contribution
 - Markets should not discourage progression



Article 6 sits in a puzzle with other items



The bigger picture around Article 6 discussions

- A practical implementation challenge for NDCs. Many Parties need help to achieve their NDC:
 - Technical support (e.g. to understand their own greenhouse gas emissions profile)
 - Financial support (e.g. to implement conditional parts of their NDC)
- Parties are working through an interlinked work programme that has to deliver all at the same time
 - Multiple interconnected discussions at UNFCCC that have to deliver all together
 - An overall dynamic of political balance



What are the Parties doing to implement Article 6?

- Article 6 work programmes started in May 2016 to implement three parts of the Article
 - Use of ITMOs from cooperative approaches
 - Mechanism
 - Framework for non-market approaches
- December 2016 was the first meeting of the Paris Agreement Parties, in Marrakech, and they agreed to forward outcomes from the Paris work programmes for adoption in December 2018
- Parties continued work in May 2017
- In November 2017, Parties will meet again to discuss implementation of Article 6 work programmes



Round-table discussions in May 2017

- **Cooperative approaches**
 - Operationalization and scope of 6.2 accounting
 - Operationalization of environmental integrity and transparency in 6.2
- **The mechanism**
 - Implications of NDCs on the mechanism
 - Assimilating experience into the mechanism
- **The framework for non-market approaches**
 - Identifying and enabling non-market approaches
 - Operationalization of the framework



ROUNDTABLE DISCUSSIONS
AMONG PARTIES
ARTICLE 6 OF THE PARIS AGREEMENT
8 and 9 May 2017



Q1 Topic 1

Facilitate the Identification

- Identify the actions we agree to achieve to Promoting mitigation and Adaptation ambition
- Fulfill the host country NDC
- Enhancing Public/Private participation in implementing NDCs

unity. Linkage to other Articles of the PA

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bet
C

Corresponding adjustment

Avoid double accounting

Outside NDC

- No L.A
- No permit

Is it a GHG Reduction?

Is the outcome a TMO?

HOST

2020?

2025?

Net NDC



OP 2

Inventories 2,000

NDC

outside NDC

1,000 emissions

100 ER



projects / on

the host nation

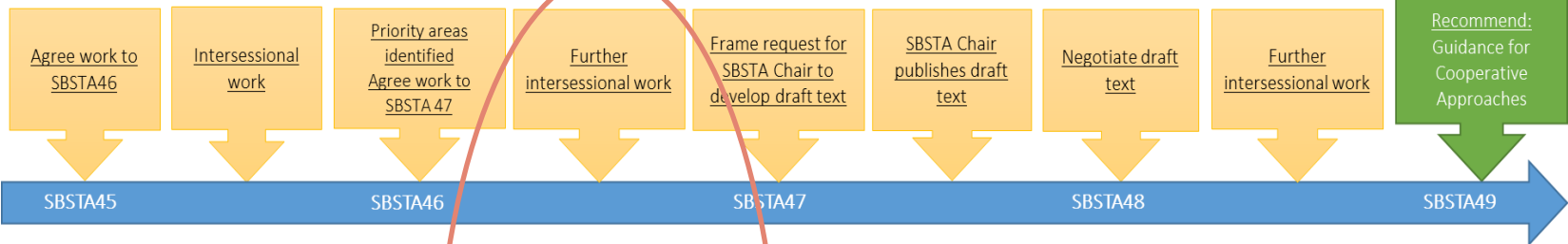
to appropriate

environmental integrations

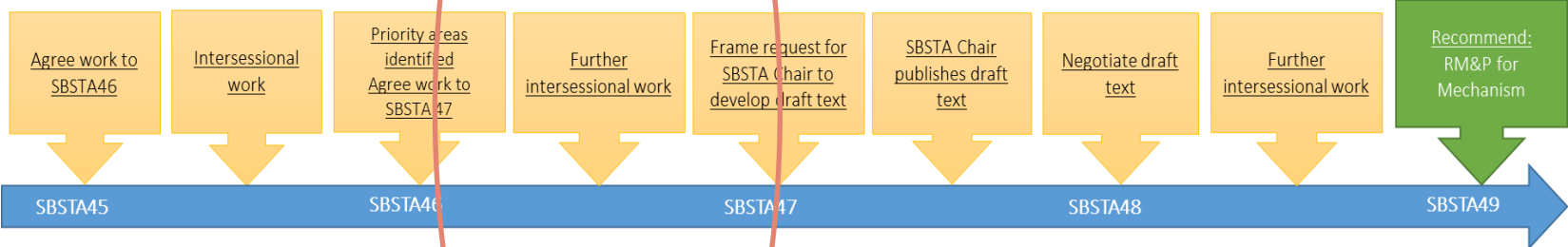
- for environmental integrations we need to specify multi-year and point targets
- design should ensure climate mitigation outcome
- only achievement of the NDC should allow

Progress report

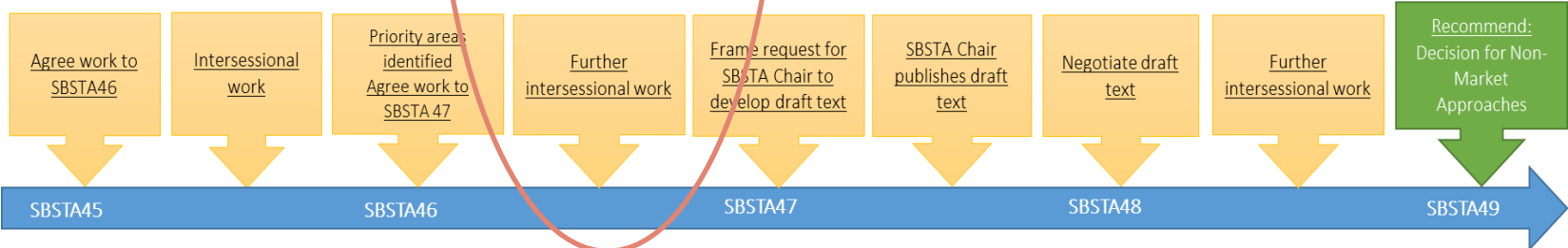
Art 6.2 – Guidance for Cooperative Approaches



Art 6.4 – Rules, Modalities and Procedures for the Mechanism



Art 6.8 – Decision for Non-Market Approaches



What are key issues in the work programmes?

- Cooperative approaches
 - **Internationally transferred mitigation outcomes (ITMOs)**. What could these include?
 - Avoiding double counting, including through corresponding adjustment. How will **accounting** for transfers of ITMOs used towards NDCs work?
 - What guidance should there be on **environmental integrity, sustainable development and transparency**, including in governance?



What are key issues in the work programmes?

- The mechanism
 - How should the mechanism be governed?
 - What should be credited?
 - How should the mechanism deliver overall mitigation of global emissions?
 - What should happen to existing mechanisms like the Clean Development Mechanism and Joint Implementation – projects, credits/units and infrastructure?



What are key issues in the work programmes?

- The framework for non-market approaches
 - How should the framework be **organized**?
 - **Are all non-market approaches included**?
 - What reporting of use of non-market approaches towards NDCs is needed?



Current work

- Party submissions

<http://www4.unfccc.int/submissions/SitePages/sessions.aspx?showOnlyCurrentCalls=1&populateData=1&expectedsubmissionfrom=Parties&focalBodies=ADP>

- Party round-table discussions

http://unfccc.int/cooperation_support/cooperative_implementation/items/9644.php

- Informal document from the round-table discussions

- In November:

- Negotiations on substance
- Agree work for 2018



Pathways to COP 24 (December 2018)

- Article 6 is part of the overall Paris work programme – follows the **same pathway**
- Parties need to decide in November how to move towards **draft text with options**
- In addition, or instead, **submissions, technical papers and workshops** are the “usual tools” for UNFCCC work
- “**Landing zones**” are becoming clearer, but real negotiation and compromise are required
 - Opportunities for **all Parties** to (voluntarily) participate in Article 6
 - Ensure **future flexibility** but also ensure **environmental integrity**
 - **Avoid perverse incentives** that undermine ambition and progression



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