

Post-2020 accounting

Features and characteristics of a post 2020
transparency and accounting framework
applicable to all

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Ministry for the
Environment
Manatū Mō Te Taiao

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Applicable to all

- 2015 agreement needs to be as clear and simple as possible
- Clear and straightforward international provisions – including for accounting
- MRV and accounting system under the future agreement should be practical, and usable by all Parties

Applicable to all

- Does this mean all Parties do everything the same way?
- How much needs to be the same?
- Where is there room for flexibility?
- What elements of the current arrangements for transparency and accounting are relevant for the 2015 agreement?

Starting point

- Two decades of reporting and rules experience under both the Kyoto Protocol and the UNFCCC
- Provides strong basis for a scientifically based transparency framework that is applicable to all
- Pre-2020 MRV framework: biennial reporting and international peer review

Starting point: current system

- IPCC methodologies and GWPs
- Coverage of sectors and gases
- Periodic national GHG inventories, biennial reporting, national communications
- International peer review
- LULUCF and market mechanism accounting rules under the Kyoto Protocol
- Some Parties have more experience than others with aspects of the above elements

Post-2020 MRV and accounting

- Transparency system as a whole will need to accommodate the various targets, actions and circumstances of all Parties
- While there will be common elements, transparency approaches may need to reflect the likely range of commitments

Post-2020 MRV and accounting

- Prescription can provide consistency and integrity and flexibility can accommodate diverse capabilities.
- Already have both prescription and flexibility within the existing transparency and accounting system
- Concept of “bounded flexibility”

Flexibility and prescription: MRV

All Parties use IPCC guidelines with

- Flexibility around choice of tiers
- Ability to introduce country-specific emission factors
- Use Key category analysis to prioritise effort
- Exclusion of immaterial emission categories (from 2015)

Flexibility and prescription: KP

Accounting rules with

- Flexibility with choice of base year for fluorinated gases – 1990 or 1995
- Flexibility for EITs re base years or periods
- Elective Article 3.4 LULUCF activities
- Choice between annual or commitment period accounting

“Bounded flexibility”

- Dealing with a variety of circumstances
- Flexibility will be needed but it can't be random
- Hence the notion of “bounded flexibility”
- Implies a rules framework from which it is possible to diverge within bounds
- Underpinned by full transparency

“Bounded flexibility”

Measuring and reporting:

- Enable Parties to progressively scale up completeness, coverage and accuracy over time as national capabilities permit i.e. same flexibilities as now
- *Bounded by*
 - adherence to IPCC guidelines
 - reporting key categories as a minimum

“Bounded flexibility”

Verification

- Frequency/intensity of review tied to materiality of national emissions
- *Bounded by*
 - a common process
 - proof of immateriality of excluded emission sources

“Bounded flexibility”

Accounting – market mechanisms

- Use of markets is voluntary and framework accommodates various approaches (FVA)
- *Bounded by*
 - common accounting principles
 - minimum standards to ensure environmental integrity of participating schemes
 - common infrastructure to track units

“Bounded flexibility”

Accounting – land sector

- Select from menu of simple and feasible accounting approaches
- Select accounting approach specific to emission/removal category
- Country-specific methods/emission factors for estimating emissions/removals

Underpinned by IPCC GPG-LULUCF or agreed alternative

“Bounded flexibility”

Accounting – land sector (continued...)

- *Bounded by*
 - Requirement to account for deforestation
 - Restricted to menu of agreed approaches
 - Full transparency on accounting parameters applied, how guidelines have been interpreted and applied, and emissions/removals methodologies

Post-2020 MRV and accounting

- Already have the basis
- Need to decide key elements/obligations of the transparency package (MRV and accounting) for the new agreement by 2015
- elaborate the details over a longer timeframe in advance of 2020 (by 2018?)



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