Emissions Accounting for Post-2020 commitments

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1. Implications of different types of commitments?

- Common accounting system essential to translate each quantified commitment into estimated tonnes of CO2-equivalent emission reductions expected over a given timeframe.
  - Needed to enable aggregation toward global goal, assessment of individual contributions, comparability of effort, confirmation of success in achieving commitments
- For translation to common units, assumptions, baselines, timeframes must be clear.
- Translation process will be easiest with the largest number of shared assumptions among Parties - with respect to base year, commitment period length, applicable GWP, source of economic information etc

- With more types of commitments, development of a common accounting framework under Convention will require even more attention
- Inventories alone not sufficient to enable emissions trading or for use or application of external units toward commitments.
- FVA will become central to measuring progress, avoiding double counting of effort, avoiding double claiming of reductions, avoiding double counting of both support and credits., etc., ensuring application of qualitative, quantitative standards
- Additional reporting opportunities/requirements may benefit Parties that may wish to
  - engage in international trading of units / application of units to targets
  - bring forward additional types of commitments
  - move toward broader or more stringent commitments
  - demonstrate engagement with related goals that can deliver headline reductions (e.g., RE, EE targets)
- BRs/BURs and ICA/IAR are an insufficient basis for accounting for use of units established under the Convention. For trading / use toward commitments, more info is needed, a much higher level of transparency and MRV needed

2. Elements of KP that are relevant?
Criteria, procedures to ensure environmental integrity

- Legally binding quantified commitments
- Annual GHG accounting
- Establishment of initial assigned amount/budget/tonnes for accounting period
- National registries to an agreed standard or use of consolidated registry to hold units
- System to track all traded units eligible for use toward compliance
- Technical reviews by third Parties / ERTs of national inventories
- Adjustments to inventories where methodologies used may lead to over or under estimation
- Compliance assessment at end of period
- International oversight of units used toward commitments
- International oversight, facilitation, by compliance committee

- Can use different terminology, but each of these functions and elements is still needed

Elements of KP accounting and Convention framework reporting to inform accounting framework?

- Institutions
  - CDM EB, JISC - Oversight bodies for generation of multilaterally agreed units for use against commitments, establishment of standards
  - CC, ERTs – Oversight bodies to review reports, inventories, support improved reporting , apply adjustments, review end of commitment period accounting
  - Adaptation Fund / SOP
  - ITL
  - National Registries, CDM Registry, etc
- Review Processes
  - Annual inventories
  - Inventory reviews, reporting and review guidelines
  - Third Party Reviews, etc

- Principles
  - No backsliding in coverage or decrease in ambition over time
  - Environmental integrity
- Standards for use of units
  - Qualitative / Quantitative Standards prior to use of any units against commitments, using internationally-agreed rules and methodologies as a floor.
  - Eligibility requirements for Parties acquiring, transferring units – initial reports, etc quantifying commitment over relevant timeframe
- Data standards, security procedures, units with unique serial numbers describing vintage, unit source etc.

3. What is needed beyond CTF?

- BR/BURs and ICA/IAR enhance current Convention reporting but where countries take on legally binding targets transparency/ MRV provisions need to be much tougher
- Trading against inventories not possible

On LULUCF/ REDD, for example…

- Massive uncertainties in estimation to be managed by acctg system
- True of UNFCCC inventories, true of reference levels and true of forward-looking baselines. Reviews under KP have highlighted uncertainties
- From a reporting perspective, LULUCF has been kept separate from industrial emissions, reflecting concerns about uncertainties
- From an accounting perspective, also concerns about permanence, leakage, additionality, etc
- Nomenclature has enabled different treatment of land-based units (RMUs, tCERs, lCERs) by CMP and by Parties in domestic schemes
- UNEP Gap Report - loose LULUCF rules undermine 2020 pledges could otherwise deliver, due to environmental integrity problems.
- Pick and choose problematic, particularly where Parties wish to acquire or transfer units toward compliance with Convention commitments
- An accounting system tailored to LULUCF will have to be developed

4. Other issues to be addressed by accounting system?

- Share of proceeds – how to effectuate under Convention
- Moving beyond offsetting to net global emission reductions – what rules to effectuate?
- FVA / NMM / KP relationship
- Double-counting of finance and mitigation
- Supplementarity