



Elaborating the “Framework for Various Approaches” (FVA)

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Emerging themes (1)

- Broad convergence that the FVA should apply to mechanisms or approaches involving emissions units traded internationally
- Differing views on whether there is a role for UNFCCC approval in the FVA, in addition to transparency (but recognition that flexibility is important, although not at expense of environmental integrity)
- The FVA is dependent on the timing and nature of high-level political issues negotiated under the ADP – recognising that nature of ADP agreement matters, but not letting markets discussion get held up by political issues
- Divergent views on how the nature of Parties' targets or goals will affect how internationally-traded units will be accounted for

Emerging themes (2)

- Domestic market approaches are already happening. FVA could have a pilot phase or step-wise approach – beginning with transparency, divergent views on what happens thereafter
- Divergent views on whether the FVA needs a single international unit in order to maintain integrity – either mimicking an AAU system, or converting domestic units to standard international for transfer
- Recognition that an import issue is how to treat ETS units and ETS linking agreements under the FVA: differing views on whether linking agreements can create momentum that others want to join, even without UN approval

Moving forward / further work

- Views on progress needed for 2013: understanding domestic approaches already under development, and making progress on SBSTA work programme agreed
- One further work area could be on how domestic registry/tracking systems can be used to provide international information on unit flows internationally
- Further work could also help to draw distinctions between the FVA and the “new market mechanism”
- Unlikely to get full decision on this at COP19, given link to high-level political issues. Need to develop form and function simultaneously, recognising that domestic systems are being developed.