

Post 2020 Accounting: *Building Registries to Support Robust Accounting*

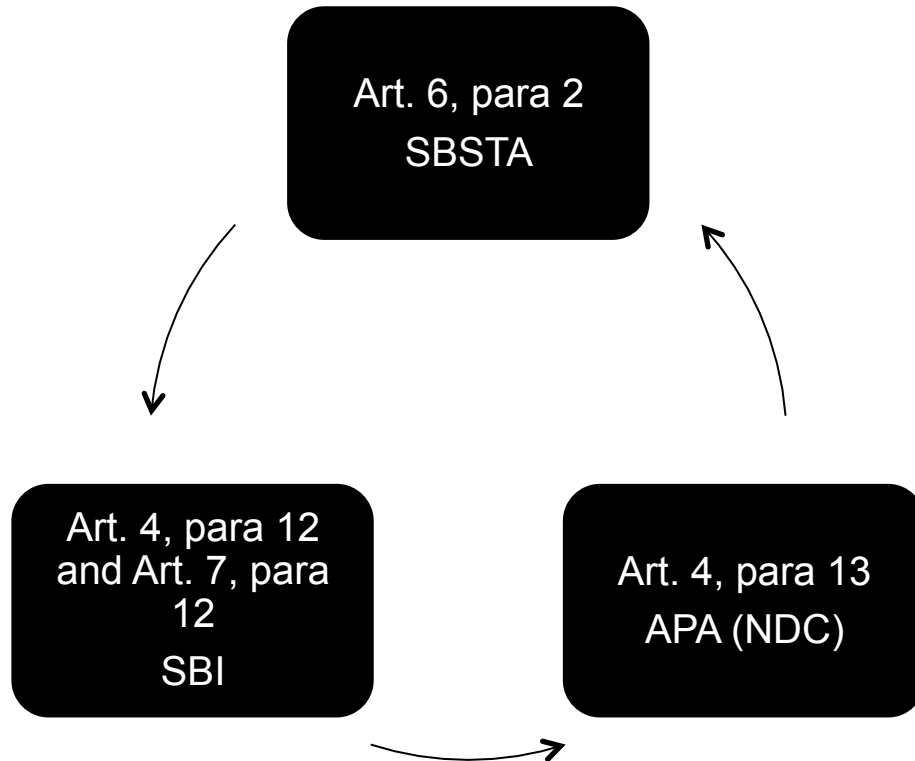
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PMR Technical workshop

17 October 2016, Hanoi, Vietnam



Post COP21 Accounting – Overlapping efforts



Accounting
=
[General guidance]
or
[Detailed Rules]?

Post COP21 Accounting – Sources of authority

- Authority to APA given under paragraph 31 of Decision 1/CP.21 to “elaborate... guidance for accounting for Parties” NDCs... for adoption at CMA. 1
- Considered at APA I(1) in May 2016
- To be revisited at APA I(2) in November 2016 (Marrakesh)
- Authority to SBI given under paragraph 29 modalities and procedures for the operation and use of Decision 1/CP.21 to “develop public registry” to record NDCs under Article 4, para 12
- Authority given to SBSTA under paragraph 37 of Decision 1/CP.21 to develop and recommend guidance where Parties engage in “cooperative measures” involving the use of ITMOs “towards nationally determined contributions”, they shall
 - Promote sustainable development
 - Ensure environment integrity and transparency
- And apply **robust accounting** (including, to avoid double counting)

Observations on Accounting for Article 4

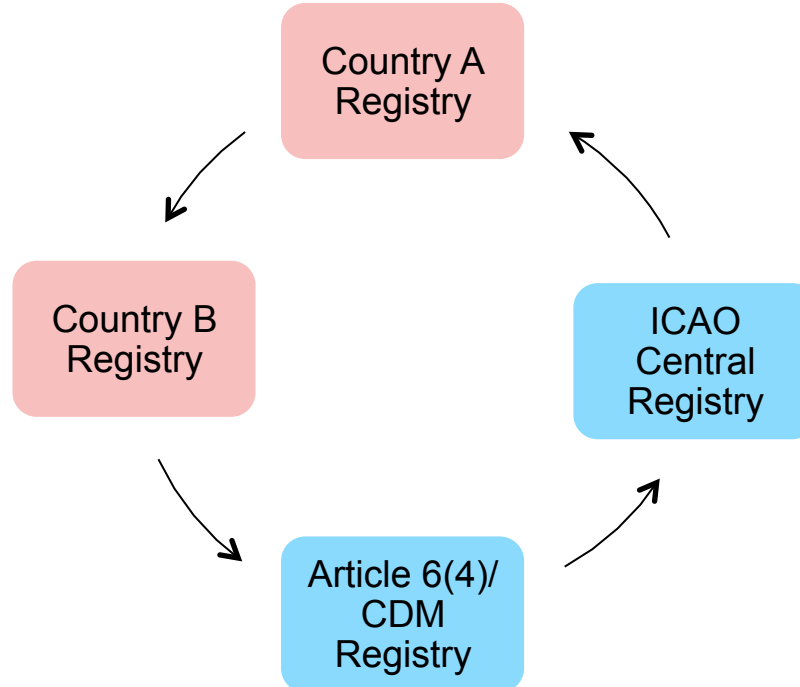
- “Accounting for” Article 4.13 (anthropogenic emissions and removals corresponding to their NDC) is broader than just QELROS under the Kyoto Protocol
- Since the KP had obligations relating to only one type of mitigation effort, accounting has previously been limited to compliance and accounting units
- To track progress under the Paris Agreement, “accounting” must allow for:
 - a) Comparison of recent emissions levels, against objectives in NDC
 - b) Address assumptions or projections
 - c) Allow for flexibility to cater to differentiation among Parties (e.g. GWP vs. GTP)
 - d) Layers of accountability

Observations on Accounting for Article 6

- Accounting layer is additional to Article 4 requirements
- How to transform NDCs into units and ITMOs that are “comparable and allow assessing the aggregate effect of NDCs”
- Potential need to allocate some of the NDC budget towards acquiring ITMOs or Art 6(4) offsets (e.g. subtract retired units from emissions of acquiring Party but add that to the NDC of issuing Party)
- Common ‘metrics’ or ‘set of metrics’?
- Key issue is to figure out the relation between the emission reduction target, domestic emissions, carbon sinks and ITMOs
- Clarity of ownership of ITMOs under Article 4 guidance and its relationship to Art 6 guidance. ITMOs should be assigned to one Party only for accounting purposes.
- How to deal with the private law rights vs public international law rights
- How are offsets issued before 2021 to be treated?

What does this mean for registries post-Paris?

- Article 4 accounting rules will dictate national registry requirements but Article 6 accounting rules will dictate the correlation (i.e. adjustment to NDCs) of transfers between two registries.
- How does GTP get reflected in registry terms?
- Registries help reduce risk of double counting but accounting rules need to consider indirect as well as direct linkages to avoid arbitrage



The business of relationships.

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