

Article 6 of the Paris Agreement

2nd Reporting Working Group of  
The Paris Agreement Article 6 Implementation Partnership

October 2023



# Overview

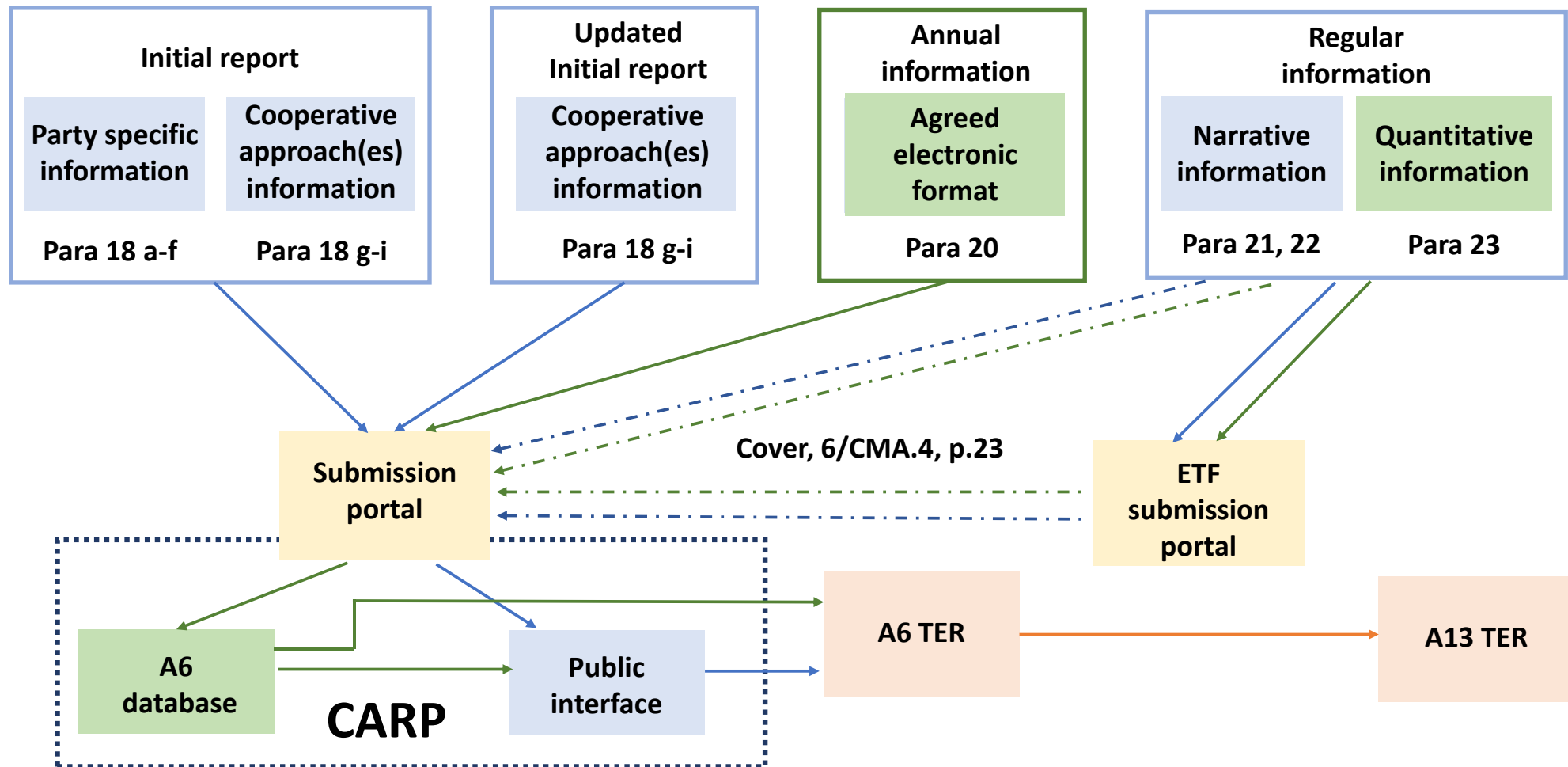
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- Context
- Work-programme on reporting
- Evolution in the discussions
  - Agreed electronic format
  - Sequencing
  - Tables for reporting
  - Methods for converting non-GHG reporting implications
  - Common nomenclatures
- Expectations for CMA 5



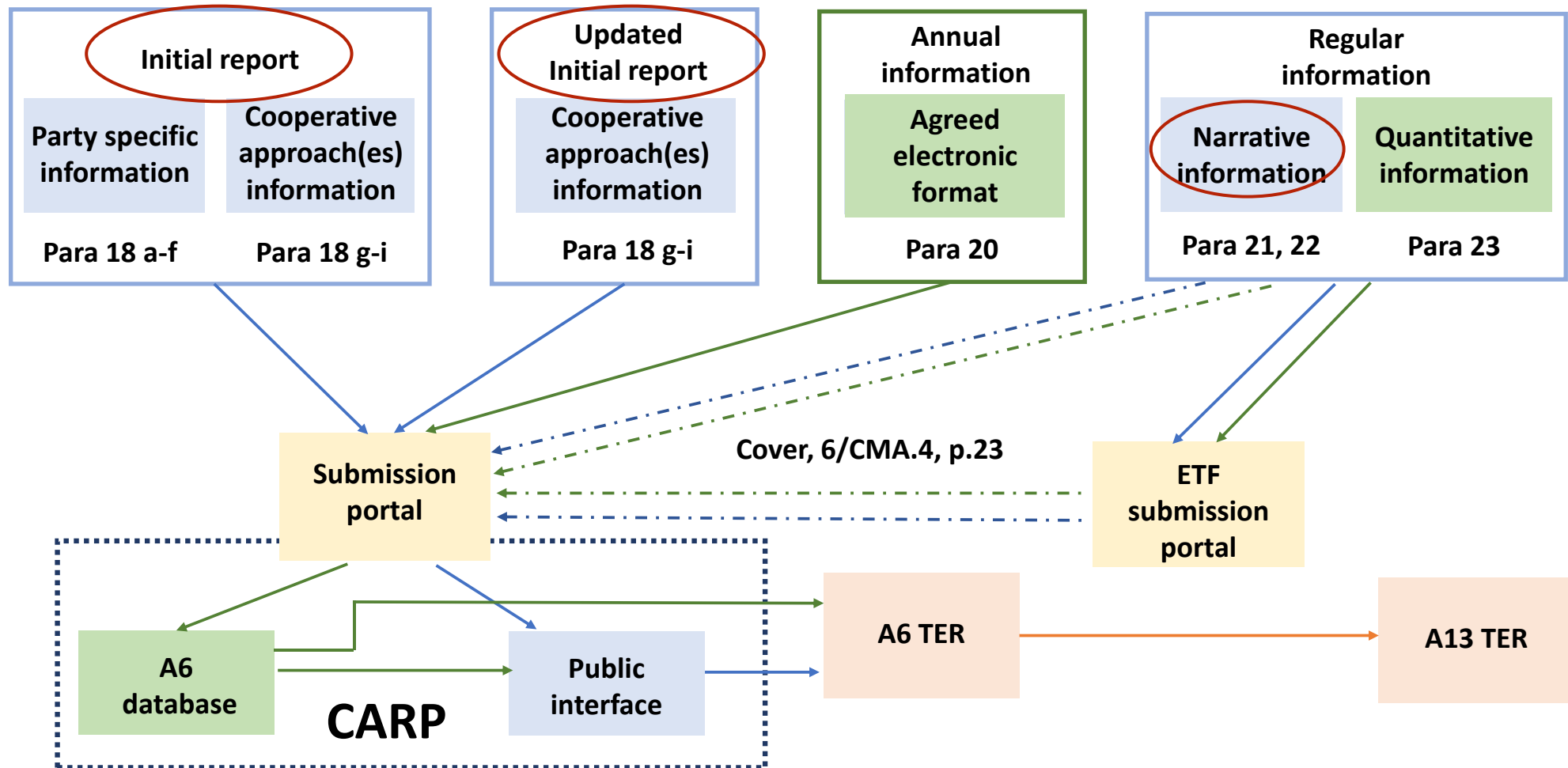
# Context

The reporting is a **central element** of the Article 6 paragraph 2 framework



# Context

The reporting is a **central element** of the Article 6 market-based instruments



# Work-programme on reporting in 2023

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Reference	Mandate
<b>Article 6.2:</b> decision 6/CMA.4, para 4 – SBSTA recommendations	Also requests the SBSTA to continue its work on the <b>draft version of the agreed electronic format</b> referred to in paragraph 2 above [...];
<b>Article 6.2:</b> decision 6/CMA.4, para 17(a) – SBSTA recommendations	The <b>sequencing</b> and timing of the <b>submission</b> of the <b>initial report</b> , the completion of the Article 6 technical expert review of that report and the submission of <b>the agreed electronic format</b> ;
<b>Article 6.4:</b> decision 7/CMA.4, Annex I, para 26 – Supervisory Body	<b>Tables</b> for submitting <b>annual information</b> as part of the <b>regular information</b> , as referred to in decision 2/CMA.3, annex, <b>paragraph 23(j)</b> ;



# Work-programme on reporting in 2023

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Reference	Mandate
<b>Article 6.2:</b> decision 6/CMA.4, para 17(e) – SBSTA recommendations	Consideration of possible implications for the reporting of annual information pursuant to decision 2/CMA.3, annex, paragraphs 20 and 23, from <b>the application of methods for converting the non-greenhouse gas metric into tonnes of carbon dioxide equivalent</b> in accordance with decision 2/CMA.3, annex, paragraph 22(d), <u>with a view to ensuring that the amount of internationally transferred mitigation outcomes in a non-greenhouse gas metric acquired by a participating Party does not exceed the amount of internationally transferred mitigation outcomes in the non-greenhouse gas metric of the participating Party initiating the transfer;</u>
<b>Article 6.2:</b> decision 6/CMA.4, para 17(j) – SBSTA recommendations	The <b>common nomenclatures</b> referred to in annex I, chapter II.B, including for cooperative approaches reported by participating Parties, first transferring Party, sectors, activity types, non-greenhouse gas metrics and their units of measurement, registries that track internationally transferred mitigation outcome from cooperative approaches and action types; first transfer specifications; and purposes towards which use of internationally transferred mitigation outcomes is authorized;



## Agreed electronic format

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- Decision 6/CMA.4, paragraph 4, requested that SBSTA **continue its work** on the draft version of the agreed electronic format (AEF).
- Following the CMA 4 request, a **workshop was conducted** in April 2023, which included a discussion regarding the AEF and, inter alia, a hands-on session.
- The document “Informal report on the hybrid workshop on the draft version of the agreed electronic format” summarizes the output of that workshop regarding the AEF and presents in its annex two different approaches to be considered by the Parties:
  - Extract from the table “Actions” the information related to **authorizations** and add it into a different table, and
  - Create one table for each type of action and a table for holdings.



# Sequency impact on reporting

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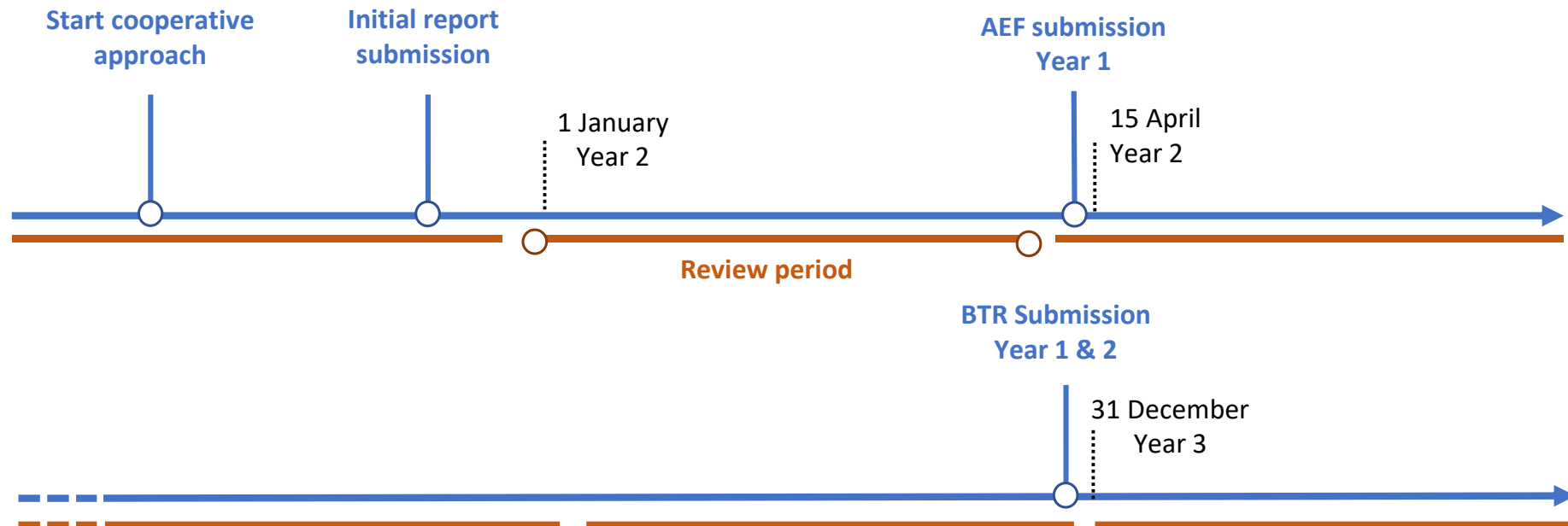
- As outlined in decision 6/CMA.4, annex II, paragraph 12
  - **(Updated) initial reports** are standalone reports and are reviewed by Article 6 TERT after submission.
  - Review periods: **3 or 6 months**.
  - Reports can be submitted **together with regular information** and have a joint review by Article 6 TERT.
- Sequencing of the review may have implications for **reporting and consistency checks**.





# Sequency impact on reporting

- Consider the following scenarios:
  - Where the **AEF can be submitted independently** on the initial report and its review
  - where the **AEF cannot be submitted** unless the initial report has been submitted/reviewed
  - where the **information on ITMOs** from a cooperative approach(es) for which updated initial report has yet to be submitted/reviewed cannot be included in the AEF.



# Sequency impact on reporting

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  - Where the **AEF can be submitted independently** on the initial report and its review
  - where the **AEF cannot be submitted** unless the initial report has been submitted/reviewed
  - where the **information on ITMOs** from a cooperative approach(es) for which updated initial report has yet to be submitted/reviewed cannot be included in the AEF.



## Annual information as part of the regular information (23(j))

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- Decision 2/CMA.3, annex, paragraph 23 (j) requests **the information of paragraph 23(c–e)** to be provided with a detailed breakdown by the cooperative approach, sector, transferring Party, and using Party and vintage of the ITMO.
- Paragraph 23(c–e) requests:
  - Annual quantity of ITMOs **first transferred**;
  - Annual quantity of mitigation outcomes **authorized for use for other international mitigation purposes** and entities authorized to use such mitigation outcomes, as appropriate;
  - Annual quantity of ITMOs used **towards achievement of its NDC**.
- This information is already provided in the AEF. These tables **are not housed in the Article 6 database**.



# Annual information as part of the regular information (23(j))

**Table 2: Paragraph 23 (j) in relation to paragraph 23 (c) “Annual quantity of ITMOs first transferred”**

Reported year	Cooperative approach	Sector	First transferring participating Party	First transfer destination		Vintage	Metric	Annual quantity of ITMOs first transferred (ITMO metric)	Annual quantity of ITMOs first transferred (t CO <sub>2</sub> eq)
				Acquiring participating Party of international transfer that is a “first transfer” as per paragraph 2 (a)	Participating Party in whose registry the “first transfer” is effected through use or cancellation as per paragraph 2 (b)				



## Annual information as part of the regular information (23(j))

**Table 3: Paragraph 23 (j) in relation to paragraph 23 (d) “Annual quantity of mitigation outcomes authorized for use for other international mitigation purposes and entities authorized to use such mitigation outcomes, as appropriate”**

Reported year	Cooperative approach	Sector	First transferring participating Party	OIMP	Authorized participating Parties or authorized entities	Vintage	Metric	Annual quantity of mitigation outcomes authorized for use for other international mitigation purposes (ITMO metric)	Annual quantity of mitigation outcomes authorized for use for other international mitigation purposes (t CO <sub>2</sub> eq)





# Methods for converting non-GHG: reporting implications

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- Decision 6/CMA.4 paragraph 17(e):
  - Consideration of possible **implications for the reporting of annual information** pursuant to decision 2/CMA.3, annex, **paragraphs 20 and 23**, from the application of methods for converting the non-greenhouse gas metric into tonnes of carbon dioxide equivalent in accordance with decision 2/CMA.3, annex, paragraph 22(d), with a view to ensuring that the amount of ITMOS in a non-greenhouse gas metric acquired by a participating Party does not exceed the amount of ITMOS in the non-greenhouse gas metric of the participating Party initiating the transfer.



# Common nomenclatures

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- In order to perform consistency checks by the Article 6 database, it is crucial to establish standard terms for denoting identical elements. Such terms are the common nomenclatures.
- Decision 6/CMA.4 paragraph 17 (j) enumerates **a list of elements** that have to be part of the **common nomenclatures**, including for cooperative approaches reported by participating Parties, first transferring Party, sectors, activity types, non-greenhouse gas metrics and their units of measurement, registries that track internationally transferred mitigation outcome from cooperative approaches and action types; first transfer specifications; and purposes towards which use of internationally transferred mitigation outcomes is authorized.
- There is a need for a procedure **to register common nomenclatures using CARP** (already present in the detailed requirements of the CARP\*)





# Expectations for CMA 5

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- **Agreed electronic format:** Adopting the AEF.
- **Sequencing:** Clarity regarding if the AEF can be submitted, depending on the submission/review of the (updated) initial report(s).
- **Tables for reporting para 23(j):** Adopting reporting tables for 23(j).
- **Methods for converting non-GHG reporting implications:** Clarity on methods for non-GHG conversion methods.
- **Common nomenclatures:** Clarity on common nomenclatures.

