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Implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol

Technical paper

Summary

This technical paper identifies the implications of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol. In addition, it indicates which technical issues are relevant to the implementation of these decisions in the second commitment period in view of the experience gained in the first commitment period. The technical paper further outlines areas where further guidance is needed from Parties.

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I. Introduction

A. Mandate

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), by decision 1/CMP.7, paragraph 9, requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) to assess and address the implications of the implementation of decisions 2/CMP.7 to 5/CMP.7 on the previous decisions on methodological issues related to the Kyoto Protocol adopted by the CMP, including those relating to Articles 5, 7 and 8 of the Kyoto Protocol, with a view to preparing relevant draft decisions for consideration and adoption by the CMP at its eighth session, and noting that some issues may need to be addressed at subsequent sessions of the CMP.

2. The SBSTA at its thirty-sixth session requested the secretariat¹ to prepare a technical paper that includes a comprehensive identification of the implications of decisions 2/CMP.7 to 5/CMP.7 on the previous CMP decisions on methodological issues related to the Kyoto Protocol, including those relating to Articles 5, 7 and 8, building on the presentations made by the secretariat to the SBSTA at its thirty-sixth session and discussions by Parties at that session, and to indicate the technical issues that are relevant to implementing these decisions in the second commitment period. The SBSTA noted that the technical paper should include options to address the relevant methodological decisions, with annotations explaining the rationale for these suggested options and the relationship of the suggested options to decisions 2/CMP.7 to 5/CMP.7. This would include the identification of paragraphs in methodological decisions where further guidance from Parties is needed. Where applicable, the implications identified should be clustered into generic categories with the aim of ensuring a consistent approach across decisions. The SBSTA noted further that the secretariat may also address technical issues arising from the implementation of previous CMP decisions on methodological issues identified in the first commitment period. The technical paper should be made available by 1 September 2012.

3. In accordance with the mandate of the SBSTA, the technical paper will inform discussions at the technical workshop mandated by the SBSTA,² to be held prior to the thirty-seventh session of the SBSTA. It will also be made available for consideration by Parties at the thirty-seventh session of the SBSTA.

B. Scope and structure of the paper

4. This paper has been prepared in response to the above mandate. It covers all decisions for which, in the assessment of the secretariat and in line with the presentations made by the secretariat to the SBSTA at its thirty-sixth session, implications due to the adoption of decisions 2/CMP.7 to 5/CMP.7 may exist. Decisions 2/CMP.7 to 5/CMP.7 address the following:

- (a) Decision 2/CMP.7: Land use, land-use change and forestry;
- (b) Decision 3/CMP.7: Emissions trading and the project-based mechanisms;
- (c) Decision 4/CMP.7: Greenhouse gases, sectors and source categories, common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks, and other methodological issues;

¹ FCCC/SBSTA/2012/2, paragraph 123(a).

² FCCC/SBSTA/2012/2, paragraph 123(d).

(d) Decision 5/CMP.7: Consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties.

5. As requested by the SBSTA, the paper clusters the implications into several topical categories with the aim of providing a clear overview across decisions of the subject and nature of the implications. These categories are as follows:

(a) Cluster 1: decisions relating to Article 5 of the Kyoto Protocol (on methodological and accounting issues);

(b) Cluster 2: decisions relating to Article 7 of the Kyoto Protocol (on issues relating to reporting requirements and procedures);

(c) Cluster 3: decisions relating to land use, land-use change and forestry (LULUCF);

(d) Cluster 4: decisions relating to Article 8 of the Kyoto Protocol (on issues relating to the review processes).

6. Clusters 1 to 4 are discussed in chapters III to VI. Each of these chapters contains an assessment of the possible implications for each of the decisions considered. In assigning decisions to clusters, the secretariat had to exercise a degree of judgement due to the fact that some decisions, in particular the significant ones such as decision 13/CMP.1 contain provisions relating to more than one Article of the Kyoto Protocol. In addition, chapter II summarizes general implications, which may be relevant for more than one decision. Issues that are raised in view of experience gained during the implementation of previous CMP decisions in the first commitment period are presented for the relevant decisions under the heading "Technical implementation issues".

7. The concluding chapter contains some additional considerations relating to the issues covered in this paper, including possible approaches for addressing the implications identified and some points on the indirect implications of decisions 2/CMP.7 to 5/CMP.7.

C. Possible action by the Subsidiary Body for Scientific and Technological Advice

8. The SBSTA may wish to consider this paper in its deliberations under the relevant agenda item of the SBSTA.

II. General implications

A. Cross-references to decisions

9. Many decisions relating to Articles 5, 7 and 8 of the Kyoto Protocol contain references to decisions adopted at the first session of the CMP or some relevant decisions of the Conference of the Parties (COP). Such references occur in both the preamble and the operative parts of decisions; examples are:

(a) Decision 13/CMP.1, preamble; annex to the decision: paragraphs 2, 8(a-c), 11(e), 12(d) and (e), 25, 26, 28, 30-32, 37, 39, 42(a) and (c), 46(d), 53, 55(a-c) and (e), and 57.

(b) Decision 14/CMP.1, preamble and paragraphs 1-3; annex to the decision: paragraphs 10, 11, 13-15, 24-26, 30, 31 and 42;

- (c) Decision 15/CMP.1, preamble and paragraphs 2–4; annex to the decision: paragraphs 5–16, 18–20, 24, 32–34 and 43;
- (d) Decision 22/CMP.1, preamble and paragraphs 2 and 5; annex to the decision: paragraphs 12, 60, 84–90, 92–94, 110–116, 119, 123, 125, 127 and 128;
- (e) Decision 24/CMP.1, preamble and paragraphs 5 and 6; annex II to the decision: paragraphs 1(g) and (h);
- (f) Decision 8/CMP.5, annex to the decision: sections B.4 and B.5.

10. If any relevant CMP decisions are revised in view of the implications of decisions 2/CMP.7 to 5/CMP.7, the related references across various decisions may require modification to take into account the need to reflect any relevant subsequent decisions and possible further decisions, which could be adopted by the CMP at its eighth session. To address this need, Parties could consider revising the decisions generally by adding the numbers of any new relevant decisions (such as decisions 1/CMP.7 to 5/CMP.7) where applicable or by introducing a general clause that, with respect to the second commitment period of the Kyoto Protocol, any references in the decision to decisions X/CMP.1 should be read as references to decisions X/CMP.1 as revised by the relevant subsequent decisions of the CMP.

B. Change in methodologies in accordance with decision 4/CMP.7

11. The methodologies of the Intergovernmental Panel on Climate Change (IPCC) to be used for the second commitment period will change compared to the first commitment period, as set out in decision 4/CMP.7, paragraph 15. Accordingly, for the purposes of the second commitment period, the relevant decisions should refer to the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* (hereinafter referred to as the 2006 IPCC Guidelines) instead of the *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories*, the *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories* and the *Good Practice Guidance for Land Use, Land-Use Change and Forestry*. This would need to be updated in the following decisions:

- (a) Decision 13/CMP.1, annex to the decision: paragraph 5;
- (b) Decision 15/CMP.1, paragraphs 3(b) and 3(e); annex to the decision: paragraphs 5 (footnote 3), 6(a) and (d), 7 and 9;
- (c) Decision 17/CMP.1, paragraph 1;
- (d) Decision 19/CMP.1, annex to the decision: paragraphs 3, 9, 14(a), (b), (d) and (e), 14(g) and 15(a);
- (e) Decision 20/CMP.1, paragraphs 1, 2, 3 and 6; annex to the decision: paragraphs 4, 20, 24 (footnote 8), 26, 27, 33(b)(i), 34(a) and (b), 38, 42, 43, 44, 46, 49, 50, 63, 64 and 68; annex to the decision, appendix III: paragraph 7;
- (f) Decision 22/CMP.1, annex to the decision: paragraphs 9, 50(a), 58, 60(b) and (h), 65(a) and (c), 69(b) and (e), 71, 79, 105(a) and 154;
- (g) Decision 24/CMP.1, annex II to the decision: paragraph 1(e)(i).

12. Options to address this issue include the following:

- (a) Rephrasing the relevant paragraphs to include a reference to the 2006 IPCC Guidelines for the second commitment period;
- (b) Including new “bis” paragraphs after the relevant paragraphs reflecting the second commitment period;

(c) Addressing the need to change IPCC methodologies across several decisions through one overarching decision, indicating that the guidance from the Revised 1996 IPCC Guidelines, the IPCC good practice guidance and the IPCC good practice guidance for LULUCF is superseded by the new IPCC guidance for the decisions applicable to the second commitment period.

C. Accounting for forest management

13. In accordance with decision 2/CMP.7, annex, paragraph 7, Parties shall account, in the second commitment period, for forest management. As a result, the provisions of relevant decisions and their annexes, which relate to "...activities under Article 3, paragraph 3, and its elected activities under Article 3, paragraph 4,..." should be amended, as forest management, being now mandatory, cannot be elected in the second commitment period. This issue would need to be addressed in:

(a) Decision 13/CMP.1, annex to the decision: paragraphs 11(e), 12(d), 25, 26, 32 and 55;

(b) Decision 18/CMP.1, paragraphs 1 and 2;

(c) Decision 20/CMP.1, annex to the decision: paragraphs 18, 20(b), 21; annex to the decision, appendix II: paragraph 5(i).

14. Options to address this issue include the following:

(a) Rephrasing the relevant text to read "...its activities under Article 3, paragraphs 3 and 4,..." and complementing it by references to those decisions where mandatory and non-mandatory activities are defined, such as decisions 16/CMP.1 and 2/CMP.7;

(b) Rephrasing the relevant text to read "...of its mandatory activities under Article 3, paragraphs 3 and 4, and elected activities under Article 3, paragraph 4,...";

(c) Introducing the changes across several decisions through one overarching decision or provision, indicating that forest management has become mandatory in the second commitment period and clarifying that, for the purposes of the second commitment period, the relevant decisions should be read as to include forest management under Article 3, paragraph 4, as a mandatory activity.

III. Cluster 1: decisions relating to Article 5 of the Kyoto Protocol

15. This cluster contains an assessment of the implications of decisions 2/CMP.7 to 5/CMP.7 for decisions relating to the implementation of Article 5 of the Kyoto Protocol, which addresses methodological and accounting issues. These are decisions 13/CMP.1, 18/CMP.1 and 20/CMP.1. For decisions 19/CMP.1 (Guidelines for national systems under Article 5, paragraph 1, of the Kyoto Protocol) and 21/CMP.1 (Issues relating to adjustments under Article 5, paragraph 2, of the Kyoto Protocol), which also relate to Article 5, no implications in the light of decisions 2/CMP.7 to 5/CMP.7 have been identified.

16. The specific implications identified for this cluster are additional to the general implications presented in chapter II of this paper.

A. Decision 13/CMP.1: Modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol

1. Specific implications for the annex to decision 13/CMP.1

17. **Paragraph 5:** this paragraph defines calculation of the assigned amount for the first commitment period, specifically for 2008–2012. Subparagraphs (a) and (c) are directly affected by decision 4/CMP.7 because of the addition of a new gas, nitrogen trifluoride (NF₃),³ and the transition to the 2006 IPCC Guidelines. Options to address these issues include the following:

(a) Deleting references to the first commitment period (in such cases, a specific provision elsewhere might be required to indicate that NF₃ was not taken into account for the calculation of the assigned amount for the first commitment period since this gas was not included in Annex A for the first commitment period);

(b) Inserting a paragraph 5 bis to accommodate the approach to calculating the assigned amount in the second commitment period.

18. **Paragraph 25:** this paragraph addresses the election of LULUCF activities and its last sentence is specific to the first commitment period. In the light of decision 2/CMP.7, annex, paragraph 8, the decision of a Party to elect relevant LULUCF activities remains fixed for the second commitment period as well; this would need to be reflected in this paragraph. Options to address this issue include the following:

(a) Rephrasing the relevant text to read “The decision of a Party shall remain fixed for a commitment period”;

(b) Rephrasing the relevant text to read “The decision of a Party shall remain fixed for the relevant commitment period”;

(c) Rephrasing the relevant text to read “The decision of a Party shall remain fixed for the first and second commitment periods”.

19. **Paragraph 26:** this paragraph relates to the issuance of removal units (RMUs) and it may need to be reviewed in the light of decision 2/CMP.7, annex, paragraphs 14 and 15, related to technical corrections for reference levels for forest management. Guidance from Parties would be needed, in particular regarding cases of disagreement on technical corrections for reference levels, and whether such disagreements would lead to a question of implementation and, ultimately, to Parties being unable to issue the RMUs concerned.

20. **Paragraph 31:** this paragraph establishes a limit on net acquisitions of certified emission reductions (CERs) from afforestation and reforestation activities under Article 12 of the Kyoto Protocol, and it relates specifically to the first commitment period. Decision 2/CMP.7, annex, paragraph 19, contains a similar provision for the second commitment period. Options to address this issue include the following:

(a) No action: it could be considered that decision 13/CMP.1, paragraph 31, together with decision 2/CMP.7, annex, paragraph 19, provide sufficient guidance for both commitment periods;

(b) Adding a paragraph 31 bis, which would cover the requirements for the second commitment period.

21. **Paragraph 55:** this paragraph addresses the process of recording in the compilation and accounting database (CAD). In accordance with decision 2/CMP.7, annex, paragraph

³ The inclusion of NF₃ in the list of greenhouse gases is also part of the proposed amendments to the Kyoto Protocol noted by decision 1/CMP.7, annex 2.

12, the accounting quantity for forest management in the second commitment period is based on reference levels. Parties may wish to consider whether information on reference levels should be recorded in the CAD. Options to address this issue include the following:

- (a) Adding a new paragraph 55 bis;
- (b) Adding a subparagraph to paragraph 55.

22. Furthermore, in accordance with decision 2/CMP.7, annex, paragraphs 14 and 15, technical corrections may be applied to reference levels. Parties may wish to consider if technical corrections should also be recorded in the CAD.

2. Technical implementation issues for the annex to decision 13/CMP.1

23. **Paragraph 12:** this paragraph, addressing subtractions from the assigned amounts, may need to be amended because of decision 10/CMP.7. Specifically, Parties may wish to consider whether cancellations of assigned amount units (AAUs), CERs, emission reduction units (ERUs) and/or RMUs following a net reversal of storage or a lack of certification reports associated with a carbon dioxide capture and storage project activity under the clean development mechanism (CDM) should be reflected in the accounting rules contained in the annex to decision 13/CMP.1. A possible option is to add two subparagraphs dealing with a net reversal of storage or a lack of certification reports.

24. **Paragraph 43(d):** this paragraph defines the requirement for the international transaction log (ITL) to make all transaction records publicly available. Parties may wish to consider whether this requirement should be maintained, given that the automated checks conducted by the ITL (referred to in paragraph 43(d)) fully guarantee the correctness of any transaction and such checks do not require that the transaction records be publicly available. Also noteworthy are the practical difficulties this requirement entails because registries can contain millions of transactions and also because of the existence of confidentiality concerns.

25. **Paragraphs 44–48 (Publicly accessible information) and 49(a):** Parties may wish to review the requirements for publicly accessible information in the light of the following experience gained during the first commitment period:

- (a) Several Parties have not been in a position to make all required information items publicly available owing to their domestic legislation;
- (b) The public information, in particular that related to individual accounts, has been used to carry out phishing attacks on registry systems;
- (c) The standard electronic format (SEF) tables pursuant to decision 14/CMP.1 already meet the majority of requirements listed in this section.

26. Parties may wish to consider whether all or part of these requirements for public information have become redundant because the SEF tables pursuant to decision 14/CMP.1 are publicly available and these tables could be sufficient for the purposes of public availability and transparency.

27. **Paragraph 47 and 49(b) and (c):** these paragraphs define requirements to include the serial numbers of ERUs, CERs, AAUs and RMUs on Parties' accounts into reporting to the secretariat; it is also required to make such information publicly available. In that respect, Parties may wish to consider and take into account that serial numbers are routinely processed by the ITL and that the ITL, in accordance with its specifications, would record and store all relevant serial numbers, for both retirement and carry-over purposes. These ITL checks guarantee the accuracy of transactions and they are very likely to achieve that objective more efficiently than any manual check with the use of published serial numbers (which are in huge quantities). Parties may wish to consider whether the requirements

relating to serial numbers are still relevant in view of the technical solutions implemented in the ITL and proved in actual operation during the first commitment period.

28. **Paragraph 52(b):** this paragraph, relating to records in the CAD, refers specifically to the first commitment period. Parties may wish to consider whether the CAD should record information on the total allowable issuances of RMUs resulting from forest management activities in the second commitment period and limits on net acquisitions of CERs from afforestation and reforestation activities under Article 12 of the Kyoto Protocol. Options to address this issue include the following:

(a) Removing the reference to the first commitment period from paragraph 52(b);

(b) Adding a paragraph 52(c), which would detail the information related to forest management and the limits on net acquisitions of CERs from afforestation and reforestation activities under Article 12 that must be recorded by the CAD.

29. **Paragraph 61:** this paragraph introduces the publication of annual compilation and accounting reports. In that respect, Parties may wish to note that since 2011 compilation and accounting data have been available online on the UNFCCC website as part of the greenhouse gas (GHG) data interface.⁴ The compilation and accounting module of the GHG data interface⁵ contains the same data as those published by the secretariat in its annual compilation and accounting report. To increase efficiency and reduce paper consumption, Parties may wish to consider whether the annual compilation and accounting report referred to in decision 13/CMP.1, annex, paragraph 61, could be replaced by a publicly accessible interface on the UNFCCC website, which already exists and is available to the public.

30. **General:** Parties may wish to consider if introducing additional definitions into section I.A of the annex to decision 13/CMP.1 would facilitate the understanding of the text of the decision. Additional definitions that might be helpful include “Kyoto Protocol unit”, “valid”, “non-permanent Kyoto Protocol unit” and “transaction”.

B. Decision 18/CMP.1: Criteria for cases of failure to submit information relating to estimates of greenhouse gas emissions by sources and removals by sinks from activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol

31. No implications have been identified for this decision or its annex, apart from the general need to address the change relating to the mandatory character of accounting for forest management in the second commitment period.

C. Decision 20/CMP.1: Good practice guidance and adjustments under Article 5, paragraph 2, of the Kyoto Protocol

1. Specific implications for decision 20/CMP.1

32. **Paragraph 11:** regarding the procedure for submitting revised estimates, Parties may wish to consider adding a reference clarifying that for the second commitment period, a Party may submit a revised estimate for part of its inventory for a year of the commitment period to which an adjustment was previously applied, provided that the revised estimate is

⁴ <http://unfccc.int/ghg_data/items/3800.php>.

⁵ <<http://unfccc.int/di/FlexibleCADQueries.do>>.

submitted, at the latest, in conjunction with the inventory for the year [2017][2020].⁶ Options to address this issue include the following:

- (a) Rephrasing paragraph 11 to include a reference to the last year of the second commitment period;
- (b) Adding paragraph 11 bis specifically for the second commitment period.

2. Specific implications for the annex to decision 20/CMP.1

33. **Paragraphs 13(c), 18 and 69:** with regard to modalities relating to activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, Parties may wish to add a reference to the new activity wetland drainage and rewetting under Article 3, paragraph 4, of the Kyoto Protocol introduced through decision 2/CMP.7, annex, paragraphs 1(b), 6, 10 and 11, in relation to the second commitment period.

34. **Paragraph 13:** Parties may wish to add a subparagraph to paragraph 13 to reflect the concept of forest management reference levels, introduced through decision 2/CMP.7, annex, paragraphs 12, 14–16, 33(a) and the appendix, and an approach to calculate adjustments under that concept.

35. **Paragraph 43:** this paragraph provides guidance on the use of extrapolation/interpolation methods as adjustment methods. Parties may wish to assess whether the reference to extrapolation/interpolation methods needs to be updated or complemented by including a relevant reference to the 2006 IPCC Guidelines for the second commitment period, to reflect the changes between the Revised 1996 and the 2006 IPCC guidelines (see also paragraph 11(e) above).

36. **Paragraph 63:** with respect to adjustments for the industrial processes sector, Parties may wish to include a reference to NF_3 , in connection with the second commitment period, in order to accommodate the implications of the provisions of Annex A to the Kyoto Protocol, should it be amended, as well as those of decisions 15/CP.17 and 4/CMP.7, paragraph 1.

37. **Appendix III (Tables of conservativeness factors):** decision 4/CMP.7, paragraph 15, sets out that methodologies for estimating anthropogenic greenhouse gases shall be consistent with the 2006 IPCC Guidelines as implemented through decision 15/CP.17. Parties may wish to revise the text of the appendix and the tables of conservativeness factors for the second commitment period so that the categories are in accordance with the 2006 IPCC Guidelines as adopted by decision 15/CP.17. Similarly, the text and the tables (including the values of conservativeness factors contained in these tables) may need revision to include, where relevant, references to NF_3 , to accommodate the implications of provisions of Annex A to the Kyoto Protocol, should it be amended, as well as those of decisions 15/CP.17 and 4/CMP.7, paragraph 1.

3. Technical implementation issues for the annex to decision 20/CMP.1

38. **Appendix III, tables 1 and 2:** Parties may wish to consider deleting the reference to the IPCC sector 7 “Other” because this sector is not part of the Annex A sources; it is therefore not included in the national totals under the Kyoto Protocol and thus cannot be adjusted.

⁶ Parties have not yet taken a decision on the length of the second commitment period.

IV. Cluster 2: decisions relating to Article 7 of the Kyoto Protocol

39. This cluster contains an assessment of the implications of decisions 2/CMP.7 to 5/CMP.7 for decisions relating to the implementation of Article 7 of the Kyoto Protocol, which addresses reporting requirements for Parties included in Annex I to the Convention (Annex I Parties). The decisions in question are 12/CMP.1, 14/CMP.1 and 15/CMP.1.

40. The specific implications identified for this cluster are additional to the general implications presented in chapter II of this paper.

A. Decision 12/CMP.1: Guidance relating to registry systems under Article 7, paragraph 4, of the Kyoto Protocol

41. Decision 12/CMP.1 defines the guidance relating to registry systems under Article 7, paragraph 4, of the Kyoto Protocol. Most of the substantive guidance is contained in the annex to decision 24/CP.8 (adopted by decision 12/CMP.1, para. 2) and in decision 16/CP.10 (endorsed in decision 12/CMP.1, para. 3).

42. The text of the decision is not affected, as such, by decisions 2/CMP.7 to 5/CMP.7. However, Parties may wish to note that registry-related requirements are currently located in several decisions, such as 12/CMP.1, 13/CMP.1, 24/CP.8 and 16/CP.10; such requirements are also provided in the document commonly referred to as “Data exchange standards”. In addition, the terminology used in these decisions is not always consistent and up-to-date. Parties may wish to consider whether any consolidation and streamlining of these requirements could be useful for the purposes of the second commitment period.

43. Experience gained in the first commitment period showed the need to strengthen the security requirements for registry systems. Parties may wish to include additional provisions to that effect in decision 12/CMP.1.

B. Decision 14/CMP.1: Standard electronic format for reporting Kyoto Protocol units

1. Specific implications for the annex to decision 14/CMP.1

44. **Table 2(a) (Annual internal transactions):** decision 2/CMP.7, annex, paragraph 6, stipulates that Parties may choose to account for anthropogenic GHG emissions by sources and removals by sinks resulting from wetland drainage and rewetting. Correspondingly, Parties may wish to consider adding a line, “Wetland drainage and management”, into table 2(a) in their reports on RMUs issued or cancelled for this new LULUCF activity in relation to the second commitment period.

2. Technical implementation issues for the annex to decision 14/CMP.1

45. The secretariat did not identify technical implementation issues for decision 14/CMP.1 or its annex. However, it is relevant to the context of this technical paper that the Registry Systems Administrators Forum established a working group on the transition to the second commitment period. This working group formulated a number of technical suggestions relating to the annex to decision 14/CMP.1. Parties may wish to consider these suggestions that are provided in the annex to this paper.

C. Decision 15/CMP.1: Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol

1. Specific implications for the annex to decision 15/CMP.1

46. **Paragraph 5:** this paragraph defines what Parties should report for activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol. Parties may wish to note that the IPCC has been invited by the SBSTA, at its thirty-third session,⁷ to develop supplementary methodological guidance on wetlands, and by decision 2/CMP.7 to review and, if necessary, update supplementary methodologies for estimating anthropogenic GHG emissions by sources and removals by sinks resulting from LULUCF activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, on the basis of, inter alia, chapter 4 of its Good practice guidance for LULUCF. In addition to reflecting the general changes relating to the use of the 2006 IPCC Guidelines and the mandatory nature of accounting for forest management, Parties may also wish to reflect that new guidance might be provided by the IPCC in response to the request by the SBSTA. Options to address this issue include the following:

(a) Rephrasing paragraph 5 by including a reference to the possible new guidance from the IPCC;

(b) Including a new paragraph 5 bis reflecting the possible new guidance from the IPCC specific to the second commitment period.

47. **Paragraph 6(a):** this paragraph refers to any IPCC good practice guidance for LULUCF agreed by the COP. Keeping in mind the invitation of the SBSTA to the IPCC referred to in paragraph 46 above, Parties may wish to consider:

(a) Rephrasing paragraph 6(a) to take into account any outcomes of the ongoing work by the IPCC;

(b) Adding a paragraph 6(a) bis to take into account any outcomes of the ongoing work by the IPCC specifically for the second commitment period.

48. **Paragraph 6(b)(ii):** following the adoption of decision 2/CMP.7, Parties may wish to update the reference to decision 16/CMP.1, annex, paragraph 8, to decision 2/CMP.7, annex, paragraph 9. Options to address this issue include the following:

(a) Rephrasing paragraph 6(b)(ii) to include a reference to decision 2/CMP.7, annex, paragraph 9, for the second commitment period;

(b) Including a new paragraph 6(b)(ii) bis specifically for the second commitment period.

49. **Footnote 5 to paragraph 6(d):** the footnote refers to the levels of confidence as elaborated by any IPCC good practice guidance adopted by the COP. Keeping in mind the invitation of the SBSTA to the IPCC referred to in paragraph 46 above, Parties may wish to consider the following:

(a) Rephrasing footnote 5 to take into account any outcomes of the ongoing work by the IPCC;

(b) Including a new footnote after footnote 5 to take into account any outcomes of the ongoing work by the IPCC specifically for the second commitment period.

50. **Paragraph 9(d):** the paragraph refers to the offset of debits for forest management consistent with decision 16/CMP.1, annex, paragraph 10. Decision 2/CMP.7 introduced the

⁷ FCCC/SBSTA/2010/13, paragraph 72.

accounting of forest management through reference levels for the second commitment period and accounting for forest management became mandatory. To address this issue, Parties may wish to qualify in paragraph 9(d) that it is relevant only for the first commitment period.

2. Technical implementation issues for the annex to decision 15/CMP.1

51. **Sections I.F, I.G, II.D and II.E:** these sections cover reporting requirements for information on national systems and national registries. Based on the experience gained during the review of the supplementary information reported under Article 7, paragraphs 1 and 2, of the Kyoto Protocol, there may be an opportunity for streamlining these requirements. The national systems and national registries were reviewed in depth during the review of the initial reports for the first commitment period and thereafter annual reviews have comprehensively addressed changes to the national systems and the national registries. In practice, the annual review teams, especially at in-country visits, review the national system as a whole and not just the changes thereto. In addition to these reviews, the national systems and national registries are also reviewed during the periodic review, that is, through the review of the national communications. Parties may wish to consider whether sections II.D and II.E are still relevant as part of the reporting requirements in the second commitment period.

V. Cluster 3: decisions relating to land use, land-use change and forestry

52. This cluster contains an assessment of the implications of decisions 2/CMP.7 to 5/CMP.7 for decisions relating to the implementation of decisions relating to LULUCF. These are decisions 5/CMP.1, 6/CMP.1, 16/CMP.1, 17/CMP.1 and 6/CMP.3.

53. The specific implications identified for this cluster are additional to the general implications presented in chapter II of this paper.

A. Decision 5/CMP.1: Modalities and procedures for afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol

54. The CMP, by decision 2/CMP.7, annex, paragraph 18, decided that the modalities and procedures for afforestation and reforestation project activities under the CDM (contained in decision 5/CMP.1) shall apply, *mutatis mutandis*, to the second commitment period. Therefore, decision 5/CMP.1 remains valid for the second commitment period.

55. For the application of decision 5/CMP.1 in the second commitment period, Parties may wish to consider whether the clause *mutatis mutandis* is sufficient for the clear and unambiguous application of this decision in the second commitment period.

B. Decision 6/CMP.1: Simplified modalities and procedures for small-scale afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol and measures to facilitate their implementation

56. As noted above for decision 5/CMP.1, pursuant to decision 2/CMP.7, the modalities and procedures for small-scale afforestation and reforestation project activities under the CDM (contained in decision 6/CMP.1) shall apply, *mutatis mutandis*, to the second

commitment period. Therefore, decision 6/CMP.1 remains valid but Parties may wish to consider whether the clause *mutatis mutandis* is sufficient for the clear and unambiguous application of decision 6/CMP.1 in the second commitment period.

C. Decision 16/CMP.1: Land use, land-use change and forestry

57. In the assessment of the secretariat, the relationship between decision 16/CMP.1 and decision 2/CMP.7 could be characterized as follows:

(a) Through decision 2/CMP.7, paragraph 1, the CMP affirmed that the principles contained in decision 16/CMP.1, paragraph 1, continue to govern the treatment of LULUCF activities in the second and subsequent commitment periods of the Kyoto Protocol. Therefore, the principles contained in decision 16/CMP.1, paragraph 1, remain valid under decision 2/CMP.7;

(b) Through decision 2/CMP.7, paragraph 2, the CMP decided that anthropogenic GHG emissions by sources and removals by sinks shall be accounted for in accordance with the principles and definitions referred to in decision 2/CMP.6, paragraphs 1 and 2, and in accordance with the annex to decision 2/CMP.7;

(c) Through decision 2/CMP.7, paragraph 2, the CMP agreed that the definitions of forest, afforestation, reforestation, deforestation, revegetation, forest management, cropland management and grazing land management shall be the same as in the first commitment period under the Kyoto Protocol. Therefore, the definitions contained in decision 16/CMP.1, annex, paragraph 1, remain valid under decision 2/CMP.7, subject to the considerations set out in paragraph 63 below;

(d) The annex to decision 2/CMP.7 provides new guidance on all issues covered by the annex to decision 16/CMP.1. Therefore, with the exception of the definitions contained in decision 16/CMP.1, annex, paragraph 1, the annex to decision 2/CMP.7 supersedes the annex to decision 16/CMP.1 for the second commitment period.

1. Specific implications for decision 16/CMP.1

58. **Paragraph 3:** Parties may wish to consider whether there is a need for any amendment to decision 16/CMP.1, paragraph 3, in view of the application of the 2006 IPCC Guidelines for the second commitment period (decision 4/CMP.7).

2. Specific implications for the annex to decision 16/CMP.1

59. **Paragraph 1:** this paragraph defines activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol. Paragraph 1(c) defines reforestation as “the direct human-induced conversion of non-forested land to forested land through planting, seeding and/or the human-induced promotion of natural seed sources, on land that was forested but that has been converted to non-forested land”. It further states that “for the first commitment period, reforestation activities will be limited to reforestation occurring on those lands that did not contain forest on 31 December 1989”. Parties may wish to consider whether the limitation to reforestation activities as defined above applies only to the first commitment period or whether it also applies to future commitment periods.

D. Decision 17/CMP.1: Good practice guidance for land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol

1. Specific implications for decision 17/CMP.1

60. **Paragraph 1:** this paragraph mandates the use of the IPCC good practice guidance for LULUCF. In addition to the issues addressed in paragraph 11 above and keeping in mind the invitation of the SBSTA to the IPCC referred to in paragraph 46 above, Parties may wish to consider any new IPCC guidance when updating the current CRF tables for the reporting of activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, under decision 6/CMP.3. Options to address this issue include the following:

(a) Rephrasing paragraph 1 to also include a reference to the ongoing work by the IPCC, for the second commitment period;

(b) Including a paragraph 1 bis specific to the second commitment period.

2. Specific implications for the annex to decision 17/CMP.1

61. The annex to decision 17/CMP.1 contains draft CRF tables as contained in annex II to decision 15/CP.10 for reporting of activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol. The final CRF tables, which superseded the draft version, were adopted by decision 6/CMP.3. Therefore, the annex to decision 17/CMP.1 does not require revision.

62. However, annex I to decision 15/CP.10 contains guidance to Annex I Parties on the reporting of supplementary information on LULUCF activities under Article 3, paragraphs 3 and 4, in the national inventory report. Parties may wish to consider whether that guidance needs revision in the light of decision 2/CMP.7 and whether any CMP decisions would be required to replace the guidance contained in decision 15/CP.10 for the purposes of the second commitment period.

E. Decision 6/CMP.3: Good practice guidance for land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol

1. Specific implications for decision 6/CMP.3

63. Decision 6/CMP.3 contains the common reporting format (CRF) tables for the reporting of activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, and it supersedes decision 17/CMP.1. This decision is affected by decision 2/CMP.7, primarily through the impact on the format of the CRF tables and the formulae used in the tables.

64. In the light of decision 2/CMP.7, annex, paragraph 6, Parties may wish to revise the CRF tables for the reporting of activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, to include wetland drainage and rewetting as a new activity under Article 3, paragraph 4. Parties may also wish to revise the format of the CRF tables to take into account a new pool of “harvested wood products”.

65. The formulae for calculating the accounting quantities for activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol were adopted by conclusions of the SBSTA at its twenty-eighth session.⁸ Decision 2/CMP.7 has a number of implications for these formulae which could be summarized as follows:

⁸ See annex IV to document FCCC/SBSTA/2008/6.

(a) In the light of decision 2/CMP.7, annex, paragraph 7, Parties may wish to revise the formulae for calculating the accounting quantities for activities under Article 3, paragraph 4, of the Kyoto Protocol to reflect the fact that forest management is mandatory for the second commitment period;

(b) In the light of decision 2/CMP.7, annex, paragraph 11, Parties may wish to revise the formulae for calculating the accounting quantities for activities under Article 3, paragraph 4, to reflect the fact that wetland drainage and rewetting has been added as a new activity under Article 3, paragraph 4, for the second commitment period;

(c) In the light of decision 2/CMP.7, annex, paragraph 12, Parties may wish to revise the formulae for calculating the accounting quantities for activities under Article 3, paragraph 4, as the accounting for forest management is based on a reference level for the second commitment period;

(d) In the light of decision 2/CMP.7, annex, paragraph 16, Parties may wish to include emissions from harvested wood products in the formulae for calculating the accounting quantities for the second commitment period.

2. Technical implementation issues for decision 6/CMP.3

66. If Parties address the implications for decision 6/CMP.3 outlined above, any related changes would need to be implemented in the CRF Reporter software to enable accurate reporting by Annex I Parties in the second commitment period. It would be essential for implementation that Parties request the secretariat to introduce such changes within a specific timeline and subject to the availability of resources.

VI. Cluster 4: decisions relating to Article 8 of the Kyoto Protocol

67. This cluster contains an assessment of the implications of decisions 2/CMP.7 to 5/CMP.7 for decisions relating to the implementation of Article 8 of the Kyoto Protocol, which addresses the review procedures for the information reported by Annex I Parties. These are decisions 22/CMP.1, 24/CMP.1 and 8/CMP.5. For decisions 23/CMP.1 (Terms of service for lead reviewers) and 25/CMP.1 (Issues relating to the implementation of Article 8 of the Kyoto Protocol – 2), which also relate to Article 8, no implications in the light of decisions 2/CMP.7 to 5/CMP.7 have been identified.

68. The specific implications identified for this cluster are additional to the general implications presented in chapter II of this paper.

A. Decision 22/CMP.1: Guidelines for review under Article 8 of the Kyoto Protocol

1. Specific implications for the annex to decision 22/CMP.1

69. **Paragraph 12(a):** this paragraph refers to the base year for hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Decision 4/CMP.7 adds NF_3 to this list of gases, the emissions from all of which should be estimated.⁹ Options to address this issue include the following:

⁹ Inclusion of NF_3 in the list of GHGs is also part of the proposed amendments to the Kyoto Protocol noted by decision 1/CMP.7, and contained in annex 2 to that decision.

- (a) Rephrasing paragraph 12(a) to take into account NF₃ for the second commitment period;
- (b) Adding a paragraph 12(a) bis specifically for the second commitment period.

2. Technical implementation issues for the annex to decision 22/CMP.1

70. **Paragraph 12:** This paragraph, in its subparagraphs (a–d), defines the substantive scope of the initial review. In the light of the experience gained during the first commitment period, Parties may wish to reassess that scope. For example, Parties may wish to consider whether the review of the national system and the national registry in the initial review for the second commitment period should be conducted in a similar fashion to the review in the first commitment period, because these were thoroughly reviewed during the initial review for the first commitment period and are also regularly and comprehensively covered every year through the regular annual review process for national inventories. Options to address this issue include the following:

(a) Confirming that the provisions of paragraph 12 apply to the initial review in both the first and second commitment periods (this could possibly also be achieved by leaving the text as it is);

(b) Introducing a revised scope for the initial review in the second commitment period in a new paragraph 12 bis or elsewhere.

71. **Paragraph 14:** This paragraph sets out the requirement that an in-country visit shall take place for the initial review for all Parties. Parties may wish to consider whether this is possible or practicable for the second commitment period in view of the fact that the second commitment period starts on 1 January 2013. Parties may wish to consider other options for conducting the initial review in a timely manner, such as conducting the initial reviews for the second commitment period through centralized reviews for all Parties.

72. **Paragraph 15(b)(iii) and (iv), and parts IV and V:** these parts of the text suggest that only changes in national systems and national registries shall be subject to annual review. Based on experience gained in the first commitment period, Parties may wish to consider whether this requirement should remain as it is for the second commitment period, given that experience has shown that the national system often has to be considered as a whole in order to assess if changes to it have occurred in a given year.

73. **Paragraphs 19 and 132:** these paragraphs stipulate that each national communication submitted by an Annex I Party is subject to an in-country review. However, decision 10/CMP.6 introduced the use of centralized reviews of national communications from Annex I Parties, for those Parties that meet specific conditions.¹⁰ Parties may wish to consider whether experience with the practice of conducting centralized reviews for some Parties needs to continue in the second commitment period, through revision of relevant guidelines such as decision 22/CMP.1 or through the application of a one-time guidance such as decision 10/CMP.6.

74. **Paragraphs 52(a) and 59:** these paragraphs set out that the initial check should be performed by the expert review team (ERT), with the assistance of the secretariat. Experience gained during the first commitment period has shown that at the time when the initial check is due, the ERTs are not yet formed or confirmed. This requires considerable time and effort, which makes it also difficult to keep to the timelines established in the annex to decision 22/CMP.1. Following relevant guidance from the lead reviewers, the

¹⁰ Centralized reviews of the fifth national communications were organized for Parties with total GHG emissions of less than 50 million tonnes of carbon dioxide equivalent (excluding LULUCF), with the exception of Parties included in Annex II to the Convention.

secretariat therefore sends the draft annual status reports to lead reviewers for checking rather than to the ERTs. However, because of the maturity of national GHG inventories and the availability of supporting information technologies (IT) systems within the secretariat, the initial check has already become an automatic check of Parties' data, which is done reliably and promptly by the relevant software. Based on the above, Parties may wish to consider requesting the secretariat to perform the initial checks in the second commitment period and revise these paragraphs accordingly.

75. **Paragraph 67:** according to this paragraph, the secretariat, under the direction of the ERT, shall conduct a standardized set of data comparisons. In practice, the data comparisons are implemented through the synthesis and assessment report, part I, published by the secretariat on the UNFCCC website.¹¹ The report has been considered useful by Parties but, at the same time, the improved availability of data in electronic form may cause this document to become redundant. At present, the GHG data interface, which is available publicly on the UNFCCC website,¹² contains the majority of the inventory data reported by Parties and it has high flexibility to allow for various queries and comparisons across all Parties and all categories of GHG emissions/removals. The GHG interface is updated three times per year, which allows keeping the information up-to-date and makes it a more reliable source of data than an annual report published only once and at the beginning of the annual review cycle. Parties may wish to consider whether there is a need for the ERTs to have the standardized set of data comparison available in the second commitment period in the form of a published document or if they could use the GHG data interface instead. Options to address this issue include the following:

- (a) Leaving paragraph 67 as it is;
- (b) Rephrasing paragraph 67 to accommodate the use of the GHG data interface for the second commitment period;
- (c) Adding a paragraph 67 bis specifically for the second commitment period.

76. **Paragraph 81:** this paragraph sets out that Annex I Parties can submit a revised estimate for a part of their inventory for a year of the commitment period that was previously adjusted, but limits this possibility to the annual submission for 2014 (this submission will contain the GHG inventory for 2012). Parties may wish to consider revising this paragraph to extend the applicability to the second commitment period or any commitment period in general. Options to address this issue include the following:

- (a) Rephrasing paragraph 81 to accommodate the requirements for the second commitment period;
- (b) Adding a paragraph 81 bis specifically for the second commitment period.

77. **Paragraphs 86(b)(ii) and 88(j)(i–v) and (k)(i–v):** these provisions require that the annual review cover the transaction log records. However, the standard independent assessment reports (SIARs), prepared by the administrators of national registries, include a thorough technical examination of the transaction log records. Parties may wish to consider streamlining the review process for the second commitment period, while maintaining the depth of the review, by having the ERTs consider SIARs and their findings rather than the original transaction log records. Options to address this issue include the following:

- (a) Leaving these paragraphs as they are;

¹¹ Available, for the 2012 data, at http://unfccc.int/national_reports/annex_i_ghg_inventories/inventory_review_reports/items/6616.php.

¹² Available at http://unfccc.int/ghg_data/items/3800.php.

(b) Rephrasing these paragraphs to specify that the ERTs shall consider SIARs rather than the transaction logs for the second commitment period;

(c) Adding new paragraphs to specify that the ERTs shall consider SIARs in the second commitment period.

78. **Paragraph 97(b):** This subparagraph relates to the review of the national system and suggests that only changes to national systems would be reviewed after the initial review, and this would be implemented only through centralized or desk reviews. As, in practice, the national system is also reviewed annually, including through in-country reviews of national GHG inventories, Parties may wish to consider not limiting this review to desk or centralized reviews for the second commitment period. Options to address this issue include the following:

(a) Leaving paragraph 97(b) as it is;

(b) Rephrasing paragraph 97(b) so as not to limit the reviews of the national system to desk or centralized reviews for the second commitment period;

(c) Including a new paragraph 97(b) bis specifically for the second commitment period.

79. **Paragraphs 111(a) and (b) and 119:** Parties may wish to consider whether the national registries need a comprehensive review as part of the initial review for the second commitment period because the registries were already set up in the first commitment period and their changes are reviewed annually in the annual inventory reviews or in conjunction with its periodic review, and also because the registries will remain functional after 31 December 2012 for the purposes relating to the additional period for fulfilling commitments defined in section XIII of the annex to decision 27/CMP.1. Options to address this issue include the following:

(a) Leaving paragraphs 111(a) and (b) and 119 as they are;

(b) Rephrasing these paragraphs to reflect that a review of the national registry is either not needed or could be reduced in scope in the second commitment period;

(c) Including paragraphs 111(a) bis, 111(b) bis and 119 bis to accommodate relevant changes for the second commitment period.

B. Decision 24/CMP.1: Issues relating to the implementation of Article 8 of the Kyoto Protocol – 1

80. No specific implications have been identified for decision 24/CMP.1 but Parties may wish to note that the provisions of this decision were complemented by decision 8/CMP.5 (considered below), 12/CP.9 and 10/CP.15.

C. Decision 8/CMP.5: Updated training programme for members of expert review teams participating in annual reviews under Article 8 of the Kyoto Protocol

Specific implications for the annex to decision 8/CMP.5

81. The annex to decision 8/CMP.5 contains sections defining training courses on national systems, application of adjustments, modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol, review of national registries and information on assigned amounts, and review of activities under Article 3, paragraphs 3

and 4, of the Kyoto Protocol. Parties may wish to consider whether the scope of these courses needs to be redefined in the light of decisions 2/CMP.7 to 5/CMP.7.

VII. Additional considerations

A. Scope of the implications

82. The analysis conducted in this paper indicates that the implications of decisions 2/CMP.7 to 5/CMP.7 vary considerably from decision to decision: for some decisions, the implications are few or none while others seem to be affected considerably. In view of the number of the implications identified, the impact of decisions 2/CMP.7 to 5/CMP.7 appear particularly distinct for decisions 13/CMP.1 and 15/CMP.1. Addressing the implications identified may be particularly challenging for these decisions.

83. Some of the decisions reviewed seem to be applicable entirely to the first commitment period only, such as decisions 10/CMP.6 and 26/CMP.1; should Parties consider such decisions necessary for the second commitment period as well, they may wish to consider whether it would be more practical to rewrite them completely rather than to introduce amendments relevant to the second commitment period. A few decisions, such as 5/CMP.1 and 6/CMP.1, may be fully applicable to the second commitment period and possibly require only an interpretation of the *mutatis mutandis* clause used in these decisions. However, for many other decisions, Parties may need to consider the most efficient approach to addressing the implications.

B. Options for addressing the implications

84. The scope and variety of implications indicate that it will be essential to determine the practical approach to addressing the implications. The implications could be addressed by issuing one overarching decision covering all revisions; alternatively, consideration could be given to addressing the implications through the introduction of revisions of existing decisions, making them fully applicable to both commitment periods; yet another approach would be to issue a complete new set of revised decisions specifically for the purposes of the second commitment period. Parties could also consider a combination of such approaches, depending on the number of implications per decision.

85. Regardless of the approach taken, Parties may also wish to note that although the first commitment period ends on 31 December 2012, some key provisions relating to that commitment period will be implemented after that date. This relates, in particular, to the reporting and review of the GHG inventories and relevant supplementary information for the years 2010–2012 (to take place in 2012–2014) and to the provisions for the additional period for fulfilling commitments¹³ defined in section XIII of the annex to decision 27/CMP.1 and referred to several times in decision 13/CMP.1.¹⁴ It means that the completion of arrangements for the first commitment period will overlap with the beginning of the second commitment period. This overlap results in the need for a ‘parallel’ application of decisions: the decisions requiring amendments in the light of decisions 2/CMP.7 to 5/CMP.7 need to be revised in such a way that they would be valid for both commitment periods. Or, as already noted in the paragraph 84 above, consideration could

¹³ Often referred to as the “true-up” period.

¹⁴ See decision 13/CMP.1, paragraphs 3 and 5, and decision 13/CMP.1, annex, paragraphs 11, 12, 14, 15, 34, 36, 49, 59 and 62.

be given to adopting new decisions which would be relevant for the second commitment period only.

C. Assigned amounts and initial review for the second commitment period

86. The mandate for this paper is limited to assessing the implications of the implementation of decisions 2/CMP.7 to 5/CMP.7. However, while assessing those implications, it has become clear that decision 1/CMP.7, which references decisions 2/CMP.7 to 5/CMP.7 in its paragraph 2, also has implications for some earlier decisions relating to Articles 5, 7 and 8 of the Kyoto Protocol. These implications arise from the fact that decision 1/CMP.7 decided on the second commitment period of the Kyoto Protocol and, in that light, assigned amounts for that period will need to be established and reviewed. The most evident implications appear to exist for decisions 13/CMP.1, 22/CMP.1 and 26/CMP.1 as detailed in the paragraphs below.

87. **Decision 13/CMP.1, paragraphs 2–5:** these paragraphs address a process for the calculation of the assigned amount and the initial review specifically for the first commitment period. Guidance from Parties would be necessary as to how the assigned amount should be calculated and reported in the second commitment period. Options to address this issue include the following:

(a) Rephrasing these paragraphs to accommodate the approach to be taken by Parties for the second commitment period;

(b) Inserting new paragraphs (e.g. 2 bis, 3 bis, etc.) to cover the calculation and reporting of the assigned amount and the initial review in the second commitment period.

88. **Decision 13/CMP.1, annex, paragraph 23:** this paragraph stipulates that “Each Party included in Annex I shall, prior to any transactions taking place for that commitment period, issue a quantity of AAUs equivalent to its assigned amount pursuant to Article 3, paragraphs 7 and 8, ... in its national registry.” Parties may wish to consider how this paragraph would apply in the second commitment period.

89. **Decision 22/CMP.1, paragraph 2:** reference to “the review prior to the first commitment period” would not necessarily apply to the second commitment period. To address this issue, either the paragraph could be rephrased to accommodate the specific requirements in the second commitment period or a new paragraph 2 bis could be inserted .

90. **Decision 22/CMP.1, annex, paragraph 11:** this paragraph defines the initial review for the first commitment period. Parties may wish to consider revising paragraph 11 to reflect the existence of the second commitment period. Options to address this issue include the following:

(a) Complementing the requirement that “Each Party included in Annex I shall be subject to review prior to the first commitment period or within one year after the entry into force of the Kyoto Protocol for that Party, whichever is later” with the requirement that “Each Party included in Annex I shall be subject to an initial review for the [second] commitment period with the review of its first annual submission for the [second] commitment period” or by any other approach that Parties may wish to consider;

(b) Adding a paragraph 11 bis to reflect the approach selected by Parties for the second commitment period.

91. **Decision 22/CMP.1, annex, paragraphs 46(a), 85(a), 86(a), 87(chapeau), 92, 97(a), 111(a) and 125:** in these paragraphs, Parties may wish to consider whether references to “the initial review” or “the review prior to the commitment period” remain accurate and valid for the second commitment period or whether they need revision. This

issue may be addressed either by revising the current text or by introducing new paragraphs specifically for the second commitment period.

92. **Decision 22/CMP.1, annex, paragraph 54:** this paragraph sets out the requirement that the base year inventory shall be reviewed only once prior to the commitment period. Parties may wish to consider whether this paragraph needs revision and, in particular, whether it would be feasible to review the base year inventory prior to the second commitment period. Options to address this issue include the following:

(a) Modifying the paragraph by clarifying that “prior to the commitment period” relates to the first commitment period only and adding “in conjunction with the review of the first annual submission for the [second] commitment period” or any other text corresponding to the approach decided by Parties;

(b) Adding paragraph 54 bis to accommodate the relevant requirements for the second commitment period.

93. **Decision 26/CMP.1:** this decision defined a particular approach for conducting the initial review for the first commitment period, with a certain degree of flexibility in applying the agreed timelines. This was important for implementation because the process of initial reviews for the first commitment period took about two years. Parties may wish to consider, in the context of decision 1/CMP.7, whether any particular guidance on conducting the initial review for the second commitment period is needed, including the need for flexibility in applying the agreed timelines.

D. Impact of amendments to the Kyoto Protocol

94. Decision 1/CMP.7 took note of the proposed amendments to the Kyoto Protocol.¹⁵ This paper is premised on the eventual adoption of such amendments. However, its focus is on the implications of the decisions adopted by the CMP at its seventh session. If these, or other amendments of similar scope are adopted, they may also have an additional impact on several decisions considered in this paper.

95. For example, Article 3, paragraphs 7 and 8, of the Kyoto Protocol provide rules for the calculation of the assigned amount and the setting of a base year in the context of the first commitment period. Should new paragraphs 7 bis and/or 8 bis be introduced as part of amendments to the Kyoto Protocol, revisions to the relevant references in the annex to decision 13/CMP.1 may be required. This issue would need to be addressed in:

(a) Decision 13/CMP.1, annex to the decision: paragraphs 5, 6, 7(d), 9–12, 15, 23, 50 and 52(a);

(b) Decision 14/CMP.1, annex to the decision: table 5(a);

(c) Decision 20/CMP.1, paragraph 8; annex to the decision: paragraph 10;

(d) Decision 22/CMP.1, annex to the decision: paragraphs 12(b), 15(b)(ii), 84(a) and (b), 85 (chapeau), 85(a), 86(a), 87(b) and 92 and the heading of part III.

96. References to “commitments under Article 3, paragraph 1,” may also require revision should any new paragraph on the inscription of commitment for the second commitment period be introduced in the amendments to the Kyoto Protocol. To allow for the appropriate application of the decision to the relevant commitment period, a revision of the current references to “commitments under Article 3” may be considered in paragraphs 13, 14, 33–35, 37, 42(d), 43(b) and 58(h) of the annex to decision 13/CMP.1.

¹⁵ See decision 1/CMP.7, paragraph 3 and annex 3.

97. Another impact of the amendments relates to the possibility, indicated in annex 1 to decision 1/CMP.7, that some Annex I Parties may not have commitments inscribed in Annex B to the Kyoto Protocol in the second commitment period. Should this happen, references to “Party”, “Party included in Annex I” and “Party included in Annex I with a commitment inscribed in Annex B to the Kyoto Protocol” may need to be revised in relevant decisions to reflect this situation specifically for the second commitment period. Parties may wish to consider how to address this potential issue, which may be particularly relevant for decisions 13/CMP.1, 15/CMP.1 and 22/CMP.1.

E. Possible linkage to eligibility under the flexibility mechanisms

98. Issues relating to the operation of flexibility mechanisms (Articles 6, 12 and 17 of the Kyoto Protocol) do not directly relate to the methodological issues considered in this paper. However, compliance with the relevant reporting and review provisions is a major factor in determining Parties’ eligibility under the mechanisms. Therefore, the impact on eligibility requirements may need to be considered if any significant change in the decisions relating to Articles 5, 7 and 8 of the Kyoto Protocol is implemented in order to take into account the implications of decisions 2/CMP.7 to 5/CMP.7.

99. This point may be particularly relevant for decisions relating to the establishment and reporting of assigned amounts and the initial review, such as decisions 13/CMP.1, 15/CMP.1 and 22/CMP.1. For example, according to decision 3/CMP.1 (Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol), one of the eligibility requirements to use CERs by “a Party included in Annex I with a commitment inscribed in Annex B” is that a Party’s assigned amount pursuant to Article 3, paragraphs 7 and 8, has been calculated and recorded in accordance with decision 13/CMP.1.¹⁶ The text does not qualify whether this requirement relates to the assigned amount for the first commitment period or for any commitment period. Moreover, if the text of Article 3, paragraphs 7 and 8, of the Kyoto Protocol is amended by Parties for the purposes of the second commitment period, the formulation of this eligibility requirement may need to be amended correspondingly or, alternatively, a *mutatis mutandis* clause should be introduced elsewhere to make the decision fully applicable to the second commitment period.

100. Furthermore, decision 3/CMP.1 also stipulates that a Party included in Annex I with a commitment inscribed in Annex B is considered to meet the eligibility requirements after 16 months have elapsed since the submission of the report to facilitate the calculation of the Party’s assigned amount, unless the Compliance Committee decides earlier on the Party’s eligibility, positively or negatively.¹⁷ The same decision also contains a provision that once eligibility for a Party is established, the Party continues to be eligible “unless and until the enforcement branch of the Compliance Committee decides that the Party does not meet one or more of the eligibility requirements, has suspended the Party’s eligibility, and has transmitted this information to the secretariat.”¹⁸

101. The provisions described in the paragraph above demonstrate the linkage between the provisions of Articles 5, 7 and 8 of the Kyoto Protocol and eligibility requirements. Decision 3/CMP.1 was used as an example but similar provisions are also contained in decisions 9/CMP.1 (Guidelines for the implementation of Article 6 of the Kyoto Protocol) and 11/CMP.1 (Modalities, rules and guidelines for emissions trading under Article 17 of the Kyoto Protocol), with the difference that decisions 9/CMP.1 and 11/CMP.1 cover

¹⁶ Decision 3/CMP.1, annex, paragraph 31(b).

¹⁷ Decision 3/CMP.1, annex, paragraph 32(a).

¹⁸ Decision 3/CMP.1, annex, paragraph 32(b).

transfers and acquisitions, rather than use, of relevant units. In this respect, Parties may wish to note the existence of such a linkage and, if necessary, address it, for example by clarifying whether the eligibility established during the initial review for the first commitment period continues into the second commitment period and whether the provisions linking eligibility and the submission of the report to facilitate the calculation of the assigned amount¹⁹ should also be applicable in the second commitment period.

F. Prioritization of issues

102. Decision 1/CMP.7, paragraph 9, while requesting the SBSTA to work on the preparation of draft decisions for consideration and adoption by the CMP at its eighth session, noted that some issues may need to be addressed at subsequent sessions of the CMP. The mandate for this technical paper, given by the SBSTA at its thirty-sixth session, does not include making a distinction between the issues to be considered at CMP 8 and the issues, which may be considered later. However, in view of the large number of implications identified in this paper, such a distinction may be important for a prompt start to the implementation of the second commitment period. Parties may wish to consider this factor.

¹⁹ Decisions 3/CMP.1, annex, paragraph 32, 9/CMP.1, annex, paragraph 22, and 11/CMP.1, annex, paragraph 3.

Annex

Suggestions for the annex to decision 14/CMP.1

1. The suggestions presented here were formulated by the working group on the transition to the second commitment period established under the Registry Systems Administrators Forum. In addition to formulating the suggestions, the working group drafted and reviewed detailed specifications supporting these potential modifications. As a result, it is anticipated that, should these potential modifications be adopted, they would have minimal impact on the implementation of national registry systems.
2. **Paragraph 3:** this paragraph defines a timeline for the submission of standard electronic format (SEF) tables. Parties may wish to consider the timing of a submission of the first SEF tables for the second commitment period, noting the time required by registry systems administrators and the international transaction log administrator to implement changes related to these tables, also noting that the first annual submission for the second commitment period is due in 2015.
3. **Tables 1 (Total quantities of Kyoto Protocol units by account type at beginning of reported year) and 4 (Total quantities of Kyoto Protocol units by account type at end of reported year):** Parties may wish to consider splitting the line “Other cancellation accounts” into two separate lines, which would address voluntary cancellations referred to in decision 13/CMP.1, annex, paragraph 33, and mandatory cancellations pursuant to decision 13/CMP.1, annex, paragraphs 36 and 37.
4. **Tables 2(a) (Annual internal transactions) and 3 (Expiry, cancellation and replacement):** Decision 10/CMP.7, annex, paragraphs 24 and 28, foresees that Parties may cancel Kyoto Protocol units in their national registry in case of a net reversal of storage or in case of a non-submission of a certification report for a carbon dioxide capture and storage project activity under the clean development mechanism (CDM). Parties may wish to consider adding lines to tables 2(a) and 3 to allow reporting on these new types of cancellations of non-permanent Kyoto Protocol units.
5. For the same table 2(a), Parties may wish to consider separating the reporting of assigned amount units (AAUs), certified emission reductions (CERs), emission reduction units (ERUs), removal units (RMUs) and/or long-term certified emission reductions (ICERs) transferred to the ICER replacement account for reversal of storage, and ICERs from the affected project activity transferred to the mandatory cancellation account for the same purpose. Similarly, Parties may wish to consider separating replacement and cancellation for non-submission of a certification report.
6. **Table 3 (Expiry, cancellation and replacement):** Parties may wish to consider distinguishing between requirements to replace or cancel (left column) and the actual cancellations and replacements of units (right columns), and creating separate “replacement” and “cancellation” columns, because both “replacement” and “cancellation” may be used to comply with the requirements contained in the first column. This would improve the transparency of the information reported. Parties may also wish to consider merging the lines related to replacements or cancellations for the same replacement or cancellation requirement, in order to facilitate the assessment of compliance with the requirements to either replace or cancel Kyoto Protocol units. Parties may further wish to consider whether the greyed out cells in the total column for expiry, cancellation and requirement to replace should be enabled, allowing the totals for rows in these columns to be reported upon.

7. **Tables 3 (Expiry, cancellation and replacement) and 5(b) (Summary information on replacement):** Parties may wish to further consider the reporting of non-permanent units under the CDM (e.g. temporary certified emission reductions and ICERs) as well as certified emission reductions from carbon dioxide capture and storage project activities, noting that, in tables 3 and 5(b), the requirement to replace or cancel these units may not be complied with during the reported year. Parties generally have 30 days in which to comply with such a requirement (i.e. for notifications sent in December, replacements and cancellations may occur in January of the subsequent year and therefore the actual replacements and cancellations may not always match the requirements to replace or cancel), in accordance with decision 5/CMP.1. Decision 10/CMP.7, annex, paragraphs 25(b) and 26, allows the extension of the 30-day period to one year. It is also relevant due to the fact that decision 2/CMP.7, paragraph 7, contains a request to the Subsidiary Body for Scientific and Technological Advice to initiate a work programme to consider and, as appropriate, develop and recommend modalities and procedures for alternative approaches to addressing the risk of non-permanence under the CDM.

8. **Table 5(b) (Summary information on replacement):** Parties may wish to consider distinguishing replacements from cancellations, similar to what was suggested above for table 3. Parties may also wish to consider whether the greyed out cells for “Previous CPs” should remain.
