

Submission by Japan on the Framework for Various Approaches

Japan submits its views on the framework for various approaches (FVA) referred to in paragraphs 6 of FCCC/SBSTA/2014/L.10.

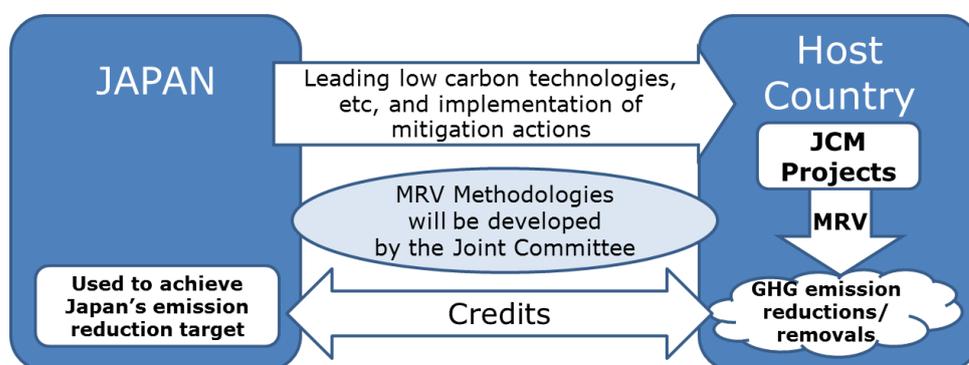
1. Introduction

In Japan's view, the scope of the FVA should cover various approaches such as the existing Kyoto Mechanisms, a new market-based mechanism under the guidance and authority of the Conference of the Parties (COP), crediting mechanisms developed and implemented by Parties individually or jointly, and emission trading schemes (ETSs) which link to other ETSs internationally.

The Joint Crediting Mechanism (JCM) is one of the various approaches based on Decision 1/CP.18, developed and implemented by Japan and partner countries. Japan is willing to share its experience gained through the implementation of the JCM and to make further contributions to the elaboration of the FVA under the work programme conducted by the Subsidiary Body for Scientific and Technological Advice.

The JCM aims at facilitating diffusion of leading low carbon technologies, products, systems, services, and infrastructure as well as implementation of mitigation actions, and contributing to sustainable development of developing countries. The JCM also aims at appropriately evaluating contributions made by Japan to GHG emission reductions or removals in a quantitative manner, by applying robust measurement, reporting and verification (MRV) methodologies. Japan will use the emission reductions or removals achieved through the JCM to meet part of its emission reduction target.

(Figure 1) Basic Concept of the JCM



Japan has signed the bilateral documents to start the JCM with 12 countries (Mongolia, Bangladesh, Ethiopia, Kenya, Maldives, Viet Nam, Lao PDR, Indonesia,

Costa Rica, Palau, Cambodia and Mexico) as of August 2014. Among these 12 countries, rules and guidelines for the JCM have already been approved with the 9 countries by the Joint Committee (JC) which is jointly established by Japan and each partner country.

All the approved rules and guidelines are made publicly available on the respective pages of Japan and the partner country through the JCM website (URL: <https://www.jcm.go.jp/>). Further information including project registration and credit issuance will also be posted on the website as it becomes available.

2. Characteristics of the JCM

The JCM is developed in line with the relevant COP Decisions as described below:

(1) Standards

Decision 1/CP.18, paragraph 42, describes that, as set out in Decision 2/CP.17, paragraph 79, all the approaches under the FVA “*must meet standards*”. In the JCM, such standards are set in the respective rules and guidelines which are defined in detailed manner and the JCM is operated in line with those rules and guidelines. By meeting those standards, JCM projects will meet the requirements set out in Decisions 2/CP.17 and 1/CP.18 to “*deliver real, permanent, additional and verified mitigation outcomes, avoid double counting of effort and achieve a net decrease and/or avoidance of GHG emissions*”.

The rules and guidelines for the JCM include, inter alia, the following:

- Basic rules and procedures of the JCM
- Arrangements regarding the membership of the JC
- Decision-making procedures of the JC
- Activities of the JC
- Project cycles
- Requirements for development of the JCM methodologies and project design documents (PDDs).

The rules and guidelines for the JCM are comparative with those of the Clean Development Mechanism (CDM)*.

**For comparison between JCM rules and guidelines and those of the CDM, please refer to the annex of this submission.*

(2) Environmental integrity and transparency

(a) Eligibility of the project

Eligibility criteria of JCM projects are established in each methodology of the

JCM. They are described clearly in advance so as to give certainty to project participants who apply the methodologies for the implementation of JCM projects which are expected to contribute to achieving additional emission reductions considering each national circumstance. The concept is the same as so-called the positive list in the CDM.

Eligibility criteria contain the requirements for a project to be registered as a JCM project and the requirements for a project to be able to apply the methodology of the JCM (same as “applicability condition of the methodology” under the CDM). In the JCM, eligibility criteria are a series of conditions that can be examined objectively and ascertained upon validation, such as:

- Types of technology, product, service, etc.;
- Conditions necessary for enabling calculation of GHG emission reductions in the methodologies.

(b) Validation and verification

Third-party entities (TPEs), which are independent designated entities, conduct validation and verification under the JCM. The requirements for an entity to be designated as a TPE are either being designated operational entities (DOEs) under the CDM or entities accredited under ISO 14065 by an accreditation body that is a member of the International Accreditation Forum based on ISO 14064-2, or both. The DOEs under the CDM and accredited entities under ISO are deemed capable of conducting validation and verification under the JCM.

(c) Public inputs/comments

In the process of approving methodologies and project registration of the JCM, draft methodologies and PDDs are made publicly available for public inputs/comments through the JCM website. The timing and duration of the public inputs/comments are the same as those of the CDM (15 days for the proposed JCM methodologies and 30 days for the proposed JCM projects).

(d) Biennial Reports

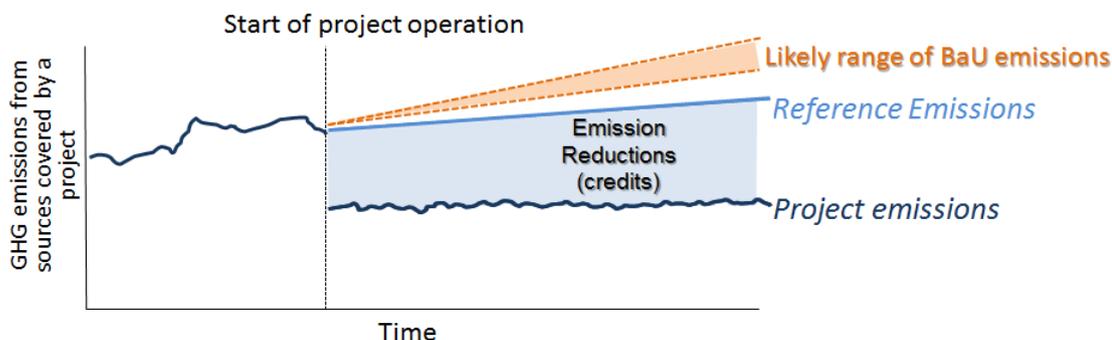
Japan submitted its first Biennial Report to the COP on December, 2013, including information on the JCM. The use of the JCM will continue to be reported to the COP in Biennial Reports including the Common Tabular in line with Decision 19/CP18.

(3) Net emission reductions and/or removals

In the JCM, emission reductions to be credited are defined as the difference between reference emissions and project emissions. The methodologies of the JCM ensure that the amount of emission reductions or removals is calculated in a conservative manner. The reference emissions are set below the likely range of business-as-usual (BaU)

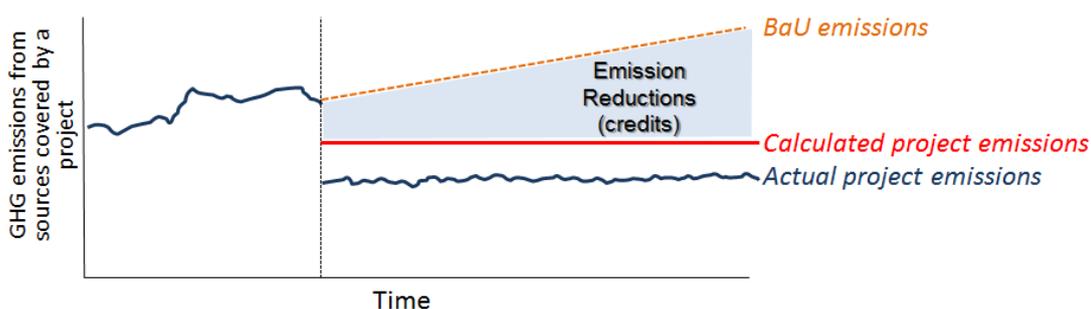
emissions – which represent plausible emissions in providing the same outputs or service level of the project under the JCM. Figure 2 shows an indicative diagram of the relationship among the BaU emissions, reference emissions and project emissions.

(Figure 2)



In another example shown in Figure 3, project emissions are calculated larger than actual project emissions by applying conservative default values for parameters to calculate project emissions. The conservative default values are determined in the methodologies and used for calculating the project emissions in a simpler way instead of measuring actual project emissions. In this case, emission reductions to be credited could be calculated as the difference between the BaU emissions and the calculated project emissions.

(Figure 3)



If the reference emissions are defined by multiplying an output with an emission factor, the output should be identical to or less than the monitored output of the project. The reference emissions should also comply with all applicable regulations of the partner country.

For example, the reference emissions may be derived from any of the following:

- The current situation and performance
- Average historical performance
- Performance of similar products and technologies which compete with the project technology

- Legal requirements
- Voluntary standards and targets
- Best available technology of the partner country

(4) Avoiding “double counting”

In order to avoid “double registration” of projects and “double issuance” of credits, the information regarding the proposed project e.g. project location including coordinates, scope, scale, etc. are provided to the JC. Project participants are also required to submit a written oath in the modalities of communication statement (MoC) form indicating that a proposed JCM project is not registered under any international climate mitigation mechanisms other than the JCM. If a proposed JCM project is registered under the JCM, the same project will not be registered under any other international climate mitigation mechanisms, and vice versa. The matter of double registration and double issuance is checked by a TPE at the time of both validation and verification. A TPE conducts, at the minimum, a search on the website of the CDM and JI to check whether projects with similar technology and location in the partner country have been registered.

(5) Accounting of emission reductions and/or removals

In order to ensure the accurate and consistent recording and tracking of credits issued from JCM projects, the JCM registry is currently under establishment, taking into account the basic technical feature of the national registry established under the Kyoto Protocol.

Project participants who wish to have credits issued are to open their accounts in the registry before requesting the issuance of credits. Project participants request the JC to notify Japan and/or the partner country of the amount of credits to be issued to their respective accounts in the registry. In doing so, project participants also submit to the JC information on the allocation of credits among the participants on a pro-rata basis.

(6) Governance

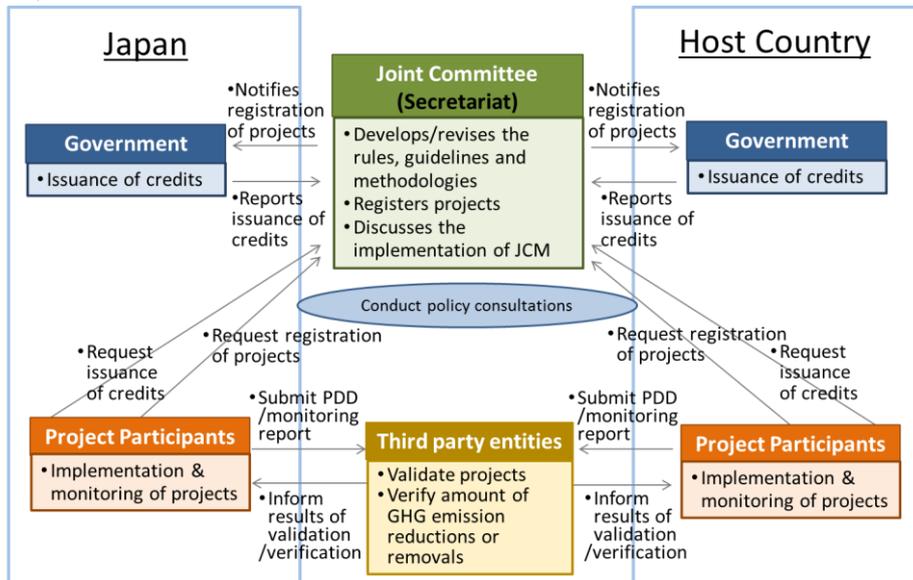
As briefly mentioned in the above paragraphs, the JCM is operated under the Joint Committee (JC) which consists of the representatives from the respective partner country and Japan. The JC is established per partner country. The role of the JC includes, inter alia, the following:

- To develop and revise rules and guidelines necessary for the implementation of the JCM
- To approve proposed methodologies, as well as develop methodologies by itself
- To designate TPEs
- To register JCM projects based on the request for registration of projects submitted

by project participants upon validation by a TPE

- To notify each partner country and Japan of the amount of credits to be issued based on the request for issuance of credits submitted by project participants upon verification by a TPE

(Figure 4) Scheme of the JCM



Annex : The rules and guidelines for the JCM

| Rules and Guidelines for the JCM* | Corresponding standards and procedures under the CDM |
|---|---|
| Rules of Implementation | <ul style="list-style-type: none"> • Modalities and procedures for a clean development mechanism (Decision 3/CMP.1) |
| Rules of Procedures for the Joint Committee | <ul style="list-style-type: none"> • Rules of procedure of the Executive Board of the clean development mechanism (Decision 4/CMP.1) |
| Project Cycle Procedure | <ul style="list-style-type: none"> • CDM project cycle procedure • Procedure: Development, revision and clarification of baseline and monitoring methodologies and methodological tools |
| Guidelines for Developing Proposed Methodology | <ul style="list-style-type: none"> • Guideline: Completing the proposed new baseline and monitoring methodology form |
| Guidelines for Developing Project Design Document and Monitoring Report | <ul style="list-style-type: none"> • Project design document form for CDM project activities • Monitoring report form |
| Guidelines for Designation as a Third-Party Entity | <ul style="list-style-type: none"> • CDM accreditation procedure |
| Guidelines for Validation and Verification | <ul style="list-style-type: none"> • CDM validation and verification standard |
| Glossary of Terms | <ul style="list-style-type: none"> • Glossary: CDM terms |

* The rules and guidelines are developed per host country.

Project Cycle of the JCM and the CDM

