



## **Submission by Portugal and the European Commission**

### **On behalf of the European Union and its Member States**

**Subject:** Voluntary EU Submission on the topic avoiding double use for outside the NDC for Article 6.4 to advise the SBSTA regarding the Informal technical expert dialogues to be held until June 2021

12 April 2021

#### **Avoiding double use for outside the Nationally Determined Contributions (NDC) for Article 6.4**

The EU is committed to contributing to the intensified programme of work at the technical and heads of delegation level set out by the SBSTA to ensure we complete work on all the decisions necessary to operationalize Article 6 in Glasgow.

Glasgow outcomes must ensure that all aspects of Article 6 promote ambition, secure the highest possible degree of environmental integrity, avoid double counting, and support participating Parties in delivering the highest possible ambition and progression in the implementation of their NDCs.

This means that additional guidance, rules, modalities and procedures on Article 6, as well as the additional modalities, procedures and guidelines under Article 13 adopted in Glasgow must provide for:

- the application of comprehensive and robust accounting to all cooperative approaches, and
- the regular and timely application of corresponding adjustments to the emissions and removals from the sectors and gases covered by the NDCs of participating Parties.

#### **1. Accounting rules, including corresponding adjustments under Article 6.2, are the means to prevent double use**

In our view, the general rules we will agree under Article 6.2 and 6.3 apply also to the specific context of Article 6.4 and 6.5. These rules include in particular guidance to ensure that double counting is avoided on the basis of a corresponding adjustment, in accordance with paragraph 36 of decision 1/CP.21. We have not heard a convincing alternative to application of corresponding adjustments as a means to avoid double counting, or to implement Article 6.5.



## 2. Article 6.4 and 6.5 prohibit double use

We see Article 6.5 as a specific prohibition on double counting in the specific context of Article 6.4. While Article 6.4 (c) provides that both Parties to an Article 6.4 transfer may benefit from related mitigation activities, the Article 6.5 prohibition on the double use of emission reductions clarifies that this benefit cannot include the double use of the underlying emissions reductions. Thus, Article 6.5 explicitly prohibits the use by one Party of the emissions reductions resulting from Article 6.4 to demonstrate the achievement of its NDC if it has been used to demonstrate the achievement of the host Party's NDC.

## 3. Corresponding adjustments for emissions reductions outside the scope of an NDC

In our view, cooperative approaches under Article 6 are confined to those sectors and gases that are covered by the scope of the NDC of the host Party, as Article 6.1 clearly provides that it is intended to help Parties pursue the implementation of their NDCs. Article 6 thereby provides an incentive for a Party wishing to include additional sectors and gases to update the scope of its NDC at any time, and to move over time towards economy-wide emissions reduction targets as called for in Article 4.4.

We have indicated in the course of the negotiations that, should Article 6 be extended to allow for transfers of mitigation outcomes achieved outside the scope of a Party's NDC, these transfers would need to be properly accounted for through the application of corresponding adjustments by the host Party.

Robust accounting is essential whenever Article 6 is used, to avoid double counting, but also to avoid disincentives for progression in terms of ambition and coverage of NDCs. Use of Article 6 outside the scope of an NDC raises additional issues such as how to address the non-permanence risk in the land sector, where we consider further appropriate measures may be needed to compensate for emissions on potential reversal.

## 4. The need to clarify proposals from Madrid

We note that in the final hours of Madrid, the COP Presidency proposed compromises on several issues on which there was insufficient time for a full consideration by Parties.

In this regard we see that the 3rd iteration text<sup>1</sup> has proposed in para 70

- the use of Article 6 outside the scope of NDCs subject to corresponding adjustments, and in addition
- a potential opt out from application of corresponding adjustment to be exercised by a Party

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<sup>1</sup> Matters relating to Article 6 of the Paris Agreement: Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement Version 3 of 15 December 1:10 hrs



- in respect of Article 6.4, for activities,
- for a limited but unspecified period,
- in respect of activities “outside the scope” of the NDC,
- where the scope is defined as relating to both “sectors and gases” and/or to some “other” basis.

In our view, had this proposal been adopted in Madrid, it would have represented a clear departure from the Paris Agreement requirements to ensure environmental integrity and ensure robust accounting. As already stated, application of corresponding adjustment outside scope does not provide a full answer to some of the issues raised under point 3 of this submission. Furthermore, the scope and terms of the proposed potential opt out are unclear, and this makes an assessment of the risks such a proposal would pose very difficult.

#### **5. The need for Article 6 to raise ambition rather than undermine ambition**

To conclude, we remain convinced that the use of Article 6 should contribute to the raising of ambition rather than undermining it. Not applying corresponding adjustments for emission reductions outside the scope of an NDC could lead to an inflation rather than a reduction in emissions, and potentially to levels of issuance and use of credits that will make progression in terms of the coverage of NDCs more difficult. In this context, we note that as clearly demonstrated in the IPCC Special report (SR1.5) and the UNFCCC NDC Synthesis Report - dilution in ambition is something we cannot afford.

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