

# Canada's Submission to SBSTA on "Matters related to methodological issues under the Paris Agreement"

April 2021

## Context and Scope of the Submission

Canada welcomes the opportunity to submit its views in response to the call for voluntary submissions on methodological issues under the Paris Agreement, as requested by the UNFCCC Secretariat on March 12, 2021.

The submission provides further views on the three sets of reporting tables:

1. The common reporting tables for the electronic reporting of the information in the national inventory reports, including examples and options for the formats and contents of tables, in particular sectoral report and background tables, and options for implementation of the flexibility provisions;
2. The structured summary, including examples to demonstrate how the proposed format could encompass different types of indicators (both quantitative and qualitative) and facilitate tracking of progress;
3. The common tabular formats on financial, technology development and transfer and capacity-building support, including examples and options for the summary tables, the structure and content of the tables, and how to improve comparability and ensure consistency across specific tables.

This submission builds upon Canada's previous transparency [submission](#) from September 2019. Canada welcomes all opportunities to engage with Parties intersessionally, including virtually, to help progress our work in the coming months in order to deliver a decision by CMA.3 in November 2021. We also look forward to engaging with other Parties on these topics at the upcoming technical workshops and look to the SBSTA Chair's leadership in developing draft text for these tables to advance our work ahead of COP26.

## 1. Common reporting tables (CRTs) for national GHG inventories

### 1.1 General Views

Canada shares the view, as expressed by many Parties, that the existing set of common reporting format (CRF) tables are a useful starting point for the design of common reporting tables (CRTs) for GHG inventories under the Paris Agreement. These CRF tables have proved a consistent and reliable means of communicating detailed GHG inventory information since 2015; are already based on the *2006 IPCC Guidelines for National GHG Inventories*; and provide an essential structure for aggregating and summarizing data in an easy-to-follow fashion (e.g. through summary and trend tables), while also retaining the level of detail necessary for transparency, enabling the review process, and fulfilling the requirement to report estimates of emissions and removals at the most disaggregated level (e.g. methodological summary tables and sectoral background tables). Finally, the CRF tables are further supported by the *CRF Reporter* software, designed by the UNFCCC to automate the reporting process and assist Parties in ensuring compliance with the IPCC methods and corresponding reporting structure.

In order to focus Parties' discussions on CRT design, Canada supports the use of the CRF templates as the basis of technical discussions—these templates can be found in Annex II of decision [24/CP.29](#), and accessed on the UNFCCC website [here](#). However, the CRF tables are a

starting point and will require some adjustments and improvements, including to better align them with the requirements of the MPGs. We include a few examples of CRF improvements that should be considered in the annex to this submission.

Canada is also open to discussing with Parties how to ensure certain functionalities of the supporting software could improve reporting and reduce reporting burden. This could include the ability to pre-populate notation keys, add documentation or comment boxes, disaggregate categories by relevant subsets, and functionalities to incorporate accommodations for flexibility provisions.

## 1.2 Views on Operationalizing Flexibility Provisions Relating to GHG Inventories

In adopting the MPGs, Parties agreed to a specific set of flexibility provisions available to developing country Parties should they need it in light of their capacities. There are 18 instances of flexibility included throughout the MPGs, but just eight that relate to GHG inventory reporting (those contained in section II). Not all of these flexibility provisions will affect the design of CRTs.

Canada supports the use of a dedicated summary table for flexibility provisions. This would allow each Party applying flexibility to clearly indicate whether and how each provision has been applied, concisely clarify their capacity constraint, and provide a self-determined estimated time frame for improvement, in accordance with paragraph 6 of the MPGs. Canada provided an example of this summary table in its 2019 submission.

Outlined below is Canada's proposal for operationalizing the eight flexibility provisions related to GHG inventories. In most cases, the use of a flexibility provision would have no impact on table design and can be addressed using a notation key where data is unavailable. Canada does not support the deletion of entire tables or specific columns or rows, as this would not be transparent or in line with TACCC principles.

### (1) II.C.2 Methods: Key category analysis (para 25):

*[T]hose developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead identify key categories using a threshold no lower than 85 per cent in place of the 95 per cent threshold defined in the IPCC guidelines referred to in paragraph 20 above, allowing a focus on improving fewer categories and prioritizing resources.*

Currently, Annex I Parties provide a description of their key categories within chapter 1.5 of their national inventory report and in the dedicated Annex I, in accordance with the proposed outline for the national inventory report found in the Appendix to [24/CP.19](#). CRF table 7 also provides a summary overview of key categories, which is auto-populated by the CRF Reporter software.

Since all Parties are required to report on their key category analysis, Parties applying this flexibility—opting to use a lower threshold (e.g. between 85-95%)—could describe their applied threshold within the narrative of the national inventory document, such as in relevant chapters or annexes. A Party would also need to indicate its use of this lower threshold within the relevant CRT for key categories, such as in a text box or in a new row specific to flexibility. The supporting CRT software could support this through enabling Parties to select their desired threshold (e.g. a drop down menu) and auto-populate related fields within the table: for example, indicating at the top of table 7 “[Party X] selected a key category threshold of 90%”, reducing the number of key categories identified in that table.

(2) II.C.4 Methods: Uncertainty assessment (para 29):

*[T]hose developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead provide, at a minimum, a qualitative discussion of uncertainty for key categories*

The application of this flexibility would not affect the use or design of CRTs. Parties applying this flexibility would do so by providing a “qualitative discussion” within the narrative of the national inventory document on their uncertainty assessment, as opposed to providing quantitative estimates. Annex I Parties presently discuss their uncertainty assessment within the narrative of their national inventory report, in chapter 1.6 and within the dedicated Annex II. There is no associated CRF table for uncertainty assessment.

(3) II.C.5 Methods: Assessment of completeness (para 32)

*Those developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead consider emissions insignificant if the likely level of emissions is below 0.1 per cent of the national total GHG emissions, excluding LULUCF, or 1,000 kt CO<sub>2</sub> eq, whichever is lower.*

The use of this flexibility would not affect the design of CRTs, but how Parties fill them in. Parties applying this flexibility provision would do so by applying a notation key for when emissions fall below the 0.1% or 1,000kt threshold. The MPGs allow the use of the notation key “NE” (not estimated) for when emissions are deemed insignificant, as is currently the practice by Annex I Parties’ in their national inventory reports. As there already exists an “NE” notation key, Parties could use a dedicated notation, such as “FX”, to indicate when its insignificance is due to the higher threshold.

Current CRF table 9 relates to completeness and includes a list of categories not estimated due to their deemed insignificance. Parties could indicate in this table whether the higher threshold (e.g. 1,000kt vs 500kt) was applied when using “NE”. Parties would also discuss their completeness assessment within their national inventory document, as is currently done by Annex I Parties in their national inventory report in chapter 1.8 and dedicated Annex V.

(4) II.C.6 Methods: Quality assurance/quality control (para 34)

*[T]hose developing country Parties that need flexibility in the light of their capacities with respect to this provision are instead encouraged to elaborate an inventory QA/QC plan in accordance with the IPCC guidelines referred to in paragraph 20 above, including information on the inventory agency responsible for implementing QA/QC.*

The application of this flexibility provision would not affect the use or design of CRTs. Rather than being required to elaborate on their QA/QC plan, Parties applying this flexibility are only encouraged to do so. To apply this flexibility, a Party would elaborate on their inventory QA/QC plan, if they so chose, within the narrative of their national inventory document or BTR, as is the current practice by Annex I Parties in describing their QA/QC plan within their national inventory report. There is no CRF table related to QA/QC plans.

(5) II.C.6 Methods: Quality assurance/quality control (para 35)

*[T]hose developing country Parties that need flexibility in the light of their capacities with respect to this provision are instead encouraged to implement and provide information on general inventory QC procedures in accordance with its QA/QC plan and the IPCC guidelines referred to in paragraph 20 above.*

As above, the application of this flexibility provision would not affect the use or design of CRTs, as there is no CRF table related to QA/QC plans. Rather than being required to provide information on their QC procedures, Parties applying this flexibility are only encouraged to do so. Therefore, in applying this flexibility, a Party would provide information on their inventory QC procedures within the narrative of their national inventory document or BTR, as is the current practice by Annex I Parties in describing their QC plan within their national inventory report.

(6) II.E.2 Reporting Guidance: Sectors and gases (para 48)

*[T]hose developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead report at least three gases (CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O) as well as any of the additional four gases (HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>) that are included in the Party's NDC under Article 4 of the Paris Agreement, are covered by an activity under Article 6 of the Paris Agreement, or have been previously reported.*

The application of this flexibility would affect the application of notation keys within these tables, but not the design of CRTs themselves. Parties opting to report fewer than the seven categories of gases, would use a notation key, ideally a dedicated notation key (e.g. "FX") to distinguish itself, across the cells where values would typically be reported. The supporting software could also enable Parties to select which gases they are able to report, auto-populating relevant tables with a notation key where applicable. Canada does not support the deletion of the columns for gases, which would undermine transparency, commonality, and the principle of improvement over time. Parties applying this flexibility would also need to provide a description of their approach in the narrative of the inventory document.

(7) II.E.3 Reporting Guidance: Time series (para 57)

*[T]hose developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead report data covering, at a minimum, the reference year/period for its NDC under Article 4 of the Paris Agreement and, in addition, a consistent annual time series from at least 2020 onwards.*

This flexibility allows Parties to report a shorter inventory time series, other than starting at 1990. The current structure of the CRF tables includes a separate file and set of tables for each individual inventory year. A Party applying this flexibility, unable to provide a consistent time series dating back to 1990, would be able to select which reporting years it is able to report, from at least 2020 onward, and complete those. The supporting software would then only generate tables for years that are relevant for their time series and clearly label the years for which no data is available. For summary and trend tables, it would still be important to include all years (starting in 1990), which could be completed with a unique notation key where applicable. This would enhance overall transparency and allow some Parties to report historic data for single years, where available.

(8) II.E.3 Reporting Guidance: Time series (para 58)

*[T]hose developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead have their latest reporting year as three years prior to the submission of their national inventory report*

This flexibility allows Parties to include one fewer most recent reporting year as part of their submission ("n-3" as opposed to "n-2"). Similar to the above flexibility, Parties applying this flexibility would select which years it is able to report, being no more than three years prior to their inventory submission. The supporting software would then not generate the set of tables associated with the most recent (e.g. "n-2") inventory year. Also as noted above, it would be important for Parties to apply a notation key in trend and summary tables, and provide adequate description of their approach in their inventory document.

## 2. Common tabular format (CTF) for the structured summary

To reiterate the views expressed in Canada’s previous submission, the structured summary should:

- be consistent with and complementary to the MPGs—(para. 77, including its contents in paragraphs 65-78);
- be common to all Parties, accommodating the full diversity of Parties’ NDCs—(para. 79);
- be supported by sufficient descriptive information in the text of the BTR to offer greater clarity and minimize ambiguities around data interpretation—(para. 79: “narrative and tabular format”);
- offer a clear, straightforward picture of progress towards a Party’s NDC target(s) and indicator(s) over time. The basis of these indicators being each Party’s NDC—(para. 65)
- contain sufficient information on cooperative approaches including on annual emissions levels covered by the NDC, the corresponding adjustment, and the resulting emissions balance—(para. 77(d)).

The mandate Parties have under SBSTA is to develop a table for the structured summary to accommodate all types of NDCs. So far, Parties’ discussions on the structured summary have primarily focused on two questions: (1) what format is the structured summary? and (2) how to design a table to accommodate all NDC types?

The answer to the first question—on the format—is clear from reading the MPGs. Paragraph 79 states that Parties shall report this information in both a narrative and common tabular format, and that these common tabular formats should accommodate all types of NDCs. As with all reporting tables, the structured summary is not stand-alone, but will be accompanied by narrative, descriptive, even graphical, information contained in the body of each Party’s BTR; the structured summary table provides a defined place and common format for presenting this information. It is Canada’s view that Parties should instead focus their discussions on the second question and explore possible options to designing a table that is applicable to all Parties’ NDCs and indicators.

### 2.1 Accommodating all types of NDCs and indicators

Canada encourages all Parties to track progress towards their NDC as transparently and objectively as possible. Establishing clear measurable indicators, in line with ICTU guidance set out in [4/CMA.1](#), helps to reduce reporting burden and establishes a clear, transparent, and predictable framework for measuring progress.

However, we understand that Parties have adopted different types of NDCs, including those with policies and measures-type targets—referred to as qualitative indicators. Based on analysis of NDCs submitted to date, all NDCs that contain a policy and measure-type target include multiple other targets, and most of these further include at least one quantifiable component. In other words, the far majority of NDCs include at least one quantifiable target. Even for those which do not, a qualitative indicator can easily be quantified. For example, a Party committing to expand its renewable energy generation could track progress via the share of renewable electricity generation (e.g. percentage).

Shown below is an example table for the structured summary building on our previous submission. This table accommodates different NDC types by allowing Parties to select their chosen metric for tracking progress. Parties with qualitative targets could describe the policy’s state of implementation across the NDC indicator row and time series, e.g. “under consideration”, “in progress”, or “implemented”. A similar terminology and approach is already used in completing CTF table 3 (found in [19/CP.18](#)) for policies and measures, which includes both quantitative (e.g. estimated mitigation impact, cost) and qualitative (e.g. objective, status) fields of information.



## Structured Summary Table

	Reference level, baseline, base year or starting point, base year/period	Time Series, including most recent year					Target year, period	Achievement
		(Metric/Units)	(year(s))	2021	2022	2023		
<b>NDC Target 1</b>								
<i>NDC Indicator 1.1</i>								
<i>NDC Indicator 1.2[1]</i>								
For Parties that participate in cooperative approaches:								
<i>GHG emissions and removals covered by NDC [2]</i>	<i>(kt CO<sub>2</sub> eq)</i>							
<i>Contribution from LULUCF [3]</i>	<i>(kt CO<sub>2</sub> eq)</i>							
<i>Corresponding Adjustment [4]</i>	<i>(kt CO<sub>2</sub> eq)</i>							
<i>(+) for ITMOs first-transferred/transferred</i>	<i>(kt CO<sub>2</sub> eq)</i>							
<i>(-) for ITMOs used/acquired</i>	<i>(kt CO<sub>2</sub> eq)</i>							
<i>Annual Emissions Balance [5]</i>	<i>(kt CO<sub>2</sub> eq)</i>							

1. If a Party's NDC target includes more than one indicator (e.g. emissions intensity target), the Party should include additional rows for each indicator.
2. If a Party's NDC does not include a GHG-based indicator, the Party shall include GHG emissions and removals for the purpose of reflecting the emissions balance and corresponding adjustment.
3. If a Party excludes LULUCF from their GHG inventory totals and time series, but LULUCF makes a contribution to a target, the Party shall provide the contribution from LULUCF.
4. The corresponding adjustment is the sum of ITMOs calculated as the sum of ITMOs authorized and transferred (+) and used (-).
5. The Emissions Balance is the sum of total GHG emissions and removals, the corresponding adjustment, and, as applicable, contribution from LULUCF.

### 2.2 Reflecting information on cooperative approaches

Parties engaging in cooperative approaches involving the use of internationally transferred mitigation outcomes (ITMOs), or that authorises the use of mitigation outcomes for international mitigation purposes other than achievement of its NDC, must also provide additional quantified information in their structured summary, in line with paragraph 77(d). This includes:

- annual level of GHG emissions covered by the NDC – 77(d)(i)
- emissions balance – 77(d)(ii)
- corresponding adjustment – 77(d)(ii)
- ITMOs first-transferred/transferred – 77(d)(ii)
- ITMOs used/acquired – 77(d)(ii)

- Other information consistent with decision adopted by the CMA on reporting under Article 6 – 77(d)(iii)

In the example table shown above, the elements mentioned in paragraph 77(d) are reflected as additional rows to be completed by Parties who engage in cooperative approaches. This includes a corresponding adjustment reflects the sum of ITMOs first-transferred/transferred (addition) and ITMOs used/acquired (subtraction), in accordance with the Party's selected approach to applying corresponding adjustments.<sup>1</sup> a row for, where the Parties are also required to provide additional information noted in paragraph 77(d)(iv) regarding environmental integrity, transparency, and robust accounting to ensure the avoidance of double counting. Similar to information on a Parties' accounting approaches and methodologies (required in paragraphs 71-76), this information can be captured in an additional or supplementary table, or in the narrative of the BTR provided Parties clearly describe their approaches and methods in full.

While additional guidance from Article 6 may require that the same information be included elsewhere, in greater detail, or require additional information altogether, this does not negate the requirement Parties have to report on their cooperative approaches in the structured summary and in their BTR. Any additional reporting guidance put forward by Article 6 will be additional and complimentary to the MPGs, and therefore must not prevent progress on designing tables.

### 3. Common tabular formats (CTFs) on financial, technology development and transfer, and capacity-building support

At COP24, Parties agreed to comprehensive reporting rules for support provided, mobilised, needed and received. These new reporting requirements will enhance overall transparency and increase our understanding of the action that is supported and enabled through climate finance, and inform how we can make finance more effective. Canada welcomes utilizing the draft informal note prepared by co-facilitators at COP25 as the basis for further discussions.

Canada offers the following overarching suggestions and considerations when developing the CTFs for support:

- Parties should take into account experience and lessons learned under the current reporting and CTF system.
- CTFs should build off existing reporting tables, which provide a good basis of work.
- CTFs should be clear, simple, and allow for improvements over time.
- Tables should include standard footnotes that provide additional clarity and guidance to Parties.
- Tables should include the option for custom footnotes to allow Parties to provide additional information and clarity on information reported within tables.
- Tables are not stand-alone, but complemented by textual information in the BTR on national circumstances and underlying methodologies, approaches and assumption.
- The electronic system should allow for automation of data imports and transfer to reduce the need for manual data entry.

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<sup>1</sup> See para. 8 of the draft Madrid texts

### 3.1 Support Provided and Mobilised

Parties currently provide detailed information in their biennial reports, including in CTF for the provision of support. The set of tables 7a, 7b, 8, and 9 in the annex of 19/CP.18 and 9/CP.21 already includes detailed guidance in the areas of finance, technology development and transfer, and capacity building that provide a good foundation which can be built on to incorporate new reporting elements.

As per the MPGs in the annex of decision 18/CMA.1, the CTFs will include one table for each reporting year on:

- Financial support provided through bilateral, regional and other channels, pursuant to paragraph 123
  - On type of support (adaptation, mitigation or cross-cutting), Parties should have the option to indicate the portion of specific contributions that went towards each type of support. This will allow Parties to share, where available, the split between adaptation and mitigation and increase granularity of data.
  - The MPGs introduce for the first time the ability to identify if financial support targets capacity building and technology development and transfer objectives. Canada supports the format of a check box added to the CTFs to indicate this relationship.
- Financial support provided through multilateral channels, pursuant to paragraph 124
  - On type of support (adaptation, mitigation or cross-cutting), Parties should have the option to indicate the portion of specific contributions that went towards each type of support. This will allow Parties to share, where available, the split between adaptation and mitigation and increase granularity of data.
  - Need to clearly integrate element on inflows/outflows, and allow Parties to clearly indicate in the table if a contribution is an inflow or outflow to a multilateral institution.
- The MPGs introduce for the first time the ability to identify if financial support targets capacity building and technology development and transfer objectives. Canada supports the format of a check box added to the CTFs to indicate this relationship.
- Financial support mobilised through public interventions, pursuant to paragraph 125
  - The MPGs introduce the option for reporting on finance mobilised through public interventions in a CTF for the first time. Many Parties are at different levels of capacity in reporting on support mobilised. These tables should be developed in a way that allows for improved reporting over time as Parties' capacities develop.
- Technology development and transfer support provided, pursuant to paragraph 127
  - Avoid duplicating information reported in CTFs for financial support.
- Capacity building support provided, pursuant to paragraph 129
  - Avoid duplicating information reported in CTFs for financial support.

### 3.2 Support Received and Needed

As no CTFs exist for reporting on needs and support received, previous experience of developing countries in reporting on support in BURs will be important to inform how to best develop these tables. Recognizing developing countries are at different levels of capacity to monitor and report support needed and received, the CTFs should allow for flexibility in capacity and facilitate improve reporting and transparency over time.



As per the MPGs in the annex of decision 18/CMA.1, the CTFs will include one table for each reporting year on:

- Financial support needed by developing countries, pursuant to paragraph 133
- Financial support received by developing countries, pursuant to paragraph 134
- Technology development and transfer support needed, pursuant to paragraph 136
- Technology development and transfer support received, pursuant to paragraph 138
- Capacity building support needed, pursuant to paragraph 140
- Capacity building support received, pursuant to paragraph 142
- Information on support needed and received by developing Parties for the implementation of Article 13 of the Paris Agreement and transparency-related activities, including transparency related capacity building, pursuant to paragraph 144.

## ANNEX: Examples of improvements to the Common Reporting Format (CRF) tables

### **Sectoral Background Data for Land Use, Land-Use Change and Forestry (CRF tables 4.A - 4.F)**

A new column added to CRF tables 4.A- 4.F to report net carbon stock changes in the Harvested Wood Products (HWP) pool associated with the relevant land category. Then CRF table 4.G could report detailed information on the commodities associated with the carbon transfers to and losses from HWP. These revisions to the CRF tables would improve the transparency and accuracy in reporting the transfer of carbon from land categories to the HWP pool, improve comparability of HWP reporting amongst countries and aid efforts to minimise double counting and omissions globally.

### **Sectoral Background Data for Energy (CRF table 1.C)**

A new row to be added to Table 1.C, under existing row “Total amount of CO<sub>2</sub> injected at storage sites”. This new row would capture CO<sub>2</sub> injected for operational usage and refer to a footnote to define ‘operational usage’ of CO<sub>2</sub>. Operational usage of CO<sub>2</sub> in Canada involves the injection of CO<sub>2</sub> into oil fields to achieve Enhance Oil Recovery (EOR). EOR is distinct from storage and as such Canada does not use the existing row to report CO<sub>2</sub> injection for EOR. However, there is no release to atmosphere of CO<sub>2</sub> from Canadian EOR reservoirs. Using the current table, and only listing CO<sub>2</sub> going into long-term geologic storage results in a non-zero net value while the expectation is that this value should be zero. Canada recommends the addition of this new row to accurately track CO<sub>2</sub> injected for operational usage, confirm that there is no atmospheric release captured CO<sub>2</sub> (from EOR), and align with the correct zero value.

### **Example for improvements to supporting table software in pre-populating notation keys**

Current practice has Parties entering hundreds of cells with “NA” where there are no emissions to report (e.g., HFCs and PFCs) or of “IE” for NO<sub>x</sub>/CO/NM<sub>x</sub>VOC/SO<sub>2</sub>. Instead, Parties could be enabled to identify all the F-gases not in use and NO<sub>x</sub>/CO/NM<sub>x</sub>VOC/SO<sub>2</sub> not present and pre-populate cells with “NA” and “IE”, where appropriate.