



Submission by Portugal and the European Commission

On behalf of the European Union and its Member States

Subject: Use of Kyoto Protocol units towards NDCs in the context of the June 2021 subsidiary bodies sessional period

16 June 2021

Use of Kyoto Protocol units towards NDCs

The EU and its member states would like to thank the SBSTA Chair for the opportunity to provide views to the Article 6 technical dialogues.

By adopting and ratifying the Paris Agreement, Parties have agreed that co-operation involving the international transfer of mitigation outcomes (ITMOs) from 31 December 2020 onward is subject to Paris requirements consistent with guidance to be adopted under that Agreement. The Paris Agreement does not provide for a transition, nor create an expectation or obligation of such.

Findings in scientific reports clearly state, that more mitigation effort is needed to deliver on Paris goals. We see risks in proposals that undermine, reduce or defer mitigation through carrying forward historic surpluses, or that lead to double counting of efforts.

As elsewhere, we consider the 3rd version of the Presidency text as a starting point for our discussion. We note that while the proposed text defines ITMOS as mitigation generated in respect of, or representing post 2020 emissions, it also provides for limited but as yet to be defined carry-over of CERs, and the placing of units not carried over in a reserve (para 75 and 76).

If Parties were allowed to carry over CERs for use towards their NDC, or for other purposes, this could only be agreed in the context of other rules that ensure environmental integrity, and that preserve and enhance ambition in a number of other areas. These areas are well known, and include, the robust and comprehensive application of GHG accounting, and elements that secure the ambition of the new mechanism, identified in previous EU submissions.

As it stands, in our view we are faced with a number of proposals that would reduce and undermine the aggregate ambition represented by current NDCs and/or defer or deflect the application of key elements of the Paris Agreement indefinitely. Several proposals on “transition” for CDM activities are in effect proposals for the continuing application of elements of the Kyoto Protocol in the Paris Agreement, or the deferral of the application of Paris Agreement requirements, and do not address the framing and implementation, still less the transition, to new rules and higher ambition.

More specifically, before any proposal can be considered it will be essential that all Parties are able to make a transparent assessment of the likelihood and quantum of risk associated with each proposals and related options on the table. To facilitate discussion, and without prejudging a decision, we would request that the secretariat prepares a background paper assessing the implications of a carry-over of units based on the proposals of the recent Presidency text of



COP25 on ambition country-specifically and globally. As suggested by AOSIS, LMDCs, ourselves and others in our previous sessions at this SBSTA, this paper might focus on the issue of the carry-over of KP units, or as part of a broader paper that assesses the impact on ambition of the different options with respect to all the open issues on the table (including potentially also transition of projects, continuing application of existing methodologies, deferral of application of accounting rules, alternative definitions of scope of NDC, application of non GHG metrics in different scenarios)

In supporting a broader understanding of the proposal for limited use of Kyoto units in para 75 of the third iteration, a secretariat paper should address the likely quantitative impacts and implications of different vintage dates, as well as the impact of applying or not applying corresponding adjustment, or as has been suggested by others (LDCs) the application of other elements of the framework such as share of the proceeds or overall mitigation in global emissions. We know that many parties have been working on aspects of this assessment, and could be invited to share the information they have collected and analysed.