

## Japan's Submission on Article 6, paragraph 4, of the Paris Agreement

September 2022

### Introduction

Japan welcomes the invitation from the SBSTA to submit Parties' further views on the elements referred to in paragraph 7 of decision 3/CMA.3. Japan present its views on the following issue.

### **Process for implementation of the transition of the clean development mechanism (CDM) activities to A6.4 and of use of certified emission reductions (CERs) towards first NDC (paragraphs 7(b) and 7(c) of decision 3/CMA.3)**

#### **1. Processes for implementation of the transition of activities from the CDM to Article 6, paragraph 4, in accordance with chapter XI.A of the annex (Transition of clean development mechanism activities)**

- It is important that the transition of existing CDM activities (Project Activities (PA) /Programme of Activities (PoA)) and CERs has clear procedures that does not impede the implementation of administrative work of relevant stakeholders.
- Although various forms of applications including small-scale PA/PoA transition and provisional measures are expected, we propose that the standard transition process be established first and after that, the Supervisory Body will elaborate expedited transition process as referred to paragraph 74 of Annex in decision 3/CMA.3.
- Based on the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement (6.4RMP), and other relevant rules and guidelines, we would like to propose the following processes for transition of the CDM activities.

#### **Proposed processes for implementation of the transition of the CDM activities (PA/PoA) to A6.4**

Steps	Stakeholders	Processes
0	A6.4 Supervisory Body (A6.4SB)/ Secretariat	● Develops and publishes a request template/form for transition of PA/PoA.
1	Project participants	● Submit a request for transition of their PA/PoA to the designated national authority (DNA) of the host Party and to the secretariat (deadline for submission is the end of 2023).
2	Secretariat	● Receives the request for transition of PA/PoA.
3	Host Party	● Receives the request for transition of PA/PoA. ● After deciding whether to approve the transition, issues/sends an approval/disapproval letter to the project participants (the deadline for issuing letters is the end of 2025).
4	Project participants	● Submit the letter by a host Party of approval for transition of PA/PoA to the secretariat.

5	Secretariat	<ul style="list-style-type: none"> <li>● Receives the letter of approval for transition of PA/PoA.</li> <li>● Sends the request for transition of PA/PoA by the project participants and the letter of approval together to the A6.4SB.</li> </ul>
6	A6.4SB	<ul style="list-style-type: none"> <li>● Assesses whether the PA/PoA is in line with the 6.4RMP.</li> <li>● If it is determined that PA/PoA is in line with the 6.4RMP, registers it as an A6.4 activity (=transition).</li> <li>● Notifies the CDM EB/secretariat of the completion of registration.</li> </ul>
7	CDM Executive Board (EB)	<ul style="list-style-type: none"> <li>● Deregisters the PA/PoA under the CDM on the above transition date.</li> <li>● Notifies the secretariat of the completion of deregistration under the CDM.</li> </ul>
8	Secretariat	<ul style="list-style-type: none"> <li>● Notifies the project participants of the completion of PA/PoA transition, and announces it on the UNFCCC website.</li> </ul>
9	Project participants	<ul style="list-style-type: none"> <li>● Receive the notification of transition completion.</li> </ul>

## 2. Processes for implementation of chapter XI.B of the annex (Use of certified emission reductions towards first or first updated nationally determined contributions)

- In order to clarify how CERs are utilized for NDCs after having transferred to the 6.4 mechanism registry, it is important for each Party to appropriately report the details in the Article 6 reporting.
- To this end, the transfer process should be highly transparent so that the information of transferred CERs can be shown, and it is also important to have necessary infrastructure (a maintained website with details of the CDM projects, etc.) so that such information is properly kept as a record.
- Based on the 6.4RMP, and other relevant rules and guidelines, we would like to propose the following CERs transfer processes.

\* In this submission, we only focus on **CERs** held in the CDM registry. With regard to CERs held in national registries, separate processes should be elaborated.

**Proposed processes for implementation of transfer of CERs held in the CDM registry to the 6.4 mechanism registry**

Steps	Stakeholders	Processes
0	Secretariat	<ul style="list-style-type: none"> <li>Develops and publishes an application template/form for transfer of CERs to the 6.4 mechanism registry.</li> </ul>
1	CERs holder	<ul style="list-style-type: none"> <li>Submits an application for transfer of its CERs to the 6.4 mechanism registry, to the CDM registry administrator.</li> </ul>
2	CDM registry administrator	<ul style="list-style-type: none"> <li>Receives the request for transfer of the CERs to the 6.4 mechanism registry from CER holders.</li> <li>Checks if the CERs meet the conditions for use of CERs towards NDCs as stipulated in the 6.4RMP.</li> <li>If the CERs meet the conditions, forwards the request to the host Party's DNA.</li> </ul>
3	Host Party's DNA	<ul style="list-style-type: none"> <li>Receives the request on the cancellation of CERs for the purpose of transfer of CERs to the 6.4 mechanism registry from the CDM registry administrator.</li> <li>Notifies cancellation of CERs for the purpose of transfer of CERs to the 6.4 mechanism registry, to the CDM registry administrator and the 6.4 mechanism registry administrator, as appropriate.</li> </ul>
4	CDM registry administrator	<ul style="list-style-type: none"> <li>Receives the notification on the cancellation of CERs for the purpose of transfer of CERs to 6.4ERs from Host Party's DNA.</li> <li>Cancel the CERs.</li> <li>Notifies cancellation of the CERs for the purpose of transfer of CERs to the 6.4 mechanism registry.</li> </ul>
5	6.4 mechanism registry administrator	<ul style="list-style-type: none"> <li>Receives the notification on the cancellation of the CERs for the purpose of transfer of CERs to 6.4ERs from Host Party's DNA.</li> <li>Receives the notification on the cancellation of the CERs for the purpose of transfer of CERs to 6.4ERs from the CDM registry administrator</li> <li>Issues (A6.4) ERs equivalent to the CERs on the pending account on the 6.4 mechanism registry, labeled as pre-2021 CERs, and forwards them to the account created based on the application submitted in step 1.</li> <li>Notifies the secretariat of the completion of CERs transfer.</li> </ul>
6	Secretariat	<ul style="list-style-type: none"> <li>Notifies the applicant and the Host Party's DNA of completion of transfer of CERs to the 6.4 mechanism registry and announces it on the UNFCCC website.</li> </ul>

\*In case of eligible CERs of transition kept in the SOP account, the CDM EB or the UNFCCC secretariat is in charge of proceeding the transferring process of the eligible CERs.