

# The United Kingdom of Great Britain and Northern Ireland's submission to the United Nations Framework Convention on Climate Change on matters related to the mechanism established by Article 6, paragraph 4, of the Paris Agreement

As invited to in paragraph 10 of FCCC/PA/CMA/2022/L.14<sup>1</sup>



---

<sup>1</sup> [FCCC/PA/CMA/2022/L.14](#)

## 1. Context

**The climate crisis remains one of the most urgent and cross-cutting global challenges that countries need to collectively overcome.** To keep the Paris Agreement's aim to limit global warming to 1.5°C in reach, we must peak global greenhouse gas emissions immediately, and by 2025 at the latest, rapidly reduce greenhouse gas (GHG) emissions by 43% by 2030 relative to 2019 levels<sup>2</sup>, followed by sustained reductions to reach net zero CO<sub>2</sub> emissions by mid-century. Within this broader context, the United Kingdom of Great Britain and Northern Ireland recognises Article 6 as **one of the critical elements of the Paris Agreement**, given its potential to be a key vehicle for accelerating co-operative efforts in the fight against climate change, and to promote sustainable development.

We will continue to strive to establish robust global market frameworks, that align with the UK's guiding principles of promoting **transparency** and **simplicity**, without compromising **environmental integrity**.

The United Kingdom of Great Britain and Northern Ireland (UK) is therefore pleased to make this submission on Article 6, and is hereby submitting its views on matters relating to elements of the mechanism established by Article 6, paragraph 4, of the Paris Agreement, as referred to in paragraph 10 of FCCC/PA/CMA/2022/L.14.

## 2. Connection of the mechanism registry to the international registry and other registries

**It is important that there is further clarity on the connection between the mechanism and the international registry, as well as with other registries.** We should ensure we are designing integrated systems that enable all authorized Article 6, paragraph 4, emission reductions (authorized A6.4ERs) to be fully reflected as Internationally Transferred Mitigation Outcomes (ITMOs) for compliance purposes, regardless of the type of 6.2 registry used by Parties. At present, it remains unclear how this will be ensured in practice.

There continue to be **benefits to be had in general from consistency and integration across registries** which is why we have continually favoured (i) common tracking approaches, (ii) centralised communication protocols, and (iii) connections between registries.

Due to the potential high number of actors involved during the lifecycle of an ITMO, clear visibility of authorized A6.4ER transactions is necessary to guard against risks of intentional and unintentional double counting and other inconsistencies.

### ***Mechanism registry and international registry connection***

At COP27, Parties agreed on minimum functions that the mechanism registry and international registry connection shall enable in paragraphs 9 and 10 of Annex I of FCCC/PA/CMA/2022/L.15, which the UK welcomes, but believes should be bolstered. This includes implementing appropriate standards and procedures to mitigate risks to the consistency of data.

These standards and procedures are important to ensure **all** registries can adequately and accurately perform their tracking and recording functions as referred to in decision 2/CMA.3, annex, paragraph

---

<sup>2</sup> Intergovernmental Panel for Climate Change's (IPCC's) Sixth Assessment report (AR6) working group III (WGIII) Summary for Policy Makers, page 21.

29. The communication standards for interoperability and transactions with ITMOs to be developed by the Secretariat should include information on when and what data are exchanged, and by whom. **There also remains a need for a clear central reconciliation process across registries to be elaborated, to ensure correct accounting of ITMOs across registries.**

In addition, the impacts of decisions around the 6.4 authorization statement on reconciliation and tracking need to be assessed, and decisions on authorization must not be taken in isolation to these considerations.

### ***Connection between the mechanism registry and other registries***

A connection between the mechanism registry and other registries referred to in decision 2/CMA.3, annex, paragraph 29, requires careful consideration. This is related to decisions on the connection between the mechanism and 6.2 international registry.

A Party's decision not to use the 6.2 international registry does not diminish the practicalities required for the tracking and recording of authorized A6.4ERs for compliance purposes. **We are therefore open to supporting a connection between the mechanism registry and other registries.** Such a connection should be clear and formalised, at a minimum replicating the key characteristics for connecting the mechanism and international registry and allowing for clear data/ visibility of ITMO transactions. For example, the connection should allow for automated pulling and viewing of data and information on holdings and the action history of authorized A6.4ERs for use, from other registries.

That said, the UK recognises there may be complexities involved in co-ordination with other registries compared to connection with the international registry, and so is open to exploring options around how to deliver this in the least complex way possible, without compromising the robustness of such an approach.

### **3. Provision of a statement by the host Party to the Supervisory Body specifying whether it authorizes Article 6, paragraph 4, emission reductions issued for an Article 6, paragraph 4, activity for use towards achievement of nationally determined contributions and/or for other international mitigation purposes, including its timing, relevant information on the authorization and any revisions**

#### ***Relevant information***

**It is important that Parties agree a CMA level decision on what minimum information should be provided in the 6.4 authorization statement** from the host Party to the Article 6.4 Supervisory Body. This will provide clarity to both Parties and external stakeholders and will ensure we specify in a practical manner what is needed to ensure adequate tracking of authorized A6.4ERs. This is necessary to ensure environmental integrity, by preventing a disconnect between authorized A6.4 ERs issued into the 6.4 mechanism, and 6.2 reporting and accounting requirements that apply (including the application of corresponding adjustments).

To achieve this, the 6.4 authorization statement should always include the following critical information elements:

- the date of the authorization
- the first transferring Party

- the authorization ID as assigned by the first transferring Party
- the specific A6.4 ER activity or activities and the high-level sector (as per common nomenclatures based on Intergovernmental Panel on Climate Change guidelines)
- the issuing authority, with contact information and elements for authentication of the issuing authority
- the purpose of authorisation:
  - a. **whether the A6.4ERs are authorized for use towards a Nationally Determined Contribution (NDC)** and if so, the total amount and details of authorized A6.4ERs towards NDC, in a manner that enables linking to tracking information.
  - b. **whether the A6.4ERs are authorized for use towards other international mitigation purposes (OIMP)** and if so, the total amount and details of authorized A6.4ERs towards OIMP, in a manner that enables linking to tracking information, and details of the OIMP authorized and authorized entities.
- the first transfer definition applied (consistently with paragraph 2 of the annex to decision 2/CMA.3 to provide clarity on when the corresponding adjustment is to be applied)
- the total amount of A6.4ERs (in tCO<sub>2</sub>eq) authorized for each calendar year
- the NDC period(s) during which the total amount of A6.4ERs are authorized for use
- the registry each Party participating will use for the purpose of tracking as specified in paragraph 29 of the annex to decision 2/CMA.3

There are additional information elements that may also be required in certain circumstances, such as specific safeguards or limits on the authorized 6.4ERs that the host Party may stipulate. Parties should be able to provide further detail where this aids transparency. Consideration should be given to how any additional information could be provided in a consistent manner.

Regarding authorization statement format, clarity and consistency could be obtained through the development of a 6.4 authorization statement template. This could include drop-down lists as well as open text fields options, to simplify the authorization process and reduce the risk of inconsistencies across the 6.4 mechanism and 6.2 tracking and reporting rules. We are open to exploring different solutions, and look forward to hearing and discussing different Party views on this matter.

### ***Timing and revisions***

Provision of the 6.4 authorization statement from the host Party to the Supervisory Body should take place before, or at, the request for registration of each 6.4 activity. At COP27, it was agreed that the 6.4 mechanism administrator must, at the time of issuance, assign A6.4ERs their authorization status. Issuance also triggers immediate corresponding adjustment implications for authorized A6.4ERs, given paragraph 39 in annex 1 of FCCC/PA/CMA/2022/L.14 stipulates that 5% of authorized A6.4ERs in the pending account are **immediately** forwarded to the share of proceeds adaptation account, effecting a first transfer that is **subject to a corresponding adjustment**.

To fully ensure A6.4 ERs authorization status is comprehensively assigned in practice, this must be known by the Supervisory Body prior to issuance. We believe authorization statements after the request for registration stage, could impact the feasibility of ensuring the relevant Article 6.2 and 6.4 rules are fully applied and validated (e.g. Share of Proceeds, overall mitigation in global emissions and corresponding adjustment requirements). Provision of the 6.4 authorization statement at a later point, risks complications that could put a strain on the transparency of the system, and both Party and external stakeholder confidence.

As for 6.4 authorization statement revisions, the UK has concerns that any revisions could also have significant accounting and reporting implications that may be challenging to effectively accommodate in practice, in turn potentially posing risks to environmental integrity. The option of revisions could be

perceived as a larger degree of uncertainty, which may impact the credibility and transparency of 6.4 transactions and stifle participation.

The UK would therefore welcome further technical work in the synthesis report prepared by the Secretariat, exploring and defining types of revisions (direction, extent, timing, exceptional circumstances) as well as reputational, accounting, environmental integrity, practical, cost and participation impacts of permitting, or not permitting, certain 6.4 authorization statement changes.

The UK would like to note that any technical work should equally consider different Party and external stakeholder impacts, given the need to incentivise and facilitate private entity participation.

#### **4. Consideration of whether Article 6, paragraph 4, activities could include emission avoidance and conservation enhancement activities**

**The UK firmly opposes the inclusion of 'emission avoidance', when defined as avoided fossil fuel extraction or avoided fossil fuel infrastructure, as an additional Article 6.4 activity category that can generate A6.4ERs.** This is because it is vital that the 6.4 mechanism delivers real, measurable, and additional reductions and removals. Given its currently poorly defined nature and propensity to being exploited, the concept of 'emission avoidance', is in our view incompatible with these principles and the overall goal of Article 6.

In particular, proposed inclusion of avoided fossil fuel extraction could entail significant repercussions that **could risk undermining the credibility of the environmental integrity of the mechanism**, for example through use of inflated baselines. This, in turn, could impact the collective ability of Parties to meet the Paris Agreement's temperature goals. Including 'emissions avoidance' as a category could also lead to a large proportion of stock-based credits versus reduction and removal credits, which risks impacting the stability of the mechanism.

Complying with the Article 6.4 rules, modalities and procedures is what defines an activity's eligibility and ability to generate A6.4ERs, which in our view is not designed to be inherently exclusionary, but to raise ambition without compromising environmental integrity. Whilst recognising calls from Parties for this topic to be considered, it is the UK's strong view that the categories of emission reductions and removals provide an appropriate basis for delivering the level of ambition needed to meet the goals of the Paris Agreement.

Concerning conservation activities, other levers beyond the mechanism are also available to stimulate and incentivise them. This includes Article 5 of the Paris Agreement. Beyond the UNFCCC, various other market-based mechanisms exist such as payments for ecosystem services (PES) and certification schemes in which the value of ecosystem services is reflected in product pricing (e.g. eco-labelled products). The voluntary carbon market is increasingly a source of finance for avoided deforestation, and careful consideration is needed of how to balance the urgent need for incentives to protect forests and other carbon rich ecosystems in the short term, with ensuring that absolute emissions reductions are delivered in line with a 1.5°C pathway.