



# Australian Government

## Submission to the Ad Hoc Working Group on the Paris Agreement on the mitigation section of the Paris Decision 1/CP.21

October 2016

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Australia welcomes the opportunity to share its views on the mitigation section of the Paris Decision 1/CP.21 (Paris Decision). This submission addresses guidance on: features of nationally determined contributions (NDCs), information to facilitate clarity, transparency and understanding of NDCs, and accounting for Parties' NDCs.

The Paris Agreement sets an ambitious collective goal to hold the increase in global average temperature to well below 2 degrees Celsius above pre-industrial levels, keeping 1.5 degrees in sight. Together, Parties will achieve this goal by each communicating (and implementing) successive, increasingly ambitious NDCs to reduce greenhouse gas emissions in their economies. Agreed guidance on features, information for clarity, transparency and understanding, and accounting for NDCs will help countries develop and implement clear and ambitious NDCs. In turn, this will promote mutual trust and confidence, help countries to attract investment and to engage in international markets, and allow an assessment of whether we're on track to reach the Paris Agreement goals.

In keeping with the spirit and objectives of the Paris Agreement, guidance on features, information and accounting should:

- respect the principle of national determination of contributions, while promoting transparency and accountability, and safeguarding environmental integrity
- accommodate all NDCs, taking into account variables in types of reference point, base years, timeframes and/or periods of implementation, and scope and coverage
- recognise the special circumstances of Small Island Developing States and Least Developed Countries
- apply to subsequent commitment periods (with flexibility for countries to apply agreed guidance to the first commitment period if they choose to do so).

### Features of NDCs

NDC features describe the universal qualities that all NDCs have, notwithstanding the diversity of NDCs that have been submitted. In this way, they promote comparability and foster mutual trust and ambition – as countries can be reassured that each will play their part, in accordance with their different national circumstances and capacity.

The Paris outcome outlines some NDC features. For example, it provides that each Party's contribution will be nationally determined; that each successive NDC will represent a progression on the Party's current NDC; and that NDCs will reflect the country's highest possible ambition in light of national circumstances and capacity. It also provides that all Parties will have or will move over time towards economy-wide emission reduction or limitation targets, and that Parties will account for their NDCs (which requires a level of quantifiability).

The Paris decision also mandates Parties to develop further guidance on features. In developing further guidance, Parties should:

- build on countries' experience in developing and preparing to implement NDCs
- build in a cycle of continuous learning, so that Parties can suggest further guidance over successive NDC commitment periods.

### **Information to facilitate clarity, transparency and understanding of NDCs**

All Parties must provide the information necessary to facilitate clarity, transparency and understanding of their NDC. This information:

- provides certainty of action, sending strong signals for businesses and communities to invest in the transition, and to attract climate finance
- improves comparability and builds trust at the outset, encouraging countries to move in step with each other
- enables accurate tracking of individual effort, and thereby informs the global stocktake.

Experience with the first round of INDCs will assist in the development of this guidance. The UNFCCC Secretariat's Synthesis Report on the Aggregate Effect of INDCs suggests most Parties submitted information in accordance with existing guidance. However, the Synthesis Report also highlights the substantial variation in how the elements were elaborated, and challenges related to the quality, clarity and completeness of INDCs.<sup>1</sup>

Further guidance under APA agenda item 3(b) should help each Party to provide the information that is necessary to track progress towards, and account for, its contribution. To this end, guidance should be consistent with, and informed by, the transparency framework under Article 13, and accounting guidance developed under Article 4 paragraph 13 and Article 6 paragraph 2.

Guidance should be sufficiently broad to apply to all types of NDCs, but, as needed, elaborate how specific pieces of information would apply to variables in NDCs.

Guidance should build on existing guidance in paragraph 27 of the Paris Decision, including, for example:

- *'quantifiable information on the reference point'* required for different NDC types (e.g. for absolute targets, the base year and emissions in the base year)
- information on *'scope and coverage'* applicable to all NDC types (greenhouse gases and sectors included in the NDC) and additional information required for non-economy-wide NDCs (for example, an explanation of why any sectors or categories were excluded)
- *'assumptions and methodological approaches'* used to determine baselines, projections, and reference points in the NDC, consistent with accounting guidance under Article 4, paragraph 13 and Article 6, paragraph 2 (e.g. assumptions of main emissions drivers, GDP/population growth rates, inclusion of policies and measures)
- *'planning processes'* including an indication of policies or policy processes to prepare to implement NDCs – recognising that plans will continue to evolve over the NDC period
- from the second commitment period, how the NDC represents a progression on the Parties' current NDC.

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<sup>1</sup> UNFCCC Secretariat (2016), *Synthesis Report on the Aggregate Effect of INDCs*, <http://unfccc.int/resource/docs/2016/cop22/eng/02.pdf>

## **Accounting for Parties' NDCs**

Robust accounting guidance that can accommodate all types of NDCs is critically important:

- to ensure Parties' genuine efforts are recognised
- to build trust and mutual confidence in the implementation of NDCs
- to help attract international finance
- to facilitate participation in, and underpin confidence and integrity of, international markets
- to promote comparability of outcomes that allow an aggregate assessment of overall progress towards the Paris Agreement's goals through the Global Stocktake.

The Paris Agreement requires all Parties to account for their anthropogenic emissions and removals corresponding to their NDCs. To do this, Parties will need to consider the three stages of accounting, as appropriate:

1. quantifying contributions in the context of preparing NDCs
2. tracking progress during NDC implementation
3. comparing quantified NDCs with outcomes after the NDC implementation period.

At each of these stages, Parties are required to promote environmental integrity, transparency, accuracy, completeness, comparability and consistency, and ensure the avoidance of double counting, in accordance with guidance agreed under this work stream.

Guidance should address, among other things:

- use of IPCC methodological guidance
- common metrics for calculating greenhouse gas equivalents
- specific issues related to quantifying projected baselines, including: the use of data in assumptions and projections, inclusion of relevant policies in baselines, and the process for updating and adjusting dynamic baselines
- issues related to the scope and coverage of NDCs, such as how to demonstrate increasing coverage over time, and avoid leakage
- tracking the use of 'internationally transferred mitigation outcomes' towards different types of NDCs (consistent with the accounting guidance developed under Article 6, paragraph 2)
- land sector issues, where not addressed as part of the above

Guidance should accommodate all types of NDCs, to assist all Parties to meet their obligation to account. Where possible, guidance and expectations should be set that are common for all Parties, to avoid duplication in guidance and facilitate comparability. However, some guidance may not apply to all circumstances, and fit-for-purpose guidance and alternative approaches may be needed to address issues specific to NDC types, circumstances and genuine issues of capacity. These options should be considered on a case-by-case basis for each issue.

## **Way forward**

Clarity on the features, information and accounting is needed well ahead of the first revisit of NDCs in 2020. Parties should move expeditiously at Marrakesh to establish expert-level technical discussions on the three sub-items under APA agenda item 3. Flexibility should be afforded to experts to allocate time to each sub-item appropriate to the level of technicality.

Australia recognises the inherent linkages between this item and agenda items on transparency and markets. These should proceed in parallel to ensure timely conclusion of negotiations. Where appropriate, joint meetings of relevant expert groups could be convened to identify and address specific points of commonality.