



Australian Government

Submission on further guidance in relation to the mitigation section of decision 1/CP.21

September 2017

Australia welcomes the opportunity to share views on further guidance in relation to the mitigation section of decision 1/CP.21. This submission builds on previous Australian submissions¹ and takes into account discussions at the May 2017 UNFCCC session, including as reflected in the co-facilitators' note².

GENERAL COMMENTS

Clear guidance on Nationally Determined Contributions (NDCs) is key to informing Parties' future NDCs, to providing mutual confidence in Parties' implementation of their commitments, and for clarity on collective progress towards the Agreement's temperature goal.

Parties must accelerate work on this item to allow its completion by CMA 1 at COP 24, as mandated under 1/CP.21 paragraphs 26, 28 and 31.

Guidance developed under this item should:

- maintain the nationally determined nature of NDCs and
- capture the range of NDCs adopted by Parties.

For agenda item 3(b) on the information to facilitate clarity, transparency and understanding of NDCs (ITCU), guidance should

- build on 1/CP.21 paragraph 27, and
- reflect the minimum information required in order to facilitate clarity, transparency and understanding (parties may provide further information as they deem appropriate).

For agenda item 3(c) on accounting for NDCs, guidance should

- build on 1/CP.21 paragraph 31, and
- reflect a minimum set of guidance to be applied by all Parties, in order to demonstrate transparency, accuracy, completeness, comparability and consistency (TACCC) and to promote environmental integrity.

In this submission we propose a **structure** for the outcomes of this agenda item as well as **headings**, **sub-headings** and **elements** for guidance to be developed under each sub-item. Our proposal includes a 'plain English' description of intended elements and does not constitute specific text suggestions.

¹ Previous Australian submissions:

2017 – Features and ICTU http://unfccc.int/files/bodies/apa/application/pdf/261_321_131357642219580657-australia-apa_mitigation-apr-2017.pdf

2017 – Accounting http://unfccc.int/files/bodies/apa/application/pdf/261_321_131372609748801307-2017-australia-mitigation-part_ii-accounting.pdf

2016 – Mitigation http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/261_279_131219392499465763-Australia%20UNFCCC%20Sub%20Mitigation%20Final%20.pdf

² Co-facilitator's informal note: http://unfccc.int/files/meetings/bonn_may_2017/in-session/application/pdf/informal_note_apa_3_for_publication_final.pdf

We continue to recognise that in implementing guidance developed under this item, least developed countries and small island developing States may prepare and communicate strategies, plans and actions for low greenhouse gas emissions development reflecting their special circumstances (Article 4.6).

We further recognise that support shall be provided to developing country Parties for the implementation of Article 4, in accordance with Articles 9, 10 and 11 of the Paris Agreement, recognizing that enhanced support for developing country Parties will allow for higher ambition in their actions (Article 4.5). Support is addressed further under other APA and SBSTA agenda items.

We will continue to work with partners to build capacity to improve the provision of information over time and support implementation of NDCs.

STRUCTURE OF OUTCOME ON APA AGENDA ITEM 3

The outcome of this agenda item should be adopted at CMA 1 as three distinct decisions corresponding to the three agenda sub-items. For sub-items 3(b) and 3(c) relating to ICTU and accounting respectively, the decision should include adoption of technical guidance as contained in an annex.

FEATURES

Article 4 identifies common obligations that Parties should address through their NDCs. The central obligation is Article 4.2, which requires Parties to prepare, communicate and maintain NDCs and pursue domestic mitigation actions to achieve the objectives of the contributions. Mitigation contributions are the foundational feature of an NDC.

Additional NDC features are established by Article 4. NDCs are to:

- represent a progression from the previous NDC (Article 4.3)
- reflect highest possible ambition (Article 4.3)
- maintain economy-wide absolute emissions reduction targets or move towards economy-wide targets over time (Article 4.4)

Parties should provide information on these features as part of the information to facilitate clarity, transparency and understanding, and as outlined in **Attachment A**.

After Parties have reflected on experience from implementation, Parties may wish to consider whether additional features will be necessary to achieve the goals of the Agreement.

INFORMATION TO FACILITATE CLARITY, TRANSPARENCY AND UNDERSTANDING

In communicating NDCs, Article 4.8 requires Parties to provide information necessary for clarity, transparency and understanding in accordance with Decision 1/CP.21 and further decisions under the CMA.

ICTU guidance should apply for NDCs that Parties are required to communicate or update by 2020 as required under 1/CP.21 paragraphs 23 and 24. Guidance should not apply retrospectively to NDCs (or INDCs) already submitted.

Australia proposes that Parties develop ICTU guidance on the basis of **headings, sub-headings and elements** outlined in **Attachment A** of this submission.

ACCOUNTING

Accounting is the process where Parties use information from their national greenhouse gas inventories and other sources to track progress and compare outcomes against NDCs. Guidance for accounting should promote TACCC and environmental integrity, and help Parties accurately understand and track progress toward NDCs.

In accordance with 1/CP.21 paragraph 32, accounting guidance will apply to second and subsequent NDCs.

Australia proposes that Parties develop accounting guidance on the basis of **headings, sub-headings** and **elements** outlined in **Attachment B** of this submission.

Provision of information on tracking progress toward NDCs

Under Article 13.7(b) Parties are required to regularly provide information to track progress made in implementing and achieving NDCs. The information to be provided is being discussed under APA agenda item 5.

Guidance developed under APA agenda item 3(c) complements work under APA agenda item 5 by:

1. Providing technical guidance for how Parties should calculate relevant quantities to be reported under Article 13.7(b).
2. Listing specific information Parties should provide to demonstrate they have applied relevant accounting guidance – all information will be reported under Article 13.7(b).

Accounting guidance only applies to relevant quantified elements of Parties' NDCs. It does not cover the full suite of information to be reported under Article 13.7(b) such as broader reporting on policies and measures.

To clarify the linkage between guidance under APA items 3 and 5, we describe below elements to be reported under Article 13.7(b) **that are affected by accounting guidance**. Different information is required at different points in time. This is described below in three chronological stages, consistent with previous submissions Australia has made on this agenda item.

Stage 1 – Quantifying or clarifying NDCs at the start of an implementation period

Stage 2 – Tracking progress during the NDC implementation period

Stage 3 – Comparing outcomes against NDCs after the end of the implementation period

Stage 1 – At the start of implementation period

In the first report of the NDC implementation period Parties provide the following.

- **Values of reference emissions and removals, and/or other relevant indicators against which progress toward the NDC will be tracked.**

E.g. for GHG targets, Parties provide net anthropogenic emissions, as well as other relevant indicators such as GDP for emissions intensity target, for the base year or period. For non-GHG targets, reference indicators could include, for example, area of forest cover, etc, for the base year or period, as relevant to the contribution.

- **Information about accounting approaches and relevant estimation methodologies used.**

E.g. Parties describe how they have constructed their reference value(s), provide information on the sources of all relevant indicators, describe how they will compare against these reference value(s), and provide explanations of definitions where different to those used in their inventory. The approaches and estimation methodologies used, and specific information to be provided on them, should be consistent with guidance developed under APA item 3(c).

Stage 2 – During implementation period

In reports during the NDC implementation period Parties provide the following.

- **An interim estimate of progress toward the NDC, comparing values of actual emissions and removals, and/or other indicators for latest years, against reference values.**

These are *interim estimates* to provide an indication of progress towards NDCs. Unless the Party states otherwise, they do not represent the ‘final outcome’ for tracking achievement of NDCs.

- **As relevant, updated values of reference emissions and removals, and/or other relevant indicators against which progress will be tracked.**
- **As relevant, information about updates applied toward accounting approaches and relevant emission estimation methodologies.**

During an NDC implementation period, Parties continue to use the accounting approaches described in their first report. They may wish to apply updated data or information to improve the accuracy of estimates. Parties that do so are to provide information on these updates.

- **As relevant, quantified impact on NDC accounting of any Article 6 outcomes.**

Stage 3 – After implementation period

In the earliest possible report following the end of the NDC implementation period Parties provide the following.

- **Finalised values of actual emissions and removals, and/or other indicators for the relevant year(s) in the implementation period, compared against reference values.**

Parties present their final outcomes against their NDC.

- **As relevant, updated values of reference emissions and removals, and/or other relevant indicators against which progress will be tracked.**
- **As relevant, information about updates applied toward accounting approaches and relevant emissions estimation methodologies.**

As before, Parties maintain the accounting approaches described in their first report

throughout the implementation period. They may wish to apply updated data or information to improve the accuracy of estimates. Parties that do so are to provide Information on these updates.

- **As relevant, quantified impact on NDC accounting of any Article 6 outcomes.**

Summary of information to be provided

Information to be provided	First report (Stage 1)	Reports during implementation (Stage 2)	Final report (Stage 3)
<u>NDC reference</u> emissions, removals and/or other indicators	Provide	Update only	Update only
<u>Actual</u> emissions, removals and/or other indicators	-	Provide	Provide final
Methodologies and approaches used	Provide	Update only	Update only
Impact from Article 6 outcomes	-	As relevant	As relevant

Reporting of information on progress toward multiple NDCs

Given the time delay between the completion of an NDC implementation period and the availability of relevant inventory information, Parties may sometimes provide information on two NDCs in the same report. For example, Parties may provide Stage 3 information relating to the conclusion of one NDC while at the same time provide Stage 1 information relating to the commencement of a subsequent NDC.

Existing guidance

Guidance can build on valuable experience and lessons learnt from the development and implementation of previous accounting frameworks (Article 4.14). The structure of the Paris Agreement and the nature of Parties' contributions are different to previous frameworks and the additional guidance provided under this item are necessary to allow Parties to account for NDCs in accordance with Article 4.13 and decision 1/CP.21 paragraph 31.

Linkages to other agenda items

This submission has addressed elements of linkage between APA agenda item 3, APA agenda item 5 and issues relating to Article 6. Further consideration will be given in Australia's upcoming submissions on APA agenda item 5 and Article 6.

WAY FORWARD

To conclude this item by COP 24 as mandated:

- Parties should identify **key elements** of the outcome on features and **headings, sub-headings** and **key elements** for ICTU and accounting, to be captured by co-facilitators at COP 23;
- this information should be the basis for a further submission to inform an initial draft decision at the earliest opportunity in 2018;

- this draft decision should be discussed and refined at the 2018 mid-year session, and
- the final decision should be agreed at COP 24 for adoption by CMA 1.

Urgent and focused technical work will be required at COP 23 to allow completion of work in the short time remaining. Parties should also consider at COP 23, how best to progress work in 2018 given the limited time remaining.

ATTACHMENT A – OUTLINE OF ICTU GUIDANCE

Decision

1. **Adoption of guidance contained in Annex**
2. **Guidance applies for new, updated or re-communicated NDCs due in 2020, and thereafter**
3. **Review and, if necessary, revision of guidance at a future point following experience with implementation**

Annex

1. **Description of the NDC**
 - a. **Nature of mitigation contribution(s)** – e.g. absolute, intensity, reduction from BAU, policies and measures etc., including information on how the contribution is expressed – e.g. as point target, carbon budget, or multi-year target
 - b. **Extent of the mitigation contribution(s)** – e.g. headline percentage reduction, and/or policy objective
2. **Quantifiable information on the reference indicator(s)**
 - a. **The base year and/or reference period** – e.g. the base year(s) used to define relevant baselines, including the base year(s) for policy objectives that are part of the contribution such as increasing energy efficiency or forest cover
 - b. **Reference indicators and their values used, or sources, to define the mitigation contribution** – e.g. net emissions, GDP, population, policy metric, etc, for the base and target year(s), and any other year(s) as relevant
 - c. **Information on the conditions under which the values of reference indicators, such as baseline(s) and/or reference level(s) will be updated** – if applicable
3. **Time frames and/or periods for implementation**
 - a. **Time frame, target year and/or period for implementation** – e.g. end year, or period over which the contribution will be implemented, taking into account relevant decisions under Article 4.10
4. **Scope and coverage of mitigation contribution(s)**
 - a. **Sectors, categories, and gases covered and definitions used** – e.g. how the nominated sectors and categories are defined with respect to inventory reporting sectors and categories
 - b. **Information on excluded sectors, gases or categories, and any considerations on the timeline for economy-wide coverage**
 - c. **Whether the Party intends to use voluntary cooperation under Article 6**
5. **Planning processes**
 - a. **Information about the domestic planning processes that Parties have undertaken to determine their NDC**
 - b. **Information on the long-term low greenhouse gas emission development strategies referred to in Article 4.19, as relevant**

6. **Assumptions, accounting approaches and relevant emissions estimation methodologies**
 - a. **Information on the accounting approaches and relevant emissions estimation methodologies to be used** – to track progress and compare outcomes against the mitigation contribution
 - b. **Information on how base years, baselines, reference levels or projections were constructed** – including key assumptions and parameters; relevant estimation methodologies; where projection based baselines and/or reference levels are used, information on policies and measures included and projection methodology
 - c. **IPCC methodologies and metrics to be used, consistent with 1/CP.21 paragraph 31(a)**
 - d. **Further technical information on mitigation contributions as necessary** – e.g. any additional technical information the Party deems relevant to specify their GHG and/or non-GHG mitigation contributions, including related mitigation co-benefit resulting from Parties' adaptation actions and/or economic diversification plans, and other kinds of contributions

7. **Fairness and ambition**
 - a. **How the Party considers that its nationally determined contribution is fair and ambitious, in the light of its national circumstances**
 - b. **Information on how Parties have addressed each of Articles 4.3 and 4.4** – that is NDCs to represent a progression from previous, NDCs to reflect highest possible ambition and to maintain economy-wide targets, or move toward economy-wide targets over time.

8. **How the contribution was informed by the Global Goal and Global Stocktake**
 - a. **How the contribution takes into account the agreed global temperature goal as described in Article 2.1(a)**
 - b. **How the contribution takes into account information from the most recent GST, or the 2018 Facilitative Dialogue as relevant**

ATTACHMENT B – OUTLINE OF ACCOUNTING GUIDANCE

Decision

1. **Review and, if necessary, revision of guidance at a future point following experience with implementation**

General Accounting Guidance

2. **General principles**
 - a. Account in a manner that demonstrates TACCC and environmental integrity
 - b. Strive for continuous improvement over time
 - c. Information used to be consistent with, and underpinned by, inventory
 - d. GHG mitigation contributions to be expressed in terms of tCO₂e
 - e. Accounting approaches to be based on sound science and evidence
 - f. Parties strive to increase coverage over time
 - g. Once a sector, gas, category is covered, should remain covered
3. **Metrics and methodologies**
 - a. Use IPCC guidance as adopted by CMA
 - b. Use IPCC metrics as adopted by CMA
4. **Elaborating NDC coverage**
 - a. For GHG targets, provide at earliest opportunity during implementation period:
 - i. description of sectors, gases, categories, pools covered; where they differ from inventory coverage and definitions
 - ii. other definitions used as relevant (e.g. for forests)
 - b. May increase coverage at any time, should communicate at next earliest opportunity
 - c. Describe any changes in coverage between implementation periods
 - d. Describe any changes in definitions between implementation periods
5. **Consistency in accounting**
 - a. Maintain consistency in accounting approaches, choice of assumptions and definitions used between communication of NDC and implementation; and throughout implementation period
 - b. Where updated data and parameters are used before the end of the implementation period, they should be used consistently both to calculate outcomes and to update relevant base year indicators, baselines reference levels or projections (i.e. maintain time series consistency)
 - c. Describe any updates to data and parameters used during an implementation period
 - d. Describe any changes in approaches and assumptions, as relevant, between implementation periods
6. **Avoiding double counting**
 - a. A given outcome to be used toward a single NDC only

7. Provision of information

- a. Parties to provide information to track progress in the report under Article 13.7(b), this includes the following
- b. At earliest opportunity during implementation period, provide:
 - i. Value(s) of reference emissions and removals, and/or other relevant indicators used to track progress toward NDC
 - ii. information on elements 4(a), (b), (e) and (f); 5(c) and (d); and Annex 1(d) and (g) and others as relevant in this guidance
- c. Regularly during the implementation period, provide:
 - i. net anthropogenic emissions, removals, and/or other relevant indicators used to provide an indication of progress toward NDC
 - ii. information on elements 4(b); 5(c) and Annex 1(f) and others as relevant in this guidance
 - iii. as relevant, use and impact of Article 6 outcomes used toward NDCs
- d. To provide at earliest report possible after the end of the implementation period:
 - i. a quantified assessment of final achievement against indicators for NDC
 - ii. information on elements 4(b); 5(c) and Annex 1(f) and others as relevant in this guidance
 - iii. as relevant, use and impact of Article 6 outcomes used toward NDCs

8. Adoption of further technical guidance contained in Annex

Annex

Specific Accounting Guidance

1. Base year indicators, baselines, reference levels and projections

Construction

- a. Avoid overestimating or underestimating and use verifiable information sources
- b. Where projections used, take into account all relevant policies and measures in place at time of construction, explaining exclusions
- c. Demonstrate that parameters and values used are consistent with historical and publically available data
- d. Following information to be provided:
 - i. General description of how the base year indicator(s), baseline(s), reference level(s) and projection(s) was constructed – including approaches, assumptions and relevant estimation methodologies,
 - ii. Sectors, categories and gases, and as relevant, activities and pools, that have been included, including explaining exclusions or omissions
 - iii. Policies and measures that have been included and their implementation timeframes, reasons for exclusion of relevant policies and measures
 - iv. Contributions from sub-national or sectoral baselines, reference levels and projections as relevant

Update

- e. Should periodically update the base year indicators, baselines, reference levels and/or projections as appropriate, taking into account new information, trends and incorporating any changes to coverage and methodologies
- f. Report any updates at the earliest opportunity

Comparison against outcomes

- g. Parties to describe at the earliest opportunity, how they will compare outcomes against their base year indicator(s), baseline(s), reference level(s) and/or projection(s)
- h. Maintain method of comparison throughout implementation period

2. Use of Article 6 outcomes toward NDCs

This section would cover avoidance of double counting in relation to use of Article 6 outcomes toward NDCs. Further topics may include guidance relating to how Article 6 outcomes are applied toward NDCs.

3. Specific land sector technical issues

Guidance provided in this decision and annex applies broadly to all sectors, including the land sector. This section may cover natural disturbance and other land related topics not sufficiently covered by other guidance.