

Agenda item 3.4.

Paragraph 13 of the annotated agenda

Concept note: Options for the implementation of paragraph 62 of the ‘Standard: Requirements for activities involving removals under the Article 6.4 mechanism’

Methodological Expert Panel – 14th meeting

22 to 26 June 2026

Bonn, Germany



Procedural background

1. At SBM 017, the SBM requested the MEP to **prepare a concept note on options for the implementation of paragraph 62** of the “Standard: Requirements for activities involving removals under the Article 6.4 mechanism”.
2. At SBM 018, the SBM requested the MEP, **in preparing a concept note** on addressing options for implementing paragraph 62 of the “Standard: Requirements for activities involving removals under the Article 6.4 mechanism” as mandated by SBM 017, **to make a proposal on conditions and criteria for justification of the demonstration of sufficiency of coverage** as indicated in the Information Note: “Elements related to non-permanence and reversals for inclusion in relevant regulatory documents”.
3. At MEP 010, the secretariat consulted the UNFCCC legal department to seek their input on the applicability of paragraph 62 of the Removals Standard and it was confirmed that that the paragraph corresponds to alternate measures to remediate reversals and to measures that can enhance the robustness of the buffer pool.
4. At MEP 010, the Reversals SG discussed and agreed the various elements/structure that will need to be addressed by the concept note.
5. At MEP 011-013, the SG continued to work on the concept note.



Purpose

The purpose of this concept note is:

1. To provide options for implementation of paragraph 62 of the “Standard: Requirements for activities involving removals under the Article 6.4 mechanism”; and
2. To make a proposal on conditions and criteria for justification of the demonstration of sufficiency of coverage of insurance, in order to operationalize the relevant provisions of the Information Note.



Key issues and proposed solutions (1/3)

- The MEP in consultation with the Secretariat analyzed the requirements of para 62 and identified that the provisions of the paragraph that relate to measures to ensure the robustness of the Reversal Risk Buffer Pool and to measures that could provide alternate methods to the Buffer Pool for remediating reversals.
- The concept note has been structured to address:
 - a) Measures to ensure the robustness and resilience of the Reversal Risk Buffer Pool Account;
 - b) Alternative measures to the Reversal Risk Buffer Pool Account for remediation of reversals, including a Monetary Permanence Reserve;
 - c) Use of insurance policies, comparable guarantee products, or third-party guarantees during the post-crediting monitoring period;
 - d) Risks of approving alternatives to the Reversal Risk Buffer Pool Account; and
 - e) Recommendations to the Supervisory Body.



Key issues and proposed solutions (2/3)

Overview of different measures that have been explored in the concept note to address the mandate from SBM17.

- 1) Measures to ensure the robustness and resilience of the Reversal Risk Buffer Pool Account:
 - Reversal Risk Buffer Pool Account stress test
 - UNFCCC enforcement capacity and alternatives
 - Insurance of the Reversal Risk Buffer Pool Account
 - Replenishment of the Reversal Risk Buffer Pool Account by a Party

- 2) Alternative measures to the Reversal Risk Buffer Pool Account for remediation of reversals:
 - Activity-level insurance through a private-third party
 - Party guarantee
 - Party remediation of reversals through NDC accounting
 - Monetary Permanence Reserve



Key issues and proposed solutions (3/3)

The mandate from SBM18 to make a proposal on conditions and criteria for justification of the demonstration of sufficiency of coverage as indicated in the Information Note :“Elements related to non-permanence and reversals for inclusion in relevant regulatory documents”

The concept note implements this mandate by elaborating the conditions and criteria that would justify an activity participant terminating its obligation to monitor in the post-crediting monitoring period and transferring this obligation to an approved insurance provider, without replacing the use of the Reversal Risk Buffer Pool Account.



Recommendations to the MEP

The small group recommends the MEP to consider the proposed draft concept note and launch it for public consultation.

