

# Emissions trading and project-based mechanisms

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AWG-KP 5

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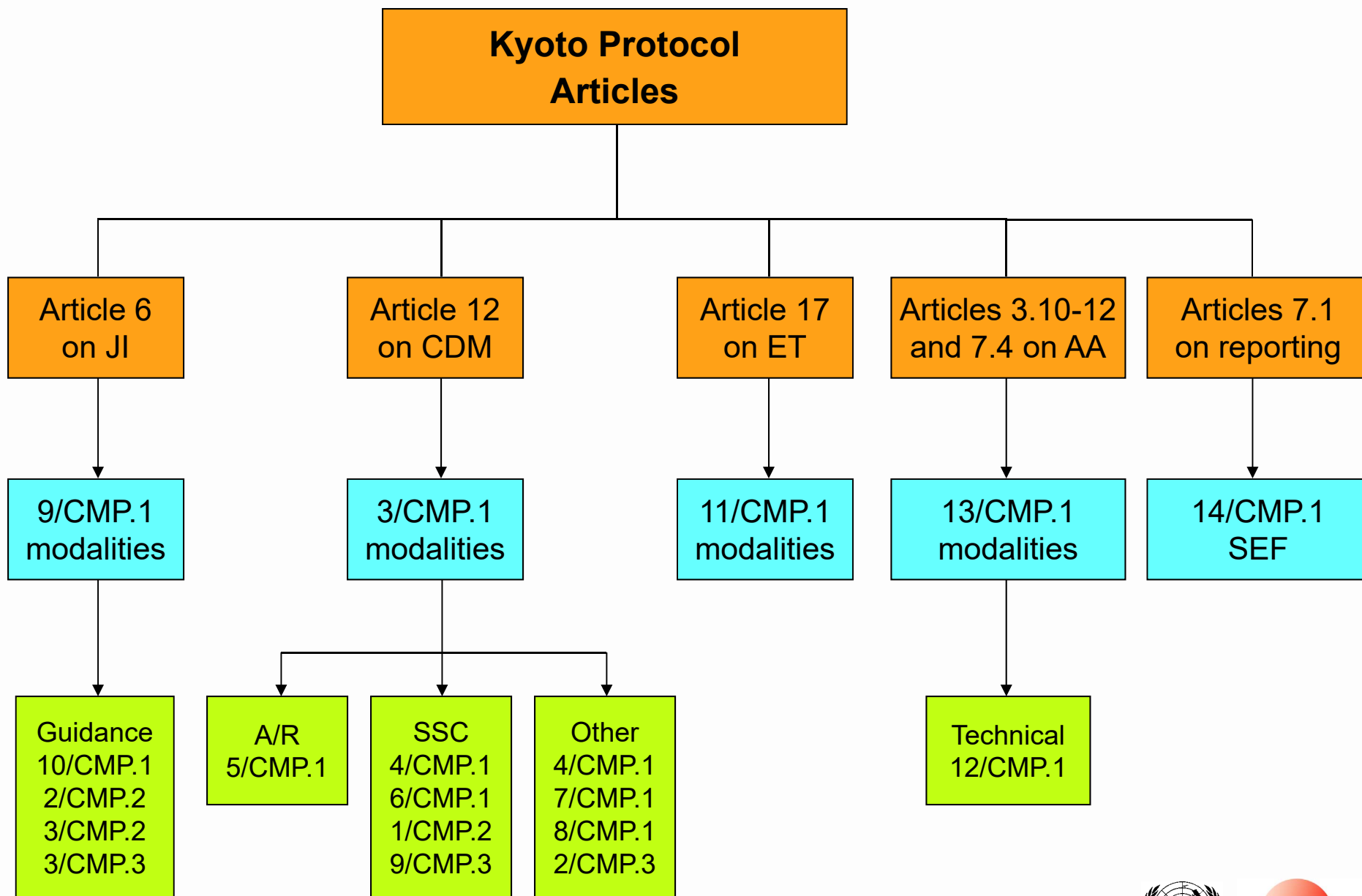
In-session workshop on means to  
reach emission reduction targets



# Overview

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- Main Kyoto Protocol and CMP decisions
  - relating to emissions trading and project-based mechanisms
  - based on document FCCC/KP/AWG/2008/INF.1
- Status of mechanisms implementation for the first commitment period



# General mechanisms provisions

Kyoto unit definitions	3/CMP.1 5/CMP.1 9/CMP.1 11/CMP.1 13/CMP.1
Annex B Party eligibility for participation	2/CMP.1 3/CMP.1 9/CMP.1 11/CMP.1
Supplementarity to domestic action	2/CMP.1

# Assigned amount accounting

<p><b>Assigned amount modalities</b></p> <ul style="list-style-type: none"><li>• Calculation and recording</li><li>• Additions and subtractions</li><li>• Transaction modalities (including limits)</li><li>• Basis for the compliance assessment</li><li>• Carry-over to the next commitment period</li></ul>	<p>Articles 3.10-12</p> <p>Article 7.4</p> <p>13/CMP.1</p>
<p><b>Technical systems</b></p> <ul style="list-style-type: none"><li>• Transaction procedures</li><li>• Registries and the international transaction log</li></ul>	<p>13/CMP.1</p> <p>12/CMP.1</p>
<p><b>Reporting and compliance</b></p> <ul style="list-style-type: none"><li>• Standard electronic format for reporting on Kyoto units</li><li>• Compilation and accounting of emissions and assigned amounts</li></ul>	<p>13/CMP.1</p> <p>14/CMP.1</p>

# Emissions trading under Article 17

Involvement of legal entities	11/CMP.1
Commitment period reserve	11/CMP.1

# CDM under Article 12

<p><b>Institutions</b></p> <ul style="list-style-type: none"> <li>• Executive Board</li> <li>• Operational entities and their accreditation</li> <li>• EB rules of procedure</li> </ul>	<p>3/CMP.1 4/CMP.1</p>
<p><b>Procedures</b></p> <ul style="list-style-type: none"> <li>• Project cycle</li> <li>• Baselines and monitoring methodologies</li> <li>• CDM registry provisions</li> <li>• Review procedures</li> </ul>	<p>3/CMP.1 4/CMP.1</p>
<p><b>Small-scale projects</b></p> <ul style="list-style-type: none"> <li>• Definition of small-scale projects</li> <li>• Simplified project cycle</li> <li>• Simplified baseline and monitoring methodologies</li> </ul>	<p>4/CMP.1 1/CMP.2</p>
<p>Definitions and guidance for HCFC-22 projects</p>	<p>8/CMP.1</p>

# CDM afforestation and reforestation

<p><b>Additional procedures</b></p> <ul style="list-style-type: none"><li>• Additional A/R related definitions</li><li>• Project cycle provisions</li><li>• Participation requirements</li><li>• Baselines and monitoring methodologies</li></ul>	5/CMP.1
<p><b>Non-permanence provisions</b></p> <ul style="list-style-type: none"><li>• Temporary CERs, long-term CERs</li><li>• Expiry and replacement of tCERs and ICERs</li></ul>	5/CMP.1
<p><b>Small-scale A/R projects</b></p> <ul style="list-style-type: none"><li>• Definition of small-scale projects</li><li>• Simplified project cycle</li><li>• Simplified baseline and monitoring methodologies</li></ul>	6/CMP.1 9/CMP.3

# JI under Article 6

<b>Institutions</b> <ul style="list-style-type: none"><li>• JI Supervisory Committee</li><li>• Independent entities and their accreditation</li><li>• JISC rules of procedure</li></ul>	9/CMP.1 2/CMP.2
<b>Procedures</b> <ul style="list-style-type: none"><li>• Project cycle</li><li>• Participation requirements</li><li>• Baselines and monitoring criteria</li><li>• Role of CDM operational entities and methodologies</li></ul>	9/CMP.1 10/CMP.1
Definition of small-scale projects	3/CMP.2

# Status of mechanisms implementation

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- CDM and JI are **operational**
  - CDM-EB, JISC and secretariat support well established
  - Parties generally well advanced on DNAs, DFPs and procedures
- Technical systems in place
  - almost all Annex I Party **national registries** in place
  - Kyoto's **international transaction log** operational with CDM registry and Japan, New Zealand, Russia and Switzerland
- 6 Annex I Parties now **eligible** to participate in the Kyoto mechanisms; most others to follow by end-April 2008
- Recent weeks saw **first Article 17 transfers** of Kyoto units
- Considerable experience with national trading schemes

