



# Proposal for Guidance on robust accounting under Article 6 of the Paris Agreement

*Version 3 October 2017*

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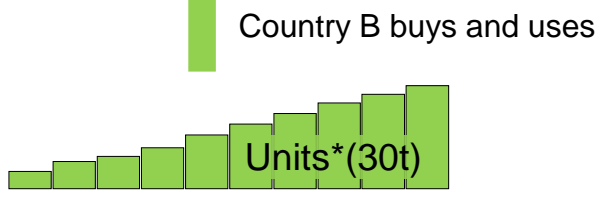
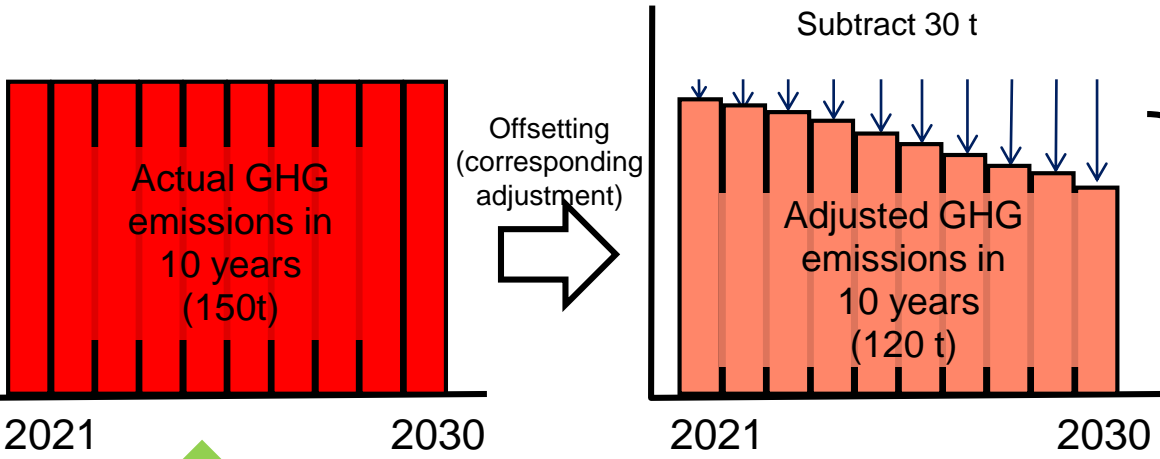
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This material aims to illustrate description of the concrete proposals for guidance on robust accounting under Article 6, paragraph 2 of the Paris Agreement. It should be noted that this document does not intend to prejudge an outcome of UNFCCC negotiation on Article 6 of the Paris Agreement but intends to contribute to the discussions. For any queries relating to this document, please contact <[ce-info@iges.or.jp](mailto:ce-info@iges.or.jp)>. The contents of this material are solely the responsibility of the author and do not necessarily represent IGES.

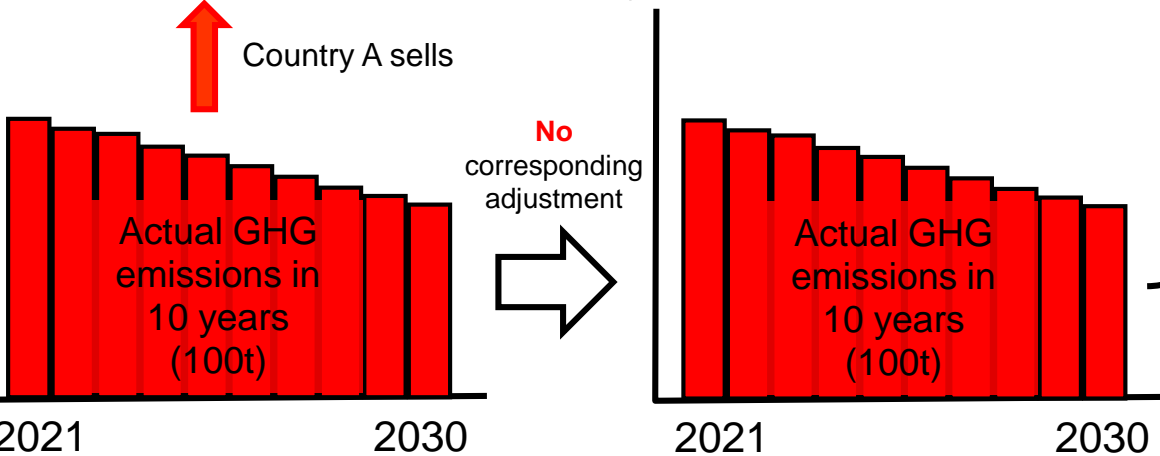
# 1. Problems caused by double counting

## Case of double counting

### Country B (Acquiring Party)



### Country A (Transferring Party)



Sum of actual emissions from both Country A and B = 250 t

Sum of adjusted emissions from Country A and actual emissions from Country B = 220 t  
(which is a different value from the sum of actual emissions and **there is double counting of 30 t units**)

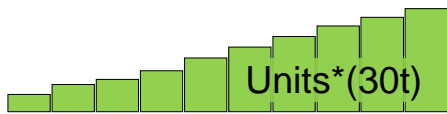
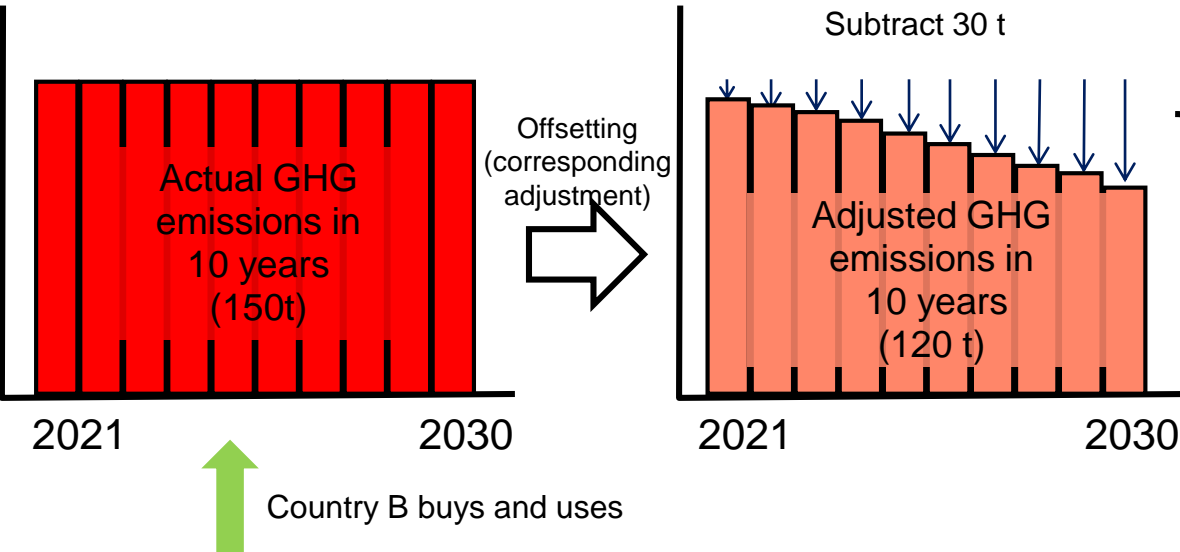
**The overall emissions look reduced, but actual emissions have not reduced.**

\* Units means, in this document, internationally transferred mitigation outcomes (ITMOs), including emission reductions resulting from the mechanism referred to in Article 6.4.

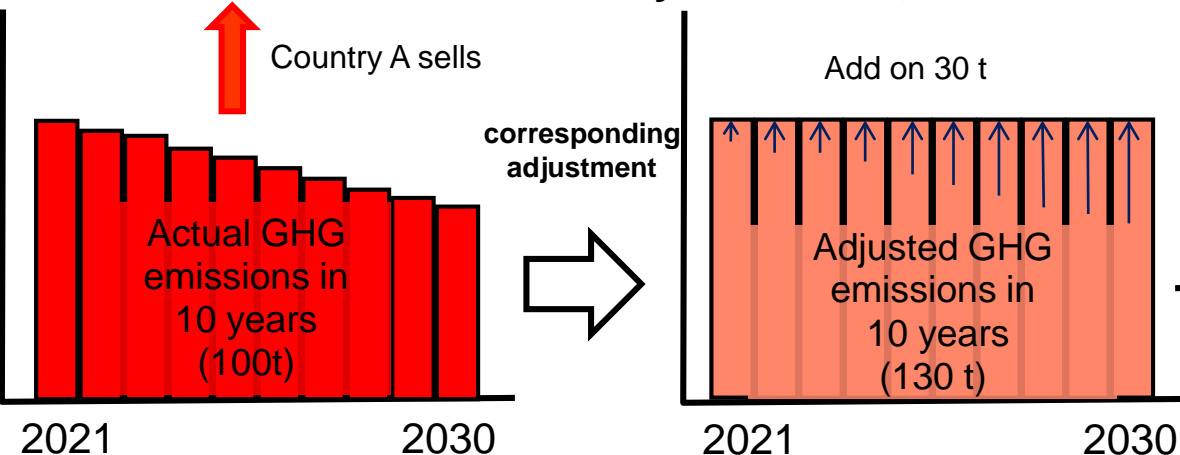
## 2. Basic arrangements for avoidance of double counting

Decision 1/CP.21, para 36: (...) guidance to ensure that double counting is avoided on the basis of a corresponding adjustment by Parties for both anthropogenic emissions by sources and removals by sinks covered by their nationally determined contributions under the Agreement;

### Country B (Acquiring Party)



### Country A (Transferring Party)



Sum of actual emissions from both Country A and B = 250 t

Sum of adjusted emissions from Country A and B = 250 t (which is the same value with actual emissions and there is no double counting)

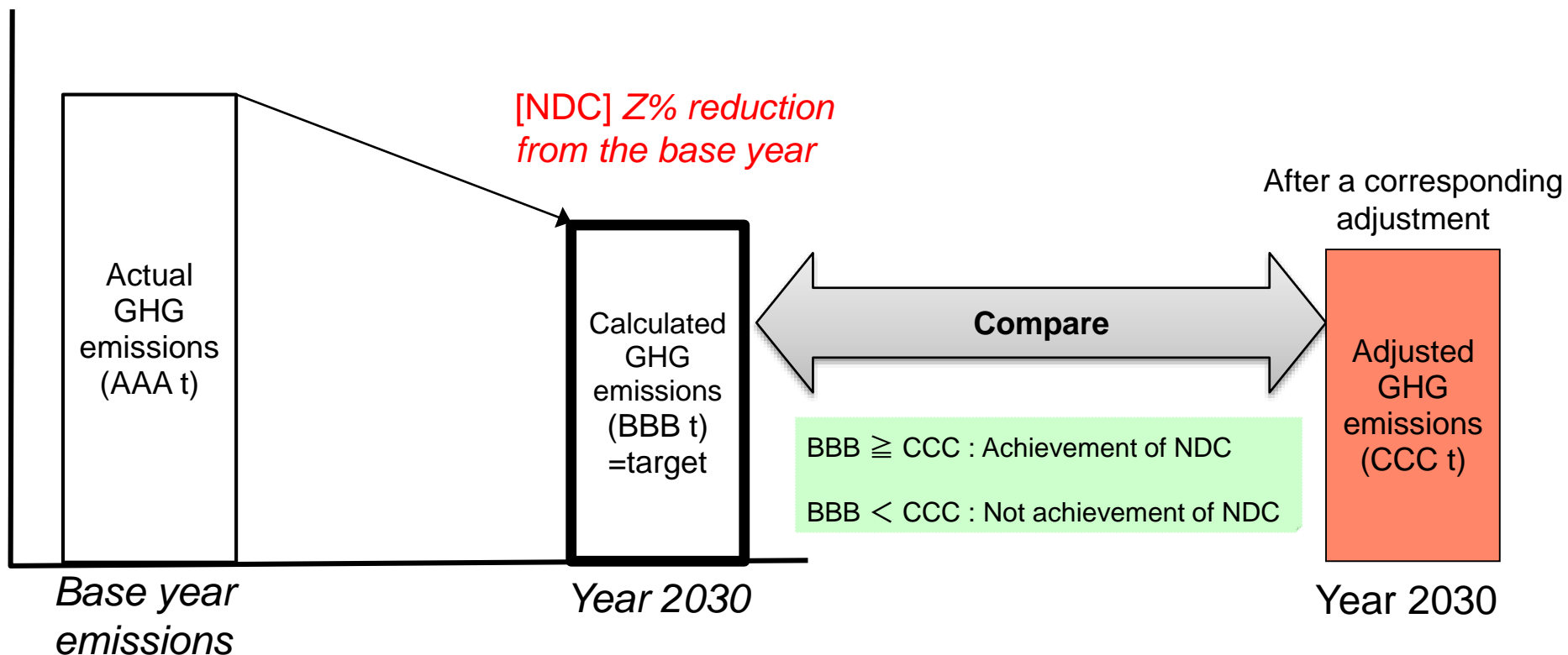
Each country should compare its adjusted emissions and emission reduction target specified in its NDC in assessing achievement of its NDC.

\* Units means, in this document, internationally transferred mitigation outcomes (ITMOs), including emission reductions resulting from the mechanism referred to in Article 6.4.

## 2. Accounting rules for various types of NDCs

The possible accounting rule of using units issued from multiple years for single-year target is illustrated in section 5.

### 2-1. Absolute emission reductions target

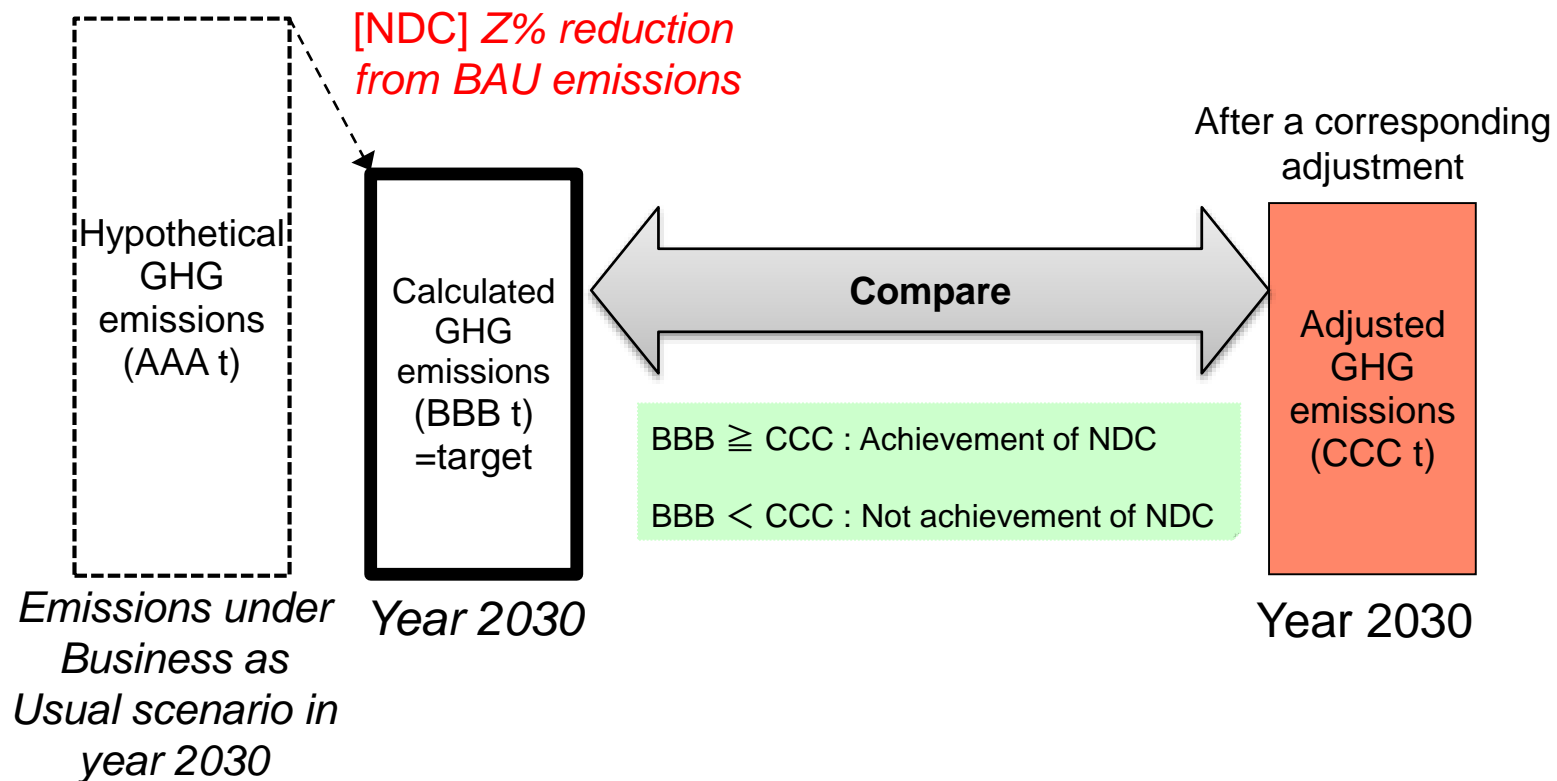


\* Year 2030 is used only for illustrating purpose in this proposal.

## 2. Accounting rules for various types of NDCs

The possible accounting rule of using units issued from multiple years for single-year target is illustrated in section 5.

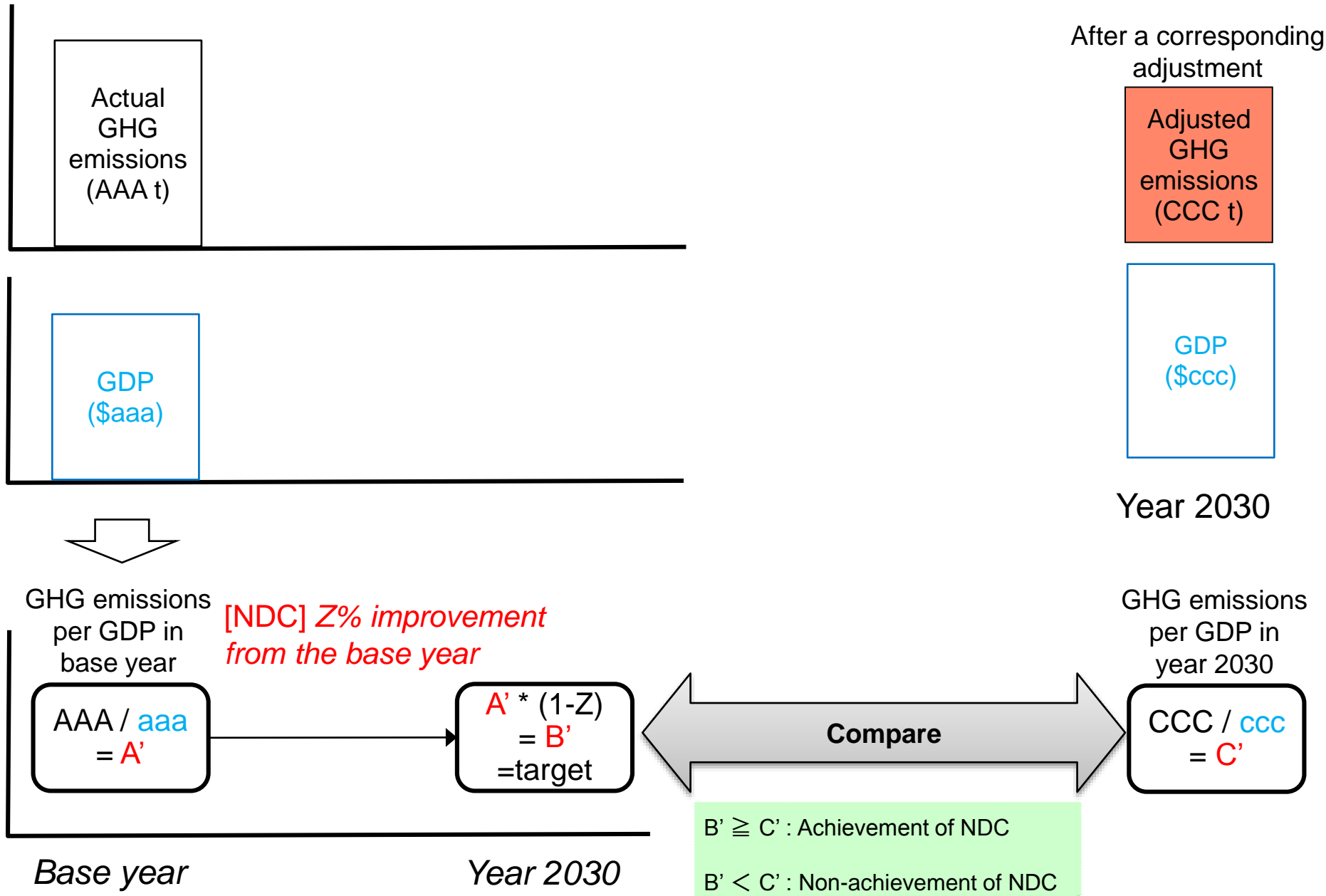
### 2-2. Emission reduction target compared to BAU emissions



## 2. Accounting rules for various types of NDCs

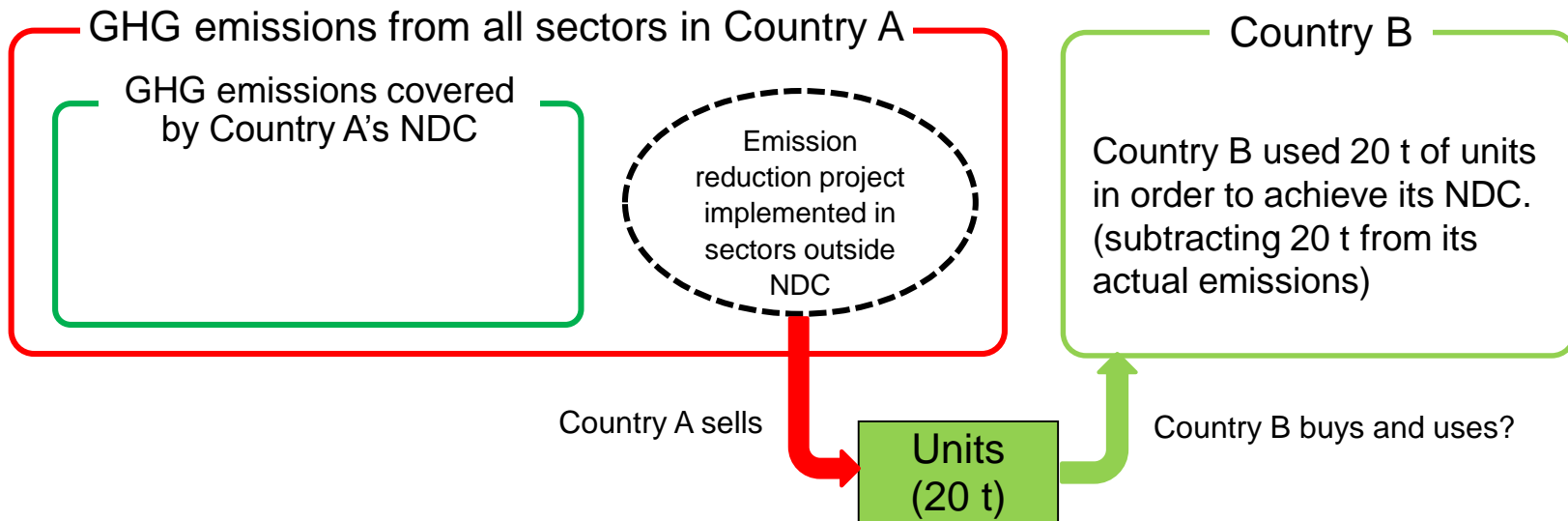
The possible accounting rule of using units issued from multiple years for single-year target is illustrated in section 5.

### 2-3. Intensity (GHG emissions per GDP) target





### 3. Accounting rules for units from the sectors not covered by NDC



#### Option 1

No adjustment needed in Country A.

- It will secure opportunities to implement emission reduction projects in Country A.
- There is double counting.
- It will reduce incentives to cover more sectors in Country A's NDC.

#### Option 2

Not to allow Country B to use of units to achieve NDC, generated from outside sectors covered by Country A's NDC.

- There is no double counting
- It will secure incentives to cover more sectors in Country A's NDC.
- It will reduce opportunities to implement emission reduction projects in Country A.

#### Option 3

Adjust Country A's emissions (add on 20 t) covered by its NDC.

- There is no double counting
- It will secure opportunities to implement emission reduction projects in Country A.
- It will not reduce incentives to cover more sectors in Country A's NDC.

#### Option 4

Country B can buy units but cannot use those until Country A revises its NDC to cover sectors in which emission reduction projects are implemented. And when Country B uses the units, Country A adjusts its emissions (add on 20 t) covered by new NDC.

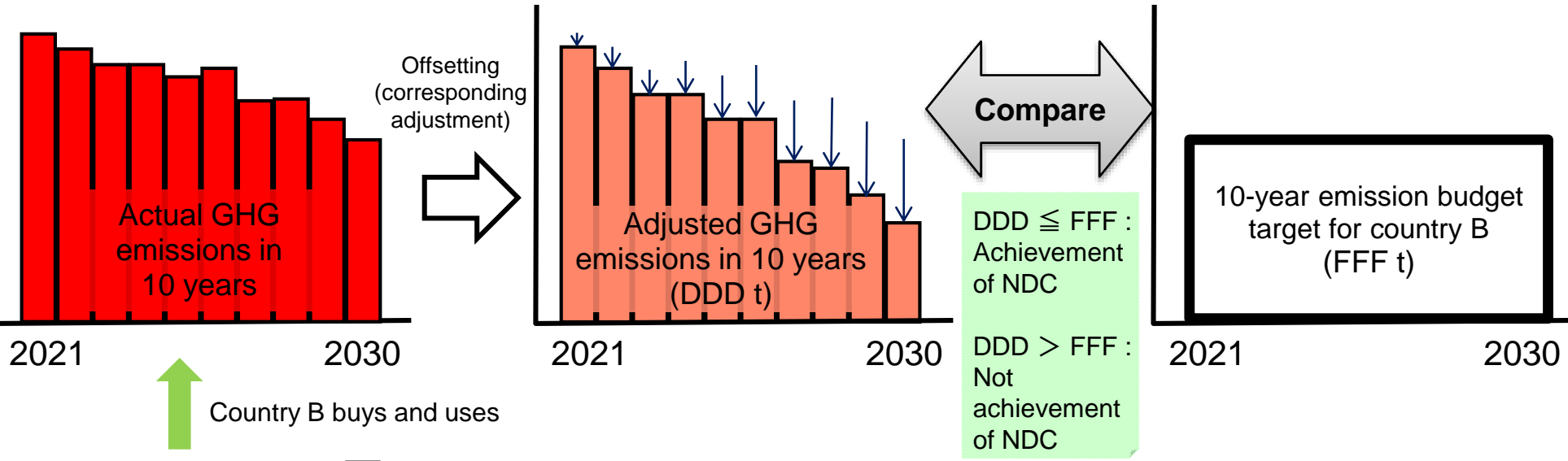
- There is no double counting
- It will not reduce incentives to cover more sectors in Country A's NDC.



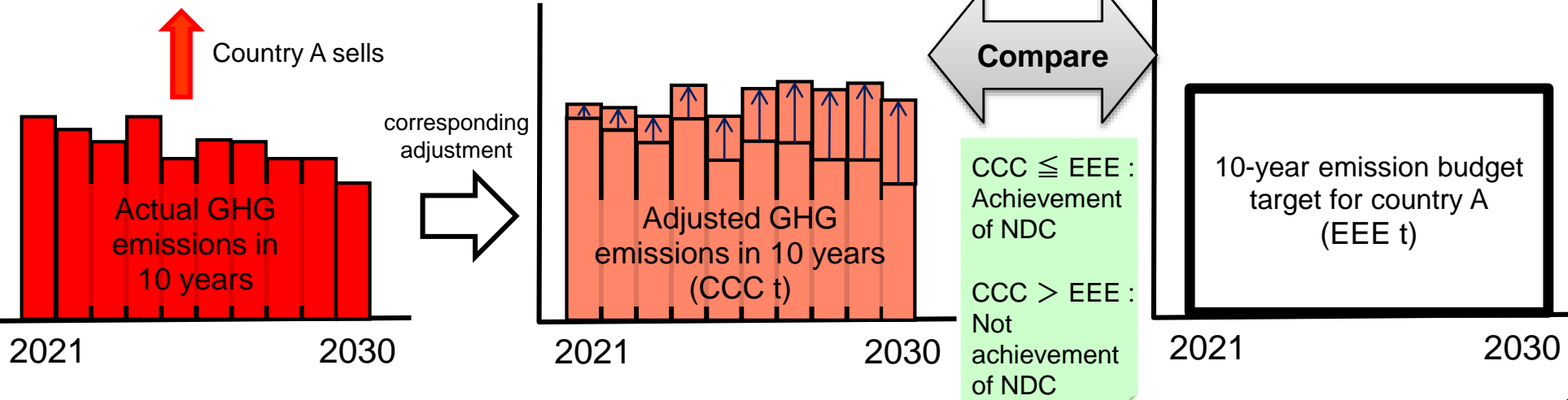
# 4. Accounting rules for use of units for multi-year (budget type) target

## 4-1. In case a seller country has the same multi-year (budget type) target

### Country B (Acquiring Party)



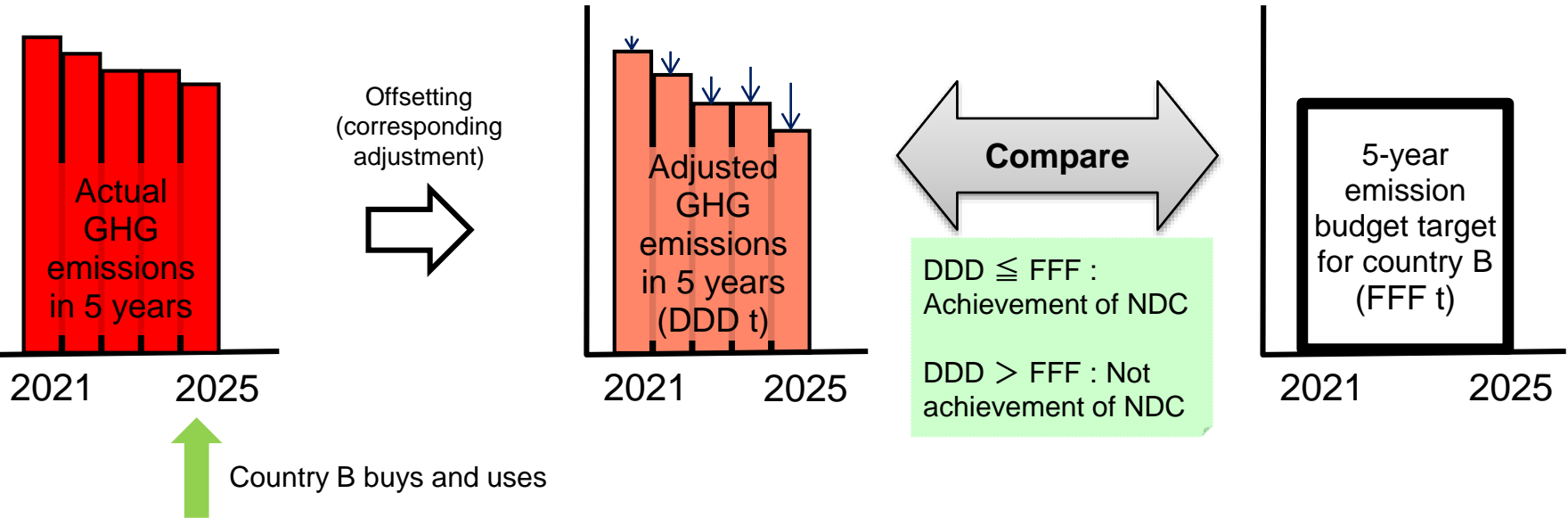
### Country A (Transferring Party)



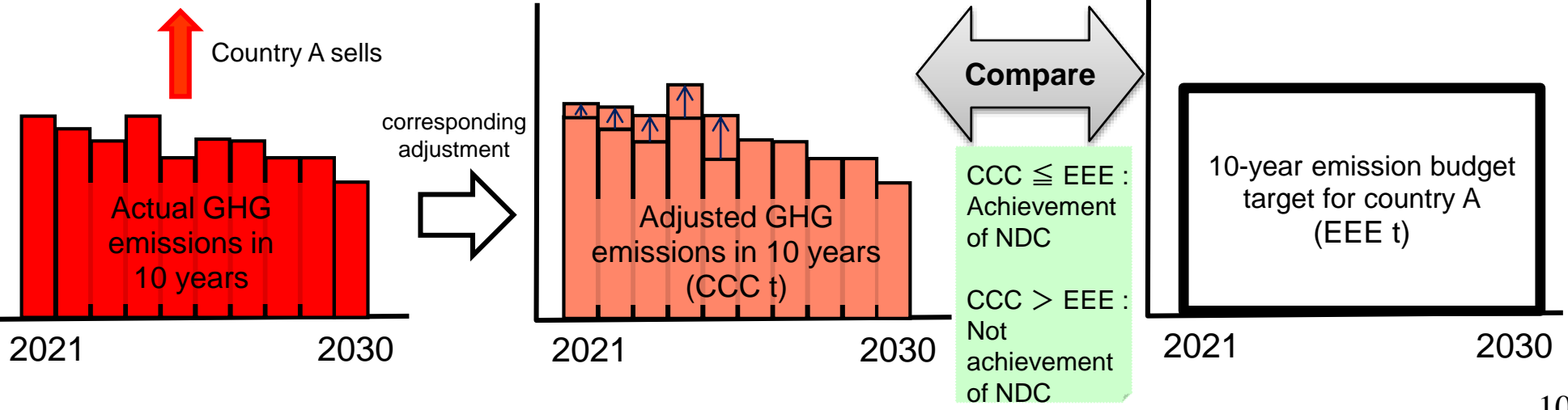
# 4. Accounting rules for use of units for multi-year (budget type) target

## 4-2. In case a seller country has a different multi-year (budget type) target

**Country B** (Acquiring Party)



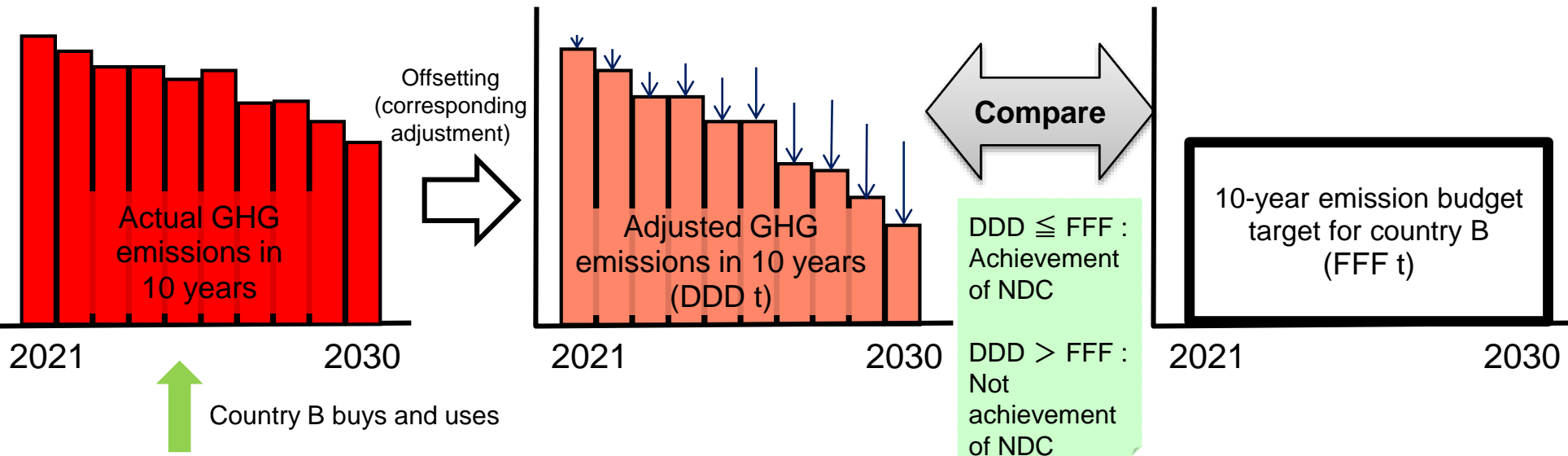
**Country A** (Transferring Party)



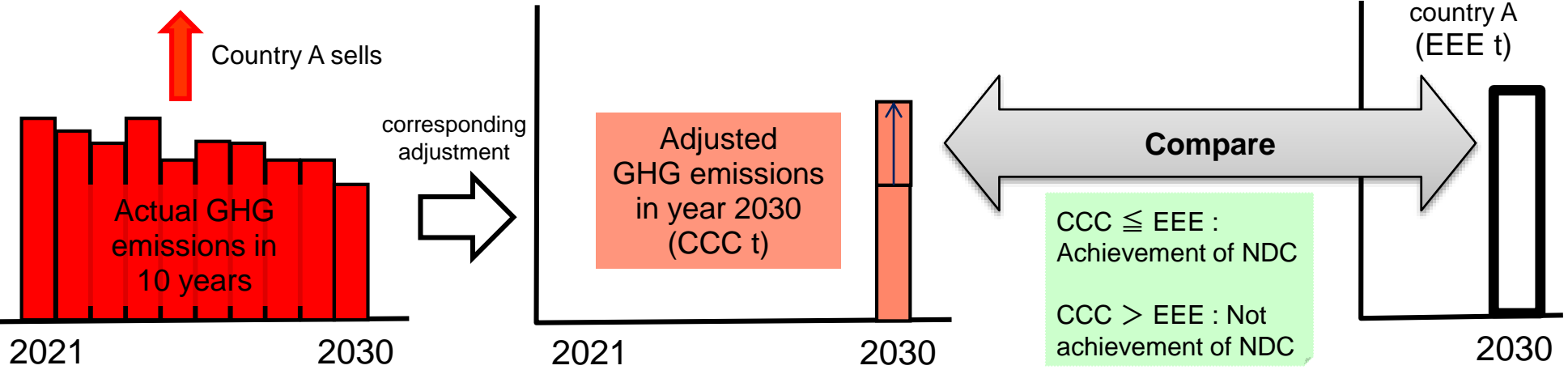
# 4. Accounting rules for use of units for multi-year (budget type) target

## 4-3. In case a seller country has a single-year target

### Country B (Acquiring Party)

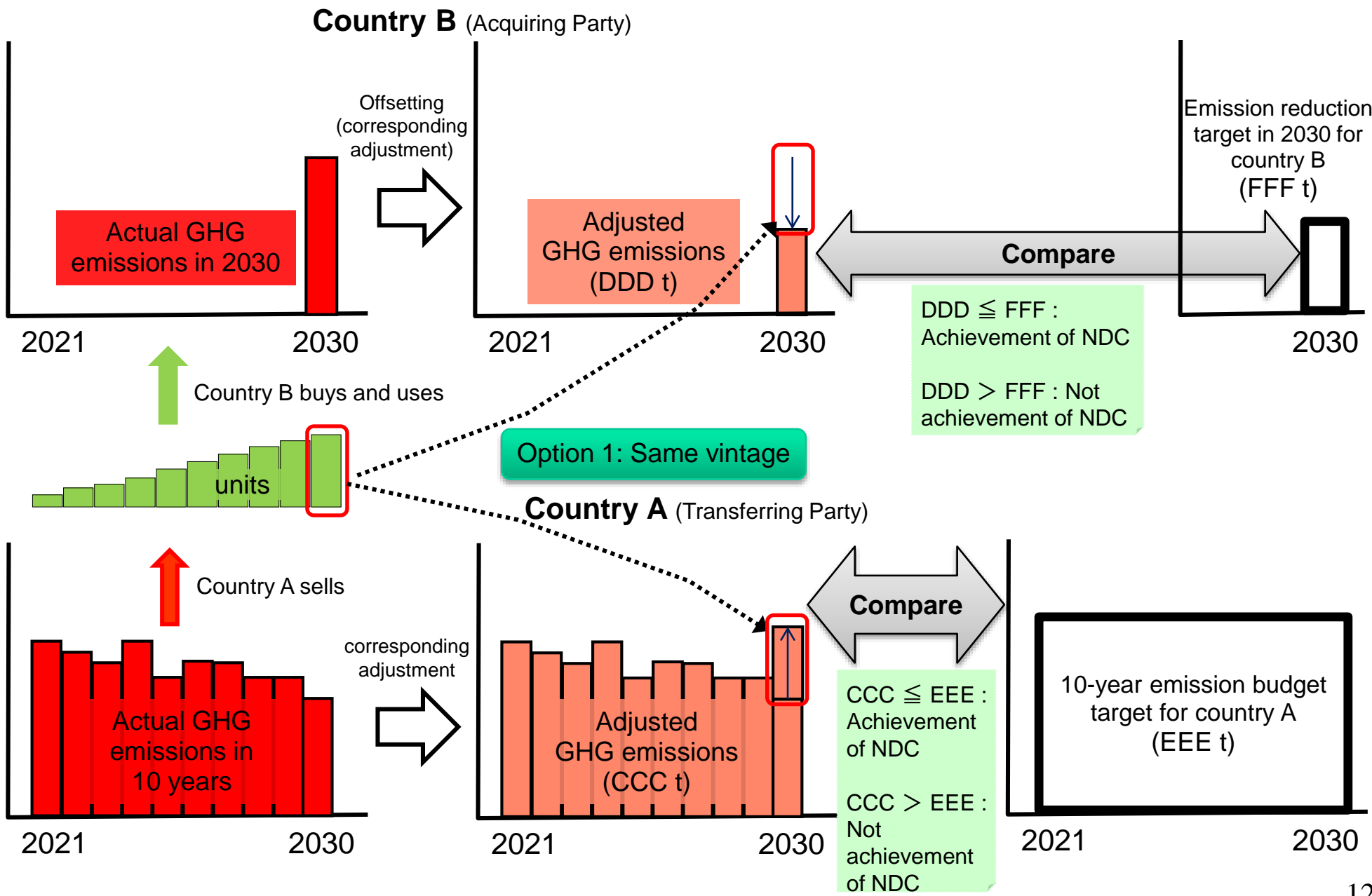


### Country A (Transferring Party)



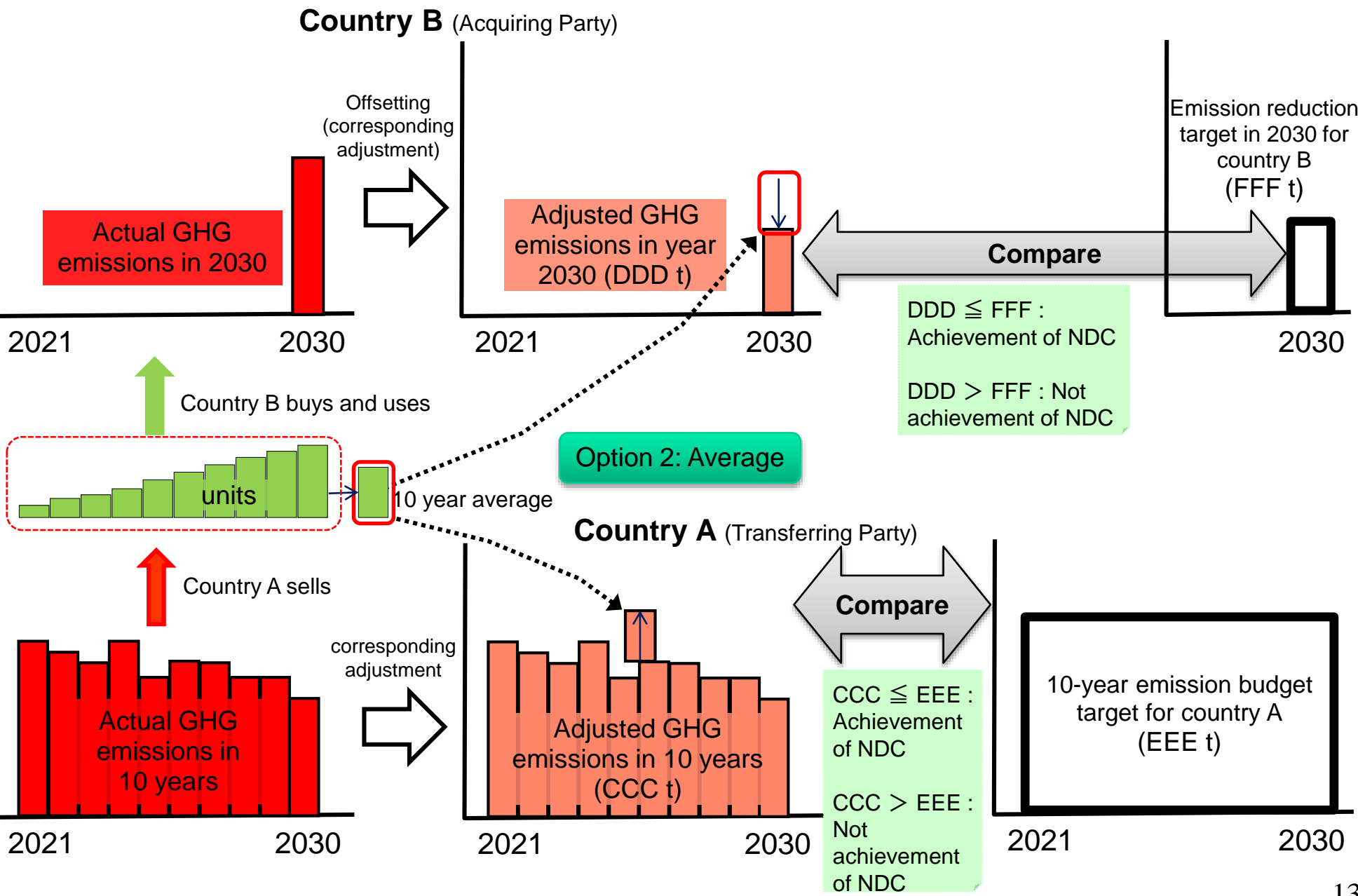
# 5. Accounting rules for use of units for a single-year target

## 5-1. In case a seller country has a multi-year (budget type) target (1)



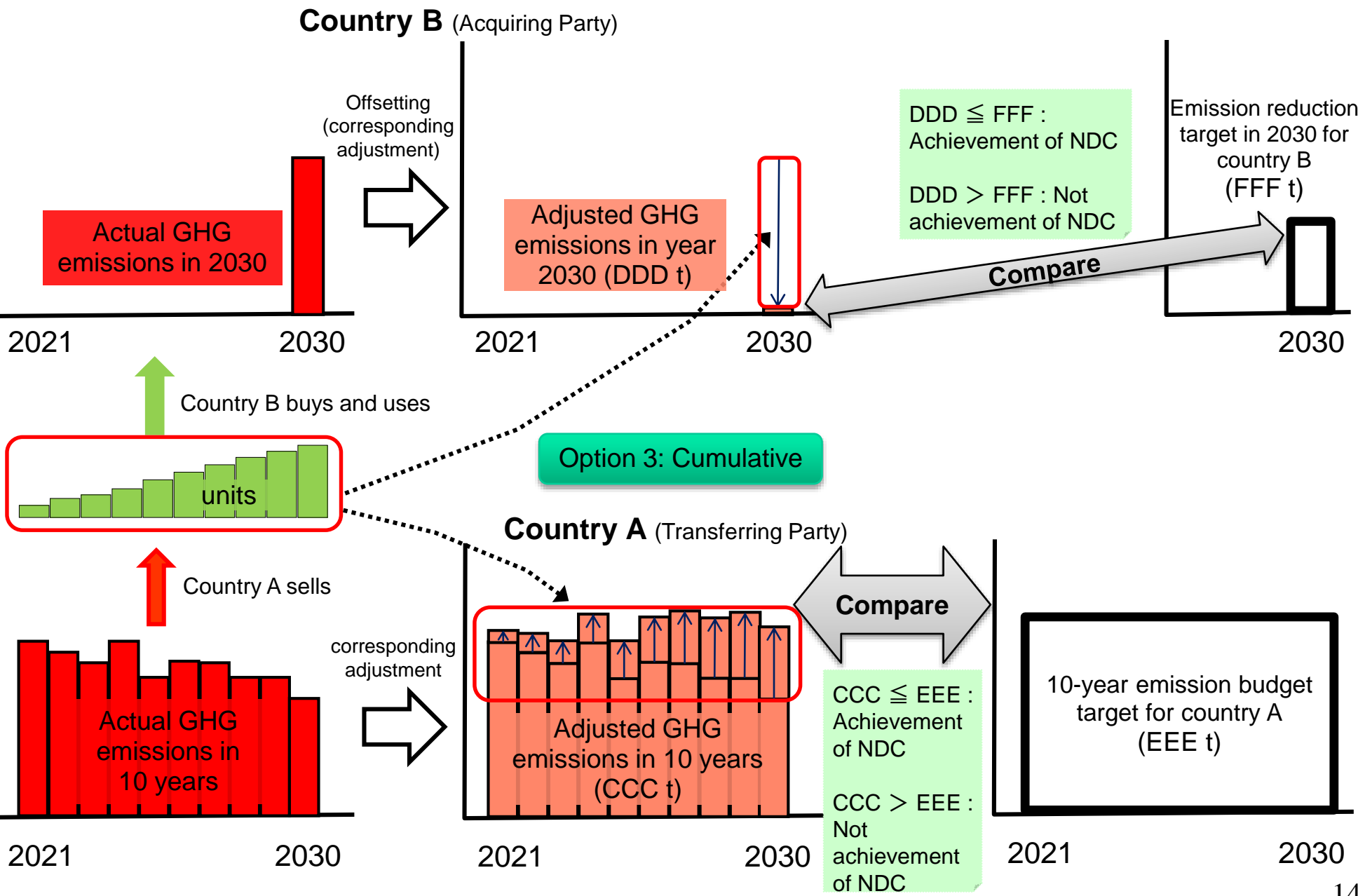
# 5. Accounting rules for use of units for a single-year target

## 5-1. In case a seller country has a multi-year (budget type) target (2)



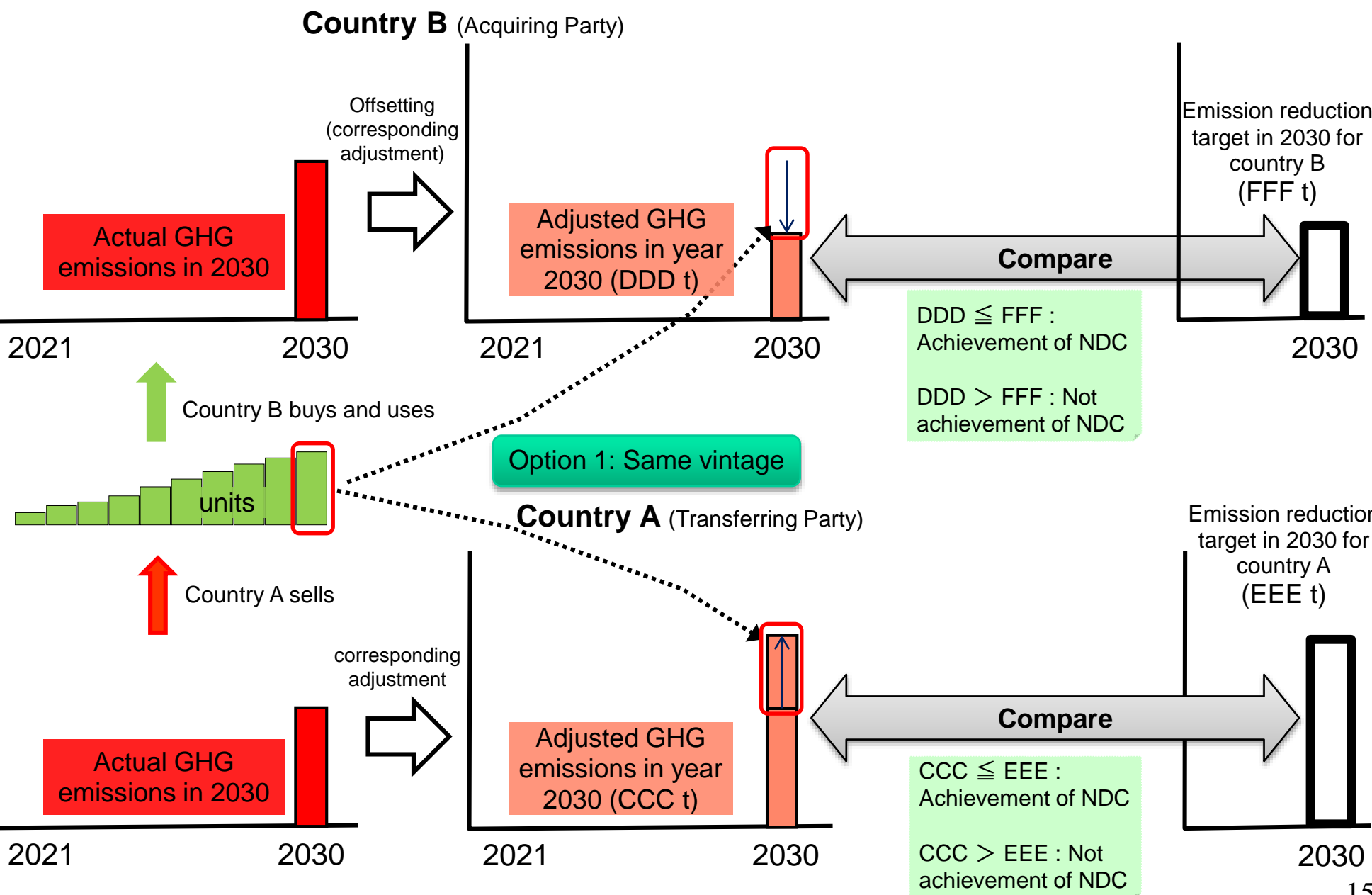
# 5. Accounting rules for use of units for a single-year target

## 5-1. In case a seller country has a multi-year (budget type) target (3)



# 5. Accounting rules for use of units for a single-year target

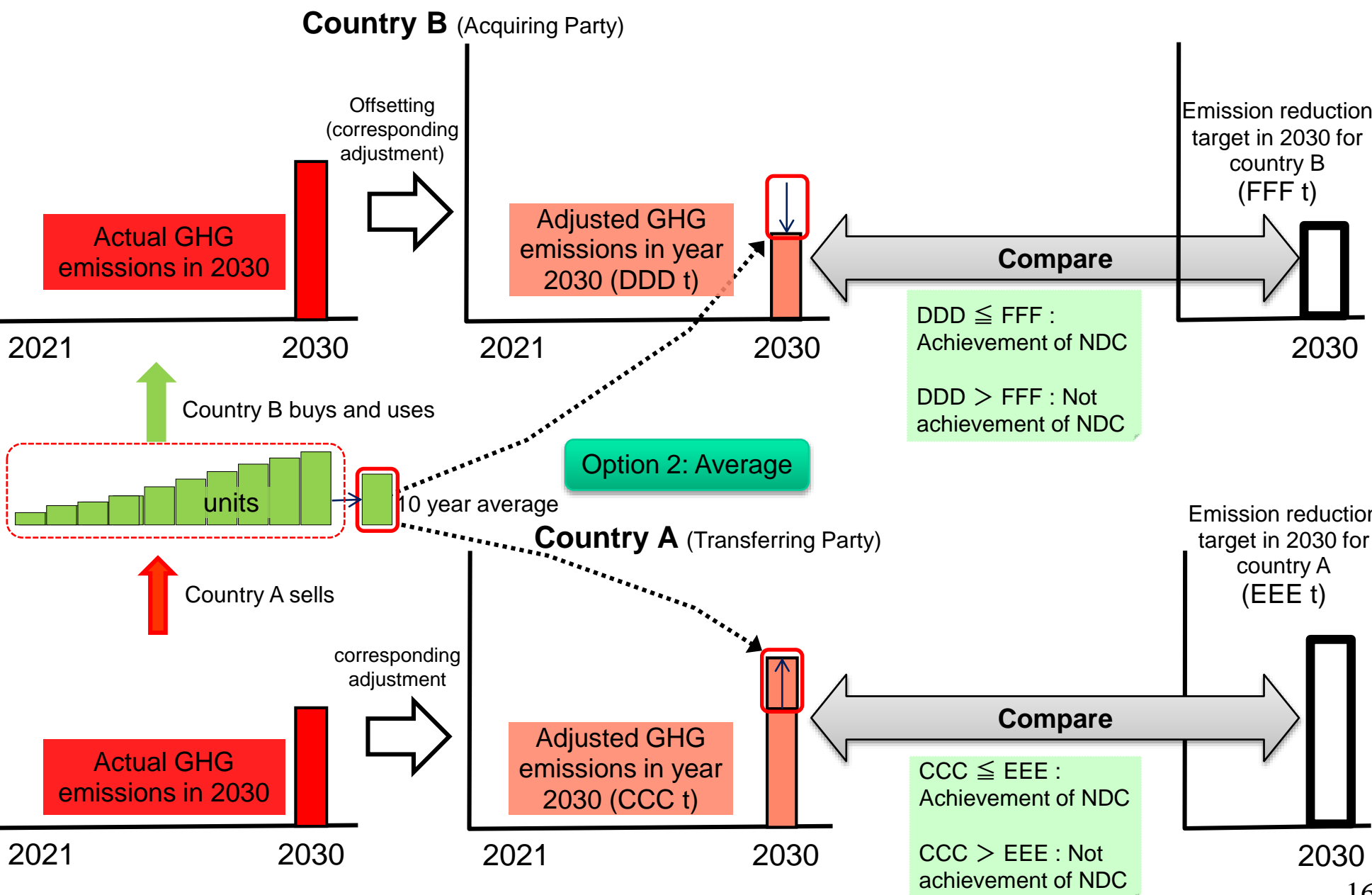
## 5-2. In case a seller country has a single-year target (1)





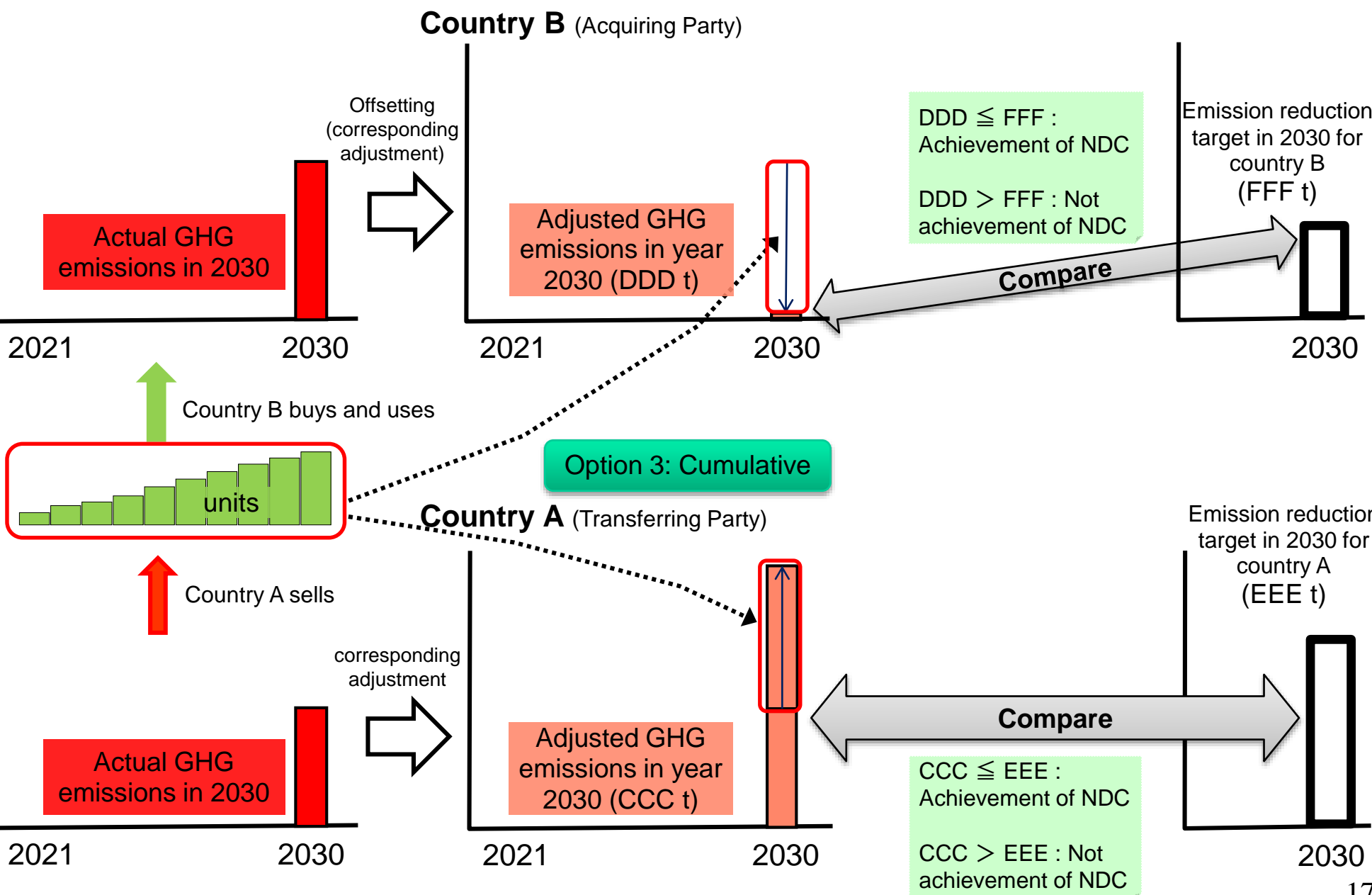
# 5. Accounting rules for use of units for a single-year target

## 5-2. In case a seller country has a single-year target (2)

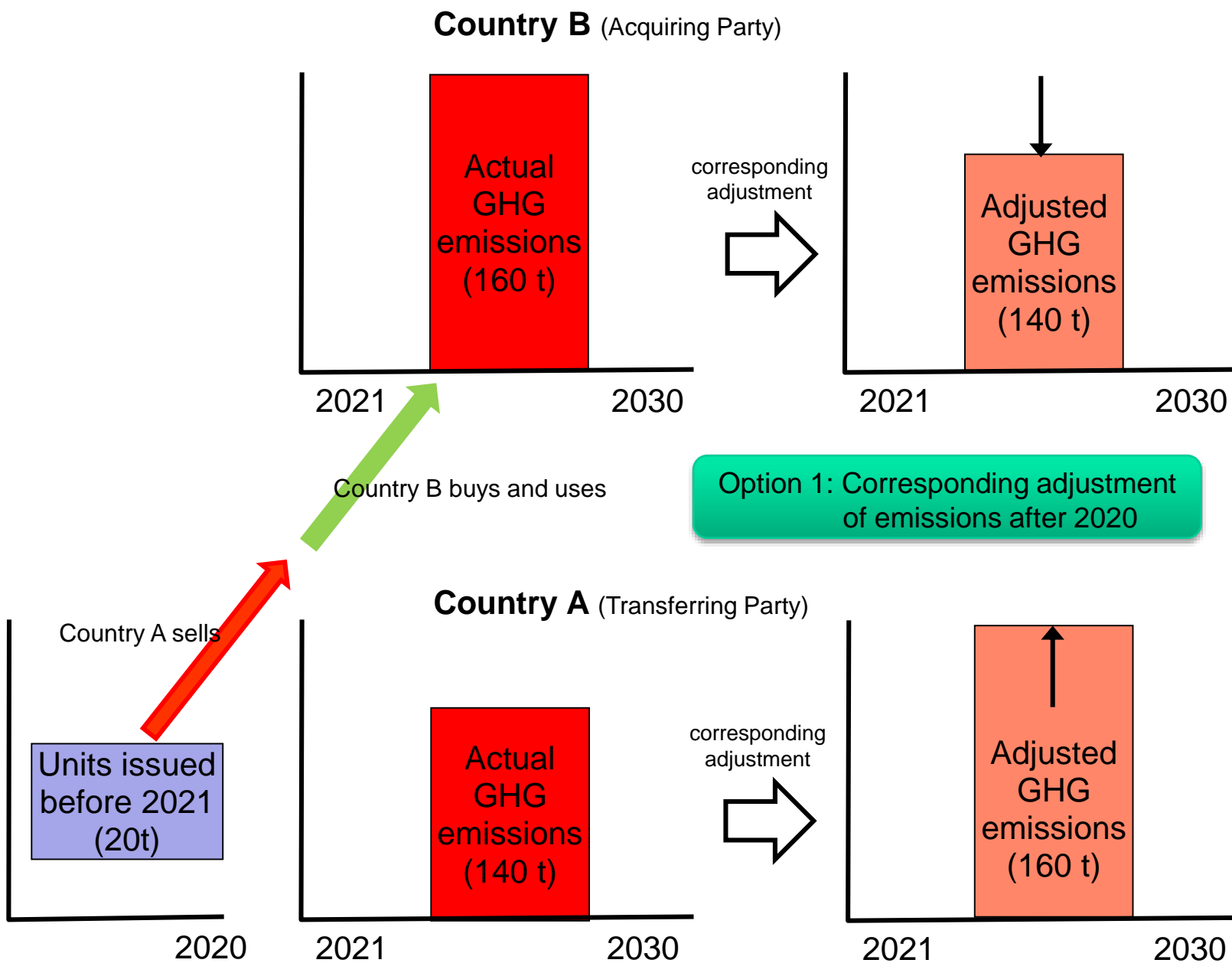


# 5. Accounting rules for use of units for a single-year target

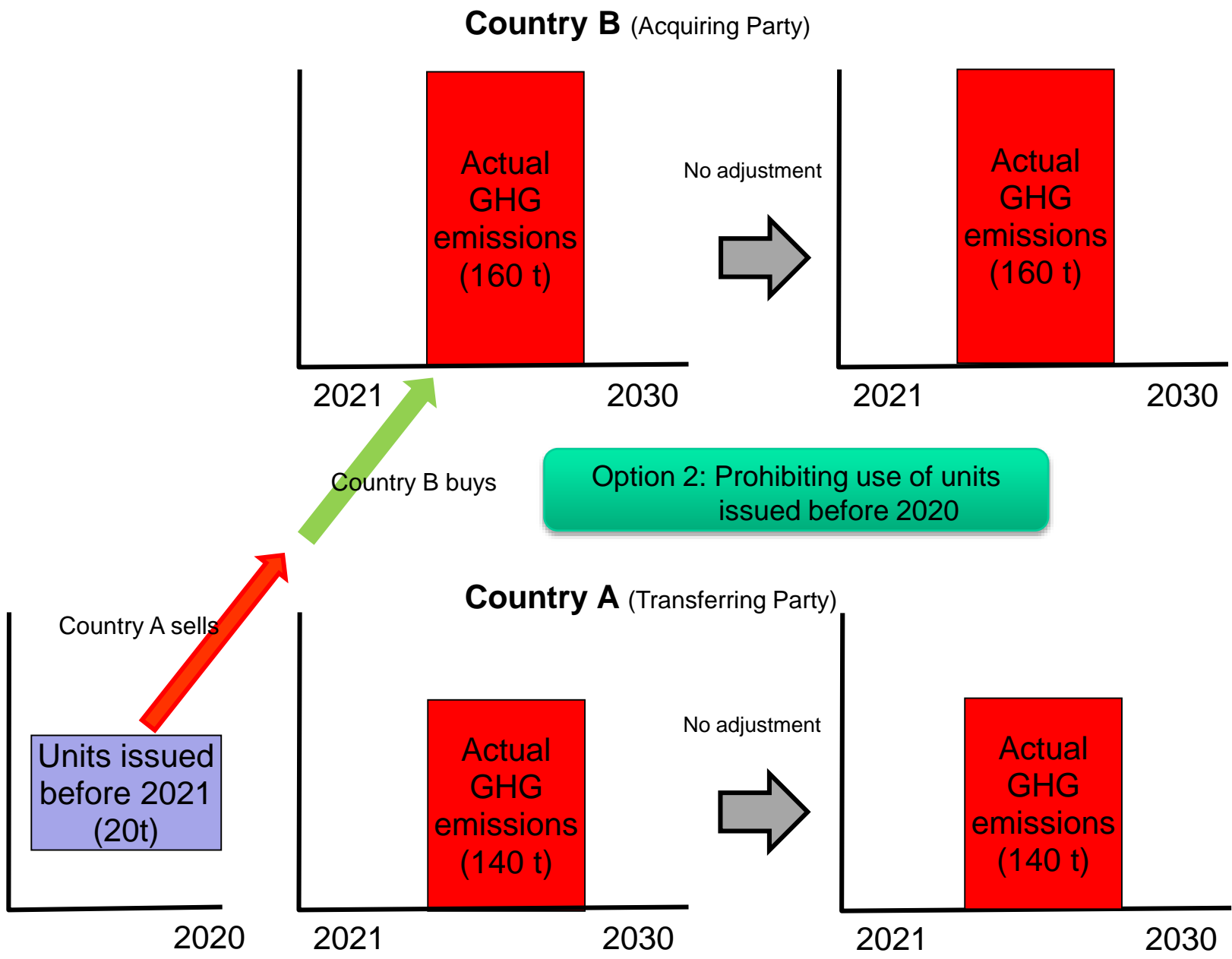
## 5-2. In case a seller country has a single-year target (3)



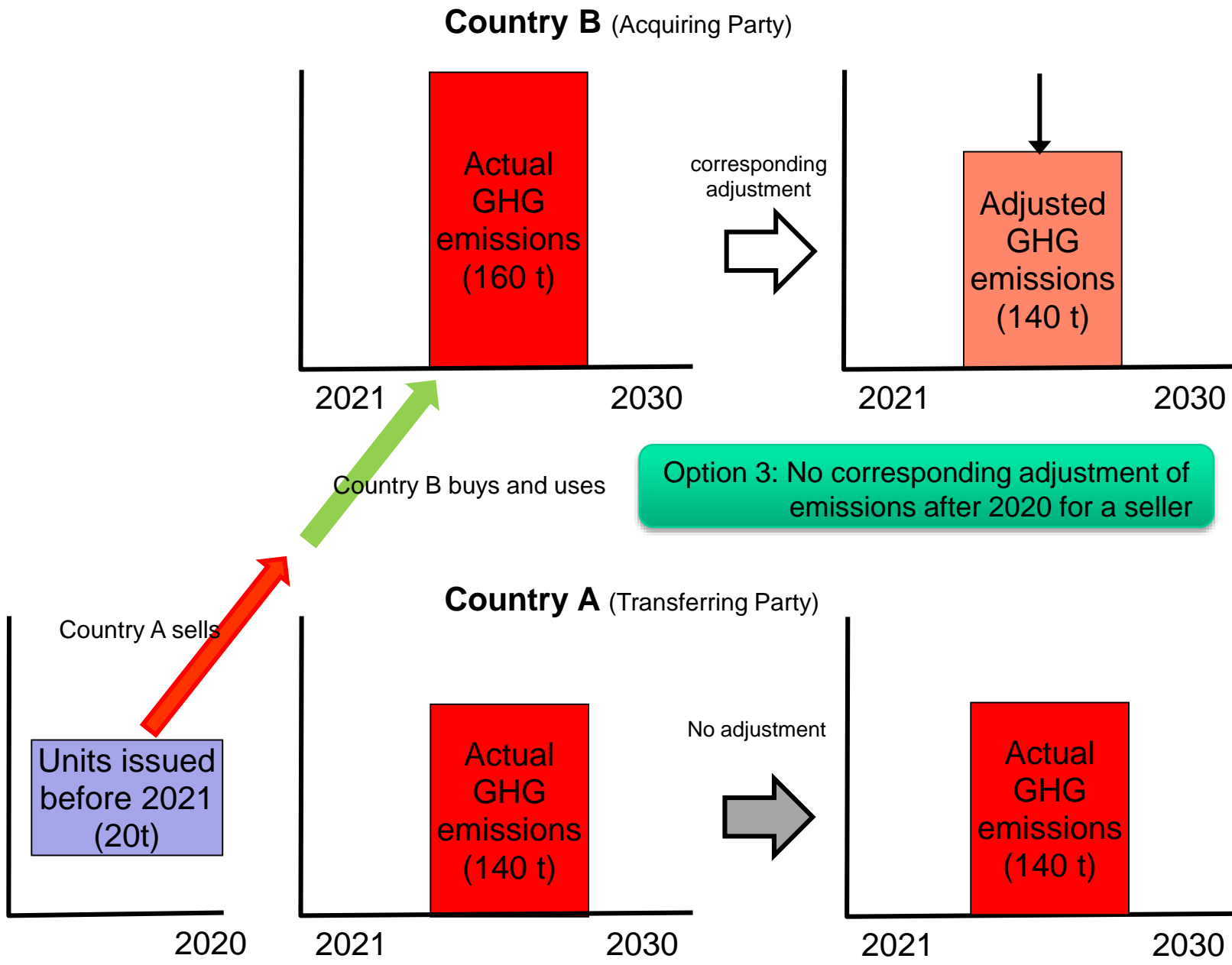
## 6. Accounting rules for use of units issued before 2020 (1)



## 6. Accounting rules for use of units issued before 2020 (2)

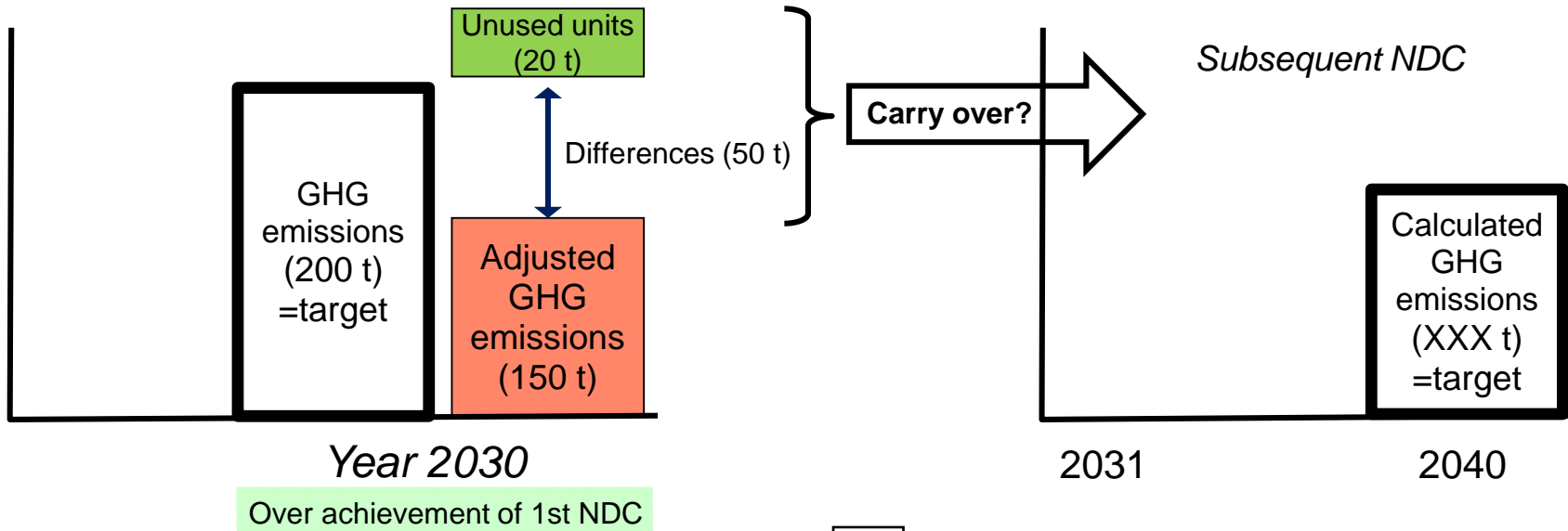


## 6. Accounting rules for use of units issued before 2020 (3)



*Sum of adjusted emissions from Country A and B = 280 t (which is a different value from sum of actual emissions and there is double counting of 20 t units). This accounting rule has an effect of increasing actual emissions after 2020.*

## 7. Accounting rules for carry-over of units to subsequent NDCs



### Option 1

Not to allow any carry-over (0 t).

- It will prevent setting lower level of NDCs.
- It may secure higher ambition over the course of time.
- It may reduce incentives to implement emission reduction projects.

### Option 2

Allow full carry-over (70 t).

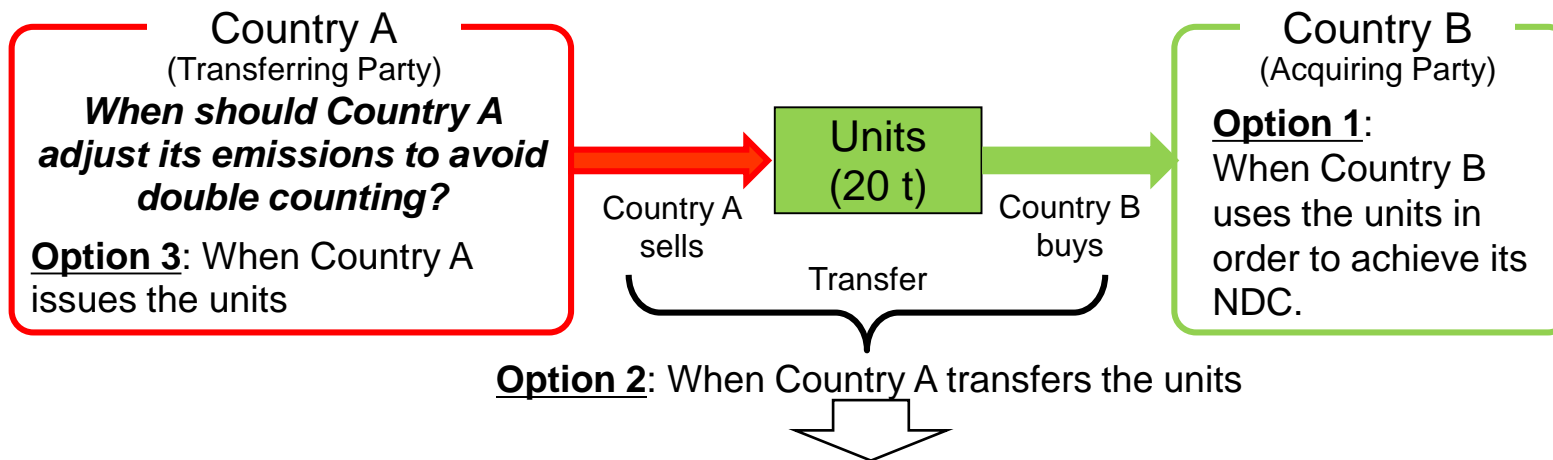
- It may promote incentives to implement emission reduction projects.
- It may not secure higher ambition over the course of time.

### Option 3

Allow carry-over only for unused units acquired from other countries (since those are supposed to have environmental integrity) (20 t).

- It may promote incentives to implement emission reduction projects.
- It will prevent setting lower level of NDCs.

## 8. Accounting rules for recognition of the amount to be adjusted by a seller country



### Option 1

To adjust Country A's emissions (add on 20 t) by the amount of units used by Country B to achieve its NDC.

- Country A should track the units transferred outside the country until they are finally used.
- If units transferred are not used and carried over to the next NDC by Country B, Country A should adjust the emissions in the future, and that will put the achievement of Country A's subsequent NDC at risk.
- It is mathematically consistent.

### Option 2

To adjust Country A's emissions (add on 20 t) by the amount of units transferred outside the country (regardless of whether they are used or not by Country B).

- Country A doesn't need to track the units transferred outside the country.
- Even if units transferred are not used and carried over to the next NDC by Country B, Country A adjusts its emissions for the current NDC and that will ease the risk of future uncertainty.
- It may be mathematically inconsistent, but there is no concern of double counting.

### Option 3

To adjust Country A's emissions (add on 20 t) by the amount of units used.

- Country A doesn't need to track the units transferred outside the country.
- Even if units transferred are not used and carried over to the next NDC by Country B, Country A adjusts its emissions for the current NDC and that will ease the risk of future uncertainty.
- Even if units issued are not transferred nor used, and carried over to the next NDC by Country A, Country A adjusts its emissions for the current NDC and there is no concern of double counting in the future.

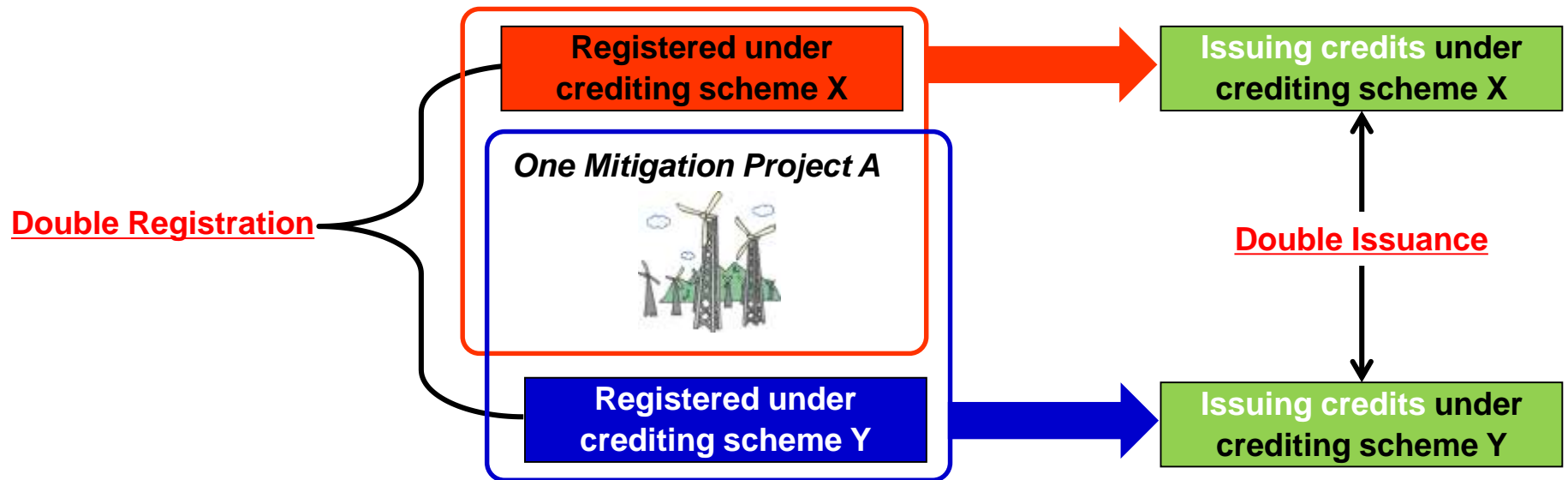


## 9. Double registration and double issuance

### The issue

Double Registration of projects can be described as one mitigation project being registered under two or more international crediting schemes.

Double Issuance of credits can be described as issuing credits two or more times from the same mitigation outcomes, which may occur as a result of “double registration” of mitigation projects.



### Possible countermeasures to avoid Double Registration and Double Issuance

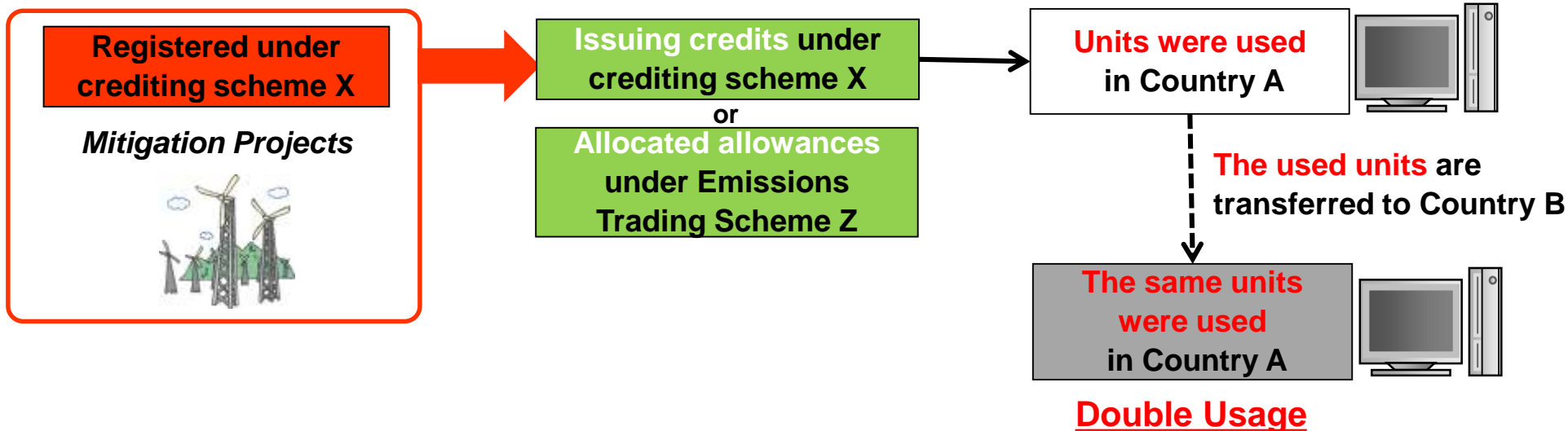
- ✓ In order to avoid Double Registration of projects, the administrator of an international crediting scheme should be required to check whether a proposed project for registration has been registered under other schemes or not, before registering the project.
- ✓ For that purpose, schemes should harmonize the minimum information to be made publicly available regarding registered projects under each scheme (e.g. project location including coordinates, scope, scale, etc).
- ✓ It should also be considered to mandate project participants of a mitigation project to submit a written oath indicating that the project participant will
  - (a) not register the project under two or more international crediting schemes, and
  - (b) accept the cancelation of the credits by scheme administrators in the event of Double Registration.

## 10. Double Usage

### The issue

Double Usage of units can be described as using the same units two or more times in different countries or under different schemes.

Double Usage may happen if used units in Country A are transferred to Country B as unused units, and those units are used again in Country B.



### Possible countermeasures to avoid Double Usage

- ✓ Double Usage of units should be prevented by confirming the decreased amount of units in the transferring account of a registry and any increase in the same amount for units in the receiving account of another registry after the international transaction between schemes.
- ✓ In addition, it is necessary for the scheme administrator of the transferring account to check whether those units to be transferred have been used or not, or if they have been canceled, before a transaction.

End