



Post-COP27 member briefing

22 November 2022

IETA Anti-Trust Guidelines



It is IETA's policy to comply fully with all applicable laws, including competition and antitrust laws. IETA has developed a Competition Policy to govern the conduct of participants both at formal meetings and in informal discussions that take place at events before or after formal meetings.

In particular participants should not discuss or agree confidential information about:

- matters relating to their pricing practices;
- plans to expand or reduce output;
- arrangements relating to specific customers; or
- any other matter on which participants compete in the marketplace.

Infringement of competition law may bring with it serious consequences for you as an individual, the companies you represent and IETA itself. If the chair considers that discussions might be construed as being sensitive from a competition law perspective, the chair will bring an end to that topic of discussion. Meeting participants should likewise not hesitate to voice any concerns they may have. Participants should also familiarise themselves with IETA's Competition Policy and the Guidelines in the Do's and Don't's document.

Lead-up to COP27 and expectations

- Unfavourable macro conditions: inflation and recession, energy crisis, food crisis, geopolitical tensions
- Egyptian Presidency framed COP27 first as the “African COP”, then as “together for implementation”
- Seen as a shoulder COP between Glasgow (ambition COP) and Dubai (Global Stocktake)
- Record-high number of delegates (35,000) and side events – despite high costs and logistical difficulties



COP27 main outcomes

- Sharm el-Sheikh Implementation Plan (“cover decision”)
 - No “backsliding” on Glasgow pledges
 - References to 1.5 C and “phase down” of coal and fossil fuel subsidies maintained
 - New references to renewables and “low-emission energy”
 - Loss & Damage
 - Agreement on establishment of “funding arrangements” for “vulnerable countries”
 - Transition committee will give recommendations on funding, payers, recipients
 - Global Goal for Adaptation – Work programme to be finalised next year as planned
 - New Collective Quantified Goal on Finance – Deadline: 2024
 - Mitigation Work Programme – To be finalised in 2026
 - Article 6
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Article 6.2 decision – part 1

- Guidance relating to tracking
 - Unique identifiers
 - Registries to record authorisation, first transfer, use, cancellation, etc.
 - Secretariat to develop infrastructure (CARP and A6 database) – detailed requirements by June 2023, test version by June 2024, operational by June 2025 (interim solution will be available by January 2023)
 - Secretariat to develop international registry and make it available to Parties “not later than 2024” – technical specifications and associated cost estimates by June 2023 (interim solution until then)
 - International registry is a back-up registry for Parties that do not have their own
 - To be connected to the 6.4 mechanism registry; **may** be connected to Party registries
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Article 6.2 decision – part 2

- Guidelines for technical expert review
 - Consistency checks of information submitted by Parties
 - Report to be published at the end of the review
 - Training programme for technical experts
 - Outline for the initial report
 - Outline for Annex 4 to the biennial transparency report (BTR)
 - Draft version of the agreed electronic format (AEF) for annual information
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Article 6.2 decision – part 3

- Work programme 2023:
 - Special circumstances of LDC and SIDS
 - Modalities for reviewing information that is confidential
 - Process for identifying, notifying and correcting inconsistencies + recommended action
 - Sequencing and timing of initial report, technical expert review and AEF
 - ITMO authorisation (scope of changes and process for managing them)
 - Tables for annual information
 - International registry (additional functionalities, role of administrator)
 - Work programme 2024:
 - Further guidance on corresponding adjustments
 - Whether ITMOs could include emission avoidance
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Article 6.4 decision – part 1

- CDM transition
 - 6.4SB to develop template for transition requests by “no later than June 2023”
 - Clarifications on crediting period length and renewals
 - CDM methodologies must meet requirements set by host Parties or be replaced
 - Interim solutions developed by 6.4SB if no applicable methodology
 - Start of crediting period deemed to be 01/01/2021
 - Use of CER towards first or first updated NDC
 - To be transferred to 6.4 mechanism registry, by date to be agreed
 - Reporting requirements
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Article 6.4 decision – part 2

- Mechanism registry tracking 6.4ERs and CERs
 - Connected with International Registry (6.2), but no details
 - Two types of 6.4ERs
 - **Authorised 6.4ERs** for use towards the achievement of an NDC and/or for other international mitigation purposes (OIMP)
 - **Mitigation contribution 6.4ERs** “which may be used, inter alia, for results-based climate finance, domestic mitigation pricing schemes, or domestic price-based measures, for the purpose of contributing to the reduction of emission levels in the host Party”
 - Provisions on authorisation timing, changes and revocation removed in final version
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Article 6.4 decision – part 3

- Share of Proceeds (SoP) and Overall Mitigation of Global Emissions
 - Applied to both Authorised and Mitigation contribution 6.4ERs (5+2%)
 - CA on 5+2% for Authorised 6.4ERs
 - Rules of procedure of the 6.4 mechanism administrative fees developed by the SB approved
 - Guidelines for activities involving removals developed by the SB **NOT** approved
 - Work programme 2023 (submissions by 15/03/2022):
 - “Emissions avoidance and conservation enhancement activities” in 6.4 mechanism
 - Connection of mechanism registry to international registry
 - Authorisation of 6.4ERs issued by the 6.4 mechanism
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Article 6 next steps

- No obstacles to the implementation of 6.2 cooperative approaches
 - Accounting framework and initial reports are finalised
 - Countries to go ahead with bilateral agreements and policy frameworks
 - Multiple capacity building initiatives ongoing (UNFCCC, GGGI, Japan, EU/UNEP, Germany, PMI)
 - Further guidance from CMA will continue to be produced
 - 6.4SB to continue work to operationalise 6.4 mechanism
 - Recommendations on activities involving removals
 - Guidelines on methodologies (application of requirements in Glasgow decisions)
 - Realistic timeline for credit issuance now 2025
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Japan's Article 6 Implementation Partnership



- Japan's initiative for international knowledge sharing and capacity building on Article 6
 - Pledges of participation from 40 countries and 23 institutions at its release
 - Launch event: high-level speakers from UNFCCC, IETA, Germany, Sweden, Estonia, Italy, Singapore, The United States, and New Zealand
 - Platform to share knowledge on carbon markets and their links with NDCS
 - Coordination of international capacity building efforts and support to pilot initiatives
 - Implementation of training programmes to facilitate understanding of Article 6 rules
 - Areas of work include institutional arrangements, authorisation, recording, reporting, review, and baseline methodologies for designing of high integrity carbon markets
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Carbon market announcements at COP27 – Part 1



- **United States** – Energy Transition Accelerator (Kerry plan): national or subnational jurisdictional approach, details to be developed
 - **China** – Considering opening their ETS to international offsets (6.2 and 6.4 credits)
 - **Switzerland** – First transaction of ITMOs with Ghana; Launch of the Article 6 online Capacity Building course with UN Climate Change (RCC Kampala) and UNDP
 - **Singapore** – Agreement with Global Carbon Council (GCC) for ITMO issuance (after Verra, GS)
 - **Canada and Chile** – Carbon Pricing Challenge: plan to triple the carbon pricing emissions coverage worldwide by 2030
 - **Brazil-DRC-Indonesia** – Launched cooperation dubbed by the media as “OPEC of rainforests”
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Carbon market announcements at COP27 – Part 2



- **African Carbon Market Initiative (ACMI)** – Promotion of the voluntary carbon markets in the region: produce 300 million carbon credits every year by 2030 and 1.5 billion credits annually by 2050
 - **Nigeria** – Launch of an ETS announced by minister of environment - limited details at this stage
 - **Turkey** – ETS planned, pilot phase within 2 years; Revenues of carbon pricing instruments can promote just transition (focus on energy, SMEs)
 - **BASIC (Brazil, South Africa, India and China)** – Welcome market and non-market mechanisms under Article 6 and encouraged the use of arrangements that provide SoPs to the Adaptation Fund, but emphasized that carbon border taxes must be avoided
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Thank you for your attention!

