

# Article 6 negotiations: crunch issues

**RINGO meeting**  
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# COP29 tasks regarding Art.6 negotiations: Art. 6.2

- **Scope and definition** of cooperative approach
- **Authorisation**
- **First transfer**
- Tables and outlines for **reporting and review**: Agreed electronic format (AEF)
- Sequencing and timing of the **submission of initial report** and its review
- Identifying, notifying and correcting **inconsistencies in data**
- International **registry**

# COP29 tasks regarding Art.6 negotiations: Art. 6.4

- **Guidance to the Art. 6.4 Supervisory body**
- **Ex post authorization of MCUs and form of share of proceeds**
- **Connection from mechanism registry to international registry and other registries**
- **Transition of A&R CDM activities**

# Art. 6.4 methodology and removals standards

- Bold decision of Art. 6.4 SBM to **reclassify** “guidance” documents that had been negotiated during two years on CMA level as “**standards**” which are under the purview of the SBM
- Need for CMA to **endorse** that decision
- **Methodology** standard
  - **Downward adjustment** for all three baseline approaches
  - **Investment analysis** as primary tool for additionality testing
- **Removals** standard: how to guarantee **permanence**
  - **Avoidable** vs. **unavoidable** reversals: **Insurance** mandate for the former. **buffer** stock approach for the latter
  - Risk differentiation according to **activity types**
- **First day decision to “take note” of standards**

# Key contentious issues 6.2

1. Scope and definition of Art. 6.2 approach
  - Only bilateral or also unilateral approach?
2. Which functions should registries have?
  - Transaction registry or accounting-only (“pulling & viewing”)?
  - Essentially fight on whether **private carbon market programmes** should be the **only option for trading ITMOs** or whether **such trade can be done through international registry** – issue of high commercial relevance!
3. For what authorization is to be done?
  - **Single** without authorization of specific ITMOs or **sequential: cooperative approach, entities and ITMOs?**
  - **Mandatory template?**

# Key contentious issues 6.2 II

## 4. Can authorization be revoked?

- Yes, under **extreme circumstances** or not after first transfer

## 5. When does first transfer happen?

- At **issuance** or only at **use**?
- If the latter, need to **prevent “zombie units”** that resurface after the end of the NDC period

## 6. Dealing with inconsistencies

- Inconsistencies lead to **blocking** of ITMO or not?

## 7. Sequencing

- Review to be completed **before** reporting?

## 8. Agreed Electronic Format

- Agree it now or **defer to next COP**?

# Key contentious issues 6.4

1. **Ex post authorization and share of proceeds**
  - If ex post authorization is possible, will adaptation tax have to be paid **in form of ITMOs**?
2. **Transition of A&R CDM activities**
  - Explicit acceptance of such transition?

# Current negotiation text 6.2

1. **Scope and definition of Art. 6.2 approach**
  - **Unilateral approach allowed**
2. **Which functions should registries have?**
  - Parties can **choose** between **transaction registry** or **accounting-only**
  - Parties can have accounts for **not yet first transferred units** in the **international registry**
3. **Which scope should authorization have?**
  - **Sequential: cooperative approach, entities and ITMOs but single also allowed (“may”)**
  - **Voluntary template**

## Current negotiation text 6.2

4. **Can authorization be changed / revoked?**
  - **Yes**, as per **previously agreed** applicable terms and provisions that specify the **circumstances** for such changes and the **process**
5. **When does first transfer happen?**
  - Latest: **use (not for NDCs), but before the end of the NDC period**
6. **Dealing with inconsistencies**
  - Inconsistencies lead to **blocking** of ITMO
7. **Sequencing**
  - **No need for review** to be completed
8. **Agreed Electronic Format**
  - **Further testing**
  - Technical paper by the Secretariat

# Current negotiation text 6.4

1. Guidance to the Art. 6.4 Supervisory body to work on prioritizing meth products
  - Standardized baselines
  - Post-crediting period **monitoring**
  - **Durability** of storage over climate-relevant time frames
  - **Avoidable** and **unavoidable** reversals and **incentives** to maintain removals
  - “**Like-for-like**” replacement for remediation
  - **Independent** reversal risk assessments
  - Potential for **shared responsibilities** for reversal remediation;
  - **Alternative** remediation measures
2. Ex post authorization of MCUs and form of share of proceeds
  - This is possible, adaptation tax to be paid in ITMOs
3. Connection from mechanism registry to international registry and other registries
  - Transactions are possible
4. LDC and SIDS special circumstances
  - Exemption from paying the adaptation tax
5. A&R project transition from CDM
  - Transition is allowed