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# INTERNATIONAL COOPERATION UNDER ART. 6 OF PARIS AGREEMENT

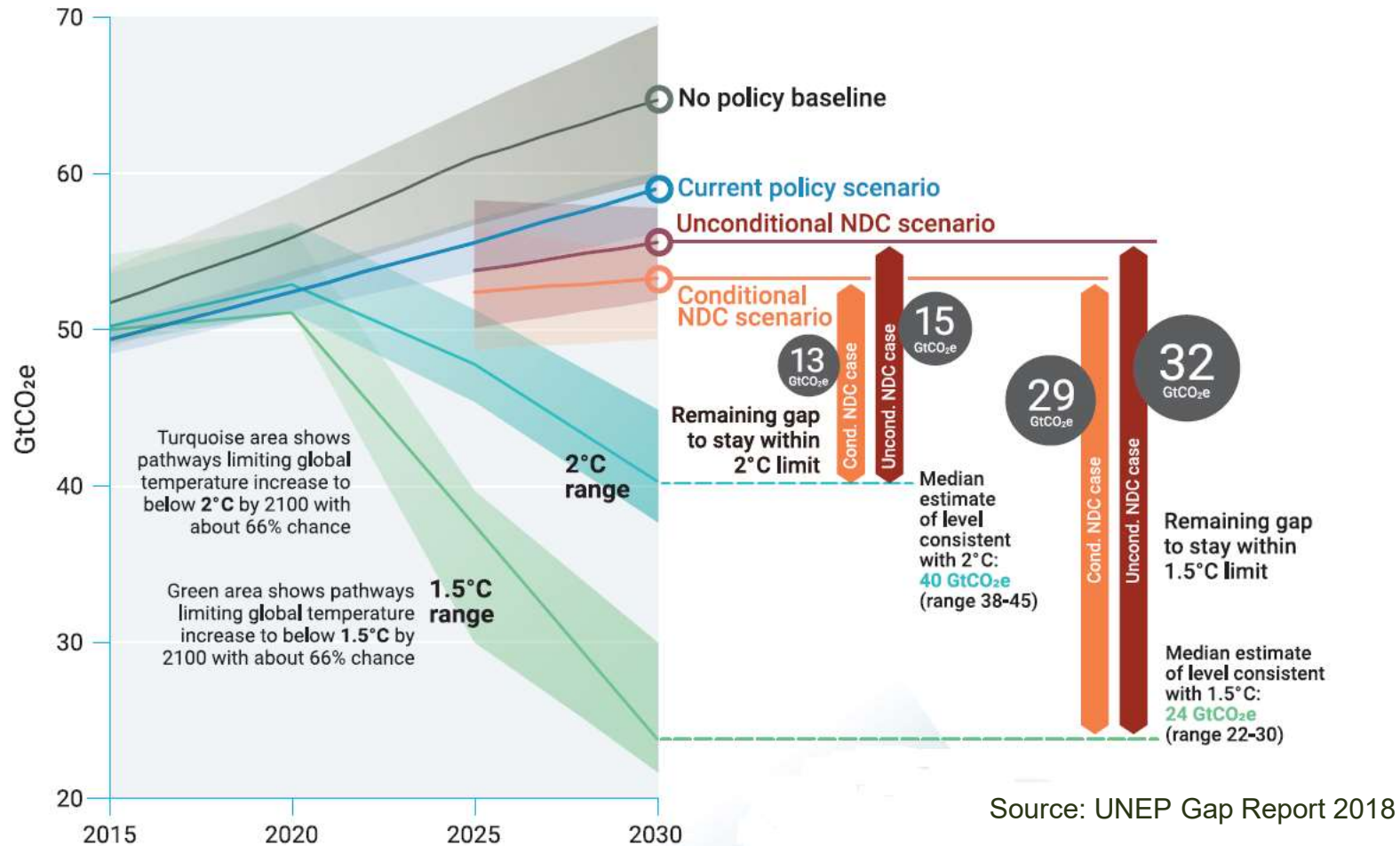
*Direction of Energy Policies and Climate Change , Iberdrola*

Madrid

November 2019

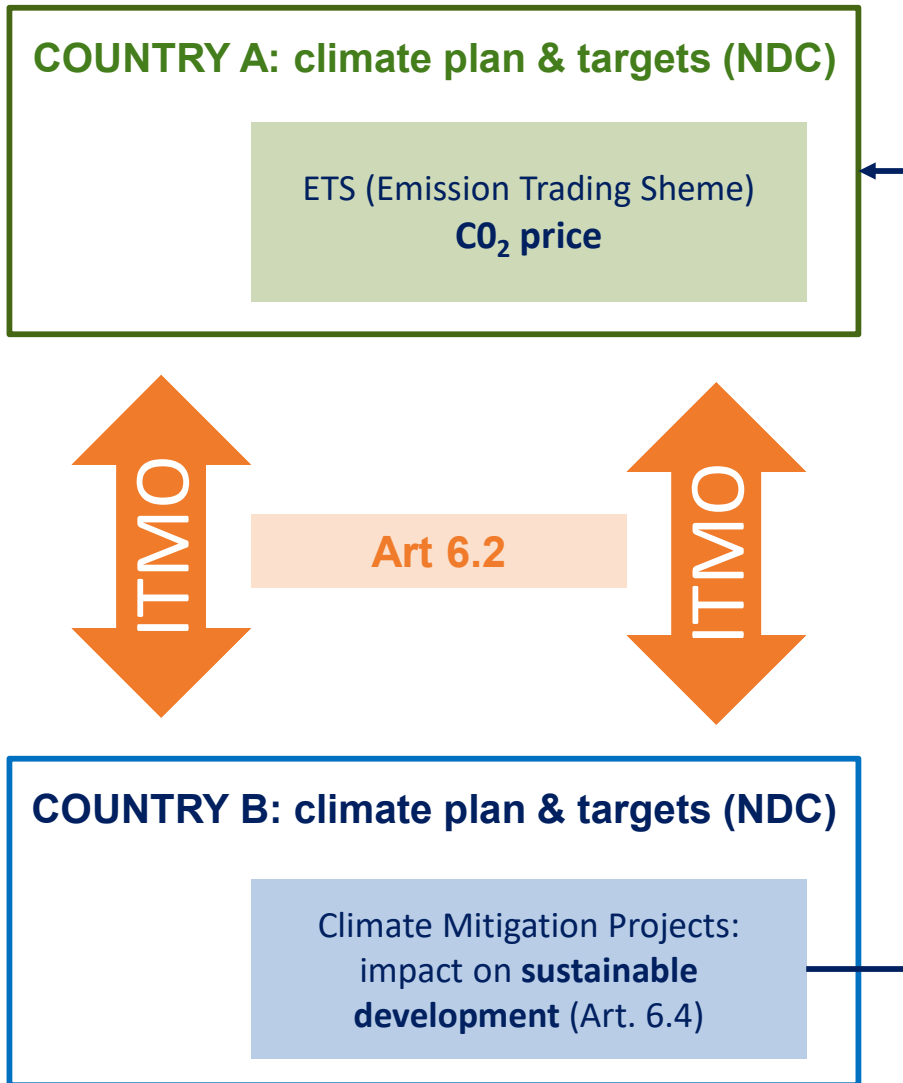
# Current GHG emissions trends are not aligned with Paris Agreement

Global greenhouse gas emissions under different scenarios and the emissions gap in 2030



Cooperation schemes under UNFCCC (or other multilateral arrangements) should promote climate ambition in line with Paris Agreement

# Cooperation to meet climate goals under Paris Agreement : background on Art 6



## Voluntary schemes to collaborate between *Parties* to meet climate goals (Article 6. Paris Agreement –PA-):

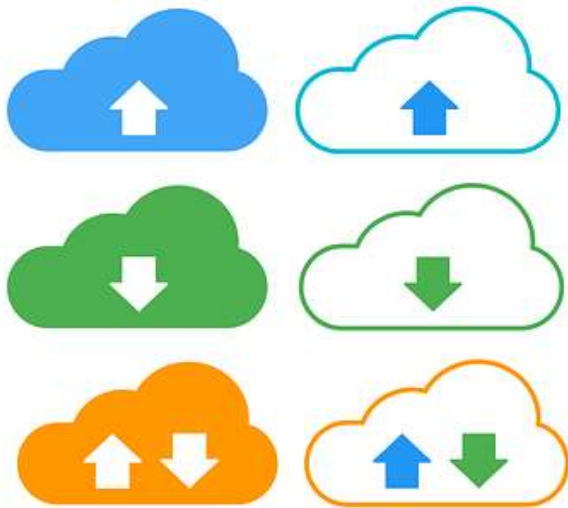
- Article 6.2
  - Collaboration framework to support countries in meeting their climate goals (NDCs)
  - Emission reduction units (ITMOs) would be traded
- Article 6.4
  - Sustainable Development Mechanism
  - Similarities to Clean Development Mechanism (Kyoto Protocol)
- Article 6.8
  - Non market approaches to collaboration.

## COP 25 OUTLOOK: Guidelines on Art 6 potentially completed

- Technical developments would be developed in the coming years (specially in case of Art. 6.4).

**Transparency and governance are key elements for the success of this cooperation schemes (“Katowice Rulebook”)**

## Guidelines to raise ambition through Article 6.2 design (I)



- **Clear and rigorous definition** of the units that will be transferred: internationally transferred mitigation outcomes (ITMOs):
  - Form
  - Metric
  - Activities included (those critical to meet net-zero emission goal)
  - Relationship with Article 6.4 mechanism units
- **Robust** guidelines to develop the corresponding **adjustments** following environmental integrity principles
  - Avoid perverse incentives
  - Define clearly the scope, timing and amount of adjustment
  - Allow the use of ITMOs for other purposes than NDCs
- Central **reporting platform** to assess the **achievement** of net global **emission reductions** at global level
- **Rigorous governance** and rules of procedures (finding and optimal balance in the level of decentralization)

The mechanism should contribute to create a **robust CO<sub>2</sub> price signal**, ensuring **environmental integrity** and tackling **competitiveness concerns**

## Options to raise ambition through Article 6.4 design (II)

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- **General design of Article 6.4 rules** should foster **ambition-raising** across different jurisdictions
- Detailed and rigorous **criteria to eligibility of activities and projects**
  - Avoid GHG intensive activities
- Robust **guidelines** to promote environmental integrity and additionality in the construction of **conservative baselines**:
  - “Performance based” approach?
  - “Best available” approach?
  - Link between NDC & baseline?
- Exploration of **limits to credit** issued by Art 6.4:
  - Short **crediting periods**
  - **Discount rates** on crediting issuance
  - **Cap** total levels of credits generated by the Art. 6.4 mechanism.
- **Stringent criteria** to extend the use of **Kyoto Protocol units to post 2020** framework.

The design of the Sustainable Development Mechanism should fully contribute to climate goal achievement (promoting NDC ambition)

- **EU has traditionally supported ambitious approaches in UNFCCC process**
- **Strong debate on net-zero emission goal for 2050:**
  - EC Proposal (Nov. 2018) and growing support in the EU Council
- **Increasing importance of climate action in the EU political agenda (also within private sector business strategies):**
  - Climate goals to 2030: 50%, 55%, 60%...
  - Climate action at the centre of the political priorities of the new Commission: GREEN NEW DEAL
    - Opportunities: EU new industries, efficiency,...
    - Concerns: Industrial competitiveness
    - Just transition plan
    - ...

EU position on Art 6 will contribute to a robust framework to promote cooperation and to widen carbon price signal across the world