

Results of writing exercise with the JCM

*Learnings from Mutual Learning Program for Enhanced Transparency
between TGO and IGES (Part 2)*

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Terminology

Terminology	Definition used in the exercise
Internationally transferred mitigation outcome (ITMO)	JCM credits issued for Japanese side
First transfer	Credits issuance at Japanese side
Vintage year	Year in which mitigation occurred
Authorization	Requirement for JCM credits to be used towards an NDC or other international mitigation purposes*

*para 1. *Internationally transferred mitigation outcomes (ITMOs) from a cooperative approach are:*

(d) From a cooperative approach ..., that involves the international transfer of mitigation outcomes authorized for use towards an NDC ...;

(f) Mitigation outcomes authorized by a participating Party for use for international mitigation purposes other than achievement of its NDC or for other purposes, including as determined by the first transferring participating Party ...;

Key findings from the Exercise

Type of reports		Readiness to report	Further action required/suggested	Clarification on the guidance which should be sought
1	Initial report	✓	1) Policy decision on: <ul style="list-style-type: none"> - Arrangements for authorization - Selection of method for CAs 2) Methodology for calculation of “expected mitigation”	Interpretation of para. 18 (d) (scope of quantification of NDC)
2	Annual information	✓ ✓ ✓	- (ITMOs information can be drawn from the registry)	Latest reporting year of ITMOs
3	Regular information			
	3.1 Quantitative information	✓ ✓	Application of CAs	Whether “vintage year” or “first transfer year” should be used for applying CAs
	3.2 Qualitative information	✓ ✓	Information on authorization	Interpretation of para. 21 (d) (representativeness; net increase in emissions)

Main discussion points

	Discussion point	Initial report	Annual information	Regular information
1	Timing of submission of Initial report	✓		
2	Arrangements for authorization	✓		✓
3	Whether “vintage year” or “first transfer year” should be used for corresponding adjustment (CA)			✓
4	Methodology of calculation for the expected mitigation	✓		
5	Reporting of JCM credits issued by host countries		✓	✓
6	Reporting on the JCM			✓
7	Timing of reporting of ITMOs towards the implementation of NDC			✓

Viewpoint expressed during the exercise for evaluating each option

1. Transparency

→ **How information is provided in a transparent manner**

2. Administrative efficiency

→ **How administrative burden is avoided and its efficiency secured**



1. Timing of submission of Initial report

Para	<i>18. Each participating Party shall submit an .. initial report <u>no later than the time of providing or receiving authorisation or initial first transfer of ITMOs</u> ... and where practical, <u>in conjunction with the next due BTR</u> ...</i>	
Options	① no later than the time of providing or receiving authorisation or initial first transfer of ITMOs	② in conjunction with the next due BTR
Transparency	✓ ✓ ✓	✓ ✓
Administrative efficiency	✓	✓ ✓ ✓
Opinions	<ul style="list-style-type: none"> ➤ The guidance may require this option ➤ Mitigation actions can be accelerated by international appeal of emission reductions at early stage 	<ul style="list-style-type: none"> ➤ More efficient with less administrative cost ➤ Considering the state of negotiation, this option may be realistic

2. Arrangements for authorization (1)

Para	4. Each participating Party shall ensure that: (c) It has arrangements in place for authorizing the use of ITMOs towards NDCs...;	
Options	① Authorization at Joint Committee (JC)	② Unilateral authorization outside JC
Transparency	-	
Administrative efficiency	✓ ✓ ✓ (efficient if existing arrangements of JC is used)	✓ (may require bilateral coordination for timing of authorization)
Opinions	<ul style="list-style-type: none"> ➤ Revision of bilateral document may be necessary ➤ Ensure consistency of authorization between partner countries 	May be efficient if ITMOs from other schemes are authorized at the same time

2. Arrangements for authorization (2)

Para	4. Each participating Party shall ensure that: (c) It has arrangements in place for authorizing the use of ITMOs towards NDCs...;		
Options	① Authorization at the level of scheme	② Authorization at the level of project	③ Authorization at the level of transfer
Transparency	-		
Administrative efficiency	✓ ✓ ✓	✓ ✓	✓
Opinions	<ul style="list-style-type: none"> ➤ Simple to implement (one-time authorization) ➤ May have difficulty regulating transfers of ITMOs unless clear criteria/rules are in place 	<ul style="list-style-type: none"> ➤ In line with registration/approval process of project ➤ Create certainty for project developers 	<ul style="list-style-type: none"> ➤ May create uncertainty for project developers ➤ Most stringent oversight

3. Whether “vintage year” or “first transfer year” should be used for CA

Para	<i>23. Each participating Party shall include the following annual information report, consistent with ... (Application of corresponding adjustments), in each BTR ..., and in the Article 6 database ...: (d) Annual and cumulative quantity of ITMOs used towards its NDC;</i>	
Options	① Vintage year	② First transfer year
Transparency	✓ ✓ ✓ (Annual emission balance is clearer)	✓ (Year in which mitigation occurred is irrelevant)
Administrative efficiency	- (both data is available in registries)	
Opinions	<ul style="list-style-type: none"> ➤ More transparent and reasonable ➤ Mitigation outcomes from NDC target year can be used 	<ul style="list-style-type: none"> ➤ May be necessary to consider whether to allow the use of mitigation outcomes from NDC target year in case their first transfer is after NDC target year

Summary

- Mutual learning is an effective way of learning future reporting under Article 6.2 including possible options of reporting.
- Options of reporting can be evaluated based on transparency and administrative efficiency.
- Options of reporting will be limited by the result of international negotiation, while JCM partner countries can consider implications of currently possible options.
- Partner countries should keep regular coordination to ensure common understanding on reporting requirements, their implications, and where relevant, areas of refinement to the JCM rules and guidelines.

Annex

4. Methodology of calculation for the expected mitigation

Para	<i>18. (f) Provide, for each cooperative approach, a description of the approach, <u>the expected mitigation</u> and the participating Parties involved;</i>	
Options	① Report without methodology	② Report with methodology
Transparency	- (not required)	✓ ✓ ✓
Administrative efficiency	✓ ✓ ✓	✓ (may require inter-ministerial coordination)
Opinions	It is not required and unnecessary	It will contribute to enhance transparency

5. Reporting of JCM credits issued by host countries

Para	<p>1. Internationally transferred mitigation outcomes (ITMOs) from a cooperative approach are: (d) From a cooperative approach ... that involves the international transfer of mitigation outcomes authorized for use towards an NDC ...; (f) Mitigation outcomes authorized ... for use for ... other international mitigation purposes);</p>	
Options	① Report	② Not report
Transparency	✓ ✓ ✓	- (not required)
Administrative efficiency	-	
Opinions	Although it is not required, reporting could enhance transparency	Reporting is not necessary because JCM credits issued by host countries are not ITMOs as long as they are not internationally transferred

6. Reporting on the JCM

Para	<p>22. Each participating Party shall also include, in its BTR ... the following information on how each cooperative approach ... :</p> <p>(a) Contributes to the mitigation of greenhouse gas emissions and the implementation of its NDC;</p> <p>(b) Ensures environmental integrity, including .. no net increase in global emissions ...</p>	
Options	<p>① Report an Annex containing agreed information among partner countries</p>	<p>② Report information prepared by each country</p>
Transparency	<p>✓ ✓ ✓ (consistency of information is secured)</p>	<p>-</p>
Administrative efficiency	<p>✓</p>	<p>✓ ✓ ✓</p>
Opinions	<ul style="list-style-type: none"> ➤ It will be necessary to coordinate the timing of submission of BTR (regular information will be part of BTR) ➤ It may be difficult to coordinate among some or all of partner countries 	<ul style="list-style-type: none"> ➤ There will be overlap of information reported by partner countries ➤ More realistic from administrative viewpoint

7. Timing of reporting of the use of ITMOs towards the implementation of NDC

Para	<i>23. Each participating Party shall include the following annual information report, consistent with ... (Application of corresponding adjustments), in each BTR ..., and in the Article 6 database ...: (d) Annual and cumulative quantity of ITMOs used towards its NDC;</i>	
Options	① Report every year	② Report only in NDC target year
Transparency	✓ ✓ ✓	✓
Administrative efficiency	✓	✓ ✓ ✓
Opinions	Contribution to the progress towards NDC at early stage	May be more align with the characteristic of the NDC

Exercise topic

Draft reporting of the JCM in accordance with the reporting requirements (e.g. Initial report, Annual information, and Regular information) in the latest draft text on 6.2*.

- The exercise is hypothetical and exercise-purpose only.
- Actual information and data should be used as much as possible.
- Assumptions can be made for the reporting items with no relevant information.
 - Arrangements for authorization of ITMOs
 - Corresponding Adjustments (e.g. Multi-year trajectory or budget v.s. average)
 - Use of existing data (e.g. JCM credits, GHG Inventories)