



WORLD
RESOURCES
INSTITUTE

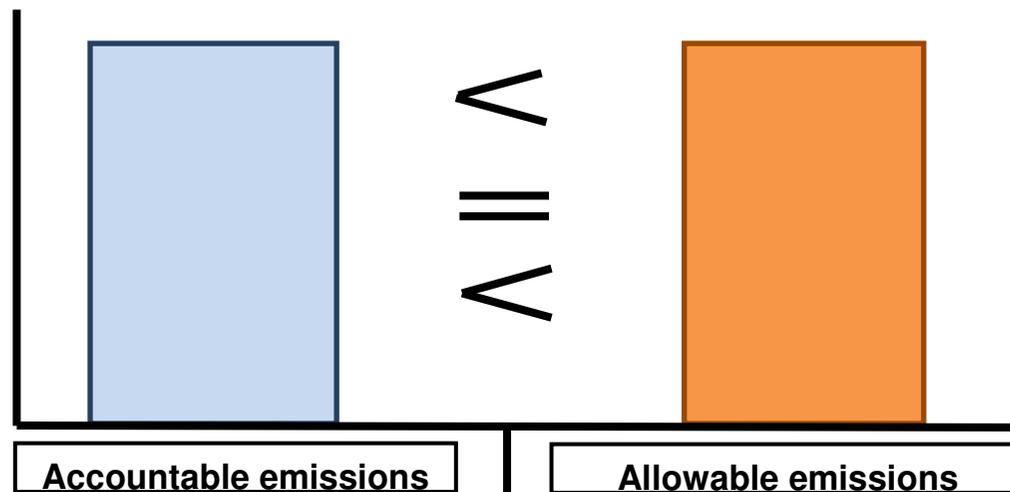
WHAT IS ACCOUNTING?

OVERVIEW

- What is accounting?
- Importance of accounting in 2015 the Agreement
- Accounting for different types of INDCs
 - Mitigation goals
 - Mitigation policies, actions, and projects

WHAT IS ACCOUNTING?

Accounting rules define “what counts” and lay out a clear framework for assessing progress and achievement.



If...	Then...
Accountable emissions \leq Allowable emissions	Goal is achieved
Accountable emissions $>$ Allowable emissions	Goal is not achieved

IMPORTANCE OF ACCOUNTING IN THE 2015 AGREEMENT

UNDERPINS

- Tracking global emissions and emissions reductions
- Ambition
- Comparability
- Transparency

ACCOUNTING FOR DIFFERENT TYPES OF INDCS

- Accounting rules depend on which types of iNDCs countries adopt
- Possible types of iNDCs include:
 - Mitigation goals
 - Mitigation policies, actions, and projects

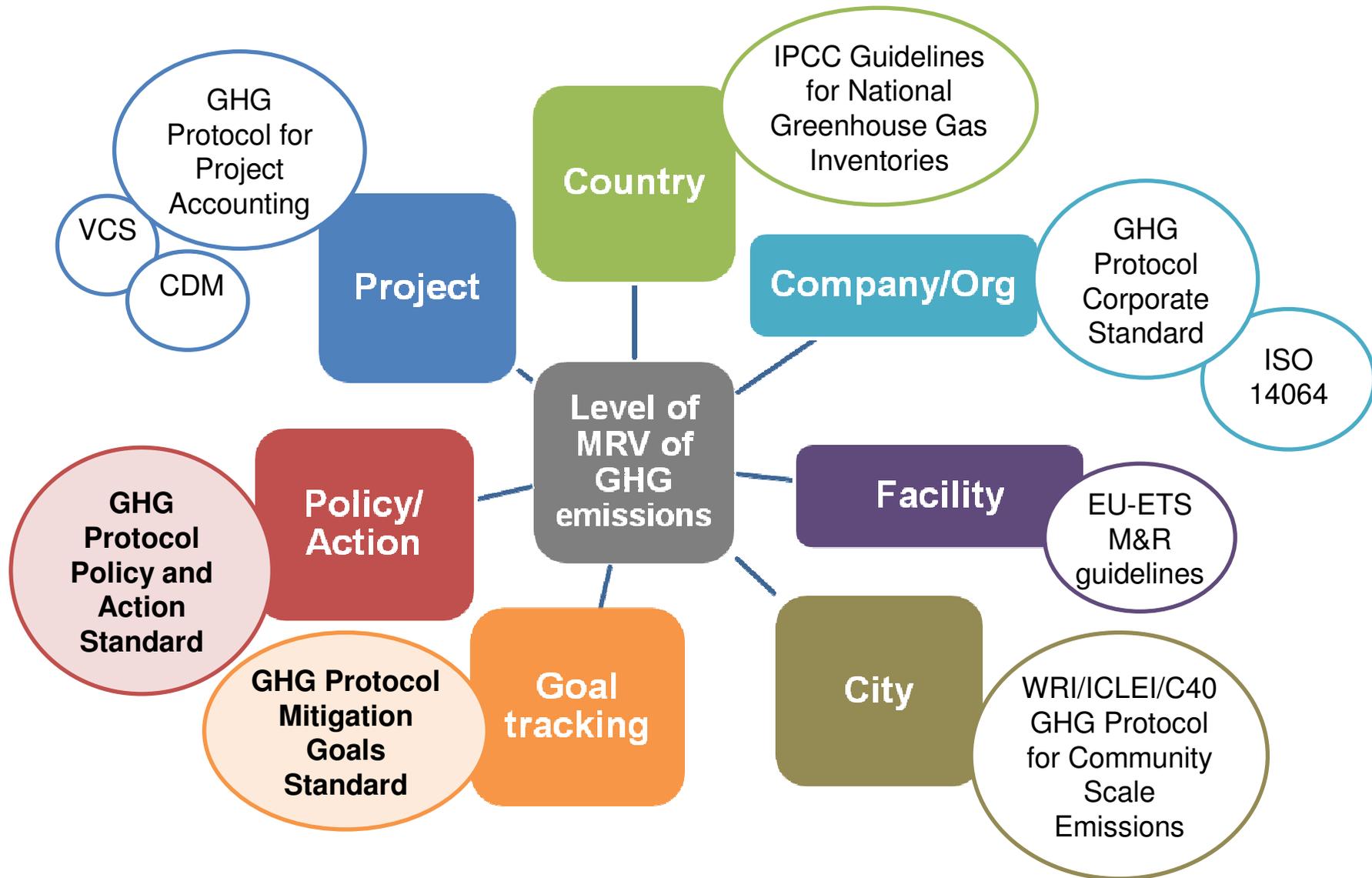
NEED FOR NEW TOOLS

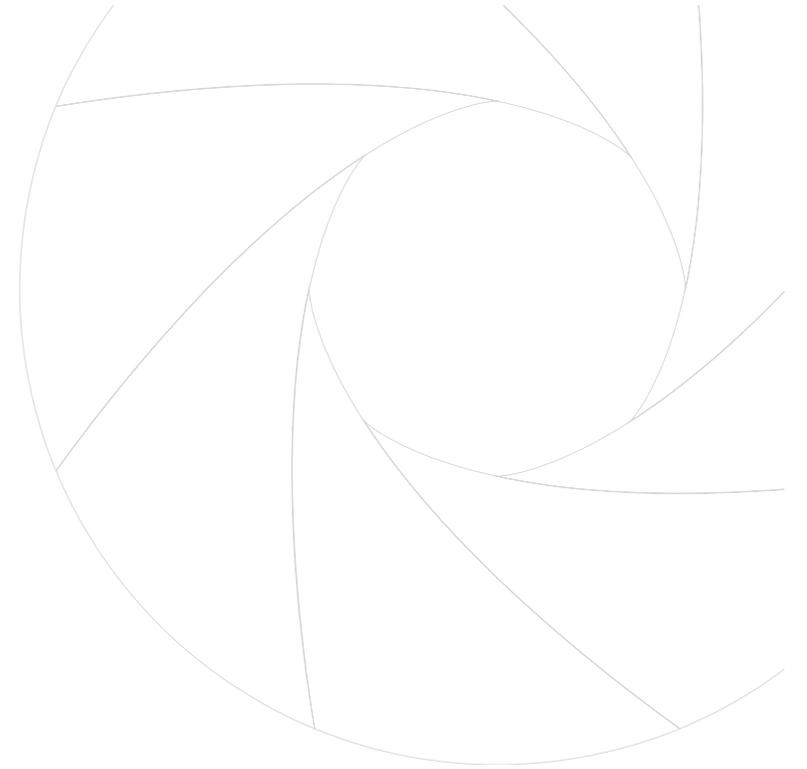
- Diversity of possible contribution types (absolute, intensity, BAU, carbon neutrality, policies and measures, etc.)
- Need to quantify GHG effects of policies and actions
 - Domestic policies and measures
 - NAMAs
- Need to track policy implementation to improve effectiveness and report on progress
- Lack of consistency and transparency in current approaches
- Lack of capacity
- No international guidelines

OVERVIEW OF STANDARDS AND TOOLS

Standard	Description
<i>GHG Protocol Policy and Action Standard</i>	How to estimate the change in GHG emissions and removals resulting from policies and actions
<i>GHG Protocol Mitigation Goals Standard</i>	How to design and assess progress toward national, subnational, or sectoral GHG emissions reduction goals

EXAMPLES OF EXISTING STANDARDS/METHODOLOGIES





POLICY AND ACTION STANDARD

PURPOSE OF THE POLICY AND ACTION STANDARD

- Help answer the following questions:
 - Before implementation: What effect is a policy or action likely to have on GHG emissions?
 - During implementation: Is a policy or action on track and delivering expected results?
 - During or after implementation: What effect has a policy or action had on GHG emissions?

APPLICABILITY

- All types of policies/actions
- National, subnational, municipal levels in all countries
- Policies and actions that increase or decrease GHG emissions
- All sectors
 - AFOLU, energy supply, industry, residential and commercial buildings, transport, waste
 - Developing additional sector-specific guidance

TYPES OF POLICIES AND ACTIONS

- Regulations and standards
- Taxes and charges
- Subsidies and incentives
- Tradable permits
- Voluntary agreements
- Information instruments
- R&D policies
- Public procurement policies
- Infrastructure programs
- Implementation of new technologies, processes, or practices
- Financing and investment

OBJECTIVES OF ASSESSING POLICY IMPACT

- **Inform policy selection** by comparing policy options based on their expected GHG effects
- **Inform policy design** by understanding the GHG effects of policy design choices
- **Evaluate policy effectiveness** in delivering intended results
- **Learn from experience** to improve policy implementation and decide whether to continue current activities or implement additional policies
- **Ensure policies and actions are cost-effective** and that limited resources are invested efficiently
- **Assess contribution** of policies and actions toward GHG reduction goals
- **Report** on GHG effects of policies and actions
- **Attract and facilitate financial support** for mitigation actions by estimating GHG reductions

EXAMPLE OF POLICY DESIGN AND IMPLEMENTATION CYCLE

Who does What?

(data collection, monitoring, coordination, verification)

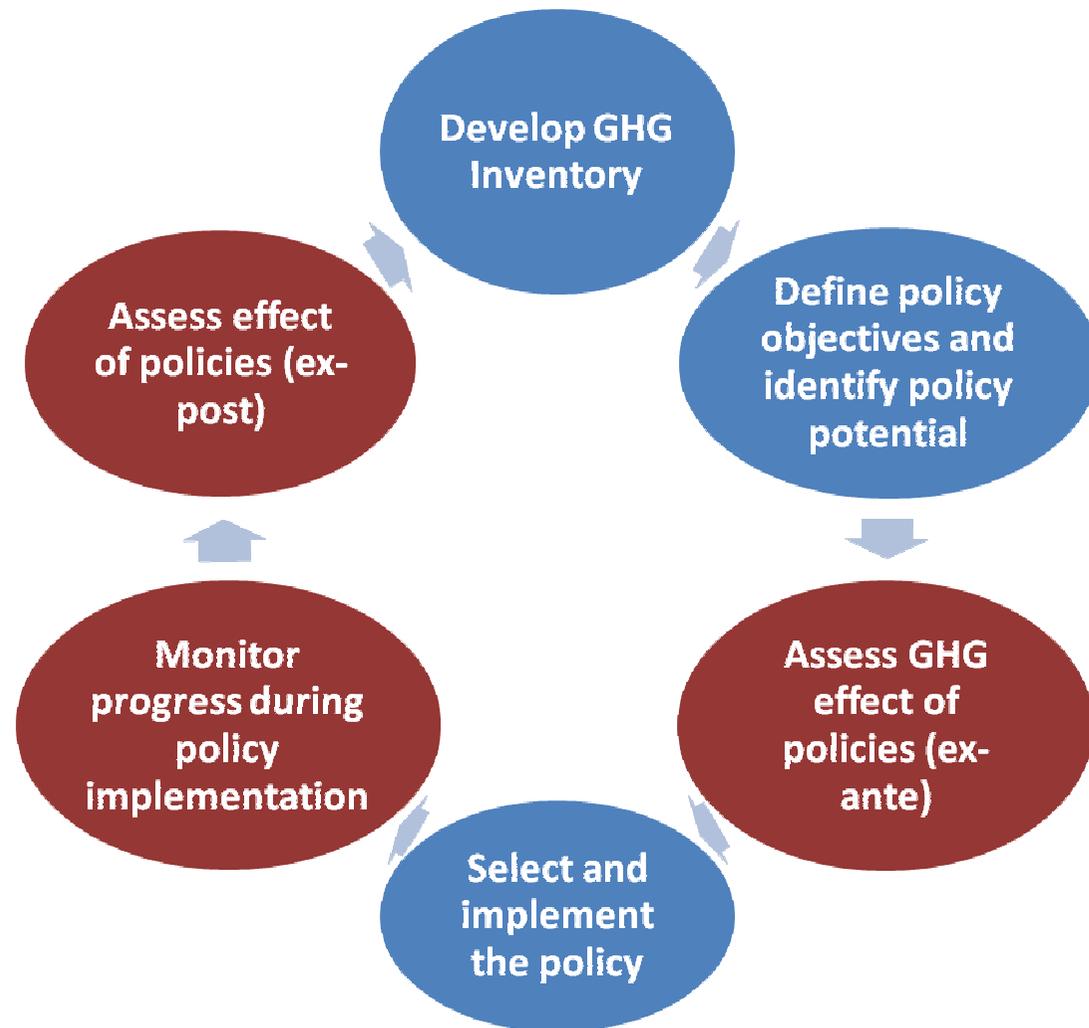
Timing?

Channels of reporting (internal/external)?

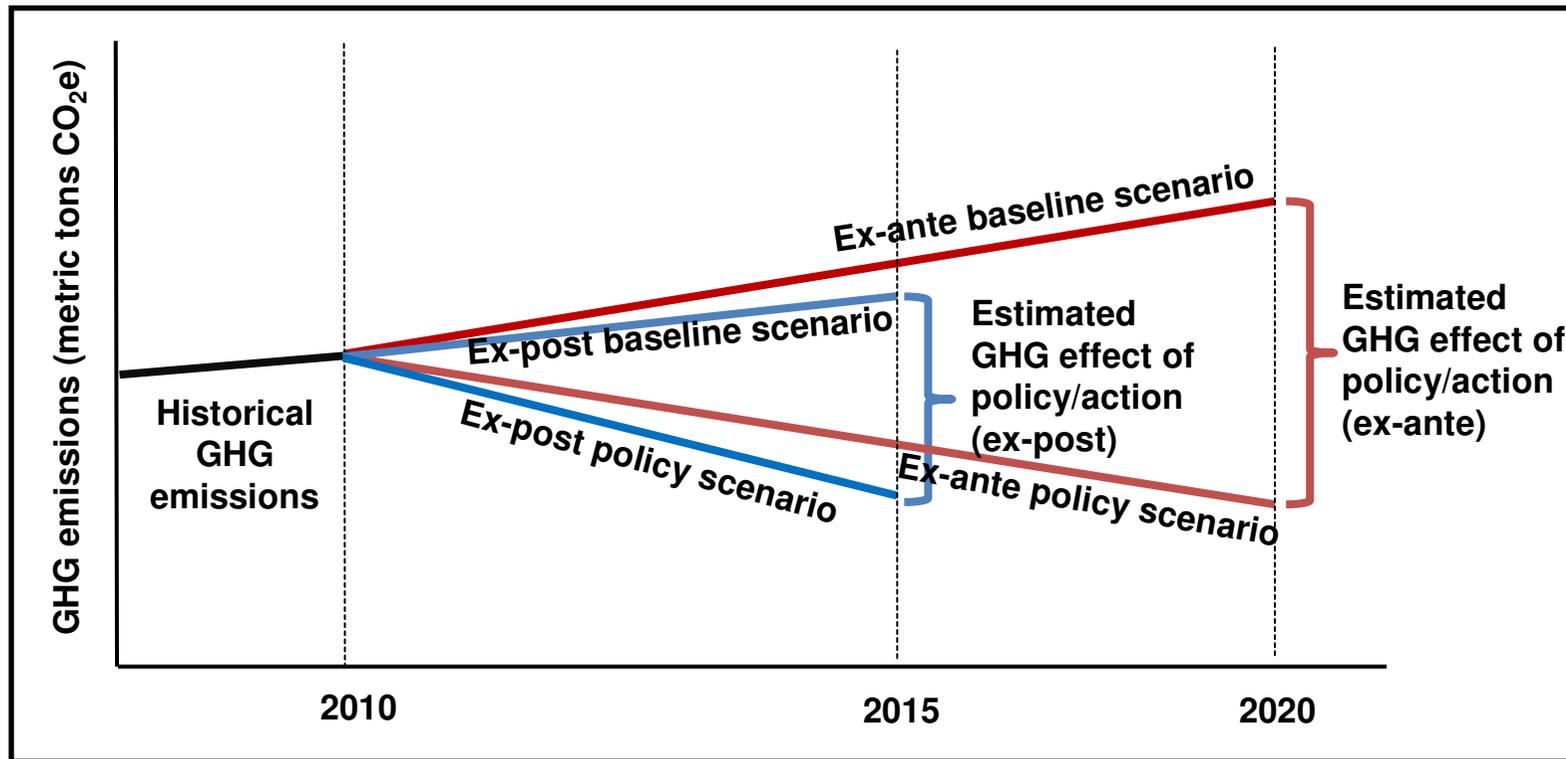
Instruments and tools of assessments?

Legal enforcement?

Addressed by this standard



Ex-ante and ex-post assessment



EXAMPLE: ESTIMATING THE GHG EFFECT

- Example: Subsidy for home insulation

GHG effect included	Affected GHG sources	Baseline emissions	Policy scenario emissions	Change (P – B)
Reduced emissions from electricity use				
Reduced emissions from natural gas combustion				
Increased emissions from insulation production				

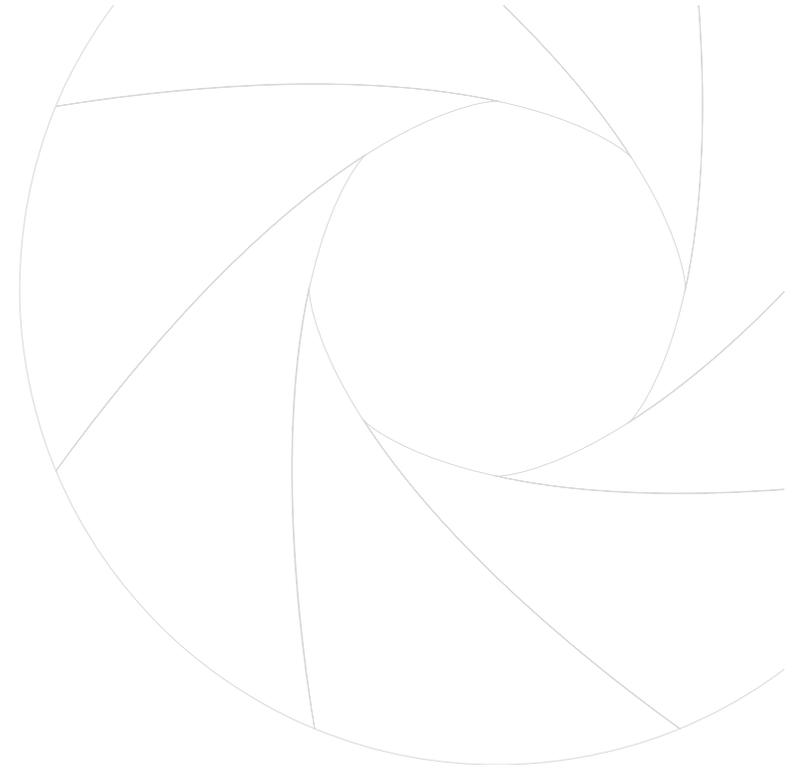
ASSESSING NON-GHG EFFECTS OR CO-BENEFITS

- Users may optionally assess non-GHG effects of the policy or action, in addition to GHG effects
 - E.g., air quality improvement, poverty reduction, public health benefits, job creation, etc.
- The basic procedures and steps in the standard can be used to estimate non-GHG effects
- Additional quantification methods and data sources will be necessary (e.g., economic models/data)

RANGE OF METHODOLOGICAL OPTIONS

A range of methods are available to estimate the GHG effect of policies

Level of accuracy/ completeness	GHG assessment boundary	Estimation methods	Data sources
Lower  Higher	Less complete  More complete	Less accurate methods (e.g., simplified approaches)  More accurate methods (e.g., complex approaches)	International default data  Source-specific or jurisdiction-specific data



MITIGATION GOALS STANDARD

PURPOSE

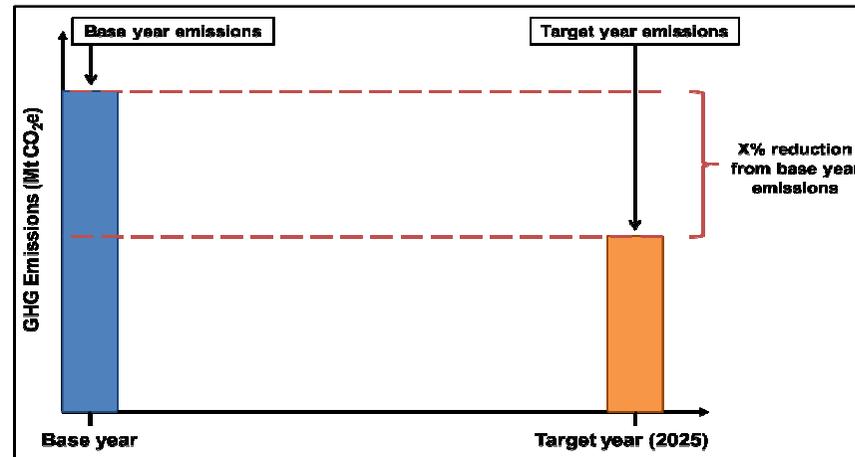
- Help answer the following questions:
 - For jurisdictions that do not have a mitigation goal: Which factors to consider when designing a mitigation goal
 - Before the goal period: How to calculate allowable emissions in the target year or period
 - During the goal period: How to assess and report progress
 - After the goal period: How to assess and report goal achievement

DESIGNING A MITIGATION GOAL: GOAL TYPE

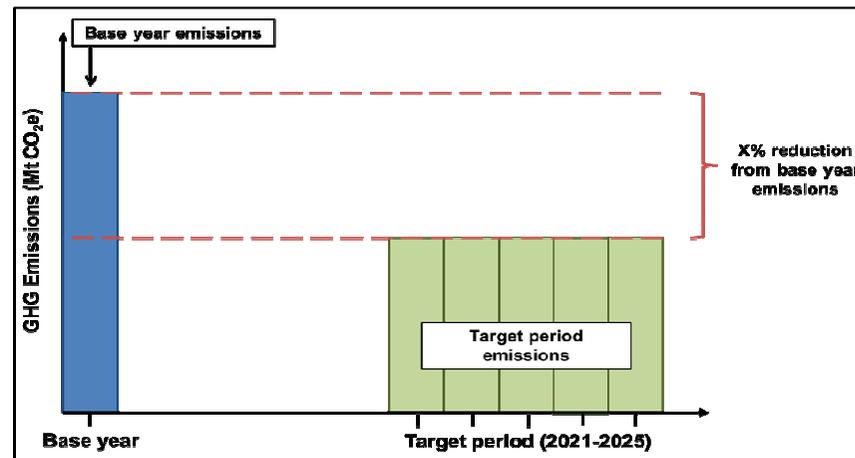
Goal Type	Examples	Reductions in what?	Reductions relative to what?
Base year goal	Australia: 80% reduction below 2000 levels by 2050 New York City: 30% below 2005 levels by 2030	Emissions	Historical base year
Fixed level goal	Costa Rica: 'long-term economy-wide transformational effort to enable carbon-neutrality'	Emissions	No reference level
Intensity goal	China: 40-45% reduction in CO ₂ emissions per unit of GDP by 2020 compared with the 2005 level	Emissions intensity	Historical base year
Baseline scenario goal	Brazil: Between 36.1% and 38.9% below projected emissions in 2020 South Africa: 34% deviation below BAU by 2020	Emissions	Projected baseline scenario

DESIGNING A MITIGATION GOAL: SINGLE YEAR VERSUS MULTI-YEAR

- Single year

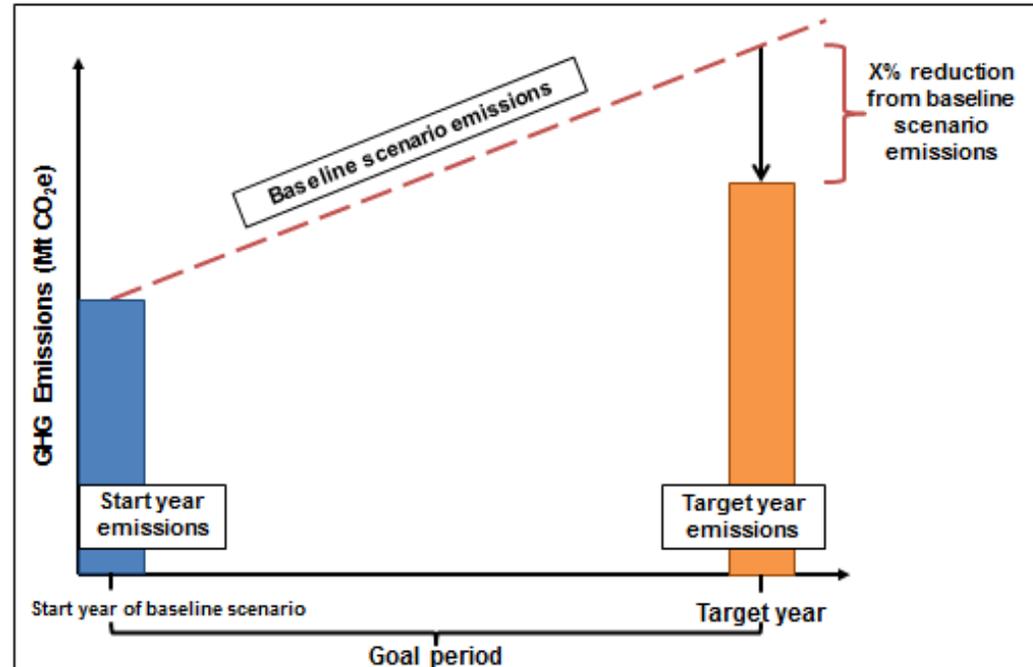


- Multi-year



ESTIMATING BASELINE SCENARIO EMISSIONS

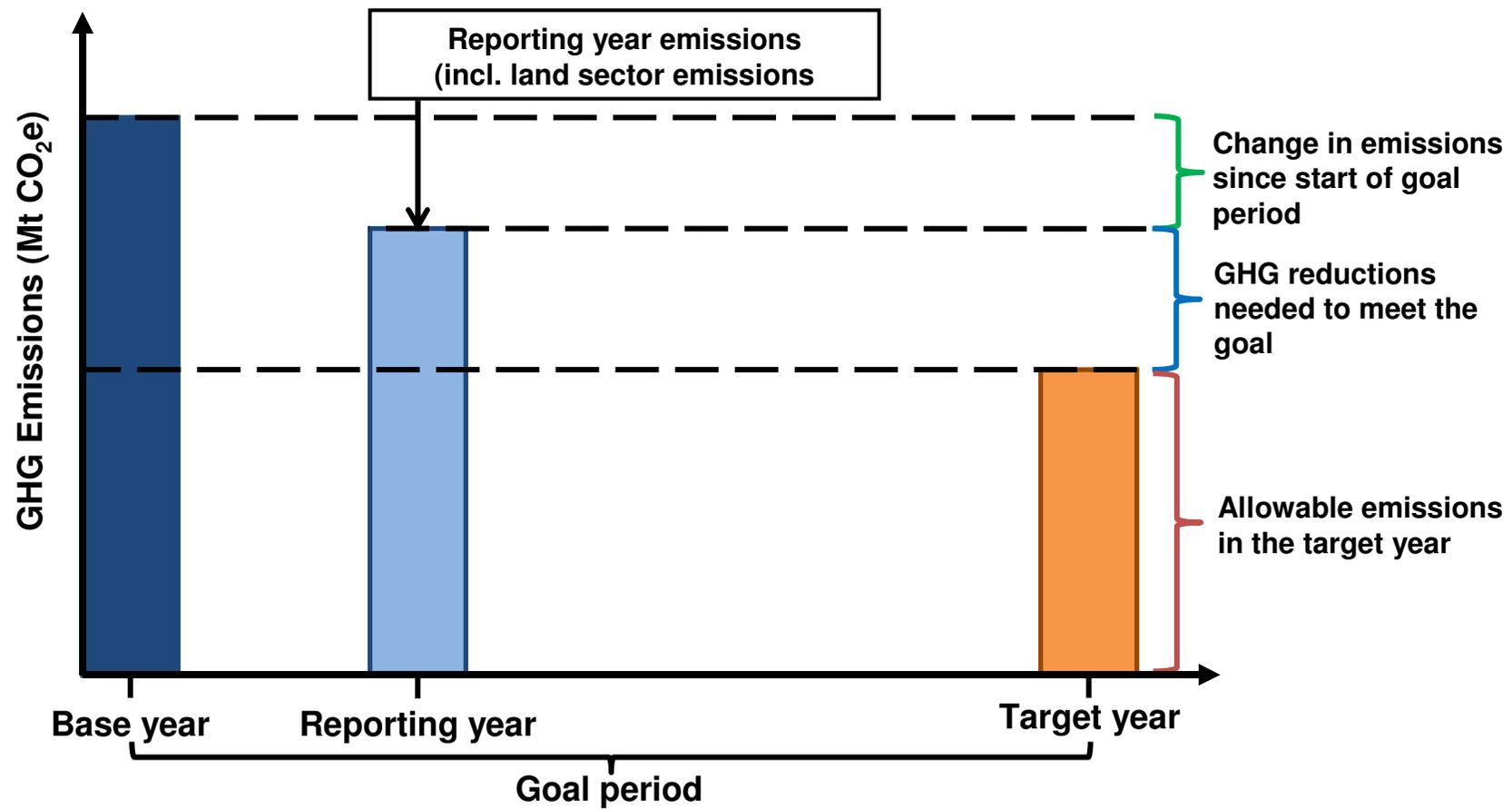
- Projection methods and models
- Key emissions drivers and underlying assumptions
- Inclusion of policies and actions
- Dynamic versus static baseline scenarios
- Baseline scenario recalculation
- Developing a range of plausible scenarios



ACCOUNTING FOR THE LAND-USE SECTOR

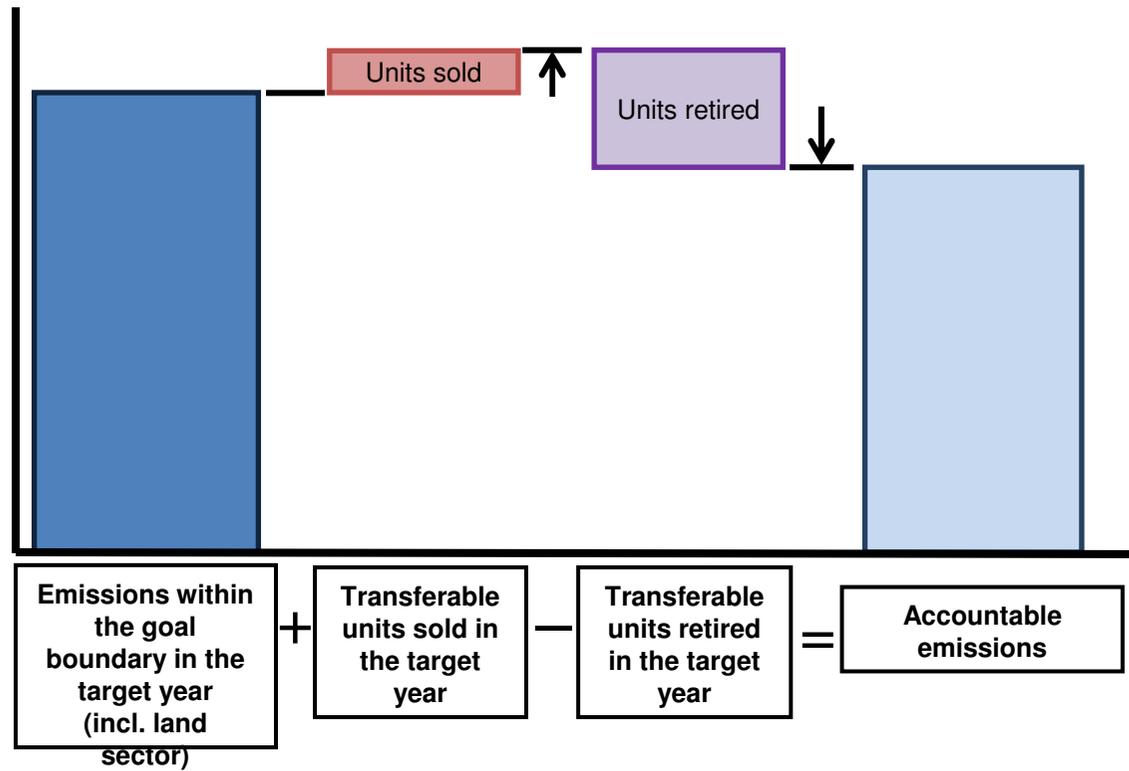
- How is the land-use sector accounted for?
 - Included in the goal boundary
 - Treated separately as a sectoral goal
 - Used as an offset
 - Not accounted for
- Guidance for calculating net emissions from land-use sector:
 - Land-based and activity-based accounting
 - Net-net and gross-net accounting

ASSESSING PROGRESS DURING THE GOAL PERIOD

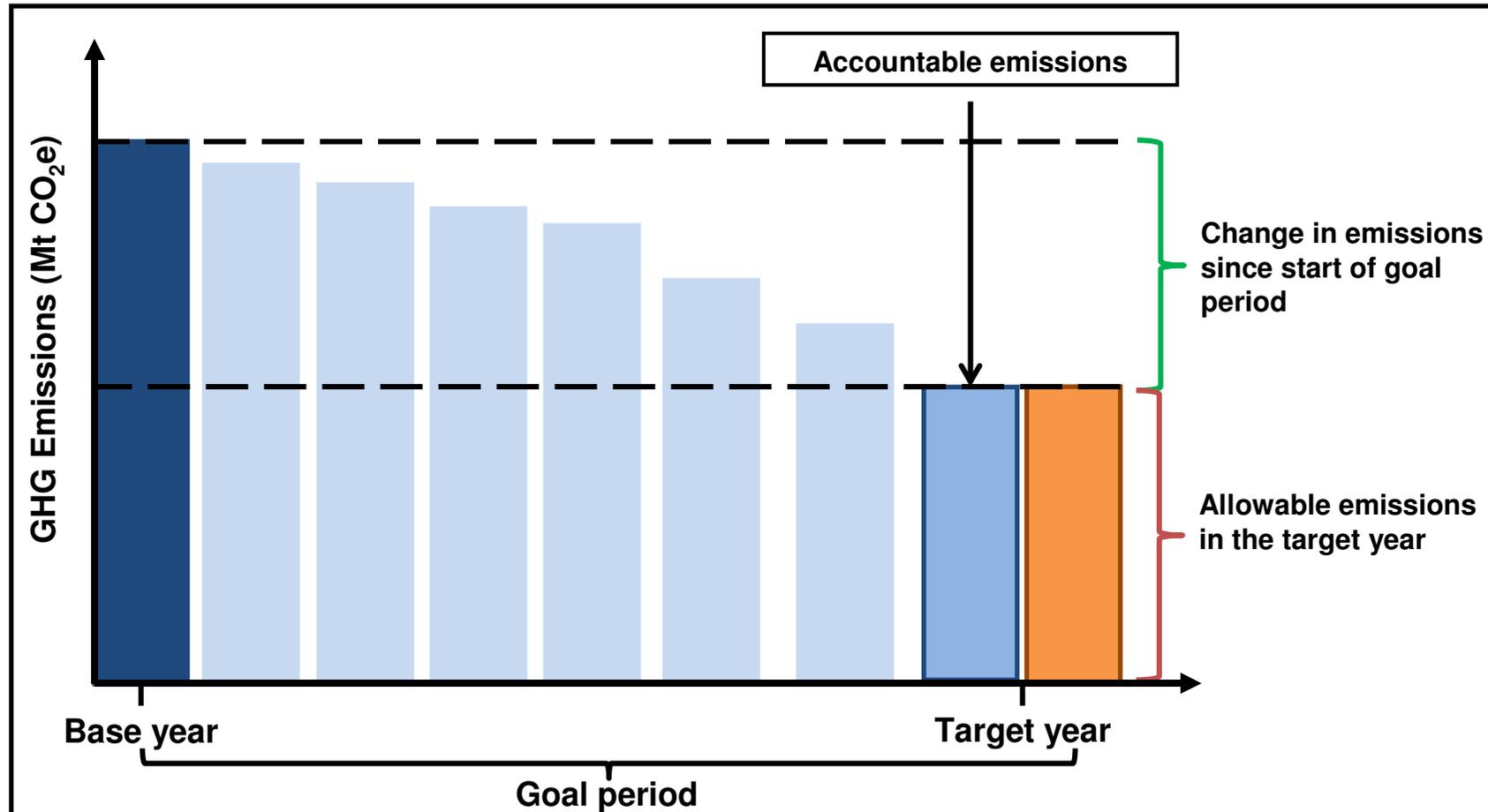


ASSESSING GOAL ACHIEVEMENT

- Calculate accountable emissions



ASSESSING GOAL ACHIEVEMENT



STANDARD DEVELOPMENT PROCESS

Secretariat (WRI)

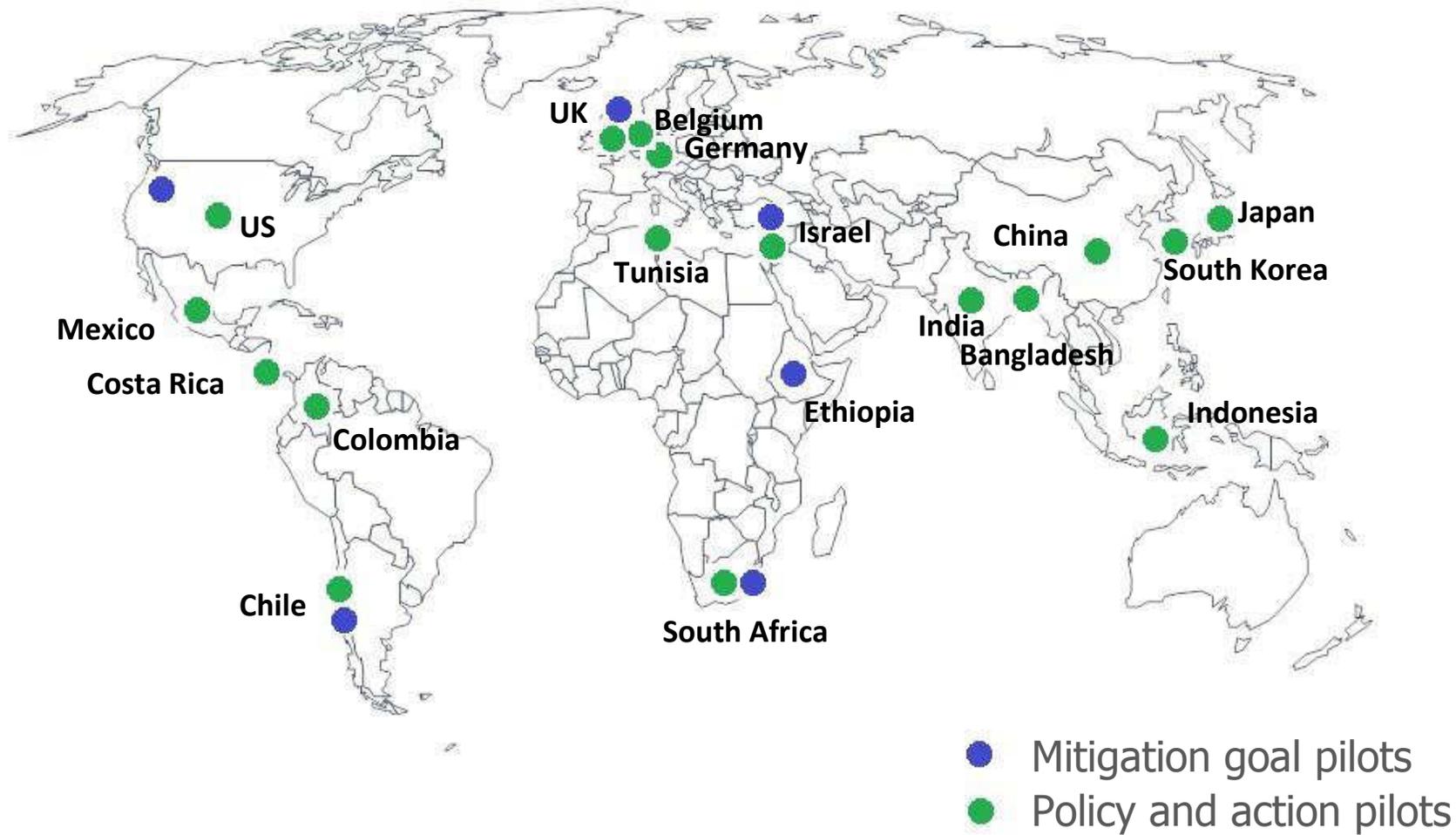
Advisory Committee (30)

Technical Working Groups (100+)

Review Group (150+)

Pilot Testers (20+)

PILOT TESTING: 32 POLICIES/GOALS IN 20 COUNTRIES/CITIES



NEXT STEPS

- Standards will be published in October
- Launch events and training workshops starting October 2014 through early 2015

THANK YOU

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TO DOWNLOAD THE STANDARDS AND TOOLS, VISIT:

www.ghgprotocol.org/mitigation-accounting

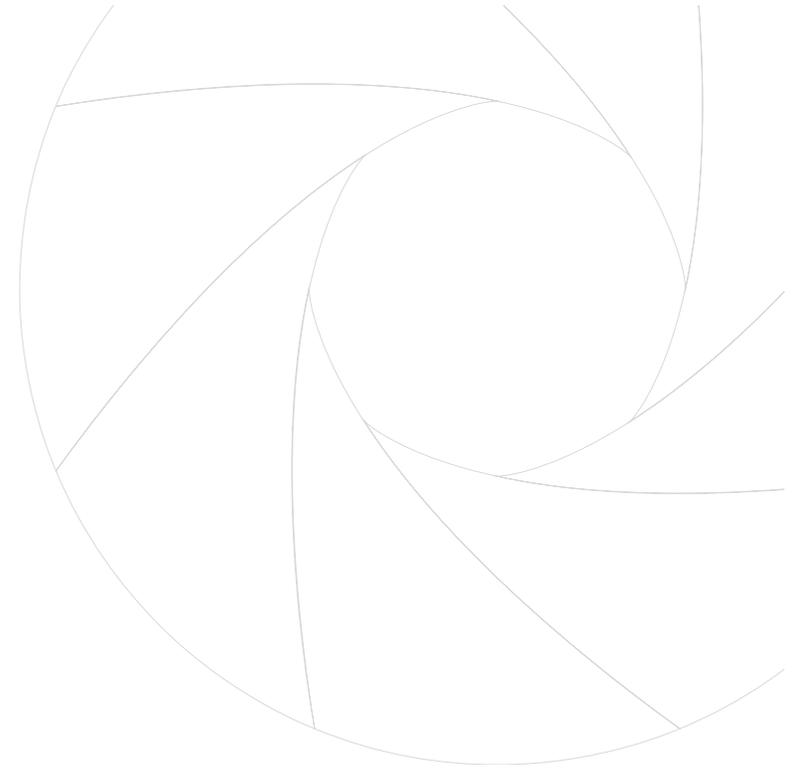
<http://www.wri.org/our-work/project/open-climate-network>

Supported by:



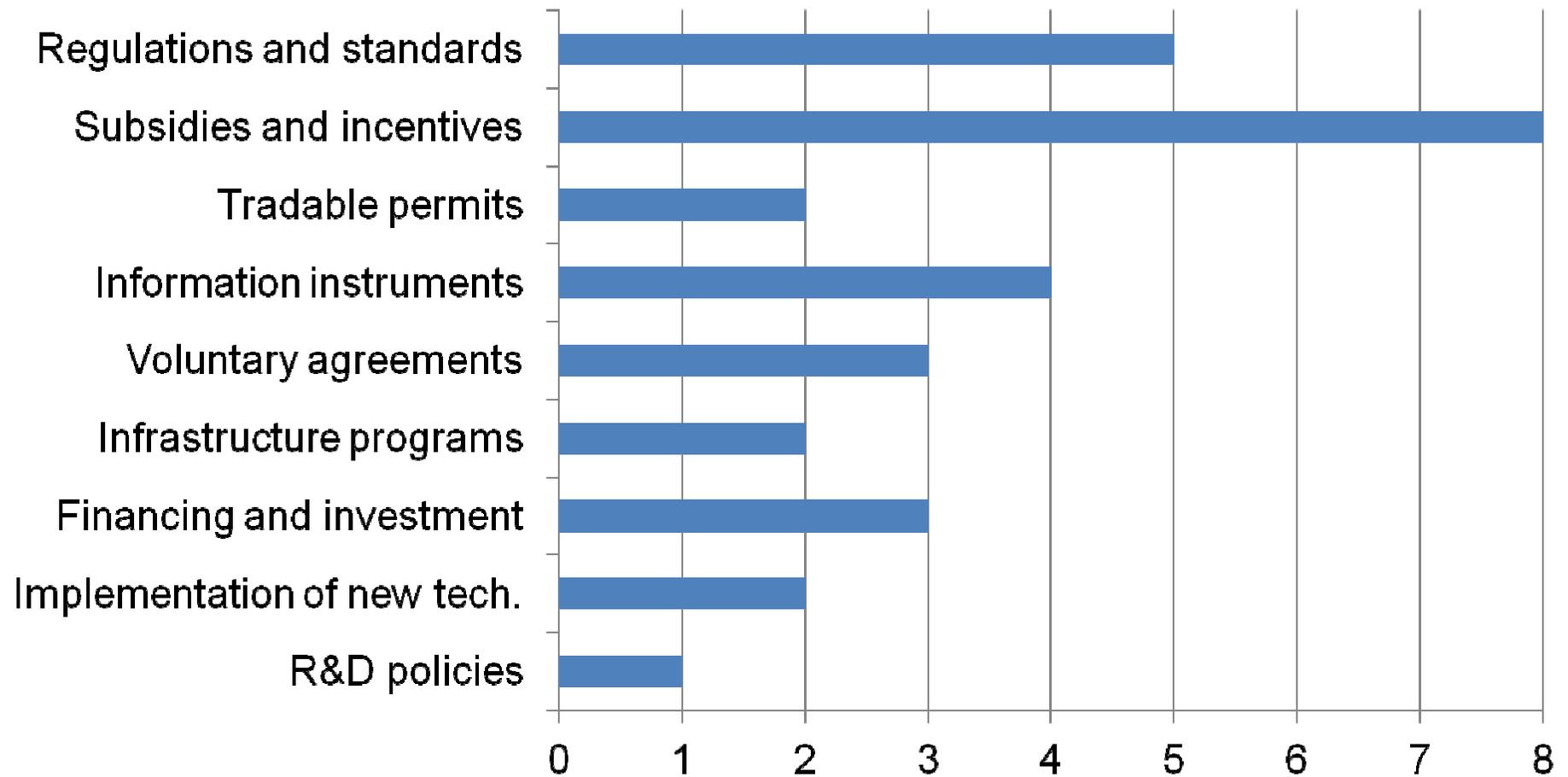
Federal Ministry
for the Environment, Nature Conservation,
Building and Nuclear Safety

based on a decision of the German Bundestag

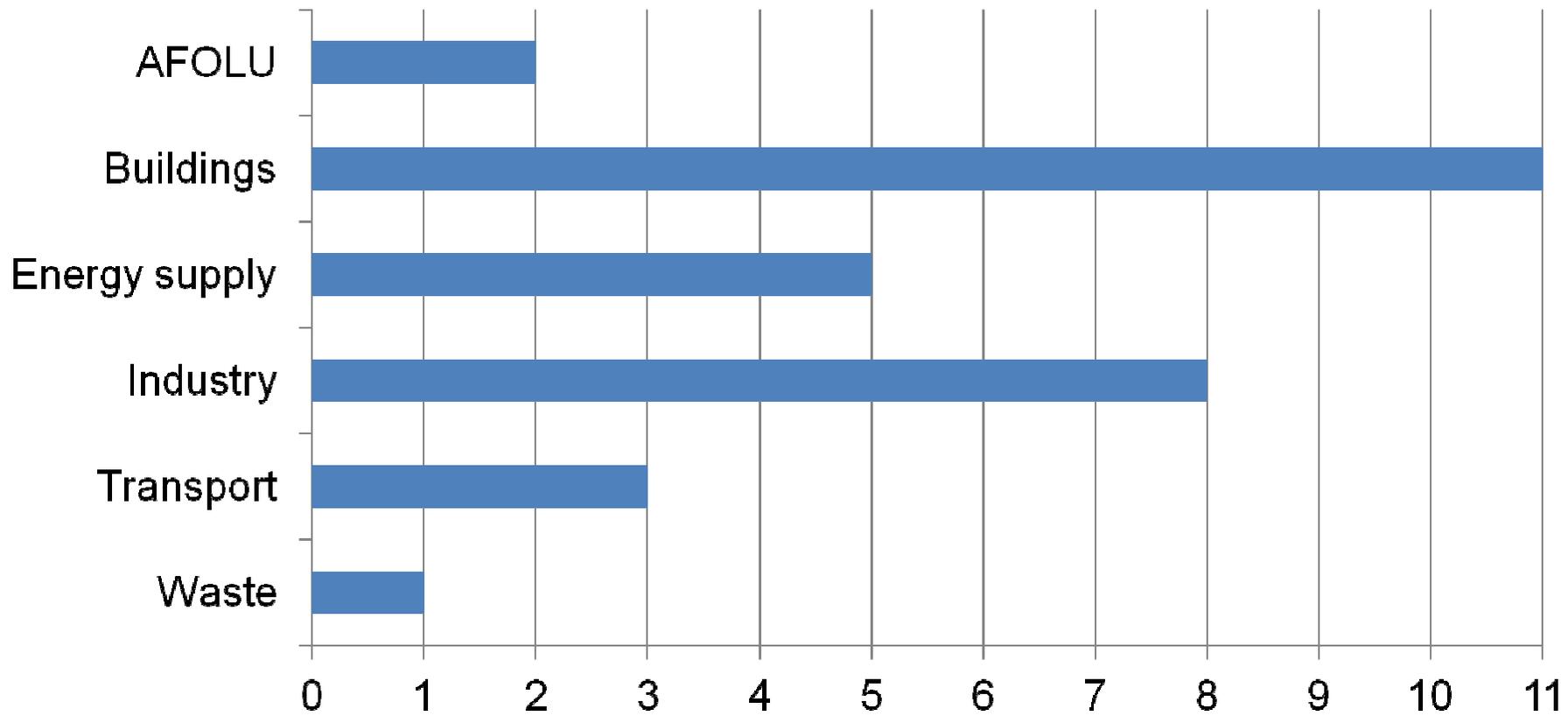


EXTRA SLIDES

TYPES OF POLICIES AND ACTIONS PILOTED



SECTORS PILOTED (POLICY AND ACTION STANDARD)



KEY ACCOUNTING TOPICS FOR POST-2020 PERIOD: MITIGATION GOALS

- National GHG inventory-related requirements
- Land sector accounting
- Calculating allowable emissions in the target year(s)
- Assessing progress during the goal period
- Assessing goal achievement, including accounting for market mechanisms

LAND SECTOR ACCOUNTING

- How will emissions and removals from the land sector be treated?
 1. The land sector is included in the economy-wide goal like other sectors
 2. The land sector is treated as an offset
 3. The land sector is included in a sectoral goal for the land sector only
 4. The land sector is not covered by any goal and is therefore not accounted for

CALCULATING ALLOWABLE EMISSIONS IN THE TARGET YEAR(S)

- Single year vs multi-year
- Reference levels for calculating allowable emissions:
 - Base year emissions
 - Base year emissions intensity
 - Baseline scenarios
 - How can they be developed in a comparable and transparent way?
 - Static vs dynamic baselines
 - Included emissions drivers and assumptions
 - Included policies
 - Uncertainty

ACCOUNTING FOR UNITS

- Which units are eligible for use?
 - Unit quality
- What quantity of units can be used?
- Which vintages can be used?
 - How is banking and borrowing of units addressed?
- How is double counting of units prevented?



KEY ACCOUNTING TOPICS FOR POST-2020 PERIOD: MITIGATION POLICIES, ACTIONS, AND PROJECTS

- Requirement to estimate and report greenhouse gas effects?
- Timing and frequency of reporting
- Methodology
 - Recommended guidelines
 - GHG assessment boundary
 - Baseline scenario
 - Policy interactions and avoiding double counting
 - Uncertainty

GROUP EXERCISE

PROPOSAL FOR ACCOUNTING DECISIONS IN PARIS

- Common metrics and methodologies:
 - Same methodologies for national inventories using the latest IPCC guidelines
 - Same global warming potential, using the latest scientific recommendations
 - Same greenhouse gas and sectoral coverage for economy-wide goals
 - Same base year for economy-wide goals whenever possible (taking account of national circumstance, perhaps allowing for reference years)
- Principles for land sector accounting, including minimum thresholds for coverage of emissions and removals in the sector.
- Principles for units accounting, including quality principles governing units and the prohibition of double counting.
- Clause requiring more robust Measurement, Reporting and Verification requirements for access to carbon market
- Mandate SBTSA to further elaborate accounting rules the following year, based on the agreed upon principles and common metrics. Additional rules could be required for certain contribution types (e.g. baselines for any baseline scenario goals; metric of output for any intensity goals), accounting for the land sector, use of transferable emissions units, evaluation of progress and achievement, among others.