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ACCOUNTING FOR INDCS

*Can accounting in the post-2020 regime be simpler than Kyoto accounting?
Technical challenges of accounting*

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SEPTEMBER 11, 2015

IMPORTANCE OF ACCOUNTING IN 2015 AGREEMENT

- Tracking of global emissions and emissions reductions
- Leading to measurable emissions reductions
- Enabling comparability

PURPOSES OF ACCOUNTING RULES AT VARIOUS TIMES

- **Before implementation:** Accounting rules define “what counts” and lay out a clear framework for assessing progress
- **During implementation:** Accounting rules define how Parties track and report progress in a comparable and transparent manner
- **After implementation:** Accounting rules define how Parties assess whether their contributions have been achieved

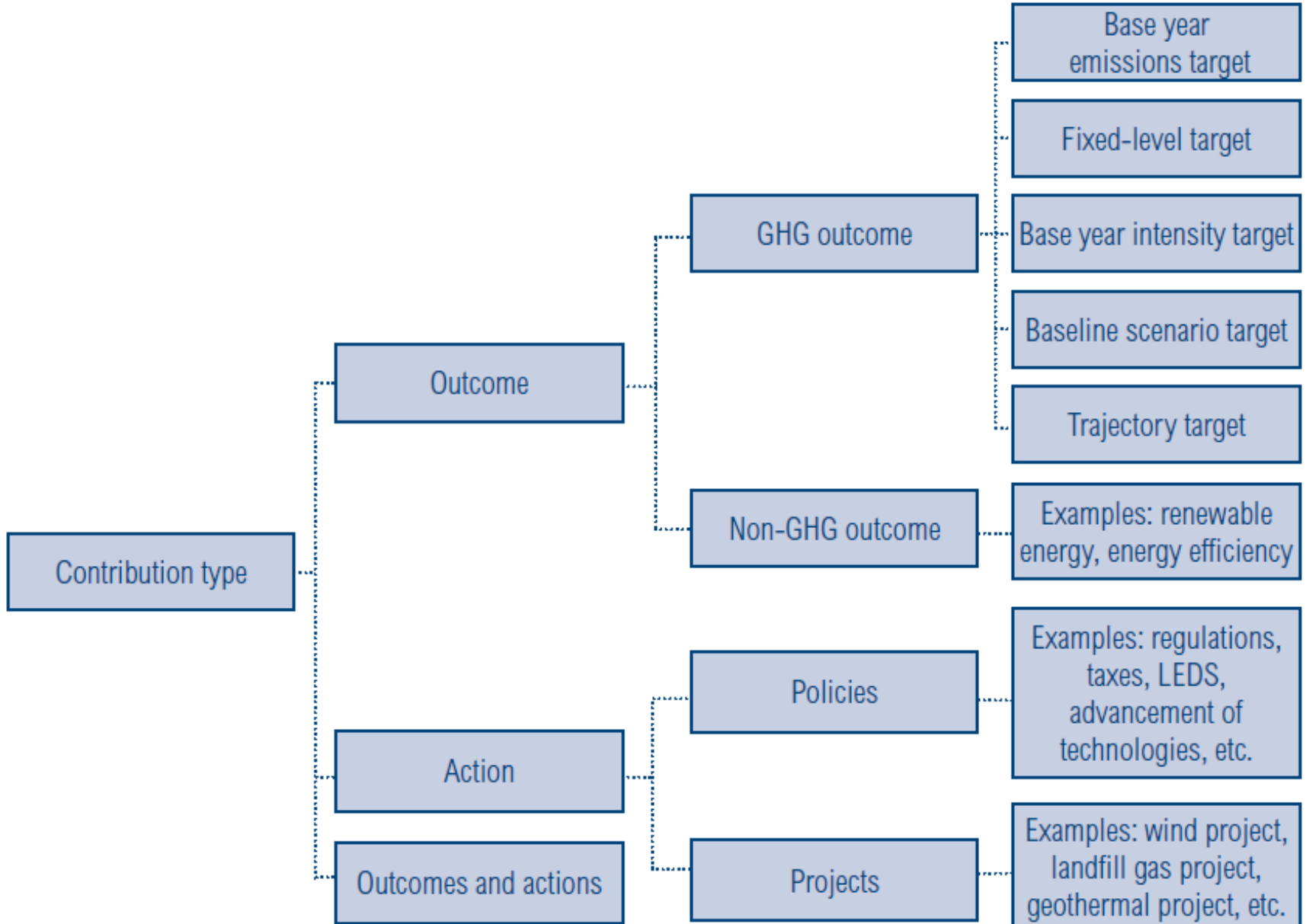
OUTLINE

- Ways in which accounting will likely be more difficult than Kyoto accounting
- Opportunities

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TYPES OF CONTRIBUTIONS



COMPARISON OF TARGET TYPES

TYPE OF TARGET	REDUCTIONS IN WHAT?	REDUCTIONS RELATIVE TO WHAT?
Base year emissions target	Emissions	Historical base year

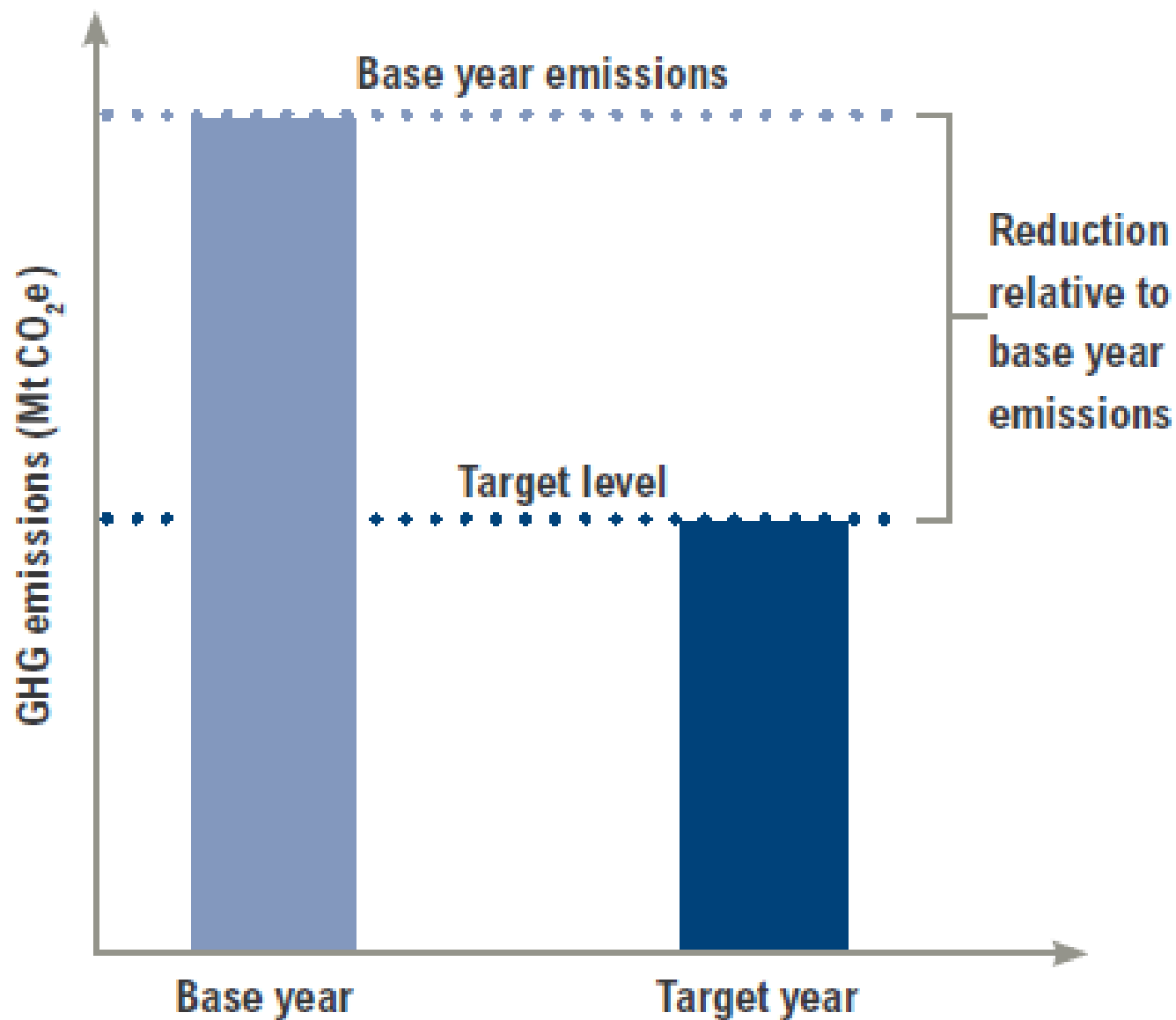
Fixed-level target	Emissions	No reference level
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Base year intensity target	Emissions intensity	Historical base year
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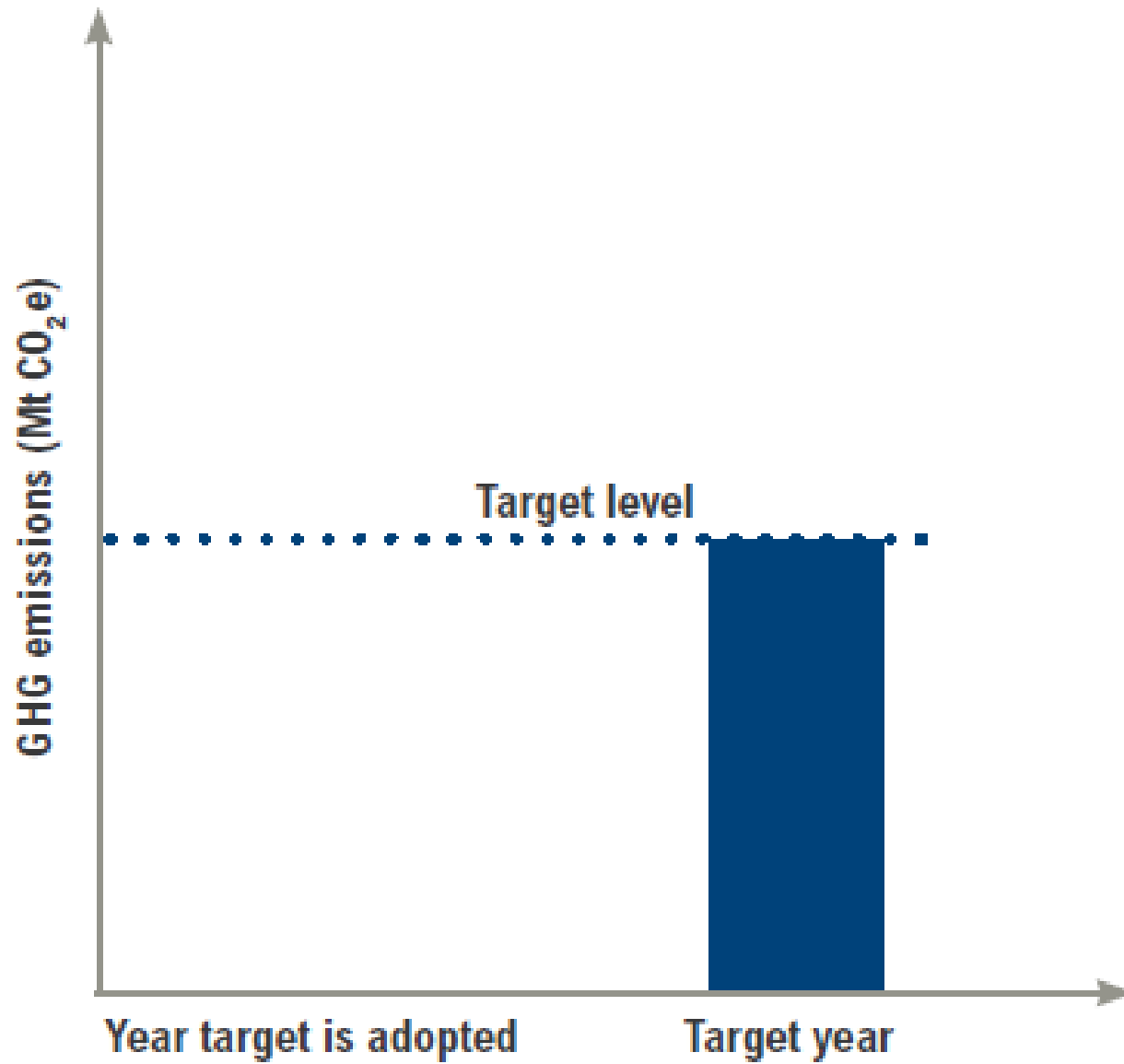
TYPE OF TARGET	REDUCTIONS IN WHAT?	REDUCTIONS RELATIVE TO WHAT?
Baseline scenario target	Emissions	Projected baseline scenario

Trajectory target^b	Emissions	No reference level
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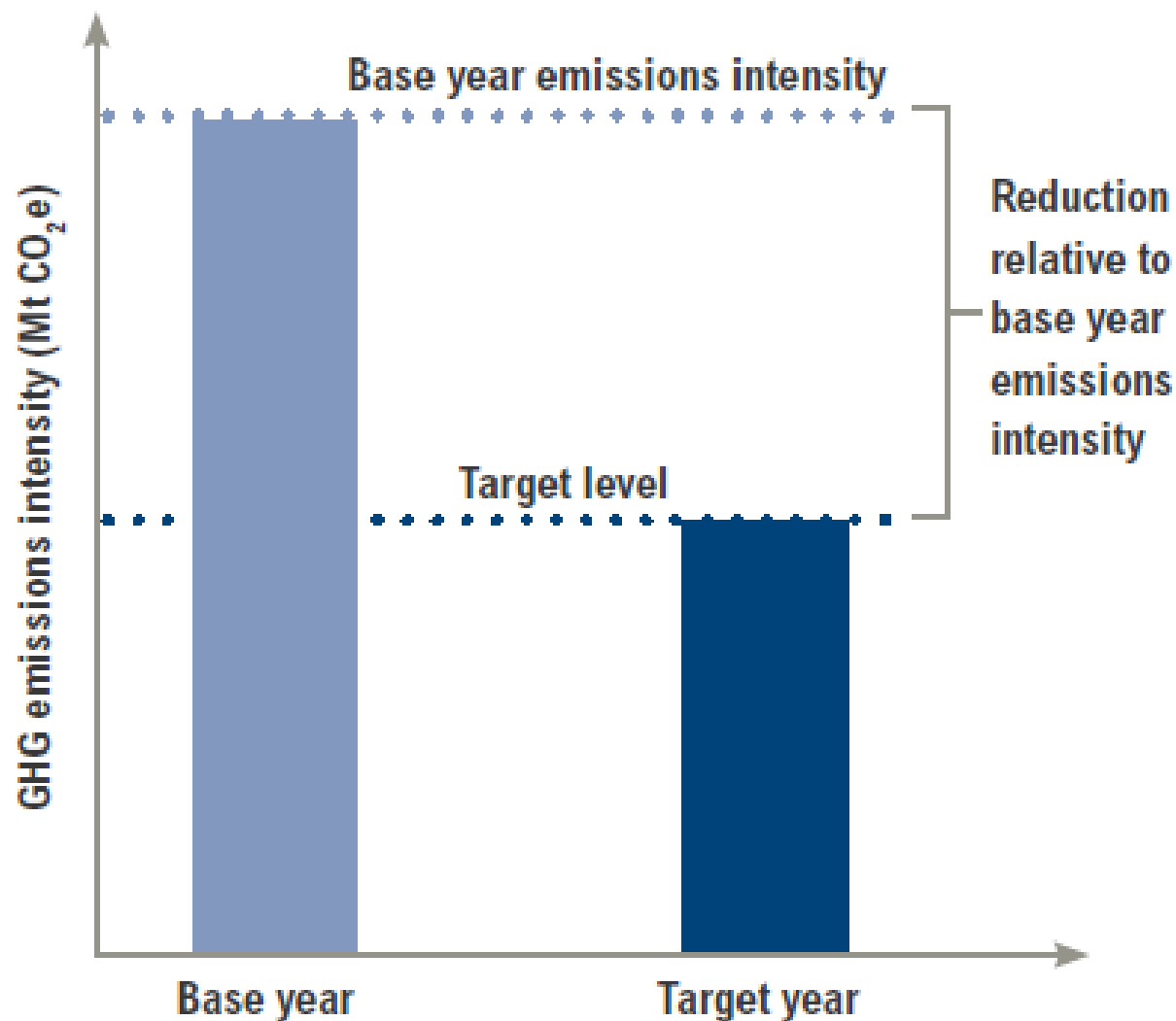
Base year emissions target



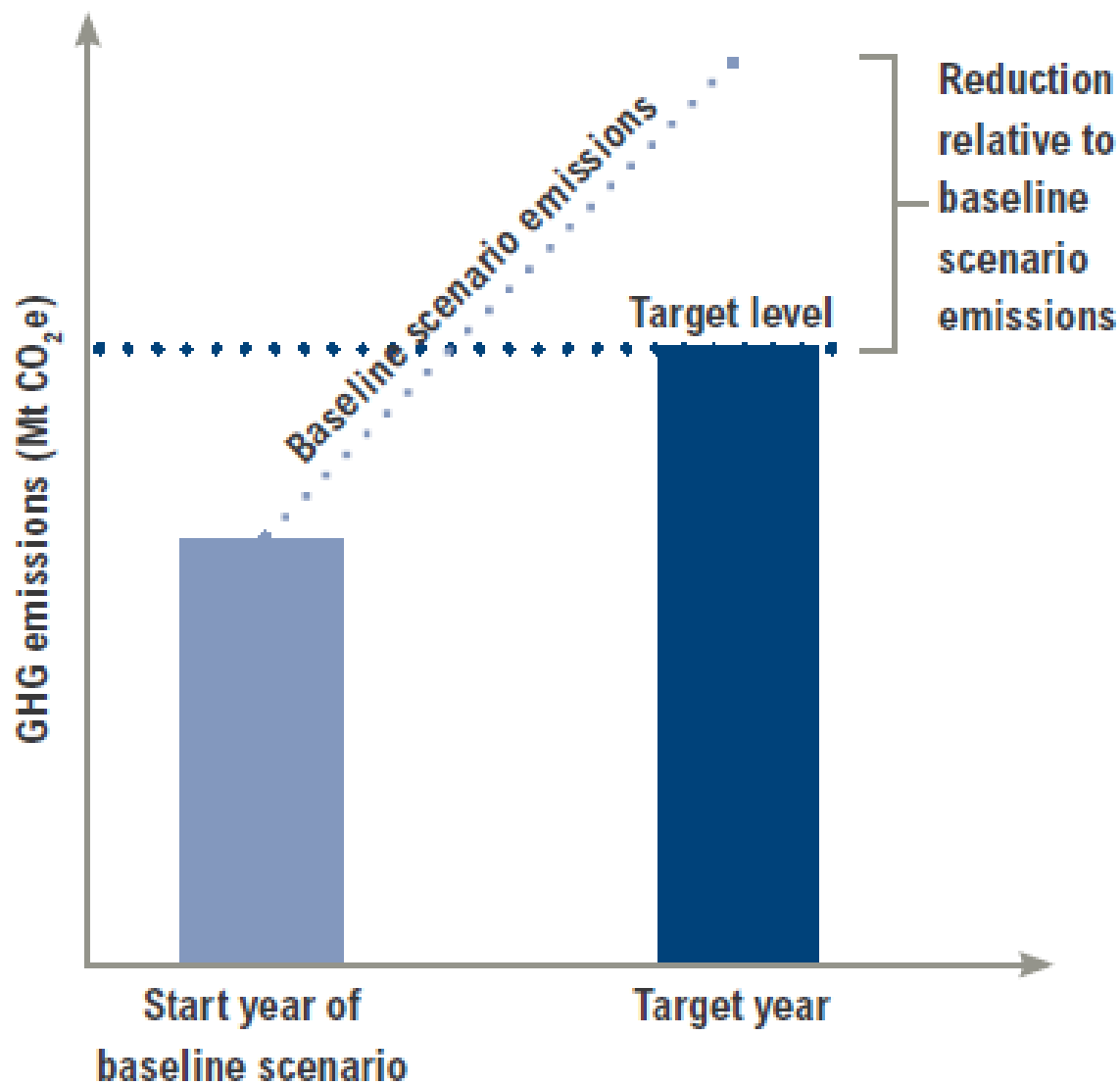
Fixed level target



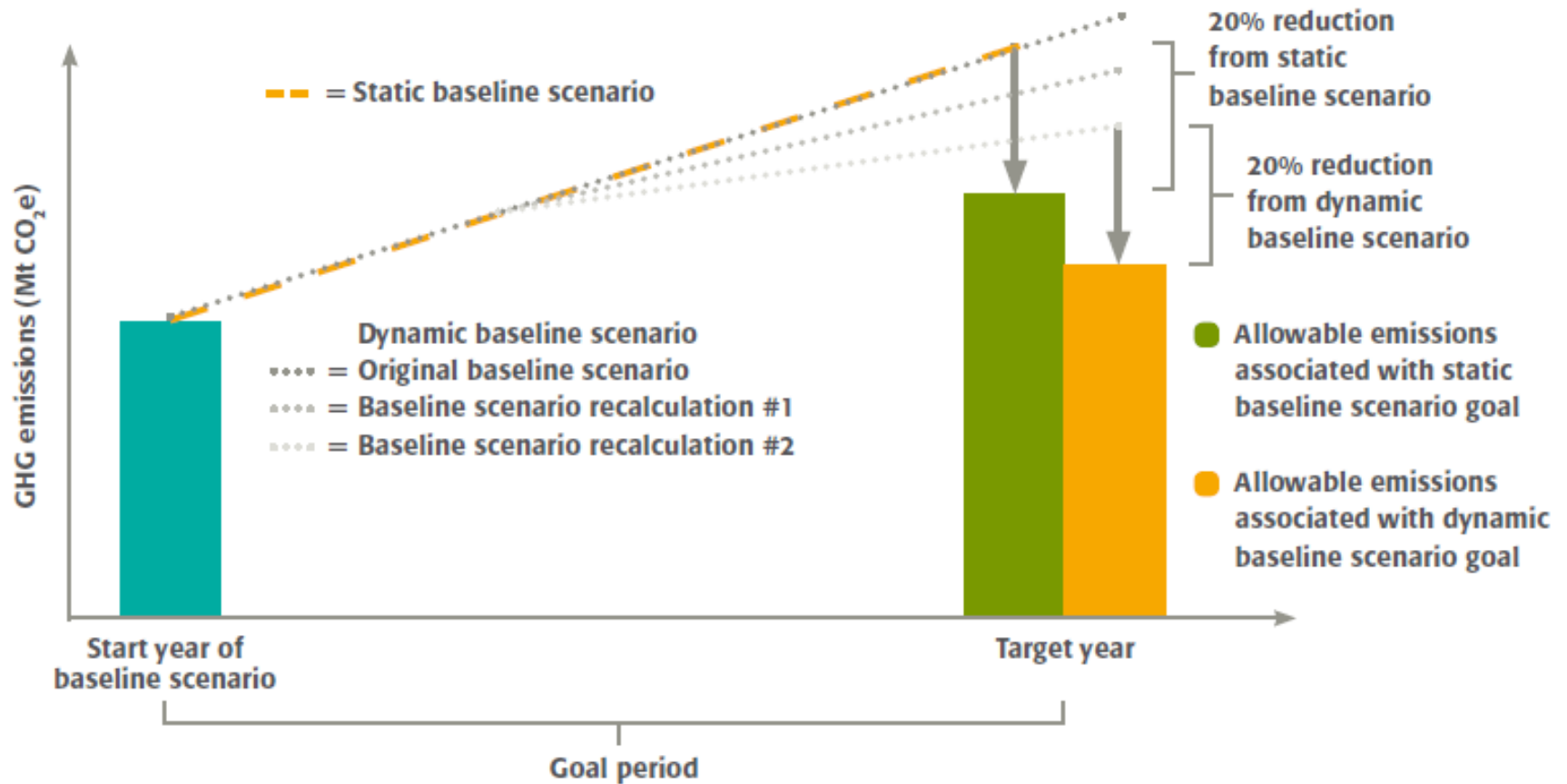
Base year intensity target



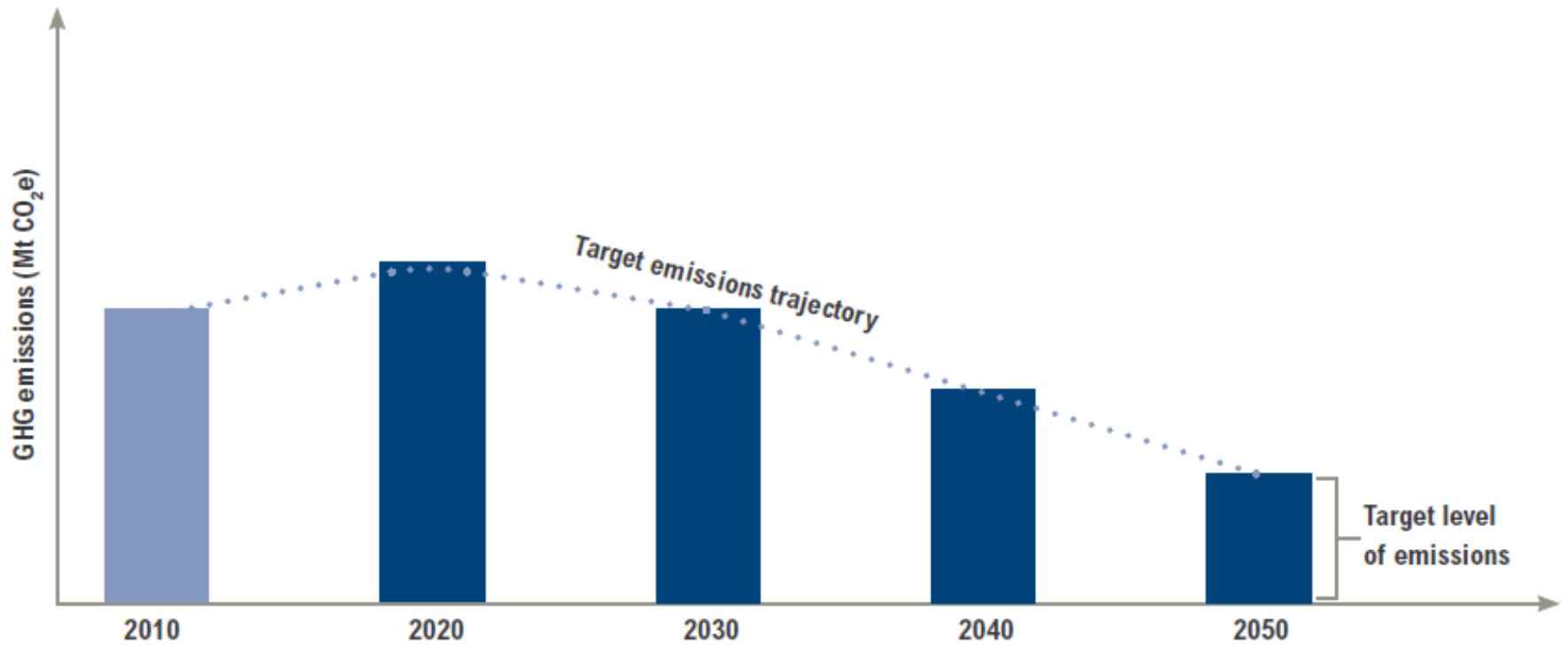
Baseline scenario target



Baseline scenario target: static vs. dynamic



Trajectory target



COMPLEXITIES COMPARED TO KYOTO

- In Kyoto, Annex I Parties had only base year targets
- Now diversity of contribution types
 - Accounting for mitigation goals is more straightforward for actions
 - Accounting for base year intensity goals is more difficult than base year emissions goals and fixed level goals since they require data on the unit of output
 - Accounting for baseline scenario goals is considerably more complex

NEW ACCOUNTING (REPORTING?) NEEDS

- For intensity targets:
 - Data sources for unit of output
- For baseline scenario targets:
 - Whether dynamic/static; If dynamic, recalculation policy
 - Inclusion of policies in baseline scenario and cut off year for inclusion
 - National institutions/procedures for baseline development
 - Assumptions for key drivers, projection methods, and data sources

NEW ACCOUNTING (REPORTING?) NEEDS

- For actions:
 - Common guidelines on how to define the assessment boundary, define a baseline scenario, address interactions with other policies and actions, and estimate or describe the uncertainty of the estimates
 - If not possible, reporting requirements disclosing methodologies and assumptions used and the uncertainty of the results.

INVENTORY METHODOLOGIES AND METRICS

- Different GWP and inventory methodology uses between A1 and some NA1 Parties

LAND SECTOR ACCOUNTING

- More methods currently (e.g. land-based accounting)
- Covering both Annex I and non-Annex I Parties with different national circumstances
- Existence of more methods that need to be built upon (e.g. REDD+)

LESSONS FROM EXISTING FRAMEWORKS: ACCOUNTING FOR LULUCF UNDER THE KYOTO PROTOCOL

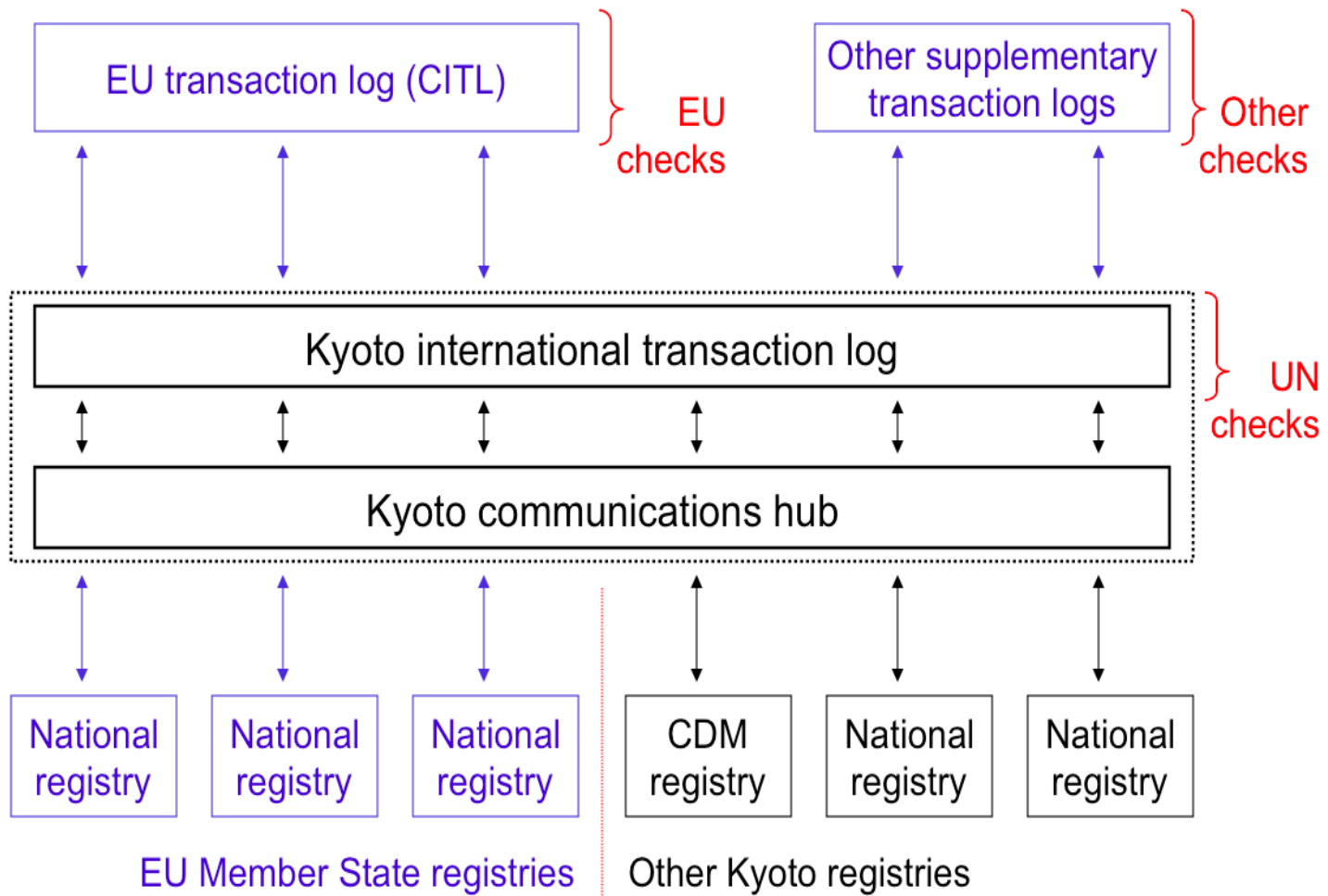
- Flexibility for activities under CP1
- Introduced challenges to comparability
- When convergence was not possible, e.g. in the case of developing forest management reference levels, a transparent process for technical review provided more standardization and safeguards

MARKET MECHANISMS

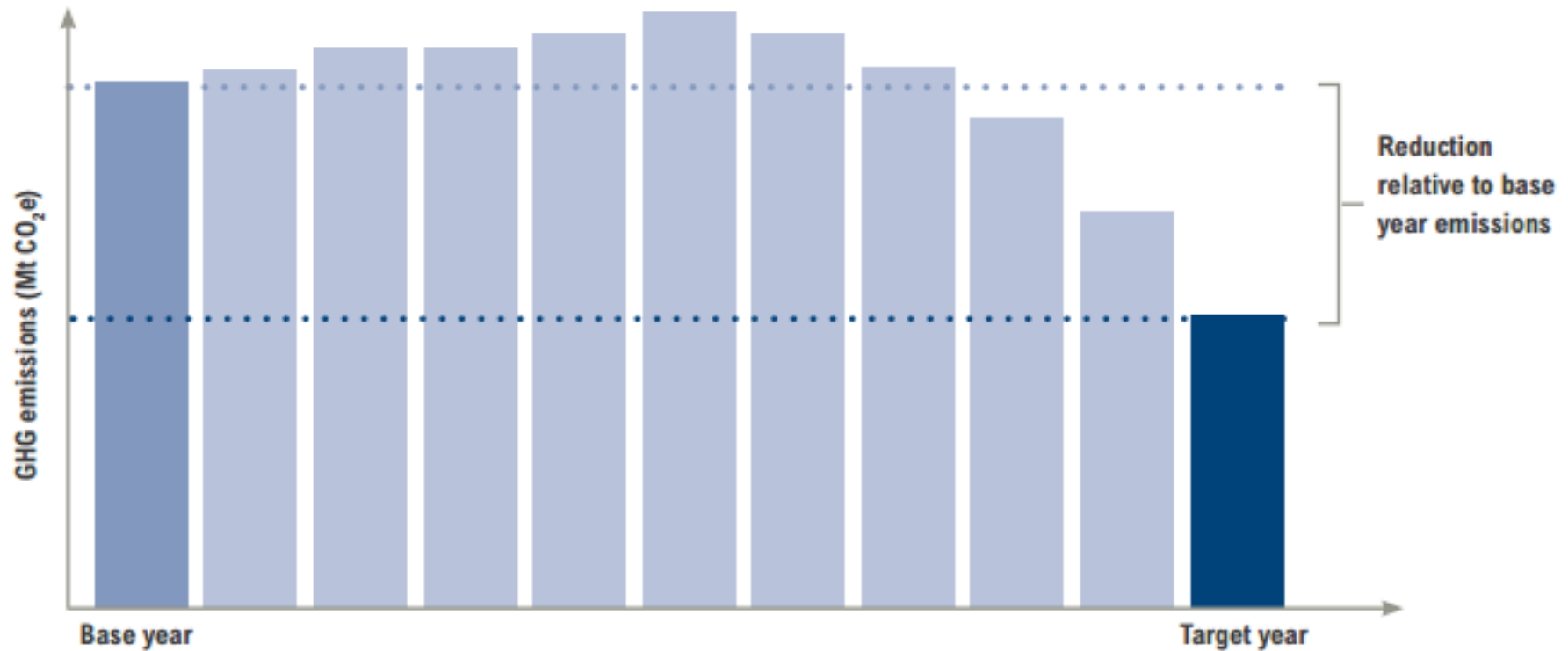
- No longer limited to CDM
 - > Diversity of types and potentially quality
- Developing countries have targets of their own leading to need to avoid double counting

LESSONS FROM EXISTING FRAMEWORKS: INCREASING DIVERSITY OF TRANSFERABLE EMISSIONS UNITS

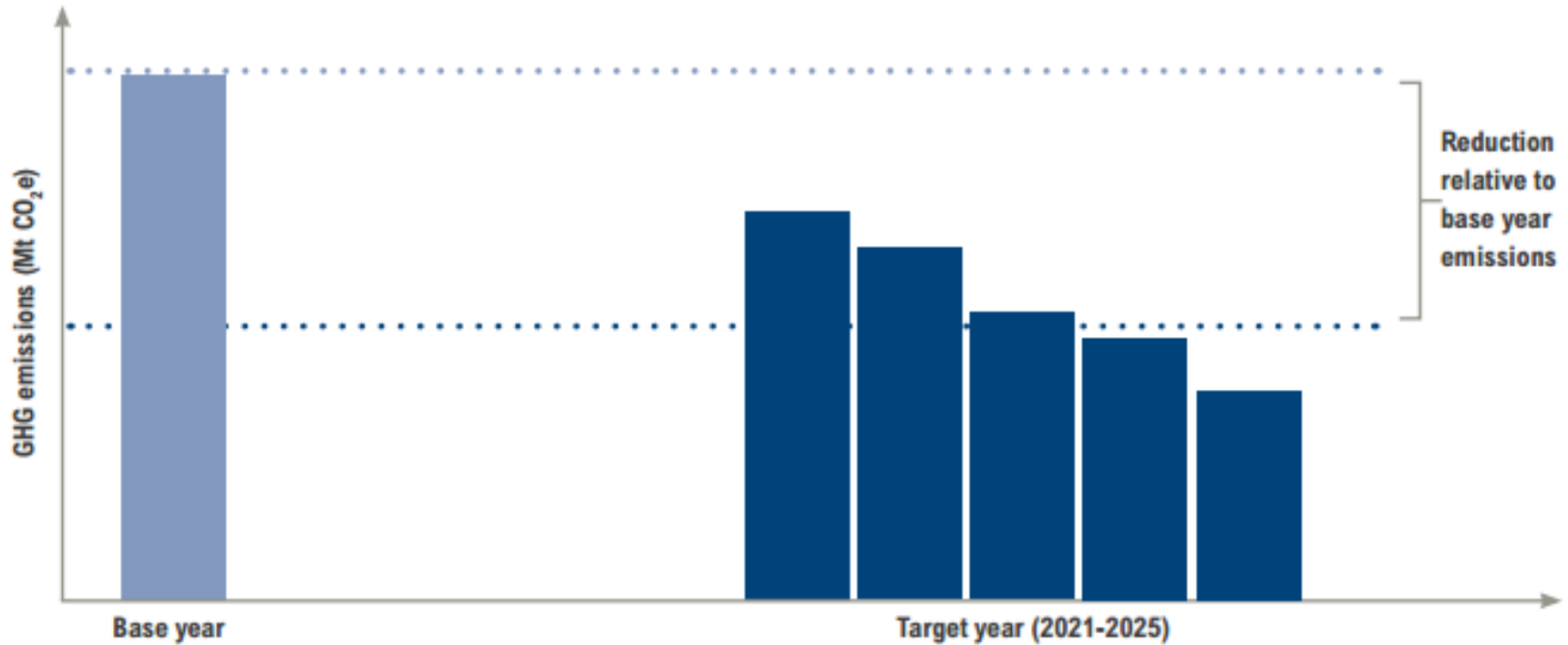
- The Kyoto Protocol allows multiple systems to communicate through the ITL and other Supplementary Transaction Logs
- Future carbon market communication if:
 - Offset standards are sufficiently consistent
 - A tracking scheme exists that uses the same international standard to identify units
 - The use of underlying common inventory guidelines to ensure reconciliation with nationally determined contributions (assuming these are quantity-based)



CHALLENGES POSED BY SINGLE YEAR TARGET



EXAMPLE OF A MULTI-YEAR TARGET

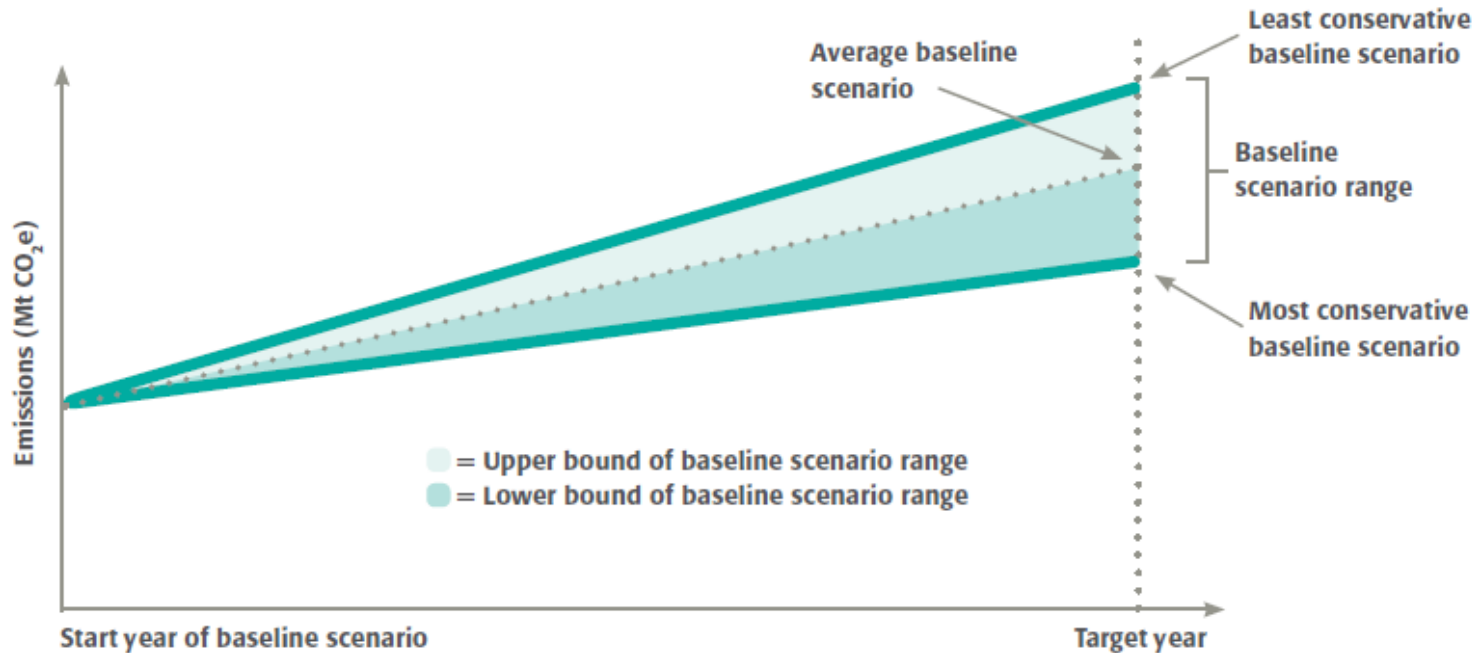


TIMEFRAME

- Single vs. multi-year targets
 - Implications for units
 - Apply only target-year or target-period vintages toward the target to maximize mitigation and maintain consistent accounting?

GOAL LEVEL

- Will we see ranges of future emissions levels in some Parties? More difficult to track progress towards



OUTLINE

- Ways in which accounting will likely be more difficult than Kyoto accounting
- Opportunities

OPPORTUNITIES FOR THE 2015 AGREEMENT

- Convergence over time towards common metrics and inventory methodologies
 - As countries gain more capacity on inventories, could have eventual convergence on inventory metrics and methodologies.
 - Need for further capacity building in many countries
- Principles for land sector accounting, including for coverage of emissions and removals in the sector
 - Principles that increase coverage of emissions and removals over time → increase comparability
 - Need for principles (e.g. once in always in, inclusion of all significant sub-categories/activities, consistency of accounting with goal type)

OPPORTUNITIES FOR THE 2015 AGREEMENT

- Principles for accounting for internationally transferable emissions units, including principles to ensure the quality of units and the prohibition of double counting
- A mandate to further elaborate accounting rules after 2015, based on the agreed upon principles and common metrics.
 - Additional rules for certain contribution types, accounting for the land sector, use of transferable emissions units, evaluation of progress and achievement, among others

SOME ACCOUNTING-RELATED RESOURCES



How to estimate the greenhouse gas effects of policies and actions

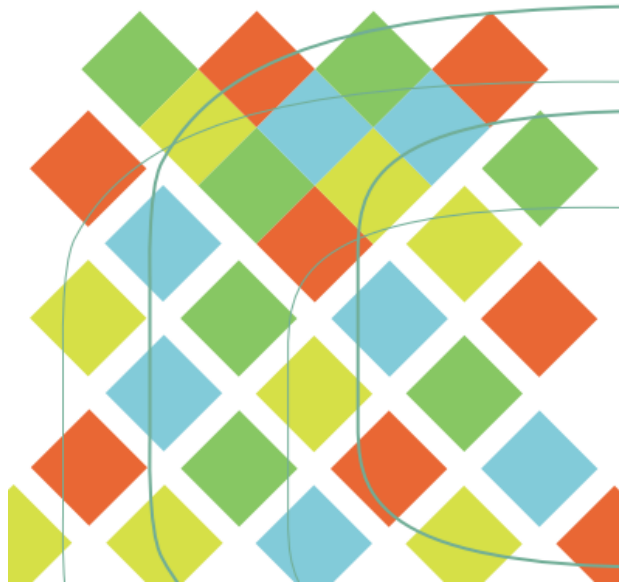


How to assess progress toward national or subnational GHG emissions reduction goals

SOME ACCOUNTING-RELATED RESOURCES



Accounting Framework for the Post-2020 Period



Working Paper

DESIGNING NATIONAL COMMITMENTS TO DRIVE MEASURABLE EMISSIONS REDUCTIONS AFTER 2020

KELLY LEVIN AND JARED FINNEGAN

1. INTRODUCTION

Parties to the United Nations Framework Convention on Climate Change (UNFCCC) have recognized the need for global average temperature not to rise above 2°C compared with pre-industrial temperatures.^{1,2} In an effort to limit warming to this level, Parties to the Convention have adopted commitments³ and are now negotiating a new international agreement, to be adopted by 2015, for the post-2020 period.⁴ In November 2013, Parties will meet in Warsaw, Poland to continue negotiations on the 2015 agreement.

A central component of the new agreement will be national mitigation commitments undertaken by Parties after 2020, and a number of views have been submitted to the UNFCCC on this topic.⁵ While views are diverse, several have converged around the idea that mitigation commitments should be nationally determined, rather than negotiated, in order to encourage participation by all Parties and lead to greater overall reductions in greenhouse gas (GHG) emissions.⁶

At the Warsaw negotiations, Parties will discuss the process for submitting, as well as the form of, mitigation commitments. This paper aims to inform those discussions by: (1) outlining and describing the “menu” of national mitigation commitment types that Parties could undertake; and (2) assessing each commitment type based on how it drives measurable emissions reductions. Measurable emissions reductions are emissions reductions that can be measured,

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Disclaimer: Working Papers contain preliminary research, analysis, findings, and recommendations. They are circulated to stimulate timely discussion and critical feedback and to influence ongoing debate on emerging issues. Most working papers are eventually published in another form and their content may be revised.

Suggested Citation: Levin, Kelly and Jared Finnegan, 2013, “Designing National Commitments to Drive Measurable Emissions Reductions After 2020,” Working Paper, Washington, DC: World Resources Institute. Available online at www.wri.org/publications/2013/01/designing-national-commitments-to-drive-measurable-emissions-reductions-after-2020.

TRANSPARENCY-RELATED RESOURCES

Open Book List:

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

QUESTIONS?

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