

Carbon Market Watch's COP27 recommendations on key Article 6 topics

The below table summarises CMW's recommendations concerning key Article 6 topics on which [SBSTA](#) and the [Article 6.4 Supervisory Body](#) are mandated to provide recommendations/guidance for adoption by the [CMA](#) at COP27.

Body (Art 6.2/6.4) <i>Topic</i>	Mandate for COP27 from 6.2 Guidance & 6.4 Rules	Carbon Market Watch's recommendation
SBSTA (Art 6.2) <i>Averaging and corresponding adjustments</i>	<i>[Art 6.2 cover decision, para 3bi-ii]</i> Elaboration of further guidance in relation to corresponding adjustments for multi-year and single-year nationally determined contributions, in a manner that ensures the avoidance of double counting , on:	Full CMW recommendation here , shortened below: Parties should discuss options for corrective measures to apply in an ex-post fashion in order to address the risk of double counting , which exists namely for corresponding adjustments via averaging for single-year NDCs. One possible corrective measure to consider is the cancellation of ITMOs in proportion to double-counted reductions / removals (including if

	<p>(i) Methods for establishing indicative trajectory, trajectories or budgets for averaging</p> <p>(ii) Methods to demonstrate representativeness of averaging for corresponding adjustments by quantifying how much yearly transaction volume differs from average for the period</p>	<p>double-counting occurred in a previous NDC period). This could also apply to over-crediting.</p>
<p>SBSTA (Art 6.2 & 6.4)</p> <p><i>Emission avoidance</i></p>	<p><i>[Art 6.2 cover decision, para 3c]</i></p> <p>[Recommendations on] Consideration of whether internationally transferred mitigation outcomes could include emission avoidance.</p> <p><i>[Art 6.4 cover decision, para 7h]</i></p> <p>[Recommendations on] Consideration of whether activities could include emission avoidance ...</p>	<p>Full CMW recommendation here, shortened below:</p> <p>At COP27, Parties should decide to definitively exclude emission avoidance from being eligible under either 6.2 or 6.4. Emission avoidance is inconsistently or poorly defined and could lead to highly questionable ITMOs or A6.4ERs. Most Parties at SBSTA 56 aligned with this view, which Carbon Market Watch supports.</p>

<p>SBSTA (Art 6.2)</p> <p><i>Reporting: tables and outlines</i></p>	<p><i>[Art 6.2 cover decision, para 6]</i></p> <p>Develop tables and outlines for the information required pursuant to chapter IV of the annex (Reporting), including the agreed electronic format referred to in chapter IV.B of the annex (Annual information)</p>	<p>Full CMW recommendation here and here, shortened below:</p> <p>Tables and outlines used for Article 6.2 reporting must be designed in a way to ensure all information on cooperative approaches and ITMOs is comprehensive, transparent, and publicly accessible, including that all quantitative information – e.g. regarding tCO₂eq associated with ITMOs – is easily accessible, machine-readable, and able to be downloaded by the public.</p>
<p>SBSTA (Art 6.2)</p> <p><i>Reporting and tracking: structural infrastructure, links between registries, Article 6 database and international registry</i></p>	<p><i>[Art 6.2 cover decision, paras 9-10]</i></p> <p>Recommendations relating to infrastructure, including guidance for registries, the international registry, the Article 6 database and the centralized accounting and reporting platform referred to in chapter VI of the annex (Recording and tracking)</p>	<p>Full CMW recommendation here and here, shortened below:</p> <p>The proposed Article 6 infrastructure is a complex set of systems, whose implementation should enable market actors and observers to easily understand:</p> <ul style="list-style-type: none"> i) amount of tCO₂e reduced/ removed through cooperative approaches; ii) who has used ITMOs to meet NDC target(s); iii) who are sellers/buyers of ITMOs. <p>All information should be reflected in the CARP, in a standardised downloadable and machine-readable format, in order to ensure public availability and transparency.</p>
<p>SBSTA (Art 6.2)</p>	<p><i>[Art 6.2 cover decision, para 7c]</i></p>	<p>Full CMW recommendation here, shortened below:</p>

<p><i>Reporting: confidentiality</i></p>	<p>[Recommendations on] Development of modalities for reviewing information that is confidential.</p>	<p>The default status of all reported information should be “public”. Any exception - if certain info can be deemed “confidential” - must be governed by clear rules and duly justified. If confidentiality provisions are adopted, they should be extremely limited. Observer organisations should be given further opportunities to share views.</p>
<p>SBSTA (Art 6.2)</p> <p><i>Reporting: Party responsibilities to address recommendations received from expert review team</i></p>	<p>[Art 6.2 cover decision, para 7e]</p> <p>[Recommendations on] That the reviews specify recommended action to be taken when inconsistencies are identified, and provisions on how a Party should respond to those recommendations and the implications of non-responsiveness, if any.</p>	<p>Any inconsistencies must be addressed in a prompt manner, and a Party must respond to the reviewers' proposed recommendations clearly and comprehensively. Similarly to the “corrective action requests” used in the voluntary carbon market (VCM), no ITMO should be issued until the recommended actions have been addressed in a satisfactory manner.</p>
<p>Supervisory Body (Art 6.4)</p> <p><i>Removal activities</i></p>	<p>[Art 6.4 cover decision, para 6c]</p> <p>[Recommendations on] Activities involving removals, including appropriate monitoring, reporting, accounting for removals and crediting periods, addressing reversals, avoidance of leakage, and avoidance of other negative environmental and social</p>	<p>Full CMW recommendation here (reacting to 22 September 2022 version of SB’s draft recommendation), shortened below:</p> <p>The 6.4 SB must recommend a correct definition of carbon dioxide removal. There are flaws in all the definition options presented in the 6.4 SB’s 22 September 2022 version of the draft recommendations (latest version at time of writing this).</p>

	<p>impacts in addition to those activities in chapter V of the annex (Article 6, paragraph 4, activity cycle)</p>	<p>CMW rather proposes the following definition, which builds on the excellent work by Tanzer and Ramirez:</p> <p><i>“Removal activities” means anthropogenic activities resulting in a net removal of carbon dioxide (CO₂) from the atmosphere and durably storing it for at least two to three centuries in geological, terrestrial, or ocean reservoirs. It includes existing and potential anthropogenic enhancement of biological or geochemical sinks and direct air capture and storage but excludes natural CO₂ uptake not directly caused by human activities. Any emissions directly or indirectly related to the removal activity (e.g. energy use and direct and indirect land use changes) must be accounted for in the GHG balance of the activity, and only if that balance is negative can any removals be considered delivered.’</i></p> <p>Tonne-year accounting must not be allowed under Article 6. It should be dropped from the SB’s draft recommendations. It is an inappropriate metric, which among other issues, creates a false equivalence between storing many tonnes for a short period of time and storing a few tonnes for a long period of time.</p>
<p>Supervisory Body (Art 6.4)</p>	<p><i>[Art 6.4 cover decision, para 6d]</i></p> <p>[Recommendations on] The application of the requirements in chapter V.B of the annex (Methodologies);</p>	<p>Full CMW recommendation here, shortened below:</p> <p>The 6.4 SB’s recommendations on methodological requirements should be based on a principled approach. Only methodology/activity types</p>

<p><i>Methodological requirements</i></p>		<p>that are compatible with a 1.5°C pathway at global level and best suited for crediting should be considered: e.g. with little or no other incentives, clear impact monitoring, low uncertainty, no or very low risk of negative social & environmental impacts.</p> <p>Embedding such principles in the methodology review process not only helps ensure highest-level methodologies qualify, but also will save considerable time/resources since methodologies may be excluded if failing to meet the principles: i.e. a “principles check” would happen first as an entry-barrier test, and if a methodology does not pass it, then an in-depth assessment is not even required.</p>
<p>SBSTA (Art 6.4)</p> <p><i>Use of CDM certified emission reductions (CERs) towards NDCs</i></p>	<p><i>[Art 6.4 cover decision, para 7c]</i></p> <p>Processes for implementation of chapter XI.B of the annex (Use of certified emission reductions towards first or first updated nationally determined contributions)</p>	<p>Full CMW recommendation here, shortened below:</p> <p>Parties must not use CERs towards their NDCs. Most CERs are low quality (unlikely to be additional), and their use towards NDCs can actually lead to an increase in emissions overall. Use of CERs would justifiably generate criticism.</p>
<p>SBSTA (Art 6.4)</p> <p><i>Reporting: Article 6 activities and units</i></p>	<p><i>[Art 6.4 cover decision, para 7d]</i></p> <p>Reporting by host Parties on their Article 6, paragraph 4, activities, and the Article 6, paragraph 4, emission reductions issued for the activities, while avoiding unnecessary duplication of</p>	<p>Parties, and/or the registry, must transparently disclose comprehensive information regarding Article 6.4 activities and units, such that the information described in the below cell can easily be accessed and understood.</p>

	reporting information that is already publicly available	
<p>SBSTA (Art 6.4)</p> <p><i>Reporting: 6.4 mechanism registry operation</i></p>	<p><i>[Art 6.4 cover decision, para 7e]</i></p> <p>The operation of the mechanism registry referred to in chapter VI of the annex (Mechanism registry);</p>	<p>Full CMW recommendation here, shortened below:</p> <p>The 6.4 mechanism registry should set an example for transparency and completeness, learning from existing strengths and weaknesses of Voluntary Market registries - as well as from the CDM - as highlighted in a previous CMW submission.</p> <p>Beyond basic information about each project (e.g. name, methodology), the registry should feature detailed information - downloadable in a spreadsheet - such as: <i>annual baseline emissions used to calculate total reductions/removals; annual project emissions used to calculate total reductions/removals; total annual credits issued; total credits retired; total credits cancelled; GPS coordinates of the project; name of project developer(s); name of Validation and Verification Bodies/Designated Operational Entities; ...</i></p> <p>Information on unit transactions should also be featured, including a public record of all transactions involving credits in order to identify changes in legal ownership: i.e. project developer X sold this credit to intermediary Y, who retired it for company Z.</p>

<p>SBSTA (Art 6.4)</p> <p><i>Overall Mitigation in Global Emissions (OMGE)</i></p>	<p><i>[Art 6.4 cover decision, para 7g]</i></p> <p>The processes necessary for the delivery of overall mitigation in global emissions in accordance with chapter VIII of the annex (Delivering overall mitigation in global emissions);</p>	<p>Full CMW recommendation here, shortened below:</p> <p>In order to deliver OMGE, it's always necessary for corresponding adjustments to apply to the minimum 2% of units forwarded to the cancellation account. If these units are not adjusted for, the underlying mitigation outcomes will still be reflected in the host Party inventory, and hence OMGE will not occur. So-called "non-authorized" units must not be excluded from this OMGE requirement: the minimum 2% portion of non-authorized units forwarded to the cancellation account must also be adjusted for, without any exception.</p>
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