



Joint Implementation *Action Group*

Joint Implementation Supervisory Committee
Attn. Mr. Seidel
P.O. Box 260124
D-53153 Bonn
Germany

Subject: JIAG's submission for the Call for inputs on draft revision of the JI Guidelines

31st of August 2012

Dear Chair of the Joint Implementation Supervisory Committee (JISC),
Dear members and alternate members of the JISC,

The JIAG welcomes the opportunity to provide inputs and share its views regarding the future of the joint implementation mechanism of the Kyoto Protocol. At this time the first commitment period of the Kyoto Protocol is at its end and the exact framework for the subsequent commitment periods is yet to be decided. Private sector developers and investors in JI projects face numerous questions, answers for which are uncertain at best. Providing updated JI guidelines with the strong focus on continuation of JI in an uninterrupted sustainable manner to the Parties is a very good step to reduce a period of uncertainty as much as possible. Even more important is to provide clear guidance on how existing JI projects can progress into the next commitment period and continue generate marketable emission reduction units or other credits. With this view we would like to provide our input on the published draft revision of the JI Guidelines and suggest a set of transitional measures for the period before these new guidelines come into force.

The JIAG would also like to mention that much of this input is based on previous submissions by JIAG, prepared for the JISC calls for input, meetings and roundtables¹. We would like to mention specifically the JIAG's letter to the 29th meeting of the JISC² with detailed review of the Concept note on the review of the joint implementation guidelines. Statements and opinions expressed in these documents remain valid and applicable.

As for the current draft revision of the JI Guidelines, the JIAG believes that it is important to ensure the appropriate level of detail for this document, leveraging detailed regulations and the framework nature of the document itself. In general, the JIAG welcomes this document and expresses overall support for its contents in its present form. Most of the sections of the document can be improved through careful editing and review but the framework of the reformed JI mechanism has the support of the JIAG members.

A JIAG's review of the draft document is provided below.

¹ Available here <http://jiactiongroup.com/jisc.html> and here <http://jiactiongroup.com/publications.html>

² <http://jiactiongroup.com/documents/20120522JIAGCommunicationJISC29.pdf>

Section A. Definitions

The JIAG supports definitions contained in the section A of the draft document.

Section B. Role of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

The JIAG supports the text included in the section B of the draft document.

Section C. Functions of the governing body

The JIAG supports the outline of the functions of the governing body provided in this section. JIAG believes that the key role of the governing body should be the setting of mandatory standards and procedures and non-mandatory best practice guidelines for the JI projects that will encompass project development (baseline setting and monitoring plan development), accreditation of the AIEs, requirements for additionality, rules for national approval, project determination, verification, approval, registration and issuance of ERUs.

JIAG strongly supports the issuance of the ERUs to be performed by the governing body and the concept that positive verification of the reductions shall lead directly to the issuance in a transparent and predictable manner.

JIAG also strongly supports the function of the governing body in supervision and enforcement of the JI rules that it establishes that can go as detailed as review of individual projects and also lead to the suspension of ERU issuance for all projects within a certain host party. JIAG sees strong international supervision and enforcement mechanisms as a key element of ensuring transparency, integrity and success of the mechanism.

JIAG believes that the enforcement and application of any consequences of the non-conformity with the JI rules should be handled by the governing body itself.

Section D. Membership of the governing body

The JIAG supports the idea that the governing body should be kept to a manageable size and therefore proposes to review the option of having 16 members of the body with the aim of reducing this number. In any case JIAG supports the provision to have the maximum amount of members of the governing body to be nominated by the Parties involved in joint implementation projects.

The JIAG members are also of the opinion that the possibility of the nomination of the members of the governing body by the accredited observer organisations should be further explored with the aim of providing concrete suggestions on how such nomination mechanism will be executed in practice. JIAG believes that such nominations should increase the level of expertise within the governing body and provide a channel for the private sector to be a part of the regulatory body. Therefore, JIAG proposes that such nominations should be limited to observer organisations and also stakeholders in JI who can demonstrate their involvement in the mechanism.

Section E. Host Party participation requirements

JIAG believes that the title of this section should be rephrased, as these participation requirements should concern all Parties involved and not just the Parties hosting the JI projects.

JIAG also considers it necessary to require all Parties involved to publish all necessary documentation and national regulatory documents on JI without any delay and to keep it updated.

JIAG welcomes the proposal of the JISC to have strict timelines of DFP decisions published as part of the national procedures as well as the procedures for challenging participation requirements.

Section F. Host Party eligibility requirements

JIAG proposes to limit only the transfer of ERUs to the Parties that have accepted a legally binding quantified greenhouse gas emission limitation or reduction commitment for the next commitment period. Acquisition of ERUs (but not the subsequent transfer) should be open to most of the Parties of the Kyoto Protocol.

Section G. Validation process

JIAG in general supports the text included in this section. However, JIAG would like to point out that in the current draft it is not clear whether national approval of the project by parties is required. Therefore, JIAG proposes to specifically indicate that the national approval can be incorporated into the registration process and that parties are encouraged to do so.

JIAG also believes that it is important to maintain a universal timeline of 30 days between the moment when a completed validation report is submitted to the DFP and the moment the DFP takes the decision on project registration. JIAG also proposes that in case of refusal to register the project the DFPs should be required to publish the reasoning behind this decision and the ways to address any issues identified.

Section H. Verification and issuance process

JIAG supports the key idea of the issuance being done by the governing body. JIAG believes that ways should be found to elaborate such a procedure for the issuance that would not require in any form an action from the host parties. Such an approach would increase the transparency of the mechanism and investor confidence.

JIAG believes that the issue of discounting addressed in paragraph 40 should be subject to a transparent national procedures on JI that are available as part of the participation requirements. Discounting rules should relate to the project type or sector and never should be dealt with on an individual project level.

Otherwise JIAG supports the approach outlined in this section of the document.

Section I. Accreditation of independent entities

JIAG supports the text provided in this section of the draft. JIAG would propose that the clarification on the fact that the governing body accredits the AIEs should be included into this section.

Appendix. Criteria for baseline setting, additionality and monitoring

JIAG in general supports the outline of this part of the draft document.

JIAG would propose that paragraph 2(c) should read: 'Taking into account relevant national and/or sectoral policies and circumstances.'

JIAG would also propose that any update or review of the baseline should be performed at the beginning of the new commitment period but not more often than every 10 years.

JIAG believes and has stated on a number of times that additionality in the context of JI is a complicated topic that should not be treated the same as in other mechanisms (e.g. CDM). In any case JIAG does not support the paragraph 5 of the appendix. JIAG would like to point out that it does not seem likely that '... evidence that demonstrates that the project would not have been implemented in the absence of joint implementation' can be provided for any project. JIAG proposes to replace the paragraph 5 with the text: 'Project shall generate emission reductions that are additional to any that would otherwise occur and project participants shall demonstrate this by any of the methods approved by the governing body.'

JIAG also proposes that paragraph 6 should read 'Host Parties may utilize positive lists of project types that are automatically deemed additional.'

JIAG proposes that paragraph 7(c) should read 'The collection and archiving of all relevant data necessary for determining the net change of anthropogenic emissions by sources or anthropogenic removals by sinks of greenhouse gases outside the project boundary during the crediting period that are significant and reasonably attributable to the project.'

JIAG proposes that paragraph 7(f) should read 'Procedures for the periodic calculation of the reductions of anthropogenic emissions by sources and/or enhancements of anthropogenic removals by sinks by the project.'

Transitional measures

JIAG believes that the period before the new JI guidelines will enter into force requires a strong set of transitional measures that should at the minimum ensure the continuation of existing projects, provide a path for the new projects to be registered, maintain the issuance process.

We believe that these measures can be as follows:

- 1) Confirm that projects that generated emission reductions during CP1 can issue CP1 ERUs after 2012.
- 2) Decide that for the projects that have acquired ITL ID before the 01/01/2013 the LoAs, registration etc. remains valid for the CP2. No new or updated LoAs, or other confirmations should be required by the JISC or the governing body afterwards.
- 3) AIEs may verify emission reductions from these projects subject to procedures on changes during project implementation and changes to the monitoring plan.
- 4) Clarify that host countries do not have to provide any additional or updated LoAs for such projects unless host countries wish to do so.
- 5) Decide that projects that are submitted for registration on or after the 01/01/2013 but before the new JI Guidelines are in place should be processed under the existing JI Guidelines.
- 6) Decide that the issuance of ERUs for the periods after the 01/01/2013 is performed by the JISC (or governing body) through a special procedure in which the emission

reduction target of the host country is subsequently increased (instead of having to wait for CP2 AAUs to be assigned for conversion into CP2 ERU).

Yours sincerely,

Lennard de Klerk
JIAG Chair

Annexes
Annex I: JIAG Members

Annex I
JIAG Members

JIAG members		
	Company	Nominated representative
1	Global Carbon (chair)	Mr. Lennard de Klerk
2	Climate Focus (secretariat)	Mr. Jelmer Hoogzaad
3	Vertis Environmental Finance	Mr. James Atkins
4	Carbon Trade & Finance	Mr. Ingo Ramming
5	FutureCamp	Mr. Roland Geres, Mr. Thomas Mühlpointner
6	GreenStream Network	Ms. Riikka Sipponen

