

Climate Action Group at COP23

Scene Setter

Governments and members to the UN Framework Convention on Climate Change (UNFCCC) will convene from 6 to 17 November 2017 at the World Conference Centre in Bonn, Germany, under the Presidency of Fiji, to discuss how to bring forward global climate action.

The EU and its Member States, as well as most of the Energy Community Contracting Parties and Observers, will participate as parties to the UN climate change convention. The Conference will also serve as the 13th session of the meeting of the Parties to the Kyoto Protocol (CMP13) and the second meeting of the Parties to the Paris Agreement (CMA1-2), entered into force in November 2016.

The Paris Agreement specifies the goals and lays down the general procedure for addressing climate change, but the **details of its implementation still need to be discussed and agreed by the Parties**. The international negotiations will focus on defining:

- 1) **implementation guidelines and modalities**, also known as the “Paris rulebook”, to make the Paris Agreement operational and on
- 2) designing a **Facilitative Dialogue**, also known as the “Talanoa Dialogue”, to jointly discuss how to achieve its ambitious objectives.

In addition to the negotiation track, Parties, non-Party stakeholders and the UNFCCC Secretariat will host side events and exhibits to showcase and mobilize global climate action. The Energy Community, in close cooperation with the European Commission Directorate General for Climate Change, is convening the **second meeting of the Climate Action Group (the Group)** during the second week of negotiation, in the **Bula Zone** (EU Delegation room) on **November 15**, from **3.30 to 5.30 pm**. Participants to the meeting, beyond the co-Chairs and the EnC Secretariat, will include representatives in charge of climate change, energy and environmental policies from line ministries of CPs and Observers; EU Commission representatives (DG Clima); partner organizations of the EnC (GIZ, CAN, UBA).

Objectives

- *Update the Group on recent developments, in particular on the proposed Recommendation on Guidance to CPs on **National Energy and Climate Plans**;*
- ***Exchange information** and **coordinate efforts** among Energy Community Contracting Parties and Observers in order to achieve an EU-convergent approach and **make progress** on a number of **key items** of the Paris work programme;*

National Energy and Climate Plans

Energy Community Contracting Parties have multiple reporting obligations on renewables, energy efficiency and GHG. The Paris Agreement further defines these reporting obligations for the period after 2020. At the same time, the European Commission has adopted a Guidance on how these reporting requirements should be prepared through integrated National Energy and Climate Plans (NECPs). This initiative also encourages regional cooperation and even a consultation of NECPs between neighboring countries.

During the first CAG meeting on September 5, it was agreed that the CAG shall act as the primary platform in the Energy Community to work on NECPs, making proposals to the Ministerial Council for 2030 targets for the Energy Community and discuss the adoption of a Recommendation to the Energy Community Ministerial Council in December 2017. The second CAG meeting should therefore inform participants on recent developments on this front and gather CPs perspectives and inputs.

Key developments to be reported to the CAG:

1. CPs and Observers, upon written invitation of Commissioner Cañete and Director Kopač, appointed two **focal points at expert level**, one from the Ministry responsible for energy policy and one from the Ministry responsible for climate policy, to assist the implementation of the CAG work programme and the NECPs;

2. The Energy Community Secretariat **launched a study** (ongoing) to develop an EU-convergent methodology for the **calculation of the 2030 targets** in the EnC; preliminary results will be presented at the next Ministerial Council on 14 December 2017;
3. The European Commission (DG Energy) **proposed a *Recommendation on preparing for the development of integrated national energy and climate plans by the Contracting Parties of the Energy Community*** to the current presidency of the EnC. The Recommendation will be presented for discussion at the upcoming Ministerial Council in Pristina on 14 December 2017;

Key challenges of the conference in Bonn

A substantial amount of work lies ahead for the delegates before they will be able to agree on a comprehensive and balanced outcome. They will face the challenge of having to find common ground on several technical issues, bearing in mind that the **year 2018** has been set as the deadline for **finalising the various guidelines and modalities** and **adoption of decisions should be secured at COP24 in Katowice, Poland**. This amid uncertainties about financing and about the role of the United States. Among the key issues on the table:

1) The Facilitative Dialogue (Talanoa Dialogue)

The COP by its decision 1/CP.21, paragraph 20, decided to “convene a facilitative dialogue among Parties in 2018 to take stock of the collective efforts of Parties in relation to progress towards the long-term goal referred to in Article 4, paragraph 1, of the Agreement and to inform the preparation of nationally determined contributions pursuant to Article 4, paragraph 8, of the Agreement”.

The **dialogue** will be conducted in the spirit of the Pacific tradition of Talanoa, a traditional approach used in Fiji and the Pacific to engage in an inclusive, participatory and transparent dialogue; it will consist of a **preparatory** and a **political phase**. The Presidencies of COP 23 and COP 24 will jointly lead both phases and co-chair the final Ministerial meeting at COP 24 in Katowice. The Presidencies of COP22 and COP23 will report on the results of the consultations on the 2018 facilitative dialogue at a plenary meeting on 7 November 2017.

For discussion within the CAG:

- *What was the outcome of the discussion on the Talanoa Dialogue during the first week of COP23?*
- *Will this Facilitative Dialogue be instrumental to achieve the Paris Work Programme objectives or rather create new administrative layers?*
- *What will be discussed during the 2018 May sessions?*

2) Article 6 of the Paris Agreement (Carbon market provisions)

Article 6 of the Paris Agreement (PA) groups together provisions related to the creation of a carbon pricing system that had originally been spread over a number of articles in initial drafts of the PA. It includes provisions for both market (in 6.4-6.7), and non-markets approaches (in 6.8-6.9), in order to provide some balance to the text, and confidence to those Parties that wanted to ensure the prominence of non-market approaches.

Article 6 provides the opportunity to expand the reach of carbon pricing to enable full implementation of Nationally Determined Contributions (NDC). It has two key features:

1. It describes the use of internationally transferred mitigation outcomes (ITMO);
2. It establishes a mechanism to contribute to the mitigation of greenhouse gas emissions, or an Emissions Mitigation Mechanism (EMM), and support sustainable development.

With the full implementation of the Paris Agreement, the EMM could offer a universal carbon allowance or credit for those countries that choose to use it, facilitating trade between NDCs (i.e. ITMO), providing registry facilities and therefore offering the prospect of carbon pricing in many economies. This in turn could channel additional investment (IETA, 2017).

The diversity of the provisions included on Article 6 and the complexity deriving from the creation of a carbon pricing systems and the transfer of units may lead to diverging views and debates for its interpretation/implementation. More importantly, Article 6 should be accompanied by a **detailed guidance** (referred to under Article 6.2), as well as **modalities and procedures** (Article 6.4), and a **work programme for non-market approaches** to sustainable development (Article 6.8).

For discussion within the CAG:

- *What was the outcome of the discussion on Article 6 during the first week of COP23?*
- *Which substantial progress were made?*
- *Which are the more controversial provisions according to CPs and Observers?*

3) Article 13 of the Paris Agreement (Enhanced transparency framework)

Article 13 of the PA invites countries to adopt “common modalities, procedures, and guidelines (MPG), as appropriate, for the transparency of action and support“. However, it provides for (built-in) flexibility, taking into account different capacities of countries and their collective experiences (CEEW, 2017). Among the key objectives of this enhanced transparency framework:

- To provide a clear understanding of climate change mitigation action;
- Track progress towards NDCs and to inform the global stock-take;
- Clarity on support offered and received by Parties;
- Full overview of aggregate financial support provided to inform the global stock-take;

Decision 1/CP.21 (para 98) indicates that, “The modalities, procedures, and guidelines of this transparency framework shall build upon and eventually supersede the measurement, reporting and verification system established by decision 1/CP.16 (paragraphs 40–47 and 60–64), and decision 2/CP.17, (paragraphs 12–62), immediately following the submission of the final biennial reports and biennial update reports.” The Ad Hoc Working Group on the Paris Agreement (APA) was established with the mandate to develop MPGs for enhanced transparency arrangement; provide guidance on features of NDCs, and manage matters related to global stock stake and adaptation communications (CEEW, 2017). The **year 2018 has been set as the deadline** for finalizing the various implementation guidelines and modalities of the Paris Agreement.

For discussion within the CAG:

- *With firm deadline associated with the development of MPGs, which concrete progress were made at COP23?*
- *With respect to the MPGs, how should flexibility for developing countries be operationalized? How this apply to the EnC CPs and Observers?*
- *How could provisions on reporting obligations apply to various forms of NDCs?*

2nd meeting of the CAG
15 November, 2017 – 15.30 – 17.30
Bula Zone (EU Delegation Room), Bonn COP23

- *Which information would be necessary to track progress with NDCs?*

ANNEX

The Paris Agreement