

Japan's Submission on the Matters relating to Article 6, Paragraph 2, of the Paris Agreement:  
Views on options for implementing the infrastructure requirements referred to in chapter VI of  
the annex (recording and tracking)

April 2022

## **Introduction**

We welcome the opportunity for submitting on options for implementing the infrastructure requirements referred to in chapter VI of the annex (recording and tracking).

In line with decision 2/CMA.3, we present our views on possible elements for guidance on (i) registry of a participating Party; (ii) international registry for participating Parties that do not have or do not have access to the registry; (iii) Article 6 database; and (iv) centralized accounting and reporting platform (CARP), using lessons learned and experiences from implementing JCM in particular.

### **1. Overarching issues**

#### **(1) Technical aspects**

A technical specification needs to be developed for each registry of participating Parties, the international registry, and the Article 6.4 mechanism registry. The technical specification should also include security specifications.

The registries of participating Parties and the international registry are not connected to each other, while the Article 6.4 mechanism registry should be connected to the international registry. Based on the information recorded in each registry, participating Parties will develop and submit the report to the UNFCCC secretariat, which include annual information on issuance, transfer, use and cancellation of internationally transferred mitigation outcomes (ITMOs). The secretariat compiles the submitted reports and check their consistencies.

ITMOs issued from the mechanism established by Article 6.4 should be managed in the Article 6.4 mechanism registry, but not in the registries of participating Parties nor the international registry.

Each registry system does not necessarily record in real-time changes in credit status such as issuance, transfer, use and cancellation.

#### **(2) Procedural aspects**

Following the example of the mechanisms implemented under the Kyoto Protocol, the registry system administrators' meeting may be established as a place to share and discuss common issues (e.g., security issues) to be addressed for each registry system.

Any changes in the technical specifications for the international registry and the Article 6.4 mechanism registry could be discussed and elaborated in the meeting.

Parties should discuss and decide an appropriate financing scheme necessary for implementing the international registry. We believe it is important to develop a stable and predictable financing scheme where participating Parties using the international registry will bear an appropriate cost for developing and maintaining infrastructure.

We summarized overview of recording and tracking infrastructures for Article 6 of the Paris Agreement, and please see [Appendix 1](#)

## **2 Possible elements for guidance on the registry of participating Parties**

### (1) Specification to registry

The registry of each participating Party should have the following elements:

- Being in the form of a standardized electronic database and conforming to technical standards<sup>1</sup> to be developed and adopted by the CMA;
- Being able to open and close accounts;
- Being able to issue and hold units;
- Being able to record, including through unique identifiers, authorization, first transfer, transfer, acquisition, use towards NDCs, authorization for use towards other international mitigation purposes and voluntary cancellation (including for overall mitigation in global emissions) This information could be recorded by a website which reflects information of the registry.

### (2) Specification to accounts

The registry of each participating Party should have the following accounts:

- One holding account for the participating Party
- Holding account (s) for legal entity(ies) authorized by the participating Party;
- One retirement account for use towards NDC of the participating Party;
- Cancellation account(s) for use towards other international mitigation purposes;
- Other cancellation account (s) , as applicable.
- Buffer account (s) for ITMOs generated from removals to cope with the event that the reversal of removals occurs, as applicable.

Each account within the registry has a unique account number comprising the following elements:

- Party identifier: the participating Party which manages the registry in which the account is maintained, identified by means of the two-letter country code defined by the International

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<sup>1</sup> An example may include: Data exchange standards for registry systems under the Kyoto Protocol [https://unfccc.int/sites/default/files/data\\_exchange\\_standards\\_for\\_registry\\_systems\\_under\\_the\\_kyoto\\_protocol.pdf](https://unfccc.int/sites/default/files/data_exchange_standards_for_registry_systems_under_the_kyoto_protocol.pdf)  
An Example Common Specifications of the JCM Registry [https://www.jcm.go.jp/opt/mn-jp/rules\\_and\\_guidelines/download/JCM\\_MN\\_Spec\\_Registry\\_ver02.0.pdf](https://www.jcm.go.jp/opt/mn-jp/rules_and_guidelines/download/JCM_MN_Spec_Registry_ver02.0.pdf)

Organization for Standardization (ISO 3166);

- A unique number: a number unique to that account.

### (3) Specification in relation to issued credits (units)

Each credit is held in only one account in one registry at a given time and has a unique serial number comprising the following elements:

- Host Party identifier, using the two-letter country code defined by ISO 3166;
- Program/scheme identifier, for identifying the program/scheme from which the credit is issued;
- Project identifier, unique to the project activity of the program/scheme;
- Vintage year, for identifying the year in which the emission reductions/removals are achieved, identified by a four-digit number showing its vintage year;
- Unique number of credit.

The credits managed within the registry have attributes to identify whether they are authorized by participating Parties for use towards NDCs and/or for other international mitigation purposes. This information could be disclosed by a website which reflects information of the registry.

### (4) Specification in relation to operation of registry

Each participating Party designates an national authority as its registry manager to maintain its registry, and develops and makes publicly available rules and guidelines necessary for operating the registry.

Transfers of credits from a registry of a participating Party to another registry (e.g., a registry of another participating Party and the international registry) may be implemented in the following manner:

- To transfer credits from a registry of a participating Party to another registry, the credits are cancelled in the registry of the participating Party first, and then credits corresponding to that cancelled amount are issued in the recipient registry.
- To acquire credits from another registry to a registry of a participating Party, the credits are cancelled in the transferring registry first, and then credits corresponding to that cancelled amount are issued in the registry of the acquiring Party.

### (5) Specification in relation to publicly accessible information

Each registry of participating Parties makes non-confidential information publicly available and provide a publicly accessible user interface through the Internet that allows interested persons to query and view it. The information includes:

- Up-to-date information of the account holding entity's name

- The total amount of credits in each account at the end of the year;
- The total amount of credits issued;
- The total amount of credits retired for use towards NDC of the participating Party;
- The total amount of credits cancelled for use towards other international mitigation purposes;
- The total amount of credits cancelled;
- The total amount of credits held in buffer account(s), as applicable.

### **3. Possible elements for guidance on the international registry**

The possible elements for specification in relation to the international registry are the same as stated in 2. except those in relation to operation of registry (2 (4)). The specification in relation to operation of registry changes as follows:

- The UNFCCC secretariat maintains and operates the international registry and allocates one registry for a program/scheme of a participating Party.
- Transfers of credits from the international registry to another registry may be implemented in the following manner:
- To transfer credits from the international registry to another registry, the credits are cancelled in the international registry first, and then credits corresponding to that cancelled amount are issued in the recipient registry.
- To transfer credits from another registry to the international registry, the credits are cancelled in the transferring registry first, and then credits corresponding to that cancelled amount are issued in the international registry.

### **4. Possible elements for guidance on the Article 6 database**

#### **(1) Specification in relation to system**

The Article 6 database is a system which compiles the information submitted by participating Parties pursuant to chapter IV of the annex.

Instead of showing simple data in rows and columns on one sheet, this system may have a multi-layered structure such as a relational database.

#### **(2) Specification in relation to function**

The Article 6 database should perform the following functions:

- Recording of corresponding adjustments and emissions balances and information on ITMOs first transferred, transferred, acquired, held, cancelled, cancelled for overall mitigation in global emissions, if any, and/or used by participating Parties, through identification of ITMOs by unique identifiers that identify, at the minimum, the participating Party, vintage of underlying mitigation, activity type and sector(s);
- This function will be performed by compiling the annual and regular information submitted

by participating Parties.

- Compiling reported information by participating Parties, identifying inconsistencies, if any, and notifying to the participating Party (ies).
- The notification will be sent by the UNFCCC secretariat. The Article 6 database does not have functions which enables the system to automatically notify the participating Party (ies) for its inconsistency.

## 5. Possible elements for guidance on the CARP

### (1) Specification in relation to the CARP

The CARP is a platform which integrates the international registry and Article 6 database, and display any information by a user-friendly interface on the website with drop-down list function. Concrete examples may include:

- Compilation and Accounting Data - First commitment period of the Kyoto Protocol<sup>2</sup>;
- GHG data from UNFCCC<sup>3</sup>.

### (2) Specification in relation to function

The CARP performs the following functions for enhanced transparency:

- Making non-confidential information in the consistency check publicly available and notifying to the relevant participating Party(ies);
- Making publicly available those reports prepared by the Article 6 technical expert review team pursuant to chapter V of the annex;

Listing information on:

- Amount of ITMOs authorized, by each Party, by year of authorization, by each cooperative approach, and by purpose of authorization (for use towards NDCs or other international mitigation purposes);
- Amount of ITMOs first transferred, by each Party, by year of first transfer, by acquiring Party (ies), and by each cooperative approach;
- Amount of ITMOs used and canceled, by each Party, by year, by originating Party (ies), and by each cooperative approach;
- Amount of ITMOs first transferred and transferred from a Party to another Party during a given period, with the name of each Party (A concrete image may be “IGES Kyoto Units Transfer Database”<sup>4</sup>).
- Listed information on GHG emissions and emission balance with (indicative) corresponding adjustments applied for each Party for each year.

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<sup>2</sup> [https://di.unfccc.int/flex\\_cad](https://di.unfccc.int/flex_cad)

<sup>3</sup> <https://unfccc.int/process-and-meetings/transparency-and-reporting/greenhouse-gas-data/ghg-data-unfccc/ghg-data-from-unfccc>

<sup>4</sup> [https://www.iges.or.jp/en/pub/iges-national-registry-database/en?\\_ga=2.192167466.1415224858.1648093731-1065354484.1584085999](https://www.iges.or.jp/en/pub/iges-national-registry-database/en?_ga=2.192167466.1415224858.1648093731-1065354484.1584085999)