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CONGRESSIONAL BRIEFING

**The Negotiations: What's on the Table
Briefing Series: What Congress Needs to Know
in the Lead Up to COP26**

Friday, October 22, 2021

About EESI...



NON-PROFIT

Founded in 1984 by a bipartisan Congressional caucus as an independent (i.e., not federally-funded) non-profit organization



NON-PARTISAN

Source of non-partisan information on environmental, energy, and climate policies



DIRECT ASSISTANCE

In addition to a full portfolio of federal policy work, EESI provides direct assistance to utilities to develop “on-bill financing” programs



SUSTAINABLE SOCIETIES

Focused on win-win solutions to make our energy, buildings, and transportation sectors sustainable, resilient, and more equitable

Polymaker Education

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Live, in-person and online public briefings, archived webcasts, and written summaries

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Bi-weekly newsletter with everything policymakers and concerned citizens need to know, including a legislation and hearings tracker

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Timely, objective coverage of environmental, clean energy, and climate change topics

Social Media (@EESIONline)



Active engagement on Twitter, Facebook, LinkedIn, and YouTube



“What Congress Needs to Know in the Lead-up to COP26” Briefing Series



4

-  **October 8** **Creating Policies, Coalitions, and Actions for Global Sustainable Development**
-  **October 15** **Momentum on Climate Adaptation**
-  **October 20** **The Role of International Climate Finance**
-  **October 22** **The Negotiations: What's on the Table**
-  **November 18** **Recap of COP26: Key Outcomes and What Comes Next**

Sign up for the Full Series: <https://www.eesi.org/1021cop26>

For Policymakers: U.N. Climate Talks | Daily Update | Newsletter

WHAT TO EXPECT





OUTLINE

- What is a COP
- What are the main bodies
- What is the usual rhythm

“COP”

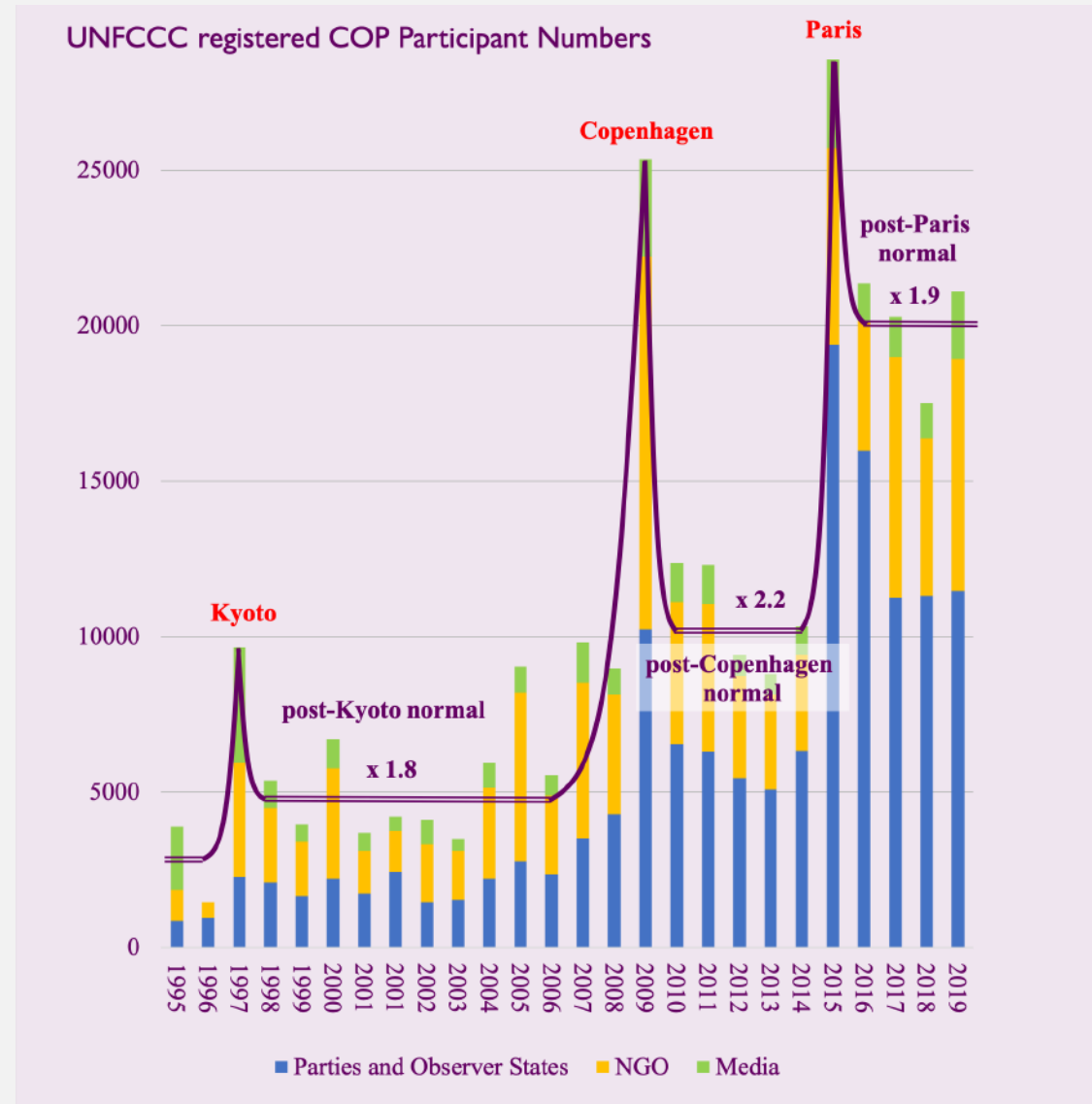
Technically the Conference of the Parties

- Negotiations
- Activism
- Mobilize commitments
- Public attention



EXPANSION

- Largest event on the UN calendar
- Growth from all sides: delegates, NGOs, media



COP (UNFCCC)
CMA (Paris Agreement)
CMP (Kyoto Protocol)

Governing Bodies

SBSTA

SBI

Permanent Subsidiary Bodies
SBSTA: Subsidiary Body for Scientific
and Technological Advice
SBI: Subsidiary Body for
Implementation

Financial Mechanism

Committees
(Adaptation Committee,
Standing Committee on Finance
etc)

Technology Mechanism

Expert Groups (Least
Developed Expert Group, etc)

Constituted Bodies



RHYTHM

Week one

- World Leaders Summit
- Opening bodies
- Technical work

Week two

- COP / political issues
- Ministers engaged
- Last minute deals

NDCS @ COP26

EESI Briefing Series

What's on the Table at COP26

October 22, 2021

Tracy Bach

NDCs @ COP26:

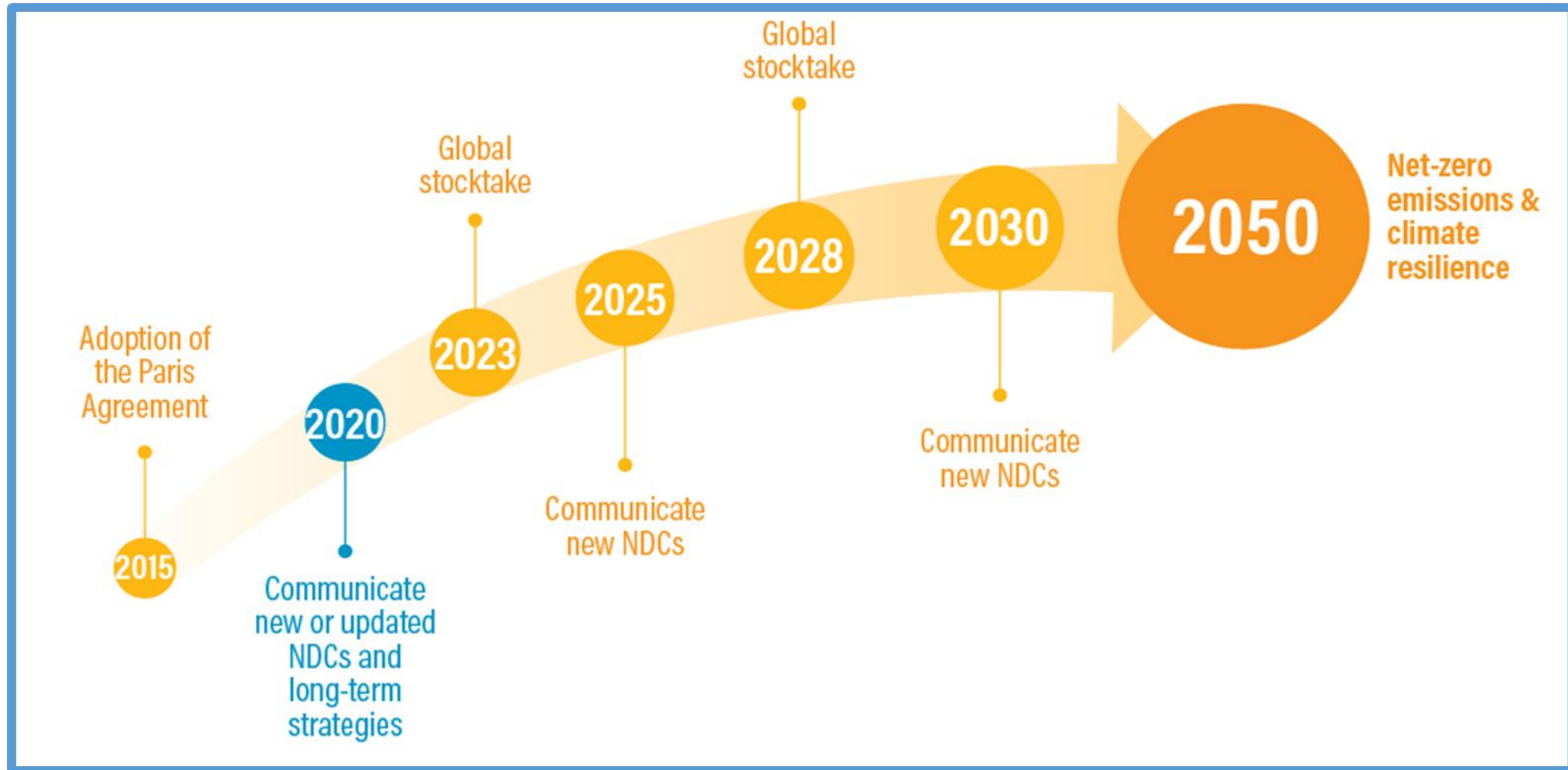
A short explainer of NDCs

- Built on UNFCCC Articles 4 & 12 commitments and Kyoto Protocol's mitigation targets ("quantified emission limitation and reduction commitments")
- Defined in Paris Agreement Article 3 =====>
- Perceived as "bottom up:" embody self-differentiation per CBDRRC
- Paired with reporting / "enhanced transparency" requirements under Article 13
- Assessed collectively under Article 14's "global stocktake," which fuels the ambition cycle or "ratchet"

PA, Article 3: *As nationally determined contributions to the global response to climate change, **all Parties** are to undertake and communicate ambitious efforts as defined in Articles 4, 7, 9, 10, 11 and 13 with the view to achieving the purpose of this Agreement as set out in Article 2. The **efforts of all Parties will represent a progression over time**, while recognizing the need to support developing country Parties for the effective implementation of this Agreement.*



NDCs @ COP26: The ambition cycle



Source: World Resources Institute

NDCs @ COP26:

The political context of increasing ambition

Status of 2030 Paris Agreement targets for G20 countries

April 2021

» SUBMITTED A STRONGER TARGET	ARGENTINA UNITED KINGDOM	EU-27 (FRANCE, ITALY, GERMANY) UNITED STATES
» PROPOSED A STRONGER TARGET	CANADA CHINA	JAPAN SOUTH AFRICA
» NEW 2030 TARGETS PROMISED IN 2021	SOUTH KOREA	
« SUBMITTED IDENTICAL OR WEAKER TARGET	AUSTRALIA BRAZIL	MEXICO RUSSIAN FED.
« WILL NOT PROPOSE A MORE AMBITIOUS TARGET	INDONESIA	
HAVE NOT MADE AN ANNOUNCEMENT	INDIA SAUDI ARABIA	TURKEY

USA			
Comparison of NDC targets			
	2016 NDC	2021 NDC	Change
2030 unconditional target(s)			
Country's formulation of the target	26-28% below 2005 by 2025 (incl. LULUCF)	50-52% below 2005 by 2030 (incl. LULUCF)	+
Absolute emissions level [excl. LULUCF]	5,269 – 5,744 MtCO ₂ e in 2025	3,675 – 4,178 MtCO ₂ e in 2030	
Emissions compared to 1990 and 2010 [excl. LULUCF]	11-18% below 1990 levels by 2025 18-25% below 2010 levels by 2025	35-43% below 1990 levels by 2030 40-47% below 2010 levels by 2030	+
CAT rating	Critically insufficient	TBD	+
Net zero-emissions target	No	The US announced in January 2021 its aim towards net-zero emissions by 2050, no official target has been submitted to the UNFCCC	+
Alignment of NDC to net zero-emissions target		Unclear	
Sector coverage	Economy-wide	Economy-wide	
Separate target for LULUCF	No	No	
Gas coverage	All greenhouse (GHG) gases	All greenhouse (GHG) gases	
Target type	Absolute emissions reduction below a base year	Absolute emissions reduction below a base year	
Clarity of implementation plan	On 4 November 2019, the Trump Administration formally notified the United Nations that the US would withdraw from the Paris Agreement, nullifying the target.	TBD	
Explanation why the target is a fair contribution towards the global goal	Yes. The US references policy action taken to reduce its emissions to achieve the 2020 target of reducing emissions in the range of 17% below 2005 levels. The NDC highlights the higher ambition needed to achieve the 2025 target beyond the 2020 target.	TBD	
Followed guidance on information to facilitate clarity, transparency and understanding of NDCs in Decision 4/CMA.1	N/A	TBD	

Source: Climate Action Tracker

NDCs @ COP26: The political context of increasing ambition



United Nations
Framework Convention on
Climate Change

ADVANCE VERSION

FMCC/PA/CMA/2021/8

Distr.: General
17 September 2021
Original: English

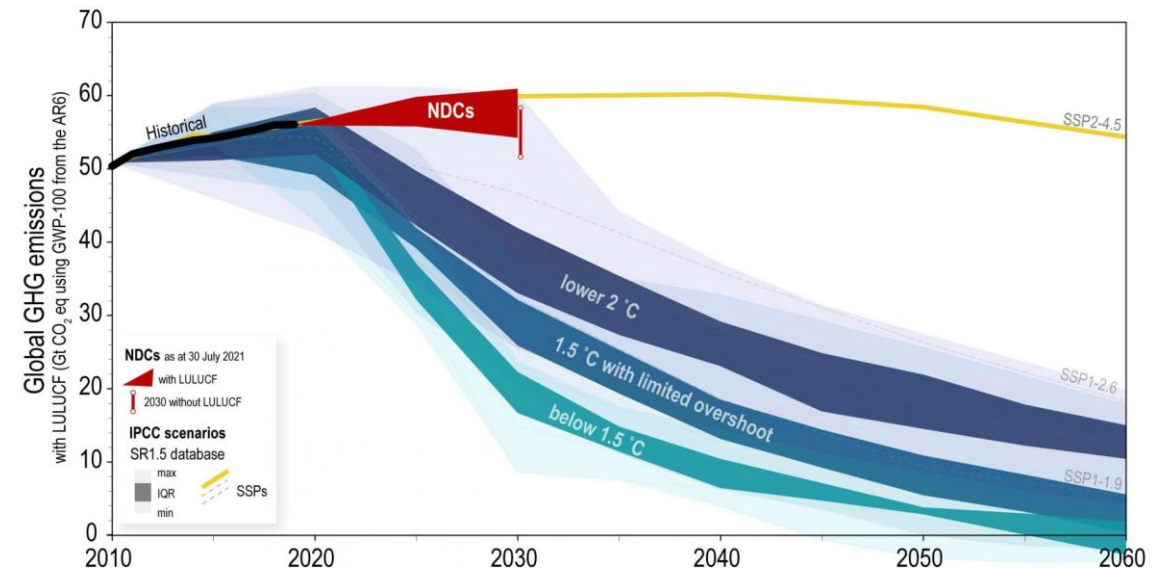
Conference of the Parties serving as the meeting
of the Parties to the Paris Agreement
Third session
Glasgow, 31 October to 12 November 2021

Nationally determined contributions under the Paris
Agreement

Synthesis report by the secretariat*

Summary

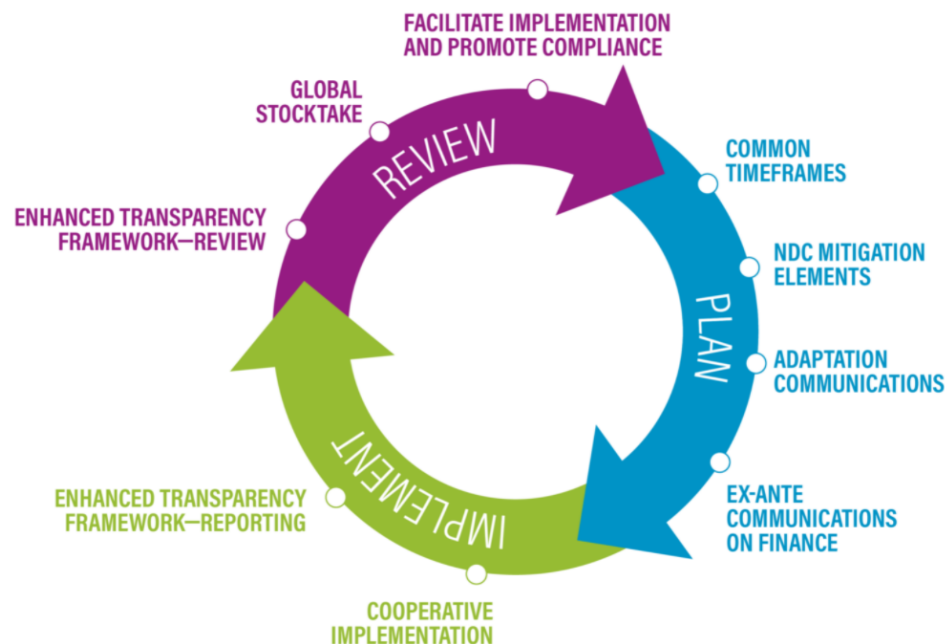
This version of the synthesis report on nationally determined contributions synthesizes information from the 164 latest available nationally determined contributions communicated by the 191 Parties to the Paris Agreement and recorded in the interim registry of nationally determined contributions as at 30 July 2021.



Source: UNFCCC Secretariat

NDCs @ COP26:

The treaty context of finishing the Paris Rulebook



Source: World Resources Institute

- **Common time frames**
 - Should all NDCs cover the same time frame? (yes, beginning in 2031)
 - if so, starting when?
 - If so, what is the length of the common time frame?
- **Impacts on other parts of the Paris Rulebook**
 - CTU on mitigation elements
 - Article 6
 - Article 13 ETF's biennial transparency reports
 - Global stocktake

The Paris Agreement Article 6: What is at stake in Glasgow?

Derik Broekhoff

What is Article 6?

- Section of Paris Agreement formally recognizing that countries may voluntarily cooperate in the implementation of their NDCs **to allow for higher ambition**

Article 6.2: Recognizes voluntary cooperation through “internationally transferred mitigation outcomes” (ITMOs)	Market-based mechanisms
Article 6.4: Establishes a UN-administered mechanism for the creation and transfer of emission reduction credits among countries	
Article 6.8: Recognizes opportunities for non-market approaches (e.g., “results-based climate finance”)	Non-market approaches

Why does Article 6 matter?

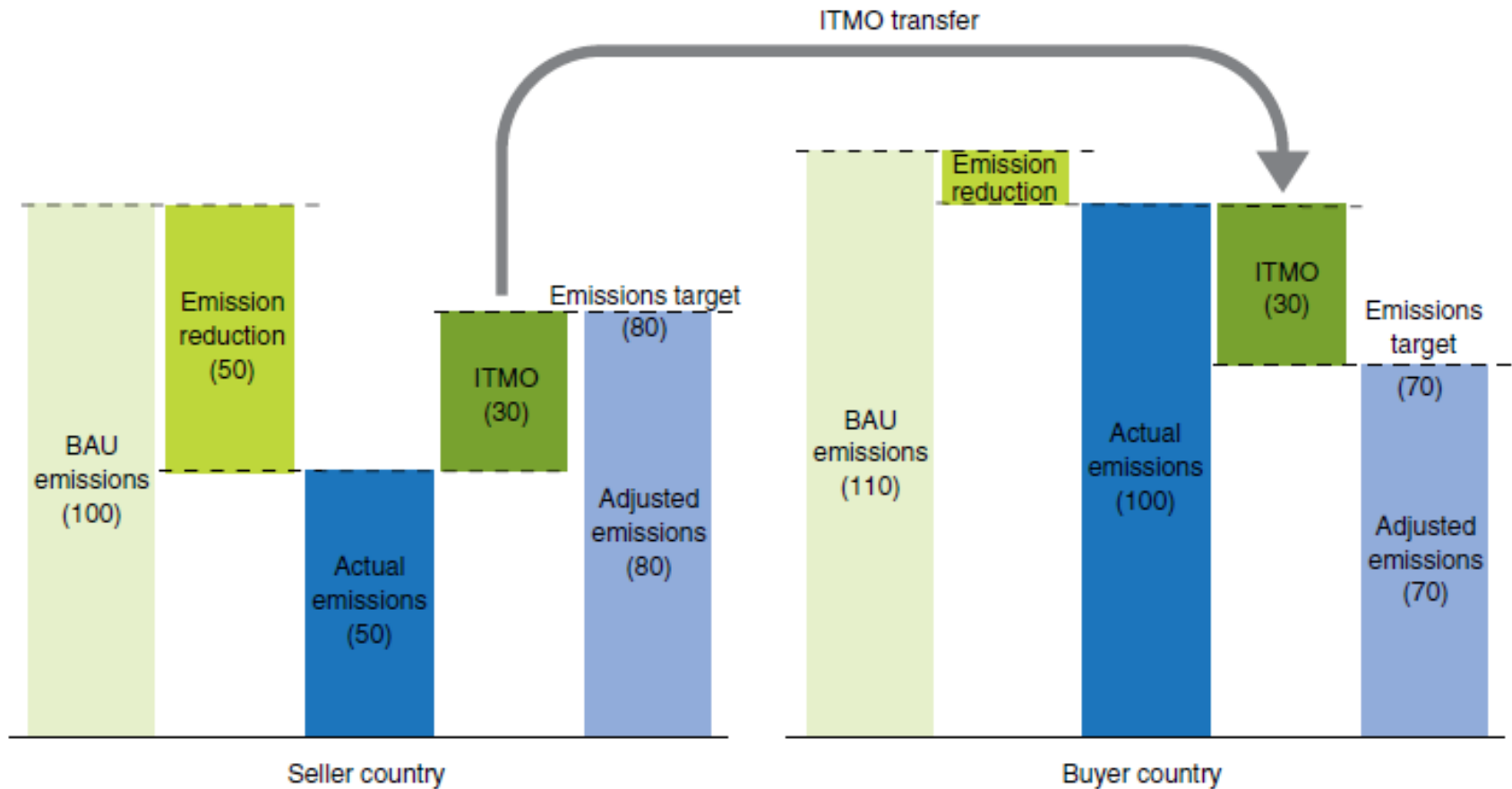
- **Foundation for cooperation**
 - Facilitates a *global* response to climate change
- **Gains from trade**
 - International trading could save \$230 billion per year in 2030 under current NDCs (IETA 2019)
 - If savings were leveraged to ***raise ambition***, could lead to 50% more emission reductions in 2030
- **Achieving net zero**
 - Markets could offer an efficient way to globally balance emissions with removals
- **Business opportunities**
 - Could mobilize private sector investment in clean technology around the world

What are the issues?

- **The Big Two**
 - Double counting of emission reductions
 - What to do about Kyoto-era emission reduction credits
- **Also on the agenda**
 - Adaptation financing*
 - Article 6.4 crediting rules & standards
 - Delivering an “overall mitigation in global emissions” (OMGE!)

* Some would include this as one of the “big three”

Double counting



Source: Schneider et al. (2016).

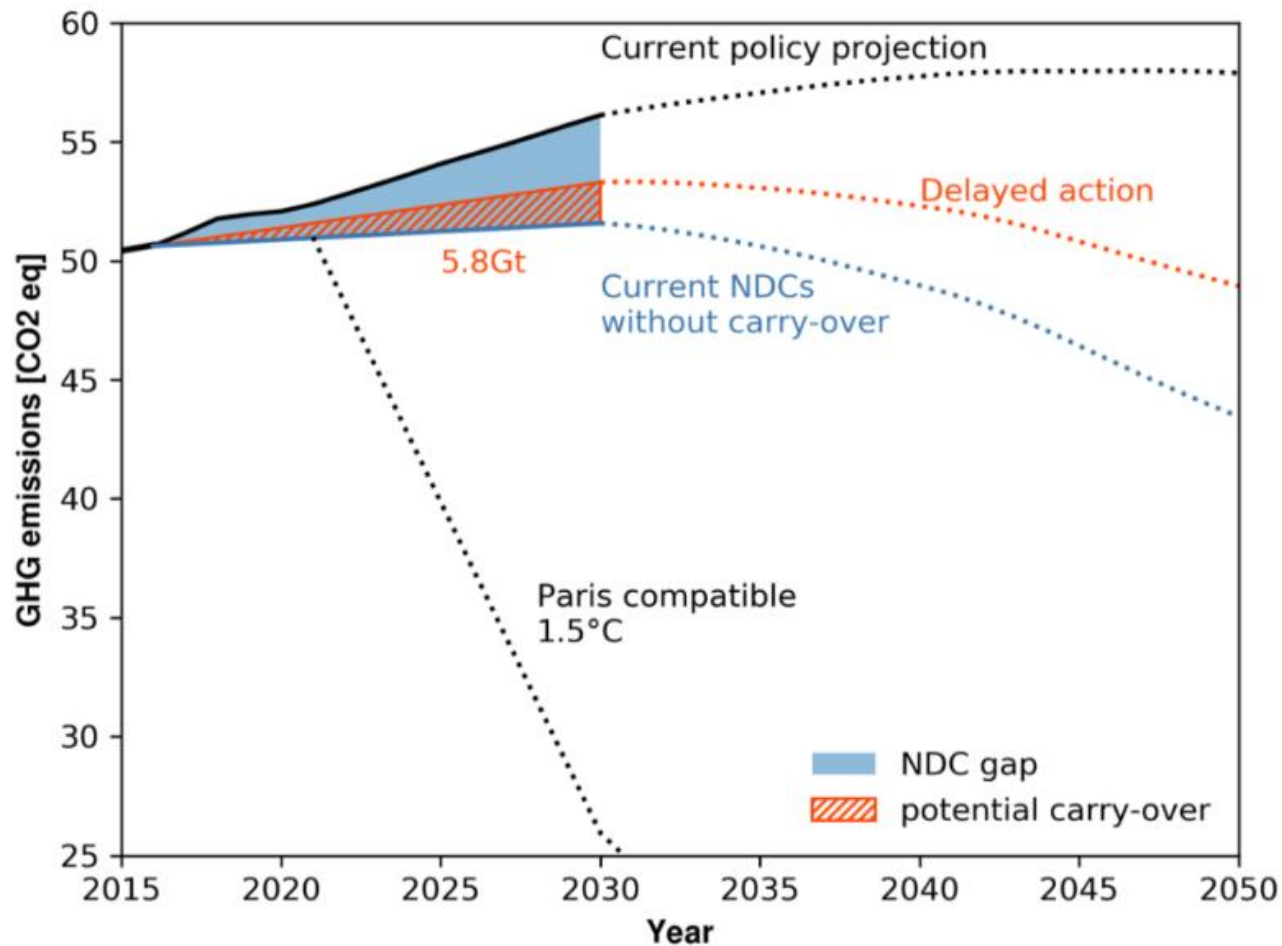
Double counting challenges

Issue	Likely Resolution
NDCs come in all shapes and sizes: Single-year targets, renewable energy targets, promised actions, etc.	Mostly technical fixes on how to do the accounting
Mitigation may occur outside the scope of a country's NDC: It's not technically double counting	<u>Policy decision</u> to require "corresponding adjustments" in all cases

Double counting “landing zone”

- Negotiations are focused on Article 6.4
- Possible outcome:
 - “Flexibility” allowing double counting for Article 6.4 transfers for a limited period of time
 - Possible other constraints or limitations to address “perverse incentive” issues related to raising ambition & expanding the scope of NDCs

Carryover of Kyoto-era units



Carryover of Kyoto-era credits

- **Really several issues**
 - Transitioning *credits*
 - Transitioning *projects* (so they can continue to receive credits)
 - Transitioning methodologies and standards
- **The first two are the real sticking points...**

Carryover “landing zone”

- Some carryover allowed, but with limits. For example:
 - Only credits issues after a certain date
 - Only projects that *require* credit revenue to continue operating are allowed to transition
- Possible: Put pre-2020 units into a reserve and release them only when needed

Other issues

- **Adaptation finance and OMGE**
 - Currently these apply just to Article 6.4 – should they apply to Article 6.2, too?
- **Article 6.4 rules & standards**
 - Mostly a set of technical issues

Looking forward

- The Article 6 rulebook would lay a foundation for international cooperation
- The big question is how and whether countries will use Article 6 to effectively raise global ambition
- Will require ongoing efforts to build trust, institutional capacity – including at bilateral and regional levels (“carbon clubs”)



FINANCE

WHY

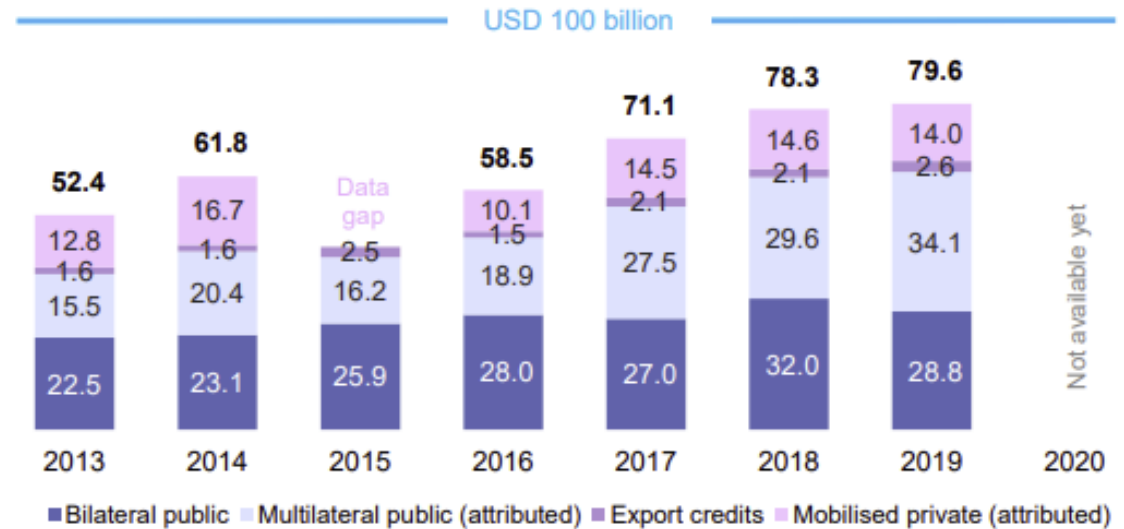
- New model of development
- Support for mitigation (reducing emissions) and adaptation (building resilience to climate impacts)
- Long-standing demand of developing countries



FINANCE GOAL

- 100 billion per year by 2020
- 10 years on, not met
- Loans vs grants
- Trust
- US: \$11.4 bn by 2024
- EU: +\$4.7 to 2027 (25 bn/yr)

Figure 1.1. Climate finance provided and mobilised (USD billion)



OTHER FINANCE PRIORITIES

- Guidance to the Global Environment Facility & Green Climate Fund
 - Guide priorities for climate finance
- Assessment of developing countries' needs
- Overview of climate finance flows





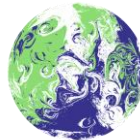
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