

# Potential continuation of ERU issuance during any gap between commitments

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## The issue

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- ERU issuance refers to conversion of existing AAUs or RMUs
- AAUs and RMUs cannot be issued for CP2 prior to having complete CP2 rules and entry into force of commitments

So can ERUs be issued for post-2012 reductions by converting AAUs or RMUs from CP1?

- Positive answer would give JI certainty until the end of the true-up period (approx mid-2015), though not thereafter



## Kyoto and CMP guidance

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- Kyoto Protocol and related CMP guidance are formulated on basis of a sequence of contiguous commitment periods
  - Perfect legal clarity on a gap between commitments isn't available
  - No specific reference allowing or disallowing such ERU issuance
  - A long-standing debate: are actions allowable on basis of being explicitly provided for, or on basis of not being explicitly excluded
- CMP – only body with authority to decide on interpretation
- Issue is ultimately political rather than legal



# Overall accounting model under Kyoto

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$$\text{Kyoto compliance} = \text{Emissions during 2008-2012} \leq \text{Assigned amount for 2008-2012}$$

Decision 9/CMP.1 JI guidelines

Decision 13/CMP.1 Modalities for the accounting of assigned amounts

Decision 27/CMP.1 Procedures for compliance

Decision 16/CMP.1 LULUCF

Decision 5/CMP.1 Afforestation and reforestation under the CDM

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# Sensitivities

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- Intertemporal movement of units has implications for the timing of Annex I actions to reduce their emissions
  - Carry over is explicitly provided for (subject to limits)
  - Borrowing has been sensitive and is not explicitly provided for
  - “Ex post” borrowing may prove less sensitive
- Crediting post-2012 reductions as CP1 ERUs
  - A form of borrowing assigned amount from CP2 for CP1 compliance?
  - Would not inflate overall Annex I emissions budget in CP1 or CP2
  - Host Party compliance would be made more difficult – while compliance by Party receiving such ERUs would be eased



## Possible JISC action

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- Seek clarification from CMP to give certainty to stakeholders
- Seek no CMP clarification – continue processing verifications

