



EU Agenda for COP28 on Carbon Markets



SPANISH PRESIDENCY
COUNCIL OF THE EUROPEAN UNION



1. Context and introduction: Article 6 of Paris Agreement + previous Decissions
2. What we expect for Dubai (COP28): Main policy issues
3. Initiatives happening in parallel
4. Possible Outcomes
5. Work ahead



Article 6 of the Paris Agreement:

➤ **3 instruments** for cooperative implementation

- **Art. 6.2: Cooperative approaches between parties**

Bilateral Agreements for ITMOs (Internationally Transferred Mitigation Outcomes)

- **Art. 6.4 Centralized Mechanism for Emission Reductions**

One set of rules, Supervisory Body, similar to Clean Development Mechanism (KP)

- **Art. 6.8 Framework for Non-Market Approaches**

Technology Transfer, Capacity Building, Best Practices Exchange.



COP26: Glasgow Decision

- **Definition** of units (ITMOs) and the possible **uses**
- Participant **requirements** and **accounting** rules
- **Reporting, review** and **Infrastructures**
- **Finance for adaptation** (SoP) + **mandatory cancelation** of % of units (OMGE)
- **Governance** and **rules** for the **6.4 Mechanism** (Methodologies, transition from CDM, etc)



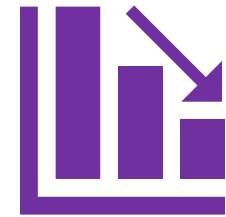
COP27: Sharm El Sheikh Decision

- **Reporting** process (Initial Report, Annual Information, Regular Information)
- **Review** process
- **Reporting infrastructure and Registries**
- Some issues for the **6.4 Mechanism** (Registry, transition of activities, fees, crediting periods, etc)



High Quality standards and infrastructure

- VCM vs independent new set of standards
- Alignment with PA goals
- Infrastructure and tracking of units



Use of removals for offsetting emissions

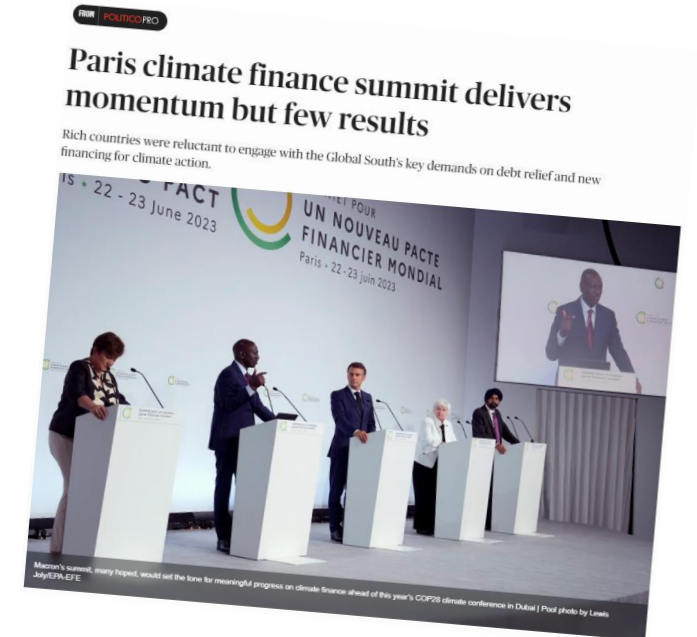
- Preserved for hard to abate sectors ¿?
- Reversals
- Equity





Initiatives besides the negotiation rooms

- EUA: Blue Carbon
- USA: Energy Transition Accelerator (ETA) + Leaf Coalition
- EU: Call to action for Paris Aligned Carbon Markets



4 – Possible outcomes



- **Positive:** EU expectations are satisfied and the A6 can be implemented fully next year
- **Neutral:** conflicting items will be dealt with next year in a Work Program
- **Negative:** EU expectations are not satisfied and the A6 is implemented without the necessary quality on standards



Outreach

- San José Principles: Group of parties aiming for ambition
- “Call to action” side event at COP

Questions for the future: EU ETS link with Switzerland

- Could it be considered a 6.2 cooperative approach?
- How to report?
- What kind of registry do we need? Do we need units or just reporting information?



THANKS



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