

Ensuring environmental integrity through transparent accounting of emissions

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Ambition is often thought of in terms of mitigation commitments, or INDCs (“Intended Nationally Determined Contributions”). And those are certainly crucial. But while the INDCs that have been announced over the course of this year are important, they are only the first step. That is because what drives climate change is the accumulation of greenhouse gases in the atmosphere, not the amount emitted in one year or even one decade. Climate change is a long game. An effective international agreement is one that will promote greater and greater ambition over time — not just promises to reduce emissions at a single point in time.

In turn, that requires a framework that not only asks countries to make commitments, but demands that they demonstrate credibly and transparently how they are making progress against those commitments. Such transparency is crucial to building the confidence and trust among countries that is a necessary foundation for greater ambition. As in arms control, the watchword is — as President Reagan said — “trust but verify.”

To truly assess progress in Paris, therefore, it is necessary to look beyond the numbers to issues like consistent accounting rules for emissions. Those issues can sound boring and technical. But these sorts of “nuts and bolts” of the agreement are as important as the headline numbers — since the headline numbers are only as good as our ability to have clarity on what emissions are being reduced and consistency in how they are counted.

The importance of avoiding double counting

One of the most crucial — but often overlooked — dimensions of transparency is the issue of “double counting.” The principle is simple.

- Suppose emissions reductions in country A — say, from replacing a coal-fired electric power plant with a wind farm — generate credits that are sold to emitters in country B and used to comply with their own emissions targets.
- The atmosphere doesn’t care whether the emission reductions took place in country A or B, so long as emissions go down overall.
- Of course, in keeping track of emissions reductions, it’s important not to count the same emissions reductions twice. Double-counting would mean total emissions could go up, not down.
- If country B claims the credits against its own emissions target, country A can’t do the same.

This sounds like common sense. But it’s actually surprisingly contentious in the negotiations.

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So far, countries have not agreed on the simple, transparent double-entry bookkeeping standards that would be sufficient to prevent such double-counting.

We already know that there will be double counting in how countries meet their 2020 commitments under the Copenhagen Accord. Countries that generated credits under the Clean Development Mechanism are going to claim all of those emissions reductions toward their own 2020 targets, while those same credits could be used by other countries towards *their* targets.

In the case of the 2020 commitments, countries will say “There were no rules against double-counting in Copenhagen, so this is fair game.” And to some extent they have a point. But that’s why it’s important to get the rules right in the Paris agreement — and lock them in going forward.

Laying the foundation for markets to reduce carbon pollution

No-double-counting is also the bedrock of carbon markets, a key tool that drives ambition in the fight against climate change. But carbon markets break down if the same ton of emission reduction can be counted by both the buyer and seller.

We don’t expect the Paris agreement to say much about markets themselves. In fact, there is likely not that much for the UN to say about markets. After all, it is up to each country to decide how to make — and meet — its own commitments. The UNFCCC already enshrines cooperation, and more than 70 countries have thus far expressed an interest in using international cooperation via carbon markets to help meet their INDCs.

A no-double-counting principle is one of those “rules of the road” needed to help ensure that bottom-up markets work smoothly.

The Paris agreement (and the associated COP decision) should articulate clear principles — on accounting, transparency, and monitoring, reporting, and verification (MRV) — that rule out “double counting” of emissions reductions. To ensure the integrity and credibility of the climate regime, and keep the atmosphere whole, emissions reductions achieved in one country and transferred to another must only be claimed once.

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