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CONFERENCE OF THE PARTIES  
Eighth session  
New Delhi, 23 October – 1 November 2002  
Item 8 (c) of the provisional agenda

**PREPARATIONS FOR THE FIRST SESSION OF THE CONFERENCE OF THE PARTIES  
SERVING AS THE MEETING OF THE PARTIES TO THE KYOTO PROTOCOL**

**PROPOSAL BY CANADA FOR A DECISION ON MODALITIES FOR THE ACCOUNTING OF  
ASSIGNED AMOUNTS UNDER ARTICLE 7, PARAGRAPH 4, OF THE KYOTO PROTOCOL  
IN RELATION TO CLEANER ENERGY EXPORTS**

**Draft decision proposed by Canada**

**Draft decision -/CP.8**

**Modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the  
Kyoto Protocol in relation to cleaner energy exports**

*The Conference of the Parties,*

*Mindful* of the objective of the Convention as set out in its Article 2,

*Recalling* its report on the second part of its sixth session,

*Recognizing* the potential of cleaner or less greenhouse gas-emitting energy to promote global environmental benefits to meet the objective of the Convention and its Kyoto Protocol,

1. *Decides* that any Party that intends to avail itself of the provisions of decision -/CMP.1 (*Modalities for the accounting of assigned amounts in relation to cleaner energy exports*) shall so notify the Conference of the Parties prior to its ninth session,
2. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt the draft decision below.

**Draft decision -/CMP.1 (*Modalities for the accounting of assigned amounts in relation to cleaner energy exports*)**

**Modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol in relation to cleaner energy exports**

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Mindful* of the objective of the Convention as set out in its Article 2,

*Recalling* decision -/CP.8 adopted by the Conference of the Parties at its eight session,

*Mindful* of the concept of additionality, as reflected in Article 6, paragraph 1(b), and Article 12, paragraph 5(c), of the Kyoto Protocol,

*Recalling* the report on the second part of the sixth session of the Conference of the Parties,<sup>1</sup> in which the Conference of the Parties “recognized that cleaner or less greenhouse-gas-emitting energy, emphasizing renewables, hydro, geothermal and natural gas, could promote global environmental benefits to meet the objectives of the Convention and the Kyoto Protocol and optimize the uptake of cleaner or less greenhouse-gas-emitting energy”,

*Recalling further* that, at its seventh session, the Conference of the Parties took note of the conclusions of the Subsidiary Body for Scientific and Technological Advice in the report of its fifteenth session,<sup>2</sup> which took note of the report by the Government of Canada on the meeting on the subject of cleaner or less greenhouse gas-emitting energy and requested the secretariat to organize a workshop on that topic,

*Bearing in mind* Article 7, paragraph 4, of the Kyoto Protocol,

1. *Decides* that, for the purposes of this decision, cleaner or less greenhouse gas-emitting energy shall refer to natural gas and hydro-electricity;
2. *Decides* that, for the first commitment period only, a Party included in Annex B that is a Party to the Kyoto Protocol may issue assigned amount units equivalent to the global environmental benefit created by its exports of cleaner or less greenhouse gas-emitting energy, provided that:
  - (a) Those exports are to a Party included in Annex B of the Protocol that is not a Party to the Protocol;
  - (b) The net annual exports, within the first commitment period, on average exceed 3 trillion cubic feet of natural gas or 10 terawatt-hours of hydro-electricity;
3. *Decides* that the global environmental benefit created by cleaner or less greenhouse gas-emitting energy exports shall be calculated as the difference between the estimate of global emissions in the absence of those exports and the emissions associated with the production and transportation of those exports in the exporting Party;

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<sup>1</sup> See FCCC/CP/2001/5, part two, section II, sub-section A.

<sup>2</sup> See FCCC/SBSTA/2001/8, section X, topic 1.

4. *Decides also* that the estimate of global emissions in the absence of those exports shall equal the actual volume of natural gas times 22.3 million tonnes of carbon dioxide-equivalent per trillion cubic feet plus the actual volume of hydro-electricity times 0.75 million tonnes of carbon dioxide-equivalent per terawatt-hour;

5. *Decides* that emissions associated with the production and transportation of those exports in the exporting Party shall be estimated in accordance with the Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories and the IPCC Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories and any additional good practice guidance adopted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

6. *Decides* that the information required in paragraphs 3, 4 and 5 above for the purpose of issuing assigned amount units in accordance with paragraph 2 above shall be annually reported separately under Article 7, paragraph 1, and be subject to a review under Article 8;

7. *Decides also* that the total amount of assigned amount units issued by a Party pursuant to this decision shall not exceed 70 million tonnes of carbon dioxide-equivalent annually. Such assigned amount units shall only be issued following the review, in accordance with Article 8, of the report submitted pursuant to Article 7, paragraph 1, for the last year of the first commitment period, taking into account any adjustments applied under Article 5, paragraph 2, and resolution of any questions of implementation related to the reported emissions associated with the production and transportation of cleaner or less greenhouse gas-emitting energy exports in the exporting Party and the reported net volumes of cleaner or less greenhouse gas-emitting energy exports;

8. *Decides further* that any assigned amount units issued pursuant to this decision cannot be transferred or acquired by another Party under Articles 6 or 17 of the Protocol, or carried over to the second commitment period.

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