Proposal for an Inventory Adjustment Procedure – presentation by the EU

Proposal originally tabled and discussed at WGSR 48 and EB 29

- **Rationale**: Address a situation where a Party is in non-compliance due to application of improved inventory methodology

- Only to be applied in "exceptional cases“ - when a Party is fulfils specific criteria to be agreed in a separate EB decision
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- **Overarching principles:** Any adjustment procedure must be transparent, robust and preserve the environmental integrity of the protocol (keeping the EB in full control)

- **Other key aspects:**
  - Should be predictable, to provide certainty to Parties
  - Cater for a situation where many Parties may wish to apply the procedure
  - Applied both to the 2010 and 2020 commitments
  - Minimize administrative burden
  - Seek to solve the problem where it actually arises (i.e. inventories)
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- The procedure should be applied when the best available information for emission inventories would result in significant changes in emission estimates due to
  - **new source categories** to emissions are added following new information
  - **emission factors are** updated due to new information available
  - **inventory methodology is updated** relating to how emissions from certain activities are estimated (e.g., new way of estimating emissions from households)
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- In addition to main protocol text (art 3 para 11 quinquies a and b), an **EB decision** will outline the following process:
  - Instruct EMEP to develop **guidance** e.g. on how to define ‘exceptional circumstances’
  - Guidance submitted by EMEP for **approval** by the EB
  - Guidance **applied by Parties** for comparing national emission estimates with the reduction commitments
  - Parties will provide **additional explanations** in the Informative Inventory Report
  - Parties meeting their reduction targets through the use of this procedure will **not be referred to the Implementation Committee**
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How would a Party apply the procedure?

• Present the adjustment information as a memo item in the Informative Inventory Report.
• The memo item would display the difference between
  – emission estimates based on best available inventory methodology, and
  – emission estimates based on the inventory methodology used at the time when the reduction commitments were agreed.
• If this information can fully explain an exceedence of a ceiling, the Party would not be considered to be in non-compliance.