

The process of reviewing Parties' applications for adjustments to their national emission inventories and to their emission reduction commitments/targets

A note by the Chair of the Task Force on Emission Inventories and Projections and the secretariat

I. Background

1. On 3 May 2013, at its meeting the Bureau of the Executive Body discussed the issue of resource implications for the EMEP in connection to the application of adjustment procedure under the Gothenburg Protocol (EB decisions: 2012/3, 2012/4 and 2012/12). The Chair of the EMEP Steering Body informed the Bureau that the Centre for Emission Inventories and Projections (CEIP) had no mandate and no funds to carry out review/analysis of possible cases. The Bureau considered an option for conducting a review of the Parties' proposals for adjustments. The review would be carried out by a small group of experts selected from a list of independent experts available for such reviews. It would be the role of the EMEP Steering Body (SB) to review and approve the work of these experts and to make respective recommendations to the Executive Body. Parties requesting the application of the adjustment procedure would have to cover the costs related to this procedure. The issue was discussed at the May 2013 meeting of the Task Force on Emission Inventories and Projections (TFEIP), and subsequently at the September 2013 meeting of the EMEP SB. This note has been prepared for a discussion by the Executive Body in December 2013.

II. Proposed procedure for the review of the Parties' applications to apply an adjustment or adjustments to their national inventories and emission reduction commitments/targets

2. The issue of reviewing Parties' applications for adjustments to their national emission inventories and to their emission reduction commitments/targets was discussed during the 14 - 15 May 2013 meeting of TFEIP. The Task Force in cooperation with CEIP developed a procedure to be presented and finalized at the 37th session of EMEP Steering Body. Under the proposed procedure the key role in the process will be played by CEIP that will contract and supervise two or more independent experts (per review) to carry out a detailed analysis of Parties' applications. CEIP will contract independent experts from a roster of emission inventory reviewers or other qualified experts. By its expert selection CEIP will ensure that no conflict of interest occurs on the part of the contractors. The review carried out by experts under the supervision of CEIP will be presented to the EMEP SB for approval.

3. For this procedure (under the respective three EB decisions mentioned in the *Background* section of this note) Parties may submit application for adjustments in their national emission inventories and only in case they are (or they predict they will be) in non-

compliance of their emission reduction commitments/targets. The procedure consists of the following steps:

(i) A Party submits an application for an adjustment(s); the application is submitted to the secretariat using an application form template elaborated by TFEIP (informal document No. 4 for 37th session of EMEP SB); information about the application with any supportive information need to be included in the Party's Inventory Informative Report (IIR) submitted in the same year; the secretariat forwards the application to EMEP SB Bureau and to CEIP;

(ii) Initial screening of the application is carried by CEIP; if needed CEIP liaise with the Party requesting a modification of the application;

(iii) CEIP selects and contracts review experts; the review is carried out by the selected experts under the supervision of CEIP; The review could potentially be timed to coincide with the stage 3 review at the mid/late June;

(iv) CEIP forwards the report from the review to EMEP Steering Body for approval; the review report shall clearly recommend to the SB whether to accept/approve or to reject the Party's application;

(v) EMEP SB approves the review and requests CEIP to develop and present to the EMEP SB at its next session, additional guidance taking into account reviewed adjustment(s) to facilitate streamlining and ensure consistency between similar adjustments; the additional guidance shall be used by other Parties wishing to submit a similar application; or EMEP SB does not approve the application and the issue is forwarded to the Implementation Committee;

(vi) Once the adjustment is approved, the Party – in the following year reporting round, submits accepted adjustment using a template elaborated by TFEIP (Informal document No. 7) and providing an additional line in Annex I (Informal document 2.I) with the adjusted emission estimate(s).

4. The main task of the review experts (team) is to analyze a Party's application and provide answers (yes/no) to the following questions (see EB decision 2012/12 for details):

- (a) Does the proposed adjustment meet one of the three adjustment criteria (new source category, new emission factor, new methodology)?
- (b) Is the adjustment caused by a change in the understanding of the science that could not have been reasonably foreseen?
- (c) Can the Party quantify the impact of the adjustment?

Based on the information submitted, if the application meets the required criteria to the satisfaction of the review experts, then the adjustment is considered justified and forwarded for approval by EMEP SB.

III. Cost of the review to be covered by the Party in question

5. Extensive discussions have been held at both the TFEIP meeting in May 2013 and the EMEP SB meeting in September on the subject of funding the review of an adjustment application.

The TFEIP concluded that:

- To ensure a suitable level of quality, reviewers should be selected from a carefully managed short-list based on their expertise; and not be selected on the basis of being available at no cost;
- The process currently used for stage 3 inventory reviews (where reviewers are voluntarily funded by the Parties), is not suitable for reviewing adjustment applications. This is based on the fact that there is a continual significant shortage of reviewers provided by the Parties for the stage 3 reviews;
- The TFEIP therefore considered that it had no choice but to recommend that funds were made available to specifically support the contracting of expert reviewers. Several options were considered, but the TFEIP concluded that most suitable mechanism for this was likely to be for Parties making the adjustment application to fund the independent review of their application.

The EMEP SB considered and agreed with these points, and further elaborating that:

- It was unlikely that all Parties would agree to increase their contributions to the Convention to financially support the review of adjustment applications;
- The EMEP budget is intended for scientific purposes, and as the review of adjustment applications is considered a compliance issue, it is not appropriate for the reviews to be funded with money from the existing EMEP budget;

The EMEP SB therefore also concluded that it had no choice but to recommend that Parties provided funds to support the review of their own adjustment applications. The SB considered whether Parties should provide funds for the review of their application at a flat rate, or whether they should cover the costs that result. It was estimated that € 5,000 would fund the review of an application for a “simple” adjustment with complete and transparent supporting information¹. More time and effort would be required for a more complex review, estimated to not cost more than € 10,000.

To avoid any potential problems and delays when estimating the costs (simple versus complicated cases), the SB proposed that:

- A fixed amount is used (10,000 – 15,000 US\$ – app. € 7,300 – 11,000) for each submitted application.
- It was also proposed that payment should be made within 10 working days of the submission of the application to facilitate contracting the expert reviewers.

The EMEP SB noted that there are also some refinements of this approach. For example, a Party submitting an application for an adjustment based on exactly the same premise as a Party that has already been granted an adjustment might be required to pay less. However, it was noted that there is limited scope for efficiencies, as the data for each Party would still need to be checked by the expert reviewers.

¹ Based on two experts, each contributing 1.5 work days (€ 1000 /day) plus management costs for CEIP (€ 2,000)

The EMEP SB noted that some Parties might have reservations about this approach for securing the required funding. However no other practical solutions were forthcoming.

IV. Timescale of the review process

6. The process described in detail in section 2. *Proposed procedure for the review of the Parties' applications to apply an adjustment or adjustments to their national inventories and emission reduction commitments/targets* can be presented in a shortened format (with accompanying time scale) in the form of a table.

<i>Action</i>	<i>Timescale</i>
1. a Submission of an application for an adjustment using a respective template developed by TFEIP and	15 February 2014 (and following years)
1. b submission of supportive information in IIR	15 March 2014 (and following years)
2. Initial screening of the application by CEIP	late March
3. Selection of review experts; review of the application under CEIP supervision; the review could be organized in parallel with stage 3 review; the review report forwarded to EMEP SB	April – June 2014
4. The review report analyzed and accepted or rejected by EMEP SB; If rejected, the case is forwarded to the Implementation Committee	September 2014.
5. If the adjustment is approved, the Party submits the adjusted inventory using the templates developed by TFEIP. Respective information is provided in IIR	15 February 2015 (or the following year)