UNITED NATIONS

UNFCCC **Framework Convention on Climate Change**

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Nineteenth session
Milan, 1–9 December 2003
Item 4 (f) of the provisional agenda

METHODOLOGICAL ISSUES

ISSUES RELATING TO REGISTRY SYSTEMS
UNDER ARTICLE 7, PARAGRAPH 4, OF THE KYOTO PROTOCOL

Report on the intersessional consultations on registry systems

Note by the Chair of the consultations

Summary

The Conference of the Parties, by its decision 24/CP.8, requested the Chair of the Subsidiary Body for Scientific and Technological Advice (SBSTA) to continue, with the assistance of the secretariat, the intersessional consultations with Parties and experts on the topic of registry systems. This report provides information on the intersessional consultations on registry systems convened by the Chair of the SBSTA and chaired by Mr. Murray Ward (New Zealand). In particular, this report contains information on the consultations held on 28–29 November 2003 in Milan, Italy.

CONTENTS

I. INTRODUCTION

A. Mandate

1.   The Conference of the Parties (COP), by its decision 24/CP.8, requested the Chair of the Subsidiary Body for Scientific and Technological Advice (SBSTA), with the assistance of the secretariat, to continue the intersessional consultations with Parties and experts for the purpose of:

(a)   Sharing the results of work on the specifications of technical standards for data exchange between registry systems[1] (hereinafter referred to as the data exchange standards) with other Parties and seeking feedback on progress;

(b)   Exchanging information and experience in relation to the development and establishment of registry systems;

(c)   Preparing any recommendations to the SBSTA on additional actions to establish and maintain registry systems and to implement and update the data exchange standards, as appropriate.

2.   By the same decision, the COP requested the secretariat, in its development of the transaction log, to undertake work to elaborate the functional and technical specifications of the technical standards during 2003, subject to the availability of resources, with a view to completing the technical specifications before the ninth session of the COP.

3.   The COP also requested the SBSTA to report to the COP at its ninth session on progress made in developing the functional and technical specifications of the data exchange standards, and make any recommendations for additional actions to establish and maintain registry systems, as appropriate.

4.   The SBSTA, at its eighteenth session, requested the secretariat to consider means to reduce the resource requirements necessary to complete the development and implementation of the transaction log in 2004, and to operate and maintain the transaction log thereafter, through, inter alia, collaboration on technical issues with Parties, and to provide information on this issue to the intersessional consultations on registries and the nineteenth session of the SBSTA (FCCC/SBSTA/2003/10, para. 17 (e)).

B. Scope of the note

5.   This report provides information on the intersessional consultations on registry systems convened by the Chair of the SBSTA and chaired by Mr. Murray Ward (New Zealand), in particular on those held on 28–29 November 2003 in Milan, Italy.

II. PROCEEDINGS OF THE CONSULTATIONS

A. Background

6.   The pre-sessional consultations on registry systems were attended by 43 participants from Parties and organizations, including participants from 24 Parties included in Annex I to the Convention (Annex I Parties) and three Parties not included in Annex I to the Convention (non-Annex I Parties).

7.   The secretariat had prepared a progress report on the development of the data exchange standards and the transaction log (FCCC/SBSTA/2003/13). That report provided information on the progress made in elaborating the detailed functional and technical specifications of the data exchange standards, and discussed possible means of reducing the resource requirements for the development, implementation and operation of the transaction log.

---

[1]   National registries, the clean development mechanism (CDM) registry and the transaction log.

B. Development of the data exchange standards and the transaction log

8.   The consultations had before them a revised version of the functional specifications, as well as a draft of the technical specifications containing full detail to enable the implementation of the data exchange standards. These specifications are contained in non-papers available at <http://unfccc.int/sessions/workshop/281103/>.

9.   The technical specifications describe the technical basis upon which transactions are made under the mechanisms defined in Articles 6, 12 and 17 of the Kyoto Protocol and the modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol. They relate in particular to the implementation of secure communications through the Internet; full transaction sequences to support the creation, transfer and use of units towards the commitments of Annex I Parties; the transmission, receipt and processing of messages; complete formatting instructions for serial numbers, account numbers and transaction numbers; requirements for data to be recorded within registry systems; and procedures for managing changes in the technical specifications over time.

10.   Many participants expressed their appreciation to the secretariat for its progress in elaborating the data exchange standards. These standards allow Parties to proceed with the development of their national registries under the Kyoto Protocol, in particular with regard to the exchange of data.

11.   The secretariat also presented information on the development status of the functional specifications of the transaction log. Given the availability of funding, the work on the data exchange standards since June 2003 has taken priority over that on the transaction log.

C. Questionnaire on the development of national registries

12.   A questionnaire on the development of national registries under the Kyoto Protocol was circulated to Annex I Parties in October 2003. The results of the questionnaire were presented at the consultations. The questionnaire covered, inter alia, the development status of national registries, the expected timing of completion of the development work, estimates of financial resources required, and contact information for registry administrators.

13.   Fifteen responses to the questionnaire had been received before the consultations. The results of the questionnaire are summarized as follows:

        (a)   Although most responding Parties were still in the preliminary stages of developing their national registries, much progress is expected to be made in 2004, especially in Parties which are member States of the European Union;

        (b)   Most responding Parties have yet to appoint registry administrators;

        (c)   Most responding Parties attach importance to cooperation with other registry systems and administrators;

        (d)   Resource requirements for the development and operation of national registries vary widely. It was evident that there needs to be greater precision in estimates of such resource requirements.

14.   The questionnaire was considered a useful means of monitoring the status of the development of national registries. As relatively few Parties had returned their replies before the consultations, the Chair of the consultations encouraged Parties that have not yet responded to the questionnaire to do so as soon as possible, preferably before the end of January 2004.

D. <u>Administrators of registries and the transaction log</u>

15.   Another issue discussed at the consultations was the role of administrators of registry systems and possible cooperation among them. In accordance with decision 19/CP.7, each Annex I Party and the Executive Board of the CDM is to designate an organization as its registry administrator and the secretariat is to establish and maintain the transaction log. There was growing awareness among participants of the need for Parties to designate registry administrators and to clarify which organizations would be responsible for the development of registries and establishment of practices for their operation.

16.   Administrators would need to perform a variety of roles, of both a policy and a technical-implementation nature. Participants noted that such roles are likely to include:

      (a)   Management of resources (including staff);

      (b)   Management of accounts (opening, closing, suspending) and user support, including training;

      (c)   Making information publicly available;

      (d)   Management of communications with the transaction log; maintenance and periodic system upgrades; ensuring security; and monitoring system logs and responding as necessary;

      (e)   Quality assurance for records; archiving and backing-up data; support for auditing functions; and manual intervention to reconcile data to the transaction log, as necessary;

      (f)   Adaptation of the registry to changes in the data exchange standards.

17.   Much of the discussion at the consultations centred on the need for cooperation among administrators of registries and the transaction log. This was seen as being complementary to the degree of commonality in registry functions brought about through decisions 19/CP.7 and 24/CP.8 and the implementation of common technical specifications for the data exchange standards.

18.   For the development phase, participants focused on the need for increased exchange of information and experience. There would be benefit, for example, in further clarifying the roles of administrators and sharing approaches and specifications for registries and the transaction log, especially in relation to the implementation of the data exchange standards. Such sharing of information could help those Parties which are relatively well advanced in the development of national registries, as well as those Parties which are still in the early stages of their work. It was felt that informal means of exchanging information and experience could be improved to assist developers of registry systems, in particular through posting information and establishing a bulletin board on the secretariat web site. It was noted that some Parties are exploring possible means of direct cooperation in developing their national registries.

19.   For the operational phase, it was considered that administrators of registries and the transaction log will need to move quickly to find more structured forms of cooperation. Most of the topics on which such cooperation could take place relate to the implementation of the data exchange standards. The work on these standards has shown that some aspects, for example means of ensuring the integrity, security and availability of registry systems, need to be addressed through applying common work practices to registries and the transaction log.

20.   Discussions highlighted the following areas on which cooperation is likely to be beneficial during the operational phase:

      (a)   Quality assurance and testing plans and protocols, including for the possible forwarding of results to the secretariat and expert review teams constituted under Article 8 of the Kyoto Protocol;

(b)   Security plans, including those for access to registries by users;

(c)   Operational plans, including how reconciliation practices specified under the data exchange standards are to be applied;

(d)   Initialization of communications between registries and the transaction log, in accordance with the data exchange standards;

(e)   Change management, to ensure ongoing development of the data exchange standards.

21.   Any form of cooperation would need to provide for administrators to contribute information on the functioning of individual registries and for agreement to be reached on technical plans. It may be possible to establish a cooperative group of administrators to conduct this work. Several suggestions were made on the possible structure of such a group, including the status of such a group within the intergovernmental process and how it would report to the SBSTA or the COP. Given the central role of the transaction log in the implementation of the data exchange standards, it may be advantageous for its administrator to facilitate such information exchange and the development of required plans.

E. Resource requirements and funding

22.   Resource requirements for the development and operation of the transaction log were discussed at the consultations. In order to facilitate the discussion, the secretariat provided updated estimates of the resources required for this project under supplementary activities, as included in the programme budget for the biennium 2004–2005 contained in document FCCC/SBI/2003/15/Add.1, on the development of the transaction log and the data exchange standards.

23.   Most of the resource requirements for 2004 and 2005 relate to the design, building, testing, deployment and documentation of the transaction log. These activities are estimated by the secretariat as likely to require US$ 1.2–1.8 million and to take about one year. This improved estimate of resource requirements was made possible thanks to the recent work on the data exchange standards, which has clarified many issues concerning the processing and communications functions that the transaction log needs to perform. This estimate greatly depends on assumptions made, in particular in relation to rates paid for the work.

24.   The development of the transaction log, taken together with other work under the project such as collaboration with technical experts, servicing intersessional consultations and technical support to registry administrators, brings the total resource requirements to about US$ 2.7 million.

25.   The secretariat presented options, as set out in the progress report contained in document FCCC/SBSTA/2003/13, for reducing the funding required for this work. These options focused in particular on sharing work among Parties, and with the secretariat, through such means as in-kind contributions. Participants considered that these options needed to be further investigated. The Chair of the consultations pointed out that, notwithstanding such in-kind contributions, substantial funding was still required. In this context, the Chair stressed the need to fully explore modalities for mobilizing contributions in order to allow this work to proceed in a timely manner.

- - - - -