

# Accounting for Forests that is fit for purpose under the Paris Agreement

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# Land Sector Accounting has an unfortunate history at the UNFCCC



# Land Use, Land Use Change & Forestry (LULUCF) Loopholes under the Kyoto Protocol

Not comprehensive across the landscape:

- ***Land use change activities only*** were mandated for accounting in 1<sup>st</sup> CP (deforestation, afforestation, reforestation)
- ***“Pick & choose”*** activities-based accounting – consequent understatement of emissions
- ***No mandated accounting for what happened inside forests***

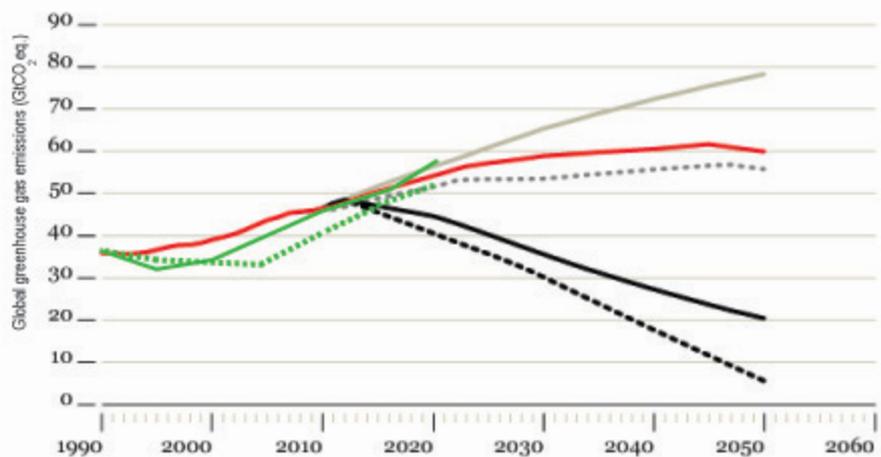
# LULUCF Loopholes (Kyoto Protocol), continued

- Forest management then mandated for 2<sup>nd</sup> CP
- Cropland management, grazing land management, and peatland drainage & rewetting (a new CP 2 activity) – all remain subject to voluntary accounting
- This covers a lot of land and many emissions
- Parties ***choose not to account for emissive activities*** – emissions from land ‘that the atmosphere sees’ not fully captured, thereby skewing the accounts

# LULUCF Loopholes (Kyoto Protocol), continued

Forest management (forestry) accounting rules adopted for CP 2 are not helpful:

- ***not comparable*** – Parties can choose their own method. Also not comparable to other sectors
- ***evade accounting for emissions*** – especially use of ***BAU*** (forward looking) ***baseline*** or reference level
- Majority not measured against an historical baseline – so can't know if emissions are less than in the past.



— Reference      — 450 ppm      \*\*\* Action incl. conditional pledges & national policies      © www.climateactiontracker.org  
 — Climate Change Action Tracker      - - - 350 ppm/1.5°C      Ecofys/Climate Analytics/PIK

— EU<sup>26</sup> trends in net emissions from forest management excluding harvested wood products  
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# Biomass & biofuel accounting loophole

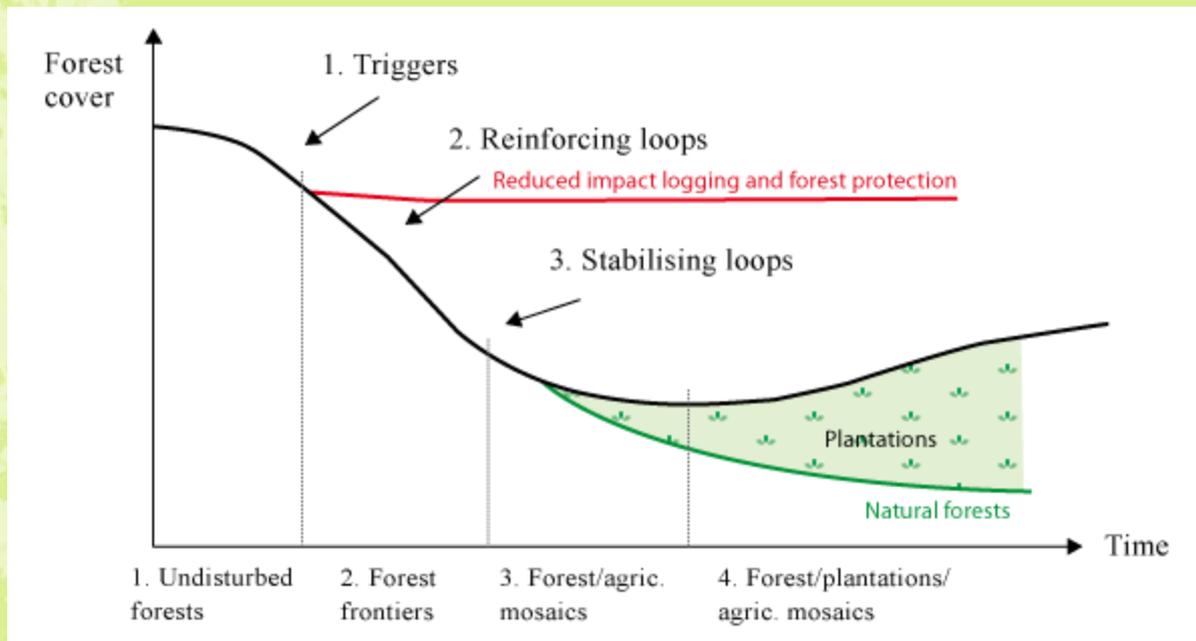
- Accounted as ***carbon neutral when burnt in the energy sector***, on the assumption the emissions would be accounted in the land sector
- However these emissions are frequently not accounted at all:
  1. Where they are included in the BAU baseline
  2. When bio feedstock imported from a country that does not account (non-Kyoto parties)

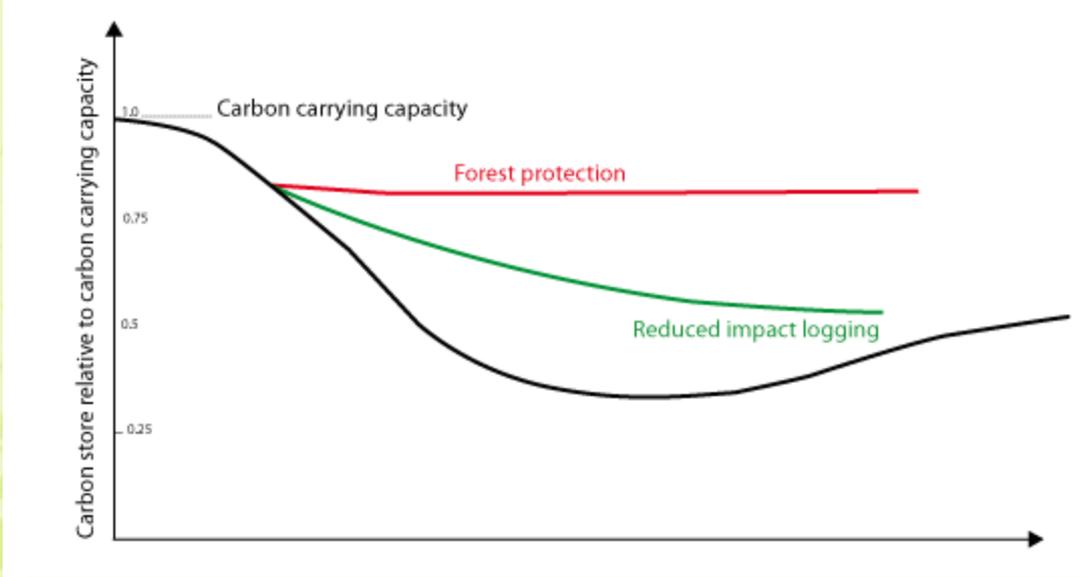
# Land Use, Land Use Change & Forestry (LULUCF)

- Netting out emissions against sequestration (removals) obscures what is happening – where big emission sources are. But this knowledge is vital to tackling emissions
- Further, natural sequestration that would occur without human intervention (eg regrowth of natural forests) is netted against anthropogenic emissions

# Carbon Stocks Ignored

- Reporting & accounting for ghg flows only
- For the land sector, flow-based GHG inventories obscure fundamental differences between ecosystems: in their carbon stock stability, restoration capacity, and density
- Need to understand how far ecosystems are from their carbon carrying capacity & where the loss of carbon stocks is occurring





# What is needed under the Paris Agreement

- Comprehensive & complete accounting for all land
- Land-based accounting under the Convention for 'what the atmosphere sees'. Base on inventory reporting (which Parties already do)
- No continuation of the Kyoto LULUCF rules or activity-based accounting
- Common rules – essential for assessing comparability of effort
- Allow for varying capacity via tiered system

# What is needed under Paris Agreement

- Accounting against a common historical baseline or base period – so we can see whether we are doing better than in the past & avoid understatement of emissions. Not BAU / forward-looking baselines / projected reference levels
- Gross accounting of emissions & of sequestration (removals). No netting out of emissions & removals, which hides emission sources. Quantify real emissions reductions

# What is needed under Paris Agreement

- Develop stock and flow accounting for sinks and reservoirs – another aspect of comprehensiveness. Identifies increase or depletion of C stocks. An aid to land use decision making
- Tackle drivers of land emissions – especially consumption demand in developed countries that drives emissions in developing countries

# What is needed under Paris Agreement

- Embed preambular principles in mitigation actions & adaptation activities that inform national contributions on land & forests – includes ecosystem integrity
- Appropriate integration of ecosystem based approaches - connecting mitigation actions with adaptation priorities.

# Bioenergy accounting

- Preferably, emissions of combustion of forest biomass should be accounted in the **energy sector** – to create a level playing field for energy types
- Account for bioenergy emissions where they occur – ie combustion in the consuming country
- Would require an overhaul of accounting systems?
- But, under the IPCC Inventory 2006 Guidelines, “National inventories include greenhouse gas emissions and removals taking place **within national territory** and offshore areas over which the country has jurisdiction”
- Eg agriculture: emissions of production reported in the country where they take place, & emissions of consumption in the country where they occur

# Australian submission March 2018 on inventory reporting

## *“Integrity*

Reporting emissions where they take place, where possible, is an important principle across the inventory. Inconsistencies in approach between sectors can have negative consequences for environmental integrity. For example, under the current reporting guidelines, biomass burning for energy is reported in the LULUCF HWP pool rather than in the energy sector. Parties relying on imported biomass to substitute for fossil fuel energy generation would not be required to report emissions from this imported biomass if they use the production approach.”

- The production approach applies to KP LULUCF rules

# Bioenergy Accounting

- Another potential resolution is to account forest biomass pellets as Harvested Wood Products & use the 'stock change' approach, so that these (and all) HWP emissions accounted 'when' and 'where' emissions occur
- Thus emissions of combustion are captured in the country that burns this wood product for energy generation

