

U.S. Submission on the 2015 Agreement

The United States is committed to playing a leadership role on climate change, both before and after 2020. President Obama recently announced the U.S. Climate Action Plan, which contains a broad range of actions to enhance U.S. efforts toward our 2020 mitigation commitment and beyond.

The United States put forward some initial views on the 2015 agreement in its March submission. Since that time, there has been substantial international discussion, both formal and informal, of these and other ideas. We appreciate the good spirit and openness of such discussions.

We have heard a number of very helpful suggestions, and learned from each other. It is useful to build on this dialogue. To do so, in this submission, we further elaborate certain aspects of the 2015 agreement, in part in response to many useful issues that have been raised by others.

Elements of the Package

Structurally, we see the agreement as being part of a larger package:

- The **agreement itself** will contain core provisions that are designed to stand the test of time. The agreement should, all things being equal, be concise. The more concise the agreement is, the easier it will be to negotiate and complete, and the more understandable it will be for domestic decision makers and constituencies.
- We would see somewhat more detail on mitigation and transparency, given their specific nature.
- Like the FCCC, the agreement is likely to contain a mix of provisions that are legally binding and non-legally binding.
- We should not need to revisit the basic structure of the agreement to account for changing circumstances, or when Parties make new mitigation commitments in the future. Therefore, the structure will need to be sufficiently flexible to account for changing circumstances.

Parties' **specific mitigation commitments**, contained in a side document (such as a "schedule"), would also be part of the package. Such commitments would be nationally determined by Parties and would have gone through the consultative process that we have outlined (and which we further elaborate below).

The package will also include various **COP decisions** that either implement elements of the agreement in greater detail, or address issues more appropriately dealt with through decisions.

Timeline

With particular reference to mitigation commitments, there has been discussion of when such commitments should be in their final form and – working backwards – when they should be put

forward by Parties in draft form. Many countries expect that commitments should be ready by the end of 2015, as part of the 2015 package.

We think it should be possible for Parties to come up with draft commitments by early 2015, in time for a consultative process to take place during 2015:

- Many Parties are already looking across their economies at cost-effective mitigation opportunities.
- For its part, the United States is working now to analyze its opportunities for reducing emissions post-2020. We would encourage other Parties to do likewise.

Parties should intensify their discussions on the timeframe and other relevant parameters of nationally determined commitments. We do not think that these issues need to delay preparation and sharing of draft commitments. Should provisos be necessary in relation to any aspect on which there is a lack of clarity, a Party is obviously free to make such proviso clear.

Mitigation Commitments

In our earlier submission, we advocated an approach to mitigation that relies on nationally determined commitments, and we continue to think that is the approach most likely to lead to greater ambition and participation.

We think ambition and participation will be maximized if each Party can put forward a commitment it deems appropriate and fair for its circumstances and is in a position to implement. Parties are much more likely to participate in the agreement, and to implement their commitments, if they have designed their own commitments to be consistent with their circumstances and capabilities. We believe that ex ante clarity and a public consultative period will provide a significant incentive for Parties to put forward ambitious commitments, because each Party will need to be prepared to justify their commitment to the world.

We understand that there will be variation in type and stringency of commitments among Parties. This is by design, to ensure that each Party is constructing a commitment that reflects its national circumstances and full capabilities.

- Some Parties may choose to have more than one element to their commitment, as a combination of approaches may work best for their circumstances. For example, a Party may put forward a hard cap in one sector with emissions that are easy to project, an intensity target in another sector, and policies in a third sector; together, these would form their commitment. Parties should provide an overall quantum of the reductions that they expect to achieve.
- In addition, while the bulk of a commitment should be quantifiable in terms of expected emissions reductions, some Parties may include elements in their commitments that will reduce emissions, but are not quantified or quantifiable in GHG reductions, such as research and development investments, or a carbon price.
- All elements of a commitment ought to be considered in any overall examination of a Party's commitment.

It is also important that commitments be sufficiently clear that Parties can understand the ambition embedded in the Party's commitment and, to the extent possible, how they affect the Party's emission profile. More details on our proposal for providing ex ante information are provided below.

We do not see an approach based on formulas or involving categories of Parties, particularly categories designed thirty years before this agreement becomes effective.

We recognize the value and importance of an accounting system that applies to all Parties and that provides understanding of Parties' commitments, prevents double counting of international units, and provides assurances that countries are doing what they said they would do. This accounting system should be flexible enough that it can be applied by all countries.

Format of Commitments

We suggest that each Party submit a commitment together with clarifying information, including the ex ante information described below, in a simple format that is easy for a reader to understand. We have provided, at the end of this submission, a notional indication of how this might look.

Ex ante clarity

Given the range of national circumstances among Parties, commitments can be expected to be expressed in a variety of ways (e.g., absolute reductions vs. intensity reductions). As noted, we consider that this is a good thing -- it will encourage ambition and broad participation.

At the same time, there is a legitimate need for Parties to understand each other's commitments, both to be able to analyze them in relation to their own commitments and to be able to look at the aggregate effort being put forward.

The amount of clarifying information that should be provided should strike the appropriate balance between the need for others to understand what is being put forward and the need to avoid imposing onerous burdens on Parties, particularly those with less capability.

We think the following list strikes the right balance, but of course not all of these items will apply to each Party's commitment:

- the base year/period;
- the gases and sectors covered;
- the percentage of total national emissions covered;
- the overall emissions reduction anticipated;
- any use/types of offsets and/or emissions trading; and
- any methodologies/assumptions relating to the commitment.

Some of this information might be part of the commitment itself (e.g., the base year), and some of it would accompany the commitment to provide clarity. In any case, between the expression

of the commitment and the accompanying ex ante clarifying information, all of the information would be available to other Parties and the public.

Consultative Process

We thought it would be useful to describe in greater detail how we see the Consultative Process working. We suggest:

- that Parties would have discussions with each other regarding their respective draft commitments and might encourage those that had not put forward a draft commitment to put one forward;
- that Parties would analyze others' draft commitments both in relation to their own and in light of the global temperature goal;
- that civil society would analyze the draft commitments and make its various views known;
- that independent analytic entities, such as the International Energy Agency and others, might do their own analysis of the commitments in relation to the global temperature goal;
- and that, during the UNFCCC meetings occurring during the consultative process, Parties could ask each other for clarity on the information provided ex ante (or any information that is NOT provided that should have been provided), why they think their actions are sufficient, etc. Sessions would be open to NGOs.

In our view, this period of focus on Parties' draft commitments will incentivize Parties to enter into this process with their best effort. A goal of this process is to encourage what we've called a "race to the top" – that is, a dynamic in which Parties are both comfortable with putting their best commitment forward, and uncomfortable about *not* putting their best effort forward, because they want others to see they are contributing the most they can do to solve the climate problem.

- Others have conceived of the consultative process as a process of iterative negotiation – Parties submit "offers" but are expected to enhance them on the basis of negotiation.
- This is not a dynamic in which Parties really look to determine their best effort in their initial offer, and show how they have done so with others. It is, rather, a dynamic in which Parties may well come forward with the minimum credible level of effort, so as to leave room to move in the negotiations.
- This dynamic is something that we should discourage. It would likely to lead to a lower level of ambition than an approach that encourages Parties to seek to come forward with their best effort.
- Of course, under the approach we have described, the effort may – in the aggregate or in the case of individual Parties – be insufficient. This will come out during any consultative period that allows for a clear understanding of Parties' ambitions.
- If that happens, Parties may come under pressure to revise upward, but it will ultimately be their choice.

Assuming submission of final commitments in late 2015, the consultative process would need to begin relatively early in 2015, probably by around the end of the first quarter.

Transparency

Transparency is one of the primary tools that the Convention can use to enhance ambition. This is for multiple reasons:

- First, transparency lets each Party know what others are doing.
- Second, transparency enhances accountability by requiring Parties to answer to the global community for progress towards the implementation of their commitments, increasing the likelihood that their commitment will be fulfilled.
- Third, transparency also increases the likelihood of Parties fulfilling their commitment by serving a facilitative function.
- Fourth, the act of writing regular reports and conducting regular greenhouse gas inventories requires Parties to take a look across their economies, identify sources of emissions, and identify mitigation opportunities. Reporting thereby encourages additional action.
- Fifth, transparency can be a tool for sharing knowledge and best practices between Parties. Mitigation actions that are noticeably successful in one country may be applicable in another. And only by public distribution of that information will other countries be able to apply those practices.
- Finally, transparency is essential to understanding how we all are measuring up to the global temperature goals.

Much work has been done with respect to transparency before and after the Cancun agreements, so we are not starting from scratch.

For the post-2020 period, we support a single transparency system with built-in flexibility to enable all Parties to participate consistent with their capabilities. We are not expecting everyone to be able to do this perfectly on day one. The experience of Parties over time highlights both the flexibility of the system and the value of learning by doing in improving the quality and availability of information. We are ready to work with Parties that need support in improving their transparency capabilities to help them do so.

Transparency would also apply appropriately to the provision of support. In Doha, developed country Parties committed to a robust and common reporting framework as part of the UNFCCC's Biennial Reports. For the first time, there will be comprehensive data being submitted under the Convention on support, including bilateral and multilateral climate finance, technology transfer and development, and capacity-building. An unprecedented level of detail in the transparency regarding support has been provided in connection with Fast Start Finance. Building on the lessons of this period, we expect to see further improvements in future years, including with respect to the mobilization of private climate finance. As additional Parties begin to contribute to finance, technology transfer, and capacity-building, we expect those Parties to follow the same transparency guidelines as current contributors.

Adaptation

Adaptation is an essential part of a 2015 outcome. All countries will be impacted by climate change. While vulnerability to climate change differs across countries, communities, and even households, all Parties will need to continue to prepare themselves in the post-2020 era for the unavoidable impacts of climate change and enhance resilience in the face of future climate uncertainties.

Adaptation actions help the most vulnerable reduce their exposure and sensitivity to climate change, and improve their capacity to predict, prepare for, and avoid adverse impacts. The costs of preparedness and risk management, for instance, can be far less than the costs of disaster relief and recovery. The World Bank and U.S. Geological Survey have calculated that global economic losses from natural disasters in the 1990s could have been reduced by \$280 billion if just one-seventh that amount were invested in preparedness and risk management efforts.

Adaptation actions are ultimately undertaken at the local level. They will vary from location to location, and their benefits will be felt most directly at the local, rather than the global, level. Each Party will therefore need to continue developing and implementing its adaptation plans and policies in a manner that fits its national circumstances and priorities.

In the post-2020 time frame, in order to effectively prepare for climate change impacts, Parties will need to enhance their efforts to:

- Integrate adaptation into national planning and development processes and policies in a way that is robust under multiple climate scenarios and addresses climate extremes, variability and longer-term changes;
- Undertake assessments of climate change impacts and vulnerability;
- Prioritize action on the people, places, ecosystems, infrastructure and sectors that are most vulnerable to climate change impacts, ensuring that plans and policies are designed with meaningful involvement from all parts of society and that international support is used effectively;
- Understand the costs and benefits of adaptation at the local level;
- Strengthen governance and enabling environments for adaptation, including for comprehensive climate risk management; and
- Monitor, report, evaluate, and learn from adaptation plans, policies and programs.

The 2015 outcome will play an essential role in supporting and enhancing these actions, including by building on the ongoing work in the subsidiary bodies and within existing institutional arrangements, such as the Cancun Adaptation Framework, the Adaptation Committee, National Adaptation Plan process, and the Nairobi Work Program. Such ongoing work can:

- Strengthen linkages with and encouraging actions and support by institutions and organizations outside the Convention, such as those at the regional, national and sub-national levels, like national and local governments, universities, civil society

organizations, intergovernmental organizations, and the private sector. Institutions outside the Convention can contribute much-needed expertise, capacity, and resources to advance work in the areas that Parties identify as critical;

- Support the synthesis of information and knowledge about good adaptation practices from existing resources and the provision of technical guidance on good practices, including on integrating adaptation into national and development planning and policies; and
- Improve national communications so that they can more effectively capture and support national adaptation planning processes. This will facilitate accountability as well as the exchange of knowledge, lessons and good practices.

The United States will continue to provide significant support post-2020 to the most vulnerable countries and communities as a key component of our broader climate support efforts.

All Parties can significantly improve their management of climate risks, and the 2015 outcome can send an important signal for bolder action by countries, international organizations, and sub-national entities on adaptation.

Finance

Significant climate finance will continue to flow after 2020. In the last five to ten years, we have collectively created important new infrastructure for climate finance to support developing countries to reduce emissions, protect their forests, and adapt to the impacts of climate change. We expect the arrangements for climate finance support to grow and strengthen beyond 2020. We have agreed to mobilize jointly public and private climate finance of \$100 billion per year by 2020 in the context of meaningful mitigation actions and transparency on implementation, and we are working diligently to mobilize this finance in a real and meaningful way. In addition to scaling up our own range of tools to support climate action in developing countries, the United States has played a leadership role in organizing coordinated work by developed countries to respond to the \$100 billion challenge.

The many multilateral, regional, and bilateral institutions and mechanisms for mobilizing climate finance that either have been or are being put in place before 2020 will continue to develop and evolve beyond 2020. We will continue to build and strengthen the climate finance institutions and processes we have put in place in recent years, including the Green Climate Fund, the Standing Committee, and processes for transparency of finance, as well as the significant complementary institutions and processes that lie outside of the UNFCCC.

Public finance will continue to be important for adaptation and for supporting mitigation efforts in less developed markets, while mobilizing private investment through efficient use of public resources and effective public policies will continue to be a key focus of post-2020 cooperative efforts among middle and higher income countries.

Over the coming decades, trillions of dollars in investment – both public and private – will flow into infrastructure in developing countries. Our collective challenge as governments is to get the incentives right – to implement the right kinds of policies and work to strategically re-orient

these investments into low-carbon, climate-resilient investments instead of high-carbon, unsustainable investments.

We need to build an international climate finance system that provides appropriate forms of support for countries that implement ambitious climate policies as well as enact the enabling policies necessary to attract public and private investment. The appropriate forms of support will vary widely by country and sector, and will include grants, concessional loans, non-concessional loans, risk mitigation instruments, technical assistance, etc.

Promoting finance flows into developing country green infrastructure is a two-way street – efforts to “push” resources into these markets will only be successful if recipient countries enact the enabling policies and regulatory reforms needed to “pull” investment in. If countries build robust investment plans and supportive domestic policies, international and domestic finance will flow to those countries.

We also expect that countries’ status as recipients of– and contributors to – different forms of climate finance will evolve over time.

Party:

Description of commitment, including, as applicable, base year/s	
List, as desired, relevant domestic laws, regulations, etc.	
Major assumptions/ methodologies needed for any commitments not expressed in absolute emission terms	

Clarifying Information

Gases Covered: (indicate all gases that are covered, and/or provide explanation if gases are different for different parts of commitment)
Sectors Covered: (indicate all IPCC sectors that are covered, and/or provide explanation if sectors are different for different parts of commitment)
Approach to Land Sector, if included in commitment (e.g., sectors included; adjustments made, if applicable)
Role of International Units (e.g., Markets or Offsets)
Anticipated Overall National Emission Level in target year
Additional information (as needed to further understand any elements of the commitment)

Description of commitment(s):

Parties would describe what they are committing to (for example, economy-wide target, intensity target, policies and measures, etc.), and any other parameters that are central to the commitment itself, such as the base year. Parties would include all components of their commitment in the description, including any non-quantified components, such as research and development goals.

Relevant Domestic Laws, Policies and Regulations:

Parties would list any significant domestic laws or policies that buttress the commitment and will be relevant to its implementation.

Assumptions/Methodologies for baseline scenario or projection:

For any commitment or elements of a commitment that are reflected in non-absolute terms, Parties would provide some background information on the construction of the projection so that other Parties can fully understand it.

Gases Covered: Parties would check all boxes that apply for their commitment, and/or provide explanation if sectors are different for different parts of commitment.

Sectors Covered: Parties would check all boxes that apply, and/or provide explanation if sectors are different for different parts of commitment.

Approach to Accounting for Land Use Sector: Parties would describe their approach for accounting for Land Use, Land Use Change, and Forestry (LULUCF) to the extent that the Party will make any adjustments for the purposes of their commitment that will not show up in their greenhouse gas inventory (for example, if Parties will not count “natural disturbances” towards their commitment, Parties would describe, broadly, how they define “natural disturbances”).

Use of International Markets or Offsets: Parties would describe whether they plan on using international units to fulfill their commitment, as well as describing how they plan on avoiding double counting.

Anticipated Overall National Emission Level in Target Year: Parties would make an effort to estimate their overall emissions in the target year. Parties would not be committing to this estimate; the estimate would only serve as accompanying information to fully understand the expected impact of the commitment.

Additional Information: Parties would include any additional information needed to fully understand the commitment.