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India, Japan plan joint carbon crediting mechanism

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‘Carbon credits will be allocated through a structured process and there will be a registry to track these credits’

BY ABHISHEK LAW

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‘Projects will be taken up only when they are cleared through a Joint Committee, and both governments will notify credits issued based on the submitted reports.’ |

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India is looking to enter into a carbon trading and carbon credit adjustment mechanism with Japan.

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The two countries plan to sign a Memorandum of Cooperation for setting up a Joint Crediting Mechanism (JCM) with emission reduction credits being shared, a Cabinet note prepared in July, and reviewed by *businessline*, said.

The note mentions, under the mechanism carbon credits will be “allocated through a structured process” and there will be a “registry to track these credits”.



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Projects will be taken up only when they are cleared through a Joint Committee, and both governments will notify these credits issued based on the submitted reports. These credits will be allocated to the respective registries of India and Japan, and can subsequently be used towards the Nationally Determined Contribution (a climate action plan to cut emissions and adapt to climate impacts) of both countries.

The proposal, as per the Cabinet note, will “boost job creation by attracting investments in low-carbon and clean technologies”. There will also be any financial implication of such a project.

“A draft Cabinet Note has been preparedauthorising the MoEFCC (Ministry of Environment, Forest, and Climate Change) for the signing of MoC (Memorandum of Cooperation) between Government of India and the Government of Japan in consultation with the concerned ministries.... and MEA,” an Office Memorandum of one of the Ministries said.

The JCM will facilitate diffusion of leading decarbonising

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technologies, equipment, machinery, products, systems and infrastructure, implementation of mitigation actions, among others.

The draft (Cabinet note) has approval of the Environment Minister.

Bi-lateral cooperation

The JCM will be formed under Article 6.2 of the Paris Agreement.

As per the draft Memorandum of Cooperation, the mechanism will be implemented in accordance with “relevant domestic laws and regulation” in these respective countries.

A joint committee will be established and it will develop rules and guidelines required for implementation of the JCM that cover project cycle procedures, methodologies, project design documents, monitoring and designation of third party entities, among others.

“Decisions by the Joint Committee on registration of the project, crediting period, sharing of credits, issuance of credits, and other related matters on the JCM are made with prior confirmation of the Government of Japan and Government of India, unless otherwise specified,” one of the provisions stated.

It further mentions, both Governments “mutually recognise that part of JCM credits issued from emission reductions and removals may be towards the achievement of Japan’s nationally determined contribution and rest of the said JCM credits may contribute to the achievement of India’s nationally determined contribution” while ensuring that double counting is avoided.

Each government can authorise part of JCM credits for

international mitigation purposes too.

The two countries will confirm registration of a project prior to a decision by the joint committee; while the percentage of credit allocation will also be decided.

The MoC (draft) also mentions that Japan will facilitate the transfer of tech, finance and capacity building in respect of new technologies for the joint crediting mechanism.



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