

From: [Jacqui Ruesga](#)
To: [Nicky Lynch \[EXTERNAL\] \(Treasury\)](#); [Carly Soo \[EXTERNAL\] \(Treasury\)](#)
Cc: [Callum Lo \[TSY\]](#)
Subject: Re: NDC accounting follow up question
Date: Tuesday, 13 February 2024 5:58:04 pm
Attachments: [Outlook-pm5y4ohe.png](#)

Kia ora both,

Excellent question.

The rules of Article 6 allow for onselling. The market rules have been designed with this expectation. I'm happy to have a chat about the technicalities of this but essentially countries can chose when to 'use' the units at their discretion and/or as agreed in the cooperation arrangement between Parties.

A couple of examples of how this is provided for in the rules;

- Article 6 reporting requires that countries report on units 'held' (ie, purchased but not yet cancelled/used).
- Separate reporting is expected on units 'used/cancelled'.
- Unit tracking rules provide for several seller/buyers (eg, you can track the origin of the ITMO via serial number)
- Corresponding adjustments can take place immediately, but this does not mean the unit needs to be used immediately. Corresponding adjustments are reported annually, and not in real time.

- **6(b)(ii)**

In short, yes we could sell any ITMOs we don't use. There is another option to cancel the ITMOs and claim them as climate finance. This is being developed as part of the ODA rules under the OECD.

Hopefully helpful but happy to discuss further

Jacqui

6(b)(ii)

From: Nicky Lynch [TSY] <Nicky.Lynch@treasury.govt.nz>
Sent: Tuesday, February 13, 2024 16:50
To: Carly Soo [EXTERNAL] (Treasury) <Carly.Soo@treasury.govt.nz>; Jacqui Ruesga <Jacqueline.Ruesga@mfe.govt.nz>
Cc: Callum Lo [TSY] <Callum.Lo@treasury.govt.nz>
Subject: RE: NDC accounting follow up question

Just to clarify Jacqui, the stuff in yellow is musings from us, don't expect you to answer that! But interested in whether there are likely to be conditions on ITMOs that prevent onselling being possible.

From: Carly Soo [TSY] <Carly.Soo@treasury.govt.nz>
Sent: Tuesday, February 13, 2024 4:49 PM
To: Jacqui Ruesga (Jacqui.Ruesga@mfe.govt.nz) <Jacqui.Ruesga@mfe.govt.nz>
Cc: Nicky Lynch [TSY] <Nicky.Lynch@treasury.govt.nz>; Callum Lo [TSY] <Callum.Lo@treasury.govt.nz>
Subject: NDC accounting follow up question

[IN-CONFIDENCE]

Kia ora Jacqui

Hope you're well. We are drafting advice on the NDC accounting treatment following the MOCC/MOF bilateral. We wanted to know about the status of ITMOS, and whether they could be onsold, if New Zealand decides not to use them. What are the Article 6 rules for this – if any? Would we expect non-onselling to be a condition of purchase based on the emerging rule for ITMOs and have any other countries included such limitations in their purchase agreements? The reason we're asking is because there's an accounting question of whether offshore mitigation purchases could be classified as either "expenses" or "assets". This will depend on the nature of the purchase terms and whether or not the Government can realistically onsell the offshore mitigation it has purchased. If we can onsell offshore mitigation, we would count them as an asset. If we cannot onsell offshore mitigation, we would count them as an expense.

9(2)(f)(iv)

We're in the final stages of drafting this advice for sign out by Thursday. Would it be possible to get a **response by COP tomorrow/Wednesday**? We are also happy to share the briefing with you for your information. Apologies for the many questions, let us know if it's easier or more straightforward to call and chat this through, or if the timeframes don't work. Thanks!

Ngā mihi,

Carly



**TE TAI ŌHANGA
THE TREASURY**

Carly Soo ([she/her](#)) | Senior Analyst – Climate Change | Te Tai Ōhanga – The Treasury

Email/IM: carly.soo@treasury.govt.nz Phone: 9(2)(k)

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