# Glossary

| **Term** | **Definition** |
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| **additionality** | Emissions reductions that are additional to what would have occurred in the absence ofa policy-induced project or activity. |
| **Australian carbon credit unit (ACCU)** | A type of emissions unit issued for verified emissions reductions under the Carbon Farming Initiative and the Emissions Reduction Fund, and held in the Australian National Registry of Emissions Units. |
| **baseline** | A counterfactual scenario of future emissions that would have been expected to occur without the emissions-reducing activity. |
| **business-as-usual** | Emissions that would occur without any additional policy intervention. |
| **baseline and credit scheme** | Type of scheme that identifies measures and provides incentives for activities that reduce emissions below a baseline. This general name covers a large variety of schemes. |
| **Carbon Farming Initiative (CFI)** | An Australian emissions offset scheme that credits emissions reductions from certain sources, such as forestry and agriculture, which were not covered by the carbon pricing mechanism. |
| **carbon pricing mechanism** | An emissions trading scheme that put a price on Australia’s greenhouse gas emissions. It was introduced under the Clean Energy Act and applied to Australia’s biggest emitters (called ‘liable entities’). It was repealed in July 2014. |
| **coverage** | Which entities would be eligible or required to participate in a scheme, and which emissions would be included. |
| **Direct Action Plan** | The Commonwealth Government’s policy to reduce greenhouse gas emissions and establish a clean-up and environment conservation program. A central element of the plan is the Emissions Reduction Fund. |
| **Domestic Offsets Integrity Committee (DOIC)** | An independent expert committee that assessed proposals for methods under the Carbon Farming Initiative and advised the Minister for the Environment on their approval. |
| **emissions intensity** | A measure of the amount of emissions associated with a unit of output; for example, emissions per unit of gross domestic product. |
| **emissions reduction** | The act or process of limiting, restricting or sequestering greenhouse gas emissions. |
| **Emissions Reduction Assurance Committee (ERAC)** | An independent, expert committee that will assess whether methods meet the requirements of the Emissions Reduction Fund and provide advice to government. |
| **Emissions Reduction Fund (ERF)** | A scheme resulting from the expansion of, streamlining and other changes to the CFI in November 2014. The ERF involves purchases of credits by the Government. It will also include a safeguard mechanism from 1 July 2015. |
| **environmental integrity** | The attribute of whether (and the extent to which) credits issued under the CFI or ERF are based on accurate measurement, are additional, permanent and do not cause an increase in emissions outside of the project (no leakage). |
| **greenhouse gas** | Any gas (natural or produced by human activities) that absorbs infrared radiation in the atmosphere. Key greenhouse gases include carbon dioxide, water vapour, nitrous oxide, methane and ozone. |
| **Kyoto Protocol** | An international agreement adopted under the United Nations Framework Convention on Climate Change in 1997. It includes binding national targets for developed countries and flexible mechanisms including the Clean Development Mechanism (CDM). |
| **Kyoto unit** | Emissions units eligible for compliance with Kyoto Protocol targets—these include assigned amount units (AAUs), certified emission reduction units (CERs), emission reduction units (ERUs) and removal units. |
| **land use, land use change and forestry (LULUCF) emissions** | Emissions associated with human-induced changes in land use, such as deforestation, afforestation and forest management. |
| **legacy waste** | Waste that is deposited into a landfill prior to 1 July 2012. Projects that reduce emissions from legacy waste were eligible for credits under the CFI. |
| **offset scheme** | A scheme, typically voluntary, that complements a policy creating a liability for emissions, such as a carbon tax or cap-and-trade scheme. Offset schemes can provide a way for liable entities to meet their carbon tax or cap-and-trade liabilities at lower cost and drive emissions reductions in a wider set of sectors. |
| **positive list** | A register of emissions reduction activities eligible to earn carbon credits under the Carbon Farming Initiative. The positive list played a role in trying to ensure that credits were only issued for additional emissions reductions. A method could not be approved for use under the Carbon Farming Initiative unless it related to an activity on the positive list. |
| **negative list** | Identifies types of projects that are likely to cause adverse impacts to one or more of the following: the availability of water, the conservation of biodiversity, the local community, and land access for agriculture production. The negative list is designed to address residual risks from CFI and ERF projects that are not addressed through existing regulations and planning regimes. |
| **Renewable Energy Target (RET)** | A Commonwealth Government scheme that places a legal obligation on electricity retailers and large electricity users to buy a certain proportion of their electricity from renewables-based generation. |
| **safeguard mechanism** | An element of the ERF that will establish penalties for large emitters that exceed a defined baseline. The safeguard mechanism is to commence in July 2016. |
| **sequestration** | The removal of atmospheric carbon dioxide, either through biological processes (for example, photosynthesis in plants and trees), or geological processes (for example, storage of carbon dioxide in underground reservoirs). |
| **transaction costs** | The costs of participating in a market. In the case of the CFI and ERF, transaction costs are all costs involved in developing, approving and administering projects apart from those costs directly associated with implementing and maintaining the project itself. Transaction costs also include costs to government and project proponents for method development, reporting and verification. |
| **United Nations Framework Convention on Climate Change (UNFCCC)** | An international treaty that commits signatory countries (Parties) to stabilise greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous human-induced interference with the climate system. |