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INDUSTRY TERMINOLOGY

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The Carbon industry can seem quite complicated, with quite a lot of assumed knowledge. People will often use acronyms, and it might be hard to follow what they are talking about. Here is a list some of the key concepts you might come across in the carbon industry.

ACCU Producer is the individual or group who undertakes the activity which results in the generation of ACCUs. For a savanna carbon project, this would be the group undertaking fire management.

Advisors may include legal advisors, such as lawyers, financial advisors, carbon experts or business advisors.

Agents are employed to act on behalf of a proponent, to help manage the carbon project. The extent of the agent's authority will depend on individual relationships. For example, some agents may have authority to make sales of ACCUs in the interests of the proponent.

Aggregators are organisations that bring multiple sources of carbon abatement together. There can be different types of carbon aggregation:

- **Project aggregation:** One organisation which registers a carbon project on behalf of several entities undertaking the carbon activity.
- **Contract aggregation:** An organisation which buys ACCUs from different projects and bundles them together into one ERF Contract.

ALFA NT Ltd (formerly WALFA Limited) was established in 2013 and is an Indigenous savanna burning carbon business operating in Arnhem Land.

Audit, in the context of the ERF, is an independent examination of an ERF Project, undertaken by a suitably qualified (category 2 auditor registered under the National Greenhouse and Energy Reporting Regulation 2008) auditor.

Australian Carbon Credit Units (ACCUs) are the type of carbon credit issued under the Australian Government's ERF. It represents one tonne of CO2e reductions. An ACCU can only be issued to someone who has an Australian National Registry of Emissions Unit (ANREU) Account.

Australian Charities and Not-for-profits Commission (ACNC) is the national regulator of charities.

Australian Financial Services Licence (AFSL) is required by any individual or business trading in or providing advice about ACCUs, including traders, brokers, advisors, sellers, and agents. This is because ACCUs are a financial product.

Australian National Registry of Emissions Unit (ANREU) account is the account for carbon credits and should be set up when you register your ERF project.

Baseline emissions refers to the historical emissions from a carbon project. The baseline is often used in the calculations of ACCUs for a project, through comparing how a project performs with new management activities (in the Reporting/Crediting Period) compared to what happened historically (the Baseline).

Brokers organise sales of ACCUs for a fee or commission, which can be one-time deals or longer-term sale contracts. Also referred to as 'traders'.

Buyers are the people or organisations purchasing ACCUs. Depending on who they are or why they are purchasing ACCUs, they are usually grouped into different categories as follows:

- **Voluntary Buyers:** Corporate or not-for-profit organisations seeking to purchase ACCUs to voluntarily offset their carbon footprint and support the co-benefits generated by an Indigenous carbon project. Usually willing to pay a premium price. Sales can be one-off but are usually long-term relationships governed by a contract. Example: Qantas, Virgin
- **Compliance Buyers:** Large corporate entities which may seek to offset their emissions through the purchase of ACCUs so that they comply with the Safeguard Mechanism. *Example: Conoco-Phillips, Origin Energy*
- **Australian Government/Clean Energy Regulator:** The Clean Energy Regulator (CER) purchases ACCUs on behalf of the Australian Government through the ERF reverse auction process.

Carbon Abatement Contract is an ERF contract between the Project Proponent and the CER. It contains all the rules and legal obligations for selling ACCUs to the CER.

Carbon Sales Agreement is a private negotiated contract outlining terms between a seller of ACCUs and a corporate buyer seeking to purchase carbon credits to offset their greenhouse gas emissions.

Carbon Credit is a tradeable unit that represents a tonne of CO_2e reductions. Carbon credits are issued to carbon projects and can be bought and sold in carbon markets. An ACCU is a type of carbon credit issued under Australia's ERF.

Carbon Credits (Carbon Farming Initiative) Act 2011 (CFI Act) is the Australian Government legislation underpinning the ERF.

Carbon Dioxide (CO_2) is a greenhouse gas that is created through humans and animals breathing or created when things burn or decompose.

Carbon Dioxide equivalent emissions (CO2e) is a standard used to measure and compare the emissions from different greenhouse gas based upon the damaging effect the gas has on the atmosphere.

Carbon Maintenance Obligation is a requirement placed on a project by the CER that requires carbon stocks to be maintained. A Carbon Maintenance Obligation only applies to sequestration projects and will only be applied if carbon stores have been lost and the CER is of the opinion that relinquishment obligations have not or will not be met.

Carbon Market Institute (CMI) is the peak industry body for the carbon industry. It administers the industry Code of Conduct, holds an annual Summit and provides policy updates to its members.

Carbon market is a system for encouraging the reduction of greenhouse gas emissions through the trading of carbon credits. There are many different carbon markets in operation around the world. A carbon market normally features a tradeable unit (carbon credit), and may operate voluntary or on a compliance basis, and at a local, regional, national or international level.

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Carbon offset can refer to a reduction in greenhouse gas emissions happening in one area of the economy to make up for emissions which are occurring elsewhere.

Carbon project is an activity that reduces the amount of carbon emissions going into the air, or stores greenhouse gas in the landscape.

Carbon service provider is a private business that offers a range of services to landholders interested in establishing and managing a carbon project in exchange for a fee. Services may range from provision of mapping and feasibility studies to complete ownership and management of the project.

Clean Energy Regulator (CER) is the independent statutory authority responsible for administration of the ERF. They also oversee the Renewable Energy Target and National Greenhouse and Energy Reporting Scheme.

Climate Change refers to a change in global or regional long-term weather patterns, which is usually attributed to the increased level of greenhouse gas in the air because of human activities.

Corporations (Aboriginal and Torres Strait Islander) Act 2006 (Cth) (CATSI Act) is the law that allows Aboriginal and Torres Strait Islander groups to form corporations.

Crediting Period is the length of time over which a project can create and earn ACCUs.

Delivery Schedule sets out the number of ACCUs that a project agrees to provide to the CER under a Carbon Abatement Contract, and the dates that the ACCUs will be delivered.

Eligible Interest Holder is an individual or organisation who holds an 'eligible interest' according to the *Carbon Credits (Carbon Farming Initiative) Act 2011*. There may be none, one or many eligible interest holders for a carbon project. *Example Native Title holders; pastoral lease holder; a bank with a mortgage over a property.*

Emissions avoidance project is a carbon project that reduces the amount of greenhouse gas emissions going in the air.

Emissions Reduction Fund (ERF) is the Australian Government's voluntary scheme that aims to provide incentives for people to reduce greenhouse gas emissions by undertaking carbon projects. The ERF provides rules (methodologies) under which a carbon project can earn ACCUs. The ERF also provides a market where the CER purchases ACCUs from carbon projects through a reverse auction favouring lowest cost abatement.

Environmental Corporate Social Responsibility (ECSR) is a form of self-regulation that reflects a business's accountability and commitment to contributing to the well-being of communities and society through various environmental and social measures.

Forward Abatement Estimate (FAE) is an estimate of the total amount of CO_2e that a carbon project expects to produce over the entire Crediting Period.

Gold Standard is an international carbon program. It provides a framework for the certification of certain projects which also meet the United Nations Sustainable Development Goals.

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Greenhouse gases (GHG) are gases that trap heat in the Earth's atmosphere, making the planet warm enough to live. Greenhouse gases include CO_2, nitrous oxide, and methane. Too much greenhouse gas in the atmosphere causes the Earth to get too hot, resulting in climate change.

Indigenous Land Use Agreement (ILUA) is voluntary agreement between a native title groups and others about the use of lands and waters.

Kyoto Protocol is an international agreement among countries that sets limits on greenhouse gas emissions from certain countries who have signed the agreement.

Method, under the ERF, refers to the set of rules on how a carbon project operate, monitor, and report on greenhouse gas emissions in order to earn ACCUs.

NAFI refers to the North Australia Fire Information website, which provides fire management data, such as hotspots and fire scars.

Network. The Indigenous Carbon Industry Network is an independent network of Indigenous organisations involved in the carbon industry.

Prescribed Body Corporate (PBC) is a corporation established to represent native title holders, following a determination of native title under the *Native Title Act 1993* (Cth). See also Registered Native Title Body Corporate (RNTBC)

Project Offset Report is the document used to provide information on the carbon project to the CER. A Project Offset Report must cover a period of at least six months and can be up to two years for emissions avoidance projects, or five years for sequestration projects.

Project Proponent, under the ERF, is the organisation or individual who has the legal right to own the carbon project and is the registered owner of the carbon project.

Registered Native Title Body Corporate (RNTBC) is a corporation established to represent native title holders, following a determination of native title under the *Native Title Act 1993* (Cth). See also Prescribed Body Corporate (PBC)

Regulator refers to the Clean Energy Regulator (CER) which is the statutory body regulating the generation of ACCUs in Australia and administering the purchase of ACCUs through the ERF.

Reporting Period, under the ERF, means the time covered by a Project Offset Report. The first Reporting Period commences at the start of the Crediting Period. Subsequent Reporting Periods must begin immediately after the end of the last Reporting Period.

Reverse auction (ERF reverse auction) refers to the mechanism under the ERF by which the CER purchases ACCUs from projects.

Safeguard mechanism is a part of the ERF which places additional requirements and regulation on the greenhouse gas emissions of some large companies and businesses.

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Savanna Burning Abatement Tool (SavBAT) is an online tool which automatically calculates and processes data under a savanna burning method and can be used to determine the number of ACCUs which a project has earned for the Reporting Period.

Savanna burning methodology refers to an ERF methodology which involves the reduction of greenhouse gas emissions or sequestration of CO_2 through the activity of fire management, and includes:

- *Carbon Credits (Carbon Farming Initiative—Savanna Fire Management—Emissions Avoidance) Methodology Determination 2018*
- *Carbon Credits (Carbon Farming Initiative—Savanna Fire Management—Sequestration and Emissions Avoidance) Methodology Determination 2018*

Savanna burning project refers to a carbon project operating under the ERF and applying a savanna burning methodology. A savanna burning project involves undertaking fire management activities to prevent the severity and spread of late season wildfire and thereby reduces greenhouse gas emissions.

Secondary market or ERF secondary market refers to the purchase or demand for ACCUs by individuals or organisations seeking to on-sell these ACCUs into the ERF reverse auction.

Section 19 Agreement means a Land Use Agreement under section 19 of the *Aboriginal Land Rights Act 1976* (NT) which is an agreement between traditional owners and others above activities occurring on their land or waters.

Sellers are the people selling ACCUs, which may be the Project Proponent, aggregator, or an agent.

Traders set up and maintain relationships between sellers and buyers of ACCUs, usually for a set fee or commission. Also referred to as 'brokers'. *Example: Aboriginal Carbon Foundation, Corporate Carbon*.

Voluntary Carbon Market is a type of carbon market where there is no legal or regulatory requirement for an individual, company, or government to reduce their greenhouse gas emissions, but they choose to participate in the carbon market anyway.

Territory Natural Resource Management (NRM) Conference, 2020

Annual fire walk, King Edward River, Wunambal Country in far north Kimberley (Photo Wunambal Gaambera)

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