

# 12.

## 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.

**Australian Carbon Credit Unit (ACCU) Scheme** is the Australian Government's voluntary scheme that aims to provide incentives for people to reduce greenhouse gas emissions by undertaking carbon projects. This scheme was previously called the Emissions Reduction Fund (ERF). The ACCU Scheme provides rules (methodologies) under which a carbon project can earn ACCUs.

**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 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 ACCU Scheme, is an independent examination of a carbon counting Project, undertaken by a suitably qualified auditor.

**Australian Carbon Credit Units (ACCUs)** are the type of carbon credit issued under the Australian Government's ACCU Scheme. It represents one tonne of CO<sub>2</sub>e 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 carbon 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 seeking 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 directly from the market at a set fixed price.

**Carbon Abatement Contract** is a 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<sub>2</sub>e 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 ACCU Scheme.

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

**Carbon Dioxide (CO<sub>2</sub>)** is a greenhouse gas that is created through humans and animals breathing or created when things burn or decompose.

**Carbon Dioxide equivalent emissions (CO<sub>2</sub>e)** 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.

**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 ACCU Scheme. They also oversee the Renewable Energy Target, the Safeguard Mechanism and the 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.

**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<sub>2</sub>e 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.

**Greenhouse gases (GHG)** are gases that trap heat in the Earth's atmosphere, making the planet warm enough to live. Greenhouse gases include CO<sub>2</sub>, 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.

**Method**, under the ACCU Scheme, 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.

**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 ACCU Scheme, 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 ACCU Scheme.

**Reporting Period**, under the ACCU Scheme, 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.

**Safeguard mechanism** is a part of the CER and requires Australia's highest greenhouse gas emitting facilities to reduce their emissions in line with Australia's emission reduction targets of 43% below 2005 levels by 2030 and net zero by 2050.

**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 ACCU Scheme methodology which involves the reduction of greenhouse gas emissions or sequestration of CO<sub>2</sub> 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 ACCU Scheme 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.

**Savanna Carbon Accounting Model (SavCAM)** is a new online tool to support project operators to calculate abatement associated with their fire management efforts under the two new savanna fire management methods.

**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, 2022, Indigenous Carbon Industry Network was honoured to be awarded the Best Collaboration in Natural Resource Management Award. Terrah Guymala of Warddeken Land Management and ICIN CEO Anna Boustead accepted the award on behalf of the network*



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

### Disclaimer

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