

## Glossary Emissions Trading and Climate Strategy

<b>Accredited Independent Entities (AIE)</b>	Independent supervisory association, which has been accredited by the <i>JI Supervisory Committee (JISC)</i> to either validate JI projects and to apply for their registration or/and to verify and certify the emission reductions generated by JI projects.
<b>Additionality</b>	One prerequisite for acknowledging a <i>JI/CDM</i> project is that the project will reduce emissions, which could not have been achieved without this project, i.e. which constitute additional reductions vis-à-vis "business as usual".
<b>Allocation</b>	Allocation of emissions certificates to greenhouse gas emitters to establish an emission trading market. One can distinguish between allocation for free or with charges. Methods for a free allocation are e.g. <i>grandfathering</i> or <i>benchmarking</i> . If the emissions certificates shouldn't be allocated for free, they can be allocated e.g. by <i>auctioning</i> .
<b>Annex A</b>	Annex to the <i>Kyoto Protocol</i> listing greenhouse gases and emission sources by sectors, regulated by the <i>Kyoto Protocol</i> .
<b>Annex I</b>	Annex to the Climate Convention ( <i>UNFCCC</i> ) listing industrial countries and states in economic transition, which committed themselves to reduce their <i>greenhouse gas</i> emissions below 1990 levels (not binding under international law).
<b>Annex B</b>	Annex to the <i>Kyoto Protocol</i> listing the countries, which committed themselves to mandatory emission reductions in the period 2008-2012 on the basis of 1990 levels. This list is slightly diverging from the list in <i>Annex I</i> .
<b>Approval</b>	The approval by host and investor country is precondition to the registration of <i>CDM</i> and <i>JI</i> projects. For <i>JI</i> in certain <i>host country</i> cases an <i>investor country</i> approval is no longer necessary.
<b>Assigned Amount Unit (AAU)</b>	Tradable allowances for carbon emissions which are allocated to developed countries up to their target level ( <i>cap</i> ) under the <i>Kyoto Protocol</i> . An AAU is equivalent to 1 ton of <i>CO<sub>2</sub>e</i> .
<b>Auctioning</b>	Auctioning is a possible method to allocate emission certificates to participating entities. The bidder with the highest offer gets the certificates.
<b>Banking</b>	Banking is the possibility to use spare certificates of the current year for the forthcoming year. In EU emissions trading scheme, <i>banking</i> wasn't allowed between the first (2005-2007) and the second trading period (2008-2012), but will be allowed for forthcoming trading periods.
<b>Baseline</b>	Reference scenario or business-as-usual scenario used to determine the <i>additionality</i> and the determination of emission reductions through a <i>JI/CDM</i> project. It describes the probable, development of <b>greenhouse gas</b> emissions within the system boundaries as set for a project in case that the project will not be implemented.
<b>Benchmark</b>	In terms of the emissions trading scheme, a benchmark is an installation-specific emission factor, which shows the average or BAT (best available technique) emissions per output of the particular category.

<b>Benchmarking</b>	Benchmarking is an allocation method of emission permits in an emissions trading scheme based on <i>benchmarks</i> .
<b>Borrowing</b>	Borrowing is the use of emission certificates of the forthcoming year for compliance in the current year. The <i>Kyoto Protocol</i> and the EU emissions trading scheme don't allow borrowing between trading periods. In the EU ETS borrowing between years within one commitment period is possible. See also banking.
<b>Bubble</b>	Mechanism in Art. 4 of the <i>Kyoto Protocol</i> , describing a cooperation between states that intend to achieve their emission reduction targets jointly. The EU burden sharing is an example.
<b>Bundling</b>	Within <i>CDM</i> and <i>JI</i> several projects activities can be bundled into a single project. The advantage is that many single processes and costs can be saved.
<b>Cap</b>	According to the <i>Kyoto Protocol</i> the cap determines the number of <i>AAU</i> that will be allocated to the <i>Annex B</i> countries.
<b>Capacity</b>	In emissions trading the term capacity means either physical work or the general technically and legally possible maximum production volume per defined period of time.
<b>Calorific Value</b>	Amount of heat that is generated by entire combustion of a fuel (kJ/kg or kJ/m <sup>3</sup> ).
<b>Carbon Capture and Storage (CCS)</b>	Chemical, physical and biological methods to capture CO <sub>2</sub> emissions from the burning of fossil fuels and to store them. Possible CCS storages are geological formations like oil and gas deposits.
<b>CDM Executive Board</b>	UN board that is responsible for the <i>CDM</i> . The main tasks are: accreditation of <i>DOEs</i> , approval of <i>baseline</i> and <i>monitoring methodologies</i> , <i>registration</i> and refusal of <i>CDM</i> projects as well as the issuance of <i>CERs</i> .
<b>CDM Programme Activity (CPA)</b>	Programme activity under a Programme of Activities in the <i>CDM</i> . Per activity one CPA Design Document (CPA DD) is required.
<b>Certification</b>	Before emission credits can be issued, they have to be certified by a <i>DOE/AIE</i> . The certification is based on the verification and is thus the written affirmation, that the <i>CDM/JI</i> project has in fact generated a certain amount of emission reductions over a fixed period.
<b>Certified Emission Reductions (CER)</b>	Term used for <i>emission credits</i> generated by <i>CDM</i> projects.
<b>Clean Development Mechanism (CDM)</b>	The mechanism provided by Article 12 of the <i>Kyoto Protocol</i> , designed to assist developing countries and economies in transition (Non-Annex-I countries) in achieving sustainable development by permitting industrialized countries (Annex-I-countries) to finance projects for reducing greenhouse gas emission in these countries and receive <i>emission reduction credits</i> (CER) in return.
<b>Commitment Period</b>	Period when <i>Annex B</i> countries, which ratified the Protocol have to achieve compliance with the defined emissions reduction goals. The first Kyoto commitment period is 2008-2012.

<b>Community Independent Transaction Log (CITL)</b>	European central registry to display and execute transactions of emission certificates.
<b>Conference of the Parties (COP)</b>	Yearly conference of the parties of the <i>UNFCCC</i> of 1992 ( <i>COP 1</i> in Berlin in 1995). <i>COP16</i> in 2010 will be held in Cancun, Mexico.
<b>Conference of the parties serving as the meeting of the parties (CMP)</b>	Since 2005 parallel to the <i>COP</i> there is the <i>CMP</i> (Conference of the parties serving as the meeting of the parties to the <i>Kyoto Protocol</i> ). It is the highest decision making body of the <i>Kyoto Protocol</i> . <i>COP15/CMP5</i> was held in Copenhagen in December 2009. The upcoming <i>COP16/CMP6</i> will be held in Mexico in December of 2010.
<b>Copenhagen Accord</b>	International agreement struck by four states (US, China, India and South Africa) at the 2009 Copenhagen climate conference and noted by the UN climate convention Council of the Parties. It represents a limited political deal that signatories (most states have signed the agreement since the conference) hope will form the basis of a new global post-2012 climate agreement. It also contains the 2°C target.
<b>CO<sub>2e</sub></b>	Entity, equivalent to 1 metric ton of CO <sub>2</sub> or the specific quantity of other <i>greenhouse gases</i> (CH <sub>4</sub> , N <sub>2</sub> O, HFC, PFC, SF <sub>6</sub> ) according to their respective global warming potential.
<b>Compliance Factor</b>	The compliance factor shows, how much the total CO <sub>2</sub> emissions of a single installation during base period (bottom-up approach) have to be reduced to be in line with the Kyoto target. A compliance factor of 1 (or 100%) means no emission reduction is necessary. The compliance factor can vary to consider national and sectoral specifics.
<b>Crediting Period</b>	The crediting period describes the time frame during which a project may generate emission reduction credits. There are two different modes: static (once 10 years) and dynamic (max. twice times renewal of 7 years = maximum of 21 years).
<b>De minimis Source Streams</b>	According to the <i>M&amp;R Guidelines 2007</i> de minimis source streams are minor fuel mass throughputs which cause a maximum of 1,000 tonnes of CO <sub>2</sub> per year or contribute less than 2% of the total annual CO <sub>2</sub> emissions of that installation.
<b>Designated Focal Point (DFP)</b>	An office, ministry, or other official entity appointed by a Party to the <i>Kyoto Protocol</i> to review and give national approval to projects proposed under the <i>CDM</i> .
<b>Designated National Authority (DNA)</b>	National authority in Annex B countries ( <i>Kyoto Protocol</i> ), responsible for all issues pertaining to <i>JI</i> .
<b>Designated Operational Entity (DOE)</b>	Independent supervisory association, which has been accredited by the <i>CDM Executive Board</i> to either validate <i>CDM</i> projects and to apply for their registration or/and to verify and certify the emission reductions generated by <i>CDM</i> projects.
<b>Determination</b>	Assessment of <i>JI</i> project proposal on the basis of a <i>PDD</i> . The auditing <i>AIE</i> assesses whether a project meets the requirements of the <i>Kyoto Protocol</i> and the <i>JI</i> guidelines.

<b>Deutsche Emissionshandelsstelle (DEHSt) – German Emissions Trading Authority</b>	Responsible national body for all issues of European and international emissions trading in Germany, subordinated to the German Ministry of Environment. Thus the DEHSt is also the German <i>National Focal Point</i> for <i>JI</i> projects and the <i>Designated National Authority</i> for <i>CDM</i> projects.
<b>Domestic Offset Projects (DOP)</b>	As per amended EU Emissions Trading Directive (Art. 24a) EU Member States are allowed to provide for national regulation as framework for the implementation of national emission reduction measures outside the ETS. <i>Double counting</i> is to be avoided.
<b>Double Counting</b>	Double counting of emission reductions would occur if a measure would be implemented at an ETS covered installation – thus leading to free <i>EUAs</i> and at the same time to the issuance of <i>JI</i> credits ( <i>ERU</i> ). Emission reduction projects may have this effect directly (e.g. switch to biomass at power plant) or indirectly (e.g. wind park). To solve the problem, states either don't accept <i>JI</i> projects or they have included a so-called "JI Reserve" in their national allocation plans. Thus the state will decommission <i>EUAs</i> in the volume of issued project <i>ERUs</i> .
<b>Eligibility</b>	Eligibility for <i>Annex B</i> countries for the <i>IET</i> according to the <i>Kyoto Protocol</i> . Eligibility as a term is also relevant to programmatic approaches under the project based mechanisms where it defines types/characteristics of measures which may (not) be included under a <i>PoA</i> project.
<b>Emission</b>	According to the <i>EU Emission Trading Directive</i> an emission is the release of greenhouse gases into the atmosphere from sources of an installation.
<b>Emission Certificates</b>	Tradable emission allowances ( <i>EUA</i> and <i>AAU</i> ) or emissions credits ( <i>CER</i> , <i>ERU</i> , <i>RMU</i> , <i>tCER</i> , <i>ICER</i> , <i>VER</i> and others). All emissions certificates cover 1 t CO <sub>2</sub> e. <i>VERs</i> can't be used in line with the <i>Kyoto Protocol</i> .
<b>Emission Credit</b>	Certified and tradable emission reduction generated by <i>JI/CDM</i> projects; Corresponds to the certified right to emit 1 t CO <sub>2</sub> e. See also <i>Certified Emission Reduction</i> and <i>Emission Reduction Unit</i> .
<b>Emission Factor</b>	The emission factor indicates the CO <sub>2</sub> emissions per unit (e.g. t CO <sub>2</sub> /MWh <sub>HU</sub> ). It has to be determined either analytically or to be taken out of a list of default emission factors. The emission factor for biomass is zero.
<b>Emission Reduction Unit (ERU)</b>	Term used to specify the emission credits generated through <i>JI</i> projects. For this purpose <i>host country AAU</i> are converted into <i>ERU</i> . The <i>ERU</i> can be used in the EU ETS since 2008 (within certain limits).
<b>Emission Reduction Purchase Agreement (ERPA)</b>	Standard contract, developed by IETA, dealing with primary sale/purchase of credits from <i>JI</i> or <i>CDM</i> projects. The contract outlines in detail the various steps from the validation of a project idea to the actual deliverance and subsequent issuance of emission reductions.
<b>EU Allowance (EUA)</b>	Certificate entitling a plant operator to emit 1 metrical ton of carbon dioxide (t CO <sub>2</sub> ) within a certain period of time within the EU ETS. It only applies for the fulfilment of requirements of the <i>EU Emissions Trading Directive</i> and can be transferred as specified therein. The allocation plan from 2013 on mainly draws on auctioning as allocation method for <i>EUA</i> .

<b>EU Burden Sharing</b>	Special EU bubble, defining a community-wide emission reduction commitment of -8%. The EU burden sharing was established in 1998. The German national target under the bubble is -21%.
<b>EU Linking Directive</b>	Amendment to the <i>EU Emissions Trading Directive</i> , coming into force on 13 November 2004, linking the EU emissions trading scheme with the flexible <i>Kyoto mechanisms JI</i> and <i>CDM</i> .
<b>EU Emissions Trading Directive 2003/87/EC, 2009/29/EC</b>	Directive 2003/87/EC of the European Parliament and the Council of 13 October 2003, on a system for trading greenhouse gas emission certificates (allowances) within the European Community, which changes the Council's 96/61/EC Directive. This directive has been designed to create an EU-wide emissions trading system to achieve a cost-efficient reduction of greenhouse gas emissions. In 2009 the Emission Trading Directive was amended (2009/29/EC) which brought about an inclusion of further sectors under the scheme, namely Aviation in 2010. Furthermore it generally allows for the eventual utilization of so-called <i>domestic offset projects</i> . The directive is linked with the project-related <i>Kyoto mechanisms JI</i> and <i>CDM</i> via the <i>EU Linking Directive</i> .
<b>Ex-post Correction</b>	In the ZuG 2007 an ex-post correction of the allocation of EUA in cases where the actual emissions were much lower than the predicted ones. There is no ex-post correction in the ZuG 2012.
<b>Flexible Mechanisms</b>	Umbrella term for <i>IET</i> , <i>JI</i> and <i>CDM</i> (also referred to as <i>Kyoto Mechanisms</i> ).
<b>Forwards</b>	At a forward deal the terms of trade (especially price, volume and date of trade) are defined when signing the contract. The execution of the transaction will then be made at a defined date under pre-defined terms of trade. See also spot market.
<b>Gas Coal Spread</b>	The difference between the prices of gas and coal. the respective prices for the fuel volume is considered that is needed to produce 1 MWh of power.
<b>GHG Protocol</b>	A set of common standards and calculation tools for measuring and reporting corporate <i>greenhouse gas</i> emissions. Developed by a multiple-stakeholder group co-convened by the World Resources Institute and the World Business Council for Sustainable Development.
<b>Global Warming Potential (GWP)</b>	Global warming potential of a certain greenhouse gas, measured in t CO <sub>2</sub> e. The Kyoto-Protocol refers to values of the Second Assessment Report of the IPCC (1995).
<b>Grandfathering</b>	Method used to allocate emission certificates ( <i>EUA</i> or <i>AAU</i> ) to companies or other legal entities, typically based on the historical emission levels of a base period reduced by a <i>compliance factor</i> .
<b>Greenhouse Gases (GHG)</b>	The relevant GHG defined in the <i>Kyoto Protocol</i> and in Annex II of the <i>EU Emissions Trading Directive</i> are the following: Carbon Dioxide (CO <sub>2</sub> ), Methane (CH <sub>4</sub> ), Nitrous Oxide (N <sub>2</sub> O), Perfluorinated carbons PFCs (C <sub>2</sub> F <sub>6</sub> ), Hydrofluoro carbons (HFCs), Sulphur hexafluoride (SF <sub>6</sub> ). Their <i>global warming potential</i> can be compared via conversion into CO <sub>2</sub> e and the respective factor.

<b>Green Investment Scheme (GIS)</b>	Proposal that revenues earned by countries through the sale of "hot air" (over-allocation of <i>AAUs</i> ) are reinvested in projects that provide environmental benefits such as additional emission reductions, capacity building effects, support educational or social programmes that will help lower future emission levels. Designed to dispel concerns over the environmental integrity of "hot air".
<b>Host Country</b>	Country in which a <i>JI</i> or <i>CDM</i> project is being realised.
<b>Installation</b>	In terms of the <i>EU Emission Trading Directive</i> an installation is a stationary technical unit where one or more activities listed in Annex I of the Directive are carried out; furthermore it entails any other directly associated activities which have a technical connection with the activities carried out on that site and which could have an effect on emissions and pollution.
<b>Intergovernmental Panel on Climate Change (IPCC)</b>	The IPCC was established by the World Meteorological Organisation (WMO) and the United Nations Environmental Programme (UNEP) in 1988 to assess scientific, technical and socio-economic information relevant for the understanding of climate change, its potential impacts and options for adaptation and mitigation. It is open to all Members of the UN and of WMO. The last Assessment Report (AR), published in 2007, was AR4.
<b>International Emissions Trading (IET)</b>	One of the three flexible mechanisms of the <i>Kyoto Protocol</i> . Emissions trading can be conducted between countries that have committed themselves to reduce their emissions (industrial and transformational countries) and have ratified the <i>Kyoto Protocol</i> .
<b>Investor Country</b>	Investor countries are <i>Annex I</i> countries that generate <i>CER</i> and <i>ERU</i> by investing in <i>CDM/JI</i> projects.
<b>JI Programme Activity</b>	Programme activity under a <i>Programme of Activities</i> approach in the <i>JI</i> . Per activity one PoA Design Document (JPA DD) is required.
<b>JI Supervisory Committee (JISC)</b>	<i>JI</i> -equivalent to the <i>CDM Executive Board</i> . As a UN board the JISC can determine the framework for the <i>JI Track 2</i> , accredit <i>AIE</i> and approve or reject <i>JI</i> projects according to <i>Track 2</i> procedures.
<b>Joint Implementation (JI)</b>	Climate protection projects in countries that have committed themselves to limit their emissions within the <i>Kyoto Protocol</i> (industrial and transformational countries) and have ratified the <i>Kyoto Protocol</i> . These projects lead to the generation and transfer of <i>ERUs</i> .
<b>Kyoto Mechanisms</b>	Umbrella term for <i>IET</i> , <i>JI</i> and <i>CDM</i> (also referred to as <i>Flexible Mechanisms</i> ).
<b>Kyoto Protocol (KP)</b>	International agreement of 1997 that specifies binding reduction goals for industrial and transformational countries ( <i>Annex B</i> ) and also rules the <i>Flexible Mechanisms</i> .
<b>Land Use, Land Use Change and Forestry (LULUCF)</b>	Umbrella term for measures to store <i>ghg</i> by changing land use (e.g. via Afforestation, Reforestation, Deforestation).
<b>Large-scale Projects</b>	Big projects that are beyond the limits of <i>small-scale projects</i> .

<b>Leakage</b>	Reductions in greenhouse gas emissions by <i>Annex B</i> Parties to the <i>Kyoto Protocol</i> that may reappear in other countries not bound by emission limits. For example, restrictions in developed countries may shift investments in emission-intensive activities to developing countries. Also emissions that appear outside the boundaries of a <i>CDM/JI</i> project, but may be attributed to that project.
<b>Letter of Approval</b>	Written approval of the involved parties of a <i>CDM</i> or <i>Ji</i> project.
<b>Letter of Endorsement</b>	Written approval of the <i>host country</i> in response of submission of a project idea note ( <i>PIN</i> ) for a planned <i>Ji/CDM</i> project.
<b>Long Position</b>	Surplus in a trading balance. Concerning emissions trading it means that a company has more CO <sub>2</sub> certificates than it needs for compliance purposes. The CO <sub>2</sub> long position consists of the allocated and bought certificates. See also <i>short position</i> .
<b>Long-term CER (ICER)</b>	Long-term CERs issued for an afforestation or reforestation <i>CDM</i> project, that expire at the end of the crediting period for that project. ICER can't be used under the EU emissions trading scheme.
<b>Low Emissions Source Streams</b>	According to the <i>M&amp;R Guidelines 2007</i> low emissions source streams are minor, unabated source streams selected by the operator that emit a maximum of 5,000 tonnes of CO <sub>2</sub> per year or contribute less than 10% to the total annual CO <sub>2</sub> emissions of that installation.
<b>Merit Order</b>	Order of the operation of power plants depending on the specific variable costs. For 2009 in general: lignite, hard coal, gas, oil. With higher CO <sub>2</sub> costs the less emission intensive power plants can get more economical than the emission intensive ones, thus changing the order.
<b>Methodology</b>	A methodology determines for <i>CDM</i> and <i>Ji</i> projects how the baseline for a specific project type should be defined and how the monitoring of the actual emissions has to be done. New methodologies for <i>CDM</i> have to be approved by the <i>CDM Executive Board</i> , for <i>Ji</i> by the <i>JISC</i> or the local authorities ( <i>Designated Focal Point, DFP</i> ) of the participating countries.
<b>Monitoring (Projects)</b>	Continuous monitoring and documentation of information and data over the <i>CDM/Ji</i> project cycle as specified in the <i>PDD</i> . Consistent, traceable monitoring is a prerequisite for the subsequent <i>verification</i> , <i>certification</i> and issuance of emission credits.
<b>Monitoring &amp; Reporting Guidelines (M&amp;R Guidelines)</b>	EU guidelines from 18 July 2007 for monitoring and reporting of <i>greenhouse gas</i> emissions.
<b>National Allocation Plan (NAP)</b>	For each period specified in the <i>EU Emissions Trading Directive</i> the EU member states create a national plan, which outlines the overall quantity and procedure of allocation of allowances to individual facilities. This plan must be based on objective and transparent criteria, including the criteria specified in Annex III, taking due account of comments from the public. NAP I refers to plan for period 2005-2007, NAP II to plan for period 2008-2012. From 2013 on there will be no more NAPs but an EU-wide allocation plan.

<b>National GHG Inventory</b>	National Greenhouse Gas (GHG) Inventory: All <i>Annex-I</i> countries have to update their emission inventory as part of their reporting duties. This includes the „National Inventory Report“ (NIR) as well as the “Common Reporting Format“ (CRF). The NIR contains detailed descriptive and numeric information, the CRF overviews, sector-specific tables and trends for all GHG sources and sinks as well as background information on relevant emission factors and emission intensive activities.
<b>Non-Annex-I</b>	All countries not listed in <i>Annex-I</i> to the convention. Those are almost all developing countries and emerging economies.
<b>Operator</b>	In terms of the <i>EU Emission Trading Directive</i> the operator is the legal or natural person that runs or owns an installation or that has the legal power to run the installation.
<b>Opportunity Costs</b>	The cost of an economic activity forgone by the choice of another activity. Controversial issue in the EU emissions trading scheme was the internalisation of the opportunity costs of the <i>EUA</i> that were given to the energy suppliers for free, which led to rising power prices and windfall profits.
<b>Opt-in</b>	In period 2005-2007 the EU member states had the possibility to include (opt-in) installations that fell below the capacity limits of the operations listed in <i>Annex I</i> of the <i>EU Emissions Trading Directive</i> . Since 2008 the EU member states have the possibility to also include operations, installations and <i>ghgs</i> that are not listed in <i>Annex I</i> of the EU Directive.
<b>Option</b>	An option gives the buyer the right (but not the obligation) to buy (call option) or to sell (put option) a defined amount of a particular asset at a later date and an agreed price. The seller has the obligation to deliver to (call option) or to take (put option) that asset from the buyer. Therefore the seller gets a premium. The height of the premium depends on the parameters of the option. If the buyer doesn't exercise the option at the agreed date, it expires.
<b>Opt-out</b>	An exclusion (opt-out) of an installation from the EU emissions trading scheme was in principle possible in 2005-2007 period. From 2013 on, EU member states may exclude certain installations from the EU emissions trading scheme, which have reported to the competent authority emissions of less than 25,000 t CO <sub>2</sub> and, where they carry out combustion activities, have a rated thermal input below 35 MW, excluding emissions from biomass, in each of the three years preceding the notification and which are subject to measures that will achieve an equivalent contribution to emission reductions. Hospitals may also be excluded if they undertake equivalent measures.
<b>Over the Counter Market (OTC)</b>	The OTC is a market outside of the exchanges. The traded contracts do not need to be standardised deals and may be adjusted to individual needs. Many brokers are active in the OTC.
<b>Process Emissions</b>	CO <sub>2</sub> e emissions caused by a chemical reaction other than burning.
<b>Programme of Activities (PoA)</b>	Programme of Activities is a programmatic approach under <i>CDM</i> and <i>JI</i> . The programme is registered as one single project. During the lifetime of the programme a variable number of programme activities can join or even leave the programme.

<b>Programme of Activities Design Document (PoA DD)</b>	Project documentation for a <i>PoA</i> , analogous to the normal CDM <i>PDD</i> . It defines the overall framework of a programme in <i>JI</i> or <i>CDM</i> .
<b>Project Design Document (PDD)</b>	The PDD is the documentation of a planned <i>CDM</i> or <i>JI</i> project that has to be prepared for validation. The PDD contains among other things the following information: project description, <i>baseline</i> study, <i>additionality</i> documentation, a <i>monitoring</i> section, information on environmental impacts and explanation of the calculation of emission reductions.
<b>Project Idea Note (PIN)</b>	A brief <i>CDM/JI</i> project description before writing the PDD. The submission of a PIN is not an obligatory step in the project cycle. Nevertheless, it is recommended in order to get in contact with the authorities in the host and investor country and to obtain a <i>Letter of Endorsement</i> (LoE) as first indication of the general support by the respective authorities.
<b>ProMechG (Projekt-Mechanismen-Gesetz, Project Mechanisms Act)</b>	The Project Mechanisms Act is the implementation of the <i>EU Linking Directive</i> into German legal foundation. It rules the development and implementation of project activities ( <i>CDM/JI</i> ) to generate emissions credits usable for compliance under the EU emissions trading scheme. It was enacted on 30 September 2005 and changed by the TEHG of 7 August 2007.
<b>Registration</b>	Technical acceptance by the <i>CDM Executive Board/JI host country</i> of a validated <i>CDM/JI</i> project. Without registration a project cannot be persecuted as such.
<b>RMU Removal Units (RMU)</b>	A <i>Kyoto Protocol</i> unit equal to 1 metric tonne of carbon dioxide equivalent. RMU are generated in <i>Annex B</i> Parties by <i>LULUCF</i> activities that absorb carbon dioxide. <i>Annex B</i> Parties can use RMU to help meet their <i>Kyoto Protocol</i> commitments.
<b>Reporting</b>	By 31 March each year, all companies participating in the EU ETS have to report the following data for each of or fractions of their facilities to the responsible authority: electricity and heat production, fuel consumption and CO <sub>2</sub> emissions as well as implemented or planned reduction measures.
<b>Scope</b>	Project category of <i>CDM/JI</i> . There are 15 categories defined under the CDM.
<b>Secondary CER</b>	<i>CERs</i> that are bought not out of a specified project, but from an independent seller, which guarantees the delivery of any <i>CER</i> at a certain point of time.
<b>Share of Proceeds</b>	A Share of Proceeds will be deducted from <i>CER</i> revenues by the <i>CDM Executive Board</i> . It will be used to cover administrative costs incurred by the CDM Executive Board, and to fund adaptation measures in vulnerable countries.
<b>Short Position</b>	Deficit in a trading balance. Concerning emissions trading a short position means a company has less CO <sub>2</sub> certificates than it needs for compliance purposes. The CO <sub>2</sub> short position consists of the compliance and the sold certificates. See also <i>long position</i> .
<b>Sink</b>	Any eco-system (e.g. forests or soils) that removes <i>greenhouse gases</i> from the atmosphere for at least a certain period of time. Possible project activities under Art. 3.3 of the <i>Kyoto Protocol</i> comprise afforestation and reforestation, under Art. 3.4 also crop and grassland management.

<b>Small-scale Projects</b>	Small scale projects can be executed with simplified modalities and methods concerning <i>baseline</i> and <i>monitoring</i> . Small scale projects are: renewable energy projects up to 15 MW capacity, energy efficiency projects up to 60 GWh/a, afforestation projects up to 16,000 t/a and other projects with emission reductions up to 60,000 t CO <sub>2</sub> e/a.
<b>Spot Market</b>	Delivery and payment of a deal will be made promptly. See also <i>Forwards</i> .
<b>TEHG (Treibhausgas-emissionshandelsgesetz, GHG Emissions Trading Act)</b>	German implementation of the <i>EU Emissions Trading Directive 2003/87/EG</i> ruling emission rights trading within the European Union. It was enacted on 15 July 2004 and adapted on 7 August 2007.
<b>Temporary CER (tCER)</b>	A tCER is a temporary CER issued for an afforestation or reforestation <i>CDM</i> project. They expire at the end of the commitment period following the one in which they were issued. As a consequence of this they must be replaced at this stage at the latest. tCERs can't be used for the EU emissions trading scheme.
<b>Track 1</b>	Simplified method to execute <i>JI</i> projects, applicable if the <i>host country</i> fulfils all <i>eligibility</i> criteria. The <i>host country</i> must have clear processes in place for approving <i>JI</i> projects, monitoring project performance and verifying <i>ERU</i> generated, compared to the <i>baseline</i> .
<b>Track 2</b>	Procedure similar to the <i>CDM</i> to execute <i>JI</i> projects. In this case the eligibility criteria are partly fulfilled by the <i>host country ERU</i> may then only be verified by using the procedure set out by the <i>JISC</i> procedure, known as Track 2.
<b>United Nations Framework Convention on Climate Change (UNFCCC)</b>	A treaty signed at the 1992 Earth Summit in Rio de Janeiro by more than 150 countries. Its ultimate objective is the "stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic [human-induced] interference with the climate system". While no legally binding level of emissions is set, the treaty states an aim by <i>Annex I</i> countries to return these emissions to 1990 levels by the year 2000. The treaty took effect in March 1994 upon the ratification of more than 50 countries; over 190 nations have now ratified, making the deal virtually universal. In March 1995, the UNFCCC held the first session of the Conference of the Parties (Supreme body of the Convention) in Berlin. Its Secretariat is based in Bonn, Germany.
<b>Validation</b>	Validation refers to the evaluation of a <i>JI/CDM</i> project proposal, based on the <i>PDD</i> . It is a prerequisite to the registration of a <i>JI/CDM</i> project and is executed by an independent, accredited entity ( <i>DOE</i> for <i>CDM</i> and <i>AIE</i> for <i>JI</i> ).
<b>Verification</b>	Verification refers to the regular ex-post examination of actual emission reductions determined by monitoring a registered project; verification is executed by an independent, accredited association ( <i>DOE</i> for <i>CDM</i> and <i>AIE</i> for <i>JI</i> ).
<b>Verified Emission Reduction (VER)</b>	Emission reductions, which have been generated in a project that does not (yet) qualify under <i>JI/CDM</i> , but have been verified by an independent, accredited association. <i>VER</i> cannot be used in the EU emissions trading scheme nor under the <i>Kyoto Protocol</i> .

<b>ZuG 2007</b> <b>(Zuteilungsgesetz 2007,</b> <b>German Allocation Act 2007)</b>	The ZuG 2007 determined the total amount of CO <sub>2</sub> certificates and the allocation rules for Germany for the first trading period in the EU emissions trading scheme. It was enacted on 31 August 2004.
<b>ZuG 2012</b> <b>(Zuteilungsgesetz 2012,</b> <b>German Allocation Act 2012)</b>	The ZuG 2012 determines the total amount of CO <sub>2</sub> certificates and the allocation rules for Germany for the second trading period in the EU emissions trading scheme. It was enacted on 11 August 2007.
<b>ZuV 2007</b> <b>(Zuteilungsverordnung 2007,</b> <b>German Allocation Order</b> <b>2007)</b>	Concretises the allocation calculations according to ZuG 2007. It was enacted on 1 September 2004.
<b>ZuV 2012</b> <b>(Zuteilungsverordnung 2012,</b> <b>German Allocation Order</b> <b>2012)</b>	Concretises the allocation calculations according to ZuG 2012. It was enacted on 18 August 2007.

Sources: EU Emissions Trading Directive, FutureCamp Climate GmbH, FutureCamp Holding GmbH, IPIECA, Monitoring & Reporting Guidelines, NAP 2008-2012, TEHG, ZuG 2007, UNFCCC, ZuG 2012

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