

Glossary

Abatement

Reduction of greenhouse gas emissions, or removal of greenhouse gas from the atmosphere by sinks.

Activity

The chemical or physical transformation of inputs to a given set of outputs.

Afforestation

Planting of new forests on lands not recently forested. Under the Kyoto Protocol, afforestation is defined as the direct human-induced conversion to forested land of land that has not contained a forest for at least 50 years.

Allocation

Distribution of permits.

Auctioning

A method of allocating units in which government releases units into the market through an auction process.

Biochar

A charcoal product made through anaerobic combustion of biomass (for example, farm or wood waste) at high temperatures.

Cap and trade

An emissions trading regime in which a limit (or cap) is placed on the total emissions allowable from the activities or sources of emissions covered under the scheme. Tradeable emissions units are issued up to an amount equal to the cap.

Carbon capture and storage (CCS)

Technology to capture and store greenhouse gas emissions from energy production or industrial processes. Captured greenhouse gases have the potential to be stored in a variety of geological or ocean sites.

Carbon dioxide (CO₂)

A naturally occurring gas; it is also a by-product of burning fossil fuels and biomass, as well as land-use changes and other industrial processes.

Carbon dioxide equivalent (CO₂-e)

A standard measure that takes account of the different global warming potential of different greenhouse gases and expresses the cumulative effect in a common unit.

Carbon leakage

The effect when a firm facing increased costs in one country due to an emissions price

chooses to reduce, close or relocate production or to close or relocate production to a country with less stringent climate change policies.

Carbon price/ carbon cost

The cost of emitting carbon into the atmosphere.

Clean Development Mechanism (CDM)

A flexibility mechanism under the Kyoto Protocol that allows developed countries to meet part of their obligation to reduce emissions by undertaking approved emissions reduction projects in developing countries. Emissions reductions under the CDM can create tradable permits offset credits, called certified emission reductions or CERs.

Cogeneration

The simultaneous production of electricity and heat using a single fuel, such as natural gas. The heat produced from the electricity generating process is captured and utilised to produce steam.

Coverage

The scope of an emissions trading scheme. Sources of emissions covered under the scheme are liable for their emissions.

Emissions

The release of greenhouse gases into the atmosphere.

Emissions intensive industries

Industries that produce significant emissions during their production processes and are therefore assessed to have an emissions intensity above a defined threshold.

Emissions trading

A market-based approach to reducing emissions that allows entities with excess emissions units to trade those emissions units with other entities. In general, trading can occur at the domestic, international and intra-company levels. International emissions trading constitutes one of the Kyoto flexibility mechanisms.

Fugitive emissions

Greenhouse gases that are released in the course of oil and gas extraction and processing, through leaks from gas pipelines, and as waste methane from black coal mining.

G Cubed model

A computable general equilibrium model of the global economy developed by Professor Warwick McKibbin and Associate Professor Peter Wilcoxon. The model's design makes it especially useful for analysing international environmental and trade policy questions.

Greenhouse gas (GHG)

Any gas that absorbs infrared radiation in the atmosphere. This property causes the

greenhouse effect. The term ‘greenhouse gases’ in this report relates to those gases covered by the Kyoto Protocol, which are carbon dioxide, nitrous oxide, methane, sulphur hexafluoride, perfluorocarbons (PFCs) and hydrofluorocarbons (CHFCs).

Low emissions technology

Technology which produces a product with minimal greenhouse gas emissions.

Mitigation

A reduction in the source of, or enhancement of the sinks for, greenhouse gases.

National Electricity Market (NEM)

Wholesale market for the supply of electricity to retailers and end-users in the interconnected regions of Queensland, New South Wales, the Australian Capital Territory, Victoria and South Australia. The NEM does not include Western Australia. It began operating in December 1998. Tasmania joined in 2005.

Permit

A certificate created under an emissions trading scheme that enables the holder to emit a specified amount of greenhouse gases, generally one tonne of carbon dioxide equivalent.

Renewable Energy Target (RET)

A national Renewable Energy Target scheme places a legal obligation on parties who buy wholesale electricity (retailers and large users) to source a certain percentage of their electricity purchases from renewables based generation. The annual targets are legislated in gigawatt-hours of electricity. Liable parties can demonstrate compliance with the scheme by acquiring and surrendering to the scheme regulator tradeable renewable energy certificates created by accredited renewable energy generators.

Stationary energy emissions

Includes emissions from fuel consumption for electricity generation, fuels consumed in the manufacturing, construction and commercial sectors, and other sources such as domestic heating.

Trade exposed industries

Industries which export or compete against imports and have their product prices set by world markets. These industries are therefore constrained in their ability to pass through carbon costs due to actual or potential international competition.