

## **GLOSSARY OF OFFSETTING TERMS**

### **Emission reduction**

Reduction in emissions relative to a baseline (e.g. wind turbines replace coal electricity generation)

### **Removal enhancement**

Increase in removal of CO<sub>2</sub> from the atmosphere relative to a baseline (e.g. planting more trees increases amount of sequestration)

### **Offset**

An emission reduction or removal enhancement that occurs outside the GHG inventory boundary of an entity, and which is used to compensate for emissions occurring within the entity's GHG inventory boundary.

### **'Compliance' offset**

Entity is required to manage emissions/buy offsets by law.  
E.g. in EU ETS

### **'Voluntary' offset**

Entity is managing emissions/buying offsets voluntarily

### **Additionality**

An outcome is additional if it would not have happened anyway, in the absence of a specified cause. E.g. the emissions level achieved by an offset project is additional if the same level of emissions would not have occurred in the absence of the offset project.



### **Renewable Energy Certificates (RECs)**

Tradable certificates that entitle the owner to claim the attributes associated with renewable electricity generation (i.e. zero emissions at point-of-generation).

In the EU RECs are called 'guarantees of origin' (GOs) and in the UK they are called 'renewable energy guarantees of origin' (REGOs).

### **Locational Grid Average**

The average emissions per unit of electricity generated on the grid (i.e. total emissions from power generation divided by total generation on the grid).

### **ITMO transfer**

Internationally Transferred Mitigation Outcomes (ITMOs) are emission reductions/removal enhancements that occur in one country and are sold to another country to count towards fulfilment of that country's Nationally Determined Contributions (i.e. mitigation target). (Article 6.2 of the Paris Agreement).