

Bilateral Offset Credit Mechanism Glossary of Terms

Category	No.	Term	Definition
Emission reductions or removals	1.	Greenhouse Gases (GHG)	GHG are those gases of carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF ₆) and nitrogen trifluoride (NF ₃) (RoI para.2).
	2.	BOCM project	GHG emission reductions or removals project activities under the BOCM (RoI para.3).
	3.	Eligible project type list	List of titles of methodologies approved by the Joint Committee under the BOCM with their eligibility criteria.
	4.	Eligibility criteria	Eligibility criteria are requirements for the BOCM project defined in the BOCM methodology and contain the followings: (a) Requirements for the project in order to be registered as a BOCM project; (b) Requirements for the project to be able to apply the BOCM methodology.
	5.	Net decrease and/or avoidance of GHG emissions	In the BOCM, emission reductions to be credited are defined as the difference between reference emissions and project emissions. The reference emissions are calculated below business as usual (BaU) emissions to ensure a net decrease and/or avoidance of GHG emissions.
	6.	Reference emissions	Reference emissions are calculated below business-as-usual (BaU) emissions. Reference emissions are calculated by multiplying a crediting threshold which is typically expressed as GHG emissions per unit of output by total outputs.
	7.	Business-as-usual (BaU) emissions	Business-as-usual (BaU) emissions represent plausible emissions in providing the same outputs or service level of the proposed BOCM project in the host country.
	8.	Crediting threshold	Crediting threshold is typically expressed as GHG emissions per unit of output. A crediting threshold is established <i>ex ante</i> in the methodology applicable for the same project type in the host country. It should also be established conservatively in order to calculate reference emissions below BaU emissions.
	9.	Emissions sources and GHG types	Those emissions sources and GHG types whose emissions are significant and reasonably attributable to the BOCM project.
	10.	Sinks and GHG types	Those sinks and GHG types whose removals or emissions are significant and reasonably attributable to the BOCM project.

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	11.	Sectoral scope	The category of GHG source sectors or groups of activities that apply to BOCM projects. It is based on the sectoral scope for the CDM. A BOCM project may fall within more than one sectoral scope.
	12.	Level of assurance	Level of assurance is defined as degree of assurance the Joint Committee requires in a verification. The level of assurance is used to determine the depth of detail that a verifier designs into their verification plan to determine if there are any material errors, omissions or misrepresentations.
	13.	Materiality	Materiality is a concept that individual or the aggregation of errors, omissions and misrepresentations could affect the greenhouse gas assertion and could influence the intended users' decisions.
Governance	14.	Each side	Each side which includes the relevant authorities of each government, based on the rules and guidelines as developed by the Joint Committee and/or in accordance with relevant domestic laws and regulations in respective countries for the implementation of the BOCM: (a) Prepares draft methodologies and submits them to the Joint Committee; (b) Establishes and maintains a registry in line with the common specifications for registries, as developed by the Joint Committee; (c) On the basis of notification for issuance of credits by the Joint Committee (including for allocation of credits among participants), issues the notified amount of credits to its registry. Each side promptly informs the Joint Committee on the issuance of credits under the BOCM (RoI para.13-14).
	15.	Joint committee	The both sides establish the Joint Committee which consists of the representatives from both sides. The Joint Committee may develop or modify the Rules of Implementation and other rules and guidelines necessary for the implementation of the BOCM. The Joint Committee designates the third-party entities. On the basis of a request for registration of BOCM projects submitted by project participants, the Joint Committee registers BOCM projects which were validated by the

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			third-party entities. On the basis of a request for notification to each side for issuance of credits submitted by project participants, the Joint Committee notifies both sides to issue the credits which were verified by the third-party entities. (RoI para.5-9).
	16.	Joint committee secretariat	The Joint Committee establishes its secretariat for the implementation of the BOCM (RoI para.12).
	17.	Third-party entity	A third-party entity that is designated by the Joint Committee: (a) On the basis of requests from project participants, validates the project as described in a PDD prepared by the project participants, in line with the guidelines for the validation as developed by the Joint Committee, and informs the validation result to the project participants; (b) On the basis of requests from project participants, verifies GHG emission reductions or removals achieved by the BOCM project as described in the monitoring report prepared by the project participants, in line with the guidelines for the verification of GHG emission reductions or removals as developed by the Joint Committee, records the verification result in a verification report and sends the report to the project participants (RoI para.17).
	18.	Project participant	Project participants: (a) Prepare a draft methodology and submit the draft to the Joint Committee for its approval; (b) Prepare a draft PDD and submit the draft to a third-party entity for validation and notify the Joint Committee; (c) Submit the PDD that was validated by the third-party entity to the Joint Committee for its registration of the project; (d) Implement the BOCM project and conduct monitoring in line with the PDD; (e) Prepare a monitoring report and send the report to a third-party entity for verification; (f) Submit a verification report prepared by the third-party entity to the Joint Committee, and request notification to each side for issuance of credits under the BOCM (RoI para.18).
Documents/ infrastructure	19.	Methodology	A methodology applied to BOCM projects for calculating emission reductions achieved by each project and monitoring the BOCM project. A proposed methodology is a methodology that

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			<p>has been submitted to the Joint Committee for approval. A proposed methodology consists of proposed methodology form and Proposed Methodology Spreadsheet.</p> <p>An approved methodology is a methodology that has been approved by the Joint Committee for application to BOCM projects. An approved methodology consists of an approved methodology document and a Monitoring Spreadsheet. Approved methodologies are publicly available on the BOCM website.</p>
	20.	Proposed Methodology Spreadsheet	<p>A Proposed Methodology Spreadsheet is a part of a proposed methodology developed by methodology proponents.</p> <p>A Proposed Methodology Spreadsheet defines a monitoring plan and enables calculation of GHG emission reductions automatically through inputting values. The Proposed Methodology Spreadsheet consists of an input sheet and calculation process sheet.</p>
	21.	Monitoring Spreadsheet	<p>A Monitoring Spreadsheet is a part of an approved methodology.</p> <p>The Monitoring Spreadsheet consists of a Monitoring Plan Sheet (input sheet and calculation process sheet), Monitoring Structure Sheet, and Monitoring Report Sheet (input sheet and calculation process sheet). The Monitoring Plan Sheet and Monitoring Structure Sheet are used for developing a monitoring plan and calculating emission reductions <i>ex ante</i>. The Monitoring Report Sheet is used for preparing a monitoring report and calculating emission reductions <i>ex post</i>. The Monitoring Plan Sheet and Monitoring Report Sheet are prepared based on the Proposed Methodology Spreadsheet and the Monitoring Structure Sheet is added by the secretariat after the approval of the proposed methodology by the Joint Committee.</p>
	22.	Project design document (PDD)	<p>The document prepared by the project participant of a BOCM project which sets out in detail the BOCM project which is to be realized. A Project design document (PDD) consists of a completed PDD form and monitoring plan using a Monitoring Plan Sheet and Monitoring Structure Sheet of the Monitoring Spreadsheet. The form of PDD, Monitoring Spreadsheet, and guidelines on preparing the PDD, are publicly available through the BOCM website.</p>
	23.	Monitoring plan	<p>A monitoring plan sets out the methodology to be</p>

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			used by project participants for the monitoring of, and by third-party entities for verification of the amount of GHGs emission reductions achieved by the BOCM project. A monitoring plan is developed using Monitoring Plan Sheet and Monitoring Structure Sheet of Monitoring Spreadsheet.
	24.	Monitoring report	A monitoring report is prepared by a project participant and sets out the GHG emission reductions of an implemented registered BOCM project for a particular monitoring period. A monitoring plan is prepared using a Monitoring Report Sheet of a Monitoring Spreadsheet.
	25.	Registry	Each side establishes a registry to record and use the credits (RoI para.33).
	26.	Credit	Credits are issued based on quantified amount of GHG emission reductions or removals achieved by the contribution of project participants in the implementation of GHG emission reductions or removals project activities under the BOCM (RoI para.3).
Project cycle	27.	Modalities of communication statement (MoC)	A modalities of communication statement (MoC) from (or signed by) all project participants participating in a BOCM project, defined in a prescribed form, that designates one focal point entities to communicate on their behalf with the secretariat and the Joint Committee in line with established scopes.
	28.	Validation	Validation is the process of independent evaluation of a proposed BOCM project by a third-party entity against the validation guidelines as developed by the Joint Committee on the basis of the PDD (RoI para.23).
	29.	Registration	Registration is the formal acceptance by the Joint Committee of a validated project as a BOCM project (RoI para.26).
	30.	Monitoring	Project participants implement a BOCM project and monitor GHG emission reductions or removals by the BOCM project based on the PDD (RoI para.29).
	31.	Verification	Verification is the periodic independent review and ex post determination by a third-party entity of the monitored GHG emissions reductions or removals as a result of a registered BOCM project during the verification period (RoI para.30).
	32.	Issuance	The action taken by each side to issue the credits

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		of credits	to its respective account in the registry in line with the notification of the Joint Committee.
Others	33.	Clean Development Mechanism (CDM)	A mechanism under the Kyoto Protocol, the purpose of which, in accordance with Article 12 of the Kyoto Protocol, is to assist Parties not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3 of the Kyoto Protocol.
	34.	Designated Operational Entity (DOE)	An entity designated by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), based on a recommendation by the CDM Executive Board, as qualified to validate proposed CDM project activities and programme of activities (PoAs), as well as verify and certify reductions in anthropogenic emissions by sources of GHG and net anthropogenic GHG removals by sinks.