

### Joint Crediting Mechanism Glossary of Terms

Category	No.	Term	Definition
Emission reductions or removals	1.	Greenhouse Gases (GHG)	GHG are those gases of carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF <sub>6</sub> ) and nitrogen trifluoride (NF <sub>3</sub> ) (RoI para.2).
	2.	JCM project	GHG emission reductions or removals project activities under the JCM (RoI para.3).
	3.	Eligibility criteria	Eligibility criteria are requirements for the JCM project defined in the JCM methodology and contain the followings: (a) Requirements for the project in order to be registered as a JCM project; (b) Requirements for the project to be able to apply the JCM methodology.
	4.	Net decrease and/or avoidance of GHG emissions	In the JCM, 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.
	5.	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.
	6.	Business-as-usual (BaU) emissions	Business-as-usual (BaU) emissions represent plausible emissions in providing the same outputs or service level of the proposed JCM project in the host country.
	7.	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.
	8.	Emissions sources and GHG types	Those emissions sources and GHG types whose emissions are significant and reasonably attributable to the JCM project.
	9.	Sinks and GHG types	Those sinks and GHG types whose removals or emissions are significant and reasonably attributable to the JCM project.
	10.	Sectoral scope	The category of GHG source sectors or groups of activities that apply to JCM projects. It is based on the sectoral scope for the CDM. A JCM project may fall within more than one sectoral scope.
	11.	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,

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			omissions or misrepresentations.
	12.	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	13.	Each side	Each side, 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 JCM: (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 credit 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 JCM (RoI para.13-14).
	14.	Joint Committee	The Joint Committee consists of the representatives from the Palauan side and the Japanese side. The Joint Committee may develop or modify the rules and guidelines necessary for the implementation of the JCM, approve proposed methodologies, designate third party entities, register JCM projects, and notify both sides to issue credits for a JCM project.
	15.	Joint Committee secretariat	The Joint Committee establishes its secretariat for the implementation of the JCM (RoI para.12).
	16.	Third-party entity	A third-party entity is an entity designated by the Joint Committee, based on the criteria and procedures established by the “Joint Crediting Mechanism Guidelines for Designation as a Third-Party Entity”, as qualified to validate proposed JCM projects as well as verify GHG emission reductions or removals.
	17.	Project participant	A project participant is a government, private entity and/or public entity involved to participate in a JCM project which may develop and implement a JCM project, monitor and report GHG emission reductions or removals, and requests the Joint Committee to notify each side to issue the credits.
Documents/ infrastructure	18.	Methodology	A methodology applied to JCM projects for calculating emission reductions achieved by each project and monitoring the JCM project. A proposed methodology is a methodology that has been submitted to the Joint Committee for approval. A proposed methodology consists of proposed methodology form and Proposed Methodology

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			<p>Spreadsheet.</p> <p>An approved methodology is a methodology that has been approved by the Joint Committee for application to JCM projects. An approved methodology consists of an approved methodology document and a Monitoring Spreadsheet. Approved methodologies are publicly available on the JCM website.</p>
	19.	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>
	20.	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>
	21.	Project design document (PDD)	<p>The document prepared by the project participant of a JCM project which sets out in detail the JCM 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 JCM website.</p>
	22.	Monitoring plan	<p>A monitoring plan sets out the methodology to be 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 JCM project. A monitoring plan is developed using Monitoring Plan Sheet and Monitoring Structure Sheet of Monitoring Spreadsheet.</p>
	23.	Monitoring report	<p>A monitoring report is prepared by a project participant and sets out the GHG emission reductions of an implemented registered JCM project for a particular monitoring period. A monitoring plan is</p>

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			prepared using a Monitoring Report Sheet of a Monitoring Spreadsheet.
	24.	Registry	Each side establishes a registry to record and use the credits (RoI para.33).
	25.	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 JCM (RoI para.3).
Project cycle	26.	Modalities of communication statement (MoC)	A modalities of communication statement (MoC) from (or signed by) all project participants participating in a JCM project, defined in a prescribed form, that designates one focal point entity to communicate on their behalf with the secretariat and the Joint Committee in line with established scopes.
	27.	Validation	Validation is the process of independent evaluation of a proposed JCM 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).
	28.	Registration	Registration is the formal acceptance by the Joint Committee of a validated project as a JCM project (RoI para.26).
	29.	Monitoring	Project participants implement a JCM project and monitor GHG emission reductions or removals by the JCM project based on the PDD (RoI para.29).
	30.	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 JCM project during the verification period (RoI para.30).
	31.	Issuance of credits	The action taken by each side to issue the credits to its respective account in the registry in line with the notification of the Joint Committee.