



**An Australian Government Initiative**

# Carbon Neutral Program Guidelines

National Carbon Offset Standard

Version 2.0

27 June 2011

## Important Notice & Disclaimer - National Carbon Offset Standard Carbon Neutral Program Guidelines

The National Carbon Offset Standard Carbon Neutral Program Guidelines (the Guidelines) have been prepared to provide general information and guidance on meeting the requirements of the National Carbon Offset Standard (the Standard). However, the Guidelines do not purport to contain all the information that may be required by an applicant to participate in or to make an informed decision about participating under the Standard. Applicants and interested parties should obtain independent advice on, and conduct their own independent inquiries, analyses and assessment of, the information set out in these Guidelines, and the risks and benefits of participating under the Standard. No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Australian Government or the Program Administrator as to the accuracy, currency or completeness of any part of the Guidelines.

The Australian Government may vary, cancel, supplement, supersede or replace ('change') the National Carbon Offset Standard, the Guidelines (and any related material, information or guidance) at any time.

The Australian Government expressly disclaims all liability for any losses, costs or expenses incurred directly or indirectly by any party as a result of any such change.

Nothing in these Guidelines will of itself be construed as creating any binding contract (express or implied) between the Australian Government, Program Administrator and any applicant or interested party (prospective or actual).

ISBN: 978-1-921299-02-5

© Commonwealth of Australia 2011

This work is copyright. Apart from any use as permitted under the Copyright Act 1968, no part may be reproduced by any process without prior written permission from the Commonwealth. Requests and inquiries concerning reproduction and rights should be addressed to the:

Commonwealth Copyright Administration Attorney General's Department Robert Garran Offices National Circuit BARTON ACT 2600 Or posted at: <http://www.ag.gov.au/cca>

# Table of contents

1	Introduction	3
	National Carbon Offset Standard and Carbon Neutral Program	3
2	Key steps for achieving and maintaining NCOS Carbon Neutral Certification	5
	Step 1: Calculate your carbon footprint	6
	Step 2: Prepare an Emission Management Plan	9
	Step 3: Complete a Public Disclosure Summary	10
	Step 4: Verify your application package	11
	Step 5: Submit application package	12
	Step 6: Certification granted	13
	Step 7: Maintain Certification	13
3	Other	18
	Use of the NCOS Carbon Neutral Trade Mark	18
	Review of decisions	18
	Recertification	19
	Annex 1 - Emission factors for scope 3 emission sources	20
	Annex 2 – GreenPower™ worked examples	26
	Annex 3 - Glossary	30
	Annex 4 - Purchasing international offset units for carbon neutrality	33

# 1 Introduction

## National Carbon Offset Standard and Carbon Neutral Program

The National Carbon Offset Standard (the Standard), effective on 1 July 2010, provides a benchmark for consumers and businesses to assess claims of carbon neutrality or the credibility of carbon offset products available for sale in the voluntary carbon market.

The National Carbon Offset Standard (NCOS) Carbon Neutral Program (the Program) allows the Australian operations of organisations or Australian produced products to be certified under the Standard as carbon neutral.

Carbon neutrality commonly refers to a situation where the net emissions associated with a product or an organisation's activities are equal to zero through the reduction of emissions and the acquisition and cancellation of carbon offsets that meet stringent criteria, to offset the remaining emissions.

In line with best practice under the Standard, the following key actions must be undertaken for an organisation or a product to be certified carbon neutral under the NCOS Carbon Neutral Program:

- measure the carbon footprint of your organisation, product or event;
- monitor and reduce emissions (to the extent possible); and
- purchase and cancel sufficient eligible carbon offset units to offset the remaining emissions associated with the organisation or product.

Through this approach a company's investment in the measurement of its carbon footprint can serve multiple goals. When greenhouse gas emissions are measured and reported, they are generally better managed.

Best practice also requires that an organisation make transparent to the public steps taken to measure, reduce and offset emissions so that any carbon neutral claims can be objectively assessed.

### Purpose of these Guidelines

These Guidelines and the guidance templates are intended to assist you to achieve and maintain certification of your carbon neutral organisation or product under the Standard.

The Guidelines, in conjunction with the Standard, set out the requirements that applicants must satisfy to achieve certification under the Program. The Guidelines will assist you to manage and achieve your carbon neutral commitments in a consistent, credible and transparent manner.

Applicants who achieve certification are required to execute the NCOS Carbon Neutral Administration Agreement and Certification Trade Mark Sub-licence (the Sub-licence) in order to use the NCOS Carbon Neutral Trade Mark (section 3 of these Guidelines refers).

For the guidance templates and further information, refer to the website below:

[www.lowcarbonaustralia.com.au](http://www.lowcarbonaustralia.com.au)

### Contact details

For further information about the NCOS Carbon Neutral Program please contact the Program Administrator (contact details below). The role of the Program Administrator is to manage all aspects of Program implementation.

**Postal address:**

NCOS Carbon Neutral Program Administrator  
Attention of the Program Manager  
Low Carbon Australia Limited  
GPO Box 284  
Brisbane QLD 4001

**Web:**

[www.lowcarbonaustralia.com.au](http://www.lowcarbonaustralia.com.au)

**Phone:**

07 3188 1600

For more information about Australian Government policy on carbon neutrality and carbon offsets please contact the Department of Climate Change and Energy Efficiency (DCCEE) (contact details below). The role of the DCCEE is to manage and update the Standard and other related policy.

**Postal address:**

Department of Climate Change and Energy Efficiency  
GPO Box 854  
Canberra ACT 2601

**Web:**

[www.climatechange.gov.au](http://www.climatechange.gov.au)

**Phone:**

1800 057 590

## 2 Key steps for achieving and maintaining NCOS Carbon Neutral Certification

Participating in the NCOS Carbon Neutral Program encourages best practice to measure, reduce and offset the greenhouse gas emissions associated with the carbon footprint of your organisation or product. The key phases associated with participating under the Program are preparing an application package, verifying and certifying your claims, and managing and reporting your emissions. The key steps of each phase are outlined below:

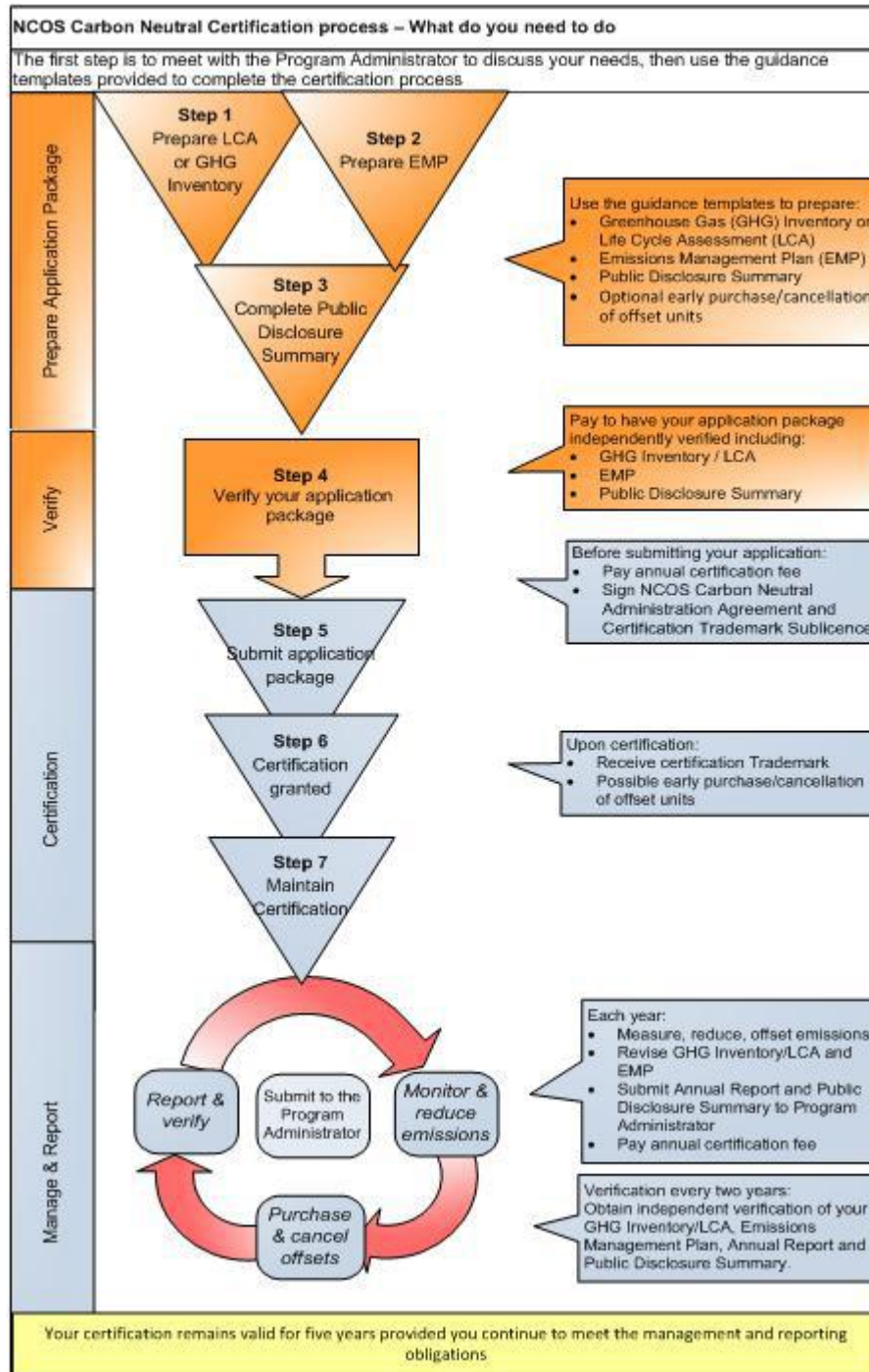


Figure 1: Process for achieving NCOS Carbon Neutral Certification

## Step 1: Calculate your carbon footprint

There are two main approaches for calculating a carbon footprint: the greenhouse gas (GHG) inventory approach or the life cycle assessment (LCA) approach. The inventory approach (outlined in section a) below) is suited to an organisation's carbon footprint, while the LCA approach (section (b)) is suited to a product or service carbon footprint. Organisations may choose which approach they use, to reflect the extent of operations they have chosen to certify. The LCA approach must be used for products/services. An organisation has the choice of using either the greenhouse gas inventory method or the LCA method to calculate its carbon footprint.

Some subjects, such as events or construction projects, may not fit obviously into these categories. Determining which carbon footprint approach to use, or whether to use a combined approach may depend on what kind of carbon neutral claim you wish to make and where your boundaries are likely to be drawn. In such cases, you should contact the Program Administrator to discuss your specific circumstances.

The guidance below is designed to complement section 4 of the Standard, which provides detailed guidance on calculating the carbon footprint of organisations and products. Section 4.1 of the Standard sets out principles which guide the carbon footprint calculation of an organisation, product or event – they are: relevance, completeness, consistency, transparency, and accuracy. The principles are based on those outlined in the Greenhouse Gas (GHG) Protocol and adopted under the National Greenhouse and Energy Reporting (NGER) System. They are consistent with those outlined under other Australian and international standards referenced throughout the Standard, including ISO 14064:2006 and ISO 14040:2006.

### a) Greenhouse gas inventory

To calculate a carbon footprint using the GHG inventory approach you will need to follow current domestic and international standards, and the detailed process outlined in section 4.2 of the Standard.

The Australian standard AS ISO 14064.1:2006, the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) and supporting documentation including the NGER (Measurement) Determination, and the GHG Protocol provide guidance for organisations on how to prepare a GHG inventory. Other international standards that draw on the ISO 14064 series may also be applied.

The following sections of the Standard describe the steps you will need to take to complete a carbon footprint using the GHG inventory approach:

- Section 4.2.1: Defining the boundary of an organisation
- Section 4.2.2: Emissions sources associated with the organisational boundary
- Section 4.2.3: Emissions factors and calculation methodology
- Section 4.2.4: Emissions attributable to the organisation

If your organisation reports its scope 1 and 2 emissions under the NGER Act, you can use your NGER report as part of your GHG inventory. Your GHG inventory will therefore need to reference the NGER report where applicable and address scope 3 emissions and other issues not already covered in your NGER report. Some organisations that report under the NGER Act may have scope 1 emission sources that fall below the NGER reportable threshold or are only required to be reported by particular industries. In such cases the

information will need to be compiled for inclusion in NCOS Carbon Neutral Program reporting.

An organisation should include any significant scope 3 emissions in their GHG Inventory (refer to section 4.2.2 (b) of the Standard for guidance). When considering scope 3, you should include emissions from business travel, waste and paper.

Organisations should refer to the National Greenhouse Accounts (NGA) Factors for scope 1 and 2 emission factors as well as scope 3 emission factors for waste, wastewater, specific solid, liquid and gaseous fuels and electricity. For guidance on factors not in the NGA Factors, refer to Annexe 1. If an organisation wishes to use other factors from credible sources they should be submitted with supporting information to the Program Administrator for consideration – see Annex 1.

Organisations should justify exclusion of any scope 3 emission sources in accordance with section 4.1(b) of the Standard.

The AS ISO 14064.1:2006 standard is available from Standards Australia at: [www.standards.org.au](http://www.standards.org.au).

Refer to the guidance template at [www.lowcarbonaustralia.com.au](http://www.lowcarbonaustralia.com.au) for guidance on the format of a GHG inventory. Please contact the Program Administrator for assistance with using the guidance template.

## b) Product life cycle assessment

To calculate the carbon footprint of a product you should undertake a greenhouse gas life LCA. Note that the definition of *product* in these Guidelines includes any goods or service. You may choose to conduct your LCA in-house or engage a consultant to either prepare your product LCA or to provide technical advice. Consultancy costs will be negotiated between you and the consultant. If you choose to engage an external consultant to prepare your LCA, you should choose a consultant that is suitably experienced in developing LCAs.

The LCA must be performed in accordance with current international standards.

- International standard ISO 14040:2006 and ISO 14044:2006 provide guidance on how to undertake an LCA.
- Other international standards based on the ISO 14040 series may also be applied, such as the British Standard PAS 2050.

The ISO 14040 series of standards provide the general framework, principles and requirements for conducting and reporting LCA studies. These standards deal with all the impacts of a product on resources including the use of water, raw materials (such as metals or fibres), and energy.

The LCA required for NCOS Carbon Neutral certification only needs to determine the greenhouse gas emissions attributable to your product. You do not need to calculate the other environmental impacts of your product.

Refer to NCOS section 4.3.1, for stages of the product life cycle that should be included in an LCA.

Program participants are able to export NCOS Carbon Neutral Certified products bearing the certification trade mark overseas as long as the product's carbon footprint accurately reflects the lifecycle of the product, including transport to overseas destinations and any other stages of the lifecycle as appropriate. It is the exporter's responsibility to ensure compliance with laws relevant to carbon neutral claims in countries to which they export.

The ISO 14040 series is available for purchase from Standards Australia at: [www.standards.org.au](http://www.standards.org.au).

Refer to [www.lowcarbonaustralia.com.au](http://www.lowcarbonaustralia.com.au) for a guidance template to assist with preparing an LCA. Please contact the Program Administrator for assistance with using the guidance template.

## Uncertainty

For both organisations and products, NCOS requires companies to assess the uncertainty associated with direct (scope 1) emissions estimates in accordance with the NGER (Measurement) Determination. This highlights specific situations where the uncertainty associated with part of your carbon footprint is significant and is a trigger to consider the implications of this for the purposes of claiming carbon neutrality under the Program. Please contact the Program Administrator if you need to discuss this aspect of your carbon footprint.

## Emissions factors

Emission factors used in calculating your footprint can change over time and reference should be made to the most recently published version of the National Greenhouse Account (NGA) Factors from the DCCEE. This document includes scope 1 and 2 factors and Appendix 4 includes scope 3 factors for electricity and specific wastes, solid, liquid and gaseous fuels, and waste water. This document can be found at:

<http://www.climatechange.gov.au/publications/greenhouse-acctg/national-greenhouse-factors.aspx>

If you are attaching your NGER report you would be expected to have used the factors under the NGER (Measurement) Determination for the NGER report component of your carbon footprint.

Annex 1 summarises sources for scope 3 emission factors recognised by DCCEE for the purposes of this Program.

## Purchasing accredited GreenPower™ and carbon neutral products

The purchase of GreenPower™ and the voluntary cancellation of Renewable Energy Certificates (RECs) generated by accredited GreenPower™ generators (GreenPower™-eligible RECs) is considered to be equivalent to the direct use of renewable energy. On that basis, GreenPower™ and voluntary cancellation of GreenPower™-eligible RECs (include where self-generated) are treated as a zero-emissions electricity source in a product's LCA or an organisation's GHG inventory. Where RECs have been purchased from an entity that has claimed the associated emissions reduction, for this or any other program including as part of NGER reporting obligations, those RECs cannot be used to claim zero emissions.

Organisations should record in their LCA or GHG inventory the total amount of electricity consumed by the organisation or in the production of a product in the reporting period, together with the amount of GreenPower™ purchased and/or the number of GreenPower™-eligible RECs voluntarily cancelled. A zero emissions factor can be applied to the proportion of electricity consumption from GreenPower™ or for which GreenPower™-eligible RECs have been voluntarily cancelled.

Scope 2 indirect emissions from electricity consumption reported in the LCA or the GHG inventory cannot be less than zero. If GreenPower™ is purchased or GreenPower™-eligible RECs voluntarily cancelled are in excess of the amount of electricity consumed, then electricity emissions are recorded as zero in the LCA or GHG inventory. GreenPower™ purchases and the voluntary cancellation of GreenPower™-eligible RECs are not recognised as eligible offsets under the Standard.

Organisations using their NGER report as a basis for their GHG inventory may calculate their gross carbon footprint using the grid factor for all electricity consumed. They may then deduct the portion of scope 2 electricity emissions equivalent to the amount of GreenPower™ purchased or GreenPower™-eligible RECs voluntarily cancelled to produce a carbon footprint net of GreenPower™ or other renewable energy.

Please refer to Annex 2 for worked examples on GreenPower™.

Products certified as carbon neutral under the NCOS Carbon Neutral program also contribute zero emissions to a product's LCA or an organisation's GHG inventory. For example, if the production of a product involves an input that is NCOS-certified carbon neutral, then that input will contribute zero emissions to that product's LCA. The emissions associated with products that claim to be carbon neutral but are not certified under the NCOS must be included in a product's LCA or an organisation's GHG inventory.

## Step 2: Prepare an Emission Management Plan

The Emission Management Plan (EMP), set out in section 5.1 of the Standard, is an important requirement for achieving carbon neutrality. Some elements of the EMP under section 5.1 of the Standard will be included in your annual report and the public disclosure summary. Please follow the guidance template and the list below when preparing your EMP.

The EMP outlines the management framework, systems and processes you have in place to effectively manage your carbon neutral commitment from start to end. It should indicate how you have measured your carbon footprint and how you will go about identifying, implementing and monitoring emission reductions and purchasing and cancelling eligible offset units.

A guidance template is available to assist you to prepare your EMP (refer to [www.lowcarbonaustralia.com.au](http://www.lowcarbonaustralia.com.au)). In summary, your EMP must identify:

- the greenhouse gas emissions attributable to the activities of your organisation or product(s);
- an emissions reduction strategy including emissions reduction measures to be undertaken;
- your strategy for purchasing and cancelling eligible carbon offset units for each reporting period;

- the records required, and the process for establishing and maintaining those records, to ensure that the greenhouse gas emissions attributable to your organisation or product, and any changes in these, are recorded in a timely manner;
- quality control practices in place to ensure a high level of data quality; and
- key stakeholders (internal and external) to be engaged in managing and delivering various aspects of your plan, including the processes for selecting and appointing an independent verifier to verify your LCA and/or GHG inventory, EMP and annual reports.

If your organisation reports under the Energy Efficiency Opportunities (EEO) program, you can use your EEO report as part of your EMP. Your EMP will therefore need to reference the EEO report where applicable and address the remaining issues not already covered in your EEO report. Your independent verifier will need to access your EEO Report to provide assurance that the data is accurately represented in your EMP. It is left to the Program Administrator's discretion to determine if the data contained in the EEO report will need to be verified as part of the Carbon Neutral Program verification. This would only be likely if found to conflict with that of the Carbon Neutral Program application package. The EMP is a living document and should be revised for any changes in measurement methodologies or as new emission reduction opportunities are identified.

#### Early purchase and cancellation of eligible offset units

To claim carbon neutrality, you must purchase and cancel a sufficient quantity of eligible offset units to offset the total emissions associated with your organisation or product for that reporting year. You are encouraged to purchase and cancel offsets early and regularly. Early purchases of units may be banked for future use.

For more details on the purchase and cancellation of eligible offset units refer to Step 7, section 2 of these Guidelines.

### Step 3: Complete a Public Disclosure Summary

Transparency of information is important for maintaining consumer confidence in carbon neutral claims.

You will be required to complete the public disclosure summary (at: [www.lowcarbonaustralia.com.au](http://www.lowcarbonaustralia.com.au)) in order to meet the requirements set out in section 5.3 of the Standard.

Your public disclosure summary should be signed off by senior management – for example by the appropriate Business Unit Leader or Chief Executive Officer.

The public disclosure summary (updated annually) will be posted on the Low Carbon Australia website and you may wish to include it on your own website. As such:

- the level of detail and explanation required in the public disclosure summary should ensure the reader has a clear understanding of what the company has done to achieve carbon neutral certification in terms of determining the carbon footprint, measures to reduce absolute emissions or emissions intensity over time and offsetting; and

- the public disclosure summary should follow an internal approvals process as if the document were appearing on your own company's website.

Outside of the public disclosure summary, information that you provide to the Program Administrator that is 'confidential' (i.e. not in the public domain) will be protected at all times and will not be publicly disclosed or included in public reports without your permission, unless required by law. These conditions are set out further in the Sub-licence. Should you have any concerns about disclosure of confidential information, please discuss this with the Program Administrator.

## Step 4: Verify your application package

To meet the requirements of the Standard, you are required to engage and pay for independent verification of your GHG inventory or LCA, EMP and public disclosure summary. These documents, along with the verifier's Independent Verification Report, comprise your 'application package'.

Independent verification of your initial carbon footprint (either LCA or GHG inventory) and EMP, as stated in the Audit section of the Standard, confirms the emissions claim associated with your organisation or product and helps ensure the adequacy of your application package. It also establishes the base year and your baseline data. You need to specify the first year for which the carbon footprint has been completed – this will typically be considered as the base year for reporting against your emissions reduction strategy (contained within the EMP).

Verifiers should be appropriately qualified to verify these documents according to the requirements of the Audit section of the Standard. These requirements are repeated and clarified in the list below.

Suitably qualified verifiers or auditors include individuals or bodies that:

- are registered under the greenhouse and energy audit framework established by the Department of Climate Change and Energy Efficiency for the NGER Act. The Register of Greenhouse and Energy Auditors is available on the DCCEE website: [www.climatechange.gov.au](http://www.climatechange.gov.au); or
- have demonstrated knowledge and expertise in the relevant Australian and international standards, specifically AS ISO 14064 and ISO 14040 series (knowledge and expertise in the relevant Australian and international standards should be demonstrated, e.g through provision of relevant referee reports or evidence of work history such as production of reports and analysis in the relevant field); or
- are accredited to the international standard ISO 14065:2007 or recognised international standards based on ISO 14040.

Verifiers will be obliged to check, and therefore have access to, the following as appropriate to your GHG inventory or LCA (further details on the are contained within the Verification Report Template):

- production processes, equipment, execution of services, facilities and personnel required for the operations of your organisation and the manufacture of your product;
- raw materials, semi-finished products, finished products and procured services related to the operations of your organisation and the manufacture of your product;

- records, including monitoring records, utility bills, test reports, failure reports, internal audit and management review records, customer complaints and statistics related to the operations of your organisation and the manufacture of your product; and
- your organisation's NGER report if it has been used to develop your carbon footprint.

For your EMP, verifiers will be obliged to check that:

- your EMP includes all the elements set out in the guidance template; and
- information from your EEO report is accurately represented, if applicable.

Please note that verifiers cannot verify future actions, but claims of reductions achieved in the EMP will have to be verified.

The verifier will use a Verification Report Template specific to the NCOS Carbon Neutral Program to report their verification findings. The verification report will identify any issues or discrepancies in the carbon footprint measurement, EMP, public disclosure summary, offsetting arrangements, or annual report (where appropriate) against the requirements of the Standard. The verifier should state the audit standard to which the verification was carried out. Audit standards that should be applied include ISO 14064(3) or ASAE 3000. The expected level of assurance you must achieve as a result of a verification activity is that of a reasonable level. However, scope 3 emissions are only required to be verified to a limited level of assurance (please refer to Annex 3 Glossary for definitions of assurance levels).

## Step 5: Submit application package

Before submitting your application package, you will be required to pay an annual certification fee to the Program Administrator and enter into a NCOS Carbon Neutral Administration Agreement and Certification Trademark Sub-licence with the Program Administrator. The Program is being run on a cost recovery basis by the Program Administrator and the annual certification fee covers the costs of program administration, support and promotion. The fee does not cover consultancy and verification costs incurred by you or the purchase of carbon offsets. Please contact the Program Administrator for information on fees. The certification fee applied depends on the size of the carbon footprint associated with the organisation or product and the number of products to be certified.

The Sub-licence sets out your ongoing obligations in maintaining carbon neutral certification under the NCOS Carbon Neutral Program. When you have achieved certification, the Sub-licence also allows you to use the trade mark for marketing and promotion in accordance with the NCOS Visual Style Guide available from the Program Administrator.

The Sub-licence template can be obtained from the Program Administrator.

To have your organisation or product certified carbon neutral under the NCOS Carbon Neutral Program and be eligible to use the NCOS Carbon Neutral trade mark you need to submit your verified application package to the Program Administrator.

The verified application package includes your:

- organisation GHG inventory or product LCA;
- EMP, including record of early cancellation of offset units, if relevant;
- public disclosure summary; and
- independent verifier's report (verification of GHG inventory or LCA, EMP and public disclosure summary).

The Program Administrator will review and assess your application to evaluate whether you have met the requirements of the Guidelines and the Standard. The Program Administrator may contact you to request clarification or further information to assist with the evaluation.

## Step 6: Certification granted

The Program Administrator will make a decision on the certification of your organisation or product and will advise you of its decision in writing.

If the application is unsuccessful, the Program Administrator will provide you with an explanation.

## Step 7: Maintain Certification

Once certified, the applicant must continue to meet the requirements of the Standard, and meet the requirements of the Sub-licence, the Rules for Use of the NCOS Certification Trade Mark, the NCOS Visual Style Guide and these Guidelines. Otherwise certification maybe revoked by the Program Administrator.

The following steps provide guidance on what is necessary to maintain your certification and right to use the trade mark over the five year period of the Sub-licence:

1. Monitor and reduce emissions;
2. Purchase and cancel eligible carbon offset units;
3. Report annually;
4. Obtain independent verification biennially; and
5. Submit your documentation to the Program Administrator.

These steps are outlined in more detail below:

### 1. Monitor and reduce emissions

Section 5.1 of the Standard requires you to include an outline of the potential emission reduction activities you are going to undertake to reduce the overall carbon footprint of your organisation or product.

However, some organisations may have already undertaken significant emissions reduction actions prior to joining the NCOS Carbon Neutral Program. To claim these actions as quantified emissions reductions under the NCOS Carbon Neutral Program you will need to have verified carbon footprints to show this. Other emissions reductions achieved before entering the Program will be considered by the Program Administrator and may be taken into account on a qualitative basis.

Also, there may be circumstances where continuous, year-on-year reductions in emissions may not be either possible or cost effective. Recognising these circumstances, there is no mandatory requirement for year-on-year reductions or specific targets for reducing emissions. Nevertheless, you should achieve emissions reductions where possible and cost effective.

Emissions reductions can be achieved in a number of ways:

- increasing energy efficiency, for example by employing energy efficient technologies;
- process changes/improvements, for example the flaring of vented gas or upgrading equipment;
- substituting products or inputs with those that are less emissions intensive; and/or
- simply doing less of something that generates emissions, for example flying and driving less and switching off lighting and air-conditioning when not in use.

Given that reduction activities aim to reduce the carbon footprint of your organisation or product, it is important to monitor your emissions each year to determine the quantity of residual emissions to be offset.

At the end of each reporting year, monitor and calculate the emissions generated by your organisation or product during that reporting year. Revise your EMP accordingly and reset emission reduction objectives as necessary for the following year.

## 2. Purchase and cancel eligible offset units

To claim carbon neutrality, you must purchase and cancel a sufficient quantity of eligible offset units to offset the total emissions associated with your organisation or product for that reporting year. Although the purchase and cancellation of sufficient carbon offsets is not required until the end of the reporting period, you are encouraged to purchase and cancel offsets early and regularly. This means you can choose the timing to meet your business needs, and enables you to obtain a particular type of offset when it is available.

The purchase and cancellation of offsets needs to be completed within four months of the end of the reporting period. An example of this, using a financial year reporting approach, is outlined in Figure 2.

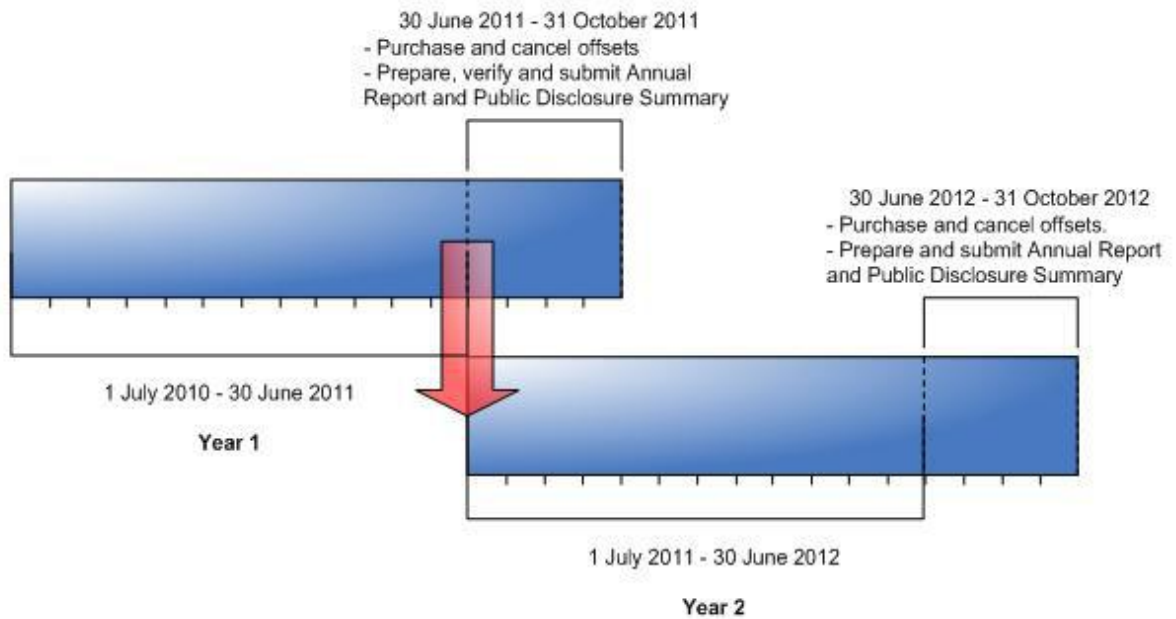


Figure 2: Timeframe for purchasing and cancelling offsets, reporting and verification

Eligible carbon offset units may be purchased for immediate use or they can be banked for future use. Please refer to section 3 of the Standard for offset units that are eligible under the Standard.

The cancellation of offset units purchased is important to prevent resale and double counting. There are a number of independently managed registers as well as those set up by suppliers and the administrators of the various offset standards. You need to consider the best and most appropriate cancellation approach for your organisation and the type of offset units you intend to purchase. Your cancellation strategy must be outlined in your EMP and public disclosure summary.

Offsets may be obtained from international projects that meet the NCOS eligibility criteria. For guidance on purchasing international carbon offset units please refer to Annex 4 or contact the Program Administrator. There is also a list of useful links for the purchase of NCOS eligible offsets at:

[www.lowcarbonaustralia.com.au](http://www.lowcarbonaustralia.com.au)

Organisations will need to keep records of and disclose the offset units in a registry and record appropriate details to verify this cancelling activity (i.e. registry name, serial number, cancellation certificate, etc). These details are required as part of the public disclosure summary.

### 3. Report every 12 months

Annual reporting on your carbon neutral activities (including your public disclosure summary) keeps key stakeholders informed in an open and transparent manner and communicates your achievements in managing emissions.

The reporting timeframe is a twelve month period. You are free to choose the twelve month reporting period (such as financial or calendar year or other). Each reporting period, you must update your GHG inventory/LCA and EMP, and prepare an annual report and public

disclosure summary based on these. You must submit your updated GHG inventory/LCA and EMP, along with your annual report and completed public disclosure summary to the Program Administrator within four months of the end of each reporting period.

The annual report guidance template should be used to prepare your report. Refer to: [www.lowcarbonaustralia.com.au](http://www.lowcarbonaustralia.com.au) Your annual report must include the following:

- the total emissions generated from your organisation or product in the reporting period;
- details of the quantity and type of eligible offset units purchased and cancelled;
- any changes to the carbon footprint calculation (LCA or GHG inventory) for your organisation or product;
- details of the emission management activities undertaken and any emission reductions achieved in the reporting period; and
- a summary of how you have marketed and communicated your carbon neutral certification, including the use of the Trade Mark.

#### 4. Obtain independent verification

Independent verification confirms your carbon neutral claim for the reporting period (i.e. whether you have accurately calculated the emissions associated with the product sold or generated by your organisation and purchased sufficient eligible carbon offset units to offset this). Verification also assesses whether changes have occurred which impact your carbon footprint calculation and EMP.

You are required to have your GHG inventory/LCA, EMP, annual report and public disclosure summary independently verified at the end of the first year of certification and then at least every second year thereafter (i.e. at the end of years one, three and five). You can choose to have verification performed on an annual basis if you wish.

Note that in the initial year of certification only, there will most likely be a requirement for two separate verification activities to occur associated with: (i) the initial application package and (ii) the annual report. There may be circumstances where this can be merged into the one activity. Please refer to the Program Administrator for further advice.

The Program Administrator may also require you to undergo verification in an interim year if your circumstances have changed significantly. Examples of significant change include: changes in organisational boundaries due to a merger/acquisition/deconsolidation, a significant change in calculation methodologies, or a significant change to a manufacturing process.

Once the independent verifier has completed their assessment they will provide you with a verification report using the Verification Report Template (refer to: [www.lowcarbonaustralia.com.au](http://www.lowcarbonaustralia.com.au)).

Verifiers may provide applicants with Corrective Action Requests (CAR) and Observations and applicants should be provided with the opportunity to resolve these prior to the closure of the verification activity. If the independent verifier has identified any material issues or discrepancies, they will advise whether you need to revise your documents or discuss the issues with the Program Administrator before they conclude the verification activity.

## 5. Submit your documentation to the Program Administrator

The Program Administrator will review your documentation to evaluate whether you have met all the requirements of the Standard and the Guidelines. The Program Administrator will then make a decision regarding continued certification of your organisation or product.

A Notice of Continued Certification will be issued if the Program Administrator decides to continue certification of your organisation or product and you will need to pay the annual certification fee.

Once your organisation or product is recertified, you may need to review and revise your Sub-licence as determined by the Program Administrator, and will need to meet ongoing Program obligations.

## 3 Other

### Use of the NCOS Carbon Neutral Trade Mark

NCOS Carbon Neutral Certification allows you to obtain a Sub-licence to use the NCOS Carbon Neutral Trade Mark to help you market and promote your carbon neutral achievement.

Use of the Trade Mark should be in accordance with the Rules for Use of the NCOS Certification Trade Mark (Rules of Use) and the NCOS Visual Style Guide (available from the Program Administrator on confirmation of certification) and is subject to the terms of a Sub-licence from the Program Administrator. Copies of these documents are available from the Program Administrator.

Where any apparent conflict between these Guidelines and the Rules of Use occurs, the Rules of Use take precedence.

The Rules of Use have been approved by the Australian Competition and Consumer Commission. Use of the Trade Mark in accordance with Rules of Use minimises any risk of challenges in relation to your carbon claims.

#### Consumer Trade Mark

The NCOS Carbon Neutral Program Consumer Trade Mark is intended to signify that an entity has an ongoing purchasing arrangement in relation to a NCOS Carbon Neutral Program certified product or organisation. Use of the NCOS Carbon Neutral Program Consumer Trade Mark shows that an organisation is taking action against climate change by choosing carbon neutral products or organisations as part of their purchasing operations. For more information about using the Consumer Trademark, please contact the Program Administrator.

### Review of decisions

If you disagree with a decision of the Program Administrator (either in relation to a certification decision or the granting and use of the Certification Trade Mark) you may request an internal review of the decision.

An application for an internal review of the decision must be made in writing to the Program Administrator within 30 days of receipt of the written notice detailing the decision. No fees are payable for the internal review of a decision.

There is no set form for making an application for an internal review of a decision but in order to undertake such a review, the Program Administrator will require your written application to clearly set out both (a) the grounds on which you consider that the decision should be reviewed, and (b) the evidence to support your application. If new information exists which was not provided to the original decision maker, you may provide it at the time of your request for an internal review of the decision.

You will be notified in writing of the decision of the internal reviewer and reasons for the decision within 30 days of the receipt of your application for internal review.

## Recertification

At the end of the five year period you will need to complete a recertification process and renew your Sub-licence with the Program Administrator to continue to use the Trade Mark.

As part of this process you will be required to:

- review, and if relevant, revise the LCA of your product / GHG inventory of your organisation;
- review, and if relevant, revise your EMP;
- review, and if relevant, revise your public disclosure summary;
- have the LCA/GHG inventory, EMP and public disclosure summary independently verified; and
- submit these documents (the recertification application package) to the Program Administrator.

The Program Administrator will contact you closer to the time of the recertification to discuss the specific requirements in relation to the recertification.

All applications will be assessed in accordance with the current version of the Standard, the Rules for Use and the Program Guidelines.

Once your organisation or product is recertified, you may need to review and revise your Sub-licence as determined by the Program Administrator as well as meet ongoing Program obligations.

## Annex 1 - Emission factors for scope 3 emission sources

In developing your organisation's GHG inventory or your product's LCA, the Standard requires you to consider including scope 3 emission sources.

The Standard requires organisations to, at a minimum, include consideration of scope 3 emissions from business travel, disposal of waste and use of paper.

In line with the Standard and ISO 14064-1:2006, sources of scope 3 emissions can include, but are not limited to, the following:

- Extraction and production of purchased raw or primary materials and fuels
- Transport related activities
  - o Transportation of purchased materials, goods or fuel
  - o Employee business travel
  - o Employees community to and from work
  - o Transportation of sold products
  - o Transportation of waste
- Electricity related activities (not already included in scope 2)
  - o Purchase of electricity that is sold to an end user (reported by utility company)
  - o Generation of electricity that is consumed in a transmission and distribution system (reported by end-user)
- Outsourced activities (including leased assets and franchises)
- Impact of equipment, consumables, repairs, maintenance and communications.
- Use of sold products and services
- Waste disposal
  - o Waste generated in the production of purchased materials and fuels
  - o Waste generated in operations
  - o Disposal of sold products at their end of life.

Your consideration should first address whether these emission sources are significant. If you consider that any of the specified scope 3 emissions are not significant, you should include justification of this decision.

Scope 3 emission sources meeting the threshold for an incidental emission in the NGER Reporting Regulations may be considered non-significant, and estimated in-line with the

methods set out in the National Greenhouse and Energy Reporting (Measurement) Determination 2008. That is, where:

(a) an individual source of scope 3 emission is less than:

(i) 0.5% of the total amount of scope 3 greenhouse gases emitted;

and

(ii) a carbon dioxide equivalence of 3 kilotonnes for a year; and

(b) the total amount of all of the individual sources of scope 3 emissions mentioned in paragraph (a) is less than the lesser of:

(i) 2% of the total amount of greenhouse gases emissions; or

(ii) a carbon dioxide equivalence of 12 kilotonnes;

The exclusion of a scope 3 emission source should not result in a material discrepancy (see Annex 3 – Glossary for a definition of ‘material discrepancy’). In accordance with Section 4.2.2(b) of the Standard, the GHG Protocol should be used for guidance on determining the significance of scope 3 emissions. In considering the calculation of scope 3 emissions, an organisation should also refer to the GHG Protocol which provides further guidance for determining the relevance of scope 3 emissions sources.

### Acceptable scope 3 emission factor sources

The preferred and default source of emission factors or other calculation methodologies for use under the NCOS Carbon Neutral Program is the most recently published *NGA Factors* and covers emission factors for specific waste types, wastewater treatment, and specific solid, liquid and gaseous fuels. See Appendix 4 of *NGA Factors*.

- Some scope 1 and 2 emission factors from *NGA Factors* may be adapted for use for scope 3 emission sources, where a specific factor for the relevant emission source is not available.
- In the case that *NGA Factors* does not contain a suitable factor for use, the following table lists scope 3 emission factors from publicly and freely available sources that are accepted for use under the Program. Where updated versions of these factors are available, the most recent version of the factor should be applied.

Given the complexity of the issues and the rapid pace of change in measurement/estimation techniques occurring in Australia and overseas, factors may evolve over time as new information comes to light. This list is therefore subject to review and factors and methodologies may be added or removed by the DCCEE. Prior to utilising these factors, ensure you are referring to the most recent version of these guidelines. You may also check the Low Carbon Australia website that may contain information on new emission factors and methodologies recognised by DCCEE,

including some that may not be freely or publicly available.

Category	Emission Factor Source
<b>Air travel*</b>	<p>Transparent Noise Information Package (TNIP) Carbon Counter:  <a href="http://www.infrastructure.gov.au/aviation/environmental/transparent_noise/tnip_CC.aspx">http://www.infrastructure.gov.au/aviation/environmental/transparent_noise/tnip_CC.aspx</a>.</p> <p>International Civil Aviation Organization (ICAO) Carbon Emissions Calculator:  <a href="http://www2.icao.int/en/carbonoffset/Pages/default.aspx">http://www2.icao.int/en/carbonoffset/Pages/default.aspx</a></p> <p>NGGI Analysis of Recent Trends and Greenhouse indicators 1990 to 2005 (printed 2007). Available at:  <a href="http://www.climatechange.gov.au/government/initiatives/low-carbon-australia/~media/publications/low-carbon-australia/analysis-of-trends-and-greenhouse-indicators.pdf">http://www.climatechange.gov.au/government/initiatives/low-carbon-australia/~media/publications/low-carbon-australia/analysis-of-trends-and-greenhouse-indicators.pdf</a></p> <p>EPA Victoria/GHG Protocol: Flights Worksheet:  <a href="http://www.epa.vic.gov.au/climate-change/carbon-management/Worksheet_3-Flights.pdf">http://www.epa.vic.gov.au/climate-change/carbon-management/Worksheet_3-Flights.pdf</a></p> <p><i>NB: The use of the radiative forcing index included in this worksheet is not mandatory.</i></p> <p>WRI, GHG Protocol: GHG emissions from transport or mobile sources, available at: <a href="http://www.ghgprotocol.org/calculation-tools/all-tools">http://www.ghgprotocol.org/calculation-tools/all-tools</a></p> <p>UK Department for Environment, Food and Rural Affairs: 2010 Guidelines to DEFRA / DECC's GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors):  <a href="http://archive.defra.gov.uk/environment/business/reporting/pdf/101006-guidelines-ghg-conversion-factors-method-paper.pdf">http://archive.defra.gov.uk/environment/business/reporting/pdf/101006-guidelines-ghg-conversion-factors-method-paper.pdf</a></p> <p>or alternatively refer to:  <a href="http://archive.defra.gov.uk/environment/business/reporting/pdf/101006-guidelines-ghg-conversion-factors.pdf">http://archive.defra.gov.uk/environment/business/reporting/pdf/101006-guidelines-ghg-conversion-factors.pdf</a></p> <p><i>NB: These guidelines are updated from annually and you should always refer to the latest release of these documents. Use of factors should take into account regional differences.</i></p> <p>* Note the above factors generally only account for the combustion of aviation fuel and do not include other indirect emissions attributable to air travel, such as ground and airport services. Consideration of including ground services will depend on whether their exclusion could lead to a material discrepancy in emissions calculations.</p>
<b>Passenger cars</b>	<p>NGGI Analysis of Recent Trends and Greenhouse indicators 1990 to 2005 (printed 2007). Available at:  <a href="http://www.climatechange.gov.au/government/initiatives/low-carbon-australia/~media/publications/low-carbon-australia/analysis-of-trends-and-greenhouse-indicators.pdf">http://www.climatechange.gov.au/government/initiatives/low-carbon-australia/~media/publications/low-carbon-australia/analysis-of-trends-and-greenhouse-indicators.pdf</a></p> <p>ABS: Survey of motor vehicle use (page 9):  <a href="http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/40BA5EB0863D18F8CA2574B2000FD936/\$File/92080_12%20months%20ended%2031%20october%202007.pdf">http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/40BA5EB0863D18F8CA2574B2000FD936/\$File/92080_12%20months%20ended%2031%20october%202007.pdf</a></p>

	<p>or</p> <p><a href="http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/9210.0.55.001Main+Features112%20months%20ended%2031%20October%202007?OpenDocument">http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/9210.0.55.001Main+Features112%20months%20ended%2031%20October%202007?OpenDocument</a></p>
<b>Rail/Public Transport</b>	<p>NGGI Analysis of Recent Trends and Greenhouse indicators 1990 to 2005 (printed 2007). Available at:  <a href="http://www.climatechange.gov.au/government/initiatives/low-carbon-australia/~media/publications/low-carbon-australia/analysis-of-trends-and-greenhouse-indicators.pdf">http://www.climatechange.gov.au/government/initiatives/low-carbon-australia/~media/publications/low-carbon-australia/analysis-of-trends-and-greenhouse-indicators.pdf</a></p> <p>WRI, GHG Protocol: GHG emissions from transport or mobile sources, available at:  <a href="http://www.ghgprotocol.org/calculation-tools/all-tools">http://www.ghgprotocol.org/calculation-tools/all-tools</a></p>
<b>Paper use</b>	<p>EPA Victoria:  <a href="http://epanote2.epa.vic.gov.au/EPA/publications.nsf/2f1c2625731746aa4a256ce90001cbb5/a8a9bf6c78cd6225ca257826001028ab/\$FILE/1374.pdf">http://epanote2.epa.vic.gov.au/EPA/publications.nsf/2f1c2625731746aa4a256ce90001cbb5/a8a9bf6c78cd6225ca257826001028ab/\$FILE/1374.pdf</a></p> <p><i>NB: Does not provide adjustments for other states and territories</i></p>
<b>Freight</b>	<p>NGGI Analysis of Recent Trends and Greenhouse indicators 1990 to 2005 (printed 2007). Available at:  <a href="http://www.climatechange.gov.au/government/initiatives/low-carbon-australia/~media/publications/low-carbon-australia/analysis-of-trends-and-greenhouse-indicators.pdf">http://www.climatechange.gov.au/government/initiatives/low-carbon-australia/~media/publications/low-carbon-australia/analysis-of-trends-and-greenhouse-indicators.pdf</a></p>

Table 1: Scope 3 emission factors approved for use under the Program

### Approval for use of other emission factors

If you consider and can justify why the NGA Factors and the factors in the table above are unsuitable for use, emission factors from other sources may be considered for use under the Program. The factor should be submitted to the Program Administrator along with supporting information using the “Submission for assessment of non-default and/or scope 3 emission factor/s or method/s” template. It is expected that factors that are accepted for use under the Program will be made available to other participants, whether free of charge or for purchase.

The Program Administrator will be able to provide confirmation on whether a factor or methodology that is not listed, due to not being free of charge, is already accepted. Where updated versions of these factors are available, the most recent version of the factor should be applied. Check the Low Carbon Australia website which may contain information on new emission factors and methodologies accepted for use under the Program by DCCEE.

The Program Administrator will forward submissions on factors that are not yet accepted for use to DCCEE for consideration.

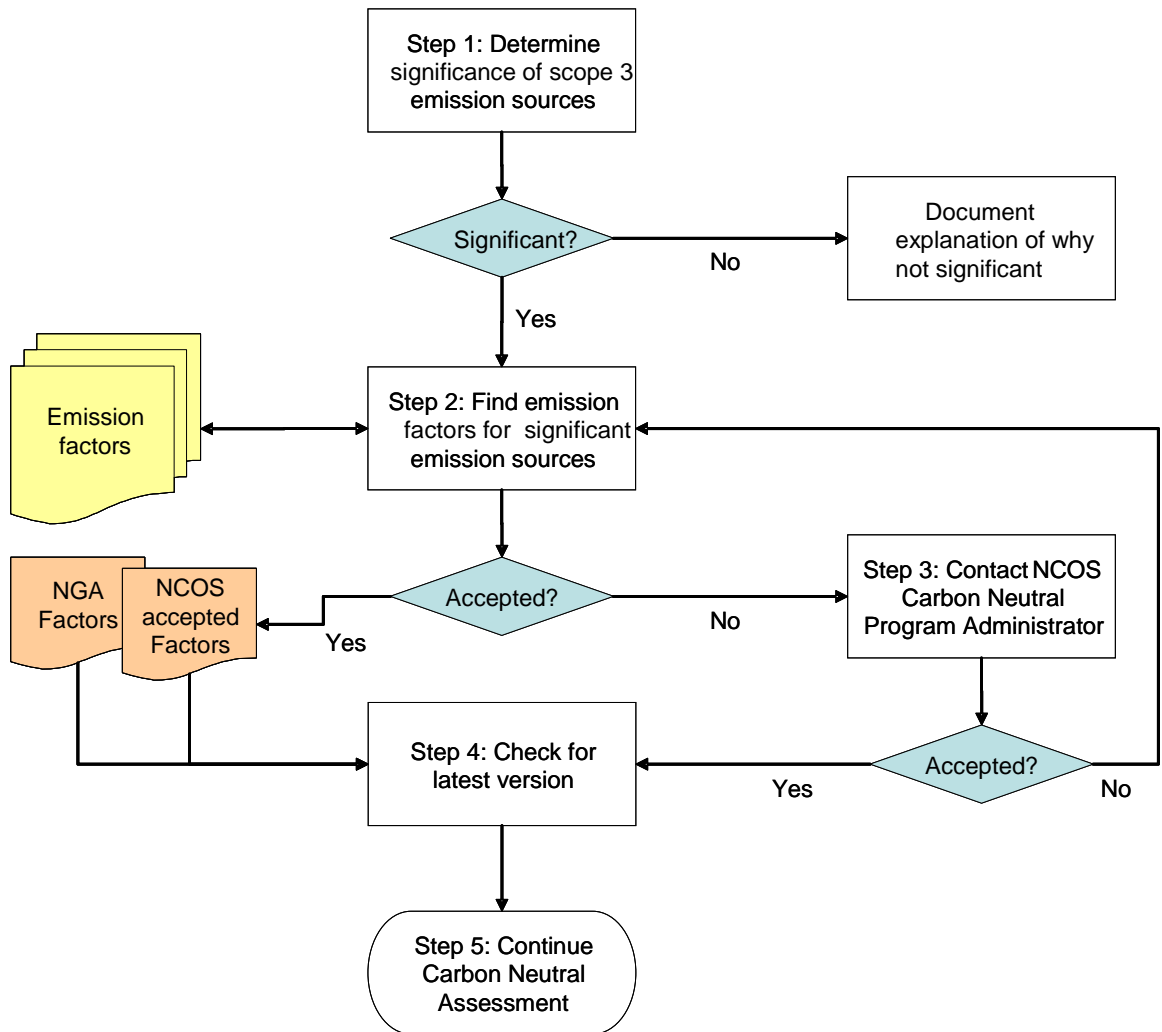


Figure 3: Scope 3 emissions decision making process

## Annex 2 – GreenPower™ worked examples

### Examples of the treatment of GreenPower™ and the voluntary cancellation of GreenPower™-eligible Renewable Energy Certificates (RECs) in GHG inventories and LCAs

Note: These examples refer only to the calculation of scope 2 (electricity consumption) emissions.

#### Example 1

An organisation purchases 100 per cent GreenPower™ or voluntarily cancels GreenPower™ - eligible RECs equivalent to all its electricity consumption. Under this scenario the organisation's GHG inventory will include zero emissions from electricity consumption.

Electricity consumption	50 MWh
GreenPower™ or number of GreenPower™-eligible RECs voluntarily cancelled	100% GreenPower or 50 RECs
Scope 2 electricity emissions included in GHG inventory	<b>0 tCO<sub>2</sub>-e</b>

#### Example 2

The production of a product requires 1 megawatt hour (MWh) of electricity, and equivalent GreenPower™ is purchased or one GreenPower™-eligible REC is voluntarily cancelled for each unit of product produced. Under this scenario, the organisation's LCA would record zero emissions for electricity consumption.

Electricity consumption per unit of product	1 MWh
GreenPower™ or number of GreenPower™-eligible RECs voluntarily cancelled	100% GreenPower or 1 REC/unit produced
Scope 2 electricity emissions included in LCA	<b>0 tCO<sub>2</sub>-e</b>

### Example 3

An organisation purchases 50 per cent GreenPower™ or voluntarily cancels GreenPower™-eligible RECs equivalent to half of its electricity consumption. Under this scenario, the organisation's GHG inventory will include electricity emissions equal to half its consumption multiplied by the grid emissions factor.

Electricity consumption	30 MWh
GreenPower™ or number of GreenPower™-eligible RECs voluntarily cancelled	50% GreenPower or 15 RECs
Grid emissions factor for electricity	0.9 tCO <sub>2</sub> -e/MWh <sup>1</sup>
Scope 2 electricity emissions included in GHG inventory	15 MWh x 0.9 tCO <sub>2</sub> -e/MWh <b>= 13.5 tCO<sub>2</sub>-e</b>

### Example 4

An organisation purchases 200 per cent GreenPower™ or voluntarily cancels GreenPower™-eligible RECs equivalent to double its electricity consumption. Under this scenario, the organisation's GHG inventory will include zero emissions from electricity consumption. Electricity emissions cannot be negative.

Electricity consumption	100 MWh
GreenPower™ or number of GreenPower™-eligible RECs voluntarily cancelled	200% GreenPower or 200 RECs
Scope 2 electricity emissions included in GHG inventory	<b>0 tCO<sub>2</sub>-e</b>

---

<sup>1</sup> This grid emissions factor is for example purposes only. In practice, use the relevant electricity emissions factors from the latest available National Greenhouse Account (NGA) Factors.

### Example 5

An organisation using its NGER report as a basis for their GHG inventory purchases 25 per cent GreenPower™ or voluntarily cancels eligible GreenPower™ - eligible RECs equivalent to one quarter of their electricity consumption. Under this scenario, the organisation may deduct one quarter of its scope 2 electricity emissions from its NGER reported emissions to produce its NCOS carbon footprint.

NGER reported emissions (includes scopes 1 and 2 only)	75,000 tCO <sub>2</sub> -e
Electricity consumption	10,000 MWh
GreenPower™ or number of GreenPower™-eligible RECs voluntarily cancelled	25% GreenPower or 2,500 RECs
Grid emissions factor for electricity (as used in NGER report)	0.9 tCO <sub>2</sub> -e/MWh <sup>2</sup>
NCOS carbon footprint (assuming zero scope 3 emissions)	75,000 tCO <sub>2</sub> -e – (2,500 MWh x 0.9 tCO <sub>2</sub> -e/MWh) <b>= 72,750 tCO<sub>2</sub>-e</b>

### Example 6

An organisation purchases 25 per cent GreenPower™. It also generates GreenPower™-eligible RECs equivalent to half its electricity consumption. Under this scenario, the organisation can voluntarily cancel the GreenPower™-eligible RECs it has self-generated and claim an emissions reduction in its greenhouse gas inventory. If the organisation sells the GreenPower™-eligible RECs instead of cancelling them, those certificates cannot be used to claim an emissions reduction for this or any other program including as part of NGER reporting obligations.

Electricity consumption	60 MWh
GreenPower™ or number of GreenPower™-eligible RECs generated	25% GreenPower and 30 RECs
number of GreenPower™-eligible RECs sold	10 RECs

<sup>2</sup> This grid emissions factor is for example purposes only. In practice, use the same electricity emissions factors that were used in your NGER report.

number of GreenPower™-eligible RECs voluntarily cancelled	20 RECs
Grid emissions factor for electricity	0.9 tCO <sub>2</sub> -e/MWh <sup>1</sup>
Scope 2 electricity emissions included in GHG inventory	25 MWh x 0.9 tCO <sub>2</sub> -e/MWh <b>=22.5 tCO<sub>2</sub>-e</b>

## Annex 3 - Glossary

- Activity Data: Source data that quantifies an emission generating activity, such as fuel usage and electricity consumption, and that can be used to determine greenhouse gas emissions
- Additionality: A requirement that a project or activity provide abatement that is additional to any that would occur in the absence of the project or activity, and that is additional to abatement that would occur anyway to meet Australia's Carbon Pollution Reduction Scheme cap or International Target.
- Base year: The reference year (calendar, financial or other) from which you can track your emissions management progress.
- Business unit: A unit that is recognised by an entity as having administrative responsibility for one or more facilities of the corporation.
- Cancel: Permanently removing carbon offsets from the market so they cannot be reused or re-sold.
- Carbon dioxide equivalent (CO<sub>2</sub>-e): A standard measure that takes account of the varying global warming potentials of the six Kyoto Protocol recognised greenhouse gases and expresses the cumulative effect in a common unit of measurement.
- Carbon Farming Initiative – The Carbon Farming Initiative (CFI) is a carbon offsets scheme for the Australian land sector. The government has introduced the *Carbon Credits (Carbon Farming Initiative) Bill 2011* into Parliament to establish the CFI. The Government will consider the eligibility of CFI credits under the NCOS in the context of the NCOS Review.
- Carbon footprint: A measure of the carbon dioxide equivalent (CO<sub>2</sub>-e) emissions attributable to, in the context of these Guidelines, an organisation or product level.
- Carbon neutral: Commonly refers to a situation where the net emissions (after emissions reductions) associated with an organisation or a product's activities are equal to zero through the acquisition and cancellation of carbon offsets that meet additionality criteria.
- Carbon offset unit: A tradeable commodity that represents a reduction in greenhouse gases, or enhancement of greenhouse gas removal from the atmosphere by sinks, relative to a business-as-usual baseline. Carbon offsets are often used to negate (or offset) all or part of another entity's emissions.
- Energy Efficiency Opportunities (EEO) program: The Australian Government's Energy Efficiency Opportunities program encourages large energy-using businesses to improve their energy efficiency. It does this by requiring businesses to identify, evaluate and report publicly on cost effective energy savings opportunities.
- Emissions management plan (EMP) – a plan which demonstrates that appropriate systems are in place to monitor, reduce and offset the greenhouse gas emissions associated with the organisation (or specified part of the organisation) or product.
- Emission factor: A factor that converts consumption or activity data (such as kilowatt hours of electricity consumed) into a quantity of greenhouse gas emissions.

- Facility: An activity, or a series of activities (including ancillary activities), that involve the production of greenhouse gas emissions, the production of energy or the consumption of energy and that form a single undertaking or enterprise and meet the requirements of the National Greenhouse and Energy Reporting (NGER) Regulations.
- Greenhouse gases (GHG): The atmospheric gases responsible for causing global warming and climate change. The six Kyoto Protocol classes of greenhouse gases are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>).
- Kyoto Protocol: An international treaty created under the United Nations Framework Convention on Climate Change in 1997. It entered into force in 2005. Among other things, the Kyoto Protocol sets binding targets for the reduction of greenhouse gas emissions by developed countries and countries in transition.
- Life cycle assessment (LCA): The compilation and evaluation of the inputs, outputs and the potential environmental impacts of a product system throughout its production, use, transport and disposal (the products “life cycle”).
- Limited level of assurance: Is distinguishable from a reasonable level assurance in that there is less emphasis on detailed testing of GHG data and information supplied to support the GHG assertion.
- Material discrepancy: An error (for example from an oversight, omission, or miscalculation) that results in the reported quantity being significantly different to the true value to an extent that will influence performance or decisions. (Definition taken from Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard)
- NGER Act: *National Greenhouse and Energy Reporting Act 2007*.
- NGER Measurement Determination: *National Greenhouse and Energy Reporting (Measurement) Determination 2008 (as amended)*.
- National Greenhouse and Energy Reporting (NGER) System: The national reporting framework for information related to the greenhouse gas emissions, and energy production and use of corporations operating in Australia. The framework is established under Commonwealth legislation, which makes registration and reporting mandatory for corporations whose greenhouse gas emissions or energy production or use meet certain thresholds.
- Offset: The activity of retiring carbon offset units.
- Organisation: Company, corporation, firm, enterprise, authority or institution, or part or combination thereof, whether incorporated or not, public or private, that has its own functions and administration.
- Program Administrator: Low Carbon Australia Limited.
- Product: Any goods or service.
- Reasonable level of assurance: The verifier provides a reasonable, but not absolute, level of assurance that the responsible party's GHG assertion is materially correct.
- Rules of Use: The Rules of Use for the NCOS Certification Trademark outline the conditions under which the Trade Mark may be used and applied in the market place.

The Rules of Use for the NCOS Certification Trade Mark consist of the 'Rules for use of the National Carbon Offset Standard Certification Trade Mark – June 2011' document and the NCOS Visual Style Guide.

- Scope 1 emissions: The release of greenhouse gas into the atmosphere as a direct result of activities at a Facility.
- Scope 2 emissions: The release of greenhouse gas as a result of electricity generation, heating, cooling or steam that is consumed by a Facility.
- Scope 3 emissions: The release of greenhouse gas into the atmosphere that is generated in the wider economy as a consequence of a facility's activities but that are physically produced by another Facility.
- Sequestration: The removal of atmospheric carbon dioxide, either through biological processes (for example, photosynthesis in plants and trees), or geological processes (for example, storage of carbon dioxide in underground reservoirs).
- The Standard: National Carbon Offset Standard.

## Annex 4 - Purchasing international offset units for carbon neutrality

There are a number of ways to arrange the purchase of international offset units, although not all units can be traded in all ways:

- directly from a project;
- through a broker; or
- over an exchange.

In all cases there is a process to open an account on the appropriate registry in order to ensure that units can be tracked to cancellation. The cancellation process can be conducted in most cases on the registry where the account is held.

### Purchasing Kyoto compliance units

In order to purchase or trade in Kyoto compliance units such as CERs or ERUs it will be necessary to establish an account on a Kyoto Registry. Organisations or individuals that wish to hold Kyoto units in Australia are required to have an Australian National Registry of Emissions Units (ANREU) account. For more information about the ANREU see:

<http://www.climatechange.gov.au/government/initiatives/anreu.aspx>.

### Purchasing voluntary units

The two main voluntary standards recognised under the NCOS are the Verified Carbon Standard (VCS) and the Gold Standard (GS).

For information on Voluntary Carbon Units (VCUs) issued by the VCS, see the VCS website: [www.v-c-s.org](http://www.v-c-s.org).

For information on Voluntary Emissions Reductions (VERs) issued by the Gold Standard, see the Gold Standard website: <http://www.cdmgoldstandard.org>.

These units can also be purchased in Australia through a number of brokers or retailers or through trading platforms. Consult the Low Carbon Australia website which maintains links to websites that provide information about projects and/or providers.

It is important to note that for Verified Carbon Standard (VCS) and Gold Standard credits issued for reduced emissions from deforestation and degradation (REDD) and other agriculture forestry and land use (AFOLU) projects it is necessary to have methodologies approved by DCCEE, unless the relevant methodology has already been approved.