

**CER: Certified Emission Reductions**

- credits from a Clean Development Mechanism project.

**ERU: Emission Reduction Unit**

- credits from a Joint Implementation project.

**RMU: Removal Unit**

- the Marrakech Accords introduced the RMU as part of a Party's assigned amount generated from domestic sinks activities within Annex 1. Under the Protocol, accounting for carbon sequestration activities is handled on the assigned amount side of the ledger rather than the inventory side. For example, if a Party has a net sink of 30Mt, then it "issues" 30Mt of RMUs rather than subtracting 30Mt from its inventory of total emissions.

**3.2 Participation Requirements for IET**

A Party included in Annex I is eligible to transfer and/or acquire AAUs, RMUs, ERUs, and CERs if it meets the following requirements:

1. It is a Party to the Kyoto Protocol;
2. It has established its assigned amount. The assigned amount in the first five-year commitment period from 2008 to 2012 for Canada is equal to 94% of its 1990 anthropogenic CO<sub>2</sub> equivalent emissions of GHGs times five;
3. It has a national system in place to estimate all sources of GHG emissions and removals by sinks.
4. It has in place a national registry to ensure the accurate accounting of the issuance, holding, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs, and RMUs.
5. It submits an annual inventory of anthropogenic CO<sub>2</sub> equivalent emissions and removal by sinks. The annual inventory of emissions by Annex A sources/sectors must pass a quality assessment.
6. It submits all supplemental information on its assigned amount including additions to and subtractions from the said assigned amount.

**3.3 Legal Entity Participation**

One of the key decisions reached at COP 7 is that entities can participate in international emissions trading. There are two provisions related to entity participation. First, Parties must give authorization to their entities in order for those entities to buy and sell on the international emissions trading market and that a list of those authorized entities must be made publicly available. Second, the IET rules that apply to Parties also apply to its entities. In other words, where a Party authorises entities to trade emissions, that Party shall remain responsible for its Kyoto commitments and shall ensure that the entities adhere to all rules. Also, an entity may not engage in any trades of carbon emissions if its authorising Party fails to meet its eligibility requirements or if it has been suspended.