



EMISSION OFFSETS REGULATION UNDER THE *GREENHOUSE GAS REDUCTION TARGETS ACT*

SUMMARY OF PUBLIC COMMENT

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Emission Offsets Regulation under the Greenhouse Gas Reduction Targets Act (GGRTA) - *Summary of Public Comment*

1. Introduction

The Ministry of Environment (ministry) intends to introduce emission offsets regulation under the *Greenhouse Gas Reduction Targets Act* (GGRTA). The proposed emission offsets regulation will be one component of regulations that will be developed in phases to implement the provincial government commitment to a carbon neutral public sector beginning with the 2010 calendar year. The offsets regulation will set out requirements for projects or actions to be recognised as emission offsets for the purposes of the GGRTA.

This report provides a summary of stakeholder comments received as part of the consultation process for development of emission offsets regulation under the Act.

1.1 Background to the consultation process

An intentions paper was posted for public review and comment on the ministry's website (www.env.gov.bc.ca/air/climate) through July and August of 2008. The intentions paper provided background information regarding emission offsets, a summary of related government goals and objectives, a discussion of the ministry's intentions for development of the regulation and an outline of guidance for preparing project information, as well as the process for providing comment to the ministry. A separate response form for providing comments or suggestions to the ministry was also posted on the website.

1.2 Purpose and format of the *Summary of Public Comment* document

This document has been prepared for the Ministry of Environment by C. Rankin & Associates, contracted by the ministry to independently receive, compile and review comment on the ministry's intentions for development of the regulation. The summary does not reflect the ministry's position on any issue. It provides a synopsis of the responses that are being considered by the ministry in preparing the regulation – without specific attribution, except to the extent required to provide context for the comments. This summary of public comment does not include all detailed comments, rather it attempts to capture the tenor and content of comments through summarization and specific excerpts from representative submissions.

The complete set of responses received through the consultation process has been compiled and passed to the ministry for detailed review and consideration. All comments and references submitted through this process, through independent submissions and through direct consultations with stakeholders, will be reviewed and carefully considered by the ministry in developing the regulation.

The summary of responses is arranged by topic as presented in the intentions paper. Direct excerpts from submissions are included in quotation marks (" "). Square brackets ([]) indicate inferred or contextual terms.

1.3 Description of responses received

Over 40 responses to the intentions paper were received (by e-mail, fax and attached file), and have been reviewed for this summary of stakeholder comments. More than half of the respondents identified themselves as part of the private sector and/or project developers. Other respondents included representatives of government agencies, First Nations and environmental and community groups. Many of the responses included substantive comments or submissions to supplement responses to discussion topics set out in the intentions paper.

MINISTRY INTENTIONS

The objectives for the proposed regulation (see intentions paper section 3) are to facilitate recognition of greenhouse gas emission reduction and removal projects in a manner that: ensures integrity and maintains credibility, consistency and transparency; is administratively simple and minimizes uncertainty; is consistent with other climate action programs adopted by the province; builds on experience gained from other systems; and maximizes scope, timeliness and cost effectiveness.

The purpose of the emission offsets regulation (see intentions paper section 4) is to set out requirements for the recognition of greenhouse gas reduction or removal projects or actions as emission offsets under the GGRTA.

Response Form Question 1.1: Do you have any comments or suggestions regarding the objectives and how the ministry should use them in development of the proposed regulation?

Most of the respondents who commented on this topic expressed support or “general agreement” with both the overall purpose and the objectives of an offset system as set out in the intentions paper. Several respondents also noted specific support for “encompass[ing] international standards and protocols.” One, for example recommended that “the government establish [an] emission offset system that uses all of the international standards, based upon the internationally accepted framework of ISO (International Organization for Standardization) 14064/14065 standards which are policy and program neutral [and] that can accommodate accounting methodologies for new ‘clean technologies’ that are an essential part of the management of emissions.”

Several respondents commented that stated purpose and objectives of the proposed offsets system are “too narrow in scope.” For example, one respondent recommended that “the offsets system [should be] capable of being more fully integrated with all aspects of the B.C. Climate Action Plan.” Another commented that “restricting [the offsets system] to public sector organizations imposes a temporary and artificial distinction...the system will be an essential tool to be integrated not only into industrial emitter compliance options but also into the sector-specific commitments that government has made...the offsets system should be designed with a view to its broader application over time.” One respondent recommended a set of “principles” for the offsets system including: “allow[ing] for broad and deep participation from all sectors of the economy in the identification and realization of greenhouse gas reductions and removals;... stimulat[ing] early and deep investment in emissions reductions activities, such that future regulatory and compliance activities and costs are avoided;... maximiz[ing] exposure to and in-

volvement in the emerging carbon market; and contribut[ing] to a robust and diverse provincial economy, by placing a primary emphasis on securing verifiable offsets from energy intensive, trade exposed sectors at potential risk from the impacts of British Columbia’s carbon tax.”

Several respondents recommended an additional objective that would address “foster[ing] and support[ing] existing B.C. industries and initiatives” or giving “priority to local (B.C.) projects.”

Additional specific comments and recommendations regarding the intended purpose and objectives included:

- “Emission offsets purchased for the B.C. public sector should have demonstrable benefits beyond the reduction of GHGs – these benefits can involve the local environment (such as improved air quality, enhanced water quality) as well as new sources of clean energy generation for communities off the grid;”
- “The framework that is established by this protocol approval process will likely have an impact on the eventual design of the cap and trade system enabled by Bill 18 – where possible, efficiencies should be enabled in the emerging Canadian carbon market through adoption of similar protocols for each project type to reduce transaction costs and lower the net cost per offset;”
- “The credibility aspect is also a key to maintain public support – B.C. will have to have accredited ‘verifiers’ available;”
- “Projects [should be] held to a high levels of scrutiny to ensure that the overall system retains public confidence;”
- “An additional objective [should] be considered [along the lines of] ‘appropriately considers First Nation aboriginal rights, titles and interests and maximizes the partnership potential in greenhouse gas reduction and removal projects’;”
- “PSOs should put a priority on reducing GHG emissions before resorting to offsets – this should be articulated in the objectives;”
- “[An additional objective should be included] ‘avoids negative impacts on biodiversity and other environmental concerns’;” and
- “Offsets should not be seen as buying a licence to emit CO₂.”

Response Form Question 1.2: Do you have any comments or suggestions regarding the purpose of the proposed regulation?

All respondents who commented on this topic expressed general support of the purpose of the proposed regulation – in common with responses to question 1.1 (above). A few respondents recommended also that the regulation be consistent with programs currently under development for the Western Climate Initiative (WCI) and other GHG reduction initiatives related to B.C. [i.e., at the federal level].

Another cautioned that offsets remain a “supplementary mechanism – after entities have maximized direction operational emission reductions” and that offsets “ensure [that] costs are transparent and cost neutral to the greatest extent possible.”

Additional comments included:

- “[Should] the purpose statement be limited to offsets that are ‘for the use of PSOs in achieving their carbon neutral status’ or the destination of the offsets should be left open? This could allow recognizing offsets for use by any B.C. based organization;”
- “Offsets should not detract from the strategic allocation of resources to reduce the Provincial Government’s carbon emissions – through Energy Demand Side Management programmes [and the transition from fossil fuels to renewable energy];”
- “Consideration should be given to novel offset projects which exhibit duality, such that they ameliorate infrastructure [to meet the challenges from climate change];” and
- “Regulation should not undermine the creation of a strong B.C. energy services sector and divert resources from supply-chain interventions via government procured services.”

One respondent commented that the regulation should be “clear, understandable, enforceable and defensible” and added a concern that “additional registration, administration, paperwork and ‘dating of storage’ [provisions could]... increase the bureaucracy... without significant benefit to the environment or the regulated community.”

Additional comments included:

- “We question why this regulation is not being passed through the B.C. legislature [where] they could be debated in a public forum – the process leading to the enacting of Codes of Practice does not allow for the same level of public scrutiny;”
- “One of the issues companies face within this industry is an unlevel playing field – reasonable companies that hold themselves accountable to properly manage waste and comply with regulations are frequently undercut by companies that undervalue regulatory compliance because they feel the ministry will not be looking over their shoulder and they rarely suffer any negative consequences;” and
- “We agree with harmonizing regulations provincially, federally and with other North American jurisdictions, on the condition that such harmonization is reasonable, practical and helps protect the environment in British Columbia.”

2. Application of the Proposed Regulation

The proposed regulation will provide guidance to provincial public sector organizations (PSOs) committed to “carbon neutrality” under the GGRTA (see intentions paper section 5).

Response Form Question 2.1: Do you have any comments regarding application of the proposed regulation?

All respondents who commented on this question supported the ministry’s intentions regarding application of the proposed regulation. A number of respondents added cautions or caveats to their statement of support. For example, several respondents noted that there is “a common belief” that private business and industry will voluntarily or otherwise be expected to meet the same standards set forth in this regulation at a future point in time. Respondents requested, for example, that the “rules, guidelines, procedures, and the approved registries [of Pacific Carbon

Trust, Western Climate Initiative and Federal Government offsets program] be compatible...[and] “that [regulatory] framework and consultation – start sooner rather than later, as business needs longer lead times to comply.” Respondents also commonly recommended “differentiation of the role of offsets for PSOs under GGRTA from their use in other regulated entities.”

Additional comments or suggestions include:

- “The establishment of a minimum offset threshold [i.e., vegetation planting as a carbon sink in public post secondary education facilities could take the form of fairly small projects];”
- “Projects should not be approved unless they are registered in [a selected] registry to [avoid] double-counting;”
- “[We] recommend incorporating consensus-based voluntary standards ‘by reference’ into Canadian regulatory processes – [by reviewing and incorporating] the relevant clauses from the [applicable Standards Council of Canada] standard into B.C.’s regulatory development process.”

3. Key Definitions

The proposed regulation will contain key definitions that include: baseline scenario; controlled GHG sources, sinks and reservoirs; emission offset; offset project; leakage; project proponent; protocol; reversal; validation; and verification (see intentions paper section 6).

Response Form Question 3.1: Do you have any comments regarding terms that should be defined in the proposed regulation?

Respondents who commented on this topic commonly recommended using “already established consensus based definitions of terms from other jurisdictions” such as ISO or Canadian standards, or suggested expanding the scope of defined terms.

Respondents suggested the following additional terms or clarifications:

- “[Add] value threshold, GHG emissions, sequestration and additionality;”
- “[Define] ‘Small Projects’ and/or ‘Micro Projects’ – which would have less detailed reporting criteria to reduce administrative costs;”
- “[Regarding] ‘permanence’ for projects with the potential for reversals... consider specifying minimum time limits for projects that act as sinks;”
- “[Add the term] ‘Temporary emission offsets’ if projects [which will eventually release or reverse GHGs emissions] will be admitted;”
- “Add the common terms on page 3 of the intentions paper;”
- “GGRTA and Emission Offsets Regulation should collectively cover all relevant terms;”
- “[The term] ‘baseline’ needs to reference other regulations, standards, legal requirements and material incentives (as currently referenced in [intentions paper sections] 7.4.3 and 7.4.4);” and

- “The definition of ‘sink’ is a bit confusing; typically we have seen ‘sink’ used as a noun rather than a verb, such as ‘a natural or artificial means of absorbing or removing a substance or a form of energy from a system’ – whereas, the process of removing a substance from the atmosphere [is] referred to as sequestration (the act of removing or setting apart).”

Response Form Question 3.2: Do you have any comments regarding the proposed definitions described in the intentions paper?

Several respondents commented that “the definitions are good and consistent with international best practices.” Respondents also suggested drawing on definitions from the ISO 14064 standard, including: greenhouse gas assertion; level of assurance; and monitor/monitoring.”

Respondents suggested the following detailed modifications to the definitions:

- “*Leakage* suggests that leakage [decreases] emissions – the definition should read: ‘An unintended change in GHG emissions or removals elsewhere, but resulting from the offset project, such that the overall net GHG emission *reductions* associated with the project are diminished or fully negated’;”
- “*Baseline [scenario]* – replace ‘emissions’ with ‘reductions and removals’ throughout” – another respondent recommended “using the words ‘reasonable and defensible estimate’ rather than ‘conservative estimate’ [which can imply] ‘low’ or at the low end of a range of possible values...Appendix B of the Intentions Paper suggests consideration of several alternative baseline scenarios before picking ‘the most plausible’ one;”
- “*Project proponent* – separate project proponent from ownership – the provincial government claims ownership of carbon in forests, and may choose to grant some or all of the [carbon] rights to a proponent, such as a forest company or First Nation – the Ministry of Forests and Range may in some cases be the proponent, but would not be the direct owner.”

4. Proposed Offset Eligibility Criteria

The proposed regulation will set out criteria for the GHG reductions and removals that would be eligible as offsets under the *Greenhouse Gas Reduction Targets Act* and regulation. Eligibility would be evaluated on the basis of consistency with all of the following criteria: within scope; real; measurable; additional; verifiable; counted once; and clear ownership (see intentions paper section 7).

Response Form Question 4.1: Do you have any general comments or suggestions regarding the proposed set of eligibility criteria for consideration of the GHG reductions and removals as eligible offsets?

General comments about the eligibility criteria included: “well defined;” and “reasonable, necessary and sufficient.” One respondent commended the intentions for “viewing all of the criteria as critical and not taking an either/or approach.” Respondents also offered suggestions with respect to specific criteria in response to this question, for example: ‘additional’ (the start date for project eligibility, financial versus environmental incrementality and the proposed technology specification); ‘verifiable’ (incorporating a specific inspection system into the verifi-

ation process); and ‘counted once’ (definition and offset registration). Detailed comments have been included under the relevant criteria in the sections below (response form questions 4.2-4.8). One respondent sought “clarity on the role of the Pacific Carbon Trust (PCT) with regard to the administrative requirements for offsets created by PSOs...[Our organization] is interested in potential opportunities to undertake offsets projects under the proposed regulation – should those opportunities exist, will it be possible for a PSO to directly apply the resulting offsets (once recognized and deemed valid under the regulation) toward its annual carbon neutral offset requirements, or will all offset projects be required to go through the PCT (i.e., the PSO would have to sell the offset to the PCT and then buy it back to meet annual PSO offset requirements)?”

Suggestions for additional criteria included:

- “A criteria surrounding ‘permanence’ should be included – [and] where if it is not met, a temporary offset credit [could] be assigned – [although] this would detract from the principle of ‘administrative simplicity’;”
- “[Add] ‘compliant with relevant laws and regulations’;”
- “[Add] ‘Re-evaluated at least every 8 years’ – projects must have a credit duration period and a defined time period for re-evaluation – as common practices, regulations and incentives evolve, some projects may no longer meet the criterion of ‘additionality’;”
- “[Add] ‘projects must ensure no net negative impact to the environment and biodiversity’;”
- “Forest management occurs at site specific and landscape levels – we want to ensure that the criteria allow for consideration of both levels;”
- “The assessment of offset proposals should explicitly include assessment of whether they are legal and have, or are able to achieve, any required certificates (e.g., environmental assessments);” and
- “The execution of the offsets system should be consistent and compatible with larger systems currently under development for the WCI and Canada as well as operating in the EU.”

Response Form Question 4.2: Do you have any comments or suggestions regarding “scope” as an eligibility criterion?

A limited number of respondents addressed this topic, and most of those who did so requested clarification regarding the ministry’s intentions or more information concerning, for example, “facility level regulatory reporting requirements” or why the “conceptually different...’forest management’ was not included in the GHG inventory.”

Specific comments and suggestions included:

- “There is currently no required carbon reporting for B.C. facilities – is the ministry planning on using Canadian federal carbon reporting protocols, or another method of assessing carbon emissions?;”
- “Consider adding a clause such that proposed offset projects with reductions that fall under a different scope be deemed eligible if the government is willing and able to expand the scope to include all emissions of that type;” and

- “The intentions paper states that ‘inventory coverage’ is a consideration in determining adequate scope...it is unclear how this can be interpreted, as British Columbia does not currently have regulatory requirements for greenhouse gas reporting...it is not possible to comment on the appropriateness of the ‘scope’ criterion until...B.C. has regulations surrounding reporting in place.”

Response Form Question 4.3: Do you have any comments or suggestions regarding “real” as an eligibility criterion?

While one respondent, for example, commented that “this is an appropriate and an internationally recognized criterion for offsets,” most respondents raised additional considerations or identified areas for clarification with respect to this criterion.

Several respondents commented on “the challenge of reversals” – recommending that, for example, “methods for replacement be set out in the validated project plan,” “there may be some merit in considering risk premiums (i.e., the requirement of extra offsets on the assumption that some may fail)” or “perhaps [impermanent reductions] should be given an explicit price reduction relative to their risk of reversibility.” One respondent felt that “the regulation should specifically address how issues of permanence/reversal will be mitigated/prevented with respect to forest carbon offset projects.” Another commented that “the criteria state that there will be an obligation to replace all reversals which could tie farmers to land use and management decisions in a way that negates the benefits of offset credits – it is important that the approach to replacement of reversals include sufficient liability protection to enable necessary land use changes without undue hardship.”

One respondent commented in detail on the “complexity of determining baseline and verification” for agricultural projects noting that “the criteria within the intentions paper reflects a level of rigour that may mean certain agricultural activities (with good potential for emission reductions) are difficult to incorporate into the offset protocols [because of lack of good data for agricultural practices and baseline scenarios].”

Additional specific comments or suggestions included:

- “The definition used fails to encourage local governments to exercise their powers of regulation where these may reduce GHG emissions...for example, if the City was to require that a development meets a new energy performance standard, GHG emissions would be reduced over what would have happened in the absence of the regulation – however, the regulation itself is not a ‘specific and identifiable action associated with a defined project’ – no offset would be attributable to these real and incremental reductions as the development would have to account for the new regulation in its baseline scenario;”
- “Disturbances and long time periods need to be considered carefully in baseline – reversals will be difficult for individual proponents – [the] B.C. government may be the best aggregator on provincial Crown land;”
- “Provide a definition of ‘outsourcing’;” and
- “The government’s stated intention to allow only offsets that have already occurred (‘ex ante’) should be made an explicit criterion of ‘real.’”

Response Form Question 4.4: Do you have any comments or suggestions regarding “measurable” as an eligibility criterion?

A limited number of specific comments and suggestions were received regarding this criterion. Several respondents supported consistency with established protocols such as ISO standards, while one commented that even so, “there are potential concerns with transparency...[and] the regulation would need to ensure that there was full and free public access to any standard that was used.” Specifically, one respondent suggested that “it would advantageous to have research carried out on a variety of trees and shrubs used in B.C. landscapes with respect to their carbon sequestration ability,” while another recommended “replacing ‘that are forecast to occur’ with ‘that have occurred’ in the first sentence if all offsets are to be ex-post.” One respondent noted that “others have used the term ‘quantifiable’ which is perhaps more generic [than ‘measurable’], but is still appropriate.”

Response Form Question 4.5: Do you have any comments or suggestions regarding “additional” as an eligibility criterion?

This question generated considerable response that included a number of common concerns or comments, as well as a range of specific suggestions for the ministry to consider. The major aspects of the criterion as described in the intentions paper that generated comment were:

1. The ministry proposal that “the reductions must come from a project that began commercial operation after November 29, 2007;”
2. Consideration and definition of “common practice” with respect to additionality;
3. Calculation of “financial additionality” and “baseline scenario” determination; and
4. Use of “environmental additionality” as a fundamental element of additionality.

First, regarding the proposed starting date for project eligibility, all respondents who commented on this aspect of the criterion felt that the ministry should consider an earlier date. Respondents commonly recommended that “an earlier date should be adopted that reflects both B.C.’s and Canada’s adoption of [and actions initiated under] the Kyoto Protocol.” Respondents commented, for example, that “numerous projects exist in the forest sector that began operations prior to [November 29, 2007] which could be included in the offsets system,” that “the date of GGRTA’s royal assent [is not] a critical aspect of additionality” and that “if the GGRTA is assessed as having a marked effect on the decision to undertake a project, it is actually an incentive rather than a disincentive...[and] from this logic, a regulation that creates a market for offsets cannot be considered in an additionality test, since it would automatically disqualify any project.” One respondent provided a detailed commentary on the requirements and lead time required for planning and construction of projects in their (utility transmission) sector and the potential for the proposed eligibility date to “exclude a number of significant B.C. projects that...could serve as useful benchmarks for protocol criteria.” The respondent recommended that the “requirements around additionality be revised [to read]... reductions must come from projects that began commercial operation after January 1, 2000; [and] reductions would only be recognized after November 29, 2007.”

Inclusion of the term “common practice” and consequent implications also generated substantive comment from respondents. Almost all respondents who commented on this matter felt that the term “leaves ample room for ambiguity and confusion” and that its inclusion in the regulation would “lead to unnecessary delays in the implementation of potential projects,” in addition to being inequitable or inappropriate. Respondents provided examples from forestry (e.g., fertilization) and agriculture (e.g., diverse practices among different commodities and areas) where determination of “common practice” would be problematic or inappropriate. One respondent, for example, felt that “any additional project that removes carbon should be eligible – to disallow existing technologies predetermines the appropriate approach to curbing carbon discharges and improving sequestration.” Another respondent raised a number of “key arguments for avoiding ‘common [practice]’ language,” including: the consequent need for a “qualitative and judgmental” test for common practice that would increase administrative and staff requirements; and introducing additional uncertainty into the system, “which does not reflect the move towards establishing a system based on achieving quantifiable, measurable and verifiable environmental benefits.”

Respondents commenting on the need for an investment analysis for additionality commonly expressed concern or caution. One respondent, for example, commented that “the inclusion of the ‘financial additionality’ test in demonstrating Clean Development Mechanism project eligibility has, time and time again, encumbered promising international project and reduction opportunities from being realized, while causing numerous program, project, and administrative delays.” Another respondent felt that “calculating the value into a project’s economics yields a very small incremental increase to the return on most projects...likely less than the bounds of typical financial uncertainty.” Also related to financial analysis, several respondents commented that the baseline scenario for consideration of additionality should be based on a “reasonable and defensible” rather than “conservative” estimate.

Many respondents commenting on this topic recommended “environmental incrementality” as “the most reliable” or “most appropriate” test for additionality. One respondent, for example, used the example of a forestry company converting its boilers to burning biomass “[where] the environmental benefits are clear, whether the given company is the first, tenth or twentieth project proponent to make this investment...making a subjective determination about the point at which an investment is not ‘common industry practice’ or ‘business as usual’ is arbitrary and ignores the underlying environmental benefits that should, ultimately be the determining criteria.” Another respondent suggested “alternative models, focusing on environmental, rather than financial, incrementality include[ing]: Alberta’s Specified Gas Emitters Regulation; Canada’s Offset System for Greenhouse Gases; and the Regional Greenhouse Gas Initiative (RGGI).”

Additional specific comments and suggestions included:

- “The matter of additionality has not yet considered the operation of aboriginal title and jurisdiction in terms of creating certainty or in terms of creating a new dimension of ‘additionality’ through the voluntary codification of the operation of aboriginal title – we need further discussions with respect to this issue;”
- “Appropriate – adds robustness to the system;”
- “The stringent approach to the additionality test is unrealistic and will be ineffective at fostering a made in B.C. portfolio of projects...the Canadian federal government...draft offset

guide for protocol development fast tracks development of offset policies for heat recovery..., energy efficiency,... biomass fuel switching, and afforestation [all] based on Alberta's protocol[s], and forest management based on the California Climate Action Registry – these are the very initiatives that [would be] ineligible under B.C.'s proposed system;”

- “[Consider] the potential value of aggregators...[the approach] would enable groups of producers to make changes to their practices/ technologies within the context of a single project – in this way...individual farmers would pass the ‘common practice’ test as a group and it would be possible for change to occur in a number of locations at once;”
- “The description of barrier analysis is unclear;”
- “It is not clear how a local government would demonstrate additionality for projects such as cycling infrastructure...that [would] support [a] decrease in transportation GHG emissions;”
- “Consider changing verb tenses to reflect the fact that reductions will have already happened in order for the PCT to purchase the offsets;”
- “[Regarding] ‘market penetration’...it is not clear if or when low market penetration would be considered additional;”
- “The proposed technology specification will set up barriers to private sector investments in valid emissions reduction activities...B.C.'s offsets policy should encourage creativity and innovation, and let the market help establish the types of projects, technologies and – most importantly – the funding opportunities that will lead to viable emissions reductions;”
- “Any forest management practice, such as fertilization, that is not required by law should be considered ‘additional’ (fertilization can result in significant short term increase in carbon being stored;”
- “Appendix B indicates that ‘in the case of activities that have been incented under provincial or federal programs stacking would be permitted’ – as stacking may not be a familiar term, we suggest it be clarified;”
- “We support the use of the five-part additionality test – the application of this test must ensure the exclusion of carbon offset projects for forests/ecosystems that already have conservation status;” and
- “Under the Climate Action Plan, B.C. has set a goal of net zero deforestation...clarity is sought on how this policy, once a legal requirement, will affect the potential for offsets from reforestation and afforestation projects.”

Response Form Question 4.6: Do you have any comments or suggestions regarding “verifiable” as an eligibility criterion?

Most respondents who commented on this topic supported use of “verifiable” as an eligibility criterion as, for example, “verification is a critical component of any credible offset program” and “the public should be accorded a legitimate interest in verification, and therefore be acknowledged as requiring access to all relevant information.” Several respondents, however, expressed a significant concern about the potential exclusion of “ex ante” accounting, specifically with respect to forest management and potential forest sector offset projects. Respondents commented that “many [of British Columbia’s] forest ecosystems have been degraded, either through historical harvesting and development, or the climate-related pine beetle disaster...restoring

these forest ecosystems, or replacing them with adaptive forests, will remove and store many millions of tonnes of CO₂ from the atmosphere and store it for centuries,” and that “commercial forest growth models and mensuration techniques are well developed.” A First Nation respondent commented that “we believe that it is a mistake to adopt an “ex ante” approach to the eligibility for use to offset public sector emissions – project development is in its infancy in B.C. at this time and has the ability to attract small business and First Nations if it is properly structured – typically, this business sector is not heavily capitalized and will benefit from the ability to access opportunities that feature some up front or early payment based on the merits of the proposed project.” Another respondent noted that if the ministry has a “fear that forest-based offsets will deter other types...the province could allocate a maximum percentage of offset procurement...to biological processes (forest ecosystem restoration and avoided deforestation).”

Additional specific comments and suggestions included:

- “[Our association] is working with the provincial and municipal governments to form a public/private partnership to develop an inspection service for assurance that landscape plantings meet the B.C. Landscape Standard and will be sustainable over the long term;”
- “[Our group] has concerns over the costs of verification versus the actual value of the carbon offsets...[and] about expiry and vintage of delivered reductions;”
- “GHG reductions are required on a scale necessitating the inclusion of ALL mitigation strategies, including those from forestry;” and
- “B.C. needs to direct potential ‘verifiers’ to accreditation authorities – so a pool of B.C. verifiers is available to meet the needs of the public sector as soon as the regulation is in force.”

Response Form Question 4.7: Do you have any comments or suggestions regarding “counted once” as an eligibility criterion?

All respondents supported the use of “counted once” as an eligibility criterion, even calling it “essential to program integrity,” however, several expressed concern about reliable enforcement and monitoring. Suggestions to address this concern included: an “international designated registry or transaction log for all eligible offsets that the PCT may purchase;” using the term “retired to indicate that PCT offsets are used only once;” or ensuring that all PCT contracts “contain a clause requiring that the offsets have not been used in any other voluntary or regulatory GHG program.”

Other comments included:

- “[We] assume that the ‘counted once’ criterion is on an annual basis and that initiatives and projects creating eligible offsets are able to monetize those annually through the PCT;”
- “[We] recommend that ‘counted once’ be more clearly defined and that consideration be given to assigning unique serial numbers that can be traced through a GHG registry to each offset that is created – [clearly state] the rules for [the public registry’s] establishment in the regulatory development;”

- “Build on existing GHG registries architecture and maximize the investments already made by B.C. taxpayers in Canada’s Climate Change Voluntary Challenge and Registry Inc. program by considering the use of CSA’s GHG CleanProjects™ registry;” and
- “Sharing credit for emission reductions between the offset project and the provider of material incentives needs to be clearly reported in the project plan – the PCT or the Government of British Columbia will need to accept responsibility for monitoring.”

Response Form Question 4.8: Do you have any comments or suggestions regarding “clear ownership” as an eligibility criterion?

Respondents who commented on this topic generally expressed support for the approach to this criterion outlined in the intentions paper. Several respondents raised questions or made suggestions regarding consideration of “multiple parties” with respect to ownership, for example: “the PCT should state that any proportional allocations (i.e., less than 100% to one party) be (a) clearly, contractually defined prior to credit allocation; and (b) be administered solely by the proponents and not by the Pacific Carbon Trust – the government simply applies to the project itself as an entity, with project owners determining their ownership of credits outside of the public process;” “please confirm or clarify whether one participant within a project can obtain or retain credit for the offsets resulting from the supply of clean energy to another participant within the same project;” and “[our municipality] is interested in projects with partners that result in overall GHG emission reductions, although [our] part of the emissions may rise... in such a situation, we would want to arrange a contract with our partner in which both parties retain a portion of the GHG reduction credits created through this net GHG reduction – additionally, we then may wish to market the offsets that we own – would such a scenario be possible under the proposed regulation?”

Specific comments or suggestions on the following topics were also received:

- Pertaining to local governments – “local governments have a key but voluntary role to play... recognizing incremental increases in [for example, public transit and cycling infrastructure] as an offset towards a voluntary carbon neutral commitment under the [Community] Charter would help to catalyze greater local government action” and “tree and shrub plantings and turf installation [in public areas] meet the ‘clear ownership’ criteria;”
- First Nations rights and interests – “[this criterion] should also include a section on aboriginal rights – most notably the section should state that the project does not infringe on aboriginal rights and title. It must also include the informed consent of the appropriate First Nations;”
- Addressing potential forest sector projects – “[set forestry guidelines] to ensure that contractual arrangements for [offsets] ownership is clear and practicable – for example, if timber that is grown to sequester carbon is subsequently harvested, the implications for the Ministry of Forests and Range, timber tenure holders, the Pacific Carbon Trust and PSOs that have paid for offsets based on the timber will need to be explicit;” and
- With respect to the Pacific Carbon Trust “ownership” – “[the description in the intentions paper] is confusing... project participants [will be required to have] contractual arrangement that clearly states ownership of the offsets – however...[the PCT] will acquire ownership of offsets from project proponents, which implies that project participants may NOT retain

ownership of the offsets, as stipulated by their contractual arrangement;” “consider changing the last sentence from ‘and will transfer this to the PSOs’ to ‘and will retire the credits on behalf of the PSOs’;” and “please consider leased facilities in our northern communities and the degree of control [PSOs] do or do not have over leased facilities and public private partnership arrangements where various ‘ownership’ options are not exercised for 25, 50 and 99 years.”

5. Project Information Requirements

For a project to be a valid source of offsets under the proposed regulation a project plan must have been prepared and validated in advance of emission reductions and offsets must be supported by verified project reports prepared and submitted in accordance with regulatory requirements (see intentions paper section 8).

Response Form Question 5.1: Do you have any comments or suggestions regarding appropriate project information requirements (i.e., plans and reports) for inclusion in the proposed regulation?

Respondents who commented on this topic voiced a number of common concerns and suggestions: 1) the project information requirements must not impose overly complex or “onerous” procedural obligations; 2) project proponents should have the flexibility to select protocols appropriate to their type of project; and 3) project information requirements should utilize and/or follow existing standards and protocols (such as ISO 14064, CSA’s GHG CleanProjects Registry) wherever possible.

Specific comments or suggestions included:

- “[We] do not believe it is necessary to have completed a project plan in advance of carbon reductions – we think it is appropriate, if projects are already finished, to prepare a project plan as part of the process for verifying the reductions;”
- “The project information requirements in the intentions paper may not be comprehensive enough for the PCT and the general public to make a judgment on the integrity and credibility of the project – it is recommended that project documentation requirements similar to the Base Protocol requirements contained in the federal Offset System Guide for Protocol Developers be considered, since these are fully consistent with ISO 14064 and adhere to the transparency principle;”
- “Consider adding special reporting guidelines for small projects and for bundled projects to minimize administrative costs – for example, small projects might be held to the same eligibility criteria, but be permitted briefer reports and be spared a detailed market leakage analysis; bundled projects might require only a sample of sites to be monitored and/or verified, chosen perhaps by the verifier or randomly;”
- “Additional clarity is required with respect to the preparation and frequency of verified project reports before it is possible to comment on the proposed approach;”
- “Costs and capacity associated with project plans, validation, verification & monitoring...this is not a minor issue for the agri-food industry which has many relatively small players that may have an interest in participating in a regulated offset system...use of an ag-

gregator would ease the burden for individuals involved in offset projects and presents potential for producers/processors to work collectively toward emission reductions and offsets – at the same time, it will increase the options for agri-food participation, particularly for small operators, if the PCT takes a balanced approach to managing project administration costs – for example, the initial project development costs could rest with proponents while the monitoring costs remain with the Pacific Carbon Trust;”

- “Agreed upon forest management protocols are not yet available – allow for the use of acceptable existing protocols and new protocols developed by proponents;”
- “Projects should not be expected to be complete and verified prior to selling the offsets to PCT – the project should be validated and demonstrate that at a set date they will supply verification documents – many projects require a long term outlook and it would not be feasible to wait for the verification of offsets prior to selling the offsets;”
- “In order to assure no net negative impact to the environment and biodiversity, baseline information about a project should be required to include a description of the present environmental conditions...; a project design document should include analysis of the expected environmental impacts...; an evaluation of socio-economic impacts...[and] potential project developers should present and make publicly available information that allows forested areas being considered for avoided logging or avoided degradation to be ranked with respect to high value for conservation.”

6. Validation and Verification – Assurance Providers

6.1 Role of validation and verification

The proposed regulation will include provisions for independent validation and verification of information provided in the project plan and project reports (see intentions paper section 9.1).

Response Form Question 6.1: Do you have any comments or suggestions regarding the role of validation and verification in the proposed regulation with respect to the level of assurance necessary for determination and recognition of offsets?

Respondents who commented on this topic universally supported clear, independent, “high” and employ one or more suitable international standards consistent with other international programs – “to ensure environmental integrity and public acceptability of and confidence in B.C.’s offset system.” Several respondents commented that the regulation should clearly separate validation and verification roles and requirements, and, for example, “that a project should be verified prior to selling to PCT, however, it should not be expected to be validated prior to the sale.”

A number of respondents voiced their support for “certification by a qualified professional” as appropriate for validators and verifiers. One respondent also noted that “competencies for verification providers are likely to be provided only by a cross-disciplinary team of professionals, including chartered accountants and professional engineers.”

Several respondents commented that the province should encourage development of “local validators” – such as support for training and certification courses. As well, one respondent

noted that “we [also] need to consider factors related to flexibility, transportability and recognition for B.C. projects in other jurisdictions.”

One respondent outlined three options for providing the necessary level of assurance for offsets: “1) establish specified procedures; 2) require a review level of assurance; or 3) require a reasonable level of assurance (the level normally associated with financial statement audits).” The respondent went on to note that “while there are advantages and risks to each of these options, it is expected that the federal government will require a reasonable level of assurance in its offset credit system.”

6.2 Requirements of “assurance providers”

The regulation will include provisions intended to ensure that the process of validation and verification involves independent and appropriately qualified parties and individuals. The ministry is presently assessing a number of options in terms of approaches to recognize “assurance providers” that are suitable for validating and verifying offset projects. (see intentions paper section 9.2).

Response Form Question 6.2: Do you have any comments or suggestions regarding requiring assurance providers to be accredited with one or more “recognized emission offset assurance organizations” as a means of establishing independent and appropriately qualified parties for validation and verification of project information?

Several respondents who commented on this topic felt that “validators and verifiers should be organizations (not individuals) with teams led by relevant professionals [such as Professional Engineers or Chartered Accountants].” Respondents also commonly recommended utilizing existing or emerging accreditation bodies such as the Climate Registry and supporting standards such as ISO 14065. A number of respondents also recognized that “the logistics of conducting 100% verification for all carbon assertions would be onerous – given the breadth and budget limitations of the government’s carbon program” with one respondent suggesting, for example, that “auditing a representative sample of projects may be a more realistic goal – this could include auditing projects exceeding a certain size (or carbon footprint) or perhaps only auditing projects that do not meet minimum risk thresholds with respects to boundary or materiality.” Another respondent suggested that “an approach similar to the use of qualified professionals around contaminated sites legislation would be effective.” One respondent noted that “organizations [will need to] have the required expertise in horticulture to determine if parties are appropriately qualified for the validation and verification review, inspection and verification of landscape plantings.” A respondent also recommended that “there should be a process for the public to question or challenge any accreditation.”

Response Form Question 6.3: Do you have any comments or suggestions regarding options (other than accreditation through a “recognized emission offset assurance organization”) for confirming that the validation and verification process is conducted by suitably qualified and objective parties?

Respondents who commented on this topic provided similar suggestions to those voiced in response to questions 6.1 and 6.2 – that assurance providers should have professional standing, as well as suitable training in GHG validation and verification (such as “ISO training and knowledge of CDM additionality”). One respondent provided a detailed comment on the topic, noting that “the difficulty with not following a particular accreditation or certification standard is that there is room for interpretation on terms like ‘suitably qualified’ and ‘objective parties’ – the arbiter in the interpretation will necessarily need to be the B.C. government or the PCT, which requires investment of resources that could be better used elsewhere” and suggested that the ministry consider utilizing “the accreditation systems of members of the International Accreditation Forum (IAF), for example SCC and ANSI” as they “are already equipped to deal with issues of interpretation, dispute resolution, sanctioning and withdrawal or accreditation or certification if GHG validators or verifiers who do not perform their responsibilities up to par.”

7. Public Disclosure

All project-related information regarding offsets used to comply with the GGRTA, as well as associated statements of assurance, will be posted on a government website. Posting of validated project plan information would serve as a de facto “registry” for offset projects (see intentions paper section 10).

Response Form Question 7.1: Do you have any comments or suggestions regarding appropriate information that should be available for public consideration and / or how that information should be made available?

While several respondents noted the importance of public transparency and open access to project information, a number also voiced concern regarding the potential disclosure of “proprietary information or trade secrets.” Suggestions for balancing these interests included: “tonnage and project documents should be public – dollar figures should not;” “consider an approach that makes only a project summary available [and not competitiveness information like fuel usage rates, alternative approaches and strategies and internal process/production rates];” and “project details should be provided – commercial details should be respected as confidential.” One respondent commented that “registration, serialization of reductions or removals and public viewing of [project] documents could be offered through a customized architecture based on the CSA CleanProjects registry.”

8. Guidance for Preparing Project Information

The ministry is seeking comments regarding the desired extent of guidance that should be provided to support the proposed regulation, as well as specific comments or recommendations concerning the potential content provided in the intentions paper (see intentions paper appendix B).

Response Form Question 8.1: Do you have suggestions regarding topics or information areas relating to the regulation where guidance documents would be useful or appropriate?

Respondents who commented on this topic provided a number of specific comments or suggestions, including:

- “High level guidance documents [regarding] scoping of the province’s offsets policy;”
- “A guide for developers of quantification methodologies and a guide for project developers would be essential – guides for validators and verifiers...would be useful but could be delegated to the accreditation or certification organizations – training for project developers, validators and verifiers would also be essential;”
- “The PCT should recognize a shortlist of existing [and/or preferred] quantification protocols for specific project types...as well as a list of unacceptable protocols [if any are deemed so by the PCT];”
- “Guidance specific to forestry;”
- “Establishment of a clear standard for ‘common practice’...[for] preparing additionality tests;” and
- “Examples of the types of projects [that] would be considered by the PCT.”

Response Form Question 8.2: Do you have any comments or suggestions regarding the headings and draft contents of the “outline of guidance for preparing project information” (described in appendix B of the intentions paper)?

Specific comments or suggestions from respondents on this topic included:

- “Transparency on how the project was quantified (in particular the baseline and additionality justifications)...the Guide for Protocol Developers from Environment Canada could be used as a model;”
- “Ownership of offsets is not clear...we recommend that all offsets purchased by the PCT be retired on behalf of the PSOs;” and
- “[Regarding forest management projects] determining additionality...may be difficult for some types of projects... rather than a ‘conservative’ baseline, quantification of a project’s carbon sequestration should be based on ‘with’ and ‘without’ project scenarios using reasonable, defensible and consistent methodology...monitoring the project...estimating GHG removals [will need to rely on] growth and yield models that are based on research projects elsewhere.”

9. Other comments

Response Form Question 9.1: Do you have any other comments or suggestions for the ministry?

Respondents used this section of the response form to request additional information from the ministry, to include detailed submissions regarding the nature and activity of their organization or to provide supplementary comments. A sample of questions, requests and comments from respondents is included below:

- “My company recycles waste vegetable oil into a carbon neutral diesel fuel replacement...please send me any information you have on applying for offsets;”
- “I have a forestry client with a considerable amount of private land who wishes to develop offset credits...can you tell me what the acceptable criteria are for developing carbon offsets through growing trees?;”
- “Do you have any further information on funding options/funding timetables available to municipalities so that they can complete their GHG inventories as soon as possible as a first step toward achieving carbon neutrality by 2010?;”
- “There is reference to renewable electricity generation...has this been discussed with IPPs (Independent Power Producers)?” [Ministry response: the proposed emission offsets regulation under the *Greenhouse Gas Reduction Targets Act* (GGRTA) does not intend to identify any specific offset project types for consideration – all potential projects are to be assessed and validated against the proposed criteria];
- “The B.C. Landscape & Nursery Association has the desire and ability to form private/ public partnerships that can play a role in the implementation and verification of GHG emissions;”
- “[Our company] would like to align itself with the Provincial goal of becoming carbon neutral by purchasing offsets... [but] have been unable to discover how to purchase carbon offsets and how to calculate the amount of offsets that would be appropriate...;”
- “The B.C. Forestry Climate Change Working Group (The Working Group) is a coalition of industry associations and their member companies representing over 90% of the B.C. forest product manufacturing sector... our sector has implemented dramatic improvements over the past decade including sustainable forest management practices, energy reduction initiatives and fuel switching projects – the sector has delivered the strongest greenhouse gas record in the province with total current reductions of about 50% compared to 1990 levels; equivalent to the removal of 2.5 million tonnes of carbon – the sector is currently focusing on opportunities to create new biomass products, generate more carbon-neutral biomass based power and provide solutions to B.C.’s pine beetle epidemic...it is critical that the Working Group be able to provide another round of input to the B.C. government on its offsets policy approach based on decisions made from this first consultation – further, since the forest products sector is likely to be a key provider of offsets here in B.C., we would like the opportunity to liaise directly with the Ministry and Climate Action Secretariat to discuss some of our concerns and recommendations in more detail especially around additionality and verification;”

- “To the extent that credible third-party organizations exist in the private sector to support the implementation of this regulation, they should be considered and used;”
- “Our primary concerns relate to how credit for offset projects may or may not be shared under the proposed regulation and whether the system will reward companies who have delayed or avoided taking steps to reduce greenhouse gas (GHG) emissions...there are many manufacturers of plastic containers in British Columbia who currently use virgin resin to manufacture their containers – these manufacturers could replace a certain percentage of virgin resin in their containers with recycled plastic resin – to date, many have not done so because there are few incentives... by replacing 1 tonne of virgin resin with 1 tonne of recycled plastics resin, there is a net avoidance of 1.5 tonnes of greenhouse gas emissions...it is our contention that the party undertaking the steps to facilitate a reduction in GHG emissions should be given due consideration in terms of how the benefits of the overall project are acknowledged – will there be a mechanism in place to ensure that all parties responsible for GHG emission reductions are identified and appropriately recognized under the proposed regulation... A further area of concern relates to the potential for perverse incentives...companies – who may be far less environmentally conscious – may have more opportunity to propose and implement offset projects under the offsets program because they are more carbon-intensive – as a result, the potential exists for the offset program to create perverse incentives – this issue should be given serious consideration and steps need to be taken to design the offsets program to ensure that this does not occur;”
- “The key points of our submission are...: the establishment of a robust and efficient offsets system is key to achieving the province’s climate change targets; the proposed framework outlined in the Policy Intentions Paper provides the basis of a strong and comprehensive system; and the one key adjustment that we would see as critical to the success of the system would be in relation to the proposed definition of additionality – we respectfully recommend that this definition be changed so as to recognize emissions reductions achieved after November 29, 2007 but from projects in commercial operation since January 1, 2000;”
- “General Comments...B.C.’s offsets strategy, as expressed in the Intentions Paper and in the province’s Climate Action Plan, appears to be driven solely, and in our view too narrowly, by the commitment to a ‘carbon-neutral’ public sector in 2010, and by the related need to identify offset projects for public sector organizations to meet their carbon-neutrality requirements – this approach is too narrow because British Columbia clearly has the potential to serve as a robust source of valuable local, regional (WCI) and global offset projects in a host of areas, for public and private sector entities alike – neither the Climate Action Plan nor the Intentions Paper sets out any strategic goals for the province based on the potential value of offset projects and possible technological innovations that could benefit the B.C. economy...the government should undertake an analysis of prospective offset areas of strategic interest to B.C. from the twin perspectives of the value of potential projects and the technological innovations that can be expected to emerge from pursuing such projects;”
- “Compatibility with WCI and Federal Framework – in our view, there is a risk in designing B.C.’s offsets regulatory framework prematurely since the province won’t be in a position to take account of the emerging Canadian federal or regional frameworks around greenhouse gas reductions and the role of offsets... offset providers face the specter of multiple sets of guidelines and the requirements for projects they may develop – a regulatory patchwork in the area of offsets will have a dampening effect on the development of projects that otherwise could be attracted to and be economically beneficial for British Columbia... the Inten-

tions Paper fails to shed light on how or in what manner the B.C. offset system is expected to be compatible (or otherwise) with the WCI and/or Canadian federal offset systems – further analysis and more information on this key issue would be helpful for both offset providers and entities that will need to access the offsets system as a compliance option;”

- “Use of Offsets as an Industrial Emitter Compliance Mechanism... our general position is that offsets should be as broadly based as possible in terms of project type and proportion of compliance obligation – B.C.’s offset regulation should encourage the availability of low-cost compliance options, both to public sector organizations for immediate access, and to industrial covered facilities later on... We urge the Ministry and the Climate Action Secretariat to engage in further consultation on the paper, not just with public sector organizations and prospective project proponents, but also with private sector emitters, and others with an interest in seeing an effective offsets system in British Columbia – developing a healthy offsets system that encourages made-in-B.C. projects is the best way to support the province’s environmental goals while also benefiting our economy and stimulating local technological innovation;”
- “If PCT is the only source of carbon credits there could be a bottle neck created with potential price implications. The alternative of a free market means access to the best price (at a risk of less control over the quality of the credits, but this can be addressed by setting criteria)...carbon neutral business travel – hopefully through PCT and not airline GHG reduction schemes (which are not all credible)...finalize by fall 2008 – sooner the better to create market certainty;”
- “The Chartered Accountants of Canada (CICA)... is in the process of updating our 2003 Practice Guide on Engagements to Audit Greenhouse Gas Emissions Information and would be pleased to provide copies of this Guide to the government on request – in addition, the CICA’s existing Handbook of generally accepted assurance procedures provides standards for assurance engagements that deal with reasonable level of assurance and review level engagements, specified audit procedures and standards for the use of specialists in assurance engagements;”
- “Regarding public registry of offsets – the Globe Foundation is launching the Globe Carbon Registry in fall 2008 as a multi-standard voluntary registry – we would like to offer to host the public registry for the Pacific Carbon Trust;”
- “On behalf of Canada’s Industry Provincial Offsets Working Group (IPOG), a group of representatives from Canada’s provincial governments, industry and service providers...we believe that an offset system should: 1) encourage broad participation against rigorous criteria and reporting; 2) maximize offsets through a range of project types and sizes, potentially from all sectors; 3) be based on market principles and management; and 4) acknowledge the importance of offsets to meeting a region’s climate change objectives, while stimulating clean investment by public and private sector entities...based on these core principles, IPOG believes that British Columbia’s Emissions Offsets Regulation should aim to support transformational change across all sectors of the economy and society in such a way that emission reductions and removals become part of daily individual/group decision-making processes – this change will be enabled, in part, by the deployment of proven, enhanced and innovative technologies with support from public education, regulatory and other policy direction to drive the behaviours necessary to contribute to overall reductions...it is IPOG’s intention to work actively within the stakeholder engagement process to realize a

fully-functioning offset system in the province of British Columbia, and we are willing to act as a ready reference group based on our collective experience as market participants to ensure that we learn from the development of other trading systems and optimize the design of British Columbia's emerging offset system;"

- "We...implore the ministry to consider the unique assets that B.C. has been endowed with, to address climate change – only biological systems, and in particular forests, represent a viable means of removing CO₂ from the atmosphere, over extensive periods (centuries), while delivering a range of environmental, social, and economic benefits to urban and remote communities, and in particular, First Nations...the potential exists for B.C. to become a global leader in forestry-based offsetting protocol and project design – this expertise could be deployed and transferred to other parts of the world to help mitigate climate change, particularly to the developing world where pressures on the land base are more intense and industry less regulated – this is much less likely to occur if there is no support from the government for the development and sale of ex ante carbon offsets;"
- "Ownership issues for biological sequestration projects, involving land where title is disputed with First Nations requires special attention – the Australian model allows carbon rights to be separated from land and title issues – clarity around the Province regarding ownership claims by the Federal Government would also be helpful;"
- "We do not recommend any adjustment to the date of project eligibility – credit for industrial early action should be negotiated for the cap and trade system – if truly additional, high quality offsets are available to the PCT (and we believe they are), then they should be given top priority and highest price;"
- "We believe that by giving priority to local projects, the economic benefits of new projects will remain in B.C. – additionally, any environmental co-benefits, such as improved local air quality, will also be provided to British Columbians first;"
- "[Our company] supports use of the ISO 14064 model for greenhouse gas projects as the basis for the proposed Offsets Regulation;"
- "While the proposed regulation generally appear well thought out for regulated entities, most of the actions that a local government could take to reduce community greenhouse gas emissions would not qualify as an offset – this will serve as a significant barrier to voluntary local government commitments to the B.C. Climate Action Charter;"
- "Key issues for the Agri-food industry: interim protocols are needed to assist the industry to participate in offset opportunities in the near future; B.C.-specific research is needed; this will greatly improve accuracy and understanding of the potential of agricultural practices and technologies in emission reduction and sequestration; it is important that the approach to replacement of reversals include sufficient liability protection to enable necessary land use changes without undue hardship; costs associated with project administration will be a challenge for agri-food businesses – aggregators and cost-sharing with PCT would ensure a more equitable system; the requirement for reductions to originate with projects that began commercial operation after November 29, 2007 does not enable industry innovators and early adaptors to participate in offsets and therefore disadvantages leaders; it is important that the diversity of the B.C. Agri-food industry – and the distinctions across commodities and regions – is recognized in determining common practices; Industry members will require access to advice and support that is project specific and available to operators

regardless of size and geographic location; and the option for stacking is very valuable in creating additional incentive for producers to participate in projects that reduce emissions;”

- “I would like to emphasize our main response – forestry offset projects involve complexities (long timelines, large geographic scope, certain types of measurement difficulties, natural disturbances that are only partly predictable, etc.) not found in project types of many other sectors – we are confident that these can be addressed, but it will require careful attention in the drafting of the regulation...the complexity of forestry projects will require specific guidelines and regulations – the Climate Change and Forest Carbon Strategic Unit (MFR) is interested in working directly with the MOE to develop guidelines and regulations that will ensure that the maximum benefits possible from forestry projects are encouraged, recognized and achieved – [with respect to] selection of projects...we feel it is important to point out that forestry projects can and often do have multiple benefits that go beyond financial returns and production of timber or GHG removal – these include ancillary products (e.g., mushrooms and wildlife that support subsistence livelihoods), ecosystem services (e.g., water quality and quantity) and other social benefits (e.g., landscape aesthetics) – selection and approval of one GHG removal project over another could include consideration of these various benefits in a multiple accounts analysis, as is already done for some MFR investment programs...it is in the public interest to use public funds on projects that maximize overall benefits, and we encourage consideration of processes that would permit this to be operationalized...[regarding] quantification of projects – some of the multiple (non-carbon) benefits from forest projects can be quantified and may be substantial... proposed offset projects (forestry and other sectors) may also have undesirable impacts (e.g., direct or indirect threats to species at risk) – where these exist, they should be considered – meeting legal requirements and obtaining necessary approvals for projects may not prevent such impacts...”
- “The majority of [our working group’s] comments and questions...are related to the applicability of, underlying meaning and relationships of this regulation to other policies and regulations...[related to]...A. clarification of eligibility to obtain credit...B. market arrangements...C. clarification of geographic scope of offset market ... D. relation to Federal draft GHG offsets policy...E. timeline...F. resources for PSOs...G. additional guidance for project proponents...H. approval process...[and] urgency of guidance and project timing...[our regional government] does not support the adoption of the Emission Offsets Regulation, as they currently read, toward the Carbon Neutral commitment made by local governments...the stringency of the protocols applied to local governments offsetting corporate emissions should reflect the spirit of the Climate Action Charter and the purpose behind it... applying overly restrictive protocols to a voluntary agreement will not encourage ambivalent local governments to join and may discourage current signatories...we also believe that innovative partnerships can achieve greater overall emission reductions – as a voluntary commitment, the offset mechanism applied to local governments should be flexible enough to allow these partnerships to develop...[we] would like to see an offset mechanism for local governments that allows local government to develop offsets in partnership with other organizations and allow partners to retain ownership of an agreed portion of these offsets, to be retained and applied against corporate emissions and/or sold to the PCT or other body...we would urge the UBCM and Climate Action Secretariat to consider the level of stringency required to prove additionality for the voluntary signatories to the Climate Action Charter – the introduction of an additional offset mechanism for offsets applied

directly against local government emissions (and not for sale on an open market) should be considered – such a mechanism would encourage local government to actively pursue unique offset opportunities within the community and limit lost opportunities for GHG reductions;”

- “In the case of the public post secondary education campuses, offsets (or carbon taxes levied) would be more constructively applied to directly financing offsets projects on the campuses since...a large volume of deferred maintenance projects [exist] because there has not been adequate funding provided to institutions through annual maintenance grants to maintain older facilities...there should be a well defined process which permits institutions or PSOs to apply for facilities that should be exempt from the carbon footprint determination – examples are: historic buildings designated as significant historic resources; as well as research facilities that are specialty buildings recognized [as part of] internationally significant [initiatives]...for advancing human health and scientific knowledge – these facilities often have very unique laboratory requirements that do not conform to conventional building codes or funding models;”
- “The use of biological sinks and reservoirs (SSR) may directly impact wildfire control efforts and fire behaviour where such SSR have increased fire hazard or risk and/or contribute to the spread and intensity of a wildfire...[our ministry branch] would like to ensure that a review of the proposed biological SSR has been completed by a Registered Professional Forester or, other qualified professional... proponents of biological SSR should be aware that a cost sharing agreement may or may not be entered into with Protection Branch for government fire control costs on private or leased lands... biological SSR should not adversely affect any established or planned Community Wildfire Protection Plan...ideally, a biological SSR would be composed of fire resistant species and integrate with other land management objectives – guidance to the industry of these noted concerns should be integral to the proposed regulation;”
- “We [as a province-wide PSO] understand from the...Policy Intentions Paper that PSOs will be entitled to rely on the PCT to facilitate compliance with the regulation – from discussions with the Climate Action Secretariat, our expectation is that ICBC will be able to purchase offsets from the PCT in terms of ‘delivered tons’ – the PCT will be responsible for procuring and overseeing offset projects, verifying offsets and generally ensuring compliance with the regulation...we assume that the PCT will aggregate projects and sell verified offsets in units such as ‘delivered tons’ to PSOs...we expect all of [our requests for clarification and definition] will be set forth in the regulation;”
- “The Tsleil-Waututh Nation is a Coast Salish community whose traditional territory comprises 720 square miles... Tsleil-Waututh Nation is presently engaged in developing a variety of carbon offset projects and products in our traditional territory. The Nation has built strong internal capacity in various resource management areas to support Carbon Stewardship projects...[our nation] plans to offer a multitude of offsetting services...offsetting projects will include, but will not be limited to: forest protection and enhancement, clean energy projects, landfill and waste GHG capturing, marine sequestration and community energy efficiency... Tsleil-Waututh recommends that B.C. adopt a proactive approach to First Nation’s consultation and accommodation with respect to legislation, regulations and policy related to Greenhouse Gas initiatives, beginning with the proposed regulation under the GGRTA... our response is a clear invitation to the Ministry of Environment and the Pacific Carbon Trust to initiate and engage in direct consultation with Tsleil-Waututh regarding these and

other elements of GHG emissions control and the development of a unique ‘made in B.C.’ approach to the partnership between First Nations and other governments in the carbon economy;”

- “Certainty of land use projects eligible for carbon credit projects and ownership of carbon credits may be impacted by aboriginal rights and title issues – it will be important to enter into discussions with Coastal First Nations and the province on these matters;”
- “There should be an explicit and assured role for the public to participate in validation and verification, i.e. some means to challenge offsets or bring forward relevant information for consideration;”
- “We support the objectives of the *Greenhouse Gas Reduction Targets Act* (GGRTA) and the Pacific Carbon Trust (PCT) model as a means for Public Service Organizations (PSO) to purchase credible offsets – having a source for PSOs to obtain offsets means that their staff do not need to judge the credibility of different offset project and providers, thus allowing PSOs to focus their resources on making changes to reduce emissions in their own operations – this submission contains four general comments: 1) prioritization of offsets...further elaboration of ‘aggressive reductions’ would allow us to have more confidence that offsets are truly secondary to in-house reductions in the GGRTA’s approach to public sector carbon neutrality; 2) adequate resources...success of the GGRTA is contingent upon sufficient resources being available to the PCT, PSOs and those municipalities that have signed the Climate Charter...we support applying the price signal through the carbon tax to PSOs, but note the need for financial aid to emission reduction projects undertaken by PSOs and local governments...; 3) forest offsets require additional consideration due to the potential negative environmental impacts of some activities that increase carbon storage...; [and] 4) the government should provide a more detailed description of its treatment of ‘removals’ in its accounting of GHG emissions...[additional] comments...the best science indicates that the focus ought to be on those offset projects that provide highest short-term emissions reductions/removal benefits...with respect to forest carbon offset projects, it is our belief that avoided deforestation and avoided degradation projects will be the most effective opportunity for this, in addition to their multiple environmental and socio-economic co-benefits.”

Appendix A: Acronyms and Abbreviations

Acronym or Abbreviation	Definition
ANSI	American National Standards Institute
B.C.	British Columbia
CDM	Clean Development Mechanism
CICA	Chartered Accountants of Canada
CSA	Canadian Standards Association
EU	European Union
GGRTA	Greenhouse Gas Reduction Targets Act
GHG	Greenhouse Gas
IAF	International Accreditation Forum
IPOG	Industry Provincial Offsets Working Group
IPP	Independent Power Producer
ISO	International Organization for Standardization
MOE	Ministry of Environment
MOFR	Ministry of Forests and Range
PCT	Pacific Carbon Trust
PSO	Public Service Offices
RGGI	Regional Greenhouse Gas Initiative
SCC	Standards Council of Canada
SSR	Sources, sinks and reservoirs
UBCM	Union of British Columbia Municipalities
WCI	Western Climate Initiative