



TEAMALBERTA

ADVANCING ALBERTA'S CROP SECTOR TO 2025 AND BEYOND

May 13, 2021

Jackie Mercer
Manager, Offsets and Emissions Trading Section, Carbon Markets Bureau
Environment and Climate Change Canada
351 Boul. Saint-Joseph
Gatineau, QC K1A 0H3
Via email: ec.creditscompensatoires-offsets.ec@canada.ca

Re: Proposed Regulations, (2021) C Gaz I, 966 (Greenhouse Gas Offset Credit System Regulations (Canada))

Dear Ms. Mercer:

Team Alberta would like to comment on the federal government's proposed *Greenhouse Gas Offset Credit System Regulations* (the Regulations). Team Alberta is a collaborative initiative led by four of the province's crop commissions, Alberta Barley, Alberta Canola, Alberta Pulse Growers, and the Alberta Wheat Commission. Our commissions are farmer elected, directed, and funded. Collectively, we represent the interests of 20,000 farmers across Alberta in the areas of research, agronomy and policy. Alberta's crop sector sequestered approximately 67 Mt CO₂eq from 1985 to 2016.¹ Since the 1990s soil carbon sequestration has increased, from 0.10 Mt CO₂eq in 1990 to 6.06 Mt CO₂eq in 2016.² Our producers play a significant role in carbon sequestration.

On behalf of our farmers' interests, we would like to add our input on the proposed regulations and support the submissions that have been made by organizations of which we are members. Such as Biological Carbon Canada (BCC), which is a coalition of stakeholders representing farmers, ranchers, and foresters across Canada. Some of our commissions are also members of national organizations that represent our farmers such as the Canadian Canola Growers Association (CCGA) and the Grain Growers of Canada.

¹ Biological Carbon Canada, Assessing Greenhouse Gas Sources and Sinks in the Crop Sector, pg. iv, https://www.biologicalcarbon.ca/wp-content/uploads/2020/01/BCC_AssessingGHGSourcesSinks.pdf

² BCC, Assessing Greenhouse Gas Sources and Sinks in the Crop Sector, pg. 15.

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1. Team Alberta supports the recommendation that ECCC work to ensure that Federal, Provincial, Territorial Agreements are in place at the time of protocol implementation.

In the event that a provincial or territorial offset system does not have a current protocol for a project activity that is covered by a federal offset protocol, the project proponent could apply to register in the federal offset system using that federal protocol. However, under the regulated scenario, there must be a federal/provincial/territorial intergovernmental agreement in place at the operational level stipulating that credits may only be used once. We support the recommendation that ECCC work to ensure that these agreements are in place at the outset of protocol implementation. Steps should also be taken to study the impacts on credit value that result from selling credits between jurisdictions with differing carbon prices. Potential study points could include whether provincial emitters should be limited to purchasing credits from within their own jurisdictions until all credits with that province have been used up.

2. Team Alberta supports the recommendation to vet and consider protocols not included in the National Inventory Report (NIR) or to include within the NIR.

The ongoing requirement that protocols be included within the National Inventory Report (NIR) is problematic, as innovative protocols resulting in tangible results are excluded. One example is the 4R Climate Smart Protocol, which improves nitrogen management in cropping systems by estimating the nitrous oxide reduction associated with better nitrogen management. The federal offset program could develop a vetting process to consider protocols outside of the NIR. Alternatively, the Government of Canada could include the 4R Climate Smart Protocol within the NIR.

3. Team Alberta supports the comments from CCGA's submission, which calls for consistent offset protocols and cross compliance mechanisms, as well as suggestions for consistency from BCC.

Regarding proposed regulations, we are concerned that opportunities for a liquid regulated offset market are diminishing. To achieve maximum economic efficiency, the regulated market must be developed. Canadian farmers need a meaningful path to participate in the regulated market; otherwise, they will likely seek out voluntary markets that may enable leakage or other inefficiencies. It is important to prioritize the development and implementation of an agriculture soil organic carbon offset protocol as well as a fertilizer emissions reduction protocol based on 4R nutrient stewardship practices. This will cause liquidity in the regulated offset market, reduce compliance costs for obligated parties, decrease regulatory burden on government, and provide meaningful opportunities for Canadian farmers to participate in the output-based pricing system (OBPS).

Consistent offset protocols and cross compliance mechanisms will encourage participation, reduce the cost of compliance, and facilitate transparency in the Canadian offset market. BCC suggests that if the offset system is to use geo-referencing for project sites, the centre of the project site should be used to enhance consistency. Land parcels are divided out differently across the country.

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If the federal system is to have consistency in and out of each province, then it also needs to have a consistent method for labeling and using the geographic boundaries of project sites.

4. Team Alberta supports BCC's recommendation to include and expand on specific definitions in the Regulations, as well as recommended separations in the Regulations.

BCC described the powerful influence definitions can have on policy and programs. The definitions of 'additionality' and 'conservative' must be included in the regulation. There must be an assurance of regulatory certainty when adjudicating additionality and conservation. There needs to be a distinction between a soil sink and a foliage (forage/tree) sink. There should be separation between offering financial incentives from offset ownership and regulatory expropriation. Offering tax credits or other incentives should be separate from offset ownership and regulatory expropriation.

5. Team Alberta supports CCGA's recommendation to fix baselines for sequestration offsets at 2017 levels.

Applying rolling baselines could compound the exclusion of obligated parties, offset proponents, and project participants in the regulated offset market. There is a need for meaningful market development. The 18-month restrictions, in ss 4(1)(a) and (b), should be removed. Tight timelines could result in unintended consequences such as reversing carbon sinks. Language should be included in the Regulations to ensure against emissions reduction arbitrage. Government must also prevent emission reductions from being purchased and resold at a higher price once registered.

6. Along with the CCGA, for s 7(1)(ii), Team Alberta recommends the confirmation that crediting periods be extended to 100 years for non-forestry related sequestration projects.

Additionally, we propose that language be crafted to allow project developers and participants flexibility in determining the crediting period for each specific project, which would provide insurance against the unlikely possibility of unintentional reversals. When considering monitoring reports for sequestration projects at s 27(2), the monitoring report should be required to be submitted 100 years after the end of the first credited year of the offset project, instead of 100 years after the end of the crediting period for the project. When considering the implementation of a risk management plan for biological sequestration projects, the plan should require only until the end of the 100 years after the end of the first credited years of the project, instead of 100 years after the end of the crediting period for the project. A schedule should be published, so the proponent has regulatory certainty on offsets required to be banked. The government should consider the implementation of a randomized audit process in lieu of requiring site visits for all project participants to further reduce compliance into these verification procedures.

7. Finally, Team Alberta supports further recommendations from BCC on verification standards, investment in human capital and allowances for insurance to increase efficiencies.

It should be stated that within a verification body, only provincially licensed professionals can do verifications. A verification body must also have registered professionals from the province where

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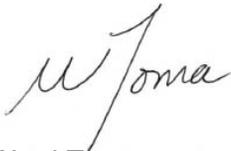
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the offset is located on the verification team. It would be beneficial to publish a code of practice for the commercial transactions of offsets in Canada. Suitable investment in human capital would allow the ministry the capacity to understand a protocol when presented for the approval process. Lastly, insurance products and instruments should be allowed to accommodate risk.

This submission is part of Team Alberta's commitment to work with federal government to ensure the farmer's perspective is considered in the development of climate-based policies and offsets for bio-based industries.

Sincerely,



Ward Toma
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Alberta Canola



Leanne Fischbuch
Executive Director
Alberta Pulse Growers



Tom Steve
General Manager
Alberta Wheat and Barley
Commissions

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