Pembina Institute and World Wildlife Fund Canada Comments on Alberta Environment's draft *Specified Gas Emitters Regulation* dated October 12, 2005

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General Comments

The large final emitters (LFE) system is a major and essential component of the federal government's April 2005 plan to implement the Kyoto Protocol, *Moving Forward on Climate Change: A Plan for Honouring our Kyoto Commitment*. On July 16, 2005 the federal government published a *Notice of intent to regulate greenhouse gas emissions by Large Final Emitters*, and has now formally ordered the addition of greenhouse gases (GHGs) to Schedule I of *Canadian Environmental Protection Act* 1999 (CEPA)[3], which is a pre-condition for regulating LFEs. The Federal Government has yet to publish a draft LFE regulation.

On July 18, 2005, Alberta Environment (AENV) consulted with ENGOs on potential provisions for establishing a *Specified Gas Emitters Regulation*.[4] At that time the AENV indicated that its preference would be to use its *Climate Change Emissions Management Act* (CCEMA) to regulate GHG emissions by LFEs in Alberta. Alberta has now released a draft of the first of a series of LFE regulations under the CCEMA. This proposed regulation, released on October 17, 2005 (hereafter referred to as the *Regulation*) for public comment, is a broad overarching regulation, which lays the foundation for regulating LFEs in Alberta using CCEMA. Draft regulations containing more detailed sectoral requirements are to follow in the "coming months".

AENV's proposed *Regulation* indicates, without explicitly mentioning, an interest by the province of Alberta in developing an equivalency agreement with the federal government for the purpose of implementing the federal LFE regulations. The federal government's *Notice of intent* includes the goal of "maximum use" of equivalency or administrative agreements under the CEPA for this purpose and allows "work on both the equivalency agreement and the regulation under CEPA 1999 [to] take place in parallel such that the federal regulation would never be applied" (p.2492). However, the *Notice of intent* stipulates that a "key objective" of any equivalency agreement is "to ensure national consistency of the mandatory emission intensity targets" in order to "protect competitiveness among Canadian industry by avoiding a patchwork of different regulations being applied to the same industry sectors and to ensure an effective emissions trading regime" (p.2492).

The Pembina Institute and World Wildlife Fund Canada (WWF Canada) welcome this opportunity to comment on a draft of the *Regulation*, but are disappointed with the short notice given to ENGOs to provide comments on it as well as with the lack of ENGO consultation on the development of the regulation since July 18, 2005. Alberta Environment (AENV) stated in its summary report, *Specified Gas Emitters Regulation – Proposed Design Features*, dated June 27, 2005, that it would hold "Stakeholder and Government Workshops". However, neither the Pembina Institute nor WWF Canada has been informed by AENV of such workshops.

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[3] *Canada Gazette Part I*, September 3, 2005, p.2870-2880.
[4] Alberta Environment. 2005. *Specified Gas Emitters Regulation Summary*. (dated June 27, 2005)

For reasons of equity and the public credibility of the regulation, it is critical that AENV consult ENGOs on the development of regulations in a timely matter and on an equal footing to industry. At the same time we note that ENGOs' capacity to participate separately in multiple federal and provincial consultation processes on the LFE system is limited, and we look for governments' cooperation in seeking an appropriate solution that does not limit our opportunities for providing timely input and ensures the latter receives meaningful consideration.

The Pembina Institute and WWF-Canada do not believe that, as currently proposed, the *Regulation* meets the "key objective" of an equivalency agreement as specified under section 1.3 of the federal government's *Notice of intent*. In particular, we do not believe that Section 3 of Alberta's *Climate Change and Emissions Management Act* 2003 (CCEMA) should be considered for equivalency to federal legislation because it is incompatible with Canada's Kyoto target as well as with the much deeper emission reduction targets needed post-2012. Using Alberta's *Environmental Protection and Enhancement Act* (EPEA) instead of the CCEMA could be a more appropriate option because:

(i) Edmonton's Environmental Law Center found that "all but one provision of the Bill is addressed by similar, and in some cases identical, EPEA provisions."[5]

(ii) The major discrepancies between EPEA and the CCEMA regard sinks, the definition of GDP and sectoral agreements, all of which seem unnecessary for federally equivalent LFE legislation.

(iii) EPEA contains the necessary provisions to enact emissions trading regulations and does not include many of the unnecessary and potentially controversial elements of the CCMEA. EPEA also has the added advantage of being over a decade old and primarily focused on environmental protection.

Comments on key issues

1. Equivalency Agreement. The *Regulatio*n does not make any reference to an "equivalency agreement." Section 8 of the CCEMA states that "The Minister may… enter into agreements with the Government of Canada … for the purposes of undertaking co-operative, complementary or compatible actions to reduce specified gas emissions. … [only if] the Minister is satisfied that the agreement will be consistent with … the specified gas emission target for Alberta established by section 3(1)". Making the establishment of federal-provincial agreements regarding GHG emissions dependent on Alberta's long-term intensity based objective is wholly inappropriate, as elaborated in the following point.

- ***Section 3 of Alberta's Climate Change and Emissions Management Act 2003 should not be considered for equivalency to federal legislation, and the Regulation should not make reference to Section 3.*** This section allows intensity targets to be set for industry sectors provided the targets are established for the purpose of meeting Alberta's proposed long-term objective of a 50% reduction in GHG emissions per unit of GDP below 1990 levels by 2020. If Alberta's GDP continues to grow at 4%/year as it did during the 1990s, the 50% intensity target could be met even while the province's emissions rise to 66–83% above the 1990 level.[6] Such an increase in Alberta's absolute GHG emissions would jeopardize Canada's ability:
  (i) to meet its Kyoto target;
  (ii) to advocate for and achieve the much deeper emission reduction targets for post-2012 commitment periods that will be needed to meet the ultimate objective of the UN Framework Convention on Climate Change;

[5] Environmental Law Centre. 2003. *In Response to Bill 32: The Climate Change and Emissions Management Act*; http://www.elc.ab.ca/ims/client/upload/In%20Response%20to%20Bill%2032.pdf.
[6] Bramley, M. 2002. *An Assessment of Alberta's Climate Change Action Plan*. Pembina Institute, p.1.

(iii) create a burden for the rest of Canada by transferring responsibility and financial liability for emissions from Alberta to the federal government.

2. Definition [p.1]. The *Regulation* defines compliance units as having "the same meaning that it has under the **federal regulation**" [p.1; see also sections 5]. However, the federal government has neither published an LFE regulation, nor even a draft. The *Regulation* should also define Specified gas [p.1] according to the *Order adding toxic substances to Schedule 1 to CEPA 1999* in *Canada Gazette Part I*, September 3, 2005 (p.2880).

3. Emissions Intensity Limits [p.2-4]. ***It is impossible to provide fully informed comments on emission intensity limits without having access to the numerical values that are being contemplated.*** Ultimately, what matters most is that LFE facilities be collectively required to achieve at least, and preferably more than the 45 Mt reduction amount established by the federal government. We request access to sufficient information to allow us to make a determination of whether the targets to be defined in the forthcoming *Sectoral Regulation* will meet that test. Without that information, this consultation is incomplete on the point of most concern to ENGOs: environmental performance.

- ***To meet the federal government's key objective regarding equivalency agreements for the purpose of implementing the LFE regulation, Alberta must ensure that its sectoral targets are equivalent to those applying in other provinces***.
    - That is, Alberta's industry must be subject to targets that add up for each sector to at least a 12% reduction below BAU levels in order to ensure that reductions required of Alberta industry are at least as stringent as those required of their sectoral counterparts in other jurisdictions.
    - Given the preceding comment, article 4(1) of the *Regulation* [p.3] should explicitly mention that limits for specified gases for facilities are not only in accordance with the CCEMA *Sectoral Regulation*, but also ***with the federal government's overall LFE target and sectoral emission intensity targets*** as defined in the *Notice of intent* (p.2493-4)":
      "Targets for covered activities carried out in existing facilities would be based on a percentage reduction in emissions intensity relative to the 2010 business-as-usual forecast. The calculation of the target would be based on the following:
        - *Fixed process emissions—those caused by a fixed chemical reaction and that cannot be reduced with existing technologies—would receive a 0 percent reduction target during the 2008–2012 period.*
        - *All other covered emissions would receive a 15 percent emission intensity reduction target relative to the 2010 business-as-usual projections, subject to the limit that the targeted reductions from these other emissions could not exceed 12 percent of total covered emissions for a given sector."*

- ***Facilities with multiple activities should not be allowed to use "common intensity limits" as described per section 4(4)*** [p.4-5]. It is anticipated that federal emission intensity targets will be set on a per activity basis. For reasons of accountability and public confidence, it is imperative that the public has access to sufficient information to determine whether facilities and activities are meeting the federal government's overall LFE target, as laid out in its 2005 Kyoto Plan (p.15, 38), as well as the emission intensity targets defined in the *Notice of intent* (p.2493-4). For this reason, both emissions and production data by facility and activity must be made available to the public.

4. Reporting and Records [p.4-8]. To meet the federal government's key objective regarding equivalency agreements for the purpose of implementing the LFE regulation, Alberta must adopt the national "single, harmonized system for mandatory reporting of greenhouse gas emissions and related information, including the specification of quantification of protocols" that is currently being developed

by federal, provincial and territorial government through the National Steering Committee Reporting (NSCR), and in consultation with stakeholders, including the Stakeholder Advisory Committee on Reporting (SACR). Part 2 of the *Regulation* [p.4] should explicitly state that Alberta's reporting system will comply with the one developed by the NSRC.

- Alberta must use Canada's National Registry for demonstrating compliance: the use of a single registry for Canada's GHG emissions trading system is essential to ensure transparency and consistency.
- Starting in 2005, Alberta is not requiring industries to report emissions stored using carbon capture and storage (CCS). It is fundamental that CCS reporting be made mandatory to ensure transparency in the use of this technology, given its significant environmental and public safety risks and the use of public funds to finance it.
- There is no indication in the *Regulation* that the reporting thresholds for LFEs under the federal government's proposed system are expected to be significantly lower than Alberta's current 100kt threshold. However, the federal government intends to use a much lower threshold; Alberta will also need to, to ensure equivalency with the federal LFE system.

5. Request for Confidentiality [p.5-6]. The Pembina Institute and WWF-Canada believe that LFEs' production data must not, in general, be kept confidential and a particular company's data should not be kept confidential in the absence of compelling evidence for why its publication would be significantly harmful. There is a compelling public interest in knowing how each company has performed, prior to any purchases or sales of emissions credits, against the intensity target applying to each of its activities.

Specifically, the proposed Alberta regulation states that "The Director must… refuse the request [for confidentiality] if the Director considers that the request is not well founded [p.6]." However, according to section 53 of CEPA, the Minister of the Environment may reject the request if the disclosure is in the interest of the protection of the environment, public health or public safety; and the public interest in the disclosure outweighs any financial or competitiveness loss that may be incurred as a result of its release. The federal legislation clearly requires the Minister to weight the public interest against the competitiveness concerns, whereas the Alberta's proposed *Regulation* does not make any reference to the public interest and only requires that concerns be substantiated. The proposed *Regulation* must be amended to reflect, at a minimum, confidentiality provisions equivalent to those contained in CEPA.

6. Publishing Annual Compliance Report [p.7]. According to the proposed *Regulation*, the "Director may publish a compliance report or information in a compliance report in any form and manner the Director considers appropriate [p.7]." In other words, the ***Regulation allows the Director to publish a compliance report in any manner that he or she chooses.***

- A simple assurance from the government of Alberta that a particular company has complied through some unknown mix of physical reductions and emissions trading will not meet the test of public credibility. There are several reasons why, when evaluating a company's performance on climate change, we are interested first and foremost in what the company has done to reduce its own, physical emissions, and only secondarily what offsets it has purchased.
- Under the current National Mandatory Reporting System, the federal Minister of the Environment stated his intention to publish reported GHG emissions information. The proposed regulations for an emissions trading system for NO_x and SO_2 in Alberta also recognize the importance of providing comprehensive emissions and compliance information to the public. According to the proposed NO_x/ SO_2 Emissions Trading Regulation, data used to determine the

baseline information of a unit, as well as the detailed generation and emissions data with respect to a unit, are public information and must be disclosed by the registry operator. [7]

Alberta's proposed NO_x/ SO_2 emissions trading regulations also recognize the need for transparency for the purpose of compliance, and state that the registry operator must, "… prepare and publish a written report containing at least the number of emissions credits created by the registry operator and extinguished by use, retirement, revocation or otherwise, the number of transactions recorded by the registry, and the aggregate balance of emissions credits recorded in the registry."[8]

It is clear from the NO_x/ SO_2 emissions trading regulation that the government of Alberta recognizes the importance of publicly releasing detailed emissions and compliance information. Comprehensive guidelines on the public release of detailed GHG emission and compliance data should therefore be develop in partnership between the Alberta and federal governments.

- ***Facility-level production data must be made public and published annually.*** Canadian industry and the Alberta government were successful in convincing the federal government to evaluate industry's climate change performance, for compliance purposes, not on the basis of absolute emissions, but on emissions intensity. It is not defensible to allow industry to be evaluated by government on an intensity basis, but by the public only on an absolute basis. The Canadian public must be able to judge whether facilities are indeed complying with their obligations to achieve their emissions intensity targets and the extent to which these facilities are meeting these commitments on site. This requires publication of production data. [9]

The Alberta government should also make public, on an annual basis, the methodologies used by LFEs to calculate their reported emissions as well as information regarding the accuracy of these calculations. This is common practice in other jurisdictions, such Europe where reporters are required to report all information, using the government prescribed reporting methodologies, within an uncertainty of 5%.

7. Enforcement [p.8-10]. Section 18(2) on "Penalties" [p.9] currently stipulated by the proposed *Regulation* is incorrect. The sentence "A person is guilty of an offence under section 16(d)…" should refer to section 17(d), as section "16(d)" does not exist (see also section 18(1) for similar error). However, more importantly, section 18(2), which stipulates that penalty charges for non-compliance will be "not more than $50 for every tonne of CO_2e" is not in accordance with the federal government's key objective regarding equivalency agreements for the purpose of implementing the LFE regulation. In the *Notice of intent* (p.2499), penalty charges for non-compliance would be no greater than "$200 per excess tonne of emissions". Furthermore, in AENV's previous *Specified Gas Emitters Regulation summary* (dated June 27, 2005), "the maximum penalty would be $200 tonne for non-compliance." ***To maintain "National consistency … to protect competitiveness among Canadian Industry by avoiding a patchwork of different regulation to the same industry sectors and to ensure an effective emissions trading regime" (p.2492 of the Notice of intent), it is critical that the government of Alberta adopts the***

[7] *Emissions Trading Regulation under Alberta's Environmental Enhancement and Protection Act*; http://www3.gov.ab.ca/env/air/OGS/managingemissions.html
[8] *Ibid.*
[9] For further elaboration of this point, see the paper *ENGO principles and questions regarding public access to information reported under the national reporting system for emissions of greenhouse gases (GHGs) and related information*, submitted by the Pembina Institute and Toxics Watch Society of Alberta on July 29, 2005 to the Stakeholder Advisory Committee on Reporting and the National Steering Committee on Reporting.

same penalty policy as the federal government and restores its previous position where "the maximum penalty would be $200 tonne for non-compliance."

Similarly, sections 17 and 18(2) of AENV's proposed *Regulation* [p.9] would only fine a corporation that "knowingly provides false or misleading information or data", or who "fails to provide a report, data or information", as required by or under the *Regulation*, "not more that $1 000 000." However, under CEPA, liability is not limited. This creates a "National inconsistency" between penalty policies for LFEs in Alberta and the rest of Canada, because infractions of GHG regulations could be more severe than under AENV's proposed *Regulation*. In addition, infractions under CEPA can result in offenders being trialed in criminal court. The Alberta regulation must therefore be altered such that LFEs guilty of infractions under AENV's proposed *Regulation* are liable for the same level of accountability and penalty as LFEs in other provinces.

Lastly, according to AENV's *Specified Gas Emitters Regulation summary* (dated June 27, 2005), penalty charges for non-compliance (maximum of $200 per tonne) would be paid to Alberta's Climate Change and Emission Management Fund. However, it is the federal government, and not the Alberta government, that will be obligated to purchase additional emission credits to make up for any compliance shortfall on the part of Alberta's large industrial emitters, and ensure that Canada complies with its Kyoto obligation. Money paid for non-compliance must therefore be committed to the purchase of Kyoto-compliant emission credits equivalent to the shortfall in compliance with sectoral targets. The Alberta Government must therefore commit in its proposed *Regulation* or CCEMA *Sectoral Regulation* either to spend penalty monies on Kyoto-compliant emission credits, to transfer those funds to the federal government or allow the latter to collect the charges directly.

8. Expiry [p.10]. According to section 21, the proposed *Regulation* "expires on September 1, 2014". However, Canadian policy on LFEs post-2012 is currently quite unclear, and cannot reasonably be established until Canada has arrived at an understanding of its national GHG targets for the period post-2012. Even if equivalency agreements for purposes of implementing the LFE system are deemed acceptable for the first Kyoto commitment period (2008-12), it is not clear that they will be appropriate for the period post-2012. It would therefore be preferable for the Regulation to expire on December 31, 2012.

9. Coming into Force [p.10]. According to section 22, the proposed *Regulation* "comes into force on January 1, 2007. However, to be consistent with the federal *Notice of intent*'s "key objective" regarding equivalency agreement under CEPA (p.2492), which is to maintain "national consistency", section 22 should state that AENV's proposed *Regulation* will come into force at the same time as the federal government LFE regulation.

Recommendation for the proposed "CCEMA Sectoral Regulation"

On July 18, 2005, AENV consulted with some ENGOs on potential provisions for establishing a *Specified Gas Emitters Regulation*.[10] The comments below were submitted to the AENV by the Pembina Institute and Toxics Watch Society of Alberta on August 9, 2005. These comments are reiterated as recommendations for AENV's proposed "CCEMA Sectoral Regulation" [p.3], which is expected to be "ready in time for the spring 2006 legislative session."[11] The Pembina Institute and WWF-Canada believes that the public credibility of the CCEMA *Sectoral Regulation* requires that AENV consult ENGOs on the regulation's development in a timely matter, to ensure that our concerns receive meaningful consideration..

[10] Alberta Environment. 2005. *Specified Gas Emitters Regulation Summary*. (dated June 27, 2005)
[11] Keith Leggat, Alberta Environment, Letter sent to stakeholders, October 17, 2005.

10. ***The CCEMA Sectoral Regulation must not allow for the use of covenants*** when setting emission intensity limits. Covenants raise transparency and equity concerns, and have been abandoned by the federal government in exchange for a weakening of LFE targets. LFE targets should be set through regulations implemented in a publicly accountable and transparent manner.

11. Best Available Technology Economically Achievable

- The proposed *Regulation* is currently silent on emission intensity limits for new facilities or facilities undergoing major expansion or transformation, based on Best Available Technology Economically Achievable (BATEA). BATEA targets will be established under the CCEMA *Sectoral Regulation*. ***However, AENV's previous Specified Gas Emitters Regulation Summary (dated June 27, 2005) implied that BATEA = BAU (business-as-usual)***, when it stated that "facilities approved (or well into the approval process) post-2000 that are operating when these GHG regulations come into force will be deemed… to be operating at BATEA as they were approved according to current regulatory standards…" and would therefore face no form of GHG constraint at all for the "first 10 years of [their] operation". This is unacceptable because when BATEA targets are set at BAU levels, ***100% of the responsibility and financial liability for emissions is being transferred from industry to taxpayers or other parts of society***. This is particularly unacceptable in the case of oil sands. New oil sands facilities are the single biggest contributor to increasing GHG emissions in Canada; proposing that such facilities make no contribution whatsoever to Canada's Kyoto effort is therefore manifestly unfair. It is also unjustifiable on economic grounds as these facilities are enjoying unprecedentedly large profits due to high oil prices.
- The 2005 federal Kyoto plan requires LFEs to reduce their annual emissions by 45Mt in the 2008–2012 period. As far as we can understand (given the lack of access to the numerical values being contemplated), this target is equivalent to a 12% reduction in emissions below BAU projections by *all* large industry, both existing and new. The use of BATEA targets for new facilities therefore requires either (i) that BATEA be interpreted as a minimum 12% reduction from these facilities' projected BAU emissions, or (ii) that a laxer interpretation of BATEA be compensated by larger reductions (more than 12%) from existing facilities. Setting BATEA levels that result in few or no reductions beyond BAU levels without compensation by larger reductions from existing facilities would result in a further weakening of the already unacceptably and unjustifiably weak LFE targets. The summary of the regulation also states that for "future new facilities… BATEA standards … will be determined through Alberta's approval process."
    - To create the appropriate incentives, BATEA levels should be set by sector, not by facility, and such that the emission reductions expected from BATEA targets can be publicly demonstrated as consistent across the country, across sectors and justifiable in comparison with the reductions required of existing units. For this reason the current Alberta approvals process cannot be used to determine BATEA for new units. Instead, the Alberta government should work with the federal government on the creation of an LFE Technology Board (as proposed in the federal *Notice of Intent*) that would examine the determination of BATEA for all sectors for Canada as a whole.
- ***BATEA targets should not be set in every case for periods as long as 10 years:***
    - The "first 10 year" timeframe proposed by AENV exceeds, without justification, Jean Chrétien's undertaking to CAPP (July 2003), which was to "***lock targets for new facilities for up to ten years […]***. The Chrétien letter implied clearly that BATEA targets would be locked in for a maximum of 10 years, i.e., less than 10 years in some cases.
    - The "first 10 year" timeframe is not consistent with the polluter-pays principle. The government must ensure that industry assumes full responsibility for its emissions as soon as possible.

  - We are opposed to any lock-in of targets beyond 2012. Canada will not be in a position to be able to set post-2012 GHG targets for LFEs (which represent close to 50% of national emissions) until Canada has arrived at an understanding of what its post-2012 targets will be for total national emissions.
- The determination of the types of technology that will be considered to be "economically achievable" in determining BATEA should ensure that capital costs and their associated long term reductions are weighed against the long term costs of buying the equivalent reductions on the open market at plausible future carbon prices over the full life of projects. The Pembina Institute has published plausible scenarios of future carbon prices that should be considered in this determination.[12]
- BATEA targets should be based on emission intensity reductions below the BAU emission intensity of new technology design. Indications of the economic viability of such reductions can be taken from existing commitments by Canadian industry.
  - For example: Shell Canada's new oil sands facility is subject to a 50% voluntary reduction target for absolute emissions relative to designed emissions (at constant production this implies a reduction in emissions intensity from 65kgCO_2/bbl to 32.5kgCO_2/bbl). To meet its target, Shell is developing a voluntary offset portfolio.[13]
- BATEA targets should wherever possible be based on the least emitting source of the product, in order to provide the maximum incentive to move towards a low-carbon economy.

12. Technology Development Fund and Credits

- We oppose the Alberta government's proposal to develop separate, provincial technology development funds. If the technology development option is retained as part of Alberta's *Sectoral Regulation*, there ***should only be a single national technology fund*** to maximize transparency and avoid excessive complexity in ensuring rigor in the expenditure of funds.
- Given that the federal government has made clear that use of technology development investments as a compliance option for LFEs is to be limited (***volume cap***), access to investments in Alberta's Technology Fund, as a compliance option for LFEs, must likewise be limited. AENV must also specify how these credits will be accounted for in the attainment of Alberta's overall GHG intensity reduction target.
- The $15/tonne cap stifles technology innovation in GHG reduction — contrary to the Alberta government's expressed objective. While we understand why the federal and Alberta governments support a $15/tonne cap, both should recognize that if the market price of GHG compliance units rises above $15, the cap will have the effect of stunting technology innovation by Canadian industry.
- If payments to a technology fund are retained as a compliance option, they should be made at a premium to the market price for compliance units in order to limit the government's liability and create a preference for compliance options that genuinely comply with the Kyoto Protocol (i.e., emission reductions actually occurring during 2008–2012).
- AENV must clearly outline how it will address the following issues related to its proposed Technology Fund:
  - ***Financial additionality:*** ensuring that payments to the fund are not simply relabeled money that industry would have spent on technology anyway.
  - Ensuring that all projects funded are of high quality and that projects that have a higher likelihood of yielding emission reductions in the near term are given preference.

[12] Bramley, M. 2005. *Future Financial Liability for Greenhouse Gas Emissions from New Large Industrial Facilities in Canada*. Pembina Institute, http://www.pembina.org/publications_item.asp?id=195.
[13] Shell Canada Ltd. 2004. *Managing GHG Emissions*, p.5,12.

- Ensuring that post-2012 BAU projections and/or LFE targets are corrected for emission reductions that result from technology financed by the fund in order to ensure that there is no double counting.
- Ensuring that all patent rights to technology funded by the fund reside with government (given that money handed over for purposes of compliance conceptually becomes the government's money).

13. Offset Credits

- We support the Alberta government's recognition that double counting of emission reductions for which offsets credits are granted must be avoided, in its statement that "removals and reductions of GHGs must be surplus to those resulting from other climate change measures (no double counting), not required by regulation". [14]
- Offset credits should only be issued from projects developed after 2002, at the earliest. Projects that were implemented before 2002 cannot be counted as they are implicitly included in the BAU projections underlying the federal Kyoto plan. In order for reductions that are given offset credits to be real in the sense of the plan, they must go beyond the emissions reductions that are implicit in the BAU projections to be used to set the targets.
- According to AENV's *Specified Gas Emitters Regulation Summary* (dated June 27, 2005) "to be recognized in Alberta offset credits must be approved by the National Offset Program Authority". Please clarify that "National Offset Program Authority" referrers to "Offset Program Authority" as indicated in the federal government's *Offset System for Greenhouse Gases: Overview Paper 2005* (p.3).[15]
    - Note that the federal government's offset system, as currently proposed, still requires revision to ensure that offset credits are only awarded for environmentally sound projects that clearly reduce emissions beyond business-as-usual activity levels. For further elaboration of this point, see *Comments on Environment Canada's Offset System for Greenhouse Gases Overview Paper and Technical Background Document released for public consultation on August 11, 2005* submitted by the Climate Action Network - Canada on September 30, 2005 to Environment Canada.[16]

[14] Alberta Environment. 2005. *Specified Gas Emitters Regulation Summary*. (dated June 27, 2005)
[15] http://www.climatechange.gc.ca/english/publications/offset_gg/tech_e.pdf.
[16] http://www.climateactionnetwork.ca/e/resources/publications/can/ghg-offset-comments-9-2005.pdf.