

# EMISSION OFFSETS REGULATIONS POLICY INTENTIONS PAPER – Comments

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August 29, 2008

We welcome this opportunity to submit our comments on the Ministry of Environment Emission Offsets Regulations policy intentions paper for consultation (intentions paper). The following comments are supported by the Pembina Institute, ForestEthics, the BC Sustainable Energy Association and the Sierra Club BC.

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 the their own operations. This submission contains four general comments (below) and then a number of more specific comments following the outline in the Ministry's Response Form.

**1. Prioritization of Offsets.** The Emission Offsets regulations need to acknowledge that purchasing offsets must be considered as “Plan B,” with much lower priority than reducing emission in PSO operations. Offsets will be temporary means for PSOs to meet commitments, with the supply of credible offsets decreasing in the future as more activities are covered by regulations or other policies to reduce emissions. Section 1 of the intentions paper makes no mention of prioritization of PSO reductions over offsets; Section 3 puts “aggressive reductions” ahead of offset purchases, but does not define what this means or how it will work. 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.** The success of the GGRTA is contingent upon sufficient resources being available to the PCT, PSOs and those municipalities that have signed the Climate Charter. Resources will be required by the PCT to ensure that full monitoring of offset projects is undertaken and to enforce the requirements that any reversals be countered. Resources will be required by PSOs and local governments to implement changes to reduce emissions from their operations. Because they do not benefit from the revenue neutrality of British Columbia's carbon tax, the province has a role to play in ensuring that these organizations are not trapped into paying for offsets due to a lack of capital for efficiency and renewable energy improvements. 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. Additional Considerations needed for Forest Offsets.** Forest offsets require additional consideration due to the potential negative environmental impacts of some activities that increase carbon storage. Other forest activities could lead to carbon storage increases and provide significant environmental and socio-economic co-benefits. Requiring offsets to generate positive environmental and socio-economic impacts could be beyond the ability of these regulations. However, we expect the Ministry of Environment to ensure that the PCT has access to government and other resources needed to evaluate the non-greenhouse gas (GHG) impacts of offset projects and to evaluate projects accordingly. We have provided reporting requirements under section 5.1 below to address some of these issues. In addition, the third-party verifier for any tree planting forest carbon offset projects being proposed should be charged with providing careful consideration and environmental assessment of site selection, so that these sites provide environmental co-benefits (including biodiversity) and positive socio-economic benefits.

If these requirements cannot be addressed through the PCT and the GGRTA, the British Columbia government will need to work internally to ensure that ecological integrity is not compromised by offset projects. This could be accomplished, for example, by complementary environmental requirements for forest activities.

**4. Removals.** The government should provide a more detailed description of its treatment of “removals” in its accounting of GHG emissions. While the Climate Action Plan includes a net-zero deforestation goal which helps account for carbon storage removal, the potential changes to other carbon storage removals such as oceans carbon or the impact of pests on biological sources will need to be addressed in the future. This work needs to be completed on an expedited basis to assure full and accurate accounting of removals in the context of compliance with the GGRTA.

## **Specific Comments**

The following points follow the outline provided by the Ministry of Environment's Emission Offset Regulations Response Form. The bullet points are suggested additions to the paper, with additional text to support/further explain the suggested additions.

### **1.1 Objectives**

- Avoids negative impacts on biodiversity and other environmental concerns

### **1.2 Purpose**

- Offset projects are to be viewed and utilized as a supplementary mechanism after entities have maximized direct operational emission reductions.

### **2.1 Application of Regulations**

We support the objectives of the government to "obtain highly credible offsets in line with best practices and ... encourage other entities to adopt the proposed criteria in their practices." We also support the differentiation of the role of offsets for PSOs under GGRTA from their use in other regulated entities, as in the last paragraph of Section 5.

### **3.1 Definition of Terms**

- Add a definition of additionality to this section
- Definition of baseline needs to reference other regulations, standards, legal requirements and material incentives (as currently referenced in 7.4.3 and 7.4.4)

### **4.1 Set of Criteria**

We support that the government is viewing *all* of the criteria as critical and not taking an either/or approach. The following criteria should be added to the set in Section 7:

- 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."
- Projects must ensure no net negative impact to the environment and biodiversity. (see additional comments under Project Information Requirements).

### **4.3 Real**

- The regulations should specifically address how issues of permanence/reversal will be mitigated/prevented with respect to forest carbon offset projects.
- Ensuring that project plans include an adequate plan to address the risk of a reversal is vital for credible offsets. The ministry should include guidelines on what is considered adequate for addressing this risk.

### **4.5 Additional**

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.

- Any projects that propose to use alternative methods for demonstrating additionality must fully justify the reasons for using alternative methods and the equivalency of these methods in ensuring the criterion is met.
- The use of the term “conservative” in section 7.4.5 needs further definition (such as the explanation that was provided at the August 14<sup>th</sup> stakeholder meeting with Climate Action Secretariat).

### **4.6 Verifiable**

We support that removals and reductions must have occurred and been verified before they can be used as an offset.

### **4.7 Counted Once**

- The government must require rigorous accounting for projects that use both offset financing and material incentives (see Appendix B, 6 step 3 and 4). Sharing of 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 to ensure that double-counting by incentive providers does not occur.

## **5.1 Project Information Requirements**

- 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 of the area, including a description of climate, hydrology, soils, ecosystems, and the possible presence of rare or endangered species and their

habitats. A project design document should include analysis of the expected environmental impacts, including impacts on biodiversity and natural ecosystems, and impacts outside the project boundary of the proposed project activity, e.g., afforestation and reforestation projects. This analysis should include (where applicable), information on, inter alia, hydrology, soils, risk of fires, pests and diseases. A description of planned monitoring and remedial measures to address significant impacts, would accompany the analysis above.

- Projects should include an evaluation of socio-economic impacts, especially on local communities. Comments by local stakeholders must be invited and taken into account. A project design document would include analysis of the socio-economic impacts, including impacts outside the project boundary of the proposed project activity. This analysis should include (where applicable), information on, inter alia, local communities, indigenous peoples, land tenure, local employment, food production, cultural and religious sites, and access to fuelwood and other forest products. A description of planned monitoring and remedial measures to address significant impacts must accompany the Project Plan.
- 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. A description of the present environmental conditions of the area, including a description of climate, hydrology, soils, ecosystems, and the possible presence of rare or endangered species and their habitats, should be included with the Project Plan.

### **9.1 Comments/Suggestions for the Ministry**

- Clear definitions of scope and criteria with respect to forest carbon offset projects must be defined and explicitly communicated BEFORE proposals are submitted and/or accepted as meeting desired eligibility requirements.
- The best science indicates that the focus ought to be on those offset projects that provide highest short-term emissions reductions/removal benefits, due to the urgency of keeping global average temperature increase as far below 2<sup>0</sup>C as possible (relative to pre-industrial levels). 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.

Further information on the Pembina Institute's comments regarding offset protocols can be found at:  
**Comments on Alberta's *Offset System Project Guidance Document* (draft), June 20, 2007** <http://pubs.pembina.org/reports/Comments-Alb-offset.pdf>  
**Report on ENGO View of Industry-Provincial Offset Group (IPOG) Design Process and Report March 20, 2007**  
[http://pubs.pembina.org/reports/ENGO\\_IPOG\\_submission\\_March07.pdf](http://pubs.pembina.org/reports/ENGO_IPOG_submission_March07.pdf)  
**Analysis of the Government of Canada's April 2007 Greenhouse Gas Policy Announcement May 28, 2007** [http://pubs.pembina.org/reports/Reg\\_framework\\_comments.pdf](http://pubs.pembina.org/reports/Reg_framework_comments.pdf)

### **Contact Information**

Matt Horne  
Pembina Institute  
[matth@pembina.org](mailto:matth@pembina.org)  
Suite 610, 55 Water Street Vancouver, V6B 1A1  
604 875 8558, ext 223

Marlene Cummings  
ForestEthics  
[marlene@forestethics.org](mailto:marlene@forestethics.org)  
Suite 604, 850 West Hastings Street, Vancouver, BC, V6C 1E1  
604-687-3101

Colin R. Campbell PhD  
Sierra Club BC  
[colin@sierraclub.bc.ca](mailto:colin@sierraclub.bc.ca)  
302-733 Johnson Street Victoria BC VOW 3C7  
(250) 386-5255 ext. 236

Thomas Hackney  
Policy Chair  
BC Sustainable Energy Association  
5 – 4217 Glanford Avenue, Victoria, BC, V8Z 4B9  
[thackney@shaw.ca](mailto:thackney@shaw.ca)  
(250) 744-2720