

Yakelashek, Darryn ENV:EX

From: Rob Wilson <Rob.Wilson@natureconservancy.ca>
Sent: Thursday, August 6, 2015 12:52 PM
To: Climate Action Secretariat ENV:EX
Cc: Koski, Chris; Staffeldt-Jost, Natasha ENV:EX; Linda Hannah; Tom Swann; Julie Wood; Katie Blake
Subject: GGIRCA Offsets Regulation comments

The purpose of this email is to submit specific comments in regard to the July 22, 2015 Policy Intentions Paper: Offsets Regulation under the Greenhouse Gas Industrial Reporting and Control Act dated. These comments are being submitted on behalf of The Nature Conservancy of Canada ("NCC").

By way of background, NCC is supportive of the Climate Action Secretariat's development of Offsets Regulation under the new Greenhouse Gas Industrial Reporting and Control Act ("GGIRCA"). NCC is also supportive in principle of the Government Goals and Objectives in developing these regulations. As you know, NCC has also been an active participant in the carbon offsets markets, through its development of the Darkwoods Forest Carbon Project. This project ranks not only as the largest private conservation initiative in Canadian history, but also as one of North America's leading forest carbon projects. Purchased in order to conserve its vast lands covering nearly 55,000 hectares (136,000 acres), Darkwoods protects important habitat for at least 19 species at risk, including an endangered herd of mountain caribou and an isolated population of grizzly bear. Located in south-eastern British Columbia near the town of Nelson, the project links with large tracts of adjacent lands to protect more than 100,000 hectares (250,000 acres), enhancing connectivity for many wide-ranging species. Darkwoods provides multiple conservation benefits, including the protection of inland temperate rainforest, as well as contributing to the preservation of important freshwater systems throughout the South Selkirk Mountains (affects 17 watersheds, with more than 50 lakes on-site). The forest carbon project has been validated under the Verified Carbon Standard ("VCS"), as well for its many co-benefits as verified under the Climate, Community and Biodiversity Alliance ("CCBA") standard.

In late-2010, Darkwoods entered into an Agreement for Purchase of Offsets with the Pacific Carbon Trust ("PCT") to sell 450,000 carbon offsets from Darkwoods' earlier vintages, which ultimately accounted for the reduction of a significant portion of the Province of British Columbia's offset requirements for the 2010 fiscal year. Since that date, no further sales to the Province have occurred, although NCC has recently submitted a proposal to sell additional Darkwoods credits to the Province, which is currently under review.

NCC has been advised in various conversations with Climate Action Secretariat staff over the past year that the intention of the new regulations is to grandfather Darkwoods into compliance with the existing B.C. Forest Carbon Offset Protocol ("FCOP"), which came into existence subsequent to Darkwoods' contractual relationship with PCT. Darkwoods complied with the B.C. Emission Offset Regulations at the time of the original sale, as required by PCT, but has not been revalidated under FCOP.

NCC has now had a chance to review the Policy Intentions Paper that the B.C. MOE has put forth for consultation and wishes to make the following comments, which are based on our clear understanding that the intention of the new regulations is to see NCC's Darkwoods project (among others of course) grandfathered under the FCOP regulations. Based on our reading of the Policy Intentions Paper, that certainly seems to be the intention; however, there are two points in particular which we believe should be changed to provide greater clarity, as follows:

Point One:

From Policy Intentions Paper:

Page 2: "Projects that meet the requirements of the Emission Offset Regulation under the Greenhouse Gas Reduction Targets Act where the proponent has contracted to sell all or some portion of the verified emission reductions to

government (i.e. for the purposes of Carbon Neutral Government) will be recognized under the Offsets Regulation. However, projects would be grandfathered in this manner only until the end of their current validation period in effect at the time of contract execution.”

For greater clarity, it should be recognized that a project like Darkwoods is not *currently* under contract, but has previously contracted with PCT. So we would request that the wording be modified as follows, or using similar language:

“Projects that meet the requirements of the Emission Offset Regulation under the Greenhouse Gas Reduction Targets Act where the proponent has contracted to sell, or has previously contracted to sell, all or some portion of the verified emission reductions to government (i.e. for the purposes of Carbon Neutral Government) will be recognized under the Offsets Regulation. However, projects would be grandfathered in this manner only until the end of their current validation period in effect at the time of contract execution.”

Point Two:

From Policy Intentions Paper:

Page 5, *Eligibility Date, Period and Transition Period*: “Projects under contract to the Climate Action Secretariat for Carbon Neutral Government would continue to generate eligible offset units until the end of their first validation period provided that they continue to meet the protocol requirements for the remainder of the validation period and that no material changes to the project plan have been made. These project proponents can apply for acceptance under the new proposed regulations for additional offsets units, per the requirements of the applicable approved protocols, within one calendar year from the expiry of the contract with Climate Action Secretariat.”

For greater clarity, as noted above, not all projects are *currently* under contract to CAS. These regulations, in order to grandfather Darkwoods and similar projects, should be modified as follows, or using similar language:

“Projects under contract, or previously under contract, to the Climate Action Secretariat or a predecessor organization (i.e. Pacific Carbon Trust) for Carbon Neutral Government would continue to generate eligible offset units until the end of their first validation period provided that they continue to meet the protocol requirements for the remainder of the validation period and that no material changes to the project plan have been made. These project proponents can apply for acceptance under the new proposed regulations for additional offsets units, per the requirements of the applicable approved protocols, within one calendar year from the expiry of the contract with Climate Action Secretariat. In the case of projects under previous contract (but not currently) with the Climate Action Secretariat or a predecessor organization, these project proponents can apply for acceptance under the new proposed regulations for additional offsets units, per the requirements of the applicable approved protocols within one calendar year from the date such regulations are put into legislative force.”

With the foregoing changes, NCC believes that the regulations will be made very clear and will fulfill the intentions of the draft regulations.

Please do not hesitate to contact us if you wish to discuss the proposed changes in greater detail or require additional information regarding NCC’s project or its activities. We thank the Climate Action Secretariat for the opportunity of providing this input and respectfully request that these changes be made to fully effect the intentions of the Policy Intentions Paper.

Thank-you,
Rob Wilson

Robert P. Wilson | Director, Carbon Finance | The Nature Conservancy of Canada |
400 - 36 Eglinton Avenue West, Toronto, ON M4R 1A1 |
Telephone: (416) 932-3202, ext. 2278 | Fax: (416) 932-3208 |
Email: rob.wilson@natureconservancy.ca |

Yakelashek, Darryn ENV:EX

From: Ben Van Nostrand <bvannostrand@csrd.bc.ca>
Sent: Wednesday, July 22, 2015 4:14 PM
To: Climate Action Secretariat ENV:EX
Subject: "GGIRCA Regulations feedback"

Follow Up Flag: Follow up
Flag Status: Flagged


The CSRD has a 5 year contract with the Climate Action Branch to supply verified offsets for the next 5 years. Agreement was signed in 2015.

Will the proposed changes to the regulations impact in anyway, shape or form, our 5 year agreement.

Thanks,

Ben Van Nostrand, P.Ag., ASCT.
Team Leader | Environmental Health Services
Operations Management
Columbia Shuswap Regional District
T: 250.833.5940 | F: 250.832.1083 | TF: 1.888.248.2773
E: bvannostrand@csrd.bc.ca | W: www.csrd.bc.ca



 Please consider the environment before printing this e-mail

Yakelashek, Darryn ENV:EX

From: Spence, Suzanne ENV:EX
Sent: Monday, August 17, 2015 8:13 AM
To: Climate Action Secretariat ENV:EX
Cc: 'Michael Riedijk'
Subject: GGIRCA Offsets Regulation Comments

Hello,

Below please find written comments for consideration regarding the Offsets Regulation under the Greenhouse Gas Industrial Reporting and Control Act.

Thank you,
Suzanne

Suzanne Spence
Executive Director
Climate Action Secretariat
BC Ministry of Environment

Email: Suzanne.spence@gov.bc.ca
Assistant: Laurie Duncan, laurie.1.duncan@gov.bc.ca
Phone: 250 387-6970

From: Michael Riedijk [mailto:michael@bluecarbon.ca]
Sent: August-13-15 10:33 PM
To: Spence, Suzanne ENV:EX
Cc: Shoemaker, Wes ENV:EX; Laaksonen-Craig, Susanna ENV:EX; XT:Old Massett Village Council ENV:IN
Subject: Re: Response to public consultation

Hi Suzanne,

Thanks for your update. Let me provide some more background information:

I believe that BC would benefit most from its new LNG Offsets Regulation, if it would include all options available: "from the top of BC's highest mountain to the bottom of the Pacific".

However, the jurisdictional boundary of the province ends at the ocean waterline at low tide. The Exclusive Economic Zone of Canada (up to the 200 mile off-shore) falls under federal jurisdiction (with an exception for inland seas like the Georgia Straight).

If the definition of "Geographic limits: within BC" in the LNG Offsets Regulation, would be strictly applied, technically a project executed 1 meter offshore (f.i. Pelgrass bed projects) would not be eligible under the new LNG act.

The suggestion mentioned in my previous email - to consider the Haida Nation territorial boundaries which does include a part of Pacific within the 200 mile limit - is a legit work-around, but could be politically or legally complicated.

It would therefore be better to generalize the request and consider to include Canada's Exclusive Economic Zone in the Pacific Ocean to the definition of "Geographic limits" in the LNG Offsets Regulation.

There are 2 approaches to this:

1) The definition of "BC's Geographic limits" mentioned in the new LNG Offsets Regulation is a loose/broad definition and already larger than "BC's jurisdictional limits". Therefore it could already include Canada's Exclusive Economic Zone in the Pacific Ocean. No changes are needed.

2) The definition of "BC's Geographic limits" in the new LNG Offsets Regulation must be expanded to include Canada's Exclusive Economic Zone in the Pacific Ocean.

An additional requirement for offshore projects could be that all economic activity and benefits take place in BC (office location, company incorporation, jobs, taxes, know-how, intellectual property etc.).

I'm looking forward to your reply.

Regards,
Michael Riedijk

On Thu, Aug 13, 2015 at 5:33 PM, Spence, Suzanne ENV:EX <Suzanne.Spence@gov.bc.ca> wrote:

Hello Michael,

Thank you for your email. I want to confirm that I am working to get this information for you. I expect to get back to you before the end of the month.

Best regards,

Suzanne

Suzanne Spence

Executive Director

Climate Action Secretariat

BC Ministry of Environment

Email: Suzanne.spence@gov.bc.ca

Assistant: Laurie Duncan, laurie.1.duncan@gov.bc.ca

Phone: [250 387-6970](tel:250-387-6970)

From: Michael Riedijk [mailto:michael@bluecarbon.ca]

Sent: August-11-15 3:13 PM

To: Spence, Suzanne ENV:EX

Cc: Shoemaker, Wes ENV:EX; Laaksonen-Craig, Susanna ENV:EX; XT:Old Massett Village Council ENV:IN

Subject: Fwd: Response to public consultation

Hi Suzanne,

We would like to get some clarification regarding the "Geographic limits" in the new "Offsets Regulation under the Greenhouse Gas Industrial Reporting and Control Act" that is currently going through a public consultation process

(http://www2.gov.bc.ca/assets/gov/environment/climate-change/policy-legislation-and-responses/climate-action-legislation/ggirca_offsetsregintentionspaper.pdf)

The "Geographic limits" in this document are defined as "within the province". Given the unique nature of the Ocean Seeding projects that Old Massett would like to execute in the ocean, we would like to get confirmation that the Haida Traditional Territory which is under Aboriginal Rights & Title is considered within the geographic limits of the new act.

A map of the Haida Traditional Territory is attached to this email.

The Haida Traditional Territory Boundary is defined by:

- The US/Canadian border in the North
- The (200 mile) Canadian Exclusive Economic Zone border in the West
- The A-G line as displayed on the attached map.

We are looking forward to your confirmation.

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Kind Regards,

Michael Riedijk

President

Blue Carbon Solutions, Inc.

Phone: +1 (778) 996 6063

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Kind Regards,

Michael Riedijk
President

Blue Carbon Solutions, Inc.
Phone: +1 (778) 996 6063



From: Andrew Norden <NordenA@timberwest.com>
Sent: Thursday, August 20, 2015 1:01 PM
To: Climate Action Secretariat ENV:EX
Cc: Leitch, Andrew J ENV:EX; John Mitchell; Jan Marston
Subject: GGIRCA Regulations feedback

Dear Sir / Madam,

As one of BC's largest carbon offset suppliers, we welcome your invitation to comment on the Policy Intentions Paper pertaining to the development of the Offsets Regulation under the Greenhouse Gas Industrial Reporting and Control Act. We have three main areas of concern, namely:

Grandfathering

The language pertaining to grandfathering of previously approved projects is not completely clear. Specifically the paper mentions "Projects under contract to the Climate Action Secretariat.... would continue to generate eligible offset units." Given the significant financial investment and previous efforts to gain project validation, it is imperative that all existing projects that conform to accepted protocols remain eligible going forward.

Contingency Account

The requirement to set up a contingency account is vague. The paper says "Offsets could be credited to the contingency account by the Director..." This language implies flexibility and subjectivity in determining whether a project needs to contribute extra offsets for contingency purposes.

It is our belief that a mandatory buffer pool system should be implemented and all projects contribute to the pool based on an objective and formulaic approach. The buffer pool system has been implemented with great success in the California emissions trading system.

Duration of Validity

There is no mention of how long offsets remain valid for. Some carbon markets and emission trading systems have restrictions on which vintages can be submitted against which compliance periods. It may be that offsets are intended to have an indefinite shelf life, in which case that needs to be explicitly stated.

Many thanks in advance for the opportunity to engage and provide feedback on this paper. We hope our comments have been of use.

Yours sincerely,

Andrew Norden

On behalf of TimberWest Forest Corp

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Yakelashek, Darryn ENV:EX

From: colleen sweet <sweetcolleen@cndprocure.com>
Sent: Friday, August 21, 2015 7:13 AM
To: Climate Action Secretariat ENV:EX; Lesiuk, Tím ENV:EX
Cc: Yakelashek, Darryn ENV:EX; David Keane; BC LNG Alliance
Subject: BC LNG Alliance response to the discussion paper on the Offsets Regulation Policy Intentions Paper
Attachments: Final august 21 BC LNG Alliance Comments_Offsets Intentions Paper.docx

Good morning Tim,

On behalf of David Keane, President and CEO of the BC LNG Alliance, we are pleased to provide comments on the discussion paper on the Offsets Regulation Policy Intentions Paper.

We look forward to further meaningful consultation with CAS on the development of policies and regulations for the management of GHG emissions and other climate action initiatives.

Sincerely,

Colleen Sweet

*Colleen Sweet
Advisor, BCLNGA &
General Manager CPS
North Vancouver, British Columbia
Tel: (604) 365-8313*



August 21, 2015

Mr. Tim Lesiuk
Chief Negotiator/Executive Director, Business Development
Climate Action Secretariat, Ministry of Environment
Government of British Columbia
396 Waterfront Crescent
Victoria, BC V8T 0A7

Submitted via e-mail to climateactionsecretariat@gov.bc.ca and
tim.lesiuk@gov.bc.ca

**Re: BC LNG Alliance Comments on the Offsets Regulation Policy
Intentions Paper**

Dear Mr. Lesiuk,

The BC LNG Alliance extends its appreciation to the BC Ministry of Environment for the opportunity to provide written comments on the *Offsets Regulation Policy Intentions Paper* ("Intentions Paper").

The BC LNG Alliance (BCLNGA) comprises seven of BC's leading LNG proponents with projects located in Squamish and along BC's north coast. The Alliance's purpose is to support the efficient and responsible development of a new, globally competitive, and clean LNG export industry in British Columbia. The BCLNGA member companies have the potential to contribute billions of dollars in capital and create thousands of jobs over the next decade resulting in diversification in Canada's energy export markets and investment in new environmental research and innovation.

The inclusion of offsets in the *Greenhouse Gas Industrial Reporting and Control Act* (GGIRCA) are an essential flexible compliance mechanism of any functional carbon pricing program. To support your analysis resulting from this discussion paper, the BCLNGA feels that the top priorities for the Province's consideration are:

- The establishment of an expert group to develop protocols and leverage experience from other jurisdictions.
- A commitment to pursue a flexible carbon market-based system, capable of effectively linking to other markets and jurisdictions.

We find the paper provides a high level and generalized account of the market design features that the Province intends to develop in support of an enhanced and robust BC offset market. We request more detail regarding market design features dictating the use and application of offsets within this compliance system. Regarding section **4.1 Offset Characteristics**, we offer the following for your consideration:

Protocols established by the Director

The BCLNGA recommends that British Columbia expand its offset program by adopting a broad and diverse range of eligible, economically viable and potentially scalable offset protocols including those previously established under existing compliance programs such as in California and Alberta.

Experience also shows that a knowledgeable Government/industry offset expert group is needed to develop protocols. The BCLNGA recommends the Province strike a technical committee in collaboration with industry offset experts to better define the protocol development and review process, including clarifying the Director's role in protocol development.

Geographic limits

The BCLNGA feels a flexible offset market-based system, capable of effectively linking to other markets and jurisdictions will bring dividends to BC by achieving the province's goals to reduce GHG emissions at least cost, while growing its economy and adding jobs. Over time, once the new offset program is more established, the Province should pursue harmonization or alignment with neighboring jurisdictions, including Alberta, Quebec and California, starting with offset fungibility; this could ultimately lead the Province to join more global markets including the EU ETS, China's new emissions trading program and others.

The Province has indicated that it wishes to lead the coordination of climate policies in a variety of national and sub-national jurisdictions through its founding and continued role in the Western Climate Initiative and the Pacific Coast Collaborative. The BCLNGA believes the Province should show continued leadership by taking the necessary steps towards market linkage through the recognition of offsets from other jurisdictions.

Harmonizing the use of offsets can be a foundational move towards building cross-border climate cooperation, improving efficiencies and de-fragmenting regulatory approaches, thereby allowing business to more easily and cost-effectively plan, comply and invest across all jurisdictions within which they

operate. Business needs access to these additional reduction opportunities to cost-effectively reduce emissions while maintaining competitiveness.

Given LNG producers are likely to become the largest source of offset buyers in the Province, based on the substantial compliance obligations under the GGIRCA, the BCLNGA requests a formal opportunity to help develop the key market design features of the BC offset system in collaboration with the Province. To this end, members of the BCLNGA can bring global teams of subject matter experts to bear in this process providing a wealth of knowledge and leverage experience to draw from other jurisdictions.

The BCLNGA provides these comments in the context of BCLNGA's overarching guiding principles and feedback to the Province regarding Climate Action 2.0.

The BCLNGA supports well-designed market-based global compliance pathways and further investment in infrastructure and technological advancement to achieving BC's long-term reduction targets without jeopardizing the economy and jobs. Moreover, BC's climate policies, including its offset program, should be:

- Clear and simple to administer,
- Integrated, seeking equivalency and linkages with other jurisdictions; and
- Must strive to maintain or improve competitiveness with respect to BC's major trading partners, such as adjacent provinces and the Pacific Rim.

We look forward to further meaningful consultation with the Government of British Columbia on the development of policies and regulations for the management of GHG emissions and other climate action initiatives.

Sincerely,

David N. Keane
President
BC LNG Alliance

Yakelashak, Darryn ENV:EX

From: Michael McSweeney <mmcsweeney@cement.ca>
Sent: Friday, August 21, 2015 8:52 AM
To: Climate Action Secretariat ENV:EX
Cc: Lesiuk, Tim ENV:EX; Ken Carrusca; TJ Parhar; Darren Brown; Jonathan Moser; Bob Cooper; Heale, Pat (Vancouver) CAN; Jasper Van de Wetering
Subject: Cement Association of Canada Response on BC Offsets Regulation Policy Intentions Paper
Attachments: 2015-08-20 Let - Cement Association Response on BC Offsets.pdf
Importance: High

Please find attached the Cement Association of Canada's Response on BC Offsets Regulation Policy Intentions Paper.

Should you have any questions or comments please let us know.

Michael McSweeney
President and CEO
Cement Association of Canada

By Email: climateactionsecretariat@gov.bc.ca &
Tim.Lesiuk@gov.bc.ca

August 20, 2015

Tim Lesiuk
Executive Director
BC Climate Action Secretariat
PO BOX 9486 STN PROV GOVT
Victoria, BC
V8W 9W6

Re: Proposed Offsets Regulation Policy Intentions Paper

Dear Mr. Lesiuk,

On behalf of the membership of the Cement Association of Canada (CAC), I am pleased to be providing comments on the Policy Intentions Paper for the Offsets Regulation under the *Greenhouse Gas Industrial Reporting and Control Act (GGIRCA)*.

The CAC represents Canada's cement industry, and includes three (3) facilities operating in British Columbia: Lafarge in Richmond; Lafarge in Kamloops and Lehigh Hanson Materials Limited in Delta. BC's cement producers are important participants in the built environment and provide a reliable supply of the cement required to construct BC's transportation infrastructure, buildings and homes, waterworks and dams, and to remediate contaminated sites.

The Cement Association of Canada believes that putting a price on carbon is an essential first step to accelerate leadership and investment in a low carbon future. Our sector is deeply committed to doing our part. We have already reduced our greenhouse gas emissions voluntarily by 15% from 1990 levels. We want to ensure that the conditions are right for all industrial sectors to show leadership while maintaining competitiveness within our own sector along with other sectors or other parts of the world that are not doing their part by not having a price on carbon.

A key element of the GGIRCA is the provision to pass regulations to create offsets as affordable compliance options for the sectors that are listed in Schedule 1 of the Act – currently LNG operations and electricity production. We subscribe to the principles that are outlined in the Intentions Paper, that the offsets must be real, measurable and verifiable in accordance with standards already in place in other jurisdictions, notably, Alberta, Quebec and California. We further support the need to actively engage the sectors not covered by the GGIRCA to come forward with innovative projects that could qualify as offsets. In this regard, it will be important for industrial sectors such as ours to know well in advance if the government intends to extend the provisions of the GGIRCA to our industry. For us to pursue projects that, for example, enhance the storage of GHGs in our final product or to make changes



to our product composition requires significant lead time and certainty as well as protocol development work all of which are time consuming and costly.

Regarding specific details, we believe that the Intentions Paper has done a good job balancing the need to ensure the environmental integrity of the system with the need to increase liquidity and lower transaction costs. We welcome the following aspects of the proposed new regulations:

- The acceptance of the project and commencement of the eligible crediting period upon receipt of an unqualified validation opinion and due diligence by the Program Authority (Director as per the GGIRCA provisions);
- The credit issuance provisions of the GGIRCA and the reflection of these provisions that once issued, offsets will be irrevocable in the eyes of the buyer. The creation of a contingency account of offsets is a good approach and has worked well to promote extra liquidity in the Quebec market; and
- The empowerment of the Director to approve protocols. We urge that the Director consider a wide variety of existing protocols from other jurisdictions for eligibility in the BC Offsets System to avoid the need to develop similar protocols from scratch in BC.

We believe that the Intentions Paper provides a good first step towards establishment of a robust offsets regime for BC and we look forward to commenting on the draft regulations when they are published. Once again, we would welcome discussions with you regarding the development of innovative projects that could qualify as offsets from the cement industry.

Sincerely,

Michael McSweeney
President / CEO
Cement Association of Canada

Yakelashek, Darryn ENV:EX

From: David Rokoss <david.rokoss@offsetters.ca>
Sent: Friday, August 21, 2015 9:43 AM
To: Climate Action Secretariat ENV:EX
Subject: GGIRCA Offsets Regulations comments
Attachments: BC New Offset Regs Comments - Offsetters.pdf

Hi Folks,

Please find attached some comments from Offsetters.

Cheers,
David

Suite 1000 - 675 West Hastings Street, Vancouver BC, V6B 1N2

David Rokoss | Director - Corporate Development | Offsetters
778.915.0951 | david.rokoss@offsetters.ca www.offsetters.ca





Date: August 4, 2015

Re: Offsets Regulation under the GGIRCA – Sourcing Comments

1. General Comments

- a. This is a very high level document and has insufficient detail on the regulation in order for us to fulsomely comment. We have had to attempt to interpret the intention of many sections. We strongly advise a greater level of stakeholder engagement with much greater disclosure of the exact wording/intention of the regulation.
- b. Great care should be taken to not create a 2 tier offset market within BC with offsets from the old reg and the new reg being valued by the market differently. Long term monitoring and reporting requirements for sequestration projects and project proponent liability provisions could both do this. The old reg and new reg should be harmonized accordingly.

2. Detailed notes:

Projects with older start date under old EOR (page 2/3):

- *'Projects that meet the requirements of the Emission Offsets Regulation under the GGRTA where the proponent has contracted to sell all or some portion of the verified emission reductions to government will be recognized under the Offsets Regulation'.*
 - Comment:
 - Should be confirmed/clarified that projects that met the EOR in the past and sold to the Government in the past, but do not have a current contract to sell all or a portion of VERs to government, will be grandfathered in.
 - Should not pertain only to projects that have contracted with the PCT/CIB as it arbitrarily punishes projects either under development or already developed under the EOR – these projects need a clear and cost effective pathway to fungibility if they are not immediately grandfathered in.
 - The intention implies that only if there is an existing contract with the government for additional tonnes will projects be grandfathered in:
 - For example, the Great Bear (South Central Coast) Forest Carbon Project has sold emission reductions to the Government in the past. Contract discussions for future sales were put on hold until some things had settled (ie. future Reg) and anticipated to continue in the fall. Under this scenario, will this project be grandfathered under the new Offset Reg?
 - Comment:
 - There is serious concern over the objectivity of the test. A project either complies with the regulation (as validated and verified by qualified third parties) or it does not. The fact that it has, or has not, contracted with a particular third party is irrelevant.
 - For example - a project may have decided to sell its credits on the voluntary market if it finds a better price there. It may have had an offer from the PCT but decided not to accept the terms. The govt



would now be penalizing a project for not accepting its (lower value) offer.

Clear Ownership (Section 4.1 – page 5):

- Comment:
 - At time of verification clear ownership MUST be established – not should, as is currently presented

Protocols Established by the Director (section 4.1 – page 5)

- Protocols *“would need to pass through a defined review process before being established as a Director's protocol under the GGIRCA”*
 - Comment:
 - A detailed process and timeframe must be provided for some level of certainty to project developers and purchasers.
 - It is very unclear as to the extent of change current protocols under the GGRTA might be subject to once the above mentioned review process is undertaken, as a result, a number of projects may be left in limbo should the Ministry not provide a reasonable pathway to meet compliance under the newly establish Director's protocol.
 - “Regular Review” needs to be better defined – is it a yearly process, ad hoc, etc?

Geographic Limits (section 4.1 – page 5):

- *“BC can support a large and robust offset market...”*
 - Comment:
 - To the best of our knowledge, BC has never publicly issued and stats on the offset market, nor have they indicated what volume of compliance tools will be needed for those companies covered by the Act, in order to meet their compliance obligations. Will the Ministry be transparent in this regard and publish figures/projections once their Regulations are completed?

Eligibility Date, Period and Transition Period (section 4.1 – page 5):

- *“Projects under contract to the Climate Action Secretariat for Carbon Neutral Government would continue to generate eligible offset units until the end of their first validation period provided that they continue to meet the protocol requirements for the remainder of validation period and that no material changes to the project plan have been made.”*
 - Comment:
 - Once again, what about projects that are already underway, but not yet contracted to CIB, or those that are completed, but haven't been contracted to CIB?
 - What will occur in the event that there is not a change in Project activities, but an increase in the same activities that results in a 5% or more increase in emission reductions – does that trigger a new validation?



- All of the other aspects of the project remain the same and under the old EOR it appears that this increase would be addressed through the Project Report and verification.

Crediting Period (Section 4.1 – page 6):

- *“the crediting period would begin on the first date project activity is documented in the accepted project plan and determined to be in accordance with an approved protocol.”*
 - Comment:
 - Forest Carbon Offset Protocol (FCOP) does not determine crediting period – that is determined in the EOR.
 - Please note that the validation period for forest projects is a Director issued order for validation period for forest carbon projects
 - <http://www2.gov.bc.ca/assets/gov/environment/climate-change/stakeholder-support/offset-protocols/director-order-fcop.pdf>

Ecological Leakage (Section 4.2 – page 7):

- *“occurs when one ecosystem has an effect (positive or negative) on an adjacent ecosystem”*
 - Comment:
 - What is ecological leakage? Generally there are two types of leakage (activity shifting and market and only negative leakage is included in project calculations)
 - How will this be measured/reported? What units?
 - Will positive leakage be permitted to be used towards an offset program? Only negative leakage is calculated in forest projects and not certain we would support positive leakage being included in calculations as this would be difficult to quantify/measure/report to a reasonable level of assurance
- *“When a quantitative assessment is not feasible, a qualitative assessment that determines whether the risk of systematic leakage is significant”*
 - Comment:
 - And then what? How will that be applied to the project?

Permanent (section 4.4 – page 9):

- This section has multiple references to a reduction being removed. In what context? As we understand, removals can be reversed but reductions are permanent. As you have a project proponent liability associated with this reversal I think you are setting up a mechanism for where reductions are cancelled due to regulatory reasons (such as is the case with ARB in California). If this is the case we strongly advise that it is dealt with separately from permanence to avoid confusion.
- *“These mechanisms may include, but are not limited to, the establishment of a contingency account of offsets. Offsets could be credited to the contingency account by the Director based on the reversal risk of the project type and retired should a reversal event (e.g., forest fire) occur.”*
 - Comment:
 - Will this be structured similarly to the VCS approach to risk buffer tonnes? Will a buffer tonnes be only retired from the project that creates the



- reversal or will a program be set up similar to the VCS that draws on the larger pool of buffer tonnes to provide certainty to a purchaser?
- What happens to these tonnes at the end of the project crediting period – will they be returned to the Project Proponent or will they remain in the account permanently?
- Has the Ministry contemplate using it's % of verified offsets obtained through its various Crown land ABSA's as a foundation for a provincial offset buffer, thereby potentially dealing with buyer/auditor/proponent liability issues in the case of reversals (provided the reversal was not intentional)?
- ✕ ▪ We would not be in favour of the Ministry using their ABSA tonnes as a means of 'financing' their LNG Environmental Incentive Program, should that be a contemplation.

Provisions for third party assurance providers (Section 6 – page 10):

- *"This reliance on third parties would be supplemented by risk-based audit and review directed by the Director"*
 - Comment:
 - Not certain what 'risk based audit' means but please ensure that audit and review is conducted by qualified professionals with knowledge of Act/Regulations/Protocols, and does not take the form of a re-audit. Either you trust and empower 3rd party independent auditors or you don't.
 - A "risk-based audit" should be well defined and understood by the market, so transparency is key (no one wants to repeat the BC-OAG audit/re-audit process).
 - What occurs in the event that the 'risk-based' audit is at odds with the findings of the third party assurance provider? What is the recourse/process?

Step 3: Acceptance (Appendix I – page 13):

- *"An unqualified opinion occurs when a verifier concludes that the assertions made in the Project Report give a fair and true view in accordance with the designated protocol."*
 - Comment:
 - If this section is actually referring to validation in which case it should read: "...when a validator concludes that the assertions made in the Project Report give a fair and true view...".
 - However - 'Fair and True' is a deviation from the current EOR which states **fair and reasonable** for both validation/verification
 - Fair and True is not an assurance level that exists. What are the implications for changing (reducing) the level of assurance required? This seems to imply that there is a softer approach to assurance that will be required and not certain that this will be beneficial to overall GHG program.

Step 4: Project Implementation and reporting (Appendix I – page 13):

- *"Annually, unless otherwise defined in the registered project plan, the Project Proponent must complete a project report in accordance with the format, content and timelines"*



defined in the registered project plan and the requirements of the proposed Offsets Regulation and applicable established protocol.”

- Why an annual regulatory requirement? No need to specify on the regulation side, some projects are of a size that it makes economic sense to verify several years together.

Step 7: Monitoring (appendix I – page 14):

- *“For removal projects (e.g. biological sink, or carbon capture and storage), after the final reporting period of the final crediting period, the Project Proponent must continue to monitor and risk-manage the project in accordance with the registered project plan.*

The Project Proponent is required to monitor and risk manage the project in accordance with the registered project plan and submit a monitoring report in accordance with the proposed Offsets Regulation at the frequency set out in the relevant established protocol.”

- Comment:
 - It is unclear what the expected pathway is for potential reversals after the crediting period is completed. If a project proponent is expected to continue to monitor and risk-manage, there must be a clear pathway/process that must be followed in the event of a reversal.

Additional Notes:

- It would be beneficial to get more clarity around the LNG Environmental Incentive Program, given that the Province could be required to help ‘finance’ compliance obligations of LNG companies (will it be a purely capital incentive, or might it take the form of offsets from a pool established by the Province, etc)? The method by which they fund this account could have significant impacts on the offset market, which needs to be understood (and addressed).
- The EOR is spelled incorrectly throughout the document (multiple spellings used in same section) – the same occurs with Offset/Offsets Regulation throughout document
 - This should be addressed in future documents

Yakelashek, Darryn ENV:EX

From: Kwan, Wai Chi <WaiChi.Kwan@fortisbc.com>
Sent: Friday, August 21, 2015 10:17 AM
To: Climate Action Secretariat ENV:EX
Cc: Drope, Jody
Subject: GGIRCA Offsets Regulation & Compliance Framework Policy Intention Papers
Attachments: Compliance Framework letter.pdf

Please see attached FortisBC's comments on the GGIRCA Offsets Regulation & Compliance Framework Policy Intention Papers.

If you have any questions regarding our comments, please feel free to contact me.

Wai Chi Kwan, MSc., GHG-IQ
Environmental Program Lead
Waichi.kwan@fortisbc.com

Tel: 778-578-3859
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*"FortisBC" refers to the FortisBC group of companies which includes FortisBC Holdings, Inc., FortisBC Energy Inc., FortisBC Inc., FortisBC Alternative Energy Services Inc. and Fortis Generation Inc.

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FORTIS BC

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August 21, 2015

Climate Action Secretariat
climateactionsecretariat@gov.bc.ca

Re: Compliance Framework under the Greenhouse Gas Industrial Reporting and Control Act
 Offsets Regulation under the Greenhouse Gas Industrial Reporting and Control Act
 Greenhouse Gas Industrial Reporting and Control Act Reporting Regulation Intentions Paper

Dear Climate Action Secretariat:

On behalf of FortisBC, we would like to thank the B.C. Ministry of Environment (BC MOE) for holding workshops on both the Compliance Framework and the Offset Regulation under the Greenhouse Gas Industrial Reporting and Control Act (GGIRCA) on July 29, 2015. FortisBC representatives were pleased to attend the conference call.

We recognize the province's goals to create a sustainable future for B.C. while encouraging LNG development. While FortisBC supports these efforts, we have identified some challenges to comply with the proposed regulations due to the nature of our LNG facilities.

FortisBC has two existing LNG facilities: Mt Hayes, near Ladysmith, and Tilbury, in Delta. The primary purpose of these facilities is peak shaving, which we understand would make them exempt from the proposed regulations. However, FortisBC also sells excess LNG to commercial customers in the transportation and other sectors as a clean fuel source. In fact, we are expanding our Tilbury facility for purposes beyond peak shaving, including providing more natural gas to our transportation customers. As these facilities serve dual purposes, we believe that further conversation between FortisBC and MOE are required in order to ensure compliance with the regulations. We have outlined our specific concerns and suggestions below.

Compliance Framework under the GGIRCA

1. Page 4 of 9, First Paragraph

This section clarifies which LNG operations are included and excluded as part of the compliance framework.

As previously discussed, some smaller LNG facilities (such as FortisBC's Mt. Hayes and Tilbury LNG facilities) are designed for peak shaving with minor LNG sales to the transportation and mining sectors. The rules for separating emissions for peak shaving operations versus LNG sales should be considered to ensure that FortisBC is able to effectively operate within the compliance framework. For example, there are no provisions in the proposed intention paper to allow for the percentage allocation of fugitive emissions for LNG sold compared to the percentage allocation for LNG used for peak shaving. To discuss these nuances associated with the nature of our facilities, we request a separate meeting between FortisBC and B.C. MOE.

2. Page 5 of 9, Second Last Bullet

The regulations require additional information as part of the compliance reporting that includes the total emissions of carbon dioxide removed from transmission of pipeline quality natural gas by an LNG operation *or a facility*. This provides information to the B.C. MOE on the potential of LNG producers to collaborate with upstream and gas producers to emit CO₂ away from the operational boundary of the LNG plant.

Although we agree in principal with this information request, consideration should be given to the timing of such a request. It is FortisBC's understanding that this information would be part of the LNG operation reporting due April 1 of each calendar year; the information obtained would be from a third party source and would be prior to verification. Should verification of the third party CO₂ venting value result in the need for a change, a system wide re-report would be required (i.e., multiple companies would need to re-report values from a change in estimate from a processing plant). This would make for an inefficient process.

In addition, concerns regarding the quality of natural gas obtained from processing plants are not addressed through the inclusion of venting CO₂ values upstream. That is, large LNG plants that focus on export could require a lower CO₂ content within their natural gas stream, which would then push the natural gas with a higher CO₂ content in to B.C.'s distribution system, impacting the greenhouse gas emissions of our domestic natural gas system. To avoid this, we propose that companies be required to provide MOE with a gas composition analysis of the system, in addition to a summary of CO₂ vented. We believe that this would provide for a more transparent system within the province.

Lastly, the extent to which CO₂ venting must be reported is unclear. In order to fully comply with the proposed requirements, it would be helpful if the BC MOE provided the list of facilities that is to be included as part of this requirement (for example, compressor stations and gas processing plants).

3. Page 6 of 9, Paragraph 1.

FortisBC understands that the B.C. MOE requires any LNG facility to multiply the electricity it purchases by the B.C. grid average electricity emission factor. Clarification is required to determine whether this formula is to be used for any electricity within the operational boundary of the LNG facility, or if the calculation should only be applied to the electricity associated the natural gas liquefaction process.

It should be noted that for FortisBC, a single BC Hydro meter is present at each of our LNG facilities, making the separation between electricity used for liquefaction versus other uses would be difficult to achieve. We have held high level discussions with BC Hydro on the cost of complying with the regulation; however, based upon the current configurations of our facilities, the cost of compliance would be significant. This is another topic that we would like to discuss in further detail with the B.C. MOE with the aim of creating a Memorandum of Understanding that creates a clear strategy with which FortisBC can fully comply with the new regulations.

Offsets Regulation under the GGIRCA

4. General Comment

As per our previous comment in the GGIRCA Regulations Intention Paper, FortisBC recommends that the Offsets regulation includes language that allows for changes in the offset credit amount should global warming potential (GWP) change.

In closing, considering the issues outlined above, we suggest it may be appropriate for an M.O.U. or a set of protocols to be developed in order for us to effectively manage the dual purposes of our LNG storage facilities within the proposed regulatory framework to ensure we can be compliant with the new regulations.

Sincerely,



Jody Drope

Yakelashek, Darryn ENV:EX

From: Tara Marsden <tara.marsden@gitanyowchiefs.com>
Sent: Friday, August 21, 2015 10:49 AM
To: Climate Action Secretariat ENV:EX; Gale, Stuart ABR:EX; Ambus, Lisa ABR:EX; Hurlock, Bonnie ABR:EX; Wood, Lindsay ABR:EX; Hold - 150819 - Draeseke, Rob ABR:EX
Cc: Cornelia Rindt; Glen Williams; Joel Starlund
Subject: Consultation on proposed Offsets Regulation and Compliance Framework

Follow Up Flag: Follow up
Flag Status: Completed

Hello,

As you may know, the Gitanyow Hereditary Chiefs and the Province of BC are currently in the final stages of negotiating an ABSA for the Gitanyow Carbon Project.

We have recently been informed of proposed changes to the carbon offsets regulations in BC, and a draft policy intentions paper that has gone out for public comment for which the deadline is today (Aug 21, 2015).

We were not informed of this by our counterparts at the Province of BC, rather through our independent consulting advisors.

Gitanyow is hereby requesting "Engagement on a Strategic Topic" (Section 10, page 13 of the Gitanyow Engagement Framework, April 2013) on the policy intentions paper and any further drafting of the proposed regulations.

The rationale for this is clear, as the potential proposed regulation changes appear to have some implications for the successful development of the Gitanyow Carbon Project, which is a foundational commitment of the Gitanyow RRA.

Gitanyow would like to learn more about the details of the proposed regulations, and the context outlined in the policy intentions paper.

At this early stage, the main objective of the Engagement on a Strategic Topic would be to begin to discuss formulating collaboratively a pathway to grandfather the Gitanyow Carbon Project, to provide greater project certainty.

Please confirm receipt of this email and kindly respond with proposed meeting dates, responsible individuals within the provincial government, and any additional information that may help inform our engagement.

Regards,

Tara Marsden, M.A.

Naxginkw - Wilp Gamlakyeltxw

Recognition & Reconciliation Implementation Coordinator

Gitanyow Hereditary Chiefs

P.O. Box 148

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Yakelashek, Darryn ENV:EX

From: McQuade, Mikaela <mikaela.mcquade@capp.ca>
Sent: Friday, August 21, 2015 11:34 AM
To: Climate Action Secretariat ENV:EX; Lesiuk, Tim ENV:EX
Cc: Ferguson, Alex
Subject: CAPP Comments: Offset Regulation Intentions Paper under the Greenhouse Gas Industrial Reporting and Control Act
Attachments: CAPP_EDMS-#267990-v5-
CAPP_Comments_-_BC_GGIRCA_Offset_Regulation_Intentions_Paper.pdf

Good afternoon:

On behalf of Alex Ferguson, Vice President of Policy and Performance, please see attached for CAPP's feedback on the Climate Action Secretariat's offset regulation intentions paper. CAPP appreciates the opportunity to provide feedback and looks forward to further engagement on this matter.

Thanks,

Mikaela

Mikaela McQuade
Policy Advisor, Environment
CAPP
(403) 776-1406 | mikaela.mcquade@capp.ca

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CANADIAN ASSOCIATION
OF PETROLEUM PRODUCERS

Canada's Oil and Natural Gas Producers

August 21, 2015

Tim Lesiuk
Chief Negotiator/Executive Director, Business Development
Climate Action Secretariat, Ministry of Environment
Government of British Columbia
396 Waterfront Crescent
Victoria, BC V8T 0A7

Submitted via e-mail to climateactionsecretariat@gov.bc.ca and tim.lesiuk@gov.bc.ca

Re: Offset Regulation Intentions Paper under the *Greenhouse Gas Industrial Reporting and Control Act*

Dear Mr. Lesiuk,

The Canadian Association of Petroleum Producers (CAPP) appreciates the opportunity to submit comments to the Climate Action Secretariat on the proposed regulations related to emission offset development, as outlined in the proposed Offset Regulation intentions paper. After the release of the *Greenhouse Gas Industrial Reporting and Control Act* in late 2014, the Government of British Columbia has worked hard to update its reporting framework to better reflect the changing industrial landscape of British Columbia. CAPP strongly supports enabling emission reductions with offset programs, something which has been proven to offer cost-effective solutions for industry to drive greenhouse gas emission reductions.

The Canadian Association of Petroleum Producers represents companies, large and small, that explore for, develop and produce natural gas and crude oil throughout Canada. CAPP's member companies produce about 90 per cent of Canada's natural gas and crude oil. CAPP's associate members provide a wide range of services that support the upstream crude oil and natural gas industry. Together CAPP's members and associate members are an important part of a national industry with revenues from oil and natural gas production of about \$120 billion a year.

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CAPP supports climate policy direction in British Columbia that leads to a vibrant and competitive oil and gas sector and efficiently and effectively manages greenhouse gas emissions. We recognize that this discussion paper represents meaningful progress towards a strong, principle-based policy construct for the purposes of mitigating and managing these emissions. We have reviewed the paper and are pleased to offer the following high level comments to support your analysis going forward.

CAPP recognizes that offsets are and will continue to be critical to compliance with provincial, national, and international greenhouse gas emissions commitments. CAPP supports linking the provincial carbon offset systems inter-jurisdictionally. This linking will allow for the Canadian oil and gas industry to continue to comply with greenhouse gas regulations and to contribute further to clean investments and innovation around the world. Until such time as this is possible, CAPP supports continuing the development and improvement of the provincial system without delay.

In order to achieve this linkage, CAPP continues to support a robust and credible offsets system, recognizing that maintaining system credibility is critical to gaining access to other carbon markets. Ensuring minimal buyer liability and allowing for streamlined but thorough verification, the Government of British Columbia can maintain market credibility by continuing to ensure that offsets are real, additional, permanent, verifiable, quantifiable, and enforceable.

Recognizing that the proposed intentions paper is largely directed toward liquefied natural gas facilities, CAPP would like to emphasize that any change in scope of the proposed regulatory changes should be well-informed with upstream oil and gas industry input.

Given the widespread offset market participation of upstream oil and gas entities, CAPP would request further information on the proposed timelines for the release of revised protocols as well as any change in scope of opportunities or sector participation. CAPP would suggest that the Climate Action Secretariat strongly consider the introduction of provisions to allow the introduction of new, innovative offset project protocols in an accelerated manner at the Minister's discretion. The flexibility of offset generation will be increasingly critical to enabling industry to realize short-term emission reduction opportunities and contribute to the Government of British Columbia's greenhouse gas reduction targets over time.

With respect to the eligibility date of projects as noted on page 5 of the intentions paper, we would request further clarity and engagement on the treatment of existing and potential offset generating projects. We would also request engagement and further dialogue on any analysis the Government of British Columbia has conducted on the impact of pricing of offsets under the new regulations.

CAPP anticipates further and deeper consultations with the Government of British Columbia on the development of policies and regulation related to the management of provincial greenhouse gas emissions and look forward to further supporting the Climate Action Secretariat in this regard.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Ferguson', with a long, sweeping horizontal line extending to the right.

Alex Ferguson
Vice President, Policy and Performance
Canadian Association of Petroleum Producers

Yakelashek, Darryn ENV:EX

From: Ian Thomson <ithomson@westerncanadabiodiesel.org>
Sent: Friday, August 21, 2015 1:11 PM
To: Climate Action Secretariat ENV:EX
Subject: GGIRCA Regulations feedback
Attachments: WCBA_GGIRCA_Review_Submission_3.pdf

Please find the attached submission from the Western Canada Biodiesel Association relative to regulation under the BC Greenhouse Gas Industrial Reporting and Control Act.

Best regards,

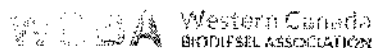
Ian

Ian Thomson

President
Western Canada Biodiesel Association

ithomson@westerncanadabiodiesel.org

Mobile 778.233.3889



August 21, 2015

Climate Action Secretariat
Province of British Columbia

Via Email

RE: GGIRCA Regulations feedback

The Western Canada Biodiesel Association (WCBA) is a non-profit organization established to promote the production and use of low carbon renewable diesel through education, outreach, and advocacy. WCBA supports the use of high quality, sustainable biofuels manufactured to Canadian General Standards Board (CGSB) and ASTM industry standards.

In British Columbia, the use of low carbon and renewable fuels in the transport sector has resulted in approximately 4 million tonnes of greenhouse gas (GHG) reductions since 2010. In 2012, the most recent year for which published figures are available, renewable and low carbon fuel use reduced GHG emissions by 904,868 tonnes - the equivalent of 190,499 cars being removed from the road.¹

WCBA is generally supportive of the limited and supplemental use of flexibility mechanisms, such as offsets and technology fund unit purchases, to enable compliance with GGIRCA through activities beyond generating earned credits. We offer the following comments on the Proposed Emission Offsets Regulation and the Compliance Framework Policy Intentions Paper:

- **BC should establish that the use of offsets is supplemental to actions by emitters to reduce emissions at their own facilities.** There should be a conservative limit placed on the use of offsets to comply with GGIRCA and mechanisms to ensure that all reductions come from actions within the regulated sector.
- **BC should support the development of the advanced biofuels sector through use of funds collected through GGIRCA flexibility mechanisms (technology fund).** The unit fund payments by operators seeking compliance with GGIRCA can be strategically used on activities that utilize BC's abundant and sustainable biomass towards the displacement of fossil fuels. As technologies to convert lower value biomass fractions into transportation fuels continue to develop towards commercial scale, opportunities to establish in-province production of low carbon advanced biofuels should be a prescribed use of GGIRCA funds.
- **A future, higher price per fund unit should be communicated to incentivize early action.** Similar to the approach used in the provincial carbon tax, future carbon price changes should be communicated. An increasing fund unit price, and linked cost of compliance (should these fund units be purchased), will help ensure that real emission reductions are pursued in the forward years of the regulation. In addition, it would be appropriate to align the unit fund price with the established carbon tax rate (\$30/tonne) to harmonize the price signal on carbon.

¹ <http://www.empr.gov.bc.ca/RET/RLCFRR/Documents/RLCF-007-2012%20Summary.pdf>

- **GGIRCA should have its own separate offsets system with offsets not useable in other regulations.** Emission units/offsets should not be fungible between regulations, specifically the Low Carbon Fuel Requirements Regulation, which contains a volumetric renewable fuel standard and a carbon intensity-based low carbon fuel standard. Treating emission reductions separately under these two regulations will prevent unnecessary complexity, preserve integrity of the systems, and not undermine the market signal inherent in other carbon reduction regulations.
- **BC should use globally accepted GHG emission values for all stages of LNG activities (extraction, transportation, compression, combustion, etc.).** BC should include emissions from upstream and midstream natural gas operations. Internationally, focus has increased on the accuracy of natural gas GHG performance calculations and their inclusion of upstream emissions (e.g. fugitive emissions).²

The WCBA welcomes the opportunity to support the GGIRCA implementation, including participation in the creation of protocols that seek to decarbonize transportation fuels.

We appreciate the opportunity to provide our input to the development of this regulation.

Sincerely,



Ian Thomson

President, Western Canada Biodiesel Association

ithomson@westerncanadianbiodiesel.org

² http://www.nytimes.com/2015/08/19/science/methane-leaks-in-natural-gas-supply-chain-far-exceed-estimates-study-says.html?_r=0

Yakelashek, Darryn ENV:EX

From: ken rea <kenrea@massett.ca>
Sent: Friday, August 21, 2015 3:18 PM
To: Climate Action Secretariat ENV:EX
Cc: Michael Riedijk; XT:Old Massett Village Council ENV:IN
Subject: Response to public consultation

Dear,

We have carefully reviewed the "Offsets Regulation under the Greenhouse Gas Industrial Reporting and Control Act" which is currently going through a public consultation process.

(http://www2.gov.bc.ca/assets/gov/environment/climate-change/policy-legislation-and-responses/climate-action-legislation/ggirca_offsetsregintentionspaper.pdf).

Forestry projects will very likely not provide enough carbon offsets for the LNG industry. All methods should be considered "from the top of highest mountain to the bottom of the ocean".

The Old Massett Band of Haida Gwaii can play a positive role in producing carbon offsets through near-shore (seagrass) and off-shore (plankton) projects.

Old Massett expects that these ocean-based projects will create local jobs on Haida Gwaii, strengthening the local economy and allow us to take up the role as environmental steward of the oceans.

It is therefore that we request you to allow near-shore and off-shore projects executed within the 200 mile Exclusive Economic Zone of the Pacific ocean bordering BC under the new act.

Please note that it is up to the organization that executes these off-shore project to deal with multi-jurisdictional regulations, environmental permits, 3rd party verification etc.

Here are some ideas how to approach this:

1) The definition in article 4.1 "Offset Characteristics" under "Geographic limits" can be expanded to execute offset projects within "Canada's Exclusive Economic Zone (200 mile zone) in the Pacific ocean bordering BC" while all economic activity and benefits take place within BC's jurisdiction (office location, company incorporation, jobs, taxes, know-how, intellectual property etc.).

or

2) The definition in article 4.1 "Offset Characteristics" under "Geographic limits" can be expanded to "all federal Canadian jurisdictions bordering BC" while all economic activity and benefits take place within BC's jurisdiction (office location, company incorporation, jobs, taxes, know-how, intellectual property etc.).

or

3) In the same way as airline companies can run a "go green" offset campaign based on the jurisdiction of departure or arrival, BC would allow all projects outside of BC's jurisdiction which have all economic activity and benefits take place within BC's jurisdiction (office location, company incorporation, jobs, taxes, know-how, intellectual property etc.).

We are looking forward to your response.

Ken Rea

Old Massett Village Council

Yakelashek, Darryn ENV:EX

From: Katie Sullivan <sullivan@ieta.org>
Sent: Friday, August 21, 2015 3:26 PM
To: Climate Action Secretariat ENV:EX
Cc: Lesiuk, Tim ENV:EX; Laaksonen-Craig, Susanna ENV:EX; Dirk Forrister; Katie Sullivan
Subject: GGIRCA Offsets Regulation Comments - IETA
Attachments: IETA GGIRCA Offset Paper Comments_21August2015.pdf

Importance: High

CC: Susanna Laaksonen-Craig and Tim Lesiuk

Dear Climate Action Secretariat Colleagues,

On behalf of the International Emissions Trading Association (IETA), we appreciate this opportunity to share comments on the Ministry's *"Offsets Regulation Under GGIRCA's Policy Intentions Paper"*, published on 21 July. Please find IETA's comments, attached.

In brief, IETA's members are pleased to see the Ministry's intention to draft new Offset Regulation that streamlines offset development and issuance under the new *Act*. We hope that IETA's insights, attached, help to inform the forthcoming regulation, as well as potentially spark considerations related to carbon pricing components of BC's future Climate Leadership Plan.

As your team moves forward with drafting GGIRCA Offsets Regulation, IETA remains willing and prepared to lend additional support and/or convene dialogue with business and market experts.

Once again, many thanks for this opportunity. Please do not hesitate to contact Katie Sullivan (sullivan@ieta.org), if you have questions or require further information.

Sincerely,

Dirk Forrister, President & CEO, IETA
Katie Sullivan, North America Director, IETA

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Latin America Carbon Forum - Santiago, Chile (9-11 September)

Carbon Forum North America (CFNA) - New York City, USA (24 September)

IEA-EPRI-IETA Greenhouse Gas Markets Workshop - Paris, France (29-30 September)



21 August 2015

Submitted to:

Climate Action Secretariat

Ministry of Environment, Government of British Columbia

climateactionsecretariat@gov.bc.ca

Copy: susanna.laaksonen@craig@gov.bc.ca; and tim.lesjuk@gov.bc.ca

IETA COMMENTS ON BRITISH COLUMBIA'S GGIRCA OFFSETS REGULATION OFFSETS REGULATION UNDER THE GGIRCA – POLICY INTENTIONS PAPER

On behalf of the International Emissions Trading Association (IETA), we are pleased to see the Ministry of Environment's intention to draft new regulation, focused on streamlining compliance offset development and issuance under the province's new *Greenhouse Gas Industrial Reporting and Control Act* (GGIRCA). IETA appreciates the opportunity to provide comments to BC's Climate Action Secretariat (CAS) on the Ministry's *GGIRCA Offsets Regulation Policy Intentions Paper* (the "Paper").

KEY MESSAGES

IETA applauds the BC Government's renewed commitment to building an effective, robust – and now streamlined – compliance offsets regulatory framework, while leveraging existing program capacities, tools and learnings. Our global membership and networks strongly believe that pricing carbon – **founded on flexible market mechanisms that enable trading, offsets, and cross-border linkages** – is an essential component for all economies, including BC's, towards meeting, if not exceeding, ambitious climate change targets. In light of IETA's "local" and global carbon pricing experience and expertise, our comments focus on helping to strengthen, and eventually link, the most effective compliance offsets program for BC.

In the box below, IETA's summarized several core principles and messaging that should be considered by the Ministry while moving forward with the drafting and finalization of BC's GGIRCA Offset Regulation. The points, which are further highlighted in IETA's more detailed comments, could also be used to help guide BC's future offsets program implementation efforts.

KEY PRINCIPLES & MESSAGES: STRENGTHENING BC'S OFFSETS PROGRAM

1. Provide clear and consistent offset rules, guidance, processes and eligibility requirements.
2. Encourage efficiencies and cost-efficacy across all aspects of design and implementation, including the minimization of administrative burdens and transaction costs.
3. Maintain environmental integrity while maximizing the supply of eligible offsets (avoid artificial constraints, be they geographic, quantitative, or qualitative)
4. Leverage best practices and tools across existing compliance offset systems, including the Emission Offset Regulation under BC's *Greenhouse Gas Reduction Targets Act*.
5. Enable alignment with other provincial/regional offset systems to facilitate future linkage, thereby maximizing efficiencies while driving further reductions at lower-cost.
6. Harmonize regulations, and avoid inadvertently creating a two-tier offset market.



ABOUT IETA

For over 15 years, IETA has been the leading global voice of the business community on the design, implementation and evaluation of flexible mechanisms to help harness the true power of markets and private sector innovation to tackle climate change. Worldwide, our team and multi-sector membership work closely with governments (sub-national, national, and UN levels), multi-laterals, leading academics, and environmental groups to inform the design, expansion and overall functionality of these critical mechanisms. IETA also plays a convening role in bringing business views to governments worldwide on how best to leverage, scale and channel private capital into measurable climate mitigation and resilience activities.

Our 140+ member companies include some of the world's largest power, industrial and financial corporations, including leaders in oil & gas, electricity, cement, manufacturing, aluminum, mining, chemicals, paper and potash. Members also include leading firms in: data assurance and certification; brokering, trading, and finance; engineering and clean technology; offset project development, aggregation, registries, and legal and advisory services.

ACHIEVING REGULATION GOALS & OBJECTIVES (HIGH-LEVEL INPUT)

IETA strongly supports the Ministry's intention to establish a single standard to inform the development of offsets in BC. If well-designed and executed, a single standard and more streamlined approach will result in improved efficiencies, lower-costs, and hopefully higher volumes of eligible reductions, with associated co-benefits, across the system.

According to the Paper, BC's future Offset Regulation will "set-out requirements for reductions and removals to be recognized as offsets" to be achieved by:

1. Producing compliance grade offsets eligible for **reducing compliance costs**;
2. Achieving "beyond BAU" reductions via **sound protocol baselines** over a fixed validation period;
3. Allowing a **broad range** of reduction and removal opportunities; and
4. Encouraging **reductions, innovation and technology development** (non-covered entities).

In light of these clearly-stated regulatory objectives, IETA's pleased to share a series of highly complementary private sector considerations and recommendations tied to each goal.

1. Producing compliance grade offsets eligible for reducing compliance costs.

Trading and broad access to offsets provides policy flexibilities that drive-down costs. Broad access to offsets is critical to contain program costs while allowing markets to thrive and drive further efficiencies. Compliance entities need access to high supplies of reductions in order to cost-effectively meet compliance and gradually de-carbonize, while also maintaining competitiveness. Access to offsets allow regulated industries the ability to gradually transition while meeting compliance obligations and realizing new low-carbon strategies, technologies and processes that work best for their operations, human resource capacity/skills, supply chains, consumers, and, ultimately, the broader economy.



2. Achieving beyond BAU reductions via sound protocol baselines over a fixed validation period.

Offset program integrity is underpinned by robust, accurate and transparent data. A core component to any emissions trading or offsets program is the credible and accurate monitoring, reporting and verification (MRV) of emissions and project data. The sound transparency and consistency of this data, along with clear enforcement rules and provisions, underpins the overall integrity of the program, thus impacting program confidence, market participation levels, and linkage opportunities. Protocol standardization and fixed validation periods can heighten certainty, improve efficiencies, and avoid “additionality” pitfalls.

3. Allowing a broad range of reduction and removal opportunities.

Offsets allow for market linkages, enabling business to capture lower-cost reductions and driving cleaner project, investment and innovation opportunities. As abatement costs differ across sectors and regions, access to broader pools of reductions will drive cooperation, clean project innovation and productivity, and reduce overall costs to tackling climate for industry and consumers. Creating markets at scale with access to broad pools of cost-efficient options to reduce emissions is an advantage, especially for jurisdictions with increasing industrial emission profile trajectories and high levels of ambition (like BC). Linked markets with one-way or mutual recognition of tradable units for compliance lead to price convergence and efficiency gains, enabling “local” companies to capture a wider range of lower-cost mitigation opportunities, while spreading “clean wealth” and encouraging cooperation with other jurisdictions.

4. Encouraging reductions, innovation and technology development by non-covered entities.

Broad access to offsets will support and incent private sector engagement and innovation. By their very definition, offsets act as an innovative and direct financing tool, driving the implementation of new technologies and practices that would not have happened under business as usual. The tool builds on BC's Carbon Neutral Government program success to accelerate technologies and resource management practices to progress from the lab to the field – providing opportunity for partnerships between the research community and business. Years of industry experience across multiple programs and regions, including BC, have demonstrated that properly designed offset systems drive clean innovation, jobs and entrepreneurialism by providing a clear price signal upon which to invest. A well-designed offset system builds and sustains an ecosystem of “clean” innovators and entrepreneurs who help play critical functions in reaching de-carbonization goals.

OFFSET CRITERIA & CHARACTERISTICS (DETAILED INPUT)

IETA supports the Ministry's intention to develop Offset Regulation that establishes clear, internationally-accepted criteria, while ensuring that future compliance reductions/removals are: real, verifiable, incremental and permanent. We also support the Regulation's anticipated inclusion of “steps for offset project planning, validation, registration, implementation and reporting, verification, issuance and monitoring”, provided these steps are clear, consistent, transparent and well-communicated across all program participants.

Organized by a selection of sub-items under Section 4 of the Paper, the following summarizes IETA's observations and recommendations for consideration by the Ministry.



Clear Ownership: IETA supports the intention for GGIRCA's Offset Regulation to ensure project proponents have "superior claim of ownership" to offset project reduction/removals. In terms of operationalizing clear ownership, project proponents should be empowered to "structure arrangements" among various entities involved in the project and enter contractual arrangements that establish "rights and responsibilities of all parties involved in the project".

Contract Terms: Market participants must be able to acquire offsets and hedge exposure to price risk within their existing business and financial frameworks. Buyers and sellers should be free to enter transactions using whatever form of contract desired by the parties, without limiting the terms of their agreements. As such, the Offset Regulation should not mandate specific contract terms or provisions for parties. Rather, future rules and accompaniment guidance should be provided to facilitate the development of "sample contract forms" for use by market participants. Standardized contracting can create certainty across the offsets market while reducing transaction and legal costs, especially on small transactions. Availability of well-understood and generally-standardized terms for sale of offsets can also help developers obtain funding for projects, bringing additional reductions to market. That said, creativity in structuring transactions and allocating liability should not be restricted.

Integration of Crown Land "Tonnes": Particularly in the BC context, given the importance of sequestration projects and Crown Land considerations (volumetric, co-benefits etc.), more clarity, direction, and thoughtful consultations with practitioners will be required as GGIRCA's Regulation is drafted and finalized. How will BC Government ownership issues under GGIRCA Offset Regulation be addressed, and what options are currently under consideration? These issues must be communicated, and potential impact assessments must be conducted during the rule-making process. While navigating these Crown Land options, IETA strongly encourages the Ministry and CAS to be mindful about which arrangements might support or debilitate offset market development and private investments. IETA can help support a multi-sector dialogue about potential impacts and solutions as CAS further explores Crown Land options.

Protocol Review & Revisions: A clear, transparent, and predictable protocol review and revision processes, with oversight from the Director, are absolutely necessary to enable risk management and instil market confidence. These communications and processes should be open, participatory, and structured so that all interested parties are informed and engaged. Protocol revisions, as necessary, should only take effect on a schedule that does not upend project pipelines and undermine market confidence. A revised protocol should not be applicable to an existing project until the project's next crediting period.

Protocols Established by Director: As noted above, we recommend that BC pursue a broad and robust offset program by allowing the Director to adopt/adapt a diverse range of eligible, economically-viable and potentially scalable offset protocols. This includes protocols already established in BC, but also future potential protocols in the province as well as those already in use – or under consideration – across non-BC existing compliance offset programs. BC must ensure that there is a streamlined route, process and timelines for the Director to assess and adapt protocols for use in BC, with the goal of building a full range of offset protocols available for compliance purposes in 2016 and beyond. In future Regulation or accompaniment guidance, IETA would like to see clear and reasonable timetables for the development and adoption of protocols within BC's system.



Regulatory Harmonization: The Ministry should avoid inadvertently creating a two-tier offset market within BC. Real risks and costs could result in a failure to clearly design and communicate the harmonization between BC's existing (GGRTA) and future (GGIRCA) Offset Regulations. Significant or unreconciled regulatory modifications could result in BC's market valuing "new" offset projects more than "existing" offset projects, under development, or eventually developed, using the existing "Director's Protocols". Only allowing projects that have either "sold or contracted to sell" to the PCT/CIB will exclude existing projects (either being developed, or those that have already been developed but not sold to PCT/CIB). Not establishing clear pathways towards fungibility for these projects under the new Offset Regulation could be unnecessarily arbitrary and punitive, resulting in additional expense for developers and proponents.

Program of Activities & Aggregation: BC is extremely well-positioned to capitalize on, while becoming a global leader in, the space of Program of Activities (POAs) approaches and aggregation (i.e., aggregating "small but similar" offset project types). Soundly-designed and well-executed approaches to POAs and aggregation allow project developers to maximize reduction opportunities (and co-benefits) across numerous (non-covered) small projects that might otherwise fall below the investment threshold (if forced to develop each independently).

Multi-Sector Advisory Offset Expert Groups: Experience shows that a knowledgeable multi-sector offset expert group (e.g., Advisory Offset Group and/or Technical Committees) can lend significant value to an offset program/protocol review process. IETA recommends that BC establish one or more government-industry offset expert groups, tasked with engaging on a variety of aspects related to the future protocol development/adaptation and review process. This would include direct and transparent engagement with the Director, given this individual's critical role under the forthcoming Regulation.

Eligibility Date: The proposed project start date of 1 January 2014 for eligibility under the new system is problematic. We recommend that the Ministry, in consultation with experts and affected parties, revisit this direction and consider merits linked to earlier project start dates. BC's Carbon Neutral Government program, along with earlier provincial regulations, have encouraged growth of a strong provincial offsets market. Earlier policy and price signals have stimulated engagement and investments by asset owners, landholders and technology developers across the province. If BC adopts a start date of 1 January 2014, a number of legitimate projects (at varying stages of development) will likely dismantle, and adversely impact market confidence and future access to project finance.

Geographic Limits: Reductions and removals that are real, verifiable, incremental and permanent have a global impact in tackling climate change. Despite this science-based reality, all too often governments subjectively decide to limit the geographic eligibility of these critical cost-containment instruments. Given the environmental and socio-economic gains that can be achieved by refraining from geographic constraints, as well as the intangible merits of creating a system that nurtures partnerships and linkages with other jurisdictions, IETA strongly encourages BC to avoid including these geographic restrictions in its Offset Regulation.



Addressing Permanence: IETA supports a risk-based approach to managing reversals and permanence issues. We recommend the use of a government-approved mechanism or assurance factor embedded in the relevant land-use protocol. Choosing a conservative factor enables more carbon reserves than a risk assessment would guarantee for which future reversals are reasonably accounted. This reserve, along with the requirement for project developers to provide replacement units following a reversal, should provide the credibility required to demonstrate permanence.

Use of Offsets Against Multiple Years: Clarity is required on the ability for compliance entities to use eligible offsets against multiple emission years. What vintage(s) of issued offsets can be transacted and ultimately used to meet compliance obligations to 2020? Will these decisions be driven or impacted by the forthcoming GGIRCA Offset Regulation, or can they be addressed in subsequent implementation activities? IETA stands ready and willing to engage on these issues, as the Ministry moves forward in drafting its Offset Regulation.

Supply-Demand Analyses: According to the Paper, "BC can support a large and robust offset market... (with) sufficient offsets generated within the province to meet demand for the foreseeable future". IETA, along with partner organizations and market participants, are keen to review data and future supply-demand analyses backing the assertion that BC-based supply should be "sufficient" for the "foreseeable future". We welcome the opportunity to engage with the Ministry, experts and a range of market participants on these issues while GGIRCA's Offset Regulation is drafted.

PROVISIONS FOR 3rd PARTY ASSURANCE PROVIDERS

IETA applauds the Ministry's intention to make use of approved 3rd parties to "conduct quality control and quality assurance procedures". We look forward to working with BC officials to identify effective "risk-based audit and review" procedures and processes "to be directed by the Director". **The following summarizes IETA's assurance-related observations for consideration by officials.**

Rigorous Verification Program: IETA supports BC pursuing the highest, most rigorous level of standards and requirements, ensuring a rigorous verification program. Establishing a rigorous verification program provides certainty that only high-quality, compliance caliber offsets are generated, while avoiding overly cumbersome, duplicative and/or costly reviews.

Program Oversight: Creating a stringent verification program gives BC the opportunity to assign primary responsibilities for oversight to third-party registries. BC regulatory authorities could then undertake more selective reviews or "spot checks". Such a system could ensure the rigorous quality management necessary for compliance-grade offsets, while rationalizing resource allocation by BC.

Reasonable Levels of Assurance & International Standards: BC's future Regulation must build a program that requires "reasonable levels of assurance" while utilizing International Standards for verification activities, such as ISO 14064-3 (for greenhouse gas verification) and ISO 14065 (for accreditation of verification bodies). These ISO standards are also utilized by potential linkage partners, including Alberta, California-Quebec, and RGGI. BC's well-positioned to support, if not strengthen, verification bodies accredited under an International Accreditation Forum (IAF) including the Standards Council of Canada (SCC) and American National Standard Institute (ANSI).



Clear & Consistent Assurance Language: Across several North American compliance offset programs, we have seen material problems and market impacts associated with vague and/or inconsistent assurance language in regulation and protocols. In BC, the former PCT was inconsistent on language in verification documents that did not adhere to the province's *Greenhouse Gas Reduction Targets Act*. This lack of clarity and consistency across protocol/assurance language resulted in far-reaching impacts to the nascent market.

Limitations on Applicant Assurance Bodies: Under Section 6 of the Paper, we are concerned to see intentions to implement "Limitations on Applicant Assurance Bodies". If adopted, these limitations could pave the way to capacity challenges related to validation activities and efficient execution. Only a handful of legitimate validation bodies (VBs) currently exist, and BC is the only compliance program that requires separate validation. Placing limitations on applicant assurance bodies becomes problematic due to scarcity of eligible VBs or higher cost concerns – either scenario leads to significant increases in validation costs for project proponents. To ensure efficiency and decrease costs for project proponents, we recommend that VBs be allowed to validate and verify the same project, while recognizing that certain limitations (e.g. number of verifications) might be necessary if allowing this approach.

Protocol-Specific Training & Certification: BC may choose to see verifiers undergo protocol-specific training and certification. Based on experience in other programs, this approach would help ensure verifier competency for all protocols. If BC were to require verifier training, consideration should be given to a training program that is efficient and not cost prohibitive for verification bodies.

Audit-Verifier Relationship: BC may choose to audit the work done by certified verifiers to ensure that verifications submitted to the program authority are based on established standards. Completed verifications conducted by certified verifiers should not be subject to additional Government audits unless there is clear indication of fraudulent actions on behalf of the project developer or verifier.

CONCLUSION

In conclusion, we appreciate this opportunity to share comments on BC's Paper. While drafting the Offset Regulation under GGIRCA, we hope that officials consider IETA's multi-sector insights and recommendations. If you have any questions or further information requests, please do not hesitate to contact IETA's North America Director, Katie Sullivan, at sullivan@ieta.org.

Sincerely,

Dirk Forrister
IETA President and CEO

Yakelashek, Darryn ENV:EX

From: Thomas Hackney <thackney@bcsea.org>
Sent: Friday, August 21, 2015 7:41 PM
To: Climate Action Secretariat ENV:EX
Subject: GGIRCA Regulations feedback
Attachments: 2015-08-21 - GHG offsets white paper - BCSEA comments.pdf; ATT00001.htm

Dear Mr. Lesiuk,

Please find attached the comments of the BC Sustainable Energy Association.

Regards,
Tom Hackney

Tom Hackney
Policy Director
BC Sustainable Energy Association
250-381-4463
thackney@bcsea.org
www.bcsea.org



BRITISH COLUMBIA

Sustainable Energy
ASSOCIATION

Empowering British Columbians to build a clean, renewable energy future

21 August 2015

Tim Lesiuk, Executive Director, Business Development/Chief Negotiator
Climate Action Secretariat
by email: climateactionsecretariat@gov.bc.ca (Subject: GGIRCA Regulations feedback)

Dear Mr. Lesiuk,

Re: Proposed Offsets Regulation and Compliance Framework Intentions Papers under the *Greenhouse Gas Industrial Reporting and Control Act*

Thank you for this opportunity to provide inputs on the Offsets Regulation (OR) and Compliance Framework (CF) intentions papers. The following comments supplement those made by BCSEA on the GGIRCA Reporting Regulation Intentions Paper by letter to you on 21 April 2015.

BCSEA:

The BC Sustainable Energy Association is a non-profit association of citizens, professionals and practitioners committed to promoting the understanding, development and adoption of sustainable energy, energy efficiency and energy conservation in British Columbia. BCSEA has five chapters across BC and approximately five hundred individual and corporate members. BCSEA's goals include sustainable energy, energy efficiency and energy conservation in British Columbia. Our main underlying purpose is to reduce the greenhouse gas emissions, and so to ensure that British Columbia will do its fair share to minimize the harm of global climate change.

In commenting on the OR and CF intentions papers, BCSEA's strongest concern is with the urgent need for BC and all jurisdictions around the world to reduce their greenhouse gas (GHG) emissions to a fraction of current levels, in order to mitigate the speed and magnitude of global climate change, which threatens massive disruptions to the earth's ecosystems and human societies, including British Columbia. Accordingly, BCSEA supports a regulatory regime for GHG emissions that will maximize the speed and magnitude of GHG reductions, within the limits of reason and practicality.

General comments and principles:

BCSEA opposes the use of carbon offsets because they have not been established as effective instruments for reliably reducing GHGs, while on the other hand, they are inherently complex and subject to many assumptions and "counter-factual" suppositions that can easily give rise to error, leading to "paper" credits being assigned where actual, physical reduction of GHGs does not occur.

Not only could offsets create a false sense that GHGs have been reduced, but they could also create actual or perceived entitlements to emit GHGs on the part of parties who cause these emissions because of the a baseline level of allowed emissions. Given the great urgency to reduce GHGs in order to mitigate climate change, BCSEA believes that today's relatively moderate GHG reduction goals may soon be replaced by much more stringent goals. In these circumstances, it is not in the public interest to lock in entitlements to emit GHGs, whether actual or perceived.

Since the government nevertheless wishes to implement offsets regulations, BCSEA offers these principles:

- Offsets should be a last resort for GHG reductions, not a preferred option.
- Offsets should be allowed to account for no more than 10% of required GHG reductions in any given situation.
- The evaluation of offsets should be science based, and scientific assessment should take precedence over any other standard of evaluation (such as ISO standards).
- The evaluation of offsets and the assignment of credits should be fully transparent, and all documentation should be open to public scrutiny.
- The government's administration of offsets should be by an arm's length agency with similar powers to the Auditor General's office.
- The responsibility to achieve offsets and the liability for any failure of such offsets for any reason should by law continue to rest ultimately with the emitter. While providers of offsets should have responsibility and liability regarding the offsets they provide, this should not remove the ultimate liability of the emitter. There should be no situation in which the public assumes risk in regard to offsets that fail to achieve actual GHG reductions.
- There should be a robust mechanism to ensure that a responsible party would reliably be able to make good any deficiency where an offset fails to achieve actual GHG reductions, with no time limitation on when such deficiency occurred or was discovered, and no matter the magnitude of the deficiency.
- The validation of offsets should be a public process, open to public participation and with provision of funding for interveners, as with the BC Utilities Commission.
- Any offsets or granting of credit for offsets should be open to challenge by the public in the courts, and the public should be explicitly recognized by law as having an interest in the validity of offsets.

In addition, in case it may be an issue, BCSEA strongly opposes any reduction of BC's carbon tax for parties that are subject to the application of GHG reduction regulations, including offsets. The carbon tax provides an important price signal to users of fossil fuels, albeit a signal that is probably much less than the actual cost or harm of the associated emissions. The carbon tax should be strengthened and applied more broadly. Exemptions from the tax should be reduced, not increased.

Specific comments – Offsets Regulation intentions paper:

"Funded units": BCSEA opposes funded units, particularly here, where their cost is less than the current amount of BC's carbon tax. There is scant reason to believe that there are "silver bullets" that would yield easy ways to reduce GHGs; rather, people or corporations will find ways to curb their emissions when there is sufficient pressure on them to do so. Funded units would simply make it easier and cheaper for emitters to continue emitting. This is contrary to the public interest.

"Earned credits": BCSEA opposes the granting of earned credits. The purpose and function of the regulations should be to increase pressure on emitters to reduce their emissions, not to create easy avenues of compliance. The granting of earned credits would tend to create the sense that emissions up

to the prescribed baseline are an entitlement and not a problem. This does not recognize the urgency of the need to reduce GHG emissions in the face of climate change.

Protocols established by the Director: Any administrative designation or protocol should be open to challenge by the public, with the possibility of a legal challenge where the response of the Director is not satisfactory.

"Principle of conservativeness": BCSEA notes that the recognition here of a "principle of conservativeness" reinforces BCSEA's position that offsets are inherently risky and uncertain. BCSEA supports the notion of conservativeness; however, any determinations by the Director should be open to challenge. Where necessary, challenges should be able to go beyond the Director. The same argument applies for the establishment of a baseline, intended to reflect "conservative assumptions about what would have occurred in the absence of the offsets system."

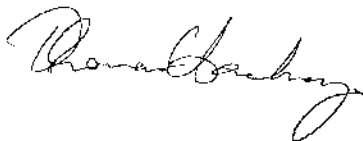
Specific comments – Compliance Framework:

Upstream GHG emissions from the production of gas should be included in the compliance obligation of LNG operations because such emissions are caused or induced by the demand for feedstock by the LNG operations.

Carbon capture and storage (CCS): BCSEA notes that, like offsets, CCS is an unproven way to reduce GHG emissions, and it should be evaluated and open to challenge in the same ways that BCSEA has noted for offsets.

Liquefied Natural Gas Environmental Incentive Program: BCSEA is not certain of the legal status of this program, referenced in the CF intentions paper. Based on the description given, BCSEA is unclear how this program would "incentivize investment in advanced technology," induce GHG reductions or otherwise serve the public good. BCSEA generally opposes regulatory measures that would tend to make it cheaper or easier for GHG emitters to avoid reducing their emissions. Also, alternative compliance mechanisms will necessarily create additional complexities and increased possibilities that offsets or credits granted will not correspond to GHG reductions. The government should focus more on pressuring emitters to cut their emissions, rather than complex and unproven incentive mechanisms.

Yours sincerely,



Thomas Hackney, Policy Director

Yakelashek, Darryn ENV:EX

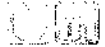
From: Kelly Parker <kellyp@bluesourcecan.com>
Sent: Monday, September 14, 2015 4:41 PM
To: Climate Action Secretariat ENV:EX
Cc: Yvan Champagne; Jessica Mitchell
Subject: B.C. Offsets Intentions Paper: Blue Source Submissions
Attachments: BC Offsets Intentions Paper_BSC_final_v2_2015_09_04.pdf

Hello,

Please accept our response to the B.C. Offsets Intentions Paper. Thank you again for the opportunity to submit our feedback outside of the comment window.

Sincerely,

Kelly Parker, E.I.T., EPT | Blue Source Canada | A Leading Climate Change Portfolio
T: 403-262-3026 x260 | kellyp@bluesourcecan.com | www.bluesourcecan.com



Executive Director
Climate Action Secretariat
B.C Ministry of Environment
Victoria, British Columbia
V8W 9W6

September 14, 2015

Re: Response to British Columbia's GGIRCA Offsets Intentions Paper

Thank you for the opportunity to provide feedback on British Columbia's GGIRCA Offsets Intentions paper. Blue Source Canada ULC (Blue Source) has reviewed the paper in depth and would like to submit several comments for your consideration.

For context, Blue Source Canada is one of North America's leading greenhouse gas management firms and has been providing professional advice and services since 2003, and is therefore one of the longest standing and best-known names in the North American carbon markets. Blue Source also has a long history of doing business with the government of British Columbia, creating and selling carbon credits in B.C under the Emissions Offset Regulation. We are pleased to have been recognised by our peers as the *"Best Project Developer – North American Markets"* in the 2013 Environmental Finance¹ voluntary carbon market survey, and as one of Canada's Top Environmental Organizations for 2014 by ECO Canada².

Blue Source understands the importance of a credible offset market. Our work consistently stands the test of independent third-party verification to international standards (ISO 14064-3) and robust levels of assurance (both limited and reasonable) as well as government audit, with literally hundreds of verifications completed since the company's inception. The credibility and effectiveness of an offset market depends on rigorous and transparent approaches. We are therefore supportive of BC's proposed approach to ensure its offsets are of the highest quality and meet the highest international standards. We do, however, have some additional comments and suggestions for your consideration.

1) Project plan validated before Project accepted by director

Based on our experience in the California market, the process for project registration and acceptance should be managed by a third party registry rather than within government or the regulatory body. In California, where the government re-approves and reviews all project submissions, there have been huge backlogs of projects that drain government resources and increase costs. If a credible third party registry is in control of the registration process, then a secondary review becomes redundant and unnecessary. In the Alberta system, the CSA registry reviews all project documentation

¹ <http://www.environmental-finance.com/>

² <http://www.eco.ca/community/blog/the-2014-top-environmental-organizations-in-canada/88380/>

to ensure compliance with the regulations and protocols before a project can be registered. There is no government involvement in the registration process, keeping project registration simple, yet credible, and completed in a timely manner.

2) Existing Protocols to be accepted by the Director

Blue Source believes that re-reviewing existing Protocols is a redundant process. As the existing Protocols have already been approved for use by the B.C. Government Blue Source recommends using the three tiered process that has already been used by the Pacific Carbon Trust in BC to grandfather the existing Protocols into the new system. On the other hand, for 'net new' project types, a more thorough process could be implemented but under defined time limitations (i.e. a time boxed process) - so that Protocols can be reviewed and established or rejected within a reasonable time frame and avoid never-ending delays, such as what has occurred with the B.C. waste diversion protocol.

3) Project start date of January 1, 2014

There is concern that the proposed Project start or eligibility date of January 1, 2014 may end up 'punishing' early movers. For example, there are some projects that may have started before that date that have been unable to complete the offset creation process due to government protocol approval delays. Blue Source also proposes that existing offset projects that have sold credits to CIB should be able to apply for a crediting period extension or a re-validation. Under the current proposal, early-action projects may get penalized by only being allowed to create credits for 10 years, rather than the 20 years proposed for projects approved under the new regulation. A re-validation period for existing projects could be evaluated based on activity type – if the activity is still considered beyond business as usual, then the project should be granted an extension.

4) It is encouraging to see linking provisions in the regulations.

Blue Source is in favor of future linking of offset markets between the Canadian Provinces and is encouraged to see that this has been considered in the proposed offset regulations in BC.

5) Baseline Clarification

It is unclear whether project baselines are intended to be sector or industry specific or if they should be facility specific. In Blue Source's experience, it is simpler to use industry standard or performance baselines. However, in some cases it is more accurate to use facility specific data (there are always projects that do not fit the 'mold'). Therefore, there should be flexibility built into the system to allow the discretion of the project developer, validator, and verifier to determine the most accurate baseline approach based on available information.

6) Recommended protocols to add in BC

Based on our evaluation of the opportunities for GHG reductions in BC and project types approved in other jurisdictions, Blue Source recommends the following Protocols be adopted and accepted for use in BC:

- Materials Recycling (new draft protocol under development in Alberta)
- Refrigerant destruction, including but not limited to Ozone Depleting Substances (ODS)
- Anaerobic digestion/Biogas

We trust that our comments are clear and reasonable, and will be duly considered. If further clarification or discussion on any of these comments is required, we would be happy to schedule a conference call. Please do not hesitate to contact either of the undersigned to arrange this.

Yours sincerely,



Yvan Champagne

President

yvanc@bluesourcecan.com

403-262-3026 x226



Jessica Mitchell

Carbon Services Project Analyst

jessicam@bluesourcecan.com

403-262-3026 x228

Yakelashek, Darryn ENV:EX

From: colleen sweet <sweetcolleen@cndprocure.com>
Sent: Friday, August 21, 2015 7:18 AM
To: Climate Action Secretariat ENV:EX; Lesiuk, Tim ENV:EX
Cc: Yakelashek, Darryn ENV:EX; David Keane; BC LNG Alliance
Subject: BC LNG Alliance response to the discussion paper on the Compliance Framework under the Greenhouse Gas Industrial Reporting and Control Act Intentions Paper
Attachments: Final BC LNG Alliance Comments_Compliance Intentions Paper .docx

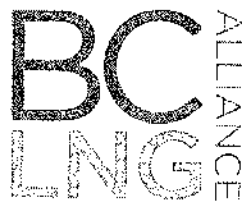
On behalf of David Keane, President and CEO of the BC LNG Alliance, we are pleased to provide comments on the discussion paper on the Compliance Framework proposed for GGIRCA.

We look forward to further meaningful consultation with CAS on the development of policies and regulations for the management of GHG emissions and other climate action initiatives.

Sincerely,

Colleen Sweet

*Colleen Sweet
Advisor, BCLNGA &
General Manager CPS
North Vancouver, British Columbia
Tel: (604) 365-8313*



August 21, 2015

Mr. Tim Lesiuk
Chief Negotiator/Executive Director, Business Development
Climate Action Secretariat, Ministry of Environment
Government of British Columbia
396 Waterfront Crescent
Victoria, BC V8T 0A7

Submitted via e-mail to climateactionsecretariat@gov.bc.ca and
tim.lesiuk@gov.bc.ca

**Re: BC LNG Alliance Comments on the Compliance Framework under the
Greenhouse Gas Industrial Reporting and Control Act Intentions Paper**

Dear Mr. Lesiuk,

The BC LNG Alliance appreciates the opportunity to provide written comments to the BC Ministry of Environment on the Compliance Framework under the *Greenhouse Gas Industrial Reporting and Control Act* (GGIRCA) Intentions Paper.

The BC LNG Alliance (BCLNGA) comprises seven of BC's leading LNG proponents with projects located in Squamish and along BC's north coast. The Alliance's purpose is to support the efficient and responsible development of a new, globally competitive, clean LNG export industry in British Columbia. The BCLNGA member companies have the potential to contribute billions of dollars in capital and create thousands of jobs over the next decade resulting in diversification of Canada's energy export markets and investment in new environmental research and innovation.

Introduced in October 2014, British Columbia's GGIRCA established a greenhouse gas emissions intensity target for liquefied natural gas (LNG) operations of 0.16 carbon dioxide equivalent tonnes for each tonne of LNG produced (tCO₂e/tLNG). This benchmark is what establishes British Columbia's LNG facilities as the "cleanest" in the world. The LNG carbon intensity target is very aggressive and in order to meet it LNG facilities will have to invest in best in class technology as well as purchase carbon offsets or technology fund credits for the difference between their actual carbon intensity and the 0.16 tCO₂e/tLNG target. This could lead to a significant additional financial burden on the projects, particularly in the startup and early operations phase of the project when the facility is not yet running at its design capacity.

Our primary areas of feedback are related to section 3, **Compliance Obligation**. Specifically, the comments focus on section 3.1 **Emissions Performance** and



section 3.3 Meeting Compliance.

Emission performance

The Intention Paper states *"The compliance obligation for LNG operations would begin when the operation starts producing LNG."*

In line with this commitment, BCLNGA recommends that an enhanced description of the compliance milestone be referenced, specifically that the New Entrant Program's (NEP) provisions be included in the final regulation. NEP recognizes a period of time necessary to support the activities associated with the safe commissioning, start-up, optimization and performance testing of any new facility before it is able to achieve steady state operations¹.

Earned credits

The BCLNGA recommends that matters pertaining to earned credits acquisition or reduction may be best addressed through the Offset Protocol and should not be included in the Compliance framework.

The BCLNGA provides these comments in the context of BCLNGA's overarching guiding principles and feedback to the Province regarding Climate Action 2.0. The BCLNGA supports market based global compliance pathways and investment in infrastructure and technological advancement as a way of achieving BC's long-term reduction targets without jeopardizing jobs and the economy. The BCLNGA advocates for BC's climate policies, including its compliance framework, to be clear and simple to administer, as well as be designed for equitable application across small and large LNG operators.

We look forward to further meaningful consultation with the Government of British Columbia on the development of policies and regulations for the management of GHG emissions and other climate action initiatives.

Sincerely,

David N. Keane
President
BC LNG Alliance

¹ In accordance with BC's laws, emission reporting and carbon taxes will be required for all combustion emissions during the NEP, as well as for the life of the LNG plant.

Yakelashek, Darryn ENV:EX

From: McQuade, Mikaela <mikaela.mcquade@capp.ca>
Sent: Friday, August 21, 2015 11:34 AM
To: Climate Action Secretariat ENV:EX; Lesiuk, Tim ENV:EX
Cc: Ferguson, Alex
Subject: CAPP Comments: Compliance Framework Intentions Paper under the Greenhouse Gas Industrial Reporting and Control Act
Attachments: CAPP_EDMS-#267988 v2-
CAPP_Comments_-_BC_GGIRCA_Compliance_Framework Intentions_Paper.pdf

Good afternoon:

On behalf of Alex Ferguson, Vice President of Policy and Performance, please see attached for CAPP's feedback on the Climate Action Secretariat's compliance framework intentions paper. CAPP appreciates the opportunity to provide feedback and looks forward to further engagement on this matter.

Thanks,

Mikaela

Mikaela McQuade
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CAPP
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CANADIAN ASSOCIATION
OF PETROLEUM PRODUCERS

Canada's Oil and Natural Gas Producers

August 21, 2015

Tim Lesiuk
Chief Negotiator/Executive Director, Business Development
Climate Action Secretariat, Ministry of Environment
Government of British Columbia
396 Waterfront Crescent
Victoria, BC V8T 0A7

Submitted via e-mail to climateactionsecretariat@gov.bc.ca and tim.lesiuk@gov.bc.ca

Re: Compliance Framework Intentions Paper under the *Greenhouse Gas Industrial Reporting and Control Act*

Dear Mr. Lesiuk,

The Canadian Association of Petroleum Producers (CAPP) appreciates the opportunity to submit comments to the Climate Action Secretariat on the proposed regulations related to compliance obligations of regulated operations and to the compliance of reporting and regulated operations in general, as outlined in the proposed Compliance Framework intentions paper. After the release of the *Greenhouse Gas Industrial Reporting and Control Act* in late 2014, the Government of British Columbia has worked hard to update its reporting framework to better reflect the changing industrial landscape of British Columbia.

The Canadian Association of Petroleum Producers (CAPP) represents companies, large and small, that explore for, develop and produce natural gas and crude oil throughout Canada. CAPP's member companies produce about 90 per cent of Canada's natural gas and crude oil. CAPP's associate members provide a wide range of services that support the upstream crude oil and natural gas industry. Together CAPP's members and associate members are an important part of a national industry with revenues from oil and natural gas production of about \$120 billion a year.

CAPP supports climate policy direction in British Columbia that leads to a vibrant and competitive oil and gas sector and efficiently and effectively manages greenhouse gas

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Mr. Tim Lesiuk
Climate Action Secretariat, Ministry of Environment
Government of British Columbia
RE: Compliance Framework Intentions Paper under the *Greenhouse Gas Industrial Reporting and Control Act*

emissions. We recognize that this discussion paper represents meaningful progress towards a strong, principle-based policy construct for the purposes of mitigating and managing these emissions. We have reviewed the paper and are pleased to offer the following high level comments to support your analysis going forward.

Recognizing that the proposed intentions paper is largely directed toward liquefied natural gas facilities, CAPP would like to emphasize that any change in scope of the proposed regulatory changes should be well-informed with upstream oil and gas industry input. We would request that more detail be provided as to how this will impact other industries and how the proposed changes will interact with existing reporting, tax and compliance regulations. Fully understanding the linkages of new and existing policies and regulations will help CAPP members understand the potential impact to the operations of the upstream oil and gas industry and allow them to provide more fulsome feedback on proposed changes.

CAPP would also like to express concern with automatic administrative penalties as outlined in Section 4.1 of the intentions paper. CAPP is concerned with the inability of regulated entities to discuss perceived failures to comply with Statutory and Regulatory obligations with the Ministry before the imposition of penalties. Instead of adding a burdensome appeals process to account for force majeure or technical issues with Government infrastructure, CAPP would suggest that the automation aspect of these penalties be reconsidered. CAPP would also like to request clarity on whether or not these penalties would be issued should offsets purchased be invalidated for any reason.

CAPP anticipates further and deeper consultations with the Government of British Columbia on the development of policies and regulation related to the management of provincial greenhouse gas emissions and look forward to further supporting the Climate Action Secretariat in this regard.

Sincerely,



Alex Ferguson
Vice President, Policy and Performance
Canadian Association of Petroleum Producers

Yakelashek, Darryn ENV:EX

From: Nalleweg, Norman FLNR:EX
Sent: Thursday, August 6, 2015 8:53 AM
To: Climate Action Secretariat ENV:EX
Subject: GGIRCA Regulations feedback

I'm not in favour of allowing offsets. They just allow the problems to be moved around and could make one area more polluted than another by moving the carbon to another area of the province. We should be regulating the maximum allowable carbon output at each facility. If they can't meet it not facility. If projects are so good that they reduce carbon we the people and government of BC should be doing them regardless of the LNG plans so we should not be allowing the LNG plants to be affecting our atmosphere. The idea is to reduce carbon not move it around. If there are great carbon reduction projects taxpayers and governments should be doing them using our carbon tax money. My two bits worth.

Norman D Nalleweg RFT
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Strait of Georgia Business Area
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