



Joint Advice to Federal Departments (Agriculture and Environment) for spending of New and Existing Program money on Natural Climate Solutions

Biological Carbon Canada | Graham Gilchrist, P.Ag. | January 18, 2021

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Summary of Advice from Biological Carbon Canada

In summary, this is our advice.

We offer the following advice to both Ministries.

✓ **Protocol Development**

- Fund the development of new protocols for the agricultural industry.
- Fund the development of protocol adaptation from other jurisdictions. This would include US approved protocols or private corporate protocols.

✓ **Market Rules**

- Fund the development of research needed to adapt current market rules used in other commodities and securities for GHG reductions and sink protections.
- Fund the development of rules for the movement of GHG data from the farm and ranch to the end user.

✓ **Other incentives**

- Offer the agricultural community:
 - A rebate for **trees planted** and alive at the end of each tax year. The amount received would be indexed to the species, the DBH circumference and the species GHG sink potential.
 - A rebate for conducting regular (minimum 3x in 10 years) **soil organic carbon sampling**. The soil sample must include bulk density, covers the full root zone, is geo-referenced and is done by an accredited lab.
 - A rebate for direct farm business investment in technology that:
 - Adopts post 2015 technology in farm engine use.
 - Precision technology that lowers GHG emissions and improves field efficiency.

Background

CANADA POLICY STATEMENT

In December 2020, A Healthy Environment and a Healthy Economy was published. This policy statement outlined new and repurposed money for natural based solutions.

PREVIOUS WORK DONE

In February 2000, our Climate Change Ambassador outlined issues on natural based solutions. Specially, and notable for our organization are the following issues:

- ❖ Protection of Ecosystems and Sinks,
- ❖ Understand and support key adaption measures,
- ❖ Land use planning
- ❖ Targeting NBS to deliver 210 Million tonnes(30%) of CO₂e for Canada,
- ❖ Extension systems

These outcomes we support.

The Ambassador had other statements that give us concerns. The application of zero tillage technology continues to give a boost in soil organic carbon and restraint on labeling this technology as ‘business as usual’.

Value Chains

With the help of CAP money, BCC examined how should GHG data accompany and be associated with a commodity as it travels through the value chain.

Our conclusions are as follows for a successful value chain.

- ✓ An operator on the chain assumes responsibility for compliance, and that all required documents and contracts shall exist.
- ✓ All certificates shall pass unencumbered along the chain.
- ✓ Participants are subject to unannounced audits.
- ✓ Participants shall inform the certification body on changes in management that can negatively impact custody systems.
- ✓ Participants may have more than one chain of custody system and shall cooperate with all audits; planned or spot.



Market Rules

In September 2000, Environment Canada and Climate Change asked for input into a pricing system for Canadian regulated offsets. In our submission, we offered this advice.

This was our advice:

- ❖ Stable Rules
 - The rules governing the buying and selling of all serialized offsets are needed.
- ❖ Transaction Costs
 - One Canadian Registry for all.
 - All attempts to lower the transaction costs are welcomed.
- ❖ Market Oversight
 - Commodities and securities in Canada enjoy robust rules of trade. Canada must have the same robust market oversight system for any GHG reduction instruments or claims documents.

MINISTERS' MANDATE LETTERS

On January 15, 2021 both Ministers received updated Mandate Letters.

Highlighted here are several outcomes we support.

- ❖ Support the efforts of farmers and ranchers to reduce emissions and build resilience as key partners in the fight against climate change.
- ❖ Operationalize our plan to use nature-based solutions to fight climate change and stop biodiversity loss, including by planting two billion trees.
- ❖ Develop a national climate change adaptation strategy and invest in reducing the impact of climate-related disasters, like floods and wildfires, to make communities safer and more resilient.



GHG REDUCTION POTENTIAL

In a submission for a Super Cluster to Innovation, Science and Economic Development Canada, BCC was part of the coalition outlining for government the GHG reduction potential.

The initiative can deliver still:

- ❖ In the protection of habitat, we believe Canadian farm businesses can reduce or stop from emitting 18.8 million tonnes.
- ❖ In the area of smart cropping, we believe Canadian farm businesses can reduce or stop from emitting 122 to 139 million tonnes.
- ❖ In the area of smart livestock, we believe Canadian farm businesses can reduce or stop from emitting 54 million tonnes.

Issues and Concerns

In the Mandate Letter for the Minister of Environment and Climate Change, legislating the net-zero emissions targets does raise a few issues for members.

The plan is to drop fertilizer GHG emissions for agriculture by 30% from the 2020 levels. In the technical document for the 2020 Canada's IPPC Report, only fertilizer farm sales are a part of the calculation's farms have control over. Coated fertilizers and fertilizer applications methods are not used.

We wish to confirm the Minister's intent around fertilizer sales and fertilizer use by primary agriculture.

We acknowledge those who may inform the Ministers of the need for exemptions. We offer a view that outlines exemptions would not change emissions nor stimulate investment.

Market Rules

In Canada, we now have 4 distinct marketplaces for either GHG emission reductions or preservation of carbon sinks, or a combination of both. These are:

- ❖ A regulated market.
 - The trading of government compliance certificates. An example is a GHG Offset generated by the NERP protocol.
- ❖ A volunteer markets.
 - The trading of serialized offsets representing a real and measured reduction. An example is a GHG Offset generated by the approved Grassland Protocol.
- ❖ An insetting market.
 - A purchased of data a long side a commodity. The data is used to calculate the GHG footprint of a consumer commodity. An example is General Mills investing in calculating the footprint of their cereal products.
- ❖ An investment markets.
 - The movement of after-tax profits or divestiture of foundation funds into securing environmental goods and services. An example of this is money flowing through ALUS.

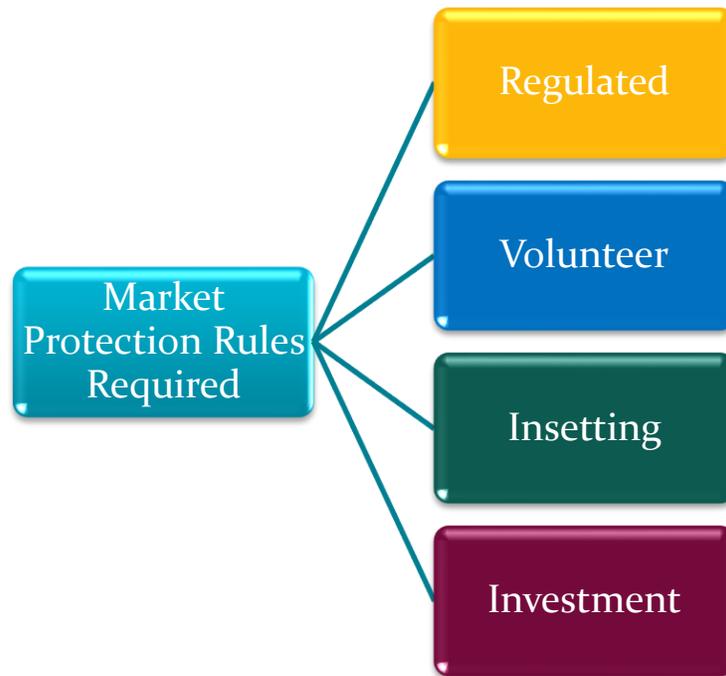


A Regulated Marketplace

Alluded to in the Article 6 agreement, markets are needed, market transparency is needed; and the commodity is protected from manipulation, misleading information, asymmetries of power & knowledge, and foster wealth inequality.

As our members found in the early days in Alberta and we continue to see is information that market protection is needed.

We understand there is a balance is needed between a free economy and protections of participants.



We are all Trading the Same Commodity

We would advise the Ministers build **marketplace rules for all 4 markets**. All 4 markets need clarity on their first principles.

We would advise the quantification approaches are standardized and must receive approval.

We would advise a system is needed to qualify and facilitate standardization between corporate reduction instruments.

We would strongly advise any GHG reduction in any market be **real, measurable, and serialized**.

Answers to Briefing Questions by the Ministries' Officials

What organization are well placed to partner with?

Biological Carbon Canada, through our members, can deliver funds into relevant projects. We also can partner with other similar NGO's for program delivery.

What opportunities and pitfalls do you see?

As identified on the conference call last week with Ministry officials, we would suggest a similar approach used in the Super Cluster program used by Innovation, Science and Economic Development Canada to develop chapters for targeted outcomes and promote partnerships.

What would our priorities be in designing or implementing an initiative?

Our organization continues to stress that markets and serialized reductions (real and measurable) are key. The marketplace is the best vehicle to fund and reward reduction efforts.

Farmers and ranchers continue to talk about being recognized for their existing and new efforts. A fully functional marketplace in all 4 market segments would be beneficial to all.

Any attempt otherwise would be just green advertising and not advantageous in the long term.

Capacity and Training Needs?

Our organization is positioned to deliver on training needs.

Program Delivery Advice

MATCHING FUNDS

For program dollars, the GOC should engage in 90% finding models. In other words , 10% matching funds from our resources is reasonable.

USE OF FUNDS

We offer the following advice.

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- ✓ **Other incentives**
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Conclusion

BCC appreciates this opportunity to provide the Ministries our comments and input. We welcome and invite the Ministry to reach out if they have questions. Our contact is Graham Gilchrist, P.Ag. at biologicalcarboncanada@gmail.com.

Biological Carbon Canada is an Alberta registered society, business number 790003685.

“original signed”

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