

BIOLOGICAL CARBON CANADA

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Environment and Climate Change Canada

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Dear Environment and Climate Change Canada,

RE: Canada Gazette, Part 1, Volume 155, Number 10:
Greenhouse Gas Offset Credit System

I have attached our comments and suggestions on the draft regulations for offsets in Canada.

Summary of Comments

Definitions

- The Minister shall define ‘additionality’ and address the issue that bio- based projects are used and managed, the sink/reservoir will continue to increase over time.
- The Minister will ensure regulatory certainty when adjudicating additionality.
- The Minister shall define ‘conservative’ and address the issue on certainty.
- The Minister will ensure regulatory certainty when adjudicating conservative.
- Somewhere on the linear scale between scientifically significant , to reasonable doubt to the balance of probabilities.

- The Ministry should make a distinction between a soil sink and a foliage (forest/tree) sink.
- The Ministry shall define ‘conservative’.

Application Requirements

- The Minister should indicate a project location be the center of a parcel.
- The Minister should fully separate offering financial incentives from offset ownership and regulatory expropriation.
- The Minister should fully separate offering tax credits or other incentives from offset ownership and regulatory expropriation.

Eligibility Criteria

- If the project in 2017 is ok in 2023, why does it disqualify in 2024.

Deactivation Protocol

- The Minister should provide a release value for permanence at least once a generation.

Credit Bank

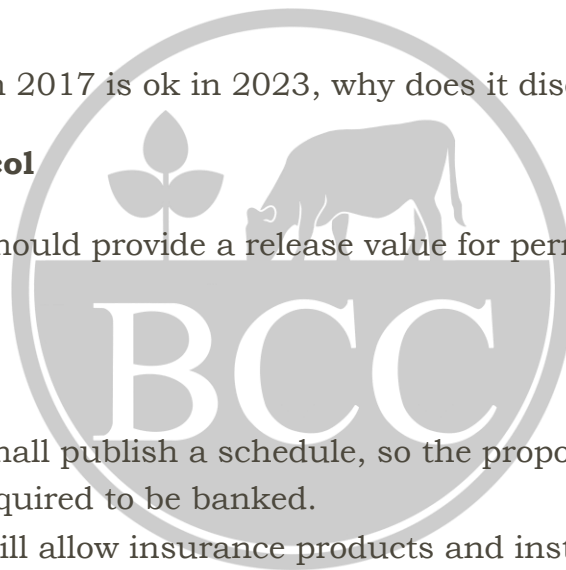
- The Minister shall publish a schedule, so the proponent has regulatory certainty on offset required to be banked.
- The Minister will allow insurance products and instruments to accommodate risk.

Verification Standards

- The Minister shall state that within a verification body, only provincially licensed professionals can do verifications.
- A verification body must also have on the verification team registered professionals from the province where the offset is located.

Aggregated Projects

- The Minister shall hold harmless an aggregator from issues that relate to the project proponent and their actions.



Protocols

- The Minister shall define the appropriate evidence requirements for ownership clarity.

Additional Sections

- 35 - The Minister shall publish a code of practice for the commercial transactions of offsets in Canada.
- 36 - The Minister shall champion regulatory certainty in the protocol development and approval process.
- 37 - The Minister shall also champion suitable investment in human capital so the ministry has the capacity to understand a protocol when presented for the approval process.

Sincerely,

Graham

Graham Gilchrist, P.Ag.



<p>Draft Regulation Language</p>	<p>Comments and Concerns</p>
<p>Interpretation</p>	
<p>Definitions</p>	
<p>1 (1) In these Regulations,</p>	<p>The Minister shall define ‘additionality’ and address the issue that bio- based projects are used and managed, the sink/reservoir will continue to increase over time.</p> <p>The Minister will ensure regulatory certainty when adjudicating additionality.</p>
<p><i>Act</i></p>	<p>The Minister shall define ‘conservative’ and address the issue on certainty.</p> <p>The Minister will ensure regulatory certainty when adjudicating conservative.</p> <p>Somewhere on the linear scale between scientifically significant , to reasonable doubt to the balance of probabilities.</p>
<p>means the <i>Greenhouse Gas Pollution Pricing Act. (Loi)</i></p>	
<p><i>baseline scenario</i></p>	

in relation to a project, means a hypothetical reference case that best represents a conservative estimate of business as usual conditions for GHG reductions or removals for the GHG sources, sinks and reservoirs that would have occurred in the absence of the project. (<i>scénario de référence</i>)	
<i>biological sequestration project</i>	
means a project involving the net removal of carbon dioxide (CO ₂) from the atmosphere by plants and microorganisms and the storage of CO ₂ in vegetative biomass or soils. (<i>projet de séquestration biologique</i>)	
<i>federal offset protocol</i>	
means a protocol established by the Minister under section 24. (<i>protocole fédéral</i>)	
<i>GHG leakage</i>	
means an indirect increase in GHGs outside of the project location as a result of GHG reduction or removal activities within the project location. (<i>fuites de GES</i>)	
<i>GHG offset system account</i>	
means the account opened under section 6. (<i>compte de crédits compensatoires de GES</i>)	
<i>GHG reservoir</i>	
means a component, other than the atmosphere, that has the capacity to accumulate, store and release GHGs. (<i>réservoir</i>)	
<i>GHG sink</i>	
means a process that removes a GHG from the atmosphere. (<i>puit</i>)	The Ministry should make a distinction between a soil sink and a foliage (forest/tree) sink.
<i>GHG source</i>	
means a process that releases a GHG into the atmosphere. (<i>source</i>)	
<i>involuntary reversal</i>	
means a reversal that is out of the proponent's control or that occurs in spite of the proponent implementing the project's risk management plan. (<i>renversement involontaire</i>)	
<i>reversal</i>	

means the release into the atmosphere of GHGs removed by a project for which offset credits have been issued. (<i>renversement</i>)	
project	
means a project that prevents greenhouse gases (“GHG”s) from being emitted (“GHG reductions”) or that removes GHGs from the atmosphere (“GHG removals”). (<i>projet</i>)	
project scenario	
means the conditions that result in GHG reductions or removals that occur due to the implementation of a project. (<i>scénario de projet</i>)	
proponent	
means the person responsible for a project. (<i>promoteur</i>)	
start date	
in relation to a project, means the first day on which the project achieves a GHG reduction or removal. (<i>date de début</i>)	
voluntary reversal	
means a reversal that is within of the control of a proponent or resulting from a proponent's failure to implement a risk management plan. (<i>renversement volontaire</i>)	
Material discrepancy	
(2) For the purposes of these Regulations, the errors or omissions in a report constitute a material discrepancy if	
<ul style="list-style-type: none"> (a) the amount determined by the following formula is equal to or greater than 5%: 	
$A/B \times 100$	
where	
A	
is the sum of absolute value of all overstatements and understatements in the report resulting from the errors and omissions, expressed in CO ₂ e tonnes, and	
B	

is the total quantity of GHG reductions or removals stated in the project report or corrected project report, expressed in CO ₂ e tonnes, or in a reversal report, the quantity of CO ₂ e tonnes reversed; or	
(b)	
the amount determined by the following formula is equal to or greater than 5% in relation to any overstatement or understatement resulting from an error or omission:	
$A/B \times 100$	
where	
A	
is the absolute value of the overstatement or understatement, expressed in CO ₂ e tonnes, and	
B	
is the total quantity of GHG reductions or removals stated in the project report or corrected project report, expressed in CO ₂ e tonnes, or, in a reversal report, the quantity of CO ₂ e tonnes reversed.	
Application requirements — project	
2 To be issued offset credits in relation to a project, the proponent shall submit an application for registration to the Minister. The application is to include	
<ul style="list-style-type: none"> • (a) the proponent's name and contact information; 	
<ul style="list-style-type: none"> • (b) the federal business number assigned to the proponent by the Canada Revenue Agency, if any; 	
<ul style="list-style-type: none"> • (c) the title and publication date of the federal offset protocol that applies to the project; 	
<ul style="list-style-type: none"> • (d) a description of the project including <ul style="list-style-type: none"> ○ (i) the GHGs that are to be reduced or removed, ○ (ii) the project activities, ○ (iii) the project location and the geographic boundaries of each project site, including latitude and longitude coordinates in decimal degrees to three decimal places or degrees, minutes and seconds or in a recognized geospatial format, 	The Minister should indicate a project location be the center of a parcel.

<ul style="list-style-type: none"> ○ (iv) the GHG sources, sinks and reservoirs included in the baseline scenario and the project scenario and justification for their inclusion or exclusion, 	
<ul style="list-style-type: none"> ○ (v) a description and assessment of any potential GHG leakage, 	
<ul style="list-style-type: none"> ○ (vi) the quantification methods to be used including any measuring devices and justification for the methods chosen, and 	
<ul style="list-style-type: none"> ○ (vii) the project start date, or if it has not yet started, its anticipated start date; 	
<ul style="list-style-type: none"> • (e) an estimate — calculated in accordance with the applicable federal offset protocol — of the total amount of creditable GHG reductions or removals that will be achieved by the project over the crediting period, as expressed in CO₂e tonnes; 	
<ul style="list-style-type: none"> • (f) information on any direct financial incentives that have been received in respect of the project; 	<p>The Minister should fully separate offering financial incentives from offset ownership and regulatory expropriation.</p>
<ul style="list-style-type: none"> • (g) whether the project, or any component of it, is registered to receive any type of conservation or ecosystem service payment or credit; 	<p>The Minister should fully separate offering tax credits or other incentives from offset ownership and regulatory expropriation.</p>
<ul style="list-style-type: none"> • (h) a risk management plan that — in accordance with the applicable federal offset protocol — identifies and assesses reversal risks associated with the GHG reductions or removals of the GHG offset project and a description of any measures and monitoring activities to mitigate those risks; 	
<ul style="list-style-type: none"> • (i) if the project is or was registered in another offset program, documents provided to the original offset program for the purposes of that registration; and 	
<ul style="list-style-type: none"> • (j) any information or documents that are necessary to enable the Minister to assess the project's eligibility to be registered. 	
Notice	
<p>3 A proponent shall notify the Minister, in writing, within 30 days after a change to the registration information set out in paragraph 2(a), subparagraph 2(d)(iii) or changes to contact information of any authorized proponent representative.</p>	

Eligibility criteria	
4 (1) The Minister shall register a project if	
<ul style="list-style-type: none"> • (a) for projects that have a start date that is before the applicable federal offset protocol is published, the application to register is made within 18 months of the protocol publication date and 	
<ul style="list-style-type: none"> ○ (i) if the application is made on or before December 31, 2023, its start date is no earlier than January 1, 2017, or 	
<ul style="list-style-type: none"> ○ (ii) if the application is made after December 31, 2023, its start date is no more than 5 years before the day on which the application is made; 	If the project in 2017 is ok in 2023, why does it disqualify in 2024.
<ul style="list-style-type: none"> • (b) for projects that have a start date that is after the applicable federal offset protocol is published, the application to register is made within 18 months of the project start date; 	
<ul style="list-style-type: none"> • (c) the project is located within a single Province; 	
<ul style="list-style-type: none"> • (d) the proponent is an individual who resides in Canada or, if the proponent is not an individual, the proponent has a business place in Canada; 	
<ul style="list-style-type: none"> • (e) the proponent has exclusive entitlement to the GHG reductions or removals generated by the project; 	
<ul style="list-style-type: none"> • (f) the project is not registered in any other offset program and any GHG reductions or removals generated by the project are not part of any other program that credits them; 	
<ul style="list-style-type: none"> • (g) the federal offset protocol applicable to the project is in force; 	
<ul style="list-style-type: none"> • (h) a previous registration of the project under these Regulations by the proponent has not been cancelled as a result of a voluntary reversal; 	
<ul style="list-style-type: none"> • (i) the project includes GHG sources, sinks and reservoirs that generate GHG reductions or removals that are not subject to federal or provincial pricing mechanisms for greenhouse gas emissions; 	

<ul style="list-style-type: none"> • (j) the project activities that generate GHG reductions or removals are additional to any legal requirements; and 	
<ul style="list-style-type: none"> • (k) if the project is of a type in respect of which the government of the province in which the project is located has published a protocol for use in the provincial offset system, the application is made no more than 6 months after the day on which the provincial protocol is published. 	
Exception	
(2) Despite paragraph (1)(a), if the project has been registered in a GHG offset program outside the federal GHG offset system, the application need not be made within 18 months of the federal offset protocol publication date.	
Deactivation of protocol	
(3) For the purposes of paragraph (1)(g), the Minister may deactivate a federal offset protocol if	
<ul style="list-style-type: none"> • (a) any of the GHGs covered by the protocol are no longer included in Schedule 3 of the Act; 	
<ul style="list-style-type: none"> • (b) the GHG reductions or removals or project activities covered by the protocol become subject to pricing mechanisms for greenhouse gas emissions or legal requirements that did not exist at the time of the protocol publication; 	
<ul style="list-style-type: none"> • (c) the quantification assumptions and approaches used in a protocol are no longer conservative; 	The Ministry shall define ‘conservative’.
<ul style="list-style-type: none"> • (d) method or requirements in relation to the establishment of the baseline scenario no longer reflect, with respect to the activity that is the subject of the protocol 	
<ul style="list-style-type: none"> ○ (i) the most recent data available, 	
<ul style="list-style-type: none"> ○ (ii) legal requirements, or 	
<ul style="list-style-type: none"> ○ (iii) current practices; 	
<ul style="list-style-type: none"> • (e) the protocol no longer reflects best practices for 	
<ul style="list-style-type: none"> ○ (i) the ongoing monitoring of offset projects, including permanence, or 	The Minister should provide a release value for permanence at least once a generation.

○ (ii) quality assurance and quality control; and	
• (f) the GHG global warming potentials used in calculations are no longer less than or equal to those set out in column 2 of Schedule 3 to the Act.	
Cancellation	
5 (1) The Minister may cancel the registration of a project if	
• (a) the proponent requests the registration to be cancelled;	
• (b) the project ends;	
• (c) the proponent has not complied with paragraph 8(a) or (b), as the case may be;	
• (d) the proponent's account in the tracking system has been closed under subsection 6(3);	
• (e) the project or proponent no longer meets the eligibility criteria set out in any of paragraphs 4(b) to (f) or (h) to (j);	
• (f) the proponent or representative of the proponent has been convicted of an offence under the Act or section 380 of the <i>Criminal Code</i> ;	
• (g) in the case of a biological sequestration project, a GHG reversal diminishes the inventory of CO ₂ e to a level below the inventory in the project baseline scenario; or	
• (h) the proponent fails to comply with subsection 181(2) of the Act.	
Notice	
(2) Before cancelling a registration under subsection (1), the Minister shall notify the proponent in writing of the cancellation and the effective date of the cancellation and provide the proponent with at least 30 days to make representations.	
Decision	
(3) If the proponent makes representations in accordance with subsection (2), the Minister shall confirm his or her decision to cancel or issue a new decision, together with reasons therefor.	

GHG Offset Account	
Opening of account	
6 (1) Before requesting offset credits in respect of any project, a proponent shall open a GHG offset system account for the project in the tracking system established by the Minister under section 185 of the Act.	
Maintaining account	
(2) The proponent shall maintain the account for at least	
<ul style="list-style-type: none"> • (a) in the case of a biological sequestration project, 100 years after the end of the final crediting period for the project; and 	
<ul style="list-style-type: none"> • (b) in the case of any other project, 8 years after the end of the final crediting period for the project. 	
Notice of closure	
(3) The Minister may, under subsection 186(3) of the Act, close an account that has been inactive for more than seven years if	
<ul style="list-style-type: none"> • (a) the Minister notifies the proponent of his or her intention to do so; and 	
<ul style="list-style-type: none"> • (b) the proponent does not request that the account remain open within 60 days after receipt of the notice. 	
Revocation of credits	
(4) If an account closed under subsection (3) contains offset credits, the Minister shall revoke them.	
Crediting Periods	
Duration	
7 (1) A GHG offset project may generate credits	

<ul style="list-style-type: none"> • (a) in the case of a biological sequestration project 	
<ul style="list-style-type: none"> ○ (i) related to forestry, for a period of up to 30 years, 	
<ul style="list-style-type: none"> ○ (ii) other than those related to forestry, for a period of up to 20 years; and 	
<ul style="list-style-type: none"> • (b) in the case of any other project, for a period of 8 years. 	
Shorter duration — certain circumstances	
(2) The Minister may specify a shorter crediting period for a project type to ensure that	
<ul style="list-style-type: none"> • (a) issued offset credits represent GHG reductions or removals that will not occur under a business as usual scenario; 	
<ul style="list-style-type: none"> • (b) issued offset credits represent real GHG reductions or removals; or 	
<ul style="list-style-type: none"> • (c) the crediting period aligns with the methodology used to quantify GHG reductions or removals. 	
Start date	
(3) The crediting period begins	
<ul style="list-style-type: none"> • (a) if the project has been registered in a GHG offset program outside the federal GHG offset system, on the day on which its crediting period began under that program; and 	
<ul style="list-style-type: none"> • (b) in any other case, on the day on which the project is registered or the day on which the project starts, whichever is later. 	
Extension — application	
(4) To extend a crediting period, a proponent shall, no more than 18 months before the end of the crediting period and no less than 9 months before the end of that period, submit an application to the Minister that includes any changes to the information that was provided in the original application for registration or for the purposes of any previous extension application and any information required by the Minister for the purpose of ensuring compliance with the applicable federal offset protocol.	
Extension — decision	
(5) The Minister shall extend the crediting period if the eligibility criteria set out in section 4 are met. The Minister shall notify the	

proponent of his or her decision in this regard at least 3 months before the end of the crediting period.	
Limit	
(6) A biological sequestration project may not have a crediting period — including all renewals — of longer than 100 years. A proponent may not renew the crediting period for other types of projects more than 2 times.	
Issuance of Credits	
Project report	
8 In order to receive offset credits in respect of a project, a proponent shall submit a project report with a verification report to the Minister no more than 6 months after the end of	
<ul style="list-style-type: none"> • (a) in the case of the initial report, the 12-month period that begins on the first day of the crediting period; 	
<ul style="list-style-type: none"> • (b) in the case of every subsequent report, the reporting period to which it pertains which period may be <ul style="list-style-type: none"> ○ (i) up to 6 years, in the case of a biological sequestration project, and ○ (ii) up to 3 years, in the case of any other project. 	
Content of project report	
9 The report is to include	
<ul style="list-style-type: none"> • (a) the project registration identification number; 	
<ul style="list-style-type: none"> • (b) the reporting period to which it pertains; 	
<ul style="list-style-type: none"> • (c) any changes to the information provided in the registration application, the latest application for an extension to the crediting period or in the latest project report; 	
<ul style="list-style-type: none"> • (d) the title and publication date of the federal offset protocol that applies to the project; 	
<ul style="list-style-type: none"> • (e) a complete inventory of GHG emissions and removals by GHG sources, sinks and reservoirs produced in the project and 	

baseline scenario during the reporting period – reported by individual GHG, in CO ₂ e tonnes and by calendar year;	
<ul style="list-style-type: none"> • (f) a GHG statement which includes <ul style="list-style-type: none"> ○ (i) the quantity of total GHG reductions and removals — expressed in CO₂e tonnes by calendar year — achieved by the project during the reporting period, ○ (ii) the identification and quantity of any GHG emissions, reductions and removals from GHG sources, sinks and reservoirs — expressed in CO₂e tonnes by calendar year — which were subject to provincial or federal pricing mechanisms for greenhouse gas emissions during the reporting period and that are not covered in the baseline scenario, ○ (iii) the identification and the quantity of any GHG reductions and removals — expressed in CO₂e tonnes by calendar year — which were required by law or resulted from activities that were required by law during the reporting period and that are not covered in the baseline scenario, ○ (iv) the quantity of creditable GHG reductions and removals — expressed in CO₂e tonnes by calendar year — during the reporting period, and ○ (v) in the case of an aggregation of projects, the information referred to in subparagraphs (i) to (iv) for each project that is part of the aggregation and for the aggregation as a whole; and • (g) any supporting data, values, and calculations used for the purposes of paragraph (e) and (f), including any applicable GHG leakage deductions, conservativeness discount factors or uncertainty discount factors specified in the applicable federal offset protocol. 	
Issuance of credits	
10 (1) The Minister shall issue offset credits to a proponent for the reporting period that is the subject of the report if	
<ul style="list-style-type: none"> • (a) the project report and any corrected project report is free of material discrepancies; • (b) the reporting period is contiguous with any previous reporting period; • (c) the GHG reductions or removals were achieved during the reporting period; • (d) the proponent has caused the report and any corrected project report to be verified in accordance with sections 17 to 22; 	

<ul style="list-style-type: none"> • (e) the project met the eligibility criteria in section 4 for the reporting period; 	
<ul style="list-style-type: none"> • (f) the project proponent has submitted all required monitoring reports for the reporting period; 	
<ul style="list-style-type: none"> • (g) the proponent is not under an obligation to remit compliance units under section 181 of the Act; and 	
<ul style="list-style-type: none"> • (h) the calculations in 9(e) and (f) were prepared in accordance with the applicable federal offset protocol. 	
Amount of credits	
(2) The Minister shall issue offset credits for a reporting period in an amount determined by the following formula:	
A - B	
where	
A	
is the quantity of GHG reductions and removals — expressed in CO ₂ e tonnes, — achieved during the reporting period minus	
<ul style="list-style-type: none"> • (a) the quantity of the GHG reductions and removals, if any, that were required by law or that resulted from activities that were required by law and that are not covered in the baseline scenario; 	
<ul style="list-style-type: none"> • (b) the quantity of the GHG reductions and removals, if any, from GHG sources, sinks and reservoirs that were subject to provincial or federal pricing mechanisms for greenhouse gas emissions and that are not covered in the baseline scenario; 	
B	
is equal to the value determined for A multiplied by	
<ul style="list-style-type: none"> • (a) for biological sequestration projects, 3% plus a percentage determined by the Minister taking into consideration 	<p>The Minister shall publish a schedule, so the proponent has regulatory certainty on offset required to be banked.</p> <p>The Minister will allow insurance products and instruments to accommodate risk.</p>

○ (i) the extent to which any measure put in place by a proponent restricts land use changes on the project site,	
○ (ii) the nature of the proponent's rights to the project site and any risks to the permanency of the project,	
○ (iii) the risk of natural disturbance including fire, disease or insect outbreak or other episodic catastrophic events,	
○ (iv) the degree to which the proponent has mitigated the risk of natural disturbance, and	
○ (v) any risk of insolvency of the proponent.	
• (b) for any other project, 3%.	
Notification	
11 (1) The Minister shall notify the proponent of the Minister's decision with respect to the issuance of credits together with reasons for the decision.	
Response	
(2) The proponent may respond to the Minister's decision or provide a revised report and verification report that addresses any deficiencies raised by the Minister within 90 days of issuance of the notice.	
Decision	
(3) The Minister may confirm his or her decision or issue a new decision.	
Environmental integrity account	
12 (1) The Minister shall deposit the number of credits determined for variable B in subsection 10(2) into an environmental integrity account established by the Minister in the tracking system referred to in section 185 of the Act.	
Restriction	
(2) An offset credit that resides in the environmental integrity account may not be sold or transferred.	

Records	
Location	
13 (1) For the purposes of subsection 187(3) of the Act, a proponent is to keep and retain records at their principal place of business in Canada or, on notification to the Minister, at any other place in Canada where they can be inspected.	
Retention	
(2) For the purposes of subsection 187(5) of the Act, the following records shall be retained for at least 15 years after the crediting period to which they relate or, where monitoring reports are required to be submitted for the project, 15 years after that period:	
<ul style="list-style-type: none"> • (a) documents, records or data generated or reviewed during verification; 	
<ul style="list-style-type: none"> • (b) verification reports; 	
<ul style="list-style-type: none"> • (c) any project report, monitoring report, corrected report or reversal report submitted to the Minister; 	
<ul style="list-style-type: none"> • (d) any information provided in an application for registration and any updates to that information; and 	
<ul style="list-style-type: none"> • (e) all documents, records or data used in preparation of the registration application. 	
Reversals	
Notification — proponent	
14 (1) A proponent who has reason to believe that a reversal has occurred shall, without delay, notify the Minister and include with the notice	
<ul style="list-style-type: none"> • (a) the project registration number; 	
<ul style="list-style-type: none"> • (b) a description of the circumstances and causes of the reversal; and 	

<ul style="list-style-type: none"> • (c) the steps the proponent is taking to prevent any future reversal from occurring. 	
Suspension — reversal	
(2) The Minister may, for the purposes of subsection 180(1) of the Act, suspend offset credits in the GHG offset system account in respect of a project if	
<ul style="list-style-type: none"> • (a) the proponent provides a notice under subsection (1) in respect of the project; or 	
<ul style="list-style-type: none"> • (b) the Minister has reasonable grounds to suspect that a reversal has occurred. 	
Notice	
(3) On suspending offset credits, the Minister shall notify the proponent of the suspension and its effective date.	
Obligation — proponent	
(4) If the Minister suspends offset credits under paragraph (2)(b), the proponent shall, within 30 days of the suspension, provide the Minister with the information referred to in paragraphs (1)(a) to (c) and, if the proponent contests that a reversal has occurred, evidence in support of their position in the form of a monitoring report prepared in accordance with subsection 27(3).	
Reversal report	
15 (1) Where the Minister determines that a reversal has occurred, the Minister shall notify the proponent in writing of this determination. The proponent shall — within 18 months of the date of the notice — submit a reversal report with a verification report to the Minister that includes the following information to allow the Minister to determine whether the reversal was voluntary or involuntary:	
<ul style="list-style-type: none"> • (a) registration identification number of the GHG Offset Project; 	
<ul style="list-style-type: none"> • (b) the circumstances and causes of the reversal; 	
<ul style="list-style-type: none"> • (c) the location of the reversal within the project boundaries; 	
<ul style="list-style-type: none"> • (d) the start and, if applicable, the end date of the reversal; 	

<ul style="list-style-type: none"> • (e) a description of any risk mitigation measures and monitoring activities that were implemented prior to the reversal; 	
<ul style="list-style-type: none"> • (f) the quantity of the GHG reversal that has occurred up to the date of the report, expressed in CO₂e tonnes; 	
<ul style="list-style-type: none"> • (g) an updated GHG statement; and 	
<ul style="list-style-type: none"> • (h) any information and documents used for the quantification of the reversal. 	
Voluntary reversal — revocation of credits	
(2) If the Minister determines that the reversal was voluntary, the Minister may	
<ul style="list-style-type: none"> • (a) for the purposes of section 180 of the Act, revoke all offset credits that remain in the GHG offset account for the project in which the reversal occurred and cancel all offset credits deposited into the environmental integrity account in respect of the project; 	
<ul style="list-style-type: none"> • (b) where the number of offset credits revoked under paragraph (a) is less than the number of credits issued in respect of the project, <ul style="list-style-type: none"> ○ (i) require the proponent, in accordance with section 75 of the <i>Output-Based Pricing System Regulations</i>, to remit compliance units in an amount equal to the difference between the number of credits issued in respect of the project and the number revoked under paragraph (a), ○ (ii) where the proponent does not remit credits in accordance with subparagraph (i) or make a payment in lieu thereof under subsection 181(3) of the Act, cancel offset credits in the environmental integrity account to make up the difference; and 	
<ul style="list-style-type: none"> • (c) cancel the registration of the project. 	
Biological sequestration	
(3) If the proponent requests the cancellation of a biological sequestration project under section 4(1)(a), the Minister will treat the cancelled project as a GHG reversal and follow the process set out under paragraphs (2)(a) and (b).	
Involuntary reversals	
(4) If the Minister determines that the reversal was involuntary, the Minister shall	

<ul style="list-style-type: none"> • (a) lift any suspension applied under subsection 14(2); 	
<ul style="list-style-type: none"> • (b) cancel the number of offset credits in the environmental integrity account that corresponds to the lesser of the amount of reversal that occurred and the quantity of offset credits that have been issued in respect of the project; and 	
<ul style="list-style-type: none"> • (c) if the reversal diminishes the inventory of CO₂e to a level below the baseline scenario, cancel the registration of the project. 	
Errors or omissions	
16 (1) If, within eight years after submitting a report under these Regulations, a proponent becomes aware of any errors or omissions in the report, the proponent shall, without delay, notify the Minister in writing and include with the notice	
<ul style="list-style-type: none"> • (a) the GHG offset project registration identification number; 	
<ul style="list-style-type: none"> • (b) as to whether the errors or omissions constitute a material discrepancy; and 	
<ul style="list-style-type: none"> • (c) as to whether the error or omission led to an over issuance or under issuance of offset credits. 	
Errors or omission — Minister	
(2) If, within 8 years after the submission of a report under these Regulations, the Minister is of the opinion that there is an error or omission in the report, the Minister shall notify the proponent in writing.	
Suspension — error or omission	
(3) The Minister may, for the purposes of subsection 180(1) of the Act, suspend offset credits in the GHG offset system account in respect of a project if	
<ul style="list-style-type: none"> • (a) the proponent provides a notice under subsection (1) in respect of the project and the notice indicates that the error or omission constitutes a material discrepancy that resulted in an over-issuance of credits; or 	
<ul style="list-style-type: none"> • (b) the error or omission referred to subsection (2) constitutes a material discrepancy which resulted in an over-issuance of credits. 	
Notice	

(4) On suspending offset credits, the Minister shall notify the proponent in writing of the suspension and its effective date.	
Corrected project report	
(5) The proponent shall submit to the Minister	
<ul style="list-style-type: none"> • (a) a corrected project report within 60 days after the day on which the notice is given under subsection (1) or (2), if the notice indicates that the error or omission does not impact the GHG statement; or 	
<ul style="list-style-type: none"> • (b) a corrected project report along with a verification report within 90 days after the day on which the notice is given under subsection (1) or (2), if the notice indicates that the error or omission impacts the GHG statement. 	
Contents of corrected report	
(6) The corrected project report is to include	
<ul style="list-style-type: none"> • (a) a description of the corrections made to the report; 	
<ul style="list-style-type: none"> • (b) the circumstances that lead to the error or omissions and why they were not detected previously; 	
<ul style="list-style-type: none"> • (c) a description of the measures that will be taken to avoid future errors or omissions of this type; and 	
<ul style="list-style-type: none"> • (d) the difference between the number of credits issued based on the project report and the number of credits calculated in the corrected report. 	
Under-issuance	
(7) If the corrected project report shows that there was an under-issuance of offset credits, the Minister shall issue to the proponent a number of offset credits that is equal to the amount of the under-issuance and deposit a corresponding number of credits into the environmental integrity account in accordance with subsection 12(1).	
Over-issuance	
(8) If the corrected report shows that there was an over-issuance of credits, the Minister may	
<ul style="list-style-type: none"> • (a) for the purposes of section 180 of the Act, revoke a number of offset credits that were issued in respect to the applicable project that is equal to the amount of the over-issuance; 	

<ul style="list-style-type: none"> • (b) where the number of offset credits revoked under paragraph (a) is less than the amount of the over-issuance 	
<ul style="list-style-type: none"> ○ (i) require the proponent, in accordance with section 75 of the <i>Output-Based Pricing System Regulations</i>, to remit compliance units in an amount equal to the difference between the amount of the over-issuance and the number revoked under paragraph (a), 	
<ul style="list-style-type: none"> ○ (ii) where the proponent does not remit compliance units in accordance with subparagraph (i) or make a payment in lieu thereof under subsection 181(3) of the Act, cancel offset credits in the environmental integrity account to make up the difference; and 	
<ul style="list-style-type: none"> • (c) cancel a number of credits in the environmental integrity account equal to the number of credits over-deposited into that account as a result of the error or omission. 	
Information	
(9) The person shall provide the Minister with the following information with any remission referred to in subparagraph (8)(b)(i):	
<ul style="list-style-type: none"> • (a) the details of any payments made under subsection 181(3) of the Act including <ul style="list-style-type: none"> ○ (i) the amount in dollars paid to the Receiver General for Canada, ○ (ii) the applicable rate, and ○ (iii) the date of the payment; 	
<ul style="list-style-type: none"> • (b) the details of any surplus credits or offset credits remitted, including <ul style="list-style-type: none"> ○ (i) the number remitted, ○ (ii) the date of the remittance transaction, ○ (iii) the remittance transaction number, ○ (iv) the serial numbers, and ○ (v) the date or dates on which they were issued; and 	
<ul style="list-style-type: none"> • (c) the details of any units or credits, recognized as compliance units, remitted, including <ul style="list-style-type: none"> ○ (i) the number remitted, 	

○ (ii) the province or territory or program authority referred to in subsection 78(1) of the <i>Output-Based Pricing System Regulations</i> that issued the units or credits,	
○ (iii) the date of their retirement,	
○ (iv) the serial numbers assigned to them by the province or territory or program authority referred to in subsection 78(1) of the <i>Output-Based Pricing System Regulations</i> ,	
○ (v) the start date of the offset project for which the unit or credit was issued,	
○ (vi) the year in which the GHG reduction or removal occurred for which the unit or credit was issued,	
○ (vii) the federal offset protocol applicable to the project for which the unit or credit was issued, including the version number and publication date, and	
○ (viii) the name of the accredited verification body that verified the units or credits.	
Lifting of suspension	
(10) The Minister shall lift any suspension referred to in subsection (3) once the number of offset credits revoked under paragraph (8)(a) plus any remittance and payments made under paragraph (8)(b) make up for the amount of the over-issuance.	
Verifications	
Verification body	
17 For the purposes of these regulations, a third-party verification body shall	
<ul style="list-style-type: none"> (a) be accredited as a verification body — by the Standards Council of Canada, the ANSI National Accreditation Board (ANAB) or any other accreditation body that is a member of the International Accreditation Forum — to the most recent version of ISO Standard 14065 entitled <i>General principles and requirements for bodies validating and verifying environmental information</i>; 	
<ul style="list-style-type: none"> (b) have a scope of accreditation that is sufficient to verify a project report, corrected project report, reversal report or monitoring report; 	

<ul style="list-style-type: none"> • (c) not be suspended by an accreditation organization that issued an accreditation; 	
<ul style="list-style-type: none"> • (d) use verification teams that have the necessary competencies to verify a project report, corrected report, reversal report or monitoring report, including at least one individual with a professional designation relevant to the project type; and 	
<ul style="list-style-type: none"> • (e) employ the lead verifier on any verification team. 	
Verification standard	
<p>18 A verification body shall conduct verifications to a reasonable level of assurance in accordance with ISO Standard 14064-3 published by the International Organization for Standardization in 2019 entitled <i>Greenhouse gases — Part 3: Specification with guidance for the verification and validation of greenhouse gas statements</i>.</p>	<p>The Minister shall state that within a verification body, only provincially licensed professionals can do verifications.</p> <p>A verification body must also have on the verification team registered professionals from the province where the offset is located.</p>
Conflict of interest	
<p>19 The proponent shall ensure that no real or potential conflict of interest exists between any party invested in the project — including experts who have been subcontracted to complete the registration or project report — and the verification body, including members of the verification team and any individual or corporate entity associated with the verification body that is a threat to or compromises the verification body's impartiality that cannot be effectively managed.</p>	
Limits — verification body	
<p>20 (1) A proponent may not cause to have a project report for a project verified by the same verification body</p>	
<ul style="list-style-type: none"> • (a) in the case of a biological sequestration project with a crediting period of more than 20 years, 	
<ul style="list-style-type: none"> ○ (i) for more than 8 consecutive project reports, or 	
<ul style="list-style-type: none"> ○ (ii) for more than 15 consecutive calendar years unless 3 calendar years have elapsed since the last of those reports was verified; and 	
<ul style="list-style-type: none"> • (b) in the case of any other project, for more than 6 consecutive project reports or 8 consecutive calendar years. 	

Corrected project report	
(2) Despite subsection (1), a proponent may cause a corrected project report to be verified by the same verification body that verified the project report being corrected.	
Site visit	
21 (1) A proponent shall ensure that a verification body conducts a site visit if	
<ul style="list-style-type: none"> • (a) it is the initial verification of the project under these Regulations or by the verification body; 	
<ul style="list-style-type: none"> • (b) it is a verification of a reversal report; 	
<ul style="list-style-type: none"> • (c) at least 24 months have passed since the verification body has visited the project site, 12 months have passed since the last verification and the quantity of GHG reductions or removals in the GHG statement is less than or equal to 10,000 CO₂e tonnes in a single reporting period; 	
<ul style="list-style-type: none"> • (d) for the previous project report, the verification body determined that <ul style="list-style-type: none"> ○ (i) there was a material discrepancy in the GHG statement, ○ (ii) the project report was not prepared in accordance with the Regulation, ○ (iii) the project was not implemented in accordance with the applicable federal offset protocol, or ○ (iv) the project did not meet the eligibility requirements set out in section 4; or 	
<ul style="list-style-type: none"> • (e) the verification body is requesting a site visit. 	
Aggregation	
(2) A proponent shall ensure that a verification body conducts a site visit within a reporting period at the site of a project that is part of an aggregation if	
<ul style="list-style-type: none"> • (a) the verification body determined that there was a material discrepancy in the GHG statement in the previous project report for the project; 	
<ul style="list-style-type: none"> • (b) the verification body requests a site visit; 	

<ul style="list-style-type: none"> • (c) the volume of credits generated at the project site is greater than 10,000 tonnes per year for any year during the reporting period; or 	
<ul style="list-style-type: none"> • (d) for the final reporting period for the aggregation, the project site has not been visited by a verification body during the crediting period. 	
Sequestration projects — monitoring reports	
(3) The proponent shall ensure the site of a biological sequestration project is visited by the verification body as part of monitoring report verification every six years after the end of the crediting period for the project.	
Other visits	
(4) A proponent shall ensure that the verification body — as part of every site visit — visits buildings not located where a project activity is carried out if information necessary for verifying a report is kept in those buildings.	
Verification of report	
22 The verification report shall include	
<ul style="list-style-type: none"> • (a) in relation to a project report, corrected project report, reversal report and monitoring report, 	
<ul style="list-style-type: none"> ○ (i) the name, title, civic and postal addresses, telephone number, and email address of the proponent and any authorized proponent representative, 	
<ul style="list-style-type: none"> ○ (ii) the federal business number assigned to proponent by the Canada Revenue Agency, if any, 	
<ul style="list-style-type: none"> ○ (iii) the name and civic address of the verification body, 	
<ul style="list-style-type: none"> ○ (iv) the name and contact information of the accreditation organization by which the verification body is accredited and the date of the accreditation, 	
<ul style="list-style-type: none"> ○ (v) the names and functions of each member of the verification team, as well as the name, telephone number and email address of the lead verifier for the team that conducted the verification, 	
<ul style="list-style-type: none"> ○ (vi) the registration identification number that was issued to the project, 	

○ (vii) name and version of the applicable federal offset protocol,	
○ (viii) a description of the objectives and scope of the verification and the verification criteria and the version of the standard ISO 14064 – 3 under which the verification was conducted,	
○ (ix) a summary of the verification procedures conducted on the data and information supporting the report including	
▪ (A) any assessments, data sampling, tests and reviews that were conducted during the verification,	
▪ (B) the date of each project site visit, and	
▪ (C) any tests of the GHG information system and controls,	
○ (x) the project location and the geographic boundaries of each project site, including latitude and longitude coordinates in decimal degrees to three decimal places or degrees, minutes and seconds or in a recognized geospatial format,	
○ (xi) a declaration signed and dated by the lead verifier stating that the requirements of section 19 of these Regulations have been complied with and that identifies any real or potential conflicts of interest and how they have been effectively managed,	
○ (xii) a declaration signed and dated by the independent reviewer, stating their approval of the verification report, including the name, civic address, telephone number and email address of that reviewer;	
● (b) in the case of a project report or a corrected project report,	
○ (i) for the first project report,	
▪ (A) an opinion as to whether the baseline scenario of the project has been established in accordance applicable federal offset protocol and whether the data used to establish the baseline scenario is appropriate, and	
▪ (B) an opinion as to whether the project start date is true and accurate,	
○ (ii) the period covered by the report,	
○ (iii) the GHG statement that is being verified,	
○ (iv) a record of errors or omissions capable of influencing the assessment of the GHG statement that are identified during the	

verification of data, information or methods used in the preparation of the report that	
<ul style="list-style-type: none"> ▪ (A) includes any corrections made by the proponent as a result of the errors or omissions, and 	
<ul style="list-style-type: none"> ▪ (B) sets out the calculations made for the purpose of the opinion referred to in clause (v)(D), 	
<ul style="list-style-type: none"> ○ (v) an opinion from the verification body as to whether 	
<ul style="list-style-type: none"> ▪ (A) the GHG statement and the report were prepared in accordance with these Regulations, 	
<ul style="list-style-type: none"> ▪ (B) the project was carried out in accordance with the applicable federal offset protocol, 	
<ul style="list-style-type: none"> ▪ (C) the project conforms to the eligibility and issuance requirements of these Regulations, and 	
<ul style="list-style-type: none"> ▪ (D) the errors or omissions referred to in subparagraph (iv) constitute a material discrepancy, and 	
<ul style="list-style-type: none"> ○ (vi) any modifications or limitations the verification body has in relation to the opinions given under this paragraph; 	
<ul style="list-style-type: none"> • (c) in the case of a reversal report, 	
<ul style="list-style-type: none"> ○ (i) the quantity of GHG reversals that impacted the GHG Offset Project for each emission source, sink, or reservoir affected by the reversal, 	
<ul style="list-style-type: none"> ○ (ii) a record of errors or omissions capable of influencing the assessment of the quantity of the reversal that occurred that are identified during the verification of data, information or methods used in the preparation of the report that 	
<ul style="list-style-type: none"> ▪ (A) includes any corrections made by the proponent as a result of the errors or omissions, and 	
<ul style="list-style-type: none"> ▪ (B) sets out the calculations made for the purpose of the opinion referred to in clause (iii)(E), 	
<ul style="list-style-type: none"> ○ (iii) an opinion from the verification body as to whether 	
<ul style="list-style-type: none"> ▪ (A) mitigation measures and monitoring activities were implemented in accordance with the risk management plan prior to the reversal, 	
<ul style="list-style-type: none"> ▪ (B) the report was prepared in accordance with these Regulations, 	

<ul style="list-style-type: none"> ▪ (C) the project continues to be implemented in accordance with the applicable federal offset protocol, 	
<ul style="list-style-type: none"> ▪ (D) the project continues to meet the eligibility requirements of these Regulations, and 	
<ul style="list-style-type: none"> ▪ (E) the errors or omissions referred to in subparagraph (ii) constitute a material discrepancy, and 	
<ul style="list-style-type: none"> ○ (iv) any modifications or limitations the verification body has in relation to the opinions given under this paragraph; and 	
<ul style="list-style-type: none"> • (d) in the case of a monitoring report, 	
<ul style="list-style-type: none"> ○ (i) an opinion as to whether 	
<ul style="list-style-type: none"> ▪ (A) the monitoring report was prepared in accordance with the requirements of the Regulations and the applicable federal offset protocol, and 	
<ul style="list-style-type: none"> ▪ (B) the mitigation measures and monitoring activities of the risk management plan were carried out as stated in the monitoring report, and 	
<ul style="list-style-type: none"> ○ (iii) any modifications or limitations the verification body has in relation to the opinions given under this paragraph. 	
<p>Aggregated projects</p>	<p>The Minister shall hold harmless an aggregator from issues that relate to the project proponent and their actions.</p>
<p>23 (1) Projects may be aggregated as one registered project for the purposes of these Regulations if</p>	
<ul style="list-style-type: none"> • (a) each project meets the criteria set out in section 4; 	
<ul style="list-style-type: none"> • (b) the same federal offset protocol applies to each of them; 	
<ul style="list-style-type: none"> • (c) they are located within the same province; 	
<ul style="list-style-type: none"> • (d) the project sites are 	
<ul style="list-style-type: none"> ○ (i) owned by a different person, if the sites are contiguous, 	
<ul style="list-style-type: none"> ○ (ii) non-contiguous, if owned by the same entity, 	

<ul style="list-style-type: none"> • (e) each project has a project start date that is on or after the project start date of the aggregation of projects; and 	
<ul style="list-style-type: none"> • (f) in the case of a project that previously had its registration cancelled in another aggregation of projects, it is being added to a separate aggregation of projects. 	
Application	
(2) An application for the registration of an aggregation of projects shall include	
<ul style="list-style-type: none"> • (a) the information referred to in paragraphs 2(d) to (f) in relation to each project and the total estimate referred to in paragraph 2(e) for the aggregation; and 	
<ul style="list-style-type: none"> • (b) a declaration signed by the site owner of each project attesting that the proponent <ul style="list-style-type: none"> ○ (i) has been designated to carry out the registration of the project, ○ (ii) may be issued offset credits. 	
Crediting period	
(3) The crediting period for an aggregation of projects begins on the day on which the aggregation is registered. However, if the project start date for a project that is part of an aggregation occurs after that day, the crediting period for that project begins on its start date.	
Adding of projects	
(4) Where a project is added to an aggregation, its crediting period begins on the day on which it is added or its project start date, whichever is later, and ends on the day on which the crediting period for the aggregation ends.	
Protocols	
24 (1) The Minister may establish federal offset protocols for the purpose of ensuring the accuracy and consistency of information provided under these regulations for a particular type of project as well as permanence of GHG reductions or removals. A protocol may	The Minister shall define the appropriate evidence requirements for ownership clarity.
<ul style="list-style-type: none"> • (a) include methods and requirements for <ul style="list-style-type: none"> ○ (i) the quantification of GHG reductions or removals, and reversals, 	

○ (ii) the assessment of GHG leakage risks,	
○ (iii) the specification of baseline scenarios and project scenarios,	
○ (iv) the ongoing monitoring of offset projects,	
○ (v) the implementation of quality assurance and quality control measures, and	
○ (vi) the implementation of safeguards to mitigate environmental risk; and	
● (b) specify components of a risk management plan including those respecting	
○ (i) the identification of project-specific characteristics and other factors that impact risk,	
○ (ii) the maintenance and long-term protection of controlled GHG sources, sinks and reservoirs, and	
○ (iii) the identification of GHG reversals.	
Parameters	
(2) The protocols shall	
● (a) be based on best practices and scientifically-established methods and the most recent data available;	
● (b) use conservative quantification assumptions and approaches that account for any uncertainty; and	
● (c) use GHG global warming potentials in calculations that are less than or equal to those set out in column 2 of Schedule 3 to the Act.	
Publication	
(3) The Minister shall publish the protocols on a Government of Canada website and include its effective date.	
Application of protocols	
25 The federal offset protocol in respect of which a project is registered shall continue to apply for the duration of the crediting period of the project.	

Monitoring	
Periodic monitoring	
26 A proponent of a biological sequestration projects shall regularly and periodically monitor the quantity of GHG reductions and removals achieved by it.	
Monitoring report	
27 (1) The first monitoring report in respect of a project shall be provided together with the first project report for the project. Subsequent reports shall be provided every 12 months thereafter.	
Biological sequestration projects	
(2) The proponent shall, in the case of biological sequestration project, annually submit to the Minister a monitoring report for 100 years after the end of the crediting period for the project.	
Content of report	
(3) The report shall include	
<ul style="list-style-type: none"> • (a) registration identification number of the GHG offset project; 	
<ul style="list-style-type: none"> • (b) a description of any risk mitigation measures and monitoring activities that were implemented; and 	
<ul style="list-style-type: none"> • (c) a declaration by the proponent that, during the period covered by the report, the risk management plan was implemented and that no GHG reversal occurred. 	
General	
Risk management plan implementation	
28 A proponent shall implement the risk management plan until the end of the crediting period, and in the case of a biological sequestration project, until the end of the 100 years after the end of the crediting period for the project.	

Electronic provision of information	
29 (1) Any information or documents that are provided to the Minister under these Regulations shall be done so electronically in the format specified by the Minister.	
Paper format	
(2) If the Minister does not specify a format or if the proponent, because of circumstances beyond their control, is unable to provide information or documents electronically, the proponent may do so in paper form.	
Application for transfer	
30 (1) A request for the transfer of a project registration to another shall be made to the Minister and include	
<ul style="list-style-type: none"> • (a) the project registration number of the project to be transferred; 	
<ul style="list-style-type: none"> • (b) written consent of the proponent to the transfer; 	
<ul style="list-style-type: none"> • (c) the information referred to in paragraphs 2(a) and (b); and 	
<ul style="list-style-type: none"> • (d) a written declaration by the new proponent that they meet the requirements of paragraphs 4(d) and (e); 	
Assumption of obligations	
(2) A person who becomes the proponent under subsection (1) is deemed to have been the proponent since the registration of the project and assumes the obligations of the previous proponent under these Regulations.	
Consequential Amendments	
31 The portion of subsection 72(1) of the <i>Output-Based Pricing System Regulations</i> ^{Footnote 21} before paragraph (a) is replaced by the following:	
Suspension	
72 (1) For the purposes of subsection 180(1) of the Act, the Minister may suspend a surplus credit in an account if the Minister has reasonable grounds to believe that the credit	

32 Section 76 of the Regulations is replaced by the following:	
Accounts for participants	
76 For the purposes of subsection 186(1) of the Act, any person, other than a person responsible for a covered facility or a proponent, as defined in the <i>Greenhouse Gas Offset Credit System Regulations (Canada)</i> , who wishes to open an account in the tracking system shall notify the Minister in writing. The Minister shall send to the person the conditions related to the use of that account in accordance with subsection 186(2) of the Act.	
33 Subsection 77(1) of the Regulations is replaced by the following:	
Notice of closure	
77 (1) If an account, other than a GHG offset system account as defined in the <i>Greenhouse Gas Offset Credit System Regulations (Canada)</i> , has been inactive for more than seven years, the Minister may give 60 days notice to the holder of the account of the Minister's intent to close the account.	
Coming into Force	
Registration	
34 These Regulations come into force on the day on which they are registered.	
	35 The Minister shall publish a code of practice for the commercial transactions of offsets in Canada.
	36 The Minister shall champion regulatory certainty in the protocol development and approval process.
	37

	<p>The Minister shall also champion suitable investment in human capital so the ministry has the capacity to understand a protocol when presented for the approval process.</p>
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