



**Ontario Federation of Agriculture**

**Ontario AgriCentre**

100 Stone Road West, Suite 206, Guelph, Ontario N1G 5L3  
Tel: (519) 821-8883 • Fax: (519) 821-8810 • [www.ofa.on.ca](http://www.ofa.on.ca)

November 16, 2017

Shelley Hyatt, Senior Policy Advisor  
Ministry of the Environment and Climate Change  
Climate Change and Environmental Policy Division  
Air Policy Instruments and Programs Design Branch  
77 Wellesley Street West, Floor 10  
Ferguson Block  
Toronto ON  
M7A 2T5

Dear Ms. Hyatt,

**RE: EBR 013-1460 - Ontario Offset Credits regulation under the Climate Change Mitigation and Low-carbon Economy Act, 2016**

The Ontario Federation of Agriculture (OFA) is pleased to provide comments on the proposed Ontario Offset Credits Regulation under the Climate Change Mitigation and Low-carbon Economy Act, 2016. The OFA is Canada's largest voluntary general farm organization, representing over 37,000 farm families across the province. These farm businesses form the backbone of a robust food system; helping to drive the Ontario economy forward.

As we have stated in previous submissions to the Ministry of Environment and Climate Change (MOECC), our continued acceptance of Cap and Trade as a means of placing a price on carbon is predicated on the ability of Ontario's agricultural sector to engage in the creation, development, and marketing of carbon offset credits. OFA is extremely disappointed that after almost an entire year under the Cap and Trade Program, neither an offsets regulation or carbon offset protocols have been established. This represents a significant missed opportunity to develop a robust, made-in-Ontario solution to mitigating greenhouse gas emissions and a missed opportunity to provide our farmers with a much-needed relief from the added costs that are being applied to their inputs. Furthermore, we are disappointed the MOECC has not engaged in efforts to prepare potential offset creators for what may come, meaning for many in Ontario, they may not be in a position to participate in the Offset Credit Program until well into the next compliance period. We urge the MOECC to quicken the offset credit development process to mitigate the lost time and allow our farmers to participate.

**Eligibility Criteria**

In reviewing the eligibility criteria presented in the regulatory proposal, we recognize that much of the proposed criteria have been defined by the Western Climate Initiative (WCI), of which Ontario is a member. While using common criteria among participant jurisdictions for credits is understandable, we insist that government and the MOECC should take all opportunities to create made-in-Ontario solutions. Ideally, Ontario would support the creation of offset projects in this province before opening the market to offsets from other jurisdictions. This could be easily achieved by amending the proposed regulation to allow for registration of initiatives in the Ontario Program from elsewhere in Canada after the completion of the second compliance period. This would create an acceleration period for Ontario offset providers to grow and develop a local supply of compliance-ready credits.

**Creation and Transfer of Credits**

OFA remains concerned with the retention of Credits, as outlined in Section 16 (3), presumably for an offset buffer account. In our previous submission we asked that the MOECC provide significantly more information regarding the administration of this account; evaluation of the application process to use buffer account credits; ongoing monitoring and evaluation of the account itself; the potential use of credits or associated proceeds should the buffer account not be utilized. Further communications with the MOECC suggests that these questions have not been resolved.

We maintain that the MOECC must provide much greater clarity and detail regarding the retention of offset credits in a buffer account.

**Verification**

Section 22 (1) outlines the requirements for accredited verification bodies to verify the initiative report. The OFA was encouraged that the previous offset regulation proposal (EBR 012-9078) suggested, in the case of an aggregation, random spot checks may be used to provide a representable sample and reasonable assurance in verifying the requirements of the regulation.

It is vital to develop a market framework that will allow offsets to be generated in a cost-effective manner. Quite simply, an offset market will not flourish if development costs are too high or opportunity too limited. Protocols need to be economically viable, environmentally credible, verification and registry costs must be reasonable in order to increase the number of participants in the market. A complex or onerous verification process can curtail the development process, effectively preventing widespread participation by farmers in offset generating projects and ultimately frustrates progress towards continued environmental quality.

Accepting representative sampling of a set of aggregated projects is a reasonable and prudent method of verification and should be made explicit in the regulation by either providing a broad definition of '*site visit*' under Section 22, or under Section 1 Definitions. A definition must explicitly acknowledge that an accredited verification body may '*visit the site*' using remote sensing technologies, for example, aerial monitoring or satellite-based observations. We acknowledge that a more precise definition of a site visit for verification will be required in a particular protocol,

however, we believe providing this definition in the offsets regulation would serve to guide current and future carbon offset credit protocol development.

OFA appreciates the opportunity to provide these comments to the Ministry of Environment and Climate Change. We remain optimistic that our farm members will find participating in the Ontario Offset Credit System will be an appealing option on their farm operations. Given the current limitations involved in the development of compliance-based offset credits, we look forward to engaging with the MOECC on the development of a voluntary offset credit program in Ontario.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keith Currie', written over a light grey rectangular background.

Keith Currie  
President