

September 3, 2020

Environment and Climate Change Canada  
[ec.creditscompensatoires-offsets.ec@canada.ca](mailto:ec.creditscompensatoires-offsets.ec@canada.ca)

**RE: Carbon Pollution Pricing: Considerations for Protocol Development in the Federal Greenhouse Gas Offset System**

The Ontario Federation of Agriculture (OFA) welcomes the opportunity to provide comments on the on Environment and Climate Change Canada's (ECCC) discussion paper, *Carbon Pollution Pricing: Considerations for Protocol Development in the Federal Greenhouse Gas Offset System*. The OFA is Canada's largest voluntary general farm organization, representing over 38,000 farm families across the province. These farm businesses form the backbone of a robust food system; helping to drive the Ontario economy forward.

We are pleased that the federal government is continuing to move forward with the development of an offsets system as a compliance option for industries covered by the Output-Based Pricing System (OBPS). A carbon pricing system which includes offset credits will provide regulated facilities flexibility in meeting their greenhouse gas (GHG) compliance obligations while allowing non-regulated sectors to pursue new opportunities to reduce their emissions. OFA is confident that offset credits can provide a necessary bridge for industry to make a cost-effective transition to cleaner activities while incenting non-regulated industries to develop through carbon revenues. We encourage ECCC to significantly accelerate their pace towards developing an Offset System that will allow farmers to use their extensive expertise in managing the carbon and nitrogen cycles to generate offsets credits on their farms.

OFA supports the proposal to build an administratively simple, Canadian-based Offset System to allow offsets to be generated in a cost-effective manner that minimizes the burden for participants. Quite simply, an offsets market will not flourish if development costs are too high or opportunities too limited. Protocols need to be economically viable, environmentally credible, with reasonable verification and registry costs in order to increase the number of participants in the market. We encourage ECCC to streamline the protocol development process by adapting existing protocols from both domestic and international voluntary or compliance-based programs.

The agricultural community has the potential to be an important contributor to addressing climate change however in order to do so, the system needs to be designed in such a way as to enable broad participation. We support the idea of using an 'umbrella' approach for protocol development and approval that provides an opportunity to incorporate regional and jurisdictional differences in geography, management practices and applications.

OFA is pleased to see the shortlist of project types approved for protocol development includes a number of activities that will be of interest for OFA members. Specifically, we see opportunities in

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projects involving: Aerobic composting of organic wastes; Afforestation/reforestation; Anaerobic digestion; Improved forest management; Livestock manure management; and Soil Organic Carbon protocols. We look forward to providing input and advice on the specifics of these protocols as the development process moves forward. Again, we request that ECCC increase the pace of protocol development and capitalize on this opportunity.

While we agree that the assessment of additionality of various protocols and projects types is essential to the integrity of the Federal GHG Offset System, we are concerned about the proposed threshold of 40% penetration rate for projects from the agricultural sector. We recommend that ECCC allow protocol developers to have flexibility and discuss alternatives where there is sufficient rational to advance reduction opportunities in activities that may have higher adoption levels.

OFA understands the need to appropriately consider the interaction of the Federal Carbon Offsets with other Greenhouse Gas Reduction Programs. OFA believes it's important that farmers should be allowed to generate credits under the Federal Carbon Offset System, even if their crop ultimately ends up used to generate credits under the Clean Fuel Standard (CFS). For example, a farmer who by choosing to implement no-till or conservation tillage practices to produce a crop increases soil organic carbon. As such, they should be eligible for credits under the associated carbon offset protocol. If that crop is subsequently used as biofuel feedstock and thus reduces end-point emissions, then those projects should be allowed to generate CFS credits. Granting this consideration would incentivize biofuel production to reduce GHGs at both the start and endpoints of the emissions lifecycle. OFA recommends that ECCC take a holistic approach to protecting our environment by ensuring the Federal Carbon Offset System does not unintentionally disincentivize other environmental stewardship efforts.

Regarding the use of standardized baselines in project protocols, we maintain that, in the agricultural context, "business-as-usual" often requires a different approach. Variability and uncertainty in climate, weather, international markets, and global politics all conspire to create a very different context for what is considered business-as-usual for the agricultural sector. In projects involving the management of biological organisms, it is critical that baselines are not overly conservative to the point of not capturing the full value of on-farm efforts or provide such little return on investment that the project is unattractive. We recommend that projects are developed with baseline scenarios that recognize and reward producers for early adoption of GHG reducing practices and for maintaining carbon storage (i.e. do not create a perverse incentive).

Offsets credits from the agricultural sector will take some time to plan, develop, execute, and verify requiring realistic timelines for this to happen. We strongly recommend that the ECCC engage in considerable training, outreach and extension to help prepare potential offset creators and optimize farmer participation to deliver credits to the market. Without this assistance, many farmers may not be in a position to fully participate in the offset credit system until well into the future.

Furthermore, as representatives of the largest group of private landowners in the province, with a great potential to provide offsets to regulated sectors, we expect continued involvement by the OFA and the agricultural sector in the development of this system to ensure that it aligns with the needs and priorities of our members while achieving GHG reductions.

OFA appreciates the opportunity to comment on the proposed design options for a federal GHG offset system. We look forward to working with the ECCC to further develop the design of an

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offset credit system that allows for the greatest participation for Ontario farmers and the greatest amount of GHG reductions.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Currie". The signature is fluid and cursive, written over a light grey rectangular background.

Keith Currie  
President

cc: Mary Robinson, President, Canadian Federation of Agriculture  
OFA Board of Directors