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Submitted to:
Environment and Climate Change Canada
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**ECCC CONSULTATION: DRAFT FEDERAL OFFSET PROTOCOLS
(REFRIGERATION SYSTEMS & LANDFILL METHANE)**
IETA SUBMISSION TO ENVIRONMENT AND CLIMATE CHANGE CANADA

The [International Emissions Trading Association \(IETA\)](#) welcomes this opportunity to provide input on the two (2) draft federal offset protocols ([Landfill Methane Recovery and Destruction](#) & [Reducing Greenhouse Gas Emissions from Refrigeration Systems](#)) released by Environment and Climate Change Canada (ECCC) for consultation on 17 January 2022. IETA has been an ardent supporter and advocate for a well-designed Federal Greenhouse Gas Offset System that is capable of sound linkage with other provincial and international systems. Our community is pleased to see the progress made to date on both federal system implementation and draft protocol development, and we look forward to offset regulation being finalized by mid-2022.

IETA commends ECCC and the Technical Expert Teams (TETs) efforts to date, and we are generally pleased with the two resulting draft protocols.

We have one primary concern specific to the Landfill Methane Recovery and Destruction Draft Protocol:

- IETA recommends that landfill gas (LFG) upgrading and pipeline injection be included as an eligible destruction device under the final Landfill Methane Recovery and Destruction protocol. We support measures to prevent double counting and understand the concerns associated with LFG upgrading and pipeline injection as these projects will be eligible under the Clean Fuel Regulation (CFR). However, we recommend that project proponents be provided with an option to choose which crediting system meets their objectives.
- Currently, within Canada's draft CFR regulation, gaseous CFR credits are limited to only 10% of a Primary Supplier's obligation, and it is uncertain how many gaseous credits may be needed at market onset. Additionally, if gaseous CFR credit generation were to be removed from the CFR, LFG project proponents would be unable to fall back on the offset protocol to generate revenue unless natural gas injection is added as an eligible destruction device. This could result in reduced LFG investments and reductions.



With respect to more general observations and recommendations on the federal offset system and protocol development process, IETA offers the following high-level comments to ECCC:

- The business community has been patiently waiting for the finalization of the federal offset system regulation. **Once protocols are final in spring 2022, we hope to see swift program launch** and release of initial compliance offset protocols with credit issuances so long-awaited supply can finally become available to the market. In the context of the Federal Output-Based Pricing System (OBPS) Review and current proposed amendments, we urge ECCC to revisit today's (75%) offset usage limits and return to unlimited (100%) offsets use in future OBPS compliance periods.
- **Finally, we take this opportunity to again encourage ECCC to consider further streamlining the federal protocol development process by allowing a Voluntary Uptake approach.** This approach would focus on adapting available protocols that already exist, while broadening opportunities to allow for enhanced industry and market expert participation. ECCC should consider a **controlled collaborative fast-track approach to protocol development** that would swiftly capitalize on existing Canadian and global industry knowledge, expedite the adaptation/development process, and not require additional government personnel or resource spending to execute.

Once again, we appreciate this important opportunity to record IETA's insights on the initial (2) draft federal offset protocols.

We look forward to future engagements with ECCC. If you have questions or require further information, please contact **IETA Analyst, Joseph Hoekstra**, at Hoekstra@ieta.org.

ABOUT IETA: *For over 20 years, IETA has been the leading international business voice on climate markets and finance. Our global non-profit organization represents nearly 200 companies, including many with operations and investments across Canada and the country's largest trade partners. IETA's expertise is regularly called-upon to inform carbon market solutions that deliver measurable climate outcomes, address economic competitiveness and carbon leakage concerns, balance efficiencies with social equity, and support a just transition. More information about IETA and our thought leadership resources are available at www.ieta.org*