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Electronic Transmission

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Industrial Gas Users Association (IGUA) Comments on the Draft Federal Offset Protocol: Landfill Methane Recovery and Destruction

IGUA Supports Climate Action and Industrial Decarbonization

Industrial Gas Users Association (IGUA) represents the largest industrial natural gas consumers from the chemicals, steel, forest products, mining and manufacturing sectors in Ontario and Quebec. IGUA members are committed to climate action and have publicly committed to decarbonization.

IGUA welcomes the explicit recognition in Canada's latest climate plan that Canada's path to decarbonization is not through deindustrialization and Canada's commitment to keeping Canadian industry competitive at the same time as driving for accelerated decarbonization. We understand the world needs to find a way to meet the demands for energy and commodities without adding carbon emissions. We also understand that the demand for commodities will continue to grow even in a decarbonized world and Canada can have a competitive advantage as the global supplier of low-carbon, bio-based and synthetic commodities.

IGUA appreciates the opportunity to comment on the draft federal offset protocol for landfill methane recovery and destruction. We will confine our comments to high-level business issues.

Evolution of Canada's Climate Policy Should be Reflected in Offset Protocols

For the first time in decades Canada's climate policy recognizes the economic opportunity of having a strong decarbonized industrial base. Leveraging Canada's clean power, natural and human resources and industrial base to situate Canada as a global supplier of choice for low



carbon, synthetic and bio-based commodities, is finally part of the energy-climate policy. Preserving the competitiveness of Canada's trade exposed industry is finally a policy objective.

While today we have the beginnings of a foundation to make investments for a net-zero transformation, we need to ensure any policy and regulatory revision brings us closer to this objective.

Eligibility Criteria for Creating Offsets from Landfill Methane Recovery should be Expanded

Renewable Natural Gas and Bio-Gas should be eligible for offset creation

The proposed Landfill Methane Recovery and Destruction offset protocol does not recognize the offset value of harnessing the methane and putting it to use instead of simply flaring it. Recognizing the offset value of using landfill gas based on carbon intensity (as bio-gas or renewable natural gas if cleaned to pipeline quality) will make it attractive for industry to use landfill gas to displace fossil fuels in multiple industrial applications from feedstock, to process chemical and heat.

Migration from voluntary carbon offset programs to the federal system should be supported

While today we have the beginnings of a foundation to make investments for a net-zero transformation, we still have a very complex and fragmented provincial and territorial system, with different coverage, prices, rules, boundaries and incentives. We need to ensure any policy and regulatory revision brings us closer to having a fair, consistent, and predictable framework to send a clear market signal for long term capital investments necessary for deep emission reductions. Having a nationwide consistent offset program is a major step towards this objective.

The federal system should allow for migration from existing voluntary offset programs to the federal system subject to criteria that avoids duplication.

Additional Observations:

Canada's carbon offset system is a key compliance mechanism for industrial parties with carbon obligations. Every effort should be taken to adjust the implementation and timeline with other policy revisions (OBPS, CBAM, etc.) to mitigate any potential negative impact on competitiveness and to eliminate ambiguity.

- Increased clarity that development of eligible offset credit projects is not limited to jurisdictions subject to the Output Based Pricing System (OBPS) would be welcome.
- Increased clarity on eligibility of the offsets for meeting both OBPS obligations and creating credits under the Clean Fuel Regulation would be helpful.
- Increased clarity that private landowners that receive municipal solid waste are eligible would ensure that eligibility is not limited to municipal government owned facilities.

Thanks again for the opportunity to comment.

Sincerely,



Shahrzad Rahbar, PhD, ICD.D