

Protocol Review Session May 20th, 2008

(see excel spreadsheet for list of attendees)

1) Overview of Protocol Development - Karen Haugen-Kozyra (KHK), C3

- See powerpoint

Process Changes in Protocol Development

- Two suggestions:
 1. Review internal to government - Just after the first round of technical review
 2. Protocol Idea Note - Identifies the baseline scenarios/project conditions with substantiated support (meets additionality) and allows policy review before investment

Discussion Do both protocol idea note and policy review

- Include baseline scenario analysis in go forward protocols
- Alberta Environment (AEnv) – could facilitate penetration into other government departments
- Andy Ridge (AR) – Not Aenv's responsibility
- Keith Driver (KD) – AEnv not a gatekeeper but communication point (facilitator) or C3

Technology Criteria

- KHK - Require another step for new technologies – demonstrate that technology meets certain criteria (see powerpoint)
- Look at other processes or certification processes, eg. Smart process that TEAM developed
- Don't restrict to commercialized technologies
- Get a statement from AEnv that a technology is viable
- KD – creating certainty for a technology being dev that they will own the credits?
- Don't limit protocols to very specific technologies – have it fit a number of technologies

Discussion Related to the Offsets Consultation Session

- Rob Kemp - need more time – don't have enough time to create a verification report and sell offset. Systemic issue you are a year behind every time – not going to change business systems for offsets

Additional Tools

- No comments

2) Revision of GHG emissions from landfill-bound waste materials -Christian Felske (CF), Alberta Research Council

- See powerpoint
- Pierre Boileau – negative pressure from capture system – how does it impact the landfill?
- CF: Most gas sucked to system and then it depends how well the landfill is capped.
- KHK – Using this approach brings more landfill management to the protocol – would have to account for changes (eg. negative pressure from capture system) under the project condition.

3) Presentation on Adjusted Baseline approach for Composting Protocol – Kelly Bolitho (KB), Bluesource Canada

- See powerpoint
- KHK – Alberta Protocol revision process will likely be based on a 5 yr cycle as IPCC release of their new science. We must revise as the best science comes along. The Scholl Canyon model will be reviewed over the coming months for applicability in Alberta.
- Timing of the revision: difficult if Oct (mid stream project), early in the year would be the time to do it, appropriate that it happens if your project is registered within a certain timeframe than a certain version of a protocol stands.
- Should be allowed to change to another protocol if it is advantageous for you (can opt in or keep grandfathering status)
- AR - activity specific on how we update protocols – eg. enhancement, easy cause everyone wins. Not going to drop a protocol overnight. Trying to figure out the issues coming up at this point – what is the nature of the issue and thus the most appropriate approach. Clawback – on a go forward basis – no retroactive changes ie no owing offsets for past years if a protocol changes.
- Kate Page (KP) – A policy decision was made with an offset project start date of 2002 with an upfront exception for agriculture. Plus, the composting protocol was already approved. How does changes to an adjusted baseline for this composting protocol not open up each protocol to potential future changes?
- KHK- group felt there was enough of a basis in quantification to consider the change.
- Kate Page – Why establish criteria in the first place when we're going to go back and ignore it?

- KHK – On activity based protocols, there were to be exception provided stakeholders could bring forward the justification. For example the tillage protocol.
- KP – why wasn't it discussed in the first round of the composting protocol?
- Kirsten Castro-Wunsch – We brought forward the issue and the 1st time we were contacted was the 2nd round of review of the protocol. There are not a lot of composting projects, so why are we excluding the major projects? Why are we punishing early action?
- KP – Criteria reviewed on a case by case basis is going to open things up. The government established criteria that has to be met.
- AR – We know we didn't get everything right. We want to know if we precluded activities we want to encourage. We want the same environmental outcome, if you have a list of other ones let's talk about that list to know there aren't any unintended consequences. Changes to protocols were already expected, for example, in five year review we can see a significantly higher discounting. It took an extensive amount of work and money to get to this point (ie the composting protocol) so this is not a small undertaking for a group to pursue.
- KP – Concerned about the credibility of the offset system – if we want to be taken seriously at the federal level, stepping outside the integrity of our criteria will hinder us later.
- Rob Janzen (RJ) – Does one need to have a contract to demonstrate the organics you are now composting otherwise would have gone to a landfill?
- KB – You need to prove it could or would go to landfill.
- Rob J – What was the region which your data was based upon (for the adjusted baseline)?
- KB – Alberta wide data
- Rob J – One could again approach Alt Env to break it down by area. Where do you draw the boundary for discussions on discount rates? Guidelines should be set in this process because it looks like there is cherry picking going on in this process. Not legitimate to say we aren't drawing boundaries because its going to cost someone money. Needs to be systematic.
- Marjorie Malinowski (MM)– Concerns similar to Kate's, what are we doing for transactions in a prior year? Are corporations going to be short due to an adjusted baseline? What does this do to the credibility of the system?
- KHK – no composting projects on the books so it's a good time to consider these changes.
- MM – slippery slope, one baseline adjustment change so what happens with all the other protocols.

- KHK – Right now protocols are allowed an 8 yr crediting period plus a renewable five. If new science comes up there may be updates.
- AR – no projects on the book so we're not taking away from anybody. We want to do the right thing – if stakeholders say we've missed the boat, tell us what the incremental activity is. What is the real risk? Confusion and potential loss of credits? Where are we introducing complexities we don't know about?
- KD – Already have an adjusted baseline approach for grid emissions intensity factor, the door is already open. In an interesting era in waste management, now have competing uses for the organic matter (composting, landfill, non-incineration – have competing markets). Facilities after 2002 have an advantage. ID a position that doesn't necessarily apply. Why would we want to disincent Edmonton because it wouldn't encourage Calgary if they see Edmonton getting penalized. Other concern, what about energy from biomass? The diversion rate is very high but with composting we are very far from where we want to go. We are acknowledging we made a mistake, no its not a slippery slope.
- Rob J – Get the reasons for the change clear. Don't buy the argument that we are disincenting someone who started earlier. Important for more upfront policy decisions, not an attitude that we'll get it right in the end. If the learning is someone persuaded someone to change - this is bad. If the learning is we got it right now – this is good.
- KHK – If this goes forward, it has to be on a case by case basis. Strong arguments that this does make sense. Rests on AENV's shoulder to make this decision. It was a lot of work to justify this approach. This decision is not up to us but does anyone have further comments?
- PB – Offsets are not always the right policy instrument for incenting activity, the challenge with an offset is it is a tradable commodity transferring the environmental benefit from one to another. Don't get benefit till it is retired.
- Roger – what does sustained objection mean?
- KHK – We've heard it today. [however, it was confirmed by participants afterwards that there was not sustained objection to the adjusted baseline approach for the composting protocol].
- Dave Coates – offset contracts need to take into account regulatory uncertainty – by discounting or reserve holdbacks, regulations do change.

4) Review of Draft Alberta protocols: Waste Non-Incineration – Keith Driver, Bluesource Canada

- See powerpoint and comments sheet

- 5) **Review of Draft Alberta protocols: Solar Thermal – Kelly Bolitho, Bluesource Canada**
 - See powerpoint and comments sheet

- 6) **Review of Draft Alberta protocols: Commercial/Institutional Energy Efficiency – Duncan Kenyon, Bluesource Canada**
 - See powerpoint and comments sheet