

## **Forest Carbon Offset Protocol 2.0 (FCOP 2.0) 'What We Heard' Report 2024**

*Greenhouse Gas Industrial Reporting and Control Act (GGIRCA)*

### Introduction

The Ministry of Environment and Climate Change Strategy (the "Ministry") has completed consultation on proposed amendments to the Greenhouse Gas Emission Control Regulation (the "Regulation") that will bring into effect some of the policy objectives in the new Forest Carbon Offset Protocol 2.0 (FCOP 2.0).

The Ministry thanks all those who submitted written and verbal feedback, participated in meetings, and engaged in presentations with staff from the Ministries of Environment and Climate Change Strategy and Forests. This report contains a summary of the feedback the Ministry received between February 16, and April 7, 2023, what changes have been requested for FCOP 2.0, and an analysis of how FCOP 2.0 aligns with the United Nations Declaration on the Rights of Indigenous Peoples (UN Declaration).

### Background

The Greenhouse Gas Industrial Reporting and Control Act, passed in 2015, established an offset protocol framework for protocols established under the Act. Offset projects approved under FCOP 1.0 continue to generate credits under the Greenhouse Gas Industrial Reporting and Control Act (GGIRCA). All new forest carbon projects that will be recognized under GGIRCA for use in the output-based pricing system and other provincial industrial climate policies in development, such as the oil and gas cap, must use FCOP 2.0. Developing FCOP 2.0 is necessary for the development of new forest carbon offset projects in B.C. FCOP 2.0 creates legal requirements that project proponents, validation bodies, and verification bodies must follow for the proponent to obtain offset units under the GGIRCA. Participation in the B.C. Offset Program is entirely voluntary, but projects are subject to certain rules to ensure that all issued offset units are real, additional, verifiable, and permanent. These rules stem from the GGIRCA and its regulations, which draw from International Organization for Standardization 14064:2 on how to calculate emissions reductions and removals enhancement from offset projects.

Consultation on a previous draft version of FCOP 2.0 took place between March 30, 2021, to September 30, 2021 (<https://www2.gov.bc.ca/gov/content/environment/climate-change/industry/offset-projects/consultation>). Participants included First Nations, the forestry sector, and interested stakeholders.

## Summary of Feedback

The 2023 engagement period on the draft FCOP 2.0 began on February 16, 2023, for a period of 30 days ending on March 18, 2023.

Due to multiple requests for extending this consultation period, the deadline for input on FCOP 2.0 was extended to April 7, 2023. During that time, the Ministry outlined key changes in FCOP 2.0 by posting the draft protocol and an overview letter, and through meeting with interested parties.

In total, the Ministry received 23 formal submissions with 146 individual comments.

The largest number of submissions and comments came from First Nations, industry, consultants, and environmental non-government organizations (ENGOS).

*Table 1: Submissions by party*

Party	Submissions	Meetings	Individual Comments
Industry	8	1	56
First Nations	9	12	29
ENGOS	2	0	20
Consultants	4	1	41
		<b>Total</b>	146

Based on the feedback received, the following 8 key themes were identified:

- International Voluntary protocols
- UN Declaration analysis and alignment:

Land use, entitlement to offset units, and right of access

- Leakage
- Permanence
- Crediting period
- Registered Professional Foresters (RPF)

## International voluntary protocols

Numerous submissions assert that FCOP 2.0 limits benefits from the expanding global carbon market, restricts market access, and in turn limits prices. Further comments stated FCOP 2.0 provides risks and limitations for the province's forestry-dependent communities and industry by preventing access to the Voluntary Carbon Market (VCM). Feedback communicated that project proponents should be able to use other voluntary protocols and standards rather than FCOP 2.0. The Ministry of Forests has jurisdiction in the use of protocols on Public Land through Treasury Board Directive 2/15, which states that atmospheric benefit agreements on Public Land can only be signed for projects that use a government approved protocol (in this case FCOP 2.0). There are no requirements on private land regarding offset protocol use.

Offset units generated by FCOP 2.0 can be sold to voluntary purchasers anywhere in the world. After a rigorous review process, the International Carbon Reduction and Offset Alliance (ICROA) recently [announced](#) the British Columbia Offset Program as an Endorsed Standard under the ICROA Code of Best Practice.

## UN Declaration analysis and alignment

First Nations have a vested interest in forest carbon due to its effect on land use, promise for economic opportunities, impact on local ecosystems, and potential climate change mitigation. Concerns were raised with FCOP 2.0's alignment with the UN Declaration. Table 2 provides responses to the UN Declaration articles raised in these comments.

*Table 2: UN Declaration Analysis*

Article	Linkage to FCOP 2.0	Response
<p><b>Article 18: Participation in decision-making.</b></p>	<p>FCOP 2.0 is an emission offset protocol under GGIRCA; and establishes the quantification methodology and eligibility requirements to ensure that any offsets generated by a project are high quality, permanent, real, verifiable, and additional.</p>	<p>FCOP 2.0 must contain certain eligibility requirements from Section 14 of the GGEER. In GGEER, proponents need to demonstrate their rights to:</p> <ul style="list-style-type: none"> <li>• atmospheric benefits generated by the project (i.e., offsets)</li> <li>• access to the project area to maintain and</li> </ul>

		monitor the project reduction.
<p><b>Article 19: Free, prior and informed consent</b></p> <p><b>Article 20: Secure in enjoyment of own means and economic development</b></p> <p><b>Article 26: Right to the lands, territories and resources which they have traditionally owned occupied or otherwise used or acquired</b></p>	<p>The B.C. Offset Program is a voluntary program, and only parties who elect to use FCOP 2.0 to develop offset projects are affected by its eligibility rules.</p>	<p>FCOP 2.0 requires that all projects engage with First Nations during both project development and throughout the project's crediting period.</p> <p>Public Land disposition in relation to FCOP 2.0 is administered by the Ministry of Forests. Currently, the Ministry of Forests will only negotiate Atmospheric Benefit Agreements for projects that intend on using FCOP 2.0 as identified through Treasury Board Directive 2/15.</p>
<p><b>Article 29: Right to the conservation and protection of the environment and the productive capacity of their lands or territories and resources</b></p> <p><b>Article 32: Right to determine and develop priorities and strategies for the development or use of their lands or</b></p>	<p>FCOP 2.0 is an enabling mechanism that is supportive of First Nations seeking to conserve and protect productive capacity through carbon offsets.</p>	<p>FCOP 2.0 is available for those who wish to undertake forestry activities that reduce emissions or increase carbon sequestration. More than 60 First Nations have approached the Ministry of Forests and the Climate Action Secretariat to assess emissions reduction and carbon sequestration projects.</p>

<b>territories and other resources.</b>		FCOP 2.0 is not a law that establishes conservation or protection of the environment; it is a financing tool.
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### Land use, entitlement to offset units, and right of access

There were several requests that the Ministry ensure that FCOP 2.0 is consistent with the UN Declaration and the Declaration on the Rights of Indigenous Peoples Act, that it will not impact Indigenous rights and title, and that the social benefits of carbon offset projects include full recognition of rights and title. Two comments stated the requirement for projects on Public Land to host public hearings for affected parties is unnecessary. Further comments stated that FCOP 2.0 should require free, prior, and informed consent prior to project acceptance on Public Land and should be led by or conducted in partnership with Indigenous rightsholders.

Many comments suggested that there should be further clarification on land tenure, how FCOP 2.0 projects may be linked to Reconciliation Agreements, and guidance on Atmospheric Benefit Agreements (ABAs). These comments voiced support for land use agreements that lay the foundations for nature-based solutions and long-term carbon sequestration in traditional territories.

### Leakage

Leakage refers to an unintended increase in greenhouse gas emissions or the shifting of emissions from one place to another caused by a carbon credit project shifting demand from a protected place. Many comments stated that the external market leakage factor in FCOP 2.0 is too high and that FCOP 2.0 should align with global standards. Further concerns suggest that higher leakage and risk of reversals offer less opportunity than other voluntary protocols that sell on the international carbon market.

In FCOP 2.0, where a risk of leakage exists, project proponents must undertake leakage mitigation measures to reduce leakage. Proponents have the option to use provincial default leakage factors or develop project-specific ones. The provincial factors reflect B.C.-specific market traits and were developed by the Ministry of Forests.

## Crediting Period

A crediting period is a period during which projects' GHG emission reductions or removals are eligible for issuance as offset units. FCOP 2.0 allows a crediting period of up to 25 years. Under section 18 of the Regulation, projects that reach the end of their crediting period may request an extension of their crediting period at 12 months before expiry and submit a revalidated project plan prepared under the applicable protocol at that time. Two comments stated that the crediting period should be extended without revalidation, and the baseline scenario should not change when regulations change.

Many comments supported the increased flexibility and decreased costs of being able to report every 1 to 5 years in FCOP 2.0.

## Permanence

Permanence is a key tenet of high-quality carbon offsets and is a legal requirement for sequestration or storage projects under the Regulation. A minimum practical standard for permanence was indirectly established by the Clean Development Mechanism of the Kyoto Protocol (a 1997 international treaty operationalizing the United Nations Framework Convention on Climate Change) requiring at least 100 years of GHG reductions or sequestration. Therefore, offsets are issued on the premise that 100 years' worth of climate benefits will be delivered by the project. Forests are subject to a variety of disturbances that reduce carbon storage. Allowing any program to subsequently protect the sequestered carbon for less than 100 years is equivalent to awarding 100 years' worth of climate benefits without a corresponding requirement to deliver 100 years' worth of climate benefits. To mitigate this risk and ensure projects have real and permanent emissions reductions, FCOP 2.0 and GGECR require that the project reduction is monitored and maintained for 100 years after the end of the project crediting period.

Several comments expressed concern about the length of the 100-year monitoring period and requested that FCOP 2.0 require 40 to 60 years of monitoring instead, to align with the forest crop rotation age. One comment stated that the Risk of Reversal Calculator contained in Appendix H of FCOP 2.0 is too stringent. The Ministry and the Ministry of Forests co-developed this calculator and included substantially reduced risk factors for projects under Indigenous stewardship; as well as many other factors that proponents can choose to include to lower their risk of reversal and associated contribution to the contingency account.

## Registered Professional Forester (RPF)

Four comments assert that requiring Registered Professional Foresters (RPF) on offset projects is unnecessary and adds costs for small offset project teams. Further concerns highlight there are few RPFs in B.C. that have relevant experience relating to Indigenous cultural management practices and other approaches to Improved Forestry Management. The Ministry wishes to clarify that RPFs are only required for validation and verification bodies (VVBs). In FCOP 2.0, the presence of an RPF on an offset project proponent's team is strongly recommended and may be required under the BC Foresters Act for projects that include the practice of professional forestry.

## Additional Technical Comments

Following the most recent consultation period on the draft FCOP 2.0, additional changes have been requested:

- In Section 3.1 (General Project Plan Requirements), the "Legal Obstacles Test" should ensure that Project Activities do not need to exceed regulatory requirements initiated by new projects for the purpose of generating offsets. requires project proponents engage with First Nations for projects on all land types and has removed the public hearing requirement.
- In Section 3.2.1 the requirement for proponents to secure a "right of access" to the project area should be replaced with an explanation of how access is secure.
- Section 6.2 (Regulatory Additionality) should ensure that projects that create legislation for the purpose of establishing the project are able to meet additionality requirements under FCOP 2.0. The term "Crown Land" should be replaced throughout FCOP 2.0 with "Public Land". Project proponents should engage with First Nations for projects on all land types and not have to host public hearings.

The Ministry extends its sincerest appreciation for the continued engagement in the final stages of development and implementation of FCOP 2.0.

## Next Steps

The Ministry has considered all feedback received and evaluated each comment on its own merit in finalizing FCOP 2.0; many comments being reiterated from the 2021 consultation.