Ministry of Environment and Climate Change Strategy

Request for Offset Units (RFOU)

Greenhouse Gas Offset Units
RFOU #ON-002889

Issue date:
April 24, 2020

Applications will be accepted on a rolling on-going basis until 2:00 p.m. Pacific Standard Time, July 19, 2021 (“Closing Time”).

Send completed Application to:

ClimateInvestmentBranch@gov.bc.ca
Subject Line: RFOU #ON-002889
1.0 Overview

In 2010 British Columbia (BC) became the first government at the provincial, territorial or state level in North America to take 100% responsibility for the greenhouse gas pollution from its operations by becoming carbon neutral. BC’s commitment applies to each of its 128 provincial public sector organizations (PSOs) including ministries, school districts, post-secondary institutions, Crown corporations, health authorities, and agencies. To achieve carbon neutrality, PSOs measure their carbon emissions annually, take action to reduce those emissions as much as possible, offset any remaining emissions, and then publicly report on achievements.

The Province purchases greenhouse gas Offset Units such that the PSOs are able to achieve carbon neutrality pursuant to the Climate Change Accountability Act and the Carbon Neutral Government Regulation. The purchased Offset Units are retired under the Greenhouse Gas Industrial Reporting and Control Act ("GGIRCA"). Investments in BC-based offsets stimulate growth of BC’s carbon market and support strategic provincial environmental, economic and social goals through carbon reduction and clean energy.

The Province anticipates requiring 650,000 Offset Units annually through to Fiscal Year 2024/25 and 550,000 Offset Units annually after that to 2029/30 to meet the Province’s carbon neutral commitments. Actual demand may vary as PSOs take action to reduce GHGs.

The Climate Action Secretariat within the BC Ministry of Environment and Climate Change Strategy is responsible for investing in and managing the Province’s portfolio of BC-based offsets on behalf of BC public sector organizations. Through this Request for Offsets Units (RFOU), the Province is seeking to purchase Offset Units from Vendors in order to achieve the Province’s annual carbon neutral government commitment in future years.

Applicants will normally be persons that:

- carry out a Project or propose to carry out a Project; or
- have engaged another entity that is carrying out a Project or propose to engage another entity to carry out a Project.

Applications will be evaluated as received. The Province anticipates entering into Offset Purchase Agreements (OPAs) with successful Applicants.

To qualify to supply Offset Units, proposed Projects must meet the requirements set out in the BC Greenhouse Gas Industrial Reporting and Control Act, the Greenhouse Gas Emission Control Regulation, and be selected by the Province in accordance with the process set out in this RFOU. The Province will not enter into OPAs in relation to Projects that have not been validated and accepted by the Director under GGIRCA, but Applications for such projects are eligible to proceed through the first stages of the process set out in this RFOU, and the Province may provide Applicants with non-binding expressions of commercial interest for such Projects.
2.0 Definitions

Throughout this RFOU, the following definitions will be used:

a) “Allowable Project Types” means a project type listed and defined in Attachment A;

b) “Applicant(s)” means a person that submits an Application in response to this RFOU;

c) “Application” means an application in response to this RFOU submitted by an Applicant substantially in the form of the Attachment B together with a Confidentiality Agreement in the form attached as Attachment D that is executed by the Applicant;

d) “BC Bid” means the electronic tendering service maintained by the Province and known as BC Bid or any replacement electronic tendering service;

e) “BC Bid Website” means the website maintained to administer BC Bid at www.bcbid.ca, or any replacement website;

f) “Closing Time” means the date and time identified as the Closing Time on the cover sheet to this RFOU;

g) “Desirable Outcomes” means the Desirable Outcomes listed and defined in Attachment A;

h) “Director” means the director under GGIRCA;

i) “Estimated Project Volume” is the volume of Offset Units which the Application estimates will be issued in relation to the proposed Project, or such other volume as the Province considers is a reasonable estimate of Offset Units that will be issued in relation to the Project;

j) “Fiscal Year” means the Province’s fiscal year of April 1 of one calendar year to March 31 of the following calendar year;

k) “GGIRCA” means the Greenhouse Gas Industrial Reporting and Control Act, S.B.C. 2014, c. 29, as amended or replaced from time to time;

l) “Greenhouse Gas” or “GHG” means any or all of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and any other substance prescribed by regulations under the Climate Change Accountability Act;

m) “Greenhouse Gas Reductions” or “GHG Reductions” means (a) a reduction of Greenhouse Gas emissions, or (b) an enhancement of Greenhouse Gas removals from the atmosphere, as compared to what would occur in the absence of a Project;

n) “Offset Purchase Agreement” or “OPA”, means a written offset purchase agreement executed by the Province and Vendor;

o) “Offset Units” has the same meaning as in GGIRCA;

p) “Portfolio” means the mix of Projects in relation to which the Province has executed Offset Purchase Agreements and the resulting actual or anticipated mix of Offset Units which the Province anticipates receiving under such Offset Purchase Agreements;

q) “Project Information Document” or “PID” means the template document (attached to this RFOU as Attachment B);

r) “Project Plan” means, in relation to the proposed Project, a project plan prepared in accordance with the Regulation;

s) “Project Report” means a project report prepared in accordance with the Regulation;

t) “Project” means a discrete set of related activities intended to cause Greenhouse Gas Reductions;
3.0 Instructions to Applicants

3.1 Anticipated Stages of the RFOU process through to finalization of Offset Purchase Agreement

The process for the Province to purchase Offset Units is multi-staged. Evaluation of Applications will occur on a rolling on-going basis as Applications are received.

Preliminary evaluation against the regulatory requirements will be conducted at Stage 3, with the Applicant being responsible for a full evaluation of the Project Plan and Project Reports by an appropriate Validation Body and Verification Body pursuant to the GGIRCA and the Regulation at Stage 7. The Applicant is responsible for ensuring the Project fully complies with the requirements of the Greenhouse Gas Industrial Reporting and Control Act and the Greenhouse Gas Emission Control Regulation. Under Offset Purchase Agreements (OPAs), Vendors are responsible for ensuring that:

- Project Plans are validated by a Validation Body and accepted by the Director under GGIRCA;
- Project Reports are verified by a Verification Body; and
- Offset Units are issued by the Director.

The Director under GGIRCA is an independent statutory decision maker, and neither screening of a Project at Stage 3, nor entering into an OPA at Stage 7, will guarantee that a Vendor will be able to meet these obligations.

The RFOU process will generally follow the stages laid out in the table below.
RFOU Process:

<table>
<thead>
<tr>
<th>Stage</th>
<th>Task</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Submission of Application</td>
</tr>
<tr>
<td></td>
<td>Applications must be received substantially in the same format as Attachment B - Project Information Document (PID), with all fields of the form completed and have a Confidentiality Agreement in the form of Attachment D attached to them. The Confidentiality Agreement must be signed by the Applicant and include the full legal name of the Applicant.</td>
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<td></td>
<td>If there are necessarily information gaps in relation to the Project, preliminary plans or estimates must be provided.</td>
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<td></td>
<td>The Applicant must submit an Application prior to the Closing Time in accordance with Section 3.5.</td>
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<td></td>
<td>Applicants are encouraged to review related Provincial guidance materials and/or seek the assistance of a carbon consultant in preparing their Application.</td>
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<td></td>
<td>For any Application which proposes a Unit Price (price per one tCO₂e Offset Unit) which exceeds the Threshold Price, the Application must include supporting documentation which supports claims made with respect to Desirable Outcomes. Supporting documentation may be in the form of workplans or Vendor commitments or any other document which identifies clear commitments on the part of the Vendor to undertake certain activities or achieve certain outcomes within specified timeframes.</td>
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<tr>
<td></td>
<td>Applications are evaluated as they are received and based on available information as of the date on the Application.</td>
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<tr>
<td>2</td>
<td>Preliminary Review for Completeness</td>
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<tr>
<td></td>
<td>The Province will conduct a high-level preliminary review for completeness of the Application. The purpose of this preliminary review is to determine whether the Application is complete and the information provided by the Applicant is sufficient to support further assessment.</td>
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<td></td>
<td>If, in the opinion of the review committee, there is insufficient information to assess at Stage 3 or 4, the Application will be rejected. However, the Applicant will be provided with a written list of deficiencies based on information sought in the PID, and an opportunity to discuss these deficiencies with the Province in a teleconference.</td>
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<td></td>
<td>Applicants may rectify deficiencies and re-submit their Application, provided that re-submitted Applications are received before the Closing Time.</td>
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<td></td>
<td>In the event that the re-submitted Application is still deemed insufficient to proceed to Stage 3, the Applicant will be offered a debriefing by teleconference. The Province may in its absolute discretion reject any Application from an Applicant that has previously submitted two or more Applications for substantially the same Project.</td>
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## RFOU Process:

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<thead>
<tr>
<th>Stage</th>
<th>Task</th>
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<tbody>
<tr>
<td>3</td>
<td><strong>Application Review and Initial Screening</strong></td>
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**Mandatory Criteria**

Applications must meet all of the following to proceed to Stage 4.

1. The Application must be in English;
2. The Application must be in substantially the same form as Attachment B and Attachment D;
3. The review committee charged with implementing this stage must be of the opinion that the Project described in the Application has a likelihood of meeting the requirements of the Regulation taking into consideration all relevant regulatory requirements;
4. For Projects which are projected to produce less than 5,000 tCO₂e of Offset Units per year, the review committee charged with implementing this stage must be of the opinion that the Project described in the Application is economically viable given the cost of Project implementation, validation and verifications and the Estimated Project Volume;
5. Proposed Projects must be one of the Allowable Project Types set out in Attachment A;
6. Applications must either:
   a. In the opinion of the review committee charged with implementing this stage, on the basis of the commitments included in the Application and the description of the proposed Project, demonstrate that there is a reasonable basis for expecting the proposed Project or the conclusion of an OPA to cause at least one of the Desirable Outcomes identified in Attachment A; or
   b. Propose a Unit Price which is equal to or lower than the Threshold Price.

Applications that meet the above criteria will proceed to Stage 4 and will be contacted during, or at the conclusion of, Stage 4. Applications that do not meet the above criteria will not proceed and will be offered a debriefing by teleconference.
### Application Scoring

Applications will be evaluated and scored based on the following criteria.

<table>
<thead>
<tr>
<th>Portfolio Fit</th>
<th>Maximum Points</th>
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<tbody>
<tr>
<td>1) The type of Project and the geographic location of the Project will help ensure diversity in the Province’s Portfolio in relation to geographic location of Projects and Allowable Project Types. Applicants are encouraged to inquire as to what types of Projects or locations of Projects the Province is most or least interested in at the time of application.</td>
<td>40</td>
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<tr>
<td>2) The nature of the Project or commitments in the Application in relation to Desirable Outcomes will help ensure diversity in the Province’s Portfolio in relation to Desirable Outcomes anticipated from the Province’s purchase of Offset Units.</td>
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<thead>
<tr>
<th>Achievement of Desirable Outcomes</th>
<th>64</th>
</tr>
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<tbody>
<tr>
<td>The number, extent, and likelihood of achieving the Desirable Outcome(s) based on the nature of the Project and/or commitments in the Application.</td>
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<tr>
<th>TOTAL Maximum Points</th>
<th>104</th>
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<tr>
<th>Minimum Score</th>
<th>30</th>
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Applications that do not meet the minimum score will be rejected at this point. Applicants will be provided with reasons for not meeting the minimum score.

Applications that meet or exceed the minimum score will proceed to an assessment of Commercial Readiness at Stage 5 to determine next steps.
Commercial Readiness

Applications that proceed to this stage will be assessed for commercial readiness. Commercial Readiness relates to the stage of Project implementation and the certainty with which the Project is expected to generate Offset Units, taking into consideration:

- Whether the Project Plan has been validated and accepted by the Director under GGIRCA;
- Necessary regulatory approvals that have been obtained or need to be obtained;
- Additional steps needed to implement the Project; and
- Risks related to the performance of the Project and ability to quantify GHG Reductions.

If the Project does not yet have a validated Project Plan that has been accepted by the Director under GGIRCA, the Project will not be considered to be commercially ready. If a project is determined by the Province to not be commercially ready, either because of lack of validation or acceptance by the Director, or any other reason, it will not proceed to Stage 6, but the Province may in its sole discretion enter into a non-binding term sheet with the Applicant or provide other indications of commercial interest or support that could be helpful in advancing the commercial readiness of the Project.

When the Project has advanced to a stage where it is commercially ready (e.g. has received validation of the Project Plan and approval by the Director under GGIRCA has occurred), the Applicant may re-apply to the RFOU process starting at Stage 1, provided that the Application is received before the Closing Time. While a non-binding term sheet is an indication of Provincial interest in a project, whether a Project enters into an OPA in relation to a Project for which a term sheet has been negotiated will depend on successfully completing the RFOU, or whatever other process the Province has established for procuring Offset Units, that is in place at the time of the re-application.

Except as described below, Projects that in the opinion of the Province are commercially ready will proceed to Stage 6 (OPA negotiation). If there is insufficient space in the Province’s budget for Offset Unit purchases in the current or future Fiscal Years to meet anticipated Offset Units payments under existing and anticipated OPAs, the Province may, at its discretion, delay proceeding to Stage 6 or only enter into Stage 6 in relation to the Application(s) with the highest score(s).
6 **Commercial Negotiations and Execution**

When an Application has passed Stage 5, the Applicant will be invited to negotiate an OPA with the Province.

The Applicant and the Province negotiate the commercial terms that are to appear in Section 2.1 and 2.2 of the OPA (refer to the OPA template provided as Attachment C). Key commercial terms open to negotiation include the price, volumes, delivery dates, and contract duration.

The Province may seek to obtain a Unit Price in the OPA which is lower than the Unit Price proposed in the Application.

To increase certainty with respect to the achievement of the Desirable Outcome(s), the Province may also identify the need for specific reporting requirements to track progress towards achieving the Desirable Outcome(s). Schedule 3 of the OPA may be adjusted to require more specific information in relation to Desirable Outcomes.

Other than the negotiated commercial terms in Section 2.1 and 2.2 of the OPA, selecting from a limited number of contract options identified in the OPA template, and the contents of Schedule 3 of the OPA, the Applicant and the Province will be subject to the terms and conditions of the OPA template provided as Attachment C.

If the Applicant and the Province conclude negotiations to the satisfaction of both parties, an OPA may be executed during this stage. Neither the Applicant nor the Province is required to enter into an OPA.

7 **Contract Performance**

The Vendor and the Province will carry out their obligations under the OPA.

Notwithstanding the execution of an OPA, the Province will be under no obligation to purchase Offset Units unless the Vendor fully meets and complies with all of the requirements of the OPA, including all requirements of the GGIRCA, and the Regulation that must be met to ensure the issuance of Offset Units under GGIRCA.

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3.2 **Applicants to Review RFOU**

Applicants are advised to report any errors, omissions or ambiguities to this RFOU and are encouraged to seek additional information, in writing, by contacting the Province at the email address on the front page of this RFOU document, prior to submitting an Application. Applicants are advised to contact the Province to confirm the current Portfolio composition and anticipated available budget, which varies from year to year and throughout the year, depending on the number of agreements in the Portfolio.

3.3 **Enquiries**

All enquiries related to this RFOU are to be directed, in writing, to the email address on the front page of this RFOU document. Enquiries and answers may be recorded and posted as addenda to the BC Bid Website at the Province’s sole discretion.
3.4 Open Call

This RFOU is an open call that will remain open until the Closing Time. All Applications will be accepted and assessed in the order in which they are received. It is the Province’s intention to review and assess Applications and respond in a timely manner; the Province will endeavour to complete Stage 2 within two to four weeks of the date upon which an Application is received.

3.5 Submission of Applications

a) Applications must be submitted to the email address indicated on the cover page of this RFOU. Applications must not be sent by fax or mail. The Applicant is solely responsible for ensuring that the Province receives a complete Application, including all attachments or enclosures, before the Closing Time.

b) Emails with Applications attached should be clearly labelled with the Competition Number identified on the Cover Sheet and attachments should be clearly identified using the following naming convention:

   a. For Project Information Documents: ApplicantName_ProjectName_PID_YYYYMMDD
   b. For Confidentiality Agreements: ApplicantName_ProjectName_Confid_YYYYMMDD
   c. For supporting documentation: ApplicantName_ProjectName_Evidence PID_YYYYMMDD
      (as appropriate to reference supporting evidence if required)

c) The maximum size of each attachment must be 5 MB or less (Applicants are solely responsible for ensuring that email Applications comply with any size restrictions imposed by the Applicant’s internet service provider);

d) Applicants should submit email Applications in a single email and avoid sending multiple email submissions for the same Application. If the file size of an electronic submission exceeds the applicable maximum size, the Applicant may make multiple submissions (multiple emails for the same opportunity) to reduce attachment file size to be within the maximum applicable size; Applicants should identify the order and number of emails making up the email Application (e.g. “email 1 of 3, email 2 of 3…”);

e) For email Applications sent through multiple emails, the Province reserves the right to seek clarification or reject the Application if the Province is unable to determine what documents constitute the complete Application;

f) Attachments must not be compressed, must not contain a virus or malware, must not be corrupted and must be able to be opened. Applicants submitting by electronic submission are solely responsible for ensuring that any emails or attachments are not corrupted. The Province may reject Applications that are compressed, cannot be opened or that contain viruses or malware or corrupted attachments.

g) The Applicant bears all risk associated with delivering its Application by electronic submission, including but not limited to delays in transmission between the Applicant’s computer and the Government Electronic Mail System.

h) The Applicant is solely responsible for ensuring that its complete email Application and all attachments have been received before Closing Time. If the Government Electronic Mail System rejects an email Application for any reason, and the Applicant does not re-submit its Application by the same or other permitted submission method before Closing Time, the Applicant will not be permitted to re-submit its Application after Closing
Time. The Applicant is strongly advised to contact the Government Contact (contact details on Cover Page) immediately to arrange for an alternative submission method if:

i. the Applicant’s email Application is rejected by the Government Electronic Mail System; or
ii. the Applicant does not receive a response email from the Province confirming receipt of the email within 72 hours of the time the email Application was sent by the Applicant.

If email submission through the Government Electronic Mail System is not successful, an alternate submission method may be made available, at the Province’s discretion and it is the Applicant’s sole responsibility for ensuring that a complete Application (and all attachments) submitted using an approved alternate submission method is received by the Province before the Closing Time. Contact the Province to arrange alternative submission methods only if email submission through the Government Electronic Mail System is not successful.

3.6 Review Committee
Applications will be reviewed and assessed by a committee formed by the Province and may include employees and contractors of the Province.

3.7 Applications from a Single Legal Entity
Applications must be submitted by a single legal entity that will act as the Applicant and main contact to the Province in respect of the RFOU process and the Vendor under any Offset Purchase Agreement.

3.8 Withdrawal of Application
By submitting a clear written notice to the email address on the front page of this document, an Applicant may withdraw its Application at any time throughout the duration of the RFOU process prior to executing an OPA with the Province.

3.9 Changes to the RFOU
The Province may amend the RFOU at any time by posting amendments to the BC Bid website. If amendments to the Greenhouse Gas Industrial Reporting and Control Act or the Greenhouse Gas Emission Control Regulation are enacted that require changes to the RFOU, an Applicant may be required to amend an Application in order to comply with the updated legislated requirements.

3.10 Working Language of the Province
Applications must be submitted in English.

3.11 Applicant’s Expenses
Applicants are solely responsible for their own expenses in preparing an Application and for subsequent negotiations with the Province, if any. The Province will not be liable to any Applicant for any claims, whether for costs or damages incurred by the Applicant in preparing the Application, loss of anticipated profit in connection with any Offset Purchase Agreement, or any other matter whatsoever.
3.12 Acceptance of Applications

This RFOU is not an agreement to purchase Offset Units and is not an agreement to enter an Offset Purchase Agreement to purchase Offset Units or to follow the process set out in this RFOU. The Province may terminate negotiations with an Applicant or the Process set out in this RFOU at time for any reason by notifying the Applicant in writing. An Applicant may withdraw its Application at any time prior to entering into an Offset Purchase Agreement with the Province by notifying the Province in writing. The Province is not bound to enter into an Offset Purchase Agreement with any Applicant. The Province will be under no obligation to receive further information, whether written or oral, from any Applicant.

3.13 No Rights Created

Other than through execution of an Offset Purchase Agreement by both the Province and the Applicant, no legal or equitable rights are created by submitting an Application or participating in the process set out in this RFOU.

3.14 Process May Vary

While the Province has used efforts to ensure information in the RFOU is accurate, the information contained in the RFOU is supplied solely as a guideline for Applicants. The information is not guaranteed or warranted to be accurate by the Province, nor is it necessarily comprehensive or exhaustive. The process used to evaluate Applications may vary from that set out in the RFOU.

3.15 No Implied Approvals

Neither acceptance of an Application nor execution of an Offset Purchase Agreement will constitute approval of any activity or development contemplated in an Application that requires any approval, permit or license pursuant to any federal, provincial, regional district or municipal statute, regulation or by-law.

3.16 Conflict of Interest/No Lobbying

a) An Applicant may be disqualified if the Applicant’s current or past corporate or other interests, those of an employee, director or officer of the Applicant, or a proposed sub-contractor, may, in the Province’s opinion, give rise to an actual or potential conflict of interest in connection with the awarding of Offset Purchase Agreements. This includes, but is not limited to, involvement by an Applicant in the preparation of the RFOU or a relationship with any employee, contractor or representative of the Province involved in preparation of the RFOU, preparation of evaluation guidelines, participating on the evaluation committee or in the negotiations or administration of the Funding Agreements. If an Applicant is in doubt as to whether there might be a conflict of interest, the Applicant should consult with the Government Contact prior to submitting an Application. By submitting an Application, the Applicant represents that it is not aware of any circumstances that would give rise to a conflict of interest that is actual or potential, in respect of the RFOU.

b) An Applicant must not attempt to influence the outcome of the RFOU process by engaging in lobbying activities. Any attempt by the Applicant to communicate for this purpose directly or indirectly with any employee, contractor or representative of the Province, including members of the evaluation committee and any elected officials of the Province, or with the media, may result in disqualification of the Application.

3.17 Ownership of Applications

All documents, including Applications, submitted to the Province become the property of the Province. They will be received and held in confidence by the Province, subject to the provisions of the Freedom of Information and Protection of Privacy Act.
3.18 Confidentiality of Information

Information pertaining to the Province obtained by the Applicant as a result of participation in this RFOU is confidential and must not be disclosed without written authorization from the Province. Applicants are requested to sign and submit with their Application the Confidentiality Agreement attached as Attachment D. Respondents may request that the Province signs and returns the form prior to submitting a PID by requesting so in writing to the email address on the cover.

3.19 Additional Information on the RFOU

All subsequent information regarding this RFOU, including amendments made to this document, will be posted to the BC Bid website. It is solely the responsibility of the Applicant to check for amendments and additional information on the BC Bid website.

3.20 Form of Application

The Province may reject any Application which in its opinion is not substantially in the form of the Attachment B.

4.0 Application Process

TO RESPOND TO THIS RFOU, APPLICANTS MUST USE THE PROJECT INFORMATION DOCUMENT TEMPLATE ATTACHED TO THIS RFOU AS Attachment B – Project Information Document (PID) Template.

In order to ensure Applications are submitted in a manner that best facilitates the Province’s assessment process, Applications should be submitted in accordance with the instructions in section 3.5:

- Submit Application via email to the address on the cover page.

The Application must include:

- One completed Application (Project Information Document – Attachment B) in PDF format (converted document, not scan).
- One signed Attachment D - Confidentiality Agreement.
- Evidence to support the assertions made in the Application in an appropriate format for evaluation (e.g. spreadsheets in MS Excel), appropriately labelled to reference PID section and appended in order.