



Ministry of Environment  
CLIMATE INVESTMENT BRANCH

Request for Offset Units (RFOU)

## Greenhouse Gas Offset Units

RFOU #ON-002889

Issue date:  
**Monday, July 18, 2016**

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

Send completed Application to:

**[ClimateInvestmentBranch@gov.bc.ca](mailto:ClimateInvestmentBranch@gov.bc.ca)**

**Subject Line: RFOU #ON-002889**

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## 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 131 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 our achievements.

The Climate Action Secretariat, through the Climate Investment Branch (CIB), 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 CIB (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.

CIB purchases greenhouse gas Offset Units such that the PSOs are able to achieve carbon neutrality pursuant to the [Greenhouse Gas Reduction Targets Act](#) and the *Carbon Neutral Government Regulation* [B.C. Reg. 392/2008]. The purchased Offset Units are retired under the [Greenhouse Gas Industrial Reporting and Control Act](#). 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.

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, including without limitation the Desirable Offset Project Criteria as listed in Attachment A.

This RFOU replaces the Province of British Columbia's previous Request for Emission Offsets (RFEO) number RF15JH1Q-113.

## 2.0 Definitions

Throughout this RFOU, the following definitions will be used:

- a) **"Applicant(s)"** means an individual or a company that submits an Application under this RFOU;
- b) **"Application"** means an application under this RFOU submitted by an Applicant;
- c) **"BC Bid"** means the electronic tendering service maintained by the Province and known as BC Bid;
- d) **"BC Bid Website"** means the website maintained to administer BC Bid at [www.bcbid.ca](http://www.bcbid.ca), or any replacement website;
- e) **"Climate Investment Branch"** or **"CIB"** means the branch with such name within the British Columbia Ministry of Environment;
- f) **"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 *Greenhouse Gas Reduction Targets Act*;
- g) **"Greenhouse Gas Reductions"** or **"GHG Reductions"** means (a) a reduction of Greenhouse Gas emissions, or (b) an enhancement of Greenhouse Gas removals;
- h) **"Lowest Price"** means the unit price in \$/tonne CO<sub>2</sub>e that the Province has provided in the Attachment A - Desirable Offset Project Criteria, as amended or replaced from time to time;

- i) **“Offset Purchase Agreement”** or **“OPA”**, means a written offset purchase agreement executed by the Province and Vendor upon completion of Stage 5 of this RFOU;
- j) **“Offset Units”** has the same meaning as in the [Greenhouse Gas Industrial Reporting and Control Act](#) (S.B.C. 2014 c. 29);
- k) **“Project Information Document”** or **“PID”** means the template document (attached to this RFOU as Attachment B);
- l) **“Project Plan”** means, in relation to the proposed Project, a project plan prepared in accordance with the Regulation;
- m) **“Project Report”** means a project report prepared in accordance with the Regulation;
- n) **“Project”** means an emission offset project referred to in section 9 {emission offset projects} of the [Greenhouse Gas Industrial Reporting and Control Act](#) (S.B.C. 2014 c. 29);
- o) **“Province”** means Her Majesty the Queen in Right of the Province of British Columbia and includes the Ministry of Environment, Climate Investment Branch;
- p) **“Regulation”** means the *Greenhouse Gas Emission Control Regulation*, BC Reg. 249/2015 as amended or replaced from time to time;
- q) **“RFOU”** or **“Request for Offset Units”** means the process described in this document;
- r) **“tCO<sub>2</sub>e”** means metric tonnes in carbon dioxide equivalent, which for a given mass of any Greenhouse Gas means the mass of carbon dioxide gas that would have the equivalent global warming impact as that Greenhouse Gas over a specified time period based on global warming potentials prescribed under the [Greenhouse Gas Industrial Reporting and Control Act](#) (S.B.C. 2014 c. 29) from time to time;
- s) **“Validation Body”** has the meaning ascribed to it under the [Greenhouse Gas Industrial Reporting and Control Act](#) (S.B.C. 2014 c. 29);
- t) **“Vendor”** means an Applicant whose Application has been selected by the Province and has entered into an Offset Purchase Agreement with the Province; and
- u) **“Verification Body”** has the meaning ascribed to it under the [Greenhouse Gas Industrial Reporting and Control Act](#) (S.B.C. 2014 c. 29);

### 3.0 Instructions to Applicants

#### 3.1 Anticipated Stages of the RFOU process through to finalization of purchase of Offset Units

The process to purchase Offset Units is multi-staged, involving evaluation against business requirements. Evaluation of Applications will occur on a rolling on-going basis as Applications are received.

The Province invites Applications from Applicants that:

- propose to carry out a Project; or
- propose to engage another entity to carry out a Project; or
- have carried out a Project.

Preliminary evaluation against the statutory requirements will be conducted at Stage 3, with 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 [Greenhouse Gas Industrial Reporting and Control Act](#), and the *Greenhouse Gas Emission Control Regulation* at Stage 6.

The evaluation process will generally follow the following stages (further detail on each stage is provided in sections 3.6 through 3.10):

Stage	Task
Stage One-Mandatory	Applications must be received in the same format as Attachment B - Project Information Document (PID), with all fields of the form completed.
Stage Two	<p>Preliminary review of Application by the Province. The Province is checking for the completeness of the information provided in the Application and may seek supplemental information from the Applicant. Supplemental information may include evidence to support the assertions made in the Application.</p> <p>Incomplete Applications will not proceed to Stage Three.</p>
Stage Three – Step 1 – Mandatory Criteria	<p>Applications must demonstrate that they meet the following criteria:</p> <ol style="list-style-type: none"> <li>1) estimated Project volumes to be delivered are at or below 100,000 tCO<sub>2</sub>e per Delivery Year (as described in Attachment A) and below the relevant Estimated CIB Portfolio Room Available (tCO<sub>2</sub>e) for such Delivery Year, as set out in Attachment A;</li> <li>2) Project type is one of the Desirable Project Types for such Delivery Year, as set out in Attachment A; and</li> <li>3) proposed average project price (\$/tCO<sub>2</sub>e) is similar or below the pricing of other projects in the CIB portfolio of the same type as disclosed on the <a href="http://www2.gov.bc.ca/gov/content/environment/climate-change/stakeholder-support/selling-offsets">CIB web page (http://www2.gov.bc.ca/gov/content/environment/climate-change/stakeholder-support/selling-offsets)</a>. CIB has set a \$/tCO<sub>2</sub>e Lowest Price Threshold (Lowest Price Threshold in Attachment A). The CIB portfolio target is to purchase at least 50% of Offset Units at, or below, the Lowest Price Threshold.</li> </ol> <p>CIB may contact Applicants at this point to determine whether the proposed volumes and average indicative prices are negotiable.</p> <p>Any Application that does not meet the above criteria will be disqualified and will receive no further consideration by the Province.</p> <p>Disqualified Applicants may submit a new Application if the Province’s Attachment A - Desirable Offset Project Criteria change.</p>
Stage Three – Step 2 – Mandatory Criteria	<p>Where an Application meets the mandatory criteria outlined in Stage 3, Step 1, then the Province will prioritize the Applications as follows:</p> <ol style="list-style-type: none"> <li>1) all Applications that proceed to this step will be price compared against other Applications of the same Project type that proceeded to Stage 3. Comparisons will be based on proposed volumes, contract term, and delivery timings. Applications will be prioritized from lowest to highest proposed average price per tonne (\$/tCO<sub>2</sub>e).</li> <li>2) Applications that also meet one or more of the Desirable Project Attributes set out in Attachment A will be given priority to advance to Stage 4 commercial</li> </ol>

	<p>negotiations. For example, a district energy project would meet the buildings Desirable Project Type and the community based Desirable Project Attribute and would therefore be prioritized over projects that do not meet one of the Desirable Project Attributes.</p> <p>The number of Applications proceeding to Stage 4 commercial negotiations will be a function of estimated Project delivery volumes and estimated CIB portfolio room available. The estimated CIB portfolio room available is provided in Attachment A.</p>
Stage Four	<p>Applicant and the Province negotiate the commercial terms that are to appear in Section 2.1 and 2.2 of an Offset Purchase Agreement. The price and volume established in Stage 3 will not be renegotiated in Stage 4.</p> <p>Other than the negotiated commercial terms in Section 2.1 and 2.2 of an OPA, the OPA between an Applicant and the Province will otherwise be subject to the terms and conditions of the OPA template in Attachment C.</p>
Stage Five	The Province and Applicant enter into an OPA.
Stage Six	Contract performance and delivery of Offset Units to the Province.

### **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 CIB at the email address on the front page of this RFOU document, prior to submitting an Application.

### **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 option.

### **3.4 Open Call**

This RFOU is an open call that will remain open until the close date noted on the cover. All Applications will be accepted and assessed in the order in which they are received. It is Climate Investment Branch's intention to review and assess Applications and respond in a timely manner; CIB's objective is to respond within two to four weeks of the date upon which an Application is received.

### **3.5 Review Committee**

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

### **3.6 Submission of Application – Stage One**

The Applicant submits an Application, prior to 2:00 PM Pacific Standard Time on Monday, July 19, 2021, in accordance with the instructions on the cover page.

### **3.7 Preliminary Review – Stage Two**

The Province will conduct a high-level preliminary review of an Application. If required, 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.

Applicants may rectify deficiencies and re-submit their Application. Applicants are encouraged to review related Provincial guidance materials and/or seek the assistance of a carbon consultant in revising their Applications for re-submission.

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.

### **3.8 Application Review and Assessment – Stage Three**

Stage 3 is divided into a two-step process carried out by a Province review committee.

#### **3.8.1 Stage Three, Step 1**

In Step 1, the Province confirms whether the Application meets the mandatory Stage 3, Step 1 criteria described in Section 3.1 above.

CIB may contact Applicants at this point to determine whether the proposed indicative volumes and average prices are negotiable. Final Offset Unit pricing and associated volumes will be determined in Stages 4 and 5.

#### **3.8.2 Stage Three, Step 2**

In Step 2, the Province confirms whether the Application meets the mandatory criteria in Stage 3, Step 2 described in Section 3.1 above.

Applicants whose Applications do not advance to Stage 4 will be advised of this in writing and offered a debriefing by teleconference, and will not be invited to negotiate an Offset Purchase Agreement with the Province.

### **3.9 Commercial Negotiations and Execution – Stages Four and Five**

Where the Province determines that an Application has met the requirements of Stage 3, that Applicant will be invited to negotiate an Offset Purchase Agreement with the Province. The OPA includes several Offset Unit delivery related options (Section 2.1 and 2.2 of the OPA), and negotiations are anticipated to include determination of which options are appropriate for a particular Project, as well as any additional commercial terms as contemplated in Attachment C. The price and volume established in Stage 3 will not be renegotiated in Stage 4.

The following commercial terms may be negotiated at this stage:

- Pricing and volumes, if any, for Offset Units in excess of base delivery obligations which the Vendor must offer to the Province and the Province may purchase;
- Length of contract term and delivery date(s); and

If the Applicant and the Province conclude negotiations to the satisfaction of both parties and Risk Management Branch has approved the OPA, an OPA will be executed during this stage.

### **3.10 Contract Performance – Stage Six**

The Vendor delivers Offset Units to the Province according to the terms negotiated in the OPA. The execution of an OPA does not oblige the Province to purchase Offset Units under the OPA and the Province is under no obligation to purchase Offset Units unless the Vendor fully meets and complies with all of the requirements of the OPA, the *Greenhouse Gas Industrial Reporting and Control Act*, the *Greenhouse Gas Emission Control Regulation*, and the process set out in this RFOU.

### **3.11 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 for the purposes of performing the Vendor's obligations under any Offset Purchase Agreement.

### **3.12 Withdrawal of [or Changes to] Application**

By submitting a clear and detailed 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.

Although Applications may be withdrawn at any time, Applications may only be amended in accordance with the process set out in Stage 3, Step 1. Once Stage 2 is completed no further amendments will be permitted except where necessitated by changes to the *Greenhouse Gas Industrial Reporting and Control Act* or the Regulation. Applicants will be made aware of the completion of Stage 2.

### **3.13 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.

### **3.14 Working Language of the Province**

Applications must be submitted in English.

### **3.15 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.

### **3.16 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. The Province is not bound to enter into an Offset Purchase Agreement with any Applicant. Applications will be assessed in light of the desirable criteria. The Province will be under no obligation to receive further information, whether written or oral, from any Applicant.



### 3.17 Applications Not Binding

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 may terminate negotiations with an Applicant at time for any reason by notifying the Applicant in writing. The submission and receipt of Applications in no way binds either party to proceed with the stages of this RFOU.

### 3.18 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*.

### 3.19 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 CIB signs and returns the form prior to submitting a PID by requesting so in writing to the email address on the cover.

### 3.20 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.

## 4.0 Application Process

**TO RESPOND TO THE RFOU APPLICANTS SHOULD 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 following instructions:

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

***The Application should include:***

- One completed Application (Project Information Document – Attachment B) for each proposed Project, 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.

Electronic file format:

- Each file should be 5mb or smaller;
- Do not submit compressed files (i.e. no ZIP files);
- Name format:
  - Applicantname\_projectname\_PID\_MMDDYYYY

- Applicantname\_projectname\_EvidencePID5.2\_MMDDYYYY (as appropriate to reference supporting evidence if required)