**Response of CLIMATE NETWORK LANARK (CNL) to a Proposal for**

**Development of a Clean Energy Credit Registry in the Province of Ontario**

**August 31, 2022**

**WHO IS CNL**?

Climate Network Lanark <https://climatenetworklanark.ca/> is a registered non profit organization dedicated to Climate Action located in Lanark County, Ontario. We are committed to building a network with community and businesses to reduce our 2030 GHG emissions by 50% in Lanark County.

Our directors, committees & board members have relevant credentials for the task: climate educator, climate program manager, international sustainable energy engineer, regenerative farmer, soil scientists, community organizer.

Over the last 12 months we have collaborated with Lanark County to create a 10 year Climate Action Plan for our 8 municipalities ( Beckwith/Carleton Place/Drummond & North Elmsley/Lanark Highlands/Mississippi Mills/Montague/Perth).

**Three Key climate areas are:** Transportation (EVs and public transportation) Green Buildings (energy audits, retrofitting and coordinating tradespeople and supplies) Waste Reduction & Nature Based Climate Solutions (composting, regenerative agriculture, wetlands preservation)

We created a partnership with ALUS and Lanark County to access funding to help farmers in the creation of an array of ecosystem projects, including reforestation, windbreaks, riparian buffers, wetland projects, tallgrass prairie, pollinator habitat and more. These projects will contribute to the health of the farmers’ privately-owned landscape, while also benefiting the broader environment by providing support for biodiversity; reducing downstream flooding in neighbouring communities and ecosystems; and mitigating the impacts of climate change through carbon sequestration.

It is through our powerful amalgamation of experience, expertise and knowledge that we are inspired to offer our objective feedback and contribution.

**OUR UNDERSTANDING OF THE PROPOSAL**

Our understanding is obtained from the provincial website <https://ero.ontario.ca/notice/019-5816> . From this we have the following understanding:

* The province wishes to establish a Clean Energy Credit Registry for initial exclusive use in the province.
* The registry will document, manage and track carbon credits based only on the extensive existing non-carbon emitting generating sources in the province such as nuclear, hydro, wind and solar.
* “The registry itself is not a market, as financial arrangements are made separately between the seller and purchaser. The registry can act as a tracking system which would allow access for all Ontario-based non-fossil fuel generation facilities to enroll and certify their generation, track ownership of the credit,”
* The IESO is the proposed registry agency.
* Carbon credit investments accruing to the IESO will be used as directed by the provincial minister for a range of proposed initiatives including “directly benefiting ratepayers and supporting the future development of new clean energy in the province.”

**OUR UNDERSTANDING OF THE FEDERALLY AND INTERNATIONALLY ACCEPTED CARBON CREDIT INITIATIVE AND REGISTRY**

Our understanding is derived from a primary carbon credit information source <https://www.carboncreditcart.com/carbon-credits-101/> which in turn references its source information from a range of credible sources including; Climate Action Reserve (CAR) – A carbon offset registry for the U.S., Mexico and Canada and UN Clean Development Mechanism – The UN CDM is an international registry used by compliance markets around the world.

* <http://www.climateactionreserve.org/>
* <https://unfccc.int/process-and-meetings/the-kyoto-protocol/mechanisms-under-the-kyoto-protocol/the-clean-development-mechanism>

Our understanding of the principles of carbon credit registry and marketing are based on the following derived from our sources.

Carbon Credit transfers are made from carbon emitters to Carbon projects that can anticipate and are proven by third party registries to reduce or sequester the emission of carbon dioxide and other GHG. To be acceptable carbon credits must be:

* Real – the project’s carbon reduction is measurable.
* Additional – the value of reductions must be beyond “business as usual.” Additionality refers to carbon offset benefits that would not have happened on their own accord, i.e., without the effect of carbon financing.
* Verified – An independent and qualified third party has conducted a detailed review of all aspects of the carbon project, and attests to the emission reduction claim.
* Registry – Is a third-party program to verify, account for, measure, and collect data for GHG, or greenhouse gas, emissions to be traded on the carbon market. Carbon credits are unique, serialized, tracked and can be retired only once.
* Permanent – The GHG removal, represented by carbon credits, is permanent and cannot be reversed.

**CNL’S RESPONSE TO THE PROPOSAL**

We find the Provincial proposal for a Clean Energy Registry to be misguided, ineffectual, risky and costly. We disagree strongly with the creation of the Registry as proposed for the following reasons:

1. Without further clarification the registry appears to be primarily offering carbon credits based on the performance of projects that are already in place in the Ontario grid and therefore do not meet the Additionality standard for CEC. Any credits currently provided by the existing Ontario grid have obviously been retired.
2. The financing provided by the sale of carbon credits will not necessarily be used to finance carbon reduction projects which would not otherwise be implemented. Instead, their use will be at the biased whim of political exigencies with a strong bias to assisting electricity ratepayers.
3. The registry will be set up and managed by the IESO which controls the same non-emitting projects providing the carbon credit value. The Registry will therefore not be under the operation of an independent and unbiased body. The conflict of interest of the IESO and a Registry is obvious and deeply affects the authenticity of establishing carbon credits.
4. Establishing a carbon credit market for Ontario is not only a provincial matter. GHG emissions emitted in the province have global implications. It is therefore critical that standards and institutions established for carbon mitigation marketing meet not only Canadian federal standards but procedures and standards established globally. For Ontario not to meet federal and international standards opens the province to international condemnation and liability to those engaging in the purchase of unqualified carbon credits.

In conclusion, despite our criticisms of the current proposal, the CNL is supportive of Ontario establishing a carbon market registry.

We would suggest:

* a broadening of the scope of such a registry to include any and all carbon mitigation or sequestration projects which can meet a predetermined carbon reduction standard within the province and that accrues credits from new projects that meet the Additionality criteria.
* the establishment of an independent, third-party registry whose role would be to verify, measure and document projects and their implementation.
* funds that are made available through the registry would automatically be available for those ADDITIONAL projects for which they were intended. The IESO would then be free as a client to approach this registry with novel carbon reduction projects such as distributed energy generation or microgrids and to receive the benefits forthcoming.