

































the invalid emission offsets will be withdrawn from the Registry and the serial numbers assigned to those emission offsets will be given a status of cancelled.

- (2) Once an emission offset is withdrawn from the Registry, the emission offset must not be purchased or used in determining the net emissions for a facility.

## **Division 6**

### **Miscellaneous Provisions**

#### **Contact Information**

- 21** An emission offset project developer must immediately notify the director in writing of any changes to the contact information provided by the emission offset project developer in a project plan or project report.

#### **Reporting**

- 22** The emission offset project developer must immediately report any contravention of this standard to the director.

#### **Standard amendment**

- 23** Part 1 of this standard will be reviewed as changes in technology and other standards warrant.

#### **Effective date**

- 24** This standard is effective January 1, 2018.



## Part 2 - Requirements for Greenhouse Gas Emission Offset Project Developers

### 1.0 Overview of the Alberta Emission Offset System

The Alberta emission offset system is a regulatory program managed by the Alberta Climate Change Office that enables facilities regulated under the Carbon Competitiveness Incentive Regulation to purchase and retire emission offsets to meet compliance obligations. System requirements are set out in the *Climate Change and Emissions Management Act*, the Carbon Competitiveness Incentive Regulation, Standards, Guidelines, and quantification protocols. The Alberta emission offset system is based on the ISO 14064-2 specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removals.

The scope of Part 2 of this standard is to provide information to emission offset project developers, to assist them with the initiation and implementation of an emission offset project. This standard may also be informative to other stakeholders in the Alberta emission offset system. The objective of Part 2 of this standard is to:

- provide additional guidance on the requirements of the Alberta emission offset system as they apply to an emission offset project developer,
- describe the process an offset project developer can follow to initiate and implement an emission offset project in Alberta, and
- explain the documents, records and data management systems needed to support emission offset project implementation in the Alberta emission offset system.

Project developers can contact the Alberta Climate Change Office via email:

- [AEP.GHG@gov.ab.ca](mailto:AEP.GHG@gov.ab.ca)

#### 1.1 Aggregated Projects

An aggregated project is: two or more emission offset subprojects that an emission offset project developer submits to the Registry as a single aggregated emission offset project. An offset project developer that submits an aggregated project is referred to as an aggregator. The benefit of an aggregated project is that the offset project developer can minimize administration and verification costs associated with each emission offset subproject by combining multiple similar subprojects into a single aggregated project.

Aggregators must submit an aggregated project planning sheet with the project plan and an aggregated project reporting sheet with each project report. The planning sheet will be for internal use only and not be publically available on the Registry. The planning sheet will include information for each subproject such as project name, location, activity start date, and unique site identifier. The reporting sheet will similarly include information on each subproject including its name, location, and calculated emission offsets. The aggregated project planning sheet and reporting sheet forms are available from the Registry.

An aggregated project may have subprojects that begin operating at different times, meaning they have different activity start dates. If the activity start date for a subproject is before the offset start date, the subprojects listed in the project planning sheet start generating emission offsets on the offset start date. If the activity start date for a subproject is after the offset start date and the project developer adds the subproject by updating the planning sheet, the subproject may generate emission offsets beginning on the activity start date as long as the updated project planning sheet is submitted to the Registry within 30 days of the activity start date until the end of the offset crediting period for the overall project. Project developers must provide evidence to a third party assurance provider to demonstrate activity start date. This will mean a credit duration of less than 8 years for the subprojects added after the offset start date.

If a project developer chooses to transfer a subproject from one offset project to a different offset project, the project developer must clearly document the transfer on the aggregated project planning sheet, and/or the offset project plan. The project developer must demonstrate that the overall offset crediting period of the

subproject will not exceed the offset crediting period of the original project or the project the subproject is transferred to.

The intent of this is to ensure go forward crediting from the time of project initiation and go forward crediting from the time subprojects are added to an emission offset project. Land based agricultural projects must also meet the intent of go forward crediting for projects and subprojects. The additional requirements for projects using the Agricultural Nitrous Oxide Emission Reductions and Conservation Cropping protocols are articulated below.

### **Agricultural Nitrous Oxide Emission Reductions Projects**

This section sets out additional requirements that apply to projects using the Agricultural Nitrous Oxide Emission Reduction protocol. The offset start date is defined in Part 1 as the date the offset project plan is submitted to the Registry. Project developers must submit a completed aggregated project planning sheet at the same time the project plan is submitted to the Registry. Offset project plans submitted to the Registry after May 1 of a year will not be eligible to generate emission offsets in the same calendar year. Project developers may add subprojects after the offset project plan is submitted to the Registry by submitting an updated aggregated project planning sheet to the Registry on or before May 1. Subprojects listed in aggregated project planning sheets submitted to the Registry after May 1 of a year will not be eligible to generate emission offsets in the same calendar year.

Projects and subprojects cannot be compiled annually in the way that Conservation Cropping projects can be. The subproject cannot generate emission offsets outside of the aggregated project's offset crediting period.

### **Conservation Cropping Projects**

Project developers who initiate aggregated projects using the Conservation Cropping Protocol must submit a project plan for each aggregated project on or before May 1 of the year the project is generating emission offsets. The project developer must also submit a master planning sheet that includes all subprojects using the Conservation Cropping Protocol on or before May 1 of the year the subproject is generating emission offsets. The master planning sheet is similar to an aggregated project planning sheet but includes all subprojects of the project developer's Conservation Cropping Protocol aggregated projects in a single master planning sheet.

Project developers may add subprojects after the offset project plan is submitted to the Registry by submitting an updated master planning sheet to the Registry on or before May 1. Subprojects listed in master project planning sheets submitted to the Registry after May 1 of a year will not be eligible to generate emission offsets in that same calendar year.

Subprojects identified in the master planning sheet and updated master planning sheet are eligible to generate emission offsets from January to December of a year provided they are included in the master planning sheet or the updated master planning sheet on or before May 1 of that year. For aggregated projects that do not compile annually (i.e. the credit duration is longer than one year) an updated master planning sheet must be provided to the Registry on or before May 1 in order to add subprojects in that calendar year.

The aggregator must submit an aggregated project reporting sheet with the offset project report that is a list of all farmers and land locations that met the requirements of the Conservation Cropping protocol for the year emission offsets are generated. The land locations listed on the aggregated reporting sheet must be listed in the master planning sheet on or before May 1 of the vintage year emission offsets are generated.

Table 1 provides protocol-specific examples for activity start dates, offset start dates and offset crediting periods for some protocol types.

**Table 1: Examples of Offset Crediting Periods for Aggregated Project and Subproject Eligibility to Generate Offsets**

<b>Quantification Protocol</b>	<b>Offset Start Date</b>	<b>Aggregated Project Offset Crediting Period</b>	<b>Activity Start Dates and Updated Project Planning Sheet submission</b>	<b>Subproject Eligibility to Generate Offsets</b>
General	February 1, 2018  (date plan submitted to Registry)	February 1, 2018 to April 30, 2026  (8 years)	Subproject 1 – installed January 1, 2017  Subproject 2 – installed June 1, 2019, updated aggregated project planning sheet submitted June 30, 2019	Feb. 1, 2018 to January 31, 2026 for subproject 1.  June 1, 2019 to January 31, 2026 for subproject 2.
Greenhouse Gas Emission Reductions from Pneumatic Devices	March 30, 2018  (date plan submitted to Registry)	March 30, 2018 to December 31, 2022  (protocol expires December 31, 2022)	Subproject 1-50 installed leading up to March 30, 2018  Subproject 51 installed April 15, 2018, updated aggregated project planning sheet submitted May 14, 2018.	March 30, 2018 to December 31, 2022 for subprojects 1-50.  April 15, 2018 to December 31, 2022 for subproject 51.
Conservation Cropping (if compiled annually)	January 1, 2018  Project plan submitted on or before May 1, 2018.	January 1, 2018 to December 31, 2018.  (protocol expires December 31, 2021)	Subprojects 1-50 listed in master planning sheet submitted to the Registry May 1, 2018.  Subprojects 51-75 listed in the updated master planning sheet submitted to the Registry May 1, 2018.  Subprojects 76-100 listed in updated master planning sheet submitted to the Registry June 15, 2018.	January 1, 2018 to December 31, 2018 for subprojects 1-50  January 1, 2018 to December 31, 2018 for subprojects 51-75.  Subprojects 76-100 not eligible to generate emission offsets in 2018.
Conservation Cropping (if not compiled annually)	January 1, 2018  Project plan submitted on or before May 1, 2018	January 1, 2018 to December 31, 2021  (protocol expires December 31, 2021)	Subprojects 1-50 listed in master planning sheet submitted to Registry May 1, 2018.  Subprojects 51-75 listed in updated master planning sheet submitted to Registry May 2, 2018.  Subprojects 76-100 listed in the updated master planning sheet submitted to Registry May 1, 2019	January 1, 2018 to December 31, 2021 for subprojects 1-50  Subprojects 51-75 not eligible to generate emission offsets in 2018, but may start on January 1, 2019.  January 1, 2019 to December 31, 2021 for subprojects 76-100

<b>Quantification Protocol</b>	<b>Offset Start Date</b>	<b>Aggregated Project Offset Crediting Period</b>	<b>Activity Start Dates and Updated Project Planning Sheet submission</b>	<b>Subproject Eligibility to Generate Offsets</b>
Agricultural Nitrous Oxide Emission Reduction	May 1, 2018  (date plan submitted to Registry)	May 1, 2018 to April 30, 2026  (8 years)	Subprojects 1-50 listed in an aggregated project planning sheet submitted to Registry May 1, 2018.  Subprojects 51-75 listed in updated project planning sheet submitted to Registry May 1, 2019.	May 1, 2018 to April 30, 2026 for subproject 1-50  May 1, 2019 to April 30, 2026 for subprojects 51-75.

## **1.2 Baseline Condition and Project Condition**

The baseline condition represents the specified gas emissions that would have occurred had the offset project not been implemented. It is quantified using the applicable protocol. The project condition describes the specified gas emissions that will occur once the project is implemented. Where the emissions from the project condition are less than the emissions from the baseline condition, the difference represents the specified gas emission reduction, or sequestration for the emission offset project.

## **1.3 Conservativeness**

Conservativeness is a principle that is defined as the use of conservative assumptions, values and procedures to ensure that specified gas emissions reduction or sequestration is not over-stated. Offset project developers must apply the principle of conservativeness when developing emission offset projects. If there is a decision point during project development where an offset project developer needs to decide on an approach to quantification, measurement, a flexibility mechanism etc. the project developer must choose a conservative approach. The choices should be rationalized and documented in the offset project plan.

A negligible emissions threshold has not been set for emission offset projects. Project emissions must be assessed according to the applicable quantification protocol. The quantification must include each relevant specified gas applicable to the project. The specified gases and applicable global warming potentials (GWPs) are listed in the Standard for Completing Greenhouse Gas Compliance and Forecasting Reports.

## **1.4 Expansion**

Where a greenhouse gas reduction activity is a result of expanding an existing facility or project, the expansion activity may be eligible to generate emission offsets. The offset project developer must submit a written request to the director for consideration of an offset project to be eligible to generate emission offsets for the expansion activity. The director will consider each request on a case by case basis and may approve or refuse the request. In addition to meeting all other program requirements the project developer must demonstrate that the following criteria are met:

- The expansion has increased production by more than 25 per cent,
- There is a clear accurate method for separating the emissions from the expansion activity from the original activity; and
- The investment in infrastructure is greater than 35 per cent of the cost to build a new facility capable of the same level of production as the expansion.

## **1.5 Right to Transact Emission Offsets**

In order for an emission offset project developer to sell emission offsets in the Alberta emission offset system they need to provide a statutory declaration stating that they have the ‘right’ to sell the emission offsets. The director relies on the statutory declaration as proof of the emission offset project developer’s right to transact.

The evidence of emission offset ownership may vary between projects and activity types, and may be more complex in the case of aggregated projects. It is the emission offset project developer's responsibility to ensure that they are the owner and/or have the authority to transact on the emission offsets associated with an emission offset project. It is also the emission offset project developer's responsibility to resolve any ownership disputes outside of the offset system process; the director and/or the department will not participate in ownership disputes.

### **1.5.1 Land Based Projects**

Aggregated agricultural land based projects are required to have proof of practice records for the project activity both at the location where the reduction occurred and with the third-party aggregator. Both proof of practice and consent from the land owner are required for projects to generate emission offsets.

Indian reserves are administered and controlled by Her Majesty the Queen in right of Canada ("Canada") for the use and benefit of a particular First Nation. A First Nation, a First Nation member or anyone engaging in relevant activities on reserve must enter into an agreement with Canada in order to claim emission offsets generated on reserve land.

Metis Settlement land is held in fee simple by the Metis Settlements General Council (MSGC) under letters patent issued by Her Majesty the Queen in right of Alberta. A Metis Settlement, a Metis Settlement member or anyone engaging in relevant activities on Metis Settlement land must enter into an agreement with the MSGC in order to claim emission offsets generated on settlement land.

## **1.6 Project Extension**

An offset project extension request must include the following information for the director's consideration in determining whether to grant an extension period:

- demonstration that the offset project continues to meet the Alberta emission offset system requirements,
- in the case of more than one extension, demonstration of the offset project's need for the continued emission offset generation, and
- explanation of any changes to the baseline condition and offset project condition.

The director will provide a decision to the request in a letter and a copy of the letter will be forwarded to the Registry. The decision will be posted on the Registry as part of the supporting information for the offset project.

Project developers who are applying to the director for an offset crediting period of ten years (with no potential for extension) must apply prior to submitting the offset project plan to the Registry.

## **1.7 Protocol Deviation Requests**

Emission offset project developers may apply to the director for a deviation when one or more of the requirements of a quantification protocol cannot be met. Common examples of appropriate use of a deviation request include: an emission offset project that has a source or sink that is not identified in the protocol, an emission offset project has a source or sink that can not be recorded or quantified as indicated in the protocol. The director will only consider deviation requests for quantification protocols, and will not grant deviations for other system requirements.

An application for deviation must identify which protocol requirements require a deviation and explain how the integrity of the quantification will be maintained if the deviation is granted. The director may consider a variety of factors, including but not limited to whether the deviation:

- will materially impact the quantification of emission offset tonnes in the project,
- will affect the additionality of the emission offset project,
- is conservative, and
- quantifies emission reductions that meet Alberta emission offset system requirements.

If approved, the director will issue authorization of the deviation with instructions to the emission project developer, and the deviation authorization will be filed with the Registry.

## **1.8 Protocol Flagged**

Protocols may be flagged for a number of reasons, including but not limited to:

- inconsistencies and/or errors in a quantification protocol,
- change in science,
- change in records requirements,
- potential for double counting,
- potential for double pricing of emission reductions,
- if the activity is no longer considered additional, and
- a change in regulatory requirements.

Flagged protocols will be assessed by the director to determine if the protocol will be withdrawn or withdrawn and replaced with a revised protocol; and how the offset crediting period or extension period of any existing emission offset project will be affected.

See section 4 (6-9) of Part 1.

## **1.9 Protocol Withdrawn**

See section 6 of Part 1.

Quantification protocols may be withdrawn for a number of reasons, including but not limited to:

- if the reduction activity
  - becomes required by law,
  - becomes directly priced,
  - could result in double counting of emission reductions,
  - is no longer additional,
- changes in science,
- errors identified in the protocol.

The reason for withdrawal will impact whether the protocol is replaced. It will also affect whether, and the conditions under which, any projects initiated under the withdrawn protocol may continue generating emission offsets.

Where a specified gas emission reduction associated with a quantification protocol becomes required by law, refer to section 6(6) of Part 1.

If a protocol is withdrawn because the reduction activity becomes required by law, the offset crediting period (or extension period) for existing projects will end immediately, unless the withdrawn quantification protocol is replaced with a new quantification protocol. If the protocol is replaced, the project must apply the new quantification protocol in accordance with Part 1 Sections 6(4) and (5).

If a protocol is withdrawn because:

- the reduction activity is no longer additional,
- there are changes in science, and/or
- errors have been identified,

and the protocol is replaced with a new quantification protocol, the project developer may choose whether to continue generating emission offsets using the withdrawn quantification protocol or using the new quantification protocol, in accordance with Part 1 section 6(3). The project developers for any existing

projects that apply a new quantification protocol must update the project plan, update the description of the baseline condition, update the description of the emission offset project condition, and use all applicable emission factors in accordance with the new quantification protocol.

If a protocol is withdrawn or withdrawn and revised because the reduction activity becomes priced or could result in double counting of emission reductions or for another reason not mentioned above, the treatment of existing projects will be determined by the director.

### **1.10 Requests to use more than one protocol**

Emission offset project developers may apply to the director for authorization to use more than one quantification protocol for the same emission offset project.

When reviewing requests to use more than one quantification protocol in an emission offset project, the director will consider if:

- the emission offsets quantified under each protocol must be directly connected through a shared emission reduction activity,
- the application explains how the project will meet all of the requirements of each protocol,
- the application identifies the risks for quantifying the offsets under more than one protocol, and
- the application outlines how the risks will be mitigated.

If an aggregated project is using more than one protocol, the project developer must submit an aggregated project planning sheet and reporting sheet for each protocol type.

### **1.11 Carbon Offset Emission Factors Handbook**

The Carbon Offset Emission Factors Handbook published by the Department (the “Handbook”) contains a listing of common emission factors and quantification methodologies that emission offset project developers use in initiating and implementing emission offset projects. Emission factors and quantification methodologies are subject to periodic updates. Emission offset project developers must use the most current version of the Handbook when initiating an emission offset project.

If the Handbook is updated during the offset crediting period or extension period of an emission offset project, the emission offset project developer may continue to use the emission factors from the version of the Handbook that the project was initiated under for a project report, or may choose to use the updated emission factors. When using updated emission factors in a project report, the emission offset project developer must (1) use all applicable emission factors in the Handbook, (2) reassess and apply the updated emission factors to the baseline and project conditions, and (3) record the use of updated emission factors in the offset project report. The emission offset project developer must not use emission factors from different versions of the Handbook in a single project report. In the case of aggregated projects, this means that the addition of a sub-project will automatically result in a requirement to update all emission factors to the most recent version of the Handbook.

If the Handbook is updated during the offset crediting period or extension period of an emission offset project, the emission offset project developer may continue to use the methodology from the version of the Handbook the project was initiated under for a project report, or may choose to use the updated quantification methodologies. When using an updated methodology in a project report, the emission offset project developer must (1) also update to all applicable emission factors in the Handbook, (2) reassess and apply the updated quantification methodology to the baseline and project conditions, (3) update the offset project plan, and (4) use the most current quantification protocol.

When an aggregated project adds a subproject by updating the aggregated project planning sheet or master planning sheet to an existing emission offset project, the emission factors and methodology for all subprojects must be updated to the most recent version of the Handbook.

## **1.12 Sources and Sinks**

An emission source is any process or activity that releases a greenhouse gas into the atmosphere. An emission sink is any process, activity, or mechanism that removes a greenhouse gas from the atmosphere. Each quantification protocol contains a detailed list of included and excluded sources and sinks applicable to the specific reduction or sequestration activity.

## **1.13 Validation**

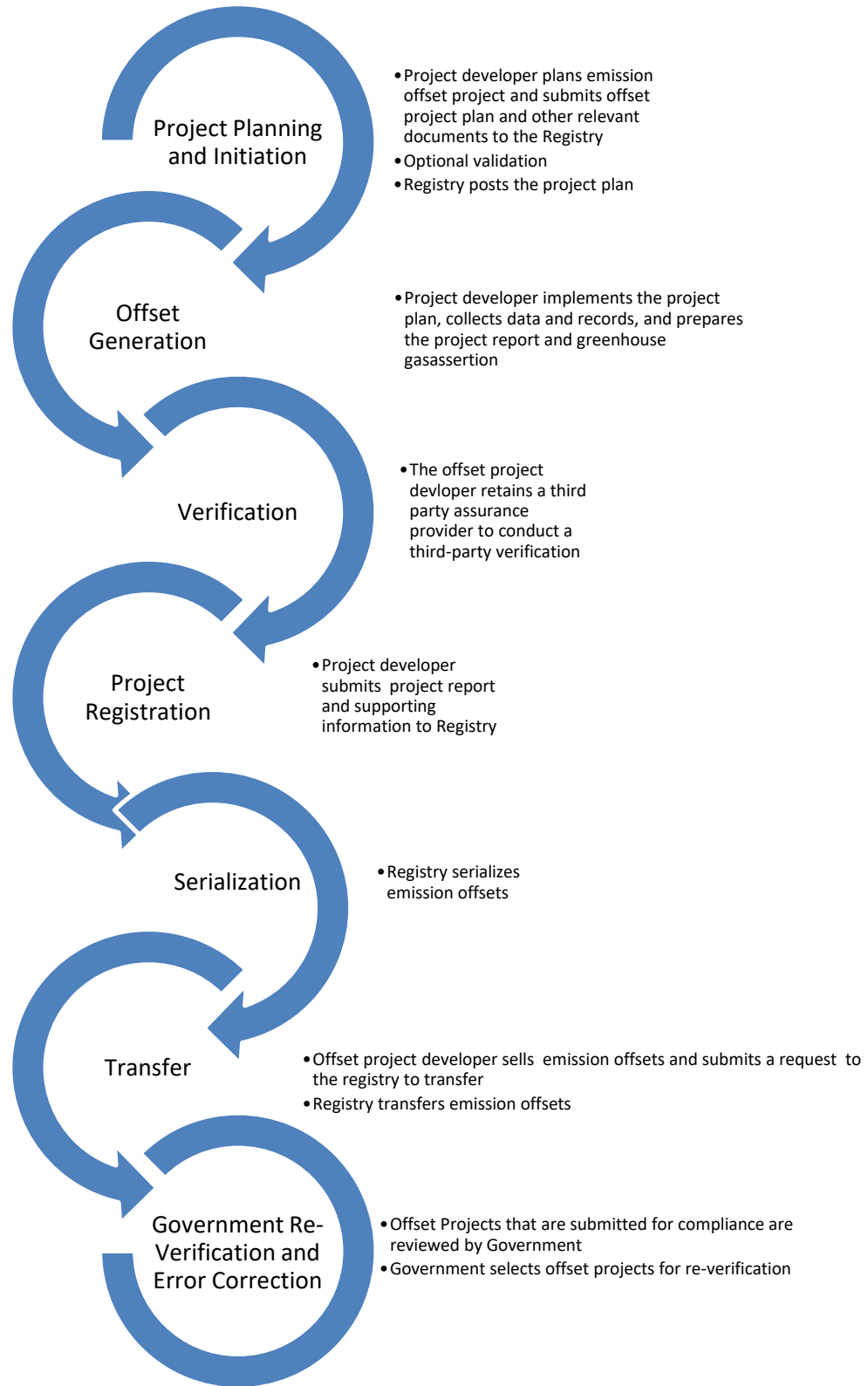
Emission offset project validation is optional in the Alberta emission offset system. Validation is initiated by the emission offset project developer to support the project design and inform appropriate monitoring, data collection, and calculations for the emission offset project. Validation occurs before the emission offset project begins and focuses on whether appropriate baseline and project conditions are used and whether the calculations of potential emission offsets are correct. Additional information on verification is provided in section 2.3 and additional information on project validation is available in ISO 14064.

## **2.0 Offset Project Lifecycle**

The offset project lifecycle in Alberta is illustrated in Figure 1 and a more detailed description of each step in the lifecycle is provided in section 2.0. During the development stage the emission offset project developer will assess the proposed project to ensure that it will conform to the Alberta emission offset system requirements.



**Figure 1: Description of Process of Emission Offset Project Lifecycle**



## 2.1 Project Planning and Initiation

Project initiation is a term used to indicate that the Registry has posted an emission offset project on the Registry. In order to initiate a project, the emission offset project developer must submit a complete project plan and other applicable documents to the Registry. The Registry checks the documents for completeness and, if complete, posts the emission offset project on the Registry. Registry processing times are generally 10 business days, however project developers can expect longer processing times during busy periods or if the Registry receives incomplete information. This does not constitute a validation, and the Registry does not assess whether an emission offset project conforms with regulatory or other standard requirements; this remains the responsibility of the offset project developer.

The project plan is developed prior to initiation and is a road map for the project. A project plan includes a description of project ownership structure and how the project will meet system requirements. The project plan is intended to be static for the entire project; however, there may be instances where the director requires an emission offset project developer to update the project plan. When the director requires a project developer to update the project plan, the director will indicate the deadline for updating the project plan. Examples of when a project developer is required to update the project plan include:

- extension granted,
- deviation granted,
- updating to use a new/revised approved quantification protocol or methodology,
- change in project condition that impacts the eligibility or quantification of sources and sinks,
- change of ownership to a project,
- if for any other reason an update is required by the director.

An emission offset project can be initiated at any time during the calendar year. Emission offset project developers should be aware that projects are not eligible for emission offsets if the project has applied for or sold renewable energy certificates, emission offsets in other jurisdictions, emission offsets in voluntary programs, or other policy/programs that require ownership of the environmental attribute.

## 2.2 Project Implementation and Emission Offset Generation

Offset generation is a term used to describe emission offset projects that are implemented and accruing emission offsets. During this time, the emission offset project developer is collecting data and records, tracking the implementation of the project plan and preparing the project report.

The project report is a document that describes the project operating conditions and the nature of the greenhouse gas emissions reduction or sequestration. The project report describes how the project was implemented relative to the project plan and any variance from the project plan must be documented in the project report.

The first reporting period begins on or after the offset start date. Reporting periods may not extend later than the last day of the offset crediting period (and in the case of a project granted an extension, beyond the last day of the extension period). The length of each reporting period is at the discretion of the offset project developer, however, the reporting periods of a single emission offset project cannot overlap with one another. The project developer will choose reporting periods that are most appropriate to minimize offset project administration costs while ensuring that emission offsets are marketed on desired timelines. Aggregated projects must use common reporting periods for all subprojects. Each project report associated with a reporting period must be verified. Once verified and submitted to the Registry, the project report is posted on the Registry.

## 2.3 Verification

Verification describes the process by which an objective third party assurance provider examines or reviews an emission offset project's project plan and report (including the greenhouse gas assertion) and provides an opinion or conclusion on the accuracy of the assertion. The emission offset project developer is responsible for ensuring that the third party assurance provider they retain meets the qualification and independence

requirements outlined in the Standard for Validation, Verification and Audit. The emission offset project developer is also responsible for providing the third party assurance provider sufficient information and access, including access to project site(s) and records, to evaluate the emissions reduction or sequestration claimed in the offset project report. The emission offset project developer is responsible for ensuring that all project information is complete and correct before the verification is finalized. This includes resolving any material verification findings identified. The emission offset project developer then submits the project report, the verification and other applicable documents to the Registry for project registration.

## **2.4 Project Registration**

Project registration is the term used to describe the process that the emission offset project developer follows to register an emission offset project and the emission offsets generated during the reporting period of the project report submitted. The emission offset project developer begins the registration process by submitting required documents to the Registry. After an emission offset project developer registers an emission offset project, the Registry will assign a serial number to each emission offset generated by the emission offset project during the reporting period.

Emission offset project developers may choose to register an emission offset project at any time and are not required to adhere to a calendar year unless required in the applicable quantification protocol. The deadline for facilities regulated under the Carbon Competitiveness Incentive Regulation to submit compliance reports is March 31. If an emission offset project developer is planning to sell emission offsets to a regulated facility who plans to use the emission offsets for compliance, the transfer must be complete prior to the compliance deadline. Only serialized emission offsets can be used for compliance. Emission offset project developers should allow adequate time for the Registry to serialize emission offsets. The Registry cannot guarantee processing and availability of emission offsets by the compliance deadline for projects registered after March 1.

## **2.5 Emission Offset Serialization**

Emission offset serialization (serialization) is a term used to describe the process the Registry follows when assigning unique serial numbers to emission offsets. Once an emission offset project developer completes the project registration process, the Registry performs a completeness check on all documents submitted. The Registry will work with the emission offset project developer to correct incomplete documents. The Registry does not certify or validate emission offsets. Once the emission offsets are serialized, the Registry will post the project report (which includes the greenhouse gas assertion) and the verification report.

Emission offsets for aggregated projects are not serialized by subproject. The Registry will not allocate tonnes based on percent ownership shares, or subproject ownership.

If the project is aggregated, the Registry will use the information provided in the aggregated project planning and reporting sheets to check for location duplicates within or between projects. The Registry will work with the affected project developers to resolve location duplicates and if a resolution can not be found, the director will withdraw emission offsets from the Registry.

The department will conduct an annual analysis of offset projects listed on the Registry to confirm that they have not been listed on another offset registry. If the department identifies a project that is listed on the Registry and another offset registry they will work with the affected project developer to resolve and if a resolution can not be found, the director will withdraw the associated emission offsets from the Registry.

## **2.6 Transfer**

Transfer is a Registry term used to describe the transaction of emission offsets from one owner to another. Transfer occurs after the emission offset project has been serialized. The buyer and the seller negotiate the details of the sale and once an agreement is reached, the offset project developer submits a request to transfer to the Registry. Applicable forms for Registry transactions are available online from the Registry. A list of the documents and actions required by the Registry transactions is show in Table 4.

## 2.7 Government Re-verification

The Government of Alberta re-verifies a sample of emission offset projects to ensure that emission offset projects meet Alberta emission offset system requirements. The re-verifications help to assess and inform the overall performance of the Alberta emission offset system and identify opportunities for improvement. The steps of the re-verification process and approximate timelines are shown in Table 2.

**Table 2: Government Re-verification Process and Approximate Timelines**

Steps of the Government Re-verification	Approximate Timeline
Emission offsets submitted for Compliance	March 31
Re-verification Selection and Offset Project Reviews	April/May
Procurement of third party assurance providers	May/June
Notification to Emission offset project developers and regulated facilities	June/July
Re-verification	July-September
Completion of Re-verification	October
Follow up and Re-verification if applicable	varies
Registry Corrections and Compliance True-up	varies

The compliance deadline for regulated facilities is March 31. The government typically re-verifies approximately 10 to 15 per cent of emission offsets submitted for compliance. The government may also re-verify a sample of other registered projects that may not have been used for compliance. Each emission offset project that is submitted for compliance is reviewed by the government. The purpose of an emission offset project review is to ensure completeness and identify potential risks with the project. The project review is not a re-verification or an assurance that the emission offset project meets all Alberta emission offset system requirements. The information from the offset project review is used in conjunction with a risk-based approach and a random component to select emission offset projects for re-verification.

Emission offset projects or emission offset project developers may be re-verified more than once to better understand how the projects are tracking emission reductions, or sequestration over time. Once the re-verification selection process is complete, the government will initiate the procurement process to retain third party assurance providers. Emission offset projects selected for re-verification are considered final and cannot be changed over the course of the re-verification. The emission offset project developers and regulated facilities will be notified in writing that their project/emission offsets have been selected for government re-verification.

The government re-verification process uses a similar approach to third-party verification. Third party assurance providers retained by the government must meet the requirements of a third party assurance provider outlined in the Carbon Competitiveness Incentive Regulation and the Standard for Validation, Verification, and Audit. Third party assurance providers will not be assigned to re-verify an emission offset project where there is actual or perceived conflict of interest.

The re-verification will be conducted in accordance with the Standard for Validation, Verification, and Audit. The third party assurance providers will work directly with the emission offset project developer to set up an appropriate re-verification schedule and to request supplemental information needed to complete the re-verification. Criteria for the re-verification are set by the government and the third party assurance provider. The verification plan is submitted to the government and a copy is forwarded to the emission offset project developer prior to the site visit. A site visit is required and emission offset project developers must enable this. Failure to allow access may result in a qualified verification finding, and could result in a compliance

investigation. The emission offset project developer can provide additional information during the re-verification to clarify how the project was implemented, but cannot make changes to the emission offset project or greenhouse gas assertion once the re-verification is initiated.

At the conclusion of the re-verification, the government will schedule a close-out meeting with the third party assurance provider to discuss key findings and preliminary results. The third party assurance provider will issue a draft and final verification report that summarizes any errors identified during the re-verification. Once the report is finalized, the government will host a re-verification close out meeting with the emission offset project developer and communicate the re-verification results. At the conclusion of the re-verification, the government will issue written notice to the emission offset project developer outlining the audit follow up process.

Where an error correction process is applicable, the government will notify the Registry that no further transactions will be allowed on the applicable tonnes until the error correction process is completed. If the errors are systemic, the scope of the error correction process may be expanded to other vintage years of that emission offset project or to other emission offset projects that were initiated and implemented by that developer. Any regulated facility that used the emission offsets from the emission offset project will be notified in writing that errors have been identified with the emission offset project.

In the event of an error correction process that requires a second re-verification, the verification team will, in most cases, be the same team that identified the initial error. However, an alternate re-verification team may be chosen. For second re-verifications, the verification team and emission offset project developer will be required to enter into a three-party agreement with the province. The offset project developer and the regulated facility will receive written notice from the director once the re-verification and, if applicable, second re-verification is closed.

Third party assurance providers contracted by the government are bound by Government of Alberta confidentiality requirements for data and must comply with all appropriate government regulations. Government contracts explicitly reference confidentiality requirements under the *Freedom of Information and Protection of Privacy Act*.

## **2.8 Error Correction**

Any corrective actions between the buyer and seller of emission offsets to address invalid emission offsets are beyond the scope of the government regulatory system.

### **2.8.1 Error Identified During Verification**

If a third party assurance provider identifies immaterial errors, the emission offset project developer is required to correct them on a go forward basis. It is the third party assurance provider's responsibility to ensure that immaterial errors from previous verifications are corrected when conducting a subsequent verification. If the third party assurance provider identifies material errors, the emission offset project developer is required to make corrections to the project report and greenhouse gas assertion before the verification can be completed. Once the project developer makes the corrections, the third party assurance provider must confirm the corrections and then may complete the verification.

The project report, including the greenhouse gas assertion and supporting information such as the aggregated project reporting sheet, cannot be changed once the third party assurance provider has signed the statement of verification. Changes made to documents after the third party assurance provider has issued a statement of verification will not be accepted.

### **2.8.2 Error Identified by Emission Offset Project Developer**

If an emission offset project developer becomes aware of errors that cause a previously issued verification to be incorrect or inaccurate, the emission offset project developer must apply the following error correction process. If the error is immaterial, the error is corrected on a go-forward basis. If the error is a material understatement, the error is corrected on a go-forward basis. Corrections may apply to the next reporting period and for the remainder of the offset crediting period and potential extension(s). Corrections cannot be made to claim missed tonnes from serialized emission offsets from previous project

registrations. If the error is a material overstatement, the error must be corrected in the report where the error was identified and a re-verification must be complete.

Once the re-verification is complete, the emission offset project developer must remove invalid emission offsets from the Registry to reflect the correction to the project report. In cases where emission offsets have been removed, regulated facilities will be required to true-up.

### 2.8.3 Error Identified During Government Re-verification

If a third party assurance provider identifies immaterial errors the project developer is required to correct on a go-forward basis. If the third party assurance provider identifies a material understatement, the error may only be corrected on a go-forward basis. Corrections may apply to the next reporting period and for the remainder of the offset crediting period and potential extension(s). Corrections cannot be made to claim missed tonnes from previous years. Corrections made due to follow up from government re-verification must be documented in subsequent project report and the scope of the verification of the subsequent report must confirm that corrective actions are complete.

If a third party assurance provider identifies a material overstatement, the error must be corrected in the report that is the scope of the re-verification and will be subject to a second re-verification as described in Part 1. The Director may also require the project developer to correct errors in previous project reports and/or on a go-forward basis.

In cases where emission offsets have been removed or cancelled, regulated facilities will be required to true-up. If new errors are identified, the emission offset project developer will have the option to have associated emission offsets cancelled or to repeat the re-verification.

### 2.8.4 Removal

Emission offsets must be removed from the Registry if an emission offset project developer identifies or becomes aware of a material overstatement in their project report. Removals are permanent and irreversible.

Emission offsets must be removed from the Registry if an emission offset project developer decides to sell their emission offsets elsewhere (e.g. voluntary market).

If a project developer would like to remove emission offsets, they must complete the required Registry forms. Emission offsets will be delisted and their status changed to removed, and will no longer be available for compliance. No further transactions are permitted on these emission offsets, and any corrective actions between the buyer and seller of emission offsets are beyond the scope of the Alberta emission offset system.

## 3.0 Registry Process

The Registry interface is a website that shows information about an emission offset project including project status, supporting documentation and unique serial numbers. The project status as defined by the Registry is shown in Table 3.

**Table 3: Registry Project Status Terminology**

Status	Description
Active	Emission offsets that have been serialized and posted on the Registry  These emission offsets are available for purchase or have been transferred from another company.
Pending Retired	Emission offsets that have been submitted to the government for compliance.  The emission offsets are no longer available for sale.

Retired	<p>Emission offsets that have been used for compliance by a regulated facility. The emission offsets are no longer available for sale.</p> <p>Emission offsets may be retired for a reason other than being submitted for compliance (i.e. voluntarily).</p>
Removed	<p>Emission offsets that have been withdrawn from the Registry due to errors identified by the project developer.</p> <p>Emission offsets that have been withdrawn from the Registry because the project developer has decided to sell their emission offsets elsewhere.</p> <p>The emission offsets are not available for sale.</p>
Cancelled	<p>Emission offsets that have been withdrawn from the Registry due to errors identified during government re-verification.</p> <p>The emission offsets are not available for sale.</p>

The emission offset project developer is required to submit specific documentation to the Registry at various stages in the emission offset project initiation and implementation process. The documents required by the Registry for project initiation, serialization, and transfer are included in Table 4.

Emission offset project developers should be aware that all Registry submissions are subject to a minimum 10 business day processing time. The Registry may require additional time if they identify issues during the completeness review outlined in Emission Offset Serialization. Partial or incomplete submissions will delay Registry processing times.

Applicable Registry processing fees are listed on the Registry. Late payment for transactions may result in transactions or projects being temporarily suspended until payment is received.

**Table 4: Actions and Documents Required for the Registry for Transactions**

Transaction	Actions Documents Required by Registry
Project Initiation	<p>Enter applicable Project Creation information for Registry processing within user account, Actions (previously referred to as Schedule D)</p> <p>Project Plan</p> <p>Validation Report (optional)</p> <p>Aggregated Project Planning Sheet (if applicable)</p> <p>Master Planning Sheet (if applicable)</p>
Project Registration	<p>Enter applicable Project Registration information for registry processing within user account, Actions (previously referred to as Schedule D)</p> <p>Project Report which includes the greenhouse gas assertion</p> <p>Third-Party Verification Report</p> <p>Statutory Declaration</p> <p>Aggregated Project Reporting Sheet (if applicable)</p>
Transfer Retirement	<p>Enter applicable Transfer information for registry processing within user account, Actions (previously referred to as Schedule D)</p>

The project developer may designate an ‘authorized project contact’ by completing the Registry forms. If a project developer has designated an authorized project contact, the department may contact the authorized project contact for administrative questions or to arrange a government re-verification. However, the responsibility for the project remains that of the offset project developer.

## 4.0 Records

Records are a key element to emission offset project initiation and implementation. The verification process relies heavily on the quality and availability of records. Attestation is not considered objective evidence and will not be accepted as a ‘record’. The types of records required to demonstrate that an offset project meets regulatory and protocol requirements will vary and should be clearly outlined in the project plan.

Records are required to be:

- Legible, identifiable, traceable;
- Centrally located;
- Dated;
- Easily located (easily searched);
- Orderly;
- Retained in accordance with section 29(4) and (5) of the Carbon Competitiveness Incentive Regulation;  
and
- Prevented from loss.

Project developers (including aggregators) are required to retain copies of all required records and any additional records needed to support emission offset projects. The project developer must establish and apply quality management procedures to manage data and information. Written procedures must be established for each measurement task outlining responsibility, timing and record location requirements. The greater the rigour of the management system for the data, the more easily a verification or re-verification will be conducted for the project.

Records are required to prove completion of the project as planned. Records include but are not limited to project plans, project reports, greenhouse gas assertions, invoices, contracts, metered results, maintenance logs, calculations, data, databases, photographs, calibration records etc. Project specific records requirements are identified in the quantification protocols and in the project plan. In the case of an aggregated project, individual project proponents should also retain sufficient records to demonstrate that the Alberta emission offset system requirements are met. Records must be available and be disclosed to a third party assurance provider or government third party assurance provider upon request.

### 4.1 Data Management

Data management can be manual, automated or a combination of the two, and may range from internally developed tracking sheets to third party software. Systems that rely more heavily on manual data transfers and excel spread sheets are inherently less robust than more automated systems. Automated systems, if correctly set up, tend to be less prone to error than manual systems, and therefore provide a higher level of accuracy and security around data handling. Project developers must develop and make available data flow charts for their specific system including sample calculations for all calculations used in the project. Third party assurance providers will want to assess the equations used in automated systems to ensure the data management systems are correctly calculating project information.

Data controls are procedures conducted to ensure that the data is complete, accurate, valid, and not subject to corruption. Data controls are integral to the data management system and should serve to meet the following objectives:



- Completeness – ensuring the data is complete according to the project plan and quantification protocol;
- Accuracy – ensuring the data has been calculated appropriately and the measurements reflect the correct values;
- Validity – making sure no erroneous information is introduced into the data;
- Restricted access – addresses the security of the data management system.

Controls should exist throughout the data management system, but are most essential whenever there is a transfer or exchange of data or information. Examples of data controls include passwords on computers, read access requirements on files, reasonability limits on data inputs, record length checks on file transfers, approvals and testing procedures for algorithm changes, distribution lists for reports, and management review of reports.

In all cases, developing and implementing good quality control/quality assurance (QA/QC) checks can reduce the likelihood of errors and improve confidence in the overall reporting. Security access also improves the overall robustness of the system and general comfort with the data.

Any comments or questions regarding the content of this document may be directed to:

Alberta Climate Change Office  
Regulatory and Compliance Branch  
12th Floor, 10025 – 106 Street  
Edmonton, Alberta, T5J 1G4  
E-mail: [AEP.GHG@gov.ab.ca](mailto:AEP.GHG@gov.ab.ca)

Original signed by: \_\_\_\_\_

Date: July 5, 2018

John Storey-Bishoff, Acting Executive Director  
Regulatory and Compliance  
Alberta Climate Change Office

## **APPENDIX A: Project Plan Form**

---

## **APPENDIX B: Project Report Form**

---