



Climate Action Reserve
Suite 710
818 W. 7th Street
Los Angeles, CA 90017
VIA EMAIL: policy@climateactionreserve.org

September 13, 2019

Dear Climate Action Reserve:

Re: Bluesource comments on draft “Canada Grassland Project Protocol Version 1.0”

Blue Source Canada ULC (“Bluesource”) is a leading developer of carbon offsets for compliance and voluntary markets in Canada and the U.S. We have knowledge and experience applying the U.S. Grassland Project Protocol Version 2.0 to quantify grassland emissions, as we have previously developed, and continue to develop, grassland projects in the U.S. We hope to leverage this experience in providing valuable insights on the proposed Canada Grassland Project Protocol.

Overall, the protocol is thorough and exhibits a strong understanding of best practices. Bluesource encourages CAR to utilize as much material as possible from the existing U.S. Grassland Protocol Version 2.0 to ensure project viability for Canadian participants.

Bluesource would like to highlight the following topics that are relevant to the Canada Grassland Protocol design:

1. **Real estate appraisals** needed to prove additionality
2. **Fossil fuel emissions** quantification in the project scenario
3. **Approval** from two qualified, certified or registered professionals
4. **Moderate** levels of project activity
5. **Project cooperatives**
6. **Organic soils** (histosols)
7. **Wetland** soil dynamics

Bluesource is pleased to submit the enclosed document, containing detailed feedback to specific design elements outlined in the ‘*Canada Grassland Project Protocol: Version 1.0*’ document for public comment. We would welcome the opportunity to provide further insight and/or clarifications on the areas we have presented.

Sincerely,

A handwritten signature in cursive script that reads "Jamie MacKinnon".

Jamie MacKinnon
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Bluesource Comments on *Canada Grassland Project Protocol Version 1.0*

Financial Threshold for Additionality

There is a very large opportunity for grassland project development in Canada, but its potential depends greatly on a reasonable and commercially practical approach to determining additionality through the performance standard test. Additionality is a staple requirement for all greenhouse gas emission reduction protocols and proving additionality through a financial barrier is important. However, requiring a certified real estate appraisal is both expensive and time intensive, and would represent a significant risk of sunk costs for prospective projects. This is likely to leave off-the-table a significant part of the project potential that is additional but is unwilling or unable to incur a significant financial deficit to make the case for additionality.

Fossil Fuel Emissions

Fossil fuel emissions quantification are conservatively omitted from the baseline scenario as they will be significantly higher than the project scenario due to the need for more fossil fuel use of field management practices. However, project emissions from fossil fuel combustion must be quantified for project activities that include the use of mobile or stationary equipment or vehicles that consume fossil fuels. Since it has previously been determined that the baseline fossil fuel emissions will be significantly higher, for simplicity, a more equitable approach is to omit the quantification of fossil fuel emissions from the project scenario as well, similar to forest carbon projects that involve fossil fuel emissions from harvesting equipment.

Valuation for Ongoing Grassland Management

A valuation for ongoing grassland management prepared and signed by a certified or registered professional qualified in the field of specialty interest and reviewed and approved by a second qualified, certified or registered professional seems excessive for appraisal reports. The approval from one qualified professional should be sufficient considering they are certified to do the valuation and have proven their qualifications in order to have obtained their title designation. The need for two registered professionals adds an extra element to the appraisal process that increases time and cost for delivery.

Moderate Levels of Project Activity

The language describing the eligible levels of seeding, fertilizer application, haying, forage harvesting, livestock grazing and/or irrigation is quite vague. Allowing "moderate" levels does not clearly define the eligible intensity for these project activities. We encourage CAR to omit any qualifier for grazing levels as it adds subjectivity to the determination of eligibility and does not contribute value to the protocol.

Project Cooperatives

Bluesource supports the idea of allowing project cooperatives and Cooperative Developers as it incentivizes small-scale landowners to participate in avoided grassland conversion projects that would otherwise be nonviable due to verification and administration costs.



Suitability Threshold for Additionality

Bluesource recommends including the eligibility of organic soils (histosols) as this specific soil type stores the most carbon. Peatlands are included under this soil classification and store 30% of the world's soil carbon. One third of the world's peatlands are found in Canada, however they are heavily mined, which demonstrates a strong argument towards the inclusion of organic soils in avoided grassland conversion projects.

Wetland Soil Dynamics

The storage of additional carbon over time in the project scenario is conservatively excluded, however it's included in the baseline. Justification for this is encouraged within the protocol and an assurance that the difference in carbon credits would be minimal. Otherwise the addition of carbon storage in the baseline seems unjust.