April 16, 2021

**Saskatchewan Ministry of the Environment (MOE)**
**APAS Comments on the Saskatchewan Greenhouse Gas Offset Program Proposal Paper**

The Agricultural Producers Association of Saskatchewan (APAS) welcomes the opportunity to provide comment on the "Saskatchewan Greenhouse Gas Offset Program" proposal paper. Our organization strongly believes that agriculture has a pivotal role to play in both reducing and mitigating Canada's GHG emissions.

Agricultural soil carbon sequestration is currently the largest source of offsets to carbon emissions, and governments record these offsets in their GHG inventories.

Soil carbon sequestration also has great potential for future sequestration. With 40% of Canada's farmland, Saskatchewan producers can play a major role in carbon management by using well-designed tools such as properly functioning carbon offset markets.

Unfortunately, arbitrary and non-scientific administrative rules around penetration rates and additionality will allow governments to continue to take credit for agricultural emissions offsets in their inventories while agricultural producers will lose their ability to benefit from their carbon offset activities.

## About the Agricultural Producers Association of Saskatchewan

As Saskatchewan's general farm organization, we serve as the voice of thousands of farmers and ranchers who manage over 40% of the cultivated farmland and 35% of total pastureland in Canada. The careful management and stewardship of these lands positions Saskatchewan producers as a strategic asset in efforts to address climate change. Saskatchewan producers also generate 30% of Canada's agricultural exports, worth over 15 billion dollars annually and help to support tens of thousands of jobs across Canada.

APAS believes that if Canada is to achieve its target to increase agricultural exports while meeting its commitment to reduce GHG emissions by 2030, provincial offset policies must recognize the work of agricultural producers to increase both their sequestration potential and the essential services they provide by managing carbon on the agricultural landscape.

The proposal paper clearly states that the provincial offset program was developed to provide recognition for non-regulated reductions in provincial GHG emissions. It then goes on to note that some existing activities, such as zero tillage farming practices, may

not be eligible to earn offset credits, even if they continue to reduce GHG emissions year-over-year. The inconsistency of these two positions represents a clear flaw in the fundamental principles being proposed under this provincial offset system that disproportionately impact the agricultural sector. Scientific evidence supports that agricultural producers have made one of the largest contributions to climate mitigation in Saskatchewan and deserve full recognition for past, present, and future efforts.

## APAS Commentary on the Proposed Options for Provincial and Federal GHG Offset Systems

APAS strongly advocates to ensure that climate change policies recognize the full impacts that carbon pricing has on trade and climate-exposed sectors like agriculture. Agricultural producers are price takers when selling into an international market and do not have the same ability to pass on additional costs to consumers.

APAS supports a regulatory structure for offsets that separates biological sinks from industrial/point source emissions reductions and mechanical or chemical technologies. There is a stark difference in the time and effort required to permanently sequester a tonne of carbon versus the installation of a device that temporarily controls emissions. Saskatchewan has a rare opportunity to improve on the federal government's proposed offset system through the separate distinction and handling of biological sinks, and this could help create and inform more effective federal policies.

### Baselines, Additionality, and Penetration Factors in Agriculture

Agricultural operations represent a unique set of circumstances when attempting to apply concepts like baselines and additionality. Our sector does not have a "business as usual". Each growing season presents a different set of production factors requiring flexibility in policies that apply to the sector. Changes in climatic and trade conditions force producers to constantly make decisions in response to environmental conditions and market signals.

It is the responsibility of governments to understand these signals and provide incentives for decisions that will both protect and enhance existing carbon sinks on the agricultural landscape. These incentives should include recognition of early adoption of zero tillage in order to prevent the creation of a negative incentive to remove carbon and return it to the soil.

Agricultural producers are already major players in carbon sequestration with Saskatchewan crop producers sequestering an additional 8.5 megatonnes of carbon through improved management practices every year. Additionally, ranchers and pasture patrons oversee storage of over 2 billion tonnes of carbon on prairie grasslands with a significant potential to further increase their mitigation. The provincial government's proposed regulatory approach to reject GHG reduction or mitigation practices from offset incentivization once they reach an adoption rate of 40% is not science-based and represents a short-sighted and arbitrary administrative decision that would reduce the maximum environmental and economic benefits these practices could achieve.

Once a GHG reduction or mitigation practice is no longer supported by incentivization, it becomes exposed to climatic and market signals that could result in discontinuation of the practice and even reverse sequestration it has already achieved. This is why practices regarding biological sinks must be viewed through a long-term scientific lens rather than an administrative one with the goal to maximize the number of beneficial practices being used in agriculture.

A lack of recognition for current beneficial agricultural practices will decrease the uptake of future technologies and practices and undermine producer confidence in the structure of the entire offset program.

## Offsets and Aggregators

APAS does not support the use of aggregators in agricultural offsets because they create minimal administrative value while taking an inordinate share of proceeds from offset sales. Our members would prefer administration by an independent body that has no financial stake in the process, plus no incentive to structure ongoing offset design to favor their own interests. The perceived integrity and eventual success of an offset system requires a level playing field that maximizes environmental benefits and economic benefits for producers.

## Drafting and Review of Protocols

Draft offset protocols should be considered at the sector level with a stakeholder consultation that involves only those directly involved in the activity. This approach will ensure that each protocol follows the latest scientific understanding within the sector and ensure identification of policy barriers to adoption that could be faced by the stakeholders.

Offset protocol review should also take place at the sector level with stakeholders and researchers that are directly involved in the activity. This approach would allow for new science to be brought forward and allow for examination of whether the policies behind the offset have been effective.

## Proposed Method to Guard Against Reversal

Other jurisdictions like Australia have decided not to discount sequestration to account for removals or reductions.

Instead, they offer a portion of the credit value up front as a means of incentivizing the adoption of a practice, then hold the balance of the credit until the practice is validated and maintained. Some flexibility is also required to account for changing conditions in each growing season that should be included in the offset criteria – for example the need to till in response to very wet conditions.

## Maximizing Environmental Benefits from Agricultural Practices

Ideally, government programs to incentivize farm stewardship should be integrated. For example, carbon offset programs should compliment efforts to reduce emissions from fertilizer or reforestation and wetland retention. Much more can be achieved through an integrated approach to program development.

We appreciate the opportunity to provide comments on the proposal paper and look forward to further discussions.

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