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Submitted to:

Jennifer Legere – Head, Strategic Procurement & Governance, ECCC
jennifer.legere@tpsgc-pwgsc.gc.ca

Re: Considerations for PSPC on procurement of GHG offset credits

The International Emissions Trading Association (IETA) appreciates this opportunity to reach out to the Public Services and Procurement Canada (PSPC) regarding the open request for information on greenhouse gas offset credits (“the RFI”). While IETA strongly supports PSPC’s recognition of offset credits as a key component of Canada’s net-zero emissions strategy, we urge the PSPC to expand its scope to consider exploring Article 6 aligned carbon market opportunities. **Specifically, we encourage PSPC to adopt a comprehensive approach to Canada’s offset procurement that includes both domestic and international opportunities.**

Article 6 of the Paris Agreement provides a framework for international cooperation in the implementation of nationally determined contributions (NDCs) through market mechanisms. These mechanisms, including emissions trading and carbon offsetting, offer cost-effective solutions for reducing greenhouse gas emissions and promoting sustainable development.

Canada’s Evolving Procurement Strategy

As the central purchasing agency of the Government of Canada, PSPC plays a critical role in shaping procurement policies and practices that can have significant implications on climate action, finance and impact. Given the urgent need to tackle climate and direct both public and private dollars into real mitigation activities, it is essential for PSPC to adopt a comprehensive approach to offset credit procurement that includes both domestic and international avenues to support policy objectives. We urge PSPC to create criteria and capacity into its evolving procurement program, which enables the Government of Canada to directly purchase both domestic and international, Article 6-aligned mitigation outcomes.



Further Research and Resources

[IETA's research with the University of Maryland](#) research finds that near-term, cooperative implementation of NDCs using Article 6 international transactions could substantially reduce the resources needed to achieve emissions reductions compared to independently achieving NDCs.¹ These results support our argument that PSPC can exponentially expand their value proposition by engaging and facilitating transactions in international carbon markets, while simultaneously incentivising Canada's climate efforts with measurable, traceable impacts.

International offset procurement offers several other notable benefits:

- ✓ **In combination with domestic mitigation opportunities, it provides PSPC with access to a diverse portfolio of emission reduction and removal opportunities.** This includes projects in sectors or regions where mitigation potential is high but financing opportunities are limited. By tapping into international markets, PSPC can optimize its offsetting efforts and achieve greater emissions reductions at lower costs.
- ✓ **International offset procurement promotes global collaboration and incentivizes emission reductions and removals across countries and sectors where climate action is most needed.** By supporting international projects that deliver environmental and social co-benefits, PSPC can contribute to sustainable development and poverty alleviation efforts while achieving Canada's reduction goals.

In addition, we highlight two recent (December 2023) papers that elaborate on near-term opportunities for Canada, carbon markets and the international finance dimension. First, IETA co-authored a December 2023 report with Resilient LLP and PPF entitled "[Article 6 Opportunity for Canada: Blueprint to International Carbon Market Cooperation](#)".² The report outlines the benefits of Article 6 international engagements with specific considerations for Canada while underscoring the urgency to move forward with concrete signals and actions on international Article 6-aligned market cooperation.

¹ <https://www.ieta.org/initiatives/modelling-the-economic-benefits-of-article-6/>

² https://www.ieta.org/wp-content/uploads/2023/09/IETACAN_A6Paper_082023.pdf



IETA also published a report in the lead up to COP28 in December 2023, "[How Government Can Implement NDCs Cooperatively and Encourage Private Sector Investment](#)" providing recommendations and "ingredients for success" to support countries' Article 6 engagement action.³

Once again, IETA strongly **believes that PSPC has a unique opportunity to build in capacity for the procurement of Article 6 units to more efficiently service Canada's climate targets and goals.** We appreciate your time and attention to this request. Please contact Sam Grootelaar at grootelaar@ieta.org, if you have questions or would like to learn more about the opportunities for Canada and PSPC across the growing international carbon market landscape.

ABOUT IETA: For over 20 years, IETA has been the leading international business voice on robust markets solutions to tackle climate change, while driving clean finance at scale. Our non-profit organization represents over 300 companies, including many with operations and investments across Canada and Canada's largest global trade partners. IETA's expertise is regularly called-upon to inform carbon market solutions that deliver measurable climate outcomes, address competitiveness and carbon leakage concerns, balance efficiencies with social equity and support a just transition. www.ieta.org

³ https://ieta.b-cdn.net/wp-content/uploads/2023/12/IETA_IWG_Article-6-Discussion-Paper_V2.pdf

