

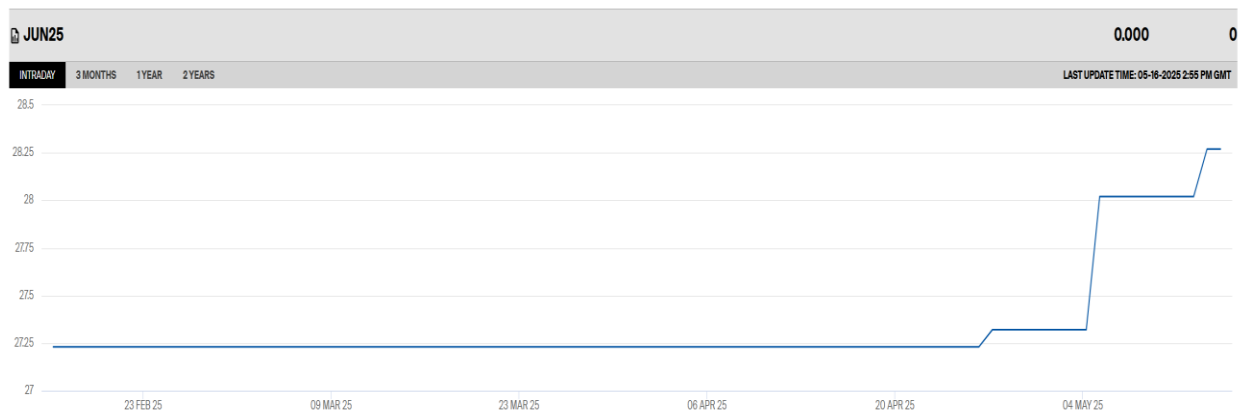


BIOLOGICAL
CARBON
CANADA

May 2025

Small Rise in Price for May

The nearby price for Alberta's offsets and production credits is steady to a dollar higher.



Our Commentary

There is still an abundance of production credits.

Price Cap

The Government of Alberta has frozen its OBSP price at \$95/tonne, using tariffs as a rationale.

Our Commentary

There is a price cap, and Alberta will now be out of sync with the federal backstop legislation. It gives the companies subject to the OBSP some price certainty over the short term, but with production credits' availability, their compliance costs are currently at \$28-29/tonne, not \$95.

For the few agricultural credits still unsold on the registry, there is little pricing upside at the moment.

Follow-up on the Right to Repair.

As you may know, the proposed changes to the Copyright Act related to Bill C-224, which introduced the 'right to repair,' were given royal assent in November 2024.

The amendments are now in force as law.

You may also be aware that BCC provided comments last year on this issue, particularly in the areas where driving automation and other smart systems on farm machinery can reduce GHG emissions in addition to other tangible farm benefits.

Bennett Jones recently discussed these issues in one of their newsletters. Below is their assessment.

In a significant development for farmers and the agricultural industry, amendments made last year to the Canadian Copyright Act have introduced new exemptions related to the right to repair and digital interoperability. These changes have implications for how farmers can maintain, repair and integrate their digital equipment.

Our previous article, Agricultural, Automotive and Consumer Electronics Industries—Right to Repair Legislation Carries Significant Impacts, discussed

the proposed changes to the Copyright Act in relation to Bill C-224. In November 2024 this bill received royal assent, and the amendments are now in force as law.

Technological Protection Measures (TPMs)

Prior to the recent amendments, the Act prohibited circumventing 'technological protection measures' (TPMs), commonly referred to as digital locks, with limited exceptions.¹ TPMs are mechanisms, either software or hardware-based, that are designed to safeguard copyrighted content and sensitive data in the digital realm. TPMs can take various forms, including password protection, encryption, hardware-based limitations incorporated into files or devices, and digital signatures.

In the agricultural context, TPMs are commonly used to restrict access to the software that runs farming equipment. Often, this access is necessary for tasks like repairing the equipment (such as diagnosing error messages) or connecting it with third-party attachments. From the equipment manufacturer perspective, these software locks are an important means of product control.

Right to Repair

The new amendments to the Copyright Act now allow individuals to bypass TPMs for the purpose of maintenance, repair, or diagnostics without infringing copyright.² This applies to both individuals repairing their own devices and professional repair technicians hired by others. However, it's important to note that while the right to repair allows for the circumvention of TPMs, it does not legalize subsequent copyright infringement³ or the offering of services primarily intended to circumvent TPMs (without actual repair).

Digital Interoperability

The amendments also address digital interoperability, which is the ability of different digital systems to work together. The changes to the Copyright Act allow users to bypass TPMs to enable programs or devices to interoperate with other programs or devices.⁴ This is particularly relevant for farmers who need to integrate equipment from different manufacturers into their machinery (e.g., attachments or other auxiliary tools).

Automotives and Consumer Electronics

Beyond the agriculture sector, the right to repair legislation also impacts industries like automotive and consumer electronics, where repair functions are often restricted by software. Under the new amendments, car owners can now circumvent TPMs to legally access software-restricted features to fix their vehicles, and consumers can repair their electronics without violating copyright law. These changes also allow aftermarket automotive dealers to legally perform vehicle diagnosis repairs, while third-party repair services can service consumer electronic devices. However, this exemption is strictly limited to repair and maintenance or allowing interoperability—it does not permit unlocking or enabling new features that were originally restricted by the original equipment manufacturer (OEM). The amendments also allow circumventing TPMs to enhance digital operability of vehicles and consumer electronics.

Our Commentary

There is a new issue that should be debated, and then lobbying efforts are needed. Does the current definition of farm machinery in the different lemon laws across the prairies cover this new set of assets being purchased by farmers?

More Troubles with Grasslands

In a previous newsletter, BCC discussed issues with the Northern Kenya Rangelands Carbon Project. They are back in the news.

Verra has suspended issuing credits from the project. Court records indicate Meta, Netflix, and other large non-industrial companies have purchased carbon credits since 2012.

In their statements to the Kenya court, Verra said the project is now under review for any “material non-conformances” with its rules on carbon credit certification.

Further reading of the various arguments being made is the underlying issue of free, prior, and informed consent. There are arguments that this project impacts the Maasai people of northern Kenya, and there is conflict in defining project leakage (the livestock staying inside the project lands).

The other interesting comment from the Kenyan Court was that the two conservancies have a duty of public comment. Both conservancies have to go back and fix their incorporation deficiencies.

Our Commentary

This is not a new issue, which will again put downward pressure on the voluntary price.

Even though it is not binding in Canada, there is an interesting twist regarding a nature-based conservancy's need to conduct a public comment session before or during its involvement with a carbon project, especially when it holds the other side to any agreement or interest in the land contract.

BCC expects more to come on this issue.

The Scope 3 Market

Reading the new/updated Voluntary Carbon Markets Integrity Initiative (VCMI) Scope 3 Code of Practice does require coffee. The Code is written for the main businesses needing to understand and calculate their emissions from their upstream suppliers. Agriculture is one of those upstream suppliers.

This statement is in the middle of the document and is worth noting.

As with Carbon Integrity Claims, the Scope 3 Action Code of Practice requires companies to set a science-aligned emission reduction target, follow established measurement and reporting protocols, and use high-quality carbon credits, all independently validated.

What does this mean?

Canada's ag sector will need to build a standard set of protocols and coefficients for its downstream users. In practice, the net tonne from a parcel of growing canola is the same as that net tonne from a slaughtered steer.

The sector's current practice is good marketing techniques where the emissions claims are not aggregated from the industry but use time-based LCA's, over production outputs.

The new wrinkle is the added audit process that a user of the scope 3 data must follow and implement.

In practice, locally, BCC does talk about how a company is paying \$0.30 a bushel for data at their pea processing plant near Strathmore. Now, they must validate the GHG data from each pea seller.