Federal Offset Protocol Overview:

Reducing Greenhouse Gas Emissions from Refrigeration Systems

Project Type Description

Commercial and industrial refrigeration and air conditioning systems are found in many facilities across Canada, such as retail food stores, malls, ice rinks and cold storage warehouses. These systems release refrigerant during equipment installation, routine operation and maintenance, initial refrigerant charging, or re-filling (top-up). The transition away from refrigerants that contain hydrofluorocarbons (HFCs) with high global warming potentials (GWPs) can help minimize greenhouse gas (GHG) emissions from unavoidable equipment leaks.

Eligibility

A project implemented following the protocol must meet the following conditions to register in Canada's GHG Offset Credit System:

- **Location:**
  - The project takes place in any province or territory in Canada, except British Columbia.
    - However, a project located in British Columbia and registered before May 22, 2026, can remain registered until the end of the crediting period.
  - If the project includes the destruction of HFCs, the destruction occurs in Canada.
- **Additionality:**
  - GHG emission reductions generated by the project are not already incentivized by carbon pricing and do not occur as a result of federal, provincial or territorial regulations.
  - The proponent is not required to retrofit or replace a pre-existing refrigeration system or its refrigerant.
- **Baseline conditions:**
  - There is no pre-existing system at the project site or there is a pre-existing system that is either a stand-alone medium or low temperature refrigeration system, centralized refrigeration system, condensing unit, chiller, commercial air conditioning system or a heat pump.
  - The pre-existing refrigeration system has been using the same refrigerant and operating on the project site for more than three years prior to the project start date. It does not use a refrigerant which consists entirely of ozone-depleting substances.
- **Eligible project activities:**
  - The proponent can retrofit a pre-existing refrigeration system to use an eligible refrigerant or install a new refrigeration system containing an eligible refrigerant.
  - The high-GWP refrigerant taken out of a pre-existing refrigeration system is sent to an authorized destruction or reclamation facility in Canada.
- **Eligible refrigerant:**
  - The refrigerant used in the project has a GWP lower than values provided in the protocol or, if lower, the relevant GWP limit imposed by the province or territory in which the project is located.
  - Eligible refrigerant GWP is lower than that of the pre-existing system, if there is one.
  - Ammonia is not an eligible refrigerant if a new refrigeration system is being installed and there is no pre-existing system in place.

Project start date:

- The first day that a retrofitted or newly installed refrigeration system provides cooling is the project start date.
- The registration application of a project is submitted within 18 months after the project start date.

GHG emission reductions generated from destroying, reducing, or replacing ozone-depleting substances are not eligible under this protocol.

Quantification

GHG emission reductions generated by a project are based on the difference between GHG emissions due to the leaks from a high GWP refrigerant system that would have occurred in the absence of the project (baseline scenario) and the GHG emissions due to the leaks from a low GWP refrigerant in a retrofitted or newly installed refrigeration system in the project (project scenario).

Measurement and Data

There is no direct measurement of refrigerants or system leaks required as default values and data from the manufacturer of systems are used in the quantification. The proponent is required to maintain records of all data and estimation methodologies used, including for refrigerant charge size and mass of refrigerant extracted from pre-existing refrigeration systems.

Reporting and Verification

To be issued offset credits, the proponent must prepare a project report for each reporting period to demonstrate project compliance with requirements:

- The first reporting period is one year, and subsequent periods can be up to three years.
- Project reports must be verified by an accredited verification body.
- If applicable, the proponent must provide an HFC destruction certificate from an authorized destruction facility along with the first project report.

Other Key Requirements

- GHG emission reductions must be unique. The same reductions cannot earn credits under another offset system, program or other GHG crediting mechanism.
- The proponent must have exclusive entitlement to claim the credits issued for the GHG emission reductions generated by a project.
- Projects can be aggregated, but they must be located in the same province or territory.
- 3% of credits issued for a project are deposited in the environmental integrity account.
- A project can generate credits for ten years; however, eligibility for credit issuance stops if the GHG emission reductions become required by law. There is no opportunity for crediting period renewal.

Disclaimer

The information in this document is intended for communication purposes only and reflects the latest version of the *Reducing Greenhouse Gas Emissions from Refrigeration Systems* federal offset protocol. It does not replace the requirements set out in the protocol or the *Canadian Greenhouse Gas Offset Credit System Regulations*. Please refer to these documents for a complete list of rules and requirements. In the event of any conflict or difference between this protocol overview and any legal requirements, the latter prevail.

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