

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Honourable Michelle Mungall, Minister of Energy, Mines and Petroleum Resources

II ISSUE: BC's ability under Article 6 of the Paris Climate Accord to enter into agreements with other jurisdictions to share emission reductions.

III BACKGROUND:

There are a variety of policy mechanisms to reduce Greenhouse Gas (GHG) emissions associated with energy project developments, which are being analyzed further by the Ministry of Energy, Mines and Petroleum Resources (EMPR) and the Ministry of Environment and Climate Change Strategy. Those mechanisms include electrification policies, new emission offset policies and international agreements for sharing emission reductions. This note highlights key issues with the latter approach involving international agreements.

The Paris Climate Accord was signed by Canada and 194 other countries in December 2015, and provides a framework of commitments through which State parties (Canada) will work to keep the increase in global temperatures to less than two degrees above pre-industrial levels.

Internationally Transferred Mitigation Outcomes (ITMOs) are described in Article 6, Paragraph 2 of the Paris Climate Accord with respect to cooperative approaches towards Nationally Determined Contributions (NDC). These cooperative approaches allow parties to make emission reducing investments in each other's jurisdictions, and to trade emission reducing products and services. Additionally, it allows countries to enter voluntary agreements on what share of the reductions to NDCs achieved would "belong" to which jurisdiction.

Non-parties (including sub-national governments such as provinces) may utilize Article 6 and engage in ITMOs when authorized by a state (Canada) signatory. ITMOs are a mechanism to mitigate BC GHG emissions from industrial development, recognizing the net benefit from a global perspective.

The Rulebook that gives substance to the Paris Climate Agreement was intended to be finalized at the Conference of the Parties (COP24) in Poland in December 2018. That decision was postponed. Discussions will continue at COP25 in December 2019, and it is unlikely that international rules will be established before 2020.

IV DISCUSSION:

BC's liquefied natural gas (LNG) export interests are naturally aligned in the Asia Pacific region, and the Province has an opportunity to advance and establish an LNG export industry with

respective countries such as Korea or Japan. Japan is the world's largest LNG importer and ranks in the top four countries for the highest coal imports.

BC's natural gas has much lower carbon intensity than similar products from other jurisdictions due to high regulatory standards and the availability of renewable, clean electricity. s.13
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BC has been vocal with Canada in respect to ITMOs and has advocated for a robust but accessible institutional architecture within Canada so that provinces, territories and businesses can obtain authorization from Canada to engage in ITMOs in a timely manner. Further work will have to be done on what the province and the federal government is willing to exchange in return for gaining the ITMOs (e.g. lower LNG prices, other trade concessions).

V CONCLUSION:

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Emission trading could be a mechanism to mitigate BC GHG emissions from industrial development by offering an internationally recognized path for sharing reductions.

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II ISSUE: Article 6 of the Paris Climate Accord

III BACKGROUND:

The Paris Climate Accord was signed by Canada and 194 other countries in December 2015, and provides a framework of commitments through which State parties will work to keep the increase in global temperatures to less than two degrees above pre-industrial levels.

Internationally Transferred Mitigation Outcomes (ITMOs) are described in Article 6, Paragraph 2 of the Paris Climate Accord with respect to cooperative approaches towards Nationally Determined Contributions (NDC). These cooperative approaches allow parties to make emission reducing investments in other jurisdictions, and to trade emission reducing products and services. It allows countries to enter voluntary agreements on what share of the reductions to NDCs achieved would “belong” to which jurisdiction.

ITMOs are a mechanism to mitigate BC GHG emissions from industrial development, by counting carbon reductions and net benefit from a global perspective.

The Paris Climate Agreement was intended to be finalized at the Conference of the Parties (COP24) in Poland in December 2018. That decision was postponed.

IV DISCUSSION:

s.13

BC has been vocal with Canada in respect to ITMOs and has advocated for a robust but accessible institutional architecture within Canada so that provinces, territories and businesses can obtain authorization from Canada to engage in ITMOs in a timely manner.

At the recent Council of the Federation and Western Premiers engagements Premiers called on the federal government to support emission credit trading across international borders and work with provinces and territories on a strategic approach to finalize the rules under Article 6 of the Paris Agreement.

This includes ensuring provinces and territories get full credit for reductions resulting from actions in their jurisdictions.

V CONCLUSION:

Having the ability to utilize emission trading, through Article 6 of the Paris Climate Accord or bilaterally is a priority to ensure further industrial development fits within the BC climate plan.

Emission trading could be a mechanism to mitigate BC GHG emissions from industrial development by offering an internationally recognized path for sharing reductions.

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