

**MINISTRY OF ENVIRONMENT  
MEETING INFORMATION NOTE**

May 1, 2015  
File: 0280-40  
CLIFF/tracking #: 283665

**PREPARED FOR:** Wes Shoemaker, Deputy Minister of Environment

**DATE AND TIME OF MEETING:** May 14, 2015

**ATTENDEES:** CCME F/P/T Deputy Ministers of Environment

**ISSUE(S):** Update for June CCME meeting: long run federal-provincial-territorial cooperation mechanism on climate change.

**BACKGROUND:**

At their September 2014 meeting, FPT Environment Ministers agreed that climate change will be on the agenda for CCME moving forward on an ongoing basis, with the United Nations Climate Change Conference in Paris as the topic of their meeting in 2015. After 2015, the Ministers, in collaboration with senior officials, will decide the topics for the following years.

To support a constructive discussion on climate change at CCME, the Environmental Planning and Protection Committee (EPPC) created a Climate Change Champions Group chaired by British Columbia and including Alberta, Canada, Newfoundland and Labrador, Ontario and Québec to develop background materials. The Champions Group subsequently prepared:

- A presentation highlighting current and planned jurisdictional actions on climate change mitigation and adaptation; and
- Recommendations for the establishment of a long-term cooperation mechanism among jurisdictions and suggested topics for discussion at future meetings.

**DISCUSSION:**

Staff at the BC Climate Action Secretariat prepared both the presentation on jurisdictions' climate actions, and the proposal for a long-run cooperation mechanism. As such, BC is satisfied that both pieces reflect an accurate balance of the views and interests of both BC and our FPT colleagues.

BC's view is that while PTs can do much to reduce Canada's overall emissions, federal involvement is also essential. <sup>s.13,s.16</sup>  
<sup>s.13,s.16</sup>

The commitment that climate change would be an agenda topic for CCME going forward was, therefore, a welcome one, and the development of a long-run cooperation mechanism to facilitate this is an important milestone to 'lock-in' this commitment.

With respect to the DMC and CCME meetings themselves, BC's view is that while the presentation on jurisdictions' climate actions is a useful background document, its main utility is as a segue to the discussion about how FPT jurisdictions will cooperate on climate change issues going forward. In particular, the final slides in the presentation point out that there is a significant gap between Canada's emission reduction targets and the emission reductions likely to be achieved by FPT jurisdictions' existing climate action commitments. This should lead naturally to a discussion about how jurisdictions will cooperate going forward to achieve greater emission reductions. In managing the meetings, it will be important to move quite quickly through the presentation and leave adequate time for discussion on cooperation going forward.

The long-term cooperation mechanism is COP focus as the international process provides an existing structure that can facilitate an on-going regular engagement between the federal government and the PTs. The mechanism also suggests certain schedule of discussion topics; however, it will be important to be flexible regarding this schedule. For example, the territories are predominantly interested in adaptation and are likely interested in discussion adaptation and risk management before 2017.

#### **SUGGESTED RESPONSE:**

**Climate change affects us all and the responsibility to tackle it is a shared responsibility.**

**BC welcomes and encourages continued, further engagement with Environment Canada in determining how Canada is going to meet its international GHG emission reduction targets.**

**The proposed mechanism provides a way to facilitate a meaningful discussion on various key climate drivers and themes. BC supports the structure of the mechanism but also suggests that being flexible and nimble regarding the schedule of discussion topics is important going forward.**

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<b>Reviewed by</b>	<b>Initials</b>	<b>Date</b>
DM	WS	May11/15
DMO	BC	May 7/15
ADM	SLC	May 4/15
ED	TL	01/05/15
Author	DC	01/05/15

**MINISTRY OF ENVIRONMENT  
INFORMATION NOTE**

Date: May 11, 2015  
File: 280-30  
CLIFF/tracking #: 283961

**PREPARED FOR: Minister of Environment, Honourable Mary Polak**

**ISSUE:** Environment Canada has put “on hold” a plan to develop a national database to track wildlife crimes and suspended hunters, anglers and trappers.

**BACKGROUND:**

s.12,s.13

s.13,s.16

**DISCUSSION:**

In order for reciprocal suspensions to work, Canadian jurisdictions need a central database to hold the necessary information about suspended hunters, anglers and trappers.s.13.s.16  
s.13,s.16

In March 2015, however, EC unexpectedly put “on hold” their plans to develop the database,  
s.13,s.16

The following agencies and stakeholders strongly support the reciprocal suspension initiative and have indicated that they will be sending letters to EC to encourage a re-start of the work on a national database:

- BC Wildlife Federation
- Conservation Officer Service
- Canadian Natural Resources Law Enforcement Chiefs' Association
- Canadian Wildlife Directors Committee
- the Prime Minister's appointed Hunting and Angling Advisory Panel

Ministry staff believe all Canadian jurisdictions unanimously support development of the database and that, at this point, s.13,s.16  
s.13,s.16

#### **NEXT STEPS:**

Recommend Minister Polak send the attached letter to federal Minister of Environment, Honourable Leona Aglukkaq, expressing BC's desire for the development of the national database to be re-initiated.

#### **Attachment:**

Letter from Honourable Mary Polak, BC Minister of Environment to Honourable Leona Aglukkaq, Minister of the Environment, Canada (283963)

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<b>Reviewed by</b>	<b>Initials</b>	<b>Date</b>
DM	--	--
ADM		
Exec Director	AD	
Director	LP	May 11/15
Director	GL	May 11/15
Author	TJ	May 11/15

**MINISTRY OF ENVIRONMENT  
MEETING INFORMATION NOTE**

2015-05-27

File:

CLIFF/tracking #: 284340

**PREPARED FOR:** Wes Shoemaker, Deputy Minister of Environment

**DATE AND TIME OF MEETING:** June 11, 2015 at 1:00 PM to 5:00 PM

**ISSUE(S):** 4-hour meeting with Canadian Association of Petroleum Producers to discuss numerous issues with representatives from the BC government, including fiscal (Carbon tax and water handling fees), royalties and infrastructure, permitting, First Nations & communities, social licence, oil and the environment. Specific environment topics include: GHGs, water, air cumulative effects, and environmental assessment.

**BACKGROUND:**

In preparation for this meeting CAPP provided two documents: one standard agenda that provides the topic/time allotment for each discussion area, and a second that lists each topic CAPP wants to raise and then its primary *concern* related to that topic.

CAPP listed more than 20 *concerns* for this meeting, 11 of which are for MoE or EAO to address, either individually or in partnership with another Ministry:

1. Climate 2.0 (MoE);
2. GHG reporting burden – linear facility definition and verification (MoE);
3. Carbon offsets – electrification in the upstream (MoE/MNGD/FIN);
4. Saline water definition (MoE);
5. Incentives for greater water recycling (i.e. Clean Infrastructure Program) (MoE/MNGD/OGC);
6. Water monitoring / mapping – duplication across agencies (MoE/OGC);
7. NE BC Air Monitoring program (MoE/OGC);
8. Cumulative Effects – Policy proliferation (including Caribou) (FLNRO/MoE/MNGD);
9. EAO >75 litres/second production threshold (EAO)
10. Sweet natural gas processing plants exemption (EAO) - no MoE/EAO content provided
11. Status of Spill preparedness (MoE/MNGD)

Ministry staff have contributed bullets for relevant topics, these bullets have been added directly into the CAPP document that lists its concerns. That amended document with MoE comment is attached directly into this note as the *'discussion.'* MoE comments appear in blue text under each topic, and each MoE topic is highlighted in red for easy reference during the meeting.

**DISCUSSION:**

## BC Deputy Ministers – CAPP Meeting

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Victoria, BC - June 11, 2015

### Agenda

Topic	Concern	Leading Agency
Welcome and Introductions		MNGD / CAPP
PCOS – Carbon Tax deduction	Producer Cost of Service (PCOS) does NOT include the portion of Carbon Tax that producers pay for moving BC's share of gas (i.e. royalty share) – This has been a concern since 2009 – Province never moved on it due to the considerable fiscal impact, although it's been recognized that the request has merits	MNGD / FIN
PCOS – Water handling costs	PCOS does not include water handling costs and industry has been increasingly concerned about the escalating costs of disposing of water. Concern is, this could have a big fiscal impact, still unknown as request is not fully articulated. Water management costs are included in PCOS as part of the Coalbed Gas Royalty Program, which has zero use as no activity is going on in CG. If industry pushes, our position should be to do a FULL review of PCOS, particularly in light of recent reductions in costs due to the decline in oil prices, plus the opportunity moving to Petrinex brings.	MNGD / FIN
Long Term Royalty Agreements	CAPP has been briefed high level about the contents of Bill 23, and there was a commitment by the DM and the ADM to get back with more details as regulations are discussed. Concerns will likely focus on fairness, ability to access	MNGD

Topic	Concern	Leading Agency
	the new tool, etc.	
<b>Multi-year Infrastructure Royalty Credit Program</b>	A multi-year approval of the IRCP has been discussed for many years, but never accomplished for a variety of reasons. We're supportive and will try again with TBS.	MNGD
<b>Oil royalty program / diversification</b>	There's a considerable potential for shale oil development in the Montney, and four companies in particular have been very vocal about needing royalty programs to be able to "open up" the resource. Some internal analysis has been done and we're still exchanging information with industry. CAPP has been "warm and cold" on this depending on the moment and which companies are requesting what, so CAPP's support has been lukewarm.	MNGD
<b>Petrinex</b>	BC is completing its business case to decide if it will join Petrinex (i.e. Petroleum Registry of Alberta). This was tried a few times but government lacked the funding and some of the key agencies' commitment to make the change. Now, the three organizations (OGC/MNGD/FIN) are supportive, so depending on the results of the business case, it is likely we will. CAPP and industry in general are very supportive of the change, as it will reduce reporting costs and make all of Western Canada have similar reporting structures and portal.	MNGD / FIN / OGC
<b>Climate 2.0</b>	<p>How does the upstream industry participate in this process? How do we maintain competitiveness in the upstream industry? Interested in discussing how the new advisory group will have a scope (TOR) and what that will mean for the upstream.</p> <p><b>MOE'S RESPONSE:</b> The upstream industry participation in the climate leadership</p>	MOE

Topic	Concern	Leading Agency
	<p>process can occur throughout the process, including in response to the public discussion paper (July) and Climate Leadership Plan (December). The Climate Leadership Team has not yet made decisions regarding the advisory groups. The Ministry and CAS are prepared to meet with the sector as and wherever necessary.</p>	
<p><b>GHG reporting burden – linear facility definition and verification</b></p>	<p>Current GHG reporting requires verification, and this, in CAPP’s view is an unnecessary burden. Regulation should require auditable reporting. The linear facility definition is too broad and causes the capture of minor facilities, therefore creating unnecessary costs to industry. The goal would be to discuss ways to achieve the same environmental improvement with a lower cost to industry.</p> <p><b><u>MOE’S RESPONSE:</u></b> <i>Third party verification</i> of facility emissions over 25,000 tonnes annually has been part of the Reporting Regulation since 2009. Third party verification ensures integrity in quantifying and reporting GHG emissions and results in increased accuracy of data. Similar verification requirements are used by other jurisdictions including, Ontario, Quebec, and California.</p> <p>When the regulations were introduced in 2009 the government decided to allow trained, accredited third party verification services that companies had the freedom to choose, as opposed to hiring and training additional government staff to verify and audit greenhouse gas emissions. With reports from Alberta of multi-million dollar auditing costs, staff constraints and ongoing reporting compliance issues, we believe we have chosen the correct approach. BC industry broadly concurred with the third party verification approach over government</p>	<p>MOE</p>



Topic	Concern	Leading Agency
	<p>verification and audit at the time the regulations were being developed. With the advent of federal regulations for greenhouse gas emissions from the natural gas sector expected in the coming months, we believe the reporting requirements appropriately balance burden and rigour.</p> <p><b><i>Facilities that are linearly connected</i></b> (e.g. natural gas transmission and storage) and managed or controlled by the same entity are subject to reporting requirements if the facilities together emit more than 10,000 tonnes or more carbon dioxide equivalent emissions a year. This approach is similar to the geological basin approach used by the EPA and California.</p> <p>The LFO definition is critical to achieving fairness between companies and preventing the fragmentation of operations to avoid crossing the reporting threshold and to establish comprehensive coverage of emissions despite large variability in the companies' organizational, operational, and structural profiles. The Alberta and federal approach of a 50,000 tonne single facility reporting requirement would exclude a large proportion of facilities and emissions in the BC natural gas sector.</p> <p>CAPP submitted comments on the Greenhouse Gas Industrial Reporting and Control Act Reporting Regulation Intentions Paper posted publically between March-April 2015. These comments are currently under consideration. The concern regarding the definition of LFOs was not addressed in the submitted comments.</p>	

Topic	Concern	Leading Agency
Carbon offsets – electrification in the upstream	<p>CAPP has been supportive to some of their members' request to evaluate potential incentives for electrification in the upstream. Analysis has been done by MNGD with Hydro/CAS/EAED and FIN and demonstrates that the merits of the proposal are very dependent on the price assumptions. New assumptions are being analyzed and CAPP has been challenged to provide additional evidence. There's still no clarity about the merits of the proposal. Climate 2.0 might be the best way of tackling this proposal and looking at potential incentives to electrification, if needed.</p> <p><u>MOE'S RESPONSE:</u> s.12,s.13 s.12,s.13</p>	MOE / MNGD / FIN

Topic	Concern	Leading Agency
Saline water definition	<p>10,000 pp/m vs 4,000 pp/m – this definition is critically important to the trigger of a water license application and for the depth of surface casing. We are looking for a scientific approach to the definition and would encourage harmonization with other jurisdictions.</p> <p><u>MOE'S RESPONSE:</u></p> <p>s.13</p>	MOE
Incentives for greater water	MNGD has fully designed a Clean Infrastructure Royalty Credit Program that would tackle GHG and water use, among other potential technical advances that	MOE / MNGD / OGC

Topic	Concern	Leading Agency
recycling (i.e. Clean Infrastructure Program)	<p>could reduce environmental impacts of development s.12,s.13 s.12,s.13</p> <p><u>MOE'S RESPONSE:</u> s.13</p>	
Water monitoring / mapping – duplication across agencies	<p>What is the status of the NEBC water strategy and Water Sustainability Act. What are the various roles and responsibilities of MoE, FLNRO and OGC? Is government contemplating new regulations?</p> <p><u>MOE'S RESPONSE:</u></p> <ul style="list-style-type: none"> <li>The Northeast Water Strategy (NEWS) was released publically on March 20, 2015, and was collaboratively developed and supported by: the major industry associations operating in the Northeast, including CAPP; Treaty 8 First Nations represented by the Treaty 8 Tribal Association;</li> </ul>	MOE / OGC

Topic	Concern	Leading Agency
	<p>local governments; and provincial natural resource and health agencies.</p> <ul style="list-style-type: none"> <li>• An inter-agency NEWS provincial steering committee, that will include FLNRO, ENV and the OGC and other agencies, is being established to promote enhanced agency coordination of water management in Northeast BC through the delivery of NEWS (which incorporates specific WSA actions), and consistent communication of provincial priorities and actions under the NEWS and other provincial initiatives, including the implementation of the WSA and its associated regulations and policies.</li> <li>• A multi-partner Northeast Water Working Group is also being established, co-chaired by the Province and Treaty 8 First Nations, to guide implementation of the NEWS. Membership will include provincial, federal and local governments, Treaty 8 First Nations, industry associations, and non-government organizations.</li> <li>• The NE Water Working Group will help guide the implementation of the NEWS through various projects. A key priority for phase one of the NEWS implementation is the development of an enhanced surface and groundwater monitoring system for Northeast BC. Monitoring and assessment of surface and groundwater resources in NE BC will be coordinated through this working group and the inter-agency steering committee. Other NEWS priorities are still in the process of being identified.</li> </ul>	
<b>Alternative water</b>	Are there ways to incent new disposal methods? Vaporization could be an	OGC

Topic	Concern	Leading Agency
disposal methods (vaporization)	interesting one to look at, but there could be others.	
NE BC Air Monitoring program	<p>Discussion to ensure the monitoring is complementary and compatible with CAAQS and BLIERS etc</p> <p><u>MOE'S RESPONSE:</u></p> <ul style="list-style-type: none"> <li>• The Air Quality Management System (AQMS) is a new, comprehensive air management system that is being implemented across the country.</li> <li>• Air zones are the basis for monitoring, reporting and managing air quality under AQMS.</li> <li>• The Canadian Ambient Air Quality Standards (CAAQS) are the drivers for improvements to protect human health and the environment.</li> <li>• The Northeast Air Zone is one of seven broad air zones that the province has identified.</li> <li>• The Ministry began operating a new fully equipped AQHI monitoring station in Fort St. John in January 2015.</li> <li>• Data from this site will be used to report out on CAAQS achievement in future years.</li> <li>• CAAQS reporting is one factor that will be given consideration in developing a sustainable monitoring network for the Northeast.</li> <li>• Recognizing that Fort St. John is only one community in a large, diverse region, the NE Monitoring Project is instrumental in understanding air</li> </ul>	MOE / OGC

Topic	Concern	Leading Agency
	<p>quality levels in communities beyond Fort St. John.</p> <ul style="list-style-type: none"> <li>• Three portable monitoring stations measuring sulphur dioxide (SO<sub>2</sub>) and total reduced sulphur (TRS) will soon be moved to new long-term locations in the Peace River Regional District.</li> <li>• The ministry is currently involved in discussions to identify new CAAQS for SO<sub>2</sub>.</li> <li>• In response to a request by CAPP members, ministry staff will be taking part in discussions with CAPP staff regarding potential implementation issues for new SO<sub>2</sub> CAAQS that will likely include monitoring, modelling and other issues.</li> <li>• The first meeting is scheduled for Thursday, June 4.</li> <li>• The province has committed to reviewing its own interim air quality objectives for SO<sub>2</sub> and nitrogen dioxide (NO<sub>2</sub>) once the CAAQS are established.</li> <li>• This review process will involve more fulsome consultation with a broad range of stakeholders.</li> <li>• The CAAQs are the driver for measuring the environmental outcomes from the implementation of the national Air Quality Management System. The CAAQs measure the cumulative effects of air emissions from all sources in a region.</li> <li>• BLIERS are emission standards for large point source facilities. Compliance with BLIERS will be through a facility reporting process</li> </ul>	

Topic	Concern	Leading Agency
	rather than by ambient air quality levels in a region in relation to the CAAQS.	
<b>Cumulative Effects – Policy proliferation (including Caribou)</b>		FLNRO / MOE /MNGD
<b>EAO &gt;75 litres/second production threshold</b>	<p>Saline vs fresh: the 75 litres/second is a trigger (CAPP to confirm they have this accurately) for an EA. CAPP would like to discuss if saline water could exempted from this trigger, as an incentive to use non-fresh water. So, for example, if the reg trigger was for ‘fresh or potable’ water this could be a solution.</p> <p><b><u>MOE’S RESPONSE:</u></b></p> <ul style="list-style-type: none"> <li>• The current threshold for an environmental assessment of groundwater diversions is for diversions greater than 75 litres per second (about 1000 gallons per minute)</li> <li>• It is expected that industry will seek an exemption from the EA requirement for wells using deep saline groundwater under the proposed regulation (&gt;600m depth and &gt;4000 pp/m total dissolved solids)</li> <li>• Projects accessing deep saline groundwater have been waived out of the EA process in the past subject to specified information requirements.</li> <li>• Further discussions among the EAO and ENV are recommended prior to providing any direction on the request for amending the EA threshold.</li> </ul>	EAO



<b>Topic</b>	<b>Concern</b>	<b>Leading Agency</b>
	<ul style="list-style-type: none"> <li>EAO has prepared separate background material and Kevin Jardine will be on hand to assist on or lead these topics.</li> </ul>	
<b>Sweet natural gas processing plants exemption</b>	<p>Status of exemption</p> <ul style="list-style-type: none"> <li>EAO has prepared separate background material and Kevin Jardine will be on hand to assist on or lead these topics.</li> </ul>	EAO
<b>Alternative permitting initiatives (pad? Area based?)</b>	General discussion	MNGD / OGC
<b>Status of Oil and Gas Consultation Agreements / LNG ESI</b>	Update	OGC / MNGD
<b>Fair Share agreement update</b>	CAPP looking for assurance that government has a plan to bring 'peace' to the peace country and that industry is not going to get dragged into the middle of this and/or exposed to new local tax initiatives.	MNGD

Topic	Concern	Leading Agency
Human Health assessment – Next steps	Update	MNGD / OGC
Update on 5 conditions	Update	MNGD
Status of Spill preparedness	<p>Update</p> <p><u>MOE'S RESPONSE:</u></p> <ul style="list-style-type: none"> <li>Government is committed to the design principles that received broad support during the engagement by government with industry, First Nations, local governments and other stakeholders during the Two Intentions Papers namely: <ol style="list-style-type: none"> <li>Polluter pays – this principle is already in effect in B.C. and will not change. Companies that spill or pose the risk of having a spill should be responsible for the costs associated with preparing for and responding to a spill.</li> <li>Risk-based requirements – all spillers will be required to meet new response requirements. The requirements for planning and preparedness will be based on a defined risk threshold which will consider toxicity, persistence and volume.</li> <li>Avoids duplication – recognizing there are some effective and</li> </ol> </li> </ul>	MOE / MNGD

Topic	Concern	Leading Agency
	<p>collaborative spill response procedures in place in certain sectors, supplementation is still required to ensure environmental protection and also ensure British Columbia's system can be considered world-leading.</p> <ol style="list-style-type: none"> <li>4. Fair and transparent process – government has committed to continued dialogue through consultation on the development of new legislation and regulations.</li> <li>5. Opportunities for First Nations and communities in preparedness, response and recovery – active engagement by First Nations and communities on all aspects of a world-leading system are considered key to the successful design, implementation and operations.</li> <li>6. Strong government oversight – new requirements will provide both clarity and certainty for spillers, meet public and First Nations expectations and maximize the protection of the environment.</li> <li>7. Continuous improvement – government is committed to continuous improvement ensuring a sustainable world-leading system by applying lessons learned from exercises, incidents and other jurisdictions. Additionally, any technological innovations will continue to be considered.</li> </ol>	

Topic	Concern	Leading Agency
	<ul style="list-style-type: none"> <li>• New legislative and regulatory requirements for preparedness, response and recovery will be developed.</li> <li>• The Provincial Government is focussed on building a regime that fills the gaps that currently exist – be that on the land or in the marine environment. The currently identified gaps are the focus of the second intentions paper.</li> <li>• To ensure we meet these design principles, government will work with Industry to build a new land based spill regime together. Your active participation in the design will ensure that our robust regime not only meets our environmental objectives, but that we do so efficiently and effectively, leveraging resources already in place, ensuring coordination and reducing duplication of effort.</li> </ul>	

Reviewed by	Initials	Date
DM	WS	6/10/15
DMO	--	--
ADM	MZ	6/8/15
Dir./Mgr.		
Author		

# BC Deputy Ministers – CAPP Meeting

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**Hotel Grand Pacific  
North Pender Island Ballroom  
Victoria, BC**

**Thursday, June 11, 2015  
1:00pm-5:00pm**

## **Agenda**

### **1. Welcome & Introductions**

### **2. Fiscal, Royalties and Infrastructure**

#### **2.1. Producer Cost of Service (PCOS)**

*2.1.1. Carbon Tax deduction*

*2.1.2. Water handling costs*

#### **2.2. Royalties**

*2.2.1. Long Term Royalty Agreements*

*2.2.2. Multi-year Infrastructure Royalty Credit Program*

*2.2.3. Oil royalty programs / diversification strategy*

#### **2.3. Petrinex (Petroleum Registry of Alberta) – BC's plans**

### **3. Environmental**

#### **3.1. GHG**

*3.1.1. Climate 2.0*

*3.1.2. GHG reporting burden – linear facility definition and verification*

*3.1.3. Carbon offsets – electrification in the upstream*

### **3.2. Water**

3.2.1. *Saline water definition*

3.2.2. *Incentives for greater water reuse/recycling (i.e. Clean Infrastructure Program)*

3.2.3. *Water monitoring, mapping, etc – duplication across ministries/agencies*

3.2.4. *Alternative water disposal methods (vaporization)*

### **3.3. Air**

3.3.1. *NE BC Air Monitoring Program*

### **3.4. Cumulative Effects**

3.4.1. *Policy proliferation (includes Caribou)*

### **3.5. Environmental Assessment**

3.5.1. *Trigger of >75 litres/second production*

3.5.2. *Sweet gas plant exemption*

## **4. Permitting**

4.1. **Alternative permitting initiatives (well-pad / life cycle / area based)**

## **5. First Nations & Communities / Public Confidence & Social License**

5.1. **Status of Consultation Agreements, environmental assessment agreements and LNG ESI**

5.2. **Fair Share agreement update**

5.3. **HHRA – Next steps**

## **6. Oil**

6.1. **Update on 5 conditions**

6.2. **Status of Spill preparedness**

## **7. Closing & Next Steps**

# BC Deputy Ministers – CAPP Meeting

Victoria, BC - June 11, 2015

## Agenda

Topic	Concern	Leading Agency
Welcome and Introductions		MNGD / CAPP
PCOS – Carbon Tax deduction	Producer Cost of Service (PCOS) does NOT include the portion of Carbon Tax that producers pay for moving BC's share of gas (i.e. royalty share) – This has been a concern since 2009 – Province never moved on it due to the considerable fiscal impact, although it's been recognized that the request has merits	MNGD / FIN
PCOS – Water handling costs	PCOS does not include water handling costs and industry has been increasingly concerned about the escalating costs of disposing of water. Concern is, this could have a big fiscal impact, still unknown as request is not fully articulated. Water management costs are included in PCOS as part of the Coalbed Gas Royalty Program, which has zero use as no activity is going on in CG. If industry pushes, our position should be to do a FULL review of PCOS, particularly in light of recent reductions in costs due to the decline in oil prices, plus the opportunity moving to Petrinex brings.	MNGD / FIN
Long Term Royalty Agreements	CAPP has been briefed high level about the contents of Bill 23, and there was a commitment by the DM and the ADM to get back with more details as regulations are discussed. Concerns will likely focus on fairness, ability to access the new tool, etc.	MNGD
Multi-year Infrastructure Royalty Credit Program	A multi-year approval of the IRCP has been discussed for many years, but never accomplished for a variety of reasons. We're supportive and will try again with TBS.	MNGD

<b>Topic</b>	<b>Concern</b>	<b>Leading Agency</b>
<b>Oil royalty program / diversification</b>	There's a considerable potential for shale oil development in the Montney, and four companies in particular have been very vocal about needing royalty programs to be able to "open up" the resource. Some internal analysis has been done and we're still exchanging information with industry. CAPP has been "warm and cold" on this depending on the moment and which companies are requesting what, so CAPP's support has been lukewarm.	MNGD
<b>Petrinex</b>	s.12,s.13	MNGD / FIN / OGC
<b>Climate 2.0</b>	How does the upstream industry participate in this process? How do we maintain competitiveness in the upstream industry? Interested in discussing how the new advisory group will have a scope (TOR) and what that will mean for the upstream.	MOE
<b>GHG reporting burden – linear facility definition and verification</b>	Current GHG reporting requires verification, and this, in CAPP's view is an unnecessary burden. Regulation should require auditable reporting. The linear facility definition is too broad and causes the capture of minor facilities, therefore creating unnecessary costs to industry. The goal would be to discuss ways to achieve the same environmental improvement with a lower cost to industry.	MOE
<b>Carbon offsets – electrification in the upstream</b>	CAPP has been supportive to some of their members' request to evaluate potential incentives for electrification in the upstream. Analysis has been done by MNGD with Hydro/CAS/EAED and FIN and demonstrates that the merits of the proposal are very dependent on the price assumptions. New assumptions are being analyzed and CAPP has been challenged to provide additional evidence. There's still no clarity about the merits of the proposal. s.13 s.13	MOE / MNGD / FIN



<b>Topic</b>	<b>Concern</b>	<b>Leading Agency</b>
<b>Saline water definition</b>	10,000 pp/m vs 4,000 pp/m – this definition is critically important to the trigger of a water license application and for the depth of surface casing. We are looking for a scientific approach to the definition and would encourage harmonization with other jurisdictions.	MOE
<b>Incentives for greater water recycling (i.e. Clean Infrastructure Program)</b>	MNGD has fully designed a Clean Infrastructure Royalty Credit Program that would tackle GHG and water use, among other potential technical advances that could reduce environmental impacts of development. s.12,s.13 s.12,s.13	MOE / MNGD / OGC
<b>Water monitoring / mapping – duplication across agencies</b>	What is the status of the NEBC water strategy and Water Sustainability Act. What are the various roles and responsibilities of MoE, FLNRO and OGC? Is government contemplating new regulations?	MOE / OGC
<b>Alternative water disposal methods (vaporization)</b>	Are there ways to incent new disposal methods? Vaporization could be an interesting one to look at, but there could be others.	OGC
<b>NE BC Air Monitoring program</b>	Discussion to ensure the monitoring is complementary and compatible with CAAQS and BLIERS etc	MOE / OGC
<b>Cumulative Effects – Policy proliferation (including Caribou)</b>		FLNRO / MOE /MNGD
<b>EAO &gt;75 litres/second production threshold</b>	Saline vs fresh: the 75 litres/second is a trigger (CAPP to confirm they have this accurately) for an EA. CAPP would like to discuss if saline water could exempted from this trigger, as an incentive to use non-fresh water. So, for example, if the reg trigger was for 'fresh or potable' water this could be a solution.	EAO
<b>Sweet natural gas processing plants exemption</b>	Status of exemption	EAO
<b>Alternative permitting initiatives (pad? Area based?)</b>	General discussion	MNGD / OGC

<b>Topic</b>	<b>Concern</b>	<b>Leading Agency</b>
<b>Status of Oil and Gas Consultation Agreements / LNG ESI</b>	Update	OGC / MNGD
<b>Fair Share agreement update</b>	CAPP looking for assurance that government has a plan to bring 'peace' to the peace country and that industry is not going to get dragged into the middle of this and/or exposed to new local tax initiatives.	MNGD
<b>Human Health assessment – Next steps</b>	Update	MNGD / OGC
<b>Update on 5 conditions</b>	Update	MNGD
<b>Status of Spill preparedness</b>	Update	MOE / MNGD