

Page 01 of 31 to/à Page 09 of 31

Withheld pursuant to/removed as

s.12 ; s.13

B.C. Climate Solutions Council

David Black, President, MoveUP

Toni Boot, Mayor,

District of Sutherland

Ian Bruce,

Acting Executive Director,

David Suzuki Foundation

Colleen Giroux-Schmidt, Vice

President, Corporate Relations,

Innergex Renewable Energy

Matt Horne, Climate Policy

Manager, City of Vancouver

Lydia Hwitsum, First Nations

Summit Political Executive

Mark Jaccard, School of Resource

and Environmental Management

Director, Simon Fraser University

Khelsilem, Councillor,

Squamish Nation Council

Adriana Laurent, Co-Founder and

Project Administrator,

UBC Climate Hub

Scott Maloney, Vice President,

Environment, Teck Resources Ltd.

Skye McConnell, Manager of

Policy and Advocacy, Shell Canada

Kurt Niquidet, Vice President,

Council of Forest Industries

Nancy Olewiler, School of

Public Policy Director,

Simon Fraser University

Danielle (DJ) Pohl, President,

Fraser Valley Labour Council

Arjun Singh, Councillor,

City of Kamloops

Merran Smith, Executive Director,

Clean Energy Canada

Karen Tam Wu, Regional Director

for British Columbia,

Pembina Institute

Jill Tipping, President & Chief

Executive Officer,

BC Tech Association

Joie Warnock, Assistant to the

President, Unifor

August 9, 2021

Dear Minister Heyman,

The Low Carbon Fuel Standard (LCFS) is a key element in CleanBC and has been part of the province's climate plan for over a decade. B.C.'s early leadership with California has helped create the space for similar policies in Washington, Oregon and Canada. As more jurisdictions adopt these types of policies, the market for renewable fuels will continue to grow, which should help all of those jurisdictions achieve their objectives more cost-effectively.

Our advice at the end of 2020 highlighted the LCFS, along with the Carbon Tax, the Zero Emissions Vehicle (ZEV) Standard, and the Clean Portfolio Standard as four provincial policies that should be strengthened to reach our 2030 targets. The LCFS is particularly important because it targets the transportation sector, which is the sector that produces the largest amount of carbon emissions in B.C.; accounting for about 37% of the total. The transportation sector also had the largest increase in annual emissions of any sector over the past decade.

We recommend that you increase the stringency of the LCFS 2030 target to align with the CleanBC province-wide and sectoral targets.

Based on the modelling that informed our November 2020 advice, the LCFS target would need to increase from a 20% reduction in life-cycle carbon intensity in 2030 to about a 40% reduction relative to the 2010 baseline.

We understand that there are challenges to adopting a more stringent target, but any of the pathways that are consistent with our 2030 CleanBC targets will be challenging. We point to two reasons why we are advising a more stringent target:

1. As we recommended in our recent advice on the ZEV Standard, we think the government should speed up the timelines for light-duty ZEV requirements and introduce requirements for medium- and heavy-duty ZEVs. Doing so will put more ZEVs on our roads, which will enable the province to meet a more stringent LCFS target. Related to this, we were pleased to see government's recent changes to the LCFS, which will make it easier for private and public sector entities to

The [Climate Solutions Council](#) provides strategic advice to the B.C. government on climate action and clean economic growth. It includes members from First Nations, environmental organizations, industry, academia, youth, labour, and local government.

B.C. Climate Solutions Council

advance electric vehicle charging projects. In addition to helping to advance good projects, these changes will ensure that the resulting electric mobility is counted against the LCFS targets.

2. We were encouraged by an update from Ministry of Energy Mines and Low Carbon Innovation staff that indicated the province is likely ahead of schedule on the CleanBC target of producing 650 million litres of renewable fuels by 2030. If we can surpass that renewable fuel target, it will count towards the province's LCFS target. Further, domestic production of renewable fuels provides local economic benefits that imported fuels do not.

If the LCFS target is not changed and the province accelerates its efforts on ZEVs, there is a risk that the LCFS would cease to be a binding policy – i.e. it would not provide an incentive to find further reductions in the carbon intensity of transportation fuels. In this scenario, the growing number of ZEVs would account for an increasing share of LCFS compliance, and the incentive for the broad range of additional carbon reducing actions that would otherwise be encouraged by a binding LCFS would be undermined. Those additional carbon reductions offer an important contribution to a cost-effective pathway to B.C.'s 2030 targets.

In addition to the more stringent 2030 target, reduction requirements should be set to align with the provincial government's 2040 and 2050 targets, including the overarching CleanBC objective of transitioning away from fossil fuels toward clean energy. Establishing this longer-term trajectory through the LCFS will help the private sector plan for the needed investments, and minimize the risk that investment is directed to fuels that might help with 2030 targets, but aren't sufficient for the reductions needed in 2040 or 2050.

Ideally, a strengthened LCFS is complemented with improvements to the carbon tax so that consumers pay a lower carbon tax rate for higher blends of renewable fuels, which is currently how the carbon tax works for renewable gas, but not for renewable diesel or gasoline. This would align the incentives provided by these two important policies and fully reward consumers for making the decision to use renewable fuels.

An issue related to increasing the stringency is that the gap between the penalty for non-compliance and the cost of reducing emissions (as measured by the value of LCFS credits) will become larger. While many companies are taking steps to meet requirements, allowing this gap to grow would exacerbate an existing problem where some companies are choosing to pay the non-compliance penalty because it is below the cost of reducing emissions. To address the problem, we support raising the penalty for non-compliance so that it is higher than the anticipated marginal cost of reducing emissions enough to meet a more stringent 2030 target. We also support government's recent change to the LCFS that gives them the authority to publish the names of fuel suppliers that have failed to comply, which will prevent companies from choosing to be non-compliant anonymously.

The [Climate Solutions Council](#) provides strategic advice to the B.C. government on climate action and clean economic growth. It includes members from First Nations, environmental organizations, industry, academia, youth, labour, and local government.

B.C. Climate Solutions Council

Directing B.C. government and BC Hydro revenue from the LCFS to climate solutions represents another potential improvement to the LCFS. The government receives payments for non-compliance penalties that currently go to general revenue. BC Hydro generates revenue through the sale of LCFS credits that it currently uses to mitigate upward pressure on rates. In both cases, we support the idea of directing this revenue to projects and programs that are consistent with the LCFS targets and help make zero emissions transportation choices more affordable to British Columbians, and BC businesses and organizations. In the case of BC Hydro, the LCFS revenue could also be used to make the business case for rates that encourage their customers to switch to electric vehicles.

In addition to strengthening the LCFS, we encourage government to dedicate greater resources to engaging with the federal government as they ramp up their work on the Clean Fuel Standard. As an early mover with the LCFS, BC has an important opportunity to help shape the Clean Fuel Standard with the lessons we've learned and ideally work with the federal government to set aligned expectations and opportunities for clean fuels across the country. The opportunity that B.C. is considering to extend the reach of the LCFS to address marine and aviation fuels that are sold in B.C., but used outside our boundaries, may fit more effectively in a federal policy than a provincial one.

Thank you for considering our LCFS advice. We look forward to continuing working with you and your staff on the role that a strengthened LCFS can play in B.C.'s 2030 Roadmap.

Sincerely,



Merran Smith
Executive Director
Clean Energy Canada
Co-Chair, B.C. Climate Solutions Council



Colleen Giroux-Schmidt
Vice President, Corporate Relations
Innergex Renewable Energy
Co-Chair, B.C. Climate Solutions Council

The [Climate Solutions Council](#) provides strategic advice to the B.C. government on climate action and clean economic growth. It includes members from First Nations, environmental organizations, industry, academia, youth, labour, and local government.

Page 13 of 31 to/à Page 28 of 31

Withheld pursuant to/removed as

s.12 ; s.13

B.C. Climate Solutions Council

David Black, President, MoveUP

Toni Boot, Mayor,
District of Sutherland

Ian Bruce,

Acting Executive Director,
David Suzuki Foundation

Colleen Giroux-Schmidt, Vice
President, Corporate Relations,
Innergex Renewable Energy

Matt Horne, Climate Policy
Manager, City of Vancouver

Lydia Hwitsum, First Nations
Summit Political Executive

Mark Jaccard, School of Resource
and Environmental Management
Director, Simon Fraser University

Khelsilem, Councillor,
Squamish Nation Council

Adriana Laurent, Co-Founder and
Project Administrator,
UBC Climate Hub

Scott Maloney, Vice President,
Environment, Teck Resources Ltd.

Skye McConnell, Manager of
Policy and Advocacy, Shell Canada

Kurt Niquidet, Vice President,
Council of Forest Industries

Nancy Olewiler, School of
Public Policy Director,
Simon Fraser University

Danielle (DJ) Pohl, President,
Fraser Valley Labour Council

Arjun Singh, Councillor,
City of Kamloops

Merran Smith, Executive Director,
Clean Energy Canada

Karen Tam Wu, Regional Director
for British Columbia,
Pembina Institute

Jill Tipping, President & Chief
Executive Officer,
BC Tech Association

Joie Warnock, Assistant to the
President, Unifor

July 9, 2021

Dear Minister Heyman,

A key element in CleanBC's successful launch in 2018 was the commitment that all new light-duty vehicles would be required to be zero emissions by 2040. The provincial government was rightly lauded for moving beyond targets and regulating that outcome through the Zero-Emissions Vehicle (ZEV) Act.

Three years later, the world has changed significantly, and a strengthened ZEV Standard is a key opportunity to renew provincial climate leadership and ensure the roadmap to our 2030 CleanBC target is backed by credible policies. B.C.'s transportation sector produces the largest amount of carbon emissions in the province; accounting for about 37% of the total. It also had the largest increase in annual emissions of any sector over the past decade.

Our advice at the end of 2020 highlighted the ZEV Standard, the Carbon Tax, the Low Carbon Fuel Standard, and the Clean Portfolio Standard as four provincial policies that should be strengthened to reach our 2030 targets. For the ZEV Standard, we recommend the policy be strengthened by:

- Increasing the ZEV sales target for 2030 from 30% of new light duty vehicles to between 80% and 100%.
- Introducing ZEV requirements for medium- and heavy-duty vehicles.

Four reasons underpin these recommendations:

1. **Alignment with net zero objectives** – According to the International Energy Agency's recent analysis of global pathways to net zero emissions by 2050, all new vehicles in advanced economies need to be ZEVs by the early 2030s in their net zero scenarios. To achieve that outcome globally, it follows that some leading jurisdictions will need to get there sooner, and to date B.C. has been a leading jurisdiction on ZEV policy and adoption. We should remain a world leader.

2. **Market Demand for ZEVs continues to grow in B.C.** – Almost 10% of the vehicles sold in B.C. in 2020 were ZEVs, which means the market is five years ahead of the ZEV Standard requirements. With this positive trend in B.C.'s market, along with a forecast for the variety, range and affordability of ZEVs to continue to improve, we anticipate demand in British Columbia will continue to grow, which will make it

The [Climate Solutions Council](#) provides strategic advice to the B.C. government on climate action and clean economic growth. It includes members from First Nations, environmental organizations, industry, academia, youth, labour, and local government.

B.C. Climate Solutions Council

easier for B.C. to strengthen the ZEV Standard.

3. **Vehicle manufacturers are embracing 100% ZEVs** – Since the launch of CleanBC, vehicle manufacturers such as General Motors, Ford, Volvo, and Honda have announced that they will be phasing out the manufacture of new internal combustion engines between 2030 and 2040. Coupled with those medium term trends, the variety of ZEV makes and models continue to grow and by next year, all types of light duty vehicles – from sedans to SUVs and pick-up trucks – will be available as ZEVs.
4. **Other jurisdictions are embracing 100% ZEVs** – Since the launch of CleanBC, many jurisdictions have announced more ambitious ZEV targets and policy. The list includes Quebec and California, which are undertaking updates to their ZEV Standards to have 100% ZEV sales by 2035; the UK setting a target of 100% ZEV sales by 2030; and Washington State developing regulations with the objective of 100% ZEV sales by 2030. In addition to the climate and air quality benefits, economic objectives are also driving the shift to stronger ZEV policies as jurisdictions pursue the economic opportunities associated with electricity generation, EV charging, battery manufacturing and recycling, and vehicle manufacturing.

Our understanding is that, to date, B.C. has predominantly used the ZEV Standard as a backstop with an expectation that ZEV supply and demand would likely stay a step ahead of the targets in the Act. Increasing the 2030 ZEV sales target to between 80% and 100% would shift this approach and the ZEV Standard would become a driver of change as opposed to a backstop. Given the need to accelerate progress, we think the shift to using the ZEV Standard as a driver of change is appropriate.

To meet a 2030 ZEV sales target between 80% and 100%, B.C. would likely need over 200,000 new ZEVs in 2030. That would represent between 2% and 7% of the 2030 ZEV sales forecast for the United States by the International Energy Agency's Global EV Outlook (the lower end of the range is based on their 'Sustainable Development' scenario, while the upper end is based on their 'Stated Policies' scenario). In 2020, ZEV sales in B.C. were about 5% of ZEV sales in the U.S. By strengthening the ZEV Standard, B.C. would be increasing the likelihood that North America can reach the 'Sustainable Development' scenario, which would minimize the risk of ZEV supply constraints.

Targeting 100% light duty ZEV sales in 2030 would put B.C. on a trajectory similar to what Norway has been able to accomplish over the last six years. Sales of light duty ZEVs in Norway currently make up 75% of total vehicle sales (up from 5% in 2016) with a goal of 100% of sales being ZEVs by 2025. While Norway does not have a ZEV Standard, it does have significantly higher taxes and fees on internal combustion engine vehicles (e.g. ZEVs do not need to pay the roughly \$17,000 per vehicle registration tax).

A 2030 sales target of 80% ZEVs would achieve most of the benefits of 100%, while still leaving flexibility if certain regions and/or vehicle types are still lagging in ZEV sales. In 2020, the percentage of ZEV sales was as high as 11% in the Lower Mainland, but under 1% in the northeast and northwest. Some of that discrepancy is because trucks are much more common in the north, and light duty ZEV trucks will not be available until next year. Even as ZEV trucks come to market, they are not expected to reach cost-parity with their internal combustion engine counterparts until close to 2030, which will likely temper demand.

The [Climate Solutions Council](#) provides strategic advice to the B.C. government on climate action and clean economic growth. It includes members from First Nations, environmental organizations, industry, academia, youth, labour, and local government.

B.C. Climate Solutions Council

It will be important to accompany an accelerated ZEV Standard schedule with a commensurate acceleration in the provincial government's plans for EV charging. For 100% of light-duty vehicle sales to be ZEVs by 2030, all drivers will need to have convenient, affordable, and reliable access to charging. That should include home, workplace, fleet, and public charging options that are supported by government, utility, and private sector investment.

B.C.'s electricity rate design will also need to be updated to align with a strengthened ZEV standard. The current residential design is an "inclining block rate" that charges a higher rate per kilowatt-hour for electricity usage over a certain threshold. Installing a home EV charger would often cross this threshold, resulting in significantly higher electric bills and a disincentive to purchase an EV that is at odds with the CleanBC goals. BC Hydro is currently re-assessing its residential rate design, and government should ensure that any new design supports rather than discourages faster EV adoption.

Markets for medium- and heavy-duty vehicles are not yet as advanced as light duty vehicles, but they are maturing faster than anticipated even five years ago. The maturation of those market segments represents an opportunity to enhance B.C.'s ZEV policy, and the ZEV Standard was written with the expectation that targets for medium- and heavy-duty vehicles would eventually be added.

California's leading work on medium- and heavy-duty ZEVs, which they are in the process of adding to their ZEV Mandate would be an opportune starting point for B.C. The proposed sales targets in California start with model year 2024 and have an overall objective of 100% ZEV sales for medium- and heavy-duty vehicles by 2045.

Thank you for considering our advice on the ZEV Standard. We look forward to continue working with you and your staff on the role a strengthened ZEV Standard can play in B.C.'s 2030 roadmap.

Sincerely,



Merran Smith
Executive Director
Clean Energy Canada
Co-Chair, B.C. Climate Solutions Council



Colleen Giroux-Schmidt
Vice President, Corporate Relations
Innergex Renewable Energy
Co-Chair, B.C. Climate Solutions Council

The [Climate Solutions Council](#) provides strategic advice to the B.C. government on climate action and clean economic growth. It includes members from First Nations, environmental organizations, industry, academia, youth, labour, and local government.



INFORMATION NOTE

DATE: August 20, 2021

PREPARED FOR: Honourable George Heyman, Minister of Environment and Climate Change Strategy

ISSUE: Blueberry River First Nations (BRFN) /Yahey v. British Columbia B.C. Supreme Court Decision implications for ministry authorizations and activities.

KEY FACTS:

- The B.C. Supreme Court decision, Yahey v. British Columbia on June 29, 2021 is unprecedented and will require significant changes to how the Province administers and approves resource activities in Blueberry River First Nations' (BRFN) and Treaty 8 territory.
- The Province is committed to working as expeditiously as possible with BRFN on a way forward to improve and modernize provincial processes that recognize and respect their treaty rights.
- The work of the Regional Strategic Environmental Assessment (RSEA), Northeast environmental stewardship forums was positively referenced in the decision.
- There are several proposed projects in BRFN territory that are currently undergoing environmental assessment (EA). At this time, the Province's delayed approach to consultation with BRFN is having minimal implications to these projects; however, issues could arise should the Province be unable to secure an interim approach to engagement with BRFN.
- First Nations across the province are advancing similar concerns about cumulative impacts of development within their traditional territories.

BACKGROUND:

- The Province has recommended to statutory decision makers, across the natural resource ministries, to carefully consider any new authorizations activity within the claim area and to bring all authorizations through to the appropriate negotiating teams for discussion.
- A key interest from BRFN is the establishment of a deferral area within their traditional territory.^{s.13; s.16}
s.13; s.16
The
Environmental Assessment Office (EAO) is in the process of compiling a list of potentially impacted projects (up to 18 existing and proposed) and will analyze any potential implications
s.13; s.16
s.13; s.16

This document may contain information that is protected by solicitor client privilege. Prior to any disclosure of this document outside of government, including in response to a request under the *Freedom of Information and Protection of Privacy Act*, the ministry in possession of this document must consult with the lawyer responsible for the matter to determine whether information contained in this document is subject to solicitor client privilege.

s.13; s.16

DISCUSSION:

Carefully considering any new development activities:

s.13; s.16

- BRFN are working on the expectation that there will be a pause on new disturbance. This includes not only development approved through new permits but on existing approved permits.

s.13; s.16

- Considerable uncertainty exists in terms of how to approach consultations and ENV on-going activities on the land base with BRFN.

Application Review Framework and Interim Authorizations:

- ENV staff have been working on an inter-agency team to collate information on ENV activities.
- The focus has been on authorizations over the next 2 weeks and further work is underway to compile the full scope of ENV activities in the claim area.
- The Interim Authorizations Framework will support decisions that do not draw on any resources and/or create further impacts on the land base and are being described as priority authorizations required for emergencies or for the immediate protection of the environment and public health and safety as much as possible.

s.13; s.16

Rebalancing Economic Activity:

s.13; s.16

This document may contain information that is protected by solicitor client privilege. Prior to any disclosure of this document outside of government, including in response to a request under the *Freedom of Information and Protection of Privacy Act*, the ministry in possession of this document must consult with the lawyer responsible for the matter to determine whether information contained in this document is subject to solicitor client privilege.

Potential Matters for Discussion with BRFN:

- The province outlined the two stage negotiation approach and the likely matters to be discussed at each stage.

s.13; s.16

ENV specific activities that may have implications within the BRFN claim area:

Environmental Management Act (EMA):

- In addition to the authorizations listed in the critical authorizations table, ENV has other activities such as the EMA that is set-up to authorize waste discharges for a range of low risk activities (i.e. asphalt plant emissions, emissions from small oil and gas compressor stations, tank farm stormwater runoff) in such a way that if the proponent is meeting all the requirements of a particular Regulation or Code of Practice then the discharge is authorized with minimal involvement by the Ministry. There are about 11 such Regulations and Codes of Practice.
- For these low risk activities - that BRFN may not view as low risk - registration letters are issued to the proponent by the ministry without any Statutory Decision Maker (SDM) involvement. In most Codes of Practice registration becomes effective automatically upon application submission, while some Regulations may allow an SDM to set more stringent conditions. Regardless all authorizations are inspected on a regular schedule for compliance with EMA.
- First Nations were consulted during the development of EMA Regulations and Codes of Practice, so further consultation on specific applications is rarely conducted unless there are unique circumstances.

The Integrated Pest Management Act (IPMA)

- Additionally, IPMA also authorizes lower risk pesticide and herbicide activities. Pesticide Use Notice Confirmations are issued to proponents who develop and consult with First Nations on a Pest Management Plan, including herbicide application on pipeline rights of way and forestry cut blocks. Proponents are authorized once a confirmation letter has been issued by the ministry -- this letter is not an appealable decision under the IPMA.

Water Quality Objectives for Murray River watershed:

- ENV staff are leading a technical process to develop water quality objectives for the Murray River watershed to support decisions around cumulative effects of surface water pollutants.

This document may contain information that is protected by solicitor client privilege. Prior to any disclosure of this document outside of government, including in response to a request under the *Freedom of Information and Protection of Privacy Act*, the ministry in possession of this document must consult with the lawyer responsible for the matter to determine whether information contained in this document is subject to solicitor client privilege.

BRFN is not engaged directly but ENV is collaborating with other T8FNs on this work. This work is notable in that it has been advancing a positive dialogue and striving for appropriate deliverables.^{s.13; s.16}
s.13; s.16

Bilateral Water Management Agreements

s.13; s.16

Monitoring Activities:

- ENV undertakes ambient monitoring of snow, groundwater, surface water quantity and quality, weather and climate that support a variety of uses including: flood and drought monitoring, climate monitoring, cumulative effects assessment and general environmental reporting. The province will work closely with BRFN on the future planning and operations of these ambient environment monitoring networks (see Appendix 1).

BC Parks Day-to-day operations:

- A significant number of operational and conservation activities occur to maintain and manage BC Parks (i.e., Digging of outhouses in back-country, maintenance of sites, brushing trails, etc.).

Environmental Assessment Office:

- A number of projects are currently undergoing environmental assessment processes in BRFN's territory. To date, environmental assessment related authorizations of these projects have remained largely unaffected by the temporary delay on consultation.^{s.13; s.16}
s.13; s.16

This document may contain information that is protected by solicitor client privilege. Prior to any disclosure of this document outside of government, including in response to a request under the *Freedom of Information and Protection of Privacy Act*, the ministry in possession of this document must consult with the lawyer responsible for the matter to determine whether information contained in this document is subject to solicitor client privilege.

Attachment(s):

- Map Blueberry River First Nations - Critical Areas
- Preliminary Table of the Ministry of Environment and Climate Change Strategy Activities

Assistant Deputy Minister:

Laurel Nash

Environmental Protection Division

(250) 953-4004

Alternate contact for content:

Monica Perry

*Strategic Partnerships and
Engagements Branch*

(250) 208-2507

This document may contain information that is protected by solicitor client privilege. Prior to any disclosure of this document outside of government, including in response to a request under the *Freedom of Information and Protection of Privacy Act*, the ministry in possession of this document must consult with the lawyer responsible for the matter to determine whether information contained in this document is subject to solicitor client privilege.

Appendix 1: Estimated Ambient Environmental Monitoring Summary for the BRFN Claim Area

s.13; s.16

This document may contain information that is protected by solicitor client privilege. Prior to any disclosure of this document outside of government, including in response to a request under the *Freedom of Information and Protection of Privacy Act*, the ministry in possession of this document must consult with the lawyer responsible for the matter to determine whether information contained in this document is subject to solicitor client privilege.

Page 7 of 7

Withheld pursuant to/removed as

s.16