

## INFORMATION BULLETS

**DATE:** January 17, 2022

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

**ISSUE:** Integrating Best Practices in B.C.'s Industrial Emissions Reporting Regulations

### KEY FACTS:

- The Greenhouse Gas Emission Reporting Regulation (GGERR) under the *Greenhouse Gas Industrial Reporting and Control Act* (GGIRCA) requires industrial operators to use prescribed methodologies to calculate their emissions.
- To support the Province's policies on carbon pricing and climate accountability, the Ministry is reviewing the regulatory framework for industrial emissions reporting and is considering options to strengthen requirements and integrate best practices in the GGERR.
- B.C. joined the Western Climate Initiative (WCI) in 2008 and prescribed WCI's quantification methodologies under the *Greenhouse Gas Reduction (Cap and Trade) Act* (GGRCTA) in 2011. In 2016, the Province replaced the GGRCTA with the GGIRCA. While B.C. has withdrawn from WCI, the GGERR continues to incorporate WCI's methodologies by reference.
- In 2019, independent reviewers hired by the Climate Action Secretariat (CAS) consulted with stakeholders and assessed the GGERR and WCI methods, providing two key recommendations:
  - Move to a flexible, principle-based approach that allows additional stringency, new methods, or variances consistent with new research and the Province's objectives.
  - Review requirements for use of carbon, capture and storage and biomass fuels.

### ACTIONS / NEXT STEPS:

- WCI methodologies are recognized internationally, though are increasingly outdated and overly prescriptive in some areas. The federal GHG Reporting Program (GHGRP) prescribes its own methodologies based on more recent research but in some cases still refers to WCI methodologies. Alberta has harmonized with the GHGRP.
- Industry stakeholders have advised that WCI's lack of harmonization and flexibility impacts competitiveness, increases regulatory costs, and requires work that doesn't move them any closer to the "step-change" emission reduction strategies needed to meet their targets:
  - The oil and gas sector notes that WCI requires use of methodologies for methane fugitive and venting emissions can be less accurate and inconsistent with results from leak, detection and survey activities required under the *Oil and Gas Activities Act*.

- The pulp and paper sector advises that WCI is inconsistent with and more onerous than the GHGRP, lacks clarity in how to measure and report biomass-derived fuels in the pulping process, and likely over-reports its methane emissions.
- The cement sector has advised the Ministry that B.C.'s approach to emissions from waste-derived fuels is inaccurate and inconsistent with both the GHGRP and WCI.

s.13

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## INFORMATION BULLETS

**DATE:** January 19, 2022

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

**ISSUE:** January 17, 2022 Tyee Article: It Pays to Pollute in B.C.

### KEY FACTS:

- The premise of the article is: "Pollution reduces property value — and property taxes. That creates an incentive to slow brownfield remediation..."

#### Land Remediation

- There has been active remediation on over 2,000 contaminated sites in the past five years, either independently by responsible persons or involving ministry review services including protocol applications and site approvals/certification. 525 of those 2,000 sites have been certified as meeting provincial environmental quality standards.
- The Ministry of Environment and Climate Change Strategy (ENV) can also name responsible parties to pollution prevention orders, pollution abatement orders and other regulatory mechanisms under the Environmental Management Act.
- Contaminated sites — and potentially contaminated sites — most frequently come to ENV's attention in connection with proposals to modify or change land use, or to expand or conclude industrial or commercial operations at a site. Information about site contamination and pollution may also be brought to ENV's attention at any time during industrial/commercial activities at a site including when contamination may have migrated to neighbouring property.
- Site remediation is most commonly driven by market forces, as well as due diligence on the part of land owners and operators. Contamination is often the result of many years of site activities/operations and comprehensive clean up can also take many years, depending upon the remedial approach selected.
- ENV employs a risk-prioritized approach to regulatory oversight whereby sites that pose the greatest risk to human health and the environment are addressed first.
- ENV continues to review operational priorities and regulatory tools to effectively develop long-term solutions to tackle the issue.
- There is much more work to be done to clean up contaminated sites and ENV is committed to expanding capacity to do so.
- The *Environmental Management Act* (EMA) and its regulations set out rules and requirements for environmental matters such as pollution prevention/abatement, regulation of waste introduced into the environment, and remediation of contaminated sites.
- EMA and its regulations apply to all persons equally in B.C., regardless of whether they are a private homeowner or a large corporation.
- The legislation prohibits the discharge of waste which causes pollution and sets out points in time where ENV must be informed of pollution caused by various activities such as discharges

**Commented [ZHCE1]:** Comments from Min of Finance: Andrea and I took some time to discuss and may we suggest you get some input from the Oil and Gas Commission s.13

s.13

Otherwise, it is hard to comment. When pollution occurs on private land and the neighbouring properties are unaffected (in other words, no one really complains about the pollution and it goes unnoticed) — is there really a role for government?

from industrial or commercial activities, or spills.

#### Compliance and Enforcement

ENV's Compliance and Enforcement Policy and Procedure prescribes requirements and procedures to ensure consistent, evidence- and risk-based assessment and response to non-compliance, including enforcement.

- B.C.'s *Environmental Management Act* prohibits the introduction of waste into the environment if it will cause pollution.
- Contravention of this prohibition can result in enforcement including imposition of penalties.
- Information on how compliance is assessed can be found [here](#).
- Environmental compliance reports can be found [here](#).
- Enforcement of EMA requirements can include the use of administrative monetary penalties and/or court prosecution; the latter of which can result, if liable on conviction, in fines up to \$1,000,000 or imprisonment for up to six months.

**Commented [GE2]:** These bullets are from the original response to the media request. It think they were provided by ROB.

**Commented [GE3]:** Same as the comment above. I think C&E?

#### Bonding Mandate Commitment

- The 2020 mandate commitment on Bonding and the scope of the Better Bonding Strategy ensures that government has the authority to: 1) require environmental clean-up and reclamation; 2) collect and use financial assurance; and 3) recover Provincial expenditures spent on clean-up.
- A principle of the Better Bonding Strategy is to reduce and mitigate environmental risk which may be achieved by ensuring throughout a project's lifecycle there are consistent review periods of financial assurance to ensure industrial projects are adequately bonded. The environmental risk may be further reduced by ensuring that environmental clean-up and reclamation occurs within the project's lifecycle and not at the end of project.
- The Province has been left responsible for environmental clean-up and reclamation of projects where industry had not fulfilled their responsibility of proper environmental clean-up and in some cases industrial projects have not held sufficient financial assurance for a project. The article suggests that the B.C. Assessment Act be updated to 'prevent site owners from benefitting from reduced property taxes.'

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## MEETING NOTE

**MEETING DATE:** January 31, 2022

**PREPARED FOR:** Honourable George Heyman, Minister of Environment and Climate Change Strategy (ENV)

**TOPIC:** Article 6 Updates and Carbon Offset Strategy Briefing

**ATTENDEES:** Honourable Bruce Ralston, Minister of Energy, Mines and Low Carbon Innovation  
Kevin Jardine, Deputy Minister, ENV  
Jeremy Hewitt, Assistant Deputy Minister, Climate Action Secretariat (CAS)  
Adria Fradley, Executive Director, CAS  
Chris Gilmore, Executive Director, CAS

### KEY MESSAGES:

#### Article 6

s.13; s.17

- **B.C. has been clear with Canada that the implementation of Article 6 must consider subnational needs**s.13; s.17

s.13; s.17

- While the fundamental rules of Article 6 are settled, there are many elements that need to be defined at the national and international levels before implementation can occur. A recent report by the Asian Development Bank points out it could take until 2030 for all the requisite measures to be put in place so that the Article 6 “common approaches” can be developed.

#### **KEY FACTS:**

- Article 6 outlines the parameters for cooperation mechanisms between Parties including internationally transferred mitigation outcomes (ITMOs), carbon markets and non-market mechanisms. At COP26 negotiations on the rule book for Article 6 were finalized, although they have not been set yet.

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## INFORMATION NOTE

**DATE:** November 18, 2021

**PREPARED FOR:** Kevin Jardine, Deputy Minister of Environment and Climate Change Strategy

**ISSUE:** UNFCCC Article 6 negotiations.

### KEY FACTS:

- Article 6 of the Paris Agreement outlines the parameters for cooperation mechanisms between Parties including internationally transferred mitigation outcomes (ITMOs), carbon markets and non-market mechanisms.
- At COP26 in Glasgow international negotiations on the rule book for Article 6 were finalized. The final rules will have implications and influence over compliance and voluntary carbon markets. Although the rules have been finalized, they have not been set (i.e., there are no examples or templates yet to know how the rules will work in practice).
- At the time of writing, Canada has not decided on whether they will use ITMOs toward their nationally determined contribution (NDC). If that decision is a “yes”, federal staff will brief provinces and territories on the process for implementation.
- Article 6 is not commodity or project based. It does not make negative or positive lists on what is and is not eligible for ITMOs (e.g., LNG or low carbon commodity exports). As such and at this time, it is unclear whether LNG would be viable as an ITMO.

### BACKGROUND:

- Article 6 of the Paris Agreement addresses cooperation between countries in implementing NDCs.
- The Paris Agreement identifies three mechanisms for cooperation:
  - Cooperative approaches to trade: Article 6.2 provides a framework for trading of ITMOs towards fulfilling NDCs. An ITMO is an accounting entry that refers to an emission reduction or removal that occurs in one country and is voluntarily transferred for use towards another country’s climate target.
  - International market: Article 6.4 provides for the creation of an international carbon market to trade emission reduction units under the oversight of an international authority.
  - Non-market mechanisms: Article 6.8 provides for the coordination of non-market approaches to implement sustainable development and poverty eradication as part of a country’s NDC.

- Cooperation by countries is voluntary and the mechanisms are intended to increase the efficiency of climate action thereby supporting higher ambition in undertaking mitigation and adaptation measures.
- Negotiations have been underway for six years. The final rules provide guidelines that ensure environmental integrity, sound accounting and the avoidance of double counting while financing adaptation. Of interest, the final rules include (but are not limited to):
  - Parameters for corresponding adjustments across Nations. The Article 6.4 text states that voluntary emissions reductions may only be used towards a country's NDC if they are authorized by the United Nations (UN), and the host country must apply a corresponding adjustment for any units sold abroad. This measure avoids one emissions reduction being counted by two countries.
  - Definitions regarding removals under Article 6.4 (carbon markets): In early drafts, “removals” were restricted to the agriculture, forestry and land-use sector. By the final decision, “removals” are more general and the reference to the land-sector has been removed meaning this could potentially now include negative emissions technologies.

#### **DISCUSSION:**

Canada is the lead for international negotiations on Article 6 at the UNFCCC but has sought provincial-territorial input through the course of negotiations when able.<sup>s.13; s.16; s.17</sup>

s.13; s.16; s.17

The conclusion of negotiations means that an international carbon market under the auspices of the UN can now be established under Article 6.4. The rules provide flexibility for Nations to authorize carbon credits towards meeting countries' NDCs or for "other international mitigation purposes". The rules also validate the existing voluntary carbon market structure by guaranteeing a future for non-correspondingly adjusted credits<sup>s.13; s.16; s.17</sup>

s.13; s.16; s.17

s.12

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Withheld pursuant to/removed as

s.12 ; s.13 ; s.17