

MEETING NOTE

MEETING DATE: August 9, 2022

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

TOPIC: Meeting with Environment and Climate Change Canada (ECCC) to discuss:
1) Carbon Pricing/Updated Federal Benchmark
2) Liquid Natural Gas/Electrification
3) Oil and Gas Cap Discussion Paper
4) Carbon Capture Utilization and Storage Investment Tax Credit
5) National Adaptation Strategy

ATTENDEES: Christine Hogan, Deputy Minister, Environment and Climate Change
Cameron Lewis, a/Assistant Deputy Minister, Climate Action Secretariat
Adria Fradley, Executive Director, Clean Growth Branch, Climate Action Secretariat

KEY MESSAGES:

Carbon Pricing and Updated Federal Benchmark

- **British Columbia is committed to a strong carbon price to meet our climate targets. We appreciate ECCC's support as B.C. works through issues identified through the carbon pricing process.**

s.13; s.16

- We recognize that several federal policy frameworks are still under development, but without further details on these items, B.C.'s current review may face delays in analysis or implementation.

LNG Canada (LNGC)/Electrification

- Emissions from LNGC's Phase 2 are not included in CleanBC and could include greenhouse gas (GHG) from natural gas driven liquefaction and incremental pipeline compression.

s.16; s.21

Oil and Gas Cap Discussion Paper

s.16

- We look forward to working with the federal government on how federal action can support and align with provincial actions already underway.

Carbon Capture Utilization and Storage (CCUS) Investment Tax Credit

- Unlike Alberta and Saskatchewan, only B.C. is required to undergo a regulatory review prior to B.C. projects qualifying for the CCUS Investment Tax Credit.
- The BC Oil and Gas Commission is an experienced regulator and administers a robust regulatory regime.
- The Province has decades of experience with deep underground disposal, whereby carbon dioxide (CO₂) and hydrogen sulfide (H₂S) has been safely and permanently disposed of underground. As of the end of 2021, 2.63 megatons of CO₂ have been sequestered in B.C. in conjunction with acid gas disposal projects.

- Industry investment decisions are being made now on projects that will reduce emissions in B.C. The CCUS Investment Tax Credit is critical to making these projects viable.

s.13; s.16

National Adaptation Strategy (NAS)

- Exceptional weather events (including floods and wildfires) in B.C. highlight the urgency for climate adaptation. B.C. is committed to a continued partnership between our jurisdictions.
- Shared implementation priorities can be met through the parallel implementation of the NAS and B.C.'s Climate Preparedness and Adaptation Strategy (CPAS). B.C. has provided input to the NAS Federal Action Plan priorities.
- B.C. is interested in streamlined, flexible adaptation funding for provinces and territories to address adaptation needs.
- B.C.'s priorities for collaboration with the federal government on climate adaptation include:
 - Funding and implementation support for Indigenous-led climate adaptation initiatives, including assessments, capacity building, and implementation in a manner that supports self-determination.
 - Facilitated regional, multi-actor, collaborative approaches to climate adaptation and disaster risk reduction to establish a foundational understanding of climate risks and enable actors to coordinate adaptation actions in their various roles.
 - Coordinated policy work to determine consistent requirements and expectations for "build back better", managed retreat and resilient infrastructure, and application of these requirements in relevant federal and provincial programming.

KEY FACTS:

Carbon Pricing

s.16

LNGC/Electrification

- The CleanBC Roadmap introduced a new requirement: all new large industrial facilities must have a plan to achieve net-zero emissions by 2050 and demonstrate how they align with B.C.'s interim 2030 and 2040 targets.

s.21

Oil and Gas Cap Discussion Paper

- The Roadmap included a Provincial commitment to release details in 2023 on how the Province intends to implement policies and programs to reduce emissions from the provincial O&G sector in line with sectoral climate targets (e.g., 33 – 38 percent reduction in emissions below 2007 levels by 2030). Canada committed to capping and cutting greenhouse gas (GHG) emissions from the O&G sector in November 2021 at the United Nations Climate Change Conference. A public discussion paper was released in July 2022. Canada is accepting feedback on the options considered in the discussion paper until September 30, 2022.
 - Further engagement with provinces and territories is expected in the coming months.
 - Canada expects to release further details on the form and timeline of the emissions cap in early 2023 with specific regulatory development to follow depending on the approach chosen.
 - ENV and the Ministry of Energy Mines and Low Carbon Innovation (EMLI) will work on a coordinated response to the paper by the September 30 due date. The ministries will work to seek clarification on policies from ECCC as required, including the proposed coverage of the emissions cap.

CCUS Investment Tax Credit

- B.C. is currently ineligible for new CCUS Investment Tax Credit, which causes market insecurity for industrial investors. Eligibility for this tax credit could be extended to B.C. based on bi-lateral agreement that a regulatory regime is in place in future.

National Adaptation Strategy

- Release of Canada's NAS is expected in fall 2022. Staff have been engaging in bilateral discussions to inform the development of the NAS to support alignment with the CPAS (released June 20, 2022). Canada has indicated an opportunity for regional planning will occur in winter 2022/23.

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