

ISSUE IN FOCUS



The Greenhouse Gas Pollution Pricing Act

Background:

The Saskatchewan Chamber of Commerce submitted comments on the proposals contained in the Government of Canada's Greenhouse Gas Pollution Pricing Act.

Issue:

Consistent with the Government of Saskatchewan's stated position, the Chamber maintains that a direct carbon pricing scheme, either in the form of a direct carbon levy or through a cap and trade regime, is not the appropriate mechanism for reducing greenhouse gases in the province, as such a policy will put Saskatchewan's Energy-Intense and Trade-Exposed (EITE) sectors at a competitive disadvantage. The Chamber instead advocates for technological investments and incentives to reduce carbon emissions.

While the Chamber remains opposed to the implementation of a carbon pricing scheme, we are cognisant of the authority of the Government of Canada to impose such a mechanism, either in whole or in part, through its Federal Carbon Pricing Backstop Program.

Recommendations:

1. The proposed baseline of 70% of an industry's average emissions per unit produced for baseline year one is highly aggressive and should be set for a certain percentage of the range of the output carbon intensity data by targeting one standard deviation point below the average. Many smaller facilities do not have adequate year-to-year emissions data on-hand for calculating a baseline measurement. The Chamber supports the inclusion of a voluntary opt-in provision for facilities that emit under the 50 kt of CO₂e per year threshold.
2. It is advised that performance requirements for regulated emitters not

force uncompetitive compliance costs or technological obligations that our competitors do not face. This is particularly true of regulated emitters operating in energy-intensive, trade-exposed (EITE) sectors.

3. ECCC should consider shifting the scope of benchmarking from sector-specific performance standards to facility-level performance standards if developing sector-specific standards proves to be too difficult or too impractical to implement in practice.
4. The Chamber recommends that the initial baseline be fixed at 100% of the current facility emissions intensity range until a time in which economically feasible technologies become readily available and/or sector-specific baselines become more feasible. The Chamber supports the Government of Canada's proposal to exempt fixed process emissions (FPEs) from the program.
5. The Chamber supports the inclusion of offsets and performance credit mechanisms in the program. The Chamber recommends that regulated emitters be allowed to bank their credits and offsets and allow those instruments to have carry-forward and carry-back provisions. Regulated emitters should also be permitted to sell or trade their performance credits to other regulated emitters.
6. Under the proposed OBPS, newly regulated facilities would now be required to account for their annual GHG emissions. Because of this, reported annual GHG emissions would now have to be audited and verified by a qualified, independent third-party due to the monetary implications of the OBPS. It is key that the specific qualifications of third-party verifiers be articulated and that there are enough properly trained, independent third-party verifiers to meet demand.
7. The Chamber highly recommends that ECCC put an administrative apparatus to assess site emission levels, monitor compliance, as well as enforce penalties into place well before the implementation date.
8. The Chamber would like to see more certainty around the exemption for large emitters, specifically any delays in the availability of the OBPS meaning delays for it coming into full force and effect for those emitters 50 kt of CO₂e per year and over.
9. The Chamber believes that this is fundamentally unfair that under the draft legislation, greenfield economic development projects would not fall under the OBPS mechanism and instead would be required to pay the full costs of a direct carbon levy, since the company would not be producing a commodity yet. Moreover, for those industrial facilities at the end of their life cycle, these operations will be subject to carbon pricing but have no ability to generate revenue during the decommissioning and reclamation phase.
10. The Chamber continues to maintain that the frequency of monthly reporting places an undue and unnecessary administrative burden on those required to remit. The Chamber recommends that the frequency of reporting should be made annual instead.

History:

Letters to Federal Ministry of Environment & Natural Resources 2018