

February 26, 2021

The Honourable Jonathan Wilkinson, P.C., M.P.
Minister of Environment and Climate Change
House of Commons
Ottawa, ON
K1A 0A6

Jonathan.Wilkinson@parl.gc.ca

Re: Climate Action Plan – Clean Fuel Standard

Dear Minister Wilkinson,

On behalf of the Saskatchewan Chamber of Commerce, the voice of business in Saskatchewan for over 100 years, we want to express our sincere gratitude for limiting the scope of the Clean Fuel Standard (CFS) aspect of the climate action plan to liquid fuels only. This change benefits the many emissions-intensive trade-exposed (EITE) industries in Saskatchewan by helping them maintain some competitiveness.

However, we strongly recommend that the federal government conduct a thorough evaluation on the impacts of current environmental legislation and regulation and identify opportunities for harmonization and streamlining as well as the ultimate amount of, and opportunities to reduce, the government-imposed cost to business, thereby supporting their ability to be sustainable.

We acknowledge that climate change is real and that we must move towards a low carbon economy but we are greatly concerned about the cumulative impact of the numerous federal environmental policies that have been announced to accelerate this transition. These climate policies are not being imposed in isolation and, in fact, overlap. We urge you to consider the unintended consequences of the cumulative impact and regulatory misalignment that will impact business competitiveness, not only for businesses in Canada but also those that compete on a global scale. We need to support businesses in Canada and long-term success in the global market.

As mentioned in our letter dated February 3, 2021, the significant raising of the carbon tax to \$170 per tonne by 2030 is a major concern given viable alternatives from fuel and energy are not widely available for all carbon emitting processes and Canadian producers cannot pass on these increased costs. The Clean Fuel Standard adds a net cost of \$94 per tonne.

In addition, even though CFS stringency is initially lower and comes into force at the end of 2022, the targeted greenhouse gas emissions reductions of 20 Mt annually by 2030 must still be met. This will significantly impact all industries as they work to quickly achieve these targets.

Saskatchewan and Canadian companies are facing significant cost increases due to this cumulative regulatory burden. Overlapping regulations result in extremely high administrative costs and the excessive compliance burden falls on industries that must conduct compliance reporting. As it



stands, all of these cumulative costs will reduce competitiveness and deter investment in Saskatchewan.

Lastly, we are concerned about the use of a Social Cost to Carbon to calculate Clean Fuel Regulation benefits as it is very likely that this will result in EITE industries becoming less globally competitive. Additionally, regional analysis should be undertaken to determine and consider any regional differences.

It is important and commendable to make long-term plans with the well-being of future generations in mind but the future viability of the Saskatchewan business community must also be considered as they are the job creators for future generations. Please consider the combined impact of these policies.

We would be happy to discuss further what this impact study could include and to offer our support in its development and execution.

Thank you for your attention in this matter. The Saskatchewan Chamber of Commerce would be pleased to provide further comment at your convenience.

Yours sincerely,

A handwritten signature in black ink that reads "MKreuger".

Monica Kreuger, Chair
Saskatchewan Chamber of Commerce

CC: Saskatchewan Chamber of Commerce Environment Committee
Honourable Seamus O'Regan, Minister of Natural Resources Canada
Honourable Jim Carr, Special Representative for the Prairies
Honourable Warren Kaeding, Minister of Environment
Honourable Bronwyn Eyre, Minister of Energy and Resources
Christine Hogan – Deputy Minister, Environment and Climate Change Canada
Jean-François Tremblay – Deputy Minister, Natural Resources Canada
Sarah Harrison – Deputy Minister, Ministry of Environment
Doug MacKnight – A/Deputy Minister, Ministry of Energy and Resources