



Environmental Managers' Association Of BC: Annual Legal Update
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Climate Change: BC's Regulatory Landscape

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Outline

- ④ BC's GHG Regulatory Regime
- ④ Western Climate Initiative (WCI)
- ④ Canada's Federal Regime
- ④ Looking Ahead



BC's GHG Regulatory Regime

- ④ Ambitious Targets
- ④ Broad Scope
- ④ Sector-Specific
- ④ Market-Based



BC's GHG Regulatory Regime

- ④ Legislative Action
 - ④ *Carbon Tax Act*
 - ④ *Greenhouse Gas Reduction Targets Act*
 - ④ *Greenhouse Gas Reduction (Cap and Trade) Act*
 - ④ *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act*
 - ④ *Greenhouse Gas Reduction (Emissions Standards) Statutes Amendment Act*
 - ④ *Greenhouse Gas Reduction (Vehicle Emissions Standard) Act*



Greenhouse Gas Reduction Targets Act

- ④ **Ambitious Targets**
 - ④ 2007 = Base Year
 - ④ 33% reduction by 2020; 80% by 2050
- ④ **Public Sector Organizations (PSOs)**
 - ④ Government Ministries and Agencies
 - ④ Health Authorities, School Districts, Universities
 - ④ Crown Corps (e.g. BC Hydro, BCTC, ICBC)
 - ④ Municipalities not obligated to comply, but if they sign up, they get Carbon Tax back



Greenhouse Gas Reduction Targets Act

- ⑥ Government to offset travel-related GHG emissions from 2007;
- ⑥ PSOs to offset GHG emissions from 2010 for:
 - ⑥ Direct and indirect energy emissions from heating, air conditioning and lighting of premises owned or leased by PSO (other than portion that is leased to another PSO)
 - ⑥ Direct and indirect energy emissions from operation of appliances, equipment and machinery
 - ⑥ Direct emissions from operation of PSO vehicles (other than public transit and school buses)
 - ⑥ Direct emissions from the production of office paper



Greenhouse Gas Reduction Targets Act

- ④ Emission Offsets Regulation
 - ④ Emissions offsets must be from projects:
 - ④ BC-based
 - ④ Operational after November 29, 2007
 - ④ Process standard for eligibility (ISO 16064-3):
 - ④ Project plan must be validated by validation body
 - ④ GHG reductions or removals must be verified by verification body
 - ④ Protocols
 - ④ Obligatory for class of projects once designated
 - ④ None designated to date.



Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act

- ⦿ A supplier of gasoline or diesel to ensure that renewable fuel comprises 5% of overall fuel supply (in force for 2010)
- ⦿ A supplier of any fuel (including natural gas, propane) must ensure weighted average carbon intensity of fuel achieves prescribed improvement (not yet in force)
- ⦿ “Supplier” = vendor or person that brings fuel into or receives fuel in BC for own use in BC
- ⦿ Credits for performance may be traded among suppliers
- ⦿ Transitional provisions



Carbon Tax Act

- ⦿ Carbon Tax levied on fuel that is...
 - ⦿ “sold”, “transferred”, or “used” in or “brought into” B.C.
- ⦿ Exemptions include:
 - ⦿ Fuel purchased for export
 - ⦿ First Nations
 - ⦿ Municipalities that participate in GGRTA
 - ⦿ International air and maritime traffic



Carbon Tax Act

- ⦿ Tax of:
 - ⦿ 2008 → \$10 / tonne CO₂-equivalent
 - ⦿ 2012 → \$30 / tonne CO₂-equivalent
- ⦿ Effective as of July 1st, 2008

	2008	2009	2010	2011	2012
Gasoline (¢/L)	2.34	3.51	4.68	5.85	7.02

- ⦿ Statutory requirement that tax is revenue neutral
- ⦿ Administration similar to *Motor Fuel Tax Act*



Greenhouse Gas Reduction (Cap and Trade) Act

- ⑥ Authorizing legislation, not detailed scheme
- ⑥ Applies to Regulated Operators and Regulated Reporters (to be prescribed by regulation)
- ⑥ Regulations may “attribute” emissions outside of B.C. to regulated operations in B.C.
- ⑥ Over compliance period, Operators must retire compliance units at least equal to emissions



Greenhouse Gas Reduction (Cap and Trade) Act

GHG Reporting Regulation (Policy Intentions Paper)

Annual Emissions* (tonnes CO2e)	Reporting Obligations	Biomass emissions included?
10,000	-Annual reporting of GHG emissions -- 2009 and later	Yes
20,000	-As above plus... -Report 'best estimates' for 2006, 2007 and 2008	Yes (other than CO2)
25,000	-As above plus... -Report all subsequent years -Verification from 2010	No

*Threshold for upstream oil and gas facilities = 3,000 MTCO2e



Greenhouse Gas Reduction (Emissions Standards) Statutes Amendment Act, 2008

- ④ Affects following sectors:
 - ④ Forestry
 - ④ Waste Management
 - ④ Electricity Generation
- ④ Landfill Gas Management Regulation
 - ④ Applicable to certain operating landfill sites that accept municipal solid waste for disposal
 - ④ Owner or operator of regulated landfill sites must assess GHG emissions from landfill site
 - ④ Owner/operator must capture & flare methane if estimated releases exceed 1,000 tonnes annually



Greenhouse Gas Reduction (Vehicle Emissions Standard) Act

- ④ Imposes GHG fleet emission standard on manufacturers
- ④ Regulation to prescribe zero emission vehicle requirements for manufacturers' fleets
- ④ Draft regulations not yet released

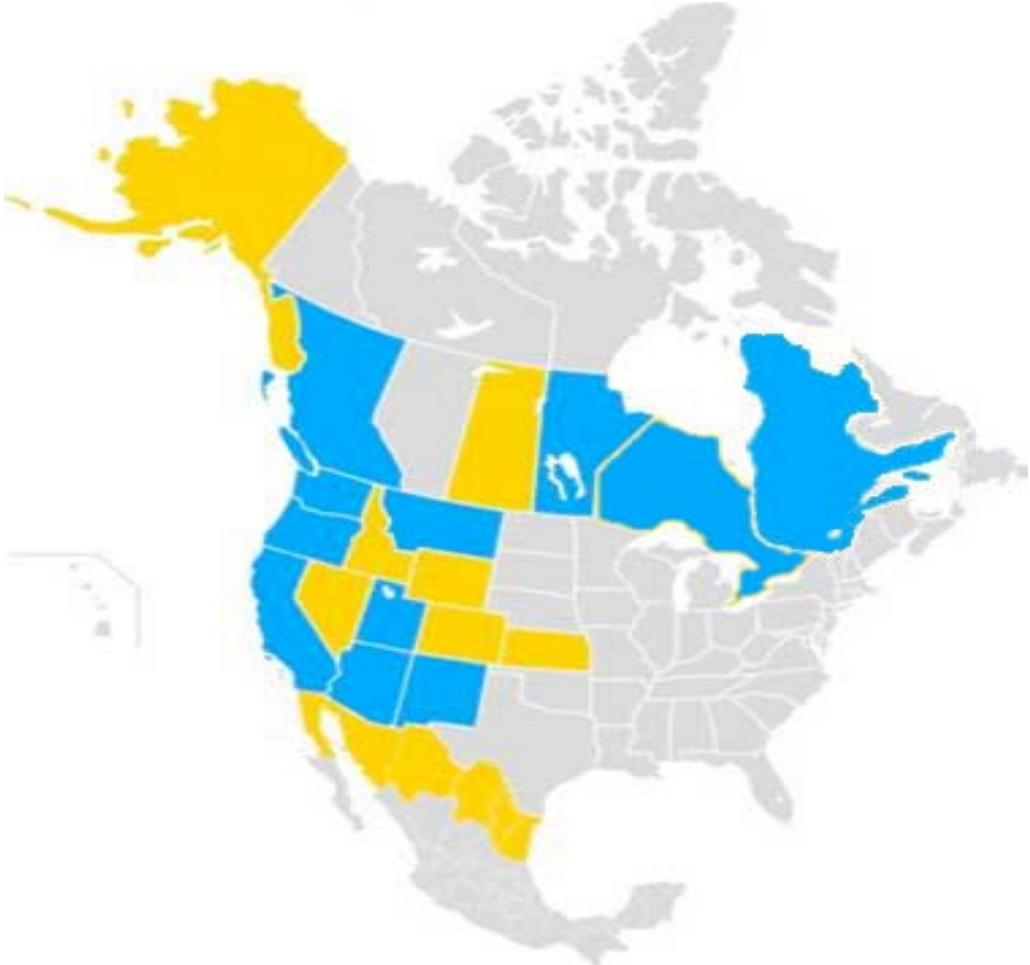


WCI

- ④ Western Climate Initiative (WCI)
 - ④ Formed in 2007
 - ④ Cap and Trade, and Offsets
 - ④ Broad Scope, economy-wide
 - ④ Target 15% below 2005 levels by 2020
(weighted average of region-wide goals)



WCI





WCI and other Regional Initiatives

- ④ WCI design provides insights of BC's intentions
- ④ California is key to WCI and is well represented in key climate-change positions within new Administration and Congress
- ④ BC cap-and-trade system unlikely to be fully implemented until fate of WCI becomes clear



Canada's Plan

- ⦿ In April 2007 the Federal government laid out its broad plan for reducing GHG emissions
- ⦿ In March 2008 the federal government announced further details of federal GHG regulatory regime
- ⦿ Regulations will be enacted under *Canadian Environmental Protection Act, 1999 (CEPA)*
- ⦿ Expected in force 2010(?)



Canada's Plan

- ⦿ Regime will cover a wide range of sectors including:
 - ⦿ electricity generation produced by combustion, oil & gas (including natural gas pipelines), pulp & paper, smelting & refining and chemical production.
- ⦿ Only applicable to facilities above min. thresholds
- ⦿ Regulations to set out emission intensity reductions for GHGs to begin in 2010
- ⦿ Targets applied at facility, sector and corporate level; most facilities to have individual targets



Looking Ahead

- ② Educate Internal Stakeholders
- ② Track and Report Emissions
- ② Inventory Potential Liabilities
- ② Over long term, may shift role
 - ② from compliance & risk management to ‘value center’
 - ② Carbon liabilities go to bottom line
- ② Identify business opportunities (e.g. offsets)
- ② Corporate Carbon Strategy



Questions?

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