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British Columbia Tables Greenhouse Gas Cap and Trade Legislation

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On April 3, 2008, the BC government introduced the Greenhouse Gas Reduction (Cap and Trade) Act (“Bill 18”).

Bill 18 is enabling legislation. It does not set out the detailed elements of BC’s new greenhouse gas regulatory system; it authorizes the provincial cabinet to make regulations to do so. Nevertheless, by examining Bill 18’s framework and the scope of permissible regulations, Bill 18 provides some insight into the forthcoming regulatory system. Items of note include:

- “Operators” of “regulated operations” (to be determined by future regulations) will be required to retire compliance units at least equal to their emissions during any compliance period. Regulations may be made to attribute to an operator of regulated operations in BC emissions that occur outside of BC (for example, emissions associated with the generation and transmission of electricity to the point where the electricity is received by the BC electricity grid).
- Failure to comply may result in an administrative penalty (fine or obligation to retire additional

compliance units) or a regulatory offence or both. Directors and officers of a corporation that commits an offence who authorize, permit or acquiesce in the offence also commit an offence.

- Compliance units can be:
 - a) BC Allowance Units (BCAUs) issued by the government. The government can establish a cap on the number of BCAUs issued to operators of regulated operations for any compliance period.
 - b) BC Emission Reduction Units (BCERUs) issued by the government in connection with emission reduction projects approved by the government. BCERUs may be generated from emission reduction projects that reduce or avoid greenhouse gas emissions, or that remove greenhouse gases from the atmosphere. Regulations will establish project eligibility criteria, crediting periods, quantification methodologies and verification procedures.

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- c) Recognized Compliance Units (RCUs) issued as part of another regulatory system but recognized by the government pursuant to future regulations for use in BC. The government may limit the number or kinds of RCUs that may be used for compliance.
- Compliance units can be traded among operators of regulated operations.
- Members of the public may request an investigation as to an operator's compliance with the regulatory system.

Bill 18 has only received first reading. For the full text of Bill 18, see http://qp.gov.bc.ca/38th4th/1st_read/gov18-1.htm.

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