



STANDING COMMITTEE ON THE ECONOMY

Hansard Verbatim Report

No. 35 — November 26, 2018



Legislative Assembly of Saskatchewan

Twenty-Eighth Legislature

STANDING COMMITTEE ON THE ECONOMY

Ms. Colleen Young, Chair
Lloydminster

Ms. Vicki Mowat, Deputy Chair
Saskatoon Fairview

Mr. David Buckingham
Saskatoon Westview

Mr. Terry Dennis
Canora-Pelly

Mr. Delbert Kirsch
Batoche

Mr. Warren Michelson
Moose Jaw North

Mr. Doug Steele
Cypress Hills

[The committee met at 18:31.]

The Chair: — Good evening and welcome, everyone. I'll introduce committee members this evening: myself, Colleen Young as Chair. Sitting in for Vicki Mowat is Yens Pedersen; also on the committee is Warren Michelson, Terry Dennis, Doug Steele, David Buckingham, and Delbert Kirsch.

Bill No. 132 — *The Management and Reduction of Greenhouse Gases Amendment Act, 2018*

Clause 1

The Chair: — This evening the committee will be considering Bill No. 132, *The Management and Reduction of Greenhouse Gases Amendment Act, 2018*, clause 1, short title. Before we begin this evening, I'm going to ask all officials to, please, the first time you speak, to state your name for the *Hansard* records, if you don't mind. So we'll begin, Minister, with you introducing your officials that are here with you this evening and providing any opening remarks you wish.

Hon. Mr. Duncan: — Great. Thank you very much, Madam Chair, and good evening to members of the committee. Seated to my right is David Brock, the assistant deputy minister of climate change and adaptation; and to my left is Sharla Hordenchuk, executive director of our climate change branch.

The Management and Reduction of Greenhouse Gases Amendment Act amends its predecessor Act and provides the legislative framework to enable commitments in Prairie Resilience. This includes regulations for reporting greenhouse gas emissions and reduction of industrial emissions through performance standards and compliance options. The Act revises existing and overly prescriptive provisions related to greenhouse gas reporting and methodology in favour of simple and cost-effective industry reporting.

The Act establishes intensity-based performance standards for large emitters. This method of regulation will allow the province to reduce industrial emissions in a way that protects economic competitiveness and recognizes actions already taken by industry to lower their emissions. The Act also enables compliance mechanisms, including a streamlined technology fund, best performance credits, and a provincial offset system. And finally, the Act creates mechanisms for internationally transferred mitigation outcomes, often referred to as ITMOs, which could bring long-term benefits for Saskatchewan companies.

The amendments will provide industry with flexibility to comply with the legislation and enable lower compliance costs for industry without threatening the provincial economy with a tax. The proposed amendments address themes heard from stakeholders throughout the engagement process, including efficient and cost-effective GHG [greenhouse gas] reporting, performance standards that respect trade and competitiveness, and support for effective compliance options.

Stakeholder feedback indicated strong support for Prairie Resilience, and emitters emphasized the importance of a flexible approach to reduce GHGs and a preference for provincial regulation. That feedback was incorporated into the proposed

amendments to the Act. And with that, we'd be pleased to take the committee's questions.

The Chair: — Thank you, Minister. I'll now open the floor to questions from committee members, and I'll recognize Mr. Pedersen.

Mr. Pedersen: — Thank you, Madam Chair. Is that how I address you?

The Chair: — Yes.

Mr. Pedersen: — So this bill is, I guess, a further version of legislation that was originally passed all the way back in 2009. Why has it taken so long to get this legislation in place? What's been happening in the last 10 years?

Hon. Mr. Duncan: — Thank you for the question. So certainly it does make amendments to legislation that had been previously passed by the provincial legislature. We did a partial proclamation of the Act last year to enable provincial regulations as it relates to the electricity sector in the province.

I would say there has been a number of changes over the last number of years, in particular a federal government change, that have made a number of changes in the way that they are pursuing environmental legislation, and in particular policies related to greenhouse gas emissions. We also have gone through, certainly in the last number of years I would say, some significant headwinds in a number of our industrial sectors in the province. And so I think the government in the past has felt that at that time it was not the right time to move forward with the regulations as they were in the existing legislation.

We've also had, obviously from Kyoto to Copenhagen to now the Paris Agreement, changes that, you know, I think that we're trying to address here at a provincial level with our new amendments to the Act and the regulations that will fall from that. And those agreements have in turn changed the way that the federal government, the national government is approaching this issue. So I would say a lot has changed in the last 10 years, and I think our changes in the legislation reflect those changes.

Mr. Pedersen: — So a lot of the teeth in this legislation will actually be determined by regulation. When will the regulations be in place?

Hon. Mr. Duncan: — So our intent is the regulations will be in place so that we will be regulating by January of 2019. And so we have had, I think, the last round of comments from the sectors that will be regulated earlier this month. The regulations themselves likely will go to cabinet in the next one to two weeks, and it's our intent that will be in place for January of 2019.

Mr. Pedersen: — Is the rush to get this bill passed because of the federal law?

Hon. Mr. Duncan: — I would say the rush is so that we can continue to signal to industry that we are serious about regulating in this province, and that we want to be able to provide that certainty to industry in the province that will be regulated by the province, in terms of what that will look like.

We also though want to signal to the federal government that have essentially acknowledged the Prairie Resilience plan, that they will not be imposing the output-based performance system that the federal government has proposed for provinces. They're not going to be imposing that on Saskatchewan; they are allowing us to implement our plan in the province. But we would like to continue to signal to the federal government that yes, we are going to step into that space and we will be the regulator. And so we want to be able to provide that assurance, both to industry as well as to the federal government, that we intend to proceed on this path and put forward regulations.

And so that's really the urgency in terms of why we have talked in the past about certainly the need that we feel, you know, why it's important to pass the legislation a little bit out of the normal course and pass it this fall, and therefore be able to put the regulations in place at the beginning of 2019.

Mr. Pedersen: — So I gather then that you have received formal, written confirmation from the federal government that this will satisfy, that they won't regulate if these legislation regulations are in place?

Hon. Mr. Duncan: — That's correct.

Mr. Pedersen: — Does that depend on what the regulations actually are?

Hon. Mr. Duncan: — Thank you for the question, Mr. Pedersen. So we have indicated to the federal government the sectors that will be covered under our plan. We've indicated the price that we intend to apply in terms of the technology fund compliance. We've indicated the timing as to when the regulations will be in force for those sectors. And we've indicated to the federal government the stringency levels that we intend to implement in the regulations. And with all of that information, the federal government have come back to us and have acknowledged our plan and have indicated that on those sectors that we will be covering that they will not apply the federal system to those sectors.

Mr. Pedersen: — Did the province consider border carbon adjustments in its deliberations?

Mr. Brock: — Through you, Madam Chair, thanks to the member for the question. David Brock, D-a-v-i-d B-r-o-c-k, assistant deputy minister for climate change and adaptation with the Ministry of Environment.

The ministry, certainly at the officials level, considered a multitude of policy options. Border carbon adjustments was one of the things that we had talked about internally at the officials level. Some of the considerations that we arrived at in analyzing that as a potential policy option — and I emphasize, one among many — is that the accounting is considerably complex.

To give but one example of that, the way that, broadly speaking, accounting for emissions is currently articulated is usually from the place of production as opposed to the place of consumption. So at some point you have to start from some of those basic theoretical questions and then add on to that the certainly complex and changing economic environment in the United States and internationally would certainly add to the complexity

of any sort of regulatory certainty or economic certainty related to that.

Those are a number of the factors that caused us to think that was not a viable policy option for Saskatchewan at this time, and therefore we're not in a position to take it any further. Thank you.

Mr. Pedersen: — Thank you. Is it fair to say that this bill is the main legislative response of Prairie Resilience?

Hon. Mr. Duncan: — Thank you for the question. So certainly this legislation would be the main legislative response as a part of Prairie Resilience. But I would also say that the more than 30 commitments as a part of Prairie Resilience likely wouldn't result in this legislative response, likely in some regulation changes, some policy changes.

And this also, Prairie Resilience is also built upon the regulations that we already put in place with the electricity regulations in the province. And this legislative response wouldn't include as well the work that Energy and Resources is doing specific to the methane file as well. So that will be, I think, a part of the overall Prairie Resilience response. But this would be the bulk of the main legislative front for Prairie Resilience.

[18:45]

Mr. Pedersen: — I'm not sure if it's in Prairie Resilience or perhaps it was in your comments. There's a statement that targets must be both practical and achievable. So when the government says "practical," I guess I'm wondering, for whom does it mean? And does the government acknowledge that some people are going to be impacted by climate change more than others and that too little inaction on climate change will be decidedly impractical for the people affected?

Hon. Mr. Duncan: — Thank you for the question, Mr. Pedersen. So I think a couple of things that I would mention on this is that what I think sets Prairie Resilience apart from any other approach that we've seen by any jurisdiction, including our own federal government, is while emissions reductions from in this case the industrial sectors of the province are one approach, what we are endeavouring in this plan to do is look at it from multiple approaches. Because we don't think that there's a single — or certainly I don't think that there's a single — approach that really speaks to I think how broad this issue really is. And so, you know, when you look at the fact that a large focus of Prairie Resilience is that resilience piece.

So we will, later this year . . . Our climate resilience framework, I think some of the TBDs [to be determined] that were maybe indicated by members of the opposition in the spring, we will be coming forward in the coming weeks and filling in some of those areas that we indicated at the time that we were still working on as a ministry and as a part of I think 14 different ministries and government agencies that are a part of building this plan out. So I think that that part of the plan speaks to, I think, the practicality of our plan, that it's not just about emissions reductions. We have to ensure that our community and our people are resilient to the ongoing effects of climate change.

In terms of achievability, so we have indicated that the results that we're expecting from industry are not, frankly, equal among

the different sectors. So that's why we look at a sliding scale, that stringency level. Some are at 5 per cent; others are as high as 15 per cent.

At the end of the day, we wanted to ensure that not only could this plan hold up in terms of achieving reductions, but we have to be realistic about what the achievements on a technical level are actually possible. And I think this was even acknowledged by the federal government who, in their own output-based performance system, initially had set a 30 per cent reduction across the board. And even the federal government acknowledged that whatever plan is in place, whether a provincial plan or federal plan, it needs to be something that can be achieved by industry. And so they even have backed off on some of their targets moving forward.

So I think this plan — certainly I'm biased in this — but I think this plan on both fronts, on achievability but also being a practical plan, you know, I would put this plan up against any in the country.

Mr. Pedersen: — Thank you. Will this bill just reduce emissions intensity, or will it reduce total emissions as well? Or could it do both?

Hon. Mr. Duncan: — So I think the . . . What I would say to that answer is it potentially could be both. I think that there is a number of factors. In part it will depend on how industry deal with the regulations and whether they choose to abate their emissions, what compliance options they choose going forward. It depends on the growth of the province. So if we see significant growth in the province and industrial sectors, certainly we would see, through these regulations, a reduction in the intensity of our emissions. But if the province is growing and industry is growing, will we see an overall, an absolute drop? I'm not sure, but I think the regulation's set up for the potential for both, on the intensity and the overall. And I don't know if Ms. Hordenchuk can provide some more detail on that.

Ms. Hordenchuk: — Certainly. Sharla Hordenchuk. So with respect to emissions intensity, the targets that are set will improve performance of those large emitters in the province. Those numbers can of course be calculated into absolute emission totals, and the same would be said for any non-regulated sectors that look to reduce, remove, or sequester carbon from activities which aren't required to do so through law. And that of course is an absolute reduction as well.

Mr. Pedersen: — Is reducing the total emissions of Saskatchewan a goal of this government and of this legislation?

Hon. Mr. Duncan: — So I would say, absolutely. So with our plan, for instance, we now are regulating the electricity sector in this province. And so the plan that SaskPower has put in place, at a minimum we'll see a reduction of their greenhouse gas emissions by 40 per cent by 2030. That's already, I think, well established over the last two to three years within SaskPower, and certainly they are moving in that direction. And certainly as a Crown and as a government, as the shareholder, I'm very confident that a 40 per cent overall reduction in GHG emissions is certainly the plan. And SaskPower is moving in that direction.

In terms of methane emissions, a 40 per cent reduction is the goal

of the Energy and Resources ministry, to see a 40 per cent reduction from that industry. And the industrial sectors that will be covered through this plan, it's a 10 per cent reduction in GHG emissions through these regulations, this legislation, these regulations that we're putting in place.

So I would say, absolutely it is a goal of this government to see our greenhouse gas emissions reduced.

Mr. Pedersen: — The 40 per cent number that you mentioned for power and for methane, is that a 40 per cent reduction in emissions intensity, or is that a 40 per cent reduction in actual emissions?

Hon. Mr. Duncan: — So both are absolutes. So for electricity it's a 40 per cent reduction from 2005 levels and for methane it's a 40 per cent reduction from 2015 levels.

Mr. Pedersen: — In the ministry's 2017-2018 annual report, in the section on climate change it has a graphic there that shows that the province's greenhouse gas emissions intensity has been on a downward trend. It's been declining. But in that same period of time, you know, our province's total emissions have increased. And that annual report didn't talk about actually reducing our total emissions, but I take it from what you say that that is now an objective of the ministry and the government.

Hon. Mr. Duncan: — Yes, it is the objective of the government to reduce our greenhouse gas emissions.

Mr. Pedersen: — When I look at Prairie Resilience it seems like a big chunk of the proposed strategy on climate change isn't actually reducing greenhouse gases, but convincing others that we don't have to do anything. Four of the six recommendations aren't about reducing greenhouse gases. The only two that are are the two that you mentioned, is methane and expanded renewables. Is that a fair characterization?

Hon. Mr. Duncan: — Thank you for the question, Mr. Pedersen. So certainly it's our position that we're not . . . Through Prairie Resilience, so when you include the electrical sector that's already regulated by the province, when you include the methane targets that are in place, and when you include the industrial sector that will be regulated by these regulations, that's nearly 60 per cent of our emissions. So we're seeing a 40 per cent reduction in electricity; a 40 per cent reduction in methane; a 10 per cent reduction, overall reduction, by our heavy-emitting sectors in the province.

We are also committed to updating the building codes. We're committed to a transportation strategy through the Ministry of Highways, is the lead on that file. We're looking at government buildings in terms of our energy efficiency, energy efficiency overall. And so we don't really split mitigation and adaptation from each other. We need to ensure that we are resilient to the changes of the ongoing effects of climate change.

I think the argument that I've made in the past is, we're at about 75, 76 million tonnes of emissions a year as a province. If we reduce that to zero overnight, climate change is not going to abate. It's not going to stop. And so yes, we need to be focused on reducing our own emissions in Saskatchewan. We also have to be also looking at, how do we ensure that our communities,

our people are resilient to the ongoing effects of climate change.

And so I think that's why we're . . . I didn't write down, I think, the way that you characterized the question. But certainly I think what we're trying to do is present what we've tried to do to the federal government, and in part they've accepted the argument; in part they haven't. But what we've tried to put forward is that, you know, when you look at a fulsome climate change action plan, again I'm biased but I would stack this up against any other. Because we're not just focusing on . . . We're certainly not focusing on a tax. We're not just focusing on emissions, although that is a part of this and emissions reductions. We're looking at, I think, this through a much broader lens than any other jurisdiction, including the federal government.

Mr. Pedersen: — Thank you. I've got a series of questions here just dealing with the scope of the legislation that I'm going to move into here. Are you able to tell us how "regulated emitter" is going to be defined?

[19:00]

Hon. Mr. Duncan: — So we would be proposing that the regulated emitter — so that will be an emitter that meets a prescribed requirement in terms of their emissions — we have indicated that that's going to be for facilities that are over 25 000 tonnes per year and over. We also would allow for the voluntary regulation of industries that are between 10 and 25 000 tonnes per year.

Mr. Pedersen: — Will there be persons who have operations exceeding 25 000 tonnes who are exempted or who aren't caught by this legislation?

Hon. Mr. Duncan: — Thank you for the question, Mr. Pedersen. So we are not covering by standards the universities, the major landfills that would fall beyond the 25 000-tonne-per-year number, and we're also not covering by standards SaskPower and the natural gas transmission system, SaskEnergy.

Mr. Pedersen: — Will federally regulated industries or businesses be subject to this legislation? So I'm thinking you think uranium mines are federal jurisdiction. I believe the railways are. I assume that your provincial pipeline would be.

Hon. Mr. Duncan: — We do, under our system, we do cover the uranium sector. We do not, though, cover rail lines, interprovincial pipelines.

Mr. Pedersen: — Is the 25 000 tonnes, is that going to be a limit that's per facility? Or is it going to be per emitter?

Hon. Mr. Duncan: — So that threshold, that's the minimum threshold, that 25 000 tonnes. So I just want to be clear about this: any facility that falls under 25 000 tonnes, they're not covered by these standards. If they are between 10 and 25 000 and they wish to be covered by the regulations, then they can opt in. There is a voluntary opt-in.

Any facility that's over 25 000, not including those ones that I've already listed off, they would be covered by the regulations, and it's by facility. So in terms of the number that we're looking at, I think we're in the 43 to 46 range. That's individual facilities, so

several of those facilities would be owned by the same company.

Mr. Pedersen: — So that would mean then you could have companies that own several different facilities, some of which are caught and some of which are not. That's right?

Hon. Mr. Duncan: — That's correct. So right now you could have one company that may have five facilities. Let's say two of them are over 25 000 tonnes per year, and so those two would be captured. If the other three are below the 25 000, those would not be captured by these regulations.

Mr. Pedersen: — So what's the rationale in not applying it to that type of emitter all across their entire operations?

Mr. Brock: — Thank you. Thank you for the question. Perhaps I'll provide just a few different perspectives. One is a reminder that the federal output-based pricing system starts at a minimum threshold of 50 000 tonnes, where Saskatchewan moved forward with a threshold of 25 000 tonnes. Part of the rationale for a larger catchment is to in part, you know justify, rationalize, and enable a regulatory program for a jurisdiction the size of Saskatchewan, in contrast to, say, for the whole country.

Now looking at facilities that are below that 25 000 tonnes, and in the case that you offered perhaps would be owned by the same firm that has a regulated facility, part of what we thought we needed to provide as officials was rationale to be able to justify that. So starting with a 10 000-tonne voluntary opt-in at some future date allows us to at least contemplate bringing in some of those facilities. But I think it's important to recall that prior to this year, the only facilities in Saskatchewan that were reporting any data were those over 50 000. So that doesn't give a lot of data on which to do any cogen analysis in order to provide sound recommendations.

Now we have, as of September 1st of this year, started a reporting threshold at 10 000. So that means we'll be starting to collect that data imminently and be able to do that analysis. But until we know and, you know, what that space looks like, it might be irresponsible to move into that, have some better understanding of it.

Mr. Pedersen: — In my understanding, the way the federal and provincial legislation will — what's the term? — mesh or interrelate, if the provincial legislation applies to a facility, then that facility won't have to be paying carbon tax under part 1 of the federal law. Is that right?

Mr. Brock: — Yes, that's correct. And I'll ask, perhaps if it's okay, Ms. Hordenchuk, to speak to the details a little bit of how this will work. But at root, yes.

So the decision that was announced by the Government of Canada on October 23rd basically, in recognizing Prairie Resilience in our output-based performance system, also gave recognition for those 46 facilities in Saskatchewan, that those will be regulated by the province and therefore will be covered by our output-based performance system, and thus have an exemption from part 1, the fuel tax under the federal *Greenhouse Gas Pollution Pricing Act*. And if I may perhaps look to Ms. Hordenchuk for just exactly the mechanics of how that will work in an overview.

Ms. Hordenchuk: — Thank you. So with respect to the output-based performance standards in Saskatchewan, there's regulation on the output. And as mentioned prior, there's therefore no requirement to pay tax on the input fuels. So there is that coverage either on input or on output. The provincial system, of course that's the standard for performance at the facility on their outputs.

With respect to how the two systems will work together, the federal government has initiated their registration process and provides opportunity for large emitters that follow the set of activities that they're covering. So for a provincial facility to successfully register in that system, that facility would only be able to navigate through that system if it was an activity that Saskatchewan is not covering.

Mr. Pedersen: — So if I'm also then understanding this correctly, an emitter who has some facilities caught under the provincial legislation but who also has facilities that are not caught, those facilities that are not caught will then be subject or they won't be exempted under the federal legislation.

Mr. Brock: — Yes, essentially that's correct. So those facilities that currently are below the 25 000, and therefore are not regulated by the province, will be paying the input tax under part 1 of the *Greenhouse Gas Pollution Pricing Act*.

And I think it's important also to point out to the committee that Saskatchewan is the only jurisdiction in Canada that has had its industrial regulation system recognized and therefore not had part 2 imposed. But of course, in part because of the government's position on the economy-wide carbon tax, the federal backstop under part 1 will apply in the jurisdiction.

Mr. Pedersen: — When I think about, you know, like big retailers, for instance like a Superstore or a Walmart, and I think about the amount of goods that they're bringing in on an annual basis, it's hard for me to imagine that they're not going to be over that 25 000 tonnes. Are they listed in those 46 facilities? And if no, why not?

Mr. Brock: — I'll ask Ms. Hordenchuk to follow up with a little more clarification, but I think the primary distinction is source emissions, as opposed to emissions that may result from some general activities. But perhaps Ms. Hordenchuk can provide detail on that.

Ms. Hordenchuk: — Certainly. So the facilities that you mentioned would be rather small emitters in the scheme of things. When we talk about facilities that are over 25 000, like a building, on that list of facilities that does register, for example, would be the University of Saskatchewan at 48 000 tonnes. So that should put in perspective what a retail centre would emit.

Also, in thinking of emissions, it's about fossil fuel combustion. So while Superstore, for example as you've provided, might generate emissions, those emissions would be sourced back to the electricity that they're purchasing.

Mr. Pedersen: — I guess I'm thinking, with retailers, when I think about the thousands and thousands of truckloads of stuff that they bring in and all the diesel fuel that's burned to bring those goods in, or in the case of by train, are those emissions from

those truckloads attributed to the retailer, or are they attributed to the trucking company?

[19:15]

Hon. Mr. Duncan: — Thank you for the question. So those emissions would be likely attributed to, say, that retailer. But again they're not confined to that facility or that site, so it really comes down to the combustion activity. And so they wouldn't be captured under our regulations because it's not the emissions created by combustion activity at that particular site.

Mr. Pedersen: — So that would be the same analysis then that would apply to grain buyers, for instance?

Hon. Mr. Duncan: — Yes, so I think the same answer would apply. We're really looking at the emissions that are created by combustion at a facility. And so in that case they would be likely . . . they would pay under the part 1 or part A of the federal Act on the economy-wide carbon tax.

Mr. Pedersen: — Can you tell me where . . . So I understand that the coal-fired electricity is covered elsewhere. Where is non-coal-fired electricity generation, where is that going to be regulated? Is that going to be under this legislation, or is that going to be regulated somewhere else?

Hon. Mr. Duncan: — Mr. Pedersen, electricity is covered under provincial regulations that came in force provincially here in January. It's the electricity and general producer regulations, so that covers both coal and gas on a fleet-wide basis. And then any cogeneration that takes place in terms of creating electricity will be covered under this output-based performance system that we're talking about this evening. That will be enacted with these changes in the regulations, and that'll be done on a facility basis.

Mr. Pedersen: — So the legislation says that the Crown is bound. Are there any facilities where the Government of Saskatchewan is going to be an emitter or emitting more than 25 000 tonnes that's outside of SaskPower and SaskEnergy?

Hon. Mr. Duncan: — So there's no other government entity that would be captured by this. So on the SaskEnergy side, the natural gas distribution is over that threshold, and electricity I think we've already talked about. The only one that I can think of, just looking off the list, is I believe SaskPower has a 50 per cent interest in one of the cogeneration facilities that would be captured under these regulations.

Mr. Pedersen: — So the IPCC [Intergovernmental Panel on Climate Change] recently announced that the world was going to have to reduce emissions by 45 per cent by 2030 to keep climate change below the 2 degrees average increase. Is it fair to say that the government does not accept that the 45 per cent reduction is a desirable goal for Saskatchewan?

Hon. Mr. Duncan: — Thank you for the question, Mr. Pedersen. So I guess I would say this: that as a province, as a government, certainly we are signatory to the Vancouver Declaration. That was done under former Premier Wall, who did sign that on behalf of Saskatchewan, as did all first ministers in the country. That commits Saskatchewan to being a part of the national action to see a 30 per cent reduction as per the Paris Agreement by 2030,

30 per cent below 2005 levels. At COP24 [Conference of Parties 24], the upcoming COP24, there certainly will be a discussion about the ambitions beyond 2030. And so, you know, we will look to see what comes and unfolds from that.

But you know, I would say that our commitment to reductions, we agreed with that through the Vancouver Declaration. We confirmed that with the *Prairie Resilience* document. And I think this puts us very much on track to seeing real reductions in Saskatchewan while ensuring that we are resilient to the ongoing effects of climate change.

I would stress that when you look at what we have already committed to . . . So the federal government signed us on to 30 per cent reduction. As a government, we have put in place targets and plans to achieve those targets, for instance through SaskPower, that will see at a minimum a 40 per cent reduction by 2030. So in that alone, we're going well beyond what the federal government has signed us on to.

With methane emissions, I believe a 40 per cent reduction. I've heard 40 to 45 per cent, but I know 40 per cent is, you know, the number that I would use this evening. So a 40 per cent reduction in our methane emissions and a 10 per cent reduction from less than 50 facilities in this province in terms of our industrial heavy emitters in the province.

So you know, I just would try to leave the impression with the committee that this is a government that is very much committed to setting targets and seeing real reductions in our emissions as a part of the action that Canada has signed on to as a country.

Mr. Pedersen: — So section 5 of the existing legislation — it's not being amended — requires a province-wide emission target to be set through regulation. I guess I'm just wondering, if the province is in agreement with the Paris-level agreements through the Vancouver Declaration, why not just have that spelled out right in the legislation?

Hon. Mr. Duncan: — Thank you for the question, Mr. Pedersen. So section 5 has already been proclaimed by the province. What we are saying is a part of the legislation and the forthcoming regulations is that as a part of the regulatory framework, we will set that stringency target for each of the sectors that will be regulated by this.

The 30 per cent reduction that was signed on by Canada, that is a national commitment, and certainly Saskatchewan is committed to contributing to the plans as a country in terms of seeing real reductions. But I would go back to the reason why we signed the Vancouver Declaration is that it spoke to the fact that each jurisdiction in this country is different. We all come at this issue and at this problem from different starting points. So decades ago, jurisdictions went the route of building large-scale hydro projects. Saskatchewan, while we do have some hydro, we went a different direction. And so we're starting from different starting points.

And I think that that has resulted in the direction that the federal government has now kind of taken this country that has resulted in a lot of the frustration, because it feels like the federal government has walked away from a lot of the things that they signed on to with the Vancouver Declaration in terms of

recognizing the differences in our geography, the differences in our economy, the fact that 48 per cent of Saskatchewan's GDP [gross domestic product] is directly tied to export trade — the highest proportion out of any province in this country. And so we need to be mindful of those industries that support our economy.

And so we will be contributing to that national commitment, but we also would remind the federal government to not lose sight of what they brought to the table in terms of recognizing the differences amongst the jurisdictions through the Vancouver Declaration. I think that's been lost in a lot of the to and fro between the provinces and the federal government.

[19:30]

Mr. Pedersen: — If the Paris commitment was . . . Well it's not "if." The Paris commitment was a 30 per cent reduction from 2005 levels. The targets under this plan are quite a bit short of that. Is the government just saying to industry in Saskatchewan that it doesn't have to do its part to meet Paris commitments?

Hon. Mr. Duncan: — Thank you for question, Mr. Pedersen, and for your patience. So I think where I would start, I think your question was kind of preferenced around the 30 per cent and what the federal government has signed on to.

And I would say that the *Prairie Resilience* plan, if you just look at the emissions itself, I think does contribute to that national commitment. So 6 million tonnes on electricity; 4 million tonnes, roughly speaking, on the methane reductions; and what we're talking about tonight in terms of those heavy industrial emitters, 1 to 2 million tonnes in reductions depending on what, from now until 2030, the compliance options and the mitigation options and the abatement, the technology that those industries apply.

So you know, that's in the neighbourhood of 12 million tonnes in reductions that we're going to see just in those three sectors alone. That doesn't include — and part of our argument to the federal government is, they're not including — just strictly putting a carbon tax on in terms of an economy-wide approach to climate change doesn't take into account all those benefits that we do already offer to this issue.

So for example, I think it's about 11 million tonnes of carbon dioxide is sequestered by our agriculture industry largely because we've moved away from zero-till agriculture for the most part. There's still some zero-till. But to the point where — about, I'm going to say 20 years ago; that number might be off a little bit — agriculture emitted about 600 000 tonnes, because at that time there wasn't a lot of the application of zero-till and different pulse crops, the advent of pulse crops in large ways weren't on the landscape here in Saskatchewan. So I guess what I'm saying is that we miss out, in terms of the benefits that Saskatchewan provides, by just strictly looking at this through an emissions reductions profile.

I would also say the Paris Agreement speaks as a part of article 6 to the ITMOs. We think that that poses a big benefit, potential benefit to Saskatchewan. Minister McKenna was and is a champion at the national level in terms of moving forward with ITMOs. We just had a call with Minister McKenna late last week where she updated Environment ministers on the direction that Canada's going to pursue at COP24. And as a part of that talk

she talked about the negotiator that Canada has working for this country and the focus that the federal government's going to put on these internationally transferred mitigation outcomes.

So you know, when I look at the fact that agriculture is about 23 per cent of our emissions profile, a lot of that is already . . . That's an efficiency issue. Those are fixed emissions from that. You know, I would just say that again, going back to . . . These are, I think, tangible, real, practical numbers that we can point to, but when we just look at it through an emissions reductions profile, we lose sight of all of the benefits that Saskatchewan . . . And I would put the argument forward that Saskatchewan, we're not the problem. We're actually a part of the solution if you account and count for all those things that Saskatchewan has to offer not just Canada but the world. Yes, Mr. Brock, please.

Mr. Brock: — Thank you. And just to add to the minister's response, and this goes back to an earlier question, Mr. Pedersen, you made about the Prairie Resilience strategy and all of the commitments in there. I think it's important to add that we have in the strategy clearly identified seven distinct commitments related to the transportation sector, all of which relate to emissions reductions; nine commitments for the building sector, all of which would relate to emissions reductions; and one specific to the waste sector, which would also relate to emissions reductions. The distinction I'd make there is those have not yet been fully implemented, and they've not yet been quantified.

Mr. Pedersen: — So just to follow up on your answer, talking about getting recognition for some of the things that Saskatchewan already does and, you know, the sequestration of carbon but from agriculture. Actually, I think you made a mistake. I think you were meaning to say that we have moved to zero-till, not away from it?

Hon. Mr. Duncan: — Sorry. Yes.

Mr. Pedersen: — But we know that both wetlands and grasslands are important carbon sinks. But I think it's Ducks Unlimited has identified that, with the amount of wetlands being drained every year, that we're actually offsetting in every year the amount of carbon that the carbon capture and storage is taking out of the atmosphere on an annual basis. So is there a strategy for dealing with the loss of grassland and wetlands?

Hon. Mr. Duncan: — Thank you for the question. So I think it's important to note that Prairie Resilience, it wasn't the beginning of actions that the government is committing to, nor is it the end of the list of actions that the government will commit to. So in terms of specific . . . on wetlands, that's something that in terms of the climate resilience measurement framework, that's one of the issues that we're looking at in terms of how do we incorporate that as a measurement.

I can say that I just met last week with our . . . So I have an ag water management committee that Ducks is a part of, and that's one of the issues that they're grappling with, is wetland mitigation policy. And so I think that on top of the commitments that we've already made as a part of Prairie Resilience, what I envision out of this and what I see flowing out of this is, I think, an ongoing adjustment, an addition of policies in which programs will then be the result of going forward into the future.

So I don't see, you know, when this goes through committee and if and when it goes through a vote in the House, that this is not kind of the end of the work that we need to do. We certainly need to, as I think I indicated in earlier comments, our climate resilience measurement framework, we do need to make known what those measurements will be, how we're going to report on them, what the benchmarks and the baselines will be for each of those. I would say even when those come out later this year — we're running out of the year — but when they come out later this year, that there likely will be refinement over the years of what those measurement will be. And I'll maybe have Mr. Brock speak further.

Mr. Brock: — Great. Thank you. Perhaps two things for the committee's consideration. The first one, just to amplify the latter comment of the minister, is with the forthcoming climate resilience measurement framework, part of the rationale from that going back to the Prairie Resilience climate change strategy was that if the Government of Saskatchewan is making the argument that we need to be more resilient to the effects of climate change — not just climactic changes, but economic and policy changes as well, but that's not to take away from the climatic changes, which I think are at the heart of your question — then we need to understand perhaps how resilient we are now and where we want to get to and what adjustments we might need to make in between. And I think that goes back to the minister's point about what additional policies and programs may be required in the coming years in order to help boost that resilience. And so that measurement framework is kind of a set of proxy indicators and is intended to help provide that feedback mechanism to the government.

The second point I'd make is, and perhaps more specific to your question, there are a number of commitments in Prairie Resilience that speak both specifically and broadly to the points that you are making. And those fall on pages 4 and 5 of the strategy, specifically developing and implementing an offset system, and that's particular to the bill that we have in front of us. It's one of the compliance options that, in the future, regulated facilities and firms will have.

And recognizing that as we come forward with whatever those offset protocols could be, one of the ways to boost that resilience is set offset protocols in areas where there are additional gains to be made. Wetlands could be one of them, forested areas, agriculture — there's many of those areas to consider over the next couple of years and into the future as additional protocols may come on. And the recognition that those are offset protocols that in future, under some sort of national framework, could be attractive to regulated industries in other jurisdictions.

[19:45]

But in addition to offsets we also have a commitment and a strategy to maintain or restore landscape integrity. We have a commitment to understand better future climate trends and adaptation relating to flooding and drought and water supplies, a commitment to improve options related to the measurement of stream flows and adoption of potential effects on watersheds and infrastructure options.

So I think, you know, similar to the response I gave previously as it related to transportation, buildings, and waste, there are a

number of commitments here that are not directly reflected through this legislation — with the exception of the offsets aspect — but amplify the point the minister was making about the emphasis on the concept of resilience underpinning the entire climate strategy, and that this legislation and the regulations that fall under it are only one aspect of what's being implemented as a result of the government's 40-some commitments in Prairie Resilience.

Mr. Pedersen: — In your opening statement, you mentioned that the legislation before had some overly prescriptive provisions, and I'm wondering if you could let me know which provisions you are talking about and what was overly prescriptive about them.

Hon. Mr. Duncan: — Thank you, Mr. Pedersen. So a couple of examples. One would be around the Technology Fund. So the section of the existing Act talked about the Saskatchewan Technology Fund Corporation. I think it was very prescriptive in terms of the membership of the fund, the Chair, the board Chair, the Vice-Chair, getting into . . . So I think within the bill itself was very prescriptive in terms of the function of that organization as it was going to be established at the time.

I think another example would be in terms of the Technology Fund payment, so the price. I would just . . . I don't know if you have it in front of you, but the existing Act, section 20, under the title of carbon compliance payment, as you can see in section 2, had a very complicated-looking formula in terms of how the price of that payment would be derived. And now we're simply talking about just a dollar amount price.

So those are two areas where, you know, we've made some pretty significant changes to either streamline how that technology fund itself would actually operate or even just in setting the price.

Mr. Pedersen: — What is the dollar amount?

Hon. Mr. Duncan: — So we've indicated to the federal government that we would be mirroring the price that the federal government have already publicly announced for each of those calendar years of reporting. We've also indicated to the federal government that we would, through order in council at the beginning of each subsequent year, be putting through an order in council determining that price. But we have indicated to the federal government that we will mirror the federal schedule that they've already put out from now till 2022.

Mr. Pedersen: — Is that the federal schedule for part 2? Or is there a . . .

Hon. Mr. Duncan: — It's actually on both for the federal. So it's \$20 in 2019, moving up to the 2022 of \$50 a tonne.

Mr. Pedersen: — Okay. But we're not getting a carbon tax?

Hon. Mr. Duncan: — But we're not getting an economy-wide carbon tax, no. We're not, as a provincial government, we are not putting in place a province-wide, economy-wide carbon tax. I think as you know though, the federal government have indicated that they will proceed with the imposition of a federally imposed carbon tax, and we will see them in court.

Mr. Pedersen: — In your comments, you said that emitters will be able to report greenhouse gas emissions in the simplest and most cost-effective way possible. And I'm wondering whether that means that the method or . . . Let me back up there. Will that method be prescribed in the regs? Will there be alternate methods prescribed in the regs? Or will they simply be able to come up with their own method?

Hon. Mr. Duncan: — So we have put in place the reporting of emissions beginning September 1st. So that happened in the last couple of months. We are working towards the ability for industry to report through a single window. They already have to report emissions to the federal government, and so we are endeavouring to work with the federal government to ensure that if at all possible that industry would only report in once and that what they report to the federal government, we would have access to that information, just for ease of reporting and so that there's no duplication for industry. So they already have to report as of September 1st, but we are working towards that single-window approach with the federal government.

Mr. Pedersen: — So basically then the province is simply adopting the same methodology that the federal government would require for reporting those emissions?

Hon. Mr. Duncan: — That's correct.

Mr. Pedersen: — So the five . . . Well, let me just back up. So as I understand it, the 5 per cent for mining, the 5 per cent for iron and steel mills, that's what we call the performance standard, right? That's the term, is performance standard?

Hon. Mr. Duncan: — Performance standard allocation is the way it will look in regulations, but yes, you're correct.

Mr. Pedersen: — And so is that an emissions intensity target or is that an emissions target?

Hon. Mr. Duncan: — It's an intensity target.

Mr. Pedersen: — So those targets are all I guess what you'd say round numbers. You know, they're 5, 10, 15. So it doesn't really sound like it's something that was necessarily developed by, you know, research or data. I'm just wondering how those numbers were come up with, you know, why it's 5 per cent and not 7.2 or 4.3 or something like that.

Ms. Hordenchuk: — Thanks for the question. So with respect to how the output-based performance standards were set, it was a rather complex exercise. And while those numbers may look rounded by 2030, by each year annual out to 2030 it is not a round or easy number. It is an allocation specific to each sector based on those annual intensity reductions.

So when it comes to output-based performance standards, with an intensity-based approach there's the ability to provide economic growth as well as address any competitiveness concerns. As Minister mentioned earlier, 40 per cent of Saskatchewan's GDP is exported, so the sectors that are covered through this forthcoming regulation are trade exposed.

We also had a team of engineers looking at what the emissions intensity is for the facilities that are in operation in

Saskatchewan. The difference in how our calculations were derived from that of the federal government is that we used local, historical emission information as well as production information. So emissions intensity considers both the emissions as well as the production at that facility.

So with analysis that was undertaken we looked at, you know, what is the risk of competitiveness as well as what's technically achievable. So when we look to see what the market price as well as any transportation concerns to get products out to market as well as, you know, where are these sectors competing internationally.

So all of those things were taken into consideration, and our data and the analysis that we looked at when we calculated out what the emissions-intense trade exposure factor was and then combined it with technical achievability, is how the performance targets — or the stringencies ultimately are the performance standard allocation — that's how those numbers came to be. And while it may look like they're rounded in that way, there is an annual target per year beginning in 2019 out to 2030.

Mr. Pedersen: — Were those output-based performance standards, were they a subject of negotiation back and forth with the emitters that are going to be regulated?

Mr. Brock: — Yes, thank you. I'll ask Ms. Hordenchuk to follow up a little bit on the process. But I would like to say very clearly that the sector-specific performance standards that were set and the determinations that need to be made — as Ms. Hordenchuk has described for the performance allocations — were not negotiations. They were certainly informed by information that we were able to collect both from to-be-regulated facilities as well as national and international data, but it was a decision taken by cabinet.

[20:00]

Ms. Hordenchuk: — With respect to the data, there were a series of conversations that were had at the technical level around accuracy of data, the source of emissions, the facility and its output, and its products that are made at a facility. So there were a series of conversations ongoing on a daily basis. And as we continued to meet with technical individuals from the large emitters, I believe we had over 90 in-person meetings to establish what the data exchange could be and ensure that the officials within the ministry were interpreting the data and to also ensure that the data, as I mentioned, was accurate.

Mr. Pedersen: — There's talk about a best-performance credit. Can you tell us what you'll be able to do with that? Not what you'll be able to do with it, but what an emitter would be able to do with that.

Mr. Brock: — Thank you. So the, I think, primary considerations around the compliance option of a best-performance credit is a recognition that one wants to, or one is well-advised perhaps, to incent all of the regulated facilities to not only meet the performance standard but hopefully exceed it. And so the concept of a performance standard is to incent that activity. The general thinking here that, absent specific regulatory action and decision by cabinet, the general policy consideration is that one would not only have to pass the performance standard but do so by some

exceptional margin. And then some credit could be derived from that that a firm could either use at one of its other regulated facilities or could potentially sell to another firm with a regulated facility to use against its performance standard.

Mr. Pedersen: — So basically they lost that credit then?

Mr. Brock: — Well I'd just like to distinguish between those because we had them as separate compliance options under Prairie Resilience, and in the future under the regulations relating to the Act. So it's slightly different from an offset in that our expectation is that offsets would be generated by the non-regulated sector, whereby best-performance credits would be generated from within the regulated sector. And maybe I'll just look to Ms. Hordenchuk to see if there is anything she might want to add.

Ms. Hordenchuk: — Certainly. So with respect to an offset credit, again it's those activities that go beyond business as usual, those that are not required by regulation to do so and are additional to regular business. So as Mr. Brock mentioned earlier, the credits are distinct in that one applies to the non-regulated community, and the other of course is by those emitters that outperform their performance standard allocation on an annual basis.

Mr. Pedersen: — Would that best-performance credit be able to be sold to another emitter, or would it just be that that emitter itself could use it?

Mr. Brock: — In terms of the kind of general policy framework, we've conceived it at the officials level. It's a credit that could be sold to another emitter, but that's of course subsequent to a decision by cabinet and the regulations being put in place.

Mr. Pedersen: — So going back to the performance standards, how will intensity be measured? Will it be a CO₂e per-some-sort-of-GDP measure, or will it be a CO₂e per-production-unit measure?

Ms. Hordenchuk: — So the intensity is based on the output emissions per unit of production.

Mr. Pedersen: — So in the case of a potash mine, it will be per tonne of potash, not per dollar of revenue.

Ms. Hordenchuk: — That's correct.

Mr. Pedersen: — Will the performance standards be based on historical averages? Or that's something that just started to be measured?

Mr. Brock: — Yes, just to clarify, and then I'll look to Ms. Hordenchuk for more detail, but just to clarify, you're asking is the performance standard based on historical averages or some other things?

Mr. Pedersen: — Yes.

Mr. Brock: — Okay. Well Ms. Hordenchuk can perhaps provide all of the factors that were taken into consideration in weighing and ultimately setting those performance standards.

Ms. Hordenchuk: — Certainly. So the performance standard itself and the emissions intensity was based on activity. So an understanding of what was a typical year of emissions and a typical year of production can establish the intensity.

With respect to each facility, a baseline emission level would be required. And that would be based on production in, for example, three consecutive years of operations over a five-year period so that the baseline is recent and is also derived from very recent and very accurate data. So that once the baseline is accepted, then the intensity has to be tested against that baseline on a year-to-year basis.

Mr. Pedersen: — And so you are saying it's going to be a three-year average is the idea? Although I gather that has to be . . .

Ms. Hordenchuk: — Yes. That was an example. Forthcoming regulations and an accompanying potential technical standard would set out what those calculations could look like.

Mr. Pedersen: — Now is there going to be something called performance credits? Or is it just the best-performance credits?

Ms. Hordenchuk: — Thank you for the question. So with respect to performance credit, already proclaimed in *The Management and Reduction of Greenhouse Gases Act*, with a clearer definition perhaps in forthcoming regulations about how that best-performance credit would be defined. But the definition does exist already.

Mr. Pedersen: — So with the performance credits, will an emitter be able to get those for action — well not for action; I'm just thinking how to phrase this — for being below the standard before the regulations, I guess, came into effect? Like, for instance, if we set the performance standard at X as of January 1st, and that emitter has been below that for the previous two years, are they going to get credits for the previous two years already? Or is it only going forward?

Mr. Brock: — So as so often is the case, I'll try first and see if Ms. Hordenchuk has additional clarification. But I think, consistent with the commitments made by the government in Prairie Resilience, the concept of performance credit was proclaimed in the Act, recognizing that we are looking for broad legislative-enabling power to come forward with some sort of a performance credit system.

But our expectation is, consistent with our discussions in the past few minutes, that what we're looking for is just a best-performance credit in the way that I described it. So not two separate systems, but one system for a best-performance credit that awards exceptional performance against their performance standard. And that's something that we would expect in forthcoming regulation and regulations.

Mr. Pedersen: — The performance credit, it really isn't going to be a thing then?

Mr. Brock: — Only in that it's an important enabling section of the legislation. But it's just the best-performance credit that we're looking at, consistent with the government's commitments in Prairie Resilience and the discussion that we've had over the past

few minutes in committee.

Ms. Hordenchuk: — Hi, I would just add to that on the matter of the performance credit. The performance again is looked at on an annual basis on a go-forward. So from 2019 on, each annual report that is provided by the regulated emitter would indicate what their permitted emissions were, and it would then measure it against what their actual emissions were. So the performance credit is on a go-forward. Any actions that were taken earlier by large emitters were also considered in the principle of technical achievability when setting those up output-based performance standards.

Mr. Pedersen: — So I believe there was term compliance payments. What's envisioned there? Sorry, I guess it's a compliance option, is what it's called.

Hon. Mr. Duncan: — Sorry, Mr. Pedersen, could you just clarify your question?

Mr. Pedersen: — Yes, it says that there's, in the new definitions, there's a compliance option. And I guess I'm just wondering what's envisioned there.

Hon. Mr. Duncan: — Thank you for that. So the new framework does allow for the regulated emitters to use a number of different compliance options. So when the offset system is established, they could use the offsets, best performance credits, as we've just been discussing now, or a payment into the Technology Fund. So those are the different options that we're considering. Those are the options that will be considered as a part of the compliance that a company will . . . in order to be compliant with the regulations.

Mr. Pedersen: — So I have a bunch of questions on the Technology Fund. So first and foremost, that is going to be separate and apart from the GRF [General Revenue Fund], right? So is that fund, are you envisioning that that will essentially be bankable where, you know, if an emitter pays money into the Technology Fund, that's kind of available just for them to use? Or is it going to be pooled and available for a number of different people to access?

[20:15]

Hon. Mr. Duncan: — Thank you for the question. So I want to be clear. I kind of answered it, but I don't think I actually got it on the record. So the dollars that would be held within the Technology Fund will be separate from the GRF. The intent of the Technology Fund is to facilitate investment in innovation that will help reduce emissions.

What we're proposing is that there will be an advisory committee that will be established, largely made up of representation from the heavy-emitting sectors of the province. We will as a government be establishing the criteria in terms of what the advisory committee will look at, in terms of what those dollars will be used for, and how the funds will be used.

We haven't at this point though made a decision on the application of the funds, how the funds will be applied for, and how, you know, the disbursement of those funds. We do need to make those decisions. There certainly, I think, are some different

views on that, but we haven't at this point made that decision yet.

Mr. Pedersen: — Will the advisory committee actually be administering the fund or just advising the ministry on that?

Hon. Mr. Duncan: — Just advising on how the funds will be used.

Mr. Pedersen: — So the ministry will retain control over that management of the fund.

Hon. Mr. Duncan: — That's correct.

Mr. Pedersen: — And does that apply also to any interest earned on those funds, in terms of you haven't made a decision in terms of how that money will be used?

Hon. Mr. Duncan: — So the Act does speak specifically to any profits or any interest earned by the dollars that are in the Technology Fund. So that will make up the dollars available within the Technology Fund. Again the advisory committee will provide their advice and recommendations on how those dollars should be used, but ultimately it's an advisory role that they will play. Government will ultimately determine how those dollars will be accessed and for what projects.

Mr. Pedersen: — Will the Saskatchewan government be putting money into the Technology Fund?

Hon. Mr. Duncan: — The legislation does enable the ability for the government or for, frankly, other agencies to deposit funds in the Technology Fund itself. That is not a discussion that we're having at this point. We haven't had any discussions, certainly in the time I've been the minister, about the government doing that but certainly that is within the . . . that is enabled by the legislation.

Mr. Pedersen: — Are you envisioning any sort of a tax deduction or other tax incentive for contributions to the Technology Fund?

Hon. Mr. Duncan: — So under the amendments, that's not provided for in terms of providing tax deductibility for individuals or others to provide dollars to the Technology Fund. So there's no deductibility within the amendments.

Mr. Pedersen: — So at this point, even though it talks about getting money through gift, donation, grant, or bequest, at this point there's no plan to create any sort of incentive for people to be contributing to this fund that way.

Hon. Mr. Duncan: — That's correct. I think largely it will be the heavy emitters themselves that will be paying into the Technology Fund. So we don't envision, frankly, people that are going to be gifting or donating money and therefore require a tax deduction for their donation.

Mr. Pedersen: — In the new, I guess it's paragraph (e) of section 23.3, it talks about "moneys collected by the government." I'm assuming that if the province imposed a carbon tax, that that is what 23.3(e) would refer to or could be included in that.

Hon. Mr. Duncan: — Thank you for the question, Mr. Pedersen.

So I would say that 23.3, it's not envisioned that that would be used in the event that the provincial government decided to impose a carbon tax because we don't envision doing that. I would say it more relates to if there are other provincial regulations that deal with emissions, it would allow for the ability for mitigation, compliance methods for those emissions to be directed into the Technology Fund. So it's that enabling legislation that we could, through regulations, allow for the redirection of emissions, reduction-related regulations on industries to be applied to the Technology Fund.

Mr. Pedersen: — So for instance on the methane regulations, if there was some sort of similar regime put in there, that money could be directed into a technology fund?

Hon. Mr. Duncan: — Yes, that's correct.

Mr. Pedersen: — Have you done any estimates for how much money is going to end up in the fund?

Hon. Mr. Duncan: — Thank you for the question. So it's a difficult number, at this point, to try to put an estimate on for a couple of reasons. One, the regulations are predicated on the fact that industry could just abate their emissions, and so if industry just abates their emissions to achieve compliance, then there would be zero in the Tech Fund. If industry decides to be non-compliant outside of abatement, what we're proposing is a variety of different options. So it could be strictly payments to the Technology Fund. It could be accessing an offsets credit system. And so because we don't know at this point what options, outside of abatement, that industry will choose, it's hard to put a number on it.

Mr. Pedersen: — So you haven't done any budget of how much you're expecting?

Hon. Mr. Duncan: — No, we haven't done a budget on the Technology Fund.

Mr. Pedersen: — I think you referred to the fund being used to fund innovative technology investments. I'm assuming that's detailed . . . that we'll see in the regulations though in terms of what type of investments and expenditures will qualify for accessing the fund?

Hon. Mr. Duncan: — So, Mr. Pedersen, you won't see specifically in the regulations, you won't see a list of approved technologies or innovations that will be . . . that the Technology Fund could be accessed for. What you'll see is the authority for the minister to make those determinations.

You'll see regulations that will set out the regulations around reporting, how you have used the money that, say, a firm has accessed through the Technology Fund. There will be regulations specific to how you're reporting on how you've used those funds, issues around if there's overpayments out of the Technology Fund. So you'll see more the function of the Technology Fund itself, but the regulations will not prescribe the technologies that the Technology Fund dollars can be used for. It'll prescribe the ability for the minister to set that out further.

Mr. Pedersen: — What was the rationale for making it so the Tech Fund was no longer a non-profit corporation?

Hon. Mr. Duncan: — Really just to reduce as much of the kind of administrative overhead from the Technology Fund itself. We wanted to ensure — and I think industry as well wanted to ensure — that as much of the dollars that are captured and remitted to the Technology Fund are used for the purchase of technology and innovation going forward. So really we just looked at how do we simplify the Technology Fund, not only in terms of the compliance payments.

[20:30]

So you saw the former section of the legislation that was a pretty complicated-looking mathematical formula. We've taken that out. We're just going to set a dollar amount. And so this is just the further streamlining of the Technology Fund. We don't need the overarching, the non-profit structure, the reporting that goes along with that. We're just looking to make sure that as many of the dollars that are in the Technology Fund are going to actually reducing emissions and not just administrative work.

Mr. Pedersen: — Meyers Norris Penny in its report there identified a number of, I guess they called them opportunities, for consideration in the design of the fund. I think there was eight different opportunities. They said:

Review and update the governance and leadership of the Technology Fund . . . Identify the governance structure and composition for the Fund. Consider whether funds should be an "assigned deposit" or "pooled". Assess the value for completing a . . . Advanced Tax Ruling with Canada Revenue Agency. Establishment of project principles and criteria, plus approval processes for how dollars are accessed from the Fund. Consider the option for pre-certified investments that could permit compliance funds being invested directly into qualifying emission reduction projects. Confirm what types of projects would qualify for Technology Fund support. Determine who would have access to the resources of the Technology Fund.

So are those opportunities that the ministry has considered?

Ms. Hordenchuk: — So with respect to the items listed on page 21 of the MNP report, the opportunities listed there were all explored by the ministry, some of which were deemed, you know, no longer necessary. And for example the mention of the pre-certified investment, of course that's one of the proposed amendments regarding this bill in that that language is not provided for as a compliance option. With respect to the item around the advanced tax ruling, that of course was more applicable to the structure that was outlined for the Technology Fund and the research corporation and all those other entities that were outlined in the existing Act. With regards to the governance structure and the use of funds and the types of projects, the minister's spoken to that this evening already to indicate how that would be determined in the go-forward.

Mr. Pedersen: — So I would like to, I guess, get a little more detail on what the plans are for the offset credit system that's envisioned here. Do you have a timeline for when that would be in place?

Hon. Mr. Duncan: — So, Mr. Pedersen, I'll just really quickly begin by talking a little bit about the discussion and the work

that's taken place at a pan-Canadian level with respect to the work towards a framework for a national offset system. So Saskatchewan has been an active participant at those tables at an officials level. And in fact we just had a discussion about that on our conference call with the federal minister on Friday, and in fact the discussion around that is reflected in the communiqué that came out of that work. So certainly we are engaged on that. We have some interest in that. Certainly we think we have a lot to bring to the table when it comes to the benefits of that offset system.

I'll now ask Ms. Hordenchuk to speak more specifically to kind of what we're thinking in terms of the offset system and the timing around that.

Ms. Hordenchuk: — Thank you. So when it comes to the offset credits, there was agreement by working members of the federal-provincial-territorial project team on what policy considerations should be taken into account when designing an offset system. Similar policy design enables the credits at the end of the day to be fungible — that's a word that means you can transact the credits in other markets if necessary and that they all mean the same thing.

So with respect to offset credits, a compliance option as outlined in the bill, and with any new regulatory system, all of the components do take some time. And with respect to the offset credit and the other compliance options, the ministry at the officials level has mapped out a staggered approach onto how to bring the full suite of compliance options online by 2021. The offset piece is a large component that requires much technical analysis and inventory about what offset protocols, so those quantification methods for each of those offset activities . . . requires a lot of analysis and a lot of engagement with those non-regulated sectors.

Of course there's protocols that exist in other jurisdictions, but the approach here would be to consider what's most applicable to Saskatchewan, you know, respecting the sequestration that's happening in soils and forests but also looking to any synergies with the forthcoming solid waste management strategy, and if there's some waste management linkages there around gas collection and flare or gas collection to energy.

So looking at all the opportunities that are applicable to Saskatchewan, of course, requires a lot of inventory and analysis. And again always looking to the recommendations that came from the offset project working group, making sure there's alignment on the definition of what's additional, how could credits be banked, making sure they're only used once, and potentially looking for synergies with, you know, data infrastructure and making sure that there's a valid, verified registry for those credits to be transacted.

Mr. Pedersen: — So you are hoping to be part of a national system of offsets then, is the idea?

Hon. Mr. Duncan: — Well I think we're interested in being a part of the discussion of what potentially a national system could look like. But, you know, I would say it's too early for Saskatchewan to be committed to a national system. But we're certainly engaged on the file. David?

Mr. Brock: — Yes. I would also add that, at least building on the policy considerations as Ms. Hordenchuk set out, that from Saskatchewan's perspective we think that we have a lot to offer nationally and internationally about reducing emissions in those non-regulated areas, especially against the fact that, you know, even though we've dropped the threshold to 25 000 and we have 46 regulated facilities, that's relatively small compared to larger provinces in Canada and even internationally. And so we want to make sure that Saskatchewan can continue to contribute to Canada's national effort and to a global effort by looking at those non-regulated sectors as well.

Mr. Pedersen: — There was a fellow — apparently he's the business unit leader for Trimble Agriculture, a guy by the name of Bill Dorgan — reported as saying that the Saskatchewan government is likely to use most, if not all, of Alberta's methods when it employs its own carbon credit program. His quote was, "The government of Saskatchewan is going to adopt most of the ag protocols that we currently use in Alberta. They're going to just cut and paste them." Is that true?

Mr. Brock: — I read the same quotation. I don't know the gentleman, but he appears to be much better informed than I am of Saskatchewan's plans.

Mr. Pedersen: — I noted that he also said that there was some offsets generated from feedlots in Alberta. Does the ministry have any plans to allow offsets from feedlots in Saskatchewan?

Mr. Brock: — Yes, I guess . . . If I may, Minister? Yes, I would say more broadly, building on the minister's previous answer, at this point Saskatchewan has a plan to have an offset credit system as one of its compliance options for regulated industry. That's the extent of that so far.

And so back to Ms. Hordenchuk's answer, there's a number of considerations that need to be analyzed prior to coming forward with recommendations to cabinet on what any number of those protocols may look like. Perhaps I'll see if Ms. Hordenchuk has anything to add to that.

Ms. Hordenchuk: — Yes, so with the example that's been provided, again you know, as we understand it in our research and analysis, is that wasn't a protocol that had a lot of uptake in that jurisdiction, particularly because of the cumbersome approach to data collection and that that value wasn't there. So I think that speaks to the research and analysis we're looking at to see what's most applicable to Saskatchewan and what data exists so that that credit is in fact verifiable.

Mr. Pedersen: — So if I understand, your options for compliance are either offsets, the best-performance credits, or the Tech Fund contribution. Right?

Mr. Brock: — Or to abate the emissions from your facility, yes, most importantly. Yes.

Mr. Pedersen: — So is it fair to say then that in years one and two, maybe even three, when we won't have an offset system, that there will either be abatement or there will be payments into the Tech Fund?

Ms. Hordenchuk: — So just building on the point mentioned

earlier about the staggered approach, with the varying compliance options and the details and the infrastructure that's necessary to get those in place, the staggered approach doesn't forgo the compliance requirements in years one, two, before that compliance option is made available. The compliance options will be made available all in full by 2021, but that doesn't forgo the compliance that's owed in the early years.

I would also add that with the staggered approach, with the Technology Fund specifically, there's still administration decisions in the governance and the set-up of the advisory committee that we would look to establish in 2019. But those compliance options will be available in subsequent years so that business decisions can be made based on what the price is and what the credit might be, recognizing the compliance price or the carbon price would be set at the ceiling for any transactable offset credit.

So with the staggered approach, it allows the compliance options to all be made available at the same time and it doesn't forgo any of those compliance options. Now with respect to the staggered approach, the compliance periods are set out in regulation. But the true-up wouldn't happen until the year in which all of the compliance options are made available.

Mr. Pedersen: — So if I may hopefully translate that, if I make sure I'm understanding things right, basically if an emitter didn't abate and they were below the performance standard, and they were for three years, they might be basically accruing an obligation, but they wouldn't necessarily have to pay it. They wouldn't have to buy those output credits or pay into a technology fund until all of the options were actually available there. Is that what I'm hearing you say?

Ms. Hordenchuk: — Correct. And with respect to the staggered approach, it enables all of those compliance options to be available when compliance true-up is required. The baseline information that needs to be verified by third parties is of course step one, so that there's the assurance of what that facility is performing at.

And as part of the staggered approach, it allows the regulated community to get up to speed with the regulatory requirements of what their baseline is, and then of course to test that against the emissions intensity requirement, and then during that same time all of those compliance options will be built and made available at the same time.

Mr. Pedersen: — So we won't be seeing payments into the Technology Fund until 2021 then really, realistically?

[20:45]

Ms. Hordenchuk: — Using the staggered approach that I've indicated, that's correct.

Mr. Brock: — If I may, I'd just like to add I think it's helpful for the committee to understand the rationale to that approach and that there are three primary factors in that.

The first one is that the government very much by design set out Prairie Resilience as a policy framework and wanted to work with the affected sectors — both regulated and non-regulated, as

well as interested parties — to figure out the legislative and regulatory details after that policy framework was set, by contrast to other jurisdictions where we've seen decisions taken that then need to be revised in subsequent months or years because it doesn't actually function from an administrative perspective, or it actually has unintended consequences for the regulated sector. So we're very much mindful of trying to avoid that, and setting a policy framework and then taking a set of decisions around what's the best way to administer this from all perspectives.

The second point being that, you know, this aspect of the Ministry of the Environment is moving from, I would say, kind of a policy management area to actually being a regulator. And that's a significant administrative change, and so we need to make sure from the government's perspective we're doing that at a responsible pace as well.

And thirdly, if I may, I think Ms. Hordenchuk has indicated in a couple of her answers just the complexity around actually setting up these types of compliance options in a way that you're not going to have those unintended consequences. And we want to make sure that we do that analytical work before just saying this is exactly what the protocols would be, and then finding out that maybe they're not going to work for whatever reason.

Mr. Pedersen: — It sounds awfully complicated. Wouldn't it just be simpler to tax the fuel?

Hon. Mr. Duncan: — Well I would say that if this is really all about emissions reductions, then I don't think that that's actually an effective way to go about seeing emissions reduced. Based on the nature of our economy, based on the, just . . . We're 1.1 million people spread all around a large geographical land base that needs to drive vehicles to get around. And in fact that was borne out by the study that was done by the team at the University of Regina that indicated that by 2030 a carbon tax, economy-wide tax on fuel, will cost the economy \$16 billion without reducing a significant amount of carbon dioxide. I think that that confirmed the approach that the government had taken all along, is that we want to be the regulator of industry in this province. Industry wants the province to be the regulator, not the federal government, and so the federal government has accepted our plan going forward.

In the absence of this plan, industry in the province would've been regulated essentially as they were but without the different options and at a higher stringency level. And so I think that we're confident this is the right approach for our province.

Mr. Pedersen: — Have you done any estimating of what the cost of regulatory compliance is going to be for each of the emitters? I'm not talking about the actual abatement, but the actual cost of data gathering and filling out forms and sending those forms in and reporting and that type of work. Has there been an estimate of that cost?

Hon. Mr. Duncan: — Thank you for the question. So we don't have a cost for industry, but the cost of administering the system would be, I would say a couple of things to that. So in terms of reporting, industry already has to report their emissions to the federal government. So we're endeavouring to ensure that there's a single window of reporting, so that what they report to the federal government, we get that information so there's no

additional cost for industry to report their emissions.

These are industries that are already regulated in large part by the Ministry of Environment. So there's already those systems that are already in place that we administer as a ministry and that industry are obligated to be regulated by, or they are regulated by. So I guess I would say that, both to this answer as well to my previous answer, simplicity isn't the only policy objective that we need to keep in mind when we're thinking about how to approach, in this case, the heavy emitters in our province.

Mr. Pedersen: — Have any of the emitters told you what they expect the administration cost of reporting to be?

Hon. Mr. Duncan: — No, I don't think that . . . What industry's really stressed with us has not been the cost of administering this system. Certainly I think it was pretty clear from the beginning they wanted to be involved in consultations, which I think — as you go through the list of all the different meetings, the plenary sessions, the input from industry — I think we've achieved that. And what they have all indicated, certainly to those that will be regulated under this system that I've certainly have had discussions with, to an organization they've all stressed they want to be regulated by the province, not by the federal government.

Mr. Pedersen: — Have you done a competitive impact analysis of the effect of this legislation on the various industries that are impacted?

Ms. Hordenchuk: — Thank you. So with respect to the cost to industry, I would say that in our ongoing engagement with industry stakeholders and others, when it comes to cost, as mentioned earlier before, most of our industry is trade exposed and unable to pass on any costs. So regulatory costs are something that have to be considered.

But with respect to the competitiveness and knowing where the products that are made or manufactured here and where they're sold, for the price taker such as the industries that operate here, what we do know is that participation in our system is, in their view, deemed to cost less than participation in the federal system. Those are of course business decisions and information that industry has, you know, that they're holding with regards to how they would make decisions around whether it's paying into a fund or using other compliance options.

But with respect to the cost, I mean that's really at the business or facility level as to whether a decision is made to abate upfront. It depends on the type of facility. If it's brand new and uses state of the art technology already, any abatement decisions might be 5, 10, 15 years down the road. It also depends on what technology is available and if it's just at the investigation stage and not at the deployment stage. Again, it's very difficult for us to forecast what those abatement decisions would be by industry. But when it comes to cost, industry has indicated to us that participation and requirements under our program would be less costly to them than the federal requirements.

Mr. Brock: — Perhaps, I just had, by way of perspective for the committee, that in my experience and conversations with these to-be-regulated industries, many of them spoke very clearly about a commitment to doing their part. Many of them talked

about many of the emissions reductions efforts that they've made even prior to any regulatory decisions by the federal government or by the provincial government.

And then perhaps most clearly, industry has said, you know, three things all along: that they were looking for clarity, and then they got that through the announcements made in Prairie Resilience and the commitment for Saskatchewan to come forward in the output-based performance system in place by January 1 of next year, that they were looking for clarity of how that system would work. And I think the legislation that we're examining this evening and the forthcoming regulations provides that clarity.

And they were looking for flexibility in terms of how they would meet the requirements, and the compliance options that we've discussed this evening are exactly the type of flexibility that they were looking for.

Mr. Pedersen: — But surely you would have inquired with those sectors as to whether they felt that . . . or like, what impact this was going to have on their business. I mean for example, I mean potash is obviously vital to our province. You'd want to know whether this is going to cause anybody to shut down production or suspend production or to stop projects that are under development.

Hon. Mr. Duncan: — Thank you for the question, and I think further to Mr. Brock's previous answer, as well as Ms. Hordenchuk's, keep in mind for industry it's not that it's either Saskatchewan's plan or the absence of a plan. It's Saskatchewan's plan or what the federal government has been proposing. And so I think it's fair to say industry have been analyzing and running different scenarios on all the different options.

One of the things that they appreciate about ours, as Mr. Brock mentioned, is the flexibility within the plan. And so, you know, I have a very, very high comfort level in knowing that industry — even after they've gone through the last, really a year, less than a year of some pretty heavy engagement sessions — still at the end of this, knowing likely what the system is going to look like, still say, we want the province to be the regulator. We want to be regulated by the province.

So they've been able to run all their different scenarios and still, for what they know under this plan, what they know what would be the plan if it was just the federal system. Because again, it's not the Saskatchewan plan or nothing. It's the Saskatchewan plan or something, and they have a pretty good idea of what that something looks like. And all of those industries that we engage with, it remains their position, as it was at the beginning, is that they would prefer to be regulated by the province.

Mr. Pedersen: — Have any . . .

Mr. Brock: — Sorry, perhaps if I may, Mr. Pederson. Thank you. I would just add to that and amplify points made earlier by Ms. Hordenchuk that we did look at technical achievability. So that we're looking at facilities reducing emissions and not the government raising revenue. We did look at competitiveness, and Ms. Hordenchuk spoke on that in some detail. But we did not look at profitability, which I think is what your question was

starting to get at. That was not a factor for analysis. The other one that goes without saying is we are also looking at emissions reductions.

[21:00]

Mr. Pedersen: — When you looked at competitiveness, what, I guess, what were you . . . what data were you gathering there? Were you getting input from the sector? Were you . . . Can you elaborate on that?

Mr. Brock: — Yes, I can, and then I'll look to Ms. Hordenchuk to elaborate further. But you know, one of the things that we found, one of the considerable complexities that we found in early days, and I think the Government of Canada has found as well, is in trying to benchmark, to use a term, any emissions reductions and what might be the considerations for a sector against what those national data may in fact be and, even more difficult, what international data may be. And that is particularly germane for Saskatchewan because so many of our facilities compete on an international market and, as Ms. Hordenchuk said, are price takers.

So just acquiring that data and ensuring that there's enough validity in the data gathered to benchmark any particular facility is, I can tell you, a complex exercise in and of itself. But we have some talented individuals in the branch who are able to conduct some of that analysis, and I'll ask Ms. Hordenchuk to speak in part to how they did it, if that's okay.

Ms. Hordenchuk: — Certainly. With respect to competitiveness, we started to look at what was provided by Stats Canada through the input/output tables, which were deemed to be less specific than necessary for our purposes. For example, you know, mining lumps all mining together and doesn't carve out the potash sector. So with other colleagues within government as well as with the data that was provided by industry, we were able to establish what the appropriate production levels and emissions levels were based on the facilities and their data here in the province.

So we had more accuracy with the data when we were determining and calculating what the emissions-intensive trade exposure levels were for each of the sectors here. So we used a model that was similar to the federal government's model for EITE, which is the acronym for emissions-intensive trade exposure. But we used Saskatchewan-specific data in it and had also presented that approach to federal officials, and there was acceptance on the use and application of our model.

Mr. Pedersen: — In doing your analysis, did you estimate whether there is going to be a cost to our provincial economy as a result of that legislation or, you know, whether it's a ballpark number or range? Is that anything that you did in your deliberations?

Hon. Mr. Duncan: — Thank you, Mr. Pedersen, for your question. I guess I would go back to, I think, back to some of my earlier comments. So we're not evaluating our plan in a vacuum. So we have the specifics of the federal plan. We have the specifics of the federal plan when you look at the applicability of it in Saskatchewan run through the lens of the work that was done by the University of Regina. So we know what that would look

like and, you know, we can make I think some assumptions in terms of our plan and what that looks like, kind of looking at that same type of model.

And even the . . . So the federal plan as it was, and the University of Regina group did confirm that it's a \$16 billion hit to the GDP of the province by 2030, with only reducing about a megatonne of emissions. And in fact the federal government actually confirms that. The federal government confirms that a carbon tax would only reduce emissions by about a megatonne in Saskatchewan by 2030. So again we actually show more reductions in the Prairie Resilience plan without having that detrimental effect on the economy.

And I think the reason why, you know, I have confidence to say that is because again, going through the process, going through the work that we did with stakeholders, with industry, the industry participation, and them having a pretty good idea of . . . well certainly a good idea of the stringency levels for each of those different sectors of the economy, and for them being able to compare that against the federal plan, they still came back and said, we want to be regulated by the province; we'd like the provincial plan.

And so, you know, we're confident that we would not have had that endorsement or that participation from industry in this province, knowing that our plan actually calls for more emissions reductions than the federal plan, if it would have caused economic harm to those industries or in fact caused industries to look at, you know, reducing their investment in the province.

So you know, I can't point to a specific number in terms of what this plan looks like when it is in place, but I can point to what it will do for emissions. Because again, that's my argument with the federal government. This is all about emissions. That's what I thought, right? And that's what we all think it is. And so if it really is about emissions, then our plan actually achieves more in emissions reductions than the carbon tax would. And certainly we can demonstrate with our numbers, with the input of industries, that it would not have the significant negative impact on the economy by 2030.

An Hon. Member: — Madam Chair.

The Chair: — Yes, you can ask a question.

Ms. Sproule: — Thanks. As I'm listening to this, Mr. Minister, I'm thinking there could be a situation where the heavy emitters decide not to abate and choose to follow the other compliance options, so there would be no reduction in emissions. That's entirely a possibility, right?

Hon. Mr. Duncan: — Thank you, Ms. Sproule, for your question. So I think your question though is predicated on, today, 46 separate facilities representing a number of companies in this province — and that number likely would grow from now until 2030 — that all of those companies paying into a fund that they would never draw upon, because remember, to draw upon those funds they have to demonstrate they're going to be able to reduce emissions, and/or on the other hand, purchasing offsets, which there will be a correlating emissions reductions because of the offsets because of the actions that are undertaken by somebody in the non-regulated community that will then produce the

offsets. So I don't foresee industry in this province giving the government money, and not ever doing anything with the dollars that are then sitting there, for them to purchase technology, which then will reduce their emissions.

Mr. Pedersen: — Although I suppose it would be possible that if they judged the cost of, basically, if they judge the carbon price less than the cost of abatement, then they would chose to do that. They would chose the payment versus the abatement, correct?

Mr. Brock: — Thank you. I think it reasonable to point out that, again, that would be predicated on what's kind of a straight linear calculation for a business. So not taking into account at all any potential improvements in energy efficiency, and the productivity gains for the business itself, through those investments, through abatement, nor any signals to the money markets around how they're addressing climate-related risks, these are either physical or transformational. So again back to Minister Duncan's answer, simply depositing money into essentially a revolving fund and never drawing upon those funds, I find that scenario difficult to hypothesize. But going back to Minister Duncan's original answer to Ms. Sproule, technically I think that is technically feasible, yes; however, perhaps improbable.

Mr. Pedersen: — I don't know how you guys are doing. I was just wondering, is it appropriate to take like a five-minute break? Is that . . .

The Chair: — If the committee wishes, we could take a five-minute break at this point in time. Okay, we will take a five-minute break. Return at 9:20.

[The committee recessed for a period of time.]

The Chair: — All right. Welcome back, folks, and we will resume our questions on this bill. Mr. Pedersen, if you'd like to continue.

Mr. Pedersen: — I would. Thank you. Will there be . . . It seems to me, I don't recall where I saw it but I saw a term "early action credits." Is that something that's going to be continued under the . . . going forward here?

Hon. Mr. Duncan: — No, we wouldn't be moving forward with those. I think at one point there was some discussion around that, but in terms of setting the performance standards and the stringency levels themselves, we've taken the early action into account already. So we feel like we've . . . I think in terms of where we've landed on the performance standards, that we do reflect in those that action has already been taken, and we do recognize that through that.

Mr. Pedersen: — So one of the amendments is removing the climate change advisory council. Can you tell me why that was done?

Hon. Mr. Duncan: — So again that, I think, goes back to some of the discussion that we had earlier in the evening around, I think, trying to just streamline what we're moving forward with, because the foundation . . . we're no longer moving forward with the foundation. Some of those other layers of, I think, kind of supports or administration, we felt like they were just either

unnecessary based on the direction that we're going or just redundant.

So we do have a climate change and adaptation division within the ministry that does policy development, coordinates strategy and planning, collects and analyzes data, record keeping, and advises on targets and other measures. So we think that, you know, we now I think have a comprehensive climate change strategy with Prairie Resilience. I think we have a strong team within the ministry and that's how we think is the best way to proceed now.

Mr. Pedersen: — So what, I guess . . . Will there be a structure in place to get input from outside of government on, you know, what it should be doing on climate change?

Mr. Brock: — So in response to the question, if I may, I'll start and then look to Ms. Hordenchuk to speak more about 2018. But I'd say both leading into the development of the strategy we had extensive conversations with well over 50 organizations, not just in the regulated sector but well outside of it — everyone from academics to the Saskatchewan Environmental Society to the wildlife foundation to all those regulated firms and many others, Métis community, First Nations. That level of engagement that led into the development of the strategy was accelerated and expanded during the conversations about the implementation of the strategy, and I know you're familiar with the report by Meyers Norris Penny you've cited here this evening.

I think that's a signal of the extent of engagement that the government has taken as a whole in the development of its policy framework, and in this case the Ministry of Environment has taken specifically just for the implementation of one component part of that, which is the legislation we're discussing here tonight and the forthcoming regulations. But I know that many other ministries have been engaging broadly with various sectors in the parts that they're responsible for as well.

So I would characterize that as a way of doing business as it relates to how we've developed climate policy, and my expectation derived from the direction I've received from my minister is that we should continue to do business in that way. But perhaps I can ask Ms. Hordenchuk to speak in a little more detail about what happened in 2018 and what we have planned for 2019, yes.

Ms. Hordenchuk: — So with respect to the engagement with stakeholders, partners, academics, and others, starting back at the end of February we met with, I would say, well over 80 organizations, if I may correct that . . .

A Member: — Fifty before.

Ms. Hordenchuk: — Fifty before, correct, and 80 after, as well as we've expanded the conversation to include First Nations, the tribal councils, some of the economic development agencies, as well as working with Métis Nation Saskatchewan on an engagement effort at the local community level.

So what we have gathered from, not only from the dialogue we've had with industry and the impacts to that specific regulated community, but looking back to the conversations we had with others, there's definitely a need or a desire by those other

organizations to continually be informed, but also to be more aware of Prairie Resilience in its whole. That there's a lot of interest in continuing those conversations.

We have a stakeholder relations lead within the climate change branch that looks to use approved practices and protocols with respect to public participation, ensuring that those that want to be engaged and involved in the strategy and the status of the implementation have been provided the opportunity. So that extends to doing web-based videos with grade 8 classrooms or going out to schools, you know, if those requests are made, but also going out to a multitude of professional conferences and talking about Prairie Resilience and the status of the implementation and, of course, always making the message or the material most appropriate to the audience. So we've had a wide range of interest stemming from grade school level all the way to professional engineering associations, power engineers, accounting firms, and again, the communities and residents of the province.

Mr. Pedersen: — I think in the previous legislation it said that the advisory council would advise the minister on matters relating to greenhouse gas emissions, climate change, and adaptation to climate change, as well as best management practices to address climate change and adaptation to climate change. And of course any other matters.

So that was obviously a formal, permanent structure. I gather you're saying you're okay with just kind of doing it on an ad hoc, as-needed basis is what you're proposing going forward if this formal structure's not going to be there?

Ms. Hordenchuk: — So with respect to the list of partners and stakeholders that I mentioned, there was a targeted approach for 2018 and the ministry responds to any additional requests that come to it for presentation or information on Prairie Resilience.

With respect to 2019, as mentioned earlier on the staggered approach for the regulatory framework, there's the other compliance options to be developed. That'll include a series of plenary meetings and stakeholder engagement sessions on the further development and future deployment of the regulatory framework.

[21:30]

Hon. Mr. Duncan: — I would also add, I think that . . . keep in mind there's other forums as well in which we as government engage with various stakeholder groups that may on the surface not necessarily seem like it is a part of Prairie Resilience, but I think the further that you dive in . . . So for instance there's a minister's advisory committee on a solid waste management plan. And so as we indicated earlier in this evening, a couple of our two big city landfills would emit at a level that would be over the amount that would be prescribed in the regulations. But we're not going to capture them at this point because of the work that we're doing there that, you know, there may be some developments that come out of that group.

There's also the agriculture water management strategy which that group is actively engaged on issues of, for instance, wetlands policy. So you know, I think those are groups that may in that previous list that you listed off that would've, I think, been as a

part of the legislative framework that, you know, we might not have captured in the past. But actually their work is going to help to inform Prairie Resilience and the aspects of Prairie Resilience going forward.

So I think, as Ms. Hordenchuk has indicated, there has been a significant amount of engagement in this last year particularly. We know that there is quite a bit of engagement that needs to take place over the coming years. And keep in mind, Prairie Resilience, I think as I indicated right at the beginning, wasn't necessarily a beginning of our work and it certainly won't be the end of our work. And so we're going to be engaged with stakeholder communities, with our industrial partners, with other provincial jurisdictions, the federal government on this file going forward for I think many years.

Mr. Pedersen: — Another change in the amendments is the elimination of the office of climate change. What's the reason for that?

Hon. Mr. Duncan: — Well I think that that just does reflect that in 2018 we do have a branch within the ministry, the climate change and adaptation division, that does I think all the things that was envisioned by the concept of an office of climate change. So again policy development, coordinating strategy, record keeping, planning, data collection, advising on targets, other measurements. And so I think it's really just that concept, that former concept I think is just really redundant with the work that's being done right within the ministry.

Mr. Pedersen: — So in the previous legislation there, it said that the purpose of the office of climate change included assisting Saskatchewan residents in the economy to adapt to climate changes and address impacts. What's in this legislation to help Saskatchewan residents adapt to climate change?

Hon. Mr. Duncan: — So I don't think it's a question of what's in this legislation that does all of those things and speaks to specifically how we're engaging with the citizens of the province. That's really the intent and the whole detail around the Prairie Resilience, the provincial plan.

So the legislation and the parts of that plan that are in this legislation and will be in the forthcoming regulations, I think are a part of Prairie Resilience, but Prairie Resilience is much larger than just this legislation. And so it talks about all of those different climate resilience measurement frameworks: how we're going to report to the public, how we're doing in terms of our resiliency to the ongoing effects of climate change, the things that we're actually going to measure and the baselines for those, the reporting that we're going to do, as well as all of those different policies and programs that likely will be coming in the future, the ones that we know about — certainly on a freight strategy that the Ministry of Highways is leading, certainly around the National Building Code and what that's going to do to energy efficiency — as well as those programs and policies that maybe we haven't really thought about today.

But as a part of Prairie Resilience and our ability to shape that strategy going forward, that plan going forward based on not only how we're doing in terms of implementing this legislation and the other pieces of that legislation, how we're doing in getting to that 40 per cent reduction of greenhouse gas emissions at

SaskPower, but also how we're doing on those resiliency measurements that we're going to be certainly baselining and tracking going forward and reporting back to the public.

So I think . . . Sorry, that's just a long way of saying that it's really not just . . . This legislation is just a small part of it, but I would say the bigger piece that this legislation is a part of is that overall Prairie Resilience plan that really speaks to that engagement with the public, with communities, with stakeholder groups, with the environmental groups in the province, with industry in the province, and with the citizens of Saskatchewan.

Mr. Pedersen: — In the previous version of the legislation, section 14 set out the activities of the office of climate change. It was basically a list from paragraph (a) to paragraph (l) of things that the office could be tasked with doing. So who in the . . . Is that simply going to be the division now within the ministry that's doing all of those activities?

Hon. Mr. Duncan: — Yes.

Mr. Pedersen: — One of the changes in the amendments is getting rid of the research corporation. And is that going to be replaced with anything?

Mr. Brock: — Mr. Pedersen, I'd say similar to the minister's answer to your previous question, it's also been replaced. The work that is done by the climate change and adaptation division within the Ministry of Environment, in concert with other aspects of the Ministry of Environment and other aspects of the government as a whole . . . I'd point as an example to the work that was contracted by the University of Regina early this year to look at the economic effects and environmental benefits from a federal carbon tax. I'd look at the work that we're doing right now with Métis Nation of Saskatchewan on examining approaches to resilience in Métis communities as it relates to resilience to climate change.

So I think we have the means within the division, within the ministry, and within the government as a whole to either conduct or facilitate that research as needed.

Mr. Pedersen: — Did the ministry commission that research that the university did?

A Member: — Do you want to speak to that?

Ms. Hordenchuk: — Certainly. So with respect to the work that was commissioned by the University of Regina, the Ministry of Environment did undertake a contract with that entity to perform the work that's been outlined. And a final report was provided to us and it was also made public in June of this year.

Mr. Pedersen: — So what was the rationale I guess previously, if this is all work that can be done by the ministry? Why in the previous versions was there a research council and an advisory council? And you know, why were these structures set up if that could just be done but within the ministry, without them?

Hon. Mr. Duncan: — So I'll try to answer this the best I can. As you know, I was previously Environment minister, but not at the time when the legislation was first introduced, so I can't speak from that perspective. And Mr. Brock and Ms. Hordenchuk

would not have been in the positions that they were in at the time either.

But I think it's fairly consistent actually with the way that a number of provincial jurisdictions were approaching this issue 10 years ago to where they are today. I think many jurisdictions were looking at kind of that arm's-length approach and setting up different agencies and offices, kind of that third party type of approach. I would say for the most part provincial jurisdictions have kind of moved away from that, and most of their climate change work is now done within the ministry.

I can't really speak to why that may be the case. Certainly from our perspective, or theirs as well, I just think that, you know, we think that we can . . . One, there's more certainty in terms of what the work needs to look like because I think in the past it was, you know, we had a series of international agreements going back to Kyoto, to Copenhagen, now to Paris. And so I think there was a lot of shifting in terms of what the, you know, the direction of successive federal governments, the direction that they were going on this file. I think as well, you know, certainly we know where this federal government is going on this file and so there's just not that need I think for kind of those different organizations, foundations, the non-profit type of structure, the third party type of structure.

We have a very good team within the ministry that has developed over the last couple of years, knowing that, you know, I think as it became a little bit more certain as to the direction that we were going to go in this province. And so I think it just speaks to a different direction. But again it's not . . . I don't think we're alone in that. I think if you did a bit of an environmental scan, you would see that a number of jurisdictions have moved away from where they were a decade ago with more, you know, third parties and non-profit and different types of structures to really most provincial ministries are the lead agency when it comes to climate change action.

Mr. Pedersen: — So I think it was Mr. Brock mentioned that, you know, there's going to be a significant ramping up, or will need to be a significant ramping up of staffing within the ministry to deal with this. I hope I'm not putting words in your mouth but I thought that was what I understood. I guess I'm just wondering like what, you know, will the ministry have the resources to actually . . . There's a lot of work here to do, a lot of details still to be figured out. And then there's also going to have to be some monitoring and enforcement done. Is the ministry going to have the resources to do that?

Mr. Brock: — Thank you very much for the question. Owing to my earlier remarks, I believe what I said was it's certainly a shift in perspective for the division, and specifically for the climate change branch, to go from doing policy analysis and maybe issues management, broadly speaking, to being a regulator. But those are fundamentally different activities. Becoming a regulator doesn't take away from the need to continue to pay attention to policy changes nationally and internationally, but obviously those regulatory activities will be as consuming as have been the activities over the past two years in terms of policy development and now preparing for implementation.

[21:45]

Our expectation is that we have the resources required at present to begin administering this system come January 1, 2019. We'll continue to analyze whether those resources are sufficient for future years and we'll obviously go through the same, you know, making requests of the minister to make requests of his colleagues at treasury board, and then of course through the Legislative Assembly for disposition of funds. So by that time we have the resources needed to begin administering this program on January 1, 2019.

Mr. Pedersen: — Which division of the ministry is going to be responsible for enforcement? Is it going to be the climate change and adaptation division or is it going to be the compliance and field service or the environmental protection?

Mr. Brock: — Two answers to that. I think primary responsibility will rest with the climate change and adaptation division. But at the same time, as with all of these areas of responsibility, we do so as a Ministry of Environment. And we have an executive team that takes broad responsibility of course through the deputy minister, reporting to the minister of those. So there are direct accountabilities to my division.

But we certainly work closely with our colleagues in environmental protection who have considerable regulatory experience, where Ms. Hordenchuk worked previously with those officials in what's called the business transformation unit who have responsibility for things such as data management and information systems, and working with our colleagues in other ministries as well. So primary responsibility rests with our division, but certainly working through all of our colleagues in the ministry and otherwise and managing it as an executive team under our deputy.

Mr. Pedersen: — Does the ministry foresee doing audits of the regulated emitters' reporting or is that going to be left up to the federal government?

Ms. Hordenchuk: — So with respect to compliance activities, the ministry approaches that similarly across each division or each type of permission that's granted. Audit is a component of the regulatory framework in the ministry and audits could be conducted on these facilities, recognizing that the reports that would be prepared by the large emitters will be required to be third party verified already. So any type of audit work that could be performed by the audit unit within the environmental protection branch would be a paper-based audit.

Mr. Pedersen: — Let me just see here . . . So this is section 16 of the bill. In subsection (6) it says that . . . It basically sets out the test for withholding information from the public if the material:

(a) contains matters that:

- (i) are of a commercial, financial, scientific or technical nature; and
- (ii) would reveal proprietary business, competitive or trade secret information about that person's business.

I guess I'm wondering why . . . It seems to me that probably the broad test of whether something should be withheld from public

information is that the disclosure would disadvantage a person. And I'm just curious why disadvantage isn't kind of the immediate threshold.

Ms. Hordenchuk: — So with respect to the release of information or the controls around that, the language has been drafted in a few ways: one, upon advice from our legal drafters; also to align with other environmental regulation that's in place in Saskatchewan, as well as to align with the freedom of information and personal protection Act that's in existence in Saskatchewan; and also to have some alignment with the federal requirements for how data is managed at that level as well, so that stakeholders in industry are treated the same way. And of course they're seeking that assurance in how their data could be held in confidential manner.

Mr. Pedersen: — There was a change in language. I think it previously said "enforcement officer" and now it says "environment officer." I just wonder if you could comment on that, why that change was made.

Hon. Mr. Duncan: — So that term was chosen just to ensure that there's consistency between this Act and the EMPA Act of 2010, *The Environmental Management and Protection Act*.

Mr. Pedersen: — In the definitions there's a definition there of "qualified person," but of course it's just pretty vague because it's referring to regulations that we can't see. I'm wondering if you can tell us what you're envisioning there with what a qualified person will be or who they will be.

Ms. Hordenchuk: — So "qualified person," that's a term that's used in the ministry and in other pieces of environmental legislation in Saskatchewan. It would be further defined in forthcoming regulation as well as in a supplemental technical standard, with the intent to align with international standards for how greenhouse gas emissions are accounted for and what those verification requirements would be.

So there are ISO [International Organization for Standardization] standards. That's the international standards organization that sets out parameters for how that task would be performed in Saskatchewan, anywhere in Canada, anywhere globally as well. So there's the consistency there.

Mr. Pedersen: — I know this government has not been a fan of the federal government's carbon tax, and you've said tonight that it isn't going to substantially reduce greenhouse gas emissions. Are you saying that carbon pricing could never be effective?

Hon. Mr. Duncan: — Thank you for the question, Mr. Pedersen. So I guess I would just say that I think it's important to distinguish between pricing or market mechanisms and what was proposed by the federal government in terms of an economy-wide carbon tax. So that information that was publicly available and that was the basis of the work that was done by the University of Regina, that research indicated that approximately 1 megatonne would be reduced in Saskatchewan using what the federal government had already indicated would be the price and how that price would be applicable in the province. And in fact the federal government agrees with that work that was done, not withholding some of the comments that they made when the study was published. They agree with that number and so I think

there's a distinction between the two market mechanisms and what was proposed by the federal government.

I think all along, you know, it's important to keep in mind that, again as I've said in the past, it's not like our plan can be judged in a vacuum. It should be judged against what is the alternative. And certainly we feel like this is the right plan for our province based on a number of factors — competitiveness being one — but also what's actually going to achieve reductions in Saskatchewan going forward.

So I certainly am not a fan of the federal government, what they're proposing in terms of an economy-wide carbon tax. I certainly hope you share that view. But that certainly would be the view of this government is that that's not the right approach for Saskatchewan and that's why we were urging the federal government to look at Saskatchewan's plan that we've put forward, both in terms of ensuring, yes, that our economy can remain competitive, but also importantly, and I think this is the basis of all this and the point of all this, a plan that will see reductions in our emissions going forward in Saskatchewan. So I think what we believe is that this — what I certainly believe and what the government believes and what the cabinet has agreed to — is that this is the right approach for Saskatchewan.

Mr. Pedersen: — I'm sure you're aware there's an economist who just won a Nobel Prize who said that it is possible to design an effective carbon tax, and I think he said it was the most cost-effective way to deal with it. I guess I'm wondering . . . It sounds to me like in your answer may be an acknowledgment that there is the possibility that you could have some sort of carbon pricing that used market mechanisms to reduce greenhouse gas emissions?

Hon. Mr. Duncan: — Thank you for the question, Mr. Pedersen. I have a feeling maybe we differ on this particular issue, but I'd be certainly interested in your opinion on the matter.

[22:00]

So a couple of things. Keep in mind right from, I think, even the existing legislation that was passed and certainly in Prairie Resilience, the idea of a technology fund, I think, indicated to everybody that certainly there would be a price. Government would have to set that price. So there would be market mechanisms that would be as a part of this.

This is, I think, counter to or certainly counter to how all of this unfolded. The Government of Saskatchewan signed the Vancouver Declaration. We agreed with the principles of the Vancouver Declaration. In fact we were a part of the discussions on the four different areas. There were four different working-group areas, and it was the Prime Minister who unilaterally decided this system and the rate, and frankly announced it, as I think everybody knows, while Environment ministers were in Montreal meeting.

So I think studies that you're citing, all of that, I think, goes against the concept, which I think is an important one, of this, we believe, should be a made-in-Saskatchewan approach. So I think some of the studies, even some of the research, or you know, award-winning economists that have looked at this, certainly it's not at \$20 a tonne that they're talking about. It's certainly not at

\$50 a tonne they're talking about, and it's not just Canada or a few countries. I think the concept that they're talking about is around the world, and I think that's a very different conversation that we're having in this country right now because again this was a system that was unilaterally decided by the Prime Minister — the system and the rate — with, I think, not the input from Saskatchewan and from other jurisdictions.

I think one of the things that you've raised is the notion of simplicity, and I would say that that needs to be . . . that's an important factor to consider, but that's not the only factor. I think fundamentally the main thing that we need to strive for is that this is a plan made in Saskatchewan by Saskatchewan that fits Saskatchewan. If other provinces want to move, and I have said this publicly, if the government of today in Alberta wants to have a carbon tax, that's fair enough. But that should not dictate or mandate what we do here in Saskatchewan, and that is why I think at the heart of all this, that's why we have opposed the federal government, because what we signed on to was not what the Prime Minister's trying to deliver.

Mr. Pedersen: — I guess I'm wondering if we go with the assumption that the federal carbon tax will be ineffective and will hurt the economy, it seems to me you've made a choice here to leave our non-regulated sectors at the mercy of that plan because you haven't provided an alternative that will exempt them from that. So why choose to subject the non-regulated industries to the federal part 1 carbon tax?

Hon. Mr. Duncan: — Because keep in mind, while the federal government said that it was up to the provinces to decide what their plan would be, it was really a choice between two choices: a carbon tax or cap and trade. And I think we've gone into the details and we certainly can go into the details even further in terms of why we felt that carbon tax was not the right plan for Saskatchewan, but we also felt the same on cap and trade. And so that's why we went about designing a made-in-Saskatchewan system.

I am very pleased that the federal government has decided not to put in place the federal output-based system on our industry. They have essentially acknowledged that Saskatchewan, while all along saying Saskatchewan never had a plan, they actually have acknowledged that we actually do have a plan. My argument would be this should be the plan. It shouldn't be a part of the plan. We shouldn't still have the part A or the part 1 economy-wide fuel tax put on Saskatchewan, that this is our plan. These are the benefits of the plan. This is what the plan will achieve.

So again I would say that we have . . . There's been a significant amount of work putting all of this together. It is the federal government that is choosing to go forward, particularly on those non-regulated sectors, and put in place the economy-wide fuel tax or economy-wide carbon tax on largely on fuels.

I think the other thing too to keep in mind is that what we're now seeing is — and I'll try to keep my point quick because I think that we're probably getting close to the end of the time — but as all of this is going on, there's also a stacking effect going on. So we have said to the federal government . . . So there was the coal-fired electricity regulations were put in place. We put in provincial regulations that are now in effect in Saskatchewan

with the goal of seeing a 40 per cent reduction in our greenhouse gas emissions by 2030 in part by moving, significantly increasing the portfolio of renewables in that time frame.

So my view would be, electricity generation is already regulated in this province and we're already going to see a desired outcome that I think we all can agree on. Now on top of that, the federal government is going to put in place the output-based system on SaskPower. That is really not going to change the portfolio of how SaskPower generates electricity because we're already on that path forward. All that is going to do is just result in additional costs being borne by homeowners, by industry, anybody that's a SaskPower customer, going forward.

And so again I think, you know, what we've tried to do is put in place a plan that focuses on yes, reducing emissions, allowing for competitiveness to be a factor in how the regulations come forward. But really that's just one piece of this issue. More importantly than that, we need to ensure that our communities, our province, our citizens are resilient to the ongoing effects of climate change. Because — I know I've said this before; I've said it a number of times — even if we reduce all of our emissions to zero, climate change is not going to stop.

So we need to be focused on resiliency, on adaptation, on doing what we can do in this province to reduce our emissions. And the approach that the federal government took was basically, it's a tax or nothing. And I think that that's the wrong approach, certainly for this province. I would argue it's the wrong approach for this country. But I don't get paid to make those decisions.

Mr. Pedersen: — You don't think you could have done, I guess, a better design of a tax that would apply to our non-regulated sectors instead of leaving them subject to the federal one?

Hon. Mr. Duncan: — Well I guess I don't see what that would look like. Because either you're going to have a system that is going to actually reduce emissions, which the University of Regina research would indicate that the way the carbon tax is designed by the federal government won't actually reduce a significant amount of emissions or, you know, I think you have a system that you have now, what's being proposed where frankly I don't agree that the numbers exactly add up. But even if you design a system where people get their money back, well then what's the point? Why would you take it from them in the first place? And how's that actually going to reduce emissions?

So, I think, frankly we didn't spend a lot of time in thinking of how to design a carbon tax that would be more effective than the federal government's because we didn't think it was going to be effective to begin with.

Mr. Pedersen: — Doesn't that mean you've just decided to accept the federal carbon tax then?

Hon. Mr. Duncan: — No. Certainly I think the fact that we're before the Court of Appeal on February 13th and on Valentine's Day, on the 14th, means that we are absolutely not going to accept the federal carbon tax.

Mr. Pedersen: — I think those are all my questions, but my colleague has a few here.

The Chair: — Ms. Sproule is here as a participating member. And yes, you may ask a question if you'd like.

Ms. Sproule: — Thank you, Madam Chair. Considering the time, I just have a few I want to get on the record, Mr. Minister. First of all, when we met at a technical briefing you had indicated that you were going to find out whether we could see some of the regulations before they were passed. Have you replied to that, our request?

Hon. Mr. Duncan: — I think what I can commit to is, just in fairness, cabinet has not seen regulations at this point. I would say that we will endeavour to provide information, if not the regulations themselves, before they're in place. But no, I just need to make sure that, you know, I don't want to get too far ahead of myself in terms of the regulations ultimately that cabinet is going to see, just in case I show you regulations and then we make some changes.

But we will, I think, as we've tried to do over particularly last number of weeks, the information that we've tried to provide and officials that we've made available, that's the spirit in which I would like to continue with this file and with others, but with this file in particular.

Ms. Sproule: — Thank you. And certainly the willingness to provide the technical briefing was very much appreciated and helped us figure out where we need to go on this.

Is it possible to get a list of the heavy emitters? Could you table that with the committee?

Hon. Mr. Duncan: — Yes, absolutely.

Ms. Sproule: — Thank you. In terms of transparency, I guess, what sort of information will the Technology Fund provide to the public? Will we be able to see reports of the actual payments made by the heavy emitters, and will there be other kinds of reporting back to the public?

Mr. Brock: — Thank you for the very good question, Ms. Sproule, and your patience. We're just checking on the details, but in terms of the — if I may use this term — the audited financial statements of the fund, my understanding is that those would be publicly available. As we're working through the other administrative components of the fund, we'll certainly take your very good question into account, but I think we'd need to weigh some other competing factors as well. Thank you.

Ms. Sproule: — We can check back on that. In terms of the commissioned report that the University of Regina completed for your ministry, could you table the scope of the research and the terms of reference for that report?

Hon. Mr. Duncan: — We will. Yes, we will provide that to the committee.

Ms. Sproule: — You indicated that the methane reductions were going to be taken from the 2015 levels rather than the 2005 levels. Why did you choose 2015, say, as opposed to 2005?

Hon. Mr. Duncan: — So my understanding is that we're not the lead on that, but we are working closely with Ministry of Energy

and Resources, and I think that that's in order to achieve equivalence with the federal government. The federal government had already indicated that they were going to work towards a methane reduction, and so I think '15 was their base year. So it's really just an equivalency issue.

Ms. Sproule: — I can certainly check that with the Minister of Energy and Resources.

When we were discussing border adjustments, you indicated that that was one of a list of several policy considerations. Could you share with the committee what other policy considerations were reviewed?

[22:15]

Hon. Mr. Duncan: — Ms. Sproule, I will endeavour to get back to you on that just because, I just want to be circumspect in terms of work that would've been done by the ministry that wouldn't have generated, like options, say, that the senior leadership or myself would have looked at. And so we will take your question under consideration and think of how we may appropriately respond to that.

Ms. Sproule: — Thank you.

Mr. Brock: — If I may, Ms. Sproule, one of the reasons why I was perhaps more forthcoming than a civil servant might in terms of internal policy deliberations is because the government has a commitment and a strategy that we will explore options for tracking the import and export of emissions. And so I think I was working from the assumption that your previous question about border carbon adjustments related to that commitment and some of the factors that we were weighing as part of that. So it was specific to a commitment that's already public.

Ms. Sproule: — In terms of emission intensity, a highly technical determination — and I believe you've indicated that you decided your measurement would be the output emissions per unit of production — there are many, many different methodologies that can be used to establish emission intensity. There's the whole life cycle assessment; the well-to-wheels; a hybrid between well-to-wheels and the life cycle assessment, etc. Different calculation methods can lead to different results. So just if you could sort of nutshell why that was the particular type of emission intensity measurement that you chose.

Ms. Hordenchuk: — The methodology used when calculating what the performance standards would be were based on, you know, at the facility level, what fossil fuels are combusted at that site.

Ms. Sproule: — Per unit of production, though?

Ms. Hordenchuk: — Per unit of production. So it looked at historical emissions based on the most recent reported data by that facility as well as the production information that was provided by facilities, by industry, and verified internally with experts within our ministry and other ministries that are responsible for the royalties and that sort of thing, so we could compare to known data that's been provided to government in other ways.

Ms. Sproule: — So why would you have rejected the life cycle assessment style of emissions intensity measurement?

Mr. Brock: — Ms. Sproule, just to your supplementary, I don't think, if I may, I would characterize it as a rejection of other methods, but we're certainly making use of methods that are internationally recognized as sound for carrying out this sort of work and have proven to have value in Canada as well.

Ms. Sproule: — Right. I'm not saying it's an unsound method. I'm just saying that different methods lead to different results, so I just would be interested in perhaps a much further discussion on that.

One of the things we talked about in the technical briefing is that many of these — and this is my last question — many of these heavy emitters have already made significant improvements in certain areas as much as they could. I think we refer to it as the low-hanging fruit. So maybe a two-part question, but will they be recognized? You weren't sure, and maybe you've discussed this earlier and I missed it. If so, will that be in terms of a performance credit, or how will that be recognized?

Hon. Mr. Duncan: — So in developing the performance standards, we tried to take into account the early action that had already been taken. So it's I think within that, and I think it maybe goes back to an earlier conversation that we had about, you know, who's to say that nobody's going to abate their emissions?

Ms. Sproule: — Will they be able to?

Hon. Mr. Duncan: — But I would say this: that, so without a regulatory cost, industry has already demonstrated that they've, you know . . . They would make the argument that they've abated emissions or they've, you know, adopted new technology. So you know, I guess I would just say to you that if that's already taken place in the past, it's likely going to take place in the future when there now is a price that they will be paying into a technology fund or any sort of compliance method or compliance option going forward.

Ms. Sproule: — If the cost-benefit analysis allows for that particular emitter.

Hon. Mr. Duncan: — Right. But the cost-benefit analysis in the past for making those changes and abating emissions was done without a regulatory cost assigned to it. So now there's going to be a regulatory cost assigned to it. So I would say that that will likely lead to more work being done to find that low-hanging fruit and reduce emissions when it has already been done in the past without that compliance cost factor.

Ms. Sproule: — I hope you're right. Thank you, Madam Chair.

The Chair: — All right. Thank you, everyone. Seeing that there are no more questions, we will proceed to vote on the clauses. Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 24 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Management and Reduction of Greenhouse Gases Amendment Act, 2018*.

All right. I would now ask a member to move that we report Bill No. 132, *The Management and Reduction of Greenhouse Gases Amendment Act, 2018* without amendment.

Mr. Michelson: — I so move.

The Chair: — Mr. Michelson so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Minister, do you have any closing remarks this evening?

Hon. Mr. Duncan: — I do, Madam Chair. First of all, I want to thank members of the committee for this evening. I want to thank members of the opposition for their very good questions this evening. I want to thank the opposition as well as my colleagues in the government for taking up this work in maybe not the normal course of work. I want to thank the members of the opposition for meeting with myself and our officials a number of weeks ago to go over this matter.

And I want to thank the ministry, and in fact all the ministries. There was about 14 different ministries and government organizations that have worked in putting Prairie Resilience together, but this particular measure in this legislation. Lin Gallagher is our deputy minister. She's unable to be here this evening, but David Brock, our ADM [assistant deputy minister]; Sharla Hordenchuk.

But I also want to acknowledge the engineers and the analysts that work in our climate change branch: Jared Ward, David Stevenson, Shawn Robinson, Travis McLellan, Christine Markel, Kyle Worth, Marie Zhu, Peter Pan, Adam Gorr, Alex Scott, and Darby Semeniuk.

There has been a considerable amount of work that has gone into getting us to this place that we are this evening, and there's a lot of work going to take place after this evening as well. I probably don't even appreciate the amount of work that these individuals that I've read off and everybody, Sharla and David and Lin, have dedicated to this. But I'm very honoured to be the Minister of Environment and I'm very proud of the work that they have all done. So I want to thank you, Madam Chair, and I want to thank members of the committee.

The Chair: — Thank you. Mr. Pedersen, if you have any closing remarks, you may add through to that.

Mr. Pedersen: — Thank you. I guess I would just echo the minister's comments, and thank the ministry staff for what appears to have been a lot of hard work and thoroughness. And thank you for coming here tonight and answering the questions. And thank you, Minister.

The Chair: — That concludes our business for this evening, and

I would ask a member to move a motion of adjournment. Mr. Buckingham so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee now stands adjourned until the call of the Chair. Thank you everyone.

[The committee adjourned at 22:29.]