

# Memorandum of Understanding

*between*

**Her Majesty the Queen in Right of British Columbia (*the Province*)**

as jointly represented by the Minister of Environment and Climate Change Strategy, Minister of Energy, Mines and Petroleum Resources, and Minister of Jobs, Trade and Technology

*and*

**The Business Council of British Columbia (*BCBC*)**

*jointly referred to as*

***the Parties,***

*regarding the development of*

**A Low-Carbon Industrial Strategy for British Columbia (*the Strategy*)**

This agreement recognizes the interest of the Province of British Columbia and the members of the Business Council of British Columbia to work collaboratively to unlock British Columbia's full economic potential, to transition to a low carbon economy, and to establish the Province as a world leader in supplying low carbon goods and services to a world with a growing demand for low carbon solutions. The Parties agree that focused and coordinated action is needed in the near term to maintain and enhance British Columbia's competitive advantages, avoid carbon leakage, and contribute to this generational opportunity.

This strategy is consistent with the Parties joint interest in advancing Indigenous reconciliation through the low carbon industrial strategy.

The Parties acknowledge that participation by the Province in the discussion of a low-carbon industrial strategy (*the Strategy*) does not fetter the Province or any statutory decision maker, or otherwise impose restrictions on the Province with regard to any future decisions by the Province or any analysis, modelling, or engagement the Province may decide to conduct.

The Parties acknowledge that participation by BCBC representatives in the discussion of a low-carbon industrial strategy is not intended to fetter any future decisions by BCBC or its members or any analysis, modelling, or engagement BCBC may decide to conduct.

The Parties recognize that each Party has its own decision-making processes and the intent of the Parties is to produce deliverables in the form of recommendations that are jointly endorsed, without limiting the ability of either Party to provide independent confidential advice to relevant decision makers.

This MOU is the overarching process for the Parties through which industry-related climate and competitiveness initiatives are coordinated. The Parties agree to actively give consideration that there

be necessary alignment of other related government policy initiatives and that relevant third parties be made aware of this process.

Subject to applicable laws, except with agreement of the Parties, the parties agree to enter into non-disclosure agreements and not publicly disclose individual actions or evaluations of individual actions until decision making processes are complete.

The Parties agree to make reasonable effort to come to agreement on a suite of recommendations for the Strategy and may jointly agree to make public, individual actions where there is advantage to do so in advance of having a package of jointly agreed-to recommendations.

The Parties recognize that the work will focus on the themes of: Branding, Business Investment, Regulatory Functions, and Technology, Innovation and Infrastructure.

This agreement defines the objectives, process, scope, deliverables and timelines, that the Parties wish to examine and identify possible actions to improve competitiveness in BC. It is not intended to be legally binding.

### **Guiding Purpose and Principles**

Most of the world's nations have agreed to act to hold the global temperature increase to well below two degrees Celsius of its pre-industrial level and avoid the catastrophic global economic, environmental and social impacts that unmitigated climate change would bring. This commitment is made with the full knowledge that population growth and a three billion person emerging middle class will demand and consume more energy, goods and commodities in the coming decades. British Columbia, through its industries, researchers, Indigenous peoples and governments can collectively rise to this challenge and can affect a reduction in the world's greenhouse gas emissions by becoming a verified and competitive low carbon supplier of the energy, commodities and innovations the world will consume.

1. BC has an opportunity to meet growing world demand with low carbon products and services that assist consumers, companies and countries in reducing carbon that collectively realizes the goals of the Paris Agreement under the United Nations Framework Convention on Climate Change. There is an opportunity to provide for increased supply of lower carbon energy and commodity alternatives compared to competing jurisdictions with less stringent environmental policy and greater GHG concentrated inputs.
2. The Strategy will enable current comparative advantages and purposefully leverage further advancements to position and market BC companies that produce commodities, goods, energy and innovations that combine to become a competitive low carbon export economy.
  - o Where goods/commodities/energy/services benchmark favorably on GHG emissions with competing jurisdictions it is recognized that these products need to be competitive in the global market in order for BC to contribute to lower global emissions.
  - o It recognizes that in the absence of a market that provides a premium for low carbon commodities, products, and services, BC exporters may face a competitiveness disadvantage. It will reflect the collaborative effort of business and government to ensure industry in BC remains competitive.
  - o A component of the strategy will be building and supporting branding establishing BC's leadership as a clean producer through a suite of climate actions and marketing that provides for the prosperity of the people, businesses and communities of BC.

3. A foundational component of this comprehensive strategy will be the inclusion of a climate strategy that supports this main purpose, while reducing our domestic climate impacts and providing for the prosperity of the people, businesses and communities of BC.
4. Support for technology and focused innovation are critical components of reducing domestic GHG's and driving economic growth. This includes the prospect of national and global partnerships to advance our innovative potential on projects that can have a demonstrable impact on reducing or storing carbon to our domestic and global benefit and while advancing and refining the application of commercially viable new technologies.
5. Actions need to be measurable and verifiable and acted on with the collaborative and efficient intent to affect impact to achieve principle 1.

## Objectives

Recommendations for a low carbon industrial strategy, built on the work of the topics areas, will:

- Recognize that energy intensive trade exposed industries may face unequal competition when competing globally with jurisdictions that do not impose carbon taxes.
- Minimize carbon and capital leakage and mitigate competitiveness impacts taking into consideration federal benchmarks and the equivalency afforded other provincial jurisdictions by the federal government.
- Clearly define how to verify and compare equitably the low carbon assertions by sector of BC companies and sectors with other competing jurisdictions
- Build a common understanding and identify factors that influence investment decisions.
- Discuss opportunities to adopt new technologies/innovations to reduce emissions and improve environmental performance in support of a transition to a low carbon economy in British Columbia.
- Support economic opportunities and outcomes that advance broad reconciliation goals for Indigenous peoples.
- Develop mutually agreed to and prioritized set of opportunities with a clear commitment to a process to work through to final outcomes.

## Process

- Each Party will appoint three members and three alternate members to a "Strategic Leadership Team" comprised of representatives of the parties, that will provide strategic oversight and direction to the Technical Leadership Team and reach agreement on support required for analysis of recommendations.
- The "Technical Leadership Team" comprised of B.C. government representatives including the Ministry of Finance and representatives from BCBC will provide oversight and direction for modelling and analytics within model platform agreed to by both Parties.
- The participants of the SLT and TLT will be documented in a workplan jointly agreed to by the parties. The TLT will propose a budget and cost sharing approach for the workplan and the budget will be submitted to the SLT at their earliest opportunity for review and approval.
- The process for developing a Low-Carbon Industrial Strategy for BC may be extended to ENGO's, labour and other stakeholders as required.

- The Parties will jointly develop and implement a plan to engage with Indigenous leaders and communities on the recommendations.
- Participation in each topic area may be enhanced through the inclusion of additional interested parties, consultants, and experts to support robust analysis and deliverables.

## Scope

### In Scope:

- Energy, commodity, technology and transportation industry sectors represented by expertise within the membership and staff of the Business Council of British Columbia.
- Alignment with ongoing Provincial initiatives and recognize the interactions with Federal government initiatives.
- Collaborative work to brand BC as a low carbon provider of global GHG solutions and inputs.
- Consideration of quantifiable aggregate effects of regulations and policies at the Provincial level (this will not replace established regulatory consultation processes for individual regulations underway or planned).
- Development of a transparent context framework that benchmarks BC's competitiveness
- Assessment of how industry can support government in achieving their low carbon economic and regulatory objectives including looking at ways for industry to more efficiently implement commitments going forward.

## Topic Areas

The parties agree to examine the following topic areas for possible inclusion in the strategy. As discussion continues other elements may be added or deleted. It is recognized that within each of the following general themes/topic areas there may be macro recommendations that apply across several or all sectors and there may be sector specific recommendations.

### Branding

- Contribute to the development of a "Super, Natural British Columbia" style BC brand strategy that will allow government and industry to speak about low carbon exports and investment opportunities with a united voice including:
  - Promotion of current industrial and provincial strategies that reflect current commitment to reducing GHG emissions
  - Use of low-carbon energy inputs and raw materials
  - Benefits of innovation, low carbon intensity technologies including zero-emission technologies
  - Carbon credits and offsets
  - Strong environmental protections

### Business Investment

- Develop criteria that will encourage capital investment and support efficient operations that advance the competitiveness of BC industry and explore tools to address.
- Consider the role of BC 's broad energy policy framework as tools to drive low carbon energy inputs and infrastructure.

- **Recommend policy and solutions government and business could take as part of the low carbon industrial strategy to reduce the potential for competitiveness impacts to BC industry**
- **Consult on BC's approach to the broader Canadian climate agenda.**

#### **Regulatory Functions**

- **Analyze costs to implement and comply with regulations and seek efficient ways to meet their public intent.**
- **Consider how regulatory efficiency when taken in a comprehensive and aligned manner can be a comparative advantage, when finite, certain and robust project approval processes improve speed to market when capitalizing on global opportunities**
- **Consider the role of carbon offset policies and market mechanisms.**
- **Give consideration to these actions within Article 6 of the Paris Agreement verifying low carbon inputs, credits and allocation of mitigation actions.**

#### **Technology, Innovation and Infrastructure**

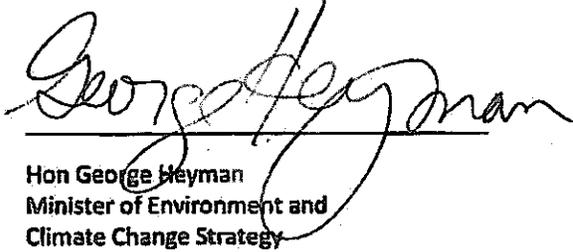
- **Support a domestic strategy on infrastructure investments that makes industry more competitive by reducing comparable net costs, cutting GHGs and creating quality jobs including expanding use of BC's low carbon energy grid and power generation.**
  - **Demonstrate BC as the global leader in solutions for clean products and services**
  - **Enable BC to become a global leader in global carbon capture and storage and carbon capture and conversion or use technology and construction for export and domestic applications.**
  - **Utilize the Digital Super Cluster and other related initiatives to accelerate data and technology driven decision making and monitoring, on the data stack platform using virtual and augmented reality to expedite and mitigate project and operational impacts, infringements, cumulative effects and capital utilization.**

**Timelines and Deliverables**

The parties agree to develop and agree to a work plan within two weeks of the signing of this MOU.

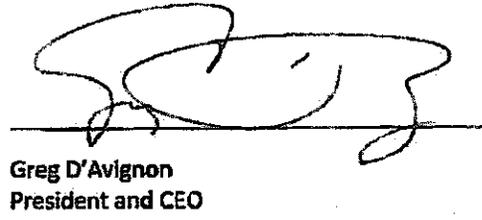
Dated: November 26-2018

For the Province of British Columbia

  
Hon George Heyman  
Minister of Environment and  
Climate Change Strategy

November 20 2018

For the Business Council Of B.C.

  
Greg D'Avignon  
President and CEO