

B.C. Climate Solutions Council

To: Minister of Environment and Climate Change Strategy, Honourable George Heyman

cc: Minister of Energy, Mines and Low Carbon Innovation, Honourable Josie Osborne; Deputy Minister, Kevin Jardine; Assistant Deputy Minister, Jeremy Hewitt

March 6, 2023

Dear Minister Heyman,

Re: Net zero new industry

The CleanBC Roadmap commits to a requirement for all large new industrial facilities to have plans to show how their emissions will align with B.C.'s 2030 and 2040 targets, and to achieve net zero by 2050. Given that industrial emissions made up over 40% of the province's emissions in 2019, and some industrial sectors are forecast to grow, ensuring that new facilities fit within BC's emissions targets will be critical to the success of the CleanBC climate plan.

That goal presents two distinct issues. First, what level of ambition should be expected from new facilities being planned and built with the knowledge of more stringent provincial emissions targets, ultimately including net zero. Second, how will B.C. deliver compensating reductions from existing emitters to guarantee that new facilities fit within B.C.'s emissions targets, rather than adding to emissions. Lacking the second part, the Net-Zero New Industry strategy presented to the Climate Solutions Council in late 2022 does not ensure that large new facilities align with B.C.'s 2030 and 2040 targets.

We are mindful of historical experience that more stringent new source standards had an unintended consequence of incentivizing continued operation of older, more emissions-intensive facilities. That is likely to be less problematic in a context where there are binding commitments to update standards, but nonetheless this is an issue that should guide provincial policies for existing facilities as well. Policies and regulations should be developed to ensure existing facilities are not inadvertently operating longer at high carbon intensity as a result of net-zero policies for new facilities.

Key areas of concern and recommendations:

We have five main concerns with recommended actions that require further consideration to ensure that this policy achieves the intended goals and that B.C. stays on track to meet our climate targets in 2030, 2040, and 2050.

1. Unlike older industrial facilities, new industrial facilities are being planned with the knowledge that operations must transition to net zero, in most cases during the expected life of the facility. They also may be able to take advantage of new and emerging technologies that were not available when older facilities were built. We thus encourage the government to consult with individual sectors to assess the feasibility of new facilities in that sector reaching net zero as soon as possible.
2. Government must take additional actions to ensure that new facilities fit within B.C.'s targets. The Council's 2022 annual report stressed the challenge of meeting B.C.'s 2030 target because of delays and gaps in policy development and potential for new projects approved yet not accounted for in the Roadmap to

significantly increase emissions. The resulting challenge we now face underscores the importance going forward of anticipating and accounting for new industrial facilities in setting targets for existing emitters.

New facilities that are not net zero will add additional emissions. Operators of those facilities do not have the authority to ensure compensating reductions from other facilities or sectors. We thus do not understand what is meant by the expectation for large new industrial facilities to align their operations with B.C.'s 2030 and 2040 targets, as stated in the Roadmap. It is the provincial government's responsibility to adopt additional policies as needed to deliver compensating emissions reductions.

There are multiple ways this goal could be achieved, including implementation of sectoral flexible regulations, incentives for low-emissions technologies, setting more specific targets for incumbent facilities, or seeking deeper cuts from non-industrial sectors. Without policies to deliver compensating reductions, however, new GHG-emitting facilities *will not* fit within existing targets and B.C. will fail to meet its emissions targets.

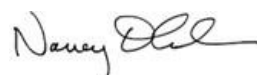
3. Enabling the transition to net zero demands planning for sufficient generation and transmission capacity to support electrification as needed in industry operations, as anticipated by the Minister of Energy, Mines and Low-Carbon Innovation's mandate to create a "climate-aligned energy framework for B.C." In addition, ensuring that new facilities can transition to net zero will require development of complementary policies, such as facilitating the use of negative emissions technologies and offsets (bearing in mind the Council's previous [advice](#) on the latter – see the Council's 2020 annual report, appendix 2).
4. We seek greater clarity on how the government proposes to include both upstream and downstream emissions in B.C. as part of the net zero facilities commitment. In some cases, those emissions could be greater than direct emissions from the project itself. Understanding the magnitude, distribution, and opportunities to control these emissions is important.
5. The CleanBC Roadmap acknowledges that government will need to strengthen policies to ensure that B.C. fills gaps and meets its emissions targets. If existing facilities do not have to meet the more stringent policies, achieving climate targets will be compromised, and it creates an unlevel playing field between existing and new facilities, affecting competitiveness. All project approvals must acknowledge B.C.'s climate goals and specify that as policies become more stringent, compliance will be required. Government thus needs to avoid locking in policy at the time of a project's approval. For example, B.C. has not exempted existing emitters from the escalating carbon tax as announced in the 2023 budget.

We understand it is the government's intention to bring forward legislation in 2023 and welcome the opportunity to comment further.

Regards,



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