Industrial Reporting and Control Workshop

November 27, 2017

Outline

This document includes all slides from the workshop and covers the following five presentations and topics:

- Emissions Reporting Program

- Compliance and Enforcement

- Offsets Program

- BC Carbon Registry

- Other Initiatives

Emission Reporting Program

- Session Objectives

- Legislation and Regulation

- Industrial Emission Statistics

- Opportunities for Improvement

- Future Changes

- Next Steps

- Resources

Session Objectives

- To inform reporters and verifiers of regulatory processes, requirements and changes.
- To report out on key emission data
- To highlight areas for improvement
- To provide an overview of future changes

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Legislation and Regulation

- The **Greenhouse Gas Industrial Reporting and Control Act** (GGIRCA) and its regulations came into effect January 2016.
  - Replaced Greenhouse Gas Reduction (Cap & Trade) Act
- The **Greenhouse Gas Emission Reporting Regulation** (GGERR) replaced the Reporting Regulation (RR)
  - 2016 first reporting year under GGERR
- Approximately 700 facilities report annually including mining, oil & gas, paper & pulp mills, etc.

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Changes in New Reporting Regulation

| Item	Reporting Regulation (before Jan 1, 2016)	Greenhouse Gas Emission Reporting Regulation
Reporting Threshold	10,000 tCO2e	10,000 tCO2e
Verification Threshold	25,000 tCO2e	25,000 tCO2e
Delayed Verification	N/A	Available
Regulated Operations	N/A	LNG
Compliance Report	N/A	Required for regulated operations
Submission Deadline	March 31 – Reporting May 31 – Verification	May 31 - Both

Number of Operations and Facilities
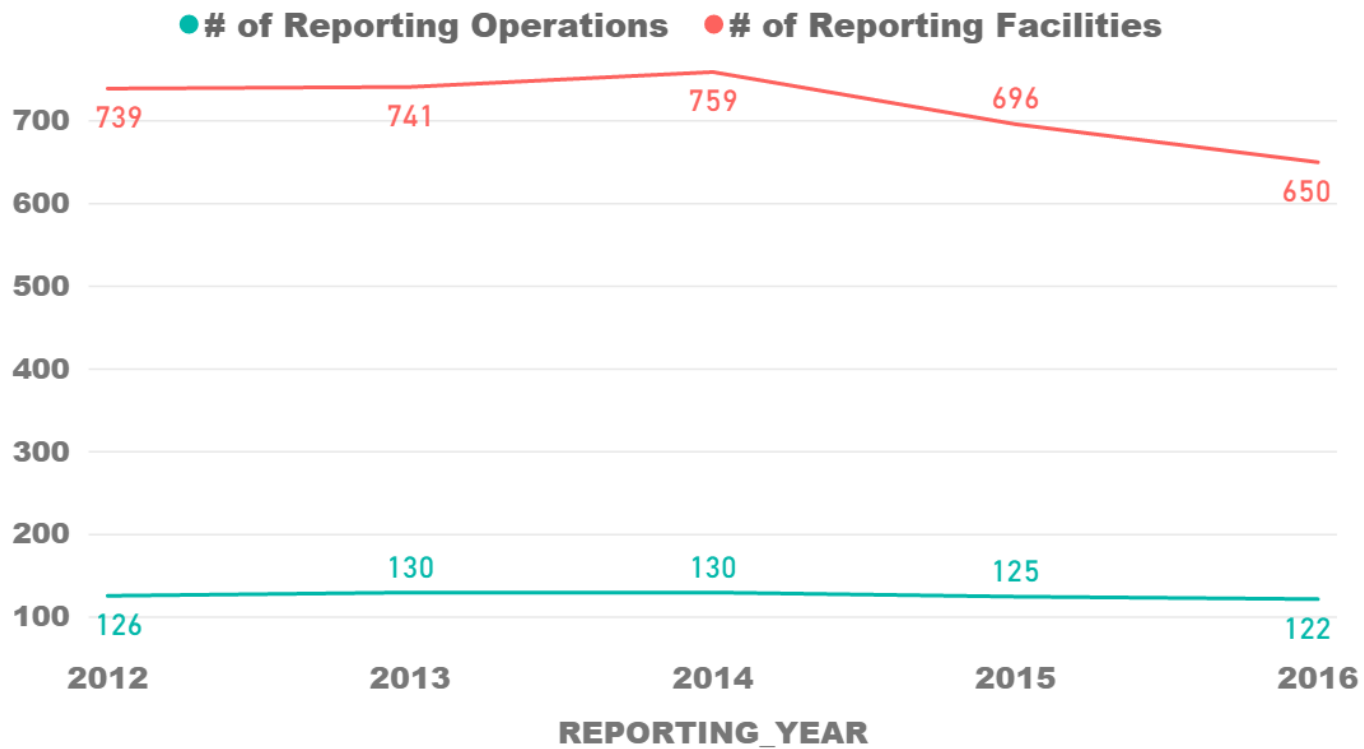
Linear Facility and Single Facility Operations Total Emissions
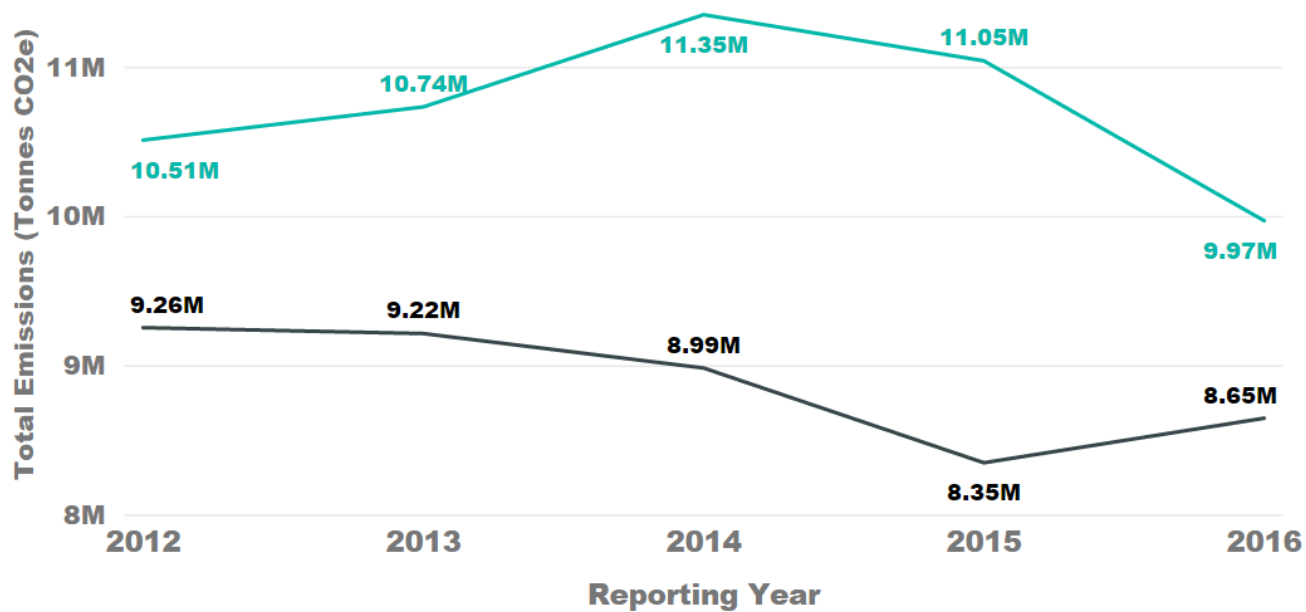
Flaring, Fugitive, Venting and Non-Combustion Emissions
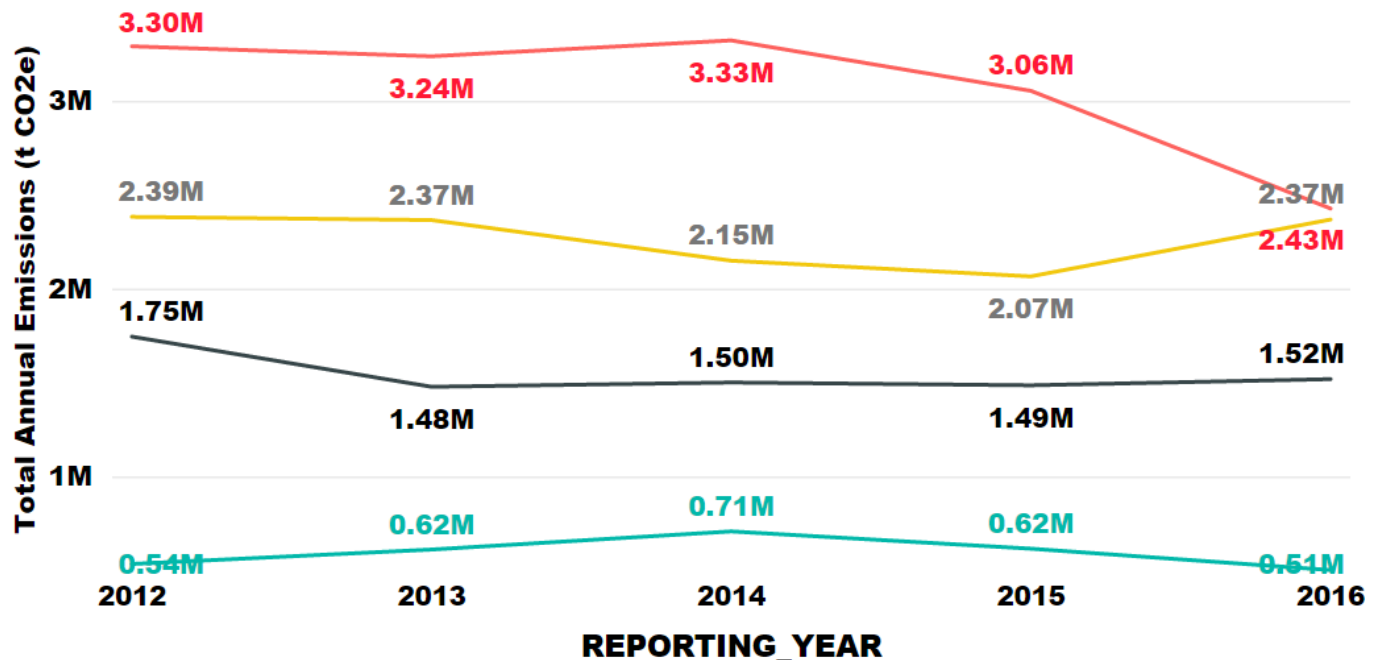
Single Window Improvements and Tips

New configuration for Single Window users

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Using Single Window

Accurate facility information is important

Single Window User Tips

1. Must use legal names of companies and facilities

2. Use clear and consistent address

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Single Window User Tips

3. Use accurate geographical coordinates for physical address

- For 2016, 11 facilities were in Alberta and 4 in USA
- Example of inconsistent geographic value and physical address - facility in New Westminster with geographic coordinates in Abbotsford

Facility Physical Address	Latitude	Longitude
7868 241 Road Road, BESSBOROUGH, British Columbia V1G 4E7	55.79366	-120.524
7868 241 Road Road, BESSBOROUGH, British Columbia V1G 4E7	55.78492	-120.53754
7868 241 Road Road, Peace River District, British Columbia	55.79366	120.524

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Single Window User Tips

4. Review data before using Pre-population Feature

Checking Data on Entry

- Check all the data existing from the previous cycle

- Previous verification statements and other files may be preloaded and need to be removed

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Linear Facility Operations (LFO) Reporting Improvements

- Do not change emission value for a source under IF_a, IF_b, L_c vs LFO report

For Example, for a flaring emission of N2O,
- For IF_a report, N2O = 56.8786 t

- For LFO report, N2O = 56.9 t, 56.8786 t

- Do not round the value – system takes 4 decimal places
- Ensure no facility or emission sources are missing

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Accessing Submitted Reports

- Reports can be changed after submission, but the system will:
    - Archive your previous version, and
    - Create a new report that you have to resubmit

- Administrative information can be updated any time without affecting the submitted reports

- Do not use this reporting system for training purposes. Request access to training system through GHGRegulator@gov.bc.ca

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Single Window Attachments

- Attach Verification Statement (VS) & Conflict of Interest (COI)

    - Linear Facilities - Only attach one VS and COI to the LFO report

    - Only upload attachments at designated locations such as for **Mandatory Additional Reportable Information**, **Comments** and **Confidentiality Request**

- The verification of linear facilities operations must cover IF_a, IF_b and L_c reports, not only the LFO report

- Previous three years' emissions history is used to determine verification requirements

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Single Window Attachments

- File names should contain the company and facility names
- Use the file naming convention:
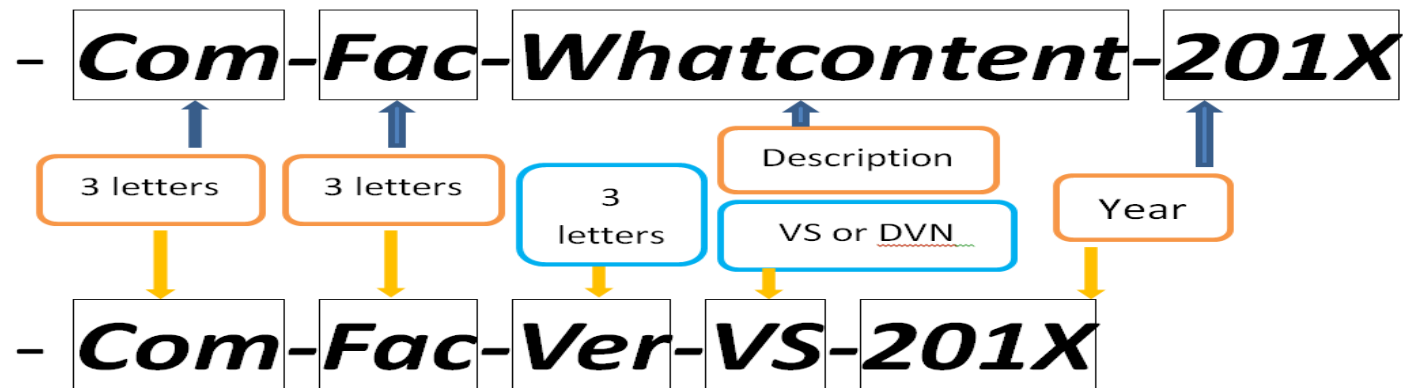
- Use searchable PDF for attachments

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2017 Reporting-year Changes

NAICS code update: 2012 → 2017 version

NAICS Canada 2012			NAICS Canada 2017 Version 1.0			
Code	Title	Status code	Part of 2017 Version 1.0 class	Code	Title	Explanatory Notes
21111	Oil and gas extraction	R		21111	Oil and gas extraction (except oil sands)	
				21114	Oil sands extraction	
211113	Conventional oil and gas extraction	NU	*	211110	Oil and gas extraction (except oil sands)	Except shale oil extraction
211114	Non-conventional oil extraction	NU	*	211110	Oil and gas extraction (except oil sands)	Shale oil extraction

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2017 Reporting-year Changes

Note: Delayed Verification Notice must be attached in place of the Verification Statement

Next Steps

- ## 2016 Emission Report Publication
  - New simplified format
  - Consistent with other jurisdictions
  - Previous years data will also be updated and published in the same format

- ## Single Window System Changes
  - No major changes for the 2017 reporting year
  - Bulk upload for linear facilities requested for 2018

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Next Steps

- New Forms and Templates – available January
  - Check that you are using the latest form
  - Methodology Forms: standardized templates for additional methodological information
    - Draft Oil and Gas forms available for comment*

- May 31 – Reporting and Verification Deadline

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Resources

GGIRCA and GGERR:

- http://www.bclaws.ca

WCI Methodology:

- https://www2.gov.bc.ca/gov/content/environment/climate-change/industry/reporting/quantify

Reporting System:

- https://ec.ss.ec.gc.ca

NAICS Code:

- https://www.statcan.gc.ca/pub/12-501-x/12-501-x2016001-eng.pdf
- https://www.statcan.gc.ca/eng/subjects/standard/naics/2017/concordance-2012-2017

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Compliance and Enforcement

- Compliance Model

- Legislation and Regulation

- Compliance Framework

- Tools for addressing non-compliance

- Prescribed Contraventions

- 2016 Reporting Cycle

- Resources

Compliance Model

The compliance model involves:

- Setting regulatory requirements that are clear, practical and enforceable;

- Promoting requirements in ways that encourage operations to voluntarily comply;

- Verifying (through monitoring, inspections and audits) that operations are meeting their regulatory requirements; and

- Where these requirements are not being met, adjusting the program management approach or, where appropriate, compelling compliance through enforcement.

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Legislation and Regulation

- The **Greenhouse Gas Industrial Reporting and Control Act** (GGIRCA) in force January 1, 2016

- Greenhouse Gas Administrative Penalties and Appeals Regulation (GGAPAR)

- Similar to other Administrative Penalty (AP) programs:

  - Environmental Management Act – AP Regulation

  - Oil and Gas Activities Act – AP Regulation

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Legislation and Regulation

- The Director <u>may</u> impose an Administrative Penalty for <u>any</u> contravention of the Act or Regulations

- Contraventions can occur in any of the following:

  - Emissions reports for industrial facilities

  - Compliance reports for regulated operations (currently LNG operations only)

  - Emissions offset project requirements

  - Verification and validation requirements

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Compliance Framework

Includes any actions taken to verify compliance with regulatory requirements:

- Reviews

- Audits

- Inspections

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Compliance Framework

- Inspections

  - Designated program staff are authorized to enter land, examine records, works and materials

  - Can be scheduled or unscheduled (including site visits)

Tools for Addressing Non-Compliance

There are a range of compliance tools available to ministry staff when addressing non-compliance, including:

- Advisories

- Warning

- Administrative Penalties

- Court Proceedings

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Administrative Penalties

What is an AP?

- A financial penalty imposed on individuals /companies who fail to comply with legal requirements under GGIRCA or its regulations

- An administrative rather than criminal sanction

- Calculated and imposed by the Director instead of a court of law

- Balance of probabilities vs. beyond a reasonable doubt

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Process for Admin Penalties

Factors that determine penalty and potential amount:

- History of compliance with the Act and other environmental legislation
- *Real or potential* adverse effects of non-compliance
- Persons efforts to prevent/correct non-compliance
- Any economic benefit derived from non-compliance
- Whether it was repeated or continuous
- Any other matter the Director considers relevant

Process for Admin Penalties

If a contravention is discovered:

> AP selected as enforcement response

> Director issues "Notice of Intent" to impose AP

> Opportunity to be heard

> Determination by Director

> Administrative Penalty Notice ("decision") issued

> Potential appeal to EAB

> Modify AP/Confirm AP/Cancel AP

> If confirmed: Penalty Paid

> AP details may be posted publicly

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Prescribed Contraventions

- The following contraventions may result in an Administrative Penalty up to a max of $50,000:
  - Failure to submit emission report, verification statement or supplementary report in accordance with the regulation (Section 3 of Act)
  - Failure to produce a record for examination by inspector or provide inspector with information as required (Section 22 of Act)

- Serious or ongoing contraventions could lead to further action:
  - Example: $1.5 Million fine or imprisonment for 2 years, or both

2016 Reporting Cycle

Common errors that cause non-compliance:

- Late submissions or no submissions via Single Window (i.e. "Ready to Submit")

- Missing verification statement or delayed verification notice (i.e. not included with report at submission deadline)

- Missing data or errors in data

- Missing or inaccurate administrative information (ex: wrong or missing NPRI number)

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Resources

- MOECCS' Compliance and Enforcement Policy and Procedures: https://www2.gov.bc.ca/assets/gov/environment/research-monitoring-and-reporting/reporting/reporting-documents/environmental-enforcement-docs/ce_policy_and_procedure.pdf

- MOECCS' Compliance Management Framework: https://www2.gov.bc.ca/assets/gov/environment/research-monitoring-and-reporting/reporting/reporting-documents/environmental-enforcement-docs/compliance_mgmt_framework.pdf

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Offset Program

- Session Objectives

- Offset Program Activity

- Regulatory Updates

- Regulatory Review Process

- Protocol Development

- Resources

Session Objectives

- To report out on offset program activity for 2017

- To inform offset stakeholders of regulatory processes, requirements and changes

- To provide an opportunity for feedback from offset stakeholders

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Offset Program Activity

	2017	
	# of Projects	**# of Offset Units (tCO$_2$e)**
Issuances *	13	2,619,525
Retirement- Carbon Neutral Government**	18	622,748
Retirement- Voluntary***	3	6,892

Submitted & Issued January 1 to October 31, 2017. In 2016 there were 16 issuances (approx. same number are anticipated in 2017)
*** Retired to offset 2016 calendar year corporate emissions*
****January to October 31, 2017*

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Policy and Regulatory Updates

- Issuance Templates (December 2017)
  - Reducing the number of issuance documents from four to two -> simplify administrative requirements and the revision process

| Currently	Future (templates December 2017)
1. Project Report 2. Verification Statement 3. Conflict of Interest Form 4. Application for Issuance of Offset Units	1. Project Report 2. Verification Statement 3. ~~Conflict of Interest Form~~ *(included as appendix to VS)* 4. ~~Application for Issuance of Offset Units~~ *(will no longer be required)*

Policy and Regulatory Updates

- New Project Acceptance templates (scheduled for January 2018)

- Bringing into force provisions of Bill 19 (2016) amendments to GGIRCA (Spring 2018)
  - General Participants on the BC Carbon Registry

- Enabling account holders to request the retirement of offset units for voluntary purposes directly through their BC Carbon Registry Account (Winter 2018)

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Offset Review Time Period

Activity	Anticipated Review Time
New project acceptance	40 business days
Offset issuance	30 business days
Voluntary retirement of offset units	15 business days

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2017 Issuance Reviews
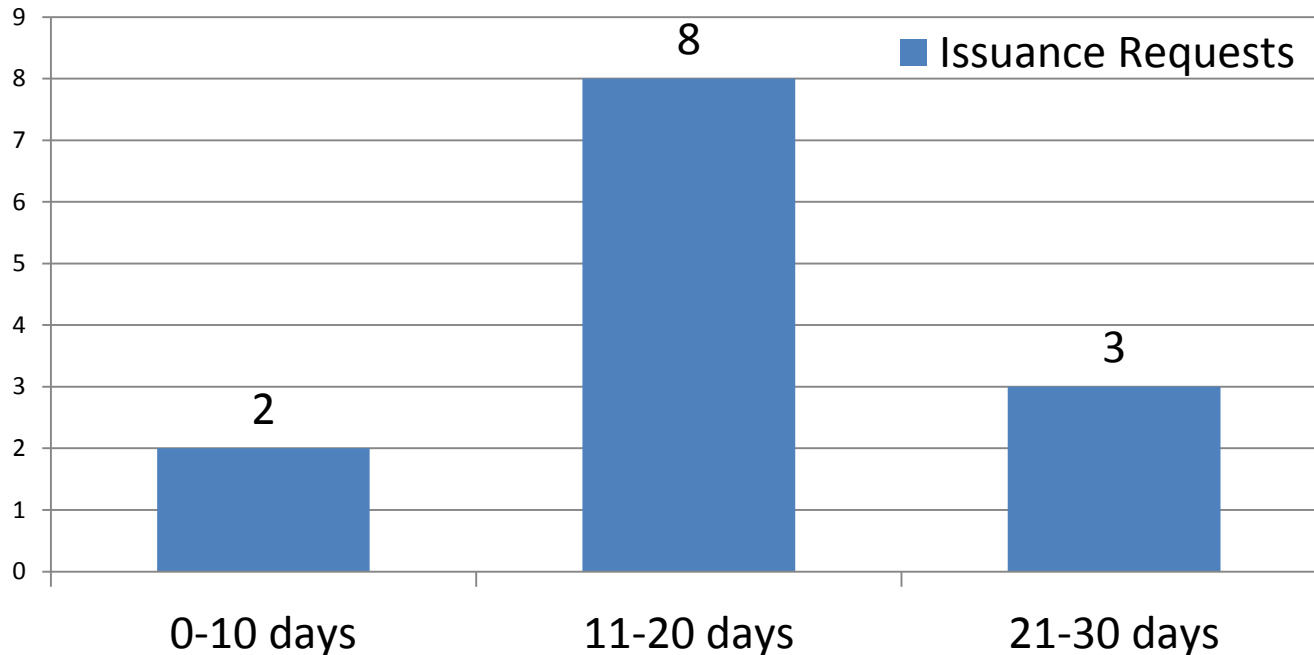
- In the first 10 months of 2017, the mean number of days for an issuance review has been 18.
- Project proponents should plan for the full 30 days for review.
- 80% of issuance requests required a change to one or more documents.

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Issuance Process Tips

- Review and follow the template instructions (blue text)

- Have someone proofread the reports for errors or omissions

- Contact GHGRegulator@gov.bc.ca for project-specific questions

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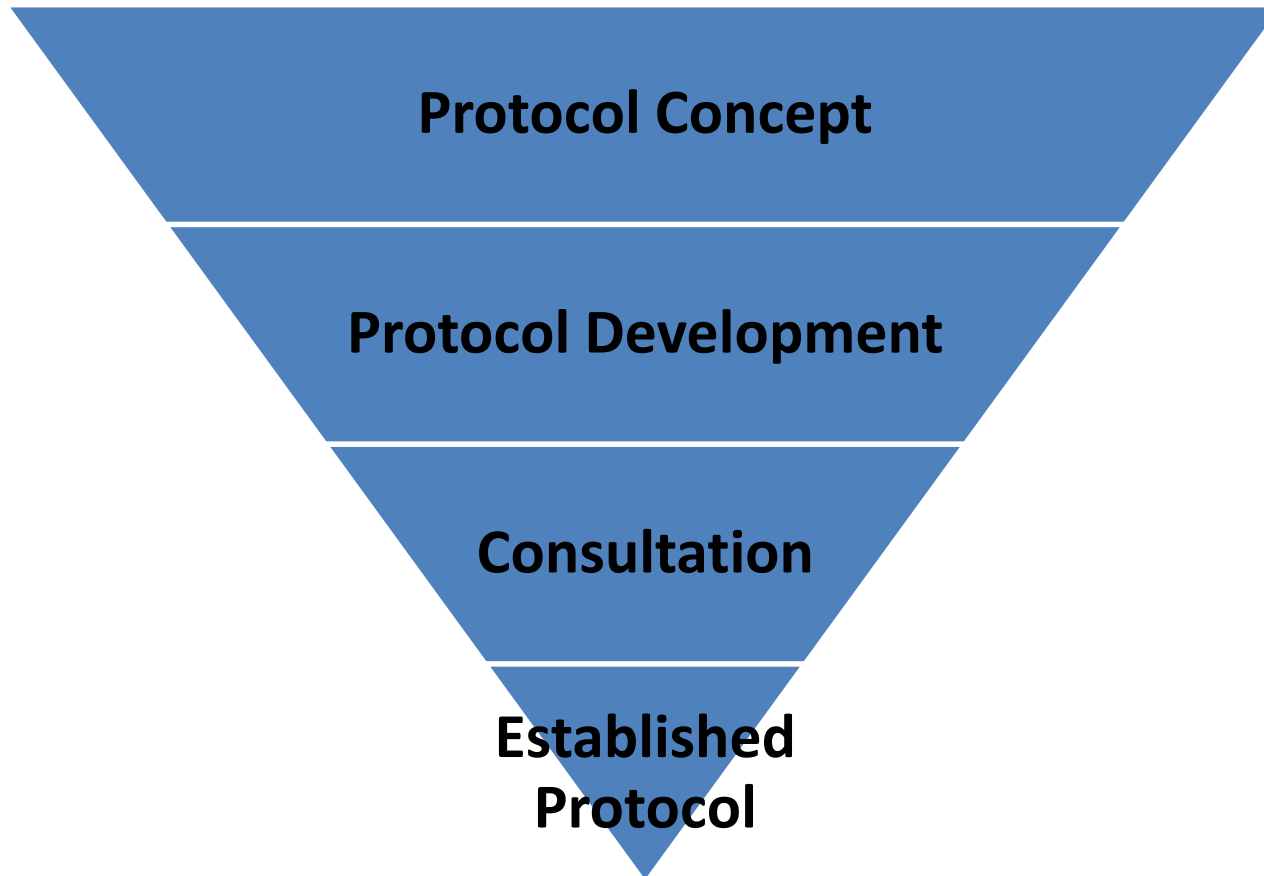Environment and
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Protocols

- New offset projects must be in accordance with a protocol established by the Director

- Grandfathered projects continue to implement the project in accordance with the validated project plan – a new or updated protocol under GGIRCA has no impact on the pre-existing project

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Protocol Development Process

- Director approved

- Fewer protocols that apply more broadly

- Improved consistency

  - Format of protocols under GGIRCA

  - Quantification methods used in emission offset protocols and industrial greenhouse gas reporting

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Protocol Development Progression

Protocol Concept

Protocol Development

Consultation

Established Protocol

https://www2.gov.bc.ca/gov/content/environment/climate-change/industry

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Protocols under Development

Protocol	Status
Fuel Switch	Public Review November 10, 2017 to December 10, 2017
Methane (Oil & Gas)	Public Review Spring 2018
Organic Waste Diversion	Public Review Spring 2018
Anaerobic Digestion for Wastewater Treatment and Manure Management	Public Review Spring 2018

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Resources

- Greenhouse Gas Emission Offset Projects Website:

  https://www2.gov.bc.ca/gov/content/environment/climate-change/industry/offset-projects

- Protocol Consultation:

  https://www2.gov.bc.ca/gov/content/environment/climate-change/industry/offset-projects/consultation

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BC Carbon Registry

- Required to support the *Greenhouse Gas Industrial Reporting and Control Act* (GGIRCA)

- Enables offset projects to be credited for the reduction or removal of greenhouse gases

- Enables government to meet its carbon neutral government requirement through the transfer and retirement of compliance units

- Supports the compliance of regulated operations

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BC Carbon Registry User Types

- ✓ Offset Project Proponent

- ✓ Validation or Verification Body for an Offset Project

- ✓ Regulated Operation *(Currently LNG operations only)*

- ✓ BC Government (for purpose of Carbon Neutral Gov't)

- ✓ Voluntary User (Winter 2017/18)

- Reporting Operations – Do not need to use the BC Carbon Registry

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Public View

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BC Carbon Registry Login

https://carbonregistry.gov.bc.ca/br-reg/public/bc/home.jsp#/login

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Account Holder View

My Projects and Issuances

Offset Issuance

Issuance Initiated and Upload Report

(Offset Project Proponent Account on the BCCR)

Upload Verification Docs

(Verification Body Account on the BCCR)

Review/Approval

(Regulator)

Offset Units Issued to Proponent

(BC Carbon Registry)

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Users Tips

- Consider a secondary account representative

- Contact the registry service provider (IHS Markit) for person-to-person user support, available 24/7

- Maintain the security of your account: regularly update user access and password

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Enhancements

- Details of upcoming enhancements were sent to all BCCR users November 21.

- Consolidated report of all account activity

- Updates to the login page, website URL and logged-in frames.

- Self-service voluntary retirement request (Winter 2017/18)

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Resources

BCCR Information:

– https://www2.gov.bc.ca/gov/content/environment/climate-change/industry/offset-projects/bc-carbon-registry

BCCR Account Registration Application:

– https://carbonregistry.gov.bc.ca/br-reg/public/bc/customer-registration.jsp

BCCR Login:

– https://carbonregistry.gov.bc.ca/br-reg/public/bc/home.jsp#/login

BCCR Public View:

– https://carbonregistry.gov.bc.ca/br-reg/public/bc/customer-registration.jsp

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Support

For user support from the BC Carbon Registry Service Provider:

- environment@markit.com
- 1 8777 MARKIT

For questions about regulatory requirements:

- GHGRegulator@gov.bc.ca
- 778-698-4012

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Other Initiatives

- Environment Mandate Letter

- Pan-Canadian Framework update

- Canadian Council of the Ministers of Environment update

- Recommendations of CCME

- PCF Next Steps

2017 Environment and Climate Change Strategy Mandate Letter

- Carbon Tax

- Climate Solutions and Clean Growth Advisory Council

- Greenhouse gas reduction targets for 2030 and for the following sectors:

  - Industry

  - Transportation

  - Buildings

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Pan-Canadian Framework and Canadian Council of Ministers of the Environment

- First step in implementing commitments Canada made under the Paris Agreement
- Includes reporting annually to First Ministers

  - CCME and eight other FPT Ministerial Tables report on progress of PCF initiatives

  - CCME and three other tables provide strategic integration for each PCF pillar

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2017 PCF Progress Report

- PCF implementation is well underway good progress made in each of the four pillars:

  - Pricing carbon pollution

  - Complementary climate actions

  - Adaptation and building resilience

  - Clean technology, innovation and jobs

- Jurisdictions taking action with further commitments for collaboration

CCME Emissions Projections

Three areas of focus:

- Modelling technological change and investments in technology funds or programs
- Communication of emission projections uncertainty
- Identified need to improve understanding of approaches used by jurisdictions to model carbon pricing

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CCME Emissions Inventories

Jurisdictions should align regulatory requirements over time and consider harmonizing requirements for third party verification.

- Annual reporting threshold: move to 10,000 tonnes CO_2e
- Greenhouse gases covered: Kyoto 6 + NF_3
- Global Warming Potentials: use values from IPCC 4th Assessment
- Activities covered: all facilities above threshold, all GHG sources
- Reporting Deadline: June 1st
- Records Retention: 7 years

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Framework for Offsets

- 27 recommendations to CCME related to:
  - overarching principles
  - program design
  - project design
- Other recommendations for framework that require further collaboration

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Internationally Transferred Mitigation Outcomes (ITMO)

- What is an ITMO? – activities by Canadian jurisdictions might be opportunities for creation of ITMOs

- Opportunities – achieve targets at lower cost, enable more ambitious targets, foster investment, showcase leadership

- Barriers – lack of clarity and effective communication of benefits, investment risk, compliance and information costs

- Risks – ITMOs not seen as credible, perception of capital flight, emission reductions not delivered, early actor risks, ITMOs not recognized, double-counting

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Summary Recommendations to CCME

- **Emissions Inventories:** That all jurisdictions aim to align select reporting requirements over time and consider harmonizing their requirements for third party verification

- **Offsets Framework:** That the suite of recommendations be accepted as the basis for a framework, and that collaborative work continue regarding development of best practises and guidelines for program and project design

- **International Mitigation:** That the work under CCME be extended to August 2018 so that it may further contribute to informing Canada's negotiating position on this topic, along with other inputs.

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PCF Next Steps

- PCF Progress Report submitted to First Ministers

- Continued Project Team work
    - Inventories - aligning key sectors
    - Projections - communicating uncertainty, modelling technological change and investment
    - Offsets framework – further development
    - International mitigation – advance on post COP 23 development

- Additional focus on:
    - adaptation
    - metrics and indicators
    - greening government operations

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Contact

All enquiries should be directed to
ghgregulator@gov.bc.ca