

**Ministry of
Energy, Mines and
Petroleum Resources**

**2019/20
Annual Service Plan Report**



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Published by the Ministry of Energy, Mines and Petroleum Resources

Minister's Accountability Statement



The Ministry of Energy, Mines and Petroleum Resources *2019/20 Annual Service Plan Report* compares the Ministry's actual results to the expected results identified in the *2019/20 – 2021/22 Service Plan* created in February 2019. I am accountable for those results as reported.

A handwritten signature in black ink, appearing to read "Bruce Ralston". The signature is fluid and cursive, with a long horizontal stroke at the end.

Honourable Bruce Ralston
Minister of Energy, Mines and Petroleum Resources

July 2, 2020

Table of Contents

Minister's Accountability Statement	3
Purpose of the Annual Service Plan Report.....	5
Purpose of the Ministry.....	5
Strategic Direction	5
Operating Environment.....	5
Report on Performance: Goals, Objectives, Measures and Targets.....	7
Financial Report.....	14
Financial Summary	14
Appendix A: Agencies, Boards, Commissions and Tribunals.....	16

Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed to meet the requirements of the [Budget Transparency and Accountability Act](#) (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Minister is required to report on the actual results of the Ministry's performance related to the forecasted targets documented in the previous year's Service Plan.

Purpose of the Ministry

The [Ministry of Energy, Mines and Petroleum Resources](#) (Ministry or EMPR) is responsible for British Columbia's (B.C.) electricity, alternative energy, oil, natural gas and related infrastructure, and the Province's mining and mineral exploration sectors. These sectors are made up of diverse interests that explore for and produce oil, natural gas, coal and other valuable minerals and that develop energy and electricity generation, transmission and distribution infrastructure. To support Government's climate objectives, the Ministry focuses on advancing energy efficiency and clean or renewable energy sources and technologies, making sure that the energy we use, develop and export is the cleanest possible. Through teamwork and positive working relationships with its clients and stakeholders, the Ministry facilitates thriving, safe, environmentally responsible and competitive natural gas, oil, energy and mining sectors in order to create good jobs and economic growth in communities across the Province. In fulfilling its mandate, the Ministry consults with other ministries and levels of government, private sector stakeholders, Indigenous people, communities, environmental and industry organizations, and the public.

The Ministry supports the Minister in governance responsibilities for the following Crown Corporations: [British Columbia Hydro and Power Authority](#) (BC Hydro), and the [BC Oil and Gas Commission](#) (OGC).

Strategic Direction

The strategic direction set by Government in 2017 and expanded upon in [former EMPR Minister Mungall's Mandate Letter](#) shaped the 2019/20 Ministry of Energy, Mines and Petroleum Resources' [Service Plan](#) and the results reported in this Annual Report.

Operating Environment

Government's CleanBC Plan set out the pathway to integrate the Province's vision for clean economic development, sustainable energy production and use, and reducing greenhouse gas emissions (GHG). During 2019/20, the Ministry contributed to this vision through its programs aimed at increasing electrification and energy efficiency across the economy, reducing the carbon intensity of transportation fuels, expanding electric and hydrogen fuel cell vehicles and infrastructure, developing bioenergy and hydrogen pathways, and coordinating with utilities on programs to reduce energy use and greenhouse gas emissions.

Consistent with Government's climate objectives, Phase 2 of the Comprehensive Review of BC Hydro was launched in July 2019 and continued the positive momentum from Phase 1 which was completed in February 2019. Phase 2 is designed to strategically position BC Hydro for long-term success, while meeting the Province's climate goals, keeping rates affordable, furthering reconciliation with Indigenous Nations, and supporting quality economic development.

Long project timelines continued to pose concerns for the mineral and coal industries. To address these concerns the Ministry developed a Mining Regulatory Excellence Project (MREP) to improve consistency, transparency and processing of applications for mineral and coal exploration, placer, aggregate and stone quarries. This improved the consistency and transparency of the process and ensures both industry and staff have adequate information and training to support an efficient process. The 2019/20 deliverables for the MREP were a comprehensive guidance document for mineral and coal applications, updated digital mapping standards and the creation of a project steering committee with industry representation.

During 2019/20, there was continued interest in developing mining projects in a way that is consistent with rights and title for Indigenous Nations and with climate change objectives. The Ministry did significant work in this area that led to the negotiation of numerous agreements with several Indigenous Nations. This work actively supports the Province's commitment to implement the United Nation Declaration on the Rights of Indigenous Peoples ("UNDRIP").

Construction on the LNG Canada and Coastal GasLink projects ramped up in 2019/20. Construction focused on clearing the pipeline right-of-way, preparing the site for the LNG export facility in Kitimat, and building workforce accommodation centres. In early 2020, LNG Canada had over 2,000 people working on the export facility and Coastal GasLink had over 1,000 working on the pipeline before workforces were reduced, largely in response to COVID-19.

Despite low natural gas prices, B.C.'s natural gas production remained level from 2018 to 2019 as producers continued to focus on developing liquids-rich portions of the Montney play. Domestic consumption of natural gas accounted for just 10% of B.C. production in 2019 with the balance being exported into Alberta, the U.S. Pacific Northwest and the Chicago market hub in the U.S. Midwest. Exports to the U.S. Pacific Northwest were negatively impacted by the Enbridge T-south natural gas pipeline rupture which occurred on October 9, 2018 and the subsequent reduced operating capacity at T-south pipeline for most of 2019 until the capacity was restored during fall of 2019. During 2019, over 6.8 % more natural gas was exported to Alberta compared to 2018, including volumes diverted from the T-south pipeline due to reduced capacity.

Report on Performance: Goals, Objectives, Measures and Targets

Goal 1: An energy portfolio powered by clean, renewable energy and supported by technological innovation

This goal relates to former EMPR Minister Mungall’s Mandate Letter priority of creating a roadmap for the future of B.C. energy, to generate new energy responsibly and sustainably, and create lasting good jobs across the Province. A focus on technological innovation will expand upon energy efficiency and conservation opportunities and create new jobs in the provincial energy sector.

Objective 1.1: Decarbonize B.C.’s energy sectors and usage

Key Highlights

- The Renewable Energy for Remote Communities Program awarded a total of \$13.8M to four remote communities to support construction ready clean energy projects.
- The B.C. Indigenous Clean Energy Initiative awarded \$2.5M in federal and provincial funding to support project planning, feasibility, and design for 13 clean energy projects in Indigenous communities across B.C.
- The CleanBC Better Homes and Better Buildings program provided 6,657 residential retrofit rebates and approved 89 energy studies and capital incentives for commercial, institutional and multi-unit residential building energy efficiency and fuel-switching projects.
- The CleanBC Building Innovation Fund provided a total of \$1.65M in funding for 13 research, commercialization and demonstration projects that advance energy efficient, low-carbon building technologies and designs.
- In June 2019, it was announced that funding would be provided through CleanBC’s Advanced Research and Commercialization (ARC) Program to a B.C. company to further develop their hydrogen fuelling nozzle resulting in fuel-cell vehicles being more user-friendly. The ARC Program supported a total of five projects in fiscal 2019/20.

Performance Measure(s) ¹	2018 Actuals	2019 Target	2019 Actuals	2020 Target	2021 Target
1.1 Clean or renewable energy as a share of utility and transportation fuel sales ²	28%	29%	28%	30%	31%

Data Source: Compiled by the Ministry of Energy, Mines and Petroleum Resources and includes data from BC Hydro.

¹ Data in table is presented as calendar year consistent with availability of Low Carbon Fuel Standard and utilities’ data.

² The following data is tracked to provide the performance measure: BC Hydro’s performance in clean procurement; FortisBC’s performance in deploying Renewable Natural Gas; relative sales of electricity and natural gas using data from the largest utilities, and transportation fuels.

Discussion of Results

Based on the data available, the performance target was not attained for 2019. This was a stretch target based on a path to CleanBC that involved clean or renewable energy increasing its share of utility and transportation sales (excluding self-generation) by 1% per year. To meet the target, electricity's share of energy consumption would have needed to increase by just under 1% (compared to a historical increase of approximately 2% increase over 20 years). In the absence of significant shifts in the relative costs of various energy sources, this did not occur.

Instead, natural gas sales increased by over 700 terajoules (TJ) net of Renewable Natural Gas (RNG), while sales of electricity fell by nearly 200 gigawatt-hours (GWh) (or 680 TJ) between 2018 and 2019. This fall was driven by a 265 GWh (954 TJ) decrease in sales to BC Hydro's domestic customers, concentrated in the residential and commercial sectors. These changes are within the usual range of year-to-year movements of energy use in response to factors like changing weather conditions. The impacts of CleanBC policies should be visible in longer-term changes in the trend of this measure rather than an individual year's results.

Due to COVID-19, reporting entities under the Low Carbon Fuel Standard (LCFS) delayed reporting their 2019 totals. Consequently, the data needed to calculate 2019 is not available for inclusion in this report. For these calculations, the 2018 LCFS figures were used for 2019 as compliance data. Checks that could be completed indicated that the difference between 2018 and 2019 data would not be substantive enough to the achieve 29% target.

Objective 1.2: Support economic growth and electrification to reduce greenhouse gas emissions

Key Highlights

- On May 29, 2019 the Province passed the [Zero-Emission Vehicles \(ZEV\) Act](#) requires automakers to meet ZEV sales targets reaching 10% of new light duty vehicle sales by 2025, 30% by 2030, and 100% by 2040. The purpose of the ZEV Act is to ensure increased ZEV availability and choice at more affordable prices in B.C.
- Through \$51.506M in CEVforBC rebate program funding the Province provided 15,496 rebates were provided during 2019/20 fiscal year to support the purchase of light-duty ZEVs in B.C.
- The Specialty-Use Vehicle Incentive (SUVI) provided 241 rebates during 2019/20 to support the purchase of commercial ZEVs such as motorcycles, low-speed, medium and heavy-duty, and port and airport vehicles. The Program is supported by CleanBC.
- In fiscal year 2019/20, CleanBC provided 1,792 rebates for the installation of at-home EV charging equipment, supported the development of 25 DC Fast Charging sites, and development of 1 hydrogen fuelling station.
- Emotive, a public education and awareness initiative supported by CleanBC, held 61 public ZEV awareness events during the fiscal year 2019/20.
- In 2019, the Ministry funded the development of an electric vehicle training program at the British Columbia Institute of Technology.

Performance Measure(s)	2016 Baseline	2018 Actuals	2019 Target	2019 Actuals	2020 Target	2021 Target	2022 Target
1.2 Number of light-duty Zero Emission Vehicles registered in B.C. ¹	4,115	17,177	22,000	34,573	34,000	49,000	65,100

Data Source: Compiled by Ministry of Energy, Mines and Petroleum Resources staff from ICBC and ZEV sales data. Transport Canada defines a light-duty vehicle as one that weighs 3,856kg (8,500lbs) or less.

¹ This performance measure has been revised in the [2020/21 – 2022/23 Service Plan](#).

Discussion of Results

The Province’s rebates and investments supported an increased uptake of ZEVs resulting in actual sales for ZEV significantly overshooting targeted sales in 2019/20. B.C. has become the leader in clean transportation, with the highest electric vehicle adoption rate in North America in 2019 (8.6% of new light-duty vehicle sales). Investments the Province has made in clean transportation infrastructure has created one of the largest public charging networks in Canada. In 10 years since the first electric vehicle hit B.C. highways, approximately 31,200 additional light duty electric vehicles are on the road.

Goal 2: A sustainable, responsible and competitive mining sector that creates lasting jobs for British Columbians

Objective 2.1: B.C. is positioned as an attractive jurisdiction for investment in the mining sector and related businesses

Key Highlights

- Partnered with the BC Regional Mining Alliance (BC RMA) to promote the B.C. mining Industry.
- In May 2019, the Province announced \$5M for the 2019/20 fiscal year in support for Geoscience BC, as recommended by the Mining Jobs Task Force. The funding was used to support earth science research.
- In February 2020, a contract to study an Integrated Indigenous Mine Training Program was delivered and a study on leading practices to attract and retain women in mining careers was delivered.
- In 2019/20, the Province continued work with multiple agencies and external partners to improve mining in B.C. and all 25 recommended actions from the Mining Jobs Task Force (MJTF) actions have been substantially started or completed.

Performance Measure(s)	2015-17 Baseline	2018/19 Actuals	2019/20 Target	2019/20 Estimate ¹	2020/21 Target	2021/22 Target
2.1 B.C.'s share of Canadian mineral resource development investments	13%	13.7%	14%	12.7%	15%	16%

Data Source: Ministry of Energy, Mines and Petroleum Resources and Natural Resources Canada (NRCan).

¹ The results are an estimate because the data is not available until fall 2020. Actuals do not vary much from what NRCan reports as their preliminary estimates earlier in the year. These figures are subject to change

Discussion of Results

While estimates for 2019/20 show that B.C.'s share of Canadian mineral resource development investment is expected to decline by a full percent, the amount of investment in B.C. is anticipated to remain relatively unchanged year over year. Saskatchewan saw its estimated share of Canadian investment increase by almost 5% in 2019/20 with major capital investment made in its massive BHP-owned Jansen potash mine. The increase in Saskatchewan's estimated investment for 2019/20 is the primary factor contributing to the 1% reduction in B.C.'s share of Canadian investment.

During 2019, the Province continued to promote B.C. mining through the BC RMA, a collaborative partnership of Indigenous governments, the Province, the Association for Mineral Exploration and the mineral exploration industry. Its international marketing efforts included the Canadian Mining Symposium, London England, May 22, 2019 and the Precious Metals Summit, Beaver Creek Colorado, September 10-13, 2019. The Alliance represents projects in Tahltan and Nisga'a territories in Northwest B.C. The BCRMA works with alliance members to promote opportunities, including training, that create and sustain good jobs in the B.C. mining industry

Objective 2.2: Oversight of the mining industry is strengthened to protect the environment, human health and public safety

Key Highlights

- In early 2020 as the COVID-19 pandemic impacted B.C.'s mining sector, communication to all major mines, sand and gravel and placer operations in the Province was increased to ensure they were complying with Public Health Officer orders and directives to minimize the risks associated with COVID-19 transmission and illness. This included:
 - Providing guidelines to industry with regards to COVID-19 and the protection of the employees on a regular basis.
 - Weekly conference calls with all the major employers and the executive of Mines Competitiveness and Authorizations and Mines Health, Safety and Enforcement Divisions to discuss COVID-19 measures.
 - Following up all orders by the Provincial Health Officer to industry with a guidance document.
- Inspectors were directed to follow-up with management, Occupational Health and Safety Committees and unions weekly to discuss any issues that may arise with specific reference to COVID-19. Between September 21 and October 25, 2019 Government held

public consultations regarding proposed changes to strengthen the *Mines Act* and published a summary of the feedback received in a What We Heard report.

- The Province collaborated with the Taku River Tlingit First Nation on a science-based water monitoring study to gather enough information to determine what regulatory changes need to be made to protect the environment. The study began in July 2019 and was aimed at informing amendments to the Placer Mining Waste Control Regulation to protect the environment.
- A Standing Code Review Committee was formed in June 2019 to ensure that provincial mining regulations remain effective and mining continues to be one of the safest heavy industries in the Province. The committee is made up of an equal number of representatives nominated by Indigenous communities, mine labour unions and industry.

Performance Measure(s)	2009-13 Baseline	2018 Actuals ²	2019 Target	2019 Actuals	2020 Target	2021 Target
2.2 Mine inspections ¹ and follow-up	775	1,369	1,350	1,733	1,350	1,350

Data Source: Manually compiled by the Ministry of Energy, Mines and Petroleum Resources.

¹ Inspections include both in-office reviews and on-site examinations.

² Performance Measures are shown in calendar years.

Discussion of Results

The Province committed to implementing all 25 recommendations in the MJTF report. As part of this work and as supported by Budget 2019, the Ministry has ensured resources are available to improve safety and oversight in the mining industry. This commitment was demonstrated by exceeding the 2019 targets for mine inspection and follow up. Created in Fiscal year 2019/20, the Mine Audits and Effectiveness Unit has also been established to evaluate the effectiveness of the regulatory system in protecting workers, the public and the environment.

Goal 3: B.C.’s low carbon-intensity oil and gas products provide sustainable jobs for British Columbians and projects meet our four conditions.

Objective 3.1: Policies and processes that ensure the responsible development of oil and gas resources in B.C.

Key Highlights

- The Province implemented several actions in Fiscal Year 2019/20 to address recommendations in the Scientific Review of Hydraulic Fracturing in British Columbia report including:
 - Installing a new groundwater observation well near Fort Nelson,
 - Mapping more than 55 aquifers,
 - Collaborating with Indigenous communities on the installation of new hydrometric monitoring stations, and

- Mapping zones that are likely to experience greater ground motion from seismic events.
- A pilot program has been initiated in conjunction with Geoscience BC, government partners and industry for more co-located water and climate monitoring in coordination with First Nations.
- In June 2019, the LNG regulatory interface (lng.gov.bc.ca) was launched to provide information about British Columbia’s regulatory responsibilities related to the LNG Canada export facility and Coastal GasLink pipeline. To increase transparency of the regulatory oversight, the website provides online visitors with direct access to information and documentation about the environmental assessment process, agreements with Indigenous Nations, permitting, regulations, and compliance-related updates.
- The Province has been collaborating with Treaty 8 First Nations in the design and implementation of a regional strategic environmental assessment in the northeast region. The assessment is expected to improve natural resource management decisions in how they respond to the ability of First Nations exercising Treaty 8 rights.

Performance Measure(s) ¹	2017-18 Baseline	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
3.1 Annual GHG reductions from infrastructure improvements under infrastructure royalty credit programs offered by the Province.	35,000 tonnes	79,700 tonnes	109,000 tonnes	99,700 tonnes	140,000 tonnes	163,000 tonnes

Data Source: Ministry of Energy, Mines and Petroleum Resources.

¹The estimated actual emission reductions are still preliminary as GHG reductions under CIRCP projects require independent third-party verification, and that work has yet to be finalized.

Discussion of Results

The 2019/20 Target for GHG emission reductions that was established in February 2019 for the 2019/20 Service Plan was calculated based on emission reduction estimates from projects approved under the 2016 and 2018 Clean Infrastructure Royalty Credit Program (CIRCP).

Several projects under these two iterations of the program were cancelled or amended by proponents. In total, two vent gas capture projects from the 2016 program and one electrification project from 2018 were cancelled. Three vent gas capture projects were also amended in scope. The lower estimated actual emission reduction for 2019/2020 is a result of these project changes.

Objective 3.2: Support the value-added development of B.C.’s oil and gas resources to maximize the benefits to all British Columbians

Key Highlights

- On November 27, 2019 the Province passed the *Fuel Price Transparency Act* to ensure the fuel marketplace is competitive, there is a fair return to the Province and to address concerns around fuel prices.

- In July 2019, the Province initiated engagement with local and Indigenous governments as part of B.C.’s oversight of the LNG Canada project and its associated benefits.
- In February 2020, the Province and the Peace River Regional District signed a Memorandum of Understanding to establish the Farmers’ Information Service (FIS) in northeast B.C. When implemented, the FIS will assist farmers and other landowners in understanding petroleum and natural gas development on their lands and add value by providing support to reduce conflicts with industry and maximize the benefits to all parties.

Performance Measure(s)	2012/13 Baseline	2018/19 Actuals	2019/20 Target	2019/20 Estimate ¹	2020/21 Target	2021/22 Target
3.2 Relative annual investment in natural gas and oil exploration and development (B.C. as % of Canada)	13.1%	14.1%	14%	14.1%	14%	14%

Data Source: Ministry of Energy, Mines and Petroleum Resources, based on Canadian Association of Petroleum Producers Net Cash Expenditure historical data and forecasts for 2018. All data is only available and provided by calendar year.

¹ The results are an estimate because the data are not available until fall 2020. These figures are subject to change.

Discussion of Results

In 2019/20, the Province met the target for relative annual investment in natural gas and oil exploration and development. This is in part due to B.C.’s competitive advantages such as the prolific natural gas resource in the liquid-rich Montney formation, and a competitive royalty regime when compared against similar jurisdictions globally. The Province conducts a competitiveness assessment for its oil and gas industry every two years with the most recent assessment completed in 2019.

Financial Report

Financial Summary

	Estimated	Other Authorizations ¹	Total Estimated	Actual	Variance ⁵
Operating Expenses (\$000)					
Mines Competitiveness and Authorizations	19,095	911	20,006	18,747	(1,259)
Mines Health, Safety and Enforcement	7,727	0	7,727	7,584	(143)
Electricity and Alternative Energy	117,346	18,375	135,721	138,074	2,353
Oil and Gas	16,863	907	17,770	13,163	(4,607)
Strategic and Indigenous Affairs	3,100	50,300	53,400	53,744	344
Implementation Initiatives	1,050	0	1,050	551	(499)
Executive and Support Services	11,857	0	11,857	15,668	3,811
Innovative Clean Energy Fund Special Account	3,243	0	3,243	3,173	(70)
Sub-total	180,281	70,493	250,774	250,704	(70)
Adjustment of Prior Year Accrual ²	0	0	0	(12)	(12)
Total	180,281	70,493	250,774	250,692	(82)
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)					
Executive and Support Services	198	61	259	259	0
Total	198	61	259	259	0
Other Financing Transactions (\$000)³					
Oil and Gas Commission ⁴ Receipts	(46,800)	0	(46,800)	(47,734)	(934)
Oil and Gas Commission Disbursements	46,800	0	46,800	47,734	934
Net Cash Requirements (Source)	0	0	0	0	0
Total Receipts	(46,800)	0	(46,800)	(47,734)	(934)
Total Disbursements	46,800	0	46,800	47,734	934
Total Net Cash Requirements (Source)	0	0	0	0	0

¹ "Other Authorizations" include Supplementary Estimates, Statutory Appropriations and Contingencies. Amounts in this column are not related to the "estimated amount" under sections 5(1) and 6(1) of the *Balanced Budget and Ministerial Accountability Act* for ministerial accountability for operating expenses under the Act.

² The Adjustment of Prior Year Accrual of \$0.012M is a reversal of accruals in the previous year.

³ Other Financing Transactions are for disbursements that are provided by the Province to the

Oil and Gas Commission with respect to oil and gas industry fees and levies assessed and collected on behalf of the Commission under the *Oil and Gas Activities Act* and the Fee, Levy and Security Regulation.

⁴ Levies include Orphan Site Reclamation Fund revenues and production levies but not Pipeline revenues or fees from oil and gas applications. Reported information may differ from Oil and Gas Commission due to recognition differences.

⁵ Variance represents “Actual” minus “Total Estimated”. If the Actual is greater than the Total Estimated, the Variance will be displayed as a positive number.

Appendix A: Agencies, Boards, Commissions and Tribunals

As of June 30, 2020, the Minister of Energy, Mines and Petroleum Resources was responsible and accountable for the following:

[BC Hydro and Power Authority](#)

[BC Oil and Gas Commission](#)