



**MNP Report on What We Heard**  
***Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy***  
***Consultation Summary***

**April 23, 2018**

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## EXECUTIVE SUMMARY

The Government of Saskatchewan has proposed a bold climate change strategy. The government's strategy outlines a comprehensive and balanced approach to solving a global problem without losing sight of fairness, jobs and economic opportunities for all. The government's strategy intends to reframe the conversation. It focused on maximum flexibility to meet its climate change targets.

To gather insight and feedback on the draft documents from those directly impacted by these draft regulations and strategies, plenary and bi-lateral meetings were held between representatives of the industry or associations and the Ministry as well as the collection of written submissions. MNP LLP (MNP) was engaged to lead the logistics and organization of the sessions, facilitate the discussions and to document the key themes and highlights.

### Project Approach

The focus of the engagement process was specific to the province's strategy document entitled "Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy". MNP's was asked by the Ministry to gather feedback and advice from stakeholders on the contents of the strategy and its implementation.

In total, there were 85 organizations or private citizens represented through the engagement process. Several organizations had multiple participants attend the plenary sessions. Most organizations who attended a bilateral session had also participated in plenary session as well.

### Key Findings

MNP has identified key findings in seven themes as a result of the engagement process:

1. Overwhelming Support for a Made in Saskatchewan Solution
2. Enabling the Competitiveness of the Saskatchewan Economy
3. Proactive Leadership from Saskatchewan Business and the Importance of Real Reductions
4. The Importance of Flexibility
5. Take a Step-by-Step Approach to Design and Rollout a System
6. An Important Need to Continue with Solution Mindsets and a Focus on Measures
7. Optimism for Solutions that Balance the Economy and Environment

Additional details on these findings are available in the main body of the report.

The engagement process was designed around the strategy and supporting documents. This summary report provides a summary of what we heard on thematic basis in each of the following main areas:

- Feedback on Reporting
- Feedback on Compliance
- Feedback on Offsets
- Feedback on the Non-Regulated Sector
- Feedback on the Resilience Framework

For each of these sections the report includes a summary of what we heard, MNP's summary, plus key opportunities for consideration by the Ministry of Environment (Ministry).

## PROJECT APPROACH AND METHODOLOGY

### Project Background

*“We must talk openly about the challenges posed by climate change and seek solutions that acknowledge and accommodate regional differences.” – Climate Change White Paper, Government of Saskatchewan*

The Government of Saskatchewan has proposed a bold climate change strategy through a number documents:

- Climate Change White Paper
- Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy.
- Saskatchewan Climate Change Resilience Measurement Framework: A Conceptual Approach (Draft Issued February 2018)

The government’s strategy outlines a comprehensive and balanced approach to solving a global problem without losing sight of fairness, jobs and economic opportunities for all. The government’s strategy reframes the conversation. It focused on maximum flexibility to meet its climate change targets. There are three basic approaches outlined to act responsibly:

- An emphasis on mitigation through emission reductions;
- An emphasis on adaption practices and technology; plus
- A focus on innovation and technological development.

The government’s strategy highlights the provinces contributions to global GHG reductions including the development of CCS technology, the use of Saskatchewan uranium, our agricultural soils and the shift to pulse crops, plus our forests. According to the strategy, “it also honestly highlights our emissions profile and the energy intensity of our economy. The government’s strategy is positive and forward looking. It provides the framework for achieving meaningful, comprehensive emission reductions”.

Government of Saskatchewan strategy outlines that it builds upon actions we already taken and introduces measures to strengthen the province and build resilience to climate change. The plan is described as bold, broad and made for Saskatchewan. The Governments believes it is the best way for our province to harness our valuable resources while contributing solutions to an issue that affects the entire world.

To gather insight and feedback on the draft documents from those directly impacted by these draft regulations and strategies, numerous plenary and bi-lateral meetings were held between representatives of the industry or associations and the Ministry as well as the collection of written submissions. MNP LLP (MNP) was engaged to lead the logistics and organization of the sessions, facilitate the discussions and to document the key themes and highlights.

## Project Approach and Methodology

The focus of the engagement process was specific to the province's strategy document entitled "Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy". MNP's was asked by the Ministry to gather feedback and advice from stakeholders on the contents of the strategy and its implementation.

MNP incorporated many approaches to the overall management and execution of the project. Including rigorous Project Management oversight as the meetings were established and invitations were sent out.

The facilitated sessions applied elements of the IAP2 (International Association for Public Participation) engagement methodologies. MNP considered the overarching goal of these activities to develop an understanding of where on the consultation spectrum the engagement was located. This helped to drive the approach and activities throughout the engagement sessions. Building on MNP's previous knowledge and involvement with the Ministry of the Environment on this topic helped to identify and confirm the key stakeholders to engage with.

MNP worked closely with the Ministry team to identify industry, association and other key participants to invite to the sessions.

- 3 plenary sessions were held in Saskatoon on February 27 and 28, 2018
- 3 additional plenary sessions were held in Regina on March 5 and 6, 2018
- Bilateral meetings were held from March 14 to April 6, 2018
- The deadline for written submissions was originally set for March 20, but was extended up to March 31 to accommodate the needs of various organizations.

In total, there were 85 organizations or private citizens represented through the engagement process. Several organizations had multiple participants attend the plenary sessions. Most organizations who attended a bilateral session had also participated in plenary session as well. In addition, A full listing of the organizations who participated through plenary sessions, bi-lateral sessions or written submissions is included at the conclusion of this report.

The Ministry will continue to seek out input from the Indigenous leaders in the province including those with the Federation of Saskatchewan Indian Nations (FSIN) and the Metis Nation of Saskatchewan (MN-S).

Participants at the engagement and bilateral sessions provided verbal comments on two key draft documents, the Greenhouse Gas Reporting – Discussion Paper and the Saskatchewan Climate Resilience Measurement Framework draft documents. Participants were also given the opportunity to provide written submissions. The broad background of those who participated included regulated emitters, agricultural organizations, non-governmental organizations and other interested parties. As such the feedback was varied, however key themes emerged from the feedback. This report outlines the themes and key comments provided through the various opportunities on the topics.

## SUMMARY OF KEY FINDINGS FROM THE ENGAGEMENT PROCESS

*"A strong economy and environment can go hand in hand provided policy makers maintain a focus on key environmental and economic principles that incentivize GHG emission reductions while ensuring companies can compete, continue to attract investment, and maintain and create jobs." - written submission from an industry firm*

*"An experience I had in Saskatchewan made me realize you have to be careful with specific targets. At some point you need to consider the local context here because you can have unintended consequences."*  
– Comment from an out of province participant

*"We congratulate the Ministry of Environment for undertaking this public process. The meeting was well facilitated and produced many interesting suggestions from diverse sources." - environmental NGO written submission*

MNP's was asked by the Ministry to gather feedback and advice from stakeholders on the contents of the Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy and its implementation.

Resilience is key to Saskatchewan's approach to climate change. Resilience is the ability to cope with, adapt to and recover from stress and change. This is essential, as some effects of climate change are already underway and unavoidable.

According to the province's strategy, "resilience is a much stronger indicator of effective climate action than simply measuring reductions in greenhouse gas emissions, because it measures our overall ability to adapt, innovate and even thrive. Focusing on resilience will yield a stronger approach for Saskatchewan – a growing agricultural and resource-based economy not only rising to the challenge, but providing leadership through forward-looking policy change."

Highlighted below are the key findings MNP has identified as a result of the engagement process.

### 1. Overwhelming Support for a Made in Saskatchewan Solution

*"There is great opportunity in Saskatchewan to reduce emissions and promote the responsible development of the provinces resources" - written submission from an industry firm*

*"The climate change strategy is a welcome development in furthering sustainable development in Saskatchewan and [our organization] comments the initiative and the progress it represents. The four pillar plan and keystones provide a wide spectrum of issues and concerns to be addressed in this roadmap for environmental policy and programs." - NGO organization*

MNP heard overwhelming and clear feedback across regulated emitters, industry associations, environmental and other NGOs, academics and other stakeholders that a Made in Saskatchewan solution is preferred, if not essential. There was significant and deep rooted concern about the risks of the Federal Government's climate change framework, in particular the carbon tax. Industry has significant concerns about the costs of compliance and impacts on competitiveness that were supported by their own data. NGOs and other stakeholders expressed concern about whether a carbon tax would lead to the desired real reductions in emissions. The provincial government's Prairie Resilience: A Made in Saskatchewan Climate Change Strategy received broad support overall. The strategy document was high level. This report aims to capture many of the specific policy suggestions heard through the

engagement process. Participants recognize that Saskatchewan needs to develop a strong data based plan for achieving meaningful emission reductions.

Industry repeatedly expressed a preference for a single regulator. There was a clear indication that they would not want the either level of government to put in place overlapping or double regulation.

## **2. Enabling the Competitiveness of the Saskatchewan Economy**

*"The Pan Canadian Framework for Clean Growth and Climate Change acknowledges the importance of protecting the competitiveness of emissions intensive trade exposed (EITE) sectors." - written submission from an industry firm*

Participants expressed optimism that a Made in Saskatchewan solution could not only protect, but potentially enable the competitiveness of the Saskatchewan economy. As a trade exposed, energy intensive province overall, Saskatchewan has a lot at risk with the design of any climate change program. Many of our businesses in the province are price takers for their commodity prices and compete for capital in international markets or the boardrooms of their international parent companies. In a global economy, capital is allocated based on a series of factors. The internal rate of rate on capital is a key consideration. Compliance costs with any climate change program have the potential to affect or influence investment decisions in the province for new facilities, expansions, retrofits or even if some facilities may remain open. The plenary meetings, bilateral sessions and written submissions all revealed the anxiety and risk in quantified terms of varying degrees of costs for compliance. Regulatory rollbacks and a different policy approach in the United States was highlighted by many businesses as a source of competitive concern. Through the engagement process some optimism developed that Saskatchewan could develop a solution that contributes to the commitments of the Vancouver Declaration while also enabling a competitive advantage for capital relative to other Canadian jurisdictions.

## **3. Proactive Leadership from Saskatchewan Business and the Importance of Real Reductions**

*"[Our association] is pleased to see a strategy that aims at incentivizing reductions in greenhouse gases rather than putting the penalty first and expecting compliance second." - business association written submission*

Many of Saskatchewan's companies have been proactive at investing in emission reduction technologies. Repeated examples provided through the bilateral sessions highlighted the proactive leadership companies have shown from a corporate social responsibility and social license standpoint. We consistently heard from NGOs, academics, associations and others that results matter. There is clear desire to achieve meaningful emission reductions from all parties. As the development of the Saskatchewan climate change program evolves forward we need to move beyond perception to quantify and articulate the facts for the public and the Federal Government about what has been done in the province to reduce emissions, how our facilities perform relative to others in their sectors and what is achievable for emission reductions in the future.

#### 4. The Importance of Flexibility

*"Implementing a flexible, outcome-based approach is the best way for regulated facilities to reduce emissions at each facility" - written submission from an industry firm*

A consistent theme heard throughout the engagement process from all participants was the need for flexibility. A Made in Saskatchewan solution is expected to be one that is flexible to the needs, realities and opportunities of the province. Wildlife groups talked about the migration patterns and geographic zones of the province and how we need to adapt and mitigate the effects of climate change. Wetlands groups emphasized the importance of wetland systems for emission reductions and adaptation. Agricultural groups highlighted the technological changes and methods that are transforming their industry. Large industry players emphasized potential different pathways to contribute to emission reductions. The common theme from these discussions, and more, was that the climate change program should be focused on achieving outcomes and the design of regulations should provide flexibility for various groups to contribute in the lowest cost, most meaningful manner.

#### 5. Take a Step-by-Step Approach to Design and Rollout a System

*"Emission reductions can best be achieved through a flexible approach that allows regulated emitters to achieve reductions that are the most cost-effective for them and that are the least disruptive to operations." - industry written submission*

There was a clear recognition of the immediate timeframes that the province is facing. The potential imposition of the Federal backstop is of material concern to all stakeholders. Participants encouraged the provincial government to take a step-by-step approach to develop and rollout a made in Saskatchewan solution. SaskPower is already under provincial regulation as of January 2018. Significant progress has been made with the upstream oil and gas sector on the design of methane regulations. Priority areas for development should be a flexible regulatory framework for large emitters, plus specific initiatives for the non-regulated sector. Establishment of the Technology Fund was suggested to be an early priority. Many participants encouraged the Ministry to wait to establish an offsets system until year two or three of program once more is understood about the potential supply and demand.

#### 6. An Important Need to Continue with Solution Mindsets and a Focus on Measures

*"This is a complex area of policy with profound economic, environmental and social impacts for the people of Saskatchewan and companies who do business here." - written submission from an industry firm*

A challenge in any engagement process is for participants to go beyond their core speaking points for their organization to focus on solutions. Throughout the engagement process MNP encouraged participants to adopt a solution mindset. The format of the plenary meetings kept participants relatively close to their speaking points. The bilateral sessions with their confidential setting provided the opportunity for more open discussion and sharing of proprietary and competitive data. It was in these discussions that solution pathways began to emerge. Building on this engagement process and this report, the Ministry would be well served by designing input opportunities that continue to emphasize the solution mindsets that will be critical for achieving a practical and outcome focused Made in Saskatchewan solution.



There was strong support for the establishment of resiliency measures as an important element to overall strategy. Stakeholders indicated an interest for regular reporting on resilience performance measures. A key piece of feedback was to ensure that the performance measures are simple and clear enough to be communicated and resonate with the public. A number of stakeholders noted that the initial set of performance measures appear too complex.

## **7. Optimism for Solutions that Balance the Economy and Environment**

*"In this era of high competition, we must make [investment] allocations to the most prudent investments in jurisdictions that support and attract innovation and new technology development" - written submission from an industry firm*

*"[Our association] would strong encourage the province to continue to work with their federal counterparts to ensure that the provincial approach will be deemed acceptable to the federal government to ensure that the federal carbon pricing backstop does not apply to Saskatchewan" - written submission from an industry association*

After an extensive amount of listening and sharing through this engagement process, there has emerged a strong sense of optimism that a Made in Saskatchewan solution can be achieved that will balance both the economy and environment. All participants indicated a commitment to continue to the dialogue to develop solutions together with the Ministry. Many stakeholders are supportive of a solution focused working relationship with the Federal Government. There is also interest in greater education and energy literacy with the public including our youth.

## FEEDBACK ON REPORTING

The following section provides a summary of the key themes we heard related to reporting.

### Feedback on Reporting by Facility or by Fleet

#### *What We Heard*

- Flexibility was a key theme heard throughout the consultation process.
- There was strong support for the ability of regulated emitters to report on emission levels on either a facility or fleet basis. This approach recognizes that regulated emitters will have unique aspects to their facilities in the province.
- The overall goal should be to achieve emission reductions at the lowest possible cost. Allowing regulated emitters to report on facility or fleet basis enables this objective.
- The elephant in the room is the methodology to calculate emissions. Agreement that we should use the best available information.
- Methodologies are already being provided to the Federal government.
- Agreement that this can not be a one size fits all system. What is the appropriate methodology to use for quantifying emissions will vary by sector and potentially by facility. This is due to varying production methods, energy sources and production designs.
- Support for the quantification methodology to be adaptive to different industries with a common recognition that any methodology needs to be rooted in science, objective and publicly defensible.
- There are times when sites enter short term shutdowns or care and maintenance for a period of time so companies should be allowed to report either on a fleet or individual basis.

#### *MNP Summary*

A consistent theme that was shared through the plenary meetings, bilateral and written submissions was the importance of flexibility in order to best achieve emission reductions. There was a consistent viewpoint that the objective is to achieve emission reductions at the lowest possible cost. As a result, there was wide support for flexibility for regulated emitters to report on a facility or fleet basis. This included support from NGO organizations and other groups representing non-regulated emitters.

There was a strong rationale and case made for the challenges that a one size fits all approach in terms of methodology to quantify emissions. There is a strong case to look at appropriate methodologies for each sector as long as they are objective and defensible.

#### *Key Opportunities*

The Ministry may consider the following opportunities in the design of the program:

- Flexibility for regulated emitters to report on a facility or fleet basis.
- Sector based methodologies for the quantification of emissions versus a one size fits all methodology.
- Consideration for how to quantify emissions for facilities in shutdown or care and maintenance.

## Reporting Thresholds

### *What We Heard*

In the release of its strategy document, the Ministry had proposed setting the reporting threshold at 25 kt C02e. Regulated emitters would be at the 25 kt C02e or higher level. Following the release of the provincial strategy, the Federal government announced that it would establish a reporting threshold of 10 kt C02e, although its proposed threshold for regulated emitters is 50 kt C02e.

- Aligning with the Federal threshold of 10 kt C02e for reporting may provide administrative and reporting efficiency, as well as ensure that the province is building a stronger understanding of the emissions profile of the province.
- Companies and industry associations were very supportive of the ability to "opt in" for being a regulated emitter under the provincial program. There was a suggestion by some participants that this could be for facilities at the 10 kt C02e to 25 kt C02e level.

### *MNP Summary*

The area of reporting thresholds is an important area for potential alignment with the Federal government's program. The flexibility to "opt in" to be regulated under the provincial program was of particular interest to those with facilities below, at or near the proposed reporting thresholds. There was a general view that allowing facilities to "opt in" would be a valuable option.

### *Key Opportunities*

The Ministry may consider the following opportunities in the design of the program:

- Aligning the reporting thresholds of the provincial program to align to those of the Federal government.
- Provide the ability for facilities to "opt in" for being a regulated emitter under the provincial program.

## Reporting Timing and Approach

### *What We Heard*

It was also proposed in the provincial strategy that regulated emitters would be required to report their emissions for the previous year by June 1.

- Participants provided mixed views about the June 1 reporting date. There appeared to be recognition that five months was a reasonable amount of time for a regulated emitter to quantify their emissions. We heard concerns that there could be a limited number of qualified verifiers to review the compiled emissions from regulated emitters. This was especially a concern in sectors where there are multiple competitors who may require a specific verifier based on the technical needs of their facilities.
- The option of providing staggered reporting timeframes throughout the year was proposed as one solution by participants.

### *MNP Summary*

Stakeholders want the administration of the climate change program to be as lean and efficient as possible to minimize overhead costs and duplication of effort. The Ministry could encourage and support the growth of suitable verification capacity in the province through transparency with potential qualified professionals.

### ***Key Opportunities***

The Ministry may consider the following opportunities in the design of the program:

- Consider the possibility for staggered reporting timeframes or ensure that the qualifications for recognized third-party verifiers are broad enough to build a sufficient pool of professionals to achieve the June 1 deadline.

## **Federal and Provincial Reporting**

### ***What We Heard***

- We heard overwhelming, universal support for a single window reporting system.
- Regulated emitters do not want to have to report twice to the Federal and provincial governments in particular with different information, in varying formats with requirements for differing methodologies.
- More specifically the data requirements and formats should be the same according to participants.
- If Saskatchewan was not able to achieve a single window platform with the Federal Government, the acceptable fall back position would be for the same submission report for regulated emitters and those required to report to be sent individually to Regina and Ottawa.
- Minimization of administrative overhead is key area for gaining stakeholder support.
- Stakeholders from various associations, NGOs and other representatives consistently agreed with the importance of streamlined administration and reporting.

### ***MNP Summary***

Feedback from participants was consistent and clear. A single window reporting platform is a key priority. A Made in Saskatchewan solution will face potential resistance if it requires significant duplication of effort in emissions calculations and reporting.

### ***Key Opportunities***

The Ministry may consider the following opportunities in the design of the program:

- Establishment of a single window reporting system with the Federal Government.
- Alternatively, equivalent reporting requirements sent separately to the two governments.

## **Verification of Emissions and Skill Set of a "Qualified Person"**

### ***What We Heard***

- The verification of emissions by an independent third-party is believed to be an important part of the program's design to ensure transparency and accountability by regulated emitters. Regulated emitters, associations, NGOs and other participants recognized the necessity for third-party verification.
- Participants raised concerns about the potential complexity and level of detail associated with third-party verification and the corresponding cost to comply. This was of particular concern to smaller emitters in the province who may be required to report.

- The Ministry shared with the participants at the plenary sessions that the requirements for a third-party verifier were specifically defined in the regulations now covering SaskPower. This included registration as a professional engineer plus certification through Canadian Standards Association (CSA) .
- Responses from most participants were that the certification requirements for potential third-party verifiers would need to be broader in order to provide for a sufficient pool of professionals and to ensure the breadth and depth of technical skills provided.
- Participants expressed an interesting in having registered professionals including engineers, accountants, geologists, chemists and others involved in verifications. Regulated emitters in particular expressed that the specific nature of their operations and processes involved may require the use of chemists and others in specific areas.
- There was a mix of viewpoints in the plenary sessions as to whether specific certification in GHG reporting through a recognized body was required. Some participants felt that if an individual had the knowledge, qualifications and competencies as a professional to complete the verification that would be sufficient. Other participants indicated that having specific GHG certification would be an asset to the consistency, quality and reliability of the verified results that would be reported publicly.
- Written submissions from a diverse sample of regulated emitters ultimately suggested requiring either CSA or ISO certification for qualified persons.

### ***MNP Summary***

Reliability and confidence in the reporting of emission results is a cornerstone of the climate change program. There was broad recognition that a diverse mix of qualified professionals should be able to support the verification of emissions. This would balance the required technical skills associated with the verification process, but also ensure there is a sufficient pool of qualified verifiers to meet the needs of regulated emitters on a timely basis. The cost of compliance was an important theme under this topic as well. Ensuring there is a balance between the verification standards and the costs to comply was important.

*Special Note: MNP openly acknowledges the potential for a perceived conflict with our services in the assurance area. The comments provided in this section are specific to what we heard through the engagement process.*

### ***Key Opportunities***

The Ministry may consider the following opportunities in the design of the program:

- Defining a range of professionals to be qualified to verify emission levels.
- Establishing a requirement for CSA or ISO certification for verifiers.
- Use professional associations in the province as a resource to promote opportunities to be a verifier to their membership. In addition, professional associations could provide a specific section on their websites that highlight individuals with this skill set.

## Performance Standards, Stringency Levels and Emission Baselines

*"The system must also provide for tangible GHG emission reductions and not simply be a system for wealth distribution." - written submission from an association*

*"The strategies described in Prairie Resilience do not have target numbers associated with them and will not, on their own, enable us to achieve the necessary reductions." - environmental NGO written submission*

### What We Heard

#### Overall Approach

- There were diverse viewpoints shared through the plenary sessions with regards to how performance standards should be established and where stringency levels should be set.
- There was overwhelming support across stakeholder types that the Federal Government approach is not in Saskatchewan's overall interests. We consistently heard comments about the disastrous consequences of a 30% compliance reduction on industries across Saskatchewan.
- Participants generally viewed the carbon tax as a costly approach that penalizes energy intensive jurisdictions and lacks assured results.
- Participants were generally more supportive of targeted strategies in specific sectors of the economy including:
  - Targeted reductions in the electricity sector with lower emission generating capacity and the continued use of CCUS technology;
  - Collaboration with the upstream oil and gas sector to reduce methane emissions;
  - An output based system with flexibility to establish baseline emission levels and reduction targets for regulated emitters with considerations for trade exposure and competitiveness; and
  - Emission reductions in the non-regulated sector through emission standards and energy efficiency projects as examples.
  - Emphasis should be placed at identifying and focusing on emission sources through OBS
- Participants recognized that Saskatchewan has a role to play to contribute to Canada's commitments to reduce GHGs as articulated in the Vancouver Declaration on Clean Growth and Climate Change.
- Environmental NGOs and some other stakeholders expressed frustration or questioned why there was not a commitment to a specific absolute reduction target by the government. Some participants believe that defined targets are a critical component of the program.
- It was indicated that the overall focus of the program is to reduce emission intensity. Some participants are seeking greater clarity on what this means in terms of reduction targets for the province.
- There was broad agreement that a one-size fits all or single stringency level or reduction target that was equally shared across the province and all sectors is not practical or realistic. The starting point and capacity of varying sectors to contribute to emission reductions in the province differs. The impracticality of one-size fits all approach was recognized by industry, associations, NGOs and others. All stakeholders wanted to achieve emission reductions with minimal effect on the economy of Saskatchewan.
- Industry firms were supportive of a transition period with stringency levels eased in over time.

- There was a clear recognition that Saskatchewan needs to have a data based position in its plan to advance to the Federal Government to receive an accepted policy and program.
- Reduction targets should be scientifically achievable and a technology review conducted every 10 years in a sector to determine if further reductions are technologically possible.

### **Sector Specific Compliance**

- The Ministry shared information that indicated that SaskPower has committed to a 40% reduction in emissions by 2030 and is under provincial regulation as of January 2018. In addition, the Government of Saskatchewan has been working with the upstream oil and gas sector in the province to pursue methane reductions in the 40 to 45% range.
- In addition, a one-size fits all stringency target would present significant challenges to businesses in the province who are trade exposed with their heavy reliance on exports and would be classified as EITE (energy-intensive, trade exposed) industries.
- Regulated emitters were the most supportive of flexible performance standards and stringency levels.
- Environmental NGOs were very specific that there needed to be defined and clear targets established in legislation to ensure that a program had credibility and was focused on results.
- Environmental NGOs were insistent that Saskatchewan as a whole contributed to its proportionate share of national emission reductions.
- Many regulated emitters emphasized the efforts and investments they have made over the past five to twenty years into advanced technologies, systems and processes to mitigate emissions. Some sectors and companies had hemispheric or international benchmark data to confirm the current performance level of their facilities relative to peers in their sector.
- Several participants with strong data and benchmarks indicated that the overall goal of establishing stringency levels should be focused on having Saskatchewan facilities at or near the 25<sup>th</sup> percentile for performance. The principle was that an efficient facility with lower relative emissions should have a smaller reduction target established than facilities that have below average performance.
- The initial position for many regulated companies in the plenary sessions and bilateral meetings highlighted that limited emission reduction opportunities based on current technology. There were some companies that had additional industry pricing or internal profitability results to support their position which was compelling.
- A select number of companies were forthcoming with specific targets they thought would be achievable and contribute to significant emission reductions.
- We heard examples of various technologies or methods in the agriculture sector that could enhance sequestration or mitigation including improving the root system of specific crops.

### **Establishing Baseline Emission Levels**

- The consistent message we heard in terms of baseline emission levels was flexibility and credibility.

- Regulated emitters put forward a variety of scenarios that illustrated how emission levels varied by year based on a range of factors including commodity prices and their correlation to production levels, whether a facility was being retrofitted or faced a shut down for period, etc.
- Regulated emitters indicated that there should be flexibility to establish baseline emission levels that practical and are credible to the public.
- We heard a range of proposals for the Ministry to set the baseline from a 3-year average through to an average based on a 5, 7 or 10-year period.

### **Unique Considerations**

- During our bilateral discussions there were a range of specific and unique considerations identified by various companies specific to their production methods and processes.
- Two of the of the more substantive considerations were raised by the Cities of Regina and Saskatoon, plus the two ethanol facilities in the province.
- The landfills in both the City of Regina and City of Saskatoon have large enough emissions to be classified as a regulated emitter. Both cities advanced a position that they would prefer to be provincially regulated but be exempted from compliance and emission reductions. Their rationale was that a landfill, unlike a production facility with energy input, a landfill has an existing base that will consistently produces emissions and there is no option to turn the source for emissions on or off. In addition to not being regulated, the two cities would like the option to be able to qualify for offsets through expanded use of methane capture facilities.
- The ethanol producers in the province also advanced a position that they would like to be considered excluded from regulation under a provincial program as well. Their rationale is that biofuel is mandated and that the net emissions offset far exceeds their total emissions from production.
- Recognition for unique circumstances of remotely located facilities where limitations and costs associated with transportation exist.

### ***MNP Summary***

Many of Saskatchewan's companies have been proactive at investing in emission reduction technologies. Repeated examples provided through the bilateral sessions highlighted the proactive leadership companies have shown from a corporate social responsibility and social license standpoint.

With this as context, there were valuable discussions about the challenges and opportunities related to achieving emission reductions. There is a strong rationale for a flexible approach to establishing baseline emission levels and stringency levels by sector (potentially by facility) in the province. A data based approach that is publicly defensible will be critical.

Many organizations stayed close to their talking points during the plenary sessions and bilateral meetings. Additional conversations are required with regulated emitters to define what are achievable stringency levels for each sector (or regulated facility) in the province.

### ***Key Opportunities***

The Ministry may consider the following opportunities in the design of the program:

- Continuation of targeted strategies in specific sectors of the economy



- Flexible approaches for establishing baseline emission levels and stringency levels.
- Following additional conversations with regulated emitters consider the potential to define an overall targeted reduction level.
- Consider potential exemptions for landfills and ethanol sector.

## Regulatory Stacking

*"The cumulative impact of all of the federal and provincial proposals around GHG reduction and climate change must be considered" - written submission from an association*

### What We Heard

- An important topic that emerged through the engagement process was the cumulative effects of emerging regulatory requirements at various levels of government. This was referred to commonly as regulatory stacking. The most common areas of regulatory stacking are outlined below. There was significant frustration and concern expressed on this topic.
- Through the engagement process we heard repeated concerns about the potential cost increases that will result from SaskPower's conversion to renewable energy sources. Various stakeholders from regulated emitters to agriculture to key associations expressed concern about the recent trendline of SaskPower rate increases.
- There is concern that with the transition to renewable energy and the anticipated capital investments required by SaskPower that significant, compounding rate increase will become the norm. Electricity is large input cost for several industrial players in the province. Bilateral meetings revealed the potential implications of electricity costs on competitiveness for specific companies and sectors.
- Concerns for stacking extended to SaskEnergy. Although less of a concern that electricity, numerous companies and associations were concerned about the pass through costs of emissions compliance on natural gas and the rate structure from SaskEnergy.
- The Clean Fuel Standard proposed by the Federal Government attracted significant attention. The intent is that the clean fuel standard would be a performance-based approach that would incent the use of a broad range of low carbon fuels, energy sources and technologies, such as electricity, hydrogen, and renewable fuels, including renewable natural gas. The objective of the clean fuel standard is to achieve 30 mega tonnes of annual reductions in GHG emissions by 2030.
- The growing divide in tax rates and regulatory burden between Canada and the United States was highlighted by many stakeholders. Investment capital is mobile. Stakeholders cautioned governments in Canada to be conscious and aware of the cumulative affects of regulatory compliance.

### MNP Summary

Data shared through select bilateral meetings indicates that the risks and impacts of regulatory stacking are real. Saskatchewan has emerged as a trade based economy with significant integration within the international economy. Companies in our province are trade exposed and in many cases "price takers" for commodity prices set in other jurisdictions or based on global price indexes. The competition for capital to maintain, expand or add new facilities in the province is intense. Decisions for boards of directors are heavily influenced on the internal rate of return (IRR) for capital deployed. For Saskatchewan to be competitive and to provide for growing

standards of living we need to be conscious of the cumulative impacts of the various regulatory changes being proposed.

***Key Opportunities***

The Ministry may consider the following opportunities in the design of the program:

- Completion of competitive impact analysis that would estimate the potential cumulative costs to the Saskatchewan economy for the climate change program and other various regulatory changes.

## FEEDBACK ON COMPLIANCE OPTIONS

The following section provides a summary of the key themes we heard related to compliance.

### Emission Quantification

- There was discussion through the plenary sessions and bilateral meetings regarding which emissions should be regulated at a facility.
- There was broad support that Scope 1 emissions specific to the industrial facility should be included. The one exception was process related emissions. Some stakeholders felt that there should be an exclusion for the baseload energy and the corresponding emissions related to baseline process emissions.
- Scope 2 emissions which are indirect from the purchase of electricity, steam or other sources were proposed by regulated emitters to be excluded. There were concerns that regulating these emissions would be double counting them.
- Some environmental NGOs and other stakeholders were more likely to see emission quantification on a total basis per facility.
- SaskPower's transition to renewable electricity sources should also be complimented by incentives for energy efficiency for large and small consumers. This is necessary to reduce the risk association with significant cost increases associated with the inclusion of renewables.
- We heard repeated concerns about the lack of flexibility regarding the allocation of environmental attributes in contracts with SaskPower. Regulated emitters who partner and invest capital dollars into collaborative projects with SaskPower view it as a high priority to have the ability to negotiate the allocation of environmental attributes.

### *MNP Summary*

Additional consideration needs to be given about how Scope 1, Scope 2 and process related emissions would be treated under the provincial program. There are a range of interdependencies including, but not limited to, competitiveness, trade exposure, ability to achieve a provincial target for emissions, fairness and others to consider. There was extensive feedback about the need for industrial energy efficiency programs, plus flexibility from SaskPower regarding the allocation of environmental attributes.

### *Key Opportunities*

The Ministry may consider the following opportunities in the design of the program:

- Whether emission quantification would include Scope 1 and 2 emissions, plus process related emissions.
- Explore with SaskPower the potential value and opportunities to negotiate the allocation of environmental attributes.

## Technology Fund

### Context and Overview

- The potential for a Technology Fund was identified in the original design of the climate change program in the province in 2009/10. The primary objective of the Technology Fund was to provide a financing mechanism for regulatory emitters to use their compliance levies to reduce emissions at their source. The Technology Fund was conceived as an enabling entity to achieve concrete and sustained emission reductions.
- Based on the plenary sessions, bilateral meetings and written submissions, the concept and opportunity for a Technology Fund remains of high interest to all stakeholders in Saskatchewan. This includes regulated emitters, associations, Environmental NGOs, non-regulated community.
- Stakeholders continue to view the Technology Fund as a valuable enabling entity for emission reductions and preventing a leakage of compliance payments outside the province.
- During the plenary and bilateral sessions, the Ministry outlined that the potential size of the Technology Fund asset pool is expected to be significantly less than the original design. This is because of two important policy developments. First, SaskPower as of January 2018 is now under provincial regulation and is limited from contributing to the Technology Fund in order to focus investments on renewables. The upstream oil and gas sector is anticipated to have its methane emissions covered under a separate regulatory process being developed between the Ministry of Energy and Resources plus industry. As a result, the majority of emissions in this sector are not anticipated to be eligible for compliance through the Technology Fund.

### Governance and Leadership

- There was broad support for the governance of the Technology Fund to include industry representatives and representatives at large on the board of directors. We heard specific viewpoints that this should not be a fund governed solely by government.
- As a result, and not surprisingly, there was a consensus that the funds collected by the Technology Fund should reside outside the General Revenue Fund and preferably outside the direct access of government. Industry and associations were adamant on this position. The NGOs and other stakeholders were also supportive of this position because they want to ensure that the compliance amounts are used directly for emission reductions.
- The original design of the Technology Fund included design elements that would provide regulated emitters with the opportunity to have carbon compliance levy payments as eligible for tax deduction (or a tax deferral). In order to achieve tax deductibility though, the payee had to forego any entitlement or assigned access to the payments that they made to the Technology Fund. As a result, dollars would be pooled in the Technology Fund and be accessed through a competitive project proposal process. When a regulated emitter was approved to draw funds out of the Technology Fund they would then pay tax on the proceeds.
- Through this recent engagement process we heard from regulated emitters that there is more interest in direct access to compliance dollars than tax deductibility. The majority of regulated emitters would want the ability to "deposit" a segregated amount into the Technology Fund. Based on clear criteria and a clear process they would then want to have direct access back to their compliance levies to fund qualifying projects. Some participants suggested a time limit should be placed on access to dollars to incent regulated emitters to pursue solutions.

- Participants briefly touched on the need for clear criteria and a clear process to be able to access funds from the Technology Fund. There was recognition that project proposals would need to be scientifically sound and operationally achievable. It was suggested that there would need to be a technical review of proposals, potentially by a committee, including a specified commitment to achieve emission reductions.
- It was suggested that Saskatchewan might consider a Conservation Trust similar to the approach the Government of Manitoba recently announced.

### **Access**

- Regulated emitters overwhelmingly indicated that access to the Technology Fund should be exclusive to those who contribute the funds. The rationale is that they would then have access to the funds to complete projects that will reduce emissions on a sustained basis.
- Alternatively, the NGO and non-regulated sectors indicated that they want access to a portion of the Technology Fund resources to achieve emission reductions in the broader economy or provincial community. Their rationale for having access was based on the belief that Technology Fund should allocate resources to projects that can achieve the lowest cost emission reductions in the province.
- The concern from regulated emitters with this rationale is that it could extend the period of time and volume that industry would have to make compliance payments into the Technology Fund if dollars were re-directed to projects more broadly in the economy.
- One regulated emitter proposed the option that they could have the option to use a 'pre-certified investments' or another vehicle to commit and invest their compliance obligations to qualified projects without the funds needing to flow through the Technology Fund.
- There were a number of practical questions raised about how large the pool of funds may actually be with both SaskPower and upstream oil gas possibly exempted from using the Technology Fund. Regulated emitters are anticipated to have other compliance options as well which could diminish amount collected.
- Discussions touched on the potential for project type that should qualify for funding, but there was not extensive discussion through this process. What we did hear was that funding should be eligible for project planning and design, plus project implementation.

### ***MNP Summary***

MNP supported the Ministry with the original design of the Technology Fund concept in Saskatchewan in 2010-12. The overall interest in the Technology Fund as an effective mechanism to achieve real reductions and contribute to the policy goals of government remains high. With the leadership that many Saskatchewan businesses have shown with proactive emission reductions, the Technology Fund can be an effective compliance tool to assign compliance levies to incent future and emerging emission reduction projects.

The governance and leadership model of the Technology Fund needs to be reviewed and updated. The potential size and scope of the Technology Fund has changed. There should be a focus on making the organization administratively lean to minimize overhead costs and maximize dollars available for reductions. There remains strong interest for industry to have an influential role in the governance of the organization with additional representation from government and the public. There is growing interest for the Technology Fund to operate more on "deposit" model than a pooled model, allowing regulated emitters the option to have direct access to the dollars they contribute.

### ***Key Opportunities***

The Ministry may consider the following opportunities in the design of the program:

- Review and update the governance and leadership of the Technology Fund to align to its potential size and scope.
- 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 new 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 per-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 access have to the resources of the Technology Fund.

## **Performance Credits**

### ***What We Heard***

- Performance credits were defined as emission credits that could be incurred if a regulated emitter exceeds their emission reduction target. Performance credits could be banked by a regulated emitter for future compliance obligations, potentially transferred between facilities or possibly traded and sold to another regulated emitter to help them achieve their compliance obligations.
- There was high interest from regulated emitters for the ability to have access to performance credits.
- The rationale was that there should be an incentive for regulated emitters to exceed their emission targets and provide a reward.
- The option for performance credits was widely supported across all participant groups. The overall goal of the program is to reduce emissions. Participants widely supported the practical opportunities of incenting the right behaviours and actions through performance credits.
- We heard varying perspectives on the bankability of performance credits. Some viewpoints were that there should be a 5, 7 or 10-year cap placed on the ability to use a performance credit from the time it was recognized. Some other participants indicated that there should not be a time cap on use of performance credits. Real reductions that were additional should be accessible to a regulated emitter
- There would need to be a system to register and track performance credits. Credits could be reported as part of a regulated emitter's annual submission to the regulator. The Ministry would then need to maintain an internal registry to track the level of performance credits.
- We did not have specific conversations in the plenary or bilateral sessions about the design of the performance credit exchange system between regulated emitters.

### ***MNP Summary***

There is a strong rationale for the creation and use of performance credits as part of the overall system design. Performance credits can incent regulated emitters to contribute to the overall goal of a Made in Saskatchewan program. Additional consideration needs to be given to the efficient and accurate tracking of performance credits.

### ***Key Opportunities***

The Ministry may consider the following opportunities in the design of the program:

- Determination of whether a time limit or cap would be placed on the use of performance credits.
- Design of an efficient, technology based solution to track and report on performance credit accrual, use, allocation and trading.

## **Early Action Credits**

### ***What We Heard***

- Although not a specific topic identified in advance of the engagement process, we did hear comments and interest in the creation of early action credits.
- An early action credit would recognize the leadership and proactive investments that a regulated emitter made prior to the start date of a provincial program.
- The rationale for an early action credit would be that companies should not be penalized for having taken early action to reduce their emissions. In fact, they should be recognized and rewarded for their leadership with a credit.
- This topic was raised but not discussed in detail during the plenary sessions.
- During the bilateral meetings groups, the topic was raised more often. However, discussions did not go into detail on how implement this option into a policy.
- An overall framework and approach for early action credits would need to be developed so companies could apply and make a defensible rationale for early action credits.
- Access and use to early action credits could significantly help address competitiveness issues for regulated emitters, in particular in trade exposed sectors.
- There were a limited number of suggestions that the baseline year for early action credits should be five years back from the start of the program or that the baseline year for early action should align to the baseline for the overall program, sector or facility.

### ***MNP Summary***

From a policy design and fairness perspective there is a strong rationale to include early action credits as a component of the Saskatchewan program. Additional consideration needs to be given to the policy design of this area.

### ***Key Opportunities***

The Ministry may consider the following opportunities in the design of the program:

- Overall policy design including when to set the baseline year for credits, criteria to qualify for an early action credit, process for application and more.

## FEEDBACK ON OFFSETS

The following section provides a summary of the key themes we heard related to the offset system.

*"We need to make sure we have a system that's verifiable, transparent, and trusted by industry, but not to make it too cumbersome such that producers are dissuaded from participation." – Participant feedback*

*"A note of caution for the Saskatchewan government is that offsets will not be a viable compliance pathway in the short to medium term for obligated parties in the province. [Our association] members experience in other jurisdictions can attest that offset systems take years to develop and implement." - Association feedback*

### Offset Market

*"Members have found that with regard to offsets, quantification and verification has to not be arduous and has to not be too costly in order to make it desirable/incentivized." – Participant feedback*

#### What We Heard

- Price transparency is an important perspective to focus on as part of a market based trading system.
- Credits and offsets need to be trustworthy but not cumbersome to quantify, verify and register.
- Do not start from scratch in approaching a Saskatchewan offset system. Look to other jurisdictions for best practices and lessons learned.
- An offset system should be bringing dollars here and not sending them away.
- The Ministry should take the lead role of providing guidance to industry as well as providing updates to the programs success. For example, defining the market for offsets. Another example would be to graphically display the reduction in GHG emissions that can be attributed to this program over time and at what cost.
- We heard varying opinions on whether offsets should be generated solely by the non-regulated sector, or whether the regulated sector should be able to generate offsets for qualifying projects.
- Tie into big data to enhance reliability. For examples Saskatchewan Crop Insurance would have data from to substantiate agriculture credits.
- Trying to make things 100% accurate will be impossible. We need defensible science that the public and market will trust.
- Need flexibility on methodologies for measuring reductions.
- Do not change the rules on flexibility half way though, set things and keep them. Do not change options, there is a need for stability in this space.
- Alberta has gone through the process of developing an offset system. It might be beneficial to have a system similar to Alberta to learn from their knowledge and perhaps enable trading of offsets cross border.



- Offsets are one-time use, creates concerns re zero-till, installation of sequesters, needs to account for ongoing sequestration and benefits
- Alberta's Provincial Auditor came down hard on the accuracy of the Alberta program. However, making it too cumbersome is still a problem.
- We can learn from Alberta and its lessons learned.
- One group indicated that there is work underway to develop a Conservation Exchange platform that will provide aggregation and verification services for environmental mitigation and species at risk habitat credits.
- There were a number of opinions expressed that an offset system should not be the first priority for the Ministry. Instead it could evolve after 2 or 3 years once other foundational aspects of the program are in place and a better understanding of supply and demand exists.
- Start date is very important. A range of opinions were offered as to when the start date should be for offsets. For example, 2005, 2010, 2015 and anticipated start year in 2019 were all suggested as potential base years.

### ***MNP Summary***

There is strong interest in a potential offset system from many stakeholders in Saskatchewan. The potential demand for offsets is not yet known due to the emission targets for each regulated emitter not having been defined. However, we can anticipate that the demand will be substantially less than the original design of the climate change program with SaskPower and upstream oil and gas not expected to have access to offsets. Overall the concept of an offset credit market is of interest to potential participants – including industry and potential suppliers. It will be imperative that there is transparency, verifiability and proper oversight to manage the offset credits – i.e. a registration system.

It was acknowledged that the protocols for each offset will need to be customized and specific. There was interest in building from the lessons learned in Alberta and the earlier work done with the Ministry on developing protocols in Saskatchewan. Agriculture and wetlands in particular want to build on work that has been completed.

The potential to stagger the start of the offsets program until at least two years into the program implementation has practical merits both from a policy design and administration rollout standpoint.

### ***Key Opportunities***

The Ministry may consider the following opportunities in the design of the program:

- Explore and assess options for an optimal international or Canadian offset market for collaboration or integration.
- Determine if offsets generation is specific to the non-regulatory sector or if regulated entities can generation offsets through qualified projects on their sites.
- Defer to stakeholders to determine if Crop Insurance can be used to verify and register credits.
- Establish the policy framework for offsets once the overall program is established. Ensure the offset system is scalable to the potential supply and demand in the province.
- Identify and draw from lessons learned in Alberta and other jurisdictions.

- Provide stakeholder groups the opportunity to develop and propose potential protocols.

## Bankability of Credits

*"I don't know that we have a position on that yet but there was some concern when they were switching in Alberta to Carbon incentive regulation, companies thought they could use their credits to meet their obligation whenever they chose but found out too late that only a percentage could be used. One thing that's important to recognizing that investment decisions will be made on the basis of released information about credit value, lifetime, etc." - Plenary session participant*

### What We Heard

- Establishing the baseline year and a clear lifespan for the establishment of the offset credits is viewed as important to have credibility.
- There is a wide difference in what potential providers would see as a baseline year to what they may be reasonable and verifiable. For example, one agriculture based group indicated that some have proposed going back to the 80s for start date for tillage credits.
- Pastures and grasslands in Saskatchewan are large carbon sinks, currently storing 1.5 billion tonnes of carbon.
- If you go too far back there could be problems with verification and integrity, but at the same time there should be recognition of investments made early in the process.
- There is support in the concept of a long lifespan for the credits to allow for bankability assuming they have been verified and accepted by an approved registry.
- Credits should be bankable and tradeable in the marketplace (once established)
- Biggest concern is offset being short term
- The protocols need to consider important questions for each project. How is mitigation counted? Is a tree's lifetime pre-estimated? What if you take the tree out before the predicted carbon effect has occurred?
- It is important that people be able to feel that they have an opportunity to reduce emissions and have those reductions be recognized. The behaviors that emerged in Alberta is a function of how pricing was evaluated with regards to the time value of money.

### MNP Summary

A transparent verifiable system is important in the determination of the lifespan of credits. However, the science to verify the credits is a critical element. Currently there is not agreement on the federal approach to soil carbon capture and the amount of GHG able to be sequestered in the soil. Additional research and study is required to develop a set of standards and measurement tools that can be applied to determine the lifespan of an offset based on each protocol.

There is support to take the time required to establish these standards, rather than rush the development of the market resulting in multiple changes and uncertainty. Those who would be impacted by offsets – suppliers and potential purchasers – want to see a clear path forward which includes transparent standards on lifespan and bankability.

### ***Key Opportunities***

The Ministry may consider the following opportunities in the design of the program:

- Consideration for the period for bankability within the context of reliability and market acceptance.
- Establish the overall context for protocol development initiated by stakeholders and project proponents.

### **Role of Aggregators**

*“It can be expensive to document and verify. Having renewables generate credits requires aggregators to work.” – Participant Feedback*

*“No one wants to see an aggregator system” – Participant Feedback*

### ***What We Heard***

- Currently in Alberta you have to sell your credits to the aggregators now, but they can bank them until the price goes up, not the system we would want for Saskatchewan.
- Don't want to tie directly into the companies that collect – making them aggregators
- Aggregator model is not producer (farmer) friendly due to the cost and time for paperwork.
- An aggregator model is needed because regulated emitters will want a middle person to create a critical mass of offsets that is economical to purchase.
- It needs to be an efficient and effective system.
- Industry will not want to deal with individual offset credit suppliers, they will want to purchase credits and not piece them together to reach targets.
- Some questions were raised about whether the demand for offsets would be significant enough to make aggregators viable.

### ***MNP Summary***

There was mixed direction on the potential role of aggregators. There is recognition that it is a complex system with the connection of the registration of credits, verification of credits, transactions and potential banking. Without entities to manage the transactions it will be difficult for some offset developers to participate. Other larger associations may have internal capacity to manage transactions and see no role for an external aggregator, they essentially would act as one for members.

### ***Key Opportunities***

The Ministry may consider the following opportunities in the design of the program:

- Review existing models for lessons learned to avoid past mistakes including Alberta.
- Design a system that is flexible to allow for aggregators.
- Be realistic with the offset community about the opportunities and limitations of the potential offset market.

## FEEDBACK ON THE NON-REGULATED SECTOR

The following section provides a summary of the key themes we heard related to the non-regulated sector.

*“We need major reform in our transportation sector. We need more rail and less trucks. On the passenger side we need more high-efficiency vehicle and electric vehicles run on renewables. On the building side, we need comprehensive retrofits for efficiency. We need to think about having carbon-neutral homes by Code. These are all things the Ministry should talk about.” – environmental NGO participant*

### Non-Regulated Sector

#### What We Heard

- Transportation and buildings are a major source of emissions. We need to use changes to performance standards and incentives to achieve reductions in these areas.
- We heard from the agriculture, construction and transportation sectors extensive concerns about the implications of an economy wide carbon tax.
- The stacking of regulations including the clean fuel standard are a source of concern for many participants.
- One participant indicated that the scientific community agrees we must think about phasing out fossil fuels completely but that is not even in the discussion here in Canada.
- We must get much more assertive with regard to incentives in the non-regulated sector.
- We need more transformative thinking and specific actions for the non-regulated sector. Like what Peter just discussed, the proposed changes are a small evolution.
- Recognition that we need to look at our aging freight systems and the hard trade-offs to make in future infrastructure investments.
- This province still has large amounts of fallow land and we may need to ask ourselves why.
- Many innovations have been made in transportation but fuel is still the biggest problem. We need policy and an update from the government on a renewable fuel standard. We have a major opportunity coming up to create a large amount of biofuel.
- A caution about biofuels. Biofuels can be carbon negative especially when you account for the land use change. Biofuels may not be a solution and we need to look at a complete life cycle if we are going to include them in our strategy.
- Need to focus on incentives and education. Broad approach to improve the education of the public on climate change and conservation.

#### MNP Summary

- Participants indicated that the non-regulated sector was important for actual emission reductions and for symbolic purposes. The emissions in the non-regulated sector are a sizable part of the province’s overall emission profile. Stakeholders generally indicated that there needs to be contributions from this sector. Achieving reductions in this sector would support an equitable sharing of achieving reductions. Transportation

and buildings were commonly highlighted as areas for potential reductions. The Government of Saskatchewan's Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy and its supporting documents includes a number of ideas and approaches for the non-regulated sector. Many of these ideas include specific areas for government leadership.

### ***Key Opportunities***

The Ministry may consider the following opportunities in the design of the program:

- Development of funded conservation programs for the regulated and non-regulated sectors.
- Consideration for performance standards and reduction initiatives in the non-regulated sectors.
- Exploration of public education and communication opportunities to raise awareness, action and personal action on climate change.

## FEEDBACK ON THE RESILIENCE FRAMEWORK

*"The [association name] supports the province's Climate Resiliency approach as it provides a more practical/holistic approach to climate change management than does a simple price on carbon." - written submission from an industry association*

*"This is a robust plan for preparing communities for climate change, and monitoring the state of natural systems" - academic participant*

*"We would encourage the Ministry to consider additional ways to incorporate 'transformative capacity' into their Resilience Strategy" - research institute participant*

Participants at the engagement and bilateral sessions provided overall support through verbal comments for the Saskatchewan Climate Resilience Measurement Framework draft document as well as through the provision of written submissions. The resilience framework is an important component of the provincial government's overall climate change strategy. The broad background of those who participated included regulated emitters, agricultural organizations, non-governmental organizations and other interested parties. As such the feedback was varied, however key themes emerged from the feedback. This section outlines the themes and key comments provided through the various opportunities on the topic. The summary has been organized to highlight important areas of feedback for consideration by the Ministry:

- Feedback on the proposed scoring approach
- Feedback on the data measures included in the draft document
- Feedback on the potential timing and targets related to resiliency
- Identification of additional opportunities for consideration
- Commentary on the engagement and buy-in of Saskatchewan citizens related to the draft resiliency framework

While all participants were provided the opportunity comment and learn about the draft framework, feedback and interest in the topic was primarily expressed by the NGO and Agricultural communities. Large emitters while appreciative of the information and inclusion of a resiliency framework as part of the Made-in-Saskatchewan strategy to approach climate change, were more focused on discussions related to regulations, timing and emissions base lines. These areas of commentary and feedback are included in the forthcoming report from MNP.

Overarching comments related to the draft framework are summarized below:

- The Prairie Resilience framework contains a host of useful indicators. It is great to see a focus on riparian buffer zones and protection, encouraging pasture on marginal lands, and wetland preservation and restoration. Riparian buffer zones will contribute to enhanced recreation values for lakes and rivers. Grasslands and wetlands can be stores of carbon and habitat for wildlife. In general, this is a robust plan for preparing communities for climate change, and monitoring the state of natural systems.
- If the community is providing data, there is interest in conducting research to support with compensation or incentive programs (i.e. R&D Grants) for compilation of data.
- If the framework is too complex, th

- The proponent will see this as an administrative concept and will put its efforts to produce a report instead of working at improving the resiliency.
- Wetlands need protection on the prairie and in boreal landscapes to maintain the services and functions they currently provide.

## Feedback on Scoring Approach

The proposed approach to scoring the level of resilience for the Province was outlined in the draft document. The scoring approach considers multi-pronged score related to capacity (adaptive, absorptive, transformative) within each of the stated areas (natural systems, physical infrastructure, economic sustainability, community preparedness and human well-being).

The following summarizes the important and significant items that were raised throughout the engagement process:

*"Breaking down a complex situation and boiling it down to one figure in the resiliency score is extremely valuable and the framework seems helpful." – Engagement Session Participant*

*"The Prairie Resilience framework contain a host of useful indicators. It is great to see a focus on riparian buffer zones and protection, encouraging pasture on marginal lands, and wetland preservation and restoration." - academic participant*

### **What We Heard**

Highlighted below is a summary of the feedback we heard on this topic:

- Tri-pointed measurement has the potential to be an effective tool in understanding the capacity for resilience and for measuring progress, or lack of
- It is a very complex tool and way of assessment
- Resiliency is important, but it is essential to be transformative in what we do rather than just be adaptive
- Consider equally weighting Absorptive, Adaptive, and Transformative measures
- Transformative approaches greatly reduce vulnerability and are perhaps more difficult to implement. The weight should perhaps reflect that more appropriately
- Minimal threshold values are key for overall resiliency
- A diversity index might be useful as a secondary metric
- The metrics should reflect the holistic nature of the strategy

### **MNP Summary**

The development of a tool or scoring approach to capture and articulate the level of resilience is important for the province – citizens and industry players – to understand. Some participants viewed measurement framework as a very complex approach for a complex subject. Ensuring data is reliable in terms of accuracy and availability will be need to be key considerations for the Ministry to ensure are in place as the draft framework is finalized.

The Ministry may wish to consider how simple but impactful infographics could be used to provide a more accessible interface to understand the measures of the resiliency framework.

### **Key Opportunities**

The following key opportunities were identified for consideration by the Ministry:

- Establishment of baselines for measurement will be critical to measure additionality
- Additional indicator themes are required, plus consideration for simple, high impact infographics
- Transformative targets are essential

### **Feedback on Data Measures**

The proposed approach to the data measures that are used for scoring the level of resilience for the Province was outlined in the draft document. The measures initially identified in the document were intended to be refined through the engagement process. Upon validation of the measures, baselines and specific targets will be established.

The following summarizes examples of the important and significant items that were raised throughout the engagement process:

*“I encourage the Ministry of Environment to keep these indicators and report each of them annually to the public. An index may also be useful, but in the interest of transparency it would be best to report the levels of individual indicators.” – Engagement Session Participant*

*“Saskatchewan will want to monitor and analyze how their regulatory policies have impacted the competitiveness of industries within the province. Ideally you would measure how the regulatory policies lead to changes in indicators of competitiveness such as employment, employment/unit of output, exports, and value-added. By anticipating the questions, you would like to ask about the regulatory policies in the future, you can design the data collection process to provide the data that can answer those questions.” – Written Submission*

### **What We Heard**

Highlighted below is a summary of the feedback we heard on this topic:

- Energy intensity, calculated as units of energy per unit of GDP, is a measure of the efficiency of an economy. An economy that is efficient is generally in the position to be more competitive. Energy intensity provides one metric that the province could apply in strengthening economic activity, while supporting energy consumption reduction.
- Wetland protection in agricultural areas is one of the most cost-effective measures Saskatchewan can implement to increase our resiliency.
- There was concern expressed in through written submissions in particular, the measures for the proposed framework may be too complex and challenging to report on. The Ministry was encouraged to keep things simple and clear to engage the public.



- The resiliency-based approach is interesting as it is easy to see the balance between the specific areas the Province wants to focus: natural systems, physical infrastructure, economic sustainability, community preparedness and human well-being.
- The plan addresses the government vehicle fleet and not vehicles owned by individuals and businesses in Saskatchewan, a data point on transportation could also include:
  - The number of plug-in hybrid, and battery-electric vehicles registered in Saskatchewan;
  - Number and location of publicly accessible electric vehicle charging stations in Saskatchewan (level 2 or level 3) (tracked in partnership with SaskPower); and
  - The number of trips taken on transit (tracked in partnership with municipalities).
- Additional data measures related to transforming the building stock in Saskatchewan could include:
  - Energy performance of homes and buildings in terms of energy (GJ) per m<sup>2</sup>;
  - Number and percentage of net-zero ready and net-zero homes built in Saskatchewan; and
  - Number and percentage of net-zero ready and net-zero commercial buildings in Saskatchewan.

### ***MNP Summary***

The establishment of data measures to be included within the framework is a difficult balancing act. Too many details and the tool becomes too cumbersome and the data output is too large to develop meaningful insights. However, not including enough data measures may result in key items not being measured and reported on - resulting in positive outcomes in adaptation and mitigation to be missed. These are important elements of the Made-in-Saskatchewan approach and it will be critical for the Ministry to have strong data and information to communicate to other levels of government and within Saskatchewan.

### ***Key Opportunities***

The following key opportunities were identified for consideration by the Ministry:

- Availability and integrity of data sources.
- Complexity of obtaining and validating data. Consider simplifying the measures and reporting.
- Qualitative data point considerations in addition to quantitative data (i.e. community preparedness – how to fully measure an informed public).
- Potential bias of groups providing data or analyzing data.

## **Feedback on Timing and Targets**

The proposed approach to developing targets and the appropriate timing of data gathering and reporting was discussed during the engagement sessions. The following summarizes the important and significant items that were raised throughout the engagement process:

*“Breaking down a complex situation and boiling it down to one figure in the resiliency score is extremely valuable and the framework seems helpful.” – Engagement Session Participant*

### **What We Heard**

Highlighted below is a summary of the feedback we heard on this topic:

- In the Saskatchewan Water Security's 25 Year Plan there was a commitment to prepare by 2015 a new provincial wetland policy that includes an assessment of the status of wetlands in the province and identification of conservation priorities, including a strategy to retain and restore wetlands. To date the participant was not aware that this target has been met or has been worked on in a meaningful manner.
- Policy development will be key – i.e. develop policies that encourage certain land management practices.
- There is a belief that everyone is already as efficient as they can be in terms of practices that result in lower GHG emissions.
- There needs to be practical solutions.
- Funding for maintenance and assessment is needed to ensure and support resiliency targets.

### **MNP Summary**

There is a belief across industry and association participants that a significant amount of positive progress is being made to reduce emissions in pockets. More work on practical solutions or innovation approaches can identify additional opportunities to lower emissions in these areas and ways to be more resilient.

### **Key Opportunities**

The following key opportunities were identified for consideration by the Ministry:

- Targets must be practical and achievable.
- Recognition that timing is critical – this needs to be implemented in the short term, not a future general problem.
- Funding to ensure access to data and information will be needed.

## **Potential Opportunities to Consider**

The Measurement Framework document has been issued as an initial draft to those that participated in the engagement sessions in order to gather additional insight and feedback into what should be contained within the framework.

The following summarizes the important and significant items that were raised throughout the engagement process specific to identifying other opportunities to consider within the Framework:

*"For the province as a whole, the Government of Saskatchewan could work to ensure that programs offered by SaskEnergy can be accessed by low-income households. Often, the homes most in need of energy efficiency retrofits are owned by households lacking access to capital to carry out the retrofits." – Engagement Session Participant*

*"In Saskatchewan, in order to reach resilience, we need a fundamental shift in how we manage and promote conservation of natural systems." - research sector participant*

### ***What We Heard***

Highlighted below is a summary of the feedback we heard on this topic:

- The insurance industry has identified climate change as its major issue. Many insurers are linking measures to mitigate GHG to insurability. This strategy may provide lessons for dealing with community preparedness and disaster assistance.
- Partnerships with companies like the First Nations Power Authority provide opportunities to support both GHG mitigation and community resiliency by supporting economic development in non-traditional sectors.
- The transportation sector is an opportunity to be addressed within the framework. Currently there are no incentives for emission reduction.
- Supporting energy efficiency retrofits on existing housing, including lower income housing
- The wetlands of boreal Saskatchewan are estimated to store approximately 6.8 billion tonnes of CO<sub>2</sub> equivalent below ground (Institute for Wetland & Waterfowl Research, Ducks Unlimited Canada, analysis March 2018, unpublished internal report). Saskatchewan's boreal region wetlands provide resiliency and are an important factor when dealing with forest health, protected areas and landscape management. Specific non-profit groups have partnered with the Government of Saskatchewan to deliver best management practices in Saskatchewan's boreal region. There are opportunities for the Ministry to collaborate with other groups to offer support in furthering a resiliency strategy in the boreal region.
- Three key strategies can be considered to support climate change mitigation and adaptation. First, we must protect our large carbon banks. Second, we must decelerate or reduce our emissions through proper management practices. And third, we can accelerate sequestration through restoration of natural habitats. An effective climate strategy should include all 3 approaches.

### ***MNP Summary***

The Resiliency Framework has potential in the non-regulated sector to provide significant impacts on GHG emissions in the province. How the Province intends to track and measure the various Absorptive, Adaptive and Transformative capacities within the Province will be key to sharing the Made-in-Saskatchewan strategy. As these are communicated to industry and citizens additional opportunities will continue to be identified. It will be important to continue to gather insight and refine the framework as new opportunities are identified and as challenges to data are discovered.

### ***Key Opportunities***

The following key opportunities were identified for consideration by the Ministry:

- Identification of measures in the non-regulated sector as part of the resiliency framework may have potential to provide significant impacts on GHG emissions.

## **Engagement and Buy-in of Saskatchewan Citizens**

Ensuring the full engagement and buy in of Saskatchewan citizens is key to ensuring the Resiliency Framework is adopted and implemented. Without this buy-in it will be impossible to realize the targets and goals of the framework. The participants in the sessions were asked how to continue to engage with industry and citizens.

The following summarizes the important and significant items that were raised throughout the engagement process:

*"We are pleased that the Government of Saskatchewan has re-iterated commitment to the health and integrity of Saskatchewan landscapes." – engagement session participant*

*"There needs to be a concrete plan for how to leverage education – particularly energy literacy – as an essential tool in activating the plan. The youth of the province need to be engaged." - citizen participant*

### **What We Heard**

Highlighted below is a summary of the feedback we heard on this topic:

- It would be of great benefit to the Framework, if it included the perspective of localized knowledge and concerns related to traditionally marginalized populations, which will impact their resilience.
- To engage the citizens and the businesses of Saskatchewan, the Government of Saskatchewan has to be the leaders in quantifying carbon reductions within their own facilities
- Indigenous people and First Nations communities are eager to be engaged in Saskatchewan's climate change plan.

### **MNP Summary**

Throughout the sessions it was clear that participants are open to and want to see continued dialogue on the Resiliency Framework and other Climate Change topics. It will be important to identify opportunities to engage First Nation communities in the discussion and continue to engage other interested groups as the Framework is implemented.

### **Key Opportunities**

The following key opportunities were identified for consideration by the Ministry:

- Ongoing communication is of significant interest to the participants
- Participants identified the importance of input and active participation from First Nations and Metis people in the development of the resilience framework.
- Timing and frequency of engagement of all interested participants must be measured against practicality of engagement activities.
- Clearly articulating the objective of future activities – i.e. to inform – will be key to ensuring participants have clear expectations on potential outcomes from engagement activities.

## APPENDIX 1: LISTING OF PARTICIPANT ORGANIZATIONS

The following table contains the alphabetical list of organizations represented at the Plenary and Bi-Lateral meetings. In addition, it contains the list of stakeholders who provided a written submission to the Ministry. Organizations with an asterisk beside their name also provided a written submission.

* Agricultural Producers Association of Saskatchewan (APAS)	Nature Saskatchewan
Agrium (now Nutrien -merged with Potash Corp)	North Saskatoon Business Association (NSBA)
Ag-West Bio	Northland Power
Akzo Nobel Chemicals Ltd.	* Nutrien
Alliance Pipeline	* Orano
AREVA	Postdoctoral Research Fellow
Association of Consulting Engineering Companies (ACEC)	Potentia Renewables
Atco Electricity	Prairie Water
BHP	Premier Tech Horticulture
BlackPearl Resources Inc.	Private Investor
Bluesource Canada	* Sask Mining Association
Bunge	* Saskatchewan Association of Rural Municipalities (SARM)
* Cameco Corporation	Saskatchewan Canola Growers Association (SaskCanola)
Canadian Association of Petroleum Producers	Saskatchewan Cattlemen's Association (SCA)
* Canadian Oilseed Producers Association	Saskatchewan Chamber of Commerce
Canadian Federation of Independent Businesses (CFIB)	Saskatchewan Construction Association
* Canadian Fuels Association	Saskatchewan Environmental Industry Manager Association (SEIMA)
* Canadian Natural Resources Limited	Saskatchewan Environmental Society
Canadian Parks and Wilderness Society (CPAWS)	Saskatchewan Institute of Agrologists (SIA)
Canadian Wind Energy Association (CanWEA)	Saskatchewan Mining Association
Cargill	Saskatchewan Pulse Growers Association
Chicken Farmers of Saskatchewan	Saskatchewan Research Council36
* City of Regina	* Saskatchewan Soil Conservation Association
City of Saskatoon	* Saskatchewan Stock Growers Association (SSGA)
Cona Resources	Saskatchewan Wheat Development Commission
Co-op Refinery Complex's	Saskatchewan Wildlife Federation
* Crescent Point Energy	SaskCanola
Ducks Unlimited Canada	Serafina Energy Ltd.
EPAC	Sexton Grazing and Consulting
* Evraz	SSGA
* Federated Co-Op Ltd.	* Steel Reef Infrastructure Corp
* Fertilizer Canada	Stephen Hall Creative
Golder Associates	* Teine Energy
GreenWave Innovation	* Terra Grain Fuels
* Husky Energy	TransCanada

Integrated Modelling Program for Canada (IMPC)	TransGas Limited
* K + S Potash Canada	University of Regina
Louis Dreyfus Company	University of Saskatchewan
MCE Consulting	* Westmoreland Coal Company
* Meadow Lake Mechanical Pulp	Weyerhaeuser
Mosaic Potash	* Whitecap Resources
NAL Resources Ltd.	* Yara Belle Plain
Nature Conservancy of Canada	



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