



Business Council of  
British Columbia

November 28, 2008

Via email to [cindybertram@shaw.ca](mailto:cindybertram@shaw.ca) ~Original in mail

Ministry of Environment  
c/o C. Rankin & Associates  
PO Box 5293  
Victoria BC V8R 6N4

***Re: Greenhouse Gas (GHG) Reporting Regulation Policy Intentions Paper  
for Consultation***

The Business Council of British Columbia (the Business Council) is pleased to provide a response to the *Greenhouse Gas (GHG) Reporting Regulation Policy Intentions Paper for Consultation* (the Intentions Paper) recently issued by the BC Ministry of Environment (the Ministry). Our comments follow the outline of the Intentions Paper; however, we first offer some general comments on British Columbia's proposed greenhouse gas (GHG) reporting strategy.

**1. General Comments**

The proposed *Greenhouse Gas (GHG) Reporting Regulation* (GHG Reporting Regulation), anticipated to come into effect in early 2009, will set out the requirements for reporting GHG emissions to the Ministry. Accurately establishing facility-level GHG emissions is intended to facilitate the effective implementation of the regional cap-and-trade system under the Western Climate Initiative (WCI) framework planned for 2012, and to track reductions in pursuit of the province's legislated goal of a 33 percent reduction in GHG emissions by 2020. We understand that the main provisions of the Intentions Paper are drawn from the *WCI Draft Essential Requirements for Mandatory Reporting Document* (WCI Reporting Document).

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We commend the Ministry's efforts to keep the provisions of the GHG Reporting Regulation consistent with the parameters set out in the WCI Reporting Document. However, we are concerned that the reporting threshold of 10,000 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) per year is too stringent and would place an undue burden on small and medium-sized firms in BC which may lack the resources to meet emissions reporting obligations. We strongly recommend that the Ministry identify those firms that will potentially be affected by the GHG Reporting Regulation and implement outreach initiatives to ensure that they are aware of their reporting obligations.

The Business Council also wishes to reinforce the importance of keeping BC's reporting system administratively simple while ensuring that reporting requirements are compatible with WCI parameters. Quantification methodologies should be consistent with existing industry protocols or federal, regional or other provincial reporting systems. In particular, harmonization with the federal reporting system and access to single-window reporting are essential, particularly since a number of affected facilities in the province are already required to comply with federal reporting requirements. Harmonization will help to minimize costs and reduce overlap, and also lessen the burden on facilities to measure, monitor and report differently under separate programs.

## **2. Reporting Requirements (Section 5)**

As noted above, the Business Council views the 10,000 tonne reporting threshold as too stringent. With such a low threshold, many small and medium-sized firms will be captured by the new regulation, most of which don't have the resources necessary to implement meaningful reporting systems. As indicated in the Intentions Paper, an additional 160 to 180 facilities could have reporting obligations, beyond the 80 to 100 facilities that will have reporting, allowance holding and third party verification obligations at the 25,000+ tonne threshold. If the government decides, despite our recommendation, to retain a 10,000 tonne reporting threshold, these smaller facilities should be identified by the Ministry and contacted to inform them about the implementation of the proposed GHG Reporting Regulation.

In addition, the Ministry should conduct outreach sessions with different industries that stand to be affected by the GHG Reporting Regulation and ensure that sufficient information is available to reporting facilities through the Ministry web site (such as FAQs and guidance documents) to aid in their compliance. As a positive example of a public outreach program, Alberta Environment conducted a series of public information sessions in the lead-up to and following the implementation of that province's GHG reporting system for industrial emitters in 2007. These information sessions provided an effective means to inform industry participants about their reporting obligations and to answer questions throughout the regulatory implementation process.

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The proposed biomass reporting requirement would bring under regulation a number of small forest products companies whose reporting of their biomass CO<sub>2</sub> emissions will not result in any environmental change (since the province treats biomass fuel sources as carbon-neutral). We recommend that this requirement be reconsidered, applying the balancing principle of the expected administrative cost of compliance versus the anticipated environmental benefit.

Facilities emitting more than 10,000 tonnes of CO<sub>2</sub>e per year would be required to report their GHG emissions to the Ministry beginning with the 2009 calendar year. With the end of 2008 quickly approaching, we believe that the timeline for implementing the reporting program is too short. We recommend delaying the first reporting year to 2010 (or to allow a phase-in of facilities) to provide sufficient time for reporting facilities (a) to acquire information about the applicability of the new GHG Reporting Regulation to their operations and their potential reporting obligations, and (b) to implement a GHG reporting program if necessary. Where possible, information and assistance should be made available to reporting facilities to facilitate the implementation of GHG reporting programs.

### **3. Quantification Methods to be Used in Reporting (Section 6)**

We support the Ministry's commitment to use quantification methodologies that are consistent with the proposed WCI reporting framework. And we appreciate the opportunity for industry to comment on quantification methods for specific source types as they are released for consultation. Several industry sectors have already developed quantification methodologies that are in broad use nationally and internationally (based on such guidance as the World Resources Institute GHG Reporting Protocol). Our view is that the quantification methodologies under the proposed GHG reporting regime must be consistent with such existing industry protocols or federal or other provincial reporting programs. To ensure accurate reporting of emissions, methodologies should be consistent, transparent and equitable with respect to data input assumptions and calculations. Further, there should be as little variability in methodologies as possible, to ensure that for the purposes of emissions trading under the proposed WCI cap-and-trade system, the integrity of emissions allowances and offset credits is not compromised.

The Intentions Paper indicates that the Ministry is considering the use of “de minimis” emissions quantification methods in some source categories. We endorse the use of de minimis provisions, and/or specific exclusions for insignificant emission points, as a means to simplify the reporting process. This approach would be particularly beneficial to smaller emitters since it would reduce the complexities of reporting and lessen their administrative burden.

#### **4. Verification (Section 7)**

The proposed GHG Reporting Regulation would include provisions for third party verification of reporting information. These provisions would be applicable to facilities emitting more than 25,000 tonnes of CO<sub>2</sub>e per year. Under the proposed GHG Reporting Regulation, third party verifiers will need to be accredited by a recognized accreditation body such as the Standards Council of Canada. The Intentions Paper also indicates that verification service providers may be subject to a time-limited relationship with any single facility or company. For example, the same verification body would be unable to verify reporting data at a given company's facilities for a period longer than six years. Our concern here is that there are currently a limited number of verification service providers, and by limiting accreditation to one body or placing a time limit on the relationship between verification service providers and any single facility, the ability of companies to seek verification services will be unduly limited.

The Ministry should consider allowing other professionals, such as chartered accountants, professional engineers or professional foresters, to provide third party verification services. By allowing a larger pool of service providers, the verification services market will be more cost-competitive and firms will have greater flexibility in choosing a third party verifier. As noted above, the timeline for implementation of the GHG reporting program is very aggressive and this means that reporting facilities will experience a shortage of verification capacity until a greater number of service providers are accredited. We support the Ministry's proposal to reduce a reporter's verification requirement in subsequent years once verification has been successfully completed.

Finally, we recommend that the Ministry develop verification guidance documents and protocols to ensure consistent standards across the reporting system. These too should be consistent with existing federal reporting protocols, and to the extent possible, with the WCI reporting framework design.

#### **5. Reporting Process (Section 8)**

Under the proposed regulation, all facilities emitting more than 10,000 tonnes of CO<sub>2</sub>e per year would be required to register and report such emissions to the Ministry. To be feasible and cost-effective, any reporting system must be administratively simple. Under the Intentions Paper, the administrative burden of registering facilities and reporting emissions falls on the firms, representing an additional cost to them. To minimize the administrative burden and costs of meeting reporting obligations, the GHG reporting format needs to be compatible with those used in other WCI jurisdictions or by Environment Canada.

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*Case Study: Alberta*

In designing an administratively efficient GHG reporting regime, we urge the Ministry to consider the reporting guidelines adopted by Alberta under the *Specified Gas Reporting Regulation* (which describes who is required to report GHG emissions and how the information is collected). Developing a single-window reporting system, either in conjunction with the federal government or other WCI jurisdictions, will reduce the administrative and cost burdens on facilities by requiring them only to have to report once annually.

In Alberta, industrial emissions monitoring and reporting requirements are typically specified when an approval is issued to operate a facility. Requirements vary depending on the substance monitored and the size and nature of the industrial facility. Specified gas reporting, which represents an aspect of emissions monitoring and reporting in Alberta, has been implemented to allow the province to monitor its GHG sources.

Under climate change regulations that became effective July 1, 2007, Alberta facilities that emit more than 100,000 tonnes of CO<sub>2</sub>e per year are required to reduce emissions intensity by 12 per cent. Further, Alberta requires industrial facilities that emit more than 100,000 tonnes of CO<sub>2</sub>e to submit annual reports on their GHG emissions. These facilities report their emissions through the Electronic Data Reporting System (EDRS), which information is provided to Alberta Environment and Environment Canada. The reporting system is administered by Statistics Canada.

The Greenhouse Gas Emissions Report, which is a harmonized system largely underwritten by Environment Canada with participation from Alberta Environment, collects emission data from large industrial facilities. This report provides a secure, cost-effective, single window for reporters to fulfill their greenhouse gas reporting obligations and requires facilities to report only once a year, while avoiding duplication. The EDRS allows the federal government to collaborate with the provinces and territories to develop an efficient harmonized, single window domestic reporting system for GHG emissions. This system enables industrial emitters to meet provincial and territorial reporting requirements for emissions while enhancing the level of detail of the National GHG Inventory.

We recommend that the Ministry consider how it can coordinate with other reporting agencies to facilitate the efficient and cost-effective operation of BC's reporting system. Where possible, the Ministry should also provide reporting forms and templates that are consistent with those currently used by the federal government or those to be developed by other WCI jurisdictions.

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In addition, the Ministry should consult industry members who currently have emissions reporting obligations to determine whether existing data collection and reporting systems used by them can be adapted for use under the provincial reporting regime. This will simplify the reporting process for industrial emitters who already have reporting obligations and support the expeditious development of a standard electronic reporting format for GHG emissions in British Columbia.

Finally, once a provincial GHG reporting system is in place, Metro Vancouver should cease to require direct reporting by emissions sources in the region. Consistent with the single-window approach advocated above, data should be collected by one agency and then distributed to all relevant regulatory levels.

## **6. Public Disclosure (Section 9)**

The Intentions Paper states that annual summaries of GHGs emitted by facility, gas and major source category, verification summaries and other information will be compiled by the Ministry and posted for public information. We support the Ministry's intention not to disclose proprietary or other information collected under the GHG Reporting Regulation that would compromise the competitiveness of firms submitting information. However, our view is that the Ministry should carefully consider the nature and scope of information required to be reported, as sensitive data will be subject to disclosure under the *Freedom of Information and Protection of Privacy Act*. In particular, the reporting of any ancillary data (such as fuel consumption, production data and equipment specifications) other than emissions data should be kept to a minimum to protect the competitiveness of BC firms.

Looking ahead to the possible launch of a WCI cap & trade system, the Ministry and those responsible for managing BC's participation in such a system should be fully aware of the carbon price implications of the public release of GHG reporting data. A clear strategy should be developed by the province in coordination with other WCI partners to ensure harmonized release of reporting data, in order to minimize the possible carbon market impacts, along the lines of the Ministry's proposal to pursue a common WCI release date.

## **7. Compliance and Enforcement (Section 10)**

Under the proposed GHG Reporting Regulation, operators of all applicable facilities will be required to retain all facility GHG reporting documents and records for a minimum of seven years following the submission date. The Business Council's view is that this period is too long and will impose an additional administrative burden on reporting firms, particularly smaller entities. While the Ministry notes that this time period is for trading purposes, we propose that the historical emissions data be made available in a central location (such as The Climate Registry) rather than placing the obligation on the reporting entity. The Business Council recommends a mandatory record-keeping period of no more than five years, and preferably the three years required by Alberta's *Specified Gas Reporting Regulation*.

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In respect of enforcement measures and penalties, reporting facilities should be given sufficient time to rectify any concerns with respect to reported emissions prior to having penalties imposed on them.

The Business Council appreciates this opportunity to provide comments on the *Greenhouse Gas (GHG) Reporting Regulation Policy Intentions Paper for Consultation*. We urge the Ministry to consider engaging in further consultation on the Intentions Paper, particularly with the significant number of smaller emitters that may be captured by the new reporting regulation. Once again, we reiterate our concerns about the inclusion of facilities emitting 10,000 tonnes of CO<sub>2</sub>e per year, the importance of reaching out to covered facilities to ensure that they are aware of their potential reporting obligations, and keeping the reporting system administratively simple for all users.

Yours sincerely,

*Original signed by  
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KG/vjc