

## emissions trading and climate change bulletin

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### Saskatchewan's Management and Reduction of Greenhouse Gases Act

On May 11, 2009 the Saskatchewan government, introduced *Bill No. 95, An Act respecting the Management and Reduction of Greenhouse Gases and Adaption to Climate Change* ( the "**Bill**") to the provincial legislative assembly. Although the Bill has yet to gain force in law, the proposed legislation (the "**Act**") is an important step in establishing a plan to reduce greenhouse gas ("**GHG**") emissions (the "**Plan**") that is analogous to a carbon taxation scheme.

#### The Management and Reduction of Greenhouse Gases Act

In general, the Act would establish a provincial greenhouse gas emissions target and promote investments in low-carbon technologies.<sup>1</sup>

Under the Act, certain GHG emitters ("**Regulated Emitters**", a class yet to be defined in the Plan) will be required to reduce its GHG emissions by an amount prescribed by the government.<sup>2</sup> Currently, the Saskatchewan has adopted the federal target of 20 percent in GHG reductions by 2020.<sup>3</sup>

Reductions for Regulated Emitters will be measured against individual baseline emissions levels that are to be assessed and fixed by the Minister.<sup>4</sup> In calculating returns for emissions rates, Regulated Emitters will be allowed to make deductions for any offsets acquired, emissions resulting from pre-certified investments, early action reductions and emissions allowances permitted by the government.<sup>5</sup> Failure

1 Government of Saskatchewan, "Saskatchewan takes real action to reduce greenhouse gas emissions" *Government of Saskatchewan News Release* (May 11, 2009), online: <http://www.gov.sk.ca/news?newsId=387f7573-1e28-4155-b0ca-06fd17b0d38e&part=II> s.4.

2 *Bill 95, An Act respecting the Management and Reduction of Greenhouse Gases and Adaptation to Climate Change*, 2nd Sess., 26th Leg., Saskatchewan, 2009, s.16 and 17.

3 Government of Saskatchewan, "Saskatchewan takes real action to reduce greenhouse gas emissions" *Government of Saskatchewan News Release* (May 11, 2009), online: <http://www.gov.sk.ca/news?newsId=387f7573-1e28-4155-b0ca-06fd17b0d38e&part=II> s.4.

4 Saskatchewan, Legislative Assembly, *Hansard*, 26th Legislature, 2nd session, May 13, 2009.

5 *Bill 95, An Act respecting the Management and Reduction of Greenhouse Gases and Adaptation to Climate Change*, 2nd Sess., 26th Leg., Saskatchewan, 2009, s.18(3).

to comply with reductions will result in a carbon compliance payment, which has been estimated at a rate of \$15 per tonne.<sup>6</sup>

In addition to meeting GHG emission reductions targets, the Act may also require certain entities or specified emitters, such as prescribed members of the electrical utility and natural gas services sectors, to develop and implement GHG Emission Reduction Programs.

Notably, the Act creates several not-for-profit corporations aimed at promoting the research and development of low-carbon technology, including:

- the Saskatchewan Technology Fund;
- the Saskatchewan Climate Change Research and Development Corp.;
- the Climate Change Foundation; and
- the Environment Corporation.

These bodies will provide additional resources to help finance investments in projects and activities related to climate change adaptation and GHG emissions reductions and foster public education and awareness.<sup>7</sup>

The impact of the Act is expected to increase electricity rates for SaskPower, the province's largest single emitter of carbon dioxide. Rates are expected to increase by 20 per cent over the next decade. However, the lower 20 per cent target is estimated to save the company \$65 million annually, in comparison to the former 32 per cent target established by the previous New Democratic Party ("NDP") government.<sup>8</sup>

While the Act is continuing to undergo consultations with industry and environmental organizations, Environment Minister, Nancy Heppner, has announced that an Agreement in Principle has been signed with the federal government to negotiate an equivalency agreement (the "**Agreement**"). The Agreement will be aimed at ensuring that equivalent environmental outcomes are achieved under the provincial regulation and that the province to retain compliance payments in the province for investments in low-carbon technology.<sup>9</sup>

The Official Opposition (the NDP) have criticized the Plan heavily for its use of less stringent targets and its lack of detail, especially with regards to how it will be combined with the federal greenhouse gas plan.<sup>10</sup>

6 Bill 95, *An Act respecting the Management and Reduction of Greenhouse Gases and Adaptation to Climate Change*, 2nd Sess., 26th Leg., Saskatchewan, 2009, s.19.

7 Bill 95, *An Act respecting the Management and Reduction of Greenhouse Gases and Adaptation to Climate Change*, 2nd Sess., 26th Leg., Saskatchewan, 2009, Part VII (Division 1-4)

8 CBC News, "SaskPower rates will rise under greenhouse gas plan, province says" (May 11, 2009), online: <http://www.cbc.ca/canada/saskatchewan/story/2009/05/11/greenhouse-gases.html?ref=rss>.

9 Government of Saskatchewan, "Saskatchewan takes real action to reduce greenhouse gas emissions" *Government of Saskatchewan News Release* (May 11, 2009), online: <http://www.gov.sk.ca/news?newsId=387f7573-1e28-4155-b0ca-06fd17b0d38e&part=II> s.4.

10 Saskatchewan, Legislative Assembly, *Hansard*, 26th Legislature, 2nd session, May 13, 2009.

So far, there has been no word on when the legislation is expected to come into force or with respect to regulations that would outline the operational details of the Act.

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#### a cautionary note

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