Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-29-2017)

On March 10, 2017, the Department of Natural Resources received your request for access to the following records/information:

I am requesting access to all records relating to a cap-and-trade system, including but not limited to briefing notes between the dates of Oct. 1, 2016 and March 1, 2016. Please exclude material considered to be a matter of confidence.

I am pleased to inform you that a decision has been made by the Department of Natural Resources, confirmed by the Deputy Minister, to provide access to some of the requested information. Access to the remaining information contained within the records, has been refused in accordance with the following exceptions to disclosure, as specified in the Access to Information and Protection of Privacy Act (the Act):

Section 29(1)(a)
The head of a public body may refuse to disclose to an applicant information that would reveal advice, proposals, recommendations, analyses or policy options developed by or for a public body or minister

Section 34(1)(a)(i)
The head of a public body may refuse to disclose information to an applicant if the disclosure could reasonably be expected to harm the conduct by the government of the province of relations between that government and the following or their agencies; the government of Canada or a province.
Section 34(1)(b)
The head of a public body may refuse to disclose information to an applicant if the disclosure could reasonably be expected to reveal information received in confidence from a government, council or organization listed in paragraph (a) or their agencies.

We note that:
- the entirety of page 3 and 4 of Bundle 1 and pages 7 to 11 of Bundle 2 have been redacted as non-responsive, as well as several excerpts throughout the response.

As required by 8(2) of the Act, we have severed information that is unable to be disclosed and have provided you with as much information as possible; in accordance with your request for a copy of the records, the records have been included with this correspondence.

As set out in section 42 of the Act you may ask the Information and Privacy Commissioner to review the department’s decision to provide partial access to the requested information. A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. Your request should identify your concerns with the department’s response and why you are requesting a review.

The request for review may be addressed to the Information and Privacy Commissioner as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P.O. Box 13004, Stn. A
St. John’s, NL A1B 3V8

Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

Pursuant to section 52 of the Act, you may also appeal directly to the Supreme Court Trial Division within 15 business days after receiving the department’s decision.

Please be advised that responsive records will be published following a 72 hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Completed Access to Information Requests website within one business day following the applicable period of time. Please note that requests for personal information will
Rodney,

Cap and Trade is referenced in the attachment “JJ-Information Note - Carbon Pricing.” Both attachments were included in the original email.

Regards,
Martin

Folks,  
As well see federal link below on carbon pricing:  

From the notes and recent provincial legislation (IE Management of Greenhouse Gas Act  
http://www.releases.gov.nl.ca/releases/2016/exec/0607n02.aspx) NL will be implementing a carbon price scheme where resulting money would flow into a technology fund. The provincial act is here:  
http://www.assembly.nl.ca/business/bills/bill1634.htm

There are some large energy sector facility emitters at each offshore platform and from what I understand, further discussion with the Feds will be required on implementation of the GHG reduction policy given joint management under the Accord Acts.

Will touch base with our climate change office.

Gerard
Can discuss next week.

Wayne

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From: Foote, Wes
Sent: Friday, September 23, 2016 3:01 PM
To: Allen, Fred A.; Andrews, Wayne
Subject: FW: Carbon Tax

Gents

Heads up on this.

wes

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From: Janes, Jackie
Sent: Friday, September 23, 2016 2:51 PM
To: Bown, Charles W.; Scott, Paul G.; Martin, Craig
Cc: Foote, Wes; Parsons, Walter; Griffin, Jay; Clarke, Greg; Crane, Gerald
Subject: Carbon Tax

Good afternoon Charles, Craig, Paul,

Please find attached a draft briefing note seeking direction from Ministers Bennett and Trimper on a provincial position on carbon pricing in the run up to the meeting of First Ministers on a pan-Canadian Framework. We would be grateful for your comments by close on Monday. We would appreciate submitting it as a joint FIN/ECC note. I also attach the information note submitted last week that is referred to in the text.

If you have any questions, please do not hesitate to contact me or Gerald.

Many thanks
Jackie
Information Note
Department of Environment and Climate Change

Title: Carbon Pricing

Issue: To provide an overview of the different types of carbon pricing in Canada, in anticipation of increasing dialogue in upcoming intergovernmental meetings.

Background and Current Status:
- Climate change is caused by the release of greenhouse gas (GHGs) emissions into the atmosphere, mainly from the burning of fossil fuels such as oil, natural gas and coal. The growing concentration of GHGs in the Earth’s atmosphere is affecting the climate and causing adverse impacts, such as more flooding and storm surges.
- Putting a price on the release of GHGs (‘carbon pricing’) shifts the burden for the damage created by GHG emissions back to those who are responsible for it and who can reduce it.
- Government could prescribe where and how GHGs should be reduced by introducing regulatory measures, for example, Nova Scotia has legislated that its electricity sector must reduce its GHGs. However, an alternate approach is establishing a carbon price which allows those that emit GHGs to decide how, or whether, they take action to reduce their GHG emissions. If they choose not to reduce their emissions they have to pay for it.
- Aside from shifting the costs of emissions to the polluter, establishing a carbon price can also stimulate greater innovation and deployment of clean technologies as industries are more motivated to reduce their emissions. Development of new technologies to assist industry in their goal can support opportunities for economic growth.
- The federal government committed to establish a national carbon price in its electoral platform in 2015. In March 2016, First Ministers committed to develop a Pan-Canadian Framework on Clean Growth and Climate Change that would include carbon pricing mechanisms. First Ministers are meeting, with the expected objective of agreement to a framework, in Fall 2016.
- There are a number of different ways that governments can price carbon. The two main approaches are a carbon tax and an emissions trading system (ETS).
- A carbon tax is usually defined as a tax based on GHG emissions generated from burning fossil fuels. It takes the form of an excise tax, similar to excise taxes on gasoline and tobacco, where the producer is taxed and subsequently passes the tax on to the consumer by incorporating the tax into the sale price.
  - BC currently has a carbon tax of $30 per tonne of GHGs that equates to, for example, 6.7 cents on a litre of gasoline, which the consumer pays. BC’s tax is revenue neutral in that all the money raised is returned to BC’s citizens through a combination of lower income and corporate taxes, and energy rebates for low income households.
- An ETS caps the amount of GHG emissions that parts of the economy can emit, such as large industry and transportation fuel wholesalers. In an ETS, companies are subject to a GHG target and must hold a permit for every tonne of GHGs they emit. Government periodically auctions permits and keeps any revenue raised (QC uses the revenue to support investment that help lower GHG emissions and deal with the impacts of climate change). Companies can comply with their GHG reduction target by reducing GHGs within their operations, buying additional GHG reduction permits from government or companies that have a surplus to sell, or purchasing offset credits. Offset credits are generated through projects that reduce GHG emissions in sectors that fall outside the ETS (e.g. agriculture and waste).
  - QC has established an ETS in partnership with California, and ON has committed to join. The current permit price in Quebec is about $16/tonne.
In addition to the forms of carbon pricing described above, a third approach exists in Canada under which companies are regulated to reduce their GHG emissions but given some flexibility on how and where they do this, including the option of making payments into a Technology Fund (TF). The "price per tonne" for paying into the TF is set by government, thereby establishing a carbon price. Government earmarks the money in the TF for GHG reducing projects in the industrial sector.

- GHG targets are assigned to each industrial facility. Companies can choose to make GHG reduction investments at their facility to be in compliance with their target or pay a prescribed amount into a Technology Fund. Unlike an ETS, they cannot trade with other companies.
- AB has adopted this approach for large industry, as has NL. The AB carbon price is currently $15/tonne and increasing to $30/tonne by 2018.
- NL's Management of Greenhouse Gas Act was passed by the House of Assembly in June 2016. Cabinet will take a decision on the carbon price governing contributions to NL's Technology Fund when it is asked to approve regulations prior to the legislation coming into force.

Analysis:
- The advantages of a carbon tax are that it can be relatively easy to establish (as excise taxes already exist on transportation fuels), sends a clear price signal, and generates a source of revenue. A key disadvantage is that there is no certainty by how much GHGs will be reduced.
- The advantages of an ETS are that it provides certainty on the amount of GHG reductions that will be achieved and raises revenue for government through the government auctioning permits. However, it is complex to administer and provides no certainty to companies on the cost of complying with their GHG target. This could create adverse competitiveness impacts.
- The third option allows jurisdictions to tailor their approach to their circumstances and is less complex than emissions trading.

Through the process established to develop a pan-Canadian framework, the federal government is advocating for the establishment of a national carbon tax on industrial, electricity, transportation and buildings fuels. The federal government has indicated that it is prepared to introduce this itself or allow PTs to implement comparable and equivalent PT-level carbon pricing mechanisms to achieve the same objective and to keep any revenues generated. For example, British Columbia could argue that its existing carbon tax has equivalent environmental outcomes to a federal tax.

Action Being Taken:
- NL is actively participating in all four FPT working groups established by First Ministers, including carbon pricing. Final reports will be submitted to ministerial tables in September after which ministers will make recommendations to First Ministers.
- A separate Decision Note on carbon pricing is being prepared to seek direction from the Ministers of Finance and Environment and Climate Change on NL's position on carbon tax as the pan-Canadian framework on clean growth and climate change is developed.
Hynes, Rodney (NR)

From: Hounsell, Martin
Sent: Thursday, March 23, 2017 3:14 PM
To: Hynes, Rodney (NR)
Cc: Collins, Gerard
Subject: ATIPP Request NR-29-2017
Attachments: Management of GHG Act - Presentation deck for briefings June 3, 2016.pptx

Rodney,

Emission trading is as a talking point in this presentation (slide 8).

Regards,
Martin

From: Collins, Gerard
Sent: Tuesday, October 11, 2016 4:08PM
To: Sullivan, Lynn; Andrews, Wayne
Cc: Hounsell, Martin
Subject: FW: Management of GHG Act - Presentation deck for briefings June 3, 2016.pptx

FYI

From: Crane, Gerald
Sent: Tuesday, October 11, 2016 4:00 PM
To: Collins, Gerard
Subject: Management of GHG Act - Presentation deck for briefings June 3, 2016.pptx
Climate change is a critical global problem.

Climate change is a key priority for the new federal government.
- Committed to reduce GHG emissions by 30% below 2005 by 2030
- Pan-Canadian climate change framework under development
- Other provinces are already acting
Canadian GHG Emissions
2000-2014; 2020 and 2030 projected

Paris Agreement
2030 Target

Copenhagen Accord
2020 Target
The Case for Action (2)

- Newfoundland and Labrador is committed to doing its part
  - GHG reduction targets for 2020 and 2050
  - All sectors need to play their part
  - Need to provide industry with clear framework to inform planning
  - Important to balance economic and environmental priorities

- Government committed to act in its 2015 platform
GHG Emissions by Sector
Newfoundland and Labrador, 2014

- Transportation (34%)
- Offshore Large industry (16%)
- Holyrood Generating Station (9%)
- Fuel Use in Buildings (11%)
- Waste (8%)
- Other (3%)
- Onshore Large industry (19%)
Large Industry Emissions by Source
Newfoundland and Labrador, 2014

- Nickel Mining and processing (4%)
- Newsprint (<1%)
- Oil Refining (49%)
- Iron Ore Mining (47%)
Newfoundland and Labrador's GHG Emissions
1990-2014 actual; 2015-2020 projected

- Actual: 9.6 MT in 1990
- GHG target: 8.6 MT for 2020
- Projected: 9.6 MT in 2020

Base year for GHG targets: 1990
Actual = 9.6 MT
GHG target = 8.6 MT
Projected = 9.6 MT
What carbon pricing options were considered?

- Carbon tax – e.g., BC
- Emissions trading – e.g., QC, ON
- Regulation with flexible compliance options – e.g., AB, BC (natural gas)

Considerations
- Costs and competitiveness issues
- Timelines
- Complexity
- Local circumstances
What is the Proposed Approach for Large Industry?

- Regulation with Flexible Compliance Options
  - Informed by approaches in AB, BC (natural gas)
  - Tailored to local circumstances

- What does Flexible Compliance mean?
  - Allow companies to comply with GHG targets at lower cost
  - GHG reductions do not all have to occur at the facility

- What are Flexible Compliance mechanisms?
  - Technology Fund
  - Offsets
  - Performance credits (e.g., banking)
What are the main elements of the Bill?

- Industrial facilities that emit more than 15,000 tonnes will be required to report their greenhouse gas (GHG) emissions
  - Reporting regulations will be released this year
  - Reporting expected to start for 2016
  - Facilities already report some data to federal and/or provincial governments

- Industrial facilities that emit more than 25,000 tonnes will be required to reduce their GHG emissions at a future date
  - Reporting data will inform GHG targets for each facility which will be set in regulation in due course
  - At least 2 years reporting data will be required before limits can be established

- Legislation provides for establishment of alternative compliance mechanisms
  - Allows companies flexibility to comply with regulations at lower cost
How Does the Proposed Approach Work?

Companies that emit over 15,000 tonnes of GHGs per year report GHG emissions annually (provincial GHG reporting expected to begin in 2016)

Companies that emit over 25,000 tonnes reduce GHGs by an amount determined by government (at least two years reporting data will be required before GHG targets can be set for facilities)

Companies can make on-site capital investments reduce GHGs

Companies can use flexible compliance options (e.g. Technology Fund, offsets)

Annual GHG Performance Reporting to Government to determine compliance once GHG targets in place
Consultations and technical work

- Industry consulted 4 times – main messages
  - Broad preference with this approach over other policy approaches
  - Long-term policy certainty
  - Minimize competitiveness distortions (costs)
  - Technology development

- Completed technical studies
  - Iron ore mining and oil refining

- Engaged with the federal government, other provinces, national environmental and industry bodies, and Aboriginal organizations
Costs and competitiveness

- Providing companies with a lead-in time of at least 2 years before GHG targets will be established
  - Allows companies time to plan to minimize capital costs they may incur

- Mechanisms (e.g., technology fund) can lower costs to companies
  - Will assist in seizing new technology opportunities

- No costs to companies at this time other than reporting costs
  - Capital, carbon offsets and technology fund costs will be incurred only after regulations are approved by Cabinet
  - Capital and other costs not expected for at least 2 years
Other facilities:
Holyrood Generating Station

- Exempted from the provisions of the bill as facility is expected to close in near term
Other facilities: Offshore Petroleum

- Regulated through federal and provincial *Atlantic Accord Implementation Acts*

- Provincial Government to enter into dialogue with federal government on policy options to regulate GHG emissions from offshore petroleum facilities
Benefits of Proposed Approach

- Developed in consultation with industry
- Balances economic and environmental priorities
- Contribute to GHG emissions reductions
- Regulation with Flexible Compliance Mechanisms
- Tailored to NL
- Technology Fund
- Competitiveness
- Flexibility
Questions?
Thank You

Office of Climate Change and Energy Efficiency
Government of Newfoundland and Labrador
709-729-1210 | climatechange@gov.nl.ca
www.turnbackthetide.ca
Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.
Thanks Fred. Will be interesting to see the federal language.

Fred Allen
Director, Regulatory Affairs
Department of Natural Resources
Government of Newfoundland and Labrador
Phone: (709)729-2778
Cell: (709)689-3547
Fax: (709)729-2508

Fred,

Here is some info to help you with your question from last week's meeting on GHGs
Cheers,
Tyler

S. 34(1)(a)(i). S. 34(1)(b)
Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.
Energy:

Quebec and Ontario sign $1-billion annual hydroelectricity agreement (CP/Telegram)
Quebec and Ontario sign $1-billion annual hydroelectricity agreement

The Canadian Press / Telegram - Published on December 15, 2016

MONTREAL — Quebec and Ontario have signed a $1-billion annual hydroelectricity deal.
Hynes, Rodney (NR)

From: Hounsell, Martin  
Sent: Thursday, March 23, 2017 3:08 PM  
To: Hynes, Rodney (NR)  
Cc: Collins, Gerard  
Subject: ATIPP Request NR-29-2017

Please let me know if emails like this should be included.

Regards,
Martin

From: Brewer, Susan  
Sent: Tuesday, January 03, 2017 1:57 PM  
To: Beaudoin, Les; Comerford, Cory; Crane, Don; Freeman, Steve; Godwin, Donna (Natural Resources - Finance); Hamilton, Kathy; Hibbs, Karen R.; Hurley, Antonia; Hutchens, Dale; Shano, Mike; Allen, Fred A.; Carter, Chris; Janes, Ramona; Montague, Robyn J.; Oliver, John G.; Williams, Brenda; Bates, Robert S.; Brewer, Susan; Carroll, Diane; Philpott, Angie; Walters, Tammy; Kendell, Brad; Spurrell, Darrell; Hicks, Larry; Krakowka, Ashley; Petrovic, Jovan; Waterman, Karen; Davis, Linda; Hynes, Keith; Mavin, Shane; Molloy, Paul; Parrell, Anastasia; Peddigrew, Andre; Andrews, Wayne; Beer-Warren, Jennifer; Cable-Foote, Michelle; Collins, Gerard; Hounsell, Martin; Kenway, Janelle; Parsons, Paul D.; Rose, Bev; Boland, Christine; Chowdhury, Rafiqul; Comben, Leanne; Snook, Corey; Abundo, Nena; Kennedy, John M. D.; Quinlon, Diane; Shea, Erin; Connors, Jessica; Haynes, Brenda  
Subject: Current Events

CURRENT EVENTS – January 3, 2017:
Ontario's Electricity Is About To Get More Expensive (Again)
TORONTO — Ontarians will start paying for the Liberal government's ambitious cap-and-trade program almost immediately after it comes into effect Jan. 1 with higher prices for gasoline and natural gas...

http://www.huffingtonpost.ca/2016/12/31/electricity-prices-ontari_n_13916024.html