SASKATCHEWAN
CHAMBER of COMMERCE

February 25, 2016

The Honourable Brad Wall
Premier of Saskatchewan
226 Legislative Building
Regina, Saskatchewan S4S 0B3

Dear Premier Wall:

Canada is convening a first ministers meeting within 90 days after the United Nations Framework Convention on Climate Change (UNFCCC) 21st Conference of the Parties (CoP21) to confirm national greenhouse gasses (GHG) emissions reduction targets and develop a pan-Canadian framework for addressing climate change. We understand that you will attend this meeting next week.

Targets for reduction of GHG emissions have been announced. The new Canadian target is to cut GHG emissions by 30% below 2005 levels by 2030. However, we have yet to set effective methods to achieve the objectives.

The Chamber submits that Canada and Saskatchewan should base their policies on energy efficiency first, support the development of economically viable non-carbon-based and alternate energy supplies, recognize and provide credit for early action, and develop a realistic plan and targets to reduce GHGs using longer-term technology changes.

This position also fits to the federal ministerial mandate letters for the Environment and Climate Change Minister, and for the Natural Resources Minister, which include:

A. MECC: Develop the pan-Canadian framework for addressing climate change
B. MECC: Create a new Low Carbon Economy Trust
C. MECC: Phase out subsidies for the fossil fuel industry over the medium term
D. MECC: Develop an ambitious North American clean energy and environment agreement
E. MNR: Encourage energy conservation
F. MNR: Bring renewable energy onto a smarter grid

We ask that governments quickly support incentives for business energy efficiency and conservation to reduce our emissions and remain competitive internationally, and that this program be pro-actively managed. Incentive programs should include a focus on small and medium sized commercial enterprises and municipalities. This should be enabled federally through the MNR's mandate E above. It is also worth noting that the federal government should consider redirecting moneys allocated for foreign climate change projects, to improving energy efficiency in Canada.

There are inconsistent and conflicting schemes in place for managing GHG emissions in North America. Federal and provincial governments should establish one framework in Canada for

GHG emissions reductions targets, baselines, controls and pricing. Those controls also need to include measures to address energy-intense trade-exposed (EITE) sector impacts, and be consistent with and not more stringent than those in the USA.

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The mandates B, C, D and F above should provide some federal funds to support the development of low carbon energy including renewables. Saskatchewan should seek to obtain and deploy some of these funds. Carbon capture and storage could also be advanced through the MoU recently signed for the North American Climate Change and Energy Collaboration per mandate D above.

While there is always more that can be done, we asked our members what they have done to reduce our carbon footprint and we forward this list of success for you to use where appropriate:

1. SaskPower implemented carbon capture and storage (CCS) at Boundary Dam Power Station
2. SaskPower has set a target of 50 per cent renewable power by 2030
3. Saskatchewan had among the highest uptakes of any province in the homeowner energy efficiency programs
4. Saskatchewan pioneered and largely has led implementation the zero/low tillage practice in agriculture which are now being used globally
5. Sask Power implemented the Industrial Energy Optimization Program
6. Saskatchewan has, and continues to increase recycling which reduces energy consumption (examples include SARCAN, MMRP)
7. EVRAZ North America's steel facility recycles over 1 Mt/annually
8. In 2015, through their Household Hazardous Waste Days, Envirotec diverted 143,000 kg of hazardous waste from Saskatchewan landfills
9. PotashCorp has implemented several projects to conserve water, in 2012 they stated that 90% of fresh water used in its operations was recycled
10. Association of Saskatchewan Realtors installed solar panels to their rooftop in 2011 and in 2014 committed to reducing printed training course materials.
11. Saskatchewan cities take part in the national Commuter Challenge each year; in 2014, 516 Saskatchewan residents participated in the challenge.

These are just a few of the many actions and successes Saskatchewan's government, businesses and communities have done and are undertaking to respect the environment.

Sincerely,

Steve McLellan
Chief Executive Officer

Cc: Hon. Herb Cox, Minister of Environment
Saskatchewan Chamber of Commerce Environment Committee
Saskatchewan Chamber of Commerce Board of Directors

Additional Background

Canada submitted its new 'Intended Nationally Determined Contribution" (INDC) to the GHG emissions reduction agreement being prepared by the UNFCCC. The new Canadian target will be to cut GHG emissions by 30% below 2005 levels by 2030. This is roughly the same as the new planned reduction of GHG emissions for the US. It is expected to evolve regulations to control methane emissions from the Oil & Gas sector, GHG emissions for the Gas-fired Electricity sector, and for the Chemicals and Nitrogen Fertilizer sectors. In related activity, the Province of Ontario set an interim target to cut its GHG emissions by 37% below 1990 levels by 2030.

The 21st Conference of the Parties (CoP) to the United Nations Framework Convention on Climate Change concluded in Paris, France, with an agreement signed among 196 nations. They agreed to work to control global warming to +2°C, and committed to their stated "intended nationally determined contributions" (INDC). Developed countries pledged to raise US G$100/a, to support developing countries by 2025 onward. The CoP also agreed to pursue efforts to limit the temperature increase to +1.5°C.

The agreement will enter into force after 55 countries that account for at least 55% of global emissions have ratified it. It will require reporting on emissions every 5 years.

Ontario announced that they will implement a cap-and-trade system for reduction of GHG emissions, linked to that of Quebec, California and other Western Climate Initiative members. The Canadian Steel Producers Association (CSPA) has noted that the new system will need to address the issues with energy-intense trade-exposed (EITE) industries, including the Canadian steel industry.

The Alberta Government amended and continued its "*Specified Gas Emitters Regulation*" for those with GHG emissions exceeding 100 Kt/a. They have increased the required reduction of GHG emissions intensity from the current 12%, to 15% by 2016, and 20% by 2020. They have also increased the price of GHG emissions credits from the current CAD$15/t, to CAD$20/t for 2016, and to CAD$30/t for 2017.

Alberta announced its updated climate change plan. It includes the establishment of a $30/t carbon emissions price, the phasing out of all coal fired electricity generation, methane emissions reduction for the oil and gas sector, and a cap of 100 Mt/a for greenhouse gases emissions from the oil sands.

Quebec held an 'auction' of carbon emission credits for its cap-and-trade system to control greenhouse gasses (GHG) emissions. The prices were set between CAN $ 44 – $56 per tonne (t).

Ontario, Quebec and Manitoba have signed an agreement to link their cap-and-trade programs under the Western Climate Initiative (WCI).

Eastern Canadian premiers (four Atlantic Provinces and Québec) and the governors from New England states (six) passed a resolution to decrease carbon emissions by 35 – 45 % below 1990 levels by 2030. The new target is to support the provinces and states in their long-term goal, to reach 75-85 per cent of 2001 emission levels by 2050. They also discussed the potential for exporting rehewable energy from Canada to New England to help those states curb greenhouse gas emissions and meet their renewable energy goals.

The United States issued their 'Clean Power Plan', to reduce the GHG emissions from electric power generation there. It mandates a 32% reduction of GHG emissions from 2005 levels by 2030. Implementation is to begin by 2022. States are to submit implementation plans by early September 2016. The plan requires carbon capture and storage for all new coal-fired plants, and 28% of generation by renewables by 2030.

The United States Environmental Protection Agency (USEPA) promulgated its rules for GHG emissions from power plants. Multiple lawsuits against them were promptly launched in the USA.

The Energy Ministers of NAFTA countries announced their working group on Climate Change and Energy. Their collaboration will include low-carbon electricity grids, renewable energy technology modelling and deployment, energy efficiency, carbon capture, climate change adaptation, and Oil and Gas Sector emissions. They have issued a Memorandum of Understanding to share energy systems information, and to collaborate on the development of clean energy technology including renewables, a low-carbon electricity grid, the advancement of carbon capture and storage, and the reduction of methane and black carbon emissions from the oil and gas sector.