

Prairie Resilience: Output-Based Performance Standards

About Prairie Resilience

The Government of Saskatchewan has developed a comprehensive and credible strategy to tackle the challenges that a changing climate presents. On December 4, 2017, Saskatchewan released *Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy*. Prairie Resilience takes a system-wide approach to climate change by incorporating adaptive, mitigative and transformative strategies.

Saskatchewan's strategy focuses on the principles of readiness and resilience in order to mitigate and adapt to the effects of climate change. This includes assessing and improving the resilience of our natural landscapes, physical infrastructure, economy, communities and people.

Output-Based Performance Standards

Saskatchewan is implementing output-based performance standards for large industrial emitters. Forthcoming regulations will apply to facilities that emit more than 25,000 tonnes of carbon dioxide equivalents (CO₂e) each year. The performance standards obligate regulated emitters to reduce emissions intensity associated with production.

More than 40 facilities will be subject to the provincial performance standard, accounting for 11 per cent of total provincial emissions (or approximately 8.5 million tonnes). The facilities are in emissions-intensive and trade-exposed sectors, including: pulp mills, ethanol production, iron and steel mills, mining, canola crushing, fertilizer manufacturing, refining, upgrading, and upstream oil and gas (stationary fuel combustion).

The provincial performance standards for large emitters will achieve a total emissions intensity reduction of **10 per cent by 2030**. The sector-specific stringencies are expected to achieve the following emissions intensity reductions:

- Potash, coal and uranium mining (**5 per cent**)
- Iron and steel mills (**5 per cent**)
- Fertilizer manufacturing (**5 per cent**)
- Pulp mills (**5 per cent**)
- Ethanol manufacturing (**5 per cent**)
- Light manufacturing (**5 per cent**)
- Refining and upgrading (**10 per cent**)
- Upstream oil and gas stationary fuel combustion (**15 per cent**)

These measures are in addition to previously announced reductions in electricity generation (40 per cent) and methane from upstream oil and gas (40 per cent).

Electricity generation	40 per cent reduction	~ 6.0 million tonnes
-------------------------------	------------------------------	-----------------------------

Upstream oil and gas (methane)	40 per cent reduction	~ 4.5 million tonnes
---------------------------------------	------------------------------	-----------------------------

Output-based performance standards	10 per cent reduction	~1.0 million tonnes
---	------------------------------	----------------------------

Keeping Saskatchewan Competitive

Saskatchewan's method for assessing competitiveness is based on company input and data versus aggregated Canadian wide data utilized in federal methodology.

Based on provincial modelling, there is a high risk of trade exposure for all sectors covered by an output-based performance standard in Saskatchewan. All Saskatchewan industry sectors would face competitiveness risk concerns under federal policy.

As such, Saskatchewan's policy design includes:

- overall economic growth;
- competitiveness and trade exposure;
- minimal regulatory burden;
- early actions taken by regulated emitters; and
- sector-specific achievability.

Overview of Legislation and Regulation

The Management and Reduction of Greenhouse Gases Act (MRGG) has been partially proclaimed and in force since January 1, 2018.

The Management and Reduction of Greenhouse Gases (General and Electricity Producer) Regulations

- In force January 1, 2018
- Regulates emissions for SaskPower electricity generation
- Emissions caps are in place to 2030
- Will result in emissions reductions of 40%

The Oil and Gas Emissions Management Regulation

- Draft regulations released in June 2018
- Apply to a company with the potential to emit more than 50,000 tonnes of CO₂e per year from their upstream oil facilities
- Emissions limits would start in 2020 and reduce emissions by 40 per cent by 2025
- Will reduce annual emissions by 4.5 Mt from a 2015 baseline

The Management and Reduction of Greenhouse Gases (General and Reporting) Regulations

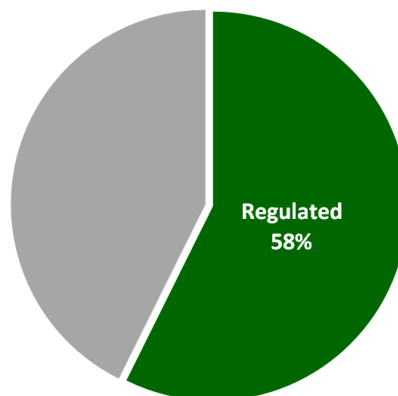
- Gazetted August 17 and in force September 1, 2018
- Regulates reporting of greenhouse gas emissions
- All facilities emitting > 10,000 tonnes of CO₂e are required to report annually

saskatchewan.ca/climate-change

Percentage of Saskatchewan Emissions Expected to be Regulated under Prairie Resilience

SASKATCHEWAN EMISSIONS

Total 44 Mt Emissions are Covered under the Made-in-Saskatchewan Plan



Flexible Compliance Options

Saskatchewan facilities will be able to choose from a suite of flexible compliance options:

- reducing emissions intensity to meet the performance standard;
- earning a best performance credit, awarded to facilities that outperform their performance standard;
- purchasing an offset credit, generated by the reduction, sequestration or capture of GHG by a project or operation not subject to emission reduction regulations;
- enabling an internationally recognized credit, including internationally transferred mitigation outcomes under Section 6 of the Paris Agreement; or
- contributing to the provincial technology fund at an established rate.

~12 million tonnes
of annual GHGs
reduced by 2030