



## Regulatory Context and Summary of Gaps: Greenhouse Gas Emissions and Climate Change

The Canada Energy Regulator (CER) is proposing updates to the greenhouse gas (GHG) emissions and Climate Change sections of the Filing Manual. Before finalizing these updates, the CER is seeking public comments on the proposed changes.

The CER is also seeking public comments on the *draft* Greenhouse Gas Emissions and Climate Change Supplemental Guidance document. The purpose of this document is to provide additional context in relation to CER-regulated projects, including considerations around whether a project's effects could hinder or contribute to the Government of Canada's ability to meet its climate change commitments.

### Public Comment Opportunity

Public comments are invited from 1 June to 31 August 2022 (92 days) on the proposed revisions to the Filing Manual (affecting Tables A-2 and A-4 in the Filing Manual, and Tables 6-2 and 7-1 in the Electricity Filing Manual) and the *draft* Greenhouse Gas Emissions and Climate Change Supplemental Guidance.

The updated text for the Tables is available on the [Filing Manual Updates](#) page of the CER website.

### Regulatory Context

GHG assessments for CER-regulated projects are driven by paragraph 183(2)(j) of the CER Act, which requires the Commission of the CER (Commission) to take into account:

*j) the extent to which the effects of the pipeline hinder or contribute to the Government of Canada's ability to meet its environmental obligations and its commitments in respect of climate change<sup>1</sup>*

The Government of Canada continues to commit to new measures in respect of climate change. The commitments considered in the recent Filing Manual update as well as the *draft* Guidance include:

Paris Agreement (Ratified by Canada October 2016):

- A legally binding international treaty on climate change.
- Its long-term goal is to hold the increase in the global average temperature to well below 2 degrees celsius above pre-industrial levels, and to pursue efforts to limit that increase to below 1.5 degrees.
- Canada has committed under the Paris Agreement to reduce GHGs by 30% below 2005 levels by 2030.

2030 Target:

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<sup>1</sup> A similar factor has been included in paragraphs 262(2)(f) and 298(3)(f) of the CER Act.



- Canada announced a 2030 target, 40-45% below 2005 levels by 2030. Environment and Climate Change Canada (ECCC) included this target in a submission of 'Nationally Determined Contribution' under the Paris Agreement in July 2021.

*Canadian Net-Zero Emissions Accountability Act:*

- Requires that national targets for the reduction of greenhouse gas emissions in Canada be set, with the objective of attaining net-zero emissions by 2050. The targets are to be set by the Minister of the Environment for 2030, 2035, 2040, and 2050.

To support progress on the various commitments, ECCC released a Strategic Assessment of Climate Change (SACC) in October 2020. The SACC specifies that proponents of projects with a lifetime beyond 2050 are required to provide a credible plan that describes how the project will achieve net-zero emissions by 2050.

The CER's proposed Filing Manual updates are consistent with the October 2020 version of the SACC, and are intended to build on ECCC's draft Technical Guides. The proposed updates provide further precision and refinement in the areas of scalability, project lifetime, credible net-zero emissions plan, and avoided emissions and offset credits. These are discussed briefly below.

### 1. Scalable approach for filing requirements

The CER is proposing a scalable approach, with filing thresholds, for GHG filing requirements based on the project type and source of emissions. The proposed filing thresholds are based on the analysis of emissions from past NEB/CER projects. These thresholds will drive the level of information proponents are expected to file.

The process for finalizing filing thresholds would consider:

- ongoing analysis of data on GHG emissions from construction and operations for past NEB/CER projects;
- feedback received during engagement with other federal government departments, industry, Indigenous peoples, and other relevant stakeholders; and
- performance of data-driven GHG emission thresholds based on project type and source of emissions to help guide filing requirements and expectations for net-zero plans.

### 2. Defining project lifetime

The proposed guidance assumes that all projects will have lifetimes beyond 2050, unless otherwise demonstrated.

### 3. Expectations of a credible net-zero GHG emissions plan

The proposed updates:

- add a standalone requirement that for projects with a lifetime beyond 2050, applications must include a credible plan to achieve net-zero emissions by 2050; and
- add filing guidance around what proponents should include in a credible net-zero plan, including:
  - actions that will be taken to achieve net-zero emissions by 2050, including an implementation schedule of the actions;



- the mitigation measures that will be implemented for the project to achieve net-zero emissions by 2050;
- periodic project milestones that demonstrate GHG reductions towards net-zero, including assumptions and how they account for evolving regulatory measures/policies; and
- a discussion of factors such as associated costs, potential impacts on tolls, technical challenges, risks, and any other relevant considerations.

#### 4. Guidance on avoided emissions and offset credits

The proposed updates:

- require proponents to provide a description of the approach to using avoided emissions and offset credits in their net-zero plan; and
- refer to the SACC and associated draft Technical Guides.

#### **Anticipated benefits of improved filing requirements and guidance**

The proposed updates will increase clarity around the filing requirements and guidance for variance requests, relief requests, and project updates and will:

- provide improved clarity to proponents regarding the CER's expectations, reducing information requests and resulting in more complete applications;
- allow for flexible and scalable options for GHG filing requirements;
- support the CER's strategic priority for competitiveness through process efficiency, enabling public interest decisions to be made in a predictable and timely manner;
- provide awareness to Indigenous communities and stakeholders of the expectations that the CER has of proponents; and
- drive innovation, as companies are required to achieve net-zero GHG emissions by 2050.

#### **We need your input**

The CER welcomes written feedback regarding the proposed updates during the comment period ending 31 August 2022, via the [feedback page](#).

Specifically, we would like to hear from you on the following:

- Do these updates provide sufficient guidance to proponents to prepare their applications? If not, please elaborate on what is missing?
- Do you have views on the proposed scalable approach for filing requirements, based on GHG emissions thresholds?
- What are your views on the level of information currently required in the proposed updates to filing requirements in relation to the potential GHG emissions thresholds (for both construction and operation)?
- Does the *draft* Greenhouse Gas Emissions and Climate Change Supplemental Guidance document provide useful additional context to proponents in the preparation of an application? Please elaborate.



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- Are there any other additional elements that could be considered in determining the extent to which the effects of the project may hinder or contribute to Government of Canada's ability to meet its climate change commitments?

Please contact [filingmanual@cer-rec.gc.ca](mailto:filingmanual@cer-rec.gc.ca) if you would like to request a meeting to discuss your feedback or concerns.