

RECENT LEGISLATIVE AND REGULATORY DEVELOPMENTS

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Agenda

- I. Climate Change
- II. Proposed Federal Regulation
- III. Electricity
- IV. Coastal GasLink
- V. Oil Transportation Constraints
- VI. Indigenous Considerations
- VII. Trans Mountain Expansion
- VIII. Protective Legislation

CLIMATE CHANGE

Greenhouse Gas Pollution Pricing Act (GGPPA)

- Federal backstop
 - Carbon charge
 - LIE regime
- Provincial support since 2016 has collapsed

Legal Challenges

- Saskatchewan, Ontario, Manitoba, Alberta

Methane Rules

- AER Directive 060 and 017
- Measurement and reporting requirements, higher standards for new facilities

PROPOSED FEDERAL LEGISLATION

BILL C-69

- Adopted by the House of Commons on June 20, 2018
- Referred to the Senate Committee (toured)
- Amendments proposed by participants adopted, report issued May 28, 2019

BILL C-68

- *An Act to amend the Fisheries Act and other Acts in consequence*
- Referred to Senate Committee

BILL C-48

- Oil Tanker Moratorium Act
- Rejected by Senate Committee
- Awaiting Third Reading

ELECTRICITY

Proposed Capacity Market

- Current market energy only and wholesale, deregulated since 1996
- Bill 13 passed June 2018
- Related to REP and change in energy supply composition
- UCP consulting on whether to proceed

Distribution System Inquiry

- AUC inquiry into Alberta's natural gas and electric distribution
- Expected to initiate proceedings regarding rate structure, design and terms of service
- ~45 registered participants

ELECTRICITY

Renewable Electricity Program (REP)

- Part of Alberta's Climate Leadership Plan
- Competitive bidding process for renewable energy projects
- AESO has procured 1360 Mw in 3 rounds of procurement
- Round 4 is in development
- UCP may end REP program

Clean Fuel Standard

- Initiated by ECCC
- Objective: 30 million tonnes of annual reductions in GHGs by 2030
- Draft regulation planned for summer 2019

COASTAL GASLINK

- TCPL owned feeder pipeline to LNG Canada facility in Kitimat, B.C.
 - Received provincial approval in 2016
 - Proponents of LNG Canada shippers on CGL
- Jurisdictional challenge by M. Sawyer in 2018
- NEB found *prima facie* case for federal jurisdiction
- NEB proceeding ordered
 - Oral argument heard May, 2019
 - Decision pending

OIL TRANSPORTATION CONSTRAINTS

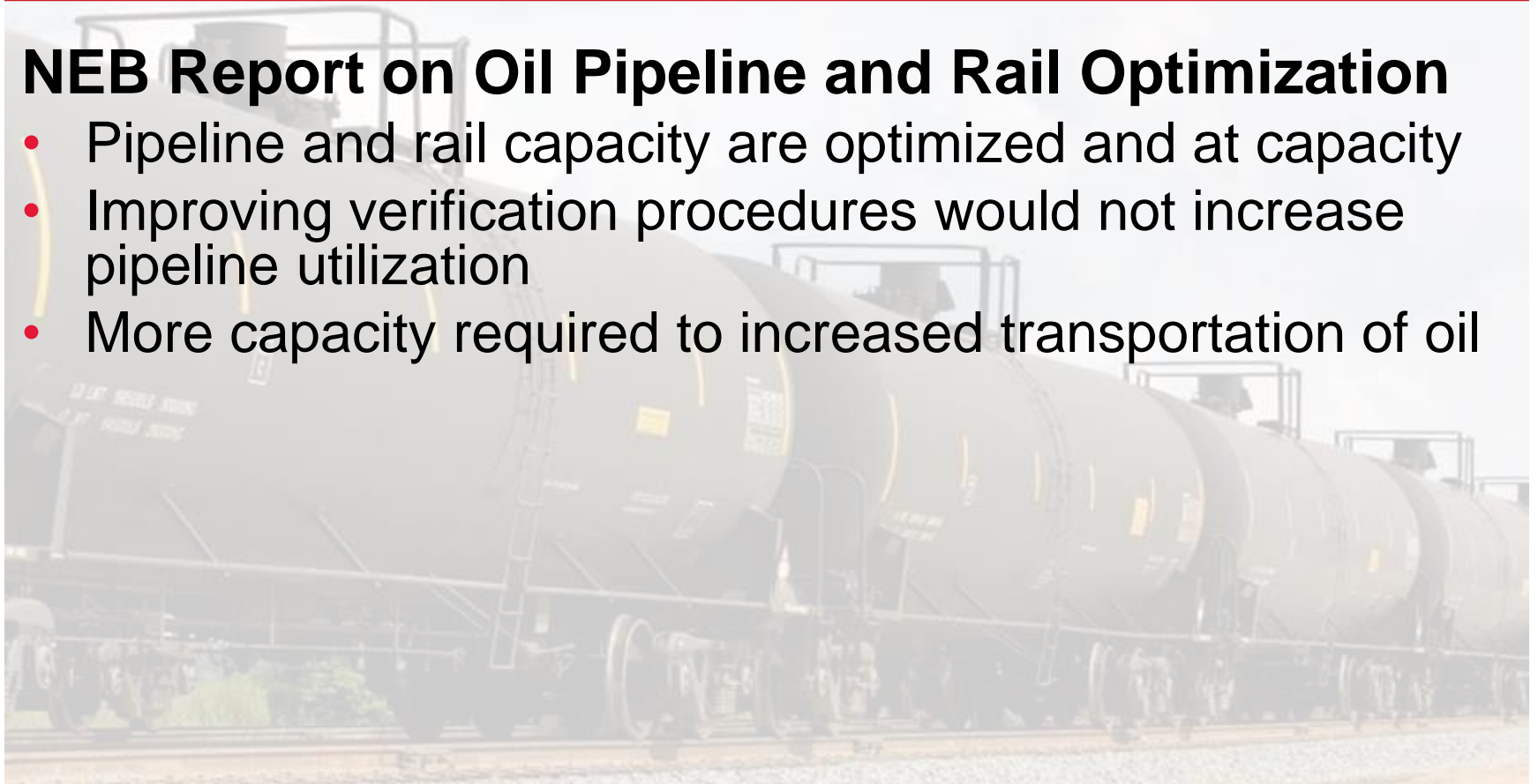
Oil Production Curtailment

- Announced December 2018
- *Curtailment Rules*
 - Operator level reductions
 - First 10,000 bpd exception
 - Jan 1, 2019 - 3.56 million bpd production limit
 - Production limit increased in February, April and May
 - New baseline (highest level of production during its best single month from November 2017 to October 2018)

OIL TRANSPORTATION CONSTRAINTS

NEB Report on Oil Pipeline and Rail Optimization

- Pipeline and rail capacity are optimized and at capacity
- Improving verification procedures would not increase pipeline utilization
- More capacity required to increased transportation of oil



INDIGENOUS CONSIDERATIONS

BILL C-262

- An Act to ensure that the laws of Canada are in harmony with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)
- Adopted by the House of Commons on May 30, 2018
- Recognizes principles of UNDRIP, intention to achieve its ends (no intention to make UNDRIP law)

INDIGENOUS CONSIDERATIONS

B.C. Environmental Assessment (EA) Process

- Bill 51 passed November 2018
- Intended to “revitalize” EA regime and replace EA Act
 - Primary objective to contribute to implementation of UNDRIP and advance reconciliation
- Key Changes:
 - Early engagement phase
 - Opportunities for Indigenous engagement and consent
 - Requirements to “seek to reach consensus” with Indigenous nations
 - Enhanced participation
 - List of Factors
- Anticipated entry into force late 2019

TRANS MOUNTAIN EXPANSION

- FCA quashed TMEP CPCN in August 2018
- Two grounds:
 - Failure to include effect of increased marine traffic on the Southern Resident Killer Whale in its environmental assessment
 - Failure to adequately discharge Phase 3 duty to consult with Indigenous peoples
- TMPL sold to federal government the next day (\$4.5B)
- Consultations reinitiated in fall 2018
- NEB released reconsideration report February 2019
 - Recommended (new) CPCN be issued
 - GIC decision expected June 18, 2019....and then what?

PROTECTIVE LEGISLATION

Preserving Canada's Economic Prosperity Act

- Proposed amendments to B.C. *Environmental Management Act* - permit for increased heavy oil
- Alberta responded with Bill 12: *Preserving Canada's Economic Prosperity Act* (Oh, and wine ban...sort of)
 - Potential requirement of export licenses for energy products (except heavy oil)
 - Penalties of up to \$10m/day(corp.) or \$1m/d (ind.) for non-compliance
- Feb./19 – B.C. challenge to Bill 12 deemed premature
- May 1/19 - Bill 12 proclaimed (Ministerial order? Regs?)
- May 24/19 - B.C. loses (bigly) EMA reference question