

An agreement on the equivalency of federal and Saskatchewan regulations for the control of greenhouse gas emissions from electricity producers in Saskatchewan, 2025

between the Government of Canada as represented by the Minister of the Environment (“Canada”) and the Government of Saskatchewan as represented by the Minister of the Environment (“Saskatchewan”)

WHEREAS Canada and Saskatchewan (“the Parties”) are parties to an equivalency agreement for Canada’s *Reduction of Carbon Dioxide Emissions from Coal-fired Generation of Electricity Regulations (Coal-Fired Electricity Regulations)* (“2020 Equivalency Agreement”), which came into force on January 1, 2020;

and whereas Saskatchewan has promulgated amendments to *The Management and Reduction of Greenhouse Gases (General and Electricity Producer) Regulations (MRGG Regulations)*, made under section 84 of *The Management and Reduction of Greenhouse Gases Act*, which limit greenhouse gas emissions from the electricity generating sector in Saskatchewan for the period January 1, 2025 to December 31, 2026 to 29.4 megatonnes of carbon dioxide equivalent (Mt CO_{2e});

and whereas the units operated by regulated electricity producers under the *MRGG Regulations* include the units regulated under the *Coal-Fired Electricity Regulations*;

and whereas Saskatchewan’s regulated electricity producers have satisfied the conditions of the 2020 Equivalency Agreement and have reduced greenhouse gas emissions below the limits set out in the *MRGG Regulations* for the compliance periods 2018 to 2019 and 2020 to 2023 and expects to be on track to satisfy the conditions of the 2020 Equivalency Agreement in 2024;

and whereas Saskatchewan has to date exceeded the non-emitting generation capacity development milestones set out in the 2020 Equivalency Agreement;

and whereas SaskPower continues to advance the application of carbon capture and storage technology, which at Boundary Dam unit 3 has resulted in the avoidance of more than six million tonnes of CO₂ emissions as of March 31, 2024;

and whereas for the purposes of determining equivalency, the impact of the federal *Coal-fired Electricity Regulations* in Saskatchewan for the period of January 1, 2018 to December 31, 2026 is 135.1 Mt CO_{2e}, which was modeled based on the regulated requirements;

and whereas for the purposes of determining equivalency, the impact of the federal *Coal-fired Electricity Regulations* in Saskatchewan for the period of January 1, 2025 to December 31, 2026 is 29.4 Mt CO_{2e}, which was modeled based on the regulated requirements;

and whereas for the purposes of determining equivalency, Saskatchewan's actual emissions from the electricity generating sector for the period of January 1, 2018 to December 31, 2023 were 86.3 Mt CO₂e;

and whereas for the purposes of determining equivalency, Saskatchewan's forecasted emissions from the electricity generating sector for the period of January 1, 2024 to December 31, 2024 are expected to be no higher than 13.6 Mt CO₂e;

and whereas the draft *Clean Electricity Regulations* were published in the *Canada Gazette, Part I* on August 19, 2023, and are expected to impact emissions in the electricity sector once the final *Clean Electricity Regulations* are adopted but not in the period between January 1, 2025 and December 31, 2026. As such, the publication of the *Clean Electricity Regulations* in the *Canada Gazette, Part II* will not affect the determination of equivalency in this Agreement;

and whereas section 10 of the *Canadian Environmental Protection Act, 1999 (CEPA)* sets out provisions on equivalency and allows the Minister of the Environment to agree in writing with a provincial government that there are in force by or under the laws applicable to the jurisdiction of the government provisions that are equivalent to a regulation made under subsection 93(1) of the *CEPA*, and provisions that are similar to sections 17 to 20 of the *CEPA* for the investigation of alleged offences under environmental legislation of that jurisdiction;

Now therefore, the Parties agree:

1.0 Definitions

"*CEPA*" means the *Canadian Environmental Protection Act, 1999*, S.C. 1999, c. 33;

"*MRGG Act*" means Saskatchewan's *The Management and Reduction of Greenhouse Gases Act*, S.S. 2010, c. M-2.01;

"*MRGG Regulations*" means Saskatchewan's *The Management and Reduction of Greenhouse Gases (General and Electricity Producer) Regulations*;

"*Coal-fired Electricity Regulations*" means the *Reduction of Carbon Dioxide Emissions from Coal-fired Generation of Electricity Regulations, SOR/2012-167*.

2.0 Equivalency

2.1 Provisions that are in force by or under the laws of Saskatchewan, and in particular the *MRGG Act* and the *MRGG Regulations* are equivalent to the provisions of the *CEPA* and the *Coal-fired Electricity Regulations*, for the purposes of Section 10 of the *CEPA*, by reason of the fact that the following criteria have been met:

A. Greenhouse Gas Emissions Levels

The effect on greenhouse gas emissions levels of the limits, determined in tonnes of CO₂e, that are applicable under the *MRGG Act* and the *MRGG Regulations* are assessed to be, for the calendar years 2025 to 2026, equivalent to the effect on greenhouse gas emissions levels of the limits imposed under the *CEPA* and the *Coal-fired Electricity Regulations*, taking into account the emission performance of regulated electricity producers from 2018 to 2024.

B. Resident's Request for Investigations

Sections 62.1 and 62.2 of the *MRGG Act* provide a mechanism similar to that provided in sections 17 to 20 of the *CEPA* whereby an alleged offence will be investigated on the application of a resident, and a report shall be made by the provincial Minister of the Environment to the applicant outlining the progress of the investigation and the action, if any, that is or will be taken.

C. Sanctions and Enforcement Programs

The penalty and enforcement provisions of the *MRGG Act* are equivalent to the penalty and enforcement provisions in the *CEPA*.

3.0 Information-sharing

3.1 The Parties will share information upon request respecting the administration of this Agreement in order to meet each Minister's respective reporting obligations to Parliament or to the people of Saskatchewan, as the case may be.

3.2 For the administration of this Agreement, Saskatchewan will provide to Canada on an annual basis as a minimum:

- a. written notification of any relevant proposed and actual amendments to the *MRGG Act* or the *MRGG Regulations*;
- b. reports on the quantity of electricity generated by each fossil fuel-fired electricity unit in Saskatchewan;
- c. reports on the capacity (in MW) for each electricity generating unit, whether they are fossil-fuel fired or non-emitting, in Saskatchewan;
- d. reports on the quantity of CO₂, and of total GHG emissions (in CO₂e) released from each electricity generating unit in Saskatchewan;
- e. reports on the performance of Boundary Dam unit 3 carbon capture and storage in Saskatchewan;
- f. returns and other compliance period reports required under section 19 of the *MRGG Act*;
- g. any auditing reports produced for the purposes of the *MRGG Act* concerning the *MRGG Regulations*;

- h. copies of any orders issued, amended, or renewed under the *MRGG Act* concerning the *MRGG Regulations*; and
- i. annual statistics on enforcement actions by Saskatchewan concerning the *MRGG Regulations*.

3.3 For the administration of this Agreement, Canada will provide to Saskatchewan, written notification of relevant proposed and actual amendments to the *CEPA* or the *Coal-fired Electricity Regulations*.

4.0 Conditions

4.1 As part of this Agreement, Saskatchewan has promulgated amendments to the *MRGG Regulations* to include a mandatory greenhouse gas emissions limit for the electricity sector in Saskatchewan for the years 2025 to 2026 of 29.4 Mt CO₂e.

4.2 Following the signing of this Agreement, the Governor in Council will be authorized to make an order declaring that the provisions of the *Coal-fired Electricity Regulations* do not apply in Saskatchewan.

4.3 Saskatchewan confirms that, for the purposes of this Agreement and for complying with the *MRGG Regulations*, regulated electricity producers will not be authorized to:

- use credits other than performance credits for regulated electricity producers whose actual emissions for a compliance period were less than the emissions level prescribed for that emitter;
- make compliance payments, such as payments to the Saskatchewan Technology Fund.

4.4 Saskatchewan agrees to meet a commitment to have at least 40% of the province's electricity generation capacity be from non-emitting energy sources by December 31, 2030. Saskatchewan agrees to meet this target with minimum milestones for the range of percentages of the province's electricity generation capacity that is from non-emitting sources of a minimum of:

- 30 - 34% by December 31, 2024; and
- 34 - 40% by December 31, 2027; and
- 40 - 50% by December 31, 2030.

4.5 The Parties acknowledge that this Agreement is without prejudice to the form of any future agreement between the Parties on electricity.

5.0 Entry into force and conditions for renewal

5.1 This Agreement comes into force on January 1, 2025.

5.2 This Agreement terminates on December 31, 2026. This Agreement may be terminated earlier by either Party giving the other at least three months' notice.

5.3 The Parties may discuss a new equivalency agreement, to come into force upon termination or expiry of this Agreement.

6.0 Amendment

6.1 The Parties may amend this Agreement from time to time pursuant to the requirements under section 10 of the *CEPA*.

NOV 29 2024

Date

His Majesty the King in Right of Canada



Hon. Steven Guilbeault
Minister of the Environment

NOV 29 2024

Date

His Majesty the King in Right of Saskatchewan



Hon. Travis Keisig
Minister of the Environment