

MEMBER STATEMENT—KEVIN O'REILLY MLA FRAME LAKE

LARGE EMITTER REBATES AND THE CARBON TAX

October 19, 2020

MR. O'REILLY: Merci, Monsieur le President. I voted against the carbon tax in the last Assembly because Cabinet would not require any public reporting or transparency. On December 10, 2019, the Minister of Finance said the following about the guidelines being developed for large-emitter carbon tax grants, "I can assure the Member that, indeed, draft guidelines will be shared with the committees for review."

Those guidelines, as specified in Section 6.6(5) of the Petroleum Products and Carbon Tax Regulations, were shared with committee in March, just as the pandemic hit. MLAs were also given an opportunity to comment on an approach for carbon tax reporting. While I recognize that COVID-19 has delayed a lot of our work together, there was no review of the large-emitter grant program or policy under our current carbon pricing regime, and it's not clear if the program has even been used.

These guidelines are now on the departmental website after I asked about them in September. I've reviewed them and can summarize as follows: The carbon tax paid by large emitters, basically the diamond mines and Norman Wells production facility, are expected to amount to about \$4.1 million for 2020-2021, with about \$530,000 available for the grant program. This money stays in individual accounts for each emitter for up to five years before it is forfeited to the government. Projects can be pre-approved for a grant to cover up to the amount held in the individual accounts with costs recoverable as long as there is money in the account. Equipment replacement, alternative energy and fuel consumption reductions are all eligible expenses but must account for at least a five percent reduction in greenhouse gas emissions to a project baseline as calculated by an independent engineer.

This looks like a high bar for any large emitter to get over, and the costs of an engineering assessment don't appear to be eligible. The narrow eligibility requirements also work against smaller projects or innovation that could emerge from experimental or novel technology, including renewable diesel. Given the low amount of funding that is available and the narrow criteria for approval, I will be surprised to learn if any large emitters have actually submitted applications.

I will have questions later today for the Minister of Finance on the implementation of the carbon tax, working with committees and how we can better encourage greenhouse gas reductions, and the movement to a green economy. Mahsi, Mr. Speaker.