

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 366-19(2)/372-19(2): LARGE EMITTER CARBON TAX GRANT PROGRAM

October 19, 2020

366-19(2)

MR. O'REILLY: Merci, Monsieur le President. My question is for the Minister of Finance, who is responsible for the NWT carbon tax. Earlier today, I discussed some of the shortcomings of the large emitter carbon tax grant program. Can the Minister confirm whether there was any public engagement and work with standing committee to develop the large carbon emitter carbon tax grant program? Mahsi, Mr. Speaker.

MR. SPEAKER: Thank you, Member for Frame Lake. Minister of Finance.

HON. CAROLINE WAWZONEK: Thank you, Mr. Speaker. There hasn't been a formal engagement process since the time that the regime was proposed back in the 18th Assembly. However, the Standing Committee on Government Operations has been consulted both at the time of the 18th Assembly, as well as here earlier in 2020, as I think the MLA did earlier reference. They were given a copy in advance of the large emitter grant policy back in March, and similarly, the industry itself, the large emitters themselves who would be subject to this, were also given an opportunity for some feedback on this, which came after the committee's opportunity to review. Then, there were some, I believe, adjustments to some of those documents and templates after that time. Thank you, Mr. Speaker.

MR. O'REILLY: I want to thank the Minister for that. I can assure the Minister there was very little consultation with committee in terms of developing the actual bill that was brought forward, and that was one of the reasons why I voted against it in the last Assembly. The Minister promised that there would be some consultation on the development of these guidelines, and I'm not convinced that really happened. On to my question: can the Minister tell us whether there have been any applications under the large emitter carbon tax grant program or policy, and if so, how many have been successful?

HON. CAROLINE WAWZONEK: The accounts for this program were only set up as of March 31, 2020, which obviously falls and coincides quite a bit with what is happening with COVID-19. As of this point, with a few months, no, there have not been any applications yet to date.

MR. O'REILLY: I want to thank the Minister for that, and I'm kind of not surprised, given the high bar that the current guidelines put on applicants. Can the Minister tell us what the available revenues are projected for the 2020-2021 fiscal year for large emitter carbon tax grant program? Sorry, I did give the Minister a head's up before coming to the House today.

HON. CAROLINE WAWZONEK: Yes. I do happen to have those numbers now right in front of me. For the fiscal year of 2020-2021, we are projecting \$25 million in carbon tax revenues, which, based on that projection and assuming no drawdowns, at the end of this fiscal year, the large emitter individual accounts would be estimated to be just over \$2 million.

MR. SPEAKER: Thank you, Minister. Final supplementary. Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. I want to thank the Minister for those figures. Earlier today, I outlined some of the limitations with the large emitter carbon tax grant program and policy. These include the narrow scope of the eligibility criteria that does not encourage innovation or experimentation; the requirement for a third-party engineering assessment; the lack of public reporting of any project submitted or approved; there are no forums for submission of projects; and more. Would the Minister agree that it is already time to review the large emitter carbon tax grant program and policy, and how will she ensure this time that there is some level of accountability and public engagement while working with standing committee? Mahsi, Mr. Speaker.

HON. CAROLINE WAWZONEK: Fortunately, this is a policy-based item, so there certainly is opportunity to refine it as it has now rolled out and before any applications come in. Again, it's fairly early in its stages. The Member mentions the need for innovation, the desire for innovation. I have actually heard the same from industry, that they also want the opportunity to innovate, that they want the opportunity to access these funds, to be real leaders in this area. To the extent that that can be considered, I think that is a great opportunity. Again, the policy itself is not complex. It's not lengthy. It may very easily be subject to the opportunity to fix it and to move forward with it in a way that is really meaningful and that will address these issues that are coming forward now, at this early stage. It is the right time to be looking at it. It is the right time to be having that engagement. Mr. Speaker, indeed, as I have said, industry has already been in contact around this. Now, the Member is also speaking to it. I am quite certain that we will be able to find a way forward that is accountable and innovative. Thank you.

QUESTION 372-19(2):
LARGE EMITTER CARBON TAX GRANT PROGRAM

MR. O'REILLY: Merci, Monsieur le President. I would like to just ask a couple of more questions, if I may, of the Minister of Finance on the large emitter carbon tax grant program. I think she almost started to make a commitment that she was prepared to review the current program and the policy that is in place, so is the Minister prepared to do that? Mahsi, Mr. Speaker.

MR. SPEAKER: Thank you, Member for Frame Lake. Minister of Finance.

HON. CAROLINE WAWZONEK: Thank you, Mr. Speaker. I am hesitating only because I don't want to get mired in reviews on a program that hasn't even really barely rolled out. I agree with some of the comments the Member has made around ensuring that there is enough flexibility in this program to really capture true innovation, and so that we are really encouraging a sea change in terms of how we deal and how we can really use this funding to advance green opportunities and green mining. Whether it's maybe a

small-scale, internal review that happens, that much, I think, is probably safe to say. Thank you.

MR. O'REILLY: I want to thank the Minister for that. She's almost there. If I had had a chance to look at the guidelines and the policy, I would have given her that advice back in March, but of course, everything kind of shut down with COVID. One of my concerns is that renewable diesel, and I'm not talking about biofuels, renewable diesel, as I understand, at least one of the diamond mines is very interested in trying to trial it and maybe even use some of the money that is available through the large emitter carbon tax grant program, but it doesn't make any sense to try to apply, the way that it is currently formulated. Has the Minister heard about this proposal to look at renewable diesel at one of the diamond mines?

HON. CAROLINE WAWZONEK: I don't have the details about some of the different proposals. What I do have is some engagement that has come, frankly, from my other hat, from the diamond mines who are looking for opportunities to be innovative. Whether that is through renewable diesel project or others, I think I take the point that there are some ideas out there that are going to be innovative where, right now, if we're demanding proof of a 5-percent reduction as part of the application process, that may be a difficult target to be able to provide that advance proof of, if what you're trying to do is something innovative. There has to be a way to modify what we're doing to ensure that we're capturing that true innovation. That is something I've spoken about many times, and again, as I say, it may be simply a matter of an internal, small-R-type review that needs to happen so that the eligibility criteria are not excluding otherwise valid, good projects that will advance green energy and green mining.

MR. O'REILLY: I want to thank the Minister for that. I mentioned this in my Member's statement, that one of the conditions for eligibility under this grant program policy is that a large emitter, the project is supposed to reduce the annual GHG emissions by 5 percent relative to a project baseline, business-as-usual scenario. I'm actually looking at the document, but it's not clear to me whether that is 5 percent for the entire project or 5 percent for the specific area that an application covers. I'm not sure if the Minister can answer that question. I'd like to ask it, and we'll see where the answer is.

HON. CAROLINE WAWZONEK: The simple fact is: as I said earlier, having only been really up and running since the accounts were set up at the end of March, there hasn't even been an application yet, but I think, at the very least, as I've said already, whether it's a small-R internal review or whether it's a question of putting out some guidelines to help understand the interpretation of the criteria, which are admittedly short, I also have it in front of me, I think we'll have to do that to make sure that we are actually, again, capturing and targeting good projects, good ideas, so that we can actually demonstrate that this is going to be a program that encourages innovation. I think the Member's point has been clearly made, that there is some work to be done here to make this an even better program.