

## Chapter 3: Environment—Regulating Industrial Emitters

### Why It Matters

The Ministry of Environment began operating an Output-Based Performance Standards Program in 2019 designed to regulate industrial emitters. Without effective processes to regulate industrial emitters, Saskatchewan may not achieve reductions in greenhouse gas emissions as expected to protect the environment and the economy.

Jurisdictions with effective climate change strategies will help prepare their economies for increasing global competition as consumers seek out lower carbon options, and also help manage the impacts of climate change like wildfires, intense storms, and droughts.

### Why We Did This Audit

Industry-driven greenhouse gas emissions contribute to climate change. Reducing greenhouse gas emissions intensity will help Saskatchewan minimize negative impacts to provincial economic growth and environmental sustainability caused by climate change.

### Key Facts and Figures

- Regulated industrial emitters (e.g., oil and gas, potash, steel industries), accounted for about 16% of Saskatchewan's total greenhouse gas emissions in 2021
- Program grew from 80 industrial facilities in 2019 to 154 in 2023
- Emitters in the Program, which allows more gradual reductions of emissions intensity, are exempt from the federal fuel charge
- Emitters who exceed the permitted emissions intensity do not have to pay the Ministry until 1.5 years after this was determined
- The Ministry spent \$4.4 million in 2022–23 on climate change related initiatives (e.g., administration of regulatory programs)

### What We Found

Under the Program, industrial emitters exceeding annual facility-specific emissions intensity limits are required to pay a levy to the Ministry intended to fund technologies to reduce, sequester, or capture emissions (although, some may use performance credits to offset levies paid).

The Ministry had yet to fund any industry-driven technologies as of December 31, 2023 (through its Saskatchewan Technology Fund).

Nearly half of regulated emitters exceeded their permitted limit for 2019 and 2020. The Ministry does not report these results to the public.

### Our Recommendations

The Ministry of Environment needs to:

- Determine sufficient measures to assess and publicly report on the performance of the Program. Without the measures, it does not know whether the Program is achieving the desired environmental and economic results (e.g., reducing emissions intensity, saving industrial emitters money).
- Implement a robust data management system to improve analysis and decrease the risk of information errors or inaccuracies, or fraud. Poor data management systems reduce the Ministry's ability to assess and report the Program's results.
- Document staff guidance for consistently evaluating concerns identified in third-party verifier reports about industrial emitter returns to help ensure the Ministry receives reliable emitter information and collects all levies owed.