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June 28, 2021

Ms. Katherine Teeple
Director, Industrial GHG Emissions Management
Programs Directorate and Carbon Markets Bureau
Environment and Climate Change Canada
200 Sacré-Coeur Blvd
Gatineau, QC K1A 0H3

Dear Ms. Teeple:

The Canadian Energy Pipeline Association (CEPA) has reviewed the proposed Regulations Amending the Output-Based Pricing System Regulations. Generally, we support the changes made and believe they will help provide needed clarity for companies captured under the program.

We would, however, like to take this opportunity to raise two points of concern. First, the review of the OBPS did not reassess the risk of carbon leakage from the currently regulated Emissions-Intensive Trade-Exposed (EITE) industries due to the increase in carbon price post-2022. The \$170/tCO₂e in 2030 represents a very significant increase that warrants reviewing where industries are on the EITE scale. This risk should be re-evaluated and the OBPS for industrial sectors revised accordingly.

Second, according to the draft amended regulation, if a person anticipates that they will no longer be the responsible person for a covered facility, they must inform the Minister in writing, at least 30 days before the anticipated change, of the anticipated date of the change and the name of the new responsible person. Thirty days before the anticipated change does not provide enough time for regulated companies to know and report such a change. We recommend this be changed to allow 90 days for a person to notify the Minister of a change in the responsible person after the change has been made.

CEPA appreciates the efforts of staff at Environment and Climate Change Canada to engage with stakeholders on the review of the OBPS. Please do not hesitate to contact the undersigned with any questions or concerns.

Yours sincerely,

Kai Horsfield
Manager, Policy and Regulatory