



Ministry of
Environment and
Climate Change Strategy

Public Interest Bonding Strategy



Intentions Paper

DECOMMISSIONING AND CLOSURE OF INDUSTRIAL PROJECTS

Public Engagement Session

Ministry of Environment and Climate Change Strategy
Environmental Protection Division
Environmental Policy and Initiatives Branch

Agenda

Project overview

- Project mandate & phases
- Guiding principles
- Engagement timeline
- What is assurance?

Regulatory framework

Provide your feedback



Project mandate & phases



“Deliver the first phase of B.C.’s new bonding policy toward ensuring owners of large industrial projects are bonded moving forward so that they – not British Columbians – pay the full costs of environmental cleanup if their projects are abandoned”

Phase 1

Review assurance mechanisms under EMA and *Mines Act*, focusing on foreseen costs from existing active or new high-risk projects

- Phase 1A – EMA amendments, enabling powers – completed
- Phase 1B – New regulatory framework

Phase 2

Review assurance mechanisms for foreseen/unforeseen costs under broader range of statutes (i.e., *Land Act*, *Forest Act*)

Guiding Principles



Polluter pays



Consistent with the *Declaration on the Rights of Indigenous Peoples Act*



Risk-based determination



Maintain industry competitiveness and financial viability



Reduce and mitigate environmental risk



Transparent and accountable decisions



Consistent, compatible and fair decision-making

Engagement timeline

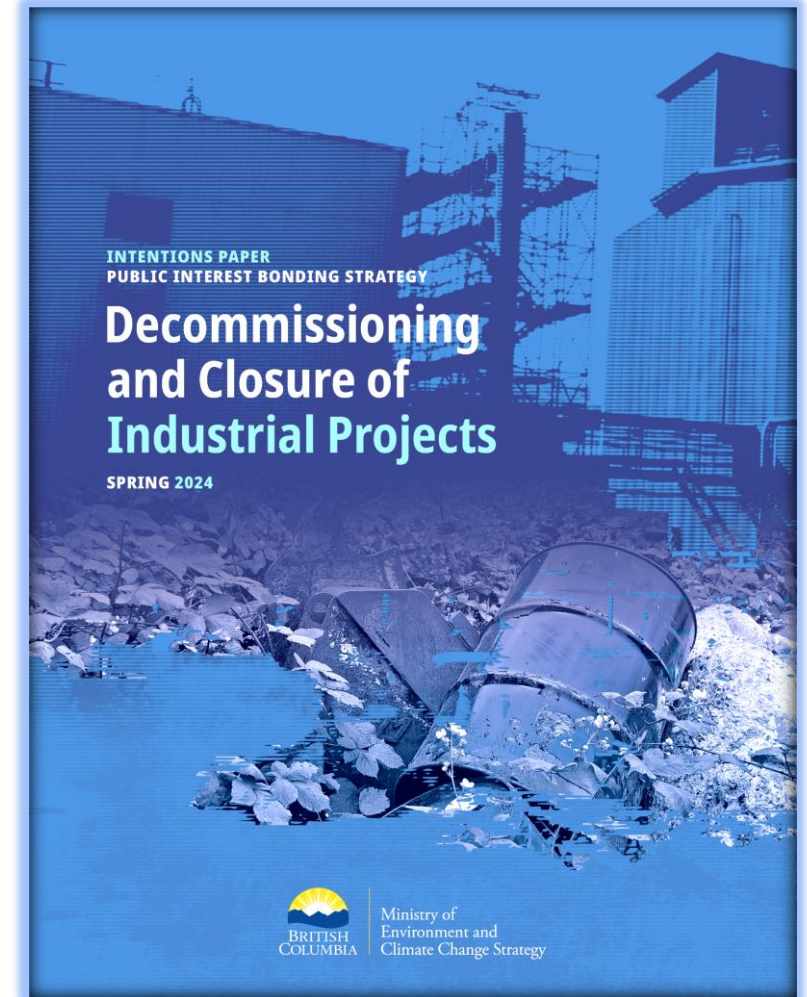


Purpose of the intentions paper

- Summarizes proposed regulatory framework under the *Environmental Management Act*
- Promotes dialogue and gain feedback on proposed regulatory framework
- Informs effective and efficient solutions to deliver on the mandate commitment

Link to engagement website:

<https://engage.gov.bc.ca/govtogetherbc/engagement/public-interest-bonding-strategy/>

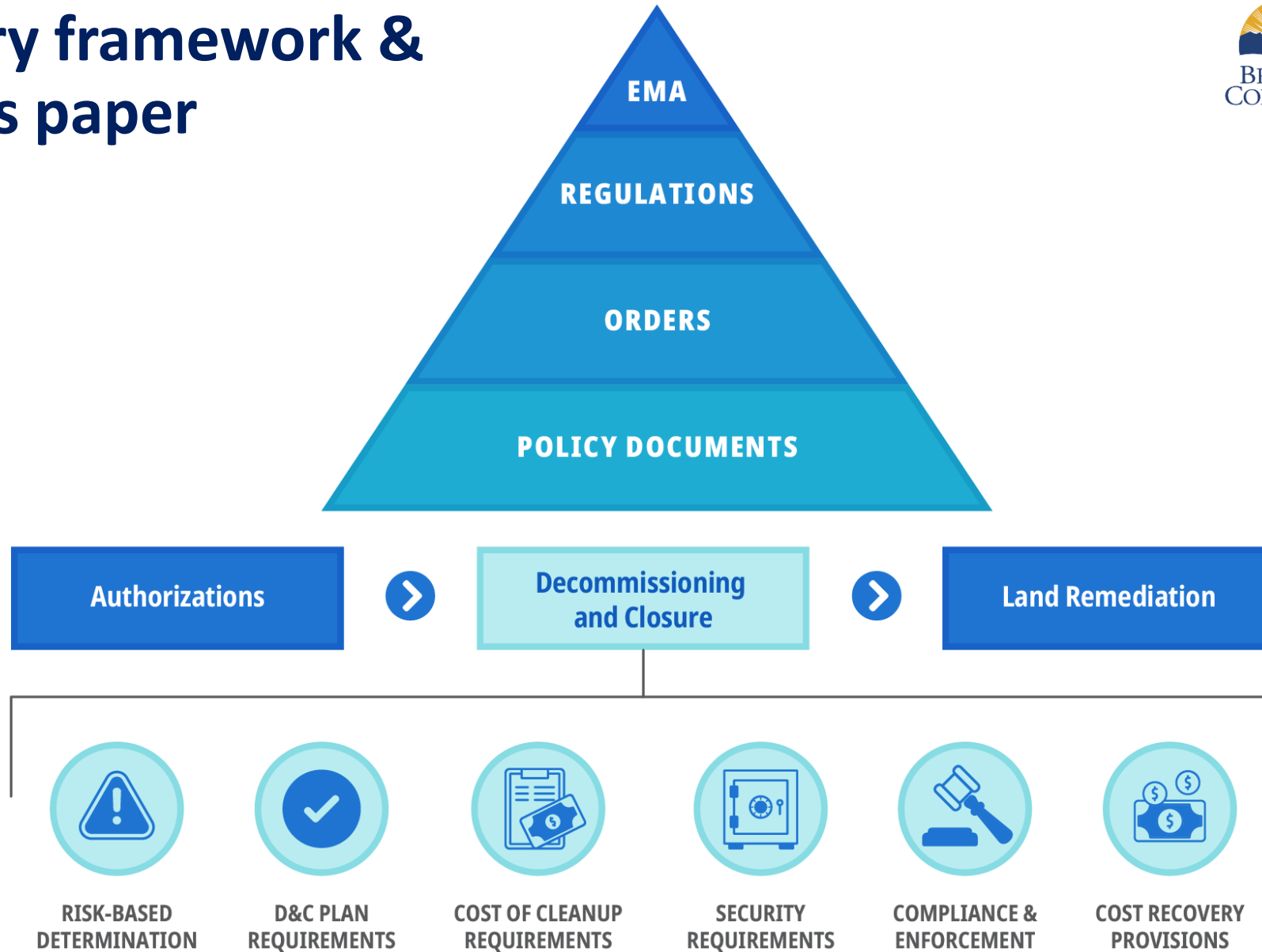


What is assurance?



- A guarantee that *industrial* projects will pay for costs of decommissioning and closing a site
- Promotes proactive planning of decommissioning and closure of industrial projects
- Ensures obligations are fulfilled in a timely manner
- Protects British Columbians against incurring new costs from abandoned industrial projects
- Examples: surety bonds, irrevocable letters of credit, cash/cash equivalents

Regulatory framework & intentions paper overview



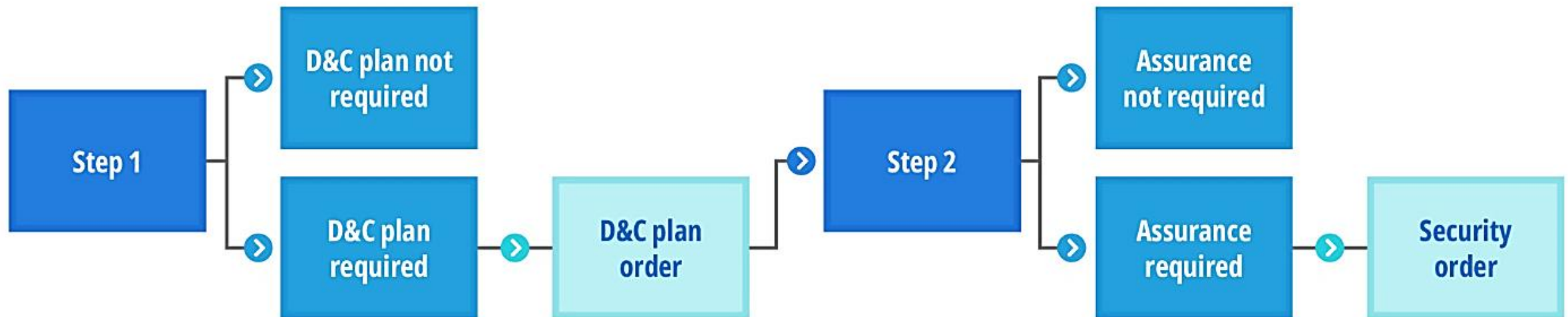
Risk-based determination

Step 1 – D&C plan – use internal screening triggers to identify projects

- Based on Waste Discharge Regulation, activity type, ownership, location, non-compliance, First Nations request, known cost of cleanup is high

Step 2 – Assurance – use D&C plans & internal data to identify projects

- Financial risk – based on company background, corporate policies, financial performance, project specifics, compliance and industry performance
- Environmental liability – based on cost estimates for D&C plans



Step 1 – Which projects require D&C plans?

Screening Tool

- Guided by Waste Discharge Regulation
- Types of activities on site
- Facility ownership
- Location
- Existing requirements

Exceptional Circumstances

- Flexibility to respond to emerging circumstances and site-specific information provided by First Nations, local governments, the public and ministry staff
- Based on project / company financial risk and environmental liability factors

Step 1 – Screening Tool continued...

Which projects require D&C plans?

D&C Plans required for:

- Existing active projects that include one of the following WDR Schedule 1 activities:
 - Chemical and Chemical Products
 - Metal Processing & Metal Products Manufacturing
 - Metal Smelting
 - Iron and Steel Foundry & Metal Refining
 - Paper, Pulp
 - Refined Petroleum & Coal Products
 - Municipal Sewage Management (fees > \$50,001)
- New (future) projects - WDR Schedule 1 activities

*****Other WDR activities if exceptional circumstances apply***

D&C Plans not required for:

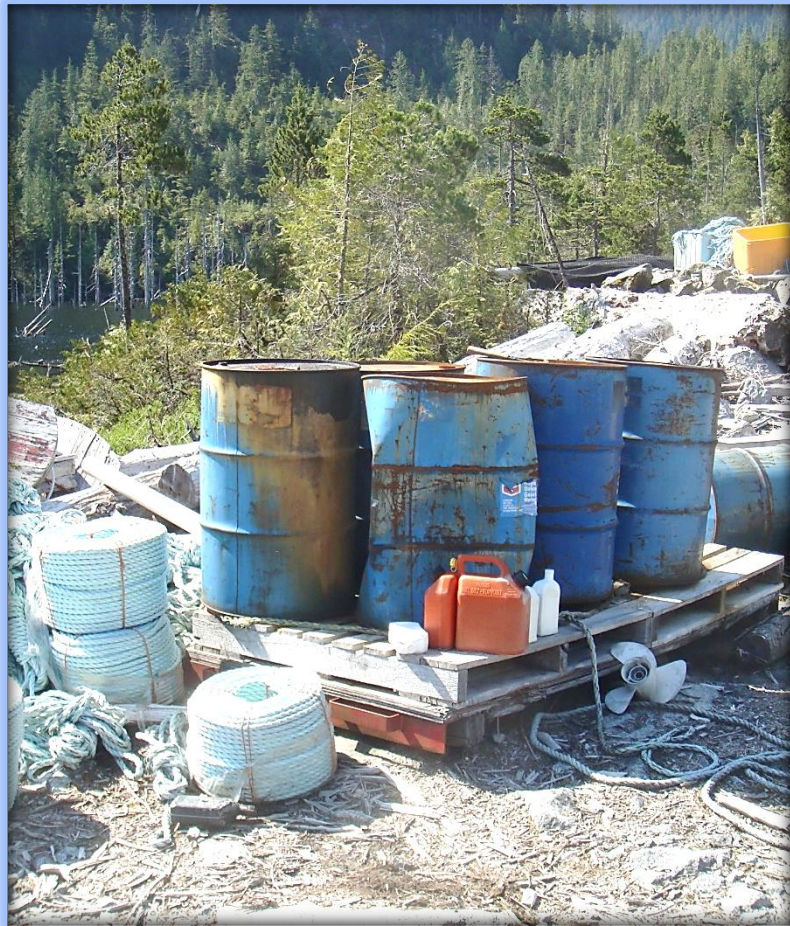
- Government owned projects
- Projects located on federal land
- Projects with similar requirements under the *Mines Act* or *Energy Resource Activities Act*
- Private landfill or hazardous waste management projects with similar requirements under EMA

D&C plan requirements

- Prepared by qualified professionals or qualified persons
- Content requirements (e.g., project details, inventory of substances/things capable of causing pollution, D&C actions)
- Cost estimates (third party costs)
- D&C plans will be reviewed and updated (if required) every five years, or as specified by director
- Requirements for engagement with Indigenous peoples and local governments



D&C plans and safeguarding



- Some facilities may temporarily pause operations with the intentions to restart in the foreseeable future
- QPs can propose “safeguarding” activities to reduce risks during a pause in operations, as part of their D&C plans
 - Safeguarding activities are site specific and must ensure ongoing safety and environmental protection of the facility
 - May include management and removal of substances, ongoing maintenance and monitoring
- D&C plan must be updated after implementing safeguarding activities

Timelines for implementing D&C plans

Operations cease (D&C)

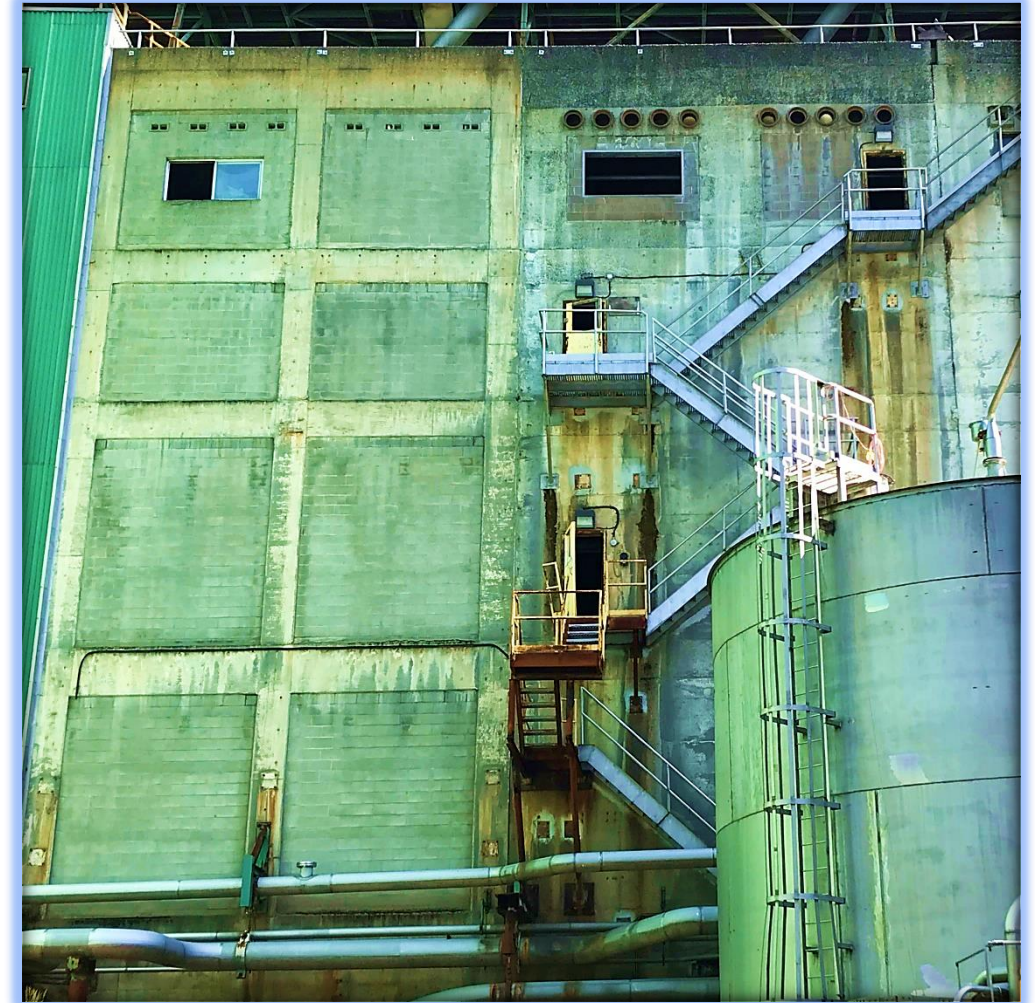
- Notify ministry within 30 days
- Begin implementing actions within 1 year
- Complete all D&C activities within 5 years, with exceptions for unique project needs

Operations pause (Safeguarding)

- Notify ministry within 30 days
- Begin implementing actions within 1 year
- Complete safeguarding activities within 2 years
- Within 6 months, the D&C plan must be updated, and further actions may be required

Step 2 – Which projects require assurance?

- Ministry will calculate financial risk based on D&C plan details and internal data
- Financial risk analysis will be based on six factors:
 - From D&C plans – company background, corporate policies, financial performance, project specific factors
 - From internal data – compliance history, industry performance
- High financial risk score = assurance required
 - Also considering D&C cost threshold



Assurance – amount and form



- If a project is determined to require assurance:

High financial risk

Assurance = Cost of D&C (\$)

High cost of D&C AND medium/low financial risk

Assurance = Financial risk (%) x Cost of D&C (\$)

- Assurance = **risk reduction actions** and/or **security**
 - Risk reduction actions are actions taken to reduce site's D&C costs
 - Preferred forms of security include Irrevocable letters of credit, surety bonds and cash / cash equivalents

Risk Reduction Actions

What are they?

- Can be provided in addition to security
- Optional
- Qualified professional may propose risk reduction actions & timeline to complete work
- Included in the Risk Reduction Action Plan (Appendix to D&C plan)

Why are they an option?

- Reduce the overall risk to the government of B.C. while providing an option to decrease amount of upfront security required

What happens if actions are not completed?

- ENV will order security for the liability associated with the unfinished work



Financial assurance - Securities

Security forms preferred by ENV:



Irrevocable letters
of credit



Surety bonds

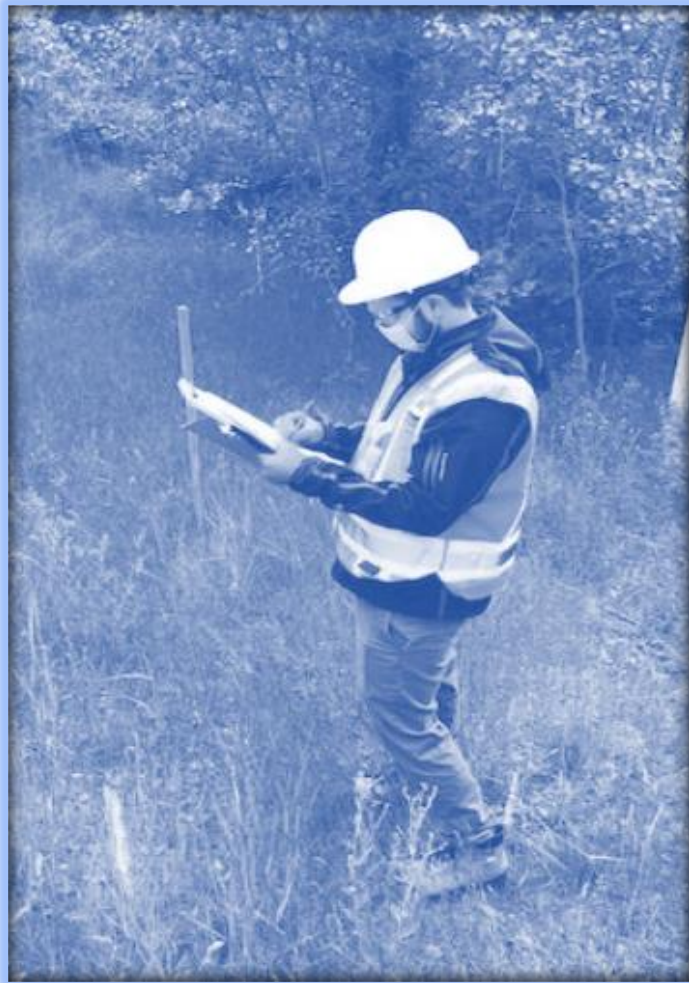


Cash/Cash
Equivalents

Other considerations:

- Bill 29 allows ENV to make security decisions
- Qualified professional will help inform security preferences based on site-specific factors

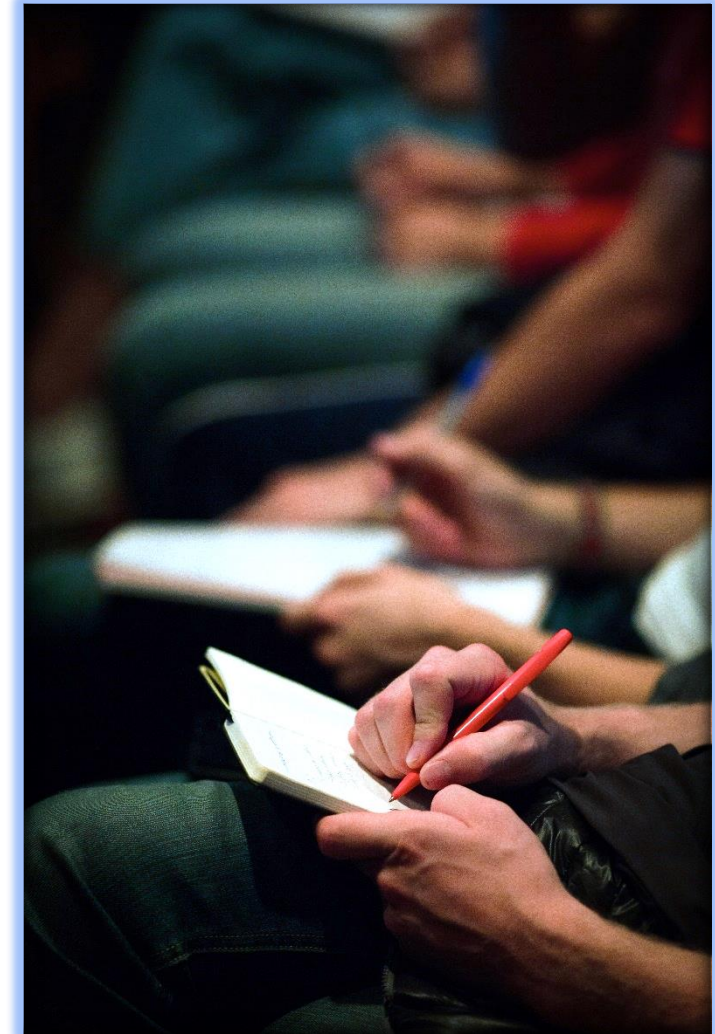
Compliance, enforcement and cost recovery



- Compliance with the regulatory framework will be enforced by the ministry's existing Compliance & Enforcement Branch
- If ENV determines that D&C obligations are not fulfilled, the ministry *may* take action by completing site D&C and recovering costs incurred by British Columbians
- The ministry intends to include cost recovery in the regulatory framework

Provide your feedback

- The ministry seeks your input on B.C.'s new regulatory framework and welcomes feedback on the proposals outlined in this presentation and the intentions paper
- Visit the project website to view the intentions paper
- To complete a survey, submit written feedback, and register for upcoming engagement sessions please visit the engagement website,
<https://engage.gov.bc.ca/govtogetherbc/engagement/public-interest-bonding-strategy/>
- Feedback will be accepted until **June 9, 2024 at 4:00 pm**
- Feedback will inform a What We Heard Report





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Questions & Comments