



AUG 22 2019

MINISTERS OFFICE
Dept. of Natural Resources

AUG 28 2019

The Honourable Siobhan Coady, M.H.A.
Minister of Natural Resources
Government of Newfoundland and Labrador
P.O. Box 8700
St. John's NL A1B 4J6

Dear Minister:

I am responding to your letter of April 17, 2019, concerning the Clean Fuel Standard, as well as the correspondence addressed by your Deputy Minister to Environment and Climate Change Canada's Deputy Minister on this subject. I regret the delay in responding.

The Government of Canada recognizes that provinces and territories are integral partners in the implementation of the Pan-Canadian Framework on Clean Growth and Climate Change. Canada's climate plan depends on our commitment to continue working together to develop measures that will help reduce emissions and grow the economy. I appreciate the concerns raised by the Government of Newfoundland and Labrador about the proposed Clean Fuel Standard regulations and how they could impact North Atlantic Refining Limited, which plays a key role in the economy of Newfoundland and Labrador.

On June 28, the Government of Canada released the Clean Fuel Standard Proposed Regulatory Approach, which sets out in detail the proposed regulatory design for the liquid fossil fuel phase of the regulations, developed with extensive engagement with provinces, territories and stakeholders. With respect to how this proposed approach will impact North Atlantic Refining Limited, the large majority of fuel refined by this refinery is exported and will, therefore, not be subject to the regulations. Furthermore, the proposed approach removes the emission reduction requirement for liquid self-produced fuels used in stationary applications, further reducing the volume of fuel on which North Atlantic Refining Limited will face an obligation. Finally, the overall proposed approach is designed to help companies remain competitive as Canada transitions to a low-carbon economy through its inclusion of mechanisms that allow for compliance flexibility. These mechanisms include a compliance fund and a credit clearance market, which will help to contain costs for fossil fuel providers.

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Moving forward, I invite the Government of Newfoundland and Labrador to comment on the Proposed Regulatory Approach, which is open now for consultation over the course of the summer. In addition, Environment and Climate Change Canada has established a dedicated task group to obtain input on design elements that could mitigate potential impacts of the Clean Fuel Standard on emissions-intensive, trade-exposed sectors. North Atlantic Refining Limited is an active participant in this group and its representatives have met with Environment and Climate Change Canada officials on several occasions to discuss their concerns.

I understand that an invitation has been made to your officials to participate in these meetings, and I would like to re-extend that invitation. In addition, the Multi-Stakeholder Committee was formed by Environment and Climate Change Canada along with other federal departments, industry and non-governmental organizations to identify areas of concerns and share views on the interactions between carbon pollution pricing and the Clean Fuel Standard, and their impacts on competitiveness.

I look forward to the Government of Newfoundland and Labrador's continued input as we move forward in the development of these important regulations. Please accept my best regards.

Sincerely,

A handwritten signature in blue ink, appearing to read 'C McKenna', with a stylized flourish at the end.

The Honourable Catherine McKenna, P.C., M.P.