

**Ministry of  
Energy, Mines and  
Petroleum Resources**

**2019/20 – 2021/22  
SERVICE PLAN**

**February 2019**



## Minister Accountability Statement



The *Ministry of Energy, Mines and Petroleum Resources 2019/20 - 2021/22 Service Plan* was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared.

A handwritten signature in black ink that reads "Michelle Mungall". The signature is written in a cursive, flowing style.

Honourable Michelle Mungall  
Minister of Energy, Mines and Petroleum Resources

February 6, 2019

## Purpose of the Ministry

The [Ministry of Energy, Mines and Petroleum Resources](#) (Ministry) is responsible for British Columbia's (B.C.) electricity, alternative energy, oil, natural gas and related infrastructure, and the province's mining and mineral exploration sectors. These sectors are made up of diverse interests that explore for and produce oil, natural gas, coal and other valuable minerals and that develop energy and electricity generation, transmission and distribution infrastructure. To support Government's climate objectives, the Ministry focuses on advancing energy efficiency and clean or renewable energy sources and technologies, making sure that the energy we use, develop and export is the cleanest possible. Through teamwork and positive working relationships with its clients and stakeholders, the Ministry facilitates thriving, safe, environmentally responsible and competitive natural gas, oil, energy and mining sectors in order to create good jobs and economic growth in communities across the province. In fulfilling its mandate, the Ministry consults with other ministries and levels of government, private sector stakeholders, Indigenous people, communities, environmental and industry organizations, and the public.

The Ministry supports the Minister in her governance responsibilities for the following Crown Corporations: [British Columbia Hydro and Power Authority](#) (BC Hydro), and the [BC Oil and Gas Commission](#) (OGC).

## Strategic Direction

The Government of British Columbia is putting people at the heart of decision-making by working to make life more affordable, improve the services people count on, and build a strong, sustainable economy that works for everyone.

Over the past year, significant government investments in areas including housing, child care and the elimination of fees, such as Medical Service Premiums, have contributed to making life more affordable for British Columbians today and into the future. Ministries are engaged in ongoing work to improve the availability of services citizens rely on including those related to primary medical care, education and training, transportation, the opioid crisis and poverty.

A strong economy that works for all regions of B.C. is diversified, resilient and improves the standard of living for people across the province. With that in mind, government is focusing on sustainable economic growth that strengthens our natural resource sectors, continues the development of the emerging economy, supports small business and uses innovation and technology to solve B.C. problems. A key priority in 2019/20 and beyond will be driving economic growth with cleaner energy and fewer emissions. At the same time, Ministries continue to build prudence into budgets and plan for challenges.

Underpinning the work of all ministries are two shared commitments: reconciliation with Indigenous peoples, and consideration of how diverse groups of British Columbians may experience our policies, programs and initiatives. As part of these commitments, Ministries are working to implement the United Nations Declaration on the Rights of Indigenous Peoples, Truth and Reconciliation Commission's Calls to Action, and Gender-Based Analysis+ policy and budgeting. In July 2017, each minister was given a formal mandate letter that identifies both government-wide and ministry-specific priorities for implementation.

This service plan outlines how the Ministry of Energy, Mines and Petroleum Resources will support the government's priorities, including selected action items identified in the [Minister's Mandate](#)

**Letter.** Over the previous fiscal year, the Ministry of Energy, Mines and Petroleum Resources made progress on these priorities by:

- Supporting the development of the CleanBC plan, the Province’s energy, climate and economic development strategy, in coordination with the Ministry of Environment and Climate Change Strategy, and the Ministry of Jobs, Trade and Technology.
- Working with Liquefied Natural Gas (LNG) proponents through to final investment decisions to ensure the proposals met the government’s four conditions for LNG development in B.C.
- Establishing a Mining Jobs Task Force (in March 2018) to explore opportunities to create and sustain good jobs in the B.C. mining industry.
- Completing and reporting on Phase One of the Comprehensive Review of BC Hydro to identify efficiencies and other changes to keep electricity rates low while ensuring BC Hydro has the resources it needs.
- Sustaining the Clean Energy Vehicle program to encourage and accelerate the adoption of zero emission vehicles (ZEVs).
- Completing a Ministry Reconciliation Plan to guide implementation of the Truth and Reconciliation Commission Calls to Action, United Nations Declaration on the Rights of Indigenous Peoples and the Draft Principles that Guide the Province of British Columbia’s Relationship with Indigenous Peoples.

The following performance plan outlines how the Ministry of Energy, Mines and Petroleum Resources will continue to track progress on key mandate letter commitments and other emerging government priorities.

## **Performance Planning**

### **Goal 1: An energy portfolio powered by clean, renewable energy and supported by technological innovation**

This goal relates to the Mandate Letter priority of creating a roadmap for the future of B.C. energy, to generate new energy responsibly and sustainably, and create lasting good jobs across the province. A focus on technological innovation will expand upon energy efficiency and conservation opportunities and create new jobs in the provincial energy sector.

#### **Objective 1.1: Decarbonize B.C.’s energy sectors and usage**

##### **Key Strategies:**

- In coordination with the Climate Action Secretariat, Ministry of Indigenous Relations and Reconciliation, and the Ministry of Jobs Trade and Technology, incorporate direction from the [CleanBC plan](#)<sup>1</sup> into ministry operations to meet provincial economic and climate goals.
- Further reduce the carbon-intensity of transportation fuels.
- Increase the production and consumption of biofuels in B.C.

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<sup>1</sup>CleanBC incorporates the development of an energy roadmap as identified in Minister Mungall’s 2017 mandate letter from the Premier.

- Continue to implement policies, programs, regulations, codes and standards to advance energy efficiency and conservation in the built environment, including retrofits.
- Work with BC Hydro to ensure the Province's heritage generation, transmission and distribution assets continue to deliver reliable and cost-effective service.

Performance Measure	2018 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
1.1 Clean or renewable energy as a share of utility and transportation fuel sales <sup>1 2</sup>	28%	29%	30%	31%

<sup>1</sup> Data Source: Compiled by the Ministry of Energy, Mines and Petroleum Resources and includes data from BC Hydro.

<sup>2</sup> The following data is tracked to provide the performance measure: BC Hydro's performance in clean procurement; FortisBC's performance in deploying Renewable Natural Gas; relative sales of electricity and natural gas using data from the largest utilities, and transportation fuels.

### Linking Performance Measure to Objective:

The provincial energy objectives in the CleanBC plan confirm the role of B.C. generated electricity in reducing greenhouse gas emissions. This performance measure supports the objective of decarbonization, as the Ministry's programs and regulations directly impact energy utilities and the transportation fuels industries.

## Objective 1.2: Support economic growth and electrification to reduce greenhouse gas emissions

### Key Strategies:

- Implement outcomes from Phase One of the Comprehensive Review of BC Hydro and work to keep electricity rates affordable for British Columbians.
- Expand electrification of the upstream oil and gas industry.
- Work with BC Hydro to ensure generation, transmission and distribution assets continue to deliver reliable and cost-effective service.
- Decarbonize the transportation industry by accelerating the adoption of ZEVs.
- Expand electrification of transportation, buildings and industry.

Performance Measure	2016 Baseline	2018 Forecast	2019 Target	2020 Target	2021 Target	2022 Target
1.2 Number of light-duty Zero Emission Vehicles registered in B.C. <sup>1 2</sup>	4,115	12,500	22,000	34,000	49,000	65,100

<sup>1</sup> Data Source: Compiled by Ministry of Energy, Mines and Petroleum Resources staff from BC Hydro, ICBC and ZEV sales. Transport Canada defines a light-duty vehicle as one that weighs 3,856kg (8,500lbs) or less.

<sup>2</sup> The 2019/20 Service Plan targets for this performance measure have increased over those found in the 2018/19 Service Plan, due to a higher-than-expected number of ZEVs registered in B.C. 2018. To maintain consistency with Government's CleanBC targets that focus on light-duty ZEVs, Performance Measure 1.2a from the 2018/19 Service Plan (specialty, medium, and heavy-duty ZEVs) was not carried forward.

**Linking Performance Measure to Objective:**

Transportation currently accounts for 40 per cent of B.C.’s total emissions; as a result, to reduce emissions and meet B.C.’s climate targets, significant action needs to be taken in this area. Increased adoption of ZEVs will reduce B.C.’s emissions and improve air quality. This performance measure supports progress towards Government’s target of increasing the number of ZEVs in B.C., reaching 100% of all new light-duty vehicle sales by 2040.

**Goal 2: A sustainable, responsible and competitive mining sector that creates lasting jobs for British Columbians**

**Objective 2.1: B.C. is positioned as an attractive jurisdiction for investment in the mining sector and related businesses**

**Key Strategies:**

- Develop an improved and sufficiently resourced approvals process to assess mining applications.
- Establish the Major Mines Office to bring technical specialists and project management under one accountability to improve the co-ordination and timely review of major mine permits.
- Utilize the Natural Resource Sector Online Services portal to streamline the Notice of Work application process.
- Continuously improve consultation and engagement with Indigenous Nations on relevant permit applications and collaboration and benefit negotiations for major mine developments.
- Develop and implement new legislation that supports transparency in the regulation of mining in B.C.

Performance Measure	Baseline 2015-2017 Average	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
2.1 B.C.’s share of Canadian mineral resource development investments <sup>1</sup>	13%	13%	14%	15%	16%

<sup>1</sup> Data Source: Ministry of Energy, Mines and Petroleum Resources and Natural Resources Canada.

**Linking Performance Measure to Objective:**

Through its strategies to improve B.C.’s competitiveness, the Ministry continuously strives to attract long-term investment in B.C.’s mining sector and related service industries. Government can help to reduce risk and sustain investment levels through streamlined processes for mine project permitting, and this performance measure reflects B.C.’s efforts to achieve its objective. Due to current commodity prices and the investment climate, B.C.’s share of Canadian investment is expected to remain stable in 2018/19, with a modest increase in 2019/20.

**Objective 2.2: Oversight of the mining industry is strengthened to protect the environment, human health and public safety**

**Key Strategies:**

- Continue to review legislation and regulations to ensure B.C. remains competitive and enhance the integrity of environmental, health and safety standards.
- Ensure timely follow-up on environmental, human health, Indigenous and public safety concerns.
- Establish an independent oversight unit.
- Continually improve regulatory oversight and inspection frequency of mines.
- Work with the Environmental Assessment Office on the revitalization of the environmental assessment process.

Performance Measure	Baseline 2009-2013 Average	2018 Forecast	2019 Target	2020 Target	2021 Target
2.2 Mine inspections <sup>2</sup> and follow-up <sup>1</sup>	775	1,325	1,350	1,350	1,350

<sup>1</sup> Data Source: Manually compiled by the Ministry of Energy, Mines and Petroleum Resources.

<sup>2</sup> Inspections include both in-office reviews and on-site examinations.

**Linking Performance Measure to Objective:**

The Ministry’s Mines Inspectors conduct inspections of mine sites to ensure compliance with the *Mines Act*, the Health, Safety and Reclamation Code for Mines in B.C., and individual permit conditions. Inspections are a key compliance verification tool to ensure the protection of the environment, human health and public safety.

**Goal 3: B.C.’s low carbon-intensity oil and gas products provide sustainable jobs for British Columbians and projects meet our four conditions.**

**Objective 3.1: Policies and processes that ensure the responsible development of oil and gas resources in B.C.**

**Key Strategies:**

- Respond to the recommendations of the [Scientific Hydraulic Fracturing Review Panel](#).
- Continue incentivizing industry to invest in clean technologies through infrastructure royalty credit programs.
- Ensure that LNG projects benefit British Columbians by meeting Government’s [four conditions for development](#).
- Support the reduction of greenhouse gas (GHG) emissions in our oil and gas sector.
- Continue working with the Climate Action Secretariat and the BC Oil and Gas Commission to reduce industry methane emissions.

Performance Measure	2017/18 Baseline	2018/19 Forecast <sup>3</sup>	2019/20 Target	2020/21 Target	2021/22 Target
3.1 Annual GHG <sup>2</sup> reductions from infrastructure improvements under infrastructure royalty credit programs offered by the Province. <sup>1</sup>	35,000 tonnes	80,000 tonnes	109,000 tonnes	140,000 tonnes	163,000 tonnes

<sup>1</sup> Data Source: Ministry of Energy, Mines and Petroleum Resources.

<sup>2</sup> In previous Service Plans, this performance measure tracked methane emission reductions. This has been revised to GHG reductions to align with the Province's legislated GHG reduction targets: 40 per cent below 2007 levels by 2030, 60 per cent by 2040 and 80 per cent by 2050.

<sup>3</sup> Targets have been adjusted to account for amendments or cancellations of projects by proponents and to include projects approved under the 2018 Clean Infrastructure Royalty Credit Program.

#### Linking Performance Measure to Objective:

This measure tracks the GHG reductions from oil and gas infrastructure development, which directly relates to the responsible development of oil and gas resources in B.C.

### Objective 3.2: Support the value-added development of B.C.'s oil and gas resources to maximize the benefits to all British Columbians

#### Key Strategies:

- Monitor and adapt oil and gas fiscal and regulatory frameworks to ensure they are competitive and generate a fair return to the Province.
- Add value to B.C.'s abundant natural gas resources by working with industry, Indigenous Nations and communities to guide and plan new industrial activities.
- Continue appropriate management of subsurface rights and timely decisions on oil and gas authorizations.
- Contribute to economic and social reconciliation by building meaningful partnerships with Indigenous communities for oil and gas development.

Performance Measure	2012/13 Baseline	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
3.2 Relative annual investment in natural gas and oil exploration and development (B.C. as % of Canada) <sup>1</sup>	13.1%	14.4%	14%	14%	14%

<sup>1</sup> Data Source: Ministry of Energy, Mines and Petroleum Resources, based on Canadian Association of Petroleum Producers Net Cash Expenditure historical data and forecasts for 2018. All data is only available and provided by calendar year.

#### Linking Performance Measure to Objective:

Investment in the development of B.C.'s oil and gas resources is important for maximizing value to British Columbians. Ensuring that B.C.'s share of annual investment in Canadian oil and gas resource investment continues to grow, including value-added oil and gas development, will support job creation, economic growth, and infrastructure development in B.C.



## Resource Summary

Core Business Area	2018/19 Restated Estimates <sup>1</sup>	2019/20 Estimates	2020/21 Plan	2021/22 Plan
<b>Operating Expenses (\$000)</b>				
Mines Competitiveness and Authorizations	17,504	19,095	20,036	20,022
Mines Health, Safety and Enforcement	5,390	7,727	8,800	9,067
Electricity and Alternative Energy	4,235	117,346	18,822	28,852
Oil and Gas	16,784	16,863	16,831	16,830
Strategic and Indigenous Affairs	3,051	3,100	3,090	3,089
Implementation Initiatives	1,030	1,050	1,045	1,045
Executive and Support Services	10,021	11,857	12,424	12,560
Innovative Clean Energy Fund Special Account	2,305	3,243	2,687	2,310
<b>Total</b>	<b>60,320</b>	<b>180,281</b>	<b>83,735</b>	<b>93,775</b>
<b>Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)</b>				
Executive and Support Services	245	198	198	198
<b>Total</b>	<b>245</b>	<b>198</b>	<b>198</b>	<b>198</b>
<b><sup>2</sup> Other Financing Transactions (\$000)</b>				
Oil and Gas Commission Receipts	(41,400)	(46,800)	(45,050)	(43,300)
Oil and Gas Commission Disbursements	41,400	46,800	45,050	43,300
Net Cash (Requirements)	0,000	0,000	0,000	0,000
<b>Total Receipts</b>	<b>(41,400)</b>	<b>(46,800)</b>	<b>(45,050)</b>	<b>(43,300)</b>
<b>Total Disbursements</b>	<b>41,400</b>	<b>46,800</b>	<b>45,050</b>	<b>43,300</b>
<b>Total Net Cash Source (Requirements)</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>

<sup>1</sup> For comparative purposes, amounts shown for 2018/19 have been restated to be consistent with the presentation of the 2019/20 Estimates.

<sup>2</sup> The ministry collects production levies (operating) and OSRF revenues on behalf of the Oil and Gas Commission, but not pipeline revenues.

\* Further information on program funding and vote recoveries is available in the [Estimates and Supplement to the Estimates](#).

## **Appendix A: Agencies, Boards, Commissions and Tribunals**

### [BC Oil and Gas Commission](#)

The BC Oil and Gas Commission (OGC) is a single-window regulatory agency with responsibilities for overseeing oil, gas and renewable geothermal operations in British Columbia. The Commission oversees activities from exploration and development, to pipeline transportation and reclamation.

### [British Columbia Hydro and Power Authority](#)

BC Hydro is one of the largest electricity suppliers in Canada, generating and delivering electricity to 95% of the population of B.C., serving over four million people.