CANADIAN GAS ASSOCIATION
ASSOCIATION CANADIENNE DU GAZ

February 15, 2022

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Services Commission, New Brunswick
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Nova Scotia Securities Commission
Nunavut Securities Office
Office of the Superintendent of Securities, Newfoundland and Labrador
Ontario Securities Commission
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

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To whom is may concern:

Re: Consultation on Proposed National Instrument 51-107

CGA is responding to the Canadian Securities Administrators' (CSA) request for comments on the Proposed Instrument for the Disclosure of Climate-related Matters as per above. For over 115 years, the Canadian Gas Association has been the voice of the gaseous energy delivery industry in Canada representing distribution and transmission companies, equipment manufacturers and suppliers, as well as the best interests of the energy consumers of Canada. Our membership is a mixture of private sector public companies, crown corporations and private enterprises from most provinces. These organizations all approach Corporate Sustainability from a place of responsibility and duty to Canada, customers and shareholders. The evolving nature of climate reporting has the attention of our membership and we look forward to working with the OSC the CSA and the respective regulatory bodies on this consultation.

Overall, CGA is supportive of the intent of the Proposed National Instrument. We believe that the proposed disclosure requirements succeed in meeting the goals of the instrument, and we are encouraged that CSA has chosen to follow the Task Force on Climate-Related Financial Disclosure (TCFD) recommendations, with appropriate modifications. In particular, the exclusion of scenario analysis requirements is important. There are three key areas of concern for our members: 1) greenhouse gas (GHG) emissions disclosures, 2) timeline and implementation measures, and 3) the future of Environmental, Social, and Governance (ESG) priorities.

GHG Disclosures

Certain members of the CGA report GHG emission numbers presently through CSR reports, ESG policy circulars, annual financial reports or other specific management disclosures in various parts of their businesses. These disclosures range from Scope 1 emissions only level analysis to disclosures which encompass Scope 1, Scope 2 and Scope 3 emissions in their jurisdiction of business or sector.

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CGA submits National Instrument 51-107 require Scope 1 and Scope 2 emissions only in an initial phase in period as outlined in 51-107. We submit a potential move to include voluntary Scope 3 disclosure after an appropriate methodology is developed by the OSC and CSA to ensure double counting is prevented and overall simplicity of understanding for markets would be taken under consideration. Scenario analysis is to be excluded in all cases to avoid confusing modelling and reporting for investors and market participants alike.

Timeline and Implementation

CGA members all report and release different company information at different times and through various methods. CGA members publicly issue dedicated sustainability reports, quarterly and annual financial reports, annual information forms (AIF) and Management's Discussion and Analysis (MDA). This variety complicates the work of the CSA and OCS.

CGA submits a "reasonable lookback approach" in compliance reporting could be required for Scope 1 and Scope 2 reporting. Potentially, a one- or two-year lookback at Scope 1 and Scope 2 emissions for entities would facilitate accurate company reporting and timely reporting. For example: when Fiscal Year end 2025 is reported as per the OSC for non-venture entities, emissions information from 2024 would be due to regulators. This "reasonable lookback approach" could ensures accuracy and widespread participation even for voluntary requirements. A one-year lookback period would be reasonable.

CGA recommends a three-year phase in approach for venture and non-venture entities for any kind of disclosure requirements from the National Instrument.

The future of Environmental, Social and Governance (ESG) priorities

CGA recognizes value in alignment with the international movement toward the adoption of TCFD standards for investors and the public. However, there still exists a wide array of inconsistent standards, and consolidation of ESG reporting standards should continue to be a priority apart from this study. Additionally, we believe that there is currently a lack of sector-specific guidance, which may lead to reporting of non-material information by private-sector companies.

Together, the consolidation of global reporting frameworks and the development of sector-specific guidance would provide the tools necessary to publish high-quality, comparable information for use by key stakeholders.

We thank you for this opportunity to comment on the Proposed Instrument. Should you have any questions or require any additional information about our comments please contact Chris Smillie, Director Government Affairs at the Canadian Gas Association.

Yours very truly.

Paul Cheliak

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Canadian Gas Association