



Analysis of the Government of Canada's April 2007 Greenhouse Gas Policy Announcement

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What Minister Baird announced

- National GHG emission targets
 - 2010–12
 - 2020
 - 2050
- Industrial GHG targets and “compliance options” (2010–2020)
- Combination of the industry framework with other measures to achieve the national target for 2020

What we examined

- Are the targets adequate?
 - national
 - industry

- Has the government convinced us that it will achieve the targets?
 - industry
 - national

Adequacy of the national targets

Table 1. The government's national GHG emissions targets relative to the 1990 level and Canada's Kyoto target.³

	Relative to 2006	Relative to 1990	Relative to Kyoto target
2010–12	approx. 3% above	approx. 31% above	approx. 39% above
2020	20% below	approx. 2% above	approx. 8% above
2050	60–70% below	approx. 49–62% below	–

- The targets fall far short of
 - Requirements based on climate science
 - Commitments of leading countries
 - Canada's legal obligations under Kyoto
- The 2020 target appears to be arbitrary

Industry targets

- Regulated industry sources represent 45% of national emissions
- Government expects industrial emissions in 2020 to be 12% above 1990, or 18% below 2006 (+ technology fund reductions?)
- But there are serious doubts as to whether this will be achieved:
 - Intensity targets
 - Targets for new facilities not yet defined
 - Scope of exempted emissions not yet defined
 - Some compliance options may not result in reductions
 - The bulk of the reductions are “backloaded”

“Backloading”

Table 3. Reductions in actual annual GHG emissions (Mt), relative to projected levels in the absence of regulations, that could be expected to result from the proposed regulatory framework for heavy industry.

Year	2010	2011	2012	2015	2020
Total required reductions ¹⁷	49	54	58	72	88
Of which paper reductions...					
Technology fund payments ¹⁸	-34 (70%) -5	-35 (65%) -5	-35 (60%) -5	-29 (40%) -5	0
Early action credit ¹⁹	-5	-5	-5	0	0
Resulting actual reductions	5	9	13	38	88

- Reduces environmental benefits
- Invites brinksmanship (review in 2012)
- Total reductions in 2008–12:
 - This government – 27 Mt
 - Previous government – 180 Mt

Lenient treatment of oil & gas

- Intensity targets could allow tripling of emissions from oil sands
- Disproportionate emission increases from energy sector during 1990–2006 are largely ignored
- Taxpayers could end up paying for half the cost of carbon capture projects
- “Unintentional fugitive emissions” are exempted from main regulatory framework
- New oil sands facilities are treated more leniently than existing facilities

20 unanswered questions about industry regulations

- 1. “Gaming” base year data
- 7. How will fugitive emissions be regulated?
- 8–9. Targets for new facilities not defined
- 11–15. Technology fund
 - Quantity and timing of emission reductions
 - Governance
- 16. Offset credits: “additionality”
- 20. Public disclosure of compliance information

Achievement of the national targets

- 2010–12:
 - No explanation of how target will be met, just an assertion
 - Need to find 8 Mt of extra reductions every year
- Achievement of 2020 target doubtful because of:
 - Serious doubts about achieving industry targets
 - No explanation of amounts of reductions assigned to other government measures
 - Reductions from technology fund will not all occur by 2020
 - Double counting risks – technology fund and offset credits

How it's supposed to add up

Table 4. The government's explanation of how it expects to meet its medium-term target for national GHG emissions.

	(Mt)
Reductions in annual emissions in 2020 below the 2006 level:	
1. Regulatory framework for heavy industry	60
2. Regulations on vehicle fuel efficiency, energy efficiency of energy-using products, biofuels and unintentional fugitive emissions	40
3. Financial incentive programs for renewable energy, technology development and energy efficiency in buildings and transportation	10
4. Actions by provinces/territories supported by the federal government, plus actions by industry supported by the technology fund included in the regulatory framework for heavy industry	40
Total reductions	150

- Double counting risks

- Technology fund (line 4) could overlap with lines 1–3
- Offset credits (line 1) could overlap with lines 2–4