

March 16, 2017

Action Update: Canadian Climate Policy



INTRODUCTION

CAN-Rac, our members, and our colleagues have played critical roles in making the [Pan-Canadian Framework on Climate Change \(PCF\)](#) a reality, but industry and other opponents are trying to water down the progress we have worked for. While the PCF isn't perfect, and runs alongside some very disappointing decisions that have been made on infrastructure, it remains an essential catalyst for much-delayed climate action in Canada. The summary below provides a status update on the implementation of the PCF's numerous policies, including an outline of some of the opposition we are facing. It includes a run-down of some of the work we and our colleagues have done to guard against mounting opposition to climate change policy progress in Canada, work that is invaluable to all of us as we look for ways to speak about and defend that progress.

In the months ahead all of us can play a role in helping ensure the PCF is fully implemented and sets Canada on a path to decarbonization.

PCF IMPLEMENTATION UPDATE

This section contains links to notices of intent, regulations being gazetted, and other relevant materials, as well as news stories.

Check out CAN-Rac's [summary analysis of the PCF](#) for a quick overview of the Framework.

Electricity

PCF Commitments

- Coal phase-out, 2030
- Performance standards for natural gas-fired electricity generation
- Building new and enhanced transmission lines between provinces and territories
- Reducing reliance on diesel in northern and remote communities
- Modernizing electricity systems

Status

- [Notice of Intent](#) to amend existing federal regulations governing emissions from coal-fired electricity, as well as to develop regulatory requirements for natural gas-fired electricity generation, issued Dec. 17, 2016; technical working group struck; regulations expected to head to Canada Gazette, Part 1 by end of year
- Regional conversations on grid interconnection reignited in Atlantic Canada based on [Atlantic Canada Energy Gateway Initiative](#) model (pulls in governments + utilities); similar initiative struck in Western Canada



- Of provinces with coal-fired electricity plants:
 - AB has already legislated phase-out by 2030
 - SK isn't on board with the PCF
 - NB's new climate plan ([Transitioning to a Low-Carbon Economy](#)) sets a goal of phasing out coal by 2030 but says that might be delayed by as many as 10 years
 - NS will update its equivalency agreement with the feds [so that it's able to keep burning coal past 2030](#)

Opposition

- [Fraser Institute report](#) claims Ontario coal phase-out has not significantly reduced air pollution
 - [Closing Ontario coal plants didn't cut air pollution by much, says Fraser Institute \(CBC\)](#)
- [They keep saying shutting down coal will make us healthier, so how come there's no evidence of it? \(Financial Post\)](#)
- [Jack Mintz: The public backlash rises as the credibility of high-cost low-carbon policies collapses \(Financial Post\)](#)
- [Boondoggle: How Ontario's pursuit of renewable energy broke the province's electricity system](#)

Defence

- [Coal-fired power worsening health and climate nation-wide \(Canadian Association of Physicians for the Environment, Pembina Institute, et al.\)](#)
- [Ontario's coal phase-out in perspective \(Clean Energy Canada - Blog\)](#)
- [Alternative facts won't make mincemeat of Canadian climate action \(Pembina Institute - National Observer\)](#)
- [Ontario's Electricity System Backgrounder \(Environmental Defence - Report\)](#)
- [Coal phase-out improved Ontario's air quality \(Pembina Institute + IISD - Policy Options\)](#)
- [Connecting the dots on the human health impacts of coal power \(Canadian Association of Physicians for the Environment - National Observer\)](#)
- [There is nothing political about air quality science \(Pembina Institute - Financial Post\)](#)
- [Cutting through the smog: Four things you need to know about how coal affects human health \(Pembina Institute - Blog\)](#)
- [Clean energy is too good a deal for Trump to pass up \(Clean Energy Canada\)](#)
- [Infographic: what would an electric, connected Canada look like? \(Clean Energy Canada\)](#)
- [Why clean electricity is a competitive advantage Canada needs to harness \(Clean Energy Canada\)](#)
- [Jobs and the low-carbon energy transition: Perspectives from Cumberland county \(IISD\)](#)
- [The End of Coal: Ontario's coal phase-out \(IISD\)](#)
- [Coal Plants have a Significant Impact on Air Quality and Health: Incomplete Facts Don't Change the Truth \(Canadian Association of Physicians for the Environment \(CAPE\)\)](#)
- [Ontario's Coal Plant Phase-out Produced Many Health and Environmental Benefits \(CAPE\)](#)
- [Some Good News for People and the Planet \(CAPE\)](#)
- [Health Benefits from a Canada-Wide Coal Phase-Out \(CAPE\)](#)
- [Three Health Reasons to Close Coal Plants! \(CAPE\)](#)
- [Health Professionals Call for End for Coal \(CAPE\)](#)

Carbon Pricing

PCF commitments

- All jurisdictions will have carbon pricing by 2018 (either carbon tax/ carbon levy with performance based emissions system or a cap and trade system)
- Coverage of British Columbia's carbon tax sets minimum coverage standard
- For jurisdictions with explicit price-based system, price starts at \$10 per tonne in 2018 and increases \$10/yr to \$50/tonne in 2022
- Provinces with cap and trade systems must commit to:
 - a 2030 emissions reduction target equal to or greater than Canada's target
 - declining annual caps to at least 2022 that correspond, at minimum, to projected emissions reductions resulting from the carbon price that year in price-based systems
- Federal backstop = explicit price-based system that will apply where jurisdictions don't meet the benchmark (revenues returned to jurisdiction of origin)



Status

- Legislation anticipated by the end of 2017, which would suggest draft legislation for feedback at some point in the summer
- Of provinces + territories without established carbon pricing policies:
 - NL just released a [draft offset protocol](#) for large industry that will allow facilities to generate offset credits for investments in energy efficiency and fuel switching to renewable energy, they'll then be able to sell/trade credits with other facilities. They also [doubled the gas tax](#) in summer 2016. As yet unclear how they'll add everything up to satisfy the fed's requirements.
 - NS has just released a [discussion paper on its proposed cap-and-trade program](#) (feedback window till March 31st)
 - NB seems to be [leaning toward cap-and-trade](#) (either joining up with WCI or trying to hook up with whatever NS does)
 - New Yukon is planning to accept federal backstop
 - PEI and the NWT have yet to release plans
 - MB has just [launched a survey](#) to get public feedback on carbon pricing options
 - SK is threatening to sue the feds once legislation is tabled

Opposition

Opposition to carbon pricing - both the federal approach and provincial approaches - has been fierce and profuse. It would be hopeless to attempt to summarize it here. In particular, the idea that national carbon pricing will put Canada at a [competitive disadvantage](#) has gained a tremendous amount of traction and opposition to Alberta's carbon levy is [violent](#).



Defence

- [Capping Carbon: A cap-and-trade panel series \(Ecology Action Centre, Nova Scotia\)](#)
- [Carbon Pricing Narratives in New Brunswick \(Conservation Council of New Brunswick\)](#)
- [Province-wide consultations on climate change, incl. carbon pricing \(Environmental Coalition of P.E.I.\)](#)
- Clean Economy Alliance - coalition supporting climate action in Ontario, esp. carbon pricing (<http://cleaneconomyalliance.ca/>)
- [Carbon pricing coming to all regions: progress in Nova Scotia and Yukon \(Pembina Institute\)](#)
- [What you need to know about Alberta's carbon levy \(Pembina Institute\)](#)
- [Driving your Chevy under the levy: Unpacking Alberta's carbon levy \(Pembina Institute\)](#)
- [Poll: Canadians react positively to national climate and clean growth plan \(Clean Energy Canada\)](#)
- [BC is proof that carbon pricing doesn't hinder economic growth \(Clean Energy Canada\)](#)
- [Carbon pricing and economic growth \(Ecofiscal Commission - webinar\)](#)
- [Carbon pricing from the right \(Ecofiscal Commission - webinar\)](#)
- [Carbon pricing from the left \(Ecofiscal Commission - webinar\)](#)
- [Reconciling differences and coming together to act on climate \(IISD\)](#)
- [As U.S. and Canadian climate policies diverge, how do we ensure Canada's competitiveness? \(IISD\)](#)

Industry

PCF + North American Leaders Summit (NALS) + Kigali Agreement Commitments

- Decrease methane emissions 40-45% by 2025
- Gradual and differentiated phase down of hydrofluorocarbons (HFCs)
- Phase-out of fossil fuel subsidies by 2025
- Improving industrial energy efficiency
- Investing in new technologies to reduce emissions

Status

- [Federal methane regulations](#) as well as [Alberta's methane regulations](#) (45% reduction by 2025) are in development and release is expected soon
- Federal government has proposed [regulations to reduce HFC consumption](#) and prohibit the manufacture and import into Canada of certain products containing HFCs. It has also introduced measures to increase the recovery, recycling, and destruction of HFCs in refrigeration and air-conditioning equipment and established.

Opposition

Opposition to the methane regulations is very loud and again centred on the notion that they will put Canada at a competitive disadvantage, even though Canada's current management of industrial methane emissions fall far short of existing regulations at the subnational level in the U.S. (i.e. even though progress has stalled in the U.S., Canada's new regulations will only catch us up to the situation there, rather than making us more ambitious):



- [Bracing for Trump: Energy sector fears competitive disadvantage \(Globe and Mail\)](#)
- [U.S. rejection of methane limit spooks Canadian oil patch \(Global News\)](#)
- [Canada's oil patch fears U.S. rejection of methane limit will hurt competitiveness \(Times Colonist\)](#)

Defence

- According to documents obtained by Greenpeace Canada, the Canadian Association of Petroleum Producers has been citing competitiveness concerns to try to weaken the implementation of the methane regulations since August 2016, but this lobby effort has become more public since Trump was elected (http://www.greenpeace.org/canada/Global/canada/pr/2017/03/PRESS_RELEASE_Dont_let_the_oil_lobbys_overblown_claims_derail_Canadas_climate_plan_Greenpeace_FINAL.pdf)
- [Methane regulations for Canada's oil and gas sector: A question of competitiveness \(Pembina Institute\)](#)
- [States underscore U.S. methane momentum, latest reason for Canada to press ahead \(Environmental Defense Fund\)](#)
- [Wasting methane can break the carbon budget \(IISD - op-ed in Lethbridge Herald\)](#)
- [New rules curbing methane will give oil patch a competitive edge, environment minister says \(Calgary Herald\)](#)

Transportation

PCF Commitments

- Development of clean fuel standard (CFS) that will reduce carbon intensity of all fuels based on a full lifecycle analysis, resulting in 30Mt of emissions reductions
- Emissions standards for vehicles, including:
 - for light-duty vehicles
 - updating standards for heavy-duty vehicles
 - new efficiency requirements for heavy-duty trucks
 - efforts to support efficiency and fuel switching in rail, aviation, marine, and off-road sectors
- A Canada-wide zero emissions vehicle strategy by 2018
- Investments in electric vehicle infrastructure
- Investments in public transit, transportation hubs and ports

Status

- Environment and Climate Change have published a [discussion paper on the CFS](#), with that we're likely to see a technical working group in the summer, publication in Canada Gazette, Part 1, in mid-2018, with the final regulations scheduled for publication in Part 2 in 2019.
- [Regulations amending the heavy-duty vehicle](#) and engine GHG regulations were published this month



Threats

While these commitments are not facing the kinds of opposition others are, they are threatened by a couple of circumstances: 1) Canada's vehicle emissions standards are harmonized with the United States' Corporate Average Fuel Economy (CAFE) Standards, which are under threat; 2) the CFS will require a new and, in some ways, unprecedented set of regulations - given this and the political climate, there is a chance of it slipping. An Executive Order dealing with the CAFE Standards is expected from Trump imminently.

- [EPA expected to revisit fuel economy rules \(Automotive News\)](#)
- [EPA to reconsider vehicle fuel standards, may move against California targets \(LA Times\)](#)
- [Trump to Undo Vehicle Rules That Curb Global Warming \(NY Times\)](#)
- [Trump may reconsider auto-emission standards \(Detroit News\)](#)
- [EPA is set to reopen a review of car emissions standards set under the Obama administration \(Wall Street Journal\)](#)
- The California Air Resources Board is scheduled to complete its Mid-term Review and decide next steps on the Advanced Clean Cars Regulations during its next Board hearing on March 23-24 in Riverside. <https://www.arb.ca.gov/msprog/acc/acc.htm>

Defence

- [Équiterre's recommendations for the 2017 budget, focusing on transportation-related recommendations](#)
- [Driving momentum for sustainable transportation \(Equiterre, David Suzuki Foundation, Uber, Canadian Urban Transit Association\)](#)
- [How a Low Carbon Fuel Standard could reduce your GHG footprint without you even noticing \(Smart Prosperity\)](#)
- [Submission to the Government of Ontario on the proposed modern renewable fuel standard \(Smart Prosperity\)](#)
- [What is a Clean Fuel Standard? Lessons learned from B.C. \(Clean Energy Canada\)](#)
- [National Clean Fuel Standard will have big impact \(Clean Energy Canada\)](#)



Other

- ECC has issued a [notice of intent](#) to improve the energy efficiency of appliances and equipment
- [Constructing our future with low-carbon buildings \(Pembina Institute, Toronto Atmospheric Fund, Canadian Energy Efficiency Alliance, North American Insulation Manufacturers Association\)](#)
- [Canada's transition to clean energy will require a resolute commitment to the people whose jobs will be disrupted \(Canadian Labour Congress, Canadian Business for Social Responsibility, NEI Investments\)](#)
- [Climate Change Communications Webinar \(Louise Comeau, CCNB\)](#)