



CAN-Rac submission to Ontario government on *Preserving and Protecting our Environment for Future Generations: A Made-in- Ontario Environment Plan*

January 28, 2019

The following comments cover Climate Action Network - Réseau action climat Canada's views regarding the climate change provisions in the Government of Ontario's proposed *Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environment Plan*, released November 29, 2018.

While we commend the Ford government for commitments to investing in climate impact assessment, resilience-building, and educating Ontarians about climate impacts, overall we see this plan as a very preliminary and inadequate proposal to chart Ontario's role in mitigating the climate change crisis. The fact is that without dramatically more effort than is outlined here to stop the progression of climate change, its impacts will continue to escalate rapidly, driving up the costs for Ontario homeowners, businesses and governments to respond. Already struggling households and municipalities will face even deeper and more long-lasting financial harm as the pace and scale of climate change grows.

Our comments will focus on two main areas of concern: 1) the inadequacies of the proposed revised emissions reduction targets, and 2) questions around who pays the costs associated with climate change and climate action. We conclude with some recommendations for further steps this government could take to improve its current proposed plan.

1. Introduction

Climate change, driven by the human combustion of fossil fuels, is a present and growing threat for households, businesses, communities and public infrastructure in Ontario. As noted in *Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environment Plan*, climate change is already having significant ecological and economic impacts across the province through effects such as increased severe flooding, periodic but increasingly severe droughts, costly wild fires, deadly heat waves, and increased instances of vector-borne diseases like Lyme disease.

In early October, the Intergovernmental Panel on Climate Change, a global body of thousands of climate scientists, released its most recent report in which it declared in the clearest terms possible the severe devastation and hardship that lies ahead for our youth, our children and our grandchildren, should we fail to act to reduce emissions in line with the scale science requires **in the coming decade**.

Climate change threatens Ontario's infrastructure, the health of its citizens, and has broad-reaching implications for our economy and job security which include both challenges and opportunities. **Now is not the time to back down on ambitious and life-saving climate action.** Now is the time to invest in rising to the challenge of ensuring today's working Ontarians have access to jobs and skills training that positions them as contributors to climate solutions. Tackling climate change is not all about spending money and driving up government budgets, nor is it about asking Ontarians to foot the bill for unnecessary programs. This is our collective opportunity to lead Ontario into a more secure, more stable, and more prosperous future by investing in the types of training, innovation, jobs creation and infrastructure our province needs to have a competitive advantage in the changing world.

2. Setting Appropriate Targets

The current government of Ontario has acknowledged the leadership shown by its predecessors that drove down the province's greenhouse gas emissions by 22% over the 12 year period between 2005 and 2017¹. The province achieved this in part by closing all of Ontario's coal-fired electricity-generating stations - an act that remains one of the single largest greenhouse gas reduction actions implemented to date in North America. And yet, despite significant progress, Ontario remains the country's second most carbon polluting province, after Alberta. We still have our work cut out for us and with the urgency of the climate crisis escalating annually, now is certainly not the time to ease off our efforts.

In *Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environment Plan*, the Government of Ontario makes the case for aligning Ontario's emissions reduction targets with federal targets. This is problematic for several reasons.

First, this marks a drastic reduction in ambition for the province. Ontario would reduce emissions by only 8% over the next 13 years when the province has just proven it is capable of reducing emissions 22% in just 12 years. Where the 2016 legislated targets were expected to see Ontario's carbon pollution reduced to about 113 MT by 2030², the current plan aims for a target that would see Ontario emitting 143 MT in 2030. This 30 MT gap in ambition is substantial and would cancel out the 32Mt of emissions savings Ontario achieved by shutting down coal plants. 30Mt of carbon pollution is equivalent to putting 6 million more cars on the road or opening 7 new coal power plants.³

Second, Canada's federal targets, while a good starting point for climate action to 2020, do not deliver enough of a reduction to ensure Canada is delivering its fair share to global emissions reductions under the Paris Agreement. Canada's current pledge under the Paris Agreement, a 30% emissions reduction over 2005 levels by 2030, would deliver an amount of emissions reduction that is in line with a trajectory leading to between 3-4°C of global warming this century - a level of warming that would result in unimaginable, catastrophic consequences for people and ecosystems worldwide. Instead, signatories to the Paris Agreement have pledged to keep warming below 2°C,

¹ In 2016, the Legislative Assembly of Ontario set ambitious yet achievable emissions reduction targets aligned with the actions of other provinces and states and in line with global objectives. Under this legislation, Ontario's goals were to see a reduction from 1990 emissions levels of 15 per cent in 2020, 37 per cent in 2030 and 80 per cent in 2050. Based on greenhouse gas reporting data, Ontario met its 2014 target of six per cent below 1990 levels.

² In 1990, Ontario emitted 179 MT of carbon pollution, according to Canada's *National Inventory Report 1990–2016: Greenhouse Gas Sources and Sinks in Canada*, available at http://publications.gc.ca/collections/collection_2018/eccc/En81-4-2016-3-eng.pdf. According to Ontario's legislated targets, a 37% decline by 2030 over 1990 levels would drop emissions to 112.8 MT.

³ <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

aiming for 1.5°C as the upper limit to warming this century. In order to meet this target, CAN-Rac and our members estimate Canada's fair share contribution to be emissions reductions of at least 60% below 2005 levels by 2030 and international climate finance contributions that reach \$4 billion / year by 2020.^{4 5} Canada will have to substantially increase the ambition of its climate targets in the coming years, and so aligning with those targets - particularly when Ontario has already achieved more accelerated progress at the provincial scale - is both short-sighted and inappropriate.

Finally, we provide the following advice that we continue to offer to the federal government: targets must be legislated and their achievement supported by a robust, legislated accountability oversight mechanism that ensures the province does not fall short on delivering its promises. Even the most ambitious and aggressive targets are worthless if there is nothing requiring they be met, and no consequences for failure.

3. Who Pays?

Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environment Plan states, "...doing Canada's heavy lifting on greenhouse gas emission reductions has come at a cost to Ontario families. Our government understands the part that Ontarians have played and continue to play in reducing their emissions.... we must look to find a balanced approach to reducing our emissions and prepare families for the impact of climate change in order to maintain both a healthy economy and healthy environment." (p. 17).

In response, the Government of Ontario proposes a mix of regulatory measures, applied to a range of sectors including large industrial emitters, fuels, and transportation. Well-designed and implemented regulatory policies that target the heaviest emissions sources and assist them in dramatically curbing emissions are vitally important and, designed well, can work. However, it is difficult for us to comment in much detail on the merit of proposed regulatory tools in the *Plan*, as none of the tools described has yet been developed. The current *Plan* provides no insights as to how the regulations would work, how they would be applied and monitored, what effects they are expected to return on a policy-by-policy basis, etc. We will be happy to provide comment or input to the design of sound regulatory instruments for reducing Ontario's carbon emissions in the future as this government works to develop them.

It is worth noting, however, that the use of regulatory mechanisms is not cost-free, nor is it generally lower cost for either the emitter or the Ontario consumer, than carbon pricing instruments. Regulatory policy requires administration, oversight, accounting and reporting, all of which tend to carry heavier costs than would be expected from a straight carbon tax. Economists worldwide favour carbon pricing (taxation or credit markets) as a valuable and efficient tool for driving down emissions, in part because of the relative lower cost to administer a tax as opposed to a regulatory policy. Regulatory approaches are absolutely necessary, of course, to driving down emissions, but if costs

⁴ <https://climateactionnetwork.ca/2015/11/05/canada-and-the-un-climate-negotiations-a-paris-package-that-shows-canada-cares/>

⁵ <https://environmentaldefence.ca/report/canadas-oil-and-gas-challenge/>

are a primary concern, carbon pricing is proven to be a cost-effective part of any climate action package. For the average Ontario ratepayer, costs experienced by industry or government related to regulatory policies may well be passed along to them anyhow, either through inflation to the price of goods and services, or necessary increases to other government tax rates.

One of the topmost reason CAN-Rac supports carbon pricing is because it internalizes the costs of pollution which are external to our current system. In other words, rather than assuming that the environment or atmosphere will continue to clean up our messes for free forever, it signals that when we create pollution, it costs us in terms of climate impacts and efforts to clean-up after those impacts. It helps us to reflect the true cost of our economic activities and makes it possible to invest in sound economic decision making that won't bankrupt our future generations either financially or ecologically. And of course, most importantly, it works to reduce emissions. In BC, the earliest province to have adopted a carbon price, emissions dropped by 5-15% over its first seven years of implementation.⁶

Further, on the question of costs and who pays for climate action in Ontario, we are intrigued by the possibilities of seeking innovative approaches to engaging industry and large emitters in supporting solutions. This appears to be the aim of the Ontario Carbon Trust concept. It is, however, quite unclear that incentivizing polluters to reduce emissions actually works to lower emissions. Australia's experiment with this model has seen emissions rise, rather than fall, since its own version of this program was adopted in 2014⁷. Much more work needs to be done to elaborate on the design and oversight for a functional, effective incentive-based emissions reduction program for industrial emitters.

The basic message is - addressing climate change is not and should not be free. Climate action necessarily entails investments that protect peoples' health and mitigate the costs of impacts from climate change - and those costs are already very real, very large, and are growing. The costs for fire suppression, fire- and flood-related property losses, and heat wave-triggered health interventions are contributing to tens of millions of new and growing financial burdens to Ontarians. In 2018, Ontario experienced a record number of wildfires, besting by more than 60% the ten year wildfire average.⁸ Early spring floods in 2018 caused catastrophic damages, declarations of states of

⁶ Murray, B. & Rivers, N. (2015). *British Columbia's revenue-neutral carbon tax: A review of the latest "grand experiment" in environmental policy*. Energy Policy Volume 86, November 2015, Pages 674-683. <https://www.sciencedirect.com/science/article/pii/S0301421515300550#!>

⁷ Australia introduced an incentive-based reduction program in 2014, when it repealed its national carbon tax. At the time, the country's goal was to see a 5% reduction in emissions by 2020 over 2000 levels. <https://www.environment.gov.au/system/files/resources/1f98a924-5946-404c-9510-d440304280f1/files/erf-white-paper.pdf> However, the country has since seen emissions rates rise, rather than fall, and the country is not projected to meet its 2020 goals. <https://www.theguardian.com/environment/2018/nov/30/australias-carbon-emissions-grow-at-fastest-rate-since-2004>

⁸ <https://www.ontario.ca/page/forest-fires>

emergency, and loss of life in southwestern Ontario.⁹ Over \$124 million in insured flooding damage was declared in the Windsor region alone in the one month of August in 2017.¹⁰ Over the 2018 Canada Day weekend, we saw the highest yet recorded humidex values for southern Ontario – Ottawa hit humidex values of 47 degrees Celsius¹¹—while in neighbouring Quebec, as many as 70 deaths were attributed to the same early July heat wave.¹² Ontarians need a government that is acting in their interests to mitigate these serious impacts to lives, homes, and pocketbooks.

4. Recommendations

1. Set targets aligned with what science demands. We know that allowing 2°C of warming this century is too much, and that a safe world for our families, our children, and ourselves can only happen if we keep the temperature rise as low as possible. Science requires us to reduce our emissions by closer to 60% - not 30% - over 2005 levels by 2030.
2. Legislate targets so that they are enforceable and there are consequences to failing to achieve them.
3. Put a price on carbon. It cannot be free to pollute for anyone.
4. Design regulatory policies that aggressively reduce emissions from Ontario's top emitting sectors: transportation (33%), buildings (22%), and industry (18%).

In the transportation sector, inroads can be made through:

- Investments in public transit, especially the GO transit system
- Province-wide investments in active transportation and related infrastructure like Complete Streets¹³
- Infrastructure and incentives to support the transition of the province's private, commercial, and public automotive fleets to zero-emission and electric vehicles
- Policies to reduce heavy vehicle and freight emissions

Ontario's buildings could see significant emissions reductions through the promotion of cost-saving energy efficiency programs and policies. Indeed, many municipalities, businesses, and homeowners are already embracing the notion of saving money by improving the efficiency of buildings through upgrades to insulation, weatherstripping, installing better doors and windows, programmable Smart thermostats, more efficient furnaces, boilers and heat pumps, and more. Making buildings more efficient means

⁹ <https://toronto.citynews.ca/2018/02/24/southern-ontario-community-issues-state-emergency-due-flooding/>

¹⁰ <http://www.abc.ca/on/resources/media-centre/media-releases/late-august-flooding-in-windsor-region-caused-more-than-124-million-in-insured-damage/>

¹¹ <https://globalnews.ca/news/4311444/heat-wave-weather-across-the-world/>

¹² <https://globalnews.ca/news/4321912/quebec-heat-wave-70-deaths-2018/>

¹³ A Complete Street is designed for all ages, abilities, and modes of travel. On Complete Streets, safe and comfortable access for pedestrians, bicycles, transit users and the mobility-impaired is not an afterthought, but an integral planning feature. <http://completestreetsforcanada.ca/>

they require lower energy inputs, which, in Ontario, often includes thermal or electrical fossil energy inputs, usually from natural gas. Updating the Ontario building code to require more stringency in efficiency and building performance could vastly reduce the emissions we see from new buildings and could improve the efficiency of existing building stock through retrofit and renovation programs.

5. Consult with a broad array of expert stakeholders including policy experts, industry, civil society and environmental organizations, and decision makers from all levels of government, to develop regulatory policies that function efficiently and fairly.

6. Legislate regulations so that they are enforceable.

7. Resource oversight bodies that will hold Ontario's climate performance to account for the benefit of all Ontarians, current and future.

