Implications of Inaction on Greenhouse Gases

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GREENHOUSE GAS INITIATIVES FORUM
CONFERENCE BOARD OF CANADA
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Overview

- Public Support
- Canada compared to international commitments
- Kyoto Protocol Implementation Act
- Canada's Options
- Risks of Inaction

Public Support for GHG Emissions Controls

- Polling by McAllister for Pembina, GreenPeace, United Church of Canada and Climate Action Network November 2008
- Nationally 83% of Canadians agreed that Canada should take strong action on climate change without waiting for other countries
- The Regional results were:

Atlantic - 91%, Quebec - 91%, Ontario - 81%, West - 79%

- A large majority in every region agreed that action to protect environment and health needed to be taken even at some cost

International Commitments

- How does Canada compare to other industrialized countries in its GHG commitments to date?
- Ratified Kyoto which was in effect as of February 2005
- 2005 chaired the negotiations in Montreal
- California has committed to 80% reductions by 2050 (baseline 1990)
- Others committing between 60 and 80 or 85% reductions by 2050 include EU, France, New England and Eastern Canada, UK, and New South Wales, Australia

International Commitments contd

- As of 2005 when Canada hosted the Montreal conference it had not committed to any post 2012 targets
- At the time David Suzuki Foundation and Pembina Institute strongly criticized Canada stating that it was not responsible for Canada not to have medium and long term targets in the face of an anticipated $200 billion investment in energy infrastructure over the next 20 years
- They proposed 25% below 1990 by 2020 and 80% below 1990 by 2050 as both urgent and technologically feasible

International Commitments

- As of January 2009, US administration policy is undergoing a radical shift which will now dominate Canada's thinking about its options
- On Thursday, President Obama and PM Harper announced a "clean energy dialogue" aimed at green house gases and climate change
- Last month the new US administration appointed a special envoy on climate change and early action by President Obama included clearing the way for strict vehicle emission standards
- President Obama's campaign commitments included a cap and trade greenhouse gas reduction program to reduce GHG emissions 80% by 2050

New US Approach

- Upon his appointment special envoy Tom Stern said

- “Containing climate change will require nothing less than transforming the global economy from a **high-carbon to a low-carbon energy base**," Stern said as his appointment was announced.
- "But done right, this can free us from our dependence on foreign oil and become a driver for economic growth in the 21st century. President Obama and Secretary Clinton have left no doubt that **a new day is dawning in the U.S. approach to climate change and clean energy."**
- "The time for denial, delay and dispute is over," he added. "The time for the United States to take up its rightful place at the negotiating table is here. We can only meet the climate challenge with a response that is **genuinely global**. We will need to engage in vigorous, dramatic diplomacy."
  - (United Nations Environment Program News Centre Jan 27 2009)

Kyoto Protocol Implementation Act

- Parliament passed this legislation in 2007
- It requires the Minister to prepare a Climate Change Plan annually until 2013, describing the measures to be taken to ensure Canada meets its Kyoto obligations
- Those measures are to include any regulated emissions limits and performance standards; any market based mechanisms such as emissions trading or offsets; any spending or fiscal measures or incentives; any just transition measures for affected workers; and provincial territorial cooperation mechanisms

Kyoto Protocol Implementation Act

- New regulation making powers are included in the act to set limits and standards on greenhouse gases; establish trading regimes; require permits; and otherwise enable the tools and measures described above.
- A plan was developed, entitled “Turning the Corner” and is posted on the Environment Canada website
- The current government commitment is for 18% reduction in greenhouse gas emission intensity from 2006 levels beginning in 2010, and 2% reductions annually after that

Kyoto Protocol Implementation Act

- Other measures mentioned in the plan deal with potential energy efficiency regulations, incandescent lightbulb phase-out, new car and light truck fuel efficiency standards, reduced transportation emissions, and a number of other initiatives including eco-energy and eco-agriculture programs
- On behalf of Friends of the Earth, Ecojustice Canada lawyers are appealing a federal court decision which dismissed their claim that the federal government was not in compliance with the Kyoto Protocol Implementation Act (as not justiciable)

Kyoto Protocol Implementation Act

- However in the reasons given prior to dismissing the application, Mr. Justice Barnes stated that,
  - “The Climate Change Plan also makes it very clear that the Government of Canada has no present intention to meet its Kyoto Protocol commitments.”

Kyoto Protocol Implementation Act

- Given the sea-change in North America as of January, 2009, we in the environmental community will be reiterating and advocating a strong commitment to Kyoto, deep reductions starting immediately, and strong leadership leading to Copenhagen and post 2012 commitments.

Canada's Options

- Environment Minister Prentice stated in January, 2009, that it is Canada's intention to eventually move to a "hard" cap and trade greenhouse gas reduction regime
- However he nevertheless reiterated the current plan to "commence" regulatory action with intensity based targets
- Canadian environmental community resists intensity targets for the simple reason that they do not guarantee actual reductions in total Canadian green house gas emissions

Canada's Options

- Minister Prentice also mentioned other approaches to pursue in addition to cap and trade:
- A shared target for low carbon power generation
- A common biofuel mandate
- A common fuel efficiency standard
- A common low carbon fuel transportation standard for all of North America

Canada's Options

- The Standing Committee on Natural Resources and the Environment considered an NDP bill, the Climate Change Accountability Act which was passed but not proclaimed in 2008, in the last Parliament (and re-introduced this month).
- That bill, C-311 (as now numbered) proposes reducing greenhouse gas emissions to 80% below 1990 levels by 2050 (25% by 2020), with authority to make regulations to meet the targets

Canada's Options

- In regard to the previous version of the Bill, CELA suggested using CEPA which has already listed the six greenhouse gases as toxics and which has been found constitutionally valid in terms of our division of powers between the federal and provincial governments
  - (Carbon Dioxide, Methane, Nitrous Oxide, Hydrofluourocarbons, Perfluorocarbons, Sulfur hexafluoride)
- Similarly the Kyoto Protocol Implementation Act listed the six greenhouse gases

Canada`s Options

- Bill C-311 as reintroduced does now list the greenhouse gases and references CEPA
- It provides regulation making powers to limit greenhouse gas emissions including within each province
- Bill C-311 also proposes to authorize trading regimes, equipment use restrictions, fuel standards, permits and approvals for emissions of greenhouse gases
- Bill C-311 and its predecessor do not provide for carbon pricing as non-governmental bills cannot make money commitments

Canada's Options

- Another option is a carbon tax
- A version of this option was proposed by the Liberal Party of Canada in the last election as the Green Shift plan which would have applied a wholesale carbon tax to fossil fuels
- Mark Jaccard reviewed carbon pricing in the David Suzuki Foundation's 2008 report, "Pricing Carbon, Saving Green – A Carbon Tax to Lower Emissions Taxes and Barriers to Green Technology"

Carbon Pricing

- One of the main arguments for carbon pricing is that high carbon power and energy sources cause massive environmental damage which they don't pay for and therefore they have an unlevel playing field in their price compared to renewable power sources which do not have these consequences
- Carbon taxes can level this playing field, reflecting the true economic advantages of renewables
- In addition, the revenue generated can be used for conservation incentives and low income fuel assistance programs, for example

Emissions Standards for Greenhouse Gases under the Canadian Environmental Protection Act

- An interesting debate was hosted this past week between five legal and economic experts in the New York Times (Feb 19/09) on the question of whether greenhouse gas regulation should proceed under the existing US Clean Air Act or whether new legislation would be preferred.
- Similarly in Canada we do have the option of standards regulation using the basic tools of CEPA as well as the new Kyoto Protocol Implementation Act.
- The arguments for and against, or for a combination approach would be similar to those canvassed there

Existing or New Legislation

- Among the arguments to use existing legislation would be the ability to make a quicker start and some progress while developing more specific and broad climate change legislation for the longer term
- For example new facilities could be required to meet new standards now while other approaches are pursued to get existing facilities emissions down

Existing or New Legislation

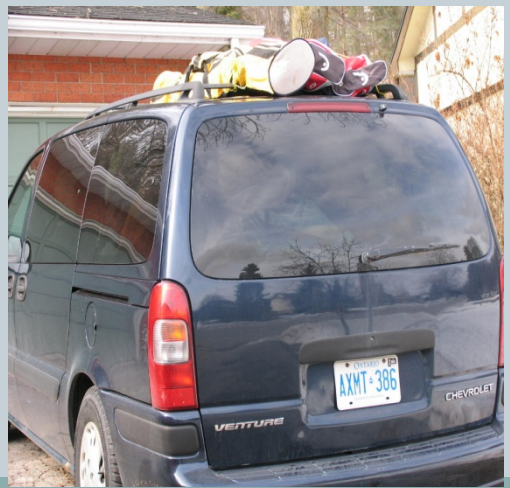
- Arguments opposing included the sheer numbers of facilities that would be regulated and governmental resourcing for enforcement; the fact that greenhouse gases are global pollutants not local like most substances regulated under CEPA and the Clean Air Act (although I note that we use those statutes to regulate the POPs, many of which travel globally).
- Some argued that existing legislation was too unweildly and or too limited in its tools to allow for innovation
- However, I would suggest that ability to innovate can be incorporated into a regulatory system and that the approaches need not be mutually exclusive

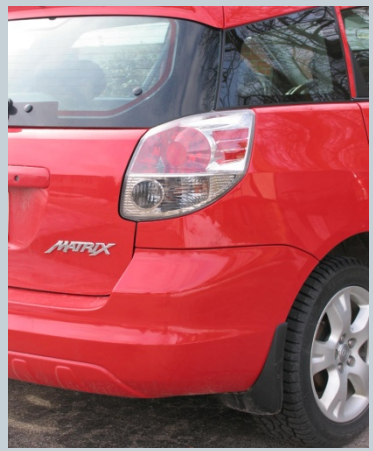
Economic, Legal and Insurance Risks

- Economic risks of failure to act
- Legal risks of failure to act
- Insurance risks of failure to act
- Health and ecosystem risks of failure to act

Harvard Business Journal

- 2005 review of how global auto companies were prepared for climate change risks of various types: insurance risk, liability risk, economic (product choice) risk, regulatory risk
  - http://www.hks.harvard.edu/m-rcbg/heep/publications.html





Types of Risk - Economic

- Risks to competitiveness of our Canadian economy in various sectors if we are not advanced in carbon reduction
- Supply chain risks – above and below each participant – ability to meet requirements of downstream users, new procurement rules or specifications
- Market choice – out front, or taken by surprise
- Technology development and the intellectual and licensing capacity that goes with early adoption

Types of Risk - Legal

- Liability risk – class actions for example; foreseeability of harm could probably be proven
- Balance sheet risks, including transactions
- Regulatory risk – standards will change in various jurisdictions – how well positioned to adapt

Types of Risk - Insurance

- Insurance risk – for example from flooding, such as Hurricane Katrina, and the City of Peterborough in July 2004 when 190 mm of rain fell in one day prompting a disaster relief response.

Types of Risks - Insurance

- Infrastructure risks – requirements to massively shift or scale up infrastructure, find new drinking water supplies, alter shipping channels, rebuild marinas etc
- Insurance Bureau of Canada calls for massive upgrading of infrastructure, improvements to building codes and changes in design standards all because of increased extreme climate events

Types of Risk – Health and Ecosystem

- Health risks –
- risk of sewer by-passes;
- increasing vectors such as for malaria, dengue fever, lyme disease, encephalitis, cholera, shellfish poisoning, hantavirus, plague;
- insects, disease, malnutrition, ultra-violet radiation, immune-response diseases, respiratory illness

(Medline various sources)

Ecosystem Risks

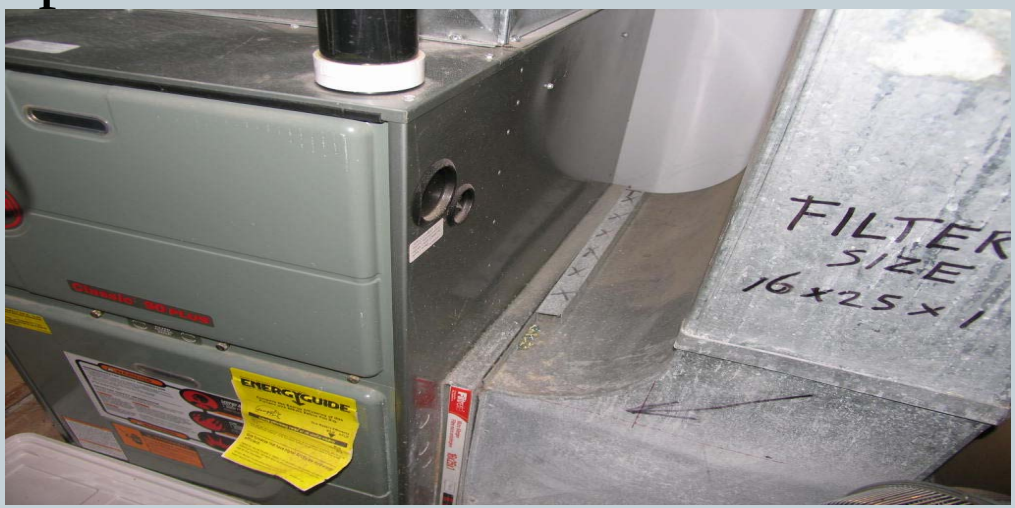
- Ecosystem risks - weeds, invasive species – risks of crop failure; insect damage
- Great Lakes quantity risks
- Groundwater supplies; changes in evaporation rates and timing and snowmelt timing
- Glacier fed watersheds in western Canada
- Drinking water quantity and quality
- Sea ice thinning and ocean current alteration
- Forest fires and forest species

Ecosystem risks cont`d

- Ecosystem food chains: marine, aquatic, land based
- Coral reefs
- Sea levels increasing
- Loss of land base & habitats
- Decreased biodiversity

Other Risks

- In Australia due to drought one watershed had to incur an 18b$ investment in two years to deal with extreme water supply issues
- Rising energy and fuel costs and lower availability
- Reputational risk – of Canada as a global leader

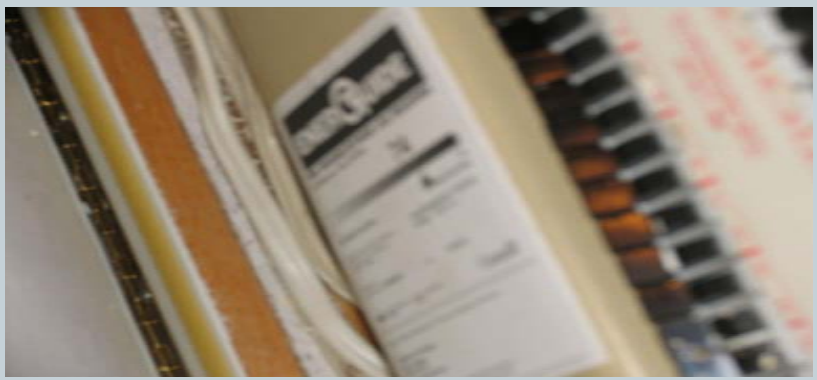


How a Regulatory System can Help

- New Cap and Trade programs
- New Greenhouse Gas Emissions reduction standards under Kyoto Protocol Implementation Act and or CEPA
- Carbon Tax or Carbon Pricing
- Labelling Requirements
- Establishing time frames for various actions

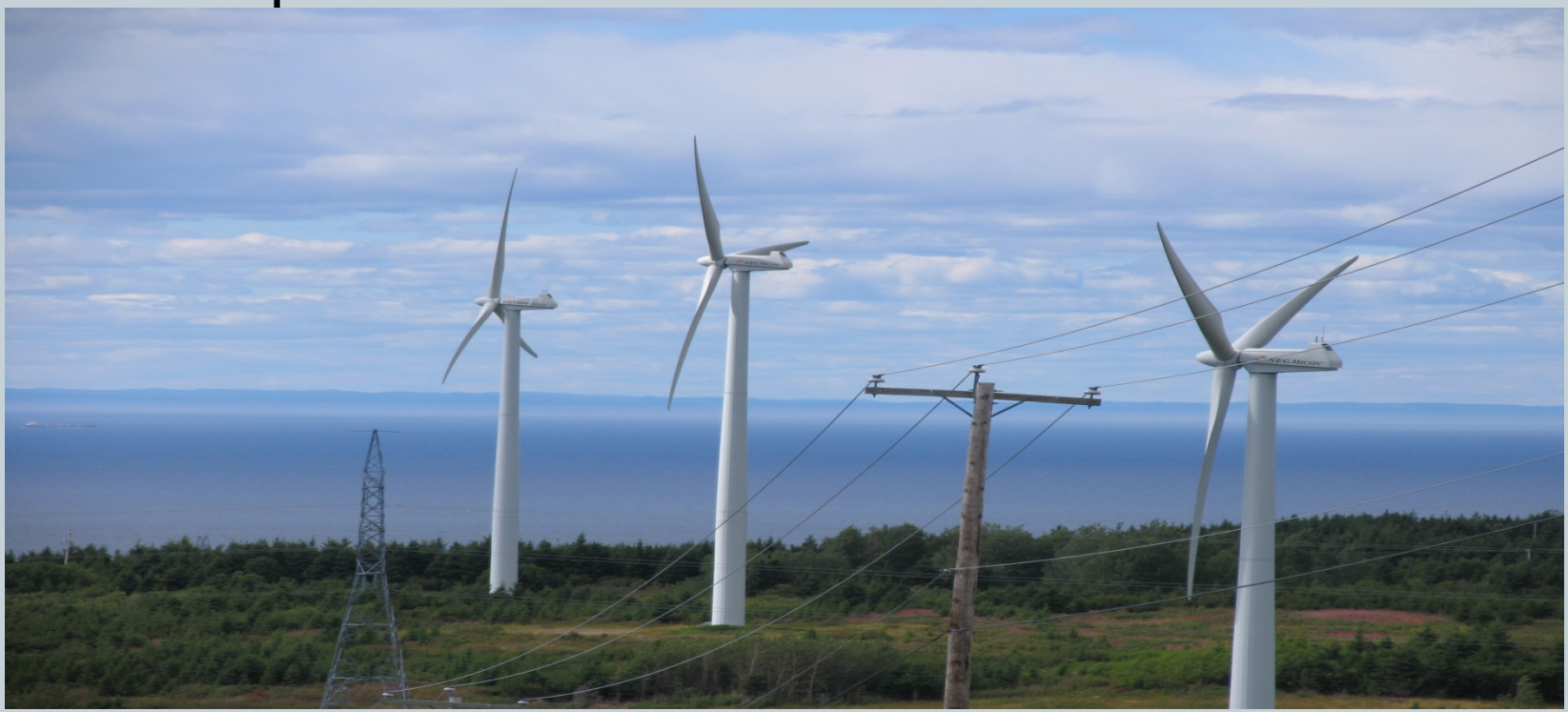
How a Regulatory System Can Help

- Codes and Standards for buildings, products, equipment
- Other incentive programs and program supports



How a regulatory system can help

- Enabling, removing barriers, requirements for energy and fuel conservation, renewables
- For example see Power for the Future at www.cela.ca



How a regulatory system can help

- Meaningful requirements for full life cycle assessments
- Environmental Assessments and Environmental Impact Assessments
- Data monitoring and data sharing requirements
- Mandatory contingency plans in variety of contexts

Federal – Provincial Roles

- Western Climate Initiative includes Ontario, Quebec, Manitoba and BC
- Action is needed at all scales – international, national, provincial, regional, individual & corporate
- In Canada, environment jurisdiction shared fed prov
- Neither should preclude the other; both must act
- The possibility of federal action in either or both Canada or the US is expressly recognized and encouraged in the WCI by the participating jurisdictions and they note that they will be in a leadership position in a carbon constrained future

Equity Issues

- Impact on low income communities need to be addressed; IPCC stated that impacts will be greatest on the poor
- Both international and national equity issues, as well as intergenerational
- Examples of increased risk:
  - Less secure shelter
  - Located in & on more marginal lands and reliant on vulnerable ecosystems
  - Inability to acquire prevention and other solutions
  - Immobility

Equity Issues

- All communities must have access to participate in new solutions, both in prevention and in protection from harm
- Geographic impacts for remote, northern communities must be addressed

Conclusion

- It is imperative to act now
- Any later is literally too late and all risks are manifoldly increased
- Fairness to future generations and ethics of ecosystem protection are of utmost import
- Regulatory solutions are a necessary part of the mix of needed responses
- Many solutions can operate in tandem

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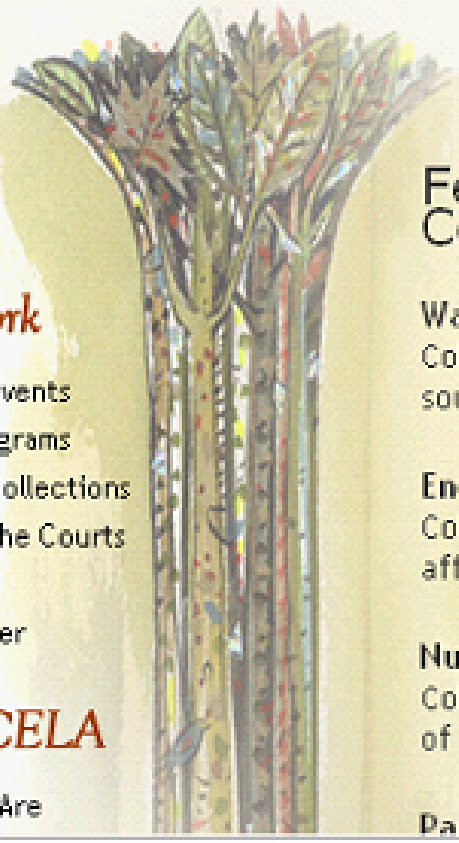

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- Core Programs
- Topical Collections
- CELA in the Courts
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Featured Items and Collections

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Collection of materials about protecting drinking water sources

Energy Costs and Low Income Ontario Residents
Collection of materials related to energy conservation and affordable electricity pricing in Ontario

Nuclear Phase-Out
Collection of materials related to CELA's position in support of nuclear phase-out in Canada

Partnership for Pesticide Bylaws

News & Events

May 17 2004
Canada Must Build on Toxics Treaty

May 14 2004
CELA Requests Environmental Commissioner To Investigate Ontario's Refusal To Fix Deficient Water Well Regulation

May 11 2004
Energy conservation could save Ontario $14 billion: new study

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