



# ONTARIO CLEAN ECONOMY ALLIANCE

## Comments Guide for Bill 4, Cap and Trade Cancellation Act, 2018

This document is meant to serve as a guide for CEA members who are preparing to submit comments on Bill 4 through the ERO.

[You can find a link to the full text of the bill here.](#)

[You can find a link to the submission page through the Environmental Registry of Ontario here.](#)

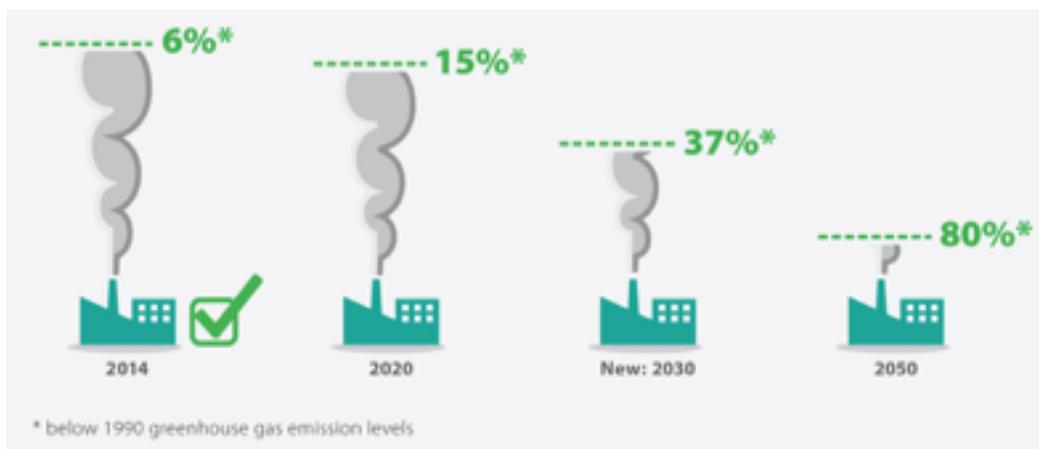
These key points will form the basis of the CEA's comments as an organization. We encourage CEA members to take this opportunity to submit their own comments in addition to the CEA's comments. To help with this process, please use or adapt any points below. These points are organized to align with the subsections in Bill 4.

You can direct any questions or comments to [sbuchanan@cleaneconomyalliance.ca](mailto:sbuchanan@cleaneconomyalliance.ca).

## Section-by-Section Key Points

### 1. Establishing targets for greenhouse gas emissions reductions

- We support Ontario's current targets to reduce GHG emissions to 80% below 1990 levels by 2050



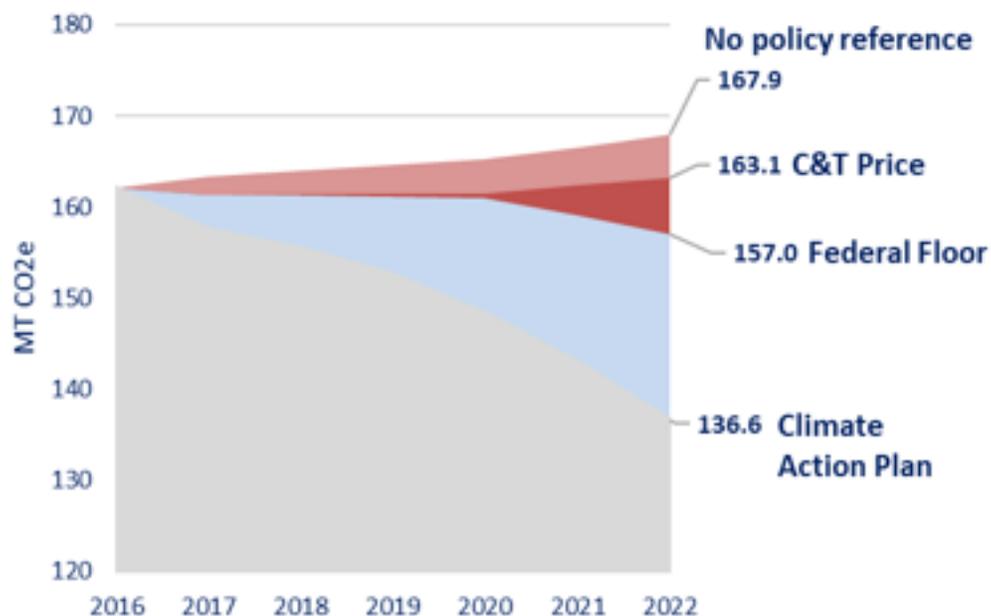
- These targets are science-based and in line with what is needed to keep temperature change to 1.5 degrees, as agreed to by 195 countries in Paris

- Any new targets must be in line with Canada's international commitments to limit warming to 1.5 degrees, and relevant to slowing the impacts of climate change
- Missing or softening targets has huge economic impacts - stabilizing at 3 degrees instead of 2 degrees will mean an extra \$7.5B in damage to Ontario's GDP, based on global estimates from US Council of Economic Advisors ([link to report](#))

## 2. Requirement for Minister to prepare climate change plan

- Ontario will need to introduce ambitious and effective programs to significantly reduce greenhouse gas emissions in the absence of carbon pricing - this is difficult, but not impossible
- Ontario's projected GHG reductions under various scenarios show the relative impact of pricing vs. plan - lack of pricing will hurt, but lack of effective plan will hurt more

### ONTARIO GHG REDUCTIONS



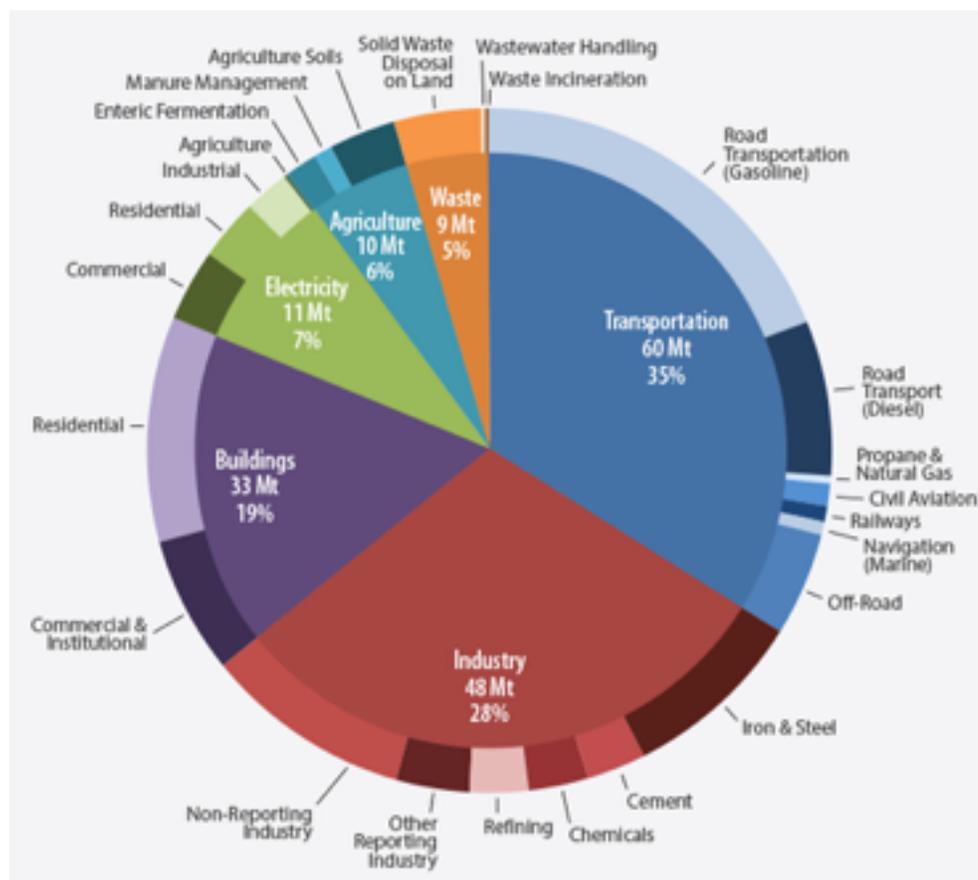
Source: *EnviroEconomics modeling – Sept 2018 [presentation](#)*

- Plan needs to be built around achieving science-based GHG reduction targets, and actual hard GHG reduction goals
- Need to establish a deadline for plan's release - cancelling the current plan without a new plan in place risks significant backsliding
- Ontario needs to act quickly to fill widening gap left by this summer's climate program cancellations with new programs designed to reduce GHG emissions

- Otherwise the current lack of price signal combined with a lack of programs to reduce emissions will continue to allow rise in carbon pollution as per previous graph
- Need to consult widely on new plan with businesses, economists, scientists and other climate change experts to forge a cost-effective and ambitious way forward
- Need to post new climate change plan to ERO for comments before approval

### 3. Contents of climate change plan

- Targets should be established before plan is finalized - otherwise, what are we aiming for? Current targets are fully achievable for Ontario with an ambitious set of programs
- While adaptation and resilience are incredibly important, need to keep this plan focused on mitigation/reducing GHGs to hit targets, and maintain a separate plan to help communities adapt to climate change
- New climate plan needs to lay out firm action to address primary sources of carbon pollution in Ontario:



Source: Government of Ontario: [Ontario's Climate Change Strategy s.5](#)

- Plan also needs to support a growing economy, create new jobs, and keep costs affordable for households and businesses

- Our list of policy recommendations below combine these 2 main criteria to focus on highlighting effective mitigation programs in key areas which can also support new jobs and a growing economy, and cut energy costs for homes and businesses.

## **Top 10 recommendations for policies/programs to include in climate plan**

### **Buildings and Energy**

- Natural gas conservation – still vast untapped potential for low cost carbon reductions which also reduce gas bills – expanding natural gas DSM programs has the potential to reduce Ontario’s gas costs by \$85 billion by 2030, and cut GHG emissions from natural gas by 17.8% (will cite once this analysis is released Oct 1<sup>st</sup>). More info [here](#) and [here](#).
- Ontario Building Code updates –allows opportunity to ramp up energy efficiency standards, and require new builds to accommodate low carbon technologies (ie. Solar, geothermal, EVs) – previous CEA recommendations [here](#).
- Maintain programs to support net metering, rooftop solar, and other cost-effective options to build energy resilience – this provides opportunities for adaptation to and mitigation of climate change, and cost savings for customers who can produce their own energy
- Move to modernized clean fuel standard to lower GHG emissions from building and transportation fuels - this allows market to innovate and choose lowest cost ways to implement low carbon fuels rather than dictating which fuels to use in which quantity
- Implement a rating system for home energy efficiency – encourages energy efficiency and improves transparency of costs to home buyers – more info [here](#) and [here](#)

### **Transportation**

- Move to modernized clean fuel standard to lower GHG emissions from building and transportation fuels – incentivizes gradual introduction of low carbon fuels
- Implement policies to reduce GHG emissions from freight vehicles, i.e. encouraging switch to biodiesel blends with tax incentives, scrappage programs to replace old inefficient trucks, support regional freight planning (for example, [strategic planning in Peel Region](#))
- Invest strategically in transit expansion (ie. GO electrification) to reduce GHG emissions from passenger vehicles
- Invest in electric mobility by expanding electric vehicle charging network, providing free overnight charging for electric vehicles

### **Industry**

- Support clean technology with innovation fund to help business/industry shift to cleaner, more efficient, cost-effective technologies

#### **4. Requirement for Minister to prepare regular progress reports**

- Need to establish a time frame for progress reports - annual reports would provide consistency
- Need to release spending and costing details as part of these reports

#### **5. Retirement and cancellation of cap and trade instruments**

- Unfortunate that government is cancelling cap-and-trade as it enjoyed widespread support as a market-based tool and resulted from broad consultation with affected industry
  - Cancelling cap-and-trade will lead to implementation of federal backstop carbon pricing plan, meaning cost savings are short-lived
  - Industry and business will still be subject to costs under new federal plan, however must now expend significant effort to align their systems with federal plan instead of continuing with cap-and-trade
  - Rather than an abrupt scrapping of a system many participants were required to invest in, a longer wind-down time, more consultation, and more transition support would help industry adapt to this change
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