

# “Large Final Emitters”: The Centrepiece of Canada’s Kyoto Plan

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# Overview

- Why are Large Final Emitters so important to implementing the Kyoto Protocol
- Why does this issue need attention now?
- What is the Large Final Emitters system?
- Potential loopholes

# Importance of large final emitters

- System of emissions targets for LFEs is by far the single largest component of federal Kyoto plan (55 megatonnes out of 240)
- LFEs projected to emit 44% of Canada's greenhouse gas emissions in 2010
- Canada's industrial GHG emissions rose by 23% between 1990 and 2001
  - Emissions from electricity rose 44%
  - Emissions from oil and gas rose 50%

# Why does this issue need attention now?

- NRCan officials preparing drafting instructions for LFE legislation to be presented to cabinet soon for tabling this fall
- Government already making promises and deals to/with industry on particular elements of the LFE system, behind closed doors
- The LFE system, as currently envisaged, contains several potential loopholes that reduce system's contribution to meeting Canada's Kyoto target

# What is the Large Final Emitters system?

- ~700 major industrial facilities across Canada
- New federal legislation
- Targets for Kyoto period (2008-12) set by a series of regulations
- Meet targets through:
  - Reducing actual emissions
  - Purchasing permits/credits representing emission reductions achieved by others

# Potential loopholes

- Increasing the “business as usual” emissions level, relative to which targets are set
- Double counting other emission reductions allocated to industry in the Kyoto plan
- Failing to ensure the targets add up
- Placing no limit on emission increases caused by higher production
- Double counting reductions allocated to other sectors of the economy
- *See briefing note for more loopholes*