

## Evaluation of the Government of Canada's Greenhouse Gas Reduction Policies, Prepared for the *Climate Change Performance Index 2010*

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This evaluation was prepared by the Pembina Institute as input to the *Climate Change Performance Index 2010*. The index, published by Germanwatch and Climate Action Network Europe, ranks countries' performance in controlling greenhouse gas (GHG) emissions. Full information on the index, including countries' rankings, is available at <http://www.germanwatch.org/ccpi.htm>.

This document consists of detailed responses to the standard questionnaire used to compile the national government policy component of the *Climate Change Performance Index*. Policies are rated as follows:

*1= very good      2= good      3= neutral      4= poor      5= very poor*

### Summary of ratings of Government of Canada policies

Sector	Policy	Rating
Energy production	ecoENERGY for Renewable Power (incentive)	3
	Financial support for large-scale demonstration of carbon capture and storage (CCS)	4
	Class 43.1/43.2 accelerated capital cost allowance rates and Canadian Renewable and Conservation Expenses	4
	<i>Overall</i>	5
Manufacturing	Canadian Industry Program for Energy Conservation (information)	4
	ecoENERGY for Industry (incentives)	3
	<i>Overall</i>	4
Transport	Investments in public transit infrastructure	3
	Biofuel targets and incentives	3
	Mandatory targets for the automotive industry	3
	<i>Overall</i>	4
Buildings	ecoENERGY Retrofit — Homes (incentive)	3
	Energy Efficiency Regulations	2
	ecoENERGY Retrofit Incentive for Buildings	4
	<i>Overall</i>	4
Kyoto commitments	Chance of reaching Kyoto target with current policies	5
International climate policy	Performance at recent UNFCCC conferences	5
	Performance at other recent international conferences	4

## ***I. Energy production***

***1. Does your country have any national policies and measures for the reduction of carbon dioxide (CO<sub>2</sub>) in the energy sector?***

Yes

***2. If yes, please list the most important national policies and measures (max. three) for the reduction of CO<sub>2</sub> in the energy sector and rate them according to their effectiveness.***

### **A. ecoENERGY for Renewable Power<sup>1</sup>**

The ecoENERGY for Renewable Power program, announced in January 2007, provides incentive payments of one cent per kilowatt-hour (kWh) for ten years to low-impact renewable electricity generation projects (including wind, biomass, low-impact hydro, geothermal, solar photovoltaic and ocean energy) constructed between April 1, 2007 and March 31, 2011. This initiative replaced the similar Wind Power Production Incentive (WPPI), originally announced in the 2001 federal budget.

The ecoENERGY for Renewable Power incentive is provided to projects on a “first in construction, first served” basis, up to a total budget amount of \$1.48 billion over 15 years, corresponding to up to 4,000 megawatts (MW) of new renewable electricity generation capacity installed by 2011.

This program has been a key factor in growing Canada’s green power industry by significantly changing the economics of the sector. However, the program’s current objective is very modest in comparison both to the green power capacity needed if Canada is to achieve substantial GHG reductions by 2020, and to that of other countries. By the end of 2008, the U.S. had 25,200 megawatts (MW) of installed wind power capacity alone, followed by Germany at 23,900 MW and Spain 16,700 MW — compared to just 2,400 MW in Canada.

As of November 2009, almost 11,000 MW of projects were registered for the program, and the current 4,000 MW limit is expected to be fully allocated imminently. Since the program was not expanded in the 2009 federal budget, significant investments in Canadian green power projects are being jeopardized, and significant new development opportunities lost to the U.S., in the absence of any indication that the program will be expanded or replaced in the 2010 budget.

- ▶ ***Rating: 3 (neutral; the program is good but it has now essentially expired and urgently needs expanding or replacing)***

### **B. Financial support for large-scale demonstration of carbon capture and storage (CCS)**

The federal government has pledged over \$700 million for three large-scale CCS demonstration projects to be constructed in the next several years: \$240 million for SaskPower’s Boundary Dam coal-fired power project in Saskatchewan, \$343 million for TransAlta’s Project Pioneer coal-fired power project in Alberta, and \$120 million for Shell’s Quest Project at its Alberta oil sands upgrader. In each case there is substantial co-funding from the respective provincial governments and from industry. The funding for the Boundary Dam project was a one-off

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<sup>1</sup> The information in this document is mostly drawn from federal government publications. All information sources can be provided by the authors on request.

commitment in the 2008 federal budget; most of the remaining federal money is drawn from the Clean Energy Fund (\$1 billion over five years) announced in the 2009 budget, with a smaller portion coming from the ecoENERGY Technology Initiative (\$240 million over five years). The government intends to use a total of \$650 million from the Clean Energy Fund for large-scale CCS demonstration projects; the majority of the ecoENERGY Technology Initiative for smaller-scale pre-demonstration CCS work; and part of a further \$150 million tranche of the Clean Energy Fund for CCS research and development.

The three large-scale CCS projects funded to date are expected to reduce annual GHG emissions by 3.2 megatonnes CO<sub>2</sub> equivalent (Mt), relative to business-as-usual levels, by 2015. By way of comparison, Environment Canada projected in 2008 that Canada's total annual industrial GHG emissions (including electricity generation) would increase by 83 Mt between 2006 and 2020 under business-as-usual conditions, with 95% of this increase coming from expansion of Alberta's oil sands operations. Thus, the emission reductions from this funding will cancel out less than 4% of the projected increase in Canada's industrial emissions.

- ▶ **Rating: 4 (poor; the expected emission reductions are small compared to projected emission increases, and the subsidies to major polluters are unnecessarily large; the high rate of subsidy is a consequence of governments' failure to put a price on emissions high enough to ensure that polluters start shouldering the additional cost of CCS themselves)**

### **C. Class 43.1/43.2 accelerated capital cost allowance rates and Canadian Renewable and Conservation Expenses**

The Class 43.1 accelerated capital cost allowance rate and Canadian Renewable and Conservation Expenses (CRCE) were introduced in the 1996 federal budget to promote energy efficiency and small- to medium-scale renewable energy. Class 43.1 in Schedule II of the Income Tax Act allowed taxpayers an accelerated write-off at up to 30% per year of equipment generating electricity from wind, small hydro, biomass, solar PV, geothermal and certain cogeneration systems. The 2005 federal budget created a new category, Class 43.2, which provides an increased capital cost allowance rate of 50% for all new renewable energy generation equipment of the types included in Class 43.1. The 2006 federal budget expanded the scope of cogeneration systems included in Class 43.1/43.2. Budget 2007 further increased the scope of Class 43.2 to include wave, tidal and solar energy, stationary fuel cells, biogas from organic waste, and pulp and paper waste fuels. Budget 2008 added ground source heat pumps and additional types of biogas and bio-oil systems to Class 43.2.

CRCE is a category of 100% tax-deductible expenditures associated with the start-up of projects for which at least 50% of the capital costs of the property would be described in Class 43.2. Expenses eligible under CRCE include, for example, service connection costs incurred to transmit power from the project to the electric utility and test wind turbines.

A number of small hydro facilities have been made economically viable by the Class 43.1/43.2 accelerated capital cost allowance rate alone, but Class 43.1/43.2 and CRCE do not appear, on their own, to have resulted in the installation of any other kinds of green power facilities.

- ▶ **Rating: 4 (poor; these incentives appear too weak to be effective on a large scale)**

***3. Considering its current emission reduction (or limitation) requirements on the one side, and its potential to reduce emissions on the other, how do you rate the current national climate policy of your country in the energy sector?***

- ***Rating: 5 (very poor; assessment dominated by the absence of a cap-and-trade system or alternative means of putting a price on industrial emissions — see below)***

***4. Please give an additional comment:***

Between 1990 and 2007, GHG emissions from Canada's oil and gas industry grew by 46%, and GHG emissions from Canadian electricity generation by 28%. By far the most important policy needed to slow down and reverse these increases is a cap-and-trade system or alternative means of putting an adequate price on emissions.

In March 2008, the federal government announced a Regulatory Framework for Industrial GHG Emissions, the latest in a series of federal commitments to regulate GHG emissions from heavy industry dating back to November 2002. The framework proposed increasingly stringent emissions intensity targets, combined with emissions trading, for heavy industry sectors including electricity and oil and gas producers. The targets were to take effect in 2010 and extend to 2020. However, in addition to the reliance on intensity targets (as opposed to targets for actual emissions), the framework had several fundamental weaknesses. These included delaying a large proportion of the emission reductions until 2018, minimal obligations for oil sands companies, double counting, and unlimited use of domestic offset credits.

By early 2009 the government had made clear that the March 2008 regulatory framework was to be replaced by a new proposal influenced by the cap-and-trade system under development in the U.S. Congress. However, a new Canadian proposal for regulating industrial GHG emissions has not been published. According to media reports in November 2009, Environment Minister Jim Prentice stated that a new regulatory proposal might not be unveiled until late 2010 or even later, and that it would have to be preceded by a continental climate change agreement between Canada and the U.S.

## ***II. Manufacturing***

***1. Does your country have any national policies and measures for the reduction of CO<sub>2</sub> in the manufacturing and construction sector?***

Yes

***2. If yes, please list the most important national policies and measures (max. three) for the reduction of CO<sub>2</sub> in the manufacturing and construction sector and rate them according to their effectiveness.***

### **A. Canadian Industry Program for Energy Conservation**

In 1975, the federal government launched the Canadian Industry Program for Energy Conservation (CIPEC), a voluntary partnership with industry to improve Canada's industrial energy efficiency. The program provided several tools to improve energy efficiency, including incentives for industrial energy audits, energy management workshops, and access to a knowledge-sharing and learning network for industrial energy management practitioners. The program was eventually extended to all sectors, including mining, manufacturing, construction, electricity and oil and gas. However, according to the 2006 Report of the Commissioner of the

Environment and Sustainable Development, total reductions in annual GHG emissions by March 2006 as a result of CIPEC were only 1.3 Mt.

In January 2007, the federal government announced \$20 million (over four years) for the ecoENERGY for Industry program, to be delivered through CIPEC, with the aim of accelerating energy-saving investments by industry. This new program includes two new financial incentives: the ecoENERGY Retrofit Incentive for Industry and the ecoENERGY Assessment Incentive for Industry; these are assessed below.

- ▶ **Rating: 4 (poor; the program provides helpful information but produces very limited emission reductions)**

## **B. ecoENERGY for Industry: ecoENERGY Retrofit Incentive for Industry and ecoENERGY Assessment Incentive for Industry**

The ecoENERGY Industry program was announced in January 2007 with \$20 million of funding over four years. It includes the ecoENERGY Retrofit Incentive, providing up to 25% of project costs to a maximum of \$50,000 per application and \$250,000 per corporate entity to help small- and medium-sized industrial facilities implement energy-saving projects. To be eligible for funding, a retrofit project must involve capital expenditures that modify or upgrade an existing industrial building, equipment/systems or process. The expenditures must also have a net simple payback period of more than one year. Industrial facilities that are in a sector targeted by the Regulatory Framework for Industrial GHG Emissions (see Section I, “additional comment”) are not eligible for assistance.

The ecoENERGY Industry program also includes the ecoENERGY Assessment Incentive, which provides up to 50% of audit costs to a maximum of \$50,000 to help industrial companies identify energy-saving opportunities in a large or moderately complex industrial process.

- ▶ **Rating: 3 (neutral; the program is good but its scale is insufficient)**

**3. Considering its current emission reduction (or limitation) requirements on the one side, and its potential to reduce emissions on the other, how do you rate the current national climate policy of your country in the manufacturing and construction sector?**

- ▶ **Rating: 4 (poor; assessment dominated by the absence of a cap-and-trade system or alternative means of putting a price on industrial emissions — see below)**

### **4. Please give an additional comment:**

GHG emissions from Canadian manufacturing grew by 8% between 1990 and 2007 — much more slowly than emissions from energy production. However, to achieve significant reductions in these emissions, Canada will need to implement a cap-and-trade system or alternative means of putting an adequate price on industrial GHG emissions. Unfortunately, as noted above, the federal government has no current proposal for regulating Canada’s industrial GHG emissions. According to media reports in November 2009, Environment Minister Jim Prentice stated that a new regulatory proposal might not be unveiled until late 2010 or even later, and that it would have to be preceded by a continental climate change agreement between Canada and the U.S.

### **III. Transport**

**1. Does your country have any national policies and measures for the reduction of CO<sub>2</sub> in the transport sector?**

Yes

**2. If yes, please list the most important national policies and measures (max. three) for the reduction of CO<sub>2</sub> in the transport sector and rate them according to their effectiveness.**

#### **A. Investments in public transit infrastructure**

The 2006 federal budget confirmed investments of \$1.3 billion in public transit infrastructure over four years (up to March 31, 2009). The 2008 budget additionally set aside “up to \$500 million” for a public transit infrastructure trust, with funding to be allocated to provinces and territories that made public commitments to invest in transit before April 1, 2008. However, the accountability provisions associated with these funds are weak, as the budget plan states only that provinces and territories “are encouraged to report publicly on the expenditures financed and the outcomes achieved.”

In addition to these specific transit infrastructure commitments, in November 2007 the government announced a total of \$33 billion of infrastructure spending over the period 2007–14 under a plan called Building Canada. However, \$5.8 billion of this (the Goods and Services Tax Rebate) need not actually be spent on infrastructure. More generally, it is unclear what fraction of the \$33 billion will go to public transit. Transit is one of just six eligible categories under the Gas Tax Fund (\$11.8 billion out of the total), one of five categories under the Building Canada Fund (\$8.8 billion), and is not mentioned as a priority for the other components of the \$33 billion plan.

In addition, in its 2009 budget the federal government announced a \$4 billion Infrastructure Stimulus Fund (limited to projects that could be built by March 2011), a \$1 billion Green Infrastructure Fund (over five years) and an extra \$500 million for the small communities component of Building Canada. Public transit was one of several categories of projects eligible for these funds, but little of the money has been used for public transit. However, in the same budget the government did invest \$407 million in VIA Rail Canada (intercity passenger rail) “to undertake infrastructure and other capital improvements.”

Overall, national government funding of public transit in Canada lags well behind the per-capita levels typical in the EU and even in the U.S. The Canadian Urban Transit Association (CUTA) does acknowledge “the federal government’s greatly expanded and very effective efforts in transit investment over the last few years.” However, CUTA notes that “Canada remains the only OECD nation without a federal policy of predictable, long-term support for transit,” and it continues to report “\$20 billion in currently unmet requirements for infrastructure expansion, replacement and renewal over the five years from 2008 through 2012.” Investment at this rate would consume nearly all the Building Canada funds — but only a fraction of these will in fact be spent on transit.

- **Rating: 3 (neutral; federal investments have increased in recent years but needs are still very far from being met)**

## **B. Biofuel targets and incentives**

In December 2006, the federal government published a Notice of Intent to regulate the average biofuel content in Canada's total gasoline and diesel fuel supplies, with targets of 5% ethanol by 2010 and 2% biodiesel by 2012 respectively. The government recently announced that it is aiming to publish the draft regulation in December 2009 and the final regulation in June 2010, with the regulation to take effect in September 2010.

Also in December 2006, the government announced funding to support achievement of its biofuel targets: \$200 million over four years was allocated to the ecoAGRICULTURE Biofuels Capital Initiative, to help agricultural producers invest directly in biofuels facilities; and \$145 million over five years to the Agriculture Bioproducts Innovation Program to help finance research and development in biofuels and other forms of bioenergy, biochemicals and biopharmaceuticals.

In the 2007 federal budget, the government announced additional funding of up to \$2 billion for a biofuels strategy. Up to \$1.5 billion of this will be used over nine years for the ecoENERGY for Biofuels program, which provides 10 cent/litre incentive payments to producers of renewable alternatives to gasoline, and incentive payments for diesel alternatives at an undisclosed rate; these incentives have replaced the previous excise tax exemption for renewable fuels. The remaining \$500 million is being invested by Sustainable Development Technology Canada, through its NextGen Biofuels Fund, "for the establishment of first-of-kind large demonstration-scale facilities for the production of next-generation renewable fuels."

While next-generation biofuels like cellulosic ethanol are expected to reduce emissions compared with gasoline, conventional biofuels that are made from crops like corn or wheat may not result in any net emission reductions once their impact on indirect land use changes is factored in.

- ▶ ***Rating: 3 (neutral; the impact on emissions in the near term will at best be very limited; there is potential for greater emission reductions in the longer term from the investment in next-generation biofuels)***

## **C. Mandatory targets for the automotive industry**

In April 2005, the previous federal government and the Canadian automotive industry signed a voluntary Memorandum of Understanding (MoU) to reduce annual GHG emissions from cars and light trucks by 5.3 Mt in 2010 relative to a business-as-usual baseline. Automakers can meet the target not just through improved fuel efficiency, but also through measures such as reduced leakage from air conditioning systems. The MoU also established interim emission reduction targets for 2007, 2008 and 2009, and a requirement to report performance for each of those years by May 31 of the following year. The government and industry have failed to meet this requirement, since neither the report due in May 2008 nor the one due in May 2009 has been published; the industry's progress towards meeting the targets is therefore unclear.

In April 2007, the present government committed to introduce a regulated fuel efficiency standard for light-duty vehicles, beginning with the 2011 model year, that would be "benchmarked against a stringent, dominant North American standard." The regulation was to be implemented under the Motor Vehicle Fuel Consumption Standards Act. But in April 2009, the government published a Notice of Intent to adopt equivalent CO<sub>2</sub> emission regulations under the Canadian Environmental Protection Act instead.

The April 2009 Notice of Intent makes clear the government's intention to harmonize its regulations with U.S. federal fuel economy standards, which will require fleet average fuel economy of 8.6 litres per 100 km for model year 2011. Canada's fleet average fuel economy had already fallen to this level by 2006, and is on a downward trend — indicating that the Canadian regulations will likely produce no environmental benefit in 2011. However, in September 2009, the U.S. Environmental Protection Agency and Department of Transportation issued a proposed joint rulemaking for national vehicle standards for 2012–16 closely aligned with California's standards, long seen as the North America-leading benchmark. Assuming Canada harmonizes with these proposed U.S. standards, then the Canadian regulations will likely begin to have an environmental benefit in 2012.

- ▶ **Rating: 3 (neutral; regulations have been delayed for many years, and progress under the current MoU is unclear; but Canada should be closely aligned with California standards by 2012)**

**3. Considering its current emission reduction (or limitation) requirements on the one side, and its potential to reduce emissions on the other, how do you rate the current national climate policy of your country in the transport sector?**

- ▶ **Rating: 4 (poor; assessment influenced by the absence of adequate policies to address rapidly growing emissions from freight trucks, which now account for close to half of the total emissions from road vehicles — see below)**

**4. Please give an additional comment:**

The federal government has also failed to adopt adequate policies to control GHG emissions from freight trucks, despite these emissions having nearly doubled between 1990 and 2006. In February 2007, the government announced \$61 million of funding for its ecoFREIGHT program, the most significant component of which is the Freight Technology Incentive Program, which provides up to 50% of the costs for the purchase and installation of “proven emission-reducing technologies.” However, by 2010–2012 ecoFREIGHT is expected to reduce annual Canadian freight emissions by only about 1.2 Mt relative to business-as-usual, and the National Round Table on the Environment and the Economy has said this is “likely [an] overestimate.” Freight trucks emitted a total of 60 Mt in Canada in 2006, or 44% of total emissions from road vehicles.

The Vehicle Efficiency Incentive (VEI) — a “feebate” for passenger cars and light trucks — was introduced in the 2007 federal budget “to increase consumer purchases of more efficient advanced technology vehicles before the new fuel-efficiency standards take effect in 2011.” The VEI comprised the ecoAUTO Rebate Program, which provided a \$1,000–2,000 rebate for purchases of the most fuel-efficient vehicles as well as “E85” flex fuel vehicles, and the Excise Tax (Green Levy) on Fuel Inefficient Vehicles (excluding pick-up trucks) of \$1,000–4,000.

In the 2008 federal budget, the government announced that the ecoAUTO rebate would be discontinued at the end of 2008 (the Green Levy is still in place). This announcement was surprising as the program's initial justification was the absence of fuel efficiency standards, an absence that is effectively due to continue for at least another year (or for two more years if the expectation that Canadian regulations will produce no environmental benefit in 2011 is taken into account).



## **IV. Buildings**

**1. Does your country have any national policies and measures for the reduction of CO<sub>2</sub> in the buildings sector?**

Yes

**2. If yes, please list the most important national policies and measures (max. three) for the reduction of CO<sub>2</sub> in the buildings sector and rate them according to their effectiveness.**

### **A. ecoENERGY Retrofit — Homes**

In late 2003, the federal government began providing grants for energy efficiency retrofits in the residential sector under the EnerGuide for Houses (EGH) program. EGH grants averaged about \$750 per home, with several provinces providing additional top-up grants. The program enabled qualifying homeowners to reduce their energy use by 27% on average. By the end of 2005, the federal government had allocated a total of \$452 million to the program, although by March 2006 only \$37 million had been paid out in grants.

In January 2007 the present government replaced the EGH program with the similar ecoENERGY Retrofit — Homes program. The new program, which was given a budget of \$220 million over four years, provides home owners with grants that are expected on average to be about \$1,400. However, in contrast to the EGH program, home energy audits are no longer subsidized. In the 2009 federal budget, an additional \$300 million over two years was added to the program budget.

The total funds allocated to the ecoENERGY Retrofit — Homes program are sufficient to retrofit about 350,000 homes — less than 3% of Canada's 13 million homes — by 2011. A comprehensive federal plan to substantially reduce Canada's GHG emissions in the near term would need to retrofit a much higher proportion of homes in that timeframe.

- ▶ **Rating: 3 (neutral; the program is generally good but it is not part of a plan to undertake home energy efficiency retrofits on the scale needed)**

### **B. Energy Efficiency Regulations**

In 1992, Canada enacted an Energy Efficiency Act, empowering the government to adopt regulations for minimum performance standards and a labelling scheme for a wide range of appliances and other energy-using products imported into Canada or produced in Canada and shipped between provinces. The first Energy Efficiency Regulations came into effect in 1995. They have since been amended several times to simplify administrative requirements for certain sectors, to introduce standards for additional products and, in some cases, to tighten existing standards.

Since 2007, the federal government has been developing new efficiency regulations for 20 products that are not currently regulated and more stringent regulations for ten products that are already regulated. Through this process, officials propose to harmonize Canada's energy efficiency standards with standards set in leading North American jurisdictions. In the case of lighting, the government has committed to phase out incandescent light bulbs in common applications by 2012. New regulations for seven products and amended regulations for four others were adopted in December 2008; proposals for new or amended regulations for 17 further products have been published during 2009.

The government has also recently strengthened its ability to regulate energy efficiency by introducing amendments to the Energy Efficiency Act; the amendments received royal assent as Bill S-3 in May 2009. They include new authority to regulate classes of products as well as products that affect or control energy consumption (such as thermostats); and a requirement that the government regularly “demonstrate the extent to which the energy efficiency standards prescribed under this Act are as stringent as comparable standards established by” a Canadian provincial government, federal or state governments in the U.S., or Mexico.

- ▶ **Rating: 2 (good)**

### **C. ecoENERGY Retrofit Incentive for Buildings**

Before 2007, the federal government’s EnerGuide for Existing Buildings (EEB) program provided two forms of financial assistance for energy efficiency retrofits of commercial or institutional buildings. Energy Retrofit Assistance for Planning Activities (ERA-P) provided 50% of eligible costs or up to \$1 per gigajoule (GJ) of annual energy consumption — whichever amount was less — for energy efficiency audits and feasibility studies to a maximum of \$25,000, and Energy Retrofit Assistance for Implementation Projects (ERA-I) provided up to \$7.50 per GJ of annual energy savings or up to 25% of eligible costs for energy efficiency retrofits to a maximum of \$250,000.

In October 2005, the EEB was renewed with an allocation of \$210 million over five years, but the new government elected in 2006 confirmed the EEB budget only to the end of March 2007. In January 2007, the EEB and other programs were replaced by the ecoENERGY for Buildings and Houses program (\$60 million over four years), which includes the ecoENERGY Retrofit Incentive for Buildings. Unlike the previous EEB program, the new program does not cover the costs associated with the pre-project energy audit or feasibility studies. It provides up to \$10 per GJ of annual energy savings or up to 25% of eligible costs for energy efficiency retrofits to a maximum of only \$50,000, with buildings over 20,000 m<sup>2</sup> now not eligible.

- ▶ **Rating: 4 (poor; the program is appropriate, but excludes the largest buildings, and it is not part of a plan to undertake energy efficiency retrofits on the scale needed)**

**3. Considering its current emission reduction (or limitation) requirements on the one side, and its potential to reduce emissions on the other, how do you rate the current national climate policy of your country in the residential sector?**

- ▶ **Rating: 4 (poor; assessment based on both the inadequate scale of the retrofit incentive programs and the absence of any incentives for the construction of new energy-efficient buildings — see below)**

**4. Please give an additional comment:**

The federal government currently offers no financial incentives for the construction of new energy-efficient homes or commercial buildings. The present government cancelled the previous government’s Commercial Building Incentive Program and Industrial Building Incentive Program, which provided financial incentives for new construction. In addition, the government has not set targets for energy performance in buildings.

## **V. Kyoto commitments**

*1. Please rate the chance for your country to reach the Kyoto target with the recent policy.*

► *Rating: 5 (very poor)*

*2. Please give an additional comment:*

The present federal government has repeatedly made clear — notably in its October 2007 Speech from the Throne — that it will not attempt to ensure Canada meets its Kyoto emissions target. Notably, Canada would need to purchase considerable volumes of international credits to meet its Kyoto target, but the government has ruled out purchasing any, and appears very unlikely to enforce a cap-and-trade system until 2012 at the earliest. Members of Parliament from the governing Conservative party voted repeatedly against the Kyoto Protocol Implementation Act, a private member's bill (now in force) that requires the government to implement policies capable of reaching the Kyoto target.

In a radio interview in November 2009, Canada's Environment Minister Jim Prentice called the Kyoto Protocol "an international treaty that was ill-suited to Canada's needs, a treaty that was essentially a European construct."

In 2007, Canada's GHG emissions (excluding land-use, land-use change and forestry) were 747 Mt, 26% above the 1990 level of 592 Mt, placing Canada 34% above its Kyoto target of 6% below the 1990 level during 2008–12.

## **VI. International climate policy**

*1: How would you rate the international climate diplomacy of your government, considering its performance at recent UNFCCC<sup>2</sup> conferences?*

► *Rating: 5 (very poor)*

*2. How would you rate the international climate diplomacy of your government, considering its performance at other recent international conferences (e.g., G8+5 Summit, Gleneagles Dialogue)?*

► *Rating: 4 (poor)*

*3. Please give an additional comment:*

- At the conclusion of UNFCCC COP-13 in Bali (December 2007), Canada publicly opposed the inclusion, in the negotiating text under the Kyoto Protocol, of the indicative target range for emission reductions by industrialized countries of 25–40% below 1990 levels by 2020. The Intergovernmental Panel on Climate Change has shown that industrialized countries' combined GHG emissions need to fall within this range if they are to make a fair contribution to limiting average global warming to 2°C — the limit broadly supported by the scientific community and now recognized by all G8 governments (see below). Later internal government documents (see next bullet point) noted that "Canada was unsuccessful in removing the reference" to the 25–40% range.
- Briefing documents prepared during 2008 for Canada's Prime Minister and Minister of Foreign Affairs, obtained through an Access to Information request, demonstrate that Canada

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<sup>2</sup> United Nations Framework Convention on Climate Change.

continued to oppose the target range of 25–40% below 1990 levels by 2020 for industrialized countries, and continued to insist on “binding emissions reductions commitments from the emerging economies,” in contradiction to the Bali Action Plan to which Canada had earlier agreed.

- At COP-14 in Poznan (December 2008), Canada received unusual public rebukes from the delegations of South Africa and France (then holding the EU presidency) for again opposing a reference to the 25–40% target range for 2020, and for refusing to table an ambitious national target of its own. Canada’s current GHG target for 2020 is equivalent to a reduction of 3% below the 1990 level, one of the weakest targets in the industrialized world.
- In a May 2009 submission to the UNFCCC, Canada called for all countries — developed and developing alike — to adopt absolute national GHG targets for 2020. In a radio interview in October 2009, Environment Minister Jim Prentice complained of China’s unwillingness to adopt such a target, calling this a “central issue” of the negotiations. Canada appears to be the only country taking this position, which contradicts the Bali Action Plan and is almost universally seen as either unrealistic, unfair or both.
- At the G8 Leaders’ Summit in L’Aquila, Italy (July 2009), Canada accepted, for the first time, the need to limit average global warming to about 2°C — by signing the Summit Declaration which “recognize[d] the broad scientific view that the increase in global average temperature above pre-industrial levels ought not to exceed 2°C.” The Declaration also “support[ed] a goal of developed countries reducing emissions of greenhouse gases in aggregate by 80% or more by 2050 compared to 1990 or more recent years.” However, Environment Minister Prentice immediately downplayed the 80% target, calling it “an aspirational objective” and stated that Canada would not be changing its own emissions target for 2050, equivalent to only a 51–63% reduction below the 1990 level.
- At the APEC summit in Singapore (November 2009), Prime Minister Stephen Harper sought to lower expectations for a new global climate agreement at COP-15 in Copenhagen. He was reported as saying that APEC leaders had agreed that a Copenhagen deal would be limited to statements of principle, with no concrete goals. However, according to other reports, there was a broad consensus among APEC leaders in favour of the Danish Prime Minister’s proposal for a Copenhagen agreement that would be “precise on specific commitments and binding on countries committing to reach certain targets and to undertake certain actions or provide agreed finance.” The U.S. and China, in particular, issued a joint statement called for a Copenhagen agreement that would “include emission reduction targets of developed countries and nationally appropriate mitigation actions of developing countries.”
- On the key issue of financing to help developing countries adapt to climate impacts and reduce their own emissions, Canada has, to date, failed to acknowledge the scale of total financing needed (despite the publication of many estimates by UN bodies and others), to formally state what Canada’s fair share of the total would be, or to take a clear position on the detailed proposals on financing mechanisms that have been put forward in the UNFCCC negotiations.