

Evaluation of the Government of Canada's Greenhouse Gas Reduction Policies, Prepared for the *Climate Change Performance Index 2012*

By P.J. Partington and Matthew Bramley
November 2011

This evaluation was prepared by the Pembina Institute as input to the *Climate Change Performance Index 2012*. 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	Financial support for large-scale demonstration of carbon capture and storage	3
	Tax incentives for renewable energy production	4
	Draft GHG regulations for coal-fired electricity	4
	<i>Overall</i>	5
Manufacturing	Canadian Industry Program for Energy Conservation	4
	Pulp and Paper Green Transformation Program	3
	<i>Overall</i>	4
Transport	GHG regulations for cars and light trucks	4
	Biofuel blending regulations and incentives	3
	Investments in public transit infrastructure	3
	<i>Overall</i>	4
Buildings	Energy Efficiency Regulations	2
	ecoENERGY Retrofit – Homes	3
	ecoENERGY Efficiency programs	3
	<i>Overall</i>	3
Forest	Species at Risk Act	2
International climate policy	Performance at recent UNFCCC conferences	4
	Performance at other recent international conferences	5

I. Energy production

1. Does your country have any national policies and/or measures for the reduction of carbon dioxide (CO₂) in the energy sector?

Yes

2. If yes, please list the most important national policies and measures (max. three) for the reduction of CO₂ in the energy sector and rate them according to their effectiveness.

A. Financial support for large-scale demonstration of carbon capture and storage¹

The federal government has committed nearly \$800 million² for four proposed large-scale carbon capture and storage (CCS) demonstration projects to be constructed in the next several years: \$343 million for TransAlta's Project Pioneer coal-fired power project in Alberta, \$240 million for SaskPower's Boundary Dam coal-fired power project in Saskatchewan, \$120 million for Shell's Quest Project at its Alberta oil sands upgrader, and \$63 million for Enhance Energy's Alberta Carbon Trunk Line CO₂ pipeline. The funding for the Boundary Dam project was a one-off 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 (\$230 million over four years) announced in 2007.

If they are built, the four projects are expected to reduce annual GHG emissions by about 3 megatonnes CO₂ equivalent (Mt CO₂e), relative to business-as-usual levels, starting around 2015. By way of comparison, Environment Canada projected in 2011 that Canada's total annual industrial GHG emissions (including electricity generation) would increase by roughly 50 Mt CO₂e between 2010 and 2020 under current policies, with expansion of Alberta's oil sands operations accounting for approximately 85% of the increase. Thus, the emission reductions from the funding for demonstration of CCS will cancel out only about 6% of the projected increase in Canada's industrial emissions.

There is a significant chance that one or more of the projects may not proceed, if the proponents decide that the government subsidies are not sufficient to make them economically viable in the absence of an adequate carbon price (see "Additional comments" below). Alberta's Energy Minister has flagged this risk explicitly for one project, warning: "I can tell you that right now in the absence of any federal price on carbon, that project ... is stalled."

- ▶ **Rating: 3 (neutral; the expected emission reductions are small compared to projected emission increases, and the perceived need for such large subsidies to major polluters is a consequence of governments' failure to implement either an adequate carbon price or a requirement to implement CCS to ensure that polluters start shouldering the additional cost of the technology themselves)**

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

² All dollar amounts in this document are in Canadian funds.

B. Tax incentives for renewable energy production

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 photovoltaic (PV), geothermal and certain cogeneration systems. Accelerated write-offs allow a firm to defer tax payments into the future, resulting in an implicit interest-free loan.

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 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. Budget 2010 added a broad range of heat-recovery equipment, plus distribution equipment used in district energy systems that rely primarily on ground source heat pumps, active solar systems or heat recovery equipment.

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 renewable energy production facilities.

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

C. Draft GHG regulations for coal-fired electricity

The federal government recently published draft regulations for CO₂ emissions from coal-fired power plants. Originally announced in June 2010, when finalized these will represent the first national GHG regulations for any industrial sector in Canada.

Starting in mid-2015, the regulations require new coal-fired electricity generating units, as well as those that reach the end of their economic life (defined as in the regulation as 45 years), to meet an emissions performance standard corresponding to combined cycle natural gas-fired electricity generation, proposed as 375 t CO₂/ GWh. As no GHG offsets or trading would be allowed, new and end-of-life coal-fired plants would need to use CCS, large-scale biomass co-firing or conversion to natural gas to meet the standard. The government plans to publish final regulations in 2012.

These regulations would reduce emissions by only 5.3 Mt relative to business-as-usual levels in 2020, as units commissioned prior to July 2015 do not face any emissions constraints until they have operated for nearly half a century, and plants taking steps towards implementing CCS would be exempted from the standard until 2025. Further, there is no incentive to exceed the standard or reduce emissions before 45 years of operation. The expected reduction represents only 3% of the projected ~183 Mt gap forecast by Environment Canada between the outcomes of

all current policies and the government's 2020 reduction commitment, as included in the Cancun Agreements.

In addition, although then-Environment Minister Prentice committed to “guard against any rush to build non-compliant coal plants in the interim” (i.e., before 2015) in his original announcement, there is no safeguard against this scenario in the draft regulations. A 500 MW conventional coal plant has been approved by Alberta regulators and the company intends to rush construction to beat the regulations' 2015 entry-into-force, allowing it to skirt the standard until 2060. Despite some promising comments from the current Environment Minister, the federal government has yet to clearly indicate if or how such a scenario will be prevented in the final regulations. Failure to do so would be a significant blow to the integrity of these rules.

- ▶ **Rating: 4 (poor; for many existing plants, as well as plants taking steps towards CCS, emission reductions would be delayed for many years; also, the natural gas-based standard means a missed opportunity to move to zero-emission power generation)**

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

- ▶ **Rating: 5 (very poor; assessment dominated by the absence of a carbon price or regulations on the vast majority of industrial emissions, and absence of current support for expansion of renewable electricity generation — see below)**

4. Additional comments:

Under current policies, the oilsands sector is projected to triple its emissions relative to the 2005 baseline, adding 62 Mt to the national total by 2020. There is broad agreement that the key policy needed to slow down and reverse these increases is a carbon price — a price on emissions implemented either through a cap-and-trade system or a tax. Failing that, some other form of regulation of industrial emissions is needed.

Despite promising on several occasions to regulate GHG emissions from heavy industry (including electricity generation) in the near term, and to allow compliance through emissions trading, the federal government has ruled out carbon pricing and decided to move forward with a sector-by-sector regulatory approach. Beyond the coal-fired electricity sector it has given no clear indications of a timeline for implementation or of the anticipated level of stringency.

Prior to 2010, previous years' editions of this document highlighted the ecoENERGY for Renewable Power program as the major federal policy supporting renewable electricity. This program provides incentive payments of one cent per kilowatt-hour for ten years to low-impact renewable electricity generation projects, and it has been a key factor in growing Canada's green power industry. However, all the money in the program had been allocated to specific projects by the end of 2009, so although the program is still making payments to older projects, we do not consider it to be current, since it is no longer stimulating new investments in renewable energy. The federal government has given no indication that it intends to expand or replace this program, and allocated no money towards it in Budget 2011.

II. Manufacturing

1. Does your country have any national policies and/or measures for the reduction of CO₂ 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 CO₂ 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 provides 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 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 CO₂e.

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 program included two new financial incentives: the ecoENERGY Retrofit Incentive for Industry and the ecoENERGY Assessment Incentive for Industry. However, both of these programs ended in March 2011. The federal government recently announced a reinvestment in CIPEC through the ecoENERGY Efficiency for Industry program, which will receive a portion of \$78 million (split between five programs) over 2011-2013. In addition to supporting CIPEC and providing informational workshops, the new program is expected to support early implementation of the new ISO 50001 Energy Management Systems standard.

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

B. Pulp and Paper Green Transformation Program

The Pulp and Paper Green Transformation Program was announced in June 2009 as part of the federal government's response to the economic recession. Under the program, \$1 billion has been allocated among 38 pulp and paper mills across Canada, with the funds to be spent by March 31, 2012 on "capital investments... that result in demonstrable improvements in environmental performance." The funds can cover 100% of project costs. Between October 2009 and March 2011, contribution agreements were signed for 66 individual projects, which focus almost entirely on improving energy efficiency or increasing renewable (biomass) energy production. Environment Canada currently anticipates the projects will reduce annual GHG emissions by an amount on the order of 1 Mt CO₂e. However, it is possible that some of the projects would have occurred in the absence of government support, in which case emission reductions relative to business-as-usual levels would be smaller.

- ▶ **Rating: 3 (neutral; the program appears to be reasonably effective, but 100% public subsidy of industrial emission reductions — as opposed to implementing a carbon price or**

regulations on industrial emissions — is an approach that will be difficult to sustain, and one that cannot be implemented broadly across the economy)

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

- **Rating: 4 (poor; assessment dominated by the absence of a carbon price or regulations on industrial emissions — see below)**

4. Additional comments:

In contrast to the rapid growth in emissions from energy production, GHG emissions from Canadian manufacturing fell by 27% between 1990 and 2009. However, Environment Canada projected in 2011 that GHG emissions from manufacturing would increase again by 23% between 2010 and 2020 under current policies. To prevent this from happening, Canada will need to implement an adequate carbon price — a price on emissions implemented either through a cap-and-trade system or a tax — or, failing that, some other form of regulations on industrial emissions. Unfortunately, as noted above (Sec. I.4), the federal government has currently ruled out carbon pricing and has not given any indication of when GHG regulations for industrial emissions (beyond coal-fired electricity) will be proposed.

III. Transport

1. Does your country have any national policies and/or measures for the reduction of CO₂ in the transport sector?

Yes

2. If yes, please list the most important national policies and measures (max. three) for the reduction of CO₂ in the transport sector and rate them according to their effectiveness.

A. GHG regulations for cars and light trucks

In October 2010, the federal government finalized regulations for tailpipe GHG emissions from light-duty vehicles for model years 2011–16, closely modelled on U.S. federal regulations.

If the historical downward trend in vehicle fuel efficiency is taken as an accurate guide to business-as-usual going forward, the targets in the regulations appear to require no improvement, relative to business-as-usual, in the national average fuel economy of new vehicles up to and including model year 2014 at a minimum, and, for light trucks, possibly over the regulations' entire lifespan (up to and including model year 2016). This conclusion is uncertain because of complexity and lack of transparency in the government's calculations of the regulations' effect. However, the regulations' provisions for automakers to receive a very large volume of early action credits, as well as credits for out-performing the targets in earlier years, make it even less likely that the regulations will require any improvement over business-as-usual up to and including 2015 or even 2016.

In addition, the harmonized Canada-U.S. regulations would allow the Canadian personal vehicle fleet to lose its historical fuel efficiency advantage over the U.S. fleet.

At the same time as it published the finalized regulations for model years 2011–16, the Government of Canada announced its intention to develop regulations implementing “tighter emission standards” for 2017 and later model years. However, despite US advances, the Government of Canada has not yet moved forward with any specific proposals.

- ▶ **Rating:** *4 (poor; while it is important to have established Canada's first federal GHG regulations, it is not clear that the current regulations for model years 2011-2016 provide an environmental benefit beyond business-as-usual, and the ultimate effectiveness of the regulations for 2017 onwards remains uncertain at this point)*

B. Biofuel content regulations and incentives

In September 2010, the federal government finalized regulations requiring an annual average biofuel content of 5% in gasoline sold in Canada starting on December 15, 2010. The regulations also provide for an annual average biofuel content of 2% in diesel fuel and home heating oil (combined), which was brought into force by an amendment to the regulations, effective July 2011.

In December 2006, the government announced funding to support the achievement of these biofuel targets: \$200 million over four years (now extended to five) was allocated to the ecoAGRICULTURE Biofuels Capital Initiative, to help agricultural producers invest directly in biofuel production 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 was allocated to the ecoENERGY for Biofuels program, which provides incentive payments, declining over time, to producers of renewable alternatives to gasoline (currently 9 cent/litre) and diesel (currently 20 cent/litre); these incentives have replaced the previous excise tax exemption for renewable fuels. The program is no longer accepting applications, and the funds will now be gradually paid out to the selected projects up to March 31, 2017. Accordingly, we do not consider ecoENERGY for Biofuels to be a current program, since it is no longer stimulating new investments in biofuels production.

The remaining \$500 million announced in the 2007 budget is being invested by Sustainable Development Technology Canada, through its NextGen Biofuels Fund, for “the establishment of first-of-kind commercial scale demonstration facilities for the production of next-generation renewable fuels and co-products.”

While next-generation biofuels like cellulosic ethanol are expected to reduce GHG emissions compared with gasoline, conventional biofuels like ethanol made from corn or wheat may not result in any net emission reductions — particularly once their impact on indirect land use changes is factored in. However, the federal biofuel content regulations make no distinction between conventional and next-generation biofuels, thereby ignoring the issue of indirect land use changes. Compliance with the regulations is expected to be almost entirely through conventional biofuels, which means the regulations may not produce net emission reductions.

- ▶ **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. Investments in public transit infrastructure

According to the Canadian Urban Transit Association (CUTA), “over the last decade, Canada’s federal, provincial and municipal governments have greatly increased capital funding to expand and renew transit systems.” At the same time, CUTA notes that “Canada remains the only G8 nation without a central policy of predictable, long-term support for public transit.”

Current federal investments in transit infrastructure stem from a November 2007 plan called Building Canada, commitments in the 2009 federal budget and from the Infrastructure Stimulus fund.

Building Canada comprises a total of \$33 billion of infrastructure spending during 2007–14. However, \$5.8 billion of this (the Goods and Services Tax Rebate) need not actually be spent on infrastructure. Transit is just one of 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. CUTA estimates that between 2005 and 2009, municipalities applied \$714 billion of the Gas Tax Fund (or 35% of its total investment) towards transit infrastructure support. The Gas Tax Fund has now been extended beyond 2014 as a permanent measure, providing \$2 billion per year.

In its 2009 budget, the federal government announced a \$4 billion Infrastructure Stimulus Fund (limited to projects that could be built before November 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 only a small proportion of the money has been used for public transit to date. CUTA expects that transit infrastructure will receive only 7% of the Infrastructure Stimulus Fund's total investment. However, in the same budget, the government did pledge \$407 million to VIA Rail Canada (intercity passenger rail) "to undertake infrastructure and other capital improvements."

CUTA's most recent national survey has identified a need for \$53.5 billion in transit capital investment during 2010–14, of which \$36 billion is expected to be met by existing programs, leaving an unmet need for \$17.5 billion.

- ▶ **Rating: 3 (neutral; federal investments have increased in recent years but they remain unpredictable, and needs are still far from being met)**

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

- ▶ **Rating: 4 (poor; assessment influenced by the absence of adequate policies (including a carbon price) to address rapidly growing emissions from freight trucks, which now account for over 30% of GHG emissions from road vehicles — see below)**

4. Additional comments:

To date the federal government has failed to adopt adequate policies to control GHG emissions from freight trucks, despite emissions from on-road heavy trucks having increased by 67% between 1990 and 2009; freight trucks now account for over 30% of Canadian GHG emissions from road vehicles. In February 2007, the government announced \$61 million over four years for its ecoFREIGHT program, the most significant component of which is the Freight Technology Incentives Program, which provides up to 50% of the costs for the purchase and installation of "proven emission-reducing technologies." However, by 2010–2012 the government expects ecoFREIGHT to reduce annual GHG emissions by only about 1.2 Mt CO₂e relative to business-as-usual; the National Round Table on the Environment and the Economy has called this a "likely overestimate." With the exception of one minor component, the ecoFREIGHT program has now ended and has not been expanded or replaced.

In May 2010, the federal government announced its intention to regulate GHG emissions from new heavy-duty vehicles for model years 2014–18. The regulations are to be “aligned” with those developed by the U.S. government (which have now been finalized). In October 2010, Environment Canada confirmed that the regulations are to apply to all heavy-duty on-road vehicles, except for trailers designed to be attached to on-road tractors (the tractors themselves would be regulated). Draft regulations were due to be published in mid-2011, with a finalized version expected in December 2011. However, the regulations remain at the pre-draft, consultation stage – despite having already been finalized in the United States.

IV. Buildings

1. Does your country have any national policies and/or measures for the reduction of CO₂ in the buildings sector?

Yes

2. If yes, please list the most important national policies and measures (max. three) for the reduction of CO₂ in the buildings sector and rate them according to their effectiveness.

A. Energy Efficiency Regulations

In 1992, Canada enacted an Energy Efficiency Act, empowering the government to adopt regulations for minimum energy 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 to tighten existing standards.

Since 2007, the federal government has been developing new standards for several products that are not currently regulated and more stringent standards for several products that are already. In the case of lighting, the government has committed to phase out incandescent light bulbs in common applications by 2012 (although an amendment currently under consideration would delay this until 2014). An amendment to the regulations setting new standards for seven products and improved standards for four others was finalized in December 2008; a second amendment setting standards for six new products and improved standards for eight others was finalized in October 2011. A third amendment is currently being developed for several other products and may be published as a draft in 2011.

By 2012, the government expects these amendments (in combination with labelling programs) to reduce annual GHG emissions by 1.42 Mt CO₂e relative to business-as-usual, although the National Round Table on the Environment and the Economy finds this to be somewhat overestimated.

The government has 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 windows or 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.

These initiatives will be supported by the two-year ecoENERGY Efficiency for Equipment Standards and Labelling program, announced in September 2011.

- ▶ **Rating: 2 (good)**

B. ecoENERGY Retrofit — Homes

The federal government began providing grants for energy efficiency retrofits to homes in late 2003, under the EnerGuide for Houses (EGH) program. By the end of 2005, the 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 EGH program was replaced by the similar ecoENERGY Retrofit — Homes program. The new program was given a budget of \$220 million over four years and provided grants averaging about \$1,500 per home. In its 2009 budget the government gave the program an additional \$300 million over two years, and then in December 2009 transferred \$205 million to the program from the Clean Energy Fund (see Sec. I.2.A above) “in response to unprecedented demand.” However, as of March 31, 2010, the program stopped accepting new applications and effectively expired. A year later, Budget 2011 renewed the program for one year only, with an additional \$400m. The program enables participating homeowners to reduce their energy use (and corresponding GHG emissions) by about 25% on average.

- ▶ **Rating: 3 (neutral; the program is generally good, but faces free-ridership issues and is not part of a plan to undertake home energy efficiency retrofits on the scale needed. Further, the stop-start nature of the program and lack of clarity about its future have created significant uncertainty in the sector)**

C. ecoENERGY Efficiency programs

Although most of the federal government’s ecoENERGY programs expired in March 2011, several were reintroduced in September 2011, with a budget of \$78 million over two years split across five programs. Three of these relate to energy use in buildings, including one supporting equipment standards and labelling (see above).

The ecoENERGY Efficiency for Buildings program will support improved energy performance of new and existing buildings. Efficiency in new buildings will be addressed by updating the National Energy Code for Buildings (NEBC), a national code which forms the basis for provincial codes. The updated NEBC, expected in November 2011, establishes a 25% improvement in efficiency over the previous code. It is expected to be further updated in 2016. Efficiency improvements in existing buildings will be targeted through a new national Energy Benchmarking Tool, training and information.

The ecoENERGY Efficiency for Housing program supports labeling and voluntary standards for energy use in low-rise residential housing.

- ▶ **Rating: 3 (neutral; the updated National Energy Code for Buildings is a step forward, however, the scale of programs (particularly those addressing existing buildings) remains too small to have a significant impact on national building stock)**

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

- ▶ **Rating: 3 (neutral; assessment influenced by the expiry of the federal program for energy efficiency retrofits to larger buildings, intermittency of support for home retrofits,**

and the absence of any incentives for the construction of new energy-efficient buildings — see below)

4. Additional comments:

The ecoENERGY for Buildings and Houses program was announced in January 2007 with \$60 million of funding over four years. It included the ecoENERGY Retrofit Incentive for Buildings, which provided up to 25% of eligible costs for energy efficiency retrofits to buildings up to 20,000 m², up to a maximum of \$50,000 per application and \$250,000 per organization. The program expired in March 2011 and has not been renewed.

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.

V. Forest

1. Does your country have any national policies and/or measures for the reduction of deforestation and forest degradation?

No

2. Does your country have any national policies and/or measures for supporting and protecting forest ecosystem biodiversity?

Yes

3. If yes, please list the most important national policies and measures (max three) for supporting and protecting forest ecosystem biodiversity and rate them according to their effectiveness.

A. Species at Risk Act

- ▶ **Rating: 2 (good; although implementation has been slow to date and ultimate outcomes are unclear. The proposed Recovery Strategy for Boreal Woodland Caribou could have a significant positive impact if improved and implemented)**

VI. International climate policy

1. How would you rate the international climate diplomacy of your government, considering its performance at recent UNFCCC³ conferences?

- ▶ **Rating: 4 (poor)**

2. How would you rate the international climate diplomacy of your government, considering its performance at other recent international conferences (e.g., G8 Summits)?

- ▶ **Rating: 5 (very poor)**

3. Additional comments:

³ United Nations Framework Convention on Climate Change.

- 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 noted that “Canada was unsuccessful in removing the reference” to the 25–40% range.
- 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 2% above the 1990 level, one of the weakest targets in the industrialized world.
- 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. The government has since stopped making any reference to Canada’s 2050 target.
- At COP-15 in Copenhagen, Canada made no new commitments, sticking to its previously announced GHG target for 2020, equivalent to 3% below the 1990 level. On the key issue of international climate financing, Canada made no prominent public statements about the scale of financing needed and did not specify the contribution it would be willing to provide (Canada has since made a pledge to “fast start” finance — see Sec. VII below). Assessing Canada’s performance in Copenhagen, the *Globe and Mail*, the most prominent national newspaper, concluded: “among developed countries, it stood alone in its apparent apathy.” In January 2010, Canada submitted an even weaker GHG target under the Copenhagen Accord, equivalent to 2% *above* the 1990 level by 2020 — and, in its submission, made the target conditional on the U.S. adopting the same target in enacted legislation (something that is virtually certain not to occur in the next two years).
- In 2010, Prime Minister Stephen Harper opposed making climate change a priority issue for the G8 and G20 summits hosted by Canada, and, consistent with this, broke with usual practice by not holding a preparatory meeting of environment ministers. In advance of the summits, both European Commission President Barroso and Mexican President Calderón offered public critiques of Canada’s policy of waiting for U.S. action on climate change. Although a key agenda item at the G20 summit was implementation of leaders’ earlier commitment to phase out fossil fuel subsidies, at the summit Canada offered no new plans to phase out any of the current federal tax breaks to oil and gas producers, estimated to be worth at least \$1.4 billion per year. (Although they have now advanced some modest reductions in these subsidies in Budget 2011)

- At COP-16 in Cancun, Canada made no new commitments, sticking to its support of the Copenhagen Accord. Canada was criticized for supporting Japan and Russia in opposing a second commitment period of the Kyoto Protocol.
- At the Bonn UNFCCC intersessional meeting in June 2011, Canada was heavily criticized for lacking a comprehensive plan to achieve its 2020 emissions reduction commitment and for not publishing transparent data on growing emissions from the oilsands sector.