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Sustainable Energy Solutions

Analysis of the Government of Canada's April 2007 Greenhouse Gas Policy Announcement

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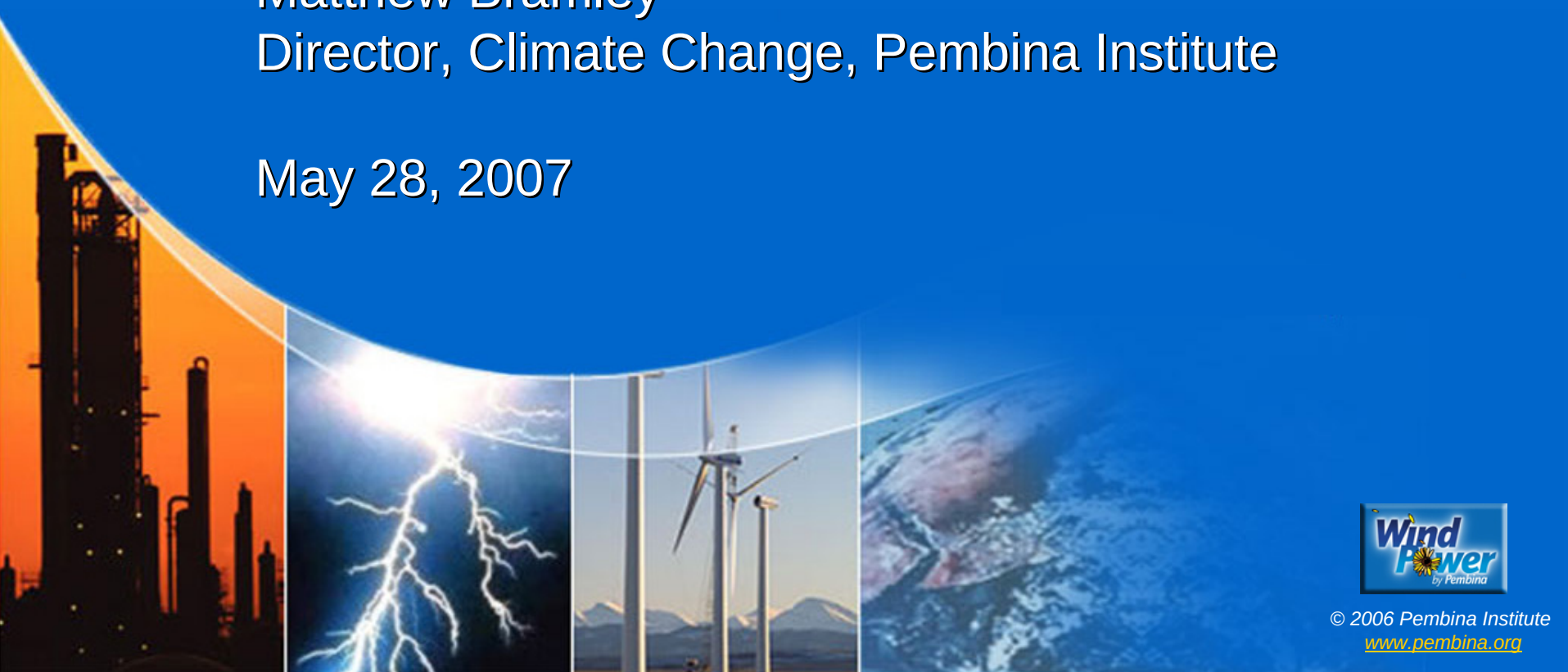

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What Minister Baird announced

- National GHG emission targets
  - 2010–12
  - 2020
  - 2050
- Industrial GHG targets and “compliance options” (2010–2020)
- Combination of the industry framework with other measures to achieve the national target for 2020

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What we examined

- Are the targets adequate?
  - national
  - industry
- Has the government convinced us that it will achieve the targets?
  - industry
  - national

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Adequacy of the national targets

Table 1. The government's national GHG emissions targets relative to the 1990 level and Canada's Kyoto target.[3]

	Relative to 2006	Relative to 1990	Relative to Kyoto target
2010–12	approx. 3% above	approx. 31% above	approx. 39% above
2020	20% below	approx. 2% above	approx. 8% above
2050	60–70% below	approx. 49–62% below	–

- The targets fall far short of
  - Requirements based on climate science
  - Commitments of leading countries
  - Canada's legal obligations under Kyoto
- The 2020 target appears to be arbitrary

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Industry targets

- Regulated industry sources represent 45% of national emissions
- Government expects industrial emissions in 2020 to be 12% above 1990, or 18% below 2006
  (+ technology fund reductions?)
- But there are serious doubts as to whether this will be achieved:
  - Intensity targets
  - Targets for new facilities not yet defined
  - Scope of exempted emissions not yet defined
  - Some compliance options may not result in reductions
  - The bulk of the reductions are “backloaded”

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"Backloading"

Table 3. Reductions in actual annual GHG emissions (Mt), *relative to projected levels in the absence of regulations*, that could be expected to result from the proposed regulatory framework for heavy industry.

Year	2010	2011	2012	2015	2020
Total required reductions[17]	49	54	58	72	88
Of which paper reductions…					
Technology fund payments[18]	–34 (70%) –5	–35 (65%) –5	–35 (60%) –5	–29 (40%) –5	0
Early action credit[19]	–5	–5	–5	0	0
Resulting actual reductions	5	9	13	38	88

- Reduces environmental benefits
- Invites brinksmanship (review in 2012)
- Total reductions in 2008–12:
  - This government – 27 Mt
  - Previous government – 180 Mt

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Lenient treatment of oil & gas

- Intensity targets could allow tripling of emissions from oil sands
- Disproportionate emission increases from energy sector during 1990–2006 are largely ignored
- Taxpayers could end up paying for half the cost of carbon capture projects
- “Unintentional fugitive emissions” are exempted from main regulatory framework
- New oil sands facilities are treated more leniently than existing facilities

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20 unanswered questions about industry regulations

- 1. “Gaming” base year data
- 7. How will fugitive emissions be regulated?
- 8–9. Targets for new facilities not defined
- 11–15. Technology fund
  - Quantity and timing of emission reductions
  - Governance
- 16. Offset credits: “additionality”
- 20. Public disclosure of compliance information

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Achievement of the national targets

- 2010–12:
  - No explanation of how target will be met, just an assertion
  - Need to find 8 Mt of extra reductions every year
- Achievement of 2020 target doubtful because of:
  - Serious doubts about achieving industry targets
  - No explanation of amounts of reductions assigned to other government measures
  - Reductions from technology fund will not all occur by 2020
  - Double counting risks – technology fund and offset credits

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How it's supposed to add up

Table 4. The government's explanation of how it expects to meet its medium-term target for national GHG emissions.

		(Mt)
	Reductions in annual emissions in 2020 below the 2006 level:	
1.	Regulatory framework for heavy industry	60
2.	Regulations on vehicle fuel efficiency, energy efficiency of energy-using products, biofuels and unintentional fugitive emissions	40
3.	Financial incentive programs for renewable energy, technology development and energy efficiency in buildings and transportation	10
4.	Actions by provinces/territories supported by the federal government, plus actions by industry supported by the technology fund included in the regulatory framework for heavy industry	40
	Total reductions	150

- Double counting risks
  - Technology fund (line 4) could overlap with lines 1–3
  - Offset credits (line 1) could overlap with lines 2–4

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