

## Briefing Note

# Climate policy in Alberta

## Opportunities for renewed leadership

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### At a glance

This briefing note provides a summary of the Pembina Institute report, *Responsible Action? An assessment of Alberta's greenhouse gas policies*, which provides a detailed evaluation of current regulations and financial incentives, and identifies key opportunities for the Government of Alberta to strengthen its approach to climate change.

### Issues in focus

- What Alberta does about its greenhouse gas (GHG) emissions matters a lot to Canada because the province's emissions are a third of Canada's total and heading sharply upwards.
- In 2008, Alberta's Auditor General called on the government to produce "a master implementation plan with the specific actions to allow it to meet the targets, and with regular progress reporting... the implementation plan should clearly state the milestone dates for key decisions." Three years later the government has not fulfilled that recommendation.
- Alberta's 2020 target is to reduce emissions by 50 Mt below business as usual, but our analysis finds that current policies will deliver fewer than 14 Mt of reductions.
- To make a reasonable contribution to meeting Canada's current emission reduction target, Alberta would have to reduce annual emissions in 2020 by 83 Mt, considerably more than the 50 Mt target in its climate plan.
- Alberta's GHG emissions performance is subject to increasing scrutiny, both domestically and abroad, which is translating into growing market and political pressure for greater leadership and action.
- Alberta was the first jurisdiction in North America to apply a carbon price to all large emitters, and few others are yet following. But even if other jurisdictions fail to strengthen their efforts, Alberta could implement far stronger GHG policies while maintaining a strong economy.

### Methodology

We have developed a set of six criteria for evaluating Alberta's GHG policies: reducing emissions adequately in both the (1) medium and (2) long term, (3) doing so in an economically efficient way, (4) ensuring public resources are used wisely, and (5) ensuring good design and (6) accountability and adaptiveness.

We applied these criteria to arrive at a qualitative evaluation of each policy along a spectrum from “very good” to “very poor.”

## Summary of findings

Our analysis demonstrates that:

- the Alberta government’s current GHG policies fall far short of its emissions targets, and fare poorly against other important criteria such as accountability and good use of public resources (see Table 1);
- Alberta needs to enable large-scale application of CCS and other GHG reduction technologies in the oilsands — the biggest driver of increased GHG emissions in the province — by making a large increase in the carbon price or mandating appropriate GHG intensity standards. Moderating the pace of oilsands expansion would also have considerable GHG (and other) benefits;
- Alberta’s current GHG targets represent much less than a reasonable contribution to Canada’s current targets (let alone more ambitious science-based ones), and if Alberta’s policies continue to fall far short of its targets, other provinces would have to make implausible efforts to compensate.

**Table 1: Summary of our evaluations of Alberta’s current greenhouse gas policies (Rating system: ++ very good; + good; 0 average; – poor; -- very poor)**

Criteria	Specified Gas Emitters Regulation	CCS Major Initiatives	Climate Change and Emissions Management Fund	Policies as a whole
Effectiveness (near term)	–	–	–	–
Effectiveness (longer term)	--	–	Too soon to tell	--
Economic efficiency	+	0	Insufficient information	0
Good use of public resources	--	–	–	–
Good design	0	Too soon to tell	–	0
Accountability and adaptiveness	–	Too soon to tell	Too soon to tell	--

## Key recommendations:

### Recommendation 1

Substantially increase Alberta's ceiling carbon price as set by the Specified Gas Emitters Regulation, in the form of the rate for payments into the Climate Change and Emissions Management Fund. This rate should initially be at least doubled to \$30 per tonne CO<sub>2</sub>e from the current level of \$15 per tonne.

### Recommendation 2

Transition Alberta's current partial carbon tax — created by the Specified Gas Emitters Regulation — into a full carbon tax, by moving towards pricing every tonne of emissions and eliminating the use of offset credits for compliance.

### Recommendation 3

Implement stringent mandatory greenhouse gas intensity standards for new large industrial facilities in the oilsands, coal-fired power, natural gas processing and potentially other sectors; set those standards at a level corresponding to large-scale carbon capture and storage. Offset credits should not be allowed as a compliance option.

### Recommendation 4

Moderate the rate of approval and construction of new oilsands facilities to ensure that development stays within clear cumulative environmental limits and is optimized for economic and social outcomes.

### Recommendation 5

Strengthen the Climate Change and Emissions Management Corporation by adopting enforceable rules to (i) provide clear guidance on the selection and quantification of emission-reduction projects; and (ii) ensure that the corporation's board has a stronger representation of "clean economy" sectors and independent experts.

### Recommendation 6

Adopt a clear process for urgently developing, implementing and regularly updating a full plan to meet the province's GHG targets, as well as for regularly reporting on the implementation of the specific policies in the plan.