

B.C.'s climate future

Pembina Institute recommendations

Submitted to:

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Regarding: Independent review of CleanBC

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Summary

- CleanBC has been a world-leading climate plan, but the current political and economic context (including volatile trade dynamics with the U.S.) is causing challenges from both emissions reduction and public perception perspectives.
- A key goal in the review and refresh of CleanBC should be to ensure British Columbians see themselves in the plan, helping limit opposition to it.
- Below, we provide **4 key considerations** to help guide your review and refinement of CleanBC.
- Our **recommendations** are based on the discussion questions provided, with focus on work areas where our institute has expertise in B.C.: **Buildings, Transportation, Oil and Gas, Remote Community Energy Strategy**, and **Jobs and Workforce**.
- We focus on policy recommendations that are actionable in the near term and have a high chance of success (including the removal of regulatory barriers), leading into B.C.'s Budget 2026.

Context

The Pembina Institute welcomes the opportunity to provide input on the review of CleanBC, the climate plan that has consistently positioned B.C. as a leader in climate action in Canada and across North America. The actions within CleanBC have demonstrated that addressing the climate crisis can be done while growing resilient economies. The review of CleanBC comes at a critical time, as we find ourselves in a moment of “polycrisis”: geopolitical conflicts, rising social inequality, increasing cost of living, economic turbulence, and ever-worsening climate and extreme weather impacts. A new phase of CleanBC can ensure that ambition and leadership continue, while we collectively work to reduce emissions, make life more affordable, and create a strong, resilient economy.

Key considerations

CleanBC is a plan for prosperity

- CleanBC represented leadership in an era of stand-alone climate plans, but we must now recognize that climate policy is integrated with economic policy and plans to ensure community well-being.
- Embedded within a plan that addresses household-level affordability and province-wide economic security, emissions reductions and decarbonization opportunities will have a better chance at garnering broad public support.
- Market-based mechanisms will be key to balancing the roles of government and the private sector in ensuring climate and clean energy goals are met. These include tax credits, innovation funding, procurement policies, and other financing mechanisms.

Strong climate and clean economy plans will be critical for global competitiveness

- Significant investments in clean energy development, electricity distribution and transmission systems, and energy efficiency and demand-side management measures are being made across Canada. B.C. must act with ambition and urgency to keep pace.
- As the federal government looks for opportunities to strengthen relationships with provinces and territories to create nation-building projects, global carbon border mechanisms can either facilitate or hinder B.C.'s ability to realize economic growth.

Demonstrate success through stories

- B.C.'s Climate Change Accountability Reports and program progress reports have demonstrated leadership in transparency, but will continue to risk decreased public and industry support if the narrative doesn't shift to community-based outcomes.
- CleanBC goals can be linked to metrics related to actions such as decreased household energy bills through efficiency improvements and heat pumps installations, improved air quality and respiratory health through EV vehicle adoption, and advancements in reconciliation through clean energy project development in partnership with First Nations.

Success requires recognizing regional differences

- B.C. is a large and diverse province with unique climatic zones and geography, varying extreme weather-related risks, different industrial bases and levels of urban development, as well as utility system services and local and regional government authority.
- Climate policy, as with industrial and social policy, will only be successful if it is implemented with regional consideration.

Recommendations

1. Leverage CleanBC's policy and program successes

CleanBC policies and programs are setting the groundwork for reducing emissions and increasing climate resiliency. Each of the legislative, regulatory, and enabling actions advance B.C. climate leadership and progress toward goals, but they need long-term pathways. Significant shifts in policy can damage the sector development required to build supply chains and the labour markets required to realize climate goals. Consistent policies with defined pathways to 2030 and beyond are critical.

The balance of regulations and financial incentives has been successful in transitioning energy end-use in the province, primarily at the household level with building performance and transportation choices. The Zero Carbon Step Code, paired with the Energy Step Code, has been key in advancing the decarbonization and climate resilience of new buildings. Financial tools through demand-side management programs and heat pump rebates have been vital in supporting the upfront capital required to upgrade existing buildings. Ensuring all British Columbians have a climate-resilient and healthy home will require continued regulations and standards that maximize equipment and existing building performance efficiencies while reducing onsite emissions. This includes implementing the Highest Efficiency Equipment Standard in 2030, and continuing to work for a provincial Alterations to Existing Buildings Code.

The government has been successful in making B.C. a jurisdiction with one of the highest adoption rates for electric vehicles in North America through the combination of sales mandates, charging infrastructure funding, and vehicle purchase incentives. The government can build on previous successes by maintaining consistent and predictable policies while targeting measures that address specific gaps in infrastructure. This includes reintroducing rebates of up to \$2,500 for passenger vehicles with a limit of up to \$60,000 MSRP, expanding eligibility to include used cars, developing zero-emission medium and heavy-duty vehicle (MHDV) sales targets, and focusing charging infrastructure investments on rural and remote communities and MHDVs.

The expansion of B.C.'s clean electricity system is the most significant opportunity to grow the provincial economy, meet emissions reduction targets, increase energy security, and attract investment. One element of this that has been a success to date and should be continued is the Remote Community Energy Strategy (RCES). The RCES model, which included a First Nations working group, has shaped policy direction and helped build the consensus needed to ensure government actions are effective and efficient. The key pillars of the strategy — to fund capacity-building, clean energy projects, and demand-side management programs in partnership with

the federal government and utilities — have been successful, demonstrating leadership across the country. Continued support and consistent, long-term funding is needed to achieve the goals of the RCES.

One area that shouldn't be overlooked is the success in reducing methane emissions from the oil and gas sector, which exceeded the 2025 target. B.C. is well-placed to maintain this leadership through continued regulatory ambition, target setting, and measurement. Further emissions reductions from the heavy oil and gas industry will require adjustments to the output-based pricing system, and the advancement of electrification, fuel-switching, and/or carbon capture. With no binding requirement to be net-zero by 2030, and two years of carbon tax relief upon initial operation, proposed LNG terminals have the potential to add 4.5 megatonnes per year to B.C.'s industrial emissions, wiping out the gains made in other industries and by household level actions.

2. Embed long-term financial stability

Shifting the narrative — from climate policy to plans for prosperity — can shift the frame from costs and spending to one of investment and returns for British Columbians. B.C.'s history of clean electricity development provides a base for low-emissions industrial development and the framework for future economic and community development. There will continue to be a role for government in investing in clean energy development, at transmission and distribution levels, to advance First Nations ownership and partnership opportunities, and to increase energy security and affordability in remote communities.

At the same time, utilities will need to significantly increase demand-side management programs to reduce electricity load and more affordably address energy needs. Efficiency improvements in the built environment reduce energy waste, while modernizing how onsite electricity generation is combined with storage and electric vehicle batteries can shift energy supply requirements and create revenue streams for households.

As the fiscal environment shifts from incentive-rich to tight, financing mechanisms that support and encourage private capital become more important. This includes the development and expansion of loan programs such as Property Assessed Clean Energy (PACE) programs, the ability to aggregate purchasing, tax credits, and advancing procurement policies to prioritize low carbon products and services. To support households facing financial challenges, rebates and incentives should continue and be income-qualified or targeted to those experience energy poverty. As with granting programs, financing tools will be most effective if they are developed in collaboration with all levels of government.

3. Strengthen the role of utilities

B.C.'s Crown corporation utility BC Hydro has provided the province with clean and affordable electricity for decades, creating a competitive advantage as jurisdictions in North America and globally look to decrease industrial emissions. As BC Hydro continues to invest in transmission grid expansion and new renewable energy generation projects, a critical opportunity exists in significantly increasing investment in demand-side management (DSM). Other provinces and territories have begun to recognize that investments in efficiency are the lowest-cost option to address increasing energy demand. Modernized DSM programs include distributed energy generation, storage, electric vehicles, and smart grid integration, which all enable better load management and system resilience.

To successfully create a plan for long-term clean energy and economic prosperity, all sectors need certainty in energy supply opportunities. Transitioning sectors from fossil fuels to electricity, while meeting increasing industrial energy demands, will require both of B.C.'s main utilities (FortisBC and BC Hydro) to undertake integrated planning that creates clean energy pathways to 2050. Confirming the energy mix available over time allows for transparency and provides investor confidence.

4. Expand the enabling conditions

Workers will be the backbone of the success of B.C.'s future climate strategy and clean energy transition. Skilled workers are needed across all stages of technological and industrial development and deployment from a wide array of backgrounds. A successful plan to grow B.C.'s economy and address climate change requires collaboration to design and deliver training for a more efficient labour market. We must expand the labour market from large-scale and centralized infrastructure projects to distributed community-based energy efficiency upgrades in homes and businesses. Clean economy career development can address cost of living challenges while increasing public support for policy. Regional, hub-based centers — which have been successfully implemented in the United States — can help facilitate collaboration among employers, labour, post-secondary institutions and community organizations to solve labour market challenges. Comprehensive planning can also maximize the potential that youth and newcomers bring to the workforce. Attracting and supporting these populations at early stages can ensure clean industries see a strong pipeline of the skilled labour needed to reduce emissions while increasing equity in the workforce.

Specific to industrial emissions reductions, industrial carbon pricing is the most efficient way to incentivize investment in decarbonization while maintaining competitiveness. The stringency of the system must be such that making those capital investments makes financial sense. A stable

and predictable credit market will be key, particularly as high emitters contemplate investing in capital-intensive projects like carbon capture or electrification.

Manufacturing opportunities in B.C. can limit trade exposure, grow domestic GDP and speed up the energy transition. Province-wide inventories of manufacturing potential and made-in-B.C. products should be completed and connected to economic development incentives, tax incentives, and procurement policies. Opportunities exist for ventilation and cooling equipment, modular construction panels and components, and clean cement.

5. Increase effectiveness through communications and accountability

The success of future climate plans relies on effective communications and engagement. While polling continues to show British Columbians strongly support climate action, the increased number of competing issues has resulted in decreased prioritization of climate policies. Government plans should be written so that residents can see themselves reflected in decisions and future outcomes. Opportunities for engagement throughout implementation should occur on a regular basis through public working groups and committees. Regular staff updates can ensure communities see and understand progress, while connecting economic and social prosperity with emissions reductions and climate resiliency. While the Climate Solutions Council has continually included representation from a diverse range of leaders, broader opportunities for public involvement and communications will be critical to success.

6. Align with province-wide priorities

- **Affordability:** Increasing energy efficiency and decreasing energy burdens presents a significant opportunity to address household affordability. This includes heating and cooling equipment, home efficiency retrofits, and shifting to electric vehicles.
- **Energy security:** Increased use of distributed energy resources expands local electricity supply options, while adoption of electric vehicles shifts energy demand from often foreign-sourced oil and gas to locally produced electricity. Increasing clean energy development in remote communities — shifting from fossil fuel generation to community-scale electricity and storage — reduces energy costs and emissions while increasing energy security.
- **Economic development:** The energy transition is an effective economic development strategy. From government investments in utility infrastructure to business and individual investments to decarbonize buildings, transportation and industry, accelerating adoption in a clean energy economy drives local economic activity and jobs, and reduces the risks from volatile international markets.

- **Health:** Healthcare is one of the largest, and growing, provincial government costs. Actions that decarbonize buildings, transport and industry reduce air and other pollution. For example, choosing electric fleet vehicles and school buses eliminates tailpipe pollution, reducing the related healthcare costs.
- **Reconciliation:** Partnering with First Nations on long-term planning and policy development, as well as clean energy development, is a concrete way to support reconciliation while advancing climate priorities.

7. Maintain and align targets

Emissions reduction and sectoral targets are important tools for setting goals, aligning actions, and creating long-term, robust plans. To ensure meaningful and effective collaboration, B.C. should legislate emissions reduction targets that are aligned with other levels of government, who have consistently committed to net-zero emissions by 2050. Achieving that goal requires all levels of government working together; a shared vision is essential. Some sectors, such as the property development and cement industries, have set ambitious climate targets, but many will not invest in decarbonization efforts without robust government policy. Targets are a tool to calibrate industry activity with government policy.

8. Metrics for progress and success

A plan that's based on the goal of prosperity for all British Columbians today and into the future will require metrics for success that are much broader than emissions reduction levels. Progress can be demonstrated through quantitative metrics such as the number of heat pumps installed, the number of jobs created, and the number of electric vehicles purchased, but qualitative metrics should be included as well. Workforce development includes shifting employment from conventional energy to clean energy, centering equity and local benefit, while ensuring current resource-dependent regions can diversify and become more resilient. Climate-resilient homes are defined by more than efficiency and carbon pollution levels; they also have safe levels of thermal comfort and are affordable to heat and cool. Perhaps most importantly, advancing reconciliation must be foundational to any future plan. This could include opportunities for Indigenous clean energy partnerships and equity ownership, skills and workforce training, and increased housing access and affordability.

Conclusion

In closing, we would like to express our gratitude for the opportunity to contribute comments on your review of CleanBC. You've been tasked with a hugely important job for our province, and we appreciate your consideration of our input. We look forward to continued engagement with you; please feel free to reach out any time should you wish to discuss further with our team.

Contact

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Further reading

- [A Clean, Resilient Future: Recommendations for advancing British Columbia's net-zero energy economy](#)
- [Recruit, Train, Retain: Fostering Low-carbon industries through regional workforce planning](#)
- [Raising the Bar: How targets and measurement are crucial to leadership on oil and gas methane](#)
- [Amped Up: Options for growing British Columbia's electricity supply](#)