



**LEAD, FOLLOW,  
OR GET OUT OF THE WAY**

SIERRA CLUB CANADA'S  
KYOTO REPORT CARD 2008

**Canada's actions in 2007 were woefully  
inadequate but some provinces and  
municipalities rose to the challenge**



SIERRA  
CLUB  
CANADA

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This report is the latest in an annual series published by Sierra Club Canada on the anniversary of the coming into force of the Kyoto Protocol. It is an annual report on Canada's performance in fulfilling its obligations under the Protocol in the previous year. This year's report also marks the beginning of the first commitment period of the Kyoto Protocol. Under this first commitment period the average of Canada's greenhouse gas emissions for the years 2008 to 2012, inclusively, must be 6% below Canada's emissions in 1990.



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*There is an old saying “Lead, follow, or get out of the way”.  
And I would ask the United States, we ask for your leadership, we seek your  
leadership, but if for some reason you are not willing to lead, then please,  
leave it to the rest of us, please get out of the way.*

Kevin Conrad, delegate of Papua New Guinea,  
during the Bali Conference, Dec 15, 2008

*This is not a lifestyle issue, it’s a life and death issue.  
The planet is in a state of peril.*

Delegate from Tuvalu during the Bali Conference

### LEAD, FOLLOW, OR GET OUT OF THE WAY

In 2007, the world became more aware than ever that we live in the climate century. Canadians and people around the world are already seeing the serious adverse impacts of climate change.

The Intergovernmental Panel on Climate Change (IPCC) has again this year advanced scientific understanding of climate change, as well as the actions required to avoid its most catastrophic consequences. They have given world governments direction on the scale of effort required to avoid tipping global climate systems into the danger zone of catastrophic climate change, which would occur from a rise of 2 degrees Celsius in global temperatures above pre-industrial levels.

Australia's 2007 federal election was fought and won in part on climate change policy, with Australians ousting their anti-Kyoto government. One of the very first actions of the newly elected government was to announce that Australia would finally ratify the Kyoto Protocol.

As we see in this report, there are many inspiring examples of leadership on climate change. They range from local to global, but sadly, Canada's federal government does not figure among them.

Polling results are remarkably consistent. Canadians want their country to honour its Kyoto commitments. They view the environment in general, and climate change in particular, as a top issue that concerns them and that they expect the federal government to address.

Based on its actions in 2007, we are left to conclude that the federal government is clearly aware of the electorate's concern about climate change, but does not share this concern in any meaningful sense. It appears that their political decision was thus to try to appear to be addressing this public concern without actually taking any effective action.

Perhaps the most striking example of this is the federal government's regulatory framework on air emissions, which we discuss in section 2. The announcement was made with now-legendary command and control media relations, with efforts even including the Royal Canadian Mounted Police deployed to literally keep objective commentators out of reach of the media.

On the substance however, the regulatory framework is much more laissez-faire. The upshot is that greenhouse gas emissions from large industrial emitters will continue to go up instead of down. Federal regulations on vehicle emissions currently under consideration have been prejudiced by Minister's comments embracing the laxest standards in North America.

On the international front, the performance of Canada's delegation to the UN climate negotiations in Bali in December earned ridicule and derision, as we discuss in section 1. Yet there are positive examples on the international stage. As we discuss in section 3, the European Union shows the way forward both for domestic action and international negotiations.

In fact, Canada is now in contravention of international and domestic law because of its failure to take effective measures to reduce greenhouse gases (GHGs). With Canada's failure to meet the administrative requirements of the Kyoto Protocol Implementation Act, the sitting government is openly flouting Canadian law.

So, is there any leadership to be found in Canada? There is, if we look to other levels of government.

As we discuss in section 4, provincial governments are taking the lead in responding to the electorate's desire for action on climate change. British Columbia and Quebec were notable leaders in 2007.

Leadership also exists at the municipal level, where local governments can have a very direct impact on greenhouse gas emissions. As we discuss in section 5, municipal governments may represent Canada's best hope for political leadership in addressing climate change.

***If the federal government will not lead the fight against climate change, or even follow and support the leaders, it must at least get out of the way.***



There is an old saying about how to be part of the solution to a problem: lead, follow, or get out of the way. In the past year the federal government has done none of these. For example, while provincial and state governments are working to establish California vehicle emissions standards as a single standard

across North America, public statements suggest the federal government could be getting in the way as it leans towards a different, weaker standard. If the federal government will not lead the fight against climate change, or even follow and support the leaders, it must at least get out of the way.

Our most fundamental observation about the performance of Canada's federal government on climate change in the past year is this: the federal government treats climate change as a communications problem, rather than a public policy problem. The government has deployed considerable effort in the past year attempting to address its communications problems on climate change, rather than attempting to implement public policy to reduce greenhouse gas emissions and avert dangerous climate change.

In the coming year Canadians will likely head to the polls in what could be the Climate Change Election. Time will tell whether they are swayed by substance or spin.

## CANADA'S INTERNATIONAL PERFORMANCE: THE ROAD FROM BALI TO COPENHAGEN

**2**007 was a year during which climate change received an exceptional level of attention not only in Canada, but also worldwide from citizens, political leaders, businesses and institutions. Climate change was at the top of the agenda of several international summits, including the G8 meeting, the Commonwealth meeting, and the unprecedented heads of state meeting specific to climate change that was held at the United Nations in New York. This was the year in which the Fourth Assessment Report from the Intergovernmental Panel on Climate Change solidified scientific consensus on climate change, and presented decision-makers with a range of emissions scenarios and the predicted economic, social and environmental impacts.

The year culminated with the UN talks in Bali, Indonesia in December which launched negotiations on a global framework for the years following 2012, when the first commitment period of the Kyoto Protocol ends.

2008 is set to be an equally, if not more so, eventful year for international discussions on climate change, with the launch of UN negotiations for a second commitment period under Kyoto, an exceptional UN High Level thematic debate to take place in New York and the G8 meeting in Japan,.

### THE ROAD PAVED IN BALI

The UN conference in Bali was perhaps one of the most dramatic negotiating sessions on climate change to date. The conference lasted a full twenty-four hours longer than scheduled, and nearly collapsed during that final stretch. A concerted effort by the European Union and developing countries to make the United States and Canada back down from their intransigent positions and accept consensus saved the conference.

Two main decisions emerged from the Bali conference that will guide international negotiations for the next two years.

The first decision came under the United Nations Framework Convention on Climate Change, to which the United States is a party, and is called the Bali Action Plan. The Bali Action Plan launched the work of a group called the Ad-hoc Working Group on Long-term Cooperative Action, which commits developed countries to consider “measurable, reportable, verifiable” commitments and actions, including absolute emissions reduction targets. The decision also commits developing countries to consider “nationally appropriate” reduction actions in the context of sustainable development. Unfortunately, this outcome was significantly weaker than what many were hoping to achieve in Bali. The United States, with the solid support of the Canadian government, diluted the level of ambition contained in the Bali Action Plan. A range of science-based targets for developed countries was excluded from the final decision, despite the fact that a majority of parties wanted to set an appropriate level by including consideration of a range of 25-40% emissions reductions targets for 2020.

The second decision was agreed upon under the Kyoto Protocol, to which the United States is not a party and was therefore unable to block consensus. In its stead, Canada attempted to weaken the decision but in the face of strong opposition from most countries, Canada eventually backed down. As a result, the decision guiding the Working Group that considers future commitments for Kyoto countries with targets is guided by the ranges of the IPCC's Fourth Assessment Report, and refers to the range of 25-40% reduction below 1990 levels by 2020 by developed countries.

Emissions reductions of 25 to 40% below 1990 levels for industrialized countries is the IPCC range that is in line with avoiding a 2 degrees Celsius rise in global temperatures, a global temperature level that the European Union has stated needs to be avoided as it consists of a dangerous level for the climate.

Negotiations are scheduled to finish in 2009, and over the course of 2008, countries will meet for four sessions during which they will begin negotiations on an agreement for 2009. After the fourth negotiating session, which will take place in Poland in December 2008, it is expected that negotiations will intensify and hopefully culminate in an international climate treaty by the end of 2009 in Copenhagen.

Wealthy industrialized countries must take the lead in reducing emissions, because they are overwhelmingly responsible for the greenhouse gases currently accumulated in our atmosphere:

- their per capita emissions dwarf those of poorer developing countries; and
- they have the financial, technological and human capacity to reduce emissions.

Without leadership from countries that have the means to reduce emissions, global efforts will be seriously compromised, risking dangerous levels of greenhouse gases in the atmosphere. Laggards such as Canada and the United States must commit to significant reductions in order for the world to move forward and agree on the deeper level of reductions of global emissions.

While the negotiations in Bali did yield some results, they were significantly weaker than what might have been. As a result, over the next two years, the world will need more ambition and the two working groups will need to reflect this in their upcoming decisions. Bringing the United States on board may become easier once a new president is elected in November 2008. Canada will also have to revise its negotiating stance, as well as its domestic climate change policy, which does not take into account the findings of the latest IPCC report.

#### **A TREATY IN COPENHAGEN: KYOTO PLUS**

The next two years will be crucial in determining whether humanity is able to meet its greatest challenge: stopping dangerous climate change. While Bali set the wheels in motion and launched negotiations there are many unresolved issues that could have been settled right then and there rather than over the next two years.

1. Countries will have to agree on a framework to follow Kyoto's first commitment period.

2. Developed countries should take on absolute binding reduction commitments under the Kyoto Protocol's architecture in a second commitment period, and continue to expand the carbon market that Kyoto has created.

Success over the next two years would lead to a second commitment period under the Kyoto Protocol that would set the world on track to limiting global warming to as far below 2 degrees Celsius as possible. For this second commitment period, all countries must take on deeper commitments than they have in the first phase of Kyoto. Key elements of the post-2012 agreement must include:

- Deeper absolute targets for Annex I countries in line with their historical responsibilities: 25-40% reduction below 1990 levels by 2020 and 80-90% below 1990 levels by 2050. The United States and Canada must do their fair share, which includes making up for lost time.
- New, absolute reduction targets for some newly industrialized countries, such as South Korea, Singapore, Saudi Arabia, Kuwait and Mexico, and their inclusion in the Kyoto emission-trading regime.
- Building on the current flexible mechanisms under the Kyoto Protocol, and including more such mechanisms to create incentives for rapidly industrializing, middle-income countries such as China, Brazil, India and South Africa. New flexible mechanisms would include:
  - a clean technology deployment mechanism to scale up research;
  - deployment and transfer of technology; and
  - an adaptation mechanism to emphasize the need for adaptation—and that the most vulnerable countries have the necessary support to adapt to the level of climate change that is unavoidable.
- Rapidly industrializing countries, such as China, Brazil and India should take on new commitments that include:
  - committing to a “low carbon” development path;
  - working to prevent deforestation; and
  - taking on emissions intensity targets as well as renewable energy targets.

WHAT CANADA DID IN BALI, WHAT CANADA SHOULD HAVE DONE AND CAN STILL DO

	What Canada did in Bali: <b>backed itself into a corner</b>	What Canada should have done, and can still do over the next two years: <b>back itself out of a corner</b>
On an international framework	<ul style="list-style-type: none"> <li>• Supported Japan’s call to “move beyond the Kyoto Protocol.”</li> <li>• Supported a comprehensive review of the Kyoto Protocol that would include a review of the entire architecture.</li> </ul> <p>The Kyoto Protocol is the most inclusive international treaty on climate change. It is also the only treaty to have legally binding targets. Rather than start from scratch, the world must build on the architecture of the Kyoto Protocol, to strengthen it and deepen the targets.</p>	<ul style="list-style-type: none"> <li>• Support building on Kyoto’s architecture with a second commitment period, that would be legally binding and begin in 2013.</li> <li>• Support and participate in the international carbon market created by Kyoto.</li> <li>• Recommit to Canada’s Kyoto targets, and accept penalties stipulated under the current Kyoto framework for countries that do not meet their target on time (make up the difference plus 30% of that difference is added to the target under the second commitment period).</li> </ul>
On global reduction targets	<ul style="list-style-type: none"> <li>• Called for setting a reduction target only for 2050. No mention of a 2020 target.</li> <li>• Although Minister Baird stated in the House of Commons that 2 degrees Celsius was unacceptable, Canada’s climate policy does not set any scientific objective, nor does it define what consists of dangerous climate change for Canada.</li> <li>• Pushed for sectoral targets.</li> <li>• Supported the US in refusing to include consideration of 25-40% reduction below 1990 levels for developed countries.</li> </ul>	<ul style="list-style-type: none"> <li>• Guide domestic and international climate policy based on avoiding 2 degrees Celsius of global warming.</li> <li>• Use a 1990 baseline year for targets.</li> <li>• Support binding targets of 25-40% reduction below 1990 levels for 2020 for developed countries.</li> <li>• Align with the European Union and pledge at minimum a 25% reduction target below 1990 levels for 2020.</li> <li>• Encourage the US and Japan to take on similar targets.</li> <li>• Take on an 80% reduction target for 2050.</li> </ul>
On common but differentiated responsibilities	<ul style="list-style-type: none"> <li>• Called for binding emissions reductions for all major emitter countries, regardless of historic responsibility, development, or per capita emissions.</li> <li>• Used this demand as an excuse for Canadian inaction.</li> </ul>	<ul style="list-style-type: none"> <li>• Recognize common but differentiated responsibilities amongst countries.</li> <li>• Recognize Canada’s historical responsibility in contributing to the accumulation of greenhouse gases in the atmosphere.</li> <li>• Assist with the transfer of clean technologies and help to finance adaptation in developing countries.</li> </ul>
On reduction efforts by the European Union	<ul style="list-style-type: none"> <li>• Released a memo that dismissed EU emissions reductions as simply a result of national circumstances, rather than as a result of concerted effort from governments to reduce emissions.</li> </ul>	<ul style="list-style-type: none"> <li>• Recognize the value and success of policy measures of EU countries which have successfully decoupled economic growth from greenhouse gases, and launched a green economy. Canada should learn from this example and take on similar policy initiatives as the EU in order to reduce emissions while creating economic opportunities.</li> </ul>
On the Official Canadian Delegation	<ul style="list-style-type: none"> <li>• Invited industry to be accredited as part of the official Canadian delegation, and had industry representatives present at the official Canadian government’s side event.</li> <li>• All other stakeholders, including environmental groups, First Nations, and representatives of civil society have been barred from the official delegation since 2006.</li> </ul>	<ul style="list-style-type: none"> <li>• Should consult all stakeholders equally when shaping Canada’s domestic and international climate policy, and should regularly brief all stakeholders throughout the negotiations.</li> </ul>

## **FROM BALI TO COPENHAGEN: CANADA'S ROADBLOCKS**

In recent United Nations climate conferences, Canada has regrettably stood in the way of efforts to negotiate a way forward to reduce global emissions.

While all industrialized countries with the exception of the United States, are considering a range of 25-40% reduction below 1990 levels, Canada has walked into the negotiations with a target of 3% above 1990 levels for 2020. Given the IPCC ranges in the Fourth Assessment Report, this target is unacceptable for a wealthy industrialized nation such as Canada. It is a clear signal to the international community that Canada does not take the climate crisis seriously, and is not willing to do its fair share in reducing global emissions.

The first commitment period of the Kyoto Protocol officially began on January 1st 2008 and while countries with targets under Kyoto are actively responding to the concern of their electorate by implementing policies such as carbon taxes, absolute caps on industrial emissions, energy efficiency standards, renovating buildings, and deploying renewable energies, the Canadian government continues to drag its feet. It refuses to put in place absolute caps on industrial emissions, and chooses instead intensity-based targets which would allow emissions to grow. The Harper Government walked away from its Kyoto targets, using previous government inaction to justify its own inaction.

As international negotiations begin for a second Kyoto commitment period, Canada is positioning itself as unwilling to take significant action in the short term, and unwilling to do its fair share in the medium term. Such a position could slow and even dilute the final agreement needed in 2009.

Canada has backed itself into a corner. It is at odds with virtually all countries in the UN system, with the exception of the US, whose Bush administration will have been replaced by the time of the next UN negotiations in Posnan, Poland.

Rather than making unreasonable demands on other countries, Canada should begin by revising its own domestic policies on greenhouse gas emissions. The fact is that Canada remains a party to the Kyoto Protocol and continues to be legally bound by it. Canada must pledge to make best efforts to meet its Kyoto targets, and as a party to the Protocol, must adhere to the compliance rules which include a penalty of thirty percent in the second commitment period in the event that a party does not meet its target.

Canada should adopt a target of at least 25% below 1990 levels for 2020, and with yearly benchmarks to ensure that it does not fail to meet a target that is more than a decade away.

### **▶ THE WAY FORWARD: CANADA'S STANCE ON THE WAY TO COPENHAGEN**

**To infuse ambition into the UN process, Canada must reverse its stance and join the world leaders in emissions reductions. This means that Canada must behave differently at future UN meetings than it did in Bali. Canada must:**

- **Build on the Kyoto Protocol to adopt deeper legally binding targets for developed countries and participate in the international carbon market.**
- **Commit to a minimum target of 25% below 1990 levels by 2020, and targets of 80-90% below 1990 levels by 2050.**
- **Make best efforts to honour Canada's Kyoto commitments.**

## CANADA'S DOMESTIC PERFORMANCE

## FEDERAL REGULATORY FRAMEWORK

In April 2007, John Baird, federal environment minister, launched *Turning the Corner*, a regulatory framework with a stated goal to reduce greenhouse gases (GHGs) by 150 megatonnes by 2020, and cut smog-forming air pollution from industry in half by 2015. The regulatory framework also proposes to regulate the fuel efficiency of cars and light duty trucks, beginning with the 2011 model year, and strengthen energy efficiency standards for a number of energy-using products, including light bulbs.

Unfortunately, the regulatory framework falls far short of the sort of efforts Canada can put in place to reduce emissions. Although the government has repeatedly expressed support for the Fourth Assessment Report of the IPCC released in 2007, Canada's climate policy and regulatory framework is clearly not being guided by the science. The regulatory framework does not define "dangerous" climate change for Canada and what levels of climate change Canada needs to avoid. As a result, Canada will continue to lag far behind many industrialized countries such as Norway, Germany, and the United Kingdom in reducing GHG emissions. The regulatory framework is equally unacceptable because it focuses on improving the so-called intensity of industrial GHG emissions, rather than reducing the absolute amounts of GHG emissions in line with Canada's Kyoto Protocol commitments. In addition, the regulatory framework is flawed because it claims that GHG emissions will be reduced by 20% by 2020, a 2006 baseline year is being used rather than the 1990 baseline year employed by other nations. Canada's GHG emissions increased 25% in the 1990 to 2006 period so employing a 2006 baseline make the government's targets look far better than they really are in comparison with other countries. Few were fooled.

Not only are the targets contained in the regulatory framework completely inadequate, but

at least three independent studies have concluded that these weak targets won't even be reached.<sup>1</sup> Nevertheless, *Turning the Corner* signifies that regulations are a key tool to reduce GHG emissions. The days of pretending that voluntary measures by industry combined with government subsidies would be adequate for Canada to meet its legal obligations and moral responsibilities to the planet are gone. This is a good thing.

Over the summer of 2007, environmental groups became very concerned about the lack of consultation on the proposed regulatory framework—concerns shared, perhaps surprisingly, by many industry groups. The greatest concern was simply that the government had no plans to consult on the intensity-based targets it was putting forth. Sierra Club initiated a joint letter from nine national environmental groups and industry associations informing Prime Minister Harper that the signatories have "major, substantive concerns with multiple elements of the Regulatory Framework" and proposing a "high-level multi-stakeholder advisory committee that would provide advice to senior officials on implementation of the Regulatory Framework."

The government accepted our advice and the first multistakeholder meeting was held in December 2007. This meeting focused on the proposed GHG regulations, and included six representatives from industry associations such as the Mining Association of Canada, the Canadian Chemical Association, the Forest Products Association of Canada and the Canadian Association of Petroleum Producers, four environmental non-government organization (NGO) representatives, two health NGO representatives, and several senior Environment Canada officials led by the deputy minister. The most surprising outcome from the meeting was that industry and environmental groups share similar views on the need to put a price on carbon and for a rethinking of the government's approach to regulating the

<sup>1</sup> Pembina Institute, *Analysis of the Government of Canada's April 2007 Greenhouse Gas Policy Announcement*, May 28, 2007. Deutsche Bank, *Global Emissions Trading: A propensity for intensity: the Canadian carbon conundrum*, May 24, 2007. C.D. Howe Institute, *Estimating the Effect of the Canadian Government's 2006-2007 Greenhouse Gas Policies*, June 12, 2007.

pollutants that form smog. The second meeting of the multistakeholder meeting in early 2008 is intended to tackle the regulation of these air pollutants.

#### **REGULATIONS FOR FUEL EFFICIENCY**

Sierra Club has consistently urged the federal government to impose stringent California fuel-efficiency standards (which have been adopted by Quebec, British Columbia and 16 States in the US) and other measures that would encourage consumers to buy more fuel-efficient cars. Sierra Club Canada and other environmental groups have encouraged “feebates” in order to accelerate the deployment of highly efficient vehicle technology by creating a financial incentive for customers to choose these models.

The 2007 Federal Budget contained a feebate for cars which would provide financial incentives for fuel efficient cars, and discourage the purchase of gas guzzling cars. Unfortunately, the feebate had several design and implementation flaws. The amount of the rebate for fuel efficient cars was smaller than the average price difference between hybrids and their non-hybrid equivalent. Also, certain gas guzzling vehicles qualified for the rebate because they were “flexible fuel vehicles” that could run on E85 (a fuel containing up to 85% Ethanol). Given that there are very few E85 stations in the country, most of these vehicles will run on conventional gasoline, yet still qualify for a rebate. Despite these and other shortcomings, one positive impact of the rebate was that a car manufacturer who initially did not qualify for the rebate made improvements to one of their models and was able to improve fuel efficiency so that the model would qualify for a rebate.

While feebates, when applied properly can help to deploy more fuel efficient models on Canadian roads, the most effective means to reduce emissions from cars is to regulate. California standards for cars would mean that by 2016 cars sold in Canada would have to have an average fuel consumption rate of 6.7l/100 km. In contrast, the Bush administration recently passed a bill that has targets which are significantly weaker than those of California. The Bush standards would only oblige auto manufacturers to reach an average of 6.7l/100 km by 2020. For cumulative pollutants, such as greenhouse gases, four years makes a significant difference. Most provinces, with the notable

exception of Ontario, have signaled they will take on California standards. However, in January 2008 the federal Transport Minister, Lawrence Cannon, announced a consultation process to determine standards for fuel efficiency in Canada. Rather than pledging support for California, the Minister instead indicated that George Bush’s standards were adequate. Given that the consultation process is underway, Canada still has the opportunity to finally show some leadership in North America by adopting California standards for cars, thereby forcing the industry to modernize and provide consumers with cleaner cars.

*Turning the Corner* is inadequate to the task of Canada’s reducing greenhouse emissions, and its design is flawed in many ways. Canada must rethink its regulatory framework if it is to regain credibility on climate change with its international partners, and with the Canadian electorate. It must make best efforts to honour its Kyoto commitments, and absolute caps on industrial emissions are part of the solution to reducing Canada’s greenhouse gas emissions. If Canada continues with the targets contained in the current regulatory framework its ability to reduce emissions will be further compromised, as will the ability for Canada to compete in the green economy that is emerging from other governments implementing effective government policies elsewhere.

#### **PUTTING A PRICE ON CARBON: A REASONABLE IDEA WHOSE TIME HAS COME**

In April 1989, representatives of virtually every major environmental group in Canada met with Prime Minister Brian Mulroney and urged him to adopt a set of collective recommendations known as *Greenprint for Canada* in his second term of office. In addition to urging the federal government to reduce carbon emissions in Canada by 20% by 2005, *Greenprint for Canada* recommended that the federal government introduce a national carbon tax on fossil fuels to raise up to \$40 billion over 15 years to fund the national energy conservation program, to reforest two million hectares and to complete the national parks system.

For eighteen years, the governments of Mulroney, Campbell, Chrétien, Martin, and Harper refused to even consider a carbon tax, afraid of the reaction in Alberta.

In 2007 and early 2008, the carbon tax re-emerged on policy front burners.

In April 2007, the federal government announced its Regulatory Framework for Air Emissions which committed the government to reducing the so-called “intensity” of Canada’s greenhouse gas emissions by 20% by 2020 relative to 2006 levels. Initial steps towards carbon pricing were proposed as part of that framework. Large emitters of GHGs would be authorized to contribute to a federal Technology Fund at a rate of \$15 per tonne of carbon dioxide equivalent (escalating to \$20 per tonne in 2013) in lieu of meeting their regulated targets for reducing emissions. The fund would be used to finance technology development and related infrastructure projects. Industry and environmentalists agree that the price of carbon is too low to have much of an influence on corporate behaviour and too low to raise much money for emissions reduction activities. The government and the federal Liberal Party continued to oppose a carbon tax.

Quebec implemented a modest carbon tax effective October 1, 2007; Quebec’s fossil fuel distributors will be subject to a tax on CO<sub>2</sub> emissions that is expected to raise about \$200 million per year between 2007 and 2012. This kind of mini-carbon tax, whose intent is solely to raise revenue for other emission-reduction activities, could easily be combined with the federal government’s proposed regulatory framework as an initial step into carbon pricing for Canadians.

In January 2008, the National Round Table on the Environment and the Economy (NRTEE) report concluded that carbon emissions pricing through a carbon tax or cap-and-trade system is essential for Canada to meet its targets for reducing greenhouse gas emissions. The NRTEE report also concluded that deep reductions

in greenhouse gas emissions can be achieved by 2050 without damaging the economy so long as strong carbon emissions pricing is implemented. The economic impacts of making the transition to a low-emission future will be minimal but to get there, the price for carbon emissions must be set much higher than the \$15 per tonne proposed by the federal government in its regulatory framework. The NRTEE also concluded that the net impact of a carbon tax will be more positive the earlier and faster it is implemented.

In autumn 2007, the Green Budget Coalition called on the federal government to establish a price for greenhouse gas (GHG) emissions of at least \$30/tonne carbon dioxide equivalent (CO<sub>2e</sub>) by 2009, and at least \$75/tonne by 2020. Putting an adequate price on carbon is an essential step in moving Canada’s economy towards a low-carbon future, and would help Canada play a responsible role in the global effort against climate change. The revenue implications of a carbon pricing system will vary widely, depending on the breadth of GHG sources to which it applies and either (i) the tax level or (ii) on the stringency of the regulated target and the percentage of permits auctioned in a cap-and-trade system. As an example, if permits were auctioned to cover only 10% of GHG emissions from Canada’s large emitters, at a price of \$30/tonne CO<sub>2e</sub>, the auction would generate annual revenues for the Government of Canada of \$1 billion or more. If Canada eventually applied a tax of \$75/tonne to 80% of national emissions, revenues could amount to upwards of \$36 billion.

Most commentators believe that a carbon tax is much more efficient and effective than the cap-and-trade system. Why not a carbon tax? In 2008, look for industry and environmentalists to join ranks to pressure governments to put a price on greenhouse gas emissions.

▶ THE WAY FORWARD: DOMESTIC EMISSIONS REDUCTIONS

The federal government must strengthen its regulatory framework on air emissions to achieve greenhouse gas emissions reductions on the scale that is required to avert dangerous climate change. This must form part of an integrated approach using all available tools: regulations, fiscal inducements, federal policies and programs. This means:

- Adopt vehicle emissions standards that are as least as stringent as California standards for cars;
- Abandon the use of so-called “intensity” targets in favour of absolute caps on emissions;
- Set all targets in relation to the 1990 baseline consistent with Canada’s obligations under the Kyoto Protocol;
- Set annual targets and report on progress on an annual basis;
- Establish a price for greenhouse gas (GHG) emissions of at least \$30/tonne carbon dioxide equivalent (CO<sub>2e</sub>) by 2009, and at least \$75/tonne by 2020. The carbon price should be applied broadly, either through a tax or through a cap-and-trade system with a rapidly increasing proportion of permits auctioned. In either case, the revenues raised should be directed mainly towards investments in further actions to reduce GHG emissions, and also used to protect low-income Canadians from related cost increases;
- Adopt a Canadian energy efficiency strategy to cut energy use across all sectors by 20% by 2020; and
- Adopt a Canadian renewable energy strategy with a goal of increasing renewable energy production in Canada by 35,000 megawatts by 2020.

## INTERNATIONAL LEADERSHIP ON CLIMATE CHANGE: THE EUROPEAN UNION

**O**ver the past year, Canada has continued to falter when it comes to implementing policies and taking any action on reducing our greenhouse gas emissions and attempting to achieve our Kyoto commitments. Luckily this trend has not been shared worldwide, and can best be illustrated by the work the European Union has undertaken to battle climate change. Many of the member countries of the EU have taken it upon themselves to reduce their greenhouse gas emissions and show the world that it is possible to achieve significant reductions while at the same time creating a green economy and not experience negative economic effects.

### THE EU AIMS TO EXCEED ITS TARGETS

The commitment that the European Union has made under the Kyoto Protocol is to reduce their greenhouse gas emissions by 8% below 1990 levels. To date, the EU as a whole is on track to meet that target, while many member countries have already achieved their targets and are in the process of exceeding them. The European Union has defined a 2 degree Celsius rise in global temperatures as dangerous, and a threshold which must be avoided. As a result its domestic and international climate policies are guided with the objective of reducing global emissions to a level that would avoid a 2 degrees Celsius rise in temperatures. At a 2007 EU Heads of State and Government Spring Council meeting, it was unanimously agreed to reduce the EU's greenhouse gas emissions by 20% by 2020 and in the case of a global and comprehensive agreement it would reduce emissions by 30% by 2020. There was also a call for a global reduction of 50% based on 1990 levels by 2050.<sup>2</sup> These targets are in line with IPCC scenarios for avoiding 2 degrees Celsius.

As European Commission President José Manuel said, this plan is “not in favour of the environment and against the economy.”<sup>3</sup> This plan is estimated to cost approximately sixty billion euros per year until 2020, it would raise energy prices 10-15%, but this will ultimately result in a lower reliance on energy imports. This is a prime example of forward thinking and a clear illustration that progress on climate change can be made without hurting the economy.

In order to achieve these emission reduction goals, the European Commission is proposing to implement a binding target of 20% renewable energy share of final consumption in all sectors in 2020, and improvements to EU Emissions Trading Scheme through tighter regulations.

The EU is undertaking many initiatives to reduce its greenhouse gas emissions, one of which focuses on the reduction of CO<sub>2</sub> emissions from light-duty vehicles. On December 19th 2007, the European Commission adopted a proposal for legislation to reduce the average CO<sub>2</sub> emissions of new passenger cars which account for about 12% of the EU's carbon emissions. The proposal would lead to a 19% reduction of carbon dioxide emissions from new vehicles by 2012 and will place the EU among the world leaders in fuel efficient cars.<sup>4</sup>

Another initiative that the EU is undertaking relates to the aviation industry. The EU's greenhouse gas emissions fell by 3% from 1990 to 2002, while at the same time, emissions from international aviation has increased by almost 70%.<sup>5</sup> In an attempt to reduce this impact, on December 20th 2006, the commission adopted a proposal which would include aviation into the EU Emissions Trading Scheme, and it would be phased-in in two stages. In 2011, all emissions from all domestic and international flights

<sup>2</sup> Commission of European Communities, *Green Paper from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions*, June 2007, page 3.

<sup>3</sup> BBC News, “EU reveals energy plan of action,” January 23, 2008. Available at <http://news.bbc.co.uk/2/hi/science/nature/7203514.stm>.

<sup>4</sup> European Commission, *Reducing CO<sub>2</sub> emissions from light-duty vehicles*, 2007. Available at [http://ec.europa.eu/environment/co2/co2\\_home.htm](http://ec.europa.eu/environment/co2/co2_home.htm)

<sup>5</sup> European Commission, *Aviation and climate change*, 2005. Available at [http://ec.europa.eu/environment/climat/aviation\\_en.htm](http://ec.europa.eu/environment/climat/aviation_en.htm)

between EU airports will be covered, and in 2012 it will be expanded to include emissions from all international flights.

#### **HIGHLIGHTING GERMANY'S RESULTS**

As mentioned earlier, there are many member countries of the European Union who are doing a great deal of work to reduce their greenhouse gas emissions. Germany, for example, has developed an international reputation for the tremendous work it has done to reduce its greenhouse gas emissions and encourage others to follow their lead.

### ***The benefits of prompt action to reduce emissions far outweigh the costs; the earlier the action is taken the less costly it will be.***



In December 2007, during the 13th Conference of the Parties (COP) in Bali, Indonesia, the German cabinet agreed to a package of 14 new laws and decrees to allow it to meet its goal of cutting greenhouse gases by 40% by 2020.<sup>6</sup> It is being hailed as one of the world's most ambitious initiatives of its kind. German Environment Minister Sigmar Gabriel said "Germany wants to show that a developed country can reconcile economic growth with protection of the environment."<sup>7</sup> One of the key measures of the plan is to increase the renewable energy contribution from its current level of 12 to 25-30%. It is estimated that Germany will invest 31 billion euros by 2020 to produce energy savings worth 36 billion euros.<sup>8</sup> This climate change package clearly illustrates Germany's commitment to battle climate change, while at the same time helping its economy.

#### **ENGAGING THE WORLD**

The EU is leading by example and is attempting to spark emissions reduction strategies worldwide. One mechanism that the EU is considering implementing is a green import tax placed on goods from countries that do not sign up to emissions treaties.<sup>9</sup> This has the potential to encourage trading partners to adopt emissions reductions policies because of the prospect of having to buy emissions permits through the Emissions Trading Scheme. It will be interesting to follow the progress of this issue in the coming months.

One of the explanations that the Canadian public has heard in the past for a lack of action on climate change is that it would negatively affect the economy, but this is clearly refuted by the efforts of the European Union and countries like Germany.

In reality, lowering emissions can result in the creation of a "green economy" and "green jobs." In fact, the 'EU-15' Member States reduced their collective emissions by 2% between the base year (1990 in most cases) and 2005, while the economy grew by more than 35% over the same period.<sup>10</sup> During the COP in Bali, Indonesia, the United Nations Environment Programme released a press statement about a study to be published in early 2008 which tackles the transition to environmental sustainability and levels of employment. The report reveals that millions of new jobs will be created as a result of reducing emissions.<sup>11</sup> The results have already been seen in Germany, where the renewable energy program, which is only ten years old, has already created several hundred thousand jobs.<sup>12</sup> Also, the report states that by the year 2020, Germany will have more jobs in the field of environmental technologies than its entire automotive industry.<sup>13</sup> Europe as a whole will also benefit economically from implementing energy savings strategies, as

<sup>6</sup> Staff writers, "Germany passes 'ambitious' climate change package," December 5, 2007. Available at [http://www.terraily.com/reports/Germany\\_passes\\_ambitious\\_climate\\_change\\_package\\_999.html](http://www.terraily.com/reports/Germany_passes_ambitious_climate_change_package_999.html)

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> Environmental Leader, "European Commission Considers Import Carbon Tariffs," January 9, 2008. Available at <http://www.environmentalleader.com/2008/01/09/european-commission-considers-import-carbon-tariffs/>

<sup>10</sup> Europa, "Climate Change and the EU's response," November 27, 2007. Available at <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/515&format=HTML&aged=0&language=EN&guiLanguage=en>

<sup>11</sup> United Nations Environment Programme, "Silver Lining to Climate Change – Green Jobs," December 6, 2007. Available at <http://www.unep.org/Documents.Multilingual/Default.asp?DocumentID=523&ArticleID=5717&l=en>

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

stated in the UNEP press release, “[i]n Europe, a 20% increase in energy efficiency would create about a million jobs.” In fact, according to the Environmental and Energy Study Institute, Germany and the European Union have benefited from the creation of jobs from renewable energy and energy efficiency. Some of the statistics of jobs created include:

- The Danish Wind Energy Association reports that wind energy created over 20,000 jobs in Denmark, supplied 20% of their electricity in 2004 and will supply 25% by 2008.<sup>14</sup>
- In 2006, 64,000 people in Germany were employed in the wind industry.

From an economic stand point, as underlined in the 2006 Stern Review, the benefits of prompt

action to reduce emissions far outweigh the costs; the earlier the action is taken the less costly it will be.<sup>15</sup> The report estimates that allowing climate change to continue unabated would eventually reduce global GDP by at least 5% and possibly as much as 20% or more per year.<sup>16</sup> As seen by the examples given above, greenhouse gas emission reductions strategies are economically feasible, and as illustrated, have the potential to be economically rewarding.

Countries around the world are making significant progress in reducing their greenhouse gas emissions, and there is no reason for Canada to continue being a laggard.

► **THE WAY FORWARD: FOLLOW THE INTERNATIONAL LEADERS**

**Canada must change its course and commit to catching up to the countries that are leading the fight against climate change. Canada must follow the leadership example set by the European Union and should:**

- **Join the 2 degrees Celsius club: Canada should recognize that a 2 degrees Celsius rise in global temperatures is a dangerous threshold which must be avoided, and guide its domestic and international climate policy to avoid reaching this threshold.**

<sup>14</sup> Environment and Energy Study Institute, *Jobs from Renewable Energy & Energy Efficiency*, November 8, 2007. Available at [http://www.eesi.org/briefings/2007/Energy%20%20Climate/11-8-07\\_green\\_jobs/EEREJobsFactSheet\\_11-8-07.pdf](http://www.eesi.org/briefings/2007/Energy%20%20Climate/11-8-07_green_jobs/EEREJobsFactSheet_11-8-07.pdf).

<sup>15</sup> Sir Nicholas Stern, “Stern Review on the Economics of Climate Change – Executive Summary,” October 30, 2006, page ii. Available at [http://www.hm-treasury.gov.uk/media/4/3/Executive\\_Summary.pdf](http://www.hm-treasury.gov.uk/media/4/3/Executive_Summary.pdf).

<sup>16</sup> Europa, “Climate Change and the EU’s response,” November 27, 2007. Available at <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/515&format=HTML&aged=0&language=EN&guiLanguage=en>.

## PROVINCIAL LEADERSHIP ON CLIMATE CHANGE

**WITH FEDERAL VACUUM,  
PROVINCES TAKE THE LEAD**

**S**ome provincial governments in the past year have taken some very positive steps towards reducing their greenhouse gas emissions. Although some provinces, such as Alberta, are problematic when it comes to reducing emissions, British Columbia and Quebec have begun to put in place policies that would contribute to significant reductions in emissions. While the federal government continues to drag its feet, and delay action to reduce emissions, it is encouraging that parts of Canada are standing up to this challenge and beginning to meet it head on.

**QUEBEC—  
A NORTH AMERICAN LEADER**

Quebec has positioned itself as a North American leader in the struggle against climate change. In June 2006, it released a climate plan that would see Quebec meet the Kyoto target of 6% below 1990 levels by 2012, with the help of \$358 million from the federal government. Some significant measures were included in the plan, such as pledging to adopt California standards for cars, a carbon charge that would levy \$200 million in revenues which would then be reinvested in public transit and greenhouse gas reducing measures, improvements of the existing building code and capture of methane from landfills. The plan was also coupled with an energy and a public transit policy that call for new energy efficiency and renewable energy objectives, as well as new investment in public transit.

Actual implementation of the plan has been slow, and although 2007 yielded some significant steps forward, Quebec is behind schedule in implementing its climate plan.

A significant step forward was taken in October 2007 when Quebec's carbon charge came into force. Furthermore, Quebec followed-up on its pledge to regulate tailpipe emissions to match the standards put forth by California.

In December 2007, it positioned itself as a Canadian leader on tailpipe emissions standards when it released its proposal on how it intends to regulate tailpipe emissions. The regulations are expected to come into force in 2010.

Quebec also announced in June 2007 that it would publish annual reports monitoring progress in implementing the action plan. Such reporting will increase the accountability and ability to track progress of emissions reduction measures in the province.

While some important measures have been adopted over the course of 2007, Quebec is still heavily investing in the development of new roads, bridges and highways in urban areas. As Quebec continues to move forward and show the way for other North American governments to follow, it should move to rapidly implement all measures of its climate plan.

**BRITISH COLUMBIA—  
WHAT A DIFFERENCE A YEAR MAKES**

This time last year, British Columbia did not even make it into the *2007 Kyoto Report Card* because as we were compiling the information, they were nowhere on the radar: neither a leader nor a laggard, they were stagnant. Yet during the February 2007 Speech from the Throne, Lieutenant Governor Iona Campagnolo read “[t]he science is clear. It leaves no room for procrastination. Global warming is real.”<sup>17</sup>

This statement led to some of the most significant emission reduction commitments in the country. The BC government now aims to reduce greenhouse gas emissions by 33% from 2007 levels by 2020, or 10% below 1990 levels, and 80% below 2007 by 2050. As well, the government committed to make the public sector throughout BC—including government operations, schools, universities, hospitals, and Crown Corporations—“carbon neutral” by 2010.

Since this momentous announcement, the BC government established the Climate Action

<sup>17</sup> British Columbia Speech from the Throne, February 13, 2007

Secretariat in the Premier's Office to both drive and coordinate government-wide initiatives to reduce BC's greenhouse gas emissions. Several announcements of specific initiatives have been made throughout 2007, many of which will be legislated in 2008 or otherwise operationalized this year. Key initiatives include:

#### **Transportation (accounts for 38% of BC's GHG emissions)**

- Tail pipe emission standards based on California's legislation (to be legislated spring 2008);
- A "low carbon fuel standard", which aims to reduce the carbon intensity of BC's wholesale fuel mix, e.g., reducing the proportion that comes from the highly carbon-intensive tar sands, and adding more renewable energy (spring 2008);
- A commitment of \$14 billion in transit investments between now and 2020 that aims to reduce transportation GHGs by 4.7 million tonnes cumulatively by 2020, and see ridership levels double by 2030; the province is looking to the federal government for part of this investment; and
- On-going efforts to electrify ports and truckstops in BC.

#### **Industrial emissions (15%)**

- The biggest step in this area is BC's entry in 2007 into the Western Climate Initiative, joining five US states in efforts to reduce GHGs and to establish a region-wide cap and trade program for large industrial emitters. Member states and provinces are aiming to have the system designed by August 2008, and operational shortly thereafter. Key issues like scope (which sectors are captured, which not), allocation of permits (auctioned off or granted to polluters?) and actual cap levels are still under discussion.

#### **Buildings (11%)**

- A new *BC Green Building Code* is under development, expected to require "smart" electricity meters in all new buildings and implement Canada's highest energy efficiency standards.
- Financial incentives for energy retrofits to existing buildings.
- "Green Communities Legislation" (spring 2008) and other measures intended to drive greener community design in terms

of transportation, energy efficiency and other GHG reduction strategies.

#### **Waste (8%)**

- A new requirement for broad-based landfill methane capture is slated for legislation in spring 2008.

#### **Electricity (3%)**

- BC's new Energy Plan commits BC Hydro to meet at least 50% of all new energy requirements from conservation, to continue to meet at least 90% of BC's energy needs from clean sources, and to ensure that electricity overall is "net zero emissions" for GHGs by 2016.
- In the Throne Speech government declared that any coal-fired power proposed in BC would have to include 100% carbon capture and sequestration, effectively killing what would have been BC's first two coal-fired electricity generating facilities that had been proposed for BC in 2006 and generated much public controversy.

Some inconsistencies in BC's approach remain, however. While BC commits to reduce GHGs from oil and gas production in the province to 2000 levels by 2016, the province continues to subsidize the expansion of fossil fuel production and pursue environmentally damaging unconventional sources such as coalbed methane, shale gas and offshore oil and gas (despite a federal moratorium on the latter). Expansion of oil and gas production was a major contributor to BC's 30% increase in GHGs between 1990 and 2005, earning it the fourth largest increase over that period among Canadian provinces. As well, gains made with transit investments will continue to be undermined by BC's on-going investment in road expansion. The twinning of the Port Mann bridge in the Lower Mainland as part of its "Gateway Project" will inevitably breed increased traffic, as road expansion projects the world over have been demonstrated to do.

BC has committed to an enormous turnaround in its approach to climate change and GHG emissions, and we look forward to more progress as announcements turn into legislation, regulations and incentives. We will look to see whether recent legislation of the BC GHG targets will result in a "carbon lens" approach being taken to all government

programs, including funding that goes to oil and gas, road expansion or other programs that take BC in the wrong direction. And in particular we will look to the upcoming 2008 Green Budget in February. The Finance Minister has been “strongly considering” a revenue neutral carbon tax for the 2008 budget, an extremely exciting development that would illustrate BC’s commitment to reducing its greenhouse gas

emissions, following in the footsteps of places like Quebec, Norway, Denmark, Germany and the United Kingdom. There is strong support from a group of 90 businesses in BC calling for the introduction of a revenue-neutral carbon tax in the budget, as noted in an open letter sent to the Finance Minister on January 14, 2008.<sup>18</sup> We’re watching BC with high hopes for significant leadership action on climate change!

▶ **THE WAY FORWARD: FROM PROVINCIAL LEADERSHIP  
TO NATIONAL ACTION**

**Some provincial governments are taking the lead in responding to the electorate’s desire for action on climate change, even as the federal government at times stands in their way. For example, while provincial and state governments are working to establish California vehicle emissions standards as a single standard across North America, public statements suggest the federal government leans towards a different, weaker standard. This must end.**

- **Canada should support the provincial leadership and coordinate national action by all governments to strive to the highest common denominator, not the lowest.**

<sup>18</sup> Voters Taking Action on Climate Change, “Open Letter From 90 BC Businesses to Finance Minister Carole Taylor Calling for A Revenue Neutral Carbon Tax,” January 14, 2008. Available at [http://www.vtacc.org/vtacc\\_template.php?content=home](http://www.vtacc.org/vtacc_template.php?content=home).

## SECTION 5

### MUNICIPAL LEADERSHIP ON CLIMATE CHANGE

All over Canada, municipalities are showing leadership and taking action to help solve global warming. From municipal investments in building retrofits, water conservation, and landfill gas capture, to improvements in waste reduction, fleet management, public transit, and urban planning, local governments are moving forward with innovative solutions that curb global warming, save taxpayer dollars, and create healthier communities. These municipal leaders are moving Canada toward a safer and more secure future.

Municipalities have a very important role to play in addressing climate change. Up to half of Canada's greenhouse gas (GHG) emissions are under the control or influence of municipal governments.

Across the country, cities are rising to the challenge.

To date over 150 municipal governments, representing a majority of Canadians, have committed to significantly reduce greenhouse gas emissions and acting on climate change by joining Partners for Climate Protection (PCP).

PCP is a partnership between the Federation of Canadian Municipalities (FCM) and ICLEI - Local Governments for Sustainability. PCP receives financial support from the Green Municipal Fund as part of the Capacity Building Program. PCP is the Canadian component of ICLEI's Cities for Climate Protection (CCP) network that comprises more than 600 communities worldwide making the same efforts.

The program supports municipalities as they work through a performance-based model which remains flexible, with milestones including:

- Creating a greenhouse gas emissions inventory and forecast;
- Setting an emissions reductions target;
- Developing a local action plan;

- Implementing the local action plan or a set of activities; and
- Monitoring progress and reporting results.

PCP participants commit to working towards reducing GHG emissions in municipal operations by a suggested target of 20% below 1994 levels, and a suggested target of 6% reductions below 1994 levels throughout the community within ten years of joining the PCP initiative.

By 2012, communities could cut GHG emissions by 20-50 megatonnes from municipal operations and community-wide initiatives with investments in environmental infrastructure and sustainable transportation infrastructure. Municipal governments can reduce emissions through:

- land-use, energy, and transportation planning;
- infrastructure design;
- green procurement;
- building retrofits;
- water conservation;
- solid waste diversion; and
- renewable energy.

Water conservation represents a unique opportunity, since the treatment and pumping of water and wastewater can be the single largest consumer of energy in a municipality's operations. While the federal government has promised a national water strategy, the details remain elusive. Federal investment in municipal water and wastewater infrastructure is needed, but it will be essential that such investment first passes a "green filter," to ensure it supports water conservation measures rather than simply "big pipe" projects that unnecessarily increase water supply without managing demand, thus unnecessarily increasing energy consumption.

Such a "green filter" approach to municipal infrastructure funding can be achieved through the existing mechanisms of the Green Municipal Fund administered by the Federation of Canadian Municipalities.

▶ **THE WAY FORWARD: FROM MUNICIPAL LEADERSHIP TO NATIONAL ACTION**

**The federal government must:**

- **Follow the leadership of over 150 leading municipalities and commit to absolute reductions in greenhouse gases.**
- **Apply a green filter policy to all federal funding of municipal infrastructure, including water and wastewater infrastructure through a national water strategy.**
- **Double the federal government's investment in the Green Municipal Fund.**

## SUMMARY OF RECOMMENDATIONS

### **Section 1: Canada's International Performance: The Road from Bali to Copenhagen**

To infuse ambition into the UN process, Canada must reverse its stance and join the world leaders in emissions reductions. This means that the Canadian Delegation must behave very differently at future UN meetings than it did in Bali. Canada must:

- Build on the Kyoto Protocol to adopt deeper legally binding targets for developed countries and participate in the international carbon market.
- Commit to a minimum target of 25% below 1990 levels by 2020, and targets of 80-90% below 1990 levels by 2050.
- Make best efforts to honour Canada's Kyoto commitments.

### **Section 2: Canada's Domestic Performance**

#### ***The Way Forward: Domestic Emissions Reductions***

The federal government must strengthen its regulatory framework on air emissions to achieve greenhouse gas emissions reductions on the scale that is required to avert dangerous climate change. This must form part of an integrated approach using all available tools: regulations, fiscal inducements, federal policies and programs. This means:

- Adopt vehicle emissions standards that are as least as stringent as California standards for cars.
- Abandon the use of so-called intensity targets in favour of absolute caps on emissions.
- Set all targets in relation to the 1990 baseline consistent with Canada's obligations under the Kyoto Protocol.
- Set annual targets and report on progress on an annual basis.
- Establish a price for greenhouse gas (GHG) emissions of at least \$30/tonne carbon dioxide equivalent (CO<sub>2</sub>e) by 2009, and at least \$75/tonne by 2020. The carbon price should be applied broadly, either through a tax or through a cap-and-trade system with a rapidly increasing proportion of permits auctioned. In either case, the revenues raised should be directed mainly towards investments in further actions to reduce GHG emissions, and also used to protect low-income Canadians from related cost increases.
- Adopt a Canadian energy efficiency strategy to cut energy use across all sectors by 20% by 2020.

- Adopt a Canadian renewable energy strategy with a goal of increasing renewable energy production in Canada by 35,000 megawatts by 2020.

### **Section 3: International Leadership on Climate Change: the European Union**

#### ***The Way Forward: Follow the International Leaders***

Canada must change its course and commit to catching up to the countries that are leading the fight against climate change. Canada must follow the leadership example set by the European Union and should:

- Join the 2 degrees Celsius club: Canada should recognize that a 2 degrees Celsius rise in global temperatures is a dangerous threshold which must be avoided, and guide its domestic and international climate policy to avoid reaching this threshold.

### **Section 4: Provincial Leadership on Climate Change**

#### ***The Way Forward: From Provincial Leadership to National Action***

Some provincial governments are taking the lead in responding to the electorate's desire for action on climate change, even as the federal government at times stands in their way. For example, while provincial and state governments are working to establish California vehicle emissions standards as a single standard across North America, public statements suggest the federal government leans towards a different, weaker standard. This must end.

- Canada should support the provincial leadership and coordinate national action by all governments to strive to the highest common denominator, not the lowest.

### **Section 5: Municipal Leadership on Climate Change**

#### ***The Way Forward: From Municipal Leadership to National Action***

The federal government must:

- Follow the leadership of over 150 leading municipalities and commit to absolute reductions in greenhouse gases.
- Apply a green filter policy to all infrastructure funding, including water and wastewater infrastructure through a national water strategy.
- Double the federal government's investment in the Green Municipal Fund.

## HARSH WORDS FROM BALI

**International diplomats are known for their tact and diplomacy. But Canada's behaviour on climate change solicited some unusually blunt criticism from our international partners.**

*"This particular government has been a government of sceptics. They do not want to do anything on climate change."*

Rajendra Pachauri, head of IPCC  
AFP, December 6, 2007

*"We Europeans don't see the Canadian position as constructive."*

Karsten Sach, German head of delegation  
December 9, 2007

*"I think it's reasonable for industrialized countries that caused the problem in the first place to take targets to reduce their emissions."*

Yvo de Boer, UN Climate Chief  
The Statesman, December 9, 2007

*"Canada has always played the linchpin role for international negotiations on environmental matters, on climate change, but also on other issues. It's really a key partner in these negotiations, and it's true that sometimes we would like to see it more willing to participate, and more active. But maybe it's because the negotiators are holding out for later."*

Nathalie Kosciusko-Morizet, France's Secretary of State for Ecology,  
December 2007



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