

A STRATEGY TOWARDS EMISSIONS REDUCTIONS

Issue

In 2022, Environment and Climate Change Canada issued Canada's 2030 Emissions Reduction Plan. The government indicated they heard from 30,000 Canadians in the consultation process, however, the impact these programs will have on taxes and debt remain to be seen or understood.

There were many questions that were not answered such as: What's realistic? How feasible are the Plan's projected 2030 outcomes? What are their implications for the economy, for households and for businesses? We need to also understand what the results of the previous plans have been. We have had emissions targets since the 1980's and Canada has always fallen short.

Background

The Canadian Government unveiled their 2030 Emissions Reduction Plan – Canada's Next Steps for Clean Air and a Strong Economy.

This Plan includes \$9.1 billion in new investments and intends to implement economic measures such as carbon pricing and clean fuels, while also targeting actions sector by sector ranging from buildings to vehicles to industry and agriculture.

The plan highlighted the following actions:

- \$150-million Canada Green Buildings Strategy.
- Canada Greener Homes Loan program will receive an additional investment of \$458.5 million
- Expanding the Low Carbon Economy Fund through a \$2.2billion renewal.
- \$180-million Indigenous Leadership Fund.
- \$400 million for zero-emission vehicles (ZEVs) charging stations.
- Canada Infrastructure Bank will also invest \$500 million in ZEV charging and refueling infrastructure.
- \$1.7 billion to extend the Incentives for Zero-Emission Vehicles (iZEV) program.
- Oil and gas sector of emission reductions to 31 percent below 2005 levels in 2030 (or to 42 percent below 2019 levels).
- Establish a Pan-Canadian Grid Council to promote clean electricity infrastructure investments.
- \$600 million in the Smart Renewables and Electrification Pathways Program to support renewable electricity and grid modernization projects.
- \$250 million to support predevelopment work for large clean electricity projects.
- Developing a carbon capture, utilization, and storage (CCUS) strategy.
- Investing \$194 million to expand the Industrial Energy Management System to support ISO 50001 certification, energy managers, cohort-based training, audits, and energy efficiency–focused retrofits for key small-to-moderate projects.

The plan also indicated a sales mandate for 20% of new light-duty vehicle sales to be of zero-emission vehicles (ZEV) by 2026, increasing to 60% by 2030 and 100% by 2035. The electric grid and generation of energy is reaching capacity. We need to ensure our infrastructure can sustain such high demand.

The modelling process for the Emissions Reduction Plan involved three steps. The first was to establish an updated reference case that is the foundation on which the measures included in the Emissions

Reductions Plan were layered. Measures with sufficient detail were modelled in a 'bottom-up' modelling exercise that is described in this Annex. Finally, a 'back casting' exercise was run to identify the most economically efficient reductions by sector to achieve the 40% objective by 2030.¹

While we support some of the initiatives noted above, specifically the expansion of Industrial Energy Management System, predevelopment work for large clean electricity projects, grid modernization project investments, and ZEV charging infrastructure, which enhance economic activity and inclusion, the business community is concerned with the impact this plan may have on the Canadian economy. For example, for the ability to car manufacturers to actually deliver EVs indicated in the plan. Additionally, industry needs time to transition to meet the emissions cap identified in the plan.

It is also noted that permitting and regulatory burdens will delay implementation of new technology. New infrastructure (electrifying) will be slow. Need to enhance these burdens. Rely on timelines that are realistic in view of the size of many of the projects and slowness of permitting. All sectors will need to gather equipment, have labour available and build infrastructure.

We need to ensure that changes to the ERM will be transparent and won't be accelerated in a way that penalizes industry. Ensure greater policy certainty and durability and not moving the goalposts for industry where requirements become more stringent in an unreasonable amount of time. It is important that participants largely know what to expect in the future and can rely on expectations when making decisions today.

The plan highlights a need for intergovernmental coordination, but it has not indicated what provincial, territorial, regional, or municipal processes it will complement. Additionally, the private sector requires greater insight into the implementation of the funds and validate they are easily capitalized.

Balancing economic prosperity and growth with climate change targets are necessary. But it needs to be reasonable and balanced. All climate change targets will invariably impact cost of living and could impact business' bottom lines. We need to ensure that the plan in place will balance these costs.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Annual review of the ERP which includes a review of the timelines indicated in the Plan to ensure they are actionable and practical for industry to implement;
2. Address the slowness of permitting and ensure all sectors can gather equipment, have labour available and build infrastructure;
3. Improve intergovernmental coordination and cooperation among public and private sectors.

Submitted by the Surrey Board of Trade

¹ <https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030/plan/chapter-3.html>