



Canada's Climate Action Plan (2002): An Overview



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Canada's Climate Action plan was officially released in 2002 in response to the threat of a global crisis: Climate Change. The objective of this plan was to provide a balance of sustaining a flourishing economy while attempting to reduce emissions. It outlined both short as well as long-term actions and goals to assist in the successful transition of Canadian industries. It made mention of important values and principles to enable success. The plan took a three-step approach to meeting Canada's target- a vision of reducing 240 megatonne from the protected "business-as-usual" emission level in 2010. There were a total of 7 key areas of the plan, all are detailed below.

VALUES & PRINCIPLES



Collaboration, partnerships and respect for jurisdiction



No region bearing an unreasonable burden



Taking a transparent step-by-step approach



Minimizing mitigation costs while maximizing benefits



Promoting innovation



Limiting risks and uncertainties

CANADA'S THREE-STEP APPROACH

1

Actions Underway (80 megatonnes)

Since the Government of Canada had committed \$1.6 billion in climate change initiatives across all sectors in every region, it is expected to reduce emissions 50 megatonnes. Additionally, partnerships between public and private sector, sound management of agricultural soils and forests and carbon sinks are all expected to bring credits of 30 megatonnes. Thus all totalling up to 80 megatonnes in the first initial phase of the plan.

2

New Actions (100 megatonnes)

This phase focuses on three priority areas for new actions.

- x Canadians and governments in the transportation and building sector (16 megatonnes)
- x Reduction by industry through a comprehensive and strategic approach (66 megatonnes)
- x Government purchases of permits in the international market (minimum 10 megatonnes)

3

The Remainder (60 megatonnes)

Current and potential actions that could achieve the goal.

- x Partnership Fund between different stakeholder groups (20 - 30 megatonnes)
- x Existing and future technology R&D investments (10 megatonnes)
- x Community-wide emissions reduction plan by 100 municipalities (10 megatonnes)
- x Challenge to every Canadian to reduce by 1 tonne individually (7 megatonnes)
- x Credits for cleaner energy exports (Up to 70 megatonnes)

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TOOLS & INSTRUMENTS

The plan had set out five specific instruments for various approaches to Canada's climate change priorities. The approach depends on the issue that subsequently determines whether the government will take action independently within their own jurisdiction, a bilateral approach, or a multilateral approach would be appropriate and pursued.

1. Innovation & Technology Investments

The first instrument is key to the long-term solutions to climate change. The Government of Canada will increase investments in innovation and technology and reallocate funds from existing programs to address this issue where appropriate. Many of these will be available for increasing energy efficiency such as integrated energy management systems for building and eco-efficient industrial processes. Additionally, the Government of Canada will join provincial governments, industries, and academia to develop a technology roadmap to advance bioproducts in Canada. Below are outlines of three different temporal phases for investments:

- a. **SHORT TERM ADVANCES** : Efficient oil and gas production distribution
- b. **MEDIUM TERM ADVANCES** : Involve development and deployment of integrated management systems (CO₂ capture/storage) and clean coal power production. Encourage wind and solar power, and enable industrial process that are less emissions-intensive.
- c. **LONG TERM ADVANCES**: Next generation energy systems and infrastructure related to power distribution such as intelligent emissions control systems, fuel cells, and direct solar steam generation

2. Infrastructure

The Government of Canada will work with provinces and municipalities to establish a 10 year infrastructure program to accommodate long-term strategic initiatives essential to competitiveness and sustainable growth. The framework will include a new strategy for safe, efficient and environmentally responsible transportation system to reduce congestion in cities and bottlenecks in trade corridors while improving air quality. Investments for projects such as pipelines to move CO₂ from emissions sites to locations where it can be used or stored will also be explored.

3. Partnership Fund

Long-term success will be achieved through working closely and collaboratively with provinces, territories, municipalities and communities, Aboriginal peoples, the private sector and non-governmental organizations. The Government of Canada intends to create a Partnership Fund, through which it will co-invest and collaborate in emissions reduction projects. The fund will be results oriented, selecting the most cost-effective projects while taking into careful consideration other criteria such as the overall degree of leverage of project funding and environmental and public policy co-benefits.

4. Covenants & Emissions Trading

A market-based instrument which holds the potential to minimizing the cost of meeting Canada's climate change objectives. Companies that emit GHG would meet their commitments either by reducing emissions directly or by purchasing domestic offsets or international permits. There are also options for a domestic emissions trading system.

5. Targeted Measure

These can include information (e.g. labeling), incentives (e.g. production subsidies and cost-shared energy efficiency audits), regulations (e.g. energy efficiency standards), and tax measures (e.g. excise tax exemption for ethanol in gasoline). There are a number of tax incentives in place and the Government of Canada will continue to monitor and consult on climate change-related tax issues in a fair, efficient and competitive manner. Additionally, investments in other program initiatives such as incentives for retrofitting will be taken into consideration.

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SEVEN KEY AREAS



Transportation

This sector accounts for one quarter of Canada's GHG emissions. Reductions of 21 megatons (MT) were proposed by the Action Plan in this sector via improved fuel efficiency in new vehicles, improved efficiency of goods transportation (via rail, truck, air and marine), increasing ethanol production and blending with gasoline, promotion of public transit and sustainable urban planning.



Housing & Commercial / Institutional Buildings

The Action Plan proposed 10.7 MT reductions in this sector- which produced 137 MT of GHG emissions in 2000-through improved energy efficiency of new building construction, retrofit of existing ones and improved standard for equipment and appliances.



Large Industrial Emitters

Large industrial emitters include firms in the upstream and downstream oil and gas sectors, electricity generation, mining and manufacturing and were predicted to produce about half of Canada's total GHG emissions by 2010. The Action Plan proposed a 91 MT reduction in this sector via emissions trading, financial incentives for industry reductions and innovation and technology.



Small & Medium sized Enterprises (SMEs) & Fugitive Emissions

Since reductions in these sectors of the oil and gas industry would not be covered by the proposed emissions trading scheme in the large emitters sector, an additional 7 MT reduction was proposed in this sector. This was to be accomplished via an extension of voluntary targets to this sector and continued work through the Industrial Research Assistance program.



International Emissions Reduction

Kyoto created a new international market for tradable international emissions permits. The goal was to engage Canada in the direct participation of this international markets to aid developing countries with GHG reductions, maximize trade of Canadian goods and services, help Canada's ability to reach its target reductions. Key actions to be taken were a \$15 million investment in the World Bank's Carbon Fund and purchase of 10 MT of permits by the Canadian government.



Canadians, Communities & Governments

Partnerships between the public and private sector on promoting renewable energy and cleaner fossil fuels was proposed as an important tool for success in the Action Plan. A proposed 22.6 MT reduction through incentives for wind production, targets for renewable electricity generation, establishment of CO2 capture and storage initiative and reduced barriers on interprovincial electricity trade and transmissions.



Agriculture, Forestry & Landfills

A proposed reduction of 30 MT through the promotion of improved management practices to create a potential of offset credits in the domestic emissions trading scheme. Specific actions proposed by the Plan include Municipal funds for landfill methane capture and the establishment of agricultural and forestry carbon sinks.

Source:

Government of Canada (2002) Climate Change Plan for Canada: Achieving Our Commitments Together. Ottawa, Canada

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