

Natural Resources**Canada's next steps for clean air and strong economy, 2030 Emissions Reduction Plan**By **Caroline Jageman and Michael Killeavy**

Caroline Jageman

(April 6, 2022, 1:30 PM EDT) -- Canada has a new plan to reduce greenhouse gas (GHG) emissions. Released March 29, the 2030 Emissions Reduction Plan, Canada's Next Steps for Clean Air and a Strong Economy, is Canada's newest roadmap to preventing climate change and the first under the *Canadian Net-Zero Emissions Accountability Act of 2021* (Net-Zero Accountability Act).

The 2030 plan follows on several recent initiatives. In 2016, the federal and most provincial governments signed the Pan-Canadian Framework which intended to reduce Canada's GHG output to about 30 per cent below 2005 levels by 2030. This was updated to 20 per cent below 2005 levels by 2026 under the Net-Zero Accountability Act with the goal of being net-zero by 2050. Last year, Canada committed to the United Nations to reduce emissions by 40-45 per cent below 2005 levels by 2030 (The Nationally Determined Contribution, or 2030 NDC). The 2030 plan is a roadmap to meeting the 2030 NDC.



Michael Killeavy

To put all of these targets into context, according to the United Nations Environment Program Emissions Gap Report 2021, world emissions would need to fall by 55 per cent to limit global warming to 1.5 degrees C, and by 30 per cent to limit global warming to 2 C

The 2030 plan is both a report on how Canada has performed to date and an overview of the policies that Canada proposes to explore or fund or implement in order to meet its 2030 goal. The policies are in various stages of development — some initiatives appear to be near rollout, while others appear to be in the concept stages. Under some proposed policies, the government will directly implement laws to control climate change, such as emissions caps and carbon pricing. Under others, the government will indirectly encourage individuals, businesses and other levels of

government to reduce greenhouse gas emissions via education, research and development programs, incentives and funding.

At 270 pages, the 2030 plan is very long. We therefore don't propose to summarize it here, but to instead highlight the points that we found to be particularly interesting.

Balancing environment, economy in oil, gas sector emissions reduction

Reducing emissions from Canada's oil and gas sector, which accounts for the largest share of carbon output at 26 per cent but also employs 11 per cent of Canadians and produces six per cent of Canadian GDP, is likely be Canada's biggest climate change challenge with no obvious solution. We are therefore always keenly interested in Canada's policy proposals for this sector. The 2030 plan is careful to balance meeting climate change targets with the need to preserve the oil and gas sector. It notes that oil and gas is here to stay into the future, even if at reduced demand.

The 2030 plan proposes a combination of sticks and carrots to transition the oil and gas sector away from greenhouse gas emissions. One policy goal is a cap on oil and gas sector emissions to reach

net-zero by 2050. Consultation on the design of the cap will begin in spring 2022. Canada will create a plan to phase out fossil fuel subsidies, although by when is uncertain. On the carrot side, the government will introduce a tax credit for research and development into carbon capture, storage and utilization, and will reduce regulatory barriers around the development of methane capture technologies. The 2030 plan would like to see oil and gas workers transition to green energy workers, such as refinery workers finding new jobs in a hydrogen fuel facility or carbon capture facility.

No new electric car rebates

There is a very big bang for reducing GHG emissions in the transportation sector. The transportation sector represents 25 per cent of Canada's total GHG emissions. If we are to really make a serious dent in our GHG emissions, we need to redouble our efforts at decarbonizing this sector. Electric vehicles are a good way to making inroads in reducing emissions. It was disappointing not see more done for this sector.

One of the authors still regrets not taking advantage of the previous Ontario Liberal government's electric and hydrogen vehicle incentive program that offered rebates of \$5,000 to \$14,000 on the purchase of new electric or hydrogen powered cars. While the federal government will continue to offer its \$5,000 rebate on the purchase of light duty zero-emission vehicles (ZEVs) for another three years, that author was disappointed that the 2030 plan did not specifically commit to increase the rebate. However, for those interested in purchasing medium and heavy-duty vehicles, the federal level will be announcing a rebate shortly.

Instead, the 2030 plan envisions setting yearly ZEV sales targets that gradually escalate until 2035 when 100 per cent of light duty vehicles sold should be ZEVs. One hundred per cent of medium and heavy-duty vehicles sold should be ZEVs by 2040. Presumably, economies of scale will drive down ZEV pricing making them more affordable.

The 2030 plan also commits \$900 million to build out the ZEV charging infrastructure by 50,000 stations.

Cultural shift to making buildings more efficient

It is trite that that old, poorly insulated buildings and windows lose a lot of heat and old appliances and lighting waste a lot of energy. Buildings are responsible for the third-largest share of emissions at 12 per cent. Insulation, air sealing, new windows and heat pumps can have the potential to drive down emissions to near zero, but so far have minimal uptake. Environment and Climate Change Canada would like to see a society-wide effort to improve the efficiency of building stock.

Other than buildings owned by the federal government, the federal level has less direct control over building stock. For example, one of the most direct ways to make buildings more efficient is to require those efficiencies in the building codes. However, building codes fall within provincial jurisdiction, so it is up to the provinces to make those amendments to the building codes. As another example, most building stock is privately owned. Homeowners and business owners need to be nudged to want to invest in retrofitting their properties. Therefore, the federal government sees itself more as an enabler of other parties improving building efficiency.

The 2030 plan proposes that the federal government adopt policies to encourage other levels or government, homeowners, businesses, the supply chain, investors, colleges, trades and educators to focus on improving building efficiency. For example, Canada will invest \$150 million to develop a national strategy to achieve a net-zero buildings sector by 2050. The strategy is expected to include research programs, certification and rating programs, regulatory standards and incentives, and a model national building code. The federal government will also invest \$870 million in specifically targeted building retrofit projects.

Turning to nature

We were delighted to see that the 2030 plan turns to "nature-based solutions" to prevent climate change in a number of instances. By "nature-based solutions," Environment and Climate Change Canada appears to mean naturally occurring processes that either remove carbon or can be used in place of more carbon intensive systems.

For example, the 2030 plan indicates that “nature-based” projects will be eligible to create offset credits under the *Greenhouse Gas and Pollution Pricing Act* Federal GHG Offset System. It is our understanding that a nature-based project could be for example a wetland that captures carbon. Along the same lines, the 2030 Plan commits additional funding towards conservation and restoration of wetlands, peat lands and grasslands.

The agricultural sector accounts for 10 per cent of Canadian GHG emissions. The 2030 plan indicates the government will provide an incentive for the agricultural industry to adopt less emission-intensive farming practices. The practices include: employing soil, crop and nutrient management practices; growing plants that improve the soil and prevent erosion; manure management; and rotational grazing.

Canada also restates its commitment to conservation and exploring natural carbon capture technologies.

Overall, the 2030 plan outlines the Canadian government’s vision to reduce emissions to 2030 through a multitude of policies that will impact all areas of society. The policies that come out of this plan will change our buildings, the cars we drive, the makeup of the Canadian economy and perhaps also usher in a new respect for “natural” solutions. We look forward to the future.

Caroline Jageman is the principal of Jageman Law, a boutique focused on the development and operations of small- to mid-size energy, conservation and demand management projects. Reach her at Caroline@jagemanlaw.com. Michael Killeavy is executive adviser with Power Advisory. As director, contract management at the OPA/IESO, Killeavy was responsible for the entire portfolio of OPA/IESO generation contracts as well as the energy support programs. Since joining Power Advisory in 2018 he has advised clients on commercial and market-related matters in Ontario. You can reach him at mkillleavy@poweradvisoryllc.com.

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