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ENVIRONMENT **north**

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Re: Climate Change Discussion Paper EBR Registry Number 012-3452

Dear Ms. Hering

Our comments to the Climate Change discussion paper follow. Members of our organisation, Environment North, attended both the stakeholder and the public consultations held in Thunder Bay on March 3 in Thunder Bay.

Environment North is a charitable organisation that has promoted sustainable communities and conservation of resources of northwestern Ontario through education, research and community advocacy since 1972. We have been involved in public education about climate change since 2006 through films, public conferences, articles to the regional newspaper and presentations. We have also participated in government processes and the development of community initiatives.

We welcome this opportunity to comment on the Discussion Paper and are encouraged that the question posed is “how” to price carbon, not “if”. We will address some of the five questions posed on page 37 of the Paper although not in order.

Question 4 **PRICE ON CARBON**

Various approaches to carbon pricing on are presented on page 26 of the Discussion Paper. We favour a carbon fee and dividend similar to that outlined by the Citizens Climate Lobby¹. A version is already implemented in British Columbia. We believe that a revenue neutral fee or tax on carbon is easiest to implement quickly; it is straightforward and transparent.

The other options, cap and trade for example, are complex, not transparent and historically have taken considerable time to implement.

The Discussion Paper properly notes the need for urgency: “If governments do not take strong action to reduce global emissions within the next decade, we will see at least 4° C rise in global temperatures” (page 4). Any carbon pricing mechanism needs to be broadly

¹ <http://citizensclimatelobby.org/carbon-fee-and-dividend/>

based. The British Columbia carbon tax is applied to 75% of domestic greenhouse gas (GHG) emissions and there are credible arguments that the tax should be applied to more sources of GHG emissions in this province². Exceptions to carbon pricing for certain industries or sectors, whether by fee/tax or cap and trade, should be allowed very sparingly or not at all.

Ideally, pricing of carbon would be applied at the wellhead (or point of entry) as a national or international policy but this is a potential goal and not feasible for Ontario at this time.

The legislation component of the carbon pricing system needs to specify an incremental increase in the cost of carbon over time in order to spur the necessary planning and reductions required over the long-term.

Any carbon pricing funds should not go into general government revenues. Revenue neutrality, with options for dedicated climate funds are essential for public acceptance.

We recommend consideration of a modification to the fee/tax that would suit the special needs and directions of Ontario. Rather than the practice of 100 per cent carbon pricing revenues returned to individuals and businesses, 80 per cent could be rebated and 20 per cent moved into a dedicated fund for climate action initiatives such as building retrofits and public transit. This would contribute to a feedback process and support the goals of

- Reduced carbon emissions in housing and other areas and
- Prompt production of “green” technology in Ontario.

Question 3 COMMUNITIES AND BUILT FORM

Existing Building Stock

A province-wide strategic approach to examining and improving the energy efficiency of the existing building stock is required. One can examine the work of some other jurisdictions or countries like Germany³ in this regard. Their policies can be improved and modified to suit Ontario’s needs. Elements of Ontario’s plan could include:

- Retrofit older buildings to be in line with modern energy efficiency standards (or above when feasible) beginning with the building envelope (insulation, windows etc.) and passive solar opportunities achievable with minor renovations.
- Incentives for solar-hot water should be offered for those homes and businesses that utilise larger amounts of hot water (example hotels, laundromats). If a business uses over a certain amount of hot water, a renewable energy component should be required.
- The development of a financial mechanism for homes and business owners to make energy improvements such as low interest green loans from financial institutions and/or local improvement charges. Often the long pay-back period of energy efficiency improvements is a deterrent for making the capital investment. Education can also be helpful as seen is this financial guide from the Saskatchewan Energy Management Task Force⁴

New Buildings

Ambitious energy targets with limits to energy use need to be implemented. There are many examples in other jurisdictions – Vancouver⁵, New South Wales in Australia and France. Some examples of policies include:

² https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2012/09/CCPA-BC_Carbon-tax-review-submission.pdf

³ <http://sticerd.lse.ac.uk/dps/case/cp/CCCfull.pdf>

⁴ <http://www.emtfsask.ca/pdfs/gdenefftech.pdf>

⁵ <http://vancouver.ca/green-vancouver/green-buildings.aspx>

- Energy limits: if the energy design of the building is over a predetermined limit additional energy efficiencies need to be incorporated before a building permit is issued (this type of strategy was implemented in New South Wales)⁶
- France has recently implemented a policy for commercial buildings – roofs must either have solar panels or be green roofs.⁷

Building policies should be well-planned, strategic, offer choices and involve minimal red-tape. The policies can be in the form of regulations and/or financing options (green low-interest loans, local improvement charges) and occasionally incentives.

Question 2 TAKING ACTION IN KEY SECTORS

We support the conservation first policy and anticipate that carbon pricing will trigger or enhance conservation measures by individuals and businesses. Strategic policies in key sectors can facilitate the transition to low-carbon energy sources.

Industrial Energy Use

In this section we comment briefly on the challenges in our community of Thunder Bay. Emissions have been decreasing and the trend was on well on track to meet the 2020 target of 20% below 2009 levels. However, recent increased industrial activity, as well as colder winters has returned emissions to 2009 levels. It would be anticipated that carbon pricing as well as financing options will result in more conservation and other innovations.

Electricity Sector

In this sector we have concerns about the increase of natural gas in the supply mix for electricity production currently and potentially more in the future as nuclear is either phased out or taken off-line for refurbishing. Increasing interprovincial grid connections would offer additional hydro-electric power.

In general the home and small business pricing structure is not that conducive to conservation efforts – much of the electricity bill is related to distribution and other costs. In addition small businesses unable to make use of time-of-use could have the option of a tiered pricing structure. Research has shown that time-of-use has made relatively little effect on small businesses.⁸

OTHER CONSIDERATIONS: ENERGY EAST

Although not directly related to this climate change discussion paper the proposed Energy East pipeline will impact GHG emissions in Canada. Ontario can reject this project to further Canada's GHG emissions reduction strategy. Expansion of the oil and gas industry will prevent Canada from meeting its 2020 Copenhagen emissions reduction targets. Such a large investment into fossil fuel infrastructure will lock Canada into producing the fuel to fill the pipeline.

We look forward to the next stage in developing an effective Climate Change Strategy for Ontario.

Sincerely,

Graham Saunders
President – Environment North

⁶ <https://www.basix.nsw.gov.au/basixcms/>

⁷ <http://www.theguardian.com/world/2015/mar/20/france-decrees-new-rooftops-must-be-covered-in-plants-or-solar-panels>

⁸ <http://www.eco.on.ca/blog/2014/01/15/time-use-pricing-reducing-ontarios-electricity-demand/>