

EXPECTATIONS: PAN-CANADIAN FRAMEWORK ON CLIMATE CHANGE



THIS CLIMATE PLAN MATTERS. EXPECTATIONS ARE HIGH BECAUSE:

We have no more time to lose. Canada has fallen behind in the last ten years of federal inaction on climate while other countries have gotten to work.

Canada is one of the world's biggest per-capita carbon polluters. We must do our fair share to confront climate change.

Canada is missing out on the the economic opportunities presented by the exponential growth of the global low carbon economy - remaining competitive means getting tough on climate change.

As demonstrated by participation in climate consultations throughout the summer, Canadians are ready to change their habits to reduce pollution. They expect their governments to do the same.

WE EXPECT A PAN-CANADIAN PLAN THAT:

- 1. Shows us the megatonnes.** A real plan will quantify GHG emissions reductions associated with proposed policies - reductions that reach our current 2030 target of reducing emissions 30% below 2005 levels by 2030 and put Canada on a path to exceeding that target. CAN-Rac recognizes that the current target is incompatible with the Paris Agreement's long-term goal of limiting global warming to 1.5 degrees C and should be updated as soon as possible¹.
- 2. Includes a baked-in accountability mechanism.** The credibility of the pan-Canadian plan hinges on its inclusion of a series of tools that reinforce the accountability of the Framework and work to facilitate an increase in Canada's climate ambition over time beyond our current 2030 target².
- 3. Articulates ambitious policies in every sector of the economy.**
- 4. Raises the ambition of existing provincial and territorial climate plans.** At the First Ministers Meeting, we will judge the federal contribution to the climate plan, rather than individual provincial climate plans. The sum of current provincial targets and climate policies is not sufficient to meet our Paris target, and the federal government must work to fill the gaps.
- 5. Shows true leadership in areas of strict federal jurisdiction.** The federal government has many levers it can use, including leading by example through carbon neutral federal procurement practices. Well designed funding-streams are another critical area of leadership.
- 6. Leads to ratification of the Paris Agreement.** When depositing its instrument of ratification of the Paris Agreement, Canada should make a reservation that it does not consider its INDC to be its official NDC³.

¹ CAN-Rac's estimations of Canada's fair share contribution suggests we should be reducing emissions by 50% below 2005 levels by 2030 while increasing our contribution to international climate financing to \$4 billion/year by 2020. (*A Paris Package that Shows Canada Cares*. Climate Action Network - Réseau action climat Canada. 2015. <http://climateactionnetwork.ca/2015/11/05/canada-and-the-un-climate-negotiations-a-paris-package-that-shows-canada-cares/>)

² See 'The Canadian Accountability Mechanism', Appendix A.

³ See 'Canada's Ratification of the Paris Agreement and Lock-in of INDC', Appendix B.

ESSENTIAL POLICIES FOR THE PAN-CANADIAN PLAN:

Accelerate the phase-out of coal-fired power. Claw-back the end-of-life of coal plants to 40 years, with no later than a 2030 end-date for coal power.

Develop a long-term plan toward a zero-emitting, renewable electricity supply in Canada. More than 80 per cent of Canada's electricity sector is generated by non-emitting sources. To achieve 100 per cent renewable, Canada will need to incrementally replace existing fossil fuel combustion sources with clean energy, and ensure new growth in the electricity sector comes from zero-emitting sources.

Facilitate the creation and implementation of a pan-Canadian electrification strategy. A pan-Canadian electrification strategy should build on successful provincial efforts to transform their electricity systems, and should establish a national vision and policy framework through which strategic investments in electrification infrastructure will be made. This strategy should enhance policy support for clean energy and promote resilient electricity systems, fuelled by renewable energy, capable of reducing carbon pollution from transportation, buildings, and industrial processes, while also reducing risk to Canadians from polluting facilities. Done right, this electrification pathway offers important job creation potential and will help build healthy and resilient communities across the country.

Introduce federal zero emissions vehicle (ZEV) legislation. Starting with models manufactured in Canada in 2018, federal legislation should require that a certain percentage of major vehicle manufacturers' sales have zero or near-zero tailpipe emissions. A certain percentage of electric vehicle sales should be mandated.

Implement a national Low Carbon Fuel Standard (LCFS) as a legislated intensity target, measured in grams of CO₂e per MJ of energy, for all transportation fuels sold in Canada. The LCFS should be increasingly stringent, with a short and long-term framework that supports a 10 per cent decrease in CO₂e intensity by 2020 and a 20 per cent decrease by 2030. Further, a national LCFS should be based on lifecycle environmental impact assessments that have a carefully defined boundary and encompass all steps from upstream production to final consumption.

Commit to significant investments in public transit and active transportation infrastructure.

Update national building codes to meet nearly zero energy standards by 2025, and work with provinces to facilitate their adoption. This will require revisions to the National Energy Code for Buildings and Section 9.36 of the National Building Code (for homes) for new construction. Transitions along this revision schedule can be facilitated by creating a nearly zero energy stretch code, adapting Passive House standard to a Canadian context (revising R-2000 for homes) and creating a schedule of EUI targets for more complex building types along the way to nearly zero energy building. These stretch codes should be developed in the next year and made available to provinces and local government to adopt as voluntary or baseline standards.

Commit to deep energy retrofits for Canada's building stock - reduce energy consumption by 50% in 30% of Canada's buildings by 2030.

Gazette federal methane regulations as soon as possible.



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Eliminate federal and provincial subsidies to fossil fuels by 2020 and commit to publicly releasing a detailed schedule in the 2017 budget outlining specific fiscal measures to be eliminated.



Implement a pan-Canadian price on carbon that has broad coverage and includes a schedule of rate increases to 2030. A carbon price should apply to all sources of carbon pollution that can be accurately measured with a schedule of rate increases that extends for 15 years. The price schedule should ramp up quickly to increase the likelihood of Canada achieving its climate targets and allow other complementary policies to achieve further emissions reductions.

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APPENDIX A

THE CANADIAN ACCOUNTABILITY MECHANISM



THE SITUATION

A federal-provincial process is underway to develop a pan-Canadian framework on climate change. This process will establish Canada's climate action plan and our innovation agenda. Ensuring a successful outcome will mean developing policies and strategies that put the country on track to doing our fair share in cutting carbon pollution and building a modern clean economy. Most importantly, our success will depend on the rich and diverse strength of Canadian communities rising up to support transformative action.

On the climate file, Canada has a long history of setting greenhouse gas (GHG) emissions reduction targets and failing to meet them because there is no comprehensive plan attached to those targets. Where plans have existed in the past, lack of political will and delay tactics have stifled progress and kept Canada from fulfilling its commitments.

It's time to break the cycle of empty target-setting in Canada.

We know it's absolutely possible to reach Canada's current goal of reducing GHG emissions by 30% below 2005 levels by 2030⁴. We also know the 2030 target does not represent our fair share of addressing global climate change⁵ and that Canada needs to do more. CAN-Rac's estimations of Canada's fair share contribution suggests we should be reducing emissions by 50% below 2005 levels by 2030 while increasing our contribution to international climate financing to \$4 billion/year by 2020⁶.

An effective pan-Canadian Plan must cover a myriad of issues but at its core it must include:

- Detailed plans to reduce energy consumption and GHG emissions in all sectors including buildings, transportation, energy, agriculture, etc.;
- Detailed plans to build the infrastructure and capacity to generate and convert to renewable energy;
- Detailed analysis and plans to maximize the job and economic development potential of the clean energy transition;
- Rigorous federal backstops for provincial plans;
- Detailed timelines with associated milestones;
- Well-designed federal funding streams;
- A timely commitment to increase Canada's ambition beyond our current 2030 target, early enough to position the country as a leader, rather than a follower, in the 2018 Global Stock Take, and;

⁴ *Still Minding the Gap: An Assessment of Canada's Greenhouse Gas Reduction Obligations*. Deep Decarbonization Pathways Team. 2016. <http://climateactionnetwork.ca/2016/04/26/still-minding-the-gap/>

⁵ Canada's INDC failed to meet the test of best practice as recommended by the World Resources Institute (http://www.wri.org/sites/default/files/uploads/Decoding_INDCs.pdf) and was rated inadequate by Climate Action Tracker (<http://climateactiontracker.org/countries/canada.html>)

⁶ *A Paris Package that Shows Canada Cares*. Climate Action Network - Réseau action climat Canada. 2015. <http://climateactionnetwork.ca/2015/11/05/canada-and-the-un-climate-negotiations-a-paris-package-that-shows-canada-cares/>

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- The completion of Canada's long-term deep GHG reduction strategy, including a 2050 emissions reduction target, by the end of 2016.



This brief focuses on one critical element required to reinforce the accountability of the pan-Canadian Framework, which can work to facilitate an increase in Canada's climate ambition beyond our current 2030 target as articulated in our Intended Nationally Determined Contribution (INDC) to the Paris Agreement.

THE RECOMMENDATION

Bake a 'Canadian Accountability Mechanism' into the Pan-Canadian Framework

Several pieces of the Paris Agreement work together to ensure regular evaluation of progress toward Nationally Determined Contributions (NDCs) and to ratchet up ambition of national contributions over time. This package of measures, colloquially referred to as the Paris Ambition Mechanism, calls on parties to develop new NDCs, or update insufficient existing NDCs, following a Global Stocktake that will take place every five years starting in 2023⁷. Prior to 2023, countries will convene a facilitative dialogue in 2018⁸, which essentially serves as a dress rehearsal for the Global Stocktake. This first review of the Paris targets must lead to clear commitments from all countries to significantly increase their level of ambition, accelerate the transition to 100% renewable energy for all, and get on track to stop catastrophic climate change. Canada must adopt a more ambitious climate pledge (NDC) in 2018, by which time all countries should come up with the tougher actions they will take after 2020.

The pan-Canadian framework must include mechanisms to evaluate progress and ratchet up ambition across provinces and territories over time. A plan that incorporates regular assessments of Canadian efforts, and can evolve to reflect those efforts by gradually escalating the ambition of climate targets, will build domestic and international confidence in the pan-Canadian framework. Parties included an ambition mechanism in the Paris Agreement to account for the momentum that can be expected once progress toward NDCs begins, momentum encouraged by factors such as the exponential decline in the costs of renewable energy. Many policies that seem ambitious today will quickly move into the realm of business-as-usual and, from there, become insufficient in the span of a few years. Given this, it will be necessary for Parties to regularly revisit and update their commitments to shift ambition ever toward science-derived targets and to ensure that previously set targets don't act as a limit to ambition when change happens faster than anticipated. This will prove as true in Canada as in the international context: a Canadian Accountability Mechanism can provide a means to ensure policies and targets reflect changing economic and technological conditions, and are responsive to scientific understanding as well as the worsening impacts of climate change.

The Commissioner on the Environment and Sustainable Development to the Auditor General should be tasked with reviewing progress toward climate commitments. For the first time on any issue, Canada's federal and provincial auditors general will develop a common system for auditing climate actions: by 2017, the auditors general will have developed

⁷ Article 14, Paris Agreement, 2015: https://unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english_.pdf

⁸ Paragraph 20, Draft Decision - Adoption of the Paris Agreement, 2015: <https://unfccc.int/resource/docs/2015/cop21/eng/l09r01.pdf>

a shared template to assess GHG mitigation measures across the country⁹. This provides an ideal opportunity to embed the Auditor General and this new national assessment process as a component of the accountability mechanism of the pan-Canadian framework. Shared federal/provincial/territorial audits of GHG mitigation efforts should take place every 3 years.



To make assessment meaningful with a plan that is responsive to the observations of the Commissioner, **a third-party panel, such as the Royal Society should be tasked with using the information on GHG mitigation progress provided by the Commissioner to assess the scientific adequacy of Canada's efforts and make recommendations to federal, provincial and territorial Ministers for improving policies and regulations to increase the efficacy and ambition of mitigation efforts**. This third-party entity should be empowered to conduct qualitative reviews of and make recommendations toward improving existing climate policies at the provincial, territorial, and federal levels on an ongoing basis (i.e. both aligned with and continuous apart from the timeline of the CESD's quantitative review). Equity - the fairness of Canada's contribution within the international historical context - would be key to the credibility of this stage of this review system.¹⁰

The Minister of Environment and Climate Change should be charged with using the outcomes of the Auditor General's review and recommendations of the third-party panel to make recommendations on how the Canadian target could be strengthened to increase Canada's contribution to the global response to climate change, based on equity and the best available science. In order to utilize the auditing exercise as a stepping stone of an actually-functioning ambition mechanism, the Minister would need to capture any changed expectations of what's possible in light of the speed of progress and ensure that a new level of ambition is articulated in updated targets.

A 'Canadian Accountability Mechanism' would anchor the international MRV system in a domestic process. The first audit of Canada's climate action plan, developed via the pan-Canadian framework process in 2016 and (presumably) implemented in 2017, must take place in 2018, just in time for the review/resubmission of NDCs anticipated by the Paris Agreement. The second audit would be available in 2023, in time for the first Global Stock Take. Aligning domestic evaluation with the international timeline works to reinforce the credibility and enhance transparency of both processes.

THE OPPORTUNITY

Paris Agreement milestones are well aligned with key periods of this government's first term. COP21 offered the new government the venue to announce itself to the world and confirm its election campaign commitments to climate leadership and the innovation agenda. Leading into an election year, 2018's COP24 and facilitative dialogue might provide a powerful bookend to cement a new era of Canadian action on climate and responsible global citizenship.

Canadian and indigenous communities have spent decades demanding ambitious climate action from governments. The time to deliver on those demands is now. Both expectations of and faith in our

⁹ <http://www.theglobeandmail.com/news/national/federal-provincial-auditors-general-to-audit-greenhouse-gas-emissions/article28794666/>

¹⁰ For a historical overview of similar bodies in Canada and a description of a potential Science Committee charged with advising all levels of government on GHG reduction efforts, see pages 21-29 of: A. Gage. *A Carbon Budget for Canada: A Collaborative Framework for Federal and Provincial Climate Leadership*. 2015. West Coast Environmental Law. ([http://wcel.org/sites/default/files/publications/CarbonBudget%20\(Web\)_0.pdf](http://wcel.org/sites/default/files/publications/CarbonBudget%20(Web)_0.pdf))

federal government on this issue are at all-time highs. By combining a re-visioning of Canada's climate targets with a visionary climate action plan, this government can deliver on a once-in-a-generation opportunity to show the world that Canada can make good on its climate commitments.



CANADA'S RATIFICATION OF THE PARIS AGREEMENT AND LOCK-IN OF INDC



THE PROBLEM

Canada is expected to ratify the Paris Agreement very soon. By default, ratification turns the ratifying Party's Intended Nationally Determined Contribution (INDC) into the official Nationally Determined Contribution (NDC) and, given the current state of preparation of implementation of the Paris Agreement, this (low ambition) NDC is locked in for a period of several years. The Canadian government has maintained that the INDC submitted by the previous government is "a floor, not a ceiling" and hinted that a more ambitious NDC would be submitted following the conclusion of ongoing Federal-Provincial-Territorial consultations.

THE SOLUTION

When depositing its instrument of ratification of the Paris Agreement, Canada should make a reservation that it does not consider its INDC to be its official NDC, for example by stating:

"In accordance with paragraph 22 of decision 1/CP.21, Canada decides that its Intended Nationally Determined Contribution, submitted May 15, 2015, shall not be considered its Nationally Determined Contribution referred to in Article 4 of the Paris Agreement. Canada will submit its Nationally Determined Contribution [[within 90 days][by [December 31, 2016][a date]], following the conclusion of ongoing Federal-Provincial-Territorial consultations."

BACKGROUND

The previous Canadian government submitted its Intended Nationally Determined Contribution (INDC) on May 15, 2015. The current government has maintained that it considers this INDC to be "a floor, not a ceiling" and exploring options to increase the level of ambition of the INDC. Federal-Provincial-Territorial (FPT) Consultations on a National Climate Plan are ongoing and likely will not be finalized prior to Canada's deposition of its instrument of ratification.

The Paris Outcome (para 22, decision 1/CP.21¹¹) stipulates that an INDC will automatically become that Party's Nationally Determined Contribution (NDC) under the Paris Agreement unless that Party decides otherwise. Hence, depositing Canada's instrument of ratification without submitting a new NDC, or articulating a specific reservation, at the same time, would turn the previous government's INDC into the official NDC under the Paris Agreement.

Further, it appears that the structure of the Paris Agreement, especially given the unexpectedly fast progress on Parties' ratification, will lock in the NDC for at least several years. To wit:

Article 4.11 of the Paris Agreement allows Parties to unilaterally submit a new NDC (as long as it represents an increase of its level of ambition) at any time. However, the same Article also stipulates

¹¹ UNFCCC (2016) *Report of the Conference of the Parties on Its Twenty-First Session, Held in Paris from 30 November to 13 December 2015. Part Two: Action Taken by the Conference of the Parties at Its Twenty-First Session*. Geneva: United Nations Office, 2016. <http://unfccc.int/resource/docs/2013/cop19/eng/10a01.pdf>.

that this submission is done “in accordance with the guidance adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement” (CMA). The CMA, however, is not expected to have “full meetings” until nearly all Parties to the UNFCCC have ratified the Paris Agreement¹² and therefore the provisions of Article 4.11 will not be operational until such a “full meeting” has taken place to adopt the guidance for resubmission. Furthermore, the UNFCCC secretariat’s “progress tracker” of the work programme resulting from the Paris outcome (to prepare implementation of the Paris Agreement) lists the work on developing and adopting these modalities as not having an established timeline, status nor next steps¹³.



The only other explicit reference to (re-)submission of INDCs or NDCs is in paragraphs 23 and 24 of decision 1/CP.21 (para 24 is relevant for Canada), which stipulates that Parties whose INDC contain a timeframe up to 2030, should “communicate or update” their NDC by 2020. Read in conjunction with paragraph 25 of the same decision, the time horizon for this “communicate or update” is late 2019 to early 2020 (9-12 months prior to the “relevant COP”). Hence, the time horizon for submitting a strengthened NDC after the conclusion of the FPT consultations does not line up with the time horizon afforded by paras 24 and 25.

Therefore, it appears that in absence of explicit reservations to the contrary, the INDC of the previous Canadian government would be locked in until the first full session of the CMA, which is not likely to occur before 2018 or later. Invoking the “decides otherwise” clause of para 22 1/CP.21 would ensure that Canada retains the flexibility in the short term to submit a different NDC than the INDC of the previous government.

Note also, that there is a precedent for ratification while domestic preparations for a strengthened NDC are ongoing: Argentina has ratified the Paris Agreement on September 21, 2016, but, like Canada, Argentina has a new government that assumed office after the previous government had tabled Argentina’s INDC. The new Argentine government is currently in the process of determining a new NDC with a level of ambition higher than that previously submitted, and is expected to table its new NDC later in 2016¹⁴.

¹² See the UNFCCC secretariat’s information note on Early Entry into Force of the Paris Agreement, especially paragraphs 20-31. UNFCCC Legal Affairs Programme (2016) *Entry into force of the Paris Agreement. Legal Requirements and Implications*. UNFCCC: Bonn. https://unfccc.int/files/paris_agreement/application/pdf/entry_into_force_of_pa.pdf

¹³ UNFCCC (2016) Progress Tracker. Work Programme Resulting From the Relevant Requests Contained in Decision 1/CP.21. Version September 8, 2016. http://unfccc.int/files/paris_agreement/application/pdf/progress_tracker_08092016_@1500.pdf

¹⁴ See UN Treaty Collection’s Paris Agreement page for Argentina’s ratification (<https://treaties.un.org/doc/Publication/MTDSG/Volume%20II/Chapter%20XXVII/XXVII-7-d.en.pdf>). The UNFCCC’s NDC registry (<http://www4.unfccc.int/ndcregistry/Pages/ALL.aspx>) does not feature an entry for Argentina since that Party has communicated that its INDC should not be considered its First NDC.