SURREY & WHITE ROCK BOARD OF TRADE

A STRATEGY TOWARDS EMISSIONS REDUCTIONS (2024)

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.

Many questions 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 have always fallen short.

Background

The Canadian Government unveiled its *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.[1]

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 $2.2 billion renewal
- $180 million Indigenous Leadership Fund
- $400 million for zero-emission vehicles (ZEVs) charging stations
- Canada Infrastructure Bank will invest $500 million in ZEV charging and refueling infrastructure
- $1.7 billion to extend the Incentives for Zero-Emission Vehicles (iZEV) Program
- Emissions reductions in the oil and gas sector to 31% below 2005 levels by 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

[1] 2030 Emissions Reduction Plan: Clean Air, Strong Economy. (2022). https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030.html

- $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 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.[2]

While we support some of the initiatives noted above, specifically the expansion of the 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, car manufacturers' ability to deliver the EVs indicated in the plan. Additionally, the 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. We need to enhance these burdens and rely on realistic timelines given 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. We must also ensure greater policy certainty and durability and avoid 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

[2] Canada's 2030 Emissions Reduction Plan – Chapter 3. (2022). https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030/plan/chapter-3.html

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 is necessary, but it needs to be reasonable and balanced. All climate change targets will invariably impact the cost of living and could impact businesses' 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, including reviewing the timelines indicated in the Plan to ensure they are actionable and practicable for industry to implement.
2. Address the slowness of permitting and ensure all sectors can gather equipment, have labour available, and build infrastructure.