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Chair

Mr. John Aldag

Standing Committee on Environment and Sustainable Development

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● (1535)

[*English*]

The Chair (Mr. John Aldag (Cloverdale—Langley City, Lib.)): I call the meeting to order.

Good afternoon, everybody. Let's get started. Welcome to some of our substitutes. We have Lloyd Longfield, and I think we are going to have Ed here in a moment.

To our witnesses for today, welcome to the environment committee. We're going to move right into your opening statements. We'll give you each up to 10 minutes. We're expecting bells at four o'clock. When we have bells, we will require agreement to carry on. I'm hoping that because we're in this room and votes are just upstairs, we may be able to go until about a quarter after, but we'll deal with that when we get the bells.

Then we'll go into our regular question-and-answer period for as long as we are able to. When we leave for the vote, that will be the end of the session.

I really appreciate the witnesses for being flexible regarding locations and times today. It's a pleasure to have you with us and to hear you.

Let's jump into it. Let's start with the Canadian Council on Renewable Electricity. I'll give you 10 minutes. We have cards. When you get down to one minute left, I'll give you the yellow card, and when you're out of time, I'll give you the red card. Try to wrap up then.

We'll move into it.

Sorry; would you be okay with seven minutes for your opening statements? That will just help us tighten it up and get into some of the interaction.

Ms. Anne-Raphaëlle Audouin (Representative, Canadian Council on Renewable Electricity): Yes. I was going to say that we timed ourselves and we were just around seven minutes, so we should be able to meet that.

The Chair: Thank you.

[*Translation*]

Ms. Anne-Raphaëlle Audouin: Mr. Chair, ladies and gentlemen members of the committee, good afternoon. I want to thank Mr. Bigelow, the clerk of the committee, for his excellent work in facilitating our appearance today.

I first want to thank you for inviting us to testify today on behalf of the Canadian Council on Renewable Energy—also known as CanCORE—on Canada's international leadership in clean growth and climate change.

CanCORE is a collaboration of the four main national professional associations for renewable energy: solar, wind, marine and hydroelectric energy. Together, our members represent more than 65% of all energy production in Canada today.

[*English*]

Canada has one of the cleanest electricity systems in the world, thanks to its plentiful hydro power and, increasingly, other renewables such as wind, solar and marine. Canada is really a global leader in renewable electricity. As such, renewable electricity is our competitive advantage in climate action.

CanCORE's overarching goal is to ensure that Canada moves toward achieving our national non-emitting electricity target of 90% by 2030 and has close to a 100% non-emitting electricity grid by 2050. This is in support of our national climate action and clean growth objectives and international obligations under the Paris Agreement, including a national emissions reduction of 30% below 2005 levels by 2030.

Toward this goal CanCORE has three key messages for the committee on the topic of Canadian international leadership on clean growth and climate change.

First, international leadership requires that ambitious national targets and goals are both set and met. By 2020 Canada will not have met our international climate change greenhouse gas mitigation commitments on a number of occasions. For this reason we view the pan-Canadian framework and the pathway it places Canada on as a monumental first step.

Second, the pan-Canadian framework follows a formula that makes our energy use as efficient and our electricity generation as non-emitting as possible, and switches as many energy uses to non-emitting electricity as possible, such as transportation, buildings and industry. For this reason we view the national targets set by the government to strive to have 90% of our electricity from non-emitting sources by 2030 as one of our most critical factors for success. The cleaner our grid, the deeper our decarbonization across all sectors of the economy. Enhancing our leadership position in non-emitting electricity can also assist our neighbours to the south to decarbonize their economy through exports.

Third and last, with the pan-Canadian framework we now have a national climate strategy for the first time. We have all the targets and goals we need. The pathway to fulfilling this strategy will create significant economic development and job creation opportunities domestically. Our national leadership will translate to huge opportunities globally in the clean energy economy.

Now we need to move from climate planning to climate action, though. It's time to focus on getting implementation of the pan-Canadian framework right.

[*Translation*]

My colleague Mr. Bateman will now talk about specific policies and regulations that could considerably influence our capacity to reach 90% non-emitting electricity by 2030.

[*English*]

Mr. Patrick Bateman (Representative, Canadian Council on Renewable Electricity): Thank you, Anne-Raphaëlle, and to the committee members for the opportunity to appear today.

Given the time constraints, I will focus on only two key areas of the comprehensive pan-Canadian framework on clean growth and climate change of importance for the renewable electricity sector. The first is putting a price on carbon pollution and the second is the federal government's leadership in committing to power their operations with 100% renewable electricity by 2025.

Also, I'll comment on the role of internationally transferred mitigation outcomes, or ITMOs, and climate finance in Canada's broader climate change and clean growth strategy.

The first of the four pillars of the pan-Canadian framework is putting a price on carbon pollution. CanCORE believes that a pan-Canadian clean, fair and effective price signal with long-term policy certainty that shifts investment over time away from emitting toward non-emitting electricity generation sources is our single largest critical success factor for climate action.

Carbon pricing is effective at reducing emissions in the electricity sector. For example, the emissions intensity of Alberta's electricity system has declined steadily, in part as a result of the province's specified gas emitters regulation introduced in 2007 and the carbon competitiveness regulation introduced in 2018.

It has been estimated by the Alberta Climate Change Office that in 2018 the emissions from coal-fired electricity will have been 12 megatonnes to 15 megatonnes less than that of the previous year.

The regional greenhouse gas initiative, or RGGI, was the first mandatory cap and trade program in the United States to limit the emissions of the electricity sector. RGGI was established in 2005, and it's expected to help the states reduce annual emissions in the electricity sector by 45% below 2005 levels by 2020. These states have set a goal of reducing electricity emissions an additional 30% by 2030.

These are examples of three different approaches to carbon pricing in one Canadian province and soon to be 11 U.S. states that have been effective. There are many other examples from around the world of carbon pricing being designed and implemented to account for regional differences or deliver varying policy objectives.

CanCORE welcomes the release of the preliminary details of the federal carbon pricing backstop. It's an important step forward for the pan-Canadian framework and CanCORE continues to be an active participant in ECCC's consultation around the design of the design of the output-based pricing system.

We welcome the proposed new direction whereby multiple standards are applied within electricity to account for the complexity of the sector, and we will continue to advocate for a standard that ensures clear price signals are sent to new emitting electricity generation facilities, including natural gas.

Unfettered investment in new emitting electricity generation could run counter to our climate action and clean growth goals, including our 90% non-emitting electricity target, and/or lead to the stranding of assets. We will continue to voice these issues to the department throughout the consultation process.

Finally, climate finance and internationally transferable mitigation outcomes, or ITMOs, are important tools in Canada's toolbox to demonstrate international leadership while supporting Canadian renewable electricity technologies, services and expertise to play a greater role in the global economy.

Careful consideration will need to be given to how international credits interplay with our national emissions targets and markets. Limits and a floor carbon price could ensure that price signals from carbon pricing are not unduly compromised.

● (1540)

Ms. Anne-Raphaëlle Audouin: In summary, we would like to emphasize that Canada is truly an international leader in renewable electricity, with 65% of our total electricity generation coming from renewable sources, but we cannot be an international leader in the future without meeting the targets that we set. Our existing and future potential wealth in renewable electricity assets is our major competitive advantage in climate action and clean growth.

The pan-Canadian framework initiates a solid pathway toward a national climate change and clean growth targets. Striving to have 90% of our electricity from non-emitting sources by 2030 is one of our most critical factors for success. Keeping this front of mind when designing and implementing climate action tools will be essential.

[*Translation*]

Thank you once again for the invitation. We look forward to the committee's questions.

[*English*]

The Chair: Thank you, Anne-Raphaëlle Audouin and Patrick Bateman, for your comments.

Let's go next to our Center for Clean Air Policy with Laurence Blandford.

Sir, you have seven minutes.

Mr. Laurence Blandford (Director, International Policy Analysis, Center for Clean Air Policy): Thank you, Mr. Chairman.

Good afternoon, ladies and gentlemen. Thank you very much for the honour to appear before this committee.

I will address two of your subtopics today: climate finance and the potential for transfer of mitigation outcomes under article 6 of the Paris Agreement.

I'll give you just a couple of words about me so you know where I'm coming from.

I used to be a federal government official. I was a climate negotiator for the government for a number of years. Now I'm independent, working closely with the Center for Clean Air Policy, which is a Washington-based think tank, but also with a number of other organizations. This past year I've worked on projects that have been for the Green Climate Fund, which is a big multilateral climate fund of which Canada is a part, and working with the Swedish Energy Agency and the World Economic Forum, so various organizations have been clients or recipients of advice.

I'll just give you a couple of key messages on each of the topics and then maybe we can come to questions.

[*Translation*]

I will talk to you in English, but I welcome your questions in French.

[*English*]

On climate finance, the key message, I would say, from a Canadian point of view, is to focus on long-term transformation in developing countries, not just financing projects.

In this respect, Canada's long-standing focus on mobilizing private finance with its climate finance remains very valid. Going forward, Canada's approach may need to be tweaked a little bit to take into account some of the things we've learned recently in this phase. For example, we've learned that a lot of the instruments and institutions out there that are focused on mobilizing private investment in climate action in developing countries probably are not giving enough support for things like national capacity, the creation of enabling environment and things like that, which will be critically important in shifting investment towards greener investments.

Probably some of the money that they've been getting from donors is not risk-inclined enough. There's still too much caution in the kind of money that these international institutions are getting for them to achieve the kinds of impacts they're looking to achieve. They're not, therefore, meeting some of the financial gaps that are really important—for instance, the availability of money in local currency, the very early stage equity financing for climate action, etc.

The other thing that is probably missing is efforts around project origination. In other words, one the big gaps is that there aren't enough projects. There's a lot of money that's chasing too few projects, or there are a lot of projects that don't necessarily fit the money that's available. Working on origination and supporting the development of projects as much as their implementation is going to be really important as we look forward. That's been a barrier, by the way, in Canada, too, when efforts were made to try to provide finance for projects that have, for instance, Canadian partners involved. There aren't that many projects out there in developing countries, other than in places like China.

On the transfers under article 6 of the Paris Agreement, the important message there is that those transfers need to increase ambition. It's not just about shifting emissions from one country to another. To me, the transfers need to be part of an overall, all-of-the-above strategy that includes significant domestic ambition and climate finance for projects in developing countries that can count towards developing country action. Then, as well, it's about efforts to source emissions reductions in other countries to help us raise our own ambition. There are ways that it can be done that are win-win. A robust target in a country like Canada can be achieved in part by supporting reductions in developing countries in a way that also helps them raise their own mitigation ambition.

As you know, the IPCC has been clear that we need significantly much more mitigation than is on the table already. If Canada can help countries achieve or meet their targets with climate finance and then further top up productions using article 6 transfers, that's great, but, as I was saying earlier, if you take a reduction that's in one country and then use it to count towards our target here, you're not necessarily creating more mitigation overall, and we're kind of fundamentally missing mitigation globally to meet the targets.

Thinking about this going forward, you probably want to think about a few things from a Canadian point of view. I think we need to ask ourselves if people will see Canada's target as ambitious enough to justify our resorting to international reductions.

● (1545)

That's an inherently political question, so I'm not going to give you my own view on that, but as you know, there are many organizations that don't consider Canada's targets to be particularly ambitious when compared to those of other countries.

We just saw in the European Union today that the European Parliament called for the European Commission to come up with a target that complied with a 55% reduction by 2030 and net zero emissions by 2050, so when you compare yourselves to others, there is a question. There is a political risk in going down that path for Canada.

Second, international reductions should be thought of as a way to help us get past the fact that certain sectors are harder to reduce in than others. It's not forever creating an opportunity to offset emissions in Canada, but rather gives us the time we need domestically to achieve the kind of reductions we need to achieve. The international missions can kind of complement that, help us bridge that gap and deal with sectors where the technology just may not be available yet for reductions to occur domestically.

In that respect, as CCAP has noted in the past, crediting periods will probably need to be fairly short. The international negotiations are a bit vague on this right now, but a lot of proposals out there are suggesting that the crediting period should be relatively short, so it's not like you can necessarily count on credits being available for 20 or 30 years once you've made a commitment to acquire them.

Third, it's also important to think about the other side of the equation. Developing countries will want to keep some of the cheaper reductions for themselves to meet their own targets. It's not necessarily clear that those cheap reductions are going to be widely available for us to just scoop up, but rather, let's look at it as kind of a partnership, where the opening of Canada's market to credits from another country can be a way to also support developing countries in their own transformation efforts.

There are a lot of technical issues we could get into here if you're interested, but I won't belabour the point in opening remarks.

I'll make one final point in closing. Money allocated toward climate finance and money allocated toward the acquisition of international credits should be kept fairly separate in public reporting. The climate finance commitment is a commitment to help developing countries. It's an altruistic commitment made under the conventions. Money that goes to support the acquisition of credits is something we would do for ourselves, to make our own reductions cheaper.

Again, you might get into political risk questions if you start using climate finance money to then make your own target cheaper. When you are preparing advice for the government, be mindful just to keep those two pots of money and the way they're communicated fairly separate.

Thanks very much.

● (1550)

The Chair: Great. Thank you for your opening comments.

Finally, we have Michael Binnion appearing here as an individual.

Mr. Binnion, you have seven minutes.

[*Translation*]

Mr. Michael Binnion (As an Individual): Thank you.

Good afternoon, everyone. It is a real pleasure to be joining you to discuss climate policy. Thank you for the invitation.

My name is Michael Binnion. I am the CEO and founder of Questerre Energy, president of the Quebec Oil and Gas Association, advisor to the Canadian Association of Petroleum Producers and president of High Arctic Energy Services, a drilling company.

My company discovered shale gas deposits in Utica, Quebec. Those are the largest shale gas deposits in all of North America.

[*English*]

I've published a peer-reviewed paper in Marine and Petroleum Geology and three papers on climate policy.

I want to start off by assuring your committee that I'm very well aware of the physics of carbon dioxide absorbing and re-radiating infrared energy. I'm also aware that human activity is increasing the amount of carbon dioxide in the atmosphere. I also don't at all subscribe to the idea that Canada is a small country with small emissions and therefore can't make any difference. Canadians have always been counted on to punch above our weight when there's a global problem, and I've always been proud of being Canadian because of that.

However, to do the right thing, we have to do things right, and I believe a climate policy should be measured and assessed by the overall cost to the economy divided by the net global emissions reduced, or, simply put, the cost per tonne of net global emissions reduced. In my opinion, Canadian carbon pricing policy fails on this measure. It has high costs, and almost all proponents now advocate for “supplementary measures”, which is code for the regulations carbon pricing was supposed to avoid.

As two examples, the Trottier report found that a price of $1,000 a tonne would be needed to meet our targets, while the Conference Board of Canada found that even at $150 a tonne, the policy would only reduce 12 megatonnes of emissions before carbon leakage.

I'm actually a carbon pricing dropout. It's Economics 101 that if something costs more you'll get less of it, and the market is more efficient than government mandates. It's just that in theory, practice and theory are the same, but in practice they're not. I changed my mind about parochial carbon-pricing policies when I learned first-hand how a good idea in theory was being applied in Quebec.

My company has engineered, with SNC-Lavalin, a clean gas project in Quebec to use hydroelectricity to create the world's first natural gas development with zero emissions, zero drinking water, and zero toxic frack fluids. A comprehensive environmental study by Polytechnique Montréal estimates that our project will reduce 18 different health and ecological impacts by an average of 65%, and climate impacts by over 70%. It is one of the greenest projects in Canada today, and it would reduce emissions by over a megatonne before even counting fuel-switching opportunities.

What I learned, though, is that our project had a fatal flaw under Quebec climate policy: We were reducing emissions in the rest of Canada, not in Quebec. A green project that didn't reduce emissions in Quebec wasn't encouraged; it wasn't even wanted. It's through this experience that I learned first-hand about the green paradox, in which a policy to reduce emissions locally actually increases them globally due to carbon leakage.

Now, experts in Canada will give you the quick answer that output-based allocations, or OBAs, will solve the problem that carbon leakage represents for trade. In my opinion, this is using a Band-Aid to cover up the main problem of trying to address a global problem through a parochial approach. OBAs create complex regulations that are opaque to the public. Very few experts understand the economic models used to estimate what the credits should be, and those who do understand the models understand how they can be manipulated. It's a system highly vulnerable to politicization.

Carbon Market Watch in Europe estimated that the European trading system over-allocated 24 billion euros in OBAs. Not only were companies given full credit for their emissions, but they also received bonus credits of 24 billion euros, creating a windfall for those industries that had best played the economic modelling game.

Worse, putting a Band-Aid on a system covers up the real issue: Canadian carbon pricing policy is working on a small problem, not the big problem. Canadian carbon pricing works exclusively on reducing the 1.5% of world emissions that are already top decile environmentally. As one of the few net exporters of energy-intensive goods in the OECD, we also could be working on the 98.5% of emissions with, by definition, only average environmental standards. It's the low-hanging fruit that Laurence was talking about. We only need to reduce global emissions through our exports of products and knowledge by 1.6% to make the same difference we would by completely eliminating all of Canada's emissions.

Let me give the example of Canadian aluminum which, due to hydro and clean electricity, which Anne and Patrick were talking about, produces only two tonnes of emissions per every tonne of aluminum, compared to America at 11, Australia at 14 and China at 17. My common sense climate policy paper recommends that we deregulate and give tax rate reductions to help Canadian industries like aluminum, industries with global comparative advantages in carbon, to be more competitive in world markets. I'd just ask what percentage of the world aluminum market Canada would need to reduce our global emissions by to reach our Paris target.

I'm working on a new study now that will start to quantify how Canada would actually punch well above its weight in terms of emissions reductions by exporting our clean tech, our regulatory approaches, and those of our resources, such as aluminum, that are produced to the best standards in the world.

Where Canada doesn't enjoy comparative advantages in carbon, I believe flexible regulations like the corporate average fuel economy, or CAFE, standards, have proven to be more effective. We have a global issue, and I'm confident that the planet needs more Canada and more of our clean technologies and resources, produced to the highest standards in the world.

Thank you very much for your attention.

● (1555)

The Chair: That's excellent. Thank you.

I will mention, because we're going to be cut a bit short today, that arising from the questions, if any of the panellists would like to submit a written brief, you can do that. We ask that they be kept to about 10 pages for translation, but we will take written briefs, so feel free to do that.

Now, first up for six minutes, we have Mr. Fisher from the government side.

Mr. Darren Fisher (Dartmouth—Cole Harbour, Lib.): Thank you very much, Mr. Chair.

Thank you very much for all of your testimony and thank you for being here and being patient with our crazy schedules. I know you've been moved around a lot today, so we certainly appreciate that.

Let's start with Laurence, if I could. This is a question that I've asked a couple of times now in this study, and I'm interested in your perspective on it. Carbon leakage is a concern to all countries that act to reduce emissions. I believe we can remain competitive as a country and encourage companies in Canada to reduce emissions, all the while keeping production here.

In the new NAFTA 2.0 or the USMCA, there's the enforceable environment chapter to protect Canadian businesses from trading partners that may not want to offer the same level or may have an unfair advantage environmentally. I think this is huge, first of all. I think this was something that was very important to put in the USMCA. I'm interested in what other tools—I think one of you mentioned the tool chest—Canada might have to mitigate carbon leakage concerns. What else can we do? Also, what are your thoughts on that environmental chapter?

Mr. Laurence Blandford: I'm not a trade expert, so I would be reluctant to comment specifically on the various trade agreements.

With regard to carbon leakage, it's always an issue that comes up. I think the literature, as far as I'm familiar with it, suggests that it may be overplayed in certain arguments, but definitely you have to think about marginal impacts when you look at things like carbon pricing schemes.

I certainly don't have the level of knowledge that the previous speaker has in terms of some of the research. I will note, though, that I think we need to be skeptical with claims that it's all going to lead to leakage. The carbon regime is not the only factor that is related to Canada's competitiveness, and the reasons that people cite investments are not based only on climate change policy. There are other things that make Canada a great place to invest, which I think a lot of businesses are paying attention to.

The other thing that one will often hear is something that came up when I and my colleagues were doing research, for example, in advising the Green Climate Fund on how they should be supporting private sector development in this area. It is that companies just want policy clarity. They want to understand what the policy environment is and what the rules will be and that they will be fairly and transparently applied.

I don't think it's universally true, however, that firms are opposed to climate policy per se, even ambitious climate policy or even things like carbon pricing.

The other point I would make is that the international regime and the tradition is that accounting for climate emissions is production-based, not consumption-based, so you're accountable for what is produced in your economy, not what you export.

You can obviously think about how you want to stimulate as much as possible and co-operate with other countries, and that's what climate finance is for—to help them themselves improve their policy environments and help themselves reduce their emissions and raise their standards, and all that. That's hugely valid to do, but the expectation on signatories to the Paris Agreement and the UN climate convention is always that it's domestic emissions reductions that need to be addressed, and that's what the accountability is based on. It's not based on what you export. That may be unfortunate from a certain perspective, but that's just the way it is. That's what the treaty says, and that's where Canada's accountability is in terms of its own domestic emissions.

Thanks.

● (1600)

The Chair: I just wanted to jump in here, Darren. You have two minutes left and the bells have just gone.

Mr. Darren Fisher: Yes.

The Chair: Do we have agreement from the committee to continue for maybe 15 minutes? That'll give a round for the Conservatives and one for Wayne with the NDP. We do. Okay, thank you.

Mr. Darren Fisher: I'll just go over to Patrick or Anne-Raphaëlle, if I could.

The Canadian Council on Renewable Electricity has stated in the past that Canada needs to work harder on streamlining cross-border transmission projects and other efforts to increase the export of renewable electricity technologies.

In your opinion, what does the government need to do to make it easier to support these efforts?

Ms. Anne-Raphaëlle Audouin: I can put my hydro power hat on and take the transmission aspect.

I think we are in a very good position in Canada in terms of exports to the U.S. We are a net exporter, which is not the case on everything we export to the U.S. Actually, 80% of the 40 terawatt hours that we send every year to the U.S. is hydro. We send a lot of clean electricity to the U.S. There are a lot of exchange points throughout the border—some in Manitoba, Quebec, and Ontario, etc.

There are opportunities. I think North America is in a good position to look at its energy mix in general and decarbonize. We're just at the beginning of that conversation. It gets political really quickly, in terms of who's leading on each side of the border. I think it's something that will get more attention in the future and something that Canada already does quite well.

The Chair: You have 30 seconds.

Mr. Darren Fisher: What specific environmental policy should Canada include in trade negotiations?

Anyone can take that.

Mr. Michael Binnion: I'll take it from the point of view that I think that's exactly what we can do. Relative to this accounting, the Paris Agreement does allow for us to claim credit offsets as long as you make them in a trade agreement. I think my policy idea counts on very aggressive use of that provision in trade agreements so that we would look to be able to get accounting for... I'm being given a red card, but maybe someone will answer the rest of your question.

Mr. Darren Fisher: Great. Thank you.

The Chair: We'll move over to Mr. Fast for six minutes, please.

Hon. Ed Fast (Abbotsford, CPC): Thank you, Mr. Chair. It's good to be back at committee.

Before I start, I just want to put a motion on notice for discussion at our next meeting. I'm going to read it in English, but it is in both languages.

I move that that the Standing Committee on Environment and Sustainable Development request that the Minister of the Environment, Catherine McKenna, appear before committee to explain the government's recently announced carbon pricing scheme.

Thank you to all of you for appearing here. It's nice to see you again, Michael.

Let me start by clearing the air a little bit, because people like Mr. Binnion are sometimes characterized as climate skeptics just because they oppose carbon taxes. I'm accused of that. I look at a tweet from you, Mr. Blandford, to Ms. McKenna herself. You say, as you've rightly pointed out, much opposition to carbon taxes is really just hidden skepticism about the reality of climate change and the need to address it.

You have at least four people in this room who oppose carbon pricing who are not climate skeptics. Most of the people I deal with who oppose carbon taxes are looking for solutions that don't increase the burden on Canadian taxpayers and allow our economy to remain competitive in an environment where we've seen a historic flight of capital from our country.

Hopefully this is seen as gentle chiding. This is not intended to embarrass you. If we're going to have civil discussions about serious issues in this country, we have to use language and treat each other with respect and not vilify each other with that kind of terminology.

Let me go to Mr. Bateman. You said we need to put a price on GHG emissions. Just to be clear, when you talk about pollution, you're talking about a price on carbon, correct? We're not talking about pollution at large. We're not talking about SOx, NOx, VOCs and all of those other compounds that affect human health and are referred to as pollution but are actually not addressed with the carbon tax that was just announced. Am I correct?

● (1605)

Mr. Patrick Bateman: The unit is a carbon dioxide equivalent. It includes both carbon dioxide and other global warming gases.

Hon. Ed Fast: Okay, thank you.

You've seen the scheme that was announced yesterday. Is that tax, at $50 per tonne by 2022, sufficient to meet our Paris targets as a country?

Mr. Patrick Bateman: Is it the fuel charge that you're—

Hon. Ed Fast: No, I'm talking about the tax that was announced yesterday on the four provinces that won't impose a carbon tax, on which the Prime Minister has now chosen to impose a carbon tax.

Will that, coupled with all of the other carbon taxation or carbon pricing across the country, be sufficient for us to hit our Paris targets?

Mr. Patrick Bateman: It's a complex question. The way I would frame the response is that it's the intent of the pan-Canadian framework to combine a suite of different policy, regulatory and investment actions together to work toward that 30% reduction. Carbon pricing is an important part of that.

The fuel charge, which is the tax element of the suite of carbon pricing, creates an incentive for some of the lowest-hanging fruit to be offset. If it is less expensive for an emitter to not emit, then they will do so. If it's more expensive for them to pay the charge, then they won't.

Hon. Ed Fast: Let me rephrase the question. It won't be specific to the carbon tax that was announced yesterday.

Regarding the plan that the government has put forward, with the elements contained in it so far, are those elements sufficient for us to meet our Paris Agreement targets?

Mr. Patrick Bateman: I believe that they have the potential to do so, yes.

Hon. Ed Fast: No, I was not asking about potential. Will we meet our Paris targets based on what's in there right now?

I think you know the answer. I think you're being a little coy with me here, but go ahead.

The Chair: Please go ahead.

Mr. Patrick Bateman: To the extent that I can tell the future, I think the answer is “probably”. That's as close to a yes or no as I can give to you.

Hon. Ed Fast: Are you aware that the government has filed documentation with the IPCC, or the UNFCCC, that indicates we're going to fall well short of our targets?

Mr. Patrick Bateman: There are a lot of details around the implementation that are not defined yet—for example, the ITMOs under article 6 of the Paris Agreement—

Hon. Ed Fast: I can't speak to the ITMOs. I don't have a lot of time.

You talked about ITMOs, and those are of great interest to me. Could you very quickly flesh out what opportunities Canada has, the low-hanging fruit on ITMOs, that we may be able to take advantage of?

Mr. Patrick Bateman: Canadian renewable electricity companies are succeeding around the world already, and ITMOs provide a framework that the federal government could use to engage and support those technology providers, financiers, engineers and others to do more business globally.

Hon. Ed Fast: Thank you.

The Chair: Mr. Stetski, we'll go over to you.

Mr. Wayne Stetski (Kootenay—Columbia, NDP): Thank you.

Thank you for being with us today.

I have a question for the Canadian Council on Renewable Electricity. I know you are looking mostly at electricity, but have you also looked at the impact of building new crude oil pipelines on the potential of meeting our climate change targets?

Mr. Patrick Bateman: We have not.

Mr. Wayne Stetski: For the Center for Clean Air Policy, I'm always interested in the concept of buying carbon offsets. I'm just wondering if you've seen any examples.

Perhaps I can ask the Canadian Council on Renewable Electricity about that as well. Have you thought of working examples of buying carbon offsets that made a difference for clean air? Are you aware of any?

Mr. Laurence Blandford: Carbon offsets don't necessarily make a difference for clean air, because clean air will be driven by pollutants other than CO2 itself, so it depends on what the project is.

The Center for Clean Air Policy was originally established to advise governors on the SO2 emissions trading system established in the United States over 30 years ago, and that was why it was called the Center for Clean Air Policy. Now we focus on—

● (1610)

Mr. Wayne Stetski: There are no investments you are aware of, then, but there are benefits.

Mr. Laurence Blandford: There are many examples of carbon offsetting projects that will reduce emissions.

Mr. Wayne Stetski: Will these benefit air quality?

Mr. Laurence Blandford: I'm trying to think of a project off the top of my head. Basically, whenever you replace an activity that produces CO2 but also has other pollutants.... If you were to replace, say, a coal-fired electricity plant with a renewable energy production plant, you would probably not only reduce CO2 emissions but also significantly improve air quality. There are numerous examples. I would say that in many cases you would probably get that co-benefit, but it's a co-benefit that's targeted when you're dealing with carbon trading, not a direct benefit.

Mr. Wayne Stetski: Canadian Council, are there any particularly effective ways that you've seen?

Mr. Laurence Blandford: Under the Specified Gas Emitters Regulation in Alberta, there are several examples of renewable electricity projects contracted both through merchant power revenues and through offsets with large emitters.

Mr. Wayne Stetski: In British Columbia, when carbon pricing came into place 10 years ago, in 2007, we all got a cheque in the mail from the government in preparation for the new tax coming in. In 2008, when the tax came in, the money went into a pool, and various organizations could apply for funds out of that pool to invest in green initiatives.

I was mayor of Cranbrook for three years, and at one point we received permission to reinvest our carbon offset costs in our community rather than pay them to the province. As long as we were spending the equivalent amount to benefit the community, we were allowed to do that. I think they ended up putting it in general revenue, which is the worst thing to do with any kind of a targeted tax.

Do you have any views on the best way to implement a price on carbon, a price on pollution?

Ms. Anne-Raphaëlle Audouin: There's still a bit of trial and error. The systems are being designed. There are examples at the provincial levels that are demonstrating that the system can work, as in B.C. You were quoting that example. We're still designing it at the national level and trying to replace whatever doesn't exist at the provincial level and putting stringent measures in place.

Experience is key to success in that area. It's really the first time Canada has tried to do this at the national level. That's about the extent of the feedback we have just yet.

Mr. Wayne Stetski: There's no particular model you would prefer.

Mr. Patrick Bateman: Just to add to what Anne-Raphaëlle has said, there are a number of different options for revenue recycling, and they meet different objectives. From CanCORE's perspective, the most important thing for carbon pricing is a clear price signal that will shift investment, over the long term, from emitting to non-emitting generation.

The revenues and what can be done with those is also an important and beneficial conversation, but that price signal is the most important part.

Mr. Michael Binnion: I would just like to add that the new Shell LNG plant in British Columbia is against the world benchmark of LNG plants. Forget coal and other LNG around the world; it's generating 50% fewer emissions, yet the B.C. carbon tax and climate policy discourages the building of that plant.

The Chair: Well, that takes us to 17 minutes to bells. Given how we divide things up, I'm not sure that it's worth trying to squeeze anything else in, because it will be really tight.

With that, again, thank you so much to our witnesses for their flexibility and the testimony they brought to us, and the brief discussion we've had. We will adjourn for today. Everybody can head back upstairs. We'll pick this up again next week. Thank you.

The meeting is adjourned.