Climate Action in Ontario: What's Next?

2018 Greenhouse Gas Progress Report

Summary

Download the full report at:
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Environmental Commissioner of Ontario

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Part 1: Ontario (again) needs a climate policy

Ontario has a huge climate challenge.

Although climate disruption is already starting to hammer Ontario, we continue to emit high levels of greenhouse gas pollution. It is no longer possible for us to have what we all want: both a safe, predictable climate that sustains our lives and economy and unlimited fossil fuel use. Like other places, Ontario must take most fossil fuels and other sources of greenhouse gases out of our economy, and soon.

Despite the odds, Ontario can still meet this challenge. There are opportunities all over Ontario to be less wasteful and more self-reliant, while building better lives. Businesses, municipalities, citizen groups, universities and others have shown the way, and are ready to do more.

The government has essential roles that no one else can play.

But they cannot do it without strong leadership from the provincial government. An effective response to climate change does not have to mean government spending more. But the government has essential roles that no one else can play. Only with strong, clear provincial targets, rules and incentives can individuals, municipalities and the private sector do their best. Fortunately, a good climate policy is still achievable, and would bring Ontario many benefits.

Climate disruption already affects Ontario, and will get worse.

1.1 Why climate disruption matters in Ontario

The science of climate change is beyond reasonable doubt. After 30 years of intense study, virtually all of the world's climate scientists agree: climate disruption is here, and accelerating faster than seemed possible just a few years ago. It affects us, not just polar bears. We humans cause it, and every time we use fossil fuels (e.g., gasoline, natural gas), we make it worse. No one wants to contaminate the world we and our children live in, but that's what using fossil fuels does.

What used to be "normal" weather is gone.

Photo credit: Shawn Goldberg / Alamy Stock Photo

What used to be "normal" weather is gone, and cannot come back. Extreme events, e.g., heat waves, drought and storms, are affecting people across the province. Warmer, wilder, unpredictable weather is damaging tourism, agriculture and infrastructure. Flooding has devastated some Ontario families. Hotter weather and wildfire smoke pollute air and damage public health. Lyme disease, the first climate disruption epidemic, has reached Ontario. Water supplies and wildlife in some areas are stressed. Fire-fighting costs and insurance losses are rising. Ten percent of Canadian properties may soon be too high risk to be insured by the private sector if no measures are taken to mitigate flood risk by the owner or through public policy.

Worst case climate scenarios are all too believable and should be central concerns of contemporary public policy.

If we work together, it is not yet too late.

If we work together, it is not yet too late to reduce the damage that is coming. In 2015, all the countries of the world agreed to work together to protect ourselves and our children from the overwhelming threats of climate change. Canada made important international commitments to do its fair share in this global task; Ontario can, and must, do its part.

1.2 Ontario's greenhouse gas emissions were dropping

Ontario's greenhouse gas emissions in 2016 were the lowest since reporting began in 1990. This continues the recent downward trend in emissions that allowed Ontario to meet its 2014 emissions-reduction target of 6% below 1990 levels.

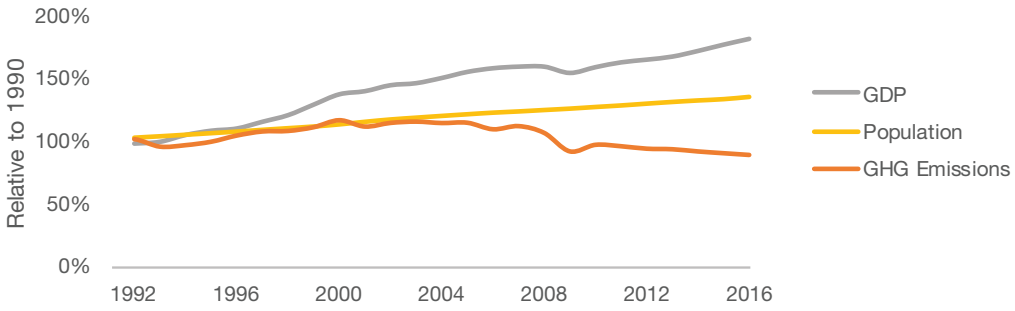
Was Ontario on the right track?

On the whole, yes.

1.3 How Ontario brought emissions down

Ontario became a world climate leader after years of hard work that included:

- closing coal plants
- slowing urban sprawl and promoting conservation
- the 2009 *Green Energy and Green Economy Act*
- the 2016 *Climate Change Mitigation* and *Low-carbon Economy Act* and its cap and trade system
- joining the shared carbon market with California and Quebec, and
- joining the Pan-Canadian Framework on Clean Growth and Climate Change.

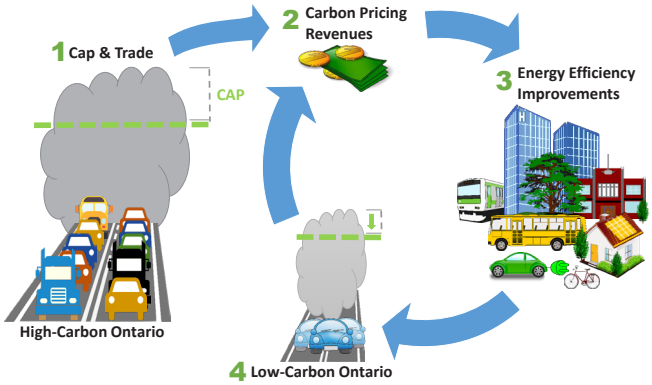


Ontario greenhouse gas (GHG) emissions compared to gross domestic product (GDP) and population trends by year.

Source: Statistics Canada, *Gross domestic product, expenditure-based, provincial and territorial* (2018), CANSIM Table 384-0038; Statistics Canada, Population by year, by province and territory (2018), CANSIM Table 051-0001.

Despite flaws, these were good policies that worked. Ontario's greenhouse gas emissions dropped to the lowest level ever reported, while the economy and population grew.

Cap and Trade Cycle



Cap and trade was providing the motivation and billions in funding for meaningful emission reductions across the province; climate leadership was enhancing Ontario's reputation and drawing in foreign investment. In short, there was some inefficiency, but cap and trade was on its way to producing many economic and environmental benefits for the people of Ontario.

Where are we now?

No climate policy, no emissions targets, no money for solutions. Climate polluters pollute for free. Good conduct is punished and bad conduct is rewarded.

1.4 2018: A wrenching halt

Unfortunately, cap and trade was both complex and poorly communicated; for some, its costs were more obvious than its benefits. Today, cap and trade, the low-carbon programs that it funded, and 752 renewable energy projects have all been swept away, with nothing in their place. The government's proposed replacement, the *Cap and Trade Cancellation Act* (Bill 4), currently lacks most of the features of a good climate law.

Without a strong climate law, Ontario's climate pollution will grow, we will not keep our word, and we will lose out on good jobs, clean air, lower health costs and more.

1.5 Ontario needs climate action

Ontario cannot afford to give up fighting climate change. The window for action is shrinking fast. The sooner we act, the easier and less costly it will be.

The most effective methods of fighting climate change can also improve public health and create good jobs. Today, air pollution from fossil-fueled vehicles is a major threat to air quality and public health in Ontario cities. And Ontarians could make much better use of the $11 billion that we spend every year to import fossil fuels; energy conservation can increase our self-reliance and keep some of that money circulating in Ontario.

Photo credit: Toronto Hydro.

Ontarians need to pull together and protect what we care about.

There are many tried and tested policy options. Ontarians need to pull together and protect what we care about. Government must provide leadership and be clear about the tough decisions, and opportunities, ahead of us. If we choose what seems appealing in the short run, such as reducing the cost of gasoline, we damage our own chances of being winners in the low-carbon economy.

So Ontario again needs a strong climate strategy – one that meets our fair share of Canada's international obligations, reduces our climate pollution, improves air quality and creates good jobs. Ontario must also adapt, i.e., get ready for the climate disruptions ahead.

Why does Ontario need stable climate change policies?

To attract investment and talent, and to give policies time to work.

Part 2: Commitment and credibility

One key feature of an effective climate policy is consistency over time. Transforming Ontario's relationship to fossil fuels is a long-term challenge that requires sustained research, training, innovation, and investment; all are easily disrupted by policy changes.

There is no perfect answer, but the best international model for long-term consistency is the United Kingdom's *Climate Change Act*. The U.K. Parliament sets legally binding long-term emission limits, plus five-year carbon budgets 12 years in advance, based on non-partisan, expert advice and reporting. Ontario should do the same.

The government should consult the people of Ontario.

To make better decisions that people can trust.

Another key feature of an effective climate policy is good consultation with the public, as the *Environmental Bill of Rights (EBR)* requires. For almost 25 years, the *EBR* has provided a solid framework for public consultation on significant environmental decisions, improving the quality of government decisions and increasing public acceptance of their legitimacy.

Photo credit: Toronto Hydro.

Can Ontario meet strong climate targets with existing technology?

Yes, with better government policies.

Part 3: Tools for reducing emissions

3.1 The least-cost pathway

Ontario can still achieve stringent emission reductions by 2030 and 2050.

A detailed model of Ontario's energy system, commissioned by the ECO, shows that Ontario can minimize the cost of reducing emissions by:

- investing in new emissions reduction technologies, including carbon capture and storage, and ways to store carbon in natural systems
- significantly conserving energy and increasing Ontario's clean electricity supply, and
- preparing to minimize fossil fuel use in transportation, buildings and industry.

3.2 The three-legged stool

To get there, government must choose the right policy tools. Like a three-legged stool, effective government policy to reduce greenhouse gas pollution combines:

- taking advantage of the power of the polluter-pay principle (section 3.3)
- unlocking funds for the low-carbon solutions that Ontario needs (section 3.4), and
- regulating climate pollution (section 3.5).

Polluter-pay programs are fair and they work.

3.3 Making polluters pay

The first key element is a "polluter pay" price on carbon or related pollution emitted into the atmosphere. Without it, polluters have no financial incentive to reduce their pollution. Ontario has just given up one version of this tool, but may end up with another if the federal government implements its carbon tax backstop. There are also other variations, such as congestion pricing or feebates.

Without a carbon price, where can the money come from?

Good policies can unlock some public and private funds.

3.4 Finding ways to pay for solutions

The second key element is funding to invest in low-carbon solutions. Without the $1.9 billion/year from cap and trade, how can Ontario unlock funds for these solutions, especially if the federal carbon tax does not kick in? We review some other options, including stopping Ontario's subsidies for fossil fuel use.

Without polluter pay, what will drive emissions down?

Regulations will have to do most of the heavy lifting.

3.5 Regulating climate polluters

The third key element is regulation of climate pollution, and enforcement of those regulations. In many jurisdictions, regulations do most of the heavy lifting.

Transportation, buildings and waste are key sectors for regulation because emissions from all three sectors have grown since 1990. The strongest regulations directly affect emissions, such as bans, pollution limits or technology or performance requirements. Supplementary regulations may motivate emission reductions, such as reporting and disclosure requirements, and may also facilitate voluntary action.

Photo credit: SimplyCreativePhotography

What can we do to prepare for climate disruption?

Lots, and the province must lead the way.

Part 4: Getting ready for what's coming

Ontario must also prepare for heat, winds, fires, floods, droughts and other extreme events. The costs of adapting to (and coping with) climate disruption could be enormous, and Ontario needs an open conversation on who is going to pay for them. For example, what, if anything, will the government do for property owners or tenants who do not or cannot purchase flood insurance?

In addition, the Ontario government needs to:

- understand Ontario's key vulnerabilities, and protect natural areas that buffer extreme events
- provide trustworthy data on the future climate that new infrastructure must be built for, and
- encourage Ontarians to increase their own resilience to what's ahead.

How can Ontario rebuild its climate policy?

Here's how to start.

Part 5: Summary of key recommendations

The ECO recommends that the provincial government should immediately develop a climate framework with the following central features:

1. **Commit: targets and law**
   a. A climate law that commits the provincial government to a credible, long-term program to achieve statutory emission reductions that:
      i. meets Ontario's fair share of Canada's emission reduction obligations and creates good jobs (sections 1.5 and 3.1), and
      ii. meets the requirements of the Pan-Canadian Framework to unlock federal funds (section 3.3).

   b. Legally binding carbon budgets set well in advance, based on non-partisan, expert advice, coupled with rigorous progress reporting and independent evaluation (section 2.1).

   c. Provincial leadership on adaptation and preservation of natural areas (Part 4).

2. **Plan a pathway**
   a. A transparent, achievable, cost-effective pathway to each carbon budget. The model described in this report is a good start. Note: The lowest-cost pathways require much more clean electricity and storage than the current Long-Term Energy Plan will provide (section 3.1).

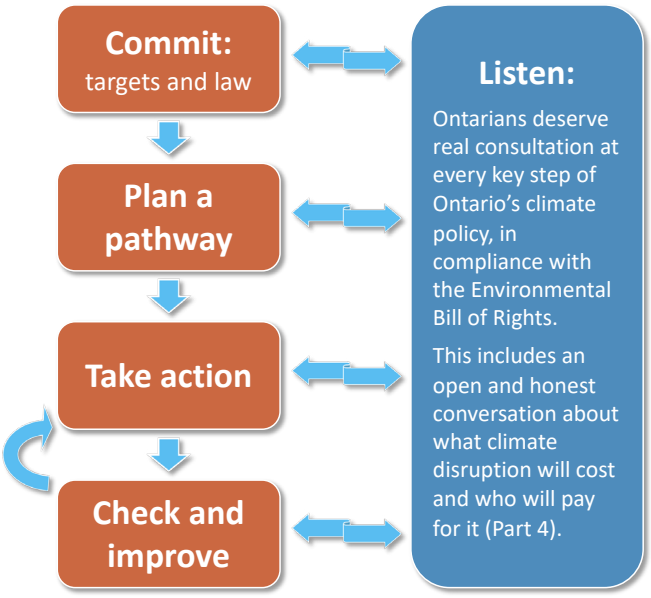
3. **Take action**
   a. Effective policy tools to achieve the necessary emission reductions, using the lowest-cost pathway, public health and ecological integrity to choose priorities. Appendix A contains a convenient menu of the potential tools discussed in this report.

   b. Act fast and take advantage of work already done, here and elsewhere. Ontario is not starting from scratch and does not need to reinvent the wheel. Build on the best of the previous programs. Emphasize efficiency first (e.g., in social housing, schools, hospitals) (section 1.3, Appendix B).

   c. Minimize disruption from the cancellation of previous programs (section 1.4).

4. **Check and improve**
   a. Monitor and report progress to the public, with third-party validation (section 2.2), and

   b. Revise plan and actions as needed to stay on track for targets (section 2.2).



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