

Canada's New Government's Regulatory Framework for Industrial Air Emissions Released Today

"Turning the Corner"

The federal government today released details on its plan to reduce Canadian emissions of greenhouse gases (GHG) and air pollutants.

Greenhouse Gases

Strict targets will be imposed on industry with a view to stopping the rise in emissions within 5 years and reducing emissions by 150 Megatonnes from 2006 levels in 2020.

The plan does allow for flexibility mechanisms to ensure that Canadian companies have several options for pursuing the most economical and efficient reductions:

- domestic emissions trading system with possible linkages to future trading systems in the U.S. and Mexico
- participation in the Clean Development Mechanism (CDM) of the *Kyoto Protocol* to support environmental improvements in developing countries
- an offset system to allow other non-regulated companies to make reductions and receive credit for those reductions
- invest in a capped technology fund which will help industry develop solutions for reducing GHGs
- credit for action taken prior to 2006

Certain industries will now have their GHG emissions limited under new regulations that will provide for mandatory emission reductions. The industries included in this are:

- electricity produced by combustion
- oil and gas
- forest products
- smelting and refining
- iron and steel
- cement, lime and chemicals production and
- some mining sectors.

Emissions regulations will come into force in 2010 requiring an 18% reduction in emissions intensity with a further 2% reduction in each following year.

The plan will not bring Canada into compliance with the *Kyoto Protocol* during the First Commitment Period.

Air Pollutants

The plan will target several different air pollutants: Nitrogen oxides (NO_x), Sulphur oxides (SO_x), Volatile organic compounds (VOCs), and Particulate matter (PM)

- Cut emissions of pollutants in half by 2015
- Actions to make common consumer and commercial products -- such as dishwashers, refrigerators and air conditioners -- more energy more efficient
- Setting performance standards for all lighting that would phase out the use of inefficient light bulbs in common applications by 2012.
- Identification of harmful indoor air pollutants.



Canadian Chamber Reaction

The Plan released today brings some additional regulatory certainty to companies as to what will be expected of them over the short, medium and long term. In addition, this plan takes into account a number of recommendations put forth by the Canadian Chamber of Commerce with regard to this important issue

- Intensity-based targets for greenhouse gases do not discriminate against companies that are expanding and will encourage companies to focus on improving productivity and energy efficiency.
- The Plan includes flexibility mechanisms such as access to emissions trading and offsets to ensure that mandated reductions can be achieved in the most cost-effective manner.
- The longer-term timeline of 2020 allows some time for the development and implementation of new technologies such as carbon capture and storage.
- Developing standards for efficiency rather than banning by product type allows for innovation within existing products (such as improved efficiency incandescent bulbs) and for the development of new technologies.
- The Canadian Chamber of Commerce will have to consult its members regarding the full impact of the plan on the Canadian economy, business sector and individual Canadians. The government must endeavor to communicate clearly the costs and benefits of the plan.
- We are pleased that support for equivalency agreements is included for those provinces/territories that develop compatible regulatory regimes.
- The Canadian Chamber of Commerce looks forward to taking part in consultations, as announced today by the government, to discuss targets to be set in the plan, going forward.