



**Advice to Council No: 13-02**

**Re: The urgent need to shift to a sustainable energy economy in North America**

The Joint Public Advisory Committee (JPAC) of the Commission for Environmental Cooperation (CEC) of North America:

**IN ACCORDANCE** with Article 16(4) of the North American Agreement on Environmental Cooperation (NAAEC), which states that JPAC “may provide advice to Council on any matter within the scope of this agreement (...) and on the implementation and further elaboration of this agreement, and may perform such functions as the Council may direct;”

**HAVING** conducted a public workshop in Calgary, Alberta, Canada on 24–25 April 2013, entitled "Greening the North America's Energy Economy";

**HAVING** reviewed the comments and recommendations of workshop participants, which are summarized in the Appendix to this Advice;

**RECALLING** the Council's designation of Climate Change—Low-carbon Economy and Greening the North American Economy as two of the three core strategic themes of the CEC's Strategic Plan for 2010–2015;

**SEEKING** to provide constructive input regarding the attainment of these strategic objectives through the CEC's cooperative work program for 2013–2014;

**FURTHER SEEKING** to provide recommendations relevant to the development of strategic priorities for the 2015–2020 Strategic Plan;

**TAKING INTO ACCOUNT** the project clusters under consideration for the 2013–2014 CEC Operational Plan;

**NOTING** the US-Canada Clean Energy Dialogue and the Mexico-US Bilateral Framework on Clean Energy and Climate Change that have been underway in recent years;

**CONSIDERING** the Council's broad authority under NAAEC Article 10 to promote cooperation among the Parties regarding climate change and other environmental impacts related to the development, transport and use of energy resources in North America;

**SUBMITS** the following observations and recommendations for Council's consideration:

## General comments:

1. The Calgary meeting began with a keynote presentation by Nobel laureate Dr. Mario Molina and included high quality interventions by representatives from the fossil fuel industry, civil society and academia from Canada, Mexico and the United States. Workshop participants and JPAC members recognize the important role of fossil fuel energy in virtually all aspects of the North American economy and the significant challenges in moving toward a low-carbon economy that relies on energy efficiency and conservation, along with a different energy mix. JPAC members agree with Dr. Molina's observation that acting quickly to accelerate this transition in recognition of changes that are inevitable will keep the North American region a step ahead of parts of the world that drag their feet. The main themes that emerged from the workshop presentations were the need to:
  - ensure long-term availability and security of energy throughout North America with an emphasis on energy self-sufficiency within the region,
  - address concerns regarding climate change and the increasing amount of energy invested per unit of energy returned that is required to obtain fossil fuel energy resources, such as oil, coal and natural gas, and
  - leverage the move to a prosperous, low-carbon economy by careful development of North America's wealth of hydrocarbon energy resources, taking into account the potential of natural gas to be a transitional energy source with lower climate impacts than other fossil fuel energy sources.
  
2. To achieve these overarching goals, key policy-related observations and proposals offered by workshop participants included the following:
  - Canada, Mexico and the United States should develop a comprehensive North American low-carbon energy strategy built around these goals, building on the progress made in bilateral dialogues between the US and Canada and the US and Mexico.
  - Mechanisms are needed to put a price on carbon that puts North America on track to achieving climate change mitigation goals, for example the 2°C temperature change limit agreed to at the Copenhagen and Cancún climate negotiations, informed by the successes of models like the Regional Greenhouse Gas Initiative and Western Climate Initiative in the United States.
  - Appropriately structured, carbon pricing and related mechanisms can harness the significant potential of the North American fossil fuel energy sector to provide financial support for the economy-wide adjustments to infrastructure, urban design and patterns of production and consumption that will be required to move to a low-carbon, prosperous economy.
  - Certainty with respect to a North American energy strategy—for example, a determination of the amount of North American fossil fuels that can be safely extracted without triggering unacceptable levels of climate change—will help the North American fossil fuel energy sector extract and market fossil fuel energy resources in an environmentally responsible way and reduce social polarization regarding the extraction, transport and marketing of fossil fuels in the region.

- Initiatives of the North American fossil fuel energy sector in extracting, transporting and marketing fossil fuels in an environmentally responsible manner are reducing the environmental impacts of the sector, for example, innovative arrangements to share intellectual property so as to promote adoption of best environmental practices, diversification of energy portfolios to include renewable energy and use of renewable energy and energy efficiency in industrial operations.
  - A North American clean energy strategy should establish clear goals and outcomes while ensuring that federal and subnational governments and the private sector retain flexibility to use approaches best suited to the energy mix and other factors that vary significantly throughout the region.
  - Eliminating government subsidies to the fossil fuel industry in North America and supporting investments and market-based mechanisms that promote energy efficiency and renewable energy technologies will help accelerate the transition to a low-carbon economy.
  - Policies that promote energy efficiency and conservation as the most-preferred options should be given priority.
  - To address new economic challenges in the cost of living and employment that will come with the inevitable decline in the amount of energy returned per unit of energy spent in developing fossil fuel energy resources, innovative responses will need to be developed.
  - Governments at all levels should harness their significant potential as market actors to accelerate the transition to a low-carbon economy, by favoring clean energy and energy efficient options in public procurement.
  - Canada, Mexico and the United States should review whether trade rules are impeding green industrial policies that are shown to be effective mechanisms for shifting to a low-carbon economy.
  - The NAFTA governments should also seek to avoid trade that impedes the transition to a low-carbon economy, such as the influx of inefficient used cars to Mexico, and, to enhance the transition, promote such means as the adoption of best practices and technologies associated with a low-carbon economy.
3. Several proposals and observations at the public consultation emphasized the importance of process issues for different jurisdictions to cooperate successfully on energy and climate issues, in particular the following:
- A North American dialogue on the transition to a low-carbon economy that maintains prosperity, builds on bilateral dialogues among the North American partners, and includes broad public and stakeholder outreach, will help lay the groundwork for a North American low-carbon energy strategy.
  - Cooperation on ensuring energy security while transitioning to a low-carbon economy requires agreement on a core set of common goals.
  - Successful development and implementation of integrated energy and climate policies and strategies at all levels of government requires synergistic involvement of diverse ministries, in particular, energy, environmental and finance ministries.
  - Broad participation of the private sector, civil society, experts and government will help lead to successful development and implementation of integrated energy and climate policies and strategies.

- Cooperation of different jurisdictions on energy and climate requires the alignment of program elements needed to achieve common goals, and incremental linking of program elements is possible where full alignment doesn't exist at the outset.
- Compatibility and transparency of data facilitate successful cooperation.
- Jurisdictions will have a greater incentive to engage constructively in cooperative programs if they have a positive vision of the outcomes they commit to achieving.
- Linking the benefits of a low-carbon economy to human and ecosystem health may help foster public acceptance of the challenges that will be faced in the transition away from fossil fuels.

### **Recommendations for the 2013–2014 Operational Plan:**

1. JPAC believes that the draft 2013–2014 Operational Plan provides an opportunity to integrate proposals that emerged at the Calgary meeting, in particular in the following projects:
  - North American Black Carbon Estimation Guidelines
  - North American Information Online Platform on Climate Change
  - Improving Conditions for Green Building Construction
  - The projects under the Greening Transportation in North America cluster
2. JPAC recommends that in implementing these projects, the Council take the opportunity to integrate the proposals and observations noted in the General Comments section of this Advice that are relevant to the projects.

### **Recommendations related to long-term strategic objectives of the CEC:**

1. JPAC strongly believes that in view of its broad jurisdiction on North American environmental matters and its mechanisms for public participation, the CEC has strong potential as a forum for developing key elements of a North American low-carbon energy strategy through inclusive dialogue among the NAAEC Parties, subnational governments, key stakeholders and experts, and the public.
2. JPAC recommends that in developing the 2015–2020 CEC Strategic Plan, the Council undertake the following:
  - Commit to an ambitious dialogue on an expedited transition to a low-carbon economy, with a view to adopting a comprehensive North American low-carbon energy and climate strategy that achieves reductions in carbon emissions needed to avoid a global temperature rise of 2°C.
  - Establish as core goals for this dialogue: 1) determine the amount of fossil fuel energy that can be developed in North America without contributing to climate change that will exceed the 2°C threshold, based on a fair share of the total global fossil fuel energy that can be developed without exceeding this threshold, and including the possibility that known reserves may be excluded from development; 2) determine and plan to achieve the low-carbon energy mix that will be necessary to meet North American energy needs, taking into account aggressive use of

energy efficiency and other mechanisms that can reduce demand; and 3) determine and develop implementation plans for the adjustments to infrastructure, urban design, production and consumption patterns, and employment patterns that will be necessary to support a prosperous, low-carbon economy.

- In undertaking this dialogue, the Council should make use of the policy- and process-related proposals and observations noted in the General Comments of this Advice.

JPAC is confident that the recommendations contained herein are highly relevant in terms of the CEC Councils' strategic priorities and is unanimous in supporting this Advice to Council.

**Approved by the JPAC members  
1 May 2013**