



National Round Table  
on the Environment  
and the Economy

Table ronde nationale  
sur l'environnement  
et l'économie



Canada



# **The Challenges of Regional Climate Policy Cooperation**

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## ***A Canadian Perspective***

**David McLaughlin  
President and CEO  
NRTEE**



# Today's Presentation

- NRTEE
- Canada's GHG Profile & Policy
- *Achieving 2050* report
- Prospects for Cooperation



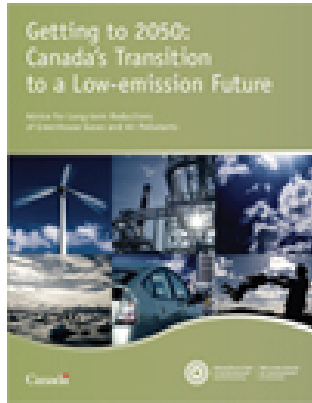
# The National Round Table on the Environment and the Economy (NRTEE)

- Created in 1988
- Formalized by Parliament in 1993 statute
- Only national public policy body mandated to study environment and economy together
- Independent role and mandate
- Catalyst, convener and advisor for sustainable development solutions
- Appointed members – Canadian leaders in business, labour, academe, and sustainability.

# Recent NRTEE Work



*Achieving 2050: A Carbon Pricing Policy for Canada*



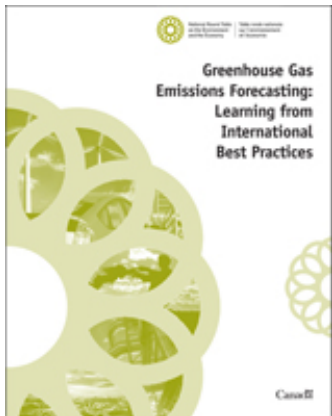
*Getting to 2050: Canada's Transition to a Low-emission Future*



*Geared for Change: Energy Efficiency in Canada's Commercial Building Sector*



*GHG Emission Forecasting: Learning from International Best Practices*

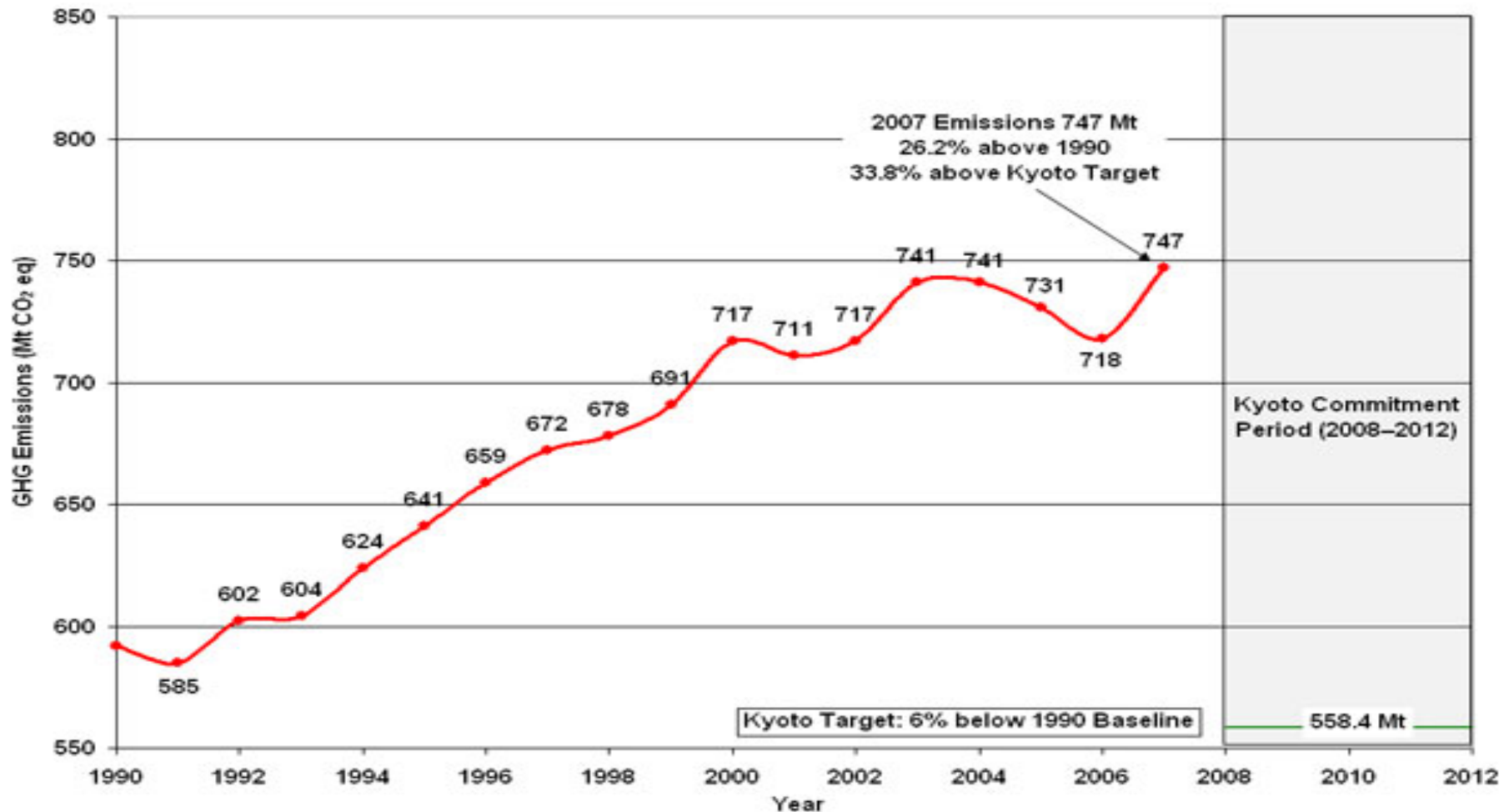


*Climate Forward Agenda*



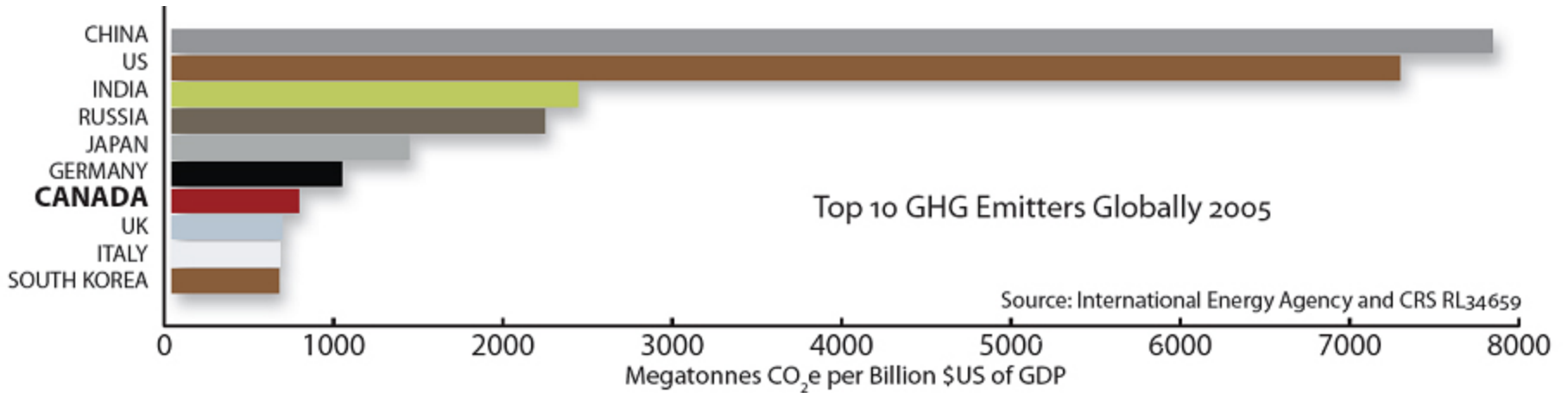
# Canadian GHG Emissions 1990-2007

Canada's GHG Emissions 1990-2007





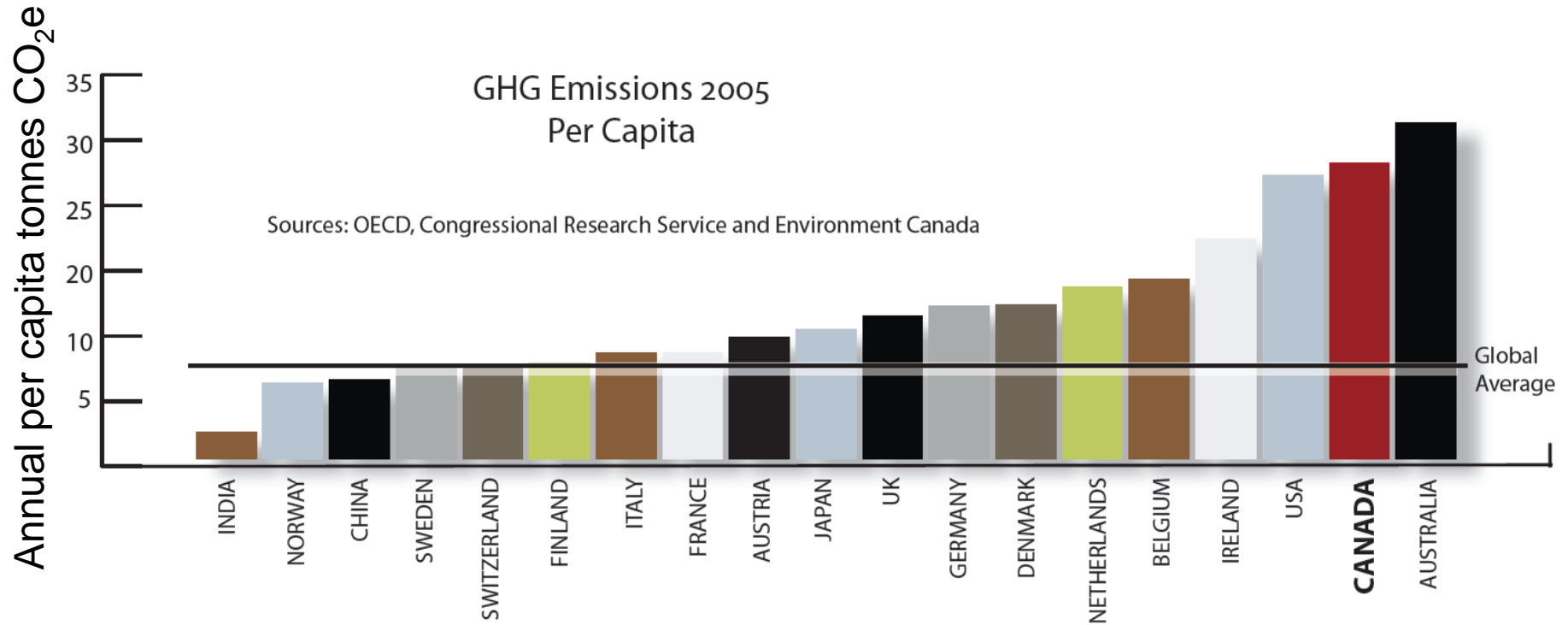
# Background: Top 10 Global GHG Emitters (2005)



Source: International Energy Agency and CRS RL345659



# Background: Global Per Capita Emissions (2005)

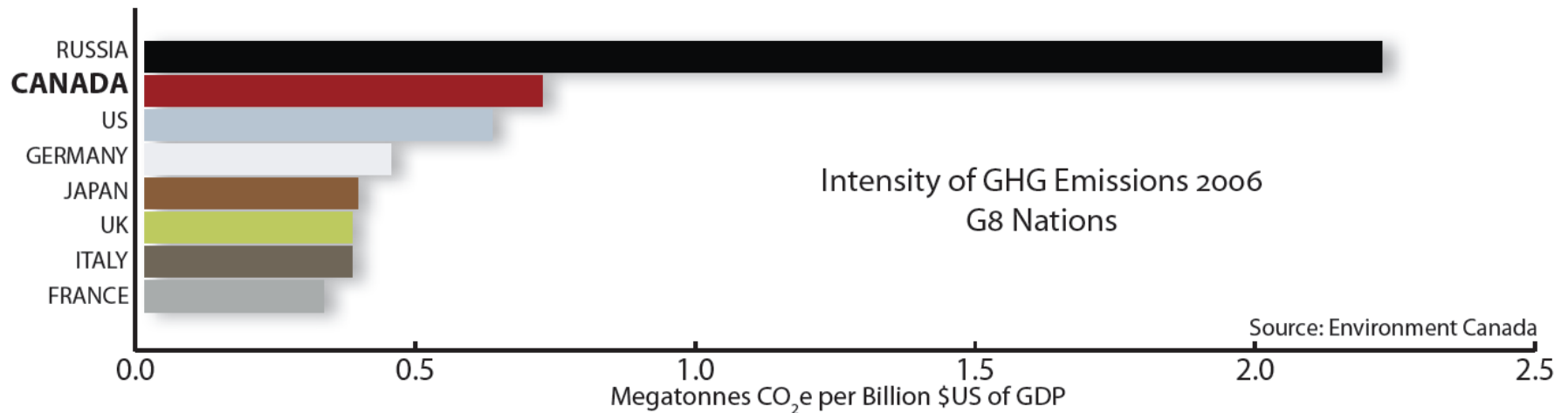


Sources: OECD, Congressional Research Service and Environment Canada





# Background: Emissions Intensity of G8 Nations (2006)



Source: Environment Canada



# Canadian Climate Policy to Date

- **Aggregate of federal and provincial measures**
  - **Federal level – 2 dynamics:**
    1. Sign Kyoto, “hurry up and wait”
    2. Ignore Kyoto, not achievable, focus on post-2012 framework
  - **Provincial – 2 dynamics**
    1. Forge ahead in absence of federal policies
    2. Form common policy and political fronts to influence federal actions to do more or less
- ***Result: Fragmentation of efforts, but Harmonization appears more likely ahead.***

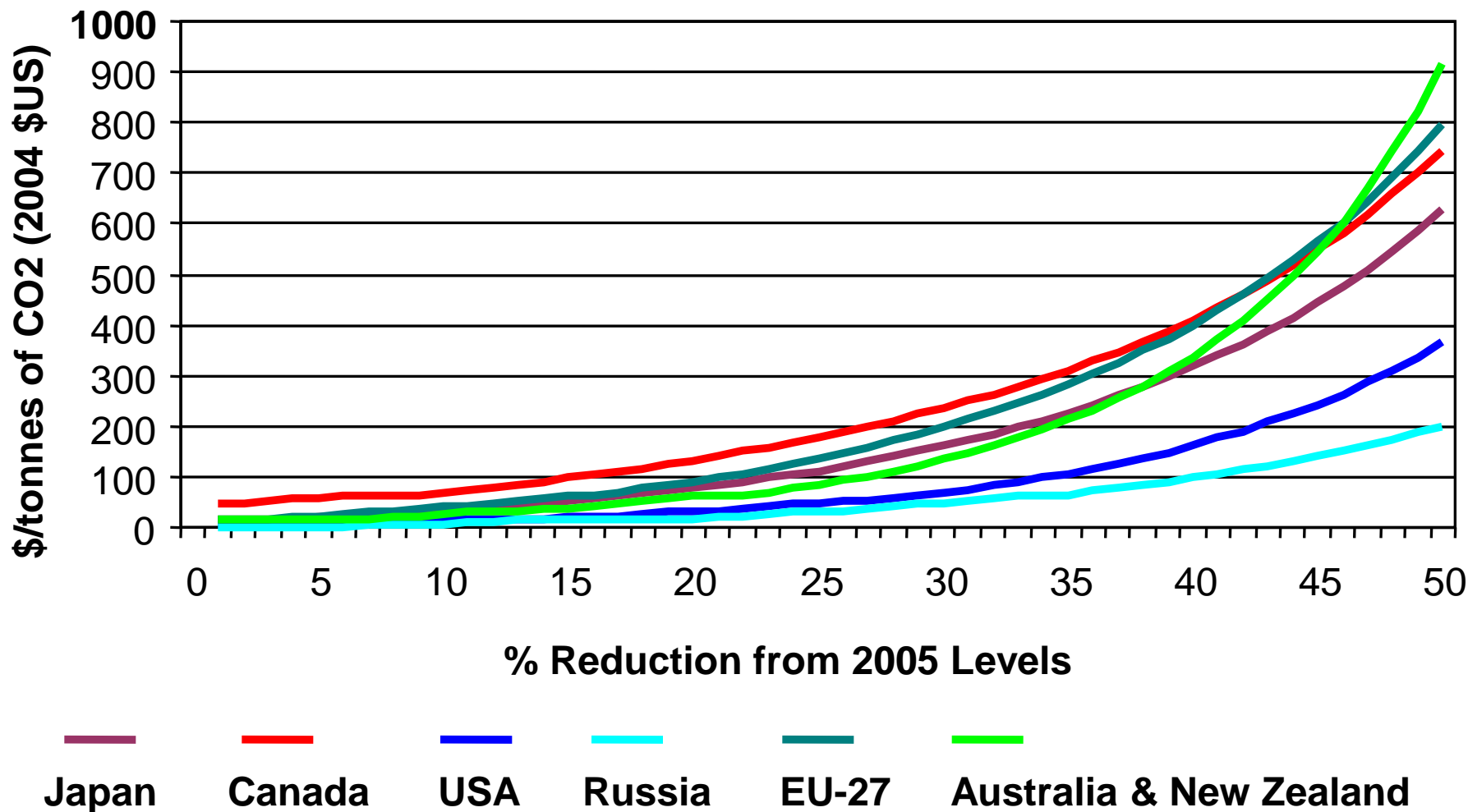


# Factors Influencing Canadian Policy Approaches

- **Energy economy / political economy**
  - Large, growing energy exports to U.S.
  - Uneven emission profiles across country
- **Tepid Kyoto Protocol progress within Canada**
- **Public consensus not yet there**
- **Minority Parliament difficult**
- **Common provincial approaches – cap/trade not tax**



# Differences between energy-economies: Marginal abatement cost curves\*



\*Figure courtesy of Environment Canada.



# Government of Canada's Key Climate Change Principles

1. Balance environmental protection and economic prosperity
2. Maintain a long-term focus
3. Develop and deploy clean technologies
4. Engage all emitting countries
5. Constructive engagement in international negotiations



# Federal Climate Policy Elements

1. Regulatory approach
  2. Intensity targets leading to hard caps
  3. Implied cap-and-trade for LFEs
  4. Offset market
  5. Technology fund: \$15/ton, growing by GDP
  6. Vehicle emissions – match U.S.
  7. Sectoral approaches
- *Timing: 2009 - Policies*
    - 2010 - Regs*
    - 2011 - Implementation*



# Canadian Emission Reduction Targets

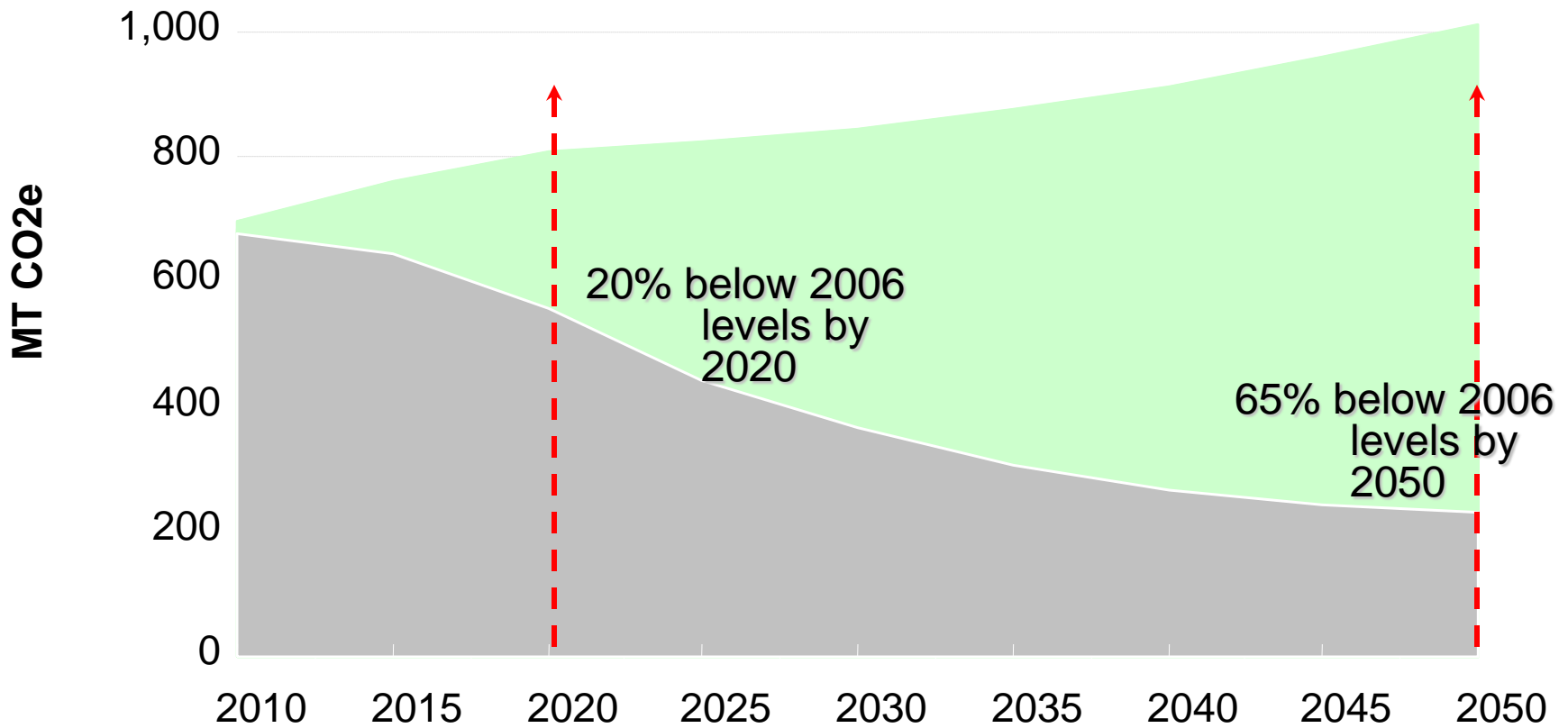




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# ACHIEVING 2050: OBJECTIF 2050:

A CARBON PRICING POLICY FOR CANADA POLITIQUE DE PRIX POUR LE CARBONE POUR LE CANADA



# Carbon Pricing Project Purpose



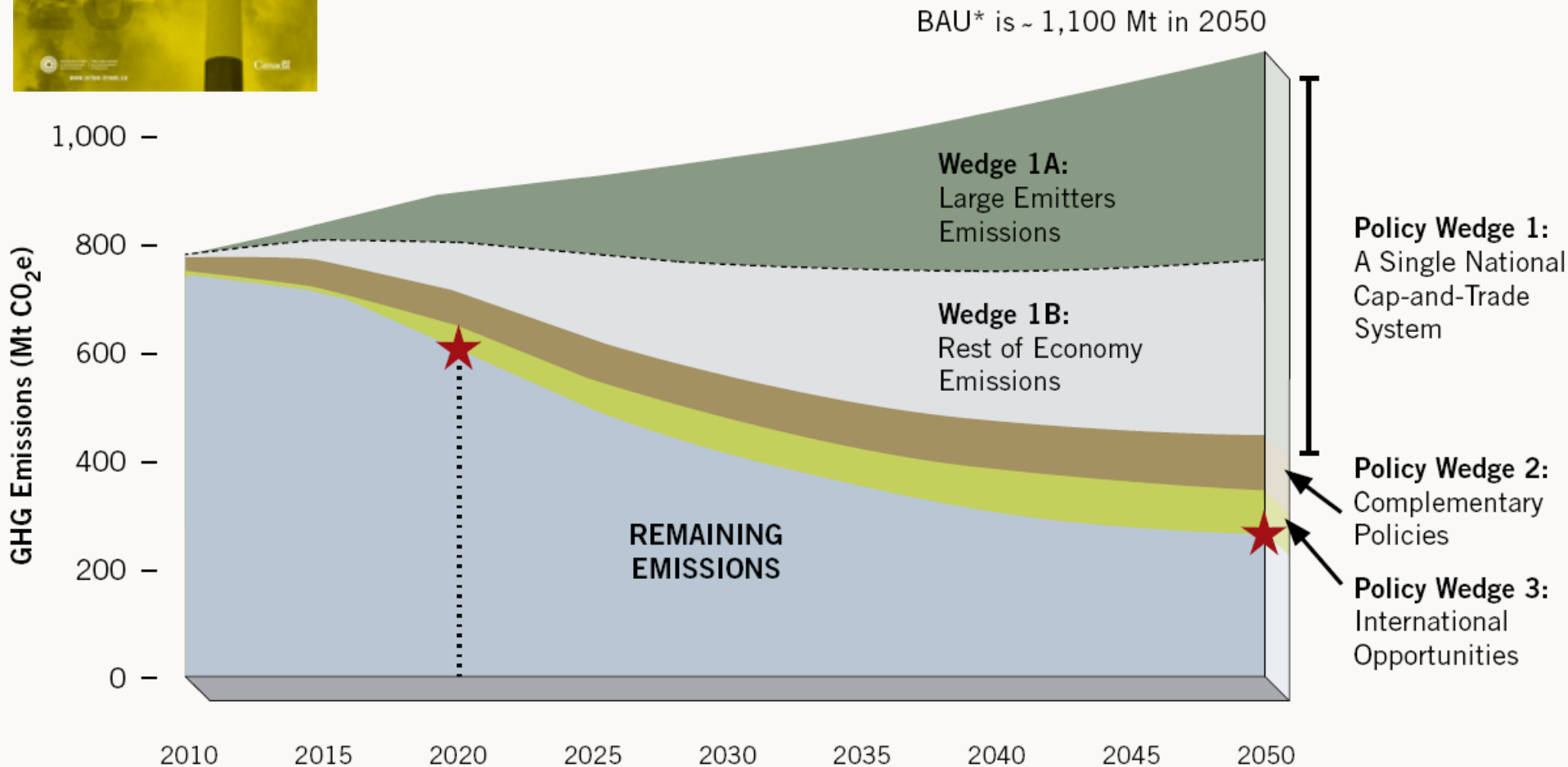
## Goals:

1. Propose a carbon pricing policy that meets the government's GHG emission reduction targets (20% below current levels by 2020; 65% by 2050) at least economic cost;
2. Minimize adverse impacts on regions, sectors and consumers.

# Main Design Elements

1. National Cap-and-Trade System
2. Complementary Regulations and Technology Policies
3. International Carbon Abatement Opportunities
4. New Governance Mechanisms

# The Carbon Pricing Policy “Wedges”



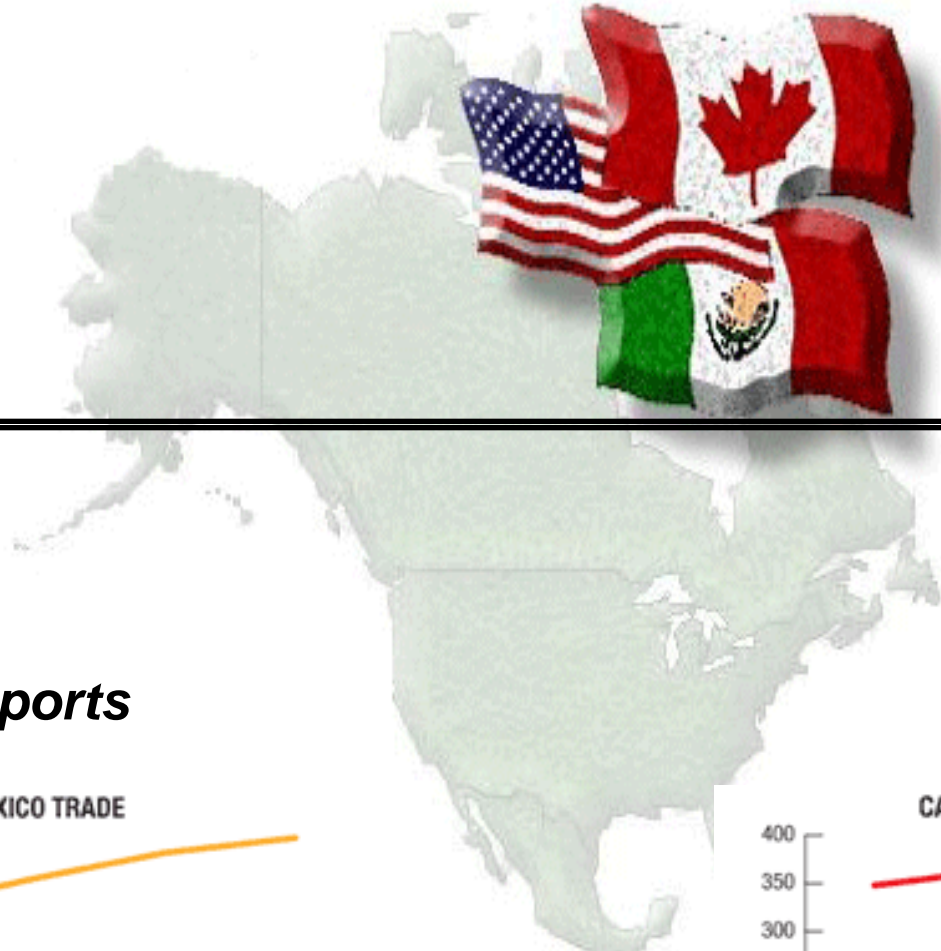
# NRTEE Principles for Carbon Pricing Policy Design

1. Focus on carbon prices and economic efficiency
2. Move to uniformly apply price across all emissions
3. Contain costs initially, then transition the policy to deliver more certain emission reductions over time
4. Position Canada to participate in international policy frameworks
5. Develop governance mechanisms to set policy but also to update expectations about future prices



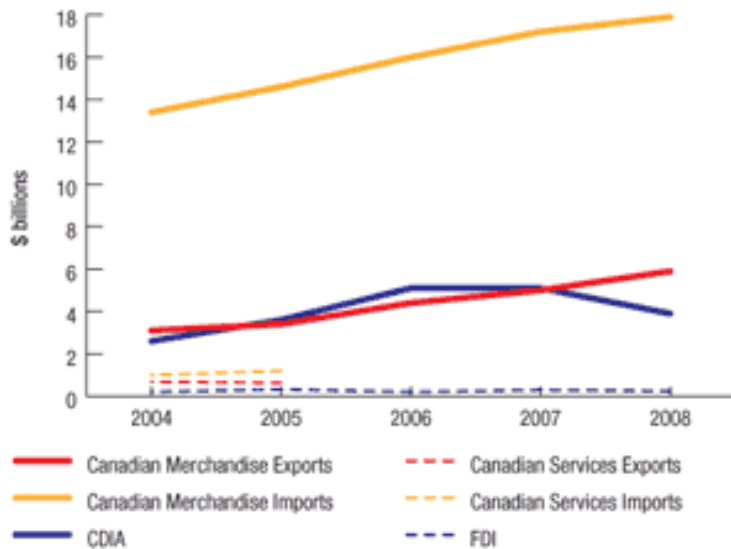
# Why Cooperate Regionally?





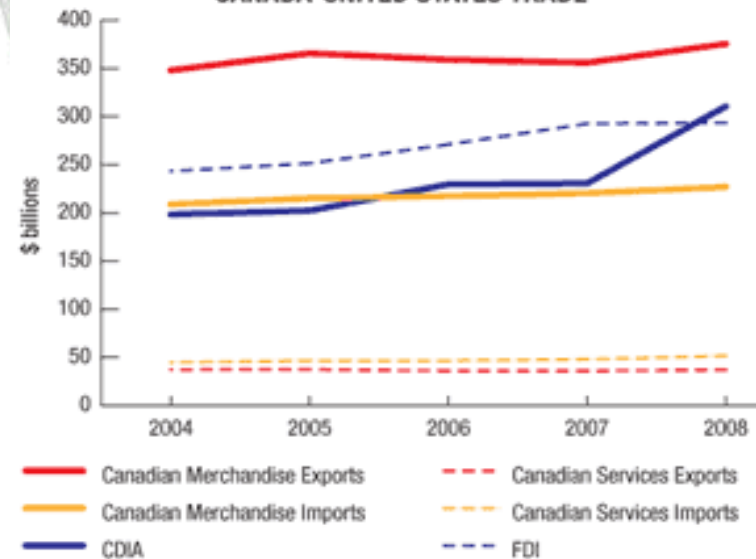
## 1% of Exports

CANADA-MEXICO TRADE



## 81% of Exports

CANADA-UNITED STATES TRADE





# Canada-U.S. Most Important





# Clean Energy Dialogue



Working Groups on: CCS, R&D, Electricity Grid





# Key Alignment Issues for Canada

- Stringency – targets
- Timing – phased, by sector
- System – compatibility
- Competitiveness - allocations
- Protectionism - BCAs



# Where Are We At?

- **Transition to Copenhagen**
- **Federal government detailing more policies**
- **Provinces moving on carbon trading, green energy**
- **Watching U.S. developments – Waxman/Markey**
- **Following U.S. developments – vehicle emission standards**
- **Seeking to engage U.S. bilaterally – clean energy dialogue**



[www.nrtee-trnee.ca](http://www.nrtee-trnee.ca)

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