Climate change presents environmental, political, social and economic challenges worldwide. As the pressure mounts for global leaders to take action to meet the commitments they made at the UN Climate Change Conference in Paris in December 2015, Canada’s provincial governments are adopting policies to reduce greenhouse gas (GHG) emissions in the absence of a national climate change strategy. In addition, newly elected Prime Minister Trudeau has been under mounting pressure to ensure that Canada, whether at the federal level or through a network of provincial policies, has the mechanisms in place to compete on a world stage. Canada’s new frontier of climate change management will increase dependence on renewable power production and is geared to rely heavily on our plentiful natural gas resources rather than coal-fired production.

In Alberta, the government has announced an aggressive climate change leadership plan in an effort to clean up the province’s carbon reputation. The multi-part new plan maintains the previously existing
$30-per-tonne levy on large industrial carbon emitters, and also introduces an economy-wide carbon levy applicable to all Alberta consumers as well as an accelerated phase-out of coal by 2030, with two-thirds of the replacement capacity targeted to be filled by renewable power. The government’s advisory panel recommends limited government subsidies for renewable power projects (through competitive technology-neutral renewable energy credit auctions with a price collar of $35/MWh or $90/t) to facilitate the shift from coal-fired to renewable power generation in Alberta. However, industry participants speculate that new renewable project development, particularly for more expensive options like solar, will require greater financial support from government than that. Among other issues, both renewable energy project proponents and other industrial emitters are asking about: whether financial incentives will be provided for new natural gas-fired projects to provide much-needed baseload reliability during the coal phase-out; what mechanisms other than the allocation of carbon tax proceeds will be offered to compensate coal generators; and transmission issues affecting new project development.

Similarly, Ontario and Québec have both introduced a cap-and-trade system for carbon emissions. In Ontario, the government has been actively procuring renewable energy since 2003 and mandated the shutdown or conversion of all coal-fired electricity facilities in the province, the last of which ceased burning coal in early 2014. Separately, in April 2015 the Ontario government announced it would be implementing a GHG cap-and-trade program designed to reduce greenhouse gas emissions to 80% below 1990 levels by 2050. While limited details were released at that time, the Province made clear that the program would be implemented through (and linked with) the Western Climate Initiative (WCI), the largest regulatory carbon market in North America, which includes Quebec and California. On November 16, 2015, the Ontario Ministry of Environment and Climate Change (MOECC) unveiled a discussion paper entitled, “Cap-and-Trade Program Design Options” which identified proposed design options and solicited stakeholder feedback until December 15, 2015. The MOECC provided a summary of the feedback received through a series of webinars in January, 2016 and has indicated its intent to review and incorporate such feedback into a draft regulatory proposal to be tabled in early 2016.

British Columbia’s carbon tax, implemented in 2008, puts a price on fossil fuels burned, with every dollar of revenue collected from the tax returned to provincial taxpayers and businesses through tax cuts. At the same time, British Columbia has passed additional carbon compliance legislation to apply to the coal and liquefied natural gas industries.

Other provinces may soon scramble to introduce their own climate change regulations, or bolster the policies already in place.

As there are a variety of approaches to carbon management in Canada, large greenhouse gas emitters will be challenged to find the most efficient and cost-effective ways to comply with the diverse and still-evolving regulations. For some, these regulations also present significant opportunities for the market- or government-supported development of renewable power production, cogeneration facilities and operational efficiency measures.
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Renewable Energy and Climate Change: Canada's New Fron... ga on; Regulatory, Environmental, Aboriginal and Land

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Climate change presents environmental, political, social and economic challenges worldwide. As the Government of Canada, whether at the federal level or through a network of provincial policies, has the mechanisms in place to compete on a world stage. Canada’s new frontier of climate change management will increase the country’s leadership in renewable energy and resource development. Canada’s new frontier of climate change management will increase the country’s leadership in renewable energy and resource development.

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Other provinces may soon scramble to introduce their own climate change regulations, or bolster the policies already in place. For some, these regulations also present significant opportunities for the market—whether to seize new opportunities or to diversify into new fuels. For others, the regulations will be challenged to find the most efficient and cost-effective ways to comply with the diverse and still-evolving regulatory framework.

Canada’s new frontier of climate change management will increase the country’s leadership in renewable energy and resource development.