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RE: Clean Air Council Member Feedback to the Province of Ontario’s EBR Registry Number 012-6837 Cap and Trade Regulatory Proposal and Revised Guideline for Greenhouse Gas Emissions Reporting

The Clean Air Council (CAC) is a network of 27 municipalities and health units from across the Greater Toronto, Hamilton and Southwestern Ontario Area¹ who collaboratively work on the development and implementation of clean air and climate change mitigation and adaptation actions. The CAC is proud to have the Province of Ontario as a CAC member. We are excited to work together to help support the development and implementation of the Province’s Climate Change Action Plan that will enable Ontario and CAC member jurisdictions to jointly achieve our greenhouse gas reduction and community sustainability targets.

As the majority of Ontario’s greenhouse gas emissions (60%) originate in cities, provincial greenhouse gas reduction targets can only be met with concerted climate action within communities and by municipalities. To enable this, more needs to be done across Provincial ministries to empower and enable municipalities to act on the greenhouse gas reduction opportunities that exist within their communities.

CAC members² support the Province’s leadership in pricing carbon, and commend Ontario’s signing of the Vancouver Declaration on Clean Growth and Climate Change. As stated in that Declaration, society stands on the threshold of building a clean growth economy and Provincial leadership and action is fundamental to ensuring Ontario is a leader in that economy, and not simply a consumer of it.

In addition to the comments provided below on the Cap and Trade regulation and guidelines, the CAC has identified priority actions needed to enable Ontario municipalities to work with the Province to achieve meaningful greenhouse gas reductions (Section 8).

¹ CAC Municipal and Public Health Unit members include: Ajax, Aurora, Brampton, Burlington, Caledon, Clarington, Durham Region, East Gwillimbury, Halton Region, Halton Hills, Hamilton, King, London, Markham, Mississauga, Newmarket, Oakville, Oshawa, Peel Region, Pickering, Richmond Hill, Simcoe-Muskoka District Health Unit, Toronto, Vaughan, Whitby, Windsor, York Region.

² Municipal staff representatives on the Clean Air Council (CAC) were consulted in the preparation of this submission to reflect the priorities and directions of the member municipalities, but direct endorsement of this document by Municipal Councils was not sought due to the limited time frame of consultations. Many municipalities are also preparing their own independent submissions. CAC representatives are the municipal change agents within leading climate change action municipalities and have been working collaboratively across the region for the last 15 years to support and enable progress on clean air and climate change actions. The consultations were facilitated by the Clean Air Partnership, a charitable environmental organization that serves as the secretariat for the Clean Air Council.

1. Carbon Allowances

The CAC would like to recommend that the Province review its approach of providing 100% free allowances to large emitters (above 25,000 CO₂e) for the first allowance period and provide greater clarity on the allowance system for the post 2020 time period. It is recommended that if free allowances are provided that those allowances are targeted towards the most vulnerable sectors that face genuine carbon competitiveness pressures, that they be transparent, be justified by data and analysis, and be temporary³.

The CAC is pleased that the cap and trade design will include natural gas and transportation fuels as this does ensure that the cap and trade design has a broad coverage and provides some of the required financial resources needed to achieve the targeted greenhouse gas reductions that will advance Ontario's low carbon economy and communities.

2. Ensuring Transparency, Accountability and Effectiveness of the Greenhouse Gas Reduction Account

The CAC is pleased that the cap and trade funds will be administered via a separate Greenhouse Gas Reduction Account and would recommend the Regulation provide increased transparency and clarity for how these funds can be allocated. The CAC would highly recommend that these funds be allocated to **new** greenhouse gas reduction efforts and not be used to finance actions already being undertaken and committed to within provincial ministries. As such, the cap and trade proceeds must be contained in a separate special purpose account in order to ensure the integrity and effectiveness of the program. In addition, strengthening the language in the Regulation to ensure that the cap and trade funds are for the specific purpose of supporting new greenhouse gas reductions will be integral to: building and maintaining the public's support for the cap and trade system; reinforcing the message of the importance of ramping up climate change actions; and increasing the recognition of the role carbon pricing plays in ensuring Ontario's movement towards a low carbon economy.

3. Leveraging Existing Legislation and Reducing Cost Vulnerabilities

In addition, while it should be recognized that the cap and trade system will result in increased costs for municipalities due to increased fuel prices, the urgent need to act on climate change warrants for Ontario to join a growing international response to reduce greenhouse gas emissions by establishing a price on carbon. The CAC recommends that the Greenhouse Gas Reduction Account be leveraged to support the implementation of actions that will enable municipalities to reduce their greenhouse gas emissions and their vulnerability to energy and carbon price increases. Advancing the implementation of greenhouse gas reduction efforts at the municipal corporate level will also further the results achieved via Ontario Regulation 397/11 Energy Conservation and Demand Management Plans which requires that public agencies prepare, publish, make available to the public and implement energy conservation and demand management plans.

4. Recognizing the Importance of Capacity Building and Public Awareness and Engagement

³ More information on the policy implications of providing 100% free allowances and recommendations for how to handle competitiveness pressures can be found in the [Provincial Carbon Pricing & Competitiveness Pressures](#) Report by Canada's Ecofiscal Commission.

In addition to the eligible expenses identified thus far within the Greenhouse Gas Reduction Account it is essential to remember that actions that build capacity within sectors (including the municipal sector) and build the public's access to information on climate change awareness and literacy and the need to mitigate and adapt to climate change, are worthy and in need of financial support. While it is more challenging to allocate a quantifiable greenhouse gas reduction to these types of actions, they are needed in order to move Ontario towards a low carbon economy; ensure Ontario's environmental, social and economic sustainability; and communicate the role putting a price on carbon plays in achieving these goals.

5. Offsets

The Regulation has identified offsets as an eligible compliance tool under the cap and trade program. CAC members look forward to obtaining more information via separate legislation that will describe the requirements needed to create, verify and register offset credits. Greenhouse gas reduction opportunities achieved within Ontario communities will serve to provide local offsets that provide environmental, social and economic co-benefits to Ontario's communities and further ensure Ontario's economic resilience and competitiveness.

6. Climate Change Adaptation

CAC member municipalities have taken a strong leadership position on actions to mitigate and adapt to climate change. Attached you will find the 2015 Clean Air Council Declaration & Progress Report that outlines the commitments made and actions and targets achieved by CAC municipalities (Attachment 1). In addition to the various community sustainability and mitigation actions outlined in the CAC Progress Report, over the last decade CAC members have allocated significant resources and efforts to developing Climate Adaptation and Resilience Plans. The **Cap and Trade Regulatory Proposal and Revised Guideline for Greenhouse Gas Emissions Reporting** does not speak to the urgent need to advance climate change adaptation and resilience within Ontario communities. However, with the increased vulnerability of Ontario communities to extreme weather events, the **CAC highly recommends that Ontario increase the capacity and ability of municipal authorities to develop, fund and implement climate change action plans that help municipalities adapt to climate change.**

7. Enabling and Empowering Municipalities to Act on Climate Change

Carbon pricing on its own is not likely to be able to achieve the ambitious targets committed to via this Act, the Paris Agreement, as well as by a number of CAC municipal members. The experiences of the CAC members shows that while coordination within and among municipal departments and provincial ministries is challenging, it is key to identifying misalignments and furthering successful implementation of various plans and policies. The Clean Air Council municipal members are **keenly interested in developing a long-term collaborative process that brings together Clean Air Council member municipalities with the various Province of Ontario ministries** to empower Ontario municipalities to be able to act on the climate change mitigation and resilience opportunities within their communities.

While the Province has been making significant progress on inter-ministerial coordination and collaboration, the sheer enormity of the climate change challenge requires that all provincial ministries incorporate climate change into their mandate and be held accountable for advancing climate change action opportunities within that mandate. CAC members would like to work with all provincial ministries to achieve that goal but in particular would like to work with the Ministry of Environment and Climate Change, the Ministry of Municipal Affairs and

Housing and the Ministry of Energy to achieve the following CAC recommendations that will empower Ontario municipalities to advance climate change actions within their communities.

- 7.1 Requirements for municipalities to incorporate the development and implementation of climate change action plans/targets/reporting into their Official Plans** would greatly facilitate the uptake of climate change considerations into the municipal mandate and structure, (similar to what was done in British Columbia with their [Green Communities Act](#)). For more information on the lessons learned from provincial and municipal collaboration on climate change in British Columbia see [Sustainable Prosperity's Provincial Climate Action Plan and Local Governments: Lessons from British Columbia](#).
- 7.2 Advancing the mandate for local governments to act on climate change.** Municipal action on climate change would be strengthened if the General Principles section of the Municipal and City of Toronto Act would expand on the current purpose by adding *“improve the environmental well-being of residents through actions to mitigate and adapt to climate change”*.
- 7.3 Clarifying municipal authority to adopt mandatory green development standards:** Greater clarity within the Municipal Act, City of Toronto Act and/or the Planning Act *acknowledging the authority of municipal governments to adopt and implement mandatory green development standards* would enable increased adoption of actions aimed at increasing building energy efficiency, community sustainability actions and other environmental priorities within new developments.
- 7.4 Enabling increased authority on the part of municipalities to enact climate change mitigation and adaptation by-laws and policies to more effectively enable actions,** such as, but not limited to, reducing greenhouse gas emissions through increased waste diversion, improving energy and water efficiency and ensuring greater resiliency of infrastructure and buildings.
- 7.5 That the value of urban forests and natural areas as a community service and asset that provides significant ecological services and value be factored into municipal asset management.** For example a number of Clean Air Council members have undertaken iTree Studies that have identified the significant ecological services provided by urban forests and a scan of their various Clean Air Council Urban Forestry actions is available at:
http://www.cleanairpartnership.org/files/Urban_Forestry_Scan_March_2012_1.pdf.

In addition the TD Economics Report available at:

<http://www.td.com/document/PDF/economics/special/UrbanForests.pdf> has identified the significant value of the ecological services provided by Toronto's urban forest.

Increased recognition of the ecological value provided by green infrastructure such as natural areas to protect watershed management, improve stormwater management, provide communities with increased resilience and protection from extreme weather impacts within the Municipal Act/City of Toronto Act would better enable municipalities to enact programs and policies such as those identified within the Clean Air Council Report [Natural Capital and Why it Matters](#).

7.6 Increased recognition of the municipal role in advancing community energy planning. Community Energy Planning is a comprehensive, long-term plan that helps to define community priorities around energy with a view to explore how energy is and could be used, generated, and delivered in the community now and into the future. This increased recognition would better enable increased momentum for the creation of holistic and integrated community energy plans that identify opportunities to better meet local energy needs in the most efficient, cost-effective and resilient way possible. In addition, CAC members would like to work with provincial staff in removing policy and financial barriers that undermines the ability of municipalities and other stakeholders within their community to implement the actions identified within their Community Energy Plans.

7.7 Centralizing energy data collection and analysis. Significant time and resources are required on the part of municipalities to undertake the energy inventories needed to identify opportunities to reduce energy use, increase energy resilience and meet energy needs more locally. Significant economies of scale are achievable by centralizing the collection and analysis of energy data for municipalities to better enable them to allocate more time and financial resources into the community energy planning and implementation actions rather than data collection. For example the Community Energy and Emissions Inventory (CEEI) program delivered in British Columbia has been recognized as an initiative that has enabled BC municipalities to make more progress than municipalities in other provinces and territories on implementing climate change actions within their communities.

7.8 Increased Support for Municipal Climate Change Adaptation. The costs of adapting to climate change are significant and exceed the ability of the municipal property tax base alone to fund. Moreover, this climate deficit builds on an existing infrastructure deficit. An important part of the Province's forthcoming Climate Action Plan should be a new dedicated Climate Resilience Fund designed to strategically direct and financially assist municipalities to make the necessary investments in new and retrofitted infrastructure and programs to monitor, respond to and prevent climate related damage. It should be designed as a matching grant to which local governments make applications which meet prescribed criteria demonstrating proactive climate adaptation planning and local co-funding. Other tools that would support community resilience include:

- Resilient Building Tool: A Building Code that integrates climate change as outlined in the Minister's MMAH Mandate Letter from the Premier, *"...moving Ontario forward as the North American leader in climate-resistant and environmentally efficient construction"*.
- Decision Making Tool: Providing communities with the needed climate information that would enable them to determine appropriate infrastructure assessment and design to address climate change vulnerabilities and impacts.
- Emergency Planning Tool: Emergency preparedness support to ensure municipal preparedness for extreme weather events such as wind, rain and ice storms and extremes of heat, humidity and smog.
- Risk Mitigation Tool: Enable municipalities to protect against climate change risks and liabilities by preparing climate change strategies and policies with associated implementation programs.

7.9 Knowledge Sharing and Network Building: Facilitating knowledge sharing within and among municipalities on climate change actions, policies and innovation is a fundamental component of

informing and inspiring action. Co-ordination between municipal departments (“horizontal integration”) and between local, regional and provincial networks (“vertical integration”) is critical. Building the capacity and ability for local governments to share and build on each other’s experiences and lessons learned will reduce the need for local governments to have to recreate each other’s efforts and better enable them to build on each other’s work and results.

Allocation of resources to enable that peer-to-peer knowledge sharing and network building will be essential to achieve scale and to build upon success. CAC members recognize the provincial efforts that have gone into increasing inter-ministerial coordination and collaboration and recognize from experiences within their own municipalities that this is not an easy task. However it is imperative to advance our abilities to work across ministries, departments and sectors to achieve the goals and targets we have all committed to. The CAC commits to working with Ontario to help support the inter-ministerial collaboration needed to act on the above recommendations and is able to serve as the facilitator of on-going collaborative efforts.

Clean Air Council members once again commend the Province of Ontario for the leadership it has displayed in committing and following through on developing a carbon pricing mechanism, setting targets to reduce greenhouse gas emissions, protecting southern Ontario’s natural capital and advancing policies aimed at supporting the building of more sustainable and efficient communities. The Clean Air Council believes that the incorporation of the above suggested Act and policy recommendations will **greatly advance Ontario’s leadership position in the emerging clean growth economy.**

For more information on the Clean Air Council and to advance the long-term collaborative process between Clean Air Council member municipalities with the various Province of Ontario ministries please contact Gabriella Kalapos, at gkalapos@cleanairpartnership.org or 416-338-1288.