

**RE: Clean Air Council Member Feedback to the Province of Ontario's Bill 4, Cap and Trade Cancellation Act, 2018**

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The Clean Air Council (CAC) is a network of 28 municipalities and health units from across the Greater Toronto, Hamilton and Southwestern Ontario Area<sup>1</sup> who collaboratively work on the development and implementation of clean air and climate change mitigation and adaptation actions. More information on the Clean Air Council is available [here](#). CAC representatives are the municipal change agents within leading climate action municipalities and have been working collaboratively across the region for the almost 20 years to support and enable progress on clean air and climate change actions. This consultation was facilitated and is endorsed by the Clean Air Partnership, a charitable environmental organization that serves as the secretariat for the Clean Air Council.

CAC member municipalities represent over half the population of the Province of Ontario and with over 55% of Ontario's greenhouse gas (GHG) emissions coming from buildings, transportation and waste; enabling municipalities to reduce their community's GHGs is key to achieving clean air and climate change goals. The actions that also address GHGs will also play a key role in ensuring Ontario advances towards a competitive position in the low carbon economy.

There are many reasons to invest in a low carbon economy. Not only does it make good business sense (saving energy and reducing energy costs), but it is also necessary for addressing climate change. The International Energy Agency (IEA) estimates we need \$10.5 trillion in incremental investment globally in low-carbon energy technologies and energy efficiency by 2030. This estimate is across all sectors, including power, transport, residential and commercial building equipment, and industrial sectors, in order to limit global temperature increases to 2°C, the threshold that the United Nations Intergovernmental Panel on Climate Change has identified as necessary for "avoiding catastrophic climate change." This transformation presents a significant growth opportunity to Ontario's economy especially as it relates to electric and autonomous vehicles as well as building energy efficiency renovations (which create well-paying jobs that cannot be outsourced from Ontario). It also provides the opportunity for Ontario to participate as a player in the emerging low carbon economy while making our communities better places to live.

Slow action to address climate change will most certainly have higher costs in comparison to investments implemented today. Unless we act fast, we will have to pay an ever-increasing price in economic damages that are far in excess of the costs associated with GHG reduction. The US Council of

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Economic Advisors found that if delayed action causes the mean global temperature increase to stabilize at 3°C above preindustrial levels, instead of 2°C, that delay will induce annual additional damages of 0.9% of global output. To put this percentage in perspective, 0.9% of Ontario's 2017 GDP is \$7.5bn. An additional degree increase, from 3° to 4°, would incur greater additional annual costs of 1.2% of global output or almost \$10 billion dollars from Ontario's GDP. These costs are not one-off costs: they would be incurred year after year because of the permanent damage caused by additional climate change resulting from the delay.

It is also worthwhile to note, in light of the costs from extreme weather that Ontario and other jurisdictions have incurred, these estimates are likely to be significant underestimations. Climate change impacts are already costing everyday Ontarians significant financial and social costs through extreme weather; cleaning up flooded basements, fighting forest fires, and evacuating homes threatened by those fires, as well as suffering health impacts from polluted air and extreme heat.

In recent years, Ontario has seen a rise in climate-related extreme weather events, which have brought to the forefront both climate and infrastructure vulnerabilities, through extreme rain, wind, freezing rain and ice, and flooding. As per the Insurance Bureau of Canada (IBC), "the costliest insured severe weather event of all time for Ontario remains the 2013 Toronto floods, which alone caused almost \$1bn in damage." The year 2018 on its own has seen numerous extreme weather storms, resulting in the following insured losses (not including costs to governments):

- January 2018: Winter storm damage in Toronto, London & southwestern Ontario of nearly \$10m
- February 2018: Water and winter storm damage in southern Ontario of over \$40m
- Early April 2018: Wind and rain storm damage in southern Ontario topping \$79m
- Mid-April 2018: Winter storm and ice storm in Toronto and southwestern Ontario of over \$187m
- May 2018: Wind and rain storm in Hamilton & the GTA of over \$500m
- August 2018: Extensive flooding due to rain storm in Toronto of over \$80m

According to the IBC, as of September 2018 severe weather across Ontario has caused close to \$1bn in insured damages. These impacts are on top of a number of recent extreme weather events that have already caused significant costs for municipalities, insurance companies and Ontarians.

- In 2016 Windsor's flooding caused \$108m in insured losses and Windsor's 2017 flooding caused \$124m in insured losses. A survey of flooding victims found that an estimated 45% of the residents had insurance cover these losses. The rest used personal savings, cashed in RRSPs, remortgaged their property, and/or borrowed from family and friends. This survey also highlighted the emotional toll it has taken on those who have flooded (i.e. increased anxiety, fear).
- Estimated insurance cost of the 2014 flood in Burlington was close to \$90m.

- The 2013 Ice Storm resulted in \$65m in direct costs to the City of Toronto and \$940m in insured losses.
- The 2013 Flood in Toronto resulted in \$103m in direct costs to the City of Toronto and almost \$1bn in insured losses.
- The 2005 Flooding resulted in \$50m in direct costs to the City of Toronto and \$500m in insured losses.

CAC member municipalities have taken a strong leadership position on actions to mitigate and adapt to climate change. Attached you will find the [2015 - 2018 Clean Air Council Declaration & Progress Report](#) that outlines the commitments made and actions and targets achieved by CAC municipalities (See Supporting Links). 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 Change Mitigation and Adaptation Plans.

The Clean Air Council has voiced its support for putting a price on carbon in a number of past submissions to Environmental Bill of Rights (EBR) Postings. This support speaks to the role carbon pricing has played in other jurisdictions for:

- recognizing the externalities associated with energy generation and consumption (that taxpayers are presently paying for);
- creating a more level energy playing field; and
- providing a source of public capital that leverages private capital that can be used to invest in our transformation to a low carbon economy (these low carbon transformation funds are unlikely to be provided by the provincial Consolidated Revenue Stream or the municipal property tax base).

It should be recognized that the cap and trade system did result in increased costs for municipalities due to increased fuel prices. The urgent need to act on climate change, however, warranted Ontario joining a growing international response to reduce GHGs by establishing a price on carbon.

The important role that cap and trade funds played in advancing municipal implementation of cost saving and energy reduction actions is demonstrated by the 336 applications from 117 municipalities that were received by the Province for the first round of the Municipal Challenge Fund. Funds from the Greenhouse Gas Reduction Account were to be allocated to municipalities and other public sector agencies such as hospitals and schools to lower GHGs while addressing Ontario's \$60bn municipal infrastructure deficit. If not carbon pricing, then other economic mechanisms are needed to invest in Ontario's infrastructure and energy transformation that will enable us to be a participant in the emerging green economy, rather than just a consumer of other countries' low carbon economy.

The Clean Air Council is pleased that the Province of Ontario has committed to developing a new Climate Change Action Plan that will outline how it will advance climate action. It is essential that Ontario's GHG reduction targets are science-based, in line with the IPCC and Canada's international

commitment to limit warming to 1.5°C, while reducing Ontarians' vulnerability to energy and carbon price increases, and fostering Ontario's low carbon economy. The CAC looks forward to working with the Province to start building a strong and effective plan immediately, beginning with the consultation of Ontario municipalities, businesses, scientists, economists, and others who understand the sources of, and solutions to, carbon pollution. In addition, we ask that you commit to a firm timeline for establishing the new climate change plan and emission reduction targets, including opportunities for all Ontarians to participate and give feedback into this Plan. The Plan should also include a commitment to an open and transparent progress monitoring and reporting structure.

Cancelling cap and trade does not address the urgent need to advance climate change adaptation and resilience in Ontario communities. It is our hope that Ontario's new provincial government will recognize and act on the increased vulnerability of our communities to extreme weather events. The CAC highly recommends that Ontario, in addition to advancing a Climate Change Mitigation Plan, also advance a provincial Climate Change Adaptation/Resilience Plan. This Plan should speak to the need to increase the capacity and ability of municipal authorities to develop, fund and implement climate change action plans that help municipalities adapt to climate change.

There are a number of climate resilience actions that address both mitigation and adaptation and have long-term savings for residents and governments, including:

- Tree canopy investments, as documented recently by TD Economics Special Report, September 2014, have a number of ecosystem services benefits and contribute to complete streets and active transportation;
- On-site renewable energy generation and energy storage costs are decreasing at a rapid rate and present an opportunity to meet local energy needs with local solutions, allowing them to play a larger role in a more flexible, resilient and lower-cost energy grid;
- Investments in advancing our electric vehicles and associated charging infrastructure in order to retain more energy dollars within the province (most energy dollars spent on fossil fuel leaves the province and does not result in local economic benefits and electric vehicle charging provides an ideal mechanism to make maximum use of Ontario's electricity assets);
- Ongoing improvements to the Ontario Building Code towards low-carbon and resilient new construction; and
- Retrofitting the existing building stock for energy efficiency and weather-proofing.

The CAC does not support the allocation of Ontario's financial resources to challenge the authority of the federal government's ability to implement a carbon price. The issue of climate change requires all orders of government to work together to ensure Ontario's and Canada's long-term future. Climate change poses a significant risk to that future. Debate and discussion on how best to meet our climate change challenges and opportunities is healthy and encouraged, but commitment to the necessary GHG reduction targets should be supported by all orders of government. Carbon pricing has been found to be a necessary and effective avenue for encouraging and financing GHG reduction actions.

Significant experience and expertise exists within the Clean Air Council network and we look forward to working with the Province of Ontario to reduce our risks from the impacts of climate change and advance our low carbon transformation. It is only by increasing the communication and alignment between the province and municipalities that we will be able to create the livable, resilient and economically competitive communities Ontarian's desire. We share the desire to see Ontario's economy grow and thrive. Helping businesses, municipalities, organizations, workers and individuals transition to clean, lower-cost, energy-efficient solutions can make our province more competitive and healthy, create new jobs in many industries, increase Ontario's energy independence, and reduce carbon pollution all while cutting energy costs.

The Clean Air Council looks forward to ensuring a collaborative and engaged relationship between Provincial Ministries and the Clean Air Council network. Please contact Gabriella Kalapos for more information on the Clean Air Council networks as well as any additional information on any of the above input.

### **Footnotes attached to submission**

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

Municipal staff representatives on the Clean Air Council (CAC) were consulted in the preparation of this submission to reflect the feedback of member municipalities but direct endorsement of this submission by municipal councils was not sought due to the short time frame for this consultation which does not allow for adequate time to seek council endorsement and also doesn't allow for municipalities to submit their own submissions.

### **References and Additional Data:**

- Insurance Bureau of Canada. 2018 extreme weather costs <http://www.ibc.ca/on/resources/media-centre/media-releases/toronto-flood-causes-over-80-million-in-insured-damage>, <http://www.ibc.ca/on/resources/media-centre/media-releases/may-windstorm-largest-insured-event-in-ontario-in-5-years>
- Bloomberg NEF. Growth projections for EVs <https://bnef.turtl.co/story/evo2018?teaser=true>
- International Energy Agency. International Energy Investment 2017 <https://www.iea.org/publications/wei2017/>
- The Council of Economic Advisors. The Cost of Delaying Action to Stem Climate Change: <https://obamawhitehouse.archives.gov/blog/2014/07/29/new-report-cost-delaying-action-stem-climate-change>

- TD Economics. The Value of Urban Forests in Cities Across Canada  
<https://www.td.com/document/PDF/economics/special/UrbanForestsInCanadianCities.pdf>
- Clean Air Council 2015-2018 Inter-Governmental Declaration on Clean Air & Climate Change  
<http://www.cleanairpartnership.org/wp-content/uploads/2016/10/Declaration-with-cover.pdf>