



Ontario's Action on Climate Change

February 2017

Ministry of the Environment and Climate Change

OVERVIEW OF ONTARIO'S RECENT ACTION

- We have had a busy few years:
 - Ontario's Climate Change Strategy released in November 2015
 - *Climate Change Mitigation and Low-carbon Economy Act, 2016* passed in May 2016
 - Cap and Trade Program introduced in May 2016
 - Climate Change Action Plan released in June 2016
 - Cap and Trade compliance period began January 2017
- Ontario is building on significant progress to date in order to meet our ambitious goals:
 - 15% below 1990 by 2020
 - 37% below 1990 by 2030
 - 80% below 1990 by 2050

CLIMATE CHANGE MITIGATION & LOW-CARBON ECONOMY ACT, 2016

- The Climate Change Mitigation and Low-carbon Economy Act (the Act) received royal assent on May 19, 2016.
- The Act establishes a long-term framework for climate action, sets out the framework for the cap and trade program, and ensures accountability and transparency. Specifically, the Act:
 - Establishes GHG targets in a statute for 2020, 2030 and 2050.
 - Embeds government action and accountability in a statute to ensure participants and the public are fully informed through the development of an action plan.
 - Prescribes content that must be included in each action plan including:
 - Timetable for implementing each action;
 - Estimated reduction in greenhouse gases resulting from each action;
 - Assessment of the cost per tonne of the potential reduction in greenhouse gases; and
 - If an action could be funded, in whole or in part, from cap and trade program proceeds, the estimated amount of any such funding.

CAP AND TRADE AND REPORTING REGULATIONS

- On May 19, 2016 two regulations that form the backbone of the cap and trade program became law – the Cap and Trade Program Regulation (O.Reg. 144/16) and the Quantification, Reporting and Verification of Greenhouse Gas Emissions Regulation (O.Reg. 143/16),
 - The Cap and Trade Program Regulation became effective July 1, 2016
 - The Quantification, Reporting and Verification of Greenhouse Gas Emissions Regulation took effect January 1, 2017
- The Cap and Trade Program Regulation (O.Reg 144/16) outlines a number of program elements, including: Caps; Auction and sale rules; Strategic reserve of allowances; Market rules; Allocations.
- The quantification, reporting and verification regulation (O.Reg 143/16):
 - Facilitates the opt-in provisions for facilities with annual emissions of 10,000-25,000 tonnes;
 - Refinements to support implementation of the Cap and Trade Regulation (e.g., process and energy use information to support the calculations for free allowances)
- Program participants are responsible for their emissions and other requirements under the regulations effective January 1, 2017.

CAP AND TRADE PROGRAM

Other Major Program Features

- Opt in provision for facilities with annual emissions > 10,000 tonnes and < 25,000 tonnes, qualifying to receive allowances
- Holding limits to protect against market power
- Reserve price that acts as a floor price, providing certainty to returns on investments
- 5% of cap set aside as a strategic reserve; available at higher price than auction
- Offsets, which provide flexibility, cost mitigation for regulated entities, and emission reduction incentive for unregulated activities
 - 13 protocols to be adapted in cooperation with Quebec; more in future as demand warrants
 - Compliance use limited to 8% of compliance obligation

Cap and Trade & Energy consumers

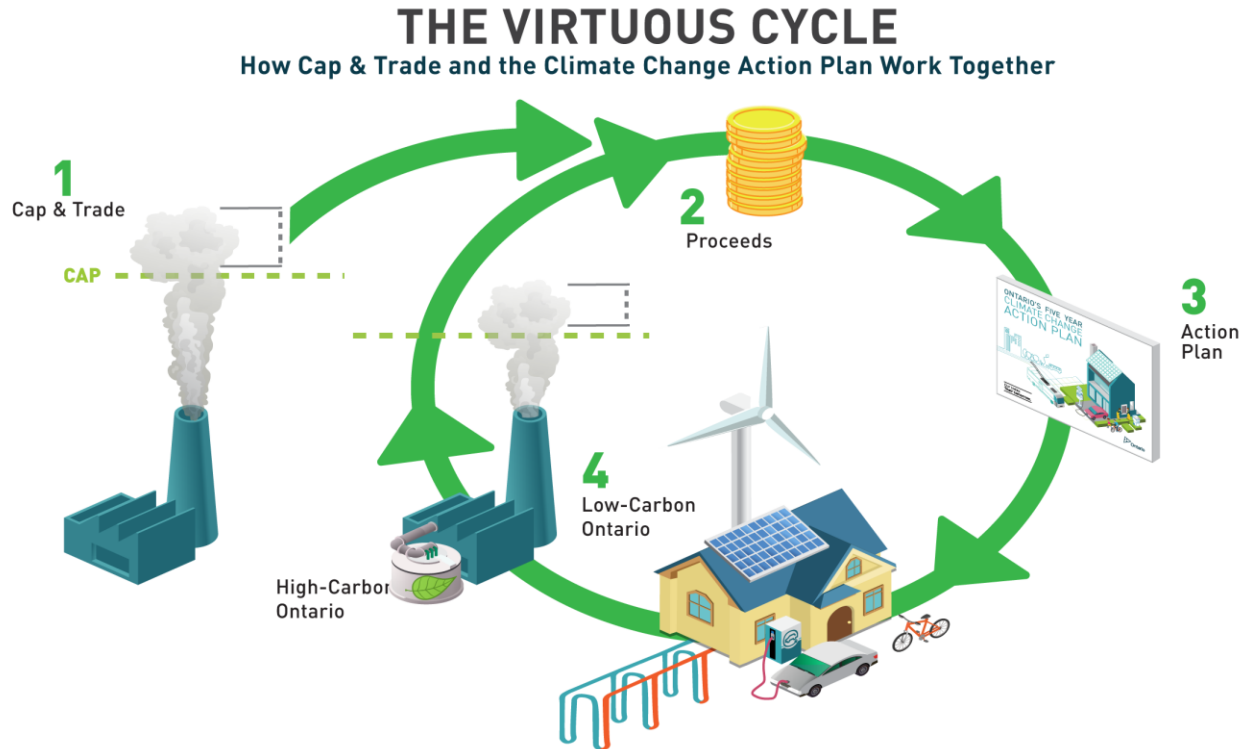
- Energy consumers are impacted by Ontario's Cap and Trade program through their use of carbon, whether they are covered directly by the program or indirectly through a carbon price on the fuels they consume.
- Ontario's Climate Change Action Plan complements this price signal with targeted policies and programs to support lower-carbon choices like renewable energy and electrification.

CLIMATE CHANGE ACTION PLAN

- On June 8th, 2016 Ontario released its ambitious Climate Change Action Plan
- The Plan details over 90 actions to be implemented over the next 5 years, providing people and businesses across the province with tools and incentives to accelerate the use of clean technology and reduce their emissions.
- Building on Ontario's climate change legislation, the plan ensures that proceeds from the province's cap and trade program are invested in emission reduction activities in a transparent and accountable way.
- The plan outlines the key actions the government will take to combat climate change, increase consumer choice, create good jobs in clean tech and construction, and generate opportunities for investment in Ontario.

CLIMATE CHANGE ACTION PLAN

- The Action Plan will complement the cap-and-trade program by guiding the reinvestment of proceeds to achieve GHG reduction and manage cost impacts.



CLIMATE CHANGE ACTION PLAN

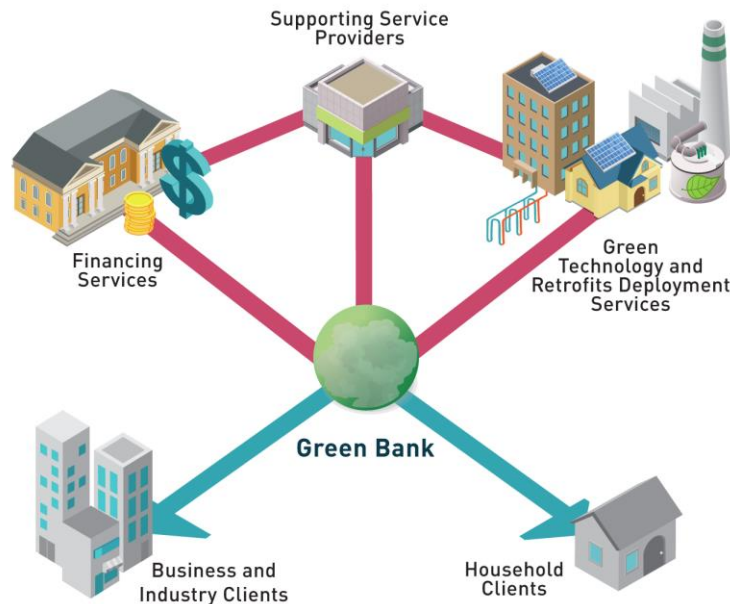
- Establish a low-carbon technology deployment entity that will help homeowners and businesses access and finance energy-efficient technologies to reduce greenhouse gas pollution from buildings.
- Support a carbon market that drives the lowest cost greenhouse gas emission reductions. Actions in this plan, supported by cap and trade proceeds will help business and industry invest to reduce greenhouse gas pollution. This will help save energy costs, improve productivity and competitiveness, and protect and create jobs.
- Make Ontario one of the easiest and most affordable jurisdictions in North America for homeowners and businesses to install or retrofit clean energy systems like solar, battery storage, advanced insulation and heat pumps, while helping to protect and support low income households, vulnerable communities and many renters from cost impacts of carbon pricing.
- Halt the ongoing rise in building-related emissions by giving Ontarians more choices, incentives and tools to adopt low-carbon energy choices for their homes and businesses, including providing better information about energy use by buildings and homes, and by making new buildings increasingly energy efficient over time.

CLIMATE CHANGE ACTION PLAN

- Create a cleaner transportation system by addressing greenhouse gas pollution from cars on the road today, by increasing the availability of zero-emission vehicles on the road tomorrow, by deploying cleaner trucks, and making transit more available.
- Work in partnership with First Nations and Métis communities to address climate change, with actions guided by Traditional Ecological Knowledge, and helping to build capacity in these communities to participate in the economic opportunities that may arise from the actions.
- Build on progress and leading by example and acting on opportunities to make government operations carbon neutral by 2018. We will achieve this by reducing greenhouse gas pollution across our facilities, operations and procurement.
- Ensure natural, agricultural, and forested lands are used in ways that are efficient and sustainable and enhance the removal and storage of carbon from the atmosphere. Work with Ontario's waste sector to build the circular economy which calls for zero waste in the province and zero greenhouse gas pollution from the waste sector.

DELIVERY – “GREEN BANK”

- Ontario is establishing a low-carbon technology deployment entity to deploy and finance readily available low-carbon energy technologies to reduce carbon pollution from Ontario buildings.
- The entity is intended to:
 - Help households understand and determine what government grants and other incentives are available for each prospective project, and help them calculate payback periods and returns on investments,
 - Provide households with assistance to secure flexible low-interest financing to help pay for greenhouse gas-reducing energy improvements in their homes — with special provisions to support low- and moderate-income households, and
 - Support large commercial and industrial projects, or projects that require scale to be financed privately, by working with commercial banks to help aggregate projects to reduce risk.



Thank You