

ONTARIO ENERGY ASSOCIATION

OEA PROPOSED AMENDMENTS TO BILL 172

**CLIMATE CHANGE MITIGATION AND LOW-CARBON
ECONOMY ACT**

MARCH 31, 2016

To shape our energy future for a stronger Ontario.



Ontario Energy Association

Amendment to Preamble

Preamble

Human-induced climate change is real and impacts are being experienced around the globe. The Intergovernmental Panel on Climate Change has concluded that warming of the climate is unequivocal and that most of the observed increase in global average temperature is due to human activity.

To prevent dangerous climate change, the global community has identified the objectives of holding the increase in the global average temperature to well below 2 degrees Celsius above pre-industrial temperatures and pursuing efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial temperatures. A rise beyond 2 degrees Celsius poses the very real risk that countries around the world will experience irreversible damage to their environment. Such a rise in temperature poses a risk of irreversible widespread impacts on human and natural systems and threatens Ontario's agricultural resources, natural areas and ecosystems, and economic well-being.

This risk justifies action to mitigate climate change, including reducing greenhouse gas that causes climate change. The global community is mobilizing around this goal through the United Nations Framework Convention on Climate Change and its related agreements, and Ontario is committed to playing its part.

By taking action now, Ontario's households and communities, infrastructure, agricultural resources, natural areas and ecosystems, including the Great Lakes and the boreal forest, will be better protected for the benefit and enjoyment of all. Ontario will also be well positioned to take advantage of the low-carbon economy through local job creation, an expanding low-carbon technology sector and other global economic opportunities.

All Ontarians have a role to play in addressing climate change, including understanding how Ontarians contribute to greenhouse gas emissions and changing their behaviour to reduce those emissions.

The Government of Ontario believes that the public interest requires a broad effort to reduce greenhouse gas and to build a cleaner and more prosperous Province. The Government will continue to involve and engage individuals, businesses, communities, municipalities, non-governmental organizations and First Nation and Métis communities in the ultimate goal of fostering a high-productivity low-carbon economy and society in Ontario.

First Nation and Métis communities have a special relationship with the environment and are deeply connected spiritually and culturally to the land, water, air and animals. They may offer their traditional ecological knowledge as the Government of Ontario develops specific actions.

The Government of Ontario cannot address this challenge alone. Collective action is required. As a leading sub-national jurisdiction, Ontario will participate in the international response to reduce greenhouse gas by establishing a carbon price. A key purpose of this Act is to establish a broad carbon price through a cap and trade program that will change the behaviour of everyone across the Province, including spurring low-carbon innovation. A cap and trade program in Ontario will allow Ontario to link to other regional cap and trade markets as part of the international, national and interprovincial responses to reduce greenhouse gas.

In addition to the carbon price signal and to further support the reduction of greenhouse gas, the Government of Ontario will pursue complementary actions, [such as renewable natural gas](#), to support and promote the transition to a low-carbon economy.

Enabled and supported by the cap and trade program and related actions, the Government of Ontario envisions, by 2050, a thriving society generating fewer or zero greenhouse gas emissions. Businesses and innovators will be creating world-leading low-carbon technologies and products that drive new economic growth, productivity and job creation. Ontarians will live, work and travel in sustainable ways in healthier and more liveable communities.

Therefore, Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

Amendment to Section 2.

Same

(2) The cap and trade program is a market mechanism established under this Act that is intended to encourage Ontarians to change their behaviour by influencing their economic decisions that directly or indirectly contribute to the emission of greenhouse gas.

[\(3\) The design of the cap and trade program and the expenditure of cap and trade revenues shall therefore demonstrably contribute to these goals.](#)

Amendment to Section 6.

Public notice of baseline

(5) The Minister shall inform the public about the amount specified under subsection (4) by making notice of the amount available to the public on a website of the Government or in such other manner as may be prescribed by the regulations- [no later than six months before the start of a given compliance period.](#)

Amendment to Section 7.

Public notice

(5) The Minister shall, ~~at the earliest reasonable opportunity~~ [no later than six months before the start of a given compliance period](#), lay the action plan before the Assembly and make it available to the public on a website of the Government or in such other manner as may be prescribed by the regulations.

Amendment to Section 9.

Same, direct and indirect links

(4) The greenhouse gas emissions that are determined, in accordance with the regulations, to be associated with a person's prescribed activity may be greenhouse gas emitted by the person during its prescribed activity and may include greenhouse gas emissions of another person ("third party") [emitted in Ontario](#), if there is a direct or indirect link between the person and the third party and a direct link between the prescribed activity and the greenhouse gas emissions of the third party.

Amendment to Section 30.

Transitional measures, distribution free of charge

(2) In order to support the transition to a low-carbon economy, the Minister may distribute Ontario emission allowances to registered participants free of charge on a date or during a period prescribed by regulation, and shall do so in accordance with the regulations [and shall report annually the total number of Ontario emission allowances distributed free of charge.](#)

Amendment to Section 33.

Registration

(3) Upon receiving the application, information and any applicable fee, the registrar shall register the offset initiative if the registrar determines that the offset initiative,

- (a) is designed to reduce greenhouse gas emissions, to avoid the emission of greenhouse gases or to remove greenhouse gases from the atmosphere [in Ontario](#); and
- (b) satisfies such other eligibility criteria as may be prescribed.

Amendment to Section 68.

Authorized expenditures

(2) Amounts not exceeding the balance in the account may be charged to the Greenhouse Gas Reduction Account and paid out of the Consolidated Revenue Fund for the following purposes:

1. To fund costs [directly](#) incurred by the Crown, ~~directly or indirectly~~, in connection with the administration and enforcement of this Act and the regulations or to reimburse the Crown for expenditures [directly](#) incurred by the Crown, ~~directly or indirectly~~, for any such purpose.
2. To fund, directly or indirectly, costs relating to initiatives described in Schedule 1 to this Act that are reasonably likely to reduce, or support the reduction of, greenhouse gas and costs relating to any other initiatives that are reasonably likely to do so.
3. To reimburse the Crown for expenditures [directly](#) incurred by the Crown, ~~directly or indirectly~~, for any purpose described in paragraph 2.

...

Same

(7) The Minister shall lay the report before the Assembly at the earliest reasonable opportunity, [and no later than March 31 for the prior fiscal year.](#)

Amendment to Section 73.

Agreements with other jurisdictions

(1) The Minister may enter into one or more agreements with representatives of other jurisdictions for the harmonization and integration of the cap and trade program under this Act with corresponding programs of those jurisdictions. [As part of any such agreement the Minister shall endeavour to negotiate arrangements such that some or all of the monies paid to such jurisdictions shall be returned to Ontario for investment in Ontario through the Greenhouse Gas Reduction Account.](#)

Amendments to Schedule 1

Initiatives

1. (1) Any of the following types of initiatives may be funded, in whole or in part, from the Greenhouse Gas Reduction Account in accordance with section 68 of the Act, but only, for any particular initiative, if the particular initiative is reasonably likely to reduce, or support the reduction of, greenhouse gas:

1. Initiatives relating to the reduction of greenhouse gas from energy sources and uses through the use of renewable and alternative energy sources and uses including the following:

i. The production or installation of renewable, low-carbon, carbon-free and net zero alternative energy, [including renewable natural gas](#).

ii. The research, development or deployment of technologies that eliminate or reduce the need to use fuels that emit greenhouse gasses.

iii. Distributed renewable energy generation and energy management technologies to support load-shifting, energy storage, net metering, [energy efficiency, combined heat and power systems](#), and other measures to eliminate the need for grid-based electricity during natural gas peaking.

iv. Carbon capture and storage technology for greenhouse gas emitting energy sources.

[v. Initiatives involving the reduction of greenhouse gases associated with natural gas infrastructure or natural gas supply \(e.g. renewable natural gas\), or that replace higher carbon alternatives with lower carbon natural gas \(e.g. compressed and liquefied natural gas or combined heat and power\).](#)

2. Initiatives relating to the reduction of greenhouse gas from land use and buildings including the following:

i. Geothermal solutions, insulation, and other technologies that will reduce greenhouse gas emissions from buildings and neighbourhoods.

ii. Support for increasing consumer demand for near-net-zero and net zero buildings, structures and communities.

iii. Infrastructure to support adoption and use of zero emission and plug-in hybrid vehicles, and low-carbon alternative fuels, [including compressed or liquefied natural gas](#).

iv. The design, construction and retrofitting of buildings and structures to reduce greenhouse gas emitting energy sources related to space and water cooling and heating.

3. Initiatives relating to the reduction of greenhouse gas from transportation including the following:

i. Support for increasing consumer demand for zero emission and plug-in hybrid vehicles.

ii. Active transportation infrastructure that will reduce greenhouse gas.

iii. Public transit vehicles and infrastructure that reduce greenhouse gas emissions.

iv. Technologies, infrastructure, vehicles, buildings and structures that reduce greenhouse gas emissions associated with the movement of goods, [such as compressed or liquefied natural gas vehicles](#).

...

5. Initiatives relating to the reduction of greenhouse gas from agriculture, forestry and natural systems including the following:

i. Support for agriculture, soil and forestry approaches that are intended to reduce or remove greenhouse gas.

ii. Treatment or destruction of by-products that produce greenhouse gas.

iii. Carbon capture, sequestration and storage.

[iv. Support for production of renewable natural gas.](#)

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Ontario Energy Association

Let's unravel complex energy challenges, together.