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Climate Change and Environmental Policy Division
Air Policy Instruments and Programs Design Branch
77 Wellesley Street West, Floor 10, Ferguson Block
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March 24, 2016

Dear Ms. Ollevier:

RE: Climate Change Mitigation and Low-Carbon Economy Act, 2016 (EBR# 012-6844)

Thank you for the opportunity to comment on Ontario's proposed Climate Change Mitigation and Low-Carbon Economy Act. Conservation Ontario (CO) represents Ontario's 36 Conservation Authorities (CAs), which are local watershed management agencies that deliver services and programs to protect and manage water and other natural resources in partnership with government, landowners, and other organizations. CAs promote an integrated watershed management approach balancing human, environmental and economic needs and acknowledge the importance of reducing GHG emissions to combat climate change for sustainable growth and to protect, maintain and restore the health of our watersheds. Conservation authorities are uniquely positioned to assist the Province in reaching its long and short-term climate critical goals and actions.

CO fully supports the concept of the Climate Change Mitigation and Low-Carbon Economy Act and the following comments are submitted for your consideration based upon a review by CAs. These comments are not intended to limit consideration of comments shared individually by CAs. Many of the comments in this letter will reiterate comments provided to the province in previous CO submissions including September 2009 on the "Discussion Paper: Moving Forward- a Greenhouse Gas Cap and Trade System for Ontario" (EBR #010-6740), March 2015 on the "Climate Change Discussion Paper" (EBR #012-3452) and more recent comments provided in December 2015 on the "Cap and Trade Program Design Options" (EBR# 012-5666).

Cap and Trade Regulatory Proposal and Revised Guidelines for Greenhouse Gas Emissions Reporting (EBR#012-6837)

Through our review we've concluded that this proposed Act provides the mechanisms for Ontario to engage in a cap and trade program. While CO is not providing coordinated comments on the currently posted "Cap and Trade Regulatory Proposal and Revised Guideline for Greenhouse Gas Emissions Reporting" (EBR# 012-6837), we are supportive of creating a robust offset credit program in Ontario, and conservation authorities are interested in providing comments to any future proposed offsets regulation if the climate change legislation passes. These will be the regulations that provide details on the offset credit program

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and protocols, setting the rules for participation, the registry, verification and registration details, and information around acceptance of offset credits.

General Comments

We are strongly supportive of the proposed approach of legislating carbon reduction targets for 2020, 2030 and 2050, and of creating a first “carbon budget” to take the province towards the 2020 target. We also strongly support the provision of authority to make these targets more stringent and/or to provide for interim targets between 2020 to 2030 and 2030 to 2050, as well as the transparency and accountability measures in the proposed act, namely the requirement for the Minister of Environment and Climate Change to prepare a Climate Change Action Plan every five years.

We believe that these core elements of the Act demonstrate Ontario’s alignment with the ambitious global climate treaty that emerged out of the Paris Conference of the Parties in December 2015. However it is clear from analysis by the UNFCCC that, even if pledges made by the 190+ countries that signed on to the Paris agreement are fully implemented, the world is not on track to meeting the internationally-agreed limit of 2°C. Therefore further ambition will be required, and so the mechanisms embedded within the proposed act support the notion of a ratchet mechanism by which provincial contributions can be adjusted upwards over time.

Post-2020 Carbon Budgets

The absence of clear carbon budgets beyond 2020 creates uncertainty for Ontario firms, municipalities and households wishing to plan and invest for a low-carbon economy. By providing clear benchmarks towards the 2030 and 2050 targets, Ontario can help ensure that action towards these ambitious goals is not continually postponed. Given the long lead times for capital investment, clear carbon budgets covering the period to 2030 would help ensure a measured pace of emissions reductions that aligns with economic and technological development imperatives. Furthermore, it is worth noting that it is the cumulative emissions over time that matter – not our level of emissions in any given year. Every tonne of GHG emitted between now and 2030 or 2050 will count against our contribution to the global climate mitigation effort.

Status of Annual GHG Progress Report

The proposed Bill 172 does not contain provisions for the province to report annually on progress against provincial GHG reduction targets. We understand that this requirement is embedded in the Green Energy and Green Economy Act, 2009, however the province may consider consolidating this requirement within the proposed Bill 172 to align with the other transparency and accountability aspects of the new Act.

Need for a Broader Suite of Climate Progress Indicators and Targets

CO supports creating a more robust reporting framework that includes a broader suite of indicators, targets and benchmarks to evaluate progress – including those related to adaptation. The narrow focus on annual GHG figures in climate change reporting misses other important leading indicators such as urban development patterns, green infrastructure investment/deployment, low carbon energy installations (particularly with respect to heat generation and energy storage), and area-based energy efficiency programs.

In addition we would like to highlight and support recommendations that emerged out of the Crombie Panel report asking the Government to mainstream climate action planning – respecting both mitigation and adaptation - in municipal government (see recommendations 68 and 69). CAs have long supported

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their partner municipalities with the development of climate change goals, strategies and action plans, and with reporting on metrics to assess progress. Many CAs are well situated to help coordinate with multiple municipalities to develop, implement, review and report on municipal or regional-scale progress towards climate change targets that are aligned with Provincial and global ambition.

Need for a Comprehensive “Resilience” Approach that Integrates Mitigation and Adaptation

CO understands that the limited resources within MOECC coupled with the significant effort required to design and develop a climate policy framework that supports a complex and dynamic policy instrument such as cap-and-trade has meant that adaptation has received relatively less attention to date. We also recognize that comprehensive climate action planning requires significant coordination across provincial government Ministries to address some of the underlying drivers of GHG emissions such as land use planning and transportation planning, and that this cross-ministerial coordination takes time and effort to bear fruit.

Nonetheless, we remain hopeful that the forthcoming climate action plan will present a holistic and comprehensive *resilience* approach to climate change in the province which addresses adaptation alongside mitigation. Notwithstanding the mitigation imperative, adaptation efforts that prepare us for the changes that are already in store due to past and present GHG emissions are critical. One only has to look at the costs from recent extreme weather events in the Toronto region (e.g. more than \$1 billion from the July 2013 storm according to the Insurance Bureau of Canada) to understand the importance of adaptation.

We are also hopeful that the forthcoming Action Plan will recognize the important synergies between mitigation and adaptation planning, particularly in the areas of land use, infrastructure, and water management. Indeed it is clear that protection and enhancement of green infrastructure, particularly in and near urban areas, is critical for building resilience to increasingly severe weather events and sequestering carbon. In this regard, we suggest that *living green infrastructure*, as defined in the Ontario Provincial Policy Statement (PPS 2014), be added to the list of eligible initiatives for funding from the Greenhouse Gas Reduction Account (schedule 1). We do see the potential offset market as an avenue to support resilience building through agriculture and natural systems protection and enhancement. However the challenge (and cost) of implementing offset projects in an urban, or near urban, context may mean that funding from the Greenhouse Gas Reduction Account will be needed to scale-up green infrastructure investment.

Similarly, investments in water management and conservation have important co-benefits for both adaptation and mitigation. As with green infrastructure, we note that water management is not explicitly noted in schedule 1 as an eligible initiative, and suggest that the Government consider adding it to the list given the important mitigation and adaptation opportunities available in the municipal water sector.

Importance of Public Education and Outreach

CO lauds the Government for the extensive public consultations that took over 2015 and leading up to the release of the proposed bill and draft regulation in late February. These broad stakeholder consultations have laid the groundwork for successful implementation of cap-and-trade in January 2017. However as we are sure the Government is aware, the need for public engagement and awareness is only going to build in the lead-up to the program launch and beyond. The complexity of the cap-and-trade approach and the optics surrounding the distribution of free allowances to large final emitters, create significant risks around public acceptance and support for the program. Concerted and sustained

education and outreach with the public at large, and particularly with key stakeholder groups, will be critical for the long-term success of the cap-and-trade program and Ontario's broader climate mitigation efforts.

Education and outreach and promotion and support of stewardship action on environmental issues are key business area of CAs, and they operate a wide range of programs that are building public awareness around climate change action across many sectors. With the introduction of this legislation and the cap-and-trade program, we see an opportunity to enhance our education and outreach activities around the theme of Ontario's low carbon transition. By articulating a positive vision for what a low carbon climate resilient province and watershed regions could look like, our education and outreach programs can help to mobilize the public in support of ambitious provincial government action.

Transparency Around Greenhouse Gas Reduction Account

We're very pleased to see that Green Investments announced in the 2016 Ontario provincial budget could include 'support for practices in agriculture, soil, and forestry and natural systems that reduce emissions'. We understand that the Government will develop a set of criteria to guide the Minister in making investment decisions relating to the Greenhouse Gas Reduction Account. While clearly cost per tonne of GHG reduced will be a core criteria for decision-making, given that the list of eligible initiatives includes many actions that will have an indirect GHG reduction benefit (i.e. education, training and outreach), or will have significant co-benefits for health and other environmental issues (i.e. natural systems, agriculture. etc.), we expect that there will be a broader set of criteria that captures some of these more indirect or intangible benefits. Furthermore, we would suggest that this set of criteria, and the process for applying for funds from either the Greenhouse Gas Reduction account or the Green Investment Fund be made publicly available so that there is transparency around the use of funds.

Ontario's transition to a low carbon, more sustainable economy is supported by Conservation Authorities. It is our belief that CAs can play a leading role in supporting the Province with the cap-and-trade program along with the complementary adaptation measures that can help to reduce the impacts of climate change. We look forward to working with the Province on the proposed legislation and protocols. Should you have any questions regarding the above comments please contact me at ext. 224.

Yours truly,



Jo-Anne Rzadki, MSc.
Business Development and Partnerships