



Part 5: Recommendations

How can Ontario rebuild its climate policy?

Here's how to start.

A framework for Ontario

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Climate change is a clear and present danger. It threatens Ontario's natural environment, human health and safety, and economic productivity. To protect our way of life, it is the provincial government's responsibility to adopt laws and policies that will reduce Ontario's greenhouse gas emissions and prepare the province and its people for what's to come.

Taking action on climate change will not be cheap, but the costs of delay and inaction will be far greater – and Ontario risks losing out on other benefits of climate action, such as cleaner air, lower health costs and good jobs.

The sooner we act, the easier and less costly it will be. Ontarians need to pull together and protect what we value. Government must provide leadership and be clear about the tough decisions, and opportunities, ahead of us. There are many tried and tested policy options available.

The ECO recommends that the provincial government develop a climate framework with the following central features:

1. *Commit: targets and law*

- a. A climate law that commits the provincial government to a credible, long-term program to achieve statutory emission reductions that:
 - i. meets Ontario's fair share of Canada's emission reduction obligations and creates good jobs (sections 1.5 and 3.1), and
 - ii. meets the requirements of the Pan-Canadian Framework to unlock federal funds (section 3.3).
- b. Legally binding carbon budgets set well in advance, based on non-partisan, expert advice, coupled with rigorous progress reporting and independent evaluation (section 2.1).
- c. Provincial leadership on adaptation and preservation of natural areas (Part 4).

2. *Plan a pathway*

- a. A transparent, achievable, cost-effective pathway to each carbon budget. The model described in this report is a good start. Note: The lowest-cost pathways require much more clean electricity and storage than the current Long-Term Energy Plan will provide (section 3.1).

3. Take action

- a. Effective policy tools to achieve the necessary emission reductions, using the lowest-cost pathway, public health and ecological integrity to choose priorities. Appendix A contains a convenient menu of the potential tools discussed in this report.
- b. Act fast and take advantage of work already done, here and elsewhere. Ontario is not starting from scratch and does not need to reinvent the wheel. Build on the best of the previous programs. Emphasize efficiency first (e.g., in social housing, schools, hospitals) (section 1.3, Appendix B).
- c. Minimize disruption from the cancellation of previous programs (section 1.4).

4. Check and improve

- a. Monitor and report progress to the public, with third-party validation (section 2.2).
- b. Revise plan and actions as needed to stay on track for targets (section 2.2).

Listen

At each stage, it is essential to listen to Ontarians. Ontarians deserve a real consultation, in compliance with the *Environmental Bill of Rights*, on every key step of Ontario climate policy. This includes having an open and honest conversation about what climate disruption will cost and who will pay for it (Part 4). Climate policy is too important to be decided behind closed doors, without telling Ontarians what is planned or hearing what they have to say (section 2.2).



Bill 4, the proposed *Cap and Trade Cancellation Act, 2018*, currently lacks most of the features of a good climate law.

Detailed recommendations

With these overall requirements in mind, the ECO recommends the following.

Commitment and credibility (Part 2)

To attract talent and investment, and to maximize the chance that its climate policies will be effective and will survive changes in government, the Ontario government should model its climate law on the U.K. *Climate Change Act*, including:

- statutory emission limits
- legally binding multi-year carbon budgets set 12 years in advance, which apply to the entire term of a single government

- a non-partisan, expert advisory committee with permanent staff to provide reliable advice, and to recommend carbon budgets that will meet the statutory emission limits
- regular government reports on its progress towards meeting the budgets and targets, which are publicly evaluated by the advisory committee, and
- requiring essential service providers to prepare for climate risks.

Ontario should also adopt, as far as possible, the Nordic approach of seeking common ground across party lines, and of each parliamentarian accepting individual responsibility for his or her own climate leadership.

To build good solutions that the public can support, the government should respect its obligations and the rights of Ontarians under the *Environmental Bill of Rights*, and provide real public consultation on Ontario's legislation and action plans on emission reductions and on climate adaptation.

Reducing emissions (Part 3)

The least-cost pathway (section 3.1)

To minimize the cost of reducing emissions, the Ontario government should:

- significantly increase Ontario's clean electricity supply, and reduce demand, by:
 - more aggressive energy efficiency and conservation across the economy
 - expanding non-emitting electricity sources (e.g., hydropower, wind, solar, nuclear) and storage (the government should therefore reconsider the 752 renewable energy contracts that it cancelled)
 - expanding electricity interconnections with Quebec to allow for increased clean power imports, and
 - enhancing the uptake of electric vehicles that are charged off-peak.

- prepare to:
 - remove most fossil fuels from transportation in Ontario
 - remove most natural gas from water and space heating in buildings, and
 - minimize fossil fuel use in Ontario industries.
- invest in new emissions reduction technologies, including carbon capture and storage, and ways to accumulate and store carbon in natural systems.

The three-legged stool (section 3.2)

To drive down emissions and stay within its carbon budget, the Ontario government should:

- take advantage of the power of the polluter-pay principle
- unlock funds for the low-carbon solutions that Ontario needs, and
- regulate climate pollution.

Making polluters pay (section 3.3)

To give climate polluters incentives and rewards for reducing their emissions, the Ontario government should:

- put a price, directly or indirectly, on climate pollution.

Finding ways to pay for solutions (section 3.4)

To unlock funds for the low-carbon investments needed in Ontario, the government should:

- make the best possible use of remaining cap and trade funds
- qualify for federal low-carbon funding, by complying with the Pan-Canadian Framework
- phase out inefficient and wasteful fossil fuel subsidies
- expand utility conservation programs

- use public sector procurement to lead by example and support Ontario's cleantech sector
- require financial disclosure of climate risk for all entities regulated by the Ontario Securities Commission
- create a revolving loan fund to provide capital for energy efficiency, fuel switching and clean technology, and
- conduct a review of Greenhouse Gas Reduction Account initiatives in a timely and transparent manner, and continue to fund valuable and effective projects.

Regulating climate polluters (section 3.5)

To ensure Ontario achieves the emission reductions that are necessary to minimize climate disruption, the Ontario government should:

- adopt a stringent clean electricity standard to prevent natural gas electricity emissions from increasing
- use a zero emission vehicle standard and/or feebate system to increase the uptake of new, cleaner vehicles
- set a vehicle emission pollution limit to eliminate highest emission vehicles and protect public health
- ensure the Growth Plan for the Greater Golden Horseshoe effectively reduces the need for fossil fuels
- strengthen the Ontario Building Code for new and existing buildings to enhance energy efficiency and reduce GHG emissions
- continue to require increased reporting of building energy use, leading to more competition in public and commercial spaces as well as homes
- ban organic waste from landfills to reduce landfill gas emissions, and
- use extended producer responsibility requirements to reduce non-organic waste.

A good climate policy considers the specific circumstances of each sector. Section 3.6 and Appendix A contains some examples of sector-specific recommendations.

Getting ready for what's coming (Part 4)

A stitch in time saves nine. To reduce the cost of future climate impacts, the Ontario government should:

- fund the new climate data organization, so that it may provide Ontarians with reliable data on the climate that is coming
- assess and prioritize Ontario's physical and financial vulnerabilities to climate risk
- clarify who is responsible for which adaptation tasks, and by when
- create incentives that encourage homeowners, businesses and others to reduce climate risks to themselves and others, and
- integrate preparing for climate risks into provincial laws, policies and standards.