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## Submissions on Cap and Trade Program Design Options: EBR 012-5666

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December 16, 2015  
CELA Publication Number: 1049  
ISBN: 978-1-77189-755-6

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## A. Overarching Principles of Cap and Trade

Please accept the Canadian Environmental Law Association's ("CELA") comments regarding the Cap and Trade Program Design Options, EBR Registry No. 012-5666.

Every decision about the design of the cap and trade program must reflect the urgency of the climate crisis. The Environmental Commissioner of Ontario ("ECO") stressed in July, 2015 that new policies were necessary for Ontario to meet its 2020 greenhouse gas ("GHG") emissions targets.<sup>1</sup> Our submissions reflect the principle that the cap and trade program can and must be designed to enable Ontario to reach its 2020, 2030 and 2050 GHG emissions reduction goals.

CELA is concerned that Ontario's policy design for the cap and trade program makes absolutely no mention of Indigenous peoples, for instance with regard to offsets or mitigation strategies. Indigenous peoples' traditional knowledge and values must be respected and integrated into all climate change responses by the Ontario government.<sup>2</sup> It is critical that Indigenous peoples play a significant role in responding to and preventing the worst effects of climate change.<sup>3</sup>

CELA is also concerned about transparency and public acceptance of the cap and trade program. The program's structure is complicated and difficult to understand. A lot of the terminology is technical. The Ministry of Environment and Climate Change ("MOECC") needs to ensure that the public understands the system and decisions made under it. We encourage the MOECC to consider how it will engage with Indigenous peoples and the public on an ongoing basis.

## B. Basic Design Features

### 1) Analysis

Every basic design feature of the cap and trade program should reflect the urgency of GHG emissions reduction efforts.

Ontario announced its 2020 and 2050 CO<sub>2</sub> equivalent ("CO<sub>2</sub>e") emissions reduction targets in August 2007 and joined the Western Climate Initiative in July 2008.<sup>4</sup> Ontario

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<sup>1</sup> Environmental Commissioner of Ontario, *Feeling the Heat: Greenhouse Gas Progress Report 2015*, (Toronto: Office of the Environmental Commissioner of Ontario, July 2015) at 13.

<sup>2</sup> *A Statement from the Indigenous People Gathered at the Mississaugas of the New Credit First Nation in Ontario, Canada*, October, 2015, at 3 [A Statement from the Indigenous Peoples] included as Appendix 1 of these submissions.

<sup>3</sup> *A Statement from the Indigenous Peoples*, at 3-4

<sup>4</sup> Ontario Ministry of the Environment and Climate Change, *Go Green: Ontario's Action Plan on Climate Change*, (Toronto: Queen's Printer for Ontario, August 2007), pp 3, 6; *Environmental Protection Amendment Act (Greenhouse Gas Emissions Trading)*, S.O. 2009, c. 27, Preamble.

businesses and industry have had significant notice of the need to reduce their GHG emissions.

Accordingly, the 2017 cap should not allow for another year of rising GHG emissions. A cap that allows for a rise in emissions in 2017 will only require a steeper reduction in emissions between 2018 and 2020. Even with a January 1, 2017 start date for the cap and trade program, there is little time for Ontario to meet its 2020 GHG emissions targets.

The 2020 cap should be set below Ontario's 2020 GHG emissions reduction target. Ontario's targets should be lowered to pursue the goal in the recent Framework Convention on Climate Change agreement to limit global climate change to 1.5°C.<sup>5</sup> Federal Minister of the Environment and Climate Change, Catherine McKenna, endorsed a global goal of limiting warming to only 1.5°C.<sup>6</sup>

The cap should also be set below Ontario's 2020 targets because it does not cover all GHG emissions in the province. As a result, there is uncertainty about whether reductions achieved by this policy, and other initiatives, will allow Ontario to meet its GHG emissions reduction targets. Ontario's long term environmental policy is more likely to succeed if the 2020 cap is set below 2020 GHG emissions target levels, leaving room for error and adjustment as Ontario strives to meet its GHG reduction targets for 2020, 2030 and 2050.

Both new entrants to the cap and trade program and existing expanding facilities should be required to comply with the cap in the first year that they exceed the threshold of 25,000 tonnes of CO<sub>2</sub>e emissions per year. Once the cap and trade program is in place, the business community, including new entrants to the economy, will have certainty about the rules surrounding caps on emissions. It would significantly undermine the cap and trade program's ability to ensure real cuts to GHG emissions if new facilities were allowed to emit over the cap for two years before needing to comply. It would also be unfair to existing businesses, including those that expand and move over the 25,000 tonne CO<sub>2</sub>e emissions per year threshold, to allow for a long adjustment period for new businesses.

## 2) CELA's Recommendations

*Timing:* Noting that a later program start date would mean a steeper decline in annual caps to support achievement of Ontario's GHG reduction targets, does a January 1,

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<sup>5</sup> *Adoption of the Paris Agreement: Proposal by the President*, UNFCCC, 12 December 2015, Draft decision -/CP.21, FCCC/CP/2015/L.9/Rev.1, Annex, art 2(1)(a); see also Kevin Anderson and Alice Bows, *Beyond 'dangerous' climate change: emission scenarios for a new world*, Phil Trans R Soc A (2011) at 20-44.

<sup>6</sup> Bruce Cheadle, "COP21: Catherine McKenna endorses goal of limiting warming to 1.5 degrees C", CBC News (8 December 2015) online: CBC News <<http://www.cbc.ca/news/politics/mckenna-cop21-paris-goal-1.3355409>>.

2017 start date give sufficient time for industry, businesses, and households to prepare for a cap and trade program? (p 15)

**Recommendation 1: The cap and trade program should start on January 1, 2017.**

*New and expanding facilities:* The proposal indicates that new facilities emitting 25,000 tonnes or more of GHG annually would not have a direct compliance obligation until their third year of operation (these facilities would still have an indirect compliance obligation for fuel use). Would you propose a longer or shorter time? If so, what duration and why? (p 27)

**Recommendation 2: New facilities should be included in the cap and trade program in their first year of operation.**

*New and expanding facilities:* For existing facilities that are expanding, it is proposed that the compliance obligation start the first year that the regulatory threshold is exceeded. Does this allow sufficient time for entities to prepare for compliance? (p 27)

**Recommendation 3: Expanding facilities should be included in the cap and trade program in their first year of exceeding the compliance threshold.**

*Setting the cap:* If Ontario set a 2020 cap that would achieve reductions beyond achieving the 2020 GHG reduction target, would that ease the transition for compliance periods post-2020? (p 34)

**Recommendation 4: The cap should be set below Ontario's 2020 GHG reduction targets to account for the international consensus that global climate change should be limited to 1.5°C and to allow for error and adjustment in the program from now until 2050.**

C. Free allowances and leakage

1) Analysis

The MOECC's proposal to set the assistance factor of the facility allocation equation at 100% regardless of the level of leakage risk amounts to a program-wide subsidy for industrial emitters. The current approach appears to bear no relationship to leakage concerns and is not supportable. California took a similar approach to free allowances, which has resulted in industries with no true leakage risk being subsidized with free allowances. California's approach to free allowances is deeply problematic and should not be emulated.

The integrity of the cap and trade program should not be undermined by exaggerated leakage concerns. Carbon leakage is not likely to affect a large proportion of Ontario's

economy, and the significance of leakage for Ontario has likely been overstated.<sup>7</sup> A report from the Ecofiscal Commission estimates that at a price of \$30 per tonne of CO<sub>2</sub>e, producers amounting to only 2% of Ontario's GDP are at risk of leakage.<sup>8</sup> An increasing number of jurisdictions are contemplating carbon pricing, and leakage concerns are likely to continuously decrease over time.

Public acceptance of the cap and trade program will be influenced in large part by how well Ontarians understand it, and whether every polluter is seen as contributing fairly to emissions reductions. Any allocation of free allowances must therefore be based on a detailed analysis of actual trade exposure, and be updated regularly to reflect changing realities.

If any free allowances are distributed to address true leakage concerns, the approach to allotment should be governed by the following key principles:

- a) Free allowances should be targeted to only vulnerable producers.
- b) The MOECC's approach to determining which producers are vulnerable must be transparent.
- c) Any assistance should be temporary and there should be clear phase-out timelines to incent emissions reductions in those industries.

The base amount for each facility should be determined on a product-output basis, using best practices within each sector as a benchmark. This approach would address leakage while also rewarding early reductions.

The consequences of allocating wide-ranging free allowances include a less robust carbon reduction policy and foregone revenue. Instead of over-allocating free allowances, Ontario should invest more revenue into complementary policies that soften the burden of higher energy prices on low-income and other vulnerable communities.

## 2) CELA's Recommendations

*Distributing Allowances:* Are adjustments required to the proposed approach for assessing leakage risk to reflect Ontario's unique circumstances? If so, what adjustments would you recommend and why? (p 50)

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<sup>7</sup> Chris Bastille, Benjamin Dachis and Nic Rivers, "Pricing Greenhouse Gas Emissions: Impact on Canada's Competitiveness" (February 2009) 280 CD Howe Institute Commentary 1, online: CD Howe Institute <[https://www.cdhowe.org/pdf/commentary\\_280.pdf](https://www.cdhowe.org/pdf/commentary_280.pdf)>. See also Daniel A Farber, "Pollution Markets and Social Equity: Analyzing the Fairness of Cap and Trade" (2012) 39:1 Ecology LQ, online: Berkeley Law at <<http://scholarship.law.berkeley.edu/facpubs/2047>>.

<sup>8</sup> Elizabeth Beale et al., "Provincial Carbon pricing and Competitiveness Pressures: Guidelines for Business and Policymakers" (Canada's Ecofiscal Commission: 2015) online: Canada's Ecofiscal Commission <<http://ecofiscal.ca/wp-content/uploads/2015/11/Ecofiscal-Commission-Carbon-Pricing-Competitiveness-Report-November-2015.pdf>>.

**Recommendation 5: Ontario is joining an existing cap and trade market, with adequate notice to industry, at a time when carbon pricing is becoming increasingly common. The justification for any free allowances to address leakage needs to be rigorously evaluated.**

*Distributing Allowances:* What are the strengths and weaknesses of Ontario's proposed approach to address carbon leakage risk? Are there additional steps Ontario should consider? Are there measures that could be improved? (p 50)

**Recommendation 6: Ontario's approach to leakage is too broad and appears to bear no relationship to true leakage risk. If any free allowances are distributed, they must be targeted, transparent, and temporary.**

*Mitigating Carbon Leakage:* For the next compliance period (post 2020) how should the different EITE risk classes be treated with regard to setting the "assistance" factor? (p 56)

**Recommendation 7: The assistance factor should be determined based on trade realities at that time. No assistance should be given to low and medium leakage risk emitters.**

*Mitigating Carbon Leakage:* What should Ontario consider in setting the cap decline factor for sectors eligible for allowances free-of-charge? (p 56)

**Recommendation 8: The cap decline factor should be set in a way that ensures Ontario can meet its current targets, as well as leaving room for Ontario to meet the new global commitment to only allow 1.5°C of average global temperature increase.**

*Mitigating Carbon Leakage:* Should fixed process emissions and combustion emissions be treated differently in recognition that emission reduction opportunities for fixed process emissions are more limited in the short-term? (p 56)

**Recommendation 9: Differential treatment is not warranted. The goal of regulating greenhouse gas emissions is to provide strong incentives for innovation and process shift.**

*Mitigating Carbon Leakage:* Do you support additional border carbon adjustments, and if so, which ones? (p 56)

**Recommendation 10: In principle, border carbon adjustments are a useful tool to counter potential leakage and to encourage adoption of carbon pricing outside Ontario. Any increase in border carbon adjustments must be reflected in a corresponding decrease in free allowances, if any.**



## D. Reporting, true-ups and enforcement

### 1) Analysis

The first compliance period should be two years, rather than four years. The government, the public and public interest organizations all have an interest in receiving early, transparent information to ensure that reporting entities are meeting their obligations under the cap and trade program and the policy has been successfully implemented.

In any event, reporting entities should be required to participate in a true-up (or a partial true-up if the first compliance period is set at four years) in 2019. That will allow reporting entities and the government to practice and perfect the true-up process. It will also ensure that Ontario can assess whether it is on track to meet its 2020 GHG targets before that period has already passed.

### 2) CELA's Recommendations

*Market Design Features:* To enhance compliance flexibility, should Ontario proceed with an initial four-year compliance period and then align with three-year compliance periods post-2020? (p 37)

**Recommendation 11: The initial compliance period should be two years.**

*Compliance Requirements/ true-ups:* Should Ontario include a requirement to submit allowances for a portion of emissions (partial true-up) to give companies and staff experience before the compliance deadline in 2021? (p 62)

*Compliance Requirements/ true-ups:* If so, for what portion of the compliance obligation should companies be required to submit allowances, e.g., 25%, 50%, etc.? (p 62)

*Compliance Requirements/ true-ups:* When should the partial true-up take place? (p 62)

**Recommendation 12: There should be a full true-up at the end of a two year compliance period. If the four year compliance period is maintained, a partial true-up should take place after a two year period.**

## E. Enforcement

### 1) Analysis

The MOECC must commit sufficient resources, including dedicated staff, to enforce any penalties included in the cap and trade program. Enforcement of this regime should be coordinated with enforcement of the GHG Reporting Regulations.

We note that the ECO expressed significant concerns in 2007 about the ability of the MOECC and Ministry of Natural Resources and Forestry to fulfill their mandates due to low operating budgets.<sup>9</sup> Likewise, the ECO found in its 2013/2014 report that MOECC relied too heavily on soft approaches to enforcement, and that mandatory abatement and enforcement actions were rarely applied.<sup>10</sup> These concerns will be exacerbated if sufficient resources are not set aside to enforce the new cap and trade program.

CELA looks forward to reviewing the details of the proposed administrative monetary penalty regime. The penalties must be sufficiently high to truly encourage compliance. We also expect that the regime will take into account the significance of the non-compliance and the history of the violator.

## 2) CELA's Recommendations

*Enforcement and Penalties:* Are the proposed enforcement provisions sufficient to ensure compliance in a cap and trade system? Should any of them be scaled differently? If so, which ones and how? (p 65)

*Enforcement and Penalties:* What additional enforcement tools should Ontario consider to ensure compliance with program rules? (p 65)

*Enforcement and Penalties:* What should Ontario consider in establishing an administrative penalty scheme? (p 65)

**Recommendation 13: The MOECC must set aside sufficient resources for enforcement of the cap and trade program.**

## F. Use of Revenue

### 1) Analysis

The cap and trade program should include a legislated requirement that at least 25% of generated revenues be used to mitigate the impacts of the program on low-income, First Nation and other marginalized communities. The current policy design is not mindful of this policy's impact on low-income communities.

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<sup>9</sup> Environmental Commissioner of Ontario, *Doing Less with Less: How shortfalls in budget, staffing and in-house expertise are hampering the effectiveness of MOE and MNR, ECO Special Report to the Legislative Assembly of Ontario* (Toronto: Office of the Environmental Commissioner of Ontario, 2007).

<sup>10</sup> Environmental Commissioner of Ontario, "Part 4: MOE: Weak Responses to Increasing Challenges," in *Managing New Challenges: Annual Report 2013/2014*, (Toronto: Office of the Environmental Commissioner of Ontario, 2014) at 105-114.



Climate change has important equity dimensions. Income inequality and poverty are very serious problems in Canada.<sup>11</sup> The link between social inequality and climate change is simple: low-income communities have contributed least to GHG emissions, but will be impacted most by climate change.<sup>12</sup>

Global climate change is already impacting Indigenous communities, including Indigenous practices, livelihoods and wellbeing.<sup>13</sup>

Portland, Oregon's *Climate Action Plan 2015* correctly observes that low-income populations have been under-served by programs and investments in the past, and are under-represented in climate change policy:

Communities of color and low-income populations have historically been under-served by programs and investments and under-represented in decision making on climate policy. Lack of low-carbon, safe transportation options, inefficient housing and the inability to afford healthy food are examples of disparities experienced by these communities that result in fewer benefits from climate action opportunities. These inequities primarily result from ongoing institutional racial bias and historical discriminatory practices that have resulted in the inequitable distribution of resources and access to opportunities.<sup>14</sup>

The disparities in housing quality and transportation options identified in the Portland plan are particularly relevant to Ontario's cap and trade design because of the high percentage of Ontario's GHGs that come from transportation, buildings, and electricity.<sup>15</sup> CELA therefore recommends that Ontario legislate that a minimum amount of revenue be set aside for low-income and disadvantaged communities, like in California's Senate Bill 535, but that it examine whether the 25% rate set in California is sufficient to truly address equity concerns.<sup>16</sup> The Canadian Centre for Policy Alternatives suggested in its consideration of the British Columbia carbon tax that half of the revenues generated from carbon pricing programs be directed to low-income communities.<sup>17</sup>

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<sup>11</sup> *Towards a More Equal Canada: A Report on Canada's Economic and Social Inequality* (Broadbent Institute, October 2012) online: Broadbent Institute <[http://ywcacanada.ca/data/research\\_docs/00000292.pdf](http://ywcacanada.ca/data/research_docs/00000292.pdf)>.

<sup>12</sup> Marc Lee, *Fair and Effective Carbon Pricing: Lessons from BC* (Vancouver: Canadian Centre for Policy Alternatives, February 2011) [*Fair and Effective Carbon Pricing*] Online: CCPA <[https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2011/02/CCPA-BC\\_Fair\\_Effective\\_Carbon\\_FULL\\_2.pdf](https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2011/02/CCPA-BC_Fair_Effective_Carbon_FULL_2.pdf)>.

<sup>13</sup> *A Statement from the Indigenous Peoples* at 3. Enclosed as Appendix 1 to these submissions.

<sup>14</sup> City of Portland, 2015 Climate Action Plan: Local Strategies to Address Climate Change, (Portland: City of Portland, June, 2015) at 43, online: Portland, Oregon <<https://www.portlandoregon.gov/bps/article/531984>>.

<sup>15</sup> Environmental Commissioner of Ontario, *Feeling the Heat: Greenhouse Gas Progress Report 2015*, (Toronto: Office of the Environmental Commissioner of Ontario, July 2015) at 14-15.

<sup>16</sup> US, SB 535, *California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund, 2011-2012, Reg Sess, Cal, 2012*, ch 830, s 39713.

<sup>17</sup> *Fair and Effective Carbon Pricing* at 7.

Given that electricity production is not eligible for free allowances and that electricity producers will pass along increased costs to consumers, Ontario must consider the disproportionate burden for low-income consumers who will need to pay increased costs for electricity. Lump-sum rebates for low-income households are an effective mechanism to reduce the increased cost of essential services.<sup>18</sup> Ontario should proportionately increase the rebate and availability of the *Ontario Electricity Support Program*. The *Ontario Electricity Support Program* should also be expanded to include energy from natural gas.

California has used a significant portion of revenue from its cap and trade program to fund public transportation initiatives.<sup>19</sup> If transportation investments are to be considered as part of the percentage of investments targeting low-income communities, Ontario should outline clearly how particular vulnerable communities will be served by a project. It is crucial that investments undertaken as part of the cap and trade program be made in addition to existing transportation funding.

Revenue from the cap and trade program should not be included in general government revenue. Proceeds should go directly into GHG emissions reduction programs and complementary policies. The revenue should be administered by government in a way that is transparent and allows for input from the public.

Finally, Ontario's policy design proposal asks how investments could assist different industrial sectors with GHG emissions reductions. Ontario should be focusing its efforts on mitigating the impact of this program on low-income communities. At the very least, Ontario must consider the impact of its proposed approach to distribute free allowances to all industrial emitters without also setting aside funds to assist with industrial transitions to a low carbon economy.

## 2) CELA's Recommendations

*Mitigating Carbon Leakage*: What kinds of investments are required to make it possible for your sector to affect significant greenhouse gas emissions reductions? (p 56)

**Recommendation 14: There should be a legislated requirement to use revenue from the cap and trade program to counteract impacts of the program on low-income communities.**

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<sup>18</sup> Chad Stone, "Presentation of The Design and Implementation of Policies to Protect Low-Income Households under a Carbon Tax" (Lecture delivered at the *How Pricing Carbon Impacts Low-Income Households* webinar at Resources for the Future, Washington, DC, 22 September 2015); Chad Stone, "The Design and Implementation of Policies to Protection Low-Income Households under a Carbon Tax" (21 September 2015) Policy Futures, online: CBPP <<http://www.cbpp.org/sites/default/files/atoms/files/9-21-15climate.pdf>>.

<sup>19</sup> California Air Resources Board, "Greenhouse Gas Reduction Fund Programs" online: CARB <<http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/summaryproceedsappropriations.pdf>>.

## G. Complementary policies

### 1) Analysis

Ontario should integrate its GHG emissions reduction goals into decision-making across all sectors. Conversely, advances made in other areas of environmental protection and health should not be undermined in the name of carbon emissions reduction. This is especially true in the case of energy-from-waste facilities. We understand energy-from-waste to mean incineration and other thermal treatment technologies, but that it does not include landfill gas capture for energy production, sustainable biomass or anaerobic digestion. Most energy-from-waste facilities release numerous toxic substances and should be banned altogether. They should not be understood to be a viable source of energy.

Recognizing that complementary policies historically amount to a significant proportion of GHG reductions in cap and trade jurisdictions, a comprehensive plan to reduce GHG emissions with measurable targets should be developed. Complementary policies have to be equitable and have to respect and integrate Indigenous peoples' traditional knowledge and values.

### 2) CELA's Recommendations

*Sector Coverage:* How should Ontario's program treat energy-from-waste facilities considering that emissions from landfilling are proposed not to be covered by the program? (p 18)

**Recommendation 15: CELA is fundamentally opposed to energy-from-waste facilities, which have significant environmental consequences and should be banned altogether. We understand that energy-from-waste facilities do not include landfill gas capture for energy production, sustainable biomass or anaerobic digestion. Ontario should set an expedited deadline for phasing out any existing energy-from-waste facilities. Those facilities should be covered by the cap and trade program during the phase-out process.**

*Setting the cap:* What type of complementary measures would help ensure that the target is met by 2020? (p 34)

### **Recommendation 16:**

Since 1970 CELA has advocated for policies that promote public health and environmental quality in Ontario. The following is a non-exhaustive list of policies that Ontario should enact in order to adequately reduce its GHG emissions.

**Location-efficient development, or compact development, reverses urban sprawl: building communities, workplaces, and amenities are built conveniently close together and connected by public transit, with opportunities for active transportation.** Passenger road transportation is the single largest category of emissions in Ontario. Smart planning is essential to meeting Ontario's climate goals. The *Live Where You Go*<sup>20</sup> report (Appendix 2) provides examples of policy tools that Ontario should adopt to encourage location-efficient development. For example, development charges should ensure that location-efficient development costs less, property tax reform should more fairly reflect the environmental footprint of a development, and location efficient mortgages should be encouraged. As CELA highlighted in our submissions on the *Climate Change Discussion Paper* in March 2015, it is essential to develop policies to encourage compact communities without disproportionately impacting low-income communities, such as by incorporating mandatory affordable unit benchmarks.<sup>21</sup>

**Integrated Community Energy Solutions (ICES) offer cross-sectoral GHG emissions reduction strategies at the community level.** These solutions can be found in the *ICES Municipal Toolkit*<sup>22</sup> (Appendix 3), and include elements of energy supply and distribution, transportation, housing and buildings, industry, water and waste management, and land use. While the *Toolkit* provides examples of municipal policies, concurrent provincial legislation is necessary to promote change. Appendix C of the *ICES Municipal Toolkit* highlights government incentive programs that support municipal ICES efforts, and Appendix D outlines the legislative and policy changes necessary to meet the objective of developing low-carbon communities. Ontario should follow these recommendations, and especially support municipalities in areas of waste management, public transportation, and green building standards.

**Proposed infrastructure and development projects should be evaluated in light of Ontario's GHG emissions reduction targets in the Growth Plan for the Greater Golden Horseshoe and other land use planning policies.** Ontario should recognize the importance of the Greenbelt as a carbon sink, and mandate that future growth be accommodated in compact, low-carbon communities. The role of the Greenbelt as a food source should be emphasized in order to improve Ontario's food security and reduce transportation impacts by producing more food closer to market.

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<sup>20</sup> Cherise Burda et al., *Live Where You Go: Encouraging location-efficient development in Ontario* (The Pembina Institute, 2012) online: CELA <<http://www.cela.ca/publications/live-where-you-go-encouraging-location-efficient-development-ontario>>.

<sup>21</sup> Erica Stahl et al., *Climate Change Discussion Paper: Response to EBR Registry #012-3452* (Canadian Environmental Law Association and Low-Income Energy Network, 30 March 2015) online, CELA: <<http://www.cela.ca/publications/Ontario-climate-change-discussion-paper-CELA-LIEN-response>> at 9-10.

<sup>22</sup> Canadian Urban Institute, *ICES Municipal Toolkit* (Ontario Power Authority, Canadian Urban Institute, and Canadian Environmental Law Association, 2010), online, CELA: <<http://www.cela.ca/publications/ices-municipal-policy-toolkit>>.

**GHG reduction targets must be reflected in all environmental and planning decisions.** Proposals that are subject to approvals under the *Environmental Protection Act*,<sup>23</sup> *Environmental Assessment Act*,<sup>24</sup> and *Energy Board Act*<sup>25</sup> must demonstrate that they would not undermine Ontario's capacity to meet its GHG reduction targets.

**Investments in water conservation programs should be a priority for Ontario, as the production and distribution of tap water is up to one half of municipal energy consumption.**<sup>26</sup>

**Ontario must address issues of energy insecurity in First Nations, northern and remote communities.** Relying on diesel fuel is risky and expensive, and remote communities face logistical and economic hurdles that prevent them from adopting renewable alternatives.<sup>27</sup> A portion of the revenue from the cap and trade program should be invested into a fund to help with renewable energy programs in northern and remote communities.

**Energy conservation has to be a policy priority, with a focus on low-income, First Nations, remote, and other marginalized communities.** Policies that enhance the ability of marginalized Ontarians to take advantage of energy conservation, such as subsidized home weatherization programs, should be developed. A credit for the increase in energy costs that low-income individuals will face should apply to multifuels in addition to electricity.

**Ontario's new waste strategy must have an explicit goal of zero waste.** In order to reduce GHG emissions, Ontario has to implement an aggressive waste reduction program. A cradle-to-cradle approach should be applied, meaning materials must be reused in a safe manner. Producer responsibility should be paramount.

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<sup>23</sup> RSO 1990, c E19.

<sup>24</sup> RSO 1990, c E18.

<sup>25</sup> 1998, SO 1998, c 15, Sched B.

<sup>26</sup> Environmental Commissioner of Ontario, "Missed Opportunities under the Water Opportunities Act, 2010" in *Engaging Solutions: Annual report 2010/2011* (Toronto: Office of the Environmental Commissioner of Ontario, 2011) at 98.

<sup>27</sup> Green Budget Coalition, *Recommendations for Budget 2014*, online: CELA <<http://www.cela.ca/publications/green-budget-coalition-2014>> at 34-35.

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