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—
Chair

Mr. Bob Mills

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• (1535)

[English]

The Chair (Mr. Bob Mills (Red Deer, CPC)): Members of the committee, as was requested, we will have the Department of Environment here for one hour and then the Department of Natural Resources for the second hour.

We'll begin. I'd like to welcome our guests from Environment Canada.

I believe you have a presentation to do first. We'll start with you and then we'll go to members. Welcome.

Mrs. Cécile Cléroux (Assistant Deputy Minister, Environment Stewardship Branch, Department of the Environment): Thank you, Mr. Chairman.

We are very pleased to have this opportunity to discuss with all of you, *Turning the Corner*, the government's action plan to reduce emissions of greenhouse gases and air pollutants.

We do have a presentation available in English and French. The speaking points won't follow exactly each of the slides but will cover exactly the same information as you have in each of the decks.

[Translation]

The action plan announced April 26 includes a regulatory framework for the short-term reduction of industrial emissions, actions for the transportation sector, actions to reduce the emissions of commercial and consumer products as well as a regulatory framework to improve indoor air quality. The first three transparencies describe the highlights of this regulatory framework.

[English]

In addition, the plan includes a number of non-regulatory measures that will reduce emissions of greenhouse gases and air pollutants through targeted incentives and programs for industry and consumers.

In the presentation we will focus on the regulatory framework for industrial emissions. The industrial regulations will impose mandatory greenhouse emissions targets that will make a significant contribution to the government's goal of achieving an absolute reduction in greenhouse gases of 20% below 2006 emission levels by 2020. In addition, industry will be required to reduce its emissions of air pollutants by roughly half by 2015.

Slide 7 of the deck covers the greenhouse gas reductions. The government will put in place short-term emission intensity reduction

targets for industrial greenhouse gas emissions that will come into force in 2010. Firms will be required to reduce their emission intensity by 18% from 2006 levels by 2010. This represents a 6% annual reduction starting now. Every year thereafter a 2% continuous improvement in emission intensity will be required.

These targets are stringent enough that they will result in an absolute reduction in emissions of greenhouse gases as early as 2010 and no later than 2012, even if the economy grows as expected. New facilities will be required to meet a target base on clean fuel standards. Every year thereafter new facilities will be required to improve their emission intensity each year by 2%, as with existing facilities.

As part of this system to meet their targets, industry will have a number of ways to comply: reduce their own emissions through abatement actions; make contributions to a climate change technology fund; participate in emissions trading, including offsets; and a one-time recognition of early action.

The contribution made to the technology fund will be used to promote the development, deployment, and diffusion of technologies that reduce emissions of greenhouse gases across industry. Initially there will be a \$15-per-tonne contribution rate. This contribution rate increases to \$20 after three years and thereafter increases steadily every year. Contributions to the fund will be limited to 70% of the total regulatory obligation in 2010, and this limit declines over time and falls to zero after eight years.

In addition, there would be a smaller component of the fund that would help finance research and development projects that would support a creation of transformative technologies expected to achieve emission reductions in the medium to longer term.

Emissions trading will be an important component of the system, which can create an economic incentive for firms to do better than their regulated targets and bring innovations to bear on the challenge of climate change. Firms will have access to domestic trading, including a domestic offset credit from non-regulated sectors that reduce their emissions. The emissions trading system will also include certain types of credits certified by the Kyoto Protocol's clean development mechanism. As the global market develops and matures, there will be additional opportunities for Canadian firms to participate in the international carbon market.

Finally, the government recognizes that some firms have made efforts over the last decade to reduce their emissions of greenhouse gases. There would be a one-time allocation of 15 megatonnes of credits to those firms covered by the proposed regulation that took verified action to reduce their greenhouse gas emissions between 1992 and 2006.

I'm now on slide 8, air pollutant reductions.

[*Translation*]

I will now cover air pollutant targets. Regulations will be developed stipulating the yearly allowable pollution emissions in each sector. These regulations will come into effect as early as possible, somewhere between 2012 and 2015. That will give industry enough time to invest in its processes and to reduce air pollution.

Suggested national caps for nitrogen oxide, sulphur oxide, volatile organic compounds and particulate matters are as follows: 600 kilotons for nitrogen oxide, representing a reduction of approximately 40% compared to 2006 levels; 840 kilotons for sulphur oxide, representing a reduction of approximately 55% compared to 2006; 360 kilotons for volatile organic compounds, representing a reduction of approximately 45% compared to 2006; and for particulate matters, 160 kilotons, representing a reduction of approximately 20% compared with 2006.

The national caps were developed based on a comparative analysis, for each sector, of benchmarks and the strictest regulatory requirements, both abroad and in Canada. This analysis is currently being validated with the provinces and territories, industry and environmental groups. Once the sectoral targets are finalized, they will be allocated to each sector on the basis of regulations.

• (1540)

[*English*]

To provide flexibility, now firms can meet their caps. There will be two compliance options: reduce their own emissions and use emissions trading for sulphur dioxides and nitrogen dioxides.

There will be a limit on a firm's use of credits from emissions trading if the firm is in an area where the quality of the air does not meet national air quality objectives. These air quality objectives will be developed in parallel with the development of the regulations.

The feasibility of using offsets in the emissions trading systems for sulphur dioxides and nitrogen dioxides will be assessed.

The government will also continue to work actively with the U.S. government to address transboundary air pollutants.

The two governments have recently agreed to start negotiation for an annex to the Canada-U.S. Air Quality Agreement to reduce the transboundary flow of particulate matter. The government will also expedite discussions with the United States on a cross-border sulphur dioxide and nitrogen dioxide emissions trading system.

We're now on slide 11, cost and benefits of the regulation. The proposed industrial regulation presents Canadians with concrete action on two key environmental challenges: climate change and air pollution. These regulations will secure a cleaner and healthier environment for Canadians.

Strong environmental regulation to reduce greenhouse gas emissions and air pollutants will inevitably come at a cost, a cost that all Canadians will help bear. These costs are manageable, however, and will be largely offset by the health and environmental benefits from the regulation and related measures.

[*Translation*]

The total package, including regulations and ecoAction initiatives, has impacts that are below 0.5% of GDP for any given year throughout the forecast period. Compliance options provide the time and flexibility to meet targets through technology improvements rather than output changes.

[*English*]

The benefits are real but are not always as easy to quantify as the cost. There would be cleaner communities in natural spaces, healthier children, fewer premature deaths, more sustainable natural resources, and, for the first time since signing the Kyoto Protocol, a meaningful contribution by Canada to the global effort to control greenhouse gas emissions.

The health benefits alone are estimated to be in the order of \$6 billion annually. Furthermore, the regulations provide Canadian businesses and citizens with the economic signals required to take into account the environmental consequences of their daily decisions.

In fact, we expect the plan will generate significant new business opportunities, whether it is through the development and implementation of carbon capture and storage technologies, renewable energy, or the significant gains to be had in the areas of agriculture and gas offset projects. In addition, the plan provides businesses with the long-term certainty and time needed to adjust the underlying environmental investment with capital turnover cycles.

Between now and June, Environment Canada officials will be meeting with provinces and territories, industry, and NGOs to validate the benchmark exercise that was taken on air pollutants. They will also meet with provinces and territories and with non-industry stakeholders.

There will also be a consultation on the compliance mechanism, including the design of emissions trading, the scope of the offset system for greenhouse gases, the governance and administration of the technology fund, and the eligibility criteria for the one-time credit for early action.

Officials have already met with provinces and territories, industry, and non-governmental organizations to provide more detail on the proposed regulatory framework. At the same time, officials will be developing their sector-specific regulations for greenhouse gases, as well as general provisions.

As part of the regulatory process, a notice will be issued by the end of June under section 71 of the Canadian Environmental Protection Act, 1999, to require industry sectors that will be covered by the proposed regulation to report to the government the 2006 data that will be used to finalize the emission reduction targets both for greenhouse gases and air pollutants.

At the end of the presentation, you will find detailed tables illustrating the targets per sector for greenhouse gases, as well as for air pollutants, for each of the sectors that are governed by the industrial regulations.

We would be pleased to respond to any of your questions on any of those elements.

[Translation]

Thank you. We are now prepared to answer your questions.

[English]

The Chair: Thank you very much.

We will go to our first round.

Mr. McGuinty, I believe you're first.

• (1545)

Mr. David McGuinty (Ottawa South, Lib.): Thank you very much, Mr. Chair.

Thank you for being here.

You know we have a very limited amount of time together. I'm hoping we can proceed fairly quickly. I'll try to ask you short questions, and maybe you can help me with shorter answers, if it's okay with all three witnesses.

Thank you.

On April 26, 2007, the Canadian press reported that the minister stated the cost of implementing his emission reduction plan for industry will cost the Canadian public \$8 billion annually.

First of all, can you tell us this? Was there or was there not a substantial amount of economic and environmental analysis done to support the decisions taken in this *Turning the Corner* plan and the claims it's made? A yes or no answer would be really helpful.

Mrs. Cécile Cléroux: Yes.

Mr. David McGuinty: Okay. Can you tell us who calculated the \$8 billion amount?

Mrs. Cécile Cléroux: The evaluation has been done by Environment Canada through a model wherein we have estimated the different costs. The model has been used to be able to inform the decision of government.

Mr. David McGuinty: Is the model public?

Mrs. Cécile Cléroux: As usual, these models are not public. It's to inform the decisions of cabinet, and it's information that is governed by the regular rules of cabinet.

Mr. David McGuinty: Was Finance Canada involved in this prediction?

Mrs. Cécile Cléroux: Finance Canada was consulted on the evaluation that has been made.

Mr. David McGuinty: Does Finance Canada warrant the numbers?

Mrs. Cécile Cléroux: Finance Canada will be testifying tomorrow, and they'll be able to answer that question.

Mr. David McGuinty: But to your knowledge, they don't warrant the numbers.

Mrs. Cécile Cléroux: It's not for me to answer; it's for Finance Canada to answer you. We know the different evaluations that have been made have been reviewed and discussed with our officials.

Mr. David McGuinty: Did you receive any contradictory advice or any contradictory analysis on the \$8 billion estimate?

Mrs. Cécile Cléroux: No.

Mr. David McGuinty: You had none at all.

Mrs. Cécile Cléroux: No, none at all.

Mr. David McGuinty: Okay. There's a brochure entitled "ecoACTION: Action on Climate Change and Air Pollution". You should know there's a graph on page 6 that talks about Canada's GHG emissions. It shows that by 2010, if the projected business-as-usual scenario continues unregulated, large industrial emitters would produce a little over 350 megatonnes of greenhouse gases in 2010. Do you have that?

Mrs. Cécile Cléroux: We have a similar graph for that.

Mr. David McGuinty: Sure, and I think the same graph shows that under the Baird plan, these emissions would be reduced to approximately 300 megatonnes, a drop of 50 megatonnes.

Am I correct when I say that the regulations under the Baird plan call for an 18% emissions intensity reduction from 2006 levels, and it does not start until 2010?

Mr. Mike Beale (Director General, Strategic Priorities, Environmental Stewardship Branch, Department of the Environment): The 18% is the target for existing facilities. Effectively that's 6% a year between now and 2010. The regulation will require an 18% reduction as of 2010.

Mr. David McGuinty: Intensity reduction.

Mr. Mike Beale: That's right.

Mr. David McGuinty: Am I also correct that there is a three-year grace period for new start-ups?

Mr. Mike Beale: For new start-ups, yes.

Mr. David McGuinty: Okay.

What did Environment Canada base this 18% claim on?

Mr. Mike Beale: It's not a claim, it's a target. The regulation will say that existing facilities will be required to reduce their emissions intensity by 18% from 2006 levels. It's the decision of the government to write that into—

Mr. David McGuinty: But as I recall, the graph shows an approximate 18% absolute reduction, not intensity based, in greenhouse gases before any enforceable emission regulation even comes into play. Am I wrong?

Mr. Mike Beale: If I understand you right, you are wrong.

The 18% is a reduction in emissions intensity from 2006 levels, starting in 2010. And as you said, that is expected to result in an absolute reduction in emissions in 2010 of about 49 megatonnes off a base of 352.

Mr. David McGuinty: Does your analysis actually substantiate this assertion? It proves that 49 megatonnes will be gone by that date?

Mr. Mike Beale: Given the projections we were using, our analysis indicates that 49 megatonnes will be reduced. That is the target amount. Now, as you know, a variety of compliance mechanisms are available to meet that target. But 49 megatonnes is the target amount.

Mr. David McGuinty: How's my time, Mr. Chair?

The Chair: You're at five minutes.

Mr. David McGuinty: And it's a ten-minute round? Okay.

When my leader was the environment minister less than two years ago, in 2005, Environment Canada prepared briefing papers recommending air pollution reductions. These stated that Canada could reduce pollution-forming emissions by 80% to 90% by 2015.

In your view, is that still an achievable target?

• (1550)

Mrs. Cécile Cléroux: I'm sorry, we don't have the reference to those documents.

What we can tell you is that the government has made a decision about the targets it will set in regulation. That's the target we have described and for which you have detailed information in the background to the presentation we have provided to all of the committee members.

Mr. David McGuinty: Did you conduct modelling on air pollution issues? Did you do as rigorous a job on air pollution as you did—you had mentioned earlier—on greenhouse gases?

Mrs. Cécile Cléroux: The approach has been quite different on air pollutants. What we did is we benchmarked to the best regulated system in the world, including all provinces of Canada, the U.S., and all of the countries that have like systems. There's been a systematic approach to each of the sectors, for each pollutant of concern.

So it's a benchmarking exercise, not formula-based, as for the GHG. This is a different mechanism.

Mr. David McGuinty: So it's not the same kind of modelling.

Mrs. Cécile Cléroux: It's not the same kind of modelling.

Mr. David McGuinty: Once again, that modelling is not available to parliamentarians?

Mrs. Cécile Cléroux: Let's clarify, because my colleague understood....

The economic modelling that's been done has been done for the two sets of reductions because it's an integrated approach. The

results we have for the economic side are for both air pollutants and GHG reduction. But when we're talking about the approach taken to be able to set different targets, it's two different approaches. For the GHG, it's formula-based, and you have what we've described—the 18%, the 2%, and the three-year grace period. For the air pollutants, what we have is a benchmarking approach.

At the end of the presentation, you have the detailed targets that are right now being validated with everybody. You have that on the slides at the end of your deck. Let me just give you the right page numbers—

Mr. David McGuinty: I've seen the slides.

Perhaps I might just interrupt for a second, just to go back to the two questions I put to you earlier. Is the modelling and analysis that was done for GHGs, which you say is done now in tandem with air pollutants, also not available to parliamentarians?

Mrs. Cécile Cléroux: The economic modelling was done for both. The—

Mr. David McGuinty: So it's not available to parliamentarians?

Mrs. Cécile Cléroux: No, this is information for—

Mr. David McGuinty: Okay.

And once again you don't know whether Finance Canada, for example, analysed the numbers and warranted the numbers that were there, put out by the Minister of the Environment?

Mrs. Cécile Cléroux: Finance Canada is coming to testify tomorrow. They will answer how they consider the information and the discussion they had with us. It's not for us to comment on behalf of Finance Canada.

Mr. David McGuinty: Okay.

I will switch topics, if I can, Mr. Chair, to Kyoto.

I think most Canadians now understand that the Conservative government has really no intention of meeting its legal obligations under Kyoto. Do you think Canada will still have reasonable access to carbon credits under the CDM?

Mr. Alex Manson (Special Advisor, Climate Change Policy, Strategic Policy Branch, Department of the Environment): Yes, Canada, under the Kyoto Protocol, will have access to CDM credits.

Mr. David McGuinty: I understand, under Mr. Baird's plan, each and every LFE is only allowed to access or purchase 10% of its required reductions under this mechanism. Is that right?

Mrs. Cécile Cléroux: Yes.

Mr. David McGuinty: Okay.

Since CDMs are based on absolute emission reductions, when these credits are factored into each firm's required reporting, are they credited based on an intensity-based regime or as the plan dictates until 2015?

Mr. Mike Beale: The allocation of the CDM credit, the access to the CDM credit, would be based on the absolute emissions gap that any individual firm has after application of the intensity target. Remember, at the end of the day, a tonne is a tonne, whether that tonne results from an intensity target or from a—

Mr. David McGuinty: I have a half a minute left.

Can you name another country that is participating in the CDM that is using intensity-based targets?

Mr. Mike Beale: No, I don't believe there are any other countries

Mr. David McGuinty: So Canada is the only country, to your knowledge, that is participating ostensibly under the Kyoto Protocol CDM mechanism but using intensity-based targets?

• (1555)

Mr. Mike Beale: That's right.

Mr. David McGuinty: Thank you.

The Chair: Thank you.

Mr. Bigras.

[Translation]

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Thank you very much, Mr. Chairman.

Thank you for coming to explain, in greater depth, the climate change action plan. Before discussing the actual plan, I would like to go back to the notice of intent you referred to on page 2. I would like to know what was the benchmark year used in this notice of intent that you submitted to us on October 21, 2006.

[English]

The Chair: The microphones come on automatically.

Mrs. Cécile Cléroux: So don't touch them. Okay.

[Translation]

No benchmark year was mentioned in the notice of intent published on October 21, 2006.

Mr. Bernard Bigras: And the year 2003, which was supposed to be a benchmark year, wasn't it one?

Mrs. Cécile Cléroux: We referred to a target reduction on anywhere from 45% to 65% from 2003 levels, but only for 2050. No mention was made of the benchmark year in the notice of intent for the regulations to come.

Mr. Bernard Bigras: Why did you indicate 2003 as the benchmark year for 2050, but when you talked about the reduction of emission intensity, you mentioned 2006?

Mrs. Cécile Cléroux: Since the regulatory framework was published on April 26 last, all benchmark targets, including those for 2050, are based on the benchmark year of 2006. Further to consultations held between October and April, the new target for 2050 was adjusted. The target is now set at 60% to 70% of 2006 levels by 2050.

Mr. Bernard Bigras: Do you feel that, by adopting 2006 as the benchmark year, we recognize past efforts made by business?

Mrs. Cécile Cléroux: In order to recognize the past efforts made by business, there is a provision enabling these companies to get credit for early action. An envelope of 15 megatons will be available for those companies that exceeded objectives in this field. We have a process that will enable us to recognize all businesses that have achieved verifiable reductions, so that they can obtain credits. These credits will be tradeable.

Mr. Bernard Bigras: If you want to recognize the past efforts made by businesses, why not set a cap of 15 megatons rather than recognize the total reduction of greenhouse gases? Does that mean that you do not want to acknowledge of the past efforts made? It's as if you are telling a citizen who has a waste recycling plan that one recycling box will count but another one will not.

Mrs. Cécile Cléroux: The government weighted various arguments and felt that an envelope of 15 megatons was adequate recognition of past efforts.

Mr. Bernard Bigras: What are these arguments?

Mrs. Cécile Cléroux: Various groups and businesses submitted arguments and comments to the government. The government decided to set this envelope at 15 megatons.

Mr. Bernard Bigras: What arguments convinced you to make this decision?

Mrs. Cécile Cléroux: Various representations were made. You are very well aware of the fact that efforts made by some businesses have already been recognized in the energy field. In addition, certain businesses have already been recognized, in other situations, through incentive programs. The sum total of these arguments prompted the government to set up a system that will make it possible to give credits to businesses that have made efforts in the past. The envelope will be 15 megatons.

Mr. Bernard Bigras: Since the plan was tabled, have representatives from certain industrial sectors or businesses told you that the 15 megaton-envelope did not enable them to cover all of their past efforts? I am referred here to Hydro-Quebec, in particular. Do you feel that Hydro-Quebec will receive enough credits to compensate for the dams that it has built since 1992? Moreover, do you feel that the credits would be higher than they are had there not been a cap?

Mrs. Cécile Cléroux: Corporations such as Hydro-Quebec will not be covered by the regulatory framework, since it pertains solely to those corporations that produce electricity from fuel. Accordingly, corporations such as Hydro-Quebec will not be covered by either the regulatory framework or the new regulations, nor will they be covered by measures for early action. We are in the process of assessing whether or not we will be able to recognize businesses or hydroelectric-type projects in a compensation program.

•(1600)

Mr. Bernard Bigras: I would like to understand what you mean. Are you telling me that the efforts made by Hydro-Quebec, starting from the time when it opted for hydroelectricity rather than thermal power plants, will not be recognized in the early action credit plan? Is that what you are telling me? Are there other mechanisms that will recognize Hydro-Quebec's efforts?

Mrs. Cécile Cléroux: The regulatory framework includes early action measures and they pertain exclusively to industries covered by the framework. Hydroelectric corporations do not produce emissions, greenhouse gases, or air pollutants. Accordingly, they will not be covered by the industrial emissions regulatory framework. Early action measures pertain exclusively to those companies that produce emissions and that will eventually be covered by the regulatory framework. Measures to recognize the contribution to the overall effort to deal with climate change made outside of the regulatory framework fall under the general envelope reserved for various initiatives.

Mr. Bernard Bigras: Consequently, Hydro-Quebec, which does have thermal power plants, will not have to abide by the regulatory framework. Is that what you are telling me?

Mrs. Cécile Cléroux: Hydro-Quebec's thermal power plants will be covered, but not the hydroelectric plants.

Mr. Bernard Bigras: Moreover, you are forecasting an 18%-reduction in emission intensity by 2010, based on 2006 levels. Have you determined what that represents, in absolute terms, given the increase in production and economic growth? Do you forecast a reduction or increase in emissions?

Mrs. Cécile Cléroux: With the 18%-target and the ongoing 2% enhancement per year, we feel, that by 2010 or 2012, there will be an absolute reduction of emissions from industrial sectors.

Mr. Bernard Bigras: Yes, but what will the situation be like between now and then?

Mrs. Cécile Cléroux: We are forecasting, between now and the time that the regulatory framework comes into effect, that, given the economic growth, there may be an increase in emissions until about 2010 or 2012. We are forecasting that once the regulatory framework is implemented, there will be an absolute decrease in greenhouse gas emissions coming from the industrial sector.

Mr. Bernard Bigras: Do you feel that intensity-based reduction is a way of calculating emissions that is compatible with a carbon market?

Mrs. Cécile Cléroux: Intensity-based targets do not, in our opinion, represent any complication. Both systems are quite compatible.

Mr. Bernard Bigras: Is that a statement of fact you are making? You are really saying that there is no incompatibility if we have intensity-based targets, whereas other markets are setting absolute targets? You feel that establishing a Canadian carbon market based on intensity reduction targets is viable and quite possible.

Mrs. Cécile Cléroux: The answer is yes, because, what people are going to deal with in the market, are gaps between the established targets and what they have achieved in their sector. So there are no restrictions, no limitations to setting up a credit trading system, because people will be trading real credits that will

correspond to the gap between their performance and the target they have to meet.

Mr. Bernard Bigras: Have you read about Quebec's plan to reduce greenhouse gas emissions?

Mrs. Cécile Cléroux: Yes.

Mr. Bernard Bigras: Do you think that an equivalency agreement could be signed on the basis of this plan, given the regulatory framework that has been presented?

Mrs. Cécile Cléroux: Equivalence agreements could be made based on the regulations, and not based on a plan for multiple interventions as called for in Quebec's current plan. We will have regulations for each industrial sector, and equivalency agreements could be negotiated for each of these regulations, because the equivalency agreements that we could enter into under the Canadian Environmental Protection Act can be reached based on the tool, on the system that we have for an industrial sector. We cannot compare plans or measures that are general in nature in order to come up with equivalency agreements. We really have to draw a comparison with a mandatory reduction system which enables us to impose restrictions.

•(1605)

[English]

The Chair: Mr. Bigras, your time is up. Did you have one quick question?

[Translation]

Mr. Bernard Bigras: It will be brief.

You know that in Quebec, we have an air pollution regulation that was recently renewed. Let's just talk about regulations. Do you think that Quebec's regulations could lead to an air pollution equivalency agreement with the federal government?

Mrs. Cécile Cléroux: At the moment, it would be premature for us to make any decision on that until we have completed our own regulations. When we are further ahead in developing our regulations, we would be pleased to discuss this issue with our colleagues from Quebec to see what could be done to converge on equivalency agreements as much as possible.

[English]

The Chair: Mr. Cullen.

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Thank you, Mr. Chair.

Thank you to the officials for being here. I know you've put a lot of work into the presentation today.

I have a question to follow up on some of my colleagues.

Canada has an international obligation to be 6% below our 1990 levels between 2008 and 2012. The government stated that it's not possible, or they are unwilling to do that.

At what point under this new plan will we reach 6% below 1990 levels?

Mr. Alex Manson: Right now, I believe we'll probably reach 6% below our 1990 levels around 2025-ish, give or take.

Mr. Nathan Cullen: That's 2025?

Mr. Alex Manson: It could be a little sooner than that.

Mr. Nathan Cullen: In the ballpark anyway.

Does the government have a position on what the acceptable level of global temperature increase is for our economic and social structures to exist? This is much the conversation in Europe. Many countries have committed to a goal of two degrees, no more.

Does Canada have a position on that?

Mr. Alex Manson: The government hasn't taken a position on that as yet. We're looking at various aspects of it.

Mr. Nathan Cullen: So the government is considering taking a position on this?

Mr. Alex Manson: We're doing work on it.

Mr. Nathan Cullen: Doing work on it. I encourage your work on it simply because this is the conversation that's happening in the world right now, which Canada would be involved in.

You're not going to make public the economic analysis model you pointed to. Is that what you've told us?

Mrs. Cécile Cléroux: That's what we told you.

Mr. Nathan Cullen: Any reason?

Mrs. Cécile Cléroux: That's information that is given to government to make its decision. That's not normally made public.

Mr. Nathan Cullen: Why not?

Mrs. Cécile Cléroux: This is the normal procedure that we follow when we give advice to government, and this is not at this time to be made public. We did provide the maximum information we could at this time in a background document that was circulated the day of the announcement. Unfortunately, I don't have extra copies with me, but if there's something that was not made available to all of you, for sure we'll make it available.

Mr. Nathan Cullen: Economic forecasting always has a number of opinions. You've told us that you had no dissenting opinions on the \$8 billion figure. Is there any reason why you won't make this analysis...? We have to trust you otherwise. We just simply have to trust the government that their analysis was sound and not biased.

Mrs. Cécile Cléroux: What we can make available publicly at this time has been part of the background, which we'll circulate if—

Mr. Nathan Cullen: Is there a law—

The Chair: Mr. Cullen, that was given out at the briefing to Parliament.

Mr. Nathan Cullen: But the model wasn't; the model is the question.

The question is, is there any law preventing you from making that public, or is it just practice? Obviously it's a choice.

Mr. Mark Warawa (Langley, CPC): I have a point of order, and I will make my point very quickly. It appears that Mr. Cullen is badgering the witnesses. They've answered the question three times. For him to continue asking the same question over and over in different ways I don't think is fruitful.

The Chair: I think Mr. Cullen realizes that these are civil servants working for all of us.

I'd like you to continue with your questioning, please.

Mr. Cullen.

Mr. Nathan Cullen: I absolutely appreciate that they've answered, and I will not take my time away on this, but they've answered me by saying they will not make it public. I've simply asked for the reason why. Is it law? Is it policy? That's all.

The Chair: Let's carry on and get an answer.

I think I've heard the answer.

Mr. Nathan Cullen: I didn't; that's all. Maybe I'm a bit dull on this one, but I just wanted to make sure I was clear.

Mrs. Cécile Cléroux: It is policy.

Mr. Nathan Cullen: It's policy. Okay, that's all, no badgering going on.

Thank you for the parliamentary secretary's intervention.

The baseline is now 2006. Is there any other country in the world that uses this baseline for its projections or estimations?

•(1610)

Mr. Mike Beale: Different countries use different approaches. For example, in the European Union, when they're regulating their industrial sectors and allocating allowances for those sectors, they set those targets for 2010—for the Kyoto period now it's 2008 to 2012. As far as I'm aware, they're not based on any specific year; they're based on—

Mr. Nathan Cullen: Kyoto has always been based around 1990 as the baseline. You make your projections based on that year. We're using 2006 now. My question is, does any other country base its national targets on 2006? I'm not aware of one. If you can tell me of one, I'd be interested.

Mr. Mike Beale: I'm not aware of one either.

Mr. Nathan Cullen: Okay, so why did we choose 2006?

Mrs. Cécile Cléroux: The decision was to be able to demonstrate real action and have a very consolidated base of information. For 1990, we have no consolidated base of information for the sectors to be regulated.

Mr. Nathan Cullen: What year do you have a consolidated base? Is 2006 the first year we have a consolidated base?

Mrs. Cécile Cléroux: The farthest one we have is 2004. This government has made a very informed decision in going ahead with 2006 to make sure it can report to Canadians on actions taken to date and in the years to come, and not go back to the past.

Mr. Nathan Cullen: Classically, the emissions trading systems have been referred to as cap and trade. You cap in absolute terms and then you allow trading to exist. Is any other trading nation in the emissions sector using intensity-based targets right now?

Mr. Mike Beale: There is a history, in the area of air pollution, of using—

Mr. Nathan Cullen: Climate change, greenhouse gases specifically.

Mr. Mike Beale: We've already discussed it. I'm not aware of any other existing system that uses intensity-based—

Mr. Nathan Cullen: The reason I raise it is that a number of witnesses from the business side were very keen to have a true cap and trade system.

I want to get to the air pollution side for a moment. I looked through all of your industrial targets, and many of them have NOx, SOx, VOCs, and various others. There are some significant reductions, even the oil and gas sector upstream, except for the oil sands.

While volatile organic compounds are being asked to be 65% below business as usual in the oil and gas sector, the oil sands are being permitted to be 60% above. Why is that?

Mrs. Cécile Cléroux: We have taken the same approach for all sectors, for the oil sands as well as all others that you see in the different slides at the end of the deck. The approach has been to benchmark to the best in the world and to use the projection to 2015. So for all sectors we are taking growth into account, projected right now to 2015.

In the oil sands sector, what we know is that if we were to do nothing, there would be a substantial increase of those different pollutants. In applying the benchmarked measure, what we're doing is we're lowering substantially what we will get as a result of the oil sands growth.

Yes, with the technologies that exist right now we don't have any knowledge that we could abate the VOCs below the number we currently have.

Mr. Nathan Cullen: Was there an economic analysis done of the impacts of Bill C-30, the clean air and climate change act, as it's been rewritten? Has your department engaged in any economic analysis of this?

Mrs. Cécile Cléroux: No.

Mr. Nathan Cullen: The minister has made claims that it would be economic ruin for the country. Is he basing this on his own opinion, or is it an opinion he sought from the ministry?

Mrs. Cécile Cléroux: This is for the minister to answer.

Mr. Nathan Cullen: Okay. But it hasn't come from you. The reason I asked about economic analysis was just that.

Mrs. Cécile Cléroux: We have done the economic analysis for Bill C-288. We have done the economic analysis for the regulatory framework. We have not done the economic analysis for the revised Bill C-30.

Mr. Nathan Cullen: Okay.

There has been a lot of to and fro as to what programs on climate change have been cut and what new or different programs have been announced. Do we have a total cost-benefit analysis of how much in total has been cut versus how much in total is being spent, specific to climate change?

Mr. Alex Manson: I can't give you a total off the top of my head right now. We could get you that number.

Mr. Nathan Cullen: Can you submit it?

Mr. Alex Manson: Yes, I can do the balances up on that stuff and get it to you. I don't have it with me, unfortunately, because I didn't know you would ask for it.

Mr. Nathan Cullen: No, that's appreciated.

Here are my last couple of questions.

What is the government planning to spend in terms of outreach, public relations, and those types of things on this new plan—advertising and those types of things? We've heard the figure of a little under \$1 million, about \$950,000.

Mr. Alex Manson: I believe that number is right.

Mr. Nathan Cullen: So we're going to spend about a million taxpayer dollars out in the public convincing people of the validity of this plan.

Concerning the climate change technology fund, if a company is penalized and has to pay into the tech fund—penalized for not meeting their intensity or absolute targets—is it possible that the tech fund will not lead to absolute reductions? If a company is 1,000 tonnes over, they pay an equivalent—\$20 or whatever your figure is at the moment. Do we have guarantees that the 1,000 tonnes of carbon dioxide will be removed from the atmosphere? Is that how it's structured?

● (1615)

Mrs. Cécile Cléroux: Because it's a choice that the industry has, if the industry chooses to pay into the tech fund, the tech fund will be liable to fund projects that will have absolute reduction. It is a tech fund—

Mr. Nathan Cullen: A reduction up to whatever the penalty was?

Mrs. Cécile Cléroux: Yes. It is a technology fund within a regulatory system, so we will have to make sure that the projects will yield reductions.

Mr. Nathan Cullen: My last question is this. When the minister was here six months or so ago, we asked the question about the use of CDM credits and whether they were an option for Canada. He said no. At what point did that opinion change within the government?

Mrs. Cécile Cléroux: Following the consultations that took place, between the notice of intent and the decision that was announced on April 26, different representations took place. That's when the government made this decision to accept some of the CDM credits within its regulatory system.

Mr. Nathan Cullen: And have we filed our greenhouse gas emissions to the United Nations, as is required as of April 1 of this year?

Mr. Alex Manson: Sir, are you referring to filing our 2005...?

Mr. Nathan Cullen: These would be 2006 now.

Mr. Alex Manson: No, it's 2005.

Mr. Nathan Cullen: Right. Have we filed those?

Mr. Alex Manson: No, those have not been filed yet. We anticipate they will be shortly.

Mr. Nathan Cullen: Okay, so we've behind the ball on that one a little bit. We're late.

I think the United States has filed. Australia has filed. I think we and Belarus haven't filed.

Mr. Alex Manson: There are a couple of other countries that I can't remember. We're a little bit late, but not very late.

Mr. Nathan Cullen: Are you anticipating doing so within days—that type of thing?

Mr. Alex Manson: I would say within the next few days to a few weeks.

Mr. Nathan Cullen: Okay. Thank you.

Do I have any time, Chair?

The Chair: Thank you. I did give you a little extra time.

Mr. Nathan Cullen: I sensed that.

The Chair: Mr. Warawa.

Mr. Mark Warawa: Thank you, Chair.

I want to thank the witnesses for being here.

There was a similar presentation made on April 26 when the department provided some briefing to members of Parliament. I was there and I appreciated the briefing. I believe Mr. Bigras was there for about a half hour. I think much of the information that's being requested from you today would have been available if others had been there. But I thank you for being here today.

We've received a lot of information, but we're talking specifically about the framework that was introduced on April 26. As we've heard, the regulations were gazetted in October of last year, I believe. I appreciate your report and update on what led to the introduction of the framework in April, and also on the continued consultation that's going on. The government definitely is moving forward and getting it done.

Also I would point out that this is the first time a Canadian government has set greenhouse gas emissions and pollution targets for industry. I believe we're the first in the world to do that. Is that correct?

Mrs. Cécile Cléroux: With the work we have undertaken to benchmark air pollutants, that is the information we have collected, that we are the first in the world to go ahead with regulations that would cover air pollutants as well as GHGs for so many sectors at the same time.

Mr. Mark Warawa: My understanding is that Canada will have one of the most stringent industrial regulation systems in the world.

We're the only government to tackle both greenhouse gas emissions and pollutants together. Our targets are based on tougher standards than those of the leading jurisdictions in the world.

There was a question, I believe, from Mr. McGuinty regarding intensity-based targets. You've said more than once that it would be a 20% absolute reduction by 2020. The previous plan, the green plan introduced in 2005 by the previous government, also had intensity targets. Is that correct?

Mrs. Cécile Cléroux: The answer is yes.

Mr. Mark Warawa: So their green plan was based on intensity targets?

Mrs. Cécile Cléroux: The previous plan of 2005 was based on intensity—

Mr. Mark Warawa: When we had witnesses, that question came up a number of times, and a lot of comments have been made about intensity targets. We heard it depends on what those intensity targets are, whether emissions will be permitted to go up or emissions will be coming down. By 2020, your modelling is indicating an absolute reduction of greenhouse gas emissions by 20%. Is that correct?

• (1620)

Mrs. Cécile Cléroux: The 20% is the economy overall. It's not only the industrial sectors. So what we are putting on the table with the different actions that are taking place, the initiatives as well as the regulatory framework—the sum of all that—is leading to the 20% reduction.

Do you want to add to that, Alex?

Mr. Mark Warawa: Go ahead.

Mr. Alex Manson: As Cécile was saying, the 20% reduction by 2020 is across the economy. It includes the regulations; it includes the other things that were indicated in the regulatory framework: the government's intention to regulate motor vehicles starting with the 2011 model year, the energy efficiency regulations being put in place, the results of investments from the trust fund and from the technology development fund, and other actions we anticipate provinces taking, as well as the results of the impacts of federal programming.

Mr. Mark Warawa: One of the documents we each received was from the Library of Parliament, which provided a chart under table 1, starting with 1990 as the benchmark. We've all seen the projected increases in greenhouse gas emissions. We saw greenhouse gas emissions increase dramatically under the former government, to the point now, according to this chart, where we are 29% above the 1990 level, while the target the previous government signed Canada onto was 6% below the 1990 levels. We've heard the previous government did not have an intent or even the support to meet those targets. There was a lot of rhetoric included with those commitments from Canada to meet those targets, but that could be deemed a political comment.

Where we find ourselves now is 35% above that target. We've seen greenhouse gas emissions continue on an upward climb. I'm repeating what I said before, but there seems to be some confusion on intensity and absolutes, so I want to confirm that, over the last number of years, we have seen greenhouse gas emissions increase. In the modelling and the framework, the plan that's being presented, which needs to be supported, I believe, is that there will be absolute targets. The increasing greenhouse gas emissions will be stopped and we will have absolute reductions. They will be going down instead of climbing. Is that correct?

Mrs. Cécile Cléroux: This is correct. The stringency of the emission intensity target is the key to being able to bring the emissions down. It's not so much the cap. It is the 18% that makes the big difference, after the continuous improvement of 2%.

Mr. Mark Warawa: Thank you.

I have a quote from Mr. David Suzuki. He said he certainly agreed with the Conservatives that the Liberals "just didn't do the hard things that were needed to meet the Kyoto target". He said the fact is we are 35% above the target.

In an article that was presented by the David Suzuki Foundation called *The Air We Breathe*, it said that there is strong evidence that air pollution, which is the other part of the framework.... We're doing greenhouse gas emissions with absolute reductions, but it also deals with air pollution and the condition of the air in Canada. The David Suzuki Foundation in that document said:

There is strong evidence that air pollution is the most harmful environmental problem in Canada in terms of human health effects, causing thousands of deaths, millions of illnesses, billions of dollars in health care expenses, and tens of billions of dollars in lost productivity every year.

Now, in the deck you presented, I believe you used...I'm not sure which figure it was, but it was billions of dollars lost because of poor air quality, and you said the death of one in twelve Canadians is attributed to air quality. Can you comment on that and how important it is that Canada clean up the air pollution?

• (1625)

Mrs. Cécile Cléroux: We are estimating that with the improvement that would be generated by the targets we are putting on the table for air pollution, we would have an air quality improvement benefit estimated at \$6 billion annually, and there would be reduced occurrences of illnesses across the country. We would have an estimated 1,200 fewer deaths; an estimated 172,000 fewer asthma person days; and 5,600 fewer cases of child acute bronchitis. We did an evaluation of the benefits of going ahead with substantial reductions of air pollutant emissions and the direct impact on the health of citizens of Canada.

Mr. Mark Warawa: We've heard that to this point greenhouse gas emissions have been climbing dramatically, and the plan is to bring them down to absolute reductions of 20% by 2020. The plan includes cleaning up air pollution. What has been the trend over the last many years on air quality in Canada? The framework plan is to have absolute reductions of 50% in the pollutants, I believe over the next eight years.

But what has been the trend over the last number of years for air quality?

Mrs. Cécile Cléroux: The major pollutants of concern have plateaued over the last few years with the different actions by the different provinces across the country. So what we are doing with the plan is reducing them.

Mr. Mark Warawa: How much time do I have?

The Chair: You have 15 seconds.

Mr. Mark Warawa: Again, I appreciate your being here. I don't believe any political party has ownership of the environment. I hope we all work together to find solutions, and I appreciate your work in providing guidance to the committee.

Thank you.

The Chair: Mr. Regan and Mr. Godfrey, I believe you're sharing your time.

Hon. Geoff Regan (Halifax West, Lib.): Mr. Chair, on a point of order, I'm sure most members here would agree that if you were to invite the witnesses to stay for the second hour, to be here with the people from Natural Resources, it would make sense to do that. I think you would find agreement from at least most of us, and hopefully all of us, to have them stay so that they might be able to hear other answers and maybe answer some more questions themselves.

The Chair: The arrangement we made with the four—we asked the four groups—and having them stay.... I think each group should have an opportunity to answer the questions. That's what Mr. McGuinty asked for.

Hon. Geoff Regan: In fact, the motion that was carried was that we would have all four departments here. It didn't say separately. Perhaps it should have specified that they'd all be here together, but I don't think it was ever the intent that they should be here only one at a time, only for an hour each. It seems to me, Mr. Chairman, that it should be the choice of the members of the committee on what kinds of questions they ask and to whom and when. I think that's the nature of Parliament.

That brings me to my next point, but let me just let you answer that, because that was the point of order, and maybe you could respond to it by inviting the witnesses to stay for the second hour.

Mr. Mark Warawa: May I speak on the point of order?

The Chair: Yes, go ahead, Mr. Warawa, and then I would—

Mr. Mark Warawa: I think we have a very clear agenda, and to me it was very clear what Mr. McGuinty asked for. My understanding was that he asked for representation or a presentation from Environment, from Health, from Finance, and from NRC.

Surely the committee is not suggesting that when they didn't... That was my first point, that they did not take up the opportunity for a two-hour briefing on April 26 when it was presented there, and now they want to—

The Chair: Three hours, Mr. Warawa, were offered.

Mr. Mark Warawa: On April 26, and now they want to—well, I don't want to use the words “waste time”, but it may be perceived as that—use the valuable time of the staff. So I'm concerned that this is a tactic that will waste time.

The Chair: I'm concerned about the time as well, and I think everybody here is.

So, Mr. McGuinty, just be very brief, please, and then I would like to address our witnesses.

Mr. David McGuinty: Unfortunately, Mr. Chair, I have to respond, as my name was raised twice, once by you and once by the parliamentary secretary. I don't share the parliamentary secretary's concern about having the guests stay with us for another hour.

Just for the record, what I put forward in our discussions, which we all know was opposed vigorously by the government, was to bring this committee an opportunity for all parliamentarians to hear from the four major line departments charged with responsibility for implementing the government's climate change plan, *Turning the Corner*.

Nowhere was a decision made by the committee to invite the departments one after the other—a decision that you made unilaterally, Mr. Chair. This is a very unusual occurrence at committee. I don't remember in the last three years of sitting on committees an instance when we've not had all witnesses together, as we've been doing here as a committee for months, where they all sit and participate in a two-hour panel.

I think you made the unilateral decision, without consulting the steering committee and any other member of this committee, to invite the departments one after the other, in sequential form, for one hour each. This is very unusual, because it doesn't allow our good guests coming from Environment Canada to interface with our good guests who are here from Natural Resources Canada, and allow for parliamentarians to get—

• (1630)

The Chair: Be very brief.

Mr. David McGuinty: If I might finish—to allow parliamentarians to get the full exposure of what is going on with the two line departments charged with giving action to a plan, which is the number one issue for the next century. That's exactly what transpired here.

So, for the record, let it be known, Mr. Chair, that you unilaterally decided to conduct the process this way, and you're now seeing that there are a number of members who are concerned about the fact that we don't want to lose our good guests from Environment Canada, as they have a lot to offer, and there are more questions—

The Chair: Well, Mr. McGuinty, I do want to address our witnesses to see if they can stay. Certainly, I've been around here long enough to see how the previous government treated the

witnesses and how we were treated in official opposition. We can talk about that later.

Mr. Bigras, please.

[*Translation*]

Mr. Bernard Bigras: Thank you, Mr. Chairman.

If there is one thing that we must not do in this climate change action plan, it is to take action on a silo basis. If we do not want to do this, we have to ensure that the Department of Environment and the Department of Natural Resources sit around the same table. It seems to me that this is important. We cannot talk about objectives to reduce greenhouse gases on the one hand and, on the other hand, set this issue aside and have another discussion with the Department of Natural Resources about big industrial emitters or energy policy.

It seems to me that there must be some integration between the Department of Natural Resources and Environment Canada. I would like to ask Natural Resources Canada some questions. How do we go about asking certain industrial sectors to reduce greenhouse gases and how is all of that integrated into the objectives of greenhouse gas reduction as set out in the climate change action plan?

I am not trying to blame you, Mr. Chairman. I am not saying that you did not do your homework. I think that you have done what you could. Nevertheless, if we are to have a very integrated approach, it seems to me that representatives from both departments should sit down together. This is not some attempt at confrontation with each other, but it is rather to better understand how Natural Resources Canada fits in with the proposals made by Environment Canada.

[*English*]

The Chair: Well, Mr. Bigras, my intention is to ask the witnesses to stay for the next hour, if I'd get an opportunity to do that.

Some hon. members: Oh, oh!

The Chair: Mr. Warawa, very briefly, please.

Mr. Mark Warawa: Thank you, Chair.

I see the clock is ticking and the next group of witnesses is here. We've done it on a regular basis, Mr. Chair, dealing with a topic and then moving to the next topic and the next group of witnesses. It's a regular occurrence here.

My question to you, or to the clerk through you, is when was this agenda sent out?

The Clerk of the Committee (Mr. Justin Vaive): The first notice was sent out last Friday, and then as names became available from the departments, the names were added to the subsequent amended notices of meetings.

Mr. Mark Warawa: And that's when I received it, Chair, on Friday, and it was very clearly laid out that there would be one hour for each. We're now five days later and we're hearing that they woke up. That is the suggestion.

Chair, what happened a couple of committee meetings ago—and I have to calm down because I get quite frustrated with the antics that are being played here—is we had a long-term plan of what we were going to do for future business and that got hijacked, and now we find ourselves.... When the members refuse to come to a briefing—

The Chair: If I can interrupt, Mr. Warawa, first of all, I found yesterday's meeting most helpful. We were talking about solutions to climate change, which seems to me a very positive thing to do.

I would like to ask our witnesses about their availability. I know you were asked to be here for the hour. We do have Natural Resources people ready to answer questions as it relates to this. Of course, we have two more departments here tomorrow.

Are you available for half an hour or for part of the next time, Ms. Cl  roux?

• (1635)

Mrs. C  cile Cl  roux: Yes, we can stay.

The Chair: I would ask Natural Resources to come forward then, please.

I would ask the members to please try to emphasize the fact that Natural Resources is here to answer questions. If you need reference to Environment Canada, please take advantage of that, but let's try to focus on Natural Resources, which is exactly what I understood that Mr. McGuinty had asked for, to have the four departments here. So we're now going to focus on Natural Resources.

Mr. Brown is here, and I will ask Mr. Brown to begin his presentation, please.

Mr. Howard Brown (Assistant Deputy Minister, Energy Policy Sector, Department of Natural Resources): Mr. Chairman, I have to apologize—

Hon. Geoff Regan: What about my question?

The Chair: I'm sorry, you lost it.

Hon. Geoff Regan: Mr. Chairman, you want to cut off debate and not allow more questions, and you're trying to avoid as much as possible—

The Chair: Let's get all the questions we can, but let's not waste any time.

Hon. Geoff Regan: Then let's carry on.

The Chair: You can be the first questioner if that's the agreement of your group, but let's let Mr. Brown present and then we'll go to the Liberals for ten minutes.

Mr. Brown.

Mr. Howard Brown: Mr. Chairman, I have to apologize. I feel a little bit like somebody who's come to a birthday party without a present, but I wasn't aware that we had been asked to do a presentation, and apparently my staff were unaware as well. The upside, of course, is that it does leave more time for discussion.

The Chair: Wonderful.

Mr. Howard Brown: Maybe I could also say at the start that our area of expertise is on the energy efficiency programs, the ecoENERGY science and technology, and the ecoENERGY renewables programs.

I would be happy to answer questions in detail on those programs or at least to commit to getting back to you where we don't have the details at hand.

I would be happy to try to answer questions about the regulations, but as the committee is aware, our colleagues at Environment

Canada are the lead on that, and I do not want to take a chance at misleading the committee by speculating as to what an answer may be. So it may be that on many of those questions, if you want to ask my view on the regulatory system, I'll have to simply say that I'm not an expert on it.

The Chair: Thank you, Mr. Brown. You just made your presentation, and that's great.

We now have ten minutes for the first round, and Mr. Regan will begin, with Mr. Godfrey sharing your time.

Hon. Geoff Regan: Thank you, Mr. Chairman.

I thank Mr. Brown for his brevity.

Mr. Chairman, I noted Mr. Warawa's comment that much of the information would have been available if this briefing had taken place, of course, after the announcement was made, but not the economic modelling, obviously, and not the analysis that was the foundation for this plan. It's not available to parliamentarians. Obviously this is a policy. We've heard that it's a policy, and of course the minister determines the policy. What we're seeing here, under the minister's policy, is that the public has no right to examine or challenge the basis for the claims made by the government, by the departments, in relation to this plan. That's a little hard to accept. If that's the government's idea of accountability and openness, it leaves a lot to be desired.

I want to ask about the briefings, the lock-ups that were held prior to the announcement, which was refused to members of Parliament. Did any of the stakeholder groups—the NGOs, the Canadian Association of Petroleum Producers, any of the oil and gas companies—or other stakeholders have access to the economic modelling and analysis?

Both your departments were involved, so I'd like to ask you both to answer.

Mrs. C  cile Cl  roux: The economic analysis has been done by Environment Canada. Nobody got more information than the background that I was referring to earlier, which was made available to all of you the day of the announcement.

Hon. Geoff Regan: John.

Hon. John Godfrey (Don Valley West, Lib.): Of course, Mr. Brown, if you would like to answer this question, I would invite you to do so, but it is in the deck we have, the Environment Canada deck, on page 18, which deals with estimated sector GHG reductions in 2010.

My colleague Mr. McGuinty began a line of questioning by asking about the minus 49 megatonnes that we might expect as a result of this plan. So I have a feeling this might possibly be more a question for Mr. Beale.

Mr. Beale, would it be fair to say that this is what you might call a best-case estimate of what would happen in an ideal world?

• (1640)

Mr. Mike Beale: No, that's not correct.

Hon. John Godfrey: Is it possible to construct, though, a case that is somewhat less cheery by going through the following calculations involving the government's plan?

Supposing we began by saying, all right, in 2010, companies that are covered by the plan can meet 70% of their obligation by paying into a technology fund at \$15 a tonne. That would be a legitimate compliance mechanism. So it would not be inappropriate for us, in a worst-case scenario, to deduct 70% of the 49 megatonnes. We could do that and it would be legitimate under the plan. Is that correct, Mr. Beale?

Mr. Mike Beale: That's right. I believe I clarified earlier that the 49 megatonnes is the target reduction and that there are a number of compliance mechanisms available to meet that.

Mrs. Cécile Cléroux: You have to remember that the technology fund will have to make the equivalent reduction for anything that gets paid into the fund. So the reductions, estimated at 49 megatonnes, will have to be done by the sum of the actions of the different stakeholders.

Hon. John Godfrey: By the year 2010, by the technology fund?

Mrs. Cécile Cléroux: In regard to the technology fund, there's going to be a delay, because we have to invest—

Hon. John Godfrey: That's what I'm trying to find out. What can we expect? So we cannot necessarily expect the technology fund to make investments to cover that loss in 2010.

Mrs. Cécile Cléroux: There could be a delay in when the reductions will happen, but they will happen.

Hon. John Godfrey: That's my point. So it would be legitimate, then, to take away from 49 megatonnes, 70% of the target, which leaves us 14 megatonnes. Also under the plan we could take away an additional 5 megatonnes for a special R and D technology fund in 2010. Is that correct? That would bring us down from 14 megatonnes to 9 megatonnes. Then there's also an early action credit fund, which is a further 5 megatonnes. So under a scenario that is entirely plausible under the rules of the game as constructed in the plan, we could be down to 4 megatonnes. Is that correct?

Mr. Mike Beale: The amount of actual megatonne reductions that would result from the plan depends on decisions by individual firms as to how much they invest in their own operations versus how much they invest in the technology fund versus how much they use credit for the action credits. At this point we don't know what choices they will make.

As I said a couple of times, the 49 megatonnes is the overall target reduction that firms in total are going to have to meet through this variety of mechanisms.

Hon. John Godfrey: But in actual reductions of megatonnes, it would be entirely plausible under this plan that we could have four megatonnes of actual reduction if firms chose the compliance mechanisms that you have made available to them under the rules, if you have done so.

Mr. Mike Beale: As you know, the way we have the framework, the target is increasing every year and the access to the technology fund is declining every year. So the wedge that is met by absolute reductions has to increase year by year.

Hon. John Godfrey: Mr. Beale, I understand that. All I'm trying to say is that the figure of minus 49 megatonnes could be equally plausibly minus 4 megatonnes under the rules that have been established, if everybody chose to exercise the options as I've described.

Furthermore, it would seem that a most conservative estimate of the likely increase of oil sand production, hence megatonne production, between 2006 and 2010, could equally be up by as much as 29 megatonnes. In other words, if you took the entire industrial picture and subtracted your 4 megatonnes from your 29 megatonnes, we could be up by as much as 25 megatonnes in 2010. That is not an implausible figure.

The Chair: I think, Mr. Brown, you were looking like you wanted to answer there.

Mr. Howard Brown: Appearances can be deceiving, Mr. Chairman. I'll defer to—

Some hon. members: Oh, oh!

Hon. John Godfrey: Nice call, Mr. Brown.

Mr. Mike Beale: Just to clarify, the projections we use to calculate those megatonne reductions are the Natural Resources Canada projections.

• (1645)

Hon. John Godfrey: Well, now, Mr. Brown, we're over to you.

Mr. Howard Brown: Mr. Godfrey, I'd have to say that I'd be happy to get back to you with the detailed numbers on what the projections are. I don't have those numbers with me. I must say that 29 megatonnes sounds a bit high to me, but I'll certainly check into it and get back to you, if that would be acceptable.

The Chair: You may get that to the clerk, and then we can distribute it to all members, please.

Hon. John Godfrey: Thank you very much.

The Chair: You have two minutes.

Hon. John Godfrey: I have two minutes. Well, in that case, let me ask....

I'm going to go back to Mr. McGuinty then.

Mr. David McGuinty: Thank you, Mr. Chair.

Mr. Brown, let me put to you the questions I put to your colleagues from Environment Canada.

Did NRCan conduct any economic analysis with respect to this plan before it was released?

Mr. Howard Brown: No.

Mr. David McGuinty: What input did NRCan have in devising this plan?

Mr. Howard Brown: We were consulted, along with other departments, with some frequency as the plan was being developed. Rather than characterizing it as fulsome or frequent or substantial, I did check my agenda and I counted 11 meetings at the ADM level through January and February—so roughly over two weeks—and then through March there were additional meetings as well. Then, in addition to that, there were joint ministerial meetings with people from industries.

Mr. David McGuinty: Let me put a last question to the panel, if I could, Mr. Chair.

There are two directives. The cabinet directive on law-making came into effect in 1999, which includes, of course, the proposal of regulations. It replaced the 1981 directive on the preparation of legislation. It requires that the clerk at PCO examine the draft regulation with the deputy minister of Justice Canada. That's number one. I'd like to know whether that occurred before this plan was released.

Secondly, there's a cabinet directive on the environmental assessment of policy, plan, and program proposals. This requires a mandatory conducting of a strategic environmental assessment on any policy, plan, or program that is submitted to a minister or a cabinet for approval. This is a full socio-economic analysis—social, economic, and environmental analysis—that is usually done in partnership with the four line departments that were asked to come and brief us, as parliamentarians.

Can anybody tell us this? Were both of those documents, were both of those processes fulfilled before this plan was made public, with great fanfare at a considerable expense?

Mrs. Cécile Cléroux: The first one could not be followed because what we do publish is a regulatory framework and not the draft regulation. The intention is to start publishing the draft regulations for each of the sectors in spring 2008. We will have to realize all of those detailed analyses before we're going to be able to get approval to go ahead with the publication of the draft regulations.

Mr. David McGuinty: So 18 months after the government was elected, we don't have the cabinet directive on the environmental assessment of policy, plan, and program proposals completed, and we don't have the first hurdle completed that flows from the cabinet directive on law-making. Is that right?

Mrs. Cécile Cléroux: You asked first about the question of the regulation. We're not in the world yet—

Mr. David McGuinty: So 18 months later the first one is not done. Okay.

Mrs. Cécile Cléroux: We're not in the world, yet of draft regulation.

The second one, the environmental assessment, has been done. We have done the economic analysis, we have done the health and benefit analysis, and this is the information we have provided you.

The \$6 billion benefit that we have talked to you about in the deck, as well as in answering questions, is exactly the evaluation we are talking about.

The Chair: I believe Mr. Bigras and Mr. Lussier are going to share time.

[*Translation*]

Mr. Bernard Bigras: Yes, Mr. Chairman.

First of all, I would like to tell you how disappointed I am that there were no presentations made by Natural Resources Canada. I am not blaming Mr. Brown, but it seems to me that it would have been crucial to hear a presentation made by Natural Resources Canada, however...

According to the National Energy Board site, for 2005, the oil sands sector produced 1.1 million barrels per day. It is estimated that by 2015, 3 million barrels will be produced per day.

What percentage of Canada's total emissions comes from the oil sands sector? Is it 20%, 30%, 40%?

[*English*]

Mr. Howard Brown: The figure that sticks in my mind is roughly 4% to 5%. Today that figure would grow over time as the oil sands expanded.

[*Translation*]

Mr. Bernard Bigras: You therefore admit that this industrial sector is a big greenhouse gas emitter. Mr. Brown, this is a concept that you are very familiar with, because this was one of the jobs that you held when you were assistant deputy minister for big industrial emitters. Given the projected increase in growth, which will naturally result in an increase of greenhouse gases, what is the forecast increase in greenhouse gas emissions for this industrial sector?

• (1650)

[*English*]

Mr. Mike Beale: The emission projections for the oil sands sector are 64 megatonnes in 2010, 80 megatonnes in 2015, and 93 megatonnes in 2020. Those are business-as-usual emission projections from Natural Resources Canada.

[*Translation*]

Mr. Bernard Bigras: Would I be mistaken in saying that a 15%-reduction in greenhouse gas emission intensity in the oil sands sector would represent an absolute increase in greenhouse gas emissions of 179%? Given that this sector is a big industrial emitter and is responsible, to a large extent, for Canada's emissions, how do you reconcile this reality with the fact that Canada must reduce its greenhouse gas emissions by 20% by 2020? Is there not a contradiction between the fact that there is a projected increase—oil production from the oil sands is going to triple—and the fact that you are telling us that we will reduce greenhouse gas emissions by 20%? Is there not somewhat of a contradiction between the forecast and the overall objectives that you have set? What model are you using that allows you to state that we will reduce our greenhouse gas emissions by 20% when, according to the facts, we are projecting an increase of nearly 180% in absolute greenhouse gas emissions?

[*English*]

Mr. Mike Beale: The projections we used from Natural Resources Canada are the source of the emission reductions in the table of the estimates we showed you. They result from applying the target in our plan to those projections. In absolute terms we estimate that from the oil sands sector there would be a reduction in emissions of about 4 megatonnes in 2010 from projected levels, about 9 megatonnes in 2015, and about 16 megatonnes in 2020. In 2020 that would amount to a 17% reduction from what emissions would otherwise be. If we did nothing they would be at x , and because of the plan they would be 17% less from the oil sands sector.

[Translation]

Mr. Bernard Bigras: In your opinion, despite an increase in production, it is anticipated that we will reduce greenhouse gas emissions in this sector. Do you really believe that we will reduce greenhouse gas emissions? I feel that they will increase instead.

[English]

Mr. Mike Beale: We would reduce them from the level at which they would otherwise be. This is the concept of the business-as-usual projection.

[Translation]

Mr. Bernard Bigras: This is difficult to understand.

On page 3 of your regulatory framework, you indicate that, in order to achieve the reduction objectives for the oil sands sector, you will gradually eliminate the deduction for accelerated depreciation for oil sands development. Have you done an economic analysis of the government public effort that such a commitment would entail? You talked about rebalancing the tax system in order to encourage investments in the oil sands sector and other clean renewable energy sectors. You are therefore proposing a gradual elimination of depreciation deductions. Have you done any analysis of the public effort that that would entail? What are the projected expenditures?

[English]

The Chair: Madame Cléroux.

[Translation]

Mrs. Cécile Cléroux: This is a measure set out in the 2007 budget and it is up to our colleagues from Finance Canada, who will be appearing before you tomorrow, to provide this information.

[English]

The Chair: Mr. Lussier.

[Translation]

Mr. Marcel Lussier (Brossard—La Prairie, BQ): Thank you, Mr. Chairman.

Ms. Cléroux, during the presentation and while answering a question, Mr. Beale consulted a graph. I would say that he even showed it, because I saw it. Could you table this graph?

Mrs. Cécile Cléroux: Could you repeat your question? I'm sorry, someone gave me a paper and I was distracted.

•(1655)

Mr. Marcel Lussier: During the presentation and following a question, Mr. Beale consulted a graph and showed it. From where I am sitting, I could see that this was a graph. Would it be possible to table this graph?

Mrs. Cécile Cléroux: We could table a version of this graph for information purposes.

Mr. Marcel Lussier: It wasn't in the document, was it?

Mrs. Cécile Cléroux: No.

It has just been confirmed to me that the economic analysis is legally protected. This is a legal measure. I am sorry for having misled committee members. This was done inadvertently, I had the wrong information.

[English]

So I apologize. It seems I had wrong information. The economic analysis that was provided for government to make its decision is legally protected. It's not a policy decision.

The Chair: Thank you for that clarity.

Go ahead.

[Translation]

Mr. Marcel Lussier: Mr. Brown, were you consulted about the government's advertising campaign regarding the plan?

[English]

Mr. Howard Brown: Was I personally consulted, or was Natural Resources Canada consulted?

Mr. Marcel Lussier: Natural Resources Canada.

Mr. Howard Brown: Yes, I believe our communications people were consulted. That's my understanding.

[Translation]

Mr. Marcel Lussier: Was this produced by your department, Ms. Cléroux? Were you consulted about the advertising campaign, or were external consultants responsible for this?

Mrs. Cécile Cléroux: As far as the implementation is concerned, this was done with outside consultants. However, this project was undertaken by Environment Canada and all of the departments directly concerned, because the regulatory framework is not limited to Environment Canada and measures contained in our own legislation, but also measures in legislation pertaining to other departments associated with our current job.

Mr. Marcel Lussier: Mr. Brown, in the table on page 18 tabled by Environment Canada, where is your eco-energy program shown?

[English]

Mr. Howard Brown: I don't think it does in this chart. This chart refers purely to the regulatory program.

[Translation]

Mr. Marcel Lussier: All right. In the table on the oil companies, refineries, oil and gas, do you have any statistics regarding the contribution made by Alberta's current methane production?

[English]

Mr. Howard Brown: I'm not sure I understand the question.

[Translation]

Mr. Marcel Lussier: Do the tables for greenhouse gas reduction include Alberta's methane producers?

Mrs. Cécile Cléroux: Methane is often one of the fugitive measures for these sectors. All intentional fugitive emissions are included in the forecasts and will be covered by regulatory measures.

Mr. Marcel Lussier: Does it include all methane producers in Alberta?

Mrs. Cécile Cléroux: Methane is deemed to be one of the six greenhouse gases that will be regulated. That is why, according to our estimates and data, methane producers will be included.

Mr. Marcel Lussier: All right, thank you very much.

[English]

The Chair: Thank you very much.

Mr. Dewar, please.

Mr. Paul Dewar (Ottawa Centre, NDP): Thank you, Mr. Chair.

I just wanted to start off in terms of the questions about data collection. We've had different propositions at different times as to when our baseline data should start. What is the data that we presently have on record for greenhouse gas emissions? In other words, how far back can we go? Where is that available in terms of a report?

Mrs. Cécile Clérout: The detailed information that we have on greenhouse gases goes back to 2004. So we have 2004, and soon we'll have 2005 available. The decision of government has been to use the 2006 baseline.

Mr. Paul Dewar: But in my understanding, we have requirements and obligations going back to 1990 in terms of what our greenhouse gas emissions have been in terms of the national inventory report.

Mr. Alex Manson: We do have estimates of sectoral and national emissions based on some fuel-use statistics and that type of thing. What Cécile is referring to is that for 2004 we have very good data across all of the sectors, at a level, you can understand, at a facility basis as opposed to aggregated at a national basis.

• (1700)

Mr. Paul Dewar: I understand what you're saying. But it's also correct to say that if we go to our international obligations, we've been required, and we've followed through with that requirement, to make what's called the NRI submission. I'm just curious, because I want to know where we're at right now. I know it goes back two years. So for this year we would have the 2005 data. Where is that, and when can we expect it?

Mr. Alex Manson: One of your colleagues asked that question earlier.

Mr. Paul Dewar: I apologize.

Mr. Alex Manson: That's okay.

I would anticipate that the 2005 data should be available in the next little while. Whether it's two weeks, three weeks, or four weeks, I don't know.

Mr. Paul Dewar: My understanding is our obligation is to submit that by April 15.

Mr. Alex Manson: That is a target date for submissions. That's not the obligatory date.

Mr. Paul Dewar: Have most countries submitted their data?

Mr. Alex Manson: I believe most of them have. The last time I was on the UNFCCC website, most of the countries had. There were still a few that had not, and they come in daily.

Mr. Paul Dewar: Is the report ready?

Mr. Alex Manson: I do not believe the report is ready. It's not something that's my domain. I think there's a bit more work to do on it.

Mr. Paul Dewar: My understanding is the report is ready but the government isn't releasing it. But that's not for you to answer.

I'm asking this question for two reasons. One is that if we're trying to establish benchmarks that everyone agrees on so that we can make some headway in cutting greenhouse gas emissions, we need the data for that. I guess it's a little frustrating if we know that other countries have submitted their data. We're into an international agreement and people around this table might have different opinions on the validity of that agreement, but the bottom line is we have obligations, and our obligations are to submit that data. You said it's more of a suggestion than a rule for April 15.

My understanding, from the reports I've read, is that when I read the first paragraphs, the foreword of the NRI report—and the most recent one was last year for the 2004 data—it says April 15. But that's again a target date.

Mr. Alex Manson: Yes.

Mr. Paul Dewar: But if that's the idea, that our data is ready to go—and my understanding is it's ready to go—and the government for some reason isn't releasing it, I'll leave that for the government to answer.

If we're going to benchmark and we have the 2005 data ready to go, why are we using 2006 data as our baseline when our commitment internationally is 1990, a 6% reduction? And what I've heard today from my colleague is that we're going to be able to get below 6% by 2025. What's the rationale that's been given—not that you would have made it—to start with 2006 as a baseline? Why not 1990?

Mrs. Cécile Clérout: The government has decided to use the 2006 reference base to be able to really show Canadians the results from actions that are going to be taken following the implementation of the regulatory framework, so really to be able to have a benchmark to a year where afterwards we're going to be able to report on a regular basis on the actions and the results that have been obtained.

Mr. Paul Dewar: So it's not a rationale around having sufficient data or accurate enough data. What I'm hearing you say is that we've had that from 2004. So we could if we want; we have the data. It's a matter of a government decision to use another baseline. Is that fair to say?

Mrs. Cécile Clérout: The detailed data that we have goes to 2004. The government has decided that 2006 would be the baseline, as I have just mentioned, to be able to report on and account for the results of the different measures that are going to be taken.

Mr. Paul Dewar: That's very helpful, and I appreciate that. I also would hope that the government releases the NRI report soon so we can have a sense of where we're at.

Am I okay for time?

The Chair: You're at four minutes.

Mr. Paul Dewar: I'd like to switch now to Bill C-30 and ask whether there has been any economic analysis done on the effects of Bill C-30. We know that the government commissioned a report on a private member's bill, Bill C-288.

The Chair: Mr. Dewar, excuse me for a minute. That has been answered. Basically, our answer was that Bill C-288 has been analyzed, but Bill C-30 has not.

Mr. Paul Dewar: Thank you, Chair.

My next question was to ask about the retrofit program that had been contemplated in Bill C-30. I'm assuming there had been no economic benefit analysis on a home retrofit plan done by anyone.

• (1705)

Ms. Carol Buckley (Director General, Office of Energy Efficiency, Department of Natural Resources): I'll speak to that.

The ecoENERGY retrofit program for homes, which was announced on January 21, 2007, is not associated with Bill C-30. It is not a regulatory measure; it's an incentive program. It received approval through a separate process. We have done analysis around its benefits and the costs, but it's not associated with Bill C-30.

Mr. Paul Dewar: So in other words, we haven't linked a retrofit program with, if you will, our commitments or forecasting of reductions in greenhouse gas emissions at this point.

Ms. Carol Buckley: I think Environment Canada has information, where they have collected expected reductions across all measures of the plan, across all departments. They have been speaking to that, and earlier they said this contributed to the 20% reduction in emissions in 2020.

So they would have taken the expected impacts of the energy efficiency retrofit program, and other energy efficiency programs and non-energy efficiency programs, into that estimate, that's correct.

Mr. Paul Dewar: That would include more efficient lighting?

Ms. Carol Buckley: Yes, that would include the regulatory program for energy efficient products, for energy-using products, as well as all the other energy efficiency programs.

Mr. Paul Dewar: Light bulbs, etc.

Ms. Carol Buckley: Yes.

Mr. Paul Dewar: When I moved an amendment to Bill C-30 at committee for more efficient lighting, it was rejected at the time by government saying they weren't prepared, etc.

That analysis must have happened after that period, because at the time, I don't think there was any explanation from government as to what the benefits were for more efficient lighting. When was that analysis done?

Ms. Carol Buckley: We've been working on improving the efficiency of lighting with a multi-stakeholder group, including provinces, territories, utilities, and industry, for a year at least. It has always been our intention, as part of the regulatory package that was part of Bill C-30, to improve lighting technologies through standards.

We provided to committee—I don't remember if it was this or the natural resources committee—a list of the intended products for regulation.

The amendment to Bill C-30 that you proposed a couple of months ago was not the same as the proposed regulation the government announced recently. Your amendment had a specified lumens per watt right in the regulation, which is not one that we had

assessed, and it wasn't comparable to what is emerging internationally from jurisdictions such as California, the U.K., and Australia. So it's sort of comparing apples and oranges.

Mr. Paul Dewar: What I'm hearing you say is that there had been an analysis of the projection of reductions that this would have on our general GHG emissions.

Ms. Carol Buckley: Yes, we've been analyzing the impact of various regulations for many months in advance of the October release of Bill C-30. We have also continued to refine those estimates, as our consultations with stakeholders continue. So that work goes back a fair ways, predating the amendment proposal for Bill C-30.

The Chair: Mr. Dewar, your time is up.

Thank you.

I'll go to Mr. Allen, then Mr. Warawa, I believe.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thank you, Mr. Chair.

Thank you to everybody for staying for this second portion.

I have a few questions, and most of them are directed towards Natural Resources.

First, I want to talk a bit about biomass on the forestry side. As you're well aware, the forestry industry got out in front of this in the early 1990s in adopting biomass. I think up to 60% of their power generation is now from biomass. We are giving credit in our plan for 15 megatonnes of this early adopter thing.

Has there been consultation with the industry on that? When are the rules going to be defined about how that's going to be spread?

Mr. Howard Brown: That is a question for Environment Canada because it has to do with the regulatory framework.

Mrs. Cécile Cléroux: If the biomass has been used by an industry that is going to be regulated, this is the kind of project that could be admissible for credit for early action.

As we are proceeding right now to determine the criteria, they will be announced. Part of the final framework is targeted for the fall of 2007, so that people will be able to know exactly what the process will be and the criteria for projects to be recognized.

• (1710)

Mr. Mike Allen: Thank you.

My next question is with respect to renewable energy, which obviously will play a big role going forward in terms of reducing our air pollutants and greenhouse gas emissions. I have some concerns about renewable energy getting out under the grid at a reasonable cost for developers who want to undertake this. As everybody is aware, electricity generation, distribution, and also, for the most part, transmission are provincial responsibilities.

For the developer who is getting this off the grid, what kinds of things are we doing in discussions we're having with utilities to ensure that we can get the most bounce for our buck on this renewable energy program?

Mr. Howard Brown: If I understand the question correctly, I think you have identified a real issue—namely, how do you ensure that the grid is capable of accepting as much renewable power as possible?

There are questions about codes and standards and so on. The department is doing some work in that regard. I don't have the details with me, but again, I could get back to you on that.

Mr. Mike Allen: I think grid stability is one thing. Obviously the utilities who have gone headlong into wind energy now are finding that this hasn't worked out quite so well. Now they're talking to baseload fossil stations to offset their wind.

I'm just thinking that suppose someone wanted to build a baseload garbage-burning facility or something; that would be a baseload plan, getting that type of thing on the grid. It would be a challenge; we see it right now.

In terms of coal stations, at our natural resources committee the other day, Dr. David Lewin said the following:

We did our best to anticipate. I must say that we didn't anticipate as strenuous targets as we saw.

We were hoping we would have a little bit more time to change out the capital stock. As you have older capital stock coming up for renewal, it makes sense to put the best available technology in place.

That was by Dr. David Lewin from the Canadian Clean Power Coalition.

As well, page 11 of the deck here mentions that compliance options “provide the time and flexibility” and complement “normal capital turnover cycles”.

In terms of the consultation process with our utility industry—I know it's going to be a challenge especially for coal-generating places—what kinds of consultations have we done to ensure that we don't cause capital stock problems in the industry?

Mrs. Cécile Cléroux: Part of the work we have started doing with the different sectors, including electricity, is to be able to work with the targets they have before them. For air pollutants, we are consulting at this time to validate if they are coming into force for 2012, going up to 2015. There is flexibility, taking into account those elements. As well there's the flexibility mechanism we have in the regulatory system on the GHG side and for the air pollutants. It's giving them the leeway to be able to match the capital stock turnover with the time they need to take into account those different issues.

We are consulting right now across the country and with different groups, taking stock of the different comments that are coming in. We'll provide recommendations to government when we provide the final framework in the fall of 2007.

Mr. Mike Allen: Thank you, Mr. Chair.

The Chair: Thank you.

Mr. Vellacott.

Mr. Maurice Vellacott (Saskatoon—Wanuskewin, CPC): Thank you.

My questions are probably most directed to Mr. Brown at this point.

Perhaps you can give me a response in another context. We've maybe heard some of this message, but how is Natural Resources Canada supporting the growth of renewable energy in Canada? I'm thinking in particular of such things as small hydro, biomass, tidal power, and so on.

Mr. Howard Brown: The key program in that respect is the ecoENERGY renewable program, in which the government committed \$1.5 billion to support 4,000 megawatts of additional renewable capacity. That would include wind but also small-scale hydro, biomass, potentially geothermal, and so on.

In addition to that, there's ongoing research and development being done at our own labs that would support many renewable sources of power.

You'd be aware as well that the government announced this year the commitment of \$230 million to an ecoENERGY science and technology strategy. The priority areas on which that money will be allocated will be decided in consultation with others, but I would expect that renewables would be fairly high up on the list of many jurisdictions and many industries.

● (1715)

Mr. Maurice Vellacott: How does the federal government's support for clean electricity work out with or complement the efforts being made by the provinces?

Mr. Howard Brown: If I take wind as an example, because it is the largest by far of the non-traditional renewables, a rule of thumb is that a subsidy of about 2¢ a kilowatt hour is needed to make it cost-competitive. It obviously varies from jurisdiction to jurisdiction and from site to site, but that's not a bad rule of thumb. The ecoENERGY renewables program provides about half of that, 1¢ per kilowatt hour.

There are wind projects that would be economical with support of 1¢ per kilowatt hour, but on average that means provinces would have to contribute roughly the same amount for the program to reach its full potential. There are many different ways that can be done. It can be done, as in Ontario, through a request for proposals for renewable power projects, for example. It could be done through mandates. It could be done through cash contributions.

What we have at the end of the day is a very flexible and informal—but effective—joint effort between the federal government and the provinces.

Mr. Maurice Vellacott: Thank you.

How does your department, particularly in the days ahead, anticipate working with industry and working with utilities when it comes to supporting clean solar and some of the geothermal solutions?

Mr. Howard Brown: There are two areas. The first, as I mentioned, is the ecoENERGY renewable program. Solar is certainly eligible under that program for power generation. Its eligibility may be slightly theoretical, because to the best of my knowledge, it won't be competitive with other renewable sources.

There's also a smaller program that would support solar space heating applications, and there, I think, the economics are somewhat better. Then, in addition, through work in our own labs and through the ecoENERGY science and technology program there's an opportunity to provide research and development funds to bring the costs down and to make these solar technologies more economical and more competitive.

The Chair: Can I use one minute, please?

I just wondered if you've used what the Alberta government is doing with the tar sands in terms of their plan to capture and sequester and put it in a pipeline and put it down in oil recovery. Have you taken that into account?

Mr. Howard Brown: It would not be built into the business-as-usual forecast. We certainly think it's an extremely promising technology to reduce emissions and in fact to reconcile—and this is a little bit to Mr. Bigras' point—the emissions that come from the production of fossil fuels with our environmental aspirations.

Canada and the Province of Alberta have formed a joint task force on carbon capture and storage. That work—to take it out of the lab and get it going in the ground—is ongoing.

I think carbon capture and storage is really seen globally as perhaps the most promising single technology to allow us to address climate change. There is no better place in the world to capture and store carbon than in the western Canada sedimentary basins. Without wanting to anticipate the conclusions of the work the task force is doing, I think the missing piece is really a price on carbon that will make it economical. That, of course, is what the regulatory program being led by my friends at Environment Canada will provide.

The Chair: Thank you very much.

I will go now to Mr. McGuinty and Mr. Scarpaleggia for a five-minute round.

Yes, go ahead, Mr. Manson.

Mr. Alex Manson: Mr. Chairman, in the context of looking at the 20% reduction from 2006 by 2020, there is carbon dioxide capture and storage included for a substantial portion of the oil sands emissions.

The Chair: Oh, good, thank you.

Go ahead, Mr. McGuinty. I put the clock back.

Mr. David McGuinty: Thank you, Mr. Chairman.

I have two very quick questions. The first is to Madame Clérout.

Madame, I want to go back to a question I put to you and give you an opportunity to answer it again. I asked you specifically whether, under the cabinet directive on the environmental assessment of policy, plan, and program proposals, you have conducted a full environmental assessment—a socio-economic assessment—on so-

ciety, on the economy, and on the environment? Has that been completed?

• (1720)

Mrs. Cécile Clérout: The work we have done covers all of the elements that we normally cover, but it has not been a formal evaluation.

Mr. David McGuinty: Forgive me, the first answer I got was that you said in the affirmative that it had been conducted. There might have been some confusion. Now I'm hearing that there has been no environmental assessment conducted on this plan pursuant to the cabinet directive. Is that right?

Mrs. Cécile Clérout: What we have done is an evaluation that includes all of the components that we normally do, but it was not done following all of the elements of the directive. That's why I might have created confusion with my previous answer.

Mr. David McGuinty: The Canadian Environmental Assessment Agency, for example, was not brought in to help you conduct this mandatory environmental assessment?

Mrs. Cécile Clérout: The answer is no.

Mr. David McGuinty: Okay. Can I go to Mr. Beale, very quickly?

Mr. Beale, I'm having a really hard time with page 9 of the plan, the "Regulatory Framework for Air Emissions". There's a little box down here. It's a target box that talks about a few things. I've read this and read it again and yet read it again. There is nothing in this regulatory framework that deals with specifics as to how the offset system is going to work or how new entrants will be dealt with. For example, what is a clean fuel standard?

Given those two egregious holes, how is it possible that Canadians can believe almost anything in this plan? Given the size and the magnitude of the potential impact of offsets and new entrants' clean fuel standards, how can we believe the numbers in this plan?

Mr. Mike Beale: The targets that are in the plan are fixed for GHGs, and they will be written into the regulations, for existing facilities. They are not dependent on external factors.

The targets for new facilities embody a component of cleaner fuel standards. We will be consulting, sector by sector, with how that cleaner fuel standard should be applied in an individual sector. Therefore, the estimated reduction that would come from a new facility will depend, at the end of the day, on the precise definition that is given to a clean fuel standard pursuant to those consultations that we have just started.

The Chair: Mr. Scarpaleggia, you have a couple of minutes.

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Do we know how the offset system is going to work, in all its detail?

Mr. Mike Beale: No, because—

Mr. Francis Scarpaleggia: Actually, please stop there, Mr. Beale. I appreciate that direct answer. If you don't know how part of the system is going to work, how can you make bold predictions about its success?

Mr. Mike Beale: Again with respect, the targets are as I and Madam Cl  roux set them out earlier. The targets are not dependent on the design of the offset system. The offset system is one of the compliance mechanisms that's available to industry in order to meet its target.

Mr. Francis Scarpaleggia: So if you don't meet the targets, we can come back and say, we didn't meet the targets because the Conservatives didn't get it done; they hadn't figured out the offset system as part of their plan. Can we do that?

I didn't mean to be facetious there, Mr. Beale.

I've been listening to ads on the radio in my car, grinding my teeth, because they have this propagandistic element to them. I don't know if you've heard them. The government came out and said, "Under our tough new climate change plan...." The word "tough" is repeated a few times within the 30-second blurb. Isn't that more a subjective statement? It would be like saying, well, under our great new budget, you can deduct transit pass costs or whatever.

How can we be making that statement, that we have a tough plan, when the head of the United Nations climate change body has doubts about our plan? Al Gore doesn't think it's so tough. What's the basis on which we're saying that it's a tough plan? Is that just spin, or is there some objective measure behind it?

• (1725)

Mr. Mike Beale: We reference in the framework document a study done by the World Resources Institute that talks about what's important in achieving reductions is the stringency of the target. Our estimates are that if you were to compare our target for greenhouse gases that we're imposing on our industry on a go-forward basis, it is at least as tough as any other target in the world. In our view, it's as tough in terms of the reduction it's requiring of our industry, as is being required of any other industry by any other regulated system.

The Chair: Perhaps I'll go on now to Mr. Warawa, please.

Mr. Mark Warawa: Thank you, Mr. Chair.

I thought it interesting, Mr. Chair, that here the committee is hearing a critique on advertising that encourages Canadians to protect the environment and use energy more efficiently, and it's coming from a previous government that was involved in the sponsorship scandal. It's quite shocking, Mr. Chair.

I found yesterday's meeting.... I believe it was yesterday when we had a presentation on carbon sequestration and we were looking at solutions. The purpose of today's meeting, from what we've heard from the opposition, was to find out about the plan. But what we've seen instead are attacks on a genuine attempt to find out details of the plan and to find out how we can reduce greenhouse gas emissions. How can we, as Canadians, as a Canadian government, and as parliamentarians, work together to reduce greenhouse gas emissions and provide a clean environment for Canadians?

Unfortunately, we've heard some rhetoric here and very few questions for Natural Resources Canada. We heard that they wanted to have Natural Resources here, but they've had very few questions for them.

We've heard comments about meeting the targets, and I appreciate the questions on that. When we were dealing with Bill C-288 there was a comment made by Professor Claude Villeneuve, from the Universit   du Qu  bec. He said he wanted to comment on the bill, and he was referring to Bill C-288, the Liberal Kyoto bill. He said, "This bill would have been excellent if it had been introduced in 1998. Today the bill can't be valid if the tools to achieve the desired ends aren't available".

What we've heard on Bill C-288, what we've heard on Bill C-30.... I asked every witness at Bill C-288 whether we can meet the Kyoto targets, and every one of them, except for one, said no, it's too late. And we know that, Mr. Chair. But the goal is to reduce greenhouse gas emissions and clean up the environment.

This is what we heard yesterday from Grant Thomson. He's the senior vice-president of NOVA Chemicals. He said that he thought what the government has done is set very tough-to-achieve targets. He said if we were to sit back and look at this, and where we would like to have seen it, "They're probably tougher than what we were hoping to see three or four months ago." He was referring to our targets. He goes on:

I think they've also set an aggressive timeline in terms of this policy. At the same time, they're trying to walk a tightrope, perhaps, balancing between improving the environment and at the same time trying to make sure the economic growth in this country continues.

My question for the department would be this. I have a minute or two left.

• (1730)

The Chair: You have one and a half minutes.

Mr. Mark Warawa: I have one and a half minutes.

The government has tried to reach a balance between cleaning up the environmental mess left by the previous government and providing a healthy environment and a healthy economy. The opposition has ganged up together and tried to force, within seven months now, meeting targets that will not be met. They've heard from every witness that they can't be met.

Do you believe that what we have presented here to Canada, the framework that was presented about three weeks ago, on April 26, strikes a balance between improving the environment and providing a healthy economy?

Mrs. C  cile Cl  roux: All the work that was done to support the proposal that has been retained by the government is going in that direction. That is, it's a balanced action between the benefit to Canadians, the cost to the economy, and the capacity to achieve real results and real reductions over all open-air pollutants and greenhouse gases.

Mr. Mark Warawa: Absolute reductions in—

Mrs. C  cile Cl  roux: They are absolute reductions.

Mr. Mark Warawa: Thank you.

The Chair: Thank you.

Thank you very much to our guests. That was a job well done.

I'd like to thank our members and let you know that I have asked, through our clerk, the two departments that are arriving to have presentations for us, so you will have something to base your questions on.

The meeting is adjourned.

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