

# Regulating Cap and Trade: Implications on Brownfield Redevelopment

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# Overview

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- **Greenhouse Gas Reduction Frameworks across Canada**
  - BC
  - Alberta
  - Manitoba
  - Ontario
  - Quebec
  - Federal
- **Impact on Brownfields Redevelopment**

# GHG Reduction Frameworks

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- **Emissions trading (cap and trade)**
- **Carbon tax**
- **Emissions control regulations**

# BC Framework

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Source: Ian McAllister, [saveourseasmagazine.com](http://saveourseasmagazine.com), September, 2016

# BC Framework

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- **BC revenue-neutral carbon tax**
  - carbon is taxed at \$30 CAD per tonne

**Selected Carbon Tax Rates by Fuel**

	UNITS FOR TAX	TAX RATE JULY 1, 2012
Gasoline	¢/litre	6.67
Diesel (light fuel oil)	¢/litre	7.67
Jet Fuel	¢/litre	7.83
Natural Gas	¢/cubic metre	5.70
Propane	¢/litre	4.62
Coal - high heat value	\$/tonne	62.31
Coal - low heat value	\$/tonne	53.31

Source: BC Ministry of Finance, September, 2016

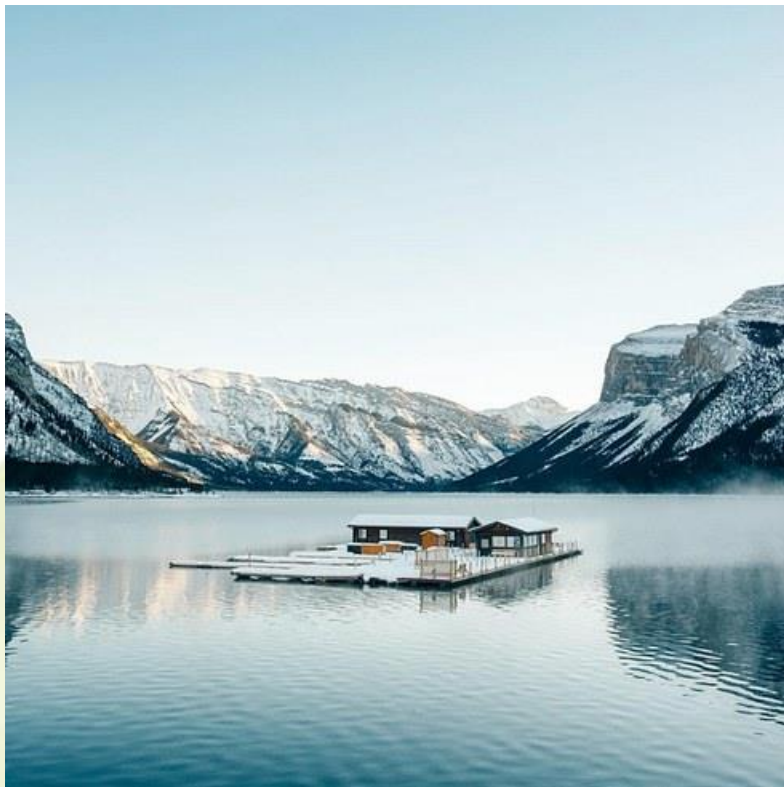
# BC Framework – What's Next?

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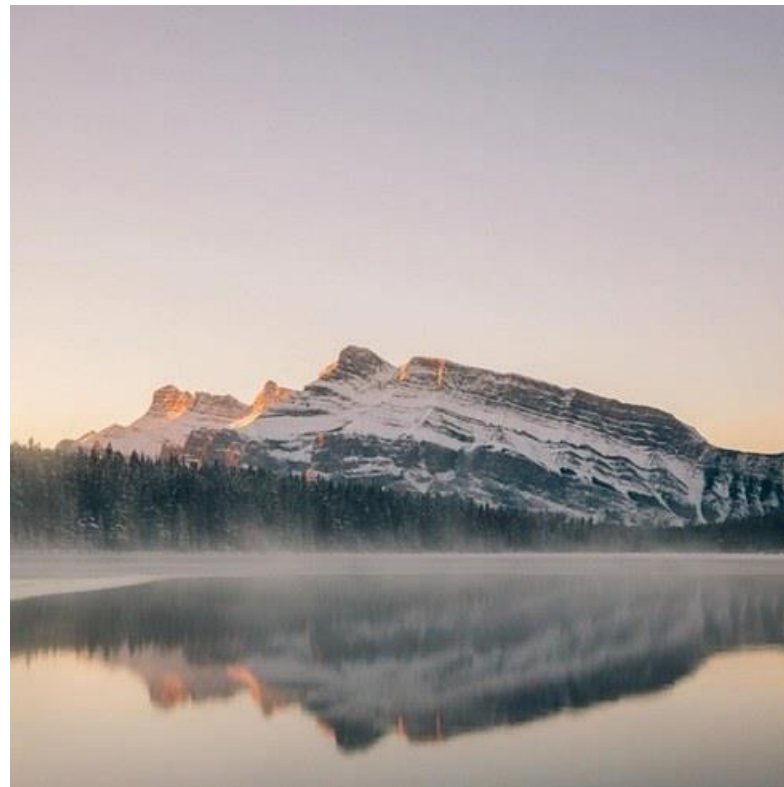
- **Climate Leadership Plan, August 2016**
  - target: reduce GHG emissions by up to 25 million tonnes below current forecasts by 2050
  - 21 action items
  - Clean Infrastructure Royalty Credit Program
- **Climate Action Revenue Incentive Program, August 2016**
  - funding for local governments to support communities in their initiatives to reduce GHGs
  - local governments receive a grant equivalent to the amount of direct carbon tax they pay in a year

# Alberta Framework

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Source: Stevin Tuchiwsky, September, 2016





# Alberta Framework

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- **Alberta fund/offset/credit system**
  - fund: \$20 CAD per tonne over emissions reductions target
    - increasing to \$30 CAD in 2017



# Alberta Framework

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- **Alberta's Climate Leadership Plan**
- **Hybrid carbon pricing system:**
  - carbon tax
  - other compliance options for trade-exposed emitters

Type of Fuel	January 1, 2017 Rate (\$20/tonne)	January 1, 2018 Rate (\$30/tonne)
Diesel	5.35 ¢/L	8.03 ¢/L
Gasoline	4.49 ¢/L	6.73 ¢/L
Natural Gas	1.011 \$/GJ	1.517 \$/GJ
Propane	3.08 ¢/L	4.62 ¢/L

*Source: Alberta Treasury Board and Finance*

# Manitoba's Framework

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Source: Alex de Vries, [www.westjetmagazine.com](http://www.westjetmagazine.com), September, 2016



Source: [twitter.com/travelmanitoba](https://twitter.com/travelmanitoba), September, 2016

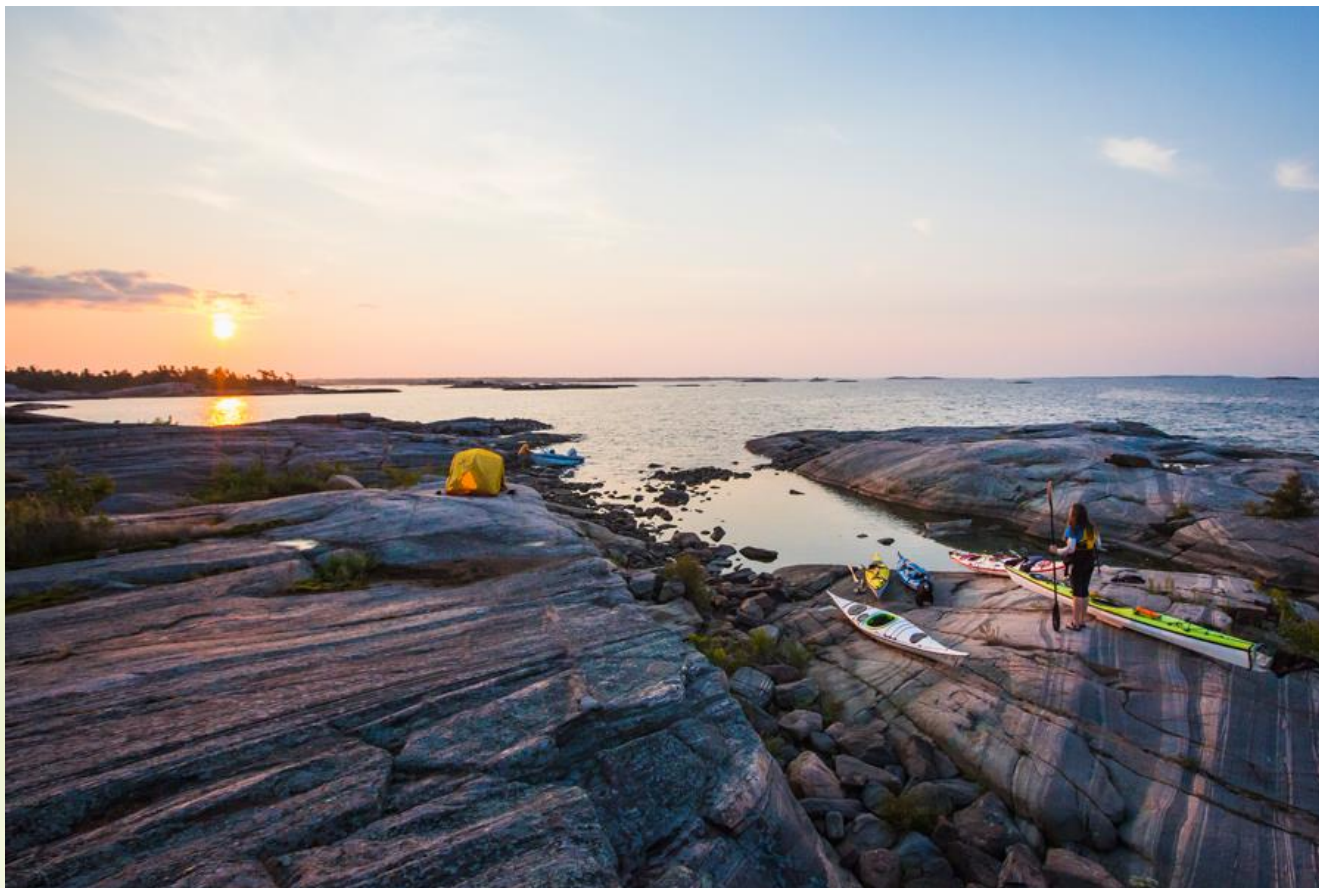
# Manitoba's Emissions Trading System

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- **Former NDP government:**
  - Climate Change and Green Economy Action Plan, Dec 2015
    - Uncertain whether this Plan is still in effect
  - Signed a MOU in Dec 2015 with Ontario, Quebec and California to link their cap and trade systems
- **Current PC government ruled out cap-and-trade and intends to develop a provincial plan on carbon pricing**

# Ontario Framework

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Source: [www.northernontario.travel](http://www.northernontario.travel), September, 2016

# Ontario's GHG Reporting Requirements

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- **Greenhouse Gas Emissions Reporting Regulations, 2009**
  - cover a wide range of facilities that will need to report
- **What must a prescribed facility do?**
  - collect emissions data
  - prescribed facilities emitting  $\geq 25$  kt/yr of CO<sub>2</sub>e required to report
  - facilities emitting  $\geq 10$  kt/yr and  $< 25$  kt/yr encouraged to report voluntarily

# Ontario's GHG Reporting Requirements

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## Changes Ahead

- **Quantification, Reporting and Verification of Greenhouse Gas Emissions, 2017 (O Reg 143/16)**
- **As of January 1, 2017**
  - expand scope of “prescribed facilities”
  - $\geq 10$  kt/yr of CO<sub>2</sub>e required to report
  - $\geq 10$  kt/yr and  $< 25$  kt/yr no third party verification required



# Ontario's Emissions Trading System

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## What does the system look like?

- **Implementation: January 1, 2017**
- **Covers a wide range of sectors, including electricity, industrial, large commercial**
- **Available emissions allowances will decrease annually**
- **When credits are auctioned, they will be available for anyone to purchase**



# Ontario's Emissions Trading System

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## What does the System look like?

- **Allowances**
  - used against excess GHG emissions
- **Offset Credits**
  - used against up to 8% excess GHG emissions
- **Voluntary Opt-In**
  - for facilities not subject to System

# Ontario's Emissions Trading System

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## What does the System look like?

- **Recognizing Early Reductions**
  - previous GHG reduction actions rewarded in certain circumstances
- **Preventing Facilities from Leaving Ontario**
  - free allowances to large emitters decreasing over time

# Quebec

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- **Quebec carbon trading system**
  - credits auction at minimum \$12.82 CAD per tonne (as of August 16, 2016)



Source: Marc Vidal, September, 2016

# Federal GHG Reporting

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Source: Chris Burkard, September, 2016



# Federal GHG Reporting

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- **CEPA Notice for Annual GHGs**
  - facilities emitting  $\geq 50\text{kt}$  of GHGs ( $\text{CO}_2$  equivalent)
  - reports due June 1 of following year
  - facility operator must report
  - information made public, but confidentiality may be requested
  - some overlap with NPRI reporting requirements

# Federal Action on GHG

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- **GHG regulations?**
- **National approach to carbon pricing**
  - recent developments
  - Proposed price:
    - \$10 per tonne in 2018
    - Rising by \$10 each year
    - \$50 per tonne by 2022
- **Low Carbon Economy Fund**

# IMPACT OF CAP AND TRADE ON BROWNFIELDS REDEVELOPMENT



# Cap and Trade and Brownfields

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## Impact on Brownfields

- **Offset Credit Opportunities?**
  - excess soil management
  - renewable energy projects
  - green buildings
  - reuse of existing infrastructure
  - urban forestation
  - phytoremediation

# Ontario's Climate Change Action Plan (CCAP)

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- **June 8, 2016 – CCAP announced**
- **Action areas**
  - transportation
  - buildings and homes
  - land-use planning
  - industry and business
  - collaboration with Indigenous communities
  - R&D
  - government
  - agriculture, forests, and lands

# Impact of CCAP on Brownfield Redevelopment?

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- **Transportation/Electric Vehicles**

- all new homes/townhomes with garages to be constructed with 50-amp, 240-volt, plug in garage
- by 2018, all newly built commercial office buildings and certain workplaces must provide charging infrastructure
- enhance cycling routes between residential, major transit stations, and employment areas
- increase use of low-carbon commercial trucks and shift to electric and natural gas powered trucks
- accelerate deployment of GO Regional Express Rail

# Impact of CCAP on Brownfield Redevelopment?

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- **Homes and Buildings**

- retrofit incentives for heritage buildings to incorporate low-carbon energy systems and high efficiency materials
- retrofit incentives to promote energy efficiency and low-carbon housing
- update Building Code with long-term energy efficiency targets for new net-zero carbon emission small buildings
  - intended to come into effect by 2030 at the latest, with consult on initial changes that will be effective by 2020
- launch in 2019 of Home Energy Rating Disclosure Program

# Impact of CCAP on Brownfield Redevelopment?

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- **Land Use Planning**

- intended amendments to *Municipal Act* and *City of Toronto Act*
  - allow municipalities to require electric vehicle charging in surface lots
  - allow municipalities to pass by-laws related to green standards in areas other than building construction (e.g., sustainable transportation management)
  - eliminate minimum parking requirements over the next five years from municipal zoning by-laws
    - instead bylaws will encourage bike lanes, larger sidewalks and enhanced tree canopies

# Impact of CCAP on Brownfield Redevelopment?

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- **Land Use Planning**

- intended amendments to the *Planning Act*
  - make climate change a provincial interest, ensuring climate change is taken into consideration when planning decisions are made
  - make climate change mitigation and adaptation mandatory in municipal official plans

# Impact of Alberta's and BC's Climate Leadership Plans on Brownfield Redevelopment

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- **Alberta:**
  - incentives for renewable energy generation
  - revenue from the carbon tax will be reinvested into the economy
  - creation of Energy Efficiency Alberta



# Impact of Alberta's and BC's Climate Leadership Plans on Brownfield Redevelopment

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- **BC:**
  - support for development of EV Charging stations in buildings
  - improve the transportation network by developing rapid transit and a new SkyTrain line
  - regulations for more energy efficient buildings by 2020
  - encourage development of net zero buildings

# Summary

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- **Understand climate change regulatory regime in your jurisdiction**
- **Explore brownfield opportunities within climate change policies**
- **Consider impact of climate change regime on your bottom line**