

Update on New Brunswick Climate Change Actions

December 2017



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Transitioning to a Low-Carbon Economy – New Brunswick's Climate Change Action Plan, was released in December 2016. The Plan represents a large step forward in our efforts to combat the growing threat of climate change. It is an ambitious plan, but very necessary.

Since its release, Government has been working diligently and has made significant strides in implementing a number of key actions from the Plan. The following document provides a summary of some of the significant achievements as well as an overview of additional implementation highlights.

1. Overview of Significant Implementation Achievements

Climate Change Act

Commitment

"2. Introduce a Climate Change Act to declare New Brunswick's commitment to addressing climate change mitigation and adaptation; to provide the authority to implement a carbon pricing mechanism; to establish a climate change fund with authority to spend proceeds; to establish industrial emissions limits; and to provide transparency and accountability."

Context

- Climate change is the most important issue to face human kind in modern times.
- Through the work of the Select Committee on Climate Change we heard that climate change is a very important issue for New Brunswickers and that our success in combatting climate change will depend on the collaborative and coordinated action of all New Brunswickers.
- Introducing the Climate Change Act achieves an important objective of the Climate Change Action Plan.

Our Plan

This is a made-in-New Brunswick approach that strikes the right balance in respecting our regional economy while contributing to Canada's national emission targets. The *Climate Change Act* provides for a managed introduction of carbon pricing in New Brunswick and a dedicated fund to invest in measures that address climate change.

In summary, the *Climate Change Act* includes the following:

- New Brunswick's GHG Emission Targets for 2020, 2030 and 2050;
- The requirement to prepare a Climate Change Action Plan which outlines specific mitigation and adaptation measures to address climate change and meet New Brunswick's targets. By elevating the Climate Change Action Plan to a legislated requirement and requiring annual reporting, government will further demonstrate its commitment to addressing climate change and provide for a heightened level of transparency and accountability.
- A levy on transportation fuels achieved by re-profiling a portion of the provincial fuel tax and investing it back into climate change initiatives
- Restrictions around spending from the Climate Change Fund to ensure revenue is spent on climate change mitigation and adaptation;
- Authority to enter into agreements with the federal government to provide for the federal regulation of New Brunswick's large industrial emitters and to ensure revenue derived therefrom is returned to the province's Climate Change Fund;
- Authority to establish a provincial offsets regulation to further incentivize emission reductions in sectors that will not be regulated by carbon pricing; and

- Annual reporting requirements on the Climate Change Action Plan and the Climate Change Fund to ensure transparency and accountability.

GHG Emission Targets

Commitment

"31. Establish specific GHG emission targets for 2020, 2030 and 2050 that reflect a total output of:

- a - 14.8 Mt by 2020;*
- b - 10.7 Mt by 2030; and*
- c - 5 Mt by 2050."*

Context

- Although New Brunswick's GHG emissions have declined in recent years, they are not projected to decline in the future under the status quo; additional GHG reduction measures will be required.
- All New Brunswickers have a role to play in addressing climate change, including understanding how New Brunswickers contribute to greenhouse gas emissions and changing their behaviour to reduce those emissions.
- At its August 2015 meeting, the Conference of the New England Governors and Eastern Canadian Premiers adopted a new regional target for the reduction of greenhouse gas emissions of 35% to 45% below 1990 levels by the year 2030 and confirmed the previous regional targets.
- New Brunswick has committed under the Pan-Canadian Framework on Clean Growth and Climate Change to working with other provinces, territories and the federal government toward meeting Canada's international commitments under the Paris Agreement.
- New Brunswick is committed to making its own contributions to these international, national and regional efforts.
- In December 2016, the Government of New Brunswick released a new Climate Change Action Plan which included GHG emissions targets for 2020, 2030 and 2050.
- The 2030 federal emission target for New Brunswick is 14.3Mt or 30% below 2005 levels. The provincial target exceeds the federal target by 3.6Mt
- Enshrining these targets in legislation is consistent with the recommendations in the Auditor General's 2017 Report on Climate Change and ensures that future government's will live up to these important commitments to combat climate change.

Our Plan

Provincial GHG emission targets for 2020, 2030 and 2050 as outlined in the 2016 Climate Change Action Plan will be legislated under section 2 of the proposed *Climate Change Act*.

Carbon Pricing Mechanism

Commitment

"32. Implement a made-in-New Brunswick carbon pricing mechanism that addresses the requirements of the federal government for implementing a price on carbon emissions by 2018 and at the same time recognizes New Brunswick's unique economic and social circumstances. The provincial government will take into consideration impacts on low-income families, trade-exposed and energy-intensive industries, and consumers and businesses, when developing the specific mechanisms and implementation details, including how to reinvest proceeds. Any carbon pricing policy will strive to maintain competitiveness and minimize carbon leakage (i.e., investments moving to other jurisdictions). Proceeds from carbon emissions pricing will be directed to a dedicated climate change fund."

Context

- Government's primary goal is to reduce emissions, not raise revenue.
- One of the key elements of carbon pricing is to incentivize emissions reductions at the lowest possible cost.
- New Brunswick is one of only two provinces to have already equalled the 2030 federal target for emissions reductions.

- The federal backstop carbon pricing requirements are largely modeled on the Alberta carbon pricing regime. Even with a \$50 per tonne price on carbon, Alberta's total provincial taxation on gasoline and motive fuel will be lower than the current level of provincial taxation in New Brunswick.
- Public confidence in a pricing regime for large industry will be enhanced by a robust, national standard being applied to New Brunswick's large emitters.

Our Plan

No Tax Increase for Consumers

The goal is not to ask more from taxpayers, it is to ensure we're using existing taxation derived from fuel and emissions to invest back into addressing climate change.

New Brunswick consumers are already paying an implicit price on carbon through existing taxes on gasoline and motive fuel. This is demonstrated by the fact that our level of taxation is already higher than what it will be in Alberta when they have fully implemented their price on carbon.

Our efforts to date have been successful; we will meet our provincial 2020 GHG target and are on track to exceed the federal 2030 GHG target for emissions reductions.

A National Standard for Large Emitters

For large industry, the federal government will deliver intensity-based performance standards on GHG emissions for those who emit over 50,000 tonnes of GHG annually. By leaving the administration of this industrial program in the hands of the federal government, we will ensure that our industry faces rigorous national standards without any administrative cost to provincial taxpayers.

Carbon pricing alone, with or without a new tax on consumers, is not expected to be sufficient to meeting the Government of New Brunswick's greenhouse gas emission targets. Additional actions will be needed. Consequently, the Government of New Brunswick will pursue complementary initiatives to support and promote the transition to a low-carbon economy.

Energy Efficiency

Commitment

"33 - Mandate energy efficiency delivery agents to provide energy efficiency initiatives with:

- a - clear performance-based targets for program-delivery services, in line with potential for efficiency gains in New Brunswick and performance levels in leading jurisdictions; i.e., in the range of 1.5 per cent to 1.75 per cent of sales per year;*
- b - sustained funding, including financial incentives and financing mechanisms, to support enhanced progressive long-term programs;*
- c - expanded capacity and programs to support low-income New Brunswickers;*
- d - active promotion and recruitment of participants to enhance program uptake;*
- e - training for building contractors through partnerships with the New Brunswick Home Builders' Association and other stakeholders;*
- f - coverage of all sectors (i.e., transportation, industry, commercial, residential) and all fuels;*
- g - the scope to include distributed clean energy options such as solar, wind and bio-energy;*
- h - performance auditing and reporting periodically; and*
- i - legislative and regulatory authority to enable energy efficiency delivery agents to meet the above conditions."*

Context

- The potential for energy efficiency in homes, businesses and transportation in New Brunswick is substantial.
- A broader and more aggressive suite of energy efficiency and clean energy programs will reduce reliance on fossil fuel use and fossil fuels for electricity generation.
- Energy we do not use is free of cost and emissions. Through eliminating waste of energy through efficiency measures, we can significantly reduce demand.
- Investments made within the province in energy efficiency are an attractive alternative to buying imported energy.
- The provincial government recognizes the significant untapped potential to improve New Brunswick's energy efficiency, thereby reducing GHG emissions and energy costs.

Our Plan

New Brunswickers will benefit from investments in energy efficiency programs for all fuels in homes, businesses and public spaces totaling up to \$234 million over the next five years.

These investments include up to \$82 million from NB Power, up to \$51 million from the federal government through the Low Carbon Economy Fund, and \$101 million for energy retrofits and renewable energy upgrades in provincial government buildings.

NB Power's investment of up to \$82 million will be made over three years and feature new and enhanced programs for homeowners, businesses and industry to reduce energy consumption. The new funding includes \$44.7 million for residential customers, \$32 million for commercial and industrial customers, and \$5.7 million to support public education and market transformation projects.

In addition to its own customers, NB Power's enhanced efficiency programs will also be available to homes and businesses that are served by New Brunswick's municipal utilities.

Eliminating Coal-fueled Electricity Generation

Commitment

"40. Work with the federal government, our neighbouring provinces, local stakeholders and the electric utility toward eliminating coal-fueled electricity generation as quickly as possible. If adequate support can be found to minimize impacts on energy costs and the local economy, eliminate coal by 2030. Alternatively, phase out coal by the status quo date of 2040 with interim emission reductions aligned with new federal regulations."

Context

- New Brunswick is one of 4 provinces with significant coal-fueled electricity generation assets (Alberta, Saskatchewan and Nova Scotia)
- Alberta has announced it will eliminate coal-fueled electricity generation by 2030, while Nova Scotia and Saskatchewan intend to use coal-fueled electricity generation beyond 2030.

Our Plan

New Brunswick has committed to ensure that electricity generation will continue in the Belledune region beyond 2030 for reasons of both system reliability and local economic activity. New Brunswick also plans to eliminate coal-fueled electricity generation by 2030.

To meet these goals, alternative fuel sources for Belledune are being explored, such as hydrogen, biomass and natural gas.

We are confident that an alternative fuel source can be identified and put in place by 2030 and that federal support through the Green Infrastructure Fund will be sufficient to mitigate any rate impact. However, the province will

continue to explore an equivalency agreement for the use of coal-fueled electricity generation beyond 2030 in the unlikely scenario that an affordable, alternative fuel supply cannot be identified.

Emission Limits for Large Emitters

Commitment

"53. Set emissions limits on the largest industrial emitters in consultation with relevant stakeholders, the federal government and other provinces to ensure that the measures are effective in reducing GHG emissions and are fair and equitable."

Context

- There are currently 10 facilities in New Brunswick emitting greater than 50,000 tonnes of GHG annually.
- Industrial facilities contribute to approximately 29% of New Brunswick's total GHG emissions.
- Electricity generation facilities contribute to approximately 31% of New Brunswick's total GHG emissions.
- Currently, facilities that emit greater than 50,000 tonnes of GHG annually are required to prepare and adopt GHG Management Plans and report their emissions to Environment and Climate Change Canada.

Our Plan

New Brunswick's large industry who emit over 50,000 tonnes of GHG annually will be subject to emissions limits in the form of output-based performance standards which will be implemented and administered by the federal government. By leaving the administration of this industrial program in the hands of the federal government, we will ensure that our industry faces rigorous national standards without any administrative cost to provincial taxpayers.

We believe that the rigour of a federally-administered industrial emissions program will provide a system in which big emitters are both in reality and by perception paying their fair share.

Climate Change Fund

Commitment

"117. Establish and administer a climate change fund that will:

- a - ensure proceeds from carbon pricing are invested back to consumers and economic sectors to reduce emissions (energy conservation and efficiency, and renewables) and climate change adaptation; and*
- b - ensure expenditures are done in accordance with government's climate action priorities;*
- c - consider all existing provincial and federal funds and opportunities to further leverage the climate change fund."*

"118. Make provisions for multi-year funding for climate-related initiatives."

Context

- Dedicated funding for climate change initiatives is essential to ensure sustained, ambitious and collaborative action to address climate change.
- The establishment of a Climate Change Fund was a key recommendation of the Select Committee on Climate Change.

Our Plan

The *Climate Change Act* includes a Climate Change Fund, which will be administered by the Minister of Environment and Local Government. This fund puts in place the foundation for a concentrated and focused fund to reinvest in measures that address climate change.

The Act includes a list of eligible expenditures; ensuring revenue is reinvested in measures to either reduce emissions or help New Brunswickers adapt to climate change. It also includes a legislated requirement to report on the

expenditures from the Fund through an annual report. Finally, the Act enables the creation of an advisory board to advise the Minister on spending from the Fund.

In the short-term, it is anticipated that the fund will allow for better accountability and transparency around government investments to combat climate change. In the longer-term, there will be new investments made as the amount of fuel tax repurposed grows and federal revenue from industrial performance standards is returned to the province.

2. Additional Implementation Highlights

The following is an overview of some of the additional implementation actions that have been taken since the Climate Change Action Plan was released in December 2016.

- Establishing a committee of Cabinet dedicated solely to the issue of climate change, chaired by the premier, to oversee the implementation of the action plan (*Plan Action #1*);
- New Brunswick is updating and strengthening its 2010 “Provincial Green Building Policy for New Construction and Major Renovations” demonstrating Government’s commitment to high-performance, sustainable building practices and serving as an example for other levels of government and the private sector (*Plan Action #16*);
- Government will continue to follow its Wood First policy which requires the use of wood in structures when it is a cost competitive and practical building material demonstrating a commitment to sustainable building practices (*Plan Action #21*);
- New Brunswick joined other jurisdictions under the Conference of the New England Governors and Eastern Canadian Premiers in accepting the 2017 Update of the Regional Climate Change Action Plan - Building on Solid Foundations (*Plan Action #24*);
- Work is under way through projects such as Partners for Climate Protection and QUEST to offer support to municipalities in developing local action plans that help reduce greenhouse gas emissions and address the impacts of climate change in their communities (*Plan Action #25*);
- New Brunswick has continued to participate in Federal-Provincial-Territorial working groups, such as those supporting the Pan Canadian Framework on Clean Growth and Climate Change, to ensure that New Brunswick’s interests are represented and to learn from the experiences of our neighbours (*Plan Action #26*);
- NB Power Efficiency Services Division has doubled the funding for the low-income program in order to achieve 520 retrofits in 2017/18 and reduce wait times. Wait times for low-income program participants has declined by 3 months (*Plan Action #33*);
- NB Power launched a 2-phase renewable energy program to grow the energy sector by partnering with Local Entities including Aboriginal Businesses, municipalities, cooperatives and not-for-profits. The LORESS program (Locally Owned Renewable Energy Small Scale regulation/program) projects allow for the production of a total of 80 megawatts of electricity from renewable sources like hydro, biomass, wind and solar, laying a solid foundation to meet the province’s goals achieving 40 % renewable in-province electricity generation by 2020 (*Plan Actions #42, 43 and 44*);
- In 2017, methane captured from the Chaleur Regional landfill, will be used to produce electricity, which will be purchased by NB Power under their embedded generation program and help it to achieve the provincial regulation requiring 40% of in-province sales to be from renewable sources (*Plan Actions #42, 43 and 44*);
- The Department of Transportation and Infrastructure purchased 2 electric school buses and installed the necessary charging infrastructure. The Department is also leasing 11 electric vehicles for government travel (*Plan Actions #22 and 46*);
- New Brunswick installed 10 DC Fast Chargers and 21 Level 2 electric vehicle charging stations. An additional 5 charging stations will be installed over the coming year. (*Plan Action #46*);
- The provincial government is investing \$500,000 over the next two years to establish a twice daily round trip public transportation system between Saint John and St. Stephen (*Plan Action #50*);

- By May 2018 publically available LiDAR information will increase by ~28% in NB. Total provincial coverage available will be ~67%. Among other things, this information can be used in planning for future climate conditions and developing adaptation plans (*Plan Action # 69*);
- The government continues to invest in dyke maintenance to ensure that dykes will provide the necessary protection from storm events and sea level rise. Also, the government continues to take action to protect New Brunswick's shoreline from erosion and the impacts of sea level rise. Climate change is also a consideration in all business case proposals put forward for federal cost shared funding (*Plan Action #72*);
- The province has been able to leverage federal funding from the Growing Forward 2 Fund to improve agricultural practices relating to climate change such as liquid manure storage, riparian protection, erosion control structures, irrigation management, shelterbelt establishment, nutrient management planning, water management and energy efficiency (*Plan Actions #86, 87 and 88*);
- New Brunswick has commenced efforts to enhance and update our existing set of flood hazard maps in the province. This includes the creation of flood hazard maps for the entire New Brunswick coastline. Public involvement and consultation will be a key component of this effort (*Plan Action #96*); and
- A total of 47 climate change vulnerability assessments for communities have been completed to date across NB and climate change adaptation plans have been developed for 6 communities: Bathurst, Dieppe, Dorchester, Moncton, Port Elgin and Sackville (*Plan Action #115*).

Consistent with the obligation outlined in action #110, the Government is committed to releasing an annual progress report on the implementation of the actions outlined in the Plan. This progress report will provide a comprehensive account of the actions that are being undertaken to ensure the successful and timely implementation of the Climate Change Action Plan.