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Canada's Election Cools Climate Policies

Canada's federal election on May 2 giving Prime Minister Stephen Harper's Conservative Party a majority in Parliament means that it is unlikely Canada's climate change policies will change much, if at all, from its previous wait-and-see-what-the-U.S.-does approach. This would leave climate policy up to individual provinces, four of which have said they would join with California in a cap-and-trade program. Those efforts, however, may have to await the outcome of procedural and appellate challenges to a March 2011 court decision that suspended implementation of California's AB 32.

Federal election

Monday's election resulted in Canada's Conservative Party achieving a solid majority for the first time in Harper's leadership. The post-election commentary assesses this as a stay-the-course outcome for Canada's climate change policy. The Globe and Mail in an article headlined "<u>Green energy sector not cheering Tory majority</u>," said after years of Prime Minister Harper providing "lukewarm support for green energy" when he had a minority government, industry executives don't expect the him to "change his stripes" now that he has a majority.

<u>George Hoberg</u>, a professor at the University of British Columbia, in the GreenPolicyProf blog called this "very bad news" for the climate movement:

Climate, and the environment more broadly, was not a significant issue in the election campaign. Canada's dysfunctional electoral system handed a party that received less than 40% of the vote on the right side of the political spectrum a commanding majority government that will be in power for 4 years. Stephen Harper's Conservative Party of Canada had the least ambitious climate platform; the parties representing the other 60% of voters had more aggressive policies in their platforms.

Time magazine's Bryan Walsh, in his Ecocentric blog, echoes that assessment:

Canada will continue its antagonism on the global climate stage, where it has <u>long since</u> <u>abandoned</u> any possibility of meeting its Kyoto carbon reduction targets, not that it was going to happen anyway. (Harper, back in a 2002 letter, referred to the Kyoto Protocol as a "<u>socialist</u> <u>scheme</u>.") Like his ideological counterpart George W. Bush, Harper doesn't seem to have much interest in dealing with climate change or energy, aside from the oil and gas that has helped Canada thrive recently. His position was in stark opposition to the opposition NDP, which offered more support for clean energy and—importantly—was ready to offer a carbon cap-and-trade program. But the Conservatives argued — in very familiar language — that carbon pricing would be increase energy prices and be a drag on the economy.

Up to provinces

With the federal government unlikely to act, the focus returns to the provinces, which previously indicated they would go it alone. Well before the federal election, British Columbia, Manitoba, Ontario and Quebec said they would join California's cap-and-trade program through the Western Climate Initiative. But, as the January 1, 2012, implementation date draws closer, there has been some uncertainty about which provinces are in and which ones will wait.

Ontario's environment minister said last month that it will <u>not be ready</u> to join the program at the targeted January 1, 2012, start date, but remains committed to the WCI. British Columbia's environment minister was quoted in the same article saying that the new B.C. government was <u>reevaluating</u> the cap-and-trade program and had not made a decision whether to proceed. Subsequently, the minister <u>said</u> the B.C. government is moving ahead with a plan to start carbon trading on January 1. (The minister also said that the province will keep its carbon tax, the only one of its kind in Canada, which currently charges \$20 per ton and will increase to \$25 per ton this July.)

Eyes on California

Whether one or more provinces can even start participating in the cap-and-trade program in January 2012 will depend on the outcome of legal disputes in California. Last March, a California Superior Court judge <u>ruled</u> that the state Air Resources Board ("ARB") violated the California Environmental Quality Act by adopting a scoping plan under the state's greenhouse gas reduction measure, AB 32. That law is the authority by which ARB would implement, among other things, the cap-and-trade program. Several environmental justice organizations challenged the scoping plan and the court ruled that ARB was required to evaluate cap-and-trade's potential effects to the environment. ARB has said it will appeal and would be seeking to stay the court's injunction against implementation. If a stay is not granted, ARB probably could not go through the evaluation process and adopt final cap-and-trade regulations by October 2011 in order to become effective on January 1, 2012.

Thus, with the Canadian federal election likely resulting in no change to its national greenhouse gas policies, to the extent some provinces want to go it alone, their participation in cap-and-trade hinges in large part on what happens in California.

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