

# **Climate Solutions and Clean Growth Advisory Council: Final Report**

**October 25, 2019**

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# Overview

The Climate Solutions and Clean Growth Advisory Council is pleased to provide this final summary of feedback and recommendations. As our two-year term ends, we thank the B.C. Government for the opportunity to contribute to British Columbia's leadership on climate change and its pursuit of clean growth and economic development.

We trust that this report will provide you with a useful summary of the work undertaken by the Council and our advice to government as it implements the CleanBC plan and establishes its next advisory council to guide and measure successful implementation.

## About the Climate Solutions and Clean Growth Advisory Council

The Council was established in the fall of 2017 with a mandate, in part, to provide advice to government on policies and actions that can contribute to carbon pollution reductions and optimize opportunities for sustainable economic development and job creation. The Council's mandate includes providing advice and feedback to the Climate Action Secretariat on how to enhance potential benefits and mitigate potential impacts of government's climate policies to ensure sustained economic prosperity and social equity.

The Council is comprised of 18 members with varied areas of expertise representing broad aspects of society in B.C., as shown on page 10.

Within the first few months of our formation, the Council identified a set of principles, listed in Appendix A, to guide our work and inform our advice to government.

Over the first year of our term, the Council worked closely with the Climate Action Secretariat to review and provide feedback on the components of the CleanBC plan, which was launched on December 5, 2018.

In our second year, we have been focused on the implementation and accountability measures for CleanBC, and on providing advice on strategies to reach B.C.'s targets as outlined in this report.

# Feedback Regarding CleanBC and Progress to Date

As we outlined in our letter of January 25, 2019, overall, the Council is supportive of the CleanBC plan. We believe it provides an ambitious and credible policy and investment road map to reducing B.C.'s greenhouse gas emissions at a scope, scale and speed required to bring us 75% of the way towards B.C.'s legislated 2030 greenhouse gas target. We acknowledge that the plan recognizes the challenge and opportunities, and the need for urgent action. There has also been encouraging progress on implementation since that time, including in the 2019 B.C. Budget, and the passing of zero-emission vehicles legislation.

We recognize that the plan:

- Commits government to a wide range of very ambitious and potentially effective policies and actions that target the key drivers of the province's greenhouse gas emissions, including shifting from fossil fuels to increased clean energy
- Combines a necessary range of environment, energy, economic and affordability priorities, actions and objectives, the details of which will need to be developed as the plan moves forward
- Builds a framework for a more collaborative economic approach to help ensure B.C. continues to benefit from a strong economy, and that our industries can remain competitive with other jurisdictions that have not yet made commitments similar to B.C.'s
- Recognizes that enduring support will necessitate ongoing engagement with Indigenous and non-Indigenous communities, industry, civil society, youth and young adults, organized labour, and utilities

In our letter dated January 25, 2019, we encouraged government to move quickly to develop a detailed implementation framework—including costing and legislative approaches—to advance the CleanBC plan. Specifically, the Council identified the following challenges:

- Significant funding is needed; this has been somewhat addressed in the last budget, but additional funding will be required going forward
- Efforts are needed to support innovation across all sectors of the economy; however, many of the innovation pathways required to meet targets, particularly in industry, are not yet in place
- The roles of local governments to help reduce emissions from buildings, transportation and waste through their policies, planning and service delivery need to be

defined, and the policies and incentives that help local government fulfill those roles need to be expanded

- Indigenous governments, along with the federal government, need to be meaningfully engaged in the process and their responses reflected in the plan's implementation
- Implementation must be both robust and mindful of opportunities and risks—particularly unintended consequences
- The Labour Readiness Plan will need to ensure that just transitions for workers are addressed, and that the requirement for future workforce opportunities is successfully cultivated
- Ensuring industries remain competitive in relation to jurisdictions with less stringent carbon or other policies requires effective policy initiatives for all sectors, particularly emissions-intensive, trade-exposed (EITE) industries

One important area of concern with the implementation of Phase 1 relates to the low-carbon fuel standard and the renewable gas standard, both of which account for a significant share of the reductions in CleanBC. Our understanding is that government is considering a broader range of compliance options for each policy than initially included in the CleanBC modelling. We are supportive of this direction because it opens up the most opportunities for innovation and lower-cost solutions. However, the change also introduces a risk that the package of CleanBC policies will achieve fewer reductions than previously modelled, because the low-carbon fuel standard and the renewable gas standard will include reductions covered by other policies. To mitigate this risk, we encourage government to either revise the 2030 reduction targets for both policies to ensure that the total reductions align with the levels anticipated when CleanBC was launched, or revise the Phase 2 work to identify the reductions through other policies.

As this Council wraps up its two-year mandate, recognizing that emission reductions have only declined 2% from the 2007 baseline as of the 2017 Provincial Greenhouse Gas Emissions Inventory, the Council members have the following broad advice for government, with further specific recommendations detailed below:

- Government should act swiftly to maintain the momentum on implementing the Phase 1 policies and programs, while working aggressively to plan for and start implementation of the Phase 2 policies to ensure we have a complete plan to meet targets
- Government should develop a clean energy strategy that clearly identifies how all of the commitments and policy actions will be achieved; it should also detail the best-suited clean energy sources to meet future clean energy demands
- Government should prioritize coordination across government ministries, particularly the Ministry of Energy, Mines and Petroleum Resources and the Climate Action Secretariat as the lead agencies, in addition to the Ministries of Environment and Climate Change; Forest, Lands, Natural Resource Operations and Rural Development; Transportation and Infrastructure; Jobs, Trade and Technology; Municipal Affairs and Housing; and Indigenous Relations and Reconciliation, and the federal government and other stakeholders, to ensure CleanBC is implemented in a comprehensive manner
- Government should continue to deepen its engagement with Indigenous and local governments to ensure CleanBC is implemented as effectively as possible, and that Indigenous and local governments are fully involved in development of policies for Phase 2
- Government should urgently develop an action plan based on its 2019 Climate Risk Assessment to address climate adaptation
- Government should actively engage with various sectors of the economy, including the innovation and technology sector, to understand the impacts of CleanBC, to seek feedback on additional solutions to achieve the remaining 25% reduction in emissions and to consider the advice in developing policy alternatives
- Government should identify specific actions to support industrial competitiveness through the transition to a low-carbon economy, and avoid carbon and capital leakage to jurisdictions with less stringent climate action or other policies or established measures to safeguard trade-exposed sectors; this should consider the full range of policy tools at the government's disposal
- Develop a comprehensive engagement strategy with youth and young adults to ensure their perspectives and voices form part of all climate action plans and policies
- As new mitigation policies continue to be developed for the first 75% and the remaining 25%, government should look for opportunities that bring together mitigation and adaptation in ways that are synergistic
- Finally, the Council is aware that Internationally Transferred Mitigation Outcomes (ITMOs) are an important part of ongoing international climate negotiations. The B.C. government should be a proactive voice, with the government of Canada, to ensure that any ITMOs have a high degree of credibility and transparency. Irrespective of future decisions regarding the use of ITMOs, the B.C. government should also continue to identify and implement opportunities to close the gap to its 2030 targets.

# Recommendations Regarding CleanBC Phase 2

As noted earlier, the CleanBC plan launched in December 2018 is intended to achieve 75% of required 2030 emissions reductions. We believe that this was appropriate as a first phase, assuming that Phase 2 would be initiated quickly.

At our June 10, 2019 meeting, the Council spent some time discussing the potential policies that could address the remaining 25% of carbon reductions required by 2030.

Key themes discussed by the Council:

- The need to broaden the scope of actions to fully incorporate actions that were originally absent or only partially reflected in the CleanBC plan
- The innovative pathway to long-term targets must include new and emerging technologies—many of which are being developed in B.C.—and regulations that are detailed and accounted for, as well as appropriate contingency plans to manage risk
- The need to consider ongoing funding sources to support the necessary infrastructure, adoption and development of new technologies, etc.
- The need to be mindful of costs of new policies; consider both the short-term and long-term societal costs of actions, as well as the cost to society of not taking strong actions
- The need to consider the implied behavioural changes and impacts for citizens of the shift to a low-carbon economy, including effects on lifestyle, convenience, cost of living, etc.
- The need for the CleanBC plan to address competitiveness issues for existing industries, particularly in the resource sector, and the impact on B.C.'s overall economic competitiveness in comparison with jurisdictions with less stringent climate action programs
- Actions implemented under Phase 2 should be informed by analysis from B.C.'s Low-Carbon Industrial Strategy (an initiative underway with the Business Council of British Columbia), which is aimed at unlocking B.C.'s full economic potential, maintaining economic competitiveness through the transition to a low-carbon economy, and supplying low-carbon goods and services to the world
- Ensure that measures in Phase 2 support the economic transition of all businesses, including small and medium-sized enterprises, to a low-carbon economy
- As the industrial sector in B.C. continues to transform, the Council recommends that government develop comprehensive policies that will ensure the shifts in emissions from B.C.'s industrial sector fit within CleanBC targets and Canada's global responsibilities under the Paris Agreement

Recommendations:

## • **Phase 2 and B.C.'s long-term targets:**

- Accelerate technology switches; in order to reach climate goals, pursue step change technologies where feasible and cost-effective, rather than bridging technologies (e.g., utilizing electric vehicles versus compressed natural gas vehicles)
- When implementing policy change, ensure equal thought is put into the associated behavioural change and what is required to support that change, keeping in mind how British Columbians live and work
- As policies to reach the 2030 target are formulated, be mindful of the longer-term target of an 80% reduction by 2050
- Review policies to strengthen those that are cost-effective

## • **Government's focus and alignment with other priorities:**

- Government should prioritize support for cost-effective technological innovation and solutions for industry. This will include, but will not be limited to, innovation in the clean tech space. Technological innovation will enable B.C. to achieve its climate goals while creating economic opportunity.
- Highlight co-benefits and prioritize actions/system changes that address multiple priorities (health, affordability, economic opportunity, etc.)
- Government incentives for businesses to meet CleanBC targets should focus on key areas of importance (e.g., high emitters, highly competitive markets), not just where incentives are easy; early adopters and movers should not be penalized for leadership, and EITE industries should be protected to avoid carbon leakage
- Government must create strong systems across all Ministries to ensure CleanBC alignment (e.g., include deliverables and responsibilities related to CleanBC in all Minister mandate letters)

# Recommendations Regarding Implementation Plan

We have appreciated the opportunity to comment on the draft implementation plan presented to the Council on January 25, 2019. For those policies and programs that have been identified, the timelines put forward by government seem reasonable. However, we note that there appear to be some significant missing pieces of the implementation plan.

Recommendations to close those gaps are provided below. We note that a future Climate Advisory Council has a strong role to play in providing advice to government in these areas:

- **Accounting for major policy initiatives/review:** Government should provide additional detail regarding major policy initiatives or reviews, such as the review of BC Hydro, electrification, rate reform, public sector leadership in low-carbon procurement, and the Low-Carbon Industrial Strategy. Any policy changes or new policies implemented affecting the objectives of CleanBC should be done transparently, with clear accounting for how they affect those objectives, both positively and negatively.
- **Establishing a “climate lens” for policy and program decision-making:** Government should use a Treasury Board directive that requires any new program proposal to include an assessment of its impact on greenhouse gas emissions, including consideration of opportunities to mitigate any potential increase in emissions.
- **Enhancing an all-of-government approach:** Government should ensure adequate resourcing of all Ministries supporting CleanBC implementation, and create durable and transparent cross-government working groups that align with sectors identified in CleanBC (transportation, buildings, industry).
- **Stronger focus on just transition planning, including the Labour Readiness Plan:** Government needs a stronger plan for labour readiness and adjustment. This would take the form of more funding and details regarding the assessment, timeline, output and desired outcomes, and the Ministry or Ministries responsible.
- **Clarifying the role of local government in CleanBC:** Government should be clearer about the role of local government in the implementation of CleanBC, including land use planning, zoning decisions, bylaws, permitting and licensing, etc. The need for financial and capacity support for smaller communities also needs to be recognized. This was a significant gap identified by the Council, and should be an area where members of a future advisory council could offer guidance.
- **Improve inter-governmental coordination:** Government should be appropriately resourcing and prioritizing implementation of CleanBC across B.C. Ministries, as well as coordinating and collaborating with the federal government and other provincial governments.
- **Engage Council on public awareness and communications:** Government should formally engage with a future advisory council on plans for ongoing communications and engagement strategy with the public and specific groups, as identified earlier regarding the ongoing implementation of CleanBC.

# Recommendations Regarding Accountability Framework

The B.C. government has already committed to four components that the Council recommends should be included in a robust accountability framework. These are:

- **2030 emissions reduction target.** The target of a 40% reduction in emissions from 2007 levels by 2030 is legislated in the Climate Change Accountability Act. This corresponds, based on current reporting methodology, to 38 megatonnes (MT) of emissions in 2030.
- **Medium-term emissions forecasts to 2030.** CleanBC includes modelling of emissions by sector to 2030, with current forecasts achieving 75% of the 2030 emissions reduction target. This modelling will be updated annually, including forecasting of emissions to 2030 based on new policies, actions and industrial development. The model should also demonstrate a pathway to achieve B.C.'s full 2030 emissions target. This will allow for important planning mechanisms, including 2030 targets and annual emissions targets (see additional recommendation below) to be established.
- **Three-year emissions forecasts.** CleanBC commits to an amendment of the Climate Change Accountability Act that requires development of three-year emissions forecasts. These forecasts will be updated annually, concurrent with the medium-term emissions forecast, and will take into account expected emissions reductions due to CleanBC actions and any increases or decreases due to other policies, trends and pressures.
- **Three-year financial budget to support meeting reduction targets.** As part of CleanBC fiscal planning, three-year fiscal implementation plans will be tabled annually with the Ministry of Finance's Annual Budget and included in the service plans of responsible Ministries. This will help ensure climate policies are adequately funded and ensure cross-Ministerial responsibility for achieving targets.

The Council has two additional recommendations for government's consideration on the accountability framework. These were previously discussed as a Council at the June 2019 meeting and provided to government:

- **Establish 2030 sectoral emissions reduction targets.** Introduced in 2018, the Climate Change Accountability Act gives Ministerial power to establish emissions goals for individual sectors. Government should establish sectoral goals to help ensure that Ministries play an active role in identifying emissions reduction opportunities in the sectors they regulate. To allow for flexibility, sectoral targets could be expressed as a range.
- **Establish annual emissions target ranges five years in advance.** To allow for improved planning and transparency in comparison to three-year emissions forecasts, government should establish, through legislation, annual economy-wide target ranges for the next three years, based on the legislated 2030 emissions target. We recommend government calculate these based on their medium-term emissions forecast in order to help ensure B.C. is on track to achieve its 2030 emissions target. In combination with the three-year emissions forecasts, these annual target ranges will help enable transparency in determining whether provincial emissions forecasts are on track to achieving targets. We recommend that, in its public reporting, government provide an analysis and discussion of the cause and effects underlying any differences between forecasts and targets (e.g., economic context, technological advances).

Along with the four components that government has already committed to, adoption of these additional recommendations would allow for enhanced planning and transparency.



# Recommendations Regarding A Future Advisory Council

We applaud the government for establishing the Climate Solutions and Clean Growth Advisory Council and for engaging with us prior to, during and following the development of the CleanBC plan.

We offer the following considerations regarding the establishment of a future advisory council to ensure that this group and its process is set up for success:

- **Establish clearer terms of reference (TORs).** Council felt that its TORs were vague and that clear roles and responsibilities are important for the next Council. Clear TORs will improve the Council's ability to provide government with meaningful and effective input.
- **Council should be connected to other ongoing initiatives.** The Council should not operate in isolation—it needs to be clearly connected to other government strategies aimed at achieving CleanBC objectives, such as the Low-Carbon Industrial Strategy. Operating in isolation will lead to ineffective advice and ineffective policy.
- **Council's purpose should be connected with the government's social and economic objectives.** A future advisory council will benefit from further details of the government's economic and social strategies, and the connection between those and other government priorities and initiatives such as the Labour Readiness Plan or the Emerging Economies Task Force. Reconciling these important objectives should be part of future Council engagement and will also need to be appropriately embedded in future updates of the CleanBC plan.
- **Maintain diversity of Council membership while keeping size manageable.** In addition to the perspectives and interests represented on the current Council, the membership of the future advisory council should consider other voices in climate, clean energy and clean economy. This should include representation of perspectives such as youth, rural communities, affordable living, utilities, small business and industry, and adaptation. This could include individuals who represent multiple important perspectives.
- **Formalize the use of subcommittees.** As you know, the Council established a Technical Advisory Committee, an Engagement Committee and an Adaptation subcommittee, which were not originally part of the Council's TOR. We encourage government to formalize these three subcommittees with separate TORs, and to enable the Council and the Climate Action Secretariat to establish and/or include additional subcommittees as needed.
- **Ensure that the future council has access to relevant technical and other expertise.** The Council obviously benefits from the technical expertise of Climate Action Secretariat and consultants they engage, but also from occasional speakers and experts who speak directly to the Council about their work and about related research and initiatives in other jurisdictions. Ensure that the future advisory council has access to the expertise that will be required to fulfill its mandate.
- **Engage the future advisory council early and often.** As with any good consultative process, government should engage with the new advisory council as early as possible in the development of any future plans, and then at a minimum, quarterly through their development, to ensure that government has an opportunity to benefit from the perspectives and expertise of new advisory council members.
- **Develop an orientation and onboarding process.** Given the diverse backgrounds of Council members, government should conduct a thorough onboarding process to educate new members regarding the mandate of the Council and the subject matter that the Council will be discussing. If it is helpful, the co-chairs of the current Council could provide a presentation regarding our work to the new Council, once established. The current Council also believes that more frequent meetings would be beneficial.

# Acknowledgements

The Council would like to thank you and the Climate Action Secretariat for its work in supporting our Council meetings and responding to our information requests.

We again reiterate our appreciation for the opportunity to have been of service to the government of B.C., and we look forward to seeing the successful implementation of CleanBC for the benefit of all British Columbians.

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# Appendix A

## Climate Solutions and Clean Growth Advisory Council Principles

- 1.** Demonstrating ambitious leadership. We strive to sustain a strong economy, meet our legislated targets and contribute to global climate action by sharing our policy successes and solutions with other jurisdictions while learning from the experiences of others.
- 2.** Ensuring credible, durable and cost-effective policies. British Columbia needs a suite of credible, durable and cost-effective climate policies and regulations to reduce carbon emissions. Policies need to be designed to support multiple benefits, including social, environmental and economic goals.
- 3.** Creating prosperity and jobs. Our recommendations will seek to build a strong, sustainable economy that is steadily reducing greenhouse gas emissions and growing investments while creating and maintaining jobs.
- 4.** Supporting a just transition. We support a just transition, meaningful employment, secure jobs and fair wages, including, for example, the education and training of workers and support for communities.
- 5.** Enabling industry competitiveness. We support actions to enable industry competitiveness so that companies can continue to thrive and innovate while reducing emissions.
- 6.** Increasing community resilience. We support mitigation policies and actions that concurrently strengthen community resilience to climate impacts.
- 7.** Respecting diversity and ensuring equity. We respect British Columbia's diverse cultures, regions, sectors and income levels, and support fairly distributing benefits while minimizing impacts.
- 8.** Committing to meaningful engagement. We support meaningful engagement with British Columbians to ensure the Climate and Clean Growth Strategy resonates with their communities, their work and their way of life.