

March 1, 2016

Ontario Introduces the *Climate Change Mitigation and Low Carbon Economy Act, 2016*, Regulation

The Minister of the Environment and Climate Change, the Honourable Glen Murray has introduced Bill 172, the *Climate Change Mitigation and Low Carbon Economy Act, 2016* in the Legislature. The Act received First Reading on February 24, 2016.

The Bill defines the government's proposed approach to the operation of a cap and trade system to reduce greenhouse gas emissions in Ontario. The Act creates the Greenhouse Gas Reduction Account for cap and trade revenues and authorizes the expenditure of funds for greenhouse gas reduction measures. The Act also defines:

- capped industries, electricity import, natural gas distribution, petroleum supply and other designated emitters;
- mandatory and voluntary participation in the cap and trade market;
- allows for designated agents;
- the obligations and enforcement measures for market participation;
- emissions allowances which can be distributed for free; and
- offset credits for measures that reduce greenhouse gases.

The Bill's schedule also notes that potential for offset credits for services delivered by municipal governments are contemplated. Specifically mentioned are: public transit, active transportation, waste management and landfill gas destruction as well as improvements to buildings.

Cap and Trade Regulation

A lengthy regulation under the Act was also posted on the Environmental Registry for consultation by the Ministry on February 25, 2016. The regulation lays out the obligations and requirements for participation in the cap and trade market in greater detail. Facilities that emit more per year than 25,000 tonnes of carbon dioxide are mandatory participants, with provision for voluntary participation of those that produce between 10,000 and 25,000 tonnes annually. The proposed regulation includes energy-from-waste facilities under mandatory participation.

The regulation:

- establishes Ontario's cap and trade credits at 1 tonne of carbon dioxide equivalent;
- creates rules for buying, selling and transferring credits;
- sets out compliance period timelines and reporting deadlines; and
- allows application for early action credits and the creation of strategic allowances reserves and minimum pricing.

Municipalities are encouraged to review both the legislation and the regulation for detailed impacts. AMO will review the documents in greater detail and report out to members as

necessary. **Municipalities are encouraged to submit comments to the Ministry on the regulation by April 10, 2016.**

The Ministry is also proposing to publish a second regulation governing offset credits for projects which reduce greenhouse gas emissions which will be available for consultation if the legislation is passed. This proposal will be of interest to municipal governments and AMO will report to members after review.

Links:

The Bill: http://www.ontla.on.ca/web/bills/bills_detail.do?locale=en&Intranet=&BillID=3740

The Regulation: <https://www.ebr.gov.on.ca/ERS-WEB-External/displaynoticecontent.do?noticeId=MTI3ODA1&statusId=MTkzMDc5>

Contact: Craig Reid, Senior Advisor, creid@amo.on.ca, 416-971-9856 Ext. 334.