

Climate Leadership Plan Program and Policy Highlights

Climate Leadership Plan

In November 2015, government announced Alberta's Climate Leadership Plan (CLP) – the province's strategy to diversify our economy, create jobs and reduce greenhouse gas emissions that cause climate change.

Key pillars of the plan include:

- Putting a price on greenhouse gas emissions
- Ending pollution from coal-fired generated electricity by 2030
- Developing more renewable energy
- Capping oil sands emissions to 100 megatonnes per year
- Reducing methane emissions by 45 per cent by 2025

Progress

From the 2016/17 and 2017/18 fiscal year, about \$1.5 billion has been invested in rebates, tax cuts, and more than 40 CLP programs and policies. In just the first year of implementation, CLP programs have supported jobs, diversified the economy, increased community health and wellbeing, and set the foundation for impressive greenhouse gas emissions reductions. Those highlights are as follows:

Emissions Reductions: 50 megatonnes

The CLP is setting the province on track for reduced greenhouse gas emissions. Based on the Government of Canada's 2015 Emissions Trend Report, Alberta's emissions were tracking toward 313 annual megatonnes by 2030.

With the CLP in place, Alberta is now tracking toward 263 megatonnes, with room for even lower emissions if investment in clean technology continues to grow the way it has in recent years.

Greenhouse gas emissions in the electricity sector fell over 7 megatonnes in 2018, compared to 2017. That's a 16 per cent drop from the sector in one year. This included a 10 megatonne (over 25 per cent) drop from coal power emissions alongside increased generation supply from cleaner power sources, like natural gas and renewable energy.

For the first time, less than half of electricity generation in Alberta was generated from coal power in 2018.

Rebates: \$978 million

Combining 2016-17 and 2017-18 fiscal years, a total of \$453 million in rebates has made life better and more affordable for lower- and middle-income Albertans. Carbon levy rebate rates increased in 2018, so carbon levy rebates are forecast to climb to \$525 million in 2018-19, bringing the total in rebates to nearly one billion dollars (\$978 million) by the end of this fiscal year (March 31, 2019).

Tax Cuts: \$415 million

CLP investments have made life better and more affordable for Albertans, including \$220 million to finance a 33 per cent small business tax cut. This tax cut is forecast to save small businesses \$195 million in 2018-19, bringing the total saved to \$415 million by the end of this fiscal year.

Jobs: 5,000 and Counting

The CLP has directly supported about 5,000 jobs in 2017-18, and current investments and commitments will support another 20,000 jobs from over the future:

- Energy efficiency measures have been some of the fastest to get up and running, because they are quick to deploy. As a result, according to [Energy Efficiency Alberta's 2017-18 Annual Report](#), investment in the agency's programs have supported an additional 2,300 jobs in its first year.
- [Emissions Reduction Alberta \(ERA\) estimates](#) that investments will lead to 12,000 person-year jobs in Alberta (500 in 2017 alone).
- An additional 7,000 jobs are supported through the [Renewable Electricity Program](#).
- An additional 1,000 jobs are supported by [major investments in transit projects](#) like the Green Line in Calgary and the Valley Line in Edmonton.

To calculate estimated job figures:

- The Alberta Climate Change Office follows Statistics Canada's methodology because it can be applied across multiple types of expenditures and a broader portfolio of investments. These multipliers are updated on an annual basis and are lower than those in an Acadia Center study, used by Energy Efficiency Alberta (EEA).
- EEA uses multipliers from the Acadia Center's 2014 study, [Efficiency Engine of Economic Growth in Canada](#). This methodology is individual to the agency because it applies specifically to energy efficiency initiatives. EEA's inputs are direct spend plus energy savings resulting from the direct spend. This amplifies the input and adds a future dimension to the result as energy savings result in future years. EEA inputs also include investments and savings from its solar programs.
- ERA also uses Statistics Canada's input-output model to estimate jobs. In some cases, ERA uses direct and leveraged spend as an input (e.g. 12,000 jobs by 2023) while the Alberta Climate Change Office uses direct spend.

Competitiveness

Putting a price on carbon is the most cost-effective way to reduce emissions. In general, carbon pricing applies to purchases of transportation and heating fuels that produce emissions when combusted. While the intent is to apply carbon pricing as broadly as possible, and government offers a number of programs to help Albertans reduce emissions, the CLP includes the following exemptions for specific uses where broad-based carbon pricing would not be appropriate:

- To help protect competitiveness of Alberta's agricultural and farming sector, an exemption applies to marked gas and diesel used in farming operations. This is similar to what is done in other jurisdictions such as British Columbia and under the federal carbon pricing system.
- Large emissions-intensive and trade exposed industries are subject to the [Carbon Competitiveness Incentive Regulation](#) rather than the levy, which drives performance while ensuring these sectors continue to contribute to our economy, rather than shifting their business and associated pollution to another jurisdiction.
- First Nations are exempt from the carbon levy only on transportation fuels and natural gas that are purchased on, or delivered to, a reserve. Exemptions from the carbon levy and taxes on tobacco and fuel purchased on-reserve under the Alberta Indian Tax Exemption (AITE) specifically applies to an Indian or Indian band as defined in the federal *Indian Act*.
- We are continuing to strengthen Alberta's energy sector on many fronts, including support for our oil and gas service rigs. Government expanded the on-site carbon levy exemption by authorizing rebates on clear fuel used by service rigs on oil and gas well sites. The change will be retroactive to January 2017, which means eligible companies are expected to receive rebates of up to \$8.5 million over six years to the end of 2022, when the on-site exemption expires.

Other exemptions include fuels that are:

- Renewable, including ethanol, biodiesel and biomethane
- Used on inter-jurisdictional flights made for a commercial purpose
- Used by the federal government
- Exported
- Used a feedstock in industrial processes rather than combusted

While not exempt, the Greenhouse Natural Gas Rebate Program provides eligible greenhouse operators with a grant equal to 80 per cent of the carbon levy paid to their purchase of eligible gas and propane for crop production related to heating their greenhouses. Fuel retailers in Lloydminster also receive a rebate for the difference in combined levy and tax rates in recognition of the close proximity of competing retailers in Saskatchewan.

Emissions Reduction Alberta

Since 2015, the Alberta government has supported Emissions Reduction Alberta (ERA) with \$168 million in grants to administer programs. To date, ERA has invested more than \$467 million in 145 projects with a total value of more than \$3.5 billion. For every dollar ERA commits to advancing new technologies, another \$6 has been invested by funding partners.

Indigenous Climate Leadership

More than \$50 million has been invested into Indigenous Climate Leadership Initiative projects in 65 Indigenous communities since 2017.

Energy Efficiency Alberta

For years, Alberta was the only jurisdiction in North America without an energy efficiency strategy.

As part of the CLP, government established EEA in 2017. Programs launched since 2017¹ translate to:

- \$720 million in economic growth

- 4.5 million tonnes of greenhouse gas emissions reductions, the same as taking about nearly one million vehicles off the road for a year
- Expected energy savings to Albertans of over \$510 million. That's enough to power over 1.2 million Alberta homes for one year².
- 15 million energy efficient products installed
- \$3.30 returned to Albertans' pockets for every \$1 invested.

Solar

Demand for solar projects has grown by five times since 2015, thanks primarily to the CLP. Alberta currently offers more solar programs than any province in Canada, with support for municipalities, Indigenous communities, schools, homes, farms, businesses and non-profits.

Energy Efficiency Alberta's Residential and Commercial Solar Program and the Alberta Municipal Solar Program have played important roles in advancing solar in the province.

The rapid growth of Alberta's solar sector since 2015 means:

- The solar industry has grown by over 800 per cent
- About 3,100 solar installations have been completed
- Installed solar capacity has increased from six MW in 2015 to 50 MW in 2018
- More than 300 certified companies have installed solar projects across the province
- Albertans have conserved enough energy to power a city the size of Leduc
- Energy consumers will save \$92 million on energy bills as a result of installations (over the lifetime of the projects)

¹ The reporting period for the following is from program launch to November 30, 2018, as reported by EEA. This is compared to EEA's Annual Report, which reports only for the first year of the agency's operations.

² Based on energy savings over the lifetime of the installed equipment.

Transportation

CLP transportation spending in 2017-18 is estimated to result in 1,080 jobs supported and 55,000 tonnes of emissions reductions by 2021.

Budget 2018 included \$3 billion over ten years for light rail transit in Calgary and Edmonton from the CLP, including:

- \$1.53 billion for Calgary's Green Line, the most extensive LRT project in Calgary's history.
 - No expenditures were made in 2017-18, but funds are committed to Stage 1 beginning in 2018-19.
- \$1.47 billion to support Edmonton transit:
 - \$1.04 billion for the West Valley Line
 - \$131 million for the Metro Line Extension
 - \$300 million for future expansion

Alberta's Budget 2018 Capital Plan also included \$967 million over five years (2018-19 to 2022-23) from the CLP:

- \$440 million in Capital Grants for the Green Transit Incentives Program and \$115 million (of the program total of \$215 million) for the Alberta Community Transit Fund program
- \$412 million in Capital Investment primarily for water management infrastructure projects, including the Springbank Off-Stream Reservoir which includes construction of a dry reservoir west of Calgary that will store water temporarily during extreme weather floods.

Cleaner Electricity

Alberta is trending positively toward its policy goals for renewable electricity sources and zero emissions from coal fired electricity generation.

Though not yet reflected in Environment and Climate Change Canada's data due to a data lag, immediate impact has been observed in Alberta's electricity sector, with coal fired power generation decreasing and cleaner forms of electricity increasing with a projected net decrease in electricity emissions of 7 to 8 million tonnes in 2018.

The province is also creating jobs, diversifying our economy and taking action on climate change through the Renewable Electricity Program.

The program will support the development of about 5,000 megawatts of renewable electricity to help Alberta reach 30 per cent renewable energy by 2030.

- Round One of the program set a record for the lowest renewable electricity pricing ever recorded in Canadian history.
- In Round Two, successful developers partnered with three Indigenous communities to build five wind projects totaling 363 megawatts at a weighted average price of under \$39 per megawatt hour.
- Round Three resulted in three successful wind projects totaling 400 megawatts at a weighted average price of approximately \$40 per megawatt hour.

The program is expected to attract about \$10 billion in new private investment and create about 7,000 jobs for Albertans by 2030.

Setting the Foundation

The Alberta government is taking action on climate change while protecting lower- and middle-income Albertans and Alberta businesses. We are investing carbon revenue to reduce emissions, help families and small businesses adjust to carbon pricing, and support the economy. Our energy efficiency programs are helping Albertans and Alberta businesses save both money and energy. Even with carbon pricing, Alberta has the lowest overall taxes among the provinces, with no sales tax, no payroll tax and no health premium.

With CLP programs now in place, Albertans can expect to benefit from more cost savings, energy savings and reduced emissions for years to come.