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### **A review of the new Ontario Environment Plan: The start of a new conversation**

*Plan commits to climate change targets, the principle of “polluter pay”, engaging environment business and entrepreneurs ... but proof will be in the details*

Noted architect Ludwig Mies Van der Rohe, famed for projects like Toronto’s TD Centre and New York’s Seagram Building, once observed, “God is in the details.”

The 52 page document (“Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environment Plan”) released by the Ontario government last Thursday paints a broad picture, pledging action in four main areas: Protecting air, lakes and rivers; Addressing climate change; reducing litter and waste, and; conserving land and greenspace. Many of the measures establish a direction but the details will have to be further developed. Ontario environment companies and entrepreneurs will be involved in these discussions, but in the interim, here are our observations about the plan’s broad themes:

#### **The world is not ending, but it’s a different world**

When the then-new government announced back in the summer that it would replace the previous government’s cap-and-trade system with a plan of its own, many activists and environmental NGOs were quick to suggest that the sky was falling.

This is not the case with the plan released on November 29. It is arguably less ambitious and far-reaching than the one offered by the previous government, as it does not propose to rewire the entire economy around GHG reduction. What it does contain is a range of practical measures, from (albeit lower) emission reduction targets to protecting the natural environment. To the government’s credit, this approach may make environment “real” to voters in a way that many governments around the world have struggled to do. It ties their measures to very traditional concepts of the environment (more on that later) and offers a measured approach that makes a priority of limiting the personal impact on Ontario residents.

As such, Ontario environment and cleantech companies can look at this as the starting point in a conversation about how we can move forward.

#### **A focus on large GHG emitters, programs that may mitigate GHGs, other environmental harms**

Building on the clear message in their election platform, the plan bills itself as a “clean break” with previous efforts and rules out any measures (e.g. carbon tax) that might impose direct costs on Ontario residents. It also has a fairly blunt message

for the federal government, stating that Ontario has done too much “Canada’s heavy lifting on GHG emission reductions” and will no longer do so. It commits to meeting Ontario’s portion of the national target set in the Paris Agreement by lowering the province’s emissions to 30% below 2005 levels by 2030.

To do so, it proposes a number of measures that will be of interest to ONEIA members:

- **Creating the Ontario Carbon Fund:** While details are to be worked out, the plan proposes to use \$400M of government funding with the aim of leveraging additional private funds on a 4:1 basis to support “investment in clean technologies that are commercially viable.” The fund will also support a “reverse auction” model whereby emitters will “bid” for funding to support their GHG reduction projects.
- **Increase the use of “cleaner fuels”:** In a move that will encourage alternative fuel firms, the plan proposes to increase ethanol content for gasoline to 15% within seven years and expand natural gas conservation programs in partnership with the Ontario Energy Board.
- **Encouraging the beneficial use of organics:** The plan notes that 60% of food and organic waste is currently sent to landfills, resulting in the generation of methane that is up to 25 times more potent a GHG than carbon. The document proposes treating this material as a resource that can be used to “heat our homes, support healthy soils and reduce GHGs” and floats the idea of banning organics from landfills and expanding green bin systems.
- **Streamline environmental approvals:** The plan notes that environmental approvals should be prioritized for businesses that want to implement low GHG technology or approaches.
- **Move to a responsibility model for packaging and products:** The plan commits to “move Ontario’s existing waste diversion programs to the producer responsibility model” and also floats the idea of making producers responsible for end-of-life management. It also proposes a dialogue on new standards and rules for compostable products.
- **Measures to promote healthy, clean soils:** The plan commits to “revise the brownfield regulation and record of site condition guide” as part of a basket of measures to promote clean soils.

### **Polluter pay sends a great signal, but ...**

ONEIA members have been clear over the 26-year history of the Association: Companies that follow the environmental rules and want to compete ethically should not lose out to those companies that want to cut corners. We have always advocated for enforcement as a way to create a level business playing field AND ensure that the public is protected.

The new plan relies heavily on a focus on large emitters, offering strong and welcome commitments to “make polluters accountable” and redirecting their fines towards supporting environmental innovation. This focus poses two issues that will have to be clarified in subsequent discussions with the province:

1. The plan proposes that the province be able to exempt specific industries or emitters based on their “trade exposure, competitiveness and process-emissions”, which could prove problematic without clear guidelines for regulators; and,
2. Reducing emissions from large facilities, while welcome, is only part of the solution. In Ontario, research tells us that large emitters are a small portion of total GHGs released into the atmosphere and that our built environment and transportation are seeing their emissions rise rapidly. So while the optics of large smokestacks may play well in the public imagination, issues such as rising commute times, trucks stuck on our highways and the efficiency of the buildings in which we live and work that will require the most attention.

### **Commitment to “best science” welcomed**

Ontario’s environment companies and entrepreneurs had heard rumblings that public opinion, not science, would be the main measure of how the province would tackle climate change. One senior government insider was reputed to have remarked, “...that may be what the ‘science’ says, but we’re going to let the facts sort themselves out while we do what we were elected to do.”

Thankfully, this does not appear to be the case with the plan, as the document makes repeated reference to the “best science.” This is a perspective that Ontario environment companies and entrepreneurs are well positioned to support, given that their businesses are based on the scientific merit of their approaches and technologies.

### **A reminder that the “environment” is not just the wilderness**

The plan often conflates the concept of the “environment” with that of the outdoors, those great swaths of forest and lakes and parks with which Ontario residents are blessed. This is a narrow and unscientific view of the environment that resonates in the popular imagination, but not in reality. Our environment is all around us, from our air and water quality to the urban and suburban landscapes that we increasingly live in, to the back woodlots and fields of Ontario farmers to the trees and plants that grow on our front lawns. The environment is not some pristine space that is “out there” and needs to be protected, it is right in front of us. Ensuring that businesses AND individuals understand this and treat their portion of the environment responsibly as a shared resource will be a key focus of any measures stemming from the plan.

### **Where should we focus as we move forward?**

Many of the measures proposed in the plan will be welcomed news to Ontario’s more than 3,000 environment and cleantech companies. The following are some of the key areas where we will work jointly to help the province understand the role of the private sector and encourage productive policymaking:

- Where are there concrete examples of how our current regulatory structure throws up barriers to the adoption of GHG reduction measures? How can we remove these roadblocks in a way that sends a clear signal to businesses but also protects the public?
- Fully 15% of the planned emission reductions for the industrial sector will come from “innovation” in such areas as energy storage and a shift to lower-carbon energy sources. The mechanisms by which government encourages such innovation will require some detailed work with Ontario environment companies and entrepreneurs and could benefit from encouraging such innovation in existing firms as well as supporting start-up firms.
- Is a shortage of capital – or the right type of capital – the main barrier to large emitters adopting GHG reduction technologies and other measures? If so, a government-led fund with a specific mandate to support such technologies is an appropriate tool. If the situation is more complex, different or complementary tools may be required to ensure we best use this significant investment.
- The plan’s proposal to allow the province to exempt specific emitters or industries will need further work to ensure that regulators or politicians do not begin to pick “winners and losers” within the private sector.
- How can the government operationalize its ideas around packaging responsibility, green bin and blue box reform, organics diversion, etc. with an appreciation of the reality facing companies and municipalities across Ontario? How can we balance the current reuse market between ensuring a consistent supply to those who want to repurpose materials while not falling into a “one size fits all” framework?
- Given all the work the province has already done to forge a consensus in the area of brownfields and soil re-use, how do we keep everyone on the same page as we move forward?

Ontario now has a new direction with respect to environmental policy, proposed by a government that has a strong mandate from the voters. It is now up to all Ontario residents to work with government to make it the best, most impactful plan we can. The environmental businesses and entrepreneurs who best know this sector will engage to explain how we can create wealth, jobs and grow companies while delivering against the environmental goals set by the plan. ONEIA and its members look forward to working with the province in the coming months and years to make this a reality.