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INDEPENDENT ASSESSMENT

2030 **Emissions**
Reduction Plan

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SUMMARY

The Canadian Climate Institute has conducted an independent assessment of the emissions projections contained in Canada's 2030 Emissions Reduction Plan. We have also reviewed the main elements of the 2030 Plan against our [Emissions Reduction Plan assessment framework](#) published in March 2022. We conclude that the 2030 Plan is credible and sets Canada on a path to reaching its 2026 emission-reduction targets on the way to 2030 and 2050. The Plan includes more transparency on the modelling and analysis used to develop the projections than we've seen before, develops sector-by-sector emissions projections that could form the basis of sectoral road maps to aid with implementation, and provides insight on how the plan is to be executed.

We find a range of emissions outcomes based on announced, legislated, and developing policies that highlights the work that still needs to be done to match the ambitions of this plan. Ultimately, Canada's success in achieving its emissions milestones will depend on the policies that are actually implemented. Canada's focus must now shift to expediting necessary new policies, tracking results, and adjusting as needed. In our recommendations, we identify five critical policies to prioritize, given the limited window to achieve the 2030 milestone. Together, these policies—carbon price, oil and gas cap, Clean Electricity Standard, Clean Fuel Standard, and policies for land-use emission reductions—account for nearly two thirds (62 per cent) of Canada's total reductions to 2030.

The country finally has a comprehensive, detailed, and credible greenhouse gas emissions reduction plan. Now, time is of the essence in putting it into effect.

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ASSESSING THE 2030 EMISSIONS REDUCTION PLAN

Getting Canada to net zero emissions by 2050 is a process that will involve ongoing assessment of progress and continuous improvement over time. The 2030 Emissions Reduction Plan is a first step in this process, as defined by Canada's new climate governance framework. Under the Canadian Net-Zero Emissions Accountability Act, the federal government must “use the best scientific information available and promote transparency, accountability, and immediate and ambitious action in support of achieving” national targets. This report is our contribution to that cycle of continuous improvement. It provides an independent assessment of the federal government's recently released 2030 Emissions Reduction Plan.

The core of our analysis uses independent economic modelling to benchmark the projections and analysis in the Plan. We answer the question: *To what extent is Canada on track to achieving the milestone pathway defined by the 2030 Emissions Reduction Plan?*

We also qualitatively assess the substance of the Plan. Drawing on [the Institute's framework](#) for a credible, adaptive Emissions Reduction Plan¹, we assess the policies and processes defined in the 2030 Emissions Reduction Plan to determine if the policy package could achieve the 2030 milestone target if implemented successfully.

Overall, we find that the Plan is credible and can deliver deep emissions reductions—if the policies are executed in a timely fashion. The Plan as announced could put us on track to meet our 2026 targets, and nearly on track to meet our 2030 targets—that small gap is important, but it can be made up with ongoing adjustments and improvements to Canada's emission reduction policies.

Canada now has an ambitious plan capable of delivering deep reductions on the path to net zero by 2050. The key challenge now is to implement well-designed policies as soon as possible. There are less than nine years until 2030.

¹ Sawyer, Dave, Brad Griffin, Anna Kanduth, and Dale Beugin. 2022. *Setting Canada Up for Success: A framework for Canada's Emissions Reduction Plans*. Canadian Climate Institute.



Public, transparent iteration between government plan and expert advice is the best approach to meeting climate goals.

The success of the Plan hinges on enacting a large and complex policy package in a short timeframe while achieving a level of technology and financing deployment that is a significant shift from current levels.

Just as the 2030 Emissions Reduction Plan is the first step in the federal government's new approach to climate governance, this report and **the accompanying framework** represent the Canadian Climate Institute's first step in providing independent assessment to guide policy implementation. We recognize that public, transparent iteration between government plan and expert advice is the best approach to meeting climate goals. The Institute will continue to provide this independent assessment for subsequent steps in the federal government's emissions planning and reporting processes on the path to 2030.

The document is organized into four further sections. Section 2 applies the assessment framework we developed in *Setting Canada Up for Success: A Framework for Canada's Emissions Reduction Plans*. Section 3 lays out our approach to modelling the policies included in the 2030 Emissions Reduction Plan to validate its expected impacts. Section 4 summarizes the results of this analysis, taking a sector-level approach. Section 5 draws out five main conclusions from our analysis and identifies recommendations to guide policy implementation.



ASSESSMENT AGAINST THE CANADIAN CLIMATE INSTITUTE FRAMEWORK

Given its comprehensiveness, transparency, and ambition, the 2030 Emissions Reduction Plan is a strong start to the next phase of Canada's climate strategy. It also highlights that Canada's work in achieving the 2030 target is only just beginning. Ultimately, success will depend on the successful implementation of the policies in the 2030 Plan—and course correction as necessary over time.

Because emissions reduction plans are a new and important planning tool for the federal government, with subsequent plans released every five years, it is important to get them right. To do that, a process of continuous improvement will need to be a defining feature of the plans. To help inform such a process of continuous improvement, the Institute has **developed a framework** consisting of three elements that ensure each Emissions Reduction Plan can credibly deliver greenhouse gas reductions consistent with Canada's net zero commitments. These three elements are:

1. An emissions pathway consistent with net zero.
2. Policies that credibly reduce emissions to the milestone.
3. Governance processes that are responsive, take stock of progress, and update to course correct.

This section provides a summary of how the 2030 Plan compares against our framework. Overall, the plan includes the key elements of a credible Emissions Reduction Plan that we previously identified, as summarized in Table 1. In short, it does what the Canadian Net-Zero Emissions Accountability Act requires it to do: it demonstrates policy ambition consistent with the medium-term target, and it transparently lays out the federal government's current state of policy planning.

Table 1

Summary assessment of the 2030 Emissions Reduction Plan

Element	Indicator	Assessment	Notes
Consistent with net zero emissions pathway	Transparent modelling defines achievable pathway	Yes	Modelling in the Plan is grounded in analysis simulating impacts of specific policies, but also highlights remaining effort required. Our own independent modelling broadly validates the government's. The policies in the Plan could place Canada on a net zero pathway to 2050.
	Emissions pathway is stress-tested	Partially	Modelling undertakes some sensitivity analysis, for example testing how high and low economic growth affects reference case projections. Sensitivity testing on the policy package was not conducted; nor were barriers to implementation.
	The Plan includes emissions pathways by sector	Yes	Modelling explicitly demonstrates sector-level pathways with detail on sub-sector and regional outcomes.
Credible policies to reach the milestone	Policy measures are detailed, specific, concrete	Yes	The Plan highlights a range of specific policies, both existing and proposed; some specific policies (e.g., oil and gas cap) remain undefined, though the Plan transparently recognizes additional work is required
	Transparent analysis of contributions of policy measures	Partially	Emissions reductions are provided by sector and for major technology and energy pathways. Reductions by policy are not provided.
	Policies and implementation risks are stress-tested	Partially	Annex 8 includes an Implementation Plan for key measures, though does not explicitly identify sources of implementation risk or strategies to address them.
Responsive and adaptive governance	The Plan looks backwards as well as forwards	Partially	The Plan identifies key drivers of national emissions, both historically and in projections. Some sectoral detail is provided, for example in oil and gas. More sectoral detail would better help understand the level of effort required at the sector level.
	The Plan identifies data gaps and needs	No	The Plan does not identify data needs or key indicators to track performance.
	The Plan considers other aspects of policy performance	Yes	Alongside emissions reductions, the Plan considers Indigenous rights, competitiveness, cost-effectiveness, and fairness.

APPROACH TO MODELLING THE 2030 EMISSIONS REDUCTION PLAN

Building off our assessment of the Plan according to the Institute's framework above, the Canadian Climate Institute has followed a four-step approach to assess the emissions reductions modelled in the Plan:

- 1. We developed a list of emissions reduction policies.** Given that the federal government has been implementing previously announced policies and announcing new ones, a first step prior to the release of the Plan was to develop a policy list to be modelled. Source documents to identify policies likely to be incorporated into the 2030 Emissions Reduction Plan included the **Strengthened Climate Plan, Budget 2021**, the 2019 **Liberal election platform, discussion papers**, and regulatory documents such as Regulatory Impact Analysis Statements.

We identified 25 federal policies, from a long list of more than twice that number, that would likely lead to material emission reductions. We chose to omit those policies that would deliver small reductions and that are difficult to model. Infrastructure spending by Infrastructure Canada and the Green Municipal Fund was excluded due to a lack of detail.

A range of provincial and territorial policies was also included in the analysis and modelling, including Quebec's cap-and-trade program, biofuel mandates in Ontario and other provinces, and zero-emission vehicle mandates in British Columbia.

- 2 We specified the design choices to be modelled for each policy.** In the Institute's Emissions Reduction Plan assessment framework, three types of policies were identified, each of which represents a different level of certainty in the policy design choices:

- ▶ **Legislated:** For policies that are already legislated, the coverage of emissions, the timing of implementation, and the stringency of the policy are already known. In these cases, there is greater certainty

as to policy design, which makes modelling results much more straightforward.

- ▶ **Developing:** Other policies are developing, with public documents available that indicate how they are likely to be designed and implemented. There is less certainty in these policies as they have yet to be legislated, but their stringency and coverage are known. For example, the Fuel Charge is legislated but the carbon price rising to \$170 in 2030 is not legislated.
- ▶ **Announced:** These policies have yet to enter a planning cycle, with little information on the specifics of policy coverage and stringency. Their design is uncertain. Examples include the announced zero-emission vehicle mandates and the Clean Electricity Standard.

With this taxonomy in place, the Institute's modelling scenarios include:

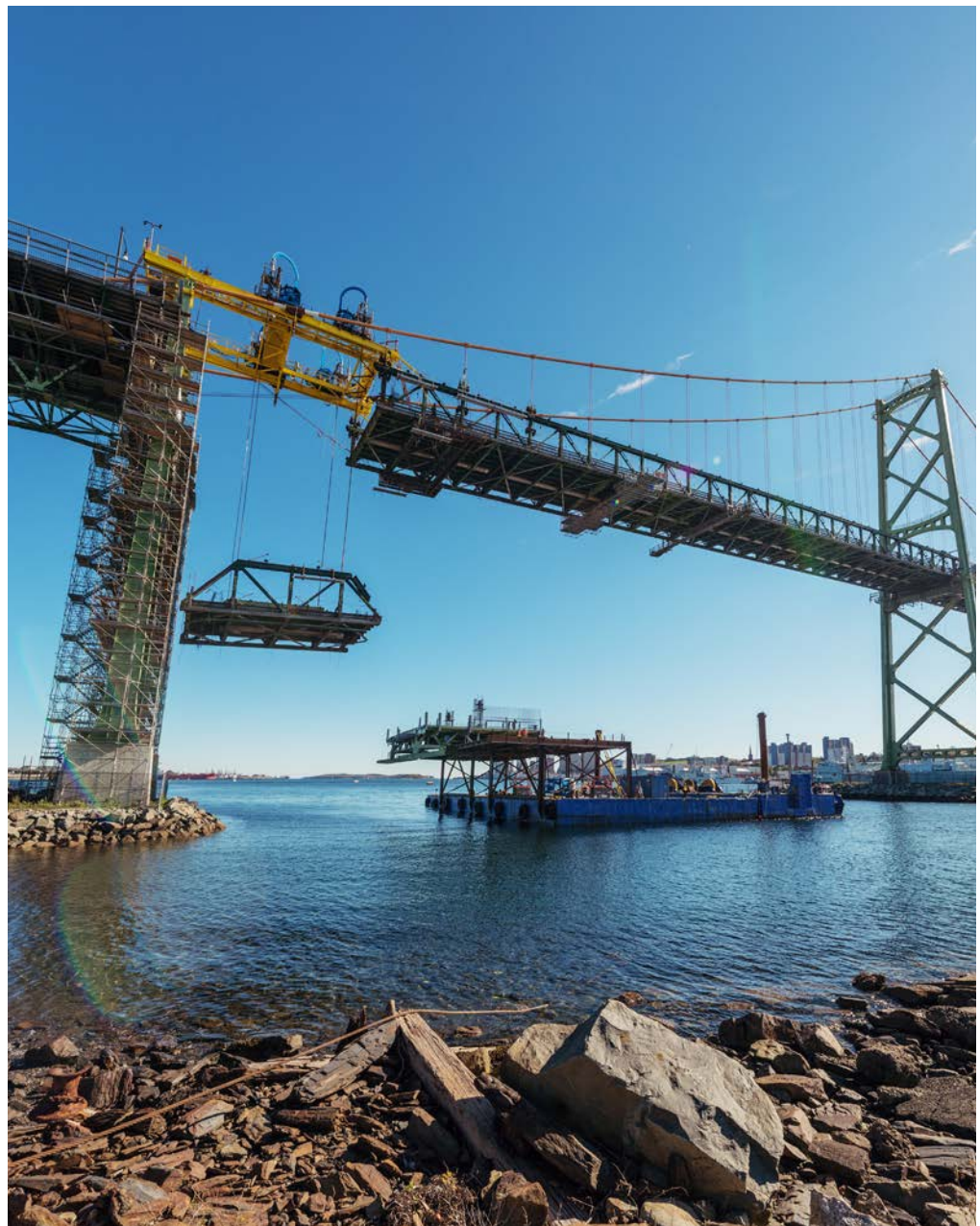
- a. **Legislated-plus-developing scenario**, where policy design and implementation are well known.
- b. Two additional scenarios representing a lesser and greater level of policy effort with policies that have been announced but not yet legislated: an **announced, less stringent** and an **announced, more stringent** scenario. As an example, the announced, less stringent scenario might include an oil and gas emissions cap of 130 megatonnes, whereas the announced, more stringent scenario might set the cap at 100 megatonnes.

To the extent the 2030 Emissions Reduction Plan does not deliver on the targets, there will be a need to modify existing policies or to develop new policies.

- 3. We verified and tested policy assumptions.** Given the uncertainty in policy design, we consulted Environment and Climate Change Canada (ECCC) to verify if the Institute's policy assumptions are reasonable. In several cases, ECCC pointed to public-facing documents to help refine the Institute's policy assumptions. In others, notably the oil and gas cap and the CCUS tax credit, public information is not available and ECCC did not comment on our assumptions.

With these additional clarifications, we then conducted a series of model tests that isolated high-impact policies with the objective of verifying the reasonableness of the emission outcomes. In several cases, we adjusted our policy assumptions, typically towards being less stringent to ensure a more conservative estimate of impact.

4. We updated policy assumptions and ran the scenarios. Once the 2030 Emissions Reduction Plan was released, we compared published information against the Institute's policy assumptions. In several cases, policies were updated. The **resulting policies** were then simulated to develop emission projections at national and sectoral levels to 2030. The 2030 Plan's emissions pathways were then compared against net zero pathways the Institute published as part of our **assessment framework report**. National and sectoral results are presented for the 2026 objective, the 2030 milestone, and the pathway to net zero by mid-century.



INDEPENDENT MODELLING OF 2030 EMISSIONS REDUCTION PLAN

Our modelling² indicates that the 2030 Emissions Reduction Plan policy package puts Canada on a path to achieve the 2026 objective and very close to achieving the 2030 objective. In our view, the policy package presented in the 2030 Plan provides the foundation for a credible path forward. Specifically:

- ▶ **Legislated and developing policies** put Canada on an emissions trajectory of 522 megatonnes in 2030, which is a 29 per cent decrease from 2005 levels and a 2.7 per cent annual decrease from 2019 levels.
- ▶ When **announced policies in the less stringent scenario** are added, emissions are on track with the lower end of the 2026 objective but are not aligned with the actions required to hit the 2030 milestone. These policies are on track for emissions of 484 megatonnes in 2030, which is a 34 per cent decrease from 2005 levels and a 3.4 per cent annual decrease from 2019 levels.
- ▶ When **announced policies in the more stringent scenario** are added, emissions exceed the level to achieve the 2026 objective under the net zero pathway but fall just short of achieving the levels required to hit 40 per cent below 2005 in 2030. These policies are on track for emissions of 454 megatonnes in 2030, which is a 39 per cent decrease from 2005 levels and a 4 per cent annual decrease from 2019 levels.

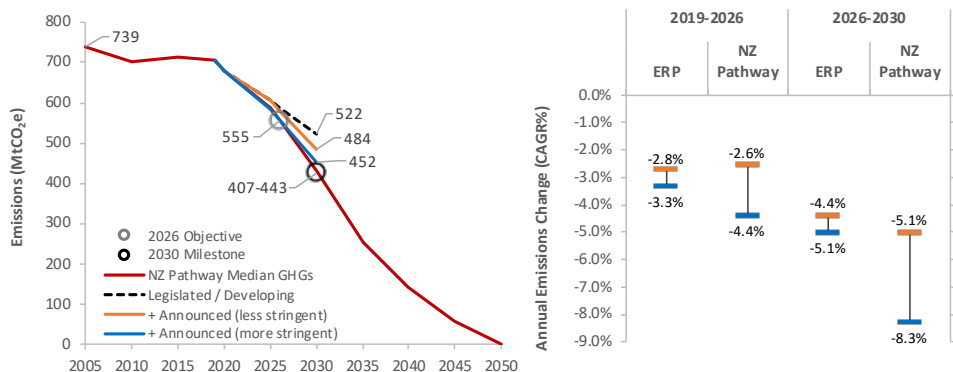
Two indicators are used to track the emissions pathways:

- ▶ The absolute levels of emissions to be achieved, measured in megatonnes of carbon dioxide equivalent (MtCO₂e).
- ▶ The annual change in emissions required, specified as the compounded annual growth rate (CAGR).

² The modelling and analysis was conducted in partnership with Navius Research

Figure 1

Canada's emissions pathway under the 2030 Emissions Reduction Plan



	Historical			Projection			
	2005-2019 CAGR	2005	2019	2026 Objective		2030 Milestone	
		MtCO ₂ e	MtCO ₂ e	2019-2026 CAGR	2026 MtCO ₂ e	2026-2030 CAGR	2030 MtCO ₂ e
Net Zero Pathway							
Annual change							
Lower effort				-2.6%		-5.1%	
Median	-0.3%			-3.4%		-6.3%	
Higher effort				-4.4%		-8.3%	
Emissions							
Lower effort					588		478
Median		739	706		555		427
Higher effort					514		364
Emissions Reduction Plan							
Legislated / Developing				-2.6%	588	-2.9%	522
+ Announced (less stringent)				-2.8%	580	-4.4%	484
+ Announced (more stringent)				-3.3%	557	-5.1%	452
				Does not meet lower CAGR		Meets lower CAGR, but not median	
				Meets or exceeds median CAGR			

An important question for this first Emissions Reduction Plan is, *Which policies must be successful to achieve the 2030 milestone?*

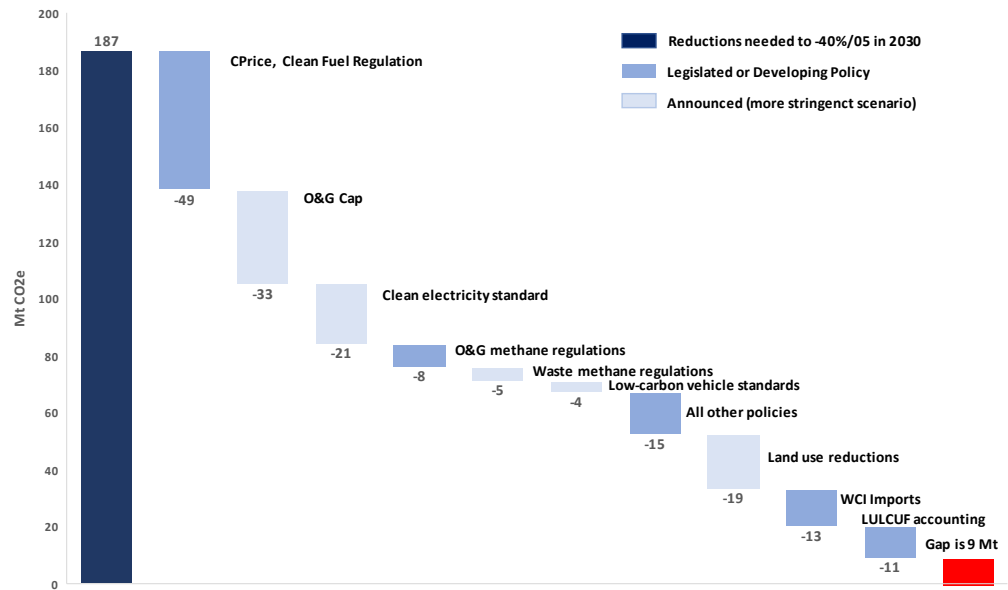
The analysis suggests that five policies are critical for the plan to achieve the 2030 milestone, representing nearly two thirds (62 per cent) of Canada's total reductions to the target:

- ▶ Two policies—one, the legislated but still developing increase in the **carbon price** under the fuel charge and in output-based pricing systems, and two, the **Clean Fuel Standard**—account for 26 per cent of the incremental reductions needed by 2030.
- ▶ The announced **emissions cap on oil and gas** accounts for 33 megatonnes or 18 per cent of the reduction to the target.
- ▶ The announced **Clean Electricity Standard** delivers 21 megatonnes or 11 per cent of the reductions to the target.
- ▶ Announced **policies for land use reductions** are 19 megatonnes or 7 per cent of the target.³

³ Land use reductions and land use, land-use change, and forestry (LULUCF) accounting are taken directly from the 2030 Emissions Reduction Plan.

Figure 2 shows the incremental greenhouse gas emissions impact of each policy or policy package in 2030 relative to the emissions from federal, provincial, and territorial policies already legislated and implemented.⁴ According to our calculations, at least 43 per cent of the emissions reductions are accounted for from policies that have been announced and still need to be developed. Accounting for the increase in the carbon price proposed under the Strengthened Climate Plan and implementing the Clean Fuel Standard, the policies still to be implemented increase to at least 69 per cent of the projected gap.

Figure 2
Projected contributions of announced policies (more stringent scenario) to emissions reductions in 2030



⁴ Western Climate Initiative allowance imports into Quebec's cap and trade program are calculated from the model as the difference between emissions reduced under the 2030 Plan, provincial policy, and Quebec's stated emissions cap. These imports are a large share of the total reductions, which are calculated to be 13 megatonnes.

4.1 COMPARISON WITH 2030 EMISSIONS REDUCTION PLAN MODELLING

Table 2 provides a comparison between the emissions reductions contained in the 2030 Emissions Reduction Plan and the **independent modelling and assumptions**, conducted with our partners Navius Research, which informs this assessment. Three observations are worth noting:

- ▶ The total national reductions are consistent between modelled policies.
- ▶ Some sectors are closely aligned. Typically, the modelling produces similar outcomes when there is an emissions constraint such as the proposed oil and gas cap or the announced Clean Electricity Standard.
- ▶ Some sectors show a large difference between the two sets of modelling results, especially for large emitters where differing assumptions on abatement opportunities or compliance responses under large emitter carbon pricing explain the divergent emissions outcomes.

The existence of such different views on abatement responses across several subsectors indicates a risk that the policies won't be implemented in time, or that real-world policy may not deliver results consistent with the modelling. Taking stock of emissions outcomes therefore becomes an important hedge to verify that policy is performing as intended and to course correct as needed.

Table 2

Comparison of emissions reductions: 2030 Plan and announced scenarios

* WCI imports are estimated from the Institute's modelling.

Sector	Historical		Projected 2030				
	2005	2019	ERP	Announced, less stringent		Announced, more stringent	
	Mt		Mt	Mt	% vs ERP	Mt	% vs ERP
Oil & Gas	160	192	118	136	+15%	115	-2%
Electricity	118	61	15	16	+9%	7	-50%
Transportation	160	186	150	133	-11%	129	-14%
Large Emitters	87	78	54	76	+40%	79	+46%
Buildings	84	91	60	62	+4%	62	+4%
Agriculture	72	73	73	68	-7%	68	-7%
Waste	31	28	16	13	-17%	12	-23%
Others	26	23	14	23	+67%	23	+66%
Total (excl. LULUCF)	739	732	500	528	+6%	497	-1%
LULUCF, nature-based, ag, and WCI imports*	n/a	-8	-30	-44	48%	-44	48%
Total (with adjustments)	739	724	470	484	+3%	452	-4%

4.2 LARGE EMITTERS

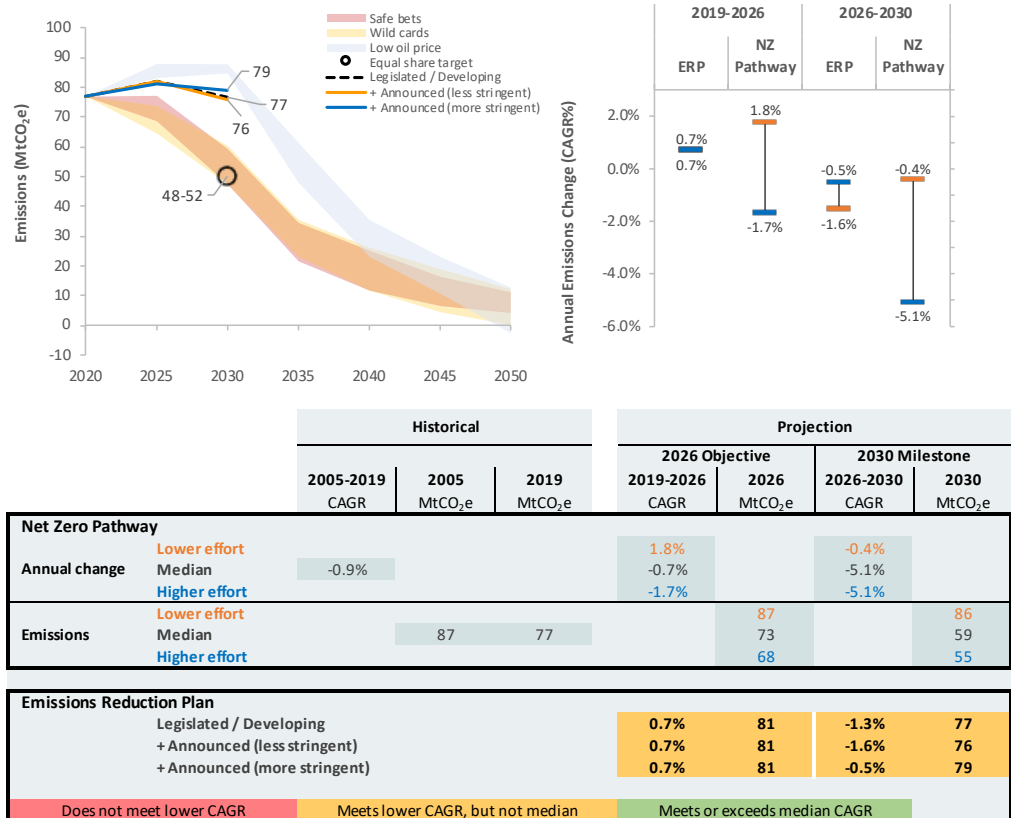
Relative to most other sectors, there is a limited number of policies focused on the large industrial emitters, with the output-based pricing system being the most important policy. The other main policies consist of a range of targeted subsidy programs. These include renewable fuels investments, the investment tax credit for CCUS, the Net Zero Accelerator, hydrogen projects, and direct reduced iron and steel projects.

Emissions reductions for the large emitters are on pace with the net zero pathway under almost all scenarios, meeting the lower end of the net zero pathway. There is a policy interaction in the announced, more stringent scenario where more oil and gas reductions result in fewer emissions reductions from the output-based pricing system; this interaction causes large-emitter emissions to fail to meet the net zero pathway in 2030. But emissions reductions are not indicative of compliance under the large emitter carbon pricing programs where credit trading allows some facilities to do more than their regulated emission limits and sell the excess credits. Through interactions with the oil and gas cap, the sector—in aggregate—purchases emissions reduction credits from the oil and gas sector.

Figure 3

Large emitters' emissions pathway under the 2030 ERP*

*Note: The Institute used integrated economy-wide modelling to develop a range of sectoral emissions pathways working backwards from a national target of net zero in 2050 and hitting the 2030 national target. The emissions pathways are developed from a common set of cost-effective pathways, where the least-cost policy is consistently applied in the 62 scenarios. To help assess technical feasibility for the emissions pathways, we sorted the runs into the Institute's taxonomy of *safe bets and wild cards*. For each sector, the equal share benchmark is the level of emissions in 2030 equivalent to achieving Canada's national target of a 40 to 45 per cent reduction below 2005 levels. Modelling results for the Plan are then compared with the net zero pathways to 2050.

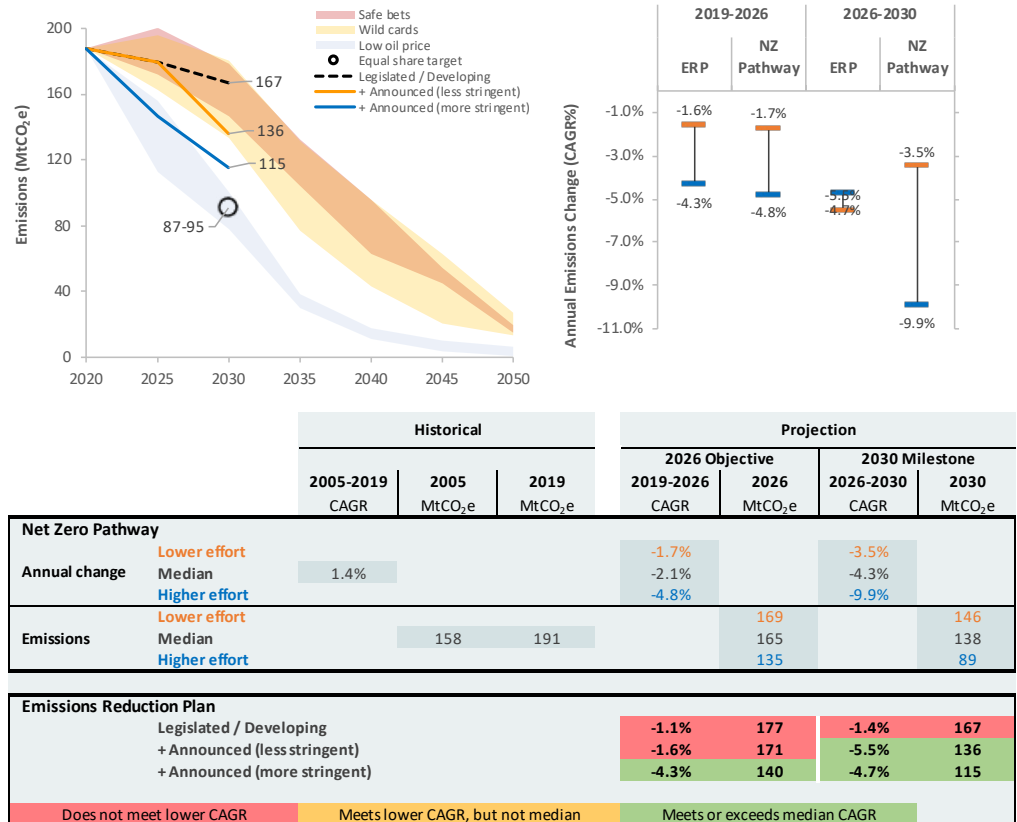


4.3 OIL AND GAS (UPSTREAM AND DOWNSTREAM)

There are a considerable number of policies focused on the oil and gas sector, including large emitter carbon pricing, a proposed cap on emissions, methane regulations, the Clean Fuels Regulation, the CCUS investment tax credit, hydrogen project subsidies, and access to the Net Zero Accelerator.

Emissions reductions are on track for the 2026 milestone under the announced, more stringent policies scenario. In 2030, this policy package appears to be able to deliver emissions reductions consistent with achieving the net zero pathway for the sector. Emissions reductions from announced policies are in the order of 55 to 76 megatonnes below 2019 levels, or 14 to 27 per cent below 2005 levels. Of course, many of these policies, notably the oil and gas cap, have yet to be implemented, and so these emissions reductions are contingent on credible policy being developed and deployed as quickly as possible.

Figure 4
Oil and gas emissions pathway under the 2030 ERP

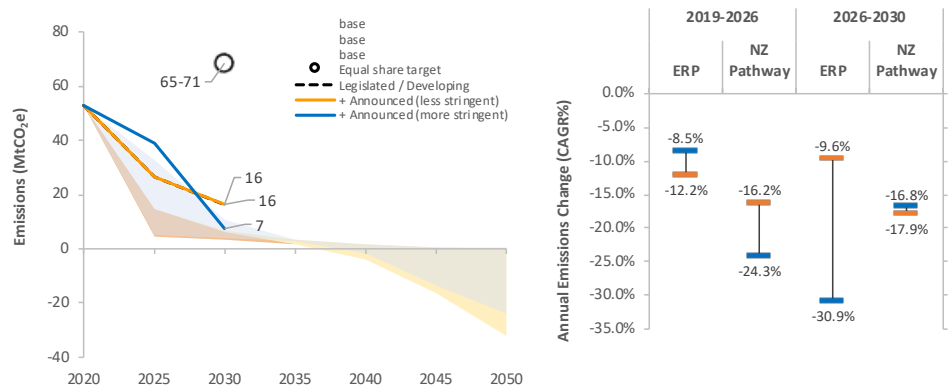


4.4 ELECTRICITY GENERATION

Three Plan policies were identified for the electricity sector. While the number of policies is small, the emissions reductions associated with these programs are significant. Output-based pricing will continue to drive down emissions in the sector. The proposed Clean Electricity Standard also looks to be a serious policy, driving new incremental reductions to reach a net zero electricity system by 2035. Spending from the Canada Infrastructure Bank will add to the reductions through financing. Many provincial and territorial policies are also at play here.

Emissions in the announced, more stringent scenario significantly exceed the net zero pathway trajectory in 2030. Under all other scenarios in 2026 and 2030, the emissions trajectory is above the net zero pathway. It's worth noting, however, that electricity sector emissions in 2030 in the legislated and developing scenario are down 85 per cent from 2005 levels and in the announced, more stringent scenario are fully 94 per cent below 2005 levels.

Figure 5
Electricity emissions pathway under the 2030 ERP



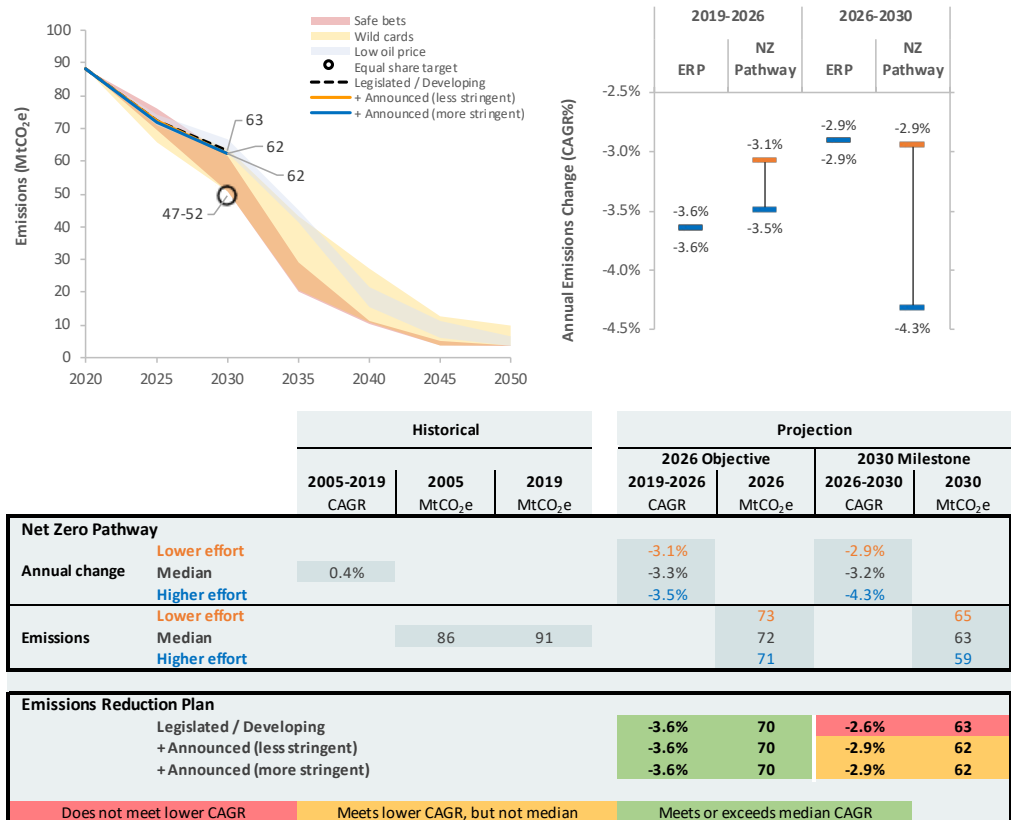
	Historical			Projection			
	2005-2019 CAGR	2005 MtCO ₂ e	2019 MtCO ₂ e	2026 Objective		2030 Milestone	
				2019-2026 CAGR	2026 MtCO ₂ e	2026-2030 CAGR	2030 MtCO ₂ e
Net Zero Pathway							
Annual change	Lower effort			-16.2%	18	-17.9%	8
	Median	-4.7%	119	-21.8%	11	-12.5%	6
	Higher effort		61	-24.3%	9	-16.8%	4
Emissions	Lower effort						
	Median		119				
	Higher effort		61				
Emissions Reduction Plan							
	Legislated / Developing			-12.3%	24	-9.6%	16
	+ Announced (less stringent)			-12.2%	25	-9.6%	16
	+ Announced (more stringent)			-8.5%	33	-30.9%	7
Does not meet lower CAGR				Meets lower CAGR, but not median		Meets or exceeds median CAGR	

4.5 BUILDINGS

In total, we identified eight policies that are material to emissions reductions in the buildings sector, including carbon pricing, interest-free home retrofit loans, a net zero buildings strategy, funding for residential retrofits and community building upgrades, and announced regulations to reduce the use of home heating oil.

Modelling indicates that this sector is on a net zero pathway to 2030 across most of the scenarios. That said, at 28 per cent below 2005 levels, emissions are well off the equal-share target, which for each sector is a 40 per cent reduction below the sector’s 2005 levels by 2030. This result is not surprising given how difficult it is to reduce emissions in buildings absent switching out fossil fuel heating systems. Such a transition will likely take some time, and additional policies to accelerate this transition may be needed.

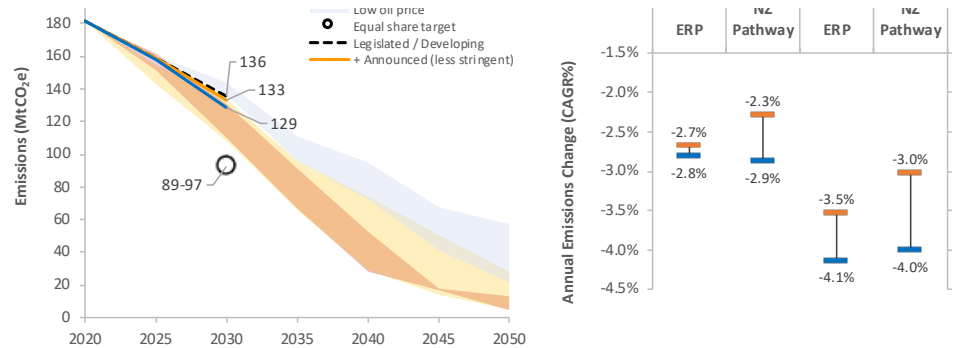
Figure 6
Buildings emissions pathway under the 2030 ERP



4.6 TRANSPORTATION

Emissions reduction policy drivers for transportation in the 2030 Plan include the federal fuel charge and a whole series of proposed vehicle emission standards, including light-duty and heavy-duty zero-emission vehicle (ZEV) sales mandates. There are also several tax incentive and rebate programs, as well as infrastructure spending on electric vehicle charging stations and transit. There are also many important provincial policies included in the analysis such as light-duty ZEV mandates and incentives, announced heavy-duty ZEV mandates, and renewable and low-carbon fuel mandates. The emissions trajectory stays on a net zero pathway to 2030 only in the announced, more stringent policy package. Because many of these policies are announced and have yet to be solidified, there is significant implementation risk associated with this sector. Reductions in both announced scenarios are equal to a reduction of 17 to 20 per cent below 2005 levels.

Figure 7
Transportation emissions pathway under the 2030 ERP



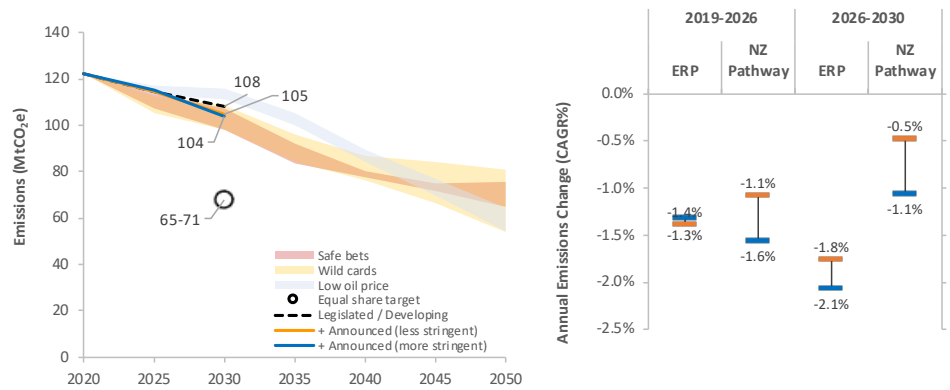
	Historical			Projection			
	2005-2019 CAGR	2005 MtCO ₂ e	2019 MtCO ₂ e	2026 Objective		2030 Milestone	
				2019-2026 CAGR	2026 MtCO ₂ e	2026-2030 CAGR	2030 MtCO ₂ e
Net Zero Pathway							
Annual change	Lower effort			-2.3%		-3.0%	
	Median	1.0%		-2.7%		-3.7%	
Emissions	Higher effort			-2.9%		-4.0%	
	Lower effort				158		140
	Median	161	186		154		133
	Higher effort				152		129
Emissions Reduction Plan							
	Legislated / Developing			-2.6%	154	-3.2%	136
	+ Announced (less stringent)			-2.7%	154	-3.5%	133
	+ Announced (more stringent)			-2.8%	152	-4.1%	129
	Does not meet lower CAGR			Meets lower CAGR, but not median		Meets or exceeds median CAGR	

4.7 AGRICULTURE, WASTE, AND OTHER

The big emissions reduction driver for this group of sectors is the federal fuel charge, although some agricultural on-farm fuel uses are exempt from the charge. Still, this group of sectors includes a large segment of the total economy, including light manufacturing, and therefore the fuel charge is material to emissions reductions. Waste methane capture is also a big emissions driver here.

The sector is well positioned to exceed the emissions reductions required to be on a net zero pathway to the 2030 milestone and beyond. In our modelling, a waste methane regulation is an important contributor to the Plan. Land use emissions reductions from nature-based solutions would be above and beyond the emissions reductions presented in this section.

Figure 8
Pathway for agriculture, waste, and other sectors' emissions under the 2030 ERP



	Historical			Projection			
	2005-2019 CAGR	2005 MtCO ₂ e	2019 MtCO ₂ e	2019-2026 CAGR	2026 MtCO ₂ e	2026-2030 CAGR	2030 MtCO ₂ e
Net Zero Pathway							
Annual change							
				-1.1%		-0.5%	
				-1.4%		-1.0%	
				-1.6%		-1.1%	
Emissions					115		113
		118	124		112		108
					111		106
Emissions Reduction Plan							
				-1.3%	113	-1.1%	108
				-1.4%	112	-1.8%	105
				-1.3%	113	-2.1%	104
	Does not meet lower CAGR			Meets lower CAGR, but not median		Meets or exceeds median CAGR	



CONCLUSIONS AND RECOMMENDATIONS

Based on both our quantitative and qualitative analysis of the 2030 Emissions Reduction Plan, five key conclusions emerge:

- 1. The Plan provides a credible pathway to the 2030 milestone—and the policies required to achieve it.** Our independent modelling confirms that the included policies could, if enacted expediently, put Canada in a position to achieve deep emissions reductions by 2030, addressing all sectors and all major sources of emissions across the economy. The government’s focus must now shift to implementation.
- 2. This is the most transparent climate plan the federal government has ever produced.** It provides details on Environment and Climate Change Canada’s modelling analysis and assumptions, increasing the credibility of the 2030 Plan. It also provides details about the modelling projections, which will support the ability of the country to track progress and adjust policies, when necessary, in the future. The 2030 Plan is part of a process under the Canadian Net-Zero Emissions Accountability Act, and transparent analysis is critical for accountability.
- 3. The Plan’s extensive sector-level detail provides a foundation for developing sector-level policy strategies.** The plan provides sector-level detail both with respect to analysis and to policy design. Over time, tracking this information for individual sectors will highlight how well policies are working and which sources of emissions remain challenging or persistent. This will set the stage for adjusting sector strategies in future years. At the same time, sector-level analysis will help establish clear expectations about the contributions each sector will make towards achieving the national milestones, creating more certainty for businesses and investors.
- 4. The sheer number of policies included in the 2030 Plan is double-edged.** Interactions among overlapping policies can sometimes impair performance. More policies do not necessarily drive additional emissions reductions. Overlapping policies can also increase costs. And subsidies that rely on public spending can often reward firms and households for

taking actions they would have taken even absent the policy, especially where regulatory and carbon pricing policies apply to the same emissions. These risks should be carefully monitored over time, and policies adjusted as required.

5. Implementation remains the biggest challenge moving forward. The 2030 Plan lays out a policy package that can achieve Canada’s emissions milestones and set the country on a path to net zero—but only if those policies are enacted effectively and expediently. Ultimately, Canada’s success in achieving its emissions milestones will depend not on the credibility of planned policies or modelled outcomes but on the policies that are actually implemented. And given the number of policies still to be executed and the very short time left until 2030 to deploy significant levels of technology and investment, delays represent a serious risk.

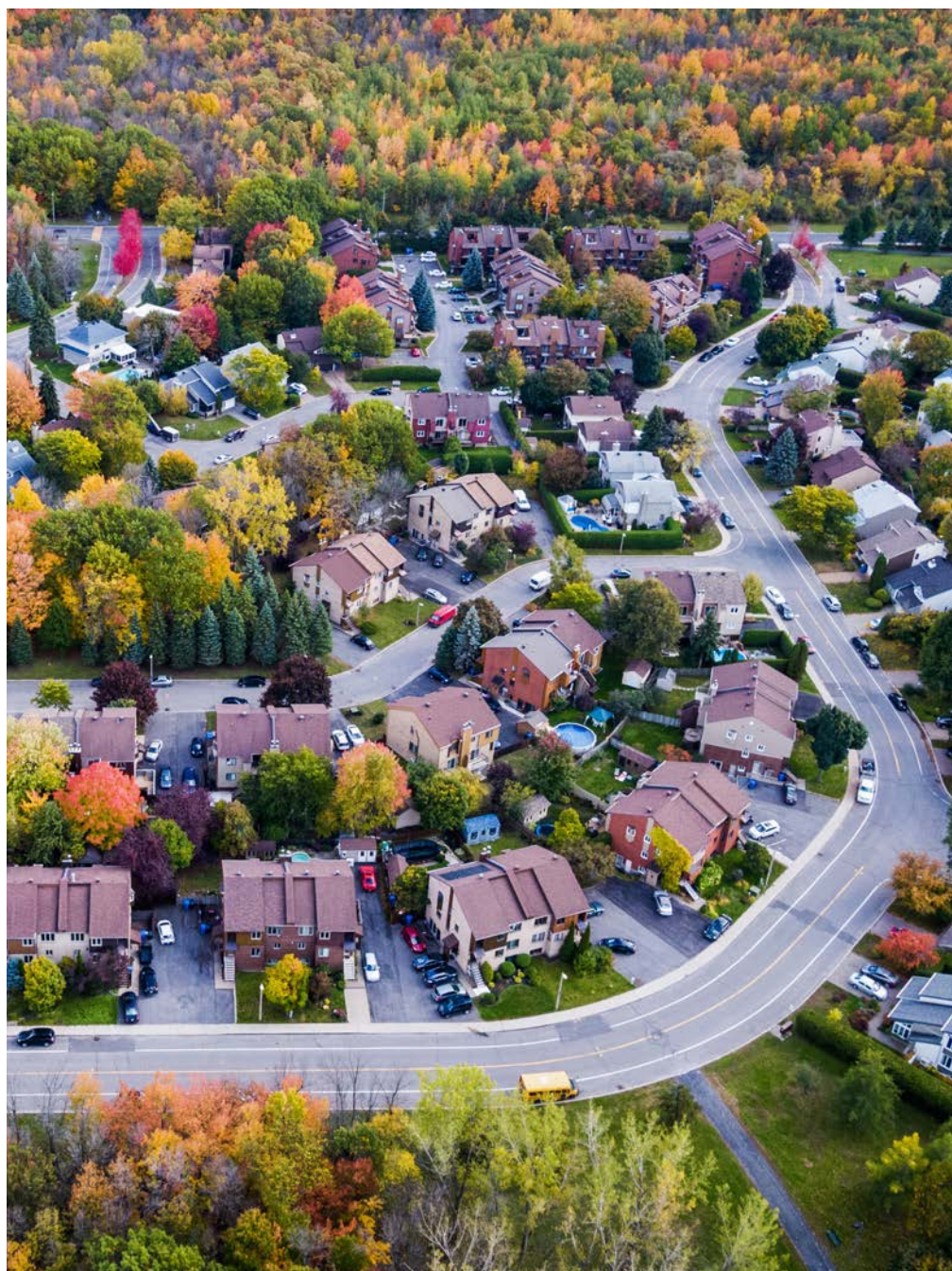


To support the successful implementation of effective climate policy in Canada, we make the following recommendations:

- 1. The federal government should continue to transparently demonstrate progress on policy implementation and track results on performance over time.** Ongoing monitoring and assessment can ensure the Plan performs as a coherent package of policies, allowing for updates and course corrections over time. That may require occasionally phasing out extraneous policies or adjusting existing policies rather than adding new ones.
- 2. The federal government should manage implementation risks by focusing its attention on the most critical policies.** Canada has a limited window to execute policies to achieve the 2030 milestone. It cannot become mired in consultation and process for multiple policy endeavours. As a result, it should prioritize five specific policies that can deliver the bulk of material emissions reductions:
 - a. Establish the carbon price schedule to 2030,** and further strengthen and nationally align the benchmarks in the large emitter programs.
 - b. Establish the oil and gas cap,** paying close attention to the need for compliance flexibility, policy interactions with the large emitter carbon pricing programs, methane regulations, and the proposed CCUS tax credit.
 - c. Develop the Clean Electricity Standard,** and ensure it interacts effectively with large emitter carbon pricing.
 - d. Update the Clean Fuel Standard** and publish the regulation to the *Canada Gazette* as soon as possible.
 - e. Set in motion land-use emissions reduction policies** as quickly as possible.

Overall, the 2030 Emissions Reduction Plan provides a clear step forward for Canada. It demonstrates a credible path to delivering deep emissions reductions, which come close to the 2030 target. And by transparently acknowledging the remaining small gap, it also highlights additional work required to close it. The Institute looks forward to assessing future plans as well as amendments and updates to the 2030 Plan.

Canada finally has a comprehensive and detailed action plan to reduce emissions on the path to net zero. Now it must put it into effect as soon as possible.





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