U.S.-Canada Energy, Climate and Tar Sands Oil
Backgrounder - February 2010

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The Premiers of a number of the Canadian provinces are visiting Washington, D.C. for the National Governors Association conference. Climate and energy will be on the agenda at the conference and in other meetings. This backgrounder provides information on the current status of Canadian federal and provincial climate policy, focusing in part on the challenges caused by the expansion of Canada's tar sands oil industry and its greenhouse gas emissions.

Tar Sands Oil

Tar sands oil or bitumen is strip mined and drilled from Canada's Boreal forest, a huge carbon reservoir and one of the last large intact ecosystems on earth. The production of synthetic crude oil from tar sands generates three to five times the carbon dioxide pollution as conventional crude oil production on a per barrel basis and requires 2 to 5 barrels of water for each barrel of tar sands oil extracted, creates huge tailings waste ponds, threatens the health of downstream Aboriginal communities, and is likely to cause the loss of millions of migratory birds. In the United States, new tar sands oil pipelines are being planned to carry oil under high pressure through America's agricultural heartland to refineries in the Midwest and the Gulf Coast. Expansion of refineries to process bitumen is concentrated in the Midwest, where tar sands oil refining is likely to add to the already serious concerns about air and water pollution, especially in the Great Lakes.

Canada

Canada is among the top ten greenhouse gas polluters in the world in both absolute and per capita terms. It is the only industrialized country to have signed and ratified the Kyoto Protocol and then openly announce that it has no intention of honoring its commitments. Instead of reducing its emissions to 6% below 1990 levels as promised, Canada's emissions grew 26% since 1990 by 2007. It is impossible for Canada to make emissions cuts equivalent to other developed countries and allow the tar sands to expand as the government wishes. According to the government's own figures, the tar sands will be responsible for 95% of the projected increase in Canada's industrial emissions over the next ten years if exploitation continues as planned. At the federal level, Canada's Conservative government has released a series of climate change proposals over the past few years, none of which it has implemented. Each proposal has been

laden with loopholes for the oil industry, including "intensity" targets that require only cuts per unit of production rather than absolute reductions, and compliance options like payments into a technology fund that require no actual direct or indirect cuts in emissions.

Canadian Provinces

With inaction by the Canadian federal government, Canada's provinces have stepped into the vacuum. For some such as Alberta, this has meant developing a system that allows carbon emissions from tar sands development to grow. For others such as Ontario, Quebec, Manitoba and British Columbia, this has meant developing innovative ways to fight climate change, including joining the Western Climate Initiative with seven U.S. states.

Alberta

The Government of the Province of Alberta has produced what is probably the weakest climate change strategy in the industrialized world. Alberta's emissions are currently about 40% above 1990 levels, and the province is planning to *further increase* emissions by 14% by 2020 and keep them well *above* 1990 levels through 2050.

Saskatchewan

The Government of Saskatchewan recently introduced the *Management and Reduction of Greenhouse Gases Act*. The province has set a target of reducing emissions by 20% below 2006 levels by 2020, which is equal to 31% above 1990 levels. Premier Wall has stated opposition to cap and trade and the Act establishes a technology fund for polluters to pay into rather than adopting measures to reach the target. Saskatchewan's emissions have risen steeply since 1990, and with the province poised to start exploiting its tar sands deposits, emissions will continue to grow under the current provincial proposal.

Manitoba

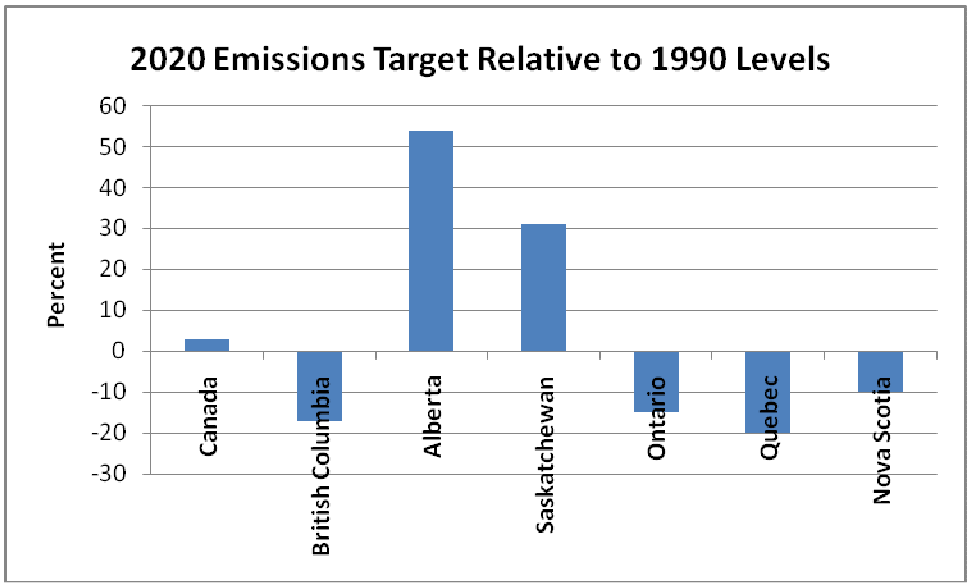
The Government of Manitoba has a climate change action plan that is backed by a legislated greenhouse gas target almost in line with Canada's Kyoto target of 6% below 1990 levels by 2012. The province has also adopted strong measures on energy efficiency, including energy-saving targets for Manitoba Hydro, greater efficiency standards for furnaces and boilers, and a new energy code for new commercial buildings.

Ontario

The Government of Ontario is taking aggressive action to transition to a clean energy economy. The province has set a target to reduce emissions by 15% below 1990 levels by 2020, and made a legally-binding commitment to eliminate coal-fired electricity by 2014. Ontario's new *Green Energy and Green Economy Act*, expected to create 50,000-90,000 jobs in the next 10 years, is meant to prioritize energy conservation and efficiency and spur new investment in renewable energy using a feed-in-tariff program and streamlined approval of new projects. Ontario has also introduced the *Far North Planning and Protection Act* which will serve to put aside 225,000 square kilometers of Boreal forest – a significant carbon store in Canada.

Quebec
The Government of Quebec has set a goal to reduce emissions by 20% below 1990 levels by 2020. The province demonstrated early leadership on climate change by supporting the Kyoto Protocol and setting a provincial target in line with Canada's Kyoto commitments. Quebec has adopted strong vehicle efficiency regulations. Quebec and Ontario are also working together to fulfill their commitment to implement a cap and trade system through the Western Climate Initiative.

Nova Scotia
In January, 2009, the Government of Nova Scotia announced a Climate Change Action Plan that legislated a reduction in provincial greenhouse gas emissions to 10% below 1990 levels by 2020. A cap on the province's electric sector, responsible for approximately 50% of all GHG emissions, has been instituted to meet the target. The province has also set a target of 25% renewable energy by 2015.



Solutions
The U.S. and Canadian publics are supportive of shifting towards a clean energy economy, and the Canadian government is sensitive to the opinions of other countries. Canadian provinces and U.S. states are moving forward with limiting greenhouse gas emissions and building a clean energy economy. For the majority of Canadian provinces, tar sands is not seen as part of the clean energy future, but as a step back. Now we need the federal governments to follow these provincial and state actions with economy-wide caps on greenhouse gas emissions and limits on expansion of high-carbon fuels such as tar sands oil. Solutions such as electric cars, smart growth, transit, and environmentally sustainable biofuels will reduce demand for fossil fuels, and an economy-wide cap on greenhouse gas emissions is critical to fighting climate change. Continued tar sands expansion is incompatible with building a clean energy economy and curbing climate change.