

May 21, 2002



Albertans & Climate Change: A Plan for Action

Draft plan to reduce greenhouse gases; enhance economy

Charlottetown ...A "made-in-Alberta" approach and commitment to climate change shows there is an alternative to the Kyoto Protocol that balances reductions in greenhouse gas emissions with continued prosperity in provincial and national economies.

The Government of Alberta released its draft plan May 21 calling for a reduction target of 50 per cent in emissions intensity by 2020, that will be achieved through a combination of negotiated agreements with specific economic sectors, a number of initiatives to increase funding in environmental and energy technologies, energy conservation and a mix of other programs to manage and offset greenhouse gas emissions. The province will now begin consulting with Albertans to set firm goals, targets and actions to implement the plan.

"We are bringing forward a realistic approach that clearly shows that Kyoto is not the only answer to the climate change question," said Alberta Environment Minister Lorne Taylor, in releasing the plan on behalf of the government at a provincial-territorial-federal meeting of environment and energy ministers in Charlottetown, P.E.I. "It is time to shift our thinking from sharing the burden between the provinces, to sharing the opportunity. Alberta's plan capitalizes on the opportunities."

Taylor acknowledged Kyoto has been good for one thing - generating global awareness and attention to the issue of climate change. He added the world has changed since the protocol was first conceived, and Canada can now do something much better and more effective to address climate change.

"Climate change is a moving target, we must remain conscious of our trade opportunities and Alberta's ability to grow economically," said Alberta Energy Minister Murray Smith. "Albertans can also reduce energy consumption."

Taylor added Alberta's draft action plan can serve as a model for other similar provincial and territorial action plans, and as a basis for a true national plan.

A complete copy of the plan, *Albertans & Climate Change: A Plan for Action*, as well as a summary *Albertans & Climate Change: Making a Difference*, is available by contacting (780) 427-6267, or toll-free in Alberta at 310-0000. Copies of the plan and a number of related materials are also available on-line at www.gov.ab.ca/env

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Background

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Albertans & Climate Change: A Plan for Action

Key elements of plan

Albertans & Climate Change: A Plan for Action lists a number of initiatives and actions in the areas of: emissions reductions; government leadership; energy conservation; carbon management; technology and innovation; enhancing carbon sinks; and adapting to climate change. Key elements of the plan include:

Setting a provincial emissions target and timetable.

Alberta is setting an emissions target of a reduction in emissions intensity by 50 per cent by 2020. This target will apply to all provincial greenhouse gas emissions, and will include separate emissions targets negotiated in agreements with key economic sectors in the province. For Alberta-based consumption, this works out to about 10 per cent below 1990 levels. To complement that, Alberta will also work to be "best-in-class" in both reducing emissions intensity of energy exports, and emissions from Alberta-based industrial and consumer activity. Finally, Alberta will work to fulfill the goal of the United Nations Framework Convention on Climate Change - preventing atmospheric concentrations of greenhouse gases from reaching dangerous levels - by moving towards more significant emission reductions over the longer term (2050).

Requiring emissions reporting.

On May 15, 2002, the Government of Alberta announced it is moving to mandatory reporting of greenhouse gas emissions from large sources of emissions in the province. This is the first step to understanding exactly where, and in what quantity and concentration, greenhouse gas emissions are coming from in Alberta. The province has already applied this reporting to a recent environmental approval for the expansion of a coal-fired electricity plant near Edmonton.

Developing an emissions trading approach for Alberta.

The Government of Alberta will lead the development of a "made-in-Alberta" approach to emissions trading that reflects Alberta's unique needs and circumstances, complements the negotiated sectoral agreements, and works within national and international models.

Increasing investment in developing and deploying greenhouse gas related technology in conjunction with other governments and the private sector.

Working in partnership with other governments and the private sector, the Government of Alberta has a strong track record of leadership in the area of research and technology. Through *A Plan for Action*, the province will:

- Support the development of new technologies through the Energy Research Strategy developed by the Alberta Energy Research Institute (AERI). Details of this strategy - including the dollar amount to be invested by the Government of Alberta - will be released in the near future.
- Implement provincial fuel cell strategy through demonstration projects.
- Invest in a hydrocarbon research program (support for Canadian Clean Power Coalition and National Science and Energy Research Council (NSERC) Chair in Coal Combustion).
- Support specific key programs for technology development in environment management and greenhouse gas emission control and reduction.

Taking further action to reduce greenhouse gas emissions within government.

The Government of Alberta has been addressing climate change since 1990 by seeking to influence national policy, and by taking action to reduce greenhouse gases in Alberta

Through *A Plan for Action*, in addition to facilitating a number of province-wide initiatives, the government will also increase its internal efforts in energy conservation and best practices aimed at the reduction of greenhouse gas emissions from its own operations. This will include, but not be limited to, the following:

- Reduce emissions related to government activities and facilities by 26 per cent by 2005.
- Support program for energy retrofits in government facilities.
- Purchase hybrid vehicles for the government fleet.
- Move to the use of more green power for government facilities.
- Establish an "innovation fund" for leadership in reducing emissions within government.

Encouraging Albertans to reduce consumption of energy.

As consumption of energy is one of the key drivers to greenhouse gas emissions, one of the cornerstones of Alberta's plan is a goal to reduce energy consumption and change behaviours and practices in energy use. *A Plan for Action* outlines a number of initiatives in this area, including:

- Support and work with Climate Change Central to establish an Office for Energy Efficiency to lead consumer related initiatives and programs aimed at promoting and encouraging energy conservation by all Albertans.
- Develop and implement a municipal building audit program.
- Establish provincial task force to look at market signals and opportunities to encourage energy conservation activities.
- Implement a province-wide energy conservation awareness campaign and public education strategy.
- Support education and awareness programs aimed at promoting and rewarding energy conservation practices.

Information on how individuals and small/medium size businesses can reduce energy consumption and take action on climate change is available in two new publications - *Albertans & Climate Change: What can individual Albertans do?* and *Albertans & Climate Change: What can owners of small/medium sized business do?* Copies of these publications are available by contacting (780) 427-6267, or on-line at www.gov.ab.ca/env.

Exploring carbon management and biological sinks.

In the area of carbon management, Alberta will:

- Implement a carbon management program.
- Conduct three demonstration projects (Enhanced Oil Recovery and Coal Bed Methane) by end of 2003.
- Continue support for CO₂ storage demonstration project at Weyburn, Sask.

In addition to this activity, the province will also:

- Explore the use of forestry and agricultural sinks, particularly in how they can be used as offsets and traded in emission trading.
- Develop provincial accounting rules and guidelines for crediting carbon storage projects.
- Clarify ownership rules around credits for sinks.
- Support and invest in programs aimed at measuring natural storage of carbon.

Adapting to a changing climate.

While the majority of actions outlined in Alberta's plan are aimed at reducing greenhouse gas emissions in an effort to mitigate climate change, the plan also calls for some action to be taken in the area of helping Alberta and Albertans adapt to the effects of climate change. Alberta will work with other governments and organizations to help Albertans understand the potential impacts, invest in research in this area, and help

Albertans manage and address the risks of short-term climate variability and extremes as required.

Complete details on all of these key elements and related specific activities is outlined in *Albertans & Climate Change: A Plan for Action*, as well as a summary of the plan, *Albertans & Climate Change: Making a Difference*. Both publications are available by contacting (780) 427-6267, or on-line at www.gov.ab.ca/env.

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Background

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Albertans & Climate Change: A Plan for Action

Alberta's Targets

"The Alberta Government's climate change response will demonstrate there is a way to reconcile real and lasting emissions reductions with continued economic prosperity."

Premier Ralph Klein

What are the Alberta's targets and timelines for greenhouse gas emissions?

Like the U.S. plan, the Alberta plan's initial target is aimed at reducing emissions intensity. By focusing on intensity first, the province can balance reducing emissions with the projected growth of the economy and population. Specifically, the province is setting the goal of a 50 per cent reduction in emissions intensity by 2020. While this is longer than the timelines outlined in the Kyoto Protocol, it represents a realistic target that will allow the province to better manage emissions more effectively and permanently, and reduce the range of risk to the provincial economy. In addition to the emissions intensity target, working in consultation and cooperation with all Albertans, the province will strive to be "best-in-class" in both reducing emissions intensity of energy exports, and emissions from Alberta-based industrial and consumer activity.

The province is also committed to working to fulfill the goal of the United Nations Framework Convention on Climate Change - preventing atmospheric concentrations of greenhouse gases from reaching dangerous levels - by moving towards more significant emission reductions over the longer term (2050).

What are greenhouse gases (GHG)?

The main greenhouse gases are water vapour, carbon dioxide, ozone, methane, nitrous oxide and chlorofluorocarbons (CFCs). All the CFCs occur naturally. Collectively, these gases make up less than one per cent of our atmosphere, sustaining what is called the Earth's "natural greenhouse effect." Without this, Earth would be 30 degrees cooler - essentially a frozen planet.

What is meant by emissions intensity?

Greenhouse gas emissions released measured against other factor like the Gross Domestic Product (GDP) of a nation, province or state. Other standards by which intensity can be measured include: per barrel of oil; per million cubic feet of natural gas; per tonne of coal, cement, etc. produced; or per megawatt hour of electricity.

What is meant by absolute emissions?

Absolute emissions is a term often used to describe the total volume of emissions coming from a particular source, whether it is an exhaust system of a vehicle, or a stack from an industrial facility.

Can absolute emissions increase, while emissions intensity decreases?

Yes. However, if emissions intensity is reduced, absolute reductions will occur as well. Alberta's *Plan for Action* calls for a range of actions to help ensure that is the case. For example, in addition to working with industry and key sectors to reduce intensity, there are a number of initiatives aimed at energy conservation, and reducing activities that generate greenhouse gas emissions.

What do the targets translate to in terms of amounts of greenhouse gas emissions?

The following chart shows Alberta's current volume of greenhouse gas emissions, and the projected emissions under *A Plan for Action*:

Emissions in Millions of Tonnes of Greenhouse Gases				Emissions Intensity (tonnes of GHG per million \$ Gross Domestic Product) Indexed to 1990 (=100)
Current Emissions 2000	Business as Usual Forecast 2020	Alberta Action Plan Outlook 2020	10% less of 1990 (domestic)	
165 Domestic	184 Domestic	110-135 Domestic	122 Domestic	1990: 100
42 Export	73 Export	73 Export	N/A	2020 - Business as Usual: 70
16 Rest of Canada	21 Rest of Canada	21 Rest of Canada	N/A	2020 - Alberta Action Plan: 50-55
223 Total	278 Total	205-230 Total	N/A	

Source: Environment Canada, Natural Resources Canada and Alberta Environment

Note:

The numbers represent a minimum target, and depending on rate of development of implementation of technology and other factors, and the negotiated agreements and commitments with key economic sectors, could be lower than stated.

What are the current sources of emissions in Alberta?

The following is a current breakdown of greenhouse gas emissions in megatonnes, or millions of tonnes, CO2 equivalent:

Fossil Fuel - Alberta	23
Electricity	51
Industry	28
Transportation	31
Residential and Commercial	13
Agriculture	19
Other	1.5
	165
Domestic Total	
Fossil Fuel - Rest of Canada and Exports	58
Alberta Inventory Total	223

Additional background information on Alberta's emission goals and targets, along with the range of actions aimed at achieving those goals, is available in *Albertans & Climate Change: A Plan for Action*. Copies of report are available from Alberta Environment at (780) 427-6267 or on-line at www.gov.ab.ca/env.

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Backgrounder

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Albertans & Climate Change: A Plan for Action

Alberta's leadership on climate change

- The Government of Alberta has been addressing climate change since 1990 by seeking to influence national policy, and by taking action to reduce greenhouse gases in Alberta.
- In 1995, the Government of Alberta stated it would reduce greenhouse gas emissions from its operations

by 14.1 per cent below 1990 emissions levels - by the end of 2000, the government exceeded that target, reducing emissions by 22 per cent.

- The Government of Alberta is the only government in Canada to win a national leadership award - three times to date - from the Voluntary Challenge and Registry Inc. (VCR). VCR is a private-public partnership whose role is to help Canadian organizations and companies to voluntarily reduce greenhouse gas emissions.
- In 1999, the Government of Alberta established Climate Change Central, a unique private-public partnership non-profit organization, to follow up on and implement key directions and recommendations of a provincial climate change roundtable held that year.
- Climate Change Central, which opened its office in Calgary, Alta. in May 2001, promotes the development of innovative responses to global climate change and its impacts. The Government of Alberta continues to be a partner in Climate Change Central's efforts to build links and relationships between businesses, government and other stakeholders in Alberta interested in pursuing greenhouse gas reduction initiatives.
- In 2001, Climate Change Central hosted western Canada's first greenhouse gas emissions trading simulation. Through this simulation, Alberta companies learned how emissions trading might operate in North American and global markets.
- Climate Change Central has funded or partnered in a number of innovative projects since its inception, including Calgary's Ride the Wind project to power its light rail transit system with wind energy, and a project to convert tour buses travelling between Calgary and Banff to natural gas.
- Gas flaring in Alberta in 2001 was almost 50 per cent below 1996 levels. The gas flared is now either being conserved, or used to generate electricity. The flaring reduction was made possible through a royalty waiver introduced by the Government of Alberta.
- In 2001, the Government of Alberta asked the Clean Air Strategic Alliance (CASA), a multi-stakeholder group including environmental groups and industry created by the government 10 years ago, to recommend innovative and effective means of managing air emissions - including carbon dioxide - from new and existing electricity generation facilities by mid-2003.

Additional actions by the Government of Alberta, Climate Change Central, Alberta municipalities, organizations and companies are available in an *Albertans & Climate Change: A Summary of Actions to Date*. Copies of report are available from Alberta Environment at (780) 427-6267 or on-line at www.gov.ab.ca/env.

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Questions & Answers

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Key questions and answers

Why is Alberta bringing forward an action plan at this time?

Alberta strongly supports taking action to address the possible effects of climate change. It is a recognized leader for early action on climate change, and has been actively involved in national discussions and in driving public education and debate on the issue for several years. When the U.S. announced it was not going to ratify the Kyoto Protocol, Alberta became vocal in raising its concerns that Canada's ratification would have a serious impact on our economy, as our major trading partner would not be part of the agreement. In recent months, as that debate and discussion has intensified in Canada, Alberta began to work with its partners in Climate Change Central and others to come up with a plan that shows there are other ways to address climate change beyond Kyoto.

As a leader in this area, Alberta felt it was important to bring forward a plan to formalize and increase action within the province, while at the same time bring forward a plan that can be modelled by other provinces and territories, and fit within a made in Canada approach to climate change.

Why is Alberta opposed to Canada's ratification of the Kyoto Protocol?

Alberta has some serious concerns about Kyoto, as it is an out-of-date agreement that does not include our major trading partner, nor our key economic competitors. The Kyoto Protocol itself has little to do with the environment, and a lot to do with economics. It is more about transferring wealth from prosperous nations with good environmental records to fund developing nations that do not have to do anything to reduce greenhouse gas emissions. While it is true that we have no way of knowing exactly what the risks or costs to our economy will be - but by that same argument, we have no way of knowing what exactly the benefits will be either. Or as Premier Ralph Klein puts it, "would you sign a mortgage, without knowing the full cost or the interest rate, to buy a piece of property you haven't seen?"

Kyoto has been good for one thing - generating global awareness and attention to the issue of climate change. But the world has changed since the protocol was first conceived, and Canada can now do something much better and more effective to address climate change.

Why are there no specific dollar figures for government investments or costs attached to this plan?

A Plan for Action is a follow-up to Alberta's strategy to address climate change announced in February 2002. It outlines a number of recommendations for provincial action as well as some specific activities for government action.

As we move ahead with consultation with Albertans on the implementation of the plan, specific details on each of the action items, including financial details, will be announced.

By focusing on emissions intensity, isn't the Government of Alberta just favouring the economy over the environment?

We have been widely criticized as a government for making arguments against the Kyoto Protocol that are seemingly based more on economics than on the environment. But while people look to government to protect the environment, they also turn to us to protect and preserve the prosperity and high quality of life we enjoy as Albertans. We believe this plan provides an effective and meaningful way to reduce greenhouse gas emissions that does both.

Why does the government consider this to be a viable alternative to Kyoto?

Because it recognizes that environmental action can be balanced with prosperity, and ensures that the economic opportunities that will be created by the need for action on climate change will come about. It keeps dollars that can, and will be, invested in addressing climate change in our economy by creating new

technologies and developing markets for environmental services, and by encouraging and recognizing energy conservation practices and products. Most importantly, it is a plan that is customized for Alberta and Albertans, and Canada and Canadians. As a result, we firmly believe we are bringing forward a realistic approach that will clearly show that Kyoto is not the only answer to the climate change question.

By negotiating agreements with key economic sectors, aren't you still leaving it up to industry to decide whether they are going to do anything or not?

Real and meaningful change only comes when people have a good understanding of an issue, take ownership of it, and take actions to make a difference. That is why a made-in-Alberta plan, that is part of a made-in-Canada plan, must be the basis of a national solution on climate change. That is also why we are taking the approach of consulting with Albertans on our targets and actions, and by negotiating specific agreements and commitments to actions with key economic sectors.

Alberta companies have been leaders in the area of voluntary action on climate change. The agreements will draw on actions to date, and take it one step further with specific tools that could also include regulatory requirements. However, we are confident the agreements themselves will ensure action is taken in a timely and effective manner.

What kinds of incentives does the plan offer to business and industry to take action? To individuals?

At this point, no specific incentives have been outlined for business, industry, communities or individuals. We expect this to be an outcome of consultations with Albertans. Through some recent focus groups, Albertans have told us they are not willing to pay for climate change specifically, but are willing to pay for a better environment. Albertans are willing to pay for something to address climate change insofar as it will provide a clean environment, but they are not willing to change their lifestyles for free - they do want some sort of incentive for action.

Overall, Albertans have told us that we need to make them *want* to do something about climate change, not *have* to do something about. Therefore, any incentives that are offered will be aimed at offering responsible choices, and inspiring and motivating Albertans to make them.

What do Albertans think of this plan?

Official consultation with Albertans begins with the release of this plan on May 22, 2002. Informal consultation on the various initiatives and goals has been underway for the past several months through a combination of meetings, discussions, surveys and focus groups. Through those processes, Albertans have told us climate change is a serious issue, but not a high priority. They also recognize there is a need for an "all for one" approach to be effective, and to prevent a Canadian economic disadvantage.

The *Plan for Action* is being released as a "Draft for Discussion" to allow us to seek formal feedback on the specific actions and recommendations outlined in the plan, and to help gain commitment and ownership from all Albertans over the next six to eight months. At the same time, there are some specific actions - especially in the area of government leadership and action - where action is either already underway and will be enhanced, or that will begin immediately. For example, work is already underway to establish a provincial Office of Energy Efficiency, which will be operated by Climate Change Central, to focus on consumer issues and possible incentives for conservation efforts.

What will be the role of the Office of Energy Efficiency?

Initial work has begun to establish the office as an outreach component of Climate Change Central, a unique private-public partnership that is designed to serve as a focal point for reducing greenhouse gas emissions in Alberta. As energy conservation and education is a key area of focus to reduce greenhouse gas emissions, this office will serve as the heart of Alberta's overall efforts to help fulfil the vision that "Albertans will be North American leaders in the smart use of energy." The Office of Energy Efficiency will be the lead agency on consumer information on responsible energy use, and will administer any specific incentive and product awareness programs that may be developed as part of an overall energy

conservation plan.

How does Alberta's action plan compare to the discussion paper brought forward by the federal government May 15, 2002?

We are presenting a plan with specific actions and activities outlined; the federal government's paper brings forward options for discussion. There are a number of similarities in terms of key areas of focus, which we believe serve as a good starting point for discussion. We are also confident our plan and actions can serve as a good model for other jurisdictions, that can and will be part of a made-in-Canada solution to climate change.

How does Alberta's action plan compare to the discussion paper brought forward by the U.S. in February 2002?

Alberta's Plan for Action is a plan that is customized to suit the unique needs and circumstances of the province. However, it does have similarities to the U.S. plan in that it is aimed at recognizing and balancing the need for reducing greenhouse gas emissions with maintaining economic prosperity. Setting reduction targets based on intensity, and investing in technology are two other key similarities between the two plans.

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