

Alberta's "Made in Washington" Climate Change Action Plan
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On May 20 the Government of Alberta released its paper, "Albertans & Climate Change: A Plan for Action" (<http://www3.gov.ab.ca/env/climate/actionplan/index.html>). The cornerstone of this so-called "made-in-Alberta" plan was unveiled at the Joint Ministers' Meeting in Charlottetown on May 21 as an alternative to the federal government's May 15 "Discussion Paper on Canada's Contribution to Addressing Climate Change" (http://www.climatechange.gc.ca/english/actions/what_are/canadascontribution/index.html)

Alberta pledges to achieve a 50% reduction in "emissions intensity" by the year 2020. Moreover, this target, the paper claims, will be equivalent to cutting emissions of greenhouse gases at that date to 10 percent below 1990 levels – in other words, achieving the Kyoto target in Alberta ten years beyond the Protocol deadline.

First, what is this "emissions intensity" (sometimes referred to as "carbon intensity")? It means how much greenhouse gases we emit per unit of economic output (Gross Domestic Product or GDP), or unit of energy produced, or similar measure. Modern economies experience steady declines in such intensity, due to increases in energy efficiency and substitutions of less-energy-intensive technologies (such as information technology) for more energy-intensive ones (such as steel). This happens either "automatically," through market mechanisms, or as directed by government policy, such as mandated fuel-efficiency standards in automobiles.

We call this Alberta's "Made in Washington" plan because it follows faithfully the central idea of the Bush plan, unveiled in February 2002 – namely, to base the policy response to climate risk on emissions intensity rather than emissions reductions. The Bush plan acknowledges that US greenhouse gas emissions will continue to rise for the indefinite future, despite the promised 18% reduction in carbon intensity over 10 years.

The Alberta plan appears to be different, in that it aims to outdo our American cousins and will roughly meet our Kyoto target (without signing Kyoto), albeit a decade later. The US plans an 18% reduction in carbon intensity over ten years, or 1.8% a year. Alberta propose to undertake a 50% reduction in 18 years, or about 2.8% a year, which is 50% more than the Americans.

Historical trends for reducing emissions intensity in Canada are slightly under 1% annually. Alberta's target rate is 3 times the historical baseline for an uninterrupted period of almost two decades. Are these numbers credible? How much will it cost to achieve them? How does they compare with the federal options for meeting the Kyoto targets?

Here we have to point out that the Alberta plan, at least so far, is very short on details. We are given no guidance as to what assumptions about GDP growth for the period 2002-2020 were used, or what the baseline (2002) numbers for Alberta's GDP and total greenhouse gas emissions are, so that we could calculate (a) what our current emissions intensity is and (b) what kind of effort is involved in Alberta being able to meet its target 18 years hence.

In short, the Alberta plan doesn't include information that would allow us to easily compare it with the federal options for Kyoto. We aren't told what the emissions reductions will be in the Kyoto timeframe (2008-2012). We don't know the level of reductions to expect for each specific part of the plan. And we don't know the financial costs associated with implementing the plan: a rather glaring omission, especially considering the litany of complaints from the provinces in the past about the earlier absence of costs in the federal plan to meet Kyoto targets.

Unlike the Alberta plan, the federal plan includes the emissions reductions that we can expect from various actions. They also show the various economic impacts expected in 2010, ranging from a slight benefit to a small absence of growth. This is hardly the economic doomsday about which our provincial politicians have warned, as Andrew Coyne noted in *The National Post* on May 17, 2002 (page A17). Surely the provincial government could provide the information to allow Albertans to properly compare the costs and targets of the made-in-Alberta plan with the costs of meeting the Kyoto targets. Let's compare apples with apples, not apples with oranges.

Ironically, there are many similarities in how the Alberta plan wants to reduce greenhouse gas emissions intensity and how the federal government plans to achieve the Kyoto targets. Both include investment in technology and innovation (which is important to ensure that we are able to respond to shifts in international markets), creating voluntary agreements with industry to reduce emissions, investing in energy conservation and carbon sinks, developing emissions trading systems, and preparing to adapt to expected changes in climate.

However, there are some fundamental differences between the Alberta plan and ratifying the Kyoto Protocol. Under Kyoto, the targets would be legally binding as part of the international treaty, while the Alberta government has given no indication that its objectives would have any legal basis. The politicians making this promise will be long retired by the year 2020. Because they are so far in the future and, more importantly, fail to provide any interim targets, between now and 2020 the Alberta targets will be entirely at the mercy of future political whims. How much faith should we put in any non-binding government target having an 18-year time horizon?

Here's another wrinkle. The Kyoto Protocol includes flexibility mechanisms so that emissions can be reduced where they are least expensive: in less developed countries. Canada and Alberta have been strongly in favour of these mechanisms and argued successfully for them in international negotiations. It is only recently that opponents of Kyoto (including industry spokespersons) have labelled these least-cost reductions as *transfers of wealth*, rather than what they actually are, namely, the cheapest way to finance greenhouse gas reductions at present. Indeed, because these flexibility mechanisms significantly reduce the economic cost for Canada to meet its Kyoto targets, their lack of availability in the Alberta plan means that the latter almost certainly would be more expensive to implement.

Finally, the Alberta plan also fails to discuss how Canada should respond to the need for international coordination on climate change (outside of some references to coordination

with the U.S.), which is a prerequisite for addressing a global problem. If Canada follows the Bush plan, focussing on carbon intensity, why should the rest of the world not follow suit at some point? Suppose that China, India, and other such countries propose to agree to emissions intensity reduction targets, rather than emissions reduction targets, as their large economies continue to grow? Given their current starting-point (the present emissions intensity of their economies, which is much higher than ours), the long trajectory that would be laid out for this pathway would mean that global emissions could not be stabilized for a very long time.

While there are fundamental problems in its approach, the Alberta plan should not be dismissed out of hand, for it is more comprehensive than the efforts of any other province. Although the plan may be short on details, it likely puts Alberta well on the way to meeting the Kyoto targets, particularly if the federal government buys cheaper international emissions credits, as they have indicated they are prepared to do. Once the details become more clear, the Alberta plan, combined with international credits, may very well put us beyond the targets of the Kyoto Protocol – without the hardship that has become the mantra of Alberta political rhetoric.

Without an international plan for the West to begin a program of binding emissions reductions targets now, encouraging the less-developed countries to do so as soon as possible, there is little point in doing anything at all about climate risk. Instead we should just open another bottle of Alberta rye and join Doris Day in singing a few bars of “Que sera, sera.”