

# PUBLIC CONSULTATION ON A PROPOSED CAP AND TRADE SYSTEM FOR MANITOBA

The Manitoba Government is seeking your views on cap and trade as a mechanism to reduce our greenhouse gas emissions. Your input will be important in helping further our efforts to reach our emission reduction objectives. Manitoba's goal is to ensure a clean environment and a sustainable, prosperous future for generations to come. This goal, however, cannot be achieved without the input and expertise of Manitobans like you.



## Background

**Global climate protection is a responsibility we all share.** That is why, since 1999, the Manitoba government has worked with a broad range of citizens and stakeholders to address the province's climate change challenges.

**Climate change is bound to have a profound impact on Manitoba.** The variations in seasonal precipitation and temperature will likely increase with time; which could lead to more droughts, floods and intense storms in the future. These conditions could potentially have a dramatic impact on our economy, environment, communities and health.

**In Manitoba, we already are witnessing the impact of climate change** through more frequent and extreme weather and the arrival of new plants and animals in the province. In the far north, climate change is putting the province's polar bear population at risk. Northern communities continue to experience unpredictable, winter road conditions, which has affected the transportation of food, fuel and people. Drought conditions increase the risk of forest fires in the province.

The effects of climate change have a significant impact on the provincial economy, as well as the health, safety and social welfare of Manitobans.

>> [Beyond Kyoto, Next Steps: Action on Climate Change, 2008](#)

*Please read the following summary on cap and trade, including the links to the Western Climate Initiative's design for a regional cap and trade program. We welcome your comments, value your input and look forward to receiving your feedback.*

## A Proposed Cap and Trade System for Manitoba

### Why this consultation?

In December 2009, Manitoba committed to moving forward with legislation enabling the creation of a cap and trade system to reduce greenhouse gas emissions in Manitoba, subject to public consultations in 2010.

### What is cap and trade?

Cap and trade is a regulated, market-based approach to reducing greenhouse gas (GHG) emissions. The emission sources and economic sectors included in a cap and trade system are determined by government. The government sets an overall limit or “cap” on GHG emissions for its region. Each capped sector can only release GHG emissions up to the level of the cap.

To monitor emissions, governments issue emission allowances (measured in tonnes of GHG emissions), which are distributed to capped emitters within various sectors of the economy. Allowances (permits) can be issued in several ways. They can be sold for a set price, auctioned, or freely distributed (or some combination of each).

### Components of cap and trade

Capped emitters must release equal to, or less than, their emission allowances over a specified compliance period. Following that period, capped emitters submit, or surrender, the number of allowances that equal their GHG emissions.

Government requires capped emitters to meet the cap, and monitors compliance. Capped emitters, however, have the flexibility to choose how they will comply.

They have the option to:

- reduce their emissions
- continue emitting at levels higher than what they’re allowed, and buy emission allowances to cover the excess
- sell or trade surplus emission allowances to capped emitters who can’t meet their emissions cap
- bank emission allowances to use in future years

An effective cap and trade program encourages emitters to achieve compliance through reducing emissions. It also offers them the flexibility to access a carbon marketplace when technical, or other barriers, prevent them from achieving their required reductions. As well, this approach provides capped emitters with a financial incentive to reduce emissions, and promotes opportunities to develop and implement technical improvements to lower GHG emissions (ex: energy efficiency, use of alternative energies).

### What are offset credits and how do they relate to cap and trade?

Cap and trade systems may also allow capped emitters to purchase “offset credits” to reduce compliance costs. Offsets are credits from an approved emission reduction project occurring outside the cap and trade system. Offset credits offer other means for capped emitters to meet their emission reduction obligations. Some examples are implementing a zero till program in the agriculture sector, or starting an afforestation program in the forestry sector.

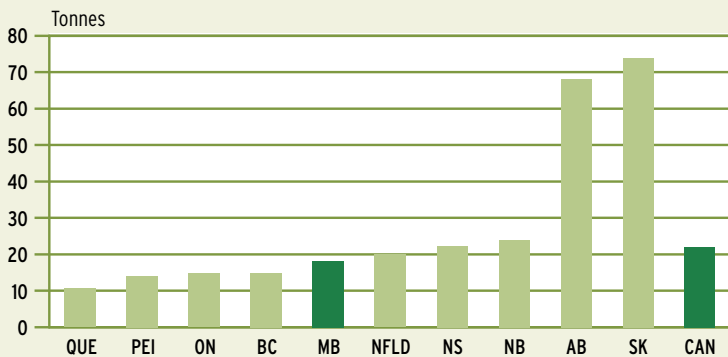


## Profile of Manitoba's Greenhouse Gas Emissions

The latest available greenhouse gas (GHG) emissions data was released by Environment Canada in 2008. It estimates Manitoba's GHG emissions for 2008 at 21.9 megatonnes (Mt) of GHGs (measured in carbon dioxide equivalent units or CO<sub>2</sub>e). With 3.6 per cent of the country's population, Manitoba contributed about 3 per cent to Canada's total emissions of 734 Mt.

Manitobans, on average, emit about 18.1 tonnes of GHGs per person annually. (A typical mid-sized car, driven 18,000 kilometres a year, emits about five tonnes. This is lower than the Canadian per capita average of 22 tonnes.) Residents of Quebec have the lowest emissions per capita (10.6 tonnes), while residents of Saskatchewan have the highest (73.8 tonnes).

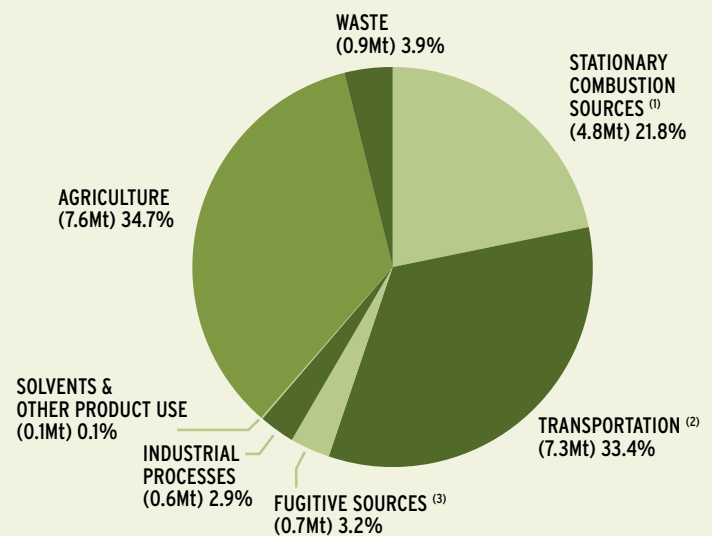
PER-CAPITA EMISSIONS BY PROVINCE - 2008



Manitoba's GHG emissions profile is unique among Canadian jurisdictions. Unlike other Canadian provinces - whose GHG emissions are released by a small number of large emitters - the majority of Manitoba's GHG emissions come from many smaller emitters in a wide range of sectors.

No one sector alone can carry the responsibility of reducing GHG emissions. The challenge is to adopt an approach that is efficient, fair, and equitable for all involved.

MANITOBA'S 2008 GHG EMISSIONS - BY SECTOR



NOTES:

1. "Stationary Combustion Sources" include commercial, institutional and residential heating, manufacturing and construction, etc.
2. "Transportation" includes road transportation, off-road vehicles, railways, domestic marine and domestic aviation.
3. "Fugitive Sources" include emissions from coal mining, oil and natural gas.





## Regional Cap and Trade Programs-The Western Climate Initiative (WCI)

In June 2007, Manitoba joined the [Western Climate Initiative \(WCI\)](#), which was established to identify, evaluate and implement collective, co-operative ways to reduce greenhouse gases within a specified region. The regional partners who form the WCI focus on a market-based cap and trade system, and additional reduction opportunities through complementary measures.

WCI regional partners include seven U.S. states (Arizona, California, Montana, New Mexico, Oregon, Utah and

Washington) and four Canadian provinces (British Columbia, Manitoba, Ontario and Québec). The WCI's goal is to reduce GHG emissions in the region by 15 per cent below 2005 levels, by 2020. When fully implemented in 2015, the WCI aims to cover nearly 90 per cent of the region's emissions.

WCI's program design for cap and trade provides a framework to develop a system for Manitoba.

### Comments

We invite you to submit your comments online by **March 15, 2011**

If you have questions about submitting a response, please contact:

#### MANITOBA CONSERVATION

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