



## Climate and Energy Issues: President Obama's Visit to Ottawa

By Dave Martin, Climate & Energy Coordinator  
Greenpeace Canada

February 2009

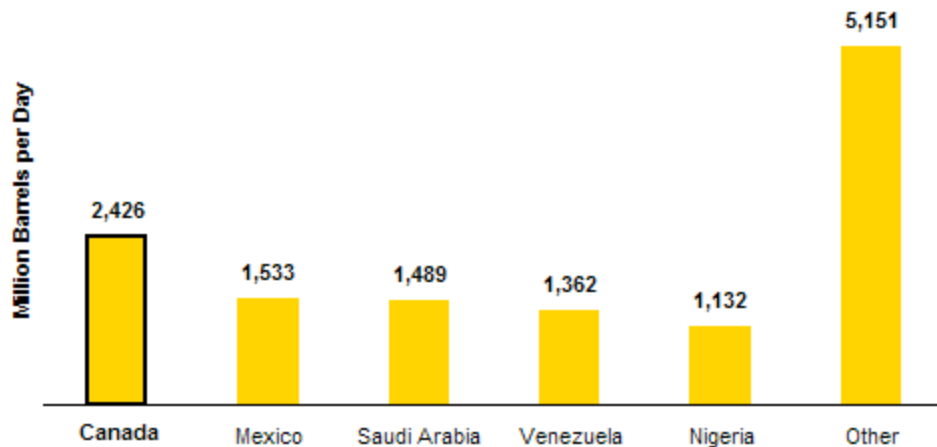
Energy and global warming are expected to be at the top of the agenda when President Obama and Prime Minister Stephen Harper meet in Ottawa on February 19, 2009.

There are a number of issues relevant to this discussion, including: **Tar Sands and Low Carbon Fuel Standards in the U.S.**; **A North American Cap and Trade System**; **Targets for Greenhouse Gas Reduction**; and **Green Energy Stimulus: Harper vs. Obama**.

### Tar Sands and Low Carbon Fuel Standards in the U.S.

- In 2007, Canada exported 2.4 million barrels a day of oil and refined products to the U.S. – the single largest supplier country... significantly exceeding U.S. imports from Mexico, Saudi Arabia, and Venezuela.

Sources of U.S. Petroleum Imports,\* 2007



Source: EIA International Petroleum Monthly

\*Includes oil and refined products

- About 75 per cent of Canada's oil exports to the U.S. are derived from the tar sands.
- The tar sands produce the dirtiest oil in the world. Extracting and upgrading synthetic crude oil from tar sands is incredibly energy intensive, generating 3 to 5 times as much greenhouse gas pollution as the production of conventional oil. Beyond its contribution to climate change, the tar sands cause unacceptable impacts to fresh water, the boreal forest, wildlife and air quality.

- Greenpeace is calling on President Obama to show leadership on climate change and implement a National Low Carbon Fuel Standard, in order to discourage the importation of tar sands bitumen and oil to the United States, and to encourage the development of a sustainable transportation system. Obama has already championed such standards.
- In May 2007, (then) Senator Obama introduced in the U.S. Senate *Bill S. 1324: National Low-Carbon Fuel Standard Act of 2007*, which called for the reduction of greenhouse gas emissions through the use of low-carbon fuels (the bill was never passed).  
<http://www.govtrack.us/congress/bill.xpd?bill=s110-1324>
- While on the campaign trail in June 2008, (then) Senator Obama described oil as "... a 19th century fossil fuel that is dirty, dwindling, and dangerously expensive." ("A Serious Energy Policy for Our Future", *Remarks of Senator Barack Obama*, Las Vegas, Nevada, Tuesday June 24, 2008) <http://my.barackobama.com/page/community/post/stateupdates/qG5RCv>

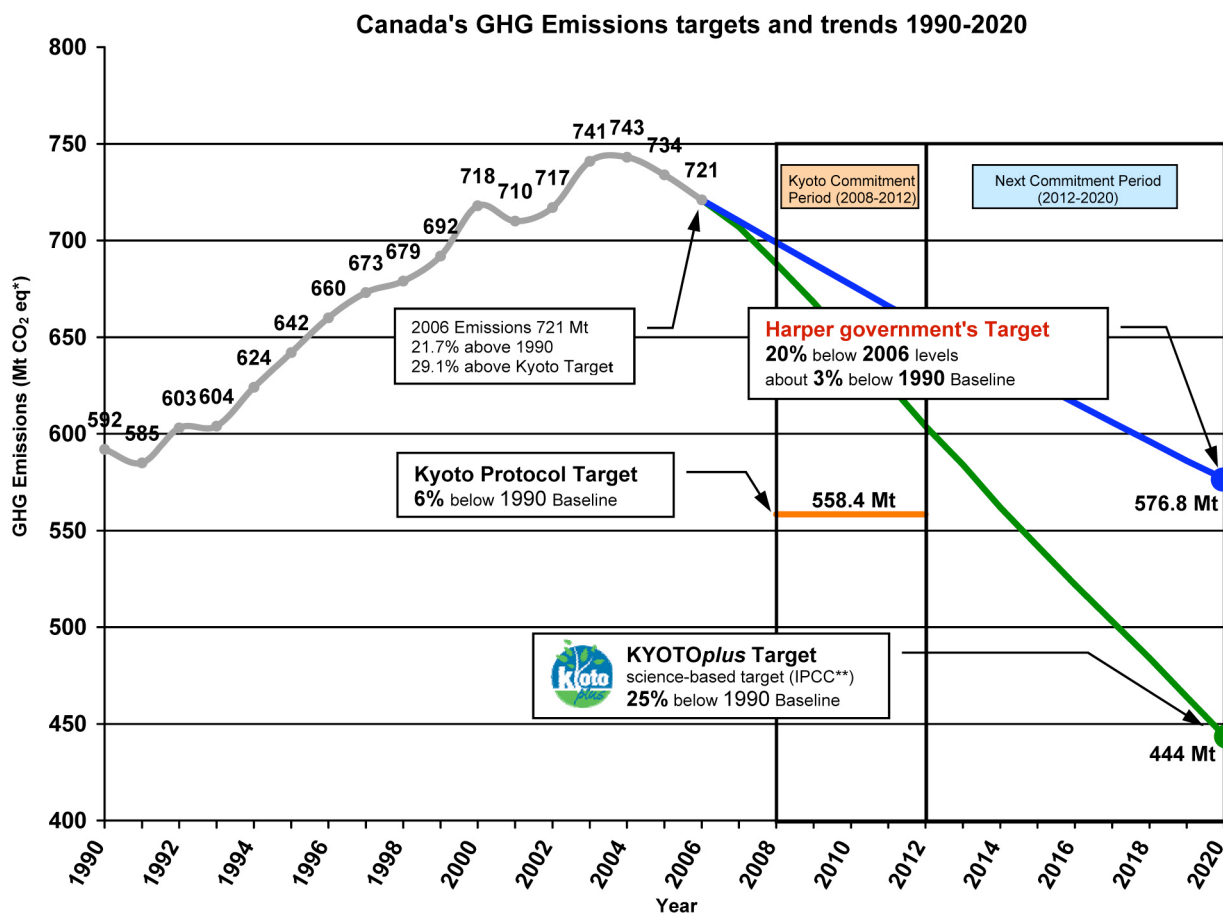
Several important Low Carbon Fuel Standard initiatives have taken place in the U.S....

- In January 2007 California Governor Arnold Schwarzenegger established a Low-Carbon Fuel Standard (LCFS) by Executive Order. This unprecedented greenhouse gas (GHG) standard for transportation fuels requires fuel providers to ensure that fuel sold in California reduces GHG emissions measured on a "full fuel cycle" basis (i.e. upstream feedstock extraction, fuel refining, and transport to market). This will clearly discourage the use of tar sands oil. Schwarzenegger has also called for the U.S. to implement a national Low Carbon Fuel Standard.  
[http://www.energy.ca.gov/low\\_carbon\\_fuel\\_standard/](http://www.energy.ca.gov/low_carbon_fuel_standard/)
- In June 2008, 1000 mayors at the U.S. Conference of Mayors supported a "High Carbon Fuels" resolution which called on mayors across the U.S. "to track and reduce the lifecycle carbon dioxide emissions from their municipal vehicles by preventing or discontinuing the purchase of higher-carbon unconventional or synthetic fuels".  
[http://www.usmayors.org/resolutions/76th\\_conference/energy\\_05.asp](http://www.usmayors.org/resolutions/76th_conference/energy_05.asp)
- In January 2009, 11 Northeast and Mid-Atlantic states in the U.S. committed to a regional Low Carbon Fuel Standard to reduce greenhouse gas emissions from fuel for vehicles and other uses. The 11 states include all the member states of the Regional Greenhouse Gas Initiative (RGGI) -- Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont -- plus Pennsylvania. RGGI is an emissions trading system.  
[http://www.mass.gov/?pageID=eoeea&pressrelease&L=1&L0=Home&sid=Eoeea&b=pressrelease&f=090105\\_pr\\_lcfs&csid=Eoeea](http://www.mass.gov/?pageID=eoeea&pressrelease&L=1&L0=Home&sid=Eoeea&b=pressrelease&f=090105_pr_lcfs&csid=Eoeea)

## **A North American Cap and Trade System**

- Obama and Harper will discuss the creation of a North American 'cap and trade' system. Under a "cap and trade" system (also known as emissions trading), a cap on greenhouse (GHG) emissions is set for a region or country. Polluters are allotted a certain number of "credits" for allowable GHG emissions in order to meet that target. Those that are below the limit can sell their excess credits to those above, thus providing a market mechanism for reducing emissions.
- The Harper government's intensity-based targets for industry are fundamentally incompatible with a joint cap and trade system with the U.S. and Mexico. Greenhouse gas intensity is a measure of emissions per unit of economic activity. If production is increasing (as with the Alberta's tar sands), greenhouse intensity can be reduced, at the same time that emissions continue to rise.

- Equal treatment for all participants is a basic principle of emissions trading. Canada's intensity-based approach would essentially provide no penalty for the growth of emissions.
- For this reason, on November 5, 2008, Prime Minister Harper called for a North American cap and trade system that would exclude tar sands emissions (Shawn McCarthy & Campbell Clark, "Ottawa swoops in with climate-change offer", *Globe and Mail*, November 6, 2008, pp. 1 & 8).
- A loophole for rapidly growing greenhouse gas emissions from the tar sands would make a mockery of the cap and trade system, and be unfair to other industries
- When first elected in 2006, Prime Minister Harper originally opposed emissions trading. He supported a cap and trade system for the first time in the October 2008 election.



\* Megatonnes of carbon dioxide equivalent (Mt CO<sub>2</sub> eq)

\*\* Intergovernmental Panel on Climate Change (IPCC), <http://www.ipcc.ch/>

source: Environment Canada, [http://www.ec.gc.ca/pdb/ghg/inventory\\_report/2006/som-sum\\_eng.cfm](http://www.ec.gc.ca/pdb/ghg/inventory_report/2006/som-sum_eng.cfm)

## Targets for Greenhouse Gas Reduction

- While a cap and trade system may be a good idea in principle, it will have little effect without aggressive caps based on a meaningful national reduction target.
- To date, Obama has supported two targets: cutting U.S. greenhouse gas emissions back to 1990 levels by 2020, and an 80 per cent reduction from 1990 levels by 2050.

- By contrast, Harper's targets are 20 per cent below 2006 levels by 2020 and 60-70 per cent below 2006 levels by 2050. To frame this according to the internationally used 1990 base year, the Harper target is less than 3 per cent below 1990 level for 2020, and about 51-63 per cent below 1990 levels for 2050.
- To put this in perspective, the Intergovernmental Panel on Climate Change (IPCC) has stated that in order to have a reasonable chance of avoiding catastrophic climate change impacts, industrial countries will have to reduce their emissions 25-40 per cent from 1990 levels by 2020, and 80-95 per cent by 2050. Recent research suggests that even greater reductions will likely be necessary.
- In order to avoid disastrous climate change impacts, Greenpeace is calling on both leaders to adopt the reduction target of the **KYOTOpus** campaign -- at least 25% below 1990 levels by 2020, and at least 80 per cent below 1990 levels by 2050. <http://kyotoplus.greenpeace.ca/>

### **Green Energy Stimulus: Harper vs. Obama**

- In its January budget, the Harper government made only a minimal green energy commitment of about \$1.2 billion over two years. The total economic stimulus package was about \$33 billion over two years (less loans and capital spending) (*Canada's Economic Action Plan: Budget 2009*, January 27, 2009, p. 30). So the green energy commitment was a minimal 4 per cent of the total package.
- By comparison, the Obama administration proposed a green energy commitment of about \$50 billion USD in the *American Recovery and Reinvestment Bill of 2009*. These measures will be applied over 12 to 18 months. A comparable investment of public funds in Canada over a two-year period would total roughly \$5 billion USD (over \$6 billion CAD). Thus, on a proportional basis, Prime Minister Harper is providing roughly four times **less** financial support for green energy than President Obama.
- The Harper government has failed to renew the highly successful ecoENERGY for Renewable Energy program. It is a \$1.48 billion Natural Resources Canada program that provides an incentive of one cent per kilowatt hour for electricity production over ten years.
- This four-year program ends March 31, 2011, but commitments under the program are expected to end in 2009. For every dollar spent by the government, the ecoENERGY program has been able to leverage seven dollars of private investment.
- The renewable energy industry was seeking an extension and strengthening of this program to \$2.8 billion over five years to build at least 8,000 MW of new capacity. This would have leveraged a \$6 billion investment and created an estimated 8,000 new jobs.
- By comparison, the comparable American program for renewable energy, known as the Production Tax Credit (PTC) provides 1.9 cents/kWh. President Obama has pledged to renew the PTC for three years at a cost of about \$13 billion USD.
- While the Obama administration is making a massive green energy investment, the Harper government is cutting renewable energy and giving a \$400 million subsidy to the oil and coal industries for the pipe dream of Carbon Capture and Storage, and a \$351 million subsidy for nuclear power through Atomic Energy of Canada Limited (AECL) – money that could have been spent on cheaper, cleaner, and safer green energy alternatives.